

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NEWPORT WATER DEPARTMENT

DOCKET NO. 3818

Newport Water's Response to Commission 2nd Data Request to Newport Water
Dated July 18, 2007

1. Please update RFC Schedule F – Water Consumption Summarized by Class with sales data for FY 2007.

Response: See enclosed.

Prepared by: Harold Smith

2. Please provide Newport Water's Accounts Payable balance as of June 30, 2007, including amounts owed to the City for payroll, city services, etc.

Response: See enclosed cash flow report and narrative and trial balance for month ending June 30, 2007.

Prepared by: Harold Smith

3. Please provide a schedule in the format of RFC Schedule 1 Hearing that includes the Normalized Test Year as presented on Schedule RFC 1 attached to Mr. Smith's Direct Testimony and NWD's Final Request as presented on RFC Schedule 1 Hearing attached to Mr. Smith's Supplemental Testimony. Also include columns indicating the change from the Test Year to Newport's Final Request in dollars and as percentages.

Response: See enclosed.

Prepared by: Harold Smith

4. On one page if possible, for each Rebuttal adjustment and each Final adjustment listed on Schedule RFC Schedule 1 Hearing, please briefly summarize (one or two sentences) the justification for the adjustment.

Response: See enclosed.

Prepared by: Harold Smith

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PUBLIC UTILITIES COMMISSION

Docket No. 3818

RFC Schedule F Comm. 2-1

City of Newport, Rhode Island
 Response to Comm. 2-1
 Water Consumption Summarized by Class

Annual Consumption in 1000s Gallons										
FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Test Year - FY 2006	FY 2007	FY 2006 Projected in Docket 3675	8-Year Average FY 2000 - FY 2007	FY 2008 Rate Year
682,937	698,765	773,872	780,666	736,577	716,037	749,409	734,927	758,019	734,149	749,409
703,460	620,182	561,576	564,052	640,632	554,248	472,160	429,791	541,165	588,044	472,160
20,634	20,197	19,222	19,132	23,134	19,463	21,379	25,905	20,582	20,452	21,379
466,167	450,247	307,051	348,222	511,299	417,869	373,306	278,441	415,093	410,594	373,306
438,179	442,582	455,142	451,723	422,944	429,465	463,253	425,635	429,416	443,327	463,253
5,866	4,431	6,353	5,244	3,992	4,919	6,461	2,080	4,297	5,324	6,461
2,317,243	2,236,404	2,123,216	2,169,039	2,338,578	2,142,001	2,085,969	1,896,780	2,168,572	2,201,890	2,085,969

Annual Consumption, by Class (1)
 Residential (T&M)
 Commercial (T&M)
 Governmental (T&M)
 Navy (M)
 PWF (M)
 Metered, Sundry Billed
Total (in 1000's Gallons)

