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City Councilman

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Member

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Member

May 18, 2007

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

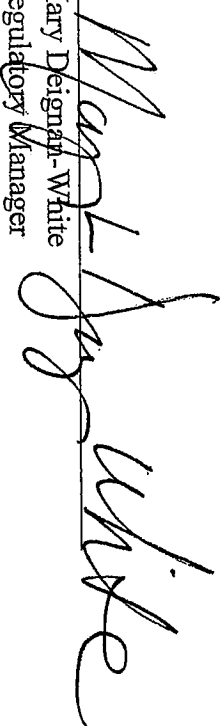
RE: Docket 3832 Division Data Requests; Set 1 and 2

Dear Luly:

Enclosed for filing are an original and three copies of Providence Water's responses to the Division's first and second sets of data requests. Please note that Div 1-32 and 1-36 are not included, but will be forwarded as soon as possible.

If there are any questions, I can be reached at 521-6300, extension 7217.

Sincerely,


Mary Deignan-White
Regulatory Manager

cc: Pamela M. Marchand
Boyce Spinelli
Jeanne Bondarevskis
Walter Edge
Thomas S. Catlin
Joseph J. McGair, Esq.
Timothy J. Brown, P.E.
Christopher P.N. Woodcock
William Lueker, Esq.
Thomas Massaro

Michael R. McElroy, Esq.
Paul Gadoury
Harold Smith
David Bebyn
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Steve Frias, Esq.
Steve Scialabba
John Bell
R. DiMeglio, Esq.
file

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-1 With regard to Ms. Bondarevskis' testimony at page 7, please explain when the method of processing payroll and health care costs described at lines 9-19 was implemented.

Answer: This method was implemented in the early 1990's, approximately 1990 or 1991.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-2 Please explain the basis for utilizing 1997 as the cut-off date for measuring the amount owed the City of Providence for retiree health care costs.

Answer: This was the oldest year for which the information needed to make the calculation was available.

PROVIDENCE WATER SUPPLY BOARD

Docket No. 3832

Data Requests of the Division of Public Utilities & Carriers

Set 1

- 1-3 Please explain whether the amounts shown on Exhibit JBB-1 represent the costs of past retiree health coverage in each of those years on a cash or pay-as-you go basis. If neither, explain what other amounts are included.

Answer: It is an estimate of what the cash basis would have been by discounting the actual costs for FY 04 back.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

- 1-4 Please provide a copy of all workpapers and documentation showing the derivation of the amounts shown on Exhibit JBB-1. Include a copy of the Cooke and Company document referenced on page 8 of Ms. Bondarevskis' testimony.

Answer: Please see the attached.

From: "Thomas Hickey" <thickey@cookandcompany.com>
To: "John Cimino" <JCimino@providenceri.com>
Date: 4/30/2007 3:33 PM
Subject: FW: PWSB RATES
Attachments: PWSB RATE HISTORY.xls

John, here is info Marsha could find. Tom

-----Original Message-----

From: Marsha Silva [mailto:msilvia@cookandcompany.com]
Sent: Tuesday, January 30, 2007 3:13 PM
To: 'Thomas Hickey'
Subject: PWSB RATES

This is the best I could do to answer John's rate increase question. I can't find any funding history before 1997. I'm wondering if perhaps they used BCBS recommended rates? I think we did receive the "current" BCBS rates in 1997 and we began adjusting/qualizing them then.

Marsha L. Silva

781-837-7300

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WATER SUPPLY BOARD WORKING RATES

POLICY YEAR	INCREASE
1992-1993	4.4%
1993-1994	5.0%
1994-1995	3.5%
1995-1996	6.0%
1996-1997	8.5%
1997-1998	15.0%
1998-1999	20.0%
1999-2000	10.0%
2000-2001	14.0%
2001-2002	
2002-2003	
2003-2004	
2004-2005	
2005-2006	

7% ACTIVE and 10% RETIRED

Providence Water Supply Retirees

As of January 11, 2007

Updated for Fiscal Year 2007 Working Rates per Cook & Company Schedule

Prior to 1/1/2004 (from Data General)

Employee Number	Water Dept	Hire Date	Retirement Date	Annual Pension Payment	Medical Group *	Type of Coverage **	BC Confirmed	Fiscal Year 2007 Annual Working PWSB Rate Amount Per Cook & Co.	Fiscal Year 2006 Annual Working PWSB Rate Amount Per Cook & Co.	Fiscal Year 2005 Annual Working PWSB Rate Amount Per Cook & Co.
1003201	WATER FINANCE	06/04/1956	02/22/1989	20,697.72	BLUE CHIP***	2 Individuals	1 IND	1,404.00	2,808.00	1,848.00
1050299	WATER TRANSMISSION & DIST	06/18/1957	02/22/1991	41,423.76	BLUE CHIP***	2 Individuals	1 IND	1,404.00	2,808.00	1,848.00
1050731	WATER FINANCE	02/28/1972	07/05/1993	12,673.56	BLUE CHIP***	2 Individuals	1 IND	1,404.00	2,808.00	1,848.00
1051252	WATER SUPPLY	08/26/1965	03/24/1996	7,804.80	BLUE CHIP***	2 Individuals	1 IND	1,404.00	2,808.00	1,848.00
1003111	WSB PLANNING & ENGINEERIN	01/01/1987	08/14/1988	17,856.00	BLUE CHIP***	Individual	1 IND	1,404.00	2,808.00	924.00
1050660	WATER FINANCE	07/01/1990	06/28/1991	13,928.16	BLUE CHIP***	Individual	1 IND	1,404.00	2,808.00	924.00
1050802	WSB PLANNING & ENGINEERIN	09/07/1971	01/08/1994	13,218.24	BLUE CHIP***	Individual	1 IND	1,404.00	2,808.00	924.00
1050878	WATER FINANCE	08/24/1959	08/31/1994	23,847.00	BLUE CHIP***	Individual	1 IND	1,404.00	2,808.00	924.00
1051447	COMMERCIAL SERVICES - WSB	01/06/1975	06/01/1998	12,396.48	BLUE CHIP***	Individual	1 IND	1,404.00	2,808.00	924.00
1050778	WATER FINANCE	06/15/1959	07/26/1991	76,840.68	BLUE CHIP***	Individual	1 IND	1,404.00	2,808.00	924.00
1050525	WATER TRANSMISSION & DIST	10/07/1968	06/30/1992	15,064.56	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1050378	WATER TRANSMISSION & DIST	06/15/1959	07/26/1991	76,840.68	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1050553	WATER TRANSMISSION & DIST	08/04/1973	06/30/1992	13,560.96	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1050227	WATER FINANCE	09/06/1981	03/01/1991	17,485.44	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1050944	WATER SUPPLY	03/13/1973	03/06/1995	19,844.76	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1051019	WATER CHIEF ENGINEER'S OF	01/25/1967	05/23/1995	12,603.60	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1051071	WATER TRANSMISSION & DIST	06/03/1968	06/03/1995	23,982.96	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1050809	WATER TRANSMISSION & DIST	07/16/1993	12/16/1993	15,904.80	CCG1-CLASSIC	2 Individuals	1 IND	8,711.52	17,423.04	13,402.36
1050024	WATER TRANSMISSION & DIST	07/26/1976	07/28/1989	20,647.68	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050078	WATER TRANSMISSION & DIST	03/19/1965	12/03/1989	13,022.76	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050542	WATER TRANSMISSION & DIST	02/05/1968	06/30/1992	14,071.68	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050755	WATER SUPPORT SERVICES	06/30/1972	08/21/1992	10,145.52	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050821	WATER SUPPORT SERVICES	12/17/1990	09/23/1993	13,841.88	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050873	WATER TRANSMISSION & DIST	07/02/1973	06/23/1994	17,900.64	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050966	WATER SUPPORT SERVICES	11/13/1978	06/30/1995	13,576.32	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1051013	WATER FINANCE	08/01/1966	09/08/1994	14,941.32	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1051137	WATER TRANSMISSION & DIST	08/23/1970	06/30/1995	24,532.32	CCG1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1051175	WATER FINANCE	10/10/1974	09/29/1995	11,441.76	CCG1-HMCC2C	2 Individuals	1 IND	4,915.44	9,830.88	7,562.22
1050937	WATER FINANCE	01/06/1992	06/30/1994	23,966.08	CCG1-HMCC2C	2 Individuals	1 IND	4,915.44	9,830.88	7,562.22
1050536	WSB PLANNING & ENGINEERIN	10/28/1968	06/30/1992	15,995.52	CCG1-HMCC2C	Individual	1 IND	4,915.44	9,830.88	7,562.22
1050618	WATER SUPPORT SERVICES	03/27/1967	09/12/1992	14,613.60	CCG1-HMCC2C	Individual	1 IND	4,915.44	9,830.88	7,562.22
1051081	WSB PLANNING & ENGINEERIN	10/19/1970	06/30/1995	22,280.28	CCG1-HMCC2C	Individual	1 IND	4,915.44	9,830.88	7,562.22
1051133	WATER FINANCE	08/18/1975	06/30/1995	14,398.28	CCG1-HMCC2C	Individual	1 IND	4,915.44	9,830.88	7,562.22
1051290	WATER SUPPORT SERVICES	01/26/1971	06/30/1996	37,384.80	CCG1-HMCC2C	Individual	1 IND	4,915.44	9,830.88	7,562.22
1002675	WATER FINANCE	09/06/1983	01/03/1983	4,703.76	N/A	N/A				
1050400	COMMERCIAL SERVICES - WSB	01/06/1975	09/09/1991	3,246.00	N/A	N/A				
1051943	WSB PLANNING & ENGINEERIN	08/06/1987	02/23/2003	11,331.36	N/A	N/A				
1002951	WATER TRANSMISSION & DIST	03/09/1976	08/30/1987	9,578.16	PLAN 65	2 Individuals	1 IND	1,537.08	3,074.16	1,844.03
1003103	WATER FINANCE	07/21/1975	07/24/1988	11,379.48	PLAN 65	2 Individuals	1 IND	1,537.08	3,074.16	1,844.03
1050528	WATER TRANSMISSION & DIST	01/06/1975	08/28/1988	9,276.96	PLAN 65	2 Individuals	1 IND	0.00	0.00	0.00
1050313	WATER TRANSMISSION & DIST	06/09/1975	06/30/1992	9,472.20	PLAN 65	2 Individuals	1 IND	1,537.08	3,074.16	1,844.03
1051399	WATER TRANSMISSION & DIST	09/18/1978	01/20/1998	12,397.20	PLAN 65	2 Individuals	1 IND	1,537.08	3,074.16	1,844.03
1002197	WATER SUPPORT SERVICES	07/05/1994	08/31/1995	13,112.64	PLAN 65	2 Individuals	1 IND	1,537.08	3,074.16	1,844.03
1050349	WATER FINANCE	04/07/1969	17,885.88	PLAN 65	Individual	1 IND	1,537.08	3,074.16	1,844.03	
1051409	WATER SUPPLY	06/02/1986	01/05/1998	7,508.52	PLAN 65	Individual	1 IND	1,537.08	3,074.16	1,844.03
1050519	WATER TRANSMISSION & DIST	05/12/1969	06/30/1992	12,100.56	PLAN 65/CC1-C1-CLASSIC	Individual	1 IND	8,711.52	17,423.04	13,402.36
1050524	WATER FINANCE	09/08/1970	06/30/1992	14,030.28	PLAN 65/PR3	Individual	1 IND	6,944.04	13,888.08	10,683.18
1051549	WATER SUPPLY	08/02/1978	08/02/1999	11,613.00	PLAN 65/PR4	Individual	1 IND	4,915.44	9,830.88	7,562.22
1051038	WATER TRANSMISSION & DIST	06/01/1970	06/30/1995	24,263.04	PR3	2 Individuals	1 IND	6,944.04	13,888.08	10,683.18
1003115	WSB PLANNING & ENGINEERIN	06/08/1959	09/11/1988	25,381.92	PR3	Family	1 IND	6,944.04	13,888.08	10,683.18
1050544	WATER TRANSMISSION & DIST	08/18/1959	07/07/1991	27,536.52	PR3	Family	1 IND	6,944.04	13,888.08	10,683.18
1050423	WATER TRANSMISSION & DIST	08/11/1990	01/10/1992	4,237.56	PR3	Family	1 IND	6,944.04	13,888.08	10,683.18
1050453	WATER TRANSMISSION & DIST	01/24/1990	07/25/1991	24,314.52	PR3	Family	1 IND	6,944.04	13,888.08	10,683.18
1003122	WATER FINANCE	01/10/1972	09/25/1988	10,229.28	PR3	Individual	1 IND	6,944.04	13,888.08	10,683.18
1050617	WATER TRANSMISSION & DIST	08/24/1959	08/31/1992	15,791.64	PR4	Individual	1 IND	6,944.04	13,888.08	10,683.18
1051657	WATER TRANSMISSION & DIST	10/08/1968	08/01/2000	21,357.00	PR4	Individual	1 IND	6,944.04	13,888.08	10,683.18

