

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF RHODE ISLAND**

**CITY OF NEWPORT, UTILITIES
DEPARTMENT, WATER DIVISION
REQUEST FOR GENERAL RATE
INCREASE**

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DOCKET NO. 24-30-WW

DIRECT TESTIMONY

OF

LAFAYETTE K. MORGAN, JR.

ON BEHALF OF

THE DIVISION OF PUBLIC UTILITIES AND CARRIERS

October 25, 2024

EXETER

ASSOCIATES, INC.

10480 Little Patuxent Parkway, Suite 300
Columbia, Maryland 21044

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. SUMMARY AND RECOMMENDATIONS	4
III. RATE YEAR COST OF SERVICE	9
A. Labor Expenses	9
B. Employee Benefits	17
C. Annual Leave Buyback Expenses	18
D. Retiree Insurance Coverage	20
E. Workers' Compensation.....	20
F. Consulting Fees	21
G. Phone and Communications Expense	21
H. Property Taxes.....	22
I. Conferences and Training	22
J. Repair and Maintenance Expense	22
K. Uniforms and Protective Gear Expenses.....	23
L. Gas and Vehicle Allowance	24
M. Sewer Charge	25
N. Regulatory Expense.....	26
O. Regulatory Assessments.....	26
P. Electric Expense.....	27
Q. Natural Gas Expense	27
R. Reservoir Maintenance Expense – Island Source of Supply.....	28
S. Reservoir Maintenance Expense – Mainland Source of Supply	29
T. Station One – Operating Supplies	30
U. Lawton Valley – Operating Supplies	31
V. Laboratory Supplies	31
W. Chemicals Expense	32
X. Service Maintenance Expense.....	33
III. MULTI-YEAR STEP INCREASES.....	33
IV. OPERATING RESERVES.....	35
Appendix A – Resume of Lafayette K. Morgan, Jr.	

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Lafayette K. Morgan Jr. My business address is 10480 Little Patuxent
4 Parkway, Suite 300, Columbia, Maryland, 21044. I am a Public Utilities Consultant
5 working with Exeter Associates, Inc. (“Exeter”). Exeter is a consulting firm specializing
6 in issues pertaining to public utilities.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
8 **QUALIFICATIONS.**

9 A. I received a Master of Business Administration degree from The George Washington
10 University, with a concentration in Finance. I also have a Bachelor of Business
11 Administration degree with a concentration in Accounting from North Carolina Central
12 University. I was previously a Certified Public Accountant licensed in the state of North
13 Carolina, however, in 2009, I elected to place my license in an inactive status as I focused
14 on start-up activities for other business interests.

15 **Q. WOULD YOU PLEASE DESCRIBE YOUR PROFESSIONAL**
16 **EXPERIENCE?**

17 A. From May 1984 until June 1990, I was employed by the North Carolina Utilities
18 Commission - Public Staff in Raleigh, North Carolina. I was responsible for analyzing
19 testimony, exhibits, and other data presented by parties before the North Carolina Utilities
20 Commission. I had the additional responsibility of performing the examination of books
21 and records of utilities involved in rate proceedings and summarizing the results into
22 testimony and exhibits for presentation before that Commission. I was also involved in
23 numerous special projects, including participating in compliance and prudence audits of a
24 major utility, and conducting research on several issues affecting natural gas and electric
25 utilities.

1 From June 1990 until July 1993, I was employed by Potomac Electric Power
2 Company (Pepco) in Washington, D.C. At Pepco, I was involved in the preparation of the
3 cost of service, rate base and ratemaking adjustments supporting the company's requests
4 for revenue increases in the State of Maryland and the District of Columbia.

5 From July 1993 through 2010, I was employed by Exeter Associates as a Senior
6 Regulatory Analyst. During that period, I was involved in the analysis of the operations of
7 public utilities, with emphasis on utility rate regulation. I reviewed and analyzed utility
8 rate filings, focusing primarily on revenue requirements determinations. This work
9 involved natural gas, water, electric, and telephone companies.

10 In 2010, I left Exeter Associates to focus on start-up activities for other ongoing
11 business interests. In late 2014, I returned to Exeter Associates and resumed work in a
12 similar capacity as I did prior to my hiatus.

13 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**
14 **PROCEEDINGS ON UTILITY RATES?**

15 A. Yes. I have previously presented testimony and affidavits on numerous occasions before
16 the Colorado Public Utilities Commission, the Georgia Public Service Commission, the
17 Illinois Commerce Commission, the Kansas Corporation Commission, the Kentucky
18 Public Service Commission, the Louisiana Public Service Commission, the Maine Public
19 Utilities Commission, the Maryland Public Service Commission, the Massachusetts
20 Department of Public Utilities, the North Carolina Utilities Commission, the Public
21 Utilities Commission of Ohio, the Corporation Commission of Oklahoma, the
22 Pennsylvania Public Utility Commission, the Philadelphia Gas Commission, the
23 Philadelphia Water, Sewer and Storm Water Rate Board, the Public Utilities Commission
24 of Rhode Island, the Public Service Commission of South Carolina, the Public Utility
25 Commission of Texas, the Vermont Public Service Board, the Virginia Corporation

1 Commission, the West Virginia Public Service Commission, the Wyoming Public Service
2 Commission, and the Federal Energy Regulatory Commission (“FERC”). My résumé is
3 attached hereto as Appendix A.

4 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

5 A. I am presenting testimony on behalf of the Division of Public Utilities and Carriers (“the
6 Division”).

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. Exeter Associates has been retained by the Division to assist in the evaluation of the
10 General Rate Filing submitted by City of Newport, Utilities Department, Water Division
11 (“NWD”). In this testimony, I present my findings on behalf of the Division regarding the
12 overall revenue increase to which NWD is entitled for the rate year and step increases. My
13 associate, Mr. Jerome D. Mierzwa, will present the Division’s recommendations regarding
14 rate design and class cost of service issues.

15 **Q. IN CONNECTION WITH THIS CASE, HAVE YOU PERFORMED AN**
16 **EXAMINATION AND REVIEW OF THE COMPANY’S TESTIMONY AND**
17 **EXHIBITS?**

18 A. Yes. I have reviewed NWD’s testimony, exhibits and its rate filing, as well as its responses
19 to discovery served by the Division, the Public Utilities Commission of Rhode Island’s
20 (“the Commission”) and Portsmouth Water and Fire District (“PWFD”).

21 **Q. HAVE YOU PREPARED SCHEDULES TO ACCOMPANY YOUR**
22 **TESTIMONY?**

23 A. Yes. I have prepared Schedules LKM-1 through LKM-25. Schedule LKM-1 provides a
24 summary of revenues and expenses under NWD’s present and the Division’s proposed
25 rates. Schedule LKM-2 provides a summary of the rate year increase and the annual

1 increase under the proposed multi-year rate plan. My adjustments to NWD's claimed
2 revenues and operating expenses are presented on Schedules LKM-3 through LKM-26.

3 **II. SUMMARY AND RECOMMENDATIONS**

4 **Q. PLEASE SUMMARIZE THE RATE RELIEF REQUESTED BY NWD**
5 **IN ITS FILING.**

6 A. On June 18, 2024, NWD filed its application to change its rates and to request a four-step
7 multi-year rate plan. The proposed rate increase is structured so that the first step (the initial
8 rate increase) of the multi-year rate plan would be the revenue increase for the rate year
9 which coincides with FY 2025. The remaining three step increases are proposed to be
10 implemented at the beginning of FY 2026, FY 2027 and FY 2028.

11 The actual increase in rates sought by NWD is unclear because there are different
12 amounts, based upon the source document that is referenced in NWD's filing, presented
13 by NWD as the proposed increase. Specifically, in NWD's June 18, 2024 cover letter to
14 the Rhode Island Public Utilities Commission, the second sentence indicates that the "new
15 rates are designed to support a total operating revenue requirement of \$19,843,202."
16 However, according to the Notice of Proposed Changes in Rates, paragraph (1), "the first
17 step of the increase, proposed to take effect on July 1, 2024, Newport Water's preliminary
18 proposed rates are designed to collect additional operating revenue in the amount of
19 \$3,849,392 to support total revenue requirements of \$23,745,749." A different amount is
20 presented on HJS Schedule A-1A as originally submitted. On that schedule, the line
21 labelled: "Net Costs to Be Recovered through Rates," shows that NWD's proposed
22 increase in the revenue requirement to be \$3,419,751 and that the total revenue requirement
23 is \$23,002,129. On June 28, 2024, NWD submitted corrected schedules which show a
24 proposed increase of \$3,307,684 above the normalized test year and a total rate revenue
25 requirement of \$22,890,062.

1 With respect to the multi-year rate plan, the Notice of Proposed Changes in Rates,
2 paragraph (3), indicates the second step (FY 2026) of the multi-year rate plan will be
3 \$28,052. Paragraphs (4) and (5) indicate that the third (FY 2027) and fourth (FY 2028)
4 steps of the multi-year rate plan will be \$28,629 and \$15,369, respectively. Similar to the
5 initial increase amount requested, there are different amounts for each of the step increases
6 presented on HJS Schedule A-1B. There, the calculated multi-year increases, based upon
7 the amounts presented by NWD for steps 2, 3 and 4, are \$32,998, \$28,017 and \$14,027,
8 respectively.

9 In determining my recommendations in this proceeding, I have based my analysis
10 on the amounts that are presented in HJS Schedules A-1A through A-5B, and HJS Schedule
11 D-1 through HJS Schedule D-17, as revised on June 28, 2024.

12 **Q. WHAT PERIODS HAS NWD USED FOR THE TEST YEAR AND RATE**
13 **YEAR IN THIS PROCEEDING?**

14 A. NWD has used the fiscal year ended June 30, 2023 (FY 2023) as the test year in this
15 proceeding and the fiscal year ending June 30, 2025 (FY 2025) as the rate year.
16 Consequently, the test year is based upon the actual operating results while, for the most
17 part, the rate year amounts are based upon budgeted data. However, there are certain
18 instances where the rate year amounts are different than the FY2025 budget amounts.

19 **Q. DO YOU HAVE ANY CONCERNS ABOUT THE USE OF BUDGET**
20 **DATA AS THE BASIS FOR DETERMINING THE REVENUE**
21 **REQUIREMENT?**

22 A. Yes. I have concerns about using the budget to determine the revenue requirement.
23 Specifically, one of my concerns involves the use of the unadjusted or “raw budget” data
24 in developing the revenue requirement. To provide some context, it is important to

1 understand that there is a difference of perspective between the use of data for utility
2 ratemaking purposes and the use of data for operational purposes.

3 A budget is a planning tool that allocates or sets aside funds for specific
4 expenditures during a specific fiscal year. As such, budgets are designed to ensure that
5 funds are available to meet the daily operational needs. They also provide managers with
6 authorization to incur certain expenditures when needed. However, budgets, particularly
7 operating budgets, tend to focus on expenditures for one fiscal year at a time. Hence, from
8 year-to-year, operating budgets may fluctuate depending on the needs of the organization
9 for a given year. Therefore, the focus of budgets is to ensure funding for operational
10 activities based upon a snapshot of the anticipated level of expenditures for a specific time
11 period.

12 The focus of utility ratemaking is different. In utility ratemaking, the focus is on
13 determining the normal expenditures of a utility on an ongoing basis rather than just one
14 year. This is why, for ratemaking purposes, adjustments to the cost of service are necessary.
15 As an example, some costs that are presented in the cost of service may appear to be
16 unusually high (or low) when the nature of the expense or the historical context is analyzed.
17 As a result, an adjustment may be required to normalize the cost to avoid the utility from
18 over- or under-recovering the cost. In certain instances, costs that are viewed as one-time
19 or non-recurring may be removed. Since rates are not collected subject to refund, care
20 should be taken to avoid an over- or under-recovery of costs. Thus, costs should be
21 established at a level that is more representative of normal operations.

22 The specific concern I have with NWD's use of FY 2025 budget data, is that
23 unadjusted or "raw budget" data is being used as the normal ongoing level of certain
24 expenses, when historical data suggest otherwise. Since virtually all of the FY 2025 budget
25 amounts for the line items are increases in costs over the test year, there is a risk of over-

1 recovery. When I compared the budget amounts to the FY 2024 (the year after the test year)
2 operating results, virtually all the FY 2025 amounts were increases over the FY 2024
3 amounts.¹ It is also noteworthy that when the historical data is reviewed, one of the
4 observations is that the expenses fluctuate from year to year. The year-over-year change
5 for the various line items is not always a steady increase as depicted by the FY 2025 budget.

6 The observation mentioned above is significant because it underlies my concern.
7 For ratemaking purposes, the cost of service is generally based upon a historical test year
8 that is adjusted to reflect known, and measurable changes in costs to arrive at the rate year.
9 Considering that budgets are a planning tool to ensure that adequate funds are available for
10 operations, there is a tendency for budgets to be higher than the amount that is ultimately
11 spent because they may contain contingencies to cover any unplanned expenditures during
12 the fiscal year. In my opinion, the FY 2025 budget data does not meet these basic criteria.
13 As I have alluded to earlier, the trend observed in the FY 2025 budget is that virtually all
14 year-over-year changes are cost increases. In comparison, the actual historical cost changes
15 are a mix of increases and decreases. Hence, the rate data (the FY 2025 budget), as
16 presented by NWD, should not be accepted as the basis of the cost of service in this
17 proceeding without adjustments.

18 **Q. GIVEN YOUR CONCERNS FOR THE FY 2025 BUDGET, ARE YOU**
19 **RECOMMENDING THE COMMISSION REJECT NWD'S REQUEST FOR**
20 **AN INCREASE IN RATES?**

21 A. No, I am not. I have used the cost of service filed by NWD, but I am recommending several
22 adjustments to reflect a reasonable level of expenses on which to base the cost of service.
23

¹ At the time of preparation of this testimony, the audited FY 2024 Annual Report to the Commission was not available to me. However, my review of the FY 2024 operating results was based upon data provided by NWD in Div. 3-2 Attachment.

1 **Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

2 A. As shown on Schedule LKM-1, I have determined NWD's overall cost of service to be
3 \$21,114,051. As I will explain later, this cost of service was determined based on the FY
4 2025 rate year. After recognizing the rate year revenue at present rates, this results in a
5 revenue deficit of \$1,208,694. Hence, I am recommending NWD's proposed revenue
6 increase (Step 1 increase) be limited to \$1,208,694. For the multi-year step increases, I
7 have not determined specific increases because the multi-year step increases are contingent
8 upon the final labor agreements.

9 With respect to the multi-year rate plan, as I will explain later, I am recommending
10 that the Commission authorize a three-step rate increase plan (instead of the proposed four-
11 step increase plan) because of the current timeline to adjudicate this rate case. The three-
12 step increase would include an initial increase followed by two step increases beginning in
13 FY 2027 and FY 2028. Based on the current timeline, there is the potential for there to be
14 two rate increases during calendar year 2025. My recommendation is to avoid this scenario.

15 **Q. WHAT TIME PERIODS HAVE YOU USED IN MAKING YOUR**
16 **DETERMINATION OF NWD'S REVENUE REQUIREMENTS?**

17 A. Consistent with NWD's filing, I have used the fiscal year ended June 30, 2023, as the test
18 year and the fiscal year ending June 30, 2025 as the rate year for determining the revenue
19 requirements.

20 **Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?**

21 A. The remainder of my testimony is organized into two additional sections. First, I will
22 discuss the revenue requirement issues for the rate year. In that section, I will discuss the
23 cost of service elements that I have adjusted in determining the rate year revenue
24 requirement. That section was broken down by the issue or cost item being addressed. In
25 the second section, I will discuss the multi-year rate plan. There, I will explain the

1 recommendations for the costs to be recovered in the step increases that will be
2 implemented.

3 **III. RATE YEAR COST OF SERVICE**

4 **A. Labor Expenses**

5 **Q. PLEASE EXPLAIN THE ADJUSTMENT YOU ARE RECOMMENDING**
6 **TO LABOR EXPENSES.**

7 A. NWD’s filing reflects an increase in Salaries & Wages of \$494,723. According to NWD
8 witness Robert C. Schultz, Jr., the Salaries & Wages expense adjustment reflects costs
9 associated with additional Staffing for the Distribution and Administration functions at
10 NWD and increases to “reflect compensation adjustments”.² According to witness Schultz,
11 NWD proposes to add three positions to the distribution function. These positions include
12 one Utility Locator/Damage Prevention Technician, and two Utility Field Operators.³ Mr.
13 Schultz also indicates that NWD proposes adding three positions to the Administration
14 function which includes an Infrastructure Asset Manager, a Utilities Engineer and a Special
15 Projects Assistant.⁴

16 While Mr. Schultz does not discuss what “compensation adjustments” were made,
17 the City of Newport, Rhode Island FY 2025 Approved Budget describes the salary
18 adjustments that were granted for FY 2025. According to the approved budget:

19 The nonunion pay scale has also been restructured to align similar types
20 of positions, and the pay scales have been adjusted to make city positions
21 more competitive given the high cost of housing in Newport and salary
22 levels in similar type cities. That being said, most current employees will
23 not see any increase in their base salary other than the proposed 2.5%
24 cost-of-living adjustment and any performance-based adjustment on
25 their anniversary date. Performance based adjustments for non-union

² Direct testimony of Robert C. Schultz, Jr. at 7:3-4.

³ Direct testimony of Robert C. Schultz, Jr. at 7:11-13.

⁴ Direct testimony of Robert C. Schultz, Jr. at 8:11-12.

1 personnel range from 0% to a maximum increase of 3% for a perfect
2 score on the annual evaluation.⁵

3 Most of the FY2025 Proposed General Fund Budget increase comes
4 [from] proposed and projected increases in salaries and benefits, which
5 includes the new positions identified above. The remaining increase
6 comes from general inflation in operational costs, particularly in areas
7 subject to supply and distribution chain impacts.⁶

8 According to Mr. Schultz, NWD has 41 employees that are members of Rhode
9 Island Council 94 AFSCME, AFL-CIO, Local 911, and 4 employees that are members of
10 the NEA of 10 Rhode Island, Local 840. The AFSCME contract expires on June 30, 2024,
11 and no percentage increase has been included in the rate year for these employees.⁷ The
12 NEA Contract expires on June 30, 2025⁸, so presumably an increase is reflected in the cost
13 of service for the 4 employees who are NEA members consistent with their contract.

14 While Mr. Schultz indicates that no percentage increase has been included in the
15 cost of service for the employees who are AFSCME members, I note that the cost of service
16 is based upon the FY 2025 budget. Earlier, in my discussion of cost considerations from
17 the perspective of budgeting purposes and ratemaking, I explain that a budget is a planning
18 tool that is used to ensure adequate funding for operations. With that said, it is reasonable
19 to expect that the FY 2025 budget includes some cost assumptions for the anticipated
20 increase in costs under the new AFSCME contract for financial planning purposes. I am
21 requesting that NWD address this issue, in its rebuttal testimony, by explaining how it has
22 ensured that cost assumptions related to the new AFSCME contract that were included in
23 the FY 2025 budget have been removed.

24 I have adjusted Salaries & Wages expenses to remove currently unfilled positions
25 and to reflect the salaries and wages as of July 1, 2024 (the beginning of FY 2025). This

⁵ City of Newport, Rhode Island FY 2025 Approved Budget, page vi.

⁶ *Id.*

⁷ Direct testimony of Robert C. Schultz, Jr. at 9:8-21.

