

**SUEZ WATER RHODE ISLAND, INC.**  
**Docket No. 4800**  
**Technical Record Session Data Requests**

**September 13, 2018**

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**RR-1**  
**(Prettyman/Jacobs)**

RR-1 RR-1: Please indicate whether Suez is subject to R.I. Gen. Laws § 46-15.6-3. “Infrastructure replacement program. All municipalities, municipal departments and agencies, districts, authorities or other entities engaged in or authorized to engage in the supply, transmission, distribution of drinking water on a wholesale or retail basis, and which obtain, transport, purchase, or sell more than fifty million (50,000,000) gallons of water per year, shall be referred to as “water suppliers” for the purpose of this chapter. All water suppliers shall prepare, maintain, and carry out an infrastructure replacement program as described in this chapter.” If so, please explain why Suez does not have an infrastructure replacement program on file with the Rhode Island Department of Health.

Response: Based on our review of the statute, the Company now believes that it is subject to R.I.G.L. § 46-15.6-3 because it is an entity “engaged in or authorized to engage in the supply, transmission, distribution of drinking water on a wholesale or retail basis, and ...obtain[s], transport[s], purchase[s], or sell[s] more than fifty million (50,000,000) gallons of water per year.”

However, it is the Company’s understanding that pursuant to R.I.G.L. § 46-15.6-5, water suppliers are *only* required to file a copy of their Infrastructure Replacement Component with the Department of Health (“DOH”) to the extent the Components differ from the Water Supply Systems Management Plan (“WSSMP”) filed with the Water Resources Board. See R.I.G.L. § 46-15.6-5(b) (“[w]ater suppliers...shall file a copy of all [Infrastructure Replacement] components, only to the extent the components differ from [the WSSMPs] filed under § 46-15.3-5.1 thereto with the...[DOH]”). The Company is in compliance with R.I.G.L. § 46-15.6-5 and currently has a new and detailed WSSMP on file with the Water Resources Board that contains up-to-date information regarding the Company’s infrastructure replacement plans, including information regarding the Company’s Meter Installation, Maintenance and Replacement Plan, Leak Detection and Repair Plan, Proposed Preventative Maintenance Plan, etc. Accordingly, it is the Company’s belief that it is not obligated to provide a duplicative filing with the DOH.

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**RR-2**  
**(Prettyman)**

RR-2 Please provide a schedule to include an example of the Earnings Test for Rhode Island.

Response: Please see RR-2 Attachment. Line 12 represents the 25 basis points added to the allowed Rate of Return. As a result the Company would be allowed to earn up to 7.45% before DSIC would go to zero.

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

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Line No.	<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>0.25%</u>
13	Earnings Base Rate of Return	<u><u>7.45%</u></u>

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

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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**

Line No.	Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
1	Long-Term Debt	45.57%	4.65%	2.12%
2	Short Term Debt	0.52%	1.00%	0.01%
3	Common Equity	53.91%	9.40%	5.07%
4	Total	100.00%		7.20%

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**RR-3**  
**(Jacobs)**

RR-3           SUEZ has 154 miles of water mains. Please provide the age and type of pipe material for the various spans of main, how much has been replaced and with what type of material (based on readily available records).

Response:       Below is a description of the type and approximate age of mains in the system. The Company does not have actual age data or specific information regarding the replacement of main by material type.

PVC: 30.61 Miles

The Company's PVC pipes were installed in the 1970-1990s. This type of pipe is easy and relatively low-cost to install but may fail when subject to stress. Repairs are generally very costly because they require the installation of full sections of pipe rather than simply repair clamps. Because new services cannot be installed under pressure, these mains must be shut down.

Galvanized Steel: 0.24 Miles

Asbestos Cement ("AC")/Transite: 60.37 Miles

The Company has "Century" AC pipes, the most brittle type of AC pipe, which were installed in the 1940-1960s. The Company also has some higher quality John Mansville pipe.

Cast Iron: 26.73 Miles

Cast iron pipes are the oldest type of pipe in our system, dating back to late 1800s.

Ductile Iron: 24.96 Miles

The Company currently uses this type of pipe when performing capital main replacement projects.

Other (some combination of all of the above): 11.11 Miles

These mains haven't been allocated in GIS yet.

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**RR-4**  
**(Prettyman)**

RR-4            Referencing SUEZ Exhibit 2, please provide a schedule separating the DSIC eligible programs into a separate table.

Response:      Please see RR-4 Attachment.

		2018	2019	2020	2021	2022	2023	2024
<b>Business Unit</b>	<b>061</b>	593,705	1,546,007	1,219,249	1,029,931	876,792	516,387	587,000
<b>Suez Water</b>	<b>Rhode Island</b>	-	-	-	-	-	-	-
<b>Capital Plan Year</b>	<b>2019</b>	593,705	1,546,007	1,219,249	1,029,931	876,792	516,387	587,000

Project ID	Project Title	2018	2019	2020	2021	2022	2023	2024
C19D601_061	Pond St/Winchester Dr Main Replacement - DSIC	50,000	500,000	400,000				
C19D601_061	Ocean Road Main Replacement including Westmoreland tie-in - DSIC	30,000	550,000	100,000				
C20D601_061	Upper Pond St Main Replacement - DSIC		50,000	200,000	150,000			
C21D601_061	Blosson Way Main Replacement - DSIC			20,000	360,000			
C22D602_061	Hunt Ave Main Replacement - DSIC				30,000	355,000		
CYYD501_061	Replacement Fire Hydrants - DSIC	21,700	21,700	21,700	22,000	22,000	22,000	22,000
CYYD502_061	Replacement Short Mains & Valves - DSIC	100,000	120,000	120,000	120,000	120,000	120,000	120,000
CYYD503_061	Replacement Valves -DSIC	30,000	30,000	40,000	60,000	90,000	90,000	90,000
CYYF501_061	Replacement Domestic Services - DSIC	50,000	80,000	80,000	80,000	80,000	80,000	80,000
CYYF502_061	Replacement Domestic Services - DSIC	25,000						
CYYG501_061	Replacement Customer Meters - DSIC	287,005	194,307	237,549	207,931	209,792	204,387	275,000