

810-RICR-00-00-5

TITLE 810 – PUBLIC UTILITIES COMMISSION

CHAPTER 00 – GENERAL ADMINISTRATION

SUBCHAPTER 00 – N/A

PART 5 – Additional Requirements for Filings of General Rate Schedule Changes

5.1 Authority and Purpose

- A. These regulations are promulgated pursuant to R.I. Gen. Laws § 39-1-11.
- B. The purpose of these regulations is to improve the efficiency of the Commission's procedures for the review of proposed rate schedule changes and the conduct of such hearings as may be required, to raise their quality and to increase their speed. To accomplish this objective, the regulations require each company to furnish supporting testimony and exhibits in the case of any proposed rate schedule changes and to furnish specific information and exhibits where a general increase in rates is proposed under the applicable statutes. In connection with the latter, the regulations require each company to present its case-in-chief, to the extent feasible, in a standard format. The prescribed information is directed to items that the Commission has found useful in recent proceedings; the format should facilitate analysis of the filing by marking a traceable trail from the book source data through the adjustments and summaries to the proposed revenue requirements.
- C. It should be noted, however, that these regulations are not intended to restrict in any way the right of any company to submit such additional exhibits and testimony or to argue such theories as it may choose in any proceeding.

5.2 Applicability

The rules and regulations contained in this part shall be applicable only to proceedings involving the investigation of changes in rates constituting a general rate increase in which the respondent utility's overall revenue requirements are at issue.

5.3 Filing

- A. Notice to the Commission of proposed general rate schedule changes by a public utility pursuant to R.I. Gen. Laws § 39-3-11, shall be given by a filing with the Commission pursuant to the Commission's Rules of Practice and Procedure, Part 1 of this Subchapter, accompanied by the documents, data and information in the

manner and form required by these rules, unless a motion for an exemption from any requirements accompanies the filing.

- B. In the event that any information, document or data required by this Part is unavailable and/or its ascertainment or submission would be unduly burdensome or it is not relevant in light of the schedule change which is the subject of the application, the applicant may file with the application a motion for an exemption from the requirement. The motion shall set forth in detail the reasons why the information, document or data cannot or should not be submitted. The granting of such a motion shall not exempt the applicant from supplying the information, document or data in response to a subsequent data request.
- C. Commission-ordered suspension periods of up to eight months commence on the date a general rate filing would otherwise take effect. After docketing, any change or changes in the filing which would, singly or in the aggregate, increase the overall cost of service by more than one percent (1%), or an individual rate by more than five percent (5%), may be treated as a new filing, triggering a new eight (8) month period for Commission review and decision.

5.4 Notice of Filing-Proposed Rate Change

Within ten (10) days after filing for general rate schedule changes, the applicant shall cause a notice of the filing, in a form to be approved by the Commission, to be published in the newspaper of widest circulation within the applicant's service territory. In addition, the company shall include a notice of its proposed general rate schedule changes in the next general customer billing, if within sixty (60) days following the filing of the application, or by a separate mailing.

5.5 Items to Be Included in The Filing

- A. The following materials shall be included in or shall accompany the filing:
 - 1. Rate Schedules; Terms and Conditions. The current and proposed rate schedules and the terms and conditions under which the utility provides services and/or makes non-tariffed charges.
 - 2. Complete Direct Case. An original and nine (9) copies of the applicant's complete direct case in support of the rates applied for, which shall be in the form of prepared written testimony and exhibits.
 - 3. Additional Documents. Two (2) copies of each of the following:
 - a. Annual Report to the Commission for the last two (2) years, if reports have not been previously filed with the Commission.
 - b. Federal Energy Regulatory Commission or Federal Communications Commission annual reports for the last two (2) years, where applicable, if not previously filed with the Commission, and any

correspondence or written comments in connection with these reports.

