

General Rate Filing

December 1, 2006



One Service Road
Providence, Rhode Island 02905
401-461-8848 • TDD 401-461-6549 • FAX 401-461-6540

Vincent Mesolella, Jr.
Chairman

Paul Pinault
Executive Director

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PUC General Rate Filing Checklist


Location/Title

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Schedule of lease payments for all property and equipment for the test and rate years	Lease Schedule
A schedule presenting the principal and interest amounts paid on debt service (long-term and short-term debt) for the test year.	Principal and Interest Paid during test year
Debt source payments for fiscal year 2006	Debt Service
Provide a description of each issue to include: source of funding, amount of original issue, date, interest rate, repayment terms, security pledged on borrowing, and other pertinent information.	Long-Term Debt
Number of employees at beginning and end of test year and the dollar amount of overtime paid during the test year and the previous two years	Employee/Overtime Analysis
A summary on the status of compliance and reporting required by prior Commission orders.	Compliance Reporting
An accounting summary of restricted accounts to provide the funding, interest accrual, and expenditures of each restricted account since the date of the last rate order.	Docket 3639 Compliance on Restricted Accounts
Balance Sheet for the Test Year	See Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets
Amortization of regulatory expense	Regulatory Expense
Annual Report for previous two years	Previously filed with PUC, additional copies available upon request

Note: Backup documents supporting W.E. Edge schedules provided separately.

CERTIFICATE OF SERVICE

I, Karen L. Giebink, hereby certify that I have, this 1st day of December, 2006 caused a copy of the within General Rate Case Filing of the Narragansett Bay Commission to be served on the Administrator of the Division of Public Utilities and Carriers and the Office of the Attorney General.



Karen L. Giebink,
Director of Administration and Finance

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT BAY COMMISSION

ABBREVIATED FILING OF December 1, 2006

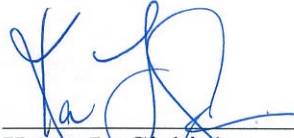
NOTICE OF CHANGE IN RATE SCHEDULES

Pursuant to R.I.G.L. SECTION 39-3-11, and in accordance with Rule 1.9 and Part Two of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission ("Commission"), the Narragansett Bay Commission ("NBC") hereby gives notice of proposed changes in rates, which we previously filed and published in compliance with R.I.G.L., Section 39-3-10.

The proposed changes are contained in the accompanying Exhibits. The new residential and non-residential rates, as proposed, are to become effective January 1, 2007. The new rates are designed to collect revenues in a 12-month period equal to \$72,492,877.

- 1) NBC is a public corporation of the State of Rhode Island, created by chapter 25 of title 46 of the Rhode Island General Laws, and having a distinct legal existence separate from the State, NBC's principal address is Narragansett Bay Commission, One Service Road, Providence, RI 02905. Pursuant to the Chapter 25 of Title 46, NBC is authorized to do business within the State of Rhode Island.
- 2) Correspondence in accordance with Rule 1.9 (a)(2) should be addressed to Karen Giebink, Director of Administration and Finance, Narragansett Bay Commission, One Service Road, Providence, RI, 02903 and Peter McGinn Legal Counsel, Tillinghast Licht 10 Weybosset Street, Providence, RI, 02908-2818.
- 3) In accordance with rule 1.9 and part Two of the Rules, the documents accompanying this filing contain data, information and testimony in support of NBC's application.

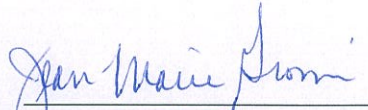
- 4) A copy of the materials herewith filed has been sent to the Administrator of the Division and the Attorney General for the State of Rhode Island.



Karen L. Giebink
Director of Administration and Finance
Narragansett Bay Commission

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

Subscribed and sworn to before me on this the 1st day of December 2006, Pursuant to the PUC Rule 1.9.



Notary Public
Notary Public

Existing Tariffs

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE A

NARRAGANSETT BAY COMMISSION

EFFECTIVE: Flat Fees: July 1, 2007
Consumption Fees: July 1, 2007

Applicability

Applicable throughout the entire territory served by the Field's Point and Bucklin Point Wastewater Treatment Facilities and operated by the Narragansett Bay Commission.

Sewer Use Fee Schedule

RESIDENTIAL

All residential structures up to and including six (6) dwelling units.

All residential condominiums will be billed under residential tariffs regardless of the number of dwelling units per structure/meter.

NBC Service Area

FIXED FEE:

\$108.02 per dwelling unit per year

CONSUMPTION FEE:

\$2.22/hundred cubic feet of 100% of water used

Residential Well Customers

\$324.98 (based upon fixed fee and average usage of 200 gpd)

INDUSTRIAL

All structures in which water is utilized for the production and/or manufacturing based operations including non-contact cooling water.

FIXED FEES

METER SIZE

FIXED FEE

5/8"	\$243.00
3/4"	\$363.00
1"	\$604.00
1 1/2"	\$1,210.00
2"	\$1,935.00
3"	\$3,626.00
4"	\$6,043.00
6"	\$12,089.00
8"	\$19,343.00
10"	\$27,805.00

CONSUMPTION FEE:

NBC Service Area:

\$2.07/hundred cubic feet of 100% of water used.

Existing Tariffs

COMMERCIAL

All other structures. This includes mixed use structures (i.e., combined residential/non-residential) and half-way houses and/or boarding type facilities where unrelated persons rent rooms.

FIXED FEES

METER SIZE

FIXED FEE

5/8"	\$243.00
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3"	\$3,626.00
4"	\$6,043.00
6"	\$12,089.00
8"	\$19,343.00
10"	\$27,805.00

NBC Service Area:

\$3.22/hundred cubic feet of 100% of water used.

BILLING

Residential - Fixed fee bills rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

Condominiums (residential) - Fixed fee to be rendered to property owners and/or associations, quarterly. Consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board.

Industrial - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

Commercial - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board.

Industrial Surcharge - If any, to be billed with consumption.

PAYMENT

All bills are due and payable upon receipt. A late charge penalty of twelve per cent (12%) per annum will be levied after thirty (30) days from the billing date.

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE B**NARRAGANSETT BAY COMMISSION**

EFFECTIVE: Pretreatment Annual Permit Fee: June 30, 2003
 New Sewer Connection Fee: July 1, 2005
 BOD/TSS Surcharge: June 30, 2003
 Septic Tank Waste Discharge Fee: May 6, 2005
 Sewer Back-up Removal Fee: March 24, 1995
 Abatement Application Fee: January 29, 2001

Miscellaneous Charges

1. Pretreatment Annual Permit Fee: Applicable to all users regulated under R.I.G.L. 46-25-25 and the NBC's Rules and Regulations.

CAT #	User Classification	Permit Fee
11	Electroplater/Metalfinisher	
	Flow < 2,500 GPD	\$1,811
	Flow ≥ 2,500 < 10,000 GPD	\$3,623
	Flow ≥ 10,000 GPD < 50,000	\$7,246
	Flow ≥ 50,000 GPD < 100,000 GPD	\$10,144
	Flow ≥ 100,000	\$10,869
12	Metal Molding and Casting	\$1,087
13	Organic Chemical Manufacturers	\$7,246
14	Other Categorical Industries	\$1,087
15	Metal Formers	\$5,797
21	Tubbing/Vibratory/Mass Finishing	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	Chemical Transporters, Refiners, Recyclers, Manufacturers	\$2,898
23	Textile Processing Firms	
	Flow < 2,500 GPD	\$1,449
	Flow ≥ 2,500 < 10,000 GPD	\$3,768
	Flow ≥ 10,000 < 50,000	\$5,072
	Flow ≥ 50,000 GPD	\$7,246

Existing Tariffs

CAT #	User Classification	Permit Fee
24	Printers	
	Gravure	\$3,623
	Other Flow \geq 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	Industrial Laundries	\$3,623
26	Machine Shops/Machinery Rebuilders	\$1,449
27	Other firms discharging toxics and/or prohibited pollutants	
	Flow \geq 10,000 GPD	\$2,898
	Flow \geq 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	Central Treatment Facilities - Hazardous Waste	\$14,492
29	Central Treatment Facilities - Non-Hazardous Waste	\$4,348
34	Manufacturers with high BOD/TSS wastestreams	
	Flow \geq 100,000 GPD	\$5,797
	50,000 GPD \leq Flow < 100,000 GPD	\$3,623
	10,000 GPD \leq Flow < 50,000 GPD	\$1,811
	Flow < 10,000 GPD	\$1,087
35	Other facilities discharging conventional pollutants	
	Flow \geq 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	Automotive Maintenance/Service Facilities	
	Small \leq 2 Bays	\$435
	Large \geq 3 Bays	\$1,449
40	Groundwater Remediation/Excavation Projects	
	Flow \geq 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	Recycle or Disconnected Electroplating or Chemical Processes	\$725

Existing Tariffs

CAT #	User Classification	Permit Fee
42	Other Process Operations Disconnected or Recycled	\$290
43	Recycle or Disconnected Electroplating or Chemical Processes with Cooling Water or Boiler Discharges	\$870
44	Other Recycled or Disconnected Process Operations with Cooling Water or Boiler Discharges	\$362
46	Cooling Water with Solvent, Toxic and/or Hazardous Chemicals on Site	\$362
49	Other Discharges with Solvents, Toxics and/or Hazardous Chemicals on Site	
	Flow \geq 10,000 GPD	\$1,087
	Flow $<$ 10,000 GPD	\$725
51	Cooling Water with No Solvents, Toxic or Hazardous Chemicals on Site	\$362
52	Boiler Blowdown/Condensate Discharges	\$362
53	Cooling Tower Discharges	\$362
59	Other Non-Toxic Industrial Discharges	
	Flow \geq 5,000 GPD	\$725
	Flow $<$ 5,000 GPD	\$362
80	Septage Haulers/Dischargers	\$435
81	Food/Fish/Meat/Produce Processing (wholesale)	
	Flow $<$ 1,000 GPD	\$362
	1,000 GPD \leq Flow $<$ 10,000 GPD	\$725
	Flow \geq 10,000 GPD	\$1,449
82	Supermarkets (Retail Food Processing)	\$725
83	Parking Garages/Lots	\$725

Existing Tariffs

CAT #	User Classification	Permit Fee
84	Cooling Water/Groundwater/ Boiler Discharges with Potential to Discharge Conventional Pollutants	\$362
85	Restaurants	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food (2 or more fryolators and/or drive through window)	\$580
86	Commercial Buildings with Cafeteria and/or laundry operations	\$725
89	Other Commercial Facilities with Potential to Discharge Conventional Pollutants	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
90	Hospitals	\$3,623
91	Cooling Water/Groundwater/ Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	\$362
92	Laundries/Dry Cleaners	
	Laundromats	\$725
	Dry Cleaners with 1 washer or less	\$362
	Dry Cleaners with ≥ 2 washers	\$725
93	Photo Processing	
	< 1,000 GPD	\$362
	1,000 GPD ≤ Flow < 2,500	\$725
	2,500 GPD - 5,000 GPD	\$1,087
	> 5,000 GPD	\$1,449
94	X-Ray Processing	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449

Existing Tariffs

CAT #	User Classification	Permit Fee
95	Clinical, Medical and Analytical Laboratories	\$725
96	Funeral Homes/Enbalming Operations	\$362
97	Motor Vehicle Service/Washing Operations	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	
	Flow < 2,500 GPD	\$362
	Flow ≥ 2,500 GPD	\$725

NOTE: All flow rates are based upon operating days.

2. **New Sewer Connection Fee:** Applicable to all applications for a new service connection directly or indirectly to NBC facilities. Payable at the time of application.

Residential	\$260 per connection
Commercial	\$779 per connection
Industrial	\$779 per connection

3. **Sewer Back-up Removal Fee:** Applicable to all visits by Commission personnel to clear a sewer blockage when such blockage is determined to be a private sewer and is cleared by Commission personnel.

Charge: \$75.00 per incident

4. **Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

Charge: \$42.00 per thousand gallons

5. **BOD/TSS Surcharge:** \$87.00/1,000 pounds of BOD with a concentration above 300 mg/l \$87.00/1,000 pounds of TSS with a concentration above 300 mg/l
(if applicable)

To be assessed as the result of compliance with an industrial permit or NBC requirement.

6. **Abatement Application Fee:** Applicable to all applicants who request an abatement to sewer user fees charged. Payable at the time of application.

Charge: \$36.00

Marked-Up Tariffs

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE A

NARRAGANSETT BAY COMMISSION

EFFECTIVE: Flat Fees: January 1, 2007
Consumption Fees: January 1, 2007

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NBC Service Area

FIXED FEE:

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CONSUMPTION FEE:

~~\$2.22~~\$2.39/hundred cubic feet of 100% of water used

Residential Well Customers

~~\$324.98~~\$349.10 (based upon fixed fee and average usage of 200 gpd)

INDUSTRIAL

All structures in which water is utilized for the production and/or manufacturing based operations including non-contact cooling water.

FIXED FEES

METER SIZE

FIXED FEE

5/8"	\$243.00 \$261.00
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2"	\$1,935.00 \$2,078.00
3"	\$3,626.00 \$3,896.00
4"	\$6,043.00 \$6,492.00
6"	\$12,089.00 \$12,987.00
8"	\$19,343.00 \$20,778.00
10"	\$27,805.00 \$29,868.00

CONSUMPTION FEE:

NBC Service Area:

~~\$2.07~~\$2.225/hundred cubic feet of 100% of water used.

Marked-Up Tariffs

COMMERCIAL

All other structures. This includes mixed use structures (i.e., combined residential/non-residential) and half-way houses and/or boarding type facilities where unrelated persons rent rooms.

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8"	\$19,343.00 \$20,778.00
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NBC Service Area:

~~\$3.22~~\$3.459/hundred cubic feet of 100% of water used.

BILLING

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TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE B

NARRAGANSETT BAY COMMISSION

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	Flow ≥ 10,000 GPD < 50,000	\$7,246
	Flow ≥ 50,000 GPD < 100,000 GPD	\$10,144
	Flow ≥ 100,000	\$10,869
12	Metal Molding and Casting	\$1,087
13	Organic Chemical Manufacturers	\$7,246
14	Other Categorical Industries	\$1,087
15	Metal Formers	\$5,797
21	Tubbing/Vibratory/Mass Finishing	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	Chemical Transporters, Refiners, Recyclers, Manufacturers	\$2,898
23	Textile Processing Firms	
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	Flow ≥ 2,500 < 10,000 GPD	\$3,768
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Marked-Up Tariffs

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26	Machine Shops/Machinery Rebuilders	\$1,449
27	Other firms discharging toxics and/or prohibited pollutants	
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Marked-Up Tariffs

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43	Recycle or Disconnected Electroplating or Chemical Processes with Cooling Water or Boiler Discharges	\$870
44	Other Recycled or Disconnected Process Operations with Cooling Water or Boiler Discharges	\$362
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83	Parking Garages/Lots	\$725

Marked-Up Tariffs

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84	Cooling Water/Groundwater/ Boiler Discharges with Potential to Discharge Conventional Pollutants	\$362
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	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food (2 or more fryolators and/or drive through window)	\$580
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Marked-Up Tariffs

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NOTE: All flow rates are based upon operating days.

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Industrial	\$779 per connection

3. **Sewer Back-up Removal Fee:** Applicable to all visits by Commission personnel to clear a sewer blockage when such blockage is determined to be a private sewer and is cleared by Commission personnel.

Charge: \$75.00 per incident

4. **Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

Charge: \$42.00 per thousand gallons

5. **BOD/TSS Surcharge:** \$87.00/1,000 pounds of BOD with a concentration above 300 mg/l \$87.00/1,000 pounds of TSS with a concentration above 300 mg/l
(if applicable)

To be assessed as the result of compliance with an industrial permit or NBC requirement.

6. **Abatement Application Fee:** Applicable to all applicants who request an abatement to sewer user fees charged. Payable at the time of application.

Charge: \$36.00

Proposed Tariffs

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE A

NARRAGANSETT BAY COMMISSION

EFFECTIVE: Flat Fees: January 1, 2007
Consumption Fees: January 1, 2007

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FIXED FEES

METER SIZE

FIXED FEE

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3/4"	390.00
1"	\$649.00
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2"	\$2,078.00
3"	\$3,896.00
4"	\$6,492.00
6"	\$12,987.00
8"	\$20,778.00
10"	\$29,868.00

CONSUMPTION FEE:

NBC Service Area:

\$2.225/hundred cubic feet of 100% of water used.

Proposed Tariffs

COMMERCIAL

All other structures. This includes mixed use structures (i.e., combined residential/non-residential) and half-way houses and/or boarding type facilities where unrelated persons rent rooms.

FIXED FEES

METER SIZE

FIXED FEE

5/8"	\$261.00
3/4"	\$390.00
1"	\$649.00
1 1/2"	\$1,300.00
2"	\$2,078.00
3"	\$3,896.00
4"	\$6,492.00
6"	\$12,987.00
8"	\$20,778.00
10"	\$29,868.00

NBC Service Area:

\$3.459/hundred cubic feet of 100% of water used.

BILLING

Residential - Fixed fee bills rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

Condominiums (residential) - Fixed fee to be rendered to property owners and/or associations, quarterly. Consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board.

Industrial - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

Commercial - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board.

Industrial Surcharge - If any, to be billed with consumption.

PAYMENT

All bills are due and payable upon receipt. A late charge penalty of twelve per cent (12%) per annum will be levied after thirty (30) days from the billing date.

Proposed Tariffs

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE B

NARRAGANSETT BAY COMMISSION

EFFECTIVE: Pretreatment Annual Permit Fee: June 30, 2003
New Sewer Connection Fee: July 1, 2005
BOD/TSS Surcharge: June 30, 2003
Septic Tank Waste Discharge Fee: May 6, 2005
Sewer Back-up Removal Fee: March 24, 1995
Abatement Application Fee: January 29, 2001

Miscellaneous Charges

1. Pretreatment Annual Permit Fee: Applicable to all users regulated under R.I.G.L. 46-25-25 and the NBC's Rules and Regulations.

