

	FISCAL YEAR										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES											
User Fees	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321	\$60,161,321
Permit and Concessions Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Pretreatment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Septage Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Abatement Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenue	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618	\$2,382,618
BOD/TSS Surcharge	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Adjustment	283,771	6,927,702	9,911,967	13,609,589	17,257,248	21,283,641	26,029,895	33,597,555	42,432,134	47,783,631	49,023,365
Compounded Growth on Revenue Adjustment											
Total Operating Revenues	\$62,827,710	\$69,471,701	\$72,455,926	\$76,153,519	\$79,801,187	\$83,827,580	\$88,273,834	\$96,141,494	\$104,976,073	\$110,327,570	\$111,567,324
NONOPERATING REVENUES											
Interest Income			\$	\$	\$	\$	\$	\$	\$	\$	\$
Lux Charge Penalty		625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000
Grant Revenue	740,200	740,200	740,200	740,200	740,200	740,200	740,200	740,200	740,200	740,200	740,200
Miscellaneous											
Total Non-Operating Revenues	740,200	1,365,200	1,365,200	1,365,200	1,365,200	1,365,200	1,365,200	1,365,200	1,365,200	1,365,200	1,365,200
DISPOSITION OF REVENUES (Section 13)											
A. OPERATING EXPENSES											
Personnel Services		32,296,744	33,588,614	34,932,159	36,329,445	37,782,623	39,293,928	40,865,685	42,500,312	44,200,325	45,968,338
Special Services											
Operating Supplies and Services		32,296,744	33,588,614	34,932,159	36,329,445	37,782,623	39,293,928	40,865,685	42,500,312	44,200,325	45,968,338
Total Operating Expenses		32,296,744	33,588,614	34,932,159	36,329,445	37,782,623	39,293,928	40,865,685	42,500,312	44,200,325	45,968,338
Pledged Revenue/Net Revenue	\$52,513,348	\$38,540,157	\$40,232,511	\$42,586,560	\$44,836,942	\$47,410,157	\$50,645,106	\$56,641,009	\$63,840,961	\$67,492,445	\$66,964,186
B. DEBT SERVICE											
SPE - Existing	17,107,850	19,877,618	20,085,477	20,088,748	19,989,594	19,515,090	19,052,012	18,876,026	18,429,109	17,925,001	17,508,131
SPE - Proposed	1,619,843	2,678,125	3,548,950	4,421,725	5,295,675	6,165,100	7,039,200	7,912,100	8,785,925	9,672,275	8,975,750
Total SPE Bond Debt Service:	18,727,693	22,555,743	23,634,427	24,510,473	25,285,269	25,680,190	26,091,212	26,788,126	27,193,034	26,897,276	26,483,881
Open Market - Existing Fixed Rate	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Open Market - Proposed Fixed Rate	1,009,850	2,019,700	2,293,683	3,311,598	4,344,623	6,023,410	8,202,665	12,316,925	17,678,953	20,910,200	20,905,200
Total Open Market Bond Debt Service:	3,259,850	4,269,700	4,543,683	5,563,196	6,594,623	8,273,410	10,455,665	14,566,925	19,928,953	23,160,200	23,155,200
Total Bond Debt Service:	21,987,543	26,825,443	28,178,109	30,073,670	31,880,231	33,953,600	36,546,877	41,355,051	47,121,987	50,057,476	49,637,081
C. DEBT SERVICE - VRDN											
VRDN Principal	1,415,000	1,455,000	1,515,000	1,565,000	1,620,000	1,670,000	1,735,000	1,790,000	1,855,000	1,915,000	1,990,000
VRDN Interest	2,668,136	2,351,682	2,492,900	2,432,178	2,369,322	2,304,526	2,237,208	2,167,756	2,095,782	2,021,480	1,944,258
Total Variable Rate Debt Service	4,083,136	4,006,682	4,007,900	3,997,178	3,989,322	3,974,526	3,972,208	3,957,756	3,950,782	3,936,480	3,934,258
D. TOTAL DEBT SERVICE											
	28,010,679	30,832,125	32,186,009	34,069,848	35,869,553	37,928,126	40,516,085	45,312,807	51,072,769	51,993,956	53,571,349
EXCESS OF REVENUES OVER M&O AND DS REQUIREMENTS	\$6,502,670	\$7,708,031	\$8,046,502	\$8,512,312	\$8,967,388	\$9,482,031	\$10,129,021	\$11,328,202	\$12,768,192	\$13,498,489	\$13,392,837
Debt Coverage Ratio - TOTAL ALL FIXED RATE DEBT											
Debt Coverage Ratio - TOTAL ALL DEBT	1.48	1.44	1.43	1.42	1.41	1.40	1.39	1.37	1.35	1.35	1.35
Debt Service Coverage Required											
Debt Service Coverage Required	6,502,670	7,708,031	8,046,502	8,512,312	8,967,388	9,482,031	10,129,021	11,328,202	12,768,192	13,498,489	13,392,837
TOTAL REVENUE REQUIREMENT											
Capital Projects Summary	63,567,910	70,836,901	73,821,126	77,518,719	81,166,387	85,192,780	89,938,034	97,506,694	106,341,273	111,692,770	112,892,524
Construction Financing Plan											
Sources of Funds											
Beginning Balance	42,511,698	33,234,908	1,578	1,969	3,574	3,498	862	3,612	2,283	24	12,768,216
SRF Bonds	30,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	0	0
Open Market Bonds	42,520,000	0	0	12,615,000	25,395,000	26,490,000	55,210,000	88,900,000	66,000,000	0	0
Grants	0	0	0	0	0	0	0	0	0	0	0
Other Capital	0	0	0	0	0	0	0	0	0	0	0
Surplus from Pre Year	9,300,000	6,502,670	7,006,031	8,046,502	8,512,312	9,482,031	10,129,021	11,328,202	12,768,192	13,498,489	13,498,489
Total Sources	124,331,698	51,737,578	37,429,609	32,663,411	45,915,886	47,460,887	76,692,893	111,032,533	89,330,485	12,768,216	26,268,705
Uses for Funds											
Operating Capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0
Capital Improvements	87,090,000	49,556,000	34,849,000	30,196,000	43,161,000	44,684,000	73,267,156	106,850,000	85,665,461	0	0
Debt Interest Expense	1,466,700	1,800,000	1,800,000	463,838	751,388	776,025	1,422,225	2,180,250	1,665,000	0	0
Total Uses	91,096,700	51,756,000	37,427,700	32,659,838	45,912,388	47,460,025	76,689,381	111,020,250	89,330,461	0	0

