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October 29, 2024

Via Email

And First Class Mail

Ms. Stephanie De La Rosa
Clerk
State of Rhode Island
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: *City of Newport, Utilities Department, Water Division – Docket 24-30-WW*

Dear Ms. De La Rosa:

Enclosed please find an original and nine copies of the following:

1. The City of Newport, Utilities Department, Water Division's response to the Town of Middletown's Data Requests (Set 1).

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

Enclosures

cc: Service List (via email)

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MIDD. 1-1: [Ref. – Testimony Page 9, lines 17-24]. The AFSCME contract expired on June 30th this year.

- (a) Have contract negotiations begun?
- (b) What is the status of those negotiations?
- (c) Has the Company offered a percentage increase? If so, what was it?
- (d) Has the Union countered with a position? If so, what is it?
- (e) When was the last contract increase and how much (percentage increase) was it?
- (f) Will any increase that may result from the NEA contract negotiations in any way contribute to the increase requested/allowed in this case?

Response:

- (a) No.
- (b) –(d) Please see Newport's response to Div. 3-7.
- (e) Effective July 1, 2023, members of the bargaining unit received a flat \$2,500 increase added to base pay.
- (f) Please see Newport's response to PWFD 1-4, 1-5 and 1-17.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-2: [Ref. – Testimony Page 9, lines 17-24]. The AFSCME contract expired on June 30th this year.

- (a) Assuming some percentage increase is agreed upon before this case is settled or adjudicated, by how much will the requested total revenue requirements increase for each one percent increase in total salaries and benefits resulting from a new contract?
- (b) The NEA contract expires on June 30, 2025. Assuming some percentage increase is agreed to sometime in FY2026, by how much will NWD's total revenue requirements increase by for each one percent increase in total salaries and benefits resulting from a new contract?

Response: (a) and (b) Without knowing the increase, Newport cannot make this calculation. Furthermore, the Town of Middletown has the working Excel model used to calculate rates in this Docket, and the Town can make the required calculations assuming a hypothetical increase, and the burden of doing so is no greater on the Town of Middletown than it would be on Newport Water.

Prepared by: Robert C. Schultz, Jr. and Harold Smith

MIDD. 1-3: [Ref. – Testimony Page 7, lines 9-13, and Page 8, lines 9-12]. You are proposing to add 3 new Water Distribution positions and 3 new Administration positions.

- (a) What are the salaries and associated benefits associated with each of these positions?
- (b) Have any of these positions been filed at this point in time?
- (c) If so, which ones and what were the start date(s)?
- (d) For each of these 6 new positions that have not been filled at this time, what is your best estimate as to the month and year when each position will be filled?
- (e) Of the positions that have not yet been filled, would it be possible to delay hiring one or more of these positions until next year (FY2026) without causing significant staffing problems for the remainder of this year (FY2025)?
- (f) Please explain your reason(s) for your response(s) to subsection (e).

Response:

- (a) Please see Newport's response to PUC 1-3.
- (b) Please see Newport's response to PUC 1-1 and Div. 4-2.
- (c) Infrastructure Asset Manager - November 6, 2023
Utilities Engineer - January 16, 2024
Special Projects Assistant - September 16, 2024
- (d) One to Four Months.
- (e) Newport cannot control the timing of hiring and once a qualified candidate is identified, it is in Newport's best interest to hire such a candidate.
- (f) See subsection (e)

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-4: [Ref. – Testimony Pages 3 and 4].

(a) Would you agree that NWD realized an average rate increase of 5.6% in FY2020, and 5.1% in FY2022? If you disagree, what levels of increase would you agree with?

(b) If this case is approved at the level proposed by NWD, average rates in FY2025 (which includes the second half of calendar 2024), would you agree that NWD will realize an average rate increase of another 19.4%?

(c) If the a new AFSCME contract is approved, will any rate increase resulting therefrom be applied retroactively to all or part of FY2025?

Response: (a) Newport does not understand what is meant by an “average rate increase.” Newport would have to see a supporting calculation to agree or disagree.

(b) Please see subsection (a).

(c) Whether or not there is a retroactive payment to union members as part of negotiations remains to be seen. Newport does not understand how any rate increase could be applied retroactively. Once rates are approved by the Commission they are charged prospectively.

Prepared by: Robert C. Schultz, Jr.

- MIDD. 1-5:** 5. [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and Page number 370 of your response to Div 2-28 containing the Recommended CIP Schedule with the heading – FY2024 & FY2025 Proposed Budget]. For FY2024 this schedule shows a Total water Fund Budget of \$2.125 million, and for FY2025 the corresponding amount is \$1.5 Million.
- (a) Was the amount listed for FY2024 the amount that was actually expended on the listed projects in that year?
 - (b) If not, how much was expended on each project?
 - (c) Is the amount listed for FY2025 the amount that NWD intends to construct and provide funding for listed Projects in the rate year?
 - (d) If not, what are those expected amounts?
 - (e) Is the amount (\$3.3 million) shown on HJS Schedule B-5 (page 2 of 2) as the total for the Capital Spending Restricted Account, the amount that NWD is proposing to recover through rates during the rate year?
 - (f) If not, what is that amount?
 - (g) Was that the same amount (\$3.3 million) that NWD should have recovered from rates to fund this restricted account during FY2024?
 - (h) If not, what is that amount?
 - (i) Assuming that is the correct amount (\$3.3million) in FY2025, is it fair to say that all else being equal, NWD will have recovered \$1.8 million more in revenues (excess revenues) than it would have expended for listed rate funded capital projects in FY2025? If you disagree, please explain your reason(s) for disagreeing.

Response: (a) and (b) The attachment to Div. 2-28 was a budget document. In Newport's response to PWFD 2-2, Newport provided its five year CIP. The attachment to this response shows the proposed and actual expenditures for FY2024.

(c) and (d) The response to PWFD 2-2 shows \$1,876,500 for the capital projects listed above that total. However, there are several additional projects whose funding source is unknown, which may be funded in part through rates rather than debt. In addition, the CIP shows increasing amounts of rate funded capital projects in later years. As noted in response to PWFD 3-9, the request for \$3,300,000 in annual funding for the Capital Restricted account is based on the six-year average of rate funded capital projects in the CIP for FY 2024-FY2029. Newport needs to start collecting this amount in the rate year so that it has sufficient funds to meet its rate funded capital needs.

(e) and (f) Yes.

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(g) and (h) No. As set forth in HJS Schedule A-1A, in Docket 4933, the Commission allowed Newport to collect \$2,500,000 in rates to fund the restricted Capital Account.

(i) No. See subsection (c) and (d) above.

