

THE NARRAGANSETT BAY COMMISSION
Docket No. 4026

Interrogatories of the Division of Public Utilities and Carriers

DIV 1-1 With reference to Mr. Edge's direct testimony at page 5,

- a. Please indicate the date on which the electricity supply contract will expire.
- b. Please explain whether NBC is currently engaged in negotiations for a new electricity contract and indicate the status of the negotiations.
- c. If NBC has reached agreement with an electricity supplier, please provide a copy of the contract and/or a terms sheet that summarizes the provisions under the new contract.

Answer:

- a. The current electricity supply contract will expire in January 2010.
- b. NBC is not currently engaged in negotiations for a new contract. The bidding process is expected to be initiated within the next two months.
- c. N/A

Prepared by: WEE

DIV 1-2 With reference to the discussion of Workers Compensation Insurance on page 9, lines 17 through 20 of Mr. Edge's direct testimony,

- a. Please explain the nature of the state ordered refund of \$36,568. Indicate in your response the periods to which the amount was related.
- b. Provide the dates on which the refund related to FY 2007 and the assignment related to FY 2008 were received.
- c. Please indicate the frequency of workers compensation audits and whether the Company is subject to receiving refunds or paying shortages on an annual basis.
- d. Please indicate whether these refunds and increases are reflected in the premium amounts shown on Schedule WEE-9. If not, please provide the adjusted annual premiums.

Answer:

- a. This was a one-time payment resulting from a settlement in 2007 between the Beacon Mutual Insurance Co. (NBC's Workers Compensation Insurer) and the Rhode Island Department of Business Regulation. In accordance with the settlement, The Beacon was required to make payments to certain policy holders.
- b. The FY 2007 refund of \$13,139 was received in February 2008 relating to the fiscal year July 2006 - June 2007. The fiscal year 2008 audit resulted in an additional premium of \$17,166 which was paid in October 2008 (see also answer to item d below)
- c. The NBC's payroll is audited by its Workers Compensation insurer on an annual basis after the fiscal year is completed. Based on the result of the audit, the NBC may receive a refund or have to pay a shortage annually.
- d. It appears that in some cases the refunds were included but in some cases they were not (see schedule below). It should be noted that NBC was notified in mid-January that two items related to the FY 08 premium were successfully appealed and therefore the resulting adjustment reduced the initial audited premium from \$470,193 to \$461,808 or a decrease of \$8,961.

| | FY 2007 | FY 2008 | FY 2009 |
|--|------------|------------|------------|
| Original Premium | \$ 378,489 | \$ 456,223 | \$ 481,418 |
| Audit Adjusted Premium | 392,369 | 453,603 | |
| PY Payroll Audit Adjustment | 26,697 | (13,139) | 17,166 |
| PY Payroll Audit Appeal | | | (8,961) |
| NBC WC Insurance Expense | 419,066 | 440,464 | |
| Net Premium With Payroll Audit Adjustment | 379,230 | 470,769 | |
| Final Premium With Audit Appeal Adjustment | | \$ 461,808 | |

Prepared by: WEE

DIV 1-3 With reference to the lost industrial customer identified on pages 12 and 13 of Mr. Edge's direct testimony, please provide that customer's annual consumption and revenues for FY 2006, 2007 and 2008.

Answer: See table below.

| Lost Industrial Customer User Fees FY 2006 - FY 2008 | | | |
|---|------------------|-------------------|-------------------|
| | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> |
| Flat Fees | \$ 8,448 | \$ 8,791 | \$ 10,056 |
| Consumption Fees | 83,749 | 135,299 | 122,585 |
| Total User Fees | \$ 92,197 | \$ 144,090 | \$ 132,641 |
| HCF | 42,031 | 63,666 | 51,255 |

Prepared by: WEE

DIV 1-4 For each of the seven water suppliers that provide meter readings utilized by NBC for consumption billing, please provide the following information:

- a. The name of the supplier
- b. The frequency with which that supplier provides data
- c. The number of customers associated with that supplier
- d. The annual consumption associated with that supplier
- e. The period covered by the most recent meter readings provided by that supplier.

Answer: See table below for response to all questions.

| Water Supplier | Meter Reading Frequency | Approximate Number of Customers | Approximate Annual Consumption in HCF | Last Read Period |
|-----------------|---|---------------------------------|---------------------------------------|-------------------------------|
| Cumberland | Semi-annual | 4,200 | 600,000 | May - June-08 |
| East Providence | Quarterly | 3,500 | 500,000 | July - October-08 |
| East Smithfield | Annual | 800 | 100,000 | September-08 |
| Lincoln | Annual (1/4 of accounts is billed each quarter) | 5,000 | 1,000,000 | November 1-07 - October 31-08 |
| Pawtucket | Quarterly | 22,000 | 3,700,000 | August 27 - December 2-08 |
| Providence | Monthly (preparing for monthly billing) | 47,000 | 10,400,000 | October 9-08 - January 8-09 |
| Smithfield | Annual | 500 | 100,000 | September-08 |

Prepared by: WEE

DIV 1-5 For each water supplier, please provide the most recent 12 months of data provided by that supplier for number of residential customers, number of non-residential metered accounts by meter size and the consumption by customer class. Please identify the period covered by the data provided for each supplier.

Answer: NBC has tried to be responsive to this request and generated a report for the 12 month period ending January 27, 2009 that shows the number of residential customers, number of non-residential metered accounts by meter size and the consumption by customer class. Please keep in mind that this is raw data. The period covered by the data provided is not readily available since it is unique to each customer.

Prepared by: WEE

| Water Company | Customer Type | Meter Size | Consumption (HCF) | Number of Accounts |
|-----------------|---------------|------------|----------------------|-----------------------|
| Artesian Well | Commercial | 3/4" | 181 | 1 |
| Artesian Well | Commercial | 5/8" | - | 1 |
| Artesian Well | Commercial | | - | 6 |
| Artesian Well | Residential | 5/8" | 119 | 5 |
| Artesian Well | Residential | | - | 203 |
| Cumberland | Commercial | 1 1/2" | 17,653 | 12 |
| Cumberland | Commercial | 1" | 25,191 | 39 |
| Cumberland | Commercial | 2" | 36,458 | 37 |
| Cumberland | Commercial | 3" | 18,515 | 7 |
| Cumberland | Commercial | 3/4" | 3,195 | 21 |
| Cumberland | Commercial | 4" | 32,480 | 1 |
| Cumberland | Commercial | 5/8" | 15,893 | 137 |
| Cumberland | Industrial | 1 1/2" | 3,738 | 2 |
| Cumberland | Industrial | 2" | 7,413 | 3 |
| Cumberland | Industrial | 3" | - | 1 |
| Cumberland | Industrial | 3/4" | 303 | 2 |
| Cumberland | Industrial | 4" | - | 1 |
| Cumberland | Industrial | 5/8" | 80 | 1 |
| Cumberland | Industrial | 6" | 30,827 | 1 |
| Cumberland | Industrial | 8" | 12,030 | 1 |
| Cumberland | Residential | 1 1/2" | 75 | 1 |
| Cumberland | Residential | 1" | 4,268 | 25 |
| Cumberland | Residential | 3/4" | 5,539 | 44 |
| Cumberland | Residential | 5/8" | 326,767 | 3,871 |
| Cumberland | Residential | | 285 | 16 |
| East Providence | Commercial | 1 1/2" | 28,706 | 24 |
| East Providence | Commercial | 1" | 20,611 | 31 |
| East Providence | Commercial | 2" | 64,930 | 33 |
| East Providence | Commercial | 3" | 677 | 4 |
| East Providence | Commercial | 3/4" | 15,520 | 41 |
| East Providence | Commercial | 4" | 1,276 | 2 |
| East Providence | Commercial | 5/8" | 19,513 | 166 |
| East Providence | Commercial | 6" | 16,377 | 4 |
| East Providence | Commercial | 8" | 629 | 1 |
| East Providence | Industrial | 1" | 2,067 | 3 |
| East Providence | Industrial | 2" | 11,918 | 5 |
| East Providence | Industrial | 3" | 248 | 1 |
| East Providence | Industrial | 3/4" | 4,224 | 2 |
| East Providence | Industrial | 4" | 5,430 | 1 |
| East Providence | Industrial | 5/8" | 430 | 1 |
| East Providence | Industrial | 6" | 3,600 | 1 |
| East Providence | Residential | 1" | 2,099 | 14 |
| East Providence | Residential | 2" | 910 | 1 |
| East Providence | Residential | 3" | 810 | 1 |
| East Providence | Residential | 3/4" | 10,054 | 63 |
| East Providence | Residential | 5/8" | 281,300 | 3,257 |
| East Providence | Residential | | 67 | 6 |
| East Smithfield | Commercial | 1 1/2" | 864 | 2 |
| East Smithfield | Commercial | 1" | 198 | 1 |
| East Smithfield | Commercial | 2" | 5,327 | 4 |

| | | | | |
|-----------------|-------------|--------|---------|-------|
| East Smithfield | Commercial | 3/4" | 1,575 | 10 |
| East Smithfield | Commercial | 5/8" | 194 | 2 |
| East Smithfield | Industrial | 1" | 1,654 | 1 |
| East Smithfield | Industrial | 2" | 15,298 | 1 |
| East Smithfield | Residential | 1 1/2" | 202 | 1 |
| East Smithfield | Residential | 1" | 798 | 9 |
| East Smithfield | Residential | 3/4" | 3,531 | 30 |
| East Smithfield | Residential | 5/8" | 97,132 | 737 |
| East Smithfield | Residential | | 416 | 10 |
| Lincoln | Commercial | 1 1/2" | 12,818 | 24 |
| Lincoln | Commercial | 1" | 45,023 | 78 |
| Lincoln | Commercial | 10" | 15,508 | 1 |
| Lincoln | Commercial | 2" | 83,648 | 45 |
| Lincoln | Commercial | 3" | 15,130 | 2 |
| Lincoln | Commercial | 3/4" | 1,125 | 7 |
| Lincoln | Commercial | 4" | 7,409 | 3 |
| Lincoln | Commercial | 5/8" | 21,159 | 140 |
| Lincoln | Commercial | 6" | 4,305 | 2 |
| Lincoln | Commercial | 8" | 1,845 | 1 |
| Lincoln | Industrial | 1 1/2" | 6,663 | 2 |
| Lincoln | Industrial | 1" | 4,011 | 8 |
| Lincoln | Industrial | 2" | 61,178 | 10 |
| Lincoln | Industrial | 3/4" | 1,432 | 1 |
| Lincoln | Industrial | 5/8" | 155 | 1 |
| Lincoln | Residential | 1 1/2" | 7,811 | 22 |
| Lincoln | Residential | 1" | 8,956 | 40 |
| Lincoln | Residential | 2" | 6,448 | 11 |
| Lincoln | Residential | 3/4" | 3,483 | 26 |
| Lincoln | Residential | 5/8" | 551,307 | 4,745 |
| Lincoln | Residential | 6" | 8,667 | 2 |
| Lincoln | Residential | | 500 | 22 |
| Pawtucket | Commercial | 1 1/2" | 89,544 | 162 |
| Pawtucket | Commercial | 1" | 85,506 | 265 |
| Pawtucket | Commercial | 2" | 431,141 | 255 |
| Pawtucket | Commercial | 3" | 87,916 | 17 |
| Pawtucket | Commercial | 3/4" | 24,408 | 107 |
| Pawtucket | Commercial | 4" | 30,061 | 8 |
| Pawtucket | Commercial | 5/8" | 195,096 | 1,121 |
| Pawtucket | Commercial | 6" | 55,714 | 4 |
| Pawtucket | Industrial | 1 1/2" | 13,566 | 10 |
| Pawtucket | Industrial | 1" | 3,222 | 10 |
| Pawtucket | Industrial | 2" | 33,886 | 31 |
| Pawtucket | Industrial | 3" | 68,172 | 6 |
| Pawtucket | Industrial | 3/4" | 2,555 | 4 |
| Pawtucket | Industrial | 4" | 2,440 | 2 |
| Pawtucket | Industrial | 5/8" | 2,250 | 12 |
| Pawtucket | Industrial | 6" | - | 1 |
| Pawtucket | Residential | 1 1/2" | 9,788 | 32 |
| Pawtucket | Residential | 1" | 42,895 | 178 |
| Pawtucket | Residential | 2" | 27,333 | 126 |
| Pawtucket | Residential | 3" | 2,468 | 2 |
| Pawtucket | Residential | 3/4" | 23,385 | 117 |

| | | | | |
|------------|-------------|--------|-----------|--------|
| Pawtucket | Residential | 5/8" | 2,421,968 | 20,220 |
| Pawtucket | Residential | | 378 | 34 |
| Providence | Commercial | 1 1/2" | 483,880 | 603 |
| Providence | Commercial | 1" | 342,919 | 622 |
| Providence | Commercial | 2" | 1,651,268 | 796 |
| Providence | Commercial | 3" | 225,016 | 34 |
| Providence | Commercial | 3/4" | 200,903 | 790 |
| Providence | Commercial | 4" | 145,156 | 24 |
| Providence | Commercial | 5/8" | 320,193 | 2,093 |
| Providence | Commercial | 6" | 278,489 | 43 |
| Providence | Commercial | 8" | 231,385 | 15 |
| Providence | Industrial | 1 1/2" | 22,049 | 29 |
| Providence | Industrial | 1" | 13,170 | 26 |
| Providence | Industrial | 2" | 128,512 | 66 |
| Providence | Industrial | 3" | 3,552 | 1 |
| Providence | Industrial | 3/4" | 3,480 | 19 |
| Providence | Industrial | 5/8" | 21,021 | 52 |
| Providence | Industrial | 6" | - | 1 |
| Providence | Industrial | 8" | 7,719 | 1 |
| Providence | Residential | 1 1/2" | 111,653 | 442 |
| Providence | Residential | 1" | 432,314 | 2,706 |
| Providence | Residential | 2" | 97,578 | 153 |
| Providence | Residential | 3" | 874 | 1 |
| Providence | Residential | 3/4" | 733,703 | 5,197 |
| Providence | Residential | 4" | 11,678 | 2 |
| Providence | Residential | 5/8" | 4,171,427 | 42,073 |
| Providence | Residential | 6" | 60,681 | 6 |
| Providence | Residential | 8" | 959 | 1 |
| Providence | Residential | | 2,511 | 184 |
| Smithfield | Commercial | 1 1/2" | 661 | 4 |
| Smithfield | Commercial | 1" | 6,486 | 6 |
| Smithfield | Commercial | 2" | 17,383 | 9 |
| Smithfield | Commercial | 3" | 12,373 | 2 |
| Smithfield | Commercial | 3/4" | 62 | 1 |
| Smithfield | Commercial | 4" | 7,341 | 1 |
| Smithfield | Commercial | 5/8" | 1,763 | 4 |
| Smithfield | Commercial | 6" | 5,657 | 1 |
| Smithfield | Commercial | 8" | 7,573 | 1 |
| Smithfield | Industrial | 2" | 949 | 1 |
| Smithfield | Residential | 1 1/2" | 1,626 | 8 |
| Smithfield | Residential | 1" | 5,893 | 26 |
| Smithfield | Residential | 2" | 3,093 | 3 |
| Smithfield | Residential | 3/4" | 5,496 | 62 |
| Smithfield | Residential | 4" | 6,784 | 2 |
| Smithfield | Residential | 5/8" | 38,380 | 460 |

DIV 1-6 Please explain how the estimated FY 2009 consumption figures based on the actual first two quarters of FY 2009 presented on page 13 of Mr. Edge's testimony were derived given the first two quarters of FY 2009 were not complete when Mr. Edge prepared and filed his testimony.

Answer: This information was available since the first quarter of FY 2009 was billed in July 2008 and the second quarter was billed in October 2008.

Prepared by: WEE

DIV 1-7 Please provide workpapers showing the derivation of the estimated FY 2009
consumption figures shown on page 13 of Mr. Edge's testimony.

Answer: See attached.

Prepared by: WEE

FY 2009 HCF Projection Summary

Projection Method: Decrease HCF from FY 2008 levels using Actual FY 2009 1st & 2nd Qtr HCF, and reduce last 2 Qtrs by average 3 Year (FY 2005-FY 2008) Decrease for 3rd & 4th Qtrs

| | Residential | Commercial | Industrial | Total |
|---------------------------|--------------------|-------------------|-------------------|---------------|
| Projected Decline in HCF | (620,379) | (380,659) | (106,602) | (1,107,640) |
| Projected HCF Units | 9,344,127 | 5,332,902 | 462,537 | 15,139,566 |
| FY 2009 Rates | \$2.569 | \$3.725 | \$2.395 | |
| FY 2009 Projected Revenue | \$ 24,005,062 | \$ 19,865,059 | \$ 1,107,776 | \$ 44,977,897 |

FY 2009 Consumption HCF Projection

| Residential | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Total |
|---|-----------|-----------|-----------|-----------|------------|
| FY 2005 | 2,510,337 | 2,801,312 | 2,692,450 | 2,758,947 | 10,763,047 |
| FY 2006 | 2,235,049 | 2,814,616 | 2,804,808 | 2,584,471 | 10,438,944 |
| % Change | -11% | 0% | 4% | -6% | -3% |
| FY 2007 | 2,239,169 | 2,576,662 | 2,716,580 | 2,178,653 | 9,711,064 |
| % Change | 0.2% | -8.5% | -3.1% | -15.7% | -7% |
| FY 2008 | 2,248,016 | 2,664,552 | 2,681,343 | 2,370,596 | 9,964,506 |
| % Change | 0.4% | 3.4% | -1.3% | 8.8% | 2.6% |
| FY 2009 | 2,012,664 | 2,386,367 | | | |
| % Change | -10% | -10% | | | |
| Average Change | -3.5% | -1.5% | -0.1% | -4.4% | -2.5% |
| FY 2009 Calculated Change in HCF | (77,832) | (40,575) | (2,410) | (104,433) | (225,250) |
| Projection Method : 1st & 2nd Actual Decrease, Last 2 Qtrs based on 3 year Average last 2 qtrs | (235,352) | (278,184) | (2,410) | (104,433) | (620,379) |

| Commercial | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Total |
|--|-----------|-----------|-----------|-----------|-----------|
| FY 2005 | 1,516,119 | 1,687,627 | 1,510,971 | 1,937,991 | 6,652,708 |
| FY 2006 | 1,349,032 | 1,733,491 | 1,667,782 | 1,523,151 | 6,273,455 |
| % Change | -11% | 3% | 10% | -21.4% | -5.7% |
| FY 2007 | 1,503,736 | 1,521,458 | 1,419,170 | 1,336,040 | 5,780,405 |
| % Change | 11% | -12% | -15% | -12% | -7.9% |
| FY 2008 | 1,380,119 | 1,555,077 | 1,457,982 | 1,320,382 | 5,713,560 |
| % Change | -8% | 2% | 3% | -1% | -1.2% |
| FY 2009 | 1,237,961 | 1,478,732 | | | |
| % Change | -10% | -5% | | | |
| Average Change | -2.6% | -2.4% | -0.6% | -11.6% | -4.9% |
| FY 2009 Calculated Change in HCF | (35,762) | (37,862) | (8,717) | (153,438) | (235,779) |
| Projection Method: 1st & 2nd Actual Decrease, Last 2 Qtrs based on 3 year Average last 2 qtrs | (142,158) | (76,345) | (8,717) | (153,438) | (380,659) |

| Industrial | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Total |
|--|----------|----------|----------|----------|-----------|
| FY 2005 | 234,568 | 246,522 | 247,069 | 241,103 | 969,262 |
| FY 2006 | 224,921 | 241,519 | 223,996 | 197,775 | 888,212 |
| % Change | -4% | -2% | -9% | -18% | -8.4% |
| FY 2007 | 167,557 | 176,582 | 145,336 | 147,642 | 637,116 |
| % Change | -26% | -27% | -35% | -25% | -28.3% |
| FY 2008 | 144,559 | 144,343 | 145,532 | 134,706 | 569,139 |
| % Change | -14% | -18% | 0% | -9% | -10.7% |
| FY 2009 | 117,506 | 109,679 | | | |
| % Change | -19% | -24% | | | |
| Average Change | -14% | -16% | -15% | -17% | -15.8% |
| FY 2009 Calculated Change in HCF | (20,885) | (22,697) | (21,500) | (23,385) | (88,468) |
| Projection Method: 1st & 2nd Actual Decrease, Last 2 Qtrs based on 3 year Average last 2 qtrs | (27,053) | (34,664) | (21,500) | (23,385) | (106,602) |

DIV 1-8 Please indicate how NBC bills its customers on a quarterly basis and indicate the timing of those bills. For example, does NBC use cycle billing to bill throughout the quarter, does it bill all customers on one date at the end of the quarter, etc. If NBC does not bill customers throughout the quarter, explain why not.

Answer: NBC does not use cycle billing. All of NBC customers except for those served by the Pawtucket Water Supply Board are billed on a single day in January, April, July, and October. Customers served by the Pawtucket Water Supply Board are billed one to two weeks earlier than the rest of NBC's customers on a single day.

Each customer is billed $\frac{1}{4}$ of the annual flat fee in advance along with any billable consumption received by NBC since the last billing. NBC has found that it is not practical to bill customers throughout the quarter, given the complexity of how readings are received throughout the quarter.

Prepared by: WEE

DIV 1-9 Please explain how NBC determines the quarterly consumption for customers whose water suppliers provide meter reading data less frequently than quarterly.

Answer: If the NBC does not receive a billable meter reading for a customer then the customer is only billed the $\frac{1}{4}$ of the fixed fee and is not billed for any consumption.

Prepared by: WEE

DIV 1-10 Please state whether NBC believes it would be possible to obtain consumption data for all (or most all) non-residential customers on at least a quarterly basis.

Answer: The majority of NBC's customers are serviced by the Providence Water Supply Board (PWSB) and the Pawtucket Water Supply Board (PTWSB), which currently conduct at least quarterly reads. NBC understands that PWSB has been converting to monthly meter reads and PTWSB reads meters on a quarterly basis. In addition, NBC staff read the meters of large users on a quarterly basis. However, there are nearly 11,000 customers served by water suppliers with meter reading frequencies of 6 months to one year. NBC does not anticipate that quarterly meter readings will be available for these customers in the foreseeable future.

Prepared by: WEE

DIV 1-11 Has NBC evaluated the possibility of increasing the portion of customer billings recovered through per dwelling unit and per meter charges? If yes, please provide a copy of any study or analysis prepared or otherwise explain the findings of that evaluation.

Answer: In Docket 2216, filed in 1994, NBC did propose a change in rate design by increasing the portion of customer billings for flat fees, however the PUC did not approve the rate design change. There is no current study or analysis with regard to this concept. It is important to note that NBC is in agreement with the concept of increasing the portion of customer billings recovered through fixed charges given the significant increase in NBC's fixed costs, such as debt service over the past few years.

Prepared by: WEE

DIV 1-12 Please explain why NBC cannot bill customers on a currently quarterly basis at current rates using estimated consumption even though their water supplier provides consumption data less frequently than quarterly with a lag of as much as 15 months.

Answer: NBC's billing system currently does not have the capability to properly calculate estimated quarterly consumption. NBC is planning to re-design its software to address this as part of the conversion to monthly billing.

Prepared by: WEE

DIV 1-13 Please confirm that residential bills are based on the current rate per dwelling unit and non-residential bills are based on the current meter size service charge in effect at the beginning of the quarter for which the customer is billed and not for the historical lagged period for which consumption data is provided when data is provided less frequently than quarterly. If not correct, please explain.

Answer: The statement in this question is correct. Customer charges (both residential and non-residential) are billed in advance based on current meter size. As NBC bills on a quarterly basis, $\frac{1}{4}$ of the fixed fee is billed each quarter so there is no lag on customer charges billed.

Prepared by: WEE

DIV 1-14 Please provide supporting calculation of the FY 2008 billing lag of \$15,769,029 presented on page 16 of Mr. Edge's direct testimony beginning at line 14.

Answer: The billing lag of \$15,769,029 is the FY 2008 unbilled revenue per the audit (see attached).

Prepared by: WEE

NARRAGANSETT BAY COMMISSION

Statement of Net Assets

June 30, 2008

Assets

Current assets

| | |
|-----------------------------------|-------------------|
| Cash and cash equivalents | \$ 13,644,637 |
| Accrued interest receivable | 6,988 |
| Accounts receivable | |
| Sewer use fees (net of allowance) | 6,668,085 |
| Sewer use unbilled | 15,769,029 |
| Receivables, other | 60,930 |
| Prepaid expenses | 190,205 |
| Negative net pension obligation | 88,359 |
| Total current assets | 36,428,233 |

Noncurrent assets

Restricted assets

| | |
|--|-------------------|
| Cash, environmental enforcement | 189,545 |
| Cash and cash equivalents, restricted | 24,657,165 |
| Cash and cash equivalents, restricted for the acquisition and construction of capital assets | 22,239,340 |
| Accrued interest receivable | 61,924 |
| Total restricted assets | 47,147,974 |

Capital assets

| | |
|-------------------------------|--------------------|
| Land | 2,754,407 |
| Plant and equipment | 75,480,473 |
| Capital projects completed | 255,551,726 |
| Construction in progress | 412,852,916 |
| | <u>746,639,522</u> |
| Less accumulated depreciation | (107,770,767) |
| Net capital assets | 638,868,755 |

Other assets

| | |
|--|------------------|
| Organization costs (net of accumulated amortization) | 58,574 |
| Bond and loan issuance costs (net of accumulated amortization) | 5,690,583 |
| Total other assets | 5,749,157 |

Total noncurrent assets

691,765,886

Total assets

\$ 728,194,119

(Continued)

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

DIV 1-15 On page 26 of Mr. Edge's testimony, he indicates that conversion to monthly billing would result in billing customers based upon estimated consumption. Please explain how the estimated consumption will be calculated. In your response explain what period will serve as the basis of the estimated consumption.

Answer: The estimated consumption will be based on the average daily consumption during the prior twelve months.

Prepared by: WEE

DIV 1-16 Please explain how NBC will determine the estimated consumption for a new customer's bill.

Answer: Typically new customers are entered into NBC's system in connection with a meter reading. Accordingly, the first consumption bill would be based upon the actual meter reading and subsequent monthly estimated consumption would be based upon the actual average daily use.

Prepared by: WEE

DIV 1-17 If estimated consumption is used for billing and a customer leaves the system, please explain how NBC will handle any over- or under-collection of revenues related to that customer.

Answer: Any over or under collection of revenues using the proposed billing method would be handled the same way that it is handled currently. When a customer sells their property, their Attorney must submit a closing request that includes a current meter reading. NBC then calculates any amount due which is paid at the closing. This same process would be used if NBC begins billing estimated consumption.

