

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-1: Please provide Newport Water Department's responses to data requests made by all other parties to this case, including electronic spreadsheets, with all formulas and file references intact. Please consider this as a continuing request.

Response: Newport Water has distributed and will continue to distribute all data responses to each of the parties on the Service List for Docket 4025, including the Navy. In addition, Newport Water has provided electronic spreadsheets to the Navy as requested.

Prepared by: J. Forgue

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-2: With reference to RFC Schedule 4, please provide estimates of the service lives of the \$1.65 million of capital improvements to be funded through rates in FY2010.

Response: The estimated service lives are as follows:

- | | |
|--|----------|
| • GIS and Hydraulic Modeling | 20 years |
| • IRP Update | 5 years |
| • Water Quality Protection Plan update | 5 years |
| • Sediment Assessment-Lawton Brook | NA |
| • Main from Gardiner to Paradise | 50 years |
| • Demolition of Old Nonquit pump station | NA |
| • LVWTP Chloramine design | NA |
| • Sta. 1 Chloramine design | NA |
| • Sherman St. Main Improvements | 50 years |
| • Meter Replacement | 10 years |
| • Water Trench restoration | 10 years |
| • Fire Hydrant replacement | 50 years |
| • LV 4Mgal reserve aeration | 5 years |
| • Equipment and Vehicle upgrades | 6 years |

Prepared by: K. Mason

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-3: With reference to RFC Schedule 4, please provide an update showing the amounts spent to date on the capital improvement projects scheduled for FY2009.

Response: The updates are included herein below:

PROJECT **Total expended thru 1/31/09**

Rate Funded Project

Safe Yield Study	\$118,180
GIS and Hydraulic Modeling	\$ 22,833
Maguire Amend #11 Sediment Assess. Proposal	\$ 6,930
Sediment Assessment –Lawton Brook	\$ 0
Maguire Amend #9 –Assist NOV-CA	\$ 22,320
Maguire Amend #12 – Constructed Wetlands	\$ 15,725
Constructed Wetlands/Flow Diversion	\$182,837
LVWTP – Chloramine Conversion Design	\$213,745
LVWTP – pH Design (completed)	\$ 54,200
Sta 1 – Chloramine Conversion Design	\$213,745
Sta 1 – pH design (completed)	\$ 54,200
Meter Replacement	\$ 9,557
Water Trench Restoration	\$ 62,564
LV 4 MGal Reserv. Aeration	\$ 9,940
Equipment & Vehicle Replacement	\$ 0
Fire Code Upgrades	\$ 5,353

Debt Funded Projects

Intake at Gardiner Pond (completed)	\$ 98,145
LV Reservoir Aeration (completed)	\$ 91,000
LVWTP pH Constr (completed)	\$275,350
LV Sed Basin Imprv. (completed)	\$318,376
Sta 1 pH Constr (completed)	\$275,350
Distribution Main Design	\$ 79,914
Finished Water Storage Tank Maint	\$ 22,000
Remote Radio Read Meter System	\$430,632
Easton Pond Dam Imprv- North & West Embankments	\$ 0
City Agent for New LVWTP & Sta 1 Imprv	\$116,200
Professional Services for New Plt & Sta 1	\$ 0

Prepared by: Julia Forgue

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-4: With reference to Page 10, lines 22 and 23 of the Direct Testimony of Mr. Harold Smith, please state whether 6.45% is still the expected interest rate for the 2009 SRF loan, and whether a 5.5% interest rate is still the Department's operative assumption for other proposed loans.

Response: Since the original filing, Newport has closed on the 2009 SRF loan and the actual interest rate for that loan is 5.5%. Additionally, First Southwest, Newport's financial advisor, indicates that based on current market conditions the operative assumption for the interest rate on future SRF borrowings should be 6.5%. The attached RFC Schedule 5 Revised has been revised to reflect these changes. To the extent that changes in the municipal debt market suggest further revision of the assumed interest rate on future borrowings, the rate model will be updated accordingly.

