



THE NARRAGANSETT BAY COMMISSION  
Docket No. 3707

Data Requests of the  
Division of Public Utilities & Carriers  
Set III

Div. 3-1 With regard to the response to DIV 1-1:

- a. Please provide supporting documentation for the Base 2001 and Projected CPI-U indices.
- b. Please state whether the projected March 2007 effective date for the disposal rate increase is certain and, if not, identify when the effective date will be known.

Answer:

- a. See attached.
- b. The effective date of March 2007 was a projection and the new rate will go into effect one year after the Field's Point dewatering facilities are completed. The most recent information indicates the facilities will be complete in mid-February 2006. As a result the new higher rate will become effective in mid-February of 2007, which is sooner than the March 1 date in the filing.

Prepared by: WEE

## Calculation of Sludge Loading/Disposal FY 2007 Rate

Step (1)

### Calculation of CPIU Base Per Contract with RIRRC and NBC

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	<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

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	<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	<b>224.78</b>	

Step (3)

### Calculation of Escalation Factor

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

Step (4)

### Calculation of FY 2007 Rate

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

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Data extracted on: August 29, 2005 (12:39:15 PM)

**Consumer Price Index - Urban Wage Earners and Clerical Workers**

<b>Series Id:</b> CWURA103SA0															
Not Seasonally Adjusted															
<b>Area:</b> Boston-Brockton-Nashua, MA-NH-ME-CT															
<b>Item:</b> All items															
<b>Base Period:</b> 1982-84=100															
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1995	157.0		156.9		156.5		156.6		157.4		159.3		157.4	156.8	158.1
1996	161.1		161.7		160.8		160.9		162.1		165.4		162.2	161.2	163.3
1997	166.6		166.8		165.6		165.8		166.2		167.8		166.6	166.3	166.9
1998	169.3		169.3		168.9		168.8		169.9		171.5		169.7	169.1	170.3
1999	172.2		172.3		172.6		173.3		175.2		177.8		174.2	172.4	175.9
2000	178.6		181.1		180.6		182.3		183.2		186.2		182.4	180.4	184.3
2001	187.4		189.3		190.1		191.3		192.0		191.9		190.5	189.3	191.8
2002	191.8		193.2		193.3		194.1		197.7		199.2		195.2	193.0	197.4
2003	199.3		202.3		201.8		202.2		206.2		205.6		203.2	201.4	205.1
2004	206.8		207.4		207.9		207.9		208.8		211.0		208.4	207.5	209.4
2005	210.3		213.1		214.0		216.0							212.9	

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**U.S. Bureau of Labor Statistics**  
 Postal Square Building  
 2 Massachusetts Ave., NE  
 Washington, DC 20212-0001

Phone: (202) 691-5200  
 Fax-on-demand: (202) 691-6325  
 Data questions: [blsdata\\_staff@bls.gov](mailto:blsdata_staff@bls.gov)  
 Technical (web) questions: [webmaster@bls.gov](mailto:webmaster@bls.gov)  
 Other comments: [feedback@bls.gov](mailto:feedback@bls.gov)

Div. 3-2 With regard to the response to DIV 1-4, 1-5b, and 1-21, please explain why health benefits premiums have been included for 250 employees on WEE-6 given that there were only 245 employees from June – September, 243 in October and only 242 as of December 2, 2005.

Answer: NBC made no adjustments for salaries and benefits from the test year levels (approved as the rate years by the Commission in Dockets 3592 and 3639). NBC is in the process of filling many of these positions as explained in DIV 3-8 below and expects employee levels to be closer to if not greater than 250 in the rate year. Regardless, it would be inappropriate to select individual accounts that have rather insignificant adjustments downward unless we address some other accounts that have insignificant adjustments upward.

Prepared by: WEE

Div. 3-3 With regard to the response to DIV 1-7, please explain the basis for multiplying the Select Energy quoted rate by 1.06 as part of the calculations to derive the rate per therm utilized on Schedule WEE-9.

Answer: Natural gas supply rate quotes from Select Energy are shown in decatherms (dth) at City Gate. In order to convert decatherms at City Gate to therms at the business meter one must divide the rate (in decatherms) by ten and then multiply by the loss factor, which is determined by Select Energy.

Prepared by: WEE

Div. 3-4

With regard to the response to DIV 1-9, please explain why the natural gas costs associated with the Bucklin Point construction should not be included as a cost of construction and capitalized like other costs of constructing the facility.

Answer: Natural gas costs labeled 'Bucklin Point Construction' in WEE-9 are not construction costs for the new facilities at Bucklin Point. This cost is the estimated natural gas expense after the completion of the construction of new Bucklin Point facilities (i.e. new buildings and new equipment).

Prepared by: WEE

Div. 3-5

With regard to the response to DIV 1-14, please reconcile the adjustment to remove chlorine/hypo-chlorite costs of \$20,117 at Bucklin Point as shown on Schedule WEE-12 with the annual costs shown in this response.

