



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

October 3, 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 KCWA; Set 7

Dear Mrs. Massaro:

Enclosed is an original and seven copies of Providence Water's responses to the 7th set of data request from KCWA.

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

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Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 7 (Issued September 12, 2013)**

**KENT COUNTY WATER AUTHORITY'S SEVENTH SET OF DATA REQUESTS
DIRECTED TO PROVIDENCE WATER SUPPLY BOARD
(Issued September 12, 2013)**

KCWA 7-1 Regarding the response to KCWA 6-2

- a) Please update or supplement the response to KCWA 3-1 with the corrected minutes from January 16, 2013 along with the Board minutes of the meeting where this correction was made.
- b) Please provide the details of the line of credit, including terms (interest rate and repayment period), and the length of time or period that the line of credit is good for or in place. When was this line of credit first obtained? Does it need to be renewed? Has it been renewed?
- c) Please provide the details of all amounts paid by Providence Water for this line of credit.

Answer: a) Please see attached Certificate of Secretary dated September 27, 2013.

b.) Providence Water went out to bid in the spring of 2010 to obtain a short term revolving Line of Credit (LOC), for up to \$5,000,000 to be used for cash flow needs related to our IFR Fund. Providence Water originally had a LOC agreement in 2000 and over the years, has rebid and renewed the agreement on several occasions.

In the fall of 2010, Century Bank and Trust (Century) was awarded the bid for the LOC for 364 days at the one year LIBOR¹ plus 100 basis points (1%). All outstanding advances must be paid in the LIBOR period, including monthly interest payments. This award included an option to renew for 2 additional 364 day periods. Providence Water did exercise this option and renewed the LOC twice. We have recently gone out to bid for a new LOC and will be awarding it soon.

c. In the most recent 3 year period, Providence Water has only utilized the LOC once for a \$3 million advance on 8/30/12. The interest paid to Century for this advance totaled \$36,493.83. Providence Water repaid the full \$3 million advance on the LOC on 8/27/13.

¹ LIBOR stands for London Interbank Offered Rate. Lenders use this index, which varies to adjust interest rates as economic changes occur.



KcWA 7-1(a)

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CERTIFICATE OF SECRETARY

I, Carissa R. Richard, do upon oath say:

1. That I am the duly appointed Secretary of the Providence Water Supply Board (PWSB), an entity established by the Home Rule Charter of the City of Providence.
2. That upon reviewing the January 16, 2013 Board meeting minutes, a typographical error was discovered in section 6.3 – Line of Credit Renewal.
3. That I have corrected the error in the January 16, 2013 Board meeting minutes.
4. That the corrected January 16, 2013 Board meeting minutes indicate the following:

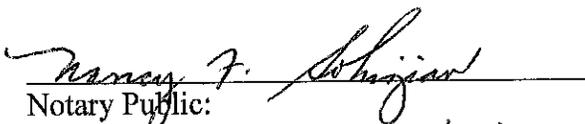
A motion was made by Vice Chairman Cataldi, and seconded by Mr. Andujar, to approve the renewal of the \$5 million line of credit with Century Bank for the third and final year. All members present were in favor of the motion. The motion passed 6 to 0.

In Witness Whereof, I have set my hand this 27th day of September 2013.


 Carissa R. Richard
 Secretary
 Providence Water Supply Board

STATE OF RHODE ISLAND
PROVIDENCE, sc.

In Providence on the 27th day of September 2013, there personally appeared before me the above-named, Carissa R. Richard, individually and in her capacity as Secretary of the Providence Water Supply Board, and she acknowledged the execution of this certificate to be her free act and deed and in her said capacity.


 Notary Public:
 My Commission Expires: 7/19/15

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

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American Water Works Assn.
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**THE CITY OF PROVIDENCE
WATER SUPPLY BOARD
JANUARY 16, 2013 MINUTES**

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

BOARD MEMBERS PRESENT:

- Mr. Brett Smiley, Chairman
- Mr. Joseph Cataldi, Vice Chairman
- Council President Michael Solomon, Board Member
- Councilman Michael Correia, Board Member
- Mr. Andy Andujar, Board Member
- Mr. Michael Pearis, Ex-Officio

- Mr. William E. O’Gara, Esq., Legal Advisor
- Ms. Carissa Richard, Board Secretary

BOARD MEMBERS ABSENT:

None

PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:

- Mr. Joseph Spremulli, Deputy General Manager - Operations
- Mr. Ricky Caruolo, Deputy General Manager - Administration
- Ms. Jeanne Bondarevskis, Senior Director – Administration
- Mr. Gregg Giasson, Senior Director - Operations
- Mr. Peter LePage, Senior Manager – Engineering
- Mr. Steven Soito, Senior Manager – Water Supply

OTHERS ATTENDING:

- Ms. Cindy Butler, Butler & Associates Human Resources Consulting

Member

North Island Water Works Assn.

