

# City of Newport Department of Utilities



**THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S**

**MISCELLANEOUS PETITION TO RECOVER**

**ELECTRONIC PAYMENT FEES**

**BEFORE THE**

**STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**APRIL 2022**

**STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION**

**DOCKET NO:**

**CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S  
MISCELLANEOUS PETITION FOR RELIEF TO RECOVER ELECTRONIC PAYMENT FEES**

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April 29, 2022

Ms. Luly Massaro, Clerk  
Rhode Island Division of Public Utilities  
and Carriers  
89 Jefferson Boulevard  
Warwick, RI 02888

**Re: *The City of Newport, Utilities Department, Water Division  
Miscellaneous Petition For Recovery Of Electronic Payment Fees***

Dear Ms. Massaro:

Enclosed herewith please find an original and nine copies of the Miscellaneous Petition To Recover Electronic Payment Fees filed by the City of Newport, Utilities Department, Water Division ("Newport Water") pursuant to Orders entered by the Rhode Island Public Utilities Commission in Docket 5022. I have also included a copy of the proposed notice to be published in the Providence Journal and provided to Newport Water's customers. Please note that this notice is a joint notice of both this filing and Newport Water's Multi-Year Rate Plan Compliance Filing and Notice of Change In Rates, which has been filed simultaneously on this date. I would respectfully ask that the Commission staff review the proposed notice so that it can be published and provided to customers in a timely manner.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

Enclosure

cc: Newport Water Docket 4933 Service List via electronic mail

**STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER  
DIVISION'S MISCELLANEOUS PETITION TO RECOVER  
ELECTRONIC PAYMENT FEES**

**DOCKET XXX**

**THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S MISCELLANEOUS  
PETITION TO RECOVER ELECTRONIC PAYMENT FEES**

**I. INTRODUCTION**

Now comes the City Of Newport, Utilities Department, Water Division ("Newport Water") and hereby requests that the Rhode Island Public Utilities Commission ("Commission") grant relief allowing Newport Water to recover credit and debit card fees ("Electronic Payment Fees") paid on behalf of its customers pursuant to Orders issued by the Commission in Docket 5022.

**II. FACTUAL BACKGROUND**

As the Commission knows, the COVID-19 pandemic was first identified at the end of 2019. On January 30, 2020, the World Health Organization ("WHO") declared a Public Health Emergency of International Concern, and on March 11, 2020, WHO declared an international pandemic. This pandemic resulted in lockdowns in the United States and throughout the world. In response to the pandemic, the Commission opened Docket 5022, and on March 16, 2020, the Commission voted to enter an emergency order related to the COVID-19 pandemic. This order prohibited utilities from engaging in collection activities such as termination of service, sending past due accounts to collection agencies and sending termination notices. The order also prevented utilities from charging late fees, interest charges, credit card fees, debit card fees, and ACH fees. Through several subsequent orders, these various restrictions were relaxed

and/or lifted. In particular, at the Commission's November 5, 2021 Open Meeting, it approved an order allowing utilities to reinstate late fees and interest charges upon thirty days-notice to customers. However, the Commission's November 5, 2021 order required utilities to continue absorbing transaction fees such as credit card and debit card fees. At the November 5, 2021 Open Meeting, the Commission recognized that many utilities – such as Newport Water – do not have revenues included in their costs of service to pay transaction fees on behalf of their customers. As such, the Commission allowed any such utility to file for rate recovery of any such fees already incurred, and fees it will incur on an ongoing basis, until the utility's next general rate filing. Then, in the next general rate filing any such utility must seek approval of these costs as part of its cost of service in the same manner as any other expense.

### **III. RELIEF REQUESTED**

Newport Water seeks to recover \$106,918.48 for Electronic Payment Fees incurred on behalf of customers from July 1, 2020 to February 28, 2022, and any fees incurred thereafter until the date of the Commission's decision in this Docket. In addition, Newport seeks to recover \$74,400 per year on a going forward basis to cover the payment of these fees on an annual basis. Newport requests that the rates necessary to recover this amount on annual basis take effect on July 1, 2022. In support of this request, Newport relies on the testimony and schedules of Robert C. Schultz Jr., Director of Utilities, City of Newport, Utilities Department, Water Division and Harold J. Smith from Raftelis Financial Consultants, Inc., which are attached hereto and incorporated herein.

### **IV. CONCLUSION**

WHEREFORE, for the reasons set forth herein, the City Of Newport, Utilities

Department, Water Division prays that the Rhode Island Public Utilities Commission grant the relief sought herein and all other relief it deems meet and just.

The City Of Newport, Utilities Department,  
Water Division,  
By its attorney,



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**STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION**

**DOCKET NUMBERS: 4933 & XXX**

**NOTICE OF COMPLIANCE FILING AND PROPOSED CHANGE IN RATE SCHEDULES**

The City of Newport, Utilities Department, Water Division (“Newport”), hereby gives notice that on April 29, 2022 it filed a Multi-Year Rate Plan Compliance Filing And Notice Of Change In Rates Pursuant To R.I.G.L. § 39-15.1-4 in Docket 4933, and a Miscellaneous Petition To Recover Electronic Payment Fees in Docket XXX with the Rhode Island Public Utilities Commission (“Commission”).

In its Docket 4933, Newport’s Multi-Year Rate Plan Compliance Filing And Notice Of Change In Rates Pursuant To R.I.G.L. § 39-15.1-4 seeks to increase its revenues from rates in the amount of \$906,047 annually to support increased debt service for system-wide water main improvements. The proposed revenue increase is the second and final phase of the multi-year increase granted by the Commission in Docket 4933.

In Docket XXX, Newport seeks to recover credit card and debit card fees that it paid, which were previously paid by its customers, as ordered by the Commission in proceedings related to the world-wide Covid 19 pandemic. These proceedings began on March 16, 2020 when the Commission opened Docket 5022 and voted to enter an emergency order related to the COVID-19 pandemic. This order prohibited utilities from engaging in collection activities such as termination of service, sending past due accounts to collection agencies and sending termination notices. The order also prevented utilities from charging late fees, interest charges, credit card fees, debit card fees, and ACH fees. Through several subsequent orders, these various restrictions were relaxed and/or lifted. In particular, at the Commission’s November 5, 2021 Open Meeting, it approved an Order allowing utilities to reinstate late fees and interest charges upon thirty days-notice to customers. However, the Commission’s November 5, 2021 Order required utilities to continue absorbing electronic payment fees such as credit card and debit card fees (“Electronic Payment Fees”). At the November 5, 2021 Open Meeting, the Commission recognized that many utilities – such as Newport – do not have revenues included in their costs of service to pay Electronic Payment Fees on behalf of their customers. As such, the Commission allowed any such utility to file for rate recovery of any such fees already incurred, and fees it will incur on an ongoing basis, until the utility’s next general rate filing.

In its Miscellaneous Petition, Newport seeks to recover \$106,918.48 for Electronic Payment Fees incurred on behalf of customers from July 1, 2020 to February 28, 2022, and any fees incurred thereafter until the date of the Commission’s decision in Docket XXX. In addition, Newport seeks to recover \$74,400 per year on a going forward basis to cover the payment of these fees on an annual basis. In Newport’s next general rate filing it will be required to seek approval for any ongoing amount it seeks for Electronic Payment Fees paid on behalf of its customers, and it will have to demonstrate that the amount it seeks is the “least cost” manner of covering these fees.

The combined impact of Newport’s requests will vary based on customer classification. For a typical residential customer, who uses 84,000 gallons of water per year, the impact of these requests will result in an annual increase of \$52.80 per year from \$936.36 to \$988.44 or 5.6%. The impact on all other

customers will vary based on customer class. Please note that while Newport is requesting this revenue increase and change in rates, the Commission, after full investigation and hearings, may order a different revenue requirement and rates.

While the new rates are proposed to become effective July 1, 2022, the Commission can hold a hearing on the proposed rate increase and may approve, or reasonably amend, Newport's proposals. No rate change will take effect until the Commission has conducted a full investigation and hearing on Newport's proposals. The Commission will publish a notice of any hearing dates when they are scheduled.

