

2018 -- H 7131

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LC003489  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - WATER SUPPLIERS

Introduced By: Representatives Bennett, Hull, Craven, Solomon, and Morin

Date Introduced: January 12, 2018

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-15.1-3 of the General Laws in Chapter 39-15.1 entitled "Water  
2 Suppliers Subject to Commission Rate Regulation" is hereby amended to read as follows:

3 **39-15.1-3. Rates.**

4 (a) Adequacy. The rates of water suppliers subject to commission rate regulation shall be  
5 responsible and adequate to pay for all costs associated with water supply including, but not  
6 limited to, the costs of:

7 (1) Acquisition, treatment, transmission, distribution and availability of water;

8 (2) System administration and overhead, including the prudent cost and/or value of all  
9 services and facilities provided by the city or town to the water supplier including, but not limited  
10 to, testing, operation, maintenance, replacement, repair, debt service, and associated with, but not  
11 limited to, supply, production, treatment, transmission, administration facilities, and metering and  
12 billing;

13 (3) Programs for the conservation and efficient use of water, including costs of  
14 developing, implementing, enforcing and evaluating such conservation programs and including  
15 conservation pricing as described in subsection (d);

16 (4) Sufficient operating reserves, revenue stabilization funds, debt service reserves, and  
17 capital improvement/infrastructure replacement funds to implement water supply system  
18 management plans.

19 (b) Equitability. Except for service charges and other fixed fees and charges approved as

1 reasonable by the commission, where practicable, rates:

2 (1) Shall be based on metered usage and fairly set among and within the classes and/or  
3 types of users;

4 (2) Shall provide that within any class of users the full cost of system capacity,  
5 administration, operation, and water supply costs for peak and seasonal use is borne by the users  
6 that contribute to such peak and seasonal use; and

7 (3) May provide a basic residential use rate for water use that is designed to make a basic  
8 level of water use affordable. Rates may require implementation of demand management  
9 practices, consistent with the standards and guidelines of the water resources board, established  
10 pursuant to subdivision 46-15.8-5(1), by wholesale and retail customers.

11 (c) Revenue stabilization. Water suppliers subject to commission rate regulation shall in  
12 the absence of other sufficient funds available for similar purposes, establish as part of their next  
13 general rate filing before the commission a revenue stabilization account to ensure fiscal stability  
14 during periods when revenues decline as a result of implementing water conservation programs,  
15 or due to circumstances beyond the reasonable control of the water supplier, including, but not  
16 limited to, the weather and drought. A revenue stabilization account shall accumulate a maximum  
17 of ten percent (10%) of the annual operating expenses of the supplier and shall be used to  
18 supplement other revenues so that the supplier's reasonable costs are compensated. A supplier  
19 may draw upon its revenue stabilization account without further action of the commission if  
20 revenues in any fiscal year fall below the level sufficient to provide reasonable compensation for  
21 services rendered, subject to periodic review by the commission to ensure that the purposes of §  
22 39-15.1-1 are fulfilled.

23 (d) Conservation. Water suppliers subject to commission rate regulation shall take  
24 effective action to reduce waste of water and to reduce non-agricultural seasonal increases in the  
25 use of water, and may adopt conservation pricing as part of a demand management program or  
26 otherwise revise their rates as a means to achieve their goals. For the purpose of encouraging  
27 conservation of water, suppliers are authorized to request increased rates based on quantity used  
28 either throughout the year or seasonally and to seek expedited review by the commission of such  
29 revised rates, provided that the supplier shall not have the burden of proof to link the increased  
30 rate to obtaining reasonable compensation for the service rendered as established in § 39-3-12.  
31 Conservation pricing shall be designed to promote efficient water use, and to limit seasonal non-  
32 agricultural outdoor water use, and to the extent possible shall not increase prices for water users  
33 with no significant seasonal increase in water use. Revenues generated from the adoption of  
34 conservation rates shall be used to fund the revenue stabilization account established pursuant to

1 subsection (c) above, operating reserves, debt service reserves or capital  
2 improvement/infrastructure replacement funds.

3 (e) Billing. Billing shall be at a minimum quarterly by December 31, 2013.

4 (f) Residential water customers aged sixty-five (65) or over shall only be required to pay  
5 the basic residential use water supply rate as provided for by subsection (b)(3) of this section, and  
6 shall be exempt from any surcharge approved by the commission pursuant to this section.

7 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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- 1           This act would exempt residential water customers over sixty-five (65) from paying
- 2 surcharges on their basic water supply rate.
- 3           This act would take effect upon passage.

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