

A photograph of a waterfall cascading over a stone dam. In the background, there is a small, yellow, square observation tower with a shingled roof and a metal railing. The scene is set in a wooded area with snow on the ground and trees. The year '1884' is visible on the stone dam.

2015 ANNUAL REPORT TO THE COMMUNITY

100 YEARS

Last April marked the 100th anniversary of the creation of the Providence Water Supply Board and public water system for the City of Providence.

Enabling legislation was passed by the General Assembly in April of 1915. This legislation called for the construction of a large reservoir and treatment plant on the north branch of the Pawtuxet River in the Town of Scituate. The main reservoir was formed by the construction of a dam across the Pawtuxet River at the former village of Kent. An aqueduct from the dam feeds the treatment plant that was placed in operation on September 30, 1926.

- The plant was considered to be among the most technologically advanced of its day.
- The treatment plant underwent major expansions and renovations in the 1940's and again in the 60's.
- The treatment plant still remains the largest capacity conventional treatment facility in New England.

It is the mission of Providence Water to provide reliable, high-quality, safe, clean drinking water for our customers at a reasonable cost, supported by excellent customer service, within the context of a positive, fair, efficient, effective and healthy workplace environment.

Over 100 years ago in April 1915, legislation was passed to create the Providence Water Supply Board public water system.



Our forefathers had the vision to plan, design, and build a water supply system that 100 years later continues to provide some of the most pristine water that our country has to offer to more than 600,000 Rhode Islanders. Today, Providence Water is tasked with an enormous responsibility in order to continue this legacy for another 100 years and beyond so that future generations can continue to enjoy this natural resource. It is imperative that we remain diligent in protecting and securing our watershed, reservoir and purification plant while maintaining and rehabilitating our distribution system.

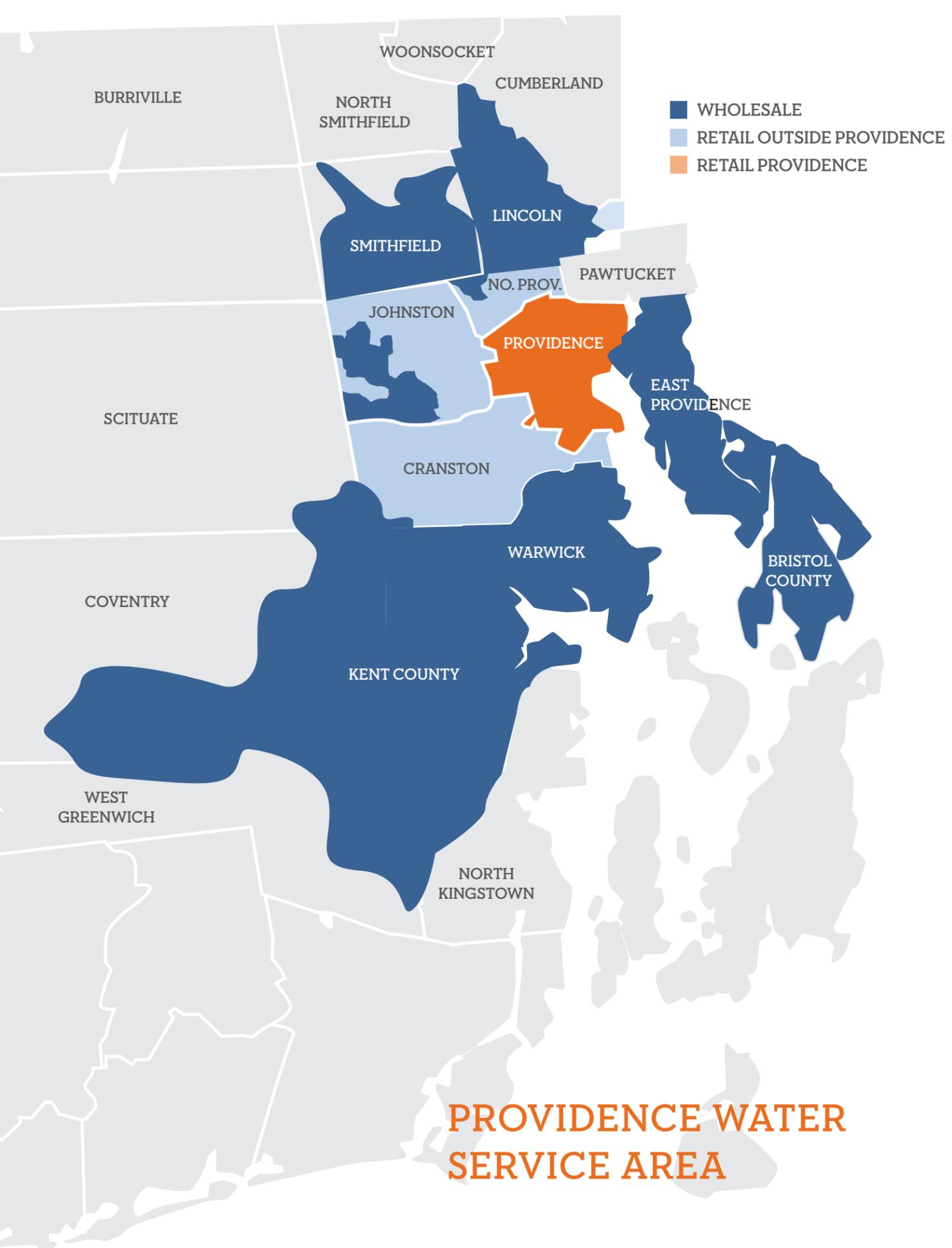
The source of supply for Providence Water is a 37 billion gallon reservoir that is located in Scituate, RI, where it is surrounded and protected by 93 square miles of watershed property. Land use directly impacts water quality. Providence Water owns and manages approximately 27 square miles of land within the watershed. Providence Water protects our watershed by investing in the purchase of real estate and real estate development rights in order to limit development. Limiting development ultimately reduces potential pollutants that can make their way into our reservoir and have harmful effects on our drinking water. We have invested more than \$31 million in land acquisition since 1989, with \$540,000 being invested in calendar year 2015 in order to protect our source.