New England Water Works Assn.

American Water Works Assn.

Water Research Foundation

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

1. CALL TO ORDER:

Chairman Smiley called the meeting to order at 5:03 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 THE PREVIOUS MEETING:

3.1 December 19, 2012 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 5 to 0.

4. REPORTS:

- 4.1 General Manager'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**

Mr. Spinelli provided the Board with a summary of the General Manager's Report.

Mr. Pearis arrived at 5:07 p.m.

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 Rate Filing Update

Ms. Jeanne Bondarevskis provided the Board with additional information regarding the preliminary draft rate filing data and potential rate consequences (at the December meeting, she

had prepared and distributed a schedule to the Board based on a 15% increase in revenue). She informed the Board that the RI Department of Health has put Providence Water on notice that they want a revised Infrastructure Replacement Plan (IFR) submitted with more emphasis on replacing and/or cleaning and lining water mains. As such, Ms. Bondarevskis discussed different scenarios should Providence Water decided to request more funding to accelerate our water main replacement efforts. Ms. Bondarevskis provided data showing the impact to the typical residential ratepayer and our position as compared to other regulated water utilities in Rhode Island if additional funding is requested. She reminded the Board that the last rate increase went into effect April 2010 and the new rate would be effective January 1, 2014. Chairman Smiley requested that the Board be provided with additional IFR information at the next meeting.

6. NEW BUSINESS:

6.1 Election of Officers

Chairman Smiley stated that elections for Board Chairperson and Vice Chairperson are held at the first meeting following the qualification of new members. Given that there is a vacancy appointment which needs to be finalized, Chairman Smiley indicated that the matter should be continued to the next meeting.

A motion by President Solomon and Vice Chairman Cataldi, seconded by Mr. Andujar, to continue Item 6.1 to the next meeting, was made. All members present were in favor of the motion. The motion passed 6 to 0.

6.2 Appointment of Board of Contract and Supply Deputy

Chairman Smiley stated that the Board annually appoints a deputy to the Chairman for the purpose of voting and representing Providence Water at meetings of the City of Providence Board of Contract and Supply.

A motion was made by Vice Chairman Cataldi, and seconded by Mr. Andujar, to reappoint Mr. Joseph Spremulli as Board of Contract and Supply Deputy. All members present were in favor of the motion. The motion passed 6 to 0.

6.3 Line of Credit Renewal

Ms. Bondarevskis informed the Board that Providence Water has had a line of credit in place for many years. On September 13, 2010, the Board of Contract and Supply approved a line of credit with Century Bank, with an option to renew for two years. The option to renew was extended for a second year in 2011 and a request will be forwarded to the Board of Contract and Supply to

renew for a third year. This line of credit is only used to provide cash flow to our restricted IFR fund. Per Board approval, a written request to renew the line of credit will be forwarded to Century Bank.

A motion was made by Vice Chairman Cataldi, and seconded by Mr. Andujar, to approve the renewal of the ~~\$55 million~~ line of credit with Century Bank for the third and final year. All members present were in favor of the motion. The motion passed 6 to 0.

↓
\$ 5 million (CR)

7. OTHER BUSINESS:

None

8. EXECUTIVE SESSION IN ACCORDANCE WITH R.I.G.L. 42-46-5(a)(1) – Personnel Matters:

Chairman Smiley stated for the record that Boyce Spinelli had been notified in writing that this public body intends to convene in Executive Session in order to discuss personnel matters related to his job performance and that he declined to have the discussion take place in open session.

Vice Chairman Cataldi made a motion to enter into Executive Session under R.I.G.L. 42-46-5(a)(1) to discuss personnel matters. This motion was seconded by Mr. Andujar. All members present were in favor of the motion. The motion passed 6 to 0.

Roll Call

Chairman Smiley	yes
Vice Chairman Cataldi	yes
President Solomon	yes
Councilman Correia	yes
Mr. Andujar	yes
Mr. Pearis	yes

9. RETURN FROM EXECUTIVE SESSION:

A motion was made by Mr. Andujar, and seconded by Vice Chairman Cataldi, to exit from Executive Session. All present were in favor of the motion. The motion passed 6 to 0.

