



January 6, 2017

The Hon. Jorge O. Elorza  
Mayor  
Ricky Caruolo  
General Manager

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

---

**BOARD OF DIRECTORS**

Xaykham Khamsyvovong  
Chairperson  
Joseph D. Cataldi  
Vice Chairperson  
Michael J. Correia  
Councilperson  
Sabina Matos  
Councilperson  
Lawrence J. Mancini  
Ex-Officio  
Cristen L. Raucchi, Esq.  
Member  
Kerri Lynn Thurber  
Member  
Carissa R. Richard  
Secretary  
William E. O'Gara, Esq.  
Legal Advisor

RE: Dk 4618: Bristol County, Set 6

Dear Mrs. Massaro:

Enclosed please find an original and nine copies of Providence Water's responses to the sixth set of data requests from Bristol County.

If you have any questions I can be reached extension 7217.

Sincerely,

Mary L. Deignan-White  
Senior Manager of Regulatory

cc: service list(via email)

---

**MEMBER**

Rhode Island Water Works Assn.  
New England Water Works Assn.  
American Water Works Assn.  
Water Research Foundation

An EPA WaterSense Partner

**(401) 521-6300**

552 Academy Avenue  
Providence, RI 02908

**www.provwater.com**

Follow us @provwater

Like us at:  
facebook.com/Providencewater

## Providence Water Docket 4618

### **Data Requests of the Bristol County Water Authority Set 6**

**BCWA 6-1:** The schedule provided in response to BCWA 5-7 shows activity in the Revenue Reserve Fund from FY 2008 through FY 2015. Please explain why interest income is only shown in FY 2009.

**RESPONSE:**

The Treasurer's office for the City of Providence has the responsibility for all cash held by the City including the accounts of Providence Water. Mr. James Lombardi, Treasurer for the City of Providence, has informed us that in 2010, bank accounts were transferred to Citizens Bank. At that point in time, the deep economic recession caused the investment market to retract considerably causing a steep reduction in interest rates, thus net returns on short-term investments were very low, in fact essentially zero. The City tried to be more aggressive with investments; however, the City found that the cost and risk on these instruments outweighed the rate of return. It was then deemed safer and more prudent to obtain banking credits to offset fees than invest.

Providence Water Docket 4618

**Data Requests of the  
Division of Public Utilities and Carriers  
Set 6**

**BCWA 6-2:** Please provide a revised Schedule NEP-12 G that also shows activity in the restricted Chemical/Sludge Maintenance account for fiscal years 2008, 2009, 2010, 2011, 2012, 2013, 2014, and 2015.

**Response:** Please see attached revised Schedule NEP-12G.

Schedule NEP 12-G Revised-Actual  
 Chemical Sludge Fund  
 For BCWA 6-2

Source of Funds	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	466,124	850,247	1,656,168	2,837,318	725,486	224,184	220,809	307,696
Docket Revenue	2,619,906	3,132,565	2,795,754	2,458,942	2,458,942	2,458,942	3,479,471	4,500,000
IFR Deferred Revenue					185,642	1,113,862	556,926	
Interest	2,163	2,124	-	-	-	-	-	-
<b>Total Sources</b>	<b>\$ 3,088,193</b>	<b>\$ 3,984,936</b>	<b>\$ 4,451,922</b>	<b>\$ 5,296,260</b>	<b>\$ 3,370,069</b>	<b>\$ 3,796,988</b>	<b>\$ 4,257,206</b>	<b>\$ 4,807,696</b>
<b>Less obligated uses of funds</b>								
Chemicals	1,737,946	1,808,768	1,614,604	2,392,994	2,593,193	2,061,062	1,798,401	1,769,101
Other					2,692	15,117		
Sludge Maintenance	500,000	520,000	-	2,177,780	550,000	1,500,000	2,151,109	1,608,918
<b>Total Uses</b>	<b>\$ 2,237,946</b>	<b>\$ 2,328,768</b>	<b>\$ 1,614,604</b>	<b>\$ 4,570,774</b>	<b>\$ 3,145,885</b>	<b>\$ 3,576,179</b>	<b>\$ 3,949,510</b>	<b>\$ 3,378,019</b>
<b>End of Year Balance</b>	<b>\$ 850,247</b>	<b>\$ 1,656,168</b>	<b>\$ 2,837,318</b>	<b>\$ 725,486</b>	<b>\$ 224,184</b>	<b>\$ 220,809</b>	<b>\$ 307,696</b>	<b>\$ 1,429,677</b>

## Providence Water Docket 4618

### Data Requests of the Division of Public Utilities and Carriers Set 6

**BCWA 6-3:** In Docket 4061 the Commission “allowed Providence Water to collect an additional two percent (2%) in rates (\$92,821 per month or \$1,113,852 per year). The purpose of this additional two percent (2%) is to require Providence Water to deposit the \$92,821 per month into its IFR Account in addition to the amount that it would otherwise be depositing. The Commission also limited the amount Providence Water can collect in the IFR Account from the additional revenues to \$2,500,000.”

