



January 8, 2019

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

Mrs. Luly Massaro
Commission Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Dk 4618: Revenue Reserve Filing

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Dear Mrs. Massaro:

Enclosed please find an original and nine (9) copies of Providence Water's responses to the fourth set of data requests from Bristol County Water Authority dated December 6, 2018.

An electronic copy of this document has been provided to the service list. If you have any questions I can be reached at 521- 6300 extension 7217.

Sincerely,

A handwritten signature in blue ink that reads 'Mary L. Deignan-White'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Mary L. Deignan-White
Senior Manager of Regulatory

cc: service list (via email)

MEMBER

Rhode Island Water Works Assn.
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(401) 521-6300

125 Dupont Drive
Providence, RI 02907

www.provwater.com

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Providence Water Docket 4618

Data Requests of the Bristol County Water Authority-Set 4

BCWA 4-1: On November 27, 2018, the City of Providence Board of Contract and Supply issued a Request For Qualifications (RFQ) For The Providence Water Supply Board System. The RFQ states as follows:

“The City of Providence (the “City”) is issuing this Request for Qualifications (“RFQ”) to solicit and identify qualified entities interested in entering into a long-term concession lease (“Lease”) or similar transaction with the City to manage and operate the Providence Water Supply Board System (“System”). A primary purpose for the Lease is to secure the long-term, full-risk asset management for the System in the most economically efficient and environmentally friendly manner possible which will secure long-term rate stabilization, improved customer service and enhanced environmental quality. A commensurate purpose for the Lease is a lump-sum monetization or annual long-term revenue stream, or some combination of the two, to address the City’s long-term pension liabilities. The City is not considering the sale or unrestricted lease of the System to a private entity...Respondent must be prepared to complete the Lease negotiation process within the time period contained in the tentative schedule and complete the final closing, including project finance not later than June 30, 2019.”

- a. If the Rhode Island Public Utilities Commission grants Providence Water’s request to transfer \$5,526,671 from the restricted revenue reserve fund to its unrestricted operating account and then Providence Water closes on a lease “not later than June 30, 2019,” what will happen to the balance of any unspent transferred funds?
- b. What will happen to the unused fund balances in Providence Water’s other restricted accounts if it closes on a lease “not later than June 30, 2019.”
- c. Does Providence Water plan on seeking approval from the Rhode Island Public Utilities Commission before entering into a lease for its water system?

Response:

a. Upon approval by the PUC, the money from the restricted reserve revenue fund will first be used to fund restricted accounts that have gone underfunded due to the reduction in consumption. If any of the money from the restricted revenue reserve fund is also used to fund the operating revenue account, then it is Providence Water’s intention to transfer such funds back to the restricted revenue reserve fund if the system is leased prior to 6/30/19.

b. The funds will remain in the restricted accounts and we believe that they would continue to be subject to PUC oversight.

c. It is Providence Water’s intention to submit the terms of any such lease to the DPUC and/or the PUC for review and approval as appropriate unless legislation is passed that states otherwise.