

Mary B. Shekarchi
Attorney at Law

33 College Hill Road, Suite 15-E
Warwick, Rhode Island 02886

Phone: (401) 828-5030
Fax: (401) 823-1400
E-Mail: marybali@aol.com

July 2, 2020

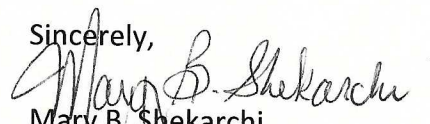
Ms. Luly Massaro, Clerk
RI Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

RE: Providence Water Supply Board – Docket No. 4994

Dear Ms. Massaro:

Please find enclosed herewith Kent County Water Authority's Responses to the Public Utility Commission's First Set of Data Requests in Docket # 4994. An electronic copy has been provided to the service list. Should you have any questions, please contact me. Thank you.

Sincerely,


Mary B. Shekarchi
Attorney at Law

MBS/mdc
Enclosure

Cc: Docket 4994 Service List (via electronic mail)

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER : Docket No. 4994
REQUEST TO CHANGE RATES :

**COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO
KENT COUNTY WATER AUTHORITY**

Dated: June 26, 2020

Please reply no later than July 3, 2020

1-1 In KCWA's answer to BCWA 2-1, KCWA indicates that it would like to take advantage of individual wholesale rates because its rates would go down, but that stated it was concerned that "the lack of notice and representation by the City of Warwick relative to these matters whereby the City could potentially be presented with unforeseen costs is not fair and reasonable at this time." The service list in this docket includes the City of Warwick. To date, the City of Warwick has elected not to participate in this rate case as an Intervenor.

- a) Why does KCWA believe that the City of Warwick is prejudiced by a "lack of notice and representation"? Include in your answer, all facts upon which you rely that the City of Warwick has experienced a lack of notice. Also include in your answer, all facts upon which you rely that the impact to the City of Warwick, caused by individual wholesale rates, would not be fair and reasonable at this time.

RESPONSE:

There was miscommunication regarding Warwick being listed as an intervener in this case. KCWA was not on the service list on Warwick's motion to intervene on January 31st, 2020. KCWA did not know until Monday June 29th, 2020 when it viewed the PUC website and saw that the City of Warwick filed as an Intervenor. KCWA was not alone in this misunderstanding. Providence Water also did not know. Providence's attorney, Mr. McElroy, stated in an email on June 29th, 2020, "we have learned that the City of Warwick filed an apparently unopposed motion to intervene, but for some unknown reason, it was not shown on the PUC web site until very recently." It is also stated above in the last sentence of the first paragraph, "To date, the City of Warwick has elected not to participate in this rate case as an Intervenor." The City was not

involved nor given notice of the settlement discussions and correspondence via Zoom, email, or otherwise.

The City apparently did not know they were going to potentially see a 47% increase in the wholesale rate cost in year one. This was confirmed based on conversations between KCWA and City Water Officials on June 26th, 2020 where the City stated this is first time that they were hearing of the potential increase that could directly affect them individually as an entity. Individual wholesale rates were not a part of the original Providence Water filing under Docket 4994. The assessment and development of individual wholesale rates was introduced by BCWA after Providence's initial filing with PUC. Further, when BCWA raised individual wholesale rates in its May 11, 2020 testimony and again in its data requests to KCWA, it appears that the City of Warwick did not receive any copies of these documents because the City's email address was not listed nor was it listed on the service list. However, on June 26, 2020, it appears the City was notified of BCWA's position of individual rates when it directly received an email copy of the BCWA surrebuttal testimony.

KCWA agrees with BCWA's assessments and approach by Mr. Maker and strongly feels there is merit to what they have presented. KCWA would actively engage in discussions and analysis to this end. The Division did not include individual wholesale rates in settlement discussions, so KCWA determined that this was going to be handled in a future rate case. The issue only became highlighted when BCWA started sending KCWA data requests to root out why KCWA would oppose a measure that would effectively reduce rates to its ratepayers. Again, KCWA does not oppose what BCWA has presented, KCWA just wanted to ensure that Warwick fully understood what was potentially happening financially and the ramifications of agreements we had in place.