CAT #	User Classification	Permit Fee
11	Electroplater/Metalfinisher	
	Flow < 2,500 GPD	\$1,811
	Flow ≥ 2,500 < 10,000 GPD	\$3,623
	Flow ≥ 10,000 GPD < 50,000	\$7,246
	Flow ≥ 50,000 GPD < 100,000 GPD	\$10,144
	Flow ≥ 100,000	\$10,869
12	Metal Molding and Casting	\$1,087
13	Organic Chemical Manufacturers	\$7,246
14	Other Categorical Industries	\$1,087
15	Metal Formers	\$5,797
21	Tubbing/Vibratory/Mass Finishing	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	Chemical Transporters, Refiners, Recyclers, Manufacturers	\$2,898
23	Textile Processing Firms	
	Flow < 2,500 GPD	\$1,449
	Flow ≥ 2,500 < 10,000 GPD	\$3,768
	Flow ≥ 10,000 < 50,000	\$5,072
	Flow ≥ 50,000 GPD	\$7,246

Proposed Tariffs

CAT #	User Classification	Permit Fee
24	Printers	
	Gravure	\$3,623
	Other Flow \geq 2,500 GPD	\$1,087
	Other Flow $<$ 2,500 GPD	\$725
25	Industrial Laundries	\$3,623
26	Machine Shops/Machinery Rebuilders	\$1,449
27	Other firms discharging toxics and/or prohibited pollutants	
	Flow \geq 10,000 GPD	\$2,898
	Flow \geq 2,500 GPD $<$ 10,000 GPD	\$1,449
	Flow $<$ 2,500 GPD	\$725
28	Central Treatment Facilities - Hazardous Waste	\$14,492
29	Central Treatment Facilities - Non-Hazardous Waste	\$4,348
34	Manufacturers with high BOD/TSS wastestreams	
	Flow \geq 100,000 GPD	\$5,797
	50,000 GPD \leq Flow $<$ 100,000 GPD	\$3,623
	10,000 GPD \leq Flow $<$ 50,000 GPD	\$1,811
	Flow $<$ 10,000 GPD	\$1,087
35	Other facilities discharging conventional pollutants	
	Flow \geq 10,000 GPD	\$1,449
	Flow $<$ 10,000 GPD	\$725
37	Automotive Maintenance/Service Facilities	
	Small \leq 2 Bays	\$435
	Large \geq 3 Bays	\$1,449
40	Groundwater Remediation/Excavation Projects	
	Flow \geq 10,000 GPD	\$1,449
	Flow $<$ 10,000 GPD	\$725
41	Recycle or Disconnected Electroplating or Chemical Processes	\$725

Proposed Tariffs

CAT #	User Classification	Permit Fee
42	Other Process Operations Disconnected or Recycled	\$290
43	Recycle or Disconnected Electroplating or Chemical Processes with Cooling Water or Boiler Discharges	\$870
44	Other Recycled or Disconnected Process Operations with Cooling Water or Boiler Discharges	\$362
46	Cooling Water with Solvent, Toxic and/or Hazardous Chemicals on Site	\$362
49	Other Discharges with Solvents, Toxics and/or Hazardous Chemicals on Site	
	Flow \geq 10,000 GPD	\$1,087
	Flow $<$ 10,000 GPD	\$725
51	Cooling Water with No Solvents, Toxic or Hazardous Chemicals on Site	\$362
52	Boiler Blowdown/Condensate Discharges	\$362
53	Cooling Tower Discharges	\$362
59	Other Non-Toxic Industrial Discharges	
	Flow \geq 5,000 GPD	\$725
	Flow $<$ 5,000 GPD	\$362
80	Septage Haulers/Dischargers	\$435
81	Food/Fish/Meat/Produce Processing (wholesale)	
	Flow $<$ 1,000 GPD	\$362
	1,000 GPD \leq Flow $<$ 10,000 GPD	\$725
	Flow \geq 10,000 GPD	\$1,449
82	Supermarkets (Retail Food Processing)	\$725
83	Parking Garages/Lots	\$725

Proposed Tariffs

CAT #	User Classification	Permit Fee
84	Cooling Water/Groundwater/ Boiler Discharges with Potential to Discharge Conventional Pollutants	\$362
85	Restaurants	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food (2 or more fryolators and/or drive through window)	\$580
86	Commercial Buildings with Cafeteria and/or laundry operations	\$725
89	Other Commercial Facilities with Potential to Discharge Conventional Pollutants	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
90	Hospitals	\$3,623
91	Cooling Water/Groundwater/ Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	\$362
92	Laundries/Dry Cleaners	
	Laundromats	\$725
	Dry Cleaners with 1 washer or less	\$362
	Dry Cleaners with ≥ 2 washers	\$725
93	Photo Processing	
	< 1,000 GPD	\$362
	1,000 GPD ≤ Flow < 2,500	\$725
	2,500 GPD - 5,000 GPD	\$1,087
	> 5,000 GPD	\$1,449
94	X-Ray Processing	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449

Proposed Tariffs

CAT #	User Classification	Permit Fee
95	Clinical, Medical and Analytical Laboratories	\$725
96	Funeral Homes/Enbalming Operations	\$362
97	Motor Vehicle Service/Washing Operations	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	
	Flow < 2,500 GPD	\$362
	Flow ≥ 2,500 GPD	\$725

NOTE: All flow rates are based upon operating days.

2. **New Sewer Connection Fee:** Applicable to all applications for a new service connection directly or indirectly to NBC facilities. Payable at the time of application.

Residential	\$260 per connection
Commercial	\$779 per connection
Industrial	\$779 per connection

3. **Sewer Back-up Removal Fee:** Applicable to all visits by Commission personnel to clear a sewer blockage when such blockage is determined to be a private sewer and is cleared by Commission personnel.

Charge: \$75.00 per incident

4. **Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

Charge: \$42.00 per thousand gallons

5. **BOD/TSS Surcharge:** \$87.00/1,000 pounds of BOD with a concentration above 300 mg/l \$87.00/1,000 pounds of TSS with a concentration above 300 mg/l
(if applicable)

To be assessed as the result of compliance with an industrial permit or NBC requirement.

6. **Abatement Application Fee:** Applicable to all applicants who request an abatement to sewer user fees charged. Payable at the time of application.

Charge: \$36.00

**IN RE:
NARRAGANSETT BAY COMMISSION
TARIFF FILING OF DECEMBER 1, 2006**

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

ATTESTATION UNDER RULE 2.7

I, Leah E. Foster, Controller, of the Narragansett Bay Commission, in conformance with part 2.7, of the Rules of Practice and Procedure of the Public Utilities Commission, hereby attest that the financial data presented in the rate base, cost of service, revenue statements and supporting data submitted herein are an accurate reflection of the books of the Narragansett Bay Commission. Any differences between the books and the test year data, and any changes in the manner of recording an item on the company's books during the test year have been expressly noted.


Leah E. Foster, CPA

STATE OF RHODE ISLAND
PROVIDENCE, SC.

Subscribed and sworn to before me on this 29th day of November 2006.


Notary Public

Notary Public



**IN RE:
NARRAGANSETT BAY COMMISSION
TARIFF FILING OF December 1, 2006**

NARRAGANSETT BAY COMMISSION

ATTESTATION

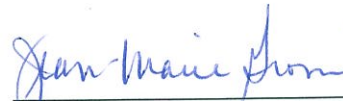
I, Maureen E. Gurghigian, Managing Director of First Southwest Company, hereby make affidavit that the testimony I presented is true and correct to the best of my knowledge, information and belief.



Maureen E. Gurghigian

STATE OF RHODE ISLAND
PROVIDENCE, SC.

Subscribed and sworn to before me on this 28th day of November 2006.



Notary Public
Notary Public



**IN RE:
NARRAGANSETT BAY COMMISSION
TARIFF FILING OF December 1, 2006**

NARRAGANSETT BAY COMMISSION

ATTESTATION

I, Walter E. Edge, Consulting Department Director of Bacon and Edge, hereby make affidavit that the testimony I presented on behalf of the Narragansett Bay Commission is true and correct to the best of my knowledge, information and belief.


Walter E. Edge

STATE OF RHODE ISLAND
PROVIDENCE, SC.

Subscribed and sworn to before me on this 29th day of November 2006.


Notary Public

Notary Public

**DIRECT TESTIMONY OF
WALTER E. EDGE Jr. MBA CPA
PRESIDENT
B&E CONSULTING LLC**

**for
THE NARRAGANSETT BAY COMMISSION**

DOCKET # _____

DECEMBER 1, 2006

1 **Q. Mr. Edge, would you please give your name and business address for the**
2 **record?**

3 A. Certainly, my full name is Walter Edward Edge Jr. MBA CPA. I work for the
4 accounting/consulting firm of B&E Consulting LLC (B&E). My office is located at 21
5 Dryden Lane Providence RI 02904. B&E is a certified public accounting firm that
6 specializes in business, education and utility accounting/consulting.

7
8 **Q. Are you the same Walter E. Edge Jr. who has testified as an expert accounting**
9 **and rate witness in previous rate filings for Narragansett Bay Commission (NBC)?**

10 A. Yes. I have provided expert accounting and rate testimony for NBC on numerous
11 occasions (most recently Dockets 3775, 3707, 3639, 3592, and 3483). In addition to my
12 testimony for NBC, I have provided similar services for other regulated clients such as
13 Interstate Navigation Company, Block Island Power Company, Providence Water Supply
14 Board, Pawtucket Water Supply Board, Newport Water, Prudence Ferry, and Stone
15 Bridge Fire District. I have also provided accounting and rate testimonies for
16 intervention in PUC filings for Interstate Navigation (IHSF filing), the Town of North
17 Smithfield (Woonsocket Water filing) and Osram Sylvania (Pawtucket Water filing).

18
19 Further, I have completed rate studies for non-regulated utilities such as Warwick Water,
20 Warwick Sewer, East Providence Water, Greenville Water and Harrisville Fire District.

21
22 **Q. What is the purpose of your testimony in this docket?**

23 A. NBC hired B&E to develop a normalized test year, FYE June 30, 2006, and a rate
24 year, FYE June 30, 2008. B&E was engaged to prepare expert testimony in support of
25 both the test year and the rate year, which included all the schedules and exhibits
26 required by the rules and regulations of the Rhode Island Public Utilities Commission
27 (PUC). In addition, B&E was asked to prepare and present any appropriate rate design
28 testimony. As part of the engagement, B&E will also review the testimony of others, and
29 assist legal counsel in examination of witnesses and preparation of legal memoranda.

1 **Q. Before starting your explanation of the test year, rate year and rate design,**
2 **would you please give the Division and the PUC an update as to the status of rate**
3 **issues raised in the last general rate filing?**

4 A. Certainly. The last general rate filing (Docket No. 3483) was filed on November 29,
5 2002 for implementation in the rate year, FYE June 30, 2004. The major issues were as
6 follows:

7
8 1. **Debt Service Costs for NBC's Capital Improvement Program:**
9

10 NBC had presented a detailed review of its Capital Improvement Program in the previous
11 Docket # 3162. At that time, NBC was in the process of constructing two significant
12 capital projects: 1) Phase I of the combined sewer overflow (CSO) abatement project and
13 2) Contract 807 – Improvements to the Bucklin Point Wastewater Treatment Facility.
14 As a result of these two major capital projects and other projects identified in the CIP,
15 NBC's debt service costs had been increasing substantially each year. NBC decided that
16 alternative financing options had to be considered.

17
18 In Docket #3483, NBC presented two new financing options to finance the cost of NBC's
19 Capital Improvement Program in excess of the subsidized State Revolving Funds (SRF)
20 available from the Rhode Island Clean Water Financing Agency (RICWFA). Although
21 the SRF subsidized financing was the lowest cost long-term financing available,
22 RICWFA could not provide all of the financing needed by NBC for its federally
23 mandated CSO project and its other important capital projects.

24
25 NBC worked with First Southwest Company on the development of a long-term
26 financing model that included all of NBC's potential sources and uses of capital
27 financing. The model showed that NBC needed to identify alternative sources of
28 financing to supplement the financing available from RICWFA. The model introduced
29 two new financing options 1) Variable Rate Demand Obligations (VRDO) and 2) Open
30 Market bonds.

1 Much of the discovery, testimony, and hearing time in Docket #3483 were related to the
2 financing of NBC's Capital Improvement Program. After review and evaluation, the
3 Commission approved the use of VRDO financing for NBC. The Commission also
4 approved five years of rate increases for debt service.

5
6 To protect the ratepayers, the Commission established specific compliance requirements
7 that NBC had to address for all future debt service increases relating to the VRDO
8 program. Subsequent to the Commission's Order in Docket #3483, NBC has filed debt
9 service compliance filings for the VRDO financing program in CY 2002 (Docket #3483),
10 CY 2004 (Docket #3639) and CY 2006 (Docket #3775). No rate increase was needed
11 for debt service costs in the VRDO program in CY 2005 because of NBC's successful
12 management using other financing strategies.

13
14 There will be no need to address debt service increases in this docket because they have
15 already been addressed in Docket #3775, the results of which will be implemented July 1,
16 2007 (the rate year in this docket). I have normalized the test year to reflect the
17 increased revenue that was approved in Docket #3775 to avoid any duplication of
18 revenue requirement in the rate year in this docket.

19
20 **2. Increases in General Operating Costs:**

21
22 Prior to the filing of Docket # 3483 in November 2002, NBC had filed an abbreviated
23 rate filing that did not address general operating cost increases since the calendar year
24 2001. Since there were increases in salaries, fringe benefits, operating and maintenance
25 costs since 2001 NBC requested these increases in Docket # 3483. To some extent this
26 docket likewise is needed to address operating cost increases that have not been
27 addressed in recent abbreviated and debt service compliance filings.

28
29 **Q. Does that conclude the cost of service issues raised in the last docket?**

30 **A. Yes.**

1 **Q. Mr. Edge, were any rate design issues raised in Docket # 3483?**

2 A. No.

3
4 **Q. What are the major issues or reasons for this rate request?**

5 A. This Docket is intended to first, return NBC's rate process back to the normal rate
6 making process (an actual test year and a projected rate year). NBC has not used an
7 actual test year in the last four dockets (two compliance dockets and two abbreviated
8 dockets) since Docket #3483 (when the actual test year was June 30, 2002). For this
9 docket, I have used the actual test year ending June 30, 2006, and I have adjusted it for
10 required ratemaking adjustments and some small normalization adjustments. Although
11 NBC requested and is thankful that the Commission approved of the use of projected rate
12 years from previous dockets be used as test years in subsequent dockets, it is important to
13 return to the reality of an actual test year when possible. In this docket, I have addressed
14 this concern.

15
16 The few rate year adjustments that I have proposed in this docket are all related to
17 increases in NBC negotiated contracts and with the exception of payroll and payroll
18 related payroll taxes these contract increases were last addressed in Docket # 3707 for the
19 rate year ending June 30, 2007. The rate year adjustments in this docket are intended to
20 simply carry forward the contractual increases through the rate year ending June 30,
21 2008. In other words this docket has been filed to account for the FYE 2008 contractual
22 increases and to anchor the rate year back to an actual test year.

23
24 **Q. How much of a rate increase is NBC requesting in this docket?**

25 A. NBC is requesting additional revenue in the amount of \$4,798,797 that will increase
26 total rate year revenue to \$72,492,877 (see WEE-12). This represents a rate increase of
27 7.09%. It should be noted, however, that the rate increase in Docket # 3775 is also
28 effective July 1, 2007 when the increase in this docket is planned to be implemented.

1 **Q. Will all the rates increase by the 7.09%?**

2 A. No, not all revenue accounts will be impacted by the proposed rate request.

3 Therefore, the effective across-the-board rate increase on user rates will be 7.44%. (See
4 Schedule WEE-12)

5

6 **Q. Does that conclude your overview?**

7 A. Yes.

TEST YEAR (JULY 1, 2005- JUNE 30, 2006)

Q. Mr. Edge, did B&E audit the test year?

A. No, B&E was not the auditor of the FYE 2006 financial statements. Nevertheless NBC's books and records were audited by a CPA firm and the audit results were used as the basis of the unadjusted test year. As part of my preparations for this filing I reviewed the year end audit results, the audited trial balance and the detail posting to many of the general ledger accounts of NBC. From my review I obtained a better understanding of the detail transactions included in the revenues and expenses. My observations and findings made in cooperation with Ms. Foster, NBC's Controller, formed the basis for my normalized test year.

Q. What factors did you take into consideration before selecting the test year for this docket?

A. I reviewed the most recent dockets that NBC filed before the PUC. There has not been a test year with actual operating results since NBC's last general rate filing in Docket #3483, filed in CY 2002. Since that Docket, NBC has filed four subsequent dockets (Dockets #s 3592, 3639, 3707 and 3775). The test year for Docket #3592 (an abbreviated rate filing) was the rate year from Docket #3483. The test year in Docket #3639 (a compliance rate filing) was the rate year from Docket #3592. The test year in Docket #3707 (an abbreviated rate filing) was the rate year in Docket #3639, and the test year in Docket #3775 (a compliance rate filing) was the rate year from Docket # 3707. In my opinion it is time to have a test year using actual operating results (revenues and expenditures). The table on the following page summarizes NBC's docket history and depicts the test year/rate year trend.

