



**PROVIDENCE WATER SUPPLY BOARD'S
APPLICATION FOR AUTHORITY TO BORROW
UP TO \$26,200,000 FROM THE
DRINKING WATER STATE REVOLVING FUND
THROUGH THE RI INFRASTRUCTURE BANK**

December 2025

D-25-_____



December 5, 2025

Ellen Golde, Clerk
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

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

RE: Application for Authority to Borrow up to \$26,200,000
Docket No. D-25-_____

BOARD OF DIRECTORS

- Ateesh S. Chanda**
Chairperson
- Cristen L. Raucci, Esq.**
Vice Chairperson
- Juan M. Pichardo**
Council President Pro Tempore
- Oscar O. Vargas**
Councilperson
- Sara Silveria**
Ex-Officio
- Dr. Alma M. Guerrero Bready**
Member
- Raphael O. Okelola**
Member
- Carissa R. Richard**
Secretary
- William E. O’Gara, Esq.**
Legal Advisor

Dear Ms. Golde:

Enclosed for filing are an original and four copies of Providence Water’s application for authority to borrow up to \$26,200,000 from the Drinking Water State Revolving Fund through the RI Infrastructure Bank.

If you have any questions, please contact me at 401-521-6300 ext.7238.

Sincerely,

Cheryl McCreight
Senior Director Finance

- cc: R. Caruolo
- G. Giasson
- D. Tikoian
- K. Mello
- M. Blais
- K. Grande, Esq.
- File

MEMBER
Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

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Providence, RI 02907

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PROVIDENCE WATER SUPPLY BOARD

Application for Authority to Borrow from the Rhode Island Infrastructure Bank in an amount
of \$26,200,000

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STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: PROVIDENCE WATER SUPPLY BOARD'S APPLICATION FOR BORROWING AUTHORITY	DOCKET NO. D-25-_____
--	-----------------------

R.I.G.L. § 39-3-15
APPLICATION OF THE PROVIDENCE WATER SUPPLY BOARD
FOR AUTHORITY TO BORROW UP TO \$26.2 MILLION FROM
THE RHODE ISLAND INFRASTRUCTURE BANK

In the above-entitled cause, the Providence Water Supply Board represents that:

1. The Providence Water Supply Board was created in 1940 by Chapter 832 of the Public Laws of the State of Rhode Island.
2. Providence Water seeks to borrow from the Drinking Water State Revolving Fund an amount not to exceed \$26,200,000.00 primarily to fund improvements to the Providence Water distribution system and appurtenances thereto, including but not limited to the replacement of public and private side lead services.
3. The borrowing will be provided by the Rhode Island Infrastructure Bank, pursuant to a resolution of the Providence Water Supply Board dated May 21, 2025.
4. The loan will be secured by the Providence Water Enterprise Fund Revenues under the Providence Water Supply Board Bond Indenture.
5. The borrowing may reimburse Providence Water for project costs incurred from inception of the project until the actual funding date.
6. In accordance with Section 1.14 of the Rules of Practice and Procedure of the Division of Public Utilities and Carriers, written testimony and supporting exhibits are attached hereto, including the written testimony of Katherine Mello and Cheryl McCreight of Providence Water, and Matthew Blais of Hilltop Securities.
7. In accordance with Section 1.14 of the Rules of Practice and Procedure of the Division of Public Utilities and Carriers, a copy of this application has been filed with the Attorney General.

WHEREFORE, the Providence Water Supply Board respectfully requests that the Division of Public Utilities and Carriers authorize and consent to the borrowing from the Rhode Island Infrastructure Bank an amount not to exceed \$26,200,000.00.

PROVIDENCE WATER SUPPLY BOARD

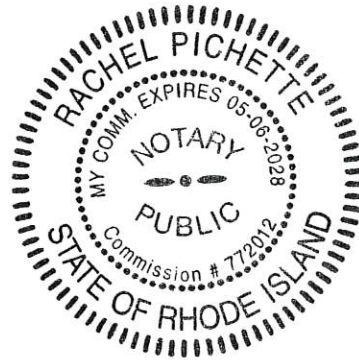
BY: 
Ricky Caruolo
GENERAL MANAGER

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

Subscribed and sworn before me this 4th day of December, 2025.

Notary Public 

My Commission Expires: 05/06/2028



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: PROVIDENCE WATER SUPPLY BOARD : Docket No. D-25-_____
APPLICATION FOR BORROWING AUTHORITY

NOTICE OF FILING AND PUBLIC HEARING

Pursuant to the provisions of the Rhode Island General Laws §39-3-15 and §39-3-17, the Division of Public Utilities and Carriers (Division) will conduct a public hearing on _____ at _____ in Hearing Room B of the Division, located at 89 Jefferson Boulevard, Warwick, Rhode Island.

At this hearing, the Division will examine the propriety of an application filed by the Providence Water Supply Board seeking consent and approval to obtain financing in an amount of \$26,200,000 through revenue bonds to be sold by the Rhode Island Infrastructure Bank for the Drinking Water State Revolving Fund. The proceeds from the sale of the bonds will be used to clean, line, and/or replace water mains located throughout the Providence Water distribution system.

The application is on file and may be examined at the Division office and at the office of the Providence Water Supply Board, 125 Dupont Drive, Providence, Rhode Island. The application can also be accessed at <https://ripuc.ri.gov/> _____. Reference is made to Chapters 39-1, 39-3 and 42-35 of the Rhode Island General Laws.

The Division is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Clerk's office at 780-2107 at least _____ in advance of hearing date.

Linda George, Administrator

_____2025


STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: PROVIDENCE WATER SUPPLY BOARD DOCKET NO. D-25-_____

STATEMENT IN ACCORDANCE WITH R.I.G.L. § 39-3-17

Ateesh S. Chanda, Chairman, and Carissa R. Richard, Secretary, Providence Water Supply Board, after being duly sworn, hereby make the following statement in accordance with R.I.G.L. § 39-3-17:

1. Providence Water Supply Board has filed with the Rhode Island Division of Public Utilities and Carriers an Application to Borrow from the Rhode Island Infrastructure Bank in the amount of twenty-six million, two hundred thousand dollars (\$26,200,000).
2. The debt will be incurred primarily for the purpose of the rehabilitation of water mains and appurtenances within the system, including but not limited to the replacement of public and private side lead services.
3. The total estimated project costs including cost of issuance, loan origination, etc., that will be borrowed are not to exceed twenty-six million, two hundred thousand dollars (\$26,200,000).
4. Attached hereto is the latest Audited Financial Statement of the Providence Water Supply Board, showing the assets and liabilities of the utility.



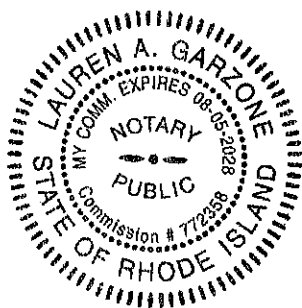
Ateesh S. Chanda, Chairman



Carissa R. Richard, Secretary

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

Subscribed and sworn before me this 20th day of November, 2025.





Notary Public
My Commission Expires: 8-5-2028

Testimony

of

CHERYL A. MCCREIGHT

before the

RI DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN SUPPORT OF APPLICATION FOR
AUTHORIZATION TO BORROW
FROM THE RHODE ISLAND INFRASTRUCTURE BANK
IN AN AMOUNT NOT TO EXCEED \$26.2 MILLION

for

PROVIDENCE WATER SUPPLY BOARD

December 2025

Docket No. D-25-_____

1 **Q. Please state your full name and title.**

2 A. Cheryl A. McCreight, Senior Director Finance for the Providence Water Supply Board.

3

4 **Q. Please describe your educational background and work experience.**

5 A. I graduated from Providence College with a Bachelor of Science in Marketing. I have
6 been employed at Providence Water since June 2023. I was previously employed by the
7 Providence Public Schools Department for 16 years, most recently as the Senior Budget
8 Director and prior to that as Director of Operations.

