



Kent County Water Authority

October 26, 2020

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

Re: Infrastructure Program

Dear Mrs. Massaro:

In accordance with Kent County Water Authority rate order Docket #4611, we are required to file an Infrastructure Report semi-annually. The attached reports on infrastructure are through June 30, 2020.

Also, in accordance with the report and order are five copies to be provided as a filing to the Commission. A separate copy will be mailed to Ms. Christy Hetherington, Assistant Attorney General on this matter.

If you have any questions or members of your staff would like further information, please feel free to call at any time.

Very truly yours,
Kent County Water Authority

A handwritten signature in blue ink, appearing to read "D. Simmons", is written over the typed name of David L. Simmons.

David L. Simmons, P.E.
Executive Director/Chief Engineer

cc: Board Members
Christy Hetherington

Kent County Water Authority

**Report on Progress of IFR Projects
As of June 30, 2020**

<u>Description</u>	<u>Proj #</u>	<u>Estimate</u>	<u>Expended</u>	<u>Estimated Funds to Complete</u>
IFR 2016A, B, C (Design Only)	290	\$18,266,655	\$163,771	\$18,102,885
IFR Structure Demolition	293	\$408,800	\$309,010	\$99,790
IFR 2018	296	\$3,281,378	\$3,281,378	\$0
Water Supply Hydraulic Model	297	\$106,844	\$89,963	\$16,881
		\$22,063,676	\$3,844,122	\$18,219,555

IFR Report

This report will contain information on the approved programs under the current IFR bond issue and restricted funding approved by the PUC. Kent County Water Authority (KCWA) received continued restricted IFR and meter replacement funding through the most recent full rate case, Docket #4611. The current IFR 2017 Series A bond will be paid off the beginning of 2021 as approved under KCWA's most recent abbreviated rate filing Docket #5012. The restricted IFR account will be fully funded at \$6 million annually with the debt service rolling off upon paying the bond in full.

IFR 2016 (A, B & C)- Design Only

Design Services completed and contract separated into three contracts due to cost. All construction contracts based on the designs on hold until funding is acquired in the IFR restricted account. KCWA expanded on design services to include two pressure reducing valve stations that are currently outdated and are not connected to our Supervisory Control and Data Acquisition (SCADA) system. A future IFR construction project slated for 2021 will include the two PRV stations and several prioritized locations from the 2016 design documents for water main replacement.

Construction Cost Estimates from 2016 A-B-C Design

IFR 2016A- \$6,657,585

IFR 2016B- \$5,108,785

IFR 2016C- \$6,500,285

IFR Structure Demolition

The original demo project that encompassed several obsolete and inactive concrete and/or steel structures and tanks was split into a separate contract to remove only the two steel water tanks in Coventry at this time. These projects were set at a higher priority due to lead coating present on the exteriors of both tanks. The project was awarded on September 24, 2019 to J.R. Vinagro Corporation for the lump sum price of \$275,840 and is fully funded. The tanks were removed March-April of 2020 and sites cleared by RIDEM of any lead paint contamination in and around the tank site.

IFR 2018

Project created to repair water quality issues, main replacements in locations of multiple main breaks, and a failed bridge crossing. First bid rejected due to sole bidder. The project was rebid and opened on 1/23/2019. The rebid yielded several bidders and was ultimately awarded to Boyle and Fogarty Construction for \$2.97 million. The project started April 2019 and was completed November of 2019 with the final paving in Spring of 2020.

Meter Replacement Program

Revenues were collected in a restricted account to replace all meter sized two inches and below as approved in the PUC rate filing Docket 4611. It was estimated that approximately 6.6 million dollars would be needed to be collected over three years at which time a compliance filing would be submitted to the PUC to potentially terminate the funding effective January 1, 2020, or on whatever date the program funding needs to be terminated to complete the project. An extension to the compliance filing was granted by the PUC to February 1, 2020. The Authority was allowed to continue funding of the program through August of 2020 under the most recent abbreviated rate filing Docket #5012 with the additional funds to be utilized to pay off and defease outstanding debt/bond issues.

The total proposed meter project cost is \$6,169,192 and the installation of approximately 25,000 meters. The project is about halfway completed with an estimated final completion by September of 2021. This is a three month delay due to effects of Covid-19 pandemic and accessibility issues in April and May of 2020. The original meter program funding under Docket 4611 did not include the replacement of large and medium meters sized 3-inches and above. Docket 5012 expands the meter program to include the replacement of unitized measuring elements in larger meters allowing KCWA to implement the same latest generation automatic meter reading (AMR) technology and metrology as what is currently being installed on all meters sized 2-inches or less. The goal is to apply a uniform metering technology to deliver improved service and billing that is in line with current utility standards. KCWA will be going onto monthly billing for all medium and large customers by the end of 2020 to provide those customers with the most current usage information and bill paying options via a customer portal. Having the most current metrology in place to accurately monitor the use from these customers is critical to the base revenue requirement and cash flow for the Authority. It is the goal of KCWA to expand

monthly billing to all customers in a future rate filing. The updated metering system will also allow KCWA to perform more frequent readings outside of billing for our staff to locate problems earlier such as water leaks and proactively alert customers.

2019 Clean Water Infrastructure Plan (CWIP)

Kent County Water Authority performed the revision of the five-year Infrastructure Replacement (IFR) Plan update, or CWIP in December of 2019. The update followed the streamlined IFR Plan format previously submitted and approved by Rhode Island Department of Health (RIDOH) in September of 2014. The spreadsheet format greatly simplified the update process while providing the information necessary to fulfill the requirements of the RIDOH concerning compliance with the Infrastructure Replacement Plan regulatory requirements. The CWIP was resubmitted addressing comments dated April 2, 2020 from the Division of Statewide Planning. In addition to addressing those comments, we added the meter replacement program on the Infrastructure Adequacy table. The meter replacement funding mechanism was requested to be included by the DPUC under the Authority's Abbreviated Rate Filing PUC Docket 5012. The future progression of the meter replacement program is one element of the overall IFR program and is predicated on the Rhode Island Public Utilities Commission's approved restricted rate base allowance of \$6,000,000.00 per year committed to all IFR projects. The CWIP is currently in final review with RIDOH.

Approximately \$744,838,860 is necessary to replace all the transmission and distribution mains that have not been replaced since the first implementation of the IFR Program several years ago. Based on the 20-year projection approximately \$185,000,000 of replacements need to occur. The projected infrastructure replacement schedule is based on the elements outlined in the RIDOH regulations and reflects grouping of priority needs of anticipated replacements to realize the greatest overall scale of economy and efficiency in prioritization of work. The five and twenty-year projection costs do not take into consideration escalation cost of design, material and construction over the twenty (20) year period. Increase in rates would be necessary to advance this program to completion within a twenty (20) year timeline.

Hydraulic Model Update

The Kent County Water Authority solicited proposals for the Professional Consulting Engineering Services to update the existing computerized hydraulic model and integrate with our GIS system using WaterGEMS. Integration with the GIS system and the tools in WaterGEMS

will allow KCWA to more efficiently evaluate hydraulics, pipeline evaluation inclusive of age, material, diameter, break history, water quality, static and residual pressure analysis, and scenario development for optimization and the creation of IFR and CIP projects. Pare Engineering was awarded the project August 2019.