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April 16, 2007

Ms. Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RECEIVED
2007 APR 19 AM 9:18
PUBLIC UTILITIES COMMISSION

Re: City of Newport, Utilities Department, Water Department – Docket 3818

Dear Ms. Massaro:

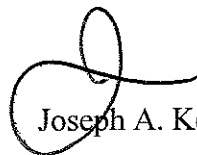
Enclosed please find the following documents:

- 1) Newport Water's Response to the United States Navy's Data Requests, Set 2.

Please note that these Responses were provided electronically to the parties on the Service List on April 16, 2007.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf
Enclosures

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-1: Referencing Ms. Julia Forgue testimony page 5, line 11-14, please describe in more detail the “struggles” outlined in your rebuttal testimony in Docket 3578. What efforts have been taken “to correct the problems mentioned” and what “effects of the past” is Newport Water Company (NWC) still dealing with?

Response: The “struggles” refer to the difficulties currently experienced due in large part to past management of the Newport Water Division being unwilling or unable to request rate increases before the PUC to recover operating and capital expenses necessary to operate the Newport Water system.

The Newport Water Division is working with the Finance Department for the City of Newport to correct the financial issues in order to stabilize the utility. We believe our efforts are evident with our filings beginning with Docket 3578.

Prepared by: Julia Forgue

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-2: Please explain on what basis the Director of Administrative Services recommends test year Gas/Vehicle expense be raised by 15%. Ms Forgue testimony page 20, lines 26-27.

Response: Please see the response to Division 1-16.

Prepared by: Laura Sitrin

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT

Docket No. 3818

Response to

United States Navy's Data Requests

Set 2

Navy 2-3: Please explain if the Gas/Vehicle maintenance is no longer being done in-house, does this mean employee expense accounts decreased correspondingly and fully accounted for.

Response: Salary and benefit costs in the Equipment Operations Fund have been reduced to reflect lower staffing.

Prepared by: Laura Sitrin

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-4: Please provide a listing and description of Workman's Compensation claims for the last seven years.

Response: The description of Worker's Compensation Claims in the Water Division for the last seven years is attached.

Prepared by: Julia Fogue

Newport Water Division Docket 3818
 Navy 2-4 Workers Compensation Claims

FY 1999/2000

Job Title	Date of Injury	Injury
Laborer	7/26/1999	Contact with poisonous vegetation
Laborer	7/27/1999	Struck by flying object
Skilled LEO	8/8/1999	Exertion - lifting
Maintenance Helper	8/20/1999	Exertion - lifting
Plant Operator	8/22/1999	Exertion - lifting
Heavy Equipment Operator	9/9/1999	Exertion - repetitive motion
Plant Operator	9/9/1999	Slip,trip,fall-pits,shafts,holes
Light Equipment Operator	10/4/1999	Slip,trip,fall-pits,shafts,holes
Laborer	10/22/1999	Exertion - pulling or pushing
Plant Operator	11/29/1999	Struck by object being lifted or handled
Plant Operator	1/23/2000	Slip, trip or fall - elevated surfaces
Maintenance Mechanic	2/11/2000	Slip, trip or fall - same level
Skilled LEO	5/1/2000	Struck by object being lifted or handled
Maintenance Mechanic	6/15/2000	Exertion - using tool or machine
Clerk	6/26/2000	Exertion - repetitive motion

Newport Water Division Docket 3818
Navy 2-4 Workers Compensation Claims

FY 2000/2001

Job Title	Date of Injury	Injury
Clerk	6/26/2000	left wrist
Laborer	7/6/2000	lower back
Laborer	8/21/2000	left eye
Maintenance Foreman	8/23/2000	lower back
Skilled LEO	9/12/2000	left thumb
Water Meter Repair	9/20/2000	left calf
Skilled LEO	10/3/2000	neck & shoulder
Laborer	10/19/2000	head & temple
Plant Operator	10/25/2000	left shin
Parts&Inventory Clerk	10/26/2000	right thumb
Maintenance Mechanic	1/4/2001	left shoulder
Skilled LEO	1/29/2001	left knee & foot
Meter Reader	4/3/2001	groin
Plant Operator	4/17/2001	right finger
Skilled LEO	5/21/2001	lower back

