

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE: SUEZ WATER RHODE ISLAND** : **DOCKET NO. 4800**  
**APPLICATION TO CHANGE RATE SCHEDULES** :

**ORDER**

**I. Introduction**

On January 30, 2018, SUEZ Water Rhode Island (Suez or Company) filed with the Public Utilities Commission (PUC or Commission) a request to increase its revenue requirement by \$1,024,856, or 21.29%.<sup>1,2</sup> On February 9, 2018, the PUC suspended the effective date of the requested rate change for up to eight months after March 1, 2018 in order to fully investigate the propriety of Suez's proposed rate increase.<sup>3</sup> Wholesale customers Union Fire District and the Towns of South Kingstown and Narragansett (collectively, intervenors) intervened.<sup>4</sup>

In support of its rate filing, Suez submitted testimony of nine witnesses.<sup>5</sup> The intervenors submitted testimony of their consultant, David Bebyn, to address proposed adjustments to three expense categories, the calculation of revenues at present rates, and concerns with the Distribution System Improvement Charge (DSIC). The Division of Public Utilities and Carriers (Division) submitted testimony of four witnesses to address adjustments to expense categories, depreciation,

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<sup>1</sup> All testimony and exhibits can be reviewed at the PUC offices, 89 Jefferson Boulevard, Warwick, Rhode Island and also found on the PUC's website at: <http://www.ripuc.ri.gov/eventsactions/docket/4800page.html> (this is the PUC's new web address. The older site references listed below should redirect).

<sup>2</sup> Gil Test. at 4; <http://www.ripuc.org/eventsactions/docket/4800-Suez-Gil.pdf>.

<sup>3</sup> Open Meeting Minutes (Feb. 9, 2018); <http://www.ripuc.org/eventsactions/minutes/020918.pdf>.

<sup>4</sup> South Kingstown Amended Mot. (Feb. 26, 2018); [http://www.ripuc.org/eventsactions/docket/4800-SK-Amend-Intervene\(2-26-18\).pdf](http://www.ripuc.org/eventsactions/docket/4800-SK-Amend-Intervene(2-26-18).pdf); Narragansett Mot. (Mar. 8, 2018); [http://www.ripuc.org/eventsactions/docket/4800-Narragansett-Intervene\(3-8-18\).pdf](http://www.ripuc.org/eventsactions/docket/4800-Narragansett-Intervene(3-8-18).pdf); Union Fire District Mot. (Mar. 28, 2018); [http://www.ripuc.org/eventsactions/docket/4800-UFD-Intervene\(3-28-18\).pdf](http://www.ripuc.org/eventsactions/docket/4800-UFD-Intervene(3-28-18).pdf).

<sup>5</sup> Suez's witnesses were Christopher Jacobs, Operations Manager; Gary Prettyman, Senior Director, Regulatory Business; Elda Gil, Senior Regulatory Analyst; Katherine Arp, Regulatory Specialist; Paula L. McEvoy, Director of Engineering for the New York Division of SUEZ; James C. Cagle, Vice President - Rates and Regulatory Affairs; John J. Spanos, a depreciation consultant; David Fox, a cost allocation and rate study consultant; and Harold Walker, III, a consultant supporting a proposed rate of return.

cost of capital and return on equity, and rate design. The Division also raised concerns about the design of the DSIC.<sup>6</sup>

Following an exchange of discovery, two public comment hearings, a technical record session on the proposed DSIC, and an evidentiary hearing, at an Open Meeting held on October 5, 2018, the PUC approved a Settlement Agreement between the Company and the Division allowing a \$622,078 increase in Suez's revenue requirement, or 12.92%, for a total cost of service of \$5,435,695. This amount included an allowed return on equity (ROE) of 9.40%, resulting in an overall rate of return of 7.20%. The Settlement also included agreement on the design and funding of the DSIC.<sup>7</sup>

## **II. Proposed Distribution System Improvement Charge**

This case represents the first time the PUC has considered a DSIC for a water system. The PUC, however, has been reviewing similar capital investment funding mechanisms for several years with respect to the gas and electric utilities. Under traditional utility ratemaking, an investor-owned utility invests in capital projects and then seeks recovery of those costs from ratepayers through a rate case after the investment becomes "used and useful." The investment is included in the utility's rate base allowing the utility to recoup the cost through depreciation expense and through its return earned on rate base.

Mechanisms that allow a utility accelerated recovery of its investment have been developed to encourage acceleration of repair and replacement of aging utility infrastructure around the country.<sup>8</sup> According to Suez, the generally accepted life of water mains is 100 years. Suez's

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<sup>6</sup> The Division's witnesses were Ralph Smith (revenue requirement and DSIC); Matthew Kahal (capital structure and return on equity); Roxie McCullar (depreciation); and Jerome Mierzwa (rate design).

<sup>7</sup> Settlement (Sept. 17, 2018); [http://www.ripuc.org/eventsactions/docket/4800-Suez-SettlementAgreement\(9-17-18\).pdf](http://www.ripuc.org/eventsactions/docket/4800-Suez-SettlementAgreement(9-17-18).pdf).

<sup>8</sup> Summary of States that have adopted a DSIC; [http://www.ripuc.org/eventsactions/docket/4800-Suez-TechSession-Exhibits\(8-27-18\).pdf](http://www.ripuc.org/eventsactions/docket/4800-Suez-TechSession-Exhibits(8-27-18).pdf).

historical investment levels would not result in replacement of its mains for 400 to 963 years. Even with a DSIC investment of \$1 million per year, Suez projects it would take 350 years to replace the system.<sup>9</sup> Suez contended that a DSIC provides benefits to the Company and ratepayers superior to traditional ratemaking mechanisms. For example, the utility enjoys improved cash flow and can begin earning a return on its investment faster. Customers face more frequent but smaller rate increases over time, faster improvement of water quality and reduced main breaks over time. All of this can lead to long-term reductions in operating expenses.<sup>10</sup>

The proposed DSIC here would still require Suez to use its existing resources to invest in capital projects. However, rather than waiting for a decision on a new full rate case, Suez could begin recovering its costs of qualified additions within six months of incurring the expense. The proposed design in this case would only allow DSIC surcharges to be based on investment in qualified additions put into service during the prior six-month period.<sup>11</sup> The qualified additions are defined as those that are non-revenue producing and include additions that are replacing and rehabilitating in nature. These qualified additions include mains, main cleaning and lining, services, hydrants, valves, short mains and valves, meters, dead end looping, and relocation due to government requirements.<sup>12</sup> These are all used to serve existing customers. Therefore, unlike new service connections or main extensions to serve new customers, there is no new expected revenue resulting from the work.

Suez proposed a semi-annual filing to set the surcharge with an annual review of the DSIC projects in service, including work orders and details. The annual filing would also include a reconciliation of any over- or under-recovery of the surcharge. The Company proposed limiting

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<sup>9</sup> Tech. Session Tr. at 38-39

<sup>10</sup> Prettyman Test. at 3-4; Tech. Session Tr. at 9-10.

<sup>11</sup> Tech. Session Tr. at 9.

<sup>12</sup> Prettyman Test. at 5; Settlement at ¶ 18.a-b.

the cumulative effect of the surcharge between rate cases to 7.5% of the total revenue allowed in the most recently approved rate case. The Company also proposed that in the event Suez were to earn in excess of its return on equity in any given year, the DSIC surcharge would cease.<sup>13</sup>

Division witness Smith supported the creation of the DSIC, but did not support Suez's design. He contended that it did not provide sufficient customer protections, did not provide for adequate review, and was unbalanced in favor of investors and against ratepayers. He recommended that, in addition to the 7.5% cumulative cap, the DSIC surcharge should be limited to no more than a 2.5% increase each year.<sup>14</sup>

In rebuttal, Suez witness Prettyman described the following modifications to the DSIC design: (1) a 60-day review period rather than a 30-day review period to review the Company's DSIC filing before rates are adjusted;<sup>15</sup> (2) DSIC eligible plant should be limited to non-revenue producing transmission and distribution mains and services, but provided several examples of qualified additions;<sup>16</sup> (3) to avoid potential double recovery, DSIC projects would be limited to those that are incremental to projects included in previous base rate cases;<sup>17</sup> (4) the 7.5% cap should include the impact of any reconciliation charge;<sup>18</sup> (5) there would be no additional DSIC rate component if the Company achieved a return on equity that exceeds the authorized return on equity;<sup>19</sup> (6) the DSIC would expire after five years or when the Company has its base rates reset

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<sup>13</sup> Prettyman Test. at 4-5.

<sup>14</sup> Smith Test. at 53-60. Mr. Smith's recommendations are addressed through Mr. Prettyman's responses.

<sup>15</sup> Suez had originally proposed a 30-day review while the Division sought a 120-day review. Prettyman Reb. at 2, 9.

<sup>16</sup> These included mains, main cleaning and lining, services, hydrants, valves, short mains and valves, meters, dead-end looping, and re-location due to government requirements. *Id.* at 2-3.

<sup>17</sup> *Id.* at 4.

<sup>18</sup> *Id.* at 5-6.

<sup>19</sup> *Id.* at 7.

in a base rate case, whichever occurs sooner;<sup>20</sup> and (7) the DSIC rate base will be reduced to reflect the accelerated tax depreciation on the DSIC-includable plant additions.<sup>21</sup>

Mr. Prettyman disagreed with the remainder of Mr. Smith's recommendations, including the following: (1) that how Suez Water finances its prospective replacement of utility infrastructure between rate cases should be carefully monitored with an eye toward potentially reducing the Company's return; (2) that Suez shall not have a base rate case and a DSIC filing simultaneously pending before the Commission; (3) that the DSIC Rate Component proposed to be collected in the succeeding annual period (inclusive of the impact of any reconciliation scheduled for implementation during that period) be limited to an amount that does not exceed 2.5% of the revenue requirement authorized in the most recent base rate case; (4) that estimated amounts for plant additions used in DSIC applications be trued-up to actual amounts in the subsequent DSIC filing; (5) additional conditions limiting the Company's ability to charge a DSIC rate component; (6) that the DSIC rate base reflect deductions for an amount equivalent to the annual depreciation expenses embedded in the base rates for the types of plant that are being addressed by the DSIC capital investment, such that there will be no DSIC adjustment for a year, until and unless the new capital spending for non-revenue producing transmission and distribution mains and services exceeds the amount of annual depreciation allowed for mains and services in the Company's most recent rate case; (7) that the cost of capital for DSIC should be lower than the cost of capital used in the general rate case, to reflect the reduction in regulatory lag; and (8) that the Company be subject to additional reporting requirements on the realized benefits of the DSIC.<sup>22</sup>

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<sup>20</sup> *Id.* at 8.

<sup>21</sup> Prettyman Reb. at 8-9.

<sup>22</sup> Smith Reb. at 53-60; Prettyman Reb. at 3-10.

Mr. Prettyman also disagreed with the intervenors who suggested a preapproval process for all DSIC projects, the length of time for review of DSIC filings, and restriction of the DSIC funds.<sup>23</sup>

### **III. Settlement**

On September 17, 2018, following a technical record session conducted on August 28, 2018 at the PUC, Suez filed a Settlement Agreement between itself and the Division, resolving all of their disputed issues.<sup>24</sup> The intervenors did not sign on to the Settlement Agreement.

The settling parties agreed to rates that would result in a \$622,078 increase in Suez's revenue requirement, or 12.92%, for a total cost of service of \$5,435,695. This amount included an allowed return on equity (ROE) of 9.40%, resulting in an overall rate of return of 7.20%. This represented a reduction of Suez's initial request of 10.5% ROE and was closer to the Division's proposed 9.0% recommendation. The agreed-upon capital structure was 46.09% total debt and 53.91% equity. The proposed DSIC was also approved.

### **IV. Commission Findings**

On October 5, 2018, after considering the evidence presented in the record, including the live testimony presented on September 25, 2018, at an evidentiary hearing, the PUC approved the Settlement Agreement, with slight a modification to a footnote that identifies the utility plant accounts to be referenced in the Company's annual report for purposes of setting the Base Spend

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<sup>23</sup> Prettyman Reb. at 13.

