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City Councilman

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Member

EVERETT BIANCO
Member

June 12, 2009

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

RE: Docket 4061 Division of Public Utilities & Carriers; Set I Responses

Dear Luly:

Enclosed for filing is an original and four copies of Providence Water's responses to Div 1-5, Div 1-6 and Div 1-18.

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".

Mary Deignan-White
Regulatory Manager

cc: Dk 4061 Service List

H:\QPWPUC-Filings\RateFiling2009\LMrespDiv1-5.1-6,1-18.wpd

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PROVIDENCE WATER SUPPLY BOARD
Docket No. 4061
Data Requests of the Division of Public Utilities & Carriers
Set 1

- 1-5. Please provide supporting documentation for the insurance premiums presented on Schedule HJS-7A. Also, explain why the average of FY 2009 and FY 2010 premiums were used for the CY 2010 rate year.

Answer: Attached are insurance premiums for Property and Casualty and Worker's Compensation for FY 2009. The insurance premiums for FY 2010 are not yet available so an estimate was used. As for why an average of FY 2009 and FY 2010 premiums were used for CY 2010, please see testimony of Harold J. Smith, page 9, lines 4-10.

A Service of
 G & L Insurance Associates Inc.
 963 Charles Street
 North Providence RI 02904
 Telephone 401-727-1683 Fax 401-727-1346
 Email: PAMMOWRY@GLINS.NECOXMAIL.COM

SCHEDULE OF YOUR CURRENT INSURANCE
 Prepared for: Providence Water Supply Board
 P O Box 6068
 Providence, RI 02908

Commercial Excess Property	7/1/2008	7/1/2009	\$ 33,000 (Expiring Premium \$33,000)	As per the schedule on file with the insurance	Property Limits \$50,000,000 per the occurrence limited to values included in the RFP in excess of \$100,000,000 per occurrence. Coverages Building & Contents Valuation is Replacement Cost All Risk excluding Flood & Earth Movement	Excess of \$100,000,000
Commercial Crime	7/1/2008	7/1/2009	\$ 8,400 (Expiring Premium \$8,400)	As per the schedule on file with the insurance carrier	Employee theft, forgery, computer fraud and funds transfer fraud - limit \$1,000,000 Credit card forgery sub limit \$100,000 All other coverages as per the insuring agreement carry a limit of insurance of \$500,000	Deductible \$25,000 Deductible \$ 5,000
Public Officers Liability	7/1/2008	7/1/2009	\$ 39,567 (Expiring Premium \$39,567)	As per the schedule on file with the insurance carrier	Employment Practices Liability Aggregate Limit of \$2,000,000	Deductible \$ 5,000 Deductible \$10,000 other than EPL Violations Deductible \$25,000 EPL Violations Deductible \$25,000
Equipment Breakdown Coverage	7/1/2008	7/1/2009	\$ 9,161	As per the schedule on file with the insurance carrier	Network Security Privacy Aggregate Limit of \$1,000,000 Equipment Breakdown Total Limit of Insurance \$75,000,000	\$15,000
Pollution Legal Liability	7/1/2007	7/1/2010	\$102,500.30	Per the schedule on file with the insurance carrier	Onsite Clean up of Pollution Conditions and Legal Liability for Pollution Conditions \$5,000,000 each incident/\$10,000,000 policy aggregate. Policy Term is 3 years prepaid	\$50,000
Commercial Automobile	7/1/2008	7/1/2009	\$119,343 (Expiring Premium \$	Vehicle schedule as per the RFP	Liability Combined Single Limit \$1,000,000 Medical Payments \$5,000 Uninsured Motorist \$1,000,000. Physical Damage coverage limits as per "Cost New" supplied by insured. Please forward an updated schedule which includes year make model vin number and plate number	\$1,000 deductible Physical Damage coverage only

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Task Third Party Liability	Liberty Surplus Ins Corporation	7/1/2008	7/1/2009	\$11,384 (Expiring Premium \$11,499*)	As per the Schedule on file with the insurance carrier	Limit of Liability \$1,000,000 each incident	\$10,000 per claim
Commercial General Liability	Lexington Insurance Company	7/1/2008	7/1/2009	\$194,570 (Expiring Premium \$185,400. Increase due to increase in payroll from \$12MIL. to \$13,550,000)	As per the Schedule on file with the insurance carrier	1,000,000 aggregate corrective Action & clean up costs - Total of 13 BOSTS and ASYS....	\$15,000 SIN
Umbrella Liability	Lexington Insurance Company	7/1/2007	7/1/2008	\$248,775 (Expiring Premium \$244,907)	As per the Schedule on file with the insurance carrier	\$1,000,000 per occurrence, \$1,000,000 aggregate includes Failure to supply water - \$1,000,000 \$25,000,000 each claim \$25,000,000 aggregate Lexington has offered to DELETE the Failure to Supply Exclusion and Provide a sub limit of \$15,000,000 for an additional premium of \$53,045 including TRIA and Tax	\$10,000 Deductible

