

- 88 -

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Vice Chairman

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General Mgr./Chief Engr.

JOSEPHINE DI RUZZO
City Councilwoman

EVELYN V. FARGNOLI
City Councilwoman

MARY A. NOCERA
Member

JOYCE TESSERIS
Member

MEMORANDUM

TO: Michael R. Clement, City Clerk
FROM: Richard O. Rafanovic, General Manager and Chief Engineer
DATE: January 30, 1996
RE: Fiscal year 1994-95 Annual Report

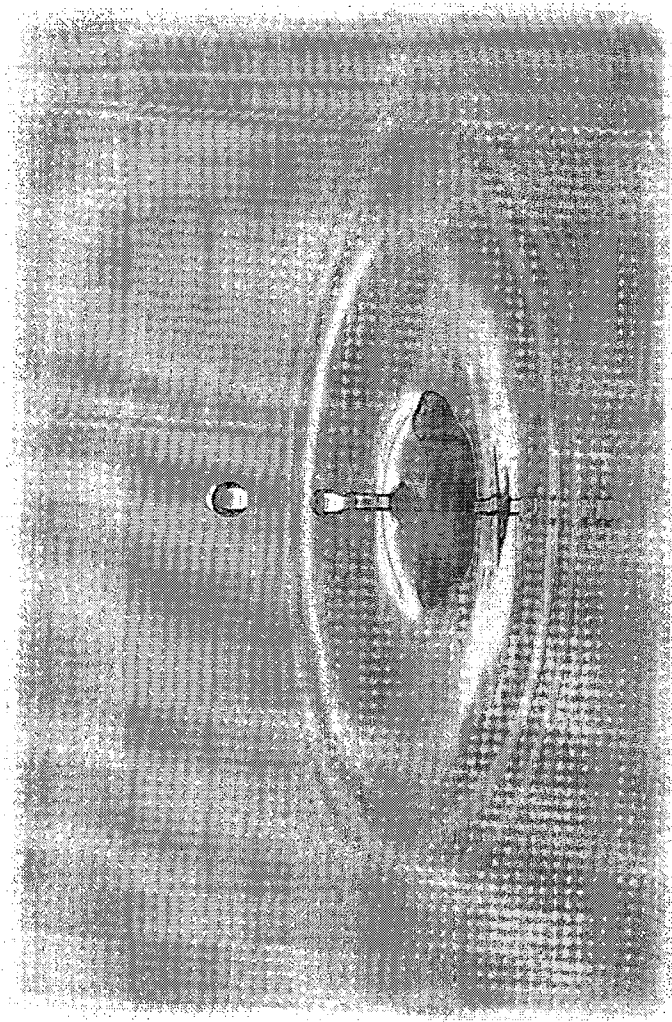
Consistent with your memorandum of January 18, 1996, enclosed is a copy of the Annual Report for the Providence Water Supply Board. The final product is presently being printed, and originals should be available before the end of February.

2307

Enclosure

IN CITY COUNCIL
FEB 15 1996
READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
Michael R. Clement

PROVIDENCE WATER SUPPLY BOARD



1995 ANNUAL REPORT

TABLE OF CONTENTS

| | |
|--|----|
| Introduction | 1 |
| Message from the General Manager | 2 |
| Board of Directors/ Mission Statement | 4 |
| PWSB Management | 5 |
| History of PWSB..... | 6 |
| Watershed Management .. | 10 |
| Quality Control | 12 |
| Distribution, Demand Management & Conservation | 14 |
| Statistical and Conservation Data | 16 |
| Financial Statements | 20 |
| General Information | 24 |

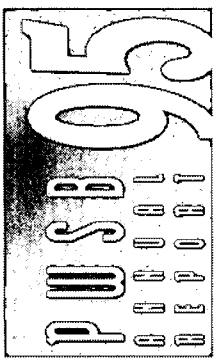
INTRODUCTION

Every day, 60 percent of Rhode Island's turn on their tap to Providence Water. An average of 66 million gallons per day are consumed in the 12 cities and towns served. The constant testing and protection of the water flowing through the pipes, businesses and 5,300 fire hydrants in our vast network.

| R E S E R V O I R D A T A | | | |
|---|-------------|----------------------|--|
| Scituate Reservoir | 3,390 acres | 37,011 Billion gals. | |
| Moswansicut Reservoir | 282 acres | 1,781 Billion gals. | |
| Regulating Reservoir | 243 acres | 428 Million gals. | |
| Barden Reservoir | 245 acres | 853 Million gals. | |
| Westconnaug Reservoir | 173 acres | 453 Million gals. | |
| Ponganset Reservoir | 230 acres | 742 Million gals. | |
| TOTAL | 4,563 acres | 41,268 Billion gals. | |
| An average of over 40 billion gallons of water flows into the reservoir system each year. | | | |

Providence Water Supply Board protection of the Scituate Reservoir (PWSB) meets the needs of the and its surrounding watershed environment while serving pure, ensures that Providence Water high quality drinking water to water is among the best in the nation. As of this writing, the its customers.

Water is treated at the PWSB is also implementing PWSB purification plant located newly-passed regulations of the in the town of Scituate. It is Safe Drinking Water Act. These then transported, by both gravi-regulations range from



increased monitoring requirements to operational guidelines to attain an even higher level of quality control. PWSB education programs also help in reducing water pollution and teaching conservation.

| RETAIL CUSTOMERS | |
|-----------------------------------|------------------|
| PROVIDENCE | NORTH PROVIDENCE |
| CRANSTON | JOHNSTON |
| WHOLESALE CUSTOMERS | |
| WARWICK WATER DEPARTMENT | |
| EAST PROVIDENCE WATER DIVISION | |
| CRANSTON SEWER AND WATER DIVISION | |
| KENT COUNTY WATER AUTHORITY | |
| EAST SMITHFIELD WATER COMPANY | |
| SMITHFIELD WATER DEPARTMENT | |
| GREENVILLE WATER DISTRICT | |
| LINCOLN WATER DEPARTMENT | |

tion. The excellent response and increased interest in global water issues ensures that classes and tours of the facilities will continue.

MESSAGE FROM THE GENERAL MANAGER & CHIEF ENGINEER

In my 35-year career in the water industry, never has the quality of the nation's drinking water come under closer public

scrutiny or rigid governmental control than during the 90s.

This present-day reality is an outgrowth of the pressures that are evolving to provide first-rate drinking water as we accelerate toward the new century. Most

water utility professionals and I have dedicated our lives to providing a healthy and safe water supply to our customers.

Everything we do at Providence Water supports this goal and objective.

Providence Water has faced numerous challenges since its inception in 1869 and historically has made the necessary decisions at critical junctures which

assured that our water always met the highest drinking water standards in the nation.

In this our 1995 Annual Report, we will take a look back in history at the development of Providence Water and step up to the present to see what our operation looks like today. We will also discuss what Providence Water must do as an organization to meet the challenges ahead.

Currently, Providence Water supplies drinking water to approximately 600,000 customers, representing 60 percent of the entire population of the State of Rhode Island. Because of the excellent source of water supplied by the Scituate

Reservoir, the skilled professional staff, and the employ-

ment of modern protection and purification techniques, we are able to provide drinking water that consistently exceeds Federal drinking water standards.

We are proud of our success, but not complacent, as we move forward in upgrading our operation. We are, however, concerned about our ability to sustain this high water quality because of our current organizational structure. Providence Water is not an independent entity responsible for its finances, procurement of services, or the hiring of personnel. Until we are granted this independence, we will continue to be subject to diverse interests which invariably lead to delay and therefore to increased costs.

To quote from a 1994 management study conducted by Vista Consulting Group, Inc. of Arlington, Virginia, "Providence Water...is caught in the worst of all possible worlds." In essence,

Providence Water presently serves "two masters." The City of Providence retains operational and financial control over Providence Water while the cost and quality of the service are regulated by the Public Utilities Commission. The result is a "hybrid" operation that Vista Consulting says is experiencing "...a lack of flexibility and inefficient revenue-generating capabilities..." that is adversely affecting Providence Water's ability to upgrade the infrastructure of the water system and deliver the best possible product at the most cost-effective price.

Let me quickly add that there is no immediate danger to the quality of our water. The Providence Water management team has the necessary education, technical competence and depth of experience to deliver the high quality water our customers have come to expect. We have embarked on an improvement program for the treatment





plant, and to replace aging water mains and service connections. However, in order to meet the demands on our water system as we enter the 21st century, we must take a bold step now to ensure our ability to continue to deliver a safe and reliable water supply.

That bold step is to amend the City Charter to give Providence Water the authority to function as an independent

utility. The independent utility structure will free the City from the financial burden associated with running a water authority and enable the water authority to do such things as issue revenue bonds as a badly-needed financing option; establish its own purchasing and personnel functions to maximize efficiencies; and expand and strengthen the Providence Water Board of Directors to include representatives from other water authorities. Approximately two-thirds of the water produced by Providence Water is delivered to communities outside of the City of Providence. A restructured Board would include representatives of the various communities we serve, including wholesale customers, as well as other professionals who would add a new dimension to our current leadership.

This step would not change the ownership of the utility. It would, however, give Providence Water the legal

standing it needs to become responsible for its business activities.

Throughout the water system's 126-year history, the Providence City Council always has made the courageous, strategic decisions required to assure our customers of the best possible drinking water. We have the team of professionals to take us into the next century. We now need the organizational structure to put this expertise to work.

As in the past, we believe that the Providence City Council will recognize the need for this bold step, will authorize the amendment of the City Charter, and place the issue on the ballot before the electorate to create a separate water agency which will remain a subsidiary of the City of Providence but with separate legal standing.

Richard O. Rafanovic, P.E.
General Manager & Chief Engineer

PWSB BOARD OF DIRECTORS

Chairman
Armando Parillo

Vice Chairman
Joel D. Landry, II, Esq.

BOARD
The Hon. Evelyn V. Fagnoli

The Hon. Josephine DiRuzzo**

The Hon. Peter S. Mancini*

Mary A. Nocera

Joyce Tesseris

Ex-Officio
Boyce Spinelli

Secretary
James A. Lombardi

Mayor
The Hon. Vincent A. Cianci, Jr.

General Manager & Chief Engineer
Richard O. Rafanovic, P.E.

Legal Advisor
Fernando S. Cunha, Esq.

* Term expired December 31, 1994
** Term began January 1, 1995



From left to right: E. Fagnoli, P. Mancini, A. Parillo, J. Tesseris, M. Nocera, B. Spinelli Insert, J. DiRuzzo

MISSION STATEMENT FROM THE BOARD OF DIRECTORS

The Providence Water Supply system serves a major portion of the State of Rhode Island within the jurisdiction of the City of Providence and other local agencies. It is the mission of the Providence Water Supply Board to ensure that water consumers receive a secure, clean water supply and an ample supply for fire protection. The Board further recognizes its responsibility to ensure fair and equitable service to all water consumers and to all property owners within the Water Supply Board's service area, regardless of jurisdictional limitations. The Providence Water Supply Board recognizes the critical role clean drinking water plays in the quality of life within its service area. Though seen as a basic necessity, the Board is committed to supplying the highest quality water for every use - drinking, bathing, cooking, lawn maintenance - and takes pride in the positive impact clean water has on the lives of all who live and work in Rhode Island.

PWSB MANAGEMENT DIRECTORY

Richard O. Rafanovic, P.E.
*General Manager
& Chief Engineer*

DIRECTORS

Michael A. Covellone
Water Quality

Paul J. Gadoury, P.E.
Engineering

James A. Lombardi
Administrative Services

Christopher F. Modisette
Water Resources

David A. Nickerson
Communications

Michael Russo
Transmission and Distribution

Paul Titzmann
Finance



From left to right: M.
Covellone, J. Lombardi, M.
Russo, P. Titzmann, P.
Gadoury, C. Modisette
Insert- D. Nickerson



"PREPARING FOR THE FUTURE" THE HISTORY OF THE PROVIDENCE WATER SUPPLY BOARD

Beginning in 1636, when Providence's founders arrived, the only drinking water available was derived from private wells. But as the population began to swell in the 1800s, the

same opposition for improvements of this nature as experienced by Boston, New York, Cincinnati and many other communities. When the construction of a public water works



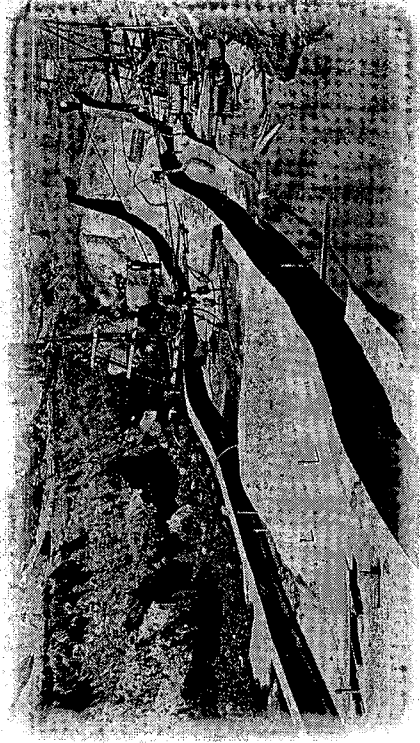
was first submitted to the voters of these cities, they rejected the proposal by a large majority.

City Council knew the only solution was to locate a reliable water supply.

The early development of a water supply system for the City of Providence met with the

a suitable public water supply for the City. The committee reported back to the Council that the most suitable solution

voters for the fourth time, and finally the question of introducing water into the City from the Pawtuxet River was approved.



would be to take water from the Ten Mile River in East Providence. The City Council authorized the purchase of certain lands and rights necessary to develop the supply, but the voters rejected the proposition. Five different committees made six reports between 1853 and 1868. The final report to the Council emphasized the need for an abundant supply of water for the development and protection of the community.

The original water supply was obtained from the Pawtuxet River at Pettaconsett in the City of Cranston. Construction was started in the spring of 1870 and the first service pipe was opened on December 1, 1871. From 1871 to 1902, water was pumped directly from the river and discharged into the system without any purification treatment. In 1906, the City's first slow sand filter water purification system was constructed.

On February 15, 1869, the question was submitted to the





After the completion of the filters, water was drawn from the river, filtered, and pumped again to an open distribution reservoir called Sockanosset, with a capacity of 55 million gallons. This reservoir was located in what is known today as the Glen Woods Development in the City of Cranston. From this reservoir, the water flowed by gravity to consumers and to the Hope Reservoir in Providence, the second open type, which had a capacity of 76 million gallons. Hope High

School is now located on the site of this former reservoir. Pumps located at this storage basin supplied water to the system and to the old Fruit Hill Reservoir, which had a capacity of 25 million gallons. This open distribution reservoir was located in North Providence on the land now occupied by Our Lady of Fatima Hospital. The special fire service system in the highly valued business district and congested manufacturing district was supplied from the Fruit Hill Reservoir. The three

open distribution reservoirs provided a reserve storage of 156 million gallons.

The original water works, although owned and controlled by the City of Providence, operated in the capacity of a metropolitan system. In addition to Providence, it served Cranston, Warwick, Johnston and North Providence.

As early as 1910, only 39 years after the completion of this supply, it was apparent that with the growth of Providence and the extension of the distribution system in nearby communities, it would not be

many years before the flow from Pettaconsett would be inadequate to meet the increased demands. In fact, for a number of years the consumption during extremely dry weather exceeded the natural flow of the river, and the shortage was made up from water stored in small reservoirs owned by companies operating mills further up the stream.

The constant menace of a possible shortage of water resulted in the appointment by the City Council in January, 1913, of a committee to investigate the possibility of develop-



ing an increased water supply. Legislation was enacted under which the present supply was built.

The Pawtuxet River served the City of Providence from the time water first reached residents' homes in 1871 to 1926 when the deteriorating quality of water, affected by disposal of residential and industrial pollutants into the area's ground water system, became a serious problem.

By 1926, health issues and the increasing demand on the Pawtuxet River prompted a milestone Providence City Council decision to develop a new modern water supply system. This consisted of the construction of a large reservoir and treatment plant on the north branch of the Pawtuxet River in the town of Scituate. This system, which today still provides water to most of the State of Rhode Island, consists of the main Scituate Reservoir supply and its five tributary

reservoirs.

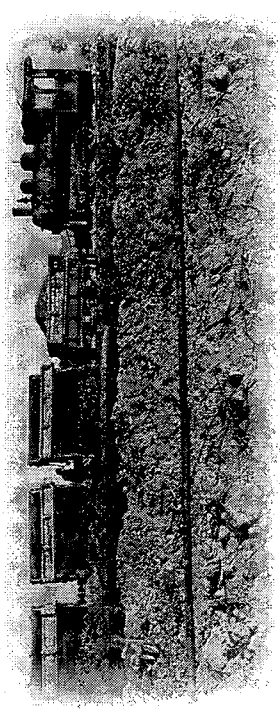
The main Scituate reservoir was formed by the construction of a dam across the Pawtuxet River at the former village of Kent. The dam, principally of earth, is about 3,200 feet long and 100 feet high. Water storage in the reservoir began on November 10, 1925. An aqueduct from the dam feeds the nearby treatment plant which was placed in operation on September 30, 1926.

The original treatment plant was state-of-the-art at the time of its construction. The plant was considered to be among the most technologically advanced of its day, and for many years the filtration system was the only plant of its type in New England. As demand continued to grow, the treatment plant underwent major expansions and renovations in the 1940s and again in the '60s.

Today, the plant has a maximum treatment capacity of 144 million gallons of water per day

and still remains the largest treatment facility in New England.

Once leaving the plant, water is delivered into the system through two major aqueducts. The first, the original 90-inch aqueduct constructed at the same time as the original treatment plant, is 4.5 miles long, including 3.3 miles of tunnel. It terminates at a structure called the siphon chamber, located near Phenix Avenue in Cranston. From there, it splits into two large conduits, 60-inch and 66-inch in diameter, which in turn split into a series of progressively smaller transmission mains supplying the distribution system. The second supplemental aqueduct, constructed in the 1970s, is a 9.5 mile, 78-inch

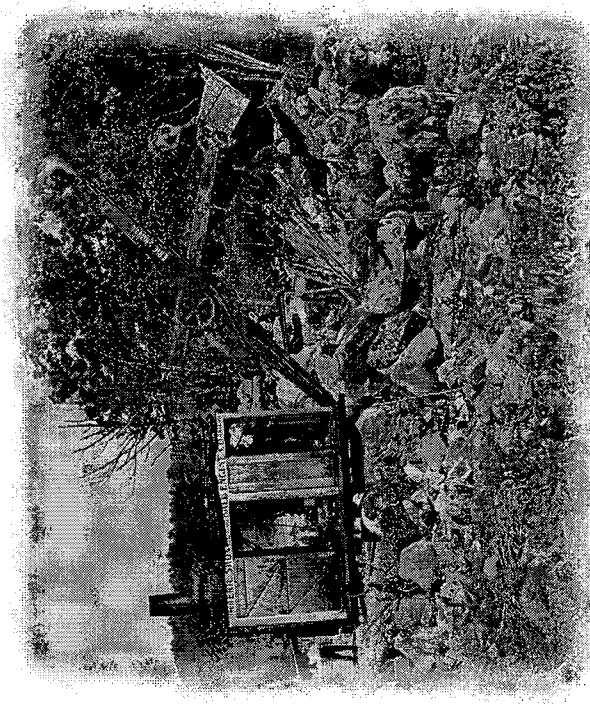


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Bath Street, and Fruit Hill
pumping stations - supply
water to the other two storage
facilities, Longview Reservoir in
North Providence, with a capac-
ity of 24.8 million gallons, and
the Ridge Road Tank, with a
capacity of 3.5 million gallons,

located in the Town of
Smithfield. Water is delivered to
the system's 70,000 retail ser-
vice connections and 8 whole-
sale communities through a sys-
tem of 870 miles of water
mains, ranging from 6" to 66"
in diameter.



A LOOK TO THE FUTURE

by *Richard O. Rafanovic, PE,*
General Manager & Chief Engineer

"Even though the builders
of the system did a magnificent
job of providing water, the secu-
rity of continued supply is at
risk. If some calamity puts the
treatment plant out of service,
or if an earthquake severed the
aqueducts, Providence Water
would end up with less than 4
days of supply and three to six
months of time needed to repair
our facilities.

Therefore, it is incumbent

on us to find, design, and con-
struct an alternative source of
water which could provide up to
45 million gallons a day.

We have found this water
right under the City of
Providence. With new technolo-
gies, our staff can oversee the
design and construction of a
well field, a 21st century mem-
brane treatment plant, and the
necessary support facilities to
ensure a water supply, econom-
ic safeguards to business and
commerce, and peace of mind
for us, our children and our
children's children."

PWSB WATERSHED

The watershed surrounding the reservoir system covers nearly 60 thousand acres of land and represents about 9 per cent of the total land area of the State. Of this watershed, nearly 17

thousand acres is owned by the City of Providence, an area roughly 30 percent greater than the area of the city itself. The six reservoirs cover a surface area of 46 hundred acres and have a combined capacity of 41.3 billion gallons. Over 12 thousand acres of managed forestland provide protection to a water resource renowned for its high quality.

The privately owned portion of the watershed must also be monitored and protected through vigorous land use control and cooperative land use planning with local communities. In 1994, Providence Water re-authorized primary funding for the Scituate

Reservoir Watershed Education Program conducted in the reservoir communities of Scituate,

Foster and Gloucester for the 1995 school year. The classes educate school children and reach out to their families to show them what steps they can take to protect the watershed.

The ongoing program, initiated in 1994, has been presented to more than 1,300 students from 53 classrooms.

