

City of East Providence, RI

FY 2021 Water Rate Study

February 22, 2021





Agenda

1. About Raftelis
2. The Value of Water
3. The Financial Planning Process
4. Revenue Requirements (Costs)
5. Revenues with No Rate Increase
6. Recommended Five-Year Financial Plan
7. Impact to Customers

Who is Raftelis?

The most experienced
utility financial and
management consulting
practice in the nation.

With more than...

120+

consultants across the U.S.

Raftelis has provided financial/
organizational assistance for

1,200+

public agencies and utilities

that serve more than

25%

of the U.S. population

including the agencies serving

38/50

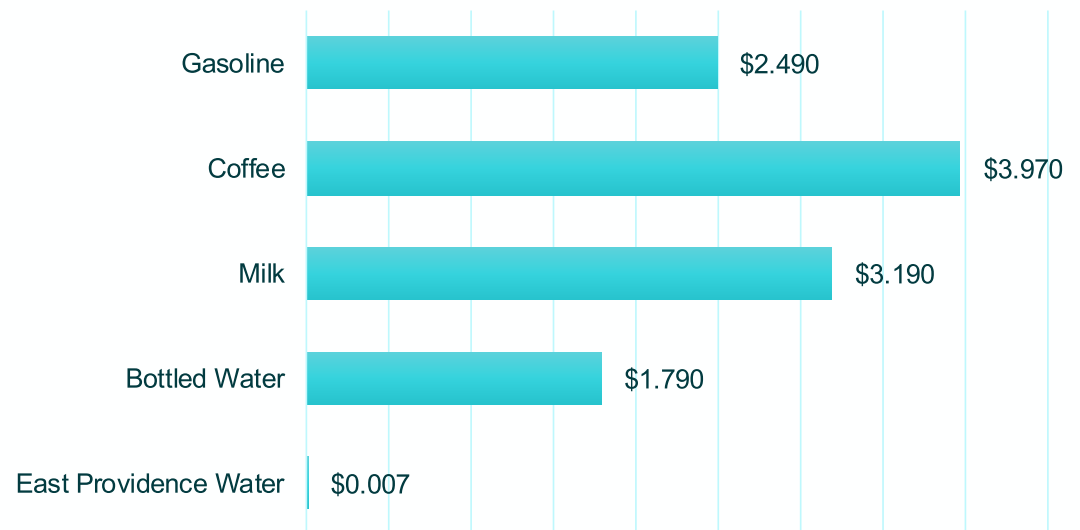
of the nation's 50 largest cities

The Value of Water

The mission of the East Providence Water Utilities Division is to provide its customers with the highest quality drinking water at the flow and pressure necessary to protect the public health and welfare and support economic development within the city of East Providence.

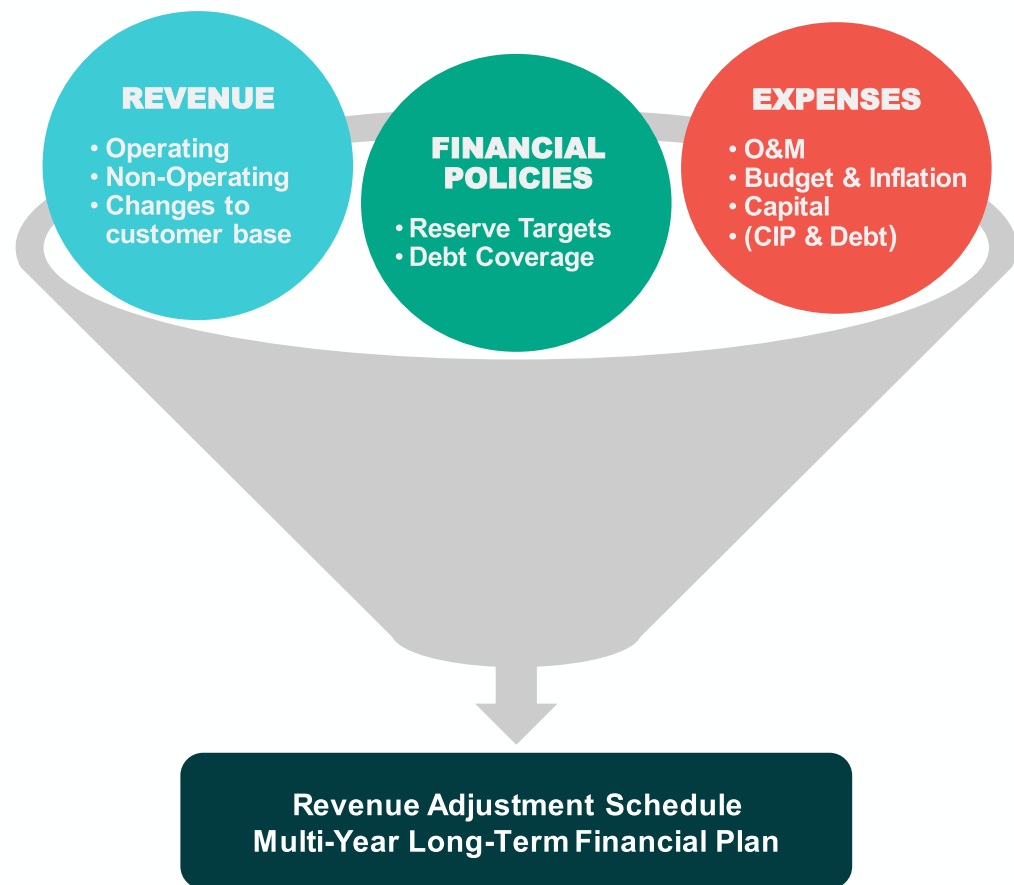
Currently, for less than a penny a gallon, the residents of East Providence can have high quality, safe, and clean water delivered to their home. 24 hours a day, 365 days a year.

Average Price per Gallon



Financial Planning

A financial plan models yearly cash flow and reserve balances



Revenue Requirements (Costs) - Capital Improvements Plan

	<u>FY 2021</u> <i>Planned</i>	<u>FY 2022</u> <i>Planned</i>	<u>FY 2023</u> <i>Planned</i>	<u>FY 2024</u> <i>Planned</i>	<u>FY 2025</u> <i>Planned</i>
<u>Water Capital Improvements</u>					
Meter Replacement	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Annual Infrastructure Improvements	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Equipment Replacement Program	200,000	200,000	200,000	200,000	200,000
Cleaning and Lining Program	5,000,000	-	5,000,000	-	5,000,000
Emergency Interconnections	-	2,500,000	-	2,000,000	2,000,000
<i>Subtotal: Water Capital Improvements</i>	<u>\$ 6,700,000</u>	<u>\$ 4,200,000</u>	<u>\$ 6,700,000</u>	<u>\$ 3,700,000</u>	<u>\$ 8,700,000</u>

Water Capital Improvements: Meter Replacement Program

- Replacement of approximately 7500 outdated meters that run slow leading to lost revenues.
- Replacement of approximately 12,000 radios used to read meters. These meters were installed in 2005 and have a 20 year useful life
- Installation of meters and radios



Water Capital Improvements: Annual Infrastructure Improvements

- Annual cash improvements for needed projects. These cash based improvements help provide debt service coverage.
- Examples of these projects include 42-inch transmission line inspection, water hammer analysis and relief valve installation at Kent Heights, replacement of undersized lines, replacement/addition of system control valves.

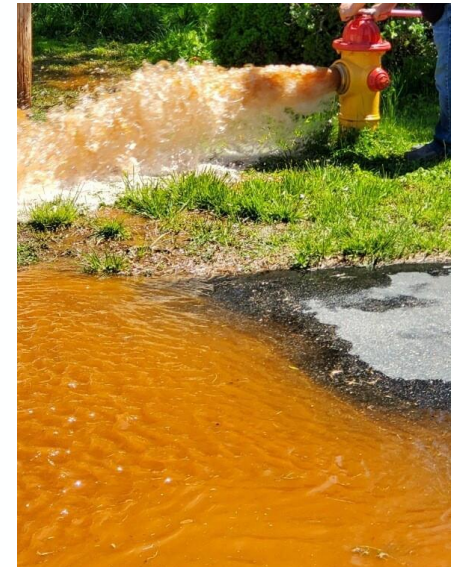
Water Capital Improvements: Equipment Replacement Program

- Provides controlled replacement of equipment used to provide emergency service, perform maintenance, and provide customer service. Examples include backhoes, large and small dump trucks, service trucks, demolition and road saws.



Water Capital Improvements: Cleaning & Lining Program

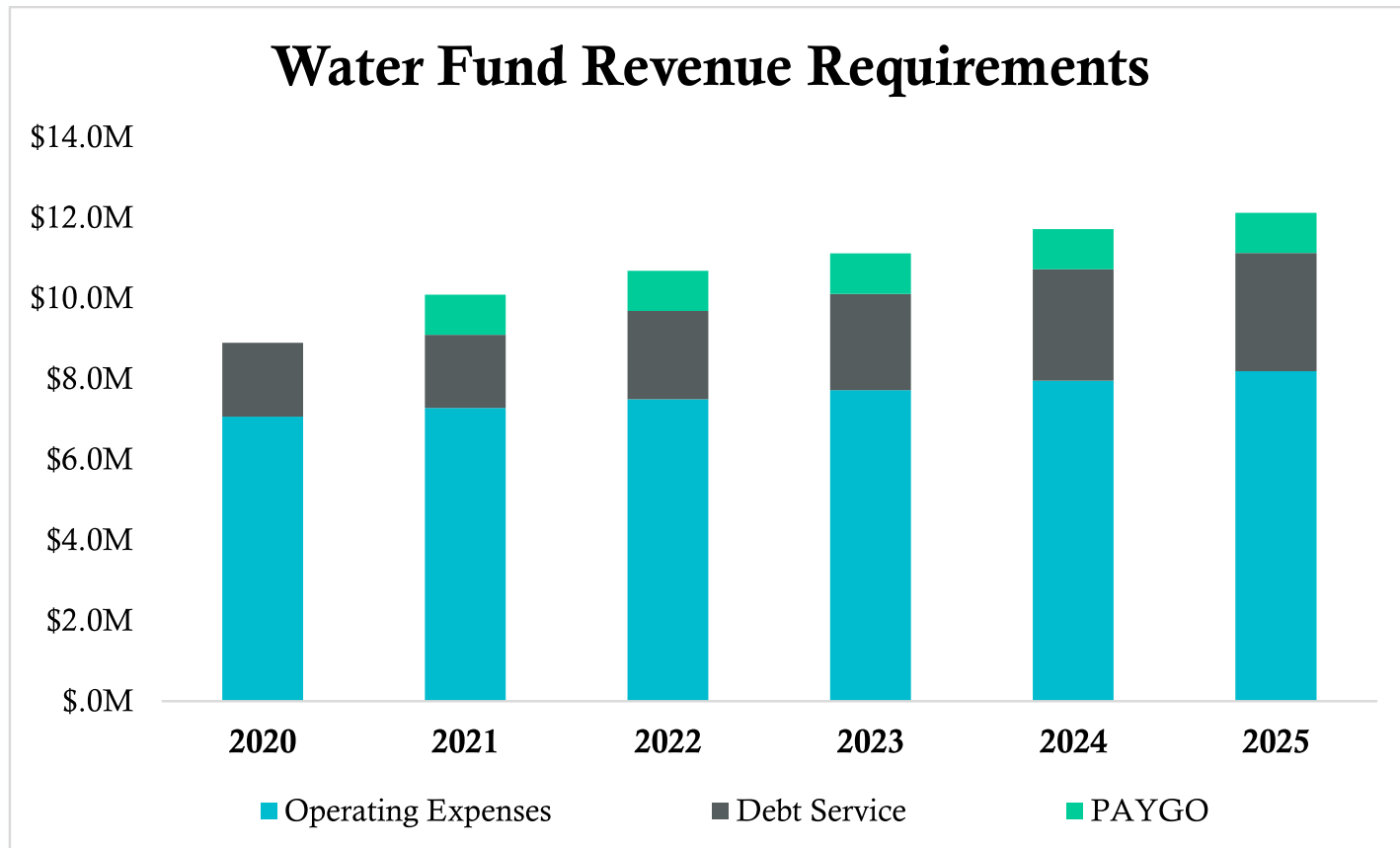
- Rehabilitation of existing pipelines by removing heavy tuberculation (rust) and cement lining of pipe walls. This is a major water quality issue. This plan includes rehabilitating the remaining three districts of the City's Cleaning & Lining Program.



