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February 11, 2022

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: *Providence Water Supply Board – Docket 4994*

Dear Ms. Massaro:

Enclosed herewith please find an original and nine copies of the following document:

1. Bristol County Water Authority's Response To The Rhode Island Public Utilities Commission's First Set Of Data Requests To The Wholesale Customers.

Please be advised that an electronic copy of this document has been sent to the service list. Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf
Enclosures

cc: Service List

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: PROVIDENCE WATER SUPPLY BOARD :
COST OF SERVICE STUDY : **DOCKET NO. 4994**

**THE BRISTOL COUNTY WATER AUTHORITY’S RESPONSE TO THE RHODE ISLAND
PUBLIC UTILITIES COMMISSION’S FIRST SET OF DATA REQUESTS
DIRECTED TO THE WHOLESALE CUSTOMERS
(Issued February 3, 2022)**

PUC 1-1: If Providence Water Supply Board’s supplemental rebuttal position is approved, please indicate what impact those proposed wholesale rate changes would have on the respective wholesale customer’s **retail** rates (by customer class, if possible). In responding to the question, please provide the current and estimated rate.

BCWA Response: Please see the following page for responses to 1-1, 1-2, and 1-3.

PUC 1-2: If BCWA’s surrebuttal position is approved, please indicate what impact those proposed wholesale rate changes would have on the respective wholesale customer’s **retail** rates (by customer class, if possible). In responding to the question, please provide the current and estimated rate.

BCWA Response: Please see the following page for responses to 1-1, 1-2, and 1-3.

PUC 1-3 If the Division’s direct position is approved, please indicate what impact those proposed wholesale rate changes would have on the respective wholesale customer’s **retail** rates (by customer class, if possible). In responding to the question, please provide the current and estimated rate.

BCWA Response: Please see the following page for responses to 1-1, 1-2, and 1-3.

BCWA Response to PUC 1-1, 1-2 and 1-3:

The table below provides an example of the impact wholesale rates have on a wholesale customer’s retail rates. For example, if a wholesale customer’s wholesale costs are currently \$2,000,000 and its other costs (operating costs such as salaries, benefits, and materials, and capital costs such as repair and replacement of the distribution system, reserves, debt service, etc.) are \$6,000,000, then its total costs are \$8,000,000 and wholesale costs as a percentage of total costs is 25%. If , for example, the total water sold is 1,000,000 HCF, the retail rate is \$8.00 per HCF (for simplicity, assuming the utility only bills based on volume).

If the following year, wholesale costs are \$3,000,000, that is a 50% increase in the cost of purchasing water. If other costs do not increase, total costs are \$9,000,000, a 12.5% increase. If water sold also does not increase, the retail rate is \$9.00 per HCF, representing a 12.5% increase in total costs. This 12.5% is the same result as multiplying the wholesale costs percent increase (50%) by the wholesale costs as a percentage of total costs (25%), holding other costs and water sold constant.

	Current	Projected	% Change
Wholesale Costs	\$2,000,000	\$3,000,000	50.0%
Other Costs	\$6,000,000	\$6,000,000	0.0%
Total Costs	\$8,000,000	\$9,000,000	12.5%
Wholesale Costs as a % of Total Costs	25.0%		
Water Sold (in HCF)	1,000,000	1,000,000	0.0%
Retail Rate (per HCF)	\$8.00	\$9.00	12.5%

The table below shows the impact of varying the wholesale rate that the BCWA pays to Providence on the BCWA’s retail rates that the BCWA’s customers pay. The wholesale rate that the BCWA pays to Providence is a purchased water expense of the BCWA. Wholesale purchased water expenses are estimated to be roughly 20% of the BCWA’s total costs. Therefore, all else being equal, 20% of any increase to the wholesale rate the BCWA pays to Providence would need to be passed through to BCWA customers (before considering any increases to the BCWA’s other operating or capital costs).

It should be noted that each of Providence’s wholesale customer has a different retail rate structure (and other expenses and demographics), so comparing the impact of wholesale rates on retail rates may not be an apples-to-apples comparison among each of the seven wholesale customers.

