

KENT COUNTY WATER AUTHORITY

Docket No. 3942

Response Data Requests of the
Commission

Set 1

COMM 1-1 Will a seasonal rate structure reduce consumption in the summer months more than an outright ban on outdoor water use?

Response: The intent of the seasonal rate structure is to provide an economic incentive to reduce water use in the summer. While the primary purpose is to minimize non-essential uses such as lawn irrigation or other outdoor water uses, it is unlikely that it would eliminate all such use. The higher summer rates may also cause some indoor uses to be reduced as well, but it is suspected that these would be relatively small. Accordingly, an outright ban on all outdoor water use that is strictly enforced and adhered to would likely result in more or a reduction than what could be expected from seasonal rates.

Response prepared by: Christopher Woodcock



July 15, 2008

Kent County Water Authority Docket No. 3942
Response Data Request of the Commission

Set I

Commission 1-3 Please include the attached memorandum which is to be a part of the response to Commission Question 1-3. It was inadvertently left out of the original package filed yesterday to all parties under this docket.

MEMORANDUM

TO: Tim Brown
FROM: Chris Woodcock
SUBJ: Water Conservation Rates
DATE: December 7, 2005

Based on recent developments, it appears clear that the Authority should consider all options available to encourage greater water conservation, particularly during the peak demand summer months.

- Over the past five years water use during the summer months have averaged more than 1.5 times those of the winter months.
- The peak summer demands are typically a result of “non-essential” or discretionary uses such as irrigation and other outdoor demands.
- The Authority’s current rates structure includes different rates for small medium and large users (based on meter size), but does not provide much meaningful incentive to conserve. Other rate alternatives can provide more of an economic incentive to use water wisely, particular in the peak summer months.
 - A seasonal rate structure would probably result in the best economic incentive to discourage discretionary use. Under this structure a surcharge could be levied for use during the peak demand months. However, this rate structure would be difficult to implement with the Authority’s staggered, quarterly billing of most customers. Not all customers are billed for use during the peak June – August periods; about 1/3 are billed for use in May – July, 1/3 June – Aug, and 1/3 July – September. Quarterly billing also would result in many bills reflecting a surcharge being received after the high demand months.
 - Increasing block rates that charge higher amounts for use in excess of normal discretionary needs can also provide a good economic incentive to conserve. To work effectively, an increasing block rate structure should be established for each rate class or group separately to ensure that the proper rate step is set. This is fairly easy for small residential customers (the bulk of the Authority’s customers), but somewhat more difficult for larger users. For the Authority this could be done with the existing rate classes based on meter size. While customers would still receive bills after the peak summer months, they would be aware of the impacts as the rate structure would be in place all year.

- All conservation rates typically result in a greater volatility of revenues. Because the discretionary uses are charged at higher rates, any changes in customer uses have a bigger impact on revenues. As a result, conservation rates are adopted along with the creation of rate stabilization or reserve funds. At times when use exceeds expectations, excess funds can be deposited into such an account. During periods when use is less than anticipated, funds can be withdrawn to meet revenue needs. The creation of such a fund would be essential for the Authority to continue to meet the requirements of its bond covenants.
- The adoption of a new conservation rate along with the creation of a rate stabilization fund will require approval of the RI Public Utilities Commission. To date, no water utility in RI that is subject to PUC rate regulation has adopted such rates. Should the Authority decide to explore this further, it is suggested that a meeting with the Commission and Division staff be arranged to discuss the matter.

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COMM 1-2 How much conservation is anticipated if a seasonal rate structure is approved?

Response: The Authority has made no estimate of the amount of conservation that may result from the proposed seasonal rate. Our filing includes no such reduction in sales, although the intent of the seasonal rate is to encourage customers to reduce summer water use.

Economic studies of the price elasticity of water have tended to show a fairly wide variation in results. The most commonly used values are in the range of -0.2 to -0.6. An elasticity of -0.4 suggests that a 10% increase in price would result in a 4% reduction in sales.

Mr. Woodcock believes there are numerous other factors that will influence water use in addition to price. These include economic conditions, public information campaigns, weather, sewer rates based on water sales, and public perception. As the Commission is aware, water utilities in the state have been granted varying rate increases over the years and there does not appear to be a good correlation solely between price and use. However, the adoption of a seasonal water rate may be a factor in reducing water sales if it is part of a larger program or campaign to encourage wiser water use by customers.