Water Capital Improvements: Emergency Interconnections

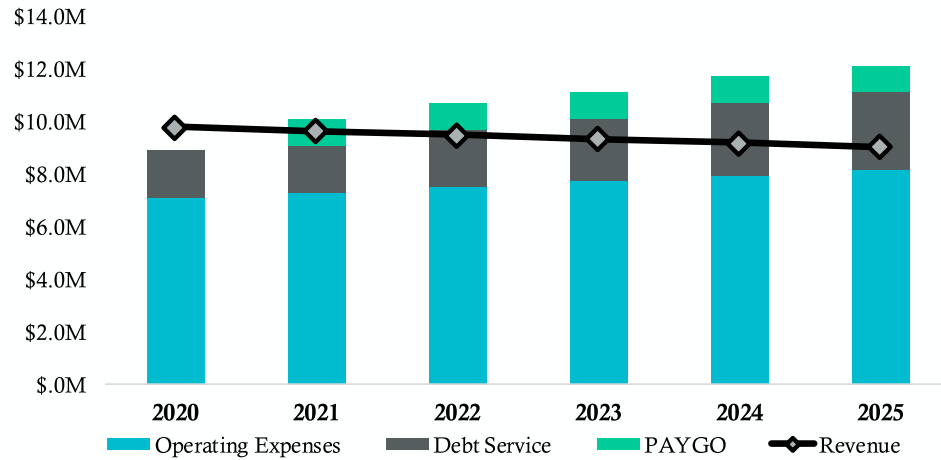
- The City currently has limited emergency supply options. This is the initial funding for the Pawtucket Pipeline Project. It includes money for Engineering Design, a Water Quality Study, and Technical Reviews to protect the City's investment and appropriate quality. It also shows future cash flows if the Pipeline Project were to proceed to construction.

Revenue Requirements (Costs)



Financial Situation with No Rate Increases

Cashflow
(no rate increases)



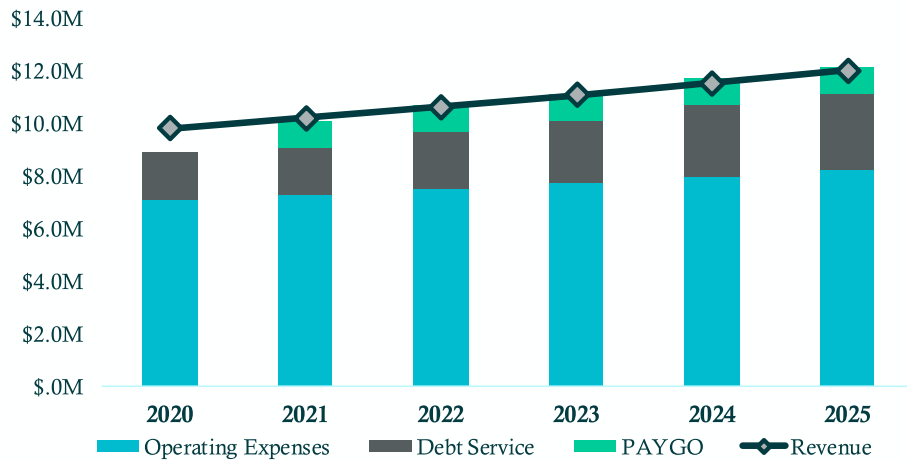
Cash Reserves
(no rate increases)



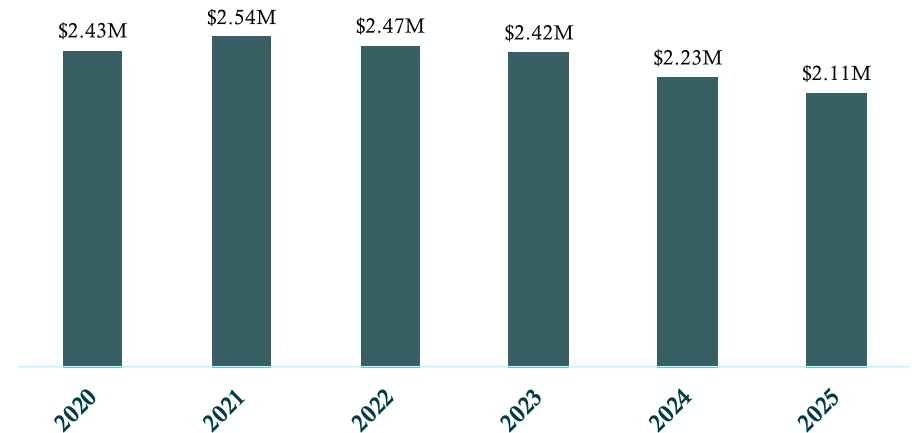
Recommended Financial Plan

6% Annual Rate Increases Through FY 25

Water Fund Cashflow
(6% rate increases annually)



