

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 3

Comm. 3-1: Referencing the South Easton Pond Dam Repairs Improvements, please explain how the "Braga Park Pedestrian Ramp & Public Access Improvements" and "Reinforced Stone Dust Walkway" are necessary for the delivery of safe and potable water by Newport Water.

Response: South Easton Pond is a raw water supply for the Newport water system and is maintained by the Newport Water Division. The South Easton Pond dam is comprised of earthen embankments on the four sides which creates the impoundment. The total dam length is 9,715 feet and was constructed in the 1870's. The current Dam Repairs and Improvements project includes repair to 1,080 linear feet of the north embankment and 2,200 linear feet of the west embankment that were severely damaged during a storm in April 2007.

A man-made earthen channel, the moat, encircles three sides of South Easton Pond and hydrologically separates the pond from much of what would be the natural watershed. Thus the moat prevents untreated run-off from the highly urbanized surrounding area from entering and polluting the pond. The moat eventually discharges to Easton Beach. The moat while protecting water quality also creates a situation that limits access to the earthen embankments, especially by Newport Water staff who are required to access the entire dam length for routine inspections, maintenance and repairs. Access to the embankments is particularly critical during significant storms and flooding events, where the City's Emergency Action Plan requires monitoring and inspections of the embankments to ensure they are not damaged during high water, wave action or other storm conditions.

If any such damage is observed during a storm event, it is imperative that Newport Water Staff have ready access to cross the moat channel to undertake appropriate measures to stabilize/reinforce the embankments. Currently, the only means of access over the moat channel is from the Station 1 treatment plant, which is approximately 4,250 feet to the south end of the west embankment and approximately 7,000 feet to the east end of the south embankment. Mobilizing sand bags or other materials over this distance during a storm event could require numerous trips,

RECEIVED

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and when such trips are made when the embankment is wet, and potentially saturated, from rain and high impoundment levels. This foot traffic, as well as small equipment tracks, can significantly damage the embankment unless appropriate reinforced surfaces are provided.

The embankments are being repaired/improved to increase the embankment crest width from approximately five (5) feet to twelve (12) feet to accommodate equipment used for maintenance and future potential repairs. This is a minimum width recommended by recognized dam safety design standards, including the Army Corps of Engineers. The current project includes construction of a compacted gravel base across the full width of the embankment crest for support of large heavy equipment. The gravel will be covered with topsoil and turf flanking a reinforced stone dust pathway for Newport Water staff on foot and operating smaller maintenance equipment.

In addition to these access reinforcement/erosion protection provisions, two access bridges are to be constructed, one from Ellery Road to the central portion of the north embankment and another from Old Beach Avenue to the south end of the west embankment. Prior to the 2007 storm which damaged the embankments there were crude bridges across the moat in the general area of the proposed access bridges that staff and the general public used to access the embankments. The proposed bridges shorten the distance to any portion of the north embankment to less than 650 feet, to any portion of the west embankment to less than 750 feet, and shortens the distance to the east end of the south embankment to less than 3,400 feet. These bridge access locations and reinforced embankment crest are critical elements to Newport Water staff's access to the embankments for normal inspections and maintenance, and more critically, emergency inspections and stabilization measures that may be required during a storm event. These provisions allow proper inspections, maintenance and emergency access and are instrumental to the Newport Water Divisions' responsibility to ensure the protection and continued delivery of safe and potable water to its ratepayers.

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Prepared by: J. Forgue

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Comm. 3-2: Please explain the process that is used to create the one-page Monthly Cash Flow Narrative and account for the 12-14 hours of personnel time related to same.

Response: The estimated 12-14 hours of personnel time is for the preparation and review of the entire three page monthly cash flow report which includes the trial balance, the monthly cash flow reconciliation and the narrative. The City's books and record for enterprise fund are maintained on the accrual basis of accounting. Certain procedures are required to convert information to the cash basis.

The information provided in the narrative that is not dependent on the monthly cash flow reconciliation, which includes disclosure of the total amounts paid to the City and outside vendors in the month, as well as the aged amounts payable at month end, is readily available. This narrative information could be prepared in less than an hour each month.

Prepared by: J. Tracey

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Comm. 3-3: Please update the response to Commission 1-3 regarding workers compensation premium.

Response: The City received the invoice from the R.I. Interlocal Trust, and Newport Water's share of the invoice has been set at 39% by the Trust. In addition to the annual premium, there are additional claim costs that the Trust bills each quarter. Therefore, workers compensation costs should be increased from \$71,000 to \$85,000. See attached schedule, invoice and email.

