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Raymond J. Marshall, P.E.
Executive Director

Sincerely,

Karen L. Giebink
Director of Administration & Finance

Cc: Service List

3-1 With regard to the response to Com 1-1, please identify the actual FY 2009 and FY 2010 debt service associated with the December 2007 RICWFA loan and the projected FY 2009 and FY 2010 debt service associated with the planned \$12 million loan from RICWFA in December 2008.

Answer: Schedule WEE-1 is the debt service from the model for FY 2009 that was completed prior to the execution of the \$25 million SRF borrowing in December 2008. The model uses level debt service figures for new borrowings and shows a full year of SRF debt service in the fiscal year that the anticipated borrowing is to take place in order to ensure that rates are sufficient to meet the debt service coverage requirements. The RICWFA had originally projected that it would be able to loan \$12 million in FY 2008, however, they developed additional capacity. In order for NBC to take advantage of this low cost capital funding source, we worked with RICWFA to structure the \$25 million loan around NBC's existing debt and still meet the coverage requirements with existing rates. The restructuring took place subsequent to NBC's filing of its general rate case and we will update the model and forward this information the week of February 25th. The table below shows the requested information and includes the projected issuances by FY. Please note that FY 2010 also includes debt service on the \$12 million 2010 SRF borrowing and a small piece of debt service on the \$23.88 million 2010 open market issue. Again, this is to enable NBC to demonstrate coverage.

New Debt Issuance	FY 2009	FY 2010	New Debt Issuance	FY 2009	FY 2010
PROJECTED PER MODEL			"ACTUAL" DEBT SERVICE		
SRF Bonds	12,000,000	12,000,000	SRF Bonds	12,000,000	12,000,000
Open Market Bonds	0	23,880,000	Open Market Bonds	0	23,880,000
Projected Debt Service by Issue			Projected Debt Service by Issue		
SRF \$25 Million FY 2008	1,814,500	1,814,200	Actual SRF \$25 Million FY 2008	270,776	716,800
SRF \$12 Million FY 2009	659,600	870,700	SRF \$12 Million FY 2009	659,600	870,700
SRF \$12 Million FY 2010	24,000	659,600	SRF \$12 Million FY 2010	24,000	659,600
SRF \$12 Million FY 2011		24,000	SRF \$12 Million FY 2011		24,000
Total New SRF	2,498,100	3,368,500		954,376	2,271,100
OM \$23.88 Million FY 2010	0	394,020	OM \$23.88 Million FY 2010	0	394,020
Total New Open Market	0	394,020	Total New Open Market	0	394,020
Existing SRF	21,881,009	21,883,513	Existing SRF	21,881,009	21,883,513
Existing Open Market	4,315,563	4,315,563	Existing Open Market	4,315,563	4,315,563
Existing VRDO	3,860,125	3,853,003	Existing VRDO	3,860,125	3,853,003
Total Existing Debt	30,056,696	30,052,078	Total Existing Debt	30,056,696	30,052,078
Total Debt	32,554,796	33,814,598	Total Debt	31,011,072	32,717,198

Prepared by: MG

3-2 With regard to the response to Com 1-3, please identify the carry-forward balance remaining in the project fund from years prior to 2007 and the portion of that fund that is set aside for pay-as-you-go capital.

Answer: The carry-forward balance in the project fund from years prior to 2007 is \$4,928,703.87 as of 12/31/07 and this is set aside for pay-as-you-go capital.

Prepared by: WEE

3-3 With regard to Com 1-10:

- a. Please explain how budgeted revenues were derived and provide all supporting workpapers and documentation.

Answer: The budgeted user fee revenues of \$68,424,204, were based upon Schedule TSC-13 from Docket 3797, Surrebuttal Testimony of Thomas S. Catlin (see attached). The miscellaneous revenues represent about 4% of NBC's budgeted revenues. They were estimated based upon prior year experience since no rate or programmatic adjustments were contemplated. The FY 2008 budgeted miscellaneous revenues are within \$143,000 of Schedule TSC-13 from Docket 3797.

- b. Please provide NBC's budget variance report as of December 2008 including any explanatory analyses, notes or other documents.

Answer: See below information through 1/31/08.

