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Member

August 20, 2007

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

RE: Docket 3832 Public Utilities Commission; 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 the Commission. Included are Commission 3-4, 3-5, 3-7, 3-8, 3-10, 3-11, 3-15, 3-16 and 3-18.

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

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WWW.PROVWATER.COM

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

- 3-4 In the City of Providence's budget enacted for FY'08, indicate what:
- a. was the percentage that salaries increased for employees to reflect potential increases in union salaries?
 - b. was the percentage of OPEB (retiree health care liability) funded by the city?
 - c. was the percentage of the actuarially required pension contribution funded by the city?

- Answer:
- a. 0%, pending contract negotiations.
 - b. The City funded \$3 million in the FY '08 budget. This can be found on page 39 of the City's FY '08 budget attached to Commission data request response COM 3-3. According to the City Finance Department, the School department did not fund anything in their FY '08 budget for this.
 - c. They have appropriated 100% , according to the City Finance Department.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-5 If what PWSB requested in its rate filing differs from what was approved in the City of Providence's FY'08 budget in regards to the items listed in Request No. 4, please explain and justify why PWSB is still seeking these items with the rate filings. If PWSB is continuing to seek these items, would PWSB agree to place the difference in the amounts into a restricted account?

Answer: With regard to 3-4 a, Providence Water was hoping that the collective bargaining agreement would be finalized with the Union and a salary increase would be known by now. We would then have made adjustments for the actual contract in our rebuttal testimony. At this point, it does not appear that an agreement will be finalized at any time soon. Providence Water would like to keep the salary increase requested in the filing because we made no adjustment for other contractual union benefits. (See WEE-6 benefit 1 and 2), and we have also experienced years when increases were approved retroactive to July 1st or effective January 1st. Therefore a salary increase could still occur during FY 08, regardless of what the current budget indicates, because the budget could always be amended. With that being said, we would certainly agree to place the net difference of the salary and fringe increases in a restricted account.

With regard to 3-4 b and c, Providence Water has in good faith requested an amount in the rate filing that the City had indicated it would also fund. If they choose to not do so, we would certainly agree to restrict any amounts that did not match the City's funding level.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-7 If the answer to Request No. 6 is yes, calculate the actual aggregate amount of retiree health care claims by year for PWSB retirees from 1997 through 2005.

Answer: As indicated in our objection. Providence Water is not a separate "group" of retirees and therefore the information is not readily available. Mr. John Cimino, Deputy City Controller requested the information from Mr. Thomas Hickey at Cooke and Co. Please see the attached request and response.

From: John Cimino <jcimino@providenceri.com>
To: "Thomas Hickey (E-mail)" <thickey@cookandcompany.com>
CC: Joe Chiodo <jchiodo@providenceri.com>, "Jeanne Bondarevskis (E-mail)" <j...
Date: 8/14/2007 3:03 PM
Subject: Retiree Healthcare Claims Fiscal Year 1997 to Present

Tom,

In order to meet a request by the PUC, in regards to the Providence Water Supply Board Retirees, we need to know the total Retiree Healthcare Claims and Retiree Headcounts for each Fiscal Year from 1997 to Present.

Please email me ASAP regarding the turn-around time for the request.

Thank you.

John T. Cimino
Deputy City Controller
City of Providence
Phone: (401) 421-7740, extension 351
Fax: (401) 831-5042
Email: jcimino@providenceri.com

This information may be confidential and/or privileged. Use of this information by anyone other than the intended recipient is prohibited. If you received this in error, please inform the sender and remove any record of this message.

