



**PROVIDENCE WATER**

*Tap Water Delivers*

**DK. 4994**

**PETITION TO AMEND MULTI-YEAR RATE PLAN**

**PURSUANT TO R.I.G.L. 39-15.1-4 (d)**

**May 2, 2022**

**PROVIDENCE WATER**  
**Docket No. 4994**  
**Petition To Amend Multi-Year Rate Plan**  
**Pursuant to R.I.G.L. §39-15.1-4 (d)**

**Table of Contents**

1. Letter of Transmittal
2. Petition to Amend Multi-Year Rate Plan Pursuant to R.I.G.L. §39-15.1-4 (d)
3. Testimony of Gregg Giasson, P.E.
4. Testimony and schedules of Harold J. Smith, Raftelis Financial Consultants



PROVIDENCE WATER

Tap Water Delivers

May 2, 2022

The Honorable Ronald T. Gerwatowski  
Chairperson Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

The Hon. Jorge O. Elorza  
Mayor

Ricky Caruolo  
General Manager

RE: Dk 4994- Providence Water Supply Board – Petition to Amend Multi-Year Rate Plan Pursuant to R.I.G.L. §39-15.1-4 (d)

**BOARD OF DIRECTORS**

**Ateesh S. Chanda**  
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

Dear Chairperson Gerwatowski:

Enclosed, please find an original and nine (9) copies of a Petition to Amend Multi-Year Rate Plan Pursuant to R.I.G.L. §39-15.1-4 (d) filed by the Providence Water Supply Board (Providence Water).

This filing includes the pre-filed testimony of Gregg Giasson, P.E., and Harold J. Smith in support of Providence Water’s request to delay the Third (3<sup>rd</sup>) Step rate increase until July 1, 2023. An electronic copy of this Petition has been provided to the service list from Docket 4994.

Leah J. Donaldson, Esq. and Michael R. McElroy, Esq., will be representing Providence Water as our legal counsel in this matter. They may be contacted at 21 Dryden Lane, Post Office Box 6721, Providence, RI 02940-6721.

Respectfully,  
Providence Water Supply Board

Gregg Giasson, P.E.  
Deputy General Manager/Executive Engineer

**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

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN RE: PROVIDENCE WATER  
SUPPLY BOARD**

:  
:  
:  
:

**DOCKET NO. 4994**

**PETITION TO AMEND MULTI-YEAR RATE PLAN**

Pursuant to R.I.G.L. § 39-15.1-4(d), Providence Water Supply Board (“Providence Water”) hereby petitions the Rhode Island Public Utilities Commission (“Commission”) to amend the multi-year plan approved in the above-captioned docket.<sup>1</sup>

In December 2019, Providence Water filed an application for a multi-year increase in its rates pursuant to R.I.G.L. § 39-15.1-4. In Report and Order No. 23928, the Commission authorized a three-year rate plan that allowed Providence Water to increase rates in three steps:

- Step 1: Rate Year 2021 (July 2020 to June 2021) – \$12,200,091 (17.59%)
- Step 2: Rate Year 2022 (July 2021 to June 2022) – \$4,310,146 (5.17%)<sup>2</sup>
- Step 3: Rate Year 2023 (July 2022 to June 2023) – \$3,437,650 (3.92%)

Due to revised consumption projections and funds that are expected to become available through the U.S. Infrastructure Investment and Jobs Act for infrastructure replacement and private side lead service replacements, Providence Water does not need to implement the third step of its multi-year rate plan until Rate Year 2024 (July 2023 to June 2024).

In support of this Petition, Providence Water incorporates the testimony of Gregg M.

---

<sup>1</sup> R.I.G.L. § 39-15.1-4(d) states: “A water supplier may petition the commission for a modification to an approved plan, and the commission in hearing and deciding the petition need only consider those portions or elements of the plan affected by the proposed modification. The commission shall approve or reasonably modify the proposed modification. An approved modification shall become part of the plan for purposes of subsection (c) of this section.”

<sup>2</sup> The Commission later reduced the Step 2 amount by \$950,966.

Giasson and Harold J. Smith, which are attached hereto.

WHEREFORE, Providence Water respectfully requests that the Commission amend the Rate Plan to delay Step 3 until July 1, 2023.

