

# General Rate Filing

December 3, 2007



One Service Road  
Providence, Rhode Island 02905  
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Vincent J. Mesolella  
Chairman

Raymond J. Marshall, P.E.  
Executive Director

## PUC General Rate Filing Checklist

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## **CERTIFICATE OF SERVICE**

I, Karen L. Giebink, hereby certify that I have, on this 3rd day of December, 2007 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.



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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 3, 2007

**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 July 1, 2008. The new rates are designed to collect revenues in a 12-month period equal to \$77,231,261.

- 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.

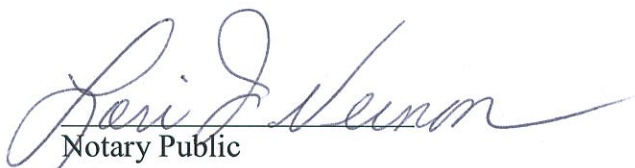
- 4) A copy of the materials herewith filed has been sent to the Administrator of the Division and the Attorney General for the State of Rhode Island.



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 3rd day of December 2007, Pursuant to the PUC Rule 1.9.

  
Notary Public

## TARIFFS OF THE NARRAGANSETT BAY COMMISSION

**SCHEDULE A****NARRAGANSETT BAY COMMISSION**

**EFFECTIVE:** Customer Charge: July 1, 2007  
 Consumption Charge: 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:****CUSTOMER CHARGE:**

\$112.35 per dwelling unit per year

**CONSUMPTION CHARGE:**

\$2.309 per hundred cubic feet of 100% of water used

**Residential Well Customers**

\$337.71 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.

**CUSTOMER  
CHARGE****METER SIZE****FIXED FEE**

5/8"	\$253
3/4"	\$378
1"	\$628
1 1/2"	\$1,259
2"	\$2,013
3"	\$3,771
4"	\$6,285
6"	\$12,574
8"	\$20,118
10"	\$28,920

**CONSUMPTION CHARGE:****NBC Service Area:**

\$2.153 per 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.

<b>CUSTOMER CHARGE</b>	<b><u>METER SIZE</u></b>	<b><u>FIXED FEE</u></b>
	5/8"	\$253
	3/4"	\$378
	1"	\$628
	1 1/2"	\$1,259
	2"	\$2,013
	3"	\$3,771
	4"	\$6,285
	6"	\$12,574
	8"	\$20,118
	10"	\$28,920

### **CONSUMPTION CHARGE:**

**NBC Service Area:** \$3.349 per 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 payable upon receipt. A late charge penalty of 1% per month will be assessed on unpaid account balances over thirty (30) days from the billing date.

## TARIFFS OF THE NARRAGANSETT BAY COMMISSION

**SCHEDULE B****NARRAGANSETT BAY COMMISSION**

<b>EFFECTIVE:</b>	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

<b>CAT #</b>	<b>User Classification</b>	<b>Permit Fee</b>
11	<b>Electroplater/Metalfinisher</b>	
	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	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufacturers</b>	\$7,246
14	<b>Other Categorical Industries</b>	\$1,087
15	<b>Metal Formers</b>	\$5,797
21	<b>Tubbing/Vibratory/Mass Finishing</b>	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	<b>Chemical Transporters, Refiners, Recyclers, Manufacturers</b>	\$2,898
23	<b>Textile Processing Firms</b>	
	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	<b>Printers</b>	
	Gravure	\$3,623
	Other Flow $\geq$ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	<b>Industrial Laundries</b>	\$3,623
26	<b>Machine Shops/Machinery Rebuilders</b>	\$1,449
27	<b>Other firms discharging toxics and/or prohibited pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$2,898
	Flow $\geq$ 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	<b>Central</b>	\$14,492
29	<b>Central Treatment Facilities</b>	\$4,348
	Non-Hazardous Waste	
34	<b>Manufacturers with high BOD/TSS wastestreams</b>	
	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	<b>Other facilities discharging conventional pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	<b>Automotive Maintenance/Service Facilities</b>	
	Small $\leq$ 2 Bays	\$435
	Large $\geq$ 3 Bays	\$1,449
40	<b>Groundwater Remediation/Excavation Projects</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725

## Existing Tariffs

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

## Existing Tariffs

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

## Existing Tariffs

CAT #	User Classification	Permit Fee
95	<b>Clinical, Medical and Analytical Laboratories</b>	\$725
96	<b>Funeral Homes/Enbalming Operations</b>	\$362
97	<b>Motor Vehicle Service/Washing Operations</b>	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	<b>Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	
	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	\$260.00 per connection
Commercial	\$779.00 per connection
Industrial	\$779.00 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
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**4. Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

Charge:	\$42.00 per thousand gallons
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**5. BOD/TSS Surcharge:** (if applicable)

Charge:	\$87.00 per 1,000 pounds of BOD with a concentration > 300 mg/l
Charge:	\$87.00 per 1,000 pounds of TSS with a concentration > 300 mg/l

\* 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
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# TARIFFS OF THE NARRAGANSETT BAY COMMISSION

## SCHEDULE A

### NARRAGANSETT BAY COMMISSION

**EFFECTIVE:** Customer Charge: ~~July 1, 2007~~ July 1, 2008  
Consumption Charge: ~~July 1, 2007~~ July 1, 2008

#### 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:

#### CUSTOMER CHARGE:

~~\$112.35~~ per dwelling unit per year  
**\$131.87**

#### CONSUMPTION CHARGE:

~~\$2.309~~ per hundred cubic feet of 100% of water used  
**\$2.710**

#### Residential Well Customers

~~\$337.71~~ Based upon fixed fee and average usage of 200 gpd  
**\$396.38**

#### INDUSTRIAL

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

#### CUSTOMER CHARGE

#### METER SIZE

#### FIXED FEE

5/8"	<del>\$253</del> <b>\$297</b>
3/4"	<del>\$378</del> <b>\$444</b>
1"	<del>\$628</del> <b>\$737</b>
1 1/2"	<del>\$1,259</del> <b>\$1,478</b>
2"	<del>\$2,013</del> <b>\$2,363</b>
3"	<del>\$3,771</del> <b>\$4,426</b>
4"	<del>\$6,285</del> <b>\$7,377</b>
6"	<del>\$12,574</del> <b>\$14,758</b>
8"	<del>\$20,118</del> <b>\$23,612</b>
10"	<del>\$28,920</del> <b>\$33,943</b>

#### CONSUMPTION CHARGE:

#### NBC Service Area:

**\$2.527** ~~\$2.153~~ per 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.

<b>CUSTOMER CHARGE</b>	<b><u>METER SIZE</u></b>	<b><u>FIXED FEE</u></b>
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	3/4"	<del>\$378</del> <b>\$444</b>
	1"	<del>\$628</del> <b>\$737</b>
	1 1/2"	<del>\$1,259</del> <b>\$1,478</b>
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	3"	<del>\$3,771</del> <b>\$4,426</b>
	4"	<del>\$6,285</del> <b>\$7,377</b>
	6"	<del>\$12,574</del> <b>\$14,758</b>
	8"	<del>\$20,118</del> <b>\$23,612</b>
	10"	<del>\$28,920</del> <b>\$33,943</b>

### CONSUMPTION CHARGE:

**NBC Service Area:** ~~\$3.349~~ **\$3.932** per 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.

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

### PAYMENT

All bills payable upon receipt. A late charge penalty of 1% per month will be assessed on unpaid account balances over thirty (30) days from the billing date.

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

**SCHEDULE B**

**NARRAGANSETT BAY COMMISSION**

<b>EFFECTIVE:</b>	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.

<b>CAT #</b>	<b>User Classification</b>	<b>Permit Fee</b>
11	<b>Electroplater/Metalfinisher</b>	
	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	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufacturers</b>	\$7,246
14	<b>Other Categorical Industries</b>	\$1,087
15	<b>Metal Formers</b>	\$5,797
21	<b>Tubbing/Vibratory/Mass Finishing</b>	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	<b>Chemical Transporters, Refiners, Recyclers, Manufacturers</b>	\$2,898
23	<b>Textile Processing Firms</b>	
	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

## Marked-up Tariffs

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



## Marked-up Tariffs

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

## Marked-up Tariffs

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

## Marked-up Tariffs

CAT #	User Classification	Permit Fee
95	<b>Clinical, Medical and Analytical Laboratories</b>	\$725
96	<b>Funeral Homes/Enbalming Operations</b>	\$362
97	<b>Motor Vehicle Service/Washing Operations</b>	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	<b>Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	
	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	\$260.00 per connection
Commercial	\$779.00 per connection
Industrial	\$779.00 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
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**4. Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

Charge:	\$42.00 per thousand gallons
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**5. BOD/TSS Surcharge:** (if applicable)

Charge:	\$87.00 per 1,000 pounds of BOD with a concentration > 300 mg/l
Charge:	\$87.00 per 1,000 pounds of TSS with a concentration > 300 mg/l

\* 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
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**TARIFFS OF THE NARRAGANSETT BAY COMMISSION**

**SCHEDULE A**

**NARRAGANSETT BAY COMMISSION**

**EFFECTIVE:** Customer Charge: July 1, 2008  
Consumption Charge: July 1, 2008

**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:**

**CUSTOMER CHARGE:**

\$131.87 per dwelling unit per year

**CONSUMPTION CHARGE:**

\$2.710 per hundred cubic feet of 100% of water used

**Residential Well Customers**

\$396.38 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.

**CUSTOMER  
CHARGE**

**METER SIZE**

**FIXED FEE**

5/8"	\$297
3/4"	\$444
1"	\$737
1 1/2"	\$1,478
2"	\$2,363
3"	\$4,426
4"	\$7,377
6"	\$14,758
8"	\$23,612
10"	\$33,943

**CONSUMPTION CHARGE:**

**NBC Service Area:**

\$2.527 per 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.

<b>CUSTOMER CHARGE</b>	<b><u>METER SIZE</u></b>	<b><u>FIXED FEE</u></b>
	5/8"	\$297
	3/4"	\$444
	1"	\$737
	1 1/2"	\$1,478
	2"	\$2,363
	3"	\$4,426
	4"	\$7,377
	6"	\$14,758
	8"	\$23,612
	10"	\$33,943

### **CONSUMPTION CHARGE:**

**NBC Service Area:**

\$3.932 per 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 payable upon receipt. A late charge penalty of 1% per month will be assessed on unpaid account balances over thirty (30) days from the billing date.

**TARIFFS OF THE NARRAGANSETT BAY COMMISSION**

**SCHEDULE B**

**NARRAGANSETT BAY COMMISSION**

<b>EFFECTIVE:</b>	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

<b>CAT #</b>	<b>User Classification</b>	<b>Permit Fee</b>
11	<b>Electroplater/Metalfinisher</b>	
	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	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufacturers</b>	\$7,246
14	<b>Other Categorical Industries</b>	\$1,087
15	<b>Metal Formers</b>	\$5,797
21	<b>Tubbing/Vibratory/Mass Finishing</b>	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	<b>Chemical Transporters, Refiners, Recyclers, Manufacturers</b>	\$2,898
23	<b>Textile Processing Firms</b>	
	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	<b>Printers</b>	
	Gravure	\$3,623
	Other Flow $\geq$ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	<b>Industrial Laundries</b>	\$3,623
26	<b>Machine Shops/Machinery Rebuilders</b>	\$1,449
27	<b>Other firms discharging toxics and/or prohibited pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$2,898
	Flow $\geq$ 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	<b>Central</b>	\$14,492
29	<b>Central Treatment Facilities</b> Non-Hazardous Waste	\$4,348
34	<b>Manufacturers with high BOD/TSS wastestreams</b>	
	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	<b>Other facilities discharging conventional pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	<b>Automotive Maintenance/Service Facilities</b>	
	Small $\leq$ 2 Bays	\$435
	Large $\geq$ 3 Bays	\$1,449
40	<b>Groundwater Remediation/Excavation Projects</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725

## Proposed Tariffs

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



## Proposed Tariffs

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

## Proposed Tariffs

CAT #	User Classification	Permit Fee
95	<b>Clinical, Medical and Analytical Laboratories</b>	\$725
96	<b>Funeral Homes/Enbalming Operations</b>	\$362
97	<b>Motor Vehicle Service/Washing Operations</b>	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	<b>Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	
	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	\$260.00 per connection
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Charge:	\$75.00 per incident
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Charge:	\$42.00 per thousand gallons
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Charge:	\$87.00 per 1,000 pounds of BOD with a concentration > 300 mg/l
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**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
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**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 3, 2007**

**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 3rd day of December 2007.

  
Notary Public

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 3, 2007**

**NARRAGANSETT BAY COMMISSION**

**ATTESTATION**

I, Walter E. Edge, President of B&E Consulting, 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 3rd day of December 2007.


  
Notary Public

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 3, 2007**

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 3<sup>Rd</sup> day of December 2007.

  
Notary Public

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 3, 2007**

NARRAGANSETT BAY COMMISSION

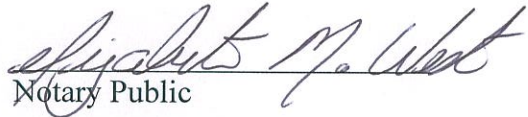
**ATTESTATION**

I, Joseph Pratt, Vice President of Louis Berger Group, Inc., 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.

  
Joseph Pratt

STATE OF RHODE ISLAND  
PROVIDENCE, SC.

Subscribed and sworn to before me on this 3rd day of December 2007.

  
Notary Public

ELIZABETH M. WEST  
NOTARY PUBLIC  
STATE OF RHODE ISLAND  
MY COMMISSION EXPIRES 9/22/2009



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

**for  
THE NARRAGANSETT BAY COMMISSION**

**DOCKET No. \_\_\_\_\_**

1 **Q. Good morning Mr. Edge. Would you please give your name and business**  
2 **address for the 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 3797, 3775, 3707, 3639, 3592, and 3483). In addition  
12 to my testimony for NBC, I have provided similar services for other regulated clients  
13 such as Interstate Navigation Company, Block Island Power Company, Providence Water  
14 Supply Board, Pawtucket Water Supply Board, Newport Water, Prudence Ferry, and  
15 Stone Bridge Fire District. I have also provided accounting and rate testimonies for  
16 intervention in the Rhode Island Public Utility Commission (PUC) filings for Interstate  
17 Navigation (IHSF filing), the Town of North Smithfield (Woonsocket Water filing) and  
18 Osram Sylvania (Pawtucket Water filing).

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

22  
23 **Q. What is the scope of your engagement in this docket?**

24 A. NBC hired B&E to develop a normalized test year, FYE June 30, 2007 and a rate  
25 year, FYE June 30, 2009. B&E was engaged to prepare expert testimony in support of  
26 both the test year and the rate year, which included all the schedules and exhibits  
27 required by the rules and regulations of the Rhode Island Public Utilities Commission  
28 (PUC). In addition, B&E was asked to prepare and present any appropriate rate design  
29 testimony. As part of the engagement, B&E will also review the testimony of others, and  
30 assist with cross-examination. Lastly, B&E will assist legal counsel with the preparation  
31 of appropriate briefs.



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

4 A. Certainly. The last general rate filing (Docket 3797) was filed on December 1, 2006  
5 for implementation in the rate year, FY 2008. Before that filing, NBC filed Docket 3775  
6 which was a Compliance (Debt) Rate Filing which had the same rate year (FY 2008) as  
7 proposed in Docket 3797. The table below summarizes this docket history.

Docket	Test Year	Rate Year	Type of Filing
3775	Rate Year Docket 3707	FY 2008	Debt Compliance
3797	FY 2006	FY 2008	General

11 The major adjustments in Docket 3797 were as follows:

- 12
- 13 1. NBC used a new approach “composite rates” in its test year and the rate year revenue  
14 checks. NBC showed through testimony and schedules that a percentage of its  
15 consumption each year is billed at rates that are lower than the authorized rates in  
16 place on the first day of any fiscal year. The Division took exception to NBC’s use  
17 of these “composite rates”. In order to reach an agreement with the Division, NBC  
18 agreed to accept the Division’s adjustment to eliminate the “composite rates”. The  
19 adjustment resulted in a reduction of \$857,374 to the rate year revenue, at current  
20 rates.

21

22 NBC will address declining consumption once again in this docket. NBC will  
23 provide additional consumption information which will further demonstrate to the  
24 PUC and the Division that NBC has a revenue generation problem that is not  
25 addressed through the normal ratemaking process.

1 NBC expects that this additional information will result in the PUC re-addressing this  
2 issue and allow NBC to establish a revenue stability fund. In addition, it is expected  
3 that the PUC will adjust the method used to calculate the rate year consumption.  
4

5 2. The Division identified a number of small adjustments to the operating accounts such  
6 as health insurance expense - \$94,557; biosolids disposal costs - \$46,495; bad debt  
7 expense - \$100,000; and maintenance and service agreements - \$53,427. NBC  
8 accepted each of these non-material adjustments (per my review of the NBC  
9 accounts, I determined that a material adjustment would be one that was in excess of  
10 \$200,000.)  
11

12 3. The Division also proposed to reduce the Special Master restricted account fund  
13 balance to \$150,000 and to return the remainder of the account, \$660,000, to the  
14 ratepayers over two years (\$330,000 per year) by amortizing the funds to a  
15 miscellaneous operating revenue account. The PUC approved this treatment and  
16 NBC implemented the proposal in FY 2008.  
17

18 4. The next issue raised was the State's funding of post retirement health insurance  
19 under GASB 45. NBC filed for an 8.57% funding rate based upon a preliminary  
20 number from the State of Rhode Island's Budget Office. The Division, having more  
21 up-to-date information, recommended a funding level of 3.63% which was the  
22 percentage level included in the State's proposed FY 2008 budget. NBC agreed with  
23 the Division's proposed adjustment in the amount of \$239,205, with the  
24 understanding that if the State changed the funding level, NBC would be allowed to  
25 adjust its rates to reflect the change. The State funding for the rate year remained at  
26 the proposed level (3.63%) and therefore, no follow-up is required.  
27

28 5. NBC proposed the establishment of an eight to nine million dollar O&M Reserve  
29 Fund to be funded within the restricted accounts maintained by the Trustee. The  
30 Division's position was that although such a reserve was reasonable given the vast  
31 amount of debt currently outstanding, the interest earned on the proposed O&M

1 Reserve Fund should go to the benefit of the ratepayers. NBC's bond counsel opined  
2 that the interest from the proposed O&M Reserve Fund had to remain in the O & M  
3 Reserve Fund. The Division then opposed the O&M Reserve Fund.

4  
5 The Division had a second concern regarding the establishment of an O&M Reserve  
6 Fund. The use of restricted funds would require NBC to borrow an additional eight  
7 to nine million dollars to complete NBC's capital projects at a debt service cost of  
8 approximately \$750,000 per year. This debt service cost exceeded the estimated  
9 financing savings gained from having the fund.

10  
11 In its order, the PUC also rejected the O&M Reserve Fund. In this docket, I will  
12 present an alternative approach by establishing a revenue stability fund to protect  
13 NBC against revenue shortfalls and revenue lags that I believe also addresses all of  
14 the PUC and Division concerns.

15  
16 **Q. Does that conclude your review of the revenue requirement items addressed in**  
17 **the last docket?**

18 A. No, that concludes my review of the revenue requirement items raised by the  
19 Division in the last docket. However, the PUC raised a number of additional revenue  
20 requirement items as follows:

- 21  
22 1. The PUC selected a few of the general operating expense accounts that had  
23 balances less than \$200,000 which I left at the test year level for the rate year.  
24 As stated in the PUC order, the PUC reviewed accounts where "there was a  
25 significant increase in any account from fiscal year 2005 to the test year, fiscal  
26 year 2006," as well as accounts where "the test year level was clearly higher than  
27 the interim rate year level, fiscal year 2007" to determine "whether any expenses  
28 in these accounts were inappropriate". At the conclusion of this additional  
29 review, the PUC disallowed aquarium expense of \$1,695.