A. Fiscal Year 2007/2008 Billing

<u>Date</u>	<u>Projected Billing</u>	<u>Actual Billing*</u>	<u>% to Date</u>	
July, 2007	\$ 15,388,603	\$ 14,251,494	93%	
October, 2007	\$ 17,106,051	\$ 16,486,069	96%	
January, 2008	\$ 17,653,445	\$ 16,606,197	94%	*
April, 2008	\$ 18,276,105		0%	
Total	\$ 68,424,204	\$ 47,343,759	69%	

*Per General Ledger plus Cumberland 3rd Qtr Billing on 2/8/08

Prepared by: WEE

THE NARRAGANSETT BAY COMMISSION

Summary of Revenues and Expenses at
Present and Proposed Rates
Rate Year Ended June 30, 2008

	Test Year Amount Per NBC (1)	NBC Rate Year Adjustments	Rate Year Amount Per NBC (1)	Division Adjustments	Rate Year at Present Rates	Allowable Rate Increase	Rate Year at Proposed Rates
Revenue							
User Fee Revenue	\$ 64,755,235	\$ -	\$ 64,755,235	\$ 641,537	\$ 65,396,772	\$ 3,027,432	\$ 68,424,204
Other Service Revenue	2,510,108	-	\$ 2,510,108	-	2,510,108	-	2,510,108
Miscellaneous	495,149	149,424	\$ 644,573	330,077	974,650		974,650
Total Revenue	\$ 67,760,492	\$ 149,424	\$ 67,909,916	\$ 971,614	\$ 68,881,530	\$ 3,027,432	\$ 71,908,962
Expenses							
Personnel Services	15,830,527	1,801,292	17,631,819	(324,487)	17,307,332	-	17,307,332
Operating Supplies & Expenses	12,096,495	1,007,720	13,104,215	(199,922)	12,904,293	-	12,904,293
Professional Services	2,289,506	371,126	2,660,632	(50,877)	2,609,755	-	2,609,755
Capital Outlays	-	-	-	-	-	-	-
Amortization	9,690	-	9,690	-	9,690	-	9,690
Debt Related Costs	45,270	-	45,270	-	45,270	-	45,270
Debt Service	30,832,125	-	30,832,125	-	30,832,125	-	30,832,125
Debt Coverage	7,708,031	-	7,708,031	-	7,708,031	-	7,708,031
Total Expenses	\$ 68,811,644	\$ 3,180,138	\$ 71,991,782	\$ (575,286)	\$ 71,416,496	\$ -	\$ 71,416,496
Operating Reserve	219,663	281,432	501,095	(8,629)	492,466	-	492,466
Total Cost of Service	\$ 69,031,307	\$ 3,461,570	\$ 72,492,877	\$ (583,915)	\$ 71,908,962	\$ -	\$ 71,908,962
Revenue Surplus/(Deficiency)	\$ (1,270,815)	\$ (3,312,146)	\$ (4,582,961)	\$ 1,555,529	\$ (3,027,432)	\$ 3,027,432	\$ -

Note:

(1) Per Schedule WEE-4 accompanying the testimony of Walter Edge.

