



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903  
(401) 274-4400 - TDD (401) 453-0410

*Peter F. Kilmartin, Attorney General*

May 11, 2011

Luly Massaro  
Commission Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**Re: Newport Water Docket 4025 (Miscellaneous Petition for Relief)**

Dear Ms. Massaro:

On April 18, Newport Water (“Newport”) filed with the Commission a Miscellaneous Petition for Relief in Docket 4025. Specifically, Newport is seeking approval to withdraw \$122,032 of restricted funds from the Operating Revenue Account (“ORA”) established by the Commission in Docket 4025. In Order No. 19940 in that docket, the PUC approved a three percent ORA with one-half of that allowance restricted for use only if Newport Water experienced an operating revenue shortfall of greater than 0.5 percent.<sup>1</sup> Newport Water states that actual FY 2010 revenues from rates and charges were \$9,826,320, compared to PUC approved revenues of \$10,797,498, a shortfall well in excess of the level required to withdraw the restricted funds from the ORA account.

The Division issued discovery requests seeking reconciliation between FY 2010 revenues cited in the Petition and those revenues reported to the PUC in Newport’s unaudited quarterly reports. In response to our request, Newport Water explained that the difference was due to audit adjustments largely related to accounts receivable. Additionally, the testimony in Newport Water’s recently filed rate case in Docket No. 4243 showed the contribution to the debt service restricted account in FY 2010 as \$1,282,604 instead of the \$2,010,823 approved in Docket No. 4025. If Newport Water did not make the full required contribution, actual FY 2010 expenses would have been less than revenues and the request to withdraw funds from the ORA account could be argued to be inappropriate. However, in response to another Division discovery request, Newport Water confirmed that the full \$2,010,823 funding requirement was contributed to the debt service restricted account.<sup>2</sup>

Based on the above, the Division has concluded that Newport Water has met the requirements to be allowed to withdraw the monies contributed to the restricted portion of the

---

<sup>1</sup> In its Petition, Newport Water indicates that the revenue shortfall must exceed five percent. However, the PUC order only requires a 0.5% shortfall.

<sup>2</sup> See May 2, 2011 Responses of Newport Water to the Division.

ORA account in FY 2010. Those amounts total \$122,032 including accumulated interest. Therefore, the Division does not oppose Newport Water's Petition. Thank you for your attention to this matter.

Very truly yours,

Thomas Ahern, Administrator  
State of Rhode Island  
Division of Public Utilities and  
Carriers

By his attorney,

A handwritten signature in black ink, appearing to read "Jon G. Hagopian". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Jon G. Hagopian  
Special Assistant Attorney General

cc: Service List (e-mail only)