Respectfully submitted,

PROVIDENCE WATER SUPPLY BOARD

By its attorneys,

*/s/ Leah J. Donaldson*

Leah J. Donaldson, Esq. #7711

Michael R. McElroy, Esq. #2627

McElroy & Donaldson

O: 21 Dryden Lane, Providence, RI 02904

M: 3 Cedar Meadows Dr, Smithfield, RI 02917

T: 401-351-4100

F: 401-421-5696

Leah@McElroyLawOffice.com

Michael@McElroyLawOffice.com

**CERTIFICATE OF SERVICE**

I hereby certify that on the 2nd day of May, 2022, I sent a copy of the foregoing to the attached service list.

*Mary L. Jurgens*

Direct Testimony  
of  
GREGG M. GIASSON, PE  
before the  
PUBLIC UTILITIES COMMISSION

for

PROVIDENCE WATER

DOCKET# 4994

Step 3 Compliance

May, 2022

1 **Q. Please state your name and your position.**

2 A. My name is Gregg M. Giasson and I am the Deputy General Manager of  
3 Operations/Executive Engineer for the Providence Water Supply Board. I have general  
4 oversight of the Engineering, Water Supply and Transmission & Distribution Departments.

5  
6 **Q. Please describe your educational background and work experience.**

7 A. I obtained a Masters of Science in Environmental Engineering from Worcester Polytechnic  
8 Institute in 2001 and a Bachelor of Science in Civil Engineering from Tufts University in  
9 1992. I have worked for the Providence Water Supply Board for over nine years, the first  
10 two years as the Senior Director of Operations and the last seven years as the Deputy General  
11 Manager of Operations/Executive Engineer. From 2008 to 2012, I worked for the Pawtucket  
12 Water Supply Board as the Assistant Chief Engineer/Chief of Operations. Prior to  
13 Pawtucket, I worked at the consulting firm Camp, Dresser & McKee for 12 years where I  
14 worked on a variety of drinking water projects as both a project engineer and project  
15 manager. I am a Registered Professional Engineer in the State of Rhode Island. I am also a  
16 licensed Grade 4 Distribution and Grade 4 Treatment Operator in Rhode Island.

17  
18 **Q. Is Providence Water proposing to delay Step 3 of the rate plan in docket this for one**  
19 **year?**

20 A. Yes.

21  
22 **Q. Why is Providence Water proposing to delay Step 3 and the additional revenue for the**  
23 **Infrastructure Replacement Fund that would have resulted if Step 3 was implemented**  
24 **this year?**

25 A. In November of 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law.  
26 As stated by the American Water Works Association “the U.S. Infrastructure Investment and  
27 Jobs Act (H.R. 3684, also known as the Bipartisan Infrastructure Act), launched a new era of  
28 significant investment in rehabilitating and updating the nation’s water infrastructure.” The

1 IIJA will make significant funds available through the State Revolving Fund (SRF) to water  
2 utilities for infrastructure improvements. For Rhode Island, the IIJA will make \$81 million  
3 available for water infrastructure which includes \$19 million of grants and principal  
4 forgiveness. These funds are for fiscal year (FY) 2023. Over the next 5 years, \$513 million  
5 will be available for water infrastructure. The IIJA funds will be distributed through the  
6 Rhode Island Infrastructure Bank (RIIB).

7  
8 Providence Water is working with RIIB to reassess our infrastructure plan and determine  
9 how we can best utilize the funds available through the IIJA to reduce the cost of  
10 infrastructure replacement for our ratepayers. In addition, RIIB will need to determine the  
11 amount of funds and principal forgiveness that will be made available to Providence Water.  
12 Once we have completed this evaluation, Providence Water will be able determine if  
13 additional revenue will be needed for the Infrastructure Replacement fund.

14  
15 **Q. Why is Providence Water also proposing to delay for one year the additional revenue**  
16 **that would have been available in Step 3 for the Private Side Lead Service Replacement**  
17 **Fund?**

18 A. The IIJA also includes funding for private side lead service replacements. For Rhode Island  
19 in FY 2023, \$28 million will be available for private side lead service replacements (these are  
20 funds above and beyond the infrastructure funds mentioned previously), which includes \$14  
21 million for grants and principal forgiveness. Over the next 5 years, \$141 million will be  
22 available for private side lead service replacements.

23  
24 As with the infrastructure funds discussed previously, Providence Water is working with  
25 RIIB to determine the best method to make these funds available to our customers to replace  
26 the private side lead service line. In addition, RIIB will need to determine the amount of  
27 funds and principal forgiveness that will be made available to Providence Water. Once we  
28 have completed this evaluation, Providence Water will be able determine if additional  
29 revenue is needed for the Lead Service Replacement fund.



