

June 28, 2016

**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

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**BOARD OF DIRECTORS**

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Member  
**Carissa R. Richard**  
Secretary  
**William E. O'Gara, Esq.**  
Legal Advisor

RE: Dk 4618; Division of Public Utilities & Carriers; Set 1

Dear Mrs. Massaro:

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

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

Sincerely,

Mary L. Deighan-White  
Senior Manager of Regulatory

cc: service list(via email)

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**MEMBER**

Rhode Island Water Works Assn.  
New England Water Works Assn.  
American Water Works Assn.  
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552 Academy Avenue  
Providence, RI 02908

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# Providence Water Docket 4618

## **Data Requests of the Division of Public Utilities and Carriers Set 1**

**DIV 1-1:** Please provide a complete copy of Providence Water's current chart of accounts.

**RESPONSE:** See attached. The Providence Water chart of accounts is created for fund accounting purposes.

The accounts are organized in the following manor:

XXX – YYY – ZZZZZ

Where "XXX" = the fund, "YYY" = cost center, "ZZZZZ" = posting account (ie. income, expense).

The funds are (XXX):

- 601 Operating Fund
- 843 Water Quality Protection Fund
- 845 Capital
- 848 Infrastructure
- 849 Meter Replacement
- 857 Insurance
- 874 Water Revenue Reserve
- 875 Vehicle and Equipment
- 876 Water Property Tax
- 877 Western Cranston
- 878 Chemical and Sludge Removal
- 880 Scituate Watershed

The cost centers within the Operating Fund (601) are (YYY):

- 0yy = General Manager's Office
- 1yy = Finance
- 2yy = T&D (transmission & Distribution)
- 3yy = Engineering
- 4yy = Support Services
- 5yy = Water Supply
- 6yy = Customer Service
- 7yy = Information Technology (IT)

The accounts are grouped as follows (ZZZZZ):

- The asset accounts range from 10000 to 19999
- The liability accounts range from 20000 to 29999
- The net worth/Retained earning accounts range from 30000 to 39999
- The revenue accounts range from 40000 to 49999
- The expenses accounts range from 50000 to 59999
- The depreciation expenses accounts range from 92820 to 92890

The Restricted Funds are a little different in that there are 2 cost centers: 000 or a repeat of the fund designation. See below.

Providence Water Docket 4618

**Data Requests of the  
Division of Public Utilities and Carriers  
Set 1**

843-000, 843-843  
845-000, 845-845  
857-000, 857-857  
848-000, 848-848  
849-000, 849-849  
874-000, 874-874  
875-000, 875-875  
876-000, 876-876

877-000, 877-877  
878-000, 878-878  
880-000, 880-880

Providence Water Docket 4618

**Data Requests of the  
Division of Public Utilities and Carriers  
Set 1**

**DIV 1-2.** Please provide copies of Providence Water's monthly operating reports from January 2015 to date.

**Response.** Please see response to data request DIV 1-3.



## Providence Water Docket 4618

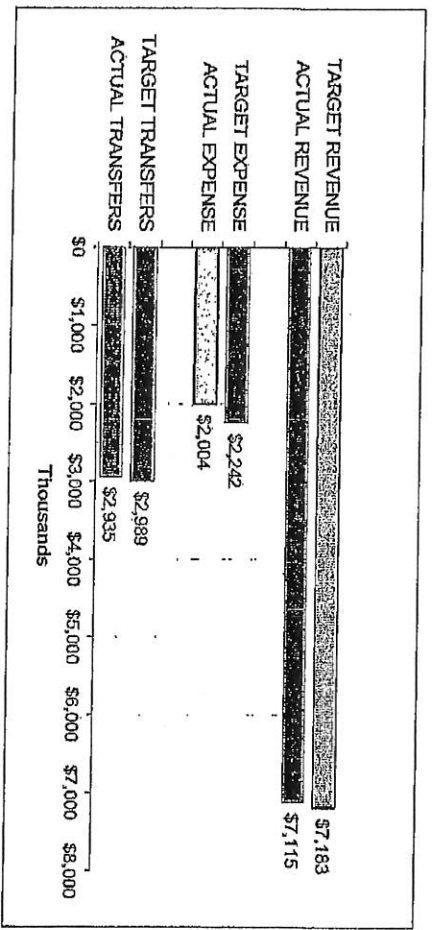
### **Data Requests of the Division of Public Utilities and Carriers Set 1**

**DIV 1-3.** Please provide copies of Providence Water's 2015 and 2016 (to date) monthly and annual variance reports that compare, reconcile and explain differences between actual operating results and forecast or budget operating results.

**Response.** Please see attached copies of Providence Water's 2015 and 2016 (through May 2016) financial status reports provided to the Board on a monthly basis. The year-to-date report for the month of June 2015 is reflective of the annual variance amounts for FY2015. The amounts provided in the reports were preliminary at the time of compilation, and have since been updated.

4.2

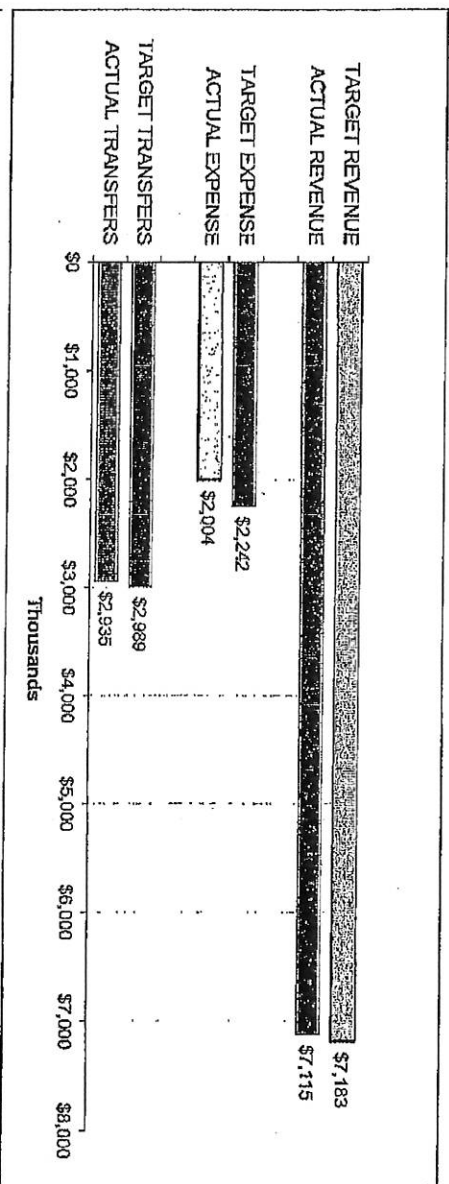
PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
July 31, 2014  
Current Month



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	7,183,470	7,114,824	(68,646)
	5,231,663	4,939,513	292,150
Variance + (-)	\$ 1,951,807	\$ 2,175,311	\$ 223,504

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
July 31, 2014

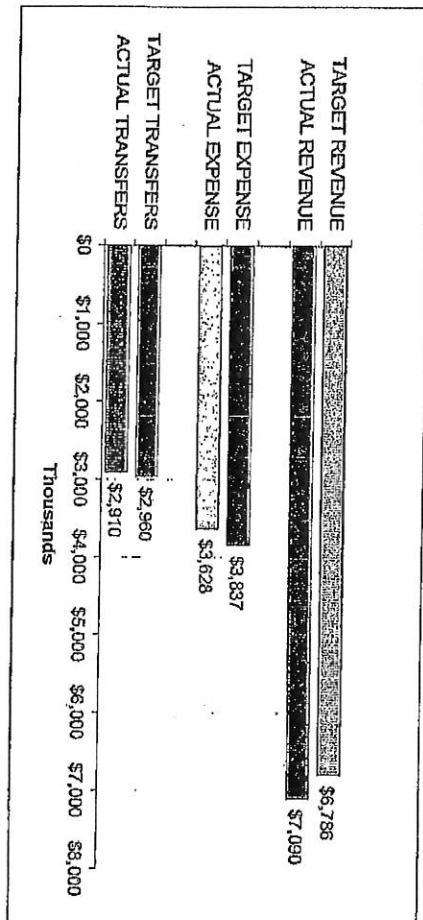
Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	7,183,470	7,114,824	(68,646)
	5,231,663	4,938,513	292,150
Variance + (-)	\$ 1,951,807	\$ 2,175,311	\$ 223,504

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
August 31, 2014

Current Month

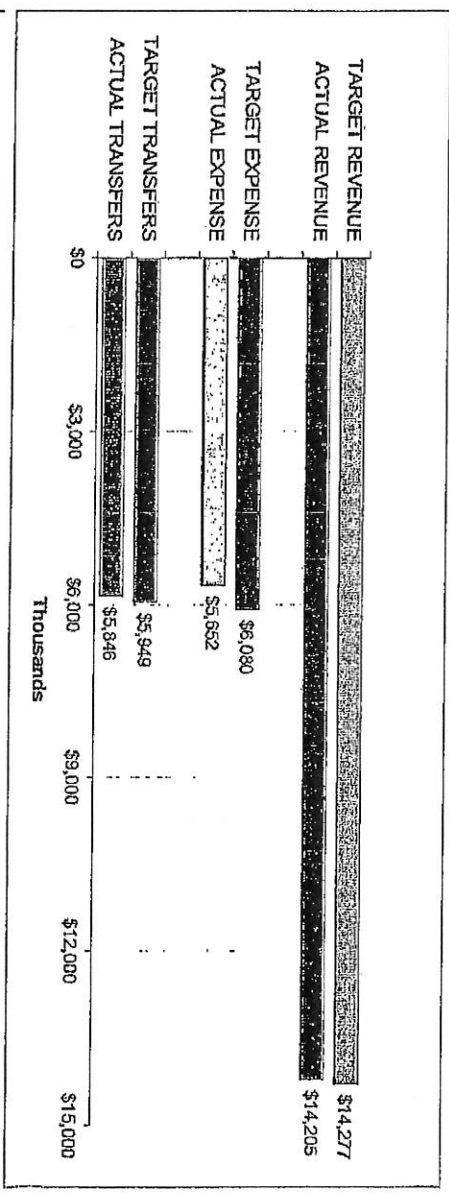


Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	6,786,474	7,089,868	303,394
	6,787,194	6,538,304	258,890
Variance + (-)	\$ (10,720)	\$ 551,564	\$ 562,284

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PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
August 31, 2014

