

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
2 NARRAGANSETT BAY COMMISSION

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5 IN RE: :

6 MONTHLY BOARD MEETING :

7 *****

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9 DATE: DECEMBER 20, 2004
10 TIME: 11:00 A.M.
11 PLACE: ONE SERVICE ROAD
12 PROVIDENCE, RI

13 BOARD MEMBERS PRESENT:

- 14 VINCENT J. MESOLELLA, CHAIRMAN
- 15 ANGELO S. ROTELLA, VICE CHAIRMAN
- 16 PAUL PINAULT, SECRETARY
- 17 ROBERT P. ANDRADE, TREASURER
- 18 JOHN GIUSTI
- 19 TOM PERKINS
- 20 AL MONTANARI
- 21 DR. ISADORE RAMOS
- 22 REP. JOHN J. McCAULEY, JR.
- 23 JOHN MacQUEEN
- 24 RICHARD OSTER
- SEN. DANIEL DaPONTE
- R. DAVID CRUISE
- MICHAEL DiCHIRO
- MICHAEL A. SALVADORE
- DR. RICHARD H. BURROUGHS
- THOMAS LAZIEH
- PETER J. McGINN, ESQUIRE

22

23 RHODE ISLAND COURT REPORTING
24 25 SEA VIEW AVENUE
EAST PROVIDENCE, RHODE ISLAND
(401) 437-3366

1 (Meeting opened at 11:04 A.M.)

2 MR. CHAIRMAN: Good morning,
3 everyone, on this snowy day. Is it still snowy?
4 Then a special thank you to everyone for coming
5 today. I very much appreciate it, and we have a
6 brief agenda today, and we're going to have a
7 very, very brief presentation from the various
8 departments of the NBC just to talk about the
9 goals that they implemented at the beginning of
10 the year and what they've accomplished during the
11 year. Just for five minutes, just for your
12 edification.

13 It will be a short meeting; and then
14 hopefully, we'll have a copious repast that we
15 can all enjoy and enjoy each other's company. So
16 having said that, we'll call to order the meeting
17 of the Narragansett Bay Commission Board Monday,
18 December 20, 2004, at 11:04, recognizing a
19 quorum, of course.

20 The first order of business is the approval
21 of the minutes of the November 17 meeting. Have
22 the members had an opportunity to review the
23 previous minutes; and if so, are there comments,
24 questions, or corrections?

1 MR. LAZIEH: Move to approve.

2 MR. CHAIRMAN: We have a motion
3 from Commissioner Lazieh to approve the previous
4 minutes.

5 MR. GIUSTI: Second.

6 MR. CHAIRMAN: We have a second
7 from Commissioners Giusti and DiChiro. All in
8 favor will say "aye." Are there any opposed?
9 There are none opposed, and the motion carries.

10 Next order of business is old business. Is
11 there any old business to come before the
12 commission today? It's going to be plenty of old
13 business. Old business to come before the
14 commission today? Hearing none. Next order of
15 business is the Executive Director's report. Do
16 you have a report for us today, Mr. Secretary?

17 MR. PINAULT: Yes, I do, Mr.
18 Chairman. In your packets is my report for the
19 month of November. I'll be very brief because,
20 as you mentioned, the Directors are all going to
21 give a five minute overview of their
22 accomplishments for their division for the year
23 2004.

24 But, basically, on Page 2 is the summary of

1 the treatment for the month for both Bucklin
2 Point and Field's Point, and both plants are
3 running extremely well. Well below the limits
4 set by DEM as far as discharge. On the financial
5 end, on Page 4, with 41.6 percent of the fiscal
6 year passing through November 30, we're spending
7 at a rate of 35 percent. We have about 62
8 million invested.

9 On Page 5, we talk about the tunnel job.
10 The tunnel job is moving along. It's about
11 50 percent complete. Over 6,000 feet of the
12 tunnel has been bored. They are hitting a little
13 more water than they had anticipated, so we made
14 some approvals to mitigate that and, hopefully,
15 control those costs, and things are going real
16 well.

17 If anyone would like to get into the tunnel,
18 please let me know. We do have a list, and we'll
19 try and get you scheduled in there. Even if
20 you've already been in before, I think it's worth
21 getting back in there.

22 We received the Governor's Citation on
23 November 23 for our work on Best Management
24 Practices with Waste Dental Amalgam working with

1 the Dental Association of Rhode Island, and we
2 were recognized by the Governor for that.

3 On Separation of Powers, our General
4 Counsel, Laurie Horridge, after discussion last
5 month at the Board meeting, I asked her to
6 prepare a legal opinion because there was some
7 concern about the Separation of Powers, and
8 basically -- I'm passing that out now -- bottom
9 line is, in her opinion, the four legislators are
10 authorized to sit on the Board up until
11 January 1. At that time they have to step down
12 from the Board, and any and all actions taken at
13 the last Board meeting were fine.

14 On the storm water regulations and
15 legislation, we had hoped to have a meeting of
16 Commissioner Perkins' Ad Hoc Committee this
17 month, but we're still working on drafting the
18 legislation. It appeared -- it's getting close,
19 and we'd like to probably do that in the month of
20 January; and if that's approved, get it
21 introduced and get it into the next session.

22 Rules and Regulations for Wastewater Use and
23 Procurement went into effect December 13 and 14,
24 twenty days after we filed them with the

1 Secretary of State.

2 And last thing, although it didn't happen in
3 November, it did happen in December, the first
4 week of December. We had a problem in the first
5 floor in the Customer Service area. There were
6 high carbon monoxide levels. We had a problem in
7 our air-conditioning system. That has been
8 rectified. We have installed portable carbon
9 monoxide detectors, and the employees were
10 checked out, and everything was fine, and we'll
11 stay on top of that and make sure that doesn't
12 happen again. It was a faulty motor that was
13 running backwards. That was corrected.

14 And that's the highlights of my report, Mr.
15 Chairman. I would like to, if no one has any
16 questions, I would like to turn it over to Ray
17 Marshall, our Deputy Director who's in charge of
18 Executive Office, to give an overview of the
19 highlights of 2004 for Executive.

20 MR. CHAIRMAN: Proceed.

21 MR. MARSHALL: Just waiting for
22 the projector to -- okay, I guess. Can you hear
23 me okay? Okay. The Executive Division is the
24 first of the four divisions that we'll go

1 through. As you probably know, we have several
2 sections, and I'll go through each one fairly
3 quickly for their accomplishments and what they
4 were involved in in the 2004 year.

5 In May and December, we had lien sales.
6 Identified 640 accounts. We only ended up having
7 to sell about 14 percent or less than a hundred.
8 That resulted in \$1.15 million in collected
9 revenue that was owed to us. So obviously that
10 was a very worthwhile effort that the Legal
11 Department put forth. And we have been working
12 with the Urban League to find a better way to
13 notify people and to make sure that we follow up
14 on the notifications, so they have ample
15 opportunity both before and after the lien sale
16 before their property is being redeemed,
17 eventually.

18 Enforcement Actions: We did have five
19 settlements totalling \$54,000. That is a
20 testament to our Pretreatment Group, and also the
21 industrial members or customers that we have are
22 conforming with our regulations.

23 On our permits for both Bucklin and Field's
24 Point, the management of consent agreements were

1 favorable in terms of sampling and analytical
2 protocols, and we were able to postpone final
3 metal limits.

4 And the Government Affairs area: We lobby up
5 at the State House on behalf of the Agency, and
6 1400 bills were reviewed to see what impact they
7 would have on the NBC, and developed position
8 papers on bills of interest, and then we testify
9 before various committees; and in the end,
10 summarize all the applicable legislation for the
11 2004 session. We have copies of that. If you
12 haven't already seen that, we can get it for you.

13 We meet with member communities from time to
14 time. We had a fairly interesting meeting
15 several months ago with all the city and town
16 officials to bring them up to date on our new
17 rules and regulations that affect their
18 activities, and it was well received and well
19 attended. And then, from time to time, we need
20 to meet individually with the various cities and
21 towns to address specific situations or projects.

22 Affirmative Action plan rolls out of the
23 government affairs effort, and we have submitted
24 that for 2004 and '05, and we have met our hiring

1 goals for 2003 and '04. I believe that Tom Uva
2 will have a presentation on that sometime in the
3 near future.

4 In the Public Affairs, we have publications
5 such as the Annual Report and the Poster
6 Calendar, which many of you see; and a lot of
7 work really goes into those, and we have any
8 number of educational programs including "What's
9 in Your River" -- excuse me -- and that involves
10 hands-on water quality monitoring for students,
11 and there were over a thousand of them that
12 participated; and in addition, we had a Career
13 Day filled with 200 students from the MET school.