In addition to protecting our source, it is imperative that we continue to invest in our distribution system in order to ensure that our high quality drinking water is delivered safely and timely to our consumers. Providence Water owns and maintains almost 1,000 miles of pipe in our distribution system. We are constantly performing unidirectional flushing in our system in order to reduce the effects that sedimentation and tuberculation can have on the interior of the pipes. In addition, we are aggressively cleaning and lining or replacing our unlined cast iron pipes/mains. In 2015, we invested \$12.3 million in our distribution system by replacing, cleaning, and lining approximately 12.3 miles of main. We also flushed over 100 miles of main in our distribution system this past flushing season. The investment we make today will have a positive impact on our distribution system for the next 100 years.

Looking to the future, Providence Water remains committed to protecting our water from the source to the tap while being a leader in implementing initiatives to protect our environment and the sustainability of our water supply system.

A handwritten signature in black ink that reads "Ricky Caruolo". The signature is fluid and cursive, with the first name being more prominent.

Ricky Caruolo
General Manager



AT A GLANCE



Providence Water customers consume an average of 60 million gallons of water each day.



The Scituate Reservoir Watershed is 93 square miles.



Providence Water owns and maintains approximately 1,000 miles of mains and pipes in its distribution system.



There are 6,070 fire hydrants served by Providence Water.



Providence Water provides some of the highest quality water in the country to approximately 600,000 people - 60% of Rhode Island.



The Scituate Reservoir is the largest body of freshwater in RI with 37 billion gallons of water.

INFRASTRUCTURE



Providence Water's ability to continue to reliably provide our customers with high quality drinking water depends on the continuous maintenance of our distribution system.

We are in the midst of a system-wide, multi-year project to rehabilitate the distribution system by lining or replacing unlined cast iron mains, performing preventive unidirectional flushing and removing public side lead services.

2015 Accomplishments

\$12.3 million

INVESTED IN DISTRIBUTION
INFRASTRUCTURE

12.3 miles

OF MAINS WERE
CLEANED AND LINED

100+ miles

OF MAINS WERE FLUSHED

PROVIDENCE WATER PURIFICATION PLANT

The Providence Water Purification Plant in Scituate tests and treats millions of gallons of water before it enters the distribution system to be delivered to consumers.

We are currently completing a \$45.5 million filter bed improvement project that is replacing aging filter beds, some dating back 90 years.

Providence Water operates an onsite Department of Health certified water quality laboratory that performs an average of 220 water quality tests each day, with constant monitoring of water from 42 sampling sites in the distribution system and 37 locations in the watershed basin.

2015 Accomplishments

55,000 lab analyses performed to ensure Providence Water meets or exceeds the Safe Drinking Water Act, including extensive lead sampling and monitoring.

6 new FILTER BEDS PLACED ONLINE

NEW AIR SCOUR
VALVES INSTALLED

Complete rehabilitation of concrete
and piping around aeration basin

CUSTOMER SERVICE

OUR PLEDGE TO CUSTOMERS: VALUE, CONVENIENCE, QUALITY

Every time our customers turn on the tap, open a bill, report a problem, or ask a question, we strive to make sure they get top-notch service. That's why we started our customer service survey in 2015 and asked for feedback to let us know what we're doing right...and where we can improve.

