



June 14, 2021

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

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

RE: Dk 4994; Multi-Year Rate Filing-Rate Year 2

Dear Mrs. Massaro:

Enclosed please find Providence Water's updated responses to Division 1-2, 1-3, 1-5, and 1-6.

Thank you for your attention to this matter.

Sincerely,

Mary L. Deignan-White

Mary L. Deignan-White
Division Manager-Finance

cc: service list(via email)

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PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Division Data Requests - Set 1

(Issued May 19, 2021)

Updated 6/11/2021

- 1-2. Please provide (1) the actual revenues, by category, for the 10 month period ended April 30, 2020, (2) the corresponding budgeted/estimated revenue for May and June 2021, and (3) the actual plus estimated total revenue, by category, for the 12 month period ending June 30, 2021.

RESPONSE: See below [updated](#) with actual revenues for May 2021.

	Actual Revenues (1)	Actual Revenues	Estimated Revenues (2)	Final Revenues (3)
Revenue by Category:	<u>As of 4/30/2021</u>	<u>5/31/2021</u>	<u>6/30/2021</u>	<u>FYE 6/30/2021</u>
<i>Retail</i>				
Residential	\$ 25,744,637	2,714,326	1,833,324	\$ 30,292,287
Commercial	9,898,051	974,845	967,017	11,839,913
Industrial	475,070	105,146	11,793	592,009
Sub-Total Retail	36,117,758	3,794,317	2,812,134	\$ 42,724,209
Wholesale	15,120,682	1,538,424	1,641,367	18,300,473
Total Consumption Revenue	\$ 51,238,440	\$ 5,332,741	\$ 4,453,501	\$ 61,024,682
Service Charge	7,343,455	805,702	838,032	8,987,189
Private Fire Protection	3,297,068	345,153	331,080	3,973,302
Retail Providence FPSC	1,311,248	138,079	138,079	1,587,405
Hydrants	1,203,373	495,457	-	1,698,830
Miscellaneous Revenue	666,849	97,655	272,655	1,037,158
Total Revenue	\$ 65,060,433	\$ 7,214,786	\$ 6,033,346	\$ 78,308,566

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2
Division Data Requests - Set 1
(Issued May 19, 2021)

DIV 1-3. Please provide (1) the April 30, 2021 balances, (2) the projected/estimated activity for the months of May and June 2021, and (3) the estimated ending balances for June 30, 2021 for each of the following restricted account funds:

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

RESPONSE: *UPDATED FROM JUNE 1, 2021*

See attached schedule DIV 1-3 2nd Phase EXHIBIT 1 AMENDED to update the FY2021 Activity for the IFR account as more complete information has become available.

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Division Data Requests - Set 1

(Issued May 19, 2021)

DIV 1-5. Based on current PWSB knowledge, does PWSB expect that FY2022 activity for each of the restricted funds will be exactly or substantially as was previously projected in the corresponding Amended Settlement Schedules HJS 10a through 10j that were attached to the Commission's October 20, 2020 Report and Order? If not, identify, quantify and explain each significant change, based on PWSB's current knowledge to the corresponding Amended Settlement Schedules HJS 10a through 10j, and please provide updated corresponding Excel files reflecting current information and current PWSB expectations for each restricted fund through FY2022.

RESPONSE: *Amended 6.11.2021*

Based on current knowledge, we do not expect that the FY2022 activity for 8 of the 11 restricted funds will not change substantially from the activity indicated on the corresponding Amended Settlement Schedules HJS 10a through 10j that were attached to the Commission's October 20, 2020 Report and Order. We have updated Schedules HJS Amended Settlement 10c, 10d and 10e – IFR Fund, AMR/Meter Replacement Fund and Equipment/Vehicle Fund to indicate changes in expected spending in FY2022 due to FY2021 spending that did not take place because of the COVID-19 pandemic shutdown. See attached Exhibit 1.

Schedule HJS Amended Settlement-10d: Restricted Funds - AMR/Meter Replacement Fund

Providence Water Supply Board
 Docket # 4994
 Request for General Rate Relief
 Amended 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)	\$ 416,667	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
New Rate Funding		\$	\$ 500,000	\$ 500,000	\$ 500,000
East Smithfield Surcharge	\$ 69,152	\$ 83,000	\$ 83,000	\$ 83,000	\$ 83,000
Interest/Miscellaneous Revenue	\$ (183)	\$ 25,000	\$ 10,000	\$ 10,000	\$ 10,000
Carryover funds from prior year estimated	\$ 2,073,908	\$ 1,358,386	\$ 679,338	\$ 1,031,183	\$ 705,729
Total Sources	\$ 2,559,543	\$ 1,966,386	\$ 1,772,338	\$ 2,124,183	\$ 1,798,729
Less obligated uses of funds					
East Smithfield RIIIB (Arra) \$400,000	\$ 27,011	\$ 26,931	\$ 27,573	\$ 27,401	\$ 27,198
Transfer to IFR for ESWD Debt Service	\$ 64,142	\$ 52,853	\$ 52,802	\$ 52,689	\$ 52,513
Meter Replacement, Test & Repair	\$ 1,110,005	\$ 1,207,264	\$ 660,779	\$ 1,338,364	\$ 1,207,264
Total Uses	\$ 1,201,158	\$ 1,287,048	\$ 741,155	\$ 1,418,454	\$ 1,286,974
End of Year Balance	\$ 1,358,386	\$ 679,338	\$ 1,031,183	\$ 705,729	\$ 511,755