Prepared by: Robert C. Schultz, Jr. and Harold Smith

Middletown 1-5 Attachment

Water Fund
FY 2024 - 2029

| Project Title | Funding Source | Functional Category | Proposed FY 24 | Actual FY 24 |
|--|----------------|---------------------------------------|----------------|----------------|
| Meter Replacement Program | Rates | Meters | \$125,000.00 | \$226,572.06 |
| Dam Rehabilitation | Rates | Source of Supply | \$150,000.00 | \$804,117.70 |
| Water Trench Restoration | Rates | Transmission / Distribution | \$200,000.00 | \$213,364.34 |
| System Wide Main Improvements | Rates | Transmission / Distribution | \$200,000.00 | \$331,119.17 |
| Lead Service Line Replacement | Rates | Services | \$792,270.00 | \$873,233.60 |
| Fire Hydrant Replacement | Rates | Fire | \$150,000.00 | \$109,598.48 |
| Pump Station SCADA Project | Rates | T&D Pumping | \$0.00 | \$0.00 |
| IRP 5 Year Update | Rates | All | \$100,000.00 | \$69,353.45 |
| Goulart Lane 1MG Tank (High Pressure Zone) | Rates | Transmission / Distribution | \$0.00 | \$0.00 |
| Forest Ave Pump Station | Rates | T&D Pumping | \$0.00 | \$0.00 |
| Asset Management and Information Services | Rates | T&D Pumping | \$200,000.00 | \$119,387.80 |
| Accounting/Billing System (Share) | Rates | Billing | \$126,500.00 | \$126,500.00 |
| WSSMP 5 Year Update | Rates | | \$100,000.00 | \$0.00 |
| Phragmites Control | Rates | Source of Supply | \$0.00 | \$28,250.00 |
| Hydraulic Modeling | Rates | All | \$0.00 | \$40,855.00 |
| 70 Hasley St - RIDOT Impacts | Rates | All | \$0.00 | 140,598.48 |
| Reservoir Road Tank | Rates | Treatment/Transmission / Distribution | \$0.00 | 1,592,172.68 |
| Equipment Replacement-Water | Rates | All | \$400,000.00 | \$309,424.13 |
| Total Funded Water Projects | | | \$2,543,770.00 | \$4,984,546.89 |
| System Wide Main Improvements | SRF | Transmission / Distribution | \$2,500,000.00 | \$2,250,000.00 |
| System Wide Main Improvements | CDS Grant | Transmission / Distribution | \$0.00 | |
| Lead Service Line Replacement | CDS Grant | Services | \$0.00 | |
| Total Grant Funded Water Projects | | | \$2,500,000.00 | |

MIDD. 1-6: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28 containing the Recommended CIP Schedule with the heading – FY2024 & FY2025 Proposed Budget].

(a) In addition to the capital improvement projects listed in this section, do you agree that there are several other capital improvements planned to be paid for on a pay-as-you-go cash basis (that is from current rates) over the fiscal years 2024 through 2028?

(b) There are 10 “Project Titles” listed on said schedule, and 9 have scheduled proposed starts dates in FY2024. Which of the 9 actually started in FY2024 and were funded at the level indicated?

(c) Which of the 9 actually started in FY2024, but were funded at a different amount than the level indicated, and what are the different amounts?

(d) Which, if any, of the 9 were postponed to a later year?

(e) For each that was delayed, in what year are they now scheduled to be worked on and

Response: a. Yes.
b. and c. Please see the response to MIDD. 1-5.
d. None.
e. See subsection d. above.

Prepared by: Robert C. Schultz, Jr.

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MIDD. 1-7: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28]. There are 10 “Project Titles” listed on that schedule, and 7 are expected to continue to be constructed and receive additional funding in FY2025.

- (a) Which of the 7 projects will continue to be constructed in FY2025 and will be funded at the level indicated?
- (b) Which of the 7 projects will continue to be constructed in FY2025, but will be funded at a different amount than the level indicated?
- (c) What is that different funding amount?
- (d) Which of these 7 projects are now planned to be postponed to a later year?
- (e) For each that is now being delayed, in what year are they now scheduled to begin construction?

Response:

- (a) The continuation and funding levels of the seven projects in FY2025 depends largely on the funding level approved in this Docket.
- (b) Please see the response to subsection (a) above.
- (c) Please see the response to subsection (a) above.
- (d) Please see the response to subsection (a) above.
- (e) Please see the response to subsection (a) above.

Prepared by: Robert C. Schultz, Jr.

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MIDD. 1-8: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28]. For the Project Titled Dam Rehabilitation, what is the expected useful life of this facility after it has been rehabbed/rebuilt for the total amount that this project is expected to cost (\$2,400,000)?

Response: The expected useful life of a dam rehabilitation project after completion can vary, but typically, a well-rehabilitated dam can have an extended lifespan of 30 to 50 years, depending on factors such as the scope of work, the condition of the dam before rehabilitation, and ongoing maintenance efforts.

It is important to emphasize that dam rehabilitation is not a one-time fix but rather an ongoing process to ensure the integrity and safety of water supply reservoirs. The rehabilitation effort is critical in maintaining a safe drinking water supply for the community and requires sustained attention beyond the initial rehabilitation work.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-9: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28] For the Project Titled System Wide Main Improvements, what is the expected useful life of such facilities after they have been installed at a total cost equal to (or close to it) the total expected funded amount (\$2,500,000)?

Response: The American Water Works Association (AWWA) provides guidelines on the expected useful life of water main facilities in its standards and manuals, such as AWWA Manual M11, AWWA Manual M23, AWWA Manual M45, and AWWA Manual M28. The expected useful life of water main facilities depends on various factors, including the material of the pipes, installation conditions, and maintenance practices. Generally, the estimated lifespan is 50-75 years. Environmental factors, such as soil conditions, water quality, and external pressures, can also impact the actual life expectancy. Regular inspections and maintenance can help prolong the useful life of these facilities.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-10: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28] For the Project titled Forest Avenue Pump Station, what is the expected useful life of this facility after it has been installed/rebuilt for the total amount (or close to it) that this project is expected to cost (\$1,300,000)?

Response: The expected useful life of a drinking water pump station typically ranges from 15 to 50 years, depending on the specific components and their maintenance. Key components may have different life expectancies.

- Pumps: 15 to 25 years
- Motors: 15 to 25 years
- Electrical Systems: 20 to 30 years
- Structural Components (buildings, foundations, etc.): 40 to 50 years
- Valves and Piping: 20 to 40 years

Regular maintenance, environmental conditions, and advances in technology can impact these estimates. The AWWA Manual M25 (for pump selection and application) and other AWWA standards provide additional guidance on the life expectancy of pump station components. However, the overall useful life is significantly impacted by operations and maintenance. Good or great maintenance practices will extend the life, while poor or harsh conditions will shorten it.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-11: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28].