- a. In response to BCWA 5-8, Providence provide a revised Schedule NEP-12 C that shows activity in the restricted Revenue Reserve account for fiscal years 2008, 2009, 2010, 2011, 2012, 2013, 2014, and 2015. Does the “Source of Funds” include the additional two percent (2%) in rates (\$92,821 per month or \$1,113,852 per year) in FY 2010, 2011 and 2012?
- b. If the answer to subsection a. is in the affirmative, please explain how the Source of Funds includes this amount. If it is included in the “Other Sources” please provide an itemized breakdown of the “Other Sources” for FY 2010, 2011 and 2012.
- c. In response to BCWA 5-9, Providence indicated that it reached the limit of \$2.5 million in the IFR account in June 2012, and began depositing \$1,113,852 per year into the Chemical Fund. Did the Commission authorize this alternative funding from the IFR account to the Chemical Fund?
- d. If the answer to subsection c. is in the affirmative, please cite the Docket Number and page number of the Order.
- e. In response to BCWA 5-9, Providence provided bank statements “showing deposits” of the \$1,113,852 into the “Chemical Fund”, but these bank statements end as of June 30, 2013. Is Providence still depositing \$1,113,852 into the Chemical Fund on a yearly basis?
- f. If the answer to subsection e is in the negative, please explain whether Providence is still collecting two percent (2%) in rates (\$92,821 per month or \$1,113,852 per year), and if so where it is depositing these funds.

#### Response:

- a. The revised Schedule NEP-12C was prepared on a cash basis not an accrual basis. The Schedule has now been revised to reflect all actual and accrued activity and to correct errors in FY 14 and FY 15. See attached Schedule NEP-12C, (corrected) which correctly shows the additional two percent (2%) in rates (\$92,821 per month or \$1,113,852 per year) in FY 2010, 2011 and 2012.

## Providence Water Docket 4618

### **Data Requests of the Division of Public Utilities and Carriers Set 6**

- b. See above response.
- c. Providence Water did not specifically get authorization from the Commission, however we did disclose this information in our 4-month Restricted Funds Reports to the Commission from June 2012 through December 2013, and in our Semi-Annual Reports filed for 6/30/2012, 6/30/2013 and 6/30/2014 and we received no objection.
- d. See above response.
- e. Providence Water is not depositing \$1,113,852 into the Chemical Fund on a yearly basis.
- f. Providence Water is not collecting two percent (2%) in rates (\$92,821 per month or \$1,113,852 per year), this concluded when Dk 4406 was approved on December 6, 2013. The last deposit to the Chemical Fund for \$92,821 was made December 2013.

Schedule NEP 12-C (corrected) Revised to Actual  
 IFR Fund  
 For BCWA 6-3 (a)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Source of Funds</b>								
Beginning Balance	10,986,479	6,254,298	21,423,607	18,430,580	10,256,625	5,665,730	9,110,784	8,793,110
Docket Revenue	13,200,000	13,900,000	14,950,000	16,000,000	16,000,000	16,000,000	20,000,000	24,000,000
IFR Deferred Revenue			556,926	1,113,852	835,389			
Other (bond reimb, interest, LOC)	299,839	11,940,640	32,120	32,375	1,270,494	8,665,664	172,163	85,419
<b>Total Sources</b>	<b>\$ 24,486,318</b>	<b>\$ 32,094,938</b>	<b>\$ 36,962,653</b>	<b>\$ 35,576,807</b>	<b>\$ 28,362,508</b>	<b>\$ 30,331,394</b>	<b>\$ 29,282,947</b>	<b>\$ 32,878,529</b>
<b>Less obligated uses of funds:</b>								
Debt Service-Principal	756,000	794,000	794,000	2,112,751	2,441,264	2,502,336	2,656,000	2,730,000
Debt Service-Interest	178,668	631,610	1,157,556	1,303,380	1,300,695	1,453,171	1,473,822	785,198
Other							3,008,652	
Payroll Reimbursement	819,339	816,394	940,599	941,894	1,345,248	1,250,066	1,382,804	2,073,692
Salaries/Fringe	239,573	269,616	327,204	401,221	431,807	456,478	476,339	543,712
Sub-total Debt Service/Other	\$ 1,993,580	\$ 2,511,621	\$ 3,219,359	\$ 4,759,246	\$ 5,519,015	\$ 5,662,051	\$ 8,997,616	\$ 6,132,603
Cash Funded Projects **	\$ 16,238,440	\$ 8,159,710	\$ 15,312,714	\$ 20,560,936	\$ 17,177,764	\$ 15,558,559	\$ 11,492,221	\$ 13,552,085
<b>Total Uses</b>	<b>\$ 18,232,020</b>	<b>\$ 10,671,331</b>	<b>\$ 18,532,073</b>	<b>\$ 25,320,182</b>	<b>\$ 22,696,778</b>	<b>\$ 21,220,610</b>	<b>\$ 20,489,837</b>	<b>\$ 19,664,688</b>
<b>End of Year Balance</b>	<b>\$ 6,254,298</b>	<b>\$ 21,423,607</b>	<b>\$ 18,430,580</b>	<b>\$ 10,256,625</b>	<b>\$ 5,665,730</b>	<b>\$ 9,110,784</b>	<b>\$ 8,793,111</b>	<b>\$ 13,213,841</b>

Note: Beginning and Ending Balance include Due to/from.

Providence Water Docket 4618

**Data Requests of the  
Bristol County Water Authority  
Set 6**

**BCWA 6-4:** Regarding the schedule provided in response to BCWA 5-8, please explain the negative source of funds in the amount of \$5,898,138 in FY 2014.

**RESPONSE:**

The negative amount in the source of funds was a mistake. BCWA 5-8 was originally calculated on a cash basis. See the revision on Schedule BCWA 6-3(a).

Providence Water Docket 4618

**Data Requests of the  
Bristol County Water Authority  
Set 6**

**BCWA 6-5:** The schedule provided in response to BCWA 5-8, shows an end of the year balance of \$10,020,962 for FY 2015. Schedule NEP 12 C shows a "carryover" balance from the end of FY 2015 in the amount of \$13,197,215. Please explain this discrepancy.

**RESPONSE:**

The difference in the "carry-over" balance is because BCWA 5-8 was calculated on a cash basis as opposed to the accrual basis that was shown on Schedule NEP 12-C. See the revision on Schedule BCWA 6-3(a).