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September 13, 2007

**VIA ELECTRONIC AND REGULAR MAIL**

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

**Re: Newport Water Compliance Filing -- Docket No. 3818**

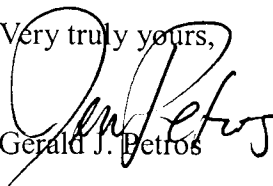
Dear Ms. Massaro:

As you know, we are representing Portsmouth Water and Fire District in this proceeding. We have reviewed Newport Water's September 7, 2007 filing in Docket No. 3818 and the Division's September 11, 2007 letter to you regarding that filing.

We share the Division's concern with respect to the excess revenue reported by Newport Water on RFC Schedule 6 Final, which is in the amount of \$117,119. That excess revenue appears to be the result of a computational error in Newport Water's compliance filing. Specifically, on RFC Schedule 2 Final, Newport Water calculated the total revenue from billing charges based upon a tri-annual billing cycle rather than the quarterly billing cycle approved by the Commission. When the quarterly billing cycle is applied, the total revenue from billing charges appears to be about \$863,900 not \$682,468 as shown on Newport's Schedule 2. This additional money reduces the amount of "additional revenue needed" as reported on Schedule 2 so that the overall rate increase should be 9.894% rather than the 11.34%.

If Newport Water simply corrects RFC Schedule 2, it would reduce the excess revenue on RFC Schedule 6 to about \$8,930 -- which is caused by rounding up the retail rate from \$4.4727 to \$4.48.

Very truly yours,



Gerald J. Petros

cc: RIPUC Service List

**SERVICE LIST - RIPUC DOCKET NO. 3818**  
**City of Newport Water Division – General Rate Filing**

**As of 3/23/07**

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