

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

DOCKET NO: 4243

CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S
MISCELLANEOUS PETITION FOR RELIEF

Now comes the City of Newport, Utilities Department, Water Division ("Newport Water" or "Newport") and hereby seeks permission to withdraw \$74,400.79 from its restricted Salary Increase Account to cover salary increases for Fiscal Year 2016. In support of its Petition, Newport Water relies on the testimony of Julia Fogue, P.E. incorporated herein and attached hereto.

WHEREFORE, the City of Newport, Utilities Department, Water Division, prays that the Rhode Island Public Utilities Commission grant the relief sought herein and all other relief it deems meet and just.

City of Newport,
Utilities Department,
Water Division,
By its attorney,



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CERTIFICATION

I hereby certify that on June 10, 2016, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.¹

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¹ The service list is the one established in Newport's most recent PUC Filing, Docket 4595.

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City of Newport Department of Utilities



DIRECT TESTIMONY
OF
JULIA FORGUE, P.E.
IN SUPPORT OF
THE CITY OF NEWPORT, UTILITIES DEPARTMENT,
WATER DIVISION'S
MISCELLANEOUS PETITION FOR RELIEF

JUNE 10, 2016

1 **I. INTRODUCTION**

2 **Q. Please provide your full name, title and business address for the record.**

3 A. Julia Forgue, P.E. I am employed by the City of Newport where I serve as Director of
4 Utilities. My business address is 70 Halsey Street, Newport, RI.

5

6 **Q. How long have you held this position?**

7 A. I began my employment with the City of Newport on March 12, 2001 as Director of
8 Public Works. While Director of Public Works, I also served as the General Manager of
9 the Water Division. The City of Newport finalized a reorganization of City Departments
10 in December 2007, and I am now the Director of Utilities.

11

12 **Q. What responsibilities do you have as Director of Utilities with regard to the**
13 **Newport Water System?**

14 A. I serve as general manager of the water and water pollution control divisions. I plan,
15 organize and direct the Water Division's activities. I direct and oversee the work of
16 supervisors on administrative and technical issues conforming to a policy framework
17 established by the City as well as State and Federal agencies.

18

19 **Q. Can you provide a brief description of your work experience?**

20 A. Prior to working for the City of Newport, I was employed by the City of East
21 Providence, Rhode Island for fourteen years. In the last eleven years I managed the
22 water division as Director of Public Works. The City of East Providence purchases water
23 wholesale from Providence Water and operates and maintains its own transmission and
24 distribution system with approximately 15,000 services. Before working for the City of
25 East Providence, I was a project engineer at consulting firms in Colorado and New
26 Hampshire.

1 **Q. What is your educational background?**

2 A. I received a B.S. in Civil Engineering from Northeastern University in 1981, and a M.S.
3 in Civil Engineering from the University of Colorado at Boulder in 1982. I am a registered
4 Professional Engineer in Rhode Island and New Hampshire.

5

6 **Q. Do you have any professional affiliations?**

7 A. Yes, I am a member of the American Water Works Association, New England
8 Waterworks Association and the Rhode Island Waterworks Association. I served as
9 President of the RIWWA from December 2001 to December 2003. I am also a member
10 of the Water Environment Association.

11

12 **Q Please describe your role in this proceeding?**

13 A. To support Newport Water's Miscellaneous Petition For Relief in Docket 4243.

14

15 **Q. Please provide an overview of the relief Newport seeks in its Miscellaneous**
16 **Petition?**

17 A. Newport seeks to withdraw \$74,400.79 from its restricted Salary Increase Account to
18 cover salary increases for FY 2016.

19

20 **II. HISTORY OF RESTRICTED SALARY INCREASE ACCOUNT**

21 **Q. Can you provide some history on the restricted Salary Increase Account?**

22 A. Yes. In Docket 4025, the City of Newport, Utilities Department, Water Division
23 ("Newport Water" or "Newport") requested an increase for salaries and wages.
24 Newport Water estimated the increase because its labor contracts had expired, and it
25 did not know the exact salary increase it would ultimately negotiate. The Rhode Island
26 Public Utilities Commission ("Commission") granted Newport Water's salaries and

1 wages increase request, but restricted the increase until Newport negotiated new labor
2 contracts.

3

4 In Docket 4243, the parties reached a Settlement Agreement that continued this
5 restricted Account. However, the parties agreed to reduce the annual funding from
6 \$91,214 to \$80,931. The Commission approved this Settlement Agreement and ordered
7 Newport to continue funding the restricted Salary Increase Account.

8

9 **Q. Has Newport ever requested permission to withdraw funds from this restricted**
10 **Account?**

11 A. Yes. Newport filed two previous Miscellaneous Petitions seeking permission to
12 withdraw funds from the restricted Salary Increase Account. Newport filed the first
13 petition on August 14, 2013 after it finalized contracts with its two labor unions.
14 Newport sought permission to withdraw \$176,710.76 from the restricted Salary
15 Increase Account to cover retroactive increases resulting from the new labor contracts.
16 Newport also proposed to continue funding the Salary Increase Account to cover future
17 salary increases provided for in the new labor contracts. Newport's total salaries and
18 wages in FY 2014 was \$2,188,830, and the total salary and wage allowance granted in
19 Docket 4243 was \$2,224,547. Thus, Newport requested permission to fund the Salary
20 Increase Account with the excess \$35,717.

21

22 **Q. Did the Commission grant Newport's request?**

23 A. Yes. In Order No. 21247, the Commission allowed Newport to withdraw \$176,710.76
24 from the restricted Salary Increase Account to cover retroactive increases, and to
25 continue funding the restricted Salary Increase Account in the amount of \$35,717
26 annually. Newport advised the Commission that it would file another petition following

1 the conclusion of FY 2014 regarding the remaining funds in the restricted Salary Increase
2 Account.

3

4 **Q. Did Newport file this second petition?**

5 A. Yes. On October 30, 2014, Newport filed a petition to unrestrict \$9,546 of the balance
6 in the restricted Salary Increase Account and to discontinue funding this Account.

7

8 **Q. Why?**

9 A. Because Newport Water's total salaries and wages for FY 2015 increased to
10 \$2,234,093 due to a 2% COLA, and the total salary and wage allowance granted by the
11 Commission in Docket 4243 was \$2,224,547. Thus, there was no need to fund the Salary
12 Increase Account any longer because Newport's salary and wage requirement now
13 *exceeded* the amount granted in Docket 4243. In fact, Newport actually had a deficit of
14 \$9,546 when it paid its full salaries and wages in FY 2015. Thus, Newport sought to
15 withdraw this amount from the balance in the Account.

16

17 **Q. Did the Commission grant Newport's request?**

18 A. Yes, in Order No. 21876, the Commission allowed Newport to withdraw \$9,546 from
19 the restricted Salary Increase Account to cover the FY 2015 shortfall, and allowed
20 Newport to discontinue funding the Account.

21

22 **III. NEWPORT'S REQUEST FOR RELIEF**

23 **Q. Please explain why Newport seeks to withdraw \$74,400.79 from its restricted**
24 **Salary Increase Account to cover salary increases for FY 2016?**

25 A. Newport's total salary and wages requirement in FY 2016 is \$2,298,947.79 (See
26 Exhibit 1) As set forth above, Newport's ongoing salary and wage allowance set by the

1 Commission in Docket 4243 is \$2,224,547. Thus, Newport needs to withdraw
2 \$74,400.79 to cover the difference.

3

4 **Q. Doesn't Newport have a Docket pending before the Commission in which it seeks**
5 **increased funding to cover salary and wage increases?**

6 A. Yes, Newport filed an application to increase rates (Docket 4595), which includes a
7 request to increase salaries and wages. However, the test year in Docket 4595 is FY
8 2015, and the rate year is FY 2017, so there are no funds to cover the salary and wage
9 increase for the interim year (FY 2016). The only funds available are those in the
10 restricted Salary Increase Account.

11

12 **Q. What is the current balance of the Account?**

13 A. As of April 30, 2016, the Account had a balance of \$206,144.78. If the Commission
14 grants Newport's request to withdraw \$74,400.79, the balance will be approximately
15 \$131,743.99.

