



July 14, 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 9

Dear Ms. DeLaRosa:

Enclosed, please find an original and nine copies of Providence Water's response to Commission 9-1 through 9-5.

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

Sincerely,

Cheryl McCreight
Finance Director

Cc: Service list (via email)

MEMBER

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Public Utilities Commission
Data Requests – Set 9
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PUC 9-1: Please update Settlement Schedule HJS-1. The updated schedule should include the following columns:

- a. Test Year FY24 (Existing Rates)
- b. Test FY24 Adjustments
- c. Adjusted Test Year FY24 (Existing Rates)
- d. Rate Year Adjustments
- e. Rate Year FY26 (Settled)
- f. *Please leave blank space between Rate Year FY26 (Settled) & Rate Year FY26 (Div Direct) columns*
- g. Rate Year FY26 (per Division Direct)
- h. Rate Year FY26 (per BCWA surrebuttal)

Please include Row numbers and Column letters on the schedule

RESPONSE:

Please see “Commission 9-1 and 9-2 v2.xlsx” and “Commission 9-1 and 9-2 v2.pdf”

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PUC 9-2: Please provide updated Settlement Schedules HJS-22 through HJS-25 assuming that gradualism is utilized to bring each High Service Wholesale Customer to their actual Cost of Service in 2 equal steps in FY 2026 and FY 2027. Please include Row numbers and Column letters on the schedules.

RESPONSE:

Please see “Commission 9-1 and 9-2 v2.xlsx” and “Commission 9-1 and 9-2.pdf v2”. Note that updated Settlement HJS-22 impacts the wholesale rates only. Accordingly, there is no change to Settlement Schedule HJS-25.

Providence Water believes this alternative schedule is a reasonable approach to gradualism because it moves the rates for each group in the appropriate direction (a reduction for low service customers and an increase for high service customers), while mitigating the impact of an immediate shift to cost of service.

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PUC 9-3: Paragraph 4(d) of the settlement referring to the inflation adjustment states in part: “This adjustment reduces the PWSB revenue requirement by \$98,828 in RY 2026 and \$168,725 in RY 2027.” Mr. Ralph Smith in his Direct at page 14 states in part: “PWSB’s proposed FY 2026 and FY 2027 increases of \$98,828 and \$101,101, respectively, for general inflation are being removed.” Please explain the difference in Ralph’s FY 2027 adjustment of \$168,725 and the settlement FY 2027 adjustment of \$101,101.

RESPONSE:

The settlement adjustment of \$168,725 represents the cumulative impact of Providence Water’s two inflation adjustments: 4.76% in FY 2026 (to inflate two years from FY 2024 to FY 2026) and 2.3% in FY 2027 (to inflate one year from FY 2026 to FY 2027). In other words, the revenue requirement for FY 2026 includes \$98,828 in inflation impact and FY 2026 includes an additional \$69,897 or \$168,725 in total. Looking at the two rate years independently, as the settlement does, the impact is \$98,828 in FY 2026 and \$168,725 in FY 2027. The inflation adjustments are totaled on the last page of Rebuttal HJS-12 under “Total Other Expenditures” Removing both adjustments has a cumulative impact of \$168,725 in FY 2027.

The difference between the settlement and Mr. Ralph Smith’s direct testimony is that inflation adjustment percentage was removed from FY 2026 only. In other words, the 4.76% on HJS-11 was removed but the 2.3% was retained.

This can be see on Mr. Ralph Smith’s Schedules RCS-6p1, which indicates that the \$101,101 was determined by removing “test year to FY 2026 general inflation.” The impact, in FY 2027, of removing the first adjustment, but not the second, is \$98,828, plus \$2,273, which represents the 2.3% inflation adjustment applied to the \$98,828. In other words, if the \$98,828 had been included for FY 2026, it would have been inflated again in FY 2027 to \$101,101. Since the adjustment was excluded, the revenue requirement difference of removing the first adjustment only is \$101,101 in FY 2027.

To summarize \$101,101 represents the impact of removing the FY 2026 adjustment (4.76%) only, including the de minimus impact of the additional 2.3% of \$98,828 (\$2,273), which would have been included in FY 2027. \$168,725 represents the combined impact of removing both inflation adjustments.

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PUC 9-4: Settlement Schedule HJS-3a – Adjustments to Salaries and Wages identifies a 3% contractual increase effective July 1, 2026 identified as “Estimated”. Has this contract increase been finalized? If yes, what increase was granted/approved?

RESPONSE: The contract has been approved by City Council but has not been fully executed as of this date. The contractual increase is 2.75% in FY26 and 3.5% in FY27.

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PUC 9-5: Please update Settlement Schedule HJS-10c - IFR by adding columns for FY 2029, 2030 and 2031. Please include Row numbers and Column letters on the schedule.

RESPONSE:

IFR Expenditures in FY 2029, FY 2030 and FY 2031 will primarily be dictated by the needs at the Water Treatment Facility. As stated in response to PUC 3-4, Providence Water expects to have the Water Treatment Facility Plan completed by the end of calendar year 2025. In addition, Providence Water is in the process of finalizing our five-year update to our Infrastructure Replacement Plan, which will also be completed by the end of calendar year 2025. As such, providing IFR and debt service projections for FY 2029 through FY 2031 at this time would be purely speculation.