1

2 **Q. If the implementation of Step 3 is delayed for one year, will Providence Water be**  
3 **financially stable during that period?**

4 A. Yes. We have evaluated our anticipated revenue and expenses and we feel we will be  
5 financially stable, barring extraordinary or unanticipated circumstances.

6

7 **Q. Does that conclude your testimony?**

8 A. Yes, it does

1 COMPLIANCE TESTIMONY OF  
2 HAROLD J. SMITH, VICE PRESIDENT  
3 RAFTELIS FINANCIAL CONSULTANTS, INC.  
4  
5  
6  
7  
8  
9

10  
11 for

12  
13 PROVIDENCE WATER SUPPLY BOARD  
14 DOCKET # 4994  
15  
16  
17  
18  
19  
20  
21

22  
23 May 2, 2022  
24

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Harold J. Smith, and my business address is, 5916 DTC Parkway, Suite 850,  
4 Greenwood Village, Colorado.

5

6 **Q. Are you the same Harold Smith who submitted direct and rebuttal testimony on behalf**  
7 **of the Providence Water Supply Board (Providence Water) in Docket 4994?**

8 A. Yes, I am.

9

10 **Q. Please describe the purpose of your testimony.**

11 A. As discussed in the testimony filed by Gregg Giasson, Providence Water is seeking approval  
12 from the Commission to delay for one year the third and final step of the multi-year rate plan that  
13 was approved by the Commission. The purpose of my testimony is to demonstrate that delaying  
14 the implementation of the third step for one year will not jeopardize Providence Water's financial  
15 position.

16

17 **Q. Please provide a brief overview of Docket 4994 and the multiyear rate plan.**

18 A. Providence Water filed an application for general rate relief via a multiyear rate plan on  
19 December 2, 2019. The parties then engaged in discovery and filed direct, rebuttal and surrebuttal  
20 testimony regarding Providence Water's application. On July 3, 2020 Providence Water executed  
21 an initial settlement agreement (the July 3 settlement agreement) with the Division of Public  
22 Utilities and Carriers (the Division), Kent County Water Authority (KCWA) and the City of  
23 Warwick. At its open meeting of August 18, 2020, the Commission rejected the July 3 settlement  
24 agreement, and asked Providence Water to submit an amended settlement with modifications  
25 identified at the August 18 open meeting. Providence Water filed an amended settlement  
26 agreement (the ASA) on August 25, 2020. This settlement included Providence Water, KCWA  
27 and the City of Warwick. The Division did not sign the ASA.

28

29 The Commission approved the ASA its open meeting of August 27, 2020 (Order no. 23928). The  
30 approved ASA included the multiyear rate plan, namely Year 1 rates effective for usage on and

1 after the date of the Commission's Order (ultimately August 27, 2020); Year 2 rates effective for  
2 usage on and after July 1, 2021; and Year 3 rates effective for usage on and after July 1, 2022.

3  
4 **Q. What are the statutory requirements related to seeking and obtaining approval for a**  
5 **multiyear rate filing?**

6 A. § 39-15.1-4 of the Rhode Island General Laws provides authority for seeking and obtaining  
7 approval for multiyear rate plans. Water suppliers regulated by the Commission may file a rate  
8 plan for up to six (6) years to pay for the cost of providing service and to establish and maintain  
9 operating and capital reserves (§ 39-15.1-4(a) (1) through (4)). The "commission shall then  
10 approve or reasonably amend the plan and the rates proposed therein".

11  
12 **Q. Mr. Smith, did the Commission approve Providence Water's multiyear rate plan?**

13 A. Yes. The Commission approved the ASA, which included the multiyear rate plan for rates  
14 effective on July 1, 2021 (FYE 6/30/2022) and July 1, 2022 (FYE 6/30/2023).

15  
16 **Q. What are statutory requirements related to implementing a rate change pursuant to an**  
17 **approved multiyear rate filing?**

18 A. § 39-15.1-4 subpart c of the Rhode Island General Laws provides authority for implementing a  
19 rate change pursuant to an approved multiyear rate filing: "A water supplier with a multiyear plan  
20 approved by the commission may change its rates consistent with provisions of the plan, provided  
21 that a forty-five (45) day notice is given to the commission and the division, which notice shall  
22 state the amount of the proposed rate changes, the manner in which the proposed rate is consistent  
23 with the approved plan, and the purpose of the proposed rate change. The proposed rate change  
24 shall be effective sixty (60) days after the notice to the commission and the division, unless the  
25 commission shall decide that the proposed rate increase may be unreasonable or inconsistent with  
26 the approved plan, in which case the commission shall hold a hearing on the proposed rate increase  
27 and may approve, or reasonably amend the proposed rate increase. Notwithstanding the foregoing  
28 notice provision, the commission shall be bound by the suspension period set forth in § 39-3-11."  
29 (emphasis added).

