



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Peter F. Kilmartin, Attorney General

August 10, 2012

Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

**RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
DOCKET NO: 4243**

Dear Ms. Massaro,

Enclosed for filing with the Commission, is an original and nine (9) copies of the Division of Public Utilities and Carriers Comments Regarding the City of Newport, Utilities Division, Water Department's Petition to Amend Multi-Year Rate Plan in the above-entitled matter. I am forwarding an electronic copy to the service list as well.

Sincerely,

Karen Lyons
Special Assistant Attorney General

KL/dmd

Encl.

cc: Service list

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: CITY OF NEWPORT,)
UTILITIES DIVISION,)
WATER DEPARTMENT) **DOCKET NO. 4243**
APPLICATION TO CHANGE)
RATES)

**THE DIVISION OF PUBLIC UTILITIES AND CARRIERS COMMENTS
REGARDING THE CITY OF NEWPORT, UTILITIES DIVISION, WATER
DEPARTMENT'S PETITION TO AMEND MULTI-YEAR RATE PLAN**

Now comes the Division of Public Utilities and Carriers (the "Division"), and hereby submits the within comments in the above entitled matter.

INTRODUCTION

On June 14, 2012, the City of Newport, Utilities Division, Water Division (Newport Water), pursuant to RIGL §39-15.1-4(d), filed a Petition to Amend Multi-Year Rate Plan (the "Rate Plan"). This rate plan was approved on November 29, 2011 by Order No. 20636 in the above-captioned docket. In addition to the initial rate increase that became effective at the time of the Order, the Rate Plan allowed Newport Water to implement three additional rate increases to meet additional debt service requirements in FY 2013, FY 2104 and FY 2015. At the time of the decision in Docket No. 4243, it was anticipated that a rate increase of \$4,272,361 would be required on July 1, 2012 to meet increased debt service requirements in FY 2013. In its Petition, Newport Water seeks approval to delay this second rate increase allowed under its Rate Plan from July 1, 2012 until April 1, 2013. Newport Water indicates that the need for the second increase has been delayed due to changes in the timing of the debt service required to fund the design and construction of the new Lawton Valley Water Treatment Plant and improvements to the Station One Water Treatment Plant. ("Treatment Plant Projects")

DISCUSSION

The Division supports the delay in the effective date of the second rate increase anticipated under Newport Water's multi-year rate plan from July 1, 2012 until April 1, 2013. The Division concurs that a rate increase is not necessary at this time because the increase in debt service requirements anticipated at the time of Order No. 20636 in this docket have been delayed. Therefore, the rate increase is appropriately delayed until April 1, 2013 or other such time as the increased revenues are required. As required by Newport Water's Rate Plan, the Division understands that Newport Water will make a compliance filing no later than January 1, 2013 or three months prior to the requested date that second rate increase allowed under the plan is to become effective.

CONCLUSION

For the foregoing reasons the Division has no objection to the instant Newport Water Petition provided the Commission adopts its recommendation set forth in these comments.

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

By his attorney,



Karen Lyons, Esq. (#6169)
Special Assistant Attorney General
State of Rhode Island
Department of Attorney General
150 South Main Street
Providence, RI 02903

Dated: August 10, 2012