

KEOUGH & SWEENEY, LTD.

ATTORNEYS AND COUNSELORS AT LAW
41 MENDON AVENUE
PAWTUCKET, RHODE ISLAND 02861
TELEPHONE (401) 724-3600
FACSIMILE (401) 724-9909
www.keoughsweeney.com

JOSEPH A. KEOUGH JR.*
JEROME V. SWEENEY III*

SEAN P. KEOUGH*
STACI L. KOLB

JEROME V. SWEENEY II
OF COUNSEL

*ADMITTED TO PRACTICE IN
RHODE ISLAND & MASSACHUSETTS

RAYNHAM OFFICE:
90 NEW STATE HIGHWAY
RAYNHAM, MA 02109
TEL. (508) 822-2813

BOSTON OFFICE:
171 MILK STREET
SUITE 28
BOSTON, MA 02109
TEL. (617) 574-0054
FAX (617) 451-1914

August 14, 2018

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

***Re: City of Newport, Utilities Department, Water Division
Docket 4595***

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the following documents:

1. City of Newport, Utilities Department, Water Division's Compliance Filing
For Fiscal Year 2018 Fund Transfer.

Please note that an electronic copy of this filing has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf
Enclosure
cc: Docket 4595 Service List (*via electronic mail*)

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

IN RE: CITY OF NEWPORT, UTILITIES DIVISION, WATER DEPARTMENT: DOCKET No. 4595

**CITY OF NEWPORT, UTILITIES DIVISION, COMPLIANCE FILING
FOR FISCAL YEAR 2018 FUND TRANSFER**

I. INTRODUCTION

Now comes the City of Newport, Utilities Department, Water Division (“Newport” or “Newport Water”), and submits this compliance filing related to its transfer of \$232,751 from the restricted Operating Revenue Reserve account into the unrestricted general operating fund.

II. PROCEDURAL HISTORY

- On December 23, 2015, Newport Water filed an application to increase rates pursuant to Rhode Island General Laws § 39-3-11 and Part II of the Rules of Practice and Procedure for the Rhode Island Public Utilities Commission (“Commission”).
- The Commission held hearings on July 19, 20 and August 2, 2016, and issued its decision on September 20, 2016.
- As part of its decision, the Commission ordered that Newport withdraw \$100,000 from its restricted Electricity Account, and \$132,751 from its restricted Salary Increase Account and transfer this money to the unrestricted general operating fund to reduce Newport’s request for increased revenues from rates.
- On September 22, 2016, Newport submitted a Compliance Filing as required by Commission Rule 2.11.
- This filing showed the \$232,751 transfer from the restricted Electric and Salary Increase Accounts as a revenue offset, which lowered the amount of revenue Newport required from water sales to meet the expenses approved by the Commission in Fiscal Year 2017.
- However, the Commission only ordered a one-time transfer of funds from the Electric and Salary Increase Accounts.¹

¹ In fact, no funds remained in the Salary Increase Account after Newport withdrew the \$131,750.93 ordered by the Commission.

- Thus, Newport began Fiscal Year 2018 with a built-in \$232,751 deficit to meet Commission approved expenses.
- On October 6, 2016, Newport filed a Motion to Reopen to address this Fiscal Year 2018 deficit.
- In its Motion to Reopen, Newport asked for permission to transfer \$232,751 from the restricted Operating Revenue Reserve account to the unrestricted general operating fund in Fiscal Year 2018.
- As part of its Motion to Reopen, Newport agreed to a compliance mechanism, in which it would file a statement of expenses and revenues for Fiscal Year 2018.
- If the statement of expenses and revenues showed that Newport Water did not need some, or all, of the \$232,751 withdrawn from the Operating Revenue Reserve to cover a deficit, Newport agreed to reimburse the Operating Revenue Reserve in the amount that was not needed.

III. FACTS

Attached as Exhibit 1 is Newport's statement of expenses and revenues (unaudited) for Fiscal Year 2018, which shows that the transfer of \$232,751 was needed to cover a deficit.

Newport notes the following:

- Newport experienced an overall shortfall in revenues from water sales in the amount of \$1,333,459.
- Sales to all customer classes were less than forecasted, and its wholesale customers, the Navy and Portsmouth Water and Fire District, were only at 78% and 85% of their consumption forecasts.
- Overall, Newport's O & M costs were \$672,218 lower than allowed by the Commission in Docket 4595 largely due to spending controls implemented toward the end of the fiscal year.
- Newport did not have sufficient revenue to make its monthly restricted Capital account contributions of \$208,333.33 in May and June 2018.
- Newport was unable to fund its unrestricted Operating Revenue Allowance in the amount of \$144,428.