1       2. Next the PUC reviewed NBC's energy costs and reduced the NBC gas account by  
2       \$40,458. Since NBC is still operating in the rate year of the last docket, it cannot  
3       be determined at this time if the PUC's adjustment was appropriate.

4

5       3. The PUC then reviewed the salary levels requested in the rate filing. NBC  
6       proposed salary increases of 3.75% and 4.5% for its non-union employees (the  
7       same percentages applied to union employee salaries). The PUC made an  
8       adjustment reducing non-union salary increases to 3.5% per year (an adjustment  
9       amount of \$87,706). In its order, the PUC made the following statement "NBC  
10      could give 4.5% salary increases to all of its employees if NBC achieved savings  
11      in other accounts." Once again, NBC is currently operating in the rate year and  
12      rate year savings cannot be determined.

13

14      4. The PUC once again calculated the net operating reserve allowance excluding  
15      debt and personnel services costs. The PUC calculation resulted in a reduction in  
16      the net operating reserve allowance to a rate year level of \$232,224.

17

18      **Q. Mr. Edge, were there any rate design issues raised in Docket 3797?**

19      A. No.

20

21      **Q. What are the major items driving this rate request?**

22      A. At the conclusion of the last docket, NBC testified that it had two significant issues  
23      that it had not anticipated; 1) an increase in the usage of soda ash in order to meet Rhode  
24      Island Department of Environmental Management's (RIDEM) permit levels for nitrogen  
25      removal and 2) a significant shortfall in consumption revenue in FY 2007.

26

27      NBC anticipates the shortfall will continue into the interim year (FY 2008) and rate year  
28      (FY 2009). I will address both of these items in this filing.

29

1 In addition to the above items, NBC is requesting an increase in salaries and wages for its  
2 union employees consistent with the union contract. Similar increases are proposed for  
3 its non-union employees. This filing also reflects rate increases in employee benefits.  
4

5 A new rate item that is presented in this filing is the impact of the CSO Phase I Facilities  
6 becoming operational during the rate year (October 2008). There are two aspects to the  
7 costs associated with the CSO Phase I Facilities as follows:  
8

- 9 ➤ First, there are increased utility costs for operating the new tunnel pump station  
10 and controlling its environment (please refer to the testimony of Joseph Pratt.)  
11
- 12 ➤ Second, there are increased costs for the treatment of the additional flow from the  
13 CSO tunnel to the Field's Point Wastewater Treatment Facility. I have reviewed  
14 the calculations made by NBC staff and expert outside consultants in determining  
15 the impact on operating costs, and made the appropriate adjustments.  
16

17 **Q. Are there any other issues in this filing?**

18 A. Yes, there are two.  
19

- 20 ➤ The first is the establishment of the Revenue Stability Fund which I will discuss  
21 in detail later in this testimony.  
22
- 23 ➤ The second is that NBC's long-term financing model provides for the borrowing  
24 of an additional \$12,000,000 from the Rhode Island Clean Water Finance Agency  
25 (RICWFA) for the FY 2009 rate year, thereby increasing debt service expense  
26 and coverage. Given the success of the multi-year debt compliance filing  
27 mechanism, the NBC is requesting an extension of that program for its FY 2009-  
28 2013 Capital Improvement Program.  
29  
30  
31

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

2    A. NBC is requesting additional revenue in the amount of \$10,924,164 that will increase  
3    total rate year revenue to \$77,231,261. This represents a rate increase of 16.48%.

4

5    **Q. Will all the rates increase by the 16.48%?**

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

7    Therefore, the effective across-the-board rate increase on user rates will be 17.37%. (See  
8    Schedule WEE-15)

9

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

11   A. Yes.

**TEST YEAR (FYE June 30, 2007)**

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

A. No, B&E was not the auditor of the FY 2007 financial statements. However, an independent audit of NBC was completed 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. From my review, I obtained a better understanding of the detail transactions included in the revenues and expenses. My review was the basis for my normalized test year.

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

A. I started with the June 30, 2007 audited financial statements that were prepared using Generally Accepted Accounting Principals (GAAP). It was necessary to make certain ratemaking adjustments (such as removing depreciation and adding principal payments on long term debt) to convert the GAAP basis financial statements to a ratemaking basis. In addition to the ratemaking adjustments, a number of test year adjustments were made. The test year adjustments are as follows:

- My first test year adjustments were to increase user fee revenues for the additional revenue expected from Dockets 3797 and 3775, implemented in FY 2008 (which is the interim year in this docket). These FY adjustments were calculated to reflect the additional revenue expected in FY 2008 based on FY 2007 units at current rates. (See Schedule WEE-2A).
- The next adjustment was made to eliminate the interest income earned during the test year on the Project Funds and Debt Service Funds (\$2,335,650). This interest income is not available for operations.

➤ As in previous rate cases, I have eliminated Environmental Enforcement revenues (\$52,525) and related expenses in the Public Outreach account (\$26,400). This revenue account and, in turn, the related expenses are legislatively mandated and not available for operations.

➤ Grant activity is the next test year adjustment. Grant revenue is related specifically to grant approved expenditures and therefore the revenue is not available to pay for normal operations. I have removed all of the grant revenues (\$49,037) and the grant expenses charged to the Non-Union Regular Salaries account (\$49,037).

➤ The next adjustment was made to eliminate capital contributions received from an EPA grant for capital project cost reimbursement. These funds are not available for operations. This account was adjusted in the amount of \$5,626.

➤ Next, I adjusted miscellaneous income. I eliminated a Workers' Compensation dividend check (\$37,137) received by NBC in the test year. Based upon conversations that NBC had with its insurer, no dividends have been declared for FY 2007 that would have been disbursed in the interim year FY 2008. Also, NBC had poor Workers' Compensation experience during FY 2007, and therefore no dividend check is expected in the rate year.

The next adjustment was also made to Miscellaneous Income to eliminate a one time "Light Fixture Rebate" from National Grid in the amount of \$17,054. My total adjustment to miscellaneous revenue was \$54,191 (\$37,137 + \$17,054).

➤ Next, I eliminated the one time loss in the Equipment Losses account in the amount of \$258.



➤ The next adjustment was made to remove depreciation (\$6,503,419) and all but \$9,690 of the annual amortization expense of \$299,794 from the test year.

The amortization of \$9,690 is for the Bucklin Point organization cost that was established a number of years ago by the Auditor General's office. This adjustment is needed because NBC is regulated on a cash basis.

➤ The next adjustment was to reflect the Capital Outlays purchased in the test year that were charged to capital accounts and not expensed. I made these test year adjustments to show the level of Capital Outlays in the test year.

➤ I then added back to the test year the cost of debt service (principal payments and interest) in the amount of \$30,832,125 as approved in Docket 3775. In addition, I have added to the test year the coverage allowance of \$7,708,031 approved in Docket 3775. I made an adjustment to remove the test year interest expense of \$11,886,975.

➤ Next I calculated the Net Operating Reserve in the amount of \$208,619, based on the methodology approved by the PUC in Docket 3797.

➤ I also made a test year revenue adjustment of \$330,000 to show the amortization of the excess balance of the Special Master restricted account. The PUC approved this amortization for the two years FY 2008 and FY 2009 (the rate year).

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

A. The test year is an important foundation on which to build an appropriate rate year. A large number of accounts have been left at test year levels for the rate year so having a representative of a normal test year is important.

1   **Q. Mr. Edge, did you complete a schedule that shows the test year revenue by**  
2   **source that ties into the audited financial statements for FY 2007?**

3   A. Yes, see Schedule WEE-2.

4

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

7   A. Yes I have, see Schedule WEE-3. This schedule is helpful when projecting rate year  
8   levels of revenues and expenses.

9

10   **Q. Does the adjusted test year shown on your Schedule WEE-1 represent a normal**  
11   **level of revenue and expenses for NBC?**

12   A. Yes, it does.

**RATE YEAR (FYE June 30, 2009)**

**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 once again 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 generally related account groups. These groupings could then be reviewed and evaluated together. The small number of remaining accounts will be analyzed separately. The groups are as follows:

1. Revenue accounts (19 accounts).
2. Personnel service accounts (20 accounts). These accounts are all payroll and payroll related accounts.
3. Capital outlays (9 accounts). These accounts were added to the test year only to show the level of spending in the test year. As stated above these capital expenditures are not paid from operating revenues. Therefore, I have removed them in the rate year.
4. There are 7 revenue accounts and 38 expense accounts that have balances in the test year of less than \$200,000 that 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 are analyzed individually.

1 **REVENUES:**

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

4 A. First, as I pointed out earlier in this testimony, I adjusted the test year revenues for  
5 the impact from Docket 3797 and 3775 to reflect the projected interim year revenues.

6  
7 In Docket 3797, I used the actual test year consumption units to project the rate year  
8 revenue levels. Use of the test year consumption levels were better than using an  
9 averaging approach because it “provided me with the most current and reasonable  
10 estimates for the rate year revenue levels for the five major revenue accounts.” As it  
11 turned out, that was an overly conservative approach.

12  
13 I noted in Docket 3797 “NBC’s consumption numbers have been declining over the past  
14 few years”. At that time, I was hopeful that the downward trend would end with the test  
15 year. However the downward trend continued in FY 2007.

16  
17 The following table shows billed consumption in hundred cubic feet (HCF) over the past  
18 four fiscal years.

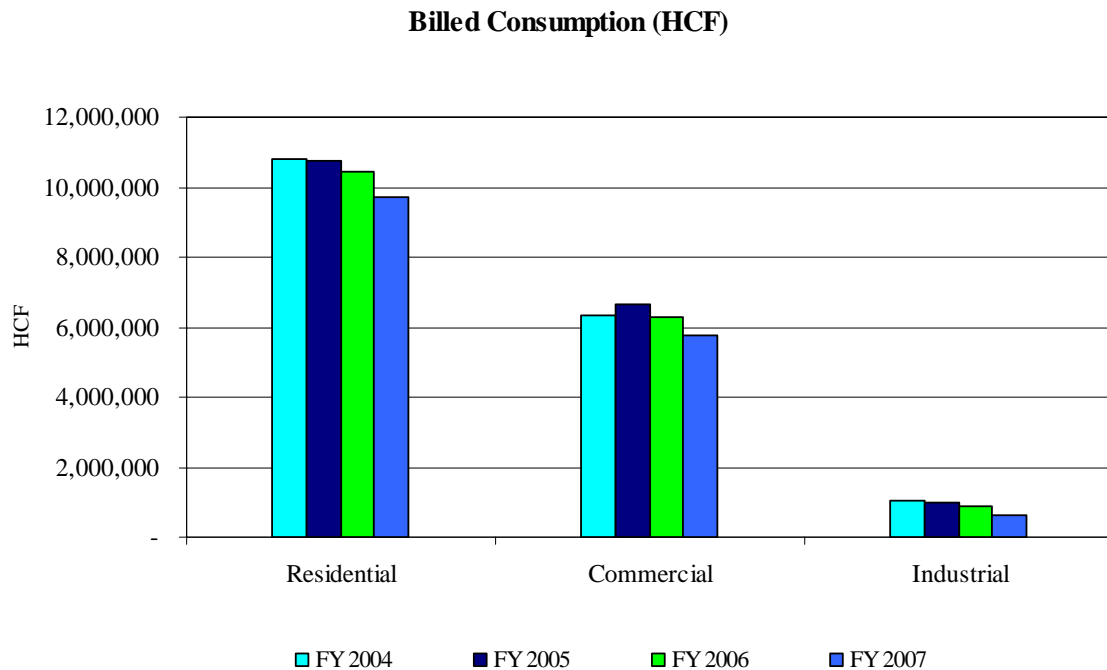
19  
20 **Historical Consumption (HCF)**

Fiscal Year	HCF		HCF		HCF	
	Residential	% Decrease	Commercial	% Decrease	Industrial	% Decrease
FY 2004	10,808,264		6,328,086		1,018,922	
FY 2005	10,763,047	-0.42%	6,652,707	5.13%	969,262	-4.87%
FY 2006	10,438,944	-3.01%	6,273,455	-5.70%	888,212	-8.36%
FY 2007	9,711,064	-6.97%	5,780,405	-7.86%	637,116	-28.27%
Average	10,430,330	-3.47%	6,258,663	-2.81%	878,378	-13.84%

21  
22  
23 **Q. Mr. Edge can you show the decline in graph form?**

24 A. Yes. The decline in billed consumption is evident in the graph on the following  
25 page.

1



2

3

4 In the test year (FY 2007) the billed consumption was more than 8% lower than the  
 5 consumption approved in NBC's last rate filing for the rate year FY 2008 as shown on  
 6 the following table.

7

Approved vs. Actual Consumption (HCF)				
Customer Class	Approved FY 2008 (Docket 3797)	Actual FY 2007	Difference	Percent
Residential	10,438,944	9,711,064	(727,880)	-6.97%
Commercial	6,273,455	5,780,405	(493,050)	-7.86%
Industrial	888,812	637,116	(251,696)	-28.32%
Total	17,601,211	16,128,585	(1,472,626)	-8.37%

8

9

10

11 **Q. Have you taken a different approach than using the test year level of**  
 12 **consumption in this filing?**

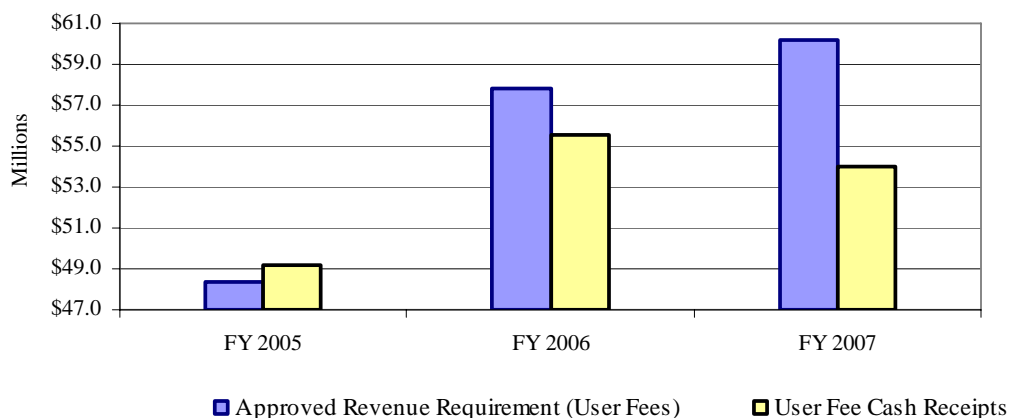
13 A. Yes, I have. I have calculated a continuation of the consumption decline evidenced  
 14 in the table above.

To reflect this trend I made a downward adjustment to each of these three consumption revenue accounts for the interim and rate years. My methodology was to use the average decrease in consumption units over the past three years to project the decrease in the consumption units in the interim year and subsequently the rate year. My total revenue adjustment is a reduction in rate year revenue of \$1,494,144 which reflects a \$770,761 reduction in residential revenue; \$540,167 reduction in commercial revenue; and \$183,216 reduction in industrial revenue.

**Q. Mr. Edge, have you reviewed the recent history of NBC's user fee revenues?**

A. Yes. I have reviewed the user fee revenue in the test year (FY 2007) and the previous three years. I compared the PUC Docket 3707 approved revenue with the NBC billed and collected revenue, in FY 2007. Although the PUC authorized user fee revenues in Docket 3707 of \$60,161,321 for FY 2007, NBC only billed \$56,094,976 in user fees. To make matters worse, cash collection of user fees was only \$54,013,416; a shortfall of \$6,147,905; or approximately 10% of the authorized revenue requirement. This is an alarming issue that should be addressed in this filing. Below is a chart that shows the user fee comparison for the last three fiscal years.

**User Fee Cash Receipts vs. Revenue Requirement**



1 **Q. How was NBC able to complete the year with a user fee cash shortfall of**  
2 **\$6,147,905?**

3 A. It is important to note that NBC's user fee cash collected is allocated between  
4 restricted (54%) and unrestricted (46%). Therefore, NBC had a shortfall in both  
5 restricted and unrestricted accounts in the test year. The operating shortfall was offset to  
6 some extent by savings in certain expense accounts and through sound budget  
7 management. Even so, NBC had an operating loss on a ratemaking basis in excess of  
8 \$800,000 for the test year.

9  
10 The amount available for the restricted fund carry-forward balance was the most  
11 adversely affected. NBC did not collect the PUC approved amount necessary to cover  
12 the debt service coverage allowance in the test year resulting in a shortfall in funds  
13 available for NBC's operating capital outlays and Capital Improvement Program (CIP).

14  
15 **Q. Mr. Edge, did you review NBC's records to determine what the FY 2007**  
16 **restricted fund carry-forward was for FY 2008?**

17 A. Yes, I did. I found that the cash amount available for transfer at June 30, 2007 was  
18 only \$1.1 million instead of the \$7.7 million coverage allowance approved by the PUC in  
19 Docket 3775, and subsequently in Docket 3797.

20  
21 **Q. What is the restricted fund carry-forward used for?**

22 A. Normally the carry-forward would be used first for NBC's approved annual  
23 operating Capital Outlays (approximately \$2.0 million per year), and the remainder  
24 would go to the restricted project fund to reduce NBC's need for additional financing.  
25 At the end of FY 2007 there was not enough cash available from the carry-forward to pay  
26 NBC's budgeted Capital Outlays of approximately \$2.0 million in FY 2008.  
27 Furthermore, based on Docket 3797 the PUC approved the allocation of \$330,000  
28 amortization of the Special Master from the restricted carry-forward to Miscellaneous  
29 Income.

1 **Q. Could this type of shortfall in cash receipts in any one year cause a default in**  
2 **NBC's Trust Agreement?**

3 A. I don't know. However, I do know that shortfalls of this magnitude are alarming.  
4

5 **Q. What can the PUC do to protect NBC's approximately \$432 million outstanding**  
6 **debt?**

7 A. The PUC can recognize that the previously accepted approach for projecting rate  
8 year revenues, using the test year units for the rate year, is flawed at this time for NBC,  
9 given the past four year downward trend. The PUC should approve NBC's projected  
10 rate year revenue calculation which reflects a continuation of the downward trend in  
11 consumption.  
12

13 **Q. Is there another way to protect NBC's outstanding debt in addition to properly**  
14 **projecting the rate year revenue?**

15 A. Yes, I believe there is. In this rate filing, NBC has included a second insurance  
16 factor to protect against a shortfall in revenues. NBC proposes the establishment of a  
17 restricted revenue stability fund which will be funded from operations and deposited in a  
18 separate restricted account managed by the Trustee. Withdrawals from the account can  
19 only be used to address severe revenue shortfalls and revenue lags. The core funds  
20 deposited into this restricted account will only be accessed with notification to the PUC.  
21 Lastly, all interest earned on these funds will be used to reduce future rates. For more  
22 details regarding this restricted revenue stability fund see the expense section of this  
23 testimony, as well as testimony from Ms. Gurghigian.  
24

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

26 A. With the exception of interest revenue which I increased by \$7,000 for the interest  
27 expected from the revenue stability fund, I left the remaining revenue accounts at the test  
28 year levels.  
29

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

31 A. Yes it does.



1 **EXPENSES:**

2  
3 **Q. How would you like to proceed with your review of expenses?**

4 A. I would like to review the expense accounts in the same order as they are listed on  
5 Schedule WEE-1. The first group of accounts is personnel services accounts.

