



Tap Water Delivers

July 27, 2020

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; Commission Record Requests

Dear Mrs. Massaro:

Attached please find an original and nine copies of Providence Water's responses to record requests from the public hearing on July 13, 2020. An electronic copy has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,

Mary L. Deignan-White  
Division Manager-Finance

cc: service list(via email)

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# Providence Water Docket 4994

## Public Utilities Commission Record Request July 14, 2020

### Commission RR-1:

Please provide a list of the fourteen positions sought by Providence in this Docket. Please include title and expected salary.

### RESPONSE:

In the response to data request DIV 6-6 submitted on April 29, 2020, Providence Water provided the 14 vacancies that constitute the \$803,924. The breakdown of those positions and costs are listed below.

FUNDED VACANCIES							
	Director						95,279
	Division Manager						91,424
	Manager - Distribution						70,897
	Meter Reader I						41,192
	Network Operations Analyst						49,243
	Senior Administrative Clerk, Water						43,596
	Senior Administrative Clerk, Water						42,741
	Senior Draftsperson-WSB						52,818
	Supervisor - Accounting						72,171
	Supervisor - Facilities & Equipment						58,211
	Supervisor - Water Plant Operations						68,734
	Water Supply Board Clerk						33,494
	Water Treatment Operator						41,251
	Watershed Inspector						42,873
<b>14 Total Funded Vacancies</b>						<b>\$</b>	<b>803,924</b>

In addition, the response to DIV 6-6(b) indicated the status of the currently unfilled positions. It is important to note that the response indicates how Providence Water plans to reallocate a portion of the funding to fill several positions in key areas that require additional staffing. After careful analysis PW has identified cyber security/IT and lead mitigation as two key areas that require immediate support and directly impact public health and safety.

The \$803,924 currently funds 14 vacant positions, however the majority of the funding will be used to fill positions in the above mentioned areas but it may not be on a one for one basis. In other words, PW plans to fill positions that will be unique to the above areas and make the salary competitive which may mean combining the funding for two positions to obtain a qualified candidate. PW needs the flexibility to utilize the funding for the vacant positions in an effort to best serve our rate payers and properly staff the highest priority areas of need.

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It is also important to note that both the cybersecurity/IT and lead mitigation areas are changing rapidly in our industry and require immediate and ongoing attention. In addition, both areas currently have a direct impact on public health and safety and we are obligated to address these threats immediately.

Of the fourteen (14) positions that were identified as being vacant in DIV 6-6, below is the current status of the funding for these positions.

#### **Positions Filled**

The following positions have been filled since the data request response DIV 6-6 was submitted on April 29<sup>th</sup>.

<b><u>Job Title</u></b>	<b><u>Employee Start Date</u></b>
Water Treatment Operator	June 15 <sup>th</sup>
Director (T&D)	July 13 <sup>th</sup>

#### **Position Approved**

(1) *Network Operations Analyst* – Recruitment, interviews, recommendations and approvals have been completed. The final steps (paperwork, physical, BCI, etc.) are being completed. The candidate was allowed sufficient time to provide notice to his current employer and we expect to have him onboarded within the next couple of weeks. The Network Operations Analysts will be assigned to our IT department. Funding needed is \$49,243.

#### **Positions in Recruitment**

The following four (4) positions are in various degrees of recruitment.

(1) *Watershed Inspector* – The position is within our Security division. This position will be advertised. This position provides security for our critical infrastructure including; the Scituate Reservoir complex and its corresponding watershed, the water treatment plant, transmission mains, finished water storage reservoirs and finished water pump stations. With increased threats to critical infrastructure, it is imperative that Providence Water maintain a vigilant presence around our assets. Funding needed is \$42,873.

