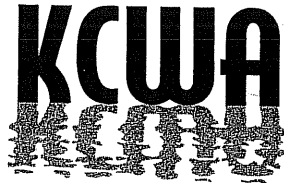


**TESTIMONY AND DATA  
IN SUPPORT OF THE  
KENT COUNTY WATER AUTHORITY'S**

**RATE FILING  
JANUARY 29, 2010**

**1072 MAIN STREET  
P.O. BOX 192  
WEST WARWICK, RHODE ISLAND 02893-0192**



Kent County Water Authority

January 29, 2010

The Honorable Elia Germani  
Chairman Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Kent County Water Authority Tariff Filing

Dear Chairman Germani:

On behalf of the Kent County Water Authority, we herewith file a revised tariff to be effective March 1, 2010. These tariffs represent a general increase in our rate revenues in the amount of \$1,460,031. The rate structure and all other expenditures remain consistent with the rate order for Docket # 3942.

We have included in our tariff filing pre-filed testimony from two witnesses to be presented by the Kent County Water Authority including all supporting documents as required by the rules of practice and procedure. We have complied with all requirements including Rhode Island General Laws 39-3-12.1 by filing that information as exhibits attached to our filing.

We are filing along with these, copies to all affected parties within our system those being the following communities and organizations:

- Attorney General's Office
- Town Clerk of the Town of East Greenwich
- City Clerk of the City of Warwick
- Town Clerk of the Town of West Greenwich
- Town Clerk of the Town of Coventry
- Town Clerk of the Town of West Warwick
- City Clerk of the City of Cranston
- Town Clerk of the Town of Scituate
- Town Clerk of the Town of North Kingstown

Also, in accordance with RIGL 39-3-11C all fire districts will be notified via certified mail of notice of this rate increase.

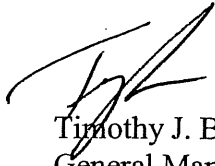
We have included a copy of our proposed notice to be published in the Providence Journal. Once approved, we will forward copies via mail to our customers.

PO Box 192  
West Warwick, RI 02893-0192  
401-821-9300  
[www.kentcountywater.org](http://www.kentcountywater.org)

The following individuals should receive all correspondence for any additional information requested by the Public Utilities Commission; 1.) General Manager of the Kent County Water Authority, Timothy J. Brown, P.E., General Manager/Chief Engineer, P.O. Box 192, West Warwick, Rhode Island 02893; 2.) Joseph J. McGair, Attorney, 797 Bald Hill Road, Warwick, Rhode Island 02886 as our legal counsel who will represent us in all rate filing matters concerning this document.

We are requesting for expedited review to forestall continued loss revenue and to secure the approved Revenue of \$19,695,960 established in Docket# 3942.

Very truly yours,  
Kent County Water Authority



Timothy J. Brown, P.E.  
General Manager Chief Engineer

TB/lms

---

# **RATE FILING**

**Testimony & Data in Support of the  
KENT COUNTY WATER AUTHORITY**

**RATE FILING**

**January 29, 2010**

*1072 Main Street  
P.O. Box 192  
West Warwick, RI 02893-0192*

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Christopher Woodcock, Woodcock & Associates

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Direct Testimony of Christopher Woodcock

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Exhibit 2      Statements in Accordance with 39-3-12.1

State of Rhode Island and Providence Plantations  
PUBLIC UTILITIES COMMISSION

RE: KENT COUNTY WATER AUTHORITY  
Docket No. 3942

NOTICE OF CHANGE IN RATE

Pursuant to Rhode Island General Laws (R.I.G.L.), Sections 39-3-11, and in accordance with Section 2.4 of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission, the Kent County Water Authority ("KCWA") hereby gives notice of a proposed change in rates filed and published in compliance with R.I.G.L. 39-3-10.

The proposed changes are contained in accompanying exhibits. The new rates, as proposed, are to become effective March 1, 2010. The new rates are designed to collect additional revenues in a twelve (12) month period equal to \$1,460,031. For all customers this represents a 8.16% increase.

The average residential customer will see a yearly billing of \$638.88 under the proposed rates, a \$48.20 increase over the current rates for the same amount of water consumed.

The proposed rate structure will not change the current three (3) block uniform rate structures based on meter size that is contained in our current rates.

A copy of this filing is on file at our office at 1072 Main Street and at the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, Rhode Island 02889 and may be examined by the public during business hours. Also, copies are available at the public libraries and the cities and towns we service. The commission will publish a notice of the hearing dates when they are scheduled.

Robert B. Boyer  
Chairman  
Kent County Water Authority

**NOTICE OF PROPOSED CHANGES  
AND  
RATE TARIFFS**

# **CURRENT TARIFF SCHEDULES**



**KENT COUNTY WATER AUTHORITY  
RATE SCHEDULE**

Page 1  
KCWA PUC DOCKET# 4067  
EFFECTIVE: 10-5-2009  
PROVIDENCE PASS THROUGH

**METER SALES VOLUME:**

Applicable to all metered water in the Kent County system for residential, commercial and industrial consumption.

**Rates:**

	<u>Rate Per</u> <u>100 cu. ft.</u>
Small (5/8" to 2" meters)	\$4.714
Medium (3" to 4" meters)	\$4.017
Large (6" meters and up)	\$3.424

**Terms of payment:**

All metered sales bills are rendered quarterly or monthly and are due and payable in full when rendered.

**METERED SALES SERVICE CHARGE:**

Applicable to all metered sales of customers of Kent County Water Authority exclusive of fire service connections.

<u>Rates:</u>	<u>Meter Size (in)</u>	<u>Quarterly Accounts</u>	<u>Monthly Accounts</u>
	5/8 & 3/4	\$ 9.49	\$ 6.94
	1	\$ 12.55	\$ 7.96
	1 1/2	\$ 18.29	\$ 9.87
	2	\$ 23.27	\$11.53
	3	\$ 29.77	\$13.70
	4	\$ 42.40	\$17.91
	6	\$ 70.35	\$27.22
	8	\$ 118.96	\$43.43

**Terms of Payment:**

All customer service charges are billed quarterly or monthly in advance, and are due and payable in full when rendered.

**PUBLIC FIRE SERVICE:**

Applicable for service to public fire hydrants in the Kent County service area.

**Rates:**

	<u>Quarterly</u>
Hydrant	\$128.83/hydrant
Plus	\$ 5.66/billing

**Terms of Payment:**

All bills for public fire service are rendered quarterly in advance and are due payable in full when rendered.

**PRIVATE FIRE SERVICE:**

Applicable for service to private fire protection systems and private hydrants in the Kent County service area.

<u>Rates:</u>	<u>Service Size (in.)</u>	<u>Quarterly Accounts</u>
	4	\$ 51.49
	6	\$138.78
	8	\$289.35
	10	\$515.83
	12	\$829.72
	hydrant	\$138.78

**Terms of Payment:**

All bills for private fire services are rendered quarterly in advance and are due and payable in full when rendered.

## OTHER CHARGES

**WHOLESALE RATE WARWICK WATER DEPARTMENT:** Same rate as charged by Providence Water Supply Board. Rate will change upon changes to Providence Water Supply Board wholesale rate charge.

**INTEREST ON DELINQUENT ACCOUNTS:** Applicable to all water account balances over 30 days from billing date. Interest charges are payable as incurred.

CHARGE: 1.5% per month on unpaid balances.

**TURN OFF CHARGE:** Applicable to all services turned off due to a specific violation which resulted in the requirement to terminate service and requests prior to 8:00 a.m. and after 3:00 p.m., Monday thru Friday and all day Saturday, Sunday, and any Holiday. Charges payable in full prior to subsequent turn-on.

CHARGE: \$55.00 per occurrence

**TURN ON CHARGE:** Applicable to all services turned on after the interruption of a service due to a specific violation which resulted in the service shut off and requests prior to 8:00 a.m. and after 3:00 p.m., Monday thru Friday and all day Saturday, Sunday, and any Holiday. Charges payable in full prior to turn-on.

CHARGE: \$45.00 per occurrence

**INSTALLATION AND REPAIR WORK:** Applicable to all installation and repair work.

CHARGE: Cost of all material, labor and equipment plus applicable overhead, as determined by the Kent County Water Authority on a yearly basis, usually on July 1.

**CHLORINATION CHARGE:** Applicable to all main extensions to existing systems.

CHARGE: Cost of laboratory and labor to collect, transport to lab, flush and test sample, as determined by the Kent County Water Authority on a yearly basis, usually on July 1.

**MATERIAL PURCHASE:** Applicable to all material sales.

CHARGE: Cost of material plus handling and applicable overhead, as determined by the Kent County Water Authority on a yearly basis, usually on July 1.

**INSUFFICIENT FUND RETURNED CHECKS:** Applicable to all payment checks returned to Kent County Water Authority by our bank due to insufficient funds available or account problems will bear a charge for our handling and bank charges.

CHARGE: \$20.00 Per occurrence.

**METER TESTING:** Applicable to all meter testing services.

CHARGE: \$50.00 Per occurrence.

**INSPECTION FEE'S:** Applicable to all developer installation work, public or private, in regards to all main or service extensions.

CHARGE: \$5.00/ft of installed main or for service pipe from main to curb stop.

**LEGAL FEE'S:** Applicable to all services requiring legal assistance by the Kent County Water Authority's legal counsel including but not limited to easement description preparation or review, deed restriction preparation or review, involvement with actions necessary for review or approvals of any water service request to the Authority.

CHARGE: Cost as billed to Kent County Water Authority by legal counsel on a monthly basis.

**Terms Of Payment For All Other Charges:** All bills rendered quarterly or monthly are due and payable in full when rendered.

# **PROPOSED TARIFF SCHEDULES**

**KENT COUNTY WATER AUTHORITY  
PROPOSED RATE SCHEDULE**

**METER SALES VOLUME:**

Applicable to all metered water in the Kent County system for residential, commercial and industrial consumption.

**Rates:**

	<u>Rate Per</u> <u>100 cu. ft.</u>
Small (5/8" to 2" meters)	\$5.099
Medium (3" to 4" meters)	\$4.344
Large (6" meters and up)	\$3.703

**Terms of payment:**

All metered sales bills are rendered quarterly or monthly and are due and payable in full when rendered.

**METERED SALES SERVICE CHARGE:**

Applicable to all metered sales of customers of Kent County Water Authority exclusive of fire service connections.

<u>Rates:</u>	<u>Meter Size (in)</u>	<u>Quarterly Accounts</u>	<u>Monthly Accounts</u>
	5/8 & 3/4	\$ 10.26	\$ 7.51
	1	\$ 13.57	\$ 8.61
	1 ½	\$ 19.78	\$10.67
	2	\$ 25.17	\$12.47
	3	\$ 32.20	\$14.82
	4	\$ 45.86	\$19.37
	6	\$ 76.08	\$29.44
	8	\$ 128.66	\$46.97

**Terms of Payment:**

All customer service charges are billed quarterly or monthly in advance, and are due and payable in full when rendered.

**PUBLIC FIRE SERVICE:**

Applicable for service to public fire hydrants in the Kent County service area.

**Rates:**

	<u>Quarterly</u>
Hydrant	\$139.33 hydrant
Plus	\$ 6.12/billing

**Terms of Payment:**

All bills for public fire service are rendered quarterly in advance and are due payable in full when rendered.

**PRIVATE FIRE SERVICE:**

Applicable for service to private fire protection systems and private hydrants in the Kent County service area.

<u>Rates:</u>	<u>Service Size (in.)</u>	<u>Quarterly Accounts</u>
	4	\$ 55.69
	6	\$150.09
	8	\$312.94
	10	\$557.88
	12	\$897.35
	hydrant	\$150.09

**Terms of Payment:**

All bills for private fire services are rendered quarterly in advance and are due and payable in full when rendered.

## **OTHER CHARGES**

**WHOLESALE RATE WARWICK WATER DEPARTMENT:** Same rate as charged by Providence Water Supply Board. Rate will change upon changes to Providence Water Supply Board wholesale rate charge.

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**CHLORINATION CHARGE:** Applicable to all main extensions to existing systems.

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**METER TESTING:** Applicable to all meter testing services.

CHARGE: \$50.00 Per occurrence.

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CHARGE: \$5.00/ft of installed main or for service pipe from main to curb stop.

**LEGAL FEE'S:** Applicable to all services requiring legal assistance by the Kent County Water Authority's legal counsel including but not limited to easement description preparation or review, deed restriction preparation or review, involvement with actions necessary for review or approvals of any water service request to the Authority.

CHARGE: Cost as billed to Kent County Water Authority by legal counsel on a monthly basis.

**Terms Of Payment For All Other Charges:** All bills rendered quarterly or monthly are due and payable in full when rendered.

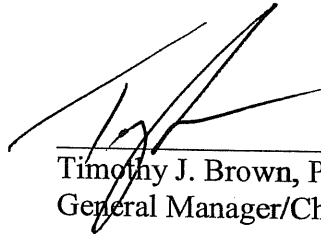
In Reference:

Kent County Water Authority  
Tariff Filing of 2010

State of Rhode Island  
Public Utilities Commission  
Docket

Attestation Under Rule 1.20 (e) (2) and 2.7  
of the Rules of Practice and Procedures  
of the Public Utilities Commission

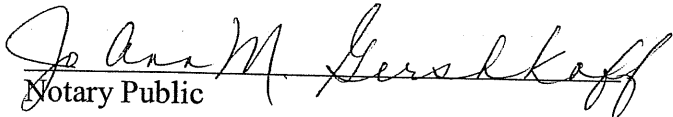
I, Timothy J. Brown, PE, General Manager & Chief Engineer of the Kent County Water Authority, in conformance with Rule 1.20 (e) (2) and 2.7 of the Rules and Practice and Procedure of the Public Utilities Commission, hereby attest that the facts contained in the documents and testimony prepared by me are true and correct to the best of my knowledge, information, and belief.



\_\_\_\_\_  
Timothy J. Brown, PE  
General Manager/Chief Engineer

STATE OF RHODE ISLAND  
KENT COUNTY

Subscribed and sworn to me this 26<sup>th</sup> of January, 2010.

  
\_\_\_\_\_  
Notary Public

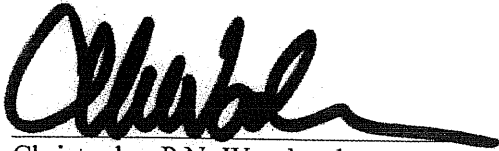
In Reference:

Kent County Water Authority  
Tariff Filing of 2010

State of Rhode Island  
Public Utilities Commission  
Docket No.

Attestation Under Rule 2.7  
of the Rules of Practice and Procedures  
of the Public Utilities Commission

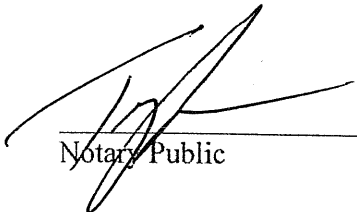
I, Christopher P.N. Woodcock, President, Woodcock & Associates, Inc., consultant to the Kent County Water Authority in conformance with Rule 2.7 of the Rules of Practice and Procedure with the Public Utilities Commission, hereby attest that the facts contained in the documents prepared by me are true and correct to the best of my knowledge, information and belief.



Christopher P.N. Woodcock

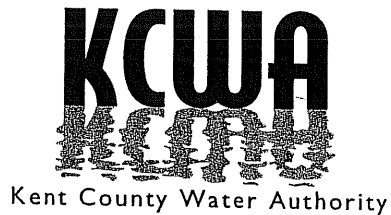
STATE OF RHODE ISLAND  
KENT COUNTY

Subscribed and sworn to me this 26th of January, 2010.

  
\_\_\_\_\_  
Notary Public

**LETTERS OF NOTICE  
TO  
MUNICIPALITIES, AGENCIES  
AND  
FIRE DISTRICTS**





January 29, 2010

Attorney General Patrick Lynch  
Attorney General's Office  
150 South Main Street  
Providence, Rhode Island 02903

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Mr. Lynch:

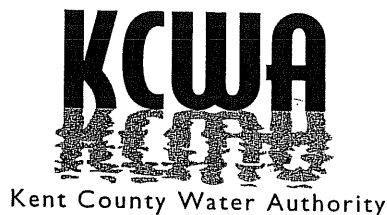
Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents have been filed with each governing body of our service communities. Pursuant to RIGL 39-3-11C a notice of our increase in rates will be provided to the fire districts within our service area. Certainly, if you have any questions or concerns on this filing, you may contact myself or our attorney Joseph McGair, to review any of these items.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to be "TJ Brown", is written over the typed name of Timothy J. Brown.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

Ms. Cheryl George  
Town Clerk  
Coventry Town Hall  
1670 Flat River Road  
Coventry, RI 02816

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. George:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

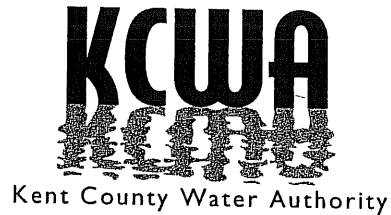
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to be "TJB", written over a horizontal line.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

Maria Wall, City Clerk  
869 Park Avenue  
Cranston, Rhode Island 02910

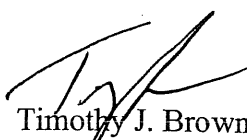
Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. Wall:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

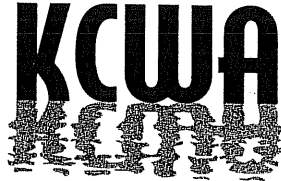
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY



Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



Kent County Water Authority

January 29, 2010

Leigh A. Botello, Town Clerk  
Town of East Greenwich  
P.O. Box 111  
East Greenwich, Rhode Island 02818

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. Botello:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

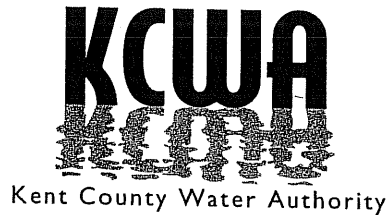
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to be "TJ Brown", written over a horizontal line.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

James Marques, Town Clerk  
Town of North Kingstown  
80 Boston Neck Road  
North Kingstown, Rhode Island 02852

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Mr. Marques:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

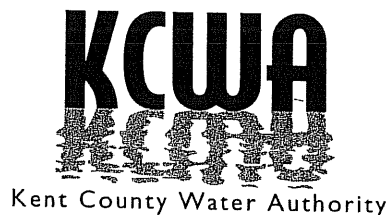
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to be "TJ Brown", written over the typed name of Timothy J. Brown.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

Margaret Long, Town Clerk  
Town of Scituate  
195 Danielson Pike  
P.O. Box 328  
North Scituate, R.I. 02857

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. Long:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

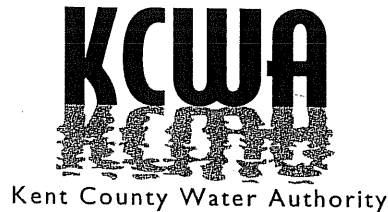
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to read "Timothy J. Brown", is written over the typed name.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

Marie Ahlert, City Clerk  
City of Warwick  
3275 Post Road  
Warwick, R.I. 02857

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. Ahlert:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

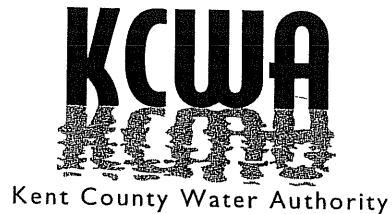
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to be "TJ Brown", is written over the typed name of Timothy J. Brown.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

Janet Olsson, Town Clerk  
Town of West Greenwich  
280 Victory Highway  
West Greenwich, Rhode Island 02817

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. Olsson:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

Thank you for your assistance.