Newport Water Division Docket 3818
Navy 2-4 Workers Compensation Claims

FY 2001/2002

Job Title	Date of Injury	Injury
Laborer Equipment Operator	7/1/2001	lower back
Water Meter Repair	7/16/2001	left elbow
Skilled LEO	8/2/2001	right knee
Laborer Equipment Operator	8/2/2001	left knee
Skilled LEO	8/6/2001	lower back
Maintenance Mechanic	8/8/2001	left knee
Plant Operator	9/17/2001	left finger
Meter Reader	12/11/2001	dog bite
Maintenance Mechanic	1/16/2002	left shoulder
Skilled LEO	3/21/2002	forehead
Water Meter Repair	4/1/2002	lower back
Skilled LEO	6/27/2002	bruised ribs

Newport Water Division Docket 3818
Navy 2-4 Workers Compensation Claims

FY 2003/2004

	Job Title	Date of Injury	Injury
	Maintenance Mechanic	10/30/2003	Left finger
	Maintenance Mechanic	12/29/2003	rib & right side of body
	Maintenance Mechanic	1/17/2004	left shoulder
	Maintenance Mechanic	2/2/2004	right eye
	Water Meter Repair	3/4/2004	neck and back
	Water Meter Repair	3/11/2004	back
	Skilled LEO	5/12/2004	left leg strain
	Water Meter Repair	5/13/2004	right toe, left leg

Newport Water Division Docket 3818
Navy 2-4 Workers Compensation Claims

FY 2004/2005

Job Title	Date of Injury	Injury
Water Meter Repair	7/22/2004	Bee stings
Maintenance Mechanic	8/26/2004	Left Eye
Maintenance Mechanic	9/20/2004	Left finger
Maintenance Mechanic	10/13/2004	Right arm
Maintenance Mechanic	1/14/2005	Right finger
Skilled LEO	1/19/2005	left shoulder
Skilled LEO	3/21/2005	lower back
Maintenance Mechanic	5/25/2005	right knee
Laborer	6/9/2005	Left Ankle

Newport Water Division Docket 3818
Navy 2-4 Workers Compensation Claims

FY 2005/2006

Job Title	Date of Injury	Injury
Laborer	6/9/2005	Left Ankle
Maintenance Mechanic	7/26/2005	Back sprain
Water Meter Repair	8/2/2005	Cut forehead
Maintenance Mechanic	8/3/2005	Contact Dermatitis
Skilled LEO	11/21/2005	Back muscle
Skilled LEO	3/6/2006	finger cut
Heavy Equipment Operator	3/29/2006	cut hand
Skilled LEO	3/27/2006	poison ivy
Skilled LEO	6/1/2006	poison ivy
Laborer	6/6/2006	poison ivy

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-5: Please provide a copy of Newport's cost allocation manual or the basis on which allocations are made.

Response: This rate case did not involve the preparation of a cost allocation model. Instead, the cost allocations inherent in the rates approved in Newport's previous three rate cases were maintained and additional revenue requirements were allocated to customer classes based on each customer class's contribution to revenues under existing rates. All allocations of costs are shown on RFC Schedule-5 submitted with my pre-filed testimony.

Prepared by: Harold Smith

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-6: Please explain in detail, on what basis Newport is relying on to project the \$5,000 increase in the Contribution to Electricity Account (254).

Response: NWD has enclosed a spreadsheet detailing the derivation of its request for the electricity account. Included in this spreadsheet is an explanation of the proposed increases which include a new pump station at the Lawton Valley Treatment Plant, a 60 day operational period for the Nonquit Pump Station, and additional pumping historically required at Station 1 over what was required in FY06. NWD has also included a 6% rate increase, which is consistent with historical increases.

