



552 Academy Avenue
Providence, RI 02908

401-521-6300
www.provwater.com

November 19, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Dk 4406 Commission Record Request

Dear Mrs. Massaro:

Enclosed are an original and seven copies of the Commission's record requests from the evidentiary hearings on 11/13/13.

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

Sincerely,

Mary L. Deignan-White
Senior Manager of Regulatory

cc: service list

BOARD OF DIRECTORS

Xaykham Khamsyvovong
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

Kerri Lynn Thurber
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

Member

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

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Providence Water
Docket # 4406
Commission Record Request 11/13/13

1. Please provide a copy of the new strategic plan as referenced in this Docket?

Answer: A new strategic plan was not prepared. The existing strategic plan was completed in 2009 and a summary of that strategic plan was provided to the parties in Docket 4061 in response to data request KCWA 1-12. The existing strategic plan has not been updated. However, Partridge, Snow and Hahn (P S & H) has been working with Providence Water on the primary recommendation in the plan, which was for Providence Water to become more autonomous from the City of Providence. P S & H recommends that autonomy be accomplished through a legislative reorganization to a Regional Water Authority.

Providence Water
Docket # 4406
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2. Please provide 1) the payments made to Pamela Marchand re: termination without cause, including how much was paid, 2) why this action was consistent with the best interest of ratepayers, and 3) show that the reorganization resulted in savings greater than the termination payments.

Answer: Ms. Marchand's employment contract provided that the Chief Engineer/General Manager could be terminated without cause. This clause of the contract was invoked by the Board and Ms. Marchand was terminated without cause.

The contract provided that in such an instance one year's salary would be continued. In accordance with this provision, Ms. Marchand was paid \$31,309.62 from December 2011 to February 2012, with a termination date of 2/17/12. She was then paid \$179,198.32 (equal to one year salary) in equal monthly payments from March 2012 through February 2013. The total paid was \$210,507.94 (not inclusive of severance vacation and holiday which Ms. Marchand would be entitled to in any departure circumstance).

Please see attached for savings as a result of the management reorganization implemented by Providence Water after Ms. Marchand was terminated without cause. However, where the ratepayers really benefit in our opinion is an organization that is less top heavy and much more responsive.

Providence Water Management
 Re-organization Position Changes & Savings

<u>Old Position</u>	<u>Old Pay</u>	<u>New Position</u>	<u>New Pay</u>	<u>Savings</u>
Chief Engineer & GM	\$ 179,198	General Manager	\$ 155,000.00	\$ (24,198)
Deputy Gen Manager	\$ 114,933	Deputy Gen Manager	\$ 104,248.58	\$ (10,684)
Deputy Gen Manager	\$ 109,461	Deputy Gen Manager	\$ 104,248.58	\$ (5,212)
Director Engineering	\$ 105,054	Sr. Director - Operations	\$ 103,177.49	\$ (1,877)
Director Finance	\$ 102,117	Sr. Director - Administration	\$ 108,336.37	\$ 6,219
Director Water Supply	\$ 101,989	Senior Manager - (Water Supply)	\$ 78,375.98	\$ (23,613)
Director Commercial Services	\$ 99,143	Senior Manager (Comm Services)	\$ 78,375.98	\$ (20,767)
Director MIS	\$ 85,643	Senior Manager (MIS)	\$ 74,643.80	\$ (10,999)
Director T&D	\$ 81,565	Senior Manager - (T&D)	\$ 78,375.98	\$ (3,189)
Director Water Quality	\$ -	Deleted	\$ -	\$ -
Director Special Projects	\$ 80,727	Senior Manager - (Engineering)	\$ 82,294.78	\$ 1,568
Director Support Services	\$ 99,141	Deleted	\$ -	\$ (99,141)
Manager Customer Service	\$ 75,985	Deleted	\$ -	\$ (75,985)
Total	\$ 1,234,956		\$ 967,078	\$ (267,878)

Providence Water
Docket # 4406
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3. How much money has been spent so far on the COF?

Answer: The amount spent and charged to the CIP fund for the COF through June 30, 2013 is \$178,925 as reported to the Commission in Providence Water's June 30, 2013 IFR & CIP report filed on October 4, 2013. See attached page 90 with the project indicated.

Providence Water
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4. What % of the main replacement costs do we expect will represent costs for police details (assume \$1 million per mile)

Answer: Based on recent main replacement projects, police details currently average approximately 9% of the main replacement costs.

Providence Water
Docket # 4406
Commission Record Request 11/13/13

5. The proposed Johnston COF information (and an explanation regarding why it was not furnished earlier) in both redacted and unredacted format, together with minutes from the Board meeting where Johnston was rejected

Answer: As stated in our 10/4/13 response to BCWA 2-3, Providence Water has actively looked at many properties since 2010. In 2011, Providence Water, including its Chief Engineer Pamela Marchand, visited two different properties in Johnston. For various reasons, these properties did not meet Providence Water's needs and were never seriously considered. Therefore they were not identified as part of the original data response. The minutes from the Board meetings at which these properties were discussed are attached.