IV. CONCLUSION

WHEREFORE, the City of Newport, Utilities Department, Water Division, prays that the Rhode Island Public Utilities Commission find that the \$232,751 transfer was necessary, and that Newport is not required to reimburse the restricted Operating Revenue Reserve account.

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



Joseph A. Keough, Jr. (#4925)
KEOUGH & SWEENEY, LTD.
41 Mendon Avenue
Pawtucket, RI 02861
(401) 724-3600 (phone)
(401) 724-9909 (fax)
jkeoughjr@keoughsweeney.com

Dated: August 14, 2018

Exhibit 1

City of Newport
Utilities Department
Water Division
Actual Expenses FY 2018
Revenue Requirements
as of June 30, 2018

Unaudited

O&M COSTS

Administration

		Actual Costs Fiscal Year 2018 as of 30 June 2018	Budget per Docket 4595	Variance Underspent (Overspent)	
50001	Salaries & Wages	\$ 286,942	\$ 281,582		
50044	Standby Salaries	24,617	18,720		
50100	Employee Benefits	139,015	115,683		
50103	Retiree Insurance Coverage	372,907	265,000		
50105	Workers Compensation	78,305	64,000		
50175	Annual Leave Buyback	3,750	3,300		
50207	Advertisement	2,481	9,000		
50210	Membership Dues & Subscriptions	4,532	2,500		
50212	Conferences & Training	410	4,000		
50214	Tuition Reimbursement		2,000		
50220	Consultant Fees	14,275	136,878		
50238	Postage	941	1,000		
50239	Fire & Liability Insurance	78,689	67,000		
50251	Telephone & Communication	10,808	5,600		
50305	Water	1,725	2,015		
50306	Electricity	7,293	7,956		
50307	Natural Gas	5,504	5,226		
50308	Property Taxes	535,316	567,770		
50266	Legal & Administrative	333,848	333,848		
50267	Data Processing	231,161	231,161		
50268	Mileage Allowance	392	2,000		
50271	Gasoline & Vehicle Allowance	10,723	5,389		
50275	Repairs & Maintenance	-	1,200		
50280	Regulatory Expense	906	5,000		
50281	Regulatory Assessment	112,456	80,000		
50520	Office Supplies	10,094	15,000		
50361	Severance Benefits	98,863			
50505	Self Insurance	2,584	5,000		
50515	Unemployment Claims	-			
Subtotal:		\$ 2,368,535	\$ 2,237,828	\$ (130,707)	106%

Customer Service

50001	Salaries & Wages	\$ 291,674	\$ 309,310		
50002	Overtime	2,610	5,409		
	Collections				
50004	Temp Salaries	-	14,976		
50056	Injury Pay				
50100	Employee Benefits	173,340	186,231		
50120	Bank Fees (lock box)	11,369	16,800		
50175	Annual Leave Buyback	2,526	4,500		
50205	Copying & binding	532	500		
50212	Conferences & Training	840	5,000		
50225	Support Services	19,252	26,175		
50238	Postage	62,307	74,680		
50271	Gasoline & Vehicle Allowance	30,831	26,945		
50275	Repairs & Maintenance	22,708	35,000		
50299	Meter Maintenance	7,697	10,000		
50311	Operating Supplies	7,889	5,000		
50320	Uniforms & protective Gear	-	1,000		
50380	Customer Service Supplies	1,951	5,000		
Subtotal:		\$ 635,527	\$ 726,526	\$ 90,999	87%

Source of Supply - Island

50001	Salaries & Wages	\$ 297,103	\$ 309,950		
50002	Overtime	27,936	33,000		
50004	Temp Salaries	20,270	26,180		
50056	Injury Pay				
50100	Employee Benefits	175,319	174,277		
50175	Annual Leave Buyback		3,800		
50306	Electricity	42,593	49,880		

Exhibit 1

City of Newport
Utilities Department
Water Division
Actual Expenses FY 2018
Revenue Requirements
as of June 30, 2018

