



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

October 28, 2011

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

RE: Docket 4287-Hydrant Data Response

Dear Luly:

Enclosed for filing is an original and four copies of Providence Water's response to Commission 1-2 and updated responses to Commission 1-4 and 1-7.

If there are any questions, I can be reached at 521-6300, extension 7217.

Sincerely yours,

Mary L. Deignan White
Senior Regulatory Manager

cc: Service List DK 4287

The Hon. Angel Taveras
Mayor

Pamela M. Marchand, P.E.
*Chief Engineer &
General Manager*

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

Joseph D. Cataldi
Vice Chairman

Lawrence J. Mancini
Ex-Officio

Michael A. Solomon
City Council President

Michael J. Correia
City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

Fernando S. Cunha, Esq.
Legal Advisor

Member

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.

An EPA WaterSense Partner

Only Tap Water Delivers

Docket No 4287
COMMISSION'S FIRST SET OF DATA REQUESTS
TO PROVIDENCE WATER SUPPLY BOARD
(Issued September 27, 2011)

1-2 Please provide the number of customers whose annual rate impact will exceed ten percent (10%).

Answer: 1,841.

Docket No 4287
COMMISSION'S FIRST SET OF DATA REQUESTS
TO PROVIDENCE WATER SUPPLY BOARD
(Issued September 27, 2011)

1-4 Please provide the minutes of Providence Water Supply Board meetings (including any subcommittee meetings) and City Council Meetings wherein there were discussions, presentations, or votes regarding the proposed fire protection charge.

Answer: The Providence Water Supply Board minutes from the August 17, 2011 meeting are attached.

The Draft minutes from the Joint Committee on Ordinances and Finance dated June 30, 2011 are attached. Final versions are not done yet.



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Providence, RI 02908

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THE CITY OF PROVIDENCE
WATER SUPPLY BOARD
AUGUST 17, 2011 MINUTES

BOARD MEMBERS PRESENT:

The Hon. Angel Taveras
Mayor

Mr. Brett P. Smiley, Chairman
Mr. Joseph D. Cataldi, Vice Chairman
Council President Michael A. Solomon, Board Member
Ms. Joan Badway, Board Member
Mr. Andy Andujar, Board Member
Mr. Lawrence Mancini, Deputy Ex-Officio

Pamela M. Marchand, P.E.
*Chief Engineer &
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Mr. Fernando S. Cunha, Esq., Legal Advisor
Ms. Pamela Marchand, Chief Engineer and General Manager
Ms. Carissa Richard, Board Secretary

Joseph D. Cataldi
Vice Chairman

Richard Kerbel
Ex-Officio

BOARD MEMBERS ABSENT:
Councilman Correia, Board Member

Michael A. Solomon
City Council President

PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:

Michael J. Correia
City Councilman

Mr. Boyce Spinelli, Deputy General Manager of Administration
Mr. Michael Covellone, Director of Water Supply
Ms. Jeanne Bondarevskis, Director of Finance
Mr. Joseph Spremulli, Director of Support Services
Mr. Paul Gadoury, Director of Engineering
Mr. Peter LePage, Director of Special Projects
Mr. David DeSesto, Director of Information Systems
Ms. Lynn Roberts, Senior Manager of Personnel
Ms. Nancy Sohigian, Manager of Commercial Services
Mr. Kevin DiNobile, Supervisor of Water Maintenance Crew

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

Fernando S. Cunha, Esq.
Legal Advisor

OTHERS ATTENDING:

None

Member

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.

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The Providence Water Supply Board met in the David F. Walsh Memorial Board Room of the Providence Water Supply Board building located at 552 Academy Avenue, Providence, Rhode Island.

Only Tap Water DELIVERS

1. **CALL TO ORDER:**

Chairman Smiley called the meeting to order at 5:02 p.m. Chairman Smiley led the assemblage in the Pledge of Allegiance to the Flag of the United States of America.