From: John Cimino <jcimino@providenceri.com>
To: "Jeanne Bondarevskis (E-mail)" <jbondarevskis@provwater.com>
Date: 8/17/2007 3:41 PM
Subject: FW: 20070816120233.pdf
Attachments: 20070816120233.pdf

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

From: Thomas Hickey [mailto:thickey@cookandcompany.com]
Sent: Thursday, August 16, 2007 12:22 PM
To: John Cimino
Cc: Jeanne Bondarevskis; Joe Chiodo
Subject: 20070816120233.pdf
Importance: High

John, attached are total annual medical claims for the last nine years for active and retired employees and dependents. FY '97 and '98 claims are not available. Claims for retirees only for this period are not available except for FY '07 when we first began tracking claims separately for actives and retirees. Historically, based on headcounts, the retiree population has been 40% to 45% of total population. Therefore, it is reasonably sound to expect that the retiree population is at least responsible for 40% to 45% of the claims. This is a conservative expectation since the older population produces more claims than the younger population. It would be a safe position to say that 45% of \$467078766 or \$210185445 are the medical claims attributable to the retiree population. Tom

**CITY OF PROVIDENCE
ANNUAL MEDICAL CLAIMS
JULY THROUGH JUNE**

FISCAL YEAR

1999	\$25,292,157
2000	29,304,277
2001	37,991,814
2002	45,798,936
2003	50,433,026
2004	59,362,317
2005	66,425,930
2006	71,849,099
2007	<u>80,621,210</u>

Total Medical Claims

\$467,078,766

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-8 Please provide any and all documentation from the City of Providence indicating it loaned or advanced money to PWSB for the specific purpose of retiree health care insurance for the period 1997 through 2005.

Answer: The City of Providence or Providence Water has no loan documentation (such as a promissory note) regarding the payment of retirees health benefits, because they were unaware that it was not being charged back. The City did not knowingly loan or advance the money to PWSB. For the past several years Providence Water has been very careful to pay no more than our fair share of any City provided benefits. We have in fact in the past taken a credit for overpayments of retirement expense. In this instance, we know that the City provided Health Care benefits to our retirees, therefore it seems right to pay them our fair share.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-10 Can the elected officials of the City of Providence through ordinance, regardless of any collective bargaining agreement, alter or eliminate the retiree health care benefits or pensions for PWSB employees?

Answer: According to Matt Clarkin, Deputy Director of Finance, he does not believe this would be possible.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-11 Is the City of Providence planning to implement a defined contribution plan for city employees, including PWSB employees? If yes, please describe the new plan, who it would affect, when it will be implemented, and the cost savings for PWSB.

Answer: Please see the response to Division 1-25. According to Matt Clarkin, Deputy Director of Finance, this is an on-going issue that the City Administration and Council will be discussing. It is too soon to determine when it will be implemented and any cost savings for Providence Water.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-15 Since and including 1997, indicate by year the percentage of the actuarially required pension contribution and the amount paid by PWSB to the Providence pension system. Indicate the percentage of the actuarially required pension contribution paid by the City of Providence to the Providence pension system during that same time period.

Answer: Please see attached.

EMPLOYEE RETIREMENT SYSTEM

Providence Water: CONTRIBUTION ANALYSIS

	<u>FYE 6/30/03</u>	<u>FYE 6/30/04</u>	<u>FYE 6/30/05</u>	<u>FYE 6/30/06</u>	<u>FYE 6/30/07</u>
Recommended Contribution	2,402,972	2,493,640	2,668,838	2,627,534	2,566,142
Actual Contribution	1,946,408	2,244,290	2,455,331	2,522,433	2,566,142
Estimated Contribution					
% Contribution	81%	90%	92%	96%	100%

City of Providence-General Fund: CONTRIBUTION ANALYSIS

	<u>FYE 6/30/03</u>	<u>FYE 6/30/04</u>	<u>FYE 6/30/05</u>	<u>FYE 6/30/06</u>	<u>FYE 6/30/07</u>
Recommended Contribution	33,652,067	37,770,141	39,801,531	41,658,417	41,541,981
Actual Contribution	27,257,365	32,345,648	36,816,309	39,992,080	41,541,981
Estimated Contribution					
% Contribution	81%	86%	92%	96%	100%

Note: General Fund does not include School, Water & JTPA contributions
For Commission 3-15

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-16 If the percentage paid by PWSB to the Providence pension system differs from the percentage paid the City of Providence in Request No. 15, calculate how much additional money PWSB contributed to the Providence pension system assuming PWSB had only contributed the same percentage to the pension system as the City of Providence did since and including 1997.

