

Report (“PDR”) for CIP projects 14-19 and 28-30, along with documentation supporting the Authority’s proposed debt service expenses and the anticipated interest rate of the long-term debt, and the Division’s confirmation that the PDR and other documentation are complete, accurate, and reflect the representations made to the Commission and the Division; and

WHEREAS, The Authority’s \$1,000,000 ramp-up in pay-as-you-go funding for Infrastructure Replacement (“IFR”) Projects, originally scheduled to be implemented on January 1, 2000 pursuant to a Settlement Agreement dated August 18, 1997, was postponed until February 1, 2000, subject to the Commission’s review and approval of a filing to be made not later than October 31, 1999, demonstrating the Authority’s substantial progress towards completion of the scheduled IFR projects; and

WHEREAS, On October 27, 1999, the Authority made a compliance filing requesting that the Commission implement the IFR ramp-up to a total funding level of \$3,500,000 during calendar year 2000, and included the pre-filed testimony of Timothy J. Brown, its General Manager, in support thereof; and

WHEREAS, Mr. Brown’s sworn testimony states that the IFR account at the end of 1999 will be in a deficit position of \$546,610, and that if the IFR ramp-up is approved, \$2,286,729 will be either spent or committed for IFR projects by the end of the Authority’s current fiscal year; and

WHEREAS, On December 1, 1999, the Authority filed a copy of the PDR and documentation supporting its debt service expenses and anticipated interest rate for long-term debt; and

WHEREAS, On December 9, 1999, Christopher Woodcock filed supplemental testimony discussing specific changes to the revenue requirements, including the recovery of debt service on the proposed new \$10,000,000 bond issue, the final increment of the IFR expenses, and the pass-through of the PWSB's wholesale water rate increase; and

WHEREAS, The estimated annual debt service on the proposed new \$10,000,000 bond issue is \$842,000 per year, based on a twenty-year amortization at an assumed annual interest rate of 5.87%, as estimated by Fleet Securities; and

WHEREAS, The PWSB's settled general rate increase in Docket No. 2961 includes a wholesale water rate of \$945 per million gallons, providing for a rate year purchased water cost of \$2,465,528, and the Authority's request for pass-through was so amended;

WHEREAS, On December 14, 1999 and December 30, 1999, Alberico Mancini, the Division's water engineering specialist, filed a memoranda recommending additional funding for CIP Projects 14-19 and 28-30, and the \$1,000,000 ramp-up in IFR funding, for a total annual IFR funding level of \$3,500,000; and

WHEREAS, Mr. Woodcock's schedules were updated on January 27, 2000, to reflect discussions between the Authority and the Division; Schedules CPNW P-10 and P-11¹ compare the Authority's revenues at both current and proposed rates, reflecting an overall revenue increase of \$1,671,590 or 17.8%, for a total cost of service of \$11,368,559, as reflected in the Rate Year Cost of Service on Schedule CPNW P-1²; and

¹ These schedules are attached and incorporated by reference.

² This schedule is attached and incorporated by reference as Attachment A.

WHEREAS, On January 28, 2000, John Bell, the Division's rate analyst, filed a memorandum recommending approval of the proposed rates set forth in the Authority's compliance filing, as amended; and

WHEREAS, At an open meeting conducted on January 31, 2000, the Commission considered the evidence which had been submitted in the case, and found that the proposed rates were just and reasonable, and in the best interests of ratepayers.

Accordingly, it is

(16189) ORDERED:

1. The Kent County Water Authority is hereby authorized to collect additional annual revenues in an amount not to exceed \$842,000 for debt service on the proposed new \$10,000,000 bond issue, from and after February 1, 2000.
2. The Kent County Water Authority is hereby authorized to collect additional annual revenues of \$1,000,000, for a total annual amount of \$3,500,000, for infrastructure replacement program costs, from and after February 1, 2000.
3. The Kent County Water Authority is hereby authorized to collect rate year purchased water costs of \$2,465,528 based on the Providence Water Supply Board's settled wholesale rate of \$945 per million gallons in Docket No. 2961.
4. The Kent County Water Authority is hereby authorized to collect total additional annual revenues of \$1,671,590 for a total cost of service of \$11,366,559.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND ON JANUARY 31, 2000,
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED
MARCH 2, 2000..

PUBLIC UTILITIES COMMISSION

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner