

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

September 20, 2012

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 20th day of September, 2012, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Boyer opened the meeting at 3:30 p.m.. Board Members Mr. Gallucci, Mr. Giorgio, Mr. Inman and Mr. Masterson were present together along with the General Manager Timothy J. Brown, Director of Administration and Finance Jo-Ann Gershkoff, legal counsel Patrick J. Sullivan, Esq. as well as Mr. Duscheneau. Mr. Duscheneau led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of August 16, 2012 were presented for approval. Mr. Giorgio moved passage, seconded by Mr. Masterson, and the minutes were unanimously approved.

GUESTS

3:30 p.m. High Service Requests:

3705 Division Street, East Greenwich, RI

Steven Cornwall appeared before the Board seeking water service in the high service area. He reports no water in his well, and he requires water for his additional one thousand square feet of living space. Mr. Masterson reports he visited the site. He reported that the well had been fracked once already.

It was moved by Mr. Masterson, seconded by Mr. Giorgio, to conditionally approve the request for water supply to a single family home with the following conditions in lieu of a moratorium:

1. The Kent County water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water Supply and limits of the existing infrastructure to support service.

2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA, KCWA is in the process of planning for additional water supply and therefore delays or diminution in service make occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.
3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.
4. The applicant shall file a formal single-family home application. The applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.
5. Only conservation-Wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.
6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping technique and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in lieu of a moratorium:

1. The Kent County water Authority is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third-party commitments made by an applicant/customer are subject to the reasonable availability of water Supply and limits of the existing infrastructure to support service.
2. A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA, KCWA is in the process of planning for additional water supply and therefore delays or diminution in service make occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.
3. Ventures, commitments or agreements are at the applicant's sole risk if supply for existing infrastructure is found to be insufficient to support service. The applicant may afford the authority with system improvements to facilitate adequate service.
4. The applicant shall file a formal single-family home application. The

applicant/customer understands that any undetected error in the application or an increase or change in demand as proposed, which materially affects the ability to supply water to the site, will be the responsibility of the applicant/customer and not the KCWA.

5. Only conservation-Wise plumbing fixtures are to be installed including, but not limited to, low flow shower heads, low flow toilets and low flow guarantors on faucets.

6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping technique and/or proper planting bed (high water holding capacity) slow preparation shall be employed throughout the project.

Lot 41 Hopkins Hill Road, Coventry, RI

James Cantara appeared before the Board seeking water service in the high service area. He has been granted approval several times previously, at six-month intervals. He explains he needs to renew each six-month interval while the lot remains for sale. He needs to show prospective purchasers that water availability attaches to the lot to make it marketable. General Manager Tim Brown indicated that the request for water should normally accompany the building permit at the time the building permit is requested. A discussion ensued regarding the propriety of tabling the application, and when the lot is sold or the building permit is filed, the application be removed from the table.

It was moved by Mr. Inman and seconded by Mr. Masterson to table the application.

Upon Motion made, and duly seconded and unanimously voted,

VOTED: That the application of Mr. James Cantara is tabled until further notice.

LEGAL COUNSEL

The Chairman Boyer and the members of the Board warmly welcomed the new legal counsel to the meeting, Patrick J. Sullivan from Sullivan & Sullivan, as general counsel, and Robert Watson, as Rate counsel. General Manager Brown submitted the engagement agreements for each general counsel and Rate counsel to the Chairman for approval and execution.

Mr. Gallucci moved approval, and Mr. Giorgio seconded.

Upon Motion duly made and seconded, and unanimously approved:

VOTED: That Chairman Boyer is authorized and empowered to execute both engagement agreements, one with Sullivan and Sullivan as well as one with Robert Watson.

LEGAL

The General Manager gave the brief report and request relative to legal based upon the transition

in legal counsel. General Manager Brown reports little activity with regard to legal matters and reported that there exists a few housekeeping matters that prior legal counsel was working on.

The Department of Labor matter is complete from the case perspective. The Authority simply awaits a decision and the matter should end with the decision. The consensus of the Board was to leave that matter to the attorneys handling it.

Additionally, General Manager Brown has indicated the matter with Mr. Pagliarini which is currently before the PUC has been continued to October 10, 2012, and that the pre filed testimony was just submitted. He indicated there is but one witness remaining, and the consensus of the board was that this matter remain with the former attorney assigned to hear it.

All remaining legal matters will be transferred to the new legal counsel.

Director of Finance Report (Attachment "A")

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Statement of Cash Location FY 2012-2013 and Cash Receipts and Disbursements FY 2012-2013 attached as "A", and after thorough discussion with regard to the sales and revenue. The Finance Director indicated there was no July closing since the auditor had just finished, and she needs the adjusted numbers from the auditors effective June 30, 2012 before she can close out the month.

Mr. Gallucci moved and seconded by Mr. 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.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the financial report and Statement of Cash Location FY 2012-2013 and Cash Receipts and Disbursements FY 2012-2013 attached as "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Mr. Masterson and the remaining board members welcome the newly engaged legal counsel and the attorneys thank the board for their confidence.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT (Attachment "B")

Bid Award Tank Reimbursement

The general manager reported that bids had been received on Thursday, September 13, 2012 for the tank refurbishment the Technology Park Tank that had been damaged on the interior coating. As result of mediation, the authority recovered \$80,000 for this work.

The general manager recommends that all bids received to refurbish the tank be rejected as he thought they were exceptionally high. He recommends that the project be rebid late winter for a spring or fall repair.

Re-Service Hope/Cranston report

The general manager reports that the re-service of the Hope Road area, Seven Mile Road, sections of Cranston and Scituate has been completed and has been well accepted by the residents. The general manager reports several leaks that have occurred, one of which is major, however all are based upon this re-service.

