



State of Rhode Island  
Division of Public  
Utilities & Carriers

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To: Luly Massaro  
Commission Clerk

From: Albert De Miranda  
Rate Analyst

Date: May 24, 2018

Subject: Docket No. 4814, Narragansett Bay Commission's Tariff Advice Filing

On March 21, 2018, the Narragansett Bay Commission (NBC) made a tariff advice filing under Rule 1.9 (d) of the Public Utilities Commission's Rules of Practice and Procedure. NBC's filing included the required copy of the existing terms and conditions, a "marked-up" version of the proposed terms and conditions, and a "clean" version of the proposed terms and conditions.

In its filing, NBC proposes the following changes and additions to its terms and conditions:

- Change in Abatement Application Fee from \$36.00 to \$70.00.
- Adding an Abatement Meter Reading Fee of \$35.00.
- Adding a Real Estate Closing Request Fee of \$30.00.
- Adding a Collection Notice Posting Fee of \$50.00
- Correction of a typographical error in Schedule B, Section 1, Category 96. The proposed revision corrects the spelling of "Embalming."

NBC's filing describes each of the above fees in detail. According to the filing, the Abatement Application Fee is an existing fee that has not changed since January 29, 2001. The other fees that NBC is requesting in its filing are new fees that do not currently exist.

According to NBC's response to a Division data request, the proposed fees are based on the cost of providing the service. The cost is based on the time required to provide the service at the currently effective labor rates plus overheads. This approach to calculating the proposed fees is reasonable.

Processing abatement applications, abatement meter reading, and real estate closings requests are special requests that do not benefit all customer and are not part of NBC's core utility function. The service only benefits the customer or entity making the request and as such the costs related to providing the service should not be borne by the general body of ratepayers. Therefore, charging a separate fee for these services is reasonable. In addition, a separate fee ensures the cost causer pays for the added cost they are putting on the utility.

The costs related to collections and posting notices are more aligned with the utility's core utility function and are normally reviewed as part of a general rate filing. A customer that becomes delinquent to the point that requires NBC to physically post a collection notice at the property does add costs to the utility's operations, and it may be appropriate to charge the delinquent customer a fee to cover these added costs. However, a fee of this nature is more properly addressed through a general rate proceeding where a more in-depth review of the issue can be considered, including revenues from the fees, a more in-depth review of costs and policy considerations concerning charging such a fee. Due to these reasons, the Division does not support NBC's request to add a Collection Notice Posting Fee through a tariff advice filing.

Based on my review, I recommend that the Commission approve NBC's modified Terms and Conditions of Abatement Application Fee, Abatement Meter Reading Fee, Real Estate Closing Request Fee and the spelling correction. As discussed above, the Division recommends that the Commission reject NBC's request for Collection Notice Posting Fee.