

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

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

APPLICATION TO CHANGE RATES

APRIL 18, 2011

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

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION APPLICATION TO
CHANGE RATE SCHEDULES**

DOCKET NO.

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- J. Compliance with R.I.G.L § 39-3-12.1:

(1) The status of physical plant, including the volume of its water supply and the source of the supply.

(2) The maintenance policy of the utility, to include the date distribution pipes were last installed, and the length of pipe installed for at least a ten (10) year duration.

(3) The name and cost of each chemical introduced into the water supply during the most recent six (6) month period, including the amount used, and the purpose for the use.

(4) The policy of the utility toward future expansion and renovation of the physical plant, including the amount of funds expended within the preceding year and expected to be expended within the next year for expansion, renovation, equipment purchase, and/or research and development.

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*ADMITTED TO PRACTICE IN
RHODE ISLAND & MASSACHUSETTS

April 18, 2011

The Honorable Elia Germani, Chairman
State of Rhode Island
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: City of Newport, Utilities Department, Water Division,
General Rate Filing, April 2011

Dear Chairman Germani:

On behalf of the City of Newport, Utilities Department, Water Division ("Newport Water"), enclosed you will find revised rate schedules that Newport Water proposes to place in effect in thirty (30) days. The new rates are designed to collect total revenues in a twelve-month period equal to \$15,038,048. We have included in our filing pre-filed testimony from two witnesses, as well as schedules and exhibits in support of the revised rates. Additionally, we have included all applicable information required by the Rhode Island Public Utilities Commission's Rules of Practice and Procedure, and statements conforming to the mandates of R.I.G.L. §39-3-12.1. Additionally, pursuant to R.I.G.L. §39-3-12.1, Newport Water is providing a copy of its rate filing to the following communities:

- (1) The Town of Middletown;
- (2) The Town of Portsmouth; and
- (3) The United States, Department of the Navy.

We have also included a copy of our proposed notice to be published in the Providence Journal. We would respectfully ask that your staff immediately review the proposed notice so that it might be published within the period prescribed by law.

The following individuals should receive all correspondence for any additional information to be provided by the Public Utilities Commission: Julia Forgue, P.E., City of Newport, Director of Public Works, 70 Halsey Street, Newport, Rhode Island 02840; and Joseph

Honorable Elia Germani, Chairman
Rhode Island Public Utilities Commission
April 18, 2011
Page Two

A. Keough, Jr., Esquire, Keough & Sweeney, 100 Armistice Boulevard, Pawtucket, Rhode Island 02860. Joseph A. Keough, Jr. will act as legal counsel for Newport Water and will represent the utility in all matters concerning this rate application.

Thank you for your attention to these matters.

Sincerely,


Joseph A. Keough, Jr.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO.

NOTICE OF PROPOSED CHANGES IN RATES

In accordance with §2.3A of the Rules of Practice and Procedure for the Public Utilities Commission and RIGL § 39-3-11, the City of Newport, Utilities Department, Water Division ("Newport Water") hereby gives notice of its proposed changes in rates. Said changes are contained in the written testimony and exhibits attached hereto and incorporated herein. The new rates are proposed to become effective on May 18, 2011 and are designed to generate total revenue in the amount of \$15,038,048. Additionally, Newport Water respectfully represents that:

- (1) Newport Water is a department of the City of Newport with its principal place of business at 70 Halsey Street, Newport, RI;
- (2) Correspondence should be addressed to Julia A. Forgue, P.E., Chief Engineer, City of Newport, Utilities Department, Water Division, 70 Halsey Street, Newport, RI, 02840 and to Joseph A. Keough, Jr., 100 Armistice Boulevard, Pawtucket, Rhode Island 02860;
- (3) In accordance with the appropriate Rules and Regulations pursuant to RIGL §39-3-11, the accompanying documents contain data, information and testimony in support of said request;
- (4) Submitted heretofore are documents and statements in conformance with RIGL §39-3-12.1;
- (5) Attached hereto is information required by §1.5 and Part II of the Rules of Practice and Procedure for the Rhode Island Public Utilities Commission.

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



Joseph A. Keough, Jr., Esquire
KEOUGH & SWEENEY, Ltd.
100 Armistice Boulevard
Pawtucket, RI 02860
(401) 724-3600
(401) 724-9909

CERTIFICATION

I, the undersigned, hereby certify that a true copy of the within was hand delivered to the Public Utilities Commission, 89 Jefferson Boulevard, RI 02888 and mailed via first class mail to the Department of Attorney General, 150 South Main Street, Providence, RI 02903 on the 18th day of April, 2011.



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

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES**

DOCKET NO:

NOTICE OF FILING AND CHANGE IN RATE SCHEDULES

On April 18, 2011, pursuant to Rhode Island General Laws § 39-3-11 and Part II of the Rhode Island Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the City of Newport, Utilities Department, Water Division ("Newport Water") hereby gives notice that it has filed with the Rhode Island Public Utilities Commission ("Commission") an application to increase its rates.

