

# General Rate Filing

December 22, 2008



One Service Road  
Providence, Rhode Island 02905  
401-461-8848 • TDD 401-461-6549 • FAX 401-461-6540

**Vincent J. Mesolella**  
Chairman

**Raymond J. Marshall, P.E.**  
Executive Director

# KEOUGH & SWEENEY, LTD.

ATTORNEYS AND COUNSELORS AT LAW  
100 ARMISTICE BOULEVARD  
PAWTUCKET, RHODE ISLAND 02860

JOSEPH A. KEOUGH JR.\*  
JEROME V. SWEENEY III\*

SEAN P. KEOUGH\*  
MARGARET HOGAN SWEENEY\*

JEROME V. SWEENEY II  
OF COUNSEL

\*ADMITTED TO PRACTICE IN  
RHODE ISLAND & MASSACHUSETTS

TELEPHONE  
(401) 724-3600  
FACSIMILE  
(401) 724-9909

[www.keoughsweeney.com](http://www.keoughsweeney.com)

BOSTON OFFICE:  
171 MILK STREET  
SUITE 30  
BOSTON, MA 02109  
TEL. (617) 574-0054  
FAX (617) 451-1914

December 22, 2008

The Honorable Elia Germani, Chairman  
State of Rhode Island  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

RE: Narragansett Bay Commission  
General Rate Filing

Dear Chairman Germani:

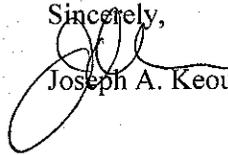
On behalf of the Narragansett Bay Commission (hereinafter "NBC"), enclosed you will find revised rate schedules which NBC proposes to be placed in effect in thirty (30) days. The new rates are designed to collect total revenues in a twelve-month period equal to \$78,751,850. While the Commission can suspend the rates for up to six months from the proposed effective date, we would respectfully request that a decision on enclosed rate application be rendered by June 30, 2009 so that new rates can be put into effect at the beginning of Fiscal Year 2010.

In the enclosed filing we have include pre-filed testimony from two witnesses to be presented by NBC, as well as schedules and exhibits in support of the revised rates. We have also included a copy of our proposed notice to be published in the Providence Journal. We would respectfully ask that your staff review the proposed notice so that it might be published within the period prescribed by law.

The following individuals should receive all correspondence concerning any additional information required by the Public Utilities Commission: Karen L. Giebink, Director of Administration & Finance, Narragansett Bay Commission, One Service Road, Providence, Rhode Island, 02905, and Joseph A. Keough, Jr., Esquire, Keough & Sweeney, 100 Armistice Boulevard, Pawtucket, Rhode Island 02860. Joseph A. Keough, Jr. will act as legal counsel for NBC and will represent the utility in all matters concerning this rate application.

Thank you for your attention to these matters.

Sincerely,

  
Joseph A. Keough, Jr.

# PUC General Rate Filing Checklist

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FY 2009 Projected Units & Current Rates	WEE-2B
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Schedule of lease payments for all property and equipment for the test and rate years	Lease Schedule
A schedule presenting the principal and interest amounts paid on debt service (long-term and short-term debt) for the test year.	Principal and Interest Paid during test year
Debt source payments for fiscal year 2008	Debt Service
Provide a description of each issue to include: source of funding, amount of original issue, date, interest rate, repayment terms, security pledged on borrowing, and other pertinent information.	Long-Term Debt
Number of employees at beginning and end of test year and the dollar amount of overtime paid during the test year and the previous two years.	Employee/Overtime Analysis
A summary on the status of compliance and reporting required by prior Commission orders.	Compliance Reporting
An accounting summary of restricted accounts to provide the funding, interest accrual, and expenditures of each restricted account since the date of the last rate order.	Docket 3639 Compliance on Restricted Accounts
Balance Sheet for the Test Year	See Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets
Amortization of Regulatory Expense	WEE Testimony Page 41
Annual Report for previous two years	Previously filed with PUC, additional copies available upon request

## CERTIFICATE OF SERVICE

I, Karen L. Giebink, hereby certify that I have, on this 22nd day of December, 2008 caused a copy of the within General Rate Case Filing of the Narragansett Bay Commission to be served on the Administrator of the Division of Public Utilities and Carriers and the Office of the Attorney General.

A handwritten signature in black ink, appearing to read 'Karen L. Giebink', is written over a horizontal line.

Karen L. Giebink,  
Director of Administration and Finance

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**PUBLIC UTILITIES COMMISSION**

IN RE: NARRAGANSETT BAY COMMISSION  
GENERAL RATE FILING OF December 22, 2008

**NOTICE OF CHANGE IN RATE SCHEDULES**

Pursuant to R.I.G.L. SECTION 39-3-11, and in accordance with Rule 1.9 and Part Two of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission ("Commission"), the Narragansett Bay Commission ("NBC") hereby gives notice of proposed changes in rates, which we previously filed and published in compliance with R.I.G.L., Section 39-3-10.

The proposed changes are contained in the accompanying Exhibits. The new residential and non-residential rates, as proposed, are to become effective January 22, 2009. The new rates are designed to collect revenues in a 12-month period equal to \$78,751,850.

- 1) NBC is a public corporation of the State of Rhode Island, created by chapter 25 of title 46 of the Rhode Island General Laws, and having a distinct legal existence separate from the State; NBC's principal address is Narragansett Bay Commission, One Service Road, Providence, RI 02905. Pursuant to the Chapter 25 of Title 46, NBC is authorized to do business within the State of Rhode Island.
- 2) Correspondence in accordance with Rule 1.9 (a) (2) should be addressed to Karen Giebink, Director of Administration and Finance, Narragansett Bay Commission, One Service Road, Providence, RI, 02903 and Joseph Keough, Legal Counsel, Keough & Sweeney 100 Armistice Boulevard Pawtucket, Rhode Island 02860.
- 3) In accordance with rule 1.9 and part Two of the Rules, the documents accompanying this filing contain data, information and testimony in support of NBC's application.
- 4) A copy of the materials herewith filed has been sent to the Administrator of the Division and the Attorney General for the State of Rhode Island.



Karen L. Giebjnk  
Director of Administration and Finance  
Narragansett Bay Commission

STATE OF RHODE ISLAND  
COUNTY OF PROVIDENCE

Subscribed and sworn to before me on this the 22nd day of December 2008, Pursuant to  
the PUC Rule 1.9.



Sari J. Vermon 12/22/08  
Notary Public

**TARIFFS OF THE NARRAGANSETT BAY COMMISSION**

**SCHEDULE A**

**NARRAGANSETT BAY COMMISSION**

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

**Applicability**

Applicable throughout the entire territory served by the Field's Point and Bucklin Point Wastewater Treatment Facilities and operated by the Narragansett Bay Commission.

**Sewer Use Fee Schedule**

**RESIDENTIAL**

All residential structures up to and including six (6) dwelling units. All residential condominiums will be billed under residential tariffs regardless of the number of dwelling units per structure/meter.

**NBC Service Area:**

**CUSTOMER CHARGE:**

\$124.98 per dwelling unit per year

**CONSUMPTION CHARGE:**

\$2.569 per hundred cubic feet of 100% of water used

**Residential Well Customers**

\$375.71 Based upon fixed fee and average usage of 200 gpd

**INDUSTRIAL**

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

<b><u>CUSTOMER CHARGE</u></b>	<b><u>METER SIZE</u></b>	<b><u>FIXED FEE</u></b>
	5/8"	\$281
	3/4"	\$420
	1"	\$699
	1 1/2"	\$1,401
	2"	\$2,239
	3"	\$4,195
	4"	\$6,991
	6"	\$13,987
	8"	\$22,379
	10"	\$32,171

**CONSUMPTION CHARGE:**

**NBC Service Area:**

\$2.395 per hundred cubic feet of 100% of water used.

