



Date: **May 1, 2020**

To: **James Decelles, Chief Engineer**

From: **Robert Benson, CFO**

Re: **Public Utilities Commission Docket 5022
Noninvestor Utility Financial Discussion**

Question:

1. Have collections dropped off over the past two weeks as compared to the same time last year?

Response: No, our collections for the past two weeks have increased from the same time last year. Also, it is not possible to separately identify residential and nonresidential collections within our utility billing software.

2. Please quantify the reduction:

See the attached weekly comparison of customer collections for the months of March and April. The cumulative increase to collections over the past nine weeks is minimal in comparison to the same nine weeks in the 2019.

Note: Our bank, Century Bank, had two employees from their day lockbox processing team test positive for COVID-19 which reduced the timeliness of their payment processing. Century's lockbox team returned to full staffing the week of 4/6/2020. As a result, our analysis of cash collections had significant decreases at the end of March and first week of April which was offset by a significant increase during the week ending 4/10/2020 when Century Bank was able to eliminate the backlog of unprocessed mail payments.

3. What effect has any such reduction had on the utility's cash flow?

Response: As documented on the attached schedule the effect on PWSB's cash flow has been insignificant.

4. Has PWSB been unable to meet any financial obligations, or does it expect to be unable to meet any financial obligations within the next two weeks?

Response: PWSB has been able to meet all its financial obligations to date and anticipates being able to meet its financial obligations within the next two weeks and for the full of month of May.

5. What are PWSB's plans for termination of service through April 30, 2020 absent an order by the PUC.

Response: At this time PWSB does not have any plans for terminating water service.

Massaro, Luly (PUC)

From: WilsonFrias, Cynthia (PUC)
Sent: Friday, May 1, 2020 2:08 PM
To: Massaro, Luly (PUC)
Subject: FW: [EXTERNAL] : Suez Water RI RE: PUC Order on Suspension of Service Terminations - Docket No. 5022

From: Prettyman, Gary <gary.prettyman@suez.com>
Sent: Friday, May 1, 2020 1:11 PM
To: WilsonFrias, Cynthia (PUC) <Cynthia.WilsonFrias@puc.ri.gov>
Cc: Jacobs, Christopher <christopher.jacobs@suez.com>
Subject: RE: [EXTERNAL] : RE: PUC Order on Suspension of Service Terminations - Docket No. 5022

Through ten days ending 4/30/20 we are still seeing average cash collections at \$14,000 per day.

Massaro, Luly (PUC)

From: Michael McElroy <Michael@mcelroylawoffice.com>
Sent: Thursday, April 30, 2020 12:16 PM
To: Massaro, Luly (PUC)
Cc: WilsonFrias, Cynthia (PUC); Jennifer Wood; Nault, Alan (PUC); Bianco, Todd (PUC); Hogan, Margaret (PUC); Kearns, Christopher (DOA); Sneesby, Frederick(DHS); Weedon, Deirdre (DHS); georgewileycenterri@gmail.com; camiloviveiros@gmail.com; raquel.webster@nationalgrid.com; celia.obrien@nationalgrid.com; Joanne.scanlon@nationalgrid.com; mkirkwood@pud-ri.org; hround@pud-ri.org; trivet@pud-ri.org; llaporte@pud-ri.org; jwright@bipco.net; admin@bipco.net; Chetherington@riag.ri.gov; dmacrae@riag.ri.gov; MFolcarelli@riag.ri.gov; George, Linda (DPUC); Schrag, Jonathan (DPUC); Kogut, Thomas (DPUC); Spirito, John (DPUC); Bell, John (DPUC); Moniz, Diana (DPUC); jmickman@centerforjustice.org; Ucci, Nicholas (DOA); marybali@aol.com; dsimmons@kentcountywater.org; Joseph A. Keough Jr, Esq; James DeCelles; RickyC@provwater.com; leah@mcelroylawoffice.com; jforgue@cityofnewport.com; Ashoer@apslaw.com; Jacobs, Christopher; bfitzgerald@cullenanddykman.com; Prettyman, Gary; Giebink, Karen; mviggiani@woonsocketri.org; jgerhard@narragansetttri.gov; Verdi, Nicole (GOV); Richards, Claire (GOV); Crawley, Kathleen (DOA); Gregg Giasson; Peter Pallozzi
Subject: [EXTERNAL] : Re: PUC Order on Suspension of Service Terminations - Docket No. 5022

Luly:

As you know, this office represents the **Providence Water Supply Board (PWSB)**. Please accept this email as PWSB's Report regarding suspending service terminations and collection activities by all regulated electric, natural gas, water, and sewer utilities during the COVID-19 Emergency.