Year to Date

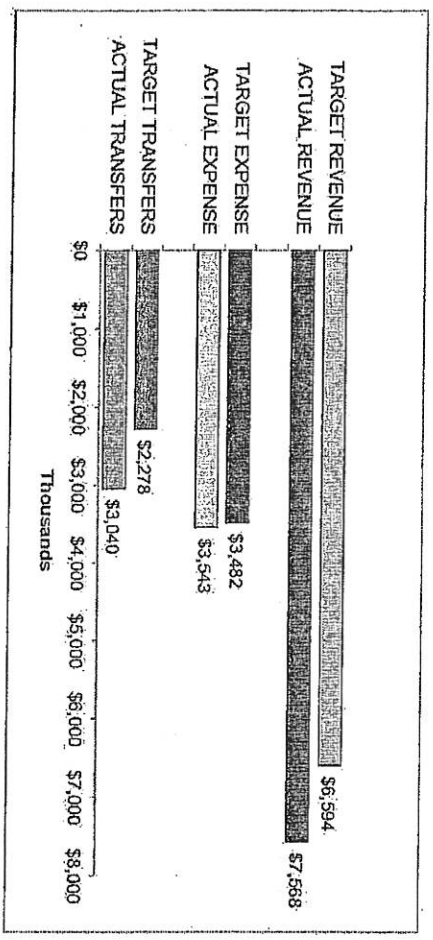


Revenue	14,277,069	14,204,692	72,377
Expenses & Transfers	12,028,857	11,497,840	531,017
Variance + (-)	\$ 2,248,212	\$ 2,706,852	\$ 458,641

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PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
September 30, 2014

Current Month

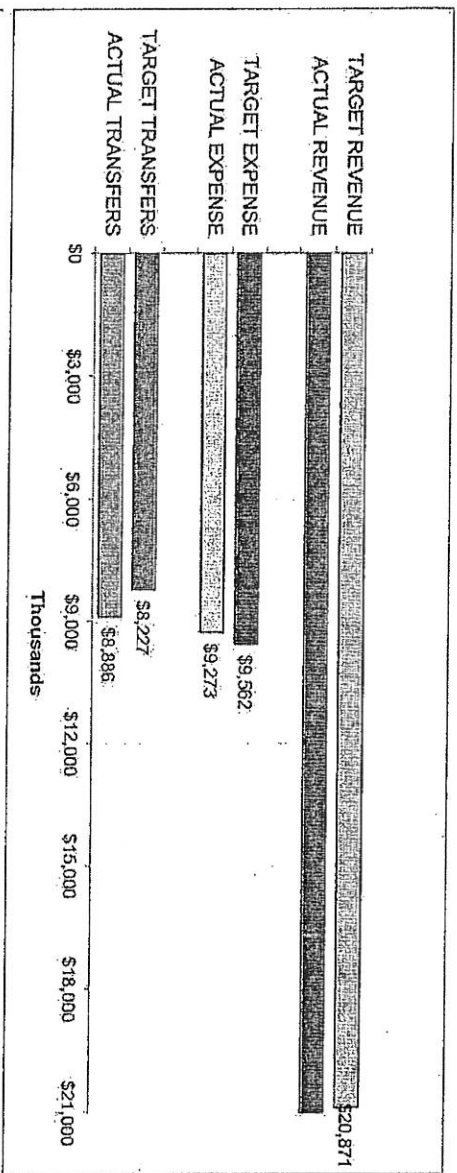


Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	6,593,584	7,567,806	974,222
Variance + (-)	\$ 833,438	\$ 985,384	\$ 151,946

4.2

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
September 30, 2014

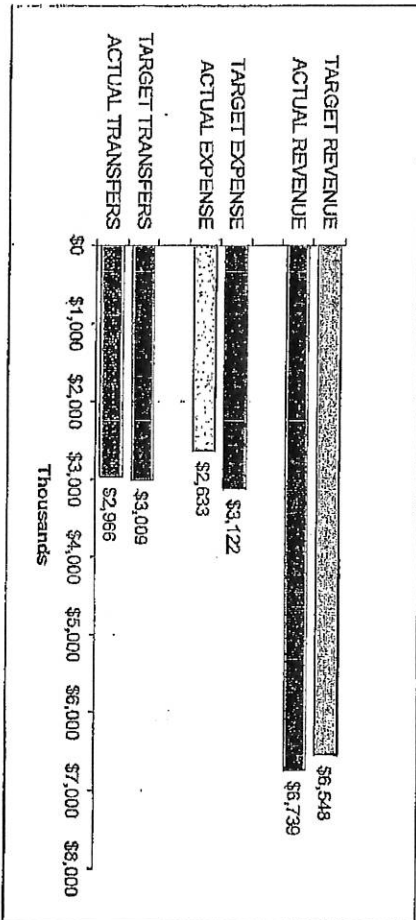
Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
	20,870,653	21,772,498	901,845
Expenses & Transfers	17,789,003	18,158,274	-369,271
Variance + (-)	\$ 3,081,650	\$ 3,614,224	\$ 532,575

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
October 31, 2014

Current Month



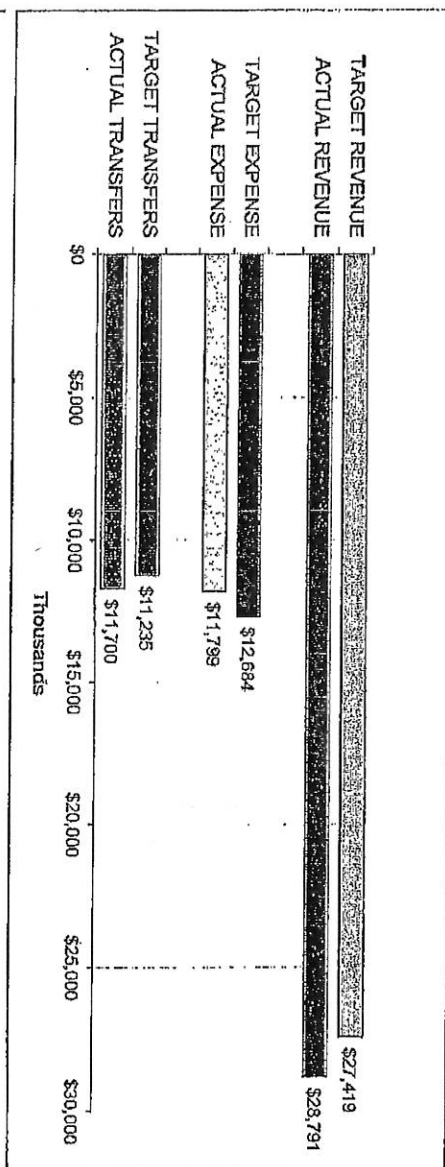
	TARGET	ACTUAL	VARIANCE
Revenue	6,548,362	6,739,190	190,808
Expenses & Transfers	6,130,682	5,599,512	531,170
Variance + (-)	\$ 417,700	\$ 1,139,678	\$ 721,978

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PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
October 31, 2014

Year to Date

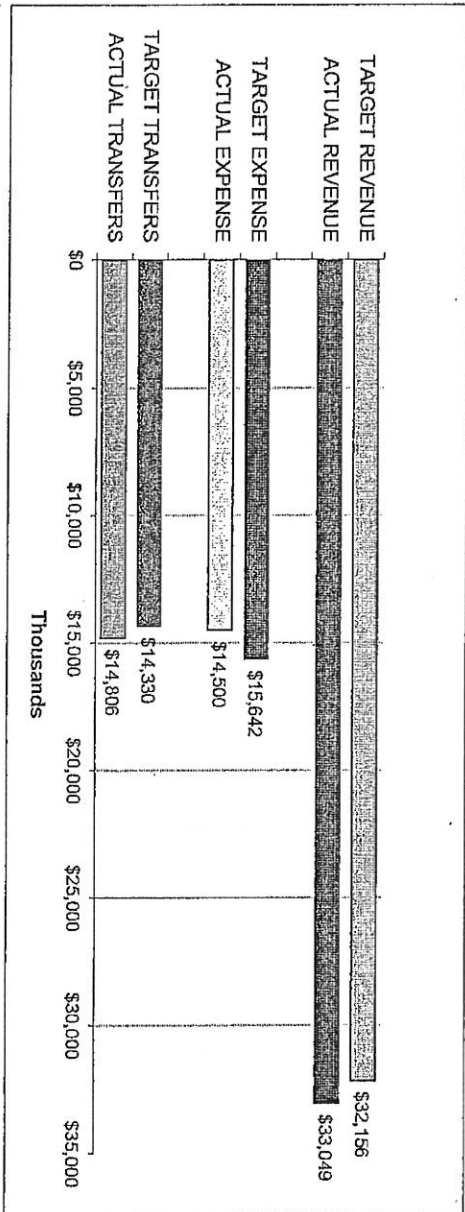


Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	27,419,036	26,791,297	1,372,262
	23,919,685	23,499,248	420,336
Variance + (-)	\$ 3,499,350	\$ 5,291,949	\$ 1,792,598

4.2

**PROVIDENCE WATER**  
**SUMMARY OF FINANCIAL PERFORMANCE**  
 November 30, 2014

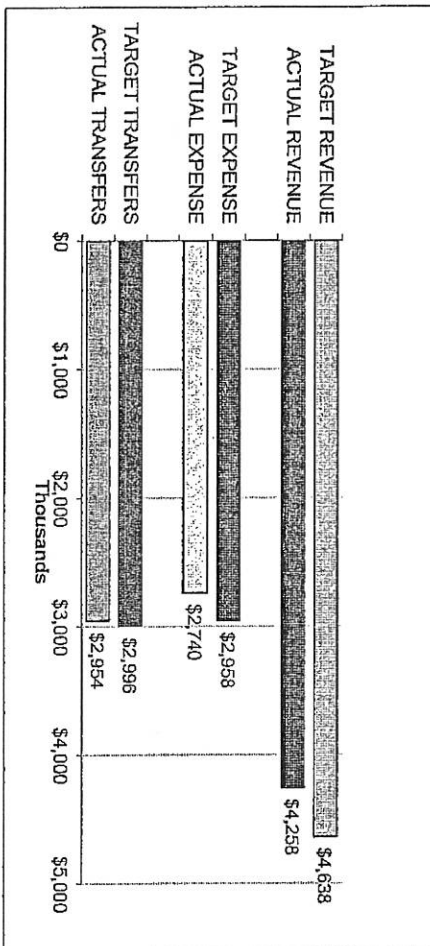
Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
	32,156,087	33,049,112	893,025
Expenses & Transfers	29,972,567	29,305,850	666,717
Variance + (-)	\$ 2,183,520	\$ 3,743,262	\$ 1,559,742

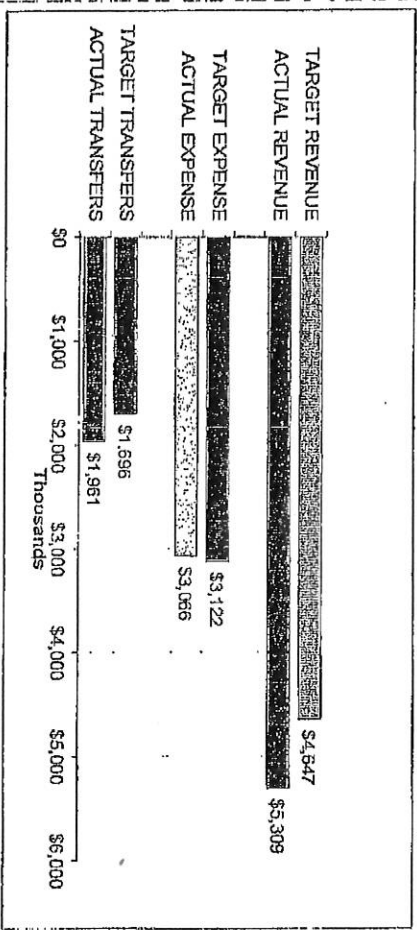
**PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
November 30, 2014**