1
2
3

Docket Summary NBC Rate Filings before the RI PUC

Docket	Date Filed	Type of Filing	Test Year	Rate Year
3483	11/29/02	General Rate Filing	FYE 6/30/02 Actual	FYE 6/30/04
3592	03/01/04	Abbreviated Rate Filing * Positions * Biosolids Disposal * Insurance	FYE 6/30/04	FYE 6/30/05
3639	10/04/04	Compliance Rate Filing * Debt Service Coverage	FYE 6/30/05	FYE 6/30/06
3707	11/01/05	Abbreviated Rate Filing * Union Pension * Health Insurance * Biosolids Disposal * Fuel & Electricity * BP Management Contract	FYE 6/30/06	FYE 6/30/07
3775	10/04/06	Compliance Rate Filing * Debt Service Coverage	FYE 6/30/07	FYE 6/30/08
Current	12/01/06	General Rate Filing * Contract Issues (Tie into actual test year)	FYE 6/30/06 Actual	FYE 6/30/08

4
5

1
2 **Q. How did you prepare the test year for this filing?**

3 A. I started with the June 30, 2006 audited financial statements that were prepared using
4 Generally Accepted Accounting Principal (GAAP). It was necessary to make certain
5 ratemaking adjustments, such as removing depreciation and adding principal payments
6 on long term debt to convert the GAAP basis financial statements to a ratemaking basis.
7 In addition to the ratemaking adjustments, a number of normalizing adjustments were
8 made. The combined adjustments are as follows:
9

10 ➤ The first two adjustments to the test year were to increase revenues for the
11 additional revenue requirement expected from Dockets #3707 (\$2,348,622) which
12 had a rate year ending June 30, 2007 and from Docket # 3775 (\$6,010,883) which
13 had a rate year ending June 30, 2008, the rate year in this docket. These two
14 normalizing adjustments were needed to reflect the additional revenue expected in
15 the rate year from these dockets and to eliminate any overstatement of revenue
16 requirement increases from this filing.
17

18 ➤ The next adjustment was made to eliminate the interest income earned during the
19 test year on the project and debt service funds (\$2,032,812). This interest income
20 is not available for operations.
21

22 ➤ As in previous rate cases, I have eliminated Environmental Enforcement revenues
23 (\$81,398) and related expenses in accounts #53370 - Public Outreach (\$6,991)
24 and account #52690 - Other Services (\$42,738). This revenue account and, in
25 turn, the related expenses are legislatively mandated.
26

27 ➤ Grant activity is the next test year adjustment. Grant revenue is related
28 specifically to grant mandated expenditures and therefore the revenue is not
29 available to pay for normal operations. I have removed all of the grant revenues
30 from Account # 47500 (\$20,695) and the grant expenses charged to Account
31 #52300 non-union regular salaries (\$20,695).

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- The next adjustment was made to eliminate capital contributions received from an EPA grant for capital project cost reimbursement. These funds may only be used for certain capital items and therefore not available for operations. My adjustment is in the amount of \$1,165,958.
- Next, I adjusted miscellaneous income. I eliminated a Workers' Compensation dividend check received by NBC in the test year. This is the first time NBC has received a dividend relating to Workers' Compensation. NBC does not expect any future dividends. The refund was for \$27,997.
- The next expense adjustments were made as a group to put the test year in line with the expense adjustments made in Docket #3707. Please note that my first test year adjustment in this docket was made to increase the test year revenues to an amount that should be available in the rate year, approved in Docket #3707, but was not collected in the test year. These adjustments are as follows:

Account #	Account Name	\$ Adjustment
52800	Union Pension	\$170,161
53480	Biosolids Disposal	1,472,133
-	Bad Debt Expense	160,000
53611	Solids Handling Repairs	(46,206)
54021	Oil for Solids Handling	(4,910)
54060	Fuel-Gas	102,916
54061	Fuel-Gas for Solids Handling	(247,471)
54090	Electricity	646,489
54335	Chemicals – Polymer	(37,146)
54371	Supplies for Solids Handling	(1,569)
-	Net Operating Reserve	219,663

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- I made a small normalizing adjustment to Account # 53680 – Workers' Comp. Insurance in the amount of \$26,697 as a result of a Workers' Compensation audit for the test year paid in a subsequent year.

- 1 ➤ I next eliminated the one time loss in Account #57600 Equipment Losses in the
2 amount of \$734,185. This item was the result of NBC selling Plat 56, Lots 341
3 & 342 on Field's Point Drive, located in Providence. Information regarding the
4 property sale was supplied to the PUC in Data Requests Div 4-15 and Comm. 1-
5 16 as part of Docket #3707.
- 6
- 7 ➤ The next adjustment (a ratemaking adjustment) was made to remove depreciation
8 (\$6,129,019) and all but \$9,690 of the annual amortization expense of \$257,433
9 from the GAAP basis test year. The amortization left of \$9,690 is for the
10 Bucklin Point organization cost that was established a number of years ago by the
11 Auditor General's office. This adjustment is needed because NBC is regulated on
12 a cash basis.
- 13
- 14 ➤ The last adjustments were made to add the cost of debt service (principal
15 payments and interest) in the amount of \$30,832,125 as approved in Docket
16 #3775. In addition, I have added to the test year the coverage allowance of
17 \$7,708,031 approved in Docket #3775. The rate year (FYE June 30, 2008) in
18 Docket #3775 coincides with the rate year in this docket. Please note that I also
19 removed the test year interest expense (\$9,816,130) when I added the rate year
20 debt service from Docket #3775. This adjustment was needed to eliminate
21 double counting of interest.
- 22

23 **Q. Mr. Edge, you have made a number of relatively minor normalization**
24 **adjustments. Why have you spent so much time and effort on the test year?**

25 A. First of all, this is the first test year using actual revenues and expenses since Docket
26 #3483 which used an actual test year of June 30, 2002. Further, I believe that the test
27 year is an important foundation on which to build the appropriate rate year. In fact, I
28 have left a great number of accounts at the test year levels for the rate year. I believe
29 that the test year, as adjusted, represents a normal rate year of revenues and expenditures
30 for this docket.

31

1 **Q. Mr. Edge, did you complete a schedule that shows the test year revenue by**
2 **source that ties into the test year revenue schedule?**

3 A. Yes, see Schedule WEE-2. This schedule will be used again later in my testimony
4 for the revenue check for the rate year rates.

5

6 **Q. Have you provided a historic revenue and expense schedule for the last four**
7 **years?**

8 A. Yes I have. See Schedule WEE-3. I believe that this schedule is helpful when
9 projecting rate year levels of revenues and expenses.

10

11 **Q. Do you believe that the amended test year shown on your Schedule WEE-1**
12 **represents a normal level of revenue and expenses for NBC?**

13 A. Yes, I do.

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RATE YEAR (FYE JUNE 30, 2008)

Q. Mr. Edge, how would you like to proceed with your rate year testimony?

A. In an attempt to reduce the number of issues in this docket, I have reviewed the test year accounts (revenues and expenses) to determine the best approach for dealing with the more than 100 general ledger accounts. I noticed that the accounts could be grouped into five loosely related account groups. These groupings could then be reviewed and evaluated together. The small number of remaining accounts will be analyzed separately. My goal was to reduce the number of accounts which I have to analyze separately. The groups are as follows:

1. Revenue accounts (18 accounts ranging from Account #41000 to Account #49005).
2. Personnel service accounts (18 accounts). These accounts are all payroll and payroll related accounts.
3. Capital outlays (13 accounts from #16300 to #16630). These accounts show zero balances in the test year because the financial statement presentation used for the test year is on a Generally Accepted Accounting Principals (GAAP) basis which requires capital expenditures to be capitalized and depreciated, not expensed as would be appropriate for ratemaking purposes for a utility regulated on a cash basis. Since NBC pays for capital outlays using carry-forward funds from NBC's prior year coverage allowances, no adjustment is needed for these accounts.
4. Sixty-three expense accounts and five revenue accounts that have balances in the test year of less than \$200,000, (many have zero balances after the normalization of the test year) were left at test year levels for the rate year. (Please note that a \$200,000 balance in any one account represents only about 0.28% (less than 1/3 of one percent) of the rate year revenue requirement. I believe that the net change, if any, in these accounts in the rate year would be immaterial to the overall revenue requirement.)
5. The remaining accounts must to be analyzed separately.

1 **REVENUES:**

2 **Q. Mr. Edge, how did you project rate year revenues?**

3 A. First, I adjusted the actual test year revenues to reflect the rate year revenue impacts
4 resulting from the Commission's approvals in Dockets # 3707 and #3775. I made these
5 adjustments as test year normalizing adjustments in order that the percentage increase in
6 this docket could be calculated without reflecting the results of Dockets #3707 and
7 #3775.

8
9 The fact that I started with actual test year revenues provided me with the most current
10 and reasonable estimates for the rate year revenue levels for the five major revenue
11 accounts (Flat Fees – Residential, Measured Fees – Residential, Flat Fees Commercial &
12 Industrial, Measured Fees – Commercial and Measured Fees - Industrial). In fact, this
13 may be an overly conservative approach to projecting the rate year revenues because
14 NBC's consumption numbers have been declining over the past few years.
15 Nevertheless, I am hopeful that the downward trend will end with the test year.

16
17 **Q. Mr. Edge, how did you project the remaining revenue accounts?**

18 A. The approach varies somewhat from account to account, but I reviewed each account
19 and my findings are as follows:

20
21 1. The next four revenue accounts (Pretreatment Fees, Connection Permit Fees,
22 BOD/TSS Surcharge and Septage) are all moving in different directions. For
23 example, Pretreatment Fees have remained level for the past four years while
24 Connection Permit Fees have increased and Septage Income has fallen
25 significantly. The BOD/TSS Surcharge account shows no definite trend and
26 is up in one year and down in the next. The total of the four revenue accounts
27 over the past four years has been relatively stable ranging from \$1,998,070 to
28 \$2,062,436. I decided to leave these four accounts at the test year levels.

29
30 2. Miscellaneous Operating Income (Account #44502), Environmental
31 Enforcement (Account #46500), Reimbursed Collection Costs (Account

#47000), Grant Revenue (Account #47500), and Capital Contributions, are all zero balances in the adjusted test year and left at the adjusted test year levels.

3. Abatement Fee (Account #42600) and Miscellaneous Income (Account #49002) are both very small revenue accounts (less than \$200,000). I have therefore left them at adjusted test year levels in the same manner that I have left the small expense accounts (less than \$200,000) at test year levels.

The adjusted test year level of interest income in the amount of \$450,576 appears to be a normal level of interest income available for operations. However, I am making a rate year adjustment in the amount of \$149,424 to take into account higher short-term interest rates, which brings the interest income estimated for the rate year to a total of \$600,000.

4. Late charge revenues have been constant for the past four years at about \$450,000 despite rate increases and higher user charge billings. It is important to note that the ratio of late charge to user charges has decreased over the last four years, as seen in the table below. This is the result of effective collection efforts by NBC. The test year level of late charge penalty was \$447,672. I have left the late charge penalty at the test year level.

Late Charges as a Percentage of User Fees

Revenue	FY 2003	FY 2004	FY 2005	FY 2006
	\$	\$	\$	\$
User Fees	41,993,962	47,873,355	51,186,822	56,395,730
Late Charge Revenue	\$ 434,509	\$ 434,081	\$ 458,176	\$ 447,672
% of User Fees	1.03%	0.91%	0.90%	0.79%

1 **Q. Does that complete your review of revenues for the rate year?**

2 A. Yes it does.

3
4 **EXPENSES:**

5 **Q. How would you like to proceed with your review of expenses?**

6 A. As I stated above, the test year balances of 65 expense accounts (See Schedule WEE-
7 4 for the detail accounts) are insignificant (less than one third of one percent of the total
8 requested revenue requirement for the rate year). As such, I have left these balances at
9 test year levels. The remainder of the accounts I would like to review in the same order
10 as they are listed on Schedule WEE-4. The first group of accounts, after revenues are
11 the payroll and payroll related accounts.

12
13 Payroll and Payroll Related Accounts:

14
15 First of all, NBC has not made any adjustment to salaries since Docket #3592 and
16 therefore salaries in NBC's approved rates are at the FY 2005 level. I have prepared
17 Schedule WEE-5 to show my calculations for rate year payroll and payroll related
18 accounts. My total salary calculations are shown at the top of the page. To arrive at the
19 rate year adjustment for salaries, I started my calculations using the test year level of
20 salary expense for Non-Union and Union employees. The only adjustment that I made
21 to the test year salary dollars reflects an organizational change whereby a union
22 Pretreatment Clerk position was eliminated and a non-union Pretreatment Technician
23 Position was added. The value of these two positions is almost the same.

24
25 Next I increased the adjusted test year salaries by 3.75% for FY 2007 and 4.5% for FY
26 2008. These increases represent the negotiated COLAs of 2.75% and 3.5% for FY 2007
27 and FY 2008, respectively, and a 1% increase for steps. After calculating the rate year
28 level of payroll expense, I removed the grant related salaries from non-union payroll in
29 the test year. I compared the rate year payroll to the test year payroll that I started with
30 and calculated the rate year payroll adjustments in the amounts of \$619,819 for Non-
31 Union employees and \$343,445 for Union employees.

1

2 **Q. Mr. Edge, did you have to recalculate the reimbursement amounts (salary and**
3 **fringe) that are used to reduce the salary expense charged to operations?**

4 A. Yes I did. I increased the salary and fringe reimbursement by the same 3.75% and
5 4.5% that was used for the salary calculation. This resulted in a rate year adjustment to
6 salary reimbursement of \$83,493 and a fringe reimbursement of \$45,888.

7

8 **Q. Have you adjusted overtime expense for the rate year?**

9 A. Yes, if salaries increase and NBC has the same level of overtime hours (which NBC
10 expects) then the overtime costs in the test year would be increased by the same
11 percentages (3.75% and 4.5% for the two years) to arrive at the proper rate year overtime
12 expense.

13

14 **Q. Did you increase FICA for the rate year?**

15 A. Yes, FICA expense is a function of payroll expense and I made the appropriate
16 calculation. See Schedule WEE-5 for my calculation.

17

18 **Q. How did you adjust the pension accounts?**

19 A. Per a rate memo from the Employees' Retirement System of RI dated October 12,
20 2006, the union pension percentage will be 20.77% effective in FY 2008, the rate year.
21 This percentage increase results in a rate year increase of \$77,955 (See Schedule WEE-5
22 for my calculation). The non-union pension is calculated in the same manner as NBC's
23 prior dockets at 10% of non-union salaries. The table below shows union pension rate
24 increases from FYE 2005 through FY 2008. The union rates are set by the Employees'
25 Retirement System of Rhode Island.

26

	Union Pension Rates			
	2005	2006	2007	2008
Pension	9.60%	11.51%	18.40%	20.77%
Retiree				
health	1.30%	1.63%	2.74%	8.57%
Total	10.90%	13.14%	21.14%	29.34%

27

1 **Q. The next account is Retirement Health. Why is there such a large increase in**
2 **this account from the test year to the rate year?**

3 A. This account reflects the retiree health costs for NBC's union employees who
4 participate in the State Employees Retirement System. I attended a presentation by
5 Rosemary Booth Gallogly, Executive Director/Budget Officer of the Rhode Island State
6 Budget Office, who stated that there would be a significant increase to retiree health cost
7 in FY 2008. At that presentation she indicated that the State of Rhode Island would be
8 implementing and funding GASB 45, Other Post Employment Benefits (OPEB), in FY
9 2008. As a result of this implementation she indicated that the retiree health percentage
10 would increase from 2.74% to 8.57% (see previous table) of the salaries of the
11 participants in the State Employees Retirement system. This results in a FY 2008
12 increase of \$324,610. My calculation is at the bottom of Schedule WEE-5.

13
14 **Q. Have you made an allowance for turnover?**

15 A. No, I have not. No turnover allowance is needed in this docket because the turnover
16 allowance is already built into the actual test year payroll and payroll related accounts.
17 Included in the test year is an average number of employees of 244. NBC is requesting
18 that there be no change to the total number of FTEs approved in the order of Docket #
19 3592.

20
21 **Q. Mr. Edge have you prepared a schedule for health insurance?**

22 A. Yes I have. I prepared a separate schedule to calculate the health insurance and
23 dental costs for the rate year (see Schedule WEE-6). On that schedule, I have calculated
24 the rate year health insurance and dental costs by multiplying the number of employees in
25 each type of coverage by the rate that will be paid in the rate year. The rate year rates are
26 calculated using the average of the prior two year percentage increases, less future
27 projected savings from programmed plan design changes negotiated in the union
28 contract. I then reduced the rate year health insurance costs by the union and non-union
29 employee premium co-pays, as set forth in the union contract.

1 **Q. Mr. Edge, you have already covered many accounts relating to revenue, payroll,**
2 **health insurance, capital accounts and accounts with immaterial balances are there**
3 **still many accounts left to review?**

4 A. No. As a result of my effort to leave as many accounts at test year levels there are
5 only six accounts remaining that I need to address.

6
7 **Q. Please proceed.**

8 A. I have reviewed these accounts and made adjustments as follows:

- 9
10 1. Biosolids Disposal (Account #53480) will increase significantly. The test
11 year level of expenditure was \$4,252,945. Per the contract, there will be two
12 CPI adjustments between the test year and the rate year. The first is a one-
13 time true-up adjustment of approximately 17% occurring in FY 2007. The
14 second is the modest CPI increase for FY 2008. That increase will occur on
15 January 1, 2008 (midway through the rate year). These contractual price
16 adjustments result in an increase in Sludge Disposal costs for Field's Point
17 and Bucklin Point of \$627,449 in the rate year. See my schedule WEE-7. I
18 have calculated that the rate year cost for this account will be \$4,880,394. A
19 table showing the rates for each year is shown below.

20
21 **Biosolids Disposal Rate per Dry Ton**

FY 2006	FY 2007*	FY 2008*
\$325.00	\$381.18	\$394.52

* Based on CPI

- 22
23 2. The Maintenance/Service Agreement (Account #53630) has increased in the
24 interim year by contract to \$523,132 which is an increase of \$106,265 over
25 the test year level of expense in this account. I have estimated that there will
26 be a 20% additional increase in the rate year (please note that the interim

increase was 24%). Therefore, the rate year level of expense will be \$627,758 and the adjustment for the rate year will be \$210,891.

3. Insurance Expense (account #53660) and Worker's Compensation (account #53680) have both increased in the interim year FYE June 30, 2007 and Worker's Compensation is expected to increase again in the rate year. I have calculated the expected increases for both accounts on my Schedule WEE-9.

