

Request 1. Explain the source of the \$4.9 million balance in the restricted account.

Answer: NBC provides detailed reporting of the receipts and expenditures from the restricted accounts to the Public Utilities Commission (PUC) on a quarterly basis. In accordance with the PUC's Report and Order, the restricted carry-forward from the prior fiscal year may be used to fund 'pay-as-you-go' capital and operating capital outlays. The \$330,000 in previously restricted "Special Master" funds Ordered to be used for operations as part of Docket 3797 are also funded out of this account.

The \$4.9 million is the unspent balance of prior years' debt service coverage and the entire amount is restricted. The debt service coverage carry-forward is accounted for in the long-term debt model and is used to reduce future borrowings.

Request 2. What is the status (over or under funded) of the non-union defined benefit pension plan as of 12/31/07.

Answer: NBC provided the PUC with a copy of the report for the Non-Union Defined Benefit Plan for the plan year ending December 31, 2007 on April 8, 2008. The total minimum required contribution on the report for the plan year, exclusive of the credit balance, is \$687,937. The total contribution to the plan was \$717,072.77.

Request 3. Recalculate the non-union salary for FY 2008 using 3.5% instead of the 4% used in the filing.

Answer:

	Non-Union Salary	
Test Year Salary	\$	7,049,001
		<u>1.035</u>
Salary based on 3.5%		7,295,716
Salary on WEE-4		<u>7,330,961</u>
Difference	\$	<u>(35,245)</u>

Request 4. Please provide the amount included in the rate year for credit card fees.

Answer: NBC kept the credit card fees at the test year level of \$33,184 which is included in the Miscellaneous Expense Account (Account number 53360).

Request 5. Please provide a projection of the number of NBC employees that may opt to retire this year in response to changes in the Employees Retirement System of Rhode Island.

Answer: NBC cannot say with any certainty the number of employees that may opt to retire in response to the changes in the Employees Retirement System of Rhode Island. Three long-term union employees retired within the last few months. One other union employee has met with Human Resources to discuss retirement this year. NBC is also aware of four union employees that are in the process of buying optional service credits and may or may not be contemplating retirement.

Request 6. Please have your Bond Counsel draft a proposal on the procedures to collect funds, control the funds, access the funds, approval mechanisms, etc. in either the Revenue Reserve Account or the O&M Reserve account.

Answer: NBC has asked Bond Counsel to prepare a Draft Supplemental Indenture. Unfortunately the document is not ready but NBC hopes to forward a draft to the PUC within the next 10 days.