



February 1, 2019

The Hon. Jorge O. Elorza
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Mrs. Luly Massaro
Commission Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Dk 4618: Revenue Reserve Filing

Dear Mrs. Massaro:

Enclosed please find an original and nine (9) copies of Providence Water's responses to the fifth set of data requests from Bristol County Water Authority dated January 11, 2019.

An electronic copy of this document has been provided to the service list. If you have any questions I can be reached at 521- 6300 extension 7217.

Sincerely,

Mary E. Deignan-White
Senior Manager of Regulatory

cc: service list (via email)

PROVIDENCE WATER SUPPLY BOARD
Docket No. 4618
Fifth Set of Data Requests of the Bristol County Water Authority
January 31, 2019

BCWA 5-1: In Harold Smith's testimony and schedules he indicates that, "The combined revenue shortfall resulting from the reduction in consumption from the time the Docket 4618 rates went into effect until the end of FY 2018 is \$5,526,671." In Providence's letter to the Commission dated January 11, 2019, it states that "as of September 30, 2018, the restricted funds were underfunded by \$8,798,124.95."

- a. If Providence only experienced a revenue deficit of \$5,526,671 at the end of FY2018, then why is the amount of underfunding for the restricted accounts \$8,798,124.95 as of September 30, 2018.
- b. Please explain this discrepancy of \$3,271,453.95 and provide supporting documentation and calculations.

RESPONSE:

- a. The amount of the revenue shortfall was calculated for a period of seventeen months from February of 2017 through June of 2018 while the fund balances (or deficits) are cumulative numbers for the period since the restricted accounts were established through September of 2018. The balances in the restricted accounts are affected to some degree by revenue shortfalls that may have occurred either before or after the period for which the revenue shortfall was determined.
- b. See response to a.

PROVIDENCE WATER SUPPLY BOARD
Docket No. 4618
Fifth Set of Data Requests of the Bristol County Water Authority
January 28, 2019

BCWA 5-2: In Docket 4618, Schedule NEP-12C attached to Nancy Parrillo's direct testimony projected a \$1,524,362 balance in the IFR Replacement Fund at the end of FY2017 and a \$5,111,082 balance at the end of FY2018. In Providence's letter to the Commission dated January 11, 2019, it states that if the Commission approves Providence's request to transfer funds, it will apply \$5,268,695.00 to the Infrastructure Replacement Fund", which would "still leave the IFR Fund underfunded by \$2,375,436.94 as of November 30th."

- a. Please explain why the IFR Fund is underfunded by more than \$7.5 million and provide supporting documentation and calculations.
- b. Please provide a schedule showing the balance in this account as of the end of FY16 and all deposits into, and expenditures out of, this account from the end of FY16 to the present date.

RESPONSE:

- a. The IFR Fund is underfunded because Providence Water is experiencing a shortfall in revenues as a result of a decline in consumption as shown in the testimony and data previously filed in this docket.
- b. Please see the schedules attached. (BCWA 5-2.1 – 3)

Providence Water		BCWA 5-2.1	
Restricted Funds Reconciliation			
For the period ending 10/31/16*			
		848	
		Infrastructure	
Beginning Cash Balance 7/1/16		\$ 5,459,520	*
	Due From 601 Operating Fund	4,636,253	
	Due from 843 Water Quality Protection Fund	2,000	
	Due from 845 Capital Fund		
	Due from 848 IFR Fund		
	Due from 849 Meter Fund		
	Due from 878 Chemical Fund		
	Due To 848 IFR Fund		
	Due to 601 Operating Fund	-2,604,312	
	Due To 843 Water Quality Protection Fund		
	Due To 845 Capital Fund		
	Due To 848 IFR Fund		
	Due To 877 Western Cranston Fund		
	Sub-total Cash & Due To/From Beginning Balances	\$ 7,493,460	
Funding			
	Tfr of Docket Revenue	8,000,000	
	Bond Reimbursements		
	Reimbursement for Down Pmnt on COF		
	Interest Income		
	Interest Income Others**	168,970	
	Tax Treaty Refund		
	Impact Fees		
	Sub-total Funding	\$ 8,168,970	
Expenses			
	Debt Service Principal	3,299,000	
	Debt Service Interest	947,222	
	Letter of Credit		
	Sub-total Debt	\$ 4,246,222	
	Salary & Fringes	169,661	
	Labor & Overhead Reimbursement		
	Fees not Classified		
	Autos and Trucks		
	Chemicals/Sludge Maintenance		
	Insurance		
	Claims		
	Shop and Plant Equipment		
	Computers/Communication Equip		
	Legal		
	Project Costs	11,362,420	
	Professional Fees		
	Land		
	Maintenance & Services		
	Repairs to Streets	168,284	
	Misc Expenses		
	Materials/Equipment		
	Office Furniture		
	Sub-total Expenses	\$ 11,700,365	
	Ending Cash & Due To/ Due From Balance 10/31/16	\$ (284,157)	
	Ending Cash Balance 10/31/16	735,697	
	Due From 601 Operating Fund	1,636,253	
	Due From 843 Water Quality Protection Fund	2,000	
	Due from 845 Capital Fund	2,854	
	Due from 848 IFR Fund		
	Due from 849 Meter Fund		
	Due from 878 Chemical Fund		
	Due To 601 Operating Fund	-2,660,960	
	Due to 843 Water Quality Protection Fund		
	Due to 845 Capital Fund		
	Due To 848 IFR Fund		
	Due To 877 Western Cranston Fund		
	Ending Cash & Due To/ Due From Balance 10/31/16	\$ (284,157)	
* Please note using unaudited financial statements.			
** Loan principal forgiveness on CWFA FY'09 Bonds, and Debt Service Reserve.			

