

ANDREW K. MOFFIT
Chairman

JOSEPH D. CATALDI
Vice Chairman

JOHN C. SIMMONS
Ex-Officio

CARISSA R. RICHARD
Secretary

FERNANDO S. CUNHA, ESQ.
Legal Advisor



DAVID N. CICILLINE
Mayor

PAMELA M. MARCHAND, P.E.
Chief Engineer & General Manager

JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

August 6, 2007

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

RE: Docket 3832 Kent County Water Authority; Set IV

Dear Luly:

Enclosed for filing are an original and four copies of Providence Water's responses to the fourth set of data requests from Kent County Water Authority. Please note that KCWA 4-15 is 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,

A handwritten signature in cursive script that reads "Mary Deignan-White". The signature is written in black ink and is positioned above a horizontal line.

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

H:\WPDOCS\PUC\lm8607.wpd

WWW.PROVWATER.COM

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832

Response to
Fourth Set of Data Requests from Kent County Water Authority

KCWA 4-1: Regarding the response to part b of question 1 of Commission set #2, is it true that the 50% reduction in the assumed fire protection demand not only results in a reallocation of additional costs to retail customers but also to wholesale customers? If true, please explain why wholesale customers should be assigned any of these costs.

Response: As stated in the response, the reallocation is among retail customers only. Fire protection demand costs are allocated based on maximum day and maximum hour demands. Wholesale costs are allocated based only on base demand, which are not impacted by fire protection demands.

Prepared by: Harold J. Smith August 2, 2007

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832

Response to
Fourth Set of Data Requests from Kent County Water Authority

KCWA 4-2: Regarding the response to question #2 in Commission set #2:

- a) Does Mr. Smith agree that a different allocation factor has been approved by the Commission for Cranston property taxes than the factor used for other communities for at least 7 years.
- b) Please explain what property is taxed by Cranston?
- c) Please provide Mr. Smith's understanding of the different allocation factor for Cranston and for North Providence property taxes (F vs. A).
- d) Why does Mr. Smith believe that allocation factor A is the most appropriate for Cranston's revised taxes?

Response:

- a) It is our understanding that the Commission has approved a different allocation factor for the property taxes paid to Cranston than to other communities in previous dockets.
- b) According to Jeanne Bondarevskis of Providence Water, Cranston assesses Providence Water for taxes on:
 - Tangibles for pre-1931 pipe, furniture and computers for the Providence Water office building located in Cranston;
 - Real estate including land that Providence Water's aqueducts and transmission mains cross and land where Providence Water has buildings.Attached is a listing of the items for which Cranston assesses taxes to Providence Water.
- c) It is our understanding that the property taxes paid to Cranston and North Providence were allocated differently because these two communities are collecting property taxes for distribution mains.
- d) It is our understanding that the City of Cranston and the Board have reached an agreement that the City will not tax the post -1931 pipelines and other water appurtenances located in its jurisdiction in the future. Given this change in property taxes to be paid it is now appropriate to allocate Cranston property taxes on the same basis as most of the system's other property taxes in the future.

Prepared by: Harold J. Smith August 2, 2007

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Kent County Water Authority
Set 4

KCWA 4-3 Are all private fire services metered?

Answer: No. Pursuant to Board policy they are not metered. Private fire customers only receive a Service Charge billing.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832

Response to
Fourth Set of Data Requests from Kent County Water Authority

KCWA 4-4: Allocation Symbol F refers to an allocation that includes inch-miles of pipe. Please explain how the inch miles of pipe was reflected in the calculations and where this is presented. Please explain why the Wholesale percentage for this allocation symbol was not recalculated while others were.

Response: The allocation of inch miles between retail and wholesale is the same as used in Docket 3163. It was assumed that the relationship between retail and wholesale with respect to inch-miles of pipe had not changed significantly since Docket 3163.

Prepared by: Harold J. Smith August 2, 2007

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

KCWA 4-5. Under Transmission & Distribution operating costs-please explain what specific costs or services are provided for "Contract Services Other". In each case please provide the rate year amount that is included for each such service.

Answer: The following is the detail for T & D "Contract Services Other" for the test year. The rate year amount is simply the test year amount times an inflation factor.

<u>Description</u>	<u>Test Year</u>	<u>Inflation</u>	<u>Rate Year</u>
Switch Board Monitoring	3,294		
Pagers & Cell Phones	19,133		
Dig Safe	33,913		
Street Opening Permits	33,091		
Uniforms	34,535		
Police Details	70,600		
Miscellaneous	16,900		
Contractor Repair-main	29,287		
Road Restoration	<u>787,600</u>		
	\$1,028,353	0.0638	\$1,093,962

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832

Response to
Fourth Set of Data Requests from Kent County Water Authority

KCWA 4-6: For Mr. Smith's proposed allocation of Source of Supply and Pumping plant:

- a) Please explain why pumping and source of supply plant have been combined in this docket and not in prior filings.
- b) Please explain why Supply Mains, Other Water Source Plant, and Other Power Production Equipment have been allocated using symbol N rather than symbol A?

