

CITY OF NEWPORT

DEPARTMENT OF UTILITIES

2026 PROPOSED BUDGETS

WATER DIVISION

WATER POLLUTION CONTROL DIVISION



VISION

EFFECTIVELY MANAGED UTILITIES

Key Pillars of Modernized Utility Management

- 🔹 Strategic Leadership & Governance
- 💰 Financial Viability
- 🔧 Asset Management & Infrastructure Resilience
- 📊 Operational Optimization
- 🌱 Regulatory Compliance & Environmental Stewardship
- 👷 Workforce Development & Safety
- 🏠 Customer & Community Engagement

IMPLEMENTATION

-  Reporting & Public-facing Dashboards
-  Reduce Reliance On Contractors
-  Real-time Data Analytics & Predictive Maintenance
-  Website, E-Billing, Smart Metering
-  Optimize Capital Improvement - Condition Assessments
-  Funding - Explore & Expand Public-Private Partnerships
-  Automated Compliance Reporting

WATER DIVISION

2026 PROPOSED BUDGET

DOCKET NO. 24-30-WW

PUC ORDER 25285



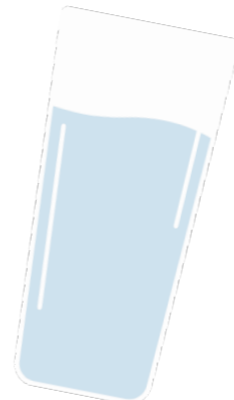
Water Budget Overview

\$22.6 Million



KEY FUNDING SOURCES

Base Charge:	\$1.3 Million
Residential Volume Charge:	\$8.0 Million
Non-Residential Volume Charge:	\$5.7 Million
Wholesale Navy:	\$1.7 Million
Wholesale Portsmouth (PWFD):	\$2.9 Million
Fire Protection - Public:	\$1.3 Million
Fire Protection - Private:	\$0.5 Million
Nonrate Revenue:	\$1.2 Million



