



PASCOAG
UTILITY DISTRICT

Pascoag Electric • Pascoag Water

253 Pascoag Main Street
P.O. Box 107
Pascoag, RI 02859
Phone: 401-568-6222
TTY via RI Relay: 711
Fax: 401-568-0066
www.pud-ri.org

June 12, 2024

Rhode Island Public Utilities Commission
Ms. Luly Massaro
Commission Clerk
89 Jefferson Blvd.
Warwick, RI 02888

Re: RIPUC Docket No.: 24-14 EL

Dear Ms. Massaro,

On behalf of Pascoag Utility District Electric Department (Pascoag, or the District), we herewith file an original and nine copies of Pascoag's responses to Commission's first set of data request issued May 28, 2024.

If you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

Harle J. Young
Manager of Finance and Customer Service

CC: Service List

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: PASCOAG UTILITIES DISTRICT :
COST OF SERVICE STUDY AND : DOCKET NO. 24-14-EL
REVISED TARIFFS :**

**PUBLIC UTILITIES COMMISSION’S FIRST SET OF DATA REQUESTS
DIRECTED TO PASCOAG UTILITY DISTRICT
(Issued May 28 , 2024 – Response due June 28, 2024 12:00pm)**

PUC 1-1 Explain and detail the defined benefit plan.

The following is the response from the plan actuary “Pascoag has a minimum funding valuation just like all our private-sector clients and the “recommended” contribution from that perspective is \$0.00. However, at the historical request of the plan sponsor, we also calculate a recommended contribution based on the aggregate funding method. The aggregate method projects benefits liabilities for all active participants and measures them against current plan assets. We then determine a contribution amount such that all retirement liabilities are met within the current service period of active participants. This ensures that each retiree is 100% paid for and there are no legacy liabilities associated with employees after they retire. The minimum required contribution is \$0.00 but that has the risk of having to pay for retiree benefits through their retirement years.”

The defined benefit began on January 1, 2002 with 10% of the employee’s base salary for the previous year.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-2 On DGB-RY-7 please explain why the GM is allocated 16% to water and 85% electric and explain how the percentage to water is determined.

Response:

The General Manager has a time split of 16 % water and 84 % electric. The water department is not regulated and requires much less time to reconcile. Much of the reporting requirements are done by the new water superintendent with some oversight by the General Manager. We eliminated the Assistant General Manager position and replaced that position with the Electric Superintendent.

Witness responsible: Harle Young and William J. Guertin

PUC 1-3 On DGB-RY-7 please explain how the percentages for electric and water are determined and if they are the same as what was approved in the last rate case.

Response:

The percentages for electric and water are similar to the last rate case.

The District bases this allocation upon the total number of customers. As of the end of 2023 there are 4,964 customers in electric and 1,135 customers in water. Which equates to an 81% electric and 19% water. The District has kept the split at 80/20 split for this filing. The property insurance is based on assets and has a split of 71% water / 29% electric based on the previous rate filing.

During the budget meetings each year, the time for each position is determined based on projects and daily processes. Many of the processes that are done in the office are performed together for both water and electric. It would be very difficult to keep a timesheet. The District creates an administrative transfer sheet as seen in schedule DGB-RY-7 and we book the entry to the general ledger on a monthly basis. Two of our customer service representatives are allocated 10% water/ 90% electric. They spend their time process payments, taking care of walk-in customers, processing applications, answering phones and processing customer bills. They have seven billing cycles and only one the cycles are for water. The turnover of customers is far less in water because many of the properties are rental, and the water remains in the landlord's name. The head clerk is responsible for electric disconnections and only spends five percent of her time on water. The General Manager allocations are listed in the previous question. The Manager of Finance and the Administrative Supervisor have time splits of 85% electric/ 15% water. The Human Resource Coordinator spends 10% water/ 90 % electric, she has two employees in water and sixteen employees in electric. The project Coordinator who also takes care of accounts payable invoices spends 20% water/ 80% electric.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-4 Was the 3-year contract for auditing put out for competitive bid, why/why not? Provide a copy of the most recent contract.

Response:

Yes, a Request for Audit Proposal (RFP) was put on April of 2021 for a 5-year contract the runs for YE 2021-2025. Please see attachment PUC1-4.

PUC 1-5 Please provide the number of accounts/bills by customer class for each month from 2020-2024 up to April 2024 and include in Excel format.

Response:

Please see the attachment PUC-1-5 for the number of accounts billed by customer class. Please note that in 2022 because of the last rate case the industrial customers were split into General Services >200 KW and General Services <200 KW.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-6 Referring to DGB-RY-4a why does the rate year compensation for the GM-CEO decrease for the rate year?