1 **Q. Mr. Smith, if the Commission approves delaying the Step 3 increase for one year will**  
2 **Providence Water have sufficient funding to continue to provide water service to its**  
3 **customers?**

4 A. Yes, as shown on Schedule HJS Step 3 Compliance-1, projected FY2023 revenue from existing  
5 rates is 99.99% of projected FY2023 expenses once the originally proposed increases for IFR and  
6 Lead Service Line Replacement have been excluded from the FY2023 revenue requirements.

7  
8 **Q. How was the projected FY2023 revenue determined?**

9 A. The projected revenue was determined by applying the existing FY2022 rates, by class, to the  
10 projected consumption for each class. For the retail classes (residential, commercial, industrial)  
11 the projection is based on the average of billed consumption for each month (July to June) for FY  
12 2017 to FY 2019. I then adjusted these volumes to account for the acquisition of Johnston, whose  
13 volumes were not included in the retail data for this period. For wholesale, I used the FY2017 to  
14 FY 2019 average for each month, for each customer. Based on this projection, and after adding in  
15 all other revenues, the projected revenues under Providence Water's existing rates would be  
16 \$89,785,728, or nearly equal to projected expenses for FY2023.

17  
18 **Q. How were FY2023 projected expenses determined?**

19 A. As shown on Schedule HJS Step 3 Compliance-2 and 2A, I started with the Step 3 revenue  
20 requirements from the ASA and then made adjustments to reflect adjustments to electric and  
21 payroll expenses that were ordered by the Commission during the Step 2 Compliance Filing. For  
22 electric and payroll expense I determined the proportional adjustment for FY2022 and applied it  
23 to FY2023. For example, the reduction for electric expense ordered for FY2022 was \$106,364 or  
24 approximately 11% ( $\$106,364 / \$1,006,258$ ). In FY2023, prior to the Commission ordered  
25 adjustment, this expense was \$869,049. Applying the same proportionate reduction (11%) yields  
26 a dollar reduction of \$94,715 for electric expense for FY2023. I used the same approach for payroll  
27 expense applying the approximately 5% reduction ( $\$844,602 / \$16,832,936$ ) from FY2022 to  
28 FY2023, which results in a dollar reduction of \$828,198 for FY2023.

Providence Water Supply Board  
Harold J. Smith Compliance Testimony  
Docket # 4994

1 For IFR and Lead Service Line Replacement I subtracted the originally requested Step 3 increases  
2 in funding. Providence Water anticipates that these increases will not be needed due to the  
3 availability of federal funding as discussed in Mr. Giasson's testimony.

4

5 **Q. Mr. Smith, does this conclude your testimony?**

6 A. Yes, it does.

7

**Schedule HJS Step 3 Compliance-1: Projection of Revenues Under Existing Rates**

Providence Water Supply Board

Docket # 4994

Rate Year 3 Compliance Filing

Test Year Ending June 30, 2019

Rate Year Ending June 30, 2023

Line	Description	Note	Calculation	
1	<b>Revenues</b>			
2	Projected Rate Revenues - Step 3 under Existing Rates			
3	Usage (HCF)			
4	Residential		8,469,041	
5	Commercial		4,078,120	
6	Industrial		208,348	
7	Bristol County		1,612,208	
8	East Providence		1,924,774	
9	Greenville		427,683	
10	Kent County		2,566,185	
11	Lincoln		1,083,896	
12	Smithfield		420,959	
13	Warwick		3,877,963	
14	Total		24,669,175	
15	Docket 4994 Approved	[1]	23,987,787	
16	Projection % of Approved		103%	
17				
18	Usage Revenue			Rate \$/HCF
19	Residential	\$	32,436,426	\$ 3.830
20	Commercial		16,369,574	\$ 4.014
21	Industrial		760,469	\$ 3.650
22	Bristol County		2,609,066	\$ 1.618318
23	East Providence		3,184,402	\$ 1.654429
24	Greenville		726,414	\$ 1.698487
25	Kent County		4,146,718	\$ 1.615908
26	Lincoln		1,809,629	\$ 1.669560
27	Smithfield		718,178	\$ 1.706054
28	Warwick		6,732,202	\$ 1.736015
29	Total	\$	69,493,077	
30	Docket 4994 Approved	[2]	\$ 68,040,999	
31	Projection % of Approved		102%	
32				
33	All Other Revenue	[2]	\$ 18,749,488	
34	Misc. Revenue	[2]	\$ 1,543,163	
35	<b>Equals: Projected Step 3 Revenues</b>		<b>\$ 89,785,728</b>	
36	<b>Projected FY2023 Expenses</b>	[3]	<b>\$ 89,788,591</b>	
37	<b>Amount Above/(Below) Expenses</b>		<b>\$ (2,863)</b>	
38	<b>% of Projected Expenses</b>		<b>100%</b>	

