

Providence Water Docket 4994

Bristol County Water Authority **Data Request – Set 7** **MAY 1, 2020**

BCWA 7-1: With regard to the updates to Schedule HJS 10c set forth in Providence's response to Div. 6-15 and 6-16:

- a. Please state why the payments for the RIIB \$35M loan changed in the years FY20 – FY23.
- b. Please state why the amounts for Cash Funded Projects changed in the years FY20-23.
- c. For FY 22, please identify the source of the new debt service payments of \$344,414 and provide all supporting documentation.
- d. For FY 23, please identify the source of the new debt service payments of \$1,375,822 and \$344,414 and provide all supporting documentation.

RESPONSE:

- a. The Rhode Island Infrastructure Bank has refunded several of their bond issues recently and the savings resulted in Providence Water receiving a portion of those savings resulting in lower debt service.
- b. The amounts for the cash funded projects changed because in DIV 6-16 we included a breakout of cost of issuance (COI) in the Bond Funding Activity. By including COI as a cost in the bond funding it reduces the amount of funds in the bonds for the financed project and shifts it into the cash funded portion of the uses.
- c. The source of the new debt service payments is included in the proposed new additional rate funding of \$4 million.
- d. The source of the new debt service payments is included in the proposed new additional rate funding of \$6 million.

Providence Water Docket 4994

Bristol County Water Authority **Data Request – Set 7** **MAY 1, 2020**

BCWA 7-2: With regard to Providence’s response to DIV. 6-15, Providence indicates its debt service payments for the proposed new borrowings “have been revised from the initial filing due to more current information received from our financial adviser...” As set forth in the schedule attached to DIV. 6-15, this has resulted in increase in new debt service payments in FY21, 22 and 23. Please set forth how the original new debt service payments were calculated in Schedule HJS 10c and how each of Providence’s calculations changed based on the more current information received from the financial advisor and provide all supporting documentation.

RESPONSE:

In the initial filing, we estimated borrowing \$19.1 million in FY2021, 2022, and 2023. This is the dollar amount required by the Bilateral consent Agreement between Providence Water and the RIDOH. However, cost of issuance (COI) is deducted from the par amount of the loan - \$19.1 million at the time of closing – leaving an amount less than the \$19.1 million available for actual construction. This difference between the \$19.1 million and that amount less the COI must be made up by using the pay-as-you-go cash. This causes a shortfall in the amount of cash needed for the pay-as-you-go projects planned for in the IFR plan. In order to ensure that there is sufficient funds available in the bonds to cover both the project costs and the COI, we increased the amount to borrow from \$19.1 million to \$21 million. By increasing the amount to be borrowed, the debt service payments increase as well.

The debt service payments were originally scheduled to begin in FY2022. However, due to a shift in the schedule of issuing loans by the Rhode Island Infrastructure Bank, debt service on the new loan – the first \$19.1 million to be borrowed in FY2021 – will actually be borrowed at the very end of FY2020 and will incur debt service payments in FY2021 that were not anticipated in the initial filing.

See BCWA 7-2a and 7-2b.

Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps

Sources & Uses

Providence Water- \$19.1M DWSRF Loan (AA Rated, Revenue Pledge)

Sources:

Drinking Water Loan Amount	19,100,000.00
-	-
-	-
-	-
-	-
-	-
-	-
Total Sources	<u>19,100,000.00</u>

Uses:

Direct Loan - Deposit to Construction Fund	17,575,791.90
Principal Forgiveness Funds	-
Deposit to DSRF	1,253,208.10
Bond Insurance	-
Capitalized Interest	-
Loan Origination Fee (1.0%)	191,000.00
Costs of Issuance - Local Level	80,000.00
Total Uses	<u>19,100,000.00</u>

Providence Water - Direct Loan Statistics (Exclusive of Fees):
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Weighted Average Maturity (Years)	10.8700
Market Yield on the Loan:	2.728%
Effective Yield* on Direct Loan	2.050%
Net Effective Subsidy:	24.85%

