

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

April 17, 2008

The Board of Directors of the Kent County Water Authority held its monthly meeting in the Joseph D. Richard Board Room at the office of the Authority on April 17, 2008.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mrs. Graham, Mr. Masterson and Mr. Inman were present together with the General Manager, Timothy J. Brown, Technical Service Director, John Duchesneau, System Engineer, Kevin J. Fitta, Arthur Williams, Finance Director, Legal Counsel, Maryanne Pezzullo, and other interested parties, including Juan Mariscal, PE (Executive Director of the Rhode Island Water Resources Board). Board Member Graham led the Board in the salute to the Flag.

The minutes of the Board meeting of March 20, 2008 were moved for approval by Board Member Graham and seconded by Board Member Masterson and were unanimously approved.

Guests:

Medical Insurance Policy Renewal Review, Starkweather & Shepley

The General Manager informed the Board that several alternate plans were reviewed with respect to coverage and expenses. He stated that there was a slight difference between Blue Cross and United Health, however, Blue Cross was more cost effective. The General Manager referred the Board to the chart provided by Kent County Water Authority insurance advisor, Starkweather & Shepley, as evidenced and attached as "A". The General Manager recommended Healthmate 15/25 and Blue Cross Dental and if Kent County Water Authority enters into a three year contract with Blue Cross, a \$22,000 savings will be realized as compared to Delta Dental.

The General Manager was satisfied with the recommendation of Starkweather & Shepley.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to approve the Healthmate 15/25 and Blue Cross Dental plans and it was unanimously,

VOTED: To approve the Healthmate 15/25 and Blue Cross Dental plans.

Request to Appear Center of New England, Caito Corporation
Service connection 1O & 1P Highlands at Hopkins Hill
Fire Protection and Anticipated Domestic Services Connection, Phase I
Highlands at Hopkins Hill

Robert Rapoza of Universal Properties, Scott Nelson and Benjamin Caito appeared and presented the Board with a copy of an updated outline as evidenced and attached as "B" to inform the Board of the status of recent projects within the Center of New England development.

Regarding the status of installation of master meters, Universal Properties commenced construction of the first master meter at New London Turnpike. In regard to the second master meter, it is likely that plans will be submitted by April 25, 2008. The Developer is to order the second meter. It is anticipated that both meters will be on-line by the end of Summer, 2008.

Mr. Caito informed the Board that he received the Village Green approval letter from John Duchesneau and work will commence shortly. Regarding the exhibit provided to the Board, Service 1O and 1P are comprised of single family residences. The area shaded in pink is comprised of multi-family condominium buildings and wells can not be used. The anticipated domestic demands are 10,000 gallons/day if calculated according to the regulations of Kent County Water Authority. The developer's calculations show 1.75 persons per unit, however, given that the dwellings are comprised of two bedrooms, Kent County Water Authority regulations calculate four persons per unit (opposed to 1.75 persons per unit). The General Manager stated that he has stated this at previous Board meetings. Mr. Caito informed the Board that the community will be age restricted. The Phase 1O and 1P calculations along with plans were submitted in February and on April 17, 2008. Mr. Rapoza inquired as to whether or not they can connect to Kent County Water Authority service in the future. The Chairman and Legal Counsel stated that the Board can not take action on this matter as it is not on the Agenda for action by the Board and the calculations and plans have not been reviewed as they were just submitted this date. Board Member Masterson stated that more information is required prior to Board action. Mr. Rapoza stated that he knows Kent County Water Authority can not commit to granting water but he does not want to spend a lot of money on unnecessary engineering. The Chairman again informed Mr. Rapoza that the Board can not take action on this matter at this time. Mr. Rapoza requested a meeting with the General Manager to figure out the next step with respect to fire protection. The developer wants the ability to service the domestic in the areas highlighted in green and pink on the map. Fire service is required for the area highlighted in yellow. The General Manager stated that the two services can not be separated and the water flows through the same pipe and separation of service will be required due to safety issues. Mr. Caito was to call the General Manager the following week to set a meeting up to discuss the issues.

LEGAL MATTERS

Facility Access–Amgen

Easement rights of Kent County Water Authority were impeded by Amgen's security protocol. The General Manager forwarded correspondence to Berglund, P.E. setting forth easement rights and to contact to discuss the matter and there has been no formal reply and the General Manager stated that there is a conflict and there will be a need to discuss further.

Amgen requested Kent County Water Authority and its contractor to execute an access agreement/ license with respect to access to the tank. On February 7, 2007, Kent County Water Authority forwarded correspondence to Amgen stating that Kent County Water Authority has pre-existing easement rights for accessing the tank. With respect to draining the tank for maintenance, the Kent County Water Authority discovered the proposed drainage system was not installed and the existing system removed. On August 10, 2007, Legal Counsel for Amgen forwarded a proposed easement agreement to Legal Counsel for Kent County Water Authority. Legal Counsel and the General Manager have reviewed the proposed agreement and it extinguishes the pre-existing easement rights acquired in 1987. Therefore, Legal Counsel informed Legal Counsel for Amgen that the agreement is not acceptable as drafted as it extinguishes easement rights. The executed easement document from Amgen legal counsel was received however, the description for the easement area was omitted. Legal Counsel will follow up with Amgen as to obtaining a plan that clarifies the easements area.

Quaker Lane Booster Station

In order to meet setback requirements of the generator from the structure and to accommodate a temporary construction easement, 25' to 50' of abutting property owned by Duke Associates Limited Liability Corp. is required. Legal Counsel forwarded to the owner written request for a lease and has subsequently been in contact with the owner. Legal Counsel and the General Manager met with the land owner at the site. Kent County Water Authority will provide the land owner with a survey depicting the easement area and the owner will obtain an appraisal of the site with respect to Kent County Water Authority obtaining an easement and the owner will forward to Legal Counsel the appraised value of the easement. Legal Counsel for Kent County Water Authority has forwarded to the owner the engineering and Kent County Water Authority has offered to rehabilitate the retaining wall (the integrity of which is compromised and in need of repair) in lieu of paying a fee to the owner for expansion of the easement area. Legal Counsel contacted the owner and he stated that the real estate may be under sales contract. Legal Counsel for the owner of the property met with the General Manager and Legal Counsel with respect to historical easements on the site. The owner will grant Kent County Water Authority additional easement area for the renovations to the station and Kent County Water Authority will extinguish an easement no longer utilized by Kent County Water Authority for ingress/egress to the station. Kent County Water Authority has obtained the legal descriptions for the respective easement areas and Legal Counsel has forwarded the easement deeds to Legal Counsel for the

owner for their review. Legal Counsel has received from Legal Counsel for the owner an instrument to extinguish the former easement. The instrument was approved by Legal Counsel and Kent County Water Authority. The owner requested indemnification from Kent County Water Authority for maintenance of the retaining wall post construction. Legal Counsel has informed owner that Kent County Water Authority can not indemnify owner during or after construction of the retaining wall as it is located on property not owned by Kent County Water Authority and the wall was not maintained by Kent County Water Authority in the past. However, the agents and contractors are insured which will address any liability concerns of the property owner during construction of the wall. The owner was provided by Kent County Water Authority with a copy of the report on the condition of the wall. The owner is in the process of reviewing the report.

Pressure Reducing Station
The Village at East Shore-Phase II (Coventry)

In connection with the development, Kent County Water Authority will install a pressure reducing valve station on an undeveloped road off of Route 3. Kent County Water Authority and Legal Counsel met with the Coventry Town Solicitor to confirm that no zoning board approvals are required for the station. Legal Counsel for Kent County Water Authority has reviewed the title and is in a position to finalize the easement and is actively pursuing finalizing the easement documents with Legal Counsel for the land owner. Legal Counsel is awaiting execution of the easement instrument from Legal Counsel for the owner. The easement and subordination of lender's mortgage has been executed and recorded on April 8, 2008.

Joseph Petrarca, Department of Public Utilities and Carriers

The decision by the Division of Public Utilities and Carriers has recently been rendered by the Hearing Officer, Lanni which was in favor of Mr. Petrarca. Legal Counsel and the General Manager determined that the decision is contrary to the Kent County Water Authority Rules and Regulations and an appeal was taken and is scheduled for February 4, 2008 by the Division of Public Utilities and Carriers and is now awaiting decision from the Hearing Officer. Due to water quality issues on Philip Street, Legal Counsel will move for a postponement of the decision of the Hearing Officer and he will have continued discussion with the General Manager concerning the possibility of an amendment of the IFR program. A settlement offer was drafted by the Department of Attorney General and is being considered by Legal Counsel and General Manager.

Padula Easement/Flat Top

Legal Counsel for the Developer advised that this project is hold.

Department of Health Rules and Regulations

Legal Counsel forwarded to Gregory A. Madoian, Esq., Legal Counsel for the Department of Health, the proposed private water system rules and regulations amendments as pertaining to public drinking water. These amendments were prepared by Legal Counsel, the General Manager and the staff. Legal Counsel also placed a telephone call to Mr. Madoian. Mr. Madoian contacted Legal Counsel who stated that the rules and regulations will be reviewed the week of April 15, 2007. Legal Counsel subsequently inquired of the Department of Health and it is still being considered. Legal Counsel has and will continue to contact the Department of Health until he receives an answer. This has been a frustrating issue in that the Department of Health has had these proposed regulations since April 9, 2007. Legal Counsel has sent letters and telephone calls in an attempt to schedule a meeting with the General Manager and Department of Health officials who do not seem to be motivated to address this serious issue. Legal Counsel will continue to pursue this issue, albeit there is serious resistance and he sent a letter to the Department of Health Legal Counsel on March 11, 2008 and is awaiting word on a meeting.

G-Tech

On June 30, 2006, G-Tech received approval of water service for its campus. Subsequent to approval, the campus was subdivided and sold. G-Tech did not notify Kent County Water Authority of the change in ownership as required by its Rules and Regulations. As a result of the change in ownership, the service at the property (Data Center) does not conform to the original tenets of the approval as the building is occupied by a different owner resulting in one service supplying different owners. Master metering is reserved for single ownership and G-Tech does not meet this requirement as G-Tech is currently connected to the Condyne Master Meter Service. Kent County Water Authority met with a representative of Condyne who was not aware that it was servicing the G-Tech data center. G-Tech is required to install a separate service to Hopkins Hill Road as set forth in Option A of the December 14, 2006 correspondence from G-Tech to Kent County Water Authority in order to resolve the issue of water service.

Legal Counsel performed research of the West Greenwich Land Evidence Records to ascertain the ownership of certain parcels of real estate located within the G-Tech site given recent subdivision of the site. The data center is under different ownership as a result of the subdivision but serviced by a master meter in violation of the regulations of Kent County Water Authority for property owned by another party. Legal Counsel for Kent County Water Authority, the General Manager and John Duchesneau met with Legal Counsel for Amgen and two Amgen representatives. Amgen and its Legal Counsel provided Kent County Water and its Legal Counsel with title to the subject property from Legal Counsel for the title company. Legal Counsel for Amgen will draft an indemnification agreement with respect to common service. Legal Counsel will review the indemnification agreement and determine whether or not the common service is legally permitted by the regulations of Kent County Water Authority.

Amgen will coordinate a meeting with the owner of the property providing water to the data center.

