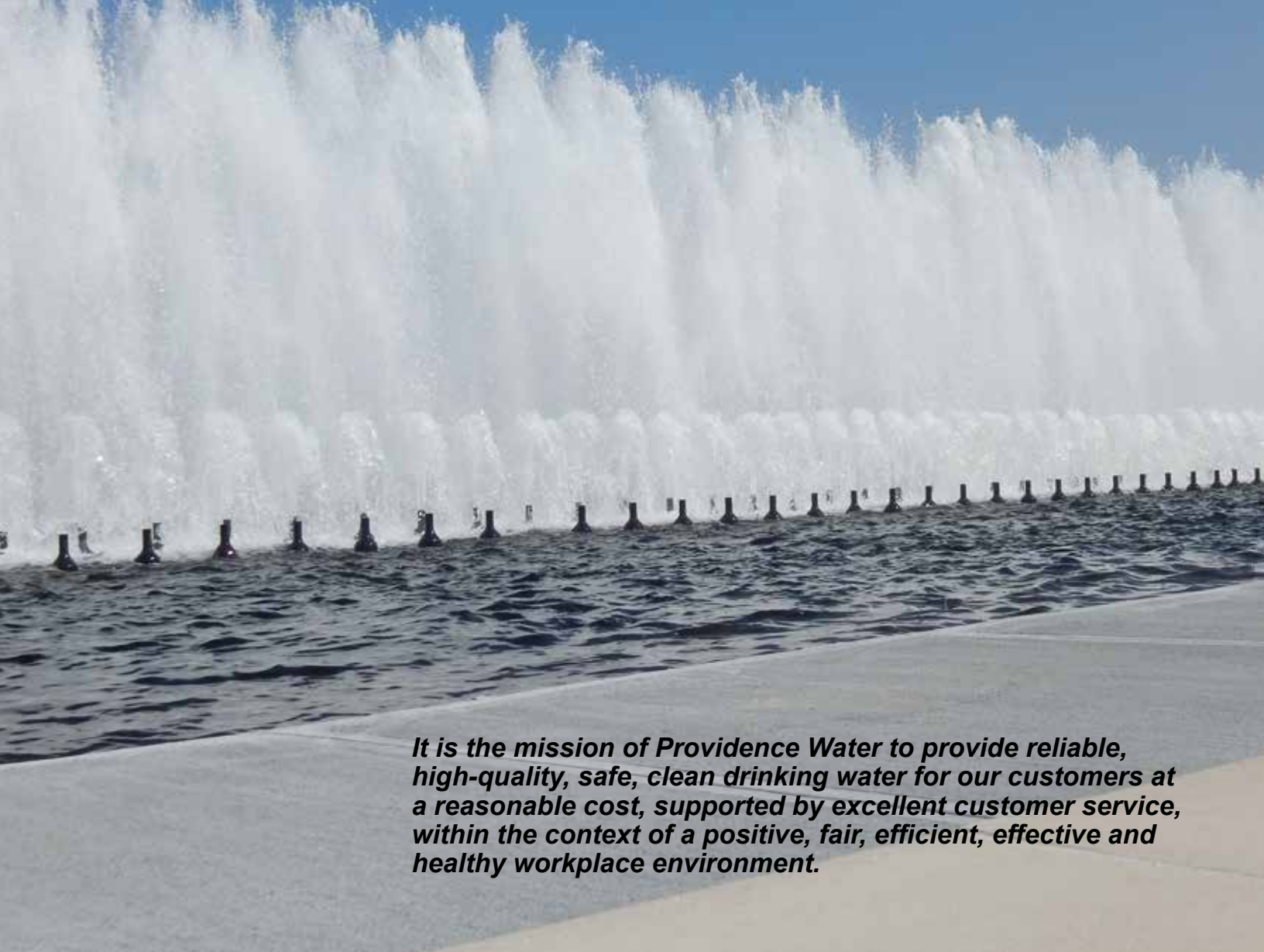




*Tap Water Delivers*

**2020**

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.***



I am pleased to present the 2020 annual report, which highlights our accomplishments over the past year. Providence Water has faced the challenge of continuing to provide uninterrupted service and high-quality drinking water to two-thirds of Rhode Islanders during

a pandemic and I am very proud that Providence Water employees have successfully risen to that challenge with determination and dedication.

In 2020, Providence Water's 4.99 megawatt Pine Hill solar project became operational. This solar project, combined with our Central Operations Facility rooftop solar array, has enabled Providence Water to achieve our goal of becoming 100% green and utilizing all of our electricity from our renewable energy systems that produce no greenhouse gas emissions. As a public water supplier and environmental steward, it is very important that Providence Water sets an example and takes a leadership role in the use and development of renewable energy.

