

TESTIMONY  
of  
THOMAS BRUCE  
before the  
PUBLIC UTILITIES COMMISSION  
DOCKET No. 3674

for  
THE TOWN OF CUMBERLAND

August 2005

1 **Q. Please state your name and business address.**

2 A. My name is Thomas M. Bruce, III and my business address is Cumberland Town Hall,  
3 Finance Department, P.O. Box 7, 45 Broad Street, Cumberland, Rhode Island 02864.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am Finance Director of the Town of Cumberland (Cumberland). In this capacity, I  
7 am responsible for various functions of the municipal government organization such as  
8 financial management and reporting, human resources, purchasing, information  
9 technology and the collection of tax, water and sewer bills.

10

11 **Q. Please summarize your professional experience in the local government industry.**

12 A. I have served state or local governments as a direct employee or as a computer  
13 systems contractor in service to local governments since 1981. In addition to  
14 Cumberland, I have served as Finance Director of the City of Woonsocket, Rhode Island  
15 and the Town of West Warwick, Rhode Island. I have served with the City of  
16 Providence, Rhode Island as Fiscal Officer, the Rhode Island Bureau of Audits and the  
17 Rhode Island State Police Financial Crimes Unit as an Auditor and as Director of  
18 Administration with the Johnston, Rhode Island Public Schools. From 1984 to 1989, I  
19 developed, owned and managed a software firm devoted to local government and utility  
20 firms which served various clients in twenty seven (27) states as well as in Canada.

21

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

1 A. I received a Bachelor Degree in Management, with a concentration in Accounting,  
2 from Rhode Island College in Providence, Rhode Island in 1981. I have also completed  
3 graduate courses in Accounting and Finance at the University of Rhode Island.

4

5 **Q. Did Cumberland participate in PWSB's last full rate case docket?**

6 A. Yes, and at the outset of my testimony I would like to apologize to the Commission  
7 for Cumberland's inexcusable disregard of this Commission's rules in that docket. I have  
8 taken steps to ensure that this will not happen again.

9

10 **Q. Please summarize Cumberland's position in regard to the proposed PWSB**  
11 **surcharge on Cumberland ratepayers.**

12 A. From the perspective of fairness and equity, I believe that such a surcharge would  
13 unfairly discriminate against Cumberland ratepayers.

14

15 **Q. If the PWSB has incurred the cost of tangible asset taxation by Cumberland,**  
16 **why shouldn't the cost if the tangible taxes be recovered through a surcharge to**  
17 **Cumberland ratepayers?**

18 A. Primarily because the appropriate forum for resolution of this tangible tax dispute is  
19 the Rhode Island Superior Court, not this Commission. There is an ongoing process in  
20 Superior Court and it is this process that will determine the taxability (and the extent of  
21 taxability) of the Cumberland located tangible assets owned by PWSB. A decision or  
22 mutually agreed upon settlement will provide an accurate measurement of the tangible  
23 tax liability. This measurement may or may not equal the actual tangible taxation to date.

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**Q. How has Cumberland recognized revenue in regard to the PWSB tangible taxes collected?**

A. The Town has established a reserve in its fund balance specifically for the purpose of any possible refund to PWSB in case of an unfavorable court ruling (in whole or in part) or any refund as a result of a settlement process.

**Q. There are at least two avenues that the PWSB will possibly receive, to some extent, a recovery of funds related to this tax dispute. Is that correct?**

A. Yes, either through a Superior Court decision or through a mutual settlement. These are the appropriate methods for possible recovery. I believe that the discriminatory billing of only Cumberland ratepayers is not an appropriate or fair method of recovery.

**Q. Has Cumberland been taxing the tangible property of PWSB located in Cumberland, including water pipes, for years?**

A. Yes. Our current assessor, who took office in January 2001, confirmed this with Cumberland's previous assessors. For example, in 1997, PWSB's tangible personal property was valued at \$7,534,277, and the tangible tax bill was \$142,775. It was paid without dispute. In 1998, PWSB's tangible property was valued at \$7,530,200, and the tangible tax bill was \$149,625. It was paid without dispute. In 1999, PWSB's tangible property was valued at \$7,600,000, and the tangible tax bill was \$152,456. It was paid without dispute. In 2000, PWSB's tangible property was valued at \$7,700,000, and the tangible tax bill was \$156,541. It was paid without dispute. In 2001, PWSB's tangible

1 property was valued at \$8,500,000 and the tangible tax bill was \$177,820. It was paid  
2 without dispute. For 2002, PWSB's tangible property was studied in detail by our new  
3 tax assessor (see the study attached hereto as Exhibit 1 and incorporated by reference  
4 herein), and valued at \$20,000,000. PWSB's tangible tax bill was \$418,400. It was  
5 paid, but was appealed. In 2003, PWSB's tangible property was again valued at  
6 \$20,000,000, and the tax bill was \$433,000. It was paid, but appealed. In 2004, PWSB's  
7 tangible property continued to be valued at \$20,000,000, and the tax bill was \$454,200.  
8 It was paid, but appealed. In 2005, PWSB's tangible property continued to be valued at  
9 \$20,000,000. Because of the effect of a statistical revaluation in Cumberland, the tax rate  
10 dropped and PWSB's tax bill decreased to \$429,800. We expect it will be paid and then  
11 appealed.

12

13 **Q. What do you anticipate the tax bill will be on PWSB's tangible property for**  
14 **calendar year 2006?**

15 A. We hope that our tax rate will not increase by more than 3.5%. The assessed value  
16 should stay the same at \$20,000,000, unless there is a settlement or court decision.  
17 Therefore, we anticipate 2006 tangible property taxes for PWSB of approximately  
18 \$444,843 ( $\$429,800 \times 103.5\%$ ). The maximum percentage increase allowed by law is  
19 5.5%, and although we do not anticipate an increase as high as 5.5%, if a 5.5% increase  
20 were to take effect, then PWSB's tangible property taxes would be approximately  
21 \$453,439 in 2006 ( $\$429,800 \times 105.5\%$ ).

22

1 **Q. Has Cumberland surveyed other communities in Rhode Island to determine**  
2 **whether they assess and tax utility piping?**

3 A. Yes. In a telephone survey completed on December 3, 2003 by our tax assessor  
4 Michael O'Leary (attached hereto as Exhibit 2 and incorporated by reference herein), he  
5 contacted 38 of the 39 municipalities in the State of Rhode Island. Each tax assessor was  
6 asked: 1) whether natural gas pipe lines existed in their municipality, and if so, whether  
7 they were taxed; and 2) whether water distribution pipelines (that were not tax exempt or  
8 owned by the municipality) were taxed. The result of this survey were that 27 of the 38  
9 municipalities said that they had natural gas distribution pipelines in their municipality,  
10 and all 27 of these municipalities taxed the pipelines at the tangible tax rate for that  
11 municipality. With regard to water pipes, 9 municipalities had non-tax-exempt, non-  
12 municipally owned water pipes, and all 9 of these municipalities informed our tax  
13 assessor that they taxed the water pipes as tangible property. These municipalities are: 1)  
14 the city of Cranston; 2) the town of Cumberland; 3) the city of East Providence; 4) the  
15 town of Glocester; 5) the town of Narragansett; 6) the town of North Smithfield; 7) the  
16 town of Portsmouth; 8) the town of Scituate; and 9) the town of South Kingstown.

17  
18 **Q. In addition to this survey conducted by your tax assessor, did Cumberland's**  
19 **solicitor advise the town that utility pipes located in Cumberland are taxable?**

20 A. Yes, the town was advised by its solicitor that the Rhode Island Supreme Court case  
21 of Providence Gas Co. v. Thurber 2 R.I. 15 (1851) established that property taxes may be  
22 assessed by Cumberland upon utility owned pipes. It appears that if there are any  
23 questions left to be decided, they are only 1) what is the value of the pipe, and 2) does the

1 tangible tax rate or real estate tax rate apply. These are issues currently being litigated by  
2 PWSB and Cumberland in Superior Court.

3

4 **Q. You mentioned that your tax assessor did an analysis and formed an opinion of**  
5 **the value of PWSB's tangible property in Cumberland as of December 31, 2001**  
6 **(Exhibit 1). What value conclusion did your tax assessor reach?**

7 A. He concluded that all the tangible property owned by PWSB in Cumberland,  
8 (including but not limited to water pipes), had a value of \$20,000,000.

9

10 **Q. Throughout its testimony, PWSB seems to imply that the tangible property**  
11 **owned by PWSB in Cumberland consists only of water distribution pipes. Is this**  
12 **correct?**

13 A. No. As shown by Exhibit 1, PWSB's taxed tangible property in Cumberland is  
14 extensive and includes many items other than the water distribution pipes. These other  
15 tangible assets include the following:

- 16 1. An aeration basin with a capacity of 23 million gallons.
- 17 2. A clearwell with a capacity of 500,000 gallons.
- 18 3. A settling basin with a capacity of 17 million gallons.
- 19 4. Flocculators.
- 20 5. A dam on Mill Street.
- 21 6. Two large below-surface plant pumps.
- 22 7. Pumping station pumps with 6 and 12 million gallon capacities.
- 23 8. Lab equipment.

1           9. A 1 ½ mile, 4-foot pipeline which carries water from PWSB's treatment plant  
2           in Cumberland to the Pawtucket line.

3           10. Various miscellaneous tangible assets such as furniture, computers, and other  
4           machinery and equipment, all as detailed in the report prepared by our tax  
5           assessor and attached hereto as Exhibit 1.

6  
7       **Q. Do these items, in your opinion, benefit the entire PWSB system?**

8       A. Yes, of course they do. Everyone benefits from the aeration basin, the clearwell, the  
9       settling basin, the flocculators, the dam, the various pumps, the lab equipment, the  
10      furniture and fixtures, and the pipeline which carries the water from the plant in  
11      Cumberland to the Pawtucket line.

12  
13      **Q. Are all of these items included in the \$20,000,000 tangible property assessment**  
14      **that resulted in PWSB's tangible tax bill?**

15      A. Yes.

16  
17      **Q. What about the 33.73 miles of water distribution pipe owned by PWSB in**  
18      **Cumberland? Don't those pipes primarily benefit the Cumberland ratepayers?**

19      A. They primarily benefit the Cumberland ratepayers located in Valley Falls. They do  
20      not provide much benefit the Cumberland ratepayers who are getting their water from  
21      Cumberland though wholesale purchases from PWSB.

22



1 **Q. Why then, would a Cumberland surcharge not be appropriate if the distribution**  
2 **pipes that are included in the \$20,000,000 assessment primarily benefit the Valley**  
3 **Falls customers?**

4 A. Because in any utility system there will be assets that primarily benefit only one  
5 group of ratepayers. However, to my knowledge, as testified to by all parties in the last  
6 PWSB full rate filing, the usual rule is to spread these costs across the entire system.  
7 This makes sense, because all of the ratepayers are getting the same product under  
8 substantially similar circumstances and conditions. Therefore, if they are in the same rate  
9 classification (i.e. residential customers), they should pay the same rate. In my opinion,  
10 anything other than that would be discriminatory.

11  
12 **Q. Can you provide us with an example?**

13 A. Certainly. One example in this case would be the substantial amount of funds that are  
14 being proposed for the acquisition, repair, and ongoing maintenance of the Central Falls  
15 distribution pipes. PWSB has not proposed a surcharge on the Central Falls ratepayers.  
16 Yet, in this case, PWSB has estimated that it will cost \$9.4 million to replace 11 miles of  
17 Central Falls distribution pipes, to clean an additional 2 miles of pipe, and to replace  
18 valves and hydrants in Central Falls. In addition, PWSB has included over \$400,000 per  
19 year in payroll costs to operate the Central Falls system. The same argument that PWSB  
20 is trying to make against Cumberland would, if logically extended, require that a  
21 surcharge be imposed against Central Falls to cover these costs, which are greatly in  
22 excess of the taxes being assessed on PWSB's tangible property in Cumberland.  
23 Cumberland is not proposing that there should be a Central Falls surcharge. To the

1 contrary, Cumberland is proposing that the usual rate-making rules should be applied and  
2 that all costs should be spread across the board to all customers who are receiving water  
3 under substantially similar circumstances and conditions. Simply put, all residential  
4 ratepayers should pay the same price.

5

6 **Q. Can you give us any further examples?**

7 A. Yes. For years, PWSB has been relining its distribution pipes in the city of  
8 Pawtucket. There are many more miles of distribution pipes in the city of Pawtucket than  
9 there are in Cumberland. Cumberland ratepayers have (without complaint) been paying  
10 their fair share of the extensive cost of relining these pipes. Cumberland ratepayers do  
11 not utilize the Pawtucket distribution pipes. Therefore, utilizing PWSB's argument in  
12 this matter, a separate surcharge should theoretically have been imposed upon the city of  
13 Pawtucket ratepayers to cover the cost of the relining of the Pawtucket water distribution  
14 pipes. However, Cumberland is not proposing such a surcharge. Cumberland has no  
15 problem paying its share of those relining costs, even though Cumberland gets no benefit  
16 from them. Cumberland does, however, have a problem: (1) paying for the acquisition  
17 and maintenance of the Central Falls pipes, (2) paying for the rehabilitation of the  
18 Pawtucket pipes, (3) paying for the rehabilitation of its own pipes, and (4) on top of all  
19 that, being assessed a huge surcharge. We think such a surcharge would be grossly unfair  
20 and discriminatory.

21

1 **Q. Are you aware that the Public Utilities Commission did a survey of the water**  
2 **utilities within its jurisdiction regarding the taxation of water pipes by**  
3 **municipalities?**

4 A. Yes I am, and I think this survey reinforces Cumberland's position. Tangible  
5 property taxation of water pipes is not unique in Rhode Island. The Commission Clerk  
6 graciously furnished us with a copy of the responses given to the Commission in PWSB's  
7 last full docket (see Exhibit 3 attached hereto and incorporated by reference herein).