Prepared by: Harold Smith

Docket No. 4025

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Debt Service

RFC Schedule 5 Revised

Fiscal Year	Existing(1)					Proposed (2)							Total Existing and Proposed
	2008 SRF A Sta 1 and LV					2009 SRF A \$6.35M	2010 SRF A \$7.1 M (4)	2010 SRF B \$3.6M	2011 SRF A \$11.45M	2011 SRF B \$9.12M	2012 SRF A \$41.1M	Total Proposed	
	Revenue Bonds	2007 SRF A \$3.0M (3)	Improvements \$2.8M	2008 SRF B Radio Read \$3.1M	Total Existing								
2008	1,009,932	72,901	-	-	1,082,833	-	-	-	-	-	-	-	1,082,833
2009	959,782	211,318	43,405	23,347	1,237,853	1,213	3,713	-	-	-	-	4,926	1,242,779
2010	910,552	211,749	96,021	61,894	1,280,215	137,531	260,855	214,500	-	-	-	612,886	1,893,101
2011	642,596	211,990	201,409	210,414	1,266,410	524,300	322,791	228,924	204,750	137,540	-	1,418,305	2,684,716
2012	571,079	211,081	201,652	223,206	1,207,018	524,125	617,455	316,242	570,520	338,643	938,232	3,305,216	4,512,234
2013	388,755	211,034	201,567	222,797	1,024,154	523,400	618,217	316,512	713,573	802,911	2,615,839	5,590,452	6,614,606
2014	-	210,828	201,245	223,120	635,192	522,125	619,029	316,799	991,634	804,758	2,559,099	5,813,443	6,448,636
2015	-	211,441	201,725	223,220	636,387	525,163	619,893	317,105	992,858	806,725	3,556,313	6,818,057	7,454,444
2016	-	210,861	200,992	223,078	634,931	522,513	620,814	317,431	994,161	808,819	3,560,704	6,824,442	7,459,373
2017	-	184,069	201,038	222,689	607,796	524,175	621,795	317,779	995,550	811,050	3,565,379	6,835,727	7,443,523
2018	-	184,052	200,847	222,051	606,950	525,013	622,839	318,149	997,029	813,425	3,570,358	6,846,812	7,453,762
2019	-	210,815	200,404	222,133	633,351	525,025	623,951	318,542	998,603	815,955	3,575,661	6,857,739	7,491,090
2020	-	210,360	200,692	221,915	632,968	524,213	625,136	318,962	1,000,281	818,650	3,581,309	6,868,549	7,501,517
2021	-	210,677	200,698	222,387	633,761	522,575	626,397	319,409	1,002,067	821,519	3,587,324	6,879,291	7,513,052
2022	-	210,752	200,421	221,547	632,720	524,975	627,741	319,885	1,003,969	824,575	3,593,730	6,894,874	7,527,594
2023	-	210,583	199,870	221,404	631,856	521,413	629,171	320,391	1,005,995	827,830	3,600,552	6,905,352	7,537,209
2024	-	210,169	200,025	221,920	632,115	521,888	630,695	320,931	1,008,153	831,296	3,607,818	6,920,780	7,552,895
2025	-	210,489	199,870	221,099	631,459	521,263	632,318	321,506	1,010,450	834,988	3,615,555	6,936,080	7,567,539
2026	-	209,543	199,415	220,951	629,908	524,400	634,046	322,118	1,012,898	838,919	3,623,796	6,956,178	7,586,086
2027	-	209,336	199,634	221,430	630,400	521,300	635,887	322,770	1,015,504	843,106	3,632,573	6,971,140	7,601,540
2028	-	209,832	199,512	220,541	629,884	521,963	637,847	323,464	1,018,280	847,566	3,641,920	6,991,039	7,620,923
2029	-	-	199,043	220,278	419,321	521,250	639,935	324,204	1,021,236	852,315	3,651,874	7,010,813	7,430,134
2030	-	-	203,109	223,522	426,632	524,025	642,159	324,991	1,024,384	857,373	3,662,476	7,035,407	7,462,039
2031	-	-	-	-	-	-	644,526	325,830	1,027,737	862,759	3,673,766	6,534,619	6,534,619
2032	-	-	-	-	-	-	-	-	1,031,308	868,496	3,685,791	5,585,594	5,585,594
2033	-	-	-	-	-	-	-	-	1,035,111	-	3,698,597	4,733,708	4,733,708
2034	-	-	-	-	-	-	-	-	-	-	3,712,236	3,712,236	3,712,236
2035	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 4,482,696	\$ 4,233,879	\$ 4,152,597		\$ 17,384,114	\$ 10,603,844	\$ 13,157,212	\$ 6,846,443				\$ 147,863,667	

- (1) Debt service on existing debt based on debt service schedules provided by City of Newport Finance Dept.
- (2) Debt service on proposed SRF debt assumes interest only payments during construction. Interest during construction period is calculated based on the timing of expected annual draws. Loan term is 20 years after completion of construction. See Schedule RFC B for additional detail.
- (3) Loan amounts are inclusive of borrowing costs. For proposed loans, borrowing costs are assumed to be 6% of total project costs.
- (4) Interest in FY 2009 for the 2010 SRF A loan is the assumed interest on Loan Anticipation Notes issued in anticipation of the 2010 SRF A loan.

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-5: Please provide a status report on the progress of the water demand study that is to form the basis for a fully allocated class cost of service study.