<sup>24</sup> A copy of the Settlement Agreement, marked as Appendix A, is attached hereto and incorporated by reference. Footnote 2 was amended by Order of the PUC as follows: "Base Spend" means the level of investment equal to the Company's depreciation expense for utility plant Accounts 343 331 (Transmission & Distribution Mains), 345 333 (Services), 348 335 (Hydrants), and 346 334 (Meters) as reported in the Company's most recent annual report to the Commission. This was done to reflect the account numbers used in the Company's Rhode Island annual report. Open Meeting Minutes (Oct. 5, 2018); <http://www.ripuc.org/eventsactions/minutes/Minutes%20October%205,%202018.pdf>.

in the DSIC plan. On balance, the PUC found that the Settlement Agreement results in a reasonable revenue requirement for Suez.

The PUC ordered the Company, in its next rate case, to normalize out of the test year the types of miscellaneous expense that was included the Company's response to PUC 4-1.<sup>25</sup> The PUC finds that these types of expenses do not provide a benefit to ratepayers and, therefore, should not be included in the utility's rate year revenue requirement. The PUC also directed Suez to submit an update on all main projects when it makes its annual DSIC report.

The PUC found that the Settlement Agreement resulted in just and reasonable rates. The evidence presented on the DSIC supported a finding that the DSIC design represented a reasonable balance between the utility having expedient cost recovery and the PUC's responsibility to continue ensuring just and reasonable rates through adequate review processes. There is an annual filing due 90 days after the end of each 12-month period. The filing includes supporting data for all qualified additions. The PUC had been concerned with the short timeframe to review semi-annual filings (45 days). While there will be semi-annual filings to set the DSIC surcharge within the 45-day period, the annual filing will also allow for a prudence review of the investments.<sup>26</sup> This will provide a balance between the utility having expedient cost recovery and the PUC's responsibility to continue to ensure just and reasonable rates through adequate review processes.

The PUC had initially shared the Division's concern with the semi-annual rate changes, rather than annual rate changes associated with the DSIC. At the hearing, however, Mr. Smith testified that the Division had changed its position and now agreed to Suez's proposal. He stated that the Division was comfortable with the shorter rate period in part, because unlike other states, the filings would be based on actual plant additions over the prior six-month period rather than a

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<sup>25</sup> A copy of Suez's response to PUC 4-1 is marked as Appendix C and attached hereto.

<sup>26</sup> Hr'g. Tr. at 123-24 (Sept. 25, 2018).

projection. Because the rate will only capture actual plant additions, the Division was willing to compromise on the six-month filings.<sup>27</sup>

The design in this case would only allow DSIC surcharges to be based on investment in qualified additions put into service during the prior six-month period.<sup>28</sup> To address PUC concerns that there might be a possibility of double-counting of recovery, the utility must back out the revenue requirement for DSIC-related projects that are already included in the base rates. Another protection is that rather than setting a specific annual spending threshold against which to measure the incremental investment, the annual spending threshold increases to whatever the annual depreciation is. This balances the utility's motivation to add plant investment resulting from the DSIC with a consumer protection, i.e., if there is no increase in net plant, there is no increase in rate base, and in that period, there should be no DSIC increase.

The charge is capped at 2.5% per year, with the cumulative effect of the surcharge between rate cases capped at 7.5% of the total revenue allowed in the most recently approved rate case. The annual percentage cap was proposed by the Division. It provides a balance between recovery of the accelerated investment and ratepayers' interests in predictable rates. This is especially important to the various fire districts who have their own taxing authority and set the tax rates on an annual basis. The fire districts had been very concerned about the lack of predictability in annual rates due to fluctuations caused by a DSIC. After exploring this issue during the evidentiary hearing, the PUC agreed with Mr. Smith that the annual 2.5% cap provides sufficient protection and certainty for the budget-setting process.<sup>29</sup> Additionally, Mr. Prettyman and Mr. Jacobs also

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<sup>27</sup> *Id.* at 77-78.

<sup>28</sup> Tech. Session Tr. at 9 (Aug. 28, 2018).

<sup>29</sup> Hr'g. Tr. at 82-84.

testified that Suez could work with the intervenors to afford as much certainty as possible for the intervenors prior to their budgeting periods.<sup>30</sup>

The PUC had expressed concern with the effect of ceasing the DSIC charge in light of testimony from Mr. Prettyman that accelerated investment may also cease. In the event Suez earns an amount in excess of their allowed return, as calculated in its annual filing, the DSIC charge ceases until such time as the utility is no longer in that position. The PUC expressed concern that this provision appeared at odds with the purpose of the DSIC, namely, accelerated investment. In order to address the PUC's specific concern that the utility might cease investing in DSIC-eligible projects if it earned even \$100 over its allowed return, the utility is allowed to maintain the DSIC surcharge if it is overearning up to 15 basis points in excess of its allowed return.<sup>31</sup> This provides a balance between the need to encourage accelerated investment in the system and the need to protect customers from excessive over-earnings.

This modification, while an important design piece to the DSIC, did not fully address the PUC's initial concern. The point of a DSIC is to encourage accelerated infrastructure replacement on qualified assets. Mr. Prettyman indicated that the utility may not continue the accelerated investment if there were no guarantee of a DSIC surcharge. While providing a customer protection against over-earning, the modification did not also provide a protection in favor of continued investment in infrastructure.<sup>32</sup> However, Mr. Smith advised that if the utility were in an over-earning position, there should be funds available to continue investment in the system. Furthermore, he stated, if the PUC finds through its review processes, that Suez is overearning and also reducing spending on infrastructure, then something is either problematic with the DSIC

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<sup>30</sup> *Id.* at 88-91.

<sup>31</sup> *Id.* at 107-11.

<sup>32</sup> Tech. Session Tr. at 82-86; Hr'g. Tr. at 137-38.

program design or management decisions. That would be an indication that the PUC should open an investigation into these management decisions.<sup>33</sup>

Accordingly, it is hereby

(23825) ORDERED:

1. The Settlement Agreement executed by SUEZ Water Rhode Island and the Division of Public Utilities and Carriers on September 17, 2018, is hereby approved with the following modification to Footnote 2: "Base Spend" means the level of investment equal to the Company's depreciation expense for utility plant Accounts ~~343~~ 331 (Transmission & Distribution Mains), ~~345~~ 333 (Services), ~~348~~ 335 (Hydrants), and ~~346~~ 334 (Meters) as reported in the Company's most recent annual report to the Commission. This was done to reflect the account numbers used in the Company's Rhode Island annual report., and the same shall be incorporated by reference as Appendix A and made a part of this Order.
2. The Compliance Tariffs filed by SUEZ Water Rhode Island on October 11, 2018, are hereby approved, and the same shall be incorporated by reference as Appendix B and made a part of this Order.
3. SUEZ Water Rhode Island, in its next rate case, shall normalize out of the test year the types of miscellaneous expense that was included the Company's response to PUC 4-1.<sup>34</sup>
4. SUEZ Water Rhode Island shall submit an update on all main projects when it makes its annual Distribution System Improvement Charge (DISC) report.

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<sup>33</sup> *Id.* at 141-43.

<sup>34</sup> A copy of Suez's response to PUC 4-1 is marked as Appendix C and attached hereto.

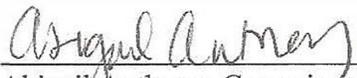
EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 5, 2018  
PURSUANT TO AN OPEN MEETING DECISION ON OCTOBER 5, 2018. WRITTEN  
ORDER ISSUED MAY 7, 2020.

PUBLIC UTILITIES COMMISSION



  
Margaret E. Curran, Chairperson

  
Marion S. Gold, Commissioner

  
Abigail Anthony, Commissioner

**NOTICE OF RIGHT OF APPEAL:** Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.

**BEFORE THE RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF SUEZ WATER RHODE ISLAND INC. ) DOCKET NO. 4800  
TO REVISE AND INCREASE RATES )  
CHARGED FOR WATER SERVICE )**

**SETTLEMENT AGREEMENT**

SUEZ Water Rhode Island Inc. (“SWRI” or the “Company”) and the Rhode Island Division of Public Utilities and Carriers (“Division”) (together, the “Settling Parties”) enter into this Settlement Agreement regarding the Company’s application for authority to increase its rates and charges for water service pursuant to R.I.G.L. Section 39-3-11, which was filed with the Rhode Island Public Utilities Commission (“Commission”) on January 30, 2018 (“Application”).

**I. BACKGROUND**

1. On January 30, 2018, SWRI filed the Application pursuant to R.I.G.L Section 39-3-11 and Part II of the Commission’s Rules of Practice and Procedure. SWRI’s proposed rates were designed to collect \$1,024,856 in overall annual revenue, or an increase of 21.29% over rates issued under Commission Order No. 21593 in Docket No. 4434, dated September 2, 2014 and effective May 13, 2014. The proposed increase for all classes of customers would have been 21.29%. For a typical residential customer using 6 CCF (4,488 gallons), the impact of this request would have resulted in an increase of \$4.88 (or 16.99%) per month.

2. In support of the Application, SWRI filed direct testimony and exhibits from the following witnesses:

- a. Katherine Arp – Regulatory Specialist, SUEZ Water Management and Services Inc.
- b. James C. Cagle – Vice President of Rates and Regulatory Affairs, SUEZ Water Management and Services Inc.
- c. David M. Fox – Manager, Raftelis Financial Consultants, Inc.

- d. Elda Gil – Senior Regulatory Specialist, SUEZ Water Management and Services Inc.
  - e. Christopher Jacobs – Operations Manager, SWRI
  - f. Paula L. McEvoy – Director of Engineering for the New York Division of SUEZ  
which includes SWRI
  - g. Gary S. Prettyman – Senior Director - Regulatory Business, SUEZ Water  
Management and Services Inc.
  - h. John J. Spanos – Senior Vice President, Gannett Fleming Valuation and Rate  
Consultants, LLC
  - i. Harold Walker, III – Gannett Fleming Valuation and Rate Consultants, LLC
3. The Town of South Kingstown filed a Motion to Intervene in this Docket on February 9, 2018.<sup>1</sup> SWRI did not object.
4. The Town of Narragansett filed a Motion to Intervene in this Docket on March 8, 2018. SWRI did not object.
5. The Union Fire District of South Kingstown filed a Motion to Intervene in this Docket on March 28, 2018. SWRI did not object.
6. The Commission held public hearings on the Application on May 10, 2018 and May 25, 2018.
7. The Company, the Division, the Town of South Kingstown, the Town of Narragansett, the Union Fire District of South Kingstown as well as the Commission engaged in extensive discovery.

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<sup>1</sup> The Town of South Kingstown filed an Amended Motion to Intervene on February 26, 2018. SWRI did not object to this Amended Motion.

8. The Division investigated SWRI's requested rate increase with assistance from its staff and outside expert consultants. The Division filed direct testimony and exhibits on June 8, 2018 from the following witnesses:

- a. Matthew I. Kahal – Independent Consultant
- b. Roxie McCullar – Consultant, William Dunkel and Associates
- c. Jerome D. Mierzwa – Principal and Vice President, Exeter Associates
- d. Ralph Smith – Senior Regulatory Consultant, Larkin & Associates, PLLC

9. The Town of South Kingstown, The Town of Narragansett, and the Union Fire District of South Kingstown jointly filed the testimony of David G. Bebyn, CPA, of B&E Consulting, LLC on June 8, 2018.

10. SWRI filed rebuttal testimony and exhibits on July 25, 2018.

11. The Commission held a technical session on the Distribution System Improvement Charge (“DSIC”) on August 28, 2018.

12. The Division and the Company engaged in settlement negotiations in July, August and September 2018. The Settling Parties gave due consideration to the testimony, exhibits, schedules, data requests, data responses, settlement discussions, and other documentation in this Docket and agreed to a comprehensive settlement that resolves all issues relating to the Application.

13. The Settling Parties agree that this Settlement Agreement is a just and reasonable resolution of the issues in this proceeding and jointly request its approval by the Commission.

## II. TERMS OF SETTLEMENT

14. The Settling Parties agree that the Joint Settlement Schedules attached as Exhibit 1 (Schedules 1-16) are accurate and reflect the agreement reached in this Docket. These Schedules reflect investment in facilities through September 30, 2019 on an average basis.

15. The agreed rates allow SWRI to collect additional operating revenue in the amount of \$622,078 to support a total cost of service of \$5,435,965. This results in an overall increase of 12.92%.