(2) *Senior Draftsperson* – This position is within our Engineering Department. The senior draftsperson is responsible for the maintenance and updating of Providence Water's Geographical Information System (GIS) and Asset Management/Work Order (AM/WO) system. Because of the large amount of main rehabilitation work that Providence Water is conducting each year, it is critical that this position is filled to keep up with the backlog of data entry and work orders. Providence Water has had difficulty filling this position due to the unique nature of

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the job requirements which requires knowledge of both GIS and AutoCAD. Providence Water will post this position in the next couple of weeks. Funding needed is \$52,818.

(3) *Supervisor – Facilities and Equipment* – This position is within our Support Services Department. The position handles all the incoming and outgoing shipments and manages our Stockroom for our automotive division and Transmission & Distribution department. In addition, this position maintains and updates our personal protective equipment (PPE) and cleaning supplies. Providence Water will post this position in the next couple of weeks. Funding needed is \$58,211.

(4) *Division Manager* – This position is within our Engineering Department. Providence Water continues to invest in our vast infrastructure needs. This position is needed within the Engineering Department to help manage the upcoming projects within the Infrastructure Replacement Program. Specifically, this position will help with the increasing needs related to the water main rehabilitation (WMR) program. Included within the WMR program is public side lead service replacement. In addition to managing specific projects within the WMR program, this position helps coordinate the WMR program and the associated public service lead service replacement including: soliciting public side lead service replacements, managing lead service replacement contractors, and public education about lead mitigation. Providence Water will post this position in the next couple of weeks. Funding needed is \$91,424.

### **Positions to be Re-allocated**

(1) *Cybersecurity/IT* – The funding for the Manager – Distribution, Supervisor – Accounting, Supervisor – Water Plant Operations and Senior Administrative Clerk which totals \$255,398 will be reallocated to provide the necessary support to address our immediate needs in cybersecurity/IT. Providence Water has assessed our needs utilizing input from a cybersecurity consultant, the Rhode State Police and the Rhode Island National Guard. Providence Water will hire position(s) to support and protect a utility of our size. Providence Water is currently addressing phishing and malware attacks on a daily basis and it's important that we have the necessary staff to address all potential cybersecurity threats now and in the future to ensure that we are able to produce and deliver safe drinking water to 66% of RI.

(2) *Lead Mitigation* – The funding for the Senior Administrative Clerk, Water Supply Board Clerk and Meter Reader which totals \$117,427 will be reallocated to provide the necessary support to address lead mitigation which directly impacts the health and safety of our customers. Providence Water is preparing for an increase in customer demand for our zero percent interest, 10 year loans. Therefore we will need additional staff to process, manage and monitor the loan applications. In addition, staff will be needed to coordinate, inspect, monitor and manage the contractors conducting the private side lead service replacements. Once the lead service is replaced, staff will be required to monitor and track payments on the loans until all dollars are fully repaid.

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**Record Request**

**July 14, 2020**

**As testified under oath at the hearings by Ricky Caruolo, General Manager, Providence Water commits to the Commission that the funding of \$803,924 will be fully utilized to fill positions by the end of FY21. In addition we are prepared to provide the Commission with periodic updates as often as quarterly if the Commission would like to monitor our progress.**

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## Public Utilities Commission Record Request July 14, 2020

### Commission RR-2

Please indicate whether Providence Water utilizes a competitive supplier for its electricity purchases. If so, what is the percentage of renewables in the competitive supply contract?

### RESPONSE:

- a. Yes, Providence Water has a competitive supply contract with Constellation/New Energy Inc.
- b. The contract recited that Constellation will meet the renewable portfolio standards required by currently applicable law. We understand that the current standard is 16%, with an additional 1.5% each year through 2035. The renewable portfolio standard costs are included in Providence Water's fixed price of \$0.07610 per Kwh.

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## Public Utilities Commission Record Request July 14, 2020

### Commission RR-3

Please indicate whether Providence Water could purchase RECs at a lower cost than it would receive for selling Providence Water's RECs. Did Providence Water investigate this issue at all? To what degree?

