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April 19, 2019

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

*Re: City of Newport, Utilities Department, Water Division
Docket 4933*

Dear Ms. Massaro:

Enclosed please find an original and nine copies of:

1. City of Newport, Utilities Division, Water Department's Response to the Rhode Island Public Utilities Commission's Data Request (Set 1, Request 1-14).

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

Enclosure

cc: Docket 4933 Service List (*via electronic mail*)

COMM 1-14: Please explain the decrease in collection costs. (Schedules page 2 of 81)

Response: The decrease in collections costs stems from an error in Newport's Compliance Filing in Docket 4595 as explained below:

- In Docket 4595, the proposed city services allocations were set forth in Exhibit 1 to the direct testimony of Laura Sitrin, Finance Director for the City of Newport. This exhibit allocated 5.8% of the \$344,654 Collections budget to the Water Fund (\$19,990) (See Exhibit 1 attached).
- At the Docket 4595 hearing, the Commission issued a record request asking Newport to "update the City Service expense using the FY 2017 budget, using NWD's proposed allocation for City Solicitor...using the 50% allocation for City Solicitor." Newport provided this response. (See Exhibit 2 attached) However, when Newport prepared the schedules for this response, it appears an error was made on the collections line item. Instead of allocating 5.8% of the \$344,654 Collections budget to the Water Fund, the schedule allocated 100% of \$44,183.
- In the Commission's Docket 4595 Order, it approved Newport's request for City Services, but ordered Newport to calculate the City Service expense using the FY 2017 budget and only allocate 50% of the City Solicitor's budget. Thus, when Newport prepared its compliance filing in Docket 4595, it used the figures set forth in Exhibit 2, which contained the error described above. (See Exhibits 2 and Exhibit 3 attached).
- The Commission approved Newport's Compliance Filing in Docket 4595, and none of the parties in the Docket, including Newport, caught the error.
- The correct allocation for collections in Docket 4595 should have been 5.8% applied against a total FY 2017 budget for Collections of \$380,888 for a total allocation of \$22,092 (rounded), rather

than the \$44,183 in the compliance filing. This is a variance of \$22,091.

- When Newport prepared its filing in this Docket, it used the correct allocator of 5.8% as applied against the total Collections budget of \$428,073 for a total allocation of \$24,828. (See Exhibit 4, HJS Schedule 17 attached)
- Thus, the variance from the test year to the rate year should only have been \$2,736 based on the fact that the overall Collections budget in FY 2019 increased from the budget in FY 2017.
- Newport Water has consulted with the City of Newport and it will refund the overpayment. In FY 2017, Newport collected the new City Service amount for three quarters. Thus, it will reimburse \$16,568 of the \$22,091 variance. For FY 2018 and FY 2019, the City of Newport will reimburse the full \$22,091 variance. The total reimbursement will be \$60,750.

Prepared by: Julia Forgue and Laura Sitrin

Exhibit 1

Laura Sitrin Testimony Exhibit 1

Allocated Item	Cost To Be Allocated	Water Percent	Water Fund
Audit Fees	68,500	6.18%	4,233
OPEB Contribution (1)	500,000	3.84%	19,200
City Council	100,558	3.42%	3,439
City Clerk	332,331	1.00%	3,323
City Manager	433,888	13.23%	57,403
Human Resources	335,370	1.74%	5,835
City Solicitor	391,847	13.23%	51,841
Finance Admin 50%	217,505	13.23%	28,776
Finance - 5% RICWFA	6,032	50.00%	3,016
Finance Admin 10% Inv/Debt	43,501	30.77%	13,385
Purchasing	85,114	18.47%	15,721
Collections	344,654	5.80%	19,990
Accounting - Wires - 5%	12,593	70.00%	8,815
Accounting	390,337	10.97%	42,820
MIS	1,512,050	13.23%	200,044
Totals	4,774,280		477,843

(1) Based on July 1, 2014 Actuarial Report

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-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 - 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