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Policy Type	Insurance Carrier	Effective Date	Expiration Date	Annual Premium	Covered Location, Vehicle, Etc.	Coverage Limits and a brief description	Deductibles
Commercial Property	Great American	7/1/2008	7/1/2009	\$128,287 (Expiring Premium \$141,130)	As Per the schedule on file with the insurance carrier and as per the RFP	Each Occurrence \$100,000,000 Total Insurable Values \$199,618,807** ***Coverage includes Real Property, contents, business income, EBP Hardware, Data & Media, EBP Extra Expense, Valuable Papers, Accounts Receivables, Contractors Equipment unscheduled, Valuation is Replacement Cost, with NO coinsurance - Agreed Amount	SIR \$25,000
Commercial Property Primary Property Banns	Ace Five	7/1/2008	7/1/2009	\$179,431 (Expiring Premium \$209,000)	Earthen Banns as per the schedule on file with the insurance carrier	Property Limits \$50,000,000 excess of deductibles covering earthen dams per the Schedule on file with the carrier. Coverages: Property Damage, Boiler & Machinery and Terrorism. Valuation is Replacement Cost. NO coinsurance - Total Insured Values \$185,368,169. Flood Limit - Annual Aggregate \$20,000,000 Earth movement limit - Annual Aggregate \$25,000,000	
Commercial Property-Excess Property Banns	RSP1 indemnity Company	7/1/2008	7/1/2009	\$ 55,000 (Expiring Premium \$55,000)	Earthen Banns as per the schedule on file with the insurance	Property Limits \$55,368,143 per the schedule on file with the carrier in excess of \$50,000,000 per the schedule on file with the carrier. Valuation is Replacement Cost, Perils - All Risk excluding Flood & Earth Movement - Coverages BANN	Excess of \$50,000,000
Commercial Property DIC - Flood and earthquake	Great American	7/1/2008	7/1/2009	\$ 26,000 (Expiring Premium \$21,958)	As Per the schedule on file with the insurance carrier	Occurrence Blanket Limits: Flood Perils \$10,000,000/\$50,000 deductible Earthquake Perils 15,000,000/\$25,000 deductible Business Income & Extra Expense Included in Above Limits Difference in conditions \$250,000	

Item 4. Premium - Extension of Information Page

Classification of Operations		Premium Basis	Rate	
Other provisions of this policy.	Class Code	a) Flat Charge b) Per Capita c) Passenger Seat d) Premium e) Other		Estimated Premium
Rhode Island				
Branch Admin Cranston: 430 Scituate Ave 02823				
Home Office Providence: 552 Academy Ave 02908				
Waterworks Operation & Drivers	7520	7,280,000	6.38	464,464
Clerical Office Employees NOC	8810	6,720,000	.41	27,552
Manual Premium				\$492,016
Employers Liability Increased Limits Premium	9837		.003	1,475
Experience Modification(1.57 PRLM) Modified Premium	9898 d)	493,492		281,290 \$774,782
Schedule Rating Standard Premium	9889		.025	19,370 \$794,152
Premium Discount	0064		.0608	(48,310)
Expense Constant	0900			160
Foreign Terrorism	9740	14,000,000	.04	5,600
Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents (DTEC)	9741	14,000,000	.02	2,800
Total Premium for Rhode Island				\$754,402
Rhode Island Administration Fund	0935 d)	794,152	0	0

PROVIDENCE WATER SUPPLY BOARD
Docket No. 4061
Data Requests of the Division of Public Utilities & Carriers
Set 1

1-6. Please provide the actual insurance premiums for each type of coverage shown on Schedule 7A for FY 2006, FY 2007, FY 2008, FY2009 and FY 2010, when known.

Answer: Below is the actual insurance premiums for the Property and Casualty and Worker's Compensation for FY 2006 - FY2009. Providence Water will provide our FY 2010 insurance quotes once they become available, which, we expect will be the end of June 2009.

	<u>FY 2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>
Property & Casualty	1,253,949	1,296,107	1,227,230	1,082,673
Worker's Compensation	559,078	579,442*	672,370	692,918

*Note: An audit adjustment for \$520,500 was added back to this account for FYE 6/30/07. The audit adjustment was the result of reducing the Worker's Compensation reserve when Providence Water switched from a Self Insurance Program to Liberty Mutual Insurance Company.

PROVIDENCE WATER Docket No. 4061
Data Requests Division Set I

Div 1-18 Please identify the actual amounts expended cash funded projects from the IFR fund in FY 2009 through the most recent month available and Providence Water's current projection for FY 2009 in total.

A. Actual cash expenditures from our IFR fund through June 1, 2009 were \$11,519,081. We anticipate an additional \$289,215, bringing the current projection for FY2009 in total to \$11,808,896. However, bond reimbursements for this and prior fiscal year's bond project disbursements total \$12,435,057 bringing the net projected amount from IFR funds to (\$626,160). Total bond disbursements through May 2009 were \$23,586,595. We anticipate an additional \$700,000, bringing our current projected bond disbursements for FY2009 in total to \$24,286,595.

Please note that schedule HJS12A reflects cash funded projects from both internal IFR funds and bond proceeds. Also, the projects included in our response to Div 1-16 also include internal IFR projects and bond projects.