Prepared by: WEE

DIV 1-18 Please provide the supporting calculations for the average monthly consumption bills of \$31.31 as presented on page 26, line 4 of Mr. Edge's testimony.

Answer: That figure was calculated by taking the average residential customer total bill of \$375.71, based on Docket 3905 rates (see WEE – 21), and dividing it by 12 months to arrive at the \$31.31.

Prepared by: WEE

DIV 1-19 Please provide an electronic copy of Mr. Edge's schedules in Excel format with all formulas intact.

Answer: This will be provided.

Prepared by: WEE

DIV 1-20 Please provide the number of residential dwelling units and the number of non-residential meter accounts by meter size as of each quarter of FY 2006, FY 2007, FY 2008 and FY 2009 to date.

Answer: See table below.

Residential Dwelling Units and Non-Residential Meter Accounts

| Quarters by Year | Residential Dwelling Units | Non-Residential Metered Accounts | | | | | | | | | | Total |
|------------------|-------------------------------|----------------------------------|------|-------|--------|-------|----|----|----|----|-----|-------|
| | | 5/8" | 3/4" | 1" | 1 1/2" | 2" | 3" | 4" | 6" | 8" | 10" | |
| 1Q 2006 | 115,154 | 3,732 | 950 | 1,011 | 822 | 1,737 | 72 | 46 | 51 | 1 | - | 8,422 |
| 2Q 2006 | 115,058 | 3,732 | 950 | 1,013 | 819 | 1,737 | 71 | 46 | 52 | 1 | - | 8,421 |
| 3 Q 2006 | 115,623 | 3,744 | 950 | 1,023 | 827 | 1,731 | 72 | 44 | 51 | 1 | - | 8,443 |
| 4 Q 2006 | 115,870 | 3,740 | 952 | 1,032 | 825 | 1,722 | 68 | 41 | 53 | 1 | - | 8,434 |
| 1Q 2007 | 116,315 | 3,751 | 948 | 1,045 | 826 | 1,699 | 72 | 36 | 55 | 17 | 1 | 8,450 |
| 2Q 2007 | 116,337 | 3,725 | 954 | 1,038 | 827 | 1,693 | 73 | 35 | 54 | 17 | 1 | 8,417 |
| 3Q 2007 | 116,602 | 3,725 | 954 | 1,037 | 798 | 1,723 | 74 | 37 | 51 | 15 | 1 | 8,415 |
| 4Q 2007 | 116,774 | 3,688 | 961 | 1,036 | 796 | 1,723 | 74 | 38 | 57 | 15 | 1 | 8,389 |
| 1Q 2008 | 116,727 | 3,706 | 968 | 1,040 | 820 | 1,688 | 75 | 41 | 51 | 17 | 1 | 8,407 |
| 2Q 2008 | 116,918 | 3,693 | 979 | 1,045 | 824 | 1,686 | 71 | 41 | 52 | 17 | 1 | 8,409 |
| 3Q 2008 | 117,115 | 3,685 | 977 | 1,054 | 836 | 1,685 | 71 | 42 | 51 | 17 | 1 | 8,419 |
| 4Q 2008 | 117,431 | 3,681 | 978 | 1,058 | 832 | 1,685 | 67 | 41 | 52 | 14 | 1 | 8,409 |
| 1Q 2009 | 117,378 | 3,678 | 985 | 1,063 | 834 | 1,676 | 66 | 39 | 52 | 14 | 1 | 8,408 |
| 2Q 2009 | 117,469 | 3,680 | 986 | 1,070 | 836 | 1,676 | 67 | 39 | 51 | 14 | 1 | 8,420 |

Prepared by: WEE

DIV 1-21 Please provide actual residential, commercial and industrial consumption by month for each month of FY 2008 and FY 2009 to date. Include an electronic copy in Excel format.

Answer: This information is not available.

Prepared by: WEE

DIV 1-22 Please provide all workpapers and supporting documentation showing the derivation of the FY 2009 and rate year (FY 2010) projections of consumption by customer class as reflected on Schedules WEE-2B and WEE-2C. Include an electronic copy in Excel format with all formulas intact.

Answer: Documentation for the FY 2009 consumption was provided in DIV 1-7. See table below for FY 2010 rate year projection methodology. An electronic copy will be forwarded.

FY 2010 Consumption HCF Projection

Summary:

| | Residential | Commercial | Industrial |
|--------------------------------|--------------------|-------------------|-------------------|
| FY 2009 HCF | 9,344,127 | 5,332,902 | 462,537 |
| 3 Year Average Decrease | -2.5% | -4.9% | -15.8% |
| Projected FY 2010 HCF Decrease | (229,684) | (261,604) | (72,929) |
| Projected FY 2010 HCF | 9,114,443 | 5,071,297 | 389,608 |

Prepared by: WEE

DIV 1-23 With reference to the rate year adjustment to BOD/TSS Surcharge revenues as reflected on Schedule WEE-1, please provide supporting documentation for the \$73,000 reduction.

Answer: See attached.

Prepared by: WEE

| | | | | | |
|----------------|------|-------------------|------|--------------|-------------------------|
| Home | | Search | | Management | |
| Billing | | Reports | | | |
| Administration | | | Misc | | Permit |
| File | View | Tools | Help | | User: FBROWN AAA |
| Ger | | Submit Bug Report | | Other Info | |
| Meters | | System Updates | | Transactions | |
| Disputes | | Other | | Budgets | |

98431 - KIK CUSTOM PRODUCTS

Total Balance: \$13,210.58

35 MARTIN STREET CUMBERLAND, RI 02864

Last Payment: 11/21/08 - \$268.03



**Customer Transactions
Transaction History**

Add Transaction
 Request Refund
 Request Write-Off

Summary View
 Detail View

| Date | Type | Amount | Balance |
|------------|------------------|-------------|-------------|
| ± 12/09/08 | BOD SURCHARGE | \$13,210.58 | \$13,210.58 |
| ± 11/21/08 | CASH RECEIVED | \$268.03 | \$0.00 |
| ± 10/16/08 | CASH RECEIVED | \$9,938.25 | \$268.03 |
| ± 10/16/08 | PRETREATMENT FEE | \$268.03 | \$10,206.28 |
| ± 09/17/08 | BOD/TSS FEE | \$9,938.25 | \$9,938.25 |
| ± 08/18/08 | CASH RECEIVED | \$273.98 | \$0.00 |
| ± 07/17/08 | PRETREATMENT FEE | \$273.98 | \$273.98 |
| ± 07/15/08 | CASH RECEIVED | \$5,583.63 | \$0.00 |
| ± 06/23/08 | BOD/TSS FEE | \$5,583.63 | \$5,583.63 |
| ± 05/16/08 | CASH RECEIVED | \$273.98 | \$0.00 |
| ± 04/16/08 | PRETREATMENT FEE | \$273.98 | \$273.98 |
| ± 04/01/08 | CASH RECEIVED | \$245.00 | \$0.00 |
| ± 03/13/08 | SNC CHARGE | \$245.00 | \$245.00 |
| ± 03/11/08 | CASH RECEIVED | \$16,966.23 | \$0.00 |
| ± 02/18/08 | BOD/TSS FEE | \$16,966.23 | \$16,966.23 |
| ± 02/13/08 | CASH RECEIVED | \$271.01 | \$0.00 |
| ± 01/17/08 | PRETREATMENT FEE | \$271.01 | \$271.01 |
| ± 12/20/07 | CASH RECEIVED | \$20,647.86 | \$0.00 |
| ± 12/04/07 | BOD SURCHARGE | \$20,647.86 | \$20,647.86 |
| ± 11/21/07 | CASH RECEIVED | \$29,866.05 | \$0.00 |
| ± 10/17/07 | BOD SURCHARGE | \$29,595.04 | \$29,866.05 |
| ± 10/17/07 | PRETREATMENT FEE | \$271.01 | \$271.01 |
| ± 08/17/07 | CASH RECEIVED | \$273.98 | \$0.00 |
| ± 07/18/07 | PRETREATMENT FEE | \$273.98 | \$273.98 |

FY 2008
 \$ 72,793



DIV 1-24 Please provide the balances of billed and unbilled customer accounts receivable as of June 30, 2008.

Answer: Per the audit the balances are as follows (see answer to DIV 1-14):

| | |
|---------------------------|--------------|
| Billed (net of allowance) | \$ 6,668,085 |
| Unbilled | 15,769,029 |

Prepared by: WEE

DIV 1-25 Please provide the following for FY 2008:

- a. Write-offs of accounts receivable.
- b. Recoveries of prior write-offs.

Answer:

- a. The write-offs for FY 2008 amounted to \$85,769.
- b. There were no recoveries of prior write-offs during FY 2008.

Prepared by: WEE

DIV 1-26 With reference to salary and wage rate 1.25 percent step increases,

- a. What are the eligibility criteria for step increases?
- b. Do all current employees receive step increases?

Answer: a. Step increases are granted to union employees based upon length of service in a position.

- b. All union employees except those at the top step.

Prepared by: WEE

DIV 1-27 Please identify the actual overall average wage rate increases granted to union and, separately non-union employees, in FY 2008 and FY 2009.

Answer: The average wage rate increases are as shown below.

| | <u>FY 2008</u> | <u>FY 2009</u> |
|-----------|----------------|----------------|
| Union | 5.19% | 4.21% |
| Non-Union | 5.00% | 4.21% |

Prepared by: WEE

DIV 1-28 With reference to Schedule WEE-4, please provide the status of filling the 2 lab technician positions and customer service representative position.

Answer: These positions have not yet been filled.

Prepared by: WEE

DIV 1-29 Please provide the monthly number of union and non-union employees and full time equivalents for each month of FY 2008 and FY 2009 through the most recent month available.

Answer: See below.

| Month | Total Filled | Non-Union Filled | Union Filled |
|---------------|--------------|------------------|--------------|
| Jul-07 | 241 | 120 | 121 |
| Aug-07 | 243 | 123 | 120 |
| Sep-07 | 246 | 123 | 123 |
| Oct-07 | 243 | 123 | 120 |
| Nov-07 | 243 | 123 | 120 |
| Dec-07 | 244 | 123 | 121 |
| Jan-08 | 241 | 122 | 119 |
| Feb-08 | 245 | 123 | 122 |
| Mar-08 | 246 | 124 | 122 |
| Apr-08 | 244 | 123 | 121 |
| May-08 | 239 | 120 | 119 |
| Jun-08 | 237 | 120 | 117 |
| Jul-08 | 240 | 122 | 118 |
| Aug-08 | 242 | 123 | 119 |
| Sep-08 | 241 | 124 | 117 |
| Oct-08 | 243 | 124 | 119 |
| Nov-08 | 243 | 125 | 118 |
| Dec-08 | 241 | 122 | 119 |

Prepared by: WEE

DIV 1-30 With reference to the second page of Schedule WEE-4, please provide the source documentation for the union pension rate of 25.03 percent.

Answer: See attached.

Prepared by: WEE



Politics

Comments 9 | Recommend 0

Flood of retirements strains state system

01:00 AM EST on Thursday, December 11, 2008

By Steve Peoples

Journal State House Bureau

PROVIDENCE — Governor Carcieri has cut the state's work force to its lowest level in recent memory, leaning heavily on a change in retirement benefits that pushed hundreds of workers into retirement earlier than they had planned.

But the exodus has put an unexpected strain on Rhode Island's public retirement system.

There are now fewer active employees paying into the pension system and more people collecting retirement payments than had been predicted.

The result is a projected hole of \$20.4 million that Rhode Island taxpayers will make up in the coming year. That price tag may be offset by savings this year, but the jump in those collecting pensions also adds \$33 million to the retirement system's already massive unfunded liability, according to a report by the state's actuary, Texas-based Gabriel Roeder Smith & Company, that was made public yesterday.

Officials interviewed yesterday dismissed the new costs as necessary and relatively insignificant given the overall savings from the retirement of 1,521 state employees between May 1 and Sept. 30.

The governor's office says it could save taxpayers \$107.6 million if none of the vacancies is filled (not including \$18.8 million distributed for things like unused sick and vacation time).

"This is something that is a good story for us in the medium and long term," said General Treasurer Frank T. Caprio, who heads the state pension system. "The State of Rhode Island reduced its employee cost by 18 percent. Whether you are a private company, a family-owned company or any other organization, to reduce your payroll costs by 18 percent in one year is a major accomplishment and I believe a victory for the taxpayers."

The governor's personnel office reports that the state currently employs the equivalent of 13,302 full-time workers.

That's the lowest level that state personnel administrator Anthony Bucci can remember. The House Fiscal Office has tracked employee data since 1994 and could not find a lower employment total.

Even the Rhode Island Public Expenditure Council could not determine when the state had fewer than 13,302 full-time workers. The business-backed organization tracked employment levels back to 1990,

when nearly 17,500 people were on Rhode Island's payroll.

"Even with the retirement payouts and the added costs to the pension, we are still seeing a significant savings in personnel," the governor's spokeswoman, Amy Kempe, said.

But the state Retirement Board was forced to address the unexpected pension costs yesterday.

Following a recommendation by the actuary, the board voted unanimously to close the projected \$20.4-million gap by changing the formula used to determine the state's annual contribution to the pension system. Its contribution rate for the coming year jumped from 20.69 percent to 25.03 percent.

State employees contribute a portion of their salary — currently 8.75 percent as set by law — to their pensions. But that's not enough to cover the costs. Yesterday's vote means that taxpayers will contribute \$147.8 million to the system next year.

The contribution would have been \$20.4 million short had the board not changed the rate, according to Frank J. Karpinski, executive director of the retirement system.

"You got more people going out the door than what we expected. You took a little bit of a bath, so to speak," he said, noting that over the long term, taxpayers won't pay more than they would have. It's just that a new burden was shifted to next year, he said.

The actuarial report released yesterday also notes that the pension fund "has had significant losses" in recent months. While it did not detail the losses, the treasurer's office later reported the fund had slipped to \$6.2 billion as of Oct. 31; it was worth \$8.3 billion on Jan. 1.

The loss — about 25 percent — is better than the national "policy benchmark" of 27 percent, according to Caprio.

"Even though markets have retreated over the last year, Rhode Island has not had any forced liquidations," he said. "We have the necessary cash on hand to meet our obligations. Many other funds cannot say that."

speoples@projo.com

DIV 1-31 Please identify the number of employees enrolled in each health and dental insurance category shown on Schedule WEE-5 as of the most recent date available.

Answer:

As of January 23, 2009:

| | |
|-------------------|-----|
| Blue Chip Single | 9 |
| Blue Chip Family | 10 |
| Healthmate Single | 54 |
| Healthmate Family | 154 |
| Health Waiver | 15 |
| Dental Family | 175 |
| Dental Single | 62 |
| Dental Waiver | 5 |

Prepared by: WEE

DIV 1-32 Please provide workpapers and supporting documentation showing the derivation of the projected health and dental insurance premiums shown on Schedule WEE-5. Include an electronic copy in Excel format with all formulas intact.

Answer: See table below. Please note that the health insurance premium was increased by 10% over FY 2009. Increases in previous years have been slightly less due to plan design changes, but there are no such changes anticipated for FY 2010.

An electronic copy will be forwarded.

| Health Insurance | | | | |
|-------------------------|--------|----------------|----------------------------|----------------|
| PPO Plan: | | FY 2009 | Increase | FY 2010 |
| | Family | \$606.78 | 10% | \$667.46 |
| | Single | 222.05 | 10% | 244.26 |
| HMO Plan: | | | | |
| | Family | 564.75 | 10% | 621.23 |
| | Single | 206.68 | 10% | 227.35 |
| Dental Insurance | | | | |
| | | FY 2009 | Increase (Rate Cap) | FY 2010 |
| | Family | \$39.24 | 6% | \$41.59 |
| | Single | 14.16 | 6% | 15.01 |

Prepared by: WEE

DIV 1-33 To the extent not provided in response to the prior question, please provide the actual premiums as of the most recent date available for each type of dental and health insurance shown on Schedule WEE-5.

Answer: See response to Div 1-32 for the most recent premiums (2009).

Prepared by: WEE

DIV 1-34 Please explain and provide supporting documentation showing how the premium co-payments shown on Schedule WEE-5 were determined. Identify the co-payments for union and non-union employees separately.

Answer:

Co-Pay Calculation FY 2010:

| Employees at the Cap: | | Number of Employees | Cap | Co-Pay Amount |
|-----------------------|--------|------------------------|------------|-------------------|
| Union | Family | 2 | \$ 1,735 | \$ 3,471 |
| Union | Single | 2 | 635 | 1,270 |
| Non Union | Family | 38 | 1735 | 65,945 |
| Non Union | Single | 16 | 635 | 10,161 |
| Employees not at Cap: | | Salaries | Percentage | |
| Union | Family | 3,454,437 | 2.75% | 94,997 |
| Union | Single | 1,026,450 | 1.25% | 12,831 |
| Non Union | Family | 2,249,194 | 2.75% | 61,853 |
| Non Union | Single | 662,440 | 1.25% | 8,280 |
| Total | | | | <u>\$ 258,808</u> |

Prepared by: WEE

DIV 1-35 Please provide workpapers showing the derivation of the health insurance (net of Co-Pays) and dental insurance premiums for the three new employees.

Answer: See below. The premiums were calculated using weighted averages since the employees' marital status is not known.

Calculation of Health Insurance and Dental Insurance for New Employees

| Health Insurance | | | |
|------------------------------|--------|----------------|----------------------|
| | | # of Employees | Rates Per Pay Period |
| HMO | Family | 11 | \$ 621 |
| | Single | 8 | \$ 227 |
| PPO | Family | 156 | \$ 667 |
| | Single | 51 | \$ 244 |
| | | 226 | |
| Weighted Average Per Pay Per | | \$ | 554 |
| X # of Pay Periods | | | 26 |
| Annual Weighted Average | | \$ | 14,397 |

| Dental Insurance | | | |
|------------------------------|--------|----------------|----------------------|
| | | # of Employees | Rates Per Pay Period |
| | Family | 179 | \$ 42 |
| | Single | 58 | \$ 15 |
| | | 237 | |
| Weighted Average Per Pay Per | | \$ | 35 |
| X # of Pay Periods | | | 26 |
| | | \$ | 920 |

Calculation of Co-Pay By Position

| | Co-Pay Percentage |
|---|-------------------|
| Family | 2.75% of salary |
| Single | 1.25% of salary |
| 59 Single, 167 Family Co-Pay Weighted A | 2.358% |

| | Salary | Co-Pay % | Co-Pay Amount | Net Health | Dental |
|----------------|-----------|----------|---------------|------------|--------|
| Lab Tech | \$ 34,337 | 2.358% | \$ 810 | \$ 13,587 | \$ 920 |
| Env. Scientist | \$ 34,337 | 2.358% | \$ 810 | \$ 13,587 | \$ 920 |
| CS Rep | \$ 33,916 | 2.358% | \$ 800 | \$ 13,597 | \$ 920 |

Prepared by: WEE

DIV 1-36 Please explain NBC's current requirements with regard to insurance co-payments for non-union and union employees. Also explain whether any changes are currently scheduled or are being contemplated.

Answer: The following applies to both union and non-union employees except for Directors, who pay 10% of the premium.

| | | | |
|---------|--------|--------|-------------------|
| FY 2009 | Family | Co-pay | 2.4% of base pay |
| | | Cap | 7.5% of premium |
| | Single | Co-pay | 1.1% of base pay |
| | | Cap | 7.5% of premium |
| FY 2010 | Family | Co-pay | 2.75% of base pay |
| | | Cap | 10% of premium |
| | Single | Co-pay | 1.25% of base pay |
| | | Cap | 10% of premium |

All employees are subjected to the above except employees hired after July 1, 2004, who opt for Healthmate. Their co-pays and caps are as follows:

| | | | |
|---------|--------|--------|------------------|
| FY 2009 | Family | Co-pay | 2.7% of base pay |
| | | Cap | 8.5% of premium |
| | Single | Co-pay | 1.2% of base pay |
| | | Cap | 8.5% of premium |
| FY 2010 | Family | Co-pay | 3% of base pay |
| | | Cap | 10% of premium |
| | Single | Co-pay | 1.5% of base pay |
| | | Cap | 10% of premium |

Prepared by: WEE

DIV 1-37 Please identify the current actual biosolids disposal rate at Field's Point and Bucklin Point if different from the rate of \$403.09 shown on Schedule WEE-6. Also show the derivation of the \$403.09 rate.

Answer: The biosolids disposal rate is \$390.78 for the period of 1/1/2008 – 12/31/2008. The following table illustrates the derivation of the \$403.09, which is based on the CPI of 1.0315.

| Biosolids CPI Calculation | | | |
|--|----------|-----------------|----------------|
| November | CPIU | Amount Increase | Percent Change |
| 2005 | 217.70 | | |
| 2006 | 223.40 | 5.70 | 0.0262 |
| 2007 | 230.44 | 7.04 | 0.0315 |
| CPI to use: | | | 1.0315 |
| <u>Current Rate CPI Calculation Projected Rate</u> | | | |
| 1/1/08 - 12/31/08 | \$390.78 | 1.0315 | \$403.09 |

Prepared by: WEE

DIV 1-38 Please provide the source of the projected CPI increase of 3.15 percent effective January 1, 2010 in the biosolids disposal rate or otherwise explain how this increase was projected.

Answer: See attached.

Prepared by: WEE



Bureau of Labor Statistics

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include graphs **NEW!**

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Data extracted on: October 22, 2008 (3:49:10 PM)

Consumer Price Index - Urban Wage Earners and Clerical Workers

Series Id: CWURA103SA0, CWUSA103SA0
 Not Seasonally Adjusted
 Area: Boston-Brockton-Nashua, MA-NH-ME-CT
 Item: All items
 Base Period: 1982-84=100

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF1 | HALF2 |
|------|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|---------|-----|---------|---------|---------|
| 1998 | 169.3 | | 169.3 | | 168.9 | | 168.8 | | 169.9 | | 171.5 | | 169.7 | 169.1 | 170.3 |
| 1999 | 172.2 | | 172.3 | | 172.6 | | 173.3 | | 175.2 | | 177.8 | | 174.2 | 172.4 | 175.9 |
| 2000 | 178.6 | | 181.1 | | 180.6 | | 182.3 | | 183.2 | | 186.2 | | 182.4 | 180.4 | 184.3 |
| 2001 | 187.4 | | 189.3 | | 190.1 | | 191.3 | | 192.0 | | 191.9 | | 190.5 | 189.3 | 191.8 |
| 2002 | 191.8 | | 193.2 | | 193.3 | | 194.1 | | 197.7 | | 199.2 | | 195.2 | 193.0 | 197.4 |
| 2003 | 199.3 | | 202.3 | | 201.8 | | 202.2 | | 206.2 | | 205.6 | | 203.2 | 201.4 | 205.1 |
| 2004 | 206.8 | | 207.4 | | 207.9 | | 207.9 | | 208.8 | | 211.0 | | 208.4 | 207.5 | 209.4 |
| 2005 | 210.3 | | 213.1 | | 214.0 | | 216.0 | | 220.2 | | 217.7 | | 215.6 | 212.9 | 218.3 |
| 2006 | 219.5 | | 220.5 | | 222.9 | | 223.9 | | 224.3 | | 223.4 | | 222.6 | 221.3 | 223.9 |
| 2007 | 224.256 | | 225.918 | | 225.395 | | 226.465 | | 227.429 | | 230.440 | | 226.943 | 225.373 | 228.5: |
| 2008 | 231.291 | | 232.656 | | 235.419 | | 240.511 | | 238.133 | | | | | | 233.887 |

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DIV 1-39 Please provide workpapers and supporting documentation for the projected impacts of the CSO tunnel on biosolids disposal quantities at Field's Point.

Answer: Please see the attached memo from the Louis Berger Group showing an increase of sludge production and disposal by approximately 437 dry tons per year.

Prepared by: WEE

**THE LOUIS BERGER GROUP, INC.
PROGRAM MANAGER
NARRAGANSETT BAY COMMISSION
CSO CONTROL FACILITIES PROGRAM**

MEMORANDUM

TO: Paul Nordstrom, P.E. DATE: April 26, 2007
FROM: Thomas W. Payne, P.E.
CC: J. Pratt, R. Bernier
SUBJECT: Projected Increases in Field's Point WWTP O&M Expenses
due to Phase I CSO Facilities

The purpose of this technical memorandum is to provide a projection of the additional operating expenses that will be incurred by the Field's Point WWTP associated with combined sewage flows from the Phase I CSO tunnel via the Field's Point Tunnel Pump Station (FPTPS). Costs associated with operation of the FPTPS and the drop shaft facilities have been provided under separate cover.

BACKGROUND

The Field's Point Wastewater Treatment Facility came on-line in 1901, and is the third oldest sewage-treatment plant in the nation. It is the largest WWTP in Rhode Island with a primary treatment capacity of 200 million gallons per day (mgd) and a secondary treatment capacity of 77 mgd. The WWTP accepts wastewater flows from Providence, North Providence, Johnston, and portions of Lincoln and Cranston.

Wastewater flow records from 2003 through 2006 indicate that the WWTP receives an average daily flow of approximately 49 mgd with influent Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) concentrations of approximately 170 mg/l and 120 mg/l, respectively. During recent wet weather surges, the flow exceeded 100 mgd and the BOD and TSS concentrations were reduced to approximately 50 mg/l due to storm water entering the collection system.

Since the collection system is combined, flows in excess of the collection system and WWTP capacities are discharged, untreated into the waters of the State of Rhode Island as combined sewer overflows (CSO). This occurs approximately 77 times per year. The Narragansett Bay Commission (NBC) has developed a three-phased long term plan to address these overflows. During Phase I of this plan, the NBC has constructed a tunnel that is approximately 16,000 feet long with a nominal diameter of 26 feet. The storage capacity of this tunnel is in excess of 65 million gallons. Flows captured in the tunnel will

be conveyed to the Field's Point WWTP via the FPTPS which has a capacity of approximately 50 mgd. As part of this plan, interceptor relief structures have been installed on the Moshassuck River and Woonasquatucket River interceptors. While designed to relieve wet weather peak flows, these structures may also relieve any dry weather peak flows. This sanitary flow will also be conveyed to the tunnel for storage and eventual treatment at the WWTP.

Earlier modeling studies have determined that the average annual volume of wastewater to be captured by the tunnel is approximately 915 million gallons. This is approximately 5.13 percent of the wastewater currently treated at the Field's Point WWTP.

As a result, the Field's Point WWTP will incur additional operation and maintenance (O&M) costs to treat this captured wastewater. These additional costs will include man-hours and appurtenances associated with personnel, electricity associated with equipment operation, chemical use associated with treatment, hauling and disposal of sludge, hauling and disposal of grit/screenings, and maintenance of equipment and grounds. For the purposes of this analysis, these additional costs have been divided into three categories: Personnel, Appurtenances and Maintenance; Treatment; and Byproduct Disposal.