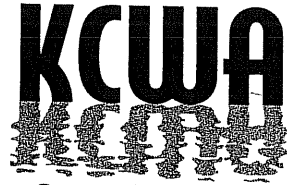
Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to read "T. J. Brown", is written over the typed name.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure





Kent County Water Authority

January 29, 2010

Deborah Tellier, Town Clerk  
West Warwick Town Hall  
1170 Main Street  
West Warwick, Rhode Island 02893

Re: Kent County Water Authority  
Application for increase in tariffs with the Public Utilities Commission

Dear Ms. Tellier:

Pursuant to Section 39-3-11 of the General Laws of the State of Rhode Island, Kent County Water Authority has filed the enclosed document with the Rhode Island Public Utilities Commission in support of an increase in its rates. Copies of these documents are to be filed with the governing council of your community. Please notify them of this filing and that you are in possession of the complete document. You may also wish to leave it out for public display.

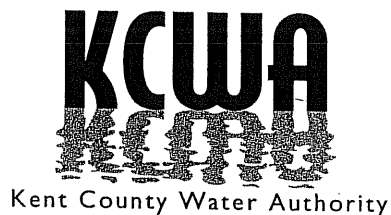
Thank you for your assistance.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to read "TJ Brown", is written over the typed name of the General Manager.

Timothy J. Brown, PE  
General Manager/Chief Engineer

Enclosure



January 29, 2010

Central Coventry Fire District  
Chief Robert Seltzer  
240 Arnold Road  
Coventry, RI 02816

Re: Kent County Water Authority Rate Filing  
(Harris – Tiogue – Washington – Central)

Dear Chief Seltzer:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

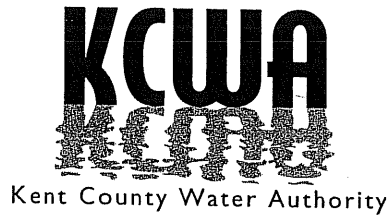
Certainly, if you have any questions or concerns on this filing, you may contact myself or our attorney, Joseph McGair, to review any of these items. Also, the hearing process will be fully noticed in accordance with state law by the Public Utilities Commission.

Very truly yours,  
KENT COUNTY WATER AUTHORITY

A handwritten signature in black ink, appearing to be "TJ Brown", is written over the typed name of Timothy J. Brown.

Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



January 29, 2010

East Greenwich Fire Department  
Chief John McKenna  
284 Main Street  
East Greenwich, RI 01281

Re: Kent County Water Authority Rate Filing

Dear Chief McKenna:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

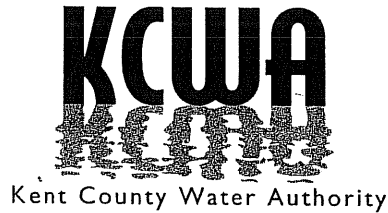
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KENT COUNTY WATER AUTHORITY

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Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



January 29, 2010

Hope-Jackson Fire Department  
Chief Donald Campbell  
117 Main Street  
Hope, RI 02831

Re: Kent County Water Authority Rate Filing

Dear Chief Campbell:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

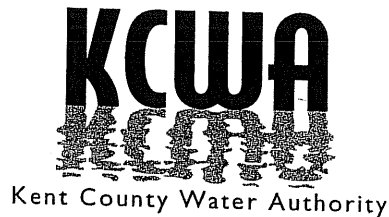
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KENT COUNTY WATER AUTHORITY

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Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



January 29, 2010

Hopkins Hill Fire District  
Chief Frank Brown  
1 Bestwick Trail  
Coventry, RI 02816

Re: Kent County Water Authority Rate Filing

Dear Chief Brown:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

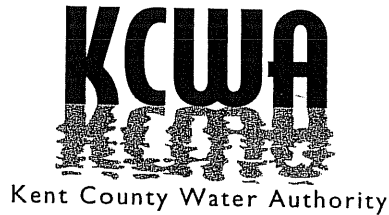
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Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



January 29, 2010

Lake Mishnock Fire Department  
Chief Claude Tyler, III  
166 Mishnock Road  
West Greenwich, RI 02817

Re: Kent County Water Authority Rate Filing

Dear Chief Tyler:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

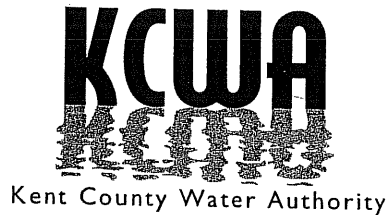
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KENT COUNTY WATER AUTHORITY

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Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



January 29, 2010

West Greenwich Fire Department #1  
Chief Edward Hoxsie  
830 Nooseneck Hill Road  
West Greenwich, RI 02817

Re: Kent County Water Authority Rate Filing

Dear Chief Hoxsie:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

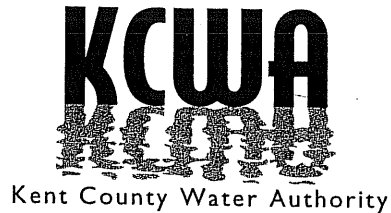
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KENT COUNTY WATER AUTHORITY

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Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



January 29, 2010

Anthony Fire District  
Chief Paul Labbadia  
571 Washington Street  
Coventry, RI 02816

Re: Kent County Water Authority Rate Filing

Dear Chief Labbadia:

Pursuant to RIGL 39-3-11C Kent County Water Authority must provide, by certified mail, a notice of our increase in rates to you. Attached herewith find the original notice as filed to the Public Utilities Commissions of our proposed rate increase as filed on or before January 29, 2010 with the Public Utilities Commission. A complete copy of this filing has been provided to each city and town for review. You may review that copy. We are also providing copies to the libraries within your area, the Coventry Public Library, West Warwick Public Library, East Greenwich Public Library, Warwick Public Library, and the West Greenwich Public Library, and may obtain a copy to review as well.

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Very truly yours,  
KENT COUNTY WATER AUTHORITY

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Timothy J. Brown, P.E.  
General Manager/Chief Engineer

CERTIFIED



# **TESTIMONY**

**PRE-FILED TESTIMONY  
OF  
TIMOTHY J. BROWN, P. E.**

1 PRE-FILED TESTIMONY

2 TIMOTHY J. BROWN, PE

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

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

7  
8 **Q. By whom are you employed and in what capacity?**

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

10  
11 **Q. Please describe your qualifications and experience.**

12 A. I'm a Registered Professional Engineer in the State of Rhode Island and three other New  
13 England States. I have been certified by the R. I. Department of Health as a Class 4  
14 Drinking Water Distribution Operator and a Class 3 Water Treatment Operator and am the  
15 licensed operator of KCWA. I have been a Civil and Sanitary Engineer for 34 years. My  
16 career has encompassed professional engineering services in various New England States  
17 including the State of Rhode Island and overseas in North Africa in both sanitary waste  
18 water and water engineering project facilities. I have a Bachelor of Science Degree from  
19 the University of Rhode Island.

20  
21 **Q. Have you previously testified before State Regulatory Commissions concerning the  
22 operations matters of Kent County Water Authority?**

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

25  
26 **Q. Do you belong to any professional organizations or committees?**

27 A. Yes. I'm a member of the American Society of Civil Engineers, American Water Works  
28 Association, New England Water Works Association, Rhode Island Water Works  
29 Association, National Society of Professional Engineers, Rhode Island Society of  
30 Professional Engineers, The American Arbitration Association, American Backflow  
31 Prevention Association and R. I. Backflow Association. I was past president of the Rhode

1 Island Section of the American Society of Civil Engineers and the Rhode Island Society of  
2 Professional Engineers.

3  
4 **Q. What is your role in these proceedings?**

5 A. As General Manager/Chief Engineer of the Kent County Water Authority, I am responsible  
6 for the Authority operations including plant, transmission, distribution, pumping stations  
7 and storage facilities within the Kent County Water Authority.

8  
9 **Q. What are the total water sales for the Kent County Water Authority during each of  
10 the last five fiscal years (excluding Warwick)?**

11 A. Last five fiscal year water sales in cubic feet are as follows:

12  
13 FY 05 – 430.9 million cubic feet

14 FY 06 – 424.5 million cubic feet

15 FY 07 – 391.1 million cubic feet

16 FY 08 – 389.4 million cubic feet

17 FY 09 – 363.9 million cubic feet

18  
19 **Q. Doesn't this show a clear downward trend in sales?**

20 A. Yes, it does. The attached retail sales (adjusted) from 1993 to present is even clearer as  
21 to the downward trend. It is somewhat unknown but I believe it relates to our demand  
22 management methods, loss of large customers, wetter than normal years and generally  
23 less water use by our customers. Wetter than normal years should be further explained as  
24 the timing of rainfall during the summer outdoor demand, negating the need for watering  
25 the landscape.

26  
27 **Q. What is the fiscal year of the Kent County Water Authority?**

28 A. From July 1<sup>st</sup> to the succeeding June 30<sup>th</sup>.

29  
30 **Q. What is the rate year of the Kent County Water Authority in this filing?**

1 A. The same as Docket 3942 November 1, 2008 to October 31, 2009.

2

3 **Q. What is the average number of customers for the Kent County Water Authority?**

4 A. The number of retail billable customers based on our records is 26,831 (adjusted for  
5 compound meters) as of October 30, 2009.

6

7 **Q. As the General Manager have you reviewed this docket and Mr. Woodcock's  
8 testimony and schedules?**

9 A. Yes.

10

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

12 A. Our revenue needs for the rate year is \$19,695,960 which is a \$1,460,031 increase over  
13 current revenues. That equates to an 8.16% percent increase in all rates. Our average  
14 customer (residential) will see a \$12.05 increase per quarter in the water bill. That  
15 equates to 13 cents per day cost increase. The cost per gallon of water will be  
16 approximately 2/3 cent per gallon and the quarterly bill will be approximately \$159.72 or  
17 \$1.77 per day for all water use within the home.

18

19 **Q. What is the make-up of the revenue need of \$1,460,031?**

20 A. It is the difference in current revenue of the rate year in comparison to the approved  
21 revenue of Docket #3942. With adjustments to the purchased water compliment and  
22 meter customers adjusted to October 31, 2009.

23

24 **Q. Please describe the Kent County Water Authority's system?**

25 A. Kent County Water Authority encompasses eight cities and towns in central Rhode Island.  
26 These municipalities are either completely or partially served by the Authority. They are  
27 the Town of Scituate, City of Cranston, Town of West Warwick, City of Warwick, Town  
28 of Coventry, Town of East Greenwich, Town of West Greenwich and the Town of North  
29 Kingstown. We have one active well and two well fields currently offline. The active well  
30 is located in the City of Warwick. The offline well fields are located in Coventry, Spring

1 Lake and the Mishnock well field. We have seven active water storage tanks, Frenchtown  
2 Road Tank, Setian Lane Tank, Read School House Road Tank, two (2) underground tanks  
3 at Seven Mile Road which operate as one, Wakefield Street Tank, Technology Park Tank  
4 and Carr Pond Tank. We have one non-active tank, the West Street Tank and three  
5 abandoned tanks, the West Warwick Industrial Park Tank, Tiogue Tank and the old Read  
6 School House Road Tank. Kent County Water Authority was formed in 1946 by an Act of  
7 the General Assembly; and, at that time, it purchased three existing water systems to  
8 encompass the areas serviced. We have approximately 400 plus miles of distribution mains  
9 along with 2,336 public and 145 private fire hydrants as of June 30, 2009.

10  
11 **Q. Mr. Brown, are you proposing any tariff changes?**

12 A. No.

13  
14 **Q. In Docket #3942 Order Kent County Water Authority was encouraged to meet with a  
15 financial advisor to create an investment policy. Has that been done?**

16  
17 A Yes, we discussed this issue with our investment advisors and reviewed our current  
18 investment policy established by our General Bond Resolution adapted July 6, 1994. We  
19 believe this document meets the request of the Commission. We have had this formal  
20 investment policy in place since 1994.

21  
22 **Q. Mr. Brown, are you proposing any IFR funding requests?**

23  
24 A. No, not in this filing.

25  
26 **Q. Are you current in funding of your IFR restricted account?**

27  
28 A. No, for the rate year November 1, 2008 to October 31, 2009 including the balance due IFR  
29 for WRB reimbursement of PWSB emergency interconnection we owe \$1,603,759 to the  
30 account to comply. The December 2009 payment could also not be made. That would  
31 bring the total owed as of December 31, 2009 to \$2,053,759.

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**Q. Are you seeking funding for that under this rate case?**

A. No.

**Q. What is the reason for the shortfall in IFR?**

A. Lack of revenue due to sales.

**Q. Are you current with the approved operating revenue allowance?**

A. No.

**Q. Please explain?**

A. Due to revenue shortfall we have not funded any of the restricted (1 ½ %) requirement since its establishment by rate order Docket 3942, October 30, 2008. This was reported to the Commission in our report dated September 21, 2009. As of December 31, 2009 we are in arrears by \$315,961.23.

**Q. Are you requesting additional revenue to reimburse the fund to its required capacity by this rate case?**

A. No, we are requesting the Commission authorization to utilize those funds, in essence bring the balance to "0" as it is currently.

**Q. What have those funds been utilized for?**

A. There was a revenue shortfall and since the fund could not be funded we did not utilize the funds. We are simply asking the Commission to bring the account to "0" and allow Kent

1 County Water Authority with rate relief to begin making deposits to the restricted portion  
2 of this account.

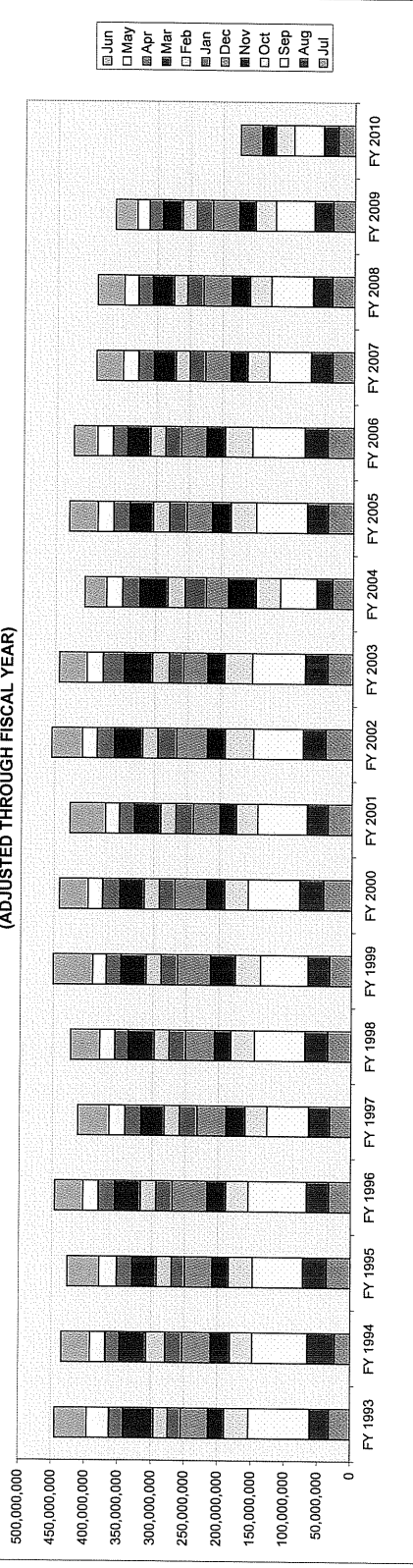
3

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

5 A. Yes.



KCWA Retail Sales (cu ft)  
(ADJUSTED THROUGH FISCAL YEAR)



