

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT WATER :  
DIVISION APPLICATION TO : DOCKET NO. 3578  
CHANGE RATE SCHEDULES :

ORDER REGARDING NEWPORT WATER DIVISION'S  
REQUEST TO REPAY CITY IN FY 2005

On March 1, 2005, the City of Newport, Utilities Department Water Division ("Newport Water" or "Company") submitted a Miscellaneous Petition to the Commission requesting that the company be allowed to pay the remainder of the FY 2005 installment payment to the City of Newport ("City"). This payment will reduce the outstanding loan due to the City from \$1,817,955 to \$1.5 million. Three hundred seventeen thousand nine hundred fifty-five dollars (\$317,955) had previously been transferred out of the "Restricted Repayment to City Account" in November 2004 to cover certain cash shortfalls that occurred at that time in the debt service account. In Order No. 18121, allowing the transfer, the Commission had conditioned repayment of the Fiscal Year 2005 installment on Newport Water's ability to reimburse \$317,955 to the "Restricted Repayment to City Account" without jeopardizing the debt service account.

In Order No. 18362 (issued September 12, 2005), the Commission allowed Newport Water to repay \$182,045 to the City, denying full repayment for FY 2005 until such time that Newport Water can demonstrate that it is on firmer financial ground.<sup>1</sup> The Commission noted that when it allowed the Company to transfer funds from the Repayment to City Account to its checking account to cover a cash flow problem resulting from a debt service payment that was made in November 2004, which had to be

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<sup>1</sup> On October 6, 2005, Newport Water had filed a Motion for Relief from Order. In conjunction with the Miscellaneous Petition which is the subject of the Order, Newport Water withdrew the October 6, 2005 Motion.

covered by funds in the checking account, the Commission specifically reduced the FY 2005 installment by that amount.

In its March 1, 2005 filing, Newport Water stated that it has the necessary funds in its debt service account to repay the Repayment to City Account, while at the same time being able to make its required debt service payments.<sup>2</sup>

On March 8, 2006, the Division of Public Utilities and Carriers (“Division”) filed a letter indicating that the Division did “not oppose Newport Water’s request to ‘reimburse the Debt Service Account in the amount of \$317,955.00’ and that the utility be ‘allowed to make the remainder of the second \$500,000 installment payment (again \$317,955.00) to the City of Newport.’”<sup>3</sup> On March 1, 2006, Portsmouth Water and Fire District filed a Response to Newport Water’s Miscellaneous Petition stating that it would defer to the Division and Commission regarding the resolution of this matter.<sup>4</sup>

At its Open Meeting of March 16, 2006, after reviewing the filings and Newport Water’s most recent periodic filings, the Commission approved Newport Water’s request finding that the Company could show that it was able to repay the Repayment to City Account and make the remainder of the FY 2005 installment payment without jeopardizing its ability to make future debt service payments.

Accordingly, it is hereby

(18590) ORDERED:

1. City of Newport, Utilities Department Water Division’s request to repay the remaining \$317,955 of the Fiscal Year 2005 installment on its debt to the City of Newport is approved.

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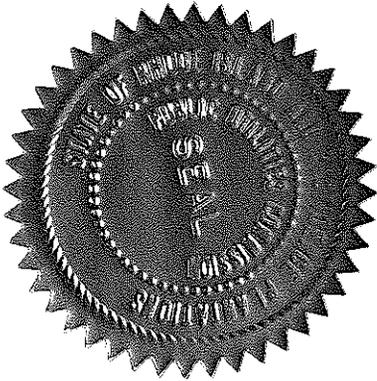
<sup>2</sup> Miscellaneous Petition, p. 3.

<sup>3</sup> Letter from Leo Wold to Luly Massaro, 3/8/06.

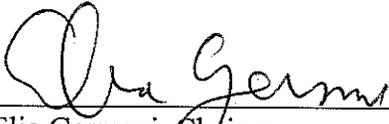
<sup>4</sup> PWFD Response to Miscellaneous Petition.

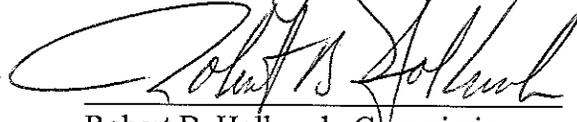
2. City of Newport, Utilities Department Water Division shall comply with all other findings and instructions contained in this Order.

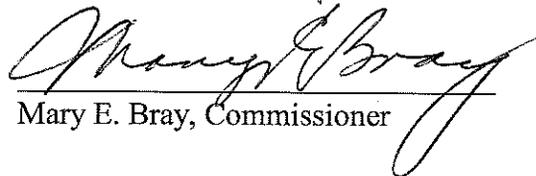
EFFECTIVE AT WARWICK, RHODE ISLAND ON MARCH 16, 2006  
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED  
MAY 1, 2006.



PUBLIC UTILITIES COMMISSION

  
Elia Germani, Chairman

  
Robert B. Holbrook, Commissioner

  
Mary E. Bray, Commissioner