City of Newport, Rhode Island
 Response to Comm. 2-3

Comparison of Normalized Test Year and NWD Final Rate Year Request

RFC Schedule Comm. 2-3

	NWD Normalized Test Year	Adjustment (\$)	Adjustment (%)	NWD Final Request
<u>Operating Revenue Requirements</u>				
Administration	\$ 1,754,040	\$ (92,996)	-5.3%	\$ 1,661,044
Customer Service	\$ 515,445	\$ 177,837	34.5%	\$ 693,282
Source of Supply - Island	\$ 427,612	\$ 140,216	32.8%	\$ 567,828
Source of Supply - Mainland	\$ 86,543	\$ 16,497	19.1%	\$ 103,040
Treatment - Newport Plant	\$ 1,193,934	\$ 233,338	19.5%	\$ 1,427,272
Treatment - Lawton Valley	\$ 993,879	\$ 243,855	24.5%	\$ 1,237,734
Water Laboratory	\$ 190,429	\$ 29,971	15.7%	\$ 220,400
Transmission & Distribution Maintenance	\$ 884,370	\$ 52,171	5.9%	\$ 936,541
Fire Protection	\$ 14,000	\$ -	0.0%	\$ 14,000
Total Operating Requirements	\$ 6,060,252	\$ 800,888	13.2%	\$ 6,861,140
<u>Capital Revenue Requirements</u>				
Contribution to Debt Service Account	\$ 1,431,277	\$ (531,277)	-37.1%	\$ 900,000
Contribution to Repayment to City Account	\$ 270,829	\$ (20,829)	-7.7%	\$ 250,000
Contribution to Capital Spending Account	\$ 1,269,580	\$ 277,602	21.9%	\$ 1,547,182
Total Capital Requirements	\$ 2,971,686	\$ (274,504)	-9.2%	\$ 2,697,182
Subtotal Revenue Requirements	\$ 9,031,938	\$ 526,384	5.8%	\$ 9,558,322
Additional Rev Requirements (Operating Reven	\$ 135,479	\$ 276,189	203.9%	\$ 411,668
Total Revenue Requirements	\$ 9,167,417	\$ 802,573	8.8%	\$ 9,969,990
Less: Revenue Offsets	\$ (252,796)	\$ (188,772)	74.7%	\$ (441,568)
Net Revenue Requirements	\$ 8,914,621	\$ 613,801	6.9%	\$ 9,528,422

Reduction in Legal/Admin. & Data Proce
 Includes costs for bimonthly billing (Sche

City of Newport Water Fund
Monthly Cash Flow as of June 30, 2007
Narrative

Due to the cash flow issue, all divisions have been requested to purchase essential items only.
As of July 1, 2007, known past due payables include:

Payrolls to be transferred to the City	1,259,496.49
FY2006-2007 2nd & 3rd Qtr OH Allocation	237,499.50
Equipment Charges Jan-March to be transferred to the City	59,246.30
Sludge payment due to WPC - 3rd qtr	27,928.34
Vendors	147,698.56

UNAUDITED

CITY OF NEWPORT, RHODE ISLAND

**MONTHLY CASH FLOW RECONCILIATION
WATER FUND
FOR THE MONTH ENDED June 30 , 2007**

	PRIOR YEAR MONTHLY ACTUAL	CURRENT MONTHLY ACTUAL	VARIANCE	PERCENT VARIANCE	Reason/Comment
BEGINNING CASH	241,723	192,447			
Adjustment					
OPERATING REVENUES:					
Customer Charges	51,358	57,985	6,627	13%	
Retail Consumption	207,231	426,016	218,785	106%	
Wholesale/Bulk Sales	65,873	111,241	45,368	69%	
Public Fire Protection	22,894	23,400	506	2%	
Miscellaneous	29,878	24,274	(5,604)	-19%	
Other		25,000	25,000		WQP fund pass through for Land Trust
TOTAL OPERATING REVENUES	377,234	667,916	290,682	77%	
OPERATING EXPENSES:					
Water Administration	53,678	133,337	79,659	148%	
Customer Accounts	14,560	36,073	21,513	148%	
Source of Supply - Island	1,170	26,293	25,123	2147%	
Source of Supply - Mainland	1,803	1,225	(578)	-32%	
Treatment & Pumping - Newport Plant	77,555	73,314	(4,241)	-5%	
Treatment & Pumping - Lawton Valley	20,448	74,472	54,024	264%	
Water Laboratory	4,577	4,639	62	1%	
Transmission & Distribution Maintenance	47,161	50,152	2,991	6%	
Fire Protection/ other					
TOTAL OPERATING EXPENSES	220,952	399,505	178,553	81%	
OTHER:					
Transfer to Restricted Electricity	36,184	36,184	0	0%	
Transfer to Restricted Chemicals	27,750	27,750	0	0%	
Transfer to Restricted Repayment	20,833	20,833	0	0%	
Transfer to Restricted Debt Service	114,897	114,897	0	0%	
Transfer to Restricted Capital Outlays	105,591	105,591	0	0%	
Transfer to Restricted Retiree Insurance	17,469	17,469	0	0%	
Transfer to Restricted Accrued Benefits	5,833	5,833	0	0%	
Reimbursement From Electricity	(34,932)	(81,198)	(46,266)	47%	
Reimbursement From Chemicals	(70,609)	(41,578)	29,031	-41%	
Reimbursement From Repayment		(506,000)			
Reimbursement From Debt Service					
Reimbursement From Capital	(463,805)	(140,727)	323,078	-70%	
Reimbursement From Retiree Insurance		(17,632)	(17,632)		
Reimbursement From Accrued Benefits					
Reimbursement From DOT Escrow					
Repayment City		500,000			City repayment made 06-30-07
Capital Outlays	463,805	137,172	(326,633)	-70%	
TOTAL OTHER	223,016	214,595	(8,421)	-4%	
TOTAL EXPENSES	443,969	614,100	170,132	38%	
OPERATING RESERVE					
TOTAL COST OF SERVICE	443,969	614,100	170,132	38%	
NET CASH FLOW	(65,735)	53,816	120,549	0%	
ENDING CASH	174,988	246,263			