	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Average 1993-2009
Jul	31,166,341	23,434,450	35,675,727	32,924,298	31,568,876	34,896,847	32,569,688	42,244,836	36,137,181	39,712,171	37,344,969	31,216,955	31,216,955	36,372,661	39,328,902	33,820,078	32,587,456	25,479,216	34,460,019
Aug	29,496,839	40,983,970	35,729,785	33,698,860	32,087,539	34,676,826	32,884,745	36,664,653	31,742,014	34,874,583	34,836,375	23,643,289	23,643,289	31,983,818	35,282,020	29,181,497	28,673,672	21,901,416	32,900,621
Sep	82,675,368	83,477,051	76,639,200	88,144,330	63,085,204	76,730,031	72,304,538	77,906,505	75,037,920	75,365,179	79,873,540	55,893,747	55,893,747	77,173,780	79,425,840	63,525,862	63,377,204	45,731,087	74,087,791
Oct	36,081,366	33,450,876	35,492,623	33,411,789	32,902,558	35,497,772	37,736,729	35,385,917	32,155,415	42,817,000	41,803,155	36,596,343	36,596,343	38,347,582	41,185,131	32,573,375	30,952,671	27,571,908	35,834,977
Nov	24,111,804	28,721,800	24,804,658	28,267,964	28,500,044	24,426,304	37,729,560	27,134,049	24,544,468	26,724,707	25,526,658	42,017,692	28,335,650	28,244,619	25,357,437	27,545,171	24,680,957	20,726,464	28,039,620
Dec	40,721,627	42,908,050	41,245,283	52,570,986	44,481,585	43,847,145	49,598,162	48,239,698	40,797,592	46,823,979	36,855,534	33,778,386	33,778,386	38,741,176	38,468,759	42,975,929	40,218,627	33,146,777	42,431,000
Jan	19,796,482	26,012,513	19,670,079	24,388,343	25,927,700	24,945,776	23,731,961	23,731,961	26,328,331	28,557,123	22,160,188	32,118,267	32,118,267	26,376,263	23,958,125	23,366,291	24,748,596	24,811,039	24,811,039
Feb	21,607,837	28,480,302	22,873,089	23,468,473	23,159,687	22,419,215	22,332,050	22,720,838	22,929,002	22,982,552	24,871,967	26,090,117	26,090,117	23,963,555	23,065,415	19,949,204	21,237,102	23,201,052	23,201,052
Mar	44,872,039	39,576,843	36,738,041	39,085,682	34,948,939	38,988,967	38,011,007	36,728,821	39,735,079	42,656,631	42,965,781	42,199,230	42,199,230	35,012,663	34,267,566	32,100,655	30,324,008	37,733,305	37,733,305
Apr	21,569,955	20,840,594	23,005,205	23,704,086	23,876,840	20,435,109	21,728,495	25,407,312	22,519,202	25,305,695	31,333,281	26,274,300	26,274,300	22,660,069	23,298,633	21,812,470	19,720,431	23,418,816	23,418,816
May	33,473,412	23,646,325	26,300,915	23,559,336	24,032,658	22,334,489	20,711,964	22,202,351	21,165,886	22,810,276	24,647,238	24,046,461	24,046,461	23,055,344	22,504,179	21,535,256	18,722,665	23,418,642	23,418,642
Jun	49,234,168	44,165,529	48,750,629	43,353,581	47,440,371	44,311,927	60,041,396	43,650,355	53,638,248	46,214,704	42,301,063	32,443,692	32,443,692	36,101,758	40,144,353	39,774,724	33,295,084	44,036,290	44,036,290
Total	444,807,248	435,698,303	426,925,234	446,577,728	412,012,001	423,515,543	450,595,110	441,917,296	426,730,338	454,834,600	444,619,749	406,318,479	406,318,479	430,856,013	424,492,383	391,119,219	389,396,271	174,566,868	424,373,172

KENT COUNTY WATER AUTHORITY

GENERAL BOND RESOLUTION

Authorizing the Issuance of  
Kent County Water Authority  
General Revenue Bonds

Adopted

July 6, 1994

General Fund, the Authority may deposit therein any other moneys received from any source unless such moneys are required to be otherwise applied by this Resolution or any Series Resolution.

SECTION 514. Investments.

(1) Except as otherwise provided in Section 1101 or subsection (2) of this Section, money held for the credit of any fund or account under this Resolution shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other fund or account, by the Trustee, at the direction of an Authorized Officer of the Authority, in Permitted Investments, which shall mature or be redeemable at the option of the holder thereof, on such dates and in such amounts as may be necessary to provide moneys to meet the payments from such funds and accounts; provided that if moneys in two or more funds or accounts are commingled for purposes of investments, the Trustee shall maintain appropriate records of the Permitted Investments or portions thereon held for the credit of such fund or account. Notwithstanding the foregoing, moneys in the Debt Service Reserve Fund shall be invested solely in the investments specified in categories (i), (ii), (iii), (iv) and (ix) of the definition of Permitted Investments. Unless otherwise directed by any Series Resolution, Permitted Investments purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account.

Except as otherwise provided in Section 515 hereof and the applicable Series Resolution, all income from investments in any fund or account shall accrue to and be deposited in such fund or account and all losses from investment shall be charged against such fund or account; provided that all income earned on investment of the Operation and Maintenance Reserve Fund, the Renewal and Replacement Reserve Fund, the Insurance Reserve Fund, and the Capitalized Interest Account, shall be credited to and deposited in the Revenue Fund.

(2) In lieu of investment in Permitted Investments, amounts held for the credit of the Revenue Fund pending transfer to the Trustee in accordance with Section 504(1) hereof and amounts on deposit in the Operation and Maintenance Fund, the Insurance Reserve Fund, and the General Fund may be deposited by the Authority in its name, for the account of such fund or account, on demand or on time deposit with such Depository or Depositories as the Authority may, from time to time, appoint for such purpose. Any Depository so appointed shall be a member of the Federal Deposit Insurance Corporation

or the Federal Savings and Loan Insurance Corporation. No moneys shall be deposited with a depository in amounts in excess of Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation insurance limits unless such depository has a combined capital and surplus of at least twenty-five million dollars (\$25,000,000) or, in the case of the Operation and Maintenance Fund and the General Fund, ten million dollars (\$10,000,000). All moneys so deposited shall be secured to the extent and in the manner required by law for the securing of deposits of a city or town in the State.

(3) In computing the amount in any fund or account hereunder for any purpose, Permitted Investments shall be valued at amortized cost. As used herein the term "amortized cost", when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Unless otherwise provided in this Resolution, Permitted Investments in any fund or account hereunder shall be valued at least once in each Fiscal Year on the last day thereof. Notwithstanding the foregoing, Permitted Investments in the Debt Service Reserve Fund shall be valued at amortized cost for all purposes of this Resolution unless and until a withdrawal from such Fund shall be required in accordance with Section 509(1), in which event such investments shall thereafter be valued at amortized cost or market, whichever is lower, until the balance in such Fund, on the basis of such valuation, shall equal the Funded Debt Service Reserve Fund Requirement.

SECTION 515. Holding of Special Deposits. Except as otherwise provided in any Series Resolution, moneys (a) collected by the Authority as water quality protection charges or paid to the Authority from proceeds of bonds issued by the Water Resources Board of the State or any successor thereto, (b) collected by the Authority pursuant to applicable law which mandates that such moneys be segregated and applied to specified purposes, (c) held by or for the account of the Authority in connection with the System which are required to be applied under the terms of an agreement to the acquisition, construction or alteration of a facility which is the subject

of such agreement (including, but not limited to, subject to Section 503(3) hereof, any such moneys received by the Authority for such purpose under any grant or loan agreement with the United States of America or the State or any agency, political subdivision or instrumentality of either) or (d) which are subject to refund by the Authority or held for the account of others or subject to refund to others, including, without limitation, any amounts which, under any agreement by the Authority providing for adequate separation of such amounts from Revenues, are collected by the Authority on behalf of others for services rendered or commodities provided to customers of the System, any amounts deducted by the Authority from wage and salary payments to the employees of the Authority, any amounts contributed by the Authority to any pension or retirement fund or system which amounts are held in trust for the benefit of the employees of the Authority and any amounts held as deposits, including customers' service deposits, guaranteed revenue contract deposits, unexpended developer's deposits, minimum revenue deposits and unexpended jobbing deposits, together with any investments of such money and interest and profit thereon, to the extent such interest and profits are also held for the account of others or subject to refund to others, may be held by the Authority outside of the various funds and accounts established by this Resolution and, notwithstanding anything herein to the contrary, shall not be subject to the pledge created by this Resolution or be considered Revenues hereunder while so held.

#### ARTICLE VI

##### PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees as follows:

SECTION 601. Powers as to Bonds and Pledge. The Authority is duly authorized under the Act and all applicable laws to create and issue the Bonds and to adopt this Resolution and to pledge the Revenues and other moneys, securities, Reserve Deposits and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Revenues and other moneys, securities, Reserve Deposits and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge created by this Resolution except to the extent expressly permitted hereby. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenue and other moneys, securities, Reserve Deposits and funds pledged under this Resolution and all the rights of the

Trustee, upon the direction in writing of an Authorized Officer of the Authority and upon receipt of a favorable opinion of bond counsel satisfactory to the Trustee, to (i) one or more Project Accounts established for the applicable Series of Bonds or (ii) the Redemption Fund to be applied to the redemption of Bonds of the Series for which such Costs of Issuance Account was established.

SECTION 504. Revenue Fund.

(1) All Revenues, except (i) proceeds of property-loss insurance and condemnation to the extent provided in Section 606, (ii) proceeds of any sale or other disposition of any part of the System to the extent provided in Section 604, and (iii) earnings on investment of the funds and accounts hereunder to the extent provided in Section 514 hereof, shall be collected by the Authority and deposited daily, as far as practicable, with one or more Depositories selected by the Authority in accordance with Section 514(2) hereof and satisfactory to the Trustee. All such Revenues shall be deemed to be held for the account of the Revenue Fund and shall be transferred to the Trustee for deposit in the Revenue Fund no less than monthly (but in no event later than one (1) business day prior to the date of any monthly payment provided for in Paragraph 2 of this Section 504). There shall also be deposited in the Revenue Fund any other moneys so directed by the Resolution and any other moneys of the Authority which it may in its discretion determine to so apply unless required to be otherwise applied by this Resolution.

(2) On the last business day of each calendar month or on such earlier business day as the Authority may designate in advance to the Trustee in writing the Trustee shall apply amounts available in the Revenue Fund to the following purposes and in the following order:

- (i) To the Authority for deposit in the Operation and Maintenance Fund, the amount requested by the Authority for Operating Expenses for the next ensuing month consistent with the Annual Budget prepared in accordance with Section 608 for the Fiscal Year in which such next ensuing month occurs;
- (ii) To the Debt Service Account of the Debt Service Fund, an amount which together with other amounts on deposit in such fund, will equal the Debt Service Fund Requirement as of the first day of the next ensuing month;

- (iii) To the Rebate Fund, the amount which together with the amounts on deposit therein, will equal the Rebate Requirement as of such day;
- (iv) Except as otherwise provided in any applicable Series Resolution, if the amount on deposit in any series account of the Debt Service Reserve Fund is less than the applicable Funded Debt Service Reserve Fund Requirement, to such series account of the Debt Service Reserve Fund an amount equal to the amount required to restore the amounts on deposit therein to the Funded Debt Service Reserve Fund Requirement in 24 equal monthly installments or in such fewer number of installments as the Authority shall direct in writing;
- (v) To the Stabilization Account of the Debt Service Fund, such amount, if any, designated by the Authority as further provided in Section 504(3);
- (vi) Subject to Section 608, to the Operation and Maintenance Reserve Fund, an amount necessary for such Fund to equal the Operation and Maintenance Reserve Fund Requirement as of such day;
- (vii) To the Authority for deposit in the Insurance Reserve Fund, the amount, if any, determined by the Authority pursuant to Section 606(3) as necessary to maintain such Fund at the Insurance Reserve Fund Requirement;
- (viii) Subject to Section 609, to the Renewal and Replacement Reserve Fund, an amount, which together with the amounts on deposit therein, will equal the Renewal and Replacement Reserve Fund Requirement as of such day;
- (ix) To such other funds or accounts as shall be required by any Series Resolution;
- (x) To such other funds or accounts established by the Authority in compliance with applicable law or required by any Rate Order; and
- (xi) To the Operation and Maintenance Reserve, the Renewal and Replacement Reserve, or one or more Renewal and Replacement Accounts, such amount as requested by the Authority but only upon receipt

by the Trustee of a certificate of an Authorized Officer stating that such deposit will not impair the ability of the Authority to either (A) meet the requirements of the Revenue Fund during such Fiscal Year based on the then current Annual Budget prepared in accordance with Section 608 or (B) satisfy the requirements of Section 603 in the current or next succeeding Fiscal Year, and (C) in the case of a deposit to a Renewal and Replacement Account, (x) a copy of the resolution of the Authority approving the Capital Improvements to be funded in whole or in part from such Accounts, certified by an Authorizing Officer, and (y) a certificate of a Consulting Engineer describing the Capital Improvements in such detail as the Trustee shall reasonably request and stating the estimated Cost of such Capital Improvements and their estimated completion date or dates.

Subject to subsection (3) of this Section, any balance remaining in the Revenue Fund following the above payments shall be retained in the Revenue Fund to be available for payments therefrom in the succeeding months, provided that if the Authority shall have issued Notes in anticipation of Revenue in accordance with Section 607(2)(iii), amounts in the Revenue Fund remaining after the above payments have been made may be used by the Authority to pay the principal of such Notes at maturity or upon earlier redemption.

(3) Notwithstanding the foregoing, in the event that any Rate Order requires that Revenues be held in a restricted account, the Authority shall request the Trustee to make such transfers as may be required to comply with any Rate Order. In the event that Revenues must be restricted in an account for debt service, such monies shall be deposited by the Trustee to the Debt Service Fund Stabilization Account.

(4) On the last business day of each Fiscal Year after the payments as of such day provided in subsection (2) of this Section 504 shall have been made, any balance or part thereof in the Revenue Fund shall, at the written request of the Authority, be withdrawn and paid to it for deposit in the General Fund held by the Authority, but only upon receipt by the Trustee of a certificate of an Authorized Officer stating that such deposit will not impair the ability of the Authority to (i) meet the requirements of the Revenue Fund during the next succeeding Fiscal Year based on the Annual Budget for such Fiscal Year prepared in accordance with Section 608, (ii)



satisfy the requirements of Section 603 in the current or the next succeeding Fiscal Year and (iii) satisfy the terms of any Rate Order then in effect.

SECTION 505. Operation and Maintenance Fund. Amounts in the Operation and Maintenance Fund held by the Authority with one or more Depositories shall be applied by the Authority from time to time to Operating Expenses. Amounts in the Operation and Maintenance Fund which the Authority at any time determines to be in excess of the requirements of such Fund shall be withdrawn and deposited in the Revenue Fund to be used in accordance with Section 504 hereof.

SECTION 506. Debt Service Fund.

(1) The Trustee shall pay out of the Debt Service Account of the Debt Service Fund to the respective Paying Agents (i) on each Interest Payment Date, the amount required for the interest and Principal Installments payable on such date and (ii) on each redemption date for any Bonds, other than a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest on the Bonds then to be redeemed; provided that in each case the Authority may give the Trustee not less than one (1) business day's prior written notice to make such payments to the Paying Agents prior to the due date on such date as the Authority determines. The Paying Agents shall apply such amounts to the payment of interest and Principal Installments on the due dates thereof.

If, on any Interest Payment Date, the amount accumulated in the Debt Service Account of the Debt Service Fund for the purposes specified above exceeds the amount required therefor, the Authority may direct the Trustee in writing to deposit such excess in the Stabilization Account, the Redemption Fund or, in the Authority's discretion consistent with the Rate Order, in the Revenue Fund. The Trustee shall also pay out of the Debt Service Fund accrued interest included in the purchase price of Bonds purchased for retirement under any provision of this Resolution.

(2) Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Payment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Payment was established) may, and if so directed by the Authority shall, be applied by the Trustee prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, unless otherwise specified in the applicable Series Resolution, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was

may be modified or amended in any respect upon the adoption of a Supplemental Resolution by the Authority and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1003, except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

SECTION 1005. Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, and shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1006. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as hereinabove in this Article X provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action; and in that case upon demand of the Holder of any Bond Outstanding at or after such effective date and presentation of his Bond for the purpose to the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

## ARTICLE XI

### DEFEASANCE

#### SECTION 1101. Defeasance.

(1) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Bonds then Outstanding, the Principal Amount and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Resolution then the pledge of any Revenues or other moneys, securities,

Reserve Deposits and Additional Security, if any, pledged by this Resolution and all other rights granted by this Resolution shall be discharged and satisfied. In such event, the Trustee shall, upon request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such release and discharge and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(2) Bonds or interest installments for the payment or redemption of which moneys shall be held by the Fiduciaries (through deposit by the Authority of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) of this Section 1101. All Outstanding Bonds of any Series or any part of a Series shall prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) of this Section 1101 if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to provide as provided in Article IV notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations not subject to redemption at the option of the issuer thereof prior to the due date thereof, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the time of deposit of such Permitted Investments, shall be sufficient, to pay when due the Principal Amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to provide, as soon as practicable, at least thirty (30) days written notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with paragraph (1) of this Section 1101 and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal Amount or Redemption Price, if applicable, and interest on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section nor

principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Amount or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from the principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Government Obligations in accordance with Subsection (2)(ii) hereof maturing at times and in principal amounts sufficient to pay when due the Principal Amount or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be. After the making of the payments for which such Governmental Obligations or moneys were held, any surplus shall be promptly paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge or assignment securing the Bonds or otherwise existing under this Resolution.

(3) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Government Obligations and moneys, if any, in accordance with subsection (2)(ii) hereof, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Variable Rate Ceiling; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such Variable Rate Ceiling for any period, the total amount of moneys and Government Obligations on deposit with the Trustee for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of subsection (2)(ii) above, the Trustee shall, if requested by the Authority, pay promptly the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

(4) Tender Bonds shall be deemed to have been paid in accordance with subsection (2)(ii) hereof only if, in addition to satisfying the requirements thereof, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum Principal Amount and Redemption Price of and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided,

however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of subsection (2)(ii) above, the options originally exercisable by the Holders of Tender Bonds are no longer exercisable, such Bonds shall not be considered Tender Bonds for purposes of this subsection (4). If any portion of the moneys deposited with the Trustee for the payment of the Principal Amount or Redemption Price of and interest on Tender Bonds is not required for such purpose the Trustee shall, if requested by the Authority, pay promptly the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

(5) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any Bonds which remain unclaimed for three (3) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three (3) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Authority, be repaid promptly by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Holders of all Bonds Outstanding a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned promptly to the Authority.