PERSONNEL, APPURTENANCES AND MAINTENANCE

The majority of these items within this category of WWTP O&M costs are directly proportional to the hydraulic loading placed on the plant. These items include maintenance and repair of the equipment, as well as manpower requirements and costs associated with personnel support. Maintenance of buildings, basins and other structures is also directly proportional to run-time of the WWTP. Given the unpredictable nature of storm events and wet weather surges, it is anticipated that the increased burden on the WWTP staff will require extended work shifts in lieu of additional personnel. For this reason, it was assumed that the additional manpower requirements would increase the budgetary overtime requirements. It was also assumed for the purposes of this analysis that 25 percent of the water consumption was directly related to plant operations, washing and cleaning. Below is a list of the budgetary line items included in this category.

| Item | 2008 Budget | | Percent Increase |
|--|-------------|----------------|------------------|
| | Original | Modified | |
| Union Overtime | \$220,000 | \$231,279 | 5.13% |
| Non-Union Overtime | \$35,000 | \$36,795 | 5.13% |
| Building and Ground Maintenance | \$33,268 | \$34,974 | 5.13% |
| Building, Structures & Equipment Repairs | \$540,120 | \$567,810 | 5.13% |
| Maintenance/Service Agreement | \$154,804 | \$162,741 | 5.13% |
| Highways & Landscape | \$4,000 | \$4,206 | 5.13% |
| Clothing | \$10,340 | \$10,871 | 5.13% |
| Chemicals, House & Laundry Supplies | \$22,400 | \$23,549 | 5.13% |
| Water | \$75,600 | \$76,569 | 1.28% |
| Totals | \$1,095,532 | \$1,148,794 | |
| Net Change | | 4.86% increase | |

TREATMENT

Items within this category are also directly proportional to the hydraulic loading experienced at the plant. Operation of wastewater process pumps and screw conveyors infers additional electrical costs. It is anticipated that additional process chemicals associated with disinfection and dechlorination will also be required. The list below contains the budgetary line items that will be affected by treatment of the additional combined sewage flows under this category. It is anticipated that these items will increase by 5.13 percent in correlation to the increase in wastewater volume.

| Item | 2008 Budget | | Percent Increase |
|-----------------------|----------------|-------------|------------------|
| | Original | Modified | |
| Electricity | \$1,673,876 | \$1,759,689 | 5.13% |
| Chlorine/Hypochlorite | \$314,747 | \$330,883 | 5.13% |
| Sodium Bisulfite | \$128,451 | \$135,037 | 5.13% |
| Totals | \$2,117,074 | \$2,225,609 | |
| Net Change | 5.13% increase | | |

BYPRODUCT DISPOSAL

The two items under this category include Grit/Screenings Hauling and Disposal, and Sludge Hauling and Disposal. Based on current expenses, the Field's Point WWTP is expected to generate approximately 1,230 tons of grit and screenings under the present operating scenario. Sludge hauling and disposal costs are directly related to the production of sludge during the treatment process. Sludge production and wasting are proportional to the hydraulic loading in combination with the BOD and TSS loading rates. The Field's Point WWTP has an annual average daily flow of 49 mgd, an influent BOD concentration of 170 mg/l and an influent TSS concentration of 120 mg/l. Under the present operating scenario, the WWTP is expected to generate 26.05 dry tons of sludge requiring disposal.

The quantity of grit and screenings associated with the tunnel has been estimated to be 400 cubic yards per year (B&V, *Design Criteria Report Addendum*, November 12, 1999). This estimate was based on the volumetric comparison of the NBC tunnel and the Milwaukee combined sewer overflow tunnel. In the report, it was assumed that 80 percent of this volume is grit and 20 percent is screenings. The specific gravity of grit is generally assumed to be at least 2.65. For screenings, it was assumed that the specific gravity was 0.74 as this material will be a combination of saturated debris and floatables. Under these assumptions, it is estimated that the additional quantities of approximately 50 tons for screenings and 714 tons for grit will be generated as a result of tunnel activation. Grit and screenings disposal costs are estimated to increase by 62.18 percent once the tunnel is on line.

Sludge production and wasting was estimated using the sludge yield for the WWTP under present operating conditions, which was calculated to be 0.81. It was also assumed that the TSS reduction of the primary clarifiers was on the upper end of the range typical of industry design standards. This value was estimated to be 60 percent. Observations made

during a recent storm event indicated that the BOD and TSS concentrations fell to 50 mg/l during wet weather surges. Given that the tunnel has two interceptor relief structures that may allow sanitary sewage to flow into the tunnel during dry weather, it was estimated that the BOD and TSS concentrations for tunnel flow would be at least 80 mg/l. Based on these assumptions, it is anticipated that sludge production and disposal will increase by approximately 437 tons per year, or 4.60 percent. The budgetary line items within this category are shown below.

| Item | 2008 Budget | | Percent Increase |
|--------------------------------------|----------------|-------------|------------------|
| | Original | Modified | |
| Grit/Screenings Hauling and Disposal | \$64,530 | \$104,652 | 62.18% |
| Sludge Hauling and Disposal | \$3,645,216 | \$3,813,076 | 4.60% |
| Totals | \$3,709,746 | \$3,917,728 | |
| Net Change | 5.61% increase | | |

CONCLUSION

Additional operating expenses will be incurred at the Field's Point WWTP when the Phase I CSO tunnel goes on line. The items discussed within this memorandum include burdens placed on the existing processes throughout the treatment train and byproduct disposal.

The operating expenses for the Field's Point WWTP are expected to increase by approximately \$370,000 within the items discussed in this analysis, or 5.34 percent. Over 56 percent of the anticipated increase is associated with the hauling and disposal of sludge, grit and screenings. Approximately 30 percent of the increase is associated with operating expenses such as chemicals and energy requirements. The remaining 14 percent is associated with maintenance of the equipment and structures, as well as increased burdens placed on WWTP staff and personnel support.

| Item | 2008 Budget | | Percent Increase |
|--|----------------|-------------|------------------|
| | Original | Modified | |
| Personnel, Appurtenances and Maintenance | \$1,095,532 | \$1,148,794 | 4.86% |
| Treatment | \$2,117,074 | \$2,225,609 | 5.13% |
| Byproduct Disposal | \$3,709,746 | \$3,917,728 | 5.61% |
| Totals | \$6,922,352 | \$7,292,131 | |
| Net Change | 5.34% increase | | |

NBC Phase I CSO Facilities Program Projected Increases in Field's Point WWTP Operation and Maintenance Expenses

| FLOWS and LOADINGS | | | |
|---|--------------|---------|--------|
| | Wet Weather | | Normal |
| Flow = | 915 | mgd | 17,848 |
| | 2.51 | mgd | 49.00 |
| Increase Warranted (hydraulic) = | 5.13% | | |
| TSS (influent) = | 80 | mg/l | 117 |
| BOD (influent) = | 80 | mg/l | 171 |
| TSS (loading) = | 1,676 | lbs/day | 47,813 |
| BOD (loading) = | 1,676 | lbs/day | 69,881 |
| TSS (effluent) = | NA | mg/l | 18 |
| BOD (effluent) = | NA | mg/l | 13 |
| TSS Removal Efficiency = | NA | % | 84.6 |
| BOD Removal Efficiency = | NA | % | 92.4 |
| Calculated Sludge Yield = | NA | --- | 0.81 |

= assumed concentration due to sanitary sewer overflows during dry weather associated with Moshassuck River and Woonasquatucket River interceptor relief structures

| SLUDGE PRODUCTION and DISPOSAL | | | |
|--|--|---------|---------------|
| July through December = | 4,784 | DT | @ \$378.84/DT |
| January through June = | 4,706 | DT | @ \$389.47/DT |
| | 9,490 | DT/YR | |
| | 26.05 | DT/day | |
| | 52,107 | lbs/day | |
| Anticipated Sludge from Additional TSS = | 850.90 | lbs/day | |
| Anticipated Sludge from Additional BOD = | 1,548.60 | lbs/day | |
| | 437.01 | DT/YR | |
| Increase Warranted (sludge) = | 4.60% | | |
| | (assumes 60% TSS removal in sludge from Primary) | | |

| GRIT/SCREENINGS DISPOSAL | | | |
|---|-----------------------|------------|--|
| B&V Reported Grit/Screenings = | 400.00 | CY/YR | |
| Assume: | 80% | Grit | |
| | 20% | Screenings | |
| Specific Gravity Grit = | 2.65 | | |
| Specific Gravity Water = | 1.00 | | |
| Specific Gravity Garbage = | 0.48 | | |
| Specific Gravity Screenings = | 0.74 | | |
| Unit Weight of Water = | 1,684.80 | lbs/CY | |
| Weight of Grit = | 714.36 | tons/YR | |
| Weight of Screenings = | 49.87 | tons/YR | |
| Total = | 764.23 tons/YR | | |
| Disposal Rate = \$ | 52.50 | per ton | |
| Anticipated Additional Disposal Costs = \$ | 40,121.83 | per year | |
| Increase Warranted (grit/screenings) = | 62.18% | | |

DIV 1-40 To the extent not provided in the previous response, please provide actual biosolids quantities in dry tons at Field's Point and Bucklin Point for FY 2006, FY 2007, FY 2008 and the most recent 12 months available.

Answer: See below.

| Field's Point | | | | | Bucklin Point | | | | |
|----------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|----------------|
| DT/Month | | | | | DT/Month | | | | |
| | FY 2006 | FY 2007 | FY 2008 | FY 2009 | | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| July | 1,012 | 618 | 697 | 620 | July | 237 | 232 | 273 | 191 |
| Aug | 1,061 | 753 | 610 | 646 | Aug | 182 | 217 | 253 | 240 |
| Sept | 1,013 | 749 | 750 | 762 | Sept | 227 | 169 | 216 | 231 |
| Oct | 890 | 801 | 794 | 680 | Oct | 218 | 181 | 219 | 203 |
| Nov | 739 | 743 | 717 | 665 | Nov | 157 | 158 | 212 | 176 |
| Dec | 755 | 695 | 806 | 604 | Dec | 216 | 194 | 141 | 141 |
| Jan | 1,120 | 664 | 807 | - | Jan | 225 | 182 | 189 | - |
| Feb | 706 | 592 | 800 | - | Feb | 190 | 189 | 195 | - |
| Mar | 807 | 818 | 796 | - | Mar | 228 | 186 | 201 | - |
| Apr | 766 | 722 | 711 | - | Apr | 186 | 183 | 174 | - |
| May | 808 | 735 | 771 | - | May | 191 | 199 | 218 | - |
| Jun | 885 | 885 | 677 | - | Jun | 242 | 225 | 194 | - |
| Total | 10,562 | 8,775 | 8,936 | | Total | 2,499 | 2,314 | 2,484 | |

Prepared by: WEE

DIV 1-41 With reference to Schedule WEE-7, has NBC entered into negotiations for a new Screening & Grit services contract for FY 2010? If so, please provide the status of such negotiations and when the NBC expects to have a rate per ton based on the new contract.

Answer: Screening & Grit disposal are the fees paid to Rhode Island Resource Recovery (RIRR) for disposal at the landfill. The fees are established on an annual basis by RIRR (see attached).

Prepared by: WEE

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
APPROVED FY 2009 RATE CODES AND PRICES**

Effective August 9, 2008

NOTE: All Prices Are Subject To Change

| RATE CODE | | PRICES \$/TON |
|---|---|--------------------------|
| <u>COMMERCIAL WASTE</u> | | |
| 101 | Commercial Sector Waste (CSW) – Non-Contract | \$75.00 |
| 118 | Commercial Sector Waste – Contract | |
| | <i>Over 1,000 tons per year approved before deadline</i> | 65.00 |
| | <i>CSW Contracts 300 to 999 tons per year or after deadline</i> | 70.00 |
| | <i>Rejected Alternate Cover</i> | CSW Rate |
| 130 | Sheet Rock Waste (>25% of load by volume) | 110.00 |
| 131 | Controlled Non-Hazardous Contaminated Soils* | 25.00 |
| 132 | Solid Waste Soils* | CSW Rate |
| 324 | UNTREATED, UNLINED RAW FISH WASTE | 100.00 |
| 332 | Municipal Seaweed | 0 |
| 332 | Municipal Seaweed – Over Yard Waste Cap | 25.00 |
| HCSC | Host Community Commercial Vehicle Surcharge* | \$3.00 per vehicle |
| <u>MUNICIPAL WASTE</u> | | |
| 201 | Municipal Waste | \$32.00 |
| 208 | Johnston Residents | 0.00 |
| 209 | Municipal Over Cap | 75.00 |
| | <i>With Municipal Contract</i> | 60.00 |
| <u>SLUDGE</u> | | |
| 314 | Sludge/Grit/Rags | 75.00 |
| | <i>With Sludge Contract</i> | 65.00 |
| <u>ALTERNATE COVER MATERIALS (w/ approval)</u> | | |
| 350 | Alternate Cover – Miscellaneous | 15.00 |
| 351 | Alternate Cover - Sludge Ash | 15.00 |
| 352 | Alternate Cover - Foundry Sand | 15.00 |
| 353 | Alternate Cover - Processed C&D Screenings* | 15.00 |
| | <i>With CSW Contract</i> | 15.00 |
| 355 | Alternate Cover – Screened Street Sweepings | 0.00 |
| 358 | Alternate Cover – Non-Hazardous, Processed Contaminated Soil* | 15.00 |
| <u>CONSTRUCTION & DEMOLITION</u> | | |
| 370 | C&D Recovermat | \$70.00 |
| | <i>With CSW Disposal Contract</i> | 60.00 |
| | Municipal C&D | 32.00 |

DIV 1-42 With reference to Schedule WEE-7:

- a. Please provide supporting documentation for the FY 2008 and FY 2009 contract rates per ton \$56.00 and \$65.00, respectively. Include a copy of the contracts or other agreements.
- b. Please provide supporting documentation supporting the projected tons at each facility.
- c. To the extent not provide above, please provide actual quantities in FY 2006, FY 2007 and FY 2008.

Answer: a. Please see the attached RIRRC contracts for FY 2008 and FY 2009, outlining the contracted rates per ton of \$56.00 and \$65.00, respectively.

b&c. See below. The Tunnel Pump Station Tons are shown in the Louis Berger Group memo provided in DIV 1-39. Please note that while complying with this data request it was noted that expense for the Floatable Control Netting was not backed out on WEE-7, while calculating the tons of grit. Attached please find a revised WEE-7.

| Field's Point | | | | | | Bucklin Point | | | | | Interceptor Maintenance (IM) | | | | | |
|--------------------------|---------|---------|---------|-------|-----|--------------------------|---------|---------|---------|-------|------------------------------|---------|---------|---------|-------|-----|
| Screenings & Grit /Month | | | | | | Screenings & Grit /Month | | | | | Screenings & Grit /Month | | | | | |
| | | | | | 24 | | | | | 24 | | | | | 24 | |
| FY 2006 | FY 2007 | FY 2008 | FY 2009 | Month | | FY 2006 | FY 2007 | FY 2008 | FY 2009 | Month | FY 2006 | FY 2007 | FY 2008 | FY 2009 | Month | |
| July | 26 | 98 | 67 | 34 | 50 | July | 15 | 34 | 29 | 28 | July | 94 | 89 | - | 28 | 14 |
| Aug | 53 | 34 | 31 | 34 | 32 | Aug | 20 | 28 | 11 | 28 | Aug | 107 | 30 | 44 | 63 | 54 |
| Sept | 47 | 114 | 39 | 126 | 83 | Sept | 10 | 26 | 23 | 45 | Sept | 82 | 53 | 35 | 35 | 35 |
| Oct | 225 | 171 | 47 | | 109 | Oct | 73 | 22 | 16 | 19 | Oct | 86 | 75 | 87 | | 81 |
| Nov | 199 | 147 | 37 | | 92 | Nov | 74 | 47 | 27 | 37 | Nov | 101 | 70 | 134 | | 102 |
| Dec | 114 | 43 | 40 | | 42 | Dec | 36 | 36 | 30 | 33 | Dec | 36 | 45 | 63 | | 54 |
| Jan | 98 | 82 | 47 | | 65 | Jan | 50 | 27 | 30 | 28 | Jan | 26 | 61 | 23 | | 42 |
| Feb | 48 | 46 | 77 | | 61 | Feb | 36 | 13 | 38 | 25 | Feb | 42 | 83 | 67 | | 75 |
| Mar | 25 | 66 | 74 | | 70 | Mar | 24 | 17 | 54 | 35 | Mar | 94 | 56 | 43 | | 49 |
| Apr | 67 | 80 | 60 | | 70 | Apr | 34 | 48 | 48 | 48 | Apr | 67 | 32 | 105 | | 68 |
| May | 90 | 51 | 29 | | 40 | May | 37 | 41 | 21 | 31 | May | 94 | 123 | 79 | | 101 |
| Jun | 151 | 57 | 39 | | 48 | Jun | 88 | 11 | 35 | 23 | Jun | 101 | 135 | 61 | | 98 |
| Total | 1,142 | 990 | 586 | | 761 | Total | 495 | 349 | 361 | 362 | Total | 928 | 852 | 740 | | 773 |

Prepared by: WEE



CC: File, Legal, PEN,
LHB, SE

October 10, 2008

65 Shun Pike
Johnston, RI 02919-4512
TEL: (401) 942-1430
FAX: (401) 946-5174
www.rirrc.org

Mr. Raymond Marshall, Executive Director
Narragansett Bay Commission
One Service Road
Providence, RI 02905

Dear Mr. Marshall:

Attached is the executed FY09 Sludge Agreement for your records.

You can reach me at 401-942-1430 extension 102 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads 'Steven Pietrantozzi'. The signature is written in a cursive style and is underlined with a long horizontal line.

Steven Pietrantozzi
Scale House Manager

FY 2009 SLUDGE DISPOSAL AGREEMENT

BETWEEN

NARRAGANSETT BAY COMMISSION

AND

RHODE ISLAND RESOURCE RECOVERY CORPORATION

AGREEMENT made and entered into as of the 1 day of July, 2008 by and jointly between **RHODE ISLAND RESOURCE RECOVERY CORPORATION**, a quasi-public corporation organized under the laws of the State of Rhode Island (hereinafter referred to as ("Corporation")), and **Narragansett Bay Commission** (hereinafter referred to as ("Customer")) with a place of business at One Service Road, Providence, RI 02905.

In consideration of the mutual covenants, promises, and payments reflected herein, Customer and Corporation agree as follows:

1. **ELIGIBILITY.** To be eligible to enter into this Agreement:
 - a. Customer's account balance at Corporation must be no more than 60 days in age on June 30, 2008; if Customer's account balance on June 30, 2008 was more than 60 days old, Corporation reserves the right to refuse to put Customer's Agreement into effect.

To be eligible to enter into a new disposal Agreement after June 30, 2008, Customer must have:

- a. Paid all its disposal fee balances through April 30, 2008 and Corporation's Accounts Receivable Aged Balance Report through June 30, 2008 shows a balance of no more than 60 days in age.
2. **APPLICABILITY.** This Agreement applies only to the disposal of Wastewater Treatment Plant Sludge (as defined by R.I. General Laws), Grit and Rags (all of which are hereinafter referred to as "SLUDGE") generated by Customer and to no other types of waste.
 3. **TERM.**

The term of this Agreement is for Fiscal Year 2009 ("FY 2009") ("FY'09"), which for this agreement is the period from August 9, 2008 through June 30, 2009.

4. **MINIMUM TONNAGE COMMITMENT.**

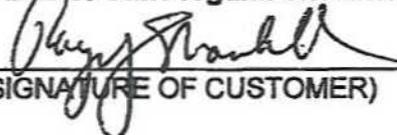
Narragansett Bay Commission guarantees to deliver to the Landfill in Fiscal Year 2009 a minimum of 250 tons of SLUDGE which is generated in or from Rhode Island. Corporation agrees to accept and dispose a minimum of 250 tons of Narragansett Bay Commission SLUDGE during Fiscal Years 2009.

5. **DISPOSAL FEES.** Narragansett Bay Commission agrees to pay disposal fees of – \$65.00 per ton of SLUDGE delivered to the Landfill in FY'09.

The disposal fees scheduled do not include any increase in disposal cost that may be imposed subsequently by any federal, state or local law, rule, regulation, ordinance or order which results in levying a fee on or against the operations of the Landfill. In the event of any such fee, the fee shall be allocated among all companies, entities, and persons which utilize the Landfill, including Customer, on a pro rata basis, based on disposal tonnage.

6. **WASTE CATEGORIES AND PROHIBITIONS.**

- a. The SLUDGE delivered by Customer to the Landfill shall not contain any waste generated or collected outside the State of Rhode Island (unless specifically allowed by State law), hazardous waste, or any other waste which State and federal laws and Environmental Protection Agency, R.I. Department of Environmental Management or Corporation Rules or Regulations prohibit for disposal at the Landfill. Customer warrants that it, and all SLUDGE delivered to the Landfill will comply with all State and federal laws and R.I. Department of Environmental Management, Environmental Protection Agency, and Corporation Rules and Regulations, including any Landfill site regulations.
- b. Upon request by Corporation, any SLUDGE delivered in violation of this Section 6 shall be segregated by Customer at the Landfill, and Customer shall reload and remove the SLUDGE from the Landfill forthwith, which shall in any event be before the open face of the Landfill is covered at the end of each working day. If Customer fails to timely remove the SLUDGE upon request by Corporation, or the SLUDGE is not discovered at the time of disposal, Customer shall pay any costs related to the handling, storage, and/or disposal of such SLUDGE, incurred by Corporation (including reasonable segregation charges, costs, and fines or penalties assessed therefore, including any attorneys' fees), shall be paid promptly by Customer.
- b. Notwithstanding the foregoing, Corporation shall have the absolute right in its sole discretion to terminate this Agreement and prohibit any deliveries if Corporation determines that Customer is not abiding by the terms of this Contract or is otherwise not acting in conformance with Rhode Island laws and/or State regulations and/ or permit conditions.

BY: 
(SIGNATURE OF CUSTOMER)

Customer's signature indicates
Customer has read and understands the
terms of this Section 6.

Raymond J. Marshall Executive Director
(NAME PRINTED/TYPED)

7. **PROMPT PAYMENT.** Corporation shall bill Customer monthly at the Disposal Fee agreed to by Customer in Section 5 for all SLUDGE delivered by Customer to the Landfill. Customer agrees to pay all sums due within thirty (30) days of invoice date and Corporation's obligation to allow Customer access to the Landfill is contingent upon Customer's (i) timely payment of all invoices, as set forth herein, and (ii) Customer's consistent adherence to the provisions of this Agreement.
8. **FAILURE TO PAY PROMPTLY.** Failure by Customer to pay Corporation's invoices in a timely manner as set forth in Section 7, to provide a payment bond as required, or failure to adhere to other provisions of this Agreement may result in one or more of the following:
 - a. Corporation may apply all of Customer's payments to Customer's 60-day-or-older balances in conjunction with a payment plan developed by Corporation for Customer.
 - b. Customer may be required, without advance notice, to pay cash upon delivery of SLUDGE to the Landfill.
 - c. Customer may be required, on 30 calendar days' written notice, to pay the established non-contract commercial solid waste disposal fee as established in Corporation's current Rate and Price Schedule in lieu of the disposal fees in this Agreement unless or until Customer's payment performance is rectified to Corporation's satisfaction;
 - c. Loss by Customer of access to the Landfill.

A finance charge of one-and-one-half percent (1.5%) per month, effective the invoice date, shall be due on all invoices, payment of which has not been received within 30 days of the invoice date.

Waiver by Corporation of finance charges does not prevent Corporation from assessing finance charges in the future. Customer agrees to be liable for all costs, including reasonable attorney's fees, incurred in collecting out-standing balances.

9. **EARLY PAYMENT DISCOUNT.** Upon receipt of full payment of an invoice within 20 days of the invoice date, Customer shall receive a one-and-one-half (1.5) percent discount from the invoice's amount, provided Customer has executed this disposal agreement and does not have an outstanding balance: In other words, Customer's balance must be in the 1-30 day column of Corporation's Accounts Receivable Aged Balance Report for each month for which an Early Payment Discount is claimed. Customer's eligibility expires monthly and/or is renewed monthly as stated in this Section 9, with the issuance of each month's invoice.

10. CREDIT POLICY.

- a. Customers who fail to pay any invoice within 30 days of the invoice date shall be required to file with Corporation, within 45 days of the date of the aforementioned invoice, a payment bond which Customer shall be required to maintain active and in place during the duration of this contract. If said Customer fails to provide a payment bond as set forth herein, said Customer shall be subject to the provisions of Section 8.
- b. Corporation shall establish a credit limit for Customer based on consideration of Customer's disposal and payment history and the SLUDGE tonnage guarantee made by Customer in Section 4 of this Agreement.

11. LICENSE RESTRICTIONS AND REQUIREMENTS. The Corporation is currently utilizing the Phase IV and Phase V landfill cells to dispose of solid waste. Customer agrees to be bound by any additional requirements and/ or restrictions, which may be imposed by the RI Department of Environmental Management as a requirement of the Phase V operating license or by a change in the environmental regulations.

12. HOURS OF OPERATION. The normal hours of operation of the Landfill to receive SLUDGE are Monday through Friday from 6:00 a.m. to 2:00 p.m., and Saturday 6:00 a.m. to 10:00 a.m. Corporation may make reasonable changes to these operating hours upon reasonable notice to Customer.

13. WORK RULES. Customer, and its agents and employees, shall, while they are present at the Landfill, act in a safe, efficient, workmanlike and professional fashion. The failure or refusal of any of Customer's agents or employees to follow instructions of the operating manager or other responsible employee of the Landfill, or to follow work rules, practices and procedures in effect at the Landfill, shall be grounds for the ejection of such person from the Landfill and the removal of Customer's vehicle, whether or not SLUDGE has been off-loaded.

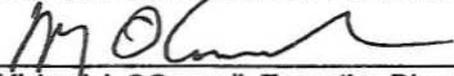
14. EXCUSE OF PERFORMANCE. The performance of obligations under this Agreement, except for the payment of money for services already rendered, may be suspended by either party in the event the transportation of SLUDGE by Customer or the disposal of SLUDGE by the Landfill are prevented by a cause or causes beyond the reasonable control of such party. Such causes shall include, but are not limited to, acts of God, acts of war, riot, fire, explosion, accident, flood, or sabotage; lack of adequate fuel, or power; changes in governmental laws, regulations, rule makings, permits, approvals, requirements, orders or actions which significantly affect the Landfill; national defense requirements; and injunctions or restraining orders.