14 Our liaisons with the press has been pretty
15 good. Over the past year, we've had some very
16 favorable articles, and in Rhode Island Monthly
17 there was a nice feature article done on the CSO
18 project, as well as nice exposure in The
19 Providence Journal, the Providence Business News,
20 and the Boston Globe through the Associated
21 Press. The press has been filming us and taking
22 tours of the construction activity on the tunnel
23 project. They all seem to be very interested and
24 favorably impressed by that ongoing activity.

1 Also, we were always participating in
2 community events such as the Providence Business
3 Expo, Rhode Island Science Fair, Environmental
4 Merit Awards Breakfast, Employee Appreciation
5 Day, and the Tse Tse Gallery Art Show. All those
6 promoted clean water and the great efforts of
7 either our employees or students or the various
8 businesses that are our customers.

9 Our Executive Director has been lobbying
10 with the Congressional delegation and with AMSA.
11 The Public Affairs Office has been assisting with
12 that, and we also have a skilled graphical artist
13 and audiovisual person who assists many of the
14 sections within the Bay Commission with many
15 types of presentations and publications
16 throughout the year.

17 Under Labor and Employee Relations, we have
18 a new collective-bargaining agreement -- actually
19 two. There's a four-year contract with a call
20 for new employee copay toward health care
21 premiums. That's one of the main features of the
22 agreement.

23 Under Grievances, Arbitrations, and Other
24 Matters, we have actually had a reduction in the

1 number of problems over the last year from 25 to
2 15 on grievances -- excuse me -- 17, and we
3 resolved all but two. We have an arbitration and
4 grievance that's been scheduled; but overall,
5 there's six arbitrations scheduled in 2004. One
6 was withdrawn and five were settled. So we have
7 no pending matters in that regard, and we've got
8 some training programs on Respect in the
9 Workplace and Sexual Harassment.

10 We deal with any number of Special Projects
11 in the Executive Office, and that includes
12 lobbying Congress for additional money; and our
13 Congressional delegation, working with Paul, have
14 identified another 1.2 million-dollar grant for
15 this year for the CSO Project, and that grant
16 will bring a total of \$9.15 million to this CSO
17 Program for the past several years, which is
18 quite an accomplishment in this day and age of
19 virtually no grants coming out of Washington for
20 this type of activity.

21 We also try to stay ahead of the curve, and
22 we try to become involved in federal legislation
23 and activity in the way it's written; and in that
24 way, we always have some inkling as to what's

1 coming down the road and have a way or an
2 opportunity to shape what the end result will be.

3 And in that regard, Paul was very active in
4 the Water Infrastructure Network trying to
5 develop a \$45 billion Clean and Safe Water Trust
6 Fund Act. If you want to know more about that, I
7 am sure he will explain it to you. And then we
8 worked through AMSA almost on a weekly, if not
9 monthly, basis to -- When EPA has the mandate
10 from Congress, and they need to issue rules,
11 regulations and guidance documents, many times
12 the way those actually get published is what
13 really determines what type of restraints we have
14 put on us; so, again, we try to stay involved in
15 that.

16 We finished amending and reinstated the
17 Biosolids Contract, and that will result in a
18 13 to \$16 million savings over the next 20 years,
19 and we've been working with the vendor on siting
20 and permitting for those facilities, which they
21 start taking us for Bucklin Point on January 1 of
22 2005, and then Field's Point will be November 1
23 of 2005.

24 And we're working on an Asset Management

1 Program, a new -- a new effort that will result
2 in us being better able to run our Agency, and we
3 have procured the services of a consultant for
4 that job. We expect a preliminary report from
5 them by the end of this month; and with that,
6 I'll turn it over to Rich Bernier who will go
7 over Construction Achievements with you, and then
8 we'll move on to the other divisions.

9 MR. BERNIER: First contract is
10 the Main Spine Tunnel. Beginning of the year,
11 the shafts have been completed at this one site.
12 We're working on the main shaft, installing more
13 copper. We've started the first tier of the
14 cavern, and we're about 5 feet down. TBM was
15 assembled, but it was not in the hole yet. They
16 were awaiting power. The Foundry Shaft was at
17 100 feet down. This year, March 8 we started TBM
18 mining and the cavern -- they completed the
19 excavation of the cavern.

20 This year alone we spent about \$32 million
21 on this one contract. As of last week, they were
22 at approximately Henderson Street, which is
23 6,450 feet from Ernest Street. Pictures of the
24 tunnel. This is the cavern. We are installing

1 the roof. Excavation is complete. The roof
2 should be complete this week. The exit shaft has
3 been completed. They have started the adit for
4 the WRI. They have completed about one-third of
5 the adit. This is the adit. They mine the adit.
6 Then they have to support the rock above it. The
7 rock is kind of poor in this area, so they have
8 to add support.

9 Drop shaft, Contract 8 is up on
10 Allens Avenue. Beginning of the year, the 061
11 Diversion Structure is complete. They're working
12 on the 04 Diversion Structure, and the Gate and
13 Screening. They were still working on the
14 excavation. April we finished the Diversion
15 Structure. September the project is
16 substantially complete. Paid about \$2.7 million.

17 Allens Avenue, Blackstone Street, Henderson
18 Street, this project is basically complete --
19 vent the structure, drop the vent shaft.

20 Contract 9 is at Dyer Street. They had just
21 begun at the beginning of the year, and this
22 comes out at the off-ramp of 195. The sheeting
23 contractor was mobilizing. Three of the shafts
24 on this job was declared substantially complete

1 this month. About 3.6 million paid this year.
2 The 195/Dyer Street emergency overflow structure.
3 This is the paved parking lot. It's been turned
4 back over to the property owner, and he's just
5 waiting to coordinate the re-taking of the rest
6 of his lot. This is the only thing that is -- is
7 a little generator and little switch gear.

8 Contract 10, the 032 Facilities are Charles
9 Street. Notice to proceed was January 5.
10 Started Detour, shafts have been completed,
11 microtunneling is completed -- about one-third of
12 microtunneling at the surface has been tunneled.
13 Paid almost \$5 million on this contract. This is
14 the contract Orms Street, Charles Street, the
15 Marriott. They've microtunneled this section,
16 this section, and they're beginning from here now
17 and presently working this way. This is the
18 traffic control. The Marriott's on the right.
19 Kelly's Car Wash is behind us. This is Charles
20 street. Randall is this way. Traffic control is
21 in effect.

22 Contract 11 is WRI on Promenade Street. In
23 January one shaft was complete. We were working
24 on the other one. We had problems with the gate

1 and screen structure sheeting. This year we had
2 a problem with the City did not allow to us close
3 Promenade, so we worked on a way to keep it open.
4 The shafts have been completed, and we're now
5 working in Promenade. About 2.6 million paid
6 this year.

7 Promenade Street, the mall is over here.
8 Once again, they are working on the road. The
9 shafts are complete. This is the road. That
10 will be pretty much to the end of the job. One
11 lane is kept open. This is our interceptor
12 relief structure. We are presently working.
13 This is that excavation -- our 68-inch
14 Woonasquatucket River Interceptor. This is the
15 changeover we did earlier. It contains the
16 supportive excavation that was sent grout from
17 the whole excavation.

18 Contract 14 is the Tunnel Pump Station and
19 Computer System, which went out to bid November.
20 Right now the bids are scheduled to be opened
21 January 20.

22 This is the last of the drop shafts 06/07 is
23 at Davol Square. Job is complete in June. We
24 paid about \$2.8 million this year. Eddy Street,

1 this is Davol Square. The emergent structures.
2 This is the finished project. The drop shaft,
3 vent shaft, and gate/screen structure, the
4 generator, and the vertical unit.

5 Other projects we did, Concord Street sewer
6 replacement. We started construction in July.
7 We have discovered an emergency problem on
8 Cemetery street, which was repaired the next
9 month; and as of today, the Concord Street
10 testing the line, ready to put it in into
11 operation, half a million dollars spent.

12 This is the problem we had on Cemetery
13 Street. There was actually a hole in the pipe,
14 and this is how they lined through it, and this
15 is where the hole was. So this is the finished
16 product. This is the liner system they used.

17 This is on Concord Street, how it looked
18 this morning. They're testing. Once they finish
19 testing, they make the final tie-in on the
20 operation.

21 Canada Pond was another emergency
22 replacement project. Discovered May 6 we had a
23 collapsed sewer with wastewater flowing into
24 Canada Pond. The next day the Maintenance

1 Section had bypass pumping up and running; and by
2 June, the new sewer was activated. This project
3 cost about \$850,000. The old liner was -- we put
4 in a new main hole and put about 300 feet of pipe
5 in and restored the pipe.

6 807 Bucklin Point Improvements: Start up
7 began in September. We declared substantial
8 completion of Phase 1, which is the majority of
9 the work, approximately six months ahead of
10 schedule; and to date, we are below the bid
11 amounts on the construction and engineering
12 amounts. Approximately \$11.3 million was spent
13 this year on this project. New equipment, large
14 screens, primary pump station pump, new aeration
15 diffuse system and new UV-ultraviolet
16 disinfection system. This is a secondary digest
17 cover. We had to put new covers on.

