

CITY OF NEWPORT – UTILITIES DIVISION - WATER DEPARTMENT

Docket No. 3818

Response to

United States Navy's Data Requests

Set 3

Navy 3-1: In Mr. Smith's testimony, Page 19 lines 4-9, he states:

“Q. In the settlement for Docket #3675 Newport agreed to perform a demand study in order to gather the information necessary for a full cost of service study. Has Newport started the study?

A. Yes. Newport has started collecting data on the demand characteristics of its customers. In the spring of 2006 Newport installed remote read meters at approximately 50 residential and commercial accounts representing a cross-section of Newport's customer base. These meters were read daily during the peak demand period of May through September.”

a. Please reconcile this to the response provided by NWD to RFI Navy 2-9; “A cost of service study was not conducted in preparation of this rate filing nor is one being conducted at this time. As a result, there are no expenditures related to a cost study.”

b. Please explain how the costs of the daily reading of the 50 meters are being accounted for.

Response:

- a. Gathering data regarding customer demand and performing a cost of service study are two distinctly different exercises. As indicated in pre-filed testimony, Newport has begun gathering data that will be used in a cost of service study that will be performed in the future.
- b. Newport Water's meter foreman or his designee utilized the radio read devices on the meters to gather data from these meters during the course of normal daily activities. As such, the cost associated with this activity was negligible.

Prepared by: Harold J. Smith

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Navy 3-2: In PWFD 1-15, Mr. Smith stated “During the spring and summer of 2006, Newport collected data from these meters on a daily basis. It is anticipated that this data will be used as part of a more formal demand study that will take place over the next several years....” Please explain how long it will take to complete the study?

Response: It is anticipated that Newport Water will require approximately two to three years to gather sufficient data to complete a full cost of service analysis.

Prepared by: Harold J. Smith

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Navy 3-3: Please indicate whether the City of Newport has a cost allocation manual that is used as a basis for allocations to departments.

Response: The City of Newport does not have a cost allocation manual.

Prepared by: Laura Sitrin

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Navy 3-4: In reference to Navy response 1-7, please reconcile account amounts of “2006 Actual” and RFC Schedule 2, (Summary of Revenue Requirements by Line Item). “FY 2006 Test Year.” Specifically the following accounts:

- a. 103 Retiree Benefits
- b. 210 Dues and Subscriptions
- c. 220 Consultant Fees
- d. 225 Contract Services (Support Services)
- e. 255 Natural Gas
- f. 260 Heavy Equipment Rental
- g. 261 Property Taxes
- h. 275 Repair & Maintenance Equipment
- i. 280 Regulatory Expense
- j. 281 Regulatory Assessment
- k. 295 Repairs/Main Maintenance
- l. 311 Operating Supplies
- m. 335 Contribution to Chemical Restricted Account

Response: The Navy response 1-7, “2006 Actual Figures”, was taken from final audited financial information. RFC Schedule 2 was prepared prior to the final audit figures being available. In addition, included on RFC Schedule 2, costs may have been transferred from one account to another to more closely align with operational categories. See the attached schedule, Navy3-4

Prepared by: Karen Garcia

City of Newport - Water Fund

Schedule NAVY 3-4

Reconcile RFC Schedule 2 to Navy 1-7

	2006		
	Audited Actual	Unaudited RFC Sch. 2	Variance
335 Consultant Fees	366,191	360,318	5,873
225 Contract Services	129,883	169,043	(39,160)
260 Equipment Rental	20,030	24,983	(4,953)
210 Membership Dues	1,351	17,387	(16,036)
255 Fuel Gas	1,145	1,870	(725)
311 Operating Supplies	68,191	69,334	(1,143)
261 Property Taxes	55,758	58,268	(2,510)
281 Regulatory Assessment	187,181	237,026	(49,845)
280 Regulatory Expense	65,262	69,587	(4,325)
275 Repair & Maintenance Equip	18,451	5,122	13,329
295 Pairs/Maint Mains	100,980	160,230	(60,150)
103 Tire Insurance Coverage	15,348	75,353	(60,005)
	183,634	186,892	(3,258)
	1,234,425	1,435,413	(222,908)

Year-end adjustment to reflect change in chemical inventory per year-end count
RFC includes 9000.00 from acct 280. Error RFC 2 should be 139,000 FY2006
Added \$4850 for Dig safe from acct 311
\$16000.00 from acct 295 . Jam Rental emergency
Year-end timing difference
Water fund billed in error; error was corrected as part of year-end procedures
Unused encumbrances liquidated at year-end
Middletown tax pmt of 50,000.00 included in RFC 2. includes year end adjusting entries
Chloramine conversion costs of \$4,329 were reclassified for year-end financial stmts.
Adjustment \$8889.96 to acct 220.
Year-end adjustment to reflect changes in inventories
16000.00 to Acct 260 and year end adjusting entries
Year-end adjustment

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Navy 3-5: Please indicate the method (Estimated or Actual) used to read all Navy and PWFD meter(s) for the time period during FY 2006.

Response: See the enclosed spreadsheet for the Navy meters. All readings for the PWFD meter were actual during this timeframe.

Prepared by: Ken Mason

City of Newport Water Division
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 Navy Data Response 3-5

Navy Meter Readings FY06

Account No.	July	August	September	October	November	December	January	February	March	April	May	June
1200	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
1300	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
1400	Actual	Estimate	Estimate	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
1500	Actual	Actual	Actual	Estimate	Actual	Estimate	Estimate	Actual	Actual	Actual	Actual	Actual
1700	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Actual	Actual	Estimate	Actual
1800	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Actual
1804	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Actual	Actual	Actual
1900	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Actual	Actual	Actual
1901	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Actual

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CERTIFICATION

I hereby certify that I sent by electronic mail a copy of the within to all parties set forth on the attached Service List on May 10, 2007.

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