9

10 **Q. What is the purpose of your testimony?**

11 A. To provide information in support of Providence Water's application to borrow \$26.2 million
12 from the Rhode Island Infrastructure Bank (RIIB). The proceeds of the borrowing will be
13 used primarily to fund improvements to the Providence Water distribution system and
14 appurtenances thereto, including but not limited to the replacement of public and private side
15 lead service. It is Providence Water's intent to primarily utilize the loan portion of the
16 funding to replace the public side of the lead service and the principal forgiveness portion of
17 the funding to replace the private side of the lead service.

18

19 **Q. Is this amount sufficient to cover costs to replace all public and private lead
20 services?**

21 A. Please refer to Katherine Mello's testimony regarding the lead service replacement
22 program.

23

1 **Q. What is the source of funds for payment of the debt service?**

2 A. In order to pay the debt service, Providence Water will use rate revenue as approved by
3 the PUC in the Restricted Infrastructure Replacement Fund.

4
5 **Q. What will be the impact to ratepayers from this borrowing?**

6 A. Providence Water does not need a rate increase to cover the initial repayments because
7 the transfer of rate revenue to the Restricted Infrastructure Replacement Fund is currently
8 sufficient. Providence Water planned for additional borrowings in its most recent, two-
9 step rate filing – Docket 24-51-WW – approved by the PUC on August 1, 2025, and
10 included the estimated debt service payments of \$2.2 million in FY26 and \$3.9 million in
11 FY26. This additional borrowing was included in the estimated additional debt service
12 for FY2026 and FY2027.

13
14 **Q. Have you addressed the requirements of RIGL § 39-3-17 regarding the approval of
15 the financing by the Providence Water Supply Board and the City of Providence?**

16 A. Yes. At the May 21, 2025 Board Meeting, the Providence Water Supply Board
17 authorized the General Manager to seek approval from the Providence City Council for
18 financing from the RI Infrastructure Bank for an amount not to exceed \$26.2 million. The
19 Ordinance authorizing this borrowing was approved on July 9, 2025. See Exhibit CM-1.

20
21 **Q. Have you presented a pro forma capital structure showing the effect of the bond
22 issuance as required by Section 1.14 of the Division’s Rules of Practice and
23 Procedure?**

1 Yes. Exhibit CM-2 shows a present and pro forma capital structure demonstrating the
2 effects of the bond issue. Our projected debt to net property, plant, and equipment (“debt
3 to plant”) with this issue would be 38.06%. Our financial consultant has indicated that
4 rating agencies consider a ratio of debt to plant of less than 40% to be low and of 40% to
5 60% to be moderate.

6
7 **Q. What are the terms of the financing?**

8 A. The bonds will be issued under the Trust Indenture dated March 5, 2008. The City,
9 Providence Water, and the bond trustee will enter into a Supplemental Indenture relating
10 to these bonds. In this filing, Matthew Blais, our financial consultant with Hilltop
11 Securities, a division of Hilltop Securities, Inc., provides testimony and additional
12 information on the bond issuance and debt service requirements. The general terms of the
13 borrowing are:

14
15 Bonds will be funded through the Drinking Water State Revolving Fund (DWSRF) and
16 will carry a term of approximately 20 years from the projected date of borrowing. The
17 loan qualifies for principal forgiveness equal to 49% of the loan amount, up to
18 \$12,838,000. RIIB’s program requires that Providence Water and the City must be
19 contractually committed to pay interest at the market rate, even though the loan is
20 expected to carry a fully subsidized interest rate of 0%. The expected interest cost will
21 reflect a 0% subsidized interest loan, or 100% off the current market rates. Based upon
22 market conditions as of November 20, 2025, it is anticipated that the market interest rate
23 on the loan will not exceed 3.73%, which, with the 100% subsidy, would result in a

1 projected subsidized rate of 0%. For Division approval, we would recommend a not to
2 exceed market rate of 5%. See Exhibit CM-3.

3

4 **Q. What is the security for the bonds?**

5 A. The bonds will be secured with a revenue pledge by the Providence Water Enterprise
6 Fund Revenues under the Providence Water Bond Indenture.

7

8 **Q. Has Providence Water received a commitment letter from the RI Infrastructure
9 Bank?**

10 A. Yes, it has. See Exhibit CM-4.

11

12 **Q. Has Providence Water received a Certificate of Approval from the RI Department
13 of Health?**

14 A. Yes, it has. See Exhibit CM-5.

15

16 **Q. Does this conclude your testimony?**

17 A. Yes.



CHAPTER 2025--25

No. 316 **AN ORDINANCE OF THE CITY OF PROVIDENCE APPROVING IMPROVEMENTS TO THE PROVIDENCE WATER SUPPLY BOARD DISTRIBUTION SYSTEM, INCLUDING BUT NOT LIMITED TO THE REPLACEMENT OF PUBLIC AND PRIVATE SIDE LEAD SERVICES AND ALL ATTENDANT EXPENSES AND APPROVING THE FINANCING THEREOF BY THE ISSUANCE OF WATER REVENUE BONDS AND NOTES THEREFOR IN AN AMOUNT NOT TO EXCEED \$26,200,000.00**

Approved July 9, 2025

Be it ordained by the City of Providence:

SECTION 1. A sum not to exceed Twenty-Six Million Two Hundred Thousand Dollars (\$26,200,000) is appropriated to fund improvements to the Providence Water Supply Board ("Providence Water") distribution system, including but not limited to the replacement of public and private side lead services and all attendant expenses, funding of a debt service reserve fund and costs of issuance. The period of usefulness of the improvements financed is expected to be not less than forty (40) years.

SECTION 2. To provide funding for the program, in accordance with Chapter 46-12.8 of the Rhode Island General Laws, the City Treasurer and the Mayor are hereby authorized to borrow an amount not exceeding Twenty-Six Million Two Hundred Thousand Dollars (\$26,200,000) from the Rhode Island Infrastructure Bank, and to evidence such loan, such officers are hereby authorized to issue and refund on behalf of the City, in an amount not exceeding Twenty-Six Million Two Hundred Thousand Dollars (\$26,200,000) water revenue bonds (the "Bonds") of the City, at one time, or from time to time in order to meet the foregoing appropriation.

SECTION 3. The said officers from time to time may issue and refund not exceeding \$26,200,000 interest bearing or discounted water revenue notes (the "Notes") in anticipation of the issue of said Bonds.

SECTION 4. The Bonds and Notes shall be payable solely from revenues of the Providence water supply system. The City may issue bonds, notes, or other obligations on a parity with these Bonds. The manner of sale, amount, denominations, maturities, conversion or registration privileges, interest rates, medium of payment, and other terms, conditions and details of the Bonds or Notes may be fixed by the officers authorized to sign the Bonds or Notes. The net debt of the City is not affected by the issuance of the Bonds or Notes and the Bonds and Notes authorized hereby will be within all debt and other limitations prescribed by the Constitution and the laws of Rhode Island.

SECTION 5. Pending the issuance of the Bonds under Section 2 hereof or pending or in lieu of the issue of Notes under Section 3 hereof, the General Manager of Providence Water may expend funds from the Water Fund of the City for the purposes specified in Section 1 hereof. Any advances made under this section shall be repaid without interest from the proceeds of the Bonds or Notes issued hereunder or from the proceeds of applicable federal or state assistance or from other available funds.

SECTION 6. The City Treasurer, the Mayor and the General Manager of Providence Water are also authorized, empowered and directed, on behalf of the City, to: (i) execute, acknowledge and deliver a Supplemental Indenture (the "Supplemental Indenture") by and between the City and U. S. Bank Trust Company, National Association, as successor trustee to U.S. Bank National Association (the "Trustee") amending and supplementing the Trust Indenture dated June 5, 2008 by and between the City and the Trustee (as supplemented, the "Indenture") relating to the Bonds and any and all other loan agreements, documents, including disclosure documents for investors, certificates or instruments necessary to effectuate such borrowing; (ii) amend, modify or supplement the Indenture, the Bonds or Notes and any and all other loan agreements, documents, certificates or instruments at any time and from time to time, in such manner and for such purposes as such officers shall deem necessary, desirable or advisable; (iii) direct the Trustee with regard to investments of trust funds pursuant to the Trust Indenture, and (iv) do and perform all such other acts and things deemed by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this Ordinance.

SECTION 7. The City Treasurer, the Mayor and the General Manager of Providence Water are hereby authorized to deliver the Bonds or Notes to the purchaser and, to the extent that such Bonds or Notes may be issued on a tax-exempt basis, said officers are hereby authorized and instructed to take all actions, on behalf of the City and Providence Water, necessary to ensure that interest on the Bonds or Notes will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds or Notes to become subject to federal income taxes.

SECTION 8. The Director of Finance, the Mayor and the General Manager of Providence Water are authorized to take all actions necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule") and to execute and deliver one or more Disclosure Certificates in connection with the Bonds or Notes in the form as shall be deemed advisable by the Director of Finance, the Mayor and the General Manager of Providence Water in order to comply with the SEC Rule. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Certificates, as they may be amended from time to time. Notwithstanding any other provision of this Ordinance or the Bonds or Notes, failure of the City or Providence Water to comply with a Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Providence Water to comply with its obligations under this Section and under the Disclosure Certificate.

SECTION 9. This Ordinance shall take effect upon passage.

IN CITY COUNCIL
 JUN 26 2025
 FIRST READING
 READ AND PASSED
Jana L. Mastoperson
 CLERK

IN CITY COUNCIL
 JUL 07 2025
 FINAL READING
 READ AND PASSED
Rachel M. Miller
 RACHEL M. MILLER, PRESIDENT
Jana L. Mastoperson
 CLERK

I HEREBY APPROVE.
Brett Smiley
 Mayor
 Date: 7/9/25



**RESOLUTION
OF THE
PROVIDENCE WATER SUPPLY BOARD**

A Resolution of the City of Providence Water Supply Board authorizing the General Manager to petition the Division of Public Utilities & Carriers to authorize long-term borrowing and to provide an effective date.

The Hon. Brett P. Smiley
Mayor

Ricky Caruolo
General Manager

WHEREAS, the City of Providence Water Supply Board (the "Board") is an agency of the City of Providence, Rhode Island and owns and operates a Water Supply System (the "System"); and

BOARD OF DIRECTORS

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Chairperson

Cristen L. Raucci, Esq.
Vice Chairperson

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Council President Pro Tempore

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Councilperson

Sara Silveria
Ex-Officio

Dr. Alma M. Guerrero Bready
Member

Raphael O. Okelola
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

WHEREAS, the Board desires to make certain expenditures related to the Lead Service Line Replacement Program (the "Project"), and

WHEREAS, it is the intent of the Board to borrow funds in an amount not to exceed twenty-six million, two hundred thousand dollars (\$26,200,000.00) for the Project.

NOW, THEREFORE, BE IT RESOLVED:

❖ That the Board authorizes the General Manager to petition the Division of Public Utilities & Carriers to authorize long-term borrowing, and to authorize the City and Board to borrow through the Rhode Island Infrastructure Bank and/or any other funding avenues for the Project.

❖ This resolution shall take effect upon passage.

The above and foregoing was duly adopted and approved at a meeting of the City of Providence Water Supply Board as held on May 21, 2025, by vote of the members of the Providence Water Supply Board present.

MEMBER

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

An EPA WaterSense Partner


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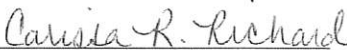
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Ateesh S. Chanda, Chairman
Providence Water Supply Board


Carissa R. Richard, Secretary
Providence Water Supply Board



**RESOLUTION
OF THE
PROVIDENCE WATER SUPPLY BOARD**

A Resolution of the City of Providence Water Supply Board expressing the intention of the Board to reimburse expenditures from the proceeds of the Notes, Bonds, or Loans for certain expenditures related to the Lead Service Line Replacement Program and to provide an effective date.

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

WHEREAS, the City of Providence Water Supply Board (the "Board") is an agency of the City of Providence, Rhode Island and owns and operates a Water Supply System (the "System"); and

BOARD OF DIRECTORS

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Chairperson
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Ex-Officio
- Dr. Alma M. Guerrero Bready
Member
- Raphael O. Okelola
Member
- Carissa R. Richard
Secretary
- William E. O'Gara, Esq.
Legal Advisor

WHEREAS, the Board desires to make certain expenditures related to the Lead Service Line Replacement Program, including but not limited to the replacement of public and private side lead services (the "Project"); and

WHEREAS, it is the intent of the Board to borrow funds in an amount not to exceed twenty-six million, two hundred thousand dollars (\$26,200,000) for the Project and any cost of issuance and/or reserves as required.

NOW, THEREFORE, BE IT RESOLVED:

❖ This Resolution is an affirmative action of the Board towards the issuance of Bonds, Notes, or Loans through the RI Infrastructure Bank and/or other funding avenues. This resolution constitutes the Board's declaration of official intent pursuant to Treasury Regulation 1.150-2 to reimburse the Board's funds and accounts for certain infrastructure expenditures paid on or after the date which is sixty (60) days prior to the date of this resolution but prior to the issuance of the Bonds, Notes, or Loans.

❖ That the Board authorizes the General Manager to borrow through the Rhode Island Infrastructure Bank and/or any other funding avenues for the Project.

❖ This resolution shall take effect upon passage.

The above and foregoing was duly adopted and approved at a meeting of the City of Providence Water Supply Board as held on May 21, 2025 by vote of the members of the Providence Water Supply Board present.

MEMBER

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Ateesh S. Chanda, Chairman
Providence Water Supply Board

Carissa R. Richard, Secretary
Providence Water Supply Board

**PROVIDENCE WATER
CAPITALIZATION
as of 6/30/2025**

		<u>Due</u>	<u>Interest Rate</u>	<u>Actual Outstanding (1)</u>	<u>Pro-Forma Amount</u>
<u>Long Term Debt:</u>					
Safe Drinking Water Revenue Bonds 2008A	(2)	9/1/2029	2.85%	11,068,000	13,050,000
ARRA Stimulus Bonds 2009	(3)	9/1/2030	.041 - 3.14%	3,433,250	3,433,250
Clean Water Watershed Bonds 2012	(4)	9/1/2032	.072 - 2.53%	1,373,000	1,373,000
Clean Water Watershed Bonds 2013	(5)	9/1/2033	.019 - 2.53%	2,123,000	2,123,000
Safe Drinking Water Revenue Bonds 2013	(6)	9/1/2034	.022 - 2.63%	13,969,000	13,969,000
Safe Drinking Water Revenue Bonds 2014	(7)	9/1/2034	3.29%	4,482,000	4,482,000
Safe Drinking Water Revenue Bonds 2015	(8)	9/1/2035	1.78%	18,989,000	18,989,000
Safe Drinking Water Revenue Bonds 2017	(9)	9/1/2036	1.56%	11,070,095	11,070,095
Safe Drinking Water Revenue Bonds 2019	(10)	9/1/2039	1.97%	11,536,000	11,536,000
Safe Drinking Water Revenue Bonds 2008 (ESWD)	(11)	9/1/2038	3.00%	50,000	50,000
Safe Drinking Water Revenue Bonds 2013A (ESWD)	(11)	9/1/2033	2.78%	299,015	299,015
Safe Drinking Water Revenue Bonds 2020 (PSLSR)	(12)	9/1/2030	0.00%	1,364,452	1,364,452
Safe Drinking Water Revenue Bonds 2020	(13)	9/1/2039	1.17%	15,435,000	15,435,000
Safe Drinking Water Revenue Bonds 2021	(14)	9/1/2040	1.45%	17,947,000	17,947,000
Efficient Buildings Fund Revenue Bonds 2023	(15)	9/1/1942	2.96%	4,840,000	4,840,000
Safe Drinking Water Revenue Bonds 2023	(16)	9/1/2042	2.09%	5,076,000	5,076,000
Safe Drinking Water Revenue Bonds 2023 #2	(17)	9/1/2043	0.00%	25,292,000	25,292,000
Safe Drinking Water Revenue Bonds 2025	(18)	9/1/2045	0.00%	26,300,000	26,300,000
Safe Drinking Water Revenue Bonds 2025	(19)	9/1/2045	2.47 - 3.52 %		21,000,000
Safe Drinking Water Revenue Bonds 2026	(20)	9/1/2045	0.00%		26,200,000
Total Bonds				\$ 174,646,812	\$ 223,828,812
Total Capitalization				<u>\$ 174,646,812</u>	<u>\$ 223,828,812</u>
Total Assets	(21)			\$ 695,934,494	\$ 695,934,494
Debt/Total Assets				25.10%	32.16%
Net Utility Plant	(21)			\$ 588,098,947	\$ 588,098,947
Debt/Net Utility Plant				29.70%	38.06%

