

McElroy & Donaldson

*Michael R. McElroy
Leah J. Donaldson*

Attorneys at Law

*Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com*

*Members of the Rhode Island
and Massachusetts Bars*

*21 Dryden Lane
Post Office Box 6721
Providence, RI 02940-6721*

*(401) 351-4100
fax (401) 421-5696*

July 31, 2020

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

Re: Providence Water Supply Board – Docket No. 4994
Post-Hearing Brief

Dear Luly:

Attached is the Post-Hearing Brief of the Providence Water Supply Board.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc/tmg
cc: Service List

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD : DOCKET No. 4994

POST-HEARING BRIEF OF THE
PROVIDENCE WATER SUPPLY BOARD

In December 2019, Providence Water Supply Board (“Providence Water”) filed a request for additional revenues of \$13,311,349 (an increase of 19.07%) for the Rate Year ending June 30, 2021. Providence Water also requested additional revenues of \$6,131,341 (an increase of 7.26%) for the Rate Year ending June 30, 2022, and additional revenues of \$3,574,759 (an increase of 3.94%) for the Rate Year ending June 30, 2023.

I. THE SETTLEMENT AGREEMENT

For approximately 7 months, the parties studied the prefiled testimonies and schedules of all parties and also engaged in extensive discovery. Providence Water answered 119 data requests from the Division of Public Utilities and Carriers (“Division”) (not counting subparts) totaling 633 pages; 105 data requests from the Bristol County Water Authority (“BCWA”) (not counting subparts) totaling 951 pages; and 17 data requests from the Commission (not counting subparts) totaling 29 pages. The parties then engaged in exhaustive but productive settlement negotiations. These negotiations resulted in Providence Water, the Division, the Kent County Water Authority (“KCWA”), and the City of Warwick (“the Settling Parties”) entering into a Settlement Agreement on July 1, 2020.¹ The Settlement Agreement was filed with the Commission for approval on July 3, 2020. The Settling Parties have agreed that Providence Water may be granted additional revenues of \$12,245,566 (an increase of 17.66%) for Rate Year 2021, \$4,350,590 (an increase of 5.22%) for Rate Year 2022, and \$3,437,358 (an increase of 3.92%) for Rate Year 2023.

¹ BCWA and East Providence did not join in the Settlement Agreement. Except for the filing of a motion to intervene, East Providence did not participate in this case.

Commission Rule 1.24(b)(3) dealing with Settlements states in pertinent part that:

“The failure of all parties to agree to or execute a settlement document should not be fatal to an otherwise reasonable settlement.”

Public policy in Rhode Island encourages settlements. Settlements are therefore expressly favored in Rhode Island. As the Supreme Court stated in *Ryan v. Roman Catholic Bishop of Providence*, 941 A.2d 174, 186-187 (RI 2008):

It is very much an important part of the policy of the courts of Rhode Island (and courts in general) to encourage the amicable settlement of disputes, whether by mediation or otherwise. See, e.g., *Zarella v. Minnesota Mutual Life Insurance Co.*, 824 A.2d 1249, 1253 n.2 (R.I. 2003) (observing that “the parties would have been better served by mediation”); *Skaling v. Aetna Insurance Co.*, 799 A.2d 997, 1012 (R.I. 2002) (“It is the policy of this state to encourage the settlement of controversies in lieu of litigation.”); see also *United States v. Davis*, 261 F.3d 1, 27 (1st Cir. 2001) (noting that there is a “strong public policy in favor of settlements”) (internal citations omitted); *Arruda v. Sears, Roebuck & Co.*, 273 B.R. 332, 345 (D.R.I. 2002) (“[I]n Rhode Island, courts favor the settlement of litigation disputes.”). As we have previously stated:

“Our policy is always to encourage settlement. Voluntary settlement of disputes has long been favored by the courts.” *Homar, Inc v. North Farm Associates*, 445 A.2d 288, 290 (R.I. 1982).

Our judicial system encourages settlement because it serves several laudable purposes, among them lessening the strain on scarce judicial resources and preventing litigants from sustaining significant costs. See, e.g., *LaFleur v. Shoney’s, Inc.*, 83 S.W.3d 474, 478 (Ky. 2002) (“[T]he settlement of cases serves the dual and valuable purposes of reducing the strain on scarce judicial resources and preventing the parties from incurring significant litigation costs.”); See also *D. H. Overmyer Co. v. Loflin*, 440 F.2d 1213, 1215 (5th Cir. 1971); see generally *15A C.J.S. Compromise and Settlement* §1 (2002).

And as stated in *Rhode Island Insurers’ Insolvency Fund v. New Prime, Inc.*, C.A. No.

PC04-1703 (RI Superior Court, 2007):

. . . second-guessing the compromises reached by the parties, absent an indication of wrongdoing, would undermine the finality of settlement agreements.

The agreed calculations and adjustments to Providence Water's original rate filing are set forth in detail in the revenue requirement settlement schedules attached to the Settlement Agreement (HJS Settlement-1 through HJS Settlement-12) and the cost of service and rate design settlement schedules (HJS Settlement-13 through HJS Settlement-25) and Schedule HJS Settlement-1a Settlement Summary.

To summarize, the Settling Parties have agreed to the following expense and revenue adjustments:

A. **City Services (Schedule HJS Settlement-12)**. Providence Water agreed to the Division's proposed adjustments to the City Services account. This maintains the amount of City Services at the current Commission approved funding level of \$839,167. This resulted in a reduction to City Services expense by \$651,527 per year in RY 2021, RY 2022, and RY 2023.

B. **Labor Cost and Payroll Tax (Schedules HJS Settlement-3a through HJS Settlement-4b)**. Providence Water agreed to the Division's proposed Rate Year 2021, 2022, and 2023 adjustments to Labor Cost and the associated Payroll Tax reductions for each Rate Year, based on 248 employees for PWSB Operations.² These adjustments reduced Providence Water's revenue requirement by \$278,128 for RY 2021, by \$288,089 for RY 2022 and by \$296,948 for RY 2023 for labor cost, and by \$21,277 for RY 2021, by \$22,039 for RY 2022, and by \$22,717 for RY 2023 for payroll taxes.

C. **PUC Assessment (Schedule HJS Settlement-7)**. Providence Water accepted the Division's recommended adjustments of \$17,315 for RY 2021, \$9,701 for RY 2022, and \$786 for RY 2023.

² This is a reduction from the approved employee count in Providence Water's last rate case.

D. **Chemicals and Sludge (Schedules HJS Settlement-8a, HJS Settlement-8b, and HJS Settlement-10g).** The Division recommended annual funding for this account of \$3.6 million per year. Providence Water accepted the Division's recommendation. The agreed upon funding level is \$200,000 per year lower than the funding Providence Water originally requested.

E. **Private Side Lead Service Replacement Fund (Schedule HJS Settlement-10i).** The Division recommended that, in lieu of zero-cost lead service line replacements for customers as proposed by Providence Water, Providence Water should instead continue to provide zero interest loans to customers electing to have Providence Water replace their private side lead service lines. Those no-interest loans are provided to customers with a 10-year repayment period. Further, the Division proposed that funding in this restricted account should be ramped up from the current funding level of \$250,000 per year to a level of \$1 million in RY 2021, to \$2 million in RY 2022 and to \$3 million in RY 2023. Providence Water accepted all of the Division's recommendations.

F. **General Inflation (Schedules HJS Settlement-11 and JHS Settlement-12).** Providence Water originally applied inflation adjustments from the Test Year to the Rate Year of 4.2% and general inflation from RY 2021 to RY 2023 of 2.1%. However, the Division recommended that there should be no general CPI-index inflation adjustment. Providence Water accepted the Division's recommendation, and removed its proposed inflation adjustments for each Rate Year.

G. **Operating/Revenue Reserve (Schedule HJS Settlement-1 and HJS Settlement-26).** These are calculated figures based on the settled amounts of net revenues and the applicable percentages of 1.5% for the operating reserve and .5% for the revenue reserve.

H. **Miscellaneous Revenues (Schedule HJS Settlement-1).** Providence Water accepted the Division's recommended \$178,417 Miscellaneous Revenue adjustment and

compromised at 50% of the Division's proposed property tax account adjustments (\$50,000 for each Rate Year).

I. **Equipment (Schedule HJS Settlement-10e)**. The Settling Parties compromised and agreed to reduce funding of Providence Water's restricted Equipment account by 50% of the Division's proposed adjustment (\$50,000 in RY 2021, \$100,000 in RY 2022, and \$150,000 in RY 2023).

J. **Insurance (Schedule HJS Settlement-10f)**. The Settling Parties compromised and agreed to reduce funding of Providence Water's restricted Insurance account by 50% of the Division's proposed adjustment (\$251,057 for RY 2021, RY 2022 and RY 2023).

K. **Infrastructure Replacement (IFR) (Schedule HJS Settlement-10c)**. The Settling Parties compromised and agreed to reduce the requested funding in the restricted IFR account by 50% of the Division's proposed adjustment (\$1,000,000 in RY 2023).

L. **Service and Materials (Schedule HJS Settlement-6)**. The Settling Parties compromised and agreed to reduce the funding level in the Service and Materials Account by \$100,000 in RY 2021 and to increase it by \$137,750 in RY 2022.

Therefore, the Settling Parties agreed to total adjustments that decrease Providence Water's original requested revenue requirement for RY 2021 by **\$1,065,783**, for RY 2022 by **\$2,846,534**, and for RY 2023 by **\$2,983,935**, for total reductions of **\$6,896,252**.

The Settling Parties also agreed in full to the following cost of service and rate design recommendations of the Division as reflected in the Division's Direct Testimony of Jerome D. Mierzwa:

A. A proportionate share of water quality and other testing of non-revenue water was allocated to wholesale customers;

B. Water treatment plant labor expenses were functionalized and allocated based on average day demands;

C. Bad debt expense was assigned to all retail functional costs.

D. Interest on delinquent accounts was assigned to all retail functional costs;

E. Direct Fire Protection was assigned 0.5% of functionalized base costs in this docket;

F. 10% of the square footage related to Commercial Services within the Providence Water Central Operations Facility was assigned to wholesale customers.

G. Increases in monthly service charges and the Public Fire surcharge were limited to 1.75 times the system average increase to avoid rate shock; and

H. Public Fire Hydrant and Private Fire increases were limited to 1.75 times the system average increase to avoid rate shock.

The Settling Parties agreed that the increases for Step 2 (FY 2022) and Step 3 (FY 2023) will include funding for the private side lead service replacement for retail customers, but those costs will not be imposed on wholesale customers.

The residential retail rate was set by agreement at \$3.684 per hcf; the commercial rate was set at \$3.859 per hcf; and the industrial rate was set at \$3.512 per hcf.

Projected retail consumption was set at 12,625,027 hcf based on FY 2019 sales, plus an increase for Providence Water's anticipated Johnston acquisition. Projected wholesale consumption was set by agreement at 11,362,760 hcf based on FY 2019 sales, less a reduction related to Providence Water's anticipated Johnston acquisition.

The step increases for retail rates, which include the cost for private side lead service replacement, are 5.54% in FY 2022 and 4.22% in FY 2023. The step increases for the wholesale

rate, which exclude the cost for private side lead service replacement, are 4.07% in FY 2022 and 2.84% in RY 2023.

The Public Fire Supply rate was set at \$595.68 per hydrant.

The annual impact of this settlement on customers' bills is illustrated on HJS Settlement-25 Comparison of Typical Bill Impacts. On a monthly basis, a typical residential customer will pay \$40.62 per month for FY 2021, which is an increase of 13.1%, \$42.87 per month for FY 2022, which is an increase of 5.5%, and \$44.68 per month for FY 2023, which is an increase of 4.2%.

It was agreed these rate changes will be implemented by Providence Water for consumption on and after approval by the Commission at its Open Meeting.

It was agreed that all accounts restricted by previous Commission Orders will remain restricted.

It was also agreed that Providence Water's new tariffs will be those shown as Schedules A through F attached to the Settlement Agreement.

As shown above, Providence Water and the Settling Parties fully adopted the Division's recommended changes with regard to:

1. City Services.
2. Labor and Payroll tax.
3. PUC Assessment.
4. Chemicals and Sludge.
5. Private side lead service replacements.
6. Inflation.
7. Operating/Revenue Reserve.
8. Miscellaneous Revenues.

9. Allocation of water quality and testing non-revenue water.
10. Allocation of water treatment labor expenses.
11. Allocation of bad debt expenses.
12. Allocation of interest in delinquent accounts.
13. Allocation of direct fire protection.
14. Allocation of commercial services.
15. Limitation of monthly service charges and public fire surcharge increases to 1.75 times the system average, and
16. Limitation of public fire hydrant and private fire increases to 1.75 times the system average.

On the remaining issues raised by the Division related to (1) the restricted property tax account, (2) the restricted equipment fund, (3) the restricted insurance fund, (4) the restricted IFR fund, and (5) the service and materials fund, the Settling Parties agreed to fair and reasonable compromises between the Division's initial position and Providence Water's original position.

In other words, Providence Water and the Settling Parties agreed in full to the Division's recommended changes on 16 issues and reached a fair and reasonable compromise on the remaining 5 issues.

BCWA urges the Commission to second guess and reject the Settlement Agreement because compromises were negotiated on certain issues. A Settlement Agreement must be reviewed by this Commission to determine whether it is just and reasonable. To allow a single dissenting intervenor to pick out a few negotiated and settled items and criticize them because a compromise was reached could make it more difficult for parties to negotiate and reach agreements in the future. We therefore respectfully urge the Commission to reject BCWA's suggestions.

II. WHOLESALE RATES

With regard to wholesale rates, the Settling Parties have all agreed in the settlement to continue uniform wholesale rates for all wholesale customers of Providence Water. The uniform wholesale rate was set at \$2,158.02 per million gallons. Since this Commission began regulating Providence Water many years ago, Providence Water's wholesale rates have always been uniform for all of its wholesale customers. The agreed upon uniform wholesale rate increase is 19.49% for FY 2021, 4.07% for FY 2022, and 2.84% for FY 2023.

It is also important to note that nothing in the Commission Order in Docket 4618 required Providence Water to propose or study individual wholesale rates as part of its new cost of service study. The Order simply stated:

“Providence Water Supply Board shall complete and submit a new cost of service study conducted without reference to previously used Commission adjusted allocators.” (Order # 23666, page 47, paragraph 14).

The Commission in Docket No. 4618 went on to specifically direct Providence Water in its new cost of service study to address the issues of “fire protection charges” (paragraph 16), the “central operations facility” (paragraph 17), and “unidirectional flushing” (paragraph 18), but said nothing at all about addressing individual wholesale rates.

This docket was opened on December 2, 2019 when Providence Water filed its direct testimony and supporting documents.

On December 16, 2019, BCWA filed a motion to intervene. In its motion to intervene, despite the fact that Commission Rule 1.14C regarding intervention states that any motion to intervene must set out “the position of the movant in the proceeding”, BCWA made no mention at all of the fact that it intended to ask the Commission to implement individualized wholesale rates

for each wholesale customer, as opposed to the uniform wholesale rates which have always been used by Providence Water.

On March 19, 2020, this Commission issued a Notice of Public Hearing which said nothing about any possible change of wholesale rate design from uniform wholesale rates to individual wholesale rates. This is because Providence Water was not proposing such a change.

As shown by the filing package, Providence Water sent written notification (including the entire rate filing package, with all testimony and schedules) to each of its wholesale customers. This package set forth proposed uniform wholesale rate increases of 20.67% for all wholesale customers for fiscal year 2021, 7.26% for fiscal year 2022, and 3.94% for fiscal year 2023.

It was not until BCWA's direct testimony was filed on May 11, 2020, approximately 5 months after Providence Water's initial filing, that individual wholesale rates for each of Providence Water's wholesale customers was proposed in this docket for the first time.

As shown by BCWA's responses to Commission data request 1-1, Exhibit C, BCWA is proposing very different rate increases for each wholesale customer. Instead of the approximate 20% rate increase proposed by Providence Water for FY 2021 example, under the BCWA proposal, the City of Warwick's wholesale rate would increase by over 37%, the Town of Smithfield's wholesale rate would increase by over 27%, and the Town of Greenville's wholesale rate would increase by over 23%. However, BCWA's wholesale rate would increase only by 0.23%. KCWA's wholesale rate would decrease by -1.47%.

Providence Water's position on wholesale rate design is set forth in detail in Providence Water's response to Commission data request 2-1, in Providence Water's response to Division data request 4-5, and in Harold Smith's rebuttal testimony.

In summary, Providence Water is unable at this time to calculate individual wholesale rates which would be just and reasonable because Providence Water does not have sufficient information regarding all of the issues involved in serving each wholesale customer individually. However, Providence Water is willing to thoroughly study the issue of individual wholesale rates. After ensuring that all of the operational, engineering, contractual, and financial issues are examined in detail with input from all stakeholders, Providence Water would be willing to implement individual wholesale rates if ordered to do so by the Commission. This study could be done in about 6 months assuming all of the wholesale customers cooperate. However, Providence Water would also need the Commission to provide funding for Providence Water for such a study, which will require the hiring of experts. The funding could be included in the revenue requirement for Providence Water's step increases for FY 2022 and 2023.

The specific challenges to developing just and reasonable individualized wholesale rates include, but are not limited to the following:

1. The impact of the peak demand on Providence Water's costs needs to be studied because the impact may not be the same for each individual wholesale customer. Engineering assistance will be needed.

2. Different assets are used to serve each individual wholesale customer. Therefore, an evaluation must be made of the reservoirs, pump stations, and transmission mains which service each wholesale customer.

3. If Warwick's rates significantly increase as proposed by BCWA, and if Kent County's rates decrease as proposed by BCWA, the City of Warwick could be highly incentivized to purchase its water from KCWA instead of buying its water from Providence Water. This could result in lower overall revenue for Providence Water than projected in this docket. This could put

Providence Water in a difficult financial situation. This potential adverse impact needs to be closely analyzed by the rate experts.

4. There are contractual and other issues that need to be studied resulting from the wheeling arrangements between KCWA and Warwick.

BCWA has argued that individual rates can be calculated for each wholesale customer by simply inputting the individual peaking factors Providence Water has on record for each customer. However, because of the wheeling arrangements between Warwick and KCWA, we believe that these peaking factors may not be appropriate for the purpose of developing just and reasonable individual wholesale rates for Warwick and KCWA.³

Both KCWA and Warwick purchase water directly from Providence Water, which they then distribute to their retail customers. In addition, KCWA receives water from Warwick. This water is purchased by Warwick from Providence Water and is then both (1) distributed to some KCWA retail customers, and (2) sold back to Warwick customers. Put differently, a portion of KCWA's water is supplied by purchases that Warwick makes from Providence Water. This means that a portion of Warwick's peak demand is effectively KCWA's peak demand that passes through the Warwick master meter.

The Providence Water peaking factors used in Mr. Maker's calculation do not account for the fact that Warwick's peak is driven in part by water it wheels to KCWA. In other words, KCWA's actual peak demand is a function of (1) the water it buys directly from Providence Water, and (2) the water it obtains from the wheeling arrangement with Warwick. In addition, Warwick's actual peak demand is a function of (1) the water Warwick purchases from Providence Water, and

³ Another problem with BCWA's proposed wholesale rates is that those rates do not allocate any unidirectional flushing (UDF) or pumping costs to any of the wholesale customers, despite the fact that UDF and pumping do benefit some of the wholesale customers. Not allocating any of these costs to wholesale means that they would need to be improperly recovered from retail customers.

(2) the water Warwick purchases and wheels to KCWA. Therefore, simply using the peaking data Providence Water has on record for these customers ignores this wheeling interrelationship and its impact on the peak demands of the two customers.

Without a detailed study of the impacts of the wheeling agreements, it is difficult if not impossible to quantify at this time exactly what this impact would be, but the issue is clearly much more complex than simply treating each customer in isolation. If, for example, KCWA is using the water wheeled through Warwick to meet its peak demand, then a portion of Warwick's peak demand needs to be attributed to KCWA's peak, not Warwick's peak. This would reduce Warwick's individual wholesale rate and increase KCWA's individual wholesale rate as compared to the rates calculated by Mr. Maker.

Under the Settling Parties uniform wholesale rate proposal, which has always been used by Providence Water and has been approved in numerous previous rate cases before this Commission, this wheeling arrangement has never been an issue because the allocation of costs has been dependent on the demands of the class as a whole, regardless of the distribution of demands between the wholesale customers. Accordingly, the wheeling arrangements were not studied during the course of the development of Providence Water's continued uniform wholesale rate proposal. Nevertheless, as stated throughout Providence Water's data responses, pre-filed testimony and at the hearing, Providence Water is willing to study this issue in detail with input from all stakeholders to ensure that, among other things, the wheeling arrangements are appropriately factored into any calculation of individual wholesale rates for Kent County and Warwick.

Providence Water believes that these issues could eventually be resolved after appropriate study and analysis. The Division agrees with Providence Water's position. In its response to PUC

data request 1-1, the Division stated that because no evaluation of the infrastructure and facilities required to serve each wholesale customer has been conducted, appropriate cost based rates for each wholesale customer cannot be developed in this docket.

The City of Warwick responded similarly to PUC data request 1-1. First, Warwick stated that adopting individual rates for each wholesale customer was not part of the initial rate filing in this matter, and therefore Warwick did not retain an expert to perform the necessary analysis of individual wholesale rates. Second, the City of Warwick stated that the data to properly account for the infrastructure demands of each wholesale customer has not been developed in this docket. Therefore, Warwick's position is that individual wholesale rates should not be implemented at this time.

Finally, even though KCWA's wholesale rate would go down under BCWA's proposal, KCWA is not in support of trying to establish individual wholesale rates in this docket. In responding to PUC data requests 1-5, KCWA stated that individual wholesale rates should be carefully considered and properly reviewed by all stakeholders as part of a further study.

Providence Water is willing to do exactly that.

III. BCWA REVENUE REQUIREMENT SUGGESTIONS

BCWA has also suggested that the Commission consider certain revenue requirement reductions. BCWA apparently claims Providence Water has not met its burden of proof on these matters. These proposed reductions and a summary of the proof presented in the record by Providence Water on each issue are set forth in detail in Exhibit A. Providence Water believes that it has fully met its burden of proof on each such issue. The Division, KCWA, and Warwick all agree because otherwise they would not have joined in the Settlement Agreement.

Providence Water therefore respectfully asks the Commission not to second guess the Settlement Agreement. All of the Settling Parties have attested in writing in Paragraph 18 of the Settlement Agreement that they believe that the Settlement is reasonable, is in the public interest, and is in accordance with law and regulatory policy. Therefore, Providence Water respectfully asks that the Settlement Agreement be approved by this Commission.

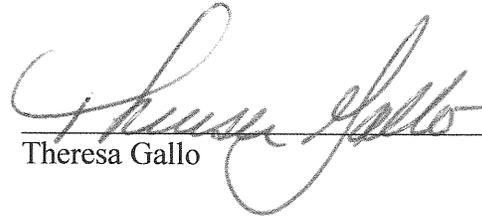
Respectfully submitted,
PROVIDENCE WATER SUPPLY BOARD
By its attorneys

Dated: July 31, 2020


Michael R. McElroy, Esq. #2627
Leah J. Donaldson, Esq. #7711
Barnaby E. McLaughlin, Esq. #10177
McElroy & Donaldson
21 Dryden Lane
P.O. Box 6721
Providence, RI 02940-6721
Tel: (401) 351-4100
Fax: (401) 421-5696
Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com
Barnaby@McElroyLawOffice.com

CERTIFICATE OF SERVICE

I hereby certify that, on the 31st day of July, 2020, I served this document on the attached service list.