Roll Call

Chairman Smiley	yes
Vice Chairman Cataldi	yes
President Solomon	yes
Councilman Correia	yes
Mr. Andujar	yes
Mr. Pearis	yes

A motion was made by Vice Chairman Cataldi, seconded by Mr. Andujar, to seal the records of Executive Session. All members present were in favor of the motion. The motion passed 6 to 0.

10. ADJOURNMENT:

A motion by Vice Chairman Cataldi, seconded by 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 5:33 p.m.

ATTEST: A true attest.


Carissa R. Richard, Board Secretary

Providence Water Docket 4406

Data Requests of the Kent County Water Authority Set 7 (Issued September 12, 2013)

KCWA 7-2 Regarding the response to KCWA 6-3 (a): For what purpose was Sansoucy hired to appraise the entire system? For purposes of this question we are not looking for any privileged or confidential information, simply a statement as to what the purpose of a complete appraisal was.

Answer: As noted in Providence Water's request for protective treatment of confidential information filed on September 9, 2013, "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."¹

¹ As noted in the I. Background section on page 1.

Providence Water Docket 4406

Data Requests of the Kent County Water Authority Set 7 (Issued September 12, 2013)

KCWA 7-3 Regarding the response to KCWA 6-3 (c):

- a. Please provide the "strategic plan" that Partridge, Snow and Hahn was paid \$69,933 for in the test year.
- b. Please provide a copy of the Board minutes that authorized the hiring of Partridge, Snow and Hahn for a strategic plan.
- c. Please provide the contract or agreement with Partridge, Snow and Hahn for its services. We are looking for a statement regarding the services that are to be provided, the length of the contract (start and end), and its purpose, so any confidential information such as salary or proprietary information may be redacted.
- d. Has Partridge, Snow and Hahn reported on its strategic plan to the Providence Water Board? If so, please provide copies of all Board minutes attended by Partridge, Snow and Hahn.
- e. As part of the strategic planning process or work, did representatives or intermediaries of Partridge, Snow and Hahn have any contact with legislators or their staff regarding any aspect of the proposed Ocean State Water legislation? Did they have contact with legislators or their staff regarding any other proposed legislation? If so, what?
- f. In addition to the \$69,933 paid to Partridge, Snow and Hahn for a strategic plan in the test year, how much was this firm paid for services in prior years? How much have they been paid since the test year?

Answer: a. Partridge, Snow and Hahn did not produce a strategic plan. They were hired as a follow-up to the Strategic Plan Providence Water had done several years ago.

b. See attached minutes from the 10/19/11 Board meeting.

c. See attached with salary, pricing redacted.

d. No.

e. With respect to the first question and Partridge, Snow & Hahn, in 2012 Partridge, Snow & Hahn informed a legislative aide as to various strategic, legislative options. Providence Water has no information to respond to the question as to intermediaries. With respect to the second question, the answer is no.

f. Partridge, Snow and Hahn received a \$125,000 contract. The payments have been as follows: FY 2012 test year \$69,933.20, FY 2013 \$45,258.13, FY 2014 \$9,808.67.



552 Academy Avenue
Providence, RI 02908

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3.1
KcWA 7 3(b)

THE CITY OF PROVIDENCE
WATER SUPPLY BOARD
OCTOBER 19, 2011 MINUTES

BOARD MEMBERS PRESENT:

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

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

Mr. Fernando Cunha, Esq., Legal Advisor
Ms. Pamela Marchand, Chief Engineer and General Manager
Ms. Carissa Richard, Board Secretary

BOARD MEMBERS ABSENT:

None

PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:

Mr. Boyce Spinelli, Deputy General Manager of Administration
Mr. Jeff Thompson, Deputy General Manager of Operations
Mr. Paul Gadoury, Director of Engineering
Mr. Michael Covellone, Director of Water Supply
Mr. Joseph Spremulli, Director of Support Services
Mr. Kenneth Booth, Director of Transmission and Distribution
Mr. David DelSesto, Director of Information Systems
Mr. Peter LePage, Director of Special Projects
Ms. Lynn Roberts, Senior Manager of Personnel
Mr. Mark Ceseretti, Manager of Commercial Services

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 Boardroom of the Providence Water Supply Board building located at 552 Academy Avenue, Providence, Rhode Island.

1. **CALL TO ORDER:**

Chairman Smiley called the meeting to order at 5:08 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 **August 17, 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 7 to 0.

4. **REPORTS:**

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

Chairman Smiley noted that the Board was being asked to approve the September 2011 and October 2011 monthly reports.

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 7 to 0.

5. **OLD BUSINESS:**

None

6. **NEW BUSINESS:**

6.1 **Strategic Plan**

Item 6.1 was discussed in Executive Session.