8

9 **Q. Are some of the water utilities regulated by the Commission exempt from**  
10 **property taxation?**

11 A. Yes. The survey shows that Kent County Water Authority and Narragansett Bay  
12 Commission are both exempt by law from property taxation on their pipes.

13

14 **Q. Did PWSB attempt to obtain a similar statutory exemption from taxation?**

15 A. Yes. I am aware that PWSB has caused legislation to be introduced into the General  
16 Assembly in an attempt to get its pipes exempt from taxation, similar to Kent County  
17 Water Authority and NBC. Copies of the proposed bills are attached as Exhibit 4 and  
18 incorporated by reference herein. That legislation failed, and unless and until such  
19 legislation is passed, PWSB's pipes are subject to property taxation.

20

21 **Q. In the Commission's survey, did the Commission discover that a number of**  
22 **municipalities were taxing water pipes?**

1 A. Yes. For example, the town of Scituate, the town of North Providence, and the city of  
2 Cranston all tax Providence Water Supply Board's water pipes as tangible property. In  
3 addition, the towns of Little Compton and Middletown appear to have taxed Newport  
4 Water on pipes and pumping stations. Also, United Water has been taxed by the towns of  
5 South Kingstown and Narragansett on water pipes. In fact, South Kingstown and  
6 Narragansett both valued those pipes for taxation purposes at approximately \$5 million,  
7 according to the responses received by the Commission.

8

9 **Q. Is the Cumberland surcharge being sought by PWSB in this docket the same**  
10 **amount as the surcharge sought by PWSB in the last full rate case docket filed by**  
11 **PWSB?**

12 A. No, it is much greater. In the last docket, PWSB was seeking only to implement a  
13 surcharge on the increase in tangible property taxes resulting from the increase in  
14 assessed value from \$8.5 million \$20 million (as calculated in Exhibit 1 by our tax  
15 assessor as of December 31, 2001). In his Schedule 7.0 in the last full docket, Mr.  
16 Woodcock, the consultant for PWSB, calculated this tax increase to be \$297,256. (There  
17 was a dispute about the actual amount of the increase. Mr. Catlin, the consultant for the  
18 Division, testified that the increase was \$240,580, and Ms. Crane, another consultant for  
19 the Division, testified that the tax increase was \$213,204). In any event, as I read this  
20 filing PWSB is seeking to impose a surcharge not just on the increase in taxes but on the  
21 entire projected tangible tax amount for the rate year 2006, which PWSB has estimated  
22 will be \$530,812. First, as I explained above, I do not believe that PWSB's tangible  
23 property taxes for the rate year 2006 will be anywhere near \$530,812. Second, I do not

1 believe that a surcharge in any amount is appropriate, either for the increased portion of  
2 the tangible property taxes that PWSB sought in the last docket (and this Commission  
3 rejected), or on the entire tangible property taxes, as PWSB is seeking in this docket.  
4

5 **Q. Why do you think PWSB is proposing this expanded surcharge after a smaller**  
6 **surcharge request was rejected by this Commission in the last full rate case?**

7 A. I really don't know for sure, but I personally believe that PWSB is trying to get some  
8 leverage over Cumberland in the pending Superior Court cases. However, I would  
9 respectfully submit to this Commission that it is inappropriate for PWSB to try to exert  
10 leverage over Cumberland by hanging the sword of a surcharge over the heads of  
11 Cumberland's water ratepayers. Under RIGL 44-5-27, a Superior Court appeal of the  
12 tangible property taxation is by law the "exclusive remedy" available to PWSB for  
13 challenging the tangible property taxation. In my opinion, it is therefore not appropriate  
14 for PWSB to fight this taxation by also asking this Commission to impose a  
15 discriminatory surcharge.  
16

17 **Q. Do you agree with Mr. Catlin's testimony from the last PWSB full rate case**  
18 **docket that implementing such a surcharge could open a "Pandora's box"?**

19 A. Yes, absolutely. If PWSB's proposed surcharge is implemented, then groups of  
20 ratepayers in every utility rate case (water, sewer, electric, gas, etc.) will begin arguing  
21 that they should not pay for costs that do not benefit them. For example, if a surcharge is  
22 implemented here, then in order to remain consistent, a surcharge would also have to be  
23 implemented against every municipality that taxes utility pipes. A surcharge would also

1 have to be implemented for the cost of any utility assets that are of no benefit to a  
2 particular geographical group. For example, in this docket there would need to be a  
3 Central Falls surcharge for the acquisition and maintenance of the Central Falls pipes,  
4 and there would also need to be a Pawtucket surcharge for the relining of the Pawtucket  
5 distribution pipes. There would also need to be a North Providence surcharge for the cost  
6 of building and maintaining the Fruit Hill pump station, which only benefits the  
7 Providence Water ratepayers in the Fruit Hill section of North Providence. These are just  
8 a few examples. I believe that one of the salutary purposes of traditional utility rate  
9 regulation is that it ensures that those who receive a regulated product under substantially  
10 similar circumstances and conditions pay the same rate. I believe this makes good sense,  
11 is in the public interest, and it is probably the primary reason why such a surcharge (by  
12 the Division's own admission) has never been implemented in the state of Rhode Island.

13

14 **Q. Do you see other potential problems which could arise from the proposed**  
15 **surcharge?**

16 A. Yes, I see many of them. If a surcharge is established at a projected level for the rate  
17 year 2006, then there will in all likelihood be mismatches. For example, no one knows  
18 for sure what PWSB's tangible tax bill will be in 2006. Moreover, tax rates change  
19 nearly every year, and valuations often change as well, especially when there are  
20 statutorily required statistical or full revaluations. Yet the surcharge being requested is a  
21 fixed surcharge. It would be inappropriate to collect the surcharge that PWSB has  
22 proposed here, which is substantially in excess of what I project will be the 2006 tangible  
23 property tax bill. As the tax bills change in the future, mismatches and over-collections

1 (or under-collections) would result. The issue of potential refunds also would result in  
2 complex rate-making and accounting issues that would not have to be dealt with if the  
3 surcharge were not implemented. I also must emphasize that it is wholly inappropriate to  
4 establish a surcharge for the entire tangible tax bill when much of the tangible property  
5 being taxed clearly benefits the entire PWSB system, and when Cumberland ratepayers  
6 have been paying their share of costs to improve other aspects of the PWSB system that  
7 do not benefit Cumberland ratepayers in any way (such as the Pawtucket distribution  
8 pipes and the anticipated acquisition and improvement of the Central Falls distribution  
9 pipes).

10

11 **Q. What would happen if PWSB was eventually successful in obtaining a legislative**  
12 **tax exemption?**

13 A. A surcharge would remain in effect, yet Cumberland would not be able to collect the  
14 taxes.

15

16 **Q. It has been pointed out that neither Pawtucket nor Central Falls tax their water**  
17 **distribution pipes. As a long-time Finance Director, do you have an opinion as to**  
18 **why that is the case?**

19 A. Yes. A municipality does not tax its own assets. It makes no sense to tax yourself.

20 In fact, the Supreme Court has ruled, specifically with regard to PWSB, that PWSB “is an  
21 integral part of [Pawtucket] and...it is not a separate legal entity”. Hervieux v. Papineau,

22 611 A.2d 838, 841(R.I.1992). Pawtucket owns the distribution pipes located in

23 Pawtucket, and Central Falls still owns the distribution pipes located in Central Falls.

1 PWSB's pipes located in Cumberland, however, are not owned by Cumberland but are  
2 owned by PWSB, and therefore these pipes, as well as all of PWSB's other Cumberland-  
3 located tangible assets as identified above and in Exhibit 1 are appropriately taxable in  
4 Cumberland.

5  
6 **Q. Are the wholesale water purchases of Cumberland from PWSB on an increasing  
7 or a decreasing trend?**

8 A. The wholesale water purchases are on an increasing trend. For the period from July  
9 10, 2002, to July 1, 2003, Cumberland purchased 572,942 hcf of water wholesale from  
10 PWSB. For the period from July 1, 2003, to June 30, 2004, Cumberland purchased  
11 607,116 hcf of wholesale water, an increase of approximately 6%. From June 30, 2004  
12 to June 30, 2005, Cumberland purchased 694,417 hcf of wholesale water from PWSB, an  
13 increase of 14.4% over the previous year. In other words, wholesale water purchases  
14 grew by 6% from 2003 to 2004, and by over 14% from 2004 to 2005. Mr. Woodcock's  
15 wholesale estimate of 548,162 hcf is much too low and unduly increases his proposed  
16 Cumberland surcharge.

17  
18 **Q. If a surcharge is implemented, do you have any suggestions?**

19 A. Yes. While I am hopeful that the Commission will agree that a surcharge is not  
20 appropriate and will reject the surcharge request as it did in the last full PWSB rate case,  
21 if the Commission implements a surcharge, then I strongly urge that the funds from the  
22 surcharge be placed into a restricted account to be used solely to pay the tangible  
23 property taxes to the town of Cumberland. This will help to avoid difficulties when and



1 if the Superior Court case is resolved. For example, if a refund is ordered by the Superior  
2 Court or a settlement is reached that results in a refund, and a surcharge has been  
3 implemented, then the refund needs to go to the Cumberland ratepayers who have paid  
4 the surcharge. A restricted account would assist with that. If there were a surcharge, and  
5 a refund was paid, it would be wholly inappropriate for the refund to be applied to benefit  
6 the entire system.

7

8 **Q. Do you have anything else you wish to add?**

9 A. Yes. First, I would ask the Commission to recognize that PWSB still has its treatment  
10 facility in Cumberland and that all the water for the entire PWSB system flows from  
11 Cumberland through PWSB pipes located in Cumberland, into the PWSB system.

12 Although PWSB's new treatment facility will be located in Pawtucket, as things currently  
13 stand (and have stood for many years), all of PWSB's treated water flows through  
14 Cumberland before it gets into the PWSB system. Second, if this surcharge is  
15 implemented, the sheer scope of the proposal demonstrates its unfairness. As proposed  
16 by PWSB, there would be a 37.3% increase in water rates to Cumberland ratepayers, but  
17 only a 16.7% increase in rates to all other PWSB ratepayers (i.e., those in Pawtucket and  
18 Central Falls). Cumberland ratepayers will be receiving the same water under  
19 substantially similar circumstances and conditions as Pawtucket and Central Falls  
20 ratepayers, and they should all pay the same residential rate. All ratepayers should fairly  
21 share in the burdens of the rate increase. A surcharge will only pit one ratepayer against  
22 another and open a Pandora's box of regulatory problems. We therefore respectfully but

1 strongly urge the Commission to once again reject PWSB's second attempt to impose a  
2 Cumberland surcharge.

3

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

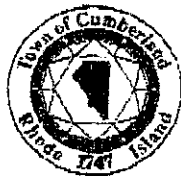
5 A. Yes.

6

7

EXHIBIT 1

Michael W. O'Leary  
Tax Assessor  
Email: moleary@cumberlandri.org



(401) 726-2400  
Sandra St. Laurent x-13  
Shirley Pemberton x-14  
Fax (401) 475-1851

P.O. Box 7  
Cumberland, Rhode Island 02854-0007  
www.cumberlandri.org

Wednesday, August 20, 2003

Schacht & McElroy  
Attorneys at Law  
Attn: Michael R. McElroy

RE: Pawtucket Water Supply Board Tangible Property Acct # 16-1047-50

Dear Michael,

I have inspected the above captioned property for the purpose of reporting an opinion of value as of December 31, 2001. The below value does not consider the real estate or the attached buildings.

Based on careful analysis and review of all pertinent data and considering all factors that affect tangible values, I have formed the opinion that the subject warrants an estimated value of tangible equipment as of the date mentioned, in the amount of:

**TWENTY MILLION (\$20,000,000) DOLLARS**

The following pages contain the conclusions formed from an extensive review of the data from which I derived this tangible value estimate.

Sincerely,

*Michael W. O'Leary*  
Michael W. O'Leary, R.I.C.A.  
Tax Assessor

Michael W. O'Leary  
Tax Assessor  
Email: moleary@cumberlandri.org



P.O. Box 7  
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(401) 728-2400  
Sandra St. Laurent x-13  
Shirley Pemberton x-14  
Fax (401) 475-1851

### **SUPPLEMENTAL INFORMATION:**

The assessment for Pawtucket Water Supply Board was based on the value of the equipment that was discovered on a field visit by Assessor Michael O'Leary. Engineer Alan Champagne provided the inspection of the equipment and the additional information concerning the assets.

The equipment to be assessed is as follows:

AIRATION BASIN – capacity 23 million gallons – approx. size 40' x 50'  
Age unknown.

CLEARWELL – 500,000 gallon capacity – built in 1946

SETTLING BASIN – 17 million gallon capacity – built 1938 (4 in. conc.)

FLOCULATORS (and mixing coagulant)– two 210,000 12 inch

DAM ON MILL ST. – Bascule 3 x 160 – used for flood control

PLANT PUMPS – Two Large Below Surface Pumps

PUMPING STATION PUMPS – 6 & 12 million gallon capacity

PWSB LAB EQUIPMENT - \$50,000 update in 1990

PIPELINE FROM PLANT TO PAWTUCKET LINE – 1 ½ miles (4 ft.)