Prepared by: Joan Tracey

CITY OF NEWPORT – UTILITIES DEPARTMENT- WATER DIVISION
Docket No. 4243
Response to Commission’s Data Requests Set 3

Workers Compensation Rate Year Expense

	City Total	Water's Share 39%
Per Invoice:		
Premium	240,032	93,612
TOPS W/C Dividend	(23,126)	(9,019)
TOPS W/C Bonus Dividend	<u>(2,313)</u>	<u>(902)</u>
	<u>\$ 214,593</u>	\$ 83,691
Estimated Additional claim expenses		<u>1,309</u>
		<u>\$ 85,000</u>

invoice

R.I. INTERLOCAL RISK MANAGEMENT TRUST
 501 WAMPANOAG TRAIL, SUITE 301 (401) 438-8511
 EAST PROVIDENCE, RI 02915

INVOICE NUMBER: **13681**

PAGE: **1**

7-18-11
Order # 16092
ES

SOLD TO: **Laura Sitrin**
City of Newport
Finance Director
City Hall - 43 Broadway
Newport, RI 02840

CUSTOMER ID	CUSTOMER PO	SALES REP ID
NEWPCIT		
PAYMENT TERMS	INVOICE DATE	DUE DATE
Net 75 Days	Jul 15, 2011	9/28/11
DESCRIPTION		AMOUNT
Workers' Compensation Insurance Premium Contribution FY11-12		\$240,032.00
TOPS W/C Dividend		\$-23,126.00
TOPS W/C Bonus Dividend		\$-2,313.00
<p>Premium contributions are payable in two installments: 50% within 30 days and 50% within 60 days from the date of the original invoice. Late payment interest accrues on any outstanding balance at a rate of 12% per annum, commencing 75 days after the original invoice date.</p>		<p>Subtotal \$214,593.00</p> <p>Sales Tax</p> <p>Total Invoice Amount \$214,593.00</p> <p>Payment Received 0.00</p> <p>TOTAL DUE \$214,593.00</p>

Please return yellow invoice copy with payment.

Tracey, Joan

From: Sitrin, Laura
Sent: Wednesday, August 24, 2011 1:25 PM
To: Tracey, Joan
Subject: FW: Liability and Workers Compensation premium allocation PY 11-12; Newport City

Laura L. Sitrin, CPA
Director of Finance

From: Michael Riccitelli [mailto:mriccitelli@ritrust.com]
Sent: Wednesday, August 24, 2011 1:15 PM
To: Sceppa, Elizabeth; Sitrin, Laura
Cc: Michelle Auclair; Stephanie Banister
Subject: Liability and Workers Compensation premium allocation PY 11-12; Newport City

Laura/Elizabeth:

Laura as discussed today I have calculated the estimated allocation of the liability premium for the Water Department. As illustrated below the Water fund budget represents about 19% of the total budget and the corresponding Liability premium for PY 11-12 is \$83,971.

PY 2011-12 Liability Premium:	\$389,785
Excess Liability Premium:	\$52,168
Total Liability Premium:	\$441,953

Water Budget to General Budget %:	19%
Estimated Water Fund Premium PY 11-12:	\$83,971.12

Regarding the allocation of the Workers Compensation premium for PY 11-12, the water department payroll represents approximately 25% of the total payroll (\$8,407,727) reported for PY 11-12. However the estimated W/C premium, for the water department, is \$93,614 which is 39% of the total billed premium of \$240,032.

Let me know if you have any questions regarding the allocation estimates for PY 11-12.

Regards,
Mike
Michael R. Riccitelli, AAI
Underwriting Analyst



501 Wampanoag Trail, Suite 301
East Providence, RI 02915

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Comm. 3-4: Please update the response to Commission 1-10 regarding fire and liability insurance premiums. Commission 1-10 Question was "Please provide documentation from the Rhode Island Interlocal Trust supporting the Fire and Liability Insurance"

Response: Based on the 2012 premium assessed by the Interlocal Trust rate year property and liability insurance expense (which is named "Fire and Liability Insurance in budget line item 50 239) should be increased to \$126,517. See attached schedule, Invoice and premium allocation.

Prepared by: J. Tracey

CITY OF NEWPORT – UTILITIES DEPARTMENT- WATER DIVISION

Docket No. 4243

Response to Commission's Data Requests Set 3

Property and Liability Insurance

	Docket 4025	Actual FY 2010	Actual FY 2011	AMEMDED FY 2012
Administration	\$ 86,000	\$ 71,862	\$ 76,404	\$ 76,468
Station One	\$ 12,700	\$ 10,496	\$ 10,706	\$ 12,687
Lawton Valley	\$ 13,600	\$ 11,239	\$ 11,464	\$ 18,614
Distribution	\$ 2,400	\$ 1,983	\$ 2,023	\$ 18,748
	<u>\$ 114,700</u>	<u>\$ 95,580</u>	<u>\$ 100,596</u>	<u>\$ 126,517</u>

Premiums:

First American - Flood Insurance	\$ 4,549	\$ 4,641	\$ 4,864
RI Interlocal Trust Invoice	\$ 91,032	\$ 95,956	\$ 121,653
	<u>\$ 95,581</u>	<u>\$ 100,597</u>	<u>\$ 126,517</u>

invoice

R.I. INTERLOCAL RISK MANAGEMENT TRUST
 501 WAMPANOAG TRAIL, SUITE 301 (401) 438-6611
 EAST PROVIDENCE, RI 02915

INVOICE NUMBER: 13812

PAGE: 1

SOLD TO: **Laura Sitrin**
City of Newport
Finance Director
City Hall - 43 Broadway
Newport, RI 02840