(a) With respect to the Project Titled Dam Rehabilitation, could this project be delayed by one year without causing this facility to be significantly damaged or to fail catastrophically; result in significant damage to other system facilities; or result in service to one or more customer being adversely affected? In other words, would such a delay have significant negative impacts on the facility itself, the system in general, or any customers?

(b) If you believe it would likely have such negative impacts, please explain your reason(s) for this belief.

(c) Please provide your answers to the same questions, but instead of a one-year delay, base your answers on a two-year delay.

Response: In general, it would not be appropriate to intentionally delay this, or any other capital project. Deferring capital projects does not result in long-term savings, it simply postpones necessary work. Additionally, delaying engineering and design work could result in missed grant opportunities that may not be available in the future with the same funding, incentives, or other such favorable conditions. Delaying projects would most likely result in increased construction costs due to inflation and the potential for unnecessary maintenance. The test shouldn't be avoiding catastrophic failure or avoiding adverse customer impact. Work on any infrastructure projects should be done well in advance of those type of benchmarks. This is especially true when it comes to dams.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-12: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28].

(a) With respect to the Project entitled System Wide Main Improvements, could these improvements be delayed by one year without causing these facilities to be significantly damaged or to fail catastrophically; result in significant damage to other system facilities; or result in service to one or more customer being adversely affected? In other words, would such a delay have significant negative impacts on these facilities, the system in general, or any customers?

(b) If you believe it would likely have such negative impacts, please explain in detail what they are and your reason(s) for this belief.

(c) Please provide your answers to the same questions, but instead of a one-year delay, base your answers on a two-year delay.

Response: Please see Newport's response to MIDD. 1-11.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-13: [Ref. – Testimony Page 17, line 17 through Page 18, line 21 and the Recommended CIP Schedule for the Water Fund – Page number 370 of your response to Div 2-28].

(a) With respect to the Project Titled Forest Avenue Pump Station, could this project be delayed by one year without causing this facility to be significantly damaged or to fail catastrophically; result in significant damage to other system facilities; or result in service to one or more customer being adversely affected? In other words, would such a delay have significant negative impacts on the facility itself, the system in general, or any customers?

(b) If you believe it would likely have such negative impacts, please explain in detail what they are and your reason(s) for this belief.

(c) Please provide your answers to the same questions, but instead of a one-year delay, base your answers on a two-year delay.

Response: Please see Newport's response to MIDD. 1-11.

Prepared by: Robert C. Schultz, Jr.

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MIDD. 1-14: [Ref. – Testimony Page 17, line 17 through Page 18, line 21, Page number 370 of your response to Div 2-28 containing the Recommended CIP Schedule with the heading – FY2024 & FY2025 Proposed Budget, and the Attachment to PWFD 2-2]. The Attachment to PWFD 2-2 is essentially the same as the working draft update of the CIP contained in your response to Div 2-29. For FY 2024 the schedule in Attachment shows a Total amount of projects funded with rate revenues of about \$2.54 million, and for FY2025 a correspond amount of \$1.88 Million.

(a) Was the amount (\$2.54 million) listed for FY2024 the amount that was actually expended for the listed projects in that year? If not, how much was expended on each project?

(b) Again, using Attachment 2-2 is the amount (\$1.88 million) listed for FY2025 the amount that NWD intends to spend on all rate funded Projects in the rate year? If not, what is that expected amount?

(c) Assuming the updated amounts are correct in FY2025, is it fair to say that all else being equal, NWD will have recovered about \$1.42 million (\$3.30 - \$1.88) more in revenues (excess revenues) than it would have expended for listed rate funded capital projects in FY2025? If you disagree, please explain your reason(s) for disagreeing.

Response: (a) Please see the response to MIDD. 1-5 above.
(b) The attachment to PWFD 2-2 shows \$1,876,500 for capital funded projects in FY25 and several projects whose funding source is unknown, so the expenditure for rate funded projects could be higher.
(c) No. See subsection (b) above.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-15: [Ref. – Testimony Page 17, line 17 through Page 18, line 21, Page number 370 of your response to Div 2-28 containing the Recommended CIP Schedule with the heading – FY2024 & FY2025 Proposed Budget, and the Attachment to PWFD 2-2]. Except for the addition of 4 new Projects to Attachment 2-2 the listed Projects (under “Project Title”) are the same on both of these Schedules for the Rate Funded Projects. Of the four additions, only two are physical assets with expected long lives and could appropriately be funded with debt – lead service line replacements and the Goulart Lane water tank; and only the service line replacement project is funded prior to the end of the Rate Year.

(a) What is the expected useful life of such facilities (replaced lead service lines) after they have been properly installed and backfilled?

(b) The other two additions have relatively short lives and are appropriately funded with Rate revenues. The schedule on Attachment 2-2 shows a funded amount for Lead Service Line Replacements of \$792,270 in FY 2024. Was this the amount that was actually expended for this project in that year? If not, how much was expended on this project?

(c) The corresponding amount for FY2025 is \$200,000. Is this the amount that NWD currently expects to fund this project with in that year from rate revenues? If not, how much does NWD currently expect to fund this project with in the rate year?

Response: First, Newport does not completely agree with the premise set forth in the request. This request seems to imply that the useful life of an asset is the only criteria that should be considered when determining how a project should be funded. Other criteria that should be considered are availability of debt, cost of debt, whether debt is being used to fund other projects being performed contemporaneously, etc.

(a) The expected useful life of water service lines depends largely on the material used, installation practices, and environmental factors. The following are general life expectancy ranges for common service line materials:

Copper: 50–70 years

PVC (Polyvinyl Chloride): 50–70 years

PEX (Cross-linked Polyethylene): 40–50 years

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Soil conditions, water quality, and corrosion potential can also impact these lifespans. Regular inspections and maintenance are essential for extending service line life.

(b) As set forth above, Newport Water does not agree with the premise of the question, but the total expenditure in FY 2024 was \$873,233.60.

(c) Yes, the \$200,000 is the projected funding amount for the Lead Service Line Replacement project in FY 2025 based on anticipated costs and project planning. However, actual expenditures may differ due to the dynamic nature of this project. Actual expenditures can vary from year to year due to a number of factors.

Prepared by: Harold Smith and Robert C. Schultz, Jr.