Rhode Island Public Utilities Commission
Docket 4595
FY 2017 Rate Filing
HJS Schedule A-1A Compliance
Revenue Requirements

Docket No. 4595

Account
O&M COSTS
Administration

		Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
50001	Salaries & Wages	\$ 262,222	\$ -	\$ 262,222	\$ 19,360	\$ 281,582
	AFSCME retro	-	\$ -	\$ -	\$ -	-
	NEA retro	-	\$ -	\$ -	\$ -	-
	AFSCME benefits on retro pay	-	\$ -	\$ -	\$ -	-
	NEA benefits on retro pay	-	\$ -	\$ -	\$ -	-
50044	Standby Salaries	12,528	\$ -	\$ 12,528	\$ 6,192	18,720
50520	Accrued Benefits Buyout	15,500	\$ -	\$ 15,500	\$ (15,500)	-
50100	Employee Benefits	110,408	\$ -	\$ 110,408	\$ 5,275	115,683
50103	Retiree Insurance Coverage	351,563	\$ -	\$ 351,563	\$ (86,563)	265,000
50105	Workers Compensation	59,456	\$ -	\$ 59,456	\$ 4,544	64,000
50175	Annual Leave Buyback	3,260	\$ -	\$ 3,260	\$ 40	3,300
50207	Advertisement	4,041	\$ -	\$ 4,041	\$ 4,959	9,000
50210	Membership Dues & Subscriptions	4,447	\$ -	\$ 4,447	\$ (1,947)	2,500
50212	Conferences & Training	868	\$ -	\$ 868	\$ 3,132	4,000
50214	Tuition Reimbursement	-	\$ -	\$ -	\$ 2,000	2,000
50220	Consultant Fees	210,410	\$ -	\$ 210,410	\$ (73,532)	136,878
50238	Postage	360	\$ -	\$ 360	\$ 640	1,000
50239	Fire & Liability Insurance	16,853	\$ -	\$ 16,853	\$ 50,147	67,000
50251	Telephone & Communication	5,569	\$ -	\$ 5,569	\$ 31	5,600
50305	Water	1,275	\$ -	\$ 1,275	\$ 740	2,015
50306	Electricity	10,121	\$ -	\$ 10,121	\$ (2,165)	7,956
50307	Natural Gas	5,918	\$ -	\$ 5,918	\$ (692)	5,226
50308	Property Taxes	464,200	\$ -	\$ 464,200	\$ 103,570	567,770
50266	Legal & Administrative		\$ -	\$ -	\$ -	-
	Audit Fees	4,349	\$ -	\$ 4,349	\$ 162	4,511
	OPEB Contribution		\$ -	\$ -	\$ 27,648	27,648
	City Council	4,649	\$ -	\$ 4,649	\$ (1,494)	3,155
	City Clerk	3,381	\$ -	\$ 3,381	\$ 1,028	4,409
	City Manager	54,131	\$ -	\$ 54,131	\$ 33,885	88,016
	Human Resources	30,121	\$ -	\$ 30,121	\$ (24,195)	5,926
	City Solicitor	20,459	\$ -	\$ 20,459	\$ 5,637	26,096
	Finance Administrative 50%	19,822	\$ -	\$ 19,822	\$ 11,748	31,570
	Finance Administrative 5%	7,020	\$ -	\$ 7,020	\$ (3,819)	3,201
	Finance Admin 10% Inv/Debt		\$ -	\$ -	\$ 14,359	14,359
	Purchasing	18,314	\$ -	\$ 18,314	\$ 2,289	20,603
	Assessment					-
	Collections	46,979	\$ -	\$ 46,979	\$ (2,796)	44,183
75543	Accounting - Wires - 5%	10,679	\$ -	\$ 10,679	\$ (1,223)	9,456
	Accounting	70,516	\$ -	\$ 70,516	\$ (19,800)	50,716
	Facilities Maintenance	13,266	\$ -	\$ 13,266	\$ (13,266)	-
50267	Data Processing	143,888	\$ -	\$ 143,888	\$ 87,273	231,161
50268	Mileage Allowance	875	\$ -	\$ 875	\$ 1,125	2,000
50271	Gasoline & Vehicle Allowance	9,354	\$ -	\$ 9,354	\$ (3,965)	5,389
50275	Repairs & Maintenance	-	\$ -	\$ -	\$ 1,200	1,200
50280	Regulatory Expense	590	\$ -	\$ 590	\$ 4,410	5,000
50281	Regulatory Assessment	79,698	\$ -	\$ 79,698	\$ 302	80,000
50361	Office Supplies	14,469	\$ -	\$ 14,469	\$ 531	15,000
50505	Self Insurance	118	\$ -	\$ 118	\$ 4,882	5,000
50515	Unemployment Claims	-	\$ -	\$ -	\$ -	-
	Subtotal:	\$ 2,091,677	\$ -	\$ 2,091,677	\$ 146,151	\$ 2,237,828

