

Mary B. Shekarchi
Attorney at Law

33 College Hill Road, Suite 15-E
Warwick, Rhode Island 02886

Tel: (401) 828-5030
Fax: (401) 823-1400
Email: LAWOFFICEMARYB@HOTMAIL.COM

RECEIVED
2016 JAN 13 PM 12:29
PUBLIC UTILITIES COMMISSION

January 13, 2016

Ms. Luly Massaro, Clerk
RI Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

RE: Kent County Water Authority – Miscellaneous Petition

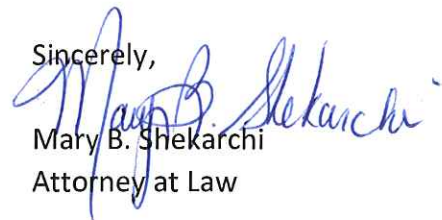
Dear Ms. Massaro:

Please find enclosed an original and nine (9) copies of Kent County Water Authority's ("KCWA") Miscellaneous Petition for Relief with Direct Testimony of Timothy J. Brown, PE of the KCWA in support of the Petition.

Please note that an electronic copy of these documents has been sent to parties listed on the Certification. Kindly provide me with an updated service list for the within matter.

Thank you for your assistance in this matter.

Sincerely,


Mary B. Shekarchi
Attorney at Law

Enclosures

Cc: Certification
(via electronic mail)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

RECEIVED
2016 JAN 13 PM 12:29
PUBLIC UTILITIES COMMISSION

IN RE: KENT COUNTY WATER AUTHORITY: DOCKET NO. _____

KENT COUNTY WATER AUTHORITY'S
MISCELLANEOUS PETITION FOR RELIEF

In Docket No. 3942, the Kent County Water Authority ("KCWA") requested a rate increase to meet revenue shortfall. The Public Utilities Commission ("Commission") ordered KCWA to establish certain restricted accounts for designated restricted capital projects. In addition, KCWA was ordered to set aside any excess O&M Reserve and R&R Reserve funds into a separate restricted account to meet future capital needs.

KCWA respectfully petitions the Commission for permission to use certain restricted accounts designated in Docket No. 3942 in order to fund two (2) capital projects that will meet the needs of the KCWA system. One is for the completion of the Mishnock Transmission Main Project and the other is to Design a new Capital Improvement project to connect the high service north pressure gradient with the high service south gradient for redundancy of single storage tank gradients.

KCWA is requesting to transfer or release the funds from its restricted debt service accounts with current balances of \$1,807,726.17 and \$1,633,252.18 And the Excess funds in the Operations and Maintenance Reserve ("O&M") and Renewal and Replacement Reserve ("R&R") Reserve accounts with a current balance of \$1,200,550.00 and all monthly savings into one account to fund the above two (2) capital projects.

Specifically, the funds will be used in the Mishnock Transmission Main Project, which is approximately 30% completed. Commencing this project at this time, will allow KCWA to secure better bid pricing and allow construction to commence this spring, with the ultimate goal of full production from the treatment facility.

If this Petition is granted, the funds will be utilized in the new Capital Improvement Program project to only design this high priority project. Due to water quality issues and reduced system demands, the Carr Pond storage tank will be removed from service. Connecting the high service north and south pressure gradients for redundancy of single storage tank gradients will provide redundancy in supply and assure water quality to KCWA customers. In support of the within Petition, KCWA relies on the testimony of Timothy J. Brown, P.E., General Manager/Chief Engineer of KCWA, attached hereto and incorporated herein.

WHEREFORE, the Kent County Water Authority prays that the Rhode Island Public Utilities Commission grant the relief sought herein and all other relief it deems just.