Current Month



Revenue	TARGET	ACTUAL	VARIANCE
	4,638,369	4,257,815	(380,554)
Expenses & Transfers	5,954,198	5,693,914	260,285
Variance + (-)	\$ (1,315,830)	\$ (1,436,099)	\$ (120,269)

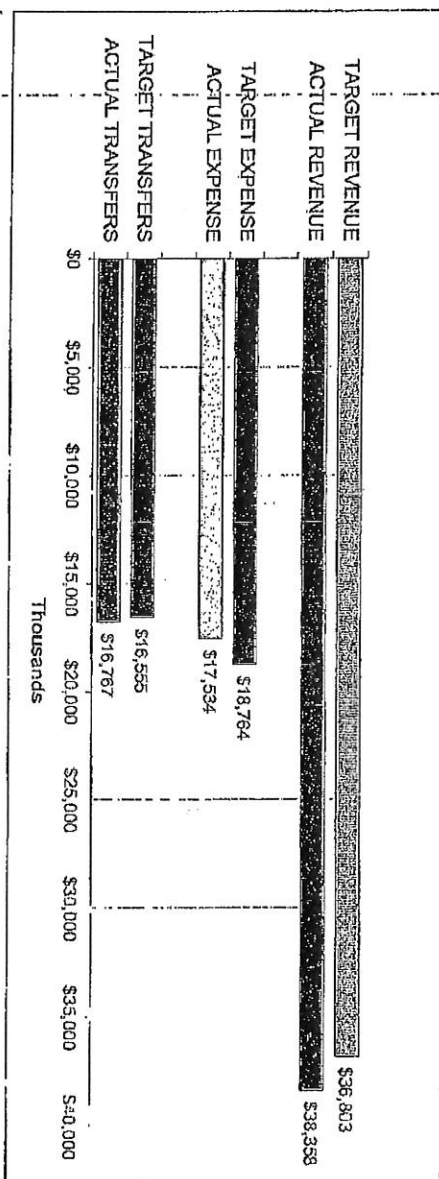
PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
December 31, 2014  
Current Month



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	-647,345	5,309,376	662,031
	4,817,715	5,027,751	-210,036
Variance + (-)	\$ (170,370)	\$ 281,625	\$ 451,995

**PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
December 31, 2014**

Year to Date

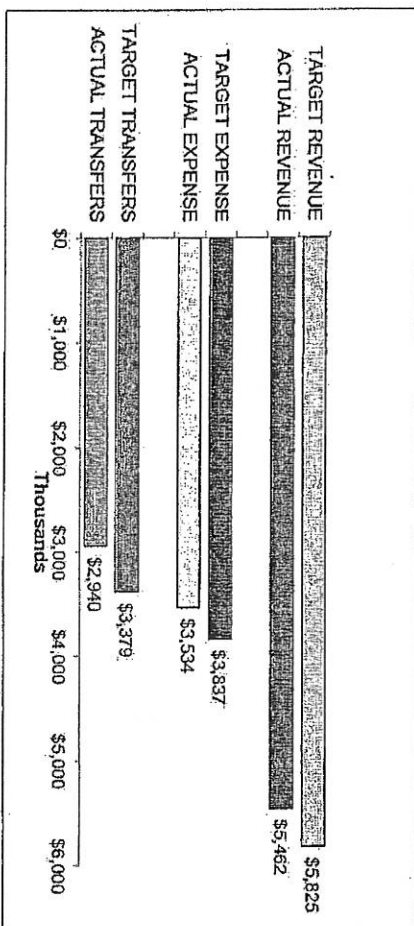


Revenue:	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	36,803,432	38,338,488	1,535,056
	35,319,474	34,301,241	1,018,233
Variance + (-)	\$ 1,483,958	\$ 4,037,247	\$ 2,553,289

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PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
January 31, 2015

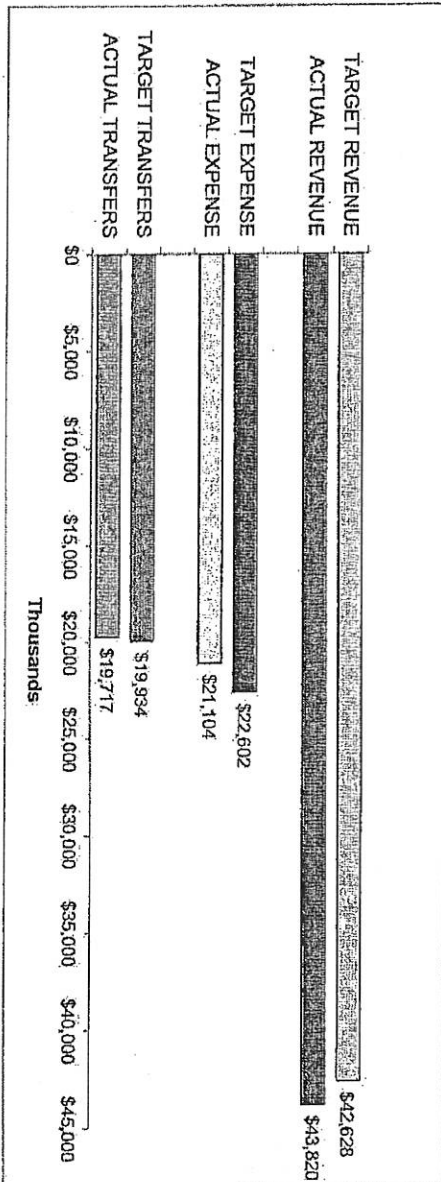
Current Month



	TARGET	ACTUAL	VARIANCE
Revenue	5,824,714	5,461,897	(362,817)
Expenses & Transfers	7,216,207	6,474,403	741,804
Variance + (-)	\$ (1,391,493)	\$ (1,012,506)	\$ 378,988

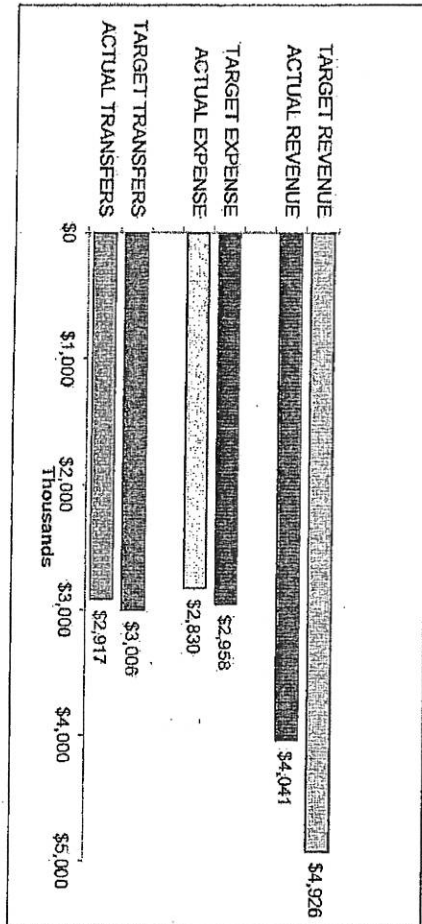
**PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
January 31, 2015**

Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
	42,628,146	43,820,385	1,192,239
Expenses & Transfers	42,535,681	40,821,239	1,714,443
Variance + (-)	\$ 92,464	\$ 2,999,146	\$ 2,906,682

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
February 28, 2015  
Current Month

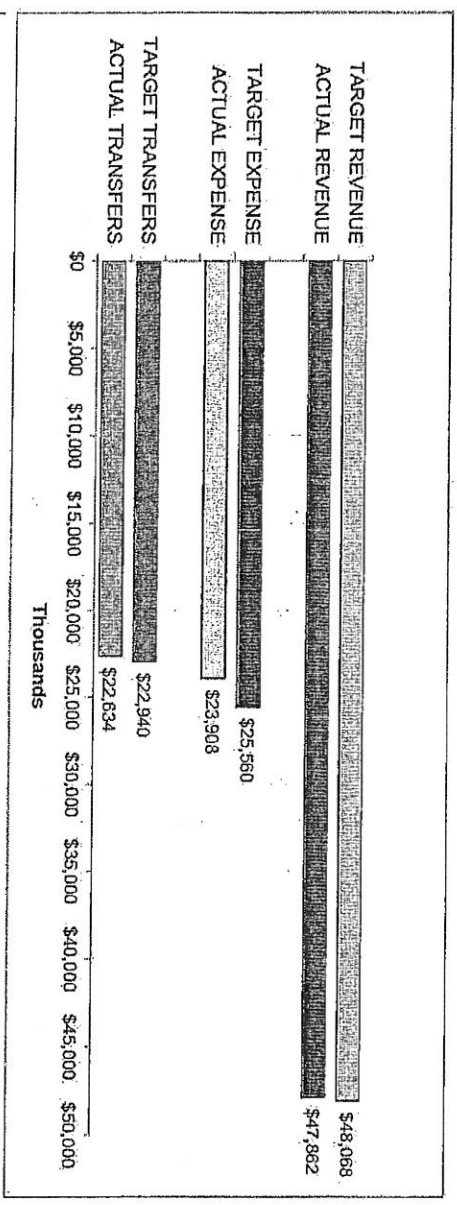


Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	4,925,677	4,041,300	(884,377)
	5,963,729	5,746,335	217,394
Variance + (-)	\$ (1,038,052)	\$ (1,705,035)	\$ (666,983)



PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
February 28, 2015

Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
	48,067,596	47,861,685	(205,911)
Expenses & Transfers	48,498,410	46,541,459	1,957,952
Variance + (-)	\$ (431,814)	\$ 1,320,227	\$ 1,752,041

## Current Month

	TARGET	ACTUAL	VARIANCE
Revenue	5,278,704	5,093,892	(184,812)
Expenses & Transfers	5,875,401	5,769,271	106,130
Variance + (-)	\$ (606,697)	\$ (67,379)	\$ (75,862)

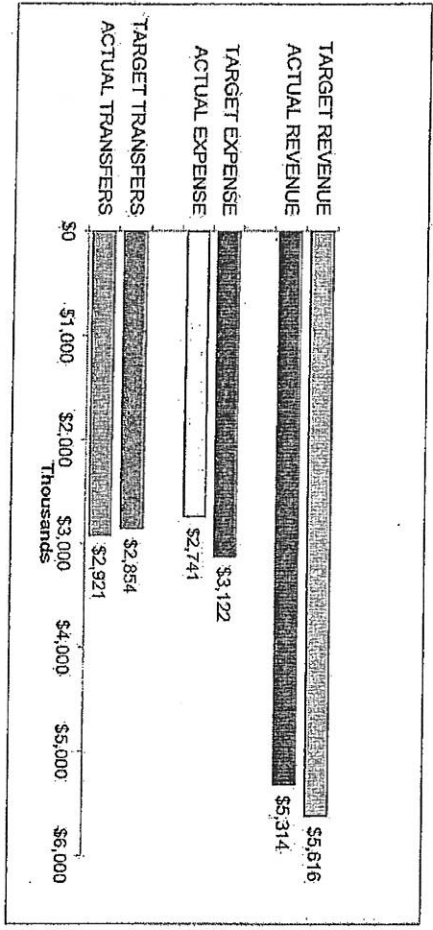
## Year to Date.