Prepared by: Ken Mason

Fiscal Year 2006

National Grid

Acct#	Description	2005	2005	2005	2005	2005	2005	2005	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	Avg Month	Total
		July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	
2210	Administration	\$422.87	\$387.90	\$338.86	\$314.49	\$462.32	\$692.80	\$602.50	\$724.38	\$651.59	\$425.75	\$475.07	\$315.16	\$362.26	\$475.07	\$315.16	\$362.26	\$475.07	\$475.07	\$5,700.88
2212	Supply Island	\$4,635.26	\$3,297.67	\$5,336.77	\$3,338.81	\$838.18	\$1,575.00	\$1,568.30	\$1,492.71	\$1,609.04	\$1,027.82	\$703.89	\$1,343.38	\$2,265.74	\$703.89	\$1,343.38	\$2,265.74	\$703.89	\$2,265.74	\$27,188.83
2213	Supply Mainland	\$0.00	\$563.91	\$17,195.84	\$17,714.77	\$1,883.30	\$2,426.78	\$2,938.87	\$2,940.00	\$3,354.38	\$2,930.12	\$2,197.36	\$1,802.70	\$4,661.50	\$2,197.36	\$1,802.70	\$4,661.50	\$2,197.36	\$4,661.50	\$55,938.03
2222	Station 1 Treatment	\$0.00	\$14,279.51	\$15,300.22	\$11,812.14	\$13,004.56	\$13,748.65	\$13,852.60	\$11,759.49	\$12,817.08	\$13,067.64	\$13,833.45	\$14,813.84	\$12,357.43	\$13,833.45	\$14,813.84	\$12,357.43	\$13,833.45	\$12,357.43	\$148,289.18
2223	Lawton Valley	\$30,210.81	\$1,403.38	\$9,547.07	\$9,343.52	\$8,329.30	\$12,061.58	\$9,973.47	\$9,558.41	\$5,717.55	\$6,120.92	\$6,728.21	\$11,521.63	\$10,042.99	\$6,728.21	\$11,521.63	\$10,042.99	\$6,728.21	\$10,042.99	\$120,515.85
2241	Distribution	\$1,367.22	\$9,209.87	\$1,224.53	\$1,066.48	\$1,021.12	\$1,170.02	\$1,198.85	\$1,096.32	\$1,291.07	\$980.63	\$890.14	\$1,069.58	\$1,798.82	\$890.14	\$1,069.58	\$1,798.82	\$890.14	\$1,798.82	\$21,585.83

Totals \$36,636.16 \$29,142.24 \$49,143.29 \$43,640.21 \$25,530.78 \$31,674.83 \$30,124.59 \$27,551.31 \$25,440.71 \$24,552.88 \$24,668.21 \$31,113.39 \$31,601.55 \$379,218.60

Rate Calculations

Docket 3675 FY06 expended Proposed Rate Year

	FY06 expended	Proposed Rate Year	Proposed Rate discussion
2200	\$7,202.00	\$5,700.88	\$6,270.00
2212	\$7,500.00	\$27,188.83	\$28,800.00
2213	\$61,000.00	\$85,038.03	\$72,100.00
2222	\$216,510.00	\$148,289.18	\$189,000.00
2223	\$130,000.00	\$120,515.85	\$130,000.00
2241	\$12,000.00	\$21,585.83	\$22,900.00
Total	\$434,202.00	\$379,218.60	\$449,070.00

Includes Paradise and St Mary's Pond pump stations
 Assumes 60 day operation of Nonquitt pump station
 Wet weather conditions required significantly less pumping time to Lawton Valley
 New pump station will go on line in OR for plant residuals management

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
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United States Navy's Data Requests
Set 2

Navy 2-7: Please explain when would the cost of service study and customer class demand study as agreed to in Docket 3675 Settlement Agreement and in Docket No. 3578 Settlement agreement, will be completed?

Response: It is anticipated that Newport Water will accumulate sufficient data to support a full cost allocation study within the next two years.

Prepared by: Harold Smith

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-8: Please explain if any of the costs of conducting the Cost of Service study have been included in this filing?

Response: No costs specifically related to the preparation of a cost of service study are included in the rate year expenses.

Prepared by: Harold Smith

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-9: Please provide a complete accounting of expenditures related to the Cost of Service Study being conducted currently.

Response: A cost of service study was not conducted in preparation for this rate filing nor is one being conducted at this time. As a result, there are no expenditures related to a cost of service study.

Prepared by: Harold Smith

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-10: Please provide any studies that NWC is or has relied upon to ensure that the current rate structure is equitable to all classes.

Response: No specific studies have been performed to ensure that the current rate structure is equitable to all classes. Pursuant to the Settlement Agreement in Docket 3675, Newport was not precluded from filing a general rate filing before the completion of the demand study and the cost of service study. Furthermore, the way in which Newport Water provides service to its customers has not changed significantly since Newport Water's most recent rate filing (Docket # 3675).

Prepared by: Harold Smith

CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT
Docket No. 3818
Response to
United States Navy's Data Requests
Set 2

Navy 2-11: Please provide Docket No. 3818 RFC Schedules and supporting schedules in Excel format with formulas intact.

Response: An excel version of the rate model prepared by RFC, which contains all relevant supporting schedules was forwarded to the Service List with the responses to the Navy's first data request.

Prepared by: Harold Smith