33.73 MILES OF WATER DIST. EST. AT 8 INCH & 12 INCH PIPE

Michael W. O'Leary  
 Tax Assessor  
 Email: moleary@cumberiandr.org



(401) 725-2400  
 Sandra St. Laurent x-13  
 Shirley Pemberton x-14  
 Fax (401) 475-1851

P.O. Box 7  
 Cumberland, Rhode Island 02864-0007  
 www.cumberiandr.org

## CONSULTANT ESTIMATES

The estimations on the equipment were done by the following contractors:

Earth Tech – Paul DeLong

U.S. Filter – Richard Johnson

Water Systems Consulting Group – Wiley Archer

Red Head Supply – Wally

E. W. Leonard – Zig

Pro M Fluid Controls.

AERATION SYSTEMS	\$ 500,000
CLEARWELL	\$1,000,000
SETTLING BASIN	\$1,000,000
DAM ON MILL ST.	\$1,000,000
PUMPS IN TOTAL	\$ 800,000
LAB AND MISCELLANEOUS	\$1,700,000
PIPELINE TO PAWTUCKET	\$1,500,000

<b>TOTAL ESTIMATES</b>	<b>\$7,500,000</b>	
<b>33.73 Miles of Distribution</b>	<b>\$22,313,408</b>	
<b>\$661,530 per mile</b>		
	<b>\$30,000,000</b>	<b>Total Value</b>

# PAWTUCKET WATER SYSTEM IN CUMBERLAND

## INCOME APPROACH

PROJECTED FY 03 REVENUE - \$12,404,002 (ENCLOSED)

EXPENSES - 50% - \$ 6,202,210 (HIGH SIDE)

CAP RATE 10% - \$62,020,010

## COST APPROACH

MILES OF WATER MAINS AS REPORTED:

CENTRAL FALLS 4.46 MILES

CUMBERLAND 33.73 MILES

APPRAISAL FOR CENTRAL FALLS - \$2,950,424 - VALUE PER MILE - \$661,530

VALUE OF 33.73 MILES IN CUMBERLAND = \$22,313,408 DEPRECIATED

TOTAL MISCELLANEOUS ESTIMATES = \$ 7,500,000 DEPRECIATED

TOTAL = \$30,000,000 DEPRECIATED

# POTABLE WATER SYSTEM INFRASTRUCTURE STUDY

June 1997

Prepared For:  
City of Central Falls  
580 Broad Street  
Central Falls, RI 02861

Prepared By:  
Siegmond & Associates, Inc.  
49 Pavilion Avenue  
Providence, RI 02905

improvements, and to allow sufficient time for construction.

A summary of the long term infrastructure replacement is provided below:

Year	Type Of System Component To Be Replaced	Cost <sup>(1)</sup>
1998 - 2002	3 - Air Release Assembly 59 - Hydrants	\$138,900
2003 - 2007	59 - Hydrants 53,060 ft - Distribution Pipe	\$4,217,750
2008 - 2012	8,600 ft - Distribution Pipe	\$662,600
2013 - 2017	5,310 ft - Distribution Pipe	\$388,300
2018 - 2022	560 ft - Distribution Pipe	\$40,850
2023 - 2027	3 - Air Release Assembly 1 - Hydrant 8,760 ft - Distribution Pipe	\$681,100
2028 - 2032	2,010 ft - Distribution Pipe	\$149,050
2033 - 2037	48 - Hydrants 5,030 ft - Distribution Pipe	\$547,300
2038 - 2042	340 ft - Distribution Pipe	\$25,500
2043 - 2047	No Infrastructure Replacement Scheduled During This Period	\$0
<b>TOTAL</b>		<b>\$6,851,350</b>

(1) cost is represented in 1997 dollars

#### DEPRECIATION VALUE OF THE EXISTING WATER SYSTEM

The depreciation value of the existing water system is defined as the method of depreciating a fixed asset whereby the asset's useful life is divided into the total cost less the estimated salvage value. Appendix A provides a listing of all of the water system components and their associated depreciation value in terms of 1997 dollars.

THE DEPRECIATION VALUE OF THE EXISTING SYSTEM = \$ 2,950,424



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 Tax Assessor  
 Email: moleary@cumberlandri.org



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 Sandra St. Laurent x-13  
 Shirley Pemberton x-14  
 Fax (401) 475-1851

P.O. Box 7  
 Cumberland, Rhode Island 02864-0007  
 www.cumberlandri.org

## MARSHALL AND SWIFT COST ANALYSIS:

UTILITY PIPING (8 & 12 INCH - 33.75 MI.)	\$60 PER LINEAL FOOT
HANGERS	\$10 PER LINEAL FOOT
METERS (5000 @ 120 EACH AS PER ENGINEER)	\$120 EACH INC. INSTALL
HYDRANTS (300 AT \$10,000 AS PER ENGINEER)	\$10,000 EACH
1.5 MILES (7,920 L/F) OF 48" DIST.	\$400 PER L/F
HANGERS (48 INCH)	\$20 PER L/F
DAM (3 X 160)	\$3,000,000 EACH
PUMPS (4)	\$150,000 EACH
MISCELLANEOUS	\$3,000,000 ESTIMATE
<b>TOTAL ESTIMATED VALUE</b>	<b>\$26,000,000</b>
<b>DEPRECIATION (50%)</b>	<b>-13,000,000</b>
<b>REPLACEMENT COST NEW LESS DEP.</b>	<b>\$13,000,000</b>

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## APPROACHES TO VALUE:

The Three Approaches to Value, Market, Income, and Cost, were considered for this opinion of value. The Market Approach revealed no valid sales of water distribution systems at the time of this analysis. The Income Approach was considered using the stated income, an average industrial expense rate and a capitalization rate consistent with industrial standards. The Cost Approach considers replacement cost new less depreciation based on original age and condition.

The information was gathered by on sight inspection to determine the asset list and the condition of the equipment.

The letter sent on 1/28/2002 to all utilities in the Town of Cumberland clarifies the depreciation rate for all utility equipment. It is reasonable to assume that equipment used to provide utility service to the public is in at least average condition considering public safety. Upon personal inspection I found the equipment used in the water distribution system owned by PWSB to be in above average condition for its age.

## THE METHODOLOGY

The Supplemental Information describes the assets to be valued as of 12/31/2001. There are two choices as to the method of value. Utility assets can be valued as real property or tangible property. Values for real property are generated by a CAMA (computer assisted mass appraisal) system which uses property description codes. There are no descriptive codes for utility equipment available in most CAMA Systems. The equipment would have to be designated as Miscellaneous Equipment. The alternative is to value the equipment as tangible property and describe the property and analyze its value based on research.

When an Annual Tangible Declaration Form is filed I analyze the filed values to see if the fall into a reasonable range based on the results of my research.

When the Declaration is not filed I field check the assets and determine replacement cost new less depreciation based on physical age.

This method of valuation is the Cost Approach and I use this method for all Tangible and Real Property values for all the property in the Town of Cumberland.

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I am a Rhode Island Certified Assessor and this method is consistent with the majority of the Assessor's in the Rhode Island Association of Assessing Officers. I am also a member of the executive board for both the Appraisal Institute and the International Association of Assessing Officers. The methods used in the appraisal of the Town of Cumberland are also consistent with the methodology recommended by both associations.

I have been appraising commercial/industrial/utility property for fifteen years in six different states for ad valorem (tax purposes) values.

### **RECONCILIATION AND FINAL VALUE ESTIMATES:**

The supplemental information describes the property to be valued. I solicited information from many local contractors and established reasonable ranges of estimates of values for the different equipment. The distribution system was compared to an engineering study done in 1997 to determine the value of the distribution system in Central Falls. The study was done to determine the value for a possible purchase of this system by PWSB.

The Marshall & Swift analysis has limited equipment published but is helpful to support a particular opinion of ad valorem value.

My goal as an appraiser is to develop ranges of values per unit of measurement. This method allows values for tax purposes to explore these ranges to determine a reasonable value for the subject. These values are not as detailed as an engineer study because of time and budget restrictions.

**The range of depreciated value for the subject property is \$13,000,000 to \$30,000,000 and the value of \$20,000,000 is within this range of value.**

# Marshall Valuation Service

The published base costs, for the most part, represent completely finished buildings in the physical or hard construction sense, but not necessarily completely finished projects, which could include consideration for a variety of developmental and/or site improvement costs. Failure to recognize this distinction could result in a final value estimate that is incomplete, depending on the type of appraisal assignment. Listed under "What the Costs Do Not Contain" are a number of financial and operational soft factors that may require consideration.

## WHAT THE COSTS CONTAIN

- (1) In the Calculator Section, the actual costs used are final costs to the owner and will include average architect's and engineers' fees. These, in turn, include plans, plan check and building permits, and surveying to establish building lines and grades.
- (2) In the Segregated Cost and most Unit-in-Piece Cost Sections, except as noted, the architect's fees are omitted. For these sections, a schedule of typical fees is printed in Section 99. However, each listed item will have its pro rata share of the other miscellaneous costs included in the construction of the whole building or other improvement.
- (3) Normal interest on only the actual building funds during period of construction and processing fee or service charge is included. Typically, this will average half of the going rate over the time period plus the service fee. For average construction times, see Section 86.
- (4) All material and labor costs include all appropriate local, state and federal sales or GST taxes, etc.
- (5) Normal site preparation including trench, grading and excavation for foundation and backfill for the structure only.
- (6) Utilities from structure to lot line figured for typical setback except where noted in some Unit-in-Piece Cost sections (e.g., mobile homes).
- (7) Contractors' overhead and profit including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc., are included.

## WHAT THEY DO NOT CONTAIN

- (1) Costs of buying or assembling land such as escrow fees, legal fees, property taxes, right of way costs, demolition, storm drains, or rough grading, are considered costs of doing business or land improvement costs.
- (2) Piling or pilehead foundations are priced separately in the manual and are considered an improvement to the land. This also refers to soil compaction and vibration, tenting, etc.
- (3) Costs of land planning or preliminary concept and layout for large developments inclusive of entrepreneurial incentives or developer's overhead and profit are not included, nor is interest or taxes on the land, feasibility studies, certificate of need, environmental impact reports, hazardous material testing, appraisal or consulting fees, etc.
- (4) Discounts or bonuses paid for financing are considered a cost of doing business, as are funds for operating startup, negative cashflow during development, project bond issues, permanent financing, developmental overhead or fixture and equipment purchases, etc.
- (5) Yard improvements including septic systems, signs, landscaping, paving, walls, yard lighting, pools or other recreation facilities, etc., which can be priced separately from Unit-in-Piece Sections.
- (6) Off-site costs including roads, utilities, park fees, jurisdictional hookup, tap-in, impact or entitlement fees and assessments, etc.
- (7) Furnishings and fixtures, usually not found in the general contract, that are peculiar to a definite tenant, such as seating or kitchen equipment, etc.
- (8) Marketing costs to create first occupancy including model or advertising expenses, leasing or brokers' commissions, temporary operation of property owners' associations, fill-up or member-ship sales costs and fees.

## TYPES OF BUILDINGS

Buildings are classified in the *Marshall Valuation Service* by occupancy and grouped into sections by occupancies having certain similar cost characteristics. A building's present use might not be the same as that for which it was constructed and in some cases must be priced from the original use for which designed. In general, if the designed use and the actual use differ, the design determines the cost to be used in estimating the basic replacement cost, while the depreciation or

MARSHALL VALUATION SERVICE  
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obsolescence is affected by the present use. Types of buildings are divided into similar groups for the Calculator and Segregated Cost Methods. See Occupancy Section Reference in Section 2. In addition, many less common buildings are included in the cost pages, as well as some ancillary structures such as basements and mazzanines, etc., which are listed under the various occupancies with which they are usually associated.

## DESCRIPTIVE AIDS

In the *Marshall Valuation Service*, you will find descriptions and pictures of buildings provided as a scale of comparison. You, as a user, must provide the discrimination necessary to fit these costs to the specific building which you are valuing.

The Replacement Cost of a building is determined in this system by benchmarking, that is, comparing the building under appraisal with buildings whose costs are known. The *Marshall Valuation Service* provides an organized collection of these known costs, collated and arranged to make them most useful to you.

This material is classified under descriptive headings which, if clearly understood, will lead you directly to the desired costs. Explanation of these headings is contained in this section and the three following introductory sections.

Since base costs are based on a certain size and shape relationship, story height, height, and number of stories, adjustments and refinements must be made for the subject property. It is recommended that a standard procedure, as outlined by the standard forms, be followed to lesson any chance of error.

To understand the manual, Sections 1 and 3 should be read in detail. Section 10 with its examples of the Calculator Cost Method should be studied as well as Section 40 with its detailed example of the Segregated Cost Method. A discussion and example of applying indexes and the validity of prior costs can be found in Section 98.

## QUESTIONS

We invite any inquiries that will give you a more thorough understanding of the use of the manual, though, of course, we cannot work out valuations for you.

Detailed costs on many minor items are not published in the book and we tend to discourage questions regarding them since they often encourage subscribers toward an undue emphasis on minor details which is not contemplated in any of the estimation methods presented in this manual.

The *Marshall Valuation Service*, plus good judgment, will allow you to concentrate on the important cost items and to avoid unimportant detail. The costs contained in the manual have a high validity, but as with any collection of cost data, they are presented as a guide to cost analysis and cannot be used blindly.

Direct all questions regarding the Service directly to

**Marshall & Swift**

311 Wilshire Boulevard  
16th Floor

Los Angeles, California 90017-3409  
(213) 683-9600 Fax: (213) 683-9010

e-mail: support@marshallswift.com  
www.marshallswift.com

As an aid in processing correspondence, please use your Record Number. Your number will appear as the first entry on the label in all mailings of the *Marshall Valuation Service*.

