

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4595
Response Of The City Of Newport,
Utilities Division, Water Department
To The State of Rhode Island
Public Utilities Commission's
Hearing Record Requests

RR-1 to NWD: Please provide revised request for chemical expenses and backup.

Response: Attached please find three schedules that update the projected costs for chemical expenses for FY17 for all three Chemical Accounts – Station 1, Lawton Valley and Source of Supply Island. The original projected amount of \$761,782 was developed in the fall of 2015 when we prepared our rate filing for this Docket. The updated projected amount of \$809,858 is based on existing pricing, projected usage and water quality.

Prepared by: Julia Forgue

Station #1	Chemicals	Docket 4595	Projected FY17 (As of July 27, 2016)	Projected FY17 vs. Docket 4595
	PACI Quantity	73,000	73,000	
	Unit Cost Per Gal	\$1.4500	\$1.1890	
	PACI Total Cost	\$105,850	\$86,797	(\$19,053)
	Hypochlorite Quantity	28,000	32,307	
	Unit Cost Per Gal	\$0.6435	\$1.4275	
	Hypochlorite Total Cost	\$18,018.00	\$46,118.24	\$28,100
	Flouride Quantity	6000	6200	
	Unit cost lb	\$0.5000	\$0.4976	
	Flouride Total Cost	\$3,000	\$3,085	\$85
	Sodium Chlorite Quantity	109,500	77,000	
	Unit Cost Per lb	\$0.5890	\$0.5710	
	Sodium chlorite total Cost	\$64,496	\$43,967	(\$20,529)
				\$0
	32% HCl Quantity	8,700	5,700	
	Unit Cost Per Gal	\$1.1823	\$0.9383	
	Sodium chlorite total Cost	\$10,286	\$5,348	(\$4,938)
	Polymer Quantity	440	690	
	Unit Cost lb	\$11.2727	\$7.7240	
	Polymer Total Cost	\$4,960	\$5,330	\$370
	Sodium Hydroxide Quantity	37,500	29,000	
	Unit Cost Per Gal	\$0.6536	\$0.6270	
	Sodium Hydroxide total cost	\$24,510	\$18,183	(\$6,327)
	GAC Filters (816) Quantity	1,640	1,640	
	Unit Cost Per CF	\$29.8800	\$29.8800	
	GAC Total Cost	\$49,003	\$49,003	\$0
	GAC AWT (400) Quantity	2	3	
	Unit Cost Per CF	\$40,596 (Reactivated)	\$40,596 (Reactivated)	
	GAC Total Cost	\$81,192	\$121,788	\$40,596
	HCl Scrubber Media (Chlorosorb)			
	Unit Cost Per CF			
	HCl Scrubber Media Total Cost	\$5,000	\$5,000	
	total	\$366,315	\$384,619	\$18,305

Lawton Valley	Chemicals	Docket 4595	Projected FY17 (As of July 27, 2016)	Projected FY17 vs. Docket 4595
	PACI Quantity	65,534	60,000	
	Unit Cost Per Gal	\$1.4500	\$1.1890	
	PACI Total Cost	\$95,024	\$71,340	(\$23,684)
	Hypochlorite Quantity	24,014	27,700	
	Unit Cost Per Gal	\$0.6435	\$1.4275	
	Hypochlorite Total Cost	\$15,453.01	\$39,541.75	\$24,089
	Flouride Quantity	6000	5410	
	Unit cost lb	\$0.5000	\$0.4976	
	Flouride Total Cost	\$3,000	\$2,692	(\$308)
	Sodium Chlorite Quantity	72,902	62,000	
	Unit Cost Per lb	\$0.5890	\$0.5710	
	Sodium chlorite total Cost	\$42,939	\$35,402	(\$7,537)
	32% HCl Quantity	6,254	4,400	
	Unit Cost Per Gal	\$1.1823	\$0.9383	
	Sodium chlorite total Cost	\$7,394	\$4,129	(\$3,266)
	Polymer Quantity	440	440	
	Unit Cost lb	\$11.2727	\$7.7240	
	Polymer Total Cost	\$4,960	\$3,399	(\$1,561)
	Sodium Hydroxide Quantity	35,000	37,000	
	Unit Cost Per Gal	\$0.6536	\$0.6270	
	Sodium Hydroxide total cost	\$22,876	\$23,199	\$323
	GAC Filters (816) Quantity	1,760	1,760	
	Unit Cost Per CF	\$28.8800	\$28.8800	
	GAC Total Cost	\$50,829	\$50,829	\$0
	GAC AWT (400) Quantity	2	3	
	Unit Cost Per Vessel	\$40596 (Reactivated)	\$40596 (Reactivated)	
	GAC Total Cost	\$81,192	\$121,788	\$40,596
	HCl Scrubber Media (Chlorosorb)			
	Unit Cost Per CF			
	HCl Scrubber Media Total Cost	\$5,000	\$5,000	\$0
	total	\$328,667	\$357,319	\$28,651