## ARTICLE XII

### MISCELLANEOUS

#### SECTION 1201. Evidence of Signatures of Bondholders and Ownership of Bonds.

(1) Any request, consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing.

**PRE-FILED TESTIMONY  
OF  
CHRISTOPHER P.N. WOODCOCK**

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11

**PREFILED TESTIMONY OF  
CHRISTOPHER P.N. WOODCOCK**

4 **Q: Please state your name and business address?**

5 A: My name is Christopher P.N. Woodcock and my business address is 18 Increase Ward  
6 Drive, Northborough, Massachusetts 01532.

7  
8 **Q: By whom are you employed and in what capacity?**

9 A: I am the President of Woodcock & Associates, Inc. a consulting firm specializing in water  
10 and wastewater rate and financial studies.

11  
12 **Prior Experience**

13 **Q: Please describe your qualifications and experience.**

14 A: I have undergraduate degrees in Economics and in Civil Engineering from Tufts University in  
15 Medford, Massachusetts. After graduating in 1974, I was employed by the environmental  
16 consulting firm of Camp, Dresser, and McKee Inc. (CDM). For approximately 18 months I  
17 worked in the firm's environmental engineering group performing such tasks as designing  
18 water distribution and transmission pipes, sewer collection and interception systems,  
19 pumping facilities and portions of a wastewater treatment facility. From approximately  
20 January 1976, I worked in the firm's management and financial consulting services group,  
21 gaining increasing responsibility. At the time of my resignation, I was a corporate Vice  
22 President and appointed the leader of the group overseeing all rate and financial studies.  
23 In my career, I have worked on close to 400 water and wastewater rate and financial stu-  
24 dies, primarily in the United States, but also for government agencies overseas. I have also  
25 worked on a number of engineering and financial feasibility studies in support of revenue  
26 bond issues, I have helped draft and review revenue bond indentures, and I worked on  
27 several valuation studies, capital improvement financing analyses, and management audits

1 of public works agencies. In addition to my professional experience I have also held  
2 elected and appointed positions on municipal boards overseeing public works functions.

3

4 **Q: Have you previously testified before state regulatory commissions or courts on rate re-**  
5 **lated matters?**

6 A: Yes, I have provided testimony on rate related matters before utility commissions in Rhode  
7 Island, Maine, Connecticut, New York, New Hampshire, Texas, and Alberta, Canada. I have  
8 also been retained as an expert witness on utility rate related matters in proceedings in  
9 state courts in Arkansas, Florida, Massachusetts, Michigan, New Jersey, Maryland, Ohio,  
10 Virginia, and Pennsylvania, as well as the Federal Court in Michigan. I have been selected  
11 to several arbitration panels related to disputes over water rates and charges, I have pro-  
12 vided testimony on rate related matters to the Michigan and Massachusetts legislatures,  
13 and I have provided testimony at administrative hearings on a number of occasions.

14

15 **Q: Do you belong to any professional organizations or committees?**

16 A: Yes, I am a member of the Water Environment Federation, the Rhode Island Water Works  
17 Association, the Massachusetts Water Works Association, the New England Water Works  
18 Association, and the American Water Works Association. For the Water Environment Fed-  
19 eration, I was a member of the committee that prepared their manual on Wastewater  
20 Rates and Financing. For the New England Water Association, I am past chairman and a  
21 current member of the Financial Management Committee. In my capacity as President of  
22 the New England Water Works Association I also sit on the Executive Committee and the  
23 Board of Directors as well as chairing and sitting on a number of other administrative  
24 committees. For the American Water Works Association, I am past chairman of the Finan-  
25 cial Management Committee and the Rates and Charges Committee that has prepared the  
26 manuals on Revenue Requirements, Water Rates, Alternative Rate Structures, and Water  
27 Rates and Related Charges. I have been reappointed to and am currently a member of the  
28 Rates & Charges Committee.



1

2 **Q: Are you the same Christopher Woodcock that has prefiled testimony on behalf of the**  
3 **Kent County Water Authority in other rate filings?**

4 A: Yes I am.

5

6 **Q: What is the purpose of your testimony in this docket?**

7 A: As the Commission is aware, water utilities in Rhode Island have experienced a significant  
8 shortfall in expected revenues over the past few summers, particularly in 2009. This is  
9 most likely due to several factors: (a) a wet and cool summer resulting in reduced irrigation  
10 demands, (b) an overall reduction in non-residential use, (c) a general increase in consumer  
11 awareness to not waste water, and (d) an economic slowdown.

12

13 The Kent County Water Authority's most recent rate case<sup>1</sup> had a rate year that encom-  
14 passed November 1, 2008 – October 30, 2009 (RI PUC Docket No. 3942). This rate year was  
15 right in the middle of this period of reduced water sales. As a result, the Authority has not  
16 realized its authorized revenues. My analysis of actual sales for the Docket 3942 rate year  
17 shows that the reduced use resulted in actual revenues that were some \$1.56 million be-  
18 low the authorized rate revenues of \$19.45 million. This reduced revenue is even more  
19 pronounced when one considers these revenues are after an additional 1.53% pass through  
20 increase to the Authority's rates in Docket 4067. With this pass through, the authorized  
21 rate revenues were \$19.7 million. Because the rate year in Docket 3942 ended so recently,  
22 the Authority is requesting that the Commission consider an increase in the Authority's  
23 rates based on that recently completed docket.

24

25 The loss in revenues results in the Authority having projected losses. KCWA is unable to  
26 make deposits to the Infrastructure Replacement Fund it is required to fund under RI Gen-  
27 eral Laws and Commission orders. Under its bond covenants, the Board must do all it can

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<sup>1</sup> Non- pass through

1 to rectify the projected losses. The only remedy available is to petition the Commission for  
2 a rate increase.

3

4 Because the shortfall is so large, the Authority does not believe it can take the time to pre-  
5 pare and litigate a complete new rate filing. It is the Authority's hope that this filing can be  
6 handled in an expedited manner. Because of this desire, the issues involved in this filing  
7 have been kept to a minimum.

8

9 **Q: What are the issues in this filing?**

10 A: The Authority is proposing only two changes to the recently completed filing in Docket  
11 3942:

- 12 • We have revised the usage (including sales to and from Warwick) to match the actual  
13 sales for the Docket 3942 rate year – November 1, 2008 – October 30, 2009. This in-  
14 cludes not only the metered water sales but also the numbers of meters and fire servic-  
15 es to the actual number at the end of October 2009.
- 16 • We have modified the cost of purchased water to reflect the actual net purchases from  
17 Providence Water for the Docket 3942 rate year.

18 The result of these modifications is actually a request for a reduced revenue allowance.

19

20 **Q: Can you explain why there is a reduction in the revenues you are requesting?**

21 A: Yes. The currently allowed rate revenues<sup>2</sup> are:

22 Docket 3942: \$19,450,307

23 Docket 4067<sup>3</sup>: \$19,708,228

24 Because the reduced retail sales also results in reduced purchases from Providence Water,

25 I have adjusted the purchase water cost allowed in the previous two dockets to the actual

---

<sup>2</sup> Exclude miscellaneous or non-rate revenues

<sup>3</sup> Pass through of Providence Water increase added \$257,921

1 purchases (net of sales and purchases from Warwick). This results in a reduction to the  
2 revenue requirement of \$359,992.

3

4 **Q: Does that mean you are asking the Commission for a reduction in revenues?**

5 A: Yes it does. However, because of the substantially reduced sales, we are asking for an in-  
6 crease in rates to recover that reduced cost.

7

8 **Q: What have you used as the basis for purchased water costs?**

9 A: I have used the wholesale rate for Providence Water approved in Docket 4061 – \$1,544.16  
10 per million gallons. I have used the actual purchased water volumes for the Docket 3942  
11 rate year, November 1, 2008 – October 30, 2009. The difference between the projected  
12 rate year purchases in Docket 3942 and the actual purchases for that year are shown be-  
13 low.

14	Docket 3942 Projected:	2,918.0 mg/yr
15	Actual	2,684.8 mg/yr

16 This reduction in purchases results in the reduced purchased water cost of nearly \$360,000  
17 per year and the resulting request for a revenue allowance decrease.

18

19 **Q: You mentioned that you are looking for an expedited finding by the Commission in this  
20 case. Can you explain that?**

21 A: Because the loss of revenues from reduced sales is so significant, the Authority is asking the  
22 Commission to expedite a finding in this docket. We have taken several steps in the hope  
23 of achieving this.

24 1. Despite other changes in costs that may have occurred since the end of the Docket 3942  
25 rate year (since October 2009) and increases that are likely for a future rate year, we  
26 have made no adjustments to the amounts allowed in Docket 3942 other than the re-  
27 duction in purchased water costs. Our hope is that by minimizing the revenue require-  
28 ment issues, the case can proceed quickly.

- 1 2. We have made no changes to the actual sales that occurred in the rate year<sup>4</sup>. Again, our  
2 hope is to minimize this docket to only two changes: the reduced purchases and re-  
3 duced sales. By using actual purchases and sales with no further adjustments we hope  
4 that there will be no issues regarding projections.
- 5 3. We have met with the Division staff to go over this filing. While I certainly do not pre-  
6 sume to speak for the Division, it is my understanding that the Division has no objec-  
7 tions to this filing. We hope that the Division can quickly file documentation that pro-  
8 vides its support or lack of any opposition.

9

10 **Q: Have you prepared any exhibits to go along with your testimony?**

11 A: Yes I have. The exhibits attached to my testimony have the same numbering as the filing in  
12 Docket 3942. Because we are asking for an across the board adjustment to the revenues, I  
13 have not run the reduced revenue requirements through the cost of service allocations.  
14 We are simply seeking an 8.16% across the board increase to all rates and charges. As a re-  
15 sult, not all the cost allocation exhibits are included in this filing. I have included:

- 16 • Sch 1: presents the revenue requirements allowed in Docket 3942 with the purchased  
17 water costs adjusted for the subsequent pass through increase in Docket 4067. It also  
18 presents the sole adjustment in this docket – the reduction to purchased water costs.
- 19 • Sch 1A: presents the derivation of the proposed purchased water costs. This shows the  
20 actual purchases and sales of Providence Water, and the Authority’s net costs at the  
21 current providence Water wholesale rate.
- 22 • Sch 2: presents the water sales for the 12 months through October 30, 2009 – the rate  
23 year in the most recent full rate filing by KCWA. It also shows the numbers of meters  
24 and fire services as of October 30, 2009.
- 25 • Sch 9: presents a comparison of the current and proposed rates; all rates are increased  
26 at 8.16% (rounded to the nearest penny).

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<sup>4</sup> Such as the recently announced complete shutdown of the Clarion facility

- 1 • Sch 10: presents the impact on customers with varying use, again showing the 8.16% in-
- 2 crease across the board.
- 3 • Sch 11: presents a reconciliation of revenues at the current and proposed rates as well
- 4 as a comparison of the revenues to the requirements.
- 5 • Sch 12: presents an overall summary of revenues and expenses.

6

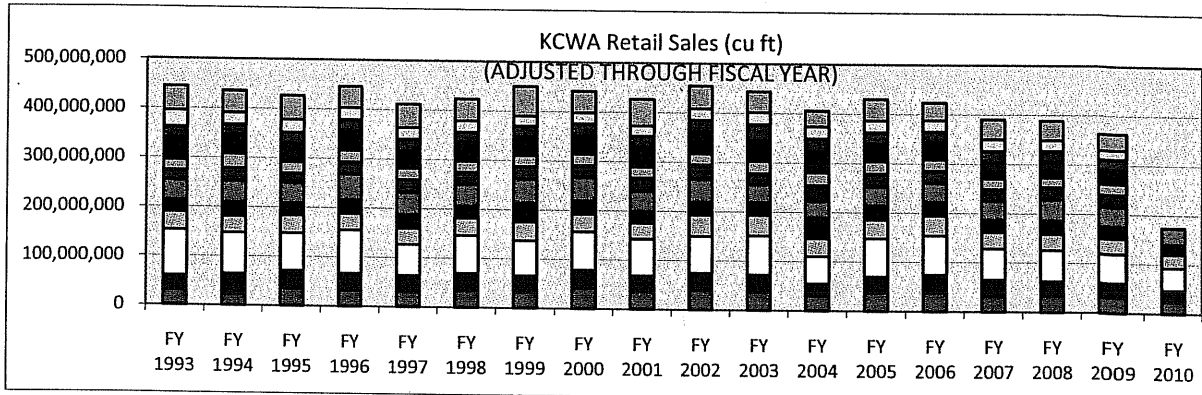
7 **Q: Have you continued to monitor the retail sales since October 2009?**

8 A: Yes, we see no indications that the sales will increase. The chart below shows a history of

9 sales by fiscal year through December 2009. This shows the general downward trend in

10 sales since FY 2002. It also shows that through the first six months of FY 2010 (through De-

11 cember 2009) that sales continue to show downward movement.



12

13

14 **Q: What happens if sales go back up this coming summer? Won't the Authority then gener-**

15 **ate excess revenues?**

16 A: Yes, if sales do reverse the trend over the past 7 or 8 years, this could happen. The possi-

17 bility of revenues exceeding allowed expenses was addressed in the establishment of a

18 partial restricted operating revenue allowance in Docket 3942. In the Report and Order,

19 the Commission ordered that "If revenues exceed the total allowed rate revenue by more

20 than 3%, the full amount of the revenue in excess of the allowed rate revenue shall be de-

21 posited to the restricted operating revenue reserve." This provision will assure that excess

22 revenues will be restricted and would only be allowed to be used based on subsequent

1 Commission findings. As noted earlier, we are actually asking for a reduction in allowed  
2 rate revenues of nearly \$360,000.

3

4 **Q: Does this conclude your testimony?**

5 A: Yes

**PRO FORMA EXPENSES**

<u>Expense Item</u>	<u>Test Year Doc 3942</u>	<u>Summary of Adjustments</u>	<u>Rate Year Proposed</u>
<b>SOURCE OF SUPPLY</b>			
operations & labor	\$25,000	\$0	\$25,000
purchased water	<u>4,505,839</u>	<u>-\$359,992</u>	<u>4,145,847</u>
Subtotal	4,530,839	-359,992	4,170,847
<b>PUMPING OPERATIONS</b>			
fuel for pumping	10,084	\$0	10,084
power-pumping	622,127	\$0	622,127
labor-pumping	69,004	\$0	69,004
pumping expense	2,308	\$0	2,308
maint. - structures & improv	36,983	\$0	36,983
diesel oil	0	\$0	0
maint. - equip	<u>38,473</u>	\$0	<u>38,473</u>
Subtotal	778,979	0	778,979
<b>WATER TREATMENT</b>			
chemicals	229,043	\$0	229,043
labor	79,248	\$0	79,248
operating	30,388	\$0	30,388
maint. - water treat equip	1,697	\$0	1,697
maint. - structure	<u>0</u>	\$0	<u>0</u>
Subtotal	340,376	0	340,376
<b>TRANS &amp; DISTR. EXPENSE</b>			
storage facilities exp.	549	\$0	549
labor	31,019	\$0	31,019
supplies	41,993	\$0	41,993
labor-meter	32,962	\$0	32,962
material-meter	6,291	\$0	6,291
cust. install.	0	\$0	0
misc.	16,235	\$0	16,235
maint - struct. & improv.	235	\$0	235
maint.- res & stdp	53,695	\$0	53,695
maint. - mains	712,102	\$0	712,102
maint. - service	178,467	\$0	178,467
maint. - meters	84,924	\$0	84,924
maint. - hydrants	89,309	\$0	89,309
construction labor	<u>-7,983</u>	\$0	<u>-7,983</u>
Subtotal	1,239,798	0	1,239,798

**PRO FORMA EXPENSES**

<u>Expense Item</u>	<u>Test Year Doc 3942</u>	<u>Summary of Adjustments</u>	<u>Rate Year Proposed</u>
<b>CUSTOMER ACCOUNT</b>			
labor- meter read	79,029	\$0	79,029
cust record labor	165,425	\$0	165,425
cust records exp	59,897	\$0	59,897
meter read supplies	0	\$0	0
uncollectible	<u>0</u>	\$0	<u>0</u>
Subtotal	304,350	0	304,350
<b>ADMIN. &amp; GENERAL</b>			
salaries	383,178	\$0	383,178
office supplies & expenses	125,930	\$0	125,930
insurance (property/liability)	128,228	\$0	128,228
Insurance (worker's comp)	42,116	\$0	42,116
injuries & damages	298	\$0	298
employee benefits	707,683	\$0	707,683
fees	32,500	\$0	32,500
maint. - plant	210,143	\$0	210,143
maint. - vehicles	111,329	\$0	111,329
miscellaneous	26,592	\$0	26,592
vacation, holiday, sick	259,575	\$0	259,575
regul. exp.	117,300	\$0	117,300
other	0	\$0	0
outside service	<u>133,588</u>	\$0	<u>133,588</u>
Subtotal	<u>2,278,459</u>	<u>0</u>	<u>2,278,459</u>
<b>TOTAL O&amp;M</b>	<b>\$9,472,802</b>	<b>-\$359,992</b>	<b>\$9,112,810</b>



