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June 16, 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 Hearing Record Requests.

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*)

STATE OF RHODE ISLAND
PUBLIC UTILITIES DIVISION
DOCKET NO. 5254
Response Of The City Of Newport,
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To The State of Rhode Island
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PUC RR-1: Please reproduce schedules that would reflect the portion of the O&M expense paid by WPC.

Response: The response to this question assumes that the charge to the Water Pollution Control Division (WPC) would increase by \$25,000 as a result of allocating approximately one third of the electronic payment expenses to the WPC charge. If this were to happen, Newport would be able to reduce the amount of revenue required from rates by the same amount.

Exhibit 1 shows the rates that would result under this scenario.

Prepared by: Harold J. Smith

Docket 4933

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

		Docket 4933	Cost of Service	Proposed Rates	% Change	Projected Revenues	
		Step 1 Rates					
Base Charge (per bill)							
Monthly							
5/8		\$ 5.23	\$ 5.8624	\$ 5.87	12%	\$755,187	
3/4		\$ 5.48	6.1171	6.12	12%	186,097	
1		\$ 7.27	7.9999	8.00	10%	54,816	
1.5		\$ 11.64	12.6221	12.63	9%	58,047	
2		\$ 16.20	17.4010	17.41	7%	53,275	
3		\$ 42.06	44.4176	44.42	6%	31,982	
4		\$ 49.42	52.0581	52.06	5%	9,371	
5		\$ 59.22	62.2454	62.25	5%	0	
6		\$ 66.58	69.8858	69.89	5%	28,515	
8		\$ 86.19	90.2604	90.27	5%	4,333	
10		\$ 121.73	127.1894	127.19	4%	3,053	
Portsmouth Base Charge (4")		\$ 1.56	2.0147	2.02	29%	24	
						1,184,700	
Volume Charge (per 1,000 gallons)							
Retail							
Residential		\$ 10.40	\$ 10.9055	\$ 10.91	5%	6,813,295	
Non-Residential		\$ 11.22	\$ 11.3530	\$ 11.36	1%	5,057,472	
						\$ 11,870,767	
Wholesale							
Navy		\$ 7.5620	\$ 7.7867	\$ 7.7867	3%	1,470,908	
Portsmouth Water & Fire District		\$ 6.1387	\$ 6.8419	\$ 6.8419	11%	2,579,396	
						\$ 4,050,304	
Fire Protection							
Public (per hydrant)							
		\$ 1,095.30	\$ 1,202.76	\$ 1,202.76	10%	\$ 1,253,276	
Private (by Connection Size)							
	Connection Size	Differential					
	<2		\$38.59	\$ 38.54	\$ 38.54	0%	
	2	6.19	\$161.55	\$ 161.34	\$ 161.34	0%	-
	4	38.32	\$543.14	\$ 566.63	\$ 566.63	4%	44,764
	6	111.31	\$1,224.74	\$ 1,313.24	\$ 1,313.24	7%	311,238
	8	237.21	\$2,400.37	\$ 2,600.99	\$ 2,601.00	8%	140,454
	10	426.58	\$4,168.75	\$ 4,538.04	\$ 4,538.04	9%	22,690
	12	689.04	\$6,619.67	\$ 7,222.71	\$ 7,222.72	9%	-
						\$ 519,146	

Total Projected Rate Revenues \$ 18,878,193

PUC RR-2: Please set forth Newport Water's position on whether WPC should pay a portion of the funds withdrawn from the restricted Revenue Reserve Account for Electronic Payment Fees, and if so, the amount.

Response: Newport Water does not believe that the WPC Division should pay a portion of the funds withdrawn from the restricted Revenue Reserve Account for Electronic Payment Fees already incurred. The Commission specifically ordered Newport Water to absorb costs in Docket 5022, but this Order did not provide the WPC with the ability to appropriately budget for this expense and did not provide the advance notice that is typical of a general rate filing. Fiscal Year 2021 has been closed and audited, and FY 2022 is essentially closed. Back billing the WPC for Electronic Payment Fees will create an administrative burden and place pressure on an existing budget already stressed by current economic conditions, instability, and supply issues. Even the expense going forward, which will be approximately \$25,000/year, was not budgeted for in FY 2023, but since it is early in the fiscal year, it will allow the WPC to be cognizant of this unexpected expense and find funds to meet this expense.

