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June 1, 2021

Ms. Luly Massaro, Clerk
RI Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

RE: Kent County Water Authority – Motion to Pass Through

Dear Ms. Massaro:

Please find enclosed herewith the original and nine (9) copies of Kent County Water Authority's Motion to Pass Through Water Wholesale Rate Increase/Compliance Filing. Should you have any questions, please contact me.

Sincerely,


Mary B. Shekarchi
Attorney at Law

MBS/mdc
Enclosure

Cc: Attorney Tiffany Parenteau

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: Kent County Water Authority

Docket No.

Motion To Pass Through Water Wholesale Rate Increase/Compliance Filing

Now comes the Kent County Water Authority ("KCWA") and hereby files its request to pass through the Second Step increase in wholesale increase requested by Providence Water Supply Board ("PWSB")'s Multistep increase in Docket No. 4994.

KCWA submits this Motion to Pass Through a Wholesale Rate Increase pursuant to Rhode Island General Laws ("RIGL"), §39-3-38.1 which provides as follows:

§39-3-38.1 Rate Adjustments – Purchase and Sales of water between regulated water supply boards. Regulated water supply boards which purchase wholesale water from another regulated water supply board may impose a retail rate increase. The total amount of the retail rate so imposed shall not exceed the amount of the wholesale rate increase. The proposed retail rate increase to be applied by the wholesale purchase shall be submitted no less than thirty (30) days prior to its effective date to the public utilities commission for its review and approval.

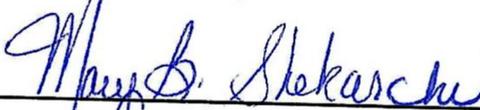
Attached hereto as Exhibit A, is pre-filed testimony of Mr. David Bebyn, together with exhibits in support of this Motion and the proposed rate schedules and review schedules and revenue schedules, each of which is incorporated herein by reference. This Motion to Pass Through a Wholesale Rate Increase is based upon the compliance filing of the PWSB multiyear step increase to its rates which would increase wholesale price of water by 4.02% from \$ 1.571574 per million gallons to \$1.634723 per million gallons, which will result in increased purchased expenses of \$201,820 per year. As detailed in the attached Exhibit A, the proposed pass through will result in a rate increase in KCWA's metering rates in order to meet the annual expenses.

WHEREFORE, pursuant to RIGL, § 39-3-38.1, Rate Adjustments, KCWA hereby request the PUC grant the within Motion as it relates to any wholesale increase granted to PWSB in

Docket No. 4994, such pass through be effective the 1st day of July, 2021, per the PUC's Order in Docket No. 4994.

Dated: 6/1/21

Respectfully submitted,
Kent County Water Authority
By its attorney,



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CERTIFICATION

I hereby certify that on this 1st day of June, 2021, I filed Nine (9) copies of the within Motion with the PUC and a copy to Ms. Tiffany Parenteau, Attorney of the Division of Public Utilities and Carriers at 150 South Main Street, Providence, RI 02903



**Pre-Filed Direct Testimony
of
David G. Bebyn CPA**

**On Behalf of
Kent County Water Authority
Docket No. _____**

June 01, 2021

1 **INTRODUCTION**

2

3 **Q. Please state your name and business address for the record.**

4 A. My name is David G. Bebyn CPA and my business address is 21 Dryden Lane,
5 Providence, Rhode Island 02904.

6

7 **Q. By whom are you employed and in what capacity?**

8 A. I am the President of B&E Consulting LLC (B&E). B&E is a CPA firm that
9 specializes in utility regulation, expert rate and accounting testimony, tax and accounting
10 services.