18 This was a semi-emergency contract at
19 Field's Point: Screw Pump Replacement. We
20 solicited bids from two contractors. We awarded
21 March. July the screws were delivered, and
22 project complete in November, about a half a
23 million dollars. We replaced two existing
24 screws. Questions?

1 MR. PERKINS: On the CSO Project,
2 are we over budget?

3 MR. BERNIER: Now, if you look at
4 the monthly report, if you add the costs to date
5 in the columns on the right, it shows to date
6 that we are, I believe, about 1.0 percent over
7 the bid amount -- to date, and we normally carry
8 approximately about 10 percent as a contingency.

9 MR. PERKINS: How much damage was
10 done to the building on --

11 MR. BERNIER: The Higher Ed? We
12 noticed cracks in that building. This was
13 investigated, and the best solution was to
14 underpin that side. This other thirteen is since
15 the contract started -- that underpinning work,
16 so right now they're underpinning the building
17 and bringing it back to where it was and monitor
18 it for the rest of the contract.

19 MR. CHAIRMAN: Other questions?
20 Before you go, Richard, I think it's important
21 for the Board to know -- generally you went
22 through each of the individual contracts, their
23 status, and how complete; but generally speaking,
24 the overall project is about what percentage

1 complete?

2 MR. BERNIER: That's what I passed
3 out. Well over 50 percent.

4 MR. CHAIRMAN: It's well over
5 50 percent?

6 MR. BERNIER: Well, we still --
7 it's going to be another --

8 MR. CHAIRMAN: So at about
9 50 percent, roughly, we're operating at about
10 1.0 percent over budget?

11 MR. BERNIER: Over bid.

12 MR. CHAIRMAN: Over bid. So we
13 had a 10-percent contingency, so we're only
14 1.0 percent over the bid.

15 MR. OSTER: So we're 9 percent
16 under budget, right?

17 MR. CHAIRMAN: Right. So,
18 basically, it's 9 percent under the total budget.
19 All right? I just want to get that clear. That
20 we're 9 percent under our total budget at
21 50 percent complete. That's the point I was
22 getting at. All right. All right. You get that
23 Tom Massaro from the PUC? All right. Okay?

24 MR. NORDSTROM: All right. On to

1 Operations & Engineering. Many of you know that
2 work in this section -- Interceptor Maintenance
3 the two treatment plants and engineering. Under
4 the interceptor maintenance group, it's their
5 goal to maximize the amount of flow that gets to
6 the wastewater treatment facility.

7 We have 88 regulators in the system. Those
8 are devices that determine whether or not flow
9 goes out as raw sewage or gets in the interceptor
10 system. Out of those 88 regulators, we did 5,091
11 inspections during the course of the year. We
12 have 22 tidegates that keep high tide or river
13 water from going into the system. We did 171
14 tidegate inspections at both high and low tide.
15 Over 500 cubic yards of debris were removed from
16 the 500 or so catch basins and the 60 or so sumps
17 that we have in the system.

18 Two hundred thirty-five hours of training
19 for staff on such things as confined-space entry
20 and defensive driving because these are the crews
21 that are out on the road opening the sewer
22 covers. Up through December, 75,000 feet of our
23 interceptors were cleaned and televised, and
24 that's of the 500,000 feet.

1 In Operation and Engineering, as part of our
2 involvement with the long-term resource recovery
3 long-term sludge project, rather than hire an
4 engineering firm, the engineering staff, and in
5 particular, Terry Cody, revised the facility plan
6 and got the approval and were -- and visit the
7 construction site. As part of the proposed
8 nutrient reduction limits set by Rhode Island
9 DEM, we oversaw a pilot study at Field's Point to
10 come up with a cost-effective solution to try to
11 meet the more stringent requirements. That
12 study has been completed.

13 Four design projects were completed and then
14 turned over to Rich in various states, and the
15 Tunnel Pump Station is currently out for bid, and
16 these slides on Concord Street, and there's two
17 other projects that are slated to go. Working
18 with the Central Falls in Higginson Street, we
19 have a trash net facility going in at the park
20 down there.

21 We continue to work on the GIS, which is the
22 Geographical Information System. Currently,
23 virtually any manhole in our system we can locate
24 by G.P.S. Go out in the field and find our

1 manholes, and then there's a huge database that
2 covers that with a description and the type of
3 pipe and matches with that.

4 At the Field's Point Facilities, it kind of
5 seems hard to believe, but that facility is 20
6 years old. As far as permit, we are well below
7 permit on the yearly average for 15 mg per liter
8 for TSS, 14 mg per liter for BOD, well within the
9 fecal coliform limits and we've incinerated
10 92 percent of the sludge that was produced; and
11 that's quite an accomplishment to keep the old
12 solid-handling facilities moving. Rich talked a
13 little bit about the No. 2 and No. 3 screw pump
14 replacement. Again, this facility is 20 years
15 old, so some of our equipment is starting to show
16 its age. We have a fairly healthy capital budget
17 that's built into our rate structure. We've also
18 replaced two of the older trucks that came with
19 the original construction contract, the sludge
20 truck and the vehicle to haul ash, grit, and
21 screenings.

22 At Bucklin Point -- what I didn't realize
23 until I put the slides together is virtually
24 their treatment levels are the same as Field's

1 Point, and that is pretty much reflected at that
2 -- the end of September part of the new
3 facilities went online.

4 There's a neighborhood problem in the area
5 with midge flies. They are these very annoying
6 short-lived insects that grow out of and lay eggs
7 in the salt flats. It's a neighborhood problem,
8 and we're trying to assist in trying to find
9 solutions. We agreed to fund a study to look
10 into solutions. That's currently underway and
11 supposed to be out shortly.

12 And commensurate with the startup of the new
13 facilities, we had 1400 hours of staff training
14 that's been conducted during the course of the
15 year. Another thing is that Garelick Farms,
16 which is in Franklin, Mass., has their own
17 treatment facility. Every once in a while, for
18 lack of a better term, their facility goes sour.
19 We need to seed their facility, so we are able to
20 send them digested sludge, so we don't have to
21 pay for disposal; and during the course of the
22 year, we had about \$15,000 in savings just on
23 that arrangement.

24 And in terms of the annual inspection that

1 DEM does, they got a rating of 10 out of 10 for
2 the Bucklin Point Facility. Any questions?

3 MS. GIEBINK: Good morning. I
4 will be talking about the Administration &
5 Finance Division Accomplishments for fiscal 2004.
6 First of all, I would like to thank the Finance
7 Committee and Board for all their support this
8 last year. We were able to undertake a lot of
9 new initiatives, and primarily, I guess, the most
10 significant would be the Variable Rate Debt
11 Program, so I appreciate the support.

12 With respect to -- Capital Finance has been
13 our finance focus. We established a Variable
14 Rate Program. Issued 70 million in VRDO. We
15 received the highest short-term debt rating. We
16 also implemented a Trust Indenture and first
17 supplemental Trust Indenture Document. We issued
18 \$40 million in BANS. We borrowed \$40 million
19 from the Rhode Island SRF, and we were recently
20 reaffirmed an A-plus by S & P; and, hopefully,
21 we'll get that up to a double-A in the near
22 future.

23 MR. OSTER: That's great. The
24 S & P rating is terrific.

1 MS. GIEBINK: With respect to
2 Rates and Revenue, we submitted Quarterly
3 Compliance Reports to the Public Utilities
4 Commission. We received a 5.6 percent O&M
5 increase on October 1, 12.05 percent Debt Service
6 Rate Increase effective July 1, 2005, that was
7 originally 22.74 percent, and the Division also
8 approved our SRF Loan. We have finished yet
9 another year below budget, which is 12
10 consecutive years below budget, and this was the
11 budgetary performances for the last fiscal year.

12 We had Annual Billings of 46.2 million. We
13 showed a \$15.6 million increase in Net Assets.
14 Cash and Investment Balance was \$84.9 million,
15 and you can see that our Debt Service is
16 increasing to the rest of the financials of the
17 capital program.

18 Capital disbursements: They range between 4
19 and \$9 million. We are now seeing expenditures
20 closer to the \$9 million range per month.

21 We received the GFOA Distinguished Budget
22 Presentation Award for Fiscal '04 with the
23 distinction as an "Outstanding Financial Plan."
24 This year we're looking to align the 2006

1 Operating Budget with the Strategic Plan
2 Performance Objectives and Measures.

3 We also received the GFOA Certificate of
4 Achievement for Excellence in Financial Reporting
5 for the '03 audit. Hopefully we'll see that for
6 the '04 audit. Again, we completed the fiscal
7 year 2004 audit with no management letter
8 comments for the seventh year in a row.