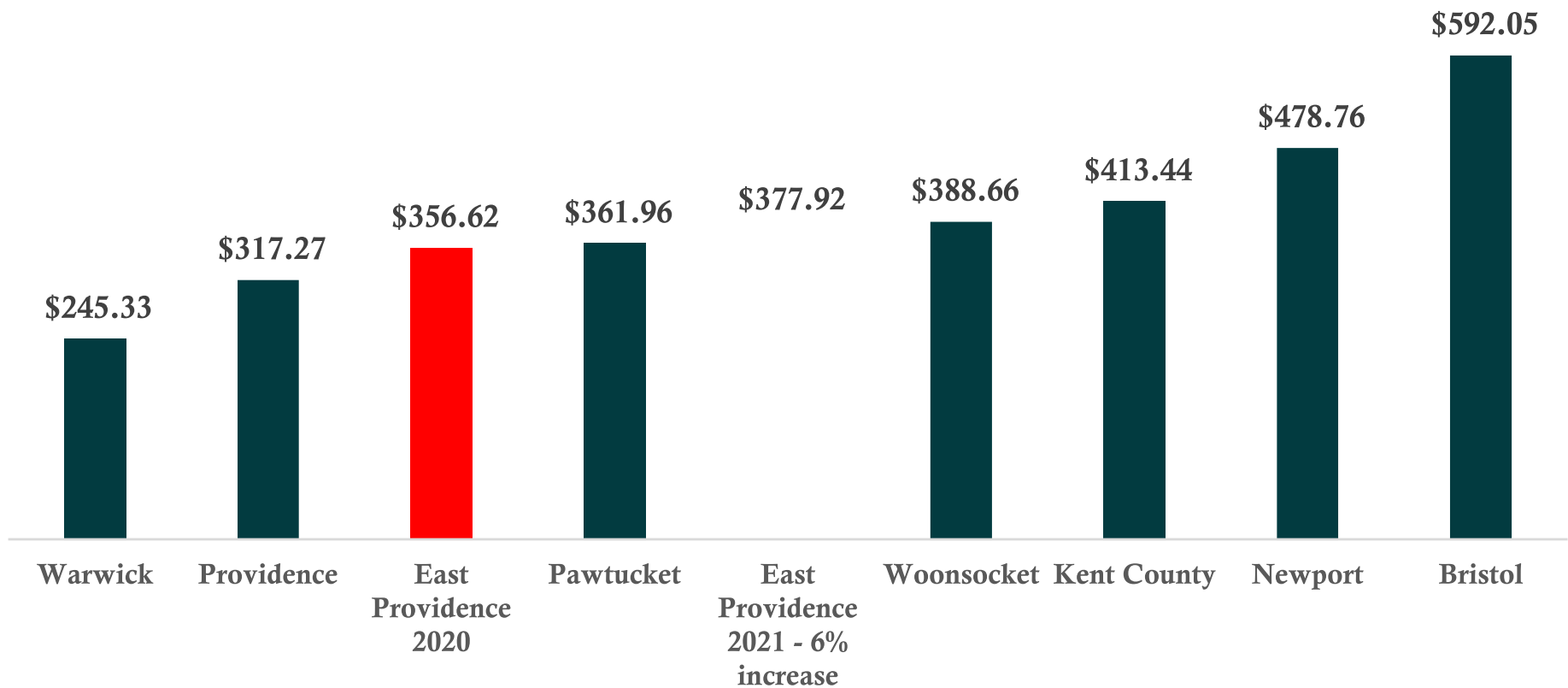
Cash Reserves
(6% rate increases annually)



Impact to Customers

- In order to support the Water Division's financial plan, its water price per gallon will increase from \$0.007 to \$0.008. Still less than a penny per gallon!
- A typical residential customer in East Providence, using approximately 40,000 gallons per year, will see their water bill increase by \$21.30 per year, or \$1.78 per month, or 6 cents per day.
- In other words, for less than \$380 per year, a typical resident in East Providence can have 40,000 gallons of clean and safe drinking water delivered to their home, without interruption

Annual Water Bill Comparison





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However, except in circumstances where Raftelis expressly agrees otherwise in writing, Raftelis is not acting as a Municipal Advisor, and the opinions or views contained herein are not intended to be, and do not constitute “advice” within the meaning of the Municipal Advisor Rule.



Thank you!

Contact: Dave Fox

774 243 0619 / dfox@raftelis.com