

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: KENT COUNTY WATER AUTHORITY : DOCKET NO. 25-34-WW
MOTION TO PASS THROUGH WHOLESALE :
RATE INCREASE :

ORDER

On November 26, 2024, the Providence Water Supply Board (Providence Water) filed an application with the Public Utilities Commission (Commission) seeking to implement new rates designed to generate additional operating revenue requirements in the amount of \$8,205,636.¹ On July 24, 2025 and July 31, 2025, the Commission approved new tariffs for Providence Water which allowed a revenue increase of \$7,367,880. As part of that decision, Kent County Water Authority's (KCWA) wholesale rate was decreased by 7.42%, from \$2,160.30 per million gallons to \$1,999.92 per million gallons.²

On September 12, 2025, KCWA filed a Motion pursuant to R.I. Gen. Laws § 39-3-38.1, seeking to pass through to its ratepayers the wholesale rate decrease resulting from Providence Water's rate filing.³ As part of its filing, KCWA submitted testimony of David G. Bebyn, CPA to provide his calculations of the impact of the decrease on KCWA's rates with supporting schedules. The effect of the annual decrease of \$445,588.00 would be a reduction in volumetric rates with a total bill reduction ranging

¹ Docket No. 24-51-WW (In re: Providence Water Supply Board Application to Change Rate Schedules).

² Dkt. No. 24-51-WW (Compliance Filings); KCWA Mot. to Pass Through Wholesale Rate Decrease at 1.

³ R. I. Gen. Laws § 39-3-38.1 Rate adjustments – Purchase and sale 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 provided the public utilities commission has approved the wholesale 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 purchaser shall be submitted no less than thirty (30) days prior to its effective date to the public utilities commission for its review and approval.

from 1.47% to 2.58%.⁴ KCWA also requested an effective date of August 1, 2025, which is prior to the filing.

On September 24, 2025, after examination, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval. The Division noted that while the statutory language in R.I. Gen. Laws § 39-3-38.1 specifically authorizes rate increases, it does not prohibit rate decreases. Therefore, the Division found it appropriate and in the public interest to allow the pass-through of decreases in wholesale rates. The Division also found the rates to be properly calculated. Turning to the effective date, the Division recognized that the statute requires that filings for rate increases be submitted prospectively in advance of the effective date. This would keep the higher rates in effect into October 2025. The Division, however, supported an earlier effective date to provide expediated rate relief to customers. Therefore, explained the Division, after receiving information from KCWA that they had held September billings for August usage, they had reached an agreement to apply the reduced rates to bills issued on and after September 1, 2025.⁵

At an Open Meeting held on September 30, 2025, the Commission approved KCWA's Motion, finding the rates to be appropriately calculated. Addressing the application of R.I. Gen. Laws § 39-3-38.1, even if not directly applicable, allowing the rate decrease to flow through without a full evidentiary proceeding is consistent with that statute. Separately, however, the Commission found that KCWA's request to reduce rates with less than thirty days' notice and without a hearing was appropriate in this instance under R.I. Gen. Laws § 39-3-12. The Commission found that good cause existed to

⁴ Bebyn Test. (Sept. 11, 2025). Fire protection does not experience a rate decrease because they are not billed volumetrically.

expedite review to ensure ratepayers' rates reflect KCWA's reduced costs in alignment with those cost savings.

Next, with respect to the request to make the rates effective on August 1, 2025, or, alternatively, to reflect the new rates on bills rendered on or after September 1, 2025, covering August usage, the Commission recognized that this would typically constitute retroactive ratemaking, which is generally prohibited, absent a narrow exception. In this instance, strict application of that prohibition would yield a less equitable outcome. KCWA initially proposed to reduce rates effective August 1, and the agreement reached between KCWA and the Division synchronizes the timing of the pass-through cost savings with the implementation of the reduced rates. As a result, the utility will not be adversely affected, and ratepayers will receive the intended benefit. Thus, allowing the reduced rate to be reflected on past usage is appropriate in this type of case because it is consistent with the intent of a statutory allowance of a pass-through cost.

Accordingly, it is

(25545) ORDERED:

1. The motion to pass through the wholesale rate increase filed by the Kent County Water Authority on September 12, 2025, is hereby approved for bills issued on and after September 1, 2025.

⁵ Drane Mem. (Sept. 24, 2025).

EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 1, 2025
PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 30, 2025.
WRITTEN ORDER ISSUED ON NOVEMBER 3, 2025.

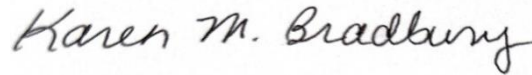
PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



Karen M. Bradbury, Commissioner

Notice of right of Appeal: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.