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- MIDD. 1-16:** [Ref. – Statement filed with NWD’s Petition in this case – “policy Statement – Future Expansion and Renovations of the Physical Plant”]. In the second paragraph it is stated that- “The current Infrastructure Replacement Plan (IRP) was prepared in February 2020 and must be updated every 5 years according to RIGL Chapter 46-15.6. This would indicate that the next update of this plan must be updated in less than 5 months.
- (a) Has a draft of this soon to be updated plan been prepared? If so, please provide a copy.
- (b) Is this updated plan the same as the plan used to establish the capital costs to be funded from current revenues in the rate year and beyond as part of this case? If not, what is the plan that is used as a basis for funding capital costs as part of this case with current rate revenues (pay-as-you-go capital costs)?

Response: (a) No.

(b) No. Please see the response to PWFD 2-2. Please also note that any capital plan is just one component in a dynamic, holistic process involving multiple factors influencing funding decisions. Service requests, work orders, regulatory changes, fiscal viability, and unforeseen emergencies all shape capital funding needs and priorities. This process is inherently non-static; adjustments are frequently made to accommodate new information, regulatory requirements, and operational needs. Using a flexible approach that combines planned projections with adaptability to real-world conditions, Newport Water aims to responsibly fund capital costs through a balanced model that supports immediate and long-term infrastructure goals.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-17: [Ref. – General question with respect to “City Services”].

(a) Does the NWD provide any services to the City of Newport and/or the Water Pollution Control Division (WPCD)?

(b) What are they and how much are they worth including labor time and benefits, materials and supplies, and equipment on an average annual basis? Some examples would include Snow plowing, leaves or debris removal, use of labor time for any City purposes (other than direct uses for NWD's purposes), use of vehicles and equipment for other City purposes, storage facilities, training and cross training, dig safe work for other City Departments, and any others that the NWD knows it provides to the City of Newport for any other purpose that is not directly related to the Division's normal workload or use of its facilities.

Response: Newport Water does not provide any services or use of assets to any City Department or agency that is not compensated per the Miscellaneous Charges identified within our Rate Schedule or accounted for as a revenue offset. For instance, Newport Water does provide billing services for the Water Pollution Control Division for which Newport Water is compensated. The compensation from the Water Pollution Control Division is shown as a Revenue Offset in HJS Schedule A-1A. Snow plowing and grass cutting are performed by Newport Water staff only at Newport Water's facilities and reservoir properties.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-18: [Ref. – Testimony Page 3, line 13 through 16]. You state that “..... the process of negotiating contracts with both unions that will likely result in additional labor costs in FY2026 through FY2028.”

(a) By implication are you saying that there will be no additional labor costs in FY2025 even if those new contracts are agreed to before the end of FY2025?

Please explain your answer in detail

(b) If the contracts are not agreed to until after the end of FY2025, will the NWD seek to recover any such approved increase retroactively to part or all of FY2025? Again, please explain your answer in detail.

Response: (a) No. Please see the direct testimony of Robert C. Schultz, Jr., page 9.

(b) Please see the response to MIDD. 1-4.

Prepared by: Harold Smith

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- MIDD. 1-19:** [Ref. – Testimony Page 7, lines 2 and 3, and HJS Schedule A-1A]. Ref. - the first line in this Schedule and the 2 columns headed “Rate Year Adjustments” and “proposed Rate Year - FY2025.”
- a. Does the amount (3.3 million) on the line “Contributions to Capital Spending Accts.” apply to the capital projects to be funded from rate revenues (pay-as-you-go from current revenues, as opposed to being debt funded) in the Rate Year?
 - b. If this is correct, which specific facilities by amounts are planned to be installed and funded in the rate year?
 - c. If this is not correct, what is the appropriate total amount and list separately the amounts associated with each project?

- Response:**
- a. Yes.
 - b. Please see Newport’s response to PWFD 2-2 and Newport’s response to MIDD. 1-5.
 - c. See subsection b. above.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-20: [Ref. – Testimony Page 7, lines 8 and 9, and HJS Schedule A-2A]. Ref. – Account 50305 Water/Sewer Charge. For this account you have estimated an increase of \$165,341 or 25%.

(a) What portion of this increase is due to a price increase, and what portion is due to increased usage?

(b) What measures, improvements or alternatives has the NWD taken to reduce these charges.? For each option explain in detail what it was, and whether or not it was implemented already or when it will be going forward.

(c) If no such actions have been taken, please explain in detail why not?

(d) Has the proposed increase for sewer charges been approved?

(e) If it has, what was the increase, and how will it affect the total sewer charges to the NWD?

(f) If it hasn't been approved, when is it expected to be? If it is not approved prior to this case being completed, will it be applied retroactively to all or part of the Rate Year?

Response: (a) Approximately 20% is due to the projected price increase and approximately 5% is related to increased volume.

(b) and (c) As previously indicated, the plant's treatment process is highly influenced by the quality of the source water, which, in turn, affects the variability of water treatment residuals. Changes in weather patterns and source water quality have led to increased demand for filter backwashing, contributing to an overall rise in operational requirements.

The treatment process is a constant balancing act aimed at simultaneously complying with regulatory standards while maintaining water quality. For instance, in recent adjustments, we've had to reduce recycled water to prevent the concentration of manganese, which caused issues in the distribution system. This delicate balance requires adaptation to fluctuations in source water conditions to ensure optimal plant performance and system integrity.

Water treatment operations are complex. Actions are continuously taken to adjust to source water quality variations, and changing weather patterns directly impact treatment processes. For example, as noted above, we have increased backwashing frequencies to manage residuals effectively and adjusted recycled

water flows to prevent magnesium concentration issues in the distribution system.

Water treatment is not a static process; it requires constant monitoring and real-time adjustments to maintain regulatory compliance and ensure water quality. These measures are essential components of a highly adaptive and responsive treatment protocol designed to address the dynamic challenges inherent to water management.

(d) No.

(e) See subsection (d) above.

(f) Newport Water does not have any information on when the increase will be approved. Newport does not understand how any rate increase could be applied retroactively. Once rates are approved by the Commission they are charged prospectively.

Prepared by: Robert C. Schultz, Jr.

MIDD. 1-21: [Ref. – Testimony Page 7, lines 8 and 9, and HJS Schedule A-2A and your response to Div 2-19]. Ref. – Account 50306 Electricity. For this account in your initial Filing, you had estimated an increase of \$172,772 or 22.5%.

(a) Based on your response to Div 2-19, are you now requesting an increase of \$445,538 to a total of \$1,213,414, which equals a 58% increase in electricity expense for the rate year? If you disagree, explain in detail your reason(s) for disagreeing.

(b) What portion of this increase is due to a price increase, and what portion is due to increased usage?

(c) If part of the increase is due to increased demand/usage (water sales), please provide your basis along with all assumptions and calculation you used to estimate this increased demand/usage.

