

1. Using the Health Insurance schedule included in the stipulation (Settlement Exhibit 3, Page 4 of 7):

(A) Please provide a calculation of the amount of revenue that would be generated if NBC were able to negotiate a 10 % co-pay (contribution to annual premium) for health insurance for its union employees and then implemented that same percentage increase for non-union employees as well? Please provide the total savings and the savings for union and non-union separately.

Medical Insurance Allowance per Settlement Agreement	2,674,778
10% Union Co-pay at Settlement Level	137,464
10% Non-union Co-pay at Settlement Level	125,404

(B) Please complete the same calculation using the most current health insurance rates which were recently received by NBC.

Annual Medical Insurance at Renewal Rates	2,698,955
10% Union Co-pay at Renewal Level	140,803
10% Non-union Co-pay at Renewal Level	128,444

2. Regarding the \$2,500 waiver of health insurance paid by NBC as shown on Settlement Exhibit 3, Page 4 of 7 respond to the following:

When was the \$2,500 amount set?

July 1, 2001.

How was the \$2,500 calculated?

It was part of union negotiations.

What is the justification for this amount and why is it more than the state payment of \$2,000? The waiver provides incentive for employees to waive family health coverage which is considerably more expensive. The NBC does not control the state's benefit programs.

Is the \$2,500 paid for employees that would qualify for family plans or for any employee? Since an employee has to document coverage through a spouse, they would qualify for family plan coverage.

What was the annual cost of health insurance per person when the \$2,500 was established? See table below.

What would the amount of the waiver payment be today if it had been increased by the same annual percentage increases as health insurance premiums have increased? See table below.

<i>2001</i>	<u>Premium</u>	<u>Waiver</u>	<u>% of Premium</u>
Blue Chip	\$ 6,307	\$ 2,500	40%
Healthmate	\$ 7,772	\$ 2,500	32%

<i>Current</i>	<u>Premium</u>	<u>% of Premium</u>	<u>Calculated Waiver</u>
Blue Chip	\$ 11,112	40%	\$ 4,445
Healthmate	\$ 12,790	32%	\$ 4,093

3. What firm currently manages the Bucklin Point treatment facility for NBC? How long have they managed the facility? Has any other company managed the facility for NBC?

Answer: Bucklin Point has been managed by Aquarion Operating Services Company since July 1, 2005. Prior to that date the facility was managed by U.S. Filter.

4. Please describe in some detail the new dewatering facility at Field's Point. Is it completed and has NBC accepted the facility?

Answer: A new dewatering building has been constructed that will house two belt filter presses, a polymer system, three belt filter press feed pumps, two thickened sludge transfer pumps, and odor control air scrubbers. One of the gravity thickeners has been converted into a thickened biosolids storage tank, and will hold approximately 500,000 gallons prior to it being conveyed to the new storage tank using sludge transfer pumps. Belt filter press feed pumps feed the belt filter presses from the gravity thickener tank. The dewatering building is complete and the equipment is installed and operational. The vendor is in the process of fine-tuning and optimizing the equipment. Environmental approvals have been received. Final modifications are being made to the internal mechanisms in the gravity thickener to optimize long-term control. The project is 98% complete with a few punch list items remaining prior to NBC's final acceptance. The vendor has been handling NBC's biosolids disposal since December 1, 2005.

5. According to NBC's response to Div-I, question 5, fourteen employees hired after June 30, 2004 currently make co-payments for health insurance. What percentage of the annual health insurance premium cost for those employees are the 14 employees paying?

Answer: See table below.

Employee	<u>Base Salary</u>	<u>Annual Co-pay</u>	<u>Annual Premium</u>
1 Family (2.7%)	42,245.19	1,140.62	12,789.92
2 Family (2.7%)	31,662.22	854.88	12,789.92
3 Family (2.7%)	31,209.63	842.66	12,789.92
4 Family (2.7%)	31,209.63	842.66	12,789.92
5 Family (2.7%)	29,996.30	809.90	12,789.92
6 Family (2.7%)	29,851.85	806.00	12,789.92
7 Family (2.7%)	29,851.85	806.00	12,789.92
8 Individual (1.2%)	32,153.33	385.84	4,066.66
9 Individual (1.2%)	31,655.00	379.86	4,066.66
10 Individual (1.2%)	31,308.33	375.70	4,066.66
11 Individual (1.2%)	31,308.33	375.70	4,066.66
12 Individual (1.2%)	31,221.67	374.66	4,066.66
13 Individual (1.2%)	31,221.67	374.66	4,066.66
14 Individual (1.2%)	29,835.00	358.02	4,066.66
Total	<u>444,730.00</u>	<u>8,727.16</u>	<u>117,996.06</u>
	Percentage of premium paid		<u>7.40%</u>