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

THE CITY OF PROVIDENCE
WATER SUPPLY BOARD
FEBRUARY 16, 2011 MINUTES

BOARD MEMBERS PRESENT:

The Hon. Angel Taveras
Mayor

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

Mr. Brett P. Smiley, Chairman
Mr. Joseph D. Cataldi, Vice Chairman
Council President Michael A. Solomon, Board Member
Councilman Correia, Board Member
Mr. Andy Andujar, Board Member
Mr. Richard Kerbel, Ex-Officio

BOARD OF DIRECTORS

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

Brett P. Smiley
Chairman

Joseph D. Cataldi
Vice Chairman

Richard Kerbel
Ex-Officio

BOARD MEMBERS ABSENT:

Ms. Joan Badway, 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. Paul Gadoury, Director of Engineering
Ms. Jeanne Bondarevskis, Director of Finance
Mr. Joseph Spemulli, Director of Support Services
Mr. Michael Covellone, Director of Water Supply
Mr. Ricky Caruolo, Director of Commercial Services
Mr. Kenneth Booth, Director of Transmission and Distribution
Mr. Paul Titzmann, Director of Special Projects
Mr. David DeSesto, Director of Information Systems
Ms. Lynn Roberts, Senior Manager of Personnel

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

Fernando S. Cunha, Esq.
Legal Advisor

OTHERS ATTENDING:

Mr. Gonzalo Cuervo, City of Providence Deputy Chief of Staff

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

An EPA WaterSense Partner

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:

Vice Chairman Cataldi called the meeting to order at 5:00 p.m. Vice Chairman Cataldi 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. Mr. Smiley, Mr. Andujar, Councilman Correia and Mr. Kerbel were welcomed as new members of the Board.

A motion was made by Council President Solomon, and seconded by Councilman Correia, to take Item 6.1 out of order. All members present were in favor of the motion. The motion passed 6 to 0.

6.1 Election of Officers

Annually at the first meeting following the qualification of new members, the Board elects one of its appointed members to serve as Chairperson and one to serve as Vice Chairperson.

A motion was made by Mr. Kerbel, and seconded by Vice Chairman Cataldi, to nominate Mr. Smiley for the position of Chairperson. There were no other nominations. All members present were in favor of the motion. The motion passed 6 to 0.

A motion was made by Chairman Smiley, and seconded by Council President Solomon, to nominate Mr. Cataldi for the position of Vice Chairperson. There were no other nominations. All members present were in favor of the motion. The motion passed 6 to 0.

3. APPROVAL OF MINUTES OF PREVIOUS MEETING:

3.1 November 17, 2010 Meeting

A motion by Council President Solomon, seconded by Vice Chairman Cataldi, 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 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**

Chief Marchand provided the Board with a summary of the information contained in Item 4.1. It was noted that the Board did not meet in December 2010 or January 2011 and was being asked to approve reports from those months, as well as current 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 6 to 0.

5. OLD BUSINESS:

None

6. NEW BUSINESS:

Item 6.1 was addressed earlier in the meeting.

6.2 Appointment of Board of Contract and Supply Deputy

The Board annually appoints a deputy to the Chairman for the purpose of voting and representing Providence Water at the meetings of the Board of Contract and Supply on the occasions that the Chairman is unable to attend.

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

6.3 Land Acquisition Matters

This item was discussed in Executive Session.

6.4 Amendment of Providence Water's Rules and Regulations

Mr. Caruolo stated that Board approval was being requested to amend Section 6.8 "Right to Make Inspection" of Providence Water's Rules and Regulations. The Board approved updated Rules and Regulations in 2008. Since that time, Section 6.8 has become outdated due to new technology available in the areas of meters and conservation. The changes to Section 6.8 take into account all of the present practices used by Providence Water to monitor/record the consumption of water, and any future practices that Providence Water may use as technology expands in this area.

The current language of Section 6.8 is as follows - Providence Water inspectors or its designees must have free access at all reasonable hours to all parts of every building for the purpose of inspecting, removing or replacing meters and observing the manner in which the water is used. Failure to comply may result in termination of water service.

The proposed language of Section 6.8 is as follows- Providence Water inspectors or its designees must have free access at all reasonable hours to all parts of every building for the purpose of inspecting, removing, replacing or servicing meters, meter reading devices, leak detection devices such as MLOGS, and any future devices which Providence Water may deem advisable or necessary for the safe and efficient operation of its water systems or observing the manner in which the water is used. Failure to comply with this right of access may result in termination of water service.

Vice Chairman Cataldi made a motion to approve the amendment of Section 6.8 of Providence Waters Rules and Regulations. This motion was seconded by Mr. Kerbel. All members present were in favor of the motion. The motion passed 6 to 0.

6.5 Rate Filing Update

Ms. Bondarevskis provided the Board with information about Providence Water rates and the rate filing process - see attachments. For the benefit of new members, Ms. Bondarevskis provided the Board with copies of the Providence Water Fiscal Year 2010 - 2011 budget that had been approved by the Board in June 2010.

