



June 3, 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 responses to the first (1st) set of data requests from the Division of Public Utilities.

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)

BOARD OF DIRECTORS

Xaykham Khamsyvovong
Chairperson

Joseph D. Cataldi
Vice Chairperson

Michael J. Correia
Councilperson

Jo-Ann Ryan
Councilperson

Sara Silveria
Ex-Officio

Cristen L. Raucci, Esq.
Member

Dr. Alma M. Guerrero Bready
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

MEMBER

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

An EPA WaterSense Partner

(401) 521-6300

125 Dupont Drive
Providence, RI 02907

www.provwater.com

Follow us @provwater

Like us at:
facebook.com/Providencewater

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Division Data Requests - Set 1

(Issued May 19, 2021)

DIV 1-1: Please provide the revenue requirement Excel file for the \$89,309,453 Phase 2 revenue requirement and showing the \$4,310,146 revenue increase for PWSB's proposed rates to become effective July 1, 2021.

Response:

Please see excel file "PWSB Dk 4994 Model - Amended Settlement v8-20-2020.xlsm" which has been provided via email to the service list. Please note that this file is the same file that was used to produce the schedules in the amended settlement agreement dated August 25, 2020 (the Amended Settlement Agreement). This is also the same that was provided electronically to the service list on May 14, 2021.

PROVIDENCE WATER Docket 4994

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

	Actual Revenues (1)	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	2,196,737	1,833,324	\$ 29,774,698
Commercial	9,898,051	958,751	967,017	11,823,819
Industrial	<u>475,070</u>	<u>32,547</u>	<u>11,793</u>	<u>519,410</u>
Sub-Total Retail	36,117,758	3,188,035	2,812,134	\$ 42,117,927
Wholesale	<u>15,120,682</u>	<u>1,538,424</u>	<u>1,641,367</u>	<u>18,300,473</u>
Total Consumption Revenue	\$ 51,238,440	\$ 4,726,459	\$ 4,453,501	\$ 60,418,400
Service Charge	7,343,455	891,273	838,032	9,072,760
Private Fire Protection	3,297,068	329,707	331,080	3,957,855
Retail Providence FPSC	1,311,248	157,163	157,163	1,625,574
Hydrants	1,203,373	495,457	-	1,698,830
Miscellaneous Revenue	<u>666,849</u>	<u>66,684</u>	<u>241,684</u>	<u>975,217</u>
Total Revenue	\$ 65,060,433	\$ 6,666,743	\$ 6,021,460	\$ 77,748,636

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:

See attached schedule DIV 1-3 2nd Phase Exhibit.

Providence Water Supply Board
 Restricted Account Analysis
 FUND BALANCE ANALYSIS

**DIV 1-3
 2nd Phase
 EXHIBIT**

	<u>Ending Balance @ 4/30/2021</u>	<u>Transactional Activity May</u>	<u>Estimated Ending Balance @ 5/31/2021</u>	<u>Estimated Revenue/Expenses June</u>	<u>Estimated Ending Balance @ 6/30/2021</u>
a. Capital	604,411.68	149,915.22	754,326.90	(133,426.00)	620,900.90
b. Western Cranston	220,068.91	3,333.00	223,401.91	3,333.00	226,734.91
c. IFR Replacement	17,149,286.59	1,507,240.01	18,656,526.60	(508,350.60)	18,148,176.00
d. AMR/Meter Replacement	1,720,288.44	(37,495.02)	1,682,793.42	(295,347.00)	1,387,446.42
e. Equip/Vehicle Replacement	1,498,347.24	120,090.01	1,618,437.25	(215,402.00)	1,403,035.25
f. Insurance	2,172,100.96	122,677.90	2,294,778.86	(514,435.00)	1,780,343.86
g. Chemicals/Sludge	1,717,343.23	189,486.75	1,906,829.98	(431,775.00)	1,475,054.98
h. Property Tax Refund	592,878.29	-	592,878.29	-	592,878.29
i. Private Side Lead Service Replacement	2,542,269.69	83,333.00	2,625,602.69	83,333.00	2,708,935.69
j. Revenue Reserve	718,792.45	34,052.00	752,844.45	34,052.00	786,896.45

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Division Data Requests - Set 1

(Issued May 19, 2021)

- 1-4. Referring to your response to data request 1-3 above, and to PWSB's response to PUC data request 1-1, are any adjustments needed to the Phase 2 revenue requirement to address restricted fund activity and/or June 30, 2021 balances for any of the restricted funds? If not, explain fully why not. If so, identify, quantify and explain each adjustment to the Phase 2 revenue requirement that relates to restricted fund activity and/or to the estimated June 30, 2021 balances.