Copies of Newport's filings are on file for examination at Newport Water's office and at the offices of the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, Rhode Island. Copies of the filings were also provided to the Rhode Island Attorney General's Department, Consumer Division.

City of Newport, Utilities Department, Water Division  
70 Halsey Street  
Newport, RI 02840



# City of Newport Department of Utilities



**PREFILED TESTIMONY**

**OF**

**ROBERT C. SCHULTZ, JR.  
DIRECTOR OF UTILITIES  
CITY OF NEWPORT**

**IN SUPPORT OF**

**THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S  
MISCELLANEOUS PETITION TO RECOVER ELECTRONIC PAYMENT FEES**

**BEFORE THE**

**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**APRIL 2022**

1 **Q. Please provide your full name, title and business address.**

2 A. Robert C. Schultz, Jr., and I am employed by the City of Newport where I serve as  
3 Director of Utilities. My business address is 70 Halsey Street, Newport, RI.

4

5 **Q. How long have you held this position?**

6 A. I began my employment with the City of Newport on December 10, 2012, as Deputy  
7 Director - Engineering. When Julia Forgue, the Director of Utilities, retired in July 2021, I  
8 served as Acting Director and was officially named Director on December 1, 2021.

9

10 **Q. What responsibilities do you have as Acting Director of Utilities with regard to the**  
11 **Newport Water System?**

12 A. I serve as the general manager of the water and water pollution control divisions. I  
13 plan, organize and direct activities for the Water Division ("Newport Water" or  
14 "Newport"). I direct and oversee the work of supervisors on administrative and  
15 technical issues conforming to a policy framework established by the City of Newport  
16 and State and Federal agencies.

17

18 **Q. Can you provide a brief description of your work experience?**

19 A. Prior to working for the City of Newport, I was employed by Rhode Island Department  
20 of Health, Office of Drinking Water Quality as a Senior Sanitary Engineer. As the Senior  
21 Sanitary Engineer, I was responsible for staff engaged in the sanitary engineering  
22 program and performed professional engineering work involving complex problems  
23 with public water systems. Additionally, I managed the Water System Security &  
24 Emergency Preparedness Program. Before working for the Rhode Island Department of  
25 Health, Office of Drinking Water Quality, I held various roles, including principal  
26 engineer, principal surveyor, senior project manager, and project engineering at  
27 consulting and construction firms in Rhode Island.

1 **Q. What is your educational background?**

2 A. I received a Bachelor of Science, Civil & Environmental Engineering from the  
3 University of Rhode Island in 2003 and a graduate-level homeland security leadership  
4 program at the University of Connecticut from 2009 to 2012. I am a registered  
5 Profesional Engineer and Profesional Land Surveyor in Rhode Island. Additionally, I am a  
6 certified Distribution and Treatment Operator in Rhode Island and Massachusetts.

7  
8 **Q. Do you have any professional affiliations?**

9 A. Yes, I am a member of the American Water Works Association, New England  
10 Waterworks Association, and Rhode Island Waterworks Association. I am also a member  
11 of the Association of State Dam Safety Officials, Water Environment Federation, and  
12 Rhode Island Society of Professional Land Surveyors.

13

14 **Q Please describe your role in this proceeding?**

15 A. I am testifying in support of Newport Water's miscellaneous petition to recover debit  
16 card and credit card fees ("Electronic Payment Fees") paid on behalf of customers in  
17 conformance with Orders issued by the Rhode Island Public Utilities Commission  
18 ("Commission") in Docket 5022 – In Re: Suspension Of Service Terminations And Certain  
19 Collection Activities During The COVID-19 Emergency. In particular, Newport seeks to  
20 withdraw funds from its restricted Revenue Reserve Account to cover Electronic  
21 Payment Fees Newport incurred on behalf of its customers to date and up to the time of  
22 the Commission's decision in this Docket. Currently, Newport Water has incurred  
23 \$106,918.48 in Electronic Payment Fees as of February 28, 2022. Newport Water also  
24 seeks to increase its cost of service to provide funding to cover Electronic Payment Fees  
25 on a going forward basis.

26

1 **Q. Can you please briefly review the background of events that resulted in Newport**  
2 **making this request?**

3 A. Yes. As the Commission knows, the COVID-19 pandemic was first identified at the end  
4 of 2019. On January 30, 2020, the World Health Organization (“WHO”) declared a Public  
5 Health Emergency of International Concern, and on March 11, 2020, WHO declared an  
6 international pandemic. This pandemic resulted in lockdowns in the United States and  
7 throughout the world. In response to the pandemic, the Commission opened Docket  
8 5022, and on March 16, 2020, the Commission voted to enter an emergency order  
9 related to the COVID-19 pandemic. This order prohibited utilities from engaging in  
10 collection activities such as termination of service, sending past due accounts to  
11 collection agencies, and sending termination notices. The Commission also prevented  
12 utilities from charging late fees, interest charges, credit card fees, debit card fees, and  
13 ACH fees. Through several subsequent orders, these various restrictions were relaxed  
14 and/or lifted.

15

16 In particular, at the Commission’s Open Meeting on November 5, 2021, it allowed  
17 utilities to reinstate late fees and interest charges upon thirty day’s notice to customers.  
18 However, the Commission’s November 5, 2021 Order required utilities to continue  
19 absorbing Electronic Payment Fees. At the November 5, 2021 Open Meeting, the  
20 Commission recognized that many utilities – such as Newport – do not have revenues  
21 included in their costs of service to absorb Electronic Payment Fees for customers. As  
22 such, the Commission allowed any such utility to file for rate recovery of any fees  
23 already incurred and fees it will incur on an ongoing basis until the utility’s next general  
24 rate filing. Then, in the next general rate filing, any such utility must seek approval of  
25 these costs as part of its cost of service in the same manner other expenses.

26

27

1 **Q. How much has Newport paid to date to cover Electronic Payment Fees for its**  
2 **customers?**

3 A. Attached to my testimony is Schedule RS-1, which shows that Newport has incurred  
4 \$106,918.48 in Electronic Payment Fees as of February 28, 2022.

5

6 **Q. What is Newport's proposal for recovering funds that have already been incurred?**

7 A. Newport would like permission to withdraw this amount from its restricted Revenue  
8 Reserve Account, which has a balance of \$887,699.20 as of March 31, 2022.

9

10 **Q. What is Newport's proposal for recovering revenue required to cover Electronic**  
11 **Payment Fees on a going forward basis?**

12 A. As set forth in Schedule RS-1, Newport had a monthly average expense of \$5,037.07  
13 for the twelve months from July 2020 to June 2021. In the eight months from July 2021  
14 to February 2022, this monthly average has increased to \$5,809.21. This is an increase  
15 of 15.33%. We believe this monthly amount will increase as more customers become  
16 aware that they can use their debit or credit cards – many of which provide some form  
17 of reward based on spending – without being charged a fee. Thus, if Newport increases  
18 its average monthly expense over the last eight months (\$5,809.21) by the percentage  
19 increase between FY 2021 and FY 2022 to date (15.33%), that results in an average  
20 monthly expense of \$6,165.45. Rounded up this would be \$6,200, which is the amount  
21 Newport seeks to recover in rates to cover these fees on a going forward basis.

22

23 This amount would remain in Newport's cost of service until it files its next general rate  
24 case or until the Commission orders Newport to revisit this issue. Newport is mindful  
25 that when it files its next general rate case, it will need to include an expense for  
26 Electronic Payment Fees as it would any other expense it seeks to recover. Newport is  
27 also mindful of the Commission's directive at its November 5, 2021 Open Meeting that it

1 will have to show that the Electronic Payment Fee expense it seeks to recover in its next  
2 general rate filing must be the "least cost" manner of covering this expense.