UNAUDITED
City of Newport
Water Fund Trial Balance
June-07

Acct Number	Acct Title	Unadjusted		A.J.E's		Adjusted	
		Debits	Credits	Debits	Credits	Debits	Credits
15-1036	Debt Svc Res A/C	212,633.20				212,633.20	
15-1039	Cash - Checking	246,263.11				246,263.11	
15-1041	DOT Cash	21,474.97				21,474.97	
15-1043	Restricted Repayment Cash	311,986.87				311,986.87	
15-1044	Electricity Cash	111,672.78				111,672.78	
15-1047	Accrued Benefits Buyout cash	49,086.92				49,086.92	
15-1048	Retiree Insurance cash	35,561.63				35,561.63	
15-1067	Capital Cash	80,684.56				80,684.56	
15-1068	Chemicals Cash	14,562.72				14,562.72	
15-1069	Debt Service Cash	655,583.59				655,583.59	
15-1090	Petty Cash	150.00				150.00	
15-1240	A/R						
15-1251	A/R		144,289.99	568,771.54	b	424,481.55	
15-1272	Accrued Revenues	1,624,945.00				1,624,945.00	
15-1282	Contra-Billings						
15-1294	Allowance for Doubtful Accts		225,000.00				225,000.00
15-1400	Due From Other Funds						
15-1520-1550	Inventories	345,008.36				345,008.36	
Various	Fixed Assets	68,937,805.22				68,937,805.22	
15-3631	Accumulated Depreciation		27,504,333.87				27,504,333.87
15-2010	Accounts Payable			a	147,698.56		147,698.56
15-2008	Retainage Payable						
15-2220	Accrued Comp Absences		781,573.00				781,573.00
15-2230	Accrued Int Bonds Payable		19,067.39				19,067.39
15-2250	Accrued Payroll						
15-2310	Water Bill Credits Due						
15-2320	Custodied Funds		41,183.06				41,183.06
15-2329	RI Sales Tax	13,565.41		b	7,593.56	5,971.85	
15-2330	Water Resources Board Payable		26,004.81	b	23,954.14	49,958.95	
15-2332	Sundry Deposits		6,863.54				6,863.54
15-2070	New OPEB Liability		231,370.00				231,370.00
15-2500	Due to Other Funds		296,745.80				296,745.80
15-2501	Due to General Fund		500,000.00				500,000.00
15-2502	Due to WPC						0.00
15-2520	Due to Payroll		1,384,113.50				1,384,113.50
15-2705	Res Pub Drinking water		0.05				0.05
15-2720	Bonds Payable		4,140,113.34				4,140,113.34
15-2775	SRF Bonds Payable		915,351.60				915,351.60
15-3110	Net Assets		34,912,483.89				34,912,483.89
15-5132	State Aid		468,302.63				468,302.63
15-5306	Customer Services		44,414.64				44,414.64
15-5333	Public Fire Protection		628,895.06				628,895.06
15-5339	Private Fire Protection		303,294.66				303,294.66
15-5342	Rental of Property		78,099.96				78,099.96
15-5373	Water Penalty		20,978.32				20,978.32
15-5374	Billing Charges		605,339.45	b	68,909.50	664,248.95	
15-5376	Bulk Water Charges		1,235,237.92	b	105,402.71	1,340,640.63	
15-5377	Metered Water Charges		4,690,230.69	b	368,956.30	5,059,186.99	
15-5378	WPC Reimb		268,408.60	b		268,408.60	
15-5495/5748/ Misc.	Revenues		16,758.00	b	2,180.00	18,938.00	
15-5501/5371	Investment Income		56,850.66				56,850.66
15-6002	Transfer In						0.00
15-5599	Water Quality Protection Fees		21,856.93	b	1,775.33	23,632.26	
2200	Administration Expenses	1,589,846.08		97096.98	a	1,686,943.06	
2209	Customer Service Accounts	552,574.65		8983.92	a	561,538.57	
2212	Supply Island	458,369.06		9022.06	a	467,391.12	
2213	Supply Mainland	129,124.22				129,124.22	
2222	Treatment - Newport Plant	1,224,324.92		4239.87	a	1,228,564.79	
2223	Lawton Valley	991,585.79		5176.01	a	996,761.80	
2235	Laboratory	183,889.67		6472.22	a	190,361.89	
2241	Distribution	835411.99		16727.50	a	852,139.49	
2245	Fire Protection	2,920.73				2,920.73	
15-0401	Customer Service Depreciatio	938,129.91				938,129.91	
		79,567,161.36	79,567,161.36	716,470.10	716,470.10	80,131,747.91	80,131,747.91