Response prepared by: Christopher Woodcock

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COMM 1-3 What if any studies were performed by KCWA or its consultant prior to proposing a seasonal rate? If no studies were performed please explain why no studies were done?

Response: Mr. Woodcock has been involved in numerous analyses of rate structures throughout the country involving water rates and conservation. He is a frequent speaker on this topic and recently began a series of presentations on this matter sponsored by Massachusetts Department of Environmental Protection, the Massachusetts Municipal Association, The Massachusetts Association of Planners, the Massachusetts Water Works Association and the New England Water Works Association. He has been a peer reviewer on research papers on this topic and has assisted in the drafting of portions of the AWWA Manuals on Water Rates & Charges that are concerned with this topic. Mr. Woodcock was also consulted by a coalition of groups including Save the Bay in the drafting of legislation in RI concerning water conservation and seasonal rates. Mr. Woodcock believes that well over 30 years experience with this type of work constituted an enormous body of work, studies or analysis that went into the recommendations for the Kent County Water Authority.

In 2005 the Authority asked Mr. Woodcock to look into conservation rate alternatives. This was a high level study, looking at general alternatives and alternative structures rather than specific rates. Mr. Woodcock did produce a memorandum on this matter (a copy is attached).

Response prepared by: Christopher Woodcock

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COMM 1-4 If no studies of seasonal rates were performed, how does Mr. Woodcock justify his statement on page 21, lines 20 through 22 of his direct testimony?

Response: See response to COMM 1-3

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COMM 1-5 Given the constraints of quarterly billing, how can a seasonal rate structure be implemented in manner such that customers are charged the higher rate for only water consumed during the months of July, August & September?

Response: As discussed on page 22 of Mr. Woodcock's prefiled testimony, the Authority is not in the position to charge seasonal rates such that customers are charged the higher rate for only water consumed during the months of July, August & September. As also suggested in Mr. Woodcock's testimony, he believes that the Authority would ideally be billing customers monthly.

The proposed seasonal rates are a "first step". If approved by the Commission, it is the Authority's intent to move forward in subsequent filings with funding for meters that will allow monthly meter reading and billings and a more aggressive seasonal rate proposal. The monthly billing would enable the Authority to bill all customers a higher seasonal rate for use in the same summer months.

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COMM 1-6 With regard to turn off / turn on charges, please justify the transportation cost of \$0.81 per mile.

Response: It is the same rate we charge for miscellaneous work (new services) done in the system. See attached service charge pricing. There is no other documentation for justification.

Response prepared by:

KENT COUNTY WATER AUTHORITY SERVICE CHARGES - EFFECTIVE MAY 16, 2007

FOR METER REPAIRS - PRICES INCLUDE 30% MARK UP				MIN DEPOSIT REQUIRED FOR SERVICES INSTALLED BY KCWA			
METER SIZE	BODY	COUPLINGS	ARB BOXES	LABOR	3/4 & 1 INCH	\$1,500.00	METER NOT INCLUDED
3/4 INCH STRAIGHT	\$84.50	\$10.56	\$14.40	\$25.00	1 1/2 & 2 INCH	\$2,000.00	METER NOT INCLUDED
5/8 INCH STRAIGHT	\$87.82	\$10.56	\$14.40	\$25.00	SERVICES ABOVE 2 INCHES PRICED INDIVIDUALLY		
5/8 BY 3/4 INCH	\$47.91	\$10.56	\$14.40	\$25.00	COST ABOVE DEPOSIT WILL BE BILLED DIRECTLY TO ACCOUNT		
1 INCH	\$84.50	\$16.77	\$14.40	\$25.00	CHARGE FOR ALL SUSPENSE SERVICES		
NEW METER INSTALLATION CHARGES				3/4 & 1 INCH	SUSPENSE SERVICES	\$1,500.00	
RADIO METER SIZE	MAT & LAB	TAX	TOTAL	1 1/2 & 2 INCH	SUSPENSE SERVICES	\$2,000.00	
3/4 INCH STRAIGHT	\$287.77	\$16.64	\$304.41	DISINFECTION POLICY			
5/8 INCH STRAIGHT	\$251.16	\$14.08	\$265.24	TWO SETS OF SAMPLES 24 HOURS APART			
5/8 BY 3/4 INCH	\$245.34	\$13.67	\$259.01	COPY OF PLUMBING OFFICIALS LETTER FROM ALL CITIES AND TOWNS IS NEEDED			
1 INCH	\$329.99	\$19.60	\$349.59	FIRE FLOW TESTING			
1 1/2 INCH	\$394.50	\$27.62	\$422.12	COST OF WATER @ CURRENT RATES			
1 1/2 INCH FLANGE	\$394.50	\$27.62	\$422.12	MINIMUM BILLING - \$25.00			
2 INCH	\$580.27	\$37.12	\$617.39	BOND PERMITS			
2 INCH FLANGE	\$580.27	\$37.12	\$617.39	TOWN/CITY			
SERVICE CHARGE				CRANSTON BOND PERMIT			
METER TESTING	\$50.00			EAST GREENWICH BOND PERMIT			
SERVICE CHARGE	\$50.00	(TURN WATER OFF/ON)		WEST WARWICK PERMIT			
ADDITIONAL CHARGES FOR NEW SERVICES				DIESEL RATE: \$50.00 PER HOUR + 30% = \$65.00			
SAW CUT:				COMPRESSOR RATE: \$50.00 PER HOUR + 30% = \$65.00			
POLICE:				MILEAGE: \$ 0.81 PER MILE			
ROCK & LEDGE REMOVAL:				TOOLS, COMPACTOR & \$20.00 PER HOUR			
OUTSIDE PATCHING:				MISC. HAND TOOLS:			
KCWA PATCHING:				PER LF INSPECTION FEE: \$5.00 P/F (ACCOUNT# 252)			
FORMAN - REGULAR \$45.60 OVERTIME \$68.40							
LABORERS - REGULAR \$32.60 OVERTIME \$48.90							

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COMM 1-7

Please provide a list of all KCWA vehicles. Include on the list: year, make, model, body style, whether the vehicle was purchased or leased, purchase / lease cost, who the vehicle is used by and if the vehicle is available for personal use by employees.

Response:

See listing attached. All vehicles are purchased as we lease none. All vehicles are utilized by various staff during the day as listed "staff" or as identified. Vehicles are allowed for commuting or emergencies only as follows.

- The weekend duty official. One employee per weekend and it varies between the following employees:
 - Richard Burns
 - Robert Austin
 - Alan Angiolilli
 - Nick Bosco
 - Tom Silva
 - Denis Fournier (uses own vehicle to commute)
- Mr. Brown is allowed to utilize his assigned vehicle for commuting and all business related needs.
- No other use is allowed by any employee.