6  
7 I have prepared Schedule WEE-4 to show my calculations for rate year salary and salary  
8 related accounts. My total salary calculations are shown at the top of the page. To  
9 arrive at the rate year salaries, I started my calculations using the adjusted test year salary  
10 expense for non-union and union employees.

11  
12 Next, I increased the adjusted test year salaries for both union and non-union by 4.00%  
13 for FY 2008 and 4.25% for FY 2009. These increases represent the negotiated union  
14 COLAs of 2.75% and 3.0% for FY 2008 and FY 2009 respectively, and a 1.25% increase  
15 for steps. I made the appropriate adjustment to Schedule WEE-1.

16  
17 **Q. Mr. Edge, how did you calculate the rate year level for the two reimbursement**  
18 **accounts and overtime?**

19 A. I calculated the grant related salaries and fringe benefits (reimbursements) for the  
20 rate year in the same fashion that I had increased the salaries above. I then calculated the  
21 union, non-union and limited overtime for the rate year in the same manner. The  
22 appropriate adjustment was made to Schedule WEE-1.

23  
24 **Q. Did you increase FICA for the rate year?**

25 A. Yes, FICA expense is a function of payroll expense. See Schedule WEE-4 for my  
26 calculation.

27  
28 **Q. How did you adjust the pension accounts?**

29 A. The union pension was calculated using 21.13% of union salaries in the rate year  
30 based on the rate provided to NBC by the State Retirement Board. See the calculation on  
31 Schedule WEE-4.

1 The non-union pension expense was calculated in the same manner as NBC's prior  
2 dockets at 10% of non-union and limited rate year salaries. See the calculation on  
3 Schedule WEE-4.

4  
5 **Q. The next account is Retirement Health. Why is there such a large increase in**  
6 **this account from the test year to the rate year?**

7 A. This account reflects the retiree health costs for NBC's union employees who  
8 participate in the Employees' Retirement System of Rhode Island. The State of Rhode  
9 Island is starting to address the issue of implementation and funding of GASB 45, Other  
10 Post Employment Benefits (OPEB) in FY 2008. The State's retiree health percentage  
11 has increased significantly from 2.74% in the test year to a projected 5.46% in the rate  
12 year as provided by the Employees' Retirement System of Rhode Island. The retiree  
13 health calculation is at the bottom of Schedule WEE-4.

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

16 A. No, I have not. No turnover allowance is needed in this docket because the lower  
17 staffing levels allowance is reflected in the actual test year payroll and payroll related  
18 accounts. NBC is requesting that there be no change to the total number of 244 FTEs  
19 approved in the Order of Docket 3797.

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 and dental costs  
23 for the rate year (see Schedule WEE-5). On that schedule, I have calculated the rate year  
24 health and dental insurance costs by multiplying the number of employees in each type of  
25 coverage by the projected rate year premium that will be paid in the rate year. The rate  
26 year premium is calculated using the average of the prior three year percentage. I  
27 reduced the rate year health insurance costs by the projected union and non-union  
28 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, and accounts with immaterial balances are there still many**  
3 **accounts left to review?**

4 A. No. As a result of my effort to leave as many accounts at test year levels as possible  
5 there are only about a dozen 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 ***Biosolids Disposal:***

11 Biosolids Disposal will increase in the rate year as a result of the CSO Phase I Facilities  
12 impact and two modest CPI adjustments. The test year level of expenditure was  
13 \$3,619,711. The impact of the CSO Phase I Facilities and the contractual price  
14 adjustments result in an increase in biosolids disposal for Field's Point and Bucklin Point  
15 of \$1,265,743 in the rate year (most of which was addressed in Docket 3797). See my  
16 Schedule WEE-6. It is important to note that in Docket 3797 NBC's biosolids disposal  
17 expenses in the interim year were approved for the amount of \$4,833,899. Therefore, the  
18 actual increase over current approved levels is only \$51,555.

19  
20 ***Bad Debt Expense:***

21 I have reduced the bad debt expense in the rate year to the Docket 3797 approved level  
22 (See Schedule WEE-1).

23  
24 ***Maintenance/Service Agreements:***

25 The Maintenance/Service Agreements are expected to increase by 12% per year in the  
26 interim and rate years. See my Schedule WEE-7 for my detailed calculations.

27  
28 ***Insurance Expense and Workers' Compensation Insurance:***

29 Insurance Expense and Workers' Compensation have both increased in the interim year  
30 (FY 2008) and they are both expected to increase again in the rate year.

1 To calculate the rate year level of Insurance and Workers' Compensation expense, I first  
2 obtained the actual costs for the liability insurance and Workers' Compensation for the  
3 interim year. I then increased the interim costs for liability insurance and Workers'  
4 Compensation by the average percentage increase over the past two years. The expected  
5 increases for both accounts are shown on my Schedule WEE-8.

6  
7 ***Fuel –Gas:***

8 The account analysis for the calculation of the rate year level of gas costs is calculated on  
9 my Schedule WEE-9. I used a two year average (FY 2006 and FY 2007) to project the  
10 rate year level of gas costs. Please note that on Schedule WEE-9 I have accounted for  
11 the increased cost of gas for the CSO Phase I Facilities pump station. See Joseph Pratt's  
12 testimony for more details.

13  
14 ***Electric Costs:***

15 I have calculated the rate year increase for electric costs on my Schedule WEE-10. Once  
16 again, I used a two year average for my calculations. Please note that on Schedule  
17 WEE-10, I have accounted for the increased cost of electricity for the CSO Phase I  
18 Facilities pump station. See Joseph Pratt's testimony for more details.

19  
20 ***CSO Phase I Facilities Impact on Field's Point Wastewater Treatment Facility:***

21 NBC will place the new CSO Phase I Facilities in service in October 2008 and therefore  
22 the increased operating costs for treatment of increased flow at the Field's Point  
23 Wastewater Treatment Facility must be added to the projected rate year costs. Since  
24 October 2008 through June 2009 represents nine months or 75% of the rate year, I  
25 calculated the annual cost impact of the new CSO Phase I Facilities on Field's Point and  
26 took 75% of that amount to calculate the new CSO Phase I Facilities cost impact on  
27 Field's Point in the rate year.

1 In cooperation with NBC's outside consultants, NBC's engineering staff developed the  
2 projected rate year impact of the additional flow from the new Phase I Facilities. They  
3 projected a percentage increase based on the projected annual volume of wastewater to  
4 be captured by the tunnel and applied these rates to the Field's Point FY 2008 budget  
5 levels to arrive at the rate year additional cost for the CSO Phase I Facilities impact on  
6 the plant.

7  
8 I subtracted from the CSO Phase I Facilities cost calculated on Schedule WEE-11 the  
9 bio-solids disposal costs included on my sludge analysis on Schedule WEE-6. Please  
10 note that the additional gas and electric costs relating to the CSO Phase I Facilities tunnel  
11 pump station are addressed on Schedules WEE-9 and WEE-10 and do not have to be  
12 added or deducted from the CSO Phase I Facilities costs calculated on Schedule WEE-  
13 11.

14  
15 ***Lab Supplies:***

16 I calculated the average annual percentage increase for the period FY 2005 through FY  
17 2007 for lab supplies and then applied that percentage increase to the adjusted test year  
18 lab supply costs to arrive at the FY 2008 level. I then increased the FY 2008 cost by the  
19 same percentage to arrive at the rate year lab supply cost. Please see my Schedule WEE-  
20 12 for the detailed calculations.

21  
22 ***Regulatory Expense:***

23 Regulatory expense is estimated for the rate year on my Schedule WEE-13. This  
24 account includes items such as the annual PUC assessment, PUC docket expense, and  
25 permits. I have increased the Annual PUC Assessment by the average increase from FY  
26 2005 through FY 2007. I left the other items at the test year level.

27  
28 ***Management/Audit Services:***

29 The largest item in this account is the contract to manage the Bucklin Point wastewater  
30 treatment facility. Included in the management contract are the pass-through soda ash  
31 costs. Usage of soda ash more than doubled in order to maximize nitrogen removal in the

1 test year. This filing reflects that higher usage. My adjustment for the rate year is  
2 calculated using a 3.07% CPI adjustment factor for both items for the two years. The  
3 other expenses in this account were left at the test year level. See my Schedule WEE-14.  
4

5 ***Capital Outlays:***

6 The next few accounts listed on my Schedule WEE-1 are the capital outlay accounts. As  
7 I stated earlier, I have eliminated these accounts from the rate year revenue requirement  
8 because the capital outlays are expected to be paid from the restricted carry-forward debt  
9 service coverage allowance. Although there were inadequate carry-forward funds in the  
10 test year, I am hopeful that the interim year (FY 2008) will provide an adequate amount  
11 of restricted carry-forward funds.  
12

13 ***Debt Service:***

14 I have increased the debt service accounts to reflect the borrowing expected in the fall of  
15 2008. This new \$12,000,000 borrowing will result in an increase of \$1,722,671 in debt  
16 service expense and a \$430,668 increase in the coverage allowance. Please see the debt  
17 service schedules provided in this docket and refer to Ms. Gurghigian's testimony and  
18 schedules for further details.  
19

20 Before leaving the issue of debt service, I would like to express my concern regarding the  
21 fact that the compliance filings for debt service have reached the end of the original term  
22 provided by the PUC. Given how well the debt service compliance filing methodology  
23 has worked for the PUC, NBC and its ratepayers along with NBC's ongoing major  
24 capital financing needs, it would appear advantageous to all for this mechanism to  
25 continue.  
26

27 The PUC approval of the debt service compliance filing mechanism made it possible for  
28 NBC to take advantage of lower interest rates with the VRDO program. In addition, the  
29 flexibility allowed NBC to take advantage of lower interest rates to issue slightly more  
30 debt with lower rate impacts over the five-year period. The following table illustrates  
31 projected vs. actual rate increases.

	Rate Increases per Docket 3483		Actual Rate Increases	Docket #
FY 2004	16.12%	*	16.12%	3483
FY 2005	0.00%		0.00%	
FY 2006	22.51%		12.76%	3639
FY 2007	9.63%		0.00%	
FY 2008	4.51%		9.99%	3775
Total	52.77%		38.87%	

\* Includes O & M and Debt

There is no doubt that NBC will be borrowing significant funds every year for the foreseeable future. The debt service financing compliance approach is an excellent vehicle for addressing this limited set of issues (debt service and coverage allowance) and ensuring sufficient capital to meet environmental regulatory requirements. It should be noted that NBC still has variable rate debt that was the initial catalyst for establishing the original five year compliance period and NBC is still faced with significant costs relating to the CSO Phase II Facilities and nitrogen removal.

NBC is not requesting the pre-approval of debt service, as was required initially, but rather the continuance of the approach. NBC is requesting that the current compliance financing approach be extended for five years.

#### ***Revenue Stability Fund:***

NBC has taken into account the concerns voiced by the Division and the PUC in the last docket related to the proposed restricted O&M Reserve Fund and is therefore proposing the implementation of revenue stability fund that both meets NBC's needs and addresses those concerns. The structure of the fund is as follows:

The NBC Board has approved an "Operating Reserve for Revenue Stability Fund Policy" that states in part that NBC will fund "an Operating Reserve for Revenue Stability Fund." This fund was established in recognition that "NBC has a significant amount of outstanding debt that was issued in order to finance its Capital Improvement Program (CIP)."

1 In addition, it is anticipated that further issuance of variable rate debt and borrowings  
2 from the RICWFA will be required to finance current and future capital improvements.  
3 Further, the NBC's Board of Commissioners recognizes that it must continue its sound  
4 financial management, ensure the successful implementation of its CIP, maintain NBC's  
5 current, or if possible, improve, NBC's credit rating, and mitigate ratepayer impact. The  
6 proposed funding is as follows:

- 7
- 8 ➤ Funding should be over time at approximately 2% of NBC's PUC approved  
9 revenue requirement.
- 10 ➤ This Revenue Stability Fund shall be funded at a level not to exceed 25% of  
11 NBC's annual operation and maintenance costs.
- 12 ➤ NBC will seek PUC approval to implement and replenish the fund as needed.
- 13

14 **Q. Mr. Edge, what other controls are acceptable to NBC if the PUC allows the**  
15 **establishment of this fund.**

16 A. To address the Division's concerns, NBC will establish a separate interest bearing  
17 bank account which will be held and managed by the Trustee and all funds collected for  
18 this Revenue Stability Fund will be deposited into this restricted account monthly. This  
19 fund, unlike the previously requested O&M Reserve Fund, will earn interest that will be  
20 available to benefit the ratepayers as directed by the PUC. The reserve funds would not  
21 be available for NBC's general operations to pay for expense overages but would only be  
22 used if NBC's revenues were significantly less than the PUC authorized revenue  
23 requirement.

24

25 In addition, NBC is proposing that the fund be funded through user fees and not the  
26 restricted carry-forward. This addresses the Division's second concern regarding the  
27 adverse impact that the use of carry-forward funds would have upon NBC's pay-as-you-  
28 go capital program.



1 **Q. What is NBC protecting with the establishment of this Revenue Stability Fund?**

2 A. NBC is protecting the bondholders, and, in turn, the ratepayers. The Revenue  
3 Stability Fund will provide insurance that the debt service payments each year can be  
4 made and that NBC safely operate and maintain its facilities, make its monthly debt  
5 service payment account deposits and will not go into default as a result of a one year, or  
6 even multi-year, revenue shortfall.

7

8 **Q. How much have you requested in the rate year to fund the Revenue Stability**  
9 **Fund?**

10 A. Two percent of the NBC's annual revenue requirement is about \$1,500,000. NBC is  
11 requesting that the fund be funded each year at \$1,500,000 until the fund reaches 25% of  
12 NBC's annual operation and maintenance costs.

13

14 **Q. Have you seen such a fund established in other rate filings in which you have**  
15 **been involved?**

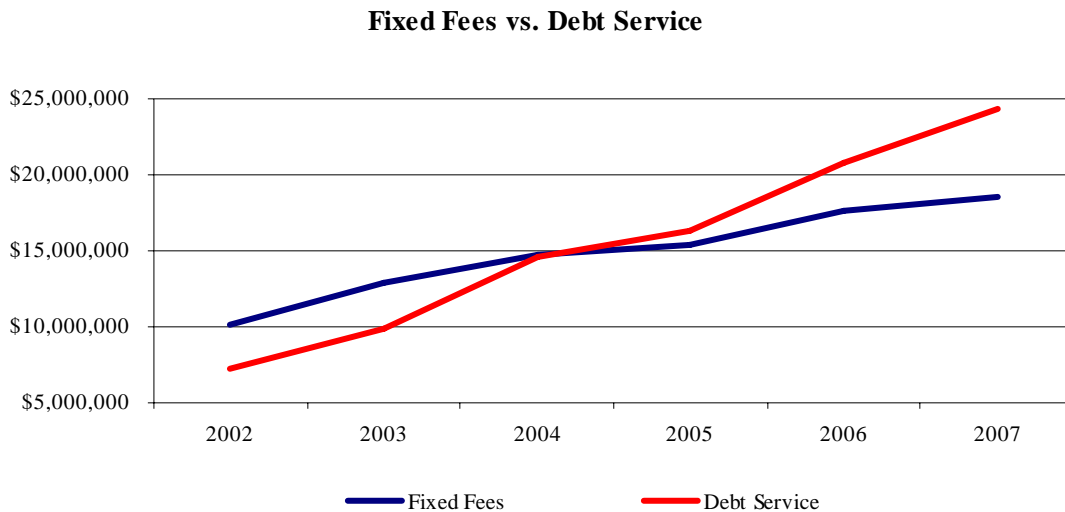
16 A. No. However, I believe that this Revenue Stability Fund is similar to the revenue  
17 reserve fund that the PUC has been suggesting may be appropriate for regulated water  
18 utilities in recent water utility dockets, due to the impact that variable consumption will  
19 have on revenues. In those water utility dockets a revenue reserve funded at 5% of the  
20 revenue requirement has been suggested. NBC is only requesting a funding level of 2%  
21 of the revenue requirement.

22

23 **Q. Is there another reason why NBC needs to ensure revenue stability?**

24 A. Yes. NBC's debt service is a fixed cost that has increased significantly over the past  
25 five years. As a result, NBC's ability to meet its debt service obligations has become  
26 increasingly subject to the variability in water consumption and related revenues.

1 The following table shows that NBC's debt service cost (a fixed cost) has grown at a  
2 faster rate than flat fee (fixed) revenues. In FY 2002 flat fees were \$2.9 million greater  
3 than annual debt service. In FY 2007 flat fees were \$5.8 million less than debt service.  
4 This is a net change of more than \$8.7 million. It is also important to note that the  
5 percentage of user fees restricted for debt service and debt coverage will increase to 59%  
6 as a result of Docket 3797.



8  
9  
10 **Q. Have you completed your review of NBC's accounts?**

11 A. Yes. The only other adjustment that I made was to recalculate the net operating  
12 reserve. Although the PUC calculated the net operating reserve in Docket 3797 by  
13 excluding debt service and personnel services from the operating expenses, I am  
14 requesting once again that the PUC reconsider its position on this matter. After reading  
15 this testimony relating to the revenue shortfalls and revenue lags that NBC has suffered  
16 over the last few years, I am hopeful that the PUC will allow NBC to collect a net  
17 operating allowance more like the net operating allowances approved for regulated  
18 Rhode Island water utilities.

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

3   A. Yes I have, however I should explain Schedule WEE-2B first before I explain  
4   Schedules WEE-15, WEE-16 and WEE-17. In Schedule WEE-2B I used the projected  
5   interim and rate year decline in consumption units multiplied by the current rates from  
6   Docket 3797. This schedule shows the projected rate year consumption at current rates  
7   and ties to the rate year revenue on Schedule WEE-1.

8

9   The shortfall shown on the bottom of Schedule WEE-1 is used to calculate the across-  
10   the-board percentage increase needed in this docket (See Schedule WEE-15). The  
11   across-the-board percentage increase calculated on Schedule WEE-15 is then used to  
12   increase the previously approved Docket 3797 rates (current rates) in the cash proof for  
13   this docket (See Schedule WEE-16). The final step is to then calculate the ratepayer  
14   impact on Schedule WEE-17.

