

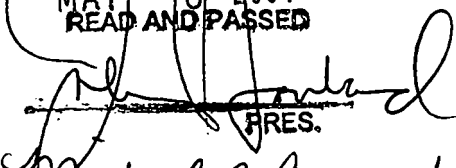

THE CITY OF PROVIDENCE  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

# 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

Claire E. Bullock  
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  
=====