Theresa Gallo

**Docket No. 4994 - Providence Water Supply Board – General Rate Filing
Service List updated 7/8/2020**

Parties	E-mail	Phone
Providence Water Supply Board (PWSB) Michael McElroy, Esq. McElroy & Donaldson PO Box 6721 Providence, RI 02940-6721	Michael@McElroyLawOffice.com ;	401-351-4100
	Leah@McElroyLawOffice.com ;	
Ricky Caruolo, General Mgr. Providence Water Supply Board 552 Academy Avenue Providence, RI 02908	RickyC@provwater.com ;	401-521-6300
	Greggg@provwater.com ;	
	Marydw@provwater.com ;	
	NancyP@provwater.com ;	
	PeterP@provwater.com ;	
	STEVEC@provwater.com ;	
	ALICIAM@provwater.com ;	
Harold Smith Raftelis Financial Consulting, PA 1031 S. Caldwell Street, Suite 100 Charlotte, NC 28203	Hsmith@raftelis.com ;	704-373-1199
Division of Public Utilities (Division) Leo Wold, Esq. Division of Public Utilities and Carriers John Bell, Chief Accountant	Leo.wold@dpuc.ri.gov ;	401-780-2177
	john.bell@dpuc.ri.gov ;	
	Pat.smith@dpuc.ri.gov ;	
	Hakeem.ottun@dpuc.ri.gov ;	
	Robert.Bailey@dpuc.ri.gov ;	
	MFolcarelli@riag.ri.gov ;	
	Dmacrae@riag.ri.gov ;	
Jerome Mierzwa Exeter Associates, Inc. 10480 Little Patuxent Pkwy, Suite 300 Columbia, MD 21044	jmierzwa@exeterassociates.com ;	410-992-7500
Ralph Smith Larkin & Associates, PLLC 15728 Farmington Road Livonia, Michigan 48154	rsmithla@aol.com ;	734-522-3420
	dawn.bisdorf@gmail.com ;	
	ssdady@gmail.com ;	
	mcranston29@gmail.com ;	
Kent County Water Authority (KCWA) Mary B. Shekarchi, Esq. 33 College hill Rd., Suite 15-E Warwick, RI 02886	marybali@aol.com ;	401-828-5030
David Bebyn, Consultant	dbebyn@gmail.com ;	
David L. Simmons, P.E. Executive Director/Chief Engineer Kent County Water Authority	dsimmons@kentcountywater.org ;	401-821-9300

Bristol County Water Authority (BCWA) Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	jkeoughjr@keoughsweeney.com ;	401-724-3600
Pamela Marchand, General Manager Bristol County Water Authority	pmarchand@bcwari.com ;	
City of East Providence Michael Marcello, City Solicitor City of East Providence Legal Department 145 Taunton Avenue East Providence, RI 02914	RLefebvre@CityOfEastProv.com ;	401-435-7523
City of Warwick Timothy M. Bliss, Esq. Center Place 50 Park Row West, Suite 101 Providence, RI 02903	tbliss@timblisslaw.com ;	401-274-2100
File original and nine (9) copies w/: Luly E. Massaro, Commission Clerk Margaret Hogan, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ; Margaret.Hogan@puc.ri.gov ; Cynthia.wilsonfrias@puc.ri.gov ; Alan.nault@puc.ri.gov ;	401-780-2107
Kathleen Crawley Water Resources Board	Kathleen.Crawley@doa.ri.gov ;	401-222-6696

EXHIBIT A

1. Restricted IFR funding in 2023 – BCWA suggests a \$2 million reduction in 2023 “to mitigate the rate increase.” Providence Water opposes this suggestion – the Settlement Agreement reduces IFR funding by \$1 million in 2023.

a. Providence Water Supporting Direct Testimony – Harold Smith

- i. Page 10, Lines 21 to 24 – “I increased funding for the IFR fund to ensure sufficient funds are available to cover anticipated new debt service and cash funded construction in each year (HJS-10C). Please see the Testimonies of Providence Water Witnesses Gregg Giasson and Nancy Parrillo.”

b. Providence Water Supporting Rebuttal – Harold Smith

- i. Page 6, Lines 17 to 23 –
 - 1. “Q. What about the remaining proposals regarding inflation, and the remaining restricted funds (i.e., IFR, Vehicle and Equipment Replacement, Insurance and the Property Tax Refund Fund)?
 - 2. A. The proposed reductions to the restricted funds will result in insufficient funding through FY 23. Please see the rebuttal testimony of Providence Water witness Nancy Parrillo regarding the IFR, Vehicle and Equipment Replacement, and Insurance Funds. Please see the rebuttal testimony of Providence Water witness Ricky Caruolo regarding the Property Tax Refund Fund.”
- ii. Page 14, Lines 1 to 9 –
 - 1. “Q. Please summarize the cost of service issues that Mr. Maker raises in his testimony.
 - 2. A. All of Mr. Maker’s cost of service issues are premised on the idea that Providence Water should develop and assess separate rates for each wholesale customer. While the points that he raises with respect to individual peaking factors for wholesale customers, the allocation of flushing, pumping and transmission and distribution labor costs hold some merit, they can only be properly implemented if Providence Water were to develop separate rates for each wholesale customer. It is my recommendation that Providence Water should take all of the issues Mr. Maker has raised into consideration as it studies the possibility of separate wholesale rates leading up to its next full rate filing.” (This was in reference to BCWA’s proposed reductions to IFR and insurance).

c. Providence Water Supporting Direct Testimony – Nancy Parrillo

- i. Page 3, lines 5 -10 “ Debt service is the other major expenditure from this fund. These payments continue to increase over the next three years with debt service

being \$6,932,231 in FY2021 and estimated at \$7,876,387 and \$9,773,267 in FY2022 and FY2023 respectively. Providence Water will continue to partner with the Rhode Island Infrastructure Bank (RIIB) to provide the lowest cost of borrowing for the planned work on the water mains which is estimated at \$57 million over the next 3 fiscal years”.

- ii. Page 3, lines 26 – 28 “We are proposing an increase in funding to the IFR Fund in the amount of \$2.0 million per year to cover the estimated debt service on the new bonds that we anticipate borrowing over the next 3 fiscal years.” See Schedule HJS-10c.

d. Providence Water Supporting Rebuttal Testimony – Nancy Parrillo

- i. Page 5, lines 1 – 22

- 1. “The IFR Fund is the key to maintaining clean, safe drinking water to over 600,000 people in the State of Rhode Island. Mr. Giasson has submitted a IFR plan that includes 40 projects that total \$28.8 million in FY2021, \$52.7 million in FY2022, and \$35.6 million in FY2023. (See Mr. Giasson’s pre-filed testimony, Exhibit GG-1 and data response for BCWA 1-12). By borrowing from the RI Infrastructure Bank (RIIB) for the Water Main Rehabilitation (WMR) project, we can reallocate pay-as-you-go cash dollars to smaller projects that do not qualify for State Revolving Fund loans and add a smaller annual dollar amount to the debt service obligation expense for that WMR project. This allows us to stay in compliance with the Bilateral Consent Agreement with the Department of Health (RIDOH) for the water main work and complete many other projects that we would not have been able to complete had we needed to pay cash for the WMR project. Although it appears in certain years that the ending balance is accumulating in the fund, it is necessary to look at the overall IFR plan to evaluate the cash needs of the projects going forward.

The schedule of IFR projects is not bound by fiscal years. Many of these projects are multiple year projects and run over into another fiscal year. It is imperative that we have sufficient funds in the IFR fund year to year to pay for those projects and at the same time mitigate rate spikes to fund the IFR in specific fiscal years to cover project costs that may fluctuate from year to year. The increase in funding for the IFR Fund that Providence Water has proposed is necessary to match the funding needs for the projects included in the IFR plan that has been approved by RIDOH and meets the debt service requirements for future borrowings that are necessary to fund the water main rehabilitation [WMR] without Providence Water having to come back to the PUC every year for rate increases to cover new debt service payments.”

e. Providence Water Supporting Direct Testimony – Gregg Giasson

i. Page 1, Lines 11 - 20

1. “Q. What is the status of Providence Water’s IFR Plan?”
2. A. In December of 2015, Providence Water submitted the required 5 year update of our IFR Plan to RIDOH. The next formal submittal to RIDOH will be in December of 2020. It is important to note that the IFR Plan is constantly updated and revised to meet Providence Water’s changing needs. The current 5-year plan (FY2021 through FY2025) is included as Exhibit GG-1.
3. Q. What are the largest projects, in terms of cost, in the 5 year plan?
4. A. The largest projects, in terms of cost, are as follows.”
 1. Water main rehabilitation”

ii. Page 4, lines 7- 27

1. “What are the general requirements of the BCA [Bilateral Compliance Agreement]?”
2. A. The 2019/2020 draft BCA has a lot of the same requirements as the 2018 BCA, mostly focusing on establishing a public and private side lead service line database and investigating ways to increase the amount of customers who replace the private side of their lead service line. The two requirements that have significant financial impacts are (1) annual flushing of 90 miles of water main, and (2) main rehabilitation in the amount of \$19,100,000 per year in state fiscal years 2020, 2021, and 2022.
3. How much has Providence Water spent on water main rehabilitation?
4. A. Since 1997, Providence Water has rehabilitated approximately 93 miles of water main in our distribution system (See Exhibit GG-4). The amount of main rehabilitated per year increased significantly as part of the Consent Agreement entered into with the RIDOH in 2013. In addition, a good portion of the water main infrastructure in our distribution system is either at or beyond its useful life. As shown in Exhibit GG-4, the cost per foot to rehabilitate water main varies. In fiscal year 2019, the cost per foot was approximately \$268/ foot. This is due to several factors, including but not limited to the following:
 - (1) the type of rehabilitation (replacement versus cleaning and lining);
 - (2) the amount of other utilities in the roadway;
 - (3) the amount of pavement restoration and police details required;
 - (4) contractor availability and current economic conditions;
 - (5) the location of the work (urban area versus rural area); and
 - (6) the amount and type of services (copper versus lead).”

f. **Providence Water Supporting Data Responses – Attached.**

- i. Division 1-37 Reference to GG-1
- ii. Division 6-15 Reference Div 1-37
- iii. BCWA 1-12 Reference to HJS 10(c)
- iv. BCWA 1-46 Reference Pg. 3 Parrillo testimony Debt Service
- v. BCWA 1-47 Reference Pg. 3 Parrillo testimony Debt Service
- vi. BCWA 1-48 New Bonds
- vii. BCWA 2-14 Reference to BCWA 1-12
- viii. BCWA 7-1 Reference to 6-15 and Div 6-16
- ix. BCWA 7-2 Div 6-15 Debt Service
- x. BCWA 7-3 Reference to Div 6-15 and Div 6-16

g. **Providence Water Supporting Schedules (direct/rebuttal/settlement)**

- i. HJS 1
- ii. HJS 1a (settlement)
- iii. HJS 10c (attached)
- iv. HJS 12a&b
- v. Original GG-1 (attached)
- vi. Original GG-4 (attached)

h. **Joint Settlement Agreement: Page 5** – “IFR (Schedule HJS Settlement-10c). The Division recommended reducing PWSB RY 2023 requested funding amount of \$6 million to \$4 million – an adjustment of \$2 million – based on a projected balance in the account of in excess of \$4 million. PWSB offered to resolve the disputed funding level of this account by offering 50% of the Division’s proposed adjustment. In settlement of these differing positions, PWSB agrees to reduce the requested funding in the IFR account by \$1,000,000 in RY 2023. The agreed to reduction will mitigate the surplus projected balance while allowing PWSB the flexibility it requires to fund ongoing IFR projects.”

2. Restricted Insurance Funding – BCWA suggests a \$502,112 reduction in 2021, 2022, and 2023, and also suggests that the restricted injuries and damages fund be reduced by \$224,154 in 2021. Providence Water opposes these suggestions. The Settlement Agreement reduces insurance funding by \$251,057 in RY 2021, RY 2022, and RY 2023.

a. Providence Water Supporting Direct Testimony – Harold Smith

i. Page 13, Lines 1 to 4 –

1. “Q. Why did you not adjust the funding level of insurance expense on HJS-10F?
2. A. These expenses are expected to increase over time, as noted in the testimony of Providence Water Witness Nancy Parrillo, but the existing funding level is sufficient to cover the increased expense over the next three years.”

b. Providence Water Supporting Rebuttal Testimony – Harold Smith

i. Page 6, Line 17 to 23 –

1. “Q. What about the remaining proposals regarding inflation, and the remaining restricted funds (i.e., IFR, Vehicle and Equipment Replacement, Insurance and the Property Tax Refund Fund)?
2. A. The proposed reductions to the restricted funds will result in insufficient funding through FY 23. Please see the rebuttal testimony of Providence Water witness Nancy Parrillo regarding the IFR, Vehicle and Equipment Replacement, and Insurance Funds. Please see the rebuttal testimony of Providence Water witness Ricky Caruolo regarding the Property Tax Refund Fund.”

c. Providence Water Supporting Direct Testimony – Nancy Parrillo

i. Page 5, Lines 19 to 30, Page 6 Lines 1 to 9 –

“The Insurance Fund is used to pay insurance premiums on all policies – property & casualty, liability, workers’ compensation – as well as pay claims for injuries and damages, safety related supplies, and deductibles related to workers’ compensation claims.

Over the last 2 years we have seen very modest increases in insurance expense. The increase in the property, casualty, and liability policies were due to an increase in the value of the property – specifically the addition of the Central Operations Facility and the acquisition of the East Smithfield Water District. Since the addition of these assets, increases in pricing were due to increases in pricing across the industry. Increases in workers’ compensation premiums and deductibles were based on the increase in claims causing higher experience modifications, and any increases in salary expense due to contractual obligations and new employees.

We are also including \$250,000 for the rate year in order to undertake a full asset re-valuation that is being required by the insurance carriers. The last valuation of assets - buildings and contents was over 10 years ago. With the completion of the Central Operations Facility, the acquisition of East Smithfield Water District, and improvements at the plant, the current valuations are out of date.

Providence Water put its insurance package out to competitive bid in spring of 2019 and as a result we are expecting premiums to stay stable and adjusting for inflation going forward in to the future. As a result, we are not looking for any adjustment to the funding for insurance. See Schedule HJS-10f.”

d. Providence Water Supporting Rebuttal Testimony – Nancy Parrillo

i. Page 3, Lines 6 to 20 –

1. “Q. What is Providence Water’s position on the Division’s proposed reduction of funding to the Restricted Insurance Fund?
2. A. The Division has proposed a reduction of the Restricted Insurance Fund by \$502,113. We do not agree with this adjustment. We propose a reduction in program expenses of \$50,000 in FY2021 which would bring that line down to \$205,000. The adjustment is a reduction to the original estimate of \$250,000 bringing it to \$200,000 to cover the costs of the valuation/appraisal of all of Providence Water’s assets for insurance purposes. This estimate is consistent with the cost incurred by the City of Providence associated with the valuation/appraisal of Providence Water during the exploration of potentially monetizing Providence Water. We also propose reducing that same expense line by \$250,000 in FY2022 which was originally thought to be a continuation of the estimate for the re-evaluation beginning FY2021 which we have determined will not be necessary. In light of these adjustments, we propose to reduce funding to the Restricted Insurance Fund by \$100,000 to an annual funding rate of \$2,202,113 from the current amount of \$2,302,113.”

e. Providence Water Supporting Schedules

- i. HJS 1
- ii. HJS 1a (settlement only)
- iii. HJS 10f
- iv. HJS 12a&b

f. Providence Water Supporting Data Responses

- i. BCWA 1-17

“BCWA 1-17: Regarding Schedule HJS-12:

a. Please explain all the funding adjustments to the restricted insurance fund for FY19, FY21, FY22, and FY23.

RESPONSE:

Generally speaking, these adjustments are reconciling the actual expense Providence water is expecting to incur in these years with the funding level being requested. In most cases, the projected expenditures differ from the amount of funding being requested in a given year. The difference will be reduced from the balance in each respective fund (when expenditures exceed the request) or be added to balance in each respective fund (expenditures are less than the request).

Providence Water is requesting \$2,302,113 in funding for the Insurance Fund. This is the level of funding that is included in rates each year. That said, the expenditures in FY 2021 and FY 2022 will exceed the requested funding level. The shortfall between the requested funding and expenditures will be made up through the use of fund balance within the fund. In these years there are negative funding adjustments (-131,100 in FY 21, -\$23,504 in FY 22) to ensure that the requested funding amount is included in rates. In FY 2023 expenditures will be less than the requested funding amount. Accordingly, there is a positive adjustment (\$196,847) in that year to achieve the full requested funding level.”

- ii. DIV 1-41 (attached)
- iii. BCWA 1-51 (attached)
- iv. BCWA 1-15 (attached)
- v. BCWA 2-16 (attached)
- vi. BCWA 8-6 (attached)

g. Other Supporting Information

Attached is a letter dated July 31, 2019 from Risk Management and Insurance Consulting certifying that Providence Water’s insurance fund of \$3,000,000 “is adequate to cover 7/1/19 to 7/1/20 insurance costs” and explaining why Providence Water needs a fund of this size. Also attached is Providence Water’s response to Division data request 1-34 in PUC Docket No. 4406 addressing the same issue. Providence Water’s large workers’ compensation deductible is a primary reason for the size of the fund. The current workers’ compensation deductible is \$250,000 per incident.

h. Joint Settlement

- i. Page 5 – “Insurance (Schedule HJS Settlement-10f). The Division recommended reducing funding for this account for RY 2021 through RY 2023 to \$1,800,000 each year – a yearly downward adjustment of \$502,113 – due to the fact that projected balances for this fund are accumulating significantly. PWSB offered to resolve the disputed funding of this account at 50% of the Division’s proposed yearly adjustment, which is approximately the cost associated with the yearly valuation/appraisal of all of PWSB’s assets for insurance purposes. The Settling Parties agree to reduce funding of the Insurance account by \$251,057 for RY 2021, RY 2022 and RY 2023.”

3. BCWA suggests that Providence Water should sell its solar renewable energy certificates (RECs). Providence Water opposes this.

a. Providence Water Supporting Direct Testimony – Ricky Caruolo

i. Page 7, lines 4-20.

1. “Q. Please explain what you mean by 100% renewable power?
2. A. It’s my understanding that to claim you’re 100% renewable power, then you must produce and utilize all of your energy needs and retire the Renewable Energy Certificates (RECs) that are earned. Therefore, Providence Water will be retiring our RECs.
3. Q. Why did you decide to retire the RECs?
4. A. It’s extremely important for Providence Water to lead by example and be as environmentally friendly as possible. If we were to sell the RECs on the open market it would not ensure that we are completely reliant on renewable energy. In other words, although we would be producing renewable energy, the selling of the RECs might mean that we would be utilizing fossil fuel.
5. Q. Has the Board approved your decision to retire the RECs?
6. A. Yes.
7. Q. How large is the solar array field for the new solar power project you are proposing?
8. A. The solar array field will be constructed on a 30-acre site owned by Providence Water in the town of Johnston. The field will have approximately 15,800 solar panels installed and we believe it will produce 4.99 megawatts”.

ii. Page 8, lines 1-19

1. “Q. What is the financial impact?
2. A. Under the contract we have executed, Providence Water will be leasing the system for 25 years and we will not have a capital outlay. Once the system is up and running, we anticipate that there will be annual savings of \$500,000 - \$600,000 per year. The long term forecast is a savings of \$22,000,000 - \$24,000,000 to rate payers over the life of the project.
3. Q. How were the potential savings calculated?
4. A. Please see exhibits RC-1 and RC-2.
5. Q. When will the solar array field be fully operational?
6. A. The system should be fully operational by the end of calendar year 2020. However, we are pushing to have it completed by the end of the summer in 2020.”

b. Providence Water Supporting Rebuttal Testimony – Ricky Caruolo

i. Page 2, lines 14-21

1. "Q. Did Providence Water explore the possibility of selling the Renewable Energy Certificates (RECs) that would be produced by the new solar array?
2. A. Yes, and after careful consideration we determined that retiring the RECs would be much more beneficial to the environment as opposed to the monetary value of selling them. As I previously documented in my initial testimony, it is Providence Water's goal to virtually eliminate our carbon footprint by utilizing 100% renewable power. The new solar array will allow us to reach this goal and have a positive impact on the environment while saving money for our rate payers."

ii. Page 3, lines 1-11

1. "Q. Why is it so important for Providence Water to utilize 100% renewable power?"
2. A. Please refer to my initial testimony and BCWA 1-40 where I stated that Providence Water shares an enormous responsibility to lead by example and implement environmentally friendly initiatives throughout our organization. Utilizing 100% renewable power will have a long lasting positive impact on the environment. We believe that the positive impact is much more important than selling the RECs which would at best have a negligible impact on our rates based on the analysis provided in BCWA 1-40. In addition, we have learned from our solar consultant that the REC program could be eliminated in the future.
3. Q. Did Providence Water's board make a policy decision to retire the RECs?
4. A. Yes. The Board passed this policy on June 26, 2019. Please see the attached."

c. ***Providence Water Supporting Data Responses***

- i. BCWA 1-40 Retire RECs (attached)
- ii. BCWA 1-41 Board Meeting approval and Board policy to retire RECs (attached)
- iii. BCWA 2-24 Retire RECs (attached)

d. **Providence Water Supporting Record Response**

- i. Commission RR-3 (attached) states in part:
"Providence Water's goal is to become 100% renewable power. In order to achieve this goal, it was my understanding that Providence Water needed to produce and utilize the renewable energy generated and retire the related RECs."

* * *

As requested by the Commission on July 14, 2020, Providence Water has researched the possibility of selling RECs high and purchasing them low. Our consultant has told us that it appears that there is a possibility for

this to occur but it would not be without risk factors. The price of RECs fluctuates and there is a risk associated with the timing of buying and selling RECs similar to the risk of trying to time the stock market to buy stocks low and sell them high.

* * *

Providence Water would support performing a study to determine whether it might be possible to buy other RECs low and sell our RECs high, thereby creating a monetary benefit to the ratepayers. In addition, Providence Water is willing to explore whether there are any other avenues for handling the RECs that could result in benefits to the ratepayers. Similar to what Providence Water has suggested regarding performing a study regarding individual versus group wholesale rates, Providence Water would be happy to participate in a study regarding the best way to handle the RECs. Providence Water would be willing to work with the Commission and its staff and consultants as well as the Division and its staff and consultants and any other interested stakeholders. An effective study would require Providence Water to hire one or more consultants, and Providence Water would respectfully request that the Commission provide funding in our revenue requirements for the consultants, which could be incorporated into Providence Water rates for the second and third year of this rate plan.

4. Funded Vacancies

Commission staff has inquired about the \$803,925 agreed to in the settlement agreement for funded vacancies that are in the process of being filled. Providence Water has explained the need for this funding in Commission RR-1 (attached). The Settling Parties all have agreed to this funding and no other intervenors have opposed it. Moreover, Ricky Caruolo, the General Manager of Providence Water, has made the following commitment to the Commission in RR-1:

“As testified under oath at the hearings by Ricky Caruolo, General Manager, Providence Water commits to the Commission that the funding of \$803,924 will be fully utilized to fill positions by the end of FY21. In addition we are prepared to provide the Commission with periodic updates as often as quarterly if the Commission would like to monitor our progress.”

If it turns out that Providence Water fails to meet its commitment regarding those positions, then any adjustments to Providence Water’s revenue requirement could be made in year 2 and/or year 3 of the rate plan.

Attachments for 1(f)

1(f). Providence Water Supporting Data Responses

- | | |
|-------------------|---|
| i. Division 1-37 | Reference to GG-1 |
| ii. Division 6-15 | Reference Div 1-37 |
| iii. BCWA 1-12 | Reference to HJS 10(c) |
| iv. BCWA 1-46 | Reference Pg. 3 Parrillo testimony Debt Service |
| v. BCWA 1-47 | Reference Pg. 3 Parrillo testimony Debt Service |
| vi. BCWA 1-48 | New Bonds |
| vii. BCWA 2-14 | Reference to BCWA 1-12 |
| viii. BCWA 7-1 | Reference to 6-15 and Div 6-16 |
| ix. BCWA 7-2 | Div 6-15 Debt Service |
| x. BCWA 7-3 | Reference to Div 6-15 and Div 6-16 |

Providence Water Docket 4994

**Division of Public Utilities and Carriers
Data Request - Set 1
December 18, 2019**

- DIV 1-37** Refer to Exhibit GG-1.
- a. Please provide GG-1 in Excel.
 - b. What were the actual annual expenditures under the IFR in the test year by project and in calendar 2019
 - c. How has Providence Water reflected the projected expenditures listed on Exhibit GG-1 in deriving its proposed revenue requirement amounts for each year? Explain fully and show in detail.

RESPONSE:

- a. Please see attached GG-1 in Excel format.
- b. See response to DIV 1-6
- c. The projected expenditures from Exhibit GG-1 will be funded from the IFR Fund, which is shown on HJS-10C. Providence Water is requesting this funding level from \$27.3 million currently to \$29.3 million, \$31.3 million, and \$33.3 million in FY 21, 22, and 23 respectively.

Providence Water Docket 4994

Division of Public Utilities and Carriers Data Request – Set 6 April 8, 2020

DIV 6-15: Refer to the response to DIV 1-37 and to HJS-10C.