⁸ *Id.*

1 adjustment also excludes any of the proposed new positions that were not hired as of July
2 1, 2024.

3 In addition to my adjustment to reflect the salaries and wages as I just explained, I
4 have made the following changes to labor costs that fall under the category of Salaries &
5 Wages expense.

6 First, for Standby Salaries, NWD derived its claim for these costs based on the rate
7 of \$150 per week for 3 individuals. However, when asked to provide support for the
8 claimed amount, NWD explained:

9 Newport Water has three (3) standby employees per week - Distribution
10 (1), Collections (1), and Heavy Equipment Operator (1), who must be
11 available at all times to respond to any emergencies. These employees
12 receive an additional one hundred twenty (\$120.00) dollars per week on
13 top of their regular rate of pay for each week they are assigned to such
14 duty. It is anticipated that this rate will increase as part of union contract
15 negotiations. As such, we used the rate of one hundred fifty (\$150) per
16 week.⁹

17 I have adjusted the Standby Salaries because the \$150 per week rate is not yet in effect. In
18 fact, NWD admits the amount has not yet been negotiated. Therefore, the cost is not known.
19 Ultimately, if a new rate is negotiated, NWD could reflect the increase in the multi-year
20 step increase.

21 I also adjusted NWD's Customer Service Overtime claim. NWD explained the
22 increase in this account as follows:

23 The 15500209 – 50002 Overtime is primarily associated with the Rules
24 and Regulations Governing the Termination of Residential Electric, Gas,
25 and Water Utility Service 810-RICR-10-00-1 and various aspects of the
26 Lead Service Line Program. The Customer Service field employees are
27 responsible for meter readings, water service inspections, backflow
28 programs, and other water service appurtenances. They are trained and
29 experienced in face-to-face interactions with customers and entering
30 private property for readings or inspections. The unaudited expense for

⁹ Response to Div. 3-13 (a).

1 FY 2024 15500209 – 50002 Overtime was \$11,423.58, and year to date
2 FY 2025 is \$3,583.21, which would project to \$26,618.13 for the annual
3 expense. The Lead Service Line Program is highly dynamic and
4 overtime is directly associated with accommodating customers'
5 schedules, which are outside of normal business hours.¹⁰

6 NWD’s explanation of the cause of the increase does not adequately explain the derivation
7 of its rate year claim. While it suggests that the cost increases were the result of complying
8 with regulations, there is no support that shows how the claimed amount was determined.
9 NWD points to the FY 2024 level of expenses in an effort to justify its claim. However, it
10 should be noted that changes in EPA regulations resulted in new regulations affecting
11 public water systems. The Revised Lead and Copper Rule required public water systems
12 to comply by October 2024. A program to inspect and replace lead service lines is expected
13 to be based on a finite number of service lines at a specific cost from which one can
14 determine the overtime requirement. This form of data was not provided by NWD. Once
15 lead service lines are replaced, the costs related to complying with the EPA regulations will
16 decrease. It is inappropriate to include costs associated with complying with this program
17 as a normal ongoing expense because it is based on a finite number of service lines and
18 timeframe. In other words, this is a program with a definitive life span. Therefore, I have
19 adjusted the rate level of these costs to reflect costs incurred during FY 2024 as a
20 normalized level of expenses because adequate detail for the projected costs is not
21 available.

22 Next, I will discuss my adjustment to Source of Supply - Island Temp Salaries.
23 NWD claimed \$34,580 in temporary salaries for this account. The Division sought support
24 for this claimed amount. However, the response provided little insight into the basis of the
25 cost. I have reproduced the data request below.
26

¹⁰ Response to DIV 3-15(a)

DIV. 2-12: Please identify with more particularity how NWD has adjusted its compensation for temporary workers?

Response: The current economic climate and changing workforce dynamics have emphasized the importance of organizations reevaluating and adapting their compensation strategies for part-time workers. In particular, the water sector is crucial for public health, environmental sustainability, and infrastructure management. Therefore, employees in this field possess specialized skills and knowledge that justify fair compensation, especially when working part-time with limited benefits.

Simply, the positions needed to be increased to at least \$20/hour to be remotely competitive. With the uniqueness of the labor market in Rhode Island and in particular Newport, we benchmark the overall market conditions via AWWA, NEWWA, RIWWA, and LinkedIn to compare against our starting salaries and benefits. Please see the following part-time positions currently available in our market:

- Parttime Housekeeper: \$20 to \$28 per hour
- Parttime Raw Bar Shucker: \$20 per hour
- Parttime Food Runner: \$18 to \$22 per hour
- Parttime Ben & Jerry's Team Member: \$14 to \$22 per hour
- Parttime Parking Attendant: \$15 to \$20 per hour, plus tips and bonus
- Parttime Sever: \$20-\$28 per hour plus tips

Prepared by: Robert C. Schultz, Jr.

1
2 My concern regarding NWD's claim is that it provides no support for the costs it is seeking.
3 Even historically, there does not appear to be a basis for the proposed increase in costs.
4 During FY 2024, NWD incurred \$0 in cost for this expense. During FY 2023, NWD
5 incurred \$8,800 in costs for this account and during FY 2022 NWD incurred \$0. Clearly,
6 if NWD's spending for this account is expected to increase this significantly, there must be
7 an explanation. However, based on the lack of adequate explanation or supporting
8 documentation, I am recommending an adjustment to remove the \$34,580.

9 Next, I will discuss my adjustment to Source of Supply – Overtime Expense. NWD
10 claimed \$12,500 in overtime costs for this account but did not adequately support its claim.
11 When asked to support the claim for overtime expenses, NWD stated: "It is anticipated that
12 there will be a need for increased use of mainland supplies, as was experienced during the

1 test year. The actual expenditure was rounded from \$11,871 to \$12,000".¹¹ The connection
2 between supplies and overtime is not clear. Therefore, I believe NWD has not adequately
3 supported its claim. However, I observed that for the last three fiscal years, NWD has
4 budgeted \$8,922 annually for overtime and the average expenditure for that period has
5 been \$9,354.¹² Therefore, I have adjusted the claimed overtime expense to reflect the
6 \$9,354 to normalize NWD's claim for ratemaking purposes.

7 Next, I will discuss my adjustment to Source of Supply - Mainland Temp Salaries.
8 NWD claimed \$ 54,527 in temporary salaries for this account. However, I observed that
9 for the last three fiscal years, the expenses in this account have fluctuated.¹³ I have
10 concluded that no single year is representative of a normal ongoing level of expense.
11 Therefore, I have adjusted the claimed level of expense for this account to reflect a
12 normalized level of expense for ratemaking purposes based on the three-year average. This
13 adjustment results in a decrease of \$13,457 to this expense.

14 The next adjustment I will discuss relates to Source of Supply - Mainland
15 Permanent Part Time. NWD claimed \$16,125 in cost for this account. I have two concerns
16 with respect to this account. First, the note on HJS Schedule D-10, indicate that the expense
17 was derived based on \$1,075 monthly for 12 months. When calculated, this works out
18 \$12,800, not the \$16,125 that is claimed. However, I also observed that for the last three
19 fiscal years, the expenses in this account have fluctuated within a narrow range which is
20 significantly less than the \$16,125 amount claimed.¹⁴ Therefore, I have adjusted the
21 claimed level of expense for this account to reflect a normalized level of expense for
22 ratemaking purposes that is based upon the three-year average of expenses for the last three
23 fiscal years. This adjustment results in a decrease of \$10,492 to this expense.

¹¹ Response to Div. 3-17 (a).

¹² Div. 3-2 Attachment.

¹³ *Id.*

¹⁴ *Id.*

1 The next adjustment I will discuss relates to Station One – Overtime Expense.
2 NWD claimed \$150,000 in overtime costs for this account but did not adequately support
3 its claim. When asked to support the claim for overtime expenses, NWD stated:

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

16 The information provided by NWD does not allow me to verify its claim. However, I
17 observed that for the last three fiscal years, the overtime expense for this account has
18 steadily decreased to a level that is approximately \$30,000 less than the amount claimed
19 for this account.¹⁶ As a result, I do not believe NWD has demonstrated the need for the
20 \$150,000 it has requested to be included in rates. Therefore, I have adjusted the claimed
21 overtime expense to reflect a decrease of \$5,516. This adjustment was derived based upon
22 a normalization of the actual costs incurred during the last three fiscal years.

23 The next adjustment I will discuss relates to Station One – Operator Stipend. NWD
24 claimed \$12,480 for Station One Lead Plant Operator Stipend. According to NWD, this
25 amount is based upon the amount allowed in Docket 4933. In that proceeding, the Lead
26 Plant Operator Stipend was based upon three Lead Operators per plant per week at \$80
27 which totals \$12,480.¹⁷

¹⁵ Response to Div. 3-19 (a).

¹⁶ Div. 3-2 Attachment.

¹⁷ Response to Div. 3-19 (c).

1 The historical data for the last three fiscal years show that NWD did not incur costs
2 near the \$12,480 that is claimed in this case.¹⁸ As a result, I do not believe NWD has
3 demonstrated the need for the \$12,480 it has requested to be included in rates. Therefore,
4 I have adjusted the claimed overtime expense to reflect a decrease of \$4,313. This
5 adjustment was derived based upon a normalization of the actual costs incurred during the
6 last three fiscal years.

7 The next adjustment I will discuss relates to Lawton Valley – Overtime Expense.
8 NWD claimed \$150,000 in overtime costs for this account but did not adequately support
9 its claim. When asked to support the claim for overtime expenses, NWD referred to the
10 explanation it provided to support the overtime for Station One overtime expenses. As I
11 indicated above, the information provided by NWD does not allow me to verify its claim.
12 However, I observed that for the last three fiscal years, the overtime expense for this
13 account has steadily fluctuated from year-to-year.¹⁹ I have concluded that no single year is
14 representative of a normal ongoing level of expense. Therefore, I have adjusted the claimed
15 level of expense for this account to reflect a normalized level of expense for ratemaking
16 purposes based upon the average actual costs incurred during the last three fiscal years.
17 This adjustment results in a decrease of \$31,494 to this expense.

18 The next adjustment I will discuss relates to Lawton Valley – Operator Stipend.
19 NWD claimed \$12,480 for Lawton Valley Lead Plant Operator Stipend. According to
20 NWD, this amount is based upon the amount allowed in Docket 4933. In that proceeding,
21 the Lead Plant Operator Stipend was based upon three Lead Operators per plant per week
22 at \$80 which totals \$12,480.

23 The historical data for the last three fiscal years show that NWD did not incur costs
24 near the \$12,480 that is claimed in this case. As a result, I do not believe NWD has

¹⁸ Div. 3-2 Attachment.

¹⁹ *Id.*

1 demonstrated the need for the \$12,480 it has requested to be included in rates. Therefore,
2 I have adjusted the claimed overtime expense to reflect a decrease of \$4,960. This
3 adjustment was derived based upon a normalization of the actual costs incurred during the
4 last three fiscal years.

5 Next, I will discuss my adjustment to Distribution – Overtime Expense. NWD
6 claimed \$75,000 in overtime costs for this account. However, I observed that for the last
7 three fiscal years, the overtime expense for this account has fluctuated from year-to-year.²⁰
8 I have concluded that no single year is representative of a normal ongoing level of expense.
9 Therefore, I have adjusted the claimed level of expense for this account to reflect a
10 normalized level of expense for ratemaking purposes based upon the average actual costs
11 incurred during the last three fiscal years. This adjustment results in a decrease of \$5,690
12 to this expense.

13 Next, I will discuss my adjustment to Distribution Temp Salaries. NWD claimed
14 \$34,580 in temporary salaries for this account. However, I observed that for the last three
15 fiscal years, NWD incurred \$0 in expenses for this account.²¹ I have concluded that NWD
16 has not demonstrated that the \$34,580 is representative of a normal ongoing level of
17 expense. Therefore, I have adjusted the claimed level of expense for this account to remove
18 the entire amount from the cost of service. On Schedule LKM-3, I present the summary of
19 my adjustment to Salaries & Wages expense.

20 **B. Employee Benefits**

21 **Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING TO EMPLOYEE**
22 **BENEFITS?**

23 A. The level of employee benefits included in the revenue requirements by NWD is based
24 upon the claimed number of positions in its salaries and wages expenses. I explained that

²⁰ *Id.*

²¹ *Id.*

1 I adjusted the salaries and wages expenses to the actual positions filled as of July 1, 2024.
2 Therefore, I have made a corresponding adjustment to employee benefits to reflect
3 employee benefits expense associated with the positions I have allowed in the cost of
4 service. This adjustment is presented Schedule LKM-4.

5 **C. Annual Leave Buyback Expenses**

6 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE ANNUAL LEAVE**
7 **BUYBACK EXPENSE.**

8 A. NWD has included \$58,506 in annual leave buyback expense in the cost of service. NWD
9 justifies its claim as follows:

10 Various economic factors, salary adjustments, and increased age
11 eligibility for retirement influence the annual leave buyback program. It
12 is difficult to know how many employees will participate from year-to-
13 year and to know what the expense will be. The annual leave buyback
14 expense in the test year, FY2023, was \$44,940 and in FY2024 the
15 (unaudited) expense was \$49,998.33. The total rate year amount
16 requested of \$54,650 for all accounts is \$9,710 more than the test year
17 and only \$4,651.67 than the (unaudited) amount for FY2024, which
18 correlates generally to increase in salaries and wages.²²

19 The City of Newport's annual leave buyback policy, according to NWD, is as follows:

20 The Annual Leave Buyback policy is established in the City of Newport
21 Code of Ordinances; Title 3. - PERSONNEL; Chapter 3.28. - LEAVES
22 AND HOLIDAYS; 3.28.040. - Accrual of annual leave.; C "All full-time
23 employees shall be entitled to sell back to the city a maximum of **two**
24 **hundred (200) hours** [emphasis added] to accumulated annual leave in
25 increments of at least fifty (50) hours at a time." All expenses related to
26 the program are accounted for under line item 50175 - Annual Leave
27 Buyback.²³

28 I accessed the City of Newport Annual Leave Buyback policy through its webpage
29 and the relevant section of the policy reads as follows:

²² Response to Div. 3-10.

²³ Response to Div. 3-11.

1 3.28.040. - Accrual of annual leave.

2 A. Full-time employees shall accrue annual leave as follows:

3 1. One through ten years of service - four hours for each
4 biweekly pay period;

5 2. Eleven (11) through fifteen (15) years of service - six
6 hours for each biweekly period;

7 3. Over fifteen (15) years of service - eight hours for each
8 biweekly pay period; and

9 4. In addition, annual leave shall be added every July 1st
10 to the annual leave of employees as outlined in the
11 agreements between the city and Local 1080, I.A.F.F.;
12 Lodge No. 8, F.O.P; and Local 911, Council 93,
13 AFSCME, AFL-CIO.

14 B. All full-time employees are entitled to accumulate annual
15 leave until it totals not more than four hundred (400) hours.

16 C. All full-time employees shall be entitled to sell back to the city
17 a maximum of **one hundred (100) hours** [emphasis added] to
18 accumulated annual leave in increments of at least fifty (50)
19 hours at a time.²⁴

20 My review of NWD’s claim raises several questions. The FY 2025 budget amounts for
21 Annual Leave Buyback expense have changed significantly from the budget amounts
22 included in the FY 2024, 2023, and 2022 budgets. That change, coupled with the apparent
23 difference in the maximum amount of hours an employee may be entitled to sell back leads
24 me to assume that there may have been a change in policy. And that change in policy may
25 have come with a one-time “use it or lose it” opportunity for employees to sell back excess
26 hours. This may account for why the FY 2025 budget amount for the annual leave buyback
27 is significantly higher than in previous years for certain departments. I realize that NWD
28 may perceive this as conjecture on my part, but clearly the situation raises questions about

²⁴https://library.municode.com/ri/newport/codes/code_of_ordinances?nodeId=COOR_TIT3PE_CH3.28LEHO_3.28.040ACANLE

1 the support for the claim and the reasons for the increase which were not addressed by
2 NWD.

3 Because of these unanswered questions surrounding the level of the Annual Leave
4 Buyback expense, I have reservations about accepting NWD's claimed amount as a normal
5 ongoing level of this expense. Therefore, on Schedule LKM-5, I have removed the increase
6 in the expense pending a full explanation of the increase in this expense in NWD's rebuttal
7 testimony.

8 **D. Retiree Insurance Coverage**

9 **Q. PLEASE EXPLAIN THE CHANGES YOU ARE RECOMMENDING TO**
10 **RETIREE INSURANCE COVERAGE.**

11 A. In its filing, NWD is seeking to recover retiree insurance coverage expense in the amount
12 of \$273,600. In the response to Div. 3-13(c), NWD indicates the projected cost of retiree
13 insurance coverage is \$210,421. The trend for this expense has also been decreasing since
14 FY 2021. Therefore, I believe it is appropriate to use the most recent cost as the going level
15 for this expense, which results in a decrease of \$63,179. Additionally, NWD maintains a
16 restricted account for this cost item identified as the Retiree Insurance Coverage account.
17 The balance in this account as of June 30, 2024 was \$457,586. This balance appears high
18 considering the annual spending from the account. Therefore, I am recommending an
19 annual amortization of \$100,000 of the balance in this account. I have presented my
20 adjustments to this expense on Schedule LKM-6. My adjustments decreases operating
21 expenses by \$163,179.

22 **E. Workers' Compensation**

23 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO WORKERS'**
24 **COMPENSATION.**

1 A. In its filing, NWD is seeking to recover workers' compensation expense in the amount of
2 \$115,426. In the response to Div. 3-13(d), NWD indicates the FY 2024 – 2025 premium
3 for workers' compensation is \$106,618. Therefore, I believe it is appropriate to use the
4 most recent cost as the going level for this expense. I have presented the adjustment to this
5 expense on Schedule LKM-7. This adjustment decreases operating expenses by \$8,808.

6 **F. Consulting Fees**

7 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO CONSULTING FEES.**

8 A. In its filing, NWD has claimed \$93,622 in consulting fees. After reviewing NWD's claim,
9 I observed that for the last three fiscal years, the consulting fee expense for this account
10 has fluctuated from year-to-year.²⁵ I have concluded that no single year is representative
11 of a normal ongoing level of expense. Therefore, I have adjusted the claimed level of
12 expense for this account to reflect a normalized level of expense for ratemaking purposes
13 based upon the average actual costs incurred during the last three fiscal years. This
14 adjustment results in a decrease of \$14,248 to this expense. I have presented this adjustment
15 to this expense on Schedule LKM-8.

16 **G. Phone and Communications Expense**

17 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PHONE AND**
18 **COMMUNICATIONS EXPENSE.**

19 A. In its filing, NWD has claimed \$12,500 in phone and communications expense. After
20 reviewing NWD's claim, I observed that for the last three fiscal years, the overtime expense
21 for this account has fluctuated from year-to-year.²⁶ I have concluded that no single year is
22 representative of a normal ongoing level of expense. Therefore, I have adjusted the claimed
23 level of expense for this account to reflect a normalized level of expense for ratemaking
24 purposes based upon the average actual costs incurred during the last three fiscal years.

²⁵ Div. 3-2 Attachment.