Narragansett Bay Commission

All Divisions Monthly Expense vs. Budget Report

January 31, 2007

	ACCOUNT	DESCRIPTION	BUDGET	EXPENSES	BALANCE	% OF EXP/BUDGET	COMMENTS
	Personnel Services						
	52050	UNION HOLIDAY	-	-	-		
	52100	UNION REGULAR	5,208,880.09	2,772,793.49	2,436,086.60	53.23%	
	52150	PERSONNEL SERV-UNION OT	420,200.00	242,577.98	177,622.02	57.73%	
A	52300	NON - UNION REGULAR	7,606,618.53	4,241,988.99	3,364,629.54	55.77%	
	52350	NON - UNION OT	60,425.00	51,644.99	8,780.01	85.47%	VARIANCE
	52400	NON - UNION LIMITED	39,200.00	22,272.26	16,927.74	56.82%	
	52800	UNION PENSION	1,075,653.40	545,680.32	529,973.08	50.73%	
	52810	FICA	1,019,830.98	528,952.86	490,878.12	51.87%	
	52820	UNEMPLOYMENT INSURANCE	35,000.00	10,404.00	24,596.00	29.73%	
	52920	NON UNION PENSION	769,104.37	441,598.55	327,505.82	57.42%	
	52940	UNION RETIREMENT HEALTH	187,993.35	95,369.75	92,623.60	50.73%	
	52950	HEALTH INSURANCE	2,842,722.67	1,541,739.15	1,300,983.52	54.23%	
	52970	DENTAL INSURANCE	219,148.74	112,575.18	106,573.56	51.37%	
	52980	EMPLOYEE BENEFITS-VISION	38,639.36	22,087.08	16,552.28	57.16%	
	52990	LONG TERM DISABILITY (LTD)	34,000.00	19,531.99	14,468.01	57.45%	
	53000	SUPP PENSION - RETIREES	2,000.00	592.20	1,407.80	29.61%	
	53690	WORKERS COMP OLD CLAIMS	62,000.00	33,800.15	28,199.85	54.52%	
	59000	SALARY REIMBURSEMENT	(1,004,312.00)	(583,944.58)	(420,367.42)	58.14%	UNDER BUDGET
	59001	FRINGE REIMBURSEMENT	(552,371.60)	(319,326.83)	(233,044.77)	57.81%	UNDER BUDGET
	59002	TURNOVER ALLOWANCE	(318,426.00)	-	(318,426.00)	0.00%	UNDER BUDGET
	Total Personnel Services		\$ 17,746,306.89	\$ 9,780,337.53	\$ 7,965,969.36	55.11%	
	Operating Supplies & Expenses						
				-			
	52610	MEDICAL SERVICES	18,668.00	6,032.50	12,635.50	32.31%	
	53210	POSTAGE	179,775.00	104,875.54	74,899.46	58.34%	
B	53240	DUES AND SUBSCRIPTIONS	66,136.00	44,462.78	21,673.22	67.23%	VARIANCE
	53250	FREIGHT	35,700.00	17,439.87	18,260.13	48.85%	VARIANCE
	53310	PRINTING AND BINDING	114,000.00	45,929.71	68,070.29	40.29%	
	53320	ADVERTISING	20,900.00	8,127.03	12,772.97	38.89%	
	53330	RENTALS EQUIPMENT	47,950.00	11,165.66	36,784.34	23.29%	
	53340	RENTALS CLOTHING	57,600.00	21,570.70	36,029.30	37.45%	
	53350	RENTAL OUTSIDE PROPERTY	7,749.00	-	7,749.00	0.00%	
C	53360	MISCELLANEOUS EXPENSE	29,100.00	29,453.76	(353.76)	101.22%	OVER BUDGET
	53370	PUBLIC OUTREACH EDUCATION	14,000.00	5,530.26	8,469.74	39.50%	
	53410	LOCAL TRAVEL	5,120.00	978.61	4,141.39	19.11%	
	53420	LONG DISTANCE TRAVEL	90,400.00	27,347.91	63,052.09	30.25%	
	53470	BLDG AND GROUND MAINT	108,503.00	55,058.46	53,444.54	50.74%	
	53480	SLUDGE, ASH HAULING AND DISPOS	4,593,229.38	2,510,972.02	2,082,257.36	54.67%	
	53490	SCREENING AND GRIT DISPOSAL	154,830.00	79,916.21	74,913.79	51.62%	
D	53510	VEHICLE FUEL AND MAINTENANCE	151,389.00	103,807.12	47,581.88	68.57%	VARIANCE
	53610	REPAIRS-BLDG AND STRUCTURE	567,520.00	254,027.56	313,492.44	44.76%	
E	53620	REPAIRS-HIGHWAYS AND WALKS	8,000.00	10,966.36	(2,966.36)	137.08%	OVER BUDGET
	53630	MAINTENANCE/SERVICE AGREEMENTS	510,459.64	289,891.53	220,568.11	56.79%	
	53650	HIGHWAY AND LANDSCAPE	12,000.00	4,115.99	7,884.01	34.30%	
	53660	INSURANCE	382,120.20	214,485.99	167,634.21	56.13%	