Legal Counsel for G-Tech prepared a proposed memorandum of agreement between the parties and forwarded this to Legal Counsel for the Authority on August 10, 2007. Legal Counsel for Kent County Water Authority and the General Manager have reviewed the proposed agreement and it conflicts with the regulations of Kent County Water Authority. Therefore, Kent County Water Authority has forwarded correspondence to Amgen directing compliance by Amgen of installation of separate services.

G-Tech has filed a Declaratory Judgment/Restraining Order action and Kent County Water Authority has filed a Motion to Dismiss which will be briefed on January 4, 2008 with response by G-Tech for January 25, 2008 and hearing scheduled for February 1, 2008. Kent County Water Authority brief was filed with the Kent County Superior Court on January 4, 2008. The matter has been dismissed and G-Tech will pursue with the DPUC. Legal Counsel received a letter from Attorney William Landry on January 28, 2008 stating that they will file with the DPUC. As of April 17, 2008, G-Tech had not filed with DPCU and Legal Counsel for Kent County Water Authority will follow up as to status.

River Point Lace Works

The Company has gone into receivership and owes Kent County Water Authority approximately \$50,000. Legal Counsel has appeared at Court and has had conferences with the Receiver and will monitor the proceedings. Palmisciano-Ponte Investment Group LLC purchased business only as a going concern. Lender foreclosed on real estate and was highest bidder at foreclosure. Lender in discussion with Palmisciano-Ponte Investment Group LLC regarding Palmisciano-Ponte Investment Group LLC purchasing real estate. All parties are aware of Kent County Water Authority statutory lien and Legal Counsel will continue to monitor situation and pursue collection of debt. Legal Counsel has had further discussion with Lender and there is no change in status of the property. Lender requested updated figure on balance owed to Kent County Water Authority which was provided by Legal Counsel.

Director of Finance Report:

Arthur Williams, Finance Director, explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, cash receipts, disbursements and comparative balance sheets and statements of revenue through March, 2008 which is attached as "C" and after discussion, Board Member Graham moved and seconded by Board Member Masterson to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these minutes and it was unanimously,

VOTED: That the financial report, comparative balance sheet statement of revenues, expenditure, cash receipts, disbursements and comparative balance sheets and statements of revenue through March, 2008 be approved as presented and be incorporated herein and are made a part hereof as “C”.

Point of Personal Privilege and Communications:

Board Member Graham was very pleased with a letter received from a Kent County Water Authority customer with respect to the good quality of service that a Kent County Water Authority employee, Tim Skorski, provided.

The Chairman complimented the General Manager and the road crews with respect to the work performed on Fairview Avenue and Main Street as a 20' water line was installed and the employees worked into the very early morning hours in completing the task.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

OLD BUSINESS:

2002A Bond Refinancing Status

The General Manager informed the Board that he is preparing a request for records to the law firm of Kent County Water Authority bond counsel as the firm has disbanded. The General Manager further stated the bond rating has been reaffirmed.

KCWA Rate Filing

Status Report

The General Manager informed the Board that a pre-hearing status conference is scheduled for May 1, 2008. Legal Counsel, the Attorney General and PUC and DPUC will be in attendance.

Response to Fire District Letters

The General Manager informed the Board that he sent documented reply letters to fire districts and Senator Blais in detailed explanation regarding the necessity of the PUC rate increase sought as evidenced and attached as “D”. Board Member Masterson stated that he was very satisfied with the General Manager’s responses. Board Member Graham suggested that the Board would be more than happy to have the fire departments at a Board meeting. The Chairman agreed and stated that a joint meeting might be helpful. The General Manager will coordinate a special meeting with the fire departments.

New Business

CIP Budget Review

This matter was continued for further study.

Request for Proposals, Design Services 2009 A & B, Action

Kent County Water Authority issued an RFP on infrastructure design 2009A & 2009B. Four of the five proposals did not comply with the Kent County Water Authority RFP requirements. Therefore, the General Manager recommended that the proposals be rejected and the project be reissued. The General Manager further stated that the same instructions which have been utilized for 20 years for the RFP procurement.

It was moved by Board Member Graham and seconded by Board Member Masterson to reject the proposals for failure to comply with the RFP and in the best interest of Kent County Water Authority and send out a new RFP for the project and it was unanimously,

VOTED: To reject the proposals for failure to comply with the RFP and in the best interest of Kent County Water Authority and send out a new RFP for the project.

Miniscule Bidding Review & Decision by Board on Clause

The Board was provided with a copy of the opinion of Legal Counsel with respect to miniscule bidding as evidenced and attached as "E". Legal Counsel reviewed the opinion for the Board. The General Manager informed the Board that the project has not been rebid. He further stated the bid clause for the specification has to be rewritten in the event a bid is not to be rejected for pennyng. Board Member Gallucci stated that miniscule bidding is allowed and Kent County Water Authority has accepted this type of bidding before. He further stated that the Board should take a serious look at whether or not to accept miniscule bidding and that the matter should be continued for another month. The General Manager stated that this is a critical project and will take the tank off line and that this is construction season and the project must get underway. As a result, Board Member Gallucci suggested that the section of the specification banning pennyng be struck and the RFP be sent out to bid.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to rewrite the specification banning pennyng/miniscule bidding be struck and a subsequent RFP be placed out to bid and it was:

VOTED: It was voted, with Board Member Inman voting in the negative, and all other Board Members voting in the affirmative, to rewrite the specification banning pennyng/miniscule bidding be struck and a subsequent RFP be placed out to bid.

Legislative Bills For Review

The General Manager stated that he will be working with Legal Counsel the week of April 21, 2008 with respect to modification of the bills and that the bills have great potential.

New Hire Customer Service Representative

The General Manager provided the Board with a summary of the applicants' credentials as evidenced as attached as "F". The General Manager stated that he interviewed 18 candidates for the customer service position that will be available as a result of the retirement of an employee after 44 years of service. He stated that he conducted two rounds of interviews and the position was advertised twice. The General Manager recommended the hiring of Nicole Jacques. He stated that all of the candidates had strong credentials. Board Member Graham suggested another candidate be considered for the position as that candidate would be an asset to the Kent County Water Authority. The Chairman suggested that the candidates could come before the Board. The new hire matter is continued.

CAPITAL PROJECTS: **INFRASTRUCTURE PROJECTS :**

IRF 2006B and 2007

The General Manager requested action to combine IFR 2006B and 2007 as one bid with respect to the addition of Phillip Street.

It was moved by Board Member Graham and seconded by Board Member Masterson to approve the combining of IFR 2006B and 2007 into one bid and it was unanimously,

VOTED: To approve the combining of IFR 2006B and 2007 into one bid.

Mishnock Well Treatment Plan (Design Status)

The General Manager showed the Board a visual aid/diagram depicting the gradients. He reminded the Board that there are issues with hydraulic gradient in that some of the pressure gradients are restraining flow and the goal is to take as much water out of the wells to avoid using water from the Clinton or Quaker Lane stations. The Chairman inquired of Director Mariscal as to the issue with high service who replied that a partnership with all entities is needed and there are no operating funds. Board Member Masterson inquired of Director Mariscal as to when the Big River wells will be on line. He stated that Big River is being studied and Director Mariscal anticipates a report by the 1st of May and more discussions will ensue after the report is issued.

All other Capital Projects and Infrastructure Projects are addressed in an exhibit attached as “**G**” as prepared and described to the Board by the General Manager with general discussion following.

Board Member Graham made a Motion to adjourn, seconded by Board Member Masterson and it was unanimously,

VOTED: To adjourn the meeting at 5:00 p.m.

Secretary Pro Tempore

EXHIBIT A

April 17, 2008



Kent County Water Authority Renewal 5/1/08

BC/BS Product Comparison Highlights	Healthmate \$15/25	Healthmate \$15/25	Healthmate 100/80	Healthmate 100/80
	current	\$7/30/50Rx	\$250 Deductible	\$500 Deductible
IN-NETWORK:				
OFFICE VISIT CO-PAYS:				
Primary Care Physician	\$15	\$15	\$15	\$15
Specialist Office Visit	\$25	\$25	\$25	\$25
Routine Eye Exam	\$25	\$25	\$25	\$25
Chiropractor	\$25	\$25	\$25	\$25
Urgi-Centers	\$25	\$25	\$25	\$25
Calendar Year Deductible - Individual/Family	N/A	N/A	\$250/\$500	\$500/\$1,000
Co-payment Out-of-Pocket Maximum	N/A	N/A	N/A	N/A
HOSPITAL SERVICES:				
Emergency Room Co-pay	\$100	\$100	\$100	\$100
Outpatient	\$0	\$0	Deductible applies	Deductible applies
Inpatient	\$0	\$0	Deductible applies	Deductible applies
LAB & X-RAY:				
Preventive (mammograms, pap smears, blood work)	\$0	\$0	\$0	\$0
Diagnostic	\$0	\$0	Deductible applies	Deductible applies
CT scans, MRI's, Nuclear Medicine	0%	0%	Deductible applies	Deductible applies
PRESCRIPTION BENEFITS:				
Retail - 30 day supply	\$7/25/40/40*	\$7/30/50/75*	\$7/30/50/75	\$7/30/50/75
Mail Order - 90 day supply (2 1/2 copays)	17.50/62.50/100/100	\$17.50/75/125/187.50	\$17.50/75/125/187.50	\$17.50/75/125/187.50
OTHER SERVICES:				
Ambulance Services	20% copayment	20% copayment	20% co-payment	20% co-payment
Physical/Occupational & Speech Therapies	20% copayment	20% copayment	Deductible applies	Deductible applies
Home Health Services	\$0	\$0	Deductible applies	Deductible applies
Durable Medical Equipment	20% copayment	20% copayment	20% after Deductible	20% after Deductible
DEPENDENT COVERAGE:				
To age 19	To end of yr./age 19	To end of yr./age 19	To end of yr./age 19	To end of yr./age 19
Full or Part-Time Student	To end of yr./age 26			
OUT-OF-NETWORK:	OUT-OF-NETWORK:	OUT-OF-NETWORK:	OUT-OF-NETWORK:	OUT-OF-NETWORK:
Calendar Year Deductible - Individual/Family	\$200/\$600	\$200/\$600	\$250/\$500	\$500/\$1,000
Coinsurance	20% of elig exp	20% of elig exp	20% after Deductible	20% after Deductible
Out of Pocket Maximum	\$3,000/\$9,000	\$3,000/\$9,000	\$4,000/\$8,000	\$4,000/\$8,000
Increase/Decrease	4.3%	2.3%	-2.3%	-4.5%

*New Managed Rx for all BC/BS companies this year. Please see description of new benefit in the Health Financial section.