2. **ROLL CALL:**

A quorum was established by calling attendance of all Board members.

3. **APPROVAL OF MINUTES OF PREVIOUS MEETING:**

3.1 July 13, 2011 Meeting

A motion by Vice Chairman Cataldi, seconded by Mr. Andujar, to approve Agenda Item 3.1, was made. All members present were in favor of the motion. The motion passed 6 to 0.

4. **REPORTS:**

- 4.1 Chief Engineer's Report
- 4.2 Financial and Operating Report
- 4.3 Personnel Report
- 4.4 Overtime Report
- 4.5 Payroll and Receiving Report
- 4.6 Procurement and Project Status Report

Chief Marchand provided the Board with a summary of the information contained in Item 4.1.

A motion by Vice Chairman Cataldi, seconded by Mr. Andujar, to approve Agenda Items 4.1, 4.2, 4.3, 4.4, 4.5 and 4.6 concurrently, was made. All members present were in favor of the motion. The motion passed 6 to 0.

5. **OLD BUSINESS:**

5.1 PUC Matters - Reallocation of Hydrant Fees

At the July meeting, the Board was advised that Providence Water must file with the Public Utilities Commission (PUC) to reallocate the hydrant charges in the City of Providence to recoup the revenue that we are unable to charge due to the recent passage of related legislation and a City ordinance. The Board asked staff to research various reallocation options and report their findings to an ad hoc subcommittee.

Ms. Bondarevskis informed the Board that the staff analysis was reviewed by ad hoc subcommittee members. The recommendation was to go with a modified version of the AWWA Meter Maximum

Capacity methodology for assessing the charges. This methodology was selected as it assumes that customers with larger meters have larger properties to protect and have presumed greater fire demands on the system. The Tariff Advice filing will be submitted to the PUC for their approval as soon as possible. This will propose a fire protection service charge in the City of Providence and will be reflected by a single line item on the water bills for properties in Providence. The proposed charge will be based on meter size, with the 5/8" meter charge set at \$3.08 per quarter, with an increasing charge as the meter size increases. The PUC will decide the final approach and determine the final rates to be implemented.

A motion was made by Mr. Andujar to authorize staff to submit a filing to the PUC utilizing the recommended option for the reallocation of the hydrant revenue to Providence retail customers through a fixed charge. The motion was seconded by Ms. Badway. All members present were in favor of the motion. The motion passed 6 to 0.

6. NEW BUSINESS:

6.1 Board Hiring Subcommittee

At the June meeting, the Board had voted to form a subcommittee whose purpose is to review proposed hires' applications prior to offers of employment by Providence Water. Approval was requested to authorize the Hiring Subcommittee to make recommendations on behalf of the Board.

A motion was made by Vice Chairman Cataldi to authorize the Hiring Subcommittee to make hiring recommendations on behalf of the Board. The motion was seconded by Mr. Andujar and Mr. Mancini. All members present were in favor of the motion. The motion passed 6 to 0.

7. OTHER BUSINESS:

None

8. ADJOURNMENT:

A motion by Vice Chairman Cataldi, seconded by Ms. Badway and Mr. Andujar, to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 6 to 0. The meeting was adjourned at 5:15 p.m.

ATTEST: A true attest.


Carissa Richard, Board Secretary

DEPARTMENT OF CITY CLERK

CITY HALL

JUNE 30, 2011

(DRAFT)

The Committee on Finance and Ordinances meets jointly this day at 5:30 o'clock P.M., in Committee Room "A", Third Floor, City Hall.

FINANCE:

PRESENT: Vice-Chairman Samuel D. Zurier, Councilman David Salvatore and Council President Michael Solomon -3.

ABSENT: Chairman John J. Igliazzi and Councilman Terrence M. Hassett -2.

ORDINANCES:

PRESENT: Chairman Seth Yurdin, Vice-Chairman David Salvatore, Councilman Samuel Zurier and Council President Solomon -4.