## Existing Tariffs

### COMMERCIAL

All other structures. This includes mixed use structures (i.e., combined residential/non-residential) and half-way houses and/or boarding type facilities where unrelated persons rent rooms.

<u>CUSTOMER CHARGE</u>	<u>METER SIZE</u>	<u>FIXED FEE</u>
	5/8"	\$281
	3/4"	\$420
	1"	\$699
	1 1/2"	\$1,401
	2"	\$2,239
	3"	\$4,195
	4"	\$6,991
	6"	\$13,987
	8"	\$22,379
	10"	\$32,171

### CONSUMPTION CHARGE:

**NBC Service Area:**

\$3.725 per hundred cubic feet of 100% of water used.

### BILLING

**Residential** - Fixed fee bills rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

**Condominiums (residential)** - Fixed fee to be rendered to property owners and/or associations, quarterly. Consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board.

**Industrial** - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

**Commercial** - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board.

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

### PAYMENT

All bills are due and payable upon receipt. Interest will be charged 30 days after the billing date at the rate of 1% per month on any unpaid balance, including any outstanding interest charges.

## TARIFFS OF THE NARRAGANSETT BAY COMMISSION

**SCHEDULE B**

## NARRAGANSETT BAY COMMISSION

<b>EFFECTIVE:</b>	Pretreatment Annual Permit Fee:	June 30, 2003
	New Sewer Connection Fee:	July 1, 2005
	BOD/TSS Surcharge:	June 30, 2003
	Septic Tank Waste Discharge Fee:	
	A. Septic Tank Waste Discharge Fee	May 6, 2005
	B. Uniform Septage Disposal Fee	April 1, 2008
	Sewer Back-up Removal Fee:	March 24, 1995
	Abatement Application Fee:	January 29, 2001

**Miscellaneous Charges**

1. Pretreatment Annual Permit Fee: Applicable to all users regulated under R.I.G.L. 46-25-25 and the NBC's Rules and Regulations.

<b>CAT #</b>	<b>User Classification</b>	<b>Permit Fee</b>
11	<b>Electroplater/Metalfinisher</b>	
	Flow < 2,500 GPD	\$1,811
	Flow ≥ 2,500 < 10,000 GPD	\$3,623
	Flow ≥ 10,000 GPD < 50,000	\$7,246
	Flow ≥ 50,000 GPD < 100,000 GPD	\$10,144
	Flow ≥ 100,000	\$10,869
12	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufacturers</b>	\$7,246
14	<b>Other Categorical Industries</b>	\$1,087
15	<b>Metal Formers</b>	\$5,797
21	<b>Tubbing/Vibratory/Mass Finishing</b>	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	<b>Chemical Transporters, Refiners, Recyclers, Manufacturers</b>	\$2,898
23	<b>Textile Processing Firms</b>	
	Flow < 2,500 GPD	\$1,449
	Flow ≥ 2,500 < 10,000 GPD	\$3,768
	Flow ≥ 10,000 < 50,000	\$5,072
	Flow ≥ 50,000 GPD	\$7,246

## Existing Tariffs

CAT #	User Classification	Permit Fee
24	<b>Printers</b>	
	Gravure	\$3,623
	Other Flow $\geq$ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	<b>Industrial Laundries</b>	\$3,623
26	<b>Machine Shops/Machinery Rebuilders</b>	\$1,449
27	<b>Other firms discharging toxics and/or prohibited pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$2,898
	Flow $\geq$ 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	<b>Central Treatment</b>	\$14,492
29	<b>Central Treatment Facilities</b>	\$4,348
	Non-Hazardous Waste	
34	<b>Manufacturers with high BOD/TSS wastestreams</b>	
	Flow $\geq$ 100,000 GPD	\$5,797
	50,000 GPD $\leq$ Flow < 100,000 GPD	\$3,623
	10,000 GPD $\leq$ Flow < 50,000 GPD	\$1,811
	Flow < 10,000 GPD	\$1,087
35	<b>Other facilities discharging conventional pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	<b>Automotive Maintenance/Service Facilities</b>	
	Small $\leq$ 2 Bays	\$435
	Large $\geq$ 3 Bays	\$1,449
40	<b>Groundwater Remediation/Excavation Projects</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725

## Existing Tariffs

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

## Existing Tariffs

CAT #	User Classification	Permit Fee
84	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional Pollutants</b>	\$362
85	<b>Restaurants</b>	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food ( 2 or more fryolators and/or	\$580
86	<b>Commercial Buildings with Cafeteria and/or laundry operations</b>	\$725
89	<b>Other Commercial Facilities with Potential to Discharge Conventional Pollutants</b>	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
90	<b>Hospitals</b>	\$3,623
91	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	\$362
92	<b>Laundries/Dry Cleaners</b>	
	Laundromats	\$725
	Dry Cleaners with 1 washer or less	\$362
	Dry Cleaners with ≥ 2 washers	\$725
93	<b>Photo Processing</b>	
	< 1,000 GPD	\$362
	1,000 GPD ≤ Flow < 2,500	\$725
	2,500 GPD - 5,000 GPD	\$1,087
	> 5,000 GPD	\$1,449
94	<b>X-Ray Processing</b>	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449

## Existing Tariffs

CAT #	User Classification	Permit Fee
95	<b>Clinical, Medical and Analytical Laboratories</b>	\$725
96	<b>Funeral Homes/Enbalming Operations</b>	\$362
97	<b>Motor Vehicle Service/Washing Operations</b>	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	<b>Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	
	Flow < 2,500 GPD	\$362
	Flow ≥ 2,500 GPD	\$725

**NOTE: All flow rates are based upon operating days.**

**2. New Sewer Connection Fee:** Applicable to all applications for a new service connection directly or indirectly to NBC facilities. Payable at the time of application.

Residential	\$260.00 per connection
Commercial	\$779.00 per connection
Industrial	\$779.00 per connection

**3. Sewer Back-up Removal Fee:** Applicable to all visits by Commission personnel to clear a sewer blockage when such blockage is determined to be a private sewer and is cleared by Commission personnel.

Charge: \$75.00 per incident

**4. Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

A. Charge:	\$42.00 per thousand gallons
B. Uniform Septage Disposal fee:	\$1.00 per every hundred gallons of septage

**5. BOD/TSS Surcharge:** (if applicable)

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

\* To be assessed as the result of compliance with an industrial permit or NBC requirement.

**6. Abatement Application Fee:** Applicable to all applicants who request an abatement to sewer user fees charged. Payable at the time of application.

Charge: \$36.00

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

**SCHEDULE A**

**NARRAGANSETT BAY COMMISSION**

<b>EFFECTIVE:</b>	Customer Charge:	July 1, 2008	January 22, 2009
	Consumption Charge:	July 1, 2008	January 22, 2009

**Applicability**

Applicable throughout the entire territory served by the Field's Point and Bucklin Point Wastewater Treatment Facilities and operated by the Narragansett Bay Commission.

**Sewer Use Fee Schedule**

**RESIDENTIAL**

All residential structures up to and including six (6) dwelling units. All residential condominiums will be billed under residential tariffs regardless of the number of dwelling units per structure/meter.