SECTION 02 PAGE 3  
September 2002

**PIPING**

**SERVICE PIPE HANGERS AND SUPPORTS**

HANGERS, per linear foot	DIA.										
	3"	4"	6"	8"	10"	12"	14"	16"	18"	24"	
Cast iron	\$1.35	\$1.65	\$2.10	\$2.70	\$3.05	\$2.80	\$3.45	\$2.70	\$3.00	\$2.85	\$3.30
Copper											
Glass	2.15	2.70	2.95	3.15	3.50	2.95	3.65	3.55	4.00	3.90	5.05
Plastic	1.15	1.35	1.50	1.75	1.90	1.90	2.15	2.45	2.75	2.90	3.20
Steel (threaded)											
Steel (welded joint)											
HANGERS, per linear foot											
Cast iron	\$3.10	\$3.40	\$4.15	\$4.80	\$5.55	\$6.20	\$6.85	\$7.50	\$8.50		
Copper	4.10	5.15	5.90	7.25	8.25						
Glass	3.65	4.20	4.70	6.10							
Plastic	4.30	5.55	6.70	8.70	10.85	12.85	15.00				
Steel (threaded)	3.10	3.40	4.15	5.70	6.60	7.30	8.40	9.45	10.35		
Steel (welded joint)	3.00	4.35	5.25	7.00	8.65	10.15	12.10	13.00	15.50	18.75	22.10

**UTILITY PIPING**

Cost per linear foot for underground utility lines, including fittings, an allowance for branching and backfill and contractors' overhead and profit. For non-circular pipe, use the average diameter of the smallest and largest dimension.

PRESSURE PIPE	DIA.											
	4"	6"	8"	10"	12"	14"	16"	18"	24"	30"	36"	42"
Asbestos cement	\$19.90	\$24.80	\$32.35	\$41.00	\$51.30	\$65.00	\$77.45	\$92.95	\$108.25	\$128.95	\$151.00	
Ductile iron	21.10	25.85	29.35	35.90	43.20	56.95	64.15	78.00	82.40	114.35	114.25	
Concrete												
Plastic	11.50	15.80	17.50	25.75	35.10	45.00						
Steel	24.80	27.30	30.95	34.80	37.90	44.75	80.45	85.90	103.25	97.85	126.05	
Valves, each	\$575	\$685	\$1,125	\$1,375	\$2,325	\$3,075	\$3,575	\$5,125	\$5,125	\$6,650	\$9,075	\$10,725
PRESSURE PIPE												
Asbestos cement	\$123.00	\$175.00	\$206.00	\$282.00	\$380.50							
Cast iron	90.25	125.25	137.25	159.25	199.75	203.25	\$189.75	\$247.75	\$283.50			
Concrete	42.00	64.75	74.25	107.25	108.00	145.50	182.00	190.25	228.50	\$300.50	442.00	
Steel (threaded & wrapped)	104.00	135.50	161.25	154.00	209.00	214.75	295.00	414.50	331.00	467.50		
Valves, each	\$10,725	\$12,925	\$18,925	\$23,250	\$27,825	\$39,300	\$43,625	\$53,100	\$57,125	\$67,950		
DRAIN & SEWER												
Asbestos cement	\$10.10	\$13.05	\$14.70	\$14.35	\$22.20	\$28.25	\$30.75	\$31.55	\$40.50	\$45.50	\$58.15	\$64.00
Corrugated metal	11.85	13.65	15.55	19.00	23.40	28.70	31.45	36.55	47.00	53.75	66.45	57.85
Plastic	6.15	8.20	9.35	12.80	12.40	17.00	19.90	23.60	27.40	36.05		
Plain concrete	12.15	13.10	15.10	17.25	18.50	21.96	24.80	27.40	29.15	33.90	43.35	
Reinforced concrete												
Unfinished city	9.00	12.60	16.70	18.05	21.95	32.10	36.75	41.50	48.40	56.50	74.40	92.85
DRAIN & SEWER												
Asbestos cement	\$55.00	\$70.75	\$84.00	\$120.50								
Corrugated metal	47.35	64.50	70.00	115.75	\$59.25	\$135.00	\$119.75	\$161.25	\$153.50	\$213.75	\$274.25	\$302.25
Reinforced concrete	49.50	65.00	71.00	86.50	119.25	148.25	164.00	186.75	218.75	202.00	278.00	334.00
Unfinished city	34.75	112.25	137.00	149.25	186.00							
DRAIN & SEWER												
Asbestos cement	\$242.00	\$326.25	\$362.75	\$377.75	\$300.00	\$403.25	\$400.25	\$340.75	\$455.25	\$362.75	\$481.00	\$296.25
Reinforced concrete	296.50	388.50	445.25	492.25	407.75	548.25						

MAJESTIC EVALUATION SERVICE  
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MISC.

PARTIAL PRICING

YR

178M

MICHAEL O'LEARY

3,000		
800		
3,000		
500	17	2
2,500	18	3
3,000	18	1
1,900	19	1
2,000	20	2
2,100	21	1
2,200	22	2
1,100	23	1
	24	1
12,500	25	7
13,000	26	3
35,000	27	2
	28	2
	29	2
	30	2
93,000	31	1
120,000	32	2
99,000	33	1

1990	TURBIDIMETER	3,100
1992	AUTO PIPETOR	800
1992	AUTOClave STERILIZER	3,000
1992	DISOLVED OXYGEN METER	500
1988	Turbidimeters	500 each
1986	Fiberglass Alum Tanks	1 per gallon (CIRC ?)
1986	Swivel Chair	1,00
1983	Fluoride Tanks	1,000 per
1980	Calculator	
1980	Emergency Air Masks	
1980	Emergency Standby Pump for Chlorinators	500 per
1978	Diesel Generator 285KW	80,000
1976	Chemical Feed Pumps	500 per.
1975	Chlorinators	500
1975	Caustic Tanks 5,000 Gallon Steel	5,000
1976	Rapid Mixers	
1976	Chlorine Scales	
1975	Flocculators	
1975	Carbon Machine	3,000
1975	Galgon Tanks and Pumps	10,000
1975	Control Panel & Pacing Equipment	3,000
1975	UV STERILIZER	500

FDA KEYSATNER - VEHICLE - MINORITY - 15,000 - 15,000  
 141x244 IND. \*12,000

15,000  
 744,650  
 86,220

MICHAEL O'LEARY

ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION
		1996	Floating Aerators
4,000	2	1997	4000 Gal Fuel Tank 2,000
	3	1997	Badger Meters - TI SALES - 500
	4	1997	Signal Transmission Equip 500 978-443-2002
			WEIGHTING METER - DIRECT JOB COUNTER #01-978-337-0525
4,520	9	1992	Ph Meter <del>500</del> 500
16,500	11	1990	Air Tank and Mask 1500
6,000	12	1989	Chlorine Analyzers 500 each
6,500	13	1989	Polymer Pump 500
700	1	1997	Hach EO1000 PH System 700
16,000	2	1928	12 MGD Pump with 600HP Motor 8,000 COPPER
18,000	3	1917	6 MGD Pump with 325HP motor 6,000
500		1988	PH/ION METER 500
ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION
500	1	1998	Benchtop PH Meter 500
400	2	1988	Electrode stand & stirrer 200
600	3	1998	Power Supply for Analyzer 200
2,000	4	1998	DR1850 Colorimeter 500
10,000	5	1997	Spectrophotometer 2,000
			TI SALES - SUBBURY
86,220			

**TOWN OF CUMBERLAND - ASSESSOR'S OFFICE  
TANGIBLE PROPERTY ACCOUNT**

**FURNITURE AND FIXTURES - MACHINERY AND EQUIPMENT**

CALENDAR YEAR PURCHASED	AQUISITION COST	REMAINING LIFE	REMAINING LIFE VALUE
1998	\$17,659	95 %	\$16,776
1997	\$19,986	90 %	\$17,387
1996	\$0	80 %	\$0
1995	\$995	70 %	\$697
1994	\$1,225	60 %	\$735
1993	\$75	50 %	\$38
1992	\$41,670	40 %	\$16,668
1991	\$345,421	30 %	\$103,626
<b>TOTALS</b>	<b>\$427,030</b>		<b>\$156,526</b>

**PURIFICATION PLANT - 120 MILL STREET**

ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION	TOTAL AQUISITION COST	CALENDAR YEAR TOTALS
1	2	1998	Floating Aerators	15,800	\$15,800
2	1	1997	4000 Gal Fuel Tank	\$3,656	
3	1	1997	Badger Meters	\$4,460	
4	1	1997	Signal Transmission Equip	\$3,911	
5	1	1997	Bag Phone	\$100	\$12,127
6	2	1994	Swivel Chaire	\$172	
7	2	1994	Wood Chairs	\$116	\$288
8	1	1993	Typist Chair	\$75	\$75
9	1	1992	Ph Meter	\$1,100	
10	1	1992	Copier	\$800	\$1,900
11	1	1990	Air Tank and Mask	\$2,500	
12	2	1989	Chlorine Analyzers	\$4,600	
13	1	1989	Polymer Pump	\$426	
14	1	1989	File Cabinet	\$100	
15	1	1989	Typewriter Table	\$50	



ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION	TOTAL ACQUISITION COST	CALENDAR YEAR TOTALS
16	1	1989	Electric Typewriter	\$350	
17	2	1986	Turbidimeters	\$3,200	
18	3	1986	Fiberglass Alum Tanks	\$8,600	
19	1	1985	Swivel Chair	\$35	
20	2	1983	Flouride Tanks	\$5,000	
21	1	1980	Calculator	\$139	
22	2	1980	Emergency Air Masks	\$1,125	
23	1	1980	Emergency Standby Pump for Chlorinators	\$1,250	
24	1	1978	Diesel Generator 285KW	\$114,000	
25	7	1975	Chemical Feed Pumps	\$16,450	
26	3	1975	Chlorinators	\$22,000	
27	2	1975	Caustic Tanks 5,000 Gallon Steel	\$5,500	
28	2	1975	Rapid Mixers	\$8,000	
29	2	1975	Chlorine Scales	\$1,950	
30	2	1975	Flocculators	\$63,000	
31	1	1975	Carbon Machine	\$4,700	
32	2	1975	Calgon Tanks and Pumps	\$5,220	
33	1	1975	Control Panel & Pacing Equipment	\$6,500	
34	1	1975	File Cabinet	\$100	
35	1	1969	Desk	\$100	
36	1	1969	Typist Chair	\$50	
37	2	1965	Desks	\$80	
38	1	1964	File Cabinet	\$50	
39	1	1955	Desk	\$20	
40	2	1950	Book Cases	\$10	

ITEM NO.	QUANTITY NO.	CALENDAR YEAR NO.	DESCRIPTION NO.	TOTAL NO.	CALENDAR NO.
41	3	1950	Filing Cabinets	\$75	
42	3	1945	Filing Cabinets	\$60	
43	1	1945	Electric Fork Lift	\$3,500	
44	1	1939	Control Board	\$7,700	
45	2	1939	Wood Chairs	\$10	
46	3	1939	10 MGD Influent Pumps with 100HP Motors	\$24,000	
47	2	1939	2 MGD Washwater Pumps with 50HP Motors	\$4,400	
					\$314,849

**PUMPING STATION #3 - RALCO WAY**

ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION	TOTAL AQUISITION COST	CALENDAR YEAR TOTALS
1	1	1997	Hach EC1000 PH System	\$1,625	\$1,625
2	1	1928	12 MGD Pump with 800HP Motor	\$6,800	
3	1	1917	5 MGD Pump with 325HP motor	\$2,700	\$9,500

**WATER QUALITY LABORATORY - 120 MILL STREET**

ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION	TOTAL AQUISITION COST	CALENDAR YEAR TOTALS
1	1	1998	Benchtop PH Meter	\$610	
2	1	1998	Electrode stand & stirrer	\$365	
3	1	1998	Power Supply for Analyzer	\$235	
4	1	1998	DR/850 Colorimeter	\$649	\$1,859
5	1	1997	Spectrophotometer	\$6,233	\$6,233
6	1	1995	Six Unit Stirrer	\$995	\$995
7	3	1994	Desk Chair	\$297	

8	1	1994	Office Desk and Hutch	\$205	
9	1	1994	Computer Desk and Hutch	\$330	
10	3	1994	Chairs	\$105	\$937
11	1	1992	pH / ION Meter	\$2,146	
12	1	1992	Microscope	\$1,246	
ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION	TOTAL ACQUISITION COST	CALENDAR YEAR TOTALS
13	1	1992	Turbidimeter	\$1,086	
14	1	1992	Dissolved Oxygen Meter	\$988	
15	1	1992	Mechanical Convection Oven	\$588	
16	1	1992	Sterilization Oven (Dry)	\$428	
17	1	1992	Refrigerator with Freezer	\$1,200	
18	1	1992	Refrigerator	\$896	
19	1	1992	Muffle Furnace	\$495	
20	1	1992	Drying Oven	\$398	
21	1	1992	Autoclave Sterilizer	\$22,198	
22	1	1992	Glassware Washer	\$5,895	
23	1	1992	Auto Pipettor	\$929	
24	1	1992	Colony Counter	\$489	
25	4	1992	Hot Plates	\$792	\$39,770
26	1	1991	Incubator	\$5,245	
27	1	1991	Water Bath, Coliform	\$1,495	
28	1	1991	Electronic Balance	\$595	\$7,335
29	1	1990	Turbidimeter	\$895	
30	1	1988	pH / ION Meter	\$1,940	
31	1	1986	Analytical Balance	\$1,458	
32	1	1985	Autoclave Sterilizer	\$8,246	
33	1	1984	Spectrophotometer	\$0	Deleted 1997

34	1	1982	Turbidimeter	\$1,198	
35	1	1975	Turbidimeter	\$0	Deleted 1998
36	1	1975	UV Sterilizer	\$895	\$13,737

**COMPUTER EQUIPMENT**

CALENDAR YEAR PURCHASED	AQUISITION COST	REMAINING LIFE	REMAINING LIFE VALUE
1998	\$0	90 %	\$0
1997	\$976	80 %	\$781
1996	\$2,454	70 %	\$1,718
1995	\$0	50 %	\$0
1994-PRIOR	\$1,997	30 %	\$599
TOTALS	\$5,427		\$3,098

**WATER QUALITY LABORATORY - 120 MILL STREET**

ITEM NO.	QUANTITY	CALENDAR YEAR PURCHASED	DESCRIPTION	TOTAL AQUISITION COST	CALENDAR YEAR TOTALS
1	1	1997	Printer - Hewlett Packard	\$976	\$976
2	1	1996	Personal Computer - Cyber Max	\$2,454	\$2,454
3	1	1992	Personal Computer - Acer	\$0	Deleted 1998
4	1	1992	Printer - Epson	\$599	
5	1	1992	Fax / Modem	\$499	
6	6	1992	Software Programs	\$899	\$1,997

DEFINITIONS

Depreciation is loss in value due to any cause. It is the difference between the market value of a structural improvement or piece of equipment and its reproduction or replacement cost as of its date of valuation. Depreciation is divided into three general categories, as discussed below.