11

12 **Q. Mr. Bebyn, have you testified as an expert accounting witness prior to this**
13 **docket?**

14 A. Yes. I have provided testimony on several rate related matters before utility
15 commissions in Rhode Island and Connecticut. Regarding the Rhode Island Public
16 Utilities Commission (Commission), I have prepared testimony and testified in by Kent
17 County Water Authority's (KCWA) last rate filings in Docket #5012 in support of an
18 abbreviated filing which KCWA was required to submit a compliance filing to address
19 either the terminating funding of the meter program. In addition to KCWA's abbreviated
20 filing, I provided testimony and testified in Dockets #4994 regarding revenue
21 requirement and rate design on behalf of the KCWA in their intervention of Providence
22 Water Supply Board rate case. I have prepared testimony and testified in Pascoag Utility
23 District in Docket #4341 in support of the adjusted test year, rate year and rate design. In
24 addition, I also prepared testimony and testified in the Woonsocket Water Division's
25 (WWD) last rate filing in Docket #4879 in support of the adjusted test year, rate year and
26 rate design. Docket #4879 was a multi-year filing that covered a 5-year period.

27

28 **Q. What is your educational background?**

29 A. I received my Bachelor of Science Degree in Accounting (BSA) from Rhode Island
30 College. I became a Certified Public Accountant in 2000 after passing the CPA exam.

31

1 **Q. What is the purpose of your testimony?**

2 A. B&E was engaged by KCWA to provide testimony to support a pass-through
3 increase to reflect the second step increase of the Providence Water wholesale increase
4 by the compliance filing in Docket No. 4994.

5

6 **Q. What is the impact of the increase proposed by Providence Water on the Kent
7 County Water Authority?**

8 A. The increase in Providence Water's wholesale rate from \$1,571,574.16/mg to the
9 new rate approved for FY 2022 in Docket 4994 will increase purchased water expenses
10 as shown on DGB Schedule 1. Schedule 1 also uses the Providence water rate it charges
11 to Warwick for the portion of water KCWA purchases from Warwick.

12

13 **Q. How does the Kent County Water Authority propose to recover these additional
14 costs?**

15 A. The Authority proposes to increase its metered water rates as shown in DGB
16 Schedule 2.

17

18 **Q Does the Authority propose to adjust any other of its rates and charges?**

19 A. No, as in the past, the Authority is only proposing to increase the metered water
20 rates for this pass-through increase. In conformance with the Authority's cost of
21 service study, nearly all purchased water costs are allocated to the base, metered
22 water rates. As a result, only the metered water rates would be impacted by
23 the pass-through.

24

25 **Q. Have you prepared a schedule that shows the reconciliation of revenues
26 under your proposed pass-through rates?**

27 A. Yes, the bottom portion of DGB Schedule 2 presents the calculation of
28 revenues under the proposed rates. Because the rates are rounded to the nearest
29 \$0.001, the revenues do not match exactly.

30

31

1 **Q. Have you prepared a schedule showing the impacts on various customers?**

2 A. Yes, DGB Schedule 3 presents the impacts at various uses and meter
3 sizes. Because no change to the fire protection or service charges is proposed, the
4 impacts vary. Fire service accounts see no increase. Smaller volume customers
5 will see increases less than the average because a portion of their bill is
6 due to the service charge where there is no change proposed. As usage increases
7 and the metered water rate portion of the bill becomes larger, the percentage impacts
8 approach the increase in the metered rates that were calculated.

9

10 **Q. Have you prepared a comparison of the current and proposed rates?**

11 A. Yes, I have. DGB Schedule 4 presents the current and proposed rates
12 and shows the percentage change in each.

13

14 **Q. Does that conclude your testimony?**

15 A. Yes.

COST OF WATER PURCHASED - RATE YEAR
Kent County Water Authority

DGB Schedule-1
FY-2022 PWSB Pass-through

Current purchase water costs using the current providence water rate (FY 2021) as reported in KCWA Docket 5012

	(B) (A / 100) HCF	(C) Individual Wholesale Rates of PWSB by Docket 4994 Order	(D) (B x C) cost of purchased water
<u>Water Purchased Direct from Providence</u>	2,590,693	1.571574	\$ 4,071,465
<u>Water Purchased via Warwick</u> (664,081+37,062 for additional QDC)	<u>701,143</u>	1.688386	<u>\$ 1,183,800</u>
Total Purchase	3,291,836		\$ 5,255,265
<u>Water Purchased by Warwick</u>	<u>(139,715)</u>	1.689330	<u>\$ (236,025)</u>
Net Purchase	<u><u>3,152,121</u></u>		<u><u>\$ 5,019,241</u></u>