ABSENT: Councilman Terrence M. Hassett -1.

(Subsequently Councilman Hassett joins the meeting)

Also present are Councilman Kevin Jackson, Councilman Nicholas Narducci, Councilwoman Sabina Matos; Adrienne Southgate, Deputy City Solicitor, Law Department; Matthew Clarkin, Internal Auditor; Matthew Jerzyk, Director of Government Relations and Senior Counsel to the Mayor, Mayor's Office; Anna M. Stetson, City Clerk and Kimberly DiScullio, Assistant Clerk.

CHAIRMAN YURDIN: Let the record reflect that Deputy Majority Leader, Nicholas Narducci is present. Actually we have somebody from the administration to make a presentation on it. Do we have a substitution? Why don't you read. Let's start the presentation and then we'll deal with the

1. An Ordinance in Amendment of Certain Sections of Chapter 9, Article IV of the Code of Ordinances, Entitled: "Connection of Private Alarm Systems with City System"

CHAIRMAN YURDIN: A small amendment to the ordinance. You need to add the sections, so section one should state section 9-92 shall be amended as follows. Is that correct form? And then the second section should state that this ordinance shall take effect upon passage. Is there an amendment for the –

ORDINANCES:

COUNCIL PRESIDENT SOLOMON: So moved.

COUNCILMAN HASSETT: second.

On motion of Council President Solomon, second by Councilman Pro Temp Hassett it is voted to amend the foregoing matter.

FINANCE:

COUNCIL PRESIDENT SOLOMON: So moved.

COUNCILMAN HASSETT: second.

On motion of Council President Solomon, second by Councilman Pro Temp Hassett, it is voted to amend the foregoing matter.

CHAIRMAN YURDIN: Are there any other comments or motions in regards to the first item?

ORDINANCES:

COUNCILMAN HASSETT: I would move as amended.

COUNCIL PRESIDENT SOLOMON: Second.

On motion of Councilman Hassett, second by Council President Solomon, it is voted to amend the foregoing matter.

FINANCE:

COUNCILMAN HASSETT: So moved.

COUNCIL PRESIDENT SOLOMON: Second.

On motion of Councilman Hassett, second by Council President Solomon, it is voted to amend the foregoing matter.

3. An Ordinance Setting Fees for the Usage of Fire Hydrants

MR. JERZYK: Mr. Chairman, this ordinance reflects enabling legislation at the state house regarding a \$1.2 Million Dollar line item in the city budget. The city has had this line item to pay the water supply board for a fee for the fire hydrants in the City of Providence. The state enabling legislation allows the selected cities like Providence to pass an ordinance which would allow shift the costs of these hydrants from the tax payers to the rate payers on the theory that there's more rate payers than tax payers. So for example, currently, tax exempt institutions likes hospitals, universities, colleges, churches other tax exempts. T hey don't pay property taxes unless they're not paying them in the budget for the

fire hydrants, but since they do have a water bill they are a rate payer. So by shifting the costs from the tax payer to the rate payer the broadening the basic payers who are paying for the cost of these hydrants and thus we do see the cost on the average tax payer.

VICE-CHAIRMAN ZURIER: Mr. Chairman, I am very sorry, but I am going to have to recuse myself for one of the discussions of this ordinance, because of the advisory opinion that I got from the ethics commission about matters relating to the Water Supply Board. I hope there's still a quorum.

MS. STETSON: You have a four, so you're fine. You can still sit in, you just cant vote.

CHAIRMAN YURDIN: who will be the acting chair person?

COUNCILMAN HASSETT: Yeah, that's fine.

MR. JERZYK: I would just add, Mr. Chairman, that the Mayor's proposed budget submitted to this council included passage, assumed the passage of this legislation and assumed this 1.2 million dollar line item would not be in the city budget and I believe -

COUNCILMAN NARDUCCI: Mr. Chairman, if I may. The -so let's take myself for instance, I live in Providence, I'm a tax payer,

I'm going to be getting hit with a rate tax, I'll call it that, from the Water Board also for hydrant use as a home owner. Is that correct to say that?