Meter Replacement, Test & Repair FY2021 adjusted for funds not spent due to COVID-19 shutdown. FY2022 funds adjusted for anticipated additional spending that carries over from FY2021

Schedule HJS Amended Settlement-10e: Restricted Funds - Equipment/Vehicle Replacement Fund

Providence Water Supply Board
 Docket # 4994
 Request for General Rate Relief
 Amended Settlement Proposal
 Test Year Ending June 30, 2019
 Rate Years Ending June 30, 2021 through 2023

Description	FY 2019	Actuals FY 2020	FY 2021	FY 2022	FY 2023
Source of Funds					
D4618 (effective 2/17/2017)	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
New Rate Funding			\$ 950,000	\$ 900,000	\$ 850,000
Miscellaneous Revenue	\$ 295	\$ 33,095	\$ 5,000	\$ 5,000	\$ 5,000
Interest	\$ 6,461	\$ 10,712	\$ 15,000	\$ 15,000	\$ 15,000
Carryover funds from prior year estimated	\$ 1,648,796	\$ 1,026,918	\$ 490,911	\$ 1,801,166	\$ 509,358
Total Sources	\$ 2,255,552	\$ 1,670,724	\$ 2,060,911	\$ 3,321,166	\$ 1,979,358
Less obligated uses of funds					
Vehicle and Equipment purchases	\$ 375,418	\$ 658,334	\$ 63,328	\$ 1,268,958	\$ 495,000
Computer Equipment purchases	\$ 991,999	\$ 121,446	\$ 11,416	\$ 1,357,850	\$ 470,600
Office Furniture purchases	\$ 7,533	\$ 12,242	\$ 25,000	\$ 25,000	\$ 25,000
Security Equipment	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ 60,000
Shop & Plant Equipment	\$ -	\$ 190,603	\$ 100,000	\$ 100,000	\$ 100,000
Change in AP	\$ 203,991	\$ 197,189			
Total Uses	\$ 1,578,941	\$ 1,179,814	\$ 259,744	\$ 2,811,808	\$ 1,150,600
End of Year Balance	\$ 676,611	\$ 490,911	\$ 1,801,166	\$ 509,358	\$ 828,758

NOTE: \$662,344 of the \$1,268,958 are purchases awarded in June but will be paid for in July.

Vehicle and Equipment purchases FY2021 adjusted for funds not spent due to COVID-19 shutdown. FY2022 funds adjusted for anticipated additional spending that carries over from FY2021

Computer Equipment purchases FY2021 adjusted for funds not spent due to COVID-19 shutdown. FY2022 funds adjusted for anticipated additional spending that carries over from FY2021

