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Raymond J. Marshall, P.E.
Executive Director

Com 3-1 Responses to Commission questions 5 and 6 in Commission Data Request Set 2 indicate that the fees or cost associated with credit card payments for the last three years were: 2005 –2.5% of payments; 2006—3.2% of payments; and for 2007—2.4% of payments. What accounts for the varying cost associated with credit card payments over the last three years?

Answer: While responding to this data request we realized that the wrong number was provided for the 2006 fees. The 2006 fees were \$27,548.93 and the percent of payments ranged from 2.3% to 2.5% over the three years. The fees depend on the credit card used and whether the charge was qualified, mid-qualified or non-qualified.

	Fee	Amount	Percent
2005	\$ 19,536.31	\$ 780,941.61	2.50%
2006	27,548.93	1,199,141.70	2.30%
2007	34,383.65	1,450,517.41	2.37%

Com 3-2 Provide consumption / billing volumes through March 31, 2008, and a projection of the forth quarter fiscal year 2008 consumption / billing volumes. Show the total estimated fiscal year 2008 volumes using this data. Provide this information in total and by user category (residential, commercial, and industrial).

Answer:

NBC completed its FY 2008 billing on April 23, 2008. The gross billed consumption volume is below, although additional adjustments (downward) will take place between now and the end of the fiscal year:

	Residential Consumption Billing Units	Commercial Consumption Billing Units	Industrial Consumption Billing Units
Total	10,063,956	5,761,554	579,775

Billed consumption revenues are as follows:

	Projected Revenue Based on FY 2008 billed Consumption at Present Rates (Schedule WEE 2A)	Billed Consumption Revenues as of 4/28/08	Revenue Shortfall
Residential	\$22,422,847	\$22,010,671	(\$412,176)
Commercial	19,358,576	18,342,787	(1,015,789)
Industrial	1,371,711	1,202,560	(169,151)
	\$43,153,134	\$41,556,018	(\$1,597,116)

Com 3-3 Using the total fiscal year 2008 volumes from #2 above, provide a schedule showing the volumes, by user category, with the comparative volumes projected by NBC in its rate filing for fiscal year 2009 (WEE-2B consumption volumes for fiscal year 2009).

Answer:

	Residential Consumption Billing Units (HCF)	Commercial Consumption Billing Units (HCF)	Industrial Consumption Billing Units (HCF)
Actual 2008	10,063,956	5,761,554	579,775
WEE-2B	9,377,257	5,619,113	552,018

Com 3-4 Provide the audit report for NBC's non-union Defined Benefit Plan for calendar year 2006.

Answer: No separate audit was performed on the Defined Benefit Plan for the calendar year 2006. See the attached letter which NBC received from our current auditors (Bacon and Co., CPA's, LLC) when we requested individual audits of both the Defined Benefit and the Defined Contribution Pension Plan.



America Counts on CPAs

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March 13, 2008

Ms. Karen L. Giebink
Director of Administration and Finance
Narragansett Bay Commission
One Service Road
Providence, RI 02905

Dear Ms. Giebink:


I am providing you with a status on your recent request for audits of Narragansett Bay Commission's Non-union defined benefit and defined contribution pension plans. After our initial meeting to discuss the scope of the engagement, I expressed my concern about whether it would be appropriate to report and give an opinion on the pension plans in a separate stand-alone financial statement. At that time, I indicated to you that I would have to research the matter further to determine whether under Governmental Accounting Standards the pension plans meet the criteria of a pension trust fund. Narragansett Bay Commission is a governmental entity and is therefore subject to the pronouncement of the Governmental Accounting Standards Board (GASB).

Based on my review of the accounting standards, my inquiry to GASB's technical inquiry department and our discussions it appears that NBC's pension plans do not meet the criteria of a pension trust fund and should not be reported as a fiduciary fund in NBC's annual financial statement or as a separate stand-alone financial statement. The standards state that trust and agency funds are to be used solely to account for resources that are held by the government. A government is considered to be holding assets in connection with its fiduciary responsibilities if it performs the investment function or if the government has significant administrative involvement. NBC currently has a trustee and third party administrator for the pension plans, which perform the significant administrative functions.

The GASB standards that are applicable to NBC's pension plans are the required pension disclosures that currently appear in the footnotes to your annual audited financial statements.

If you have any questions, please feel free to call.

Sincerely,



Patricia A. Boucher CPA
Audit Partner