

**STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION**  
**DOCKET NO. 4025**  
**City Of Newport - Utilities Division - Water Department**  
**Response to**  
**Portsmouth Water & Fire District's Data Requests**  
**Set 4**

**PWFD 4-1:** Please provide a schedule that shows for each month since December 2006 through the current month the following information:

- a. Cash position at end of month.
- b. Outstanding Payables Owed to City
- c. Other payables owed to City
- d. Outstanding Vendor Payables

**Response:** This information is contained in Newport Water's Monthly cash flow reports, which are filed with the Commission and provided to all the parties on the service list.

Prepared by: R Esten

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**PWFD 4-2:** Regarding the MIS system costs in the Cost Allocation Manual, please indicate where in the calculations of the costs or proposed allocations to the Water Division:

- a. Newport has reflected that postage costs for all departments are paid by MIS except the Water Division
- b. Newport has reflected maintenance or license fees that apply to specific functions (i.e. Tree Inventory Software or Fire Department Projector)
- c. Temporary and seasonal costs associated with greeters and the lease/purchase of City Hall copiers has been removed
- d. 45% of the maintenance and hosting costs related to the ERP system are specifically assigned to the School Department
- e. The adjustment for the cost of contracted services that the City has contracted out to the hosting company and is no longer done by City staff is reflected.

**Response:** All below references are to the schedule that was provided as a response in PWFD 1-15 (m).

- a. Postage costs were not removed but have been subsequently removed as part of a schedule that will be submitted with rebuttal testimony.
- b. Fees were removed for Vision Appraisal, Judicial Case Management, Master Mind Traffic Suite, Fire Department SmartPhone and Fire Department Projector in lines 5, 6, 7, 8, and 9, respectively.
- c. Greeter costs were removed in line 3 and Lease Purchase costs were removed in line 10.
- d. The calculation of the ERP costs and school allocation are set forth in the middle of the schedule and are specifically removed in the bottom section of the schedule.
- e. Contracted costs of the ERP system are included in the allocation of ERP costs. The services no longer provided by City staff refers strictly to support provided to the schools.

Prepared by: L. Sitrin

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**PWFD 4-3:** How many of the 150 seasonal employees mentioned on page 103 of the City 2008-09 Budget are Water Division employees?

**Response:** There were five temporary/seasonal employees in the Water Division budget for FY 2008-09. However, these are not FTE employees and the positions have no benefits.

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**PWFD 4-4:** Is Newport still maintaining records that can separately identify and track pumping costs as distinct from treatment expenses? If so, please provide these. If not, please explain if they can be created from other records. Will Newport Water agree to keep these costs separate from the treatment costs?

**Response:** Newport Water is not specifically maintaining records that separately identify and track pumping costs as distinct from treatment expenses. Some costs can be created from other records. Newport Water will agree to keep these costs separate from the treatment costs.

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**PWFD 4-5:** Does the City propose a citizen survey in the rate year like the one done in 2006? If so, please provide any details for that survey.

**Response:** The City Council originally planned to do a survey each year, and a survey is planned for the rate year. However, it now appears that a survey will not be done each year. We have removed the Citizen Survey allocation from the cost allocation as part of our rebuttal testimony.

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**PWFD 4-6:** Please identify the MIS costs outlined in the City's cost allocation manual related to the 45% of the maintenance and hosting costs related to the ERP system that should be specifically assigned to the School Department.

**Response:** See PWFD 1-15 (m) and PWFD 4-2.

Prepared by: L. Sitrin

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**PWFD 4-7:** Please reconcile the total MIS budget on RFC Sch. D of \$1,215,132 with the City's budget of \$1,171,857. Also, what are the support services that are included in the MIS budget? What programs or divisions do these services support?

**Response:** PWFD 1-15 (m) shows the calculation of the numbers to be allocated on RFC Sch. D. Support services are listed on pages 6 and 7 of the Cost Allocation Manual. MIS supports all City Departments and Funds with the exception that the Police Department has an in-house person who provides desk-top support in the Police Department. The City has an extensive communications and systems network with numerous servers, types of lines (i.e. T1, fiber, BANA etc), numerous types and layers of firewalls and protections, all City PC, printer, networked copiers, outside interfaces, phones, phone lines, radio systems, software and hardware.

