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July 15, 2015

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: *Providence Water Supply Board*
Docket 4571

Dear Ms. Massaro:

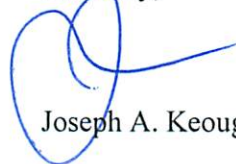
Enclosed please find an original and nine copies of the following document:

1. THE BRISTOL COUNTY WATER AUTHORITY'S SECOND SET OF DATA REQUESTS DIRECTED TO PROVIDENCE WATER SUPPLY BOARD.
2. THE BRISTOL COUNTY WATER AUTHORITY'S OBJECTION TO THE PROVIDENCE WATER SUPPLY BOARD'S MOTION REGARDING RULE 2.10 AND OBJECTION TO PROCEDURAL SCHEDULE

Please note that an electronic copy of these documents has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf

Enclosures

cc: Service List (*via electronic mail*)

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: PROVIDENCE WATER SUPPLY BOARD : DOCKET No. 4571

**THE BRISTOL COUNTY WATER AUTHORITY’S OBJECTION TO THE PROVIDENCE WATER SUPPLY
BOARD’S MOTION REGARDING RULE 2.10 AND OBJECTION TO PROCEDURAL SCHEDULE**

I. INTRODUCTION

On June 17, 2015, the Providence Water Supply Board (“Providence Water” or “Providence”) filed a Motion to Reopen Docket 4406 pursuant to Rule 1.26 of the Rules of Practice and Procedure for the Rhode Island Public Utilities Commission (“Commission”). Providence ostensibly asked the Commission to restore \$2,400,000 in funding for its Capital Improvement Program Fund (“CIP Fund”). Providence’s Motion actually sought approval of a \$30 million Central Operating Facility (“COF”) and funding for miscellaneous projects not covered in its Infrastructure Replacement Plan. Providence sought this approval on an expedited basis.

Following a procedural hearing on June 30, 2015, Providence now seeks to convert its Motion to Reopen into an Abbreviated Filing pursuant to Rule 2.10 of the Commission’s Rules of Practice and Procedure (“Rules” or “Rule”). Thus, Providence filed the motion pending before the Commission seeking waivers from the requirements of Rule 2.10. Providence once again seeks approval on an expedited basis.

Providence’s request for an expedited examination of its filing has been approved by the Commission through a Procedural Order dated July 2, 2015, which establishes a deadline of

August 18, 2015 for the filing of Intervener and Division testimony, and hearing dates of August 24 and 31, 2015.

The Bristol County Water Authority (“BCWA”) does not object to Providence Water’s request for waiver from the requirements of Rule 2.10, rather the BCWA objects to Providence’s request for expedited approval and the Commission’s procedural Order, which granted this relief.

II. ARGUMENT

On June 30, 2015, the Commission held a pre-hearing conference in response to Providence Water’s Motion to Reopen Docket 4406 at which time the BCWA raised the issues set forth in its Objection to Providence’s Motion To Reopen. During the conference Commission Counsel opined that Providence’s Motion to Reopen may not be in conformance with Rule 1.26. The BCWA echoed these sentiments. Commission Counsel then suggested that, procedurally, the relief Providence sought would be more appropriately requested in an Abbreviated Filing under Rule 2.10.

Providence is correct that the BCWA agreed with Commission Counsel’s position as a matter of procedure. In that regard, the BCWA indicated it would not object to the waivers Providence seeks in paragraph 3 a. – f. of its Motion Regarding Rule 2.10, and the BCWA does not object to this relief. However, at the conference, the BCWA disagreed, and continues to disagree that this important issue should be decided in expedited schedule of approximately sixty days.

The timeline leading to Providence’s Abbreviated Filing is as follows:

- February 20, 2015 – representatives from Providence Water tour the property at 125 Dupont Drive, Providence, RI (“Property”).