16. The proposed rate design of the increase is set forth in Exhibit 2.

17. The agreed upon capital structure is 46.09% total debt and 53.91% equity; the return on equity is 9.40%; and the overall rate of return is 7.20%.

18. The Settling Parties propose that the Commission authorize the Company to implement a DSIC to recover its costs associated with completed (i.e., placed in service) transmission and distribution (“T&D”) system replacement and rehabilitation projects between base rate proceedings. This program will begin with the effective date of new rates in this Docket and the program will continue indefinitely until and if the Commission orders differently.

- a. The DSIC surcharge will be re-calculated and implemented semi-annually. The DSIC will reflect qualified additions for the previous six-month period that are non-revenue producing and include additions that are replacing and rehabilitating in nature (“Qualified Additions”).
- b. Qualified Additions may include among other things: mains; main cleaning and lining; services; hydrants; valves; short mains and valves; meters; dead-end looping; and re-location due to government requirements.

- c. The DSIC surcharge shall be calculated on eligible investment in excess of Base Spend<sup>2</sup> on an annual basis. The Base Spend may be allocated in each six-month period as long as it equals the total in the annual calculation.
- d. The rate of return would be based upon the rate of return approved by the Commission in the Company's most recent base rate case.
- e. Rate base would include accumulated depreciation and deferred federal income tax on Qualified Additions.
- f. Depreciation expense on the DSIC plant would be included using the composite depreciation rate for the DSIC eligible accounts.
- g. Revenue taxes would be grossed-up and the revenue requirement would be on a pre-tax basis.
- h. The DSIC surcharge would be capped at: 1) 2.5% per year; and 2) 7.5% between base rate cases.
- i. Within 15 days after the end of the six-month DSIC period, the Company will submit to Commission Staff a DSIC Filing containing its surcharge calculation. The surcharge will go into effect 45 days following the Company's filing of the surcharge calculation.
- j. A surcharge would be applied to all customer bills equal to the percentage calculated by dividing the DSIC revenue requirement by the Company's projected revenues for the next six months. The surcharge will be applied on a bills rendered basis. An example of the surcharge calculation is attached as Exhibit 3.

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<sup>2</sup> "Base Spend" means the level of investment equal to the Company's depreciation expense for utility plant Accounts 343 (Transmission & Distribution Mains), 345 (Services), 348 (Hydrants), and 346 (Meters) as reported in the Company's most recent annual report to the Commission.

- k. After the first twelve-month DSIC period and each six-month period thereafter on a rolling twelve-month basis, the Company will include an Earnings Test as part of its DSIC Filing. If the Company is earning in excess of 15 basis points over its last allowed overall rate of return on rate base, as approved by the Commission in the Company's most recent base rate case, then the DSIC surcharge would cease until such time as the Company is in an under-earning position. An example of the Earnings Test is attached as Exhibit 4.
- l. Each DSIC filing will include a reconciliation on the over (under) recovery of the DSIC surcharge.
- m. There will be no "Gap Period" as a result of the Company filing for new base rates. The Gap Period represents the time between: 1) when Qualified Additions are reflected in base rates; and 2) the Company's subsequent DSIC Filing. For example, if increased rates become effective in April and that increase only includes Qualified Additions through the prior December, the next DSIC surcharge after the rate increase would include Qualified Additions from January through September (i.e., six months after the April effective date of new rates).
- n. The Company may include Restoration Service Costs (i.e., costs necessary to restore construction to pre-construction condition or as dictated by State, Federal, or municipal laws, rules, ordinances, orders, or regulations, including, but not limited to, paving, sidewalks, curbing, landscaping, and traffic control costs) for Qualified Additions that are incurred after a Qualified Addition is placed in service in future DSIC Filings.

- o. The Company will submit to Commission Staff an Annual DSIC Filing, to be made within 90 days after the end of the first 12-month DSIC period and each 12-month period thereafter. This filing should provide back-up data (such as in service dates, actual paid capital expenditures, work orders and other details as requested by the Commission) for all Qualified Additions included in the prior DSIC period.
- p. The DSIC surcharge will remain in place until the Commission orders new base rates for the Company. After the DSIC surcharge resets to zero through a base rate proceeding, the plant additions previously included in the DSIC will be accounted for and included in the Company's base rates.

### **III. EFFECT OF SETTLEMENT**

19. This Settlement Agreement is the result of a negotiated agreement. The Settling Parties conducted the discussions that produced this Settlement Agreement with the explicit understanding that all offers of settlement and discussion relating thereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or any other proceedings.

20. The terms of this Settlement Agreement shall not be construed as an agreement to any matter of fact or law beyond the terms hereof. By entering into this Settlement Agreement, matters or issues other than those explicitly identified in this agreement have not been settled upon or conceded by any party to this Settlement Agreement, and nothing in this Settlement Agreement shall preclude any party from taking any position in any future proceeding regarding settled or unsettled matters.

21. This Settlement Agreement is the product of negotiation and compromise. The making of this Settlement Agreement does not establish any principle or precedent. This Settlement Agreement shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation.

22. If the Commission rejects this Settlement Agreement, or modifies any provision herein, this Settlement Agreement shall be deemed withdrawn and shall be null and void in all respects.

IN WITNESS WHEREOF, the Settling Parties agree that this Settlement Agreement is reasonable, in the public interest, in accordance with applicable law and regulatory policy, and is executed by their respective representatives, each being authorized to do so.

Dated: September 17, 2018

SUEZ Water Rhode Island Inc.,  
By Its Attorney



\_\_\_\_\_  
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Rhode Island Bar No. 6568

RI Division of Public Utilities and Carriers,  
By Its Attorney



\_\_\_\_\_  
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Rhode Island Bar No. 6693

# EXHIBIT 1

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Summary of Operating Income

	Amount per Company at Present Rates	Settlement Adjustments	Amount per Settlement at Present Rates	Revenue Increase/ (Decrease)	Amounts After Revenue Incr. / (Decr.)
<u>Operating Revenues</u>					
Retail Sales	\$ 3,689,218		\$ 3,689,218	\$ 436,695	\$ 4,125,912
Sales for Resale	440,306		440,306	44,747	485,053
Fire Protection	644,229		644,229	128,622	772,851
Other Sales	15,379		15,379	8,544	23,923
Misc Revenues	24,756	-	24,756	3,470	28,226
<b>Total Operating Revenues</b>	<b>\$ 4,813,887</b>	<b>\$ -</b>	<b>\$ 4,813,887</b>	<b>\$ 622,078</b>	<b>\$ 5,435,965</b>
<u>Operating Expenses</u>					
O&M Expense	\$ 2,510,506	\$ (200,921)	\$ 2,309,585	\$ 2,659	\$ 2,312,244
Depreciation Expense	905,502	(53,231)	852,271	-	852,271
Property Tax	409,722	(11,083)	398,640	-	398,640
Payroll Tax	66,946	(4,440)	62,506	-	62,506
Gross Receipts Tax	60,174	-	60,174	7,776	67,950
<b>Income before Income Taxes</b>	<b>\$ 861,037</b>	<b>\$ 269,675</b>	<b>1,130,712</b>	<b>\$ 611,643</b>	<b>\$ 1,742,355</b>
Current Income Taxes	88,931	57,491	146,422	128,445	274,867
Deferred Federal Income Taxes	(33,604)	33,604	-	-	-
Amortization of ITCs	(4,662)	-	(4,662)	-	(4,662)
<b>Total Operating Expenses</b>	<b>\$ 4,003,516</b>	<b>\$ (178,581)</b>	<b>\$ 3,824,935</b>	<b>\$ 138,880</b>	<b>\$ 3,963,815</b>
<b>Utility Operating Income</b>	<b>\$ 810,371</b>	<b>\$ 178,581</b>	<b>\$ 988,953</b>	<b>\$ 483,197</b>	<b>\$ 1,472,150</b>
<b>Rate Base</b>	<b>\$ 20,542,518</b>		<b>\$ 20,446,525</b>		<b>\$ 20,446,525</b>
<b>Rate of Return</b>	<b>3.94%</b>		<b>4.84%</b>		<b>7.20%</b>

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Determination of Revenue Increase

	Amount per Company (1)	Amount Per Settlement	Source
Proposed Rate Base	\$ 20,542,518	\$ 20,446,525	Schedule 3
Required Rate of Return	7.82%	7.20%	Schedule 16
Net Operating Income Required	\$ 1,606,425	\$ 1,472,150	
Net Operating Income at Present Rates	810,371	988,953	Schedule 1, page 1
Net Income Surplus/(Deficiency)	\$ (796,054)	\$ (483,197)	
Revenue Multiplier (2)	1.287424	1.287424	
Base Rate Revenue Increase	\$ 1,024,858	\$ 622,078	
Net Increase in Revenue		\$ 622,078	
<b>Verification</b>			
Revenue Increase/(Decrease)	\$ 1,024,858	\$ 622,078	
PUC Assessment	0.42750% 4,381	2,659	
Gross Receipts Tax	1.25% 12,811	7,776	
Federal Taxable Income	\$ 1,007,666	\$ 611,643	
Federal Income Tax	21.00% 211,610	128,445	
Net Income	\$ (796,056)	\$ (483,198)	

Notes:

(1) Per Exhibit 1 (Gil), Schedule 1

(2) Calculation of Conversion Factor

	Tax Rates	
Revenues		1.000000
PUC Assessment	0.42750%	0.004275
Gross Receipts Tax	1.25%	0.012500
Net Federal Taxable Income		0.983225
Federal Income Tax	21.00%	0.206480
Revenue Conversion Factor		0.776745
Revenue Multiplier		1.287424

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Summary of Revenues and Overall Percentage Increase

<u>Current Service Revenues per Company (1)</u>	<u>Revenue at Present Rates</u>	<u>Revenue at Proposed Rates</u>	<u>% Increase</u>
Retail Sales	\$ 3,689,218	\$ 4,125,475	11.83%
Sales for Resale	440,306	485,053	10.16%
Fire Protection	644,229	772,851	19.97%
Other Sales	15,379	23,923	55.56%
Miscellaneous Revenues	24,756	28,226	14.01%
Revenue at Present Rates	<u>\$ 4,813,887</u>	<u>\$ 5,435,528</u>	<u>12.92%</u>
Revenue Deficiency		<u>622,078</u>	
Revenues at Proposed Rates		5,435,965	
Variance		\$ (437)	

Notes:

(1) Per Exhibit 2 (Gil), Schedule 1.

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Summary of Rate Base

<u>Description</u>	<u>Amount per Company (1)</u>	<u>Settlement Adjustments (2)</u>	<u>Adjusted Per Settlement</u>
Utility Plant in Service	\$ 36,073,465	\$ -	\$ 36,073,465
Less: Accumulated Depreciation and Amortization	(8,362,574)	-	(8,362,574)
Net Utility Plant in Service	\$ 27,710,890	\$ -	\$ 27,710,890
Materials and Supplies	\$ 202,236	\$ -	\$ 202,236
Cash Working Capital	307,171	(8,611)	298,560
Deferred Tank Painting (net of Deferred Income Tax)	58,682	-	58,682
Deferred Rate Case Expense	87,383	(87,383)	-
Total Additions	\$ 655,472	\$ (95,994)	\$ 559,478
Contributions in Aid of Construction	\$ (3,560,845)	\$ -	\$ (3,560,845)
Accumulated Deferred Income Taxes	(1,866,387)	-	(1,866,387)
Regulatory Liability - Tax rate change	(1,663,377)	-	(1,663,377)
Unamortized ITCs	(66,926)	-	(66,926)
Unfunded FAS 106 (net of Deferred Income Tax)	(666,309)	-	(666,309)
Total Deductions	\$ (7,823,844)	\$ -	\$ (7,823,844)
Total Rate Base	\$ 20,542,518	\$ (95,994)	\$ 20,446,525

Notes:

(1) Per Exhibit 4 (Gil), Schedule 1, page 1 of 5.

