

January 31, 2025

The Hon. Brett P. Smiley
Mayor
Ricky Caruolo
General Manager

Stephanie De La Rosa, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

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RE: Docket No. 24-51-WW
Public Utilities Commission; Data Request - Set 1

Dear Ms. DeLaRosa:

Enclosed, please find an original and nine copies of Providence Water's responses to Commission 1-1 through Commission 1-9.

If you need any further information, please let me know.

Sincerely,

Cheryl McCreight
Finance Director

Cc: Service list (via email)

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PUC 1-1. On page 4 of his direct, Mr. Caruolo provides rainfall totals for certain years. If PWSB has the data, please provide rainfall for each of the last 10 years.

Response:

Rainfall in Inches on the Scituate Watershed													
<u>Fiscal Year</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>TOTAL</u>
2014-2015	3.19	3.31	0.96	3.95	5.46	5.57	4.13	3.09	3.85	3.50	0.47	7.03	44.51
2015-2016	3.57	1.37	2.47	4.03	2.38	4.29	3.85	5.22	2.16	4.62	3.60	1.83	39.39
2016-2017	2.45	5.16	2.47	8.01	3.07	3.44	4.69	2.47	3.43	5.99	6.40	5.93	53.50
2017-2018	4.91	1.24	2.49	8.28	2.16	2.75	5.31	5.30	4.32	5.48	2.16	2.93	47.32
2018-2019	3.25	6.04	9.77	6.79	10.08	4.56	6.48	3.20	3.37	6.94	3.61	4.07	68.15
2019-2020	3.77	5.18	2.05	5.34	3.47	6.77	1.51	2.71	4.63	7.08	3.12	1.69	47.32
2020-2021	2.53	2.16	1.25	5.73	5.03	9.72	2.83	2.78	2.54	4.23	5.72	2.59	47.10
2021-2022	8.79	4.76	5.57	6.31	2.65	2.40	3.75	6.03	2.78	4.69	1.41	4.59	53.71
2022-2023	1.83	4.76	8.80	5.43	2.61	7.55	7.50	1.28	4.84	3.27	4.87	3.77	56.50
2023-2024	9.00	3.66	10.36	3.44	2.52	10.00	9.79	1.76	10.27	3.95	7.29	3.49	75.53

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PUC 1-2. On page 4 his direct, Mr. Caruolo explains that sewer bills also have effect on customers' willingness to consume water. Has PWSB noticed any difference in consumption patterns for those customers who are served by the Narragansett Bay Commission versus customers who are not served by the Narragansett Bay Commission? If yes, please explain.

Response:

We have not noticed a difference in consumption patterns between the two customer distinctions described above. My testimony was based on my 20 years of experience in the customer service department at Providence Water. Many customers would comment on the rising cost of their utility bills across the board. When a complaint pertained to a water or sewer bill, our staff would provide cost-saving tips (conservation) in an effort to help customers reduce their consumption.

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PUC 1-3. On page 13 of his direct, Mr. Caruolo calculates a new City Service payment. He calculates this figure by using the CPI inflation rate and walks up the 2007 value of \$839,167 to a present-day value of \$1,258,750. Has Providence Water done any analysis to determine if this new amount is representative of the actual cost of the services being provided by the city? If yes, please provide the analysis. If not, please explain why no analysis was done.

Response:

Providence Water has not conducted an analysis to determine if the requested amount is representative of the actual cost of the services provided by the city.

It is my belief that the City of Providence does not keep detailed records that would break out all costs related to Providence Water for their city services. My belief is based on the fact the prior administration was unable to provide detailed records in the past. In light of this, I considered the use of the Consumer Price Index (CPI) to be a reasonable approach, especially given that there has not been any adjustment since 2007.

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- PUC 1-4.** On page 14 of his direct, Mr. Caruolo discusses the acquisition of the Johnston Water District.
- a. How many employees did Johnston Water District's (JWD) prior to the acquisition?
 - b. What were the job titles of the employees identified above?
 - c. Did PWSB convert JWD's employees to Providence Water employees? If yes, did they join PWSB at the same job titles they held at JWD? If no, please explain.

Response:

(a) It is my understanding that the Johnston Water District was managed by a private contractor named LaFramboise Water Service. I believe that town employees assisted with the collection of water bills. however I do not have the actual number of employees that were assigned to manage the utility.

(b) Please refer to (a) above.

(c) No.

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PUC 1-5. On page 14 of his direct, Mr. Caruolo states PWSB will be raising the meter reading fee charged to NBC from \$25,000 to \$100,000 annually. Please provide the analysis PWSB used to make this decision.

