

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PAWTUCKET WATER SUPPLY :
BOARD MOTION FOR RELIEF : DOCKET NO. 3378
FROM ORDER NO. 16949 :

ORDER

On September 9, 2002, Pawtucket Water Supply Board (“PWSB”) filed with the Public Utilities Commission (“Commission”) a Motion for Relief from Commission Order No. 16949 (issued March 19, 2002), specifically requesting that it be allowed to use \$245,000 from the restricted Infrastructure Replacement (“IFR”) account to perform dredging and cleaning of sludge basins, because “PWSB lacks sufficient funds in its [Operation and Maintenance] budget to clean the waste beds.” [PWSB Motion, p. 3].

In Order No. 16949, the Commission required PWSB to restrict the IFR account in order to fund a program “to renovate 129 miles of water main by 2010, along with an additional 14 miles of distribution main in Central Falls.” PWSB’s motion states that it has restricted the funds in the IFR account and has reported to the PUC as required in the Order.

PWSB explains that it did not request funding for sludge remove in its last general rate case because PWSB anticipated that “the removal of sludge from the drying beds and settling basins and the cleaning of said basins” would be performed by the vendor selected to build and operate a new water treatment facility for PWSB. However, because of a delay which was “not due to the action or inaction of the PWSB,” the vendor contract for the new treatment plant has not yet been awarded. According to PWSB, “the cleaning of the sludge basins and removal of the sludge has reached a critical stage.” [PWSB Motion, pp. 2-3] In its Motion, PWSB expressed concern that:

by May of 2003, the basin will no longer effectively remove color or organics, this means [PWSB] will be operating as a direct filtration plant and in turn, will shorten the life of the carbon filters considerably, again the vendors were aware of this cost and included it in their service fee. [PWSB indicated that it could not] stress enough that if this work is not completed on schedule, water quality will deteriorate to the point that we will not meet federal and state standards, and possibly be levied fines, which could be greater than the project cost. (emphasis in original) [PWSB Motion, pp. 2-3]

PWSB asserts that although the funding for the waste bed cleaning has historically come from PWSB's Operation and Maintenance ("O&M") account, the work is akin to that included in IFR projects, such as cleaning pipes.

PWSB states that as of August 1, 2002, the IFR account had sufficient funds to perform the sludge removal. More specifically, as of August 1, 2002, IFR account balance was \$987,627, \$600,000 of which is committed to a main replacement contract. In addition, PWSB states that the IFR account has funding available for debt service on a \$200,000 customer security improvement project. Additionally, there is \$65,000 available in the IFR fund for a source water fencing project that could be deferred until spring 2003.

On September 25, 2002, the Division of Public Utilities and Carriers ("Division") filed a letter indicating that it did not oppose PWSB's request for relief. The Division agreed that PWSB has sufficient funds in the IFR account to fund the proposed project. Additionally, the Division noted that the release of the funds would "avert the need for an immediate rate increase filing in order to fund the proposed work." [Division Letter 9/25/02]

Commission Findings

The Commission finds that PWSB's request for relief from Order No. 16949 as it relates to use of funds from the restricted IFR account to perform sludge removal is

reasonable. The delay in awarding the vendor contract for the new treatment plant was unforeseeable at the time of the rate hearings in the instant docket. PWSB has presented evidence that the sludge removal must be completed by May 2003, and that the winter is the best time to undertake this project due to the freeze/thaw process which occurs at that time. The Commission finds that PWSB has a sufficient balance in the IFR account to undertake the sludge removal project at this time. Based on the evidence submitted by PWSB, even if PWSB were required to pay \$600,000 for pipe main replacement and \$245,000 for the sludge removal, the IFR account would still have a positive balance of \$142,627. Therefore the Commission approves PWSB's request to use up to \$245,000 from the restricted IFR account for the cleaning of sludge basins and sludge removal.

However, the Commission is concerned about the impact the use of IFR funds for sludge removal will have on the main cleaning program. Therefore, PWSB shall file with the Commission, as soon as possible, an analysis of how this application of IFR funds will affect the main cleaning and replacement program.¹

Accordingly, it is

(17180) ORDERED:

1. Pawtucket Water Supply Board's Motion for Relief from Commission Order No. 16949 is hereby granted.
2. Pawtucket Water Supply Board is authorized to use up to \$245,000 from its IFR account for cleaning of sludge basins and sludge removal as set forth in the Motion for Relief.

¹ On October 7, 2002, PWSB filed a letter in response to the Commission's concerns. In the letter, Ms. Marchand indicated that \$45,000 will be deleted from the main replacement program, to be added at the end of the project in order to complete the entire main replacement program. She indicated that the \$45,000 correlates to approximately 560 feet of pipe.

3. Pawtucket Water Supply Board shall file an analysis, as soon as possible, indicating how the application of IFR funds approved herein will affect the ongoing main cleaning and replacement program.
4. Except as modified herein, Commission Order No. 16949 shall remain in full force and effect.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON SEPTEMBER 26, 2002
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED ON
OCTOBER 8, 2002.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner