

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**IN RE: CITY OF NEWPORT, DEPARTMENT OF UTILITIES:
GENERAL RATE FILING - COMPLIANCE FILING : DOCKET NO. 4595
FOR FISCAL YEAR 2018 FUND TRANSFER :**

ORDER

In Order No. 23269 (In Re: City of Newport, Department of Utilities General Rate Filing), the Public Utilities Commission (PUC) required the City of Newport, Department of Utilities (Newport Water) to offset the approved rate year revenue requirement by \$232,751, representing a transfer from overfunded Newport Water restricted accounts to the Newport Water general fund. That revenue offset was to remain in place after the rate year (FY 2017) but Newport Water could fund the continued offset from its restricted operating revenue reserve account annually until its next general rate filing with PUC approval.

Specifically, the PUC ordered that beginning in Fiscal Year 2018, Newport Water was authorized to withdraw \$232,751 from the restricted operating revenue reserve account. Following the conclusion of each fiscal year, Newport Water was required to submit a reconciliation filing which showed the fiscal year expenses and revenues. If the reconciliation showed that Newport Water did not need some, or all, of the \$232,751 withdrawn from the restricted operating revenue reserve to cover a deficit, it would reimburse the restricted operating revenue reserve in the amount that was not needed.

On August 16, 2018, Newport Water submitted a compliance filing requesting the PUC find that the \$232,751 transfer was necessary, and that Newport Water was not required to reimburse the restricted operating revenue reserve. In support of its filing, Newport Water stated that it experienced an overall revenue shortfall from water sales in the amount of \$1,333,459. Sales to all customer classes were less than forecasted. Newport Water was able to reduce its O&M

expenses by \$672,218 due to cost control measures implemented toward the end of FY 2018. Newport Water was unable to make its monthly restricted capital account contributions of \$208,333 in May and June 2018 or fund the unrestricted operating revenue allowance.

On August 29, 2018, Commission counsel inquired of the parties through email (Division, Navy, and Portsmouth Water and Fire District) as to whether there was any objection to the compliance filing. Each party responded affirmatively through email that there was no objection.

After a review of the filing, at an Open Meeting held on September 6, 2018, the PUC found that Newport Water had complied with the directives of Order No. 23269. Newport Water's sales to customers were less than forecasted resulting in an overall revenue shortfall from water sales of \$1,333,459. Newport Water's expenses were \$672,218 less than allowed in the rate case, but the utility did not have sufficient revenue to make its capital account deposits in May and June 2018. Thus, Newport Water did need all of the \$232,751 transferred from the restricted operating reserve account to fund operations. Accordingly, the PUC approved Newport Water's compliance filing and associated transfer.

Accordingly, it is hereby

(23286) ORDERED:

The City of Newport, Utilities Division's transfer of \$232,751 from the restricted operating reserve account to the City of Newport, Utilities Division's general fund was appropriate and the restricted operating reserve account does not need to be reimbursed from FY 2018 revenues.

EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 6, 2018 PURSUANT
TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED OCTOBER 4, 2018.

PUBLIC UTILITIES COMMISSION



*Margaret E. Curran, Chairperson

A handwritten signature in black ink that reads "Marion Gold".

Marion S. Gold, Commissioner

A handwritten signature in blue ink that reads "Abigail Anthony".

Abigail Anthony, Commissioner

*Chairperson Curran did not participate in the decision.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (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.