3

4 **Q. Has Newport prepared a schedule showing the impact of the rate increase needed**  
5 **to cover \$74,400 in annual expense for Electronic Payment Fees?**

6 A. Yes. Harold Smith has calculated the rate increases required to cover this expense,  
7 and I would refer to his testimony for more detail. As noted in Mr. Smith's testimony,  
8 Newport has also filed a compliance filing for the second step of a multi-year rate plan  
9 the Commission preliminarily approved in Docket 4933. Newport Water proposes that  
10 the rate increases for the second step of the Docket 4933 rate plan and for ongoing  
11 Electronic Payment Fee expense both take effect on July 1, 2022 for Fiscal Year 2023.

12

13 **Q. Does this conclude your testimony?**

14 A. Yes it does.

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<br>from December 1, 2021 going forward |                        |
|---|------------------------|
| Jul 2020 - Jun 2021:  | ave = \$5,037.07/month |
| Jul 2021 - Feb 2022:  | ave = \$5,809.21/month |
| Based on actuals as of Feb 2022:                                | 5809.21                |
|   | (5,037.07)             |
| ave \$ increase per month -                                     | 772.14                 |
| ave % increase per month -                                      | 15.33%                 |
| increased ave monthly fees                                      | 6,165.45               |

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     |                |             |                   |
| APRIL     |                |             |                   |
| MAY       |                |             |                   |
| JUNE      |                |             |                   |
| TOTAL     | \$1,408,278.33 | \$46,473.68 | 9490              |

\$106,918.48 Total credit/debit card fees paid by Newport Water as of February 28, 2022  
 5,345.92 overall monthly average

6,200.00 Proposed monthly cc/debit card fees

**PREFILED TESTIMONY**

**OF**

**HAROLD J. SMITH  
RAFTELIS FINANCIAL CONSULTING, INC.**

**IN SUPPORT OF**

**THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S  
MISCELLANEOUS PETITION TO RECOVER ELECTRONIC PAYMENT FEES**

**BEFORE THE**

**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**APRIL 2022**





1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Harold J. Smith, and my business address is 5619 DTC Parkway, Suite 850,  
4 Greenwood Village, Colorado, 80111.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am a Vice President of Raftelis Financial Consultants, Inc. (Raftelis), a consulting firm  
8 specializing in water and wastewater finance and pricing. Raftelis was established in  
9 1993 in Charlotte, North Carolina, by George A. Raftelis to provide environmental and  
10 management consulting services to public and private sector clients. Raftelis is a  
11 national leader in the development of water and wastewater rates that satisfy local  
12 government objectives.

13

14 **Q. Please describe your educational background and work experience.**

15 A. I obtained a Master of Business Administration from Wake Forest University in 1997,  
16 and a Bachelor of Science in Natural Resources from the University of the South in 1987.  
17 As an employee of Raftelis, I have been involved in numerous projects for public utilities  
18 including a number of studies involving transition to new rate structures designed to  
19 address specific pricing objectives. I have also served on engagements involving a wide  
20 range of technical specialties including:

- 21 •  Utility Cost of Service and Rate Structure Studies
- 22 •  Privatization Feasibility Studies
- 23 •  Privatization Procurements
- 24 •  Utility Financial Planning Studies
- 25 •  Municipal Financial Planning Studies

26

1 **Q. Have you previously testified before any regulatory agencies or in court on utility**  
2 **rate related matters?**

3 A. Yes. I provided testimony for the City of Newport, Utilities Department, Water  
4 Division ("Newport Water" or "Newport") in nine previous rate filings before the  
5 Rhode Island Public Utilities Commission ("Commission") in Dockets 3578, 3675,  
6 3818, 4025, 4128, 4243, 4355, 4595 and 4933. I also provided testimony in the  
7 Providence Water Supply Board's most recent rate filings (Docket Nos. 3832, 4061,  
8 4070, 4406, 4571, 4618 and 4994). I also testified on behalf of the Consumer  
9 Advocate before the Nova Scotia Utility and Review Board (W-HRWC-R-10). I have  
10 also provided testimony for the Pittsburgh Water and Sewer Authority's (PWSA) first  
11 three water (Docket Nos. R-2018-3002645, R-2020-3017951 and R-2021-3024773)  
12 and wastewater conveyance (Docket Nos. R-2018-3002647, R-2020-3017970 and R-  
13 2021-3024774) and PWSA's first stormwater (Docket Nos. R-2021-3024779) rate  
14 filings before the PAPUC.

15

16 **Q. Do you belong to any professional organizations or committees?**

17 A. Yes. I am a member of the American Water Works Association where I am the past  
18 chairman of the Strategic Management Practices Committee

19

20 **Q. What is the purpose of your testimony?**

21 A. To support Newport Water's miscellaneous petition to recover debit card and credit  
22 card fees ("Electronic Payment Fees") paid on behalf of its customers in conformance  
23 with Orders issued by the Rhode Island Public Utilities Commission ("Commission") in  
24 Docket 5022 – In Re: Suspension Of Service Terminations And Certain Collection  
25 Activities During The COVID-19 Emergency.

26

27

1 **II. NEWPORT'S MISCELLANEOUS PETITION TO RECOVER ELECTRONIC PAYMENT FEES**

2 **Q. Can you explain how Newport's request to recover Electronic Payment Fees will**  
3 **affect rates?**

4 A. Yes. Newport Water's petition contains two requests. First, Newport Water seeks  
5 reimbursement of Electronic Payment Fees it covered on behalf of its customers from  
6 July 1, 2020 up to and including the time of the Commission's decision on its  
7 miscellaneous petition. The amount as of February 2022 is \$106,918.48. Newport seeks  
8 to withdraw the amount incurred from its restricted Revenue Reserve Account. As such,  
9 this component of Newport's Miscellaneous Petition will not affect rates. Second,  
10 Newport Water seeks to include \$6,200/month (\$74,400/year) in its cost of service to  
11 cover Electronic Payment Fees on a going forward basis. This will require a rate increase.

12

13 **Q. Newport Water also submitted a compliance filing to implement the second step of**  
14 **a multi-year rate plan preliminarily approved by the Commission in Docket 4933. Is**  
15 **Newport proposing that the rate increase to cover Electronic Payment Fees on a going**  
16 **forward basis and the second step increase go into effect simultaneously?**

17 A. Yes, Newport seeks to implement both increases effective July 1, 2022.

18

19 **Q. Have you calculated the increases needed for the second step increase and the**  
20 **increase needed to cover Electronic Payment Fees on a going forward basis?**

21 A. Yes, I have, and I think it would be helpful to start by providing some background on  
22 the second step increase preliminarily approved by the Commission in Docket 4933.

23

24 On February 13, 2019, Newport Water filed an application for a general rate increase  
25 (Docket 4933). In its application, Newport Water proposed a multi-year rate plan  
26 pursuant to R.I.G.L. §39-15.1-4. The first phase ("Step One") of the increase took effect  
27 in Fiscal Year ("FY") 2020, and the second phase ("Step Two") was to take effect in FY

1 2022, subject to a compliance filing as required by R.I.G.L. § 39-15.1-4. The Step One  
2 increase was driven primarily by a decrease in consumption and an increase in  
3 operation and maintenance expenses, and the Step Two increase was required to  
4 service debt on approximately \$7,441,000 of borrowings through the Rhode Island  
5 Infrastructure Bank ("RIIB") to fund system-wide main improvements. The Commission  
6 approved Newport Water's two-step increase, subject to a compliance filing, and HJS  
7 Exhibit 1 (MP) attached hereto sets forth the rates approved for Step One in FY 2020  
8 and the anticipated rates for Step Two in FY 2022. As part of the Commission's Order, it  
9 also directed Newport Water to implement true "cost-of-service" based rates for each  
10 customer class, including Newport Water's two wholesale customers – the United States  
11 Navy and the Portsmouth Water and Fire District. However, the Commission ordered  
12 that true cost- of-service rates be implemented gradually. The Step One increase moved  
13 rates half-way toward true cost-of-service, and the Step Two increase sets rates at true  
14 cost-of-service.