(d) What measures, improvements or alternatives has the NWD taken to reduce these charges.? For each option explain in detail what it was, and whether or not it was implemented already or when it will be going forward. If no such actions have been taken, please explain in detail why not?

Response: (a) Newport disagrees. The normalized test year amount for Electricity is \$768,055 and the revised rate year amount set forth in the response to Div. 2-19 is \$1,213,414, which is a requested increase of \$445,358.93.

(b) Newport has provided testimony and a number of data responses explaining its rate year request for electricity expense. Please see Newport's responses to PWFd 1-15, 3-13, 3-15, 3-16, 3-18, and 3-19; Div. 2-16, 2-17, 2-8, 2-19, 4-12; and, Comm. 1-5.

(c) See subsection (b) above.

(d) See subsection (b) above.

Prepared by: Robert C. Schultz, Jr.

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MIDD. 1-22: [Ref. – Testimony Page 7, lines 15 to 17, and HJS Schedule A-3A]. Looking at the relative impacts to Base Charges, the increases over a broad range of meter sizes are all within two percent of the average increase of 17 percent. Thus, there are no significant differences in increases or inequitable impacts to all customers with respect to these charges. Similarly, the impacts to Residential and Non-Residential customers are very close on a percentage basis, and impacts to the two wholesale customers are identical at 18 percent. However, the percentage impact to Public Fire Protection Customers (16% increase) is 2 times (or 100%) higher than the increase to Private Fire Protection Customers (8%).

(a) Given the nature of Cost-of-Service Studies and the variance in fire flow requirements/standards between communities with divergent building characteristics and densities, would you agree that this very large difference in customer impacts for services that are nearly identical would strongly indicate the need/appropriateness of phasing-in the impacts to these two customer classes? If you disagree, please explain your reason(s) for disagreeing?

Response: For many years and through many Dockets, Newport developed a Cost of Service Model in an attempt to move toward true cost of service rates. In the Docket 4933 Settlement Agreement, the parties, including Middletown, agreed that Newport would finally move toward true cost of service rates. This was done in Newport's Step Two Compliance filing submitted to the Commission on April 29, 2022. Thus, true cost of service rates have only been in effect for a little over two years. There is no reason to move away from true cost of service rates at this time, and "phasing-in" rates means that one class of customers would be subsidizing another class. As such, Newport disagrees with the proposal set forth in the request.

Prepared by: Harold Smith

MIDD. 1-23: [Ref. – Testimony Page 8, lines 1 to 5, and HJS Schedule A-5A].

- (a) What exactly comprises the amount \$178,782 (revised to \$312,562 per your response to Comm 1-8) shown on the line titled “Middletown cost share on customer service?” Please provide all assumptions, calculations and component parts that together equals that amount. Specifically, include in your response with respect to the total (\$1,331,790) listed on the second page of the response to Comm. 1-8, who are the three “Customer Service Expenses” charged to (that is who is responsible for paying them), and how are the three amounts derived?
- (b) What is the basis/rational for the 50% split (\$665,895 each)?
- (c) What is the basis/rational for the “% of Total” split between Newport WPC and the Town of Middletown? Please explain in detail and provide any backup documentation supporting this division of cost shared between the two communities

Response: (a) This is Middletown’s cost share on customer service. This is a charge from the Newport Water Division to the Town of Middletown for providing metered water usage data to the Town of Middletown for their use in calculating sewer charges to its customers. The assumptions, calculations and components have not changed since Docket 4933, in which Middletown was an intervenor. In particular, please see Newport’s response to Middleton 3-8 from Docket 4933. As set forth in the response to Comm. 1-8, which is specifically referenced in the question, the \$1,331,790 is not charged, only 50% of that amount is charged to Newport Water Pollution Control and Middletown and the calculation and explanation of the calculation can be found in the response to Comm. 1-8.

(b) See subsection (b) above.

(c) See subsection (b) above.

Prepared by: Harold Smith

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MIDD. 1-24: [Ref. – Testimony Page 9, lines 4 to 6, and HJS Schedule B-6]. Ref. – On this schedule you show for each historic year from 2016 through 2023 the total gallons sold and the relative amounts from each of the four classes. We are now 4 months beyond the end of FY2024.

(a) Please provide the comparable usage (total and by class) levels realized in FY2024. If you are aware of any circumstance, such as weather conditions or others, during FY2023 FY or FY2024 that would cause the usage levels to significantly differ from what you would expect from typical or average annual periods, state what they are and to what extent (best estimate) each could cause the realized amounts to differ from normal conditions.

(b) Also, for FY2025, provide the monthly data for each month in FY2025 as soon as it becomes available along with the corresponding monthly data for FY2023 and FY2024.

Response: (a) Please see below. Newport is not aware of any circumstances that caused significantly different usage levels.

| <u>Customer Class</u> | <u>FY2024</u> |
|-----------------------|---------------|
| Residential | 612,149 |
| Non-Residential | 407,144 |
| Navy | 199,711 |
| Portsmouth | 410,358 |

(b) Please see the Excel Spreadsheet entitled MIDD. 1-24 Monthly Usage (23, 24 and 25).

Prepared by: Robert C. Schultz, Jr.

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MIDD. 1-25: [Ref. – Testimony Page 11, lines 1 and 2, and HJS Schedule B-11].

(a) Ref. – Referring to the FIRE PROTECTION ASSUMPTIONS that you list on this schedule, were they based on fire flow requirements/standards specified by the National Board of Fire Underwriters (NBFU), the Insurance Service Office (ISO) or another agency/authority for the City of Newport?

(b) If they were, what requirements/standards were they based on?

(c) If not, what are they based on and why do you use them? Please explain your answer in detail indicating examples or references to source documents or recommendations where possible.

Response: (a) Please see the response to Div. 1-6.
(b) Please see the response to Div. 1-6.
(c) Please see the response to Div. 1-6.

Prepared by: Harold Smith

MIDD. 1-26: [Ref. – Testimony Page 9, lines 17 to 23, and HJS Schedule B-9]. In the bottom table of this Schedule under the column titled “Max Hour Calculations” for the Fire Class row you show an amount of 5,760 thousand gallons.

(a) How did you derive this amount and how is it used in your model to allocate costs to the fire protection cost category and/or the separation of total fire protection costs between Public and Private fire protection customers? Please show all assumptions, calculations and source documents used to derive this amount.

(b) It looks like you assumed four consecutive six-hour fires (at a fire flow rate of 4,000 gallons per minute) in the same day to derive the Incremental Peak fire flow Demand equal to three consecutive six-hour fires in the same day. If you disagree, please explain in detail your reason(s) for disagreeing.