- c. The latest Federal Energy Regulatory Commission or Federal Communications Commission audit report (including management letter) and any written response to the report or management comments. Unresolved or outstanding matters should be highlighted.
 - d. Securities and Exchange Commission Annual 10-K reports filed for the last two (2) years and any Quarterly 10-Q reports filed for the period(s) subsequent to the latest 10-K report.
 - e. Any prospectus issued during the last two (2) years.
 - f. Annual reports to stockholders for the last three (3) years.
 - g. Statement reconciling any significant differences between items shown in the filing and items in any of the above reports.
- B. If such documents have been provided to the Commission in a prior proceeding within twelve (12) months of the filing, additional copies need not be filed unless requested by the Commission or any party.
- C. Service of Documents. A complete set of the documents filed pursuant to these rules shall be served upon the Attorney General at the time of filing with the Commission.
- D. Index. The applicant shall present an index outlining and identifying the responses to the information filed pursuant to §§ 5.5 through 5.10 of this Part, as they apply to the applicant. The applicant shall indicate whether any specific item is not applicable.

5.6 Test Year and Rate Year Filing

- A. Test Year. The filing shall present cost of service and rate base schedules for a test year period. The test year constitutes a historic year of actual data for a period ending within nine (9) months of the filing date. The test year may be for such other period as the Commission may allow.
- B. Rate Year. The rate year is the twelve-month period for which new rates are designed to recover the proposed cost of service. The rate year period shall be the filed test year or such other yearly period which commences no later than eight (8) months after the proposed effective date of the new tariffs.
- C. Adjustments to the Test Year. Where a rate year is filed for a period different from the test year, supporting schedules or workpapers shall be filed to disclose the manner in which the rate year amounts were calculated. The adjustments to

the test year shall be fully explained in written testimony, and the source of the data in support of the adjustments shall be presented, or disclosed, as appropriate.

1. Normalization Adjustments. These adjustments shall be made to the test year to present a reasonable/normal amount for one full year of operations. The test year must be normalized to reflect expected results for a typical future year. All items of unusual magnitude which occurred during the test year, but which are not expected to recur to a significant degree beyond the test year, should be adjusted to reflect what is reasonably to be expected in the future. Correspondingly, adjustments should be made to reflect items that are fixed, determinable, and likely to occur in the future, but did not occur to a significant degree during the test year.
2. Proforma Adjustments. These adjustments serve to walk-up the normalized test year amounts to the balances presented for the rate year.
3. Accounting Change Adjustments. Any change in the manner of recording accounting data on the company's books shall be explained and the financial impact shown.
4. Inflationary adjustments. These adjustments are based upon projected cost increases.

5.7 Attestation of Financial Data

The financial data shall be accompanied by a statement attesting to the accuracy of the financial data presented in the rate base, cost of service and other financial statements; that such data purports to reflect the books of the company, and the results of operations; and that all differences between the books and the test year data, and any changes in the manner of recording an item on the company's books during the test year, have been expressly noted. This attestation shall be signed by the chief financial officer or a person duly authorized by such financial officer.

5.8 Supporting Information and Workpapers To Be Filed by Investor-Owned Utilities.

- A. In addition to the materials required by § 5.5 of this Part, any utility that is a private or publicly-held investor-owned entity (as opposed to a municipal or quasi-public entity that is a not-for-profit organization), is required to file the following:
 1. Rate base schedules for the test year period and for the proposed rate year. The test year shall reflect an average rate base based upon a monthly averaging of balances, or beginning and end of year averages

where such amounts are not significant in relation to the total rate base (less than 2% of rate base).

