

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 October 30, 2014, 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 withdraw funds from the restricted Salary Increase Account in order to cover the projected shortfall in revenues to cover the salaries and wages in Fiscal Year 2015. Newport Water further requested permission to discontinue funding the account going forward. In support of its Petition, Newport Water submitted the direct testimony of Julia Forgue, P.E., Director of Utilities.¹

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 salary increases for executive, administrative, and professional employees and a 3½ 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.²

¹ Pet. of Newport Water and Test. of Forgue (Oct. 30, 2014).

http://www.ripuc.org/eventsactions/docket/4243-NWD-PetitionRelief_10-31-14.pdf.

² Order No. 19940 (Mar. 29, 2010).

On November 29, 2011, 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.³

On September 24, 2013, following the execution of new labor contracts, the PUC approved a request by Newport Water to un-restrict \$176,710.76 from the restricted Salary Increase Account equal to the funds necessary to meet Newport Water's new contractual obligations, including the payment of retroactive increases. Newport Water was required to continue funding the Salary Increase Account in the amount of \$2,976.42 per month, a reduction from the original amount. Any further disposition of the Salary Increase Account was to be subject to further review and order of the PUC.⁴

Discussing the instant matter, Ms. Forgue explained that Newport Water's total salaries and wages for FY 2015 have increased to \$2,234,093 based on a 2% cost of living adjustment included in the labor contract. She noted that in the general rate filing in this docket, the PUC approved a salary and wage allowance of \$2,224,547. According to Ms. Forgue, because the approved level of funding was lower than the actual FY 2015 salary and wage expense, funding of the restricted account is no longer necessary. In

³ Order No. 20636 (Feb. 3, 2012).

⁴ Order No. 21247 (Nov. 12, 2013).

addition, because the funding level is below the actual FY 2015 expense, she requested permission to withdraw the difference, or \$9,546, from the restricted Salary Increase Account. She indicated that the balance in the restricted Salary Increase Account could be used to fund any FY 2016 salary increases and/or to offset a future rate increase. Regardless of the proposed disposition of those funds, Ms. Forgue stated that Newport Water would seek PUC approval of any future proposal.⁵

On December 18, 2014, the Division filed a letter outlining Newport Water's request and stating that it had no objection to either the request to discontinue funding the restricted account nor the request to withdraw funds to make up the difference between the annual salary and wages allowance and the actual forecasted expense.⁶ On December 19, 2014, Portsmouth Water and Fire District submitted a letter indicating that it had no objection to the two requests based on the fact that the funds are now required to meet the actual costs and any further disposition of the restricted account balance would be subject to further review of the PUC with an opportunity for comment by the parties to the docket.⁷ The Navy did not file comments.

According, it is hereby

(21876) ORDERED

1. The City of Newport, Utilities Department, Water Division's Miscellaneous Petition filed on October 30, 2014 is hereby approved, with

⁵ Test. of Forgue, 3-4. See Newport Water's responses to PUC and Division data requests (clarifying the amount to be withdrawn from the restricted account and providing supporting documentation for the increased salary and wage costs). http://www.ripuc.org/eventsactions/docket/4243-NWD-DR-PUC-DPU1_12-4-14.pdf.

⁶ Letter from Karen O Lyons, Esq. to Luly Massaro, Clerk (Dec. 18, 2014). http://www.ripuc.org/eventsactions/docket/4243-DPU-Position_12-18-14.pdf.

⁷ Letter from Adam Ramos, Esq. to Luly Massaro, Commission Clerk (Dec. 19, 2014).

the clarification that only \$9,546 will be withdrawn from the restricted Salary Increase Account to cover FY 2015 salaries and wages.

2. The City of Newport, Utilities Department, Water Division shall seek Public Utilities Commission approval before withdrawing any additional funds from the restricted Salary Increase Account.
3. The City of Newport, Utilities Department, Water Division shall comply with all other findings and instructions as contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 23, 2014. WRITTEN ORDER ISSUED APRIL 20, 2015.

PUBLIC UTILITIES COMMISSION




Margaret E. Curran, Chairperson

Paul J. Roberti, Commissioner*


Herbert F. DeSimone, Commissioner

*Commissioner Roberti concurs but is unavailable for signature.

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.

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ERRATA ORDER

Whereas, Pursuant to Rule 1.28(a) of the Rhode Island Public Utilities Commission's (PUC) Rules of Practice and Procedure, the PUC through this notice of erratum corrects "clerical mistakes" contained in PUC Order No. 21876, previously issued in this docket, on April 20, 2015; and

Whereas, Page 2, line 7, reads:

“that monthly funding of the account would be reduced by \$283, from \$91,214 to \$80,931.”

is hereby corrected to read:

“that monthly funding of the account would be reduced by \$10,283, from \$91,214 to \$80,931.”

Accordingly, it is

(21900) ORDERED:

That the corrections described herein are adopted by the PUC and shall constitute permanent amendments to Order No. 21876 issued in Docket No. 4243.

DATED AND EFFECTIVE AT WARWICK, RHODE ISLAND, ON MAY 6,
2015.

PUBLIC UTILITIES COMMISSION




Margaret E. Curran, Chairperson


Paul J. Roberti, Commissioner


Herbert F. DeSimone, Commissioner