²⁶ *Id.*

1 This adjustment results in a decrease of \$3,938 to this expense. I have presented this
2 adjustment to this expense on Schedule LKM-9.
3
4

5 **H. Property Taxes**

6 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO PROPERTY TAXES.**

7 A. In its filing, NWD has claimed \$473,671 in property taxes expense. In the response to Div.
8 3-13(i), NWD provides its most recent property tax payments. I believe it is appropriate to
9 use the most recent costs as the going level for this expense. Therefore, I have presented
10 this adjustment to property taxes on Schedule LKM-10 to reflect the most recent property
11 taxes paid. This adjustment decreases operating expenses by \$80,547.

12 **I. Conferences and Training**

13 **Q. WHY HAVE YOU MADE AN ADJUSTMENT TO CONFERENCES AND
14 TRAINING EXPENSE?**

15 A. In its filing, NWD has claimed \$23,933 in conferences and training expense. After
16 reviewing NWD's claim, I observed that for the last three fiscal years, the amount
17 recognized in expense for this account has fluctuated from year-to-year. I have concluded
18 that no single year is representative of a normal ongoing level of expense. Therefore, I have
19 adjusted the claimed level of expense for this account to reflect a normalized level of
20 expense for ratemaking purposes based upon the average actual costs incurred during the
21 last three fiscal years. This adjustment results in a decrease of \$12,065 to this expense. I
22 have presented this adjustment to this expense on Schedule LKM-11.

23 **J. Repair and Maintenance Expense**

24 **Q. WHY HAVE YOU MADE AN ADJUSTMENT TO REPAIR AND
25 MAINTENANCE EXPENSE?**

1 A. In its filing, NWD has claimed \$461,513 in repair and maintenance expense. For some of
2 the operating functions, a breakdown of the cost was provided and for others no specific
3 breakdown was provided. Overall, it appears that the costs that have been included in the
4 cost of service are routine maintenance, but a specific timeframe for carrying out the work
5 is provided other than the rate year. The nature of routine repair and maintenance is that
6 such work varies from annually as required. This is confirmed by reviewing the annual
7 historical expense. I observed that for the last three fiscal years, the dollar value of repair
8 and maintenance expense has fluctuated from year-to-year. I have concluded that no single
9 year is representative of a normal ongoing level of expense. Therefore, I have adjusted the
10 claimed level of expense for this account to reflect a normalized level of expense for
11 ratemaking purposes based upon the average actual costs incurred during the last three
12 fiscal years. This adjustment results in a decrease of \$252,368 to this expense. I have
13 presented this adjustment to this expense on Schedule LKM-12.

14 **K. Uniforms and Protective Gear Expenses**

15 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO UNIFORMS AND**
16 **PROTECTIVE GEAR EXPENSE.**

17 A. In the cost of service, NWD has presented adjustment to each of the operating functions
18 other than administration and laboratory for an increase in uniforms and protective gear.
19 The explanation for the increase is:

20 The city contract with RI Council 94 AFSCME, AFL-CIO, Local 911
21 under article 16 Uniforms requires as a minimum – " furnish annual one
22 (1) set of coveralls for each Meter Reader in the Water Department... will
23 provide three (3) sets of uniforms to non-clerical Water Department
24 employees in the following divisions: Collections, Distributions, and
25 Water Meter... The Employer will provide an annual \$200 boot
26 allowance to Utilities and Public Services employees who are required

1 by management to wear safety shoes/boots that conform to relevant
2 safety standards and are approved by the Department Director."²⁷

3 The unaudited expense for FY 2024 15500209 – 50320 Uniforms and
4 Protective Gears amounted to \$4,915.29. The itemization provided in the
5 rate filing remains applicable, which includes: Boot Allowance
6 AFSCME Contract: \$200/Year; \$1,000 Uniform/Clothing; \$2,500
7 Safety Vests; \$250 Hi-Viz Jacket; \$1,000 Gloves, Safety Glasses,
8 Respirator, etc. \$750; this total \$4,500.²⁸

9 From my review of the historical data for this category of expense, it became apparent that
10 until FY 2024, the annual budget and the actual costs were relatively lower than FY 2024
11 and the amount NWD is claiming in this proceeding. However, no explanation was
12 provided for the rate year increase other than the increase in expenses during FY 2024.
13 What is clear to me is that during FY 2024, NWD began to increase its expenditures (and
14 budget) on uniforms and protective gear. However, because there was an increase in
15 spending on uniforms and protective gear in FY 2024, it does not provide support for an
16 even higher level of annual expense in FY 2025 as claimed by NWD. Hence, I believe the
17 additional increase claimed for this expense for FY 2025 is not properly supported.

18 Therefore, I have adjusted the uniforms and protective gear expense to reflect the
19 FY 2024 level of expense rather than the amount claimed by NWD for FY 2025. In my
20 opinion the FY 2024 amounts represent the best current projection of the annual costs. This
21 adjustment results in a decrease of \$8,301 to this expense. I have presented the adjustment
22 to this expense on Schedule LKM-13.

23 **L. Gas and Vehicle Allowance**

24 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO GAS AND VEHICLE**
25 **ALLOWANCE E EXPENSE.**

²⁷ Div. 3-15 (e).

²⁸ *Id.*

1 A. In its filing, NWD has proposed an adjustment to recover \$280,955 in Gas and Vehicle
2 Allowance expense. After reviewing NWD's claim, I observed that for the last three fiscal
3 years, the amount recognized in expense for this account has fluctuated from year-to-year.
4 I have concluded that no single year is representative of a normal ongoing level of expense.
5 Therefore, I have adjusted the claimed level of expense for this account to reflect a
6 normalized level of expense for ratemaking purposes based upon the average actual costs
7 incurred during the last three fiscal years. This adjustment results in a decrease of \$49,110
8 to this expense. I have presented this adjustment to this expense on Schedule LKM-14.

9 **M. Sewer Charge**

10 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE SEWER CHARGE.**

11 A. In its filing, NWD has proposed an adjustment to recover \$824,272 in Sewer Charges. In
12 NWD's response to COMM 1-5(e), it explained that the cause of the increase that occurred
13 between the test year and the rate year. NWD stated:

14 This increase is attributable to the anticipated increase in sewer rates. In
15 my direct testimony, I indicated that the Newport City Council would
16 likely approve a new rate in July 2024. However, the anticipated increase
17 has been delayed and likely will not be implemented until the beginning
18 of calendar year 2025.

19 However, no supporting documentation was provided to show the usage amounts or the
20 rate at which the charge was determined. As a result, there is no way of knowing whether
21 the usage amounts were normalized. The historical expense, on the other hand, suggests
22 that usage varies from year-to-year. I observed that for the last three fiscal years, the
23 amount recognized in expense for this account has fluctuated. I assume that the fluctuation
24 was usage driven because it is unlikely the sewer rates have changed (up and down) during
25 the three-year period. Hence, I have concluded that no single year is representative of a
26 normal ongoing level of expense or usage. Given that the change in sewer rates has been

1 delayed, the rate year expense should not be increased to reflect the higher sewer rates.
2 Additionally, I believe it is appropriate to recognize the fluctuation in usage for ratemaking
3 purposes. Consequently, the claimed level of expense for this account has been adjusted to
4 reflect a normalized level of expense for ratemaking purposes based upon the average
5 actual costs incurred during the last three fiscal years. This adjustment results in a decrease
6 of \$228,920 to this expense. I have presented this adjustment to this expense on Schedule
7 LKM-15.

8 **N. Regulatory Expense**

9 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE REGULATORY**
10 **EXPENSE.**

11 A. In its filing, NWD has claimed a regulatory expense of \$1,500. The claimed regulatory
12 expense was incurred to cover costs associated with producing the Consumer Confidence
13 Report. However, for the years prior to FY 2024, there was no expense reported for this
14 account. Therefore, I have concluded that the cost included in the cost of service is a one-
15 time or non-recurring expense. As a result, I have removed the expense on Schedule LKM-
16 16.

17 **O. Regulatory Assessments**

18 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE REGULATORY**
19 **ASSESSMENTS.**

20 A. NWD estimated its regulatory assessments expense based on its estimates for Rhode Island
21 Division of Public Utilities and Carriers – Assessment, Rhode Island Department of Health
22 – License and the Rhode Island Water Works Association Assessment. In its explanation
23 of the basis of its claim, in the response to Div. 3-13(m), NWD only addresses the annual
24 assessment invoice from the Division of Public Utilities and Carriers, so it is unclear how
25 NWD derived the \$135,000 total assessment claim. I have derived my adjustment to the

1 annual assessment based on the December 20, 2023 Assessment Invoice from the Division
2 of Public Utilities and Carriers and the test year amounts for the remaining line items. The
3 total of these costs, when compared to NWD's claim, results in a \$12,423 decrease in the
4 regulatory assessments account. This adjustment is presented on Schedule LKM-17.

5 **P. Electric Expense**

6 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO ELECTRIC EXPENSE.**

7 A. NWD calculated the rate year electric expense based on the FY 2024 kWh usage and its
8 calculation of the projected cost per kWh for the rate year. The cost per kWh was broken
9 down by the distribution and supply components. The projected distribution cost per kWh
10 was derived by taking the total distribution service charge for each month and dividing that
11 amount by the kWh used. The monthly cost per kWh was then averaged to derive NWD's
12 projected distribution cost per kWh. The supply cost per kWh appears to be derived from
13 the 2024 supply cost per kWh as stated in NWD's electric bill.

14 I disagree with NWD's rate year projected electric expense for two reasons. First,
15 NWD's calculation of the distribution cost per kWh combines the fixed and variable
16 components of the distribution rates and treats them as if they are all variable. Second, I
17 believe the most recent electric distribution and supply rates are the only known rates that
18 would be appropriate to used to determine the rate year electric expense. Therefore, I have
19 recalculated the electric expense using the most recent 2024 rates available and the total
20 FY 2024 usage. This has resulted in an adjustment to reduce electric expense by \$20,800
21 as shown on schedule LKM-18.

22 **Q. Natural Gas Expense**

23 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO NATURAL GAS EXPENSE.**

1 A. NWD explains that the rate year claim for natural gas expense is based on an estimate of
2 its natural gas usage based on the most recent three-year average therms by month. The
3 current rates were then applied to the usage data to determine the projected expense.

4 I used the amounts by location as calculated in NWD's workpapers and compared
5 them to the amounts included in the cost of service. This resulted in differences which I
6 have used to adjust NWD's natural gas claim downward by \$28,720. This adjustment is
7 presented on Schedule LKM-19.

8 **R. Reservoir Maintenance Expense – Island Source of Supply**

9 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO RESERVOIR**
10 **MAINTENANCE EXPENSE FOR ISLAND SOURCE OF SUPPLY.**

11 A. In its filing, NWD has proposed an adjustment to recover \$47,500 in Reservoir
12 Maintenance Expense for the Island source of supply station. In response to the Division's
13 inquiry to obtain supporting documentation for the \$47,500 claim, NWD stated:

14 The raw water supply system comprises nine reservoirs, seven of which
15 are located on Aquidneck Island under the Source of Supply Island and
16 the remaining two in Little Compton and Tiverton under the Source and
17 Supply Mainland.²⁹

18 The Watson Dam, constructed in 1960, is the most recent addition.
19 Newport has been dealing with underinvestment and deferred
20 maintenance issues for some time now. It is crucial to address these
21 concerns promptly to prevent further deterioration. Failure to do so will
22 result in increased deterioration, necessitating more extensive capital
23 investment than what is already required.³⁰

24 Please note that RipRap is ordered in 100-ton batches at an expense of
25 \$3,500, and AquaBlok is ordered by the tractor trailer load at an
26 approximate expense of \$11,277.76.³¹

²⁹ Response to Div. 3-16 (b).

³⁰ *Id.*

³¹ *Id.*

1 A further review of NWD's supporting data during my review of HJS Schedule D-9 of
2 NWD's filing, revealed that the cost itemization on that schedule did not total the claimed
3 amount of \$47,500. Hence, both NWD's discovery response and the supporting
4 documentation included in the rate case application do not provide adequate support for
5 NWD's claim.

6 However, I observed that for the last three fiscal years, the amount recognized in
7 expense for this account has fluctuated from year-to-year. I have concluded that no single
8 year is representative of a normal ongoing level of expense. Therefore, I have adjusted the
9 claimed level of expense for this account to reflect a normalized level of expense for
10 ratemaking purposes based upon the average actual costs incurred during the last three
11 fiscal years. This adjustment results in a decrease of \$9,882 to this expense. I have
12 presented this adjustment to this expense on Schedule LKM-20.

13 **S. Reservoir Maintenance Expense – Mainland Source of Supply**

14 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO RESERVOIR**
15 **MAINTENANCE EXPENSE FOR MAINLAND SOURCE OF SUPPLY.**

16 A. In its filing, NWD has proposed an adjustment to recover \$12,000 in Reservoir
17 Maintenance Expense for the Mainland source of supply station. The breakdown of the
18 expenses used to derive the total expense appears to be normal routine expenses.

19 I observed that for the last three fiscal years, the amount recognized in expense for
20 this account has fluctuated from year-to-year. I have concluded that no single year is
21 representative of a normal ongoing level of expense. Therefore, I have adjusted the claimed
22 level of expense for this account to reflect a normalized level of expense for ratemaking
23 purposes based upon the average actual costs incurred during the last three fiscal years.
24 This adjustment results in a decrease of \$3,916 to this expense. I have presented this
25 adjustment to this expense on Schedule LKM-21.

1 **T. Station One – Operating Supplies**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO OPERATING SUPPLIES**
3 **FOR STATION ONE.**

4 A. In its filing, NWD has proposed an adjustment to recover \$15,000 for operating supplies
5 for Station One. The supporting documentation for the proposed costs appears to be a
6 listing of supplies but there is no indication of the quantity to be purchased, or the normal
7 quantity used in a twelve-month period.³² The presentation of the costs and the related
8 components raises questions. In explaining the proposed increase in expenses, NWD states:

9 The expenses for this line item demonstrate the difficulty in setting rates
10 for a future rate year. While we try to set rates to cover expenses, we
11 have no control over unpredicted increases to those expenses. The
12 itemization below shows examples of the estimates upon which the rate
13 year was based and the current pricing.³³

14 As presented, NWD implies that it is requesting to recover only half of the cost that it
15 would pay for the same supply items today. In one instance, NWD is seeking to recover
16 \$500 for Mechanical Seals and Packing that would cost \$5,295 at current prices. This is a
17 1000% increase in cost. Respectfully, I do not believe this is a realistic proposition.

18 I observed that for the last three fiscal years, the amount recognized in expense for
19 this account has fluctuated from year-to-year, but every year was significantly less than the
20 \$15,000 sought by NWD. I have concluded that no single year is representative of a normal
21 ongoing level of expense. Therefore, I have adjusted the claimed level of expense for this
22 account to reflect a normalized level of expense for ratemaking purposes based upon the
23 average actual costs incurred during the last three fiscal years. This adjustment results in a
24 decrease of \$10,592 to this expense. I have presented this adjustment to this expense on
25 Schedule LKM-22.

³² Response to Div. 3-19(f).

³³ *Id.*

1 **U. Lawton Valley – Operating Supplies**

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO OPERATING SUPPLIES**
3 **FOR LAWTON VALLEY.**

4 A. NWD’s claim for Lawton Valley operating supplies is similar to its claim for Station One
5 operating supplies. NWD has proposed an adjustment to recover \$12,386 for operating
6 supplies for Lawton Valley. The supporting documentation and rationale for this
7 adjustment is similar to what was provided for the Station One adjustment to operating
8 supplies.³⁴

9 As I stated above, the amount recognized in expenses for this account for the last
10 three fiscal years fluctuated from year-to-year, but every year was significantly less than
11 the \$12,386 sought by NWD. I have concluded that no single year is representative of a
12 normal ongoing level of expense. Therefore, I have adjusted the claimed level of expense
13 for this account to reflect a normalized level of expense for ratemaking purposes based
14 upon the average actual costs incurred during the last three fiscal years. This adjustment
15 results in a decrease of \$9,021 to this expense. I have presented the adjustment to this
16 expense on Schedule LKM-23.

17 **V. Laboratory Supplies**

18 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO LABORATORY SUPPLIES.**

19 A. In its filing, NWD has proposed an adjustment to recover \$78,466 for laboratory supplies.
20 The supporting documentation for the proposed costs provides a listing of supplies and
21 quantity to be purchased.³⁵ However, the listing also includes small equipment that may be
22 needed for testing but are not likely to be purchased on an annual basis. For example, NWD
23 includes a \$13,800 Spectrophotometer.³⁶ Inclusion of equipment of this nature could result

³⁴ Response to Div. 3-20 (g).

³⁵ Div. 3-21 e. Attachment.

³⁶ *Id.*

1 in laboratory supplies expenses being higher in one year than the next. Hence, it is my
2 opinion that the amount NWD has proposed to include in the test year should be normalized
3 to avoid establishing rates on a level of costs that do not recur annually.

4 During the last three fiscal years, the amount recognized in expense for this account
5 has fluctuated year-to-year, and every year was significantly less than the \$78,466 sought
6 by NWD. I have concluded that no single year is representative of a normal ongoing level
7 of expense. Therefore, I have adjusted the claimed level of expense for this account to
8 reflect a normalized level of expense for ratemaking purposes based upon the average
9 actual costs incurred during the last three fiscal years. This adjustment results in a decrease
10 of \$34,756 to this expense. I have presented this adjustment to this expense on Schedule
11 LKM-24.

12 **W. Chemicals Expense**

13 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO CHEMICALS EXPENSE.**

14 A. NWD's filing includes its claim for \$1,719,674 in chemicals expense. During discovery,
15 NWD was asked to provide its historical chemical usage. NWD provided historical usage
16 data for some of the chemicals used. Though the data NWD provided was not for all the
17 chemicals included in its filing, I incorporated the limited data I received in the derivation
18 of my adjustment to chemicals expense.

19 The intent of my adjustment was to determine the chemical expense based upon a
20 five-year normalized level of chemical usage. Since the historical usage was not provided
21 for all chemicals, my adjustment is based upon a partial normalization of chemical usage.
22 In other words, I have used the five-year average usage where the data was available and
23 retain NWD's amounts where the historical information was not available.

1 As a result of the partial normalization, I am recommending an adjustment that
2 reduces chemicals expense by \$132,546. This adjustment is presented on Schedule LKM-
3 25.
4

5
6 **X. Service Maintenance Expense**

7 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO SERVICE MAINTENANCE**
8 **EXPENSE.**

9 A. NWD's filing includes its claim of \$95,000 in the cost of service for Service Maintenance
10 expense for the Distribution function. When asked to provide support for the proposed
11 151.52% (or \$57,230) increase in this expense over the test year, NWD's explanation was
12 that the service maintenance will be expanded to include approximately 20 self-
13 performed service line replacement mains to curb stops totaling \$2,681.63.³⁷ This
14 explanation does not adequately explain the \$57,230 increase in expense.

15 Therefore, I have adjusted the claimed level of expense for this account to reflect
16 a normalized level of expense for ratemaking purposes based upon the average actual
17 costs incurred during the last three fiscal years. The amount recognized in expenses for
18 this account for the last three fiscal years fluctuated from year-to-year, and every year
19 was significantly less than the \$95,000 sought by NWD. Hence, NWD's claim was not
20 supported. I have presented the adjustment to this expense on Schedule LKM-26 which
21 results in a \$52,592 decrease in expense.

22 **III. MULTI-YEAR STEP INCREASES**

23 **Q. PLEASE SUMMARIZE NWD'S MULTI-YEAR STEP INCREASE PLAN.**

³⁷ Response to Div. 3-22 (j).

