

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD
RATE FILING

DOCKET NO. 3832

KENT COUNTY WATER AUTHORITY'S RESPONSE TO PUBLIC UTILITIES
COMMISSION'S DATA REQUEST

1. Please provide a summary of Providence Water Supply Board's claimed Revenue Requirements and KCWA's proposed adjustments in the format similar to that in CW Sch. 1 attached to Mr. Woodcock's surrebuttal testimony in Docket No. 3818.

Response:

Please see the attached.

2. On page 10 of Mr. Woodcock's direct testimony, he indicated that fringe benefits of "more than 72% of the salary costs" was "extraordinarily high in my experience." Please indicate the factual basis for this statement. Specifically, indicate the fringe benefits and associated costs for the other non-investor owned water utilities with which Mr. Woodcock is familiar.

Response:

Mr. Woodcock has looked at fringe benefits in a number of non-investor owned water utilities over the years. In his experience, the fringe benefit rate (health insurance, retirement, etc.) rates have generally been in the 35 – 45% range. Mr. Woodcock's testimony in this case was based on recent reviews for the following municipal utilities:

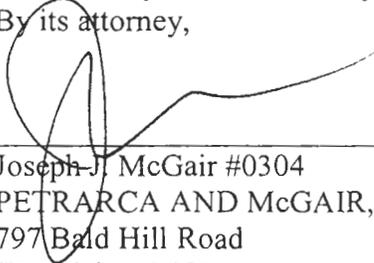
- Town of Wilmington MA Water Department: 42%
- Town of Colchester CT Water Department: 43%
- City of Watertown MA Water Department: 35%
- Town of Winthrop MA Water Department: 41%
- Town of Winchester MA Water Department: 44%

As a result of this data request, Mr. Woodcock looked at the fringe benefits costs of some other RI and other larger, non-investor owned utilities in New England.

- The cost of benefits in the recent Newport Water filing (Docket 3818) appear to be in the 66% range.
- Based on the 2007-08 budget, the cost of the Kent County Water Authority's labor benefits (medical, dental, medical for retirees, life insurance, long term disability, pension, FICA, and worker' compensation) is 45.9%.
- Based on the Boston Water & Sewer Commission's 2006 Annual Report (http://www.bwsc.org/tab_menus/6frameset1.htm) the BWSC fringe benefits appear to be about 22%.
- The Massachusetts Water Resources Authority's (MWRA) FY 2008 indicates fringe benefits (including worker's compensation) of about 20% of salaries & wages (<http://www.mwra.com>)

- The Portland Water District's FY 2006 Annual report (<http://www.pwd.org/pdf/cafr%202006%20final.pdf>) indicates fringe benefits of about 35% of salaries & wages.

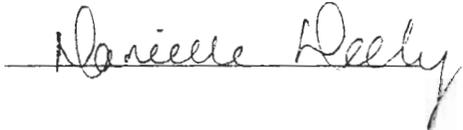
Respectfully submitted,
Kent County Water Authority
By its attorney,



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CERTIFICATE OF SERVICE

In accordance with Rule 1.7D of the Rules of Practice and Procedure of the Public Utilities Commission, I hereby certify that on the 6th day of August, 2007, a copy of the within Response was mailed electronically to the attached service list.



Proposed Adjustments to Revenue Requirements -- Comm Data Request to KCWA 1-1

ACCOUNT	Providence Water		Wholesale Customer/Intervenors		Notes
	Adjusted Test Year	Proforma Rate Year	Adjustments	Proposed	
Source of Supply	\$ 1,249,499	\$ 1,403,154	\$ -	\$ 1,403,154	
Pumping	\$ 723,642	\$ 1,110,085	\$ (307,640)	\$ 802,444	(1,2)
Water Treatment	\$ 4,142,413	\$ 4,705,839	\$ (163,089)	\$ 4,542,749	(1,2)
Transmission & Distribution	\$ 5,964,159	\$ 6,671,221	\$ (2,168)	\$ 6,669,053	(2)
Customer Accounts	\$ 2,987,840	\$ 3,372,372	\$ -	\$ 3,372,372	
Administration	\$ 9,017,399	\$ 10,336,634	\$ (73,301)	\$ 10,263,333	(2)
Total Operating Fund	\$ 24,084,952	\$ 27,599,305	\$ (546,198)	\$ 27,053,106	
Insurance Fund	\$ 1,967,655	\$ 2,967,655	\$ -	\$ 2,967,655	
Chemical and Sludge Fund	\$ 2,058,911	\$ 3,132,565	\$ -	\$ 3,132,565	
Total O&M Expenditures	\$ 28,111,518	\$ 33,699,525	\$ (546,198)	\$ 33,153,326	
Other					
City Services	\$ 729,994	\$ 1,245,952	\$ (333,415)	\$ 912,537	(3)
Rent	\$ -	\$ -	\$ -	\$ -	
Property Taxes	\$ 6,030,056	\$ 6,570,794	\$ (260,340)	\$ 6,310,454	(4)
Capital Reimbursement	\$ (743,041)	\$ (758,616)	\$ -	\$ (758,616)	
Total Other Expenditures	\$ 6,017,009	\$ 7,058,130	\$ (593,755)	\$ 6,464,374	
Capital Fund Cash	\$ 2,450,000	\$ 2,450,000	\$ -	\$ 2,450,000	
Debt Service CIP Fund	\$ -	\$ -	\$ -	\$ -	
Western Cranston Fund	\$ 62,069	\$ 62,069	\$ -	\$ 62,069	
Infrastructure Replacement	\$ 12,500,000	\$ 13,900,000	\$ -	\$ 13,900,000	
Debt Service IFR Fund	\$ -	\$ -	\$ -	\$ -	
102" Valve	\$ -	\$ -	\$ -	\$ -	
Alternative Source of Supply	\$ -	\$ -	\$ -	\$ -	
Meter Replacement	\$ 400,000	\$ 1,000,000	\$ -	\$ 1,000,000	
Equipment Replacement	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	
Total Restricted Expenditures	\$ 16,012,069	\$ 18,012,069	\$ -	\$ 18,012,069	
Total Other & Rest. Expenditures	\$ 22,029,078	\$ 25,070,199	\$ (593,755)	\$ 24,476,443	
Total	\$ 50,140,596	\$ 58,769,723	\$ (1,139,954)	\$ 57,629,770	
Plus Operating Revenue		\$ 1,725,719	\$ (16,386)	\$ 1,709,334	(5)
Less Misc Revenues		\$ (1,245,739)	\$ -	\$ (1,245,739)	
Total Required from Rates		\$ 59,249,704	\$ (1,156,340)	\$ 58,093,364	

Notes:

- (1) Some labor costs and benefits were moved from Water Treatment to Pumping based on past expenses and PW data responses regarding what the actual labor costs related to pumping are.
- (2) Reflects a reduction on power costs to the test year values
- (3) Reflects recommended reductions in City Services allocations.
- (4) Reflects adjustment to property taxes based on lower annual increases - adjust to actual when available.
- (5) Based on percentage of overall rate revenue requirements.

SERVICE LIST - RIPUC DOCKET NO. 3832
Providence Water Supply Board – Rate Filing

Updated: 5/4/07

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