We have continued to work on infrastructure replacement, rehabilitating unlined cast iron main and completing scheduled repairs to the 102" aqueduct.

This past year, 2000 feet of the pipeline was repaired by slip lining with fiberglass reinforced pipe and then put back in service. Service to customers was not impacted during this work because of the redundancy in Providence Water's transmission system.

Providence Water also obtained an additional \$3 million in funding in 2020 from the RI Infrastructure Bank to support the 0% interest loan program that helps our customers replace the private side of their lead service line. We loan the money to our customers at 0% interest and simultaneously replace the public side of the lead service at no cost to the customer. In 2020, the term of the loan was extended from three years to ten years to reduce the monthly payment for the customer and make private side lead service replacement more affordable.

Through our ongoing initiatives and system improvements, Providence Water continues to protect the environment, reduce our carbon footprint and ensure the safety, reliability and sustainability of our water supply system for future generations.

A handwritten signature in black ink, appearing to read 'Ricky Caruolo'. The signature is fluid and cursive, with a large 'R' and a long, sweeping underline.

**Ricky Caruolo**  
General Manager



## Pine Hill Solar Project

Providence Water has a history of pioneering sustainability and environmentally responsible initiatives. Through our Water Quality Protection Program, we have protected more than 3,800 acres of watershed land from development and safe-guarded our natural resources. Providence Water has been diligently working to reduce our carbon footprint and reach our goal of being 100% powered by renewable electricity through a number of projects. In August 2020, a new Providence Water 17,739 panel, ground-mounted, 4.99 megawatt solar array went into operation. The system is expected to generate approximately 8,500,000 kWh per year.

Our internal solar team worked with our environmental staff to identify potential Providence Water-owned parcels that would be a good fit for a new renewable energy project. Considerations included minimal necessary clearing, appropriate nearby 3-phase electrical interconnection and viewshed impact. The site located at 10 Pine Hill Road in Johnston was determined to be the best-suited location. Purchased in 2008 as part of an 80-acre acquisition, this 30-acre site is located at the border of our watershed. Providence Water owns much of the abutting property and natural areas/woodland serves as a buffer for neighboring privately-owned properties. In addition, minimal tree clearing (61 trees on less than one acre) was necessary and replacement seedlings/trees were easily planted near the cleared area.



The Providence Water solar team issued an RFP and vetted more than 20 renewable energy partnership proposals before awarding the solar project to EDF Renewables/AEP in April 2019.



Providence Water owns the site property while EDF constructed the array and funded the cost of construction. As such, the project was designed and built at no cost to Providence Water. Providence Water has agreed to purchase the electrical power from EDF at a fixed rate for the next 25 years, with an option of an additional 10 years. During the first year of operation, we expect to benefit from approximately \$600,000 in electric utility cost savings and over the next 25-year period, the new solar system is projected to save Providence Water approximately \$25 million in electricity costs.

As a result of a great team effort, Providence Water and EDF were able to complete the construction of the solar array during the challenging conditions of the COVID-19 pandemic. Although equipment and supplies were being delivered from other countries, and site conditions and supplying the proper labor force became difficult, the team worked diligently, held their course and completed the project. The new solar project provides significant environmental benefits including reductions in carbon dioxide emissions equivalent to taking more than 1,298 cars off the road each year, as well as providing long-term cost savings and hedges against future electricity price increases. The completion of this new solar project, combined with our existing Central Operations Facility rooftop solar array, has allowed us to achieve our goal of obtaining all of our electricity from our own renewable energy systems!

## Infrastructure Projects & System Improvements

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The Providence Water team remained committed to maintaining and updating our infrastructure while providing our customers with high-quality drinking water. We have continued our system improvement work which includes our main rehabilitation and unidirectional flushing programs. Priority has been given to the oldest portions of our system. In 2020, we replaced or relined approximately 8 miles of unlined cast iron main and flushed 89 miles of main in our distribution system. Since the inception of these programs, more than 121 miles of main has been rehabilitated and almost 760 miles of main has been flushed. During 2020, we also expanded and diversified our capabilities with several initiatives in water infrastructure upgrades.

### Hydrant Replacement Program

- In-house program developed to assess aging assets.
- Approximately 200 older hydrants were identified to be replaced.
- 102 new fire hydrants installed since the program began in 2020.

### 102-inch Aqueduct Slip-lining Project

- Completed inspection and rehabilitation of the 102-inch pre-stressed concrete cylinder pipe (PCCP) aqueduct in April 2020.
- Approximately 23,800 feet (4.51 miles) and 1,480 individual pipe sections were inspected.
- 90-inch diameter slip-lining sections were installed to rehabilitate 2,000 feet of the aqueduct which included approximately 1,000 feet under interstate 295 in Cranston.