- 15. INDEMNIFICATION.**
- a. Corporation agrees to indemnify, save harmless, and defend Customer from and against any and all liabilities, claims, penalties, forfeitures, suits and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which Customer may incur, become responsible for, or pay out as a result of (a) death or bodily injuries to any person, (b) destruction or damage to any property, or (c) contamination of or adverse effects on the environment, if caused, in whole or in part by any negligent or willful act or omission of Corporation's employees, or its agents, in performance of this Agreement.
 - b. Customer agrees to indemnify, save harmless, and defend Corporation from and against any and all liabilities, claims, penalties, forfeitures, suits and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which Corporation may incur, become responsible for, or pay out as a result of (a) death or bodily injuries to any person, (b) destruction or damage to any property, or (c) contamination of or adverse effects on Corporation's property or the environment, if caused, in whole or in part by:
 - i. Customer's breach of any term or provision of this Agreement; or
 - ii Any negligent or willful act or omission of Customer, its employees, or its agents; or
 - iii. Any violation by Customer of any applicable law, rule, or regulation.
- 16. NO ASSIGNMENT.** Customer may not assign, transfer, broker or otherwise vest in any other company, entity or person, any of its rights or obligations under this Agreement without first obtaining the prior written consent of Corporation. All such consents to requests for assignments may be conditioned upon the successor company and/or the company being acquired having paid all outstanding charges for SLUDGE disposal. Prior to or simultaneously with requesting an assignment, financial data must be submitted to demonstrate financial creditworthiness. Corporation may sell or assign any of its rights or obligations under this Agreement to any other entity, provided that Corporation shall provide written notice of same to Customer, which shall have the option to terminate this Agreement within fifteen (15) days of receiving the notice provided, however, that Customer shall have no termination option if the sale or assignment is to an entity or agency of the State of Rhode Island or to a private entity which is not a competitor of Customer.
- 17. SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.
- 18. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with Rhode Island law.
- 19. COMPLIANCE WITH STATE LAW.** Customer warrants that neither it nor any of its principals, officers, agents or representatives authorized to make commitments on its behalf have ever been convicted of violating Section 23-19-13.3 of the RI General Laws.

20. **ENTIRE AGREEMENT.** This Agreement represents the entire understanding reached between the parties hereto with respect to Customer's disposal rights at the Landfill, and shall supersede or replace any prior understandings or agreements, whether or not in writing. Any modifications hereof shall be in writing and shall be signed by appropriate authorized representatives of Customer and Corporation.
21. **SEVERABILITY.** If any provision of this Agreement is declared invalid by any tribunal, the remaining provisions of the Agreement shall not be affected thereby.
22. **EFFECTIVE DATE.** This Agreement shall be effective during the term defined herein. Notices under this Agreement shall be provided to Corporation at its usual place of business and to Customer at the address as written on Page 1 of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

RHODE ISLAND RESOURCE RECOVERY CORPORATION

BY:  10/2/08
 Michael J. OConnell, Executive Director

DATE: _____

BY: _____
~~Dennis Russo~~, Deputy Executive Director

DATE: _____

NARRAGANSETT BAY COMMISSION

BY: 
 (Signature)
 Raymond J. Marshall

 (Print/type name)
 Executive Director

TITLE: _____
 Title of Authorized Officer.



June 5, 2007

Mr. Sam Celone
The Narragansett Bay Commission
One Service Road
Providence, RI 02905

Re: *FY 2008 Sludge Disposal Agreement*

Dear Mr. Celone:

Enclosed is the FY 2008 Sludge Disposal Agreement ("Agreement") for your review and signature. The Agreement is for Fiscal Year 2008, which is the period from July 1, 2007 through June 30, 2008. The Agreement requires an authorized official's signature.

The sludge disposal fee for customers with a fully-executed FY 2008 Agreement will be **\$56.00** per ton, which reflects the FY 2008 disposal fee to be charged to commercial contract customers that execute a FY 2008 Commercial Solid Waste Disposal Agreement prior to July 31, 2007. The FY 2008 sludge disposal fee to be charged customers that do not have a FY 2008 Sludge Disposal Agreement will be **\$70.00** per ton.

The Corporation encourages all existing contract sludge customers to read and return a properly signed FY 2008 Agreement.

If you have any questions concerning this Agreement, please contact me.

Sincerely,

Steven Pietrantozzi
Scale House Manager

Enclosure

CC: Michael OConnell,, Executive Director
Dennis aRusso, Deputy Executive Director
Claude A. Cote, Director of Regulatory Compliance

6/6/07
c: PEN/KG
Please review & advise
PSM/jjg

7/9/07
Spoke w/PEN. Ok to sign
Similar to previous years

7/10/07
c: PEN/KG - final
document
jjg signed

FY 2008 SLUDGE DISPOSAL AGREEMENT

BETWEEN

THE NARRAGANSETT BAY COMMISSION

AND

RHODE ISLAND RESOURCE RECOVERY CORPORATION

AGREEMENT made and entered into as of the _____ day of July, 2007 by and jointly between **RHODE ISLAND RESOURCE RECOVERY CORPORATION**, a quasi-public corporation organized under the laws of the State of Rhode Island (hereinafter referred to as ("Corporation")), and **The Narragansett Bay Commission** (hereinafter referred to as ("Customer") with a place of business at One Service Road, Providence, RI 02905.

In consideration of the mutual covenants, promises, and payments reflected herein, Customer and Corporation agree as follows:

1. **ELIGIBILITY.** To be eligible to enter into this Agreement:
 - a. Customer's account balance at Corporation must be no more than 60 days in age on June 30, 2007; if Customer's account balance on June 30, 2007 was more than 60 days old, Corporation reserves the right to refuse to put Customer's Agreement into effect.

To be eligible to enter into a new disposal Agreement after June 30, 2007, Customer must have:

- a. Paid all its disposal fee balances through April 30, 2007 and Corporation's Accounts Receivable Aged Balance Report through June 30, 2007 shows a balance of no more than 60 days in age.
2. **APPLICABILITY.** This Agreement applies only to the disposal of Wastewater Treatment Plant Sludge (as defined by R.I. General Laws), Grit and Rags (all of which are hereinafter referred to as "SLUDGE") generated by Customer and to no other types of waste.

3. **TERM.**

The term of this Agreement is for Fiscal Year 2008 ("FY 2008") ("FY'08"), which is the period from July 1, 2007 through June 30, 2008.

4. MINIMUM TONNAGE COMMITMENT.

The Narragansett Bay Commission guarantees to deliver to the Landfill in Fiscal Year 2008 a minimum of 250 tons of SLUDGE which is generated in or from Rhode Island. Corporation agrees to accept and dispose a minimum of 250 tons of **Narragansett Bay Commission** SLUDGE during Fiscal Years 2008.

5. DISPOSAL FEES. Narragansett Bay Commission agrees to pay disposal fees of \$56.00 per ton of SLUDGE delivered to the Landfill in FY'08.

The disposal fees scheduled do not include any increase in disposal cost that may be imposed subsequently by any federal, state or local law, rule, regulation, ordinance or order which results in levying a fee on or against the operations of the Landfill. In the event of any such fee, the fee shall be allocated among all companies, entities, and persons which utilize the Landfill, including Customer, on a pro rata basis, based on disposal tonnage.

6. WASTE CATEGORIES AND PROHIBITIONS.

- a. **The SLUDGE delivered by Customer to the Landfill shall not contain any waste generated or collected outside the State of Rhode Island (unless specifically allowed by State law), hazardous waste, or any other waste which State and federal laws and Environmental Protection Agency, R.I. Department of Environmental Management or Corporation Rules or Regulations prohibit for disposal at the Landfill. Customer warrants that it, and all SLUDGE delivered to the Landfill will comply with all State and federal laws and R.I. Department of Environmental Management, Environmental Protection Agency, and Corporation Rules and Regulations, including any Landfill site regulations.**
- b. Upon request by Corporation, any SLUDGE delivered in violation of this Section 6 shall be segregated by Customer at the Landfill, and Customer shall reload and remove the SLUDGE from the Landfill forthwith, which shall in any event be before the open face of the Landfill is covered at the end of each working day. If Customer fails to timely remove the SLUDGE upon request by Corporation, or the SLUDGE is not discovered at the time of disposal, Customer shall pay any costs related to the handling, storage, and/or disposal of such SLUDGE, incurred by Corporation (including reasonable segregation charges, costs, and fines or penalties assessed therefore, including any attorneys' fees), shall be paid promptly by Customer.
- b. **Notwithstanding the foregoing, Corporation shall have the absolute right in its sole discretion to terminate this Agreement and prohibit any deliveries if Corporation determines that Customer is not abiding by the terms of this Contract or is otherwise not acting in conformance with Rhode Island laws and/ or State regulations and/ or permit conditions.**

BY: _____
(SIGNATURE OF CUSTOMER)

Customer's signature indicates
Customer has read and understands the
terms of this Section 6.

(NAME PRINTED/TYPED)

7. **PROMPT PAYMENT.** Corporation shall bill Customer monthly at the Disposal Fee agreed to by Customer in Section 5 for all SLUDGE delivered by Customer to the Landfill. Customer agrees to pay all sums due within thirty (30) days of invoice date and Corporation's obligation to allow Customer access to the Landfill is contingent upon Customer's (i) timely payment of all invoices, as set forth herein, and (ii) Customer's consistent adherence to the provisions of this Agreement.
8. **FAILURE TO PAY PROMPTLY.** Failure by Customer to pay Corporation's invoices in a timely manner as set forth in Section 7, to provide a payment bond as required, or failure to adhere to other provisions of this Agreement may result in one or more of the following:
 - a. Corporation may apply all of Customer's payments to Customer's 60-day-or-older balances in conjunction with a payment plan developed by Corporation for Customer.
 - b. Customer may be required, without advance notice, to pay cash upon delivery of SLUDGE to the Landfill.
 - c. Customer may be required, on 30 calendar days' written notice, to pay the established non-contract commercial solid waste disposal fee as established in Corporation's current Rate and Price Schedule in lieu of the disposal fees in this Agreement unless or until Customer's payment performance is rectified to Corporation's satisfaction;
 - c. Loss by Customer of access to the Landfill.

A finance charge of one-and-one-half percent (1.5%) per month, effective the invoice date, shall be due on all invoices, payment of which has not been received within 30 days of the invoice date.

Waiver by Corporation of finance charges does not prevent Corporation from assessing finance charges in the future. Customer agrees to be liable for all costs, including reasonable attorney's fees, incurred in collecting out-standing balances.

9. **EARLY PAYMENT DISCOUNT.** Upon receipt of full payment of an invoice within 20 days of the invoice date, Customer shall receive a one-and-one-half (1.5) percent discount from the invoice's amount, provided Customer has executed this disposal agreement and does not have an outstanding balance: In other words, Customer's balance must be in the 1-30 day column of Corporation's Accounts Receivable Aged Balance Report for each month for which an Early Payment Discount is claimed. Customer's eligibility expires monthly and/or is renewed monthly as stated in this Section 9, with the issuance of each month's invoice.

10. CREDIT POLICY.

- a. Customers who fail to pay any invoice within 30 days of the invoice date shall be required to file with Corporation, within 45 days of the date of the aforementioned invoice, a payment bond which Customer shall be required to maintain active and in place during the duration of this contract. If said Customer fails to provide a payment bond as set forth herein, said Customer shall be subject to the provisions of Section 8.
- b. Corporation shall establish a credit limit for Customer based on consideration of Customer's disposal and payment history and the SLUDGE tonnage guarantee made by Customer in Section 4 of this Agreement.

11. LICENSE RESTRICTIONS AND REQUIREMENTS. The Corporation is currently utilizing the Phase IV and Phase V landfill cells to dispose of solid waste. Customer agrees to be bound by any additional requirements and/ or restrictions, which may be imposed by the RI Department of Environmental Management as a requirement of the Phase V operating license or by a change in the environmental regulations.

12. HOURS OF OPERATION. The normal hours of operation of the Landfill to receive SLUDGE are Monday through Friday from 6:00 a.m. to 2:00 p.m., and Saturday 6:00 a.m. to 10:00 a.m. Corporation may make reasonable changes to these operating hours upon reasonable notice to Customer.

13. WORK RULES. Customer, and its agents and employees, shall, while they are present at the Landfill, act in a safe, efficient, workmanlike and professional fashion. The failure or refusal of any of Customer's agents or employees to follow instructions of the operating manager or other responsible employee of the Landfill, or to follow work rules, practices and procedures in effect at the Landfill, shall be grounds for the ejection of such person from the Landfill and the removal of Customer's vehicle, whether or not SLUDGE has been off-loaded.

14. EXCUSE OF PERFORMANCE. The performance of obligations under this Agreement, except for the payment of money for services already rendered, may be suspended by either party in the event the transportation of SLUDGE by Customer or the disposal of SLUDGE by the Landfill are prevented by a cause or causes beyond the reasonable control of such party. Such causes shall include, but are not limited to, acts of God, acts of war, riot, fire, explosion, accident, flood, or sabotage; lack of adequate fuel, or power; changes in governmental laws, regulations, rule makings, permits, approvals, requirements, orders or actions which significantly affect the Landfill; national defense requirements; and injunctions or restraining orders.

15. INDEMNIFICATION.

- a. Corporation agrees to indemnify, save harmless, and defend Customer from and against any and all liabilities, claims, penalties, forfeitures, suits and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which Customer may incur, become responsible for, or pay out as a result of (a) death or bodily injuries to any person, (b) destruction or damage to any property, or (c) contamination of or adverse effects on the environment, if caused, in whole or in part by any negligent or willful act or omission of Corporation's employees, or its agents, in performance of this Agreement.
- b. Customer agrees to indemnify, save harmless, and defend Corporation from and against any and all liabilities, claims, penalties, forfeitures, suits and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorney's fees), which Corporation may incur, become responsible for, or pay out as a result of (a) death or bodily injuries to any person, (b) destruction or damage to any property, or (c) contamination of or adverse effects on Corporation's property or the environment, if caused, in whole or in part by:
 - i. Customer's breach of any term or provision of this Agreement; or
 - ii Any negligent or willful act or omission of Customer, its employees, or its agents; or
 - iii. Any violation by Customer of any applicable law, rule, or regulation.

16. NO ASSIGNMENT. Customer may not assign, transfer, broker or otherwise vest in any other company, entity or person, any of its rights or obligations under this Agreement without first obtaining the prior written consent of Corporation. All such consents to requests for assignments may be conditioned upon the successor company and/or the company being acquired having paid all outstanding charges for SLUDGE disposal. Prior to or simultaneously with requesting an assignment, financial data must be submitted to demonstrate financial creditworthiness. Corporation may sell or assign any of its rights or obligations under this Agreement to any other entity, provided that Corporation shall provide written notice of same to Customer, which shall have the option to terminate this Agreement within fifteen (15) days of receiving the notice provided, however, that Customer shall have no termination option if the sale or assignment is to an entity or agency of the State of Rhode Island or to a private entity which is not a competitor of Customer.

17. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

18. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with Rhode Island law.

19. COMPLIANCE WITH STATE LAW. Customer warrants that neither it nor any of its principals, officers, agents or representatives authorized to make commitments on its behalf have ever been convicted of violating Section 23-19-13.3 of the RI General Laws.

- 20. **ENTIRE AGREEMENT.** This Agreement represents the entire understanding reached between the parties hereto with respect to Customer's disposal rights at the Landfill, and shall supersede or replace any prior understandings or agreements, whether or not in writing. Any modifications hereof shall be in writing and shall be signed by appropriate authorized representatives of Customer and Corporation.
- 21. **SEVERABILITY.** If any provision of this Agreement is declared invalid by any tribunal, the remaining provisions of the Agreement shall not be affected thereby.
- 22. **EFFECTIVE DATE.** This Agreement shall be effective during the term defined herein. Notices under this Agreement shall be provided to Corporation at its usual place of business and to Customer at the address as written on Page 1 of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

RHODE ISLAND RESOURCE RECOVERY CORPORATION

BY: _____
 Michael J. OConnell, Executive Director

DATE: _____

BY: _____
 Dennis aRusso, Deputy Executive Director

DATE: _____

THE NARRAGANSETT BAY COMMISSION

BY: Raymond J. Marshall 7/9/07
 (Signature)
Raymond J. Marshall
 (Print/type name)

TITLE: Executive Director
 Title of Authorized Officer:

Narragansett Bay Commission
 Account Analysis - Screening & Grit

Schedule WEE- 7 REVISED

| | <u>Tons</u> | <u>Proj. Rate</u> | | |
|--------------------------------------|-------------|-------------------|----|--------------------------|
| Field's Point | 761 | \$ 70.35 | \$ | 53,534 |
| Tunnel Pump Station | 764 | 70.35 | | 53,762 |
| Interceptor Maintenance (IM) | 773 | 70.35 | | 54,412 |
| IM Floatables Control Netting | | | | 33,414 |
| Bucklin Point | 362 | 70.35 | | <u>25,466</u> |
| Rate Year | | | | 220,587 |
| Less Adjusted Test Year | | | | <u>128,151</u> |
| Revised Rate Year Adjustment | | | | 92,436 |
| Original Rate Year Adjustment | | | | <u>96,509</u> |
| Difference | | | | <u><u>\$ (4,073)</u></u> |

| | <u>FY 2006</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|-----------------------------|----------------|----------------|----------------|----------------|
| Contracted Rate | \$ 51.50 | \$ 52.50 | \$ 56.00 | \$ 65.00 |
| Annual Increase | | 1.94% | 6.67% | 16.07% |
| Three Year Average Increase | | | 8.23% | |
| Projected Rate | | | | \$ 70.35 |

DIV 1-43 With reference to Schedule WEE-8, please provide supporting documentation showing the derivation of the Siemens increase of \$58,776 and the Tunnel Impact of Field's Point increase of \$7,924.

Answer: See attached for the Siemens contract. While providing supporting documentation for this question it was noted that the actual FY 2010 amount will be \$60,978 (one payment of \$14,694 and three payments of \$15,428 – see page 2 of Exhibit A). The derivation of the Field's Point increase of \$7,924 is shown on Schedule WEE-16.

Prepared by: WEE

SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF ALL CLAIMS

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF ALL CLAIMS ("Agreement") is entered into this 15th day of November, 2006 by and between Narragansett Bay Commission ("NBC"), JL Marshall & Sons, Inc. ("JLM") and Siemens Energy & Automation, Inc., a Delaware corporation ("Siemens").

RECITALS

A. For purposes of this Agreement, the following definitions shall apply:

1. "NBC" shall mean Narragansett Bay Commission and each of its past and present subsidiaries, parents, partnerships, divisions, product groups, affiliates, officers, directors, employees, attorneys, successors, assigns and agents.

2. "JLM" shall mean JL Marshall & Sons, Inc. and each of its past and present subsidiaries, parents, partnerships, divisions, product groups, affiliates, officers, directors, employees, attorneys, successors, assigns and agents.

3. "Siemens" shall mean Siemens Energy & Automation, Inc. and each of its past and present subsidiaries, parents, partnerships, divisions, product groups, affiliates, officers, directors, employees, attorneys, successors, assigns and agents.

4. "Claims" shall mean any cause of action or other claims, whether reasonably known or unknown, pending or not pending, of every kind and nature whatsoever which any party may have against any other up to, and including, the date of this Agreement arising out of or involving Work (as defined in the Contract) performed by Siemens under Contract 01:807C (the "Contract") at NBC's Bucklin Point Wastewater Treatment Facility (the "Project").

B. The parties have certain disputes regarding Work performed by Siemens under the Contract including but not limited to an alleged requirement for Siemens to provide a fully configured, installed, tested, and operable Version of 6.1 of PCS 7.

C. In the interest of goodwill, to avoid uncertainty and further controversy, and to avoid the expense of potential litigation, the parties desire to amicably compromise and fully resolve the Claims.

NOW, THEREFORE, based upon the foregoing Recitals, and the mutual covenants hereinafter set forth, NBC, JLM and Siemens agree as follows:

AGREEMENTS

1. Upon execution of this Agreement, and as full and final resolution of all Claims, including but not limited to all Claims related to providing Version 6.1 of PCS 7 under the

Contract, Siemens agrees to provide to NBC the Services defined in Exhibit A. Within five (5) business days of receipt from Siemens of Siemens' notification of its performance of each punch list task listed in Exhibit B, NBC and JLM shall release to Siemens the payment amount related to each such task in Exhibit B. NBC and JLM shall fully cooperate with Siemens as needed and in a timely manner, including the hiring of subcontractors and coordination with any other third party contractors, to facilitate Siemens' ability to complete its performance of each such task. There shall be no other retention or deduction by either NBC or JLM from amounts owed to Siemens under the Contract.

2. In the event Siemens breaches its obligation to provide the Services defined in Exhibit A, the parties agree that NBC is not limited to the remedies identified in Exhibit A and NBC reserves the right to pursue all legal remedies available to the NBC under the Contract, including but not limited to, the alleged requirement for Siemens to provide a fully configured, installed, tested, and operable Version 6.1 of PCS 7. Furthermore, JLM is hereby explicitly released from any liability arising from the Services contemplated in Exhibit A.

3. The persons executing this document, individually or in a representative capacity, acknowledge that he or she: (a) has read this Agreement; (b) understands that it is a settlement Agreement and the release of all Claims; (c) has been fully advised by counsel; (d) understands that this Agreement is the entire Agreement between the parties as to the Claims and supercedes all prior agreements as to the Claims; and (e) if this Agreement is executed in a representative capacity, that he or she is duly authorized by the person or entity whom he or she represents to execute this Agreement and that said person or entity intends to be legally bound by this document.

4. In the event of breach of this Agreement, the nonbreaching party shall be entitled to any and all damages, expenses, costs, or losses, incurred as a result of the breach, including, but not limited to costs, expenses, and attorneys' fees associated with any action to enforce this Agreement.

5. It is understood and agreed that this is a negotiated settlement between the parties, NBC, JLM and Siemens, and nothing contained in this Agreement shall be construed as an admission of liability by or on behalf of any party, each of whom specifically deny any such liability.

6. It is understood and agreed that the Agreement contains the entire agreement between the parties, that no promise, inducement or agreement not expressed in this Agreement has been made to NBC, JLM or Siemens, and that the terms of this Agreement are contractual, not a mere recital. Each of NBC, JLM and Siemens have each participated in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation should arise, this Agreement shall be construed as if drafted jointly by NBC, JLM and Siemens, and no presumption or burden of proof shall arise favoring or burdening NBC, JLM or Siemens by virtue of the authorship of any of the provisions of this Agreement.

7. Each party hereby represents and warrants that it has not previously assigned or transferred, or purported to assign or transfer, to any person or entity any of the Claims herein

released and further agrees to indemnify and hold harmless the other parties from any and all claims so assigned and transferred.

8. Each of the parties hereto covenants, represents, warrants and agrees that it will not, without the prior written consent of the other parties, reveal to any third person or entity the terms and conditions of the Agreement, or any facts or other information relating to the negotiation or execution of this Agreement, except as may be necessary to enforce this Agreement, as required by law or any court or government agency of competent jurisdiction, or to any auditors preparing any financial reports or statements with respect to the disclosing party, and any counsel representing the disclosing party.

9. If any term or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be declared invalid or unenforceable, neither the remainder of this Agreement nor the application of such term or condition to any other person or circumstances shall be affected thereby, and each remaining term or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. The laws of the State of Rhode Island shall govern the validity, interpretation and enforcement of this contract, without regard to its conflicts of law principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Narragansett Bay Commission

By: 
Name: Paul Pinault
Its: Executive Director

JL Marshall & Sons, Inc.

By: 
Name: ROBERT W NIVENS
Its: VICE PRESIDENT

Siemens Energy & Automation, Inc.

By: 
Name: Charles Turner
Its: Controller-ISBU

EXHIBIT A
Technical Support Agreement

**Prepared
For**

**The Narragansett Bay Commission
Bucklin Point Wastewater Treatment Facility
2 Ernest Street
Providence, RI
02905**

**Attention: Art Sheridan - Control Systems
Administrator**

1.0 Agreement

This Technical Support Agreement ("Agreement") is by and between Siemens Energy & Automation, Inc. a Delaware corporation whose address is 3333 Old Milton Parkway, Alpharetta, Georgia 30005, U.S.A. ("Siemens"), and The Narragansett Bay Commission ("Customer"), whose billing and site addresses are identified in section 1.5 of this Agreement.

1.1 Description of Services

Siemens shall furnish competent personnel and supervision to perform the identified services in a professional manner. Services purchased outside of this Agreement are subject to separate Terms and Conditions of Sale. Response times specified in this Agreement are only applicable to requests received at our toll free 800-241-4453 Service and Support Help Desk or by electronic means as specified in this Agreement.

1.2 Attachments

The following documents are attached to this Agreement and are incorporated herein by reference:

- Appendix 1 - Pricing Summary & Work Schedule
- Appendix 2 - Equipment & Parts Details
- Appendix 3 - Field Service Rate Sheet
- Appendix 4 - General Terms and Conditions of Sale

Any reference to "Seller" in the attachments shall mean Siemens. Any reference to "Buyer" in the attachments shall mean Customer.

1.3 Initial Term and Renewal

This Agreement shall be effective for an initial term of two years beginning on November 15, 2006 and ending November 14, 2008, unless terminated by Customer in accordance with Appendix 4, Terms and Conditions of Sale, with three optional one year renewal periods. Siemens shall not have the right of termination set forth in Appendix 4. NBC may renew this Agreement at its sole option by giving written notice to Siemens at the address set forth in section 1.5 below. Such notice must be received by Siemens not more than seventy five (75) days and not less than sixty (60) days prior to the expiration of the initial term and each subsequent renewal term.

1.4 Fees and Payment

Customer agrees to pay Siemens the total amount in scheduled payments as noted below. In addition to the total amount of the Agreement, Siemens will collect from Customer, included in each invoice, all applicable local, state, provincial or federal government taxes for the services provided by Siemens. Customer may request that Siemens not collect these Taxes by sending Siemens a written request and attaching a Tax Exemption Certificate.

Initial Term: NBC shall receive the base services defined below at no charge. All extra work will be provided at the rates set forth in this Agreement or as otherwise agreed in a separate purchase order agreement.

