



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

September 9, 2013

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

Joseph D. Cataldi
Vice Chairman

Michael L. Pearis
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

William E. O'Gara, Esq.
Legal Advisor

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

RE: Dk 4406 Kent County Water Authority; Set 6

Dear Mrs. Massaro:

Enclosed is an original and seven copies of Providence Water's responses to data request Set 6 from the Kent County Water Authority.

Providence Water is seeking protective treatment of its response to KCWA 6-3 (b) as permitted by Commission Rule 1.2(g) and by R.I.G.L. § 38-2-2(4),(A),(B),(E),(I),(K) and (N). Providence Water has submitted a Motion for Protective Treatment under separate cover along with one (1) copy of the confidential document to the Commission marked in bold on the front page "**Contains Privileged Information – Do Not Release**" pending a determination of Providence Water's Motion.

Please be advised that due to the confidential nature of the attachment to KCWA 6-3 (b), Providence Water has only provided the one marked copy to the Commission. All other responses are being provided to the Service List.

If you have any questions you can contact me at extension 7217.

Sincerely,

Mary L. Deignan-White
Senior Manager of Regulatory

cc: service list

Member
Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

An EPA WaterSense Partner

Only Tap Water Delivers

Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 6 (Issued August 16, 2013/Received August 19, 2013)**

KCWA 6-1. Regarding the response to Commission Data Request 1-16: based on a review of HJS-S2 it appears that the full cost of purchased power was increased by 6.38% in each occasion (Pumping, Treatment, T&D, and Admin & General), not just a portion of the purchased power cost. Please explain how the test year purchased power was adjusted for only the transmission and distribution portion as indicated in the response.

Answer: To clarify PW applied an inflation factor to the entire purchase power cost in the test year. It should not have been applied to the energy supplier portion, which is fixed through a contract with Direct Energy through December 2015.

See below for the test year total, a breakdown of the supplier cost (which is fixed), and the delivery service (distribution) cost (which would be subject to inflation).

	Test Year Total	Supplier Cost	Delivery Service Cost
61523 Pumping	778,684	(436,766)	\$341,918
61530 Treatment	226,424	(159,706)	66,718
61550 Trans & Dist	12,019	(11,077)	942
61580 Administrative	<u>113,972</u>	<u>(71,227)</u>	<u>42,745</u>
	\$1,131,099	(\$678,776)	\$452,323

Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 6 (Issued August 16, 2013/Received August 19, 2013)**

KCWA 6-2 Regarding the response to Commission Data Request 1-24 and the reference to the \$55 million line of credit for IFR discussed in the January 16, 2013 minutes attached to the response to KCWA 3-1: Does Providence Water also consider this \$55 million line of credit an element of financial security along with the "rainy day" fund discussed in the response to the Commission's data request? If not, why doesn't this line of credit provide an element of financial security?

Answer: Yes. The line of credit would also provide an element of financial security. However, the line of credit is for \$5 million. The Board minutes had a typo and have been corrected. The line of credit was never for \$55 million. Sorry for any confusion.

Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 6 (Issued August 16, 2013/Received August 19, 2013)**

KCWA 6-3. Regarding the response to Commission Data Request 1-33 and account 67580 – General and Administrative:

- a) For Sansoucy (\$35,000), what asset(s) were being appraised?
- b) Provide a copy of the Sansoucy appraisal report that the \$35,000 was paid for.
- c) What was the nature of the services provided by Partridge, Snow & Hahn (\$69,933)?
- d) What was the nature of the consulting services from EOS (\$44,202)? If a report was prepared, please provide a copy?
- e) Was the nature of the software conversion by Zandar (\$28,000)?

Answer: See below

- a) Sansoucy was hired to appraise the entire system.
- b) Providence Water will provide the Sansoucy appraisal report pursuant to Commission Rules 1.2(g) and 1.18(e).
- c) Partridge, Snow & Hahn provided legal services for strategic plan.
- d) EOS Systems is contracted to provide support for PW's network and virtual server administration.
- e) The software conversion by Zander converted Wordperfect/Quattro Pro files to Word and Excel formats.

Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 6 (Issued August 16, 2013/Received August 19, 2013)**

KCWA 6-4 For the four items in KCWA data request 6-3 above, please explain why these items should be carried in the rate year with an inflation adjustment (see HJS-S2). Does Providence Water expect these same services in the rate year? If so, explain why.

Answer:

- a. The appraisal was done and updates to the data will be needed periodically.
- b. The legal services are expected to continue into the rate year.
- c. The network support is an on-going operational expense and has been awarded for an additional 3 years.
- d. While the Zandar data conversion will not re-occur, Providence Water will be using the funds for other IT services.

Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 6 (Issued August 16, 2013/Received August 19, 2013)**

KCWA 6-5. Regarding the response to Commission Data Request 1-33 and account 67570 – Customer Accounts: What are the two printing services provided by Logic and by Document Technologies?