EXHIBIT B

April 17, 2008

EXHIBIT C

April 17, 2008

KENT COUNTY WATER AUTHORITY
CASH LOCATION
FISCAL YEAR 07-08

CASH LOCATION:	JUL 2007	AUG 2007	SEP 2007	OCT 2007	NOV 2007	DEC 2007	JAN 2008	FEB 2008	MAR 2008	APR 2008	MAY 2008	JUN 2008
U.S. Bank - Project Funds												
Chitara Bank - Payroll	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00
Fleet Bank - Deposit	139,864.47	201,911.56	66,836.65	74,990.18	34,819.78	92,946.08	280,234.09	38,181.99	134,702.27			
Fleet Bank - Checking	12,847.15	4,383.57	72.60	10,835.91	4,149.39	12,282.60	10,038.08	23,343.33	941.86			
	192,711.62	246,294.13	106,929.25	125,826.09	78,969.17	145,674.68	330,272.17	101,725.32	175,644.13	0.00		
Revenue	454,198.74	216,205.07	301,529.79	91,143.95	51,984.12	144,825.93	421,786.00	181,194.14	39,464.64			
Infrastructure Fund	7,545,979.57	7,187,436.34	7,213,155.01	6,413,536.69	5,935,682.09	4,879,330.79	4,937,880.43	5,179,633.85	5,175,700.15			
Operation & Maintenance Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Renewal & Replacement Reserve	1,898,230.00	1,898,230.00	1,898,230.00	1,898,230.00	1,898,230.00	1,898,230.00	1,898,230.00	1,898,230.00	1,898,230.00			
General Project - 2001	111,261.66	86,572.94	98,264.59	86,160.91	94,822.86	103,414.16	112,018.47	120,599.19	61,175.26			
Debt Service Reserve - 2001	521,820.03	521,820.03	521,820.03	521,820.03	521,820.03	521,820.03	521,820.03	521,820.03	521,820.03			
Debt Service Reserve - 2001	85,914.64	152,444.00	218,087.89	283,979.44	350,110.43	416,285.60	294,825.67	361,124.38	427,118.64			
Debt Service Reserve - 2001	781,125.00	781,125.00	781,125.00	781,125.00	781,125.00	781,125.00	781,125.00	781,125.00	781,125.00			
General Project - 2002	20,801,901.02	20,832,665.11	20,955,906.11	21,003,584.16	21,037,222.91	21,139,434.77	21,198,973.35	21,147,933.35	21,183,259.87			
Debt Service Fund - 2002	191,075.52	350,715.58	508,291.20	668,461.39	823,206.45	984,065.99	603,294.87	821,788.03	979,523.31			
Debt Service Reserve - 2002	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01	1,823,560.01			
Cost of Insurance - 2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Debt Service Fund - 2004	160,169.66	267,940.39	373,963.00	480,385.85	587,195.10	694,063.73	668,720.34	775,663.25	882,199.09			
Cost of Insurance - 2004	1,279,133.75	1,279,133.75	1,279,133.75	1,279,133.75	1,279,133.75	1,279,133.75	1,279,133.75	1,279,133.75	1,279,133.75			
Debt Service Reserve - 2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Redemption Account - 2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	\$ 35,847,101.22	\$ 35,697,152.25	\$ 36,080,015.73	\$ 35,654,967.27	\$ 35,311,081.92	\$ 34,811,034.44	\$ 34,931,570.09	\$ 34,995,520.50	\$ 35,228,013.88	\$ 0.00	\$ 0.00	\$ 0.00

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 Kent County Water Authority
 AS OF 01/2008

ACCOUNT DESCRIPTION	CURRENT BUDGET	MONTHLY ACTUAL	ACTUAL OVER/UNDER BUDGET	YEAR TO DATE BUDGET	ACTUAL	ACTUAL OVER/UNDER BUDGET
REVENUES						
1-4150 MERCHANDISING & JOBBING	800.00	720.53	-79.47	6200.00	4276.92	-1923.08
1-4160 M & J COSTS & EXPENSES	400.00	920.79	520.79	2900.00	1671.90	-1228.10
1-4190 INTEREST & DIVIDEND INC.	82100.00	160458.42	78358.42	574800.00	933806.61	359006.61
1-4210 MISC. NON-OPER. INCOME		21.78	21.78	100.00	130.49	30.49
TOTALS FOR OTHER INCOME	83300.00	162121.52	78821.52	584000.00	939885.92	355885.92
1-461A METERED SALES - GC	652400.00	761972.07	109572.07	7012700.00	7304056.20	291356.20
1-461B METERED SALES - IC	245900.00	185650.94	-60249.06	2308700.00	1954232.40	-354467.60
1-4620 PRIVATE FIRE PROTECTION				86100.00	88778.18	2678.18
1-4630 PUBLIC FIRE PROTECTION				545900.00	552212.47	6312.47
1-4640 SALES - PUBLIC AUTHORITIES	20300.00	25968.81	5668.81	349400.00	341729.35	-7670.65
1-4660 SALES FOR RESALE				58900.00	69666.10	10766.10
1-4710 MISC. SERVICE REVENUE	5900.00	10986.18	5086.18	45800.00	83252.27	37452.27
1-4740 OTHER WATER REVENUES	4100.00	3505.34	-594.66	43500.00	36910.06	-6589.94
TOTALS FOR OPERATING REVENUE ACCTS.	928600.00	988083.34	59483.34	10451000.00	10430837.03	-20162.97
TOTALS FOR REVENUES	1011900.00	1150204.86	138304.86	11035000.00	11370722.95	335722.95
EXPENDITURES						
1-6010 OPERATION & LABOR EXP.	1200.00		1200.00	8500.00		8500.00
1-6020 PURCHASED WATER	304600.00	397909.60	-93309.60	2181000.00	2397204.55	-216204.55
1-6140 MAINTENANCE OF WELLS	100.00		100.00	1100.00		1100.00
TOTALS FOR SOURCE OF SUPPLY EXPENSES	305900.00	397909.60	-92009.60	2190600.00	2397204.55	-206604.55
1-6210 FUEL FOR PUMPING	100.00		100.00	1100.00	3408.05	-2308.05
1-6230 POWER PURCHASED	45000.00	38439.91	6560.09	321000.00	260819.71	60180.29
1-624A PUMPING LABOR	5300.00	7870.27	-2570.27	41000.00	49854.75	-8854.75
1-624B PUMPING EXPENSES	100.00	332.47	-232.47	1100.00	1309.18	-209.18

Kent County Water Authority
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 AS OF 01/2008

ACCOUNT DESCRIPTION	BUDGET	ACTUAL	ACTUAL OVER/ UNDER BUDGET	BUDGET	ACTUAL	ACTUAL OVER/ UNDER BUDGET
	C U R R E N T	M O N T H	Y E A R	T O	D A T E	
1-6310 MAINT STRUCT & IMPROVE	2800.00	3048.62	-248.62	21400.00	19377.67	2022.33
1-6330 MAINT PUMPING EQUIPMENT	2700.00	2299.08	400.92	21000.00	22513.89	-1513.89
TOTALS FOR PUMPING EXPENSES	56000.00	51990.35	4009.65	406600.00	357283.25	49316.75
1-6410 CHEMICALS	8400.00	2805.38	5594.62	65100.00	54161.73	10938.27
1-642A OPERATION LABOR	6200.00	6012.64	187.36	47900.00	44542.47	3357.53
1-642B OPERATION EXPENSES	2600.00	5244.19	-2644.19	20000.00	25758.71	-5758.71
1-6510 MAINT STRUCT & IMPROVE	100.00	427.33	-327.33	800.00	1115.71	-315.71
1-6520 MAINT WATER TREAT EQUIP	17300.00	14489.54	2810.46	133900.00	125578.62	8321.38
TOTALS FOR WATER TREATMENT EXPENSES	2300.00	3946.51	-946.51	23200.00	20944.81	2255.19
1-6610 STORAGE FACILITIES EXP	2700.00	2044.26	655.74	20700.00	10329.04	10370.96
1-662A T & D LABOR	500.00	303.91	196.09	3500.00	4834.84	-1334.84
1-662B T & D SUPPLIES & EXP	1400.00	305.87	1094.13	10700.00	9312.69	1387.31
1-663A T & D METER LABOR	3800.00	152.96	3647.04	29600.00	1976.77	27623.23
1-663B T & D METER SUPP & EXP	60700.00	37082.49	23617.51	470200.00	377614.64	92585.36
1-6650 T & D MISC	13100.00	11309.66	1790.34	101600.00	122428.20	-20828.20
1-6710 MAINT STRUCT & IMPROV	5600.00	11584.20	-5984.20	43400.00	56943.56	-13543.56
1-6720 MAINT RESERVOIR & STDPIPE	6000.00	19442.00	-13442.00	46200.00	51795.97	-5595.97
1-6730 MAINT T & D MAINS	-500.00	-231.59	-268.41	-3800.00	-24098.26	20298.26
1-6750 MAINT SERVICES	98600.00	85940.27	12659.73	763300.00	641509.03	121790.97
1-902A METER READING LABOR	5600.00	5556.70	43.30	43400.00	52251.89	-8851.89
1-902B METER READING SUPP & EXP				100.00		100.00
1-903A METER READING SUPP & EXP						

REPORT DATE 04/03/2008
 SYSTEM DATE 04/03/2008
 FILES ID Z

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 AS OF 01/2008

Kent County Water Authority
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ACCOUNT DESCRIPTION	BUDGET	ACTUAL	ACTUAL OVER/ UNDER BUDGET	BUDGET	ACTUAL	ACTUAL OVER/ UNDER BUDGET
CUSTOMER RECORDS LABOR	12300.00	12697.95	-397.95	95100.00	98533.18	-3433.18
1-903B CUSTOMER RECORDS SUPP	4400.00	4781.62	-381.62	34100.00	38987.45	-4887.45
TOTALS FOR CUSTOMER ACCT. EXPENSES	22300.00	23036.27	-736.27	172700.00	189772.52	-17072.52
1-9200 ADM & GENERAL SALARIES	25100.00	24275.44	824.56	194300.00	189846.32	4453.68
1-9210 OFFICE SUPPLIES & EXP	10100.00	11626.36	-1526.36	70700.00	65588.79	5111.21
1-9230 OUTSIDE SERVICES	12200.00	24881.07	-12681.07	85700.00	120090.55	-34390.55
1-9240 PROPERTY INSURANCE	13900.00	15211.68	-1311.68	97600.00	104548.43	-6948.43
1-9250 INJURIES & DAMAGES				500.00		500.00
1-9260 EMPLOYEE PENSION & BENEF	45300.00	46128.96	-828.96	316800.00	316774.20	25.80
1-9280 REGULATORY COMM EXP	52400.00	818.51	51581.49	108700.00	106996.49	1703.51
1-930A MISC GENERAL EXPENSE	3500.00	1250.00	3500.00	24300.00	8166.00	16134.00
1-930B MISC GENERAL EXPENSE	1200.00		-50.00	8800.00	8796.02	3.98
1-930C MISC GENERAL EXPENSE	3000.00		3000.00	21000.00	154492.65	5507.35
1-932A MAINT GENERAL PLANT	16600.00	13639.63	2960.37	128500.00	98179.10	30320.90
1-932B MAINT VEHICLES	7900.00	13954.50	-6054.50	61000.00	60380.80	19.20
1-9330 UNASSIGNED TIME VAC HOL	19400.00	34838.09	-15438.09	150500.00	170374.11	-19874.11
TOTALS FOR ADM. & GENERAL EXPENSES	210600.00	186624.24	23975.76	1268400.00	1265833.46	2566.54
1-4030 DEPRECIATION EXPENSE	85600.00	85658.00	-58.00	599600.00	599606.00	-6.00
1-4080 TAXES OTHER THAN INCOME	13000.00	14593.84	-1593.84	100900.00	98083.91	2816.09
1-4270 INTEREST-LONG TERM DEBT	136000.00	135975.00	25.00	951900.00	951825.00	75.00
1-4280 AMORTIZATION OF DEBT DISC	5000.00	5017.00	-17.00	35100.00	35119.00	-19.00
TOTALS FOR OTHER EXPENSES	239600.00	241243.84	-1643.84	1687500.00	1684633.91	2866.09
TOTALS FOR EXPENDITURES	950300.00	1001234.11	-50934.11	6623000.00	6661815.34	-38815.34
EXCESS OF REVENUE OVER EXPENDITURES	61600.00	148970.75	87370.75	4412000.00	4708907.61	296907.61
FOR general						