The general manager indicates that leaks are not unexpected when the pressure is increased. As the system stabilizes, he believes that the leaks should disappear as they are repaired. One leak which occurred on Saturday, September 8, 2012, was the most severe when a machine section of pipe split causing damage to home and to their grounds because of water and mudflow.

Further, on September 19, 2012, another break occurred 17 Meadow St. and the General Manager reports that the authority was able to catch the leak quickly resulting only in slight damage to the house at 16 Garden St. The general manager recommends that the authority move forward with an emergency replacement of this water main. It was initially installed by a private contractor and he reports that it is obvious that this main will not continue to take the increased pressure. He requested positive action be taken by the board prior to winter setting in. He recommends to replace the Meadow St., Garden Lane and Country Lane mains under our existing 2010A contract, as the contractor reports he would retain the pricing structure, and our engineer has also confirmed they will hold their pricing for the inspection work. The manager reports that since he was unable to place this on the agenda prior to the 48 hours that is required by the open meetings law, he will consider this and does consider this an emergency repair project and will request board ratification at the October board meeting. The general manager reports the work should take four to five weeks.

Restricted Operating Request for Use

The general manager reports that under our annual report filed each year to the Public Utilities Commission, the Authority has indicated that it has not achieved the revenue expected under the cost of service provided by them in our latest rate case, Docket No. 4142. The difference for FY 2012 is \$607,077.00. The balance in the restricted account exceeds that amount and the manager recommends that the board should look into the possibility of utilizing \$607,000.00 from the restricted operating account to balance the budget. The manager informed the board the account has not yet been used as of this date.

Chairman Boyer indicated this would not only help out now, but may set a precedent.

Mr. Masterson indicated that the Authority had previously requested additional revenues however that request wasn't granted.

Mr. Masterson moved and seconded by Mr. Giorgio to explore what is necessary and attempt to access the funds in the restricted account.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the general manager is authorized to investigate and attempt to recover \$607,000.00 from the restricted account to balance the budget for a revenue shortfall.

Easement National Grid/Quaker Booster

The general manager reports that there was an easement that is required to be executed at the meeting by the Chairman that will assign the easement for the the aerial and transformer pad for the Quaker Lane booster station. This is standard practice for National Grid.

Chairman Boyer adds for the record that he donated land to the Authority in the 1980's, but doesn't believe there would be a conflict to sign.

Mr. Gallucci moved and seconded by Mr. Giorgio to authorize the Chairman to execute the easement on behalf of the Authority.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Chairman is authorized to execute the easement appended hereto and incorporated herein as if fully set forth herein.

Post Retirement Benefits

The General Manager discussed the post retirement medical benefit plan evaluation dated August 2012 required by GASB rule 45. He informed the board that the valuation is required every other year with a statistical update on the odd years and advised that the current annual required contribution is \$591,899.00. The current funding method utilized by the Authority is a pay as you go method, with an expected cost this year of \$107,252.00. The actual payments for July 1, 2011 were \$98,195.00.

The General Manager recommended that the board may want to consider a future trust fund in connection with the next rate case to potentially double the pay as you go amounts to show headway. The board was also provided with the new legislation that allows the authority's insurance carrier to establish assistance in the trust fund requirement.

Selection Engineer/Treatment Manager

The general manager discussed the qualifications and references of the applicant for the position, and as a result thereof, has recommended the board engage Mr. David Simmons for this position. This is a new dual position initially, created by the general manager, to be able to fill two slots with the ultimate goal of that position becoming the engineer's open slot position. This will assist the training of the employees for the operation of the plant as well as provide the necessary oversight with a licensed operator for the facility.

Chairman Boyer echoed the general manager's endorsement of Mr. Simmons. The board

then discussed the rate of salary for the position, and the candidate's request for a salary of \$85,000.00. Mr. Inman reminded the board that \$80,000.00 was budgeted for the position.

Mr. Masterson moved and seconded by Mr. Giorgio to take the recommendation of the General Manager and offer employment to Mr. David Simmons, with a review of his pay rate at the conclusion of one year.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the General Manager is authorized to offer Mr. David Simmons employment as Selection Engineer/Treatment Manager.

Estimate Kahn Litwin Renza & Co. to Develop Scope of Work

The General Manager reported that he and Chairman Boyer sat with Kahn Litwin Renza & Co. to discuss the next phase of their proposed work pursuant to the Request for Qualifications. Their estimate was \$7,500.00, which the General Manager reports was extremely high. The report was to discuss reporting responsibilities, internal controls and general business practices. Chairman Boyer indicates that he agrees this work should be done, and that a "stranger's look" at the Authority with a resulting report should assist the Authority.

Mr. Masterson reminds that the Authority already utilizes auditors, and cites a 1997 management and operations study. Mr. Inman asks if the rate could be negotiated. The Chairman suggested that the Authority engage the firm for an initial Scope of Work to see what is recommended. The Chairman also suggested that a fifteen-year-old study is hardly relevant today. Chairman Boyer asked the General Manager to negotiate the hourly rate downward, with Mr. Gallucci suggesting that the rate should not exceed \$200.00/hour.

Mr. Inman cautioned the board that if an issue is found and findings are set forth in a report, that the Authority may be required to follow it up, for if they don't, it could hurt the Authority down the road. Mr. Gallucci reminded the board of the general assembly hearings where the Authority was vetted and nothing amiss was found.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant and CIP 1B Mishnock Transmission

The General Manager reports the project is moving along quite well. He estimates, although the project is behind schedule, it is projected to be completed in April 2013. He went on to say he would not consider liquidated damages as of this point in time, and will examine if the Authority was truly damaged as a result of the extension of the schedule. He asked the board for a ratification of the August 16, 2012 signature of the Chairman for Change Order No. 1 which entails a 12" reduced high service extension to the treatment plant for fire protection at a cost of \$18,690.00.

Mr. Masterson moved and seconded by Mr. Giorgio to ratify the Chairman's August 16, 2012 signature for approval of Change Order No. 1 for a new 12" reduced high service extension to the treatment plant for fire protection.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board hereby ratifies the Chairman's August 16, 2012 signature for approval of Change Order No. 1 for a new 12" reduced high service extension to the treatment plant for fire protection.

INFRASTRUCTURE PROJECTS

IFR 2009B

The General Manager reports that construction is virtually complete, absent paving, for this project. Paving will be conducted in the spring after the winter settling. He asks that the board ratify the Change Order No. 2 which is for modifications to Seven Mile Rd. severing the in ground storage tanks at a cost of \$28,548.80.

Mr. Inman moved and seconded by Mr. Masteron to ratify approval of Change Order No. 2 which is for modifications to Seven Mile Rd. severing the in ground storage tanks at a cost of \$28,548.80.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board hereby Change Order No. 2 which is for modifications to Seven Mile Rd. severing the in ground storage tanks at a cost of \$28,548.80.

IFR 2010A

The General Manager reports that construction is moving along well on this project, and it should be finished within one week. Paving will be in the spring as well. He reports that that the City of Warwick still has time to put in a sewer line if they wanted to.

IFR 2010B

The General Manager informs the board that the bid opening is scheduled for October 3, 2012. He expects good bids as a result of the construction situation, and the work to be done in 2013 as winter is setting in quickly.

Quaker Lane Pumpstation Upgrade

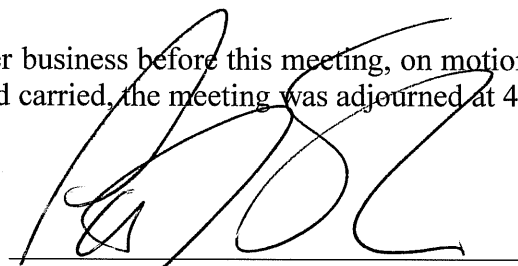
The General Manager reports that construction of the wall has been completed, and a revised schedule is being reviewed. With a delay of 24 weeks on the pump delivery, this project isn't expected to be completed until spring or summer 2013.

Water Street Replacement

Construction in East Greenwich has begun on the sewer line. The General Manager reports that the water line will be replaced as well. He reports that the project should be complete this year, with paving next year. It is a joint project by the Authority and the Town of East Greenwich.

There being no further business before this meeting, on motion duly made by Mr. Inman, seconded by Mr. Gallucci and carried, the meeting was adjourned at 4:35 p.m.

Dated: 10-11-12

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end.

Legal Counsel

GENERAL MANAGER'S REPORT

Board Meeting
September 20, 2012
(Revised)

Bid Award Tank Refurbishment

Bids were received on Thursday, September 13, 2012 for the tank refurbishment of the Technology Park Tank that has been damaged on the interior coating. As a result of mediation we recouped \$80,000 for this work. The bid analysis will be provided under separate cover and attached to this report. It is the recommendation that we reject all bids and again bid in late winter for a spring or fall repair.

Re-Service Hope/Cranston Report

The re-service of the Hope Road area, Seven Mile Road, sections of Cranston and Scituate has been completed and has been well accepted by the customers. We have had 3 leaks; one major, based on this re-service. It is not unexpected when pressure is increased; in particular, to our very low pressured service area that weaknesses in pipe joints and services due appear. As the system stabilizes and we believe it has they should disappear as they are repaired. The most recent leak which occurred Saturday, September 8, 2012 was the most severe when a machined section of AC pipe split causing damage to a home and their grounds because of the water and mud flow. Not often do we find machine pipe but it has been used and was used for connection of AC pipe and in this case possible folded in for a connection. It is weaker due to the fact that the sidewalls are lessened in thickness. We suspect that was the cause of that leak.

UPDATE:

On Wednesday, September 19, 2012 another break occurred (service blow out) at 17 Meadow Street and luckily we were able to catch it quickly and only slight damage occurred to the house on 16 Garden Street. We now need to move forward with an emergency replacement of this water main. It was installed by a private contractor and it's obvious it will not continue to take the increase in pressure. As the achilles heel positive action must be taken by the Board immediately prior to the winter. My recommendation is to replace Meadow Street, Garden Lane and Country Lane under our existing 2010A contract. The contractor has confirmed he will

retain the pricing structure for that work and our engineer has confirmed they will hold their pricing for the inspection work based on their hourly rate. This will be a modified design build project. Since I am unable to bring this and place this on the agenda prior to 48 hours I will ask for ratification at the October meeting unless Board members are concerned and then I will hold a Special Board Meeting for this approval. This is considered an emergency repair project.

Restricted Operating Request for Use

Under the report required each and every year to the Public Utilities Commission we have indicated that we have not achieved the revenue expected under the cost of service provided by them in our last rate case Docket No. 4142. The difference based on the actual rate revenue for Fiscal Year 2012 is \$607,077. The balance in our restricted account currently for the operating revenue allowance exceeds that amount and I believe we should look at the possibility of requesting use of the \$607,000 from the restricted operating to balance our budget and to continue to recover the reduced revenues we have seen. We have never done this before as this is fairly new but I think we should explore the possibility and if necessary file a motion with the Commission for release of those funds. I request the Board to provide direction at the meeting for Request of Restricted Operating Use.

Easement National Grid/Quaker Booster

Easement is needed to be executed at the Board meeting by the Chairman for assignment of an easement for the Arial and transformer pad needed for the Quaker Booster Station. It is standard practice for National Grid to obtain these. I request the Board's action to approve the assignment of easement and execution by the Chairman.