6.6 New Facility Update

At the November 17, 2010 meeting, the Board authorized the Chief Engineer to petition the RI Clean Water Finance Agency and the Division of Public Utilities to issue preapprovals to borrow/enter into the long term debt needed to acquire a central administration building. For the benefit of new members, Mr. Spremulli provided the Board with information about our current facility issues. Mr. Spremulli stated that Providence Water has been working with the firm of Hayes and Sherry to look for a new facility. There has been an extensive search of properties in Providence, which has been unsuccessful. Providence Water is looking for a property within a two-mile radius of the center of our distribution system, which includes Providence, North Providence, Cranston and Johnston. We are currently looking in the Johnston area near Rt. 6 and Rt. 295 for easy access to the entire distribution system.

7. OTHER BUSINESS:

Ms. Richard noted that she would like to schedule a photographer to come to Providence Water on the day of the next Board meeting to take pictures of Board members. She indicated that she would contact members once she had confirmed with the photographer.

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

Council President Solomon made a motion to enter into Executive Session under R.I.G.L. 42-46-5(a)(2) and (a)(5) to discuss litigation and land acquisition matters. This motion was seconded by Councilman Correia. All members present were in favor of the motion. The motion passed 6 to 0.

Roll Call

Chairman Smiley	yes
Vice Chairman Cataldi	yes
Council President Solomon	yes
Councilman Correia	yes
Ms. Badway	absent
Mr. Andujar	yes
Mr. Kerbel	yes

9. RETURN FROM EXECUTIVE SESSION:

A motion was made by Mr. Kerbel, 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
Council President Solomon	yes
Councilman Correia	yes
Ms. Badway	absent
Mr. Andujar	yes
Mr. Kerbel	yes

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

Council President Solomon made a motion to authorize the Chief Engineer and General Manager to pursue the acquisition of the properties discussed in Executive Session, consistent with past practices through the Providence Public Buildings Authority. This 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 the Board Legal Advisor to settle the litigation/claims and reimburse the City of Providence as discussed in Executive Session. This motion was seconded by Chairman Smiley. All members present were in favor of the motion. The motion passed 6 to 0.

10. ADJOURNMENT:

A motion by Councilman Correia, seconded by Mr. Kerbel, 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 6:30 p.m.

ATTEST: A true attest.

Carissa R. Richard

Carissa R. Richard, Board Secretary

Providence Water General Rate Information

- Providence Water is regulated by the RI Public Utilities Commission (PUC) as to rates and charges.
- As an Enterprise Fund, Providence Water is financially separate from the City and all costs are 100% funded from water rate charges.
- Water is provided to approximately 2/3 of the State of RI, on a retail and wholesale basis.
- Rates are set for a 1 year period, which is called the rate year or Pro-forma year.
- Over the past 11 years since 2000, Providence Water has raised rates 5 times¹, or approximately every 2 years.
- The most recent increase was effective for Calendar year 2010.
- Providence Water was ordered to file an updated Conservation Rate Proposal by July 1, 2011.
- It takes approximately 9 months to get rates approved.

Therefore,

- Providence Water has engaged our rate consultants to update the conservation rate proposal and prepare an Abbreviated Rate Filing to the PUC.
- There is an increase in funding for our Infrastructure Replacement Program of \$2 million per year.
- There is an increase in funding for our Chemical/Sludge Maintenance fund of approximately \$1 million per year.
- There are other increases in contractual costs, such as salaries, health care and insurance.
- Providence Water has tried to manage our rate adjustments to prevent rate shock and ensure that funding for needed improvements is available.
- Providence Water's residential retail rate is the second lowest among regulated water utilities.
- A presentation of the proposed rates to be filed will be made at the March 16, 2011 Board meeting, in order to file by March 31st, for a January 1, 2012 effective date.