**NBC Service Area:**

**CUSTOMER CHARGE:**

~~\$124.98~~ per dwelling unit per year  
**\$141.79**

**CONSUMPTION CHARGE:**

~~\$2.569~~ per hundred cubic feet of 100% of water used  
**\$2.915**

**Residential Well Customers**

~~\$375.71~~ Based upon fixed fee and average usage of 200 gpd  
**\$426.24**

**INDUSTRIAL**

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

<b>CUSTOMER CHARGE</b>	<b><u>METER SIZE</u></b>	<b><u>FIXED FEE</u></b>	
	5/8"	<del>\$281</del>	<b>\$319</b>
	3/4"	<del>\$420</del>	<b>\$476</b>
	1"	<del>\$699</del>	<b>\$793</b>
	1 1/2"	<del>\$1,401</del>	<b>\$1,589</b>
	2"	<del>\$2,239</del>	<b>\$2,540</b>
	3"	<del>\$4,195</del>	<b>\$4,759</b>
	4"	<del>\$6,991</del>	<b>\$7,931</b>
	6"	<del>\$13,987</del>	<b>\$15,868</b>
	8"	<del>\$22,379</del>	<b>\$25,389</b>
	10"	<del>\$32,171</del>	<b>\$36,498</b>

**CONSUMPTION CHARGE:**

**NBC Service Area:**

~~\$2.395~~ per hundred cubic feet of 100% of water used.  
**\$2.717**

# Marked-up Tariffs

## COMMERCIAL

All other structures. This includes mixed use structures (i.e., combined residential/non-residential) and half-way houses and/or boarding type facilities where unrelated persons rent rooms.

<u>CUSTOMER CHARGE</u>	<u>METER SIZE</u>	<u>FIXED FEE</u>	
	5/8"	\$281	\$319
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	1"	\$699	\$793
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	3"	\$4,195	\$4,759
	4"	\$6,991	\$7,931
	6"	\$13,987	\$15,868
	8"	\$22,379	\$25,389
	10"	\$32,171	\$36,498

## CONSUMPTION CHARGE:

NBC Service Area:

~~\$3.725~~ per hundred cubic feet of 100% of water used.

\$4.226

## BILLING

**Residential** - Fixed fee bills rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

**Condominiums (residential)** - Fixed fee to be rendered to property owners and/or associations, quarterly. Consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board.

**Industrial** - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

**Commercial** - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board.

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

## PAYMENT

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**SCHEDULE B**

**NARRAGANSETT BAY COMMISSION**

**EFFECTIVE:**

Pretreatment Annual Permit Fee:	June 30, 2003
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A. Septic Tank Waste Discharge Fee	May 6, 2005
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Sewer Back-up Removal Fee:	March 24, 1995
Abatement Application Fee:	January 29, 2001

**Miscellaneous Charges**

1. Pretreatment Annual Permit Fee: Applicable to all users regulated under R.I.G.L. 46-25-25 and the NBC's Rules and Regulations.

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	Flow < 2,500 GPD	\$1,811
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	Flow ≥ 10,000 GPD < 50,000	\$7,246
	Flow ≥ 50,000 GPD < 100,000 GPD	\$10,144
	Flow ≥ 100,000	\$10,869
12	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufacturers</b>	\$7,246
14	<b>Other Categorical Industries</b>	\$1,087
15	<b>Metal Formers</b>	\$5,797
21	<b>Tubbing/Vibratory/Mass Finishing</b>	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	<b>Chemical Transporters, Refiners, Recyclers, Manufacturers</b>	\$2,898
23	<b>Textile Processing Firms</b>	
	Flow < 2,500 GPD	\$1,449
	Flow ≥ 2,500 < 10,000 GPD	\$3,768
	Flow ≥ 10,000 < 50,000	\$5,072
	Flow ≥ 50,000 GPD	\$7,246

## Marked-up Tariffs

CAT #	User Classification	Permit Fee
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	Gravure	\$3,623
	Other Flow $\geq$ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	<b>Industrial Laundries</b>	\$3,623
26	<b>Machine Shops/Machinery Rebuilders</b>	\$1,449
27	<b>Other firms discharging toxics and/or prohibited pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$2,898
	Flow $\geq$ 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	<b>Central Treatment</b>	\$14,492
29	<b>Central Treatment Facilities</b> Non-Hazardous Waste	\$4,348
34	<b>Manufacturers with high BOD/TSS wastestreams</b>	
	Flow $\geq$ 100,000 GPD	\$5,797
	50,000 GPD $\leq$ Flow < 100,000 GPD	\$3,623
	10,000 GPD $\leq$ Flow < 50,000 GPD	\$1,811
	Flow < 10,000 GPD	\$1,087
35	<b>Other facilities discharging conventional pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	<b>Automotive Maintenance/Service Facilities</b>	
	Small $\leq$ 2 Bays	\$435
	Large $\geq$ 3 Bays	\$1,449
40	<b>Groundwater Remediation/Excavation Projects</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725

## Marked-up Tariffs

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

## Marked-up Tariffs

CAT #	User Classification	Permit Fee
84	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional Pollutants</b>	\$362
85	<b>Restaurants</b>	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food ( 2 or more fryolators and/or	\$580
86	<b>Commercial Buildings with Cafeteria and/or laundry operations</b>	\$725
89	<b>Other Commercial Facilities with Potential to Discharge Conventional Pollutants</b>	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
90	<b>Hospitals</b>	\$3,623
91	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	\$362
92	<b>Laundries/Dry Cleaners</b>	
	Laundromats	\$725
	Dry Cleaners with 1 washer or less	\$362
	Dry Cleaners with ≥ 2 washers	\$725
93	<b>Photo Processing</b>	
	< 1,000 GPD	\$362
	1,000 GPD ≤ Flow < 2,500	\$725
	2,500 GPD - 5,000 GPD	\$1,087
	> 5,000 GPD	\$1,449
94	<b>X-Ray Processing</b>	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449

## Marked-up Tariffs

CAT #	User Classification	Permit Fee
95	<b>Clinical, Medical and Analytical Laboratories</b>	\$725
96	<b>Funeral Homes/Enbalming Operations</b>	\$362
97	<b>Motor Vehicle Service/Washing Operations</b>	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	<b>Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	
	Flow < 2,500 GPD	\$362
	Flow ≥ 2,500 GPD	\$725

**NOTE: All flow rates are based upon operating days.**

**2. New Sewer Connection Fee:** Applicable to all applications for a new service connection directly or indirectly to NBC facilities. Payable at the time of application.

Residential	\$260.00 per connection
Commercial	\$779.00 per connection
Industrial	\$779.00 per connection

**3. Sewer Back-up Removal Fee:** Applicable to all visits by Commission personnel to clear a sewer blockage when such blockage is determined to be a private sewer and is cleared by Commission personnel.

Charge:	\$75.00 per incident
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**4. Septic Tank Waste Discharge Fee:** Applicable to all discharges of septic tank waste into the NBC system.

A. Charge:	\$42.00 per thousand gallons
B. Uniform Septage Disposal fee:	\$1.00 per every hundred gallons of septage

**5. BOD/TSS Surcharge:** (if applicable)

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

\* To be assessed as the result of compliance with an industrial permit or NBC requirement.

**6. Abatement Application Fee:** Applicable to all applicants who request an abatement to sewer user fees charged. Payable at the time of application.

Charge:	\$36.00
---------	---------

**TARIFFS OF THE NARRAGANSETT BAY COMMISSION**

**SCHEDULE A**

**NARRAGANSETT BAY COMMISSION**

**EFFECTIVE:** Customer Charge: January 22, 2009  
Consumption Charge: January 22, 2009

**Applicability**

Applicable throughout the entire territory served by the Field's Point and Bucklin Point Wastewater Treatment Facilities and operated by the Narragansett Bay Commission.

**Sewer Use Fee Schedule**

**RESIDENTIAL**

All residential structures up to and including six (6) dwelling units. All residential condominiums will be billed under residential tariffs regardless of the number of dwelling units per structure/meter.