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**PWFD 4-8:** Referring to page 33, line 16 of Ms. Forgue's prefiled testimony: when were the 5 hydrants purchased? Please provide copies of the purchase orders. What was the amount recovered from insurance and in what revenue account was it placed and in what year?

**Response:** The testimony provided by Ms. Forgue proposed an increase to purchase five additional hydrants. Nowhere did it state these hydrants have already been purchased. Newport has not purchased any new hydrants from this account in the last three fiscal years. Please also see Ms. Forgue's rebuttal testimony on this topic.

Invoicing for repairs/replacement of hydrants damaged as a result of a motor vehicle accident, for which there is a Police Report, is sent out as a sundry bill directly to the vehicle owner. Payments received are accounted for as miscellaneous revenue. Newport Water invoiced and received \$2,221.32 for damaged hydrants in FY 08.

Prepared by: K. Mason

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**PWFD 4-9:** The rate filing includes an attachment for Item 2.9(k). Please confirm that this does not include any fire protection charges (either sprinkler connections or hydrants). Please provide the number of fire sprinkler connections by size for City property and confirm that these are billed based on the approved rate schedule. Also please provide the amounts and dates of public fire protection billings and payments to/from the City of Newport in the test year.

**Response:** Item 2.9(k) does not include any fire protection charges either sprinkler connections or hydrants.

For Test Year 2008, the City was billed a total of \$1,530.50 for 2-6" private fire service connections and \$3,468.84 for 2-8" private fire service sprinkler connections. These bills were calculated as follows:

	6" Sprinkler	8" Sprinkler
Billing Charge	\$ 13.25	\$ 13.25
Docket 3675 rate 2 months	\$114.50	\$ 262.00
Docket 3818 rate 10 months	\$637.50	\$1,459.17
Total	\$765.25 each	\$1,734.42 each

The City of Newport was billed \$396,900.00 for 588 public fire hydrant connections on July 20, 2007; this was paid on July 20, 2007. An additional \$37,749.60 for 10 months of the Docket 3818 rate was billed on October 2, 2007 (\$6.42 per hydrant per month for 10 months). This amount was paid on October 4, 2007.

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**PWFD 4-10:** Please indicate the amount of any Governmental Health Group of Rhode Island (GHGRI) surplus funds that have been either refunded to or credited to the City of Newport or are projected to be refunded to or credited to the City of Newport for FY08 and FY09. Please indicate the amount of any of the GHGRI surplus funds identified above that have been either credited to or are projected to be credited to the Water Division for FY08, FY09 or FY10.

**Response:** There was no surplus distribution in the City's FY08. The City of Newport received a surplus distribution in FY09 of \$108,875.51. The City elected to take it as a credit against future bills to help offset the FY09 rate increase of 15.8%. The City of Newport is scheduled to receive a distribution in FY10 of 136,909.00 which will also be credited to a future invoice. The credited amount reduces ratably the amounts charged in that particular month. The Water Department's share would be approximately 11.6% (based on the April 2009 invoice).

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**PWFD 4-11:** Please indicate the latest GHGRI projected rate increase for the City of Newport's medical insurance and provide a copy of the latest documentation from GHGRI for the increase.

**Response:** GHGRI does not provide us with rate increases; as such, no documentation exists. However Blue Cross Blue Shield has provided us with a projected rate increase of 6.0%. This is as of January 27, 2009. Please see attached file PWFD 4-11 backup for a copy of the documentation.

Prepared by: R Esten

January 27, 2009

Ms. Laura Sitrin  
Finance Director  
City of Newport  
43 Broadway  
Newport, RI 02840

Dear Laura:

In an effort to assist you in your budget preparation/submission for the upcoming year, we are providing you with an illustrative overall account rate adjustment. (Self-insured accounts are responsible for their own claims. Since we do not provide guaranteed rates the illustrative adjustment is provided for your convenience.)

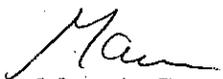
Your overall account's illustrative rate adjustment for the July 2009 renewal is 6.0%. The enclosed sheet breaks out the illustrative adjustment by groups within your account.