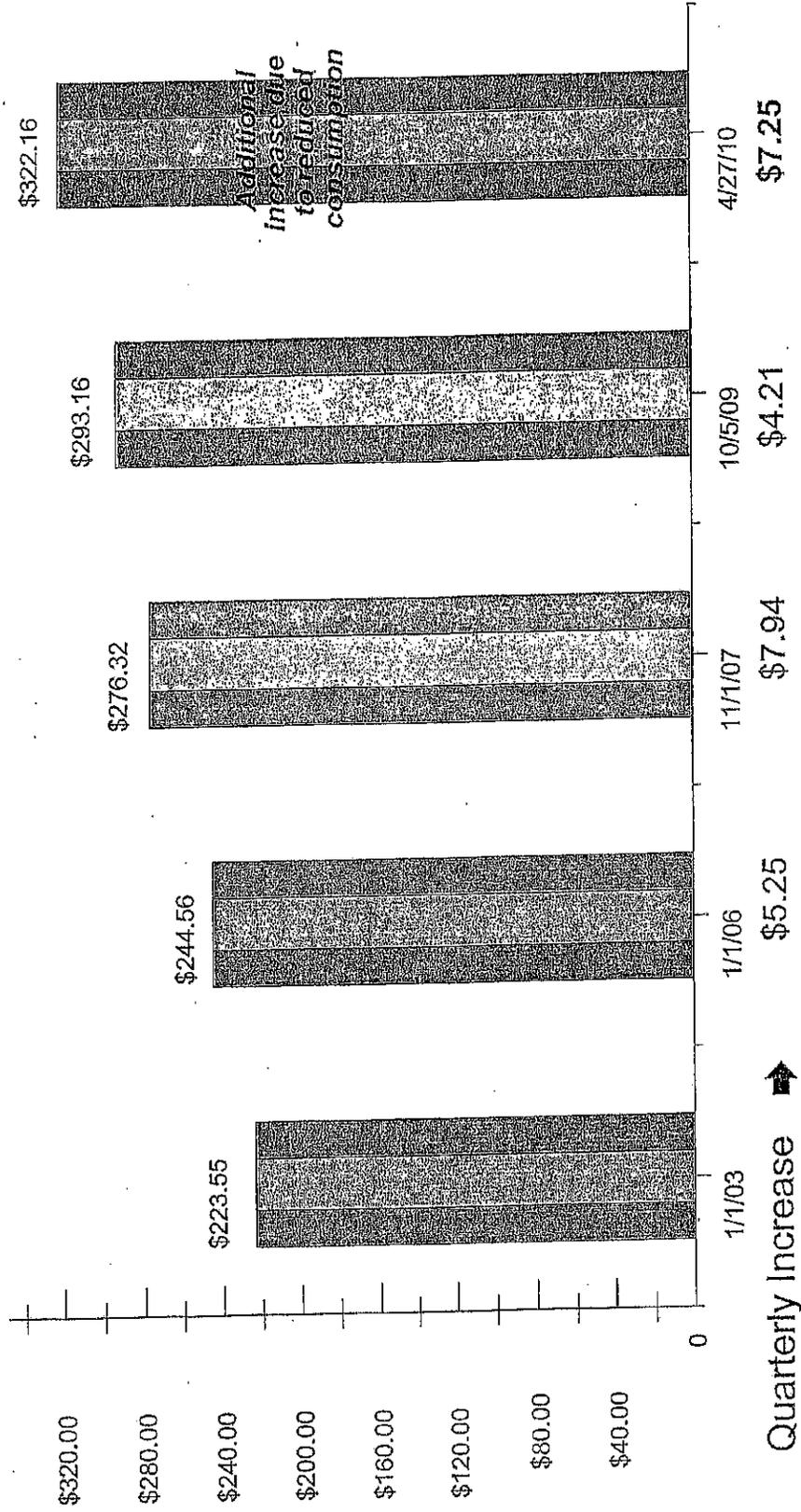
¹ Except for the April 27, 2010 increase which was due to reduced consumption. No additional revenues were requested.

**PROVIDENCE WATER
RATE SUMMARY**

Docket	Effective	1534	1600	2048IR	2048	2154	2222	2304	2304 S1	2304 S2	2961	New Rate Class	3163	3446	3684	3832	4061	4061
	Effective		Effective	Effective	Effective	Effective	Effective	Effective										
	06/18/81	11/14/88	07/24/92	12/30/92	02/24/94	01/01/95	12/26/95	01/01/97	05/01/98	02/01/00	01/01/01	01/01/03	01/01/06	11/01/07	10/05/09	04/27/10		
Retail Consumption																		
Providence	\$0.310	\$0.410	\$0.480	\$0.570	\$0.590	\$0.660	\$1.140	\$1.240	\$1.340	\$1.44	\$1.61	\$1.79	\$1.86	\$2.134	\$2.264	\$2.488		
1st Block	\$0.170	\$0.275	\$0.320	\$0.450	\$0.480	\$0.570	\$1.060	\$1.160	\$1.260	\$1.37	\$1.54	\$1.72	\$1.88	\$2.049	\$2.174	\$2.390		
2nd Block (Per HCF)																		
Outside Providence																		
1st Block	\$0.470	\$0.620	\$0.730	\$0.660	\$0.740	\$0.740	\$1.140	\$1.240	\$1.340	\$1.44	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2nd Block (Per HCF)	\$0.230	\$0.395	\$0.460	\$0.550	\$0.580	\$0.660	\$1.060	\$1.160	\$1.260	\$1.37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wholesale (Per MG)	\$318.65	\$433.14	\$507.50	\$490.86	\$512.07	\$579.00	\$805.41	\$855.15	\$904.08	\$945.00	\$1,017.00	\$1,132.89	\$1,236.00	\$1,455.77	\$1,544.16	\$1,697.21		
Public Fire Protection																		
Providence (Per year, per hydrant)	\$74.50	\$101.27	\$118.75	\$145.58	\$151.87	\$165.25	\$170.24	\$170.24	\$170.24	\$170.24	\$188.97	\$229.44	\$250.99	\$291.06	\$308.73	\$339.33		
Outside Providence (Per year, per hydrant)	\$104.00	\$141.37	\$165.77	\$145.55	\$151.84	\$165.23	\$170.24	\$170.24	\$170.24	\$170.24	\$188.97	\$229.44	\$250.99	\$291.06	\$308.73	\$339.33		
Metered Sales Surcharges																		
Providence	N/A	\$0.085	\$0.080	\$0.080	\$0.080	\$0.080	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outside Providence (Per HCF)	N/A	\$0.085	\$0.080	\$0.080	\$0.080	\$0.080	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service charges not included																		

Providence Water Managed Rate Adjustments

Typical Bill for 100 HCF (74,800 gallons) per year



With Providence Water's current rates, a typical residential water bill is \$80.54 per quarter, or \$26.85 per month.