Response:

- a) Pumping and source of supply plant have not been combined. In the current filing source of supply and pumping are totaled while in the previous filing they were totaled separately. The filing shows subtotals of assets which are consistent with how the Board typically presents these records, which is done for the sake of consistency; however, each line is allocated separately and the subtotals have no impact on line item cost allocation.
- b) There were some changes in how the Board labeled its asset line items from the previous filing to the current filing, and we assigned allocation factors to these updated line item descriptions based on our review of the previous settlement. In preparing a response to this request we have reexamined our allocation and would agree that the line items Supply Mains, Other Water Source Plant, and Other Power Production Equipment could be more appropriately allocated using allocation factor A rather than N.

Prepared by: Harold J. Smith August 2, 2007

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Kent County Water Authority
Set 4

KCWA 4-7 Regarding Transmission & Distribution land: please provide a breakdown of the transmission and distribution land associated with storage facilities and that associated with other transmission and distribution facilities. For the other (non-storage related) land, provide a breakdown of its use or purpose.

Answer: The requested information is not available.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Kent County Water Authority
Set 4

KCWA 4-8 Under Capital Expenses please explain the purpose and basis of the rate year amounts for (a) Capital Fund Cash, (b) Western Cranston Fund, and c) Equipment Replacement. In each case please explain how these are related to service for wholesale customers.

Answer:

(a) Please see the response to Com 1-22 for the purpose and basis. The CIP projects would have various impacts on customers. For instance the GIS system is of our entire system from the Treatment Plant through Transmission systems and Distribution systems. Security improvements have occurred throughout the system; at the Treatment Plant, Forestry Garage, Raw Water Booster Pump Station, Distribution reservoirs, Transmission structures and Administrative buildings. The entire system benefitted. The installation of new fencing is in the Source of Supply area, protecting the watershed. The 78" Aqueduct Pumps at Structure D are on a Transmission Main that only benefit KCWA and Warwick wholesale customers. The building site design is for a possible Administrative building that will benefit the entire system.

(b) The rate year amounts are shown on WEE 10-B. The Western Cranston Fund is used to pay for improvements to the Western Cranston Water Distribution System (WCWDS). The Johnston wholesale system is only fed through the WCWDS, therefore any improvements would directly benefit this wholesale customer.

c) Please see the response to Com 1-23 for the purpose and basis. The vehicles and equipment purchases are used in Scituate at the Treatment plant and Forestry garage and at the administration buildings. This is used by staff in operating and maintaining the entire system, that provides water to wholesale and retail customers.

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

KCWA 4-9. Please explain how the capital expenses(HJS Ex3) relate to the debt service payments appended to the filing and Mr. Edge's schedules WEE-10 A-C.

Answer: The capital expense of \$2,450,000 in (HJS Ex3) is the funding which is allocated to the Capital Improvement Fund to make the necessary debt service payments listed on WEE-10A. Please see Commission 1-22 for a detailed explanation of how funds are expended for this fund during the test year and rate year.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832

Response to
Fourth Set of Data Requests from Kent County Water Authority

KCWA 4-10: Please explain the basis or logic behind proposed allocation symbol X4. Specifically, why should the allocation of capitalized labor depend on every one of the capital costs? How much of the capitalized labor is associated with transmission and distribution work (including meters, services, and hydrants) and how much is associated with other non-T&D work. If exact amounts can not be easily determined, an approximation and the basis for the approximation will be adequate.

Response: More exact allocations of capitalized labor can not be easily determined; so the allocation factor X4 is the approximation that is used. The use of allocation X4 assumes that the allocation of capitalized labor is proportional to the allocation of other capital expenses besides capitalized labor.

Prepared by: Harold J. Smith August 2, 2007

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832

Response to
Fourth Set of Data Requests from Kent County Water Authority

KCWA 4-11: Please explain the rationale for allocating all miscellaneous revenues based on the allocation of labor items (allocation symbol Y).

Response: Miscellaneous revenues are primarily associated with various services provided by the Board and the fees collected for these services. The cost to the Board for providing these services is primarily labor costs, so a reasonable estimate of how these revenues should be used to offset costs is the total allocation of labor.

Prepared by: Harold J. Smith August 2, 2007

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

KCWA 4-12. Please explain the FY 2002 and FY 2003 differences in Property Taxes for Scituate between Mr. Edge's Schedule WEE-4A and Mr. Bebyn's DGB-2.