Answer: D3 Logic, Inc. d/b/a Document Technologies provides laser printing and postage for PW's water bills. This is an on going service.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD : DOCKET No. 4406

**PROVIDENCE WATER SUPPLY BOARD'S REQUEST FOR PROTECTIVE
TREATMENT OF CONFIDENTIAL INFORMATION**

Providence Water Supply Board ("Providence Water") hereby requests that the Rhode Island Public Utilities Commission ("Commission") provide confidential treatment and grant protection from public disclosure of certain confidential, sensitive, and proprietary information (i.e., an appraisal of the entire Providence Water system), as permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(A), (B), (E), (I), (K), and (N).

Providence Water also hereby requests that, pending entry of the finding, the Commission preliminarily grant Providence Water's request for confidential treatment pursuant to Rule 1.2(g)(2).

I. BACKGROUND

On September 9, 2013, Providence Water filed with the Commission its responses to Kent County Water Authority's (KCWA) sixth set of data requests in this docket. KCWA's request 6-3(b) seeks "a copy of the Sansoucy appraisal report . . ." Providence Water seeks confidential treatment of this appraisal report of the entire Providence Water system. The appraisal was ordered in connection with proposed legislation regarding the possible creation of the Ocean State Regional Water Authority, which, if passed, would require an appraisal to substantiate a reasonable sales price or lease payment.

II. LEGAL STANDARD

The Commission's Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act ("APRA"), R.I.G.L. § 38-2-1 *et seq.* Under the APRA, all documents and materials submitted in connection with the transaction of official

business by an agency are deemed to be "public records," unless the information contained in such documents and materials falls within one or more of the exceptions specifically identified in R.I.G.L. § 38-2-2(4). Therefore, to the extent that information requested by KCWA falls within one or more of the designated exceptions to the public records law, the Commission has the authority under its Rules and the terms of the APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. § 38-2-2(4)(A), (B), (E) (I), (K), and (N), provide that the following types of records shall not be deemed public:

(A)(I)(a) All records relating to a client/attorney relationship . . .

* * *

(B) Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

* * *

(E) Any records which would not be available by law or rule of court to an opposing party in litigation.

* * *

(I) Reports and statements of strategy or negotiation with respect to the investment or borrowing of public funds, until such time as those transactions are entered into.

* * *

(K) Preliminary drafts, notes, impressions, memoranda, working papers, and work products; provided, however, any documents submitted at a public meeting of a public body shall be deemed public.

* * *

(N) The contents of real estate appraisals, engineering, or feasibility estimates and evaluations made for or by an agency relative to the acquisition of property or to prospective public supply and construction contracts, until such time as all of the property has been acquired or all proceedings or transactions have been terminated or abandoned; provided the law of eminent domain shall not be affected by this provision. (Emphasis added.)

III. BASIS FOR CONFIDENTIALITY

Exemption (A) applies because this appraisal was ordered by and prepared for the undersigned attorney for Providence Water as part of a confidential attorney/client relationship.

Exemption (B) applies because the Rhode Island Supreme Court has held that where disclosure of information would be likely to cause substantial harm to the competitive position of

the person from whom the information was obtained, the information is protected confidential information. *Providence Journal Company v. Convention Center Authority*, 774 A.2d 40 (RI 2001).

The first prong of the confidential information test is satisfied when information is voluntarily provided to a government agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. *Providence Journal*, 774 A.2d at 47.

In addition, the Court has held that agencies making determinations as to the disclosure of information under the APRA may apply the balancing test established in *Providence Journal v. Kane*, 577 A.2d 661 (RI 1990). Under that balancing test, the Commission may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies.

Exemption (E) applies because the appraisal would not be available by law or Rule of Court to an opposing party in litigation because the appraisal was obtained within a confidential client/attorney relationship.

Exemption (I) applies because this appraisal is the functional equivalent of a report of strategy or negotiation with respect to the potential investment or borrowing of public funds.

Exemption (K) applies because this appraisal is at this time only a preliminary (and somewhat outdated) document and work product in connection with the possible establishment of the Ocean State Regional Water Authority.

Finally, Exemption (N) applies because it specifically states that “the contents of real estate appraisals” are protected from public disclosure if they are “relative to the acquisition of property.” The protection applies “until such time as all of the property has been acquired or all proceedings or transactions have been terminated or abandoned . . .”

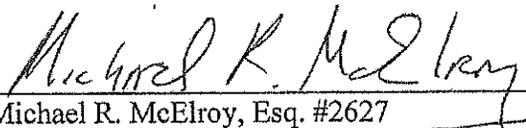
Public disclosure of the appraisal of the Providence Water system is not necessary to an evaluation of the issues in this rate case, except to determine whether Providence Water made a reasonable expenditure of \$35,000 to purchase the appraisal. The details in the appraisal, as well as conclusions set forth therein, are irrelevant to determining whether the \$35,000 spent for the report was reasonable.