First Renewal (beginning November 15, 2008)

Total Contract Amount: \$58,776
Contract Billing Cycle: Quarterly
Billing Cycle Amount: \$14,694

Second Renewal (beginning November 15, 2009)

Total Contract Amount: \$61,712
Contract Billing Cycle: Quarterly
Billing Cycle Amount: \$15,428

Third Renewal (beginning November 15, 2010)

Total Contract Amount: \$64,800
Contract Billing Cycle: Quarterly
Billing Cycle Amount: \$16,200

1.5 Addresses

Notices to Siemens shall be delivered to:
Siemens Energy & Automation, Inc.
100 Technology Drive
Alpharetta, GA 30005
Attention: Controller, Industrial Services Business Unit

Customer's addresses and primary contacts are:

| | | | |
|---|---|--|---------------------------|
| Customer Address: The Narragansett Bay Commission Bucklin Point Wastewater Treatment Facility East Providence, RI, 02916 Art Sheridan - Control Systems Administrator (401) 461-8848 x217 | Billing Address: The Narragansett Bay Commission One Service Road Providence, RI, 02905 Art Sheridan - Control Systems Administrator (401) 461-8848 x217 | Site 1: Same as Customer Address .. | Site 2: .. |
|---|---|--|---------------------------|

2.0 General

The services identified in this Agreement are designed to provide the technical support required to maintain Siemens systems and products at high performance levels. In addition to our standard services, optional services have been included to maximize equipment and process availability. Siemens and the Customer share the responsibility to coordinate and schedule the delivery of the purchased services to ensure their timely completion before the expiration of this Agreement. Rollover of unused services purchased in this Agreement to a renewal Agreement is not possible unless specifically stated otherwise. Proposals for Technical Service Agreements are valid for 60 days from the date of issue.

3.0 Scope of Services

This Agreement is limited to the Products described in Appendix 2 that are located at the sites specified in Section 1.5. Each Customer representative, will be provided with a unique, secure password to identify them and gain full access to the purchased services. Verbal instructions received by callers in possession of a valid password are considered to be authorized by the Customer. Note that the sharing of passwords is not permitted under this agreement. Violation of this policy may result in immediate termination of this Agreement and forfeiture of unused services without refund.

4.0 Online Support

Siemens Online Support Services are available at www.sea.siemens.com/support. All agreement holders must register with the site and agree to the Terms of Use in order to gain access to standard and optional services. Once registration is confirmed and activated, users have access rights to download and view the following features:

- Product User Manuals, firmware updates
- Software Service Packs
- Online Knowledgebase and FAQ's
- Product Newsletters and Technical Bulletins

Standard online services are available to all customers and are subject to the Siemens Terms of Use. Failure to renew this Agreement will not result in cancellation of user registrations.

5.0 Technical Support

Standard technical support services are available during normal business hours, 8am-5pm local time, Monday-Friday, excluding Holidays. Technical Support representatives provide assistance on issues pertaining to the operation, basic functionality and installation of our current products. All cases are worked chronologically in the order in which they are received. The target response time for standard support is 2 hours.

Phone 800-333-7421 or 423-262-2522.
Email Simatic.Support@siemens.com.
Fax 423-262-2231

Response times vary during the course of the day based on incoming call volume and case resolution times. The specified response times represent Siemens target performance and may be less than or greater than those stated above.

6.0 Field Service

Upon receipt of a Field Service Request, Siemens will dispatch a service engineer to site to perform the requested services. Field Service normal hours of operation are 8am-5pm Local Time, Monday-Friday, excluding Holidays. After Hours requests are subject to On Call fees.

After Hours Dispatch requests are subject to a \$250 Emergency Fee.

Prices for Field Service purchased outside of this agreement are detailed in Appendix 3.

6.1 DCS Software Engineer Programming Time

An allocation of Software Engineer Programming Time on-site at the Bucklin Point Facility has been included in this Agreement for your system. The total hours and number of site visits purchased are listed below. The total hours include; on-site time, round trip travel time, trip preparation time, and report generation time. Hours will be deducted at rate of 1:1 for regular hours, 1.5:1 for overtime hours and 2:1 for premium time hours. All hours purchased with this Agreement must be used within the Agreement term. The price for this service includes all travel and living expenses from Siemens facility in Atlanta Georgia to the site for the number of trips listed.

Option Purchased: **DCS Software Engineer Programming Time**

Total Annual Trip(s) Planned: 4

Total On-Site Days per Trip: 3

For services provided under paragraph 6.1, Siemens will respond on site within 30 calendar days of receiving the written request from the NBC addressed to ELI LOPEZ at FAX 770-748-3578 Address 100 Technology Drive Alpharetta, GA 30005.

6.2 DCS Preventive Maintenance

A DCS Preventive Maintenance (PM) Service has been included in this Agreement for your system. The total number of site visits and on-site days are listed below. The total hours include; on-site time, round trip travel time, trip preparation time, and report generation time. Hours will be deducted at rate of 1:1 for regular hours, 1.5:1 for overtime hours and 2:1 for premium time hours. All hours purchased with this Agreement must be used within the Agreement term. The price for this service includes all diagnostic equipment and travel and living expenses from Siemens facility in Spring House, Pennsylvania to site for the number of trips listed. A listing of Standard Preventive Maintenance Services is attached as Appendix 5. Siemens recommends these services be performed at 6 month intervals.

A list of the equipment covered under this DCS PM Service is identified in Appendix 2 of this Agreement.

Option Purchased: **DCS Preventive Maintenance Service**

Total Annual Trip(s) Planned: 2

Total On-Site Days per Trip: 4

For services provided under paragraph 6.2, Siemens will respond on site within 30 calendar days of receiving the written request from the NBC addressed to the designated person in Section 6.1.

6.3 Unscheduled or Emergency Service Request

The NBC may request unscheduled or emergency service at the Bucklin Point Facility. The total hours include; on-site time, round trip travel time, trip preparation time, and report generation time. Hours will be deducted at rate of 1:1 for regular hours, 1.5:1 for overtime hours and 2:1 for premium time hours. The price for this service includes all diagnostic equipment and travel and living expenses from Siemens facility in Spring House, Pennsylvania or Atlanta, Georgia to site. The field rates will be in accordance with Appendix 3.

For services provided under paragraph 6.3, Siemens will respond on site within 24 hours of receiving written requests at the following fax number: FAX: 1 (770) 740 3578. All such requests must be clearly labeled "NBC – Bucklin Point SLA # 510: EMERGENCY" and must specify a contact (and contact details) who can be reached to discuss the issue and potential resolution. All such requests must include a PO once the allowance of hours for that year as detailed in 6.1 and 6.2 above have been completely consumed. During regular business hours the appointed contact ELI LOPEZ should be contacted by phone at 770-740-3300. In addition, whenever these requests are made outside of regular Siemens working hours and holidays, weekends or holidays, for measured response service to apply, the following hotline number: 1-800-241-4453, must be contacted with the key words "NBC – Bucklin Point: SLA # 510: EMERGENCY" being used. This will start an escalation process which will result in a live person being brought on the line who can address the concerns or dispatch a person to site.

Measured Response Time = 24 Hours (PO receipt to arrival on site) - Response time shall be measured from the time Siemens receives written notice of NBC's Field Service Request and Purchase Order to Siemens arrival on site, subject to the provisions of Section 5 above and the Performance Delay provision of Appendix 4. Failure to comply on the part of Siemens with the 24 hour response time shall result in a fine of \$1,000.00 for the first additional 24 hours and an additional fine of \$2,000.00 for each full 24 hour period thereafter,

which shall continue to accumulate until arrival on site., but not to exceed a total fine of \$15,000. Should Siemens fail to respond by the time the fine reaches \$15,000, they will be considered in breach of their Agreement.

7.0 Parts and Logistics

Selected replacement parts are maintained at distribution centers and selected distributor locations throughout the USA. Non Emergency Parts (>24hr delivery requirement) are processed by the Siemens Distributor Network or your established sales channel. Emergency parts can be processed directly by Siemens. Your local distribution partner can be found at www.sea.siemens.com.

Standard Hours of Operation = Monday to Friday, 8 am to 5 pm est.
Standard delivery time = 3 – 5 days (stock items).
Emergency delivery time = 24 hours (stock items, same day, next flight)
After Hours Emergency Fees = \$300/Shipment

Siemens provides equipment repair services through either Siemens owned and operated facilities or Authorized Service Centers. Standard Repair performance for electronic components is as follows:

Standard delivery time = 10 working days from receipt of goods.
Express delivery time = 2 working days.
Express Fee = 20% of the repair price.

Advanced Replacements are shipped upon receipt of a purchase order for the full value of the Advanced Replacement. The defective unit must be returned to Siemens within 10 business days to qualify for a returned part credit.

All shipments are FOB Point of Origin. Costs for Spare Parts and Repairs are not included in this Agreement unless specifically stated otherwise.

7.1 Spare Parts Allocation

An allocation of \$12,000 per annum has been included in this agreement for customer to purchase spare parts. The spare parts can include, power supplies, modules, fiber repeaters, network components, switches, etc. All Siemens manufactured spare parts will be provided at Siemens then current list price. All third party or non-manufactured spare parts will be provided at current list price times 1.30. All spare parts will be provided with Siemens the standard hardware warranty as detailed in Appendix 4. Siemens guarantees that all spare parts are compatible with installed equipment at time of shipment. Delivery time for spare parts will be 4 weeks from receipt of customer's written request and approval to deliver the spare parts. It is the customer's responsibility to maintain spare parts in a ready to use condition (environment, revision level, firmware version). This spare parts allocation must be completely used by the expiration date of this agreement. In the event this agreement is terminated for any reason other than expiry, customer agrees to pay the greater value of; i) all spare parts ordered at the time this agreement is terminated, or ii) 1/12th times the number of full calendar months that this agreement has been in effect.

Option Purchased: Spare Parts

8.0 Updates

Software Service Packs and Firmware updates are available to all customers for downloading via the Siemens support web site. Service Packs are software packages designed to clear faults. Service Packs do not provide increased functionality or features. Service Packs are not guaranteed to function on Software Products that are not maintained at the current release version level. Firmware updates may require the purchase of additional components (i.e. special cables) to access hardware memory.

Standard Service Pack availability - download via www
Standard Firmware Update availability - download via www

Customers will be notified of the availability of specific Service Packs and Upgrades via subscribed product newsletters. The free product newsletter subscription service is available at www.sea.siemens.com/support.

9.0 Training

Siemens provides an array of progressive training programs designed to enable the student to perform a variety of tasks ranging from standard, preventative maintenance through to complex system modification and design engineering. SITRAIN course information and student registration is available online at www.sea.siemens.com/sitrain. The following standard SITRAIN programs are available to all customers:

SITRAIN Classroom Training
SITRAIN Virtual Classroom
SITRAIN Computer Based Training
SITRAIN quickStep Online Training
SITRAIN OnSite Training

Training program costs are based on course type, product type and number of students and are not included in this Agreement unless specifically stated otherwise.

10.0 Hierarchy of Terms

The terms and conditions of this Agreement shall apply to any Purchase Order issued by Customer to Siemens during the term of this Agreement for Products and Services (as defined) which are the subject of this Agreement, whether or not this Agreement or its terms and conditions are expressly referenced in the Purchase Order, unless the parties expressly agree in writing that the terms and conditions of this Agreement shall not apply to a specific Purchase Order. In the event of a conflict between the pre-printed terms provided in any Purchase Order and the terms of this Agreement, the terms of this Agreement shall prevail. All inconsistent or additional terms or conditions in any Siemens acknowledgement, packing, invoice or other sales forms are expressly objected to and rejected by Customer and shall not be applicable to any Purchase Orders issued under this Agreement.

The following hierarchy of documents shall control in the event of any inconsistencies between this Agreement and its Attachments:

1. this Agreement;
2. Appendix 7 – General Terms and Conditions; and,
3. Appendix 5 – Field Service Rate Sheet.

11.0 Non-Solicitation of Employees

During the term of this Agreement, including all renewal terms, and for a period of one (1) year after its expiration or termination, neither party will directly or indirectly (a) solicit for hire or engagement any of the other party's personnel who were involved in the provision or receipt of Services under this Agreement or (b) hire or engage any person or entity who is or was employed or engaged by the other party and who was involved in the provision or receipt of Services under this Agreement until one hundred eighty (180) days following the termination of the person's or entity's employment or engagement with the other party. For purposes herein, "Solicit" does not include broad-based recruiting efforts, including without limitation help wanted advertising and posting of open positions on a party's Internet site. If either party hires or engages, directly or indirectly, any personnel of the other in violation of (b) above, the party in question will pay the other party a finder's fee equal to three times the monthly billing rate (assuming 168 hours per month) for such personnel.

12.0 Notice

Any notice or communication permitted or required hereunder will be in writing and will be delivered in person or by courier, sent by electronic facsimile (fax), or mailed by certified or registered mail, postage prepaid, return receipt requested, to such address or fax number as given in accordance with this Section. If notice is given in person, by courier or by fax, it will be effective upon receipt; and if notice is given by mail, it will be effective five (5) days after deposit in the mail.

13.0 Assignment

Neither this Agreement nor any rights or obligations under this Agreement may be assigned or delegated by a party (by operation of law or otherwise) without the prior written consent of the other party.

14.0 Waiver

Failure to enforce any of the terms and conditions of this Agreement shall not be deemed a waiver of any rights and privileges that a party has under this Agreement or affect its right to thereafter claim damages or deficiencies resulting from any misrepresentation, breach of warranty, or non-fulfillment of any obligation by the other party hereto

15.0 Modifications

Any modification, amendment, supplement, or other change to this Agreement must be in writing and signed by duly authorized representatives of the parties

Appendix 2- Equipment and Parts Detail

| Part Number | Description | S/N or KHE | QTY | Off-Site Spares | On-Site Spares |
|---------------------|---|------------|-----|-----------------|----------------|
| 6ES7 195-1GF30-0XA0 | DIN Rail for active bus modules, 530 mm | | 32 | | |
| 6ES7 195-7HA00-0XA0 | Active Bus Modules, BM PS/IM for power supply | | 32 | | |
| 6ES7 195-7HD00-0XA0 | BM IM 153/IM bus module for 2 IM redundant | | 32 | | |
| 6ES7 195-7HB00-0XA0 | BM 2X40 for 2 modules with 40 mm width | | 100 | | |
| | | | | | |
| 6ES7 392-1AJ00-0AA0 | Terminal Front Connector 20 pin screw type | | 174 | | |
| 6ES7 195-1JA00-0XA0 | Covers (4 backplane bus & 1 bus module cover) | | 32 | | |
| 6ES7 195-1KA00-0XA0 | Ex dividing panels | | 42 | | |
| 6ES74070KR000AA0 | POWER SUP 110/250V REDUND 10A | | 24 | | |
| 6ES74174HL010AB0 | CPU417H REDUNDANT PLC 2+2 MB | | 12 | | |
| 6ES79601AA000XA0 | HOT BACKUP SYNC. MOD (2REQ.) | | 24 | | |
| 6ES79601AA005AA0 | OPTICAL LINK CABLE 1 METER | | 6 | | |
| 6ES79601AA005BA0 | OPTICAL LINK CABLE 2 METER | | 6 | | |
| 6GK74431EX110XE0 | CP443-1 ETHERNET 100MBITS/S | | 12 | | |
| 6ES74001JA010AA0 | S7400 UR2 RACK W/9 SLOTS | | 12 | | |
| 6ES74901AA000AA0 | S7400 RACK SLOT COVER (10PCS) | | 12 | | |
| 6GK11052AA00 | OSM F/ETHERNET | | 6 | | |
| 6GK11052AB10 | OSM F/ETHERNET | | 1 | | |
| 6GK11052AE00 | OSM F/ETHERNET | | 5 | | |
| 6GK1 502-3CB10 | Profibus Optical Link Module | | 37 | | |
| 6ES7 971-0BA00 | Backup Battery S7-400 | | 48 | | |
| 6ES7 952-1AM00-0AA0 | Memory 4 MB RAM | | 12 | | |
| 6ES7 315-2AF03-0AB0 | CPU 315-2DP | | 4 | | |
| 6ES7 971-1AA00-0AA0 | Backup Battery S7-300 | | 4 | | |
| 6ES7 390-1AF80-0AA0 | DIN Rail for bus modules, 482 mm | | 4 | | |
| 6ES7 390-0AA00-0AA0 | Bus Connector | | 4 | | |
| 6NH78004AA20 | SINAUT TIM42 for Master | | 1 | | |
| 6NH98210BC12 | LTOP2 for Master | | 2 | | |
| 6NH7800-3AA20 | SINAUT TIM32 for Remote | | 3 | | |
| 6NH9821-0BC11 | LTOP1 for Remote | | 3 | | |
| 6ES7 972-0BB50-0XA0 | PG BusConnector,90" Cable Outlet | | 89 | | |
| 6GK11613AA00 | Simatic Net, CP 1613 PCI Card | | 5 | | |
| | | | | | |
| | | | | | |

Appendix 3- Field Service Rates

Siemens Energy & Automation maintains a highly-skilled staff of competent, trained technicians, engineers, specialists and consultants for the purpose of furnishing (1) Commissioning Services, (2) Maintenance Services, and (3) Consulting Services related to Drives, Automation, Machine Control Systems and Process Control Automation Systems at customer facilities or at Siemens Energy & Automation Offices.

Commissioning Services include services related to the supervision of the installation of equipment and/or components such as drives, PLC's, HMI's, Process Automation Systems and the initial testing, tuning and commissioning of the equipment for service.

Maintenance Services provides continuing engineering services and repair to maintain equipment or system integrity.

Consulting Services are those involving engineering studies, tests and evaluations including system or equipment modification and special customer training programs.

Classifications or Engineering Service
Siemens Energy & Automation offers the following categories:

Technician- Level 1
Technician- Level 2
Engineer- Level 1
Engineer- Level 2
Engineer- Level 3

Rates for the above categories of services are listed on page 2 of this Price List.

Description of Classifications of Services:

1. **Technician- Level 1** services include installation check-out, initial start-up, inspection, maintenance, or equipment repair on stand alone standard products.

2. **Technician- Level 2** services include installation checkout, start-up, inspection, maintenance, configuration or equipment repair on coordinated systems or customized products.
3. **Engineer- Level 1** services include commissioning of complex systems utilizing multiple technologies, troubleshooting of complex intermittent problems and site supervision of technicians.
4. **Engineer- Level 2** services include the provision of unique or special personnel or the expertise related to design, application or system analysis dealing with modifying or advising corrective solutions with respect to new or existing equipment or systems.
5. **Engineer- Level 3** services involve the provision of personnel whose expertise is required for the solution of problems or design of processes requiring unique or specialized experience and know how.

Foreign Engineering Service

Services commensurate with those listed above are also available to customers serving foreign markets. Your local Siemens Energy and Automation representative can provide you with additional pricing information upon request.

Trade and Other classifications

On selected jobs where it is practical to utilize fitters, mechanics, winders, welders, machinists, etc. to perform a portion of the work, their services will be provided at current local rates.

Invoicing

Unless otherwise specified in its proposal, Siemens Energy & Automation shall have the right to invoice the purchaser for all material delivered and work performed under this order at such times that it considers appropriate.

Except for work performed (i) under a firm fixed price basis or (ii) pursuant to terms of a previously priced existing contract between Siemens Energy & Automation and Purchaser, invoices for work performed by Siemens Energy & Automation may add, and note, on each invoice a charge of 3% (over and above the price of the work) which is related to Siemens Energy & Automation compliance

with present and proposed environmental, health and safety regulations associated with prescribed requirements covering hazardous materials management and employee training, communications, personal protective equipment, documentation and record keeping associated therewith.

Indemnification

Siemens Energy & Automation agrees to indemnify and hold harmless Customer only against third party claims, liabilities and damages as are incurred by the Customer with respect to bodily injury, including death and/or tangible property damage to the extent that the claims arise out of Siemens negligent performance of the Agreement. Siemens' indemnification obligations are contingent upon Customer's prompt notice to Siemens of any claim for indemnification and on Siemens being given the right at its expense to settle and to defend or control the defense of any suit or claim requiring indemnification.

Appendix 3- Field Service Rates (cont'd)

CLASSIFICATION / RATE SCHEDULE

| Service Level | Hourly Rate | Overtime Rates | | Minimum Billing | |
|---------------------|-----------------------------------|----------------------|--------------------|-----------------|-------------|
| | | Weekdays & Saturdays | Sundays & Holidays | 1 - 4 Hours | 5 - 8 Hours |
| | ① | ② | ③ | | |
| Technician- Level 1 | \$125 | \$188 | \$250 | \$500 | \$1000 |
| Technician- Level 2 | \$135 | \$203 | \$270 | \$540 | \$1,080 |
| Engineer- Level 1 | \$145 | \$218 | \$290 | \$580 | \$1,160 |
| Engineer- Level 2 | \$155 | \$233 | \$310 | \$620 | \$1,240 |
| Engineer- Level 3 | \$178 | \$267 | \$356 | \$712 | \$1,424 |
| Mileage Expenses | .70 per Mile Actual Cost + 15% | | | | |

① Straight time rates apply to all time worked or traveled during a normal eight hour workday. The normal eight-hour workday is defined as any consecutive eight-hour day shift period (Monday through Friday - Holidays excluded) between the hours of 7 am and 7 pm, with an allowance for lunchtime.

② Overtime rate applies to all hours worked in excess of eight hours on weekdays and all time worked or traveled on Saturdays.

③ Premium rate applies to all hours worked or traveled on Sundays and Holidays.

Hourly and Daily Rates do not include travel and living cost. Should the Purchaser require additional documentation such as copies of employee expense reports and/or expense receipts, a written request must be submitted to Siemens Energy & Automation.

Per Diem Rate

Where customers specify or require per diem rates for living expenses, a daily flat charge will be applied for each day, or portion thereof, worked. The per diem rate for the class of service rendered will include normal local living and transportation expense. Travel time and expenses from the engineer's headquarters to and from the job site will be billed separately.

Consult your local Siemens Energy and Automation representative for additional information.

Travel time

The maximum billing for traveling time, at the straight time hourly rate, shall be eight hours per man for any one-calendar day. Traveling time and expenses for each person will include leaving and returning to his headquarters.

Standby Time

When service personnel are on the job site but unable to perform services requested due to circumstances beyond Siemens Energy & Automation's control, the customer will be charged up to eight hours per day standby time at applicable rates.

Other Charges

The following charges will be in addition to the service rates outlined above.

A. Expendable Small Tools, Special Tools and Equipment

When a particular job requires the furnishing of small expendable tools or specialized tools, equipment, and instruments not normally carried by a field engineer or representative, a charge will be made equal to either the cost of acquisition (expendable items) or a rental charge, in the case of Special Tools and

Equipment, as appropriate.

B. Material Furnished by Siemens Energy & Automation

All Siemens Energy & Automation material used on the job will be billed at current prices.

C. Material Purchased from Subcontractors or Other Vendors

Materials or services from Subcontractors or Vendors will be billed at cost plus a handling fee.

D. Special Administration

When a particular job requires special procedures, forms, invoicing, etc. an administration charge of 1% of order price or \$50.00 per hour (whichever is greater) may be charged. Consult your local Siemens Energy and Automation representative for additional information.

Terms of Sale

Prices effective February 1, 2006 and subject to (a) change without notice and (b) terms and conditions set forth in Selling Policy 49-000

Appendix 4- Terms and Conditions of Sale

September 2001
Supersedes SP 49-000 pages 1-4
dated March 2000

1. **WARRANTY FOR GOODS AND SERVICES.** Seller warrants, to the extent to which any of the same may be applicable, that (a) on the date of shipment the goods are of the kind and quality described herein and are free of non-conformities in workmanship and material, (b) the engineering services performed by it will be performed in accordance with generally accepted professional standards, (c) any specialized tools, equipment and instruments for the use of which a charge is made to the Buyer shall be adequate for the work to be performed and (c) any replacement or other parts furnished by it or any work done by it on the Buyer's equipment or both shall be free of defects in workmanship and materials. This warranty does not apply to goods delivered by Seller but manufactured by others.

Buyer's exclusive remedy for any failure of the goods or services to conform to any of the applicable warranties shall be to have Seller re-perform services, repair or replace (at Seller's option) the nonconforming item and any affected part of the goods provided by Seller. Seller's obligation to re-perform services or to repair or replace goods shall be in effect for a period of one (1) year from initial operation of the goods or completion of Services but not more than eighteen (18) months from Seller's shipment of the goods. Seller shall correct any failure to conform to any of the applicable foregoing warranties of which it is notified in writing within that period of time specified. Repaired and replacement parts and repair services shall be warranted for the remainder of the original period of notification set forth above, but in no event less than 12 months from repair or replacement. In the case of any other breach of the foregoing warranty, Seller shall furnish engineering services or specialized tools, equipment and instruments, to the same extent as on the original work. Buyer shall grant Seller access to the goods or services at all reasonable times in order for Seller to determine any nonconformity in the goods or services. It is understood and agreed that, unless otherwise agreed to in writing by Seller, Seller assumes no responsibility with respect to the suitability of the Buyer's equipment or any latent defects in the same. In no event shall Seller be responsible for providing working access to the defect, including the removal, disassembly, replacement or reinstallation of any equipment, materials or structures to the extent necessary to permit Seller to perform its warranty obligations, or transportation costs to and from the Seller factory or repair facility, or for damage to equipment components or parts resulting in whole or in part from improper maintenance or operation or from their deteriorated condition. Seller shall have the right of disposal of items replaced by it. If Seller is unable or unwilling to repair or replace, or if repair or replacement does not remedy the nonconformity, Seller and Buyer shall negotiate an equitable adjustment in the contract price, which may include a full refund of the contract price for the nonconforming goods or services. All warranty work shall be performed in a single shift straight time basis Monday through Friday. In the event the Buyer requires correction of warranty items on an overtime schedule, the premium portion of such overtime shall be for the Buyer's account.

SELLER HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, EXCEPT THAT OF TITLE. SPECIFICALLY, IT DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COURSE OF DEALING AND USAGE OF TRADE.

Buyer and successors of Buyer are limited to the remedies specified in this article and shall have no others for a nonconformity in the goods or services provided hereunder. Buyer agrees that these remedies provide Buyer and its successors with a minimum adequate remedy and are their exclusive remedies, whether Buyer's or its successors' remedies are based on contract, warranty, tort (including negligence), strict liability, indemnity, or any other legal theory, and whether arising out of warranties, representations, instructions, installations, or non-conformities from any cause.

Note: This Article 1 does not apply to any software that may be furnished by Seller. In such cases, Article 2 of this Agreement titled, Software License, Warranty, Fees applies.

2. **SOFTWARE LICENSE, WARRANTY, FEES.** (a) Seller hereby grants to Buyer: a non-exclusive, non-transferable right to use the computer software program licensed under this Contract in machine-readable, object code form and any modifications made by Seller thereto ("Software"), but only in connection with the configuration of the goods, equipment, and operating system for which the Software is ordered and for the end-use purpose stated in the related Seller operating documentation. Seller retains all right, title and interest in Software and any portion thereof and in all copies, modifications, and other derivative works thereof including, without limitation, all rights to patent, copyright, trade secrets, and other intellectual property rights. Buyer agrees that neither it nor any third party shall modify, reverse engineer, de-compile or reproduce the Software, without Seller's prior written consent, except for making a single copy for backup or archival purposes in accordance with the related Seller operating documentation, and provided that Seller's confidential and proprietary legend is included. Except to the extent that the parties otherwise agree in writing, Buyer's license to use the copy of such Software shall terminate upon breach of this license or the Contract by Buyer, including, without limitation, breach of payment or confidentiality obligations. All copies of the Software are the property of Seller, and all copies for which the license is terminated shall be returned to Seller promptly after termination.

