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May 24, 2022

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

*Re: City of Newport, Utilities Department, Water Division
Docket 5254*

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).

Please note that an electronic copy has been sent to the service list for this Docket. Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

Enclosure

cc: Docket 5254 Service List (*via electronic mail*)

COMM 1-1: Referring to the Settlement Agreement in Docket 4933, please explain the services being provided and billed to the Water Pollution Control Department and the Town of Middletown. The services in question are referred to in the Settlement as:

- a. WPC cost share on customer service
- b. Middletown cost share on customer service

Response: a. and b.

The charges to the Water Pollution Control Division and Middletown originated in the Docket 3675 Order and Settlement Agreement, which became effective November 11, 2005. The Order and Settlement Agreement required the WPC Division to make an annual payment starting in FY 2007 to the Water Fund equal to 50% of certain Customer Service expenses related to the collection of customer usage data used for sewer billing. Middletown also benefits from the customer service expenses since they use the metered water data for the Town's sewer billings. Starting in FY 2007 the WPC Division billed Middletown their proportionate share of expenses related to the collection of water usage data based on the number of accounts. Effective with Docket 4025, July 1, 2009, NWD began directly billing WPC and Middletown for their proportionate share Customer Service expenses based on their respective number of accounts. The methodology has been followed for each year thereafter.

The charges to the WPC and Middletown are calculated annually based on the number of customers in each category. The shared cost items are the Water Division's customer service O&M costs, debt service for the radio read system acquisition, and the annual budget for meter replacements. The primary driver of the total customer service cost are O&M costs, as they account for between 66% to 70% of the total cost pool. The debt service portion changes very little from year to year. The third component, meter replacement costs, accounts for less than 10% of the total cost. The O&M costs are determined by the amount approved in the docket then in effect. For example, the amount approved for O&M in

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FY 2015 and FY 2016 was \$613,500 as per Docket 4355. Following approval of Docket 4595, the O&M amount rose to \$726,526.

Prepared by: Robert C. Schultz, Jr.

COMM 1-2: Does the Newport Water Department conduct collection activities on behalf of Water Pollution Control?

Response: There are four positions that are split Water 60% and WPC 40% - Director of Utilities, Deputy Director of Utilities – Finance, Deputy Director of Utilities – Engineering, and Administrative Secretary. Two additional positions, the Financial Analyst and Billing Clerk are split 50% Water and 50% WPC, the Billing Clerk being the most relevant position. Any time that person spends on collections for WPC would be covered by the 50% allocation to WPC.

Prepared by: Robert C. Schultz, Jr.

COMM 1-3: Are any of the electronic fees for which Newport Water is seeking recovery related to amounts billed and collected on behalf of Water Pollution Control? If yes, please quantify.

Response: Customers of Newport Water receive a bill that includes water charges and sewer charges on the same bill. So, some of the electronic fees could, in theory, be related to the water pollution control portion of the bill. In order to make that determination, the bills would have to be examined manually. There are approximately 1,200 payment transactions per month, which would make this impossible.

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COMM 1-4: Does the Newport Water Department conduct collection activities on behalf of Middletown?

Response: No. Newport only provides water usage information, which the Town of Middletown uses to bill and collect payments for sewer usage.

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COMM 1-5: Are any of the electronic fees for which Newport Water is seeking recovery related to amounts billed and collected on behalf of Middletown? If yes, please quantify.

Response: No.

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COMM 1-6: Please update the table attached to Mr. Schultz's testimony for March and April actuals if available.

Response: Please see attached.

Prepared by: Robert C. Schultz, Jr.