Source of Supply- Island
Chemicals

	Docket 4595	Projected FY17 (As of July 27, 2016)	Projected FY17 vs. Docket 4595
Copper Sulfate Quantity	40,000	48,000	
Unit Cost Per lb	1.67	1.415	
Copper Sulfate Total Cost	\$66,800	\$67,920	\$1,120

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RR-4 to NWD: Please update the City Service expense using the FY 2017 budget, using NWD's proposed allocation for City Solicitor and separately using the 50% allocation for City Solicitor.

Response: Please see attached

Prepared by: Laura Sitrin

City of Newport
 Cost Allocation
 Based on FY2017 Adopted Budget

Record Request
 Schedule B

Allocated Item	Cost To Be Allocated	Water Percent	Water Fund
Audit Fees	73,000	6.18%	4,511
OPEB Contribution (1)	720,000	3.84%	27,648
City Council	92,262	3.42%	3,155
City Clerk	440,852	1.00%	4,409
City Manager	650,528	13.53%	88,016
Human Resources	340,550	1.74%	5,926
City Solicitor	385,744	13.53%	52,191
Finance Admin 50%	233,335	13.53%	31,570
Finance - 5% RICWFA	6,402	50.00%	3,201
Finance Admin 10% Inv/Debt	46,667	30.77%	14,359
Purchasing	111,547	18.47%	20,603
Collections	44,183	100.00%	44,183
Accounting - Wires - 5%	13,508	70.00%	9,456
Accounting	462,311	10.97%	50,716
MIS	1,708,504	13.53%	231,161
Totals	5,329,393		591,105

(1) Based on July 1, 2014 Actuarial Report

City of Newport
 Cost Allocation - Allocated 50% of Remaining Balance of Solicitor Cost Schedule C
 Based on FY2017 Adopted Budget

Allocated Item	Cost To Be Allocated	Water Percent	Water Fund
Audit Fees	73,000	6.18%	4,511
OPEB Contribution (1)	720,000	3.84%	27,648
City Council	92,262	3.42%	3,155
City Clerk	440,852	1.00%	4,409
City Manager	650,528	13.53%	88,016
Human Resources	340,550	1.74%	5,926
City Solicitor	192,872	13.53%	26,096
Finance Admin 50%	233,335	13.53%	31,570
Finance - 5% RICWFA	6,402	50.00%	3,201
Finance Admin 10% Inv/Debt	46,667	30.77%	14,359
Purchasing	111,547	18.47%	20,603
Collections	44,183	100.00%	44,183
Accounting - Wires - 5%	13,508	70.00%	9,456
Accounting	462,311	10.97%	50,716
MIS	1,708,504	13.53%	231,161
Totals	5,136,521		565,009

(1) Based on July 1, 2014 Actuarial Report

City of Newport Cost Allocation - Percentage of Budgets Based on FY2017 Adopted Budget	Record Request Schedule B-1					
	FY2017 Budget	Less School	Less Civic Support	Less Debt Service	Less Capital	Percentage
General Fund	92,014,275	20,227,786	1,960,861	5,313,061	5,481,160	67.75%
Water Fund Total Operating Expenses	20,845,221	-	-	6,839,199	2,221,657	13.53%
WPC Fund	31,335,097			3,472,303	14,107,500	15.79%
Maritime Fund	1,181,601				260,000	1.06%
Parking Fund	2,075,137				441,783	1.87%
Total	147,451,331					
					87,126,021	
School Appropriation:	25,284,733					
20% appropriation left in general fund	5,056,947					
	20,227,786					

City Council
Based on FY2017 Adopted Budget

Record Request
Schedule A-1

FY2017

Total Mayor and City Council Expenditures	95,422
Less:	
Public Celebrations	-
Navy Affairs Expense	910
Board of Tenant Affairs	<u>2,250</u>
Total	92,262

City Clerk
Based on FY2017 Adopted Budget

Record Request
Schedule A-2

FY2017

Total City Clerk	532,027
Less:	
Probate Court Salary and Benefits	91,175
Land Evidence Sal & Benefits (moved here in FY17)	70,439
Total	440,852

