

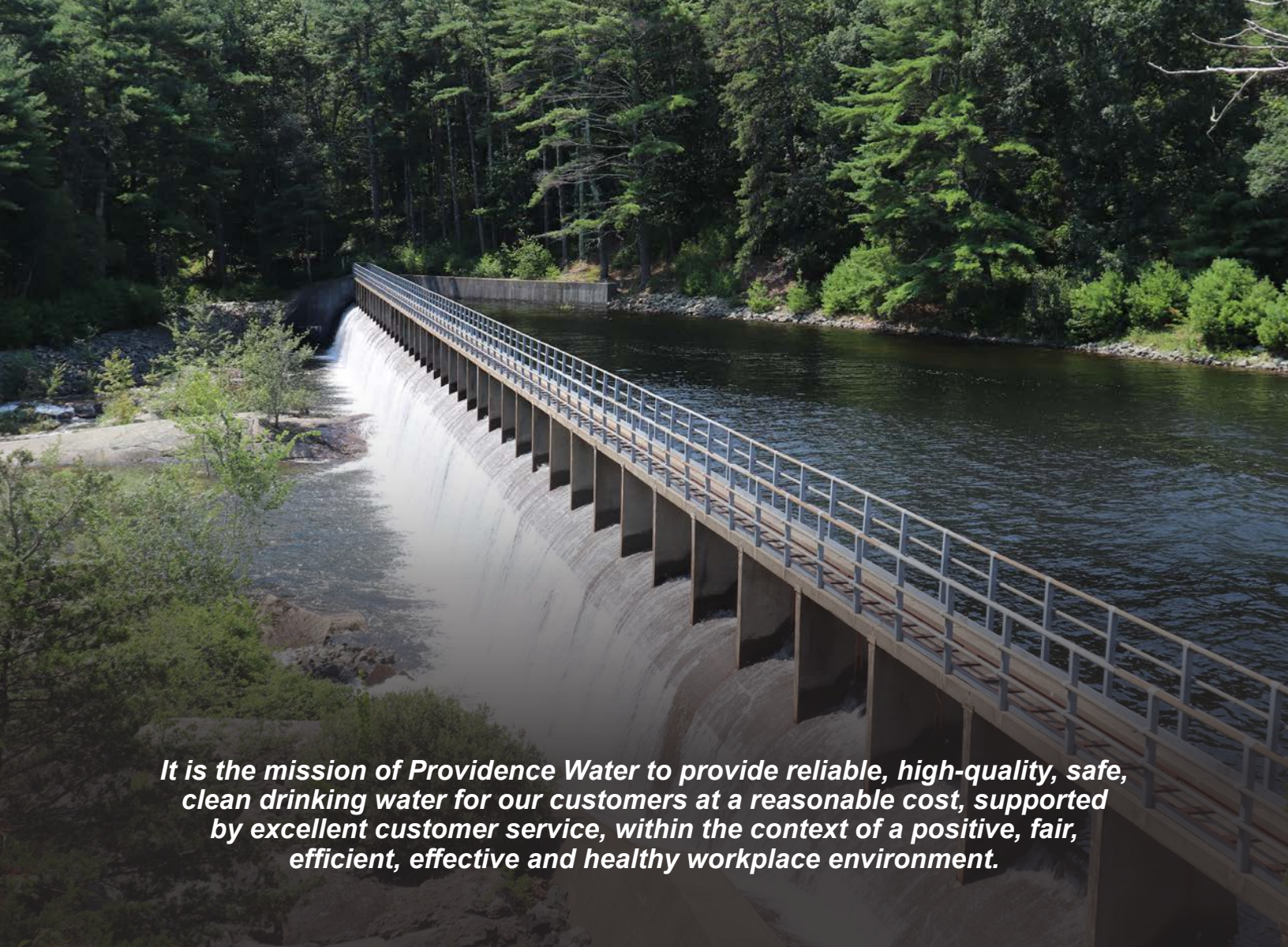


Tap Water Delivers



2023

ANNUAL REPORT TO THE COMMUNITY



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.



At Providence Water, our mission is to provide affordable, high-quality drinking water to all the communities that we serve. It is my pleasure to present the 2023 Providence Water Annual Report, which highlights our initiatives and accomplishments over the past year.

We understand our critical role in ensuring safe and reliable water for our customers. One of our top priorities is addressing the issue of lead service lines. Lead exposure poses a potential health risk, and we are fully committed

to eliminating lead at the tap. While the drinking water that leaves our treatment plant in Scituate and distributed through the Providence Water system contains no detectable levels of lead, some of the pipes that connect older homes to the water main in the street are made of lead. Our dedicated team at Providence Water has been working for many years to reduce lead at the tap by replacing lead service lines in the distribution system.

