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October 30, 2013

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

Re: *Newport Water - Docket 4243*

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the following documents:

1. City of Newport, Utilities Department, Water Division's Miscellaneous Petition for Relief;
2. Direct Testimony of Julia Forgue, P.E. in Support of the City of Newport, Utilities Department, Water Division's Miscellaneous Petition for Relief.

Please note that an electronic copy of these documents has been sent to the service list from Docket 4355, which was Newport Water's most recent filing with the Rhode Island Public Utilities Commission.

Thank you for your attention to these matters.

Sincerely,



Joseph A. Keough Jr.

JAK/kf
Enclosures
cc: Service List (via electronic mail)

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

DOCKET NO: 4243

**CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION'S
MISCELLANEOUS PETITION FOR RELIEF**

In Docket 4025, the City of Newport, Utilities Department, Water Division (“Newport Water” or “Newport”) requested an increase for salaries and wages. Newport Water estimated the necessary increase because its labor contracts had expired, and it did not know the exact increase it would ultimately negotiate. The Rhode Island Public Utilities Commission (“Commission”) granted Newport Water’s salaries and wages increase request, but ordered Newport to deposit the funds into a restricted Salary Increase Account until it negotiated new labor contracts. The Commission continued this restriction in its Docket 4243 Order (No. 20636). Following the conclusion of Docket 4243, Newport finalized contracts with its two labor unions.

On August 14, 2013, Newport filed a Miscellaneous Petition with the Commission requesting permission to withdraw \$176,710.76 from the restricted Salary Increase Account to cover retroactive increases resulting from the new labor contracts. Newport also proposed continued funding of the Salary Increase Account to cover future salary increases provided for in the new labor contracts. Newport advised the Commission that it would file another petition following the conclusion of Fiscal Year 2014 regarding the remaining funds in the restricted Salary Increase Account.

Newport now seeks to discontinue funding of this account and to unrestrict a portion of the balance in the restricted Salary Increase Account. In support of its Petition, Newport relies on the testimony of Julia Forgue, P.E., attached hereto and incorporated herein.

WHEREFORE, the City of Newport, Utilities Department, Water Division, prays that the Rhode Island Public Utilities Commission grant the relief sought herein and all other relief it deems meet and just.

City of Newport,
Utilities Department,
Water Division,
By its attorney,



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CERTIFICATION

I hereby certify that on October 30, 2014, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.¹

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¹ The service list is the one established in Newport's most recent PUC Filing, Docket 4355.

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City of Newport Department of Utilities



DIRECT TESTIMONY
OF
JULIA FORGUE, P.E.
IN SUPPORT OF
THE CITY OF NEWPORT, UTILITIES DEPARTMENT,
WATER DIVISION'S
MISCELLANEOUS PETITION FOR RELIEF

OCTOBER 30, 2014

1 **I. INTRODUCTION**

2 **Q. Please provide your full name, title and business address for the record.**

3 A. Julia Forgue, P.E. I am employed by the City of Newport where I serve as Director of
4 Utilities. My business address is 70 Halsey Street, Newport, RI.

5

6 **Q. How long have you held this position?**

7 A. I began my employment with the City of Newport on March 12, 2001 as Director of
8 Public Works. While Director of Public Works, I also served as the General Manager of
9 the Water Division. The City of Newport finalized a reorganization of City Departments
10 in December 2007, and I am now the Director of Utilities.

11

12 **Q. What responsibilities do you have as Director of Utilities with regard to the**
13 **Newport Water System?**

14 A. I serve as general manager of the water and water pollution control divisions. I plan,
15 organize and direct the Water Division's activities. I direct and oversee the work of
16 supervisors on administrative and technical issues conforming to a policy framework
17 established by the City as well as State and Federal agencies.

18

19 **Q. Can you provide a brief description of your work experience?**

20 A. Prior to working for the City of Newport, I was employed by the City of East
21 Providence, Rhode Island for fourteen years. In the last eleven years I managed the
22 water division as Director of Public Works. The City of East Providence purchases water
23 wholesale from Providence Water and operates and maintains its own transmission and
24 distribution system with approximately 15,000 services. Before working for the City of
25 East Providence, I was a project engineer at consulting firms in Colorado and New
26 Hampshire.

1 **Q. What is your educational background?**

2 A. I received a B.S. in Civil Engineering from Northeastern University in 1981, and a M.S.
3 in Civil Engineering from the University of Colorado at Boulder in 1982. I am a registered
4 Professional Engineer in Rhode Island and New Hampshire.