	TARGET	ACTUAL	VARIANCE
Revenue	53,346,300	52,856,577	(390,723)
Expenses & Transfers	52,374,815	52,357,925	2,015,898
Variance (+)	(1,020,515)	597,552	\$ 1,626,163

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PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
April 30, 2015

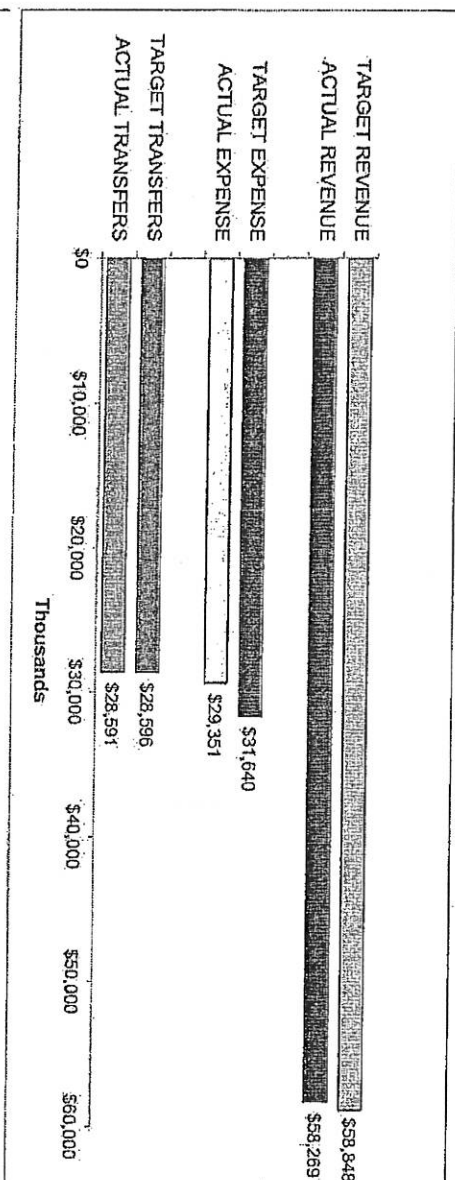
Current Month



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	5,616,183	5,313,617	(302,666)
	5,975,625	5,661,979	313,647
Variance + (-)	\$ (359,442)	\$ (348,462)	\$ 10,981

**PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE**  
April 30, 2015.

Year to Date:



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	58,848,185	58,269,094	(579,091)
	60,236,139	57,942,080	2,294,059
Variance + (-)	\$ (1,387,954)	\$ 327,014	\$ 1,714,967

## Current Month

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	5,810,516	5,847,222	36,304
	5,674,647	5,678,732	54,915
Variance + (-)	\$ (63,729)	\$ 27,480	\$ 91,219

## Year to Date

TARGET REVENUE				\$64,659
ACTUAL REVENUE				\$64,182
TARGET EXPENSE			\$24,698	
ACTUAL EXPENSE			\$32,279	
TARGET TRANSFERS			\$31,513	
ACTUAL TRANSFERS			\$31,385	
	\$0	\$10,000	\$20,000	\$30,000 \$40,000 \$50,000 \$60,000 \$70,000
			Thousands	
Variance + (-)	\$	(1,451,683)	\$	437,176
Revenue		64,659,104		64,101,707
Expenses & Transfers		88,110,788		83,584,531
				(537,387)
				2,446,255
				1,888,859

## Current Month

Revenue	ACTUAL	VARIANCE
Expenses & Transfers	6,579,032	121,438
	<u>5,541,143</u>	<u>392,578</u>
Variance + (-)	\$ 1,037,889	\$ (271,080)



## Year to Date

	TARGET	ACTUAL	VARIANCE
Revenue	71,230,136	70,802,177	(427,959)
Expenses & Transfers	71,651,929	69,598,302	2,053,627
Variance + (-)	\$ (413,793)	\$ 1,203,975	\$ 1,617,769

## Year to Date

	TARGET	ACTUAL	VARIANCE
Revenue	7,093,276	\$,928,332	(204,344)
Expenses & Transfers	5,970,581	\$,792,370	178,211
Variance (+)	\$ 1,122,695	\$ 1,036,562	\$ (86,133)

## Current Month

TARGET REVENUE		\$7,053
ACTUAL REVENUE		\$6,829
TARGET EXPENSE		
ACTUAL EXPENSE		\$2,831
TARGET TRANSFERS		\$2,362
ACTUAL TRANSFERS		\$2,061
	\$0	\$1,000 \$2,000 \$3,000 \$4,000 \$5,000 \$6,000 \$7,000 \$8,000 Thousands

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	7,093,226	6,828,822	(264,394)
Variance (+)	5,870,981	5,792,370	77,611
	\$ 1,122,695	\$ 1,096,562	\$ (66,133)

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
August 30, 2015

Current Month

TARGET REVENUE					\$7,365
ACTUAL REVENUE					\$7,278
TARGET EXPENSE					\$3,009
ACTUAL EXPENSE					\$2,503
TARGET TRANSFERS					\$2,506
ACTUAL TRANSFERS					\$2,594
	\$0	\$2,000	\$4,000	\$6,000	\$8,000
			Thousands		

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	7,365,172	7,277,892	(87,280)
	5,984,278	5,597,014	(387,264)
Variance + (-)	\$ 1,370,895	\$ 1,680,878	\$ 309,983

## Year to Date

	TARGET	ACTUAL	VARIANCE
Revenue	14,468,448	14,108,824	(359,624)
Expenses & Transfers	11,964,852	11,355,452	609,400
Variance (+)	2,483,596	2,751,382	267,802

## Current Month

	Actual	Budget	Variance
TARGET REVENUE			
ACTUAL REVENUE	\$7,538	\$7,632	
TARGET EXPENSE			
ACTUAL EXPENSE	\$3,338	\$3,709	
TARGET TRANSFERS			
ACTUAL TRANSFERS	\$3,214	\$3,181	
\$0:	\$2,000	\$4,000	
Thousands	\$6,000	\$8,000	

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	7,652,171	7,529,468	(113,665)
	5,989,552	6,581,230	338,262
Variance (+)	762,615	997,268	224,643
	\$	\$	\$

## Year to Date.

TARGET REVENUE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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	TARGET	ACTUAL	VARIANCE
Revenue	22,110,819	(465,307)	(465,307)
Expenses & Transfers	18,854,414	17,808,447	945,967
Variance + (-)	\$ 3,256,225	\$ 3,736,865	\$ 480,680

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
October 31, 2015  
Current Month

TARGET REVENUE		\$6,948
ACTUAL REVENUE		\$6,709
TARGET EXPENSE	\$3,009	
ACTUAL EXPENSE	\$2,803	
TARGET TRANSFERS	\$3,234	
ACTUAL TRANSFERS	\$3,132	
\$0	\$2,000	\$4,000
	Thousands	\$6,000
		\$8,000

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	6,948,187	6,709,408	(138,779)
	5,422,833	5,934,890	307,953
Variance + (-)	\$ 605,334	\$ 774,519	\$ 169,185



## Year to Date

	TARGET	ACTUAL	VARIANCE
Revenue	28,958,805	28,354,171	(604,635)
Expenses & Transfers	25,087,267	23,828,714	1,258,552
Variance (+)	\$ 3,861,538	\$ 4,526,007	\$ 664,467

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
November 30, 2015

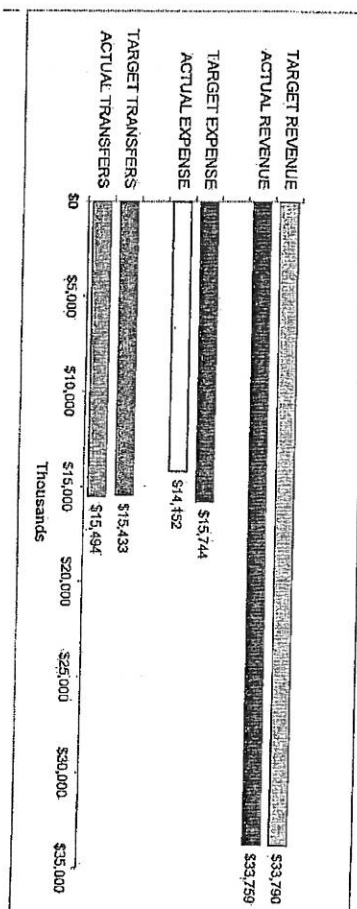
Current Month

TARGET REVENUE	\$4,385	
ACTUAL REVENUE	\$5,405	
TARGET EXPENSE	\$3,009	
ACTUAL EXPENSE	\$2,598	
TARGET TRANSFERS	\$3,071	
ACTUAL TRANSFERS	\$3,194	
	\$2,000	\$4,000
	Thousands	\$6,000

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	4,385,133	5,404,609	1,019,476
	6,079,596	5,732,089	287,507
Variance + (-)	\$ (1,094,463)	\$ (387,480)	\$ 1,306,984

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
November 30, 2015

Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
	33,789,800	33,759,300	(30,470)
Expenses & Transfers	\$1,176,853	29,646,355	1,530,508
Variance * (%)	\$ 2,612,938	\$ 4,112,975	\$ 1,500,037

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
December 31, 2015  
Current Month

TARGET REVENUE	\$5,553
ACTUAL REVENUE	\$5,696
TARGET EXPENSE	\$4,082
ACTUAL EXPENSE	\$2,938
TARGET TRANSFERS	\$2,066
ACTUAL TRANSFERS	\$1,938
\$0	\$4,000
\$2,000	\$6,000
	\$8,000
	Thousands

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	\$5,553,025	\$5,596,085	\$43,060
Variance + (-)	\$ (594,129)	\$ 1,064,379	\$ 1,658,508

## Year to Date

Revenue	TARGET	ACTUAL	VARIANCE
Expenditures & Transfers	38,342,826	39,346,415	2,500
	<u>32,324,017</u>	<u>34,187,487</u>	<u>3,136,530</u>
Variance (+)	\$ 2,018,809	\$ 5,157,929	\$ 3,136,120

## Year to Date

	TARGET	ACTUAL	VARIANCE
Revenue	44,991,756	44,085,232	(906,523)
Expenses & Transfers	43,974,893	41,858,976	2,115,917
Variance (+)	\$ 1,016,862	\$ 3,026,256	\$ 2,011,494

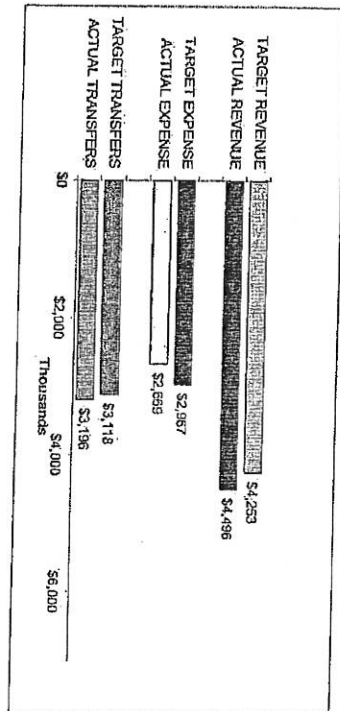
PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
January 31, 2016  
Current Month