Water System Profile

💧 Current Service Levels

- Average Daily Demand 5.7 MG
- Minimum Daily Demand 4.2 MG
- Peak 8.0 MG

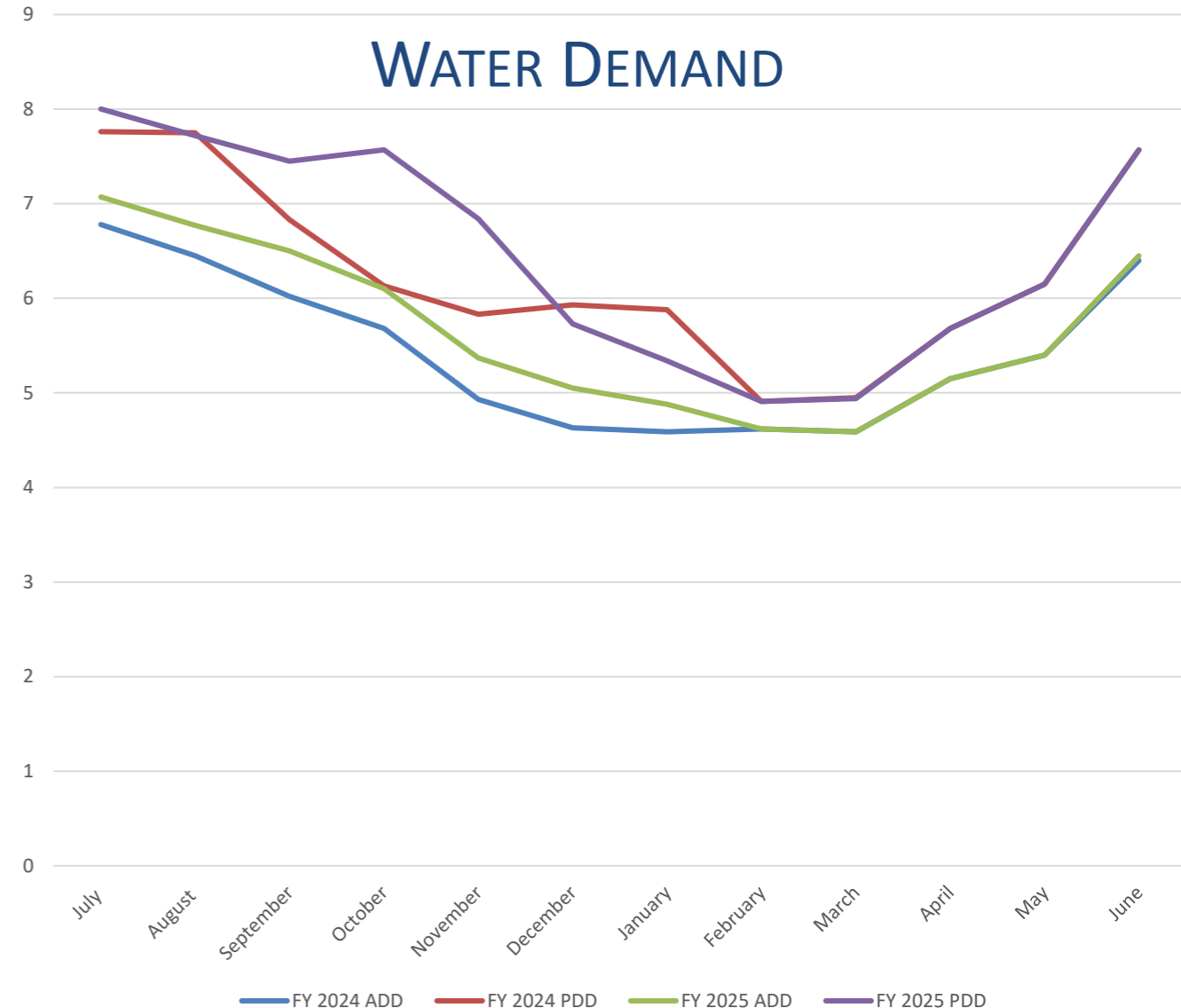
Safe Drinking Water Act

RIDOH Regulations

⚠️ Key Challenges ⚠️

🕒 Aging Infrastructure

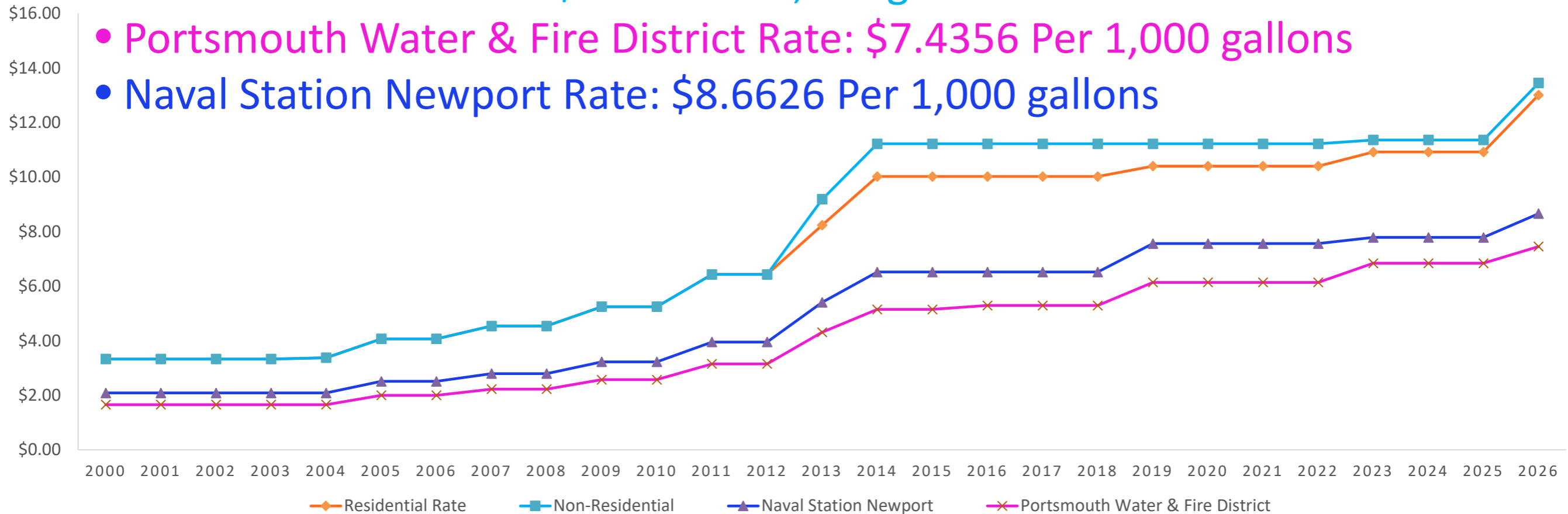
💰 Affordability – Financial Viability



Water Rates: True Cost of Service





March 1, 2025 – Docket No. 24-30-WW PUC Order 25285

- Residential Rate: \$13.01 Per 1,000 gallons
- Non-Residential Rate: \$13.45 Per 1,000 gallons
- Portsmouth Water & Fire District Rate: \$7.4356 Per 1,000 gallons
- Naval Station Newport Rate: \$8.6626 Per 1,000 gallons



