

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: PRUDENCE ISLAND UTILITY :  
CORPORATION GENERAL RATE FILING : DOCKET NO. 3390

ORDER

WHEREAS, On August 15, 2001, the Prudence Island Utilities Corporation ("PIUC") filed an application with the Rhode Island Public Utilities Commission ("Commission") seeking a general increase in its existing rate schedules, effective November 1, 2001. On September 28, 2001, the PIUC supplemented its filing with additional required documentation. The rate increase was suspended by the Commission at an open meeting on October 25, 2001.

WHEREAS, The PIUC's rate filing was designed to generate total revenue in the amount of \$164,970. This request, if granted, would have increased the PIUC's current annual revenues by \$49,347, or by 42.7%, and would have increased annual rates by \$141 per connection, or by 42.9%.

WHEREAS, On December 21, 2001, the PIUC and the Division of Public Utilities and Carriers ("Division") filed a Settlement Agreement ("Settlement") with the Commission which, if approved, would increase annual rates by 29%, from \$329 to \$425 per connection, as of January 1, 2002. This Settlement, if approved, would allow the PIUC to collect approximately \$33,600 of additional annual revenues.

WHEREAS, Under the Settlement, the additional revenues would principally be utilized by the PIUC to service approximately \$250,000 of anticipated debt to be financed through the Rhode Island Clean Water Financing Agency and the State Revolving Loan Fund, as well as to fund in-house repair and improvement of the Narragansett Avenue water lines. The proceeds from the State Revolving Loan Fund borrowing will be used for the construction of a new water storage tank.

WHEREAS, In Docket No. 2969, the Commission authorized the Narragansett Line Project and the Tank Construction Project. The Commission also approved a timetable for the projects.

WHEREAS, The PIUC has solicited and received a bid for construction of the water storage tank. The bid must be accepted by February 15, 2002.

WHEREAS, Following notice, on January 9, 2002, the Commission conducted a public hearing on the Settlement.

WHEREAS, On January 11, 2002, the Commission reviewed the evidence presented at an open meeting and approved the Settlement between the PIUC and the Division, finding that it was just, reasonable and in the best interests of the ratepayers.<sup>1</sup>

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<sup>1</sup> This Order is being issued to allow PIUC to enter into the necessary contracts and obtain the necessary funding to complete the projects approved in Docket No. 2969, Order No. 16261 (issued May 24, 2000). A full Report and Order to address all issues raised in the filing and during the hearing will follow.

Accordingly, it is

(16899) ORDERED:

1. The general rate increase filed by the PIUC on August 15, 2001 and supplemented on September 28, 2001 is hereby denied and dismissed.
2. The Settlement Agreement filed by the PIUC and the Division on December 21, 2001 is hereby approved.
3. As provided in the Settlement Agreement, the PIUC is authorized to bill customers at the rate of \$425 per connection, for effect commencing with the January 2002 billings.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN  
OPEN MEETING DECISION ON JANUARY 11, 2002. WRITTEN ORDER  
ISSUED JANUARY 29, 2002.

PUBLIC UTILITIES COMMISSION

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Elia Germani, Chairman

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Kate F. Racine, Commissioner

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Brenda K. Gaynor, Commissioner