



M E M O R A N D U M

To: Public Utilities Commission
From: Nancy Parrillo, Senior Manager - Finance
Date: September 25, 2019
Re: Private Side Lead Service Replacement Program Status Report

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

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Pursuant to the Docket 4618 Report & Order #23666 (item #7), and as approved by the Commission at an open meeting on February 16, 2017, Providence Water was authorized to fund a Private Side Lead Service Replacement Program at \$250,000.00 per year and to establish a 0% interest loan program in an effort to incentivize Providence Water’s customers to replace the private side lead services to their properties. This service is the line that carries water from the curb stop to the home/property.

Since our 0% Interest Loan Program began, we sent direct mailings to approximately 40,000 customers throughout our entire distribution system who were suspected of having a private side lead service. We also mailed approximately 3000 letters to customers in the neighborhoods where we were performing our planned main replacement work. Those neighborhoods were Fox Point, Mount Hope, and Blackstone Boulevard in Providence, Marieville in North Providence, and the Edgewood area of Cranston.

Below are the results of our program to date:

- 571 private side lead service replacement cost estimates have been completed;
- 365 agreements were signed to have the work completed;
- 285 private side lead services were replaced;
- 255 of the 285 replacements are recorded as 0% loans (balance awaiting completion of restoration work and billing by contractor)
- 80 private side lead services replacements are currently in the pipeline to be completed
- 496 additional estimates have been requested but have not yet been completed

Total 0% Interest Loans to date - \$938,957.00

Total Re-payments to date - \$360,153.00 (38%)

0% Interest Loans Paid-In-Full – 69 (\$253,776.09)

Average Cost, to date, for 0% Interest Loan Replacements - \$3,682.00

To fund this activity in the short term, Providence Water entered into a loan with the RI Infrastructure Bank (RIIB) in May of 2018. The loan was for \$1 million at 0% interest and no administrative fees. The funds can be drawn down over a 2-year period with a 3-year repayment schedule. The purpose of this was to mirror the terms being offered to Providence Water customers that availed themselves of the program. To date, the remaining amount available to draw from RIIB is \$61,042.74. Because of the current demand, Providence Water will be pursuing additional funding.