(2) Per Exhibit RCS-2, Schedule B1 and B2

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Summary of Expenses

Line No.	Elements of Operating Expenses	Amount per Company (1)	Settlement Adjustments (2)	Adjusted Per Settlement	Source
1	Operation and Maintenance Expenses:				
2	Wages and Salaries	\$ 654,731	(22,883)	\$ 631,848	Schedule 5
3	Fringe Benefits Transferred	(92,635)		(92,635)	
4	Power Expense	363,086	(4,346)	358,740	Schedule 6
5	Chemical Expense	45,171	2,068	47,239	Schedule 7
6	Pension Expense	95,599		95,599	
7	PEBOP Expense	(948)		(948)	
8	Employee Health and Welfare Expense	248,419		248,419	
9	Tank Painting Amortization	19,812		19,812	
10	Transportation/Vehicle Expense	61,569	(4,977)	56,592	Schedule 8
11	Customer Information/Billing Expense	128,805		128,805	
12	Rent Expense	88,724		88,724	
13	Outside Services Expense	121,533		121,533	
14	M&S	509,952	(61,734)	448,217	Schedule 9
15	Rate Case Expense	60,333		60,333	
16	Regulatory Commission Expense	20,579		20,579.37	
17	Amortization of TCJA		(105,921)	(105,921)	Schedule 10
18	Other Operation and Maintenance Expense	185,776	(3,127)	182,649	Schedule 11
19					
20	Total Operation and Maintenance Expenses	<u>\$ 2,510,506</u>	<u>\$ (200,921)</u>	<u>\$ 2,309,585</u>	
21					
22	Taxes other than Income				
23	Property Tax Expense	\$ 409,722	\$ (11,083)	\$ 398,640	Schedule 12
24	Payroll Tax Expense	66,946	(4,440)	62,506	Schedule 13
25	Gross Receipts Tax Expense	60,174		60,174	
26		<u>\$ 536,842</u>	<u>\$ (15,523)</u>	<u>\$ 521,319</u>	

Notes:

(1) Per Exhibit 3 (Arp), Schedule 1

(2) Adjustments per Settlement

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Adjustment to Salaries and Wages and Benefits Expense  
to Reflect Updated Percentage Charged to Expense

<b>Wages</b>	
Rate Year Salaries and Wages per Company (1)	\$ 837,587
Adjustments per Settlement (2)	(16,040)
Rate Year Salaries and Wages per Settlement	\$ 821,548
Net Percentage Charged to O&M per Settlement (3)	76.91%
Wages Charged to O&M per Settlement	\$ 631,847
Amount per Company (1)	654,731
Adjustment to Rate Year Wage Expense	\$ (22,883)

Notes:

- (1) Per Exhibit 3 (Arp), Schedule 2.
- (2) Refer to Page 2 of this Schedule
- (3) Refer to Page 3 of this Schedule.

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Adjustment to Company Incentive Compensation Expense

<u>Employee</u>	<u>Incentive Payment % (1)</u>	<u>Non Financial Percentage (2)</u>	<u>Recoverable Incentive Compensation</u>
Mgr Rhode Island	15.00%	60.00%	
Foreman	10.00%	60.00%	
Supv Customer Contact&Billing	10.00%	60.00%	
Superintendent	5.00%	60.00%	
Total			\$ 22,308
Amount Incentives per Company (1)			<u>37,179</u>
Reduction in Incentive Compensation (2)			\$ (14,872)
Salaries and overtime adjustment (3)			<u>(1,168)</u>
Total Adjustments			<u>\$ (16,040)</u>

Notes:

(1) Amounts per Exhibit 3 (Arp), Schedule 2A.

(2) Per DIV 3-3.

(3) Per COM 1-19.

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Calculation of Normalized Percentage of Labor Costs Expensed and Capitalized  
 Based on 3-Year Average for 2015 through 2017

		<u>2015 (1)</u>	<u>2016 (1)</u>	<u>2017 (2)</u>	<u>3 Yr Avg</u>
Gross Payroll	(a)	\$ 684,882	\$ 707,293	\$ 716,552	\$ 702,909
Capitalized	(b)	(163,142)	(164,632)	(182,580)	(170,118)
Transferred to Other BU's	(c)	-	-	-	-
Net Payroll	(d)	<u>\$ 521,741</u>	<u>\$ 542,661</u>	<u>\$ 533,972</u>	<u>\$ 532,791</u>
Expense Rate	(d) / (a)	<u>76.18%</u>	<u>76.72%</u>	<u>74.52%</u>	<u>75.80%</u>
Capitalized/Transferred Out	(b)+(c)	<u>\$ (163,142)</u>	<u>\$ (164,632)</u>	<u>\$ (182,580)</u>	<u>\$ (170,118)</u>
Capitalized/Transferred Out Rate	(b)+(c)/(a)	<u>23.82%</u>	<u>23.28%</u>	<u>25.48%</u>	<u>24.20%</u>
Transferred in	(c)	<u>\$ 8,414</u>	<u>\$ 6,341</u>	<u>\$ 8,681</u>	<u>\$ 7,812</u>
Transferred in Rate	(c)/(a)	<u>1.23%</u>	<u>0.90%</u>	<u>1.21%</u>	<u>1.11%</u>

Notes:

(1) Per Exhibit 3 (Arp), Schedule 2B.

(2) Per Exhibit 3 (Gil) Schedule 2B Rebuttal

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Adjustment to Power Expense

Power

Rate Year 12M 09/30/2019	kWh	Projected Water Production (MG)	kWh Avge Usage	kWh Avge Cost	Total Cost 12M- 09/30/2019 (3)	Total Cost 12M- 09/30/2019 (4)
Commodity (Engie Resources, LLC)	1,650,975	941	1,754	\$ 0.0850	\$ 140,333	\$ -
Distribution (National Grid)	1,650,975	941	1,754	0.1176	194,145	-
Commodity (Engie Resources, LLC)	1,688,191	944 (1)	1,788 (2)	\$ 0.0850	\$ -	\$ 143,496
Distribution (National Grid)	1,688,191	944	1,788	0.1118 (2)	-	188,668
<b>Total Rate Year</b>					<b>\$ 334,478</b>	<b>\$ 332,164</b>

Adjustment to Power \$ (2,313)

Other Utilities-Power

	Company Rate Year Amount	Settlement Rate Year Amount	
2014	\$ 28,132	\$ -	
2015	31,106	31,106	
2016	18,623	18,623	
12M - 09/30/2017	30,386	-	
12M - 12/31/2017	-	25,688	
3 years average	\$ -	\$ 25,139	
4 years average	27,062	-	
Rate Year 2019 (2)	5.714% \$ 28,608	\$ 26,575	
			Adjustment Other Utilities (2,033)
			<b>Power Expense Adjustment \$ (4,346)</b>

Notes:

- (1) Exhibit 3 (Gil) Schedule 5A Rebuttal
- (2) Exhibit 3 (Gil) Schedule 4A Rebuttal

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Adjustment to Chemical Expense

Rate Year 12M 09/30/2019	UOM	Usage	Projected Water Production (MG) (2)	Average Usage Per MG	Chemical Unit Price (1)	Total Cost 12M-09/30/2019 (3)	Total Cost 12M-09/30/2019 (4)
Lime	lbs	105,246	941	111.84	\$ 0.1916	\$ 20,168	
Sodium Hypochloride	gals	9,350	941	9.94	\$ 1.5310	14,315	
Zinc Orthophosphate (Klenphos K-10)	lbs	18,031	941	19.16	\$ 0.5928	10,688	
Lime	lbs	105,230	944	111.48	\$ 0.1987		\$ 20,907
Sodium Hypochloride	gals	9,999	944	10.59	\$ 1.5310		15,308
Zinc Orthophosphate (Klenphos K-10)	lbs	18,598	944	19.70	\$ 0.5928		11,024
<b>Total Rate Year</b>						<b>\$ 45,171</b>	<b>\$ 47,239</b>

Chemical Expense Adjustment \$ 2,068

Notes:

(1) Chemical Prices per response to COM 1-25

Description	UOM	Settlement Rate Year Amount		
		2017	2018	2019
Lime	lbs	\$ 0.2488	\$ 0.1944	0.1944
Sodium Hypochloride	gals	\$ 1.3700	\$ 1.4980	1.4980
Zinc Orthophosphate (Klenphos K-10)	lbs	\$ 0.5281	\$ 0.5800	0.5800

(2) Projected water production - Exhibit 3 (Gil) Schedule 5A Rebuttal

Computation of Water Subject to Chemical Treatment:

	Company Rate Year	Settlement Rate Year
Billed Consumption (MG) (per witness Gil - Sch 2.8h)	912	912
Non-revenue water %	3.05%	3.36%
<b>Total Production Subject to Chemical Treatment (MG)</b>	<b>941</b>	<b>944</b>

(3) Per Exhibit 3 (Arp), Schedule 5A.

(4) Adjustments per Settlement

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Adjustment to Transportation Expense

Description	Company Rate Year Amount (1)	Settlement Rate Year Amount
Leases (2)	\$ 34,362	\$ 35,879
Fuel (3)	20,569	19,139
Maintenance & Repair (3)	11,313	9,356
Insurance (3)	6,291	4,544
Depreciation	1,643	1,643
Other-Registration, plates, tolls, mileage, etc. (3)	5,811	4,101
Total Costs	<u>\$ 79,989</u>	<u>\$ 74,661</u>
Capitalized/Transferred Out (4)	<u>(18,420)</u>	<u>(18,070)</u>
Net Transportation Expense	<u>\$ 61,569</u>	<u>\$ 56,592</u>
Adjustment to Transportation expense		<u>\$ (4,977)</u>

Notes:

(1) Per Exhibit 3 (Arp) Schedule 10A

(2) Per response to Div. 3-14.

(3) Amounts are based upon three year average (instead of 4) adjusted for inflation as follows:

Fuel:		
Year		
2014	\$ 27,357	\$ -
2015	17,337	17,337
2016	17,732	17,732
12M - 09/30/2017	15,403	
12M - 12/31/2017		<u>19,244</u>
4 Year Average	<u>\$ 19,457</u>	
3 Year Average		<u>\$ 18,104</u>
Apply inflation rate	5.714%	5.714%
Rate Year Amount	<u>\$ 20,569</u>	<u>\$ 19,139</u>

Maintenance & Repair:		
Year		
2014	\$ 3,753	\$ -
2015	5,522	5,522
2016	9,113	9,113
12M - 09/30/2017	13,717	
12M - 12/31/2017		<u>11,916</u>
4 Year Average	<u>\$ 10,701.60</u>	
3 Year Average		<u>\$ 8,850</u>
Apply inflation rate	5.714%	5.714%
Rate Year Amount	<u>\$ 11,313</u>	<u>\$ 9,356</u>

Insurance:		
Year		
2014	\$ 4,907	\$ -
2015	6,055	6,055
2016	4,273	4,273
12M - 09/30/2017	2,618	
12M - 12/31/2017		<u>2,566</u>
4 Year Average	<u>\$ 5,951</u>	
3 Year Average		<u>\$ 4,298</u>
Apply inflation rate	5.714%	5.714%
Rate Year Amount	<u>\$ 6,291</u>	<u>\$ 4,544</u>

Other Misc:		
Year		
2014	\$ 4,770	\$ -
2015	5,882	5,882
2016	4,167	4,167
12M - 09/30/2017	1,671	
12M - 12/31/2017		<u>1,589</u>
4 Year Average	<u>\$ 5,497</u>	
3 Year Average		<u>\$ 3,880</u>
Apply inflation rate	5.714%	5.714%
Rate Year Amount	<u>\$ 5,811</u>	<u>\$ 4,101</u>

(4) Capitalized amount based on 23.03% per Company and 24.20% per Settlement.

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Adjustment to Management and Service (M&S) Fees

Description	Amount
2016 (1)	\$ 463,490
2017 (1)	461,774
	<u>\$ 925,264</u>
Average of the two years	\$ 462,632
2% salary increase	9,253
	<u>\$ 471,885</u>
Eliminates Financial STIP at 40% (2)	<u>\$ (23,667)</u>
Management and Services (M&S) Expense Revised	<u>\$ 448,218</u>
Management and Services (M&S) Expense as filed	<u>\$ 509,952</u>
Management and Services (M&S) Adjustment	<u>\$ (61,734)</u>

Notes:

(1) Per Exhibit 3 (Arp) Schedule 14A

(2) Per DIV 3-3. Allows 60% STIP which pertains to personal goals

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Amortization TCJA

<u>Description</u>	<u>Amount</u>
Amortization of TCJA as filed	(1) \$ -
Amortization of TCJA adjustment	(2) <u>(105,921)</u>
Amortization of TCJA	<u>\$ (105,921)</u>

Notes:

(1) Exhibit 3 (Cagle) Schedule 21

(2) Per Settlement

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Adjustment to Other O&M Expenses

<u>Description</u>	<u>Amount</u>
Other Operation and Maintenance Expenses as filed (1)	\$ 185,776
Elimination of non recoverable expenses (2)	<u>(3,127)</u>
Other Operation and Maintenance Expenses	<u>\$ 182,649</u>

Notes:

(1) Per Exhibit 3 (Arp), Schedule 17.