LAND PROTECTION

Concerns about development in the watershed led to the creation of a task force to determine what measures need to be taken to protect drinking water quality. The task force prepared

the Scituate Reservoir Watershed Management Plan in 1990 to develop recommendations to ensure long-term water quality of the Scituate

Reservoir through land use planning, development controls,



and the identification and control of pollution sources.

In 1989, the Rhode Island Water Resources Board

approved Providence Water's Water Quality Protection Plan to comply with the Rhode Island Water Quality Protection Act of 1987. Components of this plan include watershed land use management, forest management, reservoir management, security and enforcement, and maintenance activities necessary to protect the Scituate Reservoir.

The Watershed Land Acquisition Program, enacted by the Rhode Island State Legislature in 1989 as part of the Water Quality Protection Plan, generates approximately \$2.2 million annually for the purpose of acquiring land and protecting our raw water supply. Since 1990, the PWWSB has purchased 1,440 acres of critical watershed land. In 1995, we reviewed our accomplishments to date and amended the plan to

cover the rest of the '90s to the turn of the century.

FOREST MANAGEMENT

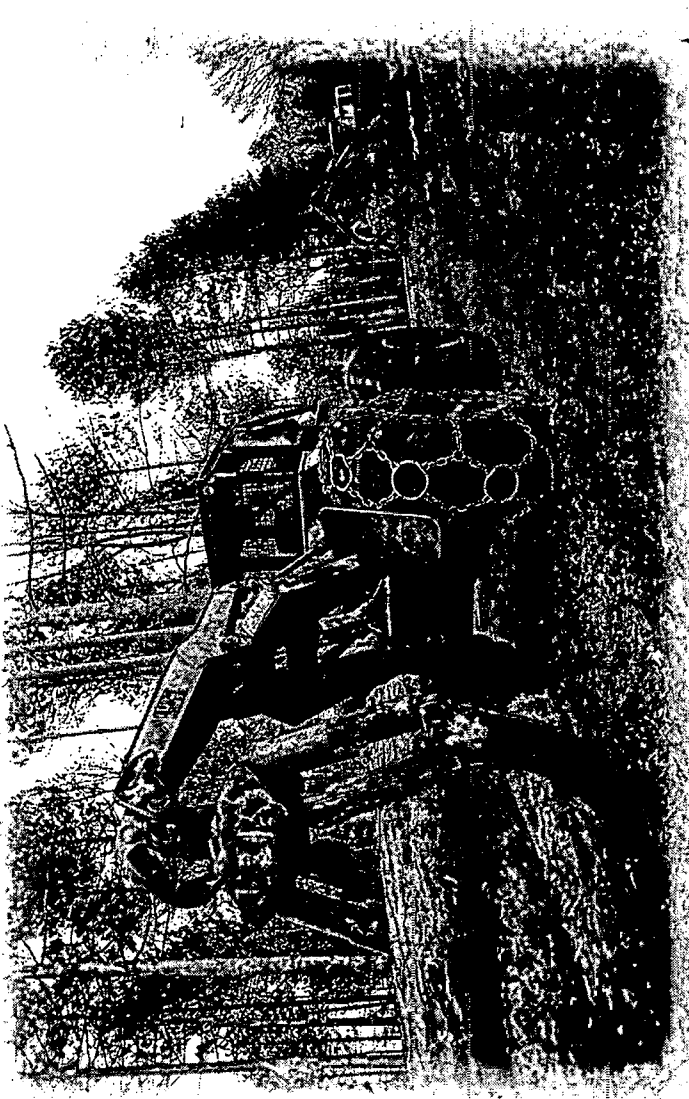
The primary goal of the Forest Management Program is to manage forests on the watershed to optimize water production and profit from the sale of timber in a manner that is environmentally sensitive to the local communities. Forest management activities on the more than 12 thousand acres of forest land include:

- Refinement of the Forest Management Program based on a business-oriented style.
- Development of an economic model to support long-term profitability of the forest resource base.
- Initiation of more aggressive timber harvesting activities.

The long range plan is to establish a diverse forest of tree species native to this area that will provide for maximum profitability.

RAINFALL

The annual rainfall on the



| C L I M A T O L O G I C A L D A T A | | | |
|-------------------------------------|-------------|--------------|--|
| Average Yearly Rainfall | (1915-1995) | 49.90 inches | |
| Maximum Yearly Rainfall | (1972) | 75.24 inches | |
| Minimum Yearly Rainfall | (1965) | 33.21 inches | |
| 1995 Reporting Year Rainfall | | 45.77 inches | |

watershed, based on an 80-year average (1915-1995), is 49.90 inches. The maximum yearly rainfall of 75.24 inches occurred in 1972 and the minimum of 33.21 inches during 1965. The yearly run-off, or actual water collected in the reservoirs, based on the same average period, is 25.12 inches.

QUALITY CONTROL

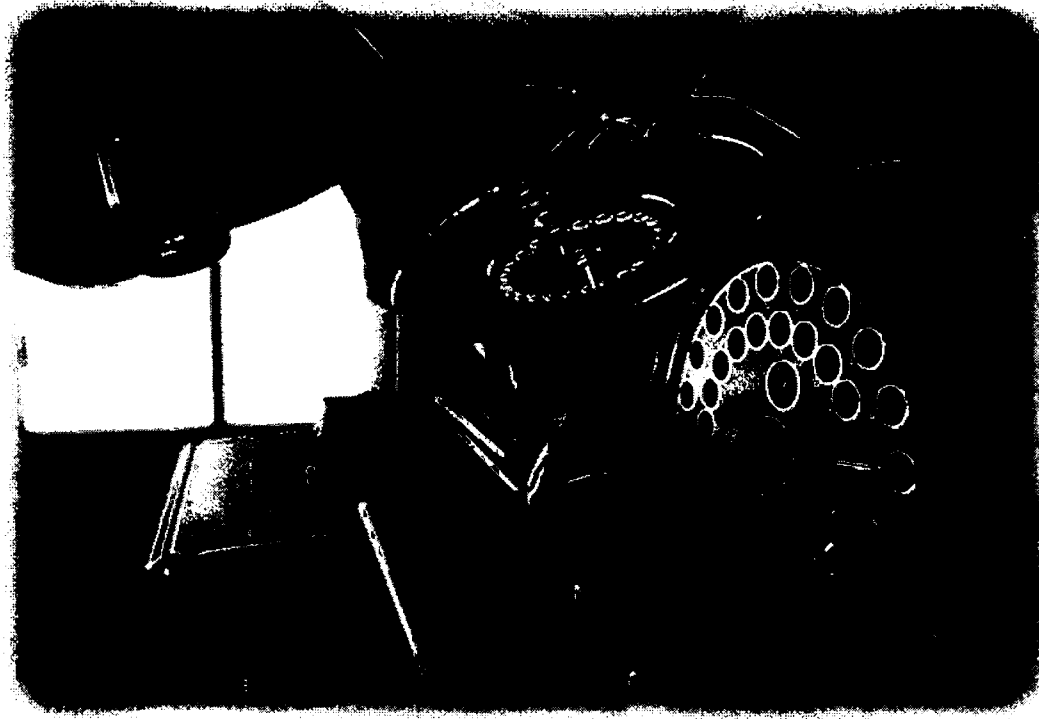
WATER TREATMENT

Providence Water's purification plant located in Scituate, RI, the largest filtration plant in New England, has been in service since 1926. The plant uses conventional treatment including aeration, coagulation/sedimentation, corrosion control, disinfection, filtration, and fluoridation. The system's 18 rapid sand filters operate just like nature, and are able to filter up to 144 million gallons of water per day.