Post Retirement Benefit

I have provided to the Board the post employee medical benefit plan evaluation dated August of 2012. The valuation is required every other year with a statistical update in between. Current annual required contribution is \$591,899. Our current funding method is pay as you go with an expected cost this year of \$107,252. Actual payments for July 1, 2011 were \$98,195. The valuation outlines the participate information, summary of last year and this year's asset and liabilities, method of development of the annual required contribution, calculation breakdown

and appendices that list the assumptions and plan requirements. To off-set this obligation a trust fund is recommended for establishment as it has been in the past. If this is approved by the Board to be considered in the next rate case, additional revenues would be needed. Recommendation as of now would consider doubling the required pay as you go contribution with half of it for the pay as you go payment and the other half to be established in the trust fund. I also provided a copy from our current insurance carrier of the new legislation that allows them to establish assistance in the trust fund requirement. It has not of yet been set up but could be considered as a vehicle for the Authority in the future. We are not aware nor are our auditors of any company that has established a trust fund as of this date to cover these obligations.

Selection Engineer/Treatment Manager

I completed review of all resumes/applications received for the posted position and advertised position for Engineer/Treatment Manager. I have created this as a dual position initially since we are limited on the staff that we can hire and requirements for that position by the Health Department for operation of the plant. By initially utilizing this position as a dual position we would be able to fill two slots with the ultimate goal of that position becoming the engineer's open slot position. This will assist in training the employees for the operation of the plant as well as provide the necessary oversight with a licensed operator for the facility in accordance with the operational requirements of the plant. I recommend that the Board consider Richard Simmons for this position as further outlined in the attachment to this report.

Estimate Kahn Litwin Renza & Company to Develop Scope of Work

At the request of the Chairman he and I sat with the firm of Kahn Litwin Renza & Company to discuss the next phase of their proposed work from the Request for Qualifications. It was their recommendation at the meeting for them to develop a Scope of Work and then from that Scope of Work a plan. I have attached their estimate that they provided for the Board's consideration. I personally was taken back by the price and I think it is extremely high, well in excess of what should be considered. I am also concerned that we are paying for a development of a Scope of Work that the same company will ultimately produce. I have not seen this before and I think the Board should reconsider utilizing the 3 items of the Request for Qualifications as a Scope of Work thus eliminating the need for a paid Scope of

Work by this firm. Since this is a Board initiative it is in the Board's purview to decide whatever direction they choose.

Capital Projects

CIP 1C Mishnock Well Treatment Plant and CIP 1B Mishnock Transmission

Project is moving along fairly well. It is behind schedule and scheduled completion is April of next year. Indication is from the current scheduling that the beginning of next year through February will be process startup and training. At this point, I will not consider liquidated damages and will await the finalization of the project and whether Kent County Water Authority has been truly damaged by the extension of the schedule. I am, however, pleased with the contractor and the work that they are doing and I hope it will result in a very high quality treatment facility for our use. I ask the Board for ratification of Change Order No. 1 briefly discussed at the last meeting which entails a new 12 inch reduced high service extension to the treatment plant for fire protection since high service will not be activated at this time due to the lack of completion of the Mishnock Transmission. Increase in Change Order cost was \$18,690 and I ask for ratification of the Chairman's signature on August 16, 2012 for approval.

Infrastructure Projects

IFR 2009B

Construction is virtually complete except for paving under 2009B. Paving will continue this year and in some cases will be held off until spring of next year for winter settling. I ask for the Board's approval to ratify Change Order No. 2 to this contract which is for modifications to Seven Mile Road, severing of the in-ground storage tanks on Seven Mile Road as they have no value to the Authority. Cost is \$21,548.80.

IFR 2010A

Construction is moving along well on this project. J.P. Murphy Highway is almost complete at the dictation of this report and should be by the Board meeting. Of course pavement will not be completed until spring of next year. The O'Donnell Hill area in Warwick is under construction

and should for all practical purposes be completed by the winter of this year with final paving spring of next year.

IFR 2010B Design

Bid opening is scheduled for October 3, 2012. Bidding is now underway and it is expected that because of the construction situation that we should receive very good bids. Majority of all work will be in the 2013 construction season as the winter is quickly closing in on us for this year.

Quaker Lake Pump Station Upgrade

Construction of the wall has been completed, revised schedule is being reviewed and expectations of construction will continue with most likely a delay because of the 24 week lead time on pump delivery. I do not expect this station to be completed until spring or summer of next year.

Water Street Replacement

Construction of the sewer has begun. Our water main will be replaced. This is a joint project between the Town of East Greenwich and Kent County Water Authority with Kent County funding the water portion and of course the sewer portion funded by the Town of East Greenwich.

KENT COUNTY WATER AUTHORITY
RELATING TO STEEL STORAGE TANK COATING SYSTEM REPAIR

BID-OPENING
SEPTEMBER 13, 2012

The Bid Opening for the Steel Storage Tank Coating System Repair was held at 10:00 a.m., September 13, 2012 per the requirements of the Bid Invitation advertised in the Providence Journal on Thursday, August 23, 2012. Attendance at the Pre-Bid was a mandatory requirement to submit a Bid.

At 10:00 a.m. the Bid Opening meeting began with opening of the following bids:

1. Amstar of WNY

Total Bid Amount of Item 1 and 2: \$732,000.00

- Bid Bond Included
- Seal Included and Signed
- Contractor's Qualification Statement Included

2. ABHE & and Suoboda, Inc

Total Bid Amount of Item 1 and 2: \$776,400.00

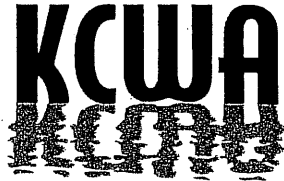
- Bid Bond Included
- Seal Page Included with No Seal but is signed

3. L.F. Clavin & Co

Total Bid Amount of Item 1 and 2: \$359,600.00

- Bid Bond Included
- Seal page included and signed.