Narragansett Bay Commission

All Divisions Monthly Expense vs. Budget Report

January 31, 2007

	ACCOUNT	DESCRIPTION	BUDGET	EXPENSES	BALANCE	% OF EXP/BUDGET	COMMENTS
F	53680	WORKER'S COMP INSURANCE	460,528.63	364,984.40	95,544.23	79.25%	VARIANCE
G	53900	CENTRAL TELEPHONE	3,000.00	2,052.05	947.95	68.40%	VARIANCE
	54000	TELEPHONE	132,900.00	78,038.47	54,861.53	58.72%	VARIANCE
	54010	#1 FUEL OIL-KEROSENE	900.00	-	900.00	0.00%	
H	54020	#2 FUEL OIL-DIESEL FOR EQUIP	17,800.00	17,205.82	594.18	96.66%	VARIANCE
	54060	FUEL-GAS	489,467.00	192,977.66	296,489.34	39.43%	
	54090	ELECTRICITY	3,254,015.00	1,657,052.82	1,596,962.18	50.92%	
	54110	WATER	85,800.00	50,774.20	35,025.80	59.18%	VARIANCE
	54200	CLOTHING	35,040.00	16,262.86	18,777.14	46.41%	
	54330	CHEMICALS, HOUSE & LAUNDRY SUP	30,950.00	15,949.66	15,000.34	51.53%	
I	54332	CHEMICALS, CHLORINE/HYPOCHLORI	315,247.00	215,168.68	100,078.32	68.25%	VARIANCE
J	54337	CHEMICALS, SODIUM BISULFITE	128,451.00	89,289.37	39,161.63	69.51%	VARIANCE
	54338	CHEMICALS, SODA ASH	-	-	-		
	54340	LAB, MEDICAL SUPPLIES	200,350.00	119,605.67	80,744.33	59.70%	VARIANCE
	54370	SUPPLIES BLDG & MAINT	148,450.00	77,582.22	70,867.78	52.26%	
	54410	EDUCATION SUPPLIES & EXPENSE	81,400.00	22,809.01	58,590.99	28.02%	
	54420	COMPUTER SUPPLIES & EXPENSE	87,900.00	22,984.10	64,915.90	26.15%	
	54430	OTHER OPERATING SUPPLIES & EXP	9,800.00	2,452.61	7,347.39	25.03%	
	54440	SAFETY EQUIPMENT	32,790.00	14,639.89	18,150.11	44.65%	
	54500	OFFICE EXPENSE	71,100.00	36,091.98	35,008.02	50.76%	
	Total Operating Supplies & Expenses		\$ 12,761,037.85	\$ 6,842,077.04	\$ 5,918,960.81	53.62%	
Special Services							
K	52600	REGULATORY EXPENSES	209,861.00	201,540.11	8,320.89	96.04%	VARIANCE
	52630	EDUCATIONAL CONSULTING	350.00	-	350.00	0.00%	
	52650	SECURITY SERVICES	31,981.00	18,344.99	13,636.01	57.36%	
	52660	LEGAL SERVICES	176,000.00	94,102.46	81,897.54	53.47%	
	52670	MGMT AND AUDIT SERVICES	2,208,320.00	1,093,839.06	1,114,480.94	49.53%	
L	52680	CLERICAL SERVICES	21,600.00	28,466.85	(6,866.85)	131.79%	OVER BUDGET
	52690	OTHER SERVICES	156,280.00	52,282.24	103,997.76	33.45%	
	Total Special Services		\$ 2,804,392.00	\$ 1,488,575.71	\$ 1,315,816.29	53.08%	
Capital Outlays							
	16510	AUTOMOTIVE EQUIPMENT	155,000.00	26,180.00	128,820.00	16.89%	
	16520	BUILDING & PLANT EQUIPMENT	409,150.00	92,176.72	316,973.28	22.53%	
	16570	MEDICAL SURG AND LAB EQUIP	79,500.00	6,380.50	73,119.50	8.03%	
	16580	OFFICE FURNITURE & EQUIP	46,200.00	5,532.65	40,667.35	11.98%	
	16583	COMPUTER SOFTWARE	257,750.00	112,896.53	144,853.47	43.80%	
M	16585	COMPUTER HARDWARE	431,000.00	323,087.98	107,912.02	74.96%	VARIANCE
	16590	OTHER EQUIPMENT	10,000.00	-	10,000.00	0.00%	
	16600	REPLACEMENT RESERVE	477,400.00	120,630.07	356,769.93	25.27%	
	16610	BUILDINGS & OTHER STRUCT	86,000.00	33,554.09	52,445.91	39.02%	
	16630	IMPROV NOT BLDG OR STRUCT	50,000.00	-	50,000.00	0.00%	
	16640	LAND	-	-	-		
	Total Capital Outlays		\$ 2,002,000.00	\$ 720,438.54	\$ 1,281,561.46	35.99%	