15

16 On March 30, 2021, Newport Water filed a Petition to Amend Multi-Year Rate Plan  
17 Pursuant To R.I.G.L. § 39-15.1-4(d) seeking to postpone the Step Two Increase for one  
18 year from July 1, 2021 (for FY 2022) to July 1, 2022 (for FY 2023). Newport was able to  
19 postpone this Step Two Increase because it received money from RIIB for a series of  
20 loan refundings. Furthermore, and as set forth in Newport Water's Docket 4933  
21 Compliance Filing, which was submitted contemporaneously with its Miscellaneous  
22 Petition to recover Electronic Payment Fees, Newport can now lower the Step Two  
23 increase originally approved by the Commission. Attached as HJS Exhibit 2 (MP) is the  
24 proposed rates for the Step Two increase, which Newport Water proposes to take effect  
25 on July 1, 2022 for FY 2023. These rates recover the revenue Newport needs for debt  
26 service and moves rates toward true cost of service.

27

1 By comparing HJS Exhibit 1 (MP) (the Step Two Increase originally approved by the  
2 Commission, which is highlighted in the red box) and HJS Exhibit 2 (MP) (the Step Two  
3 increase Newport Water now proposes to implement, which is also highlighted in the  
4 red box), the rates now proposed are 2% to 3% less than originally approved by the  
5 Commission for Step Two.

6 In order to pay the Electronic Payment Fees, Newport Water proposes to recover the  
7 necessary revenue from the monthly service charges (i.e. Base Charge). HJS Exhibit 3  
8 (MP) attached to my testimony shows the total increases needed for the Step Two  
9 increase and the increase to recover Electronic Payment Fees.

10

11 **Q. Can you explain why the volumetric charges decrease slightly when you implement**  
12 **the increase on the base charge to recover the costs for ongoing Electronic Transaction**  
13 **Fees?**

14 A. Yes, as can be seen by comparing HJS Exhibit 2 (MP) (showing the increase required  
15 just for Step Two of the multi-year increase) and HJS Exhibit 3 (MP)(showing the  
16 increase attributable to both Step Two and recovery of the Electronic Payment Fees),  
17 the monthly service charges (i.e. Base Charge) increase, while the volumetric charges  
18 decrease slightly. This is because certain administrative costs are allocated using a  
19 composite allocation factor that is based on the allocation of other costs to base/extra  
20 capacity cost categories. The addition of the credit card costs to Newport's revenue  
21 requirements and the subsequent allocation to the billing cost category results in a  
22 greater portion of the previously mentioned administrative costs being allocated for  
23 recovery through the monthly service charge and a smaller portion being allocated for  
24 recovery through the volumetric charge.

25

26 Further, although the percentage increases for the monthly service charges seem large,  
27 they are not as dramatic in actual dollars. For instance, the monthly service charge for a

1 5/8 inch meter, which is the size in most residential homes, increases from \$5.23/month  
2 currently to \$5.48/month to recover just the Second Step Increase (HJS Exhibit 2 (MP)).  
3 This fee then increases to \$5.60/month to recover the Step Two increase and the  
4 Electronic Payment Fees (HJS Exhibit 3 (MP)). Thus, the monthly increase attributable to  
5 just the recovery of the Electronic Payment Fees is \$0.12/month.

6

7 **Q. Can you explain why Portsmouth's base charge increases as part of the rate**  
8 **increase related to Newport's recovery of ongoing Electronic Payment Fees?**

9 A. Unlike the base charge for Newport's retail customers, which is comprised of a billing  
10 component, a meter component and a services component, Portsmouth's base charge  
11 only includes a billing component. Since the costs associated with credit card payments  
12 have been allocated to the Billing base/extra capacity cost category Portsmouth's base  
13 charge increases along with the base charges for all other customers. However, as I  
14 indicated previously, while the percentage increase looks large (34%), the actual dollar  
15 amount is only \$0.52/month or \$6.24/year, while its volumetric charge decreases  
16 slightly.

17

18 **Q. Have you prepared any other Exhibits?**

19 A. Yes. Attached to my testimony are HJS Exhibit 4 (MP), which sets forth the bill  
20 impacts of both rate increases, HJS Exhibit 5 (MP), which is the revenue proof for both  
21 increases.

22

23 **III. CONCLUSION**

24 **Q. Does this conclude your testimony?**

25 A. Yes it does.

# HJS Exhibit 1 (MP)

## Docket 4933

Rhode Island Public Utilities Commission  
 Docket 4933  
 FY 2020 Rate Filing  
 HJS Schedule A-5B Joint Settlement Revised  
 Multi-Year Rate Plan With Gradualism

| Rates and Charges                    | Current Rates | Rate Year        |            | Future Year      |            |
|--------------------------------------|---------------|------------------|------------|------------------|------------|
|                                      |               | Proposed FY 2020 | % Increase | Proposed FY 2022 | % Increase |
| Billing Charge (per bill)            |               |                  |            |                  |            |
| 5/8                                  | \$ 5.02       | \$ 5.23          | 4%         | \$ 5.60          | 7%         |
| 3/4                                  | \$ 5.27       | \$ 5.48          | 4%         | \$ 5.86          | 7%         |
| 1                                    | \$ 7.03       | \$ 7.27          | 3%         | \$ 7.82          | 8%         |
| 1.5                                  | \$ 11.33      | \$ 11.64         | 3%         | \$ 12.60         | 8%         |
| 2                                    | \$ 15.86      | \$ 16.20         | 2%         | \$ 17.58         | 9%         |
| 3                                    | \$ 41.71      | \$ 42.06         | 1%         | \$ 45.90         | 9%         |
| 4                                    | \$ 49.12      | \$ 49.42         | 1%         | \$ 53.95         | 9%         |
| 5                                    | \$ 58.99      | \$ 59.22         | 0%         | \$ 64.69         | 9%         |
| 6                                    | \$ 66.40      | \$ 66.58         | 0%         | \$ 72.74         | 9%         |
| 8                                    | \$ 86.15      | \$ 86.19         | 0%         | \$ 94.22         | 9%         |
| 10                                   | \$ 121.95     | \$ 121.73        | 0%         | \$ 133.15        | 9%         |
| Portsmouth Base Charge (4")          | \$ 1.36       | \$ 1.56          | 15%        | \$ 1.57          | 1%         |
| Commodity Charge (per 1,000 gallons) |               |                  |            |                  |            |
| Retail                               |               |                  |            |                  |            |
| Residential                          | \$ 10.02      | \$ 10.40         | 4%         | \$ 11.16         | 7%         |
| Non-Residential                      | \$ 11.22      | \$ 11.22         | 0%         | \$ 11.62         | 4%         |
| Wholesale                            |               |                  |            |                  |            |
| Navy                                 | \$ 6.5190     | \$ 7.5620        | 16%        | \$ 7.9592        | 5%         |
| Portsmouth Water & Fire District     | \$ 5.2920     | \$ 6.1387        | 16%        | \$ 6.9929        | 14%        |
| Fire Protection                      |               |                  |            |                  |            |
| Public (per hydrant)                 |               |                  |            |                  |            |
|                                      | \$ 944.22     | \$ 1,095.30      | 16%        | \$ 1,234.50      | 13%        |
| Private (Connection Size)            |               |                  |            |                  |            |
| Less than 2"                         | \$33.26       | \$ 38.59         | 16%        | \$ 39.48         | 2%         |
| 2"                                   | \$139.26      | \$ 161.55        | 16%        | \$ 165.29        | 2%         |
| 4"                                   | \$468.22      | \$ 543.14        | 16%        | \$ 581.53        | 7%         |
| 6"                                   | \$1,055.81    | \$ 1,224.74      | 16%        | \$ 1,348.13      | 10%        |
| 8"                                   | \$2,069.28    | \$ 2,400.37      | 16%        | \$ 2,670.35      | 11%        |
| 10"                                  | \$3,593.75    | \$ 4,168.75      | 16%        | \$ 4,659.25      | 12%        |
| 12"                                  | \$5,706.61    | \$ 6,619.67      | 16%        | \$ 7,415.79      | 12%        |

