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RHODE ISLAND & MASSACHUSETTS

July 13, 2011

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

**Re: City of Newport, Utilities Department, Water Division  
Docket 4243**

Dear Ms. Massaro:

Enclosed please find an original and nine copies of Newport Water's Responses to the Commission's 2<sup>nd</sup> Set of Data Requests.

Please note that an electronic copy of this document has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough Jr.

JAK/kf  
Enclosures

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION  
DOCKET NO. 4243  
Response Of The City Of Newport,  
Utilities Division, Water Department  
To The Public Utilities Commission's  
Data Requests  
Set 2**

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Comm. 2-1: With regard to Newport Water's response to Commission 1-11, the question was not seeking the time spent on all of the reporting requirements as set forth in Ms. Forgue's testimony and repeated in Ms. Tracey's response to the data request. Rather it was seeking an estimate of the staff time required to develop **only** the monthly cash flow narrative and the quarterly statement of cash flows for year-to-date and restricted account analysis, as set forth in Ms. Forgue's testimony on page 22 line 6 and lines 13-14. Please provide a revised estimate. If the time estimate remains the same, please provide a detailed explanation of the reason.

Response: The estimated staff time required to develop only the monthly cash flow narrative remains the same (12-14 hours). No additional time was included in the original estimate for the trial balance because the trial balance is downloaded off the accounting system.

The estimated staff time required to develop the restricted account analysis is about one half hour per month.

The estimated staff time required to develop only the quarterly statement of cash flows for year-to-date is a little more difficult to estimate. The cash flow statement is not prepared in isolation from the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Fund Net Assets Year-to-Date; and the Statement of Revenues, Expenses and Changes in Fund Net Assets Comparative for the Quarter. Information must be gathered from many sources including the trial balance, changes in various accounts for the quarter and year to date, fixed asset schedules, debt service schedules, etc. The cash flows cannot be prepared without first preparing the other three financial statements. I would estimate that this process takes fourteen to eighteen hours per month including rolling forward the financial statement template and entering all the data.

Prepared by: J. Tracey

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Comm. 2-2:            Referencing RFC Schedule A, please break out the monthly,  
quarterly and annual bills by customer class.

Response:            See attached schedule.

Prepared by:        Harold J. Smith

**Newport Water**  
**Docket No. 4243**  
**Response to PUC DR 2-2**

Connection Size	COMMERCIAL		RESIDENTIAL		WHOLESALE
	Monthly	Quarterly	Monthly	Quarterly	Monthly
5/8	99	583	6	10,067	0
3/4	50	173	5	2,214	1
1	144	38	20	343	0
1.5	141	28	21	158	0
2	168	19	33	42	0
3	46	8	10	11	0
4	10	3	1	1	1
5	1	0	0	0	0
6	11	1	1	1	10
8	0	0	1	1	0
10	0	0	0	0	1
	670	853	98	12,838	13

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Comm. 2-3: What percentage of Newport Water's customers are residential? Of these customers, what percentage are billed on a quarterly basis and what percentage are billed on a monthly basis?

Response: 89.4% of Newport Water's customers are residential. 99.2 % of residential customers are billed on a quarterly basis and 0.8% are billed on a monthly basis.

Prepared by: J. Tracey

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Commission 2-4: With regard to Newport Water's response to Commission 1-12 and its Notice of Filing and Change of Rate Schedules, does Newport Water agree that customers could experience three rate changes in less than a 12-month period? Does Newport Water have any suggestions of how the number of rate changes could be reduced in order to avoid customer confusion?

Response: Yes, it is possible that customers could experience three rate changes in less than a 12-month period. One way of reducing the number of changes would be to use revenue requirements projected for FY 2014 for the cost of service filing instead of revenue requirements for FY 2013 as proposed in the response to Commission 1-12.

Prepared by: Harold J. Smith

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COMM. 2-5: In response to Commission 1-16, Newport Water provided two labor contracts that expired on June 30, 2009.

- a. Please provide the current status of labor negotiations for each union (more detailed than "nearing completion" as stated in Ms. Forgue's direct testimony.
- b. What is the likelihood that for each union, a labor contract will be negotiated and made effective during the rate year?
- c. Please provide the basis for continuing to fund the restricted "Payroll" account that was set up in Docket No. 4025.

Response:

- a. Unfortunately, I cannot provide any more detail. The negotiations are underway between the City Administration and the respective Union representatives. I do not have any additional information regarding the status at this time. If more information becomes available during the course of this docket, I will update this response.
- b. I cannot answer this question with any certainty except to indicate the City is hopeful contracts with each union (NEA and AFSCME) will be established in FY2012.
- c. Newport's expired labor contracts have not been finalized. However, based on past history, it is likely that retroactive pay increases will have to be paid when they are finalized. Also in Fiscal 2012, Newport Water will need an additional \$1,605 per month for salary increases to the four non-union positions (Director of Utilities, Deputy Director of Utilities – Finance, Deputy Director of Utilities – Engineering, and Supervisor Water Quality and Production). Thus, Newport proposes that the monthly deposit to this account continue but be reduced by \$1,605. This money can then be used to cover the non-union salary increases. Newport would also request that it be allowed to withdraw an amount that would cover these non-union increases from July 1, 2011 up to the time the Commission issues a decision on this issue. Thus, Newport proposes to continue restricting the balance of this account, plus any future contributions (minus the proposed \$1,605) until the contracts are settled. If they are finalized during the

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litigation of this Docket, Newport will notify the Commission and seek to un-restrict the amount necessary to make any retroactive payments. Newport will also provide a recommendation for using the balance of the funds, if there are any. If the contracts are not finalized during this Docket, Newport will file a petition with the Commission seeking an order on the disposition of the funds at the appropriate time.

Prepared by: J. Fogue

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COMM. 2-6: Question: For each of the increases for cost of living adjustments ("COLA") cited in Ms. Forgue's direct testimony, please provide documentation or references to the appropriate labor contract requiring such increases after June 30, 2009.

Response: There is no documentation or references in the expired labor contracts requiring COLA increases after June 30, 2009. Since the contracts are expired, there are no COLAs currently in place. However, when the new contract is negotiated, COLAs may be included. In addition, in the past, Newport has had to make retroactive COLA payments for the time period between the expiration of the labor contracts and the implementation of a new contract.

Prepared by: J. Forgue

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Comm. 2-7: Why is postage and delivery expected to increase by more than 50% in the rate year?

Response: Postage and delivery is expected to decrease from \$35,300 in Docket 4025 to \$32,800 in the rate year, a 7.1% decrease (see RFC Schedule 2 line 50 238).

Prepared by: J. Tracey

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COMM. 2-8: Referencing Senate Bill 615 and House Bill 6948 as Amended, addressing hydrant fees, what are Newport Water's plans if the bills become law and the City of Newport passes complying ordinances?

Response: At this time we do not anticipate the City will pass an ordinance to prohibit hydrant fees in accordance with S 0615 and H 5948, as amended for FY 2012. The budget and tax rate for FY 2012 have been established. If in a future fiscal year an ordinance is passed, Newport Water would file an application to adjust rates accordingly.

Prepared by: J. Fogue

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**CERTIFICATION**

I hereby certify that on July 12, 2011, I sent by electronic mail a copy of the within to Service List herein below, and mailed one original and nine copies to Luly Massaro, Clerk, Rhode Island Public Utilities Commission.

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