The Bid Opening Meeting was closed at 10:07 a.m.



Kent County Water Authority

August 30, 2012

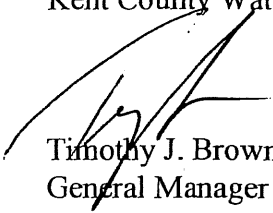
Ms. Luly Massaro
Commission Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02888

Re: Order Number 20162, Docket Number 4142
Kent County Water Authority

Dear Ms. Massaro:

In accordance with the above referenced docket number, Kent County Water Authority is required to submit a report by November 1st of each year that presents the revenues of the prior fiscal year and the level of restricted operating revenue reserve. The attached provides that annual report. The operating revenue reserve fund is also listed as to the requirements of the order 1 ½ % restricted and 1 ½ % unrestricted. Revenue has been deposited every month for FY 2012 and we are on schedule with our deposits for FY 2013 with the first 2 months deposit. We believe this complies with the order requirements of Docket # 4142.

Very truly yours,
Kent County Water Authority



Timothy J. Brown, P.E.
General Manager Chief Engineer

Cc: Board Members
Leo J. Wold, Special Assistant Attorney General
Christopher PN Woodcock, President

TB/lms

Kent County Water Authority
 Operating Revenue Allowance Calculation Docket 4142
 Fiscal Year Ending June 30, 2012

Authorized Revenue From Rates Docket 4142	\$19,341,701
Annual Change CPI Northeast 2011 (3.4%)	\$657,618
Total Authorized Rate Revenue 2011	\$19,999,319
Annual Change CPI Northeast 2012 (1.5%)	\$299,990
Total Authorized Rate Revenue 2012	\$20,299,309
 Actual Rate Revenue Fiscal Year 2012	 \$19,692,232
Difference	\$607,077

Unrestricted Operating Revenue Allowance 1.5%:

Annual Docket 4142	\$291,657
Monthly	\$24,305

Restricted Operating Revenue Allowance 1.5%:

Annual Docket 4142	\$291,657
Monthly	\$24,305

Account Funding Schedule:

	<u>Months Funded</u>	<u>Amount Funded</u>
FYE 2010	May and June 2010	\$48,609
FYE 2011	July, 2010 - June, 2011	\$291,657
FYE 2012	July, 2011 - June, 2012	\$291,657
	Interest Accrued	\$64
	Restricted Total	\$631,987

ASSIGNMENT OF EASEMENT RIGHTS

KENT COUNTY WATER AUTHORITY, a Rhode Island public benefit corporation, with a mailing address of 1072 Main Street, West Warwick, Rhode Island, ("Grantor") for consideration of One (\$1.00) Dollar, assigns to THE NARRAGANSETT ELECTRIC COMPANY, a Rhode Island corporation having a principal place of business at 280 Melrose Street, Providence, Rhode Island 02901, ("Grantee"), its successors and assigns, all rights for the installation of utility services as described in that Easement Deed ("Easement Deed") from Duke Associates Limited Liability Corp. to Kent County Water Authority dated June 16, 2008 and recorded with the Land Evidence Records of the City of Warwick in Book 6871 at Page 246.

Section 1 – Description of Land

Grantor is the dominant holder of an easement situated on land located on the westerly side of Bald Hill Road in the City of Warwick, County of Kent, State of Rhode Island designated as Lot 20, Warwick Tax Assessor's Plat 241. The "Easement Deed" encumbers said land situated on the westerly side of Bald Hill Road in the City of Warwick.

Section 2 – Assignment of Rights

a) The "Assignment" granted by the Grantor to the Grantee consists of the perpetual right and easement for the "Grantee" to install, construct, reconstruct, repair, replace, add to, maintain and operate an overhead and underground distribution system ("Distribution System") for the distribution of electric current to include one (1) pole and a pad mounted transformer, together with all the necessary wires, cables, conduits, transformers, handholds, pedestals, switches, anchors, guys, equipment, fixtures and appurtenances installed therein and attached thereto, in, under, through, over, across and upon the land described in said Easement Deed, as may from time to time be required for the purpose of supplying electric service to the booster pumping station of Grantor;

b) The "Distribution System" will be located as approximately shown on a sketch entitled "nationalgrid, KENT COUNTY WATER AUTHORITY, P 128 BALD HILL RD., WARWICK, RI 02886, DATE: 7/16/2012, SCALE: NTS," a reduced copy of said sketch is attached hereto as "Exhibit A" and recorded herewith, copies of which are in the possession of the Grantor and the Grantee herein. Final definitive locations of said "Distribution System" shall become established by the installation and erection thereof by the Grantee. Said Distribution System shall be located in a location mutually satisfactory to the Grantor and to the Grantee and such location shall become established by and upon the installation thereof by the Grantee. The Grantor, for itself, its successors and assigns, covenant and agrees with the Grantee, for itself, its successors and assigns, that this Grant of Easement and the location of the Overhead System and Underground System may not be changed or modified without the written consent of the Grantee, its successors and assigns, which consent shall not be unreasonably withheld.

Property Address: 1755 Bald Hill Road, Warwick, RI

Section 3 – Indemnification

The Grantor agrees to indemnify and hold the Grantee, its successors and assigns, harmless of and from any loss, cost, damage or liability as a result of Grantor's Assignment of Rights herein granted.

Section 4 – Distribution System Ownership

It is agreed that the Distribution System shall remain the property of the Grantee, its successors and assigns, and that the Grantee, its successors and assigns shall pay all taxes assessed thereon.

IN WITNESS WHEREOF, KENT COUNTY WATER AUTHORITY has set its seal this _____ day of _____, 2012.