Proposed purchase water costs using the FY 2022 Providence water rate as reported in Docket 4994

	(B) (A / 100) HCF	(C) Individual Wholesale Rates of PWSB by Docket 4994 Order	(D) (B x C) cost of purchased water
<u>Water Purchased Direct from Providence</u>	2,590,693	1.634723	\$ 4,235,065
<u>Water Purchased via Warwick</u> (664,081+37,062 for additional QDC)	<u>701,143</u>	1.756228	<u>\$ 1,231,367</u>
Total Purchase	3,291,836		\$ 5,466,432
<u>Water Purchased by Warwick</u>	<u>(139,715)</u>	1.756228	<u>\$ (245,371)</u>
Net Purchase	<u><u>3,152,121</u></u>		<u><u>\$ 5,221,060</u></u>
 Net Increase in Cost			 \$ 201,820 4.02%

Calculation of Proposed Rates
Kent County Water Authority

DGB Schedule-2
FY-2022 PWSB Pass-through

Current Rates

Consumption Charge:	Docket 5012		
	Number 100/cu.ft.	Rate	Revenue
Small-Single Register	2,523,356	\$5.235	\$ 13,209,226
Medium-Single Register	34,267	\$5.564	\$ 190,658
Large-Single Register	69,253	\$5.105	\$ 353,528
Medium-with Bypass	94,938	\$5.564	\$ 528,221
Large-with Bypass	526,880	\$5.105	\$ 2,689,649
Wholesale	35,135	\$3.832	\$ 134,621
			<u>\$ 17,105,903</u>
Increase Annual Revenue Required (DGB Schedule 1)			\$ 201,820
Percentage Increase Required in Water Rates			1.18%

Revenue Required

Current Revenue	\$ 17,105,903
Increase	<u>201,820</u>
Proposed Revenue Required	<u>\$ 17,307,723</u>

Proposed Rates

Consumption Charge:	Current Rates	% Increase	Proposed Rates	
	Small-Single Register	\$5.235	1.18%	\$5.297
Medium-Single Register	\$5.564	1.18%	\$5.629	
Large-Single Register	\$5.105	1.18%	\$5.165	
Medium-with Bypass	\$5.564	1.18%	\$5.629	
Large-with Bypass	\$5.105	1.18%	\$5.165	
Wholesale	\$3.832	1.18%	\$3.877	

Consumption Charge:	Number 100/cu.ft.	Rate	Revenue	
	Small-Single Register	2,523,356	\$5.297	\$
Medium-Single Register	34,267	\$5.629	\$	192,890
Large-Single Register	69,253	\$5.165	\$	357,693
Medium-with Bypass	94,938	\$5.629	\$	534,406
Large-with Bypass	526,880	\$5.165	\$	2,721,335
Wholesale	35,135	\$3.877	\$	<u>136,218</u>
Proposed Revenue			\$	17,308,759
Revenue Required			\$	17,307,723
Difference			\$	1,036
Percentage				0.006%