15

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

17   A. Yes.

## RATE DESIGN ISSUES

1

2

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

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

7

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

10 A. Yes, see Schedule WEE-.17.

11

12 **Q. Does that conclude your testimony?**

13 A. Yes it does.

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

ACCT. NUMBER	BUDGET ACCOUNT	Test Year FY 2007	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	Adjusted Rate Year
<b>Revenue</b>						
41000	FLAT FEES RESIDENTIAL	\$11,470,435	\$1,651,483	\$13,121,918		\$13,121,918
41100	CONSUMPTION FEE - RESIDENTIAL	19,520,543	2,902,304	22,422,847	(770,761)	21,652,086
41501	FLAT FEES COMMERCIAL	6,589,235	1,518,931	8,108,166		8,108,166
41502	FLAT FEES INDUSTRIAL	495,948	(495,948)	-		-
41510	CONSUMPTION FEE - COMMERCIAL	16,823,599	2,534,977	19,358,576	(540,167)	18,818,409
41511	CONSUMPTION FEE - INDUSTRIAL	1,195,213	176,498	1,371,711	(183,216)	1,188,495
42000	PRETREATMENT FEES	1,163,397		1,163,397		1,163,397
42500	CONNECTION PERMIT FEES	205,589		205,589		205,589
43000	BOD/TSS SURCHARGE	139,815		139,815		139,815
43500	SEPTAGE INCOME	357,206		357,206		357,206
42602 & 42603	MISCELLANEOUS OPERATING INCOME	9,335		9,335		9,335
45100	INTEREST INCOME	2,849,252	(2,335,650)	513,603		513,603
45500	LATE CHARGE PENALTY	631,183		631,183		631,183
46500	ENVIRONMENTAL ENFORCEMENT	52,525	(52,525)	-		-
47500	GRANT	49,037	(49,037)	-		-
42600	ABATEMENT FEE	3,384		3,384		3,384
49005	CAPITAL CONTRIBUTIONS	5,626	(5,626)	-		-
	PREVIOUSLY RESTRICTED INCOME	-	330,000	330,000		330,000
	INTEREST INCOME REVENUE STABILITY FUND				7,000	7,000
49002	MISCELLANEOUS INCOME	111,703	(54,191)	57,512		57,512
	TOTAL REVENUE	61,673,025	6,121,217	67,794,242	(1,487,144)	66,307,098
<b>PERSONNEL SERVICES</b>						
52100	UNION SALARY	4,606,978		4,606,978	387,908	4,994,886
52150	UNION OVERTIME	387,310		387,310	32,612	419,922
52300	NON-UNION REGULAR	7,098,038	(49,037)	7,049,001	593,526	7,642,527
52350	NON-UNION OVERTIME	64,340		64,340	23,634	87,974
52400	NON-UNION LIMITED	16,802		16,802	1,415	18,217
52800	UNION PENSION	830,414		830,414	225,005	1,055,419
52810	FICA	878,310		878,310	108,102	986,412
52820	UNEMPLOYMENT INSURANCE	11,443		11,443	-	11,443
52920	NON UNION PENSION	742,524		742,524	32,348	774,872
52940	UNION RETIREMENT HEALTH	120,379		120,379	152,342	272,721
52950	HEALTH INSURANCE	2,523,228		2,523,228	318,766	2,841,994
52970	DENTAL INSURANCE	193,190		193,190	10,384	203,574
52980	VISION INSURANCE	37,845		37,845	-	37,845
52990	DISABILITY INSURANCE	34,781		34,781	-	34,781
53000	SUPP PENSION RETIREES	931		931	-	931
53690	WORKMAN'S COMP. - OLD CLAIMS	50,566		50,566	-	50,566
	TOTAL PERSONNEL SERVICES	17,597,079	(49,037)	17,548,042	1,886,040	19,434,082
59000	SALARY REIMBURSEMENT	(1,003,839)		(1,003,839)	(84,523)	(1,088,362)
59001	FRINGE REIMBURSEMENT	(549,426)		(549,426)	(46,262)	(595,688)
	<b>NET PERSONNEL SERVICES</b>	<b>16,043,814</b>	<b>(49,037)</b>	<b>15,994,777</b>	<b>1,755,255</b>	<b>17,750,032</b>
<b>OPERATING SUPPLIES/EXPENSES</b>						
	TUNNEL IMPACT ON FIELD'S POINT FACILITY				150,793	150,793
52610	MEDICAL SVCS.	41,945		41,945		41,945
53210	POSTAGE	147,141		147,141		147,141
53240	DUES & SUBSCRIPTIONS	56,734		56,734		56,734
53250	FREIGHT	32,877		32,877		32,877
53310	PRINTING & BINDING	91,457		91,457		91,457
53320	ADVERTISING	21,548		21,548		21,548
53330	RENTAL- EQUIPMENT	39,146		39,146		39,146
53340	RENTAL- CLOTHING	47,943		47,943		47,943
53350	RENTAL-OUTSIDE PROPERTY	4,180		4,180		4,180
53360	MISCELLANEOUS EXPENSE	33,184		33,184		33,184
53370	PUBLIC OUTREACH EDUCATION	39,280	(26,400)	12,880		12,880
53410	LOCAL TRAVEL	4,447		4,447		4,447
53420	LONG DISTANCE TRAVEL	47,754		47,754		47,754
53470	BLDG. & GRND. MAINT.	103,881		103,881		103,881
53480	SLUDGE, ASH HAULING & DISPOSAL	3,619,711		3,619,711	1,265,743	4,885,454
53490	SCREENING & GRIT DISPOSAL	139,757		139,757		139,757
	BAD DEBT EXPENSE	210,543		210,543	(150,543)	60,000

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

ACCT. NUMBER	BUDGET ACCOUNT	Test Year FY 2007	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	Adjusted Rate Year
57600	LOSS ON DISPOSAL OF ASSETS	258	(258)	-		-
53510	VEHICLE FUEL & MAINTENANCE	163,803		163,803		163,803
53610	REPAIR-BLDG & STRUCTURE	556,988		556,988		556,988
53620	REPAIR-HIGHWAY & WALKS	10,398		10,398		10,398
53630	MAINTENANCE/SERVICE AGREE.	509,827		509,827	129,700	639,527
53650	HIGHWAY & LANDSCAPE	4,712		4,712		4,712
53660	INSURANCE	368,536		368,536	17,864	386,400
53680	WORKMAN'S COMP. INSURANCE	419,066		419,066	164,912	583,978
53900	CENTRAL PHONE SVCS.	3,675		3,675		3,675
54000	TELEPHONE	123,239		123,239		123,239
54020	FUEL OIL #2 - DIESEL FOR EQUIPMENT	1,375		1,375		1,375
54060	FUEL-GAS	343,474		343,474	320,089	663,563
54090	ELECTRICITY	2,823,217		2,823,217	722,282	3,545,499
54110	WATER	50,605		50,605		50,605
54200	CLOTHING	29,961		29,961		29,961
54330	CHEM., HOUSE & LAUNDRY SUPPLIES	29,647		29,647		29,647
54332	CHEMICALS - CHLOR. / HYPOCHLORITE	347,280		347,280		347,280
54337	CHEMICALS - SODIUM BIFULFITE	151,983		151,983		151,983
54340	LAB SUPPLIES	183,273		183,273	49,611	232,884
54370	SUPPLIES BUILDING & MAINTENANCE	152,980		152,980		152,980
54410	EDUCATIONAL SUPP. & EXP.	88,442		88,442		88,442
54420	COMPUTER SUPPLIES	75,504		75,504		75,504
54430	OTHER OPERATING SUPPLIES & EXP.	8,453		8,453		8,453
54440	SAFETY EQUIPMENT	22,420		22,420		22,420
54500	OFFICE EXPENSE	64,440		64,440		64,440
<i>TOTAL OPERATING SUPP. &amp; EXP.</i>		11,215,084	(26,658)	11,188,426	2,670,449	13,858,875
<i>PROFESSIONAL SERVICES</i>						
57800	BOND AND NOTE ISSUANCE COST	36,483		36,483		36,483
52600	REGULATORY EXPENSE	242,289		242,289	44,121	286,410
52650	SECURITY SERVICES	29,076		29,076		29,076
52660	LEGAL SERVICES	153,650		153,650		153,650
52670	MGMT/AUDIT SERVICES	2,117,257		2,117,257	121,284	2,238,541
52680	CLERICAL SERVICES	19,926		19,926		19,926
52690	OTHER SERVICES	111,113		111,113		111,113
<i>TOTAL PROFESSIONAL SERVICES</i>		2,709,794	-	2,709,794	165,405	2,875,199
<i>TOTAL OPERATIONS &amp; MAINTENANCE</i>		29,968,692	(75,695)	29,892,997	4,591,110	34,484,107
<i>CAPITAL OUTLAYS</i>						
	DEPRECIATION	6,503,419	(6,503,419)	-		-
	AMORTIZATION	299,794	(290,104)	9,690		9,690
16500	EQUIPMENT	-		-		-
16510	AUTOMOTIVE EQUIP.	-	288,178	288,178	(288,178)	-
16520	BLDG. & PLANT EQUIP.	-	185,044	185,044	(185,044)	-
16530	CONSTRUCTION EQUIP.	-		-	-	-
16540	ED. AND REC. EQUIP.	-		-	-	-
16570	LABORATORY EQUIP.	-	36,204	36,204	(36,204)	-
16580	OFFICE FURN&EQUIP. COMPUT.	-	73,807	73,807	(73,807)	-
16583	COMPUTER SOFTWARE	-	103,902	103,902	(103,902)	-
16585	COMPUTER HARDWARE	-	605,730	605,730	(605,730)	-
16590	OTHER EQUIPMENT	-	27,551	27,551	(27,551)	-
16600	REPLACEMENT RESERVE	-	510,640	510,640	(510,640)	-
16610	BUILDING & OTHER STRUCT.	-	98,688	98,688	(98,688)	-
16630	IMP.-NOT BLDG OR STRUCT.	-		-	-	-
<i>TOTAL CAPITAL OUTLAYS</i>		6,803,213	(4,863,779)	1,939,434	(1,929,744)	9,690
<i>DEBT SERVICE</i>						
57913	LEASE INTEREST EXPENSE	26,562		26,562		26,562
	INTEREST EXPENSE	11,886,975	(11,886,975)	-		-
57920	DEBT SERVICE	-	30,832,125	30,832,125	1,722,671	32,554,796
	COVERAGE	-	7,708,031	7,708,031	430,668	8,138,699
58990	OTHER	-		-		-
<i>TOTAL DEBT SERVICE</i>		11,913,537	26,653,181	38,566,718	2,153,339	40,720,057
<i>Net Operating Reserve</i>			208,619	208,619	308,788	517,407
<i>Revenue Stability Fund</i>					1,500,000	1,500,000
TOTAL EXPENSES		48,685,442	21,922,326	70,607,768	6,623,493	77,231,261
NET INCOME		\$12,987,583	(\$15,801,110)	(\$2,813,527)	(\$8,110,637)	(\$10,924,164)

Narragansett Bay Commission  
Test Year Revenue by Source  
FY 2007

Schedule WEE-2

<u>User Fee Revenues</u>	FY 2007 UNITS	DOCKET 3707 RATES	REVENUE
Residential			
Dwelling Units	116,795	\$98.21	\$11,470,435
Consumption:			
At Test Year Rates	9,236,779	2.021	18,667,531
At Prior Year Weighted Rates	474,284	1.799	853,012
	<u>9,711,064</u>		<u>19,520,543</u>
Non-Residential - Metered Accounts			
5/8"	3,827	221	845,670
3/4"	973	330	321,078
1"	1,089	549	597,644
1 1/2"	839	1,100	922,751
2"	1,685	1,759	2,963,577
3"	76	3,297	249,214
4"	38	5,494	210,138
6"	56	10,991	618,201
8"	18	17,586	325,329
10"	1	25,279	31,581
	<u>8,602</u>		<u>7,085,183</u>
Total Flat Fees from Metered Accounts			
Commercial Consumption			
At Test Year Rates	5,701,563	2.927	16,688,474
At Prior Year Weighted Rates	78,842	1.714	135,125
	<u>5,780,405</u>		<u>16,823,599</u>
Industrial Consumption			
At Test Year Rates	592,708	1.88	1,116,661
At Prior Year Weighted Rates	44,408	1.77	78,552
	<u>637,116</u>		<u>1,195,213</u>
<b>Total User Fee Revenues</b>			<b>56,094,973</b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,163,397
CONNECTION PERMIT FEES			205,589
BOD/TSS SURCHARGE			139,815
SEPTAGE INCOME			357,206
MISC. OPERATING INCOME			12,719
INTEREST INCOME			2,849,252
LATE CHARGE PENALTY			631,183
ENVIRONMENTAL ENFORCEMENT			52,525
GRANT			49,037
CONTRIBUTED CAPITAL			5,626
MISCELLANEOUS INCOME			<u>111,703</u>
		Total Revenues	61,673,025
		Total Revenues per Audit	<u>61,673,025</u>
		Difference	<u>\$0</u>

## Schedule WEE-2A

[illegible]



Narragansett Bay Commission  
Rate Year Projected Units and Current Rates  
FY 2009

Schedule WEE-2B

<u>User Fee Revenues</u>	FY 2009 PROJECTED UNITS	DOCKET 3797 RATES	REVENUE
Residential			
Dwelling Units	116,795	\$112.35	\$13,121,918
Consumption:			
Projected Units at Docket 3797 rates	9,377,257	2.309	21,652,086
Non-Residential - Metered Accounts			
5/8"	3827	253	968,120
3/4"	973	378	367,780
1"	1089	628	683,644
1 1/2"	839	1,259	1,056,130
2"	1685	2,013	3,391,518
3"	76	3,771	285,043
4"	38	6,285	240,393
6"	56	12,574	707,239
8"	18	20,118	372,169
10"	1	28,920	36,130
Total Flat Fees from Metered Accounts	8,602		8,108,166
Commercial Consumption			
Projected Units at Docket 3797 rates	5,619,113	3.349	18,818,409
Industrial Consumption			
Projected Units at Docket 3797 rates	552,018	2.153	1,188,495
<b>Total User Fee Revenues</b>			<b>62,889,074</b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,163,397
CONNECTION PERMIT FEES			205,589
BOD/TSS SURCHARGE			139,815
SEPTAGE INCOME			357,206
MISC. OPERATING INCOME			9,335
INTEREST INCOME			513,603
LATE CHARGE PENALTY			631,183
ABATEMENT			3,384
PREVIOUSLY RESTRICTED INCOME			330,000
INTEREST INCOME STABILITY FUND			7,000
MISCELLANEOUS INCOME			57,512
	Total Rate Year Revenues		<u><u>\$66,307,098</u></u>

Narragansett Bay Commission  
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2004	Actuals FY 2005	Actuals FY 2006	Actuals FY 2007
FLAT FEES RESIDENTIAL	\$9,037,024	\$9,463,539	\$10,902,152	\$11,470,435
MEASURED FEE - RESIDENTIAL	17,066,296	17,973,116	19,973,744	19,520,543
FLAT FEES COMMERCIAL	5,172,161	5,466,415	6,226,270	6,589,235
FLAT FEES INDUSTRIAL	502,504	496,683	509,053	495,948
MEASURED FEE - COMMERCIAL	14,571,943	16,248,740	17,228,238	16,823,599
MEASURED FEE - INDUSTRIAL	1,523,427	1,538,329	1,556,273	1,195,213
PRETREATMENT FEES	1,234,447	1,209,418	1,165,749	1,163,397
CONNECTION PERMIT FEES	115,241	197,595	357,496	205,589
BOD/TSS SURCHARGE	134,448	194,215	152,123	139,815
SEPTAGE INCOME	532,769	435,145	387,068	357,206
INTEREST INCOME	515,567	914,079	2,483,388	2,849,252
LATE CHARGE PENALTY	434,081	458,176	447,672	631,183
ENVIRONMENTAL ENFORCEMENT	44,443	69,536	81,398	52,525
GRANT	74,983	35,530	20,695	49,037
ABATEMENT FEE	2,844	3,492	4,068	3,384
CAPITAL CONTRIBUTIONS	2,223,373	2,941,693	1,165,958	5,626
MISCELLANEOUS INCOME	41,864	23,503	68,502	121,038
PREVIOUSLY RESTRICTED		-	-	-
<b>TOTAL REVENUE</b>	<b>53,227,415</b>	<b>57,669,204</b>	<b>62,729,847</b>	<b>61,673,025</b>
UNION OVERTIME	532,819	554,238	477,466	387,310
UNION	4,465,581	4,460,029	4,498,777	4,606,978
NON-UNION REGULAR	6,671,483	6,919,202	6,959,300	7,098,038
NON-UNION OT	70,764	70,114	55,067	64,340
NON-UNION LIMITED	18,920	13,307	11,664	16,802
EMPLOYEE RET. BEN. - UNION PENSION	424,633	495,393	657,614	830,414
EMPLOYEE RET. BEN. - NON-UNION PENSION	720,450	702,842	712,521	742,524
EMPLOYEE RET.BEN.-FICA	881,348	891,983	876,327	878,310
EMPLOYEE BENEFITS-UI	37,242	23,416	38,902	11,443
RETIREMENT HEALTH - STATE	57,508	67,203	90,368	120,379
EMPLOYEE BEN.-HEALTH INS.	2,379,730	2,508,172	2,721,265	2,754,263
EMPLOYEE BEN-DISABILITY INS.	23,549	30,900	31,582	34,781
HEALTH INSURANCE-RETIREEES	1,015	1,015	1,015	931
WORKERS COMP-OLD CLAIMS	40,626	87,117	86,010	50,566
<i>Total Personnel Services</i>	16,325,668	16,824,931	17,217,878	17,597,079
SALARY REIMBURSEMENT	(904,078)	(944,363)	(991,753)	(1,003,839)
FRINGE REIMBURSEMENT	(437,247)	(512,798)	(545,064)	(549,426)
<i>Net Personnel Services</i>	14,984,343	15,367,770	15,681,061	16,043,814

Narragansett Bay Commission  
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2004	Actuals FY 2005	Actuals FY 2006	Actuals FY 2007
MEDICAL SVCS.	8,749	7,519	19,326	41,945
BLDG. & GRND. MAINT.	106,338	100,162	105,725	103,881
BIOSOLIDS DISPOSAL	1,378,470	1,195,968	2,780,812	3,619,711
SCREENINGS & GRIT DISPOSAL	148,453	124,095	167,380	139,757
BAD DEBT EXPENSE	317,671	110,701	-	210,543
POSTAGE	153,428	131,954	143,613	147,141
TELEPHONE	127,363	141,956	114,868	123,239
OFFICE EXPENSE	74,442	55,388	72,216	64,440
DUES & SUBSCRIPTIONS	48,458	52,118	55,225	56,734
FREIGHT, CART. & EXP.	36,184	30,620	33,151	32,877
INSURANCE	594,190	641,558	622,082	787,602
CENTRAL PHONE SVCS.	6,396	2,541	2,545	3,675
PRINTING & BINDING	76,333	84,191	76,430	91,457
ADVERTISING	14,944	8,001	12,086	21,548
LOCAL TRAVEL	2,737	2,872	2,749	4,447
LONG DISTANCE TRAVEL	45,432	55,895	70,334	47,754
VEHICLE FUEL AND MAINTENANCE	133,735	173,489	168,840	163,803
REPAIR BLDG & EQUIPMENT	625,636	456,825	256,362	556,988
SOLIDS HANDLING REPAIRS	148,046	155,923	46,206	-
REPAIR-HIGHWAY & WALKS	3,939	5,690	13,334	10,398
EQUIPMENT MAINTENANCE AGREE	379,960	493,658	416,867	509,827
GENERAL REPAIRS	65,360	139,370	288,410	-
RENTAL-OUTSIDE PROPERTY	5,882	7,803	4,549	4,180
RENTAL- EQUIPMENT	10,550	47,233	35,892	39,146
RENTAL- CLOTHING	56,275	56,991	54,332	47,943
FUEL OIL - KEROSENE	2,225	3,017	-	-
DIESEL FOR EQUIPMENT	5,368	1,540	716	1,375
OIL FOR SOLIDS HANDLING	14,000	25,040	4,910	-
FUEL-GAS	222,119	445,191	400,496	343,474
FUEL- GAS - INCINERATOR	366,203	679,611	247,471	-
ELECTRICITY	2,105,340	2,464,191	2,614,012	2,823,217
WATER	73,851	46,885	85,503	50,605
CLOTHING	24,857	23,302	34,652	29,961
SAFETY EQUIPMENT	26,125	25,842	21,588	22,420
PUBLIC OUTREACH EDUCATION	8,894	15,917	13,855	39,280
CHEMICALS, HOUSE & LAUNDRY SUPPLY	20,652	28,715	29,533	29,647
CHEM-CHLORINE/HYPOCHLORITE	389,735	401,642	364,246	347,280
CHEM-LIME	6,722	9,975	-	-
CHEM-POLYMER	98,560	90,741	37,146	-
CHEM-SODIUM BISULFITE	101,099	115,895	132,108	151,983
LAB SUPPLIES	127,365	144,452	169,205	183,273
HIGHWAY & LANDSCAPE	6,772	9,349	10,336	4,712
SUPPLIES BLDG & MAINTENANCE	144,510	139,029	123,475	152,980
SUPPLIES FOR SOLIDS HANDLING	4,558	6,166	1,569	-
EDUCATIONAL SUPP. & EXP.	73,479	67,645	67,985	88,442
COMPUTER SUPPLIES & EXPENSE	175,497	92,559	78,707	75,504
OTHER OPERATING EXPENSE	6,613	12,662	5,511	8,453