- 1. Physical depreciation is loss in value due to physical deterioration.
- 2. Functional or technical obsolescence is loss in value due to lack of utility or desirability of part or all of the property inherent to the improvement or equipment. Thus a new structure or piece of equipment may suffer obsolescence when built independent of it, and is not directly included in its tables.
- 3. External, locational or economic obsolescence is loss in value due to causes outside the property and independent of it, and is not directly included in its tables.

Effective age of a property is its age as compared with other properties performing like functions. It is the actual age less the age which has been taken off by face-lifting, structural reconstruction, removal of functional deteriorations, modernization of equipment, etc. It is an age which reflects a line remaining in the property, taking into account the typical life expectancy of buildings or equipment of its class and its usage. It is a matter of judgment, taking all factors, current and those anticipated in the immediate future, into consideration. Effective age on other structures may best be calculated by establishing a remaining life which, subtracted from a typical life expectancy, will result in an appropriate effective age with which to work. Effective age can fluctuate year by year or remain somewhat stable in the absence of any major renewals or excessive deterioration.

Extended life expectancy is the increased life expectancy due to seasoning and proven ability to exist. Just as a person will have a total normal life expectancy at birth which increases as he grows older, so it is with structures and equipment.

Remaining life is the normal remaining life expectancy. It is the length of time the structure may be expected to continue in normal use for its intended purpose. This does not imply a straight line expiration, particularly for multiple purposes, since normal recurring maintenance and renewal of replaceable items will contribute to contribute toward an extended life expectancy. This extended life process is accomplished by use of effective age as the sliding scale and not by continuously lengthening the typical life expectancy as the structure ages chronologically. Percent good equals 100% less the percentage of cost represented by depreciation. It is the present value of the structure or equipment at the time of appraisal, divided by its replacement cost.

APPROACHES TO DEPRECIATION

The simplest and, in past years, a widely used accounting-type concept of depreciation, particularly with individual short-lived components, is the straight-line (age-life) approach. A life expectancy is estimated and a constant annual percentage (equal wear or serviceability each year) is taken for depreciation so that at the end of that life the depreciation equals 100% of the initial cost. This linear approach is simple and easy to use but does not represent reality in most cases since time is not the only factor affecting depreciation and it fails to recognize any value-in-use. The passage of time may not in itself create additional depreciation if the property or component is well maintained and functionally sound.

While age is a critical factor, the best approach to the physical depreciation estimate is a combination of age and condition. The observed condition of each component subject to wear is estimated relative to new condition. A major replaceable component, such as a HVAC system under heavy loading in a hot, humid climate, can wear out quite rapidly, shortening the life expectancy before replacement, while many other portions of a structure, such as excavations, foundations, and concrete exterior walls, wear out slowly if at all. Such long-lived portions often represent a major portion of the total reproduction cost and, if all functional will contribute toward an extended life expectancy. Physical depreciation can be considered a straight-line deduction from reproduction cost, since necessary and normal maintenance can offset and, in some cases, even eliminate deterioration.

Another approach to depreciation was called the residual life theory. This takes into account that most buildings depreciate little during the first few years. When it becomes evident that the buildings are no longer new, even though they are adequately maintained, the initial curves expressed here, rentals tend to decrease and the building becomes less useful. After a number of years, they reach the period called useful life, at which time, if the buildings are structurally sound and properly maintained, the depreciation remains constant. The residual life theory suffers from the fact that maintenance expenses on the average building continue to go up in order to meet the same appearance and utility, and at any age, certain building features may suffer from obsolescence.

These concepts lead to a third theory, the extended life concept, which starts with the hypothesis that buildings age in much the same manner as people and that the older they get, the greater is their total life

expectancy. This concept recognizes that a building in its prime of life before middle age and that the road is downhill after that, but that correction of deteriorations may lower the effective age and lengthen the remaining life. This recurring replacement process periodically reverses a continuous progression down the effective age scale, reducing the indicated depreciation percentage as components are renewed throughout the life-span of the building. This nonlinear approach accounts for a greater present value or slower depreciation rate in the early years as compared to the later years when unreversing serviceability and higher maintenance can accelerate depreciation.

EXPLANATION OF DEPRECIATION TABLES

The general depreciation tables in this section were developed from actual case studies of sales and market value appraisals and formed the basis of the extended life theory which encompasses a remaining life and effective age approach. From confirmed sales prices the fair value was deducted to obtain a building residue, and the replacement cost of the building was deducted. The difference between the replacement cost less of the building and the residual sales price of the building was divided by the replacement cost less, to give the market depreciation in percentages. A similar procedure was followed with the market value appraisals, always excluding those observed cases having excessive obsolescence. The data was then collated by type of construction and usage, plotted with similar typical total life expectancies, with curves computed for the groupings, for which sufficient data was available, for statistical reliability. From these curves, a matching family of empirical mathematical curves was found, from which the depreciation for any initial (when new) life expectancy could be computed under normal market conditions.

A check of equipment depreciation by similar procedures showed that patterns of the family of curves, which was used for residential properties, were suitable as an indicator of that depreciation. Churches were found to fit in the depreciation category of residential structures, and those tables should therefore be used. Motels, hotels and larger apartments are included in the non-residential tables, while small apartments or multiples are residential in nature. The division between residential and non-residential depreciation appears to lie in the usage, whether operated solely for income or for amenities.

Thus, a hotel operated commercially would be expected to fit into the non-residential family of curves, but if the same building were operated as a private club, its normal depreciation would be expected to follow the residential curve. The proper curve to use is therefore a matter of judgment on the part of the appraiser, considering the usage and the type of return normally expected, whether cash, equity or intangible amenities.

USE OF THE DEPRECIATION TABLES

- 1. Note from your inspection the overall and/or structural condition, severity of wear, utility and remaining life of all building or equipment components.
- 2. Determine the true age of the structure or equipment.
- 3. Compare with the properties and study the effect of, or the lack of need of, typical maintenance or modernization or major repair to determine the effective age.
- 4. Check the tables and discussion on Pages 5 through 15 for the recommended initial typical (normal) useful life of the occupancy, component or piece of equipment and for any further modification before establishing an appropriate life.
- 5. Check the properties listed in each depreciation table to see which to use. (Page 16, Non-residential, Page 17, Residential, Page 18, Fixtures and Equipment.)
- 6. Enter the proper table choosing a typical life expectancy and effective age and read off the normal depreciation, or use the remaining life expectancy as an aid as described below.
- 7. Note any excessive obsolescence that may require special consideration separate from the normal depreciation developed from the tables. (Review Pages 2 and 3.)

REMAINING LIFE TABLES

The remaining life tables are based on mortality tables derived from studies of building and equipment, discounting at cases of mortality due to excessive obsolescence. Their primary mission is to provide an easy way for the appraiser to determine the normal remaining life expectancy of buildings for use in the replacement process, using the effective age and the typical life expectancy.

Many times, the remaining life expectancy of a building or piece of equipment can be established more readily than the effective age. The Remaining Life Table on the right side of each depreciation page may then be entered with the remaining life in the proper typical life column and the effective age read off at the left, or the appraiser may move straight across to the left side of the page and read the depreciation directly.

integral part of the unit, it is essential that the property be looked upon as a complete unit. The value contribution of any segment of the unit to the whole property may be determined by appropriate allocation procedures once the value estimate for the entire system is completed. The unit method of valuation has been used widely and has been accepted by most courts throughout the years. If it were not accepted and almost universally used, the alternative would be a fractional appraisal of components of enterprises that operate in many different states or in many individual types of taxing jurisdictions. Most local tax assessors simply are not equipped to handle this type of appraisal. As a result, most railroads and public utilities or public service companies are assessed at the state level.

Many taxing jurisdictions do not separate real property from the personal property of railroads and public utility or public service companies. This is a practical approach, because it is often difficult to determine where real property ends and personal property begins. Because each segment of the property contributes its share of value and directly or indirectly contributes to the entire earnings of the enterprise, it appears that such a separation would serve no valuation purpose. However, the separation may be legally necessary, as for tax collection purposes; in this case, the separation may be done after the total valuation is performed. However, the appraiser must be careful to avoid double-valuation of property.

Another problem is that in some states local jurisdictions assess all properties above ground. When the appraiser is involved in such a jurisdiction he must be very aware of which portion of the property is locally assessed; otherwise, his appraisal here again will result in double taxation. The appraiser must review the local taxing statutes and applicable regulations before beginning his appraisal.

#### APPRAISAL TECHNIQUES

The same appraisal principles that apply to any type of property are equally applicable to the appraisal of railroads and public utility or public service companies. The only differences are the special appraisal techniques that are mandated by the effect of government regulations on earnings.

In general appraisal practice, there are three recognized approaches to estimating market value: cost, income, and market comparison. In the appraisal of railroads and public utility or public service companies, there are also three recognized approaches: cost, income, and a version of the market comparison approach called the stock and debt approach.

#### COST APPROACH

The appraiser of railroads and public utility or public service companies must be familiar with four types of cost. These are:

- 1) *Original Cost.* The actual acquisition cost of a property when first acquired or constructed. Items that must be included in this figure are

controlled closely by regulatory agencies in most instances. Many items are included in cost that would not be capitalized in a nonregulated construction project. In addition, some of the old original costs on the books of railroads actually are estimates in lieu of accurate cost figures.

- 2) *Book Value*. The original historical cost of a property less the accrued depreciation. In most cases, both cost and depreciation are as required by the regulatory agency. Book value sometimes is called net plant.
- 3) *Reproduction Cost*. The present dollar cost to produce an exact duplicate of the existing property, using identical materials. This no longer is being used in valuing railroad and utility property in most areas.
- 4) *Replacement Cost*. The cost in current dollars to replace an item with one having similar or equal utility. This does not require replacement with an identical property as is required in the reproduction cost.

Original cost, book value, reproduction cost, and replacement cost are rarely the same as market value. There are some few instances when an item is new and represents the most modern equipment or building available, and the decision to acquire or construct it is based on competent judgment; when this occurs, cost and market value are the same. In most instances, there are items of obsolescence present when the cost approach is considered. In recent years, the rapid advance of technology and rapidly changing economic conditions have caused substantial obsolescence to be present in most railroad and public utility or public service company properties. The availability and cost of fuel and the impact of the environmentalist have become major factors.

All three customary types of obsolescence must be considered in the appraisal of these properties:

- 1) *Physical Deterioration*. This form of depreciation is loss in value caused by normal deterioration of property, usually the result of normal aging. However, inadequate maintenance has a direct bearing on the amount of physical deterioration present. The effect of inadequate track maintenance is a major factor with many railroads today.
- 2) *Functional Obsolescence*. This form of depreciation is loss in value caused by functional deficiency within the property itself. Rapid technological changes within the past few years have accelerated the functional obsolescence in most properties.
- 3) *Economic Obsolescence*. This form of depreciation is loss in value caused by factors outside the property. This loss in value is in addition to normal physical deterioration and any functional obsolescence. In the appraisal of railroads and public utility or public service company property, economic obsolescence is of substantial importance. One pertinent factor is that earnings are regulated. In many instances, competing forms of transportation are subsidized. The government also often intervenes in wage disputes and imposes operating regulations. The regulatory agencies usually are customer-oriented in setting low rates of return that have caused many utilities serious financial trouble. All of these factors can and do impose economic obsolescence that must be handled in the cost approach.

*The Appraisal Journal, July 1978*

### SUMMARY OF ADVANTAGES AND DISADVANTAGES OF "ORIGINAL COST" AND "FAIR (PRESENT) VALUE" AS A RATE BASE

The usual "original cost" method utilizes the company's depreciated book values. The basic differences between "original cost" and "fair value" are matters of philosophy and law. Should the rate base, on which a utility is allowed a fair rate of return on present value, give effect to inflationary or deflationary changes, as well as to depreciation which occurred after the original cost was incurred? Fundamentally, the problem resolves itself into the question of taking private property without compensation by allowing less than a fair return on present value. Collaterally the question is raised as to the extent to which this is countenanced (or restricted) by statute and by law. The extensive inflation of recent years had made the "original cost" method as a base value for return on investment, grossly unfair to utility stockholders. In most other types of investment, increased value of useful physical assets due to inflation is reflected on equity values of investors. However, it is argued by some experts that "fair value" may better be achieved through indexing original costs, than by actual cost base engineering valuations. Depending on the character of the plant and equipment appraised, there is probably something to be said, in specific cases, in favor of each method.