### **Woonasquatucket 16" Main River Crossing**

- Completed construction in December 2020 to replace the aging 16" cast iron main that runs under the Woonasquatucket River in the vicinity of the Providence Place Mall.
- The new 16" ductile iron main reinforces the high service pressure areas of Providence, North Providence, Johnston, and Smithfield and the special high service fire system for the Providence metro area.

### **Gainer Dam Gatehouse Rehabilitation**

In August 2020, we completed a major renovation of the vintage 1920's super structure raw water intake facility at the center of Gainer Dam. The facility upgrades included:

- Rehabilitated a 20-ton crane.
- Replaced a 5-ton crane.
- Completed upgrades to the electrical system.
- Rehabilitated roof and windows.





## Lead Free Is The Way To Be

Providence Water remains committed to removing lead service lines from the distribution system. Our *Lead Free is the Way to Be* private-side lead service line replacement program saw improvements in 2020.

- Expansion of 0% interest loan program from a three (3) year to a ten (10) year repayment program.
- Received approval from the Rhode Island Public Utilities Commission to utilize \$1 million in rates annually for the 0% interest private-side lead service line replacement loan program.
- Received \$3 million from the Rhode Island Infrastructure Bank to provide additional funding for the 0% interest private-side lead service line replacement loan program.
- FREE lead testing program implemented.
- In January 2020, Providence Water began adding orthophosphate to its water treatment process in order to minimize lead levels at customer taps.

Lead Free  
is the way to be





## Enhancements During A Challenging Year

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### COVID-19

In order to continue providing reliable, high-quality water and services to our customers and keep our employees safe during the COVID-19 pandemic, Providence Water implemented several operational adjustments. These adjustments included; operating with an essential workforce reporting to our facilities, creating remote working solutions for our remaining employees, ensuring our facilities were thoroughly cleaned/disinfected and scheduling our emergency crews to provide necessary services for our customers.

We implemented safety protocols and distributed safety guidelines/procedures to our employees. The training team restructured and created training formats that align with both pandemic regulations and the needs of Providence Water in order to ensure the continued safety and well-being of employees and vendors.

We continued to read meters without entering homes, respond to customer issues by means of telecommunication, provide information for real estate closings and respond to new service requests. Also during this time, Providence Water suspended service termination and collection activities of overdue accounts.

We reopened our Customer Service Department at the Central Operations Facility during limited days/hours and ultimately expanded those hours under the recommended guidelines. Throughout the process, we kept our customers fully informed of our temporary office closure as well as our ability to continuously service their needs by utilizing our website, social media and press releases to provide timely information.



## Investing in the Environment

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The watershed area surrounding the Scituate Reservoir system consists of approximately 93 square miles of land that flows across or under on its way to the Scituate Reservoir. Providence Water owns more than 25 square miles of land within the watershed area and continuously works to reduce water pollution and protect drinking water quality at its source. In 2020, Providence Water continued our watershed land acquisition program to help preserve the quality of our water.

### 2020 Accomplishments:

- Acquired five parcels of watershed land totaling 146 acres.
- In conjunction with Department of Environmental Management, we utilized a \$3 million dollar grant from the federal government to begin processing the conservation of more than 700 acres of forest land on the Scituate Reservoir Watershed.
- Managed six timber harvests throughout our watershed landholdings.
- Completed measurements on two Continuous Forest Inventory Plots.
- Monitored 43 sampling plots to better qualify deer herbivory impacts on forests.
- Tapped 1,200 sugar maple trees for eventual syrup production.
- Conducted 32 dam inspections.
- Collected and analyzed 300 stream samples.
- Installed two new data buoys which collect near real-time water quality data within the Scituate Reservoir.

## . . . and Managing Our Water Supply



## Community Outreach

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Providence Water prides itself on being active within the community and providing outreach activities that allow us to connect with our consumers.

- We collaborated with the Northern Rhode Island Conservation District on the annual Scituate Watershed Festival, which was adapted to a virtual program this year.
- Supported local and national charities through our “Dress-Down Friday” program. Charities receiving donations in 2020 included the Hattie Ida Chaffee Home, Almost Home Rescue, Crossroads RI, RI Kids Count, Gloria Gemma Breast Cancer Resource Foundation and Esperanza Hope Adopt-A-Family.
- Since 2010, Providence Water has collected \$57,447 for our dress-down community charity programs.





## Customer Service

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Customer satisfaction is our top priority and we strive to exceed expectations every day, assisting with new service installations, meter readings and replacements, and billing inquiries. We also have a Water Quality Hotline staffed with representatives who can assist with water quality issues and testing.

