

State of Rhode Island and Providence Plantations

PUBLIC UTILITIES COMMISSION

RE:KENT COUNTY WATER AUTHORITY

Docket No. 4611

NOTICE OF CHANGE IN RATE AND SCHEDULES TO KENT COUNTY WATER AUTHORITY
CUSTOMERS

Pursuant to Rhode Island General Laws (R.I.G.L.), Sections 39-3-11, and in accordance with Section 2.4 of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission, the Kent County Water Authority ("KCWA") hereby gives notice of a proposed change in rates filed and published in compliance with R.I.G.L.39-3-10.

In its filing, the KCWA seeks to implement a multi-year rate plan through a three step increase pursuant to R.I.G.L. § 39-15.1-4. In the first step of the increase, proposed to take effect on May 9, 2016 the KCWA's proposed rates are designed to collect additional operating revenue in the amount of \$3,296,334 to support total operating revenue requirements of \$23,023,351. The impact of this request for a typical residential customer who uses 2,000 cubic feet of water per quarter (166 gallons per day) will result in an increase of \$14.61 per quarter or 12.7%. The impact of the proposed rate increase on other retail customer classes will be between -1.2% and 14.6%. Private Fire Service is from 72.2% to 74.9%. Public Fire Service Charge is an increase of 80.31% per hydrant.

A separate Demand Surcharge is also proposed based on meter size. It will range on a quarterly basis from \$3.06 to \$163.80.

In the second step of the increase proposed to take effect on July 1, 2017, the KCWA's proposed rates are designed to collect additional operating revenue in the amount of \$874,192 to support total operating revenue requirements of \$23,574,422. The impact of this request will result in an across-the-board rate increase of approximately 3.85% on all rate classes. For a typical residential customer who uses 2,000 cubic feet of water per quarter (166 gallons per day), the impact of this request will result in an increase of \$5.00 per year.

In the third step of the increase, proposed to take effect on July 1, 2018, the KCWA's proposed rates are designed to collect additional operating revenue in the amount of \$1,480,302 to support total operating revenue requirements of \$25,054,724. The impact of this request will result in an across-the-board rate increase of approximately 6.28% on all rate classes. For a typical residential customer who uses 2,000 cubic feet of water per quarter (166 gallons per day), the impact of this request will result in an increase of \$8.47 per year.

In accordance with R.I.G.L. § 39-15.1-3d KCWA has also included an alternative seasonal rate for the Commissions review and action. It will adjust the rates for the billing between July and September of each year based on a differential increase between 7.4% to 4.51% (based on meter size). The KCWA due to quarterly billing practice does not recommend acceptance of this rate alternative.

As a proposal the KCWA has included and recommends an optional Public Fire Service Charge to be assumed and added to the Metered Sales Service Charge based on size of meter. The impact of the proposed rate increase on the metered sales service charge with the assumption of the Public Fire Service Charge will result in a Service Charge increase of \$29.11 per quarter or 25.2% for an average customer

using 2,000 cubic feet per quarter (166 gallons per day). The impact of the proposed rate increase on other retail customer classes is between -0.7% to 30.9%. Public Fire Service charge will be \$0.00 a decrease of 100% and the Private Fire Service is from 72.2% to 74.9%. The step increase proposed of 3.85% for July 1, 2017 and 6.28% for July 1, 2018 will remain the same.

Three additional tariff charges are being proposed with this rate filing:

- Meter Testing – cost applicable to all requested testing of meters is requested to be increased from \$50.00 per occurrence to \$100.00 per occurrence.
- Billable Lost Water – cost applicable to lost water caused by ruptured mains, service pipes and other system actions by others established at the tariff rate of 5/8” to 2” metered water rate.
- If Public Fire Service Charge is eliminated and assumed by the Metered Sales Service Charge, the cost of hydrant installation requested will be billed at cost to the requesting party.

While the new rates requested under the first step of this increase are proposed to become effective May 9, 2016, the Commission can suspend the rates up to eight months from the proposed effective date. No rate change will take effect until the Commission has conducted a full investigation and hearing on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. Ratepayers may comment on the proposed rate increases at that time.

A copy of this filing is on file at our office at 1072 Main Street or on our website at <http://www.kentcountywater.org/current-rate-filings.aspx>. It can also be found on the Public Utilities Commission website at <http://www.ripuc.org/eventsactions/docket/4611page.html> and office located at, 89 Jefferson Boulevard, Warwick, RI 02889 and may be examined by the public during business hours. Also, copies are available at the public libraries and the cities and towns we service.

Kent County Water Authority

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