**NBC Service Area:**

**CUSTOMER CHARGE:**

\$141.79 per dwelling unit per year

**CONSUMPTION CHARGE:**

\$2.915 per hundred cubic feet of 100% of water used

**Residential Well Customers**

\$426.24 Based upon fixed fee and average usage of 200 gpd

**INDUSTRIAL**

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

<b>CUSTOMER CHARGE</b>	<b><u>METER SIZE</u></b>	<b><u>FIXED FEE</u></b>
	5/8"	\$319
	3/4"	\$476
	1"	\$793
	1 1/2"	\$1,589
	2"	\$2,540
	3"	\$4,759
	4"	\$7,931
	6"	\$15,868
	8"	\$25,389
	10"	\$36,498

**CONSUMPTION CHARGE:**

**NBC Service Area:**

\$2.717 per hundred cubic feet of 100% of water used.

# Proposed Tariffs

## COMMERCIAL

All other structures. This includes mixed use structures (i.e., combined residential/non-residential) and half-way houses and/or boarding type facilities where unrelated persons rent rooms.

<u>CUSTOMER CHARGE</u>	<u>METER SIZE</u>	<u>FIXED FEE</u>
	5/8"	\$319
	3/4"	\$476
	1"	\$793
	1 1/2"	\$1,589
	2"	\$2,540
	3"	\$4,759
	4"	\$7,931
	6"	\$15,868
	8"	\$25,389
	10"	\$36,498

## CONSUMPTION CHARGE:

**NBC Service Area:**

\$4.226 per hundred cubic feet of 100% of water used.

## BILLING

**Residential** - Fixed fee bills rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

**Condominiums (residential)** - Fixed fee to be rendered to property owners and/or associations, quarterly. Consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board.

**Industrial** - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board.

**Commercial** - Fixed fee to be rendered to property owners quarterly. Consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board.

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

## PAYMENT

All bills are due and payable upon receipt. Interest will be charged 30 days after the billing date at the rate of 1% per month on any unpaid balance, including any outstanding interest charges.

TARIFFS OF THE NARRAGANSETT BAY COMMISSION

**SCHEDULE B**

**NARRAGANSETT BAY COMMISSION**

**EFFECTIVE:**

Pretreatment Annual Permit Fee:	June 30, 2003
New Sewer Connection Fee:	July 1, 2005
BOD/TSS Surcharge:	June 30, 2003
Septic Tank Waste Discharge Fee:	
A. Septic Tank Waste Discharge Fee	May 6, 2005
B. Uniform Septage Disposal Fee	April 1, 2008
Sewer Back-up Removal Fee:	March 24, 1995
Abatement Application Fee:	January 29, 2001

**Miscellaneous Charges**

1. Pretreatment Annual Permit Fee: Applicable to all users regulated under R.I.G.L. 46-25-25 and the NBC's Rules and Regulations.

<b>CAT #</b>	<b>User Classification</b>	<b>Permit Fee</b>
11	<b>Electroplater/Metalfinisher</b>	
	Flow < 2,500 GPD	\$1,811
	Flow ≥ 2,500 < 10,000 GPD	\$3,623
	Flow ≥ 10,000 GPD < 50,000	\$7,246
	Flow ≥ 50,000 GPD < 100,000 GPD	\$10,144
	Flow ≥ 100,000	\$10,869
12	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufacturers</b>	\$7,246
14	<b>Other Categorical Industries</b>	\$1,087
15	<b>Metal Formers</b>	\$5,797
21	<b>Tubbing/Vibratory/Mass Finishing</b>	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	<b>Chemical Transporters, Refiners, Recyclers, Manufacturers</b>	\$2,898
23	<b>Textile Processing Firms</b>	
	Flow < 2,500 GPD	\$1,449
	Flow ≥ 2,500 < 10,000 GPD	\$3,768
	Flow ≥ 10,000 < 50,000	\$5,072
	Flow ≥ 50,000 GPD	\$7,246

## Proposed Tariffs

CAT #	User Classification	Permit Fee
24	<b>Printers</b>	
	Gravure	\$3,623
	Other Flow $\geq$ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	<b>Industrial Laundries</b>	\$3,623
26	<b>Machine Shops/Machinery Rebuilders</b>	\$1,449
27	<b>Other firms discharging toxics and/or prohibited pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$2,898
	Flow $\geq$ 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	<b>Central Treatment</b>	\$14,492
29	<b>Central Treatment Facilities</b> Non-Hazardous Waste	\$4,348
34	<b>Manufacturers with high BOD/TSS wastestreams</b>	
	Flow $\geq$ 100,000 GPD	\$5,797
	50,000 GPD $\leq$ Flow < 100,000 GPD	\$3,623
	10,000 GPD $\leq$ Flow < 50,000 GPD	\$1,811
	Flow < 10,000 GPD	\$1,087
35	<b>Other facilities discharging conventional pollutants</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	<b>Automotive Maintenance/Service Facilities</b>	
	Small $\leq$ 2 Bays	\$435
	Large $\geq$ 3 Bays	\$1,449
40	<b>Groundwater Remediation/Excavation Projects</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725

## Proposed Tariffs

CAT #	User Classification	Permit Fee
42	<b>Other Process Operations Disconnected or Recycled</b>	\$290
43	<b>Recycle or Disconnected Electroplating or Chemical Processes with Cooling Water or Boiler Discharges</b>	\$870
44	<b>Other Recycled or Disconnected Process Operations with Cooling Water or Boiler Discharges</b>	\$362
46	<b>Cooling Water with Solvent, Toxic and/or Hazardous Chemicals on Site</b>	\$362
49	<b>Other Discharges with Solvents, Toxics and/or Hazardous Chemicals on Site</b>	
	Flow $\geq$ 10,000 GPD	\$1,087
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	Laundromats	\$725
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	2,500 GPD - 5,000 GPD	\$1,087
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94	<b>X-Ray Processing</b>	
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## Proposed Tariffs

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Charge: \$75.00 per incident

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A. Charge:	\$42.00 per thousand gallons
B. Uniform Septage Disposal fee:	\$1.00 per every hundred gallons of septage

**5. BOD/TSS Surcharge:** (if applicable)

Charge:	\$87.00 per 1,000 pounds of BOD with a concentration > 300 mg/l
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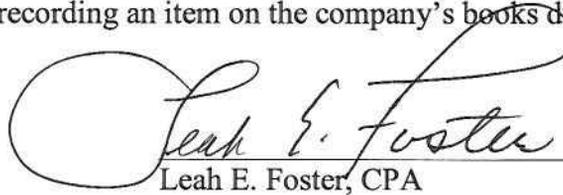
Charge: \$36.00

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 22, 2008**

STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION

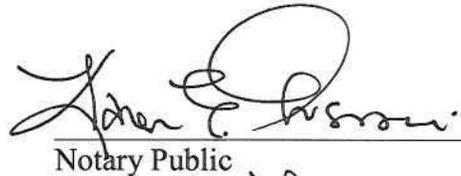
**ATTESTATION UNDER RULE 2.7**

I, Leah E. Foster, Controller, of the Narragansett Bay Commission, in conformance with part 2.7, of the Rules of Practice and Procedure of the Public Utilities Commission, hereby attest that the financial data presented in the rate base, cost of service, revenue statements and supporting data submitted herein are an accurate reflection of the books of the Narragansett Bay Commission. Any differences between the books and the test year data, and any changes in the manner of recording an item on the company's books during the test year have been expressly noted.

  
Leah E. Foster, CPA

STATE OF RHODE ISLAND  
PROVIDENCE, SC.

Subscribed and sworn to before me on this 22nd day of December, 2008.