- (1) Includes long term and current amounts as of June 30, 2024
- (2) Borrowing 05/19/08 CWFA08a for Various IFR Projects from IFR Funds.
- (3) Borrowing 9/09 CWFA09 for Various Projects from ARRA Stimulus Funds.
- (4) Borrowing 6/12 CWFA for Watershed Acquisition paid from WQPF.
- (5) Borrowing 6/12 CWFA for Watershed Acquisition paid from WQPF.
- (6) Borrowing 05/06/13 CWFA13 for Main Replacements & Appurtenances.
- (7) Borrowing 12/04/14 CWFA14 for Main Replacements & Appurtenances.
- (8) Borrowing 12/02/2015 RIIB for Central Operations Facility.
- (9) Borrowing 5/10/2017 RIIB for Water Main Rehabilitation / Replacement Project.
- (10) Borrowing 6/27/2019 RIIB for Water Main Rehabilitation / Replacement Project.
- (11) Borrowing by the East Smithfield Water District (ESWD) assumed by Providence Water when ESWD merged with Providence Water Jan. 13, 2017.
- (12) Borrowing for the Private Side Lead Service Replacement Loan Program.
- (13) Borrowing 6/28/2020 RIIB for Main Replacements & Appurtenances.
- (14) Borrowing 6/29/2021 RIIB for Main Replacements & Appurtenances.
- (15) Borrowing 5/4/2023 RIIB for Energy Efficiency projects.
- (16) Borrowing 5/23/2023 RIIB for Main Replacements & Appurtenances.
- (17) Borrowing 12/19/2023 RIIB for Lead Service Replacement Loan Program.
- (18) Borrowing 4/28/2025 RIIB for Lead Service Replacement Loan Program.
- (19) Borrowing Scheduled Approximately December 2025 RIIB for Main Replacements & Appurtenances.
- (20) Borrowing Scheduled Approximately January 2026 RIIB for Lead Service Replacement Loan Program.
- (21) From Unaudited Balance Sheet Amounts as of 6/30/25

PROVIDENCE WATER		
Comparison of Interest Rates		
		Interest Rate \$26.2 Million

Market Rate (AIC)		3.731%
Total Interest Payments	\$	5,153,278
Below-Market Rate (AIC)		0.000%
Total Interest and Fee Payments ¹	\$	408,497

Savings:		
Interest Rate		3.731%
Interest Payments	\$	4,744,781
Interest Rate Savings/Market Rate		100.000%

1. Represents RIIB's 0.30% Loan Servicing Fee

Prepared by HilltopSecurities



275 Promenade Street, Suite 301
 Providence, Rhode Island 02908
Riib.org

December 3, 2025

Richard Caruolo
 General Manager
 Providence Water Supply Board
 125 Dupont Drive
 Providence, RI 02907

RE: Providence Water Supply Board - up to \$26,200,000 for Drinking Water State Revolving Fund Loan for Replacement of Lead Service Lines

Dear Mr. Caruolo,

I am pleased to inform you that the Board of Directors of Rhode Island Infrastructure Bank (the "Bank"), pursuant to policies and procedures adopted in accordance with the Safe Drinking Water Act Amendments of 1996 and Chapter 46-12.8 of the Rhode Island General Laws, has approved the March 10, 2025 application of the Providence Water Supply Board (the "Borrower") at the Bank's November 17, 2025 Board Meeting. The Bank will provide financial aid in the form of a loan on the terms stated below, in an amount not to exceed \$26,200,000 for a term not to exceed 20 years after project completion (the "Loan"). Subject to the terms of this letter and the closing documents, the Bank shall forgive 49% of the Loan amount related to lead service line replacement up to \$12,838,000.

This approval is subject to the Borrower meeting the following terms, that:

- 1) all projects to be funded appear on the Rhode Island Department of Health's ("RIDOH") Project Priority List and have Certificates of Approval ("COA") issued;
- 2) the Loan complies with all applicable Federal, State, RIDOH and Bank laws, rules and regulations;
- 3) the loan and debt service requirements be approved by any applicable regulatory agency;
- 4) a satisfactory loan agreement be signed by all parties to the transaction (the "Agreement");
- 5) the loan will be made subject to availability of funds as related to the Bank's capacity; and,
- 6) that the loan will be made subject to ranking on RIDOH's Project Priority List.

TERMS AND CONDITIONS

1) **Division of Public Utilities and Carriers**

Prior to entering into the Agreement, the Borrower must receive approval from the Division of Public Utilities and Carriers to enter into long-term financing with the Bank, if such approval is required by law, rule, or regulation.

2) **Certificate of Approval**

Prior to disbursement of funds by the Bank, the Bank must be in receipt of COA by RIDOH of the Borrower's proposed project(s), pursuant to Title 46-12.8 of the Rhode Island



General Laws, and any rules and regulations promulgated thereunder.

3) **Loan Agreement**

The Agreement shall outline the specific terms and conditions of the Bank's loan program, as more generally set forth below and in the Agreement, including the Loan to the Borrower. The Borrower's repayment obligation to the Bank under the Agreement will be evidenced by a Bond(s) of the Borrower outlining the Loan's specific terms and conditions (the "Bond(s)"). The Bonds shall be in fully marketable form, accompanied by documentation, in form and substance satisfactory to the Bank, and an opinion, in form and substance satisfactory to the Bank, of nationally recognized bond counsel satisfactory to the Bank as to its valid authorization, execution, delivery and enforceability. The general provisions of the Agreement, which will be more fully set forth prior to the time of the pricing of the loan by the Bank will include, without limitation, the following provisions:

(a) **Borrowing Rate**

The stated interest rate on the Bond, which is the Borrower's market rate (the "Market Rate"), is the prevailing market tax-exempt interest rate for issuers of comparable creditworthiness to the Borrower, as determined by the Bank on the advice of their financial advisor after consultation with the Borrower. The subsidized interest rate for the Loan is zero percent (0%) (the "Subsidized Interest Rate"). The Borrower will be obligated by the Bond to pay the Market Rate but will be billed only at the Subsidized Interest Rate. If the Borrower or other borrowers of the Bank should default in timely payment of debt service on the Loan or on the loans to such other borrowers of the Bank, the Bank may require the Borrower to pay up to the Market Rate on the Bond.

Interest will be calculated based on a 360-day year and twelve thirty-day months, and may be capitalized during construction. Interest payments are semi-annually on March 1 and September 1.

(b) **Amortization**

Amortization will begin at a mutually agreed upon date, but in no case later than the September 1 following completion of the construction of the projects financed by the Loan. Principal payments shall be made annually on September 1 of each year and the schedule of payments will be structured to meet the debt service and financial assistance needs of the Borrower.

(c) **Final Maturity**

The Loan will mature up to twenty years after the completion of the funded projects.

(d) **Prepayments**

A Loan may be prepaid by the Borrower at any time but may be subject to a



prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Bank, or any other negative financial impact to the Bank.

(e) **Security**

The Loan will (a) have a pledge of general revenues, (b) have a pledge of water system user fee revenues, and (c) may be secured by any assets and upon such other terms and conditions the Bank and Borrower deem appropriate to protect the interests of the other participants in the loan programs of the Bank, bondholders, other creditors of the Bank, or the finances of the Bank.