6. Please provide a detail explanation and description of the “Asset Management Plan” expected to cost about 1.8 million dollars. Within the explanation and description, please explain how the project will benefit the ratepayers and why the cost of the project is so high.

Answer: See the attached documents for a description of Phase I and Phase II of the project. This is an industry standard and dovetails on federal CMOM requirements that mandate proper maintenance and repair of facilities and infrastructure.

Note: Due to the voluminous nature of the documents only one copy has been provided to the PUC.

1. Is there a billing date on NBC bills, and if not, why not?

Yes.

2. Why are some customers billed in the middle of a quarter?

If a customer calls and requests a new invoice as a result of a dispute, closing request, tenant change or other reason, we will prepare a bill for them.

3. Are there any additional charges placed on delinquent accounts other than the 12% late fee? If so, what are they?

If additional collection activity is required on an account such as water shut-off or lien sale, then certain costs associated with these activities are assessed in accordance with PUC approved Terms and Conditions (see below).

Narragansett Bay Commission
Terms & Conditions
Service Fee Schedule
(Effective January 6, 2004)

SERVICE	FEE
<u>Returned Check Fee</u>	\$20.00 per returned check
<u>Lien Sale Fees:</u>	
Certified Mail	\$10.00 each
Title Fee	\$90.00 each
Newspaper Ad	Billed at advertising cost in relation to number of lien sales
Deed Fee	\$75.00 each
Recording of Deed	\$80.00 each
Recording of Redemption Certificate	\$45.00 each
Recording of Duplicate Redemption Certificate	\$45.00 each
Auctioneer Fee	Billed at auctioneer costs in relation to the number of lien sales
<u>Water Shut Off Fees:</u>	
Water Shut Off Fee	\$64.00
Water Reconnect Fee	\$43.00
*Special Requests for services not listed above that do not benefit all customers	Billed at actual costs plus overhead rates in effect

4. Are any notices sent to delinquent accounts between billings?

Yes.

5. When and why did NBC change from charging 85% of consumption to 100% of consumption?

A review of the Report and Order from Docket 2216 shows that the PUC directed NBC to file compliance rates at both 85% of metered amount and 100% of metered amount. It appears that the PUC approved the rates at the 100% of the metered amount as part of this Docket.

6. Are employees offered either Blue Chip or Healthmate Coast to Coast? What are the costs to NBC for each coverage and what is the co-pay to the employee?

Yes, employees are currently offered Blue CHiP or Healthmate. The premiums are listed in the following table:

	Monthly Premium	
	Individual	Family
Blue CHiP	\$ 338.88	\$ 925.99
Healthmate	\$ 390.05	\$ 1,065.83

No co-payment is required for employees hired prior to July 1, 2004. Employees hired after July 1, 2004 are provided Blue CHiP with no premium co-payment. If the employee selects Healthmate, then they pay a premium co-payment of:

Individual – 1.2% of base wage not to exceed 10% of the Healthmate premium
Family – 2.7% of base wage not to exceed 10% of Healthmate premium.

7. If NBC is not responsible for the sewer pipes, then why the flat fee?

This was decided by the PUC in Docket 2216 as follows:

“The Division presented a reasonable alternative in its rate design of flat fees. Mr. Olstein, the Division witness on rate design, proposed that the flat fees recover only those costs directly related to debt service and customer-related costs for account billing and collections. This allocation results in about 30% of costs being recovered through flat fees. We accept the Division’s methodology for developing different flat rates for the rate classes.

We further comment on this methodology to state that it represents a resulting rate design which we feel is appropriate...we direct the NBC in future rate filings to present a rate design for flat fees that recovers a proportion of costs similar to that resulting from this docket.”