POINT AND PAY FY 2021

COLLECTED FEE # OF TRANSACTIONS

JULY	\$146,036.18	\$4,654.65	982
AUGUST	\$144,192.53	\$4,473.97	981
SEPTEMBER	\$193,551.30	\$5,621.40	1045
OCTOBER	\$180,527.98	\$5,691.82	1029
NOVEMBER	\$156,242.20	\$4,972.71	1060
DECEMBER	\$190,043.83	\$6,113.46	1240
JANUARY	\$157,111.99	\$5,070.84	1128
FEBRUARY	\$142,294.93	\$4,612.00	1006
MARCH	\$114,629.93	\$3,670.61	816
APRIL	\$164,245.05	\$5,271.72	1174
MAY	\$136,123.59	\$4,350.01	1013
JUNE	\$187,199.59	\$5,941.61	1254
TOTAL	\$1,912,199.10	\$60,444.80	12728

ESTIMATE OF MONTHLY FEES	
from December 1, 2021 going forward	
Jul 2020 - Jun 2021:	ave = \$5,037.07/month
Average for CY:	
Jul 2021 - Apr 2022:	\$5,794.23
Average for CY	\$5,794.23
Average for LY (same date range)	5,151.36
	642.87
ave monthly increase:	
Jul 2020-Jun 2021 to Jul 2021-Apr 2022	12.48%
	6,534.15

POINT AND PAY 2022

COLLECTED FEE # OF TRANSACTIONS

JULY	\$183,015.33	\$5,773.66	1161
AUGUST	\$163,517.10	\$5,191.46	1148
SEPTEMBER	\$189,564.02	\$5,940.59	1174
OCTOBER	\$160,208.55	\$5,097.01	1112
NOVEMBER	\$194,803.57	\$6,140.51	1224
DECEMBER	\$149,108.84	\$4,815.34	1137
JANUARY	\$195,157.22	\$8,028.72	1310
FEBRUARY	\$172,903.70	\$5,486.39	1224
MARCH	\$185,840.74	\$6,041.34	1370
APRIL	\$168,569.56	\$5,427.25	1238
MAY			
JUNE			
TOTAL	\$1,762,688.63	\$57,942.27	12098

\$118,387.07 Total credit/debit card fees paid by Newport Water as of April 30, 2022
 5,919.35 overall monthly average

6,200.00 Proposed monthly cc/debit card fees - increase of

COMM 1-7: When does Newport Water anticipate it will file its next base rate case?

Response: Newport plans to make a filing with the Commission in the fall. Presently, Newport is anticipating increases to chemicals, capital projects and salaries and wages. Depending on the magnitude of increases for these expenses, Newport may be able to submit an abbreviated filing pursuant to Rule 5.10 of the Commission's Rules of Practice and Procedure. Newport will review its expenses for FY 2022 once the fiscal year is complete. Newport will also examine whether it will need increased revenue to meet expenses in addition to chemicals, capital projects and salaries and wages. If Newport needs to increase rates for expenses not covered in Rule 5.10, or if the magnitude of the increases for expenses covered in Rule 5.10 exceed the twenty-five percent (25%) limitation set forth in that rule, then Newport will file a full rate case.

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COMM 1-8: What, if any, negative consequences could occur if Newport's request is granted and the balance in the Restricted Revenue Reserve Account is reduced by \$106,918.48?

Response: Based on the amounts paid for March and April 2022, the withdrawal would be \$118,387. The negative consequence is that the reserve will be reduced and less funds will be available to Newport if they are needed. However, Newport believes that a balance of approximately \$770,000 will be sufficient for the time being.

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COMM 1-9: Please provide a projection of the balance in the Restricted Revenue Reserve Account as of December 31, 2023 including quarterly totals where appropriate.

Response: Based on the figures through April 2022, Newport would withdraw approximately \$118,387 from this account, which would leave a balance of approximately \$770,000. Currently, this account is not funded, and the only activity is interest income of approximately \$5.00/month. Thus, the balance would be approximately \$770,100 by December 30, 2023 .

Prepared by: Robert C. Schultz, Jr.

CERTIFICATION

I hereby certify that on May 24, 2022, 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 six (6) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
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