Narragansett Bay Commission  
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2004	Actuals FY 2005	Actuals FY 2006	Actuals FY 2007
MISCELLANEOUS EXPENSE	13,037	17,269	26,194	33,184
EDUCATION SCHOOL AIDE	200	-	-	-
EQUIP LOSSES-CASUALTY THEFT	47,240	3,436	734,185	258
<i>Total Operating Supplies &amp; Expense</i>	8,633,992	9,152,592	10,766,737	11,215,084
BOND AND NOTE FEES	2,500	5,000	25,218	36,483
REGULATORY EXPENSE	139,805	159,688	205,715	242,289
LECTURES/ED./PROF. SVCS.	-	-	436	-
SECURITY SERVICES	31,158	29,476	27,723	29,076
LEGAL SERVICES	166,277	178,635	177,470	153,650
MGMT/AUDIT SERVICES	1,408,508	1,338,454	1,732,269	2,117,257
CLERICAL SERVICES	39,012	22,338	41,323	19,926
OTHER SERVICES	149,482	170,306	147,308	111,113
<i>Total Special Services</i>	1,936,742	1,903,897	2,357,462	2,709,794
<i>Total O&amp;M Expenses</i>	25,555,077	26,424,259	28,805,260	29,968,692
AMORTIZATION	232,668	185,789	257,433	299,794
DEPRECIATION	6,033,192	6,211,621	6,129,019	6,503,419
<i>Total Depreciation &amp; Amortization</i>	6,265,860	6,397,410	6,386,452	6,803,213
DEBT COVERAGE				
INTEREST	5,720,685	8,381,979	9,836,182	11,913,537
PRINCIPAL				
CARRYFORWARD FROM PREVIOUS YEAR				
<i>Total Debt Service</i>	5,720,685	8,381,979	9,836,182	11,913,537
<i>Total Expenses</i>	37,541,622	41,203,648	45,027,894	48,685,442
<i>Net Income</i>	\$15,685,793	\$16,465,556	\$17,701,953	\$12,987,583

Narragansett Bay Commission  
Salary and Other Personnel Costs

Schedule WEE-4

*Salaries*

	Union	Nonunion	Total
Salary Adjusted Test Year Increase	\$4,606,978 1.0400	\$7,049,001 1.0400	\$11,655,979 1.0400
FY 2008 Increase	4,791,257 1.0425	7,330,961 1.0425	12,122,218 1.0425
<b>Rate Year</b>	<b>\$4,994,886</b>	<b>\$7,642,527</b>	<b>\$12,637,412</b>

*Reimbursement*

	Salary	Fringe
Adjusted Test Year Increase	\$1,003,839 1.040	\$549,426 1.040
FY 2008 Increase	1,043,993 1.0425	571,403 1.0425
<b>Rate Year</b>	<b>\$1,088,362</b>	<b>\$595,688</b>

*Overtime and Limited*

	Union OT	Nonunion OT	Limited
Adjusted Test Year	\$387,310 1.0400	\$81,142 1.0400	\$16,802 1.0400
FY 2008	402,802 1.0425	84,388 1.0425	17,474 1.0425
<b>Rate Year</b>	<b>\$419,922</b>	<b>\$87,974</b>	<b>\$18,217</b>

*FICA and Medicare*

	Total	FICA	Medicare
Rate Year Salary	\$12,637,412	\$12,637,412	12,637,412
Rate Year Overtime & Limited	526,112	526,112	526,112
Over FICA limit (FY 2006 \$94.2K)	(332,226)	(332,226)	
	12,831,299	12,831,299	13,163,525
FICA %		6.20%	1.45%
<b>Rate Year</b>	<b>\$986,412</b>	<b>\$795,541</b>	<b>\$190,871</b>

*Pension*

Union Salary	\$4,994,886	21.13%	\$1,055,419
Union OT	419,922	0%	-
<b>Rate Year</b>			<b>\$1,055,419</b>
Total Nonunion Salary and Limited	\$7,748,718	10%	774,872
<b>Rate Year</b>			<b>\$774,872</b>

*Retiree Health*

Union Salary	\$4,994,886	5.46%	<b>\$272,721</b>
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Narragansett Bay Commission  
Account Analysis - Health Benefits

Schedule WEE-5

		Number of Employees	Rate per Pay Period	Number of Pay Periods	Cost
<b>Health Insurance</b>					
<b>HMO</b>	Family	15	\$544	26	\$212,107
	Single	7	199	26	36,223
<b>PPO</b>	Family	156	604	26	2,450,885
	Single	52	221	26	298,967
<b>Waiver</b>		<u>14</u>	2,500	1	<u>35,000</u>
	Total	<u><u>244</u></u> *		Subtotal	3,033,183
				Less Premium Co-Pay	<u>(191,188)</u>
				Rate Year	2,841,994
				Less Adjusted Test Year	<u>2,523,228</u>
				<b>Rate Year Adjustment</b>	<b><u><u>\$318,766</u></u></b>
<b>Dental</b>					
		181	39	26	181,979
	Single	58	14	26	21,045
	Waiver	<u>5</u>	110	1	<u>550</u>
	Total	<u><u>244</u></u> *		Rate Year	203,574
				Less Adjusted Test Year	<u>193,190</u>
				<b>Rate Year Adjustment</b>	<b><u><u>\$10,384</u></u></b>

\* Based on employee level approved in Docket 3797 and the level projected for the rate year.

Narragansett Bay Commission  
Account Analysis - Biosolids Disposal

Schedule WEE-6

<i>Field's Point</i>	<i>July 1, 2008 to Dec. 31, 2008</i>	<i>Jan.1, 2009 to June 30, 2009</i>	<i>Total</i>
CPI	-	1.026	
Rate	\$388.80	\$398.91	
DT/Month	806	806	
DT/6 Months	4,834	4,834	
Total Field's Point	1,879,472	1,928,331	\$3,807,803

<i>Tunnel Impact on FP</i>	<i>Oct 1, 2008 to Dec. 31, 2008</i>	<i>Jan.1, 2009 to June 30, 2009</i>	
CPI	-	1.026	
Rate	\$388.80	\$398.91	
DT/Month	36	36	
DT for Time Period	109	219	
Total Tunnel Impact On FP	42,477	87,162	129,639
Total Field's Point	1,921,949	2,015,493	3,937,442

<i>Bucklin Point</i>	<i>July 1, 2008 to Dec. 31, 2008</i>	<i>Jan.1, 2009 to June 30, 2009</i>	
CPI	-	1.026	
Rate	\$388.80	\$398.91	
DT/Month	201	201	
DT/6 Months	1,204	1,204	
Total Bucklin Point	467,924	480,088	948,012

Rate Year	4,885,454
Less Adjusted Test Year	3,619,711
<b>Rate Year Adjustment</b>	<b>\$1,265,743</b>

Narragansett Bay Commission  
Account Analysis - Maintenance and Service Agreements

Schedule WEE-7

Adjusted Test Year	\$509,827
FY 2008 12% Increase	<u>61,179</u>
FY 2008	571,006
FY 2009 12% Increase	<u>68,521</u>
Rate Year	639,527
Less Adjusted Test Year	<u>509,827</u>
<b>Rate Year Adjustment</b>	<b><u><u>\$129,700</u></u></b>

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
	379,960	493,658	416,867	509,827
% Increase (Decrease)		30%	-16%	22%
3 Year Average			<b>12%</b>	



Narragansett Bay Commission  
Account Analysis - Workers' Compensation and Insurance

Schedule WEE-8

Type of Coverage	Actual FY 2006	Actual FY 2007	% Increase FY 06-07	Actual FY 2008	% Increase FY 07-08	% Average Increase	Rate Year
Crime Liability	\$1,397	\$1,397		\$1,397			
Commercial Package	269,950	295,919		295,919			
Pollution	47,070	24,241		24,241			
Commercial Inland Marine	6,754	5,970		5,970			
Flood - Bucklin Point	8,174	24,498		24,498			
Flood - Bucklin Point	3,366	3,366		3,366			
Ocean Marine	-	13,005		13,005			
Bonds	546	140		140			
Railroad Liability Insurance	-	-		500			
Subtotal Liability Insurance	337,257	368,536	9.27%	369,036	0.14%	4.71%	386,400
Workers' Compensation Insurance	284,825	419,066	47.13%	456,233	8.87%	28.00%	583,978
Total	<u>\$622,082</u>	<u>\$787,602</u>	<u>26.61%</u>	<u>\$825,269</u>			970,378
						Less Adjusted Test Year	<u>787,602</u>
						<b>Rate Year Adjustment</b>	<b><u>\$182,776</u></b>

Narragansett Bay Commission  
Account Analysis - Gas

Schedule WEE-9

	<b>FY 2006 Therms</b>	<b>FY 2007 Therms</b>	<b>2 Year Average Therms</b>	<b>Supply Rate</b>	<b>Total Supply Cost</b>	<b>Average Delivery / Therm</b>	<b>Delivery Cost</b>	<b>Total Cost</b>
Bucklin Point Admin.	8,291	8,597	8,466	1.653	13,998	0.3118	2,640	\$ 16,638
Bucklin Point Plant	43,517	35,809	39,700	1.653	65,639	0.3030	12,027	77,666
Bucklin Point Heat Exch.	97,971	70,853	85,187	1.653	140,849	0.2952	25,143	165,992
2 Ernest Street	61,026	49,606	55,454	1.653	91,687	0.2790	15,471	107,158
37 Ernest Street	34,571	31,033	33,067	1.653	54,673	0.2673	8,838	63,511
Interceptor Maintenance	14,136	13,814	14,085	1.653	23,289	1.0801	15,214	38,502
COB	11,314	23,100	18,379	1.653	30,388	0.2200	4,043	34,431
LAB	13,958	13,165	13,514	1.653	22,343	0.2657	3,590	<u>25,934</u>

*Subtotal* 529,833

	<b>FY 2009 (9 months) Therms</b>	<b>Supply Rate</b>	<b>Total Supply Cost</b>	<b>Average Delivery / Therm</b>	<b>Delivery Cost</b>	<b>Total Cost</b>
Tunnel Pump Station	58,903	1.653	97,390	0.2790	16,433	<u>113,823</u>

*Subtotal* 113,823

Total Costs 643,656

Gross Earnings Tax (.0309278) 19,907

Rate Year 663,563

Less Adjusted Test Year 343,474

**Rate Year Adjustment** \$ 320,089

Narragansett Bay Commission  
Account Analysis - Electricity

Schedule WEE-10

	FY 2005 KWH	FY 2006 KWH	FY 2007 KWH	2 Year Average KWH	Customer Charge	Supply Charge	Supply Cost	Capacity Charge	Capacity Cost	Average Delivery / KWH	Delivery Cost	Total Cost
Bucklin Point	8,588,265	10,840,000	11,518,000	11,366,400	2,837	0.07195	817,812	0.010950	124,462	0.02805	318,778	\$ 1,263,890
Field's Point	17,748,000	14,844,543	14,148,000	14,405,733	2,837	0.07195	1,036,492	0.010950	157,743	0.02744	395,363	1,592,435
Interceptor Maintenance	770,358	855,021	784,204	820,756	10,486	0.07195	59,053	0.010950	8,987	0.06419	52,688	131,215
COB	1,126,800	1,131,400	1,297,000	1,224,700	2,837	0.07195	88,117	0.010950	13,410	0.02932	35,913	<u>140,278</u>
<i>Subtotal</i>												3,127,818
				FY 2009 (9 months) KWH	Customer Charge	Supply Charge	Supply Cost	Capacity Charge	Capacity Cost	Average Delivery / KWH	Demand Cost	Total Cost
Tunnel Pump Station				2,480,729	2,128	0.07195	178,488	0.010950	27,164	0.02744	68,083	<u>275,863</u>
<i>Subtotal</i>												<u>275,863</u>
<i>Total</i>												3,403,681
Gross Earnings Tax (.041666)												<u>141,818</u>
Rate Year												3,545,499
Less Adjusted Test Year												<u>2,823,217</u>
<b>Rate Year Adjustment</b>												<b><u><u>\$ 722,282</u></u></b>

Narragansett Bay Commission  
Impact of CSO Phase I Increased Flow on Field's Point Plant

Schedule WEE-11

	<b>FY 2008 Budget</b>	<b>% Increase</b>	<b>CSO Phase I Impact</b>	<b>Total CSO Phase I Impact on FP</b>
Union Overtime	\$220,000	5.13%	\$11,286	\$ -
Non-Union Overtime	35,000	5.13%	1796	
Building & Ground Maint.	33,268	5.13%	1707	
Building & Equipment Repairs	540,120	5.13%	27708	
Maint./Service Agreements	154,804	5.13%	7941	
Highway & Landscape	4,000	5.13%	205	
Clothing	10,340	5.13%	530	
Chemicals, House & Laundry Supplies	22,400	5.13%	1149	
Water	75,600	1.28%	968	
Electricity	1,673,876	5.13%	85870	
Hypochlorite	314,747	5.13%	16147	
Sodium Bisulfite	128,451	5.13%	6590	
	<u>3,212,606</u>		<u>161,896</u>	161,896

	<u>Proj. Tons/Year</u>	<u>Rate</u>		
Grit/Screenings	764.23	\$52.50	40,122	40,122

<u>Biosolids Disposal</u>	<u>Proj. DT/Year</u>	<u>Rate</u>	<u>Proj. Increase</u>	
July 2008 - December 2008	220	\$388.80	85,536	
January 2009 - June 2009	<u>216</u>	<u>\$398.91</u>	<u>86,354</u>	
	<u>436</u>		<u>\$171,890</u>	171,890

Total Yearly Costs at Plant due to CSO Phase I	<u><u>\$373,908</u></u>
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Cost for the period of October 2008 - June 2009	\$280,431
Expenses included in sludge account analysis (See WEE-6)	<u>(129,639)</u>

<b>Rate Year CSO Phase I Impact on Plant</b>	<b><u><u>\$150,793</u></u></b>
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Narragansett Bay Commission  
Account Analysis - Lab Supplies

Schedule WEE-12

Adjusted Test Year	\$ 183,273
FY 2008 12.72% Increase	<u>23,321</u>
FY 2008	206,594
FY 2009 12.72% Increase	<u>26,289</u>
Rate Year	232,884
Less Adjusted Test Year	<u>183,273</u>
<b>Rate Year Adjustment</b>	<b><u>\$ 49,611</u></b>

	FY 2005	FY 2006	FY 2007
	144,452	169,205	183,273
Annual Increase		17.14%	8.31%
Average Annual Increase		12.72%	

Narragansett Bay Commission  
Account Analysis - Regulatory Expense

Schedule WEE-13

	<b>Adjusted Test Year</b>	<b>Average Annual Increase</b>	<b>FY 2008</b>	<b>Rate Year</b>
Annual PUC Assessment	159,340	13%	180,054	203,461
PUC Docket Fees	50,138		50,138	50,138
Permits	32,811		32,811	32,811
<b>Total</b>	<u>\$242,289</u>		<u>\$263,003</u>	286,410
		Less Adjusted Test Year		<u>242,289</u>
		<b>Rate Year Adjustment</b>		<u><b>\$44,121</b></u>

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
PUC Assessment	\$124,558	\$149,866	\$159,340
% Increase		20%	6%
Average Increase		13%	

Narragansett Bay Commission  
Account Analysis - Management Audit Services

Schedule WEE-14

	<b>Adjusted Test Year</b>	<b>Annual CPI Adjustment</b>	<b>FY 2008</b>	<b>Rate Year</b>
Bucklin Point Management Contract less Soda Ash	\$1,364,316	3.07%	\$1,406,201	\$1,449,371
Soda Ash	<u>581,117</u>	3.07%	<u>598,957</u>	<u>617,345</u> *
Subtotal	1,945,433		2,005,158	2,066,716
Other Management/Audit Services	<u>171,825</u>		<u>171,825</u>	<u>171,825</u>
Total	2,117,258		2,176,983	2,238,541
			Less Adjusted Test Year	<u>2,117,258</u>
			<b>Rate Year Adjustment</b>	<b><u><u>\$121,283</u></u></b>

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

	April 2005	April 2006	April 2007
CPI	194.6	201.5	206.70
% Increase		3.55%	2.58%
Average Increase		3.07%	

Narragansett Bay Commission  
Rate Calculation

Schedule WEE-15

**Calculation of Percentage Increase in Revenue Requirement**

Revenue Increase (WEE-1)	<u>\$10,924,164</u>	
Rate Year Revenue at Docket 3797 Rates and Projected Units (WEE-2B)	66,307,098	<u>16.48%</u>

**Calculation of Across the Board Increase Percentage**

Revenue Increase	<u>\$10,924,164</u>	(A)
Revenue Items which could be increased by an across the board % Increase		
Flat Fees Residential	\$13,121,918	
Measured Fee - Residential	21,652,086	
Flat Fees Commercial & Industrial	8,108,166	
Measured Fee - Commercial	18,818,409	
Measured Fee - Industrial	1,188,495	
	<u></u>	
Total Revenue Available for Increase	<u>\$62,889,074</u>	(B)
Across the Board Percentage Increase	<u>17.37%</u>	(A/B)



Narragansett Bay Commission  
Rate Year Revenue Proof

Schedule WEE-16

**User Fee Revenues**

	FY 2009 Projected Units	Proposed Rates*	Revenue
Residential			
Dwelling Units	116,795	\$131.87	\$15,401,757
Consumption:			
	9,377,257	2.710	25,412,366
Non-Residential - Metered Accounts			
5/8"	3,827	297	1,136,489
3/4"	973	444	431,996
1"	1,089	737	802,302
1 1/2"	839	1,478	1,239,842
2"	1,685	2,363	3,981,201
3"	76	4,426	334,553
4"	38	7,377	282,160
6"	56	14,758	830,080
8"	18	23,612	436,806
10"	1	33,943	42,405
Total Flat Fees from Metered Accounts	8,602		9,517,833
Commercial Consumption	5,619,113	3.932	22,094,352
Industrial Consumption	552,018	2.527	1,394,949

**Total User Fee Revenues** 73,821,258

Miscellaneous Revenue

DISCHARGE PERMIT FEES (PRETREATMENT)	1,163,397
CONNECTION PERMIT FEES	205,589
BOD/TSS SURCHARGE	139,815
SEPTAGE INCOME	357,206
MISC. OPERATING INCOME	9,335
INTEREST INCOME	513,603
LATE CHARGE PENALTY	631,183
ABATEMENT	3,384
PREVIOUSLY RESTRICTED INCOME	330,000
MISCELLANEOUS INCOME	57,512

77,232,282

Revenue Requirement (per WEE-1) 77,231,261

Difference \$1,021

Narragansett Bay Commission  
Effect on Ratepayers

Schedule WEE-17

	Docket 3797 Rates	Proposed Rates	Dollar Increase	% Increase
97.6 HCF Residential				
Customer Charge	\$112.35	\$131.87	\$19.52	
Consumption	225.36	264.51	39.15	
Total 97.6 HCF Residential	\$337.71	\$396.38	\$58.67	17.37%
5/8" meter, 244 HCF Commercial				
Customer Charge	\$253.00	\$297.00	\$44.00	
Consumption	817.16	959.10	141.94	
Total 5/8" meter, 244 HCF Commercial	\$1,070.16	\$1,256.10	\$185.94	17.37%
2" meter, 2440 HCF Commercial				
Customer Charge	\$2,013.00	\$2,363.00	\$350.00	
Consumption	8,171.56	9,590.96	1,419.40	
Total 2" meter, 2440 HCF Commercial	\$10,184.56	\$11,953.96	\$1,769.40	17.37%
5/8" meter, 244 HCF Industrial				
Customer Charge	\$253.00	\$297.00	\$44.00	
Consumption	525.33	616.58	91.25	
Total 5/8" meter, 244 HCF Industrial	\$778.33	\$913.58	\$135.25	17.37%
2" meter, 2440 HCF Industrial				
Customer Charge	\$2,013.00	\$2,363.00	\$350.00	
Consumption	5,253.32	6,165.82	912.50	
Total 2" meter, 2440 HCF Industrial	\$7,266.32	\$8,528.82	\$1,262.50	17.37%

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 (PUC)?**

13 A. Yes. I have provided testimony before the PUC 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 (VRDO) issued in April 2004, the \$45 million Open Market  
25 Revenue Bond Issue in August 2005 and the \$42.5 million Open Market Revenue  
26 Bond Issue in February 2007. My services have included the facilitation of the  
27 credit rating process, loan structuring and other functions.