1 A. In NWD witness Schultz’s testimony, he states that NWD’s proposed multi-year rate plan
2 is intended to be “driven by salary increases for Newport’s union employees”.³⁸ As
3 explained earlier, NWD’s union employees are split between two unions – AFSCME and
4 NEA. The current AFSCME contract expires on June 30, 2024, but it is not known when
5 a new three-year contract will be approved. The NEA contract expires on June 30, 2025,
6 so a new contract will be negotiated at a point in the future. Hence, as I understand it, the
7 multi-year rate plan is being proposed as a mechanism to allow NWD to recover the
8 increases in future labor costs. The multi-year plan, as proposed by NWD, includes a 1
9 percent increase in salaries and wages as a placeholder for the actual negotiated pay rate
10 increases.

11 Mr. Schultz describes NWD’s filing as a multi-year four-step rate increase.³⁹ This
12 translates into an initial rate increase and three subsequent step rate increases. This case
13 was filed seeking the first step of the increase (the initial increase) to become effective on
14 July 1, 2024, with the remaining three step increases becoming effective on July 1, 2025,
15 2026, and 2027. Since the initial increase has been suspended, and the case is scheduled to
16 be decided after January 2025, it would be unsuitable to have two rate increases back-to-
17 back during 2025. Moreover, it is probable that the AFSCME contract negotiations will be
18 concluded before the case is decided. Therefore, I am recommending a three-step multi-
19 year rate plan instead of the proposed four-year plan.

20 In addition to the change in the number of years in the rate plan, I am requesting
21 that NWD clarify its proposal in the rebuttal phase of this proceeding. The testimonies of
22 Mr. Schultz and Mr. Smith links the step increases after the initial water rate increase to
23 the changes in the union pay rates. However, it is unclear how NWD proposes to capture
24 any changes in the number of employees that occur after the initial rate increase. I am

³⁸ Direct Testimony of Robert C. Schultz, Jr. at 5:11.

³⁹ *Id.* at 2:16.

1 requesting that NWD provide details on what costs will be captured in the rate plan step
2 increases.

3 Finally, since the labor cost increases reflected in the proposed multi-year step
4 increase are placeholders, I do not believe it is appropriate for the revenue and proposed
5 step rates to be considered as Commissioned-approved rates. Instead, I believe it is possible
6 to have an approved plan with the rates to be determined when known.

7 **IV. OPERATING RESERVE ALLOWANCE**

8 **Q. HAVE YOU MADE ANY CHANGES TO THE OPERATING REVENUE**
9 **ALLOWANCE?**

10 A. Yes. In NWD's filing, it requested an operating revenue allowance of 1.5% of O&M
11 expenses. I have accepted the 1.5% allowance as reasonable. However, as a result of my
12 adjustments to O&M expenses, the level of O&M expenses to which the 1.5% is applied
13 is lower. Therefore, I have decreased the operating revenue allowance by \$24,746, as
14 reflected on Schedule LKM-1, line 153.

15 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

16 A. Yes, it does.

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF RHODE ISLAND**

**CITY OF NEWPORT, UTILITIES
DEPARTMENT, WATER DIVISION
REQUEST FOR GENERAL RATE
INCREASE**

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DOCKET NO. 24-30-WW

**SCHEDULES ACCOMPANYING THE
DIRECT TESTIMONY
OF
LAFAYETTE K. MORGAN, JR.
ON BEHALF OF THE
DIVISION OF PUBLIC UTILITIES AND CARRIERS**

City of Newport Water Department

Summary of Revenues and Expenses at
Present and Recommended Rates
For the Rate Year Ended June 30, 2025

Line No.	Account No.	Description	NWD Test Year Amount	NWD Rate Year Adjustments	Rate Year Amount Per NWD	Division Adjustments	Rate Year Amount Per Division	Recommended Rate Increase	Rate Year at Recommended Rates
<u>Operating & Maintenance Expenses</u>									
1		<i>Administration</i>							
2	50001	Salaries & Wages	\$ 281,582	\$ 165,217	\$ 446,799	\$ (42,751)	\$ 404,048	\$ -	\$ 404,048
3	50044	Standby Salaries	18,420	4,980	23,400	(4,680)	18,720	-	18,720
4	50520	Accrued Benefits Buyout	-	-	-	-	-	-	-
5	50100	Employee Benefits	139,015	58,849	197,864	(191)	197,672	-	197,672
6	50103	Retiree Insurance Coverage	273,742	(142)	273,600	(163,179)	110,421	-	110,421
7	50105	Workers Compensation	81,379	34,047	115,426	(8,808)	106,618	-	106,618
8	50175	Annual Leave Buyback	3,750	(1,250)	2,500	(2,500)	-	-	-
9	50207	Advertisement	4,000	-	4,000	-	4,000	-	4,000
10	50210	Membership Dues & Subscriptions	14,946	54	15,000	-	15,000	-	15,000
11	50212	Conferences & Training	2,302	5,036	7,338	(3,951)	3,387	-	3,387
12	50214	Tuition Reimbursement	-	2,000	2,000	-	2,000	-	2,000
13	50220	Consultant Fees	44,624	48,998	93,622	(14,248)	79,374	-	79,374
14	50238	Postage	174	826	1,000	-	1,000	-	1,000
15	50239	Fire & Liability Insurance	49,955	10,490	60,445	-	60,445	-	60,445
16	50251	Telephone & Communication	9,166	3,334	12,500	(3,938)	8,562	-	8,562
17	50305	Water	2,015	407	2,422	-	2,422	-	2,422
18	50306	Electricity	7,988	1,054	9,042	(200)	8,842	-	8,842
19	50307	Natural Gas	6,700	1,675	8,375	(2,489)	5,886	-	5,886
20	50308	Property Taxes	464,475	92,987	557,462	(80,547)	476,915	-	476,915
21	50266	Legal & Administrative	318,524	-	318,524	-	318,524	-	318,524
22	50267	Data Processing	343,175	(1,155)	342,020	-	342,020	-	342,020
23	50268	Mileage Allowance	3,349	1,651	5,000	-	5,000	-	5,000
24	50271	Gasoline & Vehicle Allowance	8,724	2,905	11,629	(3,469)	8,160	-	8,160
25	50275	Repairs & Maintenance	465	2,035	2,500	(2,065)	435	-	435
26	50280	Regulatory Expense	-	1,500	1,500	(1,500)	-	-	-
27	50281	Regulatory Assessment	129,813	5,187	135,000	(12,423)	122,577	-	122,577
28	50361	Office Supplies	9,748	5,385	15,133	-	15,133	-	15,133
29	50505	Self Insurance	500	-	500	-	500	-	500
30	50515	Unemployment Claims	-	-	-	-	-	-	-
31		<i>Subtotal:</i>	\$ 2,218,533	\$ 446,067	\$ 2,664,599	\$ (346,940)	\$ 2,317,660	\$ -	\$ 2,317,660
32		<i>Customer Service</i>							
33	50001	Salaries & Wages	\$ 291,674	\$ 97,362	\$ 389,036	\$ (5,036)	\$ 383,999	\$ -	\$ 383,999
34	50002	Overtime	4,427	5,323	9,750	(5,323)	4,427	-	4,427
35		Collections	-	-	-	-	-	-	-
36	50004	Temp Salaries	8,800	(8,800)	-	-	-	-	-
37	50056	Injury Pay	-	-	-	-	-	-	-
38	50100	Employee Benefits	173,340	82,717	256,057	(1,148)	254,909	-	254,909
39	50120	Bank Fees (lock box & CC charges)	59,431	5,569	65,000	-	65,000	-	65,000

City of Newport Water Department

Summary of Revenues and Expenses at
Present and Recommended Rates
For the Rate Year Ended June 30, 2025

Line No.	Account No.	Description	NWD Test Year Amount	NWD Rate Year Adjustments	Rate Year Amount Per NWD	Division Adjustments	Rate Year Amount Per Division	Recommended Rate Increase	Rate Year at Recommended Rates
40	50175	Annual Leave Buyback	13,287	1,713	15,000	(15,000)	-	-	-
41	50205	Copying & binding	-	600	600	-	600	-	600
42	50212	Conferences & Training	375	1,460	1,835	(2,525)	(690)	-	(690)
43	50225	Support Services	19,252	32,363	51,615	-	51,615	-	51,615
44	50238	Postage	74,106	2,477	76,583	-	76,583	-	76,583
45	50271	Gasoline & Vehicle Allowance	40,510	2,229	42,739	(4,626)	38,113	-	38,113
46	50275	Repairs & Maintenance	4,638	35,362	40,000	(30,426)	9,574	-	9,574
47	50299	Meter Maintenance	19,339	661	20,000	-	20,000	-	20,000
48	50311	Operating Supplies	3,342	1,314	4,656	-	4,656	-	4,656
49	50320	Uniforms & protective Gear	1,947	2,553	4,500	415	4,915	-	4,915
50	50380	Customer Service Supplies	7,575	(75)	7,500	-	7,500	-	7,500
51		<i>Subtotal:</i>	\$ 722,044	\$ 262,827	\$ 984,870	\$ (63,669)	\$ 921,202	\$ -	\$ 921,202
52		<u>Source of Supply - Island</u>							
53	50001	Salaries & Wages	\$ 345,582	\$ 12,046	\$ 357,628	\$ (5,776)	\$ 351,852	\$ -	\$ 351,852
54	50002	Overtime	32,988	1,662	34,650	-	34,650	-	34,650
55	50004	Temp Salaries	-	34,580	34,580	(34,580)	-	-	-
56	50056	Injury Pay	-	-	-	-	-	-	-
57	50100	Employee Benefits	175,319	49,932	225,251	(130)	225,121	-	225,121
58	50175	Annual Leave Buyback	-	1,700	1,700	(1,700)	-	-	-
59	50306	Electricity	32,565	8,141	40,706	(900)	39,806	-	39,806
60	50271	Gas/Vehicle Maintenance	80,919	11,842	92,760	(10,419)	82,341	-	82,341
61	50275	Repairs & Maintenance	13,573	4,182	17,755	(889)	16,866	-	16,866
62	50277	Reservoir Maintenance	57,711	(10,211)	47,500	(9,882)	37,618	-	37,618
63	50311	Operating Supplies	2,718	3,522	6,240	-	6,240	-	6,240
64	50320	Uniforms & protective Gear	1,984	2,466	4,450	1,151	5,601	-	5,601
65	50335	Chemicals	94,690	33,435	128,125	(9,875)	118,250	-	118,250
66		<i>Subtotal:</i>	\$ 838,048	\$ 153,298	\$ 991,346	\$ (73,000)	\$ 918,346	\$ -	\$ 918,346
67		<u>Source of Supply - Mainland</u>							
68	50002	Overtime	\$ 11,871	\$ 629	\$ 12,500	\$ (3,146)	\$ 9,354	\$ -	\$ 9,354
69	50004	Temp Salaries	51,930	2,597	54,527	(13,457)	41,070	-	41,070
70	50005	Permanent Part time	5,200	10,925	16,125	(10,492)	5,633	-	5,633
71	50100	Employee Benefits	2,461	2,944	5,405	-	5,405	-	5,405
72	50306	Electricity	240,273	48,054	288,328	(6,375)	281,953	-	281,953
73	50275	Repairs & Maintenance	25,259	(3,004)	22,255	(7,149)	15,106	-	15,106
74	50277	Reservoir Maintenance	4,787	7,213	12,000	(3,916)	8,084	-	8,084
75	50311	Operating Supplies	639	361	1,000	-	1,000	-	1,000
76		<i>Subtotal:</i>	\$ 342,421	\$ 69,718	\$ 412,139	\$ (44,534)	\$ 367,605	\$ -	\$ 367,605
77		<u>Station One</u>							
78	50001	Salaries & Wages	\$ 606,813	\$ 83,915	\$ 690,728	\$ (107,388)	\$ 583,339	\$ -	\$ 583,339

City of Newport Water Department

Summary of Revenues and Expenses at
Present and Recommended Rates
For the Rate Year Ended June 30, 2025

Line No.	Account No.	Description	NWD Test Year Amount	NWD Rate Year Adjustments	Rate Year Amount Per NWD	Division Adjustments	Rate Year Amount Per Division	Recommended Rate Increase	Rate Year at Recommended Rates
79	50002	Overtime	143,194	6,806	150,000	(5,516)	144,484	-	144,484
80	50003	Holiday Pay	20,674	3,285	23,959	(4,313)	19,646	-	19,646
81	50045	Lead Plant Operator Stipend	11,240	1,240	12,480	-	12,480	-	12,480
82	50100	Employee Benefits	280,974	116,272	397,246	(37,050)	360,195	-	360,195
83	50175	Annual Leave Buyback	14,273	1,427	15,700	(15,700)	-	-	-
84	50212	Conferences & Training	2,553	1,948	4,500	(1,607)	2,893	-	2,893
85	50239	Fire & Liability Insurance	88,364	5,864	94,228	-	94,228	-	94,228
86	50306	Electricity	239,417	47,883	287,300	(6,352)	280,948	-	280,948
87	50307	Natural Gas	45,226	5,846	51,072	(15,179)	35,893	-	35,893
88	50260	Rental of Equipment	719	431	1,150	-	1,150	-	1,150
89	50305	Sewer Charge	172,841	43,309	216,150	(82,621)	133,529	-	133,529
90	50271	Gas/Vehicle Maintenance	4,607	5,449	10,056	(4,822)	5,234	-	5,234
91	50275	Repairs & Maintenance	26,120	87,054	113,174	(70,668)	42,506	-	42,506
92	50311	Operating Supplies	5,107	9,893	15,000	(10,592)	4,408	-	4,408
93	50320	Uniforms & protective Gear	5,107	7,043	12,150	(4,843)	7,307	-	7,307
94	60000	Station One Pumping	-	-	-	-	-	-	-
95	50335	Chemicals	606,568	141,684	748,253	(57,673)	690,580	-	690,580
96		<i>Subtotal:</i>	\$ 2,273,796	\$ 569,349	\$ 2,843,145	\$ (424,325)	\$ 2,418,820	\$ -	\$ 2,418,820
97		<u>Lawton Valley</u>							
98	50001	Salaries & Wages	\$ 591,012	\$ 29,373	\$ 620,385	\$ 25,779	\$ 646,163	\$ -	\$ 646,163
99	50002	Overtime	140,879	9,121	150,000	(31,494)	118,506	-	118,506
100	50003	Holiday Pay	20,114	2,386	22,500	-	22,500	-	22,500
101	50045	Lead Plant Operator Stipend	7,461	5,019	12,480	(4,960)	7,520	-	7,520
102	50100	Employee Benefits	309,454	61,638	371,092	(53,505)	317,587	-	317,587
103	50175	Annual Leave Buyback	6,711	2,789	9,500	(9,500)	-	-	-
104	50212	Conferences & Training	1,068	1,452	2,520	207	2,727	-	2,727
105	50239	Fire & Liability Insurance	82,473	17,319	99,792	-	99,792	-	99,792
106	50306	Electricity	237,303	48,731	286,034	(6,324)	279,710	-	279,710
107	50307	Natural Gas	26,611	10,574	37,185	(11,052)	26,133	-	26,133
108	50260	Rental of Equipment	691	459	1,150	-	1,150	-	1,150
109	50305	Sewer Charge	486,497	121,625	608,122	(146,299)	461,823	-	461,823
110	50271	Gas/Vehicle Maintenance	5,373	4,683	10,056	(4,130)	5,926	-	5,926
111	50275	Repairs & Maintenance	92,995	22,179	115,174	(34,805)	80,369	-	80,369
112	50311	Operating Supplies	2,702	9,684	12,386	(9,021)	3,365	-	3,365
113	50320	Uniforms & protective Gear	835	10,100	10,935	(2,947)	7,988	-	7,988
114	60000	LV Pumping	-	-	-	-	-	-	-
115	50335	Chemicals	520,409	322,887	843,297	(64,998)	778,299	-	778,299
116		<i>Subtotal:</i>	\$ 2,532,587	\$ 680,019	\$ 3,212,607	\$ (353,049)	\$ 2,859,558	\$ -	\$ 2,859,558
117		<u>Laboratory</u>							
118	50001	Salaries & Wages	\$ 146,399	\$ 19,293	\$ 165,693	\$ (5,767)	\$ 159,926	\$ -	\$ 159,926

City of Newport Water Department

Summary of Revenues and Expenses at
Present and Recommended Rates
For the Rate Year Ended June 30, 2025

Line No.	Account No.	Description	NWD Test Year Amount	NWD Rate Year Adjustments	Rate Year Amount Per NWD	Division Adjustments	Rate Year Amount Per Division	Recommended Rate Increase	Rate Year at Recommended Rates
119	50100	Employee Benefits	56,521	30,253	86,774	(459)	86,315	-	86,315
120	50175	Annual Leave Buyback	3,834	416	4,250	(4,250)	-	-	-
121	50275	Repairs & Maintenance	5,517	5,847	11,364	(3,097)	8,267	-	8,267
122	50281	Regulatory Assessment	62,767	32,468	95,235	-	95,235	-	95,235
123	50339	Laboratory Supplies	41,865	36,601	78,466	(34,756)	43,710	-	43,710
124		<i>Subtotal:</i>	\$ 316,904	\$ 124,877	\$ 441,781	\$ (48,329)	\$ 393,452	\$ -	\$ 393,452
125		<u><i>Transmission & Distribution</i></u>							
126	50001	Salaries & Wages	\$ 607,077	\$ 87,517	\$ 694,595	\$ (92,760)	\$ 601,835	\$ -	\$ 601,835
127	50002	Overtime	68,473	6,527	75,000	(5,690)	69,310	-	69,310
128	50004	Temp Salaries	-	34,580	34,580	(34,580)	-	-	-
129	50056	Injury Pay	-	-	-	-	-	-	-
130	50100	Employee Benefits	323,274	74,689	397,963	(72,470)	325,493	-	325,493
131	50175	Annual Leave Buyback	3,085	2,915	6,000	(6,000)	-	-	-
132	50212	Conferences & Training	2,964	3,261	6,225	(4,189)	2,036	-	2,036
133	50225	Contract Services	11,822	1,678	13,500	-	13,500	-	13,500
134	50239	Fire & Liability Insurance	14,845	942	15,787	-	15,787	-	15,787
135	50306	Electricity	10,509	18,857	29,366	(649)	28,717	-	28,717
136	50260	Heavy Equipment Rental	1,819	7,181	9,000	-	9,000	-	9,000
137	50271	Gas/Vehicle Maintenance	99,615	14,100	113,715	(21,644)	92,071	-	92,071
138	50275	Repairs & Maintenance	8,736	15,055	23,791	(930)	22,861	-	22,861
139	50276	Main Maintenance	82,580	37,963	120,543	-	120,543	-	120,543
140	60001	Hydrant Maintenance	-	-	-	-	-	-	-
141	50296	Service Maintenance	37,770	57,230	95,000	(52,592)	42,408	-	42,408
142	50311	Operating Supplies	8,736	2,001	10,737	-	10,737	-	10,737
143	50320	Uniforms & protective Gear	4,710	4,740	9,450	(2,077)	7,373	-	7,373
144		<i>Subtotal:</i>	\$ 1,286,015	\$ 369,237	\$ 1,655,252	\$ (293,580)	\$ 1,361,671	\$ -	\$ 1,361,671
145		<u><i>Fire Protection</i></u>							
146	50275	Repair & Maintenance - Equipment	\$ 116,551	\$ 3,449	\$ 120,000	\$ (102,339)	\$ 17,662	\$ -	\$ 17,662
147		<i>Subtotal:</i>	\$ 116,551	\$ 3,449	\$ 120,000	\$ (102,339)	\$ 17,662	\$ -	\$ 17,662
148		Total O&M Costs	\$ 10,646,899	\$ 2,678,841	\$ 13,325,740	\$ (1,749,765)	\$ 11,575,975	\$ -	\$ 11,575,975
149		Capital Costs							
150		Contribution to Capital Spending Acct.	\$ 3,333,333	\$ (33,333)	\$ 3,300,000	\$ -	\$ 3,300,000	\$ -	\$ 3,300,000
151		Contribution to Debt Service Acct.	6,920,000	-	6,920,000	-	6,920,000	-	6,920,000
152		<i>Total Capital Costs</i>	\$ 10,253,333	\$ (33,333)	\$ 10,220,000	\$ -	\$ 10,220,000	\$ -	\$ 10,220,000
153		Operating Revenue Allowance	\$ 319,407	\$ (119,521)	\$ 199,886	\$ (26,246)	\$ 173,640	\$ -	\$ 173,640
154		Total Costs before Offsets	\$ 21,219,639	\$ 2,525,987	\$ 23,745,626	\$ (1,776,011)	\$ 21,969,615	\$ -	\$ 21,969,615