Response:

On April 15, 2001, Providence Water and Narragansett Bay Commission (“NBC”) entered into an agreement in which NBC would pay Providence Water an annual fee of \$25,000 for access to meter reading data. Under the agreement, Providence Water allows NBC to access customer accounts in their billing system to determine the water usage for each property. NBC uses this consumption data to calculate and bill customers for sewer usage, which is typically based on the amount of water used at a property. Additionally, from May to October, Providence Water regularly collaborates with NBC, typically once or twice a week, to shut off service for properties that have not paid their bills.

The fee has not changed since 2001, despite increased costs over the past 24 years. The new rate of \$100,000 annually still only accounts for approximately 30% of the costs associated with 2 meter readers, 1 billing supervisor, and 2 vehicles.

Below is a detailed breakdown of current and historical costs.

Current: Providence Water’s cost reading water meters for NBC bills

	Hourly rate	Hours per day	Days per month	Hours per month	EEs	Monthly	Annually
Meter Reader Technicians	\$40.09	8	19	152	2	\$12,187	\$146,248
Billing Supervisor	\$58.75			63	1	\$3,701	\$44,415
Vehicles	\$40.75	8	19	152	2	\$12,388	\$148,656
Total cost to read meters for NBC						\$28,276	\$339,319
NBC annual fee (FY26)							\$100,000 (29% of total)

Cost of two Meter Reader Technicians reading water meters per month:

2 Meter Reader Technicians @ \$40.09 per hour for 8 hours per day = \$641.44 per day

2 Meter Reader Technicians at \$641.44 times 19 days of reading = \$12,187.36 per month

Cost of one Billing Supervisor uploading, downloading, and reviewing reports per month:

1 Billing Supervisor @ \$58.75 per hour for 63 hours per month = \$3,701.25 per month

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Cost of two vehicles reading water meters per month:

2 vehicles @ \$40.75 per hour for 8 hours per day = \$652.00 per day

2 vehicles at \$652.00 times 19 days of reading = \$12,388.00 per month

Total monthly cost to read meters for NBC = \$28,276.61 per month

Total annual cost to read meters for NBC = \$339,319.32 per year

Additional costs not included:

- Itron Reading System Hardware and Maintenance = \$19,001.13 per year
- Billing system = \$329,516 per year

Historical (2001): Providence Water's cost reading water meters for NBC bills in 2001

	Hourly rate	Hours per day	Days per month	Hours per month	EEs	Monthly	Annually
Meter Reader Technicians	\$23.63	8	8	64	1	\$1,512	\$18,147
Billing Supervisor	\$41.17			63	1	\$2,593	\$31,124
Vehicles	\$31.25	8	8	64	1	\$2,000	\$24,000
Total cost to read meters for NBC						\$6,106	\$73,272
NBC annual fee (2001)							\$25,000 (34% of total)

Cost of one Meter Reader Technician reading water meters per month:

1 Meter Reader Technician @\$23.63 per hour for 8 hours per day = \$189.04

1 Meter Reader Technician @\$189.04 times 8 days of reading = \$1512.32

Cost of Billing Supervisor uploading, downloading, and reviewing reports per month:

1 Billing Supervisor @41.17 per hour for 63 hours per month billing = \$2593.71

Cost of one vehicle reading water meters per month:

1 vehicle @\$31.25 per hour for 8 hours per day = \$250.00

1 vehicle @\$250.00 x 8 days of reading = \$2000.00

Total monthly cost to read meters for NBC in 2001 = \$6,106.03

Total annual cost to read meters for NBC in 2001 = \$73,272

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PUC 1-6. On page 7 of his direct, Mr. Giasson explains that PWSB is evaluating new methods for sludge maintenance and removal. What was the existing method and what new methods are being considered?

Response

As part of the treatment process at the Water Treatment Facility (“WTF”), sludge is generated by two processes; (1) the settling of solids within the sedimentation basin, and (2) the capture of solids during filtration. The majority of the sludge (90-95%) is generated within the sedimentation basin with the remaining sludge generated through backwash of the filters.

Solids from the Sedimentation Basin

The sedimentation basins were originally constructed in 1926 and rehabilitated in 1939. Due to the age of these basins, the removal of sludge is inefficient and costly. Providence Water (“PW”) has tried several methods of sludge removal from the existing basins. There are two sedimentation basins, so when either sedimentation basin is taken offline for cleaning, PW has only one sedimentation basin in operation.

For many years, PW drained the sedimentation basins and manually washed them down, conveying the sludge (plus the water used to wash down the sedimentation basins) to the sludge lagoon complex (“lagoons”). A dredging machine was utilized to remove sludge from the lagoons and pump the sludge to drying beds where the sludge was allowed to thicken before being hauled off the WTF site.