6.2 Approval to Transfer Bond Funding

Mr. Paul Gadoury stated that on October 18, 2000, the Board had voted to authorize Providence Water to petition the Public Utilities Commission for approval for long term borrowing in an amount not to exceed \$2.5 million to finance certain capital improvements to the water transmission system in the Western Cranston Water district, with the improvements having been identified as the installation of water transmission mains, and the construction of a new secondary pump station to serve the area. At that time, Providence Water had recently acquired and taken over the operation of the Western Cranston water system from the City of Cranston. The Western Cranston system was then served by the single Aqueduct Pump Station and a 5 million gallon water storage tank. The need for the transmission mains, and the second pump station for the area, had been identified in engineering studies that the City of Cranston had commissioned when it owned and operated the Western Cranston Water District prior to our acquisition of the system.

Providence Water obtained approval from the Division of Public Utilities and in FY 2002 secured a bond through the RI Drinking Water State Revolving Fund in the amount of \$2.5 million. Installation of the transmission mains was completed in 2002 at a cost of \$1.6 million. Circumstances made the originally planned construction of a new pump station no longer advisable. Significant problems arose with the reliability of the existing Aqueduct Pump Station serving the area, which led us to decide that a major upgrade of that station was needed. We completed the upgrade of the station in 2006 as part of our IFR program, bringing the facility up to the equivalent of a new pump station. With the increased pumping capacity, and the now demonstrated reliability of the upgraded station, we deemed the proposed secondary station to be no longer necessary. At this point, the remaining portion of the bond funds initially allocated for the pump station, in the approximate amount of \$877,000, remain unused.

As these funds were acquired under favorable borrowing terms, and are still available for use by Providence Water for other projects, we are proposing to reallocate their use to help finance our Lead Service Replacement Program effort. We have been informed by bond counsel, and the RI Department of Health which administratively oversees the qualifying uses of these funds, that the funds can be utilized for this project at this time, either for planned upcoming work, or for reimbursement for eligible lead service replacement work already performed. In order to do this, we need to first secure Board approval and authorization from the Division of Public Utilities. There is no impact to water rates. The cost of these funds is already factored into Providence Water's existing rate structure.

Mr. Andujar made a motion to approve the reallocation of bond funds, originally intended to construct a pump station in the Western Cranston area of the system, to assist in the funding of our Lead Service Replacement Program (either through future payments of upcoming work or for reimbursement for eligible lead service replacement work already performed), and to authorize Providence Water to petition the Division of Public Utilities for its similar approval. The motion was seconded by Mr. Mancini. All members present were in favor of the motion. The motion passed 7 to 0.

Note: Out of consideration for members that needed to leave early to attend another meeting, the Board agreed to take Items 8 and 9, Executive Session/Return from Executive Session, out of order.

8. OPEN CALL FOR EXECUTIVE SESSION IN ACCORDANCE WITH R.I.G.L. 42-46-5
(a)(2) - Legal Matters:

Vice Chairman Cataldi made a motion to enter into Executive Session under R.I.G.L. 42-46-5(a) (2) to discuss legal matters. This motion was seconded by Mr. Mancini. All members present were in favor of the motion. The motion passed 7 to 0.

Roll Call

Chairman Smiley	yes
Vice Chairman Cataldi	yes
President Solomon	yes
Councilman Correia	yes
Ms. Badway	yes
Mr. Andujar	yes
Mr. Mancini	yes

President Solomon left the meeting at 5:28 p.m.

9. RETURN FROM EXECUTIVE SESSION:

A motion was made by Vice Chairman Cataldi, and seconded by Mr. Andujar, to exit from Executive Session. All members present were in favor of the motion. The motion passed 6 to 0.

Roll Call

Chairman Smiley	yes
Vice Chairman Cataldi	yes
President Solomon	left at 5:28 p.m.
Councilman Correia	yes
Ms. Badway	yes
Mr. Andujar	yes
Mr. Mancini	yes

A motion was made by Vice Chairman Cataldi, and seconded by Mr. Andujar, to seal the records of Executive Session. All members present were in favor of the motion. The motion passed 6 to 0.

Mr. Mancini and Ms. Badway made a motion to engage the firm of Partridge, Snow and Hahn for services pertaining to the Providence Water Strategic Plan, for an amount not to exceed \$125,000.00. The motion was seconded by Mr. Andujar. All members present were in favor of the motion. The motion passed 6 to 0.



Vice Chairman Cataldi made a motion to authorize Attorney Cunha to settle the case of Coyle vs. City of Providence, up to the amount discussed in Executive Session. This motion was seconded by Mr. Andujar. All members present were in favor of the motion. The motion passed 6 to 0.