- a. Show and explain in detail how each of the New Rate Funding amounts of \$2,000,000 for FY 2021, \$4,000,000 for FY 2022, and \$6,000,000 for FY 2023 were derived.
- b. How was the FY23 \$33.3 million funding level derived? Show all calculations and workpapers.
- c. Show and explain in detail how each of the Est. New Debt Service amounts of \$950,000 for FY 2022 and \$2,850,000 for FY 2023 were derived.
- d. Include Excel files related to your responses.

Response:

- a. See DIV6-15. The Sources and Uses schedule on the left includes the New Rate Funding amounts of \$2,000,000 for FY 2021, \$4,000,000 for FY 2022, and \$6,000,000 for FY 2023. The same schedule to the right has that line with funding at \$0. In the second schedule the fund balance drops to negative \$6.7 million and negative \$6.9 million in FY2022 and FY2023 respectively when you factor in the projects that are on the IFR plan.
- b. See a. above. We arrive at the \$33.3 million by adding the current amount of funding of \$27.3 million and the proposed new funding in FY2023 of \$6 million to arrive at total funding in FY2023 of \$33.3 million.
- c. See DIV 6-15 and DIV 6-15a. The debt service for the new bond issues that we anticipate issuing in FY2021, FY2022, and FY2023 have been revised from the initial filing due to more current information received from our financial advisor during our request to borrow \$19.1 million filed with the Division in Docket 20-05. The original debt service numbers files were estimates based on previous bond issues. However, with new estimated schedules for the upcoming borrowing based on current market conditions, we have updated those debt service estimates.
- d. See DIV 6-15 and DIV6-15a.

**Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps**

Loan Debt Service

Providence Water- \$19.1M DWSRF Loan (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Interest	Net Fees @ 0.300%	Total Fees & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
05/27/20							-
09/01/20	1,000.00	1.250%	92,263.60	14,961.67	107,225.27	108,225.27	108,225.27
03/01/21	-	-	176,468.45	28,648.50	205,116.95	205,116.95	-
09/01/21	848,000.00	1.250%	176,468.45	28,648.50	205,116.95	1,053,116.95	1,258,233.90
03/01/22	-	-	171,168.45	27,376.50	198,544.95	198,544.95	-
09/01/22	861,000.00	1.290%	171,168.45	27,376.50	198,544.95	1,059,544.95	1,258,089.90
03/01/23	-	-	165,615.00	26,085.00	191,700.00	191,700.00	-
09/01/23	875,000.00	1.300%	165,615.00	26,085.00	191,700.00	1,066,700.00	1,258,400.00
03/01/24	-	-	159,927.50	24,772.50	184,700.00	184,700.00	-
09/01/24	889,000.00	1.330%	159,927.50	24,772.50	184,700.00	1,073,700.00	1,258,400.00
03/01/25	-	-	154,015.65	23,439.00	177,454.65	177,454.65	-
09/01/25	903,000.00	1.350%	154,015.65	23,439.00	177,454.65	1,080,454.65	1,257,909.30
03/01/26	-	-	147,920.40	22,084.50	170,004.90	170,004.90	-
09/01/26	918,000.00	1.400%	147,920.40	22,084.50	170,004.90	1,088,004.90	1,258,009.80
03/01/27	-	-	141,494.40	20,707.50	162,201.90	162,201.90	-
09/01/27	934,000.00	1.500%	141,494.40	20,707.50	162,201.90	1,096,201.90	1,258,403.80
03/01/28	-	-	134,489.40	19,306.50	153,795.90	153,795.90	-
09/01/28	951,000.00	1.560%	134,489.40	19,306.50	153,795.90	1,104,795.90	1,258,591.80
03/01/29	-	-	127,071.60	17,880.00	144,951.60	144,951.60	-
09/01/29	968,000.00	1.500%	127,071.60	17,880.00	144,951.60	1,112,951.60	1,257,903.20
03/01/30	-	-	119,811.60	16,428.00	136,239.60	136,239.60	-
09/01/30	986,000.00	1.600%	119,811.60	16,428.00	136,239.60	1,122,239.60	1,258,479.20
03/01/31	-	-	111,923.60	14,949.00	126,872.60	126,872.60	-
09/01/31	1,005,000.00	1.870%	111,923.60	14,949.00	126,872.60	1,131,872.60	1,258,745.20
03/01/32	-	-	102,526.85	13,441.50	115,968.35	115,968.35	-
09/01/32	1,026,000.00	2.020%	102,526.85	13,441.50	115,968.35	1,141,968.35	1,257,936.70
03/01/33	-	-	92,164.25	11,902.50	104,066.75	104,066.75	-
09/01/33	1,050,000.00	2.120%	92,164.25	11,902.50	104,066.75	1,154,066.75	1,258,133.50
03/01/34	-	-	81,034.25	10,327.50	91,361.75	91,361.75	-
09/01/34	1,076,000.00	2.200%	81,034.25	10,327.50	91,361.75	1,167,361.75	1,258,723.50
03/01/35	-	-	69,198.25	8,713.50	77,911.75	77,911.75	-
09/01/35	1,102,000.00	2.280%	69,198.25	8,713.50	77,911.75	1,179,911.75	1,257,823.50
03/01/36	-	-	56,635.45	7,060.50	63,695.95	63,695.95	-
09/01/36	1,131,000.00	2.340%	56,635.45	7,060.50	63,695.95	1,194,695.95	1,258,391.90
03/01/37	-	-	43,402.75	5,364.00	48,766.75	48,766.75	-
09/01/37	1,161,000.00	2.380%	43,402.75	5,364.00	48,766.75	1,209,766.75	1,258,533.50
03/01/38	-	-	29,586.85	3,622.50	33,209.35	33,209.35	-
09/01/38	1,192,000.00	2.430%	29,586.85	3,622.50	33,209.35	1,225,209.35	1,258,418.70
03/01/39	-	-	15,104.05	1,834.50	16,938.55	16,938.55	-
09/01/39	1,223,000.00	2.470%	15,104.05	1,834.50	16,938.55	1,239,938.55	1,256,877.10
	<u>19,100,000.00</u>		<u>4,291,381.10</u>	<u>622,848.67</u>	<u>4,914,229.77</u>	<u>24,014,229.77</u>	<u>24,014,229.77</u>

(1) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 1.850%.

Providence Water Docket 4994

Bristol County Water Authority Data Request – Set 1 January 28, 2020

BCWA 1-12: With regard to Schedule HJS-10c:

- a. Please explain why interest income drops from \$348,660 in FY19 to \$42,000 in FY20, \$25,000 in FY21, \$10,000 in FY22 and \$1,000 in FY23, and provide all supporting calculations.
- b. Please explain the line items for “Bond Proceeds” and “Bond Funded Projects.”
- c. Please explain why there is net bond funding of \$13,617,905 in FY19 and (\$127,905) in FY20.
- d. Please identify each of the cash funded projects in FY19 and the amount of each project.
- e. Please identify each of the cash funded projects in FY20 and the amount of each project.
- f. Please identify each of the actual cash funded projects paid from this account for 2015, 2016, 2017, and 2018 and the individual amounts for each project.
- g. Please explain why Providence requires \$2,000,000 of new rate funding in FY21 if it has an end of the year balance of \$12,588,203.
- h. Please identify each individual project and the amount of each project that comprises the \$35,065,000 of cash funded capital projects in FY22.
- i. Please identify each individual project and the amount of each project that comprises the \$17,955,000 of cash funded projects in FY23.

RESPONSE:

- a. Interest earnings are estimates. It is difficult to calculate expected earnings because the investment account is invested in a portfolio of many individual investment vehicles with varying interest rates and lengths of maturity. These earnings are expected to decrease over earnings in previous years because the balance in the investment account generating the interest income is expected to decrease. The reason for this is that the funds in the investment account are expected to be used to pay for the cash-funded projects in the IFR plan in FY2020 as well as debt service due on the outstanding bonds in FY2021 and beyond.
- b. “Bond Proceeds” represents the funds raised from borrowing through the RIB to pay for a designated project or projects – in this case, the Water Main Rehabilitation Project. Bond proceeds could also include any reimbursements for invoices paid from cash prior to the issuance of the bonds financing that project. “Bond Funded Projects” are those projects on the IFR being financed through the borrowing.
- c. The water main rehabilitation project had a project costs that were in excess of the available funds from the bond proceeds. Providence Water was unable to borrow the total amount of the project as the amount allowable under the Certificate of Approval from the RI Department of Health was exhausted at that time. This shortfall would have

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been paid out of cash.

- d. See Exhibit BCWA 1-12d,e,f,h,i.
- e. See Exhibit BCWA 1-12d,e,f,h,i.
- f. See Exhibit BCWA 1-12d,e,f,h,i.
- g. The \$2 million being requested is to cover the additional debt service on the new bond issues that are designated for the water mains rehabilitation project. The balance of \$12,588,203 projected at the end of FY2021 is to carry over for FY2022. Projected cash spending on projects in FY2022 will draw the fund balance down to an estimated \$1,009,505 at the end of FY2022.
- h. See Exhibit BCWA 1-12d,e,f,h,i.
- i. See Exhibit BCWA 1-12d,e,f,h,i.

Providence Water - BCWA 1-12DEFHI

IFR Expenditure Plan Comparison

Fiscal Years 2015 through 2023

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
RAW WATER SUPPLY												
Various Large dam improvements	70,000	91,204	-21,204	10,000	67,469	-57,469		39,804	-39,804	20,000	37,424	-17,424
Watershed fencing, fire lanes, property rehabilitation	50,000	52,690	-2,690	10,000		10,000	10,000	2,695	7,305	10,000	39,995	-29,995
Raw Water BPS Upgrades	310,000	0	310,000			0			0	0	0	0
Secondary Dams	550,000	0	550,000			0			0	0	0	0
Gainer Dam Gatehouse	0	701,176	-701,176			0			0	0	0	0
Influent conduit inspection / rehabilitation	115,000	-195,181	310,181		431,737	-431,737	100,000	120,013	-20,013	15,000	50,368	-35,368
Various Raw Water Supply Facilities Projects	0	0	0			0			0			0
Raw Water Supply Total	1,095,000	649,890	445,110	20,000	499,206	-479,206	110,000	162,512	-52,512	45,000	127,786	-82,786
TREATMENT PLANT												
Plant Influent and Aerator, and Conduits	3,515,000	-641,631	4,156,631	1,115,000	3,885,637	-2,770,637	2,000,000	1,080,113	919,887	400,000	453,308	-53,308
Ferric system upgrades	65,000	25,636	39,364			0	65,000	25,636	39,364	0	0	0
Lime feed system upgrades	650,000	313,204	336,796			0	250,000	10,406	239,594	400,000	71,781	328,219
Lime transfer system upgrades	11,200	0	11,200			0	11,200		11,200	0	0	0
Chlorine loading dock rehabilitation	10,000	209,411	-199,411			0	10,000	8,862	1,138	0	197,296	-197,296
Chlorine room monorail and scales replacement	171,000	0	171,000			0			0	171,000	0	171,000
Fluoride feed system improvements	0	0	0			0			0	0	0	0
Filtration system improvements	15,200,000	9,914,248	5,285,752	6,500,000	5,501,779	998,221	8,700,000	6,641,454	2,058,546	0	2,119,912	-2,119,912
Plot of sedimentation / clarification processes	1,700,000	1,866,515	-166,515			0	1,000,000	1,044,624	-44,624	700,000	674,423	25,577
Sedimentation / Clarification System Improvements	5,000,000	0	5,000,000			0			0	0	0	0
Washwater tank inspection	0	0	0			0			0	0	0	0
Service Water tank inspection	0	0	0			0			0	0	0	0
Treatment Plant Structures and Conduits Inspection	0	0	0			0			0	0	0	0
Treatment process & water quality studies	1,495,000	973,320	521,680		496,446	-496,446	520,000	442,147	77,853	375,000	291,562	83,438
Treatment plant building rehabilitation	130,000	601,941	-471,941	50,000		50,000	20,000	89,331	-69,331	20,000	242,351	-222,351
PW lab / equipment Improvements	105,000	228,238	-123,238	25,000	11,160	13,840	50,000	2,601	47,399	10,000	851	9,149
SCADA / Control system upgrades	105,000	55,364	49,636	25,000		25,000	20,000	18,671	1,329	20,000	0	20,000
Sludge removal and disposal	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	1,000,000	1,000,000	0	0	0	0
Various Treatment Plant Projects	0	0	0			0			0			0
Treatment Plant Total	30,157,200	14,548,246	15,610,954	8,715,000	10,895,023	-2,180,023	13,646,200	10,363,845	3,282,355	2,096,000	4,051,485	-1,955,485
PUMPING AND STORAGE												
Neutaconkanut Reservoir Inspection	50,000	0	50,000			0			0	50,000	0	50,000
Longview reservoir inspection	50,000	0	50,000			0			0	50,000	0	50,000
Lawton Hill reservoir inspection	25,000	0	25,000			0			0	0	0	0
Ridge Road WQ Improvements - Tank Mixing	278,000	863,927	-585,927		78,411	-78,411			0		12,090	-12,090
Neutaconkanut Reservoir WQ Modifications	795,000	0	795,000			0			0	0	0	0
Aqueduct Reservoir WQ Modifications	0	0	0			0			0	0	0	0
Various Storage Facilities Projects	0	-290,631	290,631		290,631	-290,631						
Storage Reservoir Water Quality Improvements	0	0	0			0			0			0
Neutaconkanut P.S. - VFD drives	115,000	0	115,000			0			0	0	0	0
Bath St. P.S. - VFD drives	101,000	0	101,000			0			0	0	0	0
Aqueduct P.S. - VFD drives	65,000	614,829	-549,829			0			0	65,000	0	65,000
Cranston Commons VFD drive pumps	26,000	0	26,000			0			0	26,000	0	26,000
Fruit Hill pump station - VFD drives, replace motors and generator	92,000	108,007	-16,007			0		12,554	-12,554	92,000	95,453	-3,453
Atwood Ave Pump Station Upgrades	263,000	0	263,000			0			0	263,000	0	263,000
Ashby St. PS Replacement	0	219,929	-219,929			0			0	0	0	0
Greenville Ave PS Upgrades	0	451,983	-451,983			0		14,493	-14,493	0	5,161	-5,161
Neutaconkanut P.S. Aqueduct GH - Rehabilitate Roofs	67,000	0	67,000			0			0	67,000	0	67,000
Various pump station improvements	90,000	523,222	-433,222	20,000		20,000	10,000	28,485	-18,485	20,000	110,452	-90,452
Pumping and Storage Total	2,017,000	2,491,267	-764,898	20,000	369,042	-349,042	10,000	55,532	-45,532	633,000	223,156	409,844
TRANSMISSION SYSTEM												
102" aqueduct inspection / rehabilitation	1,970,000	938,375	1,031,625		153,525	-153,525	1,970,000	1,091,900	878,100	0	0	0
102" aqueduct fiber optic monitoring	440,000	330,000	110,000			0	110,000	110,000	0	110,000	110,000	0
78" aqueduct inspection / rehabilitation	1,784,000	10,952,689	-9,168,689			0			0	1,784,000	1,117,254	666,746
Feasibility assessment of 102" / 78" aqueducts	750,000	0	750,000			0			0	0	0	0
90" aqueduct inspection / rehabilitation	900,000	0	900,000			0			0	0	0	0
Condition assessment transmission mains	375,000	42,033	332,967			0		34,125	-34,125	125,000	3,140	121,860
16" and larger valves replacements	1,100,000	565,307	534,693	300,000		300,000	200,000	144,025	55,975	200,000	20,282	179,718
Transmission System Total	7,319,000	12,828,404	-5,509,404	300,000	153,525	146,475	2,280,000	1,380,050	899,950	2,219,000	1,250,676	968,324
DISTRIBUTION SYSTEM												
Replace / Upgrade water mains	80,100,000	65,428,985	14,671,015	15,500,000	10,636,162	4,863,838	14,800,000	14,980,599	-180,599	15,800,000	11,660,627	4,139,373
Various Distribution System Improvements	5,400,000	1,981,335	3,418,665	1,000,000	584,234	415,766	1,100,000	339,306	760,694	1,100,000	299,085	800,915
Distribution System Total	85,500,000	67,410,319	18,089,681	16,500,000	11,220,396	5,279,604	16,900,000	15,319,905	580,095	16,900,000	11,959,712	4,940,288
SUPPORT SYSTEM FACILITIES												
Building and facilities rehabilitation	275,000	214,828	60,172	100,000	4,800	95,200	75,000	62,397	12,603	50,000	11,482	38,518
Arc Flash Study and System Implementation	0	0	0			0			0	0	0	0
Forestry garage, Old transformer building - Rehabilitate roofs	211,000	0	211,000			0			0	211,000	0	211,000
Records Management (GIS) upgrades	40,000	0	40,000			0			0	0	0	0
Facilities fencing and roads rehabilitation	85,000	-23,190	108,190	25,000	48,190	-23,190			0	20,000	0	20,000
Replacement of Billing System	0	0	0			0			0			0
Support System Facilities Total	611,000	191,638	419,362	125,000	52,990	72,010	75,000	62,397	12,603	281,000	11,482	269,518
TOTAL PROJECTS	126,699,200	98,117,765	28,290,805	25,680,000	23,190,182	2,489,818	32,021,200	27,344,241	4,676,959	22,174,000	17,624,297	4,549,703
Debt Service	26,774,015	25,997,504	776,511	4,523,886	4,523,886	-	4,944,185	4,944,185	-	4,990,402	4,990,402	-
Labor and Overhead and General Planning	11,180,760	11,409,523	(228,763)	2,473,115	2,473,115	-	2,143,087	2,341,504	(198,417)	2,145,000	2,476,609	(331,609)
Total Expenditures	164,653,975	135,524,792	28,838,553	32,677,001	30,187,183	2,489,818	39,108,472	34,629,930	4,478,542	29,309,402	25,091,307	4,218,095

Providence Water - BCWA 1-12DEFHI

IFR Expenditure Plan Comparison

Fiscal Years 2015 through 2023

Budget 2018	Actual 2018	Budget - Actual 2018	Budget 2019	Actual 2019	Budget - Actual 2019	Budget 2020	Actual 1/2 Yr 2020	Budget - Actual 2020	Budget 2021	Budget 2022	Budget 2023
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RAW WATER SUPPLY

Various Large dam improvements	20,000	71,445	-51,445	20,000	0	20,000	120,000		120,000	110,000	20,000	10,000
Watershed fencing, fire lanes, property rehabilitation	10,000	0	10,000	10,000	0	10,000			0			
Raw Water BPS Upgrades	310,000	0	310,000	0	0	0			0			1,000,000
Secondary Dams	0	0	0	550,000	0	550,000	500,000		500,000	500,000	500,000	500,000
Gainer Dam Gatehouse	0	0	0	0	701,176	-701,176	400,000	226,814	173,186			
Influent conduit inspection / rehabilitation	0	11,075	-11,075	0	55,102	-55,102	100,000		100,000			100,000
Various Raw Water Supply Facilities Projects									0	50,000	50,000	50,000
Raw Water Supply Total	340,000	82,520	257,480	580,000	756,278	-176,278	1,120,000	226,814	893,186	660,000	570,000	1,660,000

TREATMENT PLANT

Plant Influent and Aerator, and Conduits	0	99,671	-99,671	0	495,915	-495,915			0			
Ferric system upgrades	0	0	0	0	0	0			0	10,000		
Lime feed system upgrades	0	19,170	-19,170	0	211,847	-211,847	1,300,000	753,949	546,051			
Lime transfer system upgrades	0	0	0	0	0	0			0			
Chlorine loading dock rehabilitation	0	3,253	-3,253	0	0	0			0			
Chlorine room monorail and scales replacement	0	0	0	0	0	0			0			
Fluoride feed system improvements	0	0	0	0	0	0	10,000		10,000			
Filtration system improvements	0	91,008	-91,008	0	63,654	-63,654	400,000	2,000	398,000			
Pilot of sedimentation / clarification processes	0	139,092	-139,092	0	8,375	-8,375			0			
Sedimentation / Clarification System Improvements	2,000,000	0	2,000,000	3,000,000	0	3,000,000			0	2,000,000	11,000,000	2,000,000
Washwater tank inspection	0	0	0	0	0	0			0	10,000		
Service Water tank inspection	0	0	0	0	0	0			0	100,000	1,000,000	
Treatment Plant Structures and Conduits Inspection	0	0	0	0	0	0			0	10,000		
Treatment process & water quality studies	600,000	609,783	-9,783	0	126,274	-126,274	200,000	37,566	162,434	200,000	200,000	200,000
Treatment plant building rehabilitation	20,000	78,894	-58,894	20,000	141,365	-121,365	20,000	1,338	18,663	500,000	3,000,000	
PW lab / equipment Improvements	10,000	0	10,000	10,000	210,946	-200,946	10,000		10,000	10,000	10,000	10,000
SCADA / Control system upgrades	20,000	11,693	8,307	20,000	0	20,000	120,000		120,000	20,000	20,000	20,000
Sludge removal and disposal	0	0	0	0	0	0			0			
Various Treatment Plant Projects									0	100,000	100,000	100,000
Treatment Plant Total	2,550,000	1,052,565	1,597,435	3,050,000	1,258,375	1,791,625	2,060,000	794,853	1,265,147	2,960,000	15,330,000	2,330,000

PUMPING AND STORAGE

Neutaconkanut Reservoir Inspection	0	0	0	0	0	0			0			
Longview reservoir inspection	0	0	0	0	0	0	100,000		100,000			
Lawton Hill reservoir inspection	25,000	0	25,000	0	0	0	10,000		10,000			
Ridge Road WQ Improvements - Tank Mixing	278,000	127,451	150,549	0	802,796	-802,796	35,000	46,648	-11,648			
Neutaconkanut Reservoir WQ Modifications	795,000	0	795,000	0	0	0			0			
Aqueduct Reservoir WQ Modifications	0	0	0	0	0	0			0			
Various Storage Facilities Projects									0	170,000	20,000	20,000
Storage Reservoir Water Quality Improvements									0	1,500,000	1,500,000	1,500,000
Neutaconkanut P.S. - VFD drives	0	0	0	115,000	0	115,000	100,000		100,000			
Bath St. P.S. - VFD drives	0	0	0	101,000	0	101,000	100,000		100,000			
Aqueduct P.S. - VFD drives	0	34,876	-34,876	0	579,953	-579,953	100,000	157,192	-57,192			
Cranston Commons VFD drive pumps	0	0	0	0	0	0			0	1,000,000	2,000,000	1,000,000
Fruit Hill pump station - VFD drives, replace motors and generator	0	0	0	0	0	0			0	250,000		
Atwood Ave Pump Station Upgrades	0	0	0	0	0	0			0			
Ashby St. PS Replacement	0	149,939	-149,939	0	69,991	-69,991	1,640,000	460,352	1,179,648			
Greenville Ave PS Upgrades	0	87,511	-87,511	0	344,819	-344,819	2,600,000	1,062,429	1,537,571			
Neutaconkanut P.S. Aqueduct GH - Rehabilitate Roofs	0	0	0	0	0	0			0			
Various pump station improvements	20,000	25,563	-5,563	20,000	338,722	-318,722	220,000	125,770	94,230	20,000	20,000	20,000
Pumping and Storage Total	1,118,000	425,339	692,661	236,000	2,136,281	-1,900,281	4,905,000	1,852,391	3,052,609	2,940,000	3,540,000	2,540,000

TRANSMISSION SYSTEM

102" aqueduct inspection / rehabilitation	0	0	0	0	0	0	3,800,000	1,261,206	2,538,794			
102" aqueduct fiber optic monitoring	110,000	110,000	0	110,000	0	110,000	121,000		121,000	125,000	125,000	125,000
78" aqueduct inspection / rehabilitation	0	3,050,240	-3,050,240	0	6,785,195	-6,785,195			0	10,000,000		
Feasibility assessment of 102" / 78" aqueducts	750,000	0	750,000	0	0	0			0			300,000
90" aqueduct inspection / rehabilitation	0	0	0	900,000	0	900,000			0			7,000,000
Condition assessment transmission mains	125,000	4,768	120,232	125,000	0	125,000	250,000		250,000			
16" and larger valves replacements	200,000	0	200,000	200,000	101,000	99,000	200,000		200,000	500,000	500,000	500,000
Transmission System Total	1,185,000	3,165,008	-1,980,008	1,335,000	6,886,195	-5,551,195	4,371,000	1,261,206	3,109,794	625,000	10,625,000	7,925,000

DISTRIBUTION SYSTEM

Replace / Upgrade water mains	17,000,000	20,268,950	-3,268,950	17,000,000	13,656,970	3,343,030	27,000,000	15,713,448	27,000,000	19,100,000	19,100,000	19,100,000
Various Distribution System Improvements	1,100,000	232,430	867,570	1,100,000	694,748	405,252	750,000	1,250,191	-500,191	750,000	750,000	750,000
Distribution System Total	18,100,000	20,499,380	-2,399,380	18,100,000	14,351,718	3,748,282	27,750,000	16,963,638	10,786,362	19,850,000	19,850,000	19,850,000

SUPPORT SYSTEM FACILITIES

Building and facilities rehabilitation	25,000	33,550	-8,550	25,000	12,199	12,801	120,000	335,416	-215,416	200,000	200,000	200,000
Arc Flash Study and System Implementation	0	0	0	0	0	0			0			
Forestry garage, Old transformer building - Rehabilitate roofs	0	0	0	0	0	0			0			
Records Management (GIS) upgrades	20,000	0	20,000	20,000	0	20,000	50,000		50,000	50,000	50,000	50,000
Facilities fencing and roads rehabilitation	20,000	0	20,000	20,000	0	20,000			0			
Replacement of Billing System									0	1,500,000	2,500,000	1,000,000
Support System Facilities Total	65,000	33,550	31,450	65,000	12,199	52,801	170,000	335,416	-165,416	1,750,000	2,700,000	1,250,000

	2018	2019	2020	2021	2022	2023						
TOTAL PROJECTS	23,458,000	25,268,363	(1,800,363)	23,366,000	25,401,047	(2,035,047)	40,376,000	21,434,318	18,941,682	28,785,000	52,665,000	35,555,000
Debt Service	6,313,345	5,536,834	776,511	6,002,197	6,002,197	-	6,071,703	6,071,703	-	6,932,231	7,876,387	9,773,267
Labor and Overhead and General Planning	2,187,900	1,912,421	275,479	2,231,658	2,205,874	25,784	2,276,291	1,158,283	1,118,000	1,500,000	1,500,000	1,500,000
Total Expenditures	31,959,245	32,707,618	(748,373)	31,599,855	33,609,117	(2,009,262)	48,723,994	28,664,304	20,059,690	37,217,231	62,041,387	46,828,267

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 1
January 28, 2020

BCWA 1-46: Regarding Ms. Parrillo's testimony on page 3, please provide all data, assumptions, calculations and work papers used to derive the estimates for New Debt Service in FY22 and FY23.

