

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held June 25, 2004

Attendees: Commissioner Kate Racine, Commissioner Robert Holbrook, Steve Frias, Cindy Wilson and Alan Nault.

Chairman Germani called the open meeting to order at 10:00 A.M. in the first-floor hearing room of the Public Utilities Commission. A quorum was present.

3578 – City of Newport Water Division: Discussion related to Newport Water's rate application to collect additional revenue requirement in the amount of \$606,662 or 8.01% and a Settlement Agreement that was entered between the parties, the City of Newport Water Division, Division of Public Utilities and Carriers, Dept. of Navy and Portsmouth Water and Fire District.

After review, Commissioner Racine moved to approve the Settlement with the following modifications, already conceded to by the parties at the June 2, 2004 hearing. The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 2-0.**

- (1) Allowed repayment to the City for FY 2004 loans in the amount of \$911,085. The first \$500,000 payment from the remaining \$2.5 million shall be deferred until December 2004. On November 15, 2004, Newport Water shall file a report with the Commission showing that it has complied with each of the reporting requirements of the Commission. If the Commission finds that Newport Water is, indeed, in compliance, it will allow repayment of the first \$500,000. If Newport Water is found not in compliance, the Commission could disallow all or a portion of the repayment. **Vote 2-0.**
- (2) Within thirty days from the open meeting, Newport Water shall set up a new separate interest bearing restricted account entitled "Repayment to City" into which the Water Department shall deposit \$250,000 annually from rates. At the time the account is set up, the Company shall transfer \$1 million from the Debt Service Account to the Repayment to City Account. **Vote 2-0.**
- (3) Newport Water shall comply with the following reporting requirements:
 - Newport Water shall file with the Commission and Division a copy of its IFR Plan when it files with the Department of Health and shall advise the Commission and Division of any action the Department of Health takes regarding that IFR Plan. In the event Newport Water files for an extension, it shall provide the Commission and Division with all correspondence related thereto.

- Quarterly – Newport Water shall provide a reconciliation of each restricted account
 - Quarterly – Newport Water shall provide a balance sheet, income statement and cash flow statement.
 - Quarterly – Newport Water shall provide a monthly accounting of Ms. Forgue’s time allocated between the Water Department and the Public Works Department, complete with a description of the activities performed.
 - Newport shall provide updates on its Conference and Training Costs in its quarterly reports (settlement says semi-annual).
 - Monthly – Newport Water shall provide a monthly cash reconciliation to include cash inflow and cash outflows. Outflows should be categorized in the same fashion as the expense categories included in TSC-1. Inflows and outflows should be compared to budget with an explanation of any deviation from the budget by more than 10%.
 - Monthly – Newport Water shall provide a monthly reconciliation of the operating reserve including the beginning balance, deposits, withdrawals, detailed description of purpose of withdrawals, and ending balance.
 - Newport Water has agreed to work with Alan and the parties to develop the appropriate format for each report. This should be completed within 30 days of the open meeting decision to be approved by the Commission shortly thereafter at another open meeting. **Vote 2-0.**
- (4) Newport Water shall file with the Commission on May 30th each year a report showing that it has complied with each reporting requirement of the Commission during that fiscal year and request approval to repay the City. The Commission would review the filing, allow a short time for any input from the parties to this docket and render a decision on or before June 30th as to whether the Newport Water Department will be authorized to repay the entire amount to the City. In the event Newport Water does not comply, the Commission could disallow all or a portion of repayment. **Vote 2-0.**
- (5) Newport Water shall continue funding its restricted accounts at the dollar amounts allowed in the Settlement rather than as a percentage of collections. Newport Water shall consult with Mr. Nault to develop the appropriate funding mechanism. Further, if Newport Water finds that it is not collecting sufficient funds to fund the accounts, it shall advise the Commission immediately. **Vote 2-0.**
- (6) In Newport Water’s future rate filings, the Company shall file Schedules that are comparable and in the same format as Mr. Woodcock’s in Pawtucket Water Supply Board’s rate cases. **Vote 2-0.**

The open meeting adjourned at 10:30 A.M.