



July 23, 2021

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 4994; Multi-Year Rate Filing-Rate Year 2

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Dear Mrs. Massaro:

Enclosed, please find Providence Water's responses to the second (2nd) set of data requests from the Smithfield Water Supply Board.

I appreciate 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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125 Dupont Drive
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PROVIDENCE WATER Docket 4994

**MULTI-YEAR RATE FILING-RATE YEAR 2
Smithfield Water Data Requests - Set 2
(Issued July 2, 2021)**

SWSB 2-1: Providence Water's response to 2.1 of the Commission's Set 2 Requests states that there are two main reasons for its projection of the \$6.7 million shortfall in its restricted accounts through June 30, 2021. One reason is a decline in water consumption over the last few months and the other is an increase in accounts receivable balances.

- a) In addition to projecting a shortfall in the restricted accounts, did Providence Water project its surplus and cash reserves as of June 30, 2021?
- b) If so, provide the amounts.
- c) If not, why not?
- d) If there will be sufficient cash from surplus or reserves, is Providence Water willing to use a portion of cash from those or other sources to contribute to the restricted accounts instead of raising rates on an interim basis?

RESPONSE:

We believe this second set of data requests from Smithfield dated July 2, 2021, is not relevant to any of the issues currently pending in this docket because (1) the Step 2 rate increase issues have already been the subject of a completed evidentiary hearing (on June 22); (2) the Step 2 issues have already been ruled on in an Open Meeting by the Commission (on June 29); (3) the compliance tariffs have already been filed (on June 30); and (4) the approved Step 2 rate increase has already gone into effect (on July 1, 2021). Therefore, these requests, which relate solely to issues regarding the already approved Step 2 rate increase, are no longer relevant, are untimely, and are objectionable. Nevertheless, in the spirit of cooperation and full disclosure, our response is as follows.

- a. Providence Water did not have surplus cash in Operations or any other fund as of June 30, 2021.
- b. See a.
- c. See a.
- d. See a.

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**MULTI-YEAR RATE FILING-RATE YEAR 2
Smithfield Water Data Requests - Set 2
(Issued July 2, 2021)**

SWSB 2-2: With respect to the decline in consumption over the last few months:

- a) Which are the months for which Providence Water calculated the decline in consumption?
- b) Please provide a comparison of the consumption, by class of customer, for those months and for the same periods for the last three years.
- c) Please provide a comparison of the consumption, by class of customer, for the 12 months ended June 30, 2021 for the last three years.

We believe this second set of data requests from Smithfield dated July 2, 2021 is not relevant to any of the issues currently pending in this docket because (1) the Step 2 rate increase issues have already been the subject of a completed evidentiary hearing (on June 22); (2) the Step 2 issues have already been ruled on in an Open Meeting by the Commission (on June 29); (3) the compliance tariffs have already been filed (on June 30); and (4) the approved Step 2 rate increase has already gone into effect (on July 1, 2021). Therefore, these requests, which relate solely to issues regarding the already approved Step 2 rate increase, are no longer relevant, are untimely, and are objectionable. Nevertheless, in the spirit of cooperation and full disclosure, our response is as follows.

RESPONSE:

- a. March – June 2021 expected decline in consumption.
- b-c. See attached spreadsheet.

**Providence Water
Water Sales (hcf) FY2021**

Customer Class	Expected Decline in Consumption (a)												12 Month Comparison (c)
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
Residential	1,115,756	1,189,123	816,948	773,312	665,134	580,676	573,692	506,205	499,030	481,442	524,945	594,761	8,321,025
Commercial	376,333	430,373	326,820	313,055	282,922	236,627	199,037	200,711	210,012	196,452	145,645	233,038	3,151,025
Industrial	15,759	12,311	10,844	11,596	11,218	10,597	10,527	12,888	8,104	9,305	9,588	11,462	134,199
Total Retail	1,507,848	1,631,807	1,154,612	1,097,963	959,274	827,901	783,256	719,804	717,146	687,199	680,178	839,262	11,606,250
Wholesale	1,608,413	1,503,128	1,450,544	1,116,227	661,807	665,100	795,060	665,634	687,251	763,736	946,319	1,237,804	12,101,023
Total Consumption	3,116,261	3,134,935	2,605,156	2,214,190	1,621,081	1,493,001	1,578,316	1,385,438	1,404,397	1,450,935	1,626,497	2,077,066	23,707,273