RESPONSE:

See the proforma schedule BCWA 1-46a attached.

This schedule is a basic amortization schedule provided through the Microsoft Excel program. To run this schedule we assumed a market interest rate of 5% over 20 years. The program calculates debt service of a little more than \$1.5 million per year. We also have to add the Rhode Island Infrastructure Bank (RIIB) administrative fees of 0.5% of outstanding principal every 6 months.

These are estimates. The actual debt service will be different and will be a function of how RIIB structures the bond issue and the market interest rate conditions at the time the bonds are sold.

At the time of the filing, the assumption was to finance, through RIIB, the \$19.1 million needed for the water main rehabilitation project each year. That would add an additional \$2 million in FY22 for the work done in FY22 and then an additional \$2 million for the \$19.1 million planned in FY23.

We will be working with our financial advisor on what the debt service may look like as we get closer to the issue date of the bonds. To the extent we have actual numbers before the rate case concludes, we will adjust to actual numbers.

Loan Amount 19,100,000.00
 Interest Rate 5.00
 # of months 240.00
 Monthly Payment (126,051.55)

Annual payment (1,512,618.55)

BCWA 1-46 (A) ATTACHMENT

Payment #	Start Balance	Int. for month	Monthly Payment	End Balance
1	19,100,000.00	79,583.33	(126,051.55)	19,053,531.79
2	19,053,531.79	79,389.72	(126,051.55)	19,006,869.96
3	19,006,869.96	79,195.29	(126,051.55)	18,960,013.70
4	18,960,013.70	79,000.06	(126,051.55)	18,912,962.21
5	18,912,962.21	78,804.01	(126,051.55)	18,865,714.68
6	18,865,714.68	78,607.14	(126,051.55)	18,818,270.27
7	18,818,270.27	78,409.46	(126,051.55)	18,770,628.19
8	18,770,628.19	78,210.95	(126,051.55)	18,722,787.59
9	18,722,787.59	78,011.61	(126,051.55)	18,674,747.66
10	18,674,747.66	77,811.45	(126,051.55)	18,626,507.56
11	18,626,507.56	77,610.45	(126,051.55)	18,578,066.47
12	18,578,066.47	77,408.61	(126,051.55)	18,529,423.53
13	18,529,423.53	77,205.93	(126,051.55)	18,480,577.91
14	18,480,577.91	77,002.41	(126,051.55)	18,431,528.78
15	18,431,528.78	76,798.04	(126,051.55)	18,382,275.27
16	18,382,275.27	76,592.81	(126,051.55)	18,332,816.53
17	18,332,816.53	76,386.74	(126,051.55)	18,283,151.72
18	18,283,151.72	76,179.80	(126,051.55)	18,233,279.98
19	18,233,279.98	75,972.00	(126,051.55)	18,183,200.43
20	18,183,200.43	75,763.34	(126,051.55)	18,132,912.22
21	18,132,912.22	75,553.80	(126,051.55)	18,082,414.47
22	18,082,414.47	75,343.39	(126,051.55)	18,031,706.32
23	18,031,706.32	75,132.11	(126,051.55)	17,980,786.88
24	17,980,786.88	74,919.95	(126,051.55)	17,929,655.28
25	17,929,655.28	74,706.90	(126,051.55)	17,878,310.63
26	17,878,310.63	74,492.96	(126,051.55)	17,826,752.05
27	17,826,752.05	74,278.13	(126,051.55)	17,774,978.64
28	17,774,978.64	74,062.41	(126,051.55)	17,722,989.50
29	17,722,989.50	73,845.79	(126,051.55)	17,670,783.74
30	17,670,783.74	73,628.27	(126,051.55)	17,618,360.46
31	17,618,360.46	73,409.84	(126,051.55)	17,565,718.75
32	17,565,718.75	73,190.49	(126,051.55)	17,512,857.70
33	17,512,857.70	72,970.24	(126,051.55)	17,459,776.40
34	17,459,776.40	72,749.07	(126,051.55)	17,406,473.92
35	17,406,473.92	72,526.97	(126,051.55)	17,352,949.35
36	17,352,949.35	72,303.96	(126,051.55)	17,299,201.76
37	17,299,201.76	72,080.01	(126,051.55)	17,245,230.22
38	17,245,230.22	71,855.13	(126,051.55)	17,191,033.80
39	17,191,033.80	71,629.31	(126,051.55)	17,136,611.56
40	17,136,611.56	71,402.55	(126,051.55)	17,081,962.56
41	17,081,962.56	71,174.84	(126,051.55)	17,027,085.86
42	17,027,085.86	70,946.19	(126,051.55)	16,971,980.50
43	16,971,980.50	70,716.59	(126,051.55)	16,916,645.54
44	16,916,645.54	70,486.02	(126,051.55)	16,861,080.02
45	16,861,080.02	70,254.50	(126,051.55)	16,805,282.97
46	16,805,282.97	70,022.01	(126,051.55)	16,749,253.44
47	16,749,253.44	69,788.56	(126,051.55)	16,692,990.45
48	16,692,990.45	69,554.13	(126,051.55)	16,636,493.03
49	16,636,493.03	69,318.72	(126,051.55)	16,579,760.20
50	16,579,760.20	69,082.33	(126,051.55)	16,522,790.99
51	16,522,790.99	68,844.96	(126,051.55)	16,465,584.41
52	16,465,584.41	68,606.60	(126,051.55)	16,408,139.46
53	16,408,139.46	68,367.25	(126,051.55)	16,350,455.17
54	16,350,455.17	68,126.90	(126,051.55)	16,292,530.52
55	16,292,530.52	67,885.54	(126,051.55)	16,234,364.51
56	16,234,364.51	67,643.19	(126,051.55)	16,175,956.15
57	16,175,956.15	67,399.82	(126,051.55)	16,117,304.42

58	16,117,304.42	67,155.44	(126,051.55)	16,058,408.31
59	16,058,408.31	66,910.03	(126,051.55)	15,999,266.80
60	15,999,266.80	66,663.61	(126,051.55)	15,939,878.87
61	15,939,878.87	66,416.16	(126,051.55)	15,880,243.48
62	15,880,243.48	66,167.68	(126,051.55)	15,820,359.62
63	15,820,359.62	65,918.17	(126,051.55)	15,760,226.24
64	15,760,226.24	65,667.61	(126,051.55)	15,699,842.30
65	15,699,842.30	65,416.01	(126,051.55)	15,639,206.76
66	15,639,206.76	65,163.36	(126,051.55)	15,578,318.58
67	15,578,318.58	64,909.66	(126,051.55)	15,517,176.69
68	15,517,176.69	64,654.90	(126,051.55)	15,455,780.05
69	15,455,780.05	64,399.08	(126,051.55)	15,394,127.59
70	15,394,127.59	64,142.20	(126,051.55)	15,332,218.24
71	15,332,218.24	63,884.24	(126,051.55)	15,270,050.94
72	15,270,050.94	63,625.21	(126,051.55)	15,207,624.60
73	15,207,624.60	63,365.10	(126,051.55)	15,144,938.16
74	15,144,938.16	63,103.91	(126,051.55)	15,081,990.52
75	15,081,990.52	62,841.63	(126,051.55)	15,018,780.60
76	15,018,780.60	62,578.25	(126,051.55)	14,955,307.31
77	14,955,307.31	62,313.78	(126,051.55)	14,891,569.54
78	14,891,569.54	62,048.21	(126,051.55)	14,827,566.20
79	14,827,566.20	61,781.53	(126,051.55)	14,763,296.18
80	14,763,296.18	61,513.73	(126,051.55)	14,698,758.37
81	14,698,758.37	61,244.83	(126,051.55)	14,633,951.65
82	14,633,951.65	60,974.80	(126,051.55)	14,568,874.90
83	14,568,874.90	60,703.65	(126,051.55)	14,503,527.00
84	14,503,527.00	60,431.36	(126,051.55)	14,437,906.82
85	14,437,906.82	60,157.95	(126,051.55)	14,372,013.22
86	14,372,013.22	59,883.39	(126,051.55)	14,305,845.06
87	14,305,845.06	59,607.69	(126,051.55)	14,239,401.20
88	14,239,401.20	59,330.84	(126,051.55)	14,172,680.49
89	14,172,680.49	59,052.84	(126,051.55)	14,105,681.78
90	14,105,681.78	58,773.67	(126,051.55)	14,038,403.91
91	14,038,403.91	58,493.35	(126,051.55)	13,970,845.71
92	13,970,845.71	58,211.86	(126,051.55)	13,903,006.02
93	13,903,006.02	57,929.19	(126,051.55)	13,834,883.67
94	13,834,883.67	57,645.35	(126,051.55)	13,766,477.47
95	13,766,477.47	57,360.32	(126,051.55)	13,697,786.25
96	13,697,786.25	57,074.11	(126,051.55)	13,628,808.81
97	13,628,808.81	56,786.70	(126,051.55)	13,559,543.97
98	13,559,543.97	56,498.10	(126,051.55)	13,489,990.52
99	13,489,990.52	56,208.29	(126,051.55)	13,420,147.27
100	13,420,147.27	55,917.28	(126,051.55)	13,350,013.01
101	13,350,013.01	55,625.05	(126,051.55)	13,279,586.51
102	13,279,586.51	55,331.61	(126,051.55)	13,208,866.58
103	13,208,866.58	55,036.94	(126,051.55)	13,137,851.98
104	13,137,851.98	54,741.05	(126,051.55)	13,066,541.48
105	13,066,541.48	54,443.92	(126,051.55)	12,994,933.86
106	12,994,933.86	54,145.56	(126,051.55)	12,923,027.87
107	12,923,027.87	53,845.95	(126,051.55)	12,850,822.27
108	12,850,822.27	53,545.09	(126,051.55)	12,778,315.82
109	12,778,315.82	53,242.98	(126,051.55)	12,705,507.25
110	12,705,507.25	52,939.61	(126,051.55)	12,632,395.32
111	12,632,395.32	52,634.98	(126,051.55)	12,558,978.76
112	12,558,978.76	52,329.08	(126,051.55)	12,485,256.29
113	12,485,256.29	52,021.90	(126,051.55)	12,411,226.64
114	12,411,226.64	51,713.44	(126,051.55)	12,336,888.54
115	12,336,888.54	51,403.70	(126,051.55)	12,262,240.70
116	12,262,240.70	51,092.67	(126,051.55)	12,187,281.82
117	12,187,281.82	50,780.34	(126,051.55)	12,112,010.61
118	12,112,010.61	50,466.71	(126,051.55)	12,036,425.78
119	12,036,425.78	50,151.77	(126,051.55)	11,960,526.01

120	11,960,526.01	49,835.53	(126,051.55)	11,884,309.99
121	11,884,309.99	49,517.96	(126,051.55)	11,807,776.40
122	11,807,776.40	49,199.07	(126,051.55)	11,730,923.92
123	11,730,923.92	48,878.85	(126,051.55)	11,653,751.22
124	11,653,751.22	48,557.30	(126,051.55)	11,576,256.97
125	11,576,256.97	48,234.40	(126,051.55)	11,498,439.83
126	11,498,439.83	47,910.17	(126,051.55)	11,420,298.45
127	11,420,298.45	47,584.58	(126,051.55)	11,341,831.48
128	11,341,831.48	47,257.63	(126,051.55)	11,263,037.57
129	11,263,037.57	46,929.32	(126,051.55)	11,183,915.34
130	11,183,915.34	46,599.65	(126,051.55)	11,104,463.45
131	11,104,463.45	46,268.60	(126,051.55)	11,024,680.50
132	11,024,680.50	45,936.17	(126,051.55)	10,944,565.12
133	10,944,565.12	45,602.35	(126,051.55)	10,864,115.93
134	10,864,115.93	45,267.15	(126,051.55)	10,783,331.53
135	10,783,331.53	44,930.55	(126,051.55)	10,702,210.53
136	10,702,210.53	44,592.54	(126,051.55)	10,620,751.53
137	10,620,751.53	44,253.13	(126,051.55)	10,538,953.12
138	10,538,953.12	43,912.30	(126,051.55)	10,456,813.87
139	10,456,813.87	43,570.06	(126,051.55)	10,374,332.39
140	10,374,332.39	43,226.38	(126,051.55)	10,291,507.23
141	10,291,507.23	42,881.28	(126,051.55)	10,208,336.96
142	10,208,336.96	42,534.74	(126,051.55)	10,124,820.15
143	10,124,820.15	42,186.75	(126,051.55)	10,040,955.35
144	10,040,955.35	41,837.31	(126,051.55)	9,956,741.12
145	9,956,741.12	41,486.42	(126,051.55)	9,872,176.00
146	9,872,176.00	41,134.07	(126,051.55)	9,787,258.52
147	9,787,258.52	40,780.24	(126,051.55)	9,701,987.22
148	9,701,987.22	40,424.95	(126,051.55)	9,616,360.62
149	9,616,360.62	40,068.17	(126,051.55)	9,530,377.24
150	9,530,377.24	39,709.91	(126,051.55)	9,444,035.60
151	9,444,035.60	39,350.15	(126,051.55)	9,357,334.20
152	9,357,334.20	38,988.89	(126,051.55)	9,270,271.55
153	9,270,271.55	38,626.13	(126,051.55)	9,182,846.13
154	9,182,846.13	38,261.86	(126,051.55)	9,095,056.44
155	9,095,056.44	37,896.07	(126,051.55)	9,006,900.97
156	9,006,900.97	37,528.75	(126,051.55)	8,918,378.17
157	8,918,378.17	37,159.91	(126,051.55)	8,829,486.54
158	8,829,486.54	36,789.53	(126,051.55)	8,740,224.52
159	8,740,224.52	36,417.60	(126,051.55)	8,650,590.57
160	8,650,590.57	36,044.13	(126,051.55)	8,560,583.16
161	8,560,583.16	35,669.10	(126,051.55)	8,470,200.71
162	8,470,200.71	35,292.50	(126,051.55)	8,379,441.66
163	8,379,441.66	34,914.34	(126,051.55)	8,288,304.46
164	8,288,304.46	34,534.60	(126,051.55)	8,196,787.51
165	8,196,787.51	34,153.28	(126,051.55)	8,104,889.25
166	8,104,889.25	33,770.37	(126,051.55)	8,012,608.07
167	8,012,608.07	33,385.87	(126,051.55)	7,919,942.39
168	7,919,942.39	32,999.76	(126,051.55)	7,826,890.61
169	7,826,890.61	32,612.04	(126,051.55)	7,733,451.11
170	7,733,451.11	32,222.71	(126,051.55)	7,639,622.27
171	7,639,622.27	31,831.76	(126,051.55)	7,545,402.49
172	7,545,402.49	31,439.18	(126,051.55)	7,450,790.12
173	7,450,790.12	31,044.96	(126,051.55)	7,355,783.53
174	7,355,783.53	30,649.10	(126,051.55)	7,260,381.08
175	7,260,381.08	30,251.59	(126,051.55)	7,164,581.12
176	7,164,581.12	29,852.42	(126,051.55)	7,068,382.00
177	7,068,382.00	29,451.59	(126,051.55)	6,971,782.04
178	6,971,782.04	29,049.09	(126,051.55)	6,874,779.59
179	6,874,779.59	28,644.91	(126,051.55)	6,777,372.96
180	6,777,372.96	28,239.05	(126,051.55)	6,679,560.47
181	6,679,560.47	27,831.50	(126,051.55)	6,581,340.42

182	6,581,340.42	27,422.25	(126,051.55)	6,482,711.13
183	6,482,711.13	27,011.30	(126,051.55)	6,383,670.88
184	6,383,670.88	26,598.63	(126,051.55)	6,284,217.96
185	6,284,217.96	26,184.24	(126,051.55)	6,184,350.66
186	6,184,350.66	25,768.13	(126,051.55)	6,084,067.24
187	6,084,067.24	25,350.28	(126,051.55)	5,983,365.97
188	5,983,365.97	24,930.69	(126,051.55)	5,882,245.12
189	5,882,245.12	24,509.35	(126,051.55)	5,780,702.92
190	5,780,702.92	24,086.26	(126,051.55)	5,678,737.64
191	5,678,737.64	23,661.41	(126,051.55)	5,576,347.50
192	5,576,347.50	23,234.78	(126,051.55)	5,473,530.74
193	5,473,530.74	22,806.38	(126,051.55)	5,370,285.57
194	5,370,285.57	22,376.19	(126,051.55)	5,266,610.21
195	5,266,610.21	21,944.21	(126,051.55)	5,162,502.87
196	5,162,502.87	21,510.43	(126,051.55)	5,057,961.76
197	5,057,961.76	21,074.84	(126,051.55)	4,952,985.05
198	4,952,985.05	20,637.44	(126,051.55)	4,847,570.94
199	4,847,570.94	20,198.21	(126,051.55)	4,741,717.61
200	4,741,717.61	19,757.16	(126,051.55)	4,635,423.22
201	4,635,423.22	19,314.26	(126,051.55)	4,528,685.94
202	4,528,685.94	18,869.52	(126,051.55)	4,421,503.92
203	4,421,503.92	18,422.93	(126,051.55)	4,313,875.30
204	4,313,875.30	17,974.48	(126,051.55)	4,205,798.24
205	4,205,798.24	17,524.16	(126,051.55)	4,097,270.85
206	4,097,270.85	17,071.96	(126,051.55)	3,988,291.27
207	3,988,291.27	16,617.88	(126,051.55)	3,878,857.60
208	3,878,857.60	16,161.91	(126,051.55)	3,768,967.96
209	3,768,967.96	15,704.03	(126,051.55)	3,658,620.45
210	3,658,620.45	15,244.25	(126,051.55)	3,547,813.15
211	3,547,813.15	14,782.55	(126,051.55)	3,436,544.16
212	3,436,544.16	14,318.93	(126,051.55)	3,324,811.55
213	3,324,811.55	13,853.38	(126,051.55)	3,212,613.38
214	3,212,613.38	13,385.89	(126,051.55)	3,099,947.73
215	3,099,947.73	12,916.45	(126,051.55)	2,986,812.63
216	2,986,812.63	12,445.05	(126,051.55)	2,873,206.14
217	2,873,206.14	11,971.69	(126,051.55)	2,759,126.28
218	2,759,126.28	11,496.36	(126,051.55)	2,644,571.10
219	2,644,571.10	11,019.05	(126,051.55)	2,529,538.60
220	2,529,538.60	10,539.74	(126,051.55)	2,414,026.79
221	2,414,026.79	10,058.44	(126,051.55)	2,298,033.69
222	2,298,033.69	9,575.14	(126,051.55)	2,181,557.29
223	2,181,557.29	9,089.82	(126,051.55)	2,064,595.56
224	2,064,595.56	8,602.48	(126,051.55)	1,947,146.50
225	1,947,146.50	8,113.11	(126,051.55)	1,829,208.06
226	1,829,208.06	7,621.70	(126,051.55)	1,710,778.22
227	1,710,778.22	7,128.24	(126,051.55)	1,591,854.91
228	1,591,854.91	6,632.73	(126,051.55)	1,472,436.10
229	1,472,436.10	6,135.15	(126,051.55)	1,352,519.70
230	1,352,519.70	5,635.50	(126,051.55)	1,232,103.65
231	1,232,103.65	5,133.77	(126,051.55)	1,111,185.87
232	1,111,185.87	4,629.94	(126,051.55)	989,764.27
233	989,764.27	4,124.02	(126,051.55)	867,836.74
234	867,836.74	3,615.99	(126,051.55)	745,401.18
235	745,401.18	3,105.84	(126,051.55)	622,455.47
236	622,455.47	2,593.56	(126,051.55)	498,997.49
237	498,997.49	2,079.16	(126,051.55)	375,025.10
238	375,025.10	1,562.60	(126,051.55)	250,536.16
239	250,536.16	1,043.90	(126,051.55)	125,528.51
240	125,528.51	523.04	(126,051.55)	0.00

Providence Water Docket 4994

Bristol County Water Authority Data Request – Set 1 January 28, 2020

BCWA 1-47: Ms. Parrillo's testimony on page 3 indicates that Providence Water "is proposing an increase in funding to the IFR Fund in the amount of \$2.0 million per year to cover the estimated Debt Service on the new bonds that we anticipate borrowing over the next three fiscal years. See Schedule HJS 10-c." However, Schedule HJS-10c provides no detail on the estimated debt service for each individual new bond. To that end, please reproduce Schedule HJS 10-C and show the estimated New Debt Service for each individual bond.

RESPONSE:

See BCWA 1-47a.