4) **Construction Progress Payments**

Progress payments for each construction project will be made through the Construction Proceeds Fund (“CPF”). Loan proceeds will be transferred to the CPF for the benefit of the Borrower based upon approved requisition forms submitted to the Bank. Upon receipt of the requisition form, the Bank will verify: a) that a COA has been issued by RIDOH; b) that the vendor is identified in the contract; and c) that there is sufficient availability in the CPF to make the payment. Payments will be made directly to the vendor and/or the Borrower for reimbursements by the Bank, and a “paid” stamped copy of the requisition form will be sent to the Borrower and RIDOH.

The Borrower acknowledges that RIDOH may perform periodic project inspections to a) monitor construction progress; b) verify eligibility of construction costs under the program; and c) ensure that construction is in conformity with plans and specifications as submitted by the Borrower. RIDOH will perform periodic inspections to a) monitor construction progress; b) verify eligibility of construction costs under the program and c) ensure that construction is in conformity with Plans and Specifications. RIDOH will provide a copy of the inspection report to the Bank. Any adverse conditions will be reported to the Bank who will suspend further payments until the adverse conditions have been rectified. RIDOH will perform a final project inspection before the final payment is made by the Bank.

5) **Reporting Requirements**

The Borrower shall provide the following information to the Bank during the life of the Loan:

- (a) a copy of the annual audited financial statements of the Borrower’s water system in accordance with Generally Accepted Government Accounting Standards, within 9 months of the end of each fiscal year.
- (b) unless included as a part of the audited financial statements furnished pursuant to item 5(a) or the annual budget furnished pursuant to item 5(c) , an analysis of operating revenues and expenses, including without limitation, a description of the



status of all revenues securing the Bond and of any operating expenses in excess of budget, annually within 9 months of the end of fiscal year.

(c) a copy of the annual budget of the Borrower's water system, within fifteen days of its adoption.

(d) copies of reports submitted to RIDOH, the federal Environmental Protection Agency ("EPA") and any other regulatory agency relating to any project financed by the Loan, simultaneously with such submission.

(e) such other information or reports as and when the Bank may reasonably require.

6) **Compliance with State and Federal Law**

The Borrower must comply with all applicable state and federal laws and regulations, including but not limited to the federal Safe Drinking Water Act, as amended and regulations issued thereunder, Davis-Bacon prevailing wage requirements, the Infrastructure Investment and Jobs Act ("IIJA") which includes Build America, Buy America Act ("BABA") requirements, EPA Guidance on Use of American Iron and Steel, and all requirements related to the use of federal Lead Service Line Replacement ("LSLR") funding.

In addition, the Borrower must agree to take all action, or refrain from taking any action, that would cause interest on any obligations of the Bank to be included, for federal income tax purposes, in the gross income of the holders of such obligations.

7) **Fees**

An origination fee of the greater of \$1,000 or 1% of the principal amount of the Loan will be payable to the Bank by the Borrower at the time of the Loan's closing. All other costs incidental to the Borrower's role in the transaction (i.e., legal fees, financial advisory fees, bond insurance premiums and the like, shall be paid by the Borrower). The Bank will charge an annual service fee of 0.3% of the Loan's outstanding principal, payable semi-annually at each interest payment date. A late payment fee will be charged for every 15 days that a payment is late of 5% of the amount of the late payment.

8) **Modifications**

The Bank and the Borrower may waive or modify any provisions herein or agree to additional requirements as appropriate.

9) **Merger**

Once the Agreement, the Bond and all other closing documents, in form and substance



satisfactory to the Bank, associated with the making of the Loan (collectively, the “Closing Documents”) are executed, the terms of this letter shall be merged with those of the Closing Documents. The terms of the Closing Documents shall govern the extension of the Loan to the Borrower. To the extent that any provisions contained in this letter are inconsistent with the definitive provisions contained in the Closing Documents, the terms of the Closing Documents shall control.

10) **Beneficiaries**

This letter shall constitute a binding commitment between the Bank and the Borrower. No third party shall have any rights arising hereunder. The Borrower shall indemnify and hold the Bank harmless from all claims arising from or in connection with this letter, the Loan or the project financed thereby. In any case, the Bank’s liability under this letter shall be limited to the amount held in the Borrower’s CPF from time to time.

Please sign and return one original copy of this letter to the Bank at 275 Promenade Street, Suite 301, Providence, RI 02908 or via email.

I would like to take this opportunity to thank you for your participation in the Bank’s loan program. Please be assured that every effort will be made to get the lowest total cost for your long-term capital needs. If you have any questions, please do not hesitate to call me.

Very truly yours,

RHODE ISLAND INFRASTRUCTURE BANK

By: 
William J. Fazioli
Executive Director

Accepted this 5th day of December, 2025

By: 
Title: General Manager
Authorized Official

Name and Address of Legal Counsel and/or Bond Counsel to the Borrower

Karen S. D. Grande, Trattmann, Pepper, Locke
2800 Financial Plaza
Providence, RI 02903

**DRINKING WATER STATE REVOLVING FUND
CERTIFICATE OF APPROVAL**

9589 0710 5270 2539 8804 40

The City of Providence public water system (PWS # RI1592024) (hereinafter, Providence Water) has met the program requirements of the Drinking Water State Revolving Fund (DWSRF) for the proposed Accelerated Lead Service Line Replacement project and is eligible to apply for a DWSRF loan from the Rhode Island Infrastructure Bank (RIIB). This project includes the complete and simultaneous replacement of lead service lines throughout the Providence Water service area and the distribution of NSF certified pitcher filters or point of use devices to customers whose lead service lines are replaced. The work will occur within the Providence Water distribution system service area. It is the intent that the project will be funded through a DWSRF loan. Part of Providence Water's Accelerated Lead Service Line Replacement Program was previously approved by RIDOH in two Certificates of Approval (COAs). The first was issued on 10/27/2023 and funded in Loan PRVW-DW-FY24 for \$26,300,000. The second was issued on 03/05/2025 and funded in Loan PRVW-DW-FY25 for \$26,300,000. This COA is for an additional loan that will fund another portion of the Accelerated Lead Service Line Replacement Program for \$26,300,000 and Providence Water intends to apply for additional funding for the project. Providence Water has certified that it will comply with the requirements of applicable State and Federal laws in its application package for this COA. In addition to the requirements included in the Preliminary Engineering Approval Letter date 03/05/2025, the following conditions detailing certain specific requirements for this construction project apply to the extent the project is funded through a DWSRF loan:

1. Providence Water is responsible for complying with the requirements of any loan agreement that it may enter into with RIIB for DWSRF funding/financing and all State and Federal authorities that may apply as a result of receiving DWSRF funding/financing, including federal cross-cutting authorities (i.e. the authorities such as federal laws, executive orders, and government-wide policies that apply by their own terms to projects and activities receiving federal financial assistance, regardless of whether the statute authorizing the assistance makes them applicable). Providence Water must submit to RIDOH documentation to demonstrate compliance with the requirements associated with DWSRF funding/financing, including the specific compliance documentation identified herein, documentation with any pay requisition as applicable and pertinent to the costs sought to be reimbursed or paid for, and any other documentation that may otherwise be requested by RIDOH. Compliance documentation required prior to project construction includes but is not limited to:
 - a. An approved Minority Business Enterprise (MBE) utilization plan shall be obtained from the Minority Business Enterprise Compliance Office within the Rhode Island Office of Division of Equity Diversity and Inclusion prior to issuing the Notice to Proceed. A copy of the approved MBE utilization plan shall be sent to RIDOH once available for the project file.

Please note that, depending on the ultimate source of funds for the expected DWSRF funding/financing, Providence Water may be required to comply with the requirements of the Build America, Buy America Act (BABA). To the extent Providence Water conducts any work prior to executing a DWSRF funding/financing agreement and confirmation from RIIB as to whether it is subject to BABA, Providence Water is encouraged to comply with BABA, including the requirement to obtain and submit to RIDOH manufacturer BABA certification letters for all iron, steel, construction materials, and manufactured products used in the project, prior to installation.