Response: The current General Manager is retiring at the end of June and William Guertin will be promoted to General Manager as of July 1, 2024. He will start at the entry level of compensation for that position.

Witness responsible: William J. Guertin.

PUC 1-7 Please explain the need to increase tree trimming to 26 months on DGB-RY-10 and explain how the estimated rate hours were determined.

Response:

The district was allowed \$155,000 in the last rate case which gave us 925 hours of trimming at a rate of \$167.50 per hour or about 23 weeks of trimming. The actual price on the contract in the first year was \$162.50 (per hour, for 2 personnel, chipper and bucket truck). Each year the contract increased by \$12.50 per hour, so in year two we only received 22 weeks of trimming and in year three that was reduced to 21 weeks.

For this rate filing we estimated an additional \$12.50 per hour on the rate over the next three years using the 925 hours or 23 weeks as a guide. We then took the average of the three years and asked to increase the line item to \$196,563 for the rate year 2025.

Our current contract is good through 2024, so we are in the process of creating an RFP for Tree Trimming.

Please see the current contract with the pricing for 2022-2024.

Witness responsible: Harle Young and William Guerin

PUC 1-8 For last 5 years provide when and by how much Pascoag Utility District has withdrawn from PPRF in order to pay bills.

Response:

In the past five years the District has not had to withdraw funds from the Purchase Power Restricted Fund to pay bills. Although we have not had to withdraw from this account, we still feel strongly that this fund should be kept in place as a safety net should the power bills increase unexpectedly as we saw in 2013 and 2014. If this fund is taken away and power bills increase unexpectedly, we would not have immediate resources to cover the bills. This could have an adverse impact on our credit ratings. We do have two lines of credit, but that would take time to process, and we could end up being delinquent on the power invoices. The PPRF is restricted and is currently earning a 3.75% interest rate that we flow back to the customers through a Purchase Power Restricted Fund Credit (PPRFC) on the customers' bills.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-9 Please provide a copy of the most recent custodial contract.

Response:

The outside contract for custodial is with Coverall Cleaning System. The monthly charge is \$1,051 per month. This contract does not include liners and paper supplies and toiletries, the District paid \$1,662.05 for these supplies in 2023. Please see attachment PUC 1-9 Outside provider of Custodial contract.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-10 For the insurances listed in DGB-RY-8, please provide the most recent invoice.

Response:

The invoices for the property insurance policy have been identified in the attachment PUC 1-10. Please note, in the original filing the amounts for the Cyber Security and the annual dues were inverted, so the correction was made on the attachment. Also please note that the PURMA management fees are highlighted in yellow which is a total of \$1,172.93.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-11 Referring to Schedule DBG-4a, identify the status of all unfilled job recruitment efforts for unfilled positions as of 5/1/2024 and identify the anticipated hire date for each position that is in the process of being recruited and filled.

Response:

I can explain in detail, the personnel switch and the new roles that existing employees will all assume effective July 1, 2024, listed in Schedule DBG-4a.

Unfortunately, on June 28, we are losing two valuable employees, Mr. Kirkwood, General Manager/CEO, and Gary Kimatian, First Class Lineman. Mr. Guertin will assume duties as General Manager/CEO and his former position of Assistant General Manager will be eliminated. The position of Electrical Superintendent will be created and Mr. Piccardi who is our current Line Foreman will assume that role. The Line Foreman position will be filled internally by Mr. Derby, thus creating two vacancies within Lineman 1st Class A positions.

In anticipation of these possible changes, Pascoag trained and qualified an employee who can function in dual roles, with knowledge of meters and substations as well as training to become a Lineman. This individual will fill Mr. Kimatian's position, but he will be reclassified from System Technician to Lineman 3rd Class B. He has agreed to perform dual roles while he attends the 4-year Lineman apprenticeship school.

It is Pascoag's intention, to publish vacancy notices for two positions at the end of this year. Those positions would be for an apprentice lineman, and a utility worker.

Witness responsible: William J. Guertin.

PUC 1-12 For each property insurance policy, please identify and provide a copy of the most recent invoice.

Response:

The invoices for the property insurance policy have been identified in the attachment PUC 1-12. There is an invoice for Starkweather & Shepley for \$28,129.97 and an invoice from PEIC-Property Insurance IC for \$13,140.99 that total \$41,270.96 paid in property insurance.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-13 For each Workers Compensation insurance policy, please identify and provide a copy of the most recent invoice.