Response prepared by: Timothy J. Brown

**KENT COUNTY WATER AUTHORITY
VEHICLES
JULY 1, 2008**

TRUCK #	STATE REG #	YEAR	MAKE	TYPE	MILEAGE	PURCHASE PRICE	ASSIGNED
1	8034	2001	G.M.C.	JIMMY GMC	59,300	\$25,248.00	Timothy Brown
2	8035	1997	G.M.C.	DUMP (DIESEL)	43,541	\$36,695.00	Staff
3	8036	1999	G.M.C.	UTILITY BODY (DIESEL)	88,290	\$57,722.00	Staff
4	8037	2000	G.M.C.	SAVANNA VAN	108,248	\$19,899.00	Staff
5	8038	2000	G.M.C.	UTILITY BODY	70,100	\$74,804.00	Staff
6	8039	2002	G.M.C.	SIERRA PICK-UP 1/2 TON	70,245	\$17,315.25	Staff
7	8040	2000	G.M.C.	DUMP	47,578	\$43,287.00	Staff
8	8041	2000	G.M.C.	DUMP	34,680	\$43,287.00	Staff
9	8042	2003	G.M.C.	PICKUP 1/2 TON	62,075	\$16,361.00	Staff
10	8043	2007	G.M.C.	SIERRA K 3500 (4 X 4)	23,089	\$29,066.00	Staff
11	8044	2002	G.M.C.	PICKUP 1/2 TON	76,012	\$17,315.25	Staff
12	8045	2003	G.M.C.	SAVANNA VAN	89,535	\$17,550.00	Staff
13	8046	2006	CHEVY	SILVERADO PICKUP	14,412	\$18,821.00	Staff
14	8047	2002	G.M.C.	SIERRA PICK-UP (4 X 4)	117,502	\$25,897.45	Staff
15	8049	2008	CHEVY	EXPRESS VAN	3,941	\$16,399.00	Staff
16	8048	2008	CHEVY	EXPRESS VAN	2,873	\$16,399.00	Staff
17	8050	2008	CHEVY	SILVERADO 2500 HD	4,019	\$24,674.00	Staff
18	8076	2004	G.M.C.	CARGO VAN	46,350	\$29,537.00	Staff
19	8075	2001	G.M.C.	SIERRA PICK-UP (4 X 4)	103,227	\$28,438.00	Staff
20	8128	2005	CHEVY	SILVERADO PICKUP	38,104	\$19,754.00	Staff
21	8200	2006	CHEVY	SILVERADO PICKUP	10,954	\$14,821.00	Staff
#1	8004	2001	CASE	DIESEL HOE 590SM	3472	\$50,090.00	Operators
#2	8005	1998	DEERE	DIESEL HOE 410E	5849	\$60,898.00	Operators
#3	8006	1988	CASE	DIESEL HOE 580K	8590	\$34,200.00	Operators

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COMM 1-8 Please provide actual FY 2008 chemical costs to date and an estimate for any additional chemical costs expected to be incurred in FY 2008.

Response: Chemical costs for FY 2008 are \$71,995.20. No additional costs are expected in FY 2008.

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COMM 1-9 Please explain the procurement process KCWA utilizes for
chemicals.

Response: We purchase either from local suppliers or directly from the only
manufacturer (Calciquest). We purchase frequently in some cases
as we do not have storage capacity for large quantities or the shelf
life may affect chemical strength.

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COMM 1-10

In Docket 3818 – Newport Water, the expert witness engaged by the Portsmouth Water and Fire District testified (Transcript 7/25/07 – pg 145) that the Commission should require all regulated Rhode Island water utilities to fund restricted accounts on a whole dollar basis. In other words all restricted accounts must be funded each month at 1/12th of the annual amount approved by the Commission. Does KCWA and its expert witness agree with the position of Portsmouth’s expert witness? Why or why not?

Response:

Mr. Woodcock has discussed this with Mr. Brown and both agree with the statement made by the expert witness for the Portsmouth Water & Fire District as it pertains to the Kent County Water Authority. Mr. Woodcock agrees with the position as it relates to other regulated utilities in RI; Mr. Brown has not expressed an opinion as to other regulated utilities in the State.

For the most part, the accounts that have been restricted by the Commission are accounts that have also been established by the Authority’s General Bond Resolution (or Trust Indenture). The Authority must fund accounts established by the Bond Resolution to the required amounts; they cannot partially fund them because revenues fall below expectations. For example, the deposits to the debt service account are set at specific monthly amounts based on the schedule of principal and interest payments. Because of the requirements of the Bond Resolution the whole dollar amount funding is consistent with the requirements of the Bond Resolution.

Response prepared by: Christopher Woodcock

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COMM 1-11

Given the current economic environment in the State, why is it appropriate for the Commission to approve annual raises of 4%?

Response:

Mr. Woodcock believes this is appropriate for several reasons.

