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*Chief Engineer & General Manager*

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*City Councilman*

MICHAEL A. SOLOMON  
*City Councilman*

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*Member*

EVERETT BIANCO  
*Member*

July 20, 2007

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

RE: Docket 3832 Kent County Water Authority; Set III

Dear Luly:

Enclosed for filing are an original and four copies of Providence Water's responses to the third set of data requests from Kent County.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Deignan-White".

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  
Jerome Mierzwa  
Steve Frias, Esq.  
Steve Scialabba  
John Bell  
R. DiMeglio  
file

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[WWW.PROVWATER.COM](http://WWW.PROVWATER.COM)

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Kent County Water Authority  
Set III

KCWA 3-1. Have any officials or agents from the City of Providence talked to any officials or agents of Providence Water regarding the City of Providence's unfunded pension liability and/or the City's need for additional funds? If so, please provide copies of all such correspondence if written. If some or all of such correspondence was verbal, please provide a summary of such discussions including the approximate date, name of participants, and general items discussed.

Answer: Providence Water officials have never had any discussions with City Officials regarding the unfunded pension liability. Regarding the City's need for additional funds, see the attached email correspondence from the Mayor's Chief of Staff.

Pamela Marchand attended a meeting of the Mayor's cabinet on June 19<sup>th</sup>, in which he described the City's lack of funding from the state legislature and the City would be looking to Directors to cut back wherever possible. Providence Water was not mentioned. Boyce Spinelli also attended a meeting on June 27<sup>th</sup>, where the Mayor describe some possible budget cuts. As far as the proposed legislation on hydrant fees and the rate of return, Providence Water responded to questions from the City administration regarding fees, budgets, and timing application, should the bills pass. We reviewed the bills to the extent that it would affect Providence Water's rates and budget. We took no position, for or against. Mike McElroy also provided some review of the bills. The City has not discussed their budget issues specifically with Providence Water, but only in Providence Water as another department of the City.

**From:** Pamela Marchand  
**To:** Deignan-White, Mary  
**CC:** McElroy, Mike  
**Date:** 7/5/2007 9:22 AM  
**Subject:** Fwd: FYI  
**Attachments:** Chris Bizzacco.vcf

Perhaps we could include this as correspondence in our response to KCWA 3-1!  
Pam

>>> Chris Bizzacco <[cbizzacco@providenceri.com](mailto:cbizzacco@providenceri.com)> 6/22/2007 2:43 PM >>>  
Have a nice weekend folks.

As legislators and the Governor wrestle with extraordinary fiscal problems, the public conversation is expanding to cities and towns. Has Providence done something to contribute to this situation? Are we in the same hole as the state? Here are the facts. Providence has closely followed a disciplined financial plan for the past 5 years. Frankly, if federal and state governments had done the same, there would be plenty of funding for schools and we might be looking at tax rebates, as is the case in many other states...

Change in Personnel from 04-07

- o Rhode Island: +3%
- o Providence: -7%

Annual rate of growth from 04 - 08

- o United States: 6.4%
- o Rhode Island: 5.8%
- o NE Urban CPI: 3.6% (consumer price index - cost of goods)
- o Providence: 3.1%

...but because Rhode Island continues to shift a greater burden down to cities and towns...

Property taxes as % of all revenue paid by residents

- o U.S. Average: 21%
- o Rhode Island: 31%

...and because of the state's inability to keep up with the cost of education...

% increase in contributions to Providence schools since '03

- o Rhode Island: 10%
- o Providence: 23%

...you get an explanation for why a fiscally responsible city like Providence is being forced to look at difficult choices. The Mayor has said many times that the system is broken and needs fundamental reform. He will again urge state leaders to address the structural, underlying problems that have brought on this unfortunate situation

cjb

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Christopher J. Bizzacco, Chief of Staff  
Office of Mayor David N. Cicilline  
Providence City Hall  
25 Dorrance Street  
Providence, Rhode Island 02903  
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E-mail: [cbizzacco@providenceri.com](mailto:cbizzacco@providenceri.com)  
<<Chris Bizzacco.vcf>>

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Kent County Water Authority  
Set 3

KCWA 3-2 Please provide a table of the following for the test year and for the rate year.

- a. All charges from or payments (including proposed rate year payments) to the City of Providence broken down to include City Services, pension payments or reimbursements, any other charges.
- b. Charges to the City of Providence broken down to include charges for water services, service charges, fire line protection charges, public fire hydrant charges, and other (for the rate year at the rates proposed in Mr. Smith's latest update).

Answer: Please see the attached.

**City of Providence**  
**Impact of 3/30/07 filing**

for KCWA 3-2

a)	<u>Test Year</u>	<u>Rate Year</u>	<u>Source</u>
<b>Charges From/Payment to City</b>			
City Services	\$729,994.00	\$1,245,952.00	WEE-1
Past Retiree's health	\$0.00	\$300,000.00	WEE-6
City Retirement	\$2,522,433.00	\$2,826,717.00	WEE-6
Retiree's health GASB 43/45	<u>\$330,613.00</u>	<u>\$733,856.00</u>	WEE-6
Total	\$3,583,040.00	\$5,106,525.00	

b)			
<b>Charges To City</b>			
Hydrant rate	\$250.99	\$243.57	HJS-10
# Providence hydrants	<u>3,253</u>	<u>3,253</u>	DIV 4-2
Hydrant costs to City/Payable to Water	\$816,470.47	\$792,333.21	
Other Water Bills estimated *	<u>\$150,000.00</u>	<u>\$170,400.00</u>	
Total	\$966,470.47	\$962,733.21	

\* There are about 100 accounts billed to the City for Water Service. Using the response to Commission 1-18, we estimate the FY 2006 (test year) billing to be \$150,000. We then increased the total amount by 13.6% per HJS-12 in file sent June 27, 2007.

PROVIDENCE WATER SUPPLY BOARD  
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KCWA 3-3 Regarding the response to Div 3-4, is it correct that the past sales values are all based on revenue divided by the applicable rate? If so,

- a. Is this true for all wholesale and retail sales or just some? If just some, which ones?
- b. How were past sales calculated in years where there was a rate change?
- c. Are the revenues used in these calculations actual receipts or amounts billed or committed?
- d. Are actual metered sales volumes available for some or all of the customers and/or classes: If so, please provide.

Answer:

- a. This is true from FY 02 forward, for **retail** sales only. Wholesale are based on actual readings.
- b. For retail sales a pro rata of the retail rate in effect at the time was calculated. For example, the July billed revenue was assumed to be consumed in April, May and June, etc. In the year when a rate increase was implemented on January 1, July through January billing was divided by the old rate, February was divided by a pro rata (2/3 old, 1/3 new) rate, March was divided by a pro rate (1/3 old, 2/3 new) rate and April through June was divided by the new rate.
- c. The revenues used were amounts billed.
- d. It is available and is being compiled into classes. It will be provided when available.

PROVIDENCE WATER SUPPLY BOARD  
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Set III

KWCA 3-4. Regarding the response to Div 3-5, please provide a breakdown in as much detail as possible of the components of the "Other Miscellaneous Revenues". That is, how much was for hydrant flow tests, for damage to property, lien sales, etc.?

Answer The detail on the major miscellaneous items of "Other Miscellaneous Revenue" are as follows:

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Hydrant Flow Test	8,260	7,906	10,384
Road Restoration	0	124,461	166,819
Admin Fee NBC	31,250	18,750	25,000
Lien Sales/Title Search	90,650	42,629	27,359
Shut Off Charges	82,008	100,365	172,040
Damages	1,800	5,988	9,184