The adjustment is based off of our last released illustrative working rates for the July 2008 renewal. In addition, this year's illustrative working rates are based upon: our claims projections for the upcoming year assuming BCBSRI continues to provide prescription drug coverage, administrative cost based upon the current cost plus agreement assuming BCBSRI continues to provide prescription drug coverage, your current specific stop loss pooling point and a projected cost for that stop loss coverage assuming utilizing a preferred stop loss carrier.

Please be aware that various groups within your account may fall above or below this overall adjustment, based upon either their benefit configuration and/or the presence of injured-on-duty coverage. In addition, you may see variations from this percent change between contract type (individual or family) and program type (HealthMate, BlueCHIP or Classic).

The renewal package, which will include illustrative rates by group, will be available for presentation to you beginning on or about April 15th. This projected date will be affected if GHGRI decides to care-out prescription drug coverage. I will call you to schedule an appointment. If you have any questions, please feel free to contact me.

Sincerely,



Marc A. Gagnon  
Manager, Major Accounts

CC: David Faucher, GHGRI; Kevin Walsh, GBSIA

**Governmental Health Group of Rhode Island, Inc.**  
**City of Newport**

BCBSRI 7/1/2009 Renewal Summary

**Overall Account Revenue Adjustment <sup>(1)(2)(3)</sup> 6.0%**

<b>Group#</b>	<b>Group Name</b>	<b>Revenue Adjustment <sup>(1)(3)(4)</sup></b>	<b>WRI Coverage</b>
100646	City of Newport - Police	6.0%	No
100720	City of Newport - Supervisors	6.0%	No
102428	City of Newport Supv-Union	6.0%	No
136	Newport School Dept Non Teaching	6.0%	No
136R	Newport School Dept Non-Teaching Re	6.0%	No
1B289	City of Newport Retirees	6.0%	No
1B290	City of Newport Library	6.0%	No
46	Newport School Department	6.0%	No
46R	Newport School Department Retirees	6.0%	No
6470	City of Newport AFSCME	6.0%	No
6471	City of Newport - Fire	6.0%	No
7219	City of Newport	6.0%	No
M10064	City of Newport - Police	6.0%	No
M10072	City of Newport Supervisors	6.0%	No
M10242	City of Newport Supv-Union	6.0%	No
M1B289	City of Newport Retirees	6.0%	No
M1B290	City of Newport Library	6.0%	No
M46	Newport School Department	6.0%	No
M46R	Newport School Department - Retirees	6.0%	No
M6470	City of Newport	6.0%	No
M6471	City of Newport - Fire	6.0%	No
M7219	City of Newport	6.0%	No

<sup>(1)</sup> As a self-insured account you are responsible for your own claims.

Since we do not provide guaranteed rates, the illustrative adjustment is provided for your convenience.

<sup>(2)</sup> Overall Account Revenue Adjustment does not include Work Related Injury.

<sup>(3)</sup> Revenue Adjustment includes BCBSRI Stop Loss. BCBSRI Stop Loss does not cover WRI.

Estimated BCBSRI Stop Loss renewal increase is based on the book average.

<sup>(4)</sup> Individual group Revenue Adjustments include Work Related Injury (WRI) where indicated.

Underwriting Department  
January 15, 2009

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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 April 30, 2009, and one original to Luly Massaro, Clerk, Rhode Island Public Utilities Commission.

<b>Parties/Address</b>	<b>E-mail Distribution</b>	<b>Phone/Fax</b>
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Dr. Kay Davoodi, P.E. Utility Rates and Studies Office NAVFACHQ- Building 33 1322 Patterson Ave SE Washington Navy Yard, D.C. 20374-5065	<a href="mailto:Khojasteh.davoodi@navy.mil">Khojasteh.davoodi@navy.mil</a>	
	<a href="mailto:Larry.r.allen@navy.mil">Larry.r.allen@navy.mil</a>	202-685-3319 202-433-7159

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<b>File an original and nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:lmassaro@puc.state.ri.us">lmassaro@puc.state.ri.us</a>	401-780-2107 401-941-1691
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/s/ \_\_\_\_\_  
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