Providence Water Supply Retirees
As of January 11, 2007
Updated for Fiscal Year 2007 Working Rates per Cook & Company Schedule

Employee Number	Water Dept	Hire Date	Retirement Date	Annual Pension Payment	Medical Group *	Type of Coverage **	BC Confirmed	Fiscal Year 2007 Annual Working Rate Amount Per Cook & Co.	Fiscal Year 2006 Annual Working Rate Amount Per Cook & Co.	Fiscal Year 2005 Annual Working Rate Amount Per Cook & Co.
52	WATER SUPPORT SERVICES	04/16/1985	06/30/2003	21,602.28	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051407	WATER FINANCE	01/07/1974	02/09/1998	15,134.40	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051468	WATER SUPPORT SERVICES	01/22/1975	01/31/1999	23,986.04	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051507	WATER TRANSMISSION & DIST	02/03/1986	04/29/1999	20,650.72	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051684	WATER FINANCE	09/03/1972	10/02/2000	20,908.04	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051758	COMMERCIAL SERVICES - WSB	09/25/1978	07/25/2001	11,767.08	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1050107	WATER TRANSMISSION & DIST	10/18/1971	04/26/1990	36,046.80	PR4X	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051151	WATER FINANCE	06/03/1974	06/30/1995	11,127.00	PR4X	Family	1 IND	5,854.20	5,854.20	5,854.20
1051445	WATER TRANSMISSION & DIST	06/19/1972	07/10/1998	15,538.08	PR4X	Family	1 IND	5,854.20	5,854.20	5,854.20
4420	WATER SUPPLY	09/30/1991	06/30/2003	17,676.36	PR4X	Individual	Y	5,854.20	5,854.20	5,854.20
1051437	WATER TRANSMISSION & DIST	06/08/1962	06/15/1998	20,888.76	PR4X	Individual	Y	5,854.20	5,854.20	5,854.20
1051466	COMMERCIAL SERVICES - WSB	09/16/1968	09/28/1998	21,998.16	PR4X	Individual	Y	5,854.20	5,854.20	5,854.20
1051604	COMMERCIAL SERVICES - WSB	01/06/1975	01/31/2000	16,874.76	PR4X	Individual	Y	5,854.20	5,854.20	5,854.20
1051627	WATER FINANCE	06/20/1968	06/30/1999	17,138.76	PR4X	Individual	Y	5,854.20	5,854.20	5,854.20
1051667	WATER CHIEF ENGINEERS OF	02/12/1990	07/16/2000	26,620.20	PR4X	Individual	Y	5,854.20	5,854.20	5,854.20
1051677	WATER SUPPLY	03/08/1971	03/24/2003	19,264.68	PR4X2	2 Individuals	1 IND	5,854.20	5,854.20	5,854.20
1051605	COMMERCIAL SERVICES - WSB	12/28/1989	02/14/2000	5,810.88	PR4X2	Individual	Y	5,854.20	5,854.20	5,854.20
7668	WSB Support Services	12/22/1997	03/15/2004	3,584.40	PLAN 65	Individual	Y	1,537.08	1,384.08	1,499.64
98	WSB T & D	10/29/1973	06/30/2004	23,408.04	PR4	Individual	Y	4,915.44	3,781.11	3,437.40
38	WSB Finance	04/23/1979	06/30/2004	19,661.04	PR4X	2 Individuals	1 IND	5,854.20	4,503.26	4,093.92
89	WSB Planning & Engineering	06/30/2004	06/30/2004	41,414.64	PR4X	2 Individuals	1 IND	5,854.20	4,503.26	4,093.92
4422	WSB Support Services	09/30/1991	04/11/2004	7,701.60	PR4X	2 Individuals	1 IND	5,854.20	4,503.26	4,093.92
146	WSB T & D	08/18/1975	06/30/2004	23,172.00	PR4X	Individual	Y	5,854.20	4,503.26	4,093.92
156	WSB Water Supply	09/01/1978	06/30/2004	22,473.36	PR4X	Individual	Y	5,854.20	4,503.26	4,093.92
2937	WSB T & D	03/05/1975	06/30/2004	24,390.48	PR4X	Individual	Y	5,854.20	4,503.26	4,093.92
6465	WSB Water Supply	06/27/1994	07/03/2005	12,330.84	UNITED W/RX	Family	Y	5,854.20	4,503.26	4,093.92
783	WSB Chief's Office	07/21/1982	07/25/2005	55,056.24	BC CITY 200	Individual	Y	4,808.04	4,176.33	0.00
5692	WSB Support Services	12/21/1992	04/26/2006	17,703.36	PR4X	Individual	Y	5,854.20	4,503.26	4,093.92
79	WSB T & D	11/11/1974	01/03/2007	TBD	TBD	TBD				0.00
103	WSB T & D	07/24/1967	08/25/2005	TBD	TBD	TBD				0.00
24	WSB T & D	12/02/1989	PENDING	TBD	TBD	TBD				0.00

* Assumptions were made regarding Medical Group based on deduction codes and medical plan names
 ** Assumptions were made regarding Type of Coverage (ie, Individual, 2 Individuals, or Family) based on deduction/contribution amounts
 *** Blue Chip annual amount is based on the Blue Cross Premium Amount paid directly to Blue Cross, no payment of Claims

Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005
420,873.12	330,612.71	299,773.80
749,468.52	508,939.33	468,273.60
420,873.12	330,612.71	299,773.80
749,468.52	508,939.33	468,273.60

PROVIDENCE WATER SUPPLY BOARD

Docket No. 3832

Data Requests of the Division of Public Utilities & Carriers

Set 1

- 1-5 Please provide total annual retail water sales, wholesale water sales excluding Bristol County and water sales to Bristol County in each year from 1997 through 2006.

Answer: Please see attached.