Comparative Rates with Other Water Utilities

		<i>Effective</i>
Kent County Water Authority	\$ 563.54	04/27/10
Pawtucket Water	\$ 510.00	01/01/11
Newport Water	\$ 453.94	07/01/09
Woonsocket Water	\$ 450.28	07/01/07
Providence Water	\$ 322.16	04/27/10
Unified Water	\$ 266.13	10/01/99

As of January 2011
Based on 100 HCF and a 5/8" meter, without State Surcharges
all regulated by the RI Public Utilities Commission



3.1

552 Academy Avenue
Providence, RI 02908

401-521-6300
www.provwater.com

THE CITY OF PROVIDENCE
WATER SUPPLY BOARD
MAY 4, 2011 MINUTES

BOARD MEMBERS PRESENT:

- Mr. Brett P. Smiley, Chairman
- Mr. Joseph D. Cataaldi, Vice Chairman
- Council President Michael A. Solomon, Board Member
- Councilman Correia, Board Member
- Ms. Joan Badway, Board Member
- Mr. Andy Andujar, Board Member
- Mr. Richard Kerbel, 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. Cataaldi
Vice Chairman

Richard Kerbel
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

- Ms. Pamela Marchand, Chief Engineer and General Manager
- Ms. Carissa Richard, Board Secretary

BOARD MEMBERS ABSENT:

- Mr. Fernando S. Cunha, Esq., Legal Advisor

PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:

- Mr. Boyce Spinelli, Deputy General Manager of Administration
- Mr. Paul Gadoury, Director of Engineering
- Ms. Jeanne Bondarevskis, Director of Finance
- Mr. Joseph Spremulli, Director of Support Services
- Mr. Michael Covellone, Director of Water Supply
- Mr. Kenneth Booth, Director of Transmission and Distribution
- Mr. David DelSesto, Director of Information Systems
- Ms. Lynn Roberts, Senior Manager of Personnel
- Mr. Idowu Kuti, Controller
- Mr. Joseph Murphy, Senior Supervisor of Commercial Services

OTHERS ATTENDING:

None

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

An EPA Watersense Partner

Only Tap Water DELIVERS

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.

1. **CALL TO ORDER:**

Chairman Smiley called the meeting to order at 4:58 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.

A motion was made by Mr. Kerbel, and seconded by Vice Chairman Cataldi, to take Item 8 out of order. All members present were in favor of the motion. The motion passed 7 to 0.

8. **OPEN CALL FOR EXECUTIVE SESSION IN ACCORDANCE WITH R.I.G.L. 42-46-5 (a)(5) and (a)(7)- Real Estate and Investment Matters:**

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

Roll Call

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

RETURN FROM EXECUTIVE SESSION:

A motion was made by Ms. Badway, and seconded by Council President Solomon to exit from Executive Session. All members present were in favor of the motion. The motion passed 7 to 0.

Roll Call

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

Council President Solomon and Councilman Correia left the meeting at 5:35.p.m. to attend a City Council committee meeting.

A motion was made by Ms. Badway, and seconded by Vice Chairman Cataldi, to seal the records of Executive Session. All members present were in favor of the motion. The motion passed 5 to 0.

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

3.1 **March 16, 2011 Meeting**

A motion by Mr. Andujar, seconded by Vice Chairman Cataldi, 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 **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 Ms. Badway, 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 5 to 0.

5. **OLD BUSINESS:**

5.1 **Rate Filing Update**

Ms. Bondarevskis informed the Board that we have assessed the need for a rate filing at this time and because of the reduction in expenses negotiated by the Mayor with the Union, and because of the variable with (predicted increased) consumption during the summer, we will not be asking for a rate increase at this time.

5.2 **Approval of Fiscal Year 2011 Budget Revenue and Expenditure Ordinance Amendment**

Ms. Bondarevskis stated that the Board approved the Fiscal Year 2011 budget in June 2010. Due to a recent agreement implemented by the Union and the City of Providence, the longevity payment for Fiscal Year 2011 will not be paid or charged until 2012. This will result in a one-time budget savings for Providence Water. Board approval was being requested for Providence Water to use some of the longevity expense funding to cover increased expenses in energy, fuel and legal fees. Salaries would be decreased by \$550,000, with Services increased by \$450,000 and Materials increased by \$100,000.

Mr. Kerbel made a motion to approve the amended Fiscal Year 2011 Budget Revenue and Expenditure Ordinance. This motion was seconded by Ms. Badway. All members present were in favor of the motion. The motion passed 5 to 0.

6. NEW BUSINESS:

6.1 Fiscal Year 2010 Audit Report and Management Letter

Ms. Bondarevskis stated that consistent with City Charter requirements, Providence Water is audited annually by the outside firm. The City of Providence, along with Providence Water, was audited by the firm of Braver PC of Massachusetts with an office in Providence, RI. The final audit report was received on February 15, 2011. Board members received a copy of the audit report and management letter. As a result of continued improvement in effective control and procedures, Providence Water received a clean or "unqualified" audit opinion from Braver PC. The management letter disclosed two areas of deficiencies in internal controls - work order processing and severance payments. The work order processing issue has already been addressed and should be removed. The second area is being addressed and we have implemented changes in our internal policies.