Kent County Water Authority
By its attorney,



Mary B. Shekarchi # 4767

Attorney at Law

33 College Hill Rd., #15#

Warwick, RI 02886

(401) 828-5030

(401) 823-1400

marybali@aol.com

PRE-FILED DIRECT TESTIMONY
MISCELLANEOUS PETITION FOR RELIEF
TIMOTHY J. BROWN, PE

1
2
3
4
5 **Q. Please state your name and business address.**

6 A. My name is Timothy J. Brown, P.E. My current business address is 1072 Main Street,
7 West Warwick, Rhode Island 02893.
8

9 **Q. By whom are you employed and in what capacity?**

10 A. I am the General Manager/Chief Engineer of the Kent County Water Authority.
11

12 **Q. Please describe your qualifications and experience.**

13 A. I'm a Registered Professional Engineer in the State of Rhode Island and two other New
14 England States. I have been certified by the R. I. Department of Health as a Class 4
15 Drinking Water Distribution Operator and a Class 3 Water Treatment Operator and am the
16 licensed operator of KCWA. I have been a Civil and Sanitary Engineer for 40 years. My
17 career has encompassed professional engineering services in various New England States
18 including the State of Rhode Island and overseas in North Africa in both sanitary waste
19 water and water engineering project facilities. I have a Bachelor of Science Degree from
20 the University of Rhode Island.
21

22 **Q. Have you previously testified before State Regulatory Commissions concerning the**
23 **operations matters of Kent County Water Authority?**

24 A. Yes - Dockets #1952, #2034, and #2098, #2440, #2555, #2860, #3311, #3660, #3942 and
25 #4142 along with various Division Dockets.
26

27 **Q. What is your role in these proceedings?**

28 A. As General Manager/Chief Engineer of the Kent County Water Authority, I am responsible
29 for the Authority operations including plant, transmission, distribution, pumping facilities
30 and storage facilities within the Kent County Water Authority.
31

1 **Q. Please explain the request in front of this Commission.**

2 A. We are requesting authorization from the Commission to utilize restricted funds that are
3 not being spent for capital needs. We plan on utilizing them if the petition is granted, now
4 for two capital projects for the benefit of our customers.
5

6 **Q. Why are they not being expended as they were originally ordered?**

7 A. Debt Service Savings has made up the major portion that is not needed for payment. One
8 Bond (2004) has been retired and the other deals with a refinance of the issue (2012) that
9 generated savings on interest over and above what is needed and previously ordered to be
10 restricted. The monthly deposits and total cumulative balances are attached as Exhibit
11 "A" of this testimony. The savings of both issues has been reported to the Division and
12 Commission on an ongoing basis and of course during the refinance of the 2012 Issue.
13 The second piece of restricted accounts being considered by this petition are the
14 Operating and Maintenance Reserve, Renewal and Replacement Reserve and the reduced
15 Debt Service Payments (outside of savings) ordered for restriction by the last rate order.
16 As the Division and Commission is aware, all three change annually based on
17 amortization and covenant calculations. Again Exhibit "A" reviews the restricted
18 balances held in reserve as indicated in the timeframe shown.
19

20 **Q. Why not just file a rate case to secure your capital needs?**

21 A. We are in the process of preparing a rate case to include a new Capital Improvement
22 Program for Commission approval of the projects and in anticipation that it will be a cash
23 funded style program. What is being proposed by this petition is very similar in funding
24 to what our anticipated rate case will propose for the long-term. Use of restricted funds
25 will expedite two very important projects that KCWA wishes to implement as soon as
26 possible.
27

28 **Q. Please explain the Mishnock Transmission project.**

29 A. It is the high service transmission main from the Mishnock Treatment Plant to the
30 Hopkins Hill Road high service transmission main, feeder to both high service storage
31 tanks, Technology Park and Carr Pond Road. Its route is along Mishnock Road and will

1 be 16" in size. Approximately 30% is constructed to date from bond funds from the 2012
2 issue. The remaining 70% is needed to be constructed to activate and feed high service
3 produced water from our wellfield to the gradient. In most cases, it will be the primary
4 high service gradient feed to the south high service pressure gradient during the operation
5 of the treatment facility. The construction project is only complicated by the wet
6 conditions of the Mishnock Pond area and is considered somewhat a straight forward
7 installation of a transmission main. We do not anticipate any issues outside of the ground
8 dewatering and have made arrangements for ground water disposal in the design to assist
9 the contractor in the section along Mishnock Pond. Exhibit B provides a letter of the
10 estimate for the redesign services for the remainder of the project and attached is a
11 preliminary construction estimate. This does not include construction services.
12 Construction services would be estimated at approximately \$150,000 for contract
13 administration. We do plan on utilizing the remainder of the bond funds, approximately
14 one million dollars, initially for this project and the remainder to be funded by this
15 request.