- b) Why should BCWA's desire to have an individual wholesale rate be prejudiced in this rate case by the failure of the City of Warwick to participate as an Intervenor in this rate case? Be specific in your answer and supply all facts supporting your opinion.

RESPONSE:

See 1-1 a

- c) Assuming that the individual wholesale rates calculated by Mr. Maker on behalf of BCWA are accurate, why is it fair that KCWA ratepayers pay rates higher than dictated by the cost of service study?

RESPONSE:

Using Mr. Makers calculations, KCWA rate payers would be paying a lower rate \$1.430/HCF at two wholesale connection points feeding the system. The third wholesale connection point at KCWA's Quaker Lane Pump Station would be paying a higher rate at \$1.982/HCF. The Quaker station provided 17.7% of the water purchased and delivered to KCWA customers in FY2019. Based on Mr. Bebyn's analysis provided in BCWA 2-3, the effective wholesale rate adjusting to these factors is \$1.528/HCF vs Providence Water's originally proposed rate of \$1.614/HCF. Reviewing these data alone, KCWA's position is that it agrees with BCWA on the establishment of individual wholesale rates.

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

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- 1-2 In KCWA's answer to BCWA 2-1, KCWA states: "Furthermore, if KCWA is purchasing wholesale water at a higher rate at one location versus another, we would start adjusting our operation strategy to reduce costs.
- a) KCWA's statement appears to suggest that "adjusting out operation strategy to reduce costs" is a negative effect. Is this an accurate assessment if KCWA's statement? If so, why does KCWA believe this is an adverse impact?

RESPONSE:

It is not a negative effect, however when operating a water system, KCWA is primarily looking at public health and safety first. Specifically, other factors such as water quality in conformance with the Safe Drinking Water Act and hydraulics are the primary drivers for determining operational strategy. An iterative approach to the operational constraints would have to be evaluated and measured against the benefits of reducing the flow from the Quaker Lane station. Different decisions are made regarding infrastructure improvements when a new financial variable is added to the analysis. While KCWA would certainly try and reduce the cost by shifting operational approaches, the hydraulic demands and water quality needs would likely force the system back into original configurations.

- b) Wouldn't the normal course of events in a higher-cost environment lead to a wholesale water customer to start adjusting its operation strategy to reduce costs? Does KCWA agrees with this statement? IF KCWA does not agree with this statement, please explain, in detail, why not.

RESPONSE:

Yes, a high cost environment shifts decisions on operations and investments for any business. KCWA's mission is to safely deliver the highest quality potable water in sufficient quantities for consumption and fire protection at all times. As stated in 1-2a, the operations that enable the safe delivery of water are not solely based on financial constraints.

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

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1-3 In response to BCWA 2-2, KCWA provided a copy of an Agreement between the City of Warwick and KCWA dated October 30, 2006 regarding the "Potowomut Connection." Referencing this agreement:

- a) Have there been occasions since 2006 wherein there has been an emergency of any type or a breach of maintenance in the KCWA's infrastructure that has caused a serious interruption of water supply, as contemplated by Par. 4 of said agreement?

RESPONSE:

None.

- b) If so, on how many occasions has such emergency, or breach caused an interruption in supply to the Potowomut Connection? How long did each incident last?

RESPONSE:

See 1-3a.

- c) In reference to Par. 7 of the Agreement, in each of the years since 2015, how much money has the City of Warwick paid to KCWA for the costs of operation, maintenance, and repair with respect to the transmission main, Booster Station, East Greenwich Well valves, and other apparatus and equipment associated therewith? Please break this down by year.

RESPONSE:

None

- d) Par. 9 required the KCWA to maintain complete billing records detailing the basis for all water usage rates, operational costs, maintenance and repairs associated with the Transmission Main Booster Station, East Greenwich well, and all equipment and apparatus associated therewith. Has KCWA maintained such records? If so, please provide copies of the same since January 1, 2016.

RESPONSE:

See attached information requested.

- e) Par. 10 provided that the parties agree they will review this Agreement at each and every ten (10) year interval in order to address changing conditions.