It was noted that the Board was requesting that the auditor attend the meeting of the presentation of the Fiscal Year 2011 Audit Report and Management Letter.

6.2 Budget Calendar

The Board had been provided with a calendar for preparation of Providence Water's upcoming fiscal year budget. Ms. Bondarevskis briefly discussed the budget process.

6.3 Presentation - Funding of the 20-Year IFR Plan

Mr. Gadoury provided the Board with information and reports pertaining to the 20-Year IFR plan and Ms. Bondarevskis provided the Board with a presentation on the funding of the IFR plan - see attachment.

6.4 Approval of Property Acquisition

Item 6.4 was discussed in Executive Session.

6.5 Constellation Energy

Item 6.5 was discussed in Executive Session.

6.6 Summer Interns

Chief Marchand informed the Board that per past practice, Providence Water would be hiring summer interns. She stated that Providence Water is first asking the students that worked last year to return and it appears as though most are interested. As such, Providence Water is not looking for any additional students at this point. It appears as though there will be 12 or 13 returning student interns.

7. OTHER BUSINESS:

Brochures for the 2011 American Water Works Association (AWWA) Annual Conference were distributed to Board members and Chief Marchand provided a brief overview of the organization and annual conference.

Item 8 - Open Call for Executive Session in Accordance with R.I.G.L. 42-46-5 and Item 9 - Return from Executive Session were addressed earlier in the meeting.

10. ADJOURNMENT:

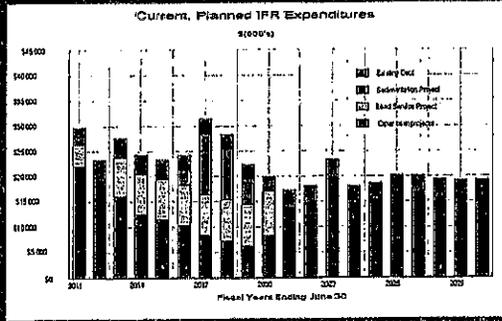
A motion by Vice Chairman Cataldi, seconded by Mr. Andujar, to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 5 to 0. The meeting was adjourned at 6:22 p.m.

ATTEST: A true attest.

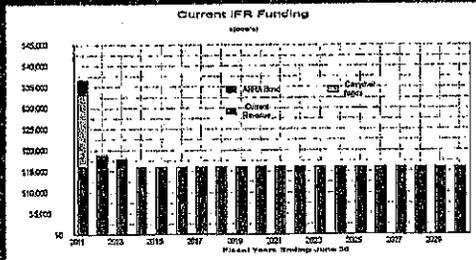
Carissa R. Richard

Carissa R. Richard, Board Secretary

Current, Planned IFR Expenditures

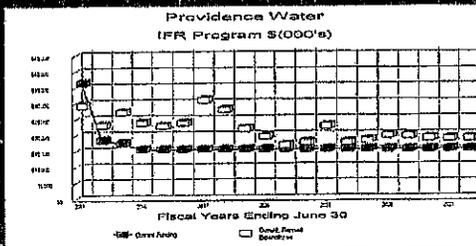


Current IFR Funding



Overlay of Funding and Expenditures

Expenditures exceed funding resulting in a shortage



Sources and Uses of Funds

Providence Water Sources and Uses of Funds JRR Funding & Expenditure Projections (\$000's) Fiscal Years 2011 through 2030					
	2011-2015	2016-2020	2021-2025	2026-2030	2011-2030
	Phase 1	Phase 2	Phase 3	Phase 4	Total
Sources of Funding:					
Current Authorized Funding	\$9,000	\$8,000	\$9,000	\$9,000	\$35,000
Current Bond Proceeds	\$,000	0	0	0	\$,000
Funds Available from Prior Years	\$1,123	0	0	0	\$1,123
Total Sources of Funds	\$10,123	\$8,000	\$9,000	\$9,000	\$36,123
Uses of Funding:					
Cash Funded Construction Project	\$10,000	\$11,000	\$9,718	\$9,347	\$39,065
Existing Debt Service	\$1,123	\$2,000	\$1,600	\$1,650	\$6,373
Total Uses of Funds	\$11,123	\$13,000	\$11,318	\$10,997	\$46,438
JRR Program Surplus/Deficit	-\$1,000	-\$5,000	-\$2,318	-\$1,997	-\$10,315

Providence Water

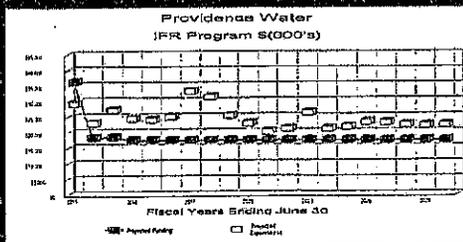
How to deal with the Shortage of Funding

- ▶ Determine 1 time projects vs continuing projects
- ▶ Estimate amount of bonds needed for 1 time expenditures
- ▶ Determine rate requirement needed for continuing expenditures, such as new debt service