2. Providence Water is responsible for obtaining any other necessary permits or approvals from any Federal or State agency with authority over the project or project area.
3. All engineering and construction related costs incurred prior to May 13, 2022 are ineligible for DWSRF Program Participation.
4. Any and all proposed additions or revisions to RIDOH-approved architectural/engineering reports related to the project, including but not limited to specifications and plans, and any contractor change orders that may impact the scope of the RIDOH-approved work, must be submitted for RIDOH review and approval. Please note that work on the project may need to stop while RIDOH reviews any such proposed changes. To the extent Providence Water conducts any work that has not been approved by RIDOH, such work is at risk of not being reimbursed or paid for with DWSRF funds.
5. Providence Water must follow all requirements of the Categorical Exclusion issued by RIDOH on 10/27/2023, including any mitigation measures referenced therein.
6. Lead Service Line Requirements: Providence Water must follow all requirements for lead service line discoveries, replacements, and disturbances, including notice, mitigation measures, and tap sampling requirements, identified in the Categorical Exclusion issued by RIDOH on 10/27/2023 and in any agreement that it may enter into with RIIB for DWSRF funding/financing, and otherwise as may be required by local, state, or federal law or regulation.

In accordance with Sections 46-12.8-8 and 46-12.8-9 of the General Laws of the State of Rhode Island and federal requirements, RIDOH has determined that the combined useful/design life of the project proposed by Providence Water exceeds the anticipated twenty-year DWSRF loan amortization schedule. This determination assumes that Providence Water will take all necessary action to preserve the useful/design life of the project.

As soon as Providence Water enters into any funding/financing agreement with RIIB, please contact RIDOH's DWSRF Project Managers at RIDOH.EngineeringDWQ@health.ri.gov to discuss specific DWSRF compliance requirements that may attach to the funding/financing agreement.

Amy

Parmenter

Digitally signed by Amy
Parmenter
Date: 2025.09.16
14:09:19 -04'00'

9/16/25

Amy Parmenter, Chief Administrator
Center for Drinking Water Quality

Date

Project Name: Accelerated Lead Service Line Replacement
Project Number: 24-04
Associated PPL: SFY2022 – SFY2025

Testimony
of
KATHERINE MELLO, P.E., BCEE
before the
RI DIVISION OF PUBLIC UTILITIES AND CARRIERS

In support of Providence Water Supply Board's

APPLICATION FOR AUTHORIZATION TO BORROW UP TO \$26,200,000 FROM THE
RHODE ISLAND INFRASTRUCTURE BANK

for

PROVIDENCE WATER

December, 2025

Docket No. D-25- _____

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

2 A. My name is Katherine Mello and I am the Deputy General Manager of Operations for the
3 Providence Water Supply Board. I have general oversight of the Engineering, Water Supply
4 and Water Quality Departments.

5

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

7 A. I obtained a Master's of Science in Environmental Engineering from Worcester Polytechnic
8 Institute in 1997 and a Bachelor of Science in Civil Engineering from Worcester Polytechnic
9 Institute in 1995. I have worked for the Providence Water Supply Board for just over eleven
10 years as an Advisory Professional Engineer from 2014 to 2019, Senior Manager from 2019
11 to 2020, Senior Director of Operations from 2020 to 2022, and Chief of Technical Services
12 from 2022 to 2024. I am currently the Deputy General Manager. Prior to working at
13 Providence Water, I worked at the consulting firm CDM Smith for 17 years where I worked
14 on a variety of drinking water projects as both a project engineer and project manager. I am
15 a Registered Professional Engineer in the State of Rhode Island.

16

17 **Q. What is the primary use of the funds from this borrowing?**

18 A. In November of 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law.
19 As stated by the American Water Works Association, "the U.S. Infrastructure Investment and
20 Jobs Act (H.R. 3684, also known as the Bipartisan Infrastructure Act), launched a new era of
21 significant investment in rehabilitating and updating the nation's water infrastructure." The

1 IIJA will make significant funds available through the Drinking Water State Revolving Fund
2 (DWSRF) to water utilities for infrastructure improvements.

3
4 The IIJA includes funding for public and private side lead service replacements. For Rhode
5 Island, approximately \$28 million per year will be available for lead service replacements,
6 which includes approximately \$14 million for grants and principal forgiveness. Over the
7 next five years, approximately \$150 million will be available for lead service replacements.

8
9 The funds will be used for Providence Water's Accelerated Lead Service Line Replacement
10 Program (LSLR Program). The goal of the LSLR Program is to replace all of Providence
11 Water's public and private lead services over the next eight years, subject to the availability
12 of sufficient IIJA and other funding sources such as Water Infrastructure Improvements for
13 the Nation (WIIN) and Congressionally Directed Spending (CDS) grants.

14
15 Providence Water will utilize the loan portion of the funding to replace the public side of the
16 lead service and the principal forgiveness portion of the funding to replace the private side of
17 the lead service.

18
19 **Q. What is a public side and a private side lead service?**

20 A. A water service line carries water from the water main in the street into the customer's home.
21 As shown in **Exhibit KMT-1**, the public side of the service is from the main in the street to

1 the curb stop. This portion of the water service line is owned by Providence Water. The
2 private side of the water service is from the curb stop to the building/residence and is owned
3 by the customer.

4
5 **Q. How many lead services does Providence Water have in your system?**

6 A. Providence Water has approximately 6,300 known public side lead services and 22,000
7 known private side lead services. There are approximately 6,400 service lines for which the
8 material (e.g., lead or not lead) has not yet been verified.

9
10 **Q. How much funding does Providence Water need to replace all public and private lead
11 services?**

12 A. Utilizing data from projects that were most recently bid, the cost for a public side lead
13 service is approximately \$7,000 and the cost for a private side lead service is approximately
14 \$5,500. Utilizing this bid data, the estimated cost to replace all of Providence Water's known
15 public side lead services is \$49,000,000 and the estimated cost to replace all of Providence
16 Water's known private side lead services is \$110,000,000. These are estimated costs as the
17 replacement costs may fluctuate due to factors such as rising cost of labor and material,
18 ability to access customers' homes, and contractor availability.

19
20 **Q. How will Providence Water manage the LSLR Program?**

1 A. Providence Water has engaged the engineering firm CDM Smith to utilize their experience
2 and expertise managing large, accelerated lead service line replacement programs in Newark
3 New Jersey, Trenton New Jersey, and Washington DC. CDM Smith is managing most
4 aspects of the LSLR Program including customer engagement, project design, project
5 bidding, and construction inspection.

6

7 **Q. Is Providence Water currently in compliance with the Lead and Copper Rule?**

