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*Member*

October 4, 2007

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

RE: Docket 3832 Public Utilities Commission; Record Request

Dear Luly:

Enclosed for filing is an original and nine copies of the two final record requests from the Commission.

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  
Cindy Wilson-Frias, Esq.  
Steve Scialabba  
John Bell  
R. DiMeglio  
file

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PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Public Utilities Commission  
Record Request 9/12/07

1. Is there COLA's on pensions of municipal employees?

Answer: Please see attached pages from the FY 2006 Buck Pension report regarding COLA's for municipal employees. A copy of the full report was filed with Division 1-25.

**REPORT ON  
THE SEVENTY-NINTH VALUATION OF  
THE EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF PROVIDENCE  
AS OF JUNE 30, 2006**

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Question 1-25

2. Comments on the valuation results as of June 30, 2006 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2007 is set out in Section V.
3. The valuation was based on the assumptions as outlined in Schedule B. A new assumption was added regarding the estimation of purchased service for Fire and Police to address the lack of provided data. It resulted in a liability loss of 16,122,897, as seen in Schedule G.
4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

<u>GROUP</u>	<u>COLA</u>	<u>Number of Recipients</u>
a) Class A		
(i) Retired prior to 12/18/1991	- 3%, compounded	698
(ii) Retired after 12/18/1991	- None	<u>928</u>
Total of Class A		1,626
b) Class B – Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	334
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	41
(iii) Retired after 12/18/1991	- 3% compounded	238
(iv) Special Award	- 5% compounded	<u>12</u>
Total of Police		625

<u>GROUP</u>	<u>COLA</u>	<u>Number of Recipients</u>
c) Class B – Fire		
(i) Retired prior to 1/1/1990	- 5% compounded	324
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	73
(iii) Special Award	- 5% compounded	8
(iv) Retired between 7/1/1992 and 6/30/1993	- 3% compounded	28
(v) Retired between 7/1/2001 and 6/30/2004	- 3% compounded	53
(vi) All others	- 3% simple, on first \$12,000 of annual benefit	<u>133</u>
Total of Fire		619
d) Total Number of Class A and Class B retirees and beneficiaries		2,870*

\*Excludes elected officials and 21 Class A and B employees who retired prior to June 30, 2006 but were not processed on the June 30, 2006 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Public Utilities Commission  
Record Request 9/12/07

6. Provide a calculation of Providence Water's overpayment to the pension as compared to the City and the City and the School department.

Answer:

Depending on the time period involved and whether the Providence Water pension contribution is compared to the City of Providence contribution or to a blended contribution of City of Providence and School contribution, the overpayment by Providence Water is as follows:

<u>Time Period</u>	<u>Providence Water Compared to</u>	<u>Providence Water Overpayment</u>
1997 - 2002	City	\$280,729
1997 - 2002	City and School	494,859
1992 - 2002	City	852,920
1992 - 2002	City and School	979,002

The overpayment was calculated for the full eleven year (1992 - 2002) and also for the six year period 1997 - 2002. The year 1997 coincides with how far back the City of Providence is attempting to recover amounts paid for Providence Water retirees health coverage.

A copy of detailed worksheet is provided.

PROVIDENCE WATER  
PENSION CONTRIBUTION ANALYSIS  
FISCAL YEARS 1992 THROUGH 2002

FISCAL YEAR ENDED JUNE 30	CITY CONTRIB.	ACTUARIAL RECOMMENDED	SCHOOL CONTRIB.	ACTUARIAL RECOMMENDED	WATER CONTRIB.	ACTUARIAL RECOMMENDED
1992	2 956 271	12 816 191	1 217 385	1 476 461	658 620	658 620
1993	14 571 021	14 733 127	1 396 239	1 340 505	632 990	632 990
1994	15 625 443	20 805 978	1 466 981	2 321 088	781 869	1 237 089
1995	7 712 657	22 656 324	1 790 697	2 337 507	1 092 554	1 427 056
1996	12 827 443	20 076 922	1 641 585	1 827 690	927 347	1 032 480
1997	16 383 796	14 359 408	1 340 000	2 707 746	1 184 730	1 448 939
1998	16 383 796	27 986 896	1 447 000	2 889 087	1 889 212	1 889 212
1999	16 383 796	28 995 274	1 447 000	3 163 727	1 635 578	2 070 362
2000	16 383 796	28 053 463	1 447 000	3 578 732	2 666 976	2 86 007
2001	18 534 227	29 171 991	2 032 628	3 789 508	600 000	2 158 542
2002	23 001 771	32 070 491	2 655 330	4 016 819	500 000	2 530 159

Subtotal 1	63 692 835	91 088 542	7 572 887	9 303 257	4 093 380	4 988 235
Subtotal 2	107 071 182	160 637 523	10 368 958	20 085 619	8 476 496	12 283 221
Grand Total	170 764 017	251 726 065	17 941 845	29 388 876	12 569 876	17 271 456

CITY CONTRIBUTION AS % OF ACTUARIAL RECOMMENDATION	PROVIDENCE WATER CONTRIBUTION AS % OF ACTUARIAL RECOMMENDATION
1992-1996 $\frac{63692835}{91088542} = 69.92$ A	$\frac{4093380}{4988235} = 82.06$
1997-2002 $\frac{107071182}{160637523} = 66.65$ B	$\frac{8476496}{12283221} = 68.76$
1992-2002 $\frac{170764017}{251726065} = 67.84$ C	$\frac{12569876}{17271456} = 72.78$

CITY AND SCHOOL CONTRIBUTION AS % OF ACTUARIAL RECOMMENDATION	
1992-1996 $\frac{71205722}{100391793} = 70.93$ D	
1997-2002 $\frac{117440140}{180723142} = 64.98$ E	
1992-2002 $\frac{188645862}{281114935} = 67.11$ F	

PROVIDENCE WATER OVERPAYMENT	
A	AMOUNT PAID 4988235 X 69.92 = 3 487 774 605 606
B	AMOUNT PAID 12 283 221 X 66.65 = 8 186 767 289 729
C	AMOUNT PAID 17 271 456 X 67.84 = 11 716 956 852 920
D	AMOUNT PAID 4988235 X 70.93 = 3 538 572 654 808
E	AMOUNT PAID 12 283 221 X 64.98 = 7 981 637 494 859
F	AMOUNT PAID 17 271 456 X 67.11 = 11 590 874 979 002

Depending on time period (1992-1996) (1997-2002) or (1992-2002) and whether City or (City and School) are used for comparison, The overpayment by Providence Water ranges from \$ 289,729 To \$ 979,002

KEY	DESCRIPTION
A	1992-1996 CITY ONLY
B	1997-2002 CITY ONLY
C	1992-2002 CITY ONLY
D	1992-1996 CITY + SCHOOL
E	1997-2002 CITY + SCHOOL
F	1992-2002 CITY + SCHOOL