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*ADMITTED TO PRACTICE IN
RHODE ISLAND & MASSACHUSETTS

October 19, 2011

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

Re: *City of Newport, Utilities Department, Water Division*
Docket 4243

Dear Ms. Massaro:

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

1. Newport Water's Response to the Public Utilities Commission's Fourth Set of Data Requests.

Please note that electronic copies of these documents have been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough Jr.

JAK/kf
Enclosures

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4243
Response Of The City Of Newport,
Utilities Division, Water Department
To The Public Utilities Commission's
Data Requests
Set 4**

Comm. 4-1: Referencing RFC Schedule 6 Rebuttal, please update the "Total Offsets to Revenue Requirements" chart to include a column for FY 2011 Actual.

Response: See Attached Schedule

Prepared by: J. Tracey

CITY OF NEWPORT – UTILITIES DEPARTMENT- WATER DIVISION

Docket No. 4243

Response to Commission’s Data Requests Set 4-1

Offsets To Revenue Requirements

	Docket 4025	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Rate Year
Sundry charges	\$ 140,016	\$ 25,623	\$ 53,150	\$ 88,753	\$ 104,000
WPC cost share on customer service	\$ 269,842	\$ 319,491	\$ 269,842	\$ 318,201	\$ 296,856
Middletown cost share on customer service	\$ 134,819	\$ 102,103	\$ 134,819	\$ 158,980	\$ 143,506
Rental of Property	\$ 81,000	\$ 62,800	\$ 77,800	\$ 118,630	\$ 108,167
Water Penalty	\$ 42,320	\$ 21,276	\$ 30,839	\$ 47,118	\$ 47,500
Miscellaneous	\$ 7,515	\$ 77,593	\$ 44,092	\$ 12,280	\$ 8,600
Investment Interest Income	\$ 39,191	\$ 11,798	\$ 4,498	\$ 3,161	\$ 3,900
Water Quality Protection Fees	\$ 25,676	\$ 23,767	\$ 19,803	\$ 21,902	\$ 22,500
Total Offsets to Revenue Requirements	\$ 740,379	\$ 644,451	\$ 634,843	\$ 769,025	\$ 735,029

Customer Service Expenses

		FY 2012	FY 2013	FY 2014	FY 2015
	O&M	\$ 613,500	\$ 613,500	\$ 613,500	\$ 613,500
	Debt Service on Loan for Radio Read	\$ 201,627	\$ 201,393	\$ 201,393	\$ 201,669
	Meter Replacement Costs	\$ 69,490	\$ 72,269	\$ 75,200	\$ 78,200
	Remote Read Laptops	\$ 13,000	\$ 13,000		
	TOTAL	\$ 897,617	\$ 900,162	\$ 890,093	\$ 893,369
Customer Service Expenses 50%		\$ 448,809	\$ 450,081	\$ 445,047	\$ 446,684
Charge to WPC	9981 66%	\$ 296,856	\$ 297,698	\$ 294,368	\$ 295,451
Charge to Middletown Sewer	4825 32%	\$ 143,506	\$ 143,913	\$ 142,303	\$ 142,827
Water Customers	15090 98%				

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Comm. 4-2: Referencing RFC Schedule 6 Rebuttal, please provide an itemized reconciliation for each year in the "Total Offsets to Revenue Requirements", including FY 2011 Actual for Sundry, Miscellaneous and Rental Property. Please explain the year-to-year variances.

Response: See Attached Schedule. The year to year variances can be explained as follows:

Sundry – The variance from the Docket 4025 amount to FY09 and FY10 is because the estimates used to prepare Docket 4025 included interest on customer accounts, which is reported separately and should not have been included in this line item. Also, actual billing was less than estimated. As for the proposed rate year, the 2012 rate year estimate was based on the actual revenue in the first six months of 2011, annualized.

Rental of Property - Property Rental in 2009 was low because one lease commenced in April 2009, not July 2008. Two new leases and one additional option to lease were negotiated in 2011 resulting in greater revenues in 2011.

Miscellaneous Revenue - Miscellaneous revenue in 2009 was higher than the Docket 4025 amount because it included \$22,429 of 2008 insurance refunds. Miscellaneous revenue in 2010 was higher than the Docket 4025 amount because it included \$31,872 of 2008 property tax rebates from the Town of Portsmouth.

Prepared by: J. Tracey

CITY OF NEWPORT – UTILITIES DEPARTMENT- WATER DIVISION

Docket No. 4243

Response to Commission’s Data Requests Set 4-2

Reconciliation of Revenue Offsets

	Docket 4025	2009 Actual	2010 Actual	2011 Actual	2012 Rate Year
Sundry	<u>\$ 140,016</u>	<u>\$ 25,623</u>	<u>\$ 53,150</u>	<u>\$ 88,753</u>	<u>\$ 104,000</u>
Rental of Property					
Rent on leases in effect 2009	\$ 81,000	\$ 62,800	\$ 77,800	\$ 81,130	84,167
New leases 2011				36,000	24,000
Option on new lease not exercised				1,500	
	<u>\$ 81,000</u>	<u>\$ 62,800</u>	<u>\$ 77,800</u>	<u>\$ 118,630</u>	<u>\$ 108,167</u>
Miscellaneous					
Portsmouth property tax rebate			\$ 31,872		
Insurance refunds		\$ 22,429			
Misposted private fire protection		26,071			
Misposted sundry charges - interim bill, etc		18,758			
Scrap sales	7,515	10,335	12,220	\$ 12,280	\$ 8,600
	<u>\$ 7,515</u>	<u>\$ 77,593</u>	<u>\$ 44,092</u>	<u>\$ 12,280</u>	<u>\$ 8,600</u>

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PUBLIC UTILITIES COMMISSION
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**Response Of The City Of Newport,
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CERTIFICATION

I hereby certify that on October 19, 2011, I sent by electronic mail a copy of the within to Service List herein below, and mailed one original and nine copies to Luly Massaro, Clerk, Rhode Island Public Utilities Commission.

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