Rhode Island Public Utilities Commission  
 Docket 4933  
 FY 2020 Rate Filing  
 HJS Schedule A-2A Second Step Compliance Filing  
 Cost of Service Rates and Charges

|  |                 | <b>Docket 4933</b>  |                 |                       |                    |                    |  |
|--|-----------------|---------------------|-----------------|-----------------------|--------------------|--------------------|--|
|  |                 | <b>Step 1 Rates</b> | Cost of Service | <b>Proposed Rates</b> | % Change           | Projected Revenues |  |
| <b>Base Charge (per bill)</b>            |                 |                     |                 |                       |                    |                    |  |
| Monthly                                  |                 |                     |                 |                       |                    |                    |  |
| 5/8                                      | \$              | 5.23                | \$ 5.4769       | \$ <b>5.48</b>        | 5%                 | \$705,013          |  |
| 3/4                                      | \$              | 5.48                | 5.7380          | <b>5.74</b>           | 5%                 | 174,542            |  |
| 1  | \$              | 7.27                | 7.6411          | <b>7.65</b>           | 5%                 | 52,418             |  |
| 1.5                                      | \$              | 11.64               | 12.2923         | <b>12.30</b>          | 6%                 | 56,531             |  |
| 2  | \$              | 16.20               | 17.1437         | <b>17.15</b>          | 6%                 | 52,479             |  |
| 3  | \$              | 42.06               | 44.6875         | <b>44.69</b>          | 6%                 | 32,177             |  |
| 4  | \$              | 49.42               | 52.5212         | <b>52.53</b>          | 6%                 | 9,455              |  |
| 5  | \$              | 59.22               | 62.9661         | <b>62.97</b>          | 6%                 | 0                  |  |
| 6  | \$              | 66.58               | 70.7997         | <b>70.80</b>          | 6%                 | 28,886             |  |
| 8  | \$              | 86.19               | 91.6894         | <b>91.69</b>          | 6%                 | 4,401              |  |
| 10                                       | \$              | 121.73              | 129.5520        | <b>129.56</b>         | 6%                 | 3,109              |  |
| Portsmouth Base Charge (4")              | \$              | 1.56                | 1.5636          | <b>1.57</b>           | 1%                 | 19                 |  |
|  |                 |                     |                 |                       |                    | 1,119,030          |  |
| <b>Volume Charge (per 1,000 gallons)</b> |                 |                     |                 |                       |                    |                    |  |
| Retail                                   |                 |                     |                 |                       |                    |                    |  |
| Residential                              | \$              | 10.40               | \$ 10.9145      | \$ <b>10.92</b>       | 5%                 | 6,819,540          |  |
| Non-Residential                          | \$              | 11.22               | \$ 11.3624      | \$ <b>11.37</b>       | 1%                 | 5,061,924          |  |
|  |                 |                     |                 |                       |                    | \$ 11,881,464      |  |
| Wholesale                                |                 |                     |                 |                       |                    |                    |  |
| Navy                                     | \$              | 7.5620              | \$ 7.7930       | \$ <b>7.7930</b>      | 3%                 | 1,472,098          |  |
| Portsmouth Water & Fire District         | \$              | 6.1387              | \$ 6.8474       | \$ <b>6.8474</b>      | 12%                | 2,581,470          |  |
|  |                 |                     |                 |                       |                    | \$ 4,053,568       |  |
| <b>Fire Protection</b>                   |                 |                     |                 |                       |                    |                    |  |
| Public (per hydrant)                     |                 |                     |                 |                       |                    |                    |  |
|  | \$              | 1,095.30            | \$ 1,203.91     | \$ <b>1,203.92</b>    | 10%                | \$ 1,254,485       |  |
| Private (by Connection Size)             |                 |                     |                 |                       |                    |                    |  |
|  | Connection Size | Differential        |                 |                       |                    |                    |  |
|  | <2              |                     | \$38.59         | \$ 38.47              | \$ <b>38.47</b>    | 0%                 |  |
|  | 2               | 6.19                | \$161.55        | \$ 161.03             | \$ <b>161.04</b>   | 0%                 |  |
|  | 4               | 38.32               | \$543.14        | \$ 566.69             | \$ <b>566.70</b>   | 4%                 |  |
|  | 6               | 111.31              | \$1,224.74      | \$ 1,314.00           | \$ <b>1,314.01</b> | 7%                 |  |
|  | 8               | 237.21              | \$2,400.37      | \$ 2,602.96           | \$ <b>2,602.97</b> | 8%                 |  |
|  | 10              | 426.58              | \$4,168.75      | \$ 4,541.82           | \$ <b>4,541.82</b> | 9%                 |  |
|  | 12              | 689.04              | \$6,619.67      | \$ 7,229.00           | \$ <b>7,229.01</b> | 9%                 |  |
|  |                 |                     |                 |                       |                    | \$ 519,459         |  |

**Total Projected Rate Revenues \$ 18,828,006**



Rhode Island Public Utilities Commission  
 Docket 4933  
 FY 2020 Rate Filing  
 HJS Schedule A-2A Second Step Compliance Filing  
 Cost of Service Rates and Charges

|  |                 | <b>Docket 4933</b>  |                 |                       |                    |                      |  |
|--|-----------------|---------------------|-----------------|-----------------------|--------------------|----------------------|--|
|  |                 | <b>Step 1 Rates</b> | Cost of Service | <b>Proposed Rates</b> | % Change           | Projected Revenues   |  |
| <b>Base Charge (per bill)</b>            |                 |                     |                 |                       |                    |                      |  |
| Monthly                                  |                 |                     |                 |                       |                    |                      |  |
| 5/8                                      | \$              | 5.23                | \$ 6.0006       | \$ <b>6.01</b>        | 15%                | \$773,199            |  |
| 3/4                                      | \$              | 5.48                | 6.2612          | <b>6.27</b>           | 14%                | 190,658              |  |
| 1  | \$              | 7.27                | 8.1618          | <b>8.17</b>           | 12%                | 55,981               |  |
| 1.5                                      | \$              | 11.64               | 12.8077         | <b>12.81</b>          | 10%                | 58,875               |  |
| 2  | \$              | 16.20               | 17.6518         | <b>17.66</b>          | 9%                 | 54,040               |  |
| 3  | \$              | 42.06               | 45.1493         | <b>45.15</b>          | 7%                 | 32,508               |  |
| 4  | \$              | 49.42               | 52.9679         | <b>52.97</b>          | 7%                 | 9,535                |  |
| 5  | \$              | 59.22               | 63.3926         | <b>63.40</b>          | 7%                 | 0                    |  |
| 6  | \$              | 66.58               | 71.2112         | <b>71.22</b>          | 7%                 | 29,058               |  |
| 8  | \$              | 86.19               | 92.0607         | <b>92.07</b>          | 7%                 | 4,419                |  |
| 10                                       | \$              | 121.73              | 129.8505        | <b>129.86</b>         | 7%                 | 3,117                |  |
| Portsmouth Base Charge (4")              | \$              | 1.56                | 2.0935          | <b>2.10</b>           | 35%                | 25                   |  |
|  |                 |                     |                 |                       |                    | 1,211,413            |  |
| <b>Volume Charge (per 1,000 gallons)</b> |                 |                     |                 |                       |                    |                      |  |
| Retail                                   |                 |                     |                 |                       |                    |                      |  |
| Residential                              | \$              | 10.40               | \$ 10.9054      | \$ <b>10.91</b>       | 5%                 | 6,813,295            |  |
| Non-Residential                          | \$              | 11.22               | \$ 11.3529      | \$ <b>11.36</b>       | 1%                 | 5,057,472            |  |
|  |                 |                     |                 |                       |                    | \$ 11,870,767        |  |
| Wholesale                                |                 |                     |                 |                       |                    |                      |  |
| Navy                                     | \$              | 7.5620              | \$ 7.7866       | \$ <b>7.7866</b>      | 3%                 | 1,470,889            |  |
| Portsmouth Water & Fire District         | \$              | 6.1387              | \$ 6.8418       | \$ <b>6.8419</b>      | 11%                | 2,579,396            |  |
|  |                 |                     |                 |                       |                    | \$ 4,050,285         |  |
| <b>Fire Protection</b>                   |                 |                     |                 |                       |                    |                      |  |
| Public (per hydrant)                     |                 |                     |                 |                       |                    |                      |  |
|  | \$              | 1,095.30            | \$ 1,202.74     | \$ <b>1,202.74</b>    | 10%                | \$ 1,253,255         |  |
| Private (by Connection Size)             |                 |                     |                 |                       |                    |                      |  |
|  | Connection Size | Differential        |                 |                       |                    |                      |  |
|  | <2              |                     | \$38.59         | \$ 38.56              | \$ <b>38.56</b>    | 0%                   |  |
|  | 2               | 6.19                | \$161.55        | \$ 161.42             | \$ <b>161.42</b>   | 0%                   |  |
|  | 4               | 38.32               | \$543.14        | \$ 566.70             | \$ <b>566.70</b>   | 4%                   |  |
|  | 6               | 111.31              | \$1,224.74      | \$ 1,313.30           | \$ <b>1,313.30</b> | 7%                   |  |
|  | 8               | 237.21              | \$2,400.37      | \$ 2,601.04           | \$ <b>2,601.04</b> | 8%                   |  |
|  | 10              | 426.58              | \$4,168.75      | \$ 4,538.06           | \$ <b>4,538.06</b> | 9%                   |  |
|  | 12              | 689.04              | \$6,619.67      | \$ 7,222.70           | \$ <b>7,222.70</b> | 9%                   |  |
|  |                 |                     |                 |                       |                    | \$ 519,168           |  |
| <b>Total Projected Rate Revenues</b>     |                 |                     |                 |                       |                    | <b>\$ 18,904,888</b> |  |