Our water rates are the lowest among regulated water utilities in Rhode Island. We've designed our new bills to be quickly accessible and easy to manage.

We know that water is essential for households, so we make sure that when there is a problem, we minimize response time. We are using new and emerging technology to provide timely notifications of work that may impact water at the tap.



1¢ BUYS YOU APPROXIMATELY 3
GALLONS OF SOME OF THE BEST
TASTING WATER IN THE COUNTRY.

2015 Accomplishments

REAL TIME CONSTRUCTION
updates for customers through social media
and an interactive website.

COMMUNITY MEETINGS
to answer questions on topics such as
neighborhood construction projects or
water quality concerns.

AUTOMATIC BILL PAY
option provides a convenience
for customers.



COMMUNITY OUTREACH

2015 Highlights

TEACHING FUTURE GENERATIONS

- Expanded elementary school water education integration featuring Providence Water leadership team.
- Sponsored Scituate Reservoir Education Program for K-12 students including poster contests and summer water day activities.
- Worked with high school students to collect community water samples and perform testing procedures.

FOR THE PUBLIC

- Watershed tours and lectures.
- Conservation projects such as special rain gardens and tree planting.

THE WATERSHED



PROTECTING OUR WATERSHED

Providence Water's highest priorities are protecting and maintaining the 93 square mile Scituate Reservoir Watershed. Caring for the watershed includes managing the forest, wildlife habitat, dams and intersecting fire lanes. Protecting the watershed ensures the safety and quality of the 37 billion gallon Scituate Reservoir system.

As we look towards 2016, we will continue to protect our water supply by working with communities to close roads, limit access to our property and acquire additional watershed property to limit development.



WATERSHED GREEN INITIATIVES

- Installed a state-of-the-art biofiltration storm management system.
- Forestry management and timber harvesting.

SYSTEM-WIDE GREEN INITIATIVES

- Providence Water recycles everything from metal (hydrants and pipes) and office materials to e-waste.
- Purchased diesel vehicles that utilize Diesel Exhaust Fluid (DEF) technology, which reduces engine emissions.
- Implemented paperless e-billing.

FINANCIAL

SUMMARY OF NET POSITION FOR THE YEARS ENDED JUNE 30, 2013, 2014, AND 2015

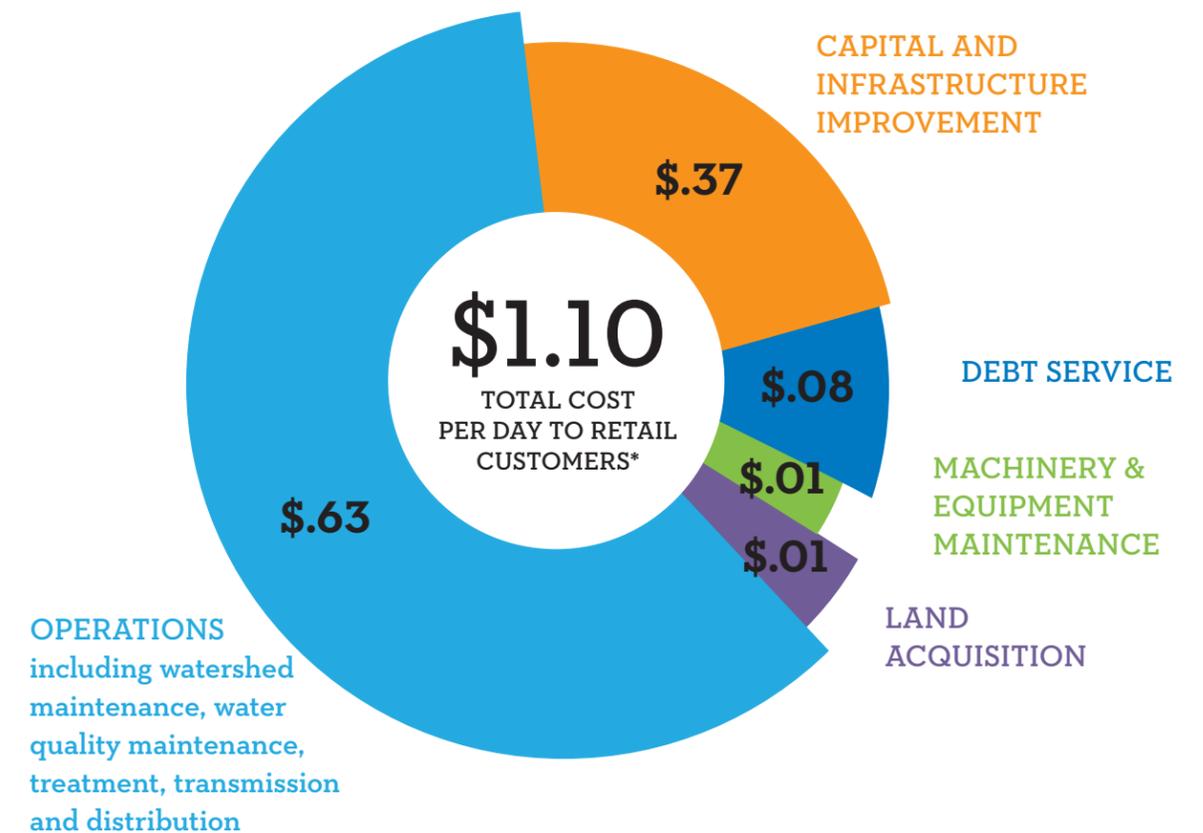
	2013	2014	2015
Total Current Assets	\$ 51,371,246	\$ 50,845,457	\$ 55,703,859
Net Property, Plant & Equipment	295,298,057	299,812,331	317,261,613
Total Assets	\$ 346,669,303	\$ 350,657,788	\$ 372,965,472
Total Current Liabilities	14,108,844	9,928,198	13,498,668
Total Long-Term Liabilities	78,321,740	75,559,279	123,484,785
Total Liabilities	92,430,584	85,487,477	136,983,453
Deferred Outflows (Inflows) of Resources	(1,997,014)	(2,709,308)	1,156,442
NET POSITION:			
Net Investment in Capital Assets	217,211,421	225,543,538	239,087,594
Restricted Fund	31,511,583	32,410,386	36,145,168
Unrestricted Fund	3,518,701	4,507,079	(38,094,301)
Total Net Position	\$ 252,241,705	\$ 262,461,003	\$ 237,138,461