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT YEAR	PREVIOUS YEAR	DIFFERENCE FROM PREV YEAR	PERCENTAGE
ASSETS:					
CURRENT ASSETS					
UTILITY PLANT IN SERVICES					
1-101A	SOURCE OF SUPPLY PLANT	1841540.53	1841540.53		
1-101B	PUMPING PLANT	2862163.71	2862163.71		
1-101C	WATER TREATMENT PLANT	141257.29	141257.29		
1-101D	TRANS. & DISTR. PLANT	67782708.40	59686194.90	8096513.50	13.57%
1-101E	GENERAL PLANT	2331814.69	1649882.65	681932.04	41.33%
1-101F	MISCELLANEOUS PHYS. PLANT	710.00	710.00		
1-101G	GENERAL STRUCTURES	223350.52	148181.48	75169.04	50.73%
1-1070	CONSTR. WORK IN PROGRESS	21294429.44	20476291.53	817957.91	3.99%
1-1110	ACCUM. DEPR. - PLANT	-11956970.16	-10905427.55	-1051542.61	9.64%
TOTAL	UTILITY PLANT IN SERVICES	84520824.42	75900794.54	8620029.88	11.36%
CURRENT AND ACCRUED ASSET					
1-131B	CASH - FLEET NAT BANK	290272.17	196079.07	94193.10	48.04%
1-131D	CASH - CITIZENS BANK	40000.00	40000.00		
TOTAL	CURRENT AND ACCRUED ASSET	330272.17	236079.07	94193.10	39.90%
OTHER SPECIAL DEPOSITS					
1-134B	RESTRICTED DEBT RESERVE	3883818.76	3883383.35	435.41	.01%
1-1340	SPECIAL DEPOSITS	30717479.16	33727005.87	-3009526.71	-8.92%
1-1350	PETTY CASH	300.00	300.00		
1-1420	CUSTOMER ACCTS. RECEIVAB.	1841437.46	1549727.92	291709.54	18.82%
1-1430	OTHER A/R	-19677.40	-878.28	-18799.12	2140.45%
1-1440	PROV. FOR UNCOLLECTED ACT	-103683.30	-103683.30		
1-154A	SAVAGE MATERIALS	147.70	147.70		
1-1540	PLANT MATERIAL & SUPPLIES	391595.23	421925.36	-30330.13	-7.19%
1-165A	PREPAID INSURANCE	-75486.46	56287.02	-131773.48	-234.11%
1-165B	PREPAID PENSION	164.56	164.56		
1-1810	UNAMORTIZED DEBT DISCOUNT	442990.65	494909.65	-51919.00	-10.49%
TOTAL	OTHER SPECIAL DEPOSITS	37079086.36	40029289.85	-2950203.49	-7.37%
CLEARING ACCOUNTS					
1-184A	NEW SERVICES CLEARING	449.39	449.39		
1-184D	CUSTOMER SRVCS - CLEARING	2607.89	2327.19	280.70	12.06%
TOTAL	CLEARING ACCOUNTS	3057.28	2776.58	280.70	10.11%
TOTAL	CURRENT ASSETS	121933240.23	116168940.04	5764300.19	4.96%
TOTAL	ASSETS	121933240.23	116168940.04	5764300.19	4.96%

ACCOUNT NUMBER ACCOUNT DESCRIPTION CURRENT YEAR PREVIOUS YEAR DIFFERENCE FROM PREV YEAR PERCENTAGE

LIABILITIES AND FUND BALANCES:

LIABILITIES:

CURRENT LIABILITIES

PROPRIETARY CAPITAL					
1-2160	UNAPPR. EARNED SURPLUS	63756968.75	56651005.51	7105963.24	12.54%
TOTAL		63756968.75	56651005.51	7105963.24	12.54%
PROPRIETARY CAPITAL					
1-2210	BONDS	36052253.00	38298479.00	-2246226.00	-5.87%
TOTAL					

CURRENT & ACCRUED LIAB.

1-232A	ACCOUNTS PAYABLE- TRADE	471598.42	532344.93	-60746.51	-11.41%
1-2360	TAXES ACCRUED	45840.97	44157.08	1683.89	3.81%
1-237B	INTEREST ACCRUED	151565.33	183015.09	-31449.76	-17.18%
1-2610	ACCRUED INSURANCE	25062.37	25062.37		
1-2630	ACCRUED PENSION	189023.00	189023.00		
TOTAL		883090.09	973602.47	-90512.38	-9.30%

CURRENT & ACCRUED LIAB.

TAX COLLECTION PAYABLE					
1-241A	FIT WITHHOLDING	-10.37	5741.71	-10.37	33.57%
1-241C	ACCRUED FICA TAXES	7669.00	12047.63	-1927.29	-240.62%
1-241D	ACCRUED SALES TAX	-16941.56	86572.32	-28989.19	4.90%
1-241F	WATER PROTECTION CHARGE	90813.32	393.82	4241.00	
1-241G	TDI WITHHELD	393.82	14411.00		
1-242C	ACCRUED PAYROLL	14411.00	37985.50	16717.00	44.01%
1-2520	CUSTOMER ADV. FOR CONSTR.	54702.50	157151.98	-6114.27	-3.89%
TOTAL		151037.71	157151.98	-6114.27	-3.89%

TAX COLLECTION PAYABLE

OTHER DEFERRED CREDITS					
1-2710	CONTRIB. IN AID TO CONSTR	16380983.07	15539258.07	841725.00	5.42%
TOTAL		16380983.07	15539258.07	841725.00	5.42%

OTHER DEFERRED CREDITS

CURRENT LIABILITIES					
TOTAL		117224332.62	111619497.03	5604835.59	5.02%
LIABILITIES		117224332.62	111619497.03	5604835.59	5.02%

FUND BALANCES:

FUND BALANCE					
TOTAL					
FUND BALANCE					

REPORT DATE 01/31/2008
 SYSTEM DATE 04/03/2008
 FILES ID Z

Kent County Water Authority
 COMPARATIVE BALANCE SHEET
 General
 AS OF 01/31/2008

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	CURRENT YEAR	PREVIOUS YEAR	DIFFERENCE FROM PREV YEAR	PERCENTAGE
TOTAL FUND BALANCES		4708907.61	4549443.01	159464.60	3.50%
EXCESS OF REVENUE OVER EXPENDITURES		121933240.23	116168940.04	5764300.19	4.96%
TOTAL LIABILITIES AND FUND BALANCES					

EXHIBIT D

April 17, 2008



April 17, 2008

Girard Bouchard, Jr.
President
Central Coventry Fire District
240 Arnold Road
Coventry, RI 02816

Re: March 19, 2008
Central Coventry Fire District
Rate Increase Reconsider Request

Dear Mr. Bouchard:

As a nonprofit public benefit corporation, we share similar budgetary funding concerns as we endeavor to provide high quality cost effective services to the public. Unfortunately, neither entity can control economic increases due to the upward-trend in cost indices that we must all contend with. The costs associated with providing fire service have been scrutinized and documented in the Kent County Water Authority cost of service allocation study performed a number of years ago. Infrastructure and perpetual maintenance requirements are intrinsically necessary to support needed fire flow requirements for fire department response and represent the fundamentals in determining rate factors to compute the basis for hydrant cost of service fees. The proposed rate adjustments are necessary in order for the Kent County Water Authority to continue to upgrade, expand and maintain the public water system in a manner that also incorporates the hydrant inventory requirements and supports the ISO needed fire flows required by the fire departments.

The majority of the current rate filing and proposed rates reflect known and measurable adjustments necessary to compensate for revenue projection shortfalls influenced by a downtrend in water use over the past few years and the upward-trend in cost indices. As a result, Kent County Water Authority needs to increase its revenues to continue operations. The increases are based on the cost of service allocation study, and the proposed rates and charges change by varying amounts. The cost of service related to fire hydrants and fire service have not increased as much as the overall requested rate increase. Kent County Water Authority has reviewed its rate adjustment request and feels that the cost of service increase is fully justified in order to provide this public safety benefit.

We can fully appreciate our shared concerns regarding budgetary impacts from rising fuel costs, overall general increases in operating expenses on our collective operating budgets and revenue base. Kent County Water Authority's proposed rate increase will be thoroughly reviewed by the Public Utilities Commission prior to approval of the proposed rates. We support your active participation in the rate review process at the Commission hearings. We feel this is the best way for all concerned to gain a complete appreciation of everyone's concerns and a full understanding of the necessity for the increase. We have enclosed excerpts from the rate filing reflecting a breakdown of the expenses and the cost of service allocation as it relates to the provisioning of fire service. We hope this information is helpful in better understanding the needs and corresponding fees associated with fire service. Please feel free to call us if you have any questions regarding matter.

Very truly yours,
Kent County Water Authority

Mr. Robert Boyer
Chairman

Enclosure

Cc: Board
Joseph McGair, Esq., Petrarca & McGair
Robert W. Seltzer, Chief of Department

RB/lms



CENTRAL COVENTRY

FIRE DISTRICT

240 Arnold Rd
Coventry, RI 02816
(401) 615-5693

FIRE - RESCUE - EMS - PREVENTION

March 19, 2008

Chairman Robert B. Boyer
Kent County Water Authority
P.O. Box 192
West Warwick, R.I. 02893-0192

Dear Mr. Boyer,

The Board of Directors of the Central Coventry Fire District (CCFD) is in receipt of your letter dated February 29, 2008, signed by Mr. Brown, regarding your request to the Public Utilities Commission for a rate increase. The CCFD Board discussed this letter and we are vehemently opposed to the large percentage rate increase requested for hydrant rental as well as domestic water usage.

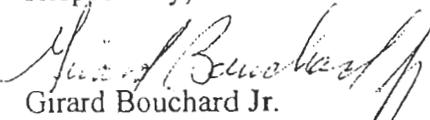
As you are well aware, the financial condition of the State and local communities during this present time is bleak, to say the least. We are all experiencing significant financial burdens due to rising fuel costs and overall general increase in expenses of many of the items in our operating budget. This Board is not opposed to reasonable increases in water rates, however, the proposed 25.1% being requested by the Kent County Water Authority (KCWA) seems excessive in our eyes especially since our ability to generate additional revenues is restricted due to other budgetary mandates.

The Board of the CCFD respectfully requests that the KCWA reconsider their rate increase request to a more reasonable percentage.

Please be advised that we will also be contacting the Public Utilities Commission, local and state legislators, town council members, and other fire departments, requesting that they support our protest of such a large rate increase as proposed.

If you would like to discuss this issue with the CCFD Board, feel free to contact our Board President Girard Bouchard or Chief Robert Seltzer at 825-7800. We would be happy to work with the KCWA to bring this rate increase request more inline with our budget constraints.