Paying your water bill is easy, as we provide customers with the option of paying in-person, online or using our autopay and electronic billing (e-billing) services. In 2020, a portion of our customers opted to “go green” with 1421 customers signing up for paperless e-billing and 495 choosing autopay.

Customers can stay informed through CodeRED, our mass notification system which alerts customers about hydrant flushing, system repairs, service interruptions, etc. CodeRED also allows the customer to customize their alerts in a preferred language and receive notification by email and text.

Providence Water connects with customers on a daily basis, through our social media platforms of Facebook and Twitter, where customers are informed of community outreach initiatives, programs such as our 10-year, 0% interest loan program, daily work schedules and additional announcements.



## Leadership

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**Mayor Jorge O. Elorza**



**Xaykham Khamsyvoravong**  
Chairperson



**Joseph D. Cataldi**  
Vice Chairperson



**Michael J. Correia**  
City Councilperson



**Jo-Ann Ryan**  
City Councilperson



**Cristen L. Raucci**  
Member



**Dr. Alma M. Guerrero Bready**  
Member



**Sara Silveria**  
Ex-Officio



**William E. O'Gara, Esq.**  
Legal Advisor

## Providence Water Management

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**Ricky Caruolo**  
General Manager



**Gregg Giasson**  
Executive Engineer



**Peter J. Pallozzi**  
Deputy GM Administration



**Antonio M. Araujo, III**  
Sr Director, Administration



**Peter LePage**  
Director of Engineering



**Lynn Roberts**  
Director of Personnel



**David P. Tikoian**  
Director of Transmission & Distribution



**Katherine Mello**  
Sr Director, Operations



**Stephen Colman**  
Director of Information Technology



**Mark Ceseretti**  
Sr Manager, Customer Service



**Nancy Parrillo**  
Sr Manager, Finance



**Carissa Richard**  
Sr Manager, Governmental Relations

## Financials

### SUMMARY OF NET POSITION FOR THE YEARS ENDING JUNE 30, 2018, 2019, AND 2020

	2018	2019	2020
Total Current Assets	\$ 63,035,000	\$ 52,637,428	\$ 55,113,022
Net Property, Plant, and Equipment	405,390,317	440,179,409	451,049,596
<b>Total Assets</b>	<b>\$ 468,425,498</b>	<b>\$ 492,816,831</b>	<b>\$ 506,162,618</b>
Total Current Liabilities	13,098,064	14,062,833	14,395,258
Total Long-Term Liabilities	176,556,035	189,514,439	193,970,785
<b>Total Liabilities</b>	<b>189,654,099</b>	<b>203,577,272</b>	<b>208,906,043</b>
Deferred Outflows (Inflows) of Resources	3,256,637	3,562,081	5,779,081
Net Position:			
Net Investment in Capital Assets	294,002,639	319,818,541	336,524,362
Restricted Fund	43,260,428	33,525,802	28,893,135
Unrestricted Fund	(61,884,444)	(67,666,865)	(73,937,003)
<b>Total Net Position</b>	<b>\$ 275,378,623</b>	<b>\$285,677,478</b>	<b>\$ 291,480,494</b>



**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDING JUNE 30, 2018, 2019, AND 2020**

	2018	2019	2020
Total Operating Revenue	\$ 75,085,420	\$ 72,330,415	\$ 69,757,831
Total Operating Expenses	56,077,267	59,428,296	63,036,144
<b>Operating Income</b>	<b>\$ 19,088,153</b>	<b>\$ 12,902,119</b>	<b>\$ 6,721,687</b>
Net Non-Operating Revenue (Expenses)	(1,943,854)	(3,655,366)	(1,441,472)
Capital Grants and Contributions	4,245,111	915,968	522,801
<b>Net Income</b>	<b>21,309,410</b>	<b>10,162,721</b>	<b>5,803,016</b>
Net Pension Liability (GASB #68, #75 Implementation)	(13,613,941)	-	-
Prior Period Adjustment	---	-	-
Increase (Decrease) in Net Position	7,695,469	10,162,721	5,803,016
Net Position Acquired Via Merger (ESWD)	---	-	-
Net Position - Beginning of Year	267,819,288	275,514,757	285,677,478
<b>Net Position - End of Year</b>	<b>\$ 275,514,757</b>	<b>\$ 285,677,478</b>	<b>\$ 291,480,494</b>

## Upcoming Initiatives

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In the upcoming year, Providence Water will focus on updating some current organizational systems, including our meter reading system and email system, to more efficient platforms. We will continue to explore grants and funding opportunities for lead service line replacements and other infrastructure projects.

Other goals for the upcoming year include installing virtual servers to enhance security at all facilities and pump stations, as well as purchasing additional electric vehicles and installing additional vehicle charging stations at Providence Water facilities to continue to reduce our carbon footprint and expand our green initiatives.









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