(b) Seller may authorize Buyer (such as a Seller distributor or original equipment manufacturer) to transfer this software license and warranty to a third party ("Seller-authorized transferee"). Such authorization to transfer shall be in writing and signed by a Seller authorized representative. Seller-authorized transferee shall have the same rights and obligations as Buyer, except it shall not have the right to transfer such license.

(c) Seller warrants that on the date of shipment of the Software only to Buyer or Buyer's Seller-authorized transferee hereunder that: (1) the Software media contain a true and correct copy of the Software and are free from material defects; (2) Seller has the right to grant the license hereunder; and (3) the Software will function substantially in accordance with the related Seller operating documentation. Seller disclaims any warranty that the

Appendix 4- Terms and Conditions of Sale (cont'd)

operation of the Software will be uninterrupted or error free. This warranty does not apply to software delivered by Seller but produced by others. The warranty for software produced by others shall be the warranty as stated by the software producer.

(d) If within one (1) year from date of initial installation (but not more than eighteen (18) months from date of shipment by Seller to Buyer) of Software, Buyer or its Seller-authorized transferee hereunder discovers that the Software is not as warranted above and promptly notifies Seller in writing, within this period of time, of the nonconformity, and if Seller cannot correct the nonconformity or deems correction to be commercially impracticable or prohibitively expensive, Buyer's and Buyer's Seller-authorized transferee's exclusive remedies, at Seller's option and expense, are: (1) replacement of the nonconforming Software; or (2) termination of this license and a refund of an equitable, pro rata share of the Contract price or license fee paid.

(e) This warranty will apply for the period specified in (d) above, provided that: (1) the Software is not modified, changed, or altered by anyone other than Seller or its suppliers, unless authorized by Seller in writing; (2) there is no change by anyone other than Seller to the goods for which the Software is ordered; (3) the goods are in good operating order and are installed in a suitable operating environment; (4) the nonconformity is not caused by Buyer, Buyer's Seller-authorized transferee, or any of their agents, servants, employees, or contractors, or any third party; (5) Buyer or Buyer's Seller-authorized transferee promptly notifies Seller in writing, within the period of time set forth in (d) above, of the nonconformity after it is discovered; and (6) all fees for the Software due to Seller have been paid. SELLER HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WITH REGARD TO THE SOFTWARE, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, COURSE OF DEALING AND USAGE OF TRADE.

(f) Buyer and successors of Buyer are limited to the remedies specified in this Article 2 and shall have no others for a nonconformity in the Software. Buyer agrees that these remedies provide Buyer and its successors with a minimum adequate remedy and are their exclusive remedies, whether Buyer's or successors' remedies are based on contract, warranty, tort (including negligence), strict liability, indemnity, or any other legal theory, and whether arising out of warranties, representations, instructions, operating documentation, installations, or non-conformities from any cause.

(g) Unless otherwise provided in this Contract, the fees for this Software license are included in the purchase price of the goods. Any subsequent modifications or enhancements to the Software made by Seller are, at Seller's option, subject to a fee.

3. **PATENTS** - Seller shall pay costs and damages finally awarded in any suit against Buyer or its vendees to the extent based upon a finding that the design or construction of the goods as furnished infringes a United States patent (except infringement occurring as a result of incorporating a design or modification at Buyer's request), provided that Buyer promptly notifies Seller of any charge of infringement, and Seller is given the right at its expense to settle such charge and to defend or control the defense of any suit based upon such charge. Seller shall have no obligation hereunder with respect to claims, suits or proceedings, resulting from or related to, in whole or in part, (i) the use of software or software documentation, (ii) compliance with Buyer's specifications, (iii) the combination with, or modification of, the goods after delivery by Seller, or (iv) the use of the goods, or any part thereof, in the practice of a process. THIS ARTICLE SETS FORTH SELLER'S ENTIRE LIABILITY WITH RESPECT TO PATENTS.

4. **PERFORMANCE; DELAYS** - Timely performance by Seller is contingent upon Buyer's supplying to Seller, when needed, all required technical information and data, including drawing approvals, and all required commercial documentation. If Seller suffers delay in performance due to any cause beyond its reasonable control, the time of performance shall be extended a period of time equal to the period of the delay and its consequences. Seller will give to Buyer notice within a reasonable time after Seller becomes aware of any such delay.

5. **SHIPMENT, TITLE AND RISK OF LOSS** - Unless the delivery terms of this contract expressly provide for F.O.B. destination, shipping/delivery will be F.O.B. Seller's point of shipment with title to the goods and risk of loss or damage passing to Buyer at that point. Buyer will be responsible for shipment during transit and for filing any damage or loss claims directly with the carrier. Seller may make partial shipments.

6. **SYSTEM ACCEPTANCE BY CUSTOMER** - Unless otherwise specified, inspection and final acceptance shall be at Seller's facility. Where Buyer has purchased a factory acceptance test, Seller shall verify completion of the combination of equipment, materials, software, and services ("System") or applicable portion thereof, in accordance with the factory acceptance test procedures submitted by Seller. Buyer may elect to witness the procedure by giving Seller reasonable advance notice prior to scheduled shipment. Buyer observation shall be at Buyer's expense. Where Buyer waives observation of the acceptance test, Seller shall certify that the results of the testing are in conformity with the test procedures. Buyer's acceptance shall be deemed to have occurred upon successful completion of such test.

When it is expressly provided that final acceptance shall be at destination, Buyer shall notify Seller in writing of any nonconformity of the System within thirty (30) days of the date of System shipment, and shall specify any nonconformity claimed. Seller shall, within a reasonable time, remedy any specified nonconformity at destination in accordance with Seller's warranty obligations set forth in article 1 and article 2. If such notice is not received by Seller within the stated time, acceptance shall be considered final as of the thirty-first (31st) day following date of System shipment.

7. **TAXES** - Any applicable duties or sales, use, excise, value-added or similar taxes will be added to the price and invoiced separately (unless an acceptable exemption certificate is furnished)

8. **TERMS OF PAYMENT** - (a) Unless otherwise stated, all payments shall be in United States dollars, and a pro rata payment shall become due as each shipment is made or upon receipt of invoice for Services provided. If shipment is delayed by Buyer, date of notice of readiness for shipment shall be deemed to be date of shipment for payment purposes.

(b) On late payments, the contract price shall, without prejudice to Seller's right to immediate payment, be increased by 1 1/2% per month on the unpaid balance, but not to exceed the maximum permitted by law.

(c) If any time in Seller's judgment Buyer is unable or unwilling to meet the terms specified, Seller may require satisfactory assurance or full or partial payment as a condition to commencing or continuing manufacture or making shipment or performing services, and may, if shipment has been made, recover the goods from the carrier, pending receipt of such assurances.

(d) Except for Services performed (i) under a firm fixed price basis or (ii) pursuant to terms of a previously priced existing contract between Seller and Buyer and at the Seller's option, invoices for work performed by Seller shall have added and noted on each invoice a charge of 3% (over and above the price of the work) which is related to Seller compliance with present and proposed environmental, health, and safety regulations associated with prescribed requirements covering hazardous materials management and employee training, communications, personal protective equipment, documentation and record keeping associated therewith.

Appendix 4- Terms and Conditions of Sale (cont'd)

9. **NONCANCELLATION** - Buyer may not cancel or terminate for convenience, or direct suspension of manufacture, except with Seller's written consent and then only upon terms that will compensate Seller for its engineering, fabrication and purchasing charges and any other costs relating to such cancellation, termination or suspension, plus a reasonable amount for profit.

10. **NUCLEAR** - Buyer represents and warrants that the goods covered by this contract shall not be used in or in connection with a nuclear facility or application. If Buyer is unable to make such representation and warranty, then Buyer agrees to indemnify and hold harmless Seller and to waive and require its insurers to waive all right of recovery against Seller for any damage, loss, destruction, injury or death resulting from a "nuclear incident", as that term is defined in the Atomic Energy Act of 1954, as amended, whether or not due to Seller's negligence.

11. **ASBESTOS**

Federal Law requires that building or facility owners identify the presence, location and quantity of asbestos containing materials (hereinafter "ACM") at work sites. Seller is not licensed to abate ACM. Accordingly, prior to (i) commencement of work at any Site under a specific Purchase Order, or (ii) a change in the work scope of any Purchase Order, the Buyer will certify that the work area associated with the Seller scope of work under said Purchase Order, Change Order, or either of them, is free of ACM.

12. **LIMITATION OF LIABILITY** - Neither Seller, nor its suppliers shall be liable, whether in contract, warranty, failure of a remedy to achieve its intended or essential purposes, tort (including negligence), strict liability, indemnity or any other legal theory, for loss of use, revenue or profit, or for costs of capital or of substitute use or performance, or for indirect, special, liquidated, incidental or consequential damages, or for any other loss or cost of a similar type, or for claims by Buyer for damages of Buyer's customers. Seller's maximum liability under this contract shall be the contract price. Buyer and Seller agree that the exclusions and limitations set forth in this article are separate and independent from any remedies which Buyer may have hereunder and shall be given full force and effect whether or not any or all such remedies shall be deemed to have failed of their essential purpose.

13. **GOVERNING LAW AND ASSIGNMENT** - The laws of the State of Georgia shall govern the validity, interpretation and enforcement of this contract, without regard to its conflicts of law principles. The application of the United Nations Convention on Contracts for the International Sale of Goods shall be excluded. Assignment may be made only with written consent of both parties; provided, however, Seller may assign to its affiliate without Buyer's consent.

14. **ATTORNEY FEES** - Buyer shall be liable to Seller for any attorney fees and costs incurred by Seller in enforcing any of its rights hereunder.

15. **DISPUTES** - Either party may give the other party written notice of any dispute arising out of or relating to this contract and not resolved in the normal course of business. The parties shall attempt in good faith to resolve such dispute promptly by negotiations between executives who have authority to settle the dispute. If the matter has not been resolved within 60 days of the notice, either party may initiate non-binding mediation of the dispute.

16. **STATUTE OF LIMITATIONS** - To the extent permitted by applicable law, any lawsuit for breach of contract, including breach of warranty, arising out of the transactions covered by this contract, must be commenced not later than twelve (12) months from the date the cause of action accrued.

17. **PRICES** - The minimum billing for any service performed on a single order will be equivalent to four (4) times the current hourly rate of service engineers.

18. **ADDITIONAL TERMS OF PAYMENT** - (a) Invoice payment terms are as shown on latest discount sheets as issued from time to time. Cash discounts are not applicable to notes or trade acceptances, to prepaid transportation charges when added to Seller's invoices or to discountable items if there are undisputed past due items on the account. Portions of an invoice in dispute should be deducted and the balance remitted with a detailed explanation of the deduction. Cash discounts will only be allowed on that portion of the invoice paid within the normal discount period.

(b) Freight will be allowed to any common-carrier free-delivery point within the United States, excluding Alaska and Hawaii, on shipments exceeding \$1,000 net or more providing Seller selects the carrier. On shipments to Alaska and Hawaii, freight will be allowed to dockside at the listed port of debarkation nearest the destination point on shipments of \$1,000 net or more. Buyer shall pay all special costs such as cartage, stevedoring and insurance. Special freight allowances are as shown on latest discount sheets as issued from time to time. Cataloged weights are estimated, not guaranteed. Seller assumes no responsibility for tariff classifications on carriers.

19. **CHANGES IN LAWS AND REGULATIONS** - Seller's prices and timely performance are based on all applicable laws, rules, regulations, orders, codes, standards or requirements of governmental authorities effective on the date of Seller's proposal. Any change to any law, rule, regulation, order, code, standard or requirement which requires any change hereunder shall entitle Seller to an equitable adjustment in the prices and any time of performance.

EXHIBIT B

Technical Support Agreement

Siemens punchlist items

SIEMENS PUNCHLIST ITEMS

| ITEM | DESCRIPTION | PAYMENT |
|------|---|--|
| 1 | AT Recirculation Pump Meters not working properly | \$10,000 |
| 2 | Provide one week of training for one NBC employee | \$1,500 |
| 3 | Sodium Bisulfite high pressure must be satisfactorily connected to SCADA | \$2,000 |
| 4 | FST ML flow FIT 506 to SCADA | \$0 – JLM instructed NBC to transfer responsibility to JLM/Audet |
| 5 | Power Monitoring to SCADA | \$12,500 |
| 6 | Turn Over DO Sensors & Test Equipment | \$10,000 |
| 7 | Aquarion Time Connecting Equipment to SCADA. Execute credit change order. | \$2,517 |
| 8 | Siemens provide a PI OPC Redundant Interface | \$0 – Siemens to execute separate contract with NBC |
| 9 | Siemens to provide JLM with release of Lien certificates | \$0 |

DIV 1-44 Please provide a breakdown of FY 2008 and FY 2009 Maintenance and Service contract costs by contract.

Answer: See below.

| COMPANY NAME | Test Year FY 2008 Actual | FY 2009 Projected |
|--------------------------------|--------------------------------|----------------------|
| ABB | 59,095 | 60,000 |
| ADI | 10,572 | 7,800 |
| ADTECH | 3,480 | 3,500 |
| ASAP | - | 1,500 |
| ADVIZEX | 4,502 | 12,403 |
| BLACKSTONE VALLEY | 484 | 694 |
| BOTTOMLINE | 5,706 | 4,800 |
| BUSINESS SYSTEMS | - | 750 |
| CDW | 2,873 | 13,000 |
| CETE | 529 | 600 |
| CITIWORKS | 1,897 | 2,000 |
| COMPUTER ASSOC. | 2,756 | 2,800 |
| CONTROL POINT | - | 1,020 |
| DESIGN MAINTENANCE | - | 2,940 |
| DLL | 14,340 | 14,500 |
| DLT SOLUTIONS | 3,330 | 4,575 |
| ENVIRONMENTAL | - | 12,000 |
| EXPERTUNE | 3,748 | 2,100 |
| FIRESYSTEMS | 7,625 | - |
| FLUKE | 2,680 | 3,500 |
| HANSEN | 36,131 | 39,000 |
| HP | 6,750 | 9,100 |
| IKON | 8,538 | 14,000 |
| JSB Surf Control | - | 7,500 |
| KBACE- | 9,116 | 9,671 |
| LABVANTAGE | 23,864 | 28,000 |
| LIGHTSHIP | 12,607 | 13,000 |
| MAP CROSS CONNECTION | 180 | 200 |
| MERIDIAN MICROWAVE | 15,900 | - |
| MERIDIO | 11,492 | 11,500 |
| MKS | - | 333 |
| MTS Integratrak | 1,444 | 1,806 |
| ORACLE | 80,028 | 77,500 |
| OSI | 24,848 | 22,709 |
| OVERHEAD DOOR | 867 | 1,000 |
| PITNEY BOWES | 1,566 | 1,643 |
| PRIME SYSTEMS INC | - | 5,500 |
| QUEST SOFTWARE | 4,063 | 4,100 |
| RITZ CAMERA | 132 | 132 |
| SIEMANS | - | 44,082 |
| SIMPLEX GRINNELL | 18,905 | 20,000 |
| SMS SYSTEMS MAINT | 32,513 | 40,000 |
| TELEDYNE | 1,944 | 2,500 |
| TELERIK | - | 1,200 |
| THYSSEN | 11,735 | 12,842 |
| UNICA | 881 | 985 |
| UNICOM | 3,260 | 3,960 |
| VERIZON | - | 12,780 |
| VERTEX | 2,380 | 2,600 |
| XEROX | 11,381 | 3,736 |
| TUNNEL IMPACT ON FIELD'S POINT | - | 7,924 |
| Total | 444,142 | 549,785 |

Prepared by: WEE

DIV 1-45 With reference to Schedule WEE-9,

- a. Please provide supporting documentation for FY 2009 Workers' Compensation amount of \$481,418.
- b. Please explain the cause of the significant increase in Workers' Compensation insurance from FY 2006 to FY 2007.
- c. Please provide supporting documentation for the FY 2008 Workers' Compensation Insurance amount.
- d. Please provide details regarding the Worker's Compensation Old Claims.

Answer:

- a. See attached.
- b. There was a significant premium increase between the 2005-06 policy and the 2006-07 policy term. This increase was due to a number of variables including the increase in the payroll, reduction in scheduled credit (due to market conditions and loss experience), and an increase in the NBC experience modification. The workers compensation modifications were as follows:

| | |
|---------|------|
| 2005-06 | 1.50 |
| 2006-07 | 1.62 |
- c. See attached.
- d. This expense account represents both medical and weekly benefit payments on claims incurred when NBC was self-insured. The rate year amount reflects a two-year amortization of a pending settlement of four complex workers compensation claims for one individual. Two claims were incurred when NBC was self-insured and two were incurred while NBC was insured. NBC is waiting for the final Medicare set-aside amount to conclude the settlement which is scheduled for February 9, 2009. NBC will provide the final figures once they are available.

Prepared by: WEE

Policy Information Page

1

NCCI Carrier Code: 30325

| | | | |
|------------------------|---|-----------------------|---|
| Account Holder: | Narragansett Bay Commission | Agent Number: | 00205 |
| Address: | One Service Road Providence, RI 02905-5505 | Agent Name: | Starkweather & Shepley Insurance Brokerage Inc |
| | | Agent Address: | PO Box 549 Providence, RI 02901-0549 |
| | | Phone: | (401) 435-3600 |

Named Insured: Narragansett Bay Commission **Dec Type:** Amended **Group Affiliation:**
 Endorsement Reason
 Endorsed to Audit Figures

Transaction Date: 10/14/2008

| Policy Number | Endorsement Effective Date | Endorsement Expiration Date | Account Number |
|---------------|----------------------------|-----------------------------|----------------|
| 0000025787 | 07/01/2008 | 07/01/2009 | 20466750 |

2

Policy Period

| From | To | |
|------------|------------|--|
| 07/01/2008 | 07/01/2009 | 12:01 a.m. standard time at address of named insured |

3

- A. **Workers' Compensation Insurance:** Part one applies to the Workers' Compensation law of Rhode Island.
- B. **Employers' Liability Insurance:** Part two applies to work in Rhode Island. The limits of our liability are:

| | | |
|---------------------------|-----------|---------------|
| BODILY INJURY BY ACCIDENT | \$500,000 | EACH ACCIDENT |
| BODILY INJURY BY DISEASE | \$500,000 | POLICY LIMIT |
| BODILY INJURY BY DISEASE | \$500,000 | EACH EMPLOYEE |

C. Endorsements & Schedules:

| Endorsement | Endorsement | Endorsement | Endorsement |
|---|--|---|--|
| WC_00_04_21B - DTEC Industrial Accidents | WC_00_04_22 - Foreign Terrorism Premium | WC_00_01_06 - Longshore and Harbor Workers | WC_00_01_13A - Terrorism Risk Insurance Program Reauthorization Act Endorsement |



This is not an Invoice

Insured

It is a page 2 of 2

Policy Nan Date: October 14, 2008
Narragansett Bay Commission
Policy Number: 0000025787

Premium Detail:

| | |
|--|---------------------|
| Manual Premium | \$328,424.00 |
| Waiver of Subrogation Charge | \$0.00 |
| Employers' Liability Increased Limits: .017 effective 07/01/08 to 07/01/09 | \$5,583.00 |
| EL Increased Limits Balance to Minimum Premium | \$0.00 |
| Manual Premium Sub-Total | \$334,007.00 |
| Experience Modification: 1.67 effective 07/01/08 to 07/01/09 | \$223,785.00 |
| Modified Premium Sub-Total | \$557,792.00 |
| Adjustments to Manual Premium | |
| - Scheduled Credit/Debit of -5.00% | -\$27,890.00 |
| - Loss Free Credit of 0% | \$0.00 |
| - Miscellaneous Credit of 0% | \$0.00 |
| - Balance to Minimum Premium | \$0.00 |
| Standard Premium Sub-Total | \$529,902.00 |
| Adjustments to Standard Premium | |
| - Premium Discount | -\$54,569.00 |
| - Expense Constant | \$215.00 |
| - Miscellaneous Premium Adjustment | \$0.00 |
| - TRIEA/TRIPRA: .0292 effective 07/01/08 to 07/01/09 | \$3,890.00 |
| - DTEC/Catastrophe (other than certified acts of terrorism): .0146 effective 07/01/08 to 07/01/09 | \$1,945.00 |
| Estimated Annual Premium | \$481,383.00 |
| Additional Premium | \$45,883.00 |

****Other locations, endorsements, insureds, and/or classifications, if any, are shown on extension pages of this Information Page.

This is not an Invoice

Insured



Date: October 17, 2008
 Policy Number: 0000025787
 Agent Code: 00205

Workers' Compensation Premium Adjustment

Named Insured: Narragansett Bay Commission
Address: One Service Road
 Providence, RI 02905-5505

Agent: Starkweather & Shepley Insurance Brokerage Inc
Address: PO Box 549
 Providence, RI 02901-0549

Phone: (401) 435-3600

| Policy Effective Date | Policy Expiration Date | Audit Type |
|-----------------------|------------------------|-------------|
| 07/01/2007 | 07/01/2008 | Final Audit |

| Premium Period | Class | Description | Type | Rate | Est Payroll | Est Premium | Audit Payroll | Audit Premium |
|----------------|-------|----------------|----------|-------|--------------|-------------|---------------|---------------|
| 07/01/07 | 7580 | Sewage disposa | Standard | 4.73 | \$6,150,000 | \$290,895 | \$6,472,193 | \$306,134 |
| 07/01/08 | 8810 | Clerical offic | Standard | .36 | \$6,850,000 | \$24,660 | \$5,974,603 | \$21,508 |
| | | | | Total | \$13,000,000 | \$315,555 | \$12,446,796 | \$327,642 |

Premium Details:

| | Estimated | Audited |
|--|----------------|--------------------------------|
| Manual Premium | 315,555 | 327,642 |
| Waiver of Subrogation Charge | 0 | 0 |
| Employers' Liability Increased Limits: .017 effective 07/01/07 to 07/01/08 | \$5,364 | \$5,570 |
| EL Increased Limits Balance to Minimum Premium | 0 | 0 |
| Manual Premium Sub-Total | 320,919 | 333,212 |
| Experience Modification: 1.73 effective 07/01/07 to 07/01/08 | \$234,271 | \$243,245 |
| Modified Premium Sub-Total | 555,190 | 576,457 |
| Scheduled Credit/Debit of 0.00% | 0 | 0 |
| Loss Free Credit of 0% | 0 | 0 |
| Miscellaneous Credit of 0% | 0 | 0 |
| Balance to Minimum Premium | 0 | 0 |
| Standard Premium Sub-Total | 505,223 | 524,576 |
| Premium Discount | -51,780 | -53,967 |
| Expense Constant | 160 | 160 |
| Miscellaneous Premium Adjustment | 0 | 0 |
| TRIEA/TRIPRA: .0000 effective 07/01/07 to 07/01/08 | \$0 | \$0 |
| DTEC/Catastrophe (other than certified acts of terrorism): .0000 effective 07/01/07 to 07/01/08 | \$0 | \$0 |
| Estimated Annual Premium | 453,603 | Audited Premium 470,769 |
| Additional Premium | 17,166 | |

**This audit replaces any other audit endorsement processed on this policy.
 The Premium Difference shown is based on full payment of the previously billed premium.**

This is not an Invoice

DIV 1-46 Please provide a history of Worker's Compensation Old Claims experience for the past 10 years.

Answer: Worker's compensation old claims are the claims incurred prior to March 1, 2001 when NBC was self-insured, and before Beacon Mutual Insurance Co. started providing workers compensation insurance to the NBC. Therefore, there are no old claims prior to FY 2001.

| | | |
|------|----|---------|
| 2008 | \$ | 59,935 |
| 2007 | | 50,566 |
| 2006 | | 86,010 |
| 2005 | | 87,007 |
| 2004 | | 40,626 |
| 2003 | | 53,372 |
| 2002 | | 152,662 |
| 2001 | | 187,227 |

Prepared by: WEE

DIV 1-47 With reference to schedule WEE-10,

- a. Please explain the reason for the decrease in natural gas usage at Bucklin Point and Fields Point between FY 2006 and 2007.
- b. Please provide the supporting documentation for the projected quantity of natural gas for the Tunnel Pump Station.
- c. Please provide the source documentation for the rate per therm for each facility.
- d. Please provide a breakdown between supply and delivery costs of the currently applicable rates per therm at each location.
- e. Please provide workpapers and supporting documentation for the projected FY 2010 rates per therm if other than the current rates.

Answer:

- a. Temperature is a significant factor in natural gas usage. At Bucklin Point natural gas is used for heat as well as a supplemental fuel in the sludge digestion process. At Field's Point, natural gas is used for heat.

At Bucklin Point, natural gas supplements the sludge digestion process which requires constant mixing and heat, as it is conducted at high temperatures. If NBC were to run the process at a lower temperature, it would result in higher sludge volumes and consequently higher sludge disposal costs. The amount of natural gas used will vary with sludge volumes and the amount of digester gas available. Operational problems in the digester such as fouled boilers, low ambient temperatures, varying sludge quality, etc. can have significant affects on gas usage.

The FY 2007 decreased natural gas usage could have been related to any combination of these variables. As shown in Schedule WEE-10, the majority of the facilities increased natural gas usage in FY 2008 from FY 2007. Based on the variable factors in energy usage demand, NBC is calculating the rate year based on a three year average in an effort to account for these variations.

- b. See attached Tunnel Pump Station Energy Consumption and Cost Estimate.

c. See below.