**PRO FORMA EXPENSES**

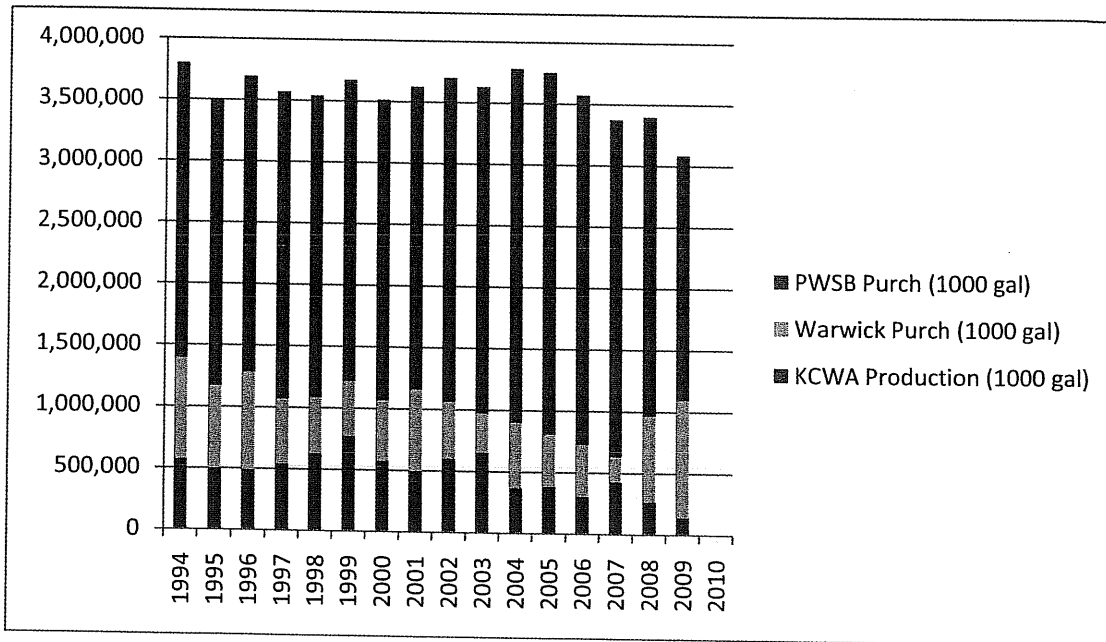
<u>Expense Item</u>	<u>Test Year</u> <u>Doc 3942</u>	<u>Summary of</u> <u>Adjustments</u>	<u>Rate Year</u> <u>Proposed</u>
<b>FIXED CHARGES</b>			
Debt Service			
Existing	\$3,932,319	\$0	\$3,932,319
New	0	\$0	\$0
Reserves and Coverage			
O&M Reserve	193,620	\$0	\$193,620
R&R Reserve	200,000	\$0	\$200,000
Renewal & Replacement - Equip	100,000	\$0	100,000
Infrastructure Replacement	5,400,000	\$0	5,400,000
Payroll Taxes	150,775	\$0	150,775
PILOT	<u>23,123</u>	\$0	<u>23,123</u>
SUBTOTAL FIXED	\$9,999,837	\$0	\$9,999,837
OPERATING REVENUE	\$583,313	\$0	583,313
TOTAL EXPENSES	\$20,055,952	-\$359,992	\$19,695,960
Less:			
Available Restrict Debt	0	\$0	0
Miscellaneous Income	(179,384)	\$0	(179,384)
Interest Income	(112,596)	\$0	(112,596)
Merchand & Jobbing	(2,384)	\$0	(2,384)
6.9% of Water Prot Fee	(59,895)	\$0	<u>(59,895)</u>
NET REQUIRED FROM RATES	\$19,701,692	-\$359,992	\$19,341,701

**WHOLESALE WATER COSTS**

Wholesale Water Purchases

	<u>Rate (\$/mg)</u>	<u>Purchases (mg)</u>	<u>Cost</u>
PWSB Rate (/mg)	\$1,544.16	2,684.86	\$4,145,847
Net Wholesale Purchases (gallons) - Rate Year			
Warwick Purchases		864,838,000	
PWSB Purchases		<u>1,896,568,000</u>	
Total Purchases		2,761,406,000	
Sales To Warwick		<u>-76,550,000</u>	
Net Purchases		2,684,856,000	
Rate Year Sales		2,684,856,000	

Fiscal Yr -- >	<u>2008</u>	<u>2009</u>	<u>Nov-Oct 09</u>
KCWA Production (1000 gal)	267,800	143,670	149,740
Warwick Purch (1000 gal)	698,573	950,941	864,838
PWSB Purch (1000 gal)	<u>2,433,557</u>	<u>1,992,117</u>	<u>1,896,568</u>
Total	3,399,930	3,086,728	2,911,146
Total Purchased	3,132,130	2,943,058	2,761,406
Sales To Warwick (1000 gal)	<u>91,967</u>	<u>75,054</u>	<u>76,550</u>
Net Purchases	3,040,163	2,868,004	2,684,856



UNITS OF SERVICE

	Nov 08 - Oct 09		Rate
	<u>Actual</u>	<u>Adjustments</u>	<u>Year</u>
<u>Metered Water Sales (100 cubic feet)</u>			
Small (5/8-2" meters)	2,962,736	0	2,962,736
Medium (3&4" meters)	128,324	0	128,324
Large (6" & up meters)	252,345	0	<u>252,345</u>
	3,343,404		3,343,404
<u>Meters By Size</u>			
	<u>Quarterly</u>	<u>10/30/09</u>	
5/8 & 3/4	22,155	0	22,155
1	3,595	0	3,595
1 1/2	316	0	316
2	506	0	506
3	18	0	18
4	68	0	68
6	72	0	72
8 & up	58	0	58
	<u>Monthly</u>		
5/8 & 3/4	4	0	4
1	1	0	1
1 1/2	8	0	8
2	12	0	12
3	1	0	1
4	6	0	6
6	7	0	7
8 & up	4	0	4
<u>Public Fire Service</u>			
Public Fire Hydrants	2,336	0	2,336
Bills	52	0	52
<u>Private Fire Service</u>			
	<u>Size (in)</u>		
	4	0	15
	6	0	104
	8	0	27
	10	0	1
	12	0	1
Hydrants	145	0	145

**COMPARISON TO CURRENT RATES**

		<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
<u>Metered Rates</u>				
	Small (5/8-2" meters)	\$4.714	\$5.099	8.17%
	Medium (3&4" meters)	\$4.017	\$4.344	8.14%
	Large (6" & up meters)	\$3.424	\$3.703	8.15%
<u>Service Charges</u>				
Quarterly	5/8 & 3/4	\$9.49	\$10.26	8.11%
	1	\$12.55	\$13.57	8.13%
	1 1/2	\$18.29	\$19.78	8.15%
	2	\$23.27	\$25.17	8.17%
	3	\$29.77	\$32.20	8.16%
	4	\$42.40	\$45.86	8.16%
	6	\$70.35	\$76.08	8.14%
	8 & up	\$118.96	\$128.66	8.15%
Monthly	5/8 & 3/4	\$6.94	\$7.51	8.21%
	1	\$7.96	\$8.61	8.17%
	1 1/2	\$9.87	\$10.67	8.11%
	2	\$11.53	\$12.47	8.15%
	3	\$13.70	\$14.82	8.18%
	4	\$17.91	\$19.37	8.15%
	6	\$27.22	\$29.44	8.16%
	8 & up	\$43.43	\$46.97	8.15%
<u>Fire Service (per quarter)</u>				
Public	/hydrant	\$128.83	\$139.33	8.15%
	/bill	\$5.66	\$6.12	8.13%
Private (per quarter)	4 in	\$51.49	\$55.69	8.16%
	6 in	\$138.78	\$150.09	8.15%
	8 in	\$289.35	\$312.94	8.15%
	10 in	\$515.83	\$557.88	8.15%
	12 in	\$829.72	\$897.35	8.15%
	hydrant	\$138.78	\$150.09	8.15%

**IMPACT OF PROPOSED RATES**

METER SIZE	QUARTERLY USE - CU FT	CURRENT RATES	←----- PROPOSED ----->		
			NEW BILL	\$ INCREASE	% INCREASE
Small					
5/8	2,000	\$103.77	\$112.24	\$8.47	8.2%
5/8	2,500	\$127.34	\$137.74	\$10.40	8.2%
<b>5/8</b>	<b>2,730</b>	<b>\$138.18</b>	<b>\$149.46</b>	<b>\$11.28</b>	<b>8.2%</b>
5/8	3,500	\$174.48	\$188.73	\$14.25	8.2%
5/8	4,000	\$198.05	\$214.22	\$16.17	8.2%
5/8	5,000	\$245.19	\$265.21	\$20.02	8.2%
5/8	6,000	\$292.33	\$316.20	\$23.87	8.2%
5/8	6,666	\$323.73	\$350.16	\$26.43	8.2%
5/8	8,000	\$386.61	\$418.18	\$31.57	8.2%
5/8	10,000	\$480.89	\$520.16	\$39.27	8.2%
5/8	12,000	\$575.17	\$622.14	\$46.97	8.2%
5/8	14,000	\$669.45	\$724.12	\$54.67	8.2%
5/8	15,000	\$716.59	\$775.11	\$58.52	8.2%
5/8	20,000	\$952.29	\$1,030.06	\$77.77	8.2%
5/8	25,000	\$1,187.99	\$1,285.01	\$97.02	8.2%
1	30,000	\$1,426.75	\$1,543.27	\$116.52	8.2%
1	40,000	\$1,898.15	\$2,053.17	\$155.02	8.2%
1	46,666	\$2,212.39	\$2,393.07	\$180.68	8.2%
1	75,000	\$3,548.05	\$3,837.82	\$289.77	8.2%
2	100,000	\$4,737.27	\$5,124.17	\$386.90	8.2%
2	200,000	\$9,451.27	\$10,223.17	\$771.90	8.2%
2	300,000	\$14,165.27	\$15,322.17	\$1,156.90	8.2%
2	400,000	\$18,879.27	\$20,421.17	\$1,541.90	8.2%
2	600,000	\$28,307.27	\$30,619.17	\$2,311.90	8.2%
Medium					
3	200,000	\$8,063.77	\$8,720.20	\$656.43	8.1%
3	400,000	\$16,097.77	\$17,408.20	\$1,310.43	8.1%
3	600,000	\$24,131.77	\$26,096.20	\$1,964.43	8.1%
4	800,000	\$32,178.40	\$34,797.86	\$2,619.46	8.1%
4	1,000,000	\$40,212.40	\$43,485.86	\$3,273.46	8.1%
4	1,200,000	\$48,246.40	\$52,173.86	\$3,927.46	8.1%
Large					
6	400,000	\$13,766.35	\$14,888.08	\$1,121.73	8.1%
6	600,000	\$20,614.35	\$22,294.08	\$1,679.73	8.1%
6	800,000	\$27,462.35	\$29,700.08	\$2,237.73	8.1%
6	1,200,000	\$41,158.35	\$44,512.08	\$3,353.73	8.1%
6	1,333,333	\$45,723.67	\$49,449.40	\$3,725.73	8.1%
8	2,000,000	\$68,598.96	\$74,188.66	\$5,589.70	8.1%
8	5,000,000	\$171,318.96	\$185,278.66	\$13,959.70	8.1%
8	10,000,000	\$342,518.96	\$370,428.66	\$27,909.70	8.1%
8	24,000,000	\$821,878.96	\$888,848.66	\$66,969.70	8.1%
Municipal Fire Service	300 hydrants	\$38,654.66	\$41,805.12	\$3,150.46	8.2%
Private Fire Service	3 Inch Service	\$138.78	\$150.09	\$11.31	8.1%

**REVENUE RECONCILIATION**

Service Charge:	<----- Current ----->		<----- Proposed ----->		
<u>Quarterly</u>	<u>Number</u>	<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
5/8 & 3/4	88,620	\$9.49	\$841,004	\$10.26	\$909,241
1	14,380	\$12.55	\$180,469	\$13.57	\$195,137
1 1/2	1,264	\$18.29	\$23,119	\$19.78	\$25,002
2	2,024	\$23.27	\$47,098	\$25.17	\$50,944
3	72	\$29.77	\$2,143	\$32.20	\$2,318
4	272	\$42.40	\$11,533	\$45.86	\$12,474
6	288	\$70.35	\$20,261	\$76.08	\$21,911
8 & up	232	\$118.96	\$27,599	\$128.66	\$29,849
<u>Monthly</u>					
5/8 & 3/4	48	\$6.94	\$333	\$7.51	\$360
1	12	\$7.96	\$96	\$8.61	\$103
1 1/2	96	\$9.87	\$948	\$10.67	\$1,024
2	144	\$11.53	\$1,660	\$12.47	\$1,796
3	12	\$13.70	\$164	\$14.82	\$178
4	72	\$17.91	\$1,290	\$19.37	\$1,395
6	84	\$27.22	\$2,286	\$29.44	\$2,473
8 & up	48	\$43.43	\$2,085	\$46.97	\$2,255
Consumption Charge:	100/cu.ft.				
Proposed					
Small (5/8-2" meters)	2,962,736	\$4.71	\$13,966,338	\$5.10	\$15,106,992
Medium (3&4" meters)	128,324	\$4.02	\$515,476	\$4.34	\$557,438
Large (6" & up meters)	252,345	\$3.42	\$864,028	\$3.70	\$934,433
Fire Protection:					
Public Hydrants	2,336	\$515.32	\$1,203,788	\$557.32	\$1,301,900
# bills	52	\$5.66	\$294	\$6.12	\$318
Private Fire Protection					
4 in	15	\$205.96	\$3,089	\$222.76	\$3,341
6 in	104	\$555.12	\$57,732	\$600.36	\$62,437
8 in	27	\$1,157.40	\$31,250	\$1,251.76	\$33,798
10 in	1	\$2,063.32	\$2,063	\$2,231.52	\$2,232
12 in	1	\$3,318.88	\$3,319	\$3,589.40	\$3,589
hydrant	145	\$555.12	\$80,492	\$600.36	\$87,052
			=====		=====
Total			\$17,889,958		\$19,349,989
Plus: Misc Revenues			\$342,357		\$342,357
			=====		=====
Pro Forma Revenue			\$18,232,314		\$19,692,346
Required Revenue			\$19,695,960		\$19,695,960
Difference			-1,463,645		-3,614
					-0.02%
Increase in Revenues					\$1,460,031
Increase in Rate Revenues			\$1,560,350		\$1,460,031
Percent Increase in Total Revenues					8.01%
Percent increase in Rate Revenues					8.16%

**SUMMARY OF COST OF SERVICE**

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
<b>Revenues</b>			
Service Charges	\$1,162,087	\$94,373	\$1,256,460
Metered Rates	\$15,345,842	\$1,253,019	\$16,598,862
Fire Protection	\$1,382,028	\$112,639	\$1,494,667
Miscellaneous	<u>\$342,357</u>	<u>\$0</u>	<u>\$342,357</u>
<i>Total Revenue</i>	\$18,232,314	\$1,460,031	\$19,692,346
<b>Expenses</b>			
<u>O&amp;M</u>			
Supply	\$4,530,839	(\$359,992)	\$4,170,847
Pumping	\$778,979	\$0	\$778,979
Treatment	\$340,376	\$0	\$340,376
T&D	\$1,239,798	\$0	\$1,239,798
Customer	\$304,350	\$0	\$304,350
Admin	<u>\$2,278,459</u>	<u>\$0</u>	<u>\$2,278,459</u>
Total O&M	\$9,472,802	(\$359,992)	\$9,112,810
<u>Fixed Charges</u>			
Debt Service	\$3,932,319	\$0	\$3,932,319
Reserves and Coverage	\$393,620	\$0	\$393,620
Renewal & Replacement	\$100,000	\$0	\$100,000
Infrastructure Replacement	\$5,400,000	\$0	\$5,400,000
Payroll Taxes	\$150,775	\$0	\$150,775
PILOT	<u>\$23,123</u>	<u>\$0</u>	<u>\$23,123</u>
Total Fixed	\$9,999,837	\$0	\$9,999,837
<u>Operating Revenue</u>	<u>\$583,313</u>	<u>\$0</u>	<u>\$583,313</u>
<i>Total Expenses</i>	\$20,055,952	(\$359,992)	\$19,695,960

# **EXHIBITS**



## EXHIBIT 1

### CHECK LIST OF REQUIRED INFORMATION OF WATER UTILITIES

#### Index and responses to Compliance

Item 2.4	Notice of Filing Proposal General Rate Changes
Response	Will be published upon Commission approval and provided to all customers by separate mailing.
Item 2.5(a)	Current and Proposed Rate Schedules; Terms and Conditions
Response	Included in filing
Item 2.5(b)	Complete Direct Case with Testimony and Exhibits
Response	Included in filing
Item 2.5(c)(1)	Annual Reports to Commission
Response	FY 2008 & FY 2009 Filed
Item 2.5(c)(2)	FERC or FCC annual reports
Response	Not applicable
Item 2.5(c)(3)	FERC or FCC audit reports
Response	Not applicable
Item 2.5(c)(4)	SEC Annual 10K reports
Response	Not applicable
Item 2.5(c)(5)	Prospectuses issued during last two (2) years.
Response	Not applicable
Item 2.5(c)(6)	Annual Reports to Stockholders
Response	Not applicable
Item 2.5(c)(7)	Statement reconciling any significant differences between items shown in filing and in any of above reports.
Response	Not applicable

## **Index and responses to Compliance**

Item 2.5(d)	Complete set of documents filed with the Attorney General at time of filing.
Response	Filed
Item 2.5(e)	Index of responses filed Section 2.4 through 2.10
Response	Attached
Item 2.6(a) & 2.9(a)	Cost of service schedules for the test years and the proposed rate year.
Response	For cost of service schedules, see testimony.
Item 2.6(b)	Rate Year
Response	Same as Docket 3942, November 1, 2008 to October 31, 2009
Item 2.6(c)	Adjustments to Test year
Response	Included in Testimony and Exhibits
Item 2.7	Attestation of Financial Data
Response	Included
Item 2.9(a)	Cost of Service Schedules
Response	Included in Testimony
Item 2.9(b)	Work papers supporting working capital allowance.
Response	Not applicable
Item 2.9(c)	Work papers supporting allocations of cost of service amounts among entities.
Response	Not applicable
Item 2.9(d)	Work papers detailing the test year and rate year revenues.
Response	Included in testimony
Item 2.9(e)	For each rate class, proposed rate change effects. Copy of actual bill.
Response	Actual bill sample is attached.
Item 2.9(f)	Principal and Interest paid on Debt Service
Response	Not applicable in this filing.
Item 2.9(g)	Schedule of Lease payments

## Index and responses to Compliance

Response	Not applicable
Item 2.9(h)	Adjustment Clause revenue analysis
Response	Not applicable
Item 2.9(i)	Rate year Municipal Tax Expense, and prior three years.
Response	Not applicable in this filing.
Item 2.9(j)	Number of Employees and Overtime
Response	Not applicable in this filing.
Item 2.9(k)	Summary of transactions with affiliated entities/funds
Response	Not applicable
Item 2.9(l)	(1) balance sheet (2) income statement (3) statement of changes in retained earnings
Response	Please see attached Audited Financial Statements for Fiscal Year ending 6/30/2009.
Item 2.9(m)	Summary of rate case expense incurred and projected.
Response	Not applicable in this filing.
Item 2.9(n)	Information for preceding five years  (1) unaccounted for water (2) loss on transmission of electricity or gas (3) utility's own use of water
Response	(1) Please see attached (2) Not applicable (3) Please see attached
Item 2.9(o)	Summary of the status of compliance and reporting required by prior Commission orders.
Response	KCWA is in compliance with all prior Commission orders and reporting.
39-3-12.1	Information required of water utility response attached as Exhibit 2.