- March 2, 2015 – Providence Water meets with representatives of the Commission and Division to brief them on the potential purchase of the Property. The intervening parties in Docket 4406 were not notified of this meeting, or invited to participate, even though Providence Water was not subject to any Confidentiality Agreement at this time.
- March 16, 2015 – Providence Water makes its first offer for the Property.
- March 26, 2015 – Providence Water and the Property Owner settle on purchase price of \$10.35 million.
- May 7, 2015 – Providence Water signs a Purchase and Sales Agreement (“P&S”) for the Property.
- June 17, 2015 – Providence Water files its Motion to Reopen.
- July 13, 2015 – Providence files its Motion Regarding PUC Rule 2.10

Providence claims it could not disclose its potential purchase of the Property before it filed its Motion to Reopen on June 17, 2015 due to confidentiality agreements. In response to BCWA 1-24, Providence identifies the confidentiality agreements as the offers and counter offers it submitted and paragraph 30 of the P&S. The offers and counter offers do contain a confidentiality clause, but also allowed Providence to seek permission from the Seller to disclose the transaction terms to third parties. It does not appear Providence sought permission so it could provide timely information to all the parties in this Docket. Further, nothing in the P&S restricted Providence from informing the parties in this Docket of the proposed transaction, or from filing its Motion to Reopen, until June 17, 2013.

When Providence filed its Motion to Reopen, it informed the Commission and intervening parties that it needed a decision prior to September 1, 2015.

Thus, Providence, by failing to inform the parties of the proposed transaction in a timely fashion, and delaying its filing until June 17, 2015, established a review period of approximately

sixty days. This is an extraordinarily short time to review a \$30 million project. It must also be noted that Rule 2.10 governing Abbreviated Filings merely relieves a party from having to file all the documentation necessary in a full rate filing. Rule 2.10 does not establish an expedited procedure for reviewing the filing.

Thus, the BCWA objects to Providence Water's request for expedited relief and the procedural schedule established by the Commission on July 2, 2015.

III. CONCLUSION

WHEREFORE, for the reasons set forth hereinabove the Bristol County Water Authority hereby objects to Providence's request for expedited relief and the Commission's procedural schedule in this Docket.

BRISTOL COUNTY WATER AUTHORITY
By its attorney,



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Dated: July 15, 2015

CERTIFICATION

I hereby certify that on July 15, 2015, I sent a copy of the within to all parties set forth on the Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION
IN RE: PROVIDENCE WATER SUPPLY BOARD:
ABBREVIATED FILING
DOCKET NO. 4571
THE BRISTOL COUNTY WATER AUTHORITY'S SECOND SET OF DATA REQUESTS
ISSUED TO THE PROVIDENCE WATER SUPPLY BOARD
(Issued July 15, 2015)**

BCWA 2-1: With respect to Providence's response to BCWA 1-11, please provide the Executive Session minutes dated August 16, 2006 referenced in the response.

BCWA 2-2: With respect to Providence's response to BCWA 1-14, please provide the Executive Session minutes dated August 12, 2009 referenced in the response.

BCWA 2-3: With respect to Providence's response to BCWA 1-15:

- a. Please provide all legal authority including all laws, statutes, ordinances, and charter provisions that support Providence Water's position that as a department of the City of Providence, the Providence Water Supply Board is legally eligible, authorized and allowed to purchase and take title to real property.
- b. Please provide all legal authority including all laws, statutes, ordinances, and charter provisions that support Providence Water's position that as a department of the City of Providence, it is obligated to pay property tax to the City of Providence.
- c. Please provide all legal authority including all laws, statutes, ordinances, and charter provisions that allow the City of Providence to levy property taxes against a department of the City of Providence.
- d. Please list all departments of the City of Providence that pay property taxes to the City of Providence.
- e. Does Providence Water currently pay any taxes, including property and tangible taxes, to the City of Providence? If so, how much.

BCWA 2-4: In a document entitled "Providence Water Central Operations Facility (COF) Presentation 2015" (see attached excerpt), a listed "Advantage" of the Dupont Drive Site is the "Potential of paying taxes to the City." Please explain this statement in further detail. The explanation should include, but not be limited to:

- a. Why the payment of taxes is only listed as "potential."
- b. Upon what factors the payment of property taxes to the City of Providence depends.
- c. Whether the payment of taxes to the City of Providence depends on the Commission allowing Providence Water to pay this expense.
- d. If the answer to subsection c. is in the affirmative, provide all legal authority Providence Water relies that would allow the Commission to authorize the payment of property taxes by municipal water authority to the municipality within which it is a department.