(2) Per data request COM 2-15

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Adjustment to Property Tax Expense

<u>Description</u>	<u>Amount</u>
Rate Year Property Taxes per Company (1)	\$ 409,722
Rate Year Property Taxes per Settlement (2)	<u>398,640</u>
Adjustment to Rate Year Property Tax Expense	<u>\$ (11,083)</u>

<u>Property Taxes</u>	<u>Amount</u>	<u>% Change</u>
2014	\$ 322,959	
2015	334,442	3.56%
2016	343,043	2.57%
2017	366,378	6.80%
Average Annual Increase		4.31%
2018 Projected	\$ 382,168	
2019 Projected	\$ 398,640	

Notes:

(1) Per Exhibit 3 (Arp), Schedule 18.

(2) Per Exhibit RCS-2, Schedule C-5

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Adjustment to Payroll Tax Expense

<u>Description</u>	<u>Amount</u>
Payroll Tax Expense as filed (1)	\$ 66,946
Payroll Tax Per Settlement (2)	<u>62,506</u>
Adjustment to reflect Payroll taxes per Settlement	<u><u>\$ (4,440)</u></u>

Notes:

(1) Per Exhibit 3 (Arp), Schedule 19.

(2) Flow through of the Settlement's adjustment to Wages and Salaries

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Adjustment to Depreciation Expense

<u>Description</u>		<u>Amount</u>
Rate Year Depreciation/Amortization Expense as filed	(1)	\$ 905,502
Depreciation rates per Settlement	(2)	(9,537)
Settlement Adjustment CCB ( 3 year)	(3)	<u>(43,694)</u>
Rate Year Depreciation/Amortization Expense Revised		<u>\$ 852,271</u>

Notes:

(1) Per Exhibit 4 (Gil), Schedule 1, page 1 of 5.

(2) Refer to Page 2 of this Schedule

(3) Per Exhibit RCS-2, Schedule C1 page 2

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Depreciation Rates

Per Settlement

Line No.	Plant Account	Account Description	Depr Rate	Plant In	Depreciation	Difference
			Recommended (A)	Service (B)	Expense (C) = A x B	
1	301	301-Intangible Plant-Organizat		\$ 51,107	\$ -	\$ -
2	303	303-Intangible Plant-Miscellan	8.63%	\$ 93,794	\$ 8,094	\$ -
3	310	310-Source Of Supply-Land And		\$ 27,717	\$ -	\$ -
4	311	311-Source Of Supply-Stuctures	2.20%	\$ 105,260	\$ 2,316	\$ -
5	314	314-Source Of Supply-Wells And	3.98%	\$ 567,394	\$ 22,582	\$ -
6	316	316-Source Of Supply-Supply Ma	2.87%	\$ 58,771	\$ 1,687	\$ -
7	317	317-Source Of Supply-Other Wat	1.94%	\$ 1,601	\$ 31	\$ -
8	320	320-Pumping Plant-Land And Lan		\$ 5,601	\$ -	\$ -
9	321	321-Pumping Plant-Stuctures An	2.20%	\$ 708,032	\$ 15,530	\$ -
10	325	325-Pumping Plant-Electric Pum	1.73%	\$ 1,600,025	\$ 27,680	\$ (2,656)
11	328	328-Pumping Plant-Other Pumpin	2.05%	\$ 101,513	\$ 2,081	\$ -
12	331	331-Water Treat Plant-Stucture	2.30%	\$ 9,437	\$ 217	\$ -
13	332	332-Water Treat Plant-Water Tr	2.08%	\$ 492,038	\$ 10,227	\$ -
14	340	340-T&D Plant-Land And Land Ri		\$ 1,862	\$ -	\$ -
15	341	341-T&D Plant-Stuctures And Im	1.66%	\$ 139,985	\$ 2,324	\$ -
16	342	342-T&D Plant-Distr Reservoirs	2.93%	\$ 7,545,523	\$ 221,084	\$ -
17	343	343-T&D Plant-Transmission And	1.23%	\$ 13,577,008	\$ 166,997	\$ (6,880)
18	345	345-T&D Plant-Services	1.76%	\$ 4,281,555	\$ 75,235	\$ -
19	346	346-T&D Plant-Meters	2.56%	\$ 3,493,702	\$ 89,036	\$ -
20	348	348-T&D Plant-Hydrants	1.73%	\$ 1,131,653	\$ 19,561	\$ -
21	390	390-General Plant-Stuctures An	1.45%	\$ 193,272	\$ 2,802	\$ -
22	390L	390-General Plant-Leasehold improvements	12.50%	\$ 210,000	\$ 26,250	\$ -
23	391	391-General Plant-Office Furni	12.58%	\$ 61,084	\$ 7,614	\$ -
24	391H	391-General Plant-Computer Hardware	20.02%	\$ 103,713	\$ 20,763	\$ -
25	391S	391-General Plant-Computer Software	25.66%	\$ 417,991	\$ 106,676	\$ -
26	391CB	391-General Plant-Computer Soft Lighthouse	12.50%	\$ 552,856	\$ 69,107	\$ -
27	392	392-General Plant-Transportati	12.87%	\$ 3,451	\$ 444	\$ -
28	394	394-General Plant-Tools, Shop	2.33%	\$ 86,792	\$ 2,017	\$ -
29	396	396-General Plant-Power Operat	4.33%	\$ 15,685	\$ 679	\$ -
30	397	397-General Plant-Communicatio	10.05%	\$ 355,365	\$ 35,566	\$ -
31	398	398-General Plant-Miscellaneous	5.80%	\$ 79,677	\$ 4,621	\$ -
32		Accumulated Amortization of CIAC		\$ -	\$ (45,258)	\$ -
33		Total		<u>\$ 36,073,465</u>	<u>\$ 895,965</u>	<u>\$ (9,537)</u>
34		Adjustment to Plant Account 391CB				<u>\$ (43,694)</u>
35		Adjustment to Depreciation Expense per Settlement				<u>\$ (53,231)</u>
36		Total Depreciation Expense per Settlement				<u>\$ 852,271</u>

SUEZ WATER RHODE ISLAND, INC.  
Rate Year Ended September 30, 2019  
Calculation of Current Income Tax

	Amount per Company at Present Rates (A)	Settlement Adjustments (B)	Adjusted per Settlement at Present Rates (C)
Operating Revenue	\$ 4,813,887	\$ -	\$ 4,813,887
O&M Expense	2,510,506	(200,921)	2,309,585
Depreciation Expense	905,502	(53,231)	852,271
Property Tax	409,722	(11,083)	398,640
Payroll Tax	66,946	(4,440)	62,506
Gross Receipts Tax	60,174	-	60,174
Operating Income Before Income Taxes	\$ 861,037	\$ 269,675	\$ 1,130,712
Interest Expense	437,556	(4,090)	433,466
Federal Taxable Income	423,481	273,765	697,246
Federal Income Tax at 21%	\$ 88,931	\$ 57,491	\$ 146,422
Amortization of Reg Liability TCJA	(33,604)	33,604	0
Investment Tax Credit Amortization	(4,662)	-	(4,662)
Total Federal Income Tax	\$ 50,666	\$ 91,095	\$ 141,760

Notes:

(1) Calculation of Interest Deduction

Rate Base	\$ 20,542,518		\$ 20,446,525
Weighted Cost of Debt	2.13%		2.12%
Interest Deduction	\$ 437,556	\$ (4,090)	\$ 433,466
		-	
Federal Income Tax Effect at 21%		859	
Interest Synchronization Adjustment		\$ 859	

SUEZ WATER RHODE ISLAND, INC.  
 Rate Year Ended September 30, 2019  
 Summary of Cost of Capital

SUEZ Water Capital Structure and Rate of Return (1)

<u>Capital Source</u>	<u>Capitalization Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Common Equity	54.19%	10.50%	5.69%
Long-Term Debt	45.81%	4.65%	2.13%
Total	100.00%		7.82%

Settlement Capital Structure and Rate of Return (2)

<u>Capital Source</u>	<u>Capitalization Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Common Equity	53.91%	9.40%	5.07%
Short Term Debt	0.52%	2.65%	0.01%
Long-Term Debt	45.57%	4.65%	2.12%
Total	100.00%		7.20%

Notes:

(1) Per Company

(2) Per Settlement

# EXHIBIT 2

SUEZ WATER RHODE ISLAND  
Rate Year at Existing and Proposed Settlement Rates

(1)	(2)	(3)	(4)	(5)
Rate Year at Present Rates for the Twelve Months Ended September 30, 2019				
<b>Fixed Charges</b>				
<u>All Meters Monthly</u>				
Meter Size	Number of Eqv Meters	Number of Bills	Rate	Total
5/8"	7,702	92,424	\$ 10.61	\$ 980,619
3/4"	1	12	11.37	136
1"	307	3,684	16.68	61,449
1-1/2"	79	948	28.05	26,591
2"	169	2,028	37.91	76,881
3"	12	144	50.80	7,315
4"	2	24	75.82	1,820
6"	6	72	131.17	9,444
8"	1	12	227.47	2,730
	8,279	99,348		1,166,986
 <u>Resale Monthly</u>				
4"	1	12	81.88	983
4"	1	12	-	-
<u>Point Judith Country Club Maintenance Charge per Year</u>				
8"	1	1	2,190.00	2,190
Total Fix Charges				\$ 1,170,158
 <b>Consumption Charges</b>				
<u>Residential Metered Customers</u>				
	MGL	Rate Converted Per Mgl	Total	
First Block First 5.984 mgl	284,849	4.035	1,149,366	
Second Block Over 5.984 mgl	92,951	5.059	470,239	
<u>General Metered Customers</u>				
All Use mgl	234,266	3.853	902,627	
<u>Resale Customers</u>				
All Use mgl	293,378	1.490	437,133	
<u>Tank Trunk Sales</u>				
All Use mgl	6,835	2.250	15,379	
Total Consumption				\$ 2,974,744
Total Metered Revenue				\$ 4,144,902
 <b>Fire Services</b>				
<u>Private Fire Monthly</u>				
	Number of Units	Number of Bills	Rate	Total
2 1/2"	8	91	9.67	882
3"	-	-	14.00	-
4"	21	257	26.67	6,849
6"	149	1,786	71.67	127,974
8"	27	324	149.00	48,276
10"	-	-	265.67	-
12"	1	12	427.00	5,124
16"	-	-	906.33	-
	206			\$ 189,105
<u>Public HYD Monthly</u>				
	660	7,915	57.50	455,124
Total Fire Service				\$ 644,229
Total Revenue from Sales				\$ 4,789,131
Miscellaneous Revenue				24,756
<b>TOTAL REVENUE</b>				<b>4,813,887</b>