Providence Water		BCWA 5-2.2	
Restricted Funds Reconciliation			
For the period ending 2/28/17*			
		848	
		Infrastructure	
Beginning Cash & Investments Balance 11/1/16		\$ 730,697	*
	Due From 601 Operating Fund	1,636,253	
	Due from 843 Water Quality Protection Fund	2,000	
	Due from 845 Capital Fund	2,854	
	Due from 848 IFR Fund		
	Due from 849 Meter Fund		
	Due from 878 Chemical Fund		
	Due To 848 IFR Fund		
	Due to 601 Operating Fund	-2,661,126	
	Due To 843 Water Quality Protection Fund		
	Due To 845 Capital Fund		
	Due To 848 IFR Fund		
	Due To 877 Western Cranston Fund		
	Sub-total Cash & Investments, and Due To/From Beginning Balance	\$ (289,323)	
Funding			
	Tfr of Docket Revenue	8,000,000	
	ESWD Annexation Fee Deposit		
	Reimbursement for ESWD Annexation Fee	2,275	
	Interest Income		
	Interest Income Others**		
	Tax Treaty Refund		
	Disposal of Fixed Assets		
	Sub-total Funding	\$ 8,002,275	
Expenses			
	Debt Service Principal		
	Debt Service Interest		
	ESWD Annexation Fee Transfer to 848		
	Sub-total Debt	\$ -	
	Salary & Fringes	187,830	
	Labor & Overhead Reimbursement		
	Fees not Classified		
	Autos and Trucks		
	Chemicals/Sludge Maintenance		
	Insurance		
	Claims		
	Shop and Plant Equipment		
	Computers/Communication Equip		
	Legal		
	Project Costs	7,213,118	
	Professional Fees		
	Land		
	Maintenance & Services		
	Repairs to Streets	41,088	
	Misc Expenses		
	Materials/Equipment		
	Write Off of 2010 Due From Balances		
	Sub-total Expenses	\$ 7,442,036	
	Ending Cash & Investments, and Due To/ Due From Balance 2/28/17	\$ 270,917	
Ending Cash & Investment Balance 2/28/17		1,004,967	
	Due From 601 Operating Fund	636,253	
	Due From 843 Water Quality Protection Fund	2,000	
	Due from 845 Capital Fund	9,314	
	Due from 848 IFR Fund		
	Due from 849 Meter Fund	2,275	
	Due from 878 Chemical Fund		
	Due To 601 Operating Fund	-1,383,892	
	Due to 843 Water Quality Protection Fund		
	Due to 845 Capital Fund		
	Due To 848 IFR Fund		
	Due To 877 Western Cranston Fund		
	Ending Cash & Investments, and Due To/ Due From Balance 2/28/17	\$ 270,917	
* Please note using unaudited financial statements.			
** Loan principal forgiveness on CWFA FY'09 Bonds, and Debt Service Reserve.			

Restricted Account Analysis
FY 2017 (March - June); FY2018
Infrastructure Replacement Fund

	FY2017						FY2018					
	March	April	May	June			July	August	September	October	November	December
Opening Cash Balance	1,004,966.71	(174,815.36)	645,660.37	1,645,075.81								
Monthly Expenditures	(1,255,845.27)	(454,524.27)	(301,504.56)	(2,120,620.58)								
Debt Service	(923,936.80)											
Reimbursement RIB												
Monthly Funding from Rates	1,000,000.00	1,275,000.00	1,275,000.00	3,275,000.00								
Misc. Income/Reimb.	-		25,920.00									
Interest												
Ending Balance - Cash Basis	(174,815.36)	645,660.37	1,645,075.81	2,799,455.23								
Bank Balance	447,468.78	830,294.84	1,673,379.45	2,855,632.14								
o/s checks	(622,284.14)	(184,634.47)	(28,303.64)	(56,176.91)								
Due to other Funds				(420,021.62)								
Due From Operations & other Funds			3,075,988.32	3,075,988.32								
Fund Balance - Accrual basis			5,455,421.93	5,455,421.93								
	FY2019						FY2020					
	July	August	September	October	November	December	January	February	March	April	May	June
Opening Cash Balance	10,714,126.76	9,742,639.95	2,209,597.98	3,914,330.61	3,327,837.26	3,301,554.44	1,493,463.66					
Monthly Expenditures	(1,797,310.00)	(2,544,503.39)	(1,707,767.37)	(2,861,493.35)	(2,301,282.82)	(1,808,090.78)						
Debt Service		(4,988,538.58)										
Reimbursement RIB	765,823.19		3,412,500.00	2,275,000.00	2,275,000.00							
Monthly Funding from Rates												
Misc. Income/Reimb.												
Interest												
Ending Balance	9,742,639.95	2,209,597.98	3,914,330.61	3,327,837.26	3,301,554.44	1,493,463.66						
Bank Balance	10,166,587.43	3,458,088.22	4,092,788.82	3,487,615.22	5,024,643.88	1,712,228.41						
o/s checks	(423,917.48)	(1,248,490.24)	(178,458.21)	(159,777.96)	(1,723,089.44)	(218,764.75)						
Due to other Funds	(616,377.93)	(683,024.42)	(798,377.00)	(704,756.60)	(803,580.28)	(866,061.98)						
Due From Operations & other Funds	6,486,716.49	8,770,780.49	7,656,513.00	7,641,004.94	7,644,131.94	9,915,355.49						
Fund Balance - Accrual basis	15,614,618.51	10,297,354.05	10,752,266.61	10,264,085.60	10,142,106.11	10,542,757.17						