(c) If instead, you used three consecutive six-hour fires (at a fire flow rate of 4,000 gallons per minute) instead of four, the “Demand x Peaking Factor” amount for the “Max Hour Calculations” would be 4,320 thousand gallons in the “Fire” line, and the corresponding Incremental Peak Demand would be 2,880 thousand gallons. If you used these lower amounts, by how much would the recommended fire charges be reduced by?

Response: (a) This number is derived in the same manner as it has been derived in every Newport rate filing since all parties approved of the cost of service model used for the cost of service study in 4355. This includes Docket 4933 in which Middletown intervened. Please see my direct testimony on pages 4 through 6 for a discussion of Newport's Cost of Service Study History. The derivation sought is easily discerned by reviewing the Excel version of the cost of service model that has been distributed to all parties.

(b) This assumption is incorrect. Please see the response to subsection a. above.

(c) This assumption is incorrect. Please see the response subsection a. above.

Prepared by: Harold Smith

STATE OF RHODE ISLAND
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MIDD. 1-27: [Ref. – your response to Div 1-6, part a.]. In your response you indicate that while some hydrants tested by the Insurance Service Office (ISO) were capable of handling maximum water flows of 4,000 gallons per minute (“gpm”), most (“...most hydrants testing below 4,000 gpm), or a very large percentage have much lower maximum water flow capabilities. To wit, “The ISO fire flow test performed in 2021 indicated that three of the hydrants tested had flows above 4,000 gpm; however, the remaining 13 hydrants that were tested had flows [maximum capability] between 2,300 and 4,000 gpm.”

(a) Please provide the flows reported by the ISO for those remaining 13 hydrants.

(b) What was the average of just those 13, and the average of all 16 taken together?

(c) Assuming those averages were considerably lower, in the order of say 3,000 gpm and you used that level (3,000 gpm) instead of 4,000 gpm in your analysis, how would that modify your recommended fire protection rates? Wouldn't it be better/more appropriate to use an estimate of the average system hydrant flow rate than a flow rate capability of a small percentage of system hydrants? If you disagree, please explain in detail your reason(s) for disagreeing?

Response: (a) Please see attached hydrant testing report.

(b) The data to perform this calculation is contained in the attached hydrant testing report.

(c) The fire flow assumptions used in the cost allocation model used for this filing are the same as those used in the model previously approved. Please see my direct testimony on pages 4 through 6 for a discussion of Newport's Cost of Service Study History. Middletown is in possession of the working Excel version of the model and can perform the analyses sought and analyses based on their assumptions, and the burden of doing so is no greater on the Town of Middletown than it would be on Newport Water

Prepared by: Harold Smith and Robert C. Schultz, Jr.

INSURANCE SERVICES OFFICE, INC.
HYDRANT FLOW DATA SUMMARY

Community Newport

County Rhode Island(Newport),

State

RHODE
ISLAND
(38)

Witnessed by: Insurance Services Office

Survey Date: March 24, 2021

| TEST NO. | TYPE DIST.* | TEST LOCATION | SERVICE | FLOW - GPM $Q=(29.83(C(d^2)p^{0.5}))$ | | | PRESSURE PSI | | FLOW -AT 20 PSI | | REMARKS*** | MODEL TYPE | FLOW TEST DATE | |
|----------|-------------|-----------------------------------|-----------------------|--|-------|---|-----------------|--------|-----------------|--------|------------|------------------|----------------|------------|
| | | | | INDIVIDUAL HYDRANTS | TOTAL | | STATIC | RESID. | NEEDED ** | AVAIL. | | | | |
| 1 | | Halsey Street @ Garfield Street | Newport Water, Low | 1090 | 0 | 0 | 1090 | 66 | 55 | 2500 | 2400 | | FIPC | 10/20/2005 |
| 2 | | Girard Ave. @ Admiral Kalbfus Rd. | Newport Water, Low | 1150 | 0 | 0 | 1150 | 80 | 64 | 7000 | 2300 | | FIPC | 10/20/2005 |
| 2.1 | | Girard Ave. @ Admiral Kalbfus Rd. | Newport Water, Low | 1150 | 0 | 0 | 1150 | 80 | 64 | 4500 | 2300 | | FIPC | 10/20/2005 |
| 2.2 | | Girard Ave. @ Admiral Kalbfus Rd. | Newport Water, Low | 1150 | 0 | 0 | 1150 | 80 | 64 | 3500 | 2300 | | FIPC | 10/20/2005 |
| 3 | | York Street @ Fahey Street | Newport Water, Low | 1190 | 0 | 0 | 1190 | 66 | 58 | 2000 | 3100 | | FIPC | 10/20/2005 |
| 4 | | Broadway @ Mann Avenue | Newport Water, Medium | 1140 | 0 | 0 | 1140 | 60 | 55 | 4000 | 3500 | | FIPC | 10/20/2005 |
| 4.1 | | Broadway @ Mann Avenue | Newport Water, Medium | 1140 | 0 | 0 | 1140 | 60 | 55 | 2500 | 3500 | | FIPC | 10/20/2005 |
| 5 | | Washington St. @ Bridge St. | Newport Water, Low | 1260 | 0 | 0 | 1260 | 71 | 65 | 2500 | 4000 | | FIPC | 10/20/2005 |
| 6 | | Goat Island & Causeway | Newport Water, Low | 1150 | 0 | 0 | 1150 | 71 | 65 | 5000 | 3700 | (A)-(4500.0 gpm) | FIPC | 10/20/2005 |
| 6.1 | | Goat Island & Causeway | Newport Water, Low | 1150 | 0 | 0 | 1150 | 71 | 65 | 2500 | 3700 | | FIPC | 10/20/2005 |
| 7 | | Cherry Street | Newport Water, Low | 1130 | 0 | 0 | 1130 | 67 | 60 | 3000 | 3200 | | FIPC | 10/20/2005 |
| 8 | | Thames St. @ Wellington Ave. | Newport Water, Low | 1630 | 0 | 0 | 1630 | 65 | 60 | 4000 | 5300 | | FIPC | 10/20/2005 |
| 8.1 | | Thames St. @ Wellington Ave. | Newport Water, Low | 1630 | 0 | 0 | 1630 | 65 | 60 | 1750 | 5300 | | FIPC | 10/20/2005 |
| 9 | | Harrison Ave. @ Morgan St. | Newport Water, Low | 1500 | 0 | 0 | 1500 | 65 | 60 | 750 | 4900 | | FIPC | 10/20/2005 |
| 10 | | Wickham Rd. @ Hazard Rd. | Newport Water, Low | 1090 | 0 | 0 | 1090 | 52 | 46 | 5000 | 2700 | (A)-(4500.0 gpm) | FIPC | 10/20/2005 |
| 10.1 | | Wickham Rd. @ Hazard Rd. | Newport Water, Low | 1090 | 0 | 0 | 1090 | 52 | 46 | 2500 | 2700 | | FIPC | 10/20/2005 |

THE ABOVE LISTED NEEDED FIRE FLOWS ARE FOR PROPERTY INSURANCE PREMIUM CALCULATIONS ONLY AND ARE NOT INTENDED TO PREDICT THE MAXIMUM AMOUNT OF WATER REQUIRED FOR A LARGE SCALE FIRE CONDITION.