TARGET REVENUE	\$5,649
ACTUAL REVENUE	\$5,240
TARGET EXPENSE	\$3,860
ACTUAL EXPENSE	\$3,864
TARGET TRANSFERS	\$3,061
ACTUAL TRANSFERS	\$3,169
\$0	\$2,000
	Thousands
	\$4,000
	\$6,000

Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	5,649,929	5,239,817	(409,112)
Variance + (-)	5,971,783	5,972,402	(50,619)
	\$ (1,272,854)	\$ (1,732,586)	\$ (459,730)

PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
February 29, 2016

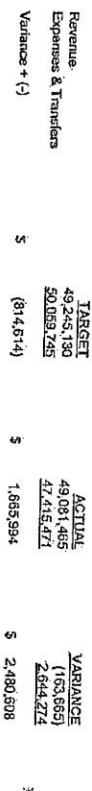
Current Month



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	4,253,376	4,496,935	242,559
	6,084,752	5,855,893	219,359
Variance + (-)	\$ (1,831,376)	\$ (1,369,458)	\$ -461,918



## Year to Date



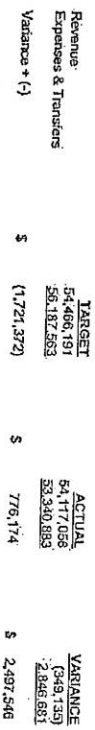
PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
March 31, 2016

Current Month

TARGET REVENUE	\$5,221
ACTUAL REVENUE	\$5,034
TARGET EXPENSE	\$3,128
ACTUAL EXPENSE	\$2,821
TARGET TRANSFERS	\$3,002
ACTUAL TRANSFERS	\$3,067
\$0	\$2,000
	Thousands
	\$4,000
	\$6,000

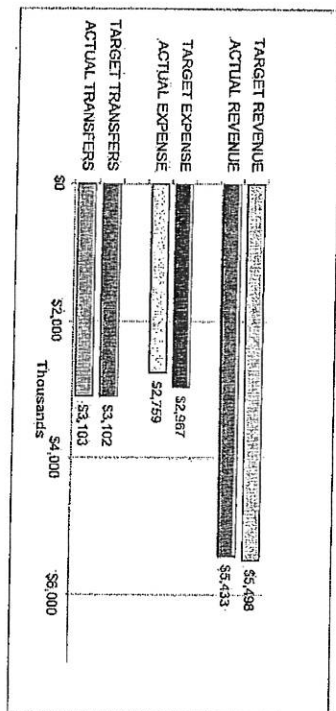
Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	\$1,221,051	\$1,034,103	(186,948)
Variance + (-)	\$ (906,758)	\$ (863,754)	\$ 43,004

## Year to Date



PROVIDENCE WATER  
SUMMARY OF FINANCIAL PERFORMANCE  
April 30, 2016

Current Month

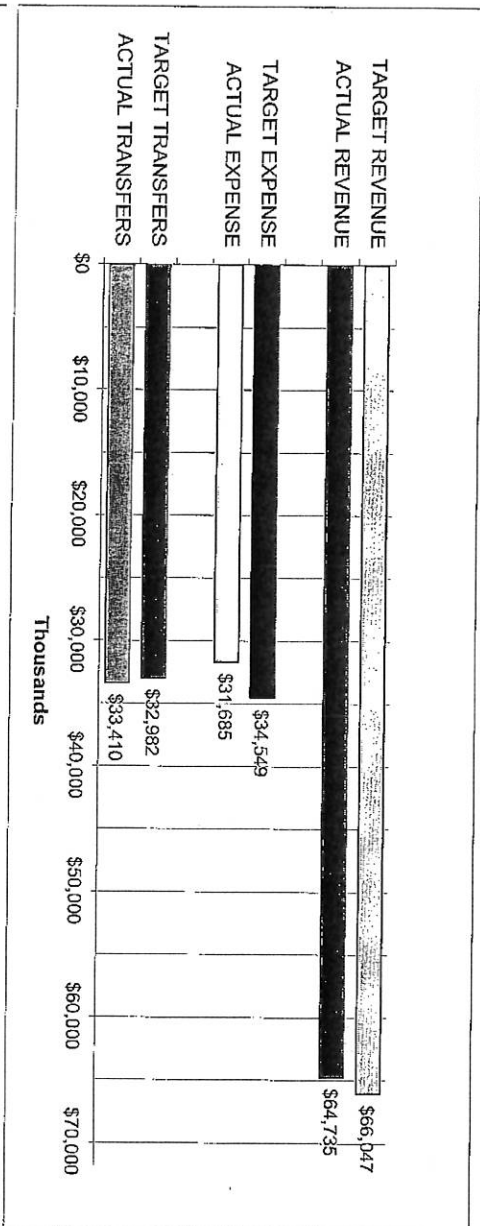


Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	\$487,500	\$453,214	(\$4,286)
Variance + (-)	\$ (571,928)	\$ (429,476)	\$ 142,452

## Year to Date

	TARGET	ACTUAL	VARIANCE
Revenue	59,963,691	59,548,302	(41,889)
Expenses & Transfers	61,363,611	59,199,614	2,164,597
Variance + (-)	\$ (1,399,920)	\$ 350,188	\$ 1,750,108

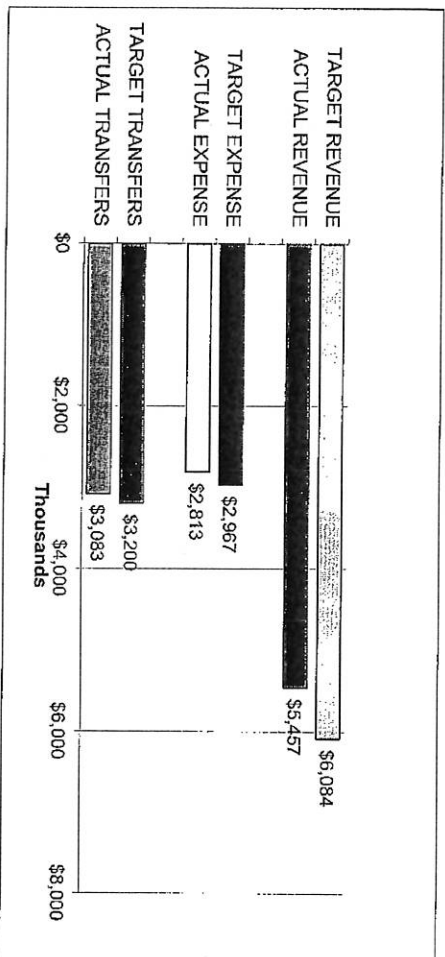
**PROVIDENCE WATER**  
**SUMMARY OF FINANCIAL PERFORMANCE**  
 May 31, 2016  
 Year to Date



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	66,047,332	64,735,401	(1,311,930)
	67,530,379	65,094,377	2,436,002
Variance + (-)	\$ (1,483,047)	\$ (358,975)	\$ 1,124,072

**PROVIDENCE WATER**  
**SUMMARY OF FINANCIAL PERFORMANCE**  
 May 31, 2016

Current Month



Revenue	TARGET	ACTUAL	VARIANCE
Expenses & Transfers	6,083,640	5,456,703	(626,937)
	6,166,768	5,895,651	271,116
Variance + (-)	\$ (83,127)	\$ (438,948)	\$ (355,821)

# Providence Water Docket 4618

## **Data Requests of the Division of Public Utilities and Carriers Set 1**

DIV 1-4      Please provide a detailed comparison between Providence Water's 2014, 2015 and 2016 to-date forecast construction expenditures and actual construction expenditures.

Response:      Attached is a table showing a detailed comparison between Providence Water's 2014, 2015, and 2016 to-date forecast construction expenditures and actual construction expenditures.



Providence Water Docket 4618

Data Requests of the  
Division of Public Utilities and Carriers  
Set 1  
DIV 1-4 Attachment

IFR Expenditure Plan Comparison  
Fiscal Years 2014 through 2016

	Budget 2014	Actual Spending 2014	+/- from Budget 2014	Budget 2015	Actual Spending 2015	+/- from Budget 2015	Budget 2016	Actual Spending 2016	+/- from Budget 2016
<b>RAW WATER SUPPLY</b>									
Large dam improvements	10,000	1,813	8,187	10,000	68,026	(58,026)	0	19,049	(19,049)
Watershed fencing, fire lanes, property rehabilitation	10,000	0	10,000	10,000	0	10,000	10,000	0	10,000
50" influent conduit rehabilitation		100,662	(100,662)		439,996	(439,996)	100,000	78,121	21,879
<b>Raw Water Supply Total</b>	<b>20,000</b>	<b>102,475</b>	<b>(82,475)</b>	<b>20,000</b>	<b>508,023</b>	<b>(488,023)</b>	<b>110,000</b>	<b>97,170</b>	<b>12,830</b>
<b>TREATMENT PLANT</b>									
Plant influent, Aerator, and Conduits	2,630,000	905,956	1,724,044	1,115,000	3,959,968	(2,844,968)	2,000,000	703,089	1,296,911
Chlorine system upgrades		0	0		0	0	10,000	0	10,000
Ferric system upgrades		347,105	(347,105)		0	0	65,000	25,754	39,246
Lime system upgrades	875,000	4,322	870,678		783	(783)	261,200	70	261,130
Filter replacement (including valves & piping)	6,600,000	4,866,015	1,733,985	6,500,000	5,581,571	918,429	8,700,000	4,206,483	4,493,517
Treatment process pilot model	195,000	433,925	(238,925)		480,859	(480,859)		624,716	(624,716)
Water Quality Study	350,000	309,419	40,581		49,257	(49,257)	520,000	24,466	495,514
Pilot of sedimentation / clarification process			0			0	1,000,000		1,000,000
Treatment plant building rehabilitation	50,000	24,327	25,673	50,000	657	49,343	20,000	28,296	(8,296)
PW lab / equipment improvements	25,000	1,489	23,511	25,000	11,183	13,817	50,000	125	49,875
SCADA / Control system upgrades	25,000	20,772	4,228	25,000	2,059	22,941	20,000	574	19,426
Sludge removal and disposal	1,000,000	1,008,617	(8,617)	1,000,000	1,006,894	(6,894)	1,000,000	0	1,000,000
<b>Treatment Plant Total</b>	<b>11,750,000</b>	<b>7,921,946</b>	<b>3,828,054</b>	<b>8,715,000</b>	<b>11,093,231</b>	<b>(2,378,231)</b>	<b>13,646,200</b>	<b>5,613,591</b>	<b>8,032,609</b>
<b>PUMPING AND STORAGE</b>									
Various pump station improvements	20,000	27,400	(7,400)	20,000	33	19,967	10,000	0	10,000
Storage tanks inspections / improvements	50,000	10,323	39,677		396,326	(396,326)		787	(787)
<b>Pumping and Storage Total</b>	<b>70,000</b>	<b>37,723</b>	<b>32,277</b>	<b>20,000</b>	<b>396,360</b>	<b>(376,360)</b>	<b>10,000</b>	<b>787</b>	<b>9,213</b>
<b>TRANSMISSION SYSTEM</b>									
102" aqueduct inspection		0	0		0	0	1,970,000	0	1,970,000
102" aqueduct fiber optic monitoring							110,000	0	110,000
78" aqueduct inspection		1,193,765	(1,193,765)		178,991	(178,991)		111,661	(111,661)
16" and larger valves replacements	200,000	1,291	198,709	300,000	120	299,880	200,000	77,424	122,576
<b>Transmission System Total</b>	<b>200,000</b>	<b>1,195,056</b>	<b>(995,056)</b>	<b>300,000</b>	<b>179,111</b>	<b>120,889</b>	<b>2,280,000</b>	<b>189,085</b>	<b>2,090,915</b>
<b>DISTRIBUTION SYSTEM</b>									
Replace / Upgrade water mains	12,000,000	14,257,011	(2,257,011)	15,500,000	11,995,530	3,504,470	14,800,000	8,957,456	5,842,544
Replace Distribution Valves	200,000	247,919	(47,919)	200,000	318,498	(118,498)	200,000	131,774	68,226
Replace lead services	500,000	544,634	(44,634)	500,000	368,457	131,543	500,000	129,953	370,047
Replace fire hydrants	300,000	325,679	(25,679)	300,000	475,737	(175,737)	300,000	144,456	155,544
Replace blowoffs	0		0	0		0	100,000	0	100,000
<b>Distribution System Total</b>	<b>13,000,000</b>	<b>15,375,244</b>	<b>(2,375,244)</b>	<b>16,500,000</b>	<b>13,158,222</b>	<b>3,341,778</b>	<b>15,900,000</b>	<b>9,363,638</b>	<b>6,536,362</b>
<b>SUPPORT SYSTEM FACILITIES</b>									
Building and facilities rehabilitation	100,000	48,594	51,406	100,000	4,833	95,167	75,000	13,483	61,517
Facilities fencing and roads rehabilitation	25,000	24,833	167	25,000	48,507	(23,507)	0	2,707	(2,707)
<b>Support System Facilities Total</b>	<b>125,000</b>	<b>73,426</b>	<b>51,574</b>	<b>125,000</b>	<b>53,340</b>	<b>71,660</b>	<b>75,000</b>	<b>16,191</b>	<b>58,809</b>
<b>TOTAL</b>	<b>25,165,000</b>	<b>24,705,871</b>	<b>459,129</b>	<b>25,680,000</b>	<b>25,388,286</b>	<b>291,714</b>	<b>32,021,200</b>	<b>15,280,462</b>	<b>16,740,738</b>