KEY COST DRIVERS

<https://ripuc.ri.gov/Docket-24-30-WW>

-  Capital Account: + \$800,000
-  Chemicals: + \$498,006
-  Employee Benefits: + \$452,155
-  Salaries & Wages: + \$400,030
-  Repairs & Maintenance: + \$211,307
-  Electricity: + \$151,922

CAPITAL IMPROVEMENT NEEDS





FY2026: 

*(\$3.1M Funded / \$26.2M Total Need) **\$23.1 M?***

5 Year: 

*(\$18.9M Funded / \$143.1M Total Need) **\$124.2 M?***

CHALLENGES TO ADDRESS

-  Dam Rehabilitation: \$35.0 Million
-  Watermain Replacement: \$62.5 Million
-  System Reliability: \$17.0 Million
-  Lead Service Lines: \$28.6 Million

Regulatory & Compliance Factors

SAFE DRINKING WATER ACT (SDWA) COMPLIANCE

- Adherence to all EPA Primary Drinking Water Standards
- Routine Sampling and Analysis for Regulated Contaminants
- Annual Consumer Confidence Reports (CCR)








EMERGING CONTAMINANTS: PFAS & LEAD

- PFAS: Monitoring & Maximum Contaminant Levels (MCLs)
 - RI PFAS Rules in Effect; Increased Advanced Treatment

LEAD SERVICE LINES: PUBLIC & PRIVATE




- 2023 Rhode Island Lead Poisoning Prevention Act (RILPPA)
- EPA Lead and Copper Rule Revisions (LCRR) Rule Improvements (LCRI)

Future Goals



-  **MODERNIZATION:** Ongoing Upgrades to Infrastructure and Systems
-  **SCADA UPGRADE:** Enhance Real-Time Data, Security, and Remote Ops
-  **SMART METERS:** Deploy AMI for Better Tracking and Leak Detection
-  **SMART SAMPLING:** Risk-Based, Intelligent Water Quality Monitoring
-  **SUSTAINABLE ASSET MANAGEMENT:** Data-Driven Capital Planning
-  **PROACTIVE MAINTENANCE:** Forecast Failures Before They Happen
-  **DATA-DRIVEN MANAGEMENT:** Transparent - Dashboards and KPIs

Challenges & Risks

FUNDING GAPS

-  Capital improvement NEED(s) exceed current funding levels
-  Deferred infrastructure projects due to financial constraints
-  Balancing affordability for ratepayers with system investments

AGING WORKFORCE – LIMITED APPLICANTS INTEREST

-  Challenges in Recruiting and Retaining Qualified Personnel
 -  Career Ladder - Succession Planning – Robust Training