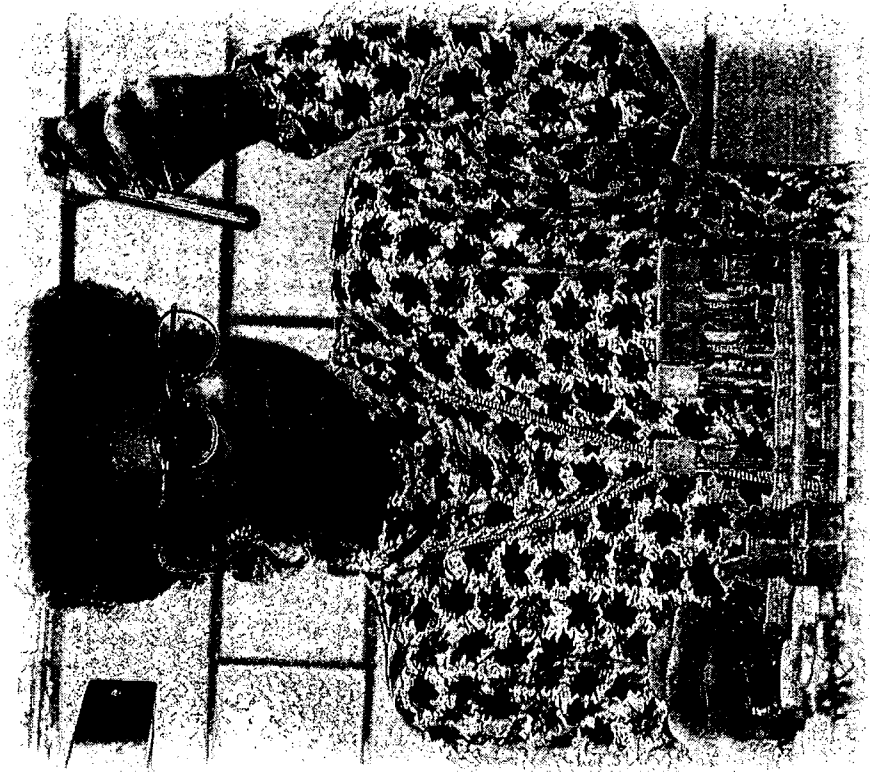
In 1995, we embarked on a program to recondition and upgrade our filters with multimedia filter beds to meet and exceed water quality regulations and to provide improved safety and peace of mind to all our customers.

QUALITY CONTROL

Measures are taken to ensure water quality is consistent with



strict Safe Drinking Water Act standards. Legislation is in place that prohibits swimming, bathing and pollution of public water supplies. Recreation prevention is a major factor in guarding against cryptosporidium, giardia and similar pollutants. These organisms are single-celled protozoans shed in the waste of humans and animals. They are generally not threatening to healthy adults but could be life-threatening to the very young and those with immune deficiencies.



Lab workers - eight in total - include three sanitarians, two junior chemists, one assistant lab supervisor (microbiologist), one assistant lab supervisor (chemist) and one lab manager. The lab has been monitoring giardia and cryptosporidium since 1987. Although not required, intensive testing for crypto began in 1990. Work is done closely with the American Water Works Association to further develop better testing and disinfection methods.

Our practices and the plant improvements now underway will create the multi-barriers needed to remove most known threats to healthy drinking water.



TREATMENT PROCESS

COAGULANT

Adding ferric sulfate aids in particle removal.

INFLUENT AERATOR

Removes carbon dioxide and other gases. Improves taste.

LIME ADDED

Changes water from acid to alkaline. Removes corrosive properties.

SEDIMENTATION BASINS

Causes impurities to settle to basin's bottom.

CHLORINE ADDED

Controls bacteria and viruses.

RAPID SAND FILTERS

Removes additional particles.

FLUORIDE ADDED

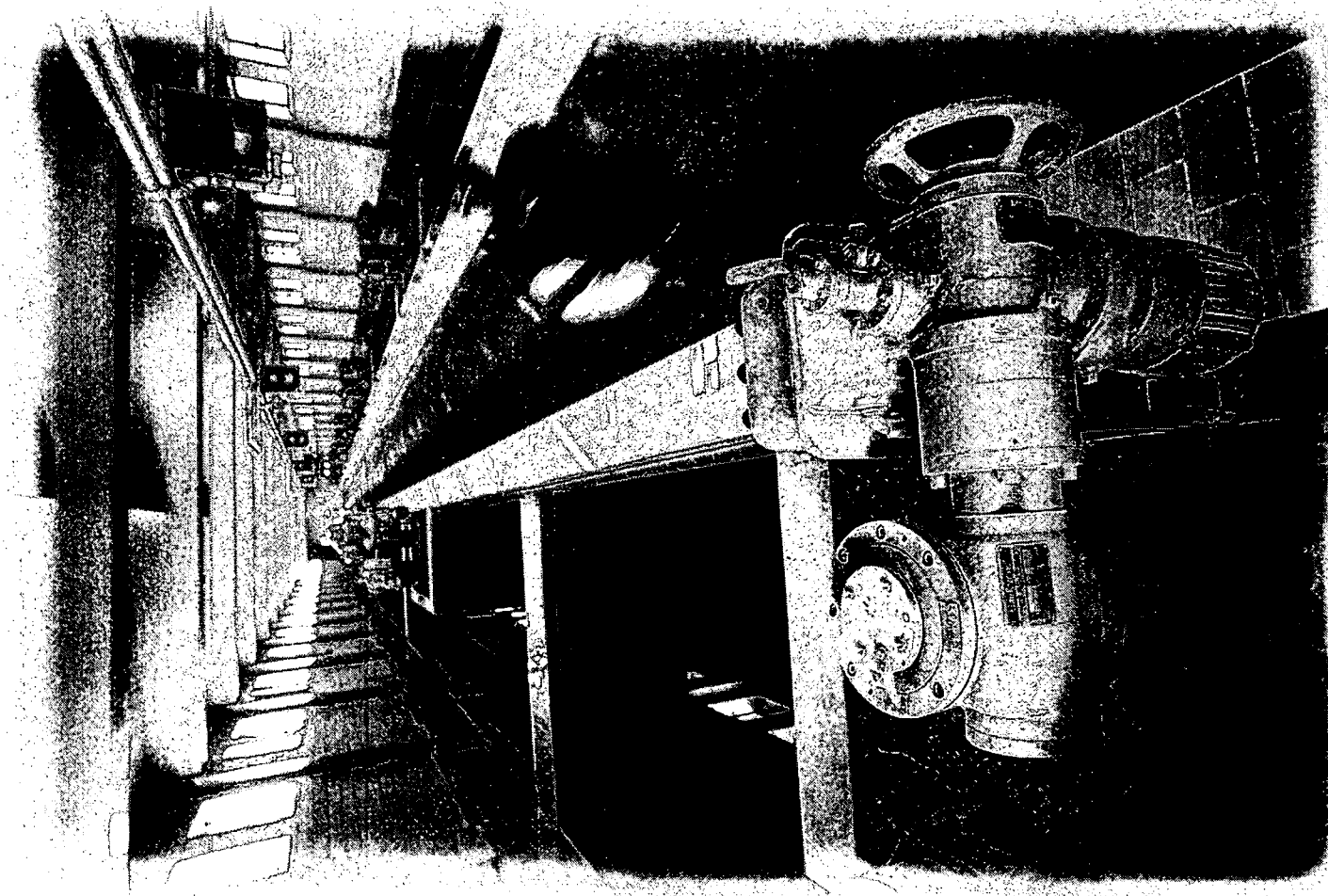
Prevents cavities in growing children.