Narragansett Bay Commission

All Divisions Monthly Expense vs. Budget Report
January 31, 2007

ACCOUNT	DESCRIPTION	BUDGET	EXPENSES	BALANCE	% OF EXP/BUDGET	COMMENTS
Debt Service						
57800	BOND AND NOTE FEES	32,000.00	18,720.00	13,280.00	58.50%	VARIANCE
57900	INTEREST EXPENSE OTHER	-	-	-		
57908	INTEREST EXPENSE - 2007 SERIES A	2,025,399.00	1,198,217.51	827,181.49	59.16%	VARIANCE
57909	INTEREST EXPENSE - 2005 SERIES A	2,250,000.00	1,312,500.00	937,500.00	58.33%	
57910	INTEREST EXPENSE BOND	-	-	-		
57911	INTEREST EXPENSE BANS	-	-	-		
57912	INTEREST EXPENSE SRF	6,261,949.00	3,111,713.31	3,150,235.69	49.69%	
57913	INTEREST EXPENSE LEASES	58,000.00	23,653.05	34,346.95	40.78%	
57914	INTEREST EXPENSE VRDO	2,551,682.00	1,466,406.67	1,085,275.33	57.47%	
57915	PROGRAMMED NEW DEBT	683,600.00	-	683,600.00	0.00%	
N 57920	PRINCIPAL	16,800,972.00	16,800,971.70	0.30	100.00%	VARIANCE
Total Debt Service		\$ 30,663,602.00	\$ 23,932,182.24	\$ 6,731,419.76	78.05%	VARIANCE
Cost Center Total		\$ 65,977,338.74	\$ 42,763,611.06	\$ 23,213,727.68	64.82%	VARIANCE

Narragansett Bay Commission

Budget Vs. Actual Variance Explanations

January 31, 2007

Current Month:	January	58.3%	
Key	ACCOUNT	YTD % OF BUDGET	VARIANCE EXPLANATION
A	NON - UNION OT	85.5%	<u>FP</u> - Currently at 89% of budget. Staffing shortages caused increased usage of over-time. A budget transfer will be submitted towards year-end if necessary.
B	DUES AND SUBSCRIPTIONS	67.2%	<u>Lab</u> - Over budget - 108.94%. Bucklin Point BNR study and staffing shortages lead to more overtime usage. Budget transfers will be submitted this month.
C	MISCELLANEOUS EXPENSE	101.2%	<u>Exec</u> - Membership dues for NACWA paid in November \$26,664.
D	VEHICLE FUEL AND MAINTENANCE	68.6%	<u>CS</u> - Credit card usage has increased due to lien sale and increased amounts of water shut offs. Budget transfer will be submitted towards year-end. <u>IM</u> - Currently at 81.86% of budget. A Budget transfer will be submitted towards year-end if necessary. <u>EMDA</u> - Currently at 79.17% of budget. A budget transfer will be submitted towards year-end if necessary.
E	REPAIRS-HIGHWAYS AND WALKS	137.1%	<u>IM</u> - Over budget. Asphalt for pot hole repairs and cement for IM projects and masonry. A budget transfer will be processed this month.
F	WORKER'S COMP INSURANCE	79.3%	<u>General Administration</u> - 2k for repairing the parking lot was expended in December. This account was not budgeted. A budget transfer will be submitted.
G	CENTRAL TELEPHONE	68.4%	Two months premium paid out at the beginning of the fiscal year cause this variance. Two payments left for the remaining fiscal year.
H	#2 FUEL OIL-DIESEL FOR EQUIP	96.7%	<u>General Administration</u> - telephone bills are not the same month to month. A budget transfer will be processed towards year-end if necessary.
I	CHEMICALS, CHLORINE/HYPOCHLORI	68.3%	<u>FP</u> - Major electrical failures in September created more usage of emergency generators which ran down the diesel fuel supply. A Budget Transfer was processed in December.
J	CHEMICALS, SODIUM BISULFITE	69.5%	<u>FP</u> - Usage of this chemical is somewhat high due to effluent quality. A budget transfer will be processed towards year-end if needed.
K	REGULATORY EXPENSES	96.0%	<u>FP</u> - Usage of this chemical is higher due to effluent quality. A budget transfer will be processed towards year-end if needed.
L	CLERICAL SERVICES	131.8%	<u>Finance</u> - PUC assessment paid in December \$179,011.
M	COMPUTER HARDWARE	75.0%	<u>Executive</u> - Over budget by approximately 1k for intern. A budget transfer will be processed.
N	PRINCIPAL	100.0%	<u>Finance</u> - Currently at 92.3% of budget. A Budget transfer will be submitted towards year-end if necessary.
			<u>Customer Service</u> - Currently over budget. A budget transfer has been submitted.
			<u>Lab</u> - Temporary staffing in the Lab was not budgeted. A budget transfer will be processed.
			<u>IT</u> - Computer lease agreement paid \$316,962.
			The first and second payments for this year have been paid.
Note: Variance explanations given for significant variances - 5% or greater and over \$1500			