9 IT: There are numerous accomplishments in
10 the IT area. I won't read them all; but needless
11 to say, they've been very busy. The Web-enabled
12 Pretreatment Application: That was done
13 basically in-house by in-house development staff,
14 and that was truly exceptional. We also went
15 live with the Oracle Financial Package, and the
16 LIMS Sapphire System. We enhanced the Customer
17 Service Application, Time and Attendance,
18 Point-of-Sale hardware and software. We
19 completely upgraded the Network Infrastructure,
20 hardware and software. We implemented three
21 waves of PC and Server upgrades, System Backup
22 and Storage Area Network, Optic Fiber Upgrades
23 and the installation of optic fiber at Bucklin
24 Point.

1 I've got even more listed. Back-up
2 generator, GPS Tracking for vehicles, Outlook
3 Webmail Access, Implementation of Hansen. We
4 were able to negotiate an Enterprise license from
5 Microsoft, and we saved approximately \$30,000
6 with that negotiation. We also implemented ACH
7 for customer payments. Our -- was -- for this
8 year. This reflects the upgrades in system
9 performance.

10 Human Resources: We implemented the Family
11 Leave Medical Leave Act Policy, Time and
12 Attendance Policy. We revised our long term
13 disability and group life insurance program. We
14 also developed a number of procedures. We've had
15 a number of employment actions: Seen 29
16 terminations, 19 new hires, and 15 promotions.

17 We also have been busy working on the
18 retirement plan. We revised the Non-Union
19 Defined-Contribution Plan, and developed the
20 Non-Union Defined-Benefit Plan, and that's me on
21 the desk.

22 Customer service was busy as well with
23 37,000 customer calls, resolved 4,000 disputes,
24 issued 320,000 bills and 100,000 dunning notices.

1 Late fees are now less than 1.0 percent of
2 billings. They collected over 370,000 in
3 bankruptcy and receivership accounts. That's a
4 very specialized area, and they collected 867,000
5 in water shut-offs year-to-date. Total Billings:
6 We have been increasing over time to 46 million
7 in '04.

8 And last but not least, Purchasing: There
9 was planned and built a Record Storage Facility
10 at Bucklin Point. They completed a Capital
11 Purchase Order Library. They computerized the
12 bid proposal process, and they also developed a
13 more efficient mail process and developed a
14 building maintenance plan and streamlined surplus
15 equipment process. So it's been a very busy
16 year.

17 MR. PINAULT: Thank you, Karen.

18 Any questions?

19 MR. CHAIRMAN: Any questions
20 before Karen goes? Okay, Tom, you're up. Tom
21 Uva, five more minutes of that and one agenda
22 matter, and then we're going to eat so --

23 MR. UVA: Morning. I have about
24 six seconds of slide here if I'm going to stay on

1 track. Let's see how do I -- okay. Division of
2 Planning, Policy & Regulation. It's a Technical
3 Services Division. We provide services
4 externally to all NBC's divisions and sections
5 and also externally to our customers.

6 Our Permitting Program for sewer connection
7 permits. It's been booming. It's been going up
8 every year. We had 140 permits issued this year,
9 135,000 in revenue. Numerous accomplishments.
10 We maintain the RIPDES storm water permitting
11 through our Agency. We're on the Governor's Bay
12 Panel, State Emergency Management Agency
13 participation, Mercury and AMSA and EPA
14 Conferences we participated in. We completed the
15 strategic plan which the Board approved on
16 June 16, 2004.

17 MR. CHAIRMAN: Slow down. Slow
18 down.

19 MR. UVA: Our Pretreatment Program
20 has been very busy. They have issued 416 permits
21 this year. One hundred and eighty-five of those
22 are new permits for new businesses in the area,
23 and 236 were revised permits. We have weekly
24 plan review meetings, so we can process plans

1 quickly, and we respond to 98 percent of our
2 correspondence within ten business days.

3 They're on call in Pretreatment 24 hours a
4 day. During the year, they conducted 1850
5 inspections so far this year, and they responded
6 to 61 emergency investigations. They respond all
7 times of the day and night to basically protect
8 our treatment plants and Narragansett Bay from
9 toxic chemicals. They've participated in the
10 Attorney General's Mercury Task Force, and we've
11 worked hard to get all of our information on the
12 web pages, so that our customers can go right to
13 the web page and download forms.

14 They've reviewed over 3,000 analytical
15 reports so far this year, and overall, NBC is
16 doing very well. We have about a 95 percent rate
17 of compliance in our district. We still have a
18 to issue a Notice of Violation everytime a
19 company drops the ball on something or violates.
20 We have issued 1924 of them so far to date, and
21 three Administrative Orders were issued through
22 our Legal Department.

23 Metals loading continues to go down. We've
24 seen about a 97 percent reduction in total

1 metals, and a 95 percent reduction in cyanide
2 since we began the pretreatment program once we
3 took over the agency in 1981; and basically,
4 we've collected in some of the other studies that
5 we've done that's determined the Upper Bay is
6 meeting water-quality standard.

7 We're developing a portable online manhole
8 monitoring system, the only type of its kind in
9 the country, and we're looking to get a patent on
10 that. This monitor will be able to stay in the
11 sewer system for weeks at a time. It would only
12 be activated when it detects a pollutant coming
13 through the system. What we've done is
14 incorporated numerous different types of
15 electronic components to develop the system.

16 We've developed a Best Management Program.
17 We started on this about two years ago, and we
18 completed it last year. Worked with our public
19 relations office on this formatting of this
20 document. It's about a six-page document and
21 dental fillings that you have are 50 percent
22 mercury and that mercury gets into the sewer
23 system, passes into our plant, gets in our
24 sludge, gets incinerated, gets into the air, gets

1 into the bay. So we've come up with this
2 management program and worked with the Rhode
3 Island Dental Association to implement it, and
4 last month we received the Governor's Award for
5 this program, and a local environmental group in
6 this state have recommended that all sewage
7 agencies in the state adopt this plan.

8 We've revised our Rules and Regulations.
9 They hadn't been revised in about a decade. We
10 worked with legal staff on that. Pretreatment
11 permit sections, worked on those. Standardized
12 our PH range and changes in both districts, and
13 upgraded our connection regulations so that
14 anyone that connects to our sewer system would
15 have to go through us. In the past, that didn't
16 occur.

17 Our Pollution Prevention Office has been
18 very busy providing both internal and external
19 customer service assistance. They've done
20 on-site visits throughout the year, held numerous
21 workshops, published numerous articles -- ten
22 articles in the AESF alone. They oversee our
23 Environmental Merit Awards and Perfect Compliance
24 Awards that we give annually to our customers,

1 and we solicit grants continuously. This year we
2 received a \$35,000 Stormwater Pollution
3 Prevention Grant. They'll be working with some
4 businesses, working with some homeowners on that.
5 They're also still working Pollution Prevention
6 for Scrap Yards.

7 They provide a lot of internal customer
8 assistance. They oversee all of our OSHA
9 training programs for our employees and our final
10 reporting to the federal and state agencies.
11 They're working with our Interceptor Maintenance
12 Group to develop an Environmental Management
13 System. They oversee hazardous waste management
14 for the Agency and help dispose of waste. They
15 assisted the pretreatment staff and operations
16 staff with this mercury release that occurred as
17 a result of New England Gas up in Pawtucket and
18 helped us with additional sampling on that, and
19 they work with Operations and other sections of
20 the NBC on Security and Safety Planning.

21 Our EMDA staff has been very busy. They
22 sample our facilities 365 days a year, sampling
23 every day, every holiday. They'll be in here
24 Christmas Day, sampling. They sample every

1 industrial user -- significant industrial user
2 at least twice a year. We exceed federal
3 standards on that. Make sure that the computer
4 systems are in compliance and not discharging
5 toxins that could upset our operations. Sampled
6 342 manholes thus far this year. They sample the
7 rivers and the Bays routinely. Every week
8 they'll go to the different bridges to sample the
9 rivers to help IM discover blocked slots, slots
10 that may be discharging stormwater or sanitary
11 water through the rivers. We've also been doing
12 a Bay Study to evaluate fecals as part of our
13 baseline for our CSO Project, so we'll be able to
14 gauge how effective our CSO Program is.

15 They did acquire a new vessel. Prior to
16 this, we were leasing a vessel from URI, and this
17 boat will pay for itself in just a few years and
18 give us much more flexibility. It's much more
19 economical and environmentally friendly.

20 They completed a Final Metals Compliance
21 Report, which was required by our RIPDES Permit.
22 The DEM had required to us reevaluate our local
23 limits and to become much more stringent with our
24 local limits. We did a study over several years

1 that basically showed the Upper Bay's meeting
2 water-quality standards; and hopefully, saved the
3 NBC a lot of money, installing new treatment to
4 remove metals; and hopefully, save our industries
5 a lot of money, and now we're waiting for a
6 response from the DEM on that report, and we're
7 recognizing that the waters of the Upper Bay be
8 removed from EPA 303(d) list of impaired water
9 ways for toxic chemicals.

