



May 19, 2021

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

The Hon. Jorge O. Elorza  
Mayor

Ricky Caruolo  
General Manager

RE: Dk 4994; Multi-Year Rate Filing-Rate Year 2

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Dear Mrs. Massaro:

Enclosed please find Providence Water's responses to the first (1<sup>st</sup>) set of data requests from the Public Utilities Commission.

Thank you for your attention to this matter.

Sincerely,

*Mary L. Deignan-White*

Mary L. Deignan-White  
Division Manager-Finance

cc: service list(via email)

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**PROVIDENCE WATER Docket 4994**

**MULTI-YEAR RATE FILING-RATE YEAR 2  
Commission Data Requests - Set 1  
(Issued May 5, 2021)**

1-1. Referencing Providence Water’s May 4, 2021 compliance filing, please update the “Status of Restricted Transfers” with projections through 6/30/21. The update should include the full amount *required* to be transferred for the 12 months ended 6/30/21 and the full amount PrWSB expects to *actually* transfer by 6/30/21. Please identify any expected over or underfunding at 6/30/21. If any of the updated amounts provided are blended values from Dockets 4618 and 4994, please provide a calculation of how the blended value was calculated.

**RESPONSE:** See below the Status of Restricted Transfers. All restricted accounts were blended except the Capital and Western Cranston accounts.

<b>Fund</b>	<b>Required Transfers (Blended)</b>	<b>Projected to Transfer 6/30/2021</b>	<b>Variance</b>
Capital	2,127,000	1,772,500	354,500
Western Cranston	40,000	33,333	6,667
Infrastuture	28,966,667	24,138,889	4,827,778
Meter	916,667	763,889	152,778
Insurance	2,092,899	1,744,083	348,817
Revenue Reserve	400,868	334,057	66,811
Equipment	1,391,667	1,159,723	231,945
Chemical	3,466,667	2,888,889	577,778
Private Side Lead	875,000	729,167	145,833
Total	\$ 40,277,435	\$ 33,564,529	\$ 6,712,906
<b>Fund</b>	<b>Dk 4618</b>	<b>Dk 4994</b>	<b>Blended *</b>
Infrastuture	27,300,000	29,300,000	28,966,667
Meter	500,000	1,000,000	916,667
Insurance	2,302,113	2,051,057	2,092,899
Revenue Reserve	362,119	408,618	400,868
Equipment	600,000	1,550,000	1,391,667
Chemical	2,800,000	3,600,000	3,466,667
Private Side Lead	250,000	1,000,000	875,000
<i>The blended value was calculated using two (2) months of Dk 4618 restricted amounts and using ten (10) months of Dk 4994 restricted amounts.</i>			

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**PUC 1-2: Was Providence Water able to provide safe and reliable water service in compliance with all governmental regulations in FY 2021 to date? If not, please explain.**

**Response:** Yes.

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### MULTI-YEAR RATE FILING-RATE YEAR 2

#### Commission Data Requests - Set 1

(Issued May 5, 2021)

**PUC 1-3:** Please explain the “numerous security and operational concerns” Providence Water faced during FY 2021 and how they were managed.

**Response:** Operating Providence Water during COVID has been and continues to be difficult. The Workshare Program limited our personnel which has put a strain on our day to day operations.

It's been widely reported nationally, that attacks on water treatment plants are a critical infrastructure security problem. Water and waste water utilities are most vulnerable when there is an event that can cause a distraction that requires resources, such as a water main break, blizzard, hurricane, global pandemic etc. This proved to be true when two separate water utilities were recently hacked. On February 8, 2021 it was reported that Oldsmar Water Supply (Tampa, FL.) experienced a cyberattack when someone accessed their computer system remotely and tried to alter the chemical dosages that are used to treat the water. Shortly thereafter, another incident was reported at the Post Rock Water District located in Ellsworth, Kansas. Although the above mentioned cyberattacks do not impact Providence Water directly, they cause us to remain on high alert and therefore we must constantly monitor our systems.