In summary, a division of opinion (irrespective of the Hope case) still exists regarding the merits of "original cost" vs. depreciated replacement cost (fair value) as a base. For reasons previously mentioned, there is a strong predilection for the "fair value" basis of valuing plant and equipment as a rate base for investment interest return on, and recapture of, present value. For this reason a need exists for services of engineers and appraisers as well as accountants' expertise in public utility rate cases. The actual reproduction cost estimates are reduced by depreciation (loss in value due to all causes: physical, economic and functional). Of these, perhaps economic and functional depreciation are the most difficult to estimate correctly. Equipment in place, however, probably lends itself better and more practically to indexing (trending) original cost, than inventory and estimated replacement cost of buildings less depreciation.

#### "ORIGINAL COST" VERSUS "FAIR VALUE"

The relative advantages and disadvantages of the use of the "original cost" and "fair value" method of establishing a rate base for public utilities might be summarized as follows:

##### ORIGINAL COST

###### Advantages

Simplicity—avoids value estimates (appraisals), is definite and readily accessible.

Cost of regulation (experts for commission) might be reduced.



Michael W. O'Leary  
Tax Assessor  
Email: moleary@cumberlandri.org

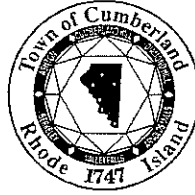


EXHIBIT 2

(401) 728-2400  
Sandra St. Laurent x-13  
Shirley Pemberton x-14  
Fax (401) 475-1851

P.O. Box 7  
Cumberland, Rhode Island 02864-0007  
www.cumberlandri.org

## **SURVEY OF TANGIBLE TAXING PRACTICES**

A PHONE SURVEY COMPLETED ON 12/3/03 BY MIKE O'LEARY, ASSESSOR FOR THE TOWN OF CUMBERLAND, CONTACTED THIRTY EIGHT OF THIRTY NINE MUNICIPALITIES (NEW SHOREHAM HAS A BOA NOT AN ASSESSOR) IN RHODE ISLAND:

THE QUESTIONS ASKED EACH ASSESSOR'S WERE:

**ARE YOUR WATER DISTRIBUTION PIPES EXEMPT OR MUNICIPALLY OWNED?**

**IF NOT EXEMPT ARE THEY TAXED AS TANGIBLE PROPERTY?**

38 ASSESSORS' WERE CONTACTED

22 HAD EXEMPT/MUNICIPAL WATER SYSTEMS

**9 HAD NON EXEMPT WATER DISTRIBUTION SYSTEMS**

**ALL 9 TAXED THESE SYSTEMS AS TANGIBLE PROPERTY**

ALL 27 MUNICIPALITIES THAT HAVE NATURAL GAS TAX THE DISTRIBUTION SYSTEMS AND PIPELINES AS TANGIBLE.

THE 9 ARE:

CRANSTON

CUMBERLAND

E. PROVIDENCE

GLOCESTER

NARRAGANSETT

N. SMITHFIELD

PORTSMOUTH

SCITUATE

SOUTH KINGSTOWN

EXHIBIT 3

# FAX COVER

To: *Mike McElroy*  
 Company:  
 Fax Number: *421-5696*

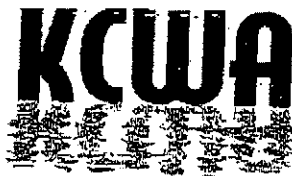
From: *Luley Massaro*  
 Company: RI Public Utilities Commission  
 Phone Number: (401) ~~941-4500~~  
*780-2407*

Subject: *Property Tax info*

Pages including cover page: *Approx 13 pages*

Date: *8/1/05*

MESSAGE



Kent County Water Authority

October 7, 2003

Ms. Cynthia G. Wilson  
Senior Legal Counsel  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

2003 OCT -7 AM 11:22

PROPERTY TAXES

Dear Ms. Wilson:

I appreciate you reminding me of some information requested in your memorandum of September 4, 2003. The following information responds to that request:

**Issue One: Property Taxes**

1-1. Please indicate which cities/towns assess property taxes on Kent County Water Authority.

Ans. No cities or towns assess property taxes on the Kent County Water Authority as we are exempt. A fixed fee is established based on the taxes the year prior to our purchase of property and is considered payment in lieu of taxes. This is based upon our statute and I have included a copy of page 6 of our Semi-Annual Report which will indicate those payments in lieu of taxes that have been made for each of the communities and fire districts.

1-2. For each city/town that assesses property taxes, please indicate the most recent assessments and taxes paid for each of the last three years. Please also provide the following: a) any information provided by the city/town to show the items being taxed and b) whether the property is being taxed as real or tangible property.

Ans. Refer to response to question 1-1.

1-3. Please indicate whether Kent County Water Authority has challenged/appealed any of the taxes assessed or valuations done in the past three years. If so, please provide the status and/or outcome of those appeals.

Ans. I have no knowledge that this Authority appealed any so called taxes or payments in lieu of taxes in the last three years. I am aware previous that an appeal with the Town of West Greenwich was undertaken concerning the water tank at Technology Park for land

(not owned by the Kent County Water Authority) and tangible property. I believe that has never been heard and the appeal is pending. No tax has been paid and no bills have been received.

- 1-4. Please specifically indicate whether the tax assessment for each year includes pipes and if so, whether they have been taxed as real or tangible property (whether or not the assessment/valuation has been challenged).

Ans. There is no tax on any tangible property, pipes, tanks, etc. The payments in lieu of taxes based on statute are based upon the tax in the year prior to purchase by the Kent County Water Authority. No allowance is given within our statute for tangible property that may be built by the Authority in any city/town or easement right-of-way for water line or structure installation.

### **Issue Two: Compensation of Employees**

- 2-1. Please provide a list of each employee title, current salary and benefits. A template is below:

Ans. Please find the attached list. Please be aware that we do not determine salaries based upon title. We have provided the general benefits as we do not have a listing of benefits per employee title as all employees received the same benefits at the Authority.

#### Benefits:

- Blue Cross Blue Shield, Single/Family Plan
- Delta Dental, Single/Family Plan
- Long Term Disability, employee only
- Life Insurance, one times salary
- 11 paid holidays/year
- 2 personal days/year
- 5 sick days/year
- Longevity and education

The Pension Plan formula is based on years of service and salary calculated at the end of company service. Copy attached.

- 2-2. For each employee title, please provide a brief description of the job, including the hours worked.

Ans. We do not have employee descriptions based on employee title, but I have provided you the descriptions that we utilize for operator certification. All employees work 40 hours per week at the Authority unless overtime is required and requested.

- 2-3. Please provide the following information for the past twelve (12) months:

NBC

## Issue One: Property Taxes

- 1-1 Please indicate which cities/towns assess property taxes on NBC.

Response: NBC's enabling legislation (46-25-53) exempts the NBC from property taxes.

- 1-2 For each city/town that assesses property taxes, please indicate the most recent assessments and taxes paid for each of the last three years. Please also provide the following: a) any information provided by the city/town to show the items being taxed and b) whether the property is being taxed as real or tangible property.

Response: n/a

- 1-3 Please indicate whether NBC has challenged or/appealed any of the taxes assessed or valuations done in the past three years. If so, please provide the status and/or outcome of those appeals.

Response: n/a

- 1-4 Please specifically indicate whether the tax assessment for each year includes pipes and if so, whether they have been taxed as real or tangible property (whether or not the assessment/valuation has been challenged).

Response: n/a

INFORMATION REQUEST of SEPTEMBER 4, 2003  
FROM THE DIVISION OF PUBLIC UTILITIES AND CARRIERS

Issue One: Property Taxes

- 1-1. Please indicate which cities/towns assess property taxes on the Pawtucket Water Supply Board.

Response: Town of Cumberland  
City of Attleboro  
City of North Attleborough  
Town of Wrentham  
Town of Lincoln

- 1-2 For each city/town that assesses property taxes, please indicate the most recent assessments and taxes paid for each of the last three years. Please also provide the following: a) any information provided by the city/town to show the items being taxed and b) whether the property is being taxed as real or tangible property.

Response: See attached list 1-2.

1-2

ac 1 of 3

PLAT-LOT	2002 VALUATION(P)	2002 VALUATION(A)	2002 TAXES	2003 VALUATION	2003 TAXES	PLAT-LOT
CUMBERLAND						CUMBERLAND
5-115	\$2,400	\$2,400	\$36.98	\$2,400	\$38.28	25 Robinson St
6-10	\$5,100	\$5,100	\$78.59	\$5,100	\$81.35	15 Crowell St
6-11	\$111,700	\$111,700	\$1,721.30	\$111,700	\$1,781.82	15 Crowell St
6-12	\$16,000	\$16,000	\$246.56	\$16,000	\$255.20	Buena Vista Dr
6-13	\$89,600	\$89,600	\$1,380.74	\$89,600	\$1,429.12	D Dexter St
6-14	\$64,000	\$64,000	\$986.24	\$64,000	\$1,020.80	Dexter St, Off
19-3 Hirsch	\$275,300	\$275,300	\$4,242.37	\$275,300	\$4,391.04	Curran Rd
19-325 Hirsch						Curran Rd
23-99	\$86,100	\$86,100	\$1,326.80	\$86,100	\$1,373.30	27 Rawson Rd
25-35 Boys Club	\$81,900	\$81,900	\$1,262.08	\$81,900	\$1,306.31	Lanesville Rd
25-50	\$128,000	\$128,000	\$1,972.48	\$128,000	\$2,041.60	Old Meadow Ln
25-402 Walsh	\$13,300	\$13,300	\$204.95	\$13,300	\$212.44	36 Ridgeland Dr
26-33 Boys Club	\$55,000	\$55,000	\$847.55	\$55,000	\$877.25	35 Arnold's Mills
26-34	\$50,400	\$50,400	\$776.66	\$50,400	\$863.86	679 Nate Whipple
						Arnolds Mills Road
32-2	\$86,200	\$86,200	\$1,482.44	\$86,200	\$1,534.39	Diamond Hill
32-3	\$18,100	\$18,100	\$278.92	\$18,100	\$288.70	Diamond Hill
32-4	\$6,800	\$6,800	\$104.79	\$6,800	\$108.46	Diamond Hill
36-24	\$34,600	\$34,600	\$533.19	\$34,600	\$551.87	678 Nate Whipple
36-29 Cerrone	\$5,600	\$5,600	\$86.30	\$5,600	\$89.32	41 Metcalf Dr
36-81	\$20,600	\$20,600	\$317.45	\$20,600	\$328.57	Reservoir Road, Off Metcal Drive
47-9 Kulik	\$86,400	\$86,400	\$1,331.42	\$86,400	\$1,378.08	137 Sumner Brown
47-15	\$201,700	\$201,700	\$3,108.20	\$201,700	\$3,217.12	520 Tingley Rd
47-18 Kulik	\$340,600	\$340,600	\$5,248.65	\$340,600	\$5,432.57	40 Eillery St
47-21	\$64,000	\$64,000	\$986.24	\$64,000	\$1,020.80	91 Sumner Brown
47-23	\$235,400	\$235,400	\$3,627.51	\$235,400	\$3,754.63	111 Sumner Brown
47-25	\$144,000	\$144,000	\$2,219.04	\$144,000	\$2,296.80	75 Sumner Brown
47-26	\$195,600	\$195,600	\$3,014.20	\$195,600	\$3,119.82	Sumner Brown Rd
47-51	\$5,100	\$5,100	\$78.59	\$5,100	\$81.35	452 Reservoir Road
47-89 Haczynski	\$104,800	\$104,800	\$1,614.97	\$104,800	\$1,671.56	21 Sumner Brown Rd
47-3A Sullivan	\$63,500	\$63,500	\$978.54	\$63,500	\$1,012.83	Sumner Brown Rd
47-33A Guilmond	\$62,800	\$62,800	\$967.75	\$62,800	\$1,001.66	Sumner Brown Rd
48-16	\$12,000	\$12,000	\$184.92	\$12,000	\$191.40	W. Wrentham Rd
48-19	\$204,400	\$204,400	\$3,149.80	\$204,400	\$3,260.18	15 Sumner Brown
56-1	\$36,000	\$36,000	\$554.76	\$36,000	\$574.20	185 Reservoir Road
56-4	\$258,000	\$258,000	\$3,975.78	\$258,000	\$4,115.10	Abbott Run Valley
56-14	\$221,800	\$221,800	\$3,417.94	\$142,000	\$2,264.90	314 Sneech Pond Rd
58-21	\$112,000	\$112,000	\$1,725.92	\$112,000	\$1,786.40	N Attleboro Rd
58-40	\$188,000	\$188,000	\$2,897.08	\$188,000	\$2,998.60	Reservoir Road