Providence Water

W/ \$ 2 Mil. 2013 rate increase

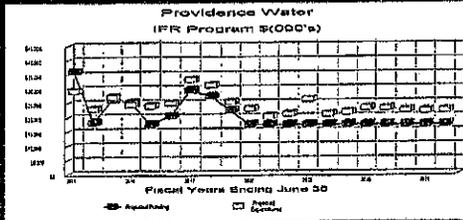
Shortage remains



Providence Water

Overlay of Funding and Expenditures

Much closer, small shortage remains



Providence Water

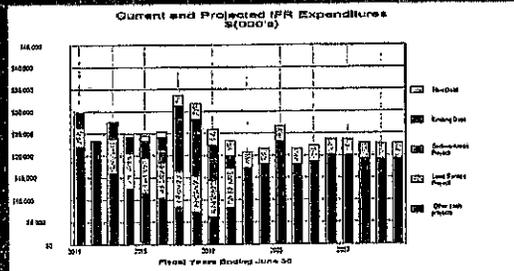
Other considerations

Additional debt service must be added to projected expenditures for 2 new bonds

- ▶ Debt is projected to begin one year after the project start
- ▶ Additional rate increases will be needed to cover the new debt service

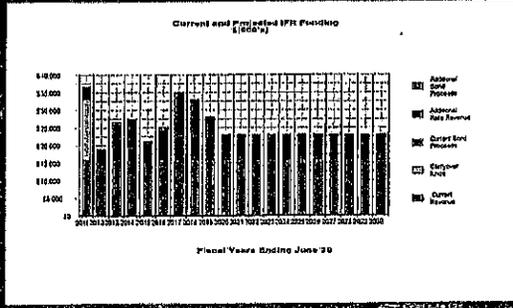
Providence Water

W/ debt service on new bonds

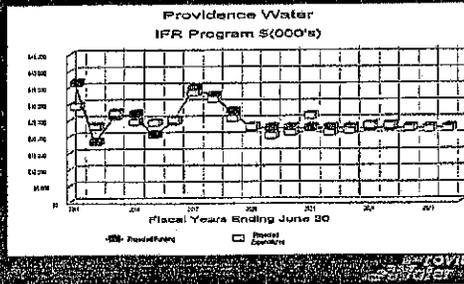


Providence Water

W/ additional rate filings in 2014 & 2016



Overlay of Funding and Expenditures Fully Balanced



Sources and Uses of Funds

Providence Water Sources and Uses of Funds IFR Funding & Expenditure Projections (\$000's) Fiscal Years 2011 through 2020

	2011-2015	2016-2016	2017-2020	2020-2020	2011-2020
	Phase 1	Phase 2	Phase 3	Phase 4	Total
Sources of Funds					
Current Authorized Funding	\$90,000	\$90,000	\$90,000	\$90,000	\$360,000
Current Bond Proceeds	\$,200	\$	\$	\$	\$,200
Funds Available from Prior Years	\$7,421	\$	\$	\$	\$7,421
Additional Rate Revenue	\$,500	\$1,000	\$90,000	\$40,000	\$132,500
Additional Bond Proceeds	\$8,200	\$2,000	\$	\$	\$10,200
Total Sources of Funds	106,321	93,000	180,000	130,000	509,321
Uses of Funding					
Cash Funded Construction Projects	\$109,250	\$11,200	\$30,710	\$20,200	\$171,360
Existing Debt Service	18,242	14,600	14,600	14,600	62,042
Additional O&M Service	1,773	13,248	17,220	17,220	49,461
Total Uses of Funds	129,265	39,048	62,530	52,020	282,863
IFR Program Surplus/(Deficit)	\$31,056	\$53,952	\$117,270	\$77,980	\$280,258

Providence Water
Docket # 4406
Commission Record Request 11/13/13

6. Please provide the policy and procedure related to lien sales and how, if at all, Providence Water coordinates with the City regarding these sales?

Answer: Please see attached policy and procedure provided by Providence Water's Commercial Services department.

POLICY & PROCEDURE

PROVIDENCE WATER TAX SALE

Explanation

Providence Water conducts one lien sale approximately every three years totally independent from the City of Providence. Providence Water's Tax Sale includes all properties that we provide water service to in the various cities and towns.

The dollar amount owed and the criteria used does vary from sale to sale, but the number of properties selected remains constant. Providence Water does adjust the dollar amount based on the number of accounts affected. We try to keep the tax sale size manageable.

Every property in every city and town Providence Water serves is subject to tax sale. The only properties/accounts Providence Water does not sell are as follows:

- *Properties currently in Bankruptcy and Receivership
- *All Government owned properties (Federal, State & City)
- *Properties that are currently in dispute and have registered the complaint with Public Utilities Commission or are under investigation with Providence Water.

The dollar amount used in our last tax sale held on 03/08/2013 was as follows:

- *All Open Accounts - Dollar Balance of \$399.99 or greater No Payment 121 days or more
- *All Closed Accounts - Dollar Balance \$99.99 or greater - No Payment 45 days or more
- *All Accounts in Cycle 99 (Private Fire Supplies Opened and Closed) - Dollar Balance \$99.99 or greater No Payment 45 days or more.

Providence Water goes out to bid for Attorneys and solicits bids for a licensed auctioneer to conduct its tax sale. The bidding process is done through the City of Providence's Board of Contract and Supply. All charges are passed on to the property owner as they are incurred. Once the property is paid in full or is brought current the property is dropped from the sale and the Attorneys are notified.