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BCWA 2-5: In a document entitled “Providence Water Central Operations Facility (COF) Presentation 2015” (see attached excerpt), one of the listed “Current Building Issues” is “Not paying taxes to the City.” Please explain why this is an issue, and why a new COF should be built, in part, to address this “issue.”

BCWA 2-6: With respect to Providence’s response to BCWA 1-15, Providence states that the current property taxes total \$324,516 for 125 Dupont Drive:

- a. Will the yearly taxes be prorated at the closing?
- b. Will Providence Water pay a portion of the prorated taxes?
- c. If the answer to part b. is in the affirmative, where will Providence Water get the funds to pay the pro-rated taxes? Will they be paid from the CIP Fund?
- d. Will Providence Water pay the ongoing property taxes after the closing?
- e. If the answer to part d. is in the affirmative, where will Providence Water get the funds to pay the ongoing taxes? Will they be paid from the CIP Fund?
- f. What is the current assessed value of the Dupont Drive property upon which the current taxes are based?
- g. What is the current tax rate for the Dupont Drive Property?
- h. Please provide the exact amount of property taxes that the current owner of the Dupont Drive property pays to the City of Providence.
- i. Has Providence Water estimated how much the property taxes will increase after it completes its improvements to the property?

BCWA 2-7: In response to BCWA 1-23 n., Providence Water indicates it “has paid permit fees to the City of Providence for many years.”

- a. Please state how much Providence Water has paid in permit fees in the past five years and identify the permits for which it paid.
- b. Please provide all legal authority including all laws, statutes, ordinances, and charter provisions that allow the City of Providence to charge one of its own departments permit fees.
- c. Please list all departments of the City of Providence that pay permit fees to the City of Providence.

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BCWA 2-8: Please state why the Dimeo budget included in response to BCWA 1-23 includes costs for “Museum” included in the reception area.

BCWA 2-9: With respect to Providence’s response to BCWA 1-25 and 1-26, please provide the Executive Session minutes dated May 4, 2011, February 21, 2007 and August 16, 2006 referenced in the responses.

BCWA 2-10: With respect to Providence’s response to BCWA 1-1 (b):

- a. Please explain if Providence Water’s current Trust indenture with the RICWFA is being defeased or if the terms of the existing Trust Indenture will still apply. If they will still apply, explain why the coverage requirements are not known.
- b. Will a certificate from a Consulting Engineer / Accountant be required to show projected coverage? If so, please provide such a certificate or if one is not available yet, the projections of coverage under the terms of the existing Trust Indenture for the first three full fiscal years after the issuance of the bonds.

BCWA 2-11: With respect to Providence’s response to BCWA 1-1 (d), considering this response, is Providence Water asking for more than just the projected debt service on the new bonds for the COF (plus the applicable operating revenue)? If so, please detail those amounts.

BCWA 2-12: Please provide an accounting (estimate) of all amounts that have been borrowed from the Capital fund and Line of Credit over the past five years, and the purpose of each borrowing.

BCWA 2-13: Does Providence Water require approval or authorization from the Providence City Council to enter into the \$30 million borrowing proposed for the COF? If the answer is in the affirmative, please state:

- a. Why Providence Water needs approval or authorization from the City Council to enter into the proposed borrowing, and provide all legal authority including all laws, statutes, ordinances, and charter provisions that require Providence Water to seek such approval or authorization.
- b. Whether Providence Water has received approval or authorization.

New Building Advantages:

- Administration & Operations at one location (everyone in one facility)
- Industrial Area (easy access to local roads and highways)
- Centrally located
- Handicap accessible
- New facility upgrades
- Potential of paying taxes to the City
- Includes approx. \$500,000 in office furniture

Current Building Issues:

- Two locations (Providence & Cranston)
- Staff traveling between facilities
- Residential Area
- High cost of fixing old (1909) failing building (money pit)
- Not paying taxes to the City

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CERTIFICATION

I hereby certify that on July 15, 2015, I sent a copy of the within to all parties set forth on the Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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