2. Cost of service schedules for the test year and for the proposed rate year.
3. The capitalization of the utility for the following periods:
 - a. the test year, either average balances or end of test year balances;
 - b. the actual capitalization of the utility for the latest date available prior to filing;
 - c. the capital structure utilized by the company for the determination of new rates. If this differs from the actual capital structure data, the proforma changes are to be fully explained and supported.
4. Workpapers supporting any claim for an allowance for working capital.
5. Workpapers supporting allocations of rate base and cost of service amounts among jurisdictions (intra/inter-state) or entities operated from or in association with the utility.
6. Workpapers detailing additions to or retirements from plant and depreciation accounts where proforma amounts differ from the test year. Detail data in support of depreciation charges is required, including asset lives, salvage values/costs, etc. for major account categories.
7. An analysis of material and supply inventory balances included in rate base for test year and rate year periods. Gas companies should provide monthly inventory figures for the test year for gas inventories.
8. Workpapers detailing the test year and rate year revenues by source, tariff, rate class, etc. The sales volumes/quantities and customer counts by rate class shall be presented. The basis/calculation for rate year sales volumes and customer counts is to be provided. The total rate year revenues must be supported by a billing analysis utilizing the above data and the proposed rates.
9. For each rate class, the effect of the proposed rate changes shall be presented in a comparative billing format, showing current and proposed, for typical or varying usage levels. A copy or sample of the utility's actual billing statement shall be presented.
10. An analysis of revenues and associated expenses for the test year pertaining to adjustment clauses. All appropriate data should be disclosed, including refund information, total adjustment clause revenues, gross receipts tax payments, etc. The difference between adjustment clause revenues and recoverable expense for the test year must be

shown. In general, revenues and expenses relating to adjustment clauses will not be reflected in the cost of service, except for that portion which is to be included in the firm/base rates of the utility.

11. A calculation of the test year and rate year federal income tax amounts. For the test year, present a reconciliation of book and taxable income as required and filed in the Annual Report to the Commission.
12. A calculation of the test year and rate year deferred federal income tax amounts. Indicate which book/timing differences are specifically provided for in calculating the rate year deferred federal income taxes. Show and explain the treatment for any changes in deferred federal income tax balances as a result of any change in the federal tax laws to include (but not limited to) excess deferred taxes created by a reduction in the federal income tax rates.
13. A description of the treatment of investment tax credits and any elections made under the Internal Revenue Code.
14. If the company files a consolidated tax return, show the estimated rate year tax savings resulting from the filing of a consolidated return. Explain fully the method of computing the tax savings.
15. A calculation of the rate year tax expense for the Rhode Island Gross Receipts tax.
16. A calculation and explanation of the method used to calculate the rate year municipal tax expense, if applicable. Also, show the municipal tax expense for the prior three (3) years.
17. Show the number of employees at beginning and end of test year and the dollar amount of overtime paid during the test year and the previous two (2) years. Indicate the number of employees and the amount of overtime provided for in the cost of service for the rate year.
18. Present a summary of transactions with affiliated companies, officers, and stockholders which occurred during the test year. Provide beginning and end of test year amounts owed and the latest balance(s) prior to the filing. To be included are the following:
 - a. billings to/from
 - b. loans to/from
 - c. sales/purchases of goods, services or property
 - d. expense allocations among affiliates

- e. receivables to/from affiliates and others.
19. The following statements or financial data are to be provided when the test year does not coincide with the latest fiscal year shown in the annual report provided in the filing:
- a. a balance sheet as of the end of the test year;
 - b. an income statement for the test year;
 - c. a statement of changes in retained earnings for the test year.
20. If utility assets are pledged as security on loans, notes, or any other form of debt instrument, full disclosure shall be made as to: description or identification of assets pledged; description/identification of the debt instruments; outstanding debt balance(s); disposition of debt proceeds; any default or impending default under the terms of any loan provisions; and any other pertinent information.
21. A summary of expenses incurred and projected to be incurred related to the instant rate case filing, and a schedule showing any unamortized amounts from prior rate filings. This schedule shall reconcile the total amount of expense allowed in the last order, the recovery (or amortization) of expense through the test year, and the projected balance of any unrecovered (unamortized) amount at the beginning of the rate year.
22. The utility shall present information for the preceding five (5) years disclosing the following data, as appropriate for the utility:
- a. unaccounted for water;
 - b. loss on transmission of electricity or gas;
 - c. the utility's own use of water, electricity, or gas.
23. A summary of the status of compliance and reporting required by prior Commission orders.