**RESPONSE:** Providence Water did not investigate whether it might be possible to purchase RECs at a lower cost than Providence Water could receive for selling its Renewable Energy Certificates (RECs) until the Commission asked the question during the hearings on July 14, 2020.

Providence Water's goal is to become 100% renewable power. In order to achieve this goal, it was my understanding that Providence Water needed to produce and utilize the renewable energy generated and retire the related RECs.

We committed to develop a solar system on our property in a location that would not jeopardize water quality now or in the future. In addition, Providence Water was very concerned with the environmental impact of removing trees. Therefore, all viable properties owned by Providence Water were analyzed and we selected the best possible location that consists of 80 acres in the Town of Johnston. The solar array required 30 acres. One (1) acre (approximately 61 trees) needed to be cleared. Providence Water committed to planting seedlings for every tree that had to be removed. We have since planted 75 seedlings to replace the 61 trees that were removed. We also plant approximately 820 seedlings annually throughout our property.

Providence Water's motivation for committing to renewable energy has been prioritized by the positive impact on our environment. Therefore on June 26, 2019, the Board of Providence Water adopted a renewable energy policy directing me as the General Manager to maintain ownership of the RECs, which I supported. The financial savings to the rate payer was also a motivational factor as well. Providence Water was able to implement a new solar array that will save our rate payers approximately \$22,000,000 to \$24,000,000 over the life of the project at zero cost to our rate payers.

As requested by the Commission on July 14, 2020, Providence Water has researched the possibility of selling RECs high and purchasing them low. Our consultant has told us that it appears that there is a possibility for this to occur but it would not be without risk factors. The price of RECs fluctuates and there is a

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risk associated with the timing of buying and selling RECs similar to the risk of trying to time the stock market to buy stocks low and sell them high. Please reference my response to BCWA 1-40 to see price fluctuation.

We have been informed that Providence Water will be producing Class 1 RECs locally on property that we own. If we were to sell the Class 1 RECs then we would be required to purchase Class 2 RECs which have been produced by systems installed before 1998. The transaction of buying and selling RECs would require us to pay a fee to a broker. Also, there is no guarantee as to how long Class 2 RECs will be available. The purchase of these RECs would not be associated with our property. In addition, the broker may need to purchase Class 2 RECs outside of RI to meet our demand.

As mentioned above, the Board has directed me to retain ownership of the RECs produced by Providence Water on our property. As the General Manager, I cannot go against a Board adopted policy unless the Board changes the policy.

Providence Water's new solar array will have a positive impact on our environment locally which we feel is very important. In addition, we have not invested any rate payer money on this project and we will save the rate payers approximately \$22,000,000 to \$24,000,000 over the life of the project. Providence Water's solar array initiative currently poses no risk to our rate payers. The contractor is responsible for the construction, maintenance, production, security and removal of the system.

However, Providence Water would support performing a study to determine whether it might be possible to buy other RECs low and sell our RECs high, thereby creating a monetary benefit to the ratepayers. In addition, Providence Water is willing to explore whether there are any other avenues for handling the RECs that could result in benefits to the ratepayers. Similar to what Providence Water has suggested regarding performing a study regarding individual versus group wholesale rates, Providence Water would be happy to participate in a study regarding the best way to handle the RECs. Providence Water would be willing to work with the Commission and its staff and consultants as well as the Division and its staff and consultants and any other interested stakeholders. An effective study would require Providence Water to hire one or more consultants, and Providence Water would respectfully request that the Commission provide funding in our revenue requirements for the consultants, which could be incorporated into Providence Water rates for the second and third year of this rate plan.



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**Commission RR-4**

Please provide copies of other bids for the RECs.

**RESPONSE:** Copies of all the bids received for the solar project have been uploaded to the Public Utilities Commission's website.

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### **Commission RR-5**

Please review the EDF contract to identify the manner in which the RECs are being retired and report back to the Commission.

**RESPONSE:** Retiring RECs is not part of the EDF contract.