  
Notary Public

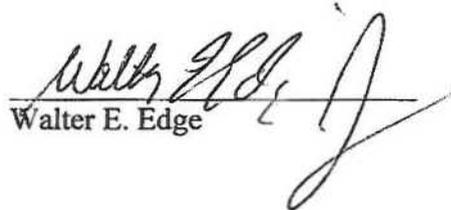
Karen E. Musumeci  
My Commission Expires - 3-4-2012

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 22, 2008**

NARRAGANSETT BAY COMMISSION

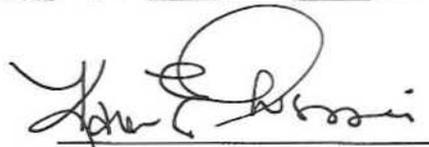
**ATTESTATION**

I, Walter E. Edge, President of B&E Consulting, hereby make affidavit that the testimony I presented on behalf of the Narragansett Bay Commission is true and correct to the best of my knowledge, information and belief.

  
Walter E. Edge

STATE OF RHODE ISLAND  
PROVIDENCE, SC.

Subscribed and sworn to before me on this 22nd day of December 2008.

  
Notary Public

Karen E. Musumeci

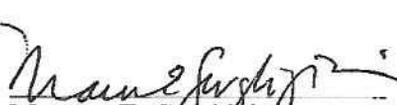
My Commission Expires 3-4-2012

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF December 22, 2008**

**NARRAGANSETT BAY COMMISSION**

**ATTESTATION**

I, Maureen E. Gurghigian, Managing Director of First Southwest Company, hereby make affidavit that the testimony I presented is true and correct to the best of my knowledge, information and belief.

  
Maureen E. Gurghigian

STATE OF RHODE ISLAND  
PROVIDENCE, SC.

Subscribed and sworn to before me on this 22nd day of December 2008.

  
Notary Public  
Karen E. Musumeci  
My Commission Expires 3-4-2012

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

**for  
THE NARRAGANSETT BAY COMMISSION**

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

**December 22, 2008**

1 **Q. Good morning Mr. Edge. Would you please give your name and business**  
2 **address for the record?**

3 A. Certainly, my name is Walter Edward Edge Jr. MBA, CPA. I work for the  
4 accounting/consulting firm of B&E Consulting LLC (B&E). My office is located at 21  
5 Dryden Lane, Providence, RI 02904. B&E is a certified public accounting firm that  
6 specializes in business, education, and utility accounting and consulting services.

7  
8 **Q. Are you the same Walter E. Edge Jr. who has testified as an expert accounting**  
9 **and rate witness in previous rate filings for Narragansett Bay Commission (NBC)?**

10 A. Yes. I have provided expert accounting and rate testimony for NBC on numerous  
11 occasions (most recently, Dockets 3905, 3797, 3775, 3707, 3639, 3592, and 3483). In  
12 addition to my testimony for NBC, I have provided similar services for other regulated  
13 clients such as Interstate Navigation Company, Block Island Power Company,  
14 Providence Water Supply Board, Pawtucket Water Supply Board, Newport Water,  
15 Woonsocket Water, and Stone Bridge Fire District. I have also provided accounting and  
16 rate testimonies for intervention in the Rhode Island Public Utility Commission (PUC)  
17 filings for Interstate Navigation (IHSF filing), the Town of North Smithfield  
18 (Woonsocket Water filing) and Osram Sylvania (Pawtucket Water filing). Further, I  
19 have completed rate studies for non-regulated utilities such as Warwick Water, Warwick  
20 Sewer, East Providence Water, Greenville Water and Harrisville Fire District.

21

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

23 A. NBC hired B&E to develop a normalized test year, FYE June 30, 2008 and a rate  
24 year, FYE June 30, 2010. B&E was engaged to prepare expert testimony in support of  
25 both the test year and the rate year, which included all the schedules and exhibits  
26 required by the rules and regulations of the Rhode Island Public Utilities Commission  
27 (PUC). In addition, B&E was asked to prepare and present appropriate rate design  
28 testimony (if necessary) and explore the benefits of monthly billing. As part of the  
29 engagement, B&E will also review the testimony of others, and assist with cross-  
30 examination. Lastly, B&E will assist legal counsel with the preparation of appropriate  
31 briefs.

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

4 A. Certainly. The last general rate filing (Docket 3905) was filed on December 1, 2007  
5 for implementation in the rate year, FYE June 30, 2009. The major items considered in  
6 Docket 3905 and their current status is as follows:

7  
8 1. Continued revenue shortfall in the rate year was one of the most important issues  
9 from Docket 3905. The issue had been raised in a number of previous dockets by  
10 NBC but has yet to be adequately addressed. Revenue shortfalls in the rate year have  
11 resulted from the over-estimation of consumption for the rate year and other factors.  
12 In other words, the consumption for the rate year in previous dockets has been  
13 significantly over-estimated, causing consumption rates to be calculated too low.  
14 This has resulted in significant rate year revenue shortfalls and a number of major  
15 issues for NBC, including the adverse effect on NBC's ability to meet its debt service  
16 coverage requirements.

17  
18 In this docket, NBC will provide the history of this issue, a summary of the previous  
19 arguments made regarding this issue, and a number of additional arguments that will  
20 show that this issue must be adequately addressed in this docket. NBC will present  
21 an approach that will address this issue. NBC is hopeful that the PUC will agree  
22 with NBC's approach.

23  
24 2. One of the other major issues in Docket 3905 was NBC's proposal for the  
25 establishment of an "Operating Reserve for Revenue Stability Fund" to protect NBC  
26 against significant consumption related revenue and cash shortfalls. NBC designed  
27 this fund to address the concerns voiced by the PUC and Division in Docket 3797  
28 when NBC proposed a similar fund. NBC appreciates the PUC's approval and the  
29 Division's support of the Operating Reserve for Revenue Stability Fund in Docket  
30 3905. This will be funded out of the restricted carry-forward at a level of \$1.5  
31 million per year up to a maximum of \$4.5 million.

1 The establishment and funding of this new reserve account was one of the positive  
2 factors cited in NBC's most recent credit review. I am pleased to inform the PUC and  
3 the Division that NBC's credit rating was upgraded to AA-, which is a significant  
4 accomplishment. The AA- credit rating will allow NBC to issue revenue bonds at  
5 favorable rates and access the market without insurance (see the testimony of  
6 Maureen Gurghigian for additional information on this topic).

7  
8 It is important to note that the Operating Reserve for Revenue Stability Fund was  
9 established to address unforeseen revenue shortfalls resulting from factors beyond the  
10 control of the NBC. It was not intended to deal with flaws in the rate-making process  
11 that result in ongoing revenue shortfalls which I indicated I will further discuss later  
12 on in my testimony.

13  
14 3. NBC requested and the PUC approved the continuance of the debt service  
15 compliance filing mechanism provided for in Docket 3483. In Docket 3905, the  
16 PUC authorized the continuation of the debt service compliance filing mechanism  
17 through FY 2013 under the same conditions as set forth in Docket 3483. This  
18 mechanism, for funding debt service and debt service coverage, will enable NBC to  
19 continue to fund its capital improvement program and was a positive factor cited in  
20 the credit rating report. NBC has not yet filed for an increase in debt service costs  
21 under this extended provision. Further, there is no debt service adjustment in this  
22 filing.

23  
24 4. NBC requested the pro-rated annual cost of operating the CSO Phase I Facilities  
25 scheduled to go on-line in October 2008 (FYE June 30, 2009). The PUC approved  
26 these costs in the last docket. Because there were no costs for the CSO Phase I  
27 Facilities in this test year (FYE June 30, 2008), NBC must project the annual cost  
28 related to the CSO Phase I Facilities for the entire rate year in this filing.