**Providence Water
Water Sales (hcf)**

	<u>FYE 97</u>	<u>FYE 98</u>	<u>FYE 99</u>	<u>FYE 00</u>	<u>FYE 01</u>	<u>FYE 02</u>	<u>FYE 03</u>	<u>FYE 04</u>	<u>FYE 05</u>	<u>FYE 06</u>
<u>Wholesale</u>										
East Providence	2,646,618	2,801,226	2,639,219	2,446,455	2,445,707	2,346,770	2,493,285	2,347,620	2,414,642	2,336,430
East Smithfield	376,419	359,094	352,437	346,859	352,643	333,442	346,036	349,221	347,134	316,751
Greenville	419,699	446,986	397,665	451,908	442,520	445,396	470,702	428,017	470,107	483,676
Kent County	3,341,208	3,290,592	3,285,936	3,276,576	3,262,932	3,532,443	3,529,317	3,857,756	3,915,227	3,806,377
Smithfield	349,737	396,764	412,072	421,404	452,268	447,447	433,016	425,587	434,665	421,925
Warwick	4,703,495	4,413,832	4,456,795	4,828,433	4,938,345	4,372,840	4,654,592	4,292,842	4,313,222	4,357,620
Lincoln	1,101,179	1,039,151	1,011,352	1,041,247	1,037,210	1,047,007	1,059,985	1,027,574	1,108,820	1,150,294
Cranston (Western)	509,104	0	0	0	0	0	0	0	0	0
Johnston	125,267	247,481	328,499	298,382	272,531	199,022	163,387	156,251	180,321	290,227
Bristol County	0	0	322,537	667,993	624,460	1,350,122	1,892,471	1,942,031	1,803,583	1,633,316
Narr. Bay Comm	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,978</u>
Total Wholesale	13,572,726	12,995,126	13,206,512	13,779,257	13,828,616	14,074,489	15,042,791	14,826,899	14,987,721	14,881,594
<u>Retail</u>										
Residential	9,870,436	11,387,989	9,851,691	10,940,406	9,541,287	11,946,454	12,203,733	12,030,853	11,242,268	11,277,137
Commercial	2,131,209	4,489,639	4,538,279	5,244,331	4,813,123	2,308,845	2,206,004	2,356,680	2,956,479	3,889,047
Industrial	<u>2,100,378</u>	<u>1,318,754</u>	<u>1,193,317</u>	<u>1,066,386</u>	<u>715,676</u>	<u>1,049,987</u>	<u>1,000,891</u>	<u>877,656</u>	<u>1,050,937</u>	<u>1,091,953</u>
Sub-total Retail	14,102,023	17,196,382	15,583,287	17,251,123	15,070,086	15,305,286	15,410,628	15,265,189	15,249,684	16,258,137
Total Consumption	<u>27,674,749</u>	<u>30,191,508</u>	<u>28,789,799</u>	<u>31,030,380</u>	<u>28,898,702</u>	<u>29,379,775</u>	<u>30,453,419</u>	<u>30,092,088</u>	<u>30,237,405</u>	<u>31,139,731</u>

For Docket 3832 Div 1-5

PROVIDENCE WATER SUPPLY BOARD

Docket No. 3832

Data Requests of the Division of Public Utilities & Carriers

Set 1

1-6 Please indicate whether any significant changes in wholesale customers other than Bristol County or the purchase patterns of those customers occurred in the period 1997-2006. If yes, identify those changes and their effect on annual sales.

Answer: During FY 1997, Providence Water took over the Western Cranston Water Distribution System. As a result, we stopped selling wholesale water to Cranston and began selling retail to Western Cranston and wholesale to Johnston. Also, there was a problem with the Johnston wholesale meters from FYE 03 to FYE 05, where the consumption was understated. This was corrected with the Town and they have been back billed. Finally, the consumption (wholesale) from NBC was temporary consumption for NBC's Combined Sewer Overflow project.

PROVIDENCE WATER SUPPLY BOARD
Docket 3832

Data Requests of the
Division of Public Utilities & Carriers
Set 1

DIV 1-7. Please provide an electronic copy of Mr. Bebyn's schedules in Excel format with all formulas intact.

ANSWER: See attached.

Prepared by DGB

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-8 Please identify the date at which the water and fire service customers counts reflected on Schedule DGB-1A were taken.

Answer: The reports used for this schedule were ran on January 18, 2007.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-9 Please provide water and fire service customers counts at the end of each quarter of 2006 and 2007 to date.

Answer: Providence Water does not have water and fire service customer counts on a quarterly basis. We run these reports on a as need basis. We will provide our current report once our counts have been verified.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-10 Please provide a breakdown of miscellaneous revenues by source for each of the fiscal years 2004, 2005 and 2006.

Answer: The following breaks down miscellaneous revenue in detail for fiscal years 2004 through 2006.

<u>Category</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Meters & Encoders	106,905	119,737	105,861
Rent for Water Property	17,988	17,963	18,652
Interest delinquent accounts	268,233	423,509	351,288
Forest Product Sales	217,915	115,158	128,032
Misc State revenue	218,452	218,309	232,541
Other Miscellaneous	333,092	309,518	409,364
Total	\$ 1,162,584	\$ 1,204,194	\$ 1,245,739

PROVIDENCE WATER SUPPLY BOARD
Docket 3832

Data Requests of the
Division of Public Utilities & Carriers
Set 1

DIV 1-11 With regard to the General Overhead Allocator shown on Exhibit DGB-6:

- a. Please reconcile the Providence Water expenses of \$42,445,314 with the expenses shown for FY 2006 on Exhibit DBG-2.
- b. Please provide the City of Providence's FY 2006 budget showing details by department.
- c. Please indicate whether the City of Providence budget utilized (\$414,245,691) excludes the costs for any enterprise funds, the school system or any other items.
If yes, identify the amounts excluded and explain the basis for exclusion.

ANSWER:

- a. See attached.
- b. See attached.
- c. The \$414,245,691 as provided in Schedule DGB-6 represents actual expenditures not budget values for FYE 2006. These expenditures only include the portion of the school system expenditures not covered by Federal and State Grants. The school system expenditure is listed on page 87 of the attachment to DIV-11b. The enterprise funds were not included, which is why the Providence Water expenditure had to be added to the City Expenditure on Schedule DGB-6. Providence Water represents the majority of the enterprise expenditures.

Prepared by DGB

All Funds without WQPF Providence Water	June 2006	Expenses	CIP, IFR, AMR, WCVDS & WQPF Changes																	
			601	848	849	857	878	843	843	843	843	843	843							
Source of Supply	1,262,510	4,142,413	723,642	1,262,510	473,965	1,736,476	473,965	1,736,476	473,965	1,736,476	473,965	1,736,476	473,965	1,736,476	473,965	1,736,476	473,965	1,736,476	473,965	1,736,476
Pumping	723,642	4,142,413	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476
Treatment	4,142,413	4,142,413	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476	723,642	723,642	1,736,476
Trans. & Dist.	3,842,301	3,842,301	3,842,301	3,842,301	1,736,476	3,842,301	3,842,301	1,736,476	3,842,301	3,842,301	1,736,476	3,842,301	3,842,301	1,736,476	3,842,301	3,842,301	1,736,476	3,842,301	3,842,301	1,736,476
Customer Accts	2,181,916	2,181,916	2,181,916	2,181,916	1,736,476	2,181,916	2,181,916	1,736,476	2,181,916	2,181,916	1,736,476	2,181,916	2,181,916	1,736,476	2,181,916	2,181,916	1,736,476	2,181,916	2,181,916	1,736,476
Admin. & General	8,931,999	8,931,999	231,545	11,107,087	1400	11,107,087	11,107,087	1400	11,107,087	11,107,087	1400	11,107,087	11,107,087	1400	11,107,087	11,107,087	1400	11,107,087	11,107,087	1400
Operation & Maintenance	21,084,781	21,084,781	236,600	25,319,693	475,365	25,795,058	25,319,693	475,365	25,795,058	25,319,693	475,365	25,795,058	25,319,693	475,365	25,795,058	25,319,693	475,365	25,795,058	25,319,693	475,365
City Service Expense	729,994	729,994	0	729,994	0	729,994	729,994	0	729,994	729,994	0	729,994	729,994	0	729,994	729,994	0	729,994	729,994	0
Property Taxes	6,030,056	6,030,056	0	6,030,056	0	6,030,056	6,030,056	0	6,030,056	6,030,056	0	6,030,056	6,030,056	0	6,030,056	6,030,056	0	6,030,056	6,030,056	0
Total Operating Expense	27,844,831	27,844,831	236,600	32,079,742	475,365	32,555,108	32,079,742	475,365	32,555,108	32,079,742	475,365	32,555,108	32,079,742	475,365	32,555,108	32,079,742	475,365	32,555,108	32,079,742	475,365
Depreciation Expense	9,890,206	9,890,206	0	9,890,206	0	9,890,206	9,890,206	0	9,890,206	9,890,206	0	9,890,206	9,890,206	0	9,890,206	9,890,206	0	9,890,206	9,890,206	0
Audited Operating Expense	37,735,037	37,735,037	236,600	41,969,949	475,365	42,445,314	41,969,949	475,365	42,445,314	41,969,949	475,365	42,445,314	41,969,949	475,365	42,445,314	41,969,949	475,365	42,445,314	41,969,949	475,365
Less Reimbursed	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041	-743,041
Capital Fund Cash	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
Debt Service CIP	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069
Western Cranston	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069	62,069
IFR	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Debt Service IFR	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
102" Valve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Air Supply	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Replacement	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Equipment Repl	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Net Restricted	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069	16,012,069
Grand Total	53,004,065	53,004,065	236,600	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365
Capital, Overheads	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687	1,798,687
Capital Labor	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915	388,915
Bad Debt	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181	740,181
Security Monitoring	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400	85,400
Hazmat study	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)	(2,360)
Lead Service mailing	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594	50,140,594
Adjust Test Year Exp.	53,004,065	53,004,065	236,600	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365	57,714,342	57,238,977	475,365

Less:
CIP, IFR, AMR, WCVDS & WQPF Changes

Pro-forma
CY 06

PROVIDENCE WATER SUPPLY BOARD
Docket 3832

Data Requests of the
Division of Public Utilities & Carriers
Set 1

DIV 1-12 Please explain the difference and provide a comparison of the General Overhead allocator used in this proceeding with the allocator based on the Docket No. 3163 methodology and FY 2006 costs.