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDING JUNE 30, 2013, 2014, AND 2015

	2013	2014	2015
Total Operating Revenue	\$ 61,069,674	\$ 62,872,231	\$ 69,231,217
Total Operating Expenses	50,303,983	54,394,039	54,492,430
Operating Income	10,765,691	8,478,192	14,738,787
Net Non-Operating Revenue (Expenses)	(1,593,191)	(1,562,494)	(1,811,838)
Capital Grants and Contributions	2,099,550	3,303,600	1,098,258
Net Income	11,272,049	10,219,298	14,025,206
Net Pension Liability (GASB 68 Implementation)			(41,356,974)
Prior Period Adjustment			2,009,226
Increase (Decrease) in Net Position	11,272,049	10,219,298	(25,322,542)
Net Position - Beginning of Year	240,969,656	252,241,705	262,461,003
Net Position - End of Year	\$ 252,241,705	\$ 262,461,003	\$ 237,138,461

WHERE YOUR MONEY GOES

Providence Water retail customers pay on average \$402 per year for some of the best tasting water in the country. The daily cost to customers is \$1.10. Here is a breakdown of what that \$1.10 pays for on a daily basis.



*(number is rounded for clarity)

LEADERSHIP



Mayor Jorge O. Elorza



Xaykham Khamsyvovong
Chairperson



Joseph D. Cataldi
Vice Chairperson



Michael J. Correia
City Councilperson



Sabina Matos
City Councilperson



Andy M. Andujar
Member



Kerri Lynn Thurber
Member



Lawrence J. Mancini
Ex-Officio



William E. O’Gara, Esq.
Legal Advisor

PROVIDENCE WATER MANAGEMENT



Ricky Caruolo
General Manager



Gregg Giasson
Executive Engineer/
Deputy GM Operations



Peter J. Pallozzi
Deputy GM
Administration

SENIOR MANAGEMENT TEAM



From left to right: Thomas Massaro, Finance; Mark Haroian, Transmission & Distribution; Stephen Soito, Water Supply; Stephen M. Colman, Information Technology; Antonio M. Araujo III, Support Services; Peter R. LePage, Engineering; Nancy Parrillo, Customer Service

THE FUTURE



In December 2015, Providence Water purchased a new Central Operations Facility (COF) located at 125 Dupont Drive, Providence. All of our departments, with the exception of treatment plant staff, will eventually be consolidated in the new facility. The COF is being financed through the Drinking Water State Revolving Fund, which is a low interest loan (approximately 1.77%) available through the Rhode Island Infrastructure Bank. Facility renovations are scheduled to begin in the spring of 2016. Providence Water is taking into consideration the potential for energy savings, reducing our carbon footprint and selecting the best-suited materials for the new COF.

CUSTOMER BENEFITS

- Centralized location in our distribution system.
- Quicker response time for water quality issues.
- Convenient access to major highways.
- Greater parking capacity.
- All customer services (billing, new service applications, water testing) available in one location.



From our Scituate Reservoir to your tap...

...Tap Water Delivers.



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www.provwater.com

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