Answer: Please note that in the attachment to COM 3-15, the FY 2004 contribution amount by the City was 86%. Providence Water contributed 90%. Therefore, we will be reducing our 2008 payment by the 4% difference, or \$99,746 ($\$2,244,290 \times 4\% = \$99,746$). This is also addressed in Ms. Bondarevskis' rebuttal testimony.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 3832
Data Requests of the Public Utilities Commission
Set 3

3-18 For all property tax disputes involving PWSB indicate the status of these disputes, the amount in dispute, the time period when these disputed taxes were incurred, and does PWSB agree that any money received by PWSB from these property tax disputes would be placed in a restricted account.

Answer: Please see attached and the response to Com 1-2 for the status of the Scituate tax case. Please note that the "maximum possible tax reduction" amounts shown on the attached spreadsheet are the maximum possible amounts which could be obtained, and assumes that Providence Water will prevail in Court on all issues (a very unlikely scenario). The numbers also do not take into account Providence Water's expenses for attorney's fees, appraisal fees and engineer's fees in litigating these cases.

Providence Water in a previous docket agreed to place any Scituate tax refund, if ever received, in a restricted fund. Providence Water will now agree to place any tax refunds, including Cranston, in a restricted fund to be used to cover the costs associated with the many property tax appeals going forward, or, to cover larger than expected increases in tax bills.

**Providence Water
Property Tax Appeals Status
As of July 31, 2007**

Town or Community	Assessed As of 12/31	Tax Year	Assessed Value	Prov. Water Claimed Value	Fiscal Year Paid	Tax Bill	Maximum Possible Tax Reduction	Sub-total
Scituate Valuation								
Status: Please see the response to Data Request COM 1-2								
(50% valuation)	PPBA	2000	2001	\$3,012,930	\$158,575	2002	\$83,608.81	-\$79,208
	City of	2000	2001	\$151,537,780	\$76,150,000	2002	\$4,205,173.35	-\$2,092,011
								-\$2,171,219
(50% valuation)	PPBA	2001	2002	\$3,012,920	\$1,143,326	2003	\$85,717.57	-\$53,190
"	City of	2001	2002	\$151,537,780	\$87,214,330	2003	\$4,311,249.85	-\$1,830,002
								-\$1,883,192
(50% valuation)	PPBA	2002	2003	\$3,502,170	\$1,528,055	2004	\$109,722.99	-\$61,849
"	City of	2002	2003	\$151,537,780	\$88,894,902	2004	\$4,747,678.65	-\$1,962,601
								-\$2,024,450
(50% valuation)	PPBA	2003	2004	\$3,870,830	\$1,010,746	2005	\$107,415.53	-\$79,367
"	City of	2003	2004	\$155,447,286	\$84,883,771	2005	\$4,313,662.20	-\$1,958,138
Tangible at a higher rate	Tangible	2003	2004	\$11,448,994	\$2,699,005	2005	\$378,389.25	-\$289,187
								-\$2,326,692
(50% valuation)	PPBA	2004	2005	\$4,028,080	\$1,072,818	2006	\$117,942.18	-\$86,530
"	City of	2004	2005	\$155,447,280	\$84,883,770	2006	\$4,551,496.40	-\$2,066,100
Tangible at a higher rate	Tangible	2004	2005	\$11,449,720	\$2,701,093	2006	\$399,251.74	-\$305,065
								-\$2,457,694
(50% valuation)	PPBA	2005	2006	\$4,028,080	\$1,072,818	2007	\$124,427.39	-\$91,288
"	City of	2005	2006	\$155,447,280	\$84,883,770	2007	\$4,801,766.48	-\$2,179,707
Tangible at a higher rate	Tangible	2005	2006	\$11,624,340	\$2,830,121	2007	\$427,659.47	-\$323,539
								-\$2,594,534
Maximum Possible Refund to date								-\$13,457,782

Foster Valuation

Status: Appeals are filed every year. Tax Board hearings on hold; presently awaiting outcome of the Scituate cases.