16
17 **Q. With the Mishnock Transmission Main completed what will be accomplished by its**
18 **activation?**

19 A. Quite simply, it will accomplish full production from the treatment facility and utilization
20 of wellfield treated water for the high service gradient. Our goal has always been to
21 produce as much water as we can with our own sources to supplement and remove
22 purchased water from the City of Providence and/or throughout the City of Warwick.
23 Ever since we have had active capital programs source of supply has been critical for our
24 needs and its utilization. Not only does it allow us to control our own supply but also
25 provides emergency usage in case the wholesale producer has issues or is unable to
26 service us. This is the next step in that process and will complete our long term planning
27 for the refurbishment, replacement, treatment of the Mishnock wellfields for Kent
28 County's use. It is our intention to move to full plant capacity during the summer months,
29 for the Mishnock Treatment Facility, as long as we have the ability to pump both to the
30 low service and high service gradients. This will entail in all likelihood two full shifts and

1 a third shift for continuous operations during the summer period. We see a great benefit
2 to our customers and our system with its full operation.

3
4 **Q. Please explain the high service gradient connection of high service north and south.**

5 A. Due to the reduced demand in the high service south gradient, we will be draining and
6 taking offline the Carr Pond Tank. Water age has exceeded the point of normal operation,
7 because of the lack of high service demand and as such water quality dictates its removal
8 from service at this time. It will not be dismantled. It will be utilized if demand increases
9 as high service gradient continually gets built out and utilized. This leaves one tank in the
10 high service south gradient, Technology Park. It is always beneficial to utilize a two tank
11 system in case one needs to be maintained. A similar situation in the high service north
12 gradient (single tank) exists. This has always been a single source system under its old
13 configuration and current configuration. Since it is at the same elevation or pressure
14 gradient as the high service south, it lends itself to be connected for redundancy and the
15 ability to feed water either directly from the Providence gradient and/or the treatment
16 system at Mishnock. This will provide great flexibility to the Authority and also provide
17 the redundancy necessary if one of the high service tanks is out of commission. This
18 project is for design only, to begin the preliminary design and final design of an
19 interconnection between the two gradients to facilitate their operation together versus
20 independent. We estimate the design services including modeling not to exceed \$100,000
21 for this petition. Multiple routings are being reviewed as this testimony is being prepared
22 and will be included in the revised Capital Program, which is also under preparation for
23 our future rate filing. Because of the critical nature and the fact that the Carr Pond Tank
24 will be drained and taken off line, it behooves the Authority to move quickly to rectify
25 the situation of lack of redundancy. Therefore, we request approval, to initiate the
26 preliminary and final design services and will await the actual construction until the
27 Capital Program has been approved in the proposed future rate filing.

28
29 **Q. What is the make-up of the restricted accounts proposed for use?**

30 A. Exhibit "A" provides the requested information.

31

1 **Q. Mr. Brown, are you proposing any tariff changes?**

2 A. No, this is not a rate case and will not involve any tariff changes.

3

4 **Q. Are you including a revised Capital Improvement Program in this petition?**

5 A. No, but a revised Capital Improvement Program is in preparation for our future rate case
6 filing of which it will be part of.

7

8 **Q. What is the desired outcome of the Authority by the Commission?**

9 A. Approval of the request to utilize excess restricted “savings” funds for completion of the
10 Mishnock Transmission Main and the design of the connector between both high service
11 gradients.

12

13 **Q. Does this conclude your testimony?**

14 A. Yes

EXHIBIT "A"

Kent County Water Authority

Restricted Account Funding per Bond Covenant and or Docket 4142; Order 20162, October 12, 2010
as of June 30, 2015

Restricted Account Funding per Order 20162 October 12, 2010:

	PUC	Actual 2011*	Actual 2012	Actual 2013*	Actual 2014	Actual 2015	Cumulative 2011-2015
IFR	Annual Req.	6,300,000	5,400,000	5,600,000	5,400,000	5,400,000	28,100,000
O&M	193,620	0	5,831	153,626	(34,442)	(111,286)	13,729
R&R	200,000	0	237,687	100,540	148,137	73,903	560,267
Debt Service	3,932,319	3,937,106	3,770,017	3,650,853	3,780,142	3,560,094	18,698,212
Capital	100,000	108,333	100,000	100,000	100,000	100,000	508,333
ORA Total	291,657	340,266	291,656	291,656	291,656	291,656	1,506,890
Total	10,117,596	10,685,705	9,805,191	9,896,675	9,685,493	9,314,367	49,387,431
Difference		10,117,596	10,117,596	10,117,596	10,117,596	10,117,596	50,587,980
		568,109	(312,405)	(220,921)	(432,103)	(803,229)	(1,200,549)