Councilman Correia left the meeting at 5:40p.m.

6.3 City of Providence Employees Retirement System

Mr. Boyce Spinelli provided Board members with a general overview of the City of Providence Employees Retirement System as it pertains to Providence Water. Mr. Spinelli stated that Providence Water does not have its own retirement system. Providence Water employees are City employees, and as such, are under the umbrella of the City retirement system. Providence Water has approximately 350 (active and retired) employees in the system. The City has approximately 6000 (active and retired) employees in the system. Approximately \$79 million per year is paid out of the system to retirees alone.

Employees have questioned if the retirement system is or has ever been fully funded. Mr. Spinelli explained the difference between making the full legally required annual payments and fully funding the retirement system. Mr. Spinelli stated that each year, the actuary calculates what the City needs to pay into the retirement fund. Providence Water contributes its full allotted amount, as calculated by the actuary, in order to keep up with the payment plan. Mr. Mancini confirmed that Providence Water has met their portion of the combined annual required contribution each and every year.

Mr. Mancini and Mr. Spinelli answered Board member questions. Per Mr. Andujar's request, Mr. Spinelli indicated that workshops would be scheduled in the near future in order to provide employees with information about the retirement system.

Mr. Mancini left the meeting at 5:58 p.m.

7. OTHER BUSINESS:

Chairman Smiley stated that a policy would be drafted which addresses requests for Providence Water resources/assistance (equipment, personnel) by other City departments during emergency or adverse conditions. The draft policy would be presented at the next meeting for review and approval by the Board.

Chairman Smiley noted that he had received his invitation to the 1st Annual Providence Water Holiday/Retirement Party, which is being held at a venue located in Cranston. Board members indicated that it would be more appropriate to hold Providence Water functions at venues located in Providence.

10. ADJOURNMENT:

A motion by Vice Chairman Cataldi, seconded by Mr. Andujar and Ms. Badway, to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 4 to 0. The meeting was adjourned at 6:03 p.m.

ATTEST: A true attest.



Carissa R. Richard, Board Secretary

October 5, 2011

Pamela M. Marchand, P.E.
Chief Engineer and General Manager
Providence Water Supply
525 Academy Avenue
Providence, RI 02908

Dear Ms. Marchand:

Partridge Snow & Hahn LLP welcomes this opportunity to serve you. As a new client of the firm, we are providing you with a copy of our Standard Conditions Regarding Legal Representation and Fee Arrangement. These Standard Conditions outline the nature and scope of our relationship, our method of determining fees, and our procedures for billing and payment.

As you have discussed with Brian Gallogly, we will serve as special counsel to the Providence Water Supply Board ("WSB") and render legal services related to (i) the WSB's current strategic plan and future needs with respect to (a) financing and distribution issues, and (b) required or desirable coordination with the State of Rhode Island, Public Utilities Commission, other agencies and communities, and (ii) the development of legal positions and alternatives in conjunction with the WSB strategic plan necessary to continue to improve operations and distribute water to customers at affordable rates, and (iii) subject to the approval of the WSB and the Mayor, development of legislation for implementation of the strategic plan, providing for alternative structures for the operation of a water distribution system consistent with the needs of the WSB, the distribution system, the City of Providence, and other communities.

It is anticipated that our work will include:

- developing an understanding of present and past WSB capital investments, obligations, and operations, and present rate structures for retail and wholesale customers;
- legal updates to the WSB's strategic plan relating to future financing, operations, and contingencies;
- a legal review of various matters, including the City's Home Rule Charter with respect to debt issuance, existing debt obligations and regulatory oversight;
- subject to further direction from the WSB and the Mayor, drafting of implementing legislation for introduction at the General Assembly in 2012 with respect to strategic alternatives to be considered by the WSB;
- preparation of other legal documentation necessary to implement the strategic plan related to real estate, financing, equipment, and water rights; and

- with your authorization, we will review such other legal matters related to water policy as may arise from time-to-time.

