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November 21, 2013

Mrs. Luly Massaro
Commission Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Dk 4406

Dear Mrs. Massaro:

Pursuant to Commission Rule 1.21(c) Providence Water is filing the attached two clarifications to the testimony given at the November 13, 2013 hearing.

If you have any questions you can contact me at extension 7217.

Sincerely,

Mary L. Deignan-White
Senior Manager of Regulatory

cc: service list

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Providence Water
Docket # 4406
Clarification to Testimony at 11/13/13 Hearing

1. At the hearing on Wednesday, 11/13/13, Providence Water was asked questions regarding overtime and the payment of over \$40,000 in overtime to one individual. Not having the data request response presented to us, the answers were predicated with the response "subject to check" (see Commission Rule 1.21 (c)). Providence Water has gone back and looked at the data request response (PUC 1-14) that the questions regarding overtime were based on. For the record, the overtime in question was paid during FY 2010, which covers the period July 1, 2009 through June 30, 2010. The overtime was paid to an individual in the position Water Treatment Operator, which would be in the Water Treatment Plant.

Now that Providence Water has had an opportunity to go back and determine what extenuating circumstances occurred four years ago, Providence Water can provide a more accurate response. Providence Water must have a licensed Operator on all three shifts, seven days per week, per the RI Dept. of Health rules. Providence Water's full complement is nine positions that rotate through all shifts for forty hours per week each. This allows Providence Water to staff the plant with limited overtime, just due to holiday, sick or vacation coverage. During FY 2010, in July of 2009, two of the nine operators were subject to disciplinary measures which included suspension without pay and subsequent termination. These two positions were only paid 5 weeks out of the 52 in FY 2010. Another operator had a medical illness subject to FMLA. This position was on sick time and FMLA both paid and unpaid. This position was unpaid for 23.4% of FY 2010. Providence Water therefore had to use overtime to cover each shift with at least one licensed operator, while attempting to recruit competent personnel. Please note that it takes 4 years for an individual to become fully licensed, unless they have a bachelor's degree in a DOH approved science. Providence Water cannot simply post and fill the position.

The individual in question that received over \$40,000 in overtime pay, worked every week, never took a week off, and worked overtime every week during FY 2010. He really stepped up to the plate for Providence Water. In fact, several other Water Treatment Operators also worked many hours above their regular shift during FY 2010 to provide coverage. Providence Water was not paying the salary of the vacant positions and the overtime was an offset. The overtime for these positions was much less during FY 2011 once additional personnel were hired. Providence Water does not authorize overtime without it being warranted and hopes this clears up the issue.

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2. Providence Water requested \$8 million to increase the IFR Fund. During the settlement, Providence Water agreed to a proposal of the Division to reimburse the Operating Fund for Overhead applied of approximately \$1.3 million per year. Providence Water agreed to this for this case and advised the Division that any future IFR increases would have to include these funds as the IFR Plan never anticipated this cost. The amount in the settlement in essence reduces the IFR increase to \$6.7 million (\$8 - 1.3 million). Any additional decreases will result in projects being cut or increased borrowing via the Line of Credit, increasing interest costs to be charged to the IFR Fund (and the ratepayers) and reducing the amount available for projects.