***Effective Yield incorporates:**

* 25% DWSRF Interest Rate Subsidy

Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps

Loan Debt Service

Providence Water- \$19.1M DWSRF Loan (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Interest	Net Fees @ 0.300%	Total Fees & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
05/27/20							-
09/01/20	1,000.00	1.250%	92,263.60	14,961.67	107,225.27	108,225.27	108,225.27
03/01/21	-	-	176,468.45	28,648.50	205,116.95	205,116.95	-
09/01/21	848,000.00	1.250%	176,468.45	28,648.50	205,116.95	1,053,116.95	1,258,233.90
03/01/22	-	-	171,168.45	27,376.50	198,544.95	198,544.95	-
09/01/22	861,000.00	1.290%	171,168.45	27,376.50	198,544.95	1,059,544.95	1,258,089.90
03/01/23	-	-	165,615.00	26,085.00	191,700.00	191,700.00	-
09/01/23	875,000.00	1.300%	165,615.00	26,085.00	191,700.00	1,066,700.00	1,258,400.00
03/01/24	-	-	159,927.50	24,772.50	184,700.00	184,700.00	-
09/01/24	889,000.00	1.330%	159,927.50	24,772.50	184,700.00	1,073,700.00	1,258,400.00
03/01/25	-	-	154,015.65	23,439.00	177,454.65	177,454.65	-
09/01/25	903,000.00	1.350%	154,015.65	23,439.00	177,454.65	1,080,454.65	1,257,909.30
03/01/26	-	-	147,920.40	22,084.50	170,004.90	170,004.90	-
09/01/26	918,000.00	1.400%	147,920.40	22,084.50	170,004.90	1,088,004.90	1,258,009.80
03/01/27	-	-	141,494.40	20,707.50	162,201.90	162,201.90	-
09/01/27	934,000.00	1.500%	141,494.40	20,707.50	162,201.90	1,096,201.90	1,258,403.80
03/01/28	-	-	134,489.40	19,306.50	153,795.90	153,795.90	-
09/01/28	951,000.00	1.560%	134,489.40	19,306.50	153,795.90	1,104,795.90	1,258,591.80
03/01/29	-	-	127,071.60	17,880.00	144,951.60	144,951.60	-
09/01/29	968,000.00	1.500%	127,071.60	17,880.00	144,951.60	1,112,951.60	1,257,903.20
03/01/30	-	-	119,811.60	16,428.00	136,239.60	136,239.60	-
09/01/30	986,000.00	1.600%	119,811.60	16,428.00	136,239.60	1,122,239.60	1,258,479.20
03/01/31	-	-	111,923.60	14,949.00	126,872.60	126,872.60	-
09/01/31	1,005,000.00	1.870%	111,923.60	14,949.00	126,872.60	1,131,872.60	1,258,745.20
03/01/32	-	-	102,526.85	13,441.50	115,968.35	115,968.35	-
09/01/32	1,026,000.00	2.020%	102,526.85	13,441.50	115,968.35	1,141,968.35	1,257,936.70
03/01/33	-	-	92,164.25	11,902.50	104,066.75	104,066.75	-
09/01/33	1,050,000.00	2.120%	92,164.25	11,902.50	104,066.75	1,154,066.75	1,258,133.50
03/01/34	-	-	81,034.25	10,327.50	91,361.75	91,361.75	-
09/01/34	1,076,000.00	2.200%	81,034.25	10,327.50	91,361.75	1,167,361.75	1,258,723.50
03/01/35	-	-	69,198.25	8,713.50	77,911.75	77,911.75	-
09/01/35	1,102,000.00	2.280%	69,198.25	8,713.50	77,911.75	1,179,911.75	1,257,823.50
03/01/36	-	-	56,635.45	7,060.50	63,695.95	63,695.95	-
09/01/36	1,131,000.00	2.340%	56,635.45	7,060.50	63,695.95	1,194,695.95	1,258,391.90
03/01/37	-	-	43,402.75	5,364.00	48,766.75	48,766.75	-
09/01/37	1,161,000.00	2.380%	43,402.75	5,364.00	48,766.75	1,209,766.75	1,258,533.50
03/01/38	-	-	29,586.85	3,622.50	33,209.35	33,209.35	-
09/01/38	1,192,000.00	2.430%	29,586.85	3,622.50	33,209.35	1,225,209.35	1,258,418.70
03/01/39	-	-	15,104.05	1,834.50	16,938.55	16,938.55	-
09/01/39	1,223,000.00	2.470%	15,104.05	1,834.50	16,938.55	1,239,938.55	1,256,877.10
<u>19,100,000.00</u>			<u>4,291,381.10</u>	<u>622,848.67</u>	<u>4,914,229.77</u>	<u>24,014,229.77</u>	<u>24,014,229.77</u>

(1) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 1.850%.

Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps

Sources & Uses

Providence Water- \$21.0M DWSRF Loan (AA Rated, Revenue Pledge)

Sources:

Drinking Water Loan Amount	21,000,000.00
-	-
-	-
-	-
-	-
-	-
-	-
Total Sources	<u>21,000,000.00</u>

Uses:

Direct Loan - Deposit to Construction Fund	19,330,753.80
Principal Forgiveness Funds	-
Deposit to DSRF	1,379,246.20
Bond Insurance	-
Capitalized Interest	-
Loan Origination Fee (1.0%)	210,000.00
Costs of Issuance - Local Level	80,000.00
Total Uses	<u>21,000,000.00</u>

Providence Water - Direct Loan Statistics (Exclusive of Fees):
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Weighted Average Maturity (Years)	10.8702
Market Yield on the Loan:	2.728%
Effective Yield* on Direct Loan	2.050%
Net Effective Subsidy:	24.85%

***Effective Yield incorporates:**

* 25% DWSRF Interest Rate Subsidy

Rhode Island Infrastructure Bank
Safe Drinking Water SRF Program - Providence Water Supply Board Loan
Preliminary Pricing as of 1/21/2020 + 75bps