As directed by the Commission, PWSB has examined customer bill payment activity.

Our responses to the questions posed are as follows:

(1) Have collections dropped off for residential and nonresidential customers over the past two weeks, four weeks, and six weeks compared to prior months and prior years?

Answer: Yes

(2) If so, please quantify the extent of the reduction.

Answer: We analyzed January - April for 2018 through 2020. The calendar year 2020 is down about 11%.

(3) What effect has any such reduction had on the utility's cash flow?

Answer: As of now, it is not causing a problem with PWSB's cash flow.

(4) Has the utility been unable to meet any obligations, or does it expect to be unable to meet any financial obligations in the next two weeks if it cannot commence termination of service as a collections option?

Answer: We have met our obligations and do not foresee an immediate issue. Unless otherwise directed, we do not plan to commence terminations until after May 8th.

(5) Provide any information on plans for termination of service for nonpayment absent an extension of this order;

Answer: On March 16th, Providence Water voluntarily stopped all terminations on customer (residential and commercial) accounts. In addition, we also stopped charging interest on all customer accounts with an outstanding balance.

A typical Providence Water customer payment agreement is for a 3 month period with a 1% interest charge on the outstanding balance and the customer is required to stay current on all future bills. Customers who have a satisfactory payment history may request longer payment terms that must be approved by a supervisor.

Once this order is lifted, Providence Water will slowly ease back into our collection practices and any potential terminations will require supervisor approval. Providence Water will also offer our residential and commercial customers an interest-free 3-month financial agreement on their outstanding balance if requested.

If our collection activity does not drop off significantly then we may be able to extend the interest-free agreements beyond three months.

Providence Water also recognizes that terminations at this time could lead to a health hazard. The pandemic has caused a financial strain on the community so we expect to see a continued drop off on our collection activity. However, it has not yet caused a major issue on our cash flow. In addition, the termination of water service to a residential account would lead to serious health concerns as the residents would not have the ability to wash their hands or practice good hygiene. If a drop off in collection activity leads to a cash flow issue, we plan to petition the PUC and seek approval to tap into our restricted accounts.

Michael R. McElroy | Managing Partner | **McElroy & Donaldson**
21 Dryden Lane, P.O. Box 6721, Providence, Rhode Island 02940-6721
o: [401.351.4100](tel:401.351.4100) | c: [401.749.2612](tel:401.749.2612) | f: [401.421.5696](tel:401.421.5696)
www.McElroyLawOffice.com [mcelroylawoffice.com]

On Wed, Apr 8, 2020 at 7:01 PM Michael McElroy <Michael@mcelroylawoffice.com> wrote:
Luly:

As you know, this office represents the Providence Water Supply Board (PWSB). Please accept this email as PWSB's Report under Order No. 23807 suspending service terminations and collection activities by all regulated electric, natural gas, water and sewer utilities during the COVID-19 Emergency.

As directed by the Commission, PWSB has examined customer bill payment activity.

Our responses to the questions posed are as follows:

(1) Have collections dropped off for residential and nonresidential customers over the past two weeks compared to prior months and prior years?

Yes.

(2) If so, please quantify the extent of the reduction.

Collections have dropped about 15% over the last 2 weeks as compared to prior months and years.

(3) What effect has any such reduction had on the utility's cash flow?

As of today, it is not causing an issue with our cash flow.



Kent County Water Authority

April 30, 2020

KCWA Response to Questions

RIPUC Docket 5022 - Order 23809

(PUC-1) (1) Have collections dropped off for residential and nonresidential customers over the past two weeks, four weeks, and six weeks compared to prior months and prior years?

(PUC-2) If so, please quantify the extent of the reduction.