The principal attorney who will be assigned to the transaction will be Brian Gallogly. Given the scope of the transaction, other firm attorneys may also be asked to work on particular aspects of the transaction as well, including but not limited to Normand Benoit, Michael Gamboli, Jennifer Cervenka, and Alexandra Pezzello. A profile of each of these attorneys is attached. The standard hourly rates for each of the attorneys listed above will be reduced by 10% as a courtesy to the WSB as follows:

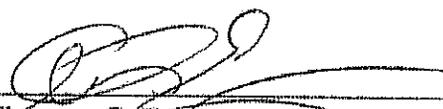
<u>Name</u>	<u>Standard Hourly Rate</u>	<u>Transaction Rate</u>
Normand Benoit		
Jennifer Cervenka		
Brian Gallogly		
Michael Gamboli		
Alexandra Pezzello		

In the ordinary course of business we may and do have clients who have legal issues involving the City of Providence, including the WSB. You agree that we are (i) not prohibited from acting on behalf of clients who may be adverse to the City of Providence and/or the WSB on matters unrelated to those for which you have engaged our services, (ii) may represent clients before administrative boards of the City of Providence in the case of tax appeals, zoning relief, etc., and (iii) may represent clients who may desire to engage in various contracts with the City of Providence or City agencies.

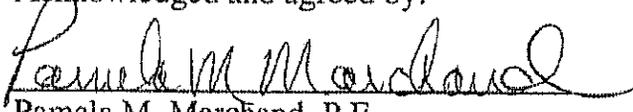
We ask that you review this engagement letter and the Standard Conditions carefully and contact us promptly with any questions you may have about it or the Standard Conditions. Unless otherwise mutually agreed in writing, this engagement letter and the Standard Conditions will govern our obligations to one another. If you are in agreement with this engagement letter and the Standard Conditions, please acknowledge your acceptance below and return a signed copy to me. We also suggest that you maintain a copy of this engagement letter and the Standard Conditions for your files and we thank you for engaging Partridge Snow & Hahn LLP to handle this legal matter.

Very truly yours,

Partridge Snow & Hahn LLP

By: 
 Thomas C. Eagan
 Director of Finance
 and Administration

Acknowledged and agreed by:

 11/8/11

Pamela M. Marchand, P.E.
Chief Engineer and General Manager
Providence Water Supply Board

Enclosures

cc: Brian P. Gallogly, Esq.

PARTRIDGE SNOW & HAHN LLP
STANDARD CONDITIONS REGARDING LEGAL REPRESENTATION
AND FEE ARRANGEMENT

I. Nature and Scope of Legal Representation.

A. Scope of Work and Communications. You have engaged us to provide legal services relating to various legal matters that may arise from time to time as described in correspondence to you dated October 5, 2011. The scope of our representation, along with any limitations upon those services, shall be determined pursuant to discussions and correspondence with you throughout our association. Any expression on our part concerning the outcome of your legal matter is an expression of our professional judgment, but is not a guarantee. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed.

The extent of work necessary to satisfactorily resolve your matter may vary significantly from our original expectations, and therefore, we will attempt to maintain open lines of communication to keep you apprised about the status of your matter. Furthermore, as a matter of course, we will send you copies of all pertinent correspondence, documents, and other materials prepared or received by us in the course of our representation. You are also encouraged to contact us whenever you have any questions or comments regarding the status of your matter, or whenever any new facts or developments come to your attention.

B. Attorney Assignment. Customarily, each client has a principal attorney who will have supervisory responsibility for legal matters involving the client. You are free to request a change of principal attorney at any time, for any reason. Subject to the role of the principal attorney, your work or parts of it may be performed by the principal attorney, other lawyers and legal assistants in the firm. Such delegation may be for the purpose of involving lawyers or legal assistants with special expertise or skill in a particular area or to promote efficiency and cost effectiveness in the handling of your work.

C. Termination. You may terminate our representation at any time. Your termination of our services will not affect your responsibility for payment of legal services rendered and expenses incurred both before termination and in connection with an orderly transition of the matter to another attorney.

We are subject to the Codes of Professional Responsibility, which lists several types of conduct or circumstances that require or allow us to withdraw from representing a client: misrepresentation or failure to disclose material facts to us, action(s) contrary to our advice, conflict of interest with another client, or nonpayment of fees or costs. We try to identify in advance and discuss with our clients any situation that may lead to our withdrawal, and if withdrawal ever becomes necessary, we will immediately give you written notice of our intention to withdraw. In the event of withdrawal, we will cooperate with your new attorney to provide a smooth transition.

II. Fee Arrangement.

A. Fee Determination. It is often impossible to determine the full nature and extent of the legal services which your matter may ultimately require, because, throughout our representation, the facts and circumstances as known to us pertaining to your matter may change. For this reason, we are generally unable to charge a fixed amount for our services. Rather, our fee is based upon our

determination of the value of our services, as well as the time we devote to your matter. In most cases, fees will be based upon the time actually expended by attorneys and legal assistants. Charges are made for time spent on items such as conference and telephone calls with you and other individuals involved in your legal affairs, legal research and analysis, court appearances, consultations with other attorneys, review of documentary materials, preparation and drafting of legal documents, correspondence and memoranda, and travel time.