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Rhode Island Public Utilities Commission  
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| Customer Class        | Proposed<br>5/8 Inch Meter           |                                    |                                     |                  |                   | Proposed<br>3/4 Inch Meter         |                                     |                  |                   | Proposed<br>1 Inch Meter           |                                     |                  |                   | Proposed<br>1.5 Inch Meter         |                                     |                  |                   | Proposed<br>2 Inch Meter           |                         |                  |                   | Proposed<br>3 Inch Meter           |                         |                  |                   |
|-----------------------|--------------------------------------|------------------------------------|-------------------------------------|------------------|-------------------|------------------------------------|-------------------------------------|------------------|-------------------|------------------------------------|-------------------------------------|------------------|-------------------|------------------------------------|-------------------------------------|------------------|-------------------|------------------------------------|-------------------------|------------------|-------------------|------------------------------------|-------------------------|------------------|-------------------|
|                       | Consumption<br>per Bill<br>(gallons) | Annual Bill<br>at Current<br>Rates | Annual Bill<br>at Proposed<br>Rates | Dollar<br>Change | Percent<br>Change | Annual Bill<br>at Current<br>Rates | Annual Bill<br>at Proposed<br>Rates | Dollar<br>Change | Percent<br>Change | Annual Bill<br>at Current<br>Rates | Annual Bill<br>at Proposed<br>Rates | Dollar<br>Change | Percent<br>Change | Annual Bill<br>at Current<br>Rates | Annual Bill<br>at Proposed<br>Rates | Dollar<br>Change | Percent<br>Change | Annual Bill<br>at Current<br>Rates | at<br>Proposed<br>Rates | Dollar<br>Change | Percent<br>Change | Annual Bill<br>at Current<br>Rates | at<br>Proposed<br>Rates | Dollar<br>Change | Percent<br>Change |
| Residential (Monthly) | 1,000                                | \$187.56                           | \$202.92                            | \$15.36          | 8.2%              | \$190.56                           | \$206.04                            | \$15.48          | 8.3%              | \$212.04                           | \$228.84                            | \$16.80          | 9.0%              | \$264.48                           | \$284.64                            | \$20.16          | 10.7%             | \$319.20                           | \$342.72                | \$23.52          | 12.5%             | \$629.52                           | \$672.72                | \$43.20          | 23.0%             |
|                       | 2,000                                | \$312.36                           | \$333.84                            | \$21.48          | 6.9%              | \$315.36                           | \$336.96                            | \$21.60          | 6.9%              | \$336.84                           | \$359.76                            | \$22.92          | 7.3%              | \$389.28                           | \$415.56                            | \$26.28          | 8.4%              | \$444.00                           | \$473.64                | \$29.64          | 9.5%              | \$754.32                           | \$803.64                | \$49.32          | 15.8%             |
|                       | 4,000                                | \$561.96                           | \$595.68                            | \$33.72          | 6.0%              | \$564.96                           | \$598.80                            | \$33.84          | 6.0%              | \$586.44                           | \$621.60                            | \$35.16          | 6.3%              | \$638.88                           | \$677.40                            | \$38.52          | 6.9%              | \$693.60                           | \$735.48                | \$41.88          | 7.5%              | \$1,003.92                         | \$1,065.48              | \$61.56          | 11.0%             |
|                       | 5,000                                | \$686.76                           | \$726.60                            | \$39.84          | 5.8%              | \$689.76                           | \$729.72                            | \$39.96          | 5.8%              | \$711.24                           | \$752.52                            | \$41.28          | 6.0%              | \$763.68                           | \$808.32                            | \$44.64          | 6.5%              | \$818.40                           | \$866.40                | \$48.00          | 7.0%              | \$1,128.72                         | \$1,196.40              | \$67.68          | 9.9%              |
|                       | 7,500                                | \$998.76                           | \$1,053.90                          | \$55.14          | 5.5%              | \$1,001.76                         | \$1,057.02                          | \$55.26          | 5.5%              | \$1,023.24                         | \$1,079.82                          | \$56.58          | 5.7%              | \$1,075.68                         | \$1,135.62                          | \$59.94          | 6.0%              | \$1,130.40                         | \$1,193.70              | \$63.30          | 6.3%              | \$1,440.72                         | \$1,523.70              | \$82.98          | 8.3%              |
|                       | 10,000                               | \$1,310.76                         | \$1,381.20                          | \$70.44          | 5.4%              | \$1,313.76                         | \$1,384.32                          | \$70.56          | 5.4%              | \$1,335.24                         | \$1,407.12                          | \$71.88          | 5.5%              | \$1,387.68                         | \$1,462.92                          | \$75.24          | 5.7%              | \$1,442.40                         | \$1,521.00              | \$78.60          | 6.0%              | \$1,752.72                         | \$1,851.00              | \$98.28          | 7.5%              |
|                       | 15,000                               | \$1,934.76                         | \$2,035.80                          | \$101.04         | 5.2%              | \$1,937.76                         | \$2,038.92                          | \$101.16         | 5.2%              | \$1,959.24                         | \$2,061.72                          | \$102.48         | 5.3%              | \$2,011.68                         | \$2,117.52                          | \$105.84         | 5.5%              | \$2,066.40                         | \$2,175.60              | \$109.20         | 5.6%              | \$2,376.72                         | \$2,505.60              | \$128.88         | 6.7%              |
|                       | 20,000                               | \$2,558.76                         | \$2,690.40                          | \$131.64         | 5.1%              | \$2,561.76                         | \$2,693.52                          | \$131.76         | 5.1%              | \$2,583.24                         | \$2,716.32                          | \$133.08         | 5.2%              | \$2,635.68                         | \$2,772.12                          | \$136.44         | 5.3%              | \$2,690.40                         | \$2,830.20              | \$139.80         | 5.5%              | \$3,000.72                         | \$3,160.20              | \$159.48         | 6.2%              |
|                       | 25,000                               | \$3,182.76                         | \$3,345.00                          | \$162.24         | 5.1%              | \$3,185.76                         | \$3,348.12                          | \$162.36         | 5.1%              | \$3,207.24                         | \$3,370.92                          | \$163.68         | 5.1%              | \$3,259.68                         | \$3,426.72                          | \$167.04         | 5.2%              | \$3,314.40                         | \$3,484.80              | \$170.40         | 5.4%              | \$3,624.72                         | \$3,814.80              | \$190.08         | 6.0%              |
|                       | 30,000                               | \$3,806.76                         | \$3,999.60                          | \$192.84         | 5.1%              | \$3,809.76                         | \$4,002.72                          | \$192.96         | 5.1%              | \$3,831.24                         | \$4,025.52                          | \$194.28         | 5.1%              | \$3,883.68                         | \$4,081.32                          | \$197.64         | 5.2%              | \$3,938.40                         | \$4,139.40              | \$201.00         | 5.3%              | \$4,248.72                         | \$4,469.40              | \$220.68         | 5.8%              |