* FYE 2011 and 2013 excess IFR funding due to shortage FYE 2010; 2011 O&M and R&R funding following year

O&M Reserve, R&R Reserve & Debt Service requirements change annually based on amortization and covenant calculations; amounts required by bond covenants were transferred to their designated accounts and the difference between the amount ordered and covenant calculation remained in the Revenue Account.

Revenue Account Balance 6/30/2015:

1,242,987

Difference between order and covenant by year:

	rate order
6/30/2011	568,109
6/30/2012	(312,405)
6/30/2013	(220,921)
6/30/2014	(432,103)
6/30/2015	(803,229)
	<u>(1,200,549)</u>
	42,438

Total Difference

Balance Revenue Account

EXHIBIT 'A'

Kent County Water Authority The Bank of New York Mellon: Trustee Dec-15		Actual											
		Balance 11/30/2015	Interest Earned	Reimburse Revenue a/c	Transfer in from Dep. a/c	Transfer to Checking	Month End Transfer	Payment to WQP	2014A	BALANCE 12/31/2015			
Revenue	112600	633,218.84	5.27	-	2,462,740.43	(1,000,000.00)	(802,624.99)	(74,852.01)	280	1,218,487.54			
Operating Revenue Allowance	112601	1,628,852.97	13.21				24,304.66			1,653,170.84			
Operation & Maintenance Fund	112602	0.47	(0.47)										
Renewal & Replacement Reserve	112603	1,376,029.26	11.34										
Renewal & Replacement Fund	112604	80,719.62	0.60				8,333.33			1,376,040.60			
Infrastructure Fund	112605	6,386,336.11	48.96				450,000.00		(619,422.89)	6,216,962.18			
Operation & Maintenance Reserv	112606	2,638,387.45	21.66							2,638,409.11			
2004 Debt Service Savings	112612	1,714,712.88	13.29				93,000.00			1,807,726.17			
(to be closed out)	112613	1.12								1.12			
Renewal & Replacement PUC 1	667674												
Renewal & Replacement PUC2	667675												
2012 Debt Service Reserve	853023	1,799,260.83	14.76							1,799,275.59			
2012 Debt Service Fund	853024	908,406.30	6.05				181,625.00			1,090,037.35			
2012 Project Fund	853025	1,008,371.48	8.34							1,008,379.82			
2012 Debt Service Savings	853026	1,587,877.50	12.68				45,362.00			1,633,252.18			
Totals		19,762,174.83	155.69	-	2,462,740.43	(1,000,000.00)	-	(74,852.01)	(619,422.89)	20,530,796.05			



JAMES J. GEREMIA & ASSOCIATES, INC.
CONSULTING ENVIRONMENTAL ENGINEERS & SCIENTISTS

December 16, 2015

Mr. Timothy J. Brown, P.E.
General Manager/Chief Engineer
Kent County Water Authority
P.O. Box 192
West Warwick, RI 02893-0192

Re: Mishnock Area Water System Transmission Main Installation

Dear Mr. Brown:

As requested by the Authority, below is a summary of engineering costs to modify the existing Mishnock Transmission Main plans and specifications.

The placement of Vac tanks on the Mishnock Barn property will require wetland flagging, submittal of a "RIDEM-Freshwater Wetland Preliminary Determination Application" and additional survey. It is also recommended that thirteen (13) additional hollow stem borings (to a depth of 15 feet) and thirty-nine (39) wet sieve analyses be performed within the high groundwater area. The borings and wet sieve analyses will assist in the contractor to develop an efficient dewatering system.

SUMMARY OF FEES:	JGA Engineering	\$15,218.00		
	Printing	750.00		
	Allstate Drilling	9,675.00		
	Wetland Permitting	1,350.00		
	Survey	<u>2,900.00</u>		
			Total	\$29,803.00

Enclosed is the construction cost estimate for the Mishnock Transmission Main (Station 52+00 to Station 117+00).

