

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held August 30, 2007

Attendees: Chairman Elia Germani, Commissioner Robert Holbrook, Commissioner Mary Bray, Patricia Lucarelli, Alan Nault and Douglas Hartley.

Chairman Germani called the open meeting to order at 1:00 P.M. in the first-floor hearing room of the Public Utilities Commission. A quorum was present.

Competitive Telecommunications Service Providers

The following companies submitted tariff revisions. The Division has reviewed the tariff filings and does not recommend suspension of:

2426 – TCG Rhode Island (tariff filing 8/10/07)

2618 – AT&T Communications of NE, Inc. (tariff filings 8/10 & 8/14/07)

2472 – Sprint Communications (tariff filing 8/16/07)

2535 – Cox RI Telcom, LLC (tariff filing 8/6/07)

2262(J20) – Embarq Communications, Inc. (tariff filing 8/6/07)

2262(A6) – SBC Long Distance, LLC (tariff filing 8/10/07)

2262(P7) – MCI Communications Services, Inc. (tariff filing 8/16/07)

After review, the Commission followed the Division's recommendation that the tariff filings be allowed to go into effect without suspension.

3860 - Verizon Rhode Island – Verizon submitted a tariff filing to withdraw the Verizon Bundle Discount from Verizon Regional Package Extra, Verizon Regional Package and Verizon Regional Package Unlimited sections of the tariff for effect 9/2/07. The Division reviewed the filing and recommended that it be allowed to go into effect without suspension. After reviewed, the Commission followed the Division's recommendation.

3861 – Verizon Rhode Island – Verizon submitted a tariff filing to remove the term "domestic" from the long distance reference to two Bundle Discount offerings associated with the Regional Essentials package plan for effect 9/16/07. The Division has reviewed the filing and recommends that it be allowed to go into effect without suspension. After reviewed, the Commission followed the Division's recommendation.

2379(D2) – MRDB Holdings LP d/b/a LPB Energy Consulting – MRDB's filed a registration application for authority to operate as Gas Marketer. The Division filed its review of and recommended approval of the application. After review, Chairman Germani moved to approve the application. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3818 – Newport Water Division (Newport) – The Commission reviewed the record regarding Newport's general rate application, discussed and deliberated on the following outstanding issued:

1. Restricted Accounts – That Newport shall continue to fund restricted accounts.
2. Cost of Service Study (COSS) – That Newport shall file a COSS by 9/1/09 and file quarterly reports on the progress of the COSS.

3. Water Level Consumption – To accept the use of FY 2007 consumption levels
4. Repayment to the City – To not allow funding in rates to repay the City of Newport. However, if Newport can find efficiencies in its operation that would be a potential source of revenues, it can apply to pay debt to the City.
5. City Services Expense – To allocate 10.39% of Newport's budget to the various departments, with the exception of the City Clerk, City Manager and City Council. The Commission accepted the position of Portsmouth Water and Fire District to allocate 1% to the City Clerk. With regard to the City Manager and City Council Members, the Commission allowed only 10.39% of each of those specific individuals base salaries. The Commission directed Newport to create a Cost Allocation Manual (CAM) explaining how costs are allocated to the City's departments. The CAM shall be filed by 5/1/08.
6. Billing Frequency – To increase the billing frequency to quarterly and approve a customer charge of \$13.25.
7. Operating Revenue Allowance – To allow 1.5% of all expenses. The Commission deferred to establish an operating reserve or supplement income reserve. However, the Commission will initiate a generic docket to address the appropriateness and funding for such reserve.
8. Repayment to the City – To allow Newport to pay \$500,000 owed to the City from the Repayment to City Account pending Commission review in June 2008. After June 2008, any remaining funds in the Repayment to the City Account will be transferred to the Debt Service Account. The Repayment to the City Account will be dissolved and annual funding in the Debt Service Account will increase by \$250,000.
9. Radio Read Program and Easton Pond Dam Repairs – To allow \$250,000 to debt service to fund the Radio Read Program and Easton Pond Dam Repairs.
10. Water Quality – Newport is encouraged to perform a mixing system feasibility study to reduce the age of the water supplied and to include such costs.
11. Interest on Delinquent Water Accounts – To clarify language to read that interest will accumulate a penalty of 10% per year from the due date through the payment date (to mirror that of Pawtucket Water Supply Board).
12. Prorating Bills – To direct Newport to prorate bills
13. Customer Service Costs – To adjust costs to \$27,000 (from \$81,000) which reflects the incremental expense expected to be incurred as a result of Newport increasing billing frequency. Newport shall split the costs for customer service with the Waste Water Department. Newport shall seek to recover 50% of the costs for the Radio Read Program from the Wastewater Water Department.
14. Reporting Requirements – That Newport continue the current reporting and provide monthly reports on Capital Improvement Program (CIP).
15. Funding for CIP – That Newport's Treatment Plant Study shall be funded through debt.

Chairman Germani entertained a motion to approve the above items as discussed herein. Commissioner Holbrook seconded the motion and the motion was unanimously passed. **Vote 3-0.** As approved, the Newport Water Division is authorized to collect additional revenues in the amount of \$911,458 for a total cost of service of \$9,401,731 effective September 1, 2007.

The open meeting adjourned at 2:00 P.M.