

City of Newport
Department of Utilities

Water Wastewater Stormwater



April 29, 2026

House Committee on Finance
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: Testimony in Support of House Bill H7244

Chair and Members of the Committee:

The City of Newport Department of Utilities submits this testimony in support of House Bill H7244, which amends RIGL 24-8.1-2 to restore full reimbursement to municipal and quasi-municipal public utilities for relocation costs necessitated by state highway construction.

Newport operates an integrated water, wastewater, and combined sewer overflow utility serving approximately 35,000 residents, the U.S. Navy, and the regional visitor economy. Our water and wastewater systems include significant infrastructure within state maintained rights of way on Aquidneck Island.

The 2022 amendment to RIGL 24-8.1-2 created a structural funding gap that H7244 is needed to correct. Three concerns drive our support.

First, the existing 50 percent cost share shifts unbudgeted capital obligations onto municipal ratepayers based on RIDOT project schedules rather than utility asset condition or capital planning cycles. Water and wastewater utilities operate under multi year Capital Improvement Programs tied to bond covenants, rate stability commitments, and regulatory compliance schedules administered by RIDEM, RIDOH, and the Rhode Island Public Utilities Commission. State initiated relocation demands that arrive outside these cycles cannot be absorbed without either deferring compliance work or triggering rate actions.

Second, the current statute requires utilities to contribute to projects that are often fully federally funded. Requiring a municipal utility cost share on a federally funded project does not reduce overall project cost. It transfers cost from federal and state sources to local ratepayers and can complicate federal funding eligibility for the underlying transportation work.


Third, the existing framework provides no coordination mechanism with regulated utility planning processes. Municipal water suppliers in Rhode Island operate under Water Supply System Management Plans approved by the Water Resources Board and are subject to lead service line replacement mandates, PFAS treatment requirements, and CSO consent agreements. State initiated relocations that bypass this planning structure undermine the integrity of regulatory compliance schedules that the state itself requires.

H7244 addresses these concerns directly by restoring the original 1976 standard for public utilities while preserving the 50 percent reimbursement structure for private utilities. This approach recognizes that municipal and quasi municipal utilities are public assets whose costs flow directly to ratepayers, with no shareholder buffer and no ability to recover relocation costs outside the regulated rate base.

The Newport Department of Utilities respectfully urges the Committee to report H7244 favorably.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert C. Schultz, Jr.", is written over the typed name.

Robert C. Schultz, Jr., P.E.

Director of Utilities

General Manager and Chief Engineer

City of Newport

cc: Senator Linda Ujifusa
Representative Terri Cortvriend
Representative Michelle McGaw