Docket XXXX

Rhode Island Public Utilities Commission
Docket XXXX
FY 2020 Rate Filing
HJS Schedule D-17
City Services Calculation

	<i>FY2019 Adopted Budget</i>	<i>Less School</i>	<i>Less Civic Support</i>	<i>Less Debt Service</i>	<i>Less Capital</i>	<i>Total to be Allocated</i>	<i>Percentage</i>
General Fund	\$97,003,290	\$20,775,023	\$2,014,487	\$5,452,352	\$3,212,552	\$65,548,876	69.15%
Water Fund Total Operating Expenses	\$23,100,625	\$-	\$-	\$6,796,599	\$3,360,400	\$12,943,626	13.66%
WPC Fund	\$24,262,052			\$6,303,683		\$13,753,369	14.51%
Maritime Fund	\$1,236,587				\$295,000	\$941,587	0.99%
Parking Fund	\$2,061,699				\$460,000	\$1,601,699	1.69%
Total	\$147,664,253					\$94,789,157	

School Appropriation: \$25,968,779
20% appropriation left in general fund \$5,193,756
\$20,775,023

Allocated Item	Cost To Be Allocated	Water Fund	
		Water %	Water Fund
Audit Fees	\$ 80,000	6.18%	4,944
OPEB Contribution (1)	\$ 820,000	3.84%	31,488
City Council	\$ 115,297	3.42%	3,943
City Clerk	\$ 453,679	1.00%	4,537
City Manager	\$ 560,914	13.66%	76,621
Human Resources	\$ 355,898	1.74%	6,193
City Solicitor	\$ 271,725	13.66%	37,118
Finance Admin 50%	\$ 191,888	13.66%	26,212
Finance - 5% RICWFA	\$ 6,726	50.00%	3,363
Finance Admin 10% Inv/Debt	\$ 38,378	30.77%	11,809
Purchasing	\$ 121,302	18.47%	22,404
Collections	\$ 428,073	5.80%	24,828
Accounting - Wires - 5%	\$ 13,070	70.00%	9,149
Accounting	\$ 598,939	10.97%	65,704
Total Allocation			328,312
Legal & Administrative			328,312
rounded			\$ 328,312

Allocation of Data Processing Costs to Enterprise Funds

Allocated Item	Cost To Be Allocated	Water Fund	
		Water %	Water Fund
MIS	\$ 2,512,260	13.66%	343,175
Total Allocation			343,175
Data Processing (1)			343,175
rounded			\$ 343,175

CERTIFICATION

I hereby certify that on April 19, 2019, 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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STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4933
Response Of The City Of Newport,
Utilities Division, Water Department
To The State of Rhode Island
Public Utilities Commission's
Data Requests
Set 1

File an original and nine (9) copies w/: Luly E. Massaro, Commission Clerk John Harrington, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
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