

THE NARRAGANSETT BAY COMMISSION
Docket No. 3707

Division of Public Utilities and Carriers
Set III (no Set II)

Regarding Schedules WEE-8 and WEE-10 (Account 54090):

Div. 3-1: Please explain all assumptions, and supply all supporting worksheets, used in the calculation of the Rate Year Expense. Please include any associated electronic spreadsheets in Microsoft Excel format.

Answer: For Schedule WEE-8: The biosolids disposal rates used to calculate the amount in account 52641, Sludge Loading/Disposal, are in accordance with the April 2004 Biosolids Processing Services agreement between Rhode Island Resource Recovery Corporation and NBC. The base rate at Bucklin Point as of January 1, 2005 and at Field's Point as of December 1, 2005 was established at \$325 per dry ton. This rate is to remain in effect until twelve months after completion of a dewatering facility at Field's Point. At that point, per the contract, an escalation factor will be applied based on the increase in CPIUs between the 2006 CPIU and the base rate CPIU of 2001. The resulting increase to the current rate is projected to take place in March 2007. Please see the attached documentation with regard to the calculation of the increased rate. See Schedule WEE-7 for the computation of the rate year adjustment. The dry ton information listed on Schedule WEE-7A was obtained from monthly operations reports. The reports are voluminous but are available at NBC for inspection if necessary. Finally, the accounts other than account 52641, Sludge Loading Disposal, on WEE-8 were reduced to zero because they will no longer be needed due to the outsourcing of sludge disposal.

For Schedule WEE-10: All usage and rates are based on actual usage and rate history except for Bucklin Point which is based upon the management services contract. See attachment for calculation of electrical usage and expense.

Calculation of FY 2007 Biosolids Disposal Rate

Calculation of Escalation Factor:

Projected 2006 CPIU	224.78
Divided by:	
Base 2001 CPIU	<u>191.65</u>
Escalation Factor	1.173

Calculation of FY 2007 Biosolids Disposal Rate:

Current Biosolids Disposal Rate	\$	325
Multitplied by Escalation Factor		<u>1.173</u>
Projected March 2007 Biosolids Disposal Rate	\$	381.18

Calculation of Sludge Loading/Disposal FY 2007 Rate

Step (1)

Calculation of CPIU Base Per Contract with RIRRC and NBC

	<u>July-01</u>	<u>September-01</u>	<u>Average (August -01)</u>
CPIU	191.3	192	191.65

Step (2)

Calculation of November 2006 CPIU Projection

	<u>Nov. CPIU</u>	<u>Percent Increase</u>
2001	191.9	
2002	199.2	1.0380
2003	205.6	1.0321
2004	211	1.0263
Average Percent Increase		1.032

Projected 2005	217.78
Projected 2006	224.78

Step (3)

Calculation of Escalation Factor

Projected 2006 CPIU	224.78
Divided by:	
CPIU Base	<u>191.65</u>
Escalation Factor	1.173

Step (4)

Calculation of FY 2007 Rate

Current Rate	\$325
X Esc. Factor	<u>1.172883</u>
FY 2007 Rate	\$381.18

Electricity Backup

Two Year Average (Fiscal Years 2004/2005)

Date	Corporate Office Building	Field's Point	Bucklin Point ¹	Interceptor Maintenance	Totals
<i>(kilowatts ²)</i>					
July	99,100	1,518,000		40,658	1,657,758
August	108,500	1,506,000		46,515	1,661,015
September	101,500	1,464,000		49,836	1,615,336
October	87,600	1,374,000		46,520	1,508,120
November	81,500	1,422,000		42,466	1,545,966
December	90,400	1,782,000		67,106	1,939,506
January	75,700	1,530,000		111,296	1,716,996
February	79,100	1,424,000		101,413	1,604,513
March	88,500	1,436,000		95,428	1,619,928
April	82,500	1,450,000		90,281	1,622,781
May	89,200	1,486,000		54,887	1,630,087
June	94,700	1,466,000		49,619	1,610,319
Total Kilowatts	1,078,300	17,858,000	14,150,000	796,020	33,882,320