1-2

PLAT-LOT	2002 VALUATION(P)	2002 VALUATION(A)	2002 TAXES	2003 VALUATION	2003 TAXES	PLAT-LOT
57-9	\$170,700	\$170,700	\$2,630.49	\$170,700	\$2,722.67	57-9
57-15	\$219,800	\$219,800	\$3,387.12	\$219,800	\$3,505.81	57-15
57-18	\$160,000	\$160,000	\$2,465.60	\$160,000	\$2,552.00	57-18
57-19	\$17,900	\$17,900	\$275.84	\$17,900	\$285.51	57-19
57-21	\$192,000	\$192,000	\$2,958.72	\$192,000	\$3,062.40	57-21
57-34	\$28,200	\$28,200	\$434.56	\$28,200	\$449.79	57-34
57-35	\$8,000	\$8,000	\$123.28	\$8,000	\$127.60	57-35
57-37	\$5,400	\$5,400	\$83.21	\$5,400	\$66.13	57-37
57-38	\$132,200	\$132,200	\$2,037.20	\$132,200	\$2,108.59	57-38
57-39	\$40,300	\$40,300	\$621.02	\$40,300	\$642.79	57-39
69-1	\$343,500	\$343,500	\$5,293.34	\$343,500	\$5,478.83	69-1
69-2	\$2,218,000	\$2,218,000	\$34,179.38	\$2,218,000	\$35,377.10	69-2
69-3	\$859,500	\$859,500	\$13,244.90	\$859,500	\$13,709.03	69-3
70-1	\$3,974,100	\$3,974,100	\$61,240.88	\$250,400	\$3,993.88	70-1
70-2	\$192,800	\$192,800	\$2,971.05	\$3,102,700	\$49,468.07	70-2
70-3	\$204,900	\$204,900	\$3,157.51	\$131,600	\$2,099.02	70-3
71-1	\$4,709,400	\$4,709,400	\$72,571.85	\$3,909,300	\$62,353.34	71-1
tangible property		\$20,000,000	\$418,400.00	\$20,000,000	\$433,000.00	tangible property
TOTAL	\$17,173,500.00	\$37,173,500.00	\$683,043.65	\$35,408,500.00	\$678,734.06	TOTAL

Tingley Rd  
Reservoir Rd  
Tingley Rd  
321 Tingley Rd  
335 Reservoir Road  
1 Torrey Rd  
291 Reservoir Road  
36 Hidden Meadow  
315 Reservoir Rd  
315 Tingley Rd

Curran Rd  
225 Reservoir Road  
Sneech Pond Rd  
Old Sneech Pond  
Ralco Way

PLAT-LOT	2002 VALUATION(P)	2002 VALUATION(A)	2002 TAXES	2003 VALUATION	2003 TAXES	PLAT-LOT
0001-0001	\$46,700		\$607.10		\$664.36	0001-0001
0009-0314	\$84,800		\$1,102.40		\$1,416.76	0009-0314
0010-0001	\$54,300		\$705.90		\$775.72	0010-0001
0010-0003E	\$10,300		\$133.90		\$289.16	0010-0003E
TOTAL	\$196,100		\$2,549.30		\$3,155.00	TOTAL

ATTLEBORO  
BRANCH STREET  
MENDON ROAD  
HIGHLAND AVENUE  
HIGHLAND AVENUE

NOV 2003



1-2

NO 3 rd 3

LAT-LOT	2002 VALUATION(P)	2002 VALUATION(A)	2002 TAXES	2003 VALUATION	2003 TAXES	PLAT-LOT
<b>NORTH ATTLEBOROUGH</b>						
28-0004	\$127,800		\$1,514.43		\$1,563.00	028-0004
28-0027	\$221,300		\$2,706.48		\$2,706.48	028-0027
28-0029	\$73,000		\$867.42		\$893.24	028-0029
28-0032	\$6,600		\$76.22		\$161.48	028-0032
28-0050	\$91,800		\$1,087.83		\$1,124.72	028-0050
28-0200	\$5,300		\$62.82		\$129.68	028-0200
29-0007	\$123,200		\$1,459.92		\$1,506.76	029-0007
32-0014	\$91,100		\$1,079.54		\$1,114.16	032-0014
<b>TOTAL</b>	<b>\$740,100</b>		<b>\$8,772.59</b>		<b>\$9,199.52</b>	<b>TOTAL</b>

NORTH ATTLEBOROUGH  
 MENDON ROAD  
 ADAMSDALE ROAD OFF  
 DEXTER STREET  
 ADAMSDALE ROAD OFF  
 MENDON ROAD  
 CHASE STREET REAR  
 HUNTS BRIDGE ROAD  
 ARNOLDS MILLS ROAD

WRENTHAM

LAT-LOT	2002 VALUATION(P)	2002 VALUATION(A)	2002 TAXES	2003 VALUATION	2003 TAXES	PLAT-LOT
<b>WRENTHAM</b>						
11-01-0003		\$0.00	\$0.00	\$0.00	\$0.00	01-01-0003
1-02-01-0017-AH		\$31,850	\$466.28	\$38,070	\$516.61	G-02-01-0017-AH
1-02-01-0006-1		\$126,100	\$1,846.10	\$145,000	\$1,967.65	G-02-01-0006-1
11-1						61-1
12-1						62-1
13-1						63-1
<b>TOTAL</b>	<b>\$0</b>	<b>\$157,950</b>	<b>\$2,312.38</b>	<b>\$183,070</b>	<b>\$2,484.26</b>	<b>TOTAL</b>

WRENTHAM  
 PWSSB  
 BURNT SWAMP RD.  
 ELLERY ST.

LINCOLN	2002 VALUATION(P)	2002 VALUATION(A)	2002 TAXES	2003 VALUATION	2003 TAXES
<b>LINCOLN</b>					
16-123.0		\$2,799,600	\$67,134.41	\$2,799,600.00	\$75,141.26
<b>TOTAL</b>			<b>\$67,134.41</b>		<b>\$75,141.26</b>

LINCOLN  
 WESTWOOD RD.

**INFORMATION REQUEST OF SEPTEMBER 4, 2003  
RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**Issue One**

1-3. Please indicate whether the Pawtucket Water Supply Board ("PWSB") has challenged/appealed any of the taxes assessed or valuations done in the past three years. If so, please provide the status and/or outcome of those appeals.

Response: In 2002, the PWSB challenged tax increases based on increased assessments of both its real and tangible property located in the Town of Cumberland, Rhode Island. The PWSB's appeal of its real property tax increase was settled. However, the PWSB's appeal of its tangible tax increase is currently pending in the Rhode Island Superior Court (C.A. No. 03-1446).

In 2003, the PWSB once again appealed its tangible taxes in the Town of Cumberland. The Tax Assessor denied the initial appeal, and the PWSB appealed his decision to the Cumberland Board of Assessors. The appeal before the Board of Assessors is currently pending.

J. Keough Jr., Esquire

1-4. Please specifically indicate whether the tax assessment for each year includes pipes and if so, whether they have been taxed as real or tangible property (whether or not the assessment/valuation has been challenged).

Response: The PWSB attempted to discover whether its pipes located in Cumberland were taxed as tangible property at the tangible tax rate. This attempted discovery process began in June 2002. However, the PWSB could not obtain an answer. On the morning of August 21, 2003 (the first day of hearings in Docket 3497), the PWSB was provided with documents that purport to be an appraisal of the PWSB's tangible property. After reviewing these documents, it appears that the PWSB's pipes are being taxed as tangible property at the tangible property tax rate.

J. Keough Jr., Esquire

City of Newport, RI  
Water Division  
September 25, 2003  
Request for Information

Property Taxes

- 1-1. Newport Water Division is assessed property taxes by the Towns of Little Compton, Middletown, Portsmouth and Tiverton.
- 1-2. The attached summarizes the property taxes assessed by the Towns of Little Compton, Middletown, Portsmouth, and Tiverton.
- 1-3. To my knowledge The Newport Water Division has appealed the tax assessments in Middletown and Portsmouth.

Middletown taxes have not been paid for the past three (3) years as the communities are working on a reciprocity agreement.

Portsmouth property tax assessments were appealed to the Portsmouth Tax Assessment Board of Review for taxes assessed 12/31/1999; 12/31/2000; and 12/31/2001. The Board of Review denied the City's appeal for 12/31/1999 assessed taxes and the tax appeal is now pending at Superior Court. The Board of Review adjusted the assessments for 12/31/2000 and 12/31/2001 assessed taxes.

- 1-4. Indicated on summaries.

Compensation of Employees

- 2-1. Attached.
- 2-2. Attached.
- 2-3.
  - a. The number of Positions authorized by the PUC is 47.
  - b. The number and title of positions filled in each month.

Position	Date Hired
Financial analyst	6/2/03
Water Plant Operator	3/24/03
Water Plant Operator	4/21/03
Water Plant Operator	4/7/03
Water Plant Operator	9/22/03



## THE CITY OF NEWPORT, RHODE ISLAND - AMERICA'S FIRST RESORT

## DEPARTMENT OF PUBLIC WORKS

October 15, 2003

Ms. Luly Massaro  
Commission Clerk  
RI Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888-1046

Julia A. Fogue, PE  
Director

Utilities Division  
(401) 847-0154

Clean City Program  
(401) 849-2380

Director's Office  
(401) 847-0154  
(401) 846-0947 Fax

RE: Revised property tax information requested in Memorandum dated September 4<sup>th</sup> 2003:

Dear Ms. Massaro:

Enclosed are revisions to the property tax assessment and taxes for the City of Newport Water Division and nine (9) copies. The previous information provided for municipalities Tiverton and Middletown was found to include erroneous information which has been corrected. I apologize for any inconvenience this may have caused.

Please contact this office should there be any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Julia A. Fogue', written over a horizontal line.

Julia A. Fogue, PE  
Director of Public Works

JAF/cab  
Enclosure

c.c Karen Garcia, Financial Analyst

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PUBLIC UTILITIES COMMISSION

**City of Newport Rhode Island  
Water Department**

Issue 1-2	Location	Property	Acct #	Type	Assessment		Assessment		Assessment		Assessment	
					12/31/1999	2000 Tax	12/31/2000	2001 Tax	12/31/2001	2002 tax	12/31/2002	2003 Tax
	Little compton	023/0001	14019000	Real	\$ 750,000.00	\$ 10,912.50	\$ 1,103,400.00	\$ 7,734.83	\$ 1,103,400.00	\$ 8,176.19	\$ 1,103,400.00	\$ 8,749.96
	Little compton	042/0114	14019000	Real	\$ 24,300.00	\$ 353.57	\$ 316.00	\$ 221.52	\$ 31,600.00	\$ 234.16	\$ 31,600.00	\$ 250.59
	Little compton	pers prop	14019000	Tangible	\$ 14,000.00	\$ 203.70	\$ 19,950.00	\$ 139.85	\$ 28,160.00	\$ 212.00	\$ 27,700.00	\$ 219.66
	<b>Totals</b>				\$ 788,300.00	\$ 11,469.77	\$ 1,123,666.00	\$ 8,096.20	\$ 1,163,160.00	\$ 8,622.35	\$ 1,162,700.00	\$ 9,220.21
	Tiverton	122-14	14-0390-00	Real	\$ 1,024,600.00	\$ 21,045.28	\$ 1,024,600.00	\$ 20,840.36	\$ 1,024,600.00	\$ 21,598.57	\$ 958,500.00	\$ 13,466.93
	Tiverton	131-45	14-0390-00	Real	\$ 128,900.00	\$ 2,647.61	\$ 128,900.00	\$ 2,601.00	\$ 128,900.00	\$ 2,717.21	\$ 143,600.00	\$ 2,017.58
	Tiverton	Util RR	27-4600-00	Tangible	\$ 527,680.00	\$ 10,838.55	\$ 437,130.00	\$ 8,891.22	\$ 346,580.00	\$ 7,305.91	\$ 271,700.00	\$ 3,817.39
	<b>Totals</b>				\$ 1,681,180.00	\$ 34,531.44	\$ 1,590,630.00	\$ 32,332.56	\$ 1,500,080.00	\$ 31,621.69	\$ 1,373,800.00	\$ 19,301.90

Plot	Lot	Account #	Location	Type	Assessment 12/31/1999	Tax 2000	Assessment 12/31/2000	Tax 2001	Assessment 12/31/2001	Tax 2002	Assessment 12/31/2002	Tax 2003
Corrected copy 10/14-03												
		Middletown										
106	139	199208031	Forest Ave	Real	59,300.00	1,150.42	59,300.00	1,212.69	59,300.00	1,307.57	86,800.00	1,501.64
106	139	199208031	Forest Ave	Pumping station-Sewer maint	14,497.00	68.14	13,928.00	75.07	14,152.00	83.50	14,487.00	85.47
109NE	160	199208032	Green End Ave	Real	58,500.00	1,125.20	58,000.00	1,186.10	58,000.00	1,278.90	96,000.00	1,468.80
109NE	168	199208033	Bliss Mine Rd.	Real	121,700.00	2,360.98	121,700.00	2,486.77	121,700.00	2,683.49	195,900.00	2,997.27
109NE	178/A	199208034	Acacia Dr	Real	22,200.00	430.68	22,200.00	453.99	22,200.00	489.51	33,300.00	509.49
114	94	199208035	Green End Ave.	Real	61,300.00	1,189.22	61,300.00	1,253.59	61,300.00	1,351.67	101,500.00	1,552.95
115	8	199208036	Aquidneck Ave	Real	32,300.00	626.62	32,300.00	660.54	32,300.00	712.22	49,300.00	852.89
115	57	199208037	Valley Rd	Real	10,000.00	194.00	10,000.00	204.50	10,000.00	220.50	12,500.00	216.25
115	57	199208037	Valley Rd	Vacant lot unconnected sewer maint		5.60		5.60		5.60		5.60
115	1A	199208038	Valley Rd	Real	56,000.00	1,086.40	56,000.00	1,145.20	56,000.00	1,234.80	84,900.00	1,468.77
117	9	199208039	Jepson Lane	Real	26,400.00	512.16	26,400.00	539.88	26,400.00	582.12	41,800.00	639.54
121	21	199208040	Paradise Ave.	Real	34,500.00	669.30	34,500.00	705.53	34,500.00	760.73	51,800.00	792.54
121NW	73	199208041	Reservoir Rd	Real	947,500.00	18,381.50	947,500.00	19,376.38	947,500.00	20,892.38	1,110,300.00	19,208.19
121NW	73	199208041	Reservoir Rd	Sewer Maint vacant lot unconnected		37.07		37.07	37.07	37.07		37.07
127	6	199208042	Hanging Rocks Rd	Real	132,800.00	2,576.32	132,800.00	2,715.76	132,800.00	2,928.24	177,000.00	3,062.10
127	10	199208043	Hanging Rocks Rd	Real	137,800.00	2,673.32	137,800.00	2,818.01	137,800.00	3,038.49	210,600.00	3,222.18
127	16	199208044	Paradise Ave.	Real	373,200.00	7,240.08	373,200.00	7,631.94	373,200.00	8,229.06	564,900.00	8,642.97
127	16	199208044	Stock & equipment	Tangible	606,000.00	11,756.40	606,000.00	12,392.70	606,000.00	13,362.30	606,000.00	9,271.80
127	17	199208045	Hanging rock Rd	Real	1,267,100.00	24,581.74	1,267,100.00	25,912.20	1,267,100.00	27,939.56	1,905,700.00	29,157.21
131	2	199208046	Third Beach Rd	Real	12,100.00	234.74	12,100.00	247.45	12,100.00	266.81	20,100.00	347.73
108	553	199700533	Valley	Real	38,500.00		38,500.00	787.33	38,500.00	848.93	66,000.00	1,009.60
<b>Totals</b>					<b>4,011,697.00</b>	<b>76,899.89</b>	<b>4,010,628.00</b>	<b>81,850.30</b>	<b>4,010,889.07</b>	<b>89,253.45</b>	<b>5,466,508.00</b>	<b>86,050.26</b>
None of these Taxes have been paid. The town and the city are discussing an agreement.												

