

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: CITY OF NEWPORT, UTILITIES)
DEPARTMENT WATER DIVISION,) **DOCKET NO. 24-30-WW**
WATER DIVISION APPLICATION)
TO CHANGE RATE SCHEDULES)

**DIVISION’S RESPONSES TO NWD’S
FIRST SET OF DATA REQUESTS DIRECTED
TO DIVISION**

1. On page 15 of his testimony, Mr. Morgan cites Newport’s response to Div. 3-19 a., which states:

“Newport runs two water treatment plants with three shifts at each plant each day. This equates to six shifts per day and 2,190 shifts per year. Each shift requires two operators – one must have a T3 license and the other may have a T3, T2 or T1 license. Newport currently has thirteen T3 licensed operators, one T2 operator and one T1 operator. These 15 operators must cover the 2,190 shifts per year. This makes no allowance for vacation, sick, personal time, vacancies, or projects that require additional staffing. Thus, overtime must often be used to cover these shifts. Per the union contract, overtime is staffed on a rotating basis with seniority preference. Operator pay ranges from \$33.69 to \$44.78, which accommodates approximately 20% shift coverage for vacation, sick leave, personal time, vacancies, or special projects.”

Mr. Morgan stated that the information provided in this response did not allow him to verify this claim.

- a. Please identify the specific information in this response that Mr. Morgan was unable to verify.
- b. For the information described in subsection a., please describe all steps Mr. Morgan took to verify this information.
- c. For the information described in subsection a., please identify what Mr. Morgan needs to verify this information.

RESPONSE

- a. The discovery request stated: “Please provide the supporting documentation and basis of the \$150,000 in Overtime expense.” Based on the information provided in NWD’s response, Mr. Morgan could not duplicate the \$150,000 claimed by NWD.
- b. The discovery request, as submitted, assumed it was clear that “supporting documentation” would be understood to mean that the calculations showing the derivation of the amount was being sought. When the lack of data to verify this claim was identified as an issue in this proceeding, there was insufficient time to submit a follow-up discovery request, and receive a response, in time to meet the testimony deadline.
- c. The information being sought is that the calculations showing the derivation of the \$150,000 amount.

Lafayette K. Morgan

2. On page 23 of Mr. Morgan’s testimony regarding repair and maintenance expense, he states “For some of the operating functions, a breakdown of the cost was provided and for others no specific breakdown was provided.”
 - a. For the breakdowns that were provided, please identify the specific breakdowns and where they were provided (i.e. schedules, data requests and/or testimony)
 - b. For the breakdowns that were not provided, please identify the specific repair and maintenance expenses and/or operating functions for which no breakdown was provided.

RESPONSE

- a. Breakdown of the repairs and maintenance expenses was provided for: Source of Supply Island, Station One, Lawton Valley and Laboratory.
- b. No breakdown of the repairs and maintenance expenses was provided for: Administration, Customer Service, Source of Supply Main Land, Distribution and Fire Protection. The basis for Mr. Morgan’s statement on page 23 of his testimony can be found on HJS Schedule D-7 through D-15.

Lafayette K. Morgan

3. On page 32 of Mr. Morgan's testimony regarding chemical expense, he states "During discovery, NWD was asked to provide its historical chemical usage. NWD provided historical usage data for some of the chemicals used. Though the data NWD provided was not for all the chemicals included in its filing, I incorporated the limited data I received in the derivation of my adjustment to chemicals expense."
 - a. Please identify all data requests and responses referenced in this testimony where historical chemical usage was requested and provided.
 - b. Please identify each chemical for which historical usage data was not provided.

RESPONSE

- a. The historical chemical usage (by chemical) was requested in Div. 2-26. In Div. 2-27, NWD provided the supporting calculations for the chemical expense rate year claim.
- b. Please refer to Schedule LKM-25, page 3 of 3. This schedule uses the chemical listing from NWD's chemical expense claim (from Div. 2-27) and the average historical usage as provided in Div. 2-26. The listing of chemicals with footnote "1/" next to them are the only chemicals for which NWD provided historical usage.

Lafayette K. Morgan

4. On page 8 of Mr. Morgan’s testimony, he recommends a three-step increase, rather than the four steps requested by Newport. These three steps would be the initial increase in FY2025 followed by increases in FY2027 and FY2028. In addition on page 34, Mr. Morgan testified:

“This case was filed seeking the first step of the increase (the initial increase) to become effective on July 1, 2024, with the remaining three step increases becoming effective on July 1, 2025, 2026, and 2027. Since the initial increase has been suspended, and the case is scheduled to be decided after January 2025, it would be unsuitable to have two rate increases back-to-back during 2025. Moreover, it is probable that the AFSCME contract negotiations will be concluded before the case is decided. Therefore, I am recommending a three-step multi-year rate plan instead of the proposed four-year plan.”

- a. Please set forth all facts Mr. Morgan relied upon in stating that "...it is probable that the AFSCME contract negotiations will be concluded before the case is decided.”
- b. If the new AFSCME contract is not negotiated until FY2026, how will Newport be able to pay for the salary increases, including any retroactive payments, if the second step of the rate increase does not take effect until FY2027?

RESPONSE

- a. It is understood that the AFSCME contract expired on June 30, 2024. Mr. Morgan assumed that it is probable that the parties would reach agreement on a new contract by the hearing in this proceeding.
- b. The hearing in this proceeding is scheduled for January 28 and 29, 2025. If there is no new AFSCME contract by that date, the Division will be amenable to discuss a modification of Mr. Morgan’s recommendation.

Lafayette K. Morgan