CLEAR WELL

Holds water for distribution.

1 2 3 4 5 6 7 8 9 10 11 12 13 14

Subsequent to its original construction in the 1920s, Providence Water undertook expansion and capital improvement programs in the 1940s and again in the '60s and early '70s. Since that time, however, no significant improvements or upgrades were made to the system. This led to a deteriorating condition whereby today the



system is in need of major replacements and improvements to many of its critical facilities, in order to be able to continue to provide the safe and reliable water supply customers have all come to expect.

Providence Water's new management team has worked on developing, and is currently implementing capital improvement and pro-active infrastructure replacement programs that will reverse the trend of neglect of the past. Providence Water needs to obtain the necessary autonomy to properly manage this valuable community resource in a businesslike and fair manner for the benefit of all its customers. To this end, Providence Water needs to become a separate subsidiary of the City of Providence with a Board of Directors that is representative of all the communities we serve.



PWSB STATISTICAL AND CONSERVATION DATA

Let's face it. If you're like most people, you take for granted the fact that sparkling clear water is always available to you at your home or office. Like electricity, the only time most folks even think about where their water comes from is when service isn't up to the normal high standards that people have come to expect.

The next few pages contain some amazing facts and statistics about the Providence Water system, and even some tips that may help you save water and lower your water bill!

By delivering clean, great-

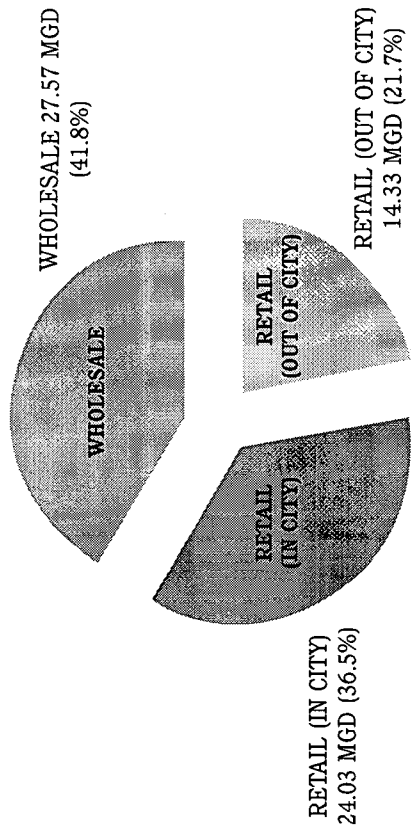
tasting water directly to the faucets of nearly 600,000 people living throughout Rhode Island, the Providence Water Supply Board meets an enormous responsibility every day of the year. To put this number in perspective, that's 60 percent of our state's population!

- On average, every person whose household is connected to a public water system uses between 50 and 60 gallons of water daily for drinking, bathing, washing clothes and dishes, and other uses! For a family of four, that's between 200 and 250 gallons per day!



1995 WHOLESALE & RETAIL SUPPLY

SUPPLY (MGD) AND PERCENT (REPORTING YEAR JULY TO JUNE)



CONSERVATION TIP #1:

Keeping a bottle of water in the refrigerator for drinking instead of running the tap for cold water can save as much as 300 gallons of water a month!

• For the cost of one gallon of bottled supermarket water, Providence Water supplies you with nearly 750 gallons of clean, clear drinking water!

CONSERVATION TIP #2:

When rinsing vegetables, use a filled sink or a pan instead of running water and save more than 200 gallons a month! Save another 100 gallons by not run-

ning water to defrost frozen food!

• The typical Providence Water customer gets 162 glasses of water (8 oz.) for one single penny!

CONSERVATION TIP #3:

Using low-flow shower heads or flow restrictors in regular shower heads can save between 500 and 800 gallons of water a month!

• Since the Scituate Reservoir opened in November of 1925, the Providence Water Supply Board has planted nearly 7.2 million trees in the

reservoir watershed!

CONSERVATION TIP #4:

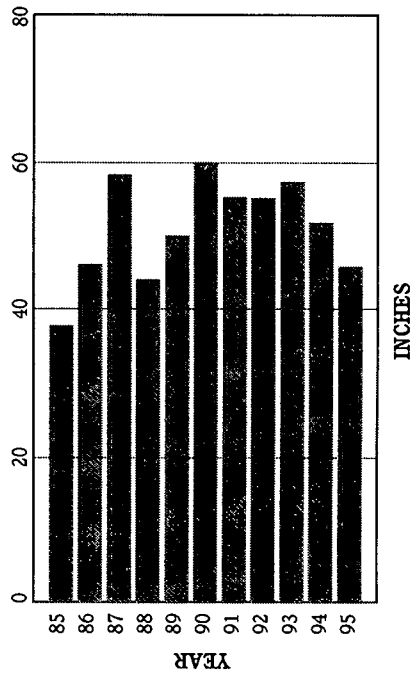
Shortening your shower by even one or two minutes can save up to 700 gallons of water a month. Taking a bath instead of

a shower saves another 20 gallons each time!

• On average, for every inch of rainfall that the entire watershed area receives, more than 785 million gallons of water col-

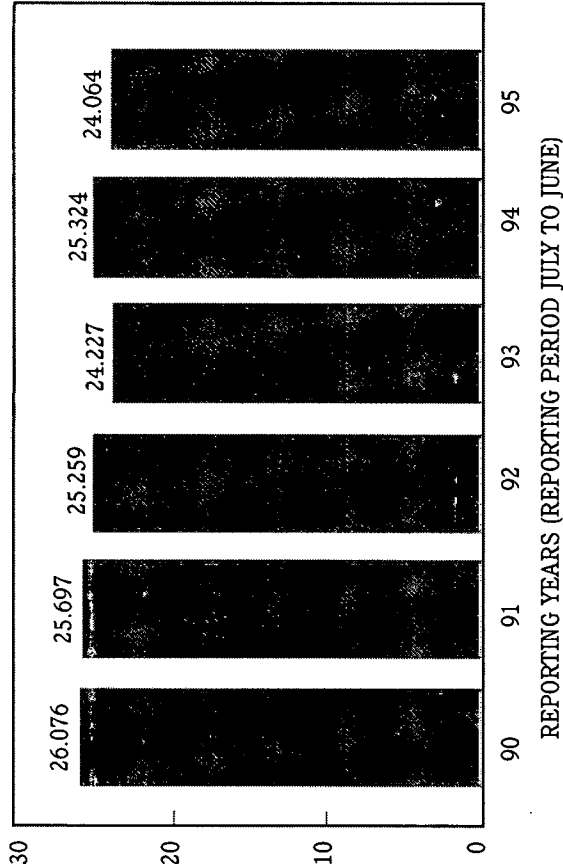
ANNUAL RAINFALL

(REPORTING YEAR JULY TO JUNE)



PLANT EFFLUENT

BILLION GALLONS



lects in the Scituate reservoir!

CONSERVATION TIP #5:

Save almost 3 gallons of water per person per day by turning your water off when brushing your teeth!

- The Scituate Reservoir, the largest of the six reservoirs that feed the Providence Water system, holds 37 billion gallons of raw water and covers nearly 3,400 acres!