City of Newport Water Department

Summary of Revenues and Expenses at
Present and Recommended Rates
For the Rate Year Ended June 30, 2025

Line No.	Account No.	Description	NWD Test Year Amount	NWD Rate Year Adjustments	Rate Year Amount Per NWD	Division Adjustments	Rate Year Amount Per Division	Recommended Rate Increase	Rate Year at Recommended Rates
155		Offsets							
156		<i>Non-rate Revenues</i>							
157		Sundry charges	\$ 152,508	\$ (19,508)	\$ 133,000	\$ -	\$ 133,000	\$ -	\$ 133,000
158		WPC cost share on customer service	331,646	19,836	351,482	-	351,482	-	351,482
159		Middletown cost share on customer service	166,727	12,055	178,782	-	178,782	-	178,782
160		Rental of Property	92,371	(2,371)	90,000	-	90,000	-	90,000
161		Water Penalty	48,776	1,224	50,000	-	50,000	-	50,000
162		Miscellaneous*	-	11,300	11,300	-	11,300	-	11,300
163		Investment Interest Income	24,842	(4,842)	20,000	-	20,000	-	20,000
164		Water Quality Protection Fees	20,751	249	21,000	-	21,000	-	21,000
165		<i>Total Non-rate Revenues</i>	\$ 837,621	\$ 17,943	\$ 855,564	\$ -	\$ 855,564	\$ -	\$ 855,564
166		Net Cost of Service	\$ 20,382,018	\$ 2,508,044	\$ 22,890,062	\$ (1,776,011)	\$ 21,114,051	\$ -	\$ 21,114,051
		Service Revenues	\$ (19,905,357)	\$ -	\$ (19,905,357)	\$ -	\$ (19,905,357)	\$ (1,208,694)	\$ (21,114,051)
		(Revenue Surplus)/Deficiency	\$ 476,661	\$ -	\$ 2,984,705	\$ -	\$ 1,208,694	\$ (1,208,694)	\$ -

City of Newport Water Department

Summary of Step Increases
For the Rate Year Ended June 30, 2025

Line No.	Description	Rate Year Amount Per Division	1st Step Increase	Amount After 1st Step Increase	2nd Step Increase	Amount After 2nd Step Increase
<u>Operating & Maintenance Expenses</u>						
1	Total Administration	\$ 2,317,660	\$ 4,228	\$ 2,321,887	\$ 4,270	\$ 2,326,157
2	Total Customer Service	921,202	3,884	925,086	3,923	929,009
3	Total Source of Supply - Island	918,346	3,865	922,211	3,904	926,115
4	Total Source of Supply - Mainland	367,605	94	367,698	94	367,793
5	Total Station One	2,418,820	7,475	2,426,295	7,549	2,433,844
6	Total Lawton Valley	2,859,558	7,872	2,867,430	7,950	2,875,380
7	Total Laboratory	393,452	1,599	395,051	1,615	396,666
8	Total Transmission & Distribution	1,361,671	6,711	1,368,383	6,779	1,375,161
9	Total Fire Protection	17,662	-	17,662	-	17,662
10	Total O&M Costs	\$ 11,575,975	\$ 35,728	\$ 11,611,703	\$ 36,085	\$ 11,647,788
<u>Capital Costs</u>						
11						
12	Contribution to Capital Spending Acct.	\$ 3,300,000	\$ -	\$ 3,300,000	\$ -	\$ 3,300,000
13	Contribution to Debt Service Acct.	6,920,000	-	6,920,000	-	6,920,000
14	<i>Total Capital Costs</i>	\$ 10,220,000	\$ -	\$ 10,220,000	\$ -	\$ 10,220,000
15	Operating Revenue Allowance	\$ 173,640	\$ 536	\$ 174,176	\$ 541	\$ 174,717
16	Total Costs before Offsets	\$ 21,969,615	\$ 36,264	\$ 22,005,878	\$ 36,626	\$ 22,042,504
<u>Offsets</u>						
17						
18	<i>Non-rate Revenues</i>					
19	Sundry charges	\$ 133,000	\$ -	\$ 133,000	\$ -	\$ 133,000
20	WPC cost share on customer service	351,482	-	351,482	-	351,482
21	Middletown cost share on customer service	178,782	-	178,782	-	178,782
22	Rental of Property	90,000	-	90,000	-	90,000
23	Water Penalty	50,000	-	50,000	-	50,000
24	Miscellaneous*	11,300	-	11,300	-	11,300
25	Investment Interest Income	20,000	-	20,000	-	20,000
26	Water Quality Protection Fees	21,000	-	21,000	-	21,000
27	<i>Total Non-rate Revenues</i>	\$ 855,564	\$ -	\$ 855,564	\$ -	\$ 855,564
28	Net Cost of Service	\$ 21,114,051	\$ 36,264	\$ 21,150,314	\$ 36,626	\$ 21,186,940

City of Newport Water Department

Adjustment to Payroll Expenses
 Administration Salaries & Wages
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to WPC Admin ^{1/}	Net Amount to Water Admin
1		<u>Administration Salaries & Wages</u>			
2	50001	Dep. Dir. Util/Assoc. Dir. Fin-Util	\$ 101,317	\$ 40,527	\$ 60,790
3	50001	Financial Analyst	81,195	32,478	48,717
4	50001	Executive Assistant (Vacant)	-	-	-
5	50001	Director of Utilities	156,853	62,741	94,112
6	50001	Dep. Dir., Util (Vacant)	-	-	-
7	50001	Utilities Infrastructure Asset Manager	97,324	38,930	58,395
8	50001	Parts/Invent Control Tech	63,341	25,336	38,005
9	50001	Utilities Engineer	91,021	36,408	54,612
10	50001	Special Projects	82,363	32,945	49,418
11		Total Administration Salaries & Wages per Division	\$ 673,414	\$ 269,366	\$ 404,048
12		Total Administration Salaries & Wages per NWD			446,799
13		Adjustment to Administration Salaries & Wages			\$ (42,751)
14					
15	50044	Standby Salaries per Division			\$ 18,720 ^{2/}
16	50044	Standby Salaries per NWD			23,400 ^{3/}
17		Adjustment to Standby Salaries			\$ (4,680)

Notes

^{1/} Com. 1-1 Attachment.

^{2/} Response to Div. 3-13 (a).

^{3/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Payroll Expenses
Customer Service Salaries & Wages
For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to WPC Admin ^{1/}	Net Amount to Water Admin
1		<u>Customer Service Salaries & Wages</u>			
2	50001	Meter Repairman/Reader	\$ 62,363	\$ -	\$ 62,363
3		Meter Repairman/Reader	60,918	-	60,918
4		Meter Repairman/Reader	55,731	-	55,731
5		Laborer	47,979	-	47,979
6		Water Meter Foreman	72,708	-	72,708
7		Prin. Account Clerk	55,709	-	55,709
8		Billing Clerk	47,652	19,061	28,591
9		Total Customer Service Salaries & Wages per Division	\$ 403,060	\$ 19,061	\$ 383,999
10		Total Customer Service Salaries & Wages per NWD			389,036
11		Adjustment to Customer Service Salaries & Wages			\$ (5,036)
12					
13					
14	50002	2023 Customer Service Overtime			\$ 4,427 ^{2/}
15	50002	Overtime-seasonal shutoff Notices - Lead Service Lines			9,750 ^{3/}
16		Adjustment to Customer Service Salaries & Wages			\$ (5,323)

Notes

^{1/} Com. 1-1 Attachment.

^{2/} Page 33, FY 23 Annual Report

^{3/} HJS Schedule D-8

City of Newport Water Department

Adjustment to Payroll Expenses
 Source of Supply - Island Salaries & Wages
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to Distribution ^{1/}	Net Amount to Water Admin
1		<u>Source of Supply - Island Salaries & Wages</u>			
2	50001	Laborer	\$ 50,182	\$ -	\$ 50,182
3		Dist./Collection Operator	53,570	-	53,570
4		Maintenance Worker	65,714	-	65,714
5		Dist./Collect Foreman	70,514	-	70,514
6		CDL Licensed Operator	61,312	-	61,312
7		Super., Water Dist./Collect	101,120	50,560	50,560
8		Total Source of Supply-Island Salaries & Wages per Division	\$ 402,412	\$ 50,560	\$ 351,852
9		Total Source of Supply-Island Salaries & Wages per NWD			357,628
10		Adjustment to Source of Supply-Island Salaries & Wages			<u>\$ (5,776)</u>
11					
12		<u>Source of Supply - Island Temp Salaries</u>			
13	50004	Temp Salaries per Division			\$ -
14	50004	Temp Salaries per NWD			<u>34,580 ^{2/}</u>
15		Adjustment to Temp Salaries			<u>\$ (34,580)</u>

Notes

^{1/} Com. 1-1 Attachment.

^{2/} HJS Schedule D-9

City of Newport Water Department

Adjustment to Payroll Expenses
 Source of Supply - Mainland
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to Distribution ^{1/}	Net Amount to Water Admin
1		<u>Source of Supply - Mainland Overtime</u>			
2	50002	Overtime per Division			\$ 9,354 ^{1/}
3	50002	Overtime per NWD			<u>12,500 ^{2/}</u>
4		Adjustment Source of Supply -Mainland Overtime			<u>\$ (3,146)</u>
5					
6		<u>Source of Supply - Mainland Temp Salaries</u>			
7	50004	Temp Salaries per Division			\$ 41,070 ^{1/}
8	50004	Temp Salaries per NWD			<u>54,527 ^{2/}</u>
9		Adjustment Source of Supply -Mainland Temp Salaries			<u>\$ (13,457)</u>
10					
11		<u>Source of Supply - Mainland Permanent Part time</u>			
12	50005	Permanent Part time per Division			\$ 5,633 ^{1/}
13	50005	Permanent Part time per NWD			<u>16,125 ^{2/}</u>
14		Adjustment Source of Supply -Mainland Permanent Part Time			<u>\$ (10,492)</u>

Notes

^{1/} Based on actual 3-year average for the account as provided in the Response to Div. 3-2 Attachment.

^{2/} HJS Schedule D-10

City of Newport Water Department

Adjustment to Payroll Expenses
 Station One Salaries & Wages
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to Distribution ^{1/}	Net Amount to Water Admin
1		<u>Station One Salaries & Wages</u>			
2	50001	Plant Operator Gr 1	\$ 47,652	\$ -	\$ 47,652
3		Water Plant Op - Grade3 (Vacant)	-	-	-
4		Water Plant Op - Gr1	65,872	-	65,872
5		Water Plant Op - Grade 3	58,497	-	58,497
6		Dist./Collect Operator	58,356	-	58,356
7		Water Plant Op - Grade 3	56,959	-	56,959
8		Asst Water Treat Sup	90,522	45,261	45,261
9		Water Plant Op - Grade3	67,456	-	67,456
10		Water Plant Op - Grade 3	66,031	-	66,031
11		Water Qual/Prod Sup.	102,450	51,225	51,225
12		Water Plant Op - Grade 3	66,031		66,031
13		Total Station One Salaries & Wages per Division	\$ 679,825	\$ 96,486	\$ 583,340
14		Total Station One Salaries & Wages per NWD			690,728
15		Adjustment to Station One Salaries & Wages			<u>\$ (107,388)</u>
16					
17		<u>Station One Overtime</u>			
18	50002	Station One Overtime per Division			\$ 144,484 ^{2/}
19	50002	Station One Overtime per NWD			150,000 ^{3/}
20		Adjustment to Station One Overtime			<u>\$ (5,516)</u>
21					
22		<u>Station One Lead Plant Operator Stipend</u>			
23	50045	Lead Plant Operator Stipend per Division			\$ 8,167 ^{2/}
24	50045	Lead Plant Operator Stipend per NWD			12,480 ^{3/}
25		Adjustment to Station One Lead Plant Operator Stipend			<u>\$ (4,313)</u>

Notes

^{1/} Com. 1-1 Attachment.

^{2/} Based on actual 3-year average for the account as provided in the Response to Div. 3-2 Attachment.

^{3/} HJS Schedule D-11

City of Newport Water Department

Adjustment to Payroll Expenses
 Lawton Valley Salaries & Wages
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to Distribution ^{1/}	Net Amount to Water Admin
1		<u>Lawton Valley Salaries & Wages</u>			
2	50001	Plant Operator Gr 3	\$ 58,497	\$ -	\$ 58,497
3		Water Plant Op - Gr1	48,939	-	48,939
4		Water Plant Op - Grade3	63,339	-	63,339
5		Water Plant Op - Grade3	66,506	-	66,506
6		Water Plant Op - Gr1	55,478	-	55,478
7		Water Plant Op - Grade 3	61,677	-	61,677
8		Water Plant Op - Grade3	66,664	-	66,664
9		Water Plant Op - Grade3	63,339	-	63,339
10		50% Allocated from Station One	45,261	-	45,261
11		50% Allocated from Station One	51,225	-	51,225
12		Water Plant Op - Grade3	65,239	-	65,239
13		Total Lawton Valley Salaries & Wages per Division	\$ 646,164	\$ -	\$ 646,164
14		Total Lawton Valley Salaries & Wages per NWD			620,385 ^{3/}
15		Adjustment to Lawton Valley Salaries & Wages			\$ 25,779
16					
17		<u>Lawton Valley Overtime</u>			
18	50002	Lawton Valley Overtime per Division			\$ 118,506 ^{2/}
19	50002	Lawton Valley Overtime per NWD			150,000 ^{3/}
20		Adjustment to Lawton Valley Overtime			\$ (31,494)
21					
22		<u>Lawton Valley Lead Plant Operator Stipend</u>			
23	50045	Lawton Valley Lead Plant Operator Stipend per Division			\$ 7,520 ^{2/}
24	50045	Lawton Valley Lead Plant Operator Stipend per NWD			12,480 ^{3/}
25		Adjustment to Lawton Valley Lead Plant Operator Stipend per NWD			\$ (4,960)

Notes

^{1/} Com. 1-1 Attachment.

^{2/} Based on actual 3-year average for the account as provided in the Response to Div. 3-2 Attachment.

^{3/} HJS Schedule D-12

City of Newport Water Department

Adjustment to Payroll Expenses
 Laboratory Salaries & Wages
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to Other Depts	Net Amount to Water Admin
1		<u>Laboratory Salaries & Wages</u>			
2	50001	Laboratory Supervisor	\$ 89,992	\$ -	\$ 89,992
3		Microbiologist	69,934	-	69,934
4		Total Laboratory Salaries & Wages per Division	159,926	-	\$ 159,926
5		Total Laboratory Salaries & Wages per NWD			165,693 ^{2/}
6		Adjustment to Lawton Valley Salaries & Wages			\$ (5,767)

Notes

^{1/} Com. 1-1 Attachment.

^{2/} HJS Schedule D-13

City of Newport Water Department

Adjustment to Payroll Expenses
 Distribution Salaries & Wages
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount as of 7/1/24 + Longevity ^{1/}	Allocated to Other Depts	Net Amount to Water Admin
1		<u><i>Distribution Salaries & Wages</i></u>			
2	50001	Dist./Collect Operator	\$ 56,959	\$ -	\$ 56,959
3		Dist./Collect Operator	75,390	-	75,390
4		Dist./Collect Operator	66,004	-	66,004
5		Dist./Collect Foreman	77,590	-	77,590
6		Engineering Technician	80,959	-	80,959
7		50% Allocated from Source of Supply	50,560	-	50,560
8		Dist./Collect Operator	65,229	-	65,229
9		Dist./Collect Mechanic	69,080	-	69,080
10		Dist./Collect Mechanic	60,066	-	60,066
11		Total Distribution Salaries & Wages per Division	601,835	-	\$ 601,835
12		Total Distribution Salaries & Wages per NWD			694,595 ^{3/}
13		Adjustment to Lawton Valley Salaries & Wages			<u>\$ (92,760)</u>
14					
15					
16		<u><i>Distribution Overtime</i></u>			
17	50002	Total Distribution Overtime per Division			\$ 69,310 ^{2/}
18	50002	Total Distribution Overtime per NWD			75,000 ^{3/}
19		Adjustment to Distribution Overtime			<u>\$ (5,690)</u>
20					
21					
22		<u><i>Distribution Temp Salaries</i></u>			
23	50004	Total Distribution Temp Salaries per Division			\$ - ^{2/}
24	50004	Total Distribution Overtime per NWD			34,580 ^{3/}
25		Adjustment to Distribution Overtime			<u>\$ (34,580)</u>

Notes

^{1/} Com. 1-1 Attachment.

^{2/} Based on actual 3-year average for the account as provided in the Response to Div. 3-2 Attachment.