Our hourly rates for our professionals vary depending upon the experience of the professionals and the nature and complexity of the matter or issues involved. Because the hourly rate is not always an accurate gauge of the value of services rendered to you, we reserve the right to adjust your bill either upward or downward to arrive at a reasonable fee. Bills may be adjusted downward in situations where the time expended on a matter seems inordinately high. In addition, bills may be adjusted upward depending upon such factors as:

- The novelty and/or complexity of the issues presented, and the skill required to perform the legal services promptly.
- The fees customarily charged in the community for similar services and the value of the services to you.
- The time constraints imposed by you as our client and other circumstances, such as an emergency closing, the need for injunctive relief from court, or substantial disruption of other work.

Among these factors, the time and effort required by your matter are typically weighted most heavily. We will keep accurate records of the time we devote to your work, and will provide you with detailed time records as a normal component of each invoice we render.

The hourly rates of our lawyers and legal assistants are reviewed and adjusted annually to reflect current levels of legal experience, and other factors. Adjustments to our hourly rates normally occur in the summer.

Notwithstanding the foregoing, at your request, the value of our legal services will not exceed \$125,000 without your written approval.

B. Expenses. We typically incur and pay on behalf of our clients a variety of costs in connection with our legal representation. Whenever such costs are incurred, we will carefully itemize and bill these charges. Typical costs include: long distance telephone calls, photocopying, express delivery services, facsimiles, electronic database services, travel and extraordinary secretarial overtime which may be required by the circumstances, fees for stenographers, process servers, (investigators, special counsel, expert witnesses, consultants, accountants and appraisers) and other costs incurred on your behalf. The firm reserves the right to send you vendor invoices for expenses incurred on your behalf which exceed \$1,000, with a request that you pay such invoices directly.

C. Retainer and Trust Deposits. New clients of the firm are commonly required to deposit a retainer with the firm. Typically, the retainer is equal to the fees and costs likely to be incurred during an

initial period. Often the retainer will be charged for fees and disbursements as our legal services are provided; and regular statements will be furnished to keep you apprised of the status of the retainer. At the conclusion of our legal representation or at such time as the retainer is unnecessary, the remaining balance will be returned to you.

All trust deposits we receive from you will be placed in a trust account for your benefit. Your deposit will be placed in a pooled account with other trust deposits unless you request a segregated account. If a segregated account is requested, we will require you to provide us with your federal tax identification number. Interest earned on a segregated trust account will be added to the deposit for your benefit and will be included in your taxable income.

D. Billing Arrangements. We will bill you on a monthly basis for both fees and disbursements. You agree to make payment within sixty (60) days of our invoice date. If our invoices are not paid within sixty (60) days of the invoice date, we reserve the right to accrue and collect interest on the outstanding balance of your account at the rate of 1% per month (12% per annum).

We will give you prompt notice if your account becomes delinquent, and you agree to bring the account current upon request. If the delinquency continues and you do not arrange satisfactory payment terms, we may withdraw from your representation and pursue collection of your account. You agree to pay the costs of collecting the debt, including expenses and reasonable attorneys' fees.

E. Your Right to Arbitrate. If you disagree with the amount of our fee or are unhappy with any services rendered, please contact your principal attorney to discuss your concerns. Typically, such disagreements are resolved to the satisfaction of both sides with little inconvenience or formality. In the event of a fee dispute that is not readily resolved, you have the right to request arbitration under supervision of the State Bar Association, and we agree to participate fully in the process.



CITY OF PROVIDENCE
Angel Taveras, Mayor

October 11, 2011

Pamela M. Marchand, P.E.
Chief Engineer and General Manager
Providence Water Supply
525 Academy Avenue
Providence, RI 02908

Re: Hiring of Partridge, Snow & Hahn

Dear Ms. Marchand:

As you know, the Providence Water Supply Board (PWSB) has been informally exploring options to address the infrastructure and other needs of the water system. Sufficient work has been done to make it clear that some additional targeted legal guidance would be fruitful.

Partridge Snow & Hahn has indicated its willingness to assist the PWSB as special counsel to render legal services with respect to the current strategic plan and future needs with respect to (a) financing and distribution issues, and (b) required or desirable coordination with the State of Rhode Island, Public Utilities Commission, other agencies and communities; and development of legal positions and alternatives in conjunction with the strategic plan necessary to continue to improve operations and distribute water to customers at affordable rates; and subject to the approval of the PWSB and the Mayor, development of legislation for implementation of the strategic plan, providing for alternative structures for the operation of a water distribution system consistent with the needs of the PWSB, the distribution system, the City of Providence, and other communities.