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Source of Funds					
D4618 (effective 2/17/2017)	\$ 27,300,000	\$ 27,300,000	\$ 27,300,000	\$ 27,300,000	\$ 27,300,000
New Rate Funding			\$ 2,000,000	\$ 4,000,000	\$ 6,000,000
Miscellaneous Revenue (incl. Transfer for ESWD DS)	\$ 53,800	\$ 52,853	\$ 52,802	\$ 52,689	\$ 52,513
Interest Income	\$ 348,660	\$ 42,000	\$ 25,000	\$ 10,000	\$ 1,000
Carryover funds from prior year estimated	\$ 12,914,333	\$ 8,312,576	\$ 1,256,586	\$ 12,517,619	\$ 938,773
Total Sources	\$ 40,616,793	\$ 35,707,429	\$ 30,634,388	\$ 43,880,308	\$ 34,292,285
Less obligated uses of funds:					
RIIB (Arra) \$9.3M 2009 (P&I)	\$ 491,080	\$ 491,005	\$ 491,074	\$ 490,542	\$ 490,220
RIIB \$35M 2008 (P&I)**	\$ 2,374,237	\$ 2,339,550	\$ 2,371,550	\$ 2,369,540	\$ 2,367,832
RIIB \$25M 2013 (P&I)	\$ 1,545,394	\$ 1,545,575	\$ 1,544,360	\$ 1,542,870	\$ 1,542,106
RIIB \$8M 2014 (P&I)	\$ 501,911	\$ 500,873	\$ 500,850	\$ 500,896	\$ 500,127
RIIB \$16.3M 2017 (P&I)	\$ 1,035,775	\$ 1,036,028	\$ 1,036,743	\$ 1,035,388	\$ 1,034,854
RIIB \$14.7M 2019 (P&I)		\$ 176,864	\$ 934,390	\$ 935,151	\$ 935,636
East Smithfield RIIB 2013 (P&I)	\$ 39,775	\$ 39,177	\$ 39,477	\$ 39,174	\$ 39,888
East Smithfield RIIB 2008 (P&I)	\$ 14,025	\$ 13,675	\$ 13,325	\$ 12,975	\$ 12,625
Est. New Debt Service				\$ 950,000	\$ 1,900,000
Est. New Debt Service					\$ 950,000
Est. New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-total Debt Service	\$ 6,002,197	\$ 6,142,748	\$ 6,931,769	\$ 7,876,535	\$ 9,773,287
Cash Funded Projects **	\$ 26,302,020	\$ 28,308,095	\$ 11,185,000	\$ 35,065,000	\$ 17,955,000
Total Uses	\$ 32,304,217	\$ 34,450,843	\$ 18,116,769	\$ 42,941,535	\$ 27,728,287
End of Year Balance - Cash Balance Carry Fwd.	\$ 8,312,576	\$ 1,256,586	\$ 12,517,619	\$ 938,773	\$ 6,563,998
Bond Funding Activity					
Bond Proceeds	\$ 15,458,735	\$ 13,490,000	\$ 19,100,000	\$ 19,100,000	\$ 19,100,000
Bond Funded Projects	\$ 1,840,830	\$ 13,617,905	\$ 19,100,000	\$ 19,100,000	\$ 19,100,000
Net Bond funding	\$ 13,617,905	\$ (127,905)	\$ -	\$ -	\$ -

** The debt service due on the RIIB Series 2008 for \$35 million has changed slightly as RIIB recently reallocated the savings from the refunding that they issued in 2015/2016 across all debt service payments equally going forward.

Providence Water Docket 4994

Bristol County Water Authority Data Request – Set 1 January 28, 2020

BCWA 1-48: Please provide Debt Service schedules for each of the proposed new bonds that shows the draw down schedule, the interest rate, the amount of yearly payments and all costs and fees associated with the borrowings including the Debt Service Reserve.

RESPONSE:

See BCWA 1-46a for the estimated debt service schedules. We are using the same calculations for all of the new bond issues until we begin working with our financial advisor on what the debt service may look like as we get closer to the issue date of the bonds. To the extent we have actual numbers before the rate case concludes, we will adjust to actual numbers.

Additional costs to Providence Water are estimated to be the following:

Cost of Issuance:	\$80,000
Origination Fee	1% of total par amount borrowed (for \$19.1 million borrowed, the origination fee is \$191,000)
Debt Service Reserve Fund:	This amount is a calculation based on the max annual debt service. Based on this example, the debt service reserve could be \$1.5 million.

In our estimates we assumed a 5% interest rate with a 20 year amortization.

Providence Water Docket 4994

Bristol County Water Authority Data Request – Set 2 February 28, 2020

BCWA 2-14: With regard to Schedule HJS-10c and Providence's response to BCWA 1-12:

- a. Please provide all calculations, work papers, supporting data, and assumptions used to calculate the \$348,660 in interest income for FY2019 and the \$42,000 of interest income for FY2020.
- b. With regard to the "Bond Proceeds" from FY21-23, are these the proceeds from Providence's new anticipated borrowings?
- c. Why are the "Bond Proceeds" the same amount for each of FY21, 22 and 23, does Providence anticipate borrowing the same amount each year?
- d. Please update Exhibit BCWA 1-12 d,e,f,h, to include budget and actual expenditures for FY2020 when available.
- e. As set forth in Exhibit BCWA 1-12 d,e,f,h,, Providence had budgeted expenditures of \$164,653,975 from FY15-FY19, but only spent \$135,524,792 from the restricted IFR Fund, which is a difference of \$28,838,553. Please explain why Providence only had a balance of \$8,312,576 at the end of FY19 in the restricted IFR Fund.

Response:

- a. The interest earnings of \$348,660 in FY2019 should have been \$54,636.32 as the difference of \$294,023.68 was interest earned on debt service reserve funds in place for the outstanding bond issues and used to offset PW gross debt service due. This amount had been reflected in the debt service amounts shown in the detail, therefore it was reflected in the sources and uses twice – once as a source and once in the net debt service. The interest in FY2020 through FY2023 is an estimate of 2% interest earned on a decreasing balance in the investment account. We expect the investment account to be depleted and used to pay for the pay-as-you-go IFR projects.
- b. Yes.
- c. Yes.
- d. See Exhibit BCWA 2-14 attached.
- e. Providence Water actually spent \$156,224,920 for the period from FY15-FY19. The difference is now \$8,912,702. All of the individual values in the previous submission were correct but there was an error in the formula that summed up the total for the 5 years. The Total Actual column included the Budget – Actual value for 2015 instead of the Actual value. See Exhibit BCWA 2-14 for the corrected spreadsheet.

Providence Water - BCWA 2-14 D

IFR Expenditure Plan Comparison

Fiscal Years 2015 through 2023

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
RAW WATER SUPPLY												
Various Large dam improvements	70,000	216,142	-146,142	10,000	67,469	-57,469		39,804	-39,804	20,000	37,424	-17,424
Watershed fencing, fire lanes, property rehabilitation	50,000	42,690	7,310	10,000		10,000	10,000	2,695	7,305	10,000	39,995	-29,995
Raw Water BPS Upgrades	310,000	0	310,000		0			0	0	0	0	0
Secondary Dams	550,000	0	550,000		0			0	0	0	0	0
Gainer Dam Gatehouse	0	701,176	-701,176		0			0	0	0	0	0
Influent conduit inspection / rehabilitation	115,000	668,294	-553,294		431,737	-431,737	100,000	120,013	-20,013	15,000	50,368	-35,368
Various Raw Water Supply Facilities Projects	0	0	0		0			0	0			
Raw Water Supply Total	1,095,000	1,628,302	-533,302	20,000	499,206	-479,206	110,000	162,512	-52,512	45,000	127,786	-82,786

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
TREATMENT PLANT												
Plant Influent and Aerator, and Conduits	3,515,000	6,014,644	-2,499,644	1,115,000	3,885,637	-2,770,637	2,000,000	1,080,113	919,887	400,000	453,308	-53,308
Ferric system upgrades	65,000	25,636	39,364		0	65,000	25,636	39,364	0	0	0	0
Lime feed system upgrades	650,000	313,204	336,796		0	250,000	10,406	239,594	400,000	71,781	328,219	
Lime transfer system upgrades	11,200	0	11,200		0	11,200		11,200	0	0	0	0
Chlorine loading dock rehabilitation	10,000	209,411	-199,411		0	10,000	8,862	1,138	0	197,296	-197,296	
Chlorine room monorail and scales replacement	171,000	0	171,000		0			0	171,000	0	171,000	
Fluoride feed system improvements	0	0	0		0			0	0	0	0	0
Filtration system improvements	15,200,000	14,417,807	782,193	6,500,000	5,501,779	998,221	8,700,000	6,641,454	2,058,546	0	2,119,912	-2,119,912
Pilot of sedimentation / clarification processes	1,700,000	1,866,515	-166,515		0	1,000,000	1,044,624	-44,624	700,000	674,423	25,577	
Sedimentation / Clarification System Improvements	5,000,000	0	5,000,000		0			0	0	0	0	0
Washwater tank inspection	0	0	0		0			0	0	0	0	0
Service Water tank inspection	0	0	0		0			0	0	0	0	0
Treatment Plant Structures and Conduits Inspection	0	0	0		0			0	0	0	0	0
Treatment process & water quality studies	1,495,000	1,966,213	-471,213		496,446	-496,446	520,000	442,147	77,853	375,000	291,562	83,438
Treatment plant building rehabilitation	130,000	551,941	-421,941	50,000		50,000	20,000	89,331	-69,331	20,000	242,351	-222,351
PW lab / equipment Improvements	105,000	225,558	-120,558	25,000	11,160	13,840	50,000	2,601	47,399	10,000	851	9,149
SCADA / Control system upgrades	105,000	30,364	74,636	25,000		25,000	20,000	18,671	1,329	20,000	0	20,000
Sludge removal and disposal	2,000,000	2,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000	0	0	0	0
Various Treatment Plant Projects	0	0	0		0			0	0			
Treatment Plant Total	30,157,200	27,621,292	2,535,908	8,715,000	10,895,023	-2,180,023	13,646,200	10,363,845	3,282,355	2,096,000	4,051,485	-1,955,485

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
PUMPING AND STORAGE												
Neutaconkanut Reservoir Inspection	50,000	0	50,000		0			0	50,000	0	50,000	
Longview reservoir inspection	50,000	0	50,000		0			0	50,000	0	50,000	
Lawton Hill reservoir inspection	25,000	0	25,000		0			0	0	0	0	0
Ridge Road WQ Improvements - Tank Mixing	278,000	1,020,749	-742,749		78,411	-78,411		0	0	12,090	-12,090	
Neutaconkanut Reservoir WQ Modifications	795,000	0	795,000		0			0	0	0	0	0
Aqueduct Reservoir WQ Modifications	0	0	0		0			0	0	0	0	0
Various Storage Facilities Projects	0	290,631			290,631	-290,631						
Storage Reservoir Water Quality Improvements	0	0	0		0			0	0	0	0	0
Neutaconkanut P.S. - VFD drives	115,000	0	115,000		0			0	0	0	0	0
Bath St. P.S. - VFD drives	101,000	0	101,000		0			0	0	0	0	0
Aqueduct P.S. - VFD drives	65,000	614,829	-549,829		0			0	65,000	0	65,000	
Cranston Commons VFD drive pumps	26,000	0	26,000		0			0	26,000	0	26,000	
Fruit Hill pump station - VFD drives, replace motors and generator	92,000	108,007	-16,007		0		12,554	-12,554	92,000	95,453	-3,453	
Alwood Ave Pump Station Upgrades	263,000	0	263,000		0			0	263,000	0	263,000	
Ashby St. PS Replacement	0	219,929	-219,929		0			0	0	0	0	0
Greenville Ave PS Upgrades	0	451,983	-451,983		0		14,493	-14,493	0	5,161	-5,161	
Neutaconkanut P.S. Aqueduct GH - Rehabilitate Roofs	67,000	0	67,000		0			0	67,000	0	67,000	
Various pump station improvements	90,000	503,222	-413,222	20,000		20,000	10,000	28,485	-18,485	20,000	110,452	-90,452
Pumping and Storage Total	2,017,000	3,209,350	-901,719	20,000	369,042	-349,042	10,000	55,532	-45,532	633,000	223,156	409,844

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
TRANSMISSION SYSTEM												
102" aqueduct inspection / rehabilitation	1,970,000	1,245,425	724,575		153,525	-153,525	1,970,000	1,091,900	878,100	0	0	0
102" aqueduct fiber optic monitoring	440,000	330,000	110,000		0	110,000	110,000	0	110,000	110,000	0	0
78" aqueduct inspection / rehabilitation	1,784,000	10,952,689	-9,168,689		0			0	1,784,000	1,117,254	666,746	
Feasibility assessment of 102" / 78" aqueducts	750,000	0	750,000		0			0	0	0	0	0
90" aqueduct inspection / rehabilitation	900,000	0	900,000		0			0	0	0	0	0
Condition assessment transmission mains	375,000	42,033	332,967		0		34,125	-34,125	125,000	3,140	121,860	
16" and larger valves replacements	1,100,000	265,307	834,693	300,000		300,000	200,000	144,025	55,975	200,000	20,282	179,718
Transmission System Total	7,319,000	12,835,455	-5,516,455	300,000	153,525	146,475	2,280,000	1,380,050	899,950	2,219,000	1,250,676	968,324

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
DISTRIBUTION SYSTEM												
Replace / Upgrade water mains	80,100,000	71,201,309	8,898,691	15,500,000	10,636,162	4,863,838	14,800,000	14,980,599	-180,599	15,800,000	11,660,627	4,139,373
Various Distribution System Improvements	5,400,000	2,149,804	3,250,196	1,000,000	584,234	415,766	1,100,000	339,306	760,694	1,100,000	299,085	800,915
Distribution System Total	85,500,000	73,351,112	12,148,888	16,500,000	11,220,396	5,279,604	15,900,000	15,319,905	580,095	16,900,000	11,959,712	4,940,288

	Total Budget 2015-2019	Total Actual 2015-2019	Budget - Actual 2015-2019	Budget 2015	Actual 2015	Budget - Actual 2015	Budget 2016	Actual 2016	Budget - Actual 2016	Budget 2017	Actual 2017	Budget - Actual 2017
SUPPORT SYSTEM FACILITIES												
Building and facilities rehabilitation	275,000	124,428	150,572	100,000	4,800	95,200	75,000	62,397	12,603	50,000	11,482	38,518
Arc Flash Study and System Implementation	0	0	0		0			0	0	0	0	0
Forestry garage, Old transformer building - Rehabilitate roofs	211,000	0	211,000		0			0	211,000	0	211,000	
Records Management (GIS) upgrades	40,000	0	40,000		0			0	0	0	0	0
Facilities fencing and roads rehabilitation	85,000	48,190	36,810	25,000	48,190	-23,190		0	20,000	0	20,000	
Replacement of Billing System	0	0	0		0			0	0			
Support System Facilities Total	611,000	172,618	438,382	125,000	52,990	72,010	75,000	62,397	12,603	281,000	11,482	269,518

	2015-2019			2015			2016			2017		
TOTAL PROJECTS	126,699,200	118,818,129	8,171,702	25,680,000	23,190,182	2,489,818	32,021,200	27,344,241	4,676,959	22,174,000	17,624,297	4,549,703
Debt Service	26,774,015	25,997,504	776,511	4,523,886	4,523,886	-	4,944,185	4,944,185	-	4,990,402	4,990,402	-
Labor, Overhead, General Planning, Bond COI	11,373,776	11,409,287	(35,511)	2,666,131	2,490,637	175,494	2,143,087	2,341,504	(198,417)	2,145,000	2,476,609	(331,609)
Total Expenditures	164,846,991	156,224,920	8,912,702	32,870,017	30,204,705	2,665,312	39,108,472	34,629,930	4,478,542	29,309,402	25,091,307	4,218,095

Providence Water - BCWA 2-14 D

IFR Expenditure Plan Comparison

Fiscal Years 2015 through 2023

RAW WATER SUPPLY

	Budget 2018	Actual 2018	Budget - Actual 2018	Budget 2019	Actual 2019	Budget - Actual 2019	Budget 2020	Actual 1/2 Yr 2020	Budget - Actual 2020	Budget 2021	Budget 2022	Budget 2023
Various Large dam improvements	20,000	71,445	-51,445	20,000	0	20,000	120,000		120,000	110,000	20,000	10,000
Watershed fencing, fire lanes, property rehabilitation	10,000	0	10,000	10,000	0	10,000			0			
Raw Water BPS Upgrades	310,000	0	310,000	0	0	0			0			1,000,000
Secondary Dams	0	0	0	550,000	0	550,000	500,000		500,000	500,000	500,000	500,000
Gainer Dam Gatehouse	0	0	0	0	701,176	-701,176	400,000	226,814	173,186			
Influent conduit inspection / rehabilitation	0	11,075	-11,075	0	55,102	-55,102	100,000		100,000			100,000
Various Raw Water Supply Facilities Projects									0	50,000	50,000	50,000
Raw Water Supply Total	340,000	82,520	257,480	580,000	756,278	-176,278	1,120,000	226,814	893,186	660,000	570,000	1,660,000

TREATMENT PLANT

Plant Influent and Aerator, and Conduits	0	99,671	-99,671	0	495,915	-495,915			0			
Ferric system upgrades	0	0	0	0	0	0			0	10,000		
Lime feed system upgrades	0	19,170	-19,170	0	211,847	-211,847	1,300,000	753,949	546,051			
Lime transfer system upgrades	0	0	0	0	0	0			0			
Chlorine loading dock rehabilitation	0	3,253	-3,253	0	0	0			0			
Chlorine room monorail and scales replacement	0	0	0	0	0	0			0			
Fluoride feed system improvements	0	0	0	0	0	0	10,000		10,000			
Filtration system improvements	0	91,008	-91,008	0	63,654	-63,654	400,000	2,000	398,000			
Pilot of sedimentation / clarification processes	0	139,092	-139,092	0	8,375	-8,375			0			
Sedimentation / Clarification System Improvements	2,000,000	0	2,000,000	3,000,000	0	3,000,000			0	2,000,000	11,000,000	2,000,000
Washwater tank inspection	0	0	0	0	0	0			0	10,000		
Service Water tank inspection	0	0	0	0	0	0			0	100,000	1,000,000	
Treatment Plant Structures and Conduits Inspection	0	0	0	0	0	0			0	10,000		
Treatment process & water quality studies	600,000	609,783	-9,783	0	126,274	-126,274	200,000	37,566	162,434	200,000	200,000	200,000
Treatment plant building rehabilitation	20,000	78,894	-58,894	20,000	141,365	-121,365	20,000	1,338	18,663	500,000	3,000,000	
PW lab / equipment improvements	10,000	0	10,000	10,000	210,946	-200,946	10,000		10,000	10,000	10,000	10,000
SCADA / Control system upgrades	20,000	11,693	8,307	20,000	0	20,000	120,000		120,000	20,000	20,000	20,000
Sludge removal and disposal	0	0	0	0	0	0			0			
Various Treatment Plant Projects									0	100,000	100,000	100,000
Treatment Plant Total	2,650,000	1,052,665	1,597,435	3,050,000	1,258,375	1,791,625	2,060,000	794,853	1,265,147	2,960,000	15,330,000	2,330,000

PUMPING AND STORAGE

Neutaconkanut Reservoir Inspection	0	0	0	0	0	0			0			
Longview reservoir inspection	0	0	0	0	0	0	100,000		100,000			
Lawton Hill reservoir inspection	25,000	0	25,000	0	0	0	10,000		10,000			
Ridge Road WQ Improvements - Tank Mixing	278,000	127,451	150,549	0	802,796	-802,796	35,000	46,648	-11,648			
Neutaconkanut Reservoir WQ Modifications	795,000	0	795,000	0	0	0			0			
Aqueduct Reservoir WQ Modifications	0	0	0	0	0	0			0			
Various Storage Facilities Projects									0	170,000	20,000	20,000
Storage Reservoir Water Quality Improvements									0	1,500,000	1,500,000	1,500,000
Neutaconkanut P.S. - VFD drives	0	0	0	115,000	0	115,000	100,000		100,000			
Bath St. P.S. - VFD drives	0	0	0	101,000	0	101,000	100,000		100,000			
Aqueduct P.S. - VFD drives	0	34,876	-34,876	0	579,953	-579,953	100,000	157,192	-57,192			
Cranston Commons VFD drive pumps	0	0	0	0	0	0			0	1,000,000	2,000,000	1,000,000
Fruit Hill pump station - VFD drives, replace motors and generator	0	0	0	0	0	0			0	250,000		
Atwood Ave Pump Station Upgrades	0	0	0	0	0	0			0			
Ashby St. PS Replacement	0	149,939	-149,939	0	69,991	-69,991	1,640,000	460,352	1,179,648			
Greenville Ave PS Upgrades	0	87,511	-87,511	0	344,819	-344,819	2,600,000	1,062,429	1,537,571			
Neutaconkanut P.S. Aqueduct GH - Rehabilitate Roofs	0	0	0	0	0	0			0			
Various pump station improvements	20,000	25,563	-5,563	20,000	338,722	-318,722	220,000	125,770	94,230	20,000	20,000	20,000
Pumping and Storage Total	1,118,000	425,339	692,661	236,000	2,136,281	-1,900,281	4,905,000	1,852,391	3,052,609	2,940,000	3,540,000	2,540,000

TRANSMISSION SYSTEM

102" aqueduct inspection / rehabilitation	0	0	0	0	0	0	3,800,000	1,261,206	2,538,794			
102" aqueduct fiber optic monitoring	110,000	110,000	0	110,000	0	110,000	121,000		121,000	125,000	125,000	125,000
78" aqueduct inspection / rehabilitation	0	3,050,240	-3,050,240	0	6,785,195	-6,785,195			0		10,000,000	
Feasibility assessment of 102" / 78" aqueducts	750,000	0	750,000	0	0	0			0			300,000
90" aqueduct inspection / rehabilitation	0	0	0	900,000	0	900,000			0			7,000,000
Condition assessment transmission mains	125,000	4,768	120,232	125,000	0	125,000	250,000		250,000			
16" and larger valves replacements	200,000	0	200,000	200,000	101,000	99,000	200,000	531,559	-331,559	500,000	500,000	500,000
Transmission System Total	1,185,000	3,165,008	-1,980,008	1,335,000	6,886,195	-5,551,195	4,371,000	1,792,765	2,578,235	625,000	10,625,000	7,925,000

DISTRIBUTION SYSTEM

Replace / Upgrade water mains	17,000,000	20,266,950	-3,266,950	17,000,000	13,656,970	3,343,030	27,000,000	15,713,448	27,000,000	19,100,000	19,100,000	19,100,000
Various Distribution System Improvements	1,100,000	232,430	867,570	1,100,000	694,748	405,252	750,000	718,632	31,368	750,000	750,000	750,000
Distribution System Total	18,100,000	20,499,380	-2,399,380	18,100,000	14,351,718	3,748,282	27,750,000	16,432,079	11,317,921	19,850,000	19,850,000	19,850,000

SUPPORT SYSTEM FACILITIES

Building and facilities rehabilitation	25,000	33,550	-8,550	25,000	12,199	12,801	120,000	335,416	-215,416	200,000	200,000	200,000
Arc Flash Study and System Implementation	0	0	0	0	0	0			0			
Forestry garage, Old transformer building - Rehabilitate roofs	0	0	0	0	0	0			0			
Records Management (GIS) upgrades	20,000	0	20,000	20,000	0	20,000	50,000		50,000	50,000	50,000	
Facilities fencing and roads rehabilitation	20,000	0	20,000	20,000	0	20,000			0			
Replacement of Billing System									0	1,500,000	2,500,000	1,000,000
Support System Facilities Total	65,000	33,550	31,450	65,000	12,199	52,801	170,000	335,416	-165,416	1,750,000	2,750,000	1,250,000

	2018			2019			2020			2021			2022			2023		
TOTAL PROJECTS	23,458,000	25,258,363	(1,800,363)	23,366,000	25,401,047	(2,035,047)	40,376,000	21,434,318	18,941,682	28,785,000	52,665,000	35,555,000						
Debt Service	6,313,345	5,536,834	776,511	6,002,197	6,002,197	-	6,142,748	5,049,084	1,093,664	7,245,112	8,523,151	9,895,068						
Labor, Overhead, General Planning, Bond COI	2,187,900	1,912,421	275,479	2,231,658	2,188,116	43,542	3,437,852	2,319,844	1,118,008	3,169,246	3,169,246	3,169,246						
Total Expenditures	31,959,245	32,707,618	(748,373)	31,599,855	33,591,359	(1,991,504)	49,956,600	28,803,246	21,153,354	39,199,358	64,357,397	48,619,314						

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 7
MAY 1, 2020

BCWA 7-1: With regard to the updates to Schedule HJS 10c set forth in Providence's response to Div. 6-15 and 6-16:

- a. Please state why the payments for the RIIB \$35M loan changed in the years FY20 – FY23.
- b. Please state why the amounts for Cash Funded Projects changed in the years FY20-23.
- c. For FY 22, please identify the source of the new debt service payments of \$344,414 and provide all supporting documentation.
- d. For FY 23, please identify the source of the new debt service payments of \$1,375,822 and \$344,414 and provide all supporting documentation.

RESPONSE:

- a. The Rhode Island Infrastructure Bank has refunded several of their bond issues recently and the savings resulted in Providence Water receiving a portion of those savings resulting in lower debt service.
- b. The amounts for the cash funded projects changed because in DIV 6-16 we included a breakout of cost of issuance (COI) in the Bond Funding Activity. By including COI as a cost in the bond funding it reduces the amount of funds in the bonds for the financed project and shifts it into the cash funded portion of the uses.
- c. The source of the new debt service payments is included in the proposed new additional rate funding of \$4 million.
- d. The source of the new debt service payments is included in the proposed new additional rate funding of \$6 million.