*Natural Gas - Based on a Three Year Averages
with the exception of the Tunnel Pump Station - based on Proj. Full Year of operation*

| FY 2010 Projection | | | | | | | | | | |
|-------------------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|-------------------|
| Date | COB | BP Admin | BP Plant | BP Heat Ex | 2 Ernest | Tunnel Est. | 37 Ernest | IM | Lab | Total |
| | 3- year | 3- year | 3- year | 3- year | 3- year | 3- year | 3- year | 3- year | 3- year | |
| July | 475 | 59 | 36 | 285 | 457 | 6,545 | 22 | 180 | 34 | 8,093 |
| August | 1,806 | 57 | 81 | 175 | 455 | 6,545 | 43 | 121 | 8 | 9,291 |
| September | 1,133 | 51 | 62 | 937 | 762 | 6,545 | 222 | 154 | 7 | 9,875 |
| October | 831 | 318 | 2,291 | 3,839 | 4,107 | 6,545 | 1,804 | 289 | 88 | 20,112 |
| November | 1,437 | 994 | 2,393 | 6,826 | 7,407 | 6,545 | 4,205 | 997 | 736 | 31,539 |
| December | 1,625 | 1,517 | 8,186 | 11,008 | 10,059 | 6,545 | 6,163 | 1,817 | 1,944 | 48,864 |
| January | 2,654 | 1,221 | 8,830 | 13,508 | 8,453 | 6,545 | 5,880 | 2,692 | 2,546 | 52,328 |
| February | 2,264 | 1,047 | 9,552 | 14,925 | 11,294 | 6,545 | 6,116 | 2,859 | 2,935 | 57,537 |
| March | 1,847 | 941 | 7,749 | 12,949 | 7,821 | 6,545 | 5,091 | 2,553 | 2,640 | 48,137 |
| April | 1,969 | 445 | 3,213 | 6,117 | 3,778 | 6,545 | 2,989 | 1,804 | 1,651 | 28,509 |
| May | 855 | 97 | 1,457 | 4,360 | 1,597 | 6,545 | 1,275 | 605 | 724 | 17,514 |
| June | 841 | 43 | 1,151 | 345 | 852 | 6,545 | 80 | 210 | 154 | 10,221 |
| Therms | 17,735 | 6,791 | 45,001 | 75,273 | 57,041 | 78,537 | 33,891 | 14,284 | 13,467 | 342,019 |
| | | | 127,065 | | | 90,931 | | | | |
| Avg. Delivery per Therm | 0.23247 | 0.43802 | 0.24969 | 0.30322 | 0.25700 | 0.25700 | 0.23313 | 1.02959 | 0.27786 | |
| Supply | 1.181 | 1.181 | 1.181 | 1.181 | 1.181 | 1.181 | 1.181 | 1.181 | 1.181 | |
| | 1.4135 | 1.6190 | 1.4307 | 1.4842 | 1.4380 | 1.4380 | 1.4141 | 2.2106 | 1.4589 | |
| Customer Chg | | | | | | | | | | |
| Delivery | 4,123 | 2,974 | 11,237 | 22,824 | 14,659 | 20,184 | 7,901 | 14,706 | 3,742 | |
| Supply | 20,946 | 8,020 | 53,147 | 88,897 | 67,365 | 92,752 | 40,025 | 16,869 | 15,904 | |
| Subtotal | 25,069 | 10,994 | 64,383 | 111,722 | 82,024 | 112,936 | 47,926 | 31,575 | 19,646 | |
| Gross Earnings Tax | 775 | 340 | 1,991 | 3,455 | 2,537 | 3,493 | 1,482 | 977 | 608 | |
| Total | 25,844 | 11,334 | 66,374 | 115,177 | 84,561 | 116,429 | 49,408 | 32,552 | 20,254 | \$ 521,933 |
| | | | 192,885 | | 133,969 | | | | | Total |
| | | | BP | | FP | | | | | |

Avg. Delivery per Therm*
total delivery costs/total therms avg. based on...
~ 12 months of FY '08

d & e. The rates in the table above for each facility are based upon the actual bills received from National Grid. Copies of NBC's National Grid bills are attached.

Prepared by: WEE

| Load | Size | Power Requirement (kW) | Minimum Estimate | | | Maximum Estimate | | | Assumptions/Comments |
|--------------------------------|------------------|------------------------|--------------------------------|--------------------------------------|---------------------------------|--------------------------------|--------------------------------------|---------------------------------|---|
| | | | Estimated Annual Usage (Hours) | Estimated during Operating Hours (%) | Annual Energy Requirement (kWh) | Estimated Annual Usage (Hours) | Estimated during Operating Hours (%) | Annual Energy Requirement (kWh) | |
| Tunnel Pump Station | | | | | | | | | |
| CSO Pumps (per pump) | 400 Hp | 309 | 2,810 | 100% | 868,660 | 35.0% | 1,302,989 | 39.4% | 8 installed operating in 4 pairs with capacity of ~12.5 MGD per pair. Assume 915 MG per year pumped at average rate of 25MGD > ~878 hours x pump pairs +/- 20%. At operating point of 12.5 MGD, 272 ft TDH, rated power is 373 Hp per pump. |
| Sump Pump (per pump) | 60 Hp | 31.8 | 17,520 | 20% | 111,530 | 4.5% | 167,295 | 5.1% | 4 installed operating in 2 pairs rated at 500 gpm at 330 ft of head. Based on estimated 120-150 gpm infiltration assume 20-30% duty for one pair. Rated power from submittal is 38.4 Hp at operating point. |
| Dehumidifier System | 2 x 70 Tons | - | - | - | 921,371 | 37.1% | 921,371 | 27.9% | See supplier estimate for detailed energy consumption breakdown on following worksheet. Electric and gas estimates are doubled here to include both units. A 30% reduction is applied to account for heat recovery. |
| Electric Unit Heaters (total) | 130 kW | 130 | 2,920 | 10% | 37,960 | 1.5% | 113,880 | 3.4% | Assumes 10% to 20% duty year-round to maintain 60 degrees. |
| MAU-102 Lights | 3 Hp 15.35 kW | 2.5 15.35 | 8,760 8,760 | 100% 1% | 21,783 1,345 | 0.9% 0.1% | 21,783 13,447 | 0.7% 0.4% | Continuous operation. Most lights are on occupancy sensors. Assumes 1% to 10% for maintenance and inspection. |
| 4 Flowmeters (total) | .096 kVA | 0.096 | 8,760 | 100% | 841 | 0.0% | 841 | 0.0% | Continuous operation. |
| Elevator Pit Sump Pump | 3 Hp | 2.2 | 8,760 | 1% | 193 | 0.0% | 19,272 | 0.6% | Assumes continuous operation 1% or 100% duty. |
| Bridge Crane & Hoists (total) | 70 Hp | 50 | 10 | 5% | 25 | 0.0% | 2,000 | 0.1% | Min of 10 hours at 5%, max of 80 hours at 50%. |
| | | Subtotals | | | 1,963,707 | 79.1% | 2,562,878 | 77.5% | |
| Stairwell to Pump Station | 5580 W | 5.58 | 8,760 | 100% | 48,881 | 2.0% | 48,881 | 1.5% | Continuous operation. Standard for stairwell design for egress. Could be reduced by turning off lights while not occupied. |
| 62 #2 fixtures w/emer battery | | | | | | | | | |
| FPTPS Building | | | | | | | | | |
| Electric Unit Heaters (total) | 37.5 kW | 37.5 | 2,920 | 60% | 65,700 | 2.6% | 87,600 | 2.6% | Heating loads assume 60% to 80% duty for 4 months annually. |
| Water Heater EWH-102 | 25 kW | 25 | 8,760 | 10% | 21,900 | 0.9% | 65,700 | 2.0% | Assumes 10% to 30% duty year-round. |
| 120 volt electric heat (total) | 25 kW | 25 | 2,920 | 60% | 43,800 | 1.8% | 58,400 | 1.8% | Heating loads assume 60% to 80% duty for 4 months annually. |
| MAU-101 | 1 Hp | 0.83 | 8,760 | 100% | 7,261 | 0.3% | 7,261 | 0.2% | Continuous operation. |
| CU-101 | 11 ton | 17.93 | 3,650 | 25% | 16,361 | 0.7% | 16,361 | 0.5% | Assumes 25% duty for 5 months annually. |
| AHU-101 | 2 Hp | 1.5 | 8,760 | 25% | 3,285 | 0.1% | 3,285 | 0.1% | Year-round operation at 25% duty. |
| Duct Fans (continuous) | 2.5 Hp | 2.1 | 8,760 | 100% | 18,396 | 0.7% | 18,396 | 0.6% | Continuous operation. |
| Duct Fans (intermittent) | 11.25 Hp | 9.3 | 8,760 | 25% | 20,367 | 0.8% | 20,367 | 0.6% | Year-round operation at 25% duty. |
| DCU, CP1, CP2, etc. | 1 kW | 1 | 8,760 | 100% | 8,760 | 0.4% | 8,760 | 0.3% | Continuous operation. |
| Security Panels | 1 kW | 1 | 8,760 | 100% | 8,760 | 0.4% | 8,760 | 0.3% | Continuous operation. |
| 14 CCTV Cameras | 560 W | 0.65 | 8,760 | 100% | 5,694 | 0.2% | 5,694 | 0.2% | Continuous operation. |
| Fuel Tank Heater | 5 kW | 5 | 2,920 | 60% | 8,760 | 0.4% | 11,680 | 0.4% | Heating loads assume 60% to 80% duty for 4 months annually. |

| Lights | 7 kW | 7 | 702 | 50% | 2,458 | 0.1% | 2,920 | 100% | 20,440 | 0.6% | To light the FPTPS Building | Most lights are on occupancy sensors. Minimum estimate assumes 50% duty while pumps are on. Maximum assumes 100% for 4 hrs per day. Photo-sensor operated. 12 hr/day. Year-round operation at 1% to 10% duty. |
|------------------------------|---------|------------------|-------|------|----------------|-------------|-------|------|----------------|--------------|--|---|
| Outdoor Lights | 750 W | 0.75 | 4,380 | 100% | 3,285 | 0.1% | 4,380 | 100% | 3,285 | 0.1% | To light the FPTPS site | |
| Elevator | 40 Hp | 30 | 8,760 | 1% | 2,628 | 0.1% | 8,760 | 10% | 26,280 | 0.8% | Used to enter and exit tunnel pump station. | |
| Seal Water System | 2 Hp | 1.5 | 702 | 100% | 1,054 | 0.0% | 1,054 | 100% | 1,580 | 0.0% | Clean water to sewage pump seals | |
| Air compressor (2 x 7.5 Hp) | 15 Hp | 11 | 8,760 | 1% | 964 | 0.0% | 8,760 | 50% | 48,180 | 1.5% | Air to operate valves and other uses | |
| Electric entry Gates (total) | 3 Hp | 2.2 | 8,760 | 2% | 385 | 0.0% | 8,760 | 50% | 9,636 | 0.3% | Security gates into the FPTPS Building area | |
| Sump Pump (valve room) | 1 Hp | 0.75 | 8,760 | 1% | 66 | 0.0% | 8,760 | 5% | 329 | 0.0% | Pump water from the valve room sump | Assumes 1% to 5% duty. |
| Hoists (total) | 20 Hp | 15 | 10 | 5% | 8 | 0.0% | 80 | 50% | 600 | 0.0% | Maintenance use to remove pumps & valves | |
| Plug Valves (total) | 1.33 Hp | 1 | 1 | 100% | 1 | 0.0% | 10 | 100% | 10 | 0.0% | Valves on sewage lines to screenings building. | |
| | | Subtotals | | | 239,892 | 9.7% | | | 422,604 | 12.8% | | |
| Shaft SI Facility | | | | | | | | | | | | |
| Lights | 1050 W | 1.05 | 4,380 | 100% | 4,599 | 0.2% | 4,380 | 100% | 4,599 | 0.1% | To light Shaft S1 for safety and security. | Photo-sensor operated. 12 hr/day. |
| Crane | 30 Hp | 22 | 144 | 100% | 3,168 | 0.1% | 144 | 100% | 3,168 | 0.1% | To remove screenings from Shaft S1 | Assume 24 cleanings per year @ 6 hours each. |
| Snow melt building lights | 210 W | 0.21 | 7 | 100% | 1 | 0.0% | 122 | 100% | 26 | 0.0% | To light the Snow melt building | Assumes 1/2 hr per week during winter to 1 hour daily during winter. |
| | | Subtotals | | | 7,768 | 0.3% | | | 7,793 | 0.2% | | |
| Screening Facility | | | | | | | | | | | | |
| Outdoor lights | 8 kW | 8.25 | 4,380 | 100% | 36,135 | 1.5% | 4,380 | 100% | 36,135 | 1.1% | To light the screenings area outdoors | Photo-sensor operated. 12 hr/day. |
| Electric Heat (total) | 17.6 kW | 17.6 | 2,920 | 60% | 30,835 | 1.2% | 2,920 | 80% | 41,114 | 1.2% | To heat the screening facility building | Heating loads assume 60% to 80% duty for 4 months annually. |
| Grinder/Compactor | 13 Hp | 9 | 702 | 20% | 1,264 | 0.1% | 1,054 | 80% | 7,586 | 0.2% | To grind and compact the screenings | Assumes CSO pump hours with 20% to 80% duty. |
| MAU-301 | 10 Hp | 8.3 | 8,760 | 100% | 72,611 | 2.9% | 8,760 | 100% | 72,611 | 2.2% | To ventilate the screening facility building | Continuous operation. |
| UF-301 | 10 Hp | 8.3 | 8,760 | 100% | 72,611 | 2.9% | 8,760 | 100% | 72,611 | 2.2% | To ventilate the screening facility building | Continuous operation. |
| PF-301 | 1/4 Hp | 0.2 | 8,760 | 35% | 635 | 0.0% | 8,760 | 35% | 635 | 0.0% | To ventilate the screening facility building | Intermittently operates at 35% duty. |
| 6 CCTV Cameras | 240 W | 0.24 | 8,760 | 100% | 2,102 | 0.1% | 8,760 | 100% | 2,102 | 0.1% | Security use | Continuous operation. |
| Security Panels | 0.5 kW | 0.5 | 8,760 | 100% | 4,380 | 0.2% | 8,760 | 100% | 4,380 | 0.1% | Security use | Continuous operation. |
| Bar screens | 5 Hp | 3.7 | 702 | 20% | 520 | 0.0% | 1,054 | 80% | 3,119 | 0.1% | To screen the sewage | 2 installed. Assumes one operating and one standby at 20% to 80% duty. |
| Lights | 4.3 kW | 4.3 | 702 | 50% | 1,510 | 0.1% | 5,840 | 100% | 25,112 | 0.8% | To light the screenings facility building | Most lights are on occupancy sensors. Minimum estimate assumes 50% duty while pumps are on. Maximum assumes 100% for 16 hrs per day. |
| Slide gates (total) | 2 Hp | 1.5 | 1 | 100% | 2 | 0.0% | 2 | 100% | 3 | 0.0% | To control the flow of sewage to screens | Assumes 1 to 2 hours operation per year. |
| Winch | 10 Hp | 7.5 | 5 | 100% | 38 | 0.0% | 10 | 100% | 75 | 0.0% | To move the screenings container in and out | Assumes 5 to 10 hours operation per year. |
| | | Subtotals | | | 222,643 | 9.0% | | | 265,482 | 8.0% | | |

| Electricity Rate per kWh = | \$0.134 | Minimum Power Estimate (kWh) = | 2,482,892 | Power Estimate (kWh) = | 3,307,638 |
|----------------------------|-----------|--------------------------------|-----------|---------------------------------|-----------|
| Total Electric Cost = | \$332,787 | Total Electric Cost = | \$443,330 | Customer charge / Month | \$236.43 |
| Average Electric Cost = | \$443,330 | | \$0.02719 | Delivery / kWh | \$0.02719 |
| | | | \$0.07195 | Supply / kWh through 1/31/2010 | \$0.07195 |
| | | | \$0.12400 | Supply / kWh effective 2/1/2010 | \$0.12400 |
| | | | \$0.00699 | Capacity charge / kWh | \$0.00699 |
| | | | \$0.04167 | RI Gross Earning Tax | \$0.04167 |

*Note: Screenings transportation and disposal costs are not included in this estimate.

FPTPS Building

Gas Heating
Desiccant Reactivation and Post
Heat

Natural Gas
Use (Therms)
14,392
47,461

See heating estimate.
See supplier estimate.

Shaft SI Facility

Snow Melt System

500

Assumes ~40 hours of operation annually.

Screening Facility

Gas Heating

16,184

To heat MAU-301 for 2890 hours/year.
See heating estimate.

Power Estimate (therms)=

78,537

Gas Rates:
Medium Commerical
Customer (<35,000
therms/yr)

\$0.2570 Delivery / therm
\$1.181 Supply / therm
\$0.031 RI Gross Earning Tax

\$116,429

Total Natural Gas Cost = \$116,429

Natural Gas per Therm* = \$1.48

DIV 1-48 With reference to WEE-11:

- a. Please provide a detailed breakdown of the currently applicable electricity rates for each facility showing customer charges, supply charges, capacity charges and delivery charges.
- b. Please provide workpapers and supporting documentation for the rate year rates per kWh shown for each facility.
- c. Explain in detail and provide supporting documentation for the electricity supply rate included for the period after the existing contract expires.

Answer: a.

*FY 2010 Electricity Projection Based on Three Year Average
with the exception of the Tunnel Pump Station - based on Proj. Full Year of operation*

| Date | COB | Field's Pt. | Tunnel Est. | Bucklin Pt. | IM | Totals |
|--------------|------------------|-------------------|------------------|-------------------|----------------|-------------------|
| July | 113,800 | 1,278,232 | 275,637 | 951,333 | 51,751 | 2,670,753 |
| August | 119,133 | 1,152,036 | 275,637 | 832,667 | 42,702 | 2,422,175 |
| September | 119,933 | 1,246,091 | 275,637 | 862,000 | 50,273 | 2,553,933 |
| October | 102,933 | 1,145,155 | 275,637 | 935,333 | 39,471 | 2,498,529 |
| November | 92,133 | 1,221,333 | 275,637 | 810,000 | 64,176 | 2,463,279 |
| December | 108,533 | 1,430,667 | 275,637 | 1,050,000 | 102,272 | 2,967,109 |
| January | 99,667 | 1,237,333 | 275,637 | 993,333 | 102,175 | 2,708,145 |
| February | 99,667 | 1,148,000 | 275,637 | 946,000 | 94,856 | 2,564,160 |
| March | 97,333 | 1,141,333 | 275,637 | 952,667 | 94,285 | 2,561,255 |
| April | 95,600 | 1,074,667 | 275,637 | 920,667 | 76,926 | 2,443,496 |
| May | 90,600 | 1,088,000 | 275,637 | 879,333 | 59,888 | 2,393,458 |
| June | 105,533 | 1,196,000 | 275,637 | 966,000 | 55,630 | 2,598,800 |
| Total | 1,244,867 | 14,358,848 | 3,307,638 | 11,099,333 | 834,405 | 30,845,091 |

17,666,486

Rates:

| | | | | | | |
|------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Customer Chg. | \$ 236.43 | \$ 236.43 | \$ 236.43 | \$ 236.43 | \$ 938.39 | * |
| Supply - 1/31/2010 | 0.07195 | 0.07195 | 0.07195 | 0.07195 | 0.07195 | |
| Supply - 2/1-6/30/2010 | 0.12400 | 0.12400 | 0.12400 | 0.12400 | 0.12400 | |
| Avg. Delivery per kwh | 0.02886 | 0.02719 | 0.02719 | 0.02752 | 0.05768 | |
| Capacity Chg | 0.00699 | 0.00699 | 0.00699 | 0.00699 | 0.00699 | |
| Customer Chg | \$ 2,837 | \$ 2,837 | \$ 2,837 | \$ 2,837 | \$ 11,261 | |
| Supply - 1/31/2010 | 54,404 | 626,745 | 138,824 | 462,974 | 32,580 | |
| Supply - 2/1-6/30/2010 | 60,603 | 700,352 | 170,895 | 578,419 | 47,317 | |
| Avg. Delivery per kwh | 35,927 | 390,355 | 89,920 | 305,401 | 48,128 | |
| Capacity Charge | 8,702 | 100,368 | 23,120 | 77,584 | 5,832 | |
| Subtotal | \$ 162,472 | \$ 1,820,658 | \$ 425,597 | \$ 1,427,216 | \$ 145,119 | |
| Gross Earnings Tax | 6,770 | 75,860 | 17,733 | 59,466 | 6,047 | |
| Total | \$ 169,242 | \$ 1,896,518 | \$ 443,330 | \$ 1,486,682 | \$ 151,165 | \$ 4,146,937 |

- b. NBC's rate year rates per kWh for each facility are based upon the current rates being charged by National Grid and TransCanada. Copies of NBC's National Grid bills and TransCanada bills are attached. For the Tunnel Pump Station, see Tunnel Pump Station Energy Consumption and Cost Estimate in response to DIV 1-47.

- c. The electricity supply rate included for the period effective 2/01/2010 was based on National Grid's Standard Offer Service Rate. Please see the attached.

Prepared by: WEE



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Standard Offer Service

This service is available to all customers who have not chosen an alternate energy supplier.

Current Rate:

12.4¢/kWh

Renewable Standard Energy Charge:

0.084¢/kWh*

*The Renewable Standard Energy Charge is being collected for the purpose of acquiring a portion of Rhode Island's energy supply from renewable energy resources, as required by R.I. General Laws section 39-26-1.

Historical Pricing:

View [Standard Offer Service Price History](#) (pdf).

Links noted by "(pdf)" are in PDF format and support Adobe Acrobat 5.0 and later. Download [Adobe Reader](#), free software to view and print PDF files.

DIV 1-49 Please indicate whether it is correct that the projected Tunnel Pump Station kWh requirements shown on Schedule WEE-11 are based on the maximum requirements. If not, please explain.

Answer: Yes, the Tunnel Pump Station kWh shown on Schedule WEE-11 are based on the maximum requirements.

Prepared by: WEE

DIV 1-50 Please provide an analysis shown the projected utility requirements and costs for the Tunnel Pump Station under the minimum estimate. (The information sought is comparable to that provided in response to DIV IV-3 in Docket No. 3905.)

Answer: The minimum estimate is shown below. However, as can be seen from the table below, if the usage continues at the same rate as the first months of operation, in the remaining months of FY 2009 NBC will surpass the maximum expense projected in the rate year. If the FY 2009 actual usage is annualized then both kWh and expense would exceed the maximum used in the rate year.

| | kWh | Expense |
|--|-----------|------------|
| Ytd FY 2009 (Nov. 1st-Jan. 13th) | 1,209,600 | \$ 186,950 |
| Projected FY 2009 (8 months) | 3,225,600 | \$ 498,533 |
| Projected 12 month usage based on Ytd FY 2009 | 4,838,400 | \$ 747,800 |
| Minimum (12 months) | 2,482,892 | \$ 333,524 |
| Maximum (12 months) | 3,307,638 | \$ 443,330 |

Projected Annual Minimum kWh Utility Requirements

| | |
|---------------------------|-------------------|
| Tunnel Pump Station (kWh) | 2,482,892 |
| Rates: | |
| Monthly Customer Chg. | \$ 236.43 |
| Supply - 1/31/2010 | 0.07195 |
| Supply - 2/1-6/30/2010 | 0.12400 |
| Avg. Delivery per kwh | 0.02719 |
| Capacity Chg | <u>0.00699</u> |
| Customer Chg | 2,837 |
| Supply - 1/31/2010 | 104,209 |
| Supply - 2/1-6/30/2010 | 128,283 |
| Avg. Delivery per kwh | 67,499 |
| Capacity Charge | <u>17,355</u> |
| Subtotal | 320,184 |
| Gross Earnings Tax | <u>13,341</u> |
| Total | <u>\$ 333,524</u> |

Prepared by: WEE

DIV 1-51 With reference to Schedule WEE-12,

- a. Please provide supporting documentation for the 3 percent projected increase in April 2010.
- b. Please provide the source documentation for the current bisulfate rate of \$1.3695.
- c. Please provide supporting documentation for the projected gallons used.

Answer

- a. The bisulfate contracted rates are for the period from April 1st through March 31st of each fiscal year. Therefore, NBC has used the blended rates for each fiscal year. A two year average for FY 2006 and FY 2007 was used for the 3% projected increased, as seen below. Please note that the significant increase in FY 2009 was not factored in to the average increase used in the calculation.

| | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|--|---------|----------|----------|----------|
| Price Per Gallon \$ | 0.8426 | \$0.8179 | \$0.8914 | \$1.3695 |
| Annual Increase | | -2.93% | 8.99% | 53.64% |
| Two Year Average Increase FY 2006-2008 | | | 3% | |
| Projected Rate | | | | \$1.4106 |

- b. See attached.

Bisulfate Gallons

| | FY 2006 | FY 2007 | FY 2008 | FY 2009 | 24 Month Average |
|------|---------|---------|---------|---------|------------------|
| July | 12,513 | 15,211 | 15,782 | 25,930 | 20,856 |
| Aug | 12,951 | 12,074 | 17,611 | 15,618 | 16,615 |
| Sept | 14,539 | 12,244 | 17,439 | 17,131 | 17,285 |
| Oct | 23,454 | 13,802 | 23,284 | - | 18,543 |
| Nov | 17,874 | 20,322 | 22,430 | - | 21,376 |
| Dec | 12,613 | 17,607 | 20,688 | - | 19,148 |
| Jan | 13,965 | 15,493 | 18,381 | - | 16,937 |
| Feb | 11,700 | 11,683 | 22,428 | - | 17,056 |
| Mar | 9,016 | 16,401 | 19,783 | - | 18,092 |
| Apr | 8,831 | 19,477 | 13,447 | - | 16,462 |
| May | 11,637 | 19,077 | 14,945 | - | 17,011 |
| Jun | 14,520 | 18,401 | 23,331 | - | 20,866 |

- c. Total 163,613 191,792 229,549 58,679 220,246

Prepared by: WEE

BID PROPOSAL



NARRAGANSETT BAY COMMISSION
One Service Road
Providence, Rhode Island 02905
 Telephone (401) 461-8848
 Fax (401) 461-6540

DATE: 2/4/2008
BID NO: 817
BID OPENING:
DATE: 2/25/08
TIME: 10:00 AM
BUYER: EMILY PETTERUTI
COST CENTER 02 46
FISCAL YR. 2008
REQ. NO. 140463

BILL TO:
NARRAGANSETT BAY COMMISSION
One Service Road
Providence, RI 02905
Attention: Accounts Payable
SHIP TO:
NARRAGANSETT BAY COMMISSION
FPWWTF- 2 ERNEST STREET
PROVIDENCE, RI 02905

IMPORTANT- Insert unit price in both columns with brand, model number and name of your firm below.

| | |
|-------------------|-------------------|
| BIDDER: | BIDDER: |
| Univar USA | Univar USA |
| BID NO.817 | BID NO.817 |
| PAGE NO. 2 | PAGE NO. 2 |

| ITEM NO. | COMMODITY CODE / DESCRIPTION | QTY. | TOTAL DELIVERED PRICE |
|----------|---|----------------------|-----------------------|
| | BLANKET REQUIREMENTS: APRIL 1, 2008 TO MARCH 31, 2010 (TWO YEAR AGREEMENT) VENDOR TO SUPPLY AND DELIVER SODIUM BISULFITE SOLUTION PER ATTACHED NBC SPECIFICATIONS. DELIVER ONLY AT NBC REQUEST. PRICE PER GALLON MUST INCLUDE DELIVERY CHARGES TO FIELD'S POINT WWTF, 2 ERNEST ST. PROV. RI. 02905. INVOICING TO BE BASED ON GALLONS DELIVERED AND BID AWARD PRICE PER GALLON. APRIL 1, 2008 TO MARCH 31, 2009 PRICE PER GALLON APRIL 1, 2009 TO MARCH 31, 2010 PRICE PER GALLON TOTAL OF TWO REQUESTED PRICES PER GALLON ESTIMATED, BUT NOT FIRM, VOLUME, 185,000 GALLONS FOR TWELVE (12) MONTHS. NBC WILL MAKE ONE BID AWARD BASED SOLELY ON THE LOWEST TOTAL OF THE TWO REQUESTED PRODUCT PRICES PER GALLON. | | |
| | | \$ 1.3695 | PER GALLON |
| | | \$ 1.3695 | PER GALLON |
| | | TOTAL | \$ 2.7390 |
| | | TERMS Net 30 days | TERMS Net 30 days |

F.E.I.N.: 91-1347935

COMPANY NAME: Pam Kelly

STREET AND NO.: Univar

CITY: 175 Terminal Road

SIGNATURE: Providence, RI 02905

DATE: 2/21/08

ZIP: _____

TITLE: Sales Manager

TELEPHONE: 800-556-2426

DIV 1-52 With reference to Schedule WEE-13:

- a. Please provide the source documentation for the current hypochlorite rate of \$0.608.
- b. Please provide supporting documentation for the projected gallons used.