Providence Water has invested \$84 million in replacing lead service lines over the last 16 years and thanks to funding from Environmental Protection Agency (EPA) grants, we began replacing private side lead service lines in system neighborhoods during the 2022 and 2023 construction seasons. By the end of the 2023 construction season, we had utilized grant funding to replace more than 900 private side lead service lines in our distribution system, with a specific focus on disadvantaged communities where we know there are many homes with private lead service lines.

Working with a nationally recognized expert panel, we have developed and implemented a multi-pronged strategy to mitigate

the presence of lead at a customer's tap. That strategy includes water main replacement, corrosion control treatment, regular flushing of our water mains, lead service line replacement and extensive public outreach including a 0% interest loan program for customers to replace their private side lead service lines. As a result of our strategy, at the end of 2023, Providence Water was in compliance with the EPA's lead and copper rule for six consecutive semesters.

We are also actively engaged in the conservation of watershed land for water quality protection purposes. Last year, we continued our partnership work with other stakeholder agencies and began acquiring watershed land utilizing a \$3 million federal grant. To date, Providence Water has purchased and protected almost 5,000 acres of watershed land through both our own land acquisition program initiatives and stakeholder partnerships.

As we reflect on our achievements, we are excited about the future. In January 2024, Providence Water began the construction and community outreach phase of an Accelerated Lead Service Line Replacement Program initiated as part of our ongoing efforts to reduce lead at the tap. The goal of the program is to replace all lead service lines in our distribution system within 10 years in accordance with Rhode Island law and subject to available funding. Going forward, we eagerly anticipate the completion of impactful initiatives and ongoing collaboration with our community to build a future where affordable, high-quality drinking water remains accessible to generations of Rhode Islanders.

A handwritten signature in black ink that reads "Ricky Caruolo". The signature is fluid and cursive, with the first name "Ricky" and last name "Caruolo" clearly distinguishable.

Ricky Caruolo
General Manager



Lead Service Line Replacement Program

Providence Water is committed to reducing lead levels at the tap and removing lead service lines from our distribution system. Over the last 16 years, we have invested approximately \$84 million in replacing public lead service lines. We have also made changes to our water treatment process to enhance our corrosion control based on the recommendations of nationally recognized drinking water experts.

Our multi-pronged approach to reducing lead at our customers' tap is endorsed by the Rhode Island Department of Health. This approach includes:

- Lead Service Line Replacement
- Water Main Rehabilitation
- Corrosion Control Treatment
- Public Education and Outreach
- Unidirectional Flushing Program

Providence Water has earned recognition as an industry leader due to our proactive initiatives consisting of our lead service line replacement program, our 0% interest loan program and securing funding for private side lead service line replacement. To date, approximately 1,316 private lead service line replacements have been completed through our loan program. Our 0% interest loan program makes private side lead service line replacement affordable. The average cost of a lead service replacement is approximately \$5,500 (\$46 per month) and can be repaid over a 10-year period.



Free Private Side Lead Service Line Replacement

During the 2023 construction season, lead service line replacement work began in the Trinity Square area of Providence. Providence Water obtained an Environmental Protection Agency (EPA) grant of \$6.8 million. This EPA grant will be used to replace private side lead service lines in economically disadvantaged neighborhoods. On May 24, 2023, Providence Water executives, alongside Providence Mayor Brett Smiley and Providence Councilwoman Mary Kay Harris (Ward 11), held a press conference in front of a home receiving a free replacement through this funding. An estimated 147 homeowners were eligible to receive a free lead service line replacement.

Through our Lead Service Line Replacement Program, we replaced over 900 private side lead service lines over the last two years in the following neighborhoods:

- Trinity Square area, Providence: 116 completed in 2023.
- Charles Street area, Providence: 101 completed in 2023 – to date, a total of 257 free replacements completed.
- Washington Park area, Providence: 212 completed in 2023 – to date, a total of 427 free replacements completed.
- Additional locations within our distribution system: 62 completed in 2023 – to date, a total of 169 free replacements completed.

We remain dedicated to eliminating lead service lines within our distribution system. Providence Water will continue to search for additional grants and other funding programs aimed at private side lead service line replacement.





Investing in Our System

In 2023, Providence Water invested approximately \$31 million in various system upgrades and improvements:

- \$16.5 million for projects within our distribution system for water main rehabilitation and service replacements.
- \$6 million for improvements to our Scituate Treatment Plant, including architectural upgrades and improvements to our residual management system and control system.
- \$8.5 million in improvements across our facilities, such as the rehabilitation of pump stations, storage tanks and dams along with upgrades to our transmission system and administrative facilities.