KENT COUNTY WATER AUTHORITY  
P.O. BOX 192  
West Warwick, RI 02893-0192

Office Hours: Monday thru Friday  
8:00 A.M. - 4:00 P.M.  
401 - 821 - 9300  
www.kentcountywater.org

RETAIN THIS STUB FOR YOUR RECORDS

ACCOUNT NUMBER 116298				BILL PERIOD 11/01/07- 01/31/08					
CUSTOMER NAME: SERVICE LOCATION: CLUB HOUSE RD									
CODE LEGEND	BILLING DATE			PRESENT READING	PREVIOUS READING	CONSUMPTION		BILLED AMOUNT	
BA	10	31	07					9	84
PY	11	16	07					-9	84
RS	01	07	08	1400	1300	A	1000	37	90
WP	01	07	08	1400	1300	A	1000	2	19
SC	01	31	08					9	84
DUE DATE: 03/03/08								TOTAL DUE \$ 49.93	



ACCOUNT NUMBER:  
116298  
CUSTOMER NAME:

CLUB HOUSE RD  
WEST GREENWICH RI 02817

SERVICE LOCATION:  
CLUB HOUSE RD

CODE LEGEND:

- BA BALANCE FORWARD
- AD ADJUSTMENT
- TX TAX
- PY PAYMENT
- CR CREDIT
- IC IND/COMM
- RS RESIDENTIAL
- GT GOVERNMENT
- SC SERVICE CHARGE
- BC BILL CHARGE
- WP WATER PROTECTI
- A ACTUAL READING
- E ESTIMATED READI
- LC LATE CHARGE

DETACH AND RETURN WITH PAYMENT

TOTAL DUE	\$	49.93
-----------	----	-------

RATES EFFECTIVE NOVEMBER 1, 2007

METERED SALES

SMALL (5/8" TO 2" METER)	\$3.790
MEDIUM (3" TO 4" METER)	\$3.210
LARGE (6" METERS AND UP)	\$2.721

STATE WATER PROTECTION CHARGE (WP)  
FOR CONSUMPTION \$0.219 PER 100 CU. FT.

CONVERSION:  
YOUR BILLED CONSUMPTION IS IN CUBIC FEET. TO CONVERT YOUR USAGE FROM CUBIC FEET TO GALLONS, MULTIPLY THE CONSUMPTION BY 7.5

SERVICE CHARGE

METER SIZE	ACCTS	
	QUARTERLY	MONTHLY
5/8" & 3/4"	\$8.20	\$6.83
1"	\$9.84	\$7.38
1 1/2"	\$12.92	\$8.40
2"	\$15.58	\$9.29
3"	\$19.07	\$10.46
4"	\$25.84	\$12.71
6"	\$40.82	\$17.70
8" & >	\$66.87	\$26.39

BILLING INQUIRIES:

CONTACT OUR CUSTOMER SERVICE OFFICE AT 821-9300. IF YOU STILL BELIEVE YOUR BILL IS INCORRECT AFTER TALKING TO OUR SERVICE REPRESENTATIVE, YOU MAY SUBMIT THE MATTER TO THE DIVISION OF PUBLIC UTILITIES & CARRIERS LOCATED AT 89 JEFFERSON BLVD., WARWICK, RI, TELEPHONE NUMBER 780-9700.

PAYMENT:

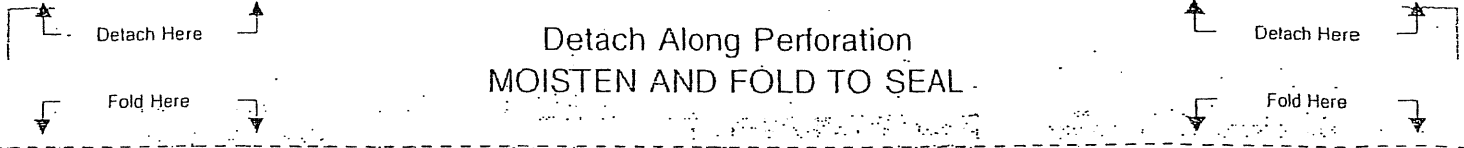
THIS IS DUE AND PAYABLE WITHIN 30 DAYS OF BILLING DATE. ANY BILL OR PORTION THEREOF UNPAID AFTER 30 DAYS IS SUBJECT TO INTEREST AT A RATE OF 1 1/2% PER MONTH OF THE UNPAID BALANCE. SHUT OFF FOR NON-PAYMENT WILL INCUR A SERVICE CHARGE OF \$50.00

BILL PERIOD  
11/01/2007-01/31/2008

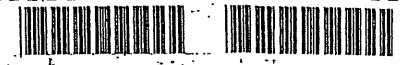
IMPORTANT MESSAGE TO OUR CUSTOMERS:

YOUR CURRENT BILL REFLECTS A 4.6% RATE INCREASE RESULTING FROM AN INCREASE IN THE WHOLESALE RATE FOR WATER SUPPLIED BY THE PROVIDENCE WATER SUPPLY BOARD. THE NEW RATE IS EFFECTIVE NOVEMBER 1, 2007. THERE IS NO CHANGE TO THE QUARTERLY SERVICE CHARGE.

Water Protection (WP) is a state charge that is billed and collected by KCWA. If you are a customer 65 years or older and own a single family home, you are eligible for an exemption from this charge. In order to process the exemption, you must come to our office with identification such as a birth certificate or license and fill out an exemption form. Future water bills will then become exempt from this charge.



Detach Along Perforation  
MOISTEN AND FOLD TO SEAL



PLEASE BE SURE YOU HAVE

- ...made out your check or money order to KCWA and written your account number on it? (Please do not send cash)
- ...include your receipt and place a stamp on the envelope?

FROM \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PLACE STAMP  
HERE  
The Post Office  
will not deliver  
mail without  
Postage.

KENT COUNTY WATER AUTHORITY  
PO BOX 192  
WEST WARWICK RI 02893-0192

NON-ACCOUNT WATER FOR FISCAL YRS. 2008 & 2009

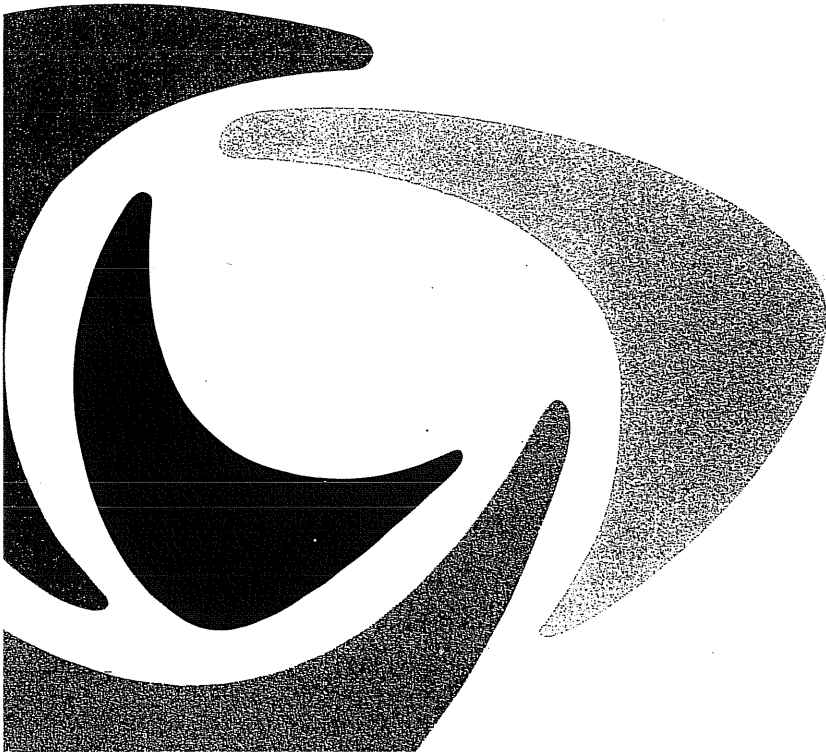
Supplier: Kent County Water Authority

(July 1 through June 30)	2007 (MG)	2007 (MCU.FT.)	2008 (MG)	2008 (MCU.FT.)	2009 (MG)	2009 (MCU.FT.)
Total Water Produced/Purchased (MG)	3329.39	445.11	3375.73	451.30	3068.65	410.25
Water exported	82.14	10.98	91.97	12.30	75.05	10.03
Billed Metered Consumption	2922.74	390.74	2922.48	390.71	2713.37	362.75
Unbilled Metered Consumption	2.33	0.31	1.71	0.23	2.87	0.38
Total Non-Metered Water Use (1)	322.18	43.07	359.57	48.07	277.36	37.08
% Non-Metered	9.7%	9.7%	10.7%	10.7%	9.0%	9.0%

Accounting of Non-Metered Water		2007 (MG)	2007 (MCU.FT.)	2008 (MG)	2008 (MCU.FT.)	2009 (MG)	2009 (MCU.FT.)
Billed Unmetered Consumption	consumption billed on estimates or norms (i.e. unmetered fire line)	1.88	0.25	2.94	0.39	5.30	0.71
Unbilled Unmetered Consumption	Fire Fighting & Training	1.00	0.13	1.00	0.13	1.00	0.13
	Main Flushing	20.77	2.78	15.75	2.11	18.41	2.46
	System Maintenance	4.00	0.53	0.07	0.01	0.00	0.00
	Storm Drain Flushing	0.00	0.00	0.00	0.00	0.00	0.00
	Sewer Cleaning	0.00	0.00	0.00	0.00	0.00	0.00
	Street Cleaning	0.00	0.00	0.00	0.00	0.00	0.00
	Construction Sites	0.30	0.04	2.70	0.36	7.52	1.01
	Water Quality and Other Testing	0.75	0.10	0.13	0.02	0.20	0.03
	Process Water at Treatment Plants	0.37	0.05	0.00	0.00	0.00	0.00
	Private fire hydrant flushing/testing	0.00	0.00	0.00	0.00	0.00	0.00
	Blow-offs for freeze prevention and/or water quality	97.47	13.03	65.32	8.73	69.72	9.32
	Hydrant Flow Tests	0.11	0.01	0.06	0.01	0.03	0.00
	Illegal water withdrawn from hydrants	0.00	0.00	0.00	0.00	0.00	0.00
	Illegal connections	0.00	0.00	0.00	0.00	0.00	0.00
	meter bypass or meter tampering	0.00	0.00	0.00	0.00	0.00	0.00
	apparent losses caused by customer meter inaccuracies	0.00	0.00	0.00	0.00	0.00	0.00
	apparent losses caused by errors with meter reading and/or billing system	-0.20	-0.03	-3.37	-0.45	8.83	1.18
	Includes leakage on mains, overflows at storage tanks, and service connections	4.50	0.60	4.77	0.64	1.64	0.22
<b>Total Non-Metered Water (2)</b>		130.95	17.51	89.37	11.95	112.65	15.06
<b>Total Non-Account Water</b>	(1) minus (2)	191.23	25.57	270.20	36.12	164.71	22.02
<b>Total Non-Account Water as a % of Total Produced/Purchased</b>		5.7%	5.7%	8.0%	8.0%	5.4%	5.4%

**KENT COUNTY WATER AUTHORITY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2009 AND 2008  
WITH  
INDEPENDENT AUDITOR'S REPORT**



**KENT COUNTY WATER AUTHORITY**  
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**YEARS ENDED JUNE 30, 2009 AND 2008**

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Kent County Water Authority  
West Warwick, Rhode Island

We have audited the accompanying financial statements of the Kent County Water Authority as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Kent County Water Authority as of June 30, 2008, were audited by other auditors whose report dated December 8, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Kent County Water Authority as of June 30, 2009 and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and supplementary pension information on pages 2 – 5 and on page 21, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

*Braver PC*

Providence, Rhode Island  
September 30, 2009

Boston

Newton

Providence



**KENT COUNTY WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
JUNE 30, 2009 AND 2008**

The Kent County Water Authority (the Authority) is a public benefit corporation created pursuant to and existing under Chapter 1740 of the Public Laws of 1946, at Chapter 16 of Title 39 of the Rhode Island General Laws (1956), as amended, and is subject to the supervisory and regulatory powers of the State Public Utilities Commission (PUC).

The Authority provides water supply services through metered sales in the communities of Coventry, Warwick, West Warwick, East Greenwich, West Greenwich, and in smaller sections of Cranston, Scituate, and North Kingstown. The Authority is responsible for operating and maintaining the water supply system.

The operations of the Authority are accounted for on a Proprietary Fund Type (Enterprise Fund) basis. The Authority operates in a manner similar to private business enterprises where the costs of providing goods or services to the general public, support of a Capital Improvement Program, and funding of an Infrastructure Replacement Program are financed or recovered through user charges approved by the PUC.

Condensed financial information from the statements of net assets and operations is presented below. The statement of net assets provides information on the assets and liabilities of the Authority, with net assets reported as the difference between assets and liabilities. The statement of operations of the Authority reflects all revenues earned and all expenses incurred for each fiscal year:

**Condensed Financial Information**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current Assets			
Capital assets, net	\$ 3,094,146	\$ 2,900,811	\$ 2,727,491
Other noncurrent assets	95,718,206	86,260,243	78,515,214
	<u>33,993,649</u>	<u>38,136,432</u>	<u>39,174,220</u>
Total assets	<u>132,806,001</u>	<u>127,297,486</u>	<u>120,416,925</u>
Current liabilities	4,619,725	4,446,545	4,233,818
Noncurrent liabilities	31,745,523	33,745,990	36,052,216
	<u>36,365,248</u>	<u>38,192,535</u>	<u>40,286,034</u>
Total Liabilities			
Net assets:			
Invested in capital assets, net of related debt	86,890,478	78,182,157	67,699,651
Restricted net assets	3,332,545	3,123,193	3,200,319
Unrestricted net assets	6,217,730	7,799,601	9,230,921
	<u>96,440,753</u>	<u>89,104,951</u>	<u>80,130,891</u>
Total net assets	<u>\$ 96,440,753</u>	<u>\$ 89,104,951</u>	<u>\$ 80,130,891</u>

**KENT COUNTY WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenue:			
Water sales	\$ 16,280,667	\$ 15,243,391	\$ 14,844,048
Hydrant rentals	1,179,267	1,104,558	1,089,366
Other	252,252	298,174	238,486
Total operating revenue	<u>17,712,186</u>	<u>16,646,123</u>	<u>16,171,900</u>
Operating expenses:			
Source of supply	4,263,881	4,308,396	3,658,536
Pumping	652,455	682,738	667,868
Transmission and distribution	1,020,207	1,106,946	1,409,859
Water Treatment	232,176	200,870	207,829
Customer accounting	327,975	311,515	286,602
Administrative and general	2,606,718	2,270,466	2,053,634
Depreciation	1,392,172	1,027,896	1,040,460
Taxes other than income	158,379	166,859	161,999
Amortization	120,376	114,798	120,374
Total operating expenses	<u>10,774,339</u>	<u>10,190,484</u>	<u>9,607,161</u>
Operating income	6,937,847	6,455,639	6,564,739
Nonoperating income(expenses):			
Capital contributions	1,108,259	2,181,077	837,225
Net interest income(expense)	(710,304)	337,344	541,226
Change in net assets	<u>\$ 7,335,802</u>	<u>\$ 8,974,060</u>	<u>\$ 7,943,190</u>

In FY09, the Authority's net assets totaled \$96.4 million, an increase of \$7 million or 8% from the previous year. Total assets in FY09 were \$132.8 million, an increase of \$5.5 million or 4% from last year. Total liabilities decreased by 1.8 million or 5% as a result of continuing debt service payments. The Authority's major capital expenditures included Capital Improvement Projects (funded by revenue bonds) and Infrastructure Projects (funded by water rates). In FY08, the Authority's net assets totaled \$89.1 million, an increase of \$9.0 million or 11% from the previous year. Total assets in FY08 were \$127.3 million, an increase of \$6.9 million or 6% from last year. Total liabilities decreased by 2.1 million 5% as a result of continuing debt service payments.