  **SOURCE WATER AVAILABILITY AND QUALITY**  

STRATEGIC CONSIDERATIONS

 Explore Alternative Funding  Public-Private Partnerships  Philanthropic

Water Where We Are → What's Needed

Where We Are

 FY26 Budget Lower than FY25, Approved Rate Case 24-30-WW

 Core Services and Regulatory Compliance are Maintained

 Deferred Capital Needs and Workforce Gaps Persist

“ Critical Support Needed

 Infrastructure Investment

• Workforce Development

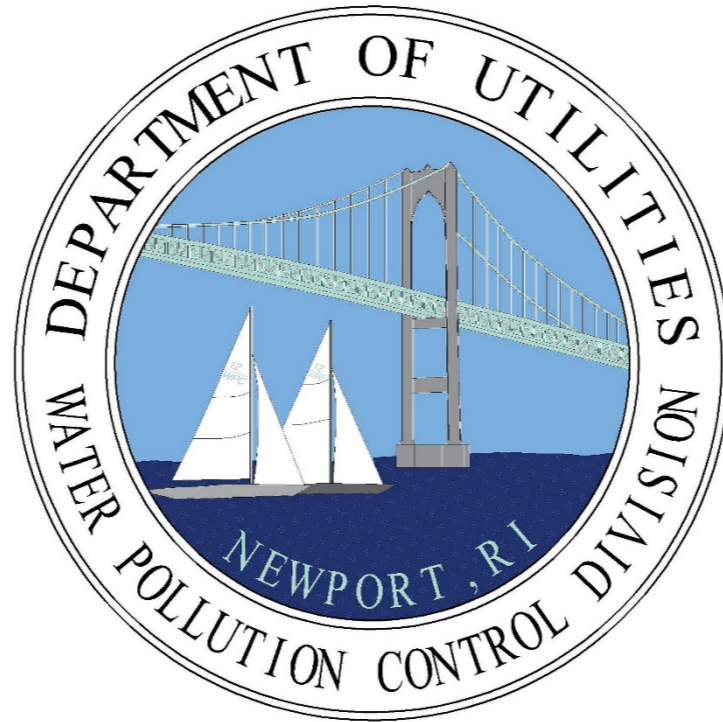
 Enhance System Redundancy and Source Water Security

 Urgency of Deferred Infrastructure Risks

 Capital funding  Public-Private Partnerships  Philanthropic

WPC DIVISION

2026 PROPOSED BUDGET



WPC Infrastructure: Footprint & Capacity

 RIDEM Regulations & Clean Water Act

 Service Area: Over 40,000 Customers
(Newport, Middletown, Navy)



- Average Daily Flow 7.92 MG
- Minimum Daily Flow 4.76 MG
- Maximum Daily Flow 22.4 MG
- Peak Instantaneous Flow 32.1 MG (30.0 MG Design)

• Infrastructure: ≡ Historical system: 1870s ≡

- 100+ Miles of Sanitary Sewer
- 50+ Miles of Storm Sewer
- 1,900+ Manholes
- 3,300+ Catch Basins
- 1,200+ Storm Manholes

2025 WPC Rate Revenue: Key Insights

Customer Revenue Profiles

 Residential Accounts:	Mean: \$866.91	Median: \$537.27
Top 55%:	Mean: \$1,369.95	Median: \$831.20
Bottom 45%:	Mean: \$270.37	Median: \$280.45
 Commercial Accounts:	Mean: \$4,060.65	Median: \$801.37
Top 55%:	Mean: \$6,598.38	Median: \$2,061.11
Bottom 45%:	Mean: \$182.12	Median: \$280.45

 **System Risk: High-Consumption User Dependence** 

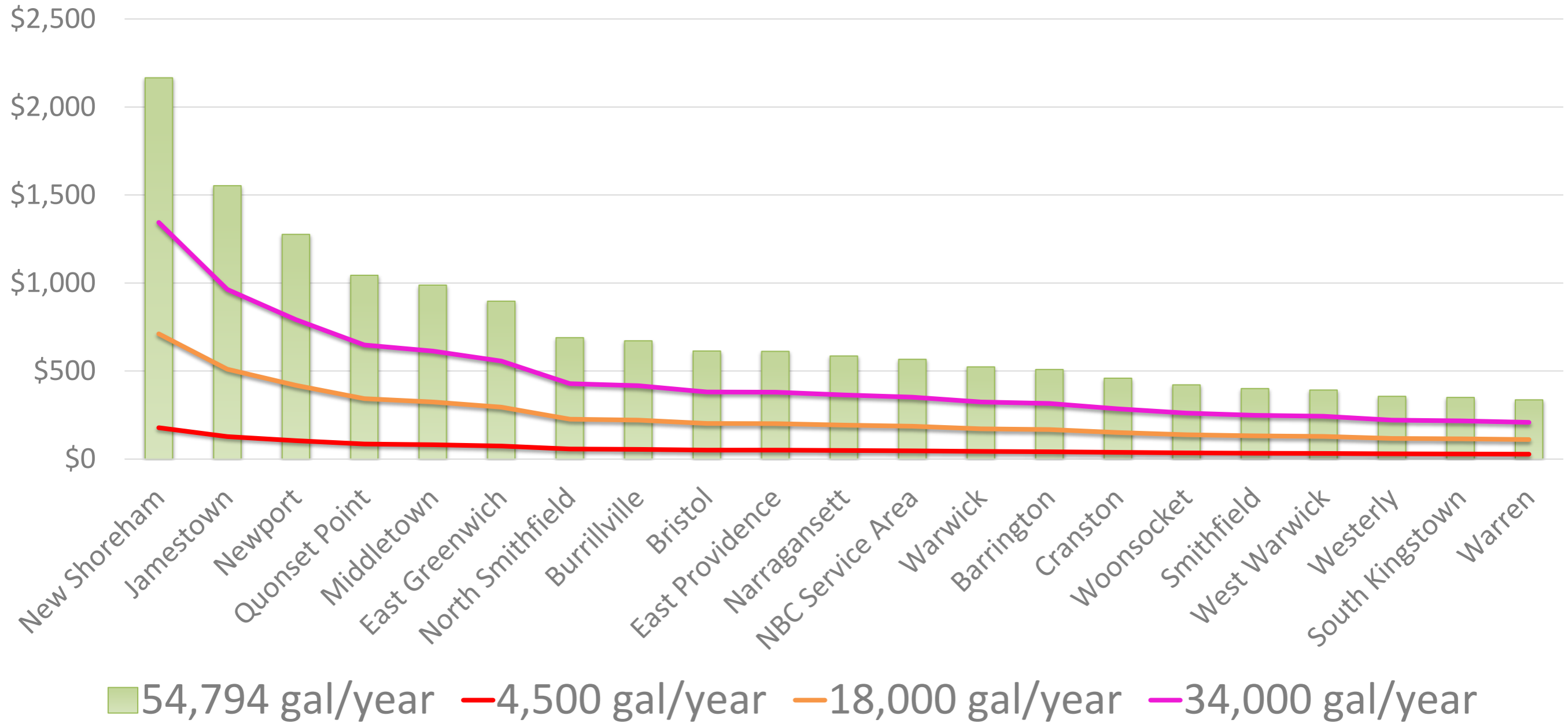
△ **Top 5% of Accounts** generate **\$5.9M (51.5%)**