Respectfully,


Girard Bouchard Jr.
President, CCFD Board of Directors

**ALLOCATION OF RATE YEAR EXPENSES TO
GENERAL WATER, FIRE, AND CUSTOMER SERVICE**

EXPENSE ITEM	PRO FORMA EXPENSE	ALLOC. SYMBOL (1)	GENERAL WATER		FIRE SERVICE		CUST. SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
FIXED CHARGES								
Debt Service	\$3,932,319	J	80.9%	\$3,180,748	19.1%	\$751,028	0.0%	\$542
O&M Reserve	\$500,668	G	76.8%	\$384,729	7.8%	\$38,871	15.4%	\$77,068
R&R Reserve	\$463,332	J	80.9%	\$374,777	19.1%	\$88,491	0.0%	\$64
Renewal & Replacement - Equip	\$100,000	J	80.9%	\$80,887	19.1%	\$19,099	0.0%	\$14
Infrastructure Replacement	\$6,000,000	I	100.0%	\$6,000,000	0.0%	\$0	0.0%	\$0
Payroll Taxes	\$155,226	H	60.1%	\$93,221	11.0%	\$17,121	28.9%	\$44,884
PILOT	\$23,123	L	81.0%	\$18,732	18.1%	\$4,190	0.9%	\$202
SUBTOTAL FIXED	\$11,174,668		90.7%	\$10,133,094	8.2%	\$918,800	1.1%	\$122,774
OPERATING REVENUE	\$1,065,107	K	86.6%	\$922,517	7.3%	\$77,575	6.1%	\$65,014
TOTAL EXPENSES	\$21,657,097	K	86.6%	\$18,757,788	7.3%	\$1,577,355	6.1%	\$1,321,954
Less: Available Restricted Deb	\$0	J	80.9%	\$0	19.1%	\$0	0.0%	\$0
Miscellaneous Income	(\$179,384)	K	86.6%	(\$155,369)	7.3%	(\$13,065)	6.1%	(\$10,950)
Interest Income	(\$112,596)	K	86.6%	(\$97,522)	7.3%	(\$8,201)	6.1%	(\$6,873)
Merchand & Jobbing	(\$2,384)	K	86.6%	(\$2,065)	7.3%	(\$174)	6.1%	(\$146)
6.9% of Water Prot Fee	(\$60,600)	K	86.6%	(\$52,487)	7.3%	(\$4,414)	6.1%	(\$3,699)
Total Revenue Requirement	\$21,302,134	K	86.6%	\$18,450,345	7.3%	\$1,551,502	6.1%	\$1,300,287

(1) See CPNW Sch. 3B

**ALLOCATION OF RATE YEAR EXPENSES TO
GENERAL WATER, FIRE, AND CUSTOMER SERVICE**

EXPENSE ITEM	RATE YEAR	ALLOC. SYMBOL (1)	GENERAL WATER		FIRE SERVICE		CUST. SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
SOURCE OF SUPPLY								
operations & labor	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
purchased water	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
PUMPING OPERATIONS								
fuel for pumping	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
power-pumping	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
labor-pumping	\$71,083	P	84.4%	\$59,980	15.6%	\$11,103	0.0%	\$0
pumping expense	\$0	P	84.4%	\$0	15.6%	\$0	0.0%	\$0
maint. - structures & improv	\$33,115	P	84.4%	\$27,943	15.6%	\$5,173	0.0%	\$0
diesel oil	\$0	P	84.4%	\$0	15.6%	\$0	0.0%	\$0
maint. - equip	\$27,217	P	84.4%	\$22,966	15.6%	\$4,251	0.0%	\$0
WATER TREATMENT								
chemicals	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
labor	\$81,636	A	99.5%	\$81,228	0.5%	\$408	0.0%	\$0
operating	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
maint. - water treat equip	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
maint. - structure	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
TRANS & DISTR. EXPENSE								
storage facilities exp.	\$0	D	75.0%	\$0	25.0%	\$0	0.0%	\$0
labor	\$31,954	B	80.6%	\$25,755	19.4%	\$6,199	0.0%	\$0
supplies	\$0	B	80.6%	\$0	19.4%	\$0	0.0%	\$0
labor-meter	\$37,664	C	0.0%	\$0	0.0%	\$0	100.0%	\$37,664
material-meter	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
cust. install.	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
misc.	\$0	F	59.1%	\$0	20.5%	\$0	20.4%	\$0
maint. - struct. & improv.	\$0	F	59.1%	\$0	20.5%	\$0	20.4%	\$0
maint.- res & stdp	\$12,990	D	75.0%	\$9,743	25.0%	\$3,248	0.0%	\$0
maint. - mains	\$407,138	B	80.6%	\$328,153	19.4%	\$78,985	0.0%	\$0
maint. - service	\$99,336	C	0.0%	\$0	0.0%	\$0	100.0%	\$99,336
maint. - meters	\$60,594	C	0.0%	\$0	0.0%	\$0	100.0%	\$60,594
maint. - hydrants	\$46,382	E	0.5%	\$232	99.5%	\$46,150	0.0%	\$0
construction labor	\$0	F	59.1%	\$0	20.5%	\$0	20.4%	\$0
CUSTOMER ACCOUNT								
labor- meter read	\$81,410	C	0.0%	\$0	0.0%	\$0	100.0%	\$81,410
cust record labor	\$170,409	C	0.0%	\$0	0.0%	\$0	100.0%	\$170,409
cust records exp	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
meter read supplies	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
uncollectible	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
ADMIN. & GENERAL								
salaries	\$392,366	G	76.8%	\$301,507	7.8%	\$30,463	15.4%	\$60,397
office supplies & expenses	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
insurance (property/liability)	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
injuries & damages	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
employee benefits	\$5,588	G	76.8%	\$4,294	7.8%	\$434	15.4%	\$860
fees	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
maint. - plant	\$137,995	G	76.8%	\$106,040	7.8%	\$10,714	15.4%	\$21,242
maint. - vehicles	\$21,232	G	76.8%	\$16,316	7.8%	\$1,648	15.4%	\$3,268
miscellaneous	\$16,435	G	76.8%	\$12,629	7.8%	\$1,276	15.4%	\$2,530
vacation, holiday, sick	\$267,397	G	76.8%	\$205,476	7.8%	\$20,760	15.4%	\$41,161
regul. exp.	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
other	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
outside service	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
TOTAL LABOR	\$2,001,942	H	60.1%	\$1,202,259	11.0%	\$220,812	28.9%	\$578,871

(1) See Sch. 3B

ALLOCATION SYMBOLS

ALLOCATION SYMBOL	GEN'L WATER	FIRE SERVICE	CUST SERVICE	
A	99.50%	0.50%	0.00%	Supply & Treatment
B	80.60%	19.40%	0.00%	T&D Mains
C	0.00%	0.00%	100.00%	Meters
D	75.00%	25.00%	0.00%	Storage
E	0.50%	99.50%	0.00%	Hydrants
F	59.11%	20.46%	20.42%	Misc T&D
G	76.84%	7.76%	15.39%	Direct O&M (50% of Purch Water) Benefits & Vacation
H	60.05%	11.03%	28.92%	Labor
I	100.00%	0.00%	0.00%	IFR Costs
J	80.89%	19.10%	0.01%	Debt/Capital
K	86.61%	7.28%	6.10%	Total Expense
L	81.01%	18.12%	0.87%	PILOT
M	-	-	-	Not Used
P	84.38%	15.62%	0.00%	Pumping Facilities

Symbol B

	Gal/Min	%
Highest Max. Day	14,544	80.60%
Fire Demand	3500	19.40%
Max. Day Plus Fire	18,044	100.00%

Symbol J - Debt Service/CIP

	Repl. Value	Symbol	Gen Water	Fire	Cust A	Cust B
Plant Value From 2003 IFR Report						
Source of Supply	\$3,000,707	A	\$2,985,703	\$15,004	\$0	\$0
Pumping Plant	\$3,161,329	A	\$3,145,522	\$15,807	\$0	\$0
Water Treat. Plant	\$405,970	A	\$403,940	\$2,030	\$0	\$0
T&D Storage	\$4,336,912	D	\$3,252,684	\$1,084,228	\$0	\$0
T&D Mains	\$292,283,430	B	\$235,580,445	\$56,702,985	\$0	\$0
T&D Hydrants	\$116,261	E	\$581	\$115,680	\$0	\$0
T&D Services	\$41,805	C	\$0	\$0	\$41,805	\$0
T&D Meters	\$0	C	\$0	\$0	\$0	\$0
General Plant	\$682,413	J	\$551,986	\$130,333	\$94	\$0
Total	\$304,028,827		\$245,920,862	\$58,066,066	\$41,899	\$0
Percent			80.89%	19.10%	0.01%	0.00%

Symbol L - PILOT

	Total	Symbol	Gen Water	Fire	Cust A	Cust B
Storage	\$7,258	D	\$5,443	\$1,814	\$0	\$0
Office	\$1,311	G	\$1,008	\$102	\$101	\$101
PS/Wells/Treatment	\$14,554	P	\$12,281	\$2,273	\$0	\$0
Total	\$23,123		\$18,732	\$4,190	\$101	\$101
Percent			81.01%	18.12%	0.44%	0.44%

Symbol P - Pumping Facilities (per Decision in Dockets 2098, 2555, 3660)

	Percent	Symbol	Gen Water	Fire	Cust A	Cust B
Supply Well Pumps	20.00%	A	19.90%	0.10%	0.00%	0.00%
Distribution Pumps	80.00%	B	64.48%	15.52%	0.00%	0.00%
Total	100.00%	P	84.38%	15.62%	0.00%	0.00%

PROPOSED FIRE SERVICE CHARGES

PUBLIC FIRE SERVICE

Quarterly Charge/Hydrant =	\$147.74
Plus Billing Charge =	\$6.24

PRIVATE FIRE SERVICE

<u>SERVICE SIZE</u> <u>(inches)</u>	<u>QUARTERLY</u> <u>CHARGE</u>
4	\$58.64
6	\$158.46
8	\$330.62
10	\$589.59
12	\$948.51
HYDRANT	\$158.46

**ALLOCATION OF FIRE SERVICE EXPENSES
TO PUBLIC AND PRIVATE FIRE SERVICE**

	<u>NUMBER</u>	<u>DEMAND FACTOR (1)</u>	<u>NO. OF EQUIVS.</u>	<u>PERCENT OF DEMAND</u>	<u>NON-HYDR. REQUIRED</u>	<u>DIRECT HYDRANT</u>	<u>TOTAL</u>
PUBLIC FIRE SERVICE							
Hydrants	2,317	111.31	257,907	87.50%	\$1,276,508	\$92,715	\$1,369,223
PRIVATE FIRE SERVICE							
SIZE (IN)							
4	15	38.32	575				
6	106	111.31	11,799				
8	28	237.21	6,642				
10	1	426.58	427				
12	1	689.04	689				
HYDRANTS	<u>150</u>	111.31	16,697				
TOTAL-PRIV.	301		36,828	12.50%	\$182,279	\$0	\$182,279
	=====		=====	=====	=====	=====	=====
GRAND TOTALS	2,618		294,735	100.00%	\$1,458,787	\$92,715	\$1,551,502
Total Fire Allocation		\$1,551,502					
Less Direct Hydrant Related							
O&M		(\$91,219)					
Debt		(\$1,496)					
Net Non-Hydrant		\$1,458,787					

(1) Based on size to the 2.63 power.