**Notes**

[1] See HJS-Amended Settlement-15a: Pro-Forma Water Sales

[2] See HJS Compliance-24: Revenue Proof

[3] See HJS Step 3 Compliance-2

**Schedule HJS Step 3 Compliance-2: Projection of Step 3 Expenses**

Providence Water Supply Board

Docket # 4994

Rate Year 3 Compliance Filing

Test Year Ending June 30, 2019

Rate Year Ending June 30, 2023

Line	Description	Note	Calculation
1	Expenses		
2	Step 3 - Amended Settlement Agreement	[1]	\$ 92,729,962
3	Less: Adjustments per June 29, 2021 Open Meeting (Step 3 Impact)	[2]	
4	Electric	[3]	\$ (94,715)
5	Payroll	[3]	\$ (828,198)
6	Reserve Impact		
7	Revenue Reserve	[4]	\$ (4,615)
8	Operating Reserve	[5]	\$ (13,844)
9	Equals: Step 3 Revenue Requirement Before Expense Adjustment		\$ 91,788,591
10			
11	Less: Expense Adjustment		
12	IFR Adjustment	[6]	\$ (1,000,000)
13	Lead Service Line Adjustment	[6]	\$ (1,000,000)
14	<b>Equals: Projected Step 3 Expenses</b>		<b>\$ 89,788,591</b>
15	Docket 4994 Approved		\$ 91,788,591
16	Projection % of Approved		98%
17			
18	Projected Revenues	[7]	\$ 89,785,728
19	Revenues Net of Expenses		\$ (2,863)

**Notes**

- [1] See Schedule HJS Amended Settlement-1: Cost of Service Summary (Total Incl. Reserves)
- [2] Impact of June 29, 2021 Open Meeting Reductions as Applied to Step 3
- [3] See attached "Schedule HJS Compliance-2A: June 29, 2021 Open Meeting Reductions (Step 3 Impact)"
- [4] 0.5% of sum of lines 4 and 5
- [5] 1.5% of sum of lines 4 and 5
- [6] See compliance testimony of Gregg Giasson
- [7] See attached "Schedule HJS Compliance-1: Projection of Revenues Under Existing (Step 2) Rates"



**Schedule HJS Compliance-2A: Open Meeting Reductions**

Providence Water Supply Board

Docket # 4994

Rate Year 3 Compliance Filing

Test Year Ending June 30, 2019

Rate Year Ending June 30, 2022

Line	Description	Note	Calculation
1	<b>Electric Expense Reduction</b>		
2	FY 2022		
3	Electric Expense Before June 29 Reduction	[1]	\$ 1,006,258
4	June 29 Reduction		\$ (106,364)
5	Electric Expense After June 29 Reduction		\$ 899,894
6	% Reduction - FY 2022		-11%
7			
8	FY 2023		
9	Electric Expense Before June 29 Reduction	[2]	\$ 896,049
10	% Reduction - FY 2022		-11%
11	<b>June 29 Reduction for FY 2023</b>		\$ (94,715)
12			
13	<b>Payroll Expense Reduction</b>		
14	FY 2022		
15	Payroll Expense Before June 29 Reduction	[3]	\$ 16,832,936
16	June 29 Reduction		\$ (844,602)
17	Payroll Expense After June 29 Reduction		\$ 15,988,334
18	% Reduction - FY 2022		-5%
19			
20	FY 2023		
21	Payroll Expense Before June 29 Reduction	[4]	\$ 16,506,004
22	% Reduction - FY 2022		-5%
23	<b>June 29 Reduction for FY 2023</b>		\$ (828,198)

**Notes**

- [1] See HJS Amended Settlement-5
- [2] Line 5, plus FY 23 Adj of (\$3,846) from HJS Amended Settlement-5
- [3] See HJS Amended Settlement-3b
- [4] Line 17, plus FY 23 Adj of \$517,670 from HJS Amended Settlement-3b