Water and fire protection charges for FY09 represented 99% of operating revenues. The remaining 1% includes inspection and turn-on fees, and late-payment penalties. The operating revenue totaled \$17.7 million or 6% more than the prior year's revenue. This increase can be attributed to a rate increase approved by the PUC. Water and fire protection charges for FY08 represented 98.2% of operating revenues. The remaining 1.8% includes inspection and turn-on fees, and late payment penalties. The operating revenue totaled \$16.6 million or 3% more than the prior year's revenue. This increase can be attributed to pass through rate increases approved by the PUC.

**KENT COUNTY WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
JUNE 30, 2009 AND 2008**

Total operating expenses for FY09 totaled \$10.7 million, which was \$584 thousand or 6% over the operating expenses for the previous year. The increase is the result of an increase in plant maintenance and depreciation expense in 2009 due to new plant additions. Total operating expenses for FY08 totaled \$10.2 million, which was \$583 thousand or 6.1% over the operating expenses for the previous year. The increase is the result of an increase in plant maintenance and depreciation expense in 2008 due to new plant additions.

The operating income for FY09 totaled \$6.9 million, representing an increase of 7.47% from the previous year. This increase is a result of the changes discussed above.

**Capital Assets**

In FY09, the Authority's project additions financed with bond proceeds totaled approximately \$4.6 million and included a storage tank, wellfield storage treatment, and additional transmission lines. Infrastructure projects funded by rates totaled \$5.4 million, which was used primarily for water main installation.

In FY08 the Authority's project additions financed with bond proceeds totaled approximately \$444 thousand and included a primary pump station upgrade, Wellfield Storage Treatment, and additional transmission lines. Infrastructure projects funded by rates totaled \$7.4 million, which was used primarily for water main installation.

The Authority's capital budget includes projected expenditures of \$22.5 million. Infrastructure projects under a state-mandated plan to replace old plant in service includes projected expenditures of \$14.1 million.

**Debt Plan**

Currently the Authority has three series of General Revenue Bonds outstanding at the end of FY09, totaling \$33.7 million at par value.

2001 Series "A"	\$ 7,475,000
2002 Series "A"	\$ 19,655,000
2004 Series "A"	\$ 6,585,000

**KENT COUNTY WATER AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
JUNE 30, 2009 AND 2008**

During FY09, the Authority paid approximately \$2.4 million in principal on outstanding issuances and \$1.5 million of interest on outstanding issuances.

The Authority is required to establish and maintain rates and charges at levels sufficient so that total net revenues in each year during which bonds are outstanding will equal at least 125% of the bond debt service requirement during such year less the amount, if any, of bond proceeds available to pay interest becoming due in such year on bonds outstanding as of the first day of such year. The Authority has exceeded the 125% debt service coverage requirement of the Resolution in each year since the 2001 issue.

**FY10 Budget and Rates**

For FY10, the budget for operating revenues will increase by 11.6%. A 7.9% increase is projected for operation and maintenance expenses.

**Request for Information**

This financial report is intended to provide an overview of the financial picture of the Kent County Water Authority. Any further questions regarding any of the information contained within this report may be directed to the General Manager or the Treasurer at P.O. Box 192, West Warwick, RI 02893.

**KENT COUNTY WATER AUTHORITY**

**STATEMENTS OF NET ASSETS  
JUNE 30, 2009 AND 2008**

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 96,216	\$ 53,577
Accounts receivable, less allowance of \$103,683 in 2009 and 2008	2,559,584	2,417,417
Materials and supplies inventory	426,284	429,817
Other assets	12,062	-
<b>Total current assets</b>	<u>3,094,146</u>	<u>2,900,811</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents held by trustee (Note 3)	27,372,513	29,075,242
Restricted investment held by trustee-Guaranteed contract (Note 3)	-	1,823,560
Restricted investment held by trustee-Infrastructure replacement (Note 3)	6,219,326	6,794,881
Capital assets:		
Depreciable, net (Note 4)	79,384,022	68,167,498
Nondepreciable (Note 4)	16,334,184	18,092,745
Deferred bond issuance costs, net	401,810	442,749
<b>Total noncurrent assets</b>	<u>129,711,855</u>	<u>124,396,675</u>
<b>TOTAL ASSETS</b>	<u>\$ 132,806,001</u>	<u>\$ 127,297,486</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 741,643	\$ 957,209
Accrued interest expense	758,659	732,115
Accrued liabilities	588,830	313,322
Water quality protection charges payable (Note 8)	97,131	113,110
Other liabilities	18,462	789
Long-term debt due within one year (Note 5)	2,415,000	2,330,000
<b>Total current liabilities</b>	<u>4,619,725</u>	<u>4,446,545</u>
<b>Noncurrent liabilities:</b>		
Long-term debt, net (Note 5)	31,354,727	33,745,990
OPEB obligation, net (Note 7)	390,796	-
<b>Total long-term liabilities</b>	<u>31,745,523</u>	<u>33,745,990</u>
<b>Total liabilities</b>	<u>36,365,248</u>	<u>38,192,535</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	86,890,478	78,182,157
Restricted for debt service	3,332,545	3,123,193
Unrestricted net assets	6,217,730	7,799,601
<b>Total net assets</b>	<u>96,440,753</u>	<u>89,104,951</u>
<b>Commitments and contingencies (Note 9 and 11):</b>		
	-	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 132,806,001</u>	<u>\$ 127,297,486</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**KENT COUNTY WATER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Operating revenues:</b>		
Water	\$ 16,280,667	\$ 15,243,391
Hydrant rentals	1,179,267	1,104,558
Other	252,252	298,174
<b>Total operating revenues</b>	<b>17,712,186</b>	<b>16,646,123</b>
<b>Operating expenses:</b>		
Source of supply	4,263,881	4,308,396
Pumping	652,455	682,738
Transmission and distribution lines	1,020,207	1,106,946
Water treatment	232,176	200,870
Customer accounts and salaries and supplies	327,975	311,515
Administrative and general	2,606,718	2,270,466
Depreciation	1,392,172	1,027,896
Taxes other than income	158,379	166,859
Amortization	120,376	114,798
<b>Total operating expenses</b>	<b>10,774,339</b>	<b>10,190,484</b>
<b>Operating income</b>	<b>6,937,847</b>	<b>6,455,639</b>
<b>Non-operating Income (expenses) :</b>		
Capital contributions	1,108,259	2,181,077
Interest income	97,044	337,344
Interest expense	(807,348)	-
<b>Total non-operating Income</b>	<b>397,955</b>	<b>2,518,421</b>
<b>Increase in net assets</b>	<b>7,335,802</b>	<b>8,974,060</b>
<b>Net assets at beginning of year</b>	<b>89,104,951</b>	<b>80,130,891</b>
<b>Net assets at end of year</b>	<b>\$ 96,440,753</b>	<b>\$ 89,104,951</b>

SEE NOTES TO FINANCIAL STATEMENTS.

**KENT COUNTY WATER AUTHORITY**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 16,745,101	\$ 16,814,439
Cash paid to employees for services	(1,535,296)	(1,744,387)
Cash paid to suppliers for goods and services	(6,431,130)	(7,469,966)
<b>Net cash provided by operating activities</b>	<u>8,778,675</u>	<u>7,600,086</u>
<b>Cash flows from investing activities:</b>		
Interest income received	97,044	337,344
<b>Net cash provided by investing activities</b>	<u>97,044</u>	<u>337,344</u>
<b>Cash flows from capital and related financing activities:</b>		
Payments on debt	(2,330,000)	(2,270,000)
Capital additions	(8,781,364)	(6,747,879)
<b>Net cash used for capital and related financing activities</b>	<u>(11,111,364)</u>	<u>(9,017,879)</u>
<b>Net decrease in cash and cash equivalents</b>	(2,235,645)	(1,080,449)
<b>Cash and cash equivalents, beginning of year</b>	<u>35,923,700</u>	<u>37,004,149</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 33,688,055</u>	<u>\$ 35,923,700</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 6,937,847	\$ 6,455,639
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization of bond issuance costs	1,512,548	1,142,694
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, net	(967,085)	(168,316)
(Increase) decrease in material, supplies and inventory	3,533	(82,533)
(Increase) decrease in other assets	812,856	605
Increase (decrease) in accounts payable	(215,566)	261,676
Increase (decrease) in accrued liabilities	302,052	(2,024)
Increase (decrease) in water quality protection charges payable	(15,979)	(8,444)
Increase (decrease) in other liabilities	408,469	789
<b>Net cash provided by operating activities</b>	<u>\$ 8,778,675</u>	<u>\$ 7,600,086</u>

Noncash capital and related financing activities:

Noncash acquisition of capital assets totaled \$1,108,259 and \$2,181,077 in 2009 and 2008, respectively.

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**1. ORGANIZATION**

**a) Primary Government**

The Kent County Water Authority (the Authority) was created by General Assembly of the State of Rhode Island on April 24, 1946, and was organized on July 8, 1946. The Authority is a body corporate and politic and serves as the governing body of the Kent County Water District, a political subdivision of the State of Rhode Island. The Authority is subject to the regulations of the Public Utility Commission (PUC) of the State of Rhode Island.

The Authority provides water supply services through metered sales in the communities of Warwick, West Warwick, Coventry, East Greenwich, and West Greenwich. The Authority is also responsible for acquiring, constructing, improving, operating, and maintaining the water supply system. The Authority's source of water supply is principally through purchases of water from the Providence Water Supply Board and Warwick Water Department with the remaining amount produced from its own wells.

**b) Component Units**

Component Units are included in the Authority's reporting entity if their operational and financial relationships with the Authority are significant. Pursuant to the criteria established by the Governmental Accounting Standards Board (GASB), no component units were identified for inclusion in the accompanying financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Kent County Water Authority (the Authority) conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies followed by the Authority:

**a) Basis of Presentation**

The operations of the Authority are accounted for on a Proprietary Fund Type (Enterprise Fund) basis.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

**b) Operating and Nonoperating Revenue**

Water operating revenue consists of billings for metered and unmetered water supplied to residential, commercial, and industrial entities; fire protection charges; sales to public authorities; irrigation; water property; and water related services. Nonoperating revenues are recorded for other nonutility income.

(CONTINUED)



**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Utility Plant**

Property, plant, and equipment is stated at cost. The Authority provides for depreciation of capital assets based on a composite rate of 1.5% of depreciable capital assets as required by the Public Utility Commission. Depreciation expense is not reflected for construction in progress until it is placed in service. The Authority capitalizes interest costs as part of the cost of constructing transmission and distribution facilities.

**d) Capital Contributions**

Capital contributions consist of property, plant, and equipment paid for by customers for water installations. Once the installation is complete, the property, plant, and equipment transfer to the Authority.

**e) Materials and Supplies Inventory**

Materials and supplies inventory is stated at the lower of cost (average cost method) or market.

**f) Proprietary Activity Accounting and Financial Reporting**

The Authority has elected to apply accounting standards applicable to the private sector issued on or before November 30, 1989 unless those standards conflict with or contradict pronouncements of GASB.

**g) Cash and Cash Equivalents**

Cash and cash equivalents and restricted cash (held by trustee) include highly liquid investments with a maturity of three months or less when purchased. Restricted cash has been classified as noncurrent as it primarily represents unspent bond proceeds restricted for future capital spending.

**h) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**i) Bond Issue Costs**

Expenses related to the issuance of Bonds are amortized on a straight-line basis over the life of the bonds, which approximates the effective interest method.

**j) Reclassifications**

Certain reclassifications have been made to the Authority's 2008 financial statements to conform to the 2009 presentation.

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Recently Issued Accounting Standards**

The Authority has implemented GASB Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefits Other than Pensions, effective for the Authority's fiscal year ending June 30, 2009. A net "Other Post-Employment Benefit" (OPEB) liability has been recorded as part of this implementation, as described in note 7.

The Authority will adopt the following new accounting pronouncements in future years :

- ✓ GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations, effective for the Authority's fiscal year ending June 30, 2010.
- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Authority's fiscal year ending June 30, 2010.
- ✓ GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definition, effective for the Authority's fiscal year ending June 30, 2012.

The impact of this pronouncement on the Authority's financial statements has not been determined.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Essential risk information regarding the Authority's deposits and investments is presented below.

**a) Custodial Credit Risk**

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. As of June 30, 2009 and 2008, bank balances totaling \$157,694 and \$172,378, respectively, are fully FDIC insured.

**b) Interest Rate Risk**

In connection with the issuances of \$10 million general revenue bonds in July 2001, \$24.4 million of general revenue bonds in December 2002, and \$10.4 million of general revenue in April 2004, the proceeds from the bonds along with subsequent debt payments by the Authority and unspent operating income are maintained in cash accounts held in trust by the trustee.

The Authority's investment policy is governed by the general bond resolution and the series resolution for all transactions covered by bond funding of the Authority. All investments are managed through the trustee of the Authority and invested as allowed.

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Investments are valued at fair value with the exception of the Guaranteed Investment Contract that is valued at contract value which approximated fair value. The fair values and maturities of the Trust's investments are presented below:

Investment type	Fair value		Investment maturities (in years)	
	2009	2008	Less than 1	More than 10
Money Market Treasury obligation fund	\$ 32,288,866	\$ 34,591,425	\$ 32,288,866	\$ -
U.S treasuries	1,302,974	1,278,698	1,302,974	-
Guaranteed Investment Contract	-	1,823,560	-	-
<b>Total investments</b>	<b>\$ 33,591,840</b>	<b>\$ 37,693,683</b>	<b>\$ 33,591,840</b>	<b>\$ -</b>

On September 29, 2008, the Guaranteed Investment Contract was sold and the proceeds were reinvested in a money market account.

The Authority established an "Infrastructure Replacement Fund" in conformity with all applicable provisions of state and federal laws including the federal Safe Drinking Water Act (42 USC Section 300f et seq.); Chapter 46-13 of the General Laws of Rhode Island, Public Drinking Water Supply. The dedicated fund for infrastructure replacement was \$6,219,326 and \$6,794,881 as of June 30, 2009 and 2008, respectively.

**c) Credit Risk**

The Authority has not adopted a formal policy related to credit risk. The Authority's investments are as follows:

	<u>Credit Rating</u>
Money Market Treasury obligation fund	AAA (S &P)
U.S. treasuries	AAA (S &P)
Government Investment Contract	N/A

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**4. CAPITAL ASSETS**

The cost and activity of water capital assets in service and related accumulated depreciation for years ending June 30, 2009 and 2008 is as follows:

	<u>Balance at June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2009</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 16,256,700	\$ 10,837,809	\$ 12,596,370	\$ 14,498,139
Land	1,836,045	-	-	1,836,045
Total capital assets, not being depreciated	<u>18,092,745</u>	<u>10,837,809</u>	<u>12,596,370</u>	<u>16,334,184</u>
Capital assets, being depreciated:				
Buildings and improvements	2,814,346	2,777	-	2,817,123
Machinery and equipment	7,847,290	9,550	-	7,856,840
Infrastructure	69,574,466	12,596,369	33,318	82,137,518
Total capital assets, being depreciated	<u>80,236,102</u>	<u>12,608,696</u>	<u>33,318</u>	<u>92,811,480</u>
Less accumulated depreciation	<u>12,068,604</u>	<u>1,392,172</u>	<u>33,318</u>	<u>13,427,458</u>
Total capital assets, being depreciated, net	<u>68,167,498</u>	<u>11,216,524</u>	<u>-</u>	<u>79,384,022</u>
Capital assets, net	<u>\$ 86,260,243</u>	<u>\$ 22,054,333</u>	<u>\$ 12,596,370</u>	<u>\$ 95,718,206</u>

The cost and activity of water capital assets in service and related accumulated depreciation for years ending June 30, 2008 and 2007 is as follows:

	<u>Balance at June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 14,787,622	\$ 8,467,313	\$ 6,998,235	\$ 16,256,700
Land	1,836,045	-	-	1,836,045
Total capital assets, not being depreciated	<u>16,623,667</u>	<u>8,467,313</u>	<u>6,998,235</u>	<u>18,092,745</u>
Capital assets, being depreciated:				
Buildings and improvements	347,395	2,601,569	134,618	2,814,346
Machinery and equipment	4,730,830	3,295,041	178,579	7,847,292
Infrastructure	68,170,688	1,407,237	3,459	69,574,466
Total capital assets, being depreciated	<u>73,248,913</u>	<u>7,303,847</u>	<u>316,656</u>	<u>80,236,104</u>
Less accumulated depreciation	<u>11,357,366</u>	<u>1,027,896</u>	<u>316,656</u>	<u>12,068,606</u>
Total capital assets, being depreciated, net	<u>61,891,547</u>	<u>6,275,951</u>	<u>-</u>	<u>68,167,498</u>
Capital assets, net	<u>\$ 78,515,214</u>	<u>\$ 14,743,264</u>	<u>\$ 6,998,235</u>	<u>\$ 86,260,243</u>

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**4. Capital Assets (Continued)**

Interest costs of \$1,529,763 and \$1,544,819, offset by interest income of \$231,807 and \$914,691, were capitalized in 2009 and 2008, respectively.