Very truly yours,

Richard M. Hencler, P.E.
Project Manager

Enclosure

KCWA - MISHNOCK TRANSMISSION MAIN STA 52+00 to STA 117+10

COST ESTIMATE

12/16/2015

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	UNIT COST	COST
1	Exc. & Refill Mat'l Below Normal Grade	CY	450	\$ 30.00	\$ 13,500.00
2	Earth Excavation & Refill for Test Pits	CY	500	\$ 40.00	\$ 20,000.00
3	Borrow Gravel	CY	1,900	\$ 20.00	\$ 38,000.00
4	Excavation & Removal of Boulders	CY	400	\$ 50.00	\$ 20,000.00
5	Rock Excavation (mechanical)	CY	100	\$ 250.00	\$ 25,000.00
6	Silt Fencing	LF	3,000	\$ 5.00	\$ 15,000.00
7	Hay Bales Around Catch Basins	LF	300	\$ 7.00	\$ 2,100.00
8	Calcium Chloride for Dust Control	LBS	5,000	\$ 0.50	\$ 2,500.00
9	20" D.I. Water Main	LF	20	\$ 250.00	\$ 5,000.00
10	16" D.I. Water Main	LF	6,610	\$ 200.00	\$ 1,322,000.00
11	12" D.I. Water Main	LF	80	\$ 120.00	\$ 9,600.00
12	8" D.I. Water Main	LF	30	\$ 100.00	\$ 3,000.00
13	16" Elbows	EA	10	\$ 1,700.00	\$ 17,000.00
14	12" Elbows	EA	6	\$ 600.00	\$ 3,600.00
15	16" BFV & Valve box	EA	7	\$ 5,000.00	\$ 35,000.00
16	8" Gate Valves & Valve Boxes	EA	1	\$ 2,500.00	\$ 2,500.00
17	2" Permanent Blow-Off Assemblies	EA	7	\$ 2,500.00	\$ 17,500.00
18	Air Release Manhole	EA	1	\$ 8,000.00	\$ 8,000.00
19	3" Temp. Bit. Concrete Pavement	SY	5,500	\$ 20.00	\$ 110,000.00
20	1½" Bit. Conc. Overlay	SY	19,100	\$ 8.00	\$ 152,800.00
21	Bituminous Concrete Leveling Course	TON	350	\$ 150.00	\$ 52,500.00
22	Cold Planing & Disposal (full width)	SY	19,100	\$ 5.00	\$ 95,500.00
23	Full Depth Trench Patch	Ton	50	\$ 200.00	\$ 10,000.00
24	Bit Berm	LF	1,200	\$ 5.00	\$ 6,000.00
25	Precast Concrete Curbing	LF	100	\$ 50.00	\$ 5,000.00
26	Epoxy Resin Pavement Markings (Crosswalks)	LF	600	\$ 0.50	\$ 300.00
27	Waterborne Pavement Markings (Crosswalks)	LF	600	\$ 1.00	\$ 600.00
28	Soil Compaction Testing of Trenches	ALLOW	1	\$ 25,000.00	\$ 25,000.00
29	Processed Gravel Roadway Base	CY	1,800	\$ 20.00	\$ 36,000.00
30	Rem. & Dispose Exist. Asbestos Cement Pipe	LF	30	\$ 10.00	\$ 300.00
31	12" RCP Class 5 Drainage Pipe	LF	100	\$ 100.00	\$ 10,000.00
32	Dewatering System	LS	1	\$ 200,000.00	\$ 200,000.00

CERTIFICATION

I hereby certify that on this 13th day of January, 2015, I sent a copy of the within Miscellaneous Petition to all the following parties by electronic mail and 9 copies to Luly Massaro, Commission Clerk by electronic mail and regular mail.

<u>Name/Address</u>	<u>E-mail Address</u>	<u>Phone/Fax</u>
Timothy Brown, P.E. General Manger/Chief Engineer PO Box 192 West Warwick, RI 02893-0192	tbrown@kentcountywater.org	401-821-9300 401-823-4810 F
Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02889	lmassaro@puc.state.ri.us <hr/> Cwilson@puc.state.ri.us <hr/> Sccamara@puc.state.ri.us	401-780-2107 401-914-1691 F
Leo Wold Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02908	Lwold@riag.ri.gov	401-222-2424 401-222-3016 F