▽ **Bottom 45% of Accounts** contribute only **\$1.0M (9.3%)**

 **Heavy Reliance on a Few = High Risk** 

 **Equity:** High Users (Often Year-Round) Subsidizing Low (Often Seasonal)

2024 Sewer Rates



CSO Fixed Fee

METER SIZE	2011 RATE	2025 Adjusted Equivalent	PROPOSED	NBC RESIDENTIAL	NBC COMMERCIAL
< 1"	\$192	\$271	\$337.84	\$260.87	\$618.00
1"	\$265	\$375	\$337.84	\$260.87	\$1,546.00
1 ½"	\$500	\$707	\$466.30	\$260.87	\$3,093.00
2"	\$733	\$1,036	\$879.80	\$260.87	\$4,949.00
3"	\$1,774	\$2,507	\$1,289.79	\$260.87	\$9,279.00
4"	\$2,951	\$4,173	\$3,121.54	\$260.87	\$15,466.00
5"	\$4,478	\$6,330	\$5,192.60	\$260.87	N/A
6"	\$5,894	\$8,327	\$10,371.12	\$260.87	\$30,931.00

WPC Budget Overview

\$28.5 Million

KEY FUNDING SOURCES

Sewer Use Charge:	\$14.9 Million
CSO Fixed Fee:	\$3.72 Million
Use of Net Assets:	\$3.62 Million
Sewage Use Middletown:	\$2.00 Million
Sewage Use Navy:	\$1.46 Million
WPCP Middletown Debt:	\$0.88 Million
Newport Water Sewer Use:	\$0.82 Million










KEY COST DRIVERS

WPC Rates: Wastewater & Stormwater


FY 2025 Approved Budget: 25.58% Increase

City Council Reverses Sewer Base Charge (2024) → Previous Rates (2019)

Cut Capital Spending: **± \$2.5 Million** Sewer Use Charge Shortfall: **± \$2.6 Million**

	Debt Service:	\$7,887,218 - 27.67%
	Contract Operations (WPCP):	\$7,917,820 - 27.78%
	WPC Rate Funded Capital:	\$3,850,000 - 13.51%
	Sanitary Sewer:	\$1,611,059 - 5.65%
	Liability Insurance:	\$1,235,508 - 4.33%
	Stormwater:	\$1,015,898 - 3.56%
	Electricity:	\$859,626 - 3.02%
	Water:	\$493,422 - 1.73%
	City Services:	\$419,653 - 1.47%

CAPITAL IMPROVEMENT NEEDS

FY 2026: 