Answer: In the last Docket #3592 NBC expected that the Bucklin Point improvements would be completed in the rate year and that the use of chlorine/hypochlorite would be substantially reduced, hence the level of \$20,117 was included in NBC's rates. The Bucklin Point improvements did not get completed in 2004 or 2005, therefore NBC spent significantly more in those years for chlorine/hypochlorite at Bucklin Point. In this Docket, NBC is reflecting the elimination of all cost relating to chlorine/hypochlorite at Bucklin Point that is included in its rates because NBC's new management contract for Bucklin Point requires the management contractor to provide and pay for chemicals. NBC believes that the use of chlorine/hypochlorite at Fields Point and IM will approximate the remaining \$369,705 left in the rate year.

Prepared by: WEE

Div. 3-6

With regard to the response to DIV 1-18, please identify the projected interest income on the restricted funds that NBC projects to reduce in FY 2006 and FY 2007. Include the supporting calculations for these estimates.

Answer: NBC does not project interest in its restricted accounts for the future. Given that balances in the restricted accounts vary significantly from month to month based on the timing of large transfers in and very large payments out for construction invoices and debt service, NBC believes that these calculations would be meaningless. Furthermore, any interest earned in the restricted accounts must be retained in the restricted accounts (per the Trust Indenture) to be used for debt service and capital projects and therefore is not available for operations.

Prepared by: WEE

Div. 3-7

Referring to Schedule WEE-4 that shows interest income increasing from \$260,466 in FY 2003 to \$515,567 in FY 2004 to \$914,079:

- a. Please explain the rationale for assuming rate year interest income will remain at the level of \$244,713 in the rate year.
- b. If interest income is derived from other than interest on its restricted funds as provided in response to previous data requests, please identify and show the derivation of total projected interest income in FY 2006 and FY 2007.

Answer:

- a. O&M interest in 2003 was \$190,836 and interest on Restricted Accounts was \$69,630. Therefore, only \$190,836 of the interest income was available for operating expenses and should have been adjusted as such. This level of availability did not change significantly in 2004 and 2005 which were \$174,175 and \$195,713 respectively. The only interest income that is appropriate for the rate year is about \$200,000 so the \$244,713 is too high and if we were to adjust it we would adjust it down which would increase rates.
- b. Interest income is derived from the investment of operating funds. The amounts for the last three years have been:

➤ 2003	\$190,836
➤ 2004	\$174,175
➤ 2005	\$195,713

I would estimate that the interest revenue for 2006 and 2007 would be about \$200,000.

Prepared by: WEE

Div. 3-8 With regard to the response to DIV 1-22, please identify the current annual salaries, in total, for all currently filled positions and identify the number of positions currently filled. Identify the current annual salary associated with each vacant position.

Answer. Current Salary as of 12/30/2005 239 positions \$11,245,604

Vacant positions as of 12/30/2005 15 positions

**Vacant Positions**

Position Number	Position Title	Grade	Salary	Status
1	CG007 Civil Inspector	8A	43,356	Not yet posted (Funded by capital)
2	FO004 Financial Analyst	8	38,329	Not yet posted
3	AC005 Payroll Administrator	6	31,298	Pending Pre-employment paper work
4	AC012 Word Processing Typist	D11	27,579	Pending reallocation
5	CS015 Customer Service Rep	D10	27,151	Pending Pre-employment paper work
6	IM027 Environmental Engineer	8	39,329	Posting closing 1/24/06
7	IM022 IM Operator II	D13G	29,848	Posting closing 1/17/06
8	FP062 Electrician	D40G	41,226	Pending Pre-employment paper work
9	FP067 Maintenance Supervisor	7A	39,424	Posting closing 1/24/06
10	FP019 Process Monitor	D21	34,368	Can't be posted until RIDEM provides test results
11	BP022 Electrician	D40G	41,226	Posting closing 1/20/06
12	BP519 Operator I	D15G	31,221	Pending Pre-employment paper work
13	BP025 Operator I	D15G	31,221	Posting closing 1/17/06
14	EM012 Environmental Monitoring Assistant	D14	29,190	Pending Pre-employment paper work
15	EM016 Environmental Monitoring Assistant	D14	29,190	Interviewing

Please note, if you add the salaries of the 239 currently filled positions and the 15 vacant positions, the total would be \$11,759,560 for fiscal year 2006. If this amount was increased by 3.75% (see Div. 3-9) for the rate year the FY 2007 salaries would amount to \$12,200,544. This would be \$378,723 greater than the \$11,821,821 requested in this abbreviated filing. Therefore, if NBC were to propose this adjustment we would be requesting additional money. However, NBC has not proposed any change to the test year level previously approved by the Commission.

Prepared by: WEE

Div. 3-9

Identify the projected overall percentage wage increase for FY 2007.

Answer: The FY 2007 operating budget has not been compiled. Therefore this information is not yet available. The contracted COLA for union employees for FY 2007 is 2.75% and steps and longevity would add approximately 1% to bring the increase to 3.75%. The four year historical percentage increase for non-union employees is listed below.

FY 2006	2.457
FY 2005	3.829
FY 2004	3.987
FY 2003	4.332
Average	3.651

Prepared by: WEE