(6)	(7)	(8)	(9)	(10)	Percent Increase	
Rate Year at Proposed Rates for the Twelve Months Ended September 30, 2019						
<b>Fixed Charges</b>						
<u>All Meters Monthly</u>						
Meter Size	Number of Eqv Meters	Number of Bills	Rate	Total		
5/8"	7,702	92,424	\$ 11.75	\$ 1,085,982	10.74%	
3/4"	1	12	14.10	169	24.01%	
1"	307	3,684	18.68	68,817	11.99%	
1-1/2"	79	948	30.20	28,630	7.66%	
2"	169	2,028	44.06	89,354	16.22%	
3"	12	144	76.26	10,981	50.12%	
4"	2	24	122.44	2,939	61.49%	
6"	6	72	237.59	17,106	81.13%	
8"	1	12	375.88	4,511	65.24%	
	8,279	99,348		1,308,489	12.13%	
 <u>Resale Monthly</u>						
4"	1	12	\$ 122.44	1,469	49.54%	
4"	1	12	\$ -	-	-	
<u>Point Judith Country Club Maintenance Charge per Year</u>						
8"	1	12	\$ 2,738.00	2,738	25.02%	
Total Fix Charges					\$ 1,312,696	12.18%
 <b>Consumption Charges</b>						
<u>Residential Metered Customers</u>						
	MGL	Rate Converted Per Mgl	Total			
First Block First 5.984 mgl	284,849	4.423	1,259,887	9.62%		
Second Block Over 5.984 mgl	92,951	6.043	561,703	19.45%		
<u>General Metered Customers</u>						
All Use mgl	234,266	4.249	995,396	10.28%		
<u>Resale Customers</u>						
All Use mgl	293,378	1.639	480,846	10.00%		
<u>Tank Trunk Sales</u>						
All Use mgl	6,835	3.500	23,923	55.56%		
Total Consumption mgl					\$ 3,321,756	11.67%
Total Metered Revenue					\$ 4,634,451	11.81%
 <b>Fire Services</b>						
<u>Private Fire Monthly</u>						
	Number of Units	Number of Bills	Rate	Total		
2 1/2"	8	91	\$ 11.60	1,056	19.96%	
3"	-	-	16.79	-	19.93%	
4"	21	257	31.99	8,221	19.95%	
6"	149	1,786	85.97	153,542	19.95%	
8"	27	324	178.73	57,909	19.95%	
10"	-	-	318.67	-	19.95%	
12"	1	12	512.19	6,146	19.95%	
16"	-	-	1,087.14	-	19.95%	
	206			\$ 226,874		
<u>Public HYD Monthly</u>						
	660	7,915.00	68.98	545,977	19.97%	
Total Fire Service					\$ 772,851	19.97%
Total Revenue from Sales					\$ 5,407,302	12.91%
Miscellaneous Revenue					28,226	14.02%
<b>TOTAL REVENUE</b>					<b>5,435,529</b>	12.91%

	5,435,965
	612,066
	172,674
	0.282117
	(437)
	622,078
	12.92%

# EXHIBIT 3

**SUEZ Water Rhode Island Inc.**  
**Proposed Sample DSIC Calculation**  
**January 1, xxxx to June 30, xxxx**

	<u>1/1/xx to 6/30/xx</u>
Eligible Investment (page 2)	\$1,400,000
Less: Accumulated Depreciation (page 2)	(5,625)
Less: Deferred Tax (page 2)	<u>(1,969)</u>
Eligible Net Investment	\$1,392,406
Pre-Tax Rate of Return (page 3)	<u>9.33%</u>
Pre-Tax Return on Investment	\$129,911
Add: Depreciation Expense (page 2)	<u>22,500</u>
Revenue Recovery	\$152,411
Revenue Factor (page 3)	<u>1.017061</u>
Total DSIC Revenue Requirement Recovery Amount	<u><u>\$155,011</u></u>
Revenues allowed in Docket No. _____	<u><u>\$5,000,000</u></u>
Percent Increase	<u><u>3.10%</u></u>

**SUEZ Water Rhode Island Inc.**  
**Proposed Sample DSIC Calculation**  
**January 1, xxxx to June 30, xxxx**

	<u>1/1/xx to 6/30/xx</u>
Major Projects	\$1,000,000
Eligible Investment	<u>\$500,000</u>
Eligible Investment	<u>1,500,000</u>
Less: Base Spend	<u>(100,000)</u>
Net Eligible Investment	<u>1,400,000</u>
 <u>Accumulated Depreciation</u>	
Composite Depreciation Rate (Based upon applicable accounts)	<u>1.5000%</u>
Depreciation Expense	22,500
Half Year Convention	<u>5,625</u>
 <u>Deferred Taxes</u>	
Eligible Investment	\$1,500,000
MACRS Rate for First Year Water Plant	<u>4.00%</u>
Tax Depreciation First Year	15,000
Book Depreciation	<u>5,625</u>
Tax Depreciation Greater Than Book	9,375
Deferred Taxes at 21%	<u><u>\$1,969</u></u>

Note: This schedule is for explanatory purposes.

**SUEZ Water Rhode Island Inc.**  
**Proposed Sample DSIC Calculation**  
**January 1, xxxx to June 30, xxxx**

Approved Capital Structure and Cost Rates

	Capital Structure Ratio	Cost Rate	Weighted Cost of Capital	Pre-Tax Rate of Return
Long Term Debt	45.81%	4.65%	2.13%	2.13%
Common Equity	54.19%	10.50%	5.69%	7.20%
Total	100.00%		7.82%	9.33%

1) capital structure and ROE per current authorized return Docket No. \_\_\_\_\_

For purposes of this example, the as-filed capital structure and cost rates were utilized.

**Revenue Factor**

Dollar of Revenue	1.00000
Gross Receipts Tax	0.01250
PUC Assessment	0.00428
Income Before Federal Taxes	<u>0.98323</u>
Revenue Factor	<u>1.017061</u>

Rates per Final Order in Docket No. \_\_\_\_\_

Note: This schedule is for explanatory purposes.

# EXHIBIT 4

**SUEZ Water Rhode Island**  
**Income Statement**  
**Earnings Calculation**

Page 1 of 3

<u>Line</u> <u>No.</u>	<u>Description</u>	Actual 12 Months Ending <u>12/31/2017</u>
1	Operating Revenues	<u>\$4,847,248</u>
	Operating Expenses	
2	Operation and Maintenance Expenses	2,136,218
3	Depreciation and Amortization	779,598
4	Taxes Other Than Income	<u>559,486</u>
5	Operating Expenses Before Income Taxes	<u>3,475,302</u>
6	Pre-tax utility operating income	1,371,946
7	Federal Income Taxes	<u>341,385</u>
8	Utility Operating Income	<u><u>\$1,030,562</u></u>
9	Rate Base	<u><u>\$ 16,966,015</u></u>
10	Return on Rate Base	<u><u>6.07%</u></u>
11	Allowed Return on Rate Base	7.20%
12	Earnings Adjustment	<u>0.15%</u>
13	Earnings Base Rate of Return	<u><u>7.35%</u></u>

**SUEZ Water Rhode Island**  
**Rate Base Summary**

Page 2 of 3

Line Number	Description	Actual at 12/31/2017
1	Utility Plant in Service	\$ 31,522,941
2	Accumulated Depreciation	<u>(7,940,514)</u>
3	Net Plant	23,582,427
4	Contributions in Aid of Construction	(3,355,575)
5	Customer Advances for Construction	-
6	Accumulated Deferred Income Taxes	(3,134,775)
7	Unamortized ITC	(72,752)
8	Unfunded FAS 106 (net of Def'd Tax)	(666,309) as allowed Docket No. 4800
9	Materials and Supplies	234,042
10	Prepaid Expenses	-
11	Working Capital	298,560 as allowed Docket No. 4800
12	Def'd Tank Painting (net of Def'd Tax)	80,397
13	Total Rate Base	<u><u>\$ 16,966,015</u></u>

**SUEZ Water Rhode Island**  
**Approved Capital Structure and Cost Rates**

Page 3 of 3

<u>Line No.</u>	<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
1	Long-Term Debt	45.57%	4.65%	2.12%
2	Short Term Debt	0.52%	2.65%	0.01%
3	Common Equity	<u>53.91%</u>	9.40%	<u>5.07%</u>
4	Total	<u>100.00%</u>		<u>7.20%</u>

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE: SUEZ WATER RHODE ISLAND, INC.**

**DOCKET NO.: 4800**

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

INDEX

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COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 2

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER

---

DEFINITIONS

1. The word "company" as used herein shall mean SUEZ Water Rhode Island, acting through its properly authorized officers, agents or employees, each acting within the scope of the particular duties entrusted to him.
2. "Customer" shall be the party contracting for a supply of water through a single meter and service through each meter shall be considered, for billing purposes, as service to a separate customer.
3. "Residential customer" shall designate:
  - A. A building under one roof which is owned, leased or rented by one party and occupied or used primarily as a residence, or
  - B. Each family unit of a townhouse type of building which is individually owned or leased to tenants, or
  - C. A building under one roof containing no more than two apartments or family units, one or both of which are rented or leased to tenants.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 3

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

---

APPLICATION FOR SERVICE

4. Service connection will be made, and water will be furnished, upon written application by the prospective customer (or his properly authorized agent) on a form prepared by the company for this purpose, and after approval of such application by the company. The application for service shall state clearly the class, scope, and type of use to be made of the service, as well as the purpose for which it will be used.
5. The application and these Rules and Regulations constitute the contract between the customer and the company; and each customer, by the accepting of water, agrees to be bound thereby.
6. A new application must be made to, and approved by, the company upon any change in the identity of the contracting customer at a property or in the service as described in the application, and the company may, upon five days notice, discontinue the water supply until such new application has been made and approved.
7. Each application for service shall be made on the basis of rates applicable to customers under the tariff provisions.
8. Owners of the property will be held liable for the payment of all charges for services furnished him or his lessees during ownership, until such time as the company receives notice in writing of the transfer of his property. Bills will be rendered to the owner unless he requests in advance, in writing, that they are to be rendered to the tenants for payment. Such requests, and granting thereof is for the owners convenience and will not relieve him from liability for payment.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 4

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

---

SERVICE CONNECTIONS

9. The company will make all connections to its mains and will furnish, and install all service lines at its own expense but not to exceed a cost of \$50.00 for each service line installed. The applicant shall pay the excess of said service line installation. The company will maintain all service lines from the main to and including the curb stop and box, or meter pit, which shall be placed inside the curb line or company right of way, all of which service line shall be the property of the company and shall be accessible to and under its control.
10. All service lines from the curb, meter pit, or company right of way line to the customer's building or place of consumption shall be approved by the company as to size, kind of pipe, and installation and shall be kept in good repair by the customer at his expense. All such service lines shall be placed at least five feet below the surface of the ground.
11. No service line shall be installed in the same trench with a sewer lateral, gas line or any other facility of a public service company.
12. A stop & waste valve easily accessible to the occupants, shall be placed in the service line within the building supplied with water. Such valve shall be located so that it will be possible to drain the meter and all pipes in the building. When the meter is located outside the customer's building, a positive shut-off valve shall be located between the customer's building and the meter.
13. All leaks in service lines from the curb stop or meter pit to and in and upon, the premises supplied shall be promptly repaired by customer. On failure to make such repairs within reasonable dispatch, the company may turn off the water and it will not be again turned on until the company has been reimbursed, in full, for all proper and necessary expense incurred in shutting off and turning on the water, as provided on Sheet 21.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 5

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

---

SERVICE CONNECTIONS (Con't)

14. When a service line for any building or premises has been installed and water thereby placed at the disposal of the applicant at the request of the applicant, the minimum charge for water shall be made annually for each of the two years next thereafter, whether or not such service is used or the premises occupied. The payment of such minimum charge for one year may be required in advance of the laying of the service line.
15. No new service lines or water main extensions will be installed during the months of November, December, January, February and March, except at the discretion of the company or when the additional expense incident to the climatic conditions is borne by the applicant.
16. The installation of combined fire, domestic and commercial service lines will not be permitted without specific approval of the company and on such conditions as the company may specify.
17. Except under unusual conditions, and then only with the consent of the company, will a service line be installed to supply more than one premise.
18. The company shall in no event be responsible for maintenance of, or for damage caused by water escaping from, the service line or any other pipe or fixture on the outlet side of the curb stop or meter pit; and the customer at all times shall comply with state and municipal regulations in reference thereto and shall make changes thereon which may be required because of change of grade, relocation of mains or otherwise.
19. The use of water service by a customer shall be in accordance with the class, scope and type of use, and for the purpose stated in his application for service. A customer shall not use, or allow use of water service through his service facilities, for others or for purposes other than those covered by his application. To make service available for other purposes or character of use, a new application is required.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 6