KCWA RESPONSE TO PUC 1 & 2:

KCWA Collections Trending and Mitigation

- Collections have dropped off over the last two, four, and six weeks compared to past years.
- **Delinquent accounts** have increased **37%** from **1724** in April 2019 to **2360** for April 2020.
- **Shutoff accounts** have increased **47%** from **1270** in April 2019 to **1862** for April 2020.
- **Total outstanding as of 4-29-20** in delinquent and shutoff status **\$694,415**.
(\$393,921 in delinquent status and \$300,494 in shutoff status)
- Delinquent accounts are defined as those that have not paid after 30 days. Delinquent notices are sent after 45 days. Shutoff accounts are 60 days past due and are typically scheduled to be terminated for non-payment. These accounts are not being shut off for nonpayment.
- KCWA has stopped all shutoff notifications and service terminations for nonpayment until May 31, 2020 and is continuing to send revised delinquent notifications (attached) in their place to encourage payment. The notice provides the customers with payment options including online bill payment, online ACH, drop off at the main office in a drop slot, and telephone payments.
- Payment plans are being offered to all customers having difficulty paying their bills.
- KCWA requested and was granted a waiver on interest for past due accounts during the pandemic.

(PUC- 3) What effect has any such reduction had on the utility's cash flow?

KCWA RESPONSE TO PUC- 3 :

KCWA Meter Revenue Trending

- The metered billing amounts have decreased by \$53 K (-.04%) comparing April of 2020 vs April of 2019.
- There was a decrease of \$26 K non-residential and \$27 K on residential metered billing revenues which may or may not be the result of the pandemic.
- \$53 K only represents 1/3 of the customers (9000 customers) because KCWA reads 9000 meters monthly and bills quarterly.
- KCWA will have to continue to wait until the end of May to get a full handle on the downturn in revenues from the COVID-19 pandemic due to businesses closing and/or reducing their usage. It is interesting to note that the split between residential vs non-residential usage decrease is even versus last month where the majority of the downturn, 66%, was on residential usage.

KCWA Financial Coverage Plan

- Plan for anticipated reduction in timed revenues from non-payment and/or reduced usage.
- There is \$3 M in the Operating Revenue Account.
- April Expenditures: \$ 1 M in monthly restricted acct funding and 983 K in operating expenditures for a total of \$1.983 M for April. The overall anticipated operating expenditures for May are approximately \$1.9 M and \$2.0 M for June, respectively.
- We collected \$1.9 M as of April 30, 2020 for March billings. The March billings were \$2.1 M. The collections represent 90 % of the anticipated receivables.
- If our collections decrease by 50% for any given month during the pandemic, then KCWA would petition the RIPUC for permission for emergency use of our Operating Reserve Account to handle the short-term shortfall if needed. There is currently \$1.4 M in the Operating Reserve Account.
- If the Operating Reserve Account gets fully utilized, we would then petition the RIPUC to use the restricted Infrastructure account. There is \$4.1 M in the Infrastructure account as of today 4-30-2020.
- The plan would be to refund all restricted accounts once the pandemic has passed.

KCWA Production Trending

- Production trending can potentially signal a decrease in anticipated sales.
- Production has decreased in March 2020 by 3%, or 5 million gallons, compared to March 2019.
- Production has decreased in April 2020 by 8% or 15 million gallons to date compared to 2019.

(PUC-4) Has the utility been unable to meet any obligations, or does it expect to be unable to meet any financial obligations in the next two weeks if it cannot commence termination of service as a collections option?

KCWA RESPONSE TO PUC- 4 :

KCWA does not anticipate any issue meeting its obligations in its decision to suspend termination activities through the end of May.

(PUC-5) Provide any information on plans for termination of service for nonpayment absent an extension of this order

KCWA RESPONSE TO PUC- 5 :

KCWA stopped sending shutoff notices and terminations for non-payment on Monday March 16th, 2020. This is being done for all customers, residential and non-residential, until May 31st, 2020. KCWA will reevaluate this moratorium at the end of May unless ordered to extend further by RIPUC.

KENT COUNTY WATER AUTHORITY
1072 MAIN STREET
P O BOX 192
WEST WARWICK, RI 02893-0192

PHONE NUMBER: (401) 821-9300
E-MAIL: customerservice@kentcountywater.org

DELINQUENT NOTICE



Kent County Water Authority

OFFICE HOURS
MONDAY - FRIDAY
8:00 A.M. - 4:00 P.M.

Effective Date: 04/14/2020

Account Number:

Service Location: WEST WARWICK RI 02893

Delinquent Amount:

\$107.63

OUR RECORDS INDICATE THAT YOU MAY HAVE OVERLOOKED PAYING YOUR WATER BILL. AS A REMINDER THIS BILL WAS DUE 30 DAYS FROM THE BILLING DATE.