Providence Water Docket 4618

Data Requests of the  
Division of Public Utilities and Carriers  
Set 1

DIV 1-4 Attachment

CIP Expenditure Plan Comparison Fiscal Years 2014 through 2016	Actual			Actual			Actual		
	Budget 2014	Spending 2014	+/- from Budget 2014	Budget 2015	Spending 2015	+/- from Budget 2015	Budget 2016	Spending 2016	+/- from Budget 2016
New fencing and roads - PW property	25,000	25,680	(1,680)	25,000	29,485	(4,485)	25,000	0	25,000
GIS System (Asset Management System)	500,000	53,159	446,841	100,000	52,612	47,388	600,000	8,562	591,438
Install Transmission Mains (W. Cranston)	0	5,914	(5,914)	0	497,922	(497,922)	0	19,902	(19,902)
Administration Building	2,400,000	33,736	2,366,264	2,400,000	366,073	2,033,927	13,135,155	10,412,083	2,723,071
Unidirectional Flushing (UDF) Program Development	130,000	383,746	(253,746)	130,000	472,814	(342,814)	200,000	130,414	69,586
Port of Providence Master Meters	0	35,912	(35,912)	0	1,639	(1,639)	0	0	0
Drudge Piping to Bypass Lagoons	0	41,018	(41,018)	0	300,510	(300,510)	0	0	0
Security improvements at Treatment Plant	0	0	0	0	10,550	(10,550)	0	14,375	(14,375)
Renewable Energy Feasibility Study	0	0	0	0	0	0	75,000	0	75,000
Computer / IT equipment - Virtualization	0	0	0	0	0	0	500,000	0	500,000
Cyber Security	0	0	0	0	0	0	250,000	0	250,000
Treatment Plant - on-site waste treatment system	0	0	0	0	0	0	110,000	0	110,000
125 Dupont Drive - operating expenses	0	0	0	0	0	0	175,000	0	175,000
<b>TOTAL</b>	<b>3,055,000</b>	<b>580,365</b>	<b>2,474,635</b>	<b>2,655,000</b>	<b>1,731,606</b>	<b>923,394</b>	<b>15,070,155</b>	<b>10,585,335</b>	<b>4,484,819</b>

Providence Water Docket 4618

**Data Requests of the  
Division of Public Utilities and Carriers  
Set 1**

DIV 1-5: Has Providence Water implemented any changes in its efforts to control and reduce the level of lost and unaccounted for water since its last rate case? If so, please describe the changes.

Response: See response to DIV 1-6

## Providence Water Docket 4618

### **Data Requests of the Division of Public Utilities and Carriers Set 1**

DIV 1-6: Please describe and quantify Providence Water's expenditures in 2014, 2015 and 2016 to date for controlling and reducing the level of lost and unaccounted for water.

Response: Since our last rate filing, Providence Water has not embarked on a formal leak detection program, however we have continued to utilize and enhance our current program to reduce the level of lost and unaccounted for water.

Associated with our automated meter reading system, Providence Water utilizes a mlog system that continuously monitors for leaks in our distribution system. Providence Water pays \$8250 a year for Itron to host the site where we obtain information on possible leaks. The leaks are then investigated and repaired if necessary.

In addition, Providence Water has enhanced our main rehabilitation program. Our main rehabilitation program generally focuses on the oldest mains and services in our distribution system that could be subject to leaks. In FY2014, Providence Water spent \$13,794,788 rehabilitating 45,553 feet of water main. In FY2015, Providence Water spent \$11,358,508 rehabilitating 55,102 feet of water main. In FY2016 (as of 12/31/15), Providence Water has spent \$8,716,626 rehabilitating 42,706 of water main.

## Providence Water Docket 4618

### **Data Requests of the Division of Public Utilities and Carriers Set 1**

1-7. Please provide in electronic (Excel or Excel compatible) format copies of all schedules and workpapers created in the process of filing the current rate increase request.

Response: Excel files have been provided to the Commission Clerk to upload to PUC website for Docket 4618. Please refer to the end of Nancy Parrillo's pre filed testimony for additional supplemental schedules.

Providence Water Docket 4618

**Data Requests of the  
Division of Public Utilities and Carriers  
Set 1**

1-8. Please provide in electronic (Excel or Excel compatible) format copies of Providence Water's cost of service study and rate design workpapers in the current rate increase request including all of the HJS Schedules attached to Providence Water witness' Harold J. Smith's direct testimony.

Response: Excel files for cost of service and rate design have been provided to the Commission Clerk to upload to PUC website for Docket 4618.

Providence Water Docket 4618

**Data Requests of the  
Division of Public Utilities and Carriers  
Set 1**

**DIV 1-9:** Please provide a complete copy of the presentations to the Board which resulted in the board approval of Providence Water's rate filing. Also provide a copy of the Board approval.

**RESPONSE:** Presentations were made to the Board at the March, April and May 2016 Board meetings. The oral presentations are summarized in the Board minutes for the months of March, April, and May; these minutes are attached. Board approval of our filing is shown in the April minutes. Included with the May Board minutes is a one-page summary of the rate filing that was given to the Board at that meeting.



3.1

**THE CITY OF PROVIDENCE  
WATER SUPPLY BOARD  
MARCH 16, 2016 MINUTES**

The Hon. Jorge O. Elorza  
Mayor

Ricky Caruolo  
General Manager

**BOARD OF DIRECTORS**

Xaykham Khamsyvoravong  
Chairperson

Joseph D. Cataldi  
Vice Chairperson

Michael J. Correia  
Councilperson

Sabina Matos  
Councilperson

Lawrence J. Mancini  
Ex-Officio

Andy M. Andujar  
Member

Kerri Lynn Thurber  
Member

Carissa R. Richard  
Secretary

William E. O'Gara, Esq.  
Legal Advisor

**MEMBER**

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

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**(401) 521-6300**

552 Academy Avenue  
Providence, RI 02908

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**BOARD MEMBERS PRESENT:**

Mr. Xaykham Khamsyvoravong, Chairman

Mr. Joseph Cataldi, Vice Chairman

Councilman Michael Correia, Board Member

Councilwoman Sabina Matos, Board Member

Mr. Andy Andujar, Board Member

Ms. Kerri Lynn Thurber, Board Member

Mr. Lawrence Mancini, Ex-Officio

Mr. William E. O'Gara, Esq., Legal Advisor

Mr. Gregg Giasson, Deputy General Manager – Operations

Ms. Carissa Richard, Board Secretary

**BOARD MEMBERS ABSENT:**

None

**PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:**

Mr. Peter Pallozzi, Deputy General Manager – Administration

Mr. Thomas Massaro, Senior Manager - Finance

Ms. Nancy Parrillo, Senior Manager – Customer Service

Mr. Peter LePage, Senior Manager – Engineering

Mr. Andrew Pion, Manager of Construction Services

Mr. Joseph Sprenulli

**OTHERS ATTENDING:**

None

The Providence Water Supply Board met in the David F. Walsh Memorial Boardroom of the Providence Water Supply Board building located at 552 Academy Avenue, Providence, Rhode Island.



**1. CALL TO ORDER:**

Chairman Khamsyvoravong called the meeting to order at 5:06 p.m. Chairman Khamsyvoravong led the assemblage in the Pledge of Allegiance to the Flag of the United States of America.

**2. ROLL CALL:**

A quorum was established by calling attendance of all Board members.

**3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING:**

**3.1 February 17, 2016 Meeting**

A motion by Vice Chairman Cataldi, seconded by Councilman Correia and Mr. Mancini, to approve Agenda Item 3.1, was made. All members present were in favor of the motion. The motion passed 7 to 0.

**4. REPORTS:**

- 4.1 General Manager's Report**
- 4.2 Financial Reports**
- 4.3 Personnel Report**
- 4.4 Procurement and Project Status Report**

Mr. Giasson provided the Board with an overview of Item 4.1 – General Manager's Report. Mr. Giasson stated that the Construction Manager at Risk (CMAR) contract for the amount of \$16.3 million has been awarded to Dimeo Construction to renovate the new Central Operations Facility at 125 Dupont Drive. The contract was awarded on Monday, March 7<sup>th</sup>. Dimeo Construction was the lowest qualified bidder.

Mr. Giasson informed the Board that Providence Water has assembled an internal transition project team to handle the merger with the East Smithfield Water District. Negotiations are ongoing and a merger is expected by the end of calendar year 2016, although it is possible that a merger could take place sooner.