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

---

METERS

20. All water service, except for fire fighting purposes, will be rendered only through meters.
21. Each customer's service lateral shall have a separate meter to register the amount of water consumed, except in multi-tenant buildings where the owner may arrange the plumbing to have more than one meter to measure each tenant's usage. Individual bills will be rendered for each meter.
22. All meters will be furnished by, and remain the property of the company. The company reserves the right to establish the size and location of meters required by each customer.
23. Meters will be maintained by the company as far as ordinary wear and tear is concerned, but the customer, in the instance of an inside installation, shall be responsible to the company for any injury to, or loss of, any meter arising out of or caused by, the customer's negligence or carelessness or that of his servants, employees, members of his household, or any person upon his premises under or by his consent or sufferance. The customer shall not permit anyone not an agent of the company or otherwise lawfully authorized so to do, to remove, inspect or tamper with the company's meter or other property of the company on his premises.
24. The customer shall notify the company of any injury to, or of any cessation in registration of, the meter as soon as it comes to his knowledge.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 7  
**REVISED SHEET NO. 1**

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

---

METER SETTING

25. All meters shall be set at convenient locations, accessible to company and subject to its control. Meters shall normally be installed within the building supplied, at a point approved by the company, so as to control the entire supply. A proper place and protection therefore shall be provided by the customer. The customer must bear the cost of all pipe changes on his premises necessary to allow setting of the meter.
26. In any case where it is not convenient or agreeable to both the customer and the company to place the meter within the building, the meter will be placed outside the building in a suitable vault of concrete or brick, or meter box, provided with a suitable cover and locking device. The outside meter vault or meter box shall be located inside the property line at a location designated by the company and built or installed at the expense of the customer.
27. The cover and locking device for each outside meter vault or meter box shall conform to a proper uniform standard established by the company.
28. In any case where a meter with a remote reading device is installed, the location of same shall be determined by the company.
29. The company has a backflow policy in effect. The company will supply a backflow device for 5/8 x 3/4 inch residential services only. All other backflow devices must be provided by the customer. The type of device will vary according to type of service and will be determined by the company. In instances where the company has supplied a backflow device, the customer is responsible to the Company if it is broken due to their negligence.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 8

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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METER TESTING

30. The quantity of water recorded by the meter shall be conclusive for both the customer and the company, except when the meter has been found to be registering inaccurately or has ceased to register. In either of such cases the meter will be promptly repaired or replaced by the company and the quantity of water consumed shall be estimated by the average registration of the meter for prior or subsequent periods or any other known information.
31. In cases of a disputed bill involving the accuracy of a meter, such meter shall be tested, upon the request of the customer, in conformity with the provisions of Rules and Regulations pertaining thereto of the Rhode Island Division of Public Utilities. If the meter so tested is found to have an error in registration of ten percent (10%) or more, adjustment of charges shall be made as provided by the said rules.
32. Each request for the test of a meter for accuracy shall be accompanied by a deposit of a charge provided in the Schedule of Rates, if the meter has been tested within the test period required by said rules. If the meter is not found to be over-registering by as much as 2%, the company shall retain the amount deposited for the test. If the meter is found to be over-registering by as much as 2%, the deposit shall be promptly refunded and the company will make any appropriate adjustments to the customer's bill.

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PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.  
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DOCKET NO: 4800

SHEET 9

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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CUSTOMER DEPOSITS

33. The company reserves the right to require a deposit to guarantee payments for water service rendered. Where a tenant is to pay the water bills, the owner of the property shall sign the application guaranteeing payment of the account. This deposit may be paid in 3 installments - 1/3 at time of application, 1/3 within 30 days, 1/3 within 60 days.
34. The company will refund said deposit on notice to discontinue service and after payment in full has been made for all service rendered or when the customer shall have paid undisputed bills for service over a period of one year and any customer, having secured the return of a deposit, shall not be required to make a new deposit unless the service has been discontinued or the customer's credit standing has been impaired through failure to comply with tariff provisions.
35. Deposits made with the company to guarantee payment of account will be deposited in a savings bank or in a saving department of a trust company in a special account and will be credited with such interest as may be paid by the bank in which this money is deposited.

BILLS

36. Each customer is subject to a minimum charge, the amount of which is set forth in the Schedules of Rates according to size of meter.
37. Bills for water service will be rendered and are due and payable as specified on the Schedules of Rates.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
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IN RE: SUEZ WATER RHODE ISLAND, INC.  
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SHEET 10

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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DISCONTINUANCE OF SERVICE

39. Whenever the customer desires to have his service contract terminated or his water service discontinued, he shall notify the company in writing, not less than 48 hours prior to the discontinuance. The customer will be responsible for the payment of all service rendered by the company prior to receipt of such written notice and during a reasonable time thereafter to enable the company to make the final reading of the meter or meters and/or to discontinue water service.
40. When premises will be unoccupied temporarily, the customer shall notify the company in writing, and the water will be turned off and all charges will cease from the date when water service is turned off. When the property is again occupied, the customer shall notify the company in writing, and the water will be turned on. No refund or allowance will be made for unoccupied property when written notice has not been given as provided. No refund will be allowed for property unoccupied for a period of less than one month.
41. In cases of vacancy of a customer's property, the customer must notify the company in writing of such vacancy, and upon his failure to do so, he will become responsible for any damage to the property of the company, arising from freezing, water damage, injury to meter, or any other failure.
42. Eliminated
43. A charge, as provided in the Schedule of Rates, will be made for turning on/off water service in all cases.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
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SHEET 11

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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TERMINATION OF SERVICE

44. Service may be terminated without notice for any of the following reasons:
- (a) A condition determined by the company to be hazardous.
  - (b) When the company has discovered that the furnishing of water service would be in contravention of any orders, ordinances or laws of the Federal Government or of the State of Rhode Island or any political subdivision thereof.
45. Service may be discontinued 10 days after mailing written notice for any of the following reasons:
- (a) Failure of the customer to furnish such service, equipment, permits, certificates or rights-of-way as shall have been specified by the company as a condition to obtaining water service, or if such equipment or permissions are withdrawn or terminated.
  - (b) Failure of the non-residential customer to fulfill his contractual obligations for water service or facilities subject to regulation by the Division of Public Utilities.
  - (c) Failure of the customer to permit the company reasonable access to its equipment.
  - (d) Failure by a customer to comply with the terms of any agreement whereunder he is permitted to amortize the unpaid balance of an account over a reasonable period of time, or any failure by such customer to simultaneously keep his account for water service current as bills are rendered in each subsequent billing period.
  - (e) When the company has discovered that by fraudulent means a customer has obtained unauthorized water service; or has diverted the water service for unauthorized use; or has obtained water service without same being properly registered upon the company's meter.

COMPLIANCE TA RRIFFS STATE OF RHODE ISLAND AND PROVIDENCE  
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RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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TERMINATION OF SERVICE (Con't)

45. (Con't)

- (f) Failure or refusal of the customer to reimburse the utility for repairs to or loss of utility property when such repairs are necessitated or loss is occasioned by the intentional or negligent acts of the customer or his agents.
- (g) Customer use of equipment in such a manner as to adversely affect the company's equipment or the company's service to others.
- (h) Tampering with the equipment furnished and owned by the company.
- (i) Violation of or non-compliance with the company's Rules and Regulations.

46. All terminations of service and disputes relating thereto are subject to and shall be in accordance with the Regulations governing termination of service of the Rhode Island Division of Public Utilities.

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SHEET 13

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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FIRE PROTECTION

47. Water from fire hydrants or other fire fighting facilities shall be used only for fire fighting purposes.
48. The company shall have no greater duty, with regard to fire hydrant service or private fire fighting service, than to supply such volumes of water at such pressures as may be available in the normal operation of the company's facilities.
49. Company shall not be considered an insurer of property or persons or to have undertaken to extinguish fire or to protect persons or property against loss or damage by fire or otherwise. The company shall not be held liable because of any claim upon a loss resulting from failure to supply water or pressure or for any other cause.
50. Where metered service is provided to any customer, the company shall not be responsible for the quantities of water or pressures which may be available for any fire fighting facilities or purposes where the customer installs such facilities, or makes connections to his water system for such purposes, on the discharge side of the meter in his service line, and shall not be held liable for any claims based upon loss due to fire or fire fighting.
51. All private fire service laterals from the main to the property line, including all valves, shall be furnished and installed by the company. The actual cost of this service lateral shall be paid by the customer. Private fire hydrants shall be installed at the expense of and maintained by the customer.
52. The company reserves the right to require a detector check meter with by-pass to be furnished and installed by the customer on any fire service connection. The detector check meter shall be installed at a location approved by the company.
53. Operating tests of private fire hydrants and sprinkler systems shall be made only after written notification to and approval by the company.
54. Company will only install public fire hydrants upon written authorization from the political sub-division in which the unit is to be installed.

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SHEET 14

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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CROSS CONNECTION

55. No pipe or fixtures connected with the mains of the company shall also be connected with pipes or fixtures supplied with water from any other source unless specifically approved, in writing, by the company and the Department of Health of the State of Rhode Island.

MISCELLANEOUS

56. Water shall not be turned on to a customer's premises by any person who is not an employee or agent of the company, except temporarily by a plumber, with company approval, to enable him to test his work, provided it shall be turned off immediately after the test is made.
57. The authorized employee or agent of the company shall have the right of access, at all reasonable hours, to the premises supplied with water for the purpose of reading meters, examining pipes and fixtures, observing manner of using water, and for any other purpose which is proper and necessary in the conduct of the company's business. Such agents shall carry proper credentials evidencing their employment by the company.
58. The company will not be liable for any claim or damage arising from a shortage of water, or for any other cause beyond its control.

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SHEET 15

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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MISCELLANEOUS (Con't)

59. As necessity may arise in case of break, emergency or other similar cause, the company shall have the right to temporarily shut off the water supply in order to make necessary repairs, connections, etc. The company shall use all reasonable and practicable measures to notify the customer, in advance, of such discontinuance of service. The company shall not be liable for any damage or inconvenience suffered by the customer, or for any claim for interruption in service, lessening of supply, inadequate pressure, poor quality of water, or any other cause beyond its control. The company may restrict or regulate the quantity of water used by customers in case of scarcity or whenever the public welfare may require it, with permission of the Rhode Island Division of Public Utilities.
60. No customer shall open or close any of the company's curb stops or valve in any public or private line.
61. No agent or employee of the company shall have the right or authority to bind it by any promise, agreement or representation contrary to the intent of these rules and regulations.
62. Underground lawn sprinklers and irrigation systems may be installed only under special approval by the company. Customer must furnish schematic drawing of the proposed pipe layout, together with valves, sprinkler heads, and appurtenances, including sizes and specifications.
63. The company reserves the right to alter and amend these rules and regulations in the manner provided by law and with the approval of the Rhode Island Division of Public Utilities.
64. The purpose of the foregoing rules and regulations is to preserve, to the maximum extent possible, the obligation of the company to furnish service, and to preserve the jurisdiction of the Rhode Island Division of Public Utilities over service being furnished by the company, and the foregoing definitions shall be construed and applied to accomplish that purpose.

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SHEET 16

RULES AND REGULATIONS  
GOVERNING THE USE OF WATER (Cont)

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MAIN EXTENSIONS

65. The company will extend its water mains in any street, or highway, accepted by a City or Town as a public highway and having an established grade, when requested to do so upon receiving a guarantee of a gross annual return of 15% on the cost of installation. Such guarantee shall be in writing and with surety or sureties satisfactory to the company and shall remain in force until such time as the normal gross annual return from the extension shall equal 15% of the investment.
66. Main extensions in real estate developments or extensions supplying undeveloped territory will be made by the company under the following conditions:
- (a) Refund for each abutting domestic or commercial consumer or fire hydrant equal to three (3) times the first full year's revenue, or;
  - (b) refund of \$125.00 for each abutting domestic or commercial consumer or fire hydrant when service is inaugurated, or;
  - (c) refund of twenty-five percent (25%) of the annual gross revenue of any industrial consumer for a ten year period.

Title to the property installed under these agreements shall be conveyed to the company upon completion of the work. In addition to the costs of main extensions, as herein described, the company will bear the cost of services up to \$50 each and the cost of meters and installations

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
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IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 17  
REVISION NO. 7

SCHEDULE OF METERED RATES - RESIDENTIAL

Application: To all residential customers.

Rates: The rate will consist of the total of the (A) Customer Service charge and (B) Volume charge. The volume charge is based on all metered water for the billing period.