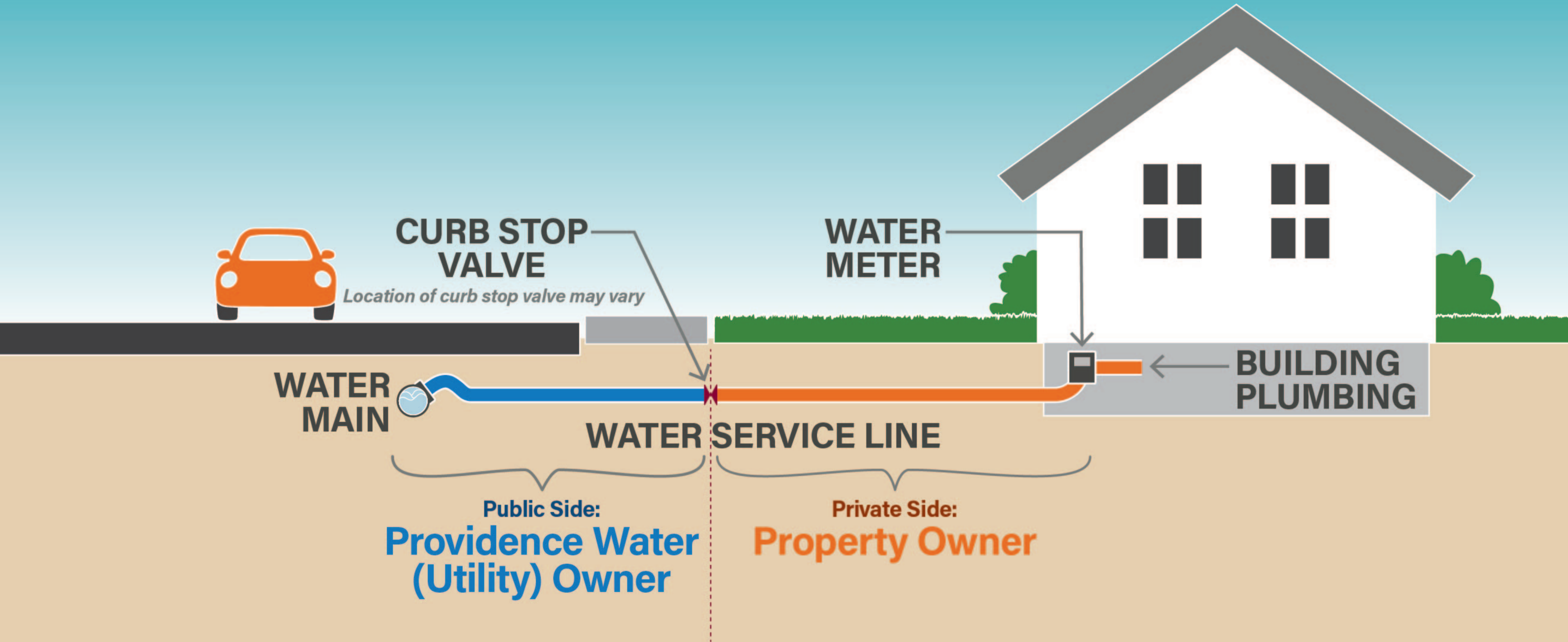
8 A. Yes. Providence Water has been below the Action Limit (AL) since January 2021 thanks to
9 our multi-pronged approach to reducing lead at our customers' tap. Our most recent results
10 (first semester of 2025) are the best results Providence Water has had since we began testing
11 under the Lead and Copper (LCR) in 1996. Our multi-pronged approach includes: (1) lead
12 service line replacement, (2) water main rehabilitation, (3) corrosion control treatment, (4)
13 public education and outreach, and (5) unidirectional flushing. The LSLR Program will be a
14 continuation of Providence Water's efforts to minimize lead at our customers' tap and to
15 remain in compliance with the recently promulgated Lead and Copper Rule revisions.

16

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

18 A. Yes, it does.

Exhibit KMT-1



Testimony

of

MATTHEW J. BLAIS

before the

RI DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN SUPPORT OF APPLICATION FOR AUTHORIZATION TO BORROW FROM THE
RHODE ISLAND INFRASTRUCTURE BANK
IN AN AMOUNT NOT TO EXCEED \$26,200,000

for

PROVIDENCE WATER SUPPLY BOARD

Docket No. _____

1 **Q: Please state your name and business address.**

2 A: My name is Matthew J. Blais, and I am a Senior Vice President at Hilltop Securities
3 Inc. (“HilltopSecurities”) in the Lincoln, Rhode Island office.

4
5 **Q: Please state your duties at HilltopSecurities.**

6 A: I am a member of the firm’s public finance department serving as financial advisor
7 in Rhode Island providing municipal advisory services to state, local and regional
8 government agencies for infrastructure projects in the water, wastewater, general
9 government, education and transportation sectors among others, primarily in Rhode
10 Island and Maine. I have responsibility for HilltopSecurities’ involvement with
11 borrowings by numerous public agencies and more than 25 Rhode Island agencies
12 and municipalities. On average, our office assists Rhode Island clients with the
13 origination of more than \$500 million in public financing issues annually.

14
15 **Q: Please describe your qualifications and experience.**

16 A: I have approximately 12 years’ experience in the public finance field and hold a
17 Bachelor of Science degree with a concentration in economics and political sciences
18 from the University of Rhode Island. I am a registered Municipal Advisor with the
19 Municipal Securities Rulemaking Board, holding the Series 52, Series 63, and the
20 Series 50, Municipal Advisor Representative License.

21
22 **Q: Have you previously testified before the Public Utilities Commission and
23 Division of Public Utilities and Carriers?**

24 A: I have testified before the Division of Public Utilities and Carriers (“Division”) on
25 behalf of Providence Water Supply Board (“Providence Water”) and Kent County
26 Water Authority. I have not testified before the Public Utilities Commission
27 (“Commission”); however, I have assisted with several dockets which required
28 testimony before the Commission.

29
30 **Q: Please describe your role in this proceeding.**

31 A: I am assisting Providence Water Supply Board and its financing team with respect

1 to the issuance of debt through a borrowing from Rhode Island Infrastructure Bank
2 (“RIIB”). I have been asked by Providence Water to provide information on the
3 debt service requirements for its proposed borrowing, and to respond to related
4 questions.

5
6 **Q: Please discuss Providence Water’s financing plans.**

7 A. As set forth in its Application for Approval of Borrowing Authority, Providence
8 Water seeks to obtain a loan in the amount of up to twenty-six million three
9 hundred thousand dollars (\$26,200,000). It is expected that the loan will be funded
10 by RIIB’s Drinking Water State Revolving Fund (DWSRF) at below market rates
11 equal to 100% off Providence Water’s market rate at the time of pricing equating to
12 a 0% interest loan. The funds will be used for lead service replacement. Katherine
13 Mello has described the project in her testimony, and I will provide the details of
14 the financing for the project.

15
16 **Q. Can you explain how the financing will work for the \$26,200,000 borrowing?**

17 A. Yes. Providence Water has borrowed from RIIB through the Drinking Water State
18 Revolving Fund (DWSRF) in the past. This loan will be similar to those previously
19 approved by the Division. In accordance with the Safe Drinking Water Act
20 Amendments of 1996, the State of Rhode Island has created a Drinking Water State
21 Revolving Fund administered by RIIB to provide financial assistance to water
22 suppliers. This fund uses federal capitalization grants and state matching funds to
23 provide subsidized loans to water suppliers for qualifying projects listed on the
24 Project Priority List maintained by the Department of Health. RIIB receives
25 capitalization grants from the federal government and state matching funds and sells
26 bonds in the public market to obtain capital to make loans to its drinking water
27 borrowers pursuant to loan agreements. This project has been identified in
28 Providence Water’s capital program and is listed on the Department of Health’s
29 Project Priority List. Therefore, this project qualifies for a subsidized DWSRF loan
30 from RIIB.

31

1 **Q. Does this loan differ from Providence Water’s past borrowings through RIIB?**

2 A. Yes, there are some differences.

3

4 **Q. Can you explain the differences?**

5 A. Yes, the Infrastructure Investment and Jobs Act (IIJA), passed by the United States
6 Congress in November 2021, provides approximately fifteen billion dollars
7 (\$15,000,000,000) for Lead Service Line Replacement (LSLR) to Drinking Water
8 State Revolving Funds nationally. RIIB expects approximately \$150 million in IIJA
9 LSLR funds over the five-year period. Forty-nine percent (49%) of these funds will
10 be provided to communities as grants or principal forgiveness loans, and 51% of the
11 funds will be available to communities for low-interest loans. To access the IIJA
12 funds, a water utility must replace the private side of any lead service when it
13 replaces the public side. Although the United States Environmental Protection
14 Agency (EPA) has not issued final rules for the IIJA LSLR, the EPA has issued a
15 guidance document suggesting that a water utility using these DWSRF funds cannot
16 replace a public side service if it cannot replace the private side. RIIB has advised
17 that loan proceeds from the DWSRF can be used to replace identified private side
18 lead service connections. It is expected that the loan agreement will include the
19 same provision included in Providence Water’s 2023 borrowing (Docket D-23-17)
20 and 2025 borrowing (Docket D-24-21) related to the replacement of private side
21 lead services. This new provision was included in loan agreements reviewed by the
22 Division in Newport Water Division's Application For Borrowing Authority
23 (Docket D-22-14), Pawtucket Water Supply Board’s Application for Borrowing
24 Authority (Docket D-22-15) and Woonsocket Water Division’s Application for
25 Borrowing Authority (Docket D-23-05).