29

- 1 5. There were discussions regarding the Operating Reserve Allowance which was  
2 reduced in Docket 3905 to 1% of operating expenses, excluding debt service and  
3 personnel expenses.
- 4 6. Other lesser items addressed in Docket 3905 include 1) regulatory expense 2) salary  
5 increases 3) health insurance premiums and co-payments 4) management audit  
6 services 5) insurance 6) lab supplies 7) maintenance and service agreements 8)  
7 utilities and 9) rate design (an across-the-board rate increase was implemented).

8

9 **Q. Does that conclude your review of the significant issues addressed in the last**  
10 **docket?**

11 A. Yes.

12

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

14 A. They are as follows:

15

16 **1. Rate Year Revenue Issues:**

17 As I stated earlier, the most significant issue in this filing is the calculation of the rate  
18 year revenue. The over-estimation of rate year consumption in prior dockets has  
19 resulted in an over-estimation of rate year revenue, and this must be corrected in this  
20 filing. Other revenue issues such as the continued decline in consumption, composite  
21 rates, and consumption billing lags will also be discussed in this filing. Overall, the rate  
22 year revenue issue represents approximately 56% of the increase requested in this filing.

23

24 **2. Monthly Billing:**

25 Another important item in this rate filing is the implementation of monthly billing, which  
26 NBC believes will help to make NBC's bills more affordable to ratepayers, help alleviate  
27 some of the revenue lag issue and smooth out cash-flows.

28

29 **3. Increases in Salaries and Related Fringe Benefits:**

30 In addition to the above items, NBC's rate year cost of service reflects contracted  
31 increases in salaries and wages for union employees and similar modifications for non-

1 union employees. This filing also reflects changes in rates and employer contribution  
2 requirements related to employee benefits. Also included in the filing is the funding of  
3 four new positions. Two of the positions are related to increased sampling and analysis  
4 required as part of the Rhode Island Pollution Discharge Elimination System (RIPDES)  
5 permit and other regulatory compliance matters. Two of the positions relate to support of  
6 the customer service section, one position to assist in the collections effort, and one to  
7 support the implementation of monthly billing.

8  
9 **4. Utility Increases:**

10 NBC's four-year electricity supply contract will expire in the rate year and a significant  
11 increase in the cost of electricity supply is projected. NBC is also projecting increases in  
12 the cost of natural gas supply.

13  
14 **5. Operational Costs Related to a Full Year of Operation of the CSO Phase I**

15 **Facilities:**

16 The CSO Phase I Facilities will be operating for the entire rate year ending FYE June 30,  
17 2010. There are two aspects to the costs associated with the CSO Phase I Facilities as  
18 follows:

- 19     ➤ First, there are increased utility costs for operating the new tunnel pump station  
20         and controlling its environment.
- 21
- 22     ➤ Second, there are increased costs for the treatment of the additional flow from the  
23         CSO tunnel to the Field's Point Wastewater Treatment Facility.

24  
25 I have reviewed the calculations made by NBC staff and expert outside consultants in  
26 determining the impact on O&M, and made the appropriate adjustments.

27  
28 **6. Miscellaneous Adjustments:**

29 NBC is proposing other miscellaneous adjustments to reflect projected increases in  
30 the rate year for certain accounts which will be discussed individually.

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

2 A. NBC is requesting additional revenue in the amount of \$8,990,368 that will increase  
3 total rate year revenue to \$78,751,850. This represents a rate increase of 12.89%.

4 **Q. Will all the rates increase by the 12.89%?**

5 A. No, not all revenue accounts will be impacted by the proposed rate request.  
6 Therefore, the effective across-the-board rate increase on user rates will be 13.45%. (See  
7 Schedule WEE-19)

8

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

10 A. Yes.

11

12

13

1 **TEST YEAR (FYE June 30, 2008)**

2  
3 **Q. Mr. Edge, did B&E audit the test year?**

4 A. No, B&E was not the auditor of the FY 2008 financial statements. However, an  
5 independent audit of NBC was completed by a CPA firm and the audit results were used  
6 as the basis of the unadjusted test year. As part of my preparation for this filing, I  
7 reviewed the year end audit results (Audited Financial Statements), the audited trial  
8 balance and the detailed posting to many of the general ledger accounts. As a result of  
9 this review, I obtained a better understanding of the detailed transactions included in the  
10 revenues and expenses. My review was the basis for the normalized test year.

11  
12 **Q. How did you prepare the test year for this filing?**

13 A. I began the test year preparation with the June 30, 2008 audited financial statements  
14 that were prepared using Generally Accepted Accounting Principles (GAAP). I then  
15 made certain rate-making adjustments to convert the GAAP basis financial statements to  
16 a rate-making basis (such as removing depreciation and adding principal payments on  
17 long term debt). In addition to the rate-making adjustments, a number of other test year  
18 adjustments were made.

19  
20 The test year adjustments are as follows:

- 21
- 22 ➤ I did not make a test year adjustment to increase user fee revenues for the  
23 additional revenue expected from Docket 3905 in FY 2009 (the interim year in  
24 this docket) because I made a combined net adjustment reflecting the Docket  
25 3905 rate increase and the lower projected consumption units for FYE June 2010.  
26 (See my rate year revenue adjustments). Nevertheless, I calculated the additional  
27 revenue expected in FY 2009 from the rate increase in Docket 3905 using the test  
28 year units for comparison purposes. (See Schedule WEE-2A).
- 29

1       ➤ The next adjustment was the elimination of the investment income earned during  
2       the test year on the Project Funds and Debt Service Funds (\$1,840,913). This  
3       investment income is not available for operations.

4  
5       ➤ As in previous rate cases, I have eliminated Environmental Enforcement revenues  
6       (\$75,500) and related expenses in the Public Outreach account (\$10,588), Other  
7       Operating Supplies and Expense (\$2,658), and Other Services (\$714). This  
8       revenue account and the related expenses are legislatively mandated and not  
9       available for operations.

10  
11       ➤ Grant activity is the next test year adjustment. Grant revenue is related  
12       specifically to grant approved expenditures and therefore the revenue is not  
13       available to pay for normal operations. I have removed all of the grant revenues  
14       (\$27,653) and the grant expenses charged to the Non-Union Regular Salaries  
15       account (\$27,653).

16  
17       ➤ I added \$330,000 to test year revenue for the amortization of the Special Master  
18       account. The PUC ordered NBC to amortize the \$660,000 balance over two  
19       years FYE June 30, 2008 (the test year) and FYE June 30, 2009 (the interim  
20       year). I will reverse this adjustment for the rate year because the amortization  
21       ended in FY 2009.

22  
23       ➤ The next adjustment was the removal of depreciation (\$7,124,163) and all but  
24       \$9,690 of the annual amortization expense of \$339,482 from the test year.  
25       The amortization of \$9,690 is for the Bucklin Point organization cost that was  
26       established a number of years ago by the Auditor General's office. This  
27       adjustment is needed because NBC is regulated on a cash basis.

28  
29  
30

1       ➤ The next adjustment was to reflect the capital outlays purchased in the test year in  
2       the amount of \$1,746,443 that were charged to capital accounts and not expensed.  
3       I made these test year adjustments to show the level of Capital Outlays in the test  
4       year. I will reverse these adjustments in the rate year.

5

6       ➤ I then added back to the test year the cost of debt service principal payments in  
7       the amount of \$16,800,972. In addition, I have added to the test year the debt  
8       service coverage allowance of \$8,138,699 approved in Docket 3905. I made an  
9       adjustment of \$2,670,346 to test year interest expense to reflect the interest  
10      expense allowed in Docket 3905.