10 We've maintained the EMPACT Project station
11 of buoys that monitor in the Bay. These buoys
12 were among the many sources of information for
13 the Governor's Commission to find out what
14 happened with the fish kill in Greenwich Bay. We
15 maintain those on a weekly or biweekly basis.

16 We've assisted Operations on the Biological
17 Nutrient Removal Project, the Hydroxyl Study
18 that's been going on, and we've provided analysis
19 and sampling weekly for that project. We are
20 required to monitor the wells at Bucklin Point
21 Landfill and also at the COB Building. The wells
22 at the landfill have been monitored for eight
23 years, and, you know, we submitted a request this
24 year to eliminate that monitoring, and it's going

1 to save us \$20,000 annually, and we're waiting
2 for word on the COB wells, so we can realize a
3 significant savings at this facility also.

4 We did significant studies. Completed the
5 Woonasquatucket River Wet Weather Study. We
6 worked with the DEM and the EPA, and we just
7 received reimbursement on that. We just
8 finalized the ROMS Modeling Project with URI, and
9 it's going to be a two-year project, which the
10 Board approved at the last meeting; and
11 hopefully, this model will be able to show us the
12 effect of our pollutants on the discharge from
13 our treatment plants and what is the effect of
14 those pollutants on Narragansett Bay.

15 They completed a Floatables Study and
16 basically determined that the floatables that you
17 see in the river are not coming from the Bay
18 Commission Facilities. They basically are coming
19 off the land and are blown into the rivers; and
20 hopefully, this will save us some money and
21 answer some questions for the DEM.

22 The laboratory is top-notch facility,
23 state-of-the-art facility. This year they
24 performed 50,825 parameter analyses. The costs

1 of just doing those analyses alone, if sent to an
2 outside lab, would be over a million dollars not
3 counting the administrative costs.

4 We have a new LIMS, Laboratory Information
5 Management System, that went on-line with the
6 help of our IT staff. Data goes directly now
7 right from the lab from the analyses directly
8 right into the computers to tell people what the
9 results are -- and very quickly. We have a clean
10 room that can get down to parts per trillion
11 range, which is 1/1-billionth of a gram. We've
12 improved our Total Residual Chlorine to meet
13 EPA's most stringent permit requirements, and we
14 can now analyze mercury down to 2.4 parts per
15 trillion, and we're trying to get even lower.

16 We provide daily microorganism reports to
17 our plants, and those plants use that data to
18 change the health of the bugs; and in each
19 treatment facility, they can quickly adjust their
20 processes.

21 Working on numerous studies. I won't go
22 into all of them, but I want to spend a little
23 bit of time on the Chairman's River Restoration
24 Project that we've been very busy on. We've had

1 12 of them to date since 2002. Two of them were
2 held in 2004, one on Earth Day and one on
3 September 3 that we had about 175 participants
4 mostly from Providence College. As part of our
5 events, we remove all types of debris, and part
6 of our events are educational in nature. You can
7 see there's a refrigerator that we removed. That
8 didn't come out of a store. Some tires, once
9 again, a couch, you can see all the types of
10 debris, shopping carts; and our Public Relations
11 staff does a great job helping us with these
12 events and educating the school children. We
13 have to teach them about taking samples in the
14 river and giving them a real environmental
15 awareness about the river.

16 We put a boom across the Woonasquatucket to
17 see and catch the debris that comes down. After
18 that we're going to go out and then clean it
19 after a rainstorm, and we remove the boom after
20 that. We've tried, as part of our Floatables
21 Experiment, we had screening devices that we put
22 across CSOs to see the type of debris. We need
23 to see what it is. It's not floatables. That's
24 the type of debris that sinks under the water,

1 and that's what our CSO Project is all about.

2 We've used boats rigged for skimming, and
3 you can see what we're tackling this year is
4 overgrowth along the river. People don't take
5 pride in the river because they can't see it.
6 They consider it to be an open sewer, and that's
7 why they litter and throw the debris in the
8 river.

9 We've been trying to work with the CRMC and
10 the DEM to change the regulations. We want to go
11 in there and trim. Over the past year, they told
12 us we can only trim as far as the railing there.
13 That is going to change. We're trying to
14 establish a Corporate Sponsorship Program. We
15 have sponsors lined up that want to adopt
16 portions of the river and clean it on a regular
17 basis and trim it down, but you want to be able
18 to see the river, and have people take pride in
19 the river and provide public access to the river,
20 and we are getting prepared to apply for some
21 grants. CRMC will have some money available for
22 the first of the year, and we're also applying
23 for a grant with the Department of
24 Transportation, and we're going to partner with

1 Jefferson Place and the Foundry on that.

2 You can see what we envision in being able
3 to open up the river so people can see it.

4 There's an old train bridge that's across from
5 Capco Steel, and it would be wonderful if they
6 would donate a little steel and to cover it over
7 and make a walkway for people to get out along
8 the river, and here's that same bridge, and how
9 it looks now, and here's how it could look if we
10 were able to get in there and clean it up and
11 possibly put in some walking trails.

12 We had a meeting with the DEM and the CRMC a
13 few weeks ago, and the DEM is changing all of
14 their regulations, and they are going to allow
15 trimming of the growth, cutting of the growth,
16 actually just moving it along, replanting and
17 making it look pretty. Now, CRMC is the next
18 entity that we have to work with on that. I'll
19 be speaking for two days at a Public Workshop and
20 advising about their regulations the first week
21 -- second week of January, so we hope to have a
22 lot of progress on that. This is an example of
23 the signs that we can put up along the river, and
24 I hope you all have a Happy Holiday.

1 MR. CHAIRMAN: Thank you, Tom.

2 MR. PINAULT: Well, just handing
3 out what Karen received from the S & P,
4 Incorporated. This is a summary of their report
5 that we received if everybody would like to get a
6 copy.

7 MR. CHAIRMAN: Well, I would just
8 like to say that -- and I've said this so many
9 times; and especially after seeing that
10 presentation by our staff, that 25 years I've
11 been on this Board, and I don't think I've ever
12 been as proud to be a part of this organization
13 as I am today. The accomplishments by our staff
14 is simply phenomenal you can see -- you can see
15 how far we've come.

16 That River Restoration Project -- the one we
17 initiated -- this Board helped to initiate just a
18 couple of years ago. It's made such a
19 significant difference in the City of Providence.
20 And all that it really needs is the desire and
21 the commitment to do it, and we can do it, and
22 those hundreds and hundreds and hundreds of
23 volunteers will come forward every day because we
24 work with them. Our demonstration of the

1 commitment that people have to the environment --
2 and there is no stronger commitment, there is no
3 stronger commitment, in spite of all the people
4 out there that wear it out on their sleeve,
5 there's no stronger commitment to the environment
6 than the people that work at Narragansett Bay
7 Commission -- the Commissioners and the staff,
8 and you have my undying respect and admiration.
9 Thank you. Commissioner.

10 MR. OSTER: Yes, Chairman, I'd
11 like to echo your comments. Having served on
12 many Boards and then 200 companies in 36
13 countries, out of 20,000 employees, I've never
14 seen a staff function as well as this one does.
15 The engineering reports, the progress, the
16 regulations, and litigation, the progress on the
17 job itself, the financial reporting, the general
18 reporting, I've certainly never seen an
19 organization run this well anywhere in the state
20 of Rhode Island that's for sure, and we never ran
21 one as good at Cookson. So I would like to
22 compliment you, Mr. Chairman and Paul and your
23 whole group. It's a real honor to serve with
24 you.

1 MR. CHAIRMAN: Thank you. Thank
2 you. Thank you for those comments. Thank you.

3 MR. PINAULT: The Secretary and
4 the staff thank you also.

5 MR. CHAIRMAN: Excellent. I'm so
6 proud today. All right. Let's do business.
7 Next order of business, Committee Reports.
8 Finance? No report.

9 MR. ANDRADE: No report, Mr.
10 Chairman.

11 MR. CHAIRMAN: CEO?

12 MR. GIUSTI: No report, Mr.
13 Chairman.

14 MR. CHAIRMAN: No report.
15 Personnel. Okay. Personnel Committee had a
16 meeting today. The meeting involved a discussion
17 about the newly adopted Defined-Benefit plan, or
18 the modified -- or the modified
19 Defined-Contribution plan. There were some minor
20 and technical amendments to that plan, and what
21 the Resolution suggests is that we delay -- we
22 implement the minor changes and that we delay
23 implementation of the plan, which was approved by
24 the Board to be implemented in January, to now

1 implement the plan in February. We had a
2 presentation from Karen Giebink on the minor
3 changes -- no substantive, nothing whatsoever. I
4 don't know that we need to go into any detail,
5 Paul, on the technical amendments?

6 MR. PINAULT: Well, they're all
7 summarized in the memo from Karen and myself
8 dated December 15, which was either
9 hand-delivered or overnighted to all the
10 Commissioners last Thursday, I believe. So
11 unless anyone has any questions, most of the
12 Commissioners were here at the Personnel
13 Committee Meeting and heard Karen's presentation.