In an effort to expedite the sludge removal process, PW bypassed the lagoon complex, directing sludge and water from the sedimentation basins directly to the drying beds. Space limitations within the existing drying beds restricted the amount of sludge that could be removed at one time. This method resulted in a sedimentation basin being offline (i.e. not operational) for a longer period of time than the previous method.

Currently, PW utilizes a dredging machine to pump the sludge from the sedimentation basin to geotextile tubes. This method also requires that the sedimentation basin be taken offline during the sludge removal process. The geotextile tubes expedite the drying of sludge. We are in the process of evaluating the effectiveness of this method.

Ultimately, the intent is to improve and modernize the sedimentation process as part of the rehabilitation or replacement of the WTF. During the design of the rehabilitation or replacement of the WTF, PW will evaluate different sludge removal techniques, considering capital costs and operational and maintenance costs.

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Solids Captured During Filtration

Sludge from the filtration process is generated from the backwashing of filters. When the filters are backwashed, the spent backwash water is sent to the lagoons. This sludge is treated and removed when the lagoons are dredged and the sludge is sent to the drying beds.

The lagoons consist of four unlined ponds and the drying beds consist of both lined and unlined open space. This method of sludge treatment and disposal is antiquated and inefficient. PW is evaluating modern alternatives, such as engineered drying beds which offer improved efficiency. PW is also exploring mechanical treatment and disposal options, such as a centrifuge or high-rate settling. PW will consider capital costs and operation and maintenance factors when evaluating all options.

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- PUC 1-7.** In Docket 4994, PWSB had 232 of 254 authorized positions filled (see docket 4994 Order #24871, dated November 27, 2023, page 2 https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-11/4994-ProvWater-Ord24871-RY2-Amendment_11-27-23.pdf). Exhibit I-5 in the current docket indicates that PWSB anticipates having 258 employees in FY 2026 and FY 2027.
- Does the personnel expense requested in the current docket request funding for 258 employees? Or is there turnover allowance included in the company's request?
 - Have any positions been eliminated since docket 4994? If yes, please identify.
 - What positions have been added since docket 4994 to raise the employee count from the previously authorized 254 to the currently requested 258?

Response:

- The personnel expense requested in the current docket is not based on a specific headcount of employees but rather reflects the level of funding Providence Water ("PW") anticipates needing to meet its staffing needs effectively. PW's executive team meets every two weeks to discuss staffing needs to ensure PW can operate efficiently while responding to dynamic conditions.

As further explained below, a turnover allowance is inherently included due to the personnel expense being grounded in actual annualized salaries from FY24. Given the turnover experienced in FY24, the resultant savings are integrated into the personnel expense without requiring a distinct adjustment for turnover.

The total annualized salaries from FY24 (test year) was \$18,125,374. (See Schedule HJS-3a.) During FY24, PW's employee count fluctuated due to normal turnover as follows:

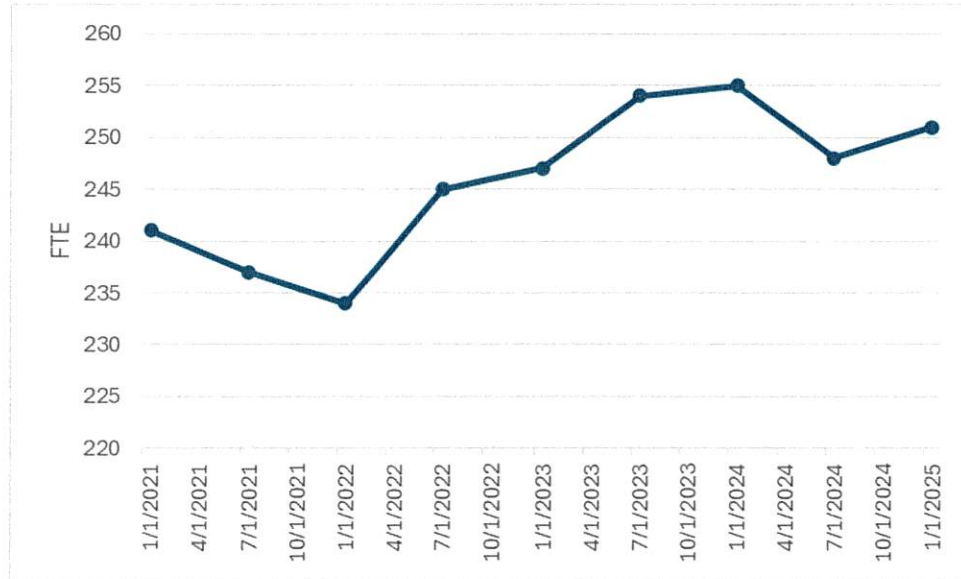
<u>Date</u>	<u>FTE</u>
7/1/2023	254
1/1/2024	255
7/1/2024	248

The total annualized salaries for FY25 are calculated as the annualized salaries for FY24 increased by 3% plus estimated step increases. Similarly, total annualized salaries requested for FY26 (rate year) are based on the annualized salaries for FY25 increased by 3% plus estimated step increases. These adjustments account for expected cost-of-living increases and progression-based salary adjustments to maintain competitive and equitable compensation for our employees.