ANSWER: The General Overhead allocator used in both cases used the same source data. The Providence Water figures were obtained from the Providence Water audit financials and the city figures were obtained from a fiscal year end "Statement of Revenues, Expenses and Transfers" report generated from the City's accounting system. The difference in allocator in this proceeding was the removal of depreciation expense for the Water expenditure and the removal of debt service expense from the city expenditure.

Prepared by DGB

PROVIDENCE WATER SUPPLY BOARD
Docket 3832

Data Requests of the
Division of Public Utilities & Carriers
Set 1

DIV 1-13 Please provide workpapers showing the derivation of the City "Services costs
using Docket 3163 Method" shown on Schedule DGB-3.

ANSWER: See attached.

Prepared by DGB

Summary of City Services
Providence Water

Schedule DGB-3
(using Docket 3163 Method)

	FY 2006 Service Cost
Allocation of Departmental Service Costs (DGB-4)	
Mayor's Office	\$ 318,308
City Council	95,105
City Council Administration	72,769
City Clerk	112,887
Law Department	650,860
Finance Department	83,355
Controller's Office	153,730
Retirement Department	59,447
Data Processing	205,691
Treasurer's Office	37,303
Purchasing	58,278
Personnel Department	149,605
Internal Auditors	-
Archives	-

Allocation of Non-Departmental Service Costs (DGB-5)

Stop Loss Insurance	-
Annual GASB 42/45 consulting fee	-
Total City Service Expense	\$ 1,997,337

Attrition to revise to Rate Year (Calendar year 2008) (2% annually) 105.08%

Rate Year City Service Expense	<u>2,098,802</u>
---------------------------------------	-------------------------

Allocation of City Services by Department
Providence Water

Department	Allocation Base	FY 2006 Actual Expense	Allocator	FY 2006 Service Cost
Mayor's Office				
Provide Executive office oversight and support staff for areas affecting the Providence Water	Total Departmental Expense	\$ 2,093,359		
	Less account 101-101-55980 Contingencies	-		
	Plus Fringe Benefits not expenses in department accounts	1,332,989		
	Total	\$ 3,426,348	0	\$ 318,308
City Council				
Provides general operation oversight passes laws and ordinance, processes Providence Water, problems related to city operations, approves budget, investigates procedures	Total Departmental Expense	\$ 812,582		
	Less account 101-102-53320 Audit	-		
	Plus Fringe Benefits not expenses in department accounts	211,151		
	Total	\$ 1,023,733	0	\$ 95,105
City Council Administration				
Provides council with research, drafting ordinances, prepares statistical information, performs functions on council orders and requests and all other council data needs for Providence Water	Total Departmental Expense	\$ 478,484		
	Plus Fringe Benefits not expenses in department accounts	304,824		
	Total	\$ 783,308	0	\$ 72,769
City Clerk				
Draft and maintain resolutions, process claims of Providence Water, clerk of board of contract and supply and clerk of claims committee.	Total Departmental Expense	\$ 532,670		
	Plus Fringe Benefits not expenses in department accounts	371,875		
	Total	\$ 904,545	0	\$ 112,887
Law Department				
Provides legal services arising from the city operations that affect Providence Water and appears before various boards and regulatory commissions on the behalf of the city	Total Departmental Expense	\$ 6,021,243		
	Less Department Employees that provide no service to PW	\$ -		
	Less account 101-105-52120 Fees Not Classified	-		
	Less account 101-105-52192 Claims & Damages	-		
	Plus Fringe Benefits not expenses in department accounts	984,792		
	Total	\$ 7,006,025	0	\$ 650,860
Finance Department				
Provide oversight and approval of all financial transactions, review and monitor budgets, review and approve all purchase orders, prepare bond issues etc. for Providence Water. Finance Director supports and advises PW Board on financial matters.	Total Departmental Expense	\$ 525,824		
	Plus Fringe Benefits not expenses in department accounts	371,429		
	Total	\$ 897,253	0	\$ 83,355
Controller's Office				
Provides service in payroll and controllership functions.	Total Departmental Expense	\$ 969,347		
	Less Department Employees that provide no service to PW	\$ -		

Allocation of City Services by Department
Providence Water

Department	Allocation Base	FY 2006		FY 2006 Service Cost
		Actual Expense	Allocator	
Processes payroll and related functions and controller function that include processing of revenue and the payment of vouchers, reconciliations of bank accounts and other related functions for Providence Water. Also, provides support in reconciliation process between the City and PW	Plus Fringe Benefits not expenses in department accounts	685,439		
	Total	\$ 1,654,786	O	\$ 153,730
Retirement Department				
Maintains functions of the retirement system for all city employees and processes loans issue, withdrawals for active and inactive employees and responds to questions from Providence Water employees	Total Departmental Expense	\$ 321,298		
	Plus Fringe Benefits not expenses in department accounts	219,621		
Total		\$ 540,919	E	\$ 59,447
Data Processing				
Process all Providence Water vendor and payroll checks.	Total Departmental Expense	\$ 1,958,788		
	Less Department Employees that provide no service to PW	\$ -		
Support ISDN lines and peripherals (PC's & Printers) attached to city's main system	Less account 101-204-54020 Stationary	\$ -		
	Plus Fringe Benefits not expenses in department accounts	255,322		
Total		\$ 2,214,110	O	\$ 205,691
Treasurer's Office				
Processes all checks drawn on the Providence Water funds, reviews Investments, signing checks, mailing and handling of checks	Total Departmental Expense	\$ 263,718		
	Less account 101-209-52170 Postage	-		
	Less account 101-209-52205 Fiscal Agents Fees	-		
	Plus Fringe Benefits not expenses in department accounts	150,755		
Total		\$ 414,473	T	\$ 37,303
Purchasing				
All supplies over \$5,000 are processed through the bid specifications of the Board of Contract and Supply, as well as emergency Informal bids.	Total Departmental Expense	\$ 281,997		
	Less Department Employees that provide no service to PW	\$ -		
	Less account 101-1802-52170 Postage	-		
	Plus Fringe Benefits not expenses in department accounts	197,261		
Total		\$ 479,258	P	\$ 58,278
Personnel Department				
Processes Providence Water personnel forms, maintains personnel records and represents the city resulting from personnel grievance from Providence Water employees emergency Informal bids.	Total Departmental Expense	\$ 858,817		
	Less Department Employees that provide no service to PW	\$ -		
	Less account 101-212-52175 Advertisements	\$ -		
	Less account 101-212-53200 AdveLegal Expenses	\$ -		
	Plus Fringe Benefits not expenses in department accounts	502,470		
	Total	\$ 1,361,287	E	\$ 149,605
Internal Auditors				
	Total Departmental Expense	\$ -		
	Plus Fringe Benefits not expenses in department accounts	-		
Total		\$ -	O	\$ -

Allocation of City Services by Department
 Providence Water

Department	Allocation Base	FY 2006	Allocator	FY 2006
		Actual Expense		Service Cost
Archives				
	Total Departmental Expense	\$ -		
	Plus Fringe Benefits not expenses in department accounts	-		
	Total	\$ -	0	\$ -

Summary of City Services Fringe Benefits
Providence Water

Schedule DGS-4a
(using Docket 3163 method)

	Total Salaries	City Service Salaries	Less salaries who provide no PW service	Fringe Benefit Rate	City Service Fringe Benefit
Mayor's Office	1,840,730	1,840,730		0.72	1,332,989
City Council	291,579	291,579		0.72	211,151
City Council Administration	420,932	420,932		0.72	304,824
City Clerk	513,524	513,524		0.72	371,875
Law Department	1,359,889	1,359,889		0.72	984,782
Finance Department	512,907	512,907		0.72	371,429
Controller's Office	946,525	946,525		0.72	685,439
Retirement Department	303,276	303,276		0.72	219,621
Data Processing	352,575	352,575		0.72	255,322
Treasurer's Office	208,178	208,178		0.72	150,755
Purchasing	272,399	272,399		0.72	197,261
Personnel Department	693,863	693,863		0.72	502,470
Internal Auditors	207,946				
Archives	104,886				
City Sergeant	31,303				
Municipal Court	515,818				
Probate Court	244,602				
Housing Court	253,653				
City Collector	709,652				
City Tax Assessor	803,944				
Commissioner's Office	348,512				
Police Department	37,099,171				
Fire Department	45,793,346				
Communications	4,890,970				
Traffic Engineering	463,026				
Building Administration	712,995				
Structures & Zoning	585,290				
Plumbing	115,816				
Electrical	170,754				
Mechanical Equip & Installation	189,420				
Zoning Board	41,196				
Building Board	13,337				
Code Enforcement	352,397				
Prosecution	94,438				
Public Works Administration	609,027				
Engineering	349,555				
Environmental Control	497,328				
Highway	2,236,182				
Snow Removal	273,018				
Sewer Construction	336,436				
Garage Repair	375,728				
Recreation	851,517				
Recreation Seasonal	813,351				
Neighborhood Park Services	2,146,317				
Forestry Services	651,127				
Zoological Services	1,474,065				
Greenhouse	452,063				
Roger Williams Park Services	1,254,058				
Superintendent of Parks	551,296				
North Burial Ground	384,746				
Recorder of Deeds	361,403				
Vital Statistics	179,706				
Board Of Canvassers	300,064				
Bureau of Licenses	392,325				
Emergency Management	302,363				
Planning & Development	1,469,024				
Arts & Culture	90,265				
Human Services	197,345				
Housing Authority	3,035				
PERA	124,539				
Public Property	798,880				
Board of Tax Assessment	12,996				
TOTAL	118,897,368	7,716,377	-		5,587,918