11

12      ➤ Next I calculated the Net Operating Reserve in the amount of \$146,866 based on  
13      the methodology approved by the PUC in Docket 3905.

14

15      ➤ I eliminated a one-time gain on the disposal of assets in the amount of \$12,484.

16

17      ➤ I increased Workers Compensation Insurance by a total of \$66,873. This was the  
18      net result of three adjustments: elimination of a one-time cash receipt of \$36,568  
19      for the State ordered refund, removal of a \$13,139 refund for the FY 2007 audit,  
20      and an increase of \$17,166 for the FY 2008 audit.

21

22      **Q. Mr. Edge, you have made a number of relatively minor test year adjustments.**

23      **Why have you spent so much time and effort on the test year?**

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

27

28      **Q. Mr. Edge, did you complete a schedule that shows the test year revenue by**  
29      **source that ties into the audited financial statements for FY 2008?**

30      A. Yes, see Schedule WEE-2.

31

1 **Q. Have you provided historic revenues and expenses for the last four years?**

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

4

5 **Q. Does your adjusted test year represent a level of activity for a normalized year**  
6 **of NBC?**

7 A. Yes, it does.

1 **RATE YEAR (FYE June 30, 2010)**

2  
3 **Q. Mr. Edge, how would you like to proceed with your rate year testimony?**

4 A. In an attempt to reduce the number of issues in this docket, I have reviewed the test  
5 year revenue and expense accounts to determine the best approach for dealing with the  
6 more than 100 general ledger accounts. Consistent with previous dockets, I noticed that  
7 the accounts can be grouped into four generally related account groups. These  
8 groupings were reviewed and evaluated together. The remaining accounts were  
9 analyzed individually. The groups are as follows:

- 10
- 11 1. Revenue accounts (18 accounts).
  - 12
  - 13 2. Personnel service accounts (20 accounts). These accounts are all payroll and  
14 payroll related accounts.
  - 15
  - 16 3. Capital outlays (12 accounts). These accounts were added to the test year  
17 only to show the level of spending in the test year. As stated earlier, these  
18 capital expenditures are not paid from operating revenues. Therefore, I have  
19 removed them in the rate year.
  - 20
  - 21 4. There are 8 revenue accounts, and 44 expense accounts that have balances in  
22 the test year of less than \$200,000, that were left at test year levels for the rate  
23 year, with the exception of those accounts affected by the CSO Phase I  
24 Facilities impact on Field's Point operations (see schedule WEE-16). (Please  
25 note that a \$200,000 balance in any one account represents only about 0.26%,  
26 just a bit more than 1/4 of one percent, of the rate year revenue requirement.)  
27 I believe that if I projected the individual rate year balances for these accounts  
28 the net change would be immaterial to the overall revenue requirement. In  
29 addition, the overall adjustment would most likely be an increase to the  
30 revenue requirement because of inflation.
  - 31

1 **REVENUES:**

2  
3 **Q. Mr. Edge, what has been the most significant issue regarding the projection of**  
4 **rate year revenue in NBC's recent dockets?**

5 A. Using the test year consumption levels to project the rate year consumption has been  
6 the most significant issue. In Docket 3905, NBC provided significant information in the  
7 form of tables and testimony related to the critical issue of consumption revenue  
8 shortfalls in the rate year. The information clearly showed that NBC's billable  
9 consumption over the last few years has declined each year (see table below).

10  
11 **Historical Consumption (HCF)**

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

12  
13  
14 Despite the above information, the Division's position in Docket 3905 was that the rate  
15 year consumption should be projected at the test year consumption levels. NBC  
16 accepted the Division's position with the hope that consumption would not continue to  
17 decline and instead remain at test year levels.

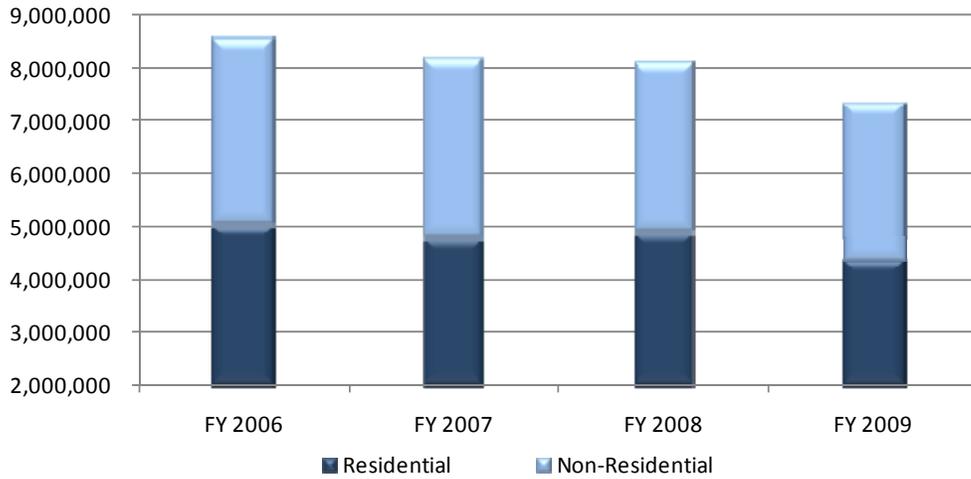
18  
19 **Q. Do you think that the decision to accept the test year level of consumption (FYE**  
20 **June 30, 2007) to project revenues for the rate year (FYE June 30, 2009) will result**  
21 **in a revenue shortfall in that rate year (FY 2009)?**

22 A. Yes. With the exception of a minor increase in residential consumption in FYE June  
23 30, 2008, the downward trend noted in the above table has continued in FYE June 30,  
24 2008 and appears to be worsening in FYE June 30, 2009. The following chart shows  
25 that, based on FY 2009 available information, the billed consumption in the first two  
26 quarters is alarmingly lower, approximately 800,000 HCF less, than each of the prior two  
27 fiscal years (more than 10%). In addition, NBC has learned that one of NBC's largest

1 industrial customers ceased operations in October 2008. This will significantly impact the  
 2 rate year consumption revenue since they were billed \$122,000 in the test year.

3

**1st and 2nd Quarter  
 Billed Consumption in HCF**



4

5

6 The table below shows the actual and projected consumption and percent change by  
 7 fiscal year.

8

9

**Narragansett Bay Commission**

10

**Consumption and Percent Change by Fiscal Year**

Fiscal Year	HCF RES.	% Decrease	HCF Com.	% Decrease	HCF Ind.	% Decrease
FY 2004	10,808,264		6,328,086		1,018,922	
FY 2005	10,763,047	-0.42%	6,652,707	+5.13%	969,262	-4.87%
FY 2006	10,438,944	-3.01%	6,273,455	-5.70%	888,212	-8.36%
FY 2007	9,711,064	-6.97%	5,780,405	-7.86%	637,116	-28.27%
FY 2008	9,964,506	+2.60%	5,713,560	-1.20%	569,139	-10.70%
Est. FY 2009 *	9,344,127	-6.20%	5,332,902	-6.66%	462,537	-18.73%

11

12 \* Calculated based upon the actual first two quarters of FYE June 30, 2009.

13

14

15

1 **Q. Were the rates developed in Docket 3905 for FY 2009 based on the FY 2007 test**  
 2 **year consumption?**

3 A. Yes, as I stated earlier, the Division and NBC agreed to use the test year  
 4 consumption units from FY 2007 for the rate year consumption units in FY 2009 in  
 5 Docket 3905. The actual amount billed in the rate year, however, will be based upon the  
 6 actual 2009 consumption which I estimate will be nearly 1,000,000 HCF or  
 7 approximately \$3,000,000 lower than the revenue projected in Docket 3905 (see table  
 8 below).