MR. JERZYK: So this ordinance will shift the cost of the hydrants from the tax payers to the rate payer, whether the Providence Water Supply Board chooses to do raise rates or not raise rates is all up to them and the PUC. What the alternative, I don't want to speak out of turn, but you have to find 1.2 million dollars through a tax increase or a rate increase. The idea is a rate increase is fairer, because it includes tax exempts and it's going to be a lesser costs on the home owner, so if you have fifty thousand people paying for 1.2 million dollars as property tax payers versus one hundred and fifty thousand people paying for the \$1.2 million dollars, the average cost on the homeowner is going to be much less. So to save homeowners money, you're not gong to be paying it as a tax, you're going to be paying it as –

COUNCILMAN NARDUCCI: Well, we know the water board is going to past it on to the rate payers.

COUNCIL PRESIDENT SOLOMON: Which is probably about \$10.00 I think.

COUNCILMAN NARDUCCI: I don't care if it's \$2.00, it's still going to be passed on to the home owners.

COUNCIL PRESIDENT SOLOMON: So W rather have \$40.00 be passed on?

COUNCILMAN NARDUCCI: Let me finish thought because one of the biggest issues I have or questions maybe I want to ask is as far as the water board goes we're not allowed to make a profit off the water board, correct? Is this tax, would that be a profit shown that the water board is going to make if they charge an extra tax to the users.

MR. JERZYK: All this would be Councilman, is say that the city shall no longer pay for those hydrants-

COUNCILMAN NARDUCCI: Right, so we're going to get out paying for it and save that money.

MR. JERZYK: right. What the Water Supply Board does with the PUC and how they pay for it is up to them.

CHAIRMAN YURDIN: Let the record reflect that Councilman Jackson is present.

COUNCILMAN NARDUCCI: All right so then the other question I have can't be answered here neither then which would be, how

about homeowners in Cranston that use the water, but that would be different. Let's not say Cranston, because they buy the water from us and use it; let's say other towns that use our water. Are they going to be hit with this also?

MR. JERZYK: That's a good question. Well it's not a tax.

COUNCILMAN NARDUCCI: Well a rate.

MR. JERZYK: we have fire hydrants the question is, who pays the fee. And now it's the providence tax payer. If, I would say if the legislation and the ordinance didn't passed we'd have to find that \$1.2 million dollars elsewhere, which I know this council and the mayor have been struggling to put a piece together and on the house and senate that was a real question for a lot of reps and senators who said, we don't want to have to subsidize Providence and so the bill was written that said, if you live in Cranston and you get Providence water you don't have to pay for Providence fire hydrants.

COUNCILMAN NARDUCCI: In which Cranston I can understand we sell them their water so they can do what they want, but how about like North Providence, which we have, the water board has. Why isn't it shared upon with the tax payers in North

Providence if it's going to be shared up. I f whoever uses it should be charged.

MR. JERZYK: The ideas was people in North providence don't use Providence fire hydrants only Providence –

COUNCILMAN NARDUCCI: So that's how you're doing it, with Providence fire hydrants, not fire hydrants by the Providence water.

MR. JERZYK: correct. Only fire hydrants in the jurisdiction of the city.

COUNCILMAN HASSETT: Mr. Chairman and as far as the overall cost, the effectiveness of our hydrant system and our water system in the city, also positively impacts the insurance rates that we pay as home owners, because the system is completely effected. The questions is do tax exempts now pay as they should, yes they do. That's a huge column that we put in our corner. And I think that's a very important part of this that actually it's lke an insurance policy risk. You spread the risk therefore everyone has to pay something for the user and I think that's what we're doing. It's an effective system that actually is cost effective to do what we're doing. It's an effective system and it's cost effective to do what we're doing and that's why they'll just say the general assembly passed it.

