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November 27, 2012

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

Re: *City of Newport, Utilities Department, Water Division*
Docket 4355

Dear Ms. Massaro:

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

1. Newport Water's Response to the Division of Public Utilities and Carrier's First Set of Data Requests.

Please be advised that an electronic copy of these documents has been sent to the service list.

Thank you for your attention to this matter.

Sincerely,


Joseph A. Keough Jr.

JAK/kf
Enclosure

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4355
Response Of The City Of Newport,
Utilities Division, Water Department
To The Division of Public Utilities
and Carriers'
Data Requests
Set 1

Div. 1-1: Please provide an updated version of HJS Schedule D-8 to reflect the revised cost study filed October 25, 2012.

Response: See attached schedule.

Prepared by: Harold J. Smith

Newport Water Division
 Cost Of Service Analysis
 HJS Schedule D-8 Update (Response to Div. 1-1)
 Comparison of Rates Using Different Treatment Capital Allocations

		Treatment Capital Allocated per Settlement COS Model			Treatment Capital Allocated Based on Reserved Capacity		
		Proposed Rates	% Change	Projected Revenues	Proposed Rates	% Change	Projected Revenues
Base Charge (per bill)							
Monthly							
	5/8	\$ 7.70	-59%	\$10,164	\$ 7.73	-59%	\$10,204
	3/4	7.79	-58%	5,983	7.82	-58%	6,006
	1	8.51	-55%	16,850	8.55	-54%	16,929
	1.5	10.35	-45%	22,108	10.40	-45%	22,214
	2	12.13	-35%	31,295	12.19	-35%	31,450
	3	21.88	17%	13,128	21.99	17%	13,194
	4	24.51	31%	3,529	24.63	31%	3,547
	5	28.02	49%	336	28.16	50%	338
	6	30.66	64%	7,358	30.81	64%	7,394
	8	37.68	101%	452	37.87	102%	454
	10	50.40	169%	605	50.67	170%	608
Quarterly							
	5/8	\$ 10.53	-44%	448,789	\$ 10.58	-44%	450,920
	3/4	10.79	-42%	104,188	10.84	-42%	104,671
	1	12.97	-31%	20,285	13.03	-31%	20,379
	1.5	18.49	-1%	13,757	18.57	-1%	13,816
	2	23.84	27%	5,626	23.94	28%	5,650
	3	53.08	183%	3,609	53.34	184%	3,627
	4	60.98	225%	732	61.28	227%	735
	5	71.51	281%	0	71.87	283%	0
	6	79.40	323%	1,270	79.82	326%	1,277
	8	100.46	436%	0	101.00	439%	0
	10	138.63	639%	0	139.39	643%	0
				\$ 710,065			\$ 713,414
Volume Charge (per 1,000 gallons)							
Retail							
	Residential	\$ 8.17	27%	5,148,178	\$ 8.26	30%	5,261,602
	Commercial	\$ 9.08	41%	4,536,795	\$ 9.01	35%	4,321,947
				\$ 9,684,973			\$ 9,583,549
Wholesale							
	Navy	\$5.2266	32%	935,410	\$ 5.79	46%	1,034,631
	Portsmouth Water & Fire	\$4.1264	31%	1,768,241	\$ 4.32	38%	1,869,843
				\$ 2,703,651			\$ 2,904,474
Fire Protection							
Public (per hydrant)		\$ 689.03	-35%	\$ 713,835	\$ 546.55	-42%	\$ 642,341
Private (by Connection Size) (2)							
	Connection Size	Existing Charge Differential					
	<2	\$ 19.04	-9%		\$ 17.18	-14%	
	2	6.19	-9%	319	71.98	-14%	304
	4	38.32	-47%	17,500	237.99	-51%	16,060
	6	111.31	-37%	167,928	542.90	-43%	151,011
	8	237.21	-45%	85,114	1,068.82	-51%	75,974
	10	426.58	-41%	-	1,859.91	-48%	-
	12	689.04	-42%	7,680	2,956.32	-48%	6,822
				\$ 278,540			\$ 250,171

Total Projected Rate Revenues \$ 14,091,064

\$ 14,093,948

- Div. 1-2: Reference the HJS Schedule B-7 Update. Please explain the basis for using different periods and not the most recent periods for each of the following:
- a. Annual Production (average of 2008-2010);
 - b. Maximum Production Month (average 2008-2010);
 - c. Maximum Day Production (average 2008-2010); and
 - d. Maximum Hour (2011 only).

Response: It was my intent to remain as consistent as possible with the model the parties agreed to in Docket 4128. For that reason, with the exception of the Maximum Hour value, the values for the items listed above used in the model are those the parties agreed to in Docket 4128. The value for Maximum Hour was inadvertently changed when I updated the schedule. I will replace this with the average from 2008 through 2010 in my rebuttal testimony.

Prepared by: Harold J. Smith

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Set 1

Div. 1-3: Please identify whether there were any changes to the cost allocation procedures for fire protection from those used in the cost of service study approved in the settlement in Docket No. 4128.

Response: Except for the way in which costs associated with the water treatment plant DB projects are allocated to all categories and classes, there were no changes to the cost allocation procedures for fire protection from those used in the cost of service study approved in the settlement in Docket No. 4128.

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Div. 1-4: Please identify the basis for the significant decrease in the fire protection cost of service from that in Docket No. 4128 in light of the fact that the peak hour percent for fire protection (Demand + Peaks tab, cell N98 in the cost of service model) increased from 35 to 46 percent, and the decrease in the maximum hour percentage (AllocBases tab, cell L9 in the cost of service model) from 22 to 10 percent only appears to account for about 20 percent of the decrease in the fire cost of service.

Response: The costs allocated for recovery from Fire Protection charges in the updated COS model submitted with my supplemental direct testimony on October 25, 2012 are actually greater than the costs allocated to Fire Protection in the COS model agreed to in Docket 4128.

As shown on Joint Schedule B-2 of Exhibit B to the Settlement Agreement in Docket 4128, \$635,222 is allocated to Fire Protection while \$757,203 is allocated to Fire Protection in the current COS model as shown on HJS Schedule – B2 Update

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Div. 1-5: Should cell I188 under the "Allocations" tab in the cost of service study say "Maximum Hour Demand Patterns"?

Response: Yes, that cell should say "Maximum Hour Demand Patterns".

Prepared by: Harold J. Smith

CERTIFICATION

I hereby certify that on November 27, 2012, 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.

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