Prepared by: Robert J. Schultz, Jr.

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PUC RR-3: If a customer underpays on a bill that includes water charges and sewer charges on the same bill, please explain how the underpayment is allocated between Water and Water Pollution Control.

Response: Funds would be distributed by the Opal system evenly throughout the five categories: Customer Charge, Water Charges, Water Quality Protection, Sewer Charges (Newport Customers only) and CSO Charges (Newport Customers Only). The Customer Charge, Water Charges and Water Quality Protection are water charges and Sewer and CSO Charges are sewer charges. Because of the size of the balance, the sewer charges typically remain outstanding after the water charges have been satisfied.

Prepared by: Robert J. Schultz, Jr.

PUC RR-4: Please provide an estimate of the percentage split between water and sewer charges on typical bill – please provide the charges for an “efficient” and “average” customer.

Response: Efficient Water Customer - 45 GPD

Customer Base Charge =	\$ 6.01
Water Charges 4.1000 x \$10.91 per 1,000 G =	\$ 44.73
WQP Charge 41.000 x \$.0292 per 100 G =	\$ 1.20
Monthly Water Bill =	\$ 51.94
Sewer Charge 4.1000 x \$19.80 per 1,000 G =	\$ 81.18
CSO Fixed Fee Charge =	\$ 16.00
Monthly Sewer Bill =	\$ 97.18
Monthly Bill Total =	\$149.12
Yearly Water Bill =	\$ 623.28
Yearly Sewer Bill =	\$1,166.16
Yearly Total =	\$1,789.44

Average Water Customer - 85 GPD

Customer Base Charge =	\$ 6.01
Water Charges 7.7000 x \$10.91 per 1,000 G =	\$ 84.01
WQP Charge 77.000 x \$.0292 per 100 G =	\$ 2.25
Monthly Water Bill =	\$ 92.27
Sewer Charge 7.7000 x \$19.80 per 1,000 G =	\$152.46
CSO Fixed Fee Charge =	\$ 16.00
Monthly Sewer Bill =	\$168.46
Monthly Bill Total =	\$270.73
Yearly Water Bill =	\$1,107.24
Yearly Sewer Bill =	\$2,021.52
Yearly Total =	\$3,128.76

Prepared by: Robert J. Schultz, Jr.

PUC RR-5: Please set forth the agreement between Newport Water and the Division on the "true up" methodology if the Commission grants Newport Water's request to recover an additional \$74,400 in rates. (Provide an example with the dollar amounts.)

Response: Newport Water and the Division agree as follows:

- The Commission should grant Newport's request for an additional \$74,400 of revenues from rates to cover Electronic Payment Fees.
- This expense should be included in the Customer Service O&M budget item.
- As part of the Customer Service O&M budget item, 50% of this expense (\$37,200) is allocable to the City of Newport Water Pollution Control Division ("WPC").
- Under the current formula for allocating the WPC share, it pays .632% of the 50% share of this expense, or \$23,510.40.
- Thus, Newport could collect \$74,400 in rates and \$23,510.40 from WPC for a total of \$97,910.40.
- At the end of the fiscal year, Newport will determine the exact amount of Electronic Payment Fees it paid on behalf of customers.
- If Newport pays more than \$97,910.40, it will be allowed to withdraw the balance from the restricted Revenue Reserve Account.
- If Newport pays less than \$97,910.40, it will deposit the balance in the restricted Revenue Reserve Account.
- By way of example:

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- If Newport demonstrated that it paid \$110,000 in Electronic Payment Fees in FY23, it would be allowed to withdraw \$12,089.60 from the restricted Revenue Reserve Account.
- If Newport demonstrated that it only paid \$90,000 in Electronic Payment Fees in FY23, it would be required to deposit \$7,910.40 in the restricted Revenue Reserve Account.

Prepared by: Robert J. Schultz, Jr.

CERTIFICATION

I hereby certify that on June 16, 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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