DETERMINATION OF FIRE SERVICE CHARGES

<u>PUBLIC FIRE PROTECTION</u>		<u>CALCULATED CHARGE</u>
PUBLIC FIRE ALLOCATION (1)	\$1,369,223	
----- =	----- =	\$590.95
NUMBER OF PUBLIC HYDRANTS	2,317	
TOTAL QUARTERLY + BILLING		\$147.74 \$6.24

PRIVATE FIRE PROTECTION

PRIVATE FIRE ALLOCATION (1,2)	\$201,448	
----- =	----- =	\$5.47 /EQUIV.
NO. OF EQUIV. UNITS	36,828	

<u>SIZE (IN)</u>	<u>DEMAND FACTOR</u>	<u>ANNUAL CHARGE</u>	<u>QUARTERLY CHARGE</u>	<u>BILLING CHARGE</u>	<u>CALCULATED CHARGE</u>
4	38.32	\$209.61	\$52.40	\$6.24	\$58.64
6	111.31	\$608.87	\$152.22	\$6.24	\$158.46
8	237.21	\$1,297.52	\$324.38	\$6.24	\$330.62
10	426.58	\$2,333.39	\$583.35	\$6.24	\$589.59
12	689.04	\$3,769.07	\$942.27	\$6.24	\$948.51
HYDRANTS	111.31	\$608.87	\$152.22	\$6.24	\$158.46

(1) Allocation from Sch 4A.

(2) Private Fire includes allocated service maintenance costs as detailed below:

Service Line Maintenance Cost =	\$183,245	
Addnl Allocation to Fire Service =	\$19,169	(10.46%)

<u>Service Line Equivalents</u>			<u>Metered Water Service</u>		<u>Private Fire Service</u>	
<u>Meter Size (in)</u>	<u>Service Size (in)</u>	<u>Equivalents *</u>	<u>Number</u>	<u>Equivalents</u>	<u>Number</u>	<u>Equivalents</u>
5/8 & 3/4	1	1	22,128	22,128		
1	1.5	1.8	3,561	6,410		
1 1/2	2	3.3	318	1,049		
2	3	4.6	526	2,420		
3	4	6.3	17	107	15	95
4	6	9.6	69	662	106	1,018
6	8	16.9	74	1,251	178	3,008
>8	10	29.6	59	1,746	2	59
Total				35,773		4,180
				89.54%		10.46%

* From Dockets No. 2098 through 3660

PROPOSED SERVICE CHARGES

METER SIZE (inches)	<u>QUARTERLY ACCOUNTS</u>	<u>MONTHLY ACCOUNTS</u>
5/8 &		
3/4	\$10.51	\$7.66
1	\$13.92	\$8.80
1 1/2	\$20.32	\$10.93
2	\$25.87	\$12.78
3	\$33.12	\$15.20
4	\$47.20	\$19.89
6	\$78.35	\$30.28
>8	\$132.53	\$48.34



April 17, 2008

Frank Brown, Jr.
Chief
Hopkins Hill Fire District
One Bestwick Trail
Coventry, RI 02816

Re: April 14, 2008
Hopkins Hill Fire District
Rate Increase Reconsider Request

Dear Chief Brown:

None of us take pleasure in increasing rates to meet our obligatory budget requirements. As a nonprofit public benefit corporation, we share similar budgetary funding concerns as we endeavor to provide high quality cost effective services to the public. Unfortunately, neither entity can control economic increases due to the upward-trend in cost indices that we must all contend with. The costs associated with providing fire service have been scrutinized and documented in the Kent County Water Authority cost of service allocation study performed a number of years ago. We find that the reference to "hydrant rental" in your letter presents an oblique viewpoint of the actual cost of service factors relative to the provisioning of fire supply, its supporting infrastructure and perpetual maintenance. Infrastructure and perpetual maintenance requirements are intrinsically necessary to support needed fire flow requirements for fire department response and represent the fundamentals in determining rate factors to compute the basis for hydrant cost of service fees. The proposed rate adjustments are necessary in order for the Kent County Water Authority to continue to upgrade, expand and maintain the public water system in a manner that incorporates the hydrant inventory requirements and supports the ISO needed fire flows required by the fire departments.

The majority of the current rate filing and proposed rates reflect known and measurable adjustments necessary to compensate for revenue projection shortfalls influenced by a downtrend in water use over the past few years and the upward-trend in cost indices. As a result, Kent County Water Authority needs to increase its revenues to continue operations. The increases are based on a cost of service allocation study and the proposed rates and charges change by varying amounts. The cost of service related to fire hydrants and fire service have not increased as much as the overall requested rate increase. Kent County Water Authority has reviewed its rate

adjustment request and feels that the cost of service increase is fully justified in order to provide this public safety benefit.

We can fully appreciate our shared concerns regarding budgetary impacts from rising fuel costs, overall general increases in operating expenses on our collective operating budgets and revenue base. Kent County Water Authority's proposed rate increase will be thoroughly reviewed by the Public Utilities Commission prior to approval of the proposed rates. We support your active participation in the rate review process at the Commission hearings. We feel this is the best way for all concerned to gain a complete appreciation of everyone's concerns and a full understanding of the necessity for the increase. We have enclosed excerpts from the rate filing reflecting a breakdown of the expenses and the cost of service allocation as it relates to the provisioning of fire service. We hope this information is helpful in better understanding the needs and corresponding fees associated with fire service.

On another note, your most recent correspondence contains allegations that the Kent County Water Authority has not been supportive on several issues, some of which we were not aware existed. For clarity purposes we have addressed each item individually using the corresponding verbiage from your letter to denote each concern.

1. ***Repairs to two hydrants in the Centre of New England Business Park. We agree that these hydrants were the developer's problem to fix, but with all the money the fire district pays the Authority for hydrant rental it should not have been a question to repair them. Approximate cost of repairs was \$100.00.***

As soon as we were made aware of the problem, the Kent County Water Authority took the initiative to immediately notify the Developer of your concerns and coordinate repairs through the Developer. We continued to follow up with the Developer on his progress. The Developer took action and repaired the hydrants as soon as the parts were received. We had assumed that the Fire District had also notified the Developer and continued to follow up on this under the tenets of the hydrant agreement between the Fire District and the Developer. The Kent County Water Authority does not believe it should be held in contempt for agreements made between the Developer and the Fire District regarding the payment of private hydrant fees and the Developer's perpetual maintenance responsibilities.

2. ***NFPA color coding of hydrants. This issue has been going on for decades.***

The Kent County Water Authority had solicited bids to prepare and code all public hydrants throughout the system, incorporating the color coding concerns of the fire districts. The cost at that time ranged around \$1.1 million. To reduce costs, the Board determined that the existing color scheme would be retained and the project was put on hold pending future rate review by the Public Utility Commission to fund this project. The Board understands the fire districts priority concern regarding the aesthetic representation newly painted hydrants have on the public's perception of operability. Each time the Authority looks to increase its rates, capital and operational concerns have taken priority over aesthetic interests. We must assume from the context of your most

recent correspondence that you would agree that more of an increase to support painting operation hydrants would not be well received by the executive committee or our collective revenue base at this time.

3. *Turning on the fire protection loop within the Highlands Development.*

The Kent County Water Authority does not have an application on file regarding public water supply for this development. The Kent County Water Authority is of the understanding that construction of this development was approved by the town to be serviced via private wells similar to other rural areas.

4. *Growth and tax revenues within Hopkins Hill Fire District Depend on KCWA ability to support the High Service Gradient.*

We agree with the Fire Districts statement and the justification it presents in support of our proposed rate increases. The Kent County Water Authority can not continue to move forward with High Service Gradient improvements without the revenue to support such improvements.

We hope we have addressed your concerns on these matters. Please feel free to call us if you have any questions or we can be of any further assistance.

Very truly yours,
Kent County Water Authority

Mr. Robert Boyer
Chairman

Enclosure

Cc: Board Members
Joseph McGair, Esq., Petrarca & McGair

RB/lms

Hopkins Hill Fire/Rescue

Frank M. Brown Jr.
Chief
1 Bestwick Trail
Coventry, RI 02816

Telephone: (401) 821-6866
FAX: (401) 826-3779

April 4, 2008

Kent County Water Authority
ATTN: Chairman Robert B. Boyer
P.O. Box 192
West Warwick, R.I. 02893



Dear Chairman Boyer;

The District Executive Committee of the Hopkins Hill Fire District is in receipt of two Certified Letters dated February 29, 2008 and March 31, 2008, regarding your request to the Public Utilities Commission (PUC) for a rate increase. The Executive Committee discussed these letters and we are **VEHEMENTLY** opposed to such a large increase in hydrant rental and domestic water usage.

We would support reasonable rate increases if when we turn to KCWA and it's General Manager Timothy Brown for support on several issues.

- Repairs to two hydrants in the Centre of New England Business Park. We agree that these hydrants were the developer problem to fix but with all the money the Fire District pays to the authority for hydrant rental it should not have been a question to repair them. Approx. cost of repairs was \$100.00
- NFPA color coding of hydrants. This issue has been going on for decades.
- Turning on the fire protection loop within the Highlands Development.
- Growth and tax revenues within the Hopkins Hill Fire District depend on KCWA ability to support the High Service Gradient.

We will also be seeking local town and state officials for their support of our protest of such a large increase.

Should you have any question please do not hesitate to call me.

Sincerely,

Frank M. Brown
Chief
Hopkins Hill Fire District

Cc: District Executive Committee

**ALLOCATION OF RATE YEAR EXPENSES TO
GENERAL WATER, FIRE, AND CUSTOMER SERVICE**

EXPENSE ITEM	PRO FORMA EXPENSE	ALLOC. SYMBOL (1)	GENERAL WATER		FIRE SERVICE		CUST. SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
FIXED CHARGES								
Debt Service	\$3,932,319	J	80.9%	\$3,180,748	19.1%	\$751,028	0.0%	\$542
O&M Reserve	\$500,668	G	76.8%	\$384,729	7.8%	\$38,871	15.4%	\$77,068
R&R Reserve	\$463,332	J	80.9%	\$374,777	19.1%	\$88,491	0.0%	\$64
Renewal & Replacement - Equip	\$100,000	J	80.9%	\$80,887	19.1%	\$19,099	0.0%	\$14
Infrastructure Replacement	\$6,000,000	I	100.0%	\$6,000,000	0.0%	\$0	0.0%	\$0
Payroll Taxes	\$155,226	H	60.1%	\$93,221	11.0%	\$17,121	28.9%	\$44,884
PILOT	\$23,123	L	81.0%	\$18,732	18.1%	\$4,190	0.9%	\$202
SUBTOTAL FIXED	\$11,174,668		90.7%	\$10,133,094	8.2%	\$918,800	1.1%	\$122,774
OPERATING REVENUE	\$1,065,107	K	86.6%	\$922,517	7.3%	\$77,575	6.1%	\$65,014
TOTAL EXPENSES	\$21,657,097	K	86.6%	\$18,757,788	7.3%	\$1,577,355	6.1%	\$1,321,954
Less: Available Restricted Deb	\$0	J	80.9%	\$0	19.1%	\$0	0.0%	\$0
Miscellaneous Income	(\$179,384)	K	86.6%	(\$155,369)	7.3%	(\$13,065)	6.1%	(\$10,950)
Interest Income	(\$112,596)	K	86.6%	(\$97,522)	7.3%	(\$8,201)	6.1%	(\$6,873)
Merchand & Jobbing	(\$2,384)	K	86.6%	(\$2,065)	7.3%	(\$174)	6.1%	(\$146)
6.9% of Water Prot Fee	(\$60,600)	K	86.6%	(\$52,487)	7.3%	(\$4,414)	6.1%	(\$3,699)
Total Revenue Requirement	\$21,302,134	K	86.6%	\$18,450,345	7.3%	\$1,551,502	6.1%	\$1,300,287