Providence Water Docket 4994

Bristol County Water Authority Data Request – Set 7 MAY 1, 2020

BCWA 7-2: With regard to Providence’s response to DIV. 6-15, Providence indicates its debt service payments for the proposed new borrowings “have been revised from the initial filing due to more current information received from our financial adviser...” As set forth in the schedule attached to DIV. 6-15, this has resulted in increase in new debt service payments in FY21, 22 and 23. Please set forth how the original new debt service payments were calculated in Schedule HJS 10c and how each of Providence’s calculations changed based on the more current information received from the financial advisor and provide all supporting documentation.

RESPONSE:

In the initial filing, we estimated borrowing \$19.1 million in FY2021, 2022, and 2023. This is the dollar amount required by the Bilateral consent Agreement between Providence Water and the RIDOH. However, cost of issuance (COI) is deducted from the par amount of the loan - \$19.1 million at the time of closing – leaving an amount less than the \$19.1 million available for actual construction. This difference between the \$19.1 million and that amount less the COI must be made up by using the pay-as-you-go cash. This causes a shortfall in the amount of cash needed for the pay-as-you-go projects planned for in the IFR plan. In order to ensure that there is sufficient funds available in the bonds to cover both the project costs and the COI, we increased the amount to borrow from \$19.1 million to \$21 million. By increasing the amount to be borrowed, the debt service payments increase as well.

The debt service payments were originally scheduled to begin in FY2022. However, due to a shift in the schedule of issuing loans by the Rhode Island Infrastructure Bank, debt service on the new loan – the first \$19.1 million to be borrowed in FY2021 – will actually be borrowed at the very end of FY2020 and will incur debt service payments in FY2021 that were not anticipated in the initial filing.

See BCWA 7-2a and 7-2b.

**Rhode Island Infrastructure Bank
 Safe Drinking Water SRF Program - Providence Water Supply Board Loan
 Preliminary Pricing as of 1/21/2020 + 75bps**

Sources & Uses

Providence Water- \$19.1M DWSRF Loan (AA Rated, Revenue Pledge)

Sources:

Drinking Water Loan Amount	19,100,000.00
-	-
-	-
-	-
-	-
-	-
Total Sources	19,100,000.00

Uses:

Direct Loan - Deposit to Construction Fund	17,575,791.90
Principal Forgiveness Funds	-
Deposit to DSRF	1,253,208.10
Bond Insurance	-
Capitalized Interest	-
Loan Origination Fee (1.0%)	191,000.00
Costs of Issuance - Local Level	80,000.00
Total Uses	19,100,000.00

Providence Water - Direct Loan Statistics (Exclusive of Fees):	
Weighted Average Maturity (Years)	10.8700
Market Yield on the Loan:	2.728%
Effective Yield* on Direct Loan	2.050%
 Net Effective Subsidy:	 24.85%

*Effective Yield incorporates:

* 25% DWSRF Interest Rate Subsidy

**Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps**

Loan Debt Service

Providence Water- \$19.1M DWSRF Loan (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Interest	Net Fees @ 0.300%	Total Fees & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
05/27/20							-
09/01/20	1,000.00	1.250%	92,263.60	14,961.67	107,225.27	108,225.27	108,225.27
03/01/21	-	-	176,468.45	28,648.50	205,116.95	205,116.95	-
09/01/21	848,000.00	1.250%	176,468.45	28,648.50	205,116.95	1,053,116.95	1,258,233.90
03/01/22	-	-	171,168.45	27,376.50	198,544.95	198,544.95	-
09/01/22	861,000.00	1.290%	171,168.45	27,376.50	198,544.95	1,059,544.95	1,258,089.90
03/01/23	-	-	165,615.00	26,085.00	191,700.00	191,700.00	-
09/01/23	875,000.00	1.300%	165,615.00	26,085.00	191,700.00	1,066,700.00	1,258,400.00
03/01/24	-	-	159,927.50	24,772.50	184,700.00	184,700.00	-
09/01/24	889,000.00	1.330%	159,927.50	24,772.50	184,700.00	1,073,700.00	1,258,400.00
03/01/25	-	-	154,015.65	23,439.00	177,454.65	177,454.65	-
09/01/25	903,000.00	1.350%	154,015.65	23,439.00	177,454.65	1,080,454.65	1,257,909.30
03/01/26	-	-	147,920.40	22,084.50	170,004.90	170,004.90	-
09/01/26	918,000.00	1.400%	147,920.40	22,084.50	170,004.90	1,088,004.90	1,258,009.80
03/01/27	-	-	141,494.40	20,707.50	162,201.90	162,201.90	-
09/01/27	934,000.00	1.500%	141,494.40	20,707.50	162,201.90	1,096,201.90	1,258,403.80
03/01/28	-	-	134,489.40	19,306.50	153,795.90	153,795.90	-
09/01/28	951,000.00	1.560%	134,489.40	19,306.50	153,795.90	1,104,795.90	1,258,591.80
03/01/29	-	-	127,071.60	17,880.00	144,951.60	144,951.60	-
09/01/29	968,000.00	1.500%	127,071.60	17,880.00	144,951.60	1,112,951.60	1,257,903.20
03/01/30	-	-	119,811.60	16,428.00	136,239.60	136,239.60	-
09/01/30	986,000.00	1.600%	119,811.60	16,428.00	136,239.60	1,122,239.60	1,258,479.20
03/01/31	-	-	111,923.60	14,949.00	126,872.60	126,872.60	-
09/01/31	1,005,000.00	1.870%	111,923.60	14,949.00	126,872.60	1,131,872.60	1,258,745.20
03/01/32	-	-	102,526.85	13,441.50	115,968.35	115,968.35	-
09/01/32	1,026,000.00	2.020%	102,526.85	13,441.50	115,968.35	1,141,968.35	1,257,936.70
03/01/33	-	-	92,164.25	11,902.50	104,066.75	104,066.75	-
09/01/33	1,050,000.00	2.120%	92,164.25	11,902.50	104,066.75	1,154,066.75	1,258,133.50
03/01/34	-	-	81,034.25	10,327.50	91,361.75	91,361.75	-
09/01/34	1,076,000.00	2.200%	81,034.25	10,327.50	91,361.75	1,167,361.75	1,258,723.50
03/01/35	-	-	69,198.25	8,713.50	77,911.75	77,911.75	-
09/01/35	1,102,000.00	2.280%	69,198.25	8,713.50	77,911.75	1,179,911.75	1,257,823.50
03/01/36	-	-	56,635.45	7,060.50	63,695.95	63,695.95	-
09/01/36	1,131,000.00	2.340%	56,635.45	7,060.50	63,695.95	1,194,695.95	1,258,391.90
03/01/37	-	-	43,402.75	5,364.00	48,766.75	48,766.75	-
09/01/37	1,161,000.00	2.380%	43,402.75	5,364.00	48,766.75	1,209,766.75	1,258,533.50
03/01/38	-	-	29,586.85	3,622.50	33,209.35	33,209.35	-
09/01/38	1,192,000.00	2.430%	29,586.85	3,622.50	33,209.35	1,225,209.35	1,258,418.70
03/01/39	-	-	15,104.05	1,834.50	16,938.55	16,938.55	-
09/01/39	1,223,000.00	2.470%	15,104.05	1,834.50	16,938.55	1,239,938.55	1,256,877.10
	<u>19,100,000.00</u>		<u>4,291,381.10</u>	<u>622,848.67</u>	<u>4,914,229.77</u>	<u>24,014,229.77</u>	<u>24,014,229.77</u>

(1) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 1.850%.

**Rhode Island Infrastructure Bank
 Safe Drinking Water SRF Program - Providence Water Supply Board Loan
 Preliminary Pricing as of 1/21/2020 + 75bps**

Sources & Uses

Providence Water- \$21.0M DWSRF Loan (AA Rated, Revenue Pledge)

Sources:

Drinking Water Loan Amount	21,000,000.00
-	-
-	-
-	-
-	-
-	-
Total Sources	21,000,000.00

Uses:

Direct Loan - Deposit to Construction Fund	19,330,753.80
Principal Forgiveness Funds	-
Deposit to DSRF	1,379,246.20
Bond Insurance	-
Capitalized Interest	-
Loan Origination Fee (1.0%)	210,000.00
Costs of Issuance - Local Level	80,000.00
Total Uses	21,000,000.00

Providence Water - Direct Loan Statistics (Exclusive of Fees):

Weighted Average Maturity (Years)	10.8702
Market Yield on the Loan:	2.728%
Effective Yield* on Direct Loan	2.050%
 Net Effective Subsidy:	 24.85%

***Effective Yield incorporates:**

* 25% DWSRF Interest Rate Subsidy

**Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps**

Loan Debt Service

Providence Water- \$21.0M DWSRF Loan (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Interest	Net Fees @ 0.300%	Total Fees & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
05/27/20							-
09/01/20	1,000.00	1.250%	101,441.67	16,450.00	117,891.67	118,891.67	118,891.67
03/01/21	-	-	194,024.05	31,498.50	225,522.55	225,522.55	-
09/01/21	932,000.00	1.250%	194,024.05	31,498.50	225,522.55	1,157,522.55	1,383,045.10
03/01/22	-	-	188,199.05	30,100.50	218,299.55	218,299.55	-
09/01/22	947,000.00	1.290%	188,199.05	30,100.50	218,299.55	1,165,299.55	1,383,599.10
03/01/23	-	-	182,090.90	28,680.00	210,770.90	210,770.90	-
09/01/23	962,000.00	1.300%	182,090.90	28,680.00	210,770.90	1,172,770.90	1,383,541.80
03/01/24	-	-	175,837.90	27,237.00	203,074.90	203,074.90	-
09/01/24	977,000.00	1.330%	175,837.90	27,237.00	203,074.90	1,180,074.90	1,383,149.80
03/01/25	-	-	169,340.85	25,771.50	195,112.35	195,112.35	-
09/01/25	993,000.00	1.350%	169,340.85	25,771.50	195,112.35	1,188,112.35	1,383,224.70
03/01/26	-	-	162,638.10	24,282.00	186,920.10	186,920.10	-
09/01/26	1,010,000.00	1.400%	162,638.10	24,282.00	186,920.10	1,196,920.10	1,383,840.20
03/01/27	-	-	155,568.10	22,767.00	178,335.10	178,335.10	-
09/01/27	1,027,000.00	1.500%	155,568.10	22,767.00	178,335.10	1,205,335.10	1,383,670.20
03/01/28	-	-	147,865.60	21,226.50	169,092.10	169,092.10	-
09/01/28	1,045,000.00	1.560%	147,865.60	21,226.50	169,092.10	1,214,092.10	1,383,184.20
03/01/29	-	-	139,714.60	19,659.00	159,373.60	159,373.60	-
09/01/29	1,065,000.00	1.500%	139,714.60	19,659.00	159,373.60	1,224,373.60	1,383,747.20
03/01/30	-	-	131,727.10	18,061.50	149,788.60	149,788.60	-
09/01/30	1,084,000.00	1.600%	131,727.10	18,061.50	149,788.60	1,233,788.60	1,383,577.20
03/01/31	-	-	123,055.10	16,435.50	139,490.60	139,490.60	-
09/01/31	1,104,000.00	1.870%	123,055.10	16,435.50	139,490.60	1,243,490.60	1,382,981.20
03/01/32	-	-	112,732.70	14,779.50	127,512.20	127,512.20	-
09/01/32	1,128,000.00	2.020%	112,732.70	14,779.50	127,512.20	1,255,512.20	1,383,024.40
03/01/33	-	-	101,339.90	13,087.50	114,427.40	114,427.40	-
09/01/33	1,155,000.00	2.120%	101,339.90	13,087.50	114,427.40	1,269,427.40	1,383,854.80
03/01/34	-	-	89,096.90	11,355.00	100,451.90	100,451.90	-
09/01/34	1,183,000.00	2.200%	89,096.90	11,355.00	100,451.90	1,283,451.90	1,383,903.80
03/01/35	-	-	76,083.90	9,580.50	85,664.40	85,664.40	-
09/01/35	1,212,000.00	2.280%	76,083.90	9,580.50	85,664.40	1,297,664.40	1,383,328.80
03/01/36	-	-	62,267.10	7,762.50	70,029.60	70,029.60	-
09/01/36	1,243,000.00	2.340%	62,267.10	7,762.50	70,029.60	1,313,029.60	1,383,059.20
03/01/37	-	-	47,724.00	5,898.00	53,622.00	53,622.00	-
09/01/37	1,276,000.00	2.380%	47,724.00	5,898.00	53,622.00	1,329,622.00	1,383,244.00
03/01/38	-	-	32,539.60	3,984.00	36,523.60	36,523.60	-
09/01/38	1,310,000.00	2.430%	32,539.60	3,984.00	36,523.60	1,346,523.60	1,383,047.20
03/01/39	-	-	16,623.10	2,019.00	18,642.10	18,642.10	-
09/01/39	1,346,000.00	2.470%	16,623.10	2,019.00	18,642.10	1,364,642.10	1,383,284.20
	<u>21,000,000.00</u>		<u>4,718,378.77</u>	<u>684,820.00</u>	<u>5,403,198.77</u>	<u>26,403,198.77</u>	<u>26,403,198.77</u>

(1) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 1.850%.

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 7
MAY 1, 2020

BCWA 7-3: With regard to the updates to HJS 10-C set forth in Providence's response to Div. 6-15 and 6-16, these schedules show a new debt service payment in FY21, whereas the original Schedule HJS 10cC did not. Please explain the reason for this change.

RESPONSE:

The reason that we have moved the new debt service starting in FY2021 is that originally we were anticipating a new bond issue closing in FY2021 which would push the first debt service payments out to FY2022. We have learned that the new issue will be closed before the end of FY2020, therefore making the first debt service payments due in FY2021.

Attachments for 1(g)

1(g). Providence Water Supporting Schedules (direct/rebuttal/settlement)

- i. HJS 1
- ii. HJS 1a (settlement)
- iii. HJS 10c (attached)
- iv. HJS 12a&b
- v. Original GG-1 (attached)
- vi. Original GG-4 (attached)

Schedule HJS Settlement-10c: Restricted Funds - IFR Fund

Providence Water Supply Board
Docket # 4994

Request for General Rate Relief
Confidential Settlement Proposal
Test Year Ending June 30, 2019
Rate Years Ending June 30, 2021 through 2023

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Source of Funds					
D4618 (effective 2/17/2017)	\$ 30,712,500	\$ 27,300,000	\$ 27,300,000	\$ 27,300,000	\$ 27,300,000
New Rate Funding		\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 5,000,000
Miscellaneous Revenue (incl. Transfer for ESWD DS)	\$ 64,142	\$ 52,853	\$ 52,802	\$ 52,689	\$ 52,513
Interest Income ¹	\$ (38,113)	\$ 42,000	\$ 25,000	\$ 10,000	\$ 1,000
Carryover funds from prior year estimated	\$ 10,714,127	\$ 9,702,126	\$ 3,364,587	\$ 12,788,069	\$ 793,456
Total Sources	\$ 41,452,656	\$ 37,096,978	\$ 32,742,389	\$ 44,150,758	\$ 33,146,968
Less obligated uses of funds:					
RIIB (Arra) \$9.3M 2009 (P&I)	\$ 491,080	\$ 491,005	\$ 491,074	\$ 490,542	\$ 490,220
RIIB \$35M 2008 (P&I)	\$ 2,374,237	\$ 2,339,550	\$ 2,371,550	\$ 2,369,540	\$ 2,367,832
RIIB \$25M 2013 (P&I)	\$ 1,545,394	\$ 1,545,575	\$ 1,544,360	\$ 1,542,870	\$ 1,542,106
RIIB \$8M 2014 (P&I)	\$ 501,911	\$ 500,873	\$ 500,850	\$ 500,896	\$ 500,127
RIIB \$16.3M 2017 (P&I)	\$ 1,035,775	\$ 1,036,028	\$ 1,036,743	\$ 1,035,388	\$ 1,034,854
RIIB \$14.7M 2019 (P&I)	\$ -	\$ 176,864	\$ 934,390	\$ 935,151	\$ 935,636
East Smithfield RIIB 2013 (P&I)	\$ 39,775	\$ 39,177	\$ 39,477	\$ 39,714	\$ 39,888
East Smithfield RIIB 2008 (P&I)	\$ 14,025	\$ 13,675	\$ 13,325	\$ 12,975	\$ 12,625
Est. New Debt Service Series 2020A	\$ -	\$ -	\$ 313,342	\$ 1,251,662	\$ 1,251,545
Est. New Debt Service Series 2021A	\$ -	\$ -	\$ -	\$ 344,414	\$ 1,375,822
Est. New Debt Service Series 2022A	\$ -	\$ -	\$ -	\$ -	\$ 344,414
Sub-total Debt Service	\$ 6,002,197	\$ 6,142,748	\$ 7,245,112	\$ 8,523,151	\$ 9,895,068

Cash Funded Projects

Total Uses	\$ 25,748,333	\$ 27,589,644	\$ 12,709,208	\$ 34,834,151	\$ 17,724,246
End of Year Balance - Cash Balance Carry Fwd.	\$ 31,750,530	\$ 33,732,392	\$ 19,954,320	\$ 43,357,302	\$ 27,619,314
Bond Funding Activity	\$ 9,702,126	\$ 3,364,587	\$ 12,788,069	\$ 793,456	\$ 5,527,654

Bond Proceeds

Bond Proceeds	\$ 1,840,830	\$ 16,224,208	\$ 19,245,038	\$ 21,000,000	\$ 21,000,000
Cost of Issuance	\$ 1,082,095	\$ 2,685,757	\$ 1,669,246	\$ 1,669,246	\$ 1,669,246
Bond Funded Projects	\$ 758,735	\$ 13,538,451	\$ 17,575,792	\$ 19,330,754	\$ 19,330,754
Net Bond funding	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: Negative interest income in FY2019 is reflective of actual interest earned of \$54,636.32 less a market adjustment of -\$92,7749.32 adjusted by the auditors at year end.

Providence Water IFR Expenditure Plan
FY 2021 through 2025

	Total Amount	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
RAW WATER SUPPLY FACILITIES						
1A	Various Raw Water Supply Facilities Projects	250,000	50,000	50,000	50,000	50,000
1B	Reservoir and Dam Inspections	160,000	10,000	20,000	10,000	80,000
2A	Secondary Reservoir and Dam Improvements	2,500,000	500,000	500,000	500,000	500,000
6A	Gainer Dam Spillway Rehabilitation	500,000			500,000	
9A	Raw Water Booster Pump Station Building Improvements	600,000			600,000	
10A	Raw Water Conduits and Valves Inspection	100,000			100,000	
10B	Replace 60" Valves	400,000			400,000	
11A	Replace 12" Blowoff Valve	100,000	100,000			
	Raw Water Supply Total	\$4,610,000	\$660,000	\$570,000	\$1,660,000	\$1,130,000

TREATMENT SYSTEMS AND FACILITIES						
12A	Various Treatment Plant Projects	500,000	100,000	100,000	100,000	100,000
12B	Treatment Plant Building Rehabilitation	3,500,000	500,000	3,000,000		
12C	Treatment Process and Water Quality Studies	1,000,000	200,000	200,000	200,000	200,000
12D	PW Lab Equipment	50,000	10,000	10,000	10,000	10,000
13A	SCADA / Control System	100,000	20,000	20,000	20,000	20,000
14A	Treatment Plant Structures and Conduits Inspection	60,000	10,000			50,000
16A	Sedimentation Basin Rehabilitation	37,000,000	2,000,000	11,000,000	2,000,000	11,000,000
19A	Service Water System Inspection	100,000	100,000			
	Service Water Tank Rehabilitation	1,000,000		1,000,000		
20A	Inspection of 48" Wash Water Pipe and Tank	10,000	10,000			
23A	Replace Ferric Feed Pumps	10,000	10,000			
24A	Fluoride System Improvements	25,000				25,000
	Treatment Plant Total	\$43,355,000	\$2,960,000	\$15,330,000	\$2,330,000	\$11,405,000

STORAGE FACILITIES						
27A	Various Storage Facilities Projects	250,000	170,000	20,000	20,000	20,000
27B	Storage Reservoir Water Quality Improvements	7,500,000	1,500,000	1,500,000	1,500,000	1,500,000
	Storage Facilities Total	\$7,750,000	\$1,670,000	\$1,520,000	\$1,520,000	\$1,520,000

PUMPING FACILITIES						
34A	Various Pumping Facilities Projects	100,000	20,000	20,000	20,000	20,000
38A	Cranston Commons Pump Station Replacement	4,000,000	1,000,000	2,000,000	1,000,000	
40A	Fruit Hill Pump Station Replace Generator	250,000	250,000			
	Pumping Facilities Total	\$4,350,000	\$1,270,000	\$2,020,000	\$1,020,000	\$20,000

TRANSMISSION SYSTEM FACILITIES						
44A	Schuate Aqueduct and Tunnel (90") Inspection	2,000,000			2,000,000	
44B	Schuate Aqueduct and Tunnel (90") Rehabilitation	5,000,000			5,000,000	
45A	Supplemental Tunnel and Aqueduct Rehabilitation Plan	300,000			300,000	
45B	78" Aqueduct Inspection	3,000,000		3,000,000		
45C	78" Aqueduct Rehabilitation	7,000,000		7,000,000		
45D	102" Aqueduct Inspection	3,000,000			3,000,000	
45E	102" Aqueduct Rehabilitation	7,000,000			7,000,000	
45F	102" Aqueduct fiber optic monitoring	625,000	125,000	125,000	125,000	125,000
46A	Various Transmission System (16" - 66") Facilities Projects	2,500,000	500,000	500,000	500,000	500,000
	Transmission System Total	\$30,425,000	\$625,000	\$10,625,000	\$7,925,000	\$10,625,000

Providence Water IFR Expenditure Plan
FY 2021 through 2025

		Total Amount	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
DISTRIBUTION SYSTEM FACILITIES							
47A	Water Mains Rehabilitation	95,500,000	19,100,000	19,100,000	19,100,000	19,100,000	19,100,000
48A	Various Distribution System Facilities Projects	3,750,000	750,000	750,000	750,000	750,000	750,000
Distribution System Total		\$99,250,000	\$19,850,000	\$19,850,000	\$19,850,000	\$19,850,000	\$19,850,000
SUPPORT SYSTEM FACILITIES							
48A	Various Support System Facilities Projects	1,000,000	200,000	200,000	200,000	200,000	200,000
49B	Arc Flash Study	1,000,000				1,000,000	
53A	Records Management System (GIS/AM) Improvements	250,000	50,000	50,000	50,000	50,000	50,000
54A	Replacement of Billing System	5,000,000	1,500,000	2,500,000	1,000,000		
Support System Facilities Total		\$7,250,000	\$1,750,000	\$2,750,000	\$1,250,000	\$1,250,000	\$250,000
TOTAL		\$196,990,000	\$28,785,000	\$52,665,000	\$35,555,000	\$45,725,000	\$34,260,000

Exhibit GG-4
Main Rehabilitation FY1997 through FY2019

<u>Fiscal Year</u>	<u>Total Main Rehabilitation Cost</u>	<u>Total Main Replaced (Feet)</u>	<u>Total Main Replaced (Miles)</u>	<u>Cost per foot</u>
1997	\$790,808	7,700	1.5	\$103
1998/99	\$2,040,523	16,963	3.2	\$120
2000/01	\$365,998	1,759	0.3	\$208
2002/03	\$188,352	2,063	0.4	\$91
2004/05	\$225,521	2,943	0.6	\$77
2006/07/08	\$2,331,088	9,355	1.8	\$249
2009	\$1,141,087	6,825	1.3	\$167
2010	\$1,449,485	7,330	1.4	\$198
2011	\$8,603,842	39,141	7.4	\$220
2012	\$6,732,891	19,499	3.7	\$345
2013	\$8,690,291	35,275	6.7	\$246
2014	\$13,929,440	45,553	8.6	\$306
2015	\$11,430,705	50,030	9.5	\$228
2016	\$15,563,467	71,374	13.5	\$218
2017	\$12,088,055	40,273	7.6	\$300
2018	\$20,731,588	83,205	15.8	\$249
2019	\$14,153,742	52,763	10.0	\$268
Totals	\$120,456,883	492,051	93	\$245

2(f). Providence Water Supporting Data Responses

- i. BCWA 1-17
- ii. DIV 1-41 (attached)
- iii. BCWA 1-51 (attached)
- iv. BCWA 1-15 (attached)
- v. BCWA 2-16 (attached)
- vi. BCWA 8-6 (attached)

Providence Water Docket 4994

Division of Public Utilities and Carriers
Data Requests - Set 1
December 18, 2019

UPDATED

DIV 1-41. Restricted fund balances. Refer to the pre-filed direct testimony of Nancy Parrillo. Identify the balances in each of the following funds as of each date, (1) beginning of test year, (2) end of test year, (3) December 31, 2019, ending balances projected for each fiscal year: (4) FY 2020, (5) FY 2021, (6) FY 2022 and (7) FY 2023:

- a. Capital Fund;
- b. Western Cranston Fund;
- c. Infrastructure Replacement Fund;
- d. AMR/Meter Replacement Fund;
- e. Equipment/Vehicle Replacement Fund;
- f. Insurance Fund;
- g. Chemicals/Sludge Management Fund;
- h. Property Tax Refund Fund;
- i. Private Side Lead Service Replacement Fund; and
- j. Revenue Reserve Fund.