14 MR. CHAIRMAN: Having said that,
15 are there any of the members of the Personnel
16 Committee that were present that would like to
17 make a motion? There -- what was the Resolution?

18 MR. PINAULT: 2004:37.

19 MR. ROTELLA: Motion.

20 MR. CHAIRMAN: We have a motion by
21 Commissioner Rotella. Seconded by Commissioner
22 MacQueen and Commissioner Salvadore. Further
23 discussion?

24 MR. ANDRADE: Mr. Chairman.

1 MR. CHAIRMAN: Commissioner
2 Andrade.

3 MR. ANDRADE: If I could just make
4 a comment or two?

5 MR. CHAIRMAN: Please.

6 MR. ANDRADE: As Treasurer of the
7 Board, I was personally offended by the comments
8 and actions by the PUC since our last meeting. I
9 think the insinuation that we did not perform due
10 diligence on this issue, I think the insinuation
11 that we do not have the knowledge between the
12 Defined-Benefit and Defined-Contribution plan is
13 really something that is offensive to me,
14 individually and as Treasurer; and I just want to
15 go on record with that because I think we
16 performed as we should have.

17 This matter has been before this Board for a
18 quite a while, and we did in fact even question
19 some of the potential future liabilities at the
20 last meeting, and our questions were answered,
21 and I think we performed as we should have, and I
22 just wanted to go on record as saying that.

23 MR. CHAIRMAN: Thank you for your
24 comments, and we are going to have more to say

1 about that matter as the meeting goes on; but on
2 this particular matter of the Resolution, we have
3 a motion. We have a second. Further discussion
4 on the motion? On the motion, further
5 discussion? Hearing none. All of those that are
6 in favor will say "aye." Are there any opposed?
7 There are none opposed, and the motion carries.
8 We're going to be handing a couple of things out.
9 In the meanwhile, Legislative Committee?

10 MR. McCAULEY: Did not meet. No
11 report.

12 MR. CHAIRMAN: No report. On the
13 recommendation of the Executive Director, we
14 would -- and before we go on to other further
15 reports, now that we have learned that there is
16 no Legislative Report anyway, we would like to
17 stay on the issue of the Defined-Benefit plan.

18 I'm going to try and -- we're handing out to
19 you letters of notice that the Public Utilities
20 Commission has, as they refer to it, "opened an
21 investigation into the Narragansett Bay
22 Commission's Defined-Benefit pension plan for
23 non-union employees." And it sets forth the time
24 and the date and the provision of the general

1 laws, and in Paragraph 2, it states,
2 "On November 22, 2004, the Commission initiated
3 an investigation -- an investigation -- into the
4 reasonableness, necessity, and prudence of the
5 Narragansett Bay Commission's adoption of a
6 Defined-Benefit plan for its non-union employees.
7 The purpose for this technical session is for the
8 NBC to explain and answer questions about the
9 plan and to review the process used by the NBC
10 Board -- the process used by the NBC Board -- to
11 review and implement this plan." Signed by Luly
12 Massaro. Is that -- Tom's wife? She works at
13 the PUC as well? Okay. I didn't know that.

14 MR. PINAULT: She is the PUC
15 clerk.

16 MR. CHAIRMAN: Oh, okay. I didn't
17 know there was a family affair there, but -- All
18 right. Having said that, Ladies and Gentlemen --
19 Please know that we'll have to find out how that
20 happened.

21 MR. PINAULT: She was there before
22 they got married.

23 MR. CHAIRMAN: Ladies and
24 Gentlemen, Members of the Board, I'm going to ask

1 you to kindly indulge me today -- this morning
2 because I can hardly contain myself today. Just
3 please indulge me, and I'll maybe even apologize
4 in advance.

5 I authored a letter, which I intended to
6 send last week, and I was encouraged not to, but
7 to bring this matter before the Board for further
8 discussion. I am handing out a letter which is
9 rather strongly worded which is my response to
10 Mr. Holbrook and Ms. Racine with regards to their
11 opening a formal docket, causing our ratepayers
12 money that it -- it's needless to pay.

13 I want you to know that I was aware and
14 became aware only a day before the previous
15 meeting at which this Board acted on the pension
16 plan that the PUC, the Public Utilities
17 Commission, had asked that we postpone
18 implementation of the plan. As is normal and
19 customary when implementing a plan, pension plans
20 are normally implemented in the months of January
21 and February.

22 MR. PINAULT: I think in January
23 and July.

24 MR. CHAIRMAN: Beg your pardon,

1 January and July. That's customary everywhere.
2 We thought we'd be -- stay in keeping with those
3 requirements and deadlines. They're not
4 deadlines, but that's what's customary in the
5 industry.

6 To those ends, having known only a day
7 before the meeting that the Public Utilities
8 Commission had asked to postpone the matter, I
9 knew I felt it was important to go forward.
10 However, I did write an extremely conciliatory
11 letter to Mr. Holbrook, which is quoted, under
12 which I state that the resolution passed -- that
13 will be passed by the Board allows for amendment
14 and change at any time; and that we would be
15 happy to discuss the matter with him to
16 demonstrate the neutral cost of the plan; and if
17 a plan or an issue becomes necessary to change
18 it, we would consider their recommendation. It's
19 plainly stated in the letter.

20 Unfortunately, Mr. Holbrook feels that the
21 loss -- that the loss of one individual's, any
22 individual's, pension income is characterized as
23 an "unfortunate event." How dare he? The
24 audacity of that man to suggest that it is an

1 unfortunate event as he quoted in his letter or
2 in his statement at the December 2nd meeting.
3 That's what's wrong with that man. How dare he?
4 So I'm asking you to read this letter, and I'm
5 going to sign it, and I'm going to send it, and
6 I'm asking each of the members on this Board to
7 support me as signatories in this letter.

8 You all know that this matter has been
9 significantly discussed and before this Board
10 since May. It's part of our minutes. It's on
11 our agenda. The Public Utilities Commission has
12 had that meeting's agenda, and it has the
13 minutes. They have been consistantly aware of
14 our proceeding to implement a plan and has not
15 said one single word -- not a single word; and
16 then in November -- at an unrelated hearing, a
17 matter which had nothing do do with the
18 Narragansett Bay Commission, suggests, Oh, by the
19 way, we think that they should hold up from
20 implementing their plan after our staff labored
21 day and night to get a plan ready, so that our
22 non-union employees can reach some degree of
23 parity with the unionized employee pensions and
24 public employees all over this state. It's

1 unconscionable for him to suggest that their loss
2 -- potential loss of retirement income should be
3 classified as an unfortunate event.

4 I would like to know, and I am asking our
5 attorneys to make a daily request under the Open
6 Records Statute that we look into and ask them to
7 provide us with the nature and financial impact
8 of their pension plan, the Public Utilities
9 Commission and the Division of Public Utilities,
10 because I would like to make a comparison between
11 that regulatory agency and this regulatory
12 agency; and I would suggest that when we make the
13 comparison, that perhaps our employees -- our
14 non-union employees -- should be treated just
15 like the Public Utility Commission employees as
16 well, and I would ask this Board to consider
17 moving in that direction. It's unconscionable.

18 This -- I want -- this issue is now and has
19 always been a direct, a direct equalities-equal
20 treatment issue, has always been. There is
21 nothing, nothing ever has this Board done to
22 suggest that it was unscrupulous in any way. To
23 suggest it was -- and there's a letter here
24 somewhere, and I read it. That would suggest

1 that there's some devious reason and how, and how
2 -- it actually suggests and questions: How did
3 this all occur? And what process did it go
4 through? Well, it went through the process like
5 every other process here, open and honest
6 discussion. That's how it went through. I'm
7 appalled. I think that we have a representative
8 here from the Commission, would you tell us what
9 plan the PUC now has for its employees?

10 MR. MASSARO: The PUC has the plan
11 of the state employees.

12 MR. CHAIRMAN: So is that a
13 Defined-Benefit plan?

14 MR. MASSARO: Yes, it is.

15 MR. CHAIRMAN: Oh, thank you,
16 because I'd just like to quote Commissioner
17 Holbrook. What did he say about defined pension
18 benefit? What did he suggest in that letter?
19 "It's a dangerous road to travel." Well, I'm
20 going to suggest that if it's such a dangerous
21 road, and he's still committed to the interests
22 of the ratepayers, that perhaps he and
23 Commissioner Racine should weigh their rights.
24 We'll see how big they are. They want to stand

1 tall -- they want to stand tall in our eyes --
2 Where is it? Where is it? Commissioner, why
3 don't you read that for us?

4 MR. ROTELLA: This is a Providence
5 Journal article. Holbrook says, "It doesn't make
6 sense to establish that kind of pension plan when
7 they have caused financial peril for municipal
8 governments and private companies. Quote, 'It's
9 a road to disaster because defined-benefit plans
10 are unaffordable,' Holbrook said. 'The evidence
11 to their unaffordability is every place'."