Employee count fluctuations are expected due to normal turnover and hiring timelines. In FY24 for example, PW separated with 28 employees while adding 22 new employees.

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Factors such as retirements, separations, and changes in staffing needs contribute to these fluctuations. External factors, including the availability of qualified candidates and competitive compensation, also impact employee counts. While PW does not expect annual turnover to be quite as large as we saw in FY24, we do expect turnover from year to year. As you can see below, PW's FTE count has fluctuated over time.



- b. No positions have been eliminated.
- c. As stated in Mr. Caruolo's testimony, PW created an Information Security Department (ISD) in FY21. That department is comprised of six employees.

As noted in (a) above, the requested funding is intended to provide flexibility to manage our staffing needs effectively to meet operational requirements, not to achieve a fixed employee count.

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- PUC 1-8.** Please provide a table that includes the total amount for personnel expenses. The expenses should be itemized and should include the following:
- a. Salaries and Wages (broken down by FT, PT & Temp, if applicable and if data is available at that level of detail)
 - b. Overtime
 - c. Pension and Benefits
 - d. The table should include the above requested information for the following years:
 - i. Docket 4994, Rate Year 2 approved amounts
 - ii. Test Year (FY 2024)
 - iii. Interim Year (FY 2025)
 - iv. Rate Year (FY 2026)
 - e. Please include totals and subtotals where appropriate

RESPONSE:

Please see the attached Schedule PUC 1-8 Personnel Expenses – Salaries, Overtime, Pension and Benefits.

Schedule PUC 1-8
Personnel Expenses - Salaries, Overtime, Pension & Benefits
Docket 24-51-WW

PROVIDENCE WATER
PERSONNEL EXPENSES
SALARIES, OVERTIME, PENSION & BENEFITS

	Docket 4994 Rate Year Approved	Test Year 2024	Fiscal Year 2025	Rate Year 2026
SALARIES & WAGES				
Full Time Employee Wages	\$	17,230,533	\$	17,979,650
Part Time Employee Wages		44,625		49,000
Temporary Employee Wages		24,568		26,064
Overtime Wages		825,647		875,929
Total Salaries and Wages	\$	15,988,334	\$	18,904,371
PENSION AND BENEFITS				
1033 Union Combined Benefits	\$	666,613	\$	661,042
Union Pension	1,043,553	862,263	879,508	897,098
Educational Classes/Certification	1,619	800	800	800
Employee Assistance Program	-	1,579	2,100	2,793
FICA & Medicare	1,322,023	1,334,498	1,374,533	1,415,769
State Unemployment	10,716			
Healthcare EE Cash Payment	14,250			
1/2% Wage Assignment	48,596	48,163	49,126	50,109
Healthcare	2,780,224	2,645,090	2,777,345	2,916,212
Delta Dental	248,397	213,587	219,995	226,594
GASB 43/45 Reserve Required	757,438	684,500	711,880	740,355
State Retirement	-	6,396	6,716	7,052
City Retirement	4,836,370	4,520,373	4,746,392	4,983,711
Total Pension and Benefits	\$	11,729,799	\$	11,914,756
TOTAL SALARIES, PENSION & BENEFITS	\$	27,718,133	\$	30,333,807

Worksheet: PUC 1-8 - Personnel Expenses - Salaries, Overtime, Pension & Benefits
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PUC 1-9. Please provide an itemization of the Rate Year 1 Miscellaneous Revenue of \$2,286,215.

RESPONSE:

Please see table below:

Description	Amount
Interest	\$ 1,895
Interest on Delinquent Accounts	392,314
State 1 Surcharge - Other Water Revenue	176,705
Admin Fee NBC	100,000
State Inspection Fee for New Services	800
Miscellaneous	7,643
Narragansett Shut off Dollars	6,178
Narragansett Shut off Dollars	30,120
Permits	6,711
Remove Service	7,210
Restore For Repair	2,112
Restore For Season	15,670
Road Restoration	235,560
Saw Cutting the line during Road Repairs	47,150
Water service Shut Off Season	17,550
Shut Down Emergency	67,935
Title Search Charge	15,666
Rental Income	4,082
Flow Test	7,434
New Meters	131,410
Lost or Stolen Meters	11,998
Shut Off's/Turn-On	161,045
Credit Card Processing Fees	757,360
Bad Checks	28,889
Forest Product Sales	52,789
Misc Revenue Water Lien	(10)
Total	\$ 2,286,215