These attacks reinforce Providence Water's belief that water utilities, a key critical infrastructure component, are not only vulnerable to cyberattacks but are in fact becoming prime targets for cyber criminals. Providence Water's water purification and distribution system is controlled by a vast industrial control system network comprised of computers, servers and processors. Each of these components present a cyber security risk that must be managed, secured and maintained on a regular basis to stay current with the cyber security landscape. Providence Water also maintains and manages a large enterprise network of computers, servers and software applications which provide Providence Water's work force the tools they need to operate a large water utility on a daily basis. The computers, servers and software applications of the enterprise network each present their own cyber security risk

We manage these risks and concerns in several ways: (1) Providence Water continues to build upon its Business Continuity/Disaster Recovery methodology which would aid in the restoration of critical computer services in the event of a cyberattack. (2) We apply computer security patches where and when appropriate to mitigate known cyber security and computer risks. (3) We take extreme care in managing computer access to the industrial control system network in order to reduce the risk of a computer virus infiltrating the water purification computer network. (4) We continue to engage and manage high-quality support staff and vendors to assist with the rapidly increasing demand for computing services for

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activities ranging from water purification to revenue collection. (5) Lastly, Providence Water continues to partner with federal and state agencies (Department of Homeland Security, Rhode Island Air National Guard, Rhode Island State Police Joint Cyber Task Force and the Rhode Island Emergency Management Agency) to stay informed of emerging cyber threats as well as bolster incident response capabilities in the event of a large scale cyberattack against Providence Water. Unfortunately in my opinion, it's not a matter of whether an attack will occur, it's a matter of when it will occur and how severe it will be. Therefore, cybersecurity has become one of our top organizational priorities.

A physical security threat that recently required our attention involved 4 individuals who trespassed on our property. Fortunately, our inspectors were able to identify the location and Providence Water worked closely with the Scituate Police department to identify the individuals and document their activity. Because we are considered critical infrastructure we reported this incident to the Rhode Island State Police Fusion Center.

Watershed security personnel have seen an increase in pedestrian and motor powered vehicle traffic trespassing at our dams and reservoirs. In response, we will be installing solar powered cellular based video monitoring platforms at these locations. This will allow us to provide a coordinated response to address these incidents. To ensure our ability to secure Providence Water's critical infrastructure against current threats, we have begun installing additional security cameras, updating our threat assessment data within our Continuity of Operations Plan (COOP), and revising our response plans to include tabletop exercises.

In order to meet current demand for security video storage, we are in the process of upgrading our CCTV video storage management platform. Having long term video storage capabilities is a key component that will allow us to identify and mitigate potential foreign and state-owned threats against our critical infrastructure.

ATV and motor bike racing on the roadway in front of the Central Operation Facility (COF) in Providence, has created a security concern for our employees and customers. We have worked with the local police to discourage and eliminate this activity. In addition, we are in the process of extending our security fence to better secure our facilities after normal business hours. Extending the first line of perimeter security at the COF will limit activity at our property.

In 2019 Providence Water responded to security concerns that involved an offender cutting and removing padlocks at several of our structures. We worked with state and local authorities to identify the person who was later detained. We

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also are installing the Medeco high security doors and padlocks at our purification plant, all pump stations and pipeline access hatches. The Medeco high security key control system is currently utilized at the COF as well.

From an operational stand point Providence Water re-opened to the public on a part time basis two days per week on 6/2/20. In order to safely re-open our facilities to our employees, customers and vendors, we developed a customized state approved COVID-19 re-entry plan. Action items within this plan included: the installation of pre-screen health check stations, a contact tracing plan for everyone entering the building, ample amounts of PPE for all facilities, COVID-19 visitor signage, employee staffing in the customer service center to ensure customer compliance, 6' social distancing footprints throughout all facilities, and a thorough cleaning and disinfection program, including the fogging of work surfaces and high traffic areas.

On 6/22/20 we expanded our daily operations to four days per week and remained closed on Wednesdays for a deep cleaning and sanitization. COVID mitigation action items required time to draft procedures, funding to purchase equipment, and planning to ensure successful implementation. Providence Water had to pull personnel and resources from regular daily operations to ensure we followed all Re-Opening Rhode Island guidelines to accommodate the increased traffic and capacity.