12 MR. CHAIRMAN: Thank you,
13 Commissioner. So, I guess, since it's so
14 perilous, the Public Utilities Commission and the
15 Division have made no movement toward a
16 defined-contribution plan like everybody else.
17 They are willing to travel that road to peril, I
18 suppose. I'm going to be appearing at the --
19 there's a hearing Thursday, December the 23rd at
20 10:30. 10:15? I'm irate. I called our
21 attorney, and I inquired as to what authority the
22 Public Utilities Commission would have in regards
23 to its oversight of our implementation of this
24 plan.

1 We have with us today Peter McGinn, who's
2 our attorney -- represents us at the Public
3 Utilities Commission. I would appreciate it if
4 you would tell us what -- how he feels about the
5 jurisdiction that the Public Utilities Commission
6 has with regard to this matter.

7 MR. MCGINN: For those of you who
8 are looking over here and thought that I looked
9 like Joe D'Angelis, I wanted to say that you must
10 have been shocked to see such an old person from
11 last month. One of the reasons that may be is
12 that I have worked before the Public Utilities
13 Commission for over 30 years. Joe has flu
14 symptoms; and in the spirit of the season, he
15 decided not to come today and give it to you.

16 The problem we have faced for many many
17 years up at the Public Utilities Commission is
18 there is some confusion between what is
19 management and what is regulation. I think this
20 is a classic example of that.

21 I've seen a recent example in which they
22 suggested in writing -- two Commissioners
23 suggested in writing to Providence Gas that they
24 buy gas on a particular day at a certain price.

1 That seemed to me another classic example of
2 mixing up regulation and management.

3 I've advised the Chairman that in my
4 opinion, this is an area which should be properly
5 handled on a regular rate case. If they are
6 concerned with expenditures by this Commission,
7 that should be handled on a regular rate case
8 basis. It should not be the subject of a special
9 docket. I might say that someone who I was in
10 law school with and is now Chairman of the Public
11 Utilities Commission and is a former law partner
12 of mine, basically dissented from the vote to
13 open a special docket. Elia Germani, you know,
14 has a background in public utilities regulation
15 and law and knows better on something like this.

16 The idea that they're going to investigate
17 the reasonableness, necessity, and prudence of a
18 plan at a midpoint of any kind of procedure
19 doesn't make any sense. They do -- we may have
20 some relief in the future though. Basically, we
21 are looking at the latest appointment of Holbrook
22 by this governor. I thought we would have
23 somewhat of a break.

24 We did have an immediate situation involving

1 the appointment by the Public Utilities
2 Commission of an overseer of the CSO Project,
3 which was like carrying coals to Newcastle as we
4 have more than enough experts in this area. We
5 basically appealed that to the Supreme Court in
6 the hopes that the Court might give us some
7 language to try to point out the difference
8 between regulation and management. Well, we've
9 got some language; but basically we worked in the
10 lake because it went back.

11 There was a new Commissioner appointed in
12 the meantime. Instead of Brenda Gaynor, there
13 was Commissioner Holbrook, and they voted not to
14 do it, which basically saved a lot of money for
15 us with the most reasonable course of action. We
16 may get that kind of thing -- Commissioner Racine
17 is now apparently retired. Under the rules of
18 the Public Utilities Commission, she could still
19 sit on this investigation of your retirement
20 plan, and she proposes to do so. I think she's
21 been led astray by Gaynor in the past and
22 Holbrook at this point, but maybe we'll get some
23 relief with a new appointee but maybe not for
24 this case though.

1 comments, I would just like to call your
2 attention to -- I think -- I don't know if anyone
3 has a copy of the press release where the second
4 to the last sentence says, "Germani, the Public
5 Utilities Chairman said he disagreed -- he
6 disagreed -- that an investigation into the
7 pension plan was needed. Saying -- now saying it
8 was premature since there was no evidence -- no
9 evidence -- it would affect sewer rates." The
10 Chairman.

11 I have signed the letter that I intend to
12 send. I'd appreciate the Board's support as
13 being signatory to the letter. If you are
14 interested in signing it, I'd appreciate it. If
15 not, just pass it along. I think -- and I could
16 go on and on, but I'm afraid I'm going to get
17 carried away. You know, I say this all the time
18 that I'm a firm believer in a four-letter word
19 that begins with "F," but it happens to be
20 "fair;" and that's the word, and that's what this
21 is all about. It's about fairness. So having
22 said that, where are we? Commissioner Oster.

23 MR. OSTER: Yes, Chairman, I would
24 first like to congratulate you personally on your

1 very strong and appropriate support for Paul and
2 his staff. I'm very disappointed personally in
3 the PUC for what sounds like inappropriately
4 looking into this matter, when you have an
5 independent organization, which is not increasing
6 costs or anything that would possibly even affect
7 rates. I would suggest to the Chairman, whether
8 it be in the form of a motion or an appointment,
9 that from this esteemed Board of very fine
10 gentlemen -- where are the ladies? We've got to
11 get the ladies in here.

12 MR. CHAIRMAN: Well, she's not
13 here today.

14 MR. OSTER: Oh, okay -- that the
15 Chairman appoint a Compensation Committee of the
16 Board, even though it be premature. That
17 Compensation Committee should make themselves
18 available on Thursday morning to be with the
19 Chairman. This almost sounds like a personal
20 attack on our Chairman, and I personally will not
21 stand for that type of thing. I offer that
22 support whether it's in the form of a motion or a
23 directive, Chairman. We would like to assist if
24 possible.

1 MR. CHAIRMAN: Thank you.

2 MR. MCGINN: I would suggest you
3 have strong people to keep him restrained,
4 however.

5 MR. CHAIRMAN: I'll tell you what
6 then, I'll accept that in the form of motion, and
7 I'll state the motion. As I believe I understood
8 it, Commissioner Oster moves that we establish a
9 Compensation Committee of members, an amount as
10 the Chair would suggest.

11 MR. LAZIEH: I'll second that, Mr.
12 Chairman.

13 MR. CHAIRMAN: We have a motion.
14 We have a second. Is there discussion on that
15 motion? Oh, and I would assume that's implicit
16 that they're welcome to come to the hearing, but
17 -- They would attend the hearing if possible.
18 Is there discussion on that motion? Hearing
19 none. All of those that are in favor will say
20 "aye." Are there any opposed? There are none
21 opposed, and that motion carries. So, in such
22 case then, since it was your motion,
23 congratulations. I'll appoint you Chair.

24 MR. OSTER: Pleased to assist.

1 MR. CHAIRMAN: And at the
2 conclusion of the meeting, I'll take your
3 recommendation for the members and the amount of
4 members.

5 MR. OSTER: Well, three or four.
6 The Chair feel free to appoint because he knows
7 all the Directors, so whoever he feels -- I'm
8 comfortable with everyone in this room.

9 MR. CHAIRMAN: Well, then, let me
10 ask -- I don't know how much time it's going to
11 take. You have an interest, Commissioner
12 Rotella?

13 MR. ROTELLA: I have.

14 MR. CHAIRMAN: Any others?

15 MR. DiCHIRO: I will.

16 MR. CHAIRMAN: Commissioner
17 DiChiro.

18 MR. ANDRADE: I'd like to.

19 MR. CHAIRMAN: Commissioner
20 Andrade. Is that enough? Okay, we've got a
21 Commission. Be careful, they always told me.
22 You might get what you ask for. Okay. Thank you
23 very much. Thank you, all. Thank you for
24 supporting me in this. This is important for a

1 lot of reasons. Okay. Ad Hoc Committee. Storm
2 rates.

3 MR. PERKINS: No report.

4 MR. CHAIRMAN: No report. No
5 Rules and Regs. Citizens Advisory. Good
6 morning.

7 MR. GADON: Good morning.

8 MR. CHAIRMAN: Happy Holidays.

9 MR. GADON: Happy Holidays to you.

10 I don't have a Power Point presentation, but I
11 have an audio presentation. The CAC Meeting was
12 held on December 8 at the Bunge Corporation,
13 formerly Colfax, at the invitation of Member Tony
14 Ferri. Over 30 attended including the Pawtucket
15 Fire Chief and members of his staff. Jamie
16 Samons set forth reporting on the PUC and NBC
17 Pension Plan in regard to The Providence Journal
18 article and the history to date. She promised to
19 keep us informed of the future developments -- as
20 you have done today, and the CAC -- I would like
21 to state here -- we would endorse your letter,
22 Mr. Chairman.

23 We did discuss the CSO and that Pawtucket
24 was involved. We mentioned that NBC and the

1 Providence Fire Department were cooperating on
2 joint plans involving possible emergencies and
3 that we assume the Providence Fire Department
4 would keep other fire departments informed,
5 especially those in the NBC district. Their
6 reply was that Providence Fire Department doesn't
7 seem to share, so we would suggest that the NBC
8 educate the other fire departments in the NBC
9 district and possibly even invite them to a
10 tunnel tour. We then shared refreshments, after
11 thanking Bunge for their hospitality, and then
12 adjourned, which was followed by a short tour.