CITY FRINGES
Health & Dental
Union, Pension & Fica
City Pension

39,018,141
7,090,808
39,992,080
86,101,129

Fringe Benefit per Salary dollars

Total Fringes	86,101,129
Total Salaries	118,897,368

0.724163457

Explanation of Symbols Used to Allocate to Functions
Providence Water

Schedule DGB-6
(using Docket 3163 Method)

FY 2006
Service Cost

<u>Explanation</u>	O	P	C	E	T			
General Overhead Allocator - This allocator is calculated by taking the total PW audited operating expenses less depreciation and dividing it by PW audited operating expenses less depreciation plus the City operating expenses less debt service.	9.29%							
PW (42,445,314 - 0) = 42,445,314								
PW+City (414,245,691 - 0 + 42,445,314) = 456,691,005								
Clerk Allocator - This allocator is calculated by taking the percentage of activities which the clerk's department works on where Providence Water is included			12.48%					
Employee Related Allocator - This allocator is calculated by taking the number of PW employees compared to the total of City and PW employees (245/2,230=10.99%)				10.99%				
Treasury Allocator - This is a compound allocator calculated by taking the percentage of activities which the Treasury department works on where Providence Water is included (i.e. PW processes their own checks) This percentage was determined to be 80%. A percentage calculated as, (PW checks 2,814 is divided by the total of City plus PW checks (31,281)=9.00%) is then applied to this percentage.					9.00%			
<table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td style="padding: 2px;">80%</td> </tr> <tr> <td style="padding: 2px;">x 9.00%</td> </tr> <tr> <td style="padding: 2px;">7.20%</td> </tr> </table>	80%	x 9.00%	7.20%					
80%								
x 9.00%								
7.20%								
Purchasing Allocator - This allocator is calculated by taking the number of PW contracts compared to the total of City and PW contracts. (131/1,077=12.16%)					12.16%			

0.09294099

Allocation of Non-Departmental City Services
 Providence Water

Schedule DGB-5
 (Using Docket 3163 Method)

Expenses not Allocated to a Specific Department	FY 2006 Actual Expense	Allocator	FY 2006 Service Cost
--	---------------------------	-----------	-------------------------

Stop Loss Insurance

This insurance premium covers claims not covered by Health Insurance. This premium is calculated on all city employees But is paid directly by the City.

\$ 463,999			\$ -
\$ 105,600			\$ -

Annual GASB 42/45 consulting fee

Annually the City will be required to calculate the post-retirement health benefit and funding as required under GASB 42/45.

The calculation is required on all city employees (including Providence Water).

PROVIDENCE WATER SUPPLY BOARD
Docket 3832

Data Requests of the
Division of Public Utilities & Carriers
Set 1

DIV 1-14 With regard to those City Departments for which an adjustment is made to exclude Department employees that provide no service to Providence Water.

- a. Please explain why no adjustment was made to exclude a proportionate share of that Department's non-labor costs (e.g., supplies, overheads, etc.).
- b. Provide a breakdown of those Departments' budgets showing the non-labor costs included.

ANSWER:

- a. The department non-labor costs are not always a direct allocation as a percentage of Labor costs. Some of the non-labor expenses cover services received by Providence Water regardless of how many employees are in a given City Department. The yearly licensing and service fees for computer software would be an example of this. No adjustments was made to exclude a proportionate share of non-labor costs since the Labor costs, were the majority of the expenses and the remaining non-labor costs after applying the allocation, were deemed immaterial.
- b. See attachment to the response to DIV 1-11 b.

Prepared by DGB

PROVIDENCE WATER SUPPLY BOARD
Docket 3832

Data Requests of the
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Set 1

DIV 1-15 To the extent not provided previously, please provide a detailed breakdown of the budget for the Mayor's office including a listing of the personnel, their salaries and the functions they perform.

ANSWER: The budget for the Mayor's office has been included in the attachment to the response to DIV 1-11 b. A listing of the Mayor's office personnel, their salaries and the functions they perform, is not available.

Prepared by DGB

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the
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Set I

16 Please provide an electronic copy of Mr. Edge's schedules in Excel format with all formulas and links intact.

Response: WEE Schedules in "Excel format" have been forwarded with Providence Water's electronic filing of data responses.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-17 With regard to Schedule DGB-2:

- a. Please explain the large increases that have taken place in 2005 and 2006 in A/C 63550-Contractual Services-Other. Please include a detailed breakdown of the costs in this account for FY 2006.
- b. Please provide a breakdown of the amounts included in FY 2006 in the Administrative and General Contractual Services Accounts (63180, 63380, 63480, and 63580).
- c. Please provide a breakdown and explain how the Capitalized Reimbursement amount of \$(743,041) in FY 2006 was determined.

Answer: a. The main reason for the increase in 63550-Contractual Services-other in fiscal year 2005 and 2006 was the result of Providence Water hiring contractors to do permanent pavement/sidewalk restoration on holes. Below is detailed breakdown of costs in FY 2006.

Permanent Restoration	\$ 663,853.50
Depart of Transportation	119,021.34
Police Details	70,599.93
Emergency Repairs	44,981.44
Permits	34,650.61
Uniforms	34,534.94
Dig Safe	33,912.85
Other	<u>26,796.33</u>
	\$1,028,350.94

- b. The following is a breakdown of expenses for Administrative and General Contractual Service Accounts:

<u>63180-Contractual Services-Engineering</u>	
Appraisal Services(Scituate Litagation)	\$ 24,377.26
<u>63380-Contractual Services -Legal</u>	
Legal Services	\$ 87,715.53
<u>63480-Contractual Services-Mgt. Fees</u>	
National search for Gen. Mgr.	\$ 32,000.00

PROVIDENCE WATER SUPPLY BOARD
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Set 1

b. The following is a breakdown of expenses for Administrative and General Contractual Service Accounts:

<u>63580-Contractual Services-Other</u>	
Computer Services	\$ 106,985.00
Telephone & Internet	102,850.76
Annual Support for Computer Systems	99,632.45
Various repairs	37,765.71
Air Conditioning Repairs	<u>17,122.08</u>
	\$ 364,356.00

c. The Capitalized Reimbursement amount of \$(743,041) in FY 2006 includes \$591,270.50 for payroll and fringe benefits. This amount is a combination of the \$405,532 allowed reimbursement from DK3446 and \$777,009 from Dk 3684. The balance of \$151,770.58 is for material used for various IFR projects. These costs are collected from our work-order and payroll systems.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the
Division of Public Utilities & Carriers
Set I

18 Please explain in detail and provide supporting documentation for the projected reduction in wholesale sales to Bristol County Water.

Response: The reduction of the Bristol County Water usage in the rate year to 1.6 MG/day was based upon oral conversations between Bristol County Water and Providence Water. Providence Water calculated, using Bristol County's estimate of 1.6 MG/day, a yearly total rate year usage for Bristol County of 780,749 HCF. To arrive at this rate year total, I reduced the normalized test year balance shown on my Schedule WEE-1A of 1,817,850 HCF (Bristol County's four year average usage for the FYs 2003 through 2006) by 1,037,101 HCF to arrive at the Bristol County rate year projected usage of 780,749HCF.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-19 Please provide updates on the status of the contract negotiations with the Union as this proceeding progresses and additional information becomes available.

Answer: Providence Water does not participate in contract negotiations with the union, this is done exclusively by the City's Administration. We will provide any information regarding the contract once it becomes available to Providence Water.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-20 Please provide an analysis of the insurance restricted fund showing activity for FY 2005 and FY 2006. To the extent not explicitly identified, explain how the \$772,051 transfer from the Wholesale Value Restricted Fund was recognized.

Answer: This is not available at this time, we will forward when it is available.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-21. Please provide a copy of any correspondence from Providence Water's insurance carriers regarding expected increases in insurance rates.

Answer: To date, Providence Water has not received any correspondence regarding expected insurance increases. Generally, we do not receive notification of an increase until we receive the actual bill, however, we are currently out to bid for formal bids to be opened at the Board of Contract and Supply meeting on May 29, 2007.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-22. Please state whether competitive bids are being sought for Providence Water's insurance policies for FY 2008 and subsequent years. If not, explain why not. If yes, provide details regarding the bid process being utilized.

Answer: Yes, insurance policies are bid every three years. Providence Water is currently seeking competitive bids which are scheduled to be opened at the Board of Contract and Supply on May 29, 2007. Our specifications went out to bid on March 19, 2007 with a request for a three year proposal. However, in the past, we have been unable to get a three year proposal so we generally renew each year.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-23 Please provide the quotes for FY 2008 insurance when known.