In addition, the impact of a rate increase is cumulative over a number of years. For instance, if Providence’s cost of service rates are implemented, the total revenue the BCWA would be anticipated to pay increases from \$2,419,134 to \$2,442,811, which is an increase of \$23,677 in total revenues paid to Providence each year going forward (assuming no other increases).

Under the BCWA's proposal, the total revenue it would anticipate paying decreases from \$2,419,134 to \$2,298,749, which is a decrease of \$120,385 per year. For a customer like Smithfield, which sees the biggest increase in Providence's cost-of-service rates (47.45%), the annual revenues it would anticipate paying increases from \$668,091 to \$985,106, which is an increase of \$317,015 each year (assuming no other increases). Under the BCWA's proposal, Smithfield's annual revenue paid to Providence increases from \$668,091 to \$786,082, which is an increase of \$117,991 per year going forward (assuming no other increases).

Position:	FY 2022 - Existing	PWSA Rebuttal		BCWA Surrebuttal		Division Direct
		FY 2022 - Cost of Service	FY 2022 - 1/3rd Phase-In, 12% Cap	FY 2022 - Cost of Service	FY 2022 - 1/3rd Phase-In, 12% Cap	Proposed
BCWA Wholesale Rate (per HCF)	\$1.618318	\$1.634157	\$1.626114	\$1.537784	\$1.591473	\$1.658298
<i>Wholesale Rate Percent Change (over Existing)</i>		0.98%	0.48%	-4.98%	-1.66%	2.47%
Water Purchased (in HCF)	1,494,845	1,494,845	1,494,845	1,494,845	1,494,845	1,494,845
BCWA Wholesale Costs	\$2,419,134	\$2,442,811	\$2,430,789	\$2,298,749	\$2,379,006	\$2,478,899
<i>Wholesale Costs as % of Total BCWA Costs</i>	20%					
<i>Retail Rate Percent Change (20% of Wholesale)</i>		0.20%	0.10%	-1.00%	-0.33%	0.49%
BCWA Retail Rates						
Service Charge per Month						
5/8 x 3/4						
3/4 x 3/4	\$32.18	\$32.24	\$32.21	\$31.86	\$32.07	\$32.34
1	\$48.30	\$48.39	\$48.35	\$47.82	\$48.14	\$48.54
1.5	\$80.51	\$80.67	\$80.59	\$79.71	\$80.24	\$80.91
2	\$160.96	\$161.28	\$161.12	\$159.36	\$160.43	\$161.76
3	\$257.54	\$258.04	\$257.79	\$254.98	\$256.69	\$258.81
4	\$482.95	\$483.90	\$483.42	\$478.14	\$481.35	\$485.34
6	\$804.84	\$806.42	\$805.62	\$796.83	\$802.17	\$808.82
8	\$1,609.79	\$1,612.94	\$1,611.34	\$1,593.77	\$1,604.45	\$1,617.74
10	\$2,575.62	\$2,580.66	\$2,578.10	\$2,549.99	\$2,567.08	\$2,588.35
	\$3,702.46	\$3,709.71	\$3,706.03	\$3,665.61	\$3,690.18	\$3,720.75
Metered Rates (per HCF)						
Tier 1 (0 to 500 CF)	\$4.20	\$4.21	\$4.20	\$4.16	\$4.19	\$4.22
Tier 2 (501 to 1,500 CF)	\$11.86	\$11.88	\$11.87	\$11.74	\$11.82	\$11.92
Tier 3 (1,501 to 10,000 CF)	\$9.03	\$9.05	\$9.04	\$8.94	\$9.00	\$9.07
Tier 4 (10,001 to 30,000 CF)	\$4.20	\$4.21	\$4.20	\$4.16	\$4.19	\$4.22
Tier 5 (over 30,000 CF)	\$5.44	\$5.45	\$5.45	\$5.39	\$5.42	\$5.47

Prepared by: Michael Maker

CERTIFICATION

I hereby certify that on February 11, 2022, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and overnight mail.

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