We also secured a \$5.5 million loan from the Rhode Island Infrastructure Bank for water main rehabilitation in the Trinity Square area of Providence. The project is scheduled to begin in April 2024. Since 1996, Providence Water has invested approximately \$530 million in our infrastructure replacement program and an additional \$77 million in capital spending.

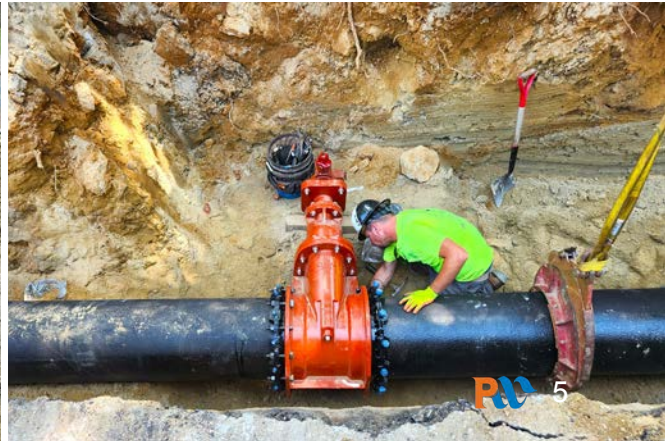


Infrastructure and System Improvements

Providence Water is continuously working to enhance our operational systems and infrastructure. In 2023, we replaced or relined more than 3.5 miles of cast iron main and flushed 60 miles of main in our water distribution system. Flushing is vital for maintaining water quality. To date, we have rehabilitated over 151 miles of main and flushed more than 973 miles of main.

Highlights and Accomplishments

- Installed a 16-inch transmission main in Johnston on Central Avenue near Bishop Hill Road.
- Completed an architectural rehabilitation of our Raw Water Booster Pump Station. Improvements included restoring the brick chimney, exterior walls, and the front granite terrace. Other upgrades included replacing sections of the tile floor, restoring the pump and piping pedestals, and replacing two garage doors and the roof of the building.
- Completed 192 new service requests, conducted 1,179 hydrant inspections, and replaced 90 hydrants.



Water Quality

Highlights and Accomplishments

- In 2023, we have achieved some of our best test results since the inception of the Lead and Copper Rule in 1997. Providence Water has consistently remained below the action limit for compliance testing under the Environmental Protection Agency's Lead and Copper Rule for six consecutive testing periods.
- In response to customer requests, we provided 749 free lead testing kits within our distribution system.
- Received 92 new signed loan agreements for our 10-year interest-free private side lead service line replacement program. Providence Water has received a total of 1,359 signed loan agreements since the inception of the program.



Watershed Initiatives and Protection

In collaboration with the Rhode Island Department of Environmental Management, Providence Water continued to utilize a \$3 million federal grant to reach our goal of securing approximately 700 acres of forest land within our watershed. In 2023, we acquired 101 acres of watershed land. To date, we have protected 4,091 acres through the Water Quality Land Acquisition Protection Program and the Forest Legacy Program.

Highlights and Accomplishments

- Managed six timber harvests across our watershed land holdings.
- Conducted inspections on 53 dams.
- Inspected and painted approximately 5,850 feet of property lines.
- Collected and analyzed approximately 300 stream samples from 38 watershed locations.
- Collaborated with researchers on various wildlife studies, including dragonflies and bees.
- Completed wildlife habitat improvements at Joslin Farm in Scituate for the benefit of grassland birds.





Energy Efficiency Initiatives

Through our ongoing initiatives, Providence Water remains committed to sustainability and environmental protection. In 2023, we acquired four new electric vehicles to replace older gasoline vehicles. To support the development of our electric vehicle program, we installed six additional electric vehicle charging stations, bringing our total to six electric vehicles and 11 charging stations throughout our facilities.

In 2023, we also installed seven energy-efficient, commercial-grade rooftop HVAC units at our Central Operations Facility. We continued to participate in Rhode Island Energy's (formerly National Grid) demand response program, enabling Providence Water to receive recurring payments for reducing electricity consumption.

Our 2023 Renewable Energy Highlights

- To date, Providence Water has saved over \$1 million on electric utility payments from the Pine Hill solar facility.
- The Pine Hill solar facility has generated over 7,902,477 kWh in FY 2023.