To calculate the rate year level of Insurance and Worker's Compensation expense I first obtained the actual costs (currently being paid) of individual insurance and Workers' Compensation policy for the interim year. I then increased the interim costs for Workers' Compensation by the average percentage increase over the past three years (See Schedule WEE-9).

4. Regulatory expense (Account #52600) is estimated for the rate year at \$266,741 as shown on my Schedule WEE-10. This account includes PUC expenses, the annual PUC assessment, PUC docket fees, permits, and court reporting.

5. Management/Audit Services (Account #52670) is a very substantial account. The largest item in this account is the Management Contract for the Bucklin Point treatment facility. This contract is adjusted annually using a using a 3.55% CPI adjustment factor for the two years. The other increase to this account reflects the increased usage of the chemical soda ash, required to meet lower permit levels for nitrogen removal. Soda ash is paid through the Management Contract and will increase from \$228,308 in the test year to \$440,000 in the rate year, based upon actual operating experience at the Bucklin Point facility.

The other management audit portion of this account (\$132,269) was left at the test year level for the rate year. See Schedule WEE-11 for more details.

1 **Q. Have you completed your review of NBC's accounts?**

2 A. Yes. The only other adjustment that I made was to recalculate the net operating
3 reserve. Although the Commission calculated the net operating reserve in the last docket
4 after excluding debt service and salaries and wages from the operating expenses, I am
5 requesting that the Commission reconsider their position on this matter. Lost in this
6 discussion has been the fact that the net operating reserve was originally calculated to
7 cover adverse variances in revenue and expense projections, not just expense variances.

8
9 NBC has suffered shortfalls in revenue far in excess of the old calculation of the net
10 operating reserve over the past few years. It is important to note that approximately 66%
11 of NBC's total revenue is generated from billings related to water usage. It should also
12 be noted that 1.5% reserve on operating expenses less debt service and payroll is closer
13 to ½ % on the combined revenues and operating expenses.

14
15 In this docket, NBC has proposed that an operating and maintenance reserve be
16 established (see below) under the Trust Indenture that will improve NBC's financial
17 position in the eyes of the rating agencies and at no cost to the ratepayers. Should the
18 Commission approve this new reserve, NBC would be willing to recalculate the net
19 operating reserve in the same manner as it was calculated by the Commission in the last
20 docket.

21
22 **Q. Are there any other items that you wish to address in the revenue requirement**
23 **section of your testimony?**

24 A. Yes. NBC is requesting that it be allowed to use a portion of the carry-forward
25 restricted funds from the prior year coverage allowance to fund the Operation and
26 Maintenance (O & M) Reserve Fund over a period of 7-10 years at an amount equal to
27 approximately 25% of NBC's annual operating and maintenance costs. The O & M
28 Reserve Fund was established in the Trust Indenture and is currently unfunded. Please
29 see the testimony of Maureen Gurghigian.

1 **Q. Will the O & M reserve fund require an increase in the revenue requirement in**
2 **this docket?**

3 A. No it will not, since it is proposed that it be funded from the restricted carry-forward.
4 The carry-forward not available for projects will be offset by lower future borrowing
5 costs. In fact, if NBC can get its bond rating increased I would expect that future
6 borrowing costs could be reduced, benefiting ratepayers.

7
8 **Q. Mr. Edge, have you calculated the revenue requirement percentage rate**
9 **increase for this docket, the ratepayer impact and the revenue check?**

10 A. Yes I have. However I should explain my schedule WEE-15 first before I explain my
11 Schedules WEE-12, WEE-13 and WEE-14. NBC has received two rate increases
12 subsequent to the test year and it was necessary for me to roll the test year revenue check
13 (See Schedule WEE-2) forward to reflect the rates that were approved in Dockets #3707
14 and #3775. Since the Docket # 3775 rates superceded the Docket #3707 rates it was
15 only necessary for me to roll the test year revenue proof forward to reflect the rates
16 approved in Docket #3775.

17
18 My Schedule WEE-15 takes the test year consumption (unit) levels and multiplies those
19 test year units by the rates approved in Docket #3775. The Docket #3775 cash proof
20 shortfall shown on the bottom of Schedule WEE-15 is then used to calculate the across-
21 the-board percentage increase needed in this docket (See Schedule WEE-12), The
22 percentage increase calculated on Schedule WEE-12 is then used to increase the Docket
23 #3775 rates in the revenue proof for this docket (See Schedule WEE-13). The final step
24 is to then calculate the ratepayer impact on Schedule WEE-14.

25
26 One additional point that I would like to make is in regards to the line item in all of the
27 revenue proofs (Schedule WEE-2, Schedule WEE-13 and Schedule WEE-15) labeled
28 Prior Docket Weighted Rates. These three line items (under residential, commercial and
29 Industrial) on Schedule WEE-2 were needed to reconcile the test year revenue per the
30 financial statements to the revenue proof. NBC has consumption each year that is billed
31 at rates from prior periods, due to the fact that consumption is billed in arrears.

1 Although the rates used in the original revenue proof (Schedule WEE-2) for these line
2 items are not PUC approved rates (they are composites of approved PUC rates) I have
3 increased the weighted rates by the same percentage that I used to increase all of the
4 other rates in the revenue proof (See Schedule WEE-13 and Schedule WEE-15.
5 Although the units for these line items may change in the rate year, these adjustments
6 will occur in the rate year. If the consumption is calculated at the rate year level it would
7 cause a built-in revenue shortfall. Therefore a weighted rate approach is reasonable and
8 necessary.

9

10 **Q. Does that conclude your rate year analysis?**

11 A. Yes.

12

13

RATE DESIGN ISSUES

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18

Q. You have stated earlier in this testimony that there are no rate design issues, is that correct?

A. Yes. NBC is requesting that the increase be implemented on an across the board basis.

Q. Mr. Edge, did you do a cost allocation study?

A. No. Three full rate filing dockets ago an extensive rate design study was completed costing over \$100,000. The current rates reflect the full implementation of that rate design study.

Q. Have you completed a comparative analysis of current and proposed rates and the impact on ratepayers?

A. Yes, see Schedule WEE-.14.

Q. Does that conclude your testimony?

A. Yes it does.

Narragansett Bay Commission
Test Year

Schedule WEE-1

ACCT. NUMBER	BUDGET ACCOUNT	Test Year FY 2006	Test Year Adjusmtments	Adjusted Test Year
Revenue				
	DOCKET 3707		\$2,348,622	\$2,348,622
	DOCKET 3775		6,010,883	6,010,883
41000	FLAT FEES RESIDENTIAL	10,902,152		10,902,152
41100	MEASURED FEE - RESIDENTIAL	19,973,744		19,973,744
	FLAT FEES COMMERCIAL & INDUSTRIAL	6,735,323		6,735,323
41510	MEASURED FEE - COMMERCIAL	17,228,238		17,228,238
41511	MEASURED FEE - INDUSTRIAL	1,556,273		1,556,273
42000	PRETREATMENT FEES	1,165,749		1,165,749
42500	CONNECTION PERMIT FEES	357,496		357,496
43000	BOD/TSS SURCHARGE	152,123		152,123
43500	SEPTAGE INCOME	387,068		387,068
44502	MISCELLANEOUS OPERATING INCOME			-
45100	INTEREST INCOME	2,483,388	(2,032,812)	450,576
45500	LATE CHARGE PENALTY	447,672		447,672
46500	ENVIRONMENTAL ENFORCEMENT	81,398	(81,398)	-
47000	REIMBURSED COLLECTION COSTS			-
47500	GRANT	20,695	(20,695)	-
42600	ABATEMENT FEE	4,068		4,068
49005	CAPITAL CONTRIBUTIONS	1,165,958	(1,165,958)	-
49002	MISCELLANEOUS INCOME	68,502	(27,997)	40,505
	TOTAL REVENUE	62,729,847	5,030,645	67,760,492
PERSONNEL SERVICES				
52150	UNION OVERTIME	477,466		477,466
52100	UNION	4,498,777		4,498,777
52300	NON-UNION REGULAR	6,959,300	(20,695)	6,938,605
52350	NON-UNION OVERTIME	55,067		55,067
52400	NON-UNION LIMITED	11,664		11,664
52800	UNION PENSION	657,614	170,161	827,775
52810	FICA	876,327		876,327
52820	UNEMPLOYMENT INSURANCE	38,902		38,902
52920	NON UNION PENSION	712,521		712,521
52940	UNION RETIREMENT HEALTH	90,368		90,368
52950	HEALTH INSURANCE	2,495,891		2,495,891
52970	DENTAL INSURANCE	186,856		186,856
52980	VISION INSURANCE	38,518		38,518
52990	DISABILITY INSURANCE	31,582		31,582
53000	SUPP PENSION RETIREES	1,015		1,015
53690	WORKMAN'S COMP. - OLD CLAIMS	86,010		86,010
	TOTAL PERSONNEL SERVICES	17,217,878	149,466	17,367,344
59000	SALARY REIMBURSEMENT	(991,753)		(991,753)
59001	FRINGE REIMBURSEMENT	(545,064)		(545,064)
	NET PERSONNEL SERVICES	15,681,061	149,466	15,830,527
OPERATING SUPPLIES/EXPENSES				
52610	MEDICAL SVCS.	19,326		19,326
53210	POSTAGE	143,613		143,613
53240	DUES & SUBSCRIPTIONS	55,225		55,225
53250	FREIGHT	33,151		33,151
53310	PRINTING & BINDING	76,430		76,430
53320	ADVERTISING	12,086		12,086
53330	RENTAL- EQUIPMENT	35,892		35,892
53340	RENTAL- CLOTHING	54,332		54,332
53350	RENTAL-OUTSIDE PROPERTY	4,549		4,549
53360	MISCELLANEOUS EXPENSE	26,194		26,194
53370	PUBLIC OUTREACH EDUCATION	13,855	(6,991)	6,865
53410	LOCAL TRAVEL	2,749		2,749
53420	LONG DISTANCE TRAVEL	70,334		70,334
53470	BLDG. & GRND. MAINT.	105,725		105,725

Narragansett Bay Commission
Test Year

Schedule WEE-1

ACCT. NUMBER	BUDGET ACCOUNT	Test Year FY 2006	Test Year Adjusments	Adjusted Test Year
53480	BIOSOLIDS DISPOSAL	2,780,812	1,472,133	4,252,945
53490	SCREENING & GRIT DISPOSAL	167,380		167,380
	BAD DEBT EXPENSE		160,000	160,000
53510	VEHICLE FUEL & MAINTENANCE	168,840		168,840
53610	REPAIR-BLDG & STRUCTURE	256,362	-	256,362
53611	SOLIDS HANDLING REPAIRS	46,206	(46,206)	-
53620	REPAIR-HIGHWAY & WALKS	13,334		13,334
53630	MAINTENANCE/SERVICE AGREE.	416,867		416,867
53640	GENERAL REPAIRS/EQUIPMENT	288,410		288,410
53650	HIGHWAY & LANDSCAPE	10,336		10,336
53660	INSURANCE	337,257		337,257
53680	WORKMAN'S COMP. INSURANCE	284,825	26,697	311,522
53900	CENTRAL PHONE SVCS.	2,545		2,545
54000	TELEPHONE	114,868		114,868
54010	KEROSENE	-		-
54020	FUEL OIL #2 - DIESEL FOR EQUIPMENT	716		716
54021	OIL FOR SOLIDS HANDLING	4,910	(4,910)	-
54060	FUEL-GAS	400,496	102,916	503,412
54061	FUEL - GAS FOR SOLIDS HANDLING	247,471	(247,471)	-
54090	ELECTRICITY	2,614,012	646,489	3,260,501
54110	WATER	85,503		85,503
54200	CLOTHING	34,652		34,652
54330	CHEM., HOUSE & LAUNDRY SUPPLIES	29,533		29,533
54332	CHEMICALS - CHLOR. / HYPOCHLORITE	364,246		364,246
54334	CHEMICALS - LIME			-
54335	CHEMICALS - POLYMER	37,146	(37,146)	-
54337	CHEMICALS - SODIUM BIFULFITE	132,108		132,108
54338	CHEMICALS - SODA ASH			-
54340	LAB SUPPLIES	169,205		169,205
54370	SUPPLIES BUILDING & MAINTENANCE	123,475		123,475
54371	SUPPLIES FOR SOLIDS HANDLING	1,569	(1,569)	-
54410	EDUCATIONAL SUPP. & EXP.	67,985		67,985
54420	COMPUTER SUPPLIES	78,707		78,707
54430	OTHER OPERATING SUPPLIES & EXP.	5,511		5,511
54440	SAFETY EQUIPMENT	21,588		21,588
57600	EQUIP LOSSES-CASUALTY THEFT	734,185	(734,185)	-
	EDUCATION SCHOOL AID			-
54500	OFFICE EXPENSE	72,216		72,216
TOTAL OPERATING SUPP. & EXP.		10,766,737	1,329,758	12,096,495
PROFESSIONAL SERVICES				
52600	REGULATORY EXPENSE	205,715		205,715
52620	ARCHITECT/ENG. SERVICES			-
52630	LECTURES/ED./PROF. SVCS.	436		436
52650	SECURITY SERVICES	27,723		27,723
52660	LEGAL SERVICES	177,470		177,470
52670	MGMT/AUDIT SERVICES	1,732,269		1,732,269
52680	CLERICAL SERVICES	41,323		41,323
52690	OTHER SERVICES	147,308	(42,738)	104,570
TOTAL PROFESSIONAL SERVICES		2,332,244	(42,738)	2,289,506
TOTAL OPERATIONS & MAINTENANCE		28,780,042	1,436,485	30,216,527
CAPITAL OUTLAYS				
16500	EQUIPMENT			-
16510	AUTOMOTIVE EQUIP.			-
16520	BLDG. & PLANT EQUIP.			-
16530	CONSTRUCTION EQUIP.			-
16540	ED. AND REC. EQUIP.			-
16570	LABORATORY EQUIP.			-
16580	OFFICE FURN&EQUIP. COMPUT.			-
16583	COMPUTER SOFTWARE			-
16585	COMPUTER HARDWARE			-
16590	OTHER EQUIPMENT			-

Narragansett Bay Commission
Test Year

Schedule WEE-1

ACCT. NUMBER	BUDGET ACCOUNT	Test Year FY 2006	Test Year Adjusmtments	Adjusted Test Year
16600	REPLACEMENT RESERVE			-
16610	BUILDING & OTHER STRUCT.			-
16630	IMP.-NOT BLDG OR STRUCT.			-
<i>TOTAL CAPITAL OUTLAYS</i>		-	-	-
<i>DEPRECIATION AND AMORTIZATION</i>				
	DEPRECIATION	6,129,019	(6,129,019)	-
	AMORTIZATION	257,433	(247,743)	9,690
<i>TOTAL DEPRECIATION AND AMORTIZATION</i>		6,386,452	(6,376,762)	9,690
<i>DEBT SERVICE</i>				
57800	EXP. REL. TO BONDS/NOTES	25,218		25,218
57900	INTEREST EXPENSE OTHER			-
57909	INTEREST EXPENSE - 2005 SERIES A			-
57910	STATE INTEREST EXPENSE			-
57912	SRF INTEREST EXPENSE			-
57913	LEASE INTEREST EXPENSE	20,052	-	20,052
57914	INTEREST EXPENSE - VRDO			-
57915	PROGRAMMED NEW DEBT			-
	INTEREST EXPENSE	9,816,130	(9,816,130)	-
57920	DEBT SERVICE		30,832,125	30,832,125
	COVERAGE		7,708,031	7,708,031
58920	INTEREST - LATE PMT.			-
58940	ARBITRAGE EXPENSE	-		-
58990	OTHER	-		-
<i>TOTAL DEBT SERVICE</i>		9,861,400	28,724,026	38,585,426
<i>Net Operating Reserve</i>			219,663	219,663
<i>GRAND TOTAL</i>		\$45,027,894	\$24,003,412	\$69,031,306

Narragansett Bay Commission
Test Year Revenue By Source

Schedule WEE-2

User Fee Revenues

	UNITS	DOCKET 3639 RATES	REVENUE	Audit	Difference
Residential					
Dwelling Units	115,513	\$94.38	\$10,902,152		
Consumption:					
At Test Year Rates (Docket 3639)	9,570,517	1.942	18,585,945		
Prior Docket weighted rates	868,426	1.598	1,387,745		
	10,438,944		19,973,690	19,973,744	(54)
Non-Residential - Metered Accounts					
5/8"	3,781	212	801,625		
3/4"	948	317	300,358		
1"	1,059	528	559,152		
1 1/2"	846	1,057	894,222		
2"	1,704	1,690	2,879,338		
3"	75	3,168	237,600		
4"	43	5,280	224,400		
6"	57	10,562	603,174		
8"	12	16,899	207,081		
10"	1	24,292	24,292		
Total Flat Fees from Metered Accounts	8,525		6,731,242	6,735,323	(4081)
Commercial Consumption					
At Test Year Rates (Docket 3639)	5,054,520	2.813	14,218,366		
Prior Docket weighted rates	1,218,935	2.469	3,009,550		
	6,273,455		17,227,916	17,228,238	(322)
Industrial Consumption					
At Test Year Rates (Docket 3639)	641,085	1.810	1,160,364		
Prior Docket weighted rates	247,127	1.602	395,898		
	888,212		1,556,262	\$1,556,273	(11)
Total User Fee Revenues			56,391,262		
Miscellaneous Revenue					
DISCHARGE PERMIT FEES (PRETREATMENT)			1,165,749		
CONNECTION PERMIT FEES			357,496		
BOD/TSS SURCHARGE			152,123		
SEPTAGE INCOME			387,068		
INTEREST INCOME			2,483,388		
LATE CHARGE PENALTY			447,672		
ENVIRONMENTAL ENFORCEMENT			81,398		
GRANT			20,695		
ABATEMENT			4,068		
CONTRIBUTED CAPITAL			1,165,958		
MISCELLANEOUS INCOME			68,502		
		Total Revenues:	62,725,379		
		Total Revenues per Audit	62,729,847		
		Difference:			(\$4,468)

* The weighted rate is based on consumption adjustments in the test year billed at prior docket rates.