- a. Water utilities around New England are having a difficult time attracting qualified new employees at a time when a large percentage of current employees are nearing the age of retirement. In order for the Kent County Water Authority to continue to attract qualified personnel that are responsible for the daily distribution of an essential product, the purity of which cannot be compromised, it is imperative that the Authority be allowed to compensate these critical employees at wage rates that will continue to attract the best workers possible. For a product that is so essential and so under priced compared to its value, Mr. Woodcock believes it would be foolhardy to skimp on personnel costs, even during times of high unemployment. Water departments should not be looking to hire people that are just thankful to have a job, they should strive to hire personnel that truly care about their job and understand the critical nature of the work they do. Because the work of water department employees truly impacts public health and safety, employees should have a long-term commitment and pride in what they do. Mr. Woodcock questions if the public really wants water works employees that are simply working in the water department "until something better comes along". The Kent County Water Authority's labor costs represent less than 10% of the total rate year cost of service proposed in this docket.
- b. The consumer price index for the northeast urban area increased by 4.3% from May of 2007 to May of 2008. The 4% labor increase is not even keeping up with the cost of living. Clearly we are in period of increasing food and energy costs that are impacting many other consumer goods. Employees of the Water Authority are not immune from these increases and

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need to be paid wages in this economic environment to enable them to afford goods and services.

- c. Based on Federal Statistical information for Kent County in 2004 (<http://www.fedstats.gov/qf/states/44000.html>), the latest period available, Kent County had 7.1 % of the population below the poverty level compared to a state average of 11.6% and a national average of 12.7%. The medium household income in Kent County in 2004 was \$53,227. Affordability of water is generally considered to be 2% - 2.5% of median household income. For Kent County (at 2%) this would mean a water bill of \$1,064 per year; under the proposed rates the typical residential water bill would be about \$600 per year or 1.1% of median household income. The typical residential water bill in the Kent County Water Authority service area will be less than \$1.65 per day for an essential service. This is less than nearly all other utility services that are not as essential and less than half the cost of a gallon of gasoline. It does not appear that the requested increase, including the 4% annual salary increase that is proposed, presents an affordability problem. By just about any measure, the water that customers of the Kent Country Water Authority will receive at the proposed rates is a value in the current economic environment.
- d. If the labor increase is reduced from 4% per year to 3% it would result in a rate year reduction of less than \$45,000 per year or 0.21% of the total rate year cost of service. The ANNUAL savings for a typical resident would be less than \$1.25 per year.

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COMM 1-12

Why is an annual 4% wage increase appropriate given that in FY 2008, KCWA increased wages by only 3.2%?

Response:

KCWA does not provide a single uniform increase in salaries. The current pay scale incorporates a stepped increase with years of service and RIDOH degree of certification as a Treatment & Distribution Operator. Each step has a percent increase associated either across the board by two year increments or “promotion” up the pay scale based on certificates and appropriate reviews. This has the affect of a variable salary rate and does vary yearly. The Board also reviews the pay schedule yearly and can input a percent cost of living adjustment. The “salaried” employees are subject to an adjustment by the Board during budget approval and determined on an individual basis. Targeted yearly increase is set at 4% total payroll increase but will vary based on the above system in place as described. This is exactly what occurred in FY 2007/2008 and produced a 3.2% payroll increase.

Response prepared by: Timothy J. Brown

LABORER/CUSTOMER SERVICE

CHART 1.5/1.75

BOARD APPROVED 08 2%

	FULL CERT	MIN EXP	1	2	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	%	
6	3 2	14							10%* \$23.57	\$23.98	\$24.40	\$24.83	\$25.27	\$25.71	\$26.16	\$26.62	\$27.08	\$27.56	\$28.04	\$28.53		1.75%	
5	2 2	10					10%* \$21.43	\$21.80	\$22.19	\$22.57	\$22.97	\$23.37	\$23.78	\$24.20	\$24.62	\$25.05	\$25.49	CAP				1.75%	
4	2 1	6			10%* \$19.48	\$19.77	\$20.07	\$20.37	\$20.68	\$20.99	\$21.30	\$21.62	\$21.95	\$22.27	\$22.61	\$22.95	CAP						1.5%
3	1 1	2		10%* \$17.71	\$17.98	\$18.25	\$18.52	\$18.80	\$19.08	\$19.36	\$19.66	\$19.95	\$20.25	\$20.55	\$20.86	\$21.17	CAP						1.5%
2	1 1	1-2	\$16.10																				
1		0-1	\$15.10																				

1) BASE RATE IN EACH BLOCK FOR TWO YEAR PERIOD. INCREASES ANNUALLY BASED ON ANNUAL RAISE PERCENTAGE. TWO YEAR BLOCK INCLUDES 1.5% EXPERIENCE/LONGEVITY INCREASE OR 1.75%

2) PAY GRADE EXPERIENCE FACTOR TIPS OUT AT A PREDETERMINED POINT IN EACH PAY GRADE. PERCENTAGE FOR EXPERIENCE/LONGEVITY ENDS AT THAT POINT, BUT ANNUAL INCREASES CONTINUE. EMPLOYEE MUST ADVANCE TO NEXT PAY GRADE TO AGAIN RECEIVE LONGEVITY RAISE.