The charges to an account are all steps required by law and the charges specified in the bid. They include the following representative charges:

Mailing first class letters, preparing the Title Report, mailing of Certified Letters, preparing the list of properties and advertising in the Newspaper, prepare and deliver the list of properties to RIHMFC and the State Department of Elderly Affairs as required by law, the Auctioneer, Preparing & Filing the collectors deed, pro-rated Police Detail for the sale, Legal Representation at the sale and other miscellaneous fees which may arise the day of the sale.

POLICY & PROCEDURE

TITLE: PROVIDENCE WATER LIEN SALE

OBJECTIVE: To reduce Providence Water's receivables and increase cash flow.

- PROCEDURE:**
1. Establish a criteria for the Lien Sale
 2. Have MIS run a report, based on the criteria established, to see how many accounts there are that meet the criteria and the total dollar value
 3. Adjust the criteria, if needed, to find a manageable sized Lien Sale
 4. Submit all criteria's requested and MIS reports to the Senior Manager of Commercial Services with recommendations for approval
 5. Have MIS run the approved report and insert the word LIEN in the ALERT CODE area of each account.
 6. Review each account to make sure the amount owed is correct, there are no Government owned accounts, accounts in dispute with the PUC, and no accounts in Bankruptcy/Receivership.
 7. Remove all accounts, if any, that are mentioned in number 6 and remove them from the Lien Sale.
 8. Contact the Attorney(s) and inform them of the number of accounts that are on the Lien Sale List and ask them the last possible day to have an account removed from the Lien Sale before they begin each phase of the work. Title, first class letters, certified letters, & advertising in the paper.
 9. Contact Providence City Hall and reserve the City Council Chambers for the Lien sale.
 10. Charge all accounts, on the date provided in #7, remaining on the Lien Sale for each phase of the work.
 11. Monitor each account daily and notify the attorneys, via email, of all accounts that have paid in full or brought their balance owed current that should be dropped from the Lien Sale till the day of sale.
 12. Review the list of properties to be advertised in the Providence Journal, contact the Providence Journal for the last day a property can be deleted from the Ad.
 13. Charge all the accounts advertised in the Providence Journal. Cost charged is determined by Total Cost/Number of Accounts Advertised.

POLICY & PROCEDURE

14. **Post copies of the Providence Journal AD in the predetermined areas in accordance with RIGL.**
15. **Solicit Bids for a Licensed Auctioneer and process a PO for the lowest qualified bidder.**
16. **Contact Providence Police, detail office, and schedule a detail officer for the sale. Process a Purchase Order for the cost of the Detail Officer. As required by Providence City Hall.**
17. **Rhode Island Housing Mortgage Finance Corporation will submit a list of properties they are interested in purchasing the Lien. Please calculate the amount owed and include all the day of sale costs. When payment is received notify the Attorneys of the properties they purchased so they can delete them from the sale and prepare the proper paperwork.**
18. **Prepare the Information Sheets on each account scheduled for lien sale. Include on the sheet all day of sale costs.**
19. **Continue to monitor all accounts and notify the Attorneys immediately of accounts that are paid in full or brought current. An account can be deleted from the sale up to moment before the property is sold.**
20. **Review the final list with Attorneys of Properties remaining on tax sale.**
21. **Credit all accounts that are not sold the day of sale charges.**
22. **Attorneys will provide a list of properties, by City/Town, that were sold for posting in each Recorder of Deeds Office, in the appropriate City/Town, within 72 hours from the date of sale.**
23. **Request Direct Payments from Accounts Payable to pay for the Collector's Deed to be filed in their respective City/Town.**
24. **Once the Attorney(s) deliver the Collector's Deeds review them and file them with the appropriate City/Town. All deeds must be filed within 60 days from the date of sale per RIGL.**
25. **Mail/e-mail copies of the filed Collector's Deeds to the Attorney(s) and the parties who purchased the Lien at the Lien Sale.**

POLICY & PROCEDURE

26. Providence Water is required by RIGL to handle all redemptions when asked for one year plus a day. All redemption payments must be made by certified check or money order and made payable to Providence Water. No credit card or personal checks are to be accepted.
27. Calculate the Redemption Cost by multiplying the sale price times the appropriate interest rate established by RIGL and a separate check made payable to the appropriate City/Town, currently for \$84.00, to file the Redemption Deed. The interest rates currently are:
- | | |
|--|-----|
| First Six (6) Months from Date of Sale | 10% |
| Month Seven (7) | 11% |
| Month Eight (8) | 12% |
| Month Nine (9) | 13% |
| Month Ten (10) | 14% |
| Month Eleven (11) | 15% |
| Month Twelve (12) | 16% |
28. When payments are received, the payment to redeem the property is to be posted to the appropriate account and a refund is to be requested in the buyer's name. When the check is received from Providence City Hall it is to be mailed to the buyer.
- When the payment to file the deed is received a redemption deed is to be prepared by Providence Water and filed with the appropriate City/Town the property is located. A copy of the redemption deed is to be mailed/e-mailed to the appropriate parties.
29. Providence Water cannot redeem any property after one year plus a day. People requesting redemption information must be forwarded to the buyer. This is in accordance to RIGL.