a-To accrue accounts payable
b-To accrue accounts receivable

Attachment NWD Response to Commission 2-4

I. Rebuttal Adjustments

Administration – Reductions in electricity, allowance for doubtful accounts, consultant fees for debt issuance, self insurance and reduction in Legal and Admin. And Data Processing due to removal of capital and debt service from Water Department and City budgets for the calculation of certain allocations. Allocation of Legal and Admin. and Data Processing costs change as the total Water Department budget changes.

Customer Service – Reduction in Gas and Vehicle Maintenance cost.

Source of Supply Island – Increase in Gas and Vehicle Maintenance cost, a decrease in Contribution to Electricity Restricted account and a reduction in allocation of debt service costs.

Source of Supply Mainland - Decrease in Contribution to Electricity Restricted account

Treatment – Newport Plant - Decrease in Contribution to Electricity Restricted account, increase in Sewer Charge due to rate increase and new CSO Charge, reduction in Gas and Vehicle Maintenance cost.

Treatment – Lawton Valley - Decrease in Contribution to Electricity Restricted account, increase in Sewer Charge due to rate increase, reduction in Gas and Vehicle Maintenance cost.

Transmission & Distribution Maintenance – Decrease in Contribution to Electricity Restricted account, reduction in Gas and Vehicle Maintenance cost.

Contribution to Debt Service Restricted account - Decrease to recognize that debt service on existing and proposed SRF loans would be less than originally anticipated.

II. Final Adjustments

Administration – Allocation of Legal and Admin. and Data Processing costs decreases as the total Water Department budget decreases.

Customer Service – Increase to account for additional costs associated with move to bi-monthly billing.

Contribution to Capital Spending Restricted account – Decrease due to decision to debt fund installation of radio read equipment.

Contribution to Debt Service Restricted account – Decrease based on the premise that Commission will allow transfer of funds from the Repayment to the City Restricted account once repayment obligation is satisfied and transfer of funds from Capital Spending Restricted account in years after the Rate Year.