In the presence of:

KENT COUNTY WATER
AUTHORITY

By: Robert Boyer
Its: Chairman

**STATE OF RHODE ISLAND
COUNTY OF**

In _____ in said County on the _____ day of _____, 2012, before me personally appeared the above named Robert Boyer, Chairman of the KENT COUNTY WATER AUTHORITY, to me known and known by me to be the party executing the foregoing instrument and he acknowledged said instrument, by him executed, to be his free act and deed, individually and in said capacity.

Notary Public
Printed Name: _____
My Commission expires: _____

OH LEGEND

●	Proposed MGRD Pole Locations
○	Existing MGRD Pole Locations
⊗	Existing Poles To Be Removed
⊙	STREET LIGHT
○—○	GUY
○—○—○	POLE TO POLE GUY
○—○	POLE TO BE RELOCATED
⊗	FUSE
⊗	LOAD BREAK
⊗	AIR BREAK
△	DISCONNECT
⊗	SINGLE PHASE
⊗	3 PHASE
—	PRIMARY OH WIRE
—	SECONDARY OH WIRE

UG LEGEND

○	URD POLE
□	MANHOLE
⊗	PULL BOX
○—○	HAND HDLE
⊗	SINGLE PHASE PAD
⊗	3-PHASE PAD
□	XFMR FOUNDATION
—	PRIMARY UG WIRE
—	SECONDARY UG WIRE
—	STREET LIGHT WIRE
—	SERVICE ARROW

nationalgrid

KENT COUNTY WATER AUTHORITY
 P 128 BALD HILL RD
 WARWICK, RI 02886

Drawn By: L. BREVIE
 Date: 7/12/2012
 Approved By:

Active Metering Number
 12785461

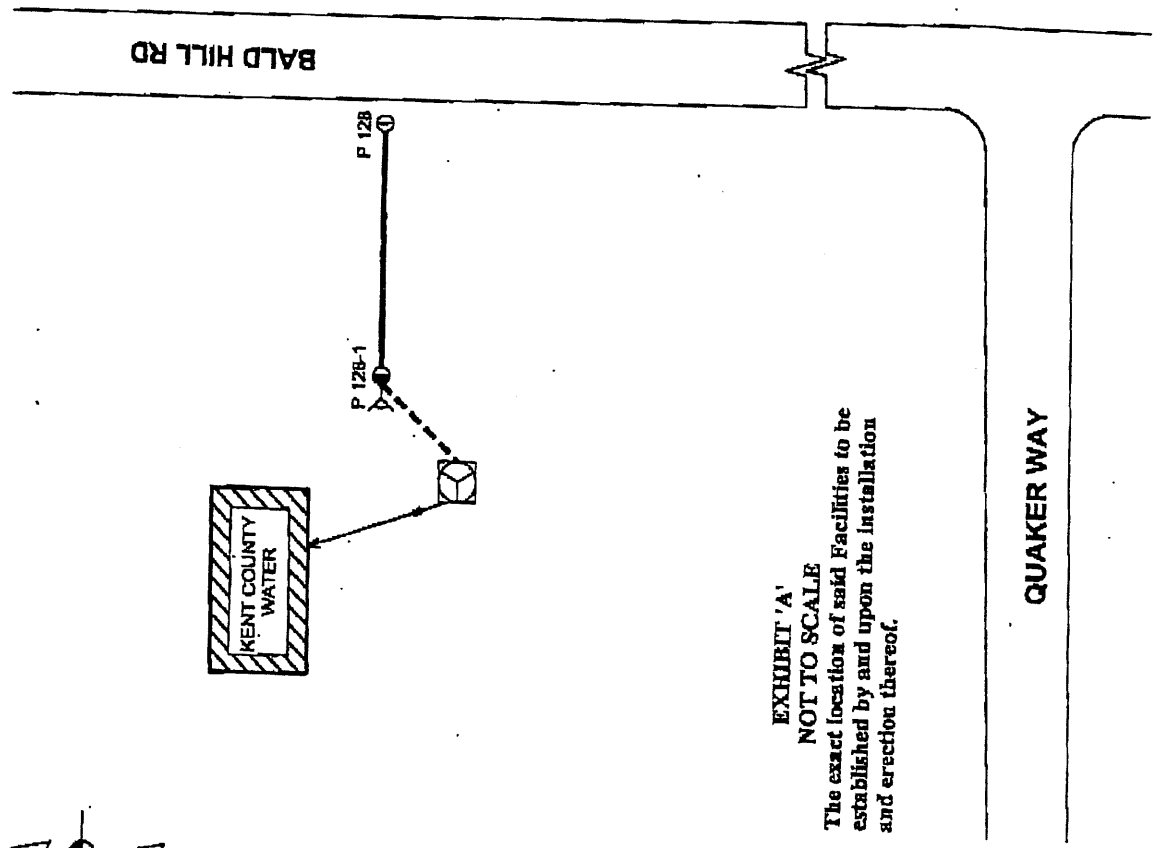


EXHIBIT 'A'
NOT TO SCALE
 The exact location of said Facilities to be established by and upon the installation and erection thereof.

MEMO

To: Board Members
From: Tim Brown
Subject: Interviews for the Engineer/Treatment Manager Position
Date: September 11, 2012

I completed interviews from selected candidates for the Engineer/Treatment Manager position. It was advertised in the Providence Journal on July 15, 2012 and 30 days on their partnered site Monster.com. Eight applicants submitted and of that two were selected for interview that had some or most all of the qualifications requested. Intention of this position would be part-time, to begin the plant operations and to manage it until existing staff members are up to speed and can run the plant on their own and then transition into the full-time engineer spot that has been open and vacant for a number of years.