Safety Day

On September 12, 2023, Providence Water hosted our Safety Day Event at our Dupont Drive Central Operations Facility. Employees had the opportunity to learn about workplace safety procedures, participate in hands-on demonstrations, and view informational exhibits. Exhibits included Diversity, Equity, and Inclusion, trench safety, confined space, chlorine safety, meter installations, touch-a-truck, and chainsaw safety.

Safety activities included a hands-on demonstration of fire prevention, a presentation of a rollover simulation by the Rhode Island State Police and an exhibit on wildlife safety, education, and outreach by the Rhode Island Department of Environmental Management. Safety Day is an organizational event that aims to improve workplace safety and strengthen safety culture. The safety activities and workshops help raise awareness, demonstrate safety procedures and help employees learn the roles and responsibilities of each department.



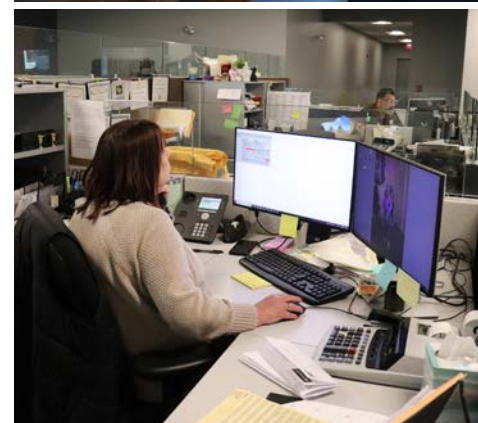
Customer Service

Our Customer Service department continues to work with SpryPoint Services to implement Providence Water's new online customer service platform. SpryPoint is a leading provider of cloud-based solutions with over 10 years of experience serving North American utilities. The new platform will consolidate Providence Water's existing work order system and add a direct customer portal.

The new platform will also provide a more efficient work order tracking system, a notification feature, consistent updates, and software improvements with increased security features. To better serve our customers, this new platform will provide our staff with direct access to update customer accounts, eliminating the need for a third-party vendor. Employees began training on the new system in 2023, and we anticipate the new billing system will be online by the end of 2024.

Providence Water customers have the convenience of paperless billing and can submit online payments through autopay or our electronic (e-billing) service. In 2023, a total of 23,887 customers used our e-billing service and 16,901 opted for autopay.

Providence Water partnered with the Rhode Island Department of Human Services/Low-Income Household Water Assistance Program (LIWHAP). LIWHAP assists eligible families with payments toward their water (or wastewater) accounts. In 2023, approximately 1,467 households received assistance, totaling over \$700,000 in LIWHAP assistance for eligible customers.





Community Outreach

Providence Water has supported various local and national charities through our “Dress Down Friday” program. Charities supported in 2023 included the Hotel for Homeless Dogs, the Wildlife Clinic of Rhode Island, the Light Foundation Charity, the American Heart Association, the Elisha Project, the Frederick’s Ataxia Foundation, the Gloria Gemma Breast Cancer Resource Foundation, and the Esperanza Hope-Adopt a Family for Christmas Program. To date, we have raised a total of \$73,934.

- On December 9, 2023, Providence Water conducted a free public field tour. Participants learned about the history of land use, preservation of water quality within streams, climate change, and forest management.
- We collaborated with the Tour de Rhody Charity Bike Ride, a Brown University fundraiser for cancer research that raised approximately \$160,000 in 2023.
- Participated in the Southern New England Heart Walk at Bryant University on June 11, 2023, contributing lifesaving funds for heart disease research and honoring survivors.
- Participated in the Esperanza Hope-Adopt a Family for Christmas program for the seventh consecutive year. This charity provides local families in need with clothes, shoes, gift cards, toys, and other gifts for children.

Leadership



Mayor Brett Smiley



Ateesh S. Chanda
Chairperson



Joseph D. Cataldi
Vice Chairperson



Juan M. Pichardo
Council President Pro Tempore



Oscar O. Vargas
City Councilperson



Sara Silveria
Ex-Officio



Dr. Alma M. Guerrero Bready
Member



Cristen L. Raucci
Member



William E. O'Gara, Esq.
Legal Advisor

Providence Water Management



Ricky Caruolo
General Manager



Gregg Giasson
Executive Engineer



David Tikoian
Deputy General Manager



Antonio M. Araujo, III
Chief of Operations



Katherine Mello
Chief of Technical
Services



Paul Pion
Chief Information
Security Officer



Joseph P. DiPina
Chief of Administration



Lynn Roberts
Senior Director
of Personnel



Mark Ceseretti
Director of
Customer Service



Richard Pimental
Director of Information
Security



Carissa Richard
Director of
Governmental Relations



Peter LePage
Director of Engineering



Pedro Santos
Director of IT



Cheryl McCreight
Director of Finance

Financials

Providence Water Supply Board
Balance Sheet Summary
For the Years Ending June 30,
2020, 2021, 2022, and 2023