13 We wish to extend our thanks to the
14 legislators for their presence on the Board; and
15 as they leave, we are sure in the future that
16 they will continue to offer support to the NBC.
17 We wish you all a happy holiday.

18 MR. CHAIRMAN: Thank you. Thank
19 you. Thank you very much. Executive Committee.
20 There's no report. The Chairman's Report.
21 You've already got it, except to say that the
22 next meeting is scheduled for January the 26th.
23 That concludes my report. Is there any new
24 business? Other business? Well, we have other

1 business we have -- it's a sad day for me
2 especially; and in my opinion, a very sad day for
3 this Commission and the state of Rhode Island.

4 We're going to pass out some Resolutions of
5 Appreciation to the legislators who have
6 supported this Agency, attended, been supportive
7 and committed, and brought the good workings of
8 this Commission to the State House on so many
9 occasions that the legislators and the Senate and
10 the House are aware of the good work and the
11 professional attitudes and actions of this Board.

12 And their representations on this Board has
13 been an integral part of the operations of this
14 Commission, and they and their participation is
15 going to be sadly missed, and I personally would
16 just like to express my sadness and my
17 appreciation at the same time for the service
18 that you have committed to this Agency.

19 So having said that, and I can't say that in
20 words strong enough how much I appreciate your
21 your support. We have these Resolutions of
22 Appreciation. You have -- he has his own
23 glasses. So, Commissioner Rotella.

24 MR. ROTELLA: This is a Resolution

1 of Appreciation. It says,

2 "Whereas, John McCauley was appointed by the
3 Speaker of the House of Representatives of the
4 State of Rhode Island to the Board of the
5 Narragansett Bay Commission on January 19, 1995,
6 and

7 Whereas, he has shown great support for the
8 Narragansett Bay Commission in its mission to
9 play a leadership role in the protection and
10 enhancement of Narragansett Bay and its
11 tributaries by providing safe and reliable
12 wastewater collection and treatment services to
13 its customers at a reasonable cost, and

14 Whereas, he served on the Narragansett Bay
15 Commission's Legislative and Finance Committees,
16 has advocated for the Narragansett Bay Commission
17 in the General Assembly, and has promoted clean
18 water through a variety of initiatives,

19 Now therefore be it resolved that the
20 Narragansett Bay Commission shall extend its
21 sincere appreciation to John McCauley for his
22 service on behalf of the state of Rhode Island
23 and the ratepayers of the Narragansett Bay
24 Commission."

1 MR. McCAULEY: I would have worn a
2 tie. I didn't realize.

3 MR. CHAIRMAN: GQ. You want to
4 say something?

5 MR. McCAULEY: Yes, just a few
6 words. It's been a pleasure serving, and I
7 didn't realize it was so long that I've been on
8 the Board, but I do remember when Speaker Howard
9 appointed me. I got to know Vinny on a personal
10 level in the House of Representatives; and when
11 there was an opening, I asked Speaker Howard to
12 appoint me, and he very graciously did.

13 During that time, I've learned an awful lot,
14 not only on the Board, but about people, and
15 given my friendship with Vin Mesoletta will
16 continue long after I leave this room. The staff
17 that you've assembled, and Paul you're absolutely
18 outstanding -- and just to share a quick story
19 with some of the members.

20 Some years ago I had a younger brother who
21 was an employee here at the Bay Commission -- not
22 a model employee -- and I used to come in and
23 Paul would grab me and Vinny and say, "John, you
24 know your brother..." And I told him, you know,

1 "Don't tell me." It just got to the point where
2 it wasn't fair to the other members -- or
3 employees rather of the Bay Commission, nor to
4 the Commissioners, and I went into Vinny's
5 office, and Paul was in, and he said, "John,
6 actually, I wanted to talk to you. You know,
7 we're having a problem with your brother," and I
8 said, "Well, Paul, he's my brother. You know I
9 can't let you do anything to him. I've got to
10 protect him, so he said -- I said, "But do me a
11 favor, if there's ever another instance, you
12 know, just don't bring it to my attention and do
13 whatever you need to do." Unfortunately, my
14 brother is no longer here with the Bay
15 Commission, but it's just indicative of the way
16 this Chairman runs this Board. And it's a -- the
17 Common Cause people, you know, and all those
18 folks that say legislators aren't sincere, and
19 that we interrupt the process, and that we
20 shouldn't serve on -- they really have no idea,
21 and I appreciate your friendship, and thank you.

22 MR. CHAIRMAN: Thank you.

23 MR. McCAULEY: Thank you, Paul,

24 Mr. Chairman.

1 MR. ROTELLA: Mr. Chairman, we
2 have another Resolution, and this one says,
3 "Whereas, Daniel DaPonte was appointed by
4 the Majority Leader of the Senate of the State of
5 Rhode Island to the Board of the Narragansett Bay
6 Commission on March 6, 2003, and
7 Whereas, he has shown great support for the
8 Narragansett Bay Commission in its mission to
9 play a leadership role in the protection and
10 enhancement of Narragansett Bay and its
11 tributaries by providing safe and reliable
12 wastewater collection and treatment services to
13 its customers at a reasonable cost, and
14 Whereas, he served on the Narragansett Bay
15 Commission's Legislative Committee, has advocated
16 for the Narragansett Bay Commission in the
17 General Assembly, and has promoted clean water
18 through a variety of initiatives,
19 Now therefore be it resolved that the
20 Narragansett Bay Commission shall extend its
21 sincere appreciation to Daniel DaPonte for his
22 service on behalf of the state of Rhode Island
23 and the ratepayers of the Narragansett Bay
24 Commission."

1 MR. DaPONTE: Just very briefly,
2 you know I've been in the Senate for six years
3 now; and like many of my colleagues, we've had
4 the opportunity to serve on different boards and
5 commissions with all kinds of different
6 functions, and I can honestly tell you that --
7 and I mean this from the bottom of my heart --
8 there is no other Agency in state government that
9 is run as efficient as professionally as the
10 Narragansett Bay Commission.

11 It's a group of people that are always ready
12 to answer a question and to respond to an
13 emergency or whatever it may be that happens;
14 and, you know, that's truly a testament to the
15 leadership of the Chairman and the leadership of
16 the Executive Director and all the folks that
17 work here. You know the ratepayers of the
18 district are fortunate to have such a great group
19 of people, and just the things that you've been
20 able to accomplish, and right now at least -- the
21 biggest project in Rhode Island, the most
22 expensive project in Rhode Island history.

23 You know, I, as a resident of the state,
24 certainly feel comfortable that the people that

1 are at the helm of this project and overseeing
2 this project, and the rest of the citizens of
3 Rhode Island should certainly be proud of who we
4 have leading the Bay Commission as well.

5 It's certainly going to be sad to no longer
6 serve here, but I think this is one Agency that,
7 as we now move from serving on Boards to more of
8 an oversight function, from that perspective,
9 this is an Agency that we can certainly feel
10 comfortable as being run well and as being run in
11 the best interests of the citizens and the
12 ratepayers, and I'd like to extend a very big
13 thank you to all of you who I've had the
14 opportunity to work with. It's not going to end
15 here. We'll still be working together, just in a
16 different form, but thank you very, very, very
17 much, and happy holidays.

18 MR. CHAIRMAN: Okay. Well, we
19 have a record today. I don't know that we've
20 ever had a meeting with a short agenda that went
21 till 12:30; but having said that, before we
22 adjourn, I personally would just like to express
23 my sincere appreciation to all of you, all of our
24 Commissioners and staff for all that you have

1 done all year long, and I would like to wish you
2 all a very happy holiday and healthy and
3 prosperous New Year and look forward to a very
4 aggressive agenda this upcoming year.

5 I'm not even going to give you a hint at
6 this time, but the January 26 meeting will be a
7 very interesting meeting. I hope all of you will
8 be able to attend. So having said that, God
9 bless you all, and have a healthy and prosperous
10 and healthy New Year. Commissioner Rotella.

11 MR. ROTELLA: Motion to adjourn.

12 MR. CHAIRMAN: We have a motion.

13 MR. GIUSTI: Second.

14 MR. CHAIRMAN: We have a second.

15 The meeting is adjourned, and please stay for our
16 annual Holiday Luncheon. Thank you very much.

17 (Meeting adjourned at 12:35 P.M.)

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C E R T I F I C A T E

I, Shayla N. Fagnoli, Notary Public, do hereby certify that I reported in shorthand the foregoing proceedings, and that the foregoing transcript contains a true, accurate, and complete record of the proceedings at the above-entitled hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of December, 2004.

SHAYLA N. FARGNOLI, NOTARY PUBLIC/COURT REPORTER
MY COMMISSION EXPIRES AUGUST 6, 2005.