# HJS Exhibit 4 (MP)

## Docket 4933

Rhode Island Public Utilities Commission  
 Docket 4933  
 FY 2020 Rate Filing  
 HJS Schedule A-3A Second Step Compliance Filing  
 Bill Impacts  
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| Customer Class            | Proposed 5/8 Inch Meter       |                              |                               |               |                | Proposed 3/4 Inch Meter      |                               |               |                | Proposed 1 Inch Meter        |                               |               |                | Proposed 1.5 Inch Meter      |                               |               |                | Proposed 2 Inch Meter        |                   |               |                | Proposed 3 Inch Meter        |                   |               |                |
|---------------------------|-------------------------------|------------------------------|-------------------------------|---------------|----------------|------------------------------|-------------------------------|---------------|----------------|------------------------------|-------------------------------|---------------|----------------|------------------------------|-------------------------------|---------------|----------------|------------------------------|-------------------|---------------|----------------|------------------------------|-------------------|---------------|----------------|
|                           | Monthly Consumption (gallons) | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change | Annual Bill at Current Rates | at Proposed Rates | Dollar Change | Percent Change | Annual Bill at Current Rates | at Proposed Rates | Dollar Change | Percent Change |
|                           |                               |                              |                               |               |                |                              |                               |               |                |                              |                               |               |                |                              |                               |               |                |                              |                   |               |                |                              |                   |               |                |
| Non-Residential (Monthly) | 2,000                         | \$332.04                     | \$344.64                      | \$12.60       | 3.8%           | \$335.04                     | \$347.76                      | \$12.72       | 3.8%           | \$356.52                     | \$370.56                      | \$14.04       | 4.2%           | \$408.96                     | \$426.36                      | \$17.40       | 5.2%           | \$463.68                     | \$484.44          | \$20.76       | 6.3%           | \$754.32                     | \$803.64          | \$49.32       | 14.9%          |
|                           | 5,000                         | \$735.96                     | \$753.60                      | \$17.64       | 2.4%           | \$738.96                     | \$756.72                      | \$17.76       | 2.4%           | \$760.44                     | \$779.52                      | \$19.08       | 2.6%           | \$812.88                     | \$835.32                      | \$22.44       | 3.0%           | \$867.60                     | \$893.40          | \$25.80       | 3.5%           | \$1,128.72                   | \$1,196.40        | \$67.68       | 9.2%           |
|                           | 9,000                         | \$1,274.52                   | \$1,298.88                    | \$24.36       | 1.9%           | \$1,277.52                   | \$1,302.00                    | \$24.48       | 1.9%           | \$1,299.00                   | \$1,324.80                    | \$25.80       | 2.0%           | \$1,351.44                   | \$1,380.60                    | \$29.16       | 2.3%           | \$1,406.16                   | \$1,438.68        | \$32.52       | 2.6%           | \$1,627.92                   | \$1,720.08        | \$92.16       | 7.2%           |
|                           | 25,000                        | \$3,428.76                   | \$3,480.00                    | \$51.24       | 1.5%           | \$3,431.76                   | \$3,483.12                    | \$51.36       | 1.5%           | \$3,453.24                   | \$3,505.92                    | \$52.68       | 1.5%           | \$3,505.68                   | \$3,561.72                    | \$56.04       | 1.6%           | \$3,560.40                   | \$3,619.80        | \$59.40       | 1.7%           | \$3,624.72                   | \$3,814.80        | \$190.08      | 5.5%           |
|                           | 30,000                        | \$4,101.96                   | \$4,161.60                    | \$59.64       | 1.5%           | \$4,104.96                   | \$4,164.72                    | \$59.76       | 1.5%           | \$4,126.44                   | \$4,187.52                    | \$61.08       | 1.5%           | \$4,178.88                   | \$4,243.32                    | \$64.44       | 1.6%           | \$4,233.60                   | \$4,301.40        | \$67.80       | 1.7%           | \$4,248.72                   | \$4,469.40        | \$220.68      | 5.4%           |
|                           | 40,000                        | \$5,448.36                   | \$5,524.80                    | \$76.44       | 1.4%           | \$5,451.36                   | \$5,527.92                    | \$76.56       | 1.4%           | \$5,472.84                   | \$5,550.72                    | \$77.88       | 1.4%           | \$5,525.28                   | \$5,606.52                    | \$81.24       | 1.5%           | \$5,580.00                   | \$5,664.60        | \$84.60       | 1.6%           | \$5,496.72                   | \$5,778.60        | \$281.88      | 5.2%           |
|                           | 50,000                        | \$6,794.76                   | \$6,888.00                    | \$93.24       | 1.4%           | \$6,797.76                   | \$6,891.12                    | \$93.36       | 1.4%           | \$6,819.24                   | \$6,913.92                    | \$94.68       | 1.4%           | \$6,871.68                   | \$6,969.72                    | \$98.04       | 1.4%           | \$6,926.40                   | \$7,027.80        | \$101.40      | 1.5%           | \$6,744.72                   | \$7,087.80        | \$343.08      | 5.0%           |
|                           | 75,000                        | \$10,160.76                  | \$10,296.00                   | \$135.24      | 1.3%           | \$10,163.76                  | \$10,299.12                   | \$135.36      | 1.3%           | \$10,185.24                  | \$10,321.92                   | \$136.68      | 1.3%           | \$10,237.68                  | \$10,377.72                   | \$140.04      | 1.4%           | \$10,292.40                  | \$10,435.80       | \$143.40      | 1.4%           | \$9,864.72                   | \$10,360.80       | \$496.08      | 4.9%           |
|                           | 100,000                       | \$13,526.76                  | \$13,704.00                   | \$177.24      | 1.3%           | \$13,529.76                  | \$13,707.12                   | \$177.36      | 1.3%           | \$13,551.24                  | \$13,729.92                   | \$178.68      | 1.3%           | \$13,603.68                  | \$13,785.72                   | \$182.04      | 1.3%           | \$13,658.40                  | \$13,843.80       | \$185.40      | 1.4%           | \$12,984.72                  | \$13,633.80       | \$649.08      | 4.8%           |

  

| Customer Class   | Proposed 5/8 Inch Meter      |                              |                               |               | Proposed 3/4 Inch Meter |                              |                               |               | Proposed 1 Inch Meter |                              |                               |               | Proposed 1.5 Inch Meter |                              |                               |               | Proposed 2 Inch Meter |                              |                   |               | Proposed 3 Inch Meter |                              |                   |               |                |
|--|------------------------------|------------------------------|-------------------------------|---------------|-------------------------|------------------------------|-------------------------------|---------------|-----------------------|------------------------------|-------------------------------|---------------|-------------------------|------------------------------|-------------------------------|---------------|-----------------------|------------------------------|-------------------|---------------|-----------------------|------------------------------|-------------------|---------------|----------------|
|  | Annual Consumption (gallons) | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change          | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change        | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change          | Annual Bill at Current Rates | Annual Bill at Proposed Rates | Dollar Change | Percent Change        | Annual Bill at Current Rates | at Proposed Rates | Dollar Change | Percent Change        | Annual Bill at Current Rates | at Proposed Rates | Dollar Change | Percent Change |
|  |                              |                              |                               |               |                         |                              |                               |               |                       |                              |                               |               |                         |                              |                               |               |                       |                              |                   |               |                       |                              |                   |               |                |
| Non-Residential with 6" Fire Connection(Monthly Account) | 9,000                        | \$163.74                     | \$174.24                      | \$10.50       | 6.4%                    | \$168.00                     | \$177.36                      | \$9.36        | 5.7%                  | \$189.48                     | \$200.16                      | \$10.68       | 6.5%                    | \$241.92                     | \$255.96                      | \$14.04       | 8.6%                  | \$296.64                     | \$314.04          | \$17.40       | 10.6%                 | \$606.96                     | \$644.04          | \$37.08       | 22.6%          |
| Base Charge and Commodity Charges                        |                              | \$1,224.74                   | \$1,313.31                    | \$88.57       | 7.2%                    | \$1,224.74                   | \$1,313.31                    | \$88.57       | 7.2%                  | \$1,224.74                   | \$1,313.31                    | \$88.57       | 7.2%                    | \$1,224.74                   | \$1,313.31                    | \$88.57       | 7.2%                  | \$1,224.74                   | \$1,313.31        | \$88.57       | 7.2%                  | \$1,224.74                   | \$1,313.31        | \$88.57       | 7.2%           |
| Fire Protection Charge                                   |                              | \$1,388.48                   | \$1,487.55                    | \$99.07       | 7.1%                    | \$1,392.74                   | \$1,490.67                    | \$97.93       | 7.1%                  | \$1,414.22                   | \$1,513.47                    | \$99.25       | 7.1%                    | \$1,466.66                   | \$1,569.27                    | \$102.61      | 7.4%                  | \$1,521.38                   | \$1,627.35        | \$105.97      | 7.6%                  | \$1,831.70                   | \$1,957.35        | \$125.65      | 9.0%           |
| Total Annual Charges                                     |                              |                              |                               |               |                         |                              |                               |               |                       |                              |                               |               |                         |                              |                               |               |                       |                              |                   |               |                       |                              |                   |               |                |