RESPONSE:

- a. See Schedule HJS-10a.
- b. See Schedule HJS-10b.
- c. See Schedule HJS-10c.
- d. See Schedule HJS-10d.
- e. See Schedule HJS-10e.
- f. See Schedule HJS-10f.
- g. See Schedule HJS-10g.
- h. See Schedule HJS-10h.
- i. See Schedule HJS-10i.
- j. See Schedule HJS-10j.

These schedules have been updated for final FY2019 numbers and including December 31, 2019 – FY2020 numbers.

Schedule HJS-10f: Restricted Funds - Insurance Fund

Providence Water Supply Board
 Docket # _____
 Request for General Rate Relief
 Direct Testimony of Harold J. Smith
 Test Year Ending June 30, 2019
 Rate Years Ending June 30, 2021 through 2023

Description	Actual		Estimated		FY 2021	FY 2022	FY 2023
	FY 2019	December FY2020	December FY2020	Year-end FY 2020			
Source of Funds							
D4618 (effective 2/17/2017)	\$ 2,302,113	\$ 575,528	\$ 2,302,113	\$ 2,302,113	\$ 2,302,113	\$ 2,302,113	\$ 2,302,113
Reimbursements	\$ 40,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 12,953	\$ 5,379	\$ 9,000	\$ 9,100	\$ 9,100	\$ 9,250	\$ 9,500
Carryover funds from prior year estimated	\$ 2,005,575	\$ 2,334,148	\$ 2,334,148	\$ 2,630,641	\$ 2,630,641	\$ 2,508,641	\$ 2,484,367
Total Sources	\$ 4,361,438	\$ 2,915,056	\$ 4,645,261	\$ 4,941,854	\$ 4,941,854	\$ 4,820,004	\$ 4,806,000
Less obligated uses of funds							
Property & Casualty	\$ 1,119,806	\$ 1,166,514	\$ 1,129,479	\$ 1,151,934	\$ 1,151,934	\$ 1,174,839	\$ 1,198,201
Workers Compensation	\$ 774,580	\$ 480,614	\$ 779,142	\$ 785,125	\$ 785,125	\$ 794,279	\$ 800,564
Injuries & Damages *	\$ 113,412	\$ 23,178	\$ 85,000	\$ 224,654	\$ 224,654	\$ 85,000	\$ 85,000
Safety Supplies & Other	\$ 15,041	\$ -	\$ 16,000	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500
Program Expense	\$ 4,452	\$ 885	\$ 5,000	\$ 255,000	\$ 255,000	\$ 255,000	\$ 5,000
Total Uses	\$ 2,027,290	\$ 1,671,192	\$ 2,014,621	\$ 2,433,213	\$ 2,433,213	\$ 2,325,617	\$ 2,105,266
End of Year Balance	\$ 2,334,148	\$ 1,243,864	\$ 2,630,641	\$ 2,508,641	\$ 2,508,641	\$ 2,494,387	\$ 2,700,734

* Injuries and Claims for FY2021 includes 5 property damage claims that are in excess of \$5,000 and 2 pending claims of approximately \$50,000 each from flooding incidents in Cranston & Providence.

Providence Water Docket 4994

*Bristol County Water Authority
Data Request - Set 1
January 28, 2020*

BCWA 1-51: Please provide any and all documentation from Providence Water's insurance carriers requesting that it undertake a full asset reevaluation.

Response: Please see the attached property assessment justification as directed by Travelers Insurance.



RISK CONTROL
REDUCE RISK. PREVENT LOSS. SAVE LIVES.

January 30, 2020
G & L Insurance Associates Inc.
963 Charles Street
North Providence, RI 02904

Mr. Antonio M. Araujo, III
Director Support Services
Providence Water Supply Board
125 Dupont Dr
Providence, RI 02907

Dear Mr. Araujo:

Over the past 10 or so years, you and I have discussed the insurable values on the various properties covered under the Providence Water Supply Board's Property, Dams, and reservoirs insurance policies. The policies you have require replacement cost coverage and also have an inflation guard endorsement which means values are normally increased the "specified" value each year. However, each year your office has asked us to surpress those increases.

As you know the cost of doing business in just about every field goes up each and every year, from materials to actual construction costs. The values on these policies need to be based on "today's" replacement cost and not the costs from 2010. I did a quick review of our digital files and I see the values on the dams and reservoirs policy are exactly the same for 2019-2020 as they were on the 2007-2008 policy. As far as the property policy, there has been some added and deleted locations over the years which the change from Academy to Dupont and the purchase of the East Smithfield Water District. Most of the original properties (from our 2007-2008) schedule are still present but a lot of the values have stayed the same or even "decreased" which is unheard of unless portions of a building are demolished.

In order to determine the correct replacement, an updated appraisal needs to be done on all properties. Once we receive these reports, we can determine if the limits you currently carry are enough to satisfy the requirements. The key things to remember are when we insured a property we do it for "insurable value and not market value (value someone is willing to pay for it) or actual cash value (value after depreciation)". Insurance companies use Insurable Value which is "the cost to replace and insured asset with property of like kind and quality without consideration for any depreciation and it includes the construction, installation, and demolition costs, but does not include the site itself or any underground utilities or foundations as they are not usually destroyed.

A new insurance term is approaching and we will need to address the values. Please advise if you will be able to obtain appraisals for the 7/1/2020 renewals. We appreciate your business. If you have questions, please feel free to give me a call.

Sincerely,

Pamela L. Mowry
pammowry@glins.necoxmail.com
G & L Insurance Associates Inc.
President

Providence Water Docket 4994

Bristol County Water Authority
Data Request -- Set 1
January 28, 2020

BCWA 1-15: With regard to Schedule HJS-10f:

- a. Please provide all calculations, work papers, supporting data, and assumptions used to calculate the injuries and damages expenditure of \$224,654 in FY21.
- b. Please set forth all actual injuries and damages claims paid by Providence Water in FY2014, 2015, 2016, 2017, and 2018.
- c. Please provide all documents, supporting data, assumptions, calculations and work papers used to support the increase in program expense from \$5,000 in FY20 to \$255,000 in FY21.
- d. Please provide all facts, details and supporting documentation regarding the injuries and claims for FY21 including the five property damage claims in excess of \$5,000 and two pending claims for approximately \$50,000 from flooding incidents in Cranston and Providence.

Response:

- a. Please see attached Providence Water Workers' Compensation Scorecard 2010-2020. See Schedule BCWA 1-15a.
- b. Please see attached Providence Water Scorecard FY 2014,2015,2016,2017 and 2018. See Schedule BCWA 1-15a.
- c. See Schedule BCWA 1-51.
- d. Please see attached BCWA 1-15d - Claims Losses & Lawsuits through 2020.

Schedule BCWA 1-15a

Scorecard
Providence Water Supply Board



Workers' Compensation Results | Providence Water Supply Board | Valuation Date of 01/28/2020 |

Program Period	07/01/2019- 07/01/2020	07/01/2019- 07/01/2019	07/01/2017- 07/01/2018	07/01/2016- 07/01/2017	07/01/2015- 07/01/2016
Frequency					
Total Incurred Amount	\$153,251.28	\$162,535.59	\$215,809.19	\$318,417.66	\$616,207.90
Open	\$104,626.00	\$124,063.00	\$133,681.00	\$273,270.00	\$247,542.00
Closed	\$48,625.28	\$38,472.59	\$82,128.19	\$45,147.66	\$368,665.90
Total Claim Count	58	65	63	65	65
Open	5	4	1	1	1
Closed	51	61	62	64	64
Severity (Losses > \$100,000)					
Total Incurred Amount	\$0.00	\$0.00	\$133,681.00	\$273,270.00	\$309,318.87
Open	\$0.00	\$0.00	\$133,681.00	\$273,270.00	\$247,542.00
Closed	\$0.00	\$0.00	\$0.00	\$0.00	\$141,776.87
Total Claim Count	0	0	1	1	2
Open	0	0	1	1	1
Closed	0	0	0	0	1
Lag Time - Median Days	0.0	1.0	1.0	1.0	0.0
WC Other Than Medical Injuries					
Total Incurred Amount	\$146,301.47	\$184,879.73	\$206,958.35	\$302,231.13	\$600,069.67
Open	\$100,026.00	\$122,684.00	\$133,681.00	\$273,270.00	\$247,542.00
Closed	\$46,275.47	\$62,195.73	\$73,277.35	\$28,961.13	\$352,527.67
Total Claim Count	9	10	9	6	14
Open	3	3	1	1	1
Closed	6	7	8	5	13
WC Medical Only Injuries					
Total Incurred Amount	\$6,949.81	\$7,755.86	\$8,850.84	\$16,186.53	\$16,138.23
Open	\$4,600.00	\$1,379.00	\$0.00	\$0.00	\$0.00
Closed	\$2,349.81	\$6,376.86	\$8,850.84	\$16,186.53	\$16,138.23
Total Claim Count	47	55	54	59	51
Open	2	1	0	0	0
Closed	45	54	54	59	51

Scorecard
Providence Water Supply Board

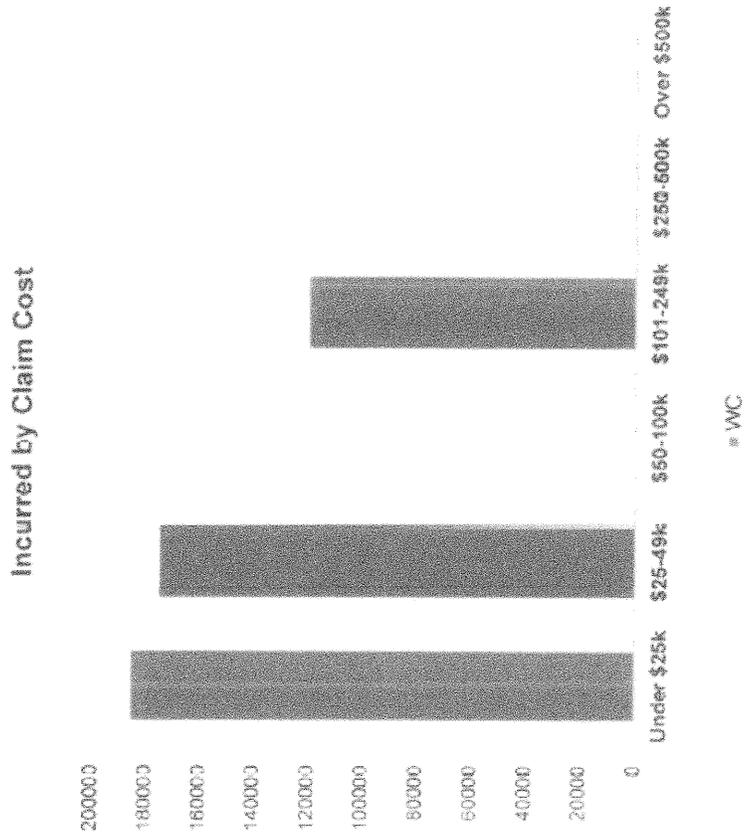


Workers' Compensation Results | Providence Water Supply Board | Valuation Date of 01/29/2020

Calendar Year	2014	2013	2012	2011	2010
Frequency					
Total Incurred Amount	\$386,311.33	\$51,848.27	\$123,014.40	\$0.00	\$0.00
Open	\$108,129.00	\$0.00	\$0.00	\$0.00	\$0.00
Closed	\$278,182.33	\$51,848.27	\$123,014.40	\$0.00	\$0.00
Total Claim Count	50	55	25	0	0
Open	1	0	0	0	0
Closed	49	55	25	0	0
Severity (Losses > \$100,000)					
Total Incurred Amount	\$265,993.74	\$0.00	\$0.00	\$0.00	\$0.00
Open	\$108,129.00	\$0.00	\$0.00	\$0.00	\$0.00
Closed	\$157,864.74	\$0.00	\$0.00	\$0.00	\$0.00
Total Claim Count	2	0	0	0	0
Open	1	0	0	0	0
Closed	1	0	0	0	0
Lag Time - Median Days	1.0	1.0	1.0	0.0	0.0
WC Other Than Medical Injuries					
Total Incurred Amount	\$375,675.51	\$42,324.80	\$116,018.99	\$0.00	\$0.00
Open	\$108,129.00	\$0.00	\$0.00	\$0.00	\$0.00
Closed	\$267,546.51	\$42,324.80	\$116,018.99	\$0.00	\$0.00
Total Claim Count	7	6	11	0	0
Open	1	0	0	0	0
Closed	6	6	11	0	0
WC Medical Only Injuries					
Total Incurred Amount	\$10,635.82	\$19,323.47	\$6,995.41	\$0.00	\$0.00
Open	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Closed	\$10,635.82	\$19,323.47	\$6,995.41	\$0.00	\$0.00
Total Claim Count	43	49	14	0	0
Open	0	0	0	0	0
Closed	43	49	14	0	0



Claim Stratification (2017-2020)



Observations

- 176 claims under \$25k
- 4 claims under \$50k
- 1 claim under \$250k

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 2
February 28, 2020

BCWA 2-16: Regarding Providence's response to BCWA 1-15:

- a. Subsection a. asked Providence to provide "all calculations, work papers, supporting data, and assumptions used to calculate the injuries and damages expenditure of \$224,654 in FY21." In response, Providence provided a "Workers' Compensation Scorecard" from The Hartford. This "Scorecard" does not show Providence's calculation. Please show how this document (and any other document) was used to calculate the sum of \$224,654 and show the actual calculation.
- b. Subsection c. asked Providence to "provide all documents, supporting data, assumptions, calculations and work papers used to support the increase in program expense from \$5,000 in FY20 to \$255,000 in FY21." In response, Providence referred to Schedule BCWA 1-51. However, there is no such schedule. To the extent this response refers to the documents provided in response to 1-15a, these documents do not show Providence's calculation. Please show how this document (and any other document) was used to calculate the increase in program expense from \$5,000 in FY20 to \$255,000 in FY21 and show the actual calculation.

Response :

- a. Please see attached Claims & Damages supporting documentation BCWA 1-16 (a). When PW receives the notification of claims/damages through the City of Providence Claims department, they are entered into the claims database before the start of the investigation. The Manager of Safety & Compliance, along with the Director of Support Services, oversees this process. All claims are investigated and reviewed by the internal claims committee. Each claim is reviewed prior to a recommendation being made to either approve or deny a specific claim. Once this recommendation is submitted by PW's internal claims committee, each claim then goes before the City of Providence Claims committee for final review to determine if that claim is approved or denied. As stated, every claim goes through a thorough process prior to final processing.
- b. The budget of \$250,000 was estimated. As stated in the attached letter from PW's property insurance carrier, a comprehensive property assessment has not been completed in over ten years. Providence Water's property values are outdated and need to be re-assessed. The process to perform this assessment includes establishing a budget, drafting a Request For Proposal (RFP) to hire a qualified firm, and determining a timeline for the project. Once complete, data from this assessment will be submitted to Providence Water's insurance carriers to assess current replacement values accurately.

BCWA 2-16 a

<u>Claim Number</u>	<u>Claimant</u>	<u>Date</u>	<u>Claim Description</u>	<u>Amount of Claim</u>
Claim # 19-307	Carol Fowler	5/8/2019	Struck a depression on Sockanosett Crossroad	\$686.90
Claim # 19-333	Garett Berman	4/23/2019	Struck a depression on Sockanosett Crossroad	\$285.40
Claim # 19-336	John DeRosa	4/24/2019	Struck a depression on Sockanosett Crossroad	\$306.39
Claim # 19-357	Raymond Maxwell	7/28/2017	Sewer lateral damage	\$8226.26
Claim # 19-359	Joseph Conti	4/20/2019	Struck a depression on Sockanosett Crossroad	\$149.21
Claim # 19-386	Lifespan (Miriam)	9/25/2018	Water discoloration	\$5,816.51
Claim # 19-390	Dale Rankin	2/9/2019	Water damage	\$16,088.00
Claim # 19-399	Christin Cronan	6/8/2019	Disruption in water supply	\$140.12
Claim # 19-431	Alioune Cissoko	6/18/2018	Property damage caused by fracture in waste pipe	\$100,000.00
Claim # 19-432	Laura McGill	6/24/2019	Stepped into an uncovered water pipe	\$5,000.00

Injuries and damages include two pending claims of approximately \$50,000.00 each

PC-2019-10589 Cranston School department flooding.

PC-2015-4170 SAF Properties flooding.

All claims received by PW are investigated by the Manager of Safety & Compliance and reviewed by our internal claims review committee.



RISK CONTROL
REDUCE RISK. PREVENT LOSS. SAVE LIVES.

January 30, 2020
G & L Insurance Associates Inc.
963 Charles Street
North Providence, RI 02904

Mr. Antonio M. Araujo, III
Director Support Services
Providence Water Supply Board
125 Dupont Dr
Providence, RI 02907

Dear Mr. Araujo:

Over the past 10 or so years, you and I have discussed the insurable values on the various properties covered under the Providence Water Supply Board's Property, Dams, and reservoirs Insurance policies. The policies you have require replacement cost coverage and also have an inflation guard endorsement which means values are normally increased the "specified" value each year. However, each year your office has asked us to suppress those increases.

As you know the cost of doing business in just about every field goes up each and every year, from materials to actual construction costs. The values on these policies need to be based on "today's" replacement cost and not the costs from 2010. I did a quick review of our digital files and I see the values on the dams and reservoirs policy are exactly the same for 2019-2020 as they were on the 2007-2008 policy. As far as the property policy, there has been some added and deleted locations over the years which the change from Academy to Dupont and the purchase of the East Smithfield Water District. Most of the original properties (from our 2007-2008) schedule are still present but a lot of the values have stayed the same or even "decreased" which is unheard of unless portions of a building are demolished.

In order to determine the correct replacement, an updated appraisal needs to be done on all properties. Once we receive these reports, we can determine if the limits you currently carry are enough to satisfy the requirements. The key things to remember are when we insured a property we do it for "insurable value and not market value (value someone is willing to pay for it) or actual cash value (value after depreciation)". Insurance companies use Insurable Value which is "the cost to replace and insured asset with property of like kind and quality without consideration for any depreciation and it includes the construction, installation, and demolition costs, but does not include the site itself or any underground utilities or foundations as they are not usually destroyed.

A new insurance term is approaching and we will need to address the values. Please advise if you will be able to obtain appraisals for the 7/1/2020 renewals. We appreciate your business. If you have questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink that reads "Pamela L. Mowry".

Pamela L. Mowry
pammowry@gilins.necoxmail.com
G & L Insurance Associates Inc.
President

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set S
June 8, 2020

|

BCWA 8-6: In BCWA 1-15f., Providence was asked to support the FY 2021 line item expense for injuries and claims in FY21. In response, Providence provided a document entitled “Claims, Losses and Lawsuits through 2020.” This only shows payments of \$57,676 “As of 1/31/20.”

- a. Over what period of time were these payments made?
- b. Please identify which of these claims were made in the Test Year of FY 2019.

RESPONSE:

- a. These payments were made between February 6th 2019 and October 23, 2019.
- b. See BCWA 8-6b – the highlighted items were claims made in the test year FY2019.

BCWA 8-6 Attachment

Lawsuit Status						
Case Number	Name & Location of Claim	Req. Amnt	Paid Amount		Status	
2016063664	Steven Stein a/s/o Paul Newton	\$500,000.00	Pend		Personal Injury	\$50,000.00 Deductible
18-344 (Investig Demand Letter)	Manning a/s/o Palma; Killingly St. Johnston	?	\$0.00	DPW?	Pend	
PC-2011-2087	Rob Levine a/s/o Nancy Albizu	\$46,000.00	Pend		Personal Injury	
PC-2012-2572	Gabrielle Krause (Fay Law)	\$2,900.00	\$2,900.00	Closed	Personal Injury	
PC-2012-5699	Ariel Meilich (Mark B. Morse)	\$52,547.76	\$0.00	Closed	Ruled in favor PW	
	Zoraida Salcedo	\$9,000.00	\$9,000.00	Closed	Personal Injury	
	Verizon New England (Lynda Laing)	\$55,917.48	Pend		Water Damage	\$50,000.00 Deductible
PC-2014-1075	Dennis Ciaramello	\$25,000.00	\$0.00	Closed	Dism	
PC-2014-2010	Melanie Soria	\$10,000.00	\$6,500.00	Closed	Personal Injury	
PC-2015-1398	Sandra DeAngelis	\$650,000.00	\$68,000.00	Closed	Personal Injury	
PC-2015-4170	Liberty Mutual a/s/o SAF Properties	\$585,000.00	Pend		Water Damage	\$50,000.00 Deductible
PC-2016-0115	Maria Marrero 530 Sharon St Prov	\$40,000.00	\$11,500.00	Closed	Personal Injury	
PC-2016-4038	Mcaulry v. Dias	\$1,000,000.00	\$0.00	Closed	Imdennified	
PC-2019-10589	Cranston School Department	\$478,000.00	Pend		Water Damage	\$50,000.00 Deductible
PC-2019-7294	Patrick Murphy (Mark B. Morse)	?	Pend		Property Damage	\$50,000.00 Deductible
					% Paid to Date	
		\$3,454,365.24	\$97,900.00		3%	

As of 1/31/2020

Attachment for 2(g)

- 2(g). Letter dated July 31, 2019 from Risk Management and Insurance Consulting and Providence Water's response to Division data request 1-34 in PUC Docket No. 4406**

Risk Management and Insurance Consulting
Services of Rhode Island
13 Carnival Terrace
West Warwick, R.I. 02893

7/31/19

Mr. Antonio M. Araujo III
Sr. Manager of Support Services
Providence Water Supply Board
125 DuPont Drive
Providence, R.I. 02907

Re: Insurance Fund

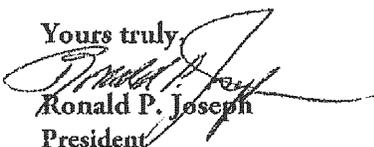
Dear Mr. Araujo:

I've been retained by the Providence Water Supply Board to determine if their \$3,000,000 insurance fund will adequately fund their current insurance costs. As a result this letter is being written to summarize the evaluation process and to verify whether or not the Board's \$3,000,000 insurance fund is adequate. In making this estimate I reviewed all aspects of their insurance program including an evaluation of whether or not they are involved in self insurance, loss sensitive rating programs or large deductibles. The Providence Water Supply Board's insurance program is made up of fully insured policies with typical deductibles for Property, Automobile, Marine, Crime and Public Officials Liability, however, their General Liability policy has a \$50,000 deductible and their Workers Compensation insurance is written on a Loss Sensitive rating policy where the Board is responsible for the first \$250,000 of each claim. This will be the eighth year the Providence Water Supply Board has used these loss sensitive programs.

Because the Providence Water Supply Board utilizes loss sensitive programs for Workers Compensation and General Liability insurance their Insurance Fund must include monies to pay for all known past unpaid claims for each of these lines of insurance plus an estimate for losses which will occur during the 7/1/19 to 7/1/20 period.

After having considered all of these factors I determined that the Providence Water Supply Board's \$3,000,000 insurance fund is adequate to cover their 7/1/19 to 7/1/20 insurance costs.

Yours truly


Ronald P. Joseph
President

Providence Water Docket 4406

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

Div 1-34 Please explain why it is necessary and appropriate to maintain a balance of over \$2.9 million in the Insurance Fund.

