

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: PROVIDENCE WATER SUPPLY BOARD'S
APPLICATION TO CHANGE RATES**

DOCKET NO. 4994

**Memorandum Reflecting Motions Made and Votes Taken on
Providence Water Supply Board's Application to Change Rates.**

On December 2, 2019, the Providence Water Supply Board (Providence Water) filed with the Public Utilities Commission (PUC or Commission) a multi-year request to increase its rates, over the course of three years, pursuant to R.I. Gen. Laws § 39-15.1-4.¹

On December 17, 2019, the PUC exercised its statutory right to suspend the proposed effective date, to conduct a full hearing.² By virtue of the suspension, the PUC delayed the effective date of the increase to September 2, 2020.

The Kent County Water Authority (KCWA or Kent County), the Bristol County Water Authority (BCWA or Bristol County), the City of Warwick, and the City of East Providence all intervened in the case.

Thereafter, the parties engaged in discovery and negotiations which ultimately resulted in a proposed Settlement Agreement (Settlement) dated July 3, 2020, between Providence Water and the Division of Public Utilities and Carriers (Division), and Kent County. Bristol County rejected the Settlement and continued to litigate its contested issues.

¹ All filings in this docket are available at the PUC offices located at 90 Jefferson Boulevard, Warwick, R.I. or at <http://www.ripuc.ri.gov/eventsactions/docket/4994page.html>.

² R.I. Gen. Laws §39-3-11.

On July 14 and 15, 2020, the PUC conducted evidentiary hearings on the proposed Settlement via web conferencing. The hearings were simultaneously streamed to the public over the internet and have been archived on the PUC's website.

The PUC Chairman ordered post-hearing briefs. Providence Water, the Division, and Kent County all filed on July 31, 2020. Bristol County filed on August 7, 2020.

At an Open Meeting held on August 18, 2020, the PUC considered the evidence and the following motions and votes were made:

1. Motion made by Commissioner Gerwatowski seconded by Commissioner Gold to reject the uniform rates to the wholesale class. Vote 3-0
2. Motion made by Commissioner Gerwatowski seconded by Commissioner Gold: Based upon the revenue requirement as ultimately determined by the Commission, Providence Water shall implement individual wholesale rates in year one which are determined by inputting the individual peaking factors used in the Settlement Agreement to establish the revenue requirement, but moving only one-third of the way from the Settlement rates to the results of that calculation. Vote 3-0
3. Motion made by Commissioner Gerwatowski seconded by Commissioner Anthony: Providence Water shall perform a new allocated cost of service (COSS) study, taking into account the Commission's directives, and file it within six months of the date of this Open Meeting (August 18, 2020). Vote 3-0
4. Motion made by Commissioner Gerwatowski seconded by Commissioner Anthony that Providence Water's new COSS address the Transmission & Distribution Labor Allocation, the Central Operations Allocation, and the Non-revenue Water Allocation with data that firmly supports the allocators chosen. Vote 3-0
5. Motion made by Commissioner Anthony, seconded by Commissioner Gold that Providence Water's COSS apply cost allocations for pumping costs and unidirectional flushing based upon the benefits received by each wholesale customer. Vote 3-0
6. Motion made by Commissioner Anthony seconded by Commissioner Gold to direct Providence Water to study alternatives to achieving its 100% renewable energy goal. The study shall be submitted to the Commission within 90 days, and Providence Water shall be allowed up to \$10,000 for this purpose.

The study shall include, but not be limited to:

- a. Determination of Providence Water's baseline annual electricity consumption.
 - b. Determination of the quantity of RECs needed in each rate year to meet the company's 100% renewable energy goal. Please explain all assumptions, including the treatment of Providence Water's current RES-compliant energy supply contract, RECs generated from the company's on-site solar facility, and RECs generated from the off-site renewable energy facility.
 - c. Explanation of the time period in which Providence Water wants to be considered renewable (e.g. monthly or annually).
 - d. The quantity of excess RECs (derived from the answer to #2) and the estimated market value.
 - e. Explanation of alternatives to achieving the company's 100% renewable energy goals. This explanation should include descriptions of the costs (including administrative costs), benefits, and risks of each alternative. Alternatives considered should include purchasing new and/or existing RECs through an updated or new energy supply contract³, and participating in the anticipated municipal aggregation with the City of Providence.
 - f. Justification of the company's recommended approach to meeting its 100% renewable energy goals.
 - g. Please provide a revised revenue requirement for electric supply procurement based on the recommended approach in #6. Please assume two scenarios: 1) RY1 rates are updated on January 1, 2021, or 2) revenue requirement is updated for RY 2. Motion failed on a Vote of 1-2.
7. Motion made by Commissioner Gold, seconded by Commissioner Gerwatowski that the PUC accepts the PWSB proposal to follow through on their offer to study alternatives to achieving its 100% renewable energy goal. The study shall be submitted to the Commission within 90 days, and Providence Water shall be allowed up to \$10,000 for this purpose. (The motion included all the subparts (a) through (g) of the preceding motion number 6 of this memorandum.) Vote 3-0.
 8. Motion made by Commissioner Gerwatowski, seconded by Commissioner Gold to approve Providence Water's request for funding for employee vacancies, subject to the Commission's right to review Providence Water's success in filling these vacancies and further reserving the Commission's right to order Providence Water to credit ratepayers for unused funds for rate year one and to further modify funding for vacancies in rate year two. Vote 3-0.

³ Because Providence Water's goal is voluntary, the company can meet its goal with existing RECs.

9. Motion made by Commissioner Gerwatowski, seconded by Commissioner Gold to grant Providence Water an allowance of \$30,000 to be used for the new allocated COSS. Providence Water shall file an estimate of the final accounting of the cost of the allocated COSS at the time it files the study and shall have the right to request recovery of additional costs through an amended rate case expense, provided it presents a detailed accounting and summary of the total hours of service including a reasonably granular description of the services provided by the consultant. Vote 3-0.

10. Motion made by Commissioner Anthony, seconded by Commissioner Gold. The Commission will continue discovery with respect to the sizing of the Johnston solar facility in Docket 4994. National Grid may be issued discovery questions but will not be joined as a party to the proceeding. Vote 3-0.

11. Motion made by Commissioner Anthony, seconded by Commissioner Gold. Reduce Providence Water's power expense by \$90,990 to \$1,010,123. Vote 3-0.

12. Motion made by Commissioner Gerwatowski, seconded by Commissioner Gold to accept the Settlement, as modified by the votes taken at the open meeting today. The parties are directed to advise the Commission whether they accept all the modifications or object. Should any part(ies) to the Settlement object, such part(ies) must file a letter indicating the reasons by noon on August 19. If the settling parties agree to accept the modifications, an amended settlement together with revised schedules and tariffs shall be filed by Noon on August 25, 2020. Vote 3-0.

Although not formally voted upon at the Open Meeting, but as is reflected in the discussion, the Commission intends for the results of the new allocated COSS to inform the Commission's decision-making for allocating the revenue requirement to the retail rate classes and the individual wholesale customers when approving their respective rates for rate years two and three.

This Memorandum reflects the motions made and the votes taken at Open Meeting on August 18, 2020. A written order, to which an appeal may be taken pursuant to R.I. Gen. Laws § 39-5-1, will be issued by the Commission.