Mr. David L. Simmons
P. O. Box 1224, Block Island, Rhode Island 02807
401-932-3577

Mr. Simmons is currently the operator of the Block Island Treatment Facility of both water and wastewater, is not a licensed engineer as of yet but has received his masters degree in engineering and holds Grade 3 Treatment and Grade 2 Distribution licenses from the State of Rhode Island. He certainly is qualified for this position based on my interview. He will need a Distribution 3 certificate in order to operate the plant but that should not be an issue since he has the acquired years of experience and will be operating a licensed facility to that size with Kent County. I found him to be very personable, extremely knowledgeable, I felt he has leadership skills that would be of value to the Authority in the future as well as the necessary experience. It is his desire to move back to the mainland from the island as he is very limited in his position at the Block Island facility. He has the laboratory skills and the technology exposure that we would be looking for. Even though Block Island is a small facility I think he would easily be able to expand his knowledge and his awareness of a much larger facility with the proper direction that we would provide. He also would be able to receive "responsible charge" working under myself for his future desire to become a registered professional engineer. I will await final decision until I have interviewed the candidates that have been selected for this position for interview.

Mr. Jon Pratt
66 Conanicus Road, Narragansett, RI 02882
401-782-4684

Mr. Pratt was selected based on his previous work experience with the Town of Westerly. He does not have the Distribution and Treatment requirement for this position. He does, however,

have the engineering experience for the Engineering slot and would have to eventually acquire the licensing based on his previous years of Distribution and Treatment experience with Westerly. As this point I am not sure that he would be allowed to take the exams outside of the Distribution 1 and Treatment 1 currently. Mr. Pratt was very personable, nervous during the interview and I felt was reaching for experience for the position that we had advertised. We did not discuss why he left or requested to leave Westerly and I did not pursue that at this point. He certainly has managerial engineering experience working in Westerly but has more transportation type experience previous verses water engineering style experience. Because this is a dual position requiring both treatment experience as well as engineering experience it would be difficult for me to select him at this point for that dual position. Since it is imminent that the treatment facility will be started it is important that we acquire someone that has actual experience in the treatment field to operate the plant with our staff in the management position we envision. At this point, I would not recommend Mr. Pratt for that position based on his general experience.

Previously Interviewed

I had previously interviewed another candidate for the engineering position many years ago who is currently employed by the Rhode Island Department of Health, Mr. Robert Schultz, Jr. He does have the engineering degree and would be required to have the Distribution and Treatment licensing in time. Unfortunately, he was not selected previous for the engineering position and I would not interview him again for this position. No other candidates were selected for interview based on their resumes and letters of interest.

Recommendations

Without a doubt I would recommend Mr. David L. Simmons for the position of Engineer/Treatment Manager for the Kent County Water Authority. I think we would be extremely lucky to have a candidate such as him who will be able to start the plant, involve existing employees in the plant and train them as necessary as well as ultimately assuming the full-time engineers position at the Authority. I believe with experience and training he would become a extremely valuable employee to the Authority and I think the development of his skills will be to the advantage in the future with whatever changes may occur. I do recommend Mr. Simmons for this position and will discuss his specific requirements with the Board at the Board meeting of September 20, 2012.

Timothy Brown

From: Mike Tousignant [mtousignant@kahnlitwin.com]
Sent: Wednesday, September 05, 2012 4:23 PM
To: Timothy Brown
Subject: FW: Kent County
Attachments: Michael Tousignant.vcf

Tim, here is an estimate of hours as requested. The total hours and rate was incorporated in the letter sent to you but this gives you more detail on what we were thinking. We used a blended rate of \$250. Most of the time will be incurred by a senior manager whose rate is just about that.


- 8 hours to the review of audited financial statements and related audit work papers (to include review of internal control procedure narratives).
- 1 hour to review and respond to management's discussion and analysis report.
- 12 hours related to the interview of members and documentation of discussions
- 6 hours related to the management operations study.
- 3 hours related to board meeting and related preparation.

Michael T. Tousignant, CPA
Director of Accounting and Audit



Kahn, Litwin, Renza & Co., Ltd.
951 North Main Street
Providence, RI 02904
Phone: 401-274-2001 | 781-547-8800 | Fax: 401-831-4018
Email: mtousignant@kahnlitwin.com | www.KahnLitwin.com

Click Here To Send Us A Secure File - <https://attachments.kahnlitwin.com/External/SendFile.aspx>

 Please consider the environment before printing this email.

Any statements contained herein are not intended or written by Kahn, Litwin, Renza & Co., Ltd. to be used, and nothing contained herein can be used, by you or any other person, for the purpose of avoiding penalties that may be imposed under federal tax law.

Timothy Brown

From: Rich Hencler [richard@geremiaengineering.com]
Sent: Thursday, September 20, 2012 11:20 AM
To: Timothy Brown
Cc: Nancy Clouart
Subject: Meadow Rd, Garden Ln, and Country Ln, Scituate RI
Attachments: MeadowRd_Est.pdf; MeadowRd_Layout.pdf

Tim,
Attached is the estimated quantities and cost based on Boyle & Fogarty's 2010A bid items and the proposed layout.

Richard M. Hencler, P.E.

JAMES J. GEREMIA & ASSOCIATES, INC.