Answer: To put a comprehensive insurance program in place for a water utility of our size is a complicated process. Providence Water reviews its insurance coverages each year and has hired Ronald P. Joseph CPCU, formerly of Starkweather & Shepley, Insurance Brokerage Inc. for the past 10 years to advise us accordingly.

We believe it is clearly in the best interest of Providence Water and the rate payers to have a \$2.9 million reserve for the following reasons.

- Our current workers' compensation insurance program has a \$350,000 deductible per incident and \$3,250,000 maximum annual deductible.
- Currently Providence Water has a \$25,000 deductible on general liability claims and pays out a substantial amount each year. This fiscal year Providence Water has paid or will pay approximately \$200,000 in claims.
- Providence Water has multiple insurance policies with a variety of deductibles.
- Providence Water continues to have difficulty obtaining competitive quotes for some coverages, the reserve will allow us to raise the deductible, when advisable, to make the proposal more attractive.
- The insurance market is volatile and many outside factors can affect premiums, the reserve allows us to stabilize and absorb higher premiums without affecting rates.
- The reserve allows us the flexibility to perform studies and finance programs beneficial to Providence Water which produces lower premiums.
- More self-insurance programs may be an option in the future. These options can only be considered with a sizable reserve.
- The reserve allows for additional funding for other expenses such as instances when coverage is denied and/or additional legal services are required and payment is the responsibility of Providence Water.

3(c). Providence Water Supporting Data Responses

- i. BCWA 1-40 Retire RECs (attached)
- ii. BCWA 1-41 Board Meeting approval and Board policy to retire RECs (attached)
- iii. BCWA 2-24 Retire RECs (attached)

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 1
January 28, 2020

BCWA 1-40: With regard to Mr. Caruolo’s testimony on page 7, please state the cost to Providence for retiring, rather than selling, its RECs.

Response: As noted in my testimony on page 7, it’s important for Providence Water to reduce and possibly eliminate our carbon footprint. It has always been our intent to be 100% renewable power or 100% green which does not allow us to sell the Renewable Energy Certificates (RECs). As a company we value natural resources, therefore it’s very important that we take a leadership role in our industry to preserve and protect our environment. We are well aware that we are foregoing a potential savings in order to protect our environment by producing and utilizing 100% green energy.

Below is a forecast of what PW could sell the total RECs produced by our rooftop solar array (in operation) at the COF and the solar field located at the Deca property in Johnston once completed and on line.

	<u>Est. Annual REC Produced</u>	<u>Est. Low Value</u>	<u>Est. Annual Low Value</u>
COF:	750	\$11.00	\$ 8,250
DECA:	8,500	\$11.00	<u>\$ 93,500</u>
			TOTAL: <u>\$101,750</u>

	<u>Est. Annual REC Produced</u>	<u>Est. High Value</u>	<u>Est. Annual High Value</u>
COF:	750	\$40.00	\$ 30,000
DECA:	8,500	\$40.00	\$340,000
			TOTAL: <u>\$370,000</u>

Please note, that our solar consultant believes that the REC program may go away within the next 7 years. Estimated REC values were obtained from New England Power Pool (NEPOOL) and provided to us by our third party verifier Daymark Energy Advisors.

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 1
January 28, 2020

BCWA 1-41: Please provide any and all Providence Water Board minutes in which it approves the Providence Water's decision to retire the RECs.

RESPONSE: The Renewable Energy Policy approved at the June 26, 2019 meeting of the Providence Water Supply Board is attached along with the June 26, 2019 meeting minutes.

Providence Water

General Policy Renewable Energy

- POLICY:** It is the policy of the Board of Directors of Providence Water to promote green renewable energy and install the necessary renewable systems to supply all of Providence Water's electricity demands. It is also the policy of Providence Water to maintain ownership or exclusive rights to all associated Renewable Energy Certificates (RECs) created through our systems in order to receive the social and environmental value of all electricity produced by our renewable energy systems.
- GOAL:** It is the goal of Providence Water to produce enough renewable electricity in order for Providence Water to become 100% green and utilize all electricity from our own in-house renewable energy systems.
- STRATEGY:** A REC is a tradable, market-based instrument that represents the legal property rights to the social, environmental and other non-power attributes of renewable electricity generation. A REC is issued for every megawatt hour (MWh) of electricity generated and delivered to the electrical grid from a renewable energy source. Electricity cannot be considered renewable without an associated REC to substantiate the renewable attribute. Maintaining ownership of the RECs created through our systems will allow Providence Water to take a community leadership role by being reliant on renewable energy to power our facilities.
- AUTHORITY:** The General Manager shall ensure the implementation of practices and procedures consistent with this policy, as empowered by the Board of Directors on the 26th day of June 2019.

Attested by:


Carissa R. Richard
Secretary for the Board



PROVIDENCE WATER

Tap Water Delivers

THE CITY OF PROVIDENCE
WATER SUPPLY BOARD
JUNE 26, 2019 MINUTES

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

BOARD MEMBERS PRESENT:

Mr. Xaykham Khamsyvovong, Chairman
Mr. Joseph Cataldi, Vice Chairman
Mr. Lawrence Mancini, Ex-Officio
Ms. Cristen Raucci, Board Member
Ms. Kerri Lynn Thurber, Board Member

BOARD OF DIRECTORS

Xaykham Khamsyvovong
Chairperson

Joseph D. Cataldi
Vice Chairperson

Luis A. Aponte
Councilperson

Jo-Ann Ryan
Councilperson

Lawrence J. Mancini
Ex-Officio

Cristen L. Raucci, Esq.
Member

Kerri Lynn Thurber
Member

Carissa R. Richard
Secretary

William E. O’Gara, Esq.
Legal Advisor

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

BOARD MEMBERS ABSENT:

Councilman Luis Aponte, Board Member
Councilwoman Jo-Ann Ryan, Board Member

PROVIDENCE WATER SUPPLY BOARD STAFF ATTENDING:

Mr. Peter J. Palozzi, Deputy General Manager – Administration
Ms. Nancy Parrillo, Senior Manager – Finance
Ms. Mary Deignan-White, Senior Manager – Budget and Regulatory
Mr. Gary Marino, Division Manager – Engineering
Mr. Peter DiLorenzo, Principal Engineer
Ms. Alicia Mignanelli, Financial Analyst
Mr. Levi Swanson, Governmental Aide

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

125 Dupont Drive
Providence, RI 02907

www.provwater.com

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OTHERS ATTENDING:

None

The Providence Water Supply Board met in the Alderman’s Chambers, Room 302,
of Providence City Hall located at 25 Dorrance Street, Providence, Rhode Island.

1. CALL TO ORDER:

Chairman Khamsyvoravong called the meeting to order at 4:10 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.

Note - the Board took various agenda items out of order.

4. REPORTS:

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

General Manager (GM) Ricky Caruolo provided the Board with an overview of the information contained in Item 4.1 – General Manager's Report. GM Caruolo stated that on May 17, 2019, Providence Water received a rating letter and report from S & P Global Ratings. They have reaffirmed our AA-/stable bond rating for the \$14,700,000 RI Infrastructure Bank/Safe Drinking Water bond transaction.

GM Caruolo informed the Board that the American Council of Engineering Companies (ACEC) of RI recently presented Providence Water and Pare Corporation with the second place ACEC RI's Engineering Excellence Award for the Providence Police Department Firing Range Lead Remediation and Facility Upgrades Project (enclosed). The ACEC awards are given for projects that promote the advancement of engineering through innovative design and best practices to serve RI communities. Projects were evaluated based on uniqueness and/or innovative applications of new or existing techniques, future value to the engineering profession and perception by the public, social/economic/sustainable development considerations and complexity.

GM Caruolo noted that in 2018, Providence Water set a goal to raise \$2,500 and we ended up collecting \$4,789. This year we increased our goal to \$7,200 with the hope of receiving ten (10) CPR training kits. We surpassed our goal and raised \$10,506. We are now eligible to receive twenty (20) CPR training kits. Providence Water will donate the kits to two (2) Providence area schools. The engineering/water supply divisions collected the most money.

GM Caruolo also noted that the Providence Water finance team is working on a new rate filing and the Public Utilities Commission ordered a new rate model.

GM Caruolo informed the Board that Providence Water has been in discussions with the Town of Johnston related to the Johnston Water System, which we may be acquiring by the end of the year. The system is comprised of approximately 1700 accounts and Providence Water would not be paying any money to acquire the system.

8. EXECUTIVE SESSION IN ACCORDANCE WITH R.I.G.L. 42-46-5(a)(1) - Personnel Matters:

Vice Chairman Cataldi made a motion to enter into Executive Session under R.I.G.L. 42-46-5(a)(1) to discuss personnel (compensation) matters. This motion was seconded by Ms. Thurber. All members present were in favor of the motion. The motion passed 4 to 0.

Roll Call

Chairman Khamsyvoravong	yes
Vice Chairman Cataldi	yes
Councilman Aponte	absent
Councilwoman Ryan	absent
Mr. Mancini	yes
Ms. Thurber	yes
Ms. Raucci	absent

9. RETURN FROM EXECUTIVE SESSION:

A motion was made by Vice Chairman Cataldi, and seconded by Ms. Thurber, to exit from Executive Session. All present were in favor of the motion. The motion passed 4 to 0.

Roll Call

Chairman Khamsyvoravong	yes
Vice Chairman Cataldi	yes
Councilman Aponte	absent
Councilwoman Ryan	absent
Mr. Mancini	yes
Ms. Thurber	yes
Ms. Raucci	absent

A motion was made by Vice Chairman Cataldi, and seconded by Ms. Thurber, to seal the records of Executive Session. All members present were in favor of the motion. The motion passed 4 to 0.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING:

3.1 May 15, 2019 Meeting

A motion by Vice Chairman Cataldi, seconded by Mr. Mancini, to approve Agenda Item 3.1 was made. All members present were in favor of the motion. The motion passed 4 to 0.

A motion by Vice Chairman Cataldi, seconded by Mr. Mancini, 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 4 to 0.

5. OLD BUSINESS:

There was no old business to discuss.

6. NEW BUSINESS:

6.1 Approval of the Fiscal Year 2020 Budget

Ms. Parrillo provided the Board with a brief overview of the highlights of the proposed Providence Water fiscal year 2020 budget and explained the few minor changes that had been made since the May budget presentation to the Board. Mr. Mancini informed the Board that he and his staff were pleased with the budget. Chairman Khamsyvoravong thanked the Providence Water finance staff for their work.

Vice Chairman Cataldi made a motion to approve the Fiscal Year 2020 budget. This motion was seconded by Mr. Mancini and Ms. Thurber. All members present were in favor of the motion. The motion passed 4 to 0.

6.2 Approval of Renewable Energy Policy

GM Caruolo informed the Board that it is the goal of Providence Water to produce enough renewable electricity in order for Providence Water to become 100% green and utilize all of our electricity from our own in-house renewable energy systems. The rooftop solar array at our Dupont Central Operations Facility produces between 50 % – 60% of the total electricity used at the Dupont building. When our second renewable energy project is completed in the summer of 2020, Providence Water is expected to produce enough renewable energy to offset electricity use at all of our facilities. In order for Providence Water to claim that we are reducing our carbon footprint or being powered by solar energy, we need to keep (retire) the Renewable Energy Certificates (RECs) generated by our solar projects. We believe that maintaining ownership of the RECs created through our projects will allow Providence Water to take a community leadership role by being reliant on renewable energy to power our facilities.

Vice Chairman Cataldi made a motion to approve the Renewable Energy Policy. This motion was seconded by Ms. Thurber. All members present were in favor of the motion. The motion passed 4 to 0.

7. OTHER BUSINESS:

There was no other business to discuss.

10. ADJOURNMENT:

A motion by Vice Chairman Cataldi, seconded by Mr. Mancini, to adjourn the meeting, was made. All members present were in favor of the motion. The motion passed 4 to 0. The meeting was adjourned at 4:50 p.m.

ATTEST: A true attest.


Carissa R. Richard, Board Secretary

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 1
January 28, 2020

BCWA 1-42: Regarding Mr. Caruolo's testimony on page 10, please state the status of Providence Water's analysis of determining whether it is fiscally responsible to acquire the Johnston Water District and all factors that have been evaluated to determine the fiscal responsibility.

Response: Providence Water (PW) and Johnston town officials are having preliminary discussions with regard to PW potentially acquiring the Johnston Water District (JWD). PW requested information from the JWD in order to perform a thorough fiscal analysis, however the information has yet to be received. The information requested includes, but is not limited to the following:

1. All pertinent customer, meter, billing and collection information.
2. All associated capital costs.
3. Current contractual obligations.
4. Future infrastructure needs.

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 2
February 28, 2020

BCWA 2-24: Regarding Providence’s response to BCWA 1-40:

- a. Please state when Providence anticipates being “100% renewable power.”
- b. Please set forth all facts upon which Providence bases its answer to subpart a.
- c. Is the only reason to retire Providence’s RECs so it can claim it is reducing its carbon footprint and/or claim it is 100% green?
- d. Could Providence simultaneously produce enough renewable energy to offset electricity use at all of its facilities and continue to sell its RECs.

Response: a) As stated on page 8 of my testimony *“The system should be fully operational by the end of calendar year 2020.”* Once the solar array field is up and running Providence Water anticipates that we will be 100 % renewable power. It’s important to note that the system is scheduled to be up and running on 7/1/2020 as reported DPUC 1-31 (Guaranteed Commercial Operation Date). My forecast includes potential delays that are unforeseen or out of our control. The project has been delayed several times beyond the contractor’s control. We recently learned that when the contractor did its original geotechnical testing they did not find rock or ledge underneath the top soil. However, it was recently discovered that some of the posts are hitting rock/ledge which means the contractor needs to drill in order to install each post which is time consuming.

b) Please see response to sub part a.

c) No. As I stated in BCWA 1-40 it is important for Providence Water to lead by example which means reducing and or eliminating our carbon foot print. Providence Water is committed to utilizing green energy and virtually eliminating our reliance on fossil fuel. If we were to sell the RECs we would not be completely reliant on green energy. It is my understanding that once you sell the RECs there is a possibility that you could actually be utilizing fossil fuel which is something we oppose.

d) I believe we could produce enough renewable energy to offset electricity use at all of our facilities and sell the RECs. However, selling the RECs does not ensure that Providence Water would be utilizing renewable energy. The decision to forego selling the RECs was to eliminate/reduce our carbon foot print, utilize renewable energy and lead by example.

3(d). Commission RR-3

Providence Water Docket 4994

Public Utilities Commission Record Request July 14, 2020

Commission RR-3

Please indicate whether Providence Water could purchase RECs at a lower cost than it would receive for selling Providence Water's RECs. Did Providence Water investigate this issue at all? To what degree?

RESPONSE: Providence Water did not investigate whether it might be possible to purchase RECs at a lower cost than Providence Water could receive for selling its Renewable Energy Certificates (RECs) until the Commission asked the question during the hearings on July 14, 2020.

Providence Water's goal is to become 100% renewable power. In order to achieve this goal, it was my understanding that Providence Water needed to produce and utilize the renewable energy generated and retire the related RECs.

We committed to develop a solar system on our property in a location that would not jeopardize water quality now or in the future. In addition, Providence Water was very concerned with the environmental impact of removing trees. Therefore, all viable properties owned by Providence Water were analyzed and we selected the best possible location that consists of 80 acres in the Town of Johnston. The solar array required 30 acres. One (1) acre (approximately 61 trees) needed to be cleared. Providence Water committed to planting seedlings for every tree that had to be removed. We have since planted 75 seedlings to replace the 61 trees that were removed. We also plant approximately 820 seedlings annually throughout our property.

Providence Water's motivation for committing to renewable energy has been prioritized by the positive impact on our environment. Therefore on June 26, 2019, the Board of Providence Water adopted a renewable energy policy directing me as the General Manager to maintain ownership of the RECs, which I supported. The financial savings to the rate payer was also a motivational factor as well. Providence Water was able to implement a new solar array that will save our rate payers approximately \$22,000,000 to \$24,000,000 over the life of the project at zero cost to our rate payers.

As requested by the Commission on July 14, 2020, Providence Water has researched the possibility of selling RECs high and purchasing them low. Our consultant has told us that it appears that there is a possibility for this to occur but it would not be without risk factors. The price of RECs fluctuates and there is a

Providence Water Docket 4994

Public Utilities Commission Record Request July 14, 2020

risk associated with the timing of buying and selling RECs similar to the risk of trying to time the stock market to buy stocks low and sell them high. Please reference my response to BCWA 1-40 to see price fluctuation.

We have been informed that Providence Water will be producing Class 1 RECs locally on property that we own. If we were to sell the Class 1 RECs then we would be required to purchase Class 2 RECs which have been produced by systems installed before 1998. The transaction of buying and selling RECs would require us to pay a fee to a broker. Also, there is no guarantee as to how long Class 2 RECs will be available. The purchase of these RECs would not be associated with our property. In addition, the broker may need to purchase Class 2 RECs outside of RI to meet our demand.

As mentioned above, the Board has directed me to retain ownership of the RECs produced by Providence Water on our property. As the General Manager, I cannot go against a Board adopted policy unless the Board changes the policy.

Providence Water's new solar array will have a positive impact on our environment locally which we feel is very important. In addition, we have not invested any rate payer money on this project and we will save the rate payers approximately \$22,000,000 to \$24,000,000 over the life of the project. Providence Water's solar array initiative currently poses no risk to our rate payers. The contractor is responsible for the construction, maintenance, production, security and removal of the system.

However, Providence Water would support performing a study to determine whether it might be possible to buy other RECs low and sell our RECs high, thereby creating a monetary benefit to the ratepayers. In addition, Providence Water is willing to explore whether there are any other avenues for handling the RECs that could result in benefits to the ratepayers. Similar to what Providence Water has suggested regarding performing a study regarding individual versus group wholesale rates, Providence Water would be happy to participate in a study regarding the best way to handle the RECs. Providence Water would be willing to work with the Commission and its staff and consultants as well as the Division and its staff and consultants and any other interested stakeholders. An effective study would require Providence Water to hire one or more consultants, and Providence Water would respectfully request that the Commission provide funding in our revenue requirements for the consultants, which could be incorporated into Providence Water rates for the second and third year of this rate plan.

4. Commission RR-1

Providence Water Docket 4994

Public Utilities Commission Record Request July 14, 2020

Commission RR-1:

Please provide a list of the fourteen positions sought by Providence in this Docket. Please include title and expected salary.

RESPONSE:

In the response to data request DIV 6-6 submitted on April 29, 2020, Providence Water provided the 14 vacancies that constitute the \$803,924. The breakdown of those positions and costs are listed below.

FUNDED VACANCIES

Director	95,279
Division Manager	91,424
Manager - Distribution	70,897
Meter Reader I	41,192
Network Operations Analyst	49,243
Senior Administrative Clerk, Water	43,596
Senior Administrative Clerk, Water	42,741
Senior Draftsperson-WSB	52,818
Supervisor - Accounting	72,171
Supervisor - Facilities & Equipment	58,211
Supervisor - Water Plant Operations	68,734
Water Supply Board Clerk	33,494
Water Treatment Operator	41,251
Watershed Inspector	42,873
14 Total Funded Vacancies	\$ 803,924

In addition, the response to DIV 6-6(b) indicated the status of the currently unfilled positions. It is important to note that the response indicates how Providence Water plans to reallocate a portion of the funding to fill several positions in key areas that require additional staffing. After careful analysis PW has identified cyber security/IT and lead mitigation as two key areas that require immediate support and directly impact public health and safety.

The \$803,924 currently funds 14 vacant positions, however the majority of the funding will be used to fill positions in the above mentioned areas but it may not be on a one for one basis. In other words, PW plans to fill positions that will be unique to the above areas and make the salary competitive which may mean combining the funding for two positions to obtain a qualified candidate. PW needs the flexibility to utilize the funding for the vacant positions in an effort to best serve our rate payers and properly staff the highest priority areas of need.

Providence Water Docket 4994

Public Utilities Commission Record Request July 14, 2020

It is also important to note that both the cybersecurity/IT and lead mitigation areas are changing rapidly in our industry and require immediate and ongoing attention. In addition, both areas currently have a direct impact on public health and safety and we are obligated to address these threats immediately.

Of the fourteen (14) positions that were identified as being vacant in DIV 6-6, below is the current status of the funding for these positions.

Positions Filled

The following positions have been filled since the data request response DIV 6-6 was submitted on April 29th.

<u>Job Title</u>	<u>Employee Start Date</u>
Water Treatment Operator	June 15 th
Director (T&D)	July 13 th

Position Approved

(1) *Network Operations Analyst* – Recruitment, interviews, recommendations and approvals have been completed. The final steps (paperwork, physical, BCI, etc.) are being completed. The candidate was allowed sufficient time to provide notice to his current employer and we expect to have him onboarded within the next couple of weeks. The Network Operations Analysts will be assigned to our IT department. Funding needed is \$49,243.

Positions in Recruitment

The following four (4) positions are in various degrees of recruitment.

(1) *Watershed Inspector* – The position is within our Security division. This position will be advertised. This position provides security for our critical infrastructure including; the Scituate Reservoir complex and its corresponding watershed, the water treatment plant, transmission mains, finished water storage reservoirs and finished water pump stations. With increased threats to critical infrastructure, it is imperative that Providence Water maintain a vigilant presence around our assets. Funding needed is \$42,873.

(2) *Senior Draftsperson* – This position is within our Engineering Department. The senior draftsperson is responsible for the maintenance and updating of Providence Water's Geographical Information System (GIS) and Asset Management/Work Order (AM/WO) system. Because of the large amount of main rehabilitation work that Providence Water is conducting each year, it is critical that this position is filled to keep up with the backlog of data entry and work orders. Providence Water has had difficulty filling this position due to the unique nature of

Providence Water Docket 4994

Public Utilities Commission

Record Request

July 14, 2020

the job requirements which requires knowledge of both GIS and AutoCAD. Providence Water will post this position in the next couple of weeks. Funding needed is \$52,818.

(3) *Supervisor – Facilities and Equipment* – This position is within our Support Services Department. The position handles all the incoming and outgoing shipments and manages our Stockroom for our automotive division and Transmission & Distribution department. In addition, this position maintains and updates our personal protective equipment (PPE) and cleaning supplies. Providence Water will post this position in the next couple of weeks. Funding needed is \$58,211.

(4) *Division Manager* – This position is within our Engineering Department. Providence Water continues to invest in our vast infrastructure needs. This position is needed within the Engineering Department to help manage the upcoming projects within the Infrastructure Replacement Program. Specifically, this position will help with the increasing needs related to the water main rehabilitation (WMR) program. Included within the WMR program is public side lead service replacement. In addition to managing specific projects within the WMR program, this position helps coordinate the WMR program and the associated public service lead service replacement including: soliciting public side lead service replacements, managing lead service replacement contractors, and public education about lead mitigation. Providence Water will post this position in the next couple of weeks. Funding needed is \$91,424.

Positions to be Re-allocated

(1) *Cybersecurity/IT* – The funding for the Manager – Distribution, Supervisor – Accounting, Supervisor – Water Plant Operations and Senior Administrative Clerk which totals \$255,398 will be reallocated to provide the necessary support to address our immediate needs in cybersecurity/IT. Providence Water has assessed our needs utilizing input from a cybersecurity consultant, the Rhode State Police and the Rhode Island National Guard. Providence Water will hire position(s) to support and protect a utility of our size. Providence Water is currently addressing phishing and malware attacks on a daily basis and it's important that we have the necessary staff to address all potential cybersecurity threats now and in the future to ensure that we are able to produce and deliver safe drinking water to 66% of RI.

(2) *Lead Mitigation* – The funding for the Senior Administrative Clerk, Water Supply Board Clerk and Meter Reader which totals \$117,427 will be reallocated to provide the necessary support to address lead mitigation which directly impacts the health and safety of our customers. Providence Water is preparing for an increase in customer demand for our zero percent interest, 10 year loans. Therefore we will need additional staff to process, manage and monitor the loan applications. In addition, staff will be needed to coordinate, inspect, monitor and manage the contractors conducting the private side lead service replacements. Once the lead service is replaced, staff will be required to monitor and track payments on the loans until all dollars are fully repaid.

Providence Water Docket 4994

Public Utilities Commission
Record Request
July 14, 2020

As testified under oath at the hearings by Ricky Caruolo, General Manager, Providence Water commits to the Commission that the funding of \$803,924 will be fully utilized to fill positions by the end of FY21. In addition we are prepared to provide the Commission with periodic updates as often as quarterly if the Commission would like to monitor our progress.