**5. LONG-TERM OBLIGATIONS**

The Authority issues revenue bonds to support various projects. The following is a summary of the bond activity for the years ended June 30, 2009 and 2008:

<u>Description</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts due within one year</u>
Revenue bonds:					
July 2001 Series A bearing interest at 3.5%-5% and maturing in 2022	\$ 7,885,000	\$ -	\$ (410,000)	\$ 7,475,000	\$ 430,000
December 2002 Series A bearing interest at 2%-5% and maturing in 2024	20,575,000	-	(920,000)	19,655,000	955,000
April 2004 Series A bearing interest at 2%-4% and maturing in 2014	7,585,000	-	(1,000,000)	6,585,000	1,030,000
	<u>36,045,000</u>	<u>-</u>	<u>(2,330,000)</u>	<u>33,715,000</u>	<u>2,415,000</u>
Add (less):					
Unamortized discount	(15,668)	-	1,205	(14,463)	-
Unamortized premium	503,385	-	(56,905)	446,480	-
Unamortized loss on refunding	(456,727)	-	79,437	(377,290)	-
	<u>30,990</u>	<u>-</u>	<u>23,737</u>	<u>54,727</u>	<u>-</u>
	<u>\$ 36,075,990</u>	<u>\$ -</u>	<u>\$ (2,306,263)</u>	<u>\$ 33,769,727</u>	<u>\$ 2,415,000</u>

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**5. LONG-TERM OBLIGATIONS (Continued)**

The following is a summary of the bond activity for the years ended June 30, 2008 and 2007:

Description	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due within one year
Revenue bonds:					
July 2001 Series A bearing interest at 3.5%-5% and maturing in 2022	\$ 8,280,000	\$ -	\$ (395,000)	\$ 7,885,000	\$ 410,000
December 2002 Series A bearing interest at 2%-5% and maturing in 2024	21,470,000	-	(895,000)	20,575,000	920,000
April 2004 Series A bearing interest at 2%-4% and maturing in 2014	8,565,000	-	(980,000)	7,585,000	1,000,000
	<u>38,315,000</u>	<u>-</u>	<u>(2,270,000)</u>	<u>36,045,000</u>	<u>2,330,000</u>
Add (less):					
Unamortized discount	(16,873)	-	1,205	(15,668)	-
Unamortized premium	560,290	-	(56,905)	503,385	-
Unamortized loss on refunding	(536,201)	-	79,474	(456,727)	-
	<u>7,216</u>	<u>-</u>	<u>23,774</u>	<u>30,990</u>	<u>-</u>
	<u>\$ 38,322,216</u>	<u>\$ -</u>	<u>\$ (2,246,226)</u>	<u>\$ 36,075,990</u>	<u>\$ 2,330,000</u>

The annual debt service requirements of the general long-term bonds payable as of June 30, 2009 are as follows:

Fiscal year ended June 30:	Principal	Interest	Total
2010	\$ 2,415,000	\$ 1,477,213	\$ 3,892,213
2011	2,500,000	1,387,882	3,887,882
2012	2,595,000	1,285,885	3,880,885
2013	2,700,000	1,177,889	3,877,889
2014	2,800,000	1,069,686	3,869,686
2015-2019	10,390,000	3,835,604	14,225,604
2020-2024	10,315,000	1,219,882	11,534,882
	<u>\$ 33,715,000</u>	<u>\$ 11,454,041</u>	<u>\$ 45,169,041</u>

Borrowings are secured by the Authority's pledge of all revenues, monies, securities, receivables, and other funds of the Authority as well as the proceeds of the sale of the Authority's real property pursuant to a mortgage on its water supply, treatment and distribution facilities, exclusive of monies collected as water quality protection charges.

The Authority must meet certain financial covenants. The Authority was in compliance with all such covenants at June 30, 2009 and 2008.

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**6. PENSION PLAN**

**a) Plan Description**

The Authority maintains a single employer, noncontributory defined benefit pension plan (the Plan) covering substantially all employees. To participate in the Plan, employees must be at least twenty-one years of age and be employed by the Authority for a minimum of 12 months. The Plan provides retirement, disability, and death benefits to plan members based upon the average of the highest consecutive five years of compensation of the last 10 years of participation. The Authority is responsible for making all contributions to the Plan. The benefits provisions and all other requirements under the Plan are established by the Authority's board of directors. A copy of the Plan statements may be obtained by contacting the Authority.

At June 30, 2009 and January 1, 2008, the Plan membership consisted of the following:

	<u>June 30, 2009</u>	<u>January 1, 2008</u>
Retirees and beneficiaries receiving benefits	22	21
Terminated vested participants	7	6
Active with vested benefits	<u>30</u>	<u>32</u>
Total membership	<u>59</u>	<u>59</u>

**b) Funding Status and Funding Progress**

In 2008, the Authority adopted GASB Statement No. 50, *Pension Disclosures*. This new standard now requires entities to report the results of the most recent actuarial valuation in the footnotes. This information was previously only required to be reported as required supplementary information.

The funded status of the Plan as of June 30, 2009, the most recent actuarial valuation dated, is as follows:

Actuarially accrued liability (AAL)	\$ 5,073,463
Actuarial value of plan assets	<u>3,528,601</u>
Unfunded actuarial accrued liabilities (UAAL)	<u>\$ 1,544,862</u>
Funded ratio (actuarial value of plan assets/AAL)	69.6%
Covered payroll (active plan members)	\$ 1,719,191
UAAL as a percentage of covered payroll	89.9%

In January 1, 2009 actuarial valuation, the Authority utilized the aggregate actuarial method to determine the annual required employer contributions. This method does not identify or separately amortize unfunded actuarial liabilities. Therefore, the entry age method was used to prepare the funded status of the Plan. The actuarial assumptions included 7.25% investment rate of return, projected salary increases of 3.0%, and no cost-of-living adjustments. The actuarial value of assets was determined using the fair value of investments. The Plan's unfunded actuarial accrued liability is being amortized to approximate the level percent of aggregate compensation.

(CONTINUED)

**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**6. PENSION PLAN (Continued)**

**c) Funding Policy**

The Authority's funding policy provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. The Authority's contributions to the Plan for the years ended June 30, 2009, 2008, and 2007 were \$193,619, \$206,000, and \$154,574, respectively. The required contributions for the plan years June 30, 2008, 2007, and 2006 were \$193,619, \$154,574, and \$136,201, respectively. The contribution requirements of the Authority are established and may be amended by the Authority's board of directors.

**7. POST RETIREMENT BENEFITS**

**a) Plan Description**

The Authority' Post-Employment Medical Benefit Plan is a single-employer defined benefit postretirement health and life insurance program. All full-time employees are eligible to receive health and life insurance coverage after retirement. Retirement eligibility for continued health insurance coverage is age 62 with at least 20 years of service. Employees are eligible for life insurance coverage if they retire on or after age 62. Spousal and / or family health coverage is not provided for under the postretirement program. The Authority will provide eligible retirees continued individual health and dental insurance comparable to the active employee plans. Retirees age 65 and over are eligible for an individual Medicare Supplement Plan as well as continued dental coverage. The full cost of postretirement medical and dental coverage is provided by the Authority. The full cost of postretirement medical and dental coverage is provided by the Authority. Eligible retirees receive term life insurance in the amount of \$2,000. The Authority provides the full cost of this insurance. Prior to the adoption of GASB 45, the Authority funded these post retirement benefits as a pay as you go basis.

**b) Funding Policy**

The Authority funding policy provides for actuarially determined periodic contributions to the plans at rates that, increase gradually over time so that sufficient assets will be available to pay benefits when due.

The following is summary of the actuarial assumptions and cost methods used to determine plan liabilities:

Fiscal Year Beginning	<u>7/1/2008</u>	<u>7/1/2007</u>
Discount rate	4.00%	N/A
Census Date	7/1/2008	N/A
Mortality	IRS-2008	N/A

The initial health and dental care trend rate have been set at a 10.0% increase for the current fiscal year, decreasing 0.5% annually to an ultimate rate 5.0% per year for the health plans and a 6.0% increase for the current fiscal year, decreasing 0.25 annually to an ultimate rate of 3.5% per year for the dental plan.

(CONTINUED)



**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

**b) Funding Policy (Continued)**

The Authority adopted GASB 45 during fiscal year ended June 30, 2009. The following is the available trend information:

**Three - Year Trend Information**

Fiscal Year Ending	Annual OPEB cost	Percentage of OPEB cost Contributed	Net OPEB Obligation
6/30/2009	\$485,431	19.50%	\$390,796
6/30/2008	N/A	N/A	N/A
6/30/2007	N/A	N/A	N/A

The Authority's annual OPEB cost and net OPEB obligation for the year ended June 30, 2009 was as follows:

Annual required contribution	\$485,431
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost(expense)	<u>485,431</u>
Contributions made	<u>(94,635)</u>
Increase in net OPEB obligation	390,796
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	<u><u>\$ 390,796</u></u>

**c) Schedule of Funding Progress**

The unfunded actuarial accrued liability was determined using the level dollar thirty year open amortization basis.

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1) (3)	AVA as a percent of AAL (1)/(2) (4)	Covered Payroll (5)	UAAL as a Percent of Covered payroll (3)/(5) (6)
7/1/2008	N/A	\$5,094,895	\$5,094,895	N/A	\$ 1,669,117	305.24%

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**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

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**8. WATER QUALITY PROTECTION CHARGES PAYABLE**

Pursuant to the rules and procedures of the Public Drinking Water Protection Program as promulgated by the Rhode Island Water Resources Board, the Authority's has imposed a water quality protection charge on its customers. Prior to June 30, 1992, the Authority accounted for all water quality protection charges imposed as a liability due to the Authority's position that the rules and procedures regarding the imposition of the water quality protection charge did not adequately address the Authority's status as both a purchaser and supplier of water. The law governing the implementation of the water quality protection charge was amended on July 1, 1992. At June 30, 2009 and 2008, water quality protection charges payable of \$129,562 and \$113,110, respectively, represented funds collected from customers that are required to be paid to the Water Resources Board.

**9. COMMITMENTS AND CONTINGENCIES**

There are several pending law suits in which the Authority is involved. The Authority and its legal counsel estimate that the potential claims against the Authority not covered by insurance resulting from such litigation would not materially affect the financial statements of the Authority.

**10. REGULATORY MATTERS**

The Authority periodically submits rate and compliance filings with the PUC to receive rate relief for amounts equal to rate increases awarded by the PUC to the Providence Water Supply Board, the Authority's supplier.

**11. RISK MANAGEMENT**

***Insurance Held***

The Authority is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$1,000 per incident. Directors, officers, and Board members are insured for a maximum of \$5,000,000 per occurrence and annual aggregate.

The Authority is a member of the Rhode Island Workers' Compensation Association public entity risk pool (the pool) currently operating as a common risk management and insurance program for workers' compensation benefits for all employees. The Pool assesses premiums which are paid by the Authority.

The Pool is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance.

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**KENT COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND JUNE 30, 2008**

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**12. RISK MANAGEMENT (Continued)**

The Authority has a third-party insured health care program for its employees for which the Authority pays 100% of the premium costs.

Long-term disability is covered by the State's temporary disability insurance for the first 26 weeks of medical coverage and lost wages. Thereafter, the Authority maintains a third-party insured employee disability program that provides for longer-term disability.

(CONCLUDED)

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**REQUIRED SUPPLEMENTARY INFORMATION**

**KENT COUNTY WATER AUTHORITY**

**SCHEDULING OF FUNDING PROGRESS  
JUNE 30, 2009**

**Required supplementary information**

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**Kent County Water Authority's schedule of funding progress for the Pension Plan is as follows:**

<u>Plan Year Ended December 31</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Under (over) AAL (UAAL) (b) - (a) (c)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (d)</u>	<u>UAAL as % of Covered Payroll (b-a)/(d)</u>
2006	3,775	4,319	544	87.4%	1,713	31.8%
2007	3,932	4,813	881	81.7%	1,808	48.7%
2008	3,528	5,074	1,546	69.5%	1,720	89.9%

**Schedule of contributions from employer:**

<u>Plan Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	155	96.7%
2007	174	118.3%
2008	226	85.7%

SEE INDEPENDENT AUDITOR'S REPORT

**39-3-12.1**  
**Information Required of Water Utility**

**TABLE A**

Status of Physical Plant

**TABLE B**

Maintenance Policy

**TABLE C**

Water Treatment Methods

**TABLE D**

Policy Related to Expansion and Renovations

**TABLE E**

Copies of Statements Filed with City and Town Councils of Service

## **Table A**

### **Status of Physical Plant**

The physical plant of the Kent County Water Authority consists of the following items as of June 30, 2009.

#### **REAL ESTATE**

##### **IN THE CITY OF WARWICK:**

- A. On the Easterly side of Rhode Island Highway Route 1 and Post Road, 8.2 acres with one gravel-packed well.
- B. On the West side of Route 2, 9.0 million gallon per day booster station with generator.

##### **IN THE TOWN OF COVENTRY:**

- A. On the East side of Route 3 abutting the Coventry-West Greenwich town line, ninety acres of land, two gravel-packed wells and lime silo. Plus approximately 300 acres of land purchased for wellhead protection and proposed well sites.
- B. On Route 3, at the top of Tiogue Hill, land with an out of service three-quarter million-gallon storage tank.
- C. On Read Schoolhouse Road, land and out of service one and one half million gallon steel storage tank. To the north of the existing site a new one and one half million gallon concrete storage tank.
- D. On the East side of Route 3, in Coventry, 17 acres of land, one gravel-packed well and lime facility
- E. On Knotty Oak Road, Rhode Island Highway Route 116, abandoned pumping station.
- F. Site on 7,500 sq. ft. leased land for 99 years location of Johnsons Blvd. High Service Booster Station.
- G. North side Mishnock Road 9 acres land for future storage and treatment facility.

##### **IN THE TOWN OF WEST WARWICK:**

- A. At the intersection of Gough Avenue and West Street, land and out of service steel storage tank one million gallons.

- B. On the North side of East Greenwich Avenue, Setian Lane, land and a three million gallon steel storage tank plus high service booster station.
- C. At 1072 Main Street, two buildings consisting of office building, storage facilities, workshop, garage, operation headquarters.
- D. On the North side of Wakefield Street a 2.0 million gallon storage tank.
- E. North side of Crompton Road (Nottingham Estates) 10,000 sq. ft. land for proposed tank site.
- F. West Warwick Industrial Park high service booster station.
- G. West Warwick Industrial Park abandoned storage tank.

**IN THE TOWN OF SCITUATE:**

- A. On Clinton Avenue, a 22 million gallon per day pumping station, high and low service.

**IN THE CITY OF CRANSTON:**

- A. One and one half million gallon combined capacity underground concrete storage tanks; Seven Mile Road.
- B. Oaklawn Avenue leased site metering station for source supply.

**IN THE TOWN OF WEST GREENWICH:**

- A. 1.5 million gallon storage tank on easement land Technology Park.
- B. On the north side of Mishnock Road, approximately 100 acres of wellhead protection land proposed new well sites.
- C. On west side of Carrs Pond Road leased site and 3.0 million gallon storage tank.

**IN THE TOWN OF EAST GREENWICH:**

- A. 1.5 million gallon concrete storage tank on land off of Frenchtown Road.

The above listed items constitute the physical plant of the Kent County Water Authority and cite the source of supply owned by the Kent County Water Authority. All property unless otherwise noted, is held in fee simple and not subject to any mortgage, liens, attachments or other encumbrances.



In addition to wells cited, the Kent County Water Authority has as a source of supply the Scituate Reservoir owned by the City of Providence and has two connections into the source of supply; one, on Oaklawn Avenue in the City of Cranston and one, at the cited-pumping station in the Town of Scituate. A connection is also available at Bald Hill Road in Warwick from the Warwick Water Department system obtained from Providence Water supply Board.

The volume of the four wells cited has not been determined for safe yield. We also periodically modify the impeller setting to adjust flow based on ground water levels and gradient backpressure.

Our estimates are as follows:

Mishnock Well #1	450 gpm (Emergency use only & out of service)
Mishnock Well #3	690 gpm (out of service)
Spring Lake Well	300 gpm (out of service)
Warwick Well (AKA – East Greenwich)	2000 gpm to 1400 gpm

The volume of water from Scituate Reservoir Providence Water Supply Board is variable depending on our demand. By state law, Kent County Water Authority has a daily draw from Providence of a maximum of 150 gpcd for all individuals of Kent County proper except Potowomut in Warwick and areas not subject to the north/south branch drainage basin of the Pawtuxet River.

**Table B**  
**Maintenance Policy**

It is and has been the policy of the Kent County Water Authority to maintain its system in proper operating condition accordance with acceptance with accepted standards. All damaged items, valves, hydrants, pipe, etc. of our distribution system are repaired as expeditiously as possible. Replacement of deteriorated lines via the Infrastructure Program is replaced during the construction period each year. Any emergency items are repaired immediately. All physical plant is maintained and performed by staff of the Kent County Water Authority. With the addition of the IFR Program, a continual replacement program has been established for this system. This is outside and separate for our Capital Improvement Program. Distribution pipes were last installed this construction season by the Authority and its contractors. Total pipe installed in a 12-year period is:

1997	1,907,108 ft
2009	<u>2,132,089 ft</u>
	224,981 ft

**Table C**  
**Water Treatment Methods Chemicals Used**  
**For Last Twelve Months**  
**(7/1/08 – 6/30/09)**

- 1) Potassium hydroxide is added to the East Greenwich well for pH adjustment.

84,336# @ .50	Fuel Charge	\$ 1,230.00
<u>90,547# @ .65</u>	Chemical	<u>101,023.89</u>
174,883#		\$ 102,253.89

- 2) Sequestering agent for East Greenwich well

Tetra Potassium Pyrophosphate

120 Gallons @ 9.81	Fuel Charge	\$ 271.72
	Chemical	<u>1,177.20</u>
		1,448.92

- 3) Chlorine for East Greenwich Well

155 Gallons @ 1.60		\$ 1,082.00
380 Gallons @ 1.80	Total Cost	\$ 104,784.81
<u>75 Gallons @ 2.00</u>		
610		

## **Table D**

### **Policy Relating to Expansion and Renovation**

It is and has been the policy of the Kent County Water Authority to assure that the system will continue to provide service to all existing customers. It is the requirement and the established legislation of the Kent County Water Authority to service all customers within the borders of Kent County property and has been our policy to extend our service to areas contiguous to ours where the Providence Water Supply Board can not be serviced by that public water system. Capital Improvement Programs have been developed and are in existence to provide existing customers and limited proposed future customers the same level of service throughout. All Capital Improvement Programs, Infrastructure Programs and restricted accounts are reported to the Commission semiannually and are up to date. Additional copies can be provided if requested. These reports list funds expended and projects completed or under construction. A current Capital Improvement Program exists and is under implementation. An Infrastructure Program is current and is under implementation.

**Table E**

All statements of service can be found in the first section of this filing.