



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
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MEMORANDUM

From: Alberico Mancini
Engineering Specialist

To: Luly Massaro, Clerk
Public Utilities Commission

Date: May 7, 2014

Subject: Docket 4243 Newport Water Multi-Year Rate Plan Compliance Filing

I have reviewed Newport's planned capital expenditures and funding levels in its restricted capital spending account. I also performed a site visit at Newport Water on April 23, 2014 and met with Julia Forgue, Newport Water's Chief Engineer, for the purpose of reviewing Newport's infrastructure needs and associated capital spending plans. As reported by Newport in response to PWFD 1-4, as of 4/10/14, Newport has approximately \$4.5 million in its restricted capital account and should reach about \$5.1 million by fiscal year end 6/30/14. This is the IFR/CIP project account that is funded \$2.5 million/yr in water rates. Newport's CIP plan has approximately \$2 million in remaining expenditures for 2013-14 projects and then has \$5.8 million in planned expenditures slated for 2014-15. These expenditures include two large projects totaling \$4.9 million. The first is the Raw Water Main from Gardiner's Pond to Paradise Pond (\$2 million). This 30-inch concrete raw water line is partially blocked and leaks which reduces the flow from one pond to the other. The project is listed in Newport's Infrastructure Replacement plan submitted to the RI Department of Health in 2005 and was scheduled for construction in 2010. This project has been designed and is ready for bid this summer. The second project is a system-wide water main replacement project (\$2.9 million) which is also designed and ready for bid this summer.

Reducing the \$2.5 million yearly funding level or using a portion of the funds built up in the capital spending account to meet debt service requirements associated with the treatment plants would necessitate a further delay in these projects. Both of these projects could be delayed, but I would recommend against that. Given the age of the distribution system, I believe that Newport needs to continue water main replacement projects without further delay.