CHAIRMAN YURDIN: Please let the record reflect that Councilwoman Matos is present.

COUNCILMAN NARDUCCI: Again Mr. Chairman, I can understand what everybody is saying and I agree 100%, but the part that I don't understand is why aren't we taking this one step further and trying to get towns like North Providence and stuff to ride on board. And if you're saying like \$5.00 or \$10.00 a month, I know in some areas it might now matter, but if we're going—not I'm saying in Providence, I'm talking about Providence now. If you said that it could be \$40.00 a month—

CHAIRMAN YURDIN: I'm not sure that, that's the — we have to be careful about talking about what the actual—

MR. JERZYK: I believe it's \$2.00 a month for the average — so it would be about \$24.00 a year.

COUNCIL PRESIDENT SOLOMON: The reason why we couldn't include other cities and towns, because it would have never flew up at the general assembly.

COUNCILMAN NARDUCCI: I'm surprised other cities and towns wouldn't just jump on board with it.

COUNCIL PRESIDENT SOLOMON: They just didn't want to because they saw Providence as the town that benefited the most, because we own it. Well the rate payers in Providence own the Water Supply Board.

MR. JERZYK: The City of Woonsocket and the City of Pawtucket are also doing this.

COUNCILMAN NARDUCCI: So then that answered my question, there are other cities and towns jumping on the hydrant.

COUNCIL PRESIDENT SOLOMON: Well if they elect to.

COUNCILMAN NARDUCCI: Right. That's what I'm saying. There are other cities and town doing it then.

COUNCILMAN HASSETT: Yeah, within their own jurisdiction.

CHAIRMAN YURDIN: are there any other questions on item number three?

ORDINANCES:

COUNCILMAN HASSETT: Move passage.

CHAIRMAN YURDIN: Motion made for passage by Councilman Pro temp Hassett. Second?

COUNCIL PRESIDENT SOLOMON: Second.

On motion of Councilman Hassett, seconded by Council President Solomon, it is voted to approve the foregoing matter.

CHAIRMAN YURDIN: all in favor?

COMMITTEE: Ayes.

CHAIRMAN YURDIN: Opposed? The ordinance passes.

FINANCE:

COUNCILMAN HASSETT: Is there a motion to approve?

COUNCIL PRESIDENT SOLOMON: So moved.

COUNCILMAN SALVATORE: Second.

On motion of Council President Solomon, seconded by Councilman Salvatore, it is voted to approve the foregoing matter.

COUNCILMAN HASSETT: Further discussion? All those in favor?

COMMITTEE: Ayes.

COUNCILMAN HASSETT: Opposed? The "Ayes" have it.
Motion passes.

**AN ORDINANCE IN AMENDMENT OF CHAPTER 17,
ARTICLE VI OF THE CODE OF ORDINANCES, ENTITLED:
"RETIREMENT SYSTEM."**

ORDINANCES:

COUNCIL PRESIDENT SOLOMON: Mr. Chairman I make a motion to substitute item number two for 2(a).

COUNCILMAN SALVATORE: Second.

On motion of Council President Solomon, Seconded by Councilman Salvatore it is voted to substitute item number two for 2(a).

FINANCE:

COUNCILMAN HASSETT: So moved.

COUNCIL PRESIDENT SOLOMON: Second.

On motion of Councilman Hassett, Seconded by Council President Solomon, it is voted to substitute item number two for 2(a).

Docket No 4287
COMMISSION'S FIRST SET OF DATA REQUESTS
TO PROVIDENCE WATER SUPPLY BOARD
(Issued September 27, 2011)

1-7 What is the projected cost of modifying the bill format of Providence customers' bills to itemize the proposed Fire Protection Charge?

Answer: Providence Water's Director of MIS has revised his estimate to be not to exceed \$10,000.