^{3/} HJS Schedule D-14

City of Newport Water Department

Adjustment to Employee Benefits Expenses
 Administration Employee Benefits
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Administration Employee Benefits</u>	
2	50100	General Manager/Chief Engineer Utilities - 60%	\$ 26,350
3	50100	Deputy Utilities Director, Administration and Finance - 60%	8,661
4	50100	Deputy Utilities Director, Engineering and Operations - 60%	-
5	50100	Utilities Infrastructure Asset Manager	25,264
6	50100	Utilities Engineer	17,872
7	50100	Executive Assistant, Utilities - 60%	-
8	50100	Administrative Assistant, Utilities - 60%	21,742
9	50100	Assistant Supervisor Administration and Finance 60%	24,224
10	50100	Parts/Inventory Control Tech - 60%	20,973
11		Total Administration Employee Benefits per Division	\$ 145,086
12		Total Administration Employee Benefits per NWD	197,864
13		Adjustment to Administration Employee Benefits	\$ (52,778)

Notes

^{1/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Employee Benefits Expenses
Station One Employee Benefits
For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Station One Employee Benefits</u>	
2	50100	Water Treatment Superintendent - 50%	\$ 26,588
3	50100	Assistant Water Treatment Superintendent - 50%	14,964
4	50100	Water Plant Operator - Grade 4	44,897
5	50100	Water Plant Operator - Grade 4	44,321
6	50100	Water Plant Operator - Grade 4	44,092
7	50100	Water Plant Operator - Grade 3	30,524
8	50100	Water Plant Operator - Grade 3	43,540
9	50100	Water Plant Operator - Grade 3	43,540
10	50100	Water Plant Operator - Grade 3	28,408
11	50100	Water Plant Operator - Grade 2	40,522
12	50100	Vacant	-
13		Total Station One Employee Benefits per Division	\$ 361,397
14		Total Station One Employee Benefits per NWD	<u>397,246</u>
15		Adjustment to Station One Employee Benefits	<u>\$ (35,849)</u>

Notes

^{1/} HJS Schedule D-11

City of Newport Water Department

Adjustment to Employee Benefits Expenses
 Distribution Employee Benefits
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u><i>Distribution Employee Benefits</i></u>	
2	50100	Supervisor Water Distribution & Collection - 50%	\$ 26,004
3	50100	Water Distribution & Collection Foreperson	44,897
4	50100	Engineering Technician	45,570
5	50100	Utility GIS and Field Specialist - 50% (50% WPC)	24,702
6	50100	Utility Equipment Operator	44,286
7	50100	Utility Operator I, II, III or IV	29,972
8	50100	Utility Operator I, II, III or IV	41,461
9	50100	Utility Operator I, II, III or IV	41,461
10	50100	Utility Operator I, II, III or IV	26,425
11	50100	Total Station One Employee Benefits per Division	\$ 324,776
12		Total Station One Employee Benefits per NWD	397,246
13		Adjustment to Station One Employee Benefits	<u>\$ (72,470)</u>

Notes

^{1/} HJS Schedule D-11

City of Newport Water Department

Adjustment to Annual Leave Buyback Expenses
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Administration Salaries & Wages</u>	
2	50175	Annual Leave Buyback	\$ (2,500) ^{1/}
3			
4	50100	FICA on Annual leave buyback	\$ (191) ^{2/}
5			
6		<u>Customer Service Salaries & Wages</u>	
7	50175	Annual Leave Buyback	\$ (15,000) ^{3/}
8			
9	50100	FICA on Annual leave buyback	\$ (1,148) ^{2/}
10			
11		<u>Source of Supply - Island Salaries & Wages</u>	
12	50175	Annual Leave Buyback	\$ (1,700) ^{4/}
13			
14	50100	FICA on Annual leave buyback	\$ (130) ^{2/}
15			
16		<u>Station One Salaries & Wages</u>	
17	50175	Annual Leave Buyback	\$ (15,700) ^{5/}
18			
19	50100	FICA on Annual leave buyback	\$ (1,201) ^{2/}
20			
21		<u>Lawton Valley Salaries & Wages</u>	
22	50175	Annual Leave Buyback	\$ (9,500) ^{6/}
23			
24	50100	FICA on Annual leave buyback	\$ (727) ^{2/}
25			
26		<u>Laboratory</u>	
27	50175	Annual Leave Buyback	\$ (4,250) ^{7/}
28			
29	50100	Benefits on Annual leave buyback	\$ (459) ^{7/}
30			
31		<u>Distribution Salaries & Wages</u>	
32	50175	Annual Leave Buyback	\$ (6,000) ^{8/}

Notes

- ^{1/} HJS Schedule D-7
- ^{2/} Based on 7.65% of Annual Buyback amount.
- ^{3/} HJS Schedule D-8
- ^{4/} HJS Schedule D-9
- ^{5/} HJS Schedule D-11
- ^{6/} HJS Schedule D-12
- ^{7/} HJS Schedule D-13
- ^{8/} HJS Schedule D-14

City of Newport Water Department

Adjustment to Retiree Insurance Coverage
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50107	Retiree Insurance Coverage per Division	\$ 210,421 ^{1/}
2			
3	50107	Retiree Insurance Coverage per NWD	<u>273,600 ^{2/}</u>
4		Adjustment to Reflect Recent Expense Level	<u>\$ (63,179)</u>
5		Amortization of Restircted Accoun Accumulated Bal	<u>\$ (100,000)</u>
6		Total Adjustment	<u><u>\$ (163,179)</u></u>

Notes

^{1/} Div. 3-13 (c).

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Workers' Compensation Coverage
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50109	Workers' Compensation Coverage per Division	\$ 106,618 ^{1/}
2			
3	50109	Workers' Compensation Coverage per NWD	<u>115,426 ^{2/}</u>
4		Adjustment to Workers Compensation	<u><u>\$ (8,808)</u></u>

Notes

^{1/} Div. 3-13 (d) Attachment

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Consulting Fees
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50220	Consulting Fees per Division	\$ 79,374 ^{1/}
2			
3	50220	Consulting Fees per NWD	<u>93,622 ^{2/}</u>
4		Adjustment to Consulting Fees	<u><u>\$ (14,248)</u></u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Phone and Communication Expense
 For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50251	Phone and Communication Expense per Division	\$ 8,562 ^{1/}
2			
3	50251	Phone and Communication Expense per NWD	<u>12,500</u> ^{2/}
4		Adjustment to Phone and Communication Expense	<u><u>\$ (3,938)</u></u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Property Taxes
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1	50261	Property Taxes	
2		Little Compton	\$ 10,512 ^{1/}
3		Middletown (PILOT)	62,183 ^{1/}
4		Portsmouth	306,365 ^{1/}
5		Tiverton	<u>14,063 ^{1/}</u>
6		Total Property Taxes per Division	393,124
7	50261	Property Taxes per NWD	<u>473,671 ^{2/}</u>
8		Adjustment to Phone and Communication Expense	<u><u>\$ (80,547)</u></u>

Notes

^{1/} Div. 3-13 (i) Attachment

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Conferences and Training Expenses
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Administration</u>	
2	50212	Conferences & Training per Division	\$ 3,387 ^{1/}
3	50212	Standby Salaries per NWD	7,338 ^{2/}
4		Adjustment to Conferences and Training Expenses	<u>\$ (3,951)</u>
5			
6			
7		<u>Customer Service</u>	
8	50212	Conferences & Training per Division	\$ 825 ^{1/}
9	50212	Conferences & Training per NWD	3,350 ^{3/}
10		Adjustment to Conferences and Training Expenses	<u>\$ (2,525)</u>
11			
12			
13		<u>Station One</u>	
14	50212	Conferences & Training per Division	\$ 2,893 ^{1/}
15	50212	Conferences & Training per NWD	4,500 ^{4/}
16		Adjustment to Conferences and Training Expenses	<u>\$ (1,607)</u>
17			
18			
19		<u>Lawton Valley</u>	
20	50212	Conferences & Training per Division	\$ 2,727 ^{1/}
21	50212	Conferences & Training per NWD	2,520 ^{5/}
22		Adjustment to Conferences and Training Expenses	<u>\$ 207</u>
23			
24			
25		<u>Distribution</u>	
26	50212	Conferences & Training per Division	\$ 2,036 ^{1/}
27	50212	Conferences & Training per NWD	6,225 ^{6/}
28		Adjustment to Conferences and Training Expenses	<u>\$ (4,189)</u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-7

^{3/} HJS Schedule D-8

^{4/} HJS Schedule D-11

^{5/} HJS Schedule D-12

^{6/} HJS Schedule D-14

City of Newport Water Department

Adjustment to Repair and Maintenance Expenses
For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Administration</u>	
2	50275	Repair and Maintenance per Division	\$ 435 ^{1/}
3	50275	Repair and Maintenance per NWD	2,500 ^{2/}
4		Adjustment to Repair and Maintenance Expenses	<u>\$ (2,065)</u>
6		<u>Customer Service</u>	
7	50275	Repair and Maintenance per Division	\$ 9,574 ^{1/}
8	50275	Repair and Maintenance per NWD	40,000 ^{3/}
9		Adjustment to Repair and Maintenance Expenses	<u>\$ (30,426)</u>
11		<u>Source of Supply - Island</u>	
12	50275	Repair and Maintenance per Division	\$ 16,866 ^{1/}
13	50275	Repair and Maintenance per NWD	17,755 ^{4/}
14		Adjustment to Repair and Maintenance Expenses	<u>\$ (889)</u>
16		<u>Source of Supply - Mainland</u>	
17	50275	Repair and Maintenance per Division	\$ 15,106 ^{1/}
18	50275	Repair and Maintenance per NWD	22,255 ^{5/}
19		Adjustment to Repair and Maintenance Expenses	<u>\$ (7,149)</u>
21		<u>Station One</u>	
22	50275	Repair and Maintenance per Division	\$ 42,506 ^{1/}
23	50275	Repair and Maintenance per NWD	113,174 ^{6/}
24		Adjustment to Repair and Maintenance Expenses	<u>\$ (70,668)</u>
26		<u>Lawton Valley</u>	
27	50275	Repair and Maintenance per Division	\$ 80,369 ^{1/}
28	50275	Repair and Maintenance per NWD	115,174 ^{7/}
29		Adjustment to Repair and Maintenance Expenses	<u>\$ (34,805)</u>
31		<u>Laboratory</u>	
32	50275	Repair and Maintenance per Division	\$ 8,267 ^{1/}
33	50275	Repair and Maintenance per NWD	11,364 ^{8/}
34		Adjustment to Repair and Maintenance Expenses	<u>\$ (3,097)</u>
36		<u>Distribution</u>	
37	50275	Repair and Maintenance per Division	\$ 22,861 ^{1/}
38	50275	Repair and Maintenance per NWD	23,791 ^{9/}
39		Adjustment to Repair and Maintenance Expenses	<u>\$ (930)</u>
41		<u>Fire Protection</u>	
42	50275	Repair and Maintenance per Division	\$ 17,662 ^{10/}
43	50275	Repair and Maintenance per NWD	120,000 ^{9/}
44		Adjustment to Repair and Maintenance Expenses	<u>\$ (102,339)</u>

Notes

- ^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.
- ^{2/} HJS Schedule D-7
- ^{3/} HJS Schedule D-8
- ^{4/} HJS Schedule D-9
- ^{5/} HJS Schedule D-10
- ^{6/} HJS Schedule D-11
- ^{7/} HJS Schedule D-12
- ^{8/} HJS Schedule D-13
- ^{9/} HJS Schedule D-14
- ^{10/} 2-Year average based on data provided in Div. 3-2 Attachment.

City of Newport Water Department

Adjustment to Uniforms and Protective Gear Expenses
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Customer Service</u>	
2	50320	Uniforms and Protective Gear Expenses per Division	\$ 4,915 ^{1/}
3	50320	Uniforms and Protective Gear Expenses per NWD	4,500 ^{2/}
4		Adjustment to Uniforms and Protective Gear Expenses	<u>\$ 415</u>
5			
6		<u>Source of Supply - Island</u>	
7	50320	Uniforms and Protective Gear Expenses per Division	\$ 5,601 ^{1/}
8	50320	Uniforms and Protective Gear Expenses per NWD	4,450 ^{3/}
9		Adjustment to Uniforms and Protective Gear Expenses	<u>\$ 1,151</u>
10			
11		<u>Station One</u>	
12	50320	Uniforms and Protective Gear Expenses per Division	\$ 7,307 ^{1/}
13	50320	Uniforms and Protective Gear Expenses per NWD	12,150 ^{4/}
14		Adjustment to Uniforms and Protective Gear Expenses	<u>\$ (4,843)</u>
15			
16		<u>Lawton Valley</u>	
17	50320	Uniforms and Protective Gear Expenses per Division	\$ 7,988 ^{1/}
18	50320	Uniforms and Protective Gear Expenses per NWD	10,935 ^{5/}
19		Adjustment to Uniforms and Protective Gear Expenses	<u>\$ (2,947)</u>
20			
21		<u>Distribution</u>	
22	50320	Uniforms and Protective Gear Expenses per Division	\$ 7,373 ^{1/}
23	50320	Uniforms and Protective Gear Expenses per NWD	9,450 ^{6/}
24		Adjustment to Uniforms and Protective Gear Expenses	<u>\$ (2,077)</u>

Notes

^{1/} FY 2024 amount based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-8

^{3/} HJS Schedule D-9

^{4/} HJS Schedule D-11

^{5/} HJS Schedule D-12

^{6/} HJS Schedule D-14

City of Newport Water Department

Adjustment to Gas and Vehicle Allowance
For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Administration</u>	
2	50271	Gas and Vehicle Allowance per Division	\$ 8,160 ^{1/}
3	50271	Gas and Vehicle Allowance per NWD	11,629 ^{2/}
4		Adjustment to Gas and Vehicle Allowance	<u>\$ (3,469)</u>
5			
6		<u>Customer Service</u>	
7	50271	Gas and Vehicle Allowance per Division	\$ 38,113 ^{1/}
8	50271	Gas and Vehicle Allowance per NWD	42,739 ^{3/}
9		Adjustment to Gas and Vehicle Allowance	<u>\$ (4,626)</u>
10			
11		<u>Source of Supply - Island</u>	
12	50271	Gas and Vehicle Allowance per Division	\$ 82,341 ^{1/}
13	50271	Gas and Vehicle Allowance per NWD	92,760 ^{4/}
14		Adjustment to Gas and Vehicle Allowance	<u>\$ (10,419)</u>
15			
16		<u>Station One</u>	
17	50271	Gas and Vehicle Allowance per Division	\$ 5,234 ^{1/}
18	50271	Gas and Vehicle Allowance per NWD	10,056 ^{5/}
19		Adjustment to Gas and Vehicle Allowance	<u>\$ (4,822)</u>
20			
21		<u>Lawton Valley</u>	
22	50271	Gas and Vehicle Allowance per Division	\$ 5,926 ^{1/}
23	50271	Gas and Vehicle Allowance per NWD	10,056 ^{6/}
24		Adjustment to Gas and Vehicle Allowance	<u>\$ (4,130)</u>
25			
26		<u>Distribution</u>	
27	50271	Gas and Vehicle Allowance per Division	\$ 92,071 ^{1/}
28	50271	Gas and Vehicle Allowance per NWD	113,715 ^{7/}
29		Adjustment to Gas and Vehicle Allowance	<u>\$ (21,644)</u>

Notes

- ^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.
- ^{2/} HJS Schedule D-7
- ^{3/} HJS Schedule D-8
- ^{4/} HJS Schedule D-9
- ^{5/} HJS Schedule D-11
- ^{6/} HJS Schedule D-12
- ^{7/} HJS Schedule D-14

City of Newport Water Department

Adjustment to Sewer Charge
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<u>Station One</u>	
2	50305	Sewer Charge per Division	\$ 133,529 ^{1/}
3	50305	Sewer Charge per NWD	216,150 ^{2/}
4		Adjustment to Sewer Charge	<u>\$ (82,621)</u>
5			
6		<u>Lawton Valley</u>	
7	50305	Sewer Charge per Division	\$ 461,823 ^{1/}
8	50305	Sewer Charge per NWD	608,122 ^{3/}
9		Adjustment to Sewer Charge	<u>\$ (146,299)</u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-11

^{3/} HJS Schedule D-12

City of Newport Water Department

Adjustment to Regulatory Expense
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50280	Regulatory Expense per Division	\$ -
2			
3	50280	Regulatory Expense per NWD	<u>1,500</u> ^{1/}
4		Adjustment to Regulatory Expense	<u>\$ (1,500)</u>

Notes

^{1/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Regulatory Assessments
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1	50281	RI Div. of PUC - Assessment	\$ 100,067 ^{1/}
2		RI Dept. of Health - License	21,810 ^{2/}
3		RIWWA Assessment	700 ^{2/}
4		Total	122,577
5	50281	Regulatory Expense per NWD	135,000 ^{2/}
6		Adjustment to Regulatory Expense	\$ (12,423)

Notes

^{1/} PUC Assessment Invoice No. 41 dated December 20, 2023.

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Electric Expense
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50306	Electric Expense per Division	\$ 919,976
2			
3	50306	Electric Expense per NWD	<u>940,776</u> ^{1/}
4		Adjustment to Electric Expense	<u>\$ (20,800)</u>

Notes

^{1/} HJS Schedule A-2A

City of Newport Water Department

Adjustment to Natural Gas Expense
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50307	Natural Gas Expense per Division	\$ 86,969
2			
3	50307	Natural Gas Expense per NWD	<u>96,632</u>
4		Adjustment to Natural Gas Expense	<u><u>\$ (28,720)</u></u>

Notes

^{1/} HJS Schedule D-7, D-11 & D-12.

City of Newport Water Department

Adjustment to Reservoir Maintenance Expense - Island
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50277	Reservoir Maintenance Expense per Division	\$ 37,618 ^{1/}
2			
3	50277	Reservoir Maintenance Expense per NWD	<u>47,500 ^{2/}</u>
4		Adjustment to Reservoir Maintenance Expense	<u><u>\$ (9,882)</u></u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Reservoir Maintenance Expense - Mainland
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50277	Reservoir Maintenance Expense per Division	\$ 8,084 ^{1/}
2			
3	50277	Reservoir Maintenance Expense per NWD	<u>12,000</u> ^{2/}
4		Adjustment to Reservoir Maintenance Expense	<u>\$ (3,916)</u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-7

City of Newport Water Department

Adjustment to Operating Supplies Expense - Station One
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50311	Operating Supplies Expense per Division	\$ 4,408 ^{1/}
2			
3	50311	Operating Supplies Expense per NWD	<u>15,000 ^{2/}</u>
4		Adjustment to Operating Supplies Expense	<u><u>\$ (10,592)</u></u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-11.

City of Newport Water Department

Adjustment to Operating Supplies Expense - Lawton Valley
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1	50311	Operating Supplies Expense per Division	\$ 3,365 ^{1/}
2			
3	50311	Operating Supplies Expense per NWD	<u>12,386 ^{2/}</u>
4		Adjustment to Operating Supplies Expense	<u><u>\$ (9,021)</u></u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-12.

City of Newport Water Department

Adjustment to Laboratory Supplies Expense
For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50339	Laboratory Supplies Expense per Division	\$ 43,710 ^{1/}
2			
3	50339	Laboratory Supplies Expense per NWD	<u>78,466</u> ^{2/}
4		Adjustment to Laboratory Supplies Expense	<u><u>\$ (34,756)</u></u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-13.