*(\$4.9M Funded / \$31.4M Total Need) **\$26.5M?***

5 Year: 

*(\$21.9M Funded / \$175.4M Total Need) **\$153.5M?***

CHALLENGES TO ADDRESS



Flood Mitigation: \$50.00 Million



System Reliability: \$70.00 Million



Water Quality Improvements: \$33.50 Million

Sewer Rate: System Snapshot

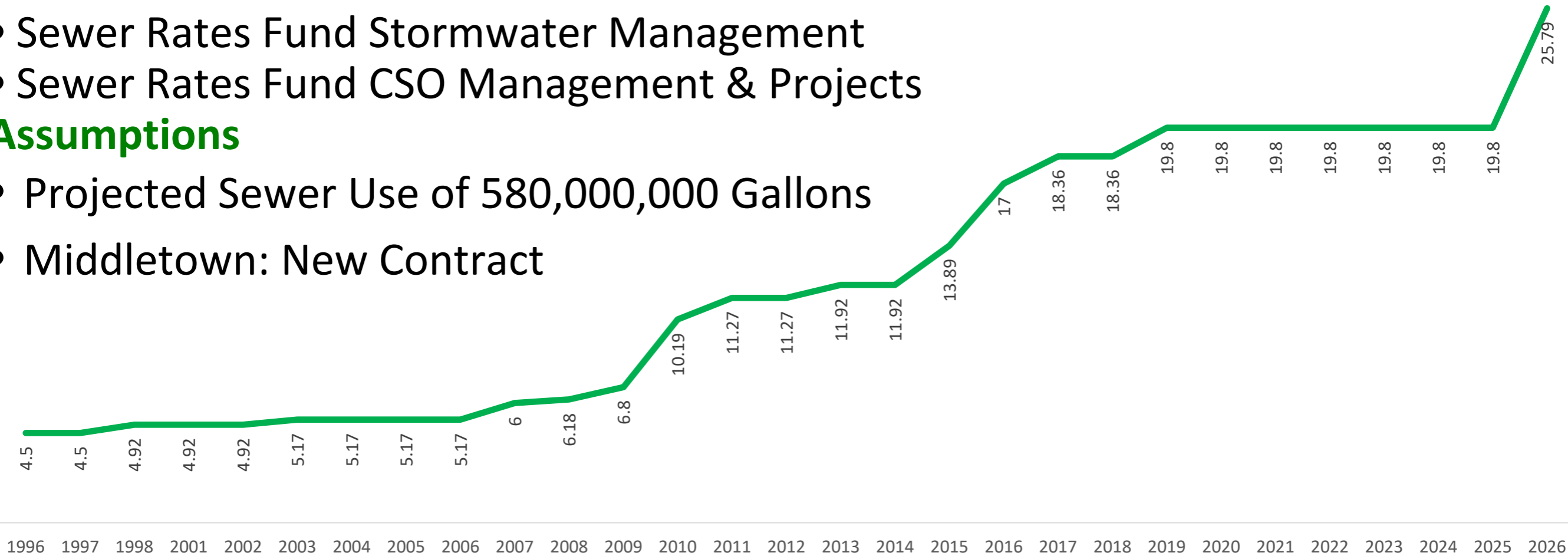
Proposed Rate: \$25.79 Per 1,000 Gallons

Stormwater & CSO

- Sewer Rates Fund Stormwater Management
- Sewer Rates Fund CSO Management & Projects

Assumptions

- Projected Sewer Use of 580,000,000 Gallons
- Middletown: New Contract



Sewer Rate: Scenarios

SCENARIO	RATE		CSO FEE		TOTAL
FY25 Budget	\$14,940,926	Min. Fee	\$2,117,689	0%	\$16,250,000
FY25 Actual	\$11,470,479	0%	\$2,117,689	0%	\$13,3588,165
1: Proposed Budget	\$14,940,926	30.3%	\$3,726,295	76.0%	\$18,667,221
2: Equal Adjustments	\$15,757,975	37%	\$2,909,245	37%	\$18,667,221
3: Δ CSO Fixed Fee	\$9,167,221	-20.1%	\$9,500,000	348.6%	\$18,667,221
4: 20% Sewage Use	\$13,764,574	20.0%	\$4,902,647	131.5%	\$18,667,221