Rates:

Customer Chg.	\$ 236.43	\$ 236.43	\$ 236.43		
Supply	0.07195	0.07195	0.07195		
Demand	0.03000	0.02800	0.03000	0.10000	
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Customer Chg (<i>Rate x 12 months</i>)	\$ 2,837	\$ 2,837	\$ 2,837	\$ 7,000	
Supply (<i>kilowatts x rate</i>)	77,584	1,284,883	1,018,093	-	
Demand (<i>kilowatts x rate</i>)	32,349	500,024	424,500	79,602	
Subtotal	\$ 112,770	\$ 1,787,744	\$ 1,445,430	\$ 86,602	
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Gross Earnings Tax (<i>Subtotal x 4.1666%</i>)	4,699	74,488	60,225	3,608	
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Total	\$ 117,469	\$ 1,862,232	\$ 1,505,655	\$ 90,210	\$ 3,575,566

Less: Incinerator (142,194)

Total Electricity Expense \$ 3,433,372

FY 2005 2,987,588

Increase \$ 445,784

¹ Total kilowatts are based on the Bucklin Point Management Service Contract

² All kilowatts were obtained through actual vendor invoices from Fiscal Years 2004 and 2005 (invoices are available upon request)

Div. 3-2: What two historical years were used to calculate the average kWh to be used in the rate year forecast electricity use?

Answer: The years were Fiscal Years 2004 and 2005.

Div 3-3: Please supply the following information for each of the two historical years referred to in request 2 above, by location, in a format similar to Schedule WEE-10:

- KWh use;
- Delivery cost;
- Supply cost;
- Customer charge;
- RIGET;
- Total.

Answer: Please see attached schedule.

**Narragansett Bay Commission
Expense Analysis - Electricity
(Acct. 54090)**

Fiscal Year 2004

Location	FY2004 kWh	Delivery Rate	Delivery Cost	Supply Cost (\$0.04768)	Customer Charge	Subtotal	RIGET (4.1666%)	Total
Field's Point	17,968,000	\$ 0.028	\$ 497,395	\$ 856,714	\$ 2,892	\$ 1,357,001	\$ 56,541	\$ 1,413,542
Bucklin Point	7,454,000	0.026	196,779	370,415	2,837	570,031	23,751	593,782
Corporate Office Building	1,029,800	0.031	32,108	49,101	2,845	84,054	3,502	87,556
Interceptor Maintenance	821,682	0.089	72,762	-	4,934	77,696	3,237	80,933
Totals	27,273,482	\$ 0.029	\$ 799,044	\$ 1,276,230	\$ 13,508	\$ 2,088,782	\$ 87,031	2,175,813

Fiscal Year 2005

Location	FY2005 kWh	Delivery Rate	Delivery Cost	Supply Cost (\$0.04768, except Bucklin Point \$0.06610)	Customer Charge	Subtotal	RIGET (4.1666%)	Total
Field's Point	17,748,000	\$ 0.027	\$ 480,582	\$ 846,225	\$ 2,837	\$ 1,329,644	\$ 55,401	\$ 1,385,045
Bucklin Point	8,588,265	0.028	237,872	557,243	2,837	797,952	33,247	831,200
Corporate Office Building	1,126,800	0.030	34,067	53,726	2,837	90,630	3,776	94,406
Interceptor Maintenance	770,358	0.088	67,802	-	7,428	75,230	3,135	78,365
Totals	28,233,423	\$ 0.029	\$ 820,323	\$ 1,457,194	\$ 15,939	\$ 2,293,456	\$ 95,559	2,389,016

Note: Bucklin Point usage for Fiscal Years 2004 and 2005 will not be indicative of the rate year usage because of the Bucklin Point construction.