Mr. Giasson reminded the Board that the groundbreaking ceremony for the new Central Operations Facility has been scheduled with the Mayor's Office for Wednesday, March 29<sup>th</sup> at 10:00 a.m. Invitations have been sent to the City Administration, City Council members, Providence Water Supply Board members, Rhode Island Infrastructure Bank officials and Providence Water employees.

A motion by Vice Chairman Cataldi and Mr. Mancini, seconded by Ms. Thurber, to approve Agenda Items 4.1, 4.2, 4.3, and 4.4 concurrently, was made. All members present were in favor of the motion. The motion passed 7 to 0.

**5. OLD BUSINESS:**

None.

## 6. NEW BUSINESS:

### 6.1 Community Outreach Presentation

Mr. Pion and Mr. LePage provided the Board with an overview of our water main rehabilitation project community outreach program – see attachment.

### 6.2 Rate Filing Update

Mr. Massaro provided an update on the impending rate filing and answered Board member questions.

Mr. Massaro stated that we plan on having the details of the rate filing worked out for the Board's meeting in April and would like to make the filing by the end of April. We are working on a multi-year rate filing that actually requests two increases over the next two and one-half years. The Public Utilities Commission has approved these filings over the last few years.

The rate filing will initially ask for an increase in revenues of approximately \$7 million at January 2017. This is about a 9% increase in revenues. The major items needing to be funded are IFR, wages and fringe benefits, insurance costs, a payment in lieu of taxes (PILOT) to the City of Providence for the Central Operations Facility at Dupont Drive, other property taxes, utilities, a lead education/outreach program and other miscellaneous other amounts to account for inflation, city services, etc. The revenue and operating reserves on the additional funding will be approximately \$130,000 - \$200,000 and we expect that there will be some reductions in various expenses such as the cost of chemicals.

The second step increase is planned to take effect for fiscal year 2019 with rate increases that will be effective on July 1, 2018. The estimated increase is \$5.5 million, which would represent an approximate 7% increase in revenues. The major items needed to be funded are IFR (principally for debt service related to the new clarification project), wages and benefits, chemicals and other miscellaneous expenses.

### 6.3 Student Summer Employment

Mr. Giasson informed the Board that Providence Water is looking into making summer employment available to full-time students that will be enrolling or are already enrolled in college. This year, due to funding issues, the number of positions may be reduced from past years.

## 7. OTHER BUSINESS:

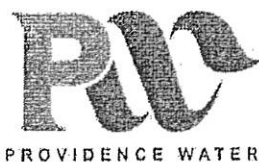
Mr. Andujar noted that he had received a call from a neighbor who was commending the service provided by Providence Water employee Michael DiNobile.

8. ADJOURNMENT:

A motion by Vice Chairman Cataldi, seconded by Mr. Andujar to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 7 to 0. The meeting was adjourned at 5:50 p.m.

ATTEST: A true attest.

Carissa R. Richard  
Carissa R. Richard, Board Secretary



3.1

**THE CITY OF PROVIDENCE  
WATER SUPPLY BOARD  
APRIL 20, 2016 MINUTES** ✓

The Hon. Jorge O. Elorza  
Mayor

Ricky Caruolo  
General Manager

---

**BOARD OF DIRECTORS**

Xaykham Khamsyvong  
Chairperson

Joseph D. Cataldi  
Vice Chairperson

Michael J. Correia  
Councilperson

Sabina Matos  
Councilperson

Lawrence J. Mancini  
Ex-Officio

Andy M. Andujar  
Member

Kerri Lynn Thurber  
Member

Carissa R. Richard  
Secretary

William E. O'Gara, Esq.  
Legal Advisor

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**MEMBER**

Rhode Island Water Works Assn.  
New England Water Works Assn.  
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Providence, RI 02908

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**BOARD MEMBERS PRESENT:**

Mr. Xaykham Khamsyvong, Chairman

Mr. Joseph Cataldi, Vice Chairman

Councilman Michael Correia, Board Member

Councilwoman Sabina Matos, Board Member

Mr. Andy Andujar, Board Member

Ms. Kerri Lynn Thurber, Board Member

Mr. Lawrence Mancini, Ex-Officio

Mr. William E. O'Gara, Esq., Legal Advisor

Mr. Gregg Giasson, Deputy General Manager – Operations

Ms. Carissa Richard, Board Secretary

**BOARD MEMBERS ABSENT:**

None

**PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:**

Mr. Peter Pallozzi, Deputy General Manager – Administration

Mr. Thomas Massaro, Senior Manager - Finance

Ms. Nancy Parrillo, Senior Manager – Customer Service

**OTHERS ATTENDING:**

None

The Providence Water Supply Board met in the David F. Walsh Memorial Boardroom of the Providence Water Supply Board building located at 552 Academy Avenue, Providence, Rhode Island.

**1. CALL TO ORDER:**

Chairman Khamsyvoravong called the meeting to order at 5:07 p.m. Chairman Khamsyvoravong led the assemblage in the Pledge of Allegiance to the Flag of the United States of America.

**2. ROLL CALL:**

A quorum was established by calling attendance of all Board members.

**3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING:**

**3.1 March 16, 2016 Meeting**

A motion by Vice Chairman Cataldi, seconded by Councilman Correia, to approve Agenda Item 3.1, was made. All members present were in favor of the motion. The motion passed 7 to 0.

**4. REPORTS:**

- 4.1 General Manager's Report**
- 4.2 Financial Reports**
- 4.3 Personnel Report**
- 4.4 Procurement and Project Status Report**

Mr. Giasson provided the Board with an overview of Item 4.1 – General Manager's Report. Mr. Giasson informed the Board that the Employer Support of the Guard and Reserve (ESGR) is a Department of Defense office established to promote cooperation and understanding between National Guard and Reserve employees and their civilian employers. Providence Water employee Steven Gianfrocco, who has served for 22 years as a Technical Sargent in the US National Guard and Reserve, has nominated the City of Providence/Providence Water as a candidate for the Secretary of Defense Freedom Award. This prestigious award recognizes civilian employers which have provided outstanding support to employees serving in the Guard and Reserve. Award winners are flown to the Pentagon and honored by the President of the United States and other officials. Former winners from Rhode Island have included CVS, Card's Furniture and Citizens Bank. Providence Water employees Steve Gianfrocco, Steve Soito, David Page and Michael Gannon will be attending a dinner on April 25<sup>th</sup> which honors all Freedom Award nominees from Rhode Island. Award winners will be chosen in the upcoming months. Steven Gianfrocco has served in three tours of duty in the Middle East – one tour in Iraq and two tours in Kuwait. A citation honoring Steve for his service to this country will be provided by Mayor Elorza.

Chairman Khamsyvoravong noted that it would be nice to have Providence Water employees, that are members of the National Guard, attend a future Board meeting.

Mr. Giasson stated that the Providence Water internal transition project team has been assessing the East Smithfield Water District (ESWD) system in anticipation of an upcoming merger. Additionally, Board Legal Advisor O'Gara is contacting ESWD legal counsel to discuss the merger agreement/documentation. Negotiations are ongoing and a merger is expected by the end of calendar year 2016.

Mr. Giasson stated that Providence Water has been approached by the Cyber Terrorism Program Manager of the Rhode Island State Police regarding a tour of the SCADA environment at the Scituate Treatment Plant. The group of individuals who will be attending this tour are full-time Army and Air Force cyber unit employees. The tour, which is being conducted on May 5<sup>th</sup>, will give the group members a more thorough understanding of how SCADA is deployed in a production environment.

A motion by Vice Chairman Cataldi and Mr. Mancini, seconded by Councilman Correia, to approve Agenda Items 4.1, 4.2, 4.3, and 4.4 concurrently, was made. All members present were in favor of the motion. The motion passed 7 to 0.

**5. OLD BUSINESS:**

None

**6. NEW BUSINESS:**

**6.1 Request for Approval – Rate Filing**

Mr. Massaro provided information on the upcoming rate filing and answered Board member questions. Mr. Massaro stated that Providence Water will be requesting an increase in revenues of \$9.9 million. This represents an increase in revenues of approximately 14.5%. New rates should be in place in February of 2017. Although the overall revenue increase is about 15%, the increase for the various rate classes will differ. All three classes of retail customers (residential, commercial and industrial) will generally see a 16% increase. Fire service will see a 15% increase and the wholesale rate will increase about 9.5%. Funding for our Infrastructure Replacement Program (IFR) will increase by \$3.6 million from \$24 million to \$27.6 million. Wages will increase by \$1.5 million - this includes \$650,000 for 14 new positions. Fringe benefits increase by \$700,000, pension expenses increase by \$860,000, utilities will increase by \$750,000. We have costs at three sites during 2017, therefore property taxes increase by \$416,000 and insurances will increase by \$671,000. We will request a payment in lieu of taxes ("PILOT") in the amount of \$326,000 to pay the City for lost tax revenues on the Dupont Drive property. A new lead education and outreach program will cost \$250,000. We have requested an increase of \$118,000 for the cost of City-provided services. The City service amount will go from \$839,167 to \$957,400. Our PUC allowances for a revenue reserve increases by \$47,384 (.5% of the revenue increase) and for an operating/expense reserve increase of \$142,152 (1.5% of revenues) for a total increase of approximately \$190,000. Various other expenses will increase by approximately \$350,000. We will be reducing our annual expense for chemicals and sludge removal by \$1.5 million, resulting in an annual allowance of \$3 million. The AMR/meter replacement fund will be reduced by \$500,000, resulting in an annual allowance of \$500,000. The revenue increase we now seek has changed from last month by \$2.9 million because the IFR account funding is increased by \$1.4 million, utilities are increased by \$450,000, wage and fringe benefits are increased by \$150,000 and we recognize a reduction in revenues billed of approximately \$800,000.

Mr. Mancini made a motion for Providence Water to submit a filing to the RI Public Utilities Commission requesting a revenue increase not to exceed 15%. The motion was seconded by Mr. Andujar. All members present were in favor of the motion. The motion passed 7 to 0.



## **6.2 Request for Approval – Infrastructure Bond**

Ms. Parrillo informed the Board that in December 2015, Providence Water filed its required twenty year Infrastructure Replacement (IFR) plan with the RI Department of Health (RIDOH) for the period 2016 through 2035. The plan included \$789 million in infrastructure replacement projects and a structured funding plan consisting of a combination of existing revenue, new revenue and additional bonds to finance the improvements over the 20 year period. The amount to replace/rehabilitate water mains over the same period is \$373 million. The engineering and finance departments have examined various scenarios and it is the recommendation that Providence Water will need to borrow \$15 million for the construction of water main rehabilitation projects, with the total amount of the borrowing to cover such bond costs as cost of issuance, origination fee and debt service reserve fund deposit. The total bond cost will be an amount not to exceed \$18 million, with the exact amount to be determined at the time of closing. The borrowing is needed for fiscal years 2017 and 2018. Providence Water requires Board authorization for the funding of the project costs and authorization so that Providence Water can reimburse itself for any expenditures incurred while the bond is in process. Since the inception of our Infrastructure Replacement Program in 1996, Providence Water has invested approximately \$320 million in our system. The \$18 million in bonds will provide approximately \$15 million of project funds to replace/rehabilitate water mains. The debt service will be paid from the restricted IFR fund. The borrowing and debt service continue to be subject to Division of Public Utilities approval and review by the Commission. Debt service would be approximately \$1.4 million per year from the IFR Fund. There are sufficient funds to cover this expenditure, however it is estimated in the next rate filing that \$1.4 million of rate revenue per year will support the bond.