(1) See CPNW Sch. 3B

**ALLOCATION OF RATE YEAR EXPENSES TO
GENERAL WATER, FIRE, AND CUSTOMER SERVICE**

EXPENSE ITEM	RATE YEAR LABOR	ALLOC. SYMBOL (1)	GENERAL WATER		FIRE SERVICE		CUST. SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
SOURCE OF SUPPLY								
operations & labor	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
purchased water	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
PUMPING OPERATIONS								
fuel for pumping	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
power-pumping	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
labor-pumping	\$71,083	P	84.4%	\$59,980	15.6%	\$11,103	0.0%	\$0
pumping expense	\$0	P	84.4%	\$0	15.6%	\$0	0.0%	\$0
maint. - structures & improv	\$33,115	P	84.4%	\$27,943	15.6%	\$5,173	0.0%	\$0
diesel oil	\$0	P	84.4%	\$0	15.6%	\$0	0.0%	\$0
maint. - equip	\$27,217	P	84.4%	\$22,966	15.6%	\$4,251	0.0%	\$0
WATER TREATMENT								
chemicals	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
labor	\$81,636	A	99.5%	\$81,228	0.5%	\$408	0.0%	\$0
operating	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
maint. - water treat equip	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
maint. - structure	\$0	A	99.5%	\$0	0.5%	\$0	0.0%	\$0
TRANS & DISTR. EXPENSE								
storage facilities exp.	\$0	D	75.0%	\$0	25.0%	\$0	0.0%	\$0
labor	\$31,954	B	80.6%	\$25,755	19.4%	\$6,199	0.0%	\$0
supplies	\$0	B	80.6%	\$0	19.4%	\$0	0.0%	\$0
labor-meter	\$37,664	C	0.0%	\$0	0.0%	\$0	100.0%	\$37,664
material-meter	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
cust. install.	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
misc.	\$0	F	59.1%	\$0	20.5%	\$0	20.4%	\$0
maint. - struct & improv.	\$0	F	59.1%	\$0	20.5%	\$0	20.4%	\$0
maint. - res & stdp	\$12,990	D	75.0%	\$9,743	25.0%	\$3,248	0.0%	\$0
maint. - mains	\$407,138	B	80.6%	\$328,153	19.4%	\$78,985	0.0%	\$0
maint. - service	\$99,336	C	0.0%	\$0	0.0%	\$0	100.0%	\$99,336
maint. - meters	\$60,594	C	0.0%	\$0	0.0%	\$0	100.0%	\$60,594
maint. - hydrants	\$46,382	E	0.5%	\$232	99.5%	\$46,150	0.0%	\$0
construction labor	\$0	F	59.1%	\$0	20.5%	\$0	20.4%	\$0
CUSTOMER ACCOUNT								
labor- meter read	\$81,410	C	0.0%	\$0	0.0%	\$0	100.0%	\$81,410
cust record labor	\$170,409	C	0.0%	\$0	0.0%	\$0	100.0%	\$170,409
cust records exp	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
meter read supplies	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
uncollectible	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
ADMIN. & GENERAL								
salaries	\$392,366	G	76.8%	\$301,507	7.8%	\$30,463	15.4%	\$60,397
office supplies & expenses	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
insurance (property/liability)	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
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regul. exp.	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
other	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
outside service	\$0	G	76.8%	\$0	7.8%	\$0	15.4%	\$0
TOTAL LABOR	\$2,001,942	H	60.1%	\$1,202,259	11.0%	\$220,812	28.9%	\$578,871

(1) See Sch. 3B

ALLOCATION SYMBOLS

ALLOCATION SYMBOL	GENL WATER	FIRE SERVICE	CUST SERVICE	
A	99.50%	0.50%	0.00%	Supply & Treatment
B	80.60%	19.40%	0.00%	T&D Mains
C	0.00%	0.00%	100.00%	Meters
D	75.00%	25.00%	0.00%	Storage
E	0.50%	99.50%	0.00%	Hydrants
F	59.11%	20.46%	20.42%	Misc T&D
G	76.84%	7.76%	15.39%	Direct O&M (50% of Purch Water) Benefits & Vacation
H	60.05%	11.03%	28.92%	Labor
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Symbol B

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Repl. Value	Symbol	Gen Water	Fire	Cust A	Cust B
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Source of Supply \$3,000,707	A	\$2,985,703	\$15,004	\$0	\$0
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T&D Storage \$4,336,912	D	\$3,252,684	\$1,084,228	\$0	\$0
T&D Mains \$292,283,430	B	\$235,580,445	\$56,702,985	\$0	\$0
T&D Hydrants \$116,261	E	\$581	\$115,680	\$0	\$0
T&D Services \$41,805	C	\$0	\$0	\$41,805	\$0
T&D Meters \$0	C	\$0	\$0	\$0	\$0
General Plant \$682,413	J	\$551,986	\$130,333	\$94	\$0
Total \$304,028,827		\$245,920,862	\$58,066,066	\$41,899	\$0
Percent		80.89%	19.10%	0.01%	0.00%

Symbol L - PILOT

Total	Symbol	Gen Water	Fire	Cust A	Cust B
Storage \$7,258	D	\$5,443	\$1,814	\$0	\$0
Office \$1,311	G	\$1,008	\$102	\$101	\$101
PS/Wells/Treatment \$14,554	P	\$12,281	\$2,273	\$0	\$0
Total \$23,123		\$18,732	\$4,190	\$101	\$101
Percent		81.01%	18.12%	0.44%	0.44%

Symbol P - Pumping Facilities (per Decision in Dockets 2098, 2555, 3660)

Percent	Symbol	Gen Water	Fire	Cust A	Cust B
Supply Well Pumps 20.00%	A	19.90%	0.10%	0.00%	0.00%
Distribution Pumps 80.00%	B	64.48%	15.52%	0.00%	0.00%
Total 100.00%	P	84.38%	15.62%	0.00%	0.00%

PROPOSED FIRE SERVICE CHARGES

PUBLIC FIRE SERVICE

Quarterly Charge/Hydrant = \$147.74
Plus Billing Charge = \$6.24

PRIVATE FIRE SERVICE

<u>SERVICE SIZE</u> <u>(inches)</u>	<u>QUARTERLY</u> <u>CHARGE</u>
4	\$58.64
6	\$158.46
8	\$330.62
10	\$589.59
12	\$948.51
HYDRANT	\$158.46

**ALLOCATION OF FIRE SERVICE EXPENSES
TO PUBLIC AND PRIVATE FIRE SERVICE**

	<u>NUMBER</u>	<u>DEMAND FACTOR (1)</u>	<u>NO. OF EQUIVS.</u>	<u>PERCENT OF DEMAND</u>	<u>NON-HYDR. REQUIRED</u>	<u>DIRECT HYDRANT</u>	<u>TOTAL</u>
PUBLIC FIRE SERVICE							
Hydrants	2,317	111.31	257,907	87.50%	\$1,276,508	\$92,715	\$1,369,223
PRIVATE FIRE SERVICE							
SIZE (IN)							
4	15	38.32	575				
6	106	111.31	11,799				
8	28	237.21	6,642				
10	1	426.58	427				
12	1	689.04	689				
HYDRANTS	<u>150</u>	111.31	16,697				
TOTAL-PRIV.	<u>301</u>		36,828	12.50%	\$182,279	\$0	\$182,279
	=====		=====	=====	=====	=====	=====
GRAND TOTALS	2,618		294,735	100.00%	\$1,458,787	\$92,715	\$1,551,502
Total Fire Allocation					\$1,551,502		
Less Direct Hydrant Related							
O&M		(\$91,219)					
Debt		(\$1,496)					
Net Non-Hydrant					\$1,458,787		

(1) Based on size to the 2.63 power.

DETERMINATION OF FIRE SERVICE CHARGES

<u>PUBLIC FIRE PROTECTION</u>		<u>CALCULATED</u>
		<u>CHARGE</u>
PUBLIC FIRE ALLOCATION (1)	\$1,369,223	
----- =	----- =	\$590.95
NUMBER OF PUBLIC HYDRANTS	2,317	
	TOTAL QUARTERLY	\$147.74
	+ BILLING	\$6.24

PRIVATE FIRE PROTECTION

PRIVATE FIRE ALLOCATION (1,2)	\$201,448	
----- =	----- =	\$5.47 /EQUIV.
NO. OF EQUIV. UNITS	36,828	

<u>SIZE (IN)</u>	<u>DEMAND</u>	<u>ANNUAL</u>	<u>QUARTERLY</u>	<u>BILLING ALCALULATED</u>	
	<u>FACTOR</u>	<u>CHARGE</u>	<u>CHARGE</u>	<u>CHARGE</u>	<u>CHARGE</u>
4	38.32	\$209.61	\$52.40	\$6.24	\$58.64
6	111.31	\$608.87	\$152.22	\$6.24	\$158.46
8	237.21	\$1,297.52	\$324.38	\$6.24	\$330.62
10	426.58	\$2,333.39	\$583.35	\$6.24	\$589.59
12	689.04	\$3,769.07	\$942.27	\$6.24	\$948.51
HYDRANTS	111.31	\$608.87	\$152.22	\$6.24	\$158.46

(1) Allocation from Sch 4A.

(2) Private Fire includes allocated service maintenance costs as detailed below:

Service Line Maintenance Cost =	\$183,245	
Addnl Allocation to Fire Service =	\$19,169	(10.46%)

Service Line Equivalents

<u>Meter Size (in)</u>	<u>Service Size (in)</u>	<u>Equivalents *</u>
5/8 & 3/4	1	1
1	1.5	1.8
1 1/2	2	3.3
2	3	4.6
3	4	6.3
4	6	9.6
6	8	16.9
>8	10	29.6
Total		

Metered Water Service

<u>Number</u>	<u>Equivalents</u>
22,128	22,128
3,561	6,410
318	1,049
526	2,420
17	107
69	662
74	1,251
59	<u>1,746</u>
	35,773
	89.54%

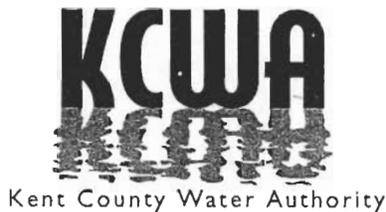
Private Fire Service

<u>Number</u>	<u>Equivalents</u>
15	95
106	1,018
178	3,008
2	<u>59</u>
	4,180
	10.46%

* From Dockets No. 2098 through 3660

PROPOSED SERVICE CHARGES

<u>METER SIZE</u> <u>(inches)</u>	<u>QUARTERLY</u> <u>ACCOUNTS</u>	<u>MONTHLY</u> <u>ACCOUNTS</u>
5/8 &		
3/4	\$10.51	\$7.66
1	\$13.92	\$8.80
1 1/2	\$20.32	\$10.93
2	\$25.87	\$12.78
3	\$33.12	\$15.20
4	\$47.20	\$19.89
6	\$78.35	\$30.28
>8	\$132.53	\$48.34



April 17, 2008

The Honorable Senator Leo R. Blais
Deputy President Pro Tempore Minority
State of Rhode Island
Providence Plantations
Office of the Senate Minority Leader
State House, Room 120
Providence, RI 02903

Dear Senator Blais:

We most certainly appreciate your interest in the Kent County Water Authority at the previous hearings on water supply and our most recent rate case. The rate increase is not intended to endure any additional fiduciary burden on the fire district. The Kent County Water Authority and the fire district share a common revenue base. The proposed rates are necessary to continue to provide essential public safety hydrant service. Adequate funding is fundamentally necessary to contend with expansion of fire service within a developing fire district and perpetual maintenance on existing infrastructure to support it. As each fire district grows, additional services and hydrants are required. By state law all infrastructure program expenses are not assessed on the fire services. As a nonprofit benefit corporation we share similar budgetary funding concerns as we endeavor to provide high quality cost effective services to the public. Unfortunately, none of us can control the impending economic increases due to the upward-trend in cost indices that must be contended with along with expansion of the system as economic development continues to grow.