City of Newport Water Department

Adjustment to Chemicals Expenses
 For the Rate Year Ended June 30, 2025

Line No.	Account	Description	Amount
1		<i>Source of Supply - Island</i>	
2	50335	Chemicals Expenses per Division	\$ 118,250 ^{1/}
3	50335	Chemicals Expenses per NWD	128,125 ^{3/}
4		Adjustment to Chemicals Expenses	<u>\$ (9,875)</u>
5			
6		<i>Station One</i>	
7	50335	Chemicals Expenses per Division	\$ 690,580 ^{1/}
8	50335	Chemicals Expenses per NWD	748,253 ^{4/}
9		Adjustment to Chemicals Expenses	<u>\$ (57,673)</u>
10			
11		<i>Lawton Valley</i>	
12	50335	Chemicals Expenses per Division	\$ 778,299 ^{1/}
13	50335	Chemicals Expenses per NWD	843,297 ^{5/}
14		Adjustment to Chemicals Expenses	<u>\$ (64,998)</u>

Notes

- ^{1/} FY 2024 amount based on data provided in Div. 3-2 Attachment.
- ^{2/} HJS Schedule D-8
- ^{3/} HJS Schedule D-9
- ^{4/} HJS Schedule D-11
- ^{5/} HJS Schedule D-12
- ^{6/} HJS Schedule D-14

City of Newport Water Department

Calculation of Annual Chemicals Usage
For the Rate Year Ended June 30, 2025

Line No.	Description	FY2020	FY2021	FY2022	FY2023	FY2024	Average
1	PACl (Gallons)	141,805	131,158	135,065	136,037	124,604	133,734
2	Sodium Hypochlorite (Gallons)	50,879	56,154	58,839	58,381	59,446	56,740
3	Sodium Hydroxide (Gallons)	64,106	27,484	45,383	60,211	54,810	50,399
4	Hydrochloric Acid 31% (Gallons)	3,950	8,587	9,925	12,021	7,500	8,397
5	Sodium Chlorite (lbs.)	13,522	15,273	12,969	21,103	18,113	16,196
6	Fluoride (lbs.)	4,400	13,500	4,400	4,000	8,000	6,860
7	Magnafloc LT-7990 Coagulant (Gallons)	880	440	220	440	220	440

Data Source:
Div. 2-26

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City of Newport Water Department

Calculation of Annual Chemicals Expense
 For the Rate Year Ended June 30, 2025

Line No.	Description	Est. Usage	Units	Unit Price	Total Cost
1	Polyaluminum chloride, Liquid ^{1/}	133,734	Per Gallon	\$ 3.19	426,611
2	Sodium Hypochlorite, Liquid ^{1/}	56,740	Per Gallon	2.61	148,034
3	Commercial Grade Copper Sulfate Crystals	20	Per Ton	4,520.00	90,400
4	Hydrogen Peroxide Based Algaecide	15,000	Per Pound	1.35	20,250
5	Sodium Hydroxide (Liquid Caustic Soda) ^{1/}	50,399	Per Gallon	0.94	47,592
6	Liquid Hydrochloric Acid 31% Strength ^{1/}	8,397	Per Gallon	2.80	23,510
7	Sodium fluorosilicate ^{1/}	3	Per Ton	2,775.00	8,325
8	Sodium chlorite ^{1/}	16,196	Per Pound	0.98	15,840
9	Magnafloc LT-7990 Coagulant ^{1/}	440	Per Gallon	11.81	5,196
10	Advanced Treatment Vessel Custom Reactivated	200,000	Per Pound	1.21	242,500
11	Advanced Treatment Vessel Custom Virgin	120,000	Per Pound	2.68	321,000
12	Sta #1 Conventional Filter Reactivated	1,620	Per Cubic Feet	77.50	125,550
13	LVWTP Conventional Filter Reactivated	1,440	Per Cubic Feet	78.00	112,320
14				Total Cost	1,587,128

	Rate Year as Filed	
Island ^{2/}	128,125	118,250
Station One ^{3/}	748,253	690,580
Lawton Valley ^{4/}	843,297	778,299
	1,719,674	1,587,128

Notes:
 Data Source Div. 2-27, except as noted.

- ^{1/} Div. 2-26
- ^{2/} HJS Schedule D-9
- ^{3/} HJS Schedule D-11
- ^{4/} HJS Schedule D-12

City of Newport Water Department

Adjustment to Distribution Service Maintenance Expense
 For the Rate Year Ended June 30, 2025

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
1	50296	Service Maintenance Expense per Division	\$ 42,408 ^{1/}
2			
3	50296	Service Maintenance Expense per NWD	<u>95,000</u> ^{2/}
4		Adjustment to Service Maintenance Expense	<u>\$ (52,592)</u>

Notes

^{1/} 3-Year average based on data provided in Div. 3-2 Attachment.

^{2/} HJS Schedule D-14.

LAFAYETTE K. MORGAN, JR.

Mr. Morgan is an independent regulatory consultant focusing in the area of the analysis of the operations of public utilities with particular emphasis on rate regulation. He has reviewed and analyzed utility rate filings, focusing primarily on revenue requirements determination, accounting and regulatory policy and cost recovery mechanisms. This work has included natural gas, water, electric, and telephone utilities.

Education and Qualifications

B.B.A. (Accounting) – North Carolina Central University, 1983

M.B.A. (Finance) – The George Washington University, 1993

C.P.A. – Licensed in the State of North Carolina (Inactive status)

Previous Employment

1993-2010 Senior Regulatory Analyst
 Exeter Associates, Inc.
 Columbia, MD

1990-1993 Senior Financial Analyst
 Potomac Electric Power Company
 Washington, D.C.

1984-1990 Staff Accountant
 North Carolina Utilities Commission – Public Staff
 Raleigh, NC

Professional Experience

As a Staff Accountant with the North Carolina Utilities Commission – Public Staff, Mr. Morgan was responsible for analyzing testimony, exhibits, and other data presented by parties before the Commission. In addition, he performed examinations of the books and records of utilities involved in rate proceedings and summarized the results into testimony and exhibits for presentation before the Commission. Mr. Morgan also participated in several policy proceedings and audits involving regulated utilities.

As a Senior Financial Analyst with Potomac Electric Power Company, Mr. Morgan was a lead analyst and was involved in the preparation of the cost of service, rate base, and ratemaking adjustments supporting the Company's request for revenue increases in its retail jurisdictions.

As a Senior Regulatory Analyst with Exeter Associates, Inc., Mr. Morgan has been involved in the analysis of the operations of public utilities with particular emphasis on rate regulation. He has reviewed and analyzed utility rate filings, focusing primarily on revenue requirements determination, accounting and regulatory policy and cost recovery mechanisms. This work included natural gas, water, electric, and telephone utilities.

Kings Grant Water Company (North Carolina Utilities Commission, Docket No. W-250, Sub 5), 1984. Presented testimony on rate base, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.

Northwood Water Company (North Carolina Utilities Commission, Docket No. W-690, Sub 1), 1985. Presented testimony on rate base, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.

Emerald Village Water System (North Carolina Utilities Commission, Docket No. W-184, Sub 3), 1985. Presented testimony on rate base, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.

General Telephone Company of the South (North Carolina Utilities Commission, Docket No. P-19, Sub 207), July 1986. Presented testimony on the level of cash working capital allowance on behalf of the North Carolina Utilities Commission – Public Staff.

Heins Telephone Company (North Carolina Utilities Commission, Docket No. P-26, Sub 93), November 1986. Presented testimony on rate base, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.

Carolina Power and Light Company (North Carolina Utilities Commission, Docket No. E-2, Sub 537), March 1988. Presented testimony on rate base, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.

Public Service Company of North Carolina, Inc. (North Carolina Utilities Commission, Docket No. G-5, Sub 246), August 1989. Presented testimony on rate base, cash working capital allowance, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.

Conestoga Telephone and Telegraph Company (Pennsylvania Public Utility Commission, Docket No. I-00920015), September 1993. Presented testimony on cost of service on behalf of the Pennsylvania Office of Consumer Advocate.

Louisiana Power and Light Company (Louisiana Public Service Commission, Docket No. U-20925), February 1995. Presented testimony on rate base and working capital issues on behalf of the Louisiana Public Service Commission Staff.

South Central Bell Telephone Company – Louisiana (Louisiana Public Service Commission, Docket No. U-17949, Subdocket E), June 1995. Presented testimony on rate base and working capital issues on behalf of the Louisiana Public Service Commission Staff.

Apollo Gas Company (Pennsylvania Public Utility Commission, Docket No. R-00953378), August 1995. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Carnegie Natural Gas Company (Pennsylvania Public Utility Commission, Docket No. R-00953379), August 1995. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Tennessee Gas Pipeline Company (Federal Energy Regulatory Commission, Docket No. RP95-112), September 1995. Presented testimony rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Virginia-American Water Company (Virginia State Corporation Commission, Case No. PUE-950003), March 1996. Presented testimony on rate base and cost of service issues on behalf of the City of Alexandria.

GTE North, Inc. Interconnection Arbitration (Pennsylvania Public Utility Commission, Docket No. A-310125F0002), September 1996. Presented testimony on the determination of the appropriate resale discount on behalf of the Pennsylvania Office of Consumer Advocate.

United Cities Gas Company (Georgia Public Service Commission, Docket No. 6691-U), October 1996. Presented testimony on rate base and cost of service issues on behalf of the Office of Governor, Consumer Utility Counsel Division.

GTE North, Inc. (Pennsylvania Public Utility Commission, Docket Nos. R-00963666 and R-00963666C001), February 1997. Presented testimony on the determination of the appropriate resale discount on behalf of the Pennsylvania Office of Consumer Advocate.

Consumers Maine Water Company (Maine Public Utilities Commission, Docket No. 96-739), May 1997. Presented testimony on rate base, cost of service, and rate of return issues on behalf of the Maine Office of the Public Advocate.

Pennsylvania-American Water Company (Pennsylvania Public Utility Commission, Docket No. R-00973944), July 1997. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Pennsylvania-American Water Company – Wastewater Operations (Pennsylvania Public Utility Commission, Docket No. R-00973973), July 1997. Presented testimony on rate base, cost of service, depreciation, and rate design issues on behalf of the Pennsylvania Office of Consumer Advocate.

Jackson Purchase Electric Cooperative Corporation (Kentucky Public Service Commission, Case No. 97-224), December 1997. Presented testimony on rate base and cost of service issues on behalf of the Kentucky Office of the Attorney General.

Henderson Union Electric Cooperative Corporation (Kentucky Public Service Commission, Case No. 97-220), January 1998. Presented testimony on the return of patronage capital on behalf of the Kentucky Office of the Attorney General.

Green River Electric Corporation (Kentucky Public Service Commission, Case No. 97-219), January 1998. Presented testimony on the return of patronage capital on behalf of the Kentucky Office of the Attorney General.

Western Kentucky Gas Company (Kentucky Public Service Commission, Case No. 99-070), November 1999. Presented testimony on rate base and cost of service issues on behalf of the Kentucky Office of the Attorney General.

American Broadband, Inc. (Rhode Island Public Utilities Commission, Docket No. 2000-C-3), June 2000. Presented report and testimony on the Company's financing plan on behalf of the Rhode Island Division of Public Utilities and Carriers.

PPL Utilities (Pennsylvania Public Utility Commission, Docket No. R-00005277), October 2000. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

T.W. Phillips Oil and Gas Company (Pennsylvania Public Utility Commission, Docket No. R-00005459), October 2000. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Pike County Light & Power Company (Pennsylvania Public Utility Commission, Docket No. P-00011872), May 2001. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Vermont Gas Systems, Inc. (Vermont Public Service Board, Docket No. 6495), June 2001. Presented testimony on rate base and cost of service issues on behalf of the Vermont Public Service Department.

Community Service Telephone Company (Maine Public Utilities Commission, Docket No. 2001-249), July 2001. Presented joint testimony on rate base and cost of service issues on behalf of the Maine Office of the Public Advocate.

West Virginia-American Water Company (Public Service Commission of West Virginia, Docket No. 01-0326-W-42-T), August 2001. Presented testimony on rate base and cost of service issues on behalf of the Consumer Advocate Division.

Philadelphia Suburban Water Company (Pennsylvania Public Utility Commission, Docket No. R-00016750) February 2002. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Illinois-American Water Company (Illinois Commerce Commission, Docket No. 02-0690) January 2003. Presented testimony on cost of service issues on behalf of Citizens Utility Board.

Pennsylvania-American Water Company (Pennsylvania Public Utility Commission, Docket No. R-00027983), February 2003. Presented testimony addressing surcharge mechanism to recover security costs on behalf of the Pennsylvania Office of Consumer Advocate.

FairPoint New England Telephone Companies (Maine Public Utilities Commission, Docket Nos. 2002-747, 2003-34, 2003-35, 2003-36, and 2003-37), June 2003. Presented testimony on rate base and cost of service issues on behalf of the Maine Office of the Public Advocate.

Pennsylvania-American Water Company (Pennsylvania Public Utility Commission, Docket No. R-00038304), August 2003. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

PPL Electric Utilities Corporation (Pennsylvania Public Utility Commission, Docket No. R-00049255), June 2004. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Entergy Louisiana, Inc. (Louisiana Public Service Commission, Docket No. U-20925 RRF 2004), August 2004. Presented testimony on rate base and cost of service issues on behalf of the Louisiana Public Service Commission Staff.

Vectren Energy Delivery of Indiana (Indiana Utility Regulatory Commission, Cause No. 42598), September 2004. Presented testimony on O&M expense issues on behalf of the Indiana Office of Utility Consumer Counselor.

National Fuel Gas Distribution Corporation (Pennsylvania Public Utility Commission, Docket No. R-00049656), December 2004. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Block Island Power Company (Rhode Island Public Utilities Commission, Docket No. 3655), April 2005. Presented testimony on cash working capital on behalf of the Rhode Island Division of Public Utilities & Carriers.

Verizon New England, Inc. (Maine Public Utilities Commission, Docket No. 2005-155), September 2005. Presented joint testimony with Thomas S. Catlin on rate base and cost of service issues on behalf of the Maine Office of the Public Advocate.

T.W. Phillips Oil and Gas Company (Pennsylvania Public Utility Commission, Docket No. R-00051178), May 2006. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Duquesne Light Company (Pennsylvania Public Utility Commission, Docket No. R-00061346), July 2006. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

National Fuel Gas Distribution Company (Pennsylvania Public Utility Commission, Docket No. R-00061493), September 2006. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Southern Indiana Gas & Electric Co. (Indiana Utility Regulatory Commission, Cause No. 43112), January 2007. Presented testimony on rate base and cost of service issues on behalf of the Indiana Office of Utility Consumer Counsel.

PPL Electric Utilities (Pennsylvania Public Utility Commission, Docket No. R-00072155), July 2007. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Aqua Pennsylvania, Inc. (Pennsylvania Public Utility Commission, Docket No. R-00072711), February 2008. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Equitable Gas Company (Pennsylvania Public Utility Commission, Docket No. R-2008-2029325), October 2008. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

The Narragansett Bay Commission (Rhode Island Public Utilities Commission, Docket No. 4026), April 2009. Presented testimony on rate base and cost of service issues on behalf of the Rhode Island Division of Public Utilities and Carriers.

Maryland-American Water Company (Maryland Public Service Commission, Case No. 9187), July 2009. Presented testimony on rate base and cost of service issues on behalf of the Maryland Office of People's Counsel.

Monongahela Power Company & The Potomac Edison Company, both d/b/a Allegheny Power Company (West Virginia Public Service Commission, Case No. 09-1352-E-42T), February 2010. Presented testimony on rate base and cost of service issues on behalf of the West Virginia Consumer Advocate Division.

PPL Electric Utilities (Pennsylvania Public Utility Commission, Docket No. R-2010-2161694), June 2010. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Pawtucket Water Supply Board (Rhode Island Public Utilities Commission, Docket No. 4550), June 2015. Presented testimony on revenue requirements issues on behalf of the Rhode Island Division of Public Utilities and Carriers.

Columbia Gas of Pennsylvania (Pennsylvania Public Utility Commission, Docket No. R-2015-2468056), June 2015. Presented testimony on rate base and cost of service issues on behalf of the Pennsylvania Office of Consumer Advocate.

Indianapolis Power and Light Company (Indiana Utility Regulatory Commission, Cause No. 44576/44602), July 2015. Presented testimony on revenue requirements issues on behalf of the Indiana Office of Utility Consumer Counselor.

Public Service Company of Oklahoma (Corporation Commission of Oklahoma, Cause No. PUD 201500208), October 2015. Presented testimony on revenue requirements and environmental compliance rider issues on behalf of the United States Department of Defense and the Federal Executive Agencies.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission, Cause No. 44688), January 2016. Presented testimony on the company's electric division operating revenues, operating expenses and income taxes issues on behalf of the Indiana Office of Utility Consumer Counselor.

Philadelphia Water Department (Philadelphia Water, Sewer And Storm Water Rate Board, FY2017-2018 Rate Proceeding), March 2016. Presented testimony on revenue requirements issues on behalf of the Public Advocate.

Columbia Gas of Maryland (Public Service Commission of Maryland, Case No. 9417), June 2016. Presented testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

Chesapeake Utilities Corporation (Delaware Public Service Commission, PSC Docket No. 15-1734), August 2016. Presented testimony on rate base and cost of service issues on behalf of the Staff of the Delaware Public Service Commission.

Kent County Water Authority (Public Service Commission of Rhode Island, Docket No. 4611), September 2016. Presented testimony on rate base and cost of service issues on behalf of the Division of Public Utilities and Carriers.

Northern Utilities, Inc. (Maine Public Utilities Commission, Docket No. 2017-00065), August 2017. Assisted the Maine Office of Public Advocate (OPA) with Northern Utilities application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements, the utility's request to renew and modify its alternative rate plan, and its Targeted Infrastructure Replacement Adjustment.

Indiana Michigan Power Company (Indiana Utility Regulatory Commission, Cause No. 44967), November 2017. Presented testimony on rate base, operating revenues and operating expenses issues on behalf of the Indiana Office of Utility Consumer Counselor.

Emera Maine (Maine Public Utilities Commission, Docket No. 2017-00198), December 2017. Assisted the Maine Office of Public Advocate (OPA) with Emera Maine's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements, the utility's request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

UGI-Electric (Pennsylvania Public Utility Commission, Docket No. R-2017-2640058), April 2018. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Electric's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OCA, on accounting issues including test year revenue requirements, the utility's request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

Philadelphia Water Department (Philadelphia Water, Sewer And Storm Water Rate Board, FY2019-2020 Rate Proceeding), April 2018. Presented testimony on revenue requirements and the Department's three-year rate plan issues on behalf of the Public Advocate.

Westar Energy, Inc. (Westar Energy) and Kansas Gas and Electric Company (KGE), (Kansas State Corporation Commission, Docket No. 18-WSEE-328-RTS), May 2018. Presented testimony on revenue requirements on behalf on behalf of the Federal Executive Agencies.

Duquesne Light Company (Pennsylvania Public Utility Commission, Docket No. R-2018-3000124), June 2018. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Electric's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements, the utility's request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

Bangor Natural Gas Company (Maine Public Utilities Commission, Docket No. 2018-00007), June 2018. Assisted the Maine Office of Public Advocate (OPA) Presented testimony, on behalf of the OPA, on the changes brought about by the Tax Change and Jobs Act of 2017.

SUEZ Water Pennsylvania, Inc. (Pennsylvania Public Utility Commission, R-2018-3000834), July 2018. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with SUEZ Water's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including Rate Base, Operating Income, Inclusion of Costs Related to Expansion Territories and the utility's request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

Woonsocket Water Division (Public Service Commission of Rhode Island, Docket No. 4879), January 2019. Presented testimony on cost of service issues on behalf of the Division of Public Utilities and Carriers.

Central Maine Power Company (Maine Public Utilities Commission, Docket No. 2018-00194), January 2019. Assisted the Maine Office of Public Advocate (OPA) with Central Maine Power's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements, the utility's request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, 2019 Tiered Assistance Program Rate Rider Surcharge Rates Proceeding), May 2019. Presented

testimony regarding the appropriate adjustments to the 2019 TAP-R determination. Presented testimony on behalf of the Public Advocate.

Newport Water Department (Public Service Commission of Rhode Island, Docket No. 4933), July 2019. Presented testimony on cost of service issues on behalf of the Division of Public Utilities and Carriers.

UGI-Gas (Pennsylvania Public Utility Commission, Docket No. R-2018-3006814), April 2019. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Gas' application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OCA, on accounting issues including Rate Base and Net Operating Income.

Columbia Gas of Maryland (Public Service Commission of Maryland, Case No. 9609), August 2019. Presented testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

Public Service Company of Colorado (Colorado Public Utility Commission, Proceeding No. 19AL-0268E), September 2019. Mr. Morgan provided testimony, on behalf of the Department of Energy and the Federal Executive Agencies, on accounting issues including test year revenue requirements, Rate Base and Net Operating Income.