Mr. Mancini and Mr. Andujar made a motion to authorize the General Manager to petition the RI Division of Public Utilities to authorize long-term borrowing of funds in an amount not to exceed \$18 million through the RI Infrastructure Bank and/or other funding avenues for distribution improvements, and to set a date for future reimbursement for project expenditures. The motion was seconded by Councilman Correia. All members present were in favor of the motion. The motion passed 7 to 0.

## **6.3 Request for Information – Audit Report for Fiscal Year Ending June 30, 2015**

Mr. Massaro informed the Board that every year, Providence Water is audited by an outside firm consistent with City of Providence Charter requirements. The City of Providence, along with Providence Water, was audited by the firm of Marcum LLC of Providence, Rhode Island. The audit report for Providence Water was received on April 1, 2016. The audit opinion stated that the financial statements presented fairly the financial position of Providence Water at June 30, 2014 and 2015. The revenues for fiscal year 2015 exceeded expenses by \$14.7 million. This amount is a result of rate relief to support the continued commitment to the replacement of infrastructure, careful management of operating costs and unspent revenues allocated for restricted funds. The change to monthly billing in 2014 has been a huge success, not only for our customers who now receive smaller monthly bills, but it also has significantly improved our cash flow. Total assets increased by approximately \$23.5 million or 6.27% compared to fiscal year 2014. Providence Water property, plant and equipment increased by \$17.4 million or 5.5% over the prior year. This is reflective of our continued investment in and replacement of capital assets with \$24 million annually of infrastructure replacement funds along with the infusion of bonds proceeds. On the liability side, there is an overall increase of \$51.5 million. This results from the issuance of an \$8 million bond and the recording of the net pension liability of \$43.2 million reflecting implementation of GASB Statement No 68. The recording of the \$43.2 million pension liability was the main reason for the overall \$25.3 million decrease in our net position in fiscal year 2015. Total revenue increased by \$6.4 million or

9.29% to \$69.2 million in fiscal year 2015. The increase in revenue in 2015 was attributable to the increase in rates authorized by RI Public Utilities Commission in December 2013. Fiscal year 2015 represents the first full year which reflects that increase in rates. Total operating expenses of \$54.5 million in fiscal year 2015 is a slight increase over the prior year amount of \$54.4 million. This results from management oversight of expenditures and a decrease in depreciation of \$1.3 million. As a result of effective internal controls and procedures, there was no management letter from the audit firm citing any areas of deficiency in internal controls and procedures. This results from the efforts of the finance and management staff to ensure that controls and procedures are in place and are followed effectively by all departments.

**7. OTHER BUSINESS:**

None

**8. ADJOURNMENT:**

A motion by Vice Chairman Cataldi, seconded by Ms. Thurber, to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 7 to 0. The meeting was adjourned at 5:55 p.m.

ATTEST: A true attest.

  
Carissa R. Richard, Board Secretary





3.1

**THE CITY OF PROVIDENCE  
WATER SUPPLY BOARD  
MAY 18, 2016 MINUTES** ✓

The Hon. Jorge O. Elorza  
Mayor

Ricky Caruolo  
General Manager

**BOARD OF DIRECTORS**

Xaykham Khamasyvoravong  
Chairperson

Joseph D. Cataldi  
Vice Chairperson

Michael J. Correia  
Councilperson

Sabina Matos  
Councilperson

Lawrence J. Mancini  
Ex-Officio

Andy M. Andujar  
Member

Kerri Lynn Thurber  
Member

Carlissa R. Richard  
Secretary

William E. O'Gara, Esq.  
Legal Advisor

**MEMBER**

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**BOARD MEMBERS PRESENT:**

Mr. Xaykham Khamasyvoravong, Chairman  
Mr. Joseph Cataldi, Vice Chairman  
Councilman Michael Correia, Board Member  
Councilwoman Sabina Matos, Board Member  
Mr. Andy Andujar, Board Member  
Mr. Lawrence Mancini, Ex-Officio

Mr. William E. O'Gara, Esq., Legal Advisor  
Mr. Ricky Caruolo, General Manager  
Ms. Carissa Richard, Board Secretary

**BOARD MEMBERS ABSENT:**

Ms. Kerri Lynn Thurber, Board Member

**PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:**

Mr. Gregg Giassori, Deputy General Manager – Operations  
Mr. Peter Pallozzi, Deputy General Manager – Administration  
Mr. Thomas Massaro, Senior Manager - Finance  
Ms. Nancy Parrillo, Senior Manager – Customer Service

**OTHERS ATTENDING:**

None

The Providence Water Supply Board met in the David F. Walsh Memorial Boardroom of the Providence Water Supply Board building located at 552 Academy Avenue, Providence, Rhode Island.

**1. CALL TO ORDER:**

Chairman Khamisyvoravong called the meeting to order at 5:04 p.m. Chairman Khamisyvoravong led the assemblage in the Pledge of Allegiance to the Flag of the United States of America.

**2. ROLL CALL:**

A quorum was established by calling attendance of all Board members.

**3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING:**

**3.1 April 20, 2016 Meeting**

A motion by Vice Chairman Cataldi, seconded by Mr. Mancini and Mr. Andujar, to approve Agenda Item 3.1, was made. All members present were in favor of the motion. The motion passed 6 to 0.

**4. REPORTS:**

- 4.1 General Manager's Report**
- 4.2 Financial Reports**
- 4.3 Personnel Report**
- 4.4 Procurement and Project Status Report**

Mr. Caruolo provided the Board with information from Item 4.1 – General Manager's Report. Mr. Caruolo stated that Providence Water Manager David Tikoian organized a Providence Water Heart Walk Committee to participate in the June 5, 2016 American Heart Association walk. The committee set a goal to raise \$1,500 and field a team of 30 walkers from Providence Water. As of May 5<sup>th</sup> the committee raised almost \$3,000 and they have approximately 60 walkers set to participate, making Providence Water the largest team amongst all City departments.

Mr. Caruolo informed the Board that Providence Water has partnered with the Northern RI Conservation District (NRICD) in educating elementary school children on the importance of watershed protection. On May 3<sup>rd</sup>, he, along with Steve Soito and Christopher Riley, participated in an event at Camp Aldersgate in Glocester, with approximately 150 students in attendance. The students took part in a poster competition and awards were presented to the winners. The winning posters will be used in the annual watershed calendars.

Mr. Caruolo stated that after a two year hiatus, a nesting pair of bald eagles is once again raising a chick at the Scituate Reservoir. The iconic raptors occupy a nest that looks like a collection of very large sticks in the upper branches of a white pine tree located on an island in the east arm of the reservoir. Despite its protected location, the nest can be viewed from the shoulder of Route 116 where it hugs the reservoir shoreline about a mile south of North Scituate village. The eagles made news headlines in Rhode Island more than a decade ago, when a pair chose this island location to become the state's first nesting pair in a very long time and long-term mates. The Scituate Reservoir offers an excellent habitat, since eagles prefer to nest in a tall tree near an open expanse of water so they can fish for food and not be disturbed. After being occupied every spring from 2003-2013, the nest was empty in 2014 and 2015. Conservationists and avian enthusiasts are happy to see eagles in the nest again this year.

[ Mr. Caruolo informed the Board that on May 16, 2016, Providence Water had submitted our rate filing to the Public Utilities Commission. Mr. Massaro answered questions and distributed rate filing summary information to Board members – see attachment. ] ✓

**5. OLD BUSINESS:**

None

**6. NEW BUSINESS:**

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**6.1 General Manager Evaluation Committee**

Chairman Khamsyvoravong informed Board members that consistent with past practice, a committee will be conducting the annual evaluation of the General Manager. The evaluation committee is comprised of Chairman Khamsyvoravong, Vice Chairman Cataldi, Councilwoman Matos, Mr. Mancini, Mr. Brett Smiley, Mr. Gregg Giasson and Mr. Peter Pallozzi. Once the committee completes the evaluation process, the entire Board will discuss the evaluation at the next meeting.

**6.2 2015 Annual Report**

Mr. Pallozzi informed the Board that Providence Water staff worked with DK Communications to prepare our 2015 annual report. The report is provided to the Mayor and City Administration, City Council members, our wholesalers and the RI Water Resources Board. Board members were provided with a copy of the annual report.

**6.3 Fiscal Year 2017 Budget Presentation**

Ms. Parrillo and the Providence Water Finance Department provided the Board with a presentation on the proposed FY 2017 Providence Water budget – see attachment. Due to bond indenture requirements, the Board will be asked to approve a FY 2017 budget by June 30, 2016.

A motion by Mr. Mancini, seconded by Councilman Correia, for the Board to accept the proposed budget, was made. All members present were in favor of the motion. The motion passed 6 to 0.

**7. OTHER BUSINESS:**

None

8. ADJOURNMENT:

A motion by Vice Chairman Cataldi, seconded by Mr. Andujar, to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 6 to 0. The meeting was adjourned at 5:50 p.m.

ATTEST: A true attest.

Carissa R. Richard  
Carissa R. Richard, Board Secretary

## PROVIDENCE WATER RATE FILING OVERVIEW

### Revenue Increase

- Our **current rates** collect the cost of debt service for payment of the new Central Operations Facility. **None of the requested increase in the current filing is to pay for the acquisition or renovation costs for the COF.**
- The rate filing will increase current revenues of \$69,400,429 by \$8,328,042, or 12%, providing for annual revenues of \$77,728,472.
- Approximately \$30.9 million, or 40% of all revenues, will be to support infrastructure improvements and capital projects.

### Reasons for the Rate Increase

- The Infrastructure Replacement funding will increase by \$3.6 million to \$27.6 million.
- Fringe benefits will increase over \$2 million; over half of this is for pension payments.
- Salaries and wages will increase over \$1 million.
  - Contractual wage increases of 2% at July 2016 and 2.75% at July 2017 increase wages by \$525,000.
  - Employee step increases over the next two years increase wages by \$263,000.
  - We are funding 14 new positions:
    - ~ Four additional watershed inspectors to strengthen security at the watershed and at the treatment facility.
    - ~ Three positions that will support our flushing program.
    - ~ Three positions associated with service to the East Smithfield service area.
    - ~ Two positions for T & D.
    - ~ Two positions in information technology to deal with cybersecurity concerns and to strengthen our in-house expertise in various IT areas.
- Property taxes and Insurance costs will, in total, increase over \$1 million.
- A Payment in Lieu of Taxes is included at \$326,000; this is a new expenditure.

### Rate Increases

- The annual bill for a typical residential customer will increase by \$48, or 12%, to \$447.11. This represents an increase of \$4 per month, or **less than a dollar weekly**.
- Different increases will apply to the various customer classes; the rate classes will increase by the following percentages:
  - Retail customers *revenues* will increase by 13.4%.
  - Wholesale customer *revenues* will increase by 7.5%.
  - Fire service rates (hydrants, the City's fire protection charge, and private fire service) revenues will increase 15%.