LAW DEPARTMENT

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Pamela Marchand, P.E.
October 11, 2011
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It is anticipated that the work will include understanding of present and past PWSB capital investments, obligations, and operations, and present rate structures for retail and wholesale customers; legal updating of the PWSB's strategic plan with respect to future financing, operations, and contingencies; a legal review of certain matters, including the City's Home Rule Charter with respect to debt issuance, existing debt obligations and regulatory oversight; subject to further direction from the PWSB and the Mayor, drafting of implementing legislation for introduction at the General Assembly in 2012 with respect to strategic alternatives to be considered by the PWSB; the preparation of other legal documentation necessary to implement such strategic plan related to real estate, financing, equipment, and water rights; and the review of such other legal matters related to water policy as may arise from time to time.

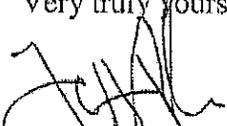
The principal attorney who would be assigned to the transaction is Brian Gallogly. Given the scope of the transaction, other firm attorneys may be asked to work on particular aspects of the transaction as well, including but not limited to Normand Benoit, Michael Gamboli, Jennifer Cervenka, and Alexandra Pezzello. The standard hourly rates for each of the attorneys listed above will be reduced by 10% as a courtesy to the WSB as follows:

<u>Name</u>	<u>Standard Hourly Rate</u>	<u>Transaction Rate</u>
Normand Benoit	[REDACTED]	[REDACTED]
Jennifer Cervenka	[REDACTED]	[REDACTED]
Brian Gallogly	[REDACTED]	[REDACTED]
Michael Gamboli	[REDACTED]	[REDACTED]
Alexandra Pezzello	[REDACTED]	[REDACTED]

Under the Providence Home Rule Charter, Section 603(b)(2), the City Solicitor is denominated the chief legal advisor and attorney for all city boards. Section 1101(a)(4) makes it clear that the Board's recommendations for legal counsel are subject to the Solicitor's oversight. Thus, the Law Department has reviewed the credentials of Partridge, Snow & Hahn. To assure the transparency which is a hallmark of this administration, we request that the hiring be presented to and approved by your Board.

With best personal regards,

Very truly yours,


Jeffrey M. Padwa
City Solicitor

City of Providence



Rhode Island
Department of City Clerk

MEMORANDUM

DATE: November 7, 2011
TO: Acting Purchasing Director
SUBJECT: APPROVAL TO ENGAGE THE SERVICES OF PARTIDGE, SNOW & HAHN LLC.-WATER SUPPLY BOARD.

CONSIDERED BY: Board of Contract and Supply

DISPOSITION: VOTED: that the Board of Contract and Supply hereby authorizes Approval to engage the services of Partidge, Snow & Hahn LLC., to render legal services with respect to the current strategic plan, in a total amount not to exceed One Hundred Twenty Five Thousand (\$125,000.00) Dollars , all in accordance with the request of Pamela M. Marchand, Chief Engineer & General, in communication dated October 27, 2011.

cc: Pur.Dir.
WSB ✓
cont.
File

A handwritten signature in cursive script, appearing to read "Pamela M. Marchand".

City Clerk

Providence Water Docket 4406

**Data Requests of the
Kent County Water Authority
Set 7 (Issued September 12, 2013)**

KCWA 7-4 Regarding the response to KCWA 6-4:

- a. Why will updates be needed to the appraisal? Does Providence Water contend that updates will cost the same as the initial study?
- b. What is the nature of the "legal services" from Partridge, Snow and Hahn that are expected to carry into the rate year? Are these a continuation of the strategic plan or something else?
- c. Regarding the response to KCWA 6-4 (d): what "other IT services" will Providence Water be using the \$28,000 for in the rate year?

Answer:

- a) Over time, the data will need to be updated and the values will change as economic conditions change, land values, replacement costs, etc. We do not know if the updates will cost the same, but if a similar document has to be produced, with an update to all of the data therein, it could be approximately the same.
- b) The legal services would entail a review of any changes to State laws, City Ordinances, Home Rule Charter changes, PUC and or Division decisions, bond indenture changes, etc as well as an update or modification to legislation from the prior year's legislative session.
- c) Over the years, Providence Water has grown and the state of technology is expanding astronomically. Cyber security was a term unheard of a few short years ago, yet this is part of our daily conversations. In order to keep pace with changing technology that affects every aspect of almost every job at Providence Water, we need to have a continuous review of our IT department to include updates to hardware and software, current and future staffing, in-house vs. outside IT support, IT security, etc.