26

27 **Q. Will the funds be provided as grants or principal forgiveness loans?**

28 A. RIIB has informed Providence Water that this loan will be eligible for 49%
29 principal forgiveness. Providence Water expects to utilize the loan portion of the
30 funding to replace the public side of the lead service and the principal forgiveness
31 portion of the funding to replace the private side of the lead service.

1 **Q: What is the term of this borrowing and the applicable interest rate?**

2 A. The term is approximately 20 years from the projected date of borrowing. RIIB's
3 program requires that Providence Water and the City must be contractually
4 committed to pay interest at the market rate, even though it is anticipated that we
5 will be charged only the subsidized interest rate (for this transaction, 0%). The
6 expected interest cost will reflect a 0% subsidized interest loan, or 100% off the
7 current market rates. Based upon market conditions as of November 20, 2025, it is
8 anticipated that the market interest rate on the loan will not exceed 3.73%, which,
9 with the 100% subsidy, would result in a projected subsidized rate of 0%. For
10 purposes of Division approval, we would recommend a not to exceed market rate of
11 5.00% because even though this is a 0% subsidized interest rate loan, it is still
12 subject to RIIB's standard step-up to the market rate as described in the loan
13 agreement.

14
15 **Q: How will the funds from this borrowing be disbursed?**

16 A: Approximately \$25,162,560 will be available for project expenditures,
17 approximately \$685,440 will be set aside in the debt service reserve fund, and
18 approximately \$352,000 is allocated for costs of issuance, including rating agency
19 fees, bond counsel, financial advisor and trustee fees, and the origination fee.

20
21 **Q: What are the applicable schedules and deadlines for this financing?**

22 A: This borrowing is anticipated to take place in January 2026. RIIB generally requires
23 that all borrower approvals be in place and that all appeal periods expire prior to
24 mailing the RIIB Preliminary Official Statement and pricing borrower loans.

25
26
27 **Q: What is the projected schedule of debt service for the contemplated new
28 borrowings?**

29 A: The projected debt service for the new borrowings is displayed in Schedule MB-1.
30 For the \$26,200,000 loan, average annual debt service is expected to be
31 approximately \$689,000 per year at the projected subsidized interest rate of 0%,
32 including the RIIB annual fee. This amount is subject to change based upon the

1 actual project costs, draw schedule and actual interest rate subsidy at the time of
2 borrowing. During the construction period, Providence Water is expected to pay
3 interest based on the construction draw schedule at a subsidized rate of 0%. As
4 stated previously, Providence Water needs Division approval to pay interest at the
5 market rate estimated at 3.73%, and to accommodate market movement between
6 now and the Bonds price, we are recommending Division approval of a market rate
7 not to exceed 5%.

8

9 **Q: Does this complete your testimony?**

10 A: Yes, it does.

**Rhode Island Infrastructure Bank
Drinking Water Loan, Series 2026
Preliminary Numbers as of November 20, 2025 (0% Interest Loan)**

Loan Debt Service

Providence WSB- \$26.2M DW Loan (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Principal Forgiveness	Net Principal	(2) Interest	Net Fees @ 0.300%	Total Fees & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
01/28/26									-
03/01/26	-	-	-	-	-	3,674.55	3,674.55	3,674.55	-
09/01/26	1,273,000.00	-	(623,770.00)	649,230.00	-	20,043.00	20,043.00	669,273.00	672,947.55
03/01/27	-	-	-	-	-	19,069.16	19,069.16	19,069.16	-
09/01/27	1,277,000.00	-	(625,730.00)	651,270.00	-	19,069.16	19,069.16	670,339.16	689,408.32
03/01/28	-	-	-	-	-	18,092.25	18,092.25	18,092.25	-
09/01/28	1,281,000.00	-	(627,690.00)	653,310.00	-	18,092.25	18,092.25	671,402.25	689,494.50
03/01/29	-	-	-	-	-	17,112.29	17,112.29	17,112.29	-
09/01/29	1,285,000.00	-	(629,650.00)	655,350.00	-	17,112.29	17,112.29	672,462.29	689,574.58
03/01/30	-	-	-	-	-	16,129.26	16,129.26	16,129.26	-
09/01/30	1,288,000.00	-	(631,120.00)	656,880.00	-	16,129.26	16,129.26	673,009.26	689,138.52
03/01/31	-	-	-	-	-	15,143.94	15,143.94	15,143.94	-
09/01/31	1,292,000.00	-	(633,080.00)	658,920.00	-	15,143.94	15,143.94	674,063.94	689,207.88
03/01/32	-	-	-	-	-	14,155.56	14,155.56	14,155.56	-
09/01/32	1,296,000.00	-	(635,040.00)	660,960.00	-	14,155.56	14,155.56	675,115.56	689,271.12
03/01/33	-	-	-	-	-	13,164.12	13,164.12	13,164.12	-
09/01/33	1,300,000.00	-	(637,000.00)	663,000.00	-	13,164.12	13,164.12	676,164.12	689,328.24
03/01/34	-	-	-	-	-	12,169.62	12,169.62	12,169.62	-
09/01/34	1,304,000.00	-	(638,960.00)	665,040.00	-	12,169.62	12,169.62	677,209.62	689,379.24
03/01/35	-	-	-	-	-	11,172.06	11,172.06	11,172.06	-
09/01/35	1,308,000.00	-	(640,920.00)	667,080.00	-	11,172.06	11,172.06	678,252.06	689,424.12
03/01/36	-	-	-	-	-	10,171.44	10,171.44	10,171.44	-
09/01/36	1,312,000.00	-	(642,880.00)	669,120.00	-	10,171.44	10,171.44	679,291.44	689,462.88
03/01/37	-	-	-	-	-	9,167.76	9,167.76	9,167.76	-
09/01/37	1,316,000.00	-	(644,840.00)	671,160.00	-	9,167.76	9,167.76	680,327.76	689,495.52
03/01/38	-	-	-	-	-	8,161.02	8,161.02	8,161.02	-
09/01/38	1,320,000.00	-	(646,800.00)	673,200.00	-	8,161.02	8,161.02	681,361.02	689,522.04
03/01/39	-	-	-	-	-	7,151.22	7,151.22	7,151.22	-
09/01/39	1,324,000.00	-	(648,760.00)	675,240.00	-	7,151.22	7,151.22	682,391.22	689,542.44
03/01/40	-	-	-	-	-	6,138.36	6,138.36	6,138.36	-
09/01/40	1,328,000.00	-	(650,720.00)	677,280.00	-	6,138.36	6,138.36	683,418.36	689,556.72
03/01/41	-	-	-	-	-	5,122.44	5,122.44	5,122.44	-
09/01/41	1,332,000.00	-	(652,680.00)	679,320.00	-	5,122.44	5,122.44	684,442.44	689,564.88
03/01/42	-	-	-	-	-	4,103.46	4,103.46	4,103.46	-
09/01/42	1,336,000.00	-	(654,640.00)	681,360.00	-	4,103.46	4,103.46	685,463.46	689,566.92
03/01/43	-	-	-	-	-	3,081.42	3,081.42	3,081.42	-
09/01/43	1,340,000.00	-	(656,600.00)	683,400.00	-	3,081.42	3,081.42	686,481.42	689,562.84
03/01/44	-	-	-	-	-	2,056.32	2,056.32	2,056.32	-
09/01/44	1,344,000.00	-	(658,560.00)	685,440.00	-	2,056.32	2,056.32	687,496.32	689,552.64
03/01/45	-	-	-	-	-	1,028.16	1,028.16	1,028.16	-
09/01/45	1,344,000.00	-	(658,560.00)	685,440.00	-	1,028.16	1,028.16	686,468.16	687,496.32
	<u>26,200,000.00</u>		<u>(12,838,000.00)</u>	<u>13,362,000.00</u>	-	<u>408,497.27</u>	<u>408,497.27</u>	<u>13,770,497.27</u>	<u>13,770,497.27</u>

(1) Principal Forgiveness funds have been distributed to borrowers with loan proceeds used to fund Green Projects. See financing documents for details.

(2) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 0.000%.