- i. Did the parties review the agreement in 2016, as contemplated by the Agreement?

RESPONSE:

Not to KCWA's knowledge. The General Manager retired last year, and the agreements produced for BCWA DRs 1 and 2 are all that is on file.

- ii. If so, did the parties make any changes or execute a new agreement? If so, then please provide a copy of the updated/changed agreement.

RESPONSE :

NA

- iii. If not, why not?

RESPONSE:

There are no records that show that the General Manager, legal counsel, the City of Warwick, nor the Board reviewed this agreement to extend or modify. It seems that the sentiment was that the agreement in place represented the party's respective positions and was not needed to be changed.

- iv. Is it the KCWA's position that this agreement, if not reviewed in 2016, is still a valid agreement?

RESPONSE:

Yes

If so, why?

RESPONSE:

The agreement in place represents the party's respective positions.

If not, then why cannot the parties review the potentially changing circumstances presented by this rate case?

RESPONSE:

If circumstances changed as a result of this rate case, then KCWA would work with the City of Warwick to update or modify these agreements to reflect any changes needed.

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

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- 1-4 KCWA was an Intervenor in Docket 4618, Providence Water's last rate case, wherein the PUC ordered Providence Water to complete and submit a new cost of service study conducted without reference to previously used Commission adjusted allocators. In light of this decision, made at an Open Meeting on February 10, 2017, did KCWA undertake any efforts to discuss with the City of Warwick any changes to either the Potowomut Connection Agreement, or the Agreement produced in response to BCWA 1-3?

RESPONSE:

No.

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

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1-5 Assume for this question that KCWA's position that there would be an adverse impact from the implementation of individual wholesale rates in this rate case, to the Agreements between KCWA and Providence Water, as alleged, is correct:

- a) Does this provide a reasonable basis to deny other wholesale customers the opportunity to enjoy wholesale rates? Please include in your answer, specific reference to all ratemaking authorities, including the AWWA M1 Manual, which support your position.

RESPONSE:

In reference to the statement "to the Agreements between KCWA and Providence Water" KCWA assumes it is was intended to state Warwick and not Providence in this hypothetical KCWA agrees with the concept of individual wholesale rates if properly reviewed by all individual wholesale customers so it is fair and just. It is KCWA's position that BCWA's approach should be carefully considered and properly reviewed by all stakeholders as a part of the study leading up to Providence Water's next full rate filing.

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

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1-6 In KCWA's answer to BCWA 2-2, KCWA indicated that the City of Warwick/KCWA/Potowomut wholesale agreement provided the basis for Mr. Bebyn's opinion at page 7 of his testimony that individual wholesale rates would cause funding issues between City of Warwick and KCWA.

- a) In reference to the Potowomut wholesale agreement, is it the KCWA's position that this Agreement constitutes a requirement that the City of Warwick pay KCWA the same rate that it pays Providence Water for any other water delivered by KCWA to City of Warwick outside of the Potowomut Connection specifically covered by this Agreement?

RESPONSE:

There is no other wholesale water delivered by KCWA to Warwick outside of the Potowomut connection.

If so, please provide the contractual basis for this opinion?

RESPONSE:

N/A

- b) Does the KCWA provide water to the City of Warwick for any other location?

RESPONSE:

No

If so, where?

RESPONSE:

N/A

How often?

RESPONSE:

N/A

Are there other contracts for water delivery to the City of Warwick or water delivery from the City of Warwick that have not yet been provided in discovery in this docket?

RESPONSE:

None.

If so, please identify and provide them.

RESPONSE:

N/A

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

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1-7 Assume that the PUC decided to implement individual rates for wholesale customers in this docket: Please provide what KCWA believes would be the appropriate rate for each wholesale customer for each of the rate years. Please explain your position and methodology and how is supported by generally accepted ratemaking principles.

RESPONSE:

KCWA agrees in both the principal and methodology as presented by Mr. Maker on behalf of BCWA.