**Narragansett Bay Commission
Four Years Comparison**

Schedule WEE-3

Account Description	Actuals FY 2003	Actuals FY 2004	Actuals FY 2005	Actuals FY 2006
FLAT FEES RESIDENTIAL	\$7,891,203	\$9,037,024	\$9,463,539	\$10,902,152
MEASURED FEE - RESIDENTIAL	15,815,040	17,066,296	17,973,116	19,973,744
FLAT FEES COMMERCIAL & INDUSTRIAL	5,054,891	5,674,665	5,963,098	6,735,323
MEASURED FEE - COMMERCIAL	11,830,167	14,571,943	16,248,740	17,228,238
MEASURED FEE - INDUSTRIAL	1,402,661	1,523,427	1,538,329	1,556,273
PRETREATMENT FEES	1,083,886	1,234,447	1,209,418	1,165,749
CONNECTION PERMIT FEES	106,164	115,241	197,595	357,496
BOD/TSS SURCHARGE	187,438	134,448	194,215	152,123
SEPTAGE INCOME	610,582	532,769	435,145	387,068
INTEREST INCOME	260,466	515,567	914,079	2,483,388
LATE CHARGE PENALTY	434,509	434,081	458,176	447,672
ENVIRONMENTAL ENFORCEMENT	42,260	44,443	69,536	81,398
GRANT	391,631	74,983	35,530	20,695
ABATEMENT FEE	5,040	2,844	3,492	4,068
CAPITAL CONTRIBUTIONS	1,664,550	2,223,373	2,941,693	1,165,958
MISCELLANEOUS INCOME	124,281	41,864	23,503	68,502
TOTAL REVENUE	46,904,769	53,227,415	57,669,204	62,729,847
SALARIES & WAGES	10,647,181	11,155,984	11,392,538	11,469,741
OVERTIME	545,752	603,583	624,352	532,533
EMPLOYEE RET. BEN. - UNION PENSION	324,343	424,633	495,393	657,614
EMPLOYEE RET. BEN. - NON-UNION PENSION	598,674	720,450	702,842	712,521
EMPLOYEE RET.BEN.-FICA	840,485	881,348	891,983	876,327
EMPLOYEE BENEFITS-UI	52,263	37,242	23,416	38,902
RETIREMENT HEALTH - STATE	42,233	57,508	67,203	90,368
EMPLOYEE BEN.-HEALTH INS.	1,917,779	2,379,730	2,508,172	2,721,265
EMPLOYEE BEN-DISABILITY INS.	32,589	23,549	30,900	31,582
HEALTH INSURANCE-RETIRES	1,248	1,015	1,015	1,015
WORKERS COMP-OLD CLAIMS	53,372	40,626	87,117	86,010
<i>Total Personnel Services</i>	<u>15,055,919</u>	<u>16,325,668</u>	<u>16,824,931</u>	<u>17,217,878</u>
SALARY REIMBURSEMENT	(838,176)	(904,078)	(944,363)	(991,753)
FRINGE REIMBURSEMENT	<u>(322,505)</u>	<u>(437,247)</u>	<u>(512,798)</u>	<u>(545,064)</u>
<i>Net Personnel Services</i>	<u>13,895,238</u>	<u>14,984,343</u>	<u>15,367,770</u>	<u>15,681,061</u>
MEDICAL SVCS.	7,408	8,749	7,519	19,326
BLDG. & GRND. MAINT.	96,605	106,338	100,162	105,725
BIOSOLIDS DISPOSAL	1,452,778	1,378,470	1,195,968	2,780,812
SCREENINGS & GRIT DISPOSAL	106,072	148,453	124,095	167,380
BAD DEBT EXPENSE	164,401	317,671	110,701	-
POSTAGE	145,448	153,428	131,954	143,613
TELEPHONE	146,416	127,363	141,956	114,868
OFFICE EXPENSE	92,852	74,442	55,388	72,216

Narragansett Bay Commission
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2003	Actuals FY 2004	Actuals FY 2005	Actuals FY 2006
DUES & SUBSCRIPTIONS	54,047	48,458	52,118	55,225
FREIGHT, CART. & EXP.	39,568	36,184	30,620	33,151
INSURANCE	444,035	594,190	641,558	622,082
CENTRAL PHONE SVCS.	6,441	6,396	2,541	2,545
PRINTING & BINDING	82,386	76,333	84,191	76,430
ADVERTISING	15,804	14,944	8,001	12,086
LOCAL TRAVEL	3,323	2,737	2,872	2,749
LONG DISTANCE TRAVEL	50,204	45,432	55,895	70,334
VEHICLE FUEL AND MAINTENANCE	139,548	133,735	173,489	168,840
REPAIR-BLDG & STRUCTURE	545,168	625,636	456,825	256,362
SOLIDS HANDLING REPAIRS	200,643	148,046	155,923	46,206
REPAIR-HIGHWAY & WALKS	1,604	3,939	5,690	13,334
EQUIPMENT MAINTENANCE AGREE	385,678	379,960	493,658	416,867
GENERAL REPAIRS	19,320	65,360	139,370	288,410
RENTAL-OUTSIDE PROPERTY	6,332	5,882	7,803	4,549
RENTAL- EQUIPMENT	44,540	10,550	47,233	35,892
RENTAL- CLOTHING	53,933	56,275	56,991	54,332
FUEL OIL - KEROSENE	2,175	2,225	3,017	-
DIESEL FOR EQUIPMENT	220	5,368	1,540	716
OIL FOR SOLIDS HANDLING	16,289	14,000	25,040	4,910
FUEL-GAS	226,880	222,119	445,191	400,496
FUEL- GAS - INCINERATOR	387,100	366,203	679,611	247,471
ELECTRICITY	1,954,175	2,105,340	2,464,191	2,614,012
WATER	61,190	73,851	46,885	85,503
CLOTHING	21,986	24,857	23,302	34,652
SAFETY EQUIPMENT	37,708	26,125	25,842	21,588
PUBLIC OUTREACH EDUCATION	13,944	8,894	15,917	13,855
CHEMICALS, HOUSE & LAUNDRY SUPPLY	22,542	20,652	28,715	29,533
CHEM-CHLORINE/HYPOCHLORITE	366,820	389,735	401,642	364,246
CHEM-LIME	13,400	6,722	9,975	-
CHEM-POLYMER	87,453	98,560	90,741	37,146
CHEM-SODIUM BISULFITE	59,507	101,099	115,895	132,108
LAB SUPPLIES	208,986	127,365	144,452	169,205
HIGHWAY & LANDSCAPE	4,327	6,772	9,349	10,336
SUPPLIES BLDG & MAINTENANCE	169,601	144,510	139,029	123,475
SUPPLIES FOR SOLIDS HANDLING	488	4,558	6,166	1,569
EDUCATIONAL SUPP. & EXP.	83,408	73,479	67,645	67,985
COMPUTER SUPPLIES & EXPENSE	154,418	175,497	92,559	78,707
OTHER OPERATING EXPENSE	3,597	6,613	12,662	5,511
MISCELLANEOUS EXPENSE	5,735	13,037	17,269	26,194
EDUCATION SCHOOL AIDE	5,600	200	-	-
EQUIP LOSSES-CASUALTY THEFT	28,473	47,240	3,436	734,185
<i>Total Operating Supplies & Expense</i>	8,240,576	8,633,992	9,152,592	10,766,737
BOND AND NOTE FEES	2,500	2,500	5,000	25,218
REGULATORY EXPENSE	102,924	139,805	159,688	205,715
LECTURES/ED./PROF. SVCS.	-	-	-	436
SECURITY SERVICES	16,034	31,158	29,476	27,723
LEGAL SERVICES	133,455	166,277	178,635	177,470
MGMT/AUDIT SERVICES	1,473,344	1,408,508	1,338,454	1,732,269
CLERICAL SERVICES	67,270	39,012	22,338	41,323
OTHER SERVICES	218,467	149,482	170,306	147,308
<i>Total Special Services</i>	2,013,994	1,936,742	1,903,897	2,357,462

Narragansett Bay Commission
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2003	Actuals FY 2004	Actuals FY 2005	Actuals FY 2006
AMORTIZATION	200,863	232,668	185,789	257,433
DEPRECIATION	5,780,423	6,033,192	6,211,621	6,129,019
<i>Total Depreciation & Amortization</i>	<u>5,981,286</u>	<u>6,265,860</u>	<u>6,397,410</u>	<u>6,386,452</u>
DEBT COVERAGE				
INTEREST	4,296,363	5,720,685	8,381,979	9,836,182
PRINCIPAL				
CARRYFORWARD FROM PREVIOUS YEAR				
<i>Total Debt Service</i>	<u>4,296,363</u>	<u>5,720,685</u>	<u>8,381,979</u>	<u>9,836,182</u>
<i>Total Expenses</i>	<u>34,427,457</u>	<u>37,541,622</u>	<u>41,203,648</u>	<u>45,027,894</u>
<i>Net Income</i>	<u>\$12,477,312</u>	<u>\$15,685,793</u>	<u>\$16,465,556</u>	<u>\$17,701,953</u>

Narragansett Bay Commission
Rate Year

Schedule WEE-4

ACCT. NUMBER	BUDGET ACCOUNT	Adjusted Test Year	Rate Year Adjustments	Adjusted Rate Year
Revenue				
	DOCKET 3707	\$2,348,622		\$2,348,622
	DOCKET 3775	6,010,883		6,010,883
41000	FLAT FEES RESIDENTIAL	10,902,152		10,902,152
41100	MEASURED FEE - RESIDENTIAL	19,973,744		19,973,744
	FLAT FEES COMMERCIAL & INDUSTRIAL	6,735,323		6,735,323
41510	MEASURED FEE - COMMERCIAL	17,228,238		17,228,238
41511	MEASURED FEE - INDUSTRIAL	1,556,273		1,556,273
42000	PRETREATMENT FEES	1,165,749		1,165,749
42500	CONNECTION PERMIT FEES	357,496		357,496
43000	BOD/TSS SURCHARGE	152,123		152,123
43500	SEPTAGE INCOME	387,068		387,068
44502	MISCELLANEOUS OPERATING INCOME	-		-
45100	INTEREST INCOME	450,576	149,424	600,000
45500	LATE CHARGE PENALTY	447,672		447,672
46500	ENVIRONMENTAL ENFORCEMENT	-		-
47000	REIMBURSED COLLECTION COSTS	-		-
47500	GRANT	-		-
42600	ABATEMENT FEE	4,068		4,068
49005	CAPITAL CONTRIBUTIONS	-		-
49002	MISCELLANEOUS INCOME	40,505		40,505
		-		-
	TOTAL REVENUE	67,760,492	149,424	67,909,916
PERSONNEL SERVICES				
52150	UNION OVERTIME	477,466	40,197	517,663
52100	UNION	4,498,777	343,445	4,842,222
52300	NON-UNION REGULAR	6,938,605	619,819	7,558,424
52350	NON-UNION OVERTIME	55,067	4,636	59,703
52400	NON-UNION LIMITED	11,664	982	12,646
52800	UNION PENSION	827,775	177,955	1,005,730
52810	FICA	876,327	103,740	980,067
52820	UNEMPLOYMENT INSURANCE	38,902		38,902
52920	NON UNION PENSION	712,521	52,626	765,147
52940	UNION RETIREMENT HEALTH	90,368	324,610	414,978
52950	HEALTH INSURANCE	2,495,891	232,397	2,728,288
52970	DENTAL INSURANCE	186,856	30,267	217,123
52980	VISION INSURANCE	38,518		38,518
52990	DISABILITY INSURANCE	31,582		31,582
53000	SUPP PENSION RETIREES	1,015		1,015
53690	WORKMAN'S COMP. - OLD CLAIMS	86,010		86,010
		17,367,344	1,930,673	19,298,017
59000	SALARY REIMBURSEMENT	(991,753)	(83,493)	(1,075,246)
59001	FRINGE REIMBURSEMENT	(545,064)	(45,888)	(590,952)
	NET PERSONNEL SERVICES	15,830,527	1,801,292	17,631,819
OPERATING SUPPLIES/EXPENSES				
52610	MEDICAL SVCS.	19,326		19,326
53210	POSTAGE	143,613		143,613
53240	DUES & SUBSCRIPTIONS	55,225		55,225
53250	FREIGHT	33,151		33,151
53310	PRINTING & BINDING	76,430		76,430
53320	ADVERTISING	12,086		12,086
53330	RENTAL- EQUIPMENT	35,892		35,892
53340	RENTAL- CLOTHING	54,332		54,332
53350	RENTAL-OUTSIDE PROPERTY	4,549		4,549
53360	MISCELLANEOUS EXPENSE	26,194		26,194
53370	PUBLIC OUTREACH EDUCATION	6,865		6,865
53410	LOCAL TRAVEL	2,749		2,749
53420	LONG DISTANCE TRAVEL	70,334		70,334
53470	BLDG. & GRND. MAINT.	105,725		105,725

Narragansett Bay Commission
Rate Year

Schedule WEE-4

ACCT. NUMBER	BUDGET ACCOUNT	Adjusted Test Year	Rate Year Adjustments	Adjusted Rate Year
53480	BIOSOLIDS DISPOSAL	4,252,945	627,449	4,880,394
53490	SCREENING & GRIT DISPOSAL	167,380		167,380
	BAD DEBT EXPENSE	160,000		160,000
53510	VEHICLE FUEL & MAINTENANCE	168,840		168,840
53610	REPAIR-BLDG & STRUCTURE	256,362		256,362
53611	SOLIDS HANDLING REPAIRS	-		-
53620	REPAIR-HIGHWAY & WALKS	13,334		13,334
53630	MAINTENANCE/SERVICE AGREE.	416,867	210,891	627,758
53640	GENERAL REPAIRS/EQUIPMENT	288,410		288,410
53650	HIGHWAY & LANDSCAPE	10,336		10,336
53660	INSURANCE	337,257	26,667	363,924
53680	WORKMAN'S COMP. INSURANCE	311,522	142,713	454,235
53900	CENTRAL PHONE SVCS.	2,545		2,545
54000	TELEPHONE	114,868		114,868
54010	KEROSENE	-		-
54020	FUEL OIL #2 - DIESEL FOR EQUIPMENT	716		716
54021	OIL FOR SOLIDS HANDLING	-		-
54060	FUEL-GAS	503,412		503,412
54061	FUEL - GAS FOR SOLIDS HANDLING	-		-
54090	ELECTRICITY	3,260,501		3,260,501
54110	WATER	85,503		85,503
54200	CLOTHING	34,652		34,652
54330	CHEM., HOUSE & LAUNDRY SUPPLIES	29,533		29,533
54332	CHEMICALS - CHLOR. / HYPOCHLORITE	364,246		364,246
54334	CHEMICALS - LIME	-		-
54335	CHEMICALS - POLYMER	-		-
54337	CHEMICALS - SODIUM BIFULFITE	132,108		132,108
54338	CHEMICALS - SODA ASH	-		-
54340	LAB SUPPLIES	169,205		169,205
54370	SUPPLIES BUILDING & MAINTENANCE	123,475		123,475
54371	SUPPLIES FOR SOLIDS HANDLING	-		-
54410	EDUCATIONAL SUPP. & EXP.	67,985		67,985
54420	COMPUTER SUPPLIES	78,707		78,707
54430	OTHER OPERATING SUPPLIES & EXP.	5,511		5,511
54440	SAFETY EQUIPMENT	21,588		21,588
57600	EQUIP LOSSES-CASUALTY THEFT	-		-
	EDUCATION SCHOOL AID	-		-
54500	OFFICE EXPENSE	72,216		72,216
<i>TOTAL OPERATING SUPP. & EXP.</i>		12,096,495	1,007,720	13,104,214
		-		-
PROFESSIONAL SERVICES		-		-
52600	REGULATORY EXPENSE	205,715	61,026	266,741
52620	ARCHITECT/ENG. SERVICES	-		-
52630	LECTURES/ED./PROF. SVCS.	436		436
52650	SECURITY SERVICES	27,723		27,723
52660	LEGAL SERVICES	177,470		177,470
52670	MGMT/AUDIT SERVICES	1,732,269	310,101	2,042,370
52680	CLERICAL SERVICES	41,323		41,323
52690	OTHER SERVICES	104,570		104,570
<i>TOTAL PROFESSIONAL SERVICES</i>		2,289,506	371,126	2,660,632
		-		-
<i>TOTAL OPERATIONS & MAINTENANCE</i>		30,216,527	3,180,138	33,396,665
CAPITAL OUTLAYS				
16500	EQUIPMENT	-		-
16510	AUTOMOTIVE EQUIP.	-		-
16520	BLDG. & PLANT EQUIP.	-		-
16530	CONSTRUCTION EQUIP.	-		-
16540	ED. AND REC. EQUIP.	-		-
16570	LABORATORY EQUIP.	-		-
16580	OFFICE FURN&EQUIP. COMPUT.	-		-
16583	COMPUTER SOFTWARE	-		-
16585	COMPUTER HARDWARE	-		-
16590	OTHER EQUIPMENT	-		-

Narragansett Bay Commission
Rate Year

ACCT. NUMBER	BUDGET ACCOUNT	Adjusted Test Year	Rate Year Adjustments	Adjusted Rate Year
16600	REPLACEMENT RESERVE	-		-
16610	BUILDING & OTHER STRUCT.	-		-
16630	IMP.-NOT BLDG OR STRUCT.	-		-
<i>TOTAL CAPITAL OUTLAYS</i>		-	-	-
		-		
<i>DEPRECIATION AND AMORTIZATION</i>				
	DEPRECIATION	-		-
	AMORTIZATION	9,690		9,690
<i>TOTAL DEPRECIATION AND AMORTIZATION</i>		9,690	-	9,690
<i>DEBT SERVICE</i>				
57800	EXP. REL. TO BONDS/NOTES	25,218		25,218
57900	INTEREST EXPENSE OTHER	-		-
57909	INTEREST EXPENSE - 2005 SERIES A	-		-
57910	STATE INTEREST EXPENSE	-		-
57912	SRF INTEREST EXPENSE	-		-
57913	LEASE INTEREST EXPENSE	20,052		20,052
57914	INTEREST EXPENSE - VRDO	-		-
57915	PROGRAMMED NEW DEBT	-		-
	INTEREST EXPENSE	-		-
57920	DEBT SERVICE	30,832,125		30,832,125
	COVERAGE	7,708,031		7,708,031
58920	INTEREST - LATE PMT.	-		-
58940	ARBITRAGE EXPENSE	-		-
58990	OTHER	-		-
<i>TOTAL DEBT SERVICE</i>		38,585,426	-	38,585,426
 <i>Net Operating Reserve</i>				
		219,663	281,432	501,095
 <i>GRAND TOTAL</i>				
		\$69,031,306	\$3,461,570	\$72,492,877