CONSERVATION TIP #6:

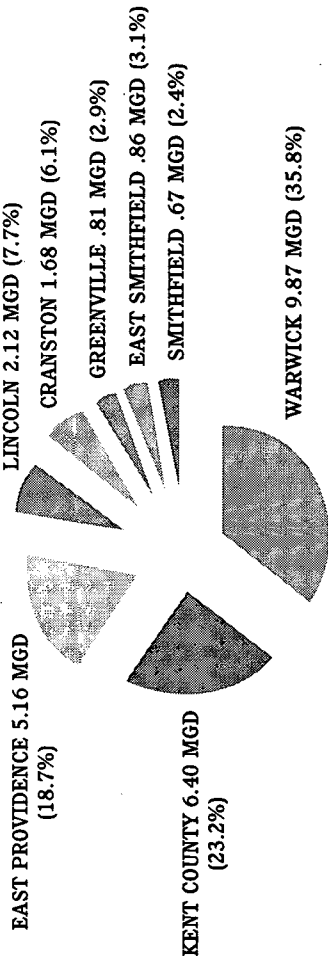
When washing dishes by hand, use a spray device or short blasts instead of letting the water run for rinsing and save 250 to 500 gallons of water a month! Also, if you use just enough detergent to get dishes clean, you can save 50 to 150 gallons of water a month in unnecessary rinsing!

- The first Providence Water service pipe was opened nearly 125 years ago on December 1, 1871. Did you know that 28 percent of all active water system mains were actually installed in the 19th century



1995 WHOLESALE & RETAIL SUPPLY

SUPPLY (MGD) AND PERCENT (REPORTING YEAR JULY TO JUNE)



WHOLESALE SUPPLY IS 41.8% OF TOTAL DAILY SUPPLY

between the years 1874 and 1899?

CONSERVATION TIP #7:

If you let water run waiting for hot water to come down the pipes, try catching the flow in a watering can to use later for plants or gardens and save 100 to 300 gallons of water a month!

CONSERVATION TIP #8:

Save 300 gallons of water a month by watering your lawn in the early morning or early evening when there is less evaporation! Save another 300

sion system took place more than 25 years ago in the late '60s and early '70s? (A 20-year infrastructure replacement plan has been developed by Providence Water to ensure reliable delivery of water in the years to come.)

gallons by adjusting the sprinkler to only water the grass -- not the sidewalk, driveway and street!

- Did you know that today, 66 million gallons of drinking water leaves the Providence Water purification plant bound for business and residential customers throughout Rhode Island day in and day out? That's more than 24 billion gallons of water a year!

CONSERVATION TIP #10:

Fixing a leaky faucet or pipe joint can save as much as 20 gallons of water a day!

CONSERVATION TIP #9:

Letting your lawn grow longer in the dry weather will keep

your lawn's soil moister, will help prevent evaporation, and will help you save as much as 500 gallons a month of extra lawn watering!

- Government use aside, Narragansett Electric is Providence Water's largest single water customer, with metered consumption at nearly 97 million gallons last year.

CONSERVATION TIP #11:

Use short blasts of water or swish your razor in a partially-filled sink instead of running water while you shave and save

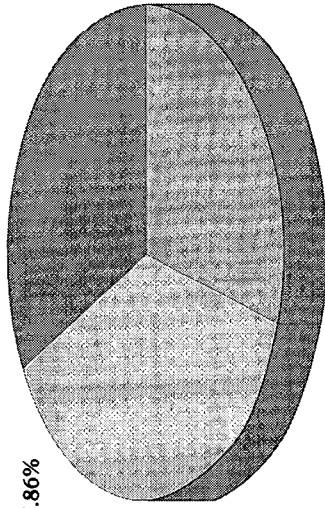
- Wholesale water consumption is about 42 percent of the total daily supply consumed, yet sales revenue from wholesale consumption represents just under 30 percent of total water sales.

CONSERVATION TIP #12:

Use dye tablets from time to time to check for toilet leaks and save 200 gallons of water month if you find and repair a leak!

SOURCES OF REVENUE

OTHER RETAIL 37.86%



PROVIDENCE RETAIL 33.13%

WHOLESALE 29.01%

PROVIDENCE WATER SUPPLY BOARD BALANCE SHEETS JUNE 30, 1995 AND 1994

| ASSETS | UNAUDITED 1995 | | 1994 |
|--|----------------|--|--------------|
| | | | |
| Property, Plant and Equipment: | | | |
| Land | \$7,876,901 | | \$7,876,901 |
| Buildings and improvements | 7,467,768 | | 7,279,768 |
| Improvements other than buildings | 69,681,340 | | 67,306,077 |
| Machinery and equipment | 6,080,477 | | 5,786,215 |
| Assets under Capital Leases | 11,493,852 | | 10,198,319 |
| Scituate Reservoir project | 18,094,867 | | 10,695,050 |
| Construction in progress | 14,484,413 | | 3,462,300 |
| Funds restricted for contruction of assets under capital lease | 3,329,583 | | 3,329,583 |
| | 138,508,906 | | 115,943,213 |
| Less accumulated depreciation and amortization | 32,987,814 | | 31,258,137 |
| | | | |
| Net property, plant and equipment | 105,521,092 | | 84,676,076 |
| Current assets: | | | |
| Due from City of Providence General Fund | — | | 217,800 |
| Cash and cash equivalents | 936,154 | | — |
| Accounts receivable (net of allowance for uncollectible accounts of \$2,408,676 in 1995 and \$2,078,860 in 1994) | 4,468,579 | | 2,786,822 |
| Accounts receivable – unbilled | 4,860,138 | | 2,437,331 |
| Inventory | 665,590 | | 698,190 |
| Advance to Providence Public Building Authority | — | | 2,000,000 |
| Prepayments | 629,779 | | — |
| Other | 0 | | 0 |
| Total unrestricted | 11,560,240 | | 8,140,143 |
| Restricted assets: | | | |
| Cash and cash equivalents | 859,336 | | 3,953,804 |
| Investments | 455,692 | | 417,692 |
| Accounts receivable | — | | 782,479 |
| Accounts receivable – unbilled | — | | 683,740 |
| Total restricted | 1,315,028 | | 5,837,715 |
| Total current assets | 12,875 | | 13,977,858 |
| Total assets | \$118,396,360 | | \$98,653,943 |

Please note that the 1995 amounts have not been audited and reflect preliminary amounts as of November 17, 1995.