IV. CONCLUSION

Accordingly, Providence Water respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

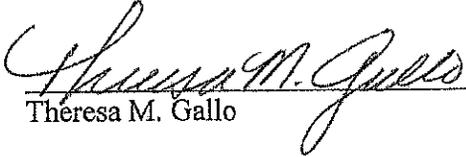
Respectfully submitted,
PROVIDENCE WATER SUPPLY BOARD
By its attorney

Dated: September 9, 2013


Michael R. McElroy, Esq. #2627
Schacht & McElroy
21 Dryden Lane
P.O. Box 6721
Providence, RI 02940-6721
Tel: (401) 351-4100
Fax: (401) 421-5696
Michael@McElroyLawOffice.com

CERTIFICATE OF SERVICE

I hereby certify that on September 9, 2013, I caused to be sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, Peter D. Ruggiero, Esq., and Robert A. Watson, Esq. by electronic mail and regular mail.



Theresa M. Gallo

**Docket No. 4406 - Providence Water Supply Board – General Rate Filing
Service List updated 6/25/13**

***Requested to receive hard copy of all data responses.**

Parties/Address	E-mail Distribution	Phone
Providence Water Supply Board (PWSB) Michael McElroy, Esq. Schacht & McElroy PO Box 6721 Providence, RI 02940-6721	Michael@McElroyLawOffice.com	401-351-4100
Boyce Spinelli, General Manager Providence Water Supply Board 552 Academy Avenue Providence, RI 02908	bspinelli@provwater.com	401-521-6300
	pgadoury@provwater.com	
Jean Bondarevski, Director of Finance Providence Water Supply Board	jbondarevskis@provwater.com	
	mdeignan-white@provwater.com	
Harold Smith Raftelis Financial Consulting, PA 511 East Blvd. Charlotte, NC 28203	Hsmith@raftelis.com	704-373-1199
Division of Public Utilities (Division) Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Lwold@riag.ri.gov	401-222-2424
	Jmunoz@riag.ri.gov	
	Dmacrae@riag.ri.gov	
John Spirito, Esq. Division of Public Utilities & Carriers	Jspirito@ripuc.state.ri.us	
	sscialabba@ripuc.state.ri.us	
	Amancini@ripuc.state.ri.us	
	jbell@ripuc.state.ri.us	
Thomas S. Catlin Exeter Associates, Inc. 10480 Little Patuxent Parkway Suite 300 Columbia, MD 21044	tcatlin@exeterassociates.com	410-992-7500
Jerry Mierzwa Exeter Associates, Inc.	jmierzwa@exeterassociates.com	
Kent County Water Authority (KCWA) *Robert A. Watson, Esq. (Hard copy) 1050 Main St. Suite 23 East Greenwich, RI 02818	Rwatson247@cox.net	401-884-1455
Timothy Brown, P.E. General Manager Chief Engineer Kent County Water Authority PO Box 192 West Warwick, RI 02893-0192	tbrown@kentcountywater.org	401-821-9300
Christopher Woodcock Woodcock & Associates, Inc. 18 Increase Ward Drive Northborough, MA 01532	Woodcock@w-a.com	508-393-3337

Bristol County Water Authority (BCWA) Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	jkeoughjr@keoughsweeney.com	401-724-3600 401-724-9909
Pamela Marchand, Executive Director Bristol County Water Authority	pamelam6011@gmail.com	
David Russell, Russell Consulting	davidrussell015@comcast.net	
City of Warwick *Peter Ruggiero, City Solicitor (Hard copy) David R. Petrarca, Jr. Esq. RUGGIERO BROCHU 20 Centerville Road Warwick, RI 02886	peter@rubroc.com david@rubroc.com maryann@rubroc.com	401-737-8700
City of East Providence Timothy Chapman, Esq. East Providence City Solicitor 145 Taunton Avenue East Providence, RI 02914	tchapman@cityofeastprov.com	401-435-7523
File original and nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	luly.massaro@puc.ri.gov cynthia.wilsonfrias@puc.ri.gov sharon.colbycamara@puc.ri.gov	401-780-2107
Interested Parties:		
Douglas Jeffery Town of Johnston	djeffrey@johnston-ri.us	401-553-8866
Seth Lemoine, P.E. Director Smithfield Dept. of Public Works	slemoine@smithfieldri.com	401-233-1034 Ext. 102
Raymond DiSanto, General Mgr. East Smithfield Water District	rdisanto@eastsmithfieldwater.com	401-231-6990
Ken Burke, General Mgr. RI Water Resources Board	Ken.burke@wrb.ri.gov	401-222-4890