CUSTOMER ID	CUSTOMER PO	SALES REP ID
NEWPCIT		
PAYMENT TERMS	INVOICE DATE	DUE DATE
Net 75 Days	Aug 11, 2011	10/25/11
DESCRIPTION	AMOUNT	
Liability & Property Insurance Premium Contribution PY11-12	\$678,708.00	
Excess Liability Insurance Premium Contribution for coverage in excess of \$1 million PY11-12	\$52,168.00	
Skate Park Liability Endorsement Premium Contribution PY11-12	\$100.00	
Special Exclusion Endorsement Premium Contribution PY11-12	\$77.00	
TOPS P&L Dividend	\$-33,186.00	
TOPS P&L Bonus Dividend	\$-3,319.00	
Premium contributions are payable in two installments: 50% within 30 days and 50% within 60 days from the date of the original invoice. Late payment interest accrues on any outstanding balance at a rate of 12% per annum, commencing 75 days after the original invoice date.	Subtotal	\$694,548.00
	Sales Tax	
	Total Invoice Amount	\$694,548.00
	Payment Received	0.00
	TOTAL DUE	\$694,548.00

Please return yellow invoice copy with payment.

CITY OF NEWPORT – UTILITIES DEPARTMENT- WATER DIVISION

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Property and Liability Insurance - Allocation Of Interlocal Trust Invoice to the Water Division

		Premium						
	Value	Total City	Total Water	Admin 2200	Sta I 2222	LV 2223	Distribution 2241	
Public Utilities Office	70 Halsey St	\$ 743,100	\$ 767	\$ 767	\$ 767			
Water Treatment Plant	100 Bliss Mine Road	12,207,400	12,606	12,606		\$ 12,606		
Pump House	Paradise Ave/Hanging Rock Rd	141,864	146	146		\$ 146		
Pump House Vacant (Nonquit)	Pond Bridge Rd/Main Rd	456,000	471	471		\$ 471		
Ground Water Tank	2154 West Main Road	1,788,800	1,847	1,847		\$ 1,847		
Water Treatment Plant	2154 West Main Road	12,468,600	12,876	12,876		\$ 12,876		
Raw Water Pumphouse	2154 West Main Road	1,035,600	1,069	1,069		\$ 1,069		
Pump Station	2154 West Main Road	494,300	510	510		\$ 510		
Residual Pump Station	2154 West Main Road	870,900	899	899		\$ 899		
Pump Station	Pond Bridge Rd/Main Rd	1,275,800	1,317	1,317		\$ 1,317		
Pump Station	Forest Ave/West Main Rd	682,600	705	705			\$ 705	
Ground Water Tank	Goulart Lane/East Main Rd	1,341,600	1,385	1,385			\$ 1,385	
Pump House	Union St/East Main Rd	153,009	158	158			\$ 158	
Ground Water Tank	Reservoir Rd/Wolcott Ave	2,598,500	2,683	2,683			\$ 2,683	
All Other city Property excluding Vehicles		136,999,437	141,476					
Total excluding Vehicles		<u>\$ 173,257,510</u>	178,919	37,443	\$ 767	\$ 12,753	\$ 18,991	\$ 4,932
Vehicles		162,172	16,547	\$ 542	\$ 602	\$ 602	\$ 14,802	
Total Property Insurance		341,091	53,990	\$ 1,309	\$ 13,354	\$ 19,592	\$ 19,734	
Liability Insurance	Per email - 19% to Water (The email included the excess liability twice)	389,785	74,059	\$ 74,059				
	Total Premium for 2012	730,876	128,049	\$ 75,368	\$ 13,354	\$ 19,592	\$ 19,734	
			18%	59%	10%	15%	15%	
TOPS P&L Dividend		(33,186)						
TOPS P&L Dividend		<u>(3,319)</u>						
		<u>(36,505)</u>	<u>(6,396)</u>	<u>(3,764)</u>	<u>(667)</u>	<u>(979)</u>	<u>(986)</u>	
Property and Liability Ins, net of dividend		<u>\$ 694,371</u>	<u>\$ 121,653</u>	<u>\$ 71,604</u>	<u>\$ 12,687</u>	<u>\$ 18,614</u>	<u>\$ 18,748</u>	
Per Invoice		\$ 678,708						
		\$ 52,168						
		\$ (33,186)						
		\$ (3,319)						
		<u>\$ 694,371</u>						

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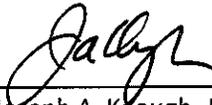
CERTIFICATION

I hereby certify that on August 31, 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.

Parties/Address	E-mail Distribution	Phone/Fax
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