Total increase required to rate year	\$4,582,961
	6.75%

**Narragansett Bay Commission
Salaries & Payroll Accounts**

Schedule WEE-5

Total Salary					
			Total	Non Union	Union
FY 2007	Total Salary Test year		\$11,458,077	\$6,959,300	\$4,498,777
	Pretreatment Clerk	Union	(32,555)		(32,555)
	Pretreatment Tech.	Nonunion	31,298	31,298	
	Subtotal Salaries		11,456,820	6,990,598	4,466,222
	COLA and steps		1.0375	1.0375	1.0375
	Subtotal		11,886,451	7,252,745	4,633,705
FY 2008	COLA and steps		1.045	1.045	1.045
	Subtotal Salaries		12,421,341	7,579,119	4,842,222
	Less: Grant		(20,695)	(20,695)	
	Adjusted Rate Year		12,400,646	7,558,424	4,842,222
	Total Salary Adjusted Test year		(11,458,077)	(6,938,605)	(4,498,777)
	Rate year Adjustment		\$ 942,569	\$ 619,819	\$ 343,445

Salary and Fringe Reimbursement

	Audited FY 2006	Salary Reimbursement (Acct 59000)		
Salary Reimbursement	\$ (991,753)	Rate Year Amount	\$	(1,075,246)
FY 2007	1.0375	Test Year Amount		(991,753)
	(1,028,944)	Rate Year Adjustment	\$	(83,493)
FY 2008	1.045			
Salary Reimbursement	<u>(1,075,246)</u>			
Fringe Reimbursement	(545,064)	Fringe Reimbursement (Acct 59001)		
FY 2007	1.0375	Rate Year Amount	\$	(590,952)
	(565,504)	Test Year Amount		(545,064)
FY 2008	1.045			
Fringe Reimbursement	<u>\$ (590,952)</u>	Rate Year Adjustment	\$	(45,888)

Overtime and Limited

		OT Union	OT Nonunion	Limited
FY 2007	Test year OT and Limited	\$ 477,466	\$ 55,067	\$ 11,664
	Increase by COLA	1.0375	1.0375	1.0375
	Subtotal	495,371	57,132	12,101
FY 2008	Increase by COLA	1.045	1.045	1.045
	Rate year OT	517,663	59,703	12,646
	Test year OT	477,466	55,067	11,664
	Rate Year Adjustment	\$ 40,197	\$ 4,636	\$ 982

FICA (Acct 52810)

	Total	FICA	Medicare
Total Salary Rate year	\$ 12,421,341	12,421,341	12,421,341
Overtime and Limited	590,012	590,012	590,012
Over FICA limit (FY 2008 \$97,500)	(246,800)	(246,800)	
	12,764,553	12,764,553	13,011,353
FICA %		6.20%	1.45%
Rate Year FICA	980,067	791,402.26	188,664.61
Test Year FICA	876,327		
Rate Year Adjustment	\$ 103,740		

Pension

			Rate Year	Adjusted Test Year	Rate Year Adj
Union Salary	\$4,842,222	20.77%	\$ 1,005,730	827,775	177,955
Union OT	517,663				
Limited	12,646	10.00%	1,265		
Non-union Salary	7,579,119	10.00%	757,912		
Non-union OT	59,703	10.00%	5,970		
	<u>\$13,011,353</u>		<u>\$765,147</u>	<u>\$712,521</u>	<u>\$52,626</u>

Retiree Health (Acct #52940)

Union Salary	\$4,842,222	8.57%	\$ 414,978
Rate Year level			414,978
Test Year level			90,368
Rate Year Adjustment	\$		324,610

Based on a presentation by Rosemary Booth the percentage will go up to 8.57% in FY 2008

Narragansett Bay Commission
Account Analysis - Health Benefits
(Accounts 52950 and 52970)

Schedule WEE-6

Insurance		Employees	Rate per Pay Period	Number of Pay Periods	Cost
Health Insurance					
HMO	Family	9	\$ 516	26	\$120,751.02
	Single	5	189	26	24,551
PPO	Family	163	575	26	2,437,062
	Single	52	210	26	284,515
Waiver		15	2,500	1	37,500
Total		244	*	Subtotal	2,904,378
				Less Premium Co-Pay	(176,091)
				Rate Year	2,728,288
				Adjusted Test Year	2,495,891
				Rate Year Adjustment	\$232,397
Dental					
	Family	182	41	26	194,580
	Single	57	15	26	21,993
	Waiver	5	110	1	550
Total		244	*	Rate Year	217,123
				Adjusted Test Year	186,856
				Rate Year Adjustment	\$30,267

* Average filled position during the test year.

Narragansett Bay Commission
Account Analysis - Biosolids Disposal
(Account 53480)

Schedule WEE-7

<i>Field's Point</i>	<i>July 1, 2007 to Dec. 31, 2007</i>	<i>Jan.1, 2008 to June 30, 2008</i>	<i>Total</i>
CPI	-	1.035	
Rate	\$ 381.18	\$ 394.52	
DT/Month	832	832	
DT/6 Months	4,992	4,992	
Total Field's Point	1,902,851	1,969,444	\$ 3,872,294

<i>Bucklin Point</i>	<i>July 1, 2007 to Dec. 31, 2007</i>	<i>Jan.1, 2008 to June 30, 2008</i>	
CPI	-	1.035	
Rate	\$ 381.18	\$ 394.52	
DT/Month	216.6	216.6	
DT/6 Months	1,299.6	1,299.6	
Total Bucklin Point	495,382	512,718	1,008,100

Rate Year Sludge Disposal	4,880,394
Less Adjusted Test Year	4,252,945
Rate Year Adjustment	\$ 627,449

Narrangansett Bay Commission
Account Analysis - Maintenance & Service Agreements
(Account 53630)

Schedule WEE-8

Adjusted Test Year	\$	416,867
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FY 2007 Increases:

Oracle	36,150
Hewlett Packard	31,400
Environmental Systems	3,036
Hansen	1,961
OSI	8,640
Fire Systems	4,471
Xerox	5,224

Decreases:

Ikon	(1,712)
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FY 2007 New Contracts:

Barracuda	2,260
Agilysys Symmetra	3,591
JSB- Surf Control	11,244

FY 2008 20% Increase	<u>104,626</u>
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Sub-total	210,891	<u>210,891</u>
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Total Rate Year	627,758
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Less Adjusted Test Year	<u>416,867</u>
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Rate Year Adjustment	<u><u>\$</u></u>	<u><u>210,891</u></u>
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**Account Analysis - Insurance
(Accounts 53660 & 53680)**

Schedule WEE-9

TYPE OF COVERAGE	Actual FY 2007	Average Annual Increase	Rate Year	Adjusted Test Year	Rate Year Adjustment
Crime Insurance	\$1,397.00		\$1,397.00		
Flood Insurance	18,188		18,188		
Pollution Insurance	24,241		24,241		
Commercial Inland Marine	5,857		5,857		
Commercial General Liability	81,473		81,473		
Public Officials Liability	7,294		7,294		
Employment Related Practices	17,891		17,891		
Commercial Property	125,980		125,980		
Commercial Auto Insurance	32,057		32,057		
Commercial Umbrella	33,175		33,175		
Hull & Machinery	13,005		13,005		
RI Association of Insurance Agents	3,366		3,366		
Subtotal Liability Insurance	363,924		363,924	337,257	26,667
Workers' Compensation	378,529	20%	454,235	311,522	142,713
Total	<u>\$742,453</u>		<u>\$818,159</u>	<u>\$648,779</u>	<u>\$169,380</u>

	FY 2005	FY 2006	FY 2007
Workers' Compensation Premium	265,731	284,825	378,529
Percent Increase		7%	33%
Average Increase		20%	

**Account Analysis - Regulatory Expense
(Account 52600)**

Schedule WEE-10

	Test Year	Average Annual Increase	FY 2007	Rate Year
PUC Expenses	\$ 13,012	\$ -	\$ 13,012	\$ 13,012
Annual PUC Assessment	149,866	18.63%	177,780	210,892
PUC Docket Fees	8,839	-	8,839	8,839
Permits	33,837	-	33,837	33,837
Court Reporting	161	-	161	161
Total	<u>205,715</u>		<u>233,628</u>	266,741
		Less Adjusted Test Year		<u>205,715</u>
		Rate Year Adjustment		<u>\$ 61,026</u>

	FY 2004	FY 2005	FY 2006
PUC Assessment	\$ 106,521	\$ 124,558	\$ 149,866
% Increase		17%	20%
Average Increase		18.63%	

Narragansett Bay Commission
Account Analysis - Management/Audit Services
(Account 52670)

Schedule WEE-11

	Test Year	Annual CPI Adjustment	FY 2007	FY 2008
Bucklin Point Management Contract less Soda Ash	\$ 1,371,692	3.55%	\$ 1,420,387	\$1,470,101
Soda Ash	<u>228,308</u>	3.55%	<u>236,413</u>	<u>440,000 *</u>
Subtotal	1,600,000		1,656,800	1,910,101
Other Management/Audit Services	<u>132,269</u>		<u>132,269</u>	<u>132,269</u>
Total	1,732,269		1,789,069	2,042,370
		Less Adjusted Test Year		<u>1,732,269</u>
		Rate Year Adjustment	\$	<u><u>310,101</u></u>

* Soda Ash usage increase per management company required to meet more stringent DEM permit levels for nitrogen removal.

	2005	2006	Difference	% Increase
Consumer Price Index	194.6	201.5	6.9	3.55%

Narragansett Bay Commission
Calculation of Revenue Requirement as a Percentage of Increase

WEE - 12

Calculation of Percentage Increase in Revenue Requirement

Revenue Increase (WEE-15)	<u>\$ 4,798,797</u>	
Rate Year Revenue at Docket 3775 Rates and Current Units (WEE-15)	67,694,079 *	<u>7.09%</u>

Calculation of Across the Board Increase Percentage

Revenue Increase	<u>4,798,797</u>
Revenue Items which could be increased by an across the board % Increase	
Flat Fees Residential	12,477,754
Measured Fee - Residential	22,863,612
Flat Fees Commercial & Industrial	7,701,902
Measured Fee - Commercial	19,715,211
Measured Fee - Industrial	1,780,919
	<u> </u>
Total Revenue Available for Increase	<u>\$ 64,539,398</u>
Across the Board Percentage Increase	<u>7.44%</u>

* Sum of User Fee Revenues at Docket 3775 rates plus the miscellaneous revenue not increasing (\$64,539,398 + \$3,154,681)
see schedule WEE - 15.

Narragansett Bay Commission
Rate Year Revenue Proof

Schedule WEE-13

<u>User Fee Revenues</u>		RATE YEAR	
	UNITS	RATES	REVENUE
Residential			
Dwelling Units	115,513	116.04	\$13,404,172
Consumption:			
Rate Year Rates	9,570,517	2.388	22,854,396
Prior Docket weighted rates	868,426	1.965	1,706,458
	10,438,944		24,560,853
Non-Residential - Metered Accounts			
5/8"	3,781	261	986,906
3/4"	948	390	369,526
1"	1,059	649	687,291
1 1/2"	846	1,300	1,099,800
2"	1,704	2,078	3,540,393
3"	75	3,896	292,200
4"	43	6,492	275,910
6"	57	12,987	741,661
8"	12	20,778	249,336
10"	1	29,868	29,868
Total Flat Fees from Metered Accounts	8,532		8,272,891
Commercial Consumption			
Rate Year Rates	5,054,520	3.459	17,483,586
Prior Docket weighted rates	1,218,935	3.036	3,700,686
	6,273,455		21,184,272
Industrial Consumption			
Rate Year Rates	641,085	2.225	1,426,415
Prior Docket weighted rates	247,127	1.970	486,840
	888,212		1,913,255
Total User Fee Revenues			69,335,443
Miscellaneous Revenue			
PERMIT FEES (PRETREATMENT)			1,165,749
CONNECTION PERMIT FEES			357,496
BOD/TSS SURCHARGE			152,123
SEPTAGE INCOME			387,068
INTEREST INCOME			600,000
LATE CHARGE PENALTY			447,672
ENVIRONMENTAL ENFORCEMENT			0
GRANT			0
ABATEMENT			4,068
CONTRIBUTED CAPITAL			0
MISCELLANEOUS INCOME			40,505
	Total Revenues:		72,490,124
	Total Revenue Per WEE-4		72,492,877
	Difference:		<u>(\$2,752)</u>

**Narragansett Bay Commission
Ratepayer Impact**

WEE - 14

	Docket 3775 Rates	Proposed Rates	Dollar Increase	% Increase
97.6 HCF Residential				
Customer Charge	\$ 108.00	\$ 116.00	\$ 8.00	
Consumption	216.96	233.10	16.14	
Total 97.6 HCF Residential	<u>\$ 324.96</u>	<u>\$ 349.10</u>	<u>\$ 24.14</u>	<u>7.44%</u>
5/8" meter, 244 HCF Commercial				
Customer Charge	\$ 243.00	\$ 261.00	\$ 18.00	
Consumption	785.54	843.98	58.44	
Total 5/8" meter, 244 HCF Commercial	<u>\$ 1,028.54</u>	<u>\$ 1,104.98</u>	<u>\$ 76.44</u>	<u>7.44%</u>
2" meter, 2440 HCF Commercial				
Customer Charge	\$ 1,935.00	\$ 2,079.00	\$ 144.00	
Consumption	7,855.39	8,439.83	584.44	
Total 2" meter, 2440 HCF Commercial	<u>\$ 9,790.39</u>	<u>\$ 10,518.83</u>	<u>\$ 728.44</u>	<u>7.44%</u>
5/8" meter, 244 HCF Industrial				
Customer Charge	\$ 243.00	\$ 261.00	\$ 18.00	
Consumption	505.62	543.24	37.62	
Total 5/8" meter, 244 HCF Industrial	<u>\$ 748.62</u>	<u>\$ 804.24</u>	<u>\$ 55.62</u>	<u>7.44%</u>
2" meter, 2440 HCF Industrial				
Customer Charge	\$ 1,935.00	\$ 2,079.00	\$ 144.00	
Consumption	5,056.22	5,432.40	376.18	
Total 2" meter, 2440 HCF Industrial	<u>\$ 6,991.22</u>	<u>\$ 7,511.40</u>	<u>\$ 520.18</u>	<u>7.44%</u>

Narragansett Bay Commission
Current Units and Docket 3775 Rates

Schedule WEE-15

<u>User Fee Revenues</u>	UNITS	DOCKET 3775 RATES	REVENUE
Residential			
Dwelling Units	115,513	108	\$12,477,754
Consumption:			
At Docket 3775 Rates	9,570,517	2.223	21,275,260
At Prior Docket Rates Weighted Rates	868,426	1.829	1,588,352
	<u>10,438,944</u>		<u>22,863,612</u>
Non-Residential - Metered Accounts			
5/8"	3,781	243	918,844
3/4"	948	363	343,943
1"	1,059	604	639,636
1 1/2"	846	1,210	1,023,660
2"	1,704	1,935	3,296,757
3"	75	3,626	271,950
4"	43	6,043	256,828
6"	57	12,089	690,378
8"	12	19,342	232,104
10"	1	27,803	27,803
Total Flat Fees from Metered Accounts	<u>8,532</u>		<u>7,701,902</u>
Commercial Consumption			
At Docket 3775 Rates	5,054,520	3.219	16,270,501
At Prior Docket Rates Weighted Rates	1,218,935	2.826	3,444,710
	<u>6,273,455</u>		<u>19,715,211</u>
Industrial Consumption			
At Docket 3775 Rates	641,085	2.071	1,327,688
At Prior Docket Rates Weighted Rates	247,127	1.834	453,231
	<u>888,212</u>		<u>1,780,919</u>
Total User Fee Revenues generated by Current Units and Docket 3775 rates			<u><u>\$64,539,398</u></u>

Total Revenue Requirement (WEE -4) \$72,492,877

LESS REVENUES NOT INCREASED

Pretreatment Fees	1,165,749
Connection Permit Fees	357,496
BOD/TSS Surcharge	152,123
Septage Income	387,068
Interest Income	600,000
Late Charge Penalties	447,672
Environmental Enforcement	0
Grant	0
Abatement fee	4,068
Contributed Capital	0
Miscellaneous Income	40,505
Sub Total	<u>3,154,681</u>

Revenue requirement to be generated from User Fee Revenues 69,338,196

Total User Fee Revenues generated by Current Units and Docket 3775 rates 64,539,398

Required increase in Revenue Requirement \$4,798,797

1 NARRAGANSETT BAY COMMISSION

2
3 **PRE-FILED DIRECT TESTIMONY**
4 **OF MAUREEN GURGHIGIAN**
5

6
7 **Q. Please state your name.**

8 A. My name is Maureen E. Gurghigian, Managing Director with First Southwest
9 Company.
10

11 **Q. Could you please describe your educational and employment background?**

12 A. I hold a masters degree in business administration from the University of Rhode
13 Island. Prior to joining First Southwest on June 8, 2001, I worked for 16 years at
14 Fleet Bank and/or Fleet Securities, all in municipal finance. From 1993 through
15 2000, I served as Manager of the New England Investment Banking Group of
16 Fleet Securities, Inc. Prior to joining Fleet, I spent 8 years in Rhode Island State
17 government, including four years as Director of the Governor's Policy Office
18 under then Governor J. Joseph Garrahy.
19

20 Among other duties, I provide financial advisory services to issuers of municipal
21 debt, primarily in the State of Rhode Island. Annually, I am involved in more that
22 20 publicly offered bond issues. In addition, I have supervisory responsibility for
23 First Southwest's involvement with borrowings by the State of Rhode Island,
24 numerous public agencies and 30 Rhode Island municipalities. Our office assists
25 clients with the origination of more than \$800 million in public financing issues
26 each year.
27

28 **Q. Can you describe the organization of First Southwest Company and the types
29 of services that it provides?**

30 A. During the past 60 years, First Southwest Company has served as financial
31 advisor to many issuers such as schools, cities, airports, hospitals, sports

1 complexes, water and wastewater authorities and districts and toll roads.
2 Currently the firm serves more than 2,000 municipalities and agencies, including
3 more than 400 in New England. Last year, the firm was involved in the issuance
4 of more than \$46 billion in securities on behalf of our clients, including nearly
5 \$18 billion as financial advisor.