3) NEW HIRE PAY INCREASES AT ONE YEAR ANNIVERSARY BASED ON PERFORMANCE AND ATTAINING CERTIFICATION (CUSTOMER SERVICE EXCLUDED).

4) ADVANCEMENT TO NEXT HIGHER PAY GRADE BASED ON MEETING LICENSING QUALIFICATIONS, TIME IN GRADE AND PERFORMANCE EVALUATION FACTOR. FULL CERTIFICATION REQUIRED.

5) ADDITIONAL RESPONSIBILITY CAN BE EVALUATED TO SUPERCEED THE MINIMUM EXPERIENCE LIMITATIONS.

(+ \$1.00)

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COMM 1-13

Please provide the actual average annual percentage wage increase granted for the fiscal years 2003 through 2009. If the 2009 increase has still not been determined (see DIV 1-25), please indicate when a decision will be made.

Response:	FY 2003/2004	5.7%
	FY 2004/2005	4.0%
	FY 2005/2006	3.7%
	FY 2006/2007	6.4%
	FY 2007/2008	3.2%
	FY 2008/2009	3.2%

These are based on budgeted payroll no overtime.

Response prepared by: Timothy J. Brown

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COMM 1-14 With regard to the investments of \$38,697,208 at June 30, 2007 identified in the notes to KCWA's 2007 annual report, please provide an estimate of what the investment balance will be at June 30, 2008.

Response: \$37,692,455.75

Response prepared by: Arthur C. Williams

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COMM 1-15 With regard to the estimated June 30, 2008 investment balance referenced in the prior question, please identify the expected disposition of those investment funds. Identify the projects they are expected to be spent on, the amount of the investment balance expected to be spent on each project and the expected timing of the investment dispositions.

Response: Investment Funds are as follows:

Project funds:

Revenue	\$147,523.97
Infrastructure Fund	\$6,786,338.40
Operation & Maintenance Reserve	\$1,898,250.00
Renewal & Replacement Fund	\$81,472.90
Renewal & Replacement Reserve	\$785,152.14
Debt Service Fund – 2001	\$625,264.67
Debt Service Reserve – 2001	\$781,125.00
General Project – 2002	\$20,988,370.40
Debt Service Fund – 2002	\$1,296,317.63
Debt Service Reserve – 2002	\$1,823,560.01
Debt Service Fund – 2004	\$1,200,382.29
Debt Service Reserve – 2004	\$1,278,698.34
	\$37,692,455.75

All funds are restricted in one form or another. Of these the IFR and General Project 2002 (Capital) will be expended based on projects as bid for design and or construction. The IFR and Capital are expected to be expended as proposed in the attached. Timing is listed on the IFR attachment. The timing for Capital projects proposed are as follows:

- Mishnock Treatment - FY 2009 & 2010
- Mishnock Transmission & Booster – Funds deficient no timing as yet
- Read School House Road Transmission – FY 2008/2009
- Read School House Storage Tank – FY 2009
- East Greenwich Well Field Preliminary Design – FY 2009

Response prepared by: Timothy J. Brown & Arthur C. Williams

**IFR FUNDING
CURRENT AND PROPOSED PROGRAM
Revised July 9, 2008**

FUNDING:

FUNDING AS OF JUNE 30, 2008	\$6,786,338
MAY & JUNE 2008 PAYMENT	<u>\$800,896</u>
FUNDING AVAILABLE AS OF JUNE 30, 2008	\$7,587,234

FUNDING:

IFR 2008 CONSTRUCTION - JULY 2008 - JUNE 2009	\$4,805,373
ASSUMED 1/2 YEAR RATE INCREASE	<u>\$597,313</u>
TOTAL FUNDING	\$12,989,920

