

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT WATER :  
DIVISION APPLICATION TO : DOCKET NO. 4243  
CHANGE RATE SCHEDULES :

**ORDER**

**(Miscellaneous Petition For Relief - Un-restrict Portion of Salary Increase Account)**

On August 14, 2013, the City of Newport, Utilities Department, Water Division (“Newport Water”) filed with the Public Utilities Commission (“PUC”) a Miscellaneous Petition for Relief (“Petition”) requesting permission to un-restrict funds in the restricted Salary Increase Account in order to cover the retroactive increases resulting from recently negotiated labor contracts. In support of its Petition, Newport Water submitted the direct testimony of Julia Fogue, P.E., Director of Utilities.

In Docket No. 4025, a general rate case, Newport Water’s labor contracts were set to expire on or before June 30, 2009. In that case, Newport Water included three percent (3.0%) salary increases for executive, administrative, and professional employees and a three and a half percent (3.5%) salary increase for the other employees in the rate year. According to its calculations, the total increase would be \$91,213.88 in the rate year. Consistent with its past practice, the PUC ordered the projected increase to be restricted until such time as the labor agreements were finalized in the event the projected funding was excessive. The PUC also directed that any amounts in excess of the projected increases in the rate case should remain restricted until further order of the PUC.<sup>1</sup>

On November 29, 2011, in this matter, Docket No. 4243, the PUC approved a Settlement Agreement in which Newport Water, the Division of Public Utilities and Carriers (“Division”), and Portsmouth Water and Fire District (“PWFD”) agreed to

continue the funding in the revenue requirement, albeit at a lower rate. The parties agreed that the account should still be funded so that, when the labor negotiations were completed, Newport Water would have funds available to meet retroactive payroll obligations, if any. The parties further agreed that monthly funding of the account would be reduced by \$283, from \$91,214 to \$80,931. The purpose of the reduction was to allow Newport Water to utilize that amount to meet other, non-union payroll increases in the rate year.<sup>2</sup>

In her direct testimony, Ms. Forgue explained that with the finalization of the labor contracts, Newport Water was required to make retroactive payments totaling \$176,710.76 to union employees during Fiscal Year (“FY”) 2013.<sup>3</sup> In addition, there would be a 1.8% salary increase effective July 1, 2013 for FY 2014.<sup>4</sup> Therefore, she explained that Newport Water has requested authority to withdraw the amount of retroactive pay and to prospectively reduce the annual funding of the restricted account in order to pay the prospective salaries in FY 2014.<sup>5</sup> Because the amount needed to meet the terms of the labor contracts will be \$2,188,830 in FY 2014 while the salary and wage allowance granted in Docket No. 4243 was \$2,224,547, Newport Water has proposed to continue funding the restricted account in the amount of \$2,976.42 per month resulting in an approximate \$208,000 surplus through the end of FY 2014.<sup>6</sup> Ms. Forgue advised that Newport Water would file another petition with the PUC at the end of FY 2014 with a proposal for the disposition of the funds.<sup>7</sup>

---

<sup>1</sup> Order No. 19940 (issued March 29, 2010).

<sup>2</sup> Order No. 20636 (issued February 3, 2012).

<sup>3</sup> Forgue Test. at 3-4.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 4-5.

On August 30, 2013, the PWFD, a party to the instant docket, filed its response to the Petition, stating that it had no objection to the proposed transfer of \$176,710.76 from the Salary Increase Account. Furthermore, PWFD agreed with the continued restriction of \$2,976.42 per month into the Salary Increase Account for further disposition as ordered by the PUC. After a brief period of discovery exchange with Newport Water, the Division of Public Utilities and Carriers (“Division”) filed a letter with the PUC on September 20, 2013. In its letter, the Division’s legal counsel advised the PUC that the Division did not object to Newport Water’s request.<sup>8</sup>

At an open meeting held on September 24, 2013, the PUC considered the filings and granted Newport Water’s request to un-restrict \$176,710.76, the funds necessary to meet its contractual obligations as outlined in the direct testimony of Ms. Forgue. Newport Water shall continue to fund the Salary Increase Account in the amount of \$2,976.42 per month. Any further disposition of the Salary Increase Account shall be subject to further review and order of the PUC.

According, it is hereby

(21247) ORDERED

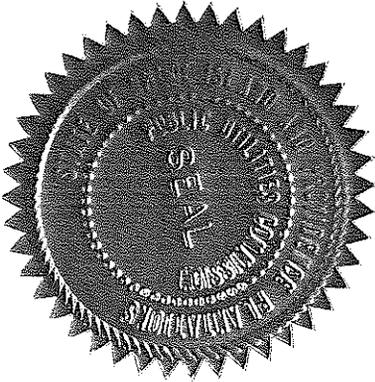
1. The City of Newport, Utilities Department, Water Division’s Miscellaneous Petition filed on August 14, 2013 is hereby approved.
2. The City of Newport, Utilities Department, Water Division shall continue to restrict \$2,976.42 per month in the restricted Salary Increase Account.
3. City of Newport, Utilities Department, Water Division shall comply with all other findings and instructions as contained in this Order.

---

<sup>8</sup> The Navy indicated through legal counsel at the scheduling conference in this matter that it did not anticipate objecting to the instant Petition.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 24, 2013. WRITTEN ORDER ISSUED NOVEMBER 15, 2013.

PUBLIC UTILITIES COMMISSION



A handwritten signature in cursive script, reading "Margaret E. Curran", written over a horizontal line.

Margaret E. Curran, Chairperson

A handwritten signature in cursive script, reading "Paul J. Roberti", written over a horizontal line.

Paul J. Roberti, Commissioner

A handwritten signature in cursive script, reading "Herbert F. DeSimone", written over a horizontal line.

Herbert F. DeSimone, Commissioner

**NOTICE OF RIGHT OF APPEAL** PURSUANT TO R.I. GEN. LAWS § 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) DAYS FROM THE DATE OF THE ORDER, PETITION THE SUPREME COURT FOR A WRIT OF CERTIORARI TO REVIEW THE LEGALITY AND REASONABLENESS OF THE DECISION OR ORDER.