# HJS Exhibit 4 (MP)

Rhode Island Public Utilities Commission  
 Docket 4933  
 FY 2020 Rate Filing  
 HJS Schedule A-3A Second Step Compliance Filing  
 Bill Impacts - Cost of Service Rates  
 Page 3 of 3

Docket 4933

| Customer Class | Monthly Consumption (gallons) | Monthly Bill at Current Rates | Proposed                       |               |                |
|----------------|-------------------------------|-------------------------------|--------------------------------|---------------|----------------|
|                |                               |                               | Monthly Bill at Proposed Rates | Dollar Change | Percent Change |
| Portsmouth     | 10,000,000                    | \$61,392                      | \$68,472                       | \$7,080       | 11.5%          |
|                | 20,000,000                    | \$122,780                     | \$136,891                      | \$14,111      | 11.5%          |
|                | 32,000,000                    | \$196,444                     | \$218,994                      | \$22,550      | 11.5%          |
|                | 40,000,000                    | \$245,554                     | \$273,729                      | \$28,175      | 11.5%          |
|                | 75,000,000                    | \$460,409                     | \$513,195                      | \$52,786      | 11.5%          |
| Navy 6" meter  | 5,000,000                     | \$37,896                      | \$38,934                       | \$1,037       | 2.7%           |
|                | 16,000,000                    | \$121,114                     | \$124,587                      | \$3,473       | 2.9%           |
|                | 38,000,000                    | \$287,358                     | \$295,895                      | \$8,537       | 3.0%           |
|                | 50,000,000                    | \$378,113                     | \$389,335                      | \$11,222      | 3.0%           |

Rhode Island Public Utilities Commission  
Docket 4933  
FY 2020 Rate Filing  
HJS Schedule A-4 Second Step Compliance Filing  
Revenue Proof

|   | Annual Revenue         |                           |
|---|------------------------|---------------------------|
|   | Existing Rates         | Proposed<br>FY 2023 Rates |
| <b>REVENUES</b>                           |                        |                           |
| <b>Water Rates</b>                        |                        |                           |
| Base Charge (Billing Charge)              | \$ 1,064,311           | \$ 1,209,719              |
| Volume Charge                             |                        |                           |
| Residential                               | 6,494,800              | 6,813,295                 |
| Non-Residential                           | 4,995,144              | 5,057,472                 |
| Navy                                      | 1,428,469              | 1,470,908                 |
| Portsmouth Water & Fire District          | 2,314,297              | 2,579,396                 |
| Fire Protection                           |                        |                           |
| Public                                    | 1,141,303              | 1,253,276                 |
| Private                                   | 483,635                | 519,172                   |
| Total Rate Revenues                       | \$ 17,921,959          | \$ 18,903,238             |
| <b>Other Operating Revenues</b>           |                        |                           |
| Sundry charges                            | \$ 133,000             | 133,000                   |
| WPC cost share on customer service        | \$ 351,482             | 351,482                   |
| Middletown cost share on customer service | \$ 178,782             | 178,782                   |
| Rental of Property                        | \$ 90,000              | 90,000                    |
| Total Other Operating Revenues            | \$ 753,264             | 753,264                   |
| <b>Total Operating Revenues</b>           | <b>\$ 18,675,223</b>   | <b>\$ 19,656,502</b>      |
| Add: Non-Operating Revenues               |                        |                           |
| Water Penalty                             | 50,000                 | 50,000                    |
| Miscellaneous*                            | 11,300                 | 11,300                    |
| Investment Interest Income                | 20,000                 | 20,000                    |
| Water Quality Protection Fees             | 21,000                 | 21,000                    |
| <b>Total Non Operating Revenues</b>       | <b>\$ 102,300</b>      | <b>\$ 102,300</b>         |
| <b>Total Revenues</b>                     | <b>\$ 18,777,523</b>   | <b>\$ 19,758,802</b>      |
| <b>COSTS</b>                              |                        |                           |
| <b>Departmental O&amp;M</b>               | \$ (10,179,034)        | (10,179,034)              |
| <b>Capital Costs</b>                      |                        |                           |
| Contribution to Capital Spending Acct.    | (2,500,000)            | (2,500,000)               |
| Contribution to Debt Service Acct.        | (6,920,000)            | (\$6,920,000)             |
| <b>Total Capital Costs</b>                | <b>\$ (9,420,000)</b>  | <b>(9,420,000)</b>        |
| <b>Operating Revenue Allowance</b>        | (152,686)              | (152,686)                 |
| <b>Total Costs</b>                        | <b>\$ (19,751,719)</b> | <b>\$ (19,751,719)</b>    |
| <b>Revenue Surplus (Deficit)</b>          | <b>\$ (974,196)</b>    | <b>\$ 7,083</b>           |

**CERTIFICATION**

I hereby certify that on April 29, 2022 , I sent a copy of the within to all parties set forth on the attached Service List from Docket 4933 by electronic mail and copies to Luly Massaro, Commission Clerk, and the Rhode Island Department of Attorney General by electronic mail and regular mail.

| <b>Parties/Address</b>  | <b>E-mail Distribution</b>   | <b>Phone</b> |
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| Dr. Kay Davoodi, Director<br>Larry Allen, Public Utilities Specialist<br>Utilities Rates and Studies Office   | <a href="mailto:Khojasteh.davoodi@navy.mil">Khojasteh.davoodi@navy.mil</a> ;   |              |

|   |  |                       |
|---|--|-----------------------|
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| <b>Town of Middletown (Middletown)</b><br>Peter Regan, Esq.<br>Mark Boivin, Esq.<br>Sayer Regan & Thayer, LLP<br>130 Bellevue Ave.<br>Newport, RI 02840   | <a href="mailto:Pregan@SRT-law.com">Pregan@SRT-law.com</a> ;<br><br><a href="mailto:mboivin@srt-law.com">mboivin@srt-law.com</a> ;<br><a href="mailto:arichardson@srt-law.com">arichardson@srt-law.com</a> ;   | 401-849-3040<br>x-233 |
| David Russell, P.E.<br>Russell Consulting LLC   | <a href="mailto:Davidrussell015@comcast.net">Davidrussell015@comcast.net</a> ;   |                       |
| <b>File an original and nine (9) copies w/:</b><br>Luly E. Massaro, Commission Clerk<br>John Harrington, Commission Counsel<br>Public Utilities Commission<br>89 Jefferson Blvd.<br>Warwick, RI 02888 | <a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;<br><br><a href="mailto:John.harrington@puc.ri.gov">John.harrington@puc.ri.gov</a> ;<br><br><a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;   | 401-780-2107          |

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