A. Customer Service Charge Per Billing Period

Customers Meter <u>Size</u>	Customers Billed <u>Monthly</u>	Customers Billed <u>Quarterly</u>
5/8"	\$11.75	\$35.25
3/4"	14.10	42.30
1"	18.68	56.04
1-1/2"	30.20	90.60
2"	44.06	132.18
3"	76.26	228.78
4"	122.44	367.32
6"	237.59	712.77
8"	375.88	1,127.64

B. Volume Charge

<u>Monthly Use</u>	<u>Quarterly</u>	<u>Per 100 Cubic Feet</u>
First 8 ccf	First 24 ccf	\$3.308
Over 8 ccf	Over 24 ccf	4.520
		<u>Per 1,000 Gallons</u>
First 5.984 mgl	First 17.952 mgl	\$4.423
Over 5.984 mgl	Over 17.952 mgl	6.043

Billing and Payment: Bills will be issued monthly or quarterly in arrears and are due and payable when rendered. The customer service charge may be billed in advance at the option of the Company.

Any customer with service temporarily discontinued will be subject to the pro rata customer service charge for the period of service interruption.

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IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET 18  
REVISION NO. 7

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SCHEDULE OF METERED RATES - GENERAL

Application: To all customers for commercial, industrial or municipal use, except for services under Schedule of Miscellaneous Fees and Charges or Schedule of Metered Rates - Public Authority for Resale.

Rates: The rate will consist of the total of the (A) Customer Service charge and (B) Volume charge. The volume charge is based on all metered water for the billing period.

A. Customer Service Charge Per Billing Period

Customers Meter <u>Size</u>	Customers Billed <u>Monthly</u>	Customers Billed <u>Quarterly</u>
5/8"	\$11.75	\$35.25
3/4"	14.10	42.30
1"	18.68	56.04
1-1/2"	30.20	90.60
2"	44.06	132.18
3"	76.26	228.78
4"	122.44	367.32
6"	237.59	712.77
8"	375.88	1,127.64

B. Volume Charge

	<u>Per 100 Cubic Feet</u>	<u>Per 1,000 gallons</u>
All Usage	\$3.178	\$4.249

Billing and Payment Bills will be issued monthly or quarterly in arrears and are due and payable when rendered. The customer service charge may be billed in advance at the option of the Company.

Any customer with service temporarily discontinued will be subject to the pro rata customer service charge for the period of service interruption.

COMPLIANCE TARIFFS STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
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IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

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SHEET 19  
REVISION NO. 7

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SCHEDULE OF METERED RATES - PUBLIC AUTHORITIES FOR RESALE

Application: To all public authorities for resale.

Rates: The rate will consist of the total of the (A) Customer Service charge and (B) Volume charge. The volume charge is based on all metered water for the billing period.

A. Customer Service Charge Per Billing Period

<u>Customers Meter</u> <u>Size</u>	<u>Customers Billed</u> <u>Monthly</u>	<u>Customers Billed</u> <u>Quarterly</u>
5/8"	\$11.75	\$35.25
3/4"	14.10	42.30
1"	18.68	56.04
1-1/2"	30.20	90.60
2"	44.06	132.18
3"	76.26	228.78
4"	122.44	367.32
6"	237.59	712.77
8"	375.88	1,127.64

B. Volume Charge

	<u>Per 100 Cubic Feet</u>	<u>Per 1,000 Gallons</u>
All usage	\$1.226	\$1.639

Terms of Payment:

Bills will be issued monthly or quarterly in arrears and are due and payable when rendered.

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SHEET NO. 20  
REVISION NO. 7

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SCHEDULE OF MISCELLANEOUS FEES AND CHARGES

1. Tank Truck Sales

Application: To customers who obtain water by tank truck from an authorized company outlet.

Rate:

	<u>Per 100 Cubic Feet</u>	<u>Per 1000 Gallons</u>
For all water purchased by tank truck	\$2.618	\$3.50

Terms of Payment: Bills will be rendered in advance and are due and payable when rendered.

2. Reconnection Charge

Application: This charge is applicable to all customers where water has physically been turned off (except in the case of turn-off for repairs or emergencies).

Rates:

	<u>Each Occurrence</u>
Turn-on/off Charge (during normal working hours 8:00 a.m. to 4:00 p.m.)	\$40.00
Turn-on/off Charge (after working hours)	\$155.00

Terms of Payment: Bills will be rendered at time of turn-on, and are due and payable when rendered except where water has been turned off for non-payment, in which case payment must be made before water will be turned on.

3. Meter Test Charge

Application: This charge is applicable to all customers who request a test of a water meter for accuracy if such meter has been previously tested within the period prescribed by the Rules and Regulations pertaining thereto of the Rhode Island Division of Public Utilities.

Rate:

	<u>Each Occurrence</u>
Meter Test Charge	\$40.00

Terms of Payment: Payment must accompany customer's request for the test of a meter for accuracy.

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SCHEDULE OF MISCELLANEOUS FEES AND CHARGES (Cont)

4. Returned Check Charge

Application: This charge is applicable to all customers where the customer's check or bank draft is returned by the Bank for insufficient funds, closed account, or some other appropriate reason.

Rate:

	<u>Each Occurrence</u>
Returned Check Charge	\$20.00

Terms of Payment: Payment will be required immediately upon notification by Bank that customer's check is not cashable.

5. Point Judith Country Club Maintenance Charge

Application: This charge is applicable to only the customer named.

Rate:

	<u>Per Year</u>
Point Judith Country Club Maintenance Charge	\$2,738.00

Pursuant to a special agreement between Point Judith Country Club and SUEZ Water Rhode Island, the Company will maintain the 8" service to the country club and one fire hydrant near the club house.

Terms of Payment: A bill will be rendered annually in advance on July 1st and is due and payable when rendered.

6. Missed Appointment

Application This charge is applicable to any customer who schedules an appointment and is not at the premises when the Company arrives or does not have the proper plumbing ready when the Company arrives.

Rate:

	<u>Each Occurrence</u>
Missed Appointment	\$40.00

Terms of Payment: Bills will be rendered at time of missed appointment and must be paid prior to making a new appointment.

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DOCKET NO: 4800  
REVISION NO. 7

SHEET NO. 22

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RATES FOR PUBLIC FIRE HYDRANT SERVICE

Application: To all political subdivisions.

Rates: For lateral connection to the curb and fire hydrant at the curb installed and maintained by the Company at its expense:

	<u>Per Month</u>	<u>Per Quarter</u>
Each Fire Hydrant	\$68.98	\$206.94

Terms of Payment: Public fire hydrant service will be billed monthly or quarterly in advance.

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EFFECTIVE: October 5, 2018

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
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IN RE: SUEZ WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4800

SHEET NO. 25

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RATES FOR PRIVATE FIRE SERVICE

Application: To all customers having private connections to the water system.

Rates: For each connection:

<u>Size</u>	<u>Monthly</u>	<u>Quarterly</u>
2 1/2"	\$11.60	\$34.80
3"	16.79	50.37
4"	31.99	95.97
6"	85.97	257.91
8"	178.73	536.19
10"	318.67	956.01
12"	512.19	1,536.57
16"	1,087.14	3,261.42

Terms of Payment: Private fire protection will be billed monthly or quarterly on the basis of the size of the service connection, regardless of the number of sprinklers, hose connections or fire hydrants that the customer may have, bills are due and payable when rendered.

Conditions of Contract: The Company reserves the right to meter any fire line where evidence indicates that water is being taken from the line for purposes other than fire protection, and such metered service shall then be billed in accordance with the regular schedule of meter rates in addition to the above rates, with proper allowance for water consumed in fire fighting.

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SHEET NO. 25

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply to all charges for bills rendered on or after October 5, 2018.

The above charge will be recomputed semi-annually, using the elements contained in the Commission's Order in Docket No. 4800, approved October 5, 2018.

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EFFECTIVE: October 5, 2018

**SUEZ WATER RHODE ISLAND, INC.**  
**Docket No. 4800**  
**Commission's Fourth Set of Data Requests**  
**August 27, 2018**

4-1  
 (Arp)  
 Page 1 of 2

**4-1.** With regard to the following charges listed in Comm 3-1, please state how each benefits RI ratepayers and why it should be included in revenue requirement:

BOA Purchasing Card – Tools, Equipment Supplies (\$8,348)

Applebee's	\$57.00
Atlantic Coffee	\$1,223.00
Bagels of Wakefield	\$194.00
Chen's Restaurant	\$197.00
CRS Atl Coffee	\$217.00
D'Angelo's	\$308.00
DBS Pizza	\$126.00
Dunkin Donuts	\$ 36.00
Panera Bread	\$327.00
Village Bean Café	\$77.00
<b>TOTAL</b>	<b>\$2,762.00</b>

Derivation Journals – Transportation, Hotels, Supplies, Office Equipment (\$4,647)

On Lines 1, and 3-11, totaling \$3,798.00, please provide detail as to each of these charges, whether the charges are included in M&S costs and how these charges benefit RI ratepayers.

**Response:** The reason for these BOA (Bank of America) Purchasing Card invoices and Transportation/ Hotel expenses are mainly for meetings and trainings for employees of the Company. Meetings and trainings are a benefit to the ratepayers because it improves service to customers and improves safety both for employees and customers. Please see charts for additional details on these charges. Also note, upon further review, there were two charges that should be reclassified as non-recoverable, a Christmas lunch at D'Angelo Sandwich Shop for \$79 and hotel accommodations for \$628 related to non-regulated operations.

**SUEZ WATER RHODE ISLAND, INC.**  
**Docket No. 4800**  
**Commission's Fourth Set of Data Requests**  
**August 27, 2018**

4-1  
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 Page 2 of 2

<u>Vendor</u>	<u>Amount</u>	<u>Reason</u>
Applebee's	\$ 57	Customer service meeting
Atlantic Coffee	1,223	This vendor used to provide coffee, paper products, kitchen supplies and bathroom supplies for the office.
CRS Atl Coffee	217	
Bagels of Wakefield	194	Staff meeting and safety meeting
Chen's Restaurant	197	Flagger training and Customer Service meeting
D'Angelo's	308	Working Lunchs, and christmas lunch for \$79, which should be reclassified as non-recoverable
DBS Pizza	126	Staff meetings
Dunkin Donuts	36	Approved by manger
Panera Bread	327	catering for meetings
Village Bean Café	77	flagger and trench trainings
<b>\$ 2,762</b>		

<u>Items</u>	<u>Total</u>	<u>Long Description</u>	<u>Reason</u>
2016-11-30 - UWRI Meetings	\$ 549	UWRI Asset Management and Strategy Meetings	The expenses were related to meetings at SWRI 11/30 – 12/2 to discuss asset management strategies and the steps needed to be taken to prepare for implementation of new asset management platforms and mobile workforce management. Hotels/ meals/ travel
Hotel for RI	312	RI Audit	New York employee was sent to RI to assist with internal audit requests
Mileage to RI	184	Drive to RI	
Lunch Meeting	50	Lunch meeting on Sherman Tank project	Lunch meeting on the Sherman Tank project
New Hire Training	166	mileage to/from New Rochelle, NY	New hire training. The hiree had to meet in Westchester to train with the customer service manager
NY Division Travel & Expenses	841	Hotel Wizard: Hotel/Motel	Suez Corporate has an EHS audit team that reviews environment and health & safety compliance of our business units in Utility. The audit team traveled from NY office.
	125	Return form RI EHS Audit	
	5	Tolls for RI EHA Audit	
	125	Travel to RI for EHA audit	
postage and batteries	136	bagelz, etc.	Work Meeting
	18	batteries	batteries for handheld equipment that the crew uses
	7	certified mail	certified mail to customer(s)
	21	dangelos	customer service team meeting
Rhode Island meeting	17	bridge and highway toll	This expense was for a meeting to review and plan compliance metering program for 2017, review of any additional metering related items. The manager of metering for the division works out of the NY office.
	158	Hotels.com-Hampton Inn Rhode Island	
	15	meal during Rhode Island Trip	
	7	Meals during Rhode Island work trip	
Rhode Island Negotiations	628	Hotel accommodations	reclassified as non-recoverable related to non-regulated operations
SWNY Division Expenses	286	Hotel Wizard: Hotel/Motel	The manager for this training is based out of the NY office.
	5	Tolls to RI for training on Confined Space	
	84	Travel back from RI from Confined Space Training	
	84	Travel to RI for Confined Space Training	

**\$ 3,823**