THE AVAILABLE FLOWS ONLY INDICATE THE CONDITIONS THAT EXISTED AT THE TIME AND AT THE LOCATION WHERE TESTS WERE WITNESSED.

*Comm = Commercial; Res = Residential.

**Needed Is the rate of flow for a specific duration for a full credit condition. Needed Fire Flows greater than 3,500 gpm are not considered in determining the classification of the city when using the Fire Suppression Rating Schedule.

*** (A)-Limited by available hydrants to gpm shown. Available facilities limit flow to gpm shown plus consumption for the needed duration of (B)-2 hours, (C)-3 hours or (D)-4 hours.

INSURANCE SERVICES OFFICE, INC.
HYDRANT FLOW DATA SUMMARY

Community Newport

County Rhode Island(Newport), State RHODE ISLAND (38)

Witnessed by: Insurance Services Office

Survey Date: March 24, 2021

| TEST NO. | TYPE DIST.* | TEST LOCATION | SERVICE | FLOW - GPM | | | PRESSURE | | FLOW -AT 20 PSI | | REMARKS*** | MODEL TYPE | FLOW TEST DATE | |
|----------|-------------|--------------------------------------|--------------------|---------------------|-------|---|----------|--------|-----------------|--------|------------|------------|----------------|------------|
| | | | | INDIVIDUAL HYDRANTS | TOTAL | | STATIC | RESID. | NEEDED ** | AVAIL. | | | | |
| 11 | | Ridge Road @ Ocean Cliff Hotel | Newport Water, Low | 960 | 0 | 0 | 960 | 57 | 35 | 2500 | 1300 | | FTPC | 10/20/2005 |
| 12 | | Ocean Ave. @ Prices Cove Ave. | Newport Water, Low | 810 | 0 | 0 | 810 | 66 | 26 | 2250 | 850 | | FTPC | 10/20/2005 |
| 13 | | Ocean Avenue @ Carroll Avenue | Newport Water, Low | 750 | 0 | 0 | 750 | 66 | 52 | 2250 | 1400 | | FTPC | 10/20/2005 |
| 14 | | Ledge Road @ Lakeview Avenue | Newport Water, Low | 1130 | 0 | 0 | 1130 | 59 | 54 | 3000 | 3400 | | FTPC | 10/20/2005 |
| 15 | | Bellevue Ave. @ Bancroft St. | Newport Water, Low | 1100 | 0 | 0 | 1100 | 50 | 42 | 4000 | 2200 | | FTPC | 10/20/2005 |
| 16 | | Ochre Point Ave. @ Narragansett Ave. | Newport Water, Low | 2340 | 0 | 0 | 2340 | 45 | 40 | 2500 | 5600 | | FTPC | 10/20/2005 |
| 17 | | East Bowery St. @ Freebody St. | Newport Water, Low | 1010 | 0 | 0 | 1010 | 44 | 39 | 4000 | 2400 | | FTPC | 10/20/2005 |
| 17.1 | | East Bowery St. @ Freebody St. | Newport Water, Low | 1010 | 0 | 0 | 1010 | 44 | 39 | 2500 | 2400 | | FTPC | 10/20/2005 |
| 18 | | Bellevue Ave. @ Williams St. | Newport Water, Low | 920 | 0 | 0 | 920 | 36 | 30 | 3500 | 1600 | | FTPC | 10/20/2005 |
| 19 | | Fir Street | Newport Water, Low | 890 | 0 | 0 | 890 | 36 | 31 | 2500 | 1700 | | FTPC | 10/20/2005 |
| 20 | | Touro Street @ School Street | Newport Water, Low | 1210 | 0 | 0 | 1210 | 50 | 45 | 4500 | 3200 | | FTPC | 10/20/2005 |
| 20.1 | | Touro Street @ School Street | Newport Water, Low | 1210 | 0 | 0 | 1210 | 50 | 45 | 3500 | 3200 | | FTPC | 10/20/2005 |
| 21 | | Kay Blvd. in Middle | Newport Water, Low | 1110 | 0 | 0 | 1110 | 78 | 62 | 1000 | 2200 | | FTPC | 10/20/2005 |
| 22 | | Thames Street @ Brick Market | Newport Water, Low | 1240 | 0 | 0 | 1240 | 70 | 62 | 4500 | 3300 | | FTPC | 10/20/2005 |
| 22.1 | | Thames Street @ Brick Market | Newport Water, Low | 1240 | 0 | 0 | 1240 | 70 | 62 | 3500 | 3300 | | FTPC | 10/20/2005 |

THE ABOVE LISTED NEEDED FIRE FLOWS ARE FOR PROPERTY INSURANCE PREMIUM CALCULATIONS ONLY AND ARE NOT INTENDED TO PREDICT THE MAXIMUM AMOUNT OF WATER REQUIRED FOR A LARGE SCALE FIRE CONDITION.

THE AVAILABLE FLOWS ONLY INDICATE THE CONDITIONS THAT EXISTED AT THE TIME AND AT THE LOCATION WHERE TESTS WERE WITNESSED.

*Comm = Commercial; Res = Residential.

**Needed is the rate of flow for a specific duration for a full credit condition. Needed Fire Flows greater than 3,500 gpm are not considered in determining the classification of the city when using the Fire Suppression Rating Schedule.

*** (A)-Limited by available hydrants to gpm shown. Available facilities limit flow to gpm shown plus consumption for the needed duration of (B)-2 hours, (C)-3 hours or (D)-4 hours.

MIDD. 1-28: [Ref. – your response to Div-1-6, part c.].

(a) Is there an agency/authority that has replaced the National Board of Fire Underwriters (NBFU), or is there a secondary authority that provides fire flow standards/requirements for communities or water utilities?

(b) Is it the Insurance Service Office (ISO) or some other organization?