IMPACT OF PROPOSED RATES
Kent County Water Authority

DGB Schedule-3
FY-2022 PWSB Pass-through

METER SIZE	<u>YEARLY USE - CU FT</u>	CURRENT BILL	<----- PROPOSED ----->			
			<u>NEW BILL</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>	
Small-Single Register						
5/8	1,500.00	\$137.92	\$138.85	\$0.93	0.67%	
5/8	2,000.00	\$164.10	\$165.33	\$1.24	0.75%	
5/8	5,000.00	\$321.14	\$324.23	\$3.09	0.96%	
5/8	10,000.00	\$582.88	\$589.06	\$6.18	1.06%	
1	30,000.00	\$1,649.52	\$1,668.05	\$18.53	1.12%	
1	75,000.00	\$4,005.17	\$4,051.50	\$46.33	1.16%	
2	100,000.00	\$5,382.63	\$5,444.40	\$61.77	1.15%	
2	200,000.00	\$10,617.41	\$10,740.95	\$123.54	1.16%	
Medium-Single Register						
3	50,000.00	\$2,971.53	\$3,004.35	\$32.83	1.10%	
3	125,000.00	\$7,144.42	\$7,226.48	\$82.07	1.15%	
4	250,000.00	\$14,180.35	\$14,344.48	\$164.13	1.16%	
4	1,000,000.00	\$55,909.24	\$56,565.78	\$656.53	1.17%	
Large-Single Register						
6	250,000.00	\$13,212.15	\$13,362.75	\$150.59	1.14%	
6	575,000.00	\$29,802.95	\$30,149.32	\$346.36	1.16%	
6	775,000.00	\$40,012.67	\$40,479.51	\$466.84	1.17%	
8	2,000,000.00	\$102,859.34	\$104,064.09	\$1,204.75	1.17%	
Medium-with Bypass						
	Sm meter/Med meter usage -- 68%/32%					
3	40,000/18,823 - 58,823 Total	\$3,462.42	\$3,501.04	\$38.62	1.12%	
4	90,000/42,352 - 132,352 Total	\$7,634.59	\$7,721.48	\$86.89	1.14%	
Large-with Bypass						
	Sm meter/Lrg meter usage-- 68%/32%					
6	250,000/117,647- 367,470 total	\$19,217.87	\$19,439.33	\$221.46	1.15%	
8	750,000/352,941-1,102,941 total	\$57,065.73	\$57,730.11	\$664.38	1.16%	
Wholesale		\$134,620.88	\$136,209.41	\$1,588.53	1.18%	
Municipal Fire Service		400 hydrants	\$262,491.60	\$262,491.60	\$0.00	0.00%
Private Fire Service		6 Inch Service	\$700.08	\$700.08	\$0.00	0.00%

COMPARISON TO CURRENT RATES
Kent County Water Authority

DGB Schedule-4.0
FY-2022 PWSB Pass-through

		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
<u>METERED RATES</u>					
	Small (5/8-2" meters) Single Register	\$5.235	\$5.297	\$0.062	1.18%
	Medium (3&4" meters) Single Register	\$5.564	\$5.630	\$0.066	1.18%
	Large (6" & up meters) Single Register	\$5.105	\$5.165	\$0.060	1.18%
	Medium Compound Meters with Bypass	\$5.564	\$5.630	\$0.066	1.18%
	Large Compound Meters with Bypass	\$5.105	\$5.165	\$0.060	1.18%
	Wholesale	\$3.832	\$3.877	\$0.045	1.18%
<u>SERVICE CHARGES</u>					
Monthly	5/8 & 3/4	\$4.95	\$ 4.95	\$0.000	0.00%
	1	\$6.59	\$ 6.59	\$0.000	0.00%
	1 1/2	\$9.66	\$ 9.66	\$0.000	0.00%
	2	\$12.32	\$ 12.32	\$0.000	0.00%
	3	\$15.80	\$ 15.80	\$0.000	0.00%
	4	\$22.56	\$ 22.56	\$0.000	0.00%
	6	\$37.50	\$ 37.50	\$0.000	0.00%
	8 & up	\$63.51	\$ 63.51	\$0.000	0.00%
<u>FIRE CHARGES</u>					
<u>Fire Service (per quarter)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Public	/hydrant	\$164.05	\$164.05	\$0.000	0.00%
	/bill	\$2.90	\$2.90	\$0.000	0.00%
Private (per month)	4 in	\$21.98	\$21.98	\$0.000	0.00%
	6 in	\$58.34	\$58.34	\$0.000	0.00%
	8 in	\$121.04	\$121.04	\$0.000	0.00%
	10 in	\$215.36	\$215.36	\$0.000	0.00%
	12 in	\$346.09	\$346.09	\$0.000	0.00%