Water Sales (hcf) FY2020

Customer Class	Comparison of Consumption (b)												12 Month Comparison (c)
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
Residential	828,101	963,307	769,938	717,515	587,163	560,341	591,377	520,118	569,686	597,404	588,003	716,727	8,009,680
Commercial	369,363	463,946	376,293	369,839	313,024	271,537	259,661	238,481	281,185	284,450	181,526	240,669	3,649,973
Industrial	14,451	14,984	13,790	13,488	11,064	13,721	11,627	11,326	14,238	10,563	11,271	10,023	150,547
Total Retail	1,211,915	1,442,237	1,160,021	1,100,842	911,250	845,599	862,665	769,925	865,109	892,417	780,801	967,420	11,810,200
Wholesale	1,361,707	1,362,622	1,117,474	990,426	652,853	738,894	837,903	717,715	829,129	591,057	825,870	1,420,311	11,445,961
Total Consumption	2,573,622	2,804,859	2,277,495	2,091,268	1,564,103	1,584,493	1,700,568	1,487,639	1,694,238	1,483,474	1,606,670	2,387,731	23,256,161

Water Sales (hcf) FY2019

Customer Class	Comparison of Consumption (b)												12 Month Comparison (c)
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
Residential	882,552	955,567	820,099	706,986	621,860	590,779	554,318	548,904	604,606	564,867	596,051	657,143	8,103,732
Commercial	346,677	479,018	421,812	349,790	354,215	337,634	245,202	276,519	292,173	303,745	311,808	312,577	4,031,169
Industrial	15,153	17,937	13,372	15,240	12,441	12,205	11,625	13,338	13,253	12,240	15,327	12,843	164,973
Total Retail	1,244,382	1,452,522	1,255,283	1,072,016	988,516	940,618	811,144	838,761	910,032	880,852	923,187	982,563	12,299,874
Wholesale	1,525,090	1,536,806	1,140,723	911,957	786,968	768,165	863,603	661,790	751,769	864,122	964,707	973,004	11,748,702
Total Consumption	2,769,472	2,989,328	2,396,005	1,983,973	1,775,484	1,708,783	1,674,747	1,500,551	1,661,800	1,744,973	1,887,894	1,955,566	24,048,576

Water Sales (hcf) FY2018

Customer Class	Comparison of Consumption (b)												12 Month Comparison (c)
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
Residential	829,095	874,467	867,659	734,875	517,944	568,890	631,014	496,747	590,195	588,637	603,450	728,000	8,030,974
Commercial	374,768	420,841	453,952	372,403	303,864	332,388	294,320	290,663	285,782	267,953	296,802	350,089	4,043,827
Industrial	15,672	18,281	16,380	19,674	14,478	16,095	17,012	15,892	14,119	14,145	14,015	14,235	189,997
Total Retail	1,219,536	1,313,589	1,337,991	1,126,952	836,287	917,372	942,346	803,302	890,097	870,735	914,266	1,092,325	12,264,797
Wholesale	1,321,770	1,516,532	1,096,214	908,432	721,743	1,028,122	794,781	754,067	745,903	759,389	1,061,622	1,257,368	11,965,943
Total Consumption	2,541,306	2,830,121	2,434,205	2,035,384	1,558,030	1,945,495	1,737,127	1,557,369	1,635,999	1,630,124	1,975,888	2,349,693	24,230,740

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MULTI-YEAR RATE FILING-RATE YEAR 2 Smithfield Water Data Requests - Set 2 (Issued July 2, 2021)

SWSB 2-3: With respect to the increase in accounts receivable:

- a) Why is Providence Water unable to charge interest or shut off accounts for unpaid balances?
- b) Please identify the amounts of the unpaid balances by customer class.

