PROVIDENCE WATER

Tap Water Delivers

June 25, 2021

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

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

Dear Mrs. Massaro:

Enclosed, please find an original and nine copies of Providence Water's responses to record requests from the public hearing on June 22, 2021. In addition, an electronic copy has been provided to the service list.

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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Public Utilities Commission
Phase 2- Record Request
June 22, 2021

1-1. What was Providence Water's total electricity consumption in RY1?
What is Providence Water's expected electricity consumption in RY2?

RESPONSE:

Providence Water's electricity consumption in RY1 was 7,334,889 kWh based on consumption reported on monthly bills with estimates for June 2021 where readings have not yet been made by National Grid.

Providence Water expects that its electricity consumption in RY2 will be approximately 7,500,000 kWh. The increase over RY1 is expected due to the addition of two pump stations and an elevated storage tank that we acquired when we took over the Johnston Water System on March 1, 2021.

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-2: What was the output of Providence Water's solar facilities in RY1?
What is the expected output from Providence Water's solar facilities in RY2?

RESPONSE:

Total solar facility production for RY1 (through 6/23/21) is 6,274,351 kWh.

Total expected output from Providence Water's solar facilities in RY2 is 9,178,973 kWh.

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-3: What was the value of RECs produce in RY1?
What is the estimated market value of RECs produced in RY2?

RESPONSE:

Providence Water did not sell any of the RECs produced from either of its systems in RY 1. The estimated market value of the Class 1 RECs during this period was $39.00/REC. With a total of 6,274 RECs, the estimated value of the RECs produced in RY 1 is $244,700.

Providence Water estimates REC prices could range between $35.00 - $39.00 per REC in RY 2. Using these values, the estimated market value of the Class 1 RECs produced in RY 2 could range between $321,264 and $339,622.

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-4. Is the personnel expense that is included in the RY2 revenue requirement based on 100% FTEs from day one of RY2 or is it based on a certain percentage?

RESPONSE: The personnel expense included in the RY2 revenue requirement is based on 100% of FTE's being on board on Day 1 of RY2.

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-5 What was Providence Water's uncollectible percentage (write-offs) for each of the last three fiscal years.

RESPONSE:

The dollar amount of receivables written off in the last 3 years are as follows:

FY2018	$ 13,554.55
FY2019	$ 1,181.68
FY2020	$ 18,909.86

Although we do not write-off long-outstanding receivables, we do make an adjustment to the Allowance for Uncollectable Balances on our financial statements. This allowance is calculated by multiplying each 30-day"bucket" of aged receivables by a set percentage that is the assumed uncollectable rate for that bucket. We then add these together to achieve the estimated uncollectable amount of the aged receivables for the year. We compare that amount to the amount being carried in the General Ledger from last year. We then make a journal entry to true up the Allowance Account to the current year's allowance amount. The Allowance for Uncollectable Balances at June 30 for the last three fiscal years is as follows:

FY2018	$ 1,084,523.33
FY2019	$ 1,290,487.27
FY2020	$ 1,726,534.06

The FY2018 balance was a reduction in the allowance of 2.08% of total receivables as the aged receivables had actually fallen in FY2018. The allowance for FY2019 was 2.75% and FY2020 was 4.86% of outstanding aged receivables.

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-6: Please provide a full list of capital and IFR projects in FY 2020 and FY 2021, including a schedule of when they did or will go out to bid and when they did or will start (and projected completion). Please include the cost and schedule of payments.