28

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

30 A. The NBC requested that I provide additional information regarding their long-  
31 term financing plans, the importance of continuing with the compliance filing

1 mechanism for debt related rate relief as well as the implementation and funding  
2 of an Operating Reserve for Revenue Stability Fund.

3  
4 **Q. Would you please provide an update regarding NBC's outstanding debt?**

5 A. Yes. The long-term financing strategy has resulted in the issuance of both  
6 variable and fixed rate revenue bonds as well as numerous borrowings from the  
7 Rhode Island Clean Water Finance Agency (State Revolving Funds). As of  
8 September 30, 2007 the NBC's outstanding debt was \$421.4 million of which  
9 \$67.2 million is VRDO and \$91.8 million is open market revenue bonds (see table  
10 below).

**Narragansett Bay Commission  
Outstanding Debt as of 9/30/07**

	Par Amount	Outstanding Debt* 9/30/2007
2004 Series A	\$ 70,000,000	\$ 67,220,000
2005 Series A	45,000,000	47,429,506
2007 Series A	42,500,000	44,419,216
Subtotal Long-Term Debt	157,500,000	159,068,722
State Revolving Funds	326,169,710	262,323,064
Total	\$ 483,669,710	\$ 421,391,786

\* Includes 2005 Series A premium of \$2,429,506

\* Includes 2007 Series A premium of \$1,919,216

11  
12  
13 **Q. Would you please provide an update regarding NBC's borrowing plans?**

14 A. First Southwest has worked closely with the staff of NBC to develop a long-term  
15 financing strategy that enables NBC to meet the significant needs of its capital  
16 program while mitigating rate payer impact. I have previously testified before the  
17 PUC that NBC's lowest cost method of financing its capital program is through  
18 subsidized low interest loans from the RICWFA. NBC's financing strategy  
19 maximizes the use of these loans and supplements the capital program with the  
20 issuance of open market debt when RICWFA has insufficient capacity to meet  
21 NBC's needs.

First Southwest, in conjunction with NBC, updates the long-term financing model periodically to reflect changes in funding needs and funding sources. The long-term financing model was recently updated to reflect the FY 2009 – 2013 Capital Improvement Program, updated cash flows and cash balances, along with the \$25 million loan from the RICWFA scheduled to close in mid-December 2007. I have included the updated model as an attachment to my testimony (see Exhibit MG-1). A summary of the projected borrowings over the next five years are shown in the table below.

**Projected Long-Term Debt Financing  
(In millions)**

	<b>FY 2009</b>		<b>FY 2010</b>		<b>FY 2011</b>		<b>FY 2012</b>		<b>FY 2013</b>		<b>Total</b>
RICWFA	\$	12.0	\$	12.0	\$	12.0	\$	12.0	\$	12.0	\$ 60.0
Revenue Bonds		-		23.9		38.9		55.1		43.8	161.6
Total	\$	12.0	\$	35.9	\$	50.9	\$	67.1	\$	55.8	\$ 221.6

Keeping in mind that the projections will continue to be refined as projects progress through design and construction, the model shows debt issuance of more than \$220 million over the five-year period.

**Q. What impact does NBC's credit rating have upon NBC's current and future debt service?**

A. As part of NBC's overall debt management program, the NBC issued \$70 million in VRDO that is remarketed weekly to take advantage of lower short-term interest rates. On November 5, 2007, Standard and Poor's reviewed the NBC's VRDO obligations and affirmed the A+ rating with a stable outlook. In addition, the NBC went through a credit review by Standard and Poor's for the anticipated \$25 million borrowing from the RICWFA in December, 2007 and received an A+ credit rating with a stable outlook.

NBC must maintain an A- or better credit rating in order to be eligible for the low-interest loans from the RICWFA on an unenhanced basis. The RICWFA

1 AAA is based upon many factors including the strength of its borrower portfolio.  
2 If NBC's underlying rating were to fall below the A category or its borrowings  
3 were to exceed 50% of the Agency's portfolio, NBC would be required to obtain  
4 municipal bond insurance on its loans from RICWFA. It is clear that the cost of  
5 insurance, if required, would be higher for NBC if its rating were to be lowered.  
6 In addition, NBC's ability to achieve and maintain an A+ credit rating enables  
7 NBC favorable access to the bond market both in terms of the weekly remarketing  
8 of the VRDO and the cost of the bank liquidity facility for the VRDO as well as  
9 with respect to future open market borrowings. Although the cost savings that  
10 may be achieved from a higher credit rating may be small on a single bond issue,  
11 cumulative cost impacts would be felt in the interest cost of weekly remarketing  
12 of the VRDO, future bond issues and perhaps most significantly if NBC were  
13 unable to qualify as a borrower from the RICWFA without purchasing municipal  
14 bond insurance.

15  
16 **Q. In your opinion, what impact do the decisions of the PUC had on NBC's**  
17 **credit rating?**

18 A. The NBC's credit report clearly states that the PUC's regulatory review and rate  
19 setting authority are significant credit rating factors. In the case of the NBC, there  
20 are two specific rate setting concepts that the PUC has allowed that have  
21 contributed to NBC's credit strength. First, the PUC has allowed approval of  
22 rates that generate 125% of principal and interest which ensures compliance with  
23 the rate covenants set forth in the Trust Indenture. Second, the PUC approved  
24 multi-year rate relief for debt service and debt service coverage that enabled NBC  
25 to initiate its variable rate debt program and ensure expeditious review and  
26 approval of rate relief.

27  
28 **Q. With respect to credit rating and debt management what is NBC requesting**  
29 **that the PUC allow in this filing?**

30 A. My understanding is that this is the last year of the multi-year rate relief granted  
31 in the Order from Docket 3483 and therefore this filing includes a request for an

1 additional five year period (FY 2009 – 2013). The importance of timely rate  
2 relief is emphasized in the credit report and is critical to providing with debt  
3 management flexibility. It is also an important component of the VRDO program  
4 whereby NBC has the ability to quickly address any significant changes in short-  
5 term interest rates. The testimony of Walter Edge points out how effective the  
6 PUC’s multi-year approach has been in terms of reduced ratepayer impact.

7  
8 In addition, the NBC is requesting PUC approval to implement and fund an  
9 Operating Reserve for Revenue Stability Fund. As I mentioned earlier in my  
10 testimony, the NBC has \$421 million in outstanding debt, plans to borrow \$25  
11 million in FY 2008, with additional planned borrowings of more than \$221  
12 million in FY 2009 – 2013. In accordance with the legal requirements set forth in  
13 the Trust Indenture, NBC must ensure it has the liquidity to operate its facilities  
14 and meet its debt service obligations. The establishment of an Operating Reserve  
15 for Revenue Stability Fund would ensure that NBC has the liquidity to meet all of  
16 its obligations regardless of variations in user fee revenue. In addition to the  
17 Trust Indenture requirements, liquidity is one of the factors considered by credit  
18 rating agencies to determine a borrower’s ability to pay.

19  
20 **Q. What level of funding is recommended?**

21 A. It is recommended that NBC fund its Operating Reserve for Revenue Stability  
22 Fund at a level not to exceed 25% of the annual operations and maintenance cost.  
23 The 25% level would be reached over approximately 5 years beginning in FY  
24 2009. Based on the 2008 Operating Budget this would result in a reserve level of  
25 approximately \$8.3 million and the fund would be fully funded by FY 2014.

26  
27 **Q. Is funding an Operating Reserve for Revenue Stability Fund at 25% of**  
28 **annual operation and maintenance reasonable?**

29 A. Yes. Financial flexibility, provided by reserves and liquidity is a common  
30 characteristic of revenue bond issuers in higher rating categories such as “AA”.  
31 For example, the Massachusetts Water Resources Authority “MWRA”, and the



1 Boston Water and Sewer Authority, both in the AA rating category, maintain  
2 reserve levels in the range of 25%. In addition, in a recent publication, Standard  
3 and Poor's cited improved coverage and liquidity as positive credit factors for  
4 numerous upgrades for water and wastewater borrowers. Given the demographics  
5 and economy of NBC's service area, this type of reserve will help NBC to  
6 maintain its credit rating.

7

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

9 A. Yes.

With Revenue Adjustment Open Market Model		FISCAL YEAR																								
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020												
OPERATING REVENUES																										
User Fees		\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209	\$68,020,209												
Permit and Constructions Fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
Industrial Pretreatment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
Septage Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
Abatement Fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
Miscellaneous Revenue		\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690	\$3,810,690												
BOD/TSS Surcharge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
Revenue Adjustment		-	2,881,803	5,842,323	10,497,834	15,988,996	22,261,254	28,114,933	32,793,956	35,859,041	38,254,975	40,609,287	42,262,601	43,720,844												
Compounded Growth on Revenue Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-												
Total Operating Revenues																										
		\$71,830,899	\$74,712,702	\$77,673,222	\$82,328,733	\$87,819,895	\$94,092,153	\$99,945,832	\$104,624,855	\$107,689,940	\$110,085,874	\$112,440,186	\$114,093,500	\$115,551,743												
NONOPERATING REVENUES																										
Interest Income	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-												
Late Charge Penalty		625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000												
Grant Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-												
Miscellaneous		-	-	-	-	-	-	-	-	-	-	-	-	-												
Total NonOperating Revenues																										
		\$	625,000	\$	625,000	\$	625,000	\$	625,000	\$	625,000	\$	625,000	\$	625,000											
DISPOSITION OF REVENUES (Section 13)																										
A. OPERATING EXPENSES																										
Personnel Services	\$	33,311,737	\$	34,644,206	\$	36,029,975	\$	37,471,174	\$	38,970,021	\$	40,528,822	\$	42,149,974	\$	43,835,973	\$	45,589,412	\$	47,412,989	\$	49,309,508	\$	51,281,889	\$	53,333,164
Special Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Supplies and Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$	33,311,737	\$	34,644,206	\$	36,029,975	\$	37,471,174	\$	38,970,021	\$	40,528,822	\$	42,149,974	\$	43,835,973	\$	45,589,412	\$	47,412,989	\$	49,309,508	\$	51,281,889	\$	53,333,164
Pledged Revenue/Net Revenue		\$39,144,162	\$40,693,495	\$42,268,248	\$45,482,559	\$49,474,874	\$54,188,331	\$58,420,857	\$61,413,881	\$62,725,527	\$63,297,885	\$63,755,677	\$63,436,611	\$62,843,579												
B. DEBT SERVICE																										
SRF - Existing		21,607,921	21,881,009	21,883,513	21,785,500	21,310,047	20,846,950	20,671,481	20,224,500	19,719,634	19,300,331	18,834,522	18,365,782	17,908,423												
SRF - Proposed		1,394,870	2,498,100	3,368,500	4,245,400	5,113,100	5,985,900	6,862,800	7,733,000	8,605,700	9,479,900	10,325,700	10,540,500	10,537,800												
Total SRF Bond Debt Service:		23,002,791	24,379,109	25,252,013	26,030,900	26,423,147	26,832,850	27,534,281	27,957,500	28,325,334	28,780,231	29,160,222	28,906,282	28,446,223												
Open Market - Existing Fixed Rate		4,275,399	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563												
Open Market - Proposed Fixed Rate		-	-	394,020	2,190,713	5,003,273	8,362,663	11,057,588	13,031,495	13,722,875	13,723,500	13,719,750	13,726,000	13,721,750												
Total Open Market Bond Debt Service:		4,275,399	4,315,563	4,709,583	6,506,275	9,318,835	12,678,225	15,373,150	17,347,058	18,038,438	18,039,063	18,035,313	18,041,563	18,037,313												
Total Bond Debt Service:		27,278,190	28,694,671	29,961,596	32,537,175	35,741,982	39,511,075	42,907,431	45,304,557	46,363,772	46,819,293	47,195,534	46,947,844	46,483,536												
C. DEBT SERVICE - VRDN																										
VRDN Principal		1,455,000	1,515,000	1,565,000	1,620,000	1,670,000	1,735,000	1,790,000	1,855,000	1,915,000	1,990,000	2,055,000	2,125,000	2,195,000												
VRDN Interest		2,400,423	2,345,125	2,288,003	2,228,873	2,167,918	2,104,590	2,039,255	1,971,548	1,901,650	1,829,015	1,754,008	1,676,445	1,596,328												
Total Variable Rate Debt Service		3,855,423	3,860,125	3,853,003	3,848,873	3,837,918	3,839,590	3,829,255	3,826,548	3,816,650	3,819,015	3,809,008	3,801,445	3,791,328												
D. TOTAL DEBT SERVICE																										
		31,133,613	32,554,796	33,814,598	36,386,047	39,579,899	43,350,665	46,736,686	49,131,105	50,180,422	50,638,308	51,004,542	50,749,289	50,274,863												
EXCESS OF REVENUES OVER M&O AND DS REQUIREMENT:																										
		\$8,010,549	\$8,138,699	\$8,453,650	\$9,096,512	\$9,894,975	\$10,837,666	\$11,684,171	\$12,282,776	\$12,545,105	\$12,659,577	\$12,751,135	\$12,687,322	\$12,568,716												
Debt Coverage Ratio - TOTAL ALL FIXED RATE DEBT																										
		1.43	1.42	1.41	1.40	1.38	1.37	1.36	1.36	1.35	1.35	1.35	1.35	1.35												
Debt Coverage Ratio - TOTAL ALL DEBT																										
		1.26	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25												
Debt Service Coverage Required																										
		7,783,403	8,138,699	8,453,650	9,096,512	9,894,975	10,837,666	11,684,171	12,282,776	12,545,105	12,659,577	12,751,135	12,687,322	12,568,716												
TOTAL REVENUE REQUIREMENT																										
		72,228,753	75,337,702	78,298,222	82,953,733	88,444,895	94,717,153	100,570,832	105,249,855	108,314,940	110,710,874	113,065,186	114,718,500	116,176,743												
Capital Projects Summary																										
		50,374,000	42,799,000	45,523,000	54,748,000	71,290,000	61,005,000	54,567,000	33,895,000	66,569,000	72,166,000	44,180,000	0	0												
Construction Financing Plan																										
Sources of Funds																										
Beginning Balance		49,256,413	26,091,264	5,721,611	11	1,535	2,959	2,997	3,600	3,047	3,761	2,066	2,606	10,753,741												
SRF Bonds		25,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	0	0												
Open Market Bonds		0	0	23,880,000	38,850,000	55,115,000	43,775,000	36,225,000	14,210,000	47,025,000	52,480,000	23,735,000	0	0												
Restricted and Cap Fund		4,914,000	6,098,798	0	0	0	0	0	0	0	0	0	0	0												
Other Capital																										
Surplus Revs from Pre Year		1,121,851	8,010,549	8,138,699	8,453,650	9,096,512	9,894,975	10,837,666	11,684,171	12,282,776	12,545,105	12,659,577	12,751,135	12,687,322												
Total Sources		80,292,264	52,200,611	49,740,311	59,303,660	76,213,047	65,672,934	59,065,663	37,897,772	71,310,823	77,028,866	48,396,643	12,753,741	23,441,063												
Uses fo Funds																										
Operating Capital		1,952,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000												
Increase in DS Payment Fund		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	0	0												
Capital Improvements		50,374,000	42,799,000	45,523,000	54,748,000	71,290,000	61,005,000	54,567,000	33,895,000	66,569,000	72,166,000	44,180,000	0	0												
Debt Issuance Expense		375,000	180,000	717,300	1,054,125	1,420,088	1,164,938	995,063	499,725	1,238,063	1,360,800	714,038	0	0												
Total Uses		54,201,000	46,479,000	49,740,300	59,302,125	76,210,088	65,669,938	59,062,063	37,894,725	71,307,063	77,026,800	48,394,038	2,000,000	2,000,000												

1 **NARRAGANSETT BAY COMMISSION**

2  
3 **PRE-FILED DIRECT TESTIMONY**  
4 **OF JOSEPH PRATT**  
5

6 **Q. Please state your name and address.**

7 A. Joseph Pratt. My business address is 295 Promenade Street, Providence, Rhode  
8 Island 02908.  
9

10 **Q. For whom are you employed and what is your position?**

11 A. I am employed by the firm of the Louis Berger Group, Inc. I am a Vice President  
12 of the firm. In that capacity I am responsible for Environmental Engineering in  
13 New England and the operation of the Providence office.  
14

15 **Q. For how long have you been so employed?**

16 A. I have worked at the Louis Berger Group since November 1991. Prior to that I  
17 was a commissioned officer (Corps of Engineers) in the United States Army for  
18 over thirty-one years. I retired from the Army in 1991 with the rank of Brigadier  
19 General.  
20

21 **Q. What are your educational and professional credentials?**

22 A. I have a Masters Degree in Systems Engineering from Michigan State University.  
23 I also have a Bachelors Degree in Civil Engineering from the University of  
24 Missouri at Rolla and a Bachelors Degree in Chemical Engineering from  
25 Clarkson University. I completed all levels of military education through the War  
26 College level. I attended the Center for Creative Leadership in Greensboro, NC.  
27 I am a Fellow in the Society of American Military Engineers.  
28

29 **Q. Have you previously testified before the Rhode Island Public Utilities**  
30 **Commission (PUC)?**

31 A. Yes. I testified before the PUC regarding the NBC's Combined Sewer Overflow  
32 (CSO) Abatement Program as part of Dockets 3162, 3409, 3483, and 3592.

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

A. The purpose of my testimony is to update the PUC regarding the status of the construction of the NBC's Combined CSO Phase I Facilities as well as the design of the CSO Phase II Facilities.

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

A. Since 1992 my firm has been under contract to NBC to provide management services for the CSO Abatement Program. During that time-frame I have been the Program Manager for the CSO Abatement Program and in that capacity I have worked closely with NBC staff on all aspects of the Program. I have also provided information directly to the Board of Commissioners.