## PUC – REQUEST FOR INFORMATION

### Issue One: Property Taxes

1-1 UWRI is assessed property taxes in both towns it serves, South Kingstown and Narragansett.

1-2 The past three years of assessments and taxes:

South Kingstown -	2003	2002	2001
Valuation land & bldg.	2,233,290	2,232,780	2,223,780
Taxes	44,455	42,464	39,806
Valuation pipes & hydts.	5,830,095	5,830,095	5,830,095
Taxes	<u>116,077</u>	<u>110,888</u>	<u>104,359</u>
Total Taxes	160,532	153,355	144,165

Narragansett -	2003	2002	2001
Valuation land & bldg.	140,500	134,500	134,500
Taxes	2,171	2,504	2,453
Valuation pipes & hydts.	5,424,680	5,424,680	4,931,530
Taxes	<u>83,811</u>	<u>101,116</u>	<u>89,951</u>
Total Taxes	85,982	103,623	92,404

(Find attached 2003 assessments)

1-3 UWRI has challenged the assessments in both towns within the past three years. The challenge has gone only as far as each local assessor with limited results.

1-4 Pipes and hydrants are included in the tax assessment and the breakdown can be seen in schedule above and also with attachments.

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**PUBLIC UTILITIES COMMISSION  
REQUEST FOR INFORMATION  
SEPTEMBER 2003**

**Issue One:            *Property Taxes***

- 1-1    Please Indicate which cities/towns assesses property taxes on Woonsocket Water Division.
- 1-2    For each city/town that assesses property taxes, please indicate the most recent assessments and taxes paid by for each of the last three years. Please also provide the following:
  - a.    Any information provided by the city/town to show items being taxed
  - b.    Whether the property is being taxed as real or tangible property
- 1-3    Please indicate whether Woonsocket Water Division has challenged/appealed any of the taxes assessed or valuations done in the past three years. If so please provide the status and/or outcome of those appeals.
- 1-4    Please specifically indicate whether the tax assessment for each year includes pipes and if so, whether they have been taxed as real or tangible property (whether or not the assessment/valuation has been challenged).

Please see attached form: Property Taxes



### Property Taxes

- 1-1 Please Indicate which cities/towns assess property taxes on Woonsocket Water Division.
- 1-2 For each city/town that assesses property taxes, please indicate the most recent assessments and taxes paid for each of the last three years. Please also provide the following:
- a) Any information provided by the city/town to show the items being taxed
  - b) Whether the property is being taxed as real or tangible property

	FY 2003	FY 2002	FY 2001
North Smithfield	\$129,589	\$104,145.00	\$94,366.00
Blackstone	\$12,660	\$9,712.00	\$15,976.00
Lincoln	\$9,712	\$9,652.00	\$12,012.00
Smithfield	\$13,777	\$13,375.00	\$10,876.00
Albion Fire District	\$411	\$367.00	\$310.00
Manville Fire District	\$327	\$327.00	\$267.00
<b>TOTAL</b>	<b>\$166,475</b>	<b>\$137,578.00</b>	<b>\$133,807.00</b>

All properties are taxed as real property with the exception of the Woonsocket Reservoir in North Smithfield; that property is taxed as tangible property.

### Property List

#### North Smithfield

Sayles Hill Rd., 131 Old Sayles Hill Rd., Reservoir Rd., 1030 Smithfield Rd.,  
Off Eddie Dowling Hwy., Manville Rd., Off Iron Mine Rd., Rocky Hill Rd.,

#### Blackstone

Quickstream/Harris, Off Farm St., Harris Pond

#### Lincoln

Sayles Hill Rd., Old River Rd., Reservoir Rd., Eddie Dowling Hwy., Old Great Rd.

#### Albion Fire District

#### Manville Fire District

#### Smithfield

90 West Reservoir Rd., Rocky Hill Rd., 111 West Reservoir Rd., 250 Reservoir Rd.,  
201 Reservoir Rd.

- 1-3 Please indicate whether Woonsocket Water Division has challenged/appealed any of the taxes assessed or valuations done in the past three years. If so, please provide the status and/or outcome of those appeals.

Woonsocket Water Division has not appealed any valuations in the past three years.

- 1-4 Please specifically indicate whether the tax assessment for each year includes pipes and if so, whether they have been taxed as real or tangible property.

Woonsocket is not currently taxed for pipes. The attached tax bills give the itemization for real and tangible property.

ROBERT A. WALSH, JR.  
*Chairman*

JOEL D. LANDRY, II, ESQ.  
*Vice Chairman*

ALEXANDER D. PRIGNANO  
*Ex-Officio*

CARISSA R. RICHARD  
*Secretary*

FERNANDO S. CUNHA, ESQ.  
*Legal Advisor*



DAVID N. CICILLINE  
*Mayor*

ROBERT J. KILDUFF, P.E., ESQ.  
*Chief Engineer & General Manager*

JOSEPH DE LUCA  
*City Councilman*

PETER S. MANCINI  
*City Councilman*

JOSEPH D. CATALDI  
*Member*

ANNE T. QUINTERNO  
*Member*

September 26, 2003

Mrs. Luly E. Massaro, Commission Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Commission Request for Information September 4, 2003

Dear Mrs. Massaro:

Enclosed please find an original and nine copies of Providence Water's responses to the Commission's request for information due September 26, 2003.

If you have any questions, please contact me at extension 7217.

Providence Water Supply Board

Mary L. Delgnan-White  
Manager of Regulatory

cc: M. McElroy, Esq.  
B. Kilduff  
B. Spinelli  
J. Bondarevskis  
file

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**Commission Data Request 09/04/03****Issue One: Property Taxes**

Q. 1-1. Please indicate which cities/towns assess property taxes on Providence Water.

Answer: Scituate,  
Foster,  
Cranston,  
North Providence,  
Johnston,  
Glocester  
West Warwick,  
West Glocester Fire District,  
Harmony Fire District,  
Chapachet Fire District,  
Warwick.

**Commission Data Request 09/04/03****Issue One: Property Taxes**

Q. 1-2. For each city/town that assesses property taxes, please indicate the most recent assessments and taxes paid for each of the last three years. Please also provide the following: a) any information provided by the city/town to show the items being taxed and b) whether the property is being taxed as real or tangible property.

Answer: Please see attached for spreadsheet of tax type (real, tangible or both), valuation, and taxes paid. The city/town provides only the tax bill. In certain cases when Providence Water feels more information is needed, Providence Water will go to the City/Town hall to review and/or copy the Tax Assessor's field cards, which show how the values are derived.

**Providence Water  
Property Taxes**

<u>Town/City</u>	<u>Real Estate/Tangible/Both</u>	<u>CY 2001 Assessment</u>	<u>FY2002 Taxes Paid</u>	<u>CY 2002 Assessment</u>	<u>FY2003 Taxes Paid</u>	<u>CY 2003 Assessment</u>	<u>FY2004 Taxes Paid</u>
Scituate	Both	\$151,537,780	\$4,205,173	\$151,537,780	\$4,311,250	\$151,537,780	\$4,747,679
Foster	Real Estate	\$7,853,300	\$315,703	\$7,853,300	\$315,703	\$20,914,700	\$297,825
Cranston	Both	\$13,141,310	\$431,198	\$13,055,610	\$508,299	\$14,967,570	\$493,134
North Providence	Both	\$6,524,500	\$213,155	\$7,662,528	\$213,406	\$7,647,266	\$224,323
Johnston	Real Estate	\$6,648,500	\$158,168	\$6,648,500	\$166,877	\$3,671,100	\$96,550
Glocester	Real Estate	\$660,500	\$17,642	\$1,568,800	\$31,109	\$2,633,900	\$52,625
West Warwick	Real Estate	\$199,555	\$6,012	\$199,555	\$6,070	\$199,555	\$6,223
West Glocester Fire	Real Estate	\$599,074	\$988	\$1,422,862	\$1,921	n/a	n/a
Harmony Fire Dist.	Real Estate	n/a	\$69	n/a	\$137	n/a	n/a
Chepachet Fire Dist.	Real Estate	\$61,130	\$55	\$145,190	\$131	n/a	n/a
Warwick	Real Estate	\$700	\$24	\$700	\$25	\$700	\$26

West Glocester Fire bill is expected to be mailed in October 2003  
 Harmony Fire Dist. bill is expected to be mailed in May 2004  
 Chepachet Fire Dist. bill is expected to be mailed in December 2003

**Commission Data Request 09/04/03****Issue One: Property Taxes**

Q. 1-3. Please indicate whether Providence Water has challenged/appealed any of the taxes assessed or valuations done in the past three years. If so, please provide the status and/or outcome of those appeals.

Answer:

Scituate:

Appealed CY 2001 (FY 2002) valuation and taxes, and Forest Land Classification denial  
Appealed CY 2002 (FY 2003) valuation and taxes, and Forest Land Classification denial  
Both the valuation and forest land appeals are currently pending in Superior Court, but we are engaged in mediation to try to settle the cases.

Foster:

Applied for Forest Land Classification January 2002  
Applied for Forest Land Classification January 2003  
Have not received written denial of forest land classification requests, but we have discussed settlement. Those discussions are on hold pending the outcome of the Scituate mediation.

Johnston

Applied for Forest Land Classification January 2003, but no written denial received to date.  
Appealed CY 2002 (FY 2003) valuation and taxes  
Received reduction of \$2,977,400 of valuation

Glocester

Appealed CY 2002 (FY 2003) valuation and taxes  
Currently pending in Superior Court.

Please note that the FY 2004 appeals are due in September or October 2003, depending on when the first quarter taxes were due. Providence Water is in the process of preparing appeals to preserve our rights.

**Commission Data Request 09/04/03****Issue One: Property Taxes**

Q. 1-4. Please specifically indicate whether the tax assessment for each year includes pipes and if so, whether they have been taxed as real or tangible property (whether or not the assessment/valuation has been challenged).

Answer: Scituate does tax Providence Water for the 78" and 90" aqueducts which leave the treatment plant. These "pipes" are taxed as tangible property.

Cranston does tax Providence Water for pipes as tangible property.

North Providence does tax Providence Water for piping at the Longview Reservoir and Fruit Hill Pump Station as tangible property.

For status of tax challenges, please see our response to Commission 1-3.

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2005

A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Introduced By: Representatives E Coderre, San Bento, O'Neill, Rose, and Kilmartin

Date Introduced: February 08, 2005

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1           SECTION 1. Chapter 44-3 of the General Laws entitled "Property Subject to Taxation" is
- 2 hereby amended by adding thereto the following section:
- 3           44-3-60. Tax exemption -- Pawtucket water supply board. -- All water pipes owned
- 4 by the Pawtucket water supply board and/or by the city of Pawtucket for the purpose of providing
- 5 drinking water shall be free and exempt from all taxation.
- 6           SECTION 2. This act shall take effect upon passage.



EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION — PROPERTY SUBJECT TO TAXATION

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- 1 This act would exempt from all taxation all water pipes owned by the Pawtucket Water
- 2 Supply Board and/or by the city of Pawtucket for the purpose of providing drinking water.
- 3 This act would take effect upon passage.

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2005

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A N A C T

RELATING TO TAXATION -- PROPERTY SUBJECT TO TAXATION

Introduced By: Senators McBurney, and Doyle

Date Introduced: February 02, 2005

Referred To: Senate Commerce, Housing & Municipal Government

It is enacted by the General Assembly as follows:

- 1           SECTION 1. Chapter 44-3 of the General Laws entitled "Property Subject to Taxation"
- 2           is hereby amended by adding thereto the following section:
- 3           44-3-60. Tax exemption -- Pawtucket water supply board. -- All water pipes owned by
- 4           the Pawtucket water supply board and/or by the city of Pawtucket for the purpose of providing
- 5           drinking water shall be free and exempt from all taxation.
- 6           SECTION 2. This act shall take effect upon passage.

LC01077

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION – PROPERTY SUBJECT TO TAXATION

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- 1           This act would exempt from all taxation all water pipes owned by Pawtucket Water
- 2   Supply Board and/or by the city Pawtucket for the purpose of providing drinking water.
- 3           This act would take effect upon passage.

LC01077