PPBA	2002	2003	\$6,485,100	\$107,532	2004	\$92,347.81	-\$90,817	
City of	2002	2003	\$20,914,700	\$1,082,529	2004	\$297,825.32	-\$282,410	
							-\$373,227	
PPBA	2003	2004	\$6,485,100	\$57,822	2005	\$91,504.76	-\$90,689	
City of	2003	2004	\$20,914,700	\$957,532	2005	\$295,106.43	-\$281,596	
							-\$372,285	
PPBA	2004	2005	\$6,485,100	\$57,822	2006	\$95,655.26	-\$94,802	
City of	2004	2005	\$20,914,700	\$957,532	2006	\$308,491.85	-\$294,368	
							-\$389,171	
PPBA	2005	2006	\$7,689,900	\$57,822	2007	\$86,434.48	-\$85,785	
City of	2005	2006	\$24,799,900	\$957,532	2007	\$278,750.87	-\$267,988	
							-\$353,773	
Maximum Possible Refund to date								-\$1,488,455

Johnston Valuation

Status: Valuation appeals were filed, partial tax relief has been received. October 2004 is the last year valuation appeal was filed due to the tax relief given. Currently awaiting Tax Board decisions on forest land appeals on hold, presently awaiting outcome of the Scituate forest land cases.

PPBA	2001	2002	\$377,100	\$9,272	2003	\$9,465.21	-\$9,232	
City of	2001	2002	\$6,648,500	\$385,136	2003	\$166,877.35	-\$157,210	
							-\$166,443	
PPBA	2002	2003	\$523,800	\$155,972	2004	\$13,775.94	-\$9,674	
City of	2002	2003	\$3,671,100	\$1,664,695	2004	\$96,549.93	-\$52,768	
							-\$62,442	
P57,L17 only	2003	2004	\$872,400	\$3,110	2005	\$14,307.30	-\$14,256	
City of	2003	2004	\$3,321,000	\$3,321,000	2005	\$54,464.40	\$0	
							-\$14,256	
Maximum Possible Refund to date								-\$243,142

**Providence Water
Property Tax Appeals Status
As of July 31, 2007**

Town or Community	Assessed As of 12/31	Tax Year	Assessed Value	Prov. Water Claimed Value	Fiscal Year Paid	Tax Bill	Maximum Possible Tax Reduction	Sub-total
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Glocester Valuation

Status: Appeals are filed every year. Currently in Superior Court.

2001	2002	\$1,568,800	\$594,479	2003	\$31,109.31	-\$19,321	
2002	2003	\$2,633,900	\$564,534	2004	\$52,625.32	-\$41,346	
2003	2004	\$2,633,900	\$564,534	2005	\$55,074.85	-\$43,270	
2004	2005	\$2,772,500	\$564,534	2006	\$43,112.38	-\$34,334	
2005	2006	\$2,772,500	\$564,534	2007	\$45,274.93	-\$36,056	

Maximum Possible Refund to date

-\$174,327

Cranston Valuation

Status: Appeals were filed for the 4 years listed. Superior Court Judgment in favor of PW on the first 3 years was received, was not appealed, and is now final. Currently negotiating payment arrangements with the City of Cranston for all 4 years.

P20,L2122 only Tangible	2002	2003	\$2,418,800	\$935,300	2004	\$71,838.36	-\$44,060	
Annual Refund	2002	2003	\$11,445,270	\$1,241,588	2004	\$384,561.07	-\$342,844	
								-\$386,904
P20,L2122 only Tangible	2003	2004	\$2,418,800	\$935,300	2005	\$74,499.04	-\$45,692	
Annual Refund	2003	2004	\$11,672,440	\$1,218,759	2005	\$406,667.81	-\$364,206	
								-\$409,898
P20,L2122 only Tangible	2004	2005	\$2,418,800	\$935,300	2006	\$74,499.04	-\$45,692	
Annual Refund	2004	2005	\$11,897,419	\$1,193,738	2006	\$414,506.11	-\$372,916	
								-\$418,608
P20,L2122 only Tangible	2005	2006	\$2,939,500	\$1,236,700	2007	\$64,286.86	-\$37,240	
Annual Refund	2005	2006	\$11,658,964	\$1,160,283	2007	\$254,981.54	-\$229,606	
								-\$266,846
Less credit for amounts not paid								\$175,481
Total Refund to date								-\$1,306,775

Grand Total Maximum Possible Tax refunds

-\$16,670,481