| <u>CAPITALIZATION AND LIABILITIES</u> | <u>UNAUDITED 1995</u> | <u>1994</u> |
|--|-----------------------|---------------------|
| Capitalization: | | |
| Contributed Capital | \$53,932,762 | \$53,140,849 |
| Reserved retained earnings | 4,179,708 | 3,865,496 |
| Unreserved retained earnings | <u>11,320,490</u> | <u>7,882,112</u> |
| Total Capitalization | 69,432,960 | 64,888,457 |
| General obligation bonds | 3,305,000 | 3,860,000 |
| General revenue bonds | 7,452,900 | 7,727,850 |
| Obligations under capital lease | 11,456,001 | 10,933,273 |
| Scituate Reservoir II bonds | 3,300,000 | — |
| CWFA | <u>11,553,126</u> | — |
| Total long-term debt | 37,067,027 | 22,521,123 |
| Current liabilities: | | |
| Note to City of Providence General Fund | 3,248,550 | 3,248,550 |
| Due to City of Providence General Fund | 1,023,153 | — |
| Accounts payable | 2,152,196 | 2,516,953 |
| Accrued expenses | 1,984,104 | 1,879,736 |
| Current portion of general obligation bonds | 555,000 | 525,000 |
| Current portion of general revenue bonds | 274,950 | 257,400 |
| Current portion of obligations under capital lease | 777,272 | 549,561 |
| Current portion of Scituate Reservoir II bond | 700,000 | — |
| Current portion of CWFA bond | 446,874 | — |
| Deferred revenue | <u>294,935</u> | <u>294,935</u> |
| | 11,457,034 | 9,272,135 |
| Amounts to be paid from restricted assets: | | |
| Due to water resources board | 439,339 | 1,780,463 |
| Accounts payable | 0 | 168,448 |
| Accrued expenses | 0 | <u>23,308</u> |
| Total current liabilities | <u>439,339</u> | <u>1,972,219</u> |
| Commitments and contingencies | <u>11,896,373</u> | <u>11,244,354</u> |
| Total liabilities and capitalization | <u>\$118,396,360</u> | <u>\$98,653,934</u> |

Please note that the 1995 amounts have not been audited and reflect preliminary amounts as of November 17, 1995.

Providence Water is happy to report that our financial picture is one of health. We have been successful in keeping Water Board expenditures under our revenue levels. We are also proud to be able to report an increase in assets. After many years only repairing difficulties, we are finally embarking on a long-term restoration of the Providence Water system. It's the beginning of a new chapter in the history of the Providence Water Supply Board as we prepare to launch a much needed, carefully planned 20 year Infrastructure Replacement Program.

PROVIDENCE WATER SUPPLY BOARD STATEMENT OF REVENUE AND EXPENSES FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

| | UNAUDITED 1995 | 1994 |
|--|---------------------|---------------------|
| Operating revenues – charges for services: | | |
| Water sales | | |
| General customers | \$14,296,915 | \$13,156,488 |
| Other local water suppliers | 5,320,482 | 5,443,452 |
| Fire protection services | 1,036,646 | 1,002,961 |
| Maintenance charges and other revenue | <u>1,429,390</u> | <u>639,943</u> |
| Total operating revenues | 22,083,433 | 20,242,844 |
| Operating expenses: | | |
| Source of Supply | 801,412 | 642,814 |
| Pumping operations | 298,940 | 361,131 |
| Water treatment | 1,590,104 | 1,478,936 |
| Transmission and distribution | 1,476,503 | 1,251,392 |
| Charge for services provided by other City departments | 680,277 | 701,082 |
| Customer accounts | 874,415 | 766,587 |
| Administrative and general | 7,746,746 | 6,785,720 |
| Bad debts | 329,815 | (448,981) |
| Depreciation and amortization | 1,762,994 | 1,398,413 |
| Property taxes – other local governments | <u>3,587,995</u> | <u>3,587,634</u> |
| Total operating expenses | 19,149,201 | 16,524,728 |
| Operating income (loss) | 2,934,232 | 3,718,116 |
| Nonoperating revenues (expenses): | | |
| Restricted revenues (expenses): | | |
| Water quality protection revenue | 1,954,103 | 1,652,813 |
| City Surcharge revenue | 1,045,564 | 2,397,719 |
| Water quality protection expense: | | |
| Interest expense | (555,477) | (569,653) |
| Other | (827,014) | (329,189) |
| Interest Expense | <u>(798,818)</u> | <u>(1,070,667)</u> |
| Net nonoperating revenues (expenses) | 818,358 | 2,081,023 |
| Net income | 3,752,590 | 5,799,139 |
| Retained earnings – beginning of year | <u>11,747,608</u> | <u>5,948,469</u> |
| Retained earnings – end of year | <u>\$15,500,198</u> | <u>\$11,747,608</u> |

Please note that the 1995 amounts have not been audited and reflect preliminary amounts as of November 17, 1995.

PROVIDENCE WATER SUPPLY BOARD STATEMENT OF CONTRIBUTED CAPITAL AND RETAINED EARNINGS

FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

| | CONTRIBUTED CAPITAL | RESERVED RETAINED EARNINGS | UNRESERVED RETAINED EARNINGS |
|---|---------------------|----------------------------|------------------------------|
| Balance at June 30, 1993 | \$52,317,739 | \$3,353,325 | \$2,595,144 |
| Contributions in aid | 823,110 | — | — |
| Water Quality Protection Revenue | — | 1,652,813 | (1,652,813) |
| Water Quality Protection Expense | — | (898,842) | 898,842 |
| Debt service for Scituate Reservoir Project | — | (241,800) | 241,800 |
| Other | — | — | — |
| Net income | — | — | 5,799,139 |
| Balance at June 30, 1994 | <u>\$53,140,849</u> | <u>\$3,865,496</u> | <u>\$7,882,112</u> |
| Contributions in aid | 791,913 | — | — |
| Water Quality Protection Revenue | — | 1,954,103 | (1,954,103) |
| Water Quality Protection Expense | — | (1,382,491) | 1,382,491 |
| Debt service for Scituate Reservoir Project | — | (257,400) | 257,400 |
| Other | — | — | — |
| Net income | — | — | 3,752,590 |
| Unaudited Balance at June 30, 1995 | <u>\$53,932,762</u> | <u>\$4,179,708</u> | <u>\$11,320,490</u> |

Please note that the 1995 amounts have not been audited and reflect preliminary amounts as of November 17, 1995.

PROVIDENCE WATER BONDED INDEBTEDNESS

| | | | |
|---|--|--|---|
| As Providence Water is the largest water utility in the State of Rhode Island, there are significant system improvements and maintenance which are required. To accomplish this work and minimize the rate impact on our customers, we may, from time to time, issue bonds to obtain the necessary funding. | Reading System, Filter Replacement at the Scituate plant and the updating of Treatment Facilities. | needed over a two-year period. To do this work would require that rates be increased by \$5 million. By bonding, the funds would be received today, the work would commence immediately and the customer impact would only be \$1 million. | tive in all instances. If this were the standard approach, it is possible that Providence Water's ability to borrow in the future could be adversely affected. Bonded debt is a vehicle which we do use on a controlled basis, to do what is necessary and in the ratepayer's best interest |
| In December of 1994, Providence Water issued \$12 million of bonds through the Rhode Island Clean Water Finance Agency to assist in funding currently scheduled improvements. In general, the types of projects Providence Water would fund includes the implementation of an Automatic Meter | The primary benefit the customer receives would be to have the necessary work completed now when it is needed, while extending the payment period to future years. To illustrate this, let's assume that \$10 million of work is | | |

PWSB GENERAL INFORMATION

Administrative Offices

Providence Water Supply Board
552 Academy Avenue
Providence, RI 02908-2792

401-521-6300
401-331-5081 (FAX)
401-751-0203 (TDD)

Scituate Reservoir

Providence Water Supply Board
Water Purification Plant
61 North Road, Route 116
Hope, RI 02831-0275

401-828-1660
401-828-7780 (FAX)

Quality Lab

401-828-1660

Detailed engineering and statistical
data is available, by request, in
Volume II of the Providence
Water Annual Report. Please call
(401) 521-6300, ext 113, to
receive a copy.



552 ACADEMY AVENUE

PROVIDENCE, RHODE ISLAND 02908-2792
401-521-6300