We believe this second set of data requests from Smithfield dated July 2, 2021 is not relevant to any of the issues currently pending in this docket because (1) the Step 2 rate increase issues have already been the subject of a completed evidentiary hearing (on June 22); (2) the Step 2 issues have already been ruled on in an Open Meeting by the Commission (on June 29); (3) the compliance tariffs have already been filed (on June 30); and (4) the approved Step 2 rate increase has already gone into effect (on July 1, 2021). Therefore, these requests, which relate solely to issues regarding the already approved Step 2 rate increase, are no longer relevant, are untimely, and are objectionable. Nevertheless, in the spirit of cooperation and full disclosure, our response is as follows.

RESPONSE:

- a) Collection activities such as termination of services (i.e. shut-offs) were suspended by the RIPUC Report & Order 23786 in Docket 5022 dated and effective March 16, 2020 in response to the COVID-19 pandemic. In Report & Order 23836 in Docket 5022, with an effective date of May 28, 2020 (item 5), the PUC also ordered that “utilities subject to this order shall temporarily suspend late fees, interest charges, credit card fees, and ACH fees.” In August of 2020, the PUC lifted the restrictions with regard to terminations for all utilities but kept the other restrictions in place. Ricky Caruolo, General Manager, directed the collection department to take a less aggressive approach to collect receivables. He did not authorize Providence Water to terminate water service on accounts with a delinquent balance.

Mr. Caruolo explained that he was concerned that terminating water services while in the midst of a global pandemic as positive COVID cases continued to rise could do more harm than good. He made the decision to increase collection efforts by sending out delinquent letters more frequently and increasing collection calls even if they needed to be made after hours in order to make contact with customers. Delinquent properties were posted but Providence Water did not terminate water service.

However, accounts receivable have continued to grow and have reached a level that is not sustainable. Also, it appears that in Rhode Island we have turned the corner with COVID, which is now at a low level. As a result, in July 2021, Mr. Caruolo authorized the reinstatement of water service shut-offs.

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Restrictions on the collection of late fees, interest charges, credit card fees, and ACH fees are still in effect.

b) Unpaid balances by customer class as of June 30, 2021:

Residential:	\$ 5,397,910.72
Commercial:	2,200,907.20
Industrial:	126,394.13
Wholesale:	<u>2,033,287.03</u>
TOTAL	\$ 9,758,499.08

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**MULTI-YEAR RATE FILING-RATE YEAR 2
Smithfield Water Data Requests - Set 2
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SWSB 2-4: If the Step 2 rate increase is applicable to all customers, including wholesale customers, and none or only an insignificant portion of the shortfall in the restricted accounts is attributable to the wholesale customers, please provide justification for including wholesale customers in the Step 2 increase in order to address these concerns.

Response:

We believe this second set of data requests from Smithfield dated July 2, 2021, is not relevant to any of the issues currently pending in this docket because (1) the Step 2 rate increase issues have already been the subject of a completed evidentiary hearing (on June 22); (2) the Step 2 issues have already been ruled on in an Open Meeting by the Commission (on June 29); (3) the compliance tariffs have already been filed (on June 30); and (4) the approved Step 2 rate increase has already gone into effect (on July 1, 2021). Therefore, these requests, which relate solely to issues regarding the already approved Step 2 rate increase, are no longer relevant, are untimely, and are objectionable. Nevertheless, in the spirit of cooperation and full disclosure, our response is as follows.

The step 2 increase does not include additional funding to recover a prior shortfall. The increase was needed to, among other things, achieve the restricted funding level, which was approved by the Commission in its initial order 23928 and re-affirmed in the Commission's approval of Providence Water's step 2 increase (as modified to reflect the June 29 open meeting decisions). This funding level is driven by capital projects which will benefit both retail and wholesale customers. The shortfall in the restricted accounts is a function of reduced collections and delayed projects, both of which are due to COVID. The money will eventually be collected, and the projects are still needed.