272 West Exchange St., Suite 201

Providence, RI 02903-1061

Tel: (401) 454-7000, Ext. 311

Fax: (401) 454-7415

Meadow Rd, Garden In, & Country Ln, Scituate, RI
9/20/2012

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	UNIT COST	COST
2	Earth Excavation & Refill for Test Pits	CY	100	\$ 40.00	\$ 4,000.00
8	Calcium Chloride for Dust Control	LBS	500	\$ 0.30	\$ 150.00
14	8" D.I. Water Main	LF	1,310	\$ 110.00	\$ 144,100.00
16	6" D.I. Water Main	LF	20	\$ 80.00	\$ 1,600.00
23	8 x 8 Tees	EA	3	\$ 525.00	\$ 1,575.00
24	8 x 6 Tees	EA	1	\$ 525.00	\$ 525.00
28	8" Elbows	EA	4	\$ 250.00	\$ 1,000.00
35	8" Permanent Caps	EA	2	\$ 350.00	\$ 700.00
41	8" Gate Valves & Valve Boxes	EA	7	\$ 1,300.00	\$ 9,100.00
42	6" Gate Valves & Valve Boxes	EA	1	\$ 900.00	\$ 900.00
45	2" Permanent Blow-Off Assemblies	EA	4	\$ 2,000.00	\$ 8,000.00
47	Hydrants	EA	1	\$ 3,000.00	\$ 3,000.00
53	¾" Corporation Stops	EA	15	\$ 1,100.00	\$ 16,500.00
56	¾" Curb Stops & Boxes	EA	15	\$ 600.00	\$ 9,000.00
59	¾" Water Service Line	LF	250	\$ 10.00	\$ 2,500.00
65	3" Temp. Bit. Concrete Pavement	SY	800	\$ 15.00	\$ 12,000.00
68	1½" Bit. Conc. Overlay	SY	5,500	\$ 7.00	\$ 38,500.00
75	Cold Planing & Disposal (full width)	SY	1,000	\$ 4.00	\$ 4,000.00
81	Cold Planing & Disposal (36" width)	SY	300	\$ 3.00	\$ 900.00
74	Processed Gravel Roadway Base	CY	100	\$ 8.00	\$ 800.00
Total					\$ 258,850.00

KENT COUNTY WATER AUTHORITY
CASH RECEIPTS & DISBURSEMENTS
FISCAL YEAR 2012 - 2013

	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	JANUARY 2013	FEBRUARY 2013	MARCH 2013	APRIL 2013	MAY 2013	JUNE 2013	RA TE REVENUE FY 11-12	RA TE REVENUE FY 12-13
BEGINNING MONTH BALANCE	32,666,764	27,653,715	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	JUL 1,458,444	1,581,350
CASH RECEIPTS:													AUG 1,422,223	1,404,818
Collections	2,263,781	1,706,306											SEP 3,425,571	
Interest Earned	14,628	357											OCT 1,773,750	
TOTAL CASH RECEIPTS	34,945,173	29,360,379	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	NOV 1,220,703	
CASH DISBURSEMENTS:													DEC 2,166,398	
Purchased Water	555,637	614,961											JAN 1,090,917	
Electric Power	31,083	33,977											FEB 1,014,643	
Payroll	184,206	146,530											MAR 1,782,678	
Operations	28,917	62,220											APR 1,100,992	
Employee Benefits	375,142	62,351											MAY 1,021,305	
Legal	9,367	6,073											JUN 2,216,491	
Materials	28,754	33,859												
Insurance	26,690	130,590												
Sales Taxes	467	14,035												
Refunds		248												
Rate Case														
Conservation	4,229	470												
Pilot														
Capital Expenditures (Other)	1,938	13,555												
Mishnock Well/Storage/Pump/1221C	446,898	33,284												
Mishnock Treatment Facility 230A														
Read School House 234C														
CIP Update 235A														
Read School House Tank 236C	1,50,567	17,026												
Quaker Lane 240C														
2007 Infrastructure 284B														
2009 A Infrastructure 243C														
2009 B Infrastructure 248C	48,753	670,393												
2010 Infrastructure Design 249C	19,806	1,026,971												
Water Street EG 250C														
Water System Management 237A	43,467	1,214,540												
Mishnock Transmission Main 245C	3,316,556													
Bank New York - Debt Service (P. &	65,217.07	55,769.61												
Water Protection														
Reduction in Debt Service Reserve	1,953,763.15													
TOTAL DISBURSEMENTS	7,291,458	4,136,853												
BALANCE END OF MONTH	27,653,715	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526	25,223,526		

KENT COUNTY WATER AUTHORITY
CASH LOCATION
FISCAL YEAR 2012-2013

	JUL 2012	AUG 2012	SEP 2012	OCT 2012	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013
CASH LOCATION:												
Citizens Bank - Payroll	\$ 40,000.00	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank of America - Deposit	767,453.39	305,308.34										
Bank of America - Checking	67,287.04	110,487.97										
	874,740.43	455,796.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue	618,793.19	595,926.67										
Infrastructure Fund	9,969,595.97	8,851,142.45										
Operation Reserve Allowance	656,296.68	680,606.50										
Operation & Maintenance Reserve	2,373,625.17	2,373,644.67										
Renewal & Replacement Fund	180,988.65	189,323.43										
Renewal & Replacement Reserve	1,023,927.53	1,023,935.93										
Debt Service Fund - 2001	4.35	7.02										
Debt Service Reserve - 2001	0.00	0.00										
General Project - 2002	0.00	0.00										
Debt Service Fund - 2002	11.41	17.44										
Debt Service Reserve - 2002	0.00	0.00										
Debt Service Fund - 2004	104,548.16	209,091.68										
Debt Service Reserve - 2004	228,601.64	225,636.90										
Refunding Trust Account 2001*	5,698,109.00	0.00										
Refunding Trust Account 2002*	15,678,288.00	0.00										
Debt Service Reserve 2012	1,728,590.36	1,728,765.18										
Debt Service Fund 2012	180,798.40	361,596.85										
Project Fund 2012 **	9,719,529.41	8,528,035.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	\$ 49,036,448.35	25,223,526.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Full Redemption on 8/17/2012 (21,376,397.00)
 ** Issuance Costs to be Paid (6,336.04)
 Total 27,653,715.31