In its filing, Newport Water seeks to implement a multi-year rate plan pursuant to R.I.G.L. § 39-15.1-4. This proposed multi-year rate plan would increase rates annually over a four year period.

- In the first year of the increase, proposed to take effect on May 18, 2011, Newport Water's proposed rates are designed to collect additional operating revenue in the amount of \$3,509,382 to support total operating revenue requirement of \$15,038,048. The impact of this request for a typical residential customer who uses 14,800 gallons of water per quarter will result in an increase of \$140.28 per year, or 37.7 %.
- In the second year of the increase, proposed to take effect on July 1, 2012, Newport Water's proposed rates are designed to collect additional operating revenue in the amount of \$3,045,221 to support increased debt service for capital improvements including the construction of a new Lawton Valley Water Treatment Plant and improvements to the Station One Water Treatment Plant. The impact of this request for a typical residential customer who uses 14,800 gallons of water per quarter will result in an increase of \$109.08 per year, or 21.3%.
- In the third year of the increase, proposed to take effect on July 1, 2013, Newport Water's proposed rates are designed to collect additional operating revenue in the amount of \$2,434,531 to support increased debt service for capital improvements including the construction of a new Lawton Valley Water Treatment Plant and improvements to the Station One Water Treatment Plant. The impact of this request for a typical residential customer who uses 14,800 gallons of water per quarter will result in an increase of \$87.12 per year, or 14%.
- In the fourth year of the increase, proposed to take effect on July 1, 2014, Newport Water's proposed rates are designed to collect additional operating revenue in the amount of \$530,997 to support increased debt service for capital improvements including the construction of a new Lawton Valley Water Treatment Plant and improvements to the Station One Water Treatment Plant. The impact of this request for a typical residential customer who uses 14,800 gallons of water per quarter will result in an increase of \$19.12 per year, or 2.7%.

The impact on all other customers will vary based on consumption.

Please note that while Newport Water is requesting this revenue increase, the Commission, after full investigation and hearings, may order a different revenue requirement and rate.

While the new rates are proposed to become effective May 18, 2011 the Commission can suspend the rates up to eight months from the proposed effective date. No rate change will take effect until the Commission has conducted a full investigation and hearing on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. Ratepayers may comment on the proposed rate increases at that time.

A copy of the application is on file for examination at the Newport Water's office and at the offices of the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, Rhode Island. A copy of the filing was also provided to The Town of Portsmouth, The Town of Middletown and the United States Navy. A copy was also provided to the Rhode Island Attorney General's Department, Consumer Division. Subscriber billing statements will contain notice of this filing. Some larger subscribers will receive notice in their monthly billing and others in their regular billing.

City of Newport, Utilities Department, Water Division
70 Halsey Street
Newport, RI 02840

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

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES**

DOCKET NO.

**NOTICE TO CUSTOMERS OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION, OF
FILING AND CHANGE IN RATE SCHEDULES**

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City of Newport, Utilities Department, Water Division
70 Halsey Street
Newport, RI 02840

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RHODE ISLAND & MASSACHUSETTS

April 18, 2011

Department of the Navy
Department of Public Works
1 Simonpieti Drive
Newport, RI 02841-1711

RE: Proposed Rate Increase/City of Newport
Utilities Department, Water Division

Dear Sir/Madam:

Please be advised that the City of Newport, Utilities Department, Water Division ("Newport Water") will be filing for rate changes with the Rhode Island Public Utilities Commission on April 18, 2011. Enclosed you will find a copy of the documents being filed.

Additionally, in conformance with RIGL §39-3-12.1, enclosed with the filing you will find copies of Newport Water's compliance with the particulars of that provision.

Thank you for your attention to this these matters.

Sincerely,



Joseph A. Keough, Jr.

JAK:jak

Enclosure

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RHODE ISLAND & MASSACHUSETTS

April 18, 2011

The Honorable Town Council
Town of Middletown
c/o City Clerk
350 East Main Road
Middletown, RI 02842


RE: Proposed Rate Increase/City of Newport
Utilities Department, Water Division

Honorable Council Members:

Please be advised that the City of Newport, Utilities Department, Water Division ("Newport Water") will be filing for rate changes with the Rhode Island Public Utilities Commission on April 18, 2011. Enclosed you will find a copy of the documents being filed.

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April 18, 2011

The Honorable Town Council
The Town Portsmouth
c/o City Clerk
2200 East Main Road
Portsmouth, RI 02871

RE: Proposed Rate Increase/City of Newport
Utilities Department, Water Division

Honorable Council Members:

Please be advised that the City of Newport, Utilities Department, Water Division ("Newport Water") will be filing for rate changes with the Rhode Island Public Utilities Commission on April 18, 2011. Enclosed you will find a copy of the documents being filed.

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Sincerely,



Joseph A. Keough, Jr.

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Enclosure

CC: William McGlinn
Portsmouth Water & Fire District