RESPONSE: See attached Schedule

Projects		Actual 2020	Actual 2021	Projected 2021	Planning	Design/Bidding	Construction
RAW WATER SUPPLY							
Various Raw Water Supply Facilities Projects	IFR		$117,569		Ongoing	Ongoing	Ongoing
Reservoir and Dam Inspections	IFR	$264,670	$87,165		Ongoing	Ongoing	Ongoing
Gainer Dam Spillway Rehabilitation	IFR		$87,000		Aug 20 - Sep 20	Sep 20 - Nov 20	Nov 20 - Dec 20
Secondary Reservoir and Dam Improvements	IFR				Ongoing	Ongoing	Ongoing
TREATMENT							
PW Lab Equipment	IFR	$4,222			Ongoing	Ongoing	Ongoing
Treatment Process and Water Quality Studies	IFR	$42,191	$9,281		Ongoing	Ongoing	Ongoing
Treatment Plant Building Rehabilitation	IFR	$1,538,947	$29,581	$100,000	Ongoing	Ongoing	Ongoing
SCADA / Control System Improvements	IFR	$8,102	$150,751	$50,000	Ongoing	Ongoing	Ongoing
Sedimentation Basin Rehabilitation	IFR	$11,068	$790,874	$100,000	June 20 - Mar 21	Mar 21 - Dec 22	Dec 22 - Jun 27
Sand Filter Rehabilitation	IFR	$279,906	$46,911	$200,000	Jan 21 - Apr 21	April 21 - May 21	May 21 - Apr 22
Lime Feeder Replacement	IFR	$904,419	$207,761	$200,000	Jan 13 - Jun 15	Jun 15 - Oct 18	Oct 18 - Dec 21
Orthophosphate Feed System	Capital	$988,892	$1,261,459		Jan 18 - Jun 18	Jun 18 - Dec 19	Dec 19 - Jun 21
STORAGE							
Various Storage Facilities Projects	IFR	$56,026	$102,596	$100,000	Ongoing	Ongoing	Ongoing
PUMPING							
Various Pumping Facilities Projects	IFR	$125,770	$62,010		Ongoing	Ongoing	Ongoing
Aqueduct Pump Station Upgrades	IFR	$346,121			Dec 16 - Mar 17	Mar 17 - Oct 18	Oct 18 - Oct 19
Cranston Commons Pump Station	IFR				Sept 19 - Oct 21	Oct 21 - Oct 22	Oct 22 - Oct 24
Ashby St Pump Station Replacement	IFR	$1,080,394	$455,061		Dec 16 - Jun 17	Jun 17 - Jan 19	Jan 19 - Jun 21
Greenville Ave Pump Station Replacement	IFR	$1,905,797	$446,581		Mar 17 - May 17	May 17 - Apr 19	Apr 19 - Jun 21
TRANSMISSION							
102" Aqueduct fiber optic monitoring	IFR	$121,000	$315,192		Ongoing	Ongoing	Ongoing
102" Aqueduct Rehabilitation	IFR	$1,692,753			Jun 21 - Jan 22	Jan 22 - Dec 22	Dec 22 - Jun 23
Various Transmission System (16" - 66") Facilities Projects	IFR	$1,030,231	$286,412		Ongoing	Ongoing	Ongoing
Raw Water Feasibility Assessment	Capital	$39,600			Sep 19 - Dec 19	N/A	N/A
DISTRIBUTION							
Water Main Cash Funded Rehabilitation	IFR	$5,202,995	$5,743,697	$50,000	Ongoing	Ongoing	Ongoing
Various Distribution System Facilities Projects	IFR	$805,127	$500,421	$400,000	Ongoing	Ongoing	Ongoing
Lead Service Replacements	IFR	$790,220	$1,744,186	$100,000	Ongoing	Ongoing	Ongoing
Water Main Tie-Ins	Capital	$93,300			Ongoing	Ongoing	Ongoing
SUPPORT							
Various Support System Facilities Projects	IFR	$335,416	$143,697	$60,000	Ongoing	Ongoing	Ongoing
Records Management System (GIS/AM) Improvements	IFR	$44,358	$122,236	$50,000	Ongoing	Ongoing	Ongoing
Asset Management	Capital	$45,718			Jan 16 - Jan 17	Jan 17 - Jul 17	Jul 17 - Jan 20
Renewable Energy	Capital	$17,866	$7,859		Jul 16 - Oct 16	Oct 16 - Sep 17	Sep 17 - Jul 20
Computer/IT Virtualization	Capital	$78,659			Ovt 15 - Nov 15	Nov 15 - Jan 17	Jul 17 - Jul 19
Cybersecurity	Capital	$149,753			Sep 15 - Jun 18	Jun 18 - Dec 19	Dec 19 - June 21

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-7: Which cash funded projects in FY 2020 from BCWA Exhibit 3 were delayed by COVID-19 and what was the dollar amount?

RESPONSE: The following cash funded projects were delayed due to COVID in FY20

Sedimentation Basin Rehabilitation – This project is for the rehabilitation/replacement of the sedimentation basins and residual lagoons at the water treatment plant. This project includes preliminary evaluation, design, bidding and construction. $500,000 of the preliminary evaluation was delayed due to COVID.

Cranston Commons Pump Station – This project is to replace the undersized and outdated Cranston Commons Pump Station. The project includes preliminary evaluation, design, bidding and construction. $1,000,000 of the preliminary evaluation and design was delayed due to COVID.

Lime Feeder Replacement – This project is to replace the existing chemical lime feeders at the water treatment plant. Design and bidding have been completed on this project. $600,000 related to construction on this project was delayed due to COVID.

Ashby Street Pump Station Replacement – This project is to replace the existing Ashby Street pump station. Design and bidding have been completed on this project. $600,000 related to construction on this project was delayed due to COVID.

Greenville Avenue Pump Station Replacement – This project is to replace the existing Greenville Avenue pump station. Design and bidding have been completed on this project. $400,000 related to construction on this project was delayed due to COVID.

102-inch Aqueduct Inspection – This project was for the inspection of multiple sections of the 102-inch aqueduct and rehabilitation of specific portions of the 102-inch aqueduct. $2,000,000 of the inspection was delayed due to COVID. For cost savings and operational purposes, Providence Water moved the inspection back to FY22/FY23 to coordinate with the inspection/rehabilitation of the 78-inch aqueduct.

Water Main Rehabilitation – This project is part of Providence Water's ongoing water main rehabilitation program. This project includes perpetual design, bidding and construction. $3,000,000 of construction dollars were delayed due to COVID.

Public Utilities Commission
Phase 2- Record Request
June 22, 2021

RR-8: How much has Providence Water actually spent in cash projects in June 2021?

RESPONSE:

As of June 24, 2021 Providence Water has received and paid $1,001,441 for cash projects during the month of June. Providence Water expects an additional $2,410,000 to be received and paid within fiscal year 2021. There can be at least a month delay between work performed and when the invoice is received. It is important to note that the expense for the work that was performed prior to July 1 are shown as an expense in FY2021 and shown as a payable. When the invoices come in in July, the cash goes out and the payable is removed. They are not expensed again. The expense is shown in the year in which it was incurred, not when the invoice is paid. This is standard accrual accounting rules and is in accordance with General Accepted Accounting Principles (GAAP).