



June 11, 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

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Dear Mrs. Massaro:

Enclosed please find Providence Water's responses to the second (2nd) set of data requests from the Public Utilities Commission.

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

Commission Data Requests - Set 2

(Issued June 2, 2021)

- 2-1. Referring to the response to PUC 1-1, please explain why the company's expected contributions to restricted accounts are roughly \$6.7 million less than required through 6/30/21.

RESPONSE: There are two main reasons Providence Water is projecting a \$6.7 million shortfall in our restricted accounts. First, over the last few months, Providence Water has experienced a significant decline in water consumption resulting in less consumption revenue and a corresponding reduction in cash flow. Second, over the last few months, Providence Water has experienced an increase in our accounts receivable balances, which has also reduced our cash flow. Providence Water believes our growing accounts receivable balances are directly attributed to our inability to charge interest on unpaid balances as well as our inability to shut off accounts for unpaid balances. Providence Water intends to fully fund our restricted accounts when cash becomes available to transfer into these accounts. Providence Water needs the previously approved Step 2 rate increase funding, effective July 1, to capture summer consumption in order to address these concerns adequately.

PROVIDENCE WATER Docket 4994

MULTI-YEAR RATE FILING-RATE YEAR 2

Commission Data Requests - Set 2

(Issued June 2, 2021)

- 2-2. If unused payroll funds, as identified in PUC 1-5, were transferred to the company's restricted accounts, would that cause any negative impacts on the company's operations during Rate Year 2? If yes, please provide a detailed explanation.

RESPONSE: The cash generated by the unused payroll funds has been used to meet our expenses. See our response to Commission 2-1. We cannot transfer unused payroll funds into our restricted accounts because the cash needed to do so is unavailable.