

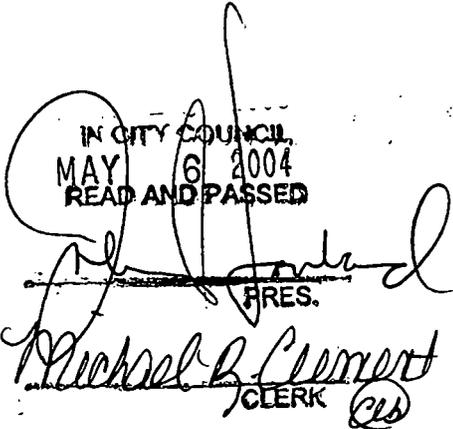
THE CITY OF PROVIDENCE  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

# RESOLUTION OF THE CITY COUNCIL

No. 219

Approved May 17, 2004

RESOLVED, That the Members of the Providence City Council hereby Endorse and Urge Passage by the General Assembly of Senate Bill 2004-S 2789, Relative to Public Utilities—Water Supply Systems.

IN CITY COUNCIL  
MAY 6 2004  
READ AND PASSED  
  
PRES.  
Michael B. Clement  
CLERK 

APPROVED  
  
5/17/04  
MAYOR

IN CITY COUNCIL  
APR 15 2004  
FIRST READING  
REFERRED TO COMMITTEE ON  
STATE LEGISLATION

*Michael J. Combs* CLERK  
@b

THE COMMITTEE ON  
STATE LEGISLATION  
Recommends Approval

*Cair & Bullard*  
April 21, 2004 CLERK

Councilmen Aponte, Jackson, Luna, Mancini and Councilwoman Romano (By Request)

2004 -- S 2789

=====

LC01741

=====

**STATE OF RHODE ISLAND**

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

---

**A N A C T**  
**RELATING TO PUBLIC UTILITIES -- WATER SUPPLY SYSTEMS****Introduced By:** Senators Goodwin, Perry, Ruggerio, and DaPonte**Date Introduced:** February 11, 2004**Referred To:** Senate Financial, Technology, Regulatory

It is enacted by the General Assembly as follows:

- 1-1 SECTION 1. Chapter 39-3 of the General Laws entitled "Regulatory Powers of  
1-2 Administration" is hereby amended by adding thereto the following section:
- 1-3 **39-3-11.4. Reasonable return to be included in rates of water utilities owned by**  
1-4 **municipalities. – Notwithstanding any other provisions of law, any water supply system**  
1-5 **regulated by the Public Utilities Commission and owned by a municipality shall be given a**  
1-6 **reasonable rate of return on its annual gross revenues as part of its rates, to be computed at a rate**  
1-7 **of not less than eight percent (8%) per annum times the annual gross revenues of the water supply**  
1-8 **system. After the reasonable rate of return is included as part of the water supply system's rates**  
1-9 **by a final unappealable order of the Public Utilities Commission, any municipality that owns a**  
1-10 **water supply system regulated by the Public Utilities Commission shall be entitled to be paid by**  
1-11 **the water supply system, on an annual basis after the effective date of said rates, compensation**  
1-12 **equal to the aforesaid reasonable rate of return established by the Public Utilities Commission as**  
1-13 **part of its rates.**
- 1-14 SECTION 2. Section 46-15.3-21 of the General Laws in Chapter 46-15.3 entitled "Public  
1-15 Drinking Water Supply System Protection" is hereby amended to read as follows:
- 1-16 **46-15.3-21. Fees, rates and charges. --** (a) The fees, rates, and charges for drinking

1-17 water are a mandatory component of water supply system management.

1-18 (b) The following factors shall be considered in setting fees, rates, and charges:

1-19 (1) Recovery of all capital and operating costs, fixed and variable of production,  
2-1 conservation, use, management, protection, obtaining, development, procuring, and/or  
2-2 transporting water, and its sale at wholesale or retail;

2-3 (2) Marginal cost pricing;

2-4 (3) Emergency and drought period surcharges;

2-5 (4) Seasonal price structures;

2-6 (5) Difference in costs based upon different points of delivery;

2-7 (6) The effect of fees, rates, and charges on use of water and, where applicable, on  
2-8 wastewater costs and charges;

2-9 (7) The effect of reducing non-account water to levels consistent with stated goals;

2-10 (8) Preparing, maintaining and implementing water supply system management  
2-11 programs; ~~and~~

2-12 (9) Notwithstanding any other provisions of law, the Providence water supply board shall  
2-13 transfer to the general fund of the city of Providence an amount equal to five percent (5%) per  
2-14 annum times the annual gross revenues of the Providence water supply board for the fiscal year  
2-15 ending June 30, 2004, and for the next two (2) succeeding fiscal years. This transfer shall not be  
2-16 included as part of the Providence water supply board's rates approved by a final unappealable  
2-17 order of the public utilities commission for same three (3) fiscal years; and

2-18 (10) Notwithstanding any other provisions of law, any water supply system regulated by  
2-19 the Public Utilities Commission and owned by a municipality shall be given a reasonable rate of  
2-20 return on its annual gross revenues as part of its rates, to be computed at a rate of not less than  
2-21 eight percent (8%) per annum times the annual gross revenues of the water supply system. After  
2-22 the reasonable rate of return is included as part of the water supply system's rates by a final  
2-23 unappealable order of the Public Utilities Commission, any municipality that owns a water  
2-24 supply system regulated by the Public Utilities Commission shall be entitled to be paid by the  
2-25 water supply system, on an annual basis after the effective date of said rates, compensation equal  
2-26 to the aforesaid reasonable rate of return established by the Public Utilities Commission as part of  
2-27 its rates.

2-28 (c) Notwithstanding the provisions of sections 39-2-2 and 39-2-5, all rates and charges

2-29 made by water suppliers which decline as quantity used increased are hereby declared to be no  
 2-30 longer conducive to sound water supply system management designed to properly conserve,  
 2-31 develop, utilize, and protect this finite natural resource. The public utilities commission may  
 2-32 order rates for suppliers of water which either do not vary with quantities used or when there is  
 2-33 evidence of increasing costs to either the utility or to society, rates which increase as the quantity  
 2-34 used increases. If the commission finds that changing rates to comply with this section will cause  
 3-1 a hardship to a class of customers, the commission may order that rates for that class of customers  
 3-2 be changed to comply with this section over a period of time not to exceed five (5) years.

3-3 (d) Notwithstanding the provisions of sections 39-2-2 and 39-2-5, the public utilities  
 3-4 commission may order a reduction in rates consistent with the amount by which a supplier  
 3-5 exceeds the stated goals for non-account water. Non-account water shall be defined as the  
 3-6 difference between the metered supply and the metered consumption for a specific period  
 3-7 including an allowance for firefighting. No estimates for non-metered usage, except for the  
 3-8 firefighting allowance, shall be included in the calculation of accounted for water.

3-9 SECTION 3. This act shall take effect upon passage.

=====  
 LC01741  
 =====

**EXPLANATION  
 BY THE LEGISLATIVE COUNCIL  
 OF**

**A N A C T  
 RELATING TO PUBLIC UTILITIES -- WATER SUPPLY SYSTEMS**

\*\*\*

4-1 This act would allow the payment by water supply systems owned by municipalities at a  
 4-2 reasonable rate of return to the municipality, which rate would be a percentage of the system's  
 4-3 annual gross revenues. The rate would be set and approved by the Public Utilities Commission.

4-4 This act would take effect upon passage.

=====  
 LC01741  
 =====