City Solicitor
Based on FY2017 Adopted Budget

Record Request
Schedule A-3

FY2017

Total City Solicitor	513,234
Less:	
Salaries and Benefits Municipal Court Assistant Solicitor, Municipal Court Judge and Probate Judge	127,490
Total	385,744

Finance Admin and Purchasing
Based on FY2017 Adopted Budget

Record Request
Schedule A-4

FY2017

Finance Admin Costs less Purchasing 479,940

Less:

10% of Salary and Benefits of Senior Accountant 13,271

Total 466,669

To Be Allocated as Follows:

50% of costs based on Percentage of Budget 233,335

10% of costs based on Investment Counts 46,667

Balance not to be allocated 186,668

RIIB (formerly RICWFA) Allocation

5% of salary for Budget and Finance Analyst 6,402

Purchasing Costs 111,547

Collections
Based on FY2017 Adopted Budget

Record Request
Schedule A-5

FY2017

Collections Actual Costs

380,888

Timesheet percentage of 11.6%

44,183

Accounting
Based on FY2017 Adopted Budget

Record Request
Schedule A-6

FY2017

Accounting Actual Costs	475,819
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To be allocated as follows:

5% allocation for wires	13,508
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95% allocation based on check counts	462,311
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Controller and Senior Accountant Salaries and Benefits	270,154
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5% allocation for wires	13,508
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MIS
Based on FY2017 Adopted Budget

Record Request
Schedule A -7

FY2017

MIS Operating Budget	1,680,821
Capital Budget	304,071
Less:	
School Share of ERP System	165,077
Other	10,815
Vision Appraisal Web Hosting	11,000
Judicial Case Software	520
Maritime Domain	80
Boston Computer Scanning	2,000
Fire Department Call Recording	1,200
Copiers	13,125
Equipment in Capital that is not applicable	72,571
Subtotal	<u>276,388</u>
Total MIS Operating Budget to Allocate	1,708,504

ERP System:	
Lawson	113,030
Velocity	239,407
MHC	14,400
	<u>366,837</u>
45% to Schools	165,077

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RR-5 to NWD: Referencing Schedule B-9 in Docket No. 4355, please indicate whether the lost and unaccounted for water was based on a two-year or three-year average.

Response: In reviewing the underlying formula used to calculate lost and unaccounted for water in Docket 4355, it appears Newport used a two-year average rather than a three year average. This was a change from the original Newport Cost Allocation Model developed in Docket 4243, which used a three year average. Newport has no objection to using a two year average if that is what was used in Docket 4355 as the impact is de minimus. Attached is an illustration of the effect of using a two year average on Newport's final hearing position as set forth in Exhibit 8 (HJS Schedule D-8 Rebuttal – Supplemental, Column C). Using a two year average results in a decrease to Portsmouth's rate by 34/100ths of a penny, which further results in annual decrease of approximately \$1,472 per year in projected revenue from Portsmouth. The Navy's rate increases by 23/100ths of a penny, which further results in an increase of approximately \$570 per year in projected revenue from the Navy. Please note that the differing Total Projected Revenues in Columns C and D is due to rounding.

Prepared by: Harold Smith

Rhode Island Public Utilities Commission
Docket 4595
FY 2017 Rate Filing
HJS Schedule D-8 Hearing
Comparison With Gradualism