6

7 **Q. Do you hold any special licenses or certifications?**

8 A. I am a registered Municipal Principal with the Municipal Securities Rulemaking
9 Board and hold the Series 52, 53 and 63 licenses.

10

11 **Q. Have you testified previously before the Rhode Island Public Utilities**
12 **Commission (RIPUC)?**

13 A. Yes. I have provided testimony before the RIPUC and/or the Division of Public
14 Utilities and Carriers on matters relating to the Pawtucket Water Supply Board,
15 the Providence Water Supply Board, the Kent County Water Authority and the
16 Narragansett Bay Commission (NBC).

17

18 **Q. What is your relationship with the NBC?**

19 A. I have served as financial advisor to the NBC for the past 17 years. I began
20 providing financial advisory services to NBC in 1989 while working for Fleet
21 Bank. In my capacity as NBC's financial advisor, I have assisted the NBC with a
22 number of long-term borrowings from the Rhode Island Clean Water Finance
23 Agency (RICWFA), several short-term borrowings, the \$70 million Variable Rate
24 Demand Bonds issued in April 2004 and the \$45 million Open Market Revenue
25 Bond Issue in August 2005. My services have included the facilitation of the
26 credit rating process, loan structuring and other functions.

27

28 **Q. What is the purpose of your testimony?**

29 The NBC requested that I provide additional information regarding their request
30 to fund an Operation and Maintenance Reserve Fund.

31

Q. Would you please provide some background regarding NBC's borrowing plans?

A. Over the past few years we have worked closely with the staff of NBC to develop a long term financing strategy that would allow NBC to meet the significant needs of its capital program while mitigating rate payer impact. NBC's lowest cost form of financing its capital program is through subsidized low interest loans from the RICWFA. NBC's financing strategy maximizes the use of these loans, however, due to RICWFA lending capacity limitations, NBC has had to supplement the loans through the issuance of revenue bonds. NBC has issued \$70 million in Variable Rate Demand Obligations as well as \$45 million in revenue bonds. As of October 30, 2007 the NBC had outstanding debt of \$363.7 million.

NBC's long-term financing model was updated to reflect NBC's 2008-2012 Capital Improvement Program (CIP) planned expenditures and revised cash flows (see Exhibit MG-1). A summary of the projected borrowings are shown in the table below.

**Projected Borrowings
(In thousand \$)**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
RICWFA	\$ 30,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 90,000
Open Market	42,520	-	17,720	12,615	25,395	26,490	124,740
Total	\$ 72,520	\$ 12,000	\$ 29,720	\$ 24,615	\$ 37,395	\$ 38,490	\$ 214,740

Keeping in mind that the projections will continue to be refined as projects progress through design and construction, the model shows borrowing needs of more than \$200 million over the six-year period.

Q. What can NBC do to reduce the rate impact of its capital needs?

A. NBC will continue to pursue its strategy of securing the maximum funding available through the low-interest loan program offered by the RICWFA and will also continue to pursue federal appropriations. In addition, given NBC's outstanding debt and projected borrowing needs, it is important that steps are

1 taken to ensure that NBC is able to obtain the highest possible credit rating to
2 lower the overall cost of borrowing.

3

4 **Q. What steps has NBC taken to enhance its credit rating?**

5 A. NBC has implemented a number of financial management initiatives over the
6 years that have strengthened its financial position. Some of these initiatives
7 include the adoption of debt service management policies, the defeasance of the
8 State debt, “wrapping” longer term open market debt around the loans from the
9 RICWFA and the issuance of variable rate debt. In addition, NBC’s financial
10 performance has been strong, closing each of the past 15 years under budget.

11

12 The PUC has also helped NBC strengthen its credit rating through its review and
13 approval of rates that generate 125% of principal and interest with the “carry-
14 forward” used for pay-as-you-go capital. Another action viewed favorably by the
15 credit rating agencies was the PUC’s approval of multi-year rate relief for debt
16 service that enabled NBC to initiate its variable rate debt program.

17

18 As a result, NBC’s credit rating has been upgraded by Standard and Poor’s from
19 the initial A- to A in November of 1998 and to A+ in September of 2002 despite
20 the increased outstanding debt.

21

22 **Q. Are there additional actions that would be viewed favorable by credit rating**
23 **agencies?**

24 A. Yes. Prior to the issuance of the Variable Rate Demand Obligations in April
25 2004, the NBC executed a Trust Indenture. The Trust Indenture is a contract
26 between the NBC and a bond trustee for the benefit of bondholders. It is a
27 lengthy document that sets forth the flow of funds, reserve requirements, rate
28 covenants and the bond lien status, among other things. These requirements, in
29 turn, assure bondholders, insurers and credit rating agencies that the NBC has the
30 financial mechanisms in place to properly operate and maintain its facilities as
31 well as meet its debt service obligations.

1 One of the funds established in the Trust Indenture is the Operation and
2 Maintenance Reserve Fund. Since the execution of the Trust Indenture, NBC has
3 issued \$115 million in open market revenue bonds and borrowed \$70 million in
4 loans from the RICWFA. This fiscal year, the NBC plans on issuing an additional
5 \$72.5 million in long-term debt. Although the Operation and Maintenance
6 Reserve Fund has not previously been funded, given NBC's outstanding debt and
7 borrowing plans, NBC would be viewed as a stronger credit with a funded
8 Operation and Maintenance Reserve Fund. The Operation and Maintenance
9 Reserve Fund may be used to meet unexpected costs associated with the
10 operations of NBC's facilities and may also be used for debt service payments
11 should there be insufficient funds in the Debt Service Fund.
12

13 **Q. What level of funding are you recommending?**

14 A. Based upon a review of the reserve levels of higher rated wastewater revenue
15 bond issuers, it is recommended that NBC fund its Operation and Maintenance
16 Reserve Fund at 25% of annual operation and maintenance cost. The 25% level
17 would be reached over approximately 7 to 10 years beginning in FY 2008. Based
18 on the 2007 Operating Budget this would result in a reserve level of
19 approximately \$8 million.
20

21 **Q. Is funding an Operation and Maintenance Reserve Fund at 25% of annual**
22 **operation and maintenance reasonable?**

23 A. No. Financial flexibility, provided by reserves and liquidity is a common
24 characteristic of revenue bond issuers in higher rating categories such as "AA".
25 For example, the Massachusetts Water Resources Authority "MWRA", and the
26 Boston Water and Sewer Authority, both in the AA rating category, maintain
27 reserve levels in the range of 25%. In addition, in a recent publication, Standard
28 and Poor's cited improved coverage and liquidity as positive credit factors for
29 numerous upgrades for water and wastewater borrowers.
30

1 **Q. What is the recommended funding mechanism for the Operation and**
2 **Maintenance Reserve Fund?**

3 A. It is further recommended that the Operation and Maintenance Reserve Fund be
4 funded through the restricted carry-forward. Although this will reduce the funds
5 available for pay-as-you-go capital, it would not require additional revenues to be
6 raised through sewer user charges to fund the reserve.

7
8 **Q. Has the NBC's Board of Commissioners (Board) approved the funding of the**
9 **Operation and Maintenance Reserve Fund?**

10 A. Yes. At the November 15, 2007 meeting of the NBC's Board, a resolution was
11 passed adopting the Operation and Maintenance Reserve Fund Policy (see Exhibit
12 MG-2).

13
14 **Q. Why is PUC approval required?**

15 A. PUC approval is required because the proposed funding mechanism is the use of
16 the restricted carry-forward and the PUC has restricted the use of these funds for
17 debt service and pay-as-you-go capital.

18
19 **Q. Does this conclude your pre-filed testimony?**

20 A. Yes.

Narragansett Bay Commission				
Capital Leases				
Lease	Test Year FY 06		Rate Year FY 08	
	Prin	Interest	Prin	Interest
Copier	2,079.15	696.18		
Copier 2nd floor FP	3,466.43	915.31		
Copier	4,040.42	1,066.78		
HP - ipaq				
HP - Computers	2,729.89	42.47		
HP- Computers	4,484.29	40.02		
HP Plotter	614.68	54.98		
HP Computers	46,747.70	5,812.56	34,350.81	689.34
HP Computers	2,897.31	193.01		
Xerox Copier	5,598.97	279.95	5,598.97	279.95
HP Computers	24,718.60	2,210.06	4,266.75	226.57
HP Computers	12,332.01	965.99		
HP Computers	17,183.91	3,142.52	19,219.30	1,107.13
HP Computers	12,494.62	2,210.08	13,927.99	776.71
HP Computers	25,728.00	2,102.44	25,278.88	1,597.04
HP Computers	2,965.35	491.68	3,120.94	336.09
HP Computers			11,421.73	1,353.28
HP Computers			38,923.35	4,611.79
HP Computers			22,374.50	1,376.77
HP Computers			9,203.92	1,090.51
HP Computers			71,034.39	
HP Computers			21,842.79	
Grand Total	168,081.33	20,224.03	187,687.14	13,445.18

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2007		FYE 2008		FYE 2009		FYE 2010		FYE 2011	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	18,730.44 15,887.02	152,666.96	15,887.02 12,937.68	158,353.80	12,937.68 9,878.48	164,252.48	9,878.48 6,705.32	170,370.88	6,705.32 3,413.96	176,717.20
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar	21,037.97 18,628.93	194,487.00	18,628.93 16,159.92	199,329.00	16,159.92 13,629.44	204,292.00	13,629.44 11,035.95	209,378.00	11,035.95 8,377.89	214,591.00
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar	13,647.85 11,907.51	92,463.45	11,907.51 10,101.65	95,944.13	10,101.65 8,227.81	99,555.85	8,227.81 6,283.43	103,303.53	6,283.43 4,265.85	107,192.29
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	159,870.32 146,358.60	736,500.00	146,358.60 132,351.55	763,500.00	132,351.55 117,826.55	791,750.00	117,826.22 102,764.27	821,000.00	102,764.27 87,147.37	851,250.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	175,912.19 160,925.06	857,927.00	160,925.06 145,411.68	888,052.00	145,411.68 129,353.58	919,234.00	129,353.58 112,731.62	951,512.00	112,731.62 95,526.00	984,923.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	114,555.46 108,146.70	351,673.00	108,146.70 101,503.17	364,555.00	101,503.17 94,616.29	377,909.00	94,616.29 87,477.14	391,752.00	87,477.14 80,076.47	406,102.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	422,974.66 422,957.00	1,000.00	422,957.00 384,899.70	2,155,000.00	384,899.70 347,460.50	2,120,000.00	347,460.50 306,842.50	2,300,000.00	306,842.50 269,315.00	2,125,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	788,944.80 765,162.30	1,500,000.00	765,162.30 721,561.05	2,750,000.00	721,561.05 658,141.05	4,000,000.00	658,141.05 591,312.23	4,215,000.00	591,312.23 524,721.23	4,200,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	396,474.64 377,721.24	2,376,104.68	377,721.24 358,469.55	2,439,237.77	358,469.55 338,706.35	2,504,048.32	338,706.35 318,418.04	2,570,580.87	318,418.04 297,590.67	2,638,881.19
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	361,083.05 351,164.30	1,725,000.00	351,164.30 339,909.05	1,745,000.00	339,909.05 327,356.25	1,768,000.00	327,356.25 313,639.80	1,793,000.00	313,639.80 298,624.80	1,820,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	348,952.38 337,950.78	1,719,000.00	337,950.78 329,673.78	1,240,000.00	329,673.78 326,822.55	403,000.00	326,822.55 324,383.40	322,000.00	324,383.40 320,535.60	484,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	207,590.08 273,445.25	1,381,000.00 0.00	273,445.25 262,989.43	1,279,000.00	262,989.43 252,199.43	1,300,000.00	252,199.43 241,969.43	1,200,000.00	241,969.43 230,234.30	1,345,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)		2,608,136.00	1,415,000.00	2,551,682.00	1,455,000.00	2,492,900.00	1,515,000.00	2,432,178.00	1,565,000.00	2,369,322.00	1,620,000.00
22501	\$45M 2005 Series A ACTUAL VS MODEL VARIANCE		2,250,000.00	0.00	2,250,000.00 (6,576.60)	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00
	Total		10,878,164.53	12,502,822.09	10,601,328.30	15,532,971.70	10,183,086.49	16,167,041.65	9,729,959.08	16,612,897.28	9,262,714.27	16,973,656.68
	Total Interest and Principal Debt Service		\$23,380,986.62		\$26,134,300.00		\$26,350,128.14		\$26,342,856.36		\$26,236,370.95	

EXISTING DEBT (SEE DETAIL ABOVE)	SRF	6,020,028.53	11,087,822.09	5,799,646.30	14,077,971.70	5,440,186.49	14,652,041.65	5,047,781.08	15,047,897.28	4,643,392.27	15,353,656.68
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Narragansett Bay Commission - Master Debt Service Sched

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2012		FYE 2013		FYE 2014		FYE 2015		FYE 2016	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	3,413.96	183,299.90								
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar	8,377.89 5,653.65	219,934.00	5,653.65 2,861.58	225,410.00	2,861.58	231,022.00				
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar	4,265.85 2,172.33	111,227.45	2,172.33	115,414.49						
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	87,147.37 70,957.16	882,500.00	70,957.16 54,170.71	915,000.00	54,170.71 36,765.08	948,750.00	36,765.08 18,717.36	983,750.00	18,717.36	1,020,250.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	95,526.00 77,716.23	1,019,507.00	77,716.23 59,281.08	1,055,306.00	59,281.08 40,198.63	1,092,361.00	40,198.63 20,446.11	1,130,718.00	20,446.11	1,170,422.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	80,076.00 72,404.71	420,978.00	72,404.71 64,451.94	436,398.00	64,451.94 56,207.95	452,384.00	56,207.95 47,661.78	468,955.00	47,661.78 38,802.66	486,133.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	269,315.00 239,469.60	1,690,000.00	239,469.60 214,127.50	1,435,000.00	214,127.50 189,491.80	1,395,000.00	189,491.80 168,388.10	1,195,000.00	168,388.10 156,114.40	695,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	524,721.23 467,643.23	3,600,000.00	467,643.23 414,528.98	3,350,000.00	414,528.98 361,414.73	3,350,000.00	361,414.73 310,599.45	3,205,000.00	310,599.45 258,119.40	3,310,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	297,590.67 276,209.92	2,708,996.25	276,209.92 254,261.08	2,780,974.29	254,261.08 231,729.06	2,854,864.78	231,729.06 208,598.36	2,930,718.55	208,598.36 184,853.08	3,008,587.75
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	298,624.80 282,437.30	1,850,000.00	282,437.30 265,217.00	1,882,000.00	265,217.00 247,197.20	1,917,000.00	247,197.20 228,448.40	1,953,000.00	228,448.40 208,946.40	1,990,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	320,535.60 310,398.73	1,225,000.00	310,398.73 296,524.38	1,618,000.00	296,524.38 281,106.70	1,757,000.00	281,106.70 262,855.08	2,045,000.00	262,855.08 243,856.83	2,082,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	230,234.30 218,059.10	1,368,000.00	218,059.10 205,461.50	1,392,000.00	205,461.50 192,345.00	1,418,000.00	192,345.00 178,699.20	1,444,000.00	178,699.20 164,614.38	1,471,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)		2,304,526.00	1,670,000.00	2,237,208.00	1,735,000.00	2,167,756.00	1,790,000.00	2,095,782.00	1,855,000.00	2,021,480.00	1,915,000.00
22501	\$45M 2005 Series A ACTUAL VS MODEL VARIANCE		2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00
	Total		8,797,476.63	16,949,442.60	8,341,215.71	16,940,502.78	7,885,097.90	17,206,381.78	7,426,651.99	17,211,141.55	6,971,200.99	17,148,392.75
	Total Interest and Principal Debt Service		\$25,746,919.23		\$25,281,718.49		\$25,091,479.68		\$24,637,793.54		\$24,119,593.74	

EXISTING DEBT (SEE DETAIL ABOVE)	SRF	4,242,950.63	15,279,442.60	3,854,007.71	15,205,502.78	3,467,341.90	15,416,381.78	3,080,869.99	15,356,141.55	2,699,720.99	15,233,392.75
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Narragansett Bay Commission - Master Debt Service Sched