Answer: There are no differences in property taxes for Scituate. Mr Edge's schedule is for FYE 6/30/02 through FYE 6/30/07 while Mr Bebyn's schedule is for FYE 6/30/04 through FYE 6/30/06.

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

KCWA 4-13. Please explain the \$5000 allowance for City Services in WEE-7 in light of the proposed increase in City Service expenses.

Answer: The \$5000 City Service line item listed in WEE-7 is B&E Consulting bid price for performing an analysis of City Service allocations as part of his contract. This has no correlation with our request to increase City Service.

PROVIDENCE WATER SUPPLY BOARD

Docket No. 3832

Response to

FOURTH SET OF DATA REQUESTS FROM KENT COUNTY WATER AUTHORITY
TO PROVIDENCE WATER SUPPLY BOARD

KCWA 4-14: If known, how many storage tanks do each of the wholesale customers have and what are the capacities of each?

Answer: Providence Water does not have specific knowledge of the number or capacities of storage tanks in each of the wholesalers' systems.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Kent County Water Authority
Set 4

KCWA 4-16 If available, please provide a breakdown of transmission and distribution main assets (gross, accumulated depreciation and net value if available) into transmission pipes and distribution pipes.

Answer: The requested information is not available.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Kent County Water Authority
Set 4

KCWA 4-17 Regarding Exhibit HJS 3, the allocation of plant investment; please provide the amount of contributed capital for each line item including amounts derived from and federal or state grants or other such funds.

Answer: Please see the attached. Providence Water stopped booking contributed capital in FY 01. The total listed reflects the amount shown in the financial statements.

**Providence Water
Contributions In Aid of Construction**

Detail postings	NARUC Account Number	Balance Through 06/30/87	Activity from 88 - '01	Cumulative Balance at 06/30/01
Component				
SOURCE OF SUPPLY PLANT				
Land & Land Rights	30320	(\$392,706)	\$0	(\$392,706)
Struct. & Improv.	30420	(13,992)	0	(13,992)
Collect/Imp. Reservoir	30520	(415,415)	0	(415,415)
Land, impounding reservoir	30620		0	0
Supply Mains	30920	(4,223,331)	0	(4,223,331)
Other Wtr Source Plant	33920	(1,892)	0	(1,892)
Scituate Reservoir Project	17900 & 17901	0	0	0
Total		(5,047,336)	0	(5,047,336)
PUMPING PLANT				
Land & Land Rights	30321	(3,227)	0	(3,227)
Struct. & Improv.	30421	(335,648)	0	(335,648)
Other Power Prod. Equip.	31021	(152,615)	0	(152,615)
Elec. Pumping Equip.	31121	(295,152)	0	(295,152)
Hydraulic Pump. Equip.	31122	(13,358)	0	(13,358)
Total		(800,000)	0	(800,000)
WATER TREATMENT PLANT				
Land & Land Rights	30330	(10,113)	0	(10,113)
Struct. & Improv.	30430	(1,543,556)	0	(1,543,556)
Wtr. Treatment Equip.	32030	(946,331)	0	(946,331)
Total		(2,500,000)	0	(2,500,000)
TRANS. & DIST. PLANT				
Land & Land Rights	30340	(99,748)	0	(99,748)
Struct. & Improv.	30440	(14,857)	0	(14,857)
Dist. Reservoirs	33040	(670,531)	0	(670,531)
Transmission & Distribution Mains:*	33140		(5,980,052)	(5,980,052)
Transmission Mains		(906,657)	0	(906,657)
Distribution Mains		(3,561,582)	0	(3,561,582)
Services	33340	(2,558,549)	(3,387,239)	(5,945,788)
Meters	33440	0	(143)	(143)
Hydrants	33540	(652,915)	(367,714)	(1,020,629)
Other Trans/Dist Plant	33940	(53)	0	(53)
Total		(8,464,892)	(9,735,148)	(18,200,040)
GENERAL PLANT				
Land & Land Rights	30350	0	0	0
Structures & Improv.	30450			0
Office Furn. & Equip.	34050			0
Transportation Equip.	34150			0
Data Processing Equip.	34950 & 35050			0
Tools, Shop, Gar. Equip.	34350			0
Laboratory Equip.	34450			0
Power Oper. Equip.	34550			0
Communication Equip.	34650			0
Misc. Equipment	34750			0
Total		0	0	0
CONSTRUCTION IN PROGRESS				
Construction in progress	10500	0	(67,400)	(67,400)
Engineer Studies	10600			0
Utility Plant Construction in Progress	10400			0
Asset Under Capital Lease	17920 & 17940			0
Total		0	(67,400)	(67,400)
GRAND TOTAL		-\$16,812,228	-\$9,802,548	-\$26,614,776

* The '87 records had a breakdown between Transmission and Distribution Mains. From '88 - '01 T&D Mains were grouped together with no breakdown.