Loan Debt Service

Providence Water- \$21.0M DWSRF Loan (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Interest	Net Fees @ 0.300%	Total Fees & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
05/27/20							-
09/01/20	1,000.00	1.250%	101,441.67	16,450.00	117,891.67	118,891.67	118,891.67
03/01/21	-	-	194,024.05	31,498.50	225,522.55	225,522.55	-
09/01/21	932,000.00	1.250%	194,024.05	31,498.50	225,522.55	1,157,522.55	1,383,045.10
03/01/22	-	-	188,199.05	30,100.50	218,299.55	218,299.55	-
09/01/22	947,000.00	1.290%	188,199.05	30,100.50	218,299.55	1,165,299.55	1,383,599.10
03/01/23	-	-	182,090.90	28,680.00	210,770.90	210,770.90	-
09/01/23	962,000.00	1.300%	182,090.90	28,680.00	210,770.90	1,172,770.90	1,383,541.80
03/01/24	-	-	175,837.90	27,237.00	203,074.90	203,074.90	-
09/01/24	977,000.00	1.330%	175,837.90	27,237.00	203,074.90	1,180,074.90	1,383,149.80
03/01/25	-	-	169,340.85	25,771.50	195,112.35	195,112.35	-
09/01/25	993,000.00	1.350%	169,340.85	25,771.50	195,112.35	1,188,112.35	1,383,224.70
03/01/26	-	-	162,638.10	24,282.00	186,920.10	186,920.10	-
09/01/26	1,010,000.00	1.400%	162,638.10	24,282.00	186,920.10	1,196,920.10	1,383,840.20
03/01/27	-	-	155,568.10	22,767.00	178,335.10	178,335.10	-
09/01/27	1,027,000.00	1.500%	155,568.10	22,767.00	178,335.10	1,205,335.10	1,383,670.20
03/01/28	-	-	147,865.60	21,226.50	169,092.10	169,092.10	-
09/01/28	1,045,000.00	1.560%	147,865.60	21,226.50	169,092.10	1,214,092.10	1,383,184.20
03/01/29	-	-	139,714.60	19,659.00	159,373.60	159,373.60	-
09/01/29	1,065,000.00	1.500%	139,714.60	19,659.00	159,373.60	1,224,373.60	1,383,747.20
03/01/30	-	-	131,727.10	18,061.50	149,788.60	149,788.60	-
09/01/30	1,084,000.00	1.600%	131,727.10	18,061.50	149,788.60	1,233,788.60	1,383,577.20
03/01/31	-	-	123,055.10	16,435.50	139,490.60	139,490.60	-
09/01/31	1,104,000.00	1.870%	123,055.10	16,435.50	139,490.60	1,243,490.60	1,382,981.20
03/01/32	-	-	112,732.70	14,779.50	127,512.20	127,512.20	-
09/01/32	1,128,000.00	2.020%	112,732.70	14,779.50	127,512.20	1,255,512.20	1,383,024.40
03/01/33	-	-	101,339.90	13,087.50	114,427.40	114,427.40	-
09/01/33	1,155,000.00	2.120%	101,339.90	13,087.50	114,427.40	1,269,427.40	1,383,854.80
03/01/34	-	-	89,096.90	11,355.00	100,451.90	100,451.90	-
09/01/34	1,183,000.00	2.200%	89,096.90	11,355.00	100,451.90	1,283,451.90	1,383,903.80
03/01/35	-	-	76,083.90	9,580.50	85,664.40	85,664.40	-
09/01/35	1,212,000.00	2.280%	76,083.90	9,580.50	85,664.40	1,297,664.40	1,383,328.80
03/01/36	-	-	62,267.10	7,762.50	70,029.60	70,029.60	-
09/01/36	1,243,000.00	2.340%	62,267.10	7,762.50	70,029.60	1,313,029.60	1,383,059.20
03/01/37	-	-	47,724.00	5,898.00	53,622.00	53,622.00	-
09/01/37	1,276,000.00	2.380%	47,724.00	5,898.00	53,622.00	1,329,622.00	1,383,244.00
03/01/38	-	-	32,539.60	3,984.00	36,523.60	36,523.60	-
09/01/38	1,310,000.00	2.430%	32,539.60	3,984.00	36,523.60	1,346,523.60	1,383,047.20
03/01/39	-	-	16,623.10	2,019.00	18,642.10	18,642.10	-
09/01/39	1,346,000.00	2.470%	16,623.10	2,019.00	18,642.10	1,364,642.10	1,383,284.20
<u>21,000,000.00</u>			<u>4,718,378.77</u>	<u>684,820.00</u>	<u>5,403,198.77</u>	<u>26,403,198.77</u>	<u>26,403,198.77</u>

(1) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 1.850%.

Providence Water Docket 4994

Bristol County Water Authority
Data Request – Set 7
MAY 1, 2020

BCWA 7-3: With regard to the updates to HJS 10-C set forth in Providence's response to Div. 6-15 and 6-16, these schedules show a new debt service payment in FY21, whereas the original Schedule HJS 10cC did not. Please explain the reason for this change.

RESPONSE:

The reason that we have moved the new debt service starting in FY2021 is that originally we were anticipating a new bond issue closing in FY2021 which would push the first debt service payments out to FY2022. We have learned that the new issue will be closed before the end of FY2020, therefore making the first debt service payments due in FY2021.