Response:

Please see Attachment PUC1-13 for the invoice from Beacon Mutual. The total written premium is \$25,332. Beacon breaks the premium out by water \$8,877 and electric \$14,668.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-14 Identify and provide the most current invoice for the board member health care policy.

Response:

Please see Attachment PUC1-14 for the invoice from Blue Cross for BlueChip and Medicare monthly bill.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-15 For the health, dental, long-term health & disability and life insurance, please identify and provide a copy of the most recent invoice.

Response:

Please see attachment PUC 1-15 for the most current invoices.

Witness responsible: Harle Young and David G. Bebyn, CPA

PUC 1-16 Identify and provide a copy of the provisions of the RIIB bond indenture that provides for the coverage ratio of 125%.

Response:

I could not find the provision for the coverage ratios of 125% for the Pascoag debt service with Rhode Island Infrastructure Bank (RIIB). Normally, this 125% coverage for RIIB water and wastewater loans is covered by section 205 of the water and wastewater bond indentures. This loan with the RIIB is part of the Efficient Buildings Fund and only a loan agreement with RIIB covers the terms of this loan. A copy of the loan agreement is attached to this response. Section VII of the agreement, which covers compliance and reports, is silent regarding any coverage. Debt service reserve covered under Article III maintains a balance funded from the bond proceeds. Not having a 125% coverage will not impact this filing since the additional 25% coverage above the annual debt service funding was to be covered by the use of capital reserve funds which are already in rates.

Witness responsible: David G. Bebyn, CPA

PUC 1-17 Please provide a list identifying dues and membership costs expected for the rate year.

Response:

A list of the expected dues and membership cost is attached in Attachment PUC 1-17. The District is assuming a 12% increase on all memberships. I have attached Northeast Public Power's invoice for one-half year in 2024, along with an email estimating a 12% increase in 2025.

Witness responsible: David G. Bebyn, CPA and Harle Young

PUC 1-18 Regarding the proposed AMI upgrade:

- a. What factors established the need for the AMI upgrade? Is the Company experiencing any issues with the current AMR meters?

Response to part 1:

There are several reasons why Pascoag decided to upgrade to AMI meters. The first and most important, would allow us to enhance customer reliability and improve vital distribution system monitoring capabilities. Secondly, it will unlock the full potential of our utilities software, which unfortunately has been restricted due to current AMR meters on the system. In addition to the factors listed above, our staff considered several important operational items as well.

An electric meter has an average life span of around 15-20 years of continuous use. Pascoag Utility District began its AMR system upgrade approximately ten years ago in 2014. Pascoag received some of its meters second hand from Marblehead MA and purchased the remaining AMR meters from a company who sold refurbished meters. As stated above, Pascoag has had these meters in service for 10 years and anticipates another 4 years of use. Additionally, these meters had use in their prior service which can contribute to their service life. Therefore, Pascoag feels that by the end of our AMI project in 2028, the AMR meters will have exceeded their useful lifespan.

Witness responsible: William J. Guertin.

Response to Part 2:

Pascoag is not experiencing any issues with the AMR meters, in fact, we will be incorporating these meters into its 4-year AMI transition plan. However, the current meters are only capable of transmitting a KWh reading each month, they offer no other function.

Witness responsible: William J. Guertin.

- b. What are the benefits to both the Company and the ratepayers that will result from this upgrade?

Response:

During phase one, 1000 AMI meters will be strategically located throughout our distribution system. These 1000 AMI meters in conjunction, with our existing AMR, will allow us to communicate with both AMI and AMR meters. Pascoag's goal is to test and install a certain number of meters each year. Pascoag feels by doing this project slowly, and with its personnel, it benefits both the company and those ratepayers.

Additionally, The new AMI meters, will be able to transmit the KWh, reading every 15 minutes, and be capable of the following functions.

- Constant System Voltage Monitoring (System Reliability).
- Transformer Loading (System Reliability).
- Outage Management (System Reliability).
- Restoration Management (System Reliability).
- Load Logging/ Monitoring (System Reliability).
- Load-Side Voltage Monitoring (Customer Reliability).
- Customer Access to monitor their Usage.
- Time of Use Programs. (Future for Pascoag).
- Remote Disconnect/ Re-connect Capability.

Witness responsible: William J. Guertin.

c. In the event this project exceeds budget, how will and over what period will those costs be recovered?

Response:

It is always Pascoag's intention, not to exceed budget however, if for some unforeseen reason this happens, the project could be extended an additional year, and we could re-evaluate our capital projects to accommodate the overages if there were any.

Witness responsible: William J. Guertin.