HJS_10c

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

Providence Water Supply Board
 Docket # 4994

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

Description	FY 2019	Original filing FY 2020	Audited FY2020	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	\$ 27,300,000
New Rate Funding				\$ 1,666,667	\$ 4,000,000	\$ 5,000,000
Miscellaneous Revenue (incl. Transfer for ESWD DS)	\$ 64,142	\$ 52,853	\$ 96,311	\$ 58,136	\$ 52,689	\$ 52,513
Interest Income ¹	\$ (38,113)	\$ 42,000	\$ 890,353	\$ 249,556	\$ 10,000	\$ 1,000
Carryover funds from prior year estimated	\$ 10,714,127	\$ 9,702,126	\$ 9,232,695	\$ 13,110,789	\$ 19,713,877	\$ 1,777,065
Total Sources	\$ 41,452,656	\$ 37,096,978	\$ 37,519,358	\$ 42,385,148	\$ 51,076,566	\$ 34,130,577
Less obligated uses of funds:						
RIIB (Arra) \$9.3M 2009 (P&I)	\$ 491,080	\$ 491,005	\$ 491,005	\$ 491,074	\$ 490,542	\$ 490,220
RIIB \$35M 2008 (P&I)	\$ 2,374,237	\$ 2,339,550	\$ 2,339,550	\$ 2,371,550	\$ 2,369,540	\$ 2,367,832
RIIB \$25M 2013 (P&I)	\$ 1,545,394	\$ 1,545,575	\$ 1,545,575	\$ 1,544,360	\$ 1,542,870	\$ 1,542,106
RIIB \$8M 2014 (P&I)	\$ 501,911	\$ 500,873	\$ 500,873	\$ 500,850	\$ 500,896	\$ 500,127
RIIB \$16.3M 2017 (P&I)	\$ 1,035,775	\$ 1,036,028	\$ 1,036,028	\$ 1,036,743	\$ 1,035,388	\$ 1,034,854
RIIB \$14.7M 2019 (P&I)		\$ 176,864	\$ 176,864	\$ 934,390	\$ 935,151	\$ 935,636
East Smithfield RIIB 2013 (P&I)	\$ 39,775	\$ 39,177	\$ 39,177	\$ 39,477	\$ 39,714	\$ 39,888
East Smithfield RIIB 2008 (P&I)	\$ 14,025	\$ 13,675	\$ 13,675	\$ 13,325	\$ 12,975	\$ 12,625
Est. New Debt Service Series 2020A		\$ -	\$ -	\$ 16,576	\$ 563,923	\$ 593,880
Est. New Debt Service Series 2021A					\$ 345,311	\$ 1,383,077
Est. New Debt Service Series 2022A		\$ -	\$ -			\$ 344,414
Sub-total Debt Service	\$ 6,002,197	\$ 6,142,748	\$ 6,142,748	\$ 6,948,345	\$ 7,836,309	\$ 9,244,659
Cash Funded Projects	\$ 25,748,333	\$ 27,589,644	\$ 18,265,821	\$ 15,722,926	\$ 27,360,000	\$ 24,724,246
Total Uses	\$ 31,750,530	\$ 33,732,392	\$ 24,408,569	\$ 22,671,271	\$ 35,196,309	\$ 33,968,905
End of Year Balance - Cash Balance Carry Fwd.	\$ 9,702,126	\$ 3,364,587	\$ 13,110,789	\$ 19,713,877	\$ 15,880,257	\$ 161,673
Bond Funding Activity						
Bond Proceeds	\$ 1,840,830	\$ 16,224,208	\$ 16,224,208	\$ 19,100,000	\$ 21,000,000	\$ 14,000,000
Cost of Issuance	\$ 1,082,095	\$ 2,685,757	\$ 2,685,757	\$ 855,257	\$ 1,900,000	\$ 1,669,246
Bond Funded Projects	\$ 758,735	\$ 13,538,451	\$ -	\$ 9,900,205	\$ 26,100,000	\$ 12,330,754
Net Bond funding	\$ -	\$ -	\$ 13,538,451	\$ 8,344,538	\$ (7,000,000)	\$ -

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.

Net Bond funding FY2021 adjusted for funds not spent due to COVID-19 shutdown. FY2022 funds adjusted for anticipated additional spending that carries over from FY2021

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2
Division Data Requests - Set 1
(Issued May 19, 2021)
Updated 6/14/2021

- 1-6. Payroll for FY2021. Refer to Mr. Caruolo’s April 30, 2021 Prefiled Direct Testimony at page 3, lines 1-4 and to PWSB’s response to PUC data request 1-5 and 1-6.
- a. Is the over-collected payroll amount for FY2021 (1) the \$2,078,588 from the Caruolo Direct testimony at page 3, line 4, (2) the \$1,402,840 from the response to PUC 1-5, or (3) some other amount? Please explain.
 - b. Based on the number of positions that were used to set the FY2021 revenue requirement but were not filled during FY2021, is there also an over-collection of employee benefit expense? If not, explain fully why not. If so, please identify, quantify and explain the amount of over-collected employee benefit expense for FY2021.
 - c. How has PWSB accounted for over-collections in FY2021 of payroll and employee benefits? Explain in detail and show the related journal entries.

RESPONSE:

- a. It is \$1,402,840. Providence Water updated the \$14.17 million from Mr. Caruolo’s direct testimony with April’s actual payroll expense as requested in Commission data request 1-4, which lowered the over-collected payroll from \$2,078,588 to \$1,402,840.
- b. Yes – Estimated Employee Benefits FY 2021 expense is *\$1,132,583* less than the approved amount in DK 4994. *Updated.*

	<u>DK 4994</u>	<u>Actual As of</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated Fringe Benefits</u>
		<u>4/30/2021</u>	<u>5/31/2021</u>	<u>6/30/2021</u>	<u>FYE 6/30/21</u>
1033 Union Benefits	660,013	576,350	<i>46,359</i>	46,970	669,679
Union Pension	948,684	701,325	<i>60,875</i>	61,845	824,045
educational	1,619	420	<i>100</i>	100	620
Fica	1,284,257	918,746	<i>80,304</i>	81,795	1,080,845
State Unemployment	10,404	-	-	-	-
Cash payment	14,250	-	-	15,750	15,750
1/2 wage assign	47,180	-	-	46,669	46,669
Healthcare	2,660,502	1,944,061	<i>164,880</i>	168,530	2,277,471
Delta Dental	237,701	172,789	<i>14,631</i>	14,927	202,347
Gasb	701,332	-	-	650,000	650,000
Other	-	10,000	-	-	10,000
Retirement	<u>4,606,066</u>	<u>3,445,455</u>	<u><i>290,581</i></u>	<u>525,964</u>	<u>4,262,000</u>
	\$ 11,172,008	\$ 7,769,146	\$ <i>657,730</i>	\$ 1,612,549	\$ 10,039,425

- c. Providence only booked the actual payroll expense and actual employee benefit expenses. We did not employ any reserve accounting for the over-collection; therefore, no additional journal entries were necessary.