To support the one employee per vehicle requirement and to ensure that all vehicles are available and ready to for use, our auto mechanics worked overtime to complete general maintenance, inspections and repairs throughout the pandemic. Daily utilization of our entire fleet increased dramatically during the pandemic.

Because the majority of our workforce has been working at the COF and Purification Plant, we purchased hydrostatic fogging equipment and hundreds of gallons of cleaner to disinfect Providence Water's facilities on a regular basis. The new daily operations that we adopted during COVID lowered our potential exposures, which allowed us to keep our facilities fully operational.

The global pandemic heightened our awareness to protect against a cyber or physical attack on our organization based on our prior training. It also created numerous responsibilities that required personnel resources in order for us to operate in a safe manner while having the majority of our workforce report in person.

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**(Issued May 5, 2021)**

- 1-4. Did allowing employees to participate in the WorkShare program result in increased costs to Providence Water through things such as increased overtime or other staffing requirements to cover the work usually performed by the employees participating in the WorkShare program? If so, please explain.

**RESPONSE:**

No, it did not. The overtime costs that we incurred that were directly related to COVID-19 was \$3,070.51. This was paid to those Support Services maintenance staff that were required to work to sanitize the building once the Central Operations Facility was shut down in March of 2020. This amount was submitted to FEMA through the City of Providence for reimbursement.

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**(Issued May 5, 2021)**

- 1-5. The Commission approved a salary expense of \$16,250,923 for Rate Year 1. However, new rates were not effective until August 27, 2020.
- a. Please prorate the \$16.25 million to reflect that new rates were not effective until 2 months into the rate year.
  - b. Please redo the calculation on page 3, line 4 of Mr. Caruolo's testimony substituting the answer to subpart (a.) above in place of the \$16.25 million. And if available, please update the \$14.17 million with April actual expense.

**RESPONSE:**

1-5a. \$16,067,146.

1-5b.  $\$16,067,146 - \$14,664,306 = \$1,402,840$ .



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- 1-6. Referring to page 10 of Mr. Caroulo’s testimony:
- a. Of the 232 positions on payroll currently, how many are O&M funded? How many are capital funded?
  - b. Of the 22 positions in active recruitment, how many are O&M funded? How many are capital funded?
  - c. Of the 254 target positions, how many are O&M funded? How many are capital funded?

**RESPONSE:** See below.

	<b><u>Positions</u></b>	<b><u>O&amp;M Funded</u></b>	<b><u>Capital Funded</u></b>
a.	232	226	6
b.	22	21	1
c.	254	247	7

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- 1-7. On page 3 of his testimony, Mr. Smith states “Providence Water is seeking to implement the same rates the Commission approved for the 2nd year of the multi-year plan.” In the April 1, 2021 cover letter attached to the new cost of service study, Ms. Deignan-White states that Prov Water will be seeking to amend rate case expense to recoup costs spent on the cost study. Please reconcile these 2 statements.

**RESPONSE:**

After Providence Water filed the new Cost of Service Study (COSS) on April 1, 2021, a procedural conference related to the COSS was held on April 14, 2021. As a result of this procedural conference, it was agreed that due to the complexity of the COSS and its varying impacts on wholesale customers, the COSS would require approximately a six-month review period. In addition, a number of new wholesale customers have intervened in the COSS docket and have hired lawyers and experts to examine the COSS.

Accordingly, although it had been Providence Water’s intention to amend the rate case expense in the second phase Compliance filing (effective July 1, 2021) to recoup the costs spent on the COSS, Providence Water now intends to seek to amend rate case expense in the compliance filing for phase three (3) of the multi-year rate plan (effective July 1, 2022). This additional time will allow Providence Water to provide a proper accounting of the total costs of the COSS work when filing the phase three Compliance filing in May of 2022.

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**PUC 1-8:** On March 4, 2021, in response to Commission Record Request 5 during the technical session on renewable energy, Providence Water advised that it was in the process of developing a policy for when Providence Water will sell excess RECs. Has that policy been completed? If not, please advise of the progress.

**Response:** Providence Water is finalizing a draft of this policy. The policy will be brought to the Board for review and approval in June of 2021.