16

17 **Q. Does Newport have a request regarding this balance?**

18 A. Yes. Newport would like to keep this balance in the Account to cover future salary
19 increases.

20

21 **Q. Why does Newport want to use these funds for future salary increases if it has a**
22 **pending request to increase salaries and wages in Docket 4595?**

23 A. Because as referenced above, the rate year in Docket 4595 is FY 2017, and Newport's
24 pending request only covers the salary and wage increase in FY 2017. The most recent
25 union contracts provide for further increases in FY 2018 and 2019, which will not be
26 covered by the proposed increase in Docket 4595.

1 The current AFSCME contract term is July 1, 2015 to June 30, 2018 and the NEA Contract
2 term is July 1, 2016 to June 30, 2019. In both union contracts the salary COLA for FY
3 2018 is defined s as “the same for non-union Executive, Administrative and Professional
4 Employees, but said increase shall not be lower than 1.9%.” The same definition applies
5 to the NEA contract in FY 2019. Thus, Newport Water doesn’t know what the COLAs will
6 be in Fiscal Years 2018 and 2019, as they depend on the COLAs granted by the Newport
7 City Council for non-union employees. So Newport would like to keep this balance to
8 address the increases for FY 2018 and 2019, without having to file further rate cases.
9 Newport will use the same process it has employed in the past, and in this
10 Miscellaneous Petition, by obtain permission from the Commission before it withdraws
11 funds.

12

13 **IV. CONCLUSION**

14 **Q. Does this conclude your testimony?**

15 A. Yes it does.

16

EXHIBIT 1

City of Newport, Water Division
Detailed Calculation of Salaries & Wages projected for FY 2016
Commission 1-2

<u>Count</u>	<u>Job Title</u>	<u>Fiscal Year 2016</u>
1	Meter Reader Repairman	41,401.98
2	Water Plant Operator	50,680.24
3	Water Plant Operator	50,680.24
4	Water Plant Operator	50,680.24
5	Principle Water Account Clerk	37,888.86
6	Financial Analyst	53,058.72
7	Water Plant Operator	50,680.24
8	Meter Reader Repairman	43,923.15
9	Distribution/Collection Operator	44,586.88
10	Water Plant Operator	43,717.65
11	Water Plant Operator	50,680.24
12	Heavy Equipment Operator	49,205.10
13	Director of Utilities	71,067.36
14	Water Plant Operator	47,771.98
15	Microbiologist	47,142.58
16	Water Plant Operator	50,680.24
17	Inventory Purchasing Control Technician	43,923.15
18	Distribution/Collection Operator	47,302.53
19	Distribution/Collection Foreman	54,059.41
20	Meter Reader Repairman	45,240.83
21	Distribution/Collection Operator	47,302.53
22	Laborer- Supply	42,643.54
23	Distribution/Collection Mechanic	47,771.98
24	Water Plant Operator	46,382.34
25	Water Plant Operator	50,680.24
26	Maintenance Man Mechanic	42,027.86
27	Distribution/Collection Foreman	49,471.97
28	Water Plant Operator	36,785.42
29	Water Quality & Production Supervisor	91,238.78
30	Distribution/Collection Mechanic	50,680.24
31	Water Meter Foreman	57,437.33
32	Distribution/Collection Operator	47,302.53
33	Engineering Technician	55,681.18
34	Engineering Technician	45,274.11
35	Administrative Assistant	27,287.02
36	Asst. Water Treatment Superintendent	70,433.58
37	Supervisor Water Distribution & Collection	75,798.74
38	Water Plant Operator	39,025.58
39	Distribution & Collection Operator	47,302.53
40	Deputy Director - Engineering	61,680.03
41	Water Plant Operator	50,680.24
42	Water Plant Operator	45,028.88
43	Water Plant Operator	41,401.98
44	Laboratory Supervisor	66,361.15
45	Water Plant Operator	36,785.42
46	Distribution/Collection Mechanic	42,444.90
47	Water Plant Operator	50,680.24
48	Deputy Director of Utilities Finance	53,227.82
	Total	2,393,189.79
	Open Positions PUC per Docket 4025	<u>-94,242.00</u>
	Total	2,298,947.79

CERTIFICATION

I hereby certify that on June 10, 2016, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.¹

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