	Audited	Audited	Audited	Audited
	2020	2021	2022	2023
Total Current Assets	43,603,728	82,082,639	85,422,219	97,546,851
Net Property, Plant and Equipment	451,775,332	478,079,672	498,580,888	518,479,920
Total Assets	\$ 495,379,060	\$ 560,162,311	\$ 584,003,107	\$ 616,026,771
Deferred Outflow (Inflow) of Resources	11,457,933	11,780,093	9,830,455	6,868,719
Total Current Liabilities	18,482,218	19,879,299	23,916,391	21,552,899
Total Long-Term Liabilities	190,423,825	222,141,102	213,289,804	207,302,870
Total Liabilities	\$ 208,906,043	\$ 242,020,401	\$ 237,206,195	\$ 228,855,769
Deferred Outflow (Inflow) of Resources	5,776,081	5,399,793	5,581,574	13,004,147
Net Position:				
Net Investment in Capital Assets	336,524,362	329,505,821	357,814,656	374,800,013
Restricted Fund	28,893,135	40,019,359	50,278,871	64,066,548
Unrestricted Fund	-73,262,628	-45,002,970	-57,047,734	-57,830,987
Total Net Position	\$ 292,154,869	\$ 324,522,210	\$ 351,045,793	\$ 381,035,574

Financials

Providence Water Supply Board Statement of Revenues and Expenses and Changes in Net Position for the Years Ending June 30, 2020, 2021, 2022 and 2023

	Audited	Audited	Audited	Audited
	2020	2021	2022	2023
TOTAL OPERATING REVENUE	69,757,831	81,349,230	88,824,578	94,491,834
TOTAL OPERATING EXPENSES	63,062,777	57,124,927	61,897,325	63,947,055
OPERATING INCOME	\$ 6,695,054	\$ 24,224,303	\$ 26,927,253	\$ 30,544,779
NET NON-OPERATING REVENUE (EXPENSES)	-1,441,472	-2,866,652	-1,192,718	-1,671,591
CAPITAL GRANTS AND CONTRIBUTIONS	522,801	11,009,690	789,048	1,116,593
NET INCOME	\$ 5,776,383	\$ 32,367,341	\$ 26,523,583	\$ 29,989,781
NET PENSION LIABILITY (GASB #68, #75 IMPLEMENTATION)	- 0	- 0	- 0	- 0
PRIOR PERIOD ADJUSTMENT	- 0	- 0	- 0	- 0
INCREASE (DECREASE) IN NET POSITION	5,776,383	32,367,341	26,523,583	29,989,781
NET POSITION ACQUIRED VIA MERGER (ESWD)	- 0	- 0	- 0	- 0
NET POSITION- BEGINNING OF YEAR	286,378,486	292,154,869	324,522,210	351,045,793
NET POSITION- END OF YEAR	\$ 292,154,869	\$ 324,522,210	\$ 351,045,793	\$ 381,035,574



Upcoming Initiatives

In 2023, Providence Water secured \$26 million in federal Bipartisan Infrastructure Law funding and expects additional funding in the future for lead service line replacements. Providence Water contracted CDM Smith, an engineering and construction firm dedicated to environmental and infrastructure solutions to execute our Accelerated Lead Service Line Replacement Program. In accordance with Rhode Island law and based on available funding, this program intends to replace all private side lead service lines from our distribution system within 10 years. The program is set to begin in early 2024.

As we prepare for a rate filing next year, we remain committed to providing our customers with safe and affordable drinking water. We will complete a feasibility assessment study of the Scituate Treatment Plant to evaluate the rehabilitation of the existing plant versus building a new treatment plant. We will continue to invest in our infrastructure and aim to remain in compliance with the EPA Lead and Copper Rule, an accomplishment we have achieved for six consecutive monitoring periods.

Providence Water expects to implement a new billing system that will provide our customers with an improved and streamlined experience. We will continue to develop our Diversity, Equity, and Inclusion division, and establish a technical mentorship program with Providence Public Schools. This mentorship program will provide participants with the opportunity to gain firsthand experience on career opportunities within the drinking water industry.








(401) 521-6300

125 Dupont Drive
Providence, RI 02907
www.provwater.com

 Follow us @provwater

 Like us: facebook.com/Providencewater