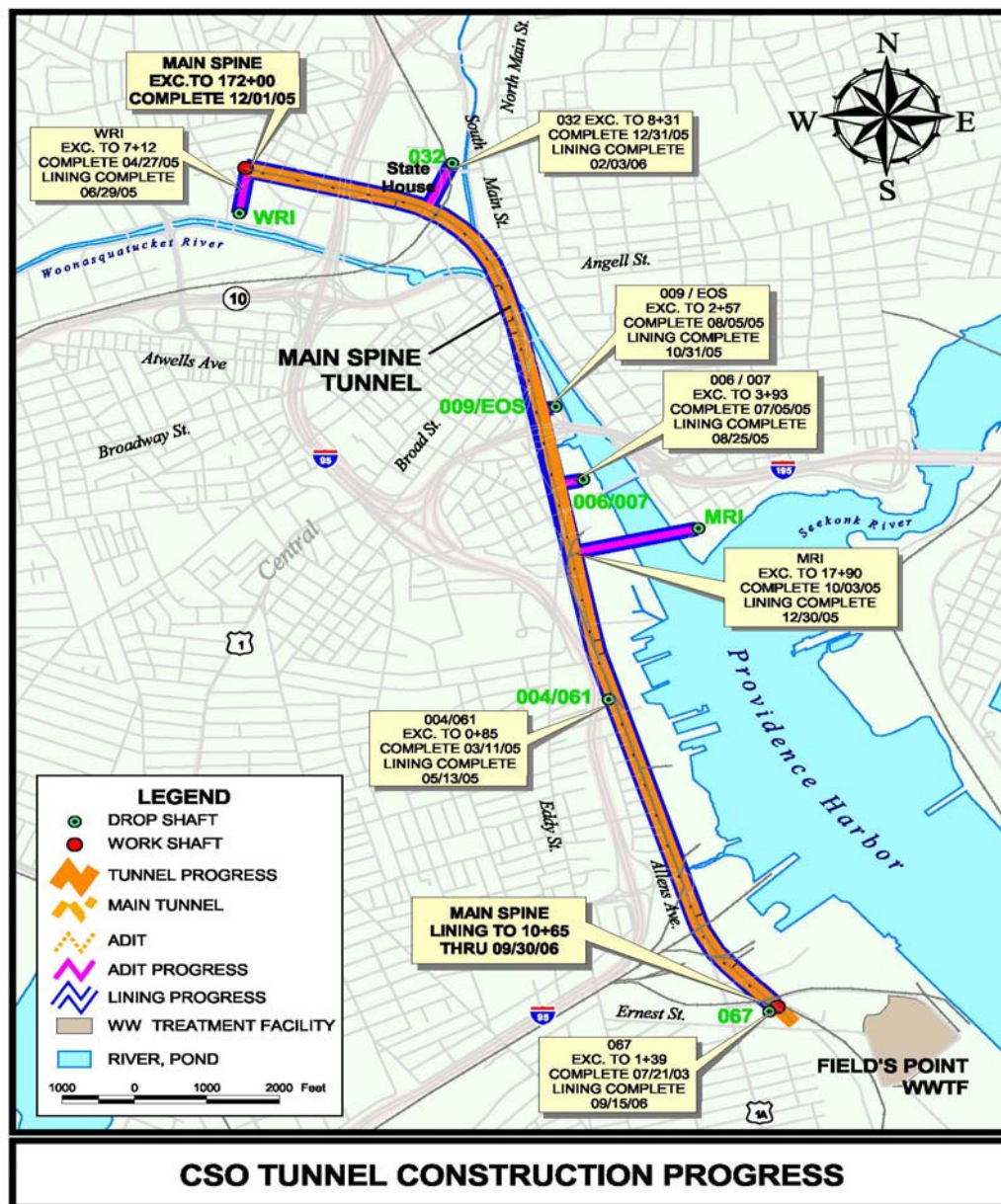
**Q. Can you please provide an update on the status of the construction of the CSO Phase I Facilities?**

A. Yes. I am pleased to report that the construction has progressed well since I last provided testimony to the PUC in 2004. The table below shows the progress on the CSO Phase I construction contracts as of June 30, 2007.

CSO Phase I Facilities				
Contract #		Project Name	Estimated/Actual Cost (In Thousands)*	Percentage Complete
Contracts Completed:				
30204C	MRI		\$ 5,841	100%
30205C	Floatables Control		947	100%
3020600	OCIP (Owner Controlled Insurance Program)		16,522	100%
30206C*	Main Spine and Ancillary Facilities		179,880	100%
30207C	Preparation of Workshaft Site Termination		193	100%
30208C	Overflows 004/061		8,378	100%
30209C	Overflow 009 and Emergency Overflow Structure		5,443	100%
30210C	Overflow 032		10,166	100%
30211C*	Woonasquatucket Interceptor Relief		5,854	100%
30215C*	Overflows 006-007		8,881	100%
30220C	CSO Land Acquisition (RIDOT)		3,000	100%
	Subtotal - Contracts Completed		245,105	
Contracts In-Progress:				
30203RS	Program Management and Construction Management		35,970	84%
30213C	Regulator Modifications		2,219	5%
30214C	Tunnel Pump Station Fitout and Startup		59,504	44%
CSO Admin	CSO Construction Staff/Police Detail/Legal Costs		3,382	80%
CSO Land	CSO Land Costs		2,539	93%
	Subtotal - Contracts In-Progress		103,613	
Total - Phase I CSO Construction		\$	348,718	88%

\* Includes Contingency on Active Contracts, 30206C, 30211C, and 30215C

As of June 30, 2007, the percent complete of construction contracts is approximately 92% (88% complete on a total project cost basis including contingency), with the substantial completion of eleven of the fourteen contracts. The final construction contract (302.13C), which entails construction of modifications to the regulators at various outflows, commenced in March 2007. Current construction is focused on the tunnel pump station and controls necessary for the start-up of the Phase I Facilities (302.14C). The map below shows the locations of the construction projects and their completion status.



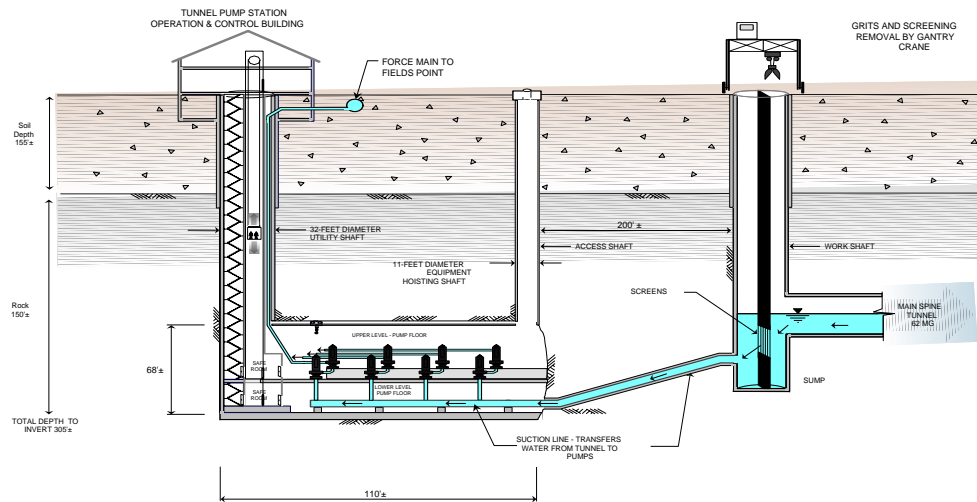
1 The most notable accomplishment has been the substantial completion of the  
2 main spine tunnel. The contract bid was \$163.5 million and the estimated final  
3 cost of the contract is \$173.4 million. Given that similar tunnel projects typically  
4 experience significant cost overruns, this is an outstanding accomplishment.  
5

6 The three CSO Phase I Facilities contracts that remain active include the Program  
7 Management and Construction Management Contract (30203RS), the Regulator  
8 Modifications Contract (30213C), and the Tunnel Pump Station Fit-out and  
9 Startup & Overflow 067 (30214C). The bid opening for the Regulator  
10 Modifications Contract (30213C) was held on December 28, 2006. The bid was  
11 \$2,016,766 and a Notice to Proceed was issued setting the completion date at May  
12 31, 2008. As of June 30, 2007 the contract was 5% complete (based upon total  
13 cost with contingency) and currently the contract is 53% complete and on  
14 schedule. The Tunnel Pump Station Fit-out and Startup & Overflow 067 Contract  
15 (30214C) was awarded in the amount of \$54,185,000 and a Notice to Proceed was  
16 issued on June 27, 2005. As of June 30, 2007 the contract was 44% complete  
17 (based upon total cost with contingency) and currently the contract is 63%  
18 complete and on schedule.  
19

20 The CSO Phase I Facilities have been called "Rhode Island's Largest Public  
21 Works Project That You'll Never See," and nearly all of the facilities are located  
22 below ground. It is difficult to appreciate the magnitude of the project unless you  
23 venture into the tunnel or the tunnel pump station cavern. Included in my  
24 testimony are a number of photos of recent work that has taken place on the site  
25 of the tunnel pump station contract. The cavern itself is 300 feet below ground  
26 and is 70 feet high. It contains 4 sets of pumps (8 pumps) that will pump the  
27 combined wastewater and stormwater captured by the tunnel during wet weather  
28 events. The pumps will convey the flows through a 42" force main to the Field's  
29 Point Wastewater Treatment Facility where they are treated before discharge into  
30 the Providence River. Attached to my testimony as Exhibit JP-1 are a number of  
31 photos of the tunnel and the tunnel pump station.  
32

The schematic below shows the workings of the Main Spine Tunnel and Pump Station.

### CSO Main Spine Tunnel and Tunnel Pump Station



**Q. When will the CSO Phase I Facilities become operational?**

A. The CSO Phase I Facilities are scheduled to be operational in October 2008.

**Q. What are the operating costs of the CSO Phase I Facilities?**

A. There operating cost impacts can be broken down into utility cost and treatment cost categories. Electricity costs will increase to power the pumps during wet weather events and gas usage will increase as a result of controlling the environment of the tunnel pump station. The increase in electricity has been estimated based on the amount of flow the tunnel will capture and pump. The assumptions and judgments on which the estimate is based are conservative. The most significant factor is the amount of the projected flow that will be captured and pumped. In addition, the power requirements for each pump, heat, duct fan, grinder, compactor, light, crane, hoist, gate, compressor, etc. have been based on several factors, which include size, power requirement, usage hours, operating hours, and equipment operating efficiencies. The table on the following page shows the projected increase in electricity and gas resulting from the operation of

1 the tunnel for the nine months from October 2008 to June 2009. Please see the  
2 testimony of Walter Edge for the cost impacts of the increased utility use.

**Projected Utility Demand of CSO Phase I Facilities  
October 2008 to June 2009**

Electricity	2,480,729 KWHr
Natural Gas	58,903 Therms

3  
4  
5 The second operating cost impact of the CSO Phase I facilities is the result of the  
6 increased flows that the tunnel pump station will convey to the Field's Point  
7 Wastewater Treatment Facility for treatment. The treatment cost impacts are  
8 included in the testimony of Walter Edge.

9  
10 **Q. Can you please provide an update on the status of Phase II of the CSO**  
11 **Abatement Program?**

12 A. Phase II of the CSO Abatement Program commenced in January 2007, with  
13 review of the Conceptual Design Report Amendment (CDRA) approved by  
14 RIDEM in 1999. Phase II Facilities Design Contract (30301D) is currently  
15 underway. The NBC began design of the CSO Phase II Facilities in order to  
16 ensure compliance with the Consent Agreement between the NBC and the Rhode  
17 Island Department of Environmental Management (RIDEM). A compliance  
18 schedule is incorporated within the Consent Agreement, which allows time for  
19 RIDEM review and approval of all plans. Preliminary design commenced in  
20 August 2007 and the NBC has a period of one year to complete this task with the  
21 RIDEM schedule. In August 2008, the NBC must submit the preliminary design  
22 to the RIDEM for review and approval. Once approval is received from RIDEM,  
23 the NBC may begin the Final Design for the Phase II Facilities. The RIDEM  
24 schedule allows a period of one year from the initial commencement of this phase  
25 until completion. Upon completion, the RIDEM must review and approve the  
26 final design, before NBC may proceed.

27



1 Phase II consists of the construction and connection of two interceptors along the  
2 Seekonk and Woonasquatucket Rivers to the Main Spine Tunnel constructed in  
3 Phase I. Currently the routes for the Seekonk CSO Interceptor and the  
4 Woonasquatucket CSO Interceptor are being investigated. Phase II also includes  
5 a sewer separation project in Providence and a constructed wetlands treatment  
6 facility in Central Falls, both of which are being evaluated at this time. Currently,  
7 the review of the sewer separation project includes innovative solutions for the  
8 stormwater, such as infiltration into the surrounding grassy areas. Construction  
9 for the Phase II facilities is scheduled to begin in April 2010.

10

11 **Q. What are the current cost estimates for Phase II of the CSO Abatement**  
12 **Program?**

13 A. The construction costs are based upon the 1998 Conceptual Design Report  
14 Amendment in which the cost estimates were prepared without the benefit of any  
15 detailed design work. These costs were further updated based upon the  
16 construction cost experience from Phase I of the CSO Abatement Program. The  
17 cost estimates were also adjusted based on the Engineering New Record Cost  
18 Construction Index (CCI), in order to reflect the construction costs through the  
19 mid-point of Phase II construction. The current cost estimates for Phase II of the  
20 CSO Abatement Program are \$13,644,000 for design and \$185,591,000 for  
21 construction. These estimates will be refined as more information becomes  
22 available through design.

23

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

25 A. Yes.



*Above, a partial view of the 16,000 foot lined tunnel. The tunnel is 26 feet in diameter, in bedrock.*



*Above, the number 3 Adit concrete forms.*



*The 067 Gate & Screenings Structure where wet weather flow passes before entering the tunnel through a drop shaft, pumped through the Tunnel Pump Station to the Field's Point Wastewater Treatment Facility.*



*The Pump station Force Main, consisting of a header and 4 discharge pipes. The pipes carry the flow from the Tunnel Pump Station to the Field's Point Wastewater Treatment Facility.*





*A view of the Tunnel Pump Station Cavern. The cavern is approximately 300 feet underground.*



*A view of the suction piping from the Pump Station's first floor slab, approximately 300 feet underground.*



*One of the pneumatically controlled valves. The 54" valves control the flow from the Tunnel to Pump Station.*



*One pair of the 2 stage pumps, on the second floor slab of the Tunnel Pump Station. There are 4 sets of 2 stage pump pairs. Each pump is 400 HP and capable of pushing the flow up 300 feet.*





*A view from the second floor slab of the Tunnel Pump Station. A 20 ton crane (yellow) has been incorporated within the cavern in order to access and properly maintain the various pumps, piping, and valves.*



*An interior view of the 4 separate discharge pipes which carry the flow from the Pump Station to the Force Main and finally to the FPWWTF.*



*Electrical conduits.*



*The 067 outfall which is 110" in diameter and the gate and screening structure which will carry the wet weather flow to the tunnel, then the Pump Station, to the Field's Point Wastewater Treatment Facility.*

Narragansett Bay Commission  
Master Capital Lease Schedule

Narragansett Bay Commission						
Capital Leases						
Lease	Lease	Original Cost	Test Year FY 2007		Rate Year FY 2009	
CC	HP computers	230,284.69	49,298.19	3,262.07		
FF	Xerox copiers	27,994.86	5,598.97	279.95	3,732.65	186.63
GG	HP computers	80,033.00	30,038.40	1,821.61		
II	HP computers	74,903.00	18,173.36	2,153.07		
JJ	HP computers	54,319.00	13,191.69	1,513.01		
1	HP computers	75,928.58	23,773.58	3,102.44		
2	HP computers	12,828.00	2,965.35	491.68	3,284.69	172.34
3	HP computers	47,076.00	10,799.83	1,975.18	12,079.43	695.58
4	HP computers	160,427.24	36,804.03	6,731.11	41,164.71	2,370.43
5	HP computers	70,593.76	21,233.02	2,518.25	3,234.97	173.91
6	HP computers	37,935.04	8,702.78	1,591.65	9,733.91	560.52
7	HP computers	323,118.59	71,034.39		61,422.03	9,612.36
8	HP computers	61,431.30	21,842.79		20,462.70	1,380.09
9	HP computers	53,797.00			17,908.65	1,164.00
10	De Lage Landen Computers	109,569.69			35,698.75	3,525.29
11	De Lage Landen Computers	206,792.58			38,384.07	8,440.65
	Grand Total	1,627,032.33	313,456.38	25,440.02	247,106.56	28,281.80

**Narragansett Bay Commission - Master Debt Service Schedule**

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2008		FYE 2009		FYE 2010		FYE 2011		FYE 2012	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	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	3,413.96	183,299.90
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar	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	8,377.89 5,653.65	219,934.00
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar	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	4,265.85 2,172.33	111,227.45
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	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	87,147.37 70,957.16	882,500.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	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	95,526.00 77,716.23	1,019,507.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	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	80,076.00 72,404.71	420,978.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	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	269,315.00 239,469.60	1,690,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	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	524,721.23 467,643.23	3,600,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	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	297,590.67 276,209.92	2,708,996.25
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	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	298,624.80 282,437.30	1,850,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	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	320,535.60 310,398.73	1,225,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	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	230,234.30 218,059.10	1,368,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	200,901.77 254,824.45	1,268,000.00	254,824.45 243,956.20	1,290,000.00	243,956.20 232,878.25	1,311,000.00	232,878.25 221,572.60	1,334,000.00	221,572.60 210,080.50	1,356,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)	1-Dec	2,572,902.43	1,455,000.00	2,507,716.27	1,515,000.00	2,447,483.25	1,565,000.00	2,385,165.15	1,620,000.00	2,327,171.95	1,670,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	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
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	992,617.53 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00
<b>Total</b>			13,110,250.33	16,800,971.70	12,762,245.91	17,457,041.65	12,287,661.28	17,923,897.28	11,798,570.77	18,307,656.68	11,317,338.18	18,305,442.60
<b>Total Interest and Principal Debt Service</b>			\$29,911,222.03		\$30,219,287.56		\$30,211,558.56		\$30,106,227.45		\$29,622,780.78	

**Narragansett Bay Commission - Master Debt Service Schedule**

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2013		FYE 2014		FYE 2015		FYE 2016		FYE 2017	
			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	5,653.65 2,861.58	225,410.00	2,861.58	231,022.00						
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar	2,172.33	115,414.49								
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	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	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	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	38,802.66 29,619.03	503,940.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	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	156,114.40 111,611.20	2,520,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	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	258,119.40 216,103.65	2,650,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	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	184,853.08 160,476.90	3,088,525.91
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	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	208,946.40 188,757.85	2,029,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	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	243,856.83 217,005.70	2,895,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	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	164,614.38 150,111.55	1,499,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	210,080.50 198,359.00	1,379,000.00	198,359.00 186,398.43	1,403,000.00	186,398.43 174,090.55	1,427,000.00	174,090.55 161,430.58	1,451,000.00	161,430.58 148,441.78	1,476,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)	1-Dec	2,254,175.86	1,735,000.00	2,185,261.71	1,790,000.00	2,113,923.36	1,855,000.00	2,045,746.45	1,915,000.00	1,963,729.65	1,990,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	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
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00
<b>Total</b>			10,832,185.57	18,319,502.78	10,352,923.54	18,609,381.78	9,870,844.83	18,638,141.55	9,396,551.07	18,599,392.75	8,918,157.54	18,651,465.91
<b>Total Interest and Principal Debt Service</b>			\$29,151,688.35		\$28,962,305.32		\$28,508,986.38		\$27,995,943.82		\$27,569,623.45	