Witnesses responsible: David L. Simmons P.E. & David G. Bebyn, CPA

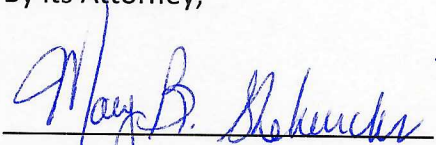
**Docket No. 4994 - Providence Water Supply Board – General Rate Filing
Service List updated 2/4/2020**

Parties	E-mail	Phone
Providence Water Supply Board (PWSB) Michael McElroy, Esq. McElroy & Donaldson PO Box 6721 Providence, RI 02940-6721	Michael@McElroyLawOffice.com;	401-351-4100
	Leah@McElroyLawOffice.com;	
Ricky Caruolo, General Mgr. Providence Water Supply Board 552 Academy Avenue Providence, RI 02908	RickyC@provwater.com;	401-521-6300
	Greggg@provwater.com;	
	Marydw@provwater.com;	
	NancyP@provwater.com;	
	PeterP@provwater.com;	
	STEVEC@provwater.com;	
	ALICIAM@provwater.com;	
Harold Smith Raftelis Financial Consulting, PA 1031 S. Caldwell Street, Suite 100 Charlotte, NC 28203	Hsmith@raftelis.com;	704-373-1199
Division of Public Utilities (Division) Leo Wold, Esq. Division of Public Utilities and Carriers John Bell, Chief Accountant	Leo.wold@dpuc.ri.gov ;	401-780-2177
	john.bell@dpuc.ri.gov;	
	Pat.smith@dpuc.ri.gov;	
	Hakeem.ottun@dpuc.ri.gov;	
	Robert.Bailey@dpuc.ri.gov;	
	MFolcarelli@riag.ri.gov;	
	Dmacrae@riag.ri.gov;	
Jerome Mierzwa Exeter Associates, Inc. 10480 Little Patuxent Pkwy, Suite 300 Columbia, MD 21044	jmierzwa@exeterassociates.com;	410-992-7500
Ralph Smith Larkin & Associates, PLLC 15728 Farmington Road Livonia, Michigan 48154	rsmithla@aol.com;	734-522-3420
	dawn.bisdorf@gmail.com;	
	ssdady@gmail.com;	
	mcranston29@gmail.com;	
Kent County Water Authority (KCWA) Mary B. Shekarchi, Esq. 33 College hill Rd., Suite 15-E Warwick, RI 02886	marybali@aol.com;	401-828-5030
David Bebyn, Consultant	dbebyn@gmail.com;	
David L. Simmons, P.E. Executive Director/Chief Engineer Kent County Water Authority	dsimmons@kentcountywater.org;	401-821-9300

Bristol County Water Authority (BCWA) Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	jkeoughjr@keoughsweeney.com ;	401-724-3600
Pamela Marchand, General Manager Bristol County Water Authority	pmarchand@bcwari.com ;	
City of East Providence Michael Marcello, City Solicitor City of East Providence Legal Department 145 Taunton Avenue East Providence, RI 02914	RLefebvre@CityOfEastProv.com ;	401-435-7523
City of Warwick Timothy M. Bliss, Esq. Center Place 50 Park Row West, Suite 101 Providence, RI 02903	tbliss@timblisslaw.com ;	401-274-2100
File original and nine (9) copies w/: Luly E. Massaro, Commission Clerk Margaret Hogan, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ; Margaret.Hogan@puc.ri.gov ; Cynthia.wilsonfrias@puc.ri.gov ; Margaret.hogan@puc.ri.gov ; Sharon.colbycamara@puc.ri.gov ; Alan.nault@puc.ri.gov ;	401-780-2107
Kathleen Crawley Water Resources Board	Kathleen.crawley@wrp.ri.gov ;	401-222-6696

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4994

Respectfully submitted,
Kent County Water Authority
By its Attorney,



Mary B. Shekarchi (#4767)
Attorney at Law
33 College Hill Rd., Suite #15E
Warwick, RI 02886
Tel. (401) 828-5030
Fax (401) 823-1400
marybali@aol.com

Dated: July 2, 2020

CERTIFICATION OF SERVICE

I hereby certify on this 2 nd day of July, 2020, I sent a copy of the within to the Parties listed on the attached service list.