Northern Utilities, Inc. (Maine Public Utilities Commission, Docket No. 2019-00092), September 2019. Assisted the Maine Office of Public Advocate (OPA) with Northern Utilities application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements and the utility's request to institute a Capital Investment Recovery Mechanism.

Citizens' Electric Company of Lewisburg (Pennsylvania Public Utility Commission, Docket No. R-2019-3008212), October 2019. Provided testimony on Plant in Service, Construction Work in Progress, Materials and Supplies, Customer Deposits, Depreciation Expense, Growth Factor, and The Tax Cuts and Jobs Act. Mr. Morgan provided testimony, on behalf of the Pennsylvania Office of Consumer Advocate (OCA).

Valley Energy, Inc. (Pennsylvania Public Utility Commission, Docket No. R-2019-3008209), October 2019. Provided testimony on Plant in Service, Construction Work in Progress, Materials and Supplies, Customer Deposits, Depreciation Expense, Growth Factor, and The Tax Cuts and Jobs Act. Mr. Morgan provided testimony, on behalf of the Pennsylvania Office of Consumer Advocate (OCA).

Wellsboro Electric Company (Pennsylvania Public Utility Commission, Docket No. R-2019-3008208), October 2019. Provided testimony on Plant in Service, Construction Work in Progress, Materials and Supplies, Customer Deposits, Depreciation Expense, Growth Factor, and The Tax Cuts and Jobs Act. Mr. Morgan provided testimony, on behalf of the Pennsylvania Office of Consumer Advocate (OCA).

Blue Granite Water Company (Public Service Commission of South Carolina, (Docket No. 2019-290-WS), January 2020. Assisted the South Carolina Department of Consumer Affairs. Presented testimony on accounting policy issues including test year revenue requirements.

UGI-Gas (Pennsylvania Public Utility Commission, Docket No. R-2019-3015162), May 2020. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Gas' application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OCA, on accounting issues including Rate Base and Net Operating Income.

Columbia Gas of Maryland (Public Service Commission of Maryland, Case No. 9644), July 2020. Presented testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

PECO Energy Company - Gas Division (Pennsylvania Public Utility Commission, Docket No. R-2020-3018929), December 2020. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with PECO-Gas' application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OCA, on accounting issues including Rate Base and Net Operating Income.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, Fiscal Years 2022 - 2023 Rates Proceeding), March 2021. Presented testimony on revenue requirements and the Department's three-year rate plan issues on behalf of the Public Advocate.

Versant Maine (Maine Public Utilities Commission, Docket No. 2020-00316), April 2021. Assisted the Maine Office of Public Advocate (OPA) with Versant's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Maine Water Company (Maine Public Utilities Commission, Docket No. 2021-00053), April 2021. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's Request for Approval of Rate Increase and Rate Smoothing Mechanism Pertaining to The Maine Water Company Biddeford & Saco Division. Mr. Morgan provided testimony, on the authorization of the Rate Smoothing Mechanism.

UGI-Electric (Pennsylvania Public Utility Commission, Docket No. R-2021-3023618), May 2021. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Electric's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OCA, on accounting issues including Rate Base and Net Operating Income.

Bangor Natural Gas Company (Maine Public Utilities Commission, Docket No. 2021-00024), June 2021. Assisted the Maine Office of Public Advocate (OPA) with Bangor Natural Gas' application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2021 - 2022 Operating Budget Proceeding), June 2021. Presented testimony on the reasonableness of the Fiscal Year 2022 Operating Budget on behalf of the Public Advocate.

Duquesne Light Company (Pennsylvania Public Utility Commission, Docket No. R-2021-3024750), June 2021. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with Duquesne Light Company's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements.

Columbia Gas of Maryland (Public Service Commission of Maryland, Case No. 9664), July 2021. Presented testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

Palmetto Wastewater Reclamation, Inc. (Public Service Commission of South Carolina, (Docket No. 2021-153-S), September 2021. Assisted the South Carolina Department of Consumer Affairs. Presented testimony on accounting policy issues including test year revenue requirements.

Maine Water Company (Maine Public Utilities Commission, Docket No. 2021-00289), November 2021. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

City of Lancaster – Water Department (Pennsylvania Public Utility Commission, Docket No. R-2021-3026682), December 2021. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with the City of Lancaster – Water Department's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements.

Maryland Water Service (Public Service Commission of Maryland, Case No. 9671), January 2022. Presented testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

Commonwealth Edison Company (Illinois Commerce Commission, ICC Docket No. 21-0607 & ICC Docket No. 21-0739 (consolidated)), February 2022. Provided testimony related to the review and evaluation of the rate effects of Commonwealth Edison's misconduct admitted in the Deferred Prosecution Agreement between the United States Attorney for the Northern District of Illinois and Commonwealth Edison. Provided testimony on behalf of the Office of the Illinois Attorney General, the City of Chicago, and the Citizens Utility Board.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2022 - 2023 Capital Budget Proceeding), February 2022. Presented testimony proposing several adjustments to Philadelphia Gas Works' Fiscal Year 2023 Capital Budget on behalf of the Public Advocate.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, 2022 Tiered Assistance Program Rate Rider Surcharge Rates Proceeding), March 2022. Presented testimony regarding the appropriate adjustments to the 2022 TAP-R determination. Presented testimony on behalf of the Public Advocate.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, Fiscal Years 2023 Special Rate Proceeding), April 2022. Presented testimony that demonstrated Philadelphia Water Department's outperformance and proposed a sharing of the utility's outperformance earnings. Presented testimony on behalf of the Public Advocate.

Maine Water Company-Camden& Rockland Division (Maine Public Utilities Commission, Docket No. 2022-00056), June 2022. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Maine Water Company-Freeport Division (Maine Public Utilities Commission, Docket No. 2022-00057), June 2022. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Maine Water Company-Millinocket Division (Maine Public Utilities Commission, Docket No. 2022-00058), June 2022. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Maine Water Company-Oakland Division (Maine Public Utilities Commission, Docket No. 2022-00059), June 2022. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Columbia Gas of Pennsylvania (Pennsylvania Public Utility Commission, Docket No. R-2022-3031211), June 2022. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with Columbia Gas of Pennsylvania's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2022 - 2023 Operating Budget Proceeding), June 2022. Presented testimony on the reasonableness of the Fiscal Year 2023 Operating Budget on behalf of the Public Advocate.

Columbia Gas of Maryland (Public Service Commission of Maryland, Case No. 9680), July 2022. Presented joint testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

Oncor Electric Delivery Company (Public Utility Commission of Texas, PUC Docket No. 53601), August 2022. Presented joint testimony on rate base and cost of service issues on behalf of the Department of Defense and Federal Executive Agencies.

Cheyenne Light, Fuel and Power Company d/b/a Black Hills Energy (Wyoming Public Service Commission, Docket No. 20003-214-ER-22), November 2022. Presented testimony, on behalf of Microsoft Corporation, on rate base and cost of service issues.

Central Maine Power Company (Maine Public Utilities Commission, Docket No. 2022-00152), December 2022. Assisted the Maine Office of Public Advocate (OPA) with Central Maine Power's application for an increase in rates. Provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements and the company's request for a multi-year rate plan.

National Fuel Gas Distribution Corporation (Pennsylvania Public Utility Commission, Docket No. R-2022-3035730), January 2023. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with National Fuel Gas Distribution Corporation's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2022 - 2023 Capital Budget Proceeding), February 2023. Presented testimony proposing several adjustments to Philadelphia Gas Works' Fiscal Year 2024 Capital Budget on behalf of the Public Advocate.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, 2023 Tiered Assistance Program Rate Rider Surcharge Rates Proceeding), March 2023. Presented testimony regarding the appropriate adjustments to the 2023 TAP-R determination. Presented testimony on behalf of the Public Advocate.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, Fiscal Years 2024 - 2025 Rates Proceeding), April 2023. Presented testimony on behalf of the Public Advocate on revenue requirements and issues relating to the Department's proposed two-year rate plan.

Dayton Power and Light Company d/b/a AES Ohio (The Public Utilities Commission of Ohio, Case No. 22-900-EL-SSO), April 2023. Presented testimony addressing the recovery of deferred costs and regulatory assets as part of AES Ohio's Application for Approval of Its Electric Security Plan on behalf of the Office of the Ohio Consumers' Counsel.

Maine Water Company- Biddeford & Saco Division (Maine Public Utilities Commission, Docket No. 2023-00065), June 2023. Assisted the Maine Office of Public Advocate (OPA) with Maine Water Company's application for an increase in rates. Provided testimony, on behalf of the OPA, on accounting issues and test year revenue requirements.

Potomac Edison Company (Public Service Commission of Maryland, Case No. 9695), June 2023. Presented testimony on rate base, cost of service and accounting issues on behalf of the Office of People's Counsel.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2023 - 2024 Operating Budget Proceeding), June 2023. Presented testimony identifying issues and recommendations to be considered in approving the Fiscal Year 2024 Operating Budget on behalf of the Public Advocate.

Northern Utilities, Inc. (Maine Public Utilities Commission, Docket No. 2023-00051), July 2023. Assisted the Maine Office of Public Advocate (OPA) with Northern Utilities application for an increase in rates. Provided testimony, on behalf of the OPA, on accounting issues and test year revenue requirements.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2024 Capital Budget Amendment), August 2023. Presented testimony as to the appropriateness of Philadelphia Gas Works' amendments to the Fiscal Year 2024 Capital Budget on behalf of the Public Advocate.

Evergy Kansas Central, Inc. (Kansas State Corporation Commission, Docket No. 23-EKCE-775-RTS), August 2023. Assisted the U.S. Department of Defense and the Federal Executive Agencies with Evergy Kansas Central, Inc. application for an increase in rates. Provided testimony on accounting issues including test year revenue requirements.

American Transmission Systems, Inc., Mid-Atlantic Interstate Transmission, LLC and Trans-Allegheny Interstate Line Company (Pennsylvania Public Utility Commission, Docket Nos. A-2023-3040481, A-2023-3040482, A-2023-3040483, G-2023-3040484 and G-2023-3040485), August 2023. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with investigation of Joint Applicants application to sell additional equity stake in FirstEnergy Transmission LLC to North American Transmission Company II, L.P. Provided testimony, on behalf of the OCA, identifying issues and recommendations to be considered by the Commission in approving the transaction.

Fitchburg Gas and Electric Light Company d/b/a Unitil (Electric and Gas Divisions) (Massachusetts Department of Public Utilities, Docket Nos. D.P.U. 23-80 & 23-81), December 2023. Assisted the Massachusetts Office of Attorney General (AGO) with Fitchburg Gas and Electric Light Company's application for an increase in rates. Provided testimony, on behalf of the OPA, on accounting issues and test year revenue requirements.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2024 - 2025 Capital Budget Proceeding), February 2024. Presented testimony proposing several adjustments to Philadelphia Gas Works' Fiscal Year 2024 Capital Budget on behalf of the Public Advocate.

Pawtucket Water Supply Board (Rhode Island Public Utilities Commission, Docket No. 23-30-WW), March 2024. Presented testimony on revenue requirements issues on behalf of the Rhode Island Division of Public Utilities and Carriers.

Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid (Massachusetts Department of Public Utilities, Docket Nos. D.P.U. 23-150), March 2024. Assisted the Massachusetts Office of Attorney General (AGO) with National Grid's application for an increase in rates. Provided testimony, on behalf of the OPA, on accounting issues and test year revenue requirements.

Philadelphia Water Department (Philadelphia Water, Sewer and Storm Water Rate Board, 2024-Tiered Assistance Program Rate Rider Surcharge Rates Proceeding), April 2024. Presented testimony regarding the appropriate adjustments to the 2024 TAP-R determination. Presented testimony on behalf of the Public Advocate.

Pennsylvania-American Water Company, Manwalamink Water Company and Manwalamink Sewer Company (Pennsylvania Public Utility Commission, Docket Nos. A-2023-3044418, A-2023-3044419, A-2023-3044421, A-2023-3044422), May 2024. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with investigation of Pennsylvania-American application to acquire Manwalamink Water Company and Manwalamink Sewer Company. Provided testimony, on behalf of the OCA, identifying issues and recommendations to be considered by the Commission in approving the transaction.

Veolia Water Pennsylvania, Inc. (Pennsylvania Public Utility Commission, Docket Nos. R-2024-3045192 and R-2024-3045193, May 2024. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with Veolia Water Pennsylvania's application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements.

Dominion Energy South Carolina, Inc. (South Carolina Public Service Commission, Docket No. 2024-34-E), June 2024. Assisted the U.S. Department of Defense and the Federal Executive Agencies with Dominion Energy South Carolina, Inc.'s application for an increase in rates. Provided testimony on accounting issues including test year revenue requirements.

Versant Maine (Maine Public Utilities Commission, Docket No. 2023-00336), June 2024. Assisted the Maine Office of Public Advocate (OPA) with Versant's application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements.

Maryland Water Service (Public Service Commission of Maryland, Case No. 9729), June 2024. Presented testimony on rate base and cost of service issues on behalf of the Office of People's Counsel.

Philadelphia Gas Works (Philadelphia Gas Commission, Fiscal Year 2024 - 2025 Operating Budget Proceeding), June 2024. Presented testimony identifying issues and recommendations to be considered in approving the Fiscal Year 2025 Operating Budget on behalf of the Public Advocate.

Special Projects

Developed a Uniform System of Accounts and Financial Data Collection Template for five countries participating in the National Association of Regulatory Utility Commissioners (NARUC)/East Africa Regional Energy Regulatory Partnership. Also conducted training seminars and participated as a panel member addressing issues in the utility industry from the perspective of the regulator. This work was conducted by NARUC) and the United States Agency for International Development (USAID).

Other Projects

Texas Gas Transmission Corporation (Federal Energy Regulatory Commission, Docket No. RP93-106). Technical analysis and participation in settlement negotiations on cost of service, invested capital, and revenue deficiency on behalf of the Indiana Office of Utility Consumer Counselor.

Natural Gas Pipeline Company of America (Federal Energy Regulatory Commission, Docket No. RP93-36). Technical analysis and participation in settlement negotiations on cost of service, invested capital, and revenue deficiency on behalf of the Indiana Office of Utility Consumer Counselor.

Texas Gas Transmission Company (Federal Energy Regulatory Commission, Docket No. RP94-423). Technical analysis and participation in settlement negotiations on cost of service, invested capital, and revenue deficiency on behalf of the Indiana Office of Utility Consumer Counselor.

Lafourche Telephone Company (Louisiana Public Service Commission, Docket No. U-21181). Analysis and investigation of earnings and appropriate rate of return on behalf of the Louisiana Public Service Commission Staff.

Natural Gas Pipeline Company of America (Federal Energy Regulatory Commission, Docket No. RP95-326). Technical analysis and participation in settlement negotiations on cost of service, invested capital, and revenue deficiency on behalf of the Indiana Office of Utility Consumer Counselor.

Pymatuning Independent Telephone Company (Pennsylvania Public Utility Commission, Docket No. R-00953502). Technical analysis and development of settlement position in the Company's rate case on behalf of the Pennsylvania Office of Consumer Advocate.

Illinois Bell Telephone Company (Illinois Commerce Commission, Docket No. 96-0172).
Technical analysis of the Company's annual rate filing pursuant to its Price Cap Plan on behalf of Citizens Utility Board.

Illinois Bell Telephone Company (Illinois Commerce Commission, Docket No. 97-0157).
Technical analysis of the Company's annual rate filing pursuant to its Price Cap Plan on behalf of Citizens Utility Board.

TDS Telecom (Pennsylvania Public Utility Commission, Docket Nos. R-00973892 and R-00973893). Technical analysis regarding rate base, cost of service, rate design, and rate of return, and assistance in settlement negotiations in the Company's rate case and alternative regulatory filing on behalf of the Pennsylvania Office of Consumer Advocate.

Appalachian Power Company (Virginia State Corporation Commission, Case No. PUE 960301).
Technical analysis regarding rate base and cost of service and assistance in settlement negotiations in the Company's rate case and alternative regulatory filing on behalf of the Virginia Office of the Attorney General.

Central Maine Power Company (Maine Public Utilities Commission, Docket No. 97-580).
Technical analysis regarding attrition and accounting issues in the Company's Transmission and Distribution unbundling proceeding on behalf of the Maine Public Utilities Commission Staff.

Illinois Bell Telephone Company (Illinois Commerce Commission, Docket No. 98-0259).
Technical Analysis of the Company's annual rate filing pursuant to its Price Cap Plan on behalf of Citizens Utility Board.

Maine Public Service Company (Maine Public Utilities Commission, Docket No. 98-577).
Technical analysis regarding attrition and accounting issues in the Company's Transmission and Distribution unbundling proceeding on behalf of the Maine Public Utilities Commission Staff.

Bangor Hydro-Electric Company (Maine Public Utilities Commission, Docket No. 97-596).
Technical analysis regarding attrition and accounting issues in the Company's Transmission and Distribution unbundling proceeding on behalf of the Maine Public Utilities Commission Staff.

TDS Telecom (Maine Public Utilities Commission, Docket Nos. 98-894, 98-895, 98-904, 98-906, 98-911, and 98-912). Technical analysis regarding accounting issues and access rate changes on behalf of the Maine Office of the Public Advocate.

Mid-Maine Telecom (Maine Public Utilities Commission, Docket No. 2000-810). Technical analysis regarding accounting issues and access rate changes on behalf of the Maine Office of the Public Advocate.

Unitel, Inc. (Maine Public Utilities Commission, Docket No. 2000-813). Technical analysis regarding accounting issues and access rate changes on behalf of the Maine Office of the Public Advocate.

Hydraulics International, Inc. (Armed Services Board of Contract Appeals, ASBCA No. 51285). Technical analysis and support relating to the Economic Adjustment Clause claim on behalf of the Air Force Materiel Command.

Tidewater Telecom and Lincolnville Telephone Company (Maine Public Utilities Commission, Docket Nos. 2002-100 and 2002-99). Technical analysis regarding accounting issues and access rate changes on behalf of the Maine Office of the Public Advocate.

TDS Telecom (Vermont Public Service Board, Docket No. 6576). Technical analysis regarding rate base, cost of service, and depreciation expense on behalf of the Vermont Department of Public Service.

CenterPoint Energy-Entex (Louisiana Public Service Commission, Docket No. U-26720, Subdocket A). Technical analysis regarding rate base and cost of service on behalf of the Louisiana Public Service Commission Staff.

CenterPoint Energy-Arkla (Louisiana Public Service Commission, Docket No. U-27676). Technical analysis regarding rate base and cost of service on behalf of the Louisiana Public Service Commission Staff.

Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to CLECO Power LLC Rate Stabilization Plan.

Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to CLECO Power LLC post-Katrina power purchases.

Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to Entergy Louisiana LLC recovery of storm damage costs.

Westar Energy, Inc. (Westar Energy) and Kansas Gas and Electric Company (KGE), (Kansas State Corporation Commission, Docket No. 17-WSEE-147-RTS). Technical analysis regarding rate base and cost of service on behalf of the Federal Executive Agencies.

Westar Energy, Inc. (Westar Energy) and Kansas Gas and Electric Company (KGE), (Kansas State Corporation Commission, Docket No. 17-WSEE-147-RTS). Technical analysis regarding rate base and cost of service on behalf of the Federal Executive Agencies.