Answer: Providence Water will provide our FY 2008 insurance quotes once they become available, which, we expect will be the beginning of June 2007.

PROVIDENCE WATER SUPPLY BOARD

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Data Requests of the

Division of Public Utilities & Carriers

Set I

24. Please provide the calculation of the \$485,430 pro forma increase in Blue Cross/United Healthcare premiums shown on Schedule WEE-6.

Response: The \$485,430 pro forma increase in BC and United Health premiums shown on Schedule WEE-6 is calculated by multiplying the weighted percentage cost increase of 27.35% times the test year health insurance cost of \$1,774,881. The 27.35% is calculated from my Schedule WEE-6B.

The two year average United Health increase of 25.58% (per Schedule WEE-6B) plus 25% of the two year average or 6.4% (for the second half of the rate year June 30, 2008 through December 31st 2008) results in a 2.5 year increase of about 32%. I completed the same calculation for BC to arrive at a BC 2.5 year increase of about 23%. The average of rounded numbers 32% and 23% equals 27.5%. Using the exact amounts to three decimal places resulted in the 27.35% increase used on Schedule WEE-6.

PROVIDENCE WATER SUPPLY BOARD

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Data Requests of the

Division of Public Utilities & Carriers

Set I

- 25 Please explain and provide supporting documentation (e.g., the Buck Report) for the claimed pro forma allowance for City Retirement expense shown on Schedule WEE-6.

Response: See attached City wide Buck Pension Report page 6.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-26 Please explain Providence Water's policy with regard to requiring employees to make copayments for a portion of the cost of their medical and dental insurance.

Answer: Providence Water follows the City of Providence's guidelines. All employees co-pay a portion of their medical and dental insurance consistent with rates established by the City and contractual amounts. In addition, co-payments at the time a visit is made to a doctor's office or clinic have been in place for many years.

PROVIDENCE WATER SUPPLY BOARD
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Data Requests of the Division of Public Utilities & Carriers
Set 1

1-27 Please explain what steps Providence Water has taken in 2006 and 2007 or is planning to control the increase in its health insurance premiums.

Answer: The City of Providence negotiates and contracts for the health insurance providers that Providence Water employees use. The City has instituted various health initiatives and wellness programs that Providence Water encourages and supports. Beyond this, Providence Water does not have a role.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-28. Please identify Providence Water's actual PUC assessment for FY 2007 and FY 2008 when known.

Answer: Attached is a copy of Providence Water's assessment invoice which was due February 1, 2007. If we receive the invoice for our FY 2008 assessment before the rate case is over, we will forward it to the Division.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF PUBLIC UTILITIES AND CARRIERS

89 Jefferson Boulevard Warwick, RI 02888

Phone: (401) 941-4500 Fax: (401) 941-9248 Web: www.ripuc.state.ri.us

Providence Water Supply Board
552 Academy Avenue
Providence RI 02908

RECEIVED

JAN 04 2007

INVOICE NUMBER: 48

Total Amount Due by February 1, 2007

Interest at the rate of 6% per annum
may be added if invoice is not paid
by the due date. (R.I. GL - 39-1-24)

Attention: Accounts Payable

FINANCE

ASSESSMENT INVOICE

This invoice is in accordance with Section 39-1-23 of the
General Laws of the State of Rhode Island.

Company Name:

Providence Water Supply Board

Assessment Amount Due:

\$138,961

Breakdown of Assessment Calculation

<u>Item 1</u>	<u>Item 2</u>	<u>Item 3</u>	<u>Item 4</u>	Amount Due By February 1, 2007
Revenue Reported FY2005	General Agency Assessment	Combined Revenues All Utilities	Amount Paid In Advance	
\$46,839,483	\$5,289,131	\$1,782,798,464	\$0	\$138,961

Formula for calculating the assessment

$$\text{Item 1} / \text{Item 3} * \text{Item 2} - \text{Item 4} = \text{Assessment Amount Due}$$

R.I. General Law 39-1-23. Administrative expenses - Assessment against utilities.

The administrator shall aggregate the expenses of the division, including expenses incurred by the attorney general pursuant to 39-1-19, and expenses incurred by the commission for each upcoming fiscal year and shall apportion and assess these expenses among the state's regulated utilities based upon approved budgets

Please Make Check Payable To:

Rhode Island Division of Public Utilities
Attn: Charles Brown
89 Jefferson Boulevard
Warwick, Rhode Island 02888

Handwritten signature and date: 1/4/07

ATTACH Question 1-2 ✓

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-29: Please provide an analysis of the Chemicals and Sludge restricted fund for FY 2005 and FY 2006.

Answer: This is not available at this time, we will forward when it is available.

PROVIDENCE WATER SUPPLY BOARD

Docket No. 3832

Data Requests of the

Division of Public Utilities & Carriers

Set I

30 Please provide workpapers and supporting documentation for the FY 2007 and FY 2008 chemical quantities and unit prices.

Response: See attached.

MEMORANDUM

To: Mary L. Degnan-White
Manager of Regulatory

From: Frederick J. Crosby
Manager of Operations/Treatment

Date: November 20, 2006

Subject: Projected Cost-Restricted Fund

Submitted for review are anticipated chemical cost for 07/08, based on 70 MGD.

Ferric Sulfate

Dose 1.75 GPG

1.2 Million gallons (13.36%) at \$1.33/gallon equals \$1,596,000.

To be re bid for 07/08.

Lime

Dose 1.10 GPG

2700 tons at \$163.30/ton equals \$440,910.

To be re bid for 07/08

Chlorine

Dose 1.5 PPM

160 tons at \$840.00/ton equals \$134,400.

To be re bid for 07/08

Fluoride

Dose .85 PPM

97,000 gallons (25%) at \$1.56 equals \$151,320.

To be re bid for 08/09

Total cost: \$2,322,630.00

Calgon-no longer used.

Sludge- Under Engineering Department

cc: MC, JB, PN, VM

Providence Water			
Chemical Inventory Valuation			
Conversion of Chemical Consumption			
Fiscal Year Ending June 30, 2006			
Sources: Vinny Lagreca, Engineering Department			
Chemical: Liquid Ferric (Clear & Sulphate)			
Vendor: Eaglebrook Inc. of Chicago, Illinois.			
Price : on B of C 4/20/04	.1256 per pound		
Price : (based on input from Fred Crosby)			0.7720
**NOTE: vendor invoices in pounds of iron @ \$0.1256/lb while usage is metered in GALLONS. Conversion			
Monthly Consumption:			
Month	Quantity Used	Price per Gallon	Amount Used
July - 05	145,557	0.772	112,370.00
August - 05	150,029	0.772	115,822.39
September - 05	114,434	0.772	88,343.05
October - 05	74,855	0.772	57,788.06
November - 05	66,448	0.772	51,297.86
December - 05	64,677	0.772	49,930.64
January - 06	57,434	1.276	73,285.78
February - 06	52,102	1.276	66,482.15
March - 06	72,432	1.276	92,423.23
April - 06	70,543	1.276	90,012.87
May - 06	77,266	1.276	98,591.42
June - 06	81,704	1.276	104,254.30
Total Year Consumption	1,027,481		\$1,000,601.76
FYE Audit Adjustment			5,339.03
GL Balance			\$1,005,940.79

Providence Water					
Chemical Inventory Valuation					
Conversion of Chemical Consumption					
Fiscal Year Ending June 30, 2006					
Sources: Vinny Lagreca, Engineering Department					
Chemical: Quicklime HI-Cal grain					
Vendor: Univar USA Inc					
Quote Price per B of C-12/29/03	Price per Ton	Quantity in Ton	Total	Price per pound	Pounds per Ton
Price:	133.7500	510	\$68,212.50	\$0.0669	2,000.00
Monthly Consumption:					
Month	Quantity Used	Price per pound	Amount Used		
July - 05	628777	0.066875	42,049.46		
August - 05	624150	0.066875	41,740.03		
September - 05	516144	0.066875	34,517.13		
October - 05	358637	0.066875	23,983.85		
November - 05	262495	0.066875	17,554.35		
December - 05	274203	0.066875	18,337.33		
January - 06	225439	0.066875	15,076.23		
February - 06	199058	0.066875	13,312.00		
March - 06	246749	0.066875	16,501.34		
April - 06	262029	0.066875	17,523.19		
May - 06	298229	0.066875	19,944.06		
June - 06	318279	0.066875	21,284.91		
Total Year Consumption	4,214,189.00		281,823.89		
in Tons	2107.0945				
FYE Audit Adjustment			-1,227.85		
GL balance			280,596.04		

Providence Water
Chemical Inventory Valuation
Conversion of Chemical Consumption
Fiscal Year Ending June 30, 2006

Sources: Vinny Lagreca, Engineering Department

Chemical: Liquid Fluoride

Vendor: LCI ltd of Jacksonville FL

Price : on B of C 4/20/04 .83325 per Gallon @ 23% Concentration

Price : (based on input from Fred Crosby) 0.8333

**NOTE: vendor invoices in pounds of iron @ \$0.1255/lb while usage is metered in GALLONS.

Conversion for AVG strength solution is approx \$0.83325/gal.