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2017		FYE 2018		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar												
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar												
21908	SRF -BUTLER - \$1.662M	1-Sep 1-Mar												
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar												
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar												
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	38,802.66 29,619.03	503,940.00	29,619.08 20,099.00	522,400.00	20,099.00 10,230.25	541,535.00	10,230.25	561,372.00				
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	156,114.40 111,611.20	2,520,000.00	111,611.20 74,525.20	2,100,000.00	74,525.20 45,121.30	1,665,000.00	45,121.30 23,576.10	1,220,000.00	23,576.10	1,335,000.00		
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	258,119.40 216,103.65	2,650,000.00	216,103.65 173,612.25	2,680,000.00	173,612.25 130,803.75	2,700,000.00	130,803.75 87,202.50	2,750,000.00	87,202.50 43,601.25	2,750,000.00	43,601.25	2,750,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	184,853.08 160,476.90	3,088,525.91	160,476.90 135,453.03	3,170,588.04	135,453.03 109,764.28	3,254,830.57	109,764.28 83,392.98	3,341,311.42	83,392.98 56,321.00	3,430,090.07	56,321.00 28,529.71	3,521,227.57
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	208,946.40 188,757.85	2,029,000.00	188,757.85 167,747.35	2,070,000.00	167,747.35 145,993.75	2,112,000.00	145,993.75 123,474.00	2,155,000.00	123,474.00 100,154.00	2,200,000.00	100,154.00 76,111.10	2,247,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	243,856.83 217,005.70	2,895,000.00	217,005.70 188,721.10	3,009,000.00	188,721.10 158,879.28	3,133,000.00	158,879.28 127,642.23	3,237,000.00	127,642.23 94,475.65	3,393,000.00	94,475.65 59,389.78	3,553,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	164,614.38 150,111.55	1,499,000.00	150,111.55 135,137.15	1,528,000.00	135,137.15 119,751.90	1,558,000.00	119,751.90 103,981.08	1,589,000.00	103,981.08 87,771.08	1,621,000.00	87,771.08 71,117.10	1,653,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)		1,944,268.00	1,990,000.00	1,820,190.74	2,055,000.00	1,741,265.91	2,125,000.00	1,662,401.64	2,195,000.00	1,572,893.07	2,275,000.00	1,487,967.03	2,350,000.00
22501	\$45M 2005 Series A ACTUAL VS MODEL VARIANCE		2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00
	<i>Total</i>		6,523,261.03	17,175,465.91	6,039,171.75	17,134,988.04	5,607,105.50	17,089,365.57	5,182,215.04	17,048,683.42	4,754,484.94	17,004,090.07	4,355,437.70	16,074,227.57
	<i>Total Interest and Principal Debt Service</i>		\$23,698,726.94		\$23,174,159.79		\$22,696,471.07		\$22,230,898.46		\$21,758,575.01		\$20,429,665.27	

EXISTING DEBT (SEE DETAIL ABOVE)	SRF	2,328,993.03	15,185,465.91	1,968,981.01	15,079,988.04	1,615,839.59	14,964,365.57	1,269,813.40	14,853,683.42	931,591.87	14,729,090.07	617,470.67	13,724,227.57
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Narragansett Bay Commission - Master Debt Service Sched														
ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2023		FYE 2024		FYE 2025		FYE 2026		FYE 2027		FYE 2028	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar												
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar												
21908	SRF -BUTLER - \$1.662M	1-Sep 1-Mar												
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar												
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar												
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar												
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar												
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar												
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	28,529.71	3,614,786.58										
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	76,111.10 51,439.85	2,295,000.00	51,439.85 26,007.45	2,344,000.00	26,007.45	2,397,000.00						
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	59,389.78 36,477.20	2,297,000.00	36,477.20 12,881.55	2,342,000.00	12,881.55	1,266,000.00						
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	71,117.10 54,046.35	1,686,000.00	54,046.35 36,545.35	1,720,000.00	36,545.35 18,512.73	1,755,000.00	18,512.73	1,793,000.00				
22500	VRDO \$70M 2004 Series A (Includes fees)		1,397,575.59	2,435,000.00	1,306,233.51	2,515,000.00	1,205,594.46	2,605,000.00	1,107,343.18	2,695,000.00	1,003,749.75	2,790,000.00	898,019.65	2,885,000.00
22501	\$45M 2005 Series A ACTUAL VS MODEL VARIANCE		2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,250,000.00	0.00	2,160,500.00	3,580,000.00	1,977,125.00	3,755,000.00
	Total		4,024,686.68	12,327,786.58	3,773,631.26	8,921,000.00	3,549,541.54	8,023,000.00	3,375,855.91	4,488,000.00	3,164,249.75	6,370,000.00	2,875,144.65	6,640,000.00
	Total Interest and Principal Debt Service		\$16,352,473.26		\$12,694,631.26		\$11,572,541.54		\$7,863,855.91		\$9,534,249.75		\$9,515,144.65	
EXISTING DEBT (SEE DETAIL ABOVE)		SRF	377,111.09	9,892,786.58	217,397.75	6,406,000.00	93,947.08	5,418,000.00	18,512.73	1,793,000.00	0.00	0.00	0.00	0.00

Narragansett Bay Commission - Master Debt Service Sched												
ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2029		FYE 2030		FYE 2031		FYE 2032		FYE 2033	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar										
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar										
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar										
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar										
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar										
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar										
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar										
22500	VRDO \$70M 2004 Series A (Includes fees)		784,543.30	2,985,000.00	671,151.42	3,085,000.00	552,532.10	3,195,000.00	430,443.14	3,305,000.00	302,305.80	3,420,000.00
22501	\$45M 2005 Series A		1,784,625.00	3,945,000.00	1,582,500.00	4,140,000.00	1,370,250.00	4,350,000.00	1,147,375.00	4,565,000.00	913,375.00	4,795,000.00
	ACTUAL VS MODEL VARIANCE											
	Total		2,569,168.30	6,930,000.00	2,253,651.42	7,225,000.00	1,922,782.10	7,545,000.00	1,577,818.14	7,870,000.00	1,215,680.80	8,215,000.00
	Total Interest and Principal Debt Service		\$9,499,168.30		\$9,478,651.42		\$9,467,782.10		\$9,447,818.14		\$9,430,680.80	

EXISTING DEBT (SEE DETAIL ABOVE)	SRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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Narragansett Bay Commission - Master Debt Service Sched										
ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2034		FYE 2035		FYE 2036		Total	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar							67,552.90 48,822.46	1,005,661.22
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar							97,385.33 76,347.36	1,698,443.00
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar							56,606.43 42,958.58	725,101.19
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar							926,928.64 767,058.65	8,714,250.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar							1,017,502.18 841,589.99	10,069,962.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar							925,852.13 811,297.09	6,286,086.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar							3,376,874.56 2,953,899.90	23,951,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar							6,513,471.85 5,724,527.05	49,760,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar							3,816,969.89 3,420,495.25	50,234,354.61
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar							4,129,716.35 3,716,618.40	38,292,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar							4,291,414.25 3,916,698.77	38,020,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar							3,241,126.74 2,960,445.96	30,000,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)		171,484.52	3,535,000.00	35,591.57	3,660,000.00			43,376,524.38	68,635,000.00
22501	\$45M 2005 Series A ACTUAL VS MODEL VARIANCE		667,625.00	5,035,000.00	409,625.00	5,285,000.00	138,750.00	5,550,000.00	57,151,750.00	45,000,000.00
	Total		839,109.52	8,570,000.00	445,216.57	8,945,000.00	138,750.00	5,550,000.00	154,270,435.09	372,391,858.02
	Total Interest and Principal Debt Service		\$9,409,109.52		\$9,390,216.57		\$5,688,750.00		\$526,662,293.11	

EXISTING DEBT (SEE DETAIL ABOVE)	SRF	0.00	0.00	0.00	0.00	0.00	0.00	53,742,160.71	258,756,858.02
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Debt Service Payments Fiscal Year 2006

<i>Outstanding Debt</i>	<i>Due Dates</i>	<i>Interest</i>	<i>Principal</i>
SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	13,471 18,730	147,184
SRF - WP/RA - \$3.694	1-Sep 1-Mar	23,388 21,038	189,762
SRF -BUTLER - \$1.662M	1-Sep 1-Mar	10,305 13,648	89,109
SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	172,902 159,872	710,250
SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	179,213 175,912	828,824
SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	120,738 114,555	339,246
SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	422,992 422,975	1,000
SRF POOL LOAN V - \$57M	1-Sep 1-Mar	808,764 788,945	1,250,000
SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	414,743 396,475	2,314,606
SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	369,800 361,083	1,708,000
SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	169,631 303,684	1,980,000
SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	8,004	
VRDO \$70M 2004 Series A (Includes fees)		2,128,660	1,365,000
\$45M 2005 Series A		1,106,250	
Total		8,725,777	10,922,981

Narragansett Bay Commission

Long Term Debt

Commission loan outstanding with the RI Clean Water Finance Agency
Butler Hospital Project – The total loan is \$1,662,054 with an interest rate of 3.764%.

Commission loan outstanding with the RI Clean Water Finance Agency
North Providence – The total loan is \$2,647,977 with an interest rate of 3.725%.

Commission loan outstanding with the RI Clean Water Finance Agency
Washington Park Project – The total loan is \$3,694,678 with an interest rate of 3.517%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #1 – The total loan is \$14,781,000 with an interest rate of 3.669%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #2 – The total loan is \$17,279,000 with an interest rate of 3.494%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #3 – The total loan is \$8,150,000 with an interest rate of 3.645%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #4 – The total loan is \$23,955,000 with an interest rate of 3.532%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #5 – The total loan is \$57,000,000 with an interest rate of 3.171%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #6 – The total loan is \$57,000,000 with an interest rate of 1.579%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #7 – The total loan is \$40,000,000 with an interest rate of 1.349%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #8 – The total loan is \$40,000,000 with an interest rate of 1.404%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #9 – The total loan is \$30,000,000 with an interest rate of 1.397%.

Commission loan outstanding with the RI Clean Water Finance Agency
Pooled Loan #10 – Pending

Revenue Bonds (variable rate) 2004 Series A, dated April 29, 2004, maturing
September 1, 2034 - Total loan amount is \$70,000,000.

Wastewater System Revenue Bonds, 2005 Series A, dated August 15, 2005
Total loan amount is \$45,000,000 with an interest rate of 4.724015%.

Narragansett Bay Commission Personnel and Overtime Information

Test Year	Number of Employees 7/1/05	Number of Employees 6/30/06
FY 2006	245	244

Fiscal Year	Amount
FY 2006	532,533
FY 2005	624,352
FY 2004	603,583

Compliance Reporting

<u>Compliance Items</u>	<u>Status</u>
Capital Projects Compliance Report	Reports are submitted quarterly. Last report was submitted September 25, 2005 per Docket #3162
Restricted Accounts Report	Reports are submitted quarterly. Last report was submitted September 25, 2005 per Docket #3162
CSO Overseer Restricted Account	Reduced to \$150,000 August 2006 per Docket #3707

Narragansett Bay Commission Docket #3639
Compliance Reporting on Restricted Accounts for FY 2006

	Cash	Capital/Debt	Debt	Debt	Total	Debt	Special
Percentage	Receipts			Interest	Debt & Debt Interest	Coverage	Master
		0.000%	44.773%			11.514%	0.25900%
Receipts:							
Beginning Balance		654,682.17			9,782,941.81	4,013,345.85	661,636.85
Transfer 1/2006		1,895,601.42			0.00	(1,895,601.42)	0.00
		2,550,283.59	0.00	0.00	9,782,941.81	2,117,744.43	661,636.85
July-05	1,191,320.82	9,528.53	509,349.22	34,347.58	543,696.80	94,531.31	3,490.57
August-05	8,886,033.79	1,879.68	3,799,223.75	29,975.48	3,829,199.23	705,106.78	26,036.08
September-05	2,404,711.07	1,652.76	1,028,134.22	35,124.48	1,063,258.70	190,813.82	7,045.80
October-05	1,066,835.71	1,447.83	456,125.61	6,287.48	462,413.09	84,653.41	3,125.83
November-05	11,106,470.78	1,526.98	4,972,700.16	18,060.61	4,990,760.77	1,278,799.05	28,765.76
December-05	2,592,056.61	1,448.25	1,160,541.51	21,269.41	1,181,810.92	298,449.40	6,713.43
January-06	1,412,555.37	1,484.40	632,443.42	23,003.48	655,446.90	162,641.63	3,658.52
February-06	10,403,066.57	2,661.81	4,657,765.00	39,914.73	4,697,679.73	1,197,809.08	26,943.94
March-06	2,716,421.55	6,656.53	1,216,223.42	32,957.06	1,249,180.48	312,768.78	7,035.53
April-06	1,165,148.69	6,359.29	521,672.02	32,189.77	553,861.79	134,155.22	3,017.74
May-06	9,462,184.69	6,122.88	4,236,503.95	50,893.05	4,287,397.00	1,089,475.95	24,507.06
June-06	3,157,080.83	6,062.26	1,413,519.80	59,206.22	1,472,726.02	363,506.29	8,176.84
	55,563,886.48	2,597,114.79	24,604,202.08	383,229.35	34,770,373.24	8,030,455.15	810,153.95
Expenses:							
July-05		112,685.50			162,511.58		-
August-05		10,361.38			149,480.47		-
September-05		44,624.44			12,407,720.61		-
October-05		36,037.12			198,496.91		-
November-06		11,943.76			160,196.52		-
December-05		94,154.39			1,532,748.92		-
January-06		437,023.06			234,085.92		-
February-06		83,143.38			1,284,718.71		-
March-06		94,578.74			2,950,658.58		-
April-06		297,992.20			231,676.65		-
May-06		83,183.87			203,278.50		-
June-06		296,776.91			242,004.51		-
		1,602,504.75			19,757,577.88		-
Balance		\$994,610.04			\$15,012,795.36	\$8,030,455.15	\$810,153.95

Narragansett Bay Commission Docket #3639
Compliance Reporting on Restricted Accounts for FY 2007

	Cash Receipts	Capital/Debt	Debt	Debt Interest	Total Debt & Debt Interest	Debt Coverage	Special Master
Percentage		0.000%	44.773%			11.514%	
Receipts:							
Beginning Balance		994,610.04			15,012,795.36	8,030,455.15	810,153.95
Transfer						(150,000.00)	
Transfer		6,000,000.00			0.00	(6,000,000.00)	(660,153.95)
		6,994,610.04	0.00	0.00	15,012,795.36	1,880,455.15	150,000.00
July-06	950,653.06	5,058.80	425,635.89	62,886.91	488,522.80	109,458.19	0.00
August-06	10,306,046.97	4,062.63	4,614,326.41	87,155.18	4,701,481.59	1,186,638.25	0.00
September-06	2,441,695.97	3,989.56	1,093,220.54	89,092.27	1,182,312.81	281,136.87	0.00
October-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
January-07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
February-07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
March-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
April-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
May-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June-07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	13,698,396.00	7,007,721.03	6,133,182.84	239,134.36	21,385,112.56	3,457,688.46	150,000.00
Expenses:							
July-06		196,472.55			230,885.03		-
August-06		40,692.39			1,339,167.84		-
September-06		35,675.86			14,282,238.36		-
October-06							-
November-06							-
December-06							-
January-07							-
February-07							-
March-06							-
April-06							-
May-06							-
June-07							-
		272,840.80			15,852,291.23		-
Balance		\$6,734,880.23			\$5,532,821.33	\$3,457,688.46	\$150,000.00

NARRAGANSETT BAY COMMISSION

STATEMENT OF NET ASSETS

June 30, 2006

CURRENT ASSETS

Cash and cash equivalents	\$ 15,878,718
Accounts receivable	
Sewer use (net of allowance)	4,624,970
Sewer use unbilled	14,081,847
Receivables, other	81,110
Prepaid expenses	218,026
Total current assets	<u>34,884,671</u>

NONCURRENT ASSETS

Restricted assets

Cash, environmental enforcement	84,735
Cash and cash equivalents, restricted	21,267,032
Cash and cash equivalents, restricted for the acquisition and construction of capital assets	28,675,417
Total restricted assets	<u>50,027,184</u>

Capital assets

Land	2,754,407
Plant and equipment	72,075,689
Capital projects completed	240,498,484
Construction in progress	330,122,836
	<u>645,451,416</u>
Less accumulated depreciation	(94,547,268)
Net capital assets	<u>550,904,148</u>

Other assets

Organization costs (net of accumulated amortization)	77,953
Bond and loan issuance costs (net of accumulated amortization)	4,981,156
Total other assets	<u>5,059,109</u>
Total noncurrent assets	<u>605,990,441</u>

TOTAL ASSETS

640,875,112

See Notes to Financial Statements

NARRAGANSETT BAY COMMISSION

STATEMENT OF NET ASSETS

June 30, 2006

CURRENT LIABILITIES

Accounts and contracts payable	\$ 14,198,942
Accrued interest payable	3,089,339
Other accrued expenses	2,238,978
Unearned revenue	296,738
Current portion of loans payable	11,087,822
Current portion of leases payable	234,536
Current portion of long-term debt	1,415,000
Total current liabilities	<u>32,561,355</u>

NONCURRENT LIABILITIES

Other accrued expenses	94,706
Long-term loans payable, net	236,680,663
Long-term leases payable, net	260,917
Long-term debt, net	114,649,506
Total noncurrent liabilities	<u>351,685,792</u>

TOTAL LIABILITIES

384,247,147

NET ASSETS

Invested in capital assets, net of related debt	186,575,704
Restricted, environmental enforcement	84,735
Unrestricted	69,967,526
TOTAL NET ASSETS	<u>\$ 256,627,965</u>

See Notes to Financial Statements

Narragansett Bay Commission Regulatory Expense

	Cost	Test Year FY 2006	Rate Year FY 2008
Annual PUC Assessment		149,866	189,866
Current Docket (Est.)	63,000	0	21,000
Docket 3592	39,000	13,000	0
Docket 3639	36,000	12,000	0
Docket 3707 - Abbreviated	43,094	14,365	14,365
Docket 3775 - DS Compliance	25,000	0	8,333
		<u>189,231</u>	<u>233,564</u>

Docket	Filed	Amortization Period		
3409	12/21/2001	2002	2003	2004
3483	11/29/2002	2003	2004	2005
3592	3/1/2004	2004	2005	2006
3639	10/4/2004	2005	2006	2007
3707	11/1/2005	2006	2007	2008
3775	10/4/2006	2007	2008	2009
Current	12/1/2006	2007	2008	2009