Answer:

- a. See attached.
- b. The following table supports the gallons as filed on Schedule WEE-13. See below.

Hypochlorite Gallons

| | FY 2006 | FY 2007 | FY 2008 | FY 2009 | 24 Month Average |
|--------------|----------------|----------------|----------------|----------------|-------------------------|
| July | 52,449 | 62,777 | 60,258 | 76,245 | 68,252 |
| Aug | 64,164 | 57,067 | 71,772 | 54,482 | 63,127 |
| Sept | 74,653 | 60,707 | 73,382 | 84,894 | 79,138 |
| Oct | 123,948 | 56,258 | 78,667 | - | 67,463 |
| Nov | 56,143 | 62,815 | 75,028 | - | 68,922 |
| Dec | 40,617 | 49,691 | 63,034 | - | 56,363 |
| Jan | 45,313 | 54,746 | 62,428 | - | 58,587 |
| Feb | 38,412 | 41,614 | 76,241 | - | 58,928 |
| Mar | 37,140 | 57,093 | 77,905 | - | 67,499 |
| Apr | 37,261 | 66,346 | 59,866 | - | 63,106 |
| May | 45,850 | 61,871 | 70,253 | - | 53,861 |
| Jun | 55,674 | 56,688 | 75,953 | - | 56,181 |
| Total | 671,624 | 687,673 | 844,787 | 215,621 | 761,424 |

In answering this data request, NBC noticed that the 24 Month Average for May and June are calculating FY 2006 & FY 2007, rather than FY 2007 & FY 2008. This results in increased gallons of 22,341 and changes the increase required in the rate year to \$ 101,940, an increase of \$13,685 over the originally filed hypochlorite expense. See below. A revised Schedule WEE-13 has been attached.

Hypochlorite Gallons

| | FY 2006 | FY 2007 | FY 2008 | FY 2009 | 24 Month Average |
|--------------|---------|---------|---------|---------|---------------------|
| July | 52,449 | 62,777 | 60,258 | 76,245 | 68,252 |
| Aug | 64,164 | 57,067 | 71,772 | 54,482 | 63,127 |
| Sept | 74,653 | 60,707 | 73,382 | 84,894 | 79,138 |
| Oct | 123,948 | 56,258 | 78,667 | - | 67,463 |
| Nov | 56,143 | 62,815 | 75,028 | - | 68,922 |
| Dec | 40,617 | 49,691 | 63,034 | - | 56,363 |
| Jan | 45,313 | 54,746 | 62,428 | - | 58,587 |
| Feb | 38,412 | 41,614 | 76,241 | - | 58,928 |
| Mar | 37,140 | 57,093 | 77,905 | - | 67,499 |
| Apr | 37,261 | 66,346 | 59,866 | - | 63,106 |
| May | 45,850 | 61,871 | 70,253 | - | 66,062 |
| Jun | 55,674 | 56,688 | 75,953 | - | 66,321 |
| Total | 671,624 | 687,673 | 844,787 | 215,621 | 783,765 |

Prepared by: WEE

Narragansett Bay Commission
 Account Analysis - Hypochlorite

Schedule - WEE-13 REVISED

| <i>Field's Point</i> | <i>July 1, 2009 to March 31, 2010</i> | <i>April 1, 2010 to June 30, 2010</i> | <i>Total</i> |
|--------------------------------------|---|---|-------------------------|
| Proj. Increase | - | 1.0300 | |
| Rate | \$ 0.608 | \$ 0.626 | |
| Gallons/ Months | 587,824 | 195,941 | |
| Total Field's Point | 357,397 | 122,706 | \$ 480,103 |
| CSO Phase I Impact on FPWWTF | | | 22,854 |
| Rate Year | | | 502,957 |
| Less Adjusted Test Year | | | <u>401,017</u> |
| Revised Rate Year Adjustment | | | 101,940 |
| Original Rate Year Adjustment | | | <u>88,255</u> |
| Difference | | | <u><u>\$ 13,685</u></u> |

BID PROPOSAL



NARRAGANSETT BAY COMMISSION
One Service Road
Providence, Rhode Island 02905
 Telephone (401) 461-8848
 Fax (401) 461-6540

DATE: 2/4/2008
BID NO: 818
BID OPENING:
DATE: 2/25/08
TIME: 10:30 AM
BUYER: EMILY PETTERUTI
COST CENTER: 02 46
FISCAL YR.: 2008
REQ. NO.: 140462

BILL TO:
NARRAGANSETT BAY COMMISSION
One Service Road
Providence, RI 02905
Attention: Accounts Payable
SHIP TO:
NARRAGANSETT BAY COMMISSION
FPWWTF- 2 ERNEST STREET
PROVIDENCE, RI 02905

IMPORTANT- Insert unit price in both columns with brand, model number and name of your firm below.

| | |
|-------------------|-------------------|
| BIDDER: | BIDDER: |
| Univar USA Inc. | Univar USA Inc. |
| BID NO.818 | BID NO.818 |
| PAGE NO. 2 | PAGE NO. 2 |

| ITEM NO. | COMMODITY CODE / DESCRIPTION | QTY. | TOTAL DELIVERED PRICE |
|----------|--|-----------------------------|-----------------------------|
| | BLANKET REQUIREMENTS: APRIL 1, 2008 TO MARCH 31, 2010 (TWO YEAR AGREEMENT) VENDOR TO SUPPLY AND DELIVER SODIUM HYPOCHLORITE SOLUTION PER ATTACHED NBC SPECIFICATIONS. DELIVER ONLY AT NBC REQUEST. PRICE PER GALLON MUST INCLUDE DELIVERY CHARGES TO FIELD'S POINT WWTF, 2 ERNEST ST. PROV. RI. 02905. INVOICING TO BE BASED ON GALLONS DELIVERED AND BID AWARD PRICE PER GALLON. APRIL 1, 2008 TO MARCH 31, 2009 PRICE PER GALLON APRIL 1, 2009 TO MARCH 31, 2010 PRICE PER GALLON TOTAL OF TWO REQUESTED PRICES PER GALLON VENDOR MUST CITE PRICE PER DAY FOR RENTAL OF TANK TRAILER IN EMERGENCIES. NBC WILL MAKE ONE BID AWARD BASED SOLELY ON THE LOWEST TOTAL OF THE TWO REQUESTED PRODUCT PRICES PER GALLON. | | |
| | | \$ 0.5736 | PER GALLON |
| | | \$ 0.6080 | PER GALLON |
| | | TOTAL | \$ 1.1816 |
| | | \$ 200.00 | PER DAY RENTAL |
| | | TERMS Net 30 days | TERMS Net 30 days |

F.E.I.N.: 91-1347935

COMPANY NAME: Univar USA Inc.
STREET AND NO.: Pam Kelly
Univar
CITY: 175 Terminal Road
SIGNATURE: Providence, RI 02905

ZIP: _____
TITLE: Stephen H. Morcia Sales Mgr.

DATE: 2/21/08

TELEPHONE: 800-556-2426 or 401-784-6600

DIV 1-53 To the extent not provided in response to the prior questions, please identify the actual gallons of bisulfate and hypochlorite used in FY 2006, FY 2007 and FY 2008.

Answer: See response to DIV 1-51 for bisulfate gallons and response to DIV 1-52 for hypochlorite gallons.

Prepared by: WEE

DIV 1-54 With reference to schedule WEE-14, please explain the increases in lab supplies expense that occurred between the FY 2005 - FY 2006 period and the FY 2007 - FY 2008 period.

Answer: This is the result of the increased number of samples and parameters analyzed during this time period. See the table in my testimony on page 37, which illustrates the increase in the number of samples and parameters analyzed over the last four years. These increases translate into additional lab supplies expense.

Prepared by: WEE

DIV 1-55 Please provide actual lab supplies expense for the most recent 12 months available.

Answer: The lab supplies expense for the period of January 2008 – December 2008 is \$228,867.

Prepared by: WEE

DIV 1-56 With reference to Schedule WEE-15,

- a. Please provide supporting documentation for the FY 2009 Bucklin Point management contract costs of \$1,523,340.
- b. Please provide the source documentation for the FY 2009 soda ash rate of \$0.1798.

Answer: a. See attached.

b. See attached.

Prepared by: WEE

June 26, 2008

Kathy Heroux-Yattaw
Aquarion Op Services-Pawtucket
102 Campbell Avenue
E. Providence, RI 02916

Dear Kathy Heroux-Yattaw :

Effective as listed, or as contract terms permit, the following product(s) will increase in price. Please mark your records accordingly and be sure to inform your purchasing department of this increase. If you have any questions regarding your new price(s), please contact your sales representative. Thank you for your continued support.

Sincerely,
Borden & Remington Corp.
Sales Department

| Product # | Product Name | Measure | Price Code | Current Price | Future Price | Effective Date |
|-----------|----------------|----------|------------|---------------|--------------|----------------|
| D00007 | SODA ASH DENSE | 1 # BULK | | 0.1463 | .1798 | 7/1/2008 |

FOB: INQUIRE

DIV 1-57

With reference to Schedule WEE-16, please provide detailed supporting documentation for the FY 2009 Field's Point budget amount totaling \$3,431,856.

Answer:

See below. Note that the union overtime to be increased is actually in the IM budget rather than the Field's Point budget.

| ACCT. NUMBER | BUDGET ACCOUNT | FIELD'S POINT | IM |
|---|------------------------------------|-------------------|------------------|
| | | CC 46 | CC 43 |
| PERSONNEL SERVICES | | | |
| 52100 | UNION - REGULAR | 1,824,452 | 613,433 |
| 52150 | UNION OVERTIME | 215,000 | (40,000) |
| 52300 | NON-UNION REGULAR | 873,668 | 297,646 |
| 52350 | NON-UNION OVERTIME | 50,000 | 1,000 |
| 52800 | UNION PENSION | 385,507 | 129,618 |
| 52810 | FICA | 226,679 | 72,834 |
| 52920 | NON UNION PENSION | 92,367 | 29,865 |
| 52940 | UNION RETIREMENT HEALTH | 99,615 | 33,493 |
| 52950 | HEALTH INSURANCE | 704,083 | 279,963 |
| 52970 | DENTAL INSURANCE | 47,527 | 18,671 |
| 52980 | VISION INSURANCE | 8,967 | 3,523 |
| TOTAL PERSONNEL SERVICES | | 4,527,863 | 1,520,047 |
| | | - | (40,000) |
| | | - | (22,000) |
| 59002 | TURNOVER ALLOWANCE | (226,237) | (75,555) |
| NET PERSONNEL SERVICES | | 4,301,626 | 1,382,492 |
| OPERATING SUPPLIES/EXPENSES | | | |
| 52610 | MEDICAL SVCS. | 2,000 | 3,820 |
| 53240 | DUES & SUBSCRIPTIONS | 2,000 | 700 |
| 53250 | FREIGHT | 15,000 | 3,000 |
| 53310 | PRINTING & BINDING | - | 1,200 |
| 53320 | ADVERTISING | 2,350 | 1,000 |
| 53330 | RENTAL- EQUIPMENT | 10,000 | 3,500 |
| 53340 | RENTAL- CLOTHING | 27,000 | 8,000 |
| 53410 | LOCAL TRAVEL | - | 700 |
| 53420 | LONG DISTANCE TRAVEL | 4,000 | 1,500 |
| 53470 | BLDG. & GRND. MAINT. | 37,052 | 11,000 |
| 53480 | SLUDGE, ASH HAULING & DISPOSAL | 3,816,030 | - |
| 53490 | SCREENING & GRIT DISPOSAL | 71,564 | 75,000 |
| 53510 | VEHICLE FUEL & MAINTENANCE | 48,482 | 70,000 |
| 53610 | REPAIRS - BLDG, STRUCTURE & EQUIP. | (460,781) | 30,000 |
| 53620 | REPAIR-HIGHWAY & WALKS | - | 11,000 |
| 53630 | MAINTENANCE/SERVICE AGREE. | 154,463 | 16,680 |
| 53650 | HIGHWAY & LANDSCAPE | (4,154) | 7,000 |
| 54000 | TELEPHONE | 9,790 | 20,000 |
| 54010 | KEROSENE | 400 | 300 |
| 54020 | FUEL OIL #2 - DIESEL FOR EQUIPME | 10,000 | - |
| 54060 | FUEL-GAS | 204,280 | 33,283 |
| 54090 | ELECTRICITY | 1,925,625 | 136,581 |
| 54110 | WATER | 70,326 | 5,000 |
| 54200 | CLOTHING | 10,738 | 4,000 |
| 54330 | CHEM. HOUSE & LAUNDRY SUPPLIES | 23,662 | 3,500 |
| 54332 | CHEMICALS - CHLOR. / HYPOCHLOR. | (445,202) | 300 |
| 54337 | CHEMICALS - SODIUM BIFULFITE | 209,553 | - |
| 54340 | LAB SUPPLIES | 10,000 | - |
| 54370 | SUPPLIES BUILDING & MAINTENANC | 130,000 | 16,500 |
| 54410 | EDUCATIONAL SUPP. & EXP. | 6,000 | 3,000 |
| 54420 | COMPUTER SUPPLIES | 6,000 | 500 |
| 54430 | OTHER OPERATING SUPPLIES & EXP | 2,000 | 800 |
| 54440 | SAFETY EQUIPMENT | 11,000 | 5,000 |
| 54500 | OFFICE EXPENSE | 9,000 | 3,500 |
| TOTAL OPERATING SUPP. & EXP. | | 7,738,452 | 476,364 |
| PROFESSIONAL SERVICES | | | |
| 52600 | REGULATORY EXPENSE | 13,661 | 300 |
| 52650 | SECURITY SERVICES | 3,361 | 14,000 |
| 52690 | OTHER SERVICES | - | 500 |
| TOTAL PROFESSIONAL SERVICES | | 17,022 | 14,800 |
| TOTAL OPERATIONS & MAINTENANCE | | 12,057,100 | 1,873,656 |
| CAPITAL OUTLAYS | | | |
| 16520 | BLDG. & PLANT EQUIP. | 88,000 | - |
| 16530 | CONSTRUCTION EQUIP. | - | 5,000 |
| 16583 | COMPUTER SOFTWARE | 20,000 | - |
| 16590 | OTHER EQUIPMENT | - | 5,000 |
| 16600 | REPLACEMENT RESERVE | 395,000 | 41,000 |
| 16610 | BUILDING & OTHER STRUCT. | 60,000 | - |
| TOTAL CAPITAL OUTLAYS | | 563,000 | 51,000 |
| GRAND TOTAL | | 12,620,100 | 1,924,656 |

Prepared by: WEE

DIV 1-58 Please explain why the FY 2009 budget for the Field's Point WWTF was prepared without including any consideration for the impact of the CSO Phase I facilities.

Answer: The impact of the CSO Phase I facilities was factored into the Field's Point FY 2009 budget. While responding to this data request, NBC realized the percentage provided by the consultant should have been applied to the budget net of tunnel impact. See below for the effect of this change.

| Account | FY 2009 Budget | % to Remove Tunnel | FY 2009 Revised Budget | | % Increase | Tunnel Impact |
|--|----------------|--------------------|------------------------|--|------------|---------------|
| | | | No Tunnel | | | |
| Union Overtime | \$ 40,000 | 94.87% | \$ 37,948 | | 5.13% | \$ 1,947 |
| Non-union Overtime | 50,000 | 94.87% | 47,435 | | 5.13% | 2,433 |
| Building & Ground Maintenance | 37,052 | 94.87% | 35,151 | | 5.13% | 1,803 |
| Building, Structures & Equipment Repairs | 460,781 | 94.87% | 437,143 | | 5.13% | 22,425 |
| Maintenance & Service Agreements | 154,463 | 94.87% | 146,539 | | 5.13% | 7,517 |
| Highways & Landscapes | 4,154 | 94.87% | 3,941 | | 5.13% | 202 |
| Clothing | 10,738 | 94.87% | 10,187 | | 5.13% | 523 |
| Chemicals, House & Laundry | 23,662 | 94.87% | 22,448 | | 5.13% | 1,152 |
| Water | 70,326 | 98.72% | 69,426 | | 1.28% | 889 |
| Electricity | 1,925,625 | 94.87% | 1,826,840 | | 5.13% | 93,717 |
| Chlorine / Hypochlorite | 445,502 | 94.87% | 422,648 | | 5.13% | 21,682 |
| Sodium Bisulfate | 209,553 | 94.87% | 198,803 | | 5.13% | 10,199 |
| Total | \$ 3,431,856 | | \$ 3,258,509 | | | 164,489 |
| | | | Original Amount | | | 173,347 |
| | | | Difference | | | \$ 8,858 |

Prepared by: WEE

DIV 1-60 With reference to Schedule WEE-17,

- d. Please provide supporting documentation for the cost per bill of \$0.108.
- d. Please provide supporting documentation for the payment processing cost of \$0.110.
- d. Please show the derivation of the number of payments to be processed of 677,517.
- d. Please provide workpapers and supporting documentation showing the derivation of the fringe benefit costs of \$26,098.

Answer: a & b. See attached.

c. See table below.

Lockbox analysis

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Mo. Avg. |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Items Deposited @ .04 | 17,381 | 34,825 | 11,024 | 18,126 | 35,076 | 9,233 | 18,287 | 33,540 | 7,920 | 20,601 |
| RLBX per invoice @ .05 | 16,294 | 32,078 | 7,490 | 16,752 | 32,647 | 5,695 | 19,408 | 29,060 | 5,739 | 18,351 |
| RLBX per check @ .02 | 14,532 | 28,693 | 6,917 | 15,074 | 28,976 | 5,248 | 17,741 | 25,431 | 5,242 | 16,428 |
| Total | 48,207 | 95,596 | 25,431 | 49,952 | 96,699 | 20,176 | 55,436 | 88,031 | 18,901 | 55,381 |
| Per Quarter | | | 169,234 | | | 166,827 | | | 162,368 | |

FY 2010

| | | | |
|---|-----------|----------------------|---------------------------------------|
| Average Monthly Charges x 3 months | \$ 2,070 | 24,842 | 12 months - currently paying per year |
| | <u>3</u> | | |
| Average Charges for quarterly billing X 8 more billings per year | 6,211 | | |
| | <u>8</u> | | |
| Rate Year Adjustment | \$ 49,685 | | |
| Rate Year | \$ 74,527 | 677,517 bills at .11 | |

d. See table below.

| | | |
|---------------------------|-------------------|-----------|
| Field Investigator Salary | \$ | 31,140 |
| Fringe: | | |
| FICA | 7.65% | 2,382 |
| Union Pension | 20.69% | 6,443 |
| Retiree Health | 6.01% | 1,872 |
| Health Insurance | W/A based on WEES | 14,397 |
| Dental Insurance | | 920 |
| Vision Insurance | | <u>84</u> |
| Total Fringe | \$ | 26,098 |

Prepared by: WEE

BID PROPOSAL



NARRAGANSETT BAY COMMISSION
One Service Road
Providence, Rhode Island 02905
 Telephone (401) 461-8848
 Fax (401) 461-6540

E: 3/25/2008
 NO: 829
 OPENING:
 ATE: 4/14/08
 ME: 10:00 AM
 ER: Emily Petteruti
 JST
 ITER 02 34
 CAL
 R. 2008
 I. NO. 140556

BILL TO:
NARRAGANSETT BAY COMMISSION
One Service Road
Providence, RI 02905
Attention: Accounts Payable
SHIP TO:
NARRAGANSETT BAY COMMISSION

IMPORTANT- Insert unit price in both columns with brand, model number and name of your firm below.

| | |
|--|--|
| BIDDER: Cathedral CORPORATION | BIDDER: Cathedral CORPORATION |
| BID NO.829 | BID NO.829 |
| PAGE NO. 2 | PAGE NO. 2 |

| EM O. | COMMODITY CODE / DESCRIPTION | QTY | UNIT PRICE AND BRAND OR MODEL NO. | UNIT PRICE AND BRAND OR MODEL NO. |
|----------|---|-----|--------------------------------------|--------------------------------------|
| | Supply paper stock and provide printing and mailing services per NBC specifications. Blanket requirements : July 1, 2008 - June 30, 2009 NBC reserves the right to extend agreement for up to a maximum of three (3) additional twelve (12) month periods. Vendor must cite one firm price per piece for (User Fee Bill) Vendor must cite one firm price per piece for (Customer Collection Letter) NOTES: 1) NBC IS A RI PUBLIC CORPORATION AND IS EXEMPT FROM RI STATE SALES TAX. 2) NBC WILL MAKE ONE BID AWARD TO THE MOST RESPONSIVE AND RESPONSIBLE BIDDER WHERE BID IS THE LOWEST EVALUATED BID. | | EA. \$ 0.108 - EA. \$ 0.112 - | \$ 0.108 \$ 0.112 |
| | | | TERMS 30 DAYS | TERMS 30 DAYS |

I.N.: 14-0576820
 COMPANY NAME: Cathedral Corp.
 STREET AND NO.: 15 Blackstone Valley Place
 CITY: Lincoln, RI 02865
 NATURE: NATIONAL ACCOUNT MANAGER
 DATE: April 11, 2008
 TITLE: NATIONAL ACCOUNT MANAGER
 TELEPHONE: (401) 333-1020

Citizens Bank

CONTACT
CAULKINS, LINDA

0001

NARRAGANSETT BAY COMMISSION
C/O CITIZENS BANK
GOVERNMENT BANKING -RWR200
870 WESTMINSTER ST
PROVIDENCE RI 02903

WAIVED
FROM 11-01-2008
TO 11-30-2008

PAGE 1

RBS CITIZENS, N.A.
GROUP NO. 0001 001009-937-9 MUNICIPAL CHECKING ACCOUNT

ACCOUNTS INCLUDED IN ANALYSIS

| DEPOSITS | 0001 0001 | 001009-937-9 001106-887-6 | 0001 0001 | 001106-869-8 001638-934-4 |
|---------------------------|--------------|------------------------------|--------------|------------------------------|
| ----- | | | | |
| AVERAGE LEDGER BALANCE | | | | 374,562.57 |
| LESS AVERAGE FLOAT | | | | 325,166.37- |
| | | | | ----- |
| AVERAGE COLLECTED BALANCE | | | | 49,396.20 |
| LESS RESERVE REQUIREMENT | | | | 4,939.62- |
| | | | | ----- |
| AVERAGE AVAILABLE BALANCE | | | | 44,456.58 |
| LESS BALANCE REQUIRED | | | | 3,651,768.73- |
| | | | | ----- |
| EARNINGS CREDIT ALLOWANCE | | | | 47.41 |
| TOTAL CHARGE FOR SERVICES | | | | 3,895.22- |
| | | | | ----- |
| NET CHARGE FOR SERVICES | | | | 3,847.81- |
| ***SERVICE CHARGE AMOUNT | | | | .00 |

SERVICES ANALYZED

| SERVICE | NUMBER UNITS | UNIT PRICE | CHARGE FOR SERVICE | BALANCE REQUIRED |
|-------------------------------|-----------------|---------------|-----------------------|---------------------|
| CHECKING SERVICES | | | | |
| MONTHLY MAINTENANCE | 4 | 10.0000 | 40.00 | 37,500.00 |
| CHECKS AND ITEMS PAID | 514 | .0800 | 41.12 | 38,550.00 |
| DEPOSITS | 62 | .6000 | 37.20 | 34,875.00 |
| ITEMS DEPOSITED | 27,938 | .0400 | 1,117.52 | 1,047,675.00 |
| DEPOSITED CK RETURN FEE | 22 | 2.5000 | 55.00 | 51,562.50 |
| RETURN DEP ITEM SPEC HANDLING | 4 | .0000 | .00 | |
| MULTIPLE MAKER FEE | 2 | .0000 | .00 | |

DIV 1-61 Please identify the amount of laboratory staff overtime in the test year.

Answer: Laboratory overtime paid in the test year was \$22,182.

Prepared by: WEE

DIV 1-62 Please explain how the elimination of the need for laboratory overtime referenced on page 38 of Mr. Edge's testimony has been accounted for in NBC's filing.

Answer: The laboratory overtime was not reduced in the filing although NBC is hopeful that it would be lower if all positions were allowed and filled during the rate year.

Prepared by: WEE

Div 1-63 Please identify the dates the CSO Phase I facilities were placed in operation. For each month since start-up, please provide the following:

- i. Natural gas consumption in therms.
- ii. Electric usage in kWh.

Answer: The CSO Phase I facilities were placed in operation on November 1, 2008.

i.

Tunnel Pump Station therms

| FY 2009 | Therms |
|----------------|---------------|
| July | N/A |
| August | N/A |
| September | N/A |
| October | N/A |
| November | 2,639 |
| December | 1,181 |
| | <u>3,820</u> |

ii.

Tunnel Pump Station kWh

| FY 2009 | kWh |
|----------------|----------------|
| July | N/A |
| August | N/A |
| September | N/A |
| October | N/A |
| 11/1/2008 | 11/10/2008 |
| | 122,400 |
| 11/10/2008 | 12/10/2008 |
| | 432,000 |
| 12/10/2008 | 1/13/2009 |
| | <u>655,200</u> |
| | 1,209,600 |

*The National Grid bill for the period of 10/09/08 – 11/10/08 was for 213,600 kWh. NBC had taken a meter reading on 11/01/2008. The electricity costs prior to November 1st were the responsibility of NBC's contractor. Therefore, NBC's prorated kWh are shown above.

Prepared by: WEE

DIV 1-64 In light of the significant continued increases in NBC's costs, please explain why it would not be reasonable to increase rates for permit fees, BOD/TSS surcharges and septage rates.

Answer: Each of these revenue sources has been declining over time and is not a reliable future revenue source.

Prepared by: WEE