5.9 Supporting Information and Workpapers To Be Filed by Non-Investor-Owned Utilities

- A. In addition to the materials required by § 5.5 of this Part, any utility that is a non-investor-owned entity, such as a municipal or quasi-public entity that is a not-for-profit organization, is required to file the following:
- 1. Cost of service schedules for the test year and for the proposed rate year.
 - 2. Workpapers supporting any claim for an allowance for working capital.

3. Workpapers supporting allocations of cost of service amounts among entities operated from or in association with the utility.
4. Workpapers detailing the test year and rate year revenues by source, tariff, rate class, etc. The sales volumes/quantities and customer counts by rate class shall be presented. The basis/calculation for rate year sales volumes and customer counts is to be provided. The total rate year revenues must be supported by a billing analysis utilizing the above data and the proposed rates.
5. For each rate class, the effect of the proposed rate changes shall be presented in a comparative billing format (current and proposed) for typical (or varying) usage levels. A copy or sample of the utility's actual billing statement shall be presented.
6. A schedule presenting the principal and interest amounts paid on both long-term and short-term debt service for the test year and the amounts projected for the rate year. Schedule amounts by bond issue, note/mortgage loan, etc. as appropriate. Provide a description of each issue to include: source of funding, amount of original issue, date, interest rate, repayment terms, security pledged on borrowing, and other pertinent information as appropriate.
7. A schedule of lease payments for all property and equipment for the test year and rate year.
8. An analysis of revenues and associated expenses for the test year pertaining to adjustment clauses. All appropriate data should be disclosed, including refund information, total adjustment clause revenues, and gross receipts tax payments. The difference between adjustment clause revenues and recoverable expense for the test year must be shown. In general, revenues and expenses relating to adjustment clauses will not be reflected in the cost of service, except for that portion which is to be included in the firm/base rates of the utility.
9. A calculation and explanation of the method used to calculate the rate year municipal tax expense if applicable. Also, show the municipal tax expense for the prior three (3) years.
10. Show the number of employees at beginning and end of test year and the dollar amount of overtime paid during the test year and the previous two (2) years. Indicate the number of employees and the amount of overtime provided for in the cost of service for the rate year.
11. Present a summary of transactions with affiliated entities/funds which occurred during the test year. Provide beginning and end of test year amounts owed and the latest balance(s) prior to the filing. To be included are the following:

- a. billings to/from
 - b. loans to/from
 - c. sales/purchases of goods, services or property
 - d. expense allocations among affiliates
 - e. receivables to/from affiliates and others
12. The following statements or financial data are to be provided when the test year does not coincide with the latest fiscal year shown in the annual report provided in the filing:
- a. a balance sheet as of the end of the test year;
 - b. an income statement for the test year;
 - c. a statement of changes in retained earnings for the test year.
13. A summary of expenses incurred and projected to be incurred related to the instant rate case filing, and a schedule showing any unamortized amounts from prior rate filings. This schedule shall reconcile the total amount of expense allowed in the last order, the recovery or amortization of expense through the test year, and the projected balance of any unrecovered or unamortized amount at the beginning of the rate year.
14. The utility shall present information for the preceding five (5) years disclosing the following data, as appropriate for the utility:
- a. unaccounted for water;
 - b. loss on transmission of electricity or gas;
 - c. the utility's own use of water, electricity, or gas.
15. A summary of the status of compliance and reporting required by prior Commission orders.

5.10 Abbreviated Filing Requirements for Non-Investor-Owned Utilities

- A. **Availability.** A non-investor-owned utility may receive a limited revenue increase through an abbreviated filing process requiring submission of less data than would otherwise be required under §§ 5.5, 5.6, and 5.9 of this Part. Information required of water utilities pursuant to R.I. Gen. Laws § 39-3-12.1 must be filed.