Response: Newport disagrees that the water demand study will “form the basis for a fully allocated class cost of service study.” The water demand study is only one component of the cost of service study. In fact, the Settlement Agreement in Docket 3578 calls for Newport Water to conduct a demand study only if it sought to charge the Portsmouth Water and Fire District with transmission, distribution and peak costs associated with supply and treatment. Although that determination has not been definitively made, Newport Water is in the process of conducting the demand study. In Docket 3818, Newport Water was ordered to submit a cost of service study by September 1, 2009. As set forth in Newport’s previous quarterly report filed with the Commission, Raftelis Financial Consulting (RFC) has been hired to prepare the cost of service study, and is also conducting the demand study. In consultation with the interveners in Newport’s rate filings, Newport will be collecting additional data for this demand study in the Spring and Summer of 2009. This data will be collected from a daily meter reading program that involves the daily reading of water meters from a sample of Newport Water’s customers during the months of May 2009 through September 2009. As such, the Cost of Service Study and the Demand Study will be filed in the Fall of 2009. Newport Water may have to seek a sixty (60) day extension of the Commission’s deadline for filing the Cost of Service Study.

Prepared by: Harold Smith and Julia Forgue

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-6: Has the Department identified vendors for demand recording meters and other equipment that will be necessary to conduct the demand study?

Response: Newport will use the Badger Orion system as currently being installed as part of the Radio Read Project.

Prepared by: K. Mason

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Navy 1-7: Has the Department established a timetable for the installation and reading of recording demand meters?

Response: Installation of the recording demand meters should be complete by May 1, 2009.

Prepared by: K. Mason

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

CERTIFICATION

I hereby certify that I sent by electronic mail a copy of the within to all parties set forth on the attached Service List on March 3, 2009, and one original to Luly Massaro, Clerk, Rhode Island Public Utilities Commission.

Parties/Address	E-mail Distribution	Phone/Fax
Joseph A. Keough, Jr., Esq. Keough & Sweeney 100 Armistice Blvd. Pawtucket, RI 02860	jkeoughjr@keoughsweeney.com	
Julia Forgue, Director of Public Works Newport Water Department 70 Halsey St. Newport, RI 02840	jforgue@cityofnewport.com	401-845-5601
	resten@cityofnewport.com	401-846-0947
	lsitrin@CityofNewport.com	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	lwold@riag.ri.gov	401-222-2424
	sscialabba@ripuc.state.ri.us	401-222-3016
	pdodd@ripuc.state.ri.us	
	dmacrae@riag.ri.gov	
Harold Smith Raftelis Financial Consulting, PA 511 East Blvd. Charlotte, NC 28203	Hsmith@raftelis.com	704-373-1199
	Hhoover@raftelis.com	704-373-1113
Gerald Petros, Esq. Hinckley, Allen & Snyder 1500 Fleet Center Providence, RI 02903	gpetros@haslaw.com	401-274-2000
	bcanning@haslaw.com	
William McGlinn Portsmouth Water & Fire District 1944 East Main Rd. PO Box 99 Portsmouth, RI 02871	wmcglinn@portsmouthwater.org	401-683-2090 ext. 224
Audrey VanDyke, Esq. Naval Facilities Engineering Command Litigation Command 1314 Harwood St., SE Washington Navy Yard, DC 20374-5018	Audrey.VanDyke@navy.mil	202-685-1931 202-433-2591
Dr. Kay Davoodi, P.E. Utility Rates and Studies Office NAVFACHQ- Building 33 1322 Patterson Ave SE Washington Navy Yard, D.C. 20374-5065	Khojasteh.davoodi@navy.mil	202-685-3319 202-433-7159
	Larry.r.allen@navy.mil	

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4025
City Of Newport - Utilities Division - Water Department
Response to
United States Department of the Navy
Set 1

Maurice Brubaker Brubaker and Associates, Inc. PO Box 412000 St.Louis, MO 63141-2000	mbrubaker@consultbai.com	
Thomas S. Catlin Exeter Associates, Inc. 5565 Sterrett Place, Suite 310 Columbia, MD 21044	tcatlin@exeterassociates.com	410-992-7500 410-992-3445
Christopher Woodcock Woodcock & Associates, Inc. 18 Increase Ward Drive Northborough, MA 01532	Woodcock@w-a.com	508-393-3337 508-393-9078
File an original and nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	lmassaro@puc.state.ri.us	401-780-2107 401-941-1691
	cwilson@puc.state.ri.us	
	anault@puc.state.ri.us	

/s/ _____
Joseph A. Keough, Jr., Esquire # 4925
KEOUGH & SWEENEY, LTD.
100 Armistice Boulevard
Pawtucket, RI 02860
(401) 724-3600