PLEASE DISREGARD THIS NOTICE IF PAYMENT HAS BEEN MADE AND THANK YOU FOR YOUR PAYMENT.

CUSTOMERS ARE ENCOURAGED TO CONTINUE TO PAY THEIR BILLS TO THE EXTENT THEY HAVE THE FINANCIAL ABILITY. IF YOU ARE EXPERIENCING FINANCIAL HARDSHIP DURING THIS TIME, PLEASE CONTACT OUR OFFICE FOR A PAYMENT PLAN. FAILURE TO MAKE A PAYMENT WILL RESULT IN A HIGHER BALANCE DUE ONCE THE MORATORIUM IS OVER AND MAY BE MORE DIFFICULT TO MANAGE FULL PAYMENT.

FOR CUSTOMERS ABLE TO PAY THEIR BILL, THE FOLLOWING OPTIONS ARE ALWAYS AVAILABLE FOR PAYMENT:

☉ PAY BY TELEPHONE: (401) 821-9300 (secure payments M-F 7:30AM - 4:00PM)

☉ TO PAY BY ACH OR CC: <https://www.ri.gov/app/kentcounty/water>

☉ MAIL A CHECK OR MONEY ORDER:

KENT COUNTY WATER AUTHORITY
PO BOX 9901
PROVIDENCE, RI 02940-4001
KENT COUNTY WATER AUTHORITY
1072 MAIN STREET
WEST WARWICK, RI 02893-0192

☉ DROP OFF A CHECK OR MONEY ORDER:

PLEASE MAKE CHECKS PAYABLE TO: "KENT COUNTY WATER AUTHORITY"
INCLUDE ACCOUNT NUMBER ON CHECK OR MONEY ORDER

PLEASE NOTE: IF YOUR OBLIGATION TO PAY ANY DEBT LISTED IN THIS STATEMENT IS THE SUBJECT OF A BANKRUPTCY COURT PROCEEDING, BANKRUPTCY COURT-APPROVED PLAN OR BANKRUPTCY COURT ORDER, WE ARE NOT THROUGH THIS COMMUNICATION, ATTEMPTING TO COLLECT ANY AMOUNTS FROM YOU AS A PERSONAL LIABILITY AND WILL ONLY PURSUE ANY RIGHTS WE MAY HAVE IN THE BANKRUPTCY COURTS TO THE EXTENT ALLOWED BY LAW.

Detach and Return Stub with Payment

DELINQUENT NOTICE

Service Location: WEST WARWICK RI 02893

Account Number:



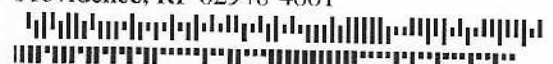
Delinquent Amount Due:

\$107.63

New Remittance Address:

Amount Enclosed: \$ _____

Kent County Water Authority
P O Box 9901
Providence, RI 02940-4001



0000010763 000000200536 1

OVER →

Massaro, Luly (PUC)

From: Forgue, Julia <jforgue@CityofNewport.com>
Sent: Thursday, April 30, 2020 1:22 PM
To: Massaro, Luly (PUC)
Cc: Yost Jr., William
Subject: [EXTERNAL] : Docket 5022- Newport water

Luly,

The following are the responses to the following questions:

- 1) *Have collections have dropped off for residential and non-residential customers over the past two weeks, four weeks and six weeks compared to prior months and prior years?*

Collections during the month of April have been good compared to past months and years. Generally, receipts tend to be greater at the end of the month when the bills are due and the beginning of the month after the bills are mailed. This pattern did not seem to change in April. Comparison of Bi-weekly collection activity is difficult to analyze.

At the beginning of April, we noticed an increase in the amount and number of past due customers compared to past months and years. However we learned that in March there was a payment processing lag by our Bank and therefore we had customers who mailed payments that should have been posted in March were actually posted in April. We believe a better indicator will be available once we perform a new aging analysis next week which will include our May billings.

- 2) *If so, please quantify the extent of the reduction.*

When we issue the May bills next week we will have better information on the number and amount of past due accounts and will be better able to quantify the extend of the reduction, if any.

- 3) *What effect has any such reduction had on the utility's cash flow*

Cash Flow has been generally positive and the utility has been able to meet its day to day obligations. Newport Water also implemented essential only purchasing controls which had helped alleviate cash flow demands.