Narragansett Bay Commission

Operation and Maintenance Reserve Policy

Purpose

This policy sets forth NBC's policy for funding an Operations and Maintenance Reserve in accordance with the Trust Indenture. The NBC has a significant amount of outstanding debt that was issued in order to finance its Capital Improvement Program (CIP). In addition, it is anticipated that further issuance of open market revenue bonds and borrowings from the Rhode Island Clean Water Finance Agency will be required to finance current and future capital improvements. NBC recognizes the importance of the adoption and implementation of sound financial management practices and policies to ensure the successful implementation of its CIP, obtain the highest possible credit ratings and ensure that ratepayer impact is minimized.

NBC must demonstrate that it has the financial mechanisms in place to properly operate and maintain its facilities as well as meet its debt service obligations. Funding of an Operation and Maintenance Reserve Fund will ensure that NBC is able to pay for unexpected costs associated with the operations of its facilities. In addition, the reserve funds may also be used for debt service payments should there be insufficient funds in the Debt Service Fund.

Policy

NBC shall fund its Operation and Maintenance Reserve Fund at 25% of annual operation and maintenance cost. It is the intention of NBC to achieve the 25% level over approximately 7 to 10 years beginning in FY 2008 subject to approval of the Rhode Island Public Utilities Commission. The Operation and Maintenance Reserve Fund shall be funded through the restricted carry-forward.

Appropriate Funding Level

- The Operation and Maintenance Reserve Fund shall be funded at a level not to exceed a sum equal to 25% of the annual operating cost at the end of fiscal year 2017.

Policy Considerations

This policy may be amended from time to time if so approved by the NBC's Board of Commissioners.