Unaudited

		Actual Costs Fiscal Year 2018 as of 30 June 2018	Budget per Docket 4595	Variance Underspent (Overspent)	
50271	Gas/Vehicle Maintenance	57,957	59,279		
50275	Repairs & Maintenance	11,086	10,000		
50277	Reservoir Maintenance	21,424	16,000		
50311	Operating Supplies	9,251	7,500		
50320	Uniforms & protective Gear	238	1,510		
50335	Chemicals	61,200	66,800		
	Subtotal:	\$ 724,376	\$ 758,176	\$ 33,800	96%
		724,376			
Source of Supply - Mainland					
50002	Overtime	\$ 5,023	\$ 11,610		
50004	Temp Salaries	21,106	29,996		
50005	Permanent Part time	6,040	12,900		
50100	Employee Benefits	2,461	2,525		
50306	Electricity	149,593	154,424		
50275	Repairs & Maintenance	8,451	7,000		
50277	Reservoir Maintenance	4,199	4,500		
50311	Operating Supplies	178	1,000		
	Subtotal:	\$ 197,051	\$ 223,955	\$ 26,904	88%
		197,051			
Station One					
50001	Salaries & Wages	\$ 561,329	\$ 511,075		
50002	Overtime	91,625	102,940		
50003	Holiday Pay	20,686	22,032		
50045	Lead Plant Operator Stipend	11,240	12,480		
50100	Employee Benefits	280,974	263,937		
50175	Annual Leave Buyback	9,645	12,000		
50212	Conferences & Training	2,190	4,500		
50239	Fire & Liability Insurance	28,331	35,000		
50306	Electricity	223,249	212,484		
50307	Natural Gas	32,402	43,410		
50260	Rental of Equipment	1,792	1,000		
50305	Sewer Charge	99,180	204,000		
50271	Gas/Vehicle Maintenance	7,050	5,389		
50275	Repairs & Maintenance	33,512	66,992		
50311	Operating Supplies	119	17,161		
50320	Uniforms & protective Gear	835	1,426		
50335	Chemicals	201,985	366,315		
	Subtotal:	\$ 1,606,145	\$ 1,882,141	\$ 275,996	85%
		1,606,145			
Lawton Valley					
50001	Salaries & Wages	\$ 528,608	\$ 498,541		
50002	Overtime	102,478	98,903		
50003	Holiday Pay	19,772	19,992		
50045	Lead Plant Operator Stipend	4,176	12,480		
50100	Employee Benefits	309,454	278,234		
50175	Annual Leave Buyback	9,724	7,400		
50212	Conferences & Training	2,495	4,120		
50239	Fire & Liability Insurance	61,505	54,000		
50306	Electricity	289,647	375,092		
50307	Natural Gas	25,950	34,663		
50260	Rental of Equipment	260	1,000		
50305	Sewer Charge <i>includes 4 quarters</i>	437,731	510,000		
50271	Gas/Vehicle Maintenance	5,678	5,389		
50275	Repairs & Maintenance	55,359	61,556		
50311	Operating Supplies	2,747	13,311		
50320	Uniforms & protective Gear	835	1,303		
50335	Chemicals	281,460	328,667		
	Subtotal:	\$ 2,137,880	\$ 2,304,651	\$ 166,771	93%
		2,137,880			
Laboratory					
50001	Salaries & Wages	\$ 105,565	\$ 121,179		
50100	Employee Benefits	56,521	55,194		

Exhibit 1

City of Newport
Utilities Department
Water Division
Actual Expenses FY 2018
Revenue Requirements
as of June 30, 2018

Unaudited

		Actual Costs Fiscal Year 2018 as of 30 June 2018	Budget per Docket 4595	Variance Underspent (Overspent)	
50175	Annual Leave Buyback	4,210	1,500		
50275	Repairs & Maintenance	995	1,700		
50281	Regulatory Assessment	58,110	47,024		
50339	Laboratory Supplies	21,022	35,627		
	Subtotal:	\$ 246,421	\$ 262,224	\$ 15,803	94%
		246,421			
Transmission & Distribution					
50001	Salaries & Wages	\$ 463,664	\$ 515,219		
50002	Overtime	43,341	52,364		
50003	Holiday Pay		-		
50004	Temp Salaries	22,256	26,180		
50056	Injury Pay				
50100	Employee Benefits	231,379	312,306		
50175	Annual Leave Buyback	2,722	7,500		
50212	Conferences & Training	1,200	4,000		
50225	Contract Services	10,316	21,525		
50239	Fire & Liability Insurance	9,664	12,000		
50306	Electricity	16,922	20,607		
50260	Heavy Equipment Rental	185	8,260		
50271	Gas/Vehicle Maintenance	91,573	70,057		
50275	Repairs & Maintenance	18,612	26,000		
50276	Main Maintenance	83,400	91,200		
50296	Service Maintenance	27,194	30,000		
50311	Operating Supplies	9,027	8,000		
50320	Uniforms & protective Gear	1,173	4,000		
	Subtotal:	\$ 1,032,625	\$ 1,209,218	\$ 176,593	85%
		1,032,625			
Fire Protection					
50275	Repair & Maintenance - Equipment	\$ 7,739	\$ 23,800		
	Subtotal:	\$ 7,739	\$ 23,800	\$ 16,061	33%
Total O&M Costs		\$ 8,956,301	\$ 9,628,521	\$ 672,218	93%
CAPITAL COSTS					
	Contribution to Capital Spending Acct.	\$ 2,083,330	\$ 2,500,000		83%
	Contribution to Debt Service Acct.	\$ 6,811,000	\$ 6,811,000		100%
	Total Capital Costs	\$ 8,894,330	\$ 9,311,000	\$ 416,670	96%
Operating Revenue Allowance		\$ -	\$ 144,428	\$ 144,428	0%
Total Costs before Offsets		\$ 17,850,631	\$ 19,083,949	\$ 1,233,318	94%
OFFSETS					
Nonrate Revenues				Revenue Surplus (Shortfall)	
	Federal Aid	\$ -	\$ -		
	Sundry charges	152,508	126,250		121%
	WPC cost share on customer service	331,646	330,000		100%
	Middletown cost share on customer service	166,727	167,000		100%
	Rental of Property	92,371	95,200		97%
	Water Penalty	48,776	51,200		95%
	Miscellaneous & Contribution from Reserves \$232k	237,185	242,251		98%
	Investment Interest Income (Restricted Bank Accounts)	24,842	1,250		1987%
	Water Quality Protection Fees	20,751	22,250		93%
	Total Nonrate Revenues	\$ 1,074,805	\$ 1,035,401	\$ 39,404	104%