The majority of the current rate filing and proposed rates reflect adjustments necessary to compensate for revenue projection shortfalls influenced by a downtrend in water use over the past few years and the upward-trend in cost indices. As a result, Kent County Water Authority needs to increase its revenues to continue its operations. The increases to the Fire Districts are based on the approved cost of service allocation study. In general the proposed rates and charges change by varying amounts based on the cost of service factors. Therefore, the cost of service related to fire hydrants and fire services have not increased as much as the overall requested rate increase. Kent County Water Authority has reviewed its rate adjustment request and feels that the cost of service increase is fully justified in order to provide this critical public safety benefit.

We can most certainly appreciate the shared budgetary impact concerns from rising fuel costs, overall general increases and expenses on operating budgets for everyone throughout the state.

P O B o x 1 9 2
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4 0 1 - 8 2 1 - 9 3 0 0
w w w . k e n t c o u n t y w a t e r . o r g

The Kent County Water Authority's proposed rate increase will be thoroughly reviewed by the Public Utilities Commission prior to approval of any final rates. We support active participation in the rate review process at the Commission hearings and have noticed the fire departments to participate in this process. Over the past few years the focus on economic development in this part of the state, in conjunction with providing the necessary water supply to support it, has been an ongoing priority for the Kent County Water Authority and the legislature. These rate increases will help to facilitate supply and infrastructure initiatives necessary to continue to progress the water system in these areas. We appreciate your comments and hope this information provides a better understanding of the overall initiatives and need for rate adjustments within your district concerns. Please feel free to call us if you have any questions regarding this matter.

Very truly yours,
Kent County Water Authority

Mr. Robert Boyer
Chairman

Cc: Board
Joseph McGair, Esq., Petrarca & McGair

RB/lms



STATE OF RHODE ISLAND & PROVIDENCE PLANTATIONS
OFFICE OF THE SENATE MINORITY LEADER
ROOM 120 STATE HOUSE
PROVIDENCE
02903

LEO R. BLAIS, R. Ph.
DEPUTY PRESIDENT PRO TEMPORE-MINORITY
401-222-2708

April 9, 2008

Kent County Water Authority
1072 Main Street
Po Box 192
West Warwick, RI 02893

Dear Authority Members:

I write to respectfully request that the Authority reconsider its proposed 25 percent rate increase. I have enclosed a letter from the Central Coventry Fire District, which details the hardship that such an increase would present to the district.

The Fire District provides critical services to the town of Coventry. Any added fiduciary burden that might impair those services should be avoided if possible.

Sincerely,

Leo R. Blais
DEPUTY PRESIDENT PRO TEMPORE -
MINORITY

LRB:khh

EXHIBIT E

April 17, 2008

"Pennyning" and "Minuscule Bidding" Memorandum

In response to an invitation for bids on the Tiogue service area conversion in Coventry, Rhode Island, Kent County Water Authority received eight sealed bids. Pursuant to correspondence dated February 29, 2008 from James J. Geremia and Associates, Inc., the bids of D'Ambra Construction which was the lowest bid submitted and Parkside Utility Construction Corp. which was the second lowest bid submitted included unit costs that were not representative of cost of the item on several items included in the bid. The items in D'Ambra Construction Co. Inc.'s bid included excavation and refill, gravel, tees, elbows, reducers, permanent caps, gate valves and valve boxes, temporary pavement, temporary bituminous pavement, and processed roadway gravel. The items included in Parkside Utility Construction Corp.'s bid were excavation and refill material, temporary bituminous concrete pavement, bituminous concrete leveling course, bituminous concrete and sidewalks, cold planing, and bituminous concrete curbing. The items noted above and the bids on such said items constituted "pennyning" or "minuscule bidding".

The "LAMB Act" and the State of Rhode Island Procurement Rules and Regulations do not specifically address the issue of pennyning or minuscule bidding. Section 13c of the General Conditions Section of the State of Rhode Island Procurement Rules and Regulations provides that the state may reject any bids that are made subject to different terms and conditions than those specified in the invitation to bid. Section 13g of the General Conditions Section of the State of Rhode Island Procurement Rules and Regulations provides that any and all bids may be rejected in whole or in part. The following cases from State of New Jersey which has a similar provision as the sections of the State of Rhode Island Procurement Rules and

Regulations noted above, specifically address the issue of pennyning and unbalanced bidding:

1. Boenning v. Brick Township Municipal Utilities Authority, 374 A2d 1214 (N.J. App. 1977). In this case, the Appellate Division of the Superior Court of New Jersey ruled that a municipality has the right to set minimum price bid requirements in an effort to avoid pennyning or nominal unbalanced bids.

2. Riverland Construction Company v. Lombardo Contracting Co. Inc. and Township of Bridgewater, 380 A2d 1161 (N.J. App. 1977). The Court noted in this case that a nominal or "penny" bid can be tolerated in situations provided that the item is relatively minor in comparison to the total contract price. However, when a bidder utterly fails to bid on any item or alternate option, contrary to the mandatory requirements of the notice to bidders, the lack of conformance renders that bid invalid.

3. Turner Construction Company v. New Jersey Transit Corporation and R.M. Shoemaker Co., 687 A2d 323, (N.J. App. 1997). In Turner, the Court noted that material conditions contained in bidding specifications may not be waived. Minor or inconsequential discrepancies and technical omissions may be waived. The factors to be considered in whether a defect may be waived are as follows:

1. Whether the effect of the waiver would be to deprive the public body of its assurance that the contract would be entered into, performed and guaranteed according to its specified requirements;

2. Whether waiver would adversely affect competitive bidding by placing a bidder in a position advantage over other bidders by otherwise undermining the necessary common standard of competition.

Section 00100 (Instruction to Bidders), Paragraph 2.7 (Prices), Subparagraph E of the KCWA Bidding Specifications for the Tiogue service area conversion provided that "the practice of bidding minuscule costs that bear no relationship to the actual costs of the work or material bid is prohibited. The practice also is referred to as 'minus bidding', 'unbalanced bidding', 'pennying', etc. Any bid submitted in said manner shall constitute material variance and shall be rejected." Kent County Water Authority has identified in its bidding specifications that the practice of submitting pennyning or minuscule bidding is a material variance and a non-conformance to the bidding specifications. As is indicated in the Turner Construction Company case noted above, material conditions contained in bidding specifications may not be waived.

In summary, the concept of pennyning or minuscule bidding as a material variance or non-conformance to specific bidding specifications is prohibited. The Kent County Water Authority contract bidding specifications expressly state that the concept of pennyning or minuscule bidding is a material non-conformance and all such bids shall be rejected.

Dated: April 16, 2008

Respectfully submitted,



Lewis J. Paras, Esq. #3022
PETRARCA AND McGAIR, INC.
797 Bald Hill Road
Warwick, RI 02886
(401) 821-1330

EXHIBIT F

April 17, 2008

OFFICE MEMO

To: Board
From: Timothy Brown
Subject: Customer Service Representative Hiring Recommendations
Date: April 15, 2008

Two candidates were selected for second interviews, Nicole Jacques and Lora Verdelotti – Dalton. Both were selected based on their first interviews. Both were impressive, they have good credentials, great demeanor, and good attitude and exhibited an excitement for the position at Kent County Water Authority. Needless to say we interviewed a lot of people and had many applications to review prior to making our final selection. It was not an easy decision nor were the interviews easy based on the qualifications. Joann has a world of experience being in that position and it is important to select the best candidate with similar qualities. We needed to find a candidate with similar demeanor, similar attitude and who would be open to new ideas. We are anticipating great change at the Authority in the front office with modernization. Computerization of all remaining accounting will occur along with major changes in the way we bill customers based upon proposed legislation and the goals of the Authority. We, therefore, need a person that is excited about the position, has general customer service qualities, good attitude, good math skills and sufficient computer skills to entertain the changes needed when they are implemented. Both candidates had that, both candidates had experience in customer service in dealing with the public, both candidates had a desire to work at the Authority and were enthusiastic and expressed that enthusiasm through our discussions. We, therefore, selected Nicole Jacques as our candidate to replace Joann as a customer service representative. We believe she has the enthusiasm and the personality, will mold to the position and would have a long-term career with the Authority. We, therefore, recommend that she be started at the base pay and be provided a position with a two-year probation at the Authority in accordance with our standard policy for new hires.

OFFICE MEMO

To: Board
From: Timothy Brown
Subject: Customer Service Representative Hiring
Date: March 19, 2008

We have completed our reviews of selected resumes from the advertisement in the Providence Journal for the Customer Service Representative open position due to Joann's impending retirement. At this point, we have completed our interviews from the selection of resumes. Due to the job market and our feeling that more interviews are necessary we will not make a recommendation for a hire from this list. We will again advertise in the Providence Journal to fill this position and to interview selective candidates. We will keep aside the candidates that we think need a second interview from this list and we will do that at the same time that we are interviewing from respondents to the new advertisement.

EXHIBIT G

April 17, 2008

PLANNING DOCUMENT \$25,000/YEAR ALLOCATION

PROJECT	STATUS
Water Supply System Management Plan WSSMP	Awaiting Final Review
Hunt River Interim Management & Action Plan	Implementing
2008 CIP Program Plan	Under Development, Draft Copy Under Review
Clean Water Infrastructure Plan 2008	Under Development

UPDATED CIP PROJECTS BOND FUNDING

PROJECT	STATUS
Mishnock Well Field (new wells) CIP - 1A	Design Underway
Mishnock Transmission Mains CIP - 1B	Preliminary Design Report Review
Mishnock Treatment Plant CIP - 1C	Design Underway
East Greenwich Well Treatment Plant -- CIP-2	Concern on future/development/RFP for Preliminary Design
Clinton Avenue Pump Station Rehabilitation CIP - 7A	Completion & Close-out
Read School House Road Tank CIP - 7B	100% Review Drawings
Read School House Road Main CIP 7c, 7d, 8a	Contract Signing/Insurance Issue

IFR FUNDED PROJECTS

PROJECT	STATUS
IFR 2005	Paving Spring
IFR 2006 A	Spring Completion and Paving
IFR 2006 B	Combining as one for bidding, addition of Phillip Street
IFR 2007	
PWSB 78" / Johnson Blvd. P.S. Modification	Completed
Greenwich Avenue Replacement	Spring Paving
Hydraulic Tank Evaluation	Completed
Quaker P. S. Evaluation/Preliminary Design	Design Underway Easement Review
Tech Park Tank Recoating	Completed
Tiogou Tank Re-Service	Re-bid Required/Minuscule Bid Discussion
Hydrant Painting	Color Selection/Coding/Need