Sewer Rate: Scenarios

	FY 25	PROPOSED	Equal %	Δ CSO	20%
Rate (\$/1,000)	\$19.80	\$25.79	\$27.20	\$15.82	\$23.76
CSO Fee 5/8"	\$192.00	\$337.84	\$263.77	\$861.32	\$444.50
CSO Fee 3/4"	\$192.00	\$337.84	\$263.77	\$861.32	\$444.50
CSO Fee 1"	\$265.00	\$466.30	\$364.05	\$1,188.80	\$613.50
CSO Fee 1 1/2"	\$500.00	\$879.80	\$686.89	\$2,243.01	\$1,157.55
CSO Fee 2"	\$733.00	\$1,289.79	\$1,006.98	\$3,288.26	\$1,696.97
CSO Fee 3"	\$1,774.00	\$3,121.54	\$2,2437.10	\$7,958.21	\$4,106.98
CSO Fee 4"	\$2,951.00	\$5,192.60	\$4,054.04	\$13,238.27	\$6,831.85
CSO Fee 5"	\$4,478.00	\$7,879.52	\$6,515.81	\$20,088.44	\$10,367.00
CSO Fee 6"	\$5,894.00	\$10,371.12	\$8,097.09	\$26,440.65	\$13,645.18

Sewer Rate: System Snapshot


Usage	Meter Size	FY25 Bill	Proposed	Equal %	Δ CSO	20%
Customer 1 3,000	5/8"	\$904.80	\$1,266 +\$361.51 (+40%)	\$1,243 +\$338.20 (+37%)	\$1,431 +\$526.19 (+58%)	\$1,300 +\$395.06 (+44%)
Customer 2 10,000	1"	\$2,641.00	\$3,561 +\$920.17 (+35%)	\$3,628 +\$987.17 (+37%)	\$3,088 +\$446.70 (+17%)	\$3,465 +\$823.70 (+31%)
Customer 3 42,000	2"	\$10,712.20	\$14,288 +\$3,576.05 (+33%)	\$14,716 +\$4,004.06 (+37%)	\$11,264 +\$551.45 (+5%)	\$13,672 +\$2,959.81 (+28%)
Customer 4 85,000	3"	\$21,970.00	+\$29,428 (+34%)	+\$30,182 (+37%)	+\$24,099 (+10%)	+\$28,342 (+29%)
Customer 5 130,000,000	4"	\$33,839.00	+\$45,426 (+34%)	+\$46,488 (+37%)	+\$37,924 (+12%)	+\$43,897 (+30%)

WPC Where We Are → What's Needed

Where We Are

 6 Years Flat Rates
No rate increase since 2019
 **Deferred Investments: \$153.5M**

 **Workforce:**
Talent Development
Succession Planning

 **Revenue Risk: 5% of Users Fund 51%**

 **Compliance Maintained (Fragile)**

 WPC is at a tipping point!

Continued deferral is no longer sustainable. Immediate action is required to prevent future system failure.

What's Needed


 Fund Urgent Infrastructure

 Develop & Retain Talent

 Stormwater & CSO Upgrades

 Bridge Funding Gap:

- P3s
- Philanthropic Funding

 Modern Rate Model:
Equity + Stability (Raftelis Project)

?

WPC Top Customers

Customer Name	Annual Total	Annual %	Cumulative	Cumulative %
HOUSING AUTHORITY OF NEWPORT	\$761,485.01	6.60%	\$761,485.01	6.60%
NEWPORT WATER DIVISION	\$820,000.00	7.11%	\$1,581,485.01	13.71%
SALVE REGINA UNIVERSITY	\$359,504.26	3.12%	\$1,940,989.27	16.83%
NEWPORT HOSPITAL	\$323,624.33	2.81%	\$2,264,613.60	19.64%
BAYSIDE VILLAGE ASSOCIATES	\$188,519.76	1.63%	\$2,453,133.36	21.27%
ROLLING GREEN ASSOCIATES LP	\$183,418.37	1.59%	\$2,636,551.73	22.86%
NEWPORT MARRIOTT	\$169,824.60	1.47%	\$2,806,376.33	24.34%
VIKING HOLDINGS 1 LLC	\$148,417.51	1.29%	\$2,954,793.84	25.62%
NEWPORT HARBOR MAIL STOP #9	\$143,072.64	1.24%	\$3,097,866.48	26.86%
GOAT LESSEE LLC	\$140,909.33	1.22%	\$3,238,775.81	28.09%
FESTIVAL FIELD PRESERVATION LP	\$139,043.12	1.21%	\$3,377,818.93	29.29%
NEWPORT CITY OF	\$109,401.26	0.95%	\$3,487,220.19	30.24%