Exhibit 1

City of Newport
Utilities Department
Water Division
Actual Expenses FY 2018
Revenue Requirements
as of June 30, 2018

Unaudited

	Actual Costs Fiscal Year 2018 as of 30 June 2018	Budget per Docket 4595	Variance Underspent (Overspent)	
Net Costs to Be Recovered through Rates	\$ 16,775,825	\$ 18,048,548		93%
REVENUES				
Base Charge	\$ 1,013,213	\$ 1,020,846		99%
Volume Charge				
Residential	6,100,838	6,625,445		92%
Commerical & Government	4,956,985	5,129,840		97%
Navy	1,257,676	1,610,701		78%
Portsmouth Water & Fire District	1,956,484	2,290,282		85%
Fire Protection				
Public	983,877	981,045		100%
Private	452,201	396,574		114%
TOTAL RATE REVENUES	\$ 16,721,274	\$ 18,054,733	\$ (1,333,459)	93%

CERTIFICATION

I hereby certify that on August 14, 2018, 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
Julia Forgue, Director of Public Works Newport Water Department 70 Halsey St. Newport, RI 02840	jforgue@cityofnewport.com;	401-845-5601
	lsitrin@CityofNewport.com; rschultz@CityofNewport.com; wyost@CityofNewport.com;	
Harold Smith Raftelis Financial Consulting, PA 511 East Blvd. Charlotte, NC 28203	Hsmith@raftelis.com;	704-373-1199
Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Chetherington@riag.ri.gov;	401-222-2424
	pat.smith@dpuc.ri.gov;	
	John.bell@dpuc.ri.gov;	
	al.mancini@dpuc.ri.gov;	
	jmunoz@riag.ri.gov; dmacrae@riag.ri.gov;	
Stacy Sherwood Jerome Mierzwa Exeter Associates, Inc. 10480 Little Patuxent Parkway, Suite 300 Columbia, MD 21044	Sherwood@exeterassociates.com; jmierzwa@exeterassociates.com;	410-992-7500
Gerald Petros, Esq. Adam Ramos, Esq. Hinckley, Allen & Snyder 100 Westminster St., Suite 1500 Providence, RI 02903	gpetros@haslaw.com;	401-274-2000
	aramos@hinckleyallen.com;	
	cwhaley@hinckleyallen.com;	
	jmansolf@hinckleyallen.com;	
Jessica Lynch Portsmouth Water & Fire District 1944 East Main Rd. PO Box 99 Portsmouth, RI 02871	jlynch@portsmouthwater.org	401-683-2090 ext. 224
Christopher Woodcock Woodcock & Associates, Inc. 18 Increase Ward Drive Northborough, MA 01532	Woodcock@w-a.com;	508-393-3337

Dr. Kay Davoodi, P.E., Director Utility Rates and Studies Office NAVFAC HQ- Building 33 Dept. of the Navy 1322 Patterson Ave SE, Suite 1000 Washington Navy Yard, D.C. 20374-5065	Khojasteh.davoodi@navy.mil;	
Larry R. Allen, Public Utilities Specialist Dept. of the Navy	Larry.r.allen@navy.mil;	
Maurice Brubaker Brubaker and Associates, Inc. PO Box 412000 St. Louis, MO 63141-2000	mbrubaker@consultbai.com;	401-724-3600
	bcollins@consultbai.com;	
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;	401-780-2107
	Cynthia.WilsonFrias@puc.ri.gov;	
	Sharon.ColbyCamara@puc.ri.gov;	

Joseph A. Keough, Jr., Esquire # 4925
KEOUGH & SWEENEY, LTD.
41 Mendon Avenue
Pawtucket, RI 02861
(401) 724-3600 (phone)
(401) 724-9909 (fax)
jkeoughjr@keoughsweeney.com