5

6 **Q. Do you have any professional affiliations?**

7 A. Yes, I am a member of the American Water Works Association, New England
8 Waterworks Association and the Rhode Island Waterworks Association. I served as
9 President of the RIWWA from December 2001 to December 2003. I am also a member
10 of the Water Environment Association.

11

12 **Q Please describe your role in this proceeding?**

13 A. To support Newport Water's Miscellaneous Petition For Relief in Docket 4243.

14

15 **Q. Please provide an overview of why Newport is filing the Miscellaneous Petition?**

16 A. In Docket 4025, the City of Newport, Utilities Department, Water Division ("Newport
17 Water" or "Newport") requested an increase for salaries and wages. Newport Water
18 estimated the increase because its labor contracts had expired, and it did not know the
19 exact salary increase it would ultimately negotiate. The Rhode Island Public Utilities
20 Commission ("Commission") granted Newport Water's salaries and wages increase
21 request, but restricted the increase until Newport negotiated new labor contracts.

22

23 In Docket 4243, the parties reached a Settlement Agreement that continued this
24 restricted account. However, the parties agreed to reduce the annual funding from
25 \$91,214 to \$80,931. The Commission approved this Settlement Agreement and ordered
26 Newport to continue funding the restricted Salary Increase Account.

1 Following the conclusion of Docket 4243, Newport finalized contracts with its two labor
2 unions. On August 14, 2013, Newport filed a Miscellaneous Petition with the
3 Commission requesting permission to withdraw \$176,710.76 from the restricted Salary
4 Increase Account to cover retroactive increases resulting from the new labor contracts.
5 Newport also proposed continued funding of the Salary Increase Account to cover
6 future salary increases provided for in the new labor contracts. Newport requested that
7 it continue to restrict \$35,717 annually (\$2,976.42 monthly) for salaries and wages. This
8 funding amount represented the difference between the total salary and wage
9 allowance of \$2,224,547 in Docket 4023, and the actual amount needed to meet the
10 contractual salaries and wages in FY 2014 of \$2,188,830.

11

12 **Q. Did the Commission grant Newport's request?**

13 A. Yes. In Order No. 21247, the Commission allowed Newport to withdraw \$176,710.76
14 from the restricted Salary Increase Account to cover retroactive increases, and to
15 continue funding the restricted Salary Increase Account in the amount of \$35,717
16 annually. Newport advised the Commission that it would file another petition following
17 the conclusion of FY 2014 regarding the remaining funds in the restricted Salary Increase
18 Account.

19

20 **II. MISCELLANEOUS PETITION**

21 **Q. What relief does Newport seek in its Miscellaneous Petition?**

22 A. Newport seeks to unrestrict a portion of the balance in the restricted Salary Increase
23 Account and to discontinue funding this account.

24

25

26

1 **Q. Why?**

2 A. Newport Water's total salaries and wages for FY 2015 increased to \$2,234,093 due to
3 a 2% COLA. The total salary and wage allowance granted by the Commission in Docket
4 4243 was \$2,224,547. Thus, there is no need to restrict funds any longer as Newport will
5 actually have a deficit of \$9,546 when it pays its full salaries and wages in FY 2015.

6

7 **Q. Is there a balance in Salary Increase Account, and if so does Newport have a**
8 **proposal regarding the balance?**

9 A. Yes as of June 30, 2014, the account had a \$215,652.12 balance. Newport proposes to
10 withdraw approximately \$10,000 to cover the shortfall in salaries and wages for FY 2015
11 and to restrict the remainder. Newport proposes to use the remaining balance in one of
12 two ways:

13 1. To cover any salary and step increases in FY 2016. By June 30, 2015, Newport will
14 know the amount of increases, if there are any, for FY16 pursuant to the terms
15 of the union contracts.

16 2. To offset Newport's next rate increase. Newport plans to file a rate case in the
17 fall of 2015. If Newport does not need the funds for salary increases in FY 2016,
18 Newport could potentially use the money to offset capital expenses.

19

20 In either event, Newport will seek the Commission's permission to use the balance of
21 funds in the Salary Increase Account.

22

23 **III. CONCLUSION**

24 **Q. Does this conclude your testimony?**

25 A. Yes it does.

CERTIFICATION

I hereby certify that on October 30, 2014, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.¹

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