- B. Limitation on Revenue Increase. The allowable revenue increase will be limited to twenty-five (25%) percent over a normalized test year period. Increases to test year amounts will be allowed for known and measurable changes to:
1. debt service requirements;
 2. salaries, wages, and employee benefits;
 3. property taxes;
 4. chemicals;
 5. insurance;
 6. infrastructure replacement program funding; and
 7. purchased water.
- C. For other accounts, increases from test year amounts for known and measurable changes will be allowed only when the proforma amount is at least ten (10%) percent greater than the test year. Account increases utilizing a general attrition or inflation factor will not be permitted.
- D. Restrictions on Abbreviated Filing. The abbreviated filing procedure is not available to a utility in the following instances:
1. if a net utility operating loss has occurred for the prior two fiscal years;
 2. if a general rate order has not been issued during the preceding five years;
 3. if the utility proposes a significant change in revenue recovery among rate classes;
 4. if the utility has not filed all annual reports to the Commission;
 5. if the utility has not complied with directives of prior Commission orders.
- E. Filing Requirements. §§ 5.5(A)(3) and 5.9 of this Part are superseded by the following requirements:
1. Cost of service schedules for the test year and the proposed rate year; a balance sheet for the test year.
 2. Supporting calculations and data for known and measurable changes allowed per § 5.10(B) of this Part.
 3. A comparative statement of revenues and expenditures for the past three (3) fiscal years.

4. Workpapers detailing the test year revenues by source, tariff, rate class, etc. The sales volumes/quantities and customer counts by rate class shall be presented.
 5. A schedule presenting the principal and interest amounts paid on long-term and short-term debt service for the test year and the amounts projected for the rate year. Schedule amounts by bond issue, note/mortgage loan, etc. as appropriate. Provide a description of each issue to include: source of funding, amount of original issue, date, interest rate, repayment terms, security pledged on borrowing, and other pertinent information.
 6. For rate filings requesting an increase in debt service requirements:
 - a. a capital program in support of the debt service requested;
 - b. evidence of voter/board approval for the debt issuance; and
 - c. a summary of debt issuance costs.
 7. A summary of expenses incurred and projected to be incurred related to the instant rate case filing, and a schedule showing any unamortized amounts from prior rate filings. This schedule shall reconcile the total amount of expense allowed in the last order, the recovery or amortization of expense through the test year, and the projected balance of any unrecovered or unamortized amount at the beginning of the rate year.
 8. A summary on the status of compliance and reporting required by prior Commission orders.
 9. An accounting summary of restricted accounts to provide the funding, interest accrual, and expenditures of each restricted account since the date of the last rate order.
- F. Representation by Counsel. A filing under this section may be made without the assistance of any attorney. However, if the matter results in a contested hearing, the utility must be represented by counsel as directed under § 1.5(A)(1) of this Subchapter, the Commission's Rules of Practice & Procedure.

5.11 Filing Requirements for Rate Changes in Compliance With Commission Orders

- A. For compliance with a Commission general rate order that provides for a cost of service differing from the proposed cost of service, the utility shall file the following:
 1. Revised tariff pages.

2. A billing analysis detailing all revenues by source, tariff, rate class, etc. The analysis shall present the sales volumes/quantities and customer counts, by rate class, for the rate year extended out to sales revenues agreeing with the cost of service.
3. For each rate group, the effect of the rate changes shall be presented in a comparative billing format (current and new rates) for typical (or varying) usage levels. Also, the overall revenue increase for each rate group shall be disclosed in both dollar amount and percentage increase.
4. Any other revised schedules, prefiled testimony, ordered compliance information, or other data which should be filed.

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TITLE 810 - PUBLIC UTILITIES COMMISSION

CHAPTER 00 - GENERAL ADMINISTRATION

SUBCHAPTER 00 - N/A

**PART 5 - ADDITIONAL REQUIREMENTS FOR FILINGS OF GENERAL RATE
SCHEDULE CHANGES**

Type of Filing: Refile Capabilities

Department of State

Regulation Effective Date

Original Signing Date

Department of State Initials

Department of State Date