Monthly Consumption:

Month	Quantity Used	Price per Gallon	Amount Used
July - 05	11670	0.83325	9,724.03
August - 05	11968	0.83325	9,972.34
September - 05	9616	0.83325	8,012.53
October - 05	8558	0.83325	7,130.95
November - 05	7330	0.83325	6,107.72
December - 05	7620	0.83325	6,349.37
January - 06	7563	0.83325	6,301.87
February - 06	6830	0.83325	5,691.10
March - 06	7550	0.83325	6,291.04
April - 06	7492	0.83325	6,242.71
May - 06	8450	0.83325	7,040.96
June - 06	9181	0.83325	7,650.07
Total Year Consumption	103,828		\$86,514.68
FYE Audit Adjustment			-6,986.41
GL balance			\$79,528.27

**Providence Water
Chemical Inventory Valuation
Conversion of Chemical Consumption
Fiscal Year Ending June 30, 2006**

Sources: Vinny Lagreca, Engineering Department

Chemical: Chlorine

Vendor: Jones Chemical of Merrimack, NH

Quote Price per B of C 5/19/03	Per 2000 pound	Quantity/Container	Total	Price per pound
Price :	\$840.00		\$0.00	\$0.420

Monthly Consumption:

Month	Quantity Used	Price per pound	Amount Used
July - 05	27,286	0.42	11,460.12
August - 05	33,630	0.42	14,124.60
September - 05	30,476	0.42	12,799.92
October - 05	29,206	0.42	12,266.52
November - 05	24,568	0.42	10,318.56
December - 05	22,762	0.42	9,560.04
January - 06	20,346	0.42	8,545.32
February - 06	16,286	0.42	6,840.12
March - 06	18,028	0.42	7,571.76
April - 06	18,410	0.42	7,732.20
May - 06	21,785	0.42	9,149.70
June - 06	28,750	0.42	12,075.00
Total Year Consumption	291,533		\$122,443.86
FYE Audit Adjustment			4,821.38
GL Balance			\$127,265.24
minor variance			36
Final GL			\$127,301.24

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-31. Please provide the quantities of each chemical utilized in FY 2004 and FY 2005.

Answer: The following is a breakdown of each chemical used in FY 2004 and FY 2005.

<u>Chemical</u>	<u>FY 2004</u>	<u>FY 2005</u>
Chlorine(Tons)	114	119
Flouride (Tons)	158	119
Ferric Sulfate(gals)	1,238,706	1,237,879
Flouride (gals)	0	20,739
Quicklime (tons)	2,465	2,474

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the
Division of Public Utilities & Carriers
Set I

- 33 Please provide a copy of GASB 43/45 report prepared by Buck Consultants supporting the postretirement benefits costs for Providence Water.

Response: See attached. My calculation includes 100% of the Normal Cost for FYE June 30, 2008 (\$432,896) and 50% of the 30 Year Amortization Cost (\$601,920/2 or \$300,960). See page 10 of the report.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-34 Please state the time period over which the strategic planning study is projected to take place.

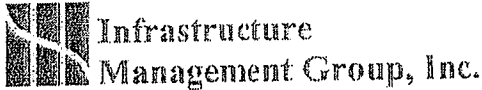
Answer: The strategic planning study will take place over a period of 100 days, according to the proposal. The completion of the study will provide an implementation plan for recommendations resulting from the study. Following this portion of the study, consultant assistance will be required to implement the recommendations. Integrated with the implementation of the strategic plan is the requirement for an asset management plan. Therefore, this is an ongoing process envisioned to take approximately three (3) years, and continued funding will be needed over this entire time period.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-35 Please provide a copy of the proposal received by Providence Water relative to the strategic planning process, as referenced in Ms. Marchand's testimony on page 11.

Answer: Please see attached.

cc: Jeanne



February 21, 2007

Ms. Pamela Marchand
Chief Engineer and General Manager
Providence Water Supply Board
552 Academy Avenue
Providence, RI 02908

**Subject: Providence Water Supply Board Organizational Assessment-
Project Scope Definition Document**

Dear Ms. Marchand:

I appreciated the time you and your executive staff spent to discuss the Providence Water Supply Board's ("PWSB") current issues and allowed me to introduce the Infrastructure Management Group and describe the services we provide. Our conversation ended with your request to provide a description of our organizational assessment approach. As we discussed, it may be an appropriate time for PWSB to review its operational processes, organizational alignment, and relative competitiveness in light of its strategic objectives. We understand that PWSB is about to file a rate case and would like to include budget for such an organizational assessment.

We subscribe to the importance of conducting periodic organizational assessments that reveal the current functional activities being conducted at the Utility, and their relative alignment with the strategic objectives as defined by the Board. To support this endeavor, we have provided a work scope (including estimates of time and costs involved) that would provide sufficient information to justify its funding in the upcoming rate filing. In further reflecting on the specifics of your situation, we feel there are significant synergies to be gained by updating the Utility's strategic objectives, and as such, suggest beginning with a quick update of the PWSB's strategic objectives. Hopefully, this document will allow PWSB to understand the true business value to be derived from such an engagement, and help you procure the appropriate dollars for the effort as you prioritize investment decisions across the upcoming year.

SCOPE AND OBJECTIVES

The scope of the engagement would include the professional services associated with performing an organizational assessment across all functions of PWSB.

4733 Bethesda Avenue
Suite 600
Bethesda, MD 20814
(301) 907-2900 FAX (301) 907-2906





The objectives would be to confirm the Board's strategic direction for the Utility and determine if the organizational and service levels are in alignment through:

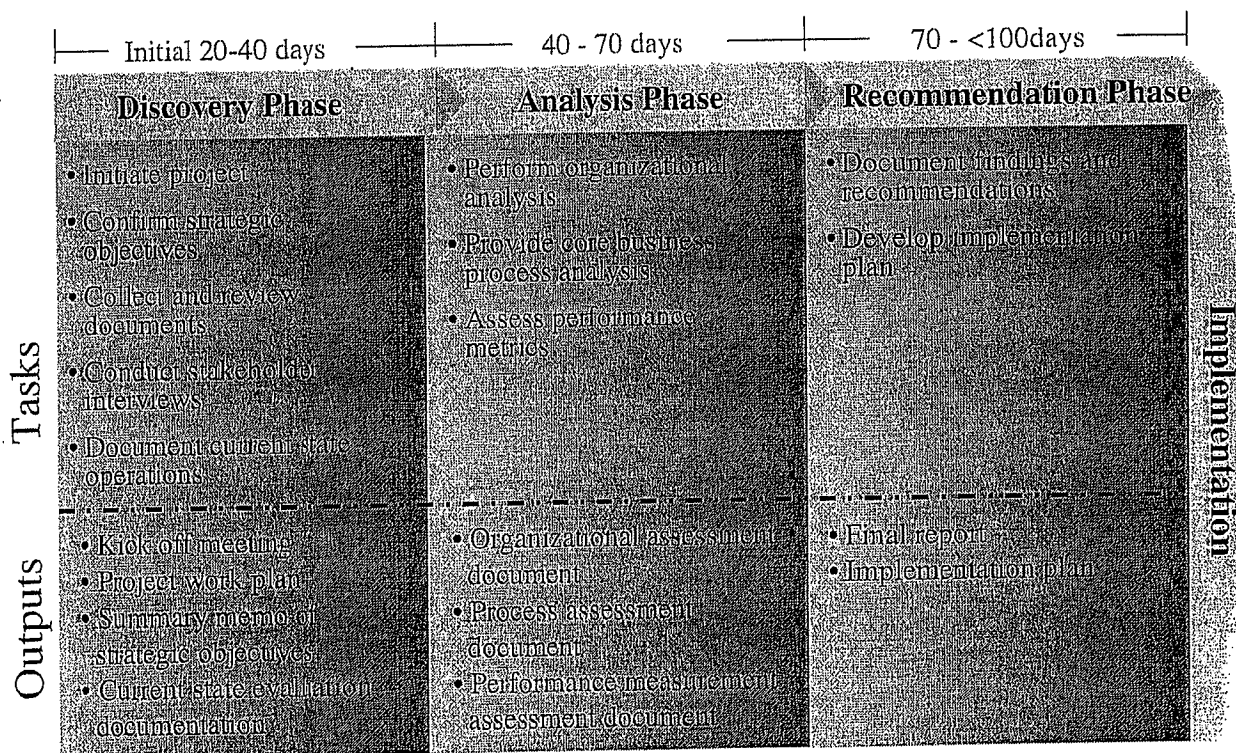
- Reaching consensus on utility-wide goals and objectives
- Documenting the "current state" of each of the utility functions
- Analyzing the efficiency and effectiveness of the organizational structure, governance, and core business processes
- Determining opportunities for change or improvement
- Gaining buy-in on key findings and path forward.

RECOMMENDED WORK APPROACH

We would foresee using a proven approach that systematically and holistically addresses the tasks required to accomplish the project scope and objectives. To facilitate a comprehensive and swift assessment, we will rely on the cooperation of PWSB's staff in providing relevant documentation, in addition to being available for interviews and focus groups.

The approach is comprised of three distinct phases:

- Discovery
- Analysis
- Recommendation





Discovery Phase

During the discovery phase, IMG will initiate the project, develop detailed project plans, confirm mission and strategy, complete data collection activities, and perform initial assessments.

Task 1: Initiate Project

We propose to begin this project with a kickoff meeting with representatives of the PWSB to define the project scope and objectives, discuss any parameters in which the project will be conducted, define the project timeline and deliverables, identify information needs and data collection protocols, and develop meeting and interview schedules. Effective communication between IMG and the PWSB will be key to this project's success, so related project management and status reporting protocols will also be defined. Additionally, all project logistical needs (e.g., work space, network access, badging, etc.) will be accomplished during this task.