(c) When it was active the NBFU based its fire flow requirements largely on the relative size of buildings and the distance between buildings or density of buildings (and of course the building materials used). This would typically result in fairly high fire flow requirements for multistory buildings in dense downtown areas, and much lower fire flow requirements in rural areas with mostly one or two-story buildings in residential areas. Do you agree with these general criteria used by the NBFU? If not, why not?

(d) Would you also agree that the City of Newport because of its relative building sizes and densities should have considerably higher fire flow requirements than the Town of Middleton or the Town of Portsmouth? If you disagree, please explain in detail your reason(s) for disagreeing?

Response: (a) Please see Newport's response to Div. 1-7 in Docket 4933. Newport has no further information. Any updated information is equally available to Middletown and the burden of obtaining it is no greater on the Town of Middletown than it would be on Newport Water.

(b) See subsection (a) above.

(c) Newport does not know if the premise of this question is correct and, upon information and belief, the NBFU ceased to exist in the 1960's. As such, Newport does not know what criteria was relied upon in reaching the conclusion referenced in the question.

(d) I am not an expert in the determination of fire flow requirements and therefore cannot answer this question. As stated earlier, the fire flow assumptions used in the cost allocation model for this filing are the same as those used in every Newport rate filing since the approval of the cost of service model used in this rate filing.

Prepared by: Harold Smith

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MIDD. 1-29: [Ref. – Testimony Page 10, lines 8 to 10, and HJS Schedule D-2].

(a) Since this filing was made several months ago, have any of the Number of Connections (fire hydrants) changed for the three communities listed, or the Private Fire Connections for each size listed?

(b) If any have changed, please update the list as of the end of October this year. If there are any known changes for the remainder of this fiscal year, please list those separately.

(c) Is it your intention to update this list and include it in a final calculation of rates just prior to the end of this proceeding (either through settlement or full litigation)? If not, why not?

Response: (a) No.

(b) See subsection (a) above and there are no known changes.

(c) No. The number of fire hydrants and private fire connections used in the determination of rates is Newport's best estimate of the number of these types of connections during the rate year and therefore it is not anticipated that they will be changed.

Prepared by: Robert C. Schultz, Jr. and Harold Smith

MIDD. 1-30: [Ref. – Testimony Page 10, lines 15 to 17, and HJS Schedule D-4]. As recently as 2020 and 2021 NWD recorded Unaccounted for Water (UAW) losses that averaged over 20%, and as you indicate the three-year average (2021 to 2023) is nearly 19%.

(a) What is the level of UAW in 2024 (as that FY ended nearly 4 months ago)?

(b) What does the State DEP recommend that public water suppliers keep their UAW percentage below (as a maximum), and what do they recommend as a minimum percentage goal to achieve?

(c) How much would the NWD save in annual production and treatment costs if it could reduce its UAW losses to 15%? Base your estimate on total water production equal to the 3 Year Average shown on this schedule times 1 plus 0.19 (19% losses) or 1,972,340 thousand gallons. This translates to reduced water production and treatment of nearly 79 million gallons ($0.04 \times 1,972,340,000 = 78,893,600$ gallons).

Response: (a) For FY 2024, and without any correction for non-billed water, the percentage would be approximately 17.7%. However, with regard to the concept of unaccounted for water, the American Water Works Association (AWWA) has specific definitions for certain terms, especially in relation to non-revenue water (NRW), which is a broader category encompassing both unbilled and unaccounted-for water.

In the past, the term "unaccounted-for water" was used to describe the difference between the total water produced and the metered or billed water. However, the American Water Works Association (AWWA) has recently moved away from this term and now prefers to use "non-revenue water" (NRW). This new term provides a more precise breakdown of water losses, distinguishing between actual losses (such as leaks) and apparent losses (including main flushing, system maintenance, construction use, water quality, testing, process water, leakage, meter inaccuracies, and unauthorized consumption).

Non-Metered Water for FY 2024 was 9.6%, and FY 2023 9.8%. The typical average for unaccounted-for water, often measured as part of **Non-Revenue Water (NRW)**, varies widely by utility but generally ranges between **10% and 30%** of the total water produced. Here's a more detailed breakdown:

Efficient Systems: In highly efficient systems, unaccounted-for water or NRW is usually around **5% to 10%**. These utilities typically have robust leak detection, accurate metering, and minimal unauthorized use.

Average Utilities: Many utilities experience unaccounted-for water in the range of **10% to 20%**. This level is common for utilities with standard leak detection and maintenance programs.

Higher Loss Systems: Utilities with aging infrastructure, limited leak detection, or significant metering inaccuracies may have unaccounted-for water levels of **20% to 30%** or even higher.

(b) There is no "State DEP", so Newport assumes this refers to the state department that oversees environmental issues. In Rhode Island, the Department of Environmental Management oversees environmental issues and does not have any such recommendation. However, the State of Rhode Island Water Resources Board has a recommended Non-Metered Water threshold of 10%.

(c) The premise of this question oversimplifies the complexities of Unaccounted-for Water (UAW) reduction and assumes a linear relationship between water loss reduction and production savings, which Newport does not agree with. Reducing UAW to 15% involves more than just producing less water; it requires significant investments in infrastructure improvements, advanced leak detection, and potentially extensive repairs or replacements in aging sections of the distribution network.

Moreover, the cost savings from reducing UAW losses don't equate directly to the production and treatment costs saved by producing fewer gallons. Fixed costs, such as labor, maintenance, and depreciation of existing assets, remain constant regardless of water volume reductions. Actual savings would only reflect a marginal decrease in variable costs like energy, chemicals, and some operational expenses tied directly to production volumes, which may only impact a fraction of the anticipated 79 million gallons in savings.

Prepared by: Robert C. Schultz, Jr. and Harold Smith

CERTIFICATION

I hereby certify that on October 29, 2024, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Stephanie De La Rosa, Commission Clerk, by electronic mail and regular mail.

| Parties/Address | E-mail Distribution | Phone |
|---|--|--------------|
| Newport Water Division Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861 | jkeoughjr@keoughsweeney.com ; | 401-724-3600 |
| Robert Schultz, Director of Public Works Newport Water Department 70 Halsey St. Newport, RI 02840 | rschultz@CityofNewport.com ; | 401-845-5600 |
| | lsitrin@CityofNewport.com ; | |
| | dbarrett@CityofNewport.com ; | |
| Harold Smith Raftelis Financial Consulting, PA 511 East Blvd. Charlotte, NC 28203 | Hsmith@raftelis.com ; | 704-373-1199 |
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PUBLIC UTILITIES COMMISSION
DOCKET NO. 24-30-WW
Response Of The City Of Newport,
Utilities Division, Water Department
To The Town Of Middletown's
Data Requests
Set 1

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STATE OF RHODE ISLAND
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