ESTIMATED ALLOCATED EXPENDITURES 2008/2009

FINAL PAYMENT ESTIMATE

IFR 2005 CONSTRUCTION (FINAL PAYMENT ESTIMATE)	(455,000)
IFR 2006A CONSTRUCTION (FINAL PAYMENT ESTIMATE)	(1,894,000)
GREENWICH AVENUE REPLACEMENT (FINAL PAYMENT ESTIMATE)	(312,000)
QUAKER BOOSTER REFURBISHMENT (SET ASIDE)	(\$3,000,000)
QUAKER BOOSTER REFURBISHMENT DESIGN & CONSTRUCTION SERVICES	(\$150,000)
TIOGUE SERVICE AREA CONVERSION	(\$2,100,000)
TIOGUE SERVICE AREA CONVERSION ENGINEERING CONSTRUCTION SERVICES	(200,000)
IFR 2006B & 2007 CONSTRUCTION	(\$7,000,000)
IFR 2006B & 2007 CONSTRUCTION ENGINEERING CONSTRUCTION SERVICES	(\$350,000)
IFR 2009A & 2009B DESIGN SERVICES	(\$90,000)
IFR 2009A & 2009B CONSTRUCTION (PARTIAL)	<u>(\$1,000,000)</u>

TOTAL EXPENDITURES AS OF JUNE 30, 2009	\$16,551,000
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2006A W.R.B. INTERCONNECTION GRANT REIMBURSEMENT (ESTIMATE)	<u>\$900,000</u>
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BUDGET EXPENDITURE AS OF JUNE 30, 2009	\$15,651,000
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ESTIMATED CARRY OVER EXPENDITURES 2009/2010

IFR 2009A & 2009B CONSTRUCTION (REMAINING)	(\$6,000,000)
IFR 2009A & 2009B CONSTRUCTION ENGINEERING CONSTRUCTION SERVICES	<u>(\$350,000)</u>

TOTAL CARRY OVER 2009/2010	(\$9,011,080)
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FUNDING AVAILABLE JUNE 30, 2009	<u>\$6,000,000</u>
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POTENTIAL DEFICIT	\$3,011,080
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**CIP PROJECTED EXPENSES
(MAY 2008)**

Mishnock Treatment Facility (CIP 1a & 1c)	(est.)	\$13,985,500
Mishnock Transmission, Storage & Booster (CIP 1b)	(est.)	\$9,213,800
Read School House Road Transmission (CIP 7e, 7d & 8a)	(bid)	\$3,203,885
	(contingency)	\$160,000
	(engineering)	\$160,000
		<u>\$3,523,885</u>
Read School House Storage Tank (CIP 7b)	(est.)	\$2,500,000
	(contingency)	\$125,000
	(engineering)	\$125,000
		<u>\$2,750,000</u>
East Greenwich Well Field Preliminary Design Treatment (CIP - 2)	(est.)	<u>\$50,000</u>
		TOTAL
		\$29,523,185
Capital Account (March 31, 2008)		<u>\$21,183,260</u>
	Shortfall	\$8,339,925

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Set 1

COMM 1-16

If any of KCWA's investment funds have been earmarked for projects that are not likely to proceed, would it be possible to transfer those funds to other projects that would serve to mitigate the requested increase in IFR funding? Why or why not?

- Response:
- A.) All projects are likely to proceed.
 - B.) Bond funds can be used for Capital Projects only under the bond resolution. Transfer to IFR is not allowed.

KENT COUNTY WATER AUTHORITY

Docket No. 3942

Response Data Requests of the
Commission

Set 1

COMM 1-17

With regard to KCWA's investments, please identify the source of the investment funds. If any of the investment funds were borrowed, provide the interest rate that is being paid on the borrowings. Also, identify the rate of return that is being earned on the investments.

Response: A.) 2001 Series "A" Bonds @ 4.82%
2002 Series "A" Bonds @ 4.56%
2004 Series "A" Bonds @ 2.77%

B.) Yield at Market – July 2007 3.91%
Yield at Market – May 2008 1.29%

2002 – Debt Service Reserve Account
\$ 1,823,560.01 4.995% 7/15/23

Response prepared by: Arthur C. Williams