**Narragansett Bay Commission - Master Debt Service Schedule**

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2018		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
			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	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	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	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	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	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	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	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
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	148,441.78 135,111.53	1,502,000.00	135,111.53 121,465.20	1,529,000.00	121,465.20 107,461.20	1,556,000.00	107,461.20 93,126.00	1,584,000.00	93,126.00 78,447.70	1,613,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)	1-Dec	1,884,631.33	2,055,000.00	1,802,865.92	2,125,000.00	1,723,033.57	2,195,000.00	1,630,896.86	2,275,000.00	1,540,450.34	2,350,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	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
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00
<b>Total</b>			8,452,728.15	18,636,988.04	7,990,844.74	18,618,365.57	7,537,335.87	18,604,683.42	7,078,638.43	18,588,090.07	6,645,057.21	17,687,227.57
<b>Total Interest and Principal Debt Service</b>			\$27,089,716.19		\$26,609,210.31		\$26,142,019.29		\$25,666,728.50		\$24,332,284.78	



**Narragansett Bay Commission - Master Debt Service Schedule**

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2023		FYE 2024		FYE 2025		FYE 2026		FYE 2027	
			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		
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	78,447.70 63,464.45	1,642,000.00	63,464.45 48,123.85	1,672,000.00	48,123.85 32,456.25	1,703,000.00	32,456.25 16,416.75	1,734,000.00	16,416.75	1,770,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)	1-Dec	1,446,803.60	2,435,000.00	1,353,635.25	2,515,000.00	1,249,810.17	2,605,000.00	1,146,124.35	2,695,000.00	1,038,801.44	2,790,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	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
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00
<b>Total</b>			6,281,389.34	13,969,786.58	5,998,183.80	10,593,000.00	5,739,899.85	9,726,000.00	5,529,072.58	6,222,000.00	5,281,280.69	8,140,000.00
<b>Total Interest and Principal Debt Service</b>			\$20,251,175.92		\$16,591,183.80		\$15,465,899.85		\$11,751,072.58		\$13,421,280.69	

**Narragansett Bay Commission - Master Debt Service Schedule**

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2028		FYE 2029		FYE 2030		FYE 2031		FYE 2032	
			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										
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar										
22500	VRDO \$70M 2004 Series A (Includes fees)	1-Dec	930,257.14	2,885,000.00	812,952.50	2,985,000.00	694,232.48	3,085,000.00	571,342.24	3,195,000.00	445,312.38	3,305,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,977,125.00	3,755,000.00	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
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	 3,390,000.00	948,031.25 948,031.25	 3,560,000.00	859,031.25 859,031.25	 3,735,000.00	765,656.25 765,656.25	 3,920,000.00	667,656.25 667,656.25	 4,120,000.00
<b>Total</b>			4,972,944.64	10,030,000.00	4,493,640.00	10,490,000.00	3,994,794.98	10,960,000.00	3,472,904.74	11,465,000.00	2,927,999.88	11,990,000.00
<b>Total Interest and Principal Debt Service</b>			\$15,002,944.64		\$14,983,640.00		\$14,954,794.98		\$14,937,904.74		\$14,917,999.88	

**Narragansett Bay Commission - Master Debt Service Schedule**

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2033		FYE 2034		FYE 2035		FYE 2036		FYE 2037		Total	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar											48,822.46 32,935.44	852,994.26
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar											76,347.36 57,718.43	1,503,956.00
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar											42,958.58 31,051.07	632,637.74
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar											767,058.32 620,700.05	7,977,750.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar											841,589.99 680,664.93	9,212,035.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar											811,296.67 703,150.39	5,934,413.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar											2,953,899.90 2,530,942.90	23,950,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar											5,724,527.05 4,959,364.75	48,260,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar											3,420,495.25 3,042,774.01	47,858,249.93
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar											3,768,633.30 3,365,454.10	36,567,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar											3,942,461.87 3,578,747.99	36,301,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar											3,033,536.66 2,687,000.71	28,619,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar											2,929,007.04 2,728,105.27	30,000,000.00
22500	VRDO \$70M 2004 Series A (Includes fees)	1-Dec	312,612.66	3,420,000.00	176,579.31	3,535,000.00	33,793.79	3,660,000.00					41,597,411.41	67,220,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	913,375.00	4,795,000.00	667,625.00	5,035,000.00	409,625.00	5,285,000.00	138,750.00	5,550,000.00			54,901,750.00	45,000,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	564,656.25 564,656.25	 4,325,000.00	461,937.50 461,937.50	 4,530,000.00	354,350.00 354,350.00	 4,745,000.00	241,656.25 241,656.25	 4,970,000.00	123,618.75 123,618.75	5,205,000.00 5,205,000.00	26,634,836.28 26,675,000.00	0.00 432,389,035.93
<b>Total</b>			2,355,300.16	12,540,000.00	1,768,079.31	13,100,000.00	1,152,118.79	13,690,000.00	622,062.50	10,520,000.00	247,237.50	5,205,000.00	203,188,242.18	432,389,035.93
<b>Total Interest and Principal Debt Service</b>			\$14,895,300.16		\$14,868,079.31		\$14,842,118.79		\$11,142,062.50		\$5,452,237.50		\$635,577,278.11	

## Debt Service Payments Fiscal Year 2007

Outstanding Debt	Due Dates	Interest	Principal
SRF - NO. PROV. \$2.647M	1-Sep	10,598	152,667
	1-Mar	15,887	
SRF - WP/RA - \$3.694	1-Sep	21,038	194,487
	1-Mar	18,629	
SRF -BUTLER - \$1.662M	1-Sep	8,545	92,463
	1-Mar	11,908	
SRF POOL LOAN I - \$14.781M	1-Sep	159,872	736,500
	1-Mar	146,360	
SRF POOL LOAN II - \$17.279M	1-Sep	164,538	857,927
	1-Mar	160,925	
SRF POOL LOAN III - \$8.150M	1-Sep	114,555	351,673
	1-Mar	108,147	
SRF POOL LOAN IV - \$23.955M	1-Sep	422,975	1,000
	1-Mar	422,957	
SRF POOL LOAN V - \$57M	1-Sep	788,945	1,500,000
	1-Mar	765,162	
SRF POOL LOAN VI - \$57M	1-Sep	396,475	2,376,105
	1-Mar	377,721	
SRF POOL LOAN VII - \$40M	1-Sep	361,083	1,725,000
	1-Mar	351,164	
SRF POOL LOAN VIII - \$40M	1-Sep	348,952	1,719,000
	1-Mar	337,951	
SRF POOL LOAN IX - \$30M	1-Sep	190,345	1,381,000
	1-Mar	273,445	
SRF POOL LOAN X - \$30M	1-Sep		
	1-Mar	22,824	
VRDO \$70M 2004 Series A (Includes fees)		2,674,088	1,415,000
\$45M 2005 Series A		2,250,000	
2007 Series A		827,182	
<hr/>			
Total		\$ 11,752,271	\$ 12,502,822

## *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 3.2644%.

Commission loan outstanding with the RI Clean Water Finance Agency  
North Providence – The total loan is \$2,647,977 with an interest rate of 3.225%.

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 1.9773%.

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 3.16917%.

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 2.9938%.

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 3.14473%.

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 3.032%.

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 3.30%.

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 1.0785%.

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 – The total loan is \$30,000,000 with an interest rate of 1.27%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #11 – 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 4, 2005  
Total loan amount is \$45,000,000 with an average interest rate of 5.0%.

Wastewater System Revenue Bonds, 2007 Series A, dated February 8, 2005  
Total loan amount is \$45,000,000 with an average interest rate of 4.84825%.

# Narragansett Bay Commission Personnel and Overtime Information

Test Year	Number of Employees 7/1/06	Number of Employees 6/30/07
FY 2007	245	241

Fiscal Year	Amount
FY 2007	451,650
FY 2006	532,533
FY 2005	624,352

## **Compliance Reporting**

<b><u>Compliance Items</u></b>	<b><u>Status</u></b>
Capital Projects Compliance Report	Reports are submitted semi-annually. Last Report was submitted on June 30th, 2007 per Docket # 3162
Restricted Accounts Report	Reports are submitted quarterly. Last report was submitted September 2007 per Docket #3162
CSO Overseer Restricted Account	Limited to \$150,000 July 2006 per Docket # 3707. Excess funds of approximately \$660,000 to be used to offset operating expenses over two year period per docket # 3797

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

	Cash Receipts	Capital/Debt	Debt	Debt Interest	Total Debt & Debt Interest	Debt Coverage	Special Master
<b>Percentage</b>		<b>0.000%</b>	<b>43.022%</b>			<b>11.064%</b>	
Receipts:							
Beginning Balance		994,610.04			<b>15,012,795.36</b>	8,030,455.15	810,153.95
Transfer 11/27/2006		1,000,000.00				(1,000,000.00)	
Transfer 10/26/2006						(150,000.00)	
Transfer 9/26/2006		6,000,000.00			<b>0.00</b>	(6,000,000.00)	(660,153.95)
Transfer 1/26/2007		884,334.71				(884,334.71)	
		8,878,944.75	0.00	0.00	<b>15,012,795.36</b>	(3,879.56)	150,000.00
July-06	950,653.06	5,058.80	425,635.89	62,886.91	<b>488,522.80</b>	109,458.19	0.00
August-06	10,306,046.97	4,062.63	4,614,326.41	87,155.18	<b>4,701,481.59</b>	1,186,638.25	0.00
September-06	2,441,695.97	3,989.56	1,093,220.54	89,092.27	<b>1,182,312.81</b>	281,136.87	0.00
October-06	1,156,341.70	6,391.55	517,728.87	31,778.71	<b>549,507.58</b>	133,141.18	0.00
**November-06	9,634,797.12	27,871.23	4,145,082.42	32,198.40	<b>4,177,280.82</b>	1,065,993.95	116.14
December-06	2,689,293.60	27,266.42	1,156,987.89	34,188.90	<b>1,191,176.79</b>	297,543.44	600.39
January-07	1,390,945.84	29,888.39	598,412.72	36,671.64	<b>635,084.36</b>	153,894.25	618.99
February-07	10,163,363.70	56,546.73	4,372,482.33	95,020.73	<b>4,467,503.06</b>	1,124,474.56	1,182.91
March-07	2,527,309.84	29,591.61	1,087,299.24	38,617.34	<b>1,125,916.58</b>	279,621.56	626.69
April-07	1,537,047.88	26,034.05	661,268.74	53,613.13	<b>714,881.87</b>	170,058.98	586.96
May-07	5,856,320.46	27,714.61	2,519,506.19	64,009.91	<b>2,583,516.10</b>	647,943.30	648.16
June-07	5,359,599.37	25,057.49	2,305,806.84	64,227.29	<b>2,370,034.13</b>	592,986.07	612.50
	54,013,415.51	<b>9,148,417.82</b>	<b>23,497,758.08</b>	<b>689,460.41</b>	<b>39,200,013.85</b>	<b>6,039,011.04</b>	<b>154,992.74</b>
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		491,348.72			252,975.71		-
November-06		89,554.43			207,953.55		-
December-06		183,534.00			252,210.42		-
January-07		403,763.87			234,442.09		-
February-07		482,229.09			2,753,420.12		-
March-07		265,977.54			3,234,434.76		-
April-07		422,764.26			228,674.38		-
May-07		169,937.20			206,445.43		-
June-07		477,111.55			253,629.37		-
		<b>3,259,061.46</b>			<b>23,476,477.06</b>		-
Balance		<b>\$ 5,889,356.36</b>			<b>\$ 15,723,536.79</b>	<b>\$ 6,039,011.04</b>	<b>\$ 154,992.74</b>

\*Note that prior to August, 2006 Special Master was calculated at a rate of .259%.

\*\*Note that prior to November, 2006, under Docket 3639, Debt and Debt Coverage percentages were 44.773% and 11.514% respectively.

Transfers:

11/27/06 Funds transferred from Stabilization to Operating Capital for Debt Service Coverage from 2006.

10/26/06 Funds transferred from Stabilization to Special Master account per PUC Report & Order Docket #3707. Order reduced Special Master to \$150,000.

9/26/06 Funds transferred from Stabilization to Operating Capital for Debt Service Coverage from 2006.

1/26/07 Funds transferred from Stabilization to Operating Capital for Debt Service Coverage from 2006.



**Narragansett Bay Commission Docket**  
**Compliance Reporting on Restricted Accounts for FY 2008**

	Cash Receipts	Capital/Debt	Debt	Debt Interest	Total Debt & Debt Interest	Debt Coverage	Special Master
<b>Percentage</b>		<b>0.000%</b>	<b>43.022%</b>			<b>11.064%</b>	
Receipts:							
Beginning Balance		5,889,356.36			<b>15,723,536.79</b>	6,039,011.04	154,992.74
		5,889,356.36	0.00	0.00	<b>15,723,536.79</b>	6,039,011.04	154,992.74
July-07	1,776,970.18	24,383.75	764,488.11	79,142.66	<b>843,630.77</b>	196,603.98	635.09
August-07	10,503,888.07	22,714.22	4,518,982.73	79,131.24	<b>4,598,113.97</b>	1,162,150.18	634.09
September-07	2,816,241.08	21,389.84	1,211,603.24	18,112.99	<b>1,229,716.23</b>	311,588.91	602.33
October-07	0.00		0.00		<b>0.00</b>	0.00	
November-07	0.00		0.00		<b>0.00</b>	0.00	
December-07	0.00		0.00		<b>0.00</b>	0.00	
January-08	0.00		0.00		<b>0.00</b>	0.00	
February-08	0.00		0.00		<b>0.00</b>	0.00	
March-08	0.00		0.00		<b>0.00</b>	0.00	
April-08	0.00		0.00		<b>0.00</b>	0.00	
May-08	0.00		0.00		<b>0.00</b>	0.00	
June-08	0.00		0.00		<b>0.00</b>	0.00	
	15,097,099.33	<b>5,957,844.17</b>	<b>6,495,074.08</b>	<b>176,386.89</b>	<b>22,394,997.76</b>	<b>7,709,354.11</b>	<b>156,864.25</b>
Expenses:							
July-07		260,290.67			225,945.34		-
August-07		101,501.94			2,324,173.47		-
September-07		386,205.32			18,742,280.16		-
October-07							-
November-07							-
December-07							-
January-08							-
February-08							-
March-08							-
April-08							-
May-08							-
June-08							-
		<b>747,997.93</b>			<b>21,292,398.97</b>		-
Balance		<b>\$ 5,209,846.24</b>			<b>\$ 1,102,598.79</b>	<b>\$ 7,709,354.11</b>	<b>\$ 156,864.25</b>

\*Note that prior to August, 2006 Special Master was calculated at a rate of .259%.

\*\*Note that prior to November, 2006, under Docket 3639, Debt and Debt Coverage percentages were 44.773% and 11.514% respectively.

Transfers:

# **NARRAGANSETT BAY COMMISSION**

## *Statement of Net Assets*

*June 30, 2007*

### **Assets**

#### **Current assets**

Cash and cash equivalents	\$ 15,493,837
Accrued interest receivable	18,798
Accounts receivable	
Sewer use fees (net of allowance)	6,762,791
Sewer use unbilled	14,117,120
Receivables, other	126,688
Prepaid expenses	185,003
<b>Total current assets</b>	<b>36,704,237</b>

#### **Noncurrent assets**

##### **Restricted assets**

Cash, environmental enforcement	127,370
Cash and cash equivalents, restricted	18,954,705
Cash and cash equivalents, restricted for the acquisition and construction of capital assets	47,537,583
Accrued interest receivable	248,885
<b>Total restricted assets</b>	<b>66,868,543</b>

##### **Capital assets**

Land	2,754,407
Plant and equipment	73,634,988
Capital projects completed	249,934,272
Construction in progress	378,547,610
	704,871,277
Less accumulated depreciation	(100,895,176)
<b>Net capital assets</b>	<b>603,976,101</b>

##### **Other assets**

Organization costs (net of accumulated amortization)	68,264
Bond and loan issuance costs (net of accumulated amortization)	5,700,375
<b>Total other assets</b>	<b>5,768,639</b>

<b>Total noncurrent assets</b>	<b>676,613,283</b>
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<b>Total assets</b>	<b>\$ 713,317,520</b>
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*(Continued)*

*The notes to the financial statements are an integral part of this statement.*

# **NARRAGANSETT BAY COMMISSION**

## *Statement of Net Assets (Continued)*

June 30, 2007

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### ***Liabilities***

#### ***Current liabilities***

Accounts and contracts payable	\$ 7,679,952
Accrued interest payable	4,044,831
Accrued expenses	2,276,905
Unearned revenue	281,587
Current portion of loans payable	15,345,972
Current portion of leases payable	282,189
Current portion of long-term debt	1,455,000
<b><i>Total current liabilities</i></b>	<b><u>31,366,436</u></b>

#### ***Noncurrent liabilities***

Other accrued expenses	71,626
Long-term loans payable, net	254,345,020
Long-term leases payable, net	305,167
Long-term debt, net	157,613,722
<b><i>Total noncurrent liabilities</i></b>	<b><u>412,335,535</u></b>

#### ***Total liabilities***

**443,701,971**

### ***Net assets***

Invested in capital assets, net of related debt	214,974,154
Restricted, environmental enforcement	127,370
Unrestricted	54,514,025
<b><i>Total net assets</i></b>	<b><u>\$ 269,615,549</u></b>

*The notes to the financial statements are an integral part of this statement.*

**NARRAGANSETT BAY COMMISSION**  
*Statement of Revenues, Expenses and Changes in Net Assets*  
*For the Year Ended June 30, 2007*

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<b><i>Operating revenues</i></b>	
User fees, residential	\$ 30,990,979
User fees, commercial and industrial	25,103,994
Permit and connection fees	205,589
Pretreatment	1,163,397
Environmental enforcement	52,525
Septage income	357,206
Abatement fees	3,384
Late charge penalties	631,183
Miscellaneous revenue	9,335
BOD/TSS surcharge	139,815
<b><i>Total operating revenues</i></b>	<b><u>58,657,407</u></b>
<b><i>Operating expenses</i></b>	
Personnel services	16,043,809
Contractual services	6,474,726
Travel	52,201
Repairs and maintenance	1,349,609
Utilities	3,345,585
Supplies	1,067,524
Depreciation and amortization	6,803,213
Bad debt expense	210,543
Insurance	787,602
Miscellaneous	600,351
<b><i>Total operating expenses</i></b>	<b><u>36,735,163</u></b>
<b><i>Operating income</i></b>	<b><u>21,922,244</u></b>
<b><i>Nonoperating revenues (expenses)</i></b>	
Grants	49,037
Interest expense	(11,913,538)
Interest income	2,849,252
Loss on disposal of assets	(258)
Miscellaneous nonoperating income	111,703
Bond and note issuance costs	(36,482)
<b><i>Total nonoperating revenues (expenses)</i></b>	<b><u>(8,940,286)</u></b>
<b><i>Net income before capital contributions</i></b>	<b>12,981,958</b>
Capital contributions	5,626
<b><i>Change in net assets</i></b>	<b>12,987,584</b>
<b><i>Total net assets - beginning of year</i></b>	<b><u>256,627,965</u></b>
<b><i>Total net assets - end of year</i></b>	<b><u><u>\$ 269,615,549</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

Narragansett Bay Commission  
Regulatory Expense

	Total Cost	Test Year FY 2007	Amortization
Docket 3707	70,815	34,912	23,605
Docket 3775 - DS Compliance	8,138	7,905	2,713
Docket 3797	58,418	53,574	19,473
Current Docket (Est.)	65,000		21,667

Docket	Filed	TY	RY	Amortization Period		
3707	11/1/2005	2005	2007	2007	2008	2009
3775	10/4/2006	2006	2008	2008	2009	2010
3797	12/1/2006	2006	2008	2008	2009	2010
Current		2007	2009	2009	2010	2011