



June 15, 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 third (3rd) 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 3
(Issued June 10, 2021)**

- 3-1. The table on the following page compiles data from the following sources:
- Providence Water's response to DIV 1-3
 - Docket No. 4994 Amended Settlement Agreement
 - Providence Water's Response to PUC 1-1 (RY2)
- a. Is it correct that the Amended Settlement Agreement projected a 6/30/21 restricted balance of \$19.6 million, the most recent projection based on DIV 1-3 is \$29 million and, therefore, the current projected 6/30/21 balance is \$9.5 million greater than anticipated in the settlement? Please respond yes or no and please explain your answer in words and with numbers if you believe it will aid in the understanding of the response.
- b. Is it correct that the response to PUC 1-1 (RY2) indicates that for the 12-month period ending 6/30/21, Providence Water expects to fund restricted accounts by \$6.7 million less than was anticipated in the settlement? Please respond yes or no and please feel free to add an explanation if you feel it would be helpful.
- c. If it is correct that the 6/30/21 restricted balance will be \$9.5 million greater than anticipated and the restricted funding for the 12-month period ending 6/30/21 will be \$6.7 million less than anticipated, please explain this apparent inconsistency.

RESPONSE:

- a. The most recent projection is \$31,040,672.75 as the projected estimated ending balance for the IFR fund is now \$19,713,877.00 (See DIV 1-3 AMENDED EXHIBIT attached). And YES, it is greater than anticipated in the settlement by \$11.5 million. This difference is due to the lack of construction work and general spending in FY2021 due to the shutdown caused by the COVID-19 pandemic. Although the plant was operating, many projects in the IFR plan did not go forward last summer. It is expected that much of this additional carryover will be spent in FY2022, together with the planned FY2022 spending. We expect to be close to on track with the settlement at the close of FY2022.
- b. Yes. However, Providence Water anticipates funding the \$6.7 to the restricted accounts when cash becomes available to transfer.
- c. The inconsistency is that the fund balance reported on DIV 1-3 and DIV 1-5 amended is based on the accrual method of accounting. We record the transfers of rates to the restricted funds even though the cash has not been actually transferred to the restricted fund bank account.