- 4) *Has the Utility been unable to meet any obligations, or does it expect to be unable to meet any financial obligations in the next two weeks if it cannot commence termination of service as a collection option.*

Newport Water is currently up to date with its accounts payable obligations and should be able to meet its obligations in the next two weeks without termination of service as a collection option. The concern is that sales volumes will drop materially this summer which will have a negative impact on the utility's ability to meet its obligations without termination of service as a collection option.

- 5) *Provide any information on plans for termination of service for nonpayment absent an extension of this order.*

NWD is not intending to terminate service due to non-payment for any of our customers through May 31, possibly longer. We are encouraging customers to contact us in order to enter into payment plans based on the extent of their financial ability.

Julia A. Forgue, PE
Director of Utilities
City of Newport
70 Halsey Street
Newport, RI 02840
401-845-5600

Massaro, Luly (PUC)

From: Shoer, Alan <AShoer@apslaw.com>
Sent: Thursday, April 30, 2020 3:38 PM
To: Massaro, Luly (PUC)
Cc: Jennifer Wood; Nault, Alan (PUC); Bianco, Todd (PUC); Hogan, Margaret (PUC); Kearns, Christopher (DOA); Sneesby, Frederick(DHS); Weedon, Deirdre (DHS); georgewileycenterri@gmail.com; camiloviveiros@gmail.com; raquel.webster@nationalgrid.com; celia.obrien@nationalgrid.com; Joanne.scanlon@nationalgrid.com; mkirkwood@pud-ri.org; hround@pud-ri.org; trivet@pud-ri.org; llaporte@pud-ri.org; BIPCO Admin; Chetherington@riag.ri.gov; dmacrae@riag.ri.gov; MFolcarelli@riag.ri.gov; George, Linda (DPUC); Schrag, Jonathan (DPUC); Kogut, Thomas (DPUC); Spirito, John (DPUC); Bell, John (DPUC); Moniz, Diana (DPUC); jmickman@centerforjustice.org; Ucci, Nicholas (DOA); marybali@aol.com; dsimmons@kentcountywater.org; James DeCelles; RickyC@provwater.com; leah@mcelroylawoffice.com; jforgue@cityofnewport.com; Jacobs, Christopher; bfitzgerald@cullenanddykman.com; Prettyman, Gary; Giebink, Karen; WilsonFrias, Cynthia (PUC); mviggiani@woonsocketri.org; jgerhard@narragansetttri.gov; Verdi, Nicole (GOV); Richards, Claire (GOV); Crawley, Kathleen (DOA); Gregg Giasson; Peter Pallozzi; David Bebyn; Tracy Fredericks; Michael McElroy; 'Joseph A. Keough Jr, Esq'
Subject: [EXTERNAL] : RE: PUC Order on Suspension of Service Terminations - Docket No. 5022 (Woonsocket Response)

Dear Luly :

On behalf of the City of **Woonsocket, Water Division**, our responses to your questions are below :

- (1) Have collections dropped off for residential and nonresidential customers over the past two weeks, four weeks, six weeks compared to prior months and prior years?

The WWD is not able to readily breakout the collections for residential and nonresidential. Regarding overall collections, yes there appears to be a reduction in collections when compared to the prior month and prior years.

- (2) If so, please quantify the extent of the reduction.

When reviewing the collection data from the WWD billing system there appears to be only a 4% reduction for the month of March when comparing the March 2020 and March 2019. The April collections appears to be an 11% reduction for the month when comparing the April 2020 and April 2019. It should be noted however that 3% of this reduction maybe due to a reduction in sales for the March billing when compared to the prior year.

- (3) What effect has any such reduction had on utility's cash flow?

Any issues from any such reduction has little impact on the utilities cash flow. Fortunately Woonsocket has several cash restricted accounts with balance to meet a short term reduction in cash flows.

- (4) Has the utility been unable to meet any obligations, or does it expect to be unable to meet any financial obligations in the next two weeks if it cannot commence termination of service as a collections option?

No, the City has sufficient cash reserves to meet a short term reduction in cash flows.
Woonsocket will be able to meet its financial obligations in the next two weeks.

- (5) Provide any information on plans for termination of service for nonpayment absent an extension of this order.

Absent of any additional orders by the PUC, the WWD plans to begin collection activities, which could include water termination activities when the PUC order expires.

ALAN M. SHOER

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