Task 2: Confirm Strategic Objectives

It is important for IMG to gain a full and current understanding of the strategic mission and objectives of the Board. Over time, the strategic objectives of an organization will change in response to its relationship with customers, changes in the regulatory environment and local economy change, as well as, other business pressures imposed on a utility. As such, the business case for all utility activities must be periodically reviewed. We have found at other water utilities that over time the business of running the business of providing water becomes misaligned from its core strategic mission and commitments to stakeholders (City Council, taxpayers, ratepayers, wholesale customers, business partners, etc.). As an example, water utilities sometimes continue to provide services that are no longer desired or needed, or are outside of its core competency; and other times they do not provide services that are consistent with the strategic mission.

IMG, using a facilitated discussion techniques and workshops, will gain an understanding of the current mission and supporting strategies of the PWSB. We will use this information to properly frame our analysis, gauge overall performance, evaluate management and staff buy-in to organizational goals, and set the foundation for developing improvement recommendations going forward. Determining the core strategic mission of the Utility provides the necessary clarity to focus the balance of the assessment and ensure alignment of resources and stakeholder groups going forward. This activity requires IMG to interview each Board member and the General Manager as well as to conduct a half day facilitated discussion to confirm the strategic objectives. This process produces similar results to a strategic planning process, but



requires less time commitment from the Board members and does not result in a formalized strategic plan.

Task 3: Collect and Review Documents

IMG's approach is to gather key information from the PWSB in advance of performing any physical investigations or one-on-one interviews. We will request specific information concerning the operational and financial aspects of the Utility. Such as:

- Organizational charts
- Capital, operating, and departmental budgets
- Functional roles/responsibilities
- Performance metrics.
- Service contracts
- Engineering and project information
- Technical and operational data

An important objective of this task is to fully understand how the PWSB spends its money and what services it provides. We will review the sources of revenue to determine where funds are coming from and dissect the financial data to determine where the funds are being utilized. This information will become a key component in creating performance metrics that will enable IMG to gauge the Utility's efficiency. In subsequent tasks, IMG will evaluate the metrics that measure performance of Utility in terms of operational and capital performance.

Task 4: Conduct Interviews

After gathering documents and performing site inspections, IMG will conduct interviews with various staff across the divisions, functions, and management levels to gain a more detailed insight into the daily operations of how Utility is managed, and begin to frame the issues requiring more detailed examination in the Analysis Phase. Typically the interviews are 60-90 minutes, and structured such that they are non-obtrusive and do not effect daily business. Documentation of all interview results will be provided as necessary.

Task 5: Document Current State Operations

IMG will perform a physical evaluation (e.g. "site inspections") of the Utility. This "current state" evaluation will include a review of work practices, a survey of equipment and facilities, observation of daily activities, and a gaining of familiarity with the local geography and terrain. During this task we will be able to determine the level of activity and types of work that are currently being performed. This information will subsequently be balanced against other information collected during the Discovery Phase. Key points we will examine include the make up of work crews; type of



equipment and resources used; the management practices used in the administration, engineering and planning; and customer service functions. Additionally, this task allows us to gain insights into our subsequent evaluation of the staffing levels in the various departments.

The outputs of the Discovery Phase would include:

- Kickoff meeting
- Project work plan
- Summary memo of strategic objectives
- Current state evaluation documentation

Analysis Phase

Following the Discovery Phase, we will begin an analysis of the PWSB's operations and organizational capabilities.

Task 6: Perform Organizational Analysis

There are several distinct factors to consider in evaluating organizational capabilities. They may include: the organization's history and culture, strategic goals and initiatives, staffing levels and reporting lines, personalities and preferred management philosophies of individuals, skills and capabilities of the work force, and the complexity of the work to be performed. There is no one, best organizational structure for work groups. Any one structure may be more valid and effective for one organization compared to another or for the same organization under different conditions and circumstances. Effective organizational structures can include organizing by function, by discipline, or by cross-functional (e.g. "process") work units. Some structures are supported by "command and control" governance processes, where employees function well under the direct supervision and control of others. Others lean towards more "employee-empowered" philosophies with flatter hierarchies, and greater spans of control.

The organizational analysis task will be used to create a functional organizational chart that is complete with task-level roles and responsibilities across the functions within scope, facilitating a clear "work catalogue" of all activities performed at the Utility. The results of the analysis will:

- Define services as "core", "support" or "convenience"
- Identify services that are provided by others
- Identify services that PWSB provides to others
- Indicate areas of duplication of effort, areas where not enough effort may be dedicated, and functional activities that may be misaligned



Document current governance practices, and their effectiveness in supporting strategic goals

Task 7: Provide Core Business Process Analysis

As important as assessing the structure within which resources work, is the underlying business processes (and supporting systems) they use to complete the work. This task will take a "process view" of the Utility, first determining the core business processes that are performed (e.g. reading meters, repairing water lines, producing water, etc.) and examining:

1. The efficiency of the process – percent of value added vs. non-value added activities, cycle times, resources consumed, etc.
2. The effectiveness of the process – meeting stakeholder (customers, council members, rate-payers, etc.) expectations, leveraging appropriate tools and technologies, exceeding quality goals, providing accurate information for decision making, etc.

We will pay special attention to the relevant financial and administrative process (e.g. revenue and expenditure accounting, financial reporting, personnel and resource management) to ensure the appropriate controls are in place and inter-departmental coordination is occurring.

Task 8: Assess Performance Metrics

Once the operational, organizational, and process analyses activities are underway; IMG will assess the performance metrics that are in place to measure the Utility's activities. These metrics should follow a "balanced scorecard" approach, which includes effectiveness, efficiency metrics across internal, external, financial and operational dimensions. This approach captures the true value and cost of service provided by the Utility. The majorities of these metrics are common to the water industry and have been published by the AWWA, or have been developed by IMG to accurately reflect the activity of a utility.

In this task, we will develop a comparative analysis of metrics with the best practices from across the country. This comparison will allow IMG to document the current level of effectiveness and efficiency of the PWSB against other utilities and IMG database of best practices. This analysis provides an indication of potential additional areas that may be improved across the Utility.

The outputs of this phase would include:

- Organizational assessment document
- Process assessment document
- Performance measurement assessment document



Recommendation Phase

During this phase, we will present our inventory of findings, develop performance improvement recommendations across the Utility, work with management and staff to refine and prioritize the recommendations, and develop an implementation plan for achieving the results.

Task 9: Document Findings and Recommendations

IMG will consolidate and analyze the information identified in the prior phases to develop a report that overviews the work to date, the rationale of each finding, the supporting analysis, and our range of opportunities for improvement across the Utility. We will then work with the Utility's leadership, including PWSB officials, to reach consensus as to which actions are politically and financially feasible, and then finalize our deliverable. We stand ready to support any necessary presentation of our results to key stakeholder groups.

Task 10: Develop Implementation Plan

To complete our engagement, IMG prepares a recommended program for implementation. Many of the suggested potential improvements might be immediately achievable and require little outside involvement, but others might require a continued engagement to ensure proper implementation as well as sustainability. That said, we offer a comprehensive plan for implementation that will include:

- Tasks, timelines, and schedule
- Deliverables and outcomes
- Resource requirements
- Governance structure and accountabilities
- Quantifiable and non-quantifiable benefits

This deliverable will prioritize implementation efforts based on:

- Efficiency / service Impact: Improvement in operational efficiency and enhancement of service quality
- Ease of Implementation: Degree of organizational change, cost of execution, level of effort required, and length of implementation period
- Risk: Potential operational and financial problems, likelihood of shortfalls or failures, and impact of failed or inadequate implementation



SUMMARY

In summary, we estimate that PWSB could execute this timely and important initiative within a 3-4 month time horizon at a fee of between \$125,000 and \$175,000. The fee range is largely dependent on the level of support provided by PWSB to the effort, as well as the level of effort required to ensure stakeholder buy-in to the path forward.

If we can be of any additional assistance, do not hesitate to call me directly at (301) 280-0161. We look forward to hearing from you on this important and forward-thinking endeavor.

Respectfully,

Mark A. Halleman
Vice President

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-37. Please provide purchased power expense by account for each of the most recent 12 months available.

Answer: Please see the attached worksheet which shows purchase power expense for the period April 2006 through March 2007.

**Providence Water
Purchased Power Expense**

Month	NARUC					
	61510	61523	61530	61550	61570	61580
April	0.00	71,104.98	43,243.34	1,556.79	0.00	9,453.72
May	0.00	54,740.33	11,484.95	1,046.29	0.00	15,983.69
June	0.00	59,499.23	12,133.81	493.04	0.00	5,133.23
July	0.00	73,624.57	17,957.38	341.67	0.00	7,507.35
August	0.00	79,656.69	12,955.55	1,763.89	0.00	9,770.85
September	0.00	77,627.14	15,217.26	340.98	0.00	8,456.14
October	0.00	60,301.44	16,030.87	381.83	0.00	6,999.97
November	0.00	41,426.13	18,724.42	460.79	0.00	6,172.40
December	0.00	54,613.48	17,586.55	500.65	0.00	11,941.71
January	0.00	57,888.57	16,431.32	770.96	0.00	25,105.39
February	0.00	62,152.90	17,491.42	983.29	0.00	15,938.97
March	0.00	57,788.04	16,237.95	945.59	0	7,051.84
Total	0.00	\$ 565,078.96	\$ 148,632.72	\$ 6,489.65	\$ -	\$ 98,944.62