		A			B			C			D			
		Newport Position			Newport Position With No Capital Increase with Gradualism			Newport Position With No Cap Increase Using Operating Reserve With Gradualism 3 Yr LW Avg			Newport Position With No Cap Increase Using Operating Reserve With Gradualism 2 Yr LW Avg			
								Proposed Rates	% Change	Projected Revenues	Proposed Rates	% Change	Projected Revenues	Proposed Rates
		Proposed Rates	% Change	Projected Revenues	Proposed Rates	% Change	Projected Revenues	Proposed Rates	% Change	Projected Revenues	Proposed Rates	% Change	Projected Revenues	
Base Charge (per bill)														
Monthly														
5/8		\$ 5.20	6%	\$670,738	\$ 5.14	5%	\$662,998	\$ 5.15	5%	\$664,288	\$ 5.15	5%	\$664,288	
3/4		\$ 5.46	9%	\$163,538	\$ 5.40	8%	\$161,741	\$ 5.40	8%	\$161,741	\$ 5.40	8%	\$161,741	
1		\$ 7.30	20%	\$49,669	\$ 7.22	19%	\$49,125	\$ 7.22	19%	\$49,125	\$ 7.22	19%	\$49,125	
1.5		\$ 11.76	34%	\$53,061	\$ 11.62	32%	\$52,429	\$ 11.63	32%	\$52,475	\$ 11.63	32%	\$52,475	
2		\$ 16.51	45%	\$52,106	\$ 16.31	44%	\$51,474	\$ 16.31	44%	\$51,474	\$ 16.31	44%	\$51,474	
3		\$ 43.74	73%	\$30,443	\$ 43.16	71%	\$30,039	\$ 43.17	71%	\$30,046	\$ 43.17	71%	\$30,046	
4		\$ 51.59	79%	\$9,905	\$ 50.90	76%	\$9,773	\$ 50.90	76%	\$9,773	\$ 50.90	76%	\$9,773	
5		\$ 62.04	84%	\$0	\$ 61.21	81%	\$0	\$ 61.22	81%	\$0	\$ 61.22	81%	\$0	
6		\$ 69.89	86%	\$26,838	\$ 68.94	84%	\$26,473	\$ 68.95	84%	\$26,477	\$ 68.95	84%	\$26,477	
8		\$ 90.80	92%	\$1,090	\$ 89.56	89%	\$1,075	\$ 89.58	89%	\$1,075	\$ 89.58	89%	\$1,075	
10		\$ 128.71	98%	\$1,545	\$ 126.94	95%	\$1,523	\$ 126.96	95%	\$1,524	\$ 126.96	95%	\$1,524	
Portsmouth Base Charge (4")		\$ 1.35	-53%	\$16	\$ 1.35	-53%	\$16	\$ 1.35	-53%	\$16	\$ 1.35	-53%	\$16	
Volume Charge (per 1,000 gallons)				\$1,058,948			\$1,046,667			\$1,048,013			\$1,048,013	
Retail														
Residential		\$ 9.98	0%	6,598,996	\$ 10.02	0%	6,625,444	\$ 10.02	0%	6,625,444	\$ 10.02	0%	6,625,444	
Non-Residential		\$ 10.54	-6%	4,818,941	\$ 11.22	0%	5,129,840	\$ 11.22	0%	5,129,840	\$ 11.22	0%	5,129,840	
				11,417,936			11,755,285			11,755,285			11,755,285	
Wholesale														
Navy		\$ 7.6241	17%	1,883,747	\$ 6.9790	7%	1,724,357	\$ 6.6792	2%	1,650,283	\$ 6.6815	2%	1,650,852	
Portsmouth Water & Fire District		\$ 6.4774	26%	2,803,301	\$ 5.9304	15%	2,566,569	\$ 5.6652	10%	2,451,796	\$ 5.6618	10%	2,450,324	
				4,687,049			4,290,927			4,102,079			4,101,176	
Fire Protection														
Public (per hydrant)		\$ 1,113.15	18%	1,156,563	\$ 1,020.57	8%	1,060,372	\$ 993.19	5%	1,031,924	\$ 993.11	5%	1,031,841	
Private (by Connection Size)														
	Connection Size	Existing Charge Differential												
	<2		\$ 36.17	39%	-	\$ 34.67	33%	-	\$ 34.31	32%	-	\$ 34.30	32%	-
	2	6.19	\$ 151.46	39%	-	\$ 145.17	33%	-	\$ 143.66	32%	-	\$ 143.66	32%	-
	4	38.32	\$ 531.06	33%	39,298	\$ 497.24	25%	36,796	\$ 487.84	22%	36,100	\$ 487.81	22%	36,098
	6	111.31	\$ 1,228.45	29%	288,686	\$ 1,134.21	19%	266,539	\$ 1,106.85	16%	260,110	\$ 1,106.76	16%	260,089
	8	237.21	\$ 2,431.30	28%	133,722	\$ 2,232.85	17%	122,807	\$ 2,174.51	14%	119,598	\$ 2,174.33	14%	119,588
	10	426.58	\$ 4,240.64	27%	-	\$ 3,885.42	16%	-	\$ 3,780.50	13%	-	\$ 3,780.17	13%	-
	12	689.04	\$ 6,748.31	27%	-	\$ 6,175.83	16%	-	\$ 6,006.33	13%	-	\$ 6,005.81	13%	-
			\$ 461,706				\$ 426,142			\$ 415,808			\$ 415,775	
Total Projected Rate Revenues		\$ 18,782,201				\$ 18,579,393				\$ 18,353,109			\$ 18,352,090	

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CERTIFICATION

I hereby certify that on July 29, 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.

Parties/Address	E-mail Distribution	Phone
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File an original and nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ; Cynthia.WilsonFrias@puc.ri.gov ; Sharon.ColbyCamara@puc.ri.gov ;	401-780-2107

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