RESPONSE: No adjustments are necessary for the Phase 2 revenue requirement to address restricted funds. Providence Water has resumed normal operations; thus, any delayed projects or equipment purchases and upgrades in FY 21 due to the COVID pandemic will begin over the next few months.

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:

Based on current knowledge, we do not expect that the FY2022 activity for each of the restricted funds will 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.

PROVIDENCE WATER Docket 4994

**MULTI-YEAR RATE FILING-RATE YEAR 2
Division Data Requests - Set 1
(Issued May 19, 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 \$1,112,479 less than the approved amount in DK 4994.

	<u>DK 4994</u>	<u>Actual As of</u> <u>4/30/2021</u>	<u>Estimated Expense</u>		<u>Estimated Fringe Benefits</u> <u>FYE 6/30/21</u>
			<u>5/31/2021</u>	<u>6/30/2021</u>	
1033 Union Benefits	660,013	576,350	48,028	48,639	673,017
Union Pension	948,684	701,325	63,135	64,104	828,564
educational	1,619	420	42	42	504
Fica	1,284,257	918,746	80,278	81,769	1,080,794
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	170,591	174,241	2,288,893
Delta Dental	237,701	172,789	15,127	15,422	203,339
Gasb	701,332	-	-	650,000	650,000
Other	-	10,000	-	-	10,000
Retirement	4,606,066	3,445,455	344,546	472,000	4,262,000
	\$ 11,172,008	\$ 7,769,146	\$ 776,915	\$ 1,568,636	\$ 10,059,529

- 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.

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Division Data Requests - Set 1

(Issued May 19, 2021)

DIV 1-7: Please provide the following information related to Renewable Energy Credits (REC's).

- a. During FY2021 did PWSB sell any RECs, and does PWSB expect to sell in in the remainder of FY2021?
- b. If the answer to part a is "yes" identify the number of RECs sold and the related amount of proceeds, and any expenses associated with selling such RECs (such as broker fees, sales commissions, etc.)
- c. For FY2022, does PWSB expect to sell any RECs?
- d. If the answer to part c is "yes" identify the expected number of RECs and the estimated gross and net proceeds PWSB expects from REC sales during FY2022.
- e. Does PWSB track its RECs in a registered tracking system (such as NEPOOL-GIS, or similar)? If so, please identify the tracking system used by PWSB for its RECs.
- f. During FY2021 did PWSB generate or retire any RECs? If so, please identify the quantities generated and retired.
- g. During FY2022 does PWSB anticipate generating or retiring any RECs? If so, please identify the quantities of RECs anticipated to be generated and retired for FY2022.

RESPONSE:

- a. PWSB did not sell any REC's in FY2021 and does not expect to sell any REC's in the remainder of FY2021.
- b. See answer to Part a.
- c. PWSB does not expect to sell any REC's in FY2022. Any excess REC's are expected to be applied to the anticipated shortage of REC's in FY2021.
- d. See answer to Part c.
- e. PWSB utilizes NEPOOL GIS to track the generation of REC's from its two solar arrays.
- f. In FY2021 (July – December 2020) 1,923 REC's were generated and registered with NEPOOL GIS. In FY2021 (July – December 2020) one (1) REC was retired.

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Division Data Requests - Set 1

(Issued May 19, 2021)

Note: NEPOOL GIS operates off quarterly trade periods therefore Q1 for calendar year 2021 will not be available until July 15th. Accordingly, Q1 opens July 15, Q2 opens October 15, Q3 opens January 15, and Q4 opens April 15.

- g. PWSB solar arrays are anticipated to generate approximately 9,250 REC's for FY 2022 and all RECs will be retired.