	<b>Consumption (HCF)</b>	<b>Consumption Revenue</b>
Approved Docket 3905	16,128,585	\$ 48,005,625
FY 2009 Projection	15,139,566	\$ 44,977,897
<b>Difference</b>	<b>(989,019)</b>	<b>\$ (3,027,728)</b>

10  
 11 It seems clear that use of the test year to project the rate year consumption has resulted in  
 12 significant shortfalls for NBC. The table below shows that since 2005, the actual user  
 13 fees have been lower than the PUC approved level, with an astonishing \$4 million  
 14 revenue shortfall in FY 2007.

Fiscal Year	PUC Approved User Fees	Actual User Fees (GAAP Basis)	Variance
2005	\$ 51,268,113	\$ 51,186,822	\$ (81,291)
2006	\$ 57,812,699	\$ 56,395,730	\$ (1,416,969)
2007	\$ 60,161,321	\$ 56,094,973	\$ (4,066,348)
2008	\$ 68,020,209	\$ 64,462,984	\$ (3,557,225)

16  
 17  
 18 **Q. Are there other factors in addition to the continued decline in consumption that**  
 19 **are causing NBC's actual billed revenues to be significantly lower than the PUC**  
 20 **approved revenues?**

21 A. Yes. In Docket 3797 NBC showed that a percentage of its consumption billing in  
 22 the test year for that docket (FYE 2006) was calculated using prior period rates. The

1 same thing happens every year that there is a rate increase and therefore the NBC does  
2 not bill the full amount approved by the PUC in any given rate year.

3  
4 In Docket 3797 NBC presented a new approach to addressing this issue called “Prior  
5 Docket Weighted Rates” later referred to as “composite rates.” NBC showed through  
6 testimony and schedules that a percentage of its annual consumption is billed at rates that  
7 are lower than the authorized rates in place on the first day of any fiscal year.

8  
9 The Division took exception to NBC’s use of “composite rates” to project the rate year  
10 revenues. The Division instead recommended calculating rate year consumption  
11 revenues assuming that all consumption would be billed at the new rates which  
12 essentially eliminated the “composite rates” concept. In order to reach an agreement with  
13 the Division, NBC accepted the Division’s adjustment to eliminate the “composite rates”  
14 and this resulted in an increase of \$857,374 to the projected rate year revenue for FYE  
15 June 30, 2008. This was one of the factors that contributed to the revenue shortfall in  
16 FYE June 30, 2008 with NBC’s revenues nearly \$3,600,000 less than the rate year  
17 revenue approved by the PUC in Docket 3797.

18  
19 **Q. The over-estimation of rate year revenue by using test year consumption to**  
20 **project rate year revenue and the elimination of the composite rates concept for**  
21 **consumption in the rate year both appear to be compelling arguments for changing**  
22 **the method of calculating rate year revenue. Is there any additional information**  
23 **that should be discussed related to the projection of rate year revenue for this**  
24 **filing?**

25 Yes. The NBC bases its consumption billings on meter readings from seven different  
26 water suppliers. Each of these water suppliers has different meter reading cycles and  
27 frequencies. Although some of the water suppliers are working to increase their meter  
28 reading frequencies, others read meters only once a year. As a result, there is a  
29 significant billing lag between when the consumption occurs and when NBC receives the  
30 billing information and in fact, for some customers, this can be as long as 15 months.

1 In accordance with Generally Accepted Accounting Principles (GAAP), the NBC must  
 2 recognize revenue when it is earned so an accounting entry is made to reflect the revenue  
 3 in the year that it was earned, although it is not actually billed or collected until the  
 4 subsequent fiscal year. As a result of this consumption lag, NBC will not bill all of the  
 5 rate year consumption at the approved rates in any given rate year.

6

7 **Q. How does this billing lag impact cash receipts?**

8 A. Clearly this revenue is not collected in the rate year that it is recognized as revenue  
 9 because it has not yet been billed.

10

11 **Q. Can you quantify the impact of this lag on revenues?**

12 A. Yes. In the interim year (FY 2009) I estimate that the increase in the billing lag in  
 13 the rate year will be \$1,772,439.

14

FY 2008 Billing Lag 6/30/2008	\$15,769,029
Across the Board Percentage Increase Proposed Docket 3905	<u>11.24%</u>
Increase in the Billing Lag on 6/30/2009	<u><u>\$1,772,439</u></u>

15

16

17 **Q. Therefore, to summarize the above, what is the built-in shortfall in Docket 3905**  
 18 **because the rate year revenue was projected using the test year consumption, and**  
 19 **the composite rates and billing lag issues were not addressed?**

20 A. I have estimated that the built-in shortfall will be at least \$5,039,455 as follows:

<b>Docket 3905 FY 2009 Rate Year:</b>				
FY 2007 Test		Docket 3905		
Year Units	X	Rates	=	\$71,863,876
<b>Project FY 2009:</b>				
Projected 2009		Docket 3905		-
Units	X	Rates	=	<u>68,596,860</u>
Projected Revenue Shortage due to reduced units				(3,267,016)
Projected Increase in Billing Lag as of June 30, 2009				<u>(1,772,439)</u>
Projected Total Revenue and Billing Lag Shortage for FY 2009				<u><u>(\$5,039,455)</u></u>

21

22

1 NBC has experienced significant cash shortfalls in the FYE June 30, 2007 and 2008. It  
 2 appears that there will be a significant shortfall in cash in FY 2009 as well. Continuance  
 3 of cash shortfalls in the rate year FYE June 30, 2010, will further erode NBC’s cash  
 4 position and make it difficult to make all of the deposits required per the Trust Indenture.

5  
 6 **Q. Are there any other reasons why the rate year revenue projection methodology  
 7 needs to be addressed in this filing?**

8 A. Yes. In prior dockets NBC showed that consumption projection methods and  
 9 composite rates are only part of the rate year revenue problem. Even if NBC could  
 10 somehow bill all of the revenue approved by the PUC for the rate year there is still the  
 11 issue of collections. NBC provided the following information in Docket 3905 (relating  
 12 to Docket 3707) to explain this issue.

13  
 14 “Although the PUC authorized user fee revenues in Docket 3707 of \$60,161,321  
 15 for FY 2007, NBC only billed \$56,094,976 in user fees. **To make matters  
 16 worse, cash collection of user fees was only \$54,013,416**; a shortfall of  
 17 \$6,147,905; or approximately 10% of the authorized revenue requirement. This  
 18 is an alarming issue that should be addressed in this filing.” (WEE Testimony in  
 19 Docket 3905, page 15, bolding added for emphasis).

20

Fiscal Year	Actual User Fees per Audit (GAAP Basis)	User Fee Cash Receipts	Variance
2005	\$ 51,186,822	\$ 49,145,589	\$ (2,041,233)
2006	\$ 56,395,730	\$ 55,563,886	\$ (831,844)
2007	\$ 56,094,973	\$ 54,013,416	\$ (2,081,557)
2008	\$ 64,462,984	\$ 63,320,109	\$ (1,142,875)

21  
 22  
 23 As can be seen above, the NBC collected \$2,081,560 less than the recorded revenue in  
 24 FY 2007. This is primarily the result of the fact that, during the rate year, NBC collects  
 25 the prior year accounts receivable which is billed at lower rates. This results in a  
 26 shortfall in cash receipts. This trend continued in FY 2008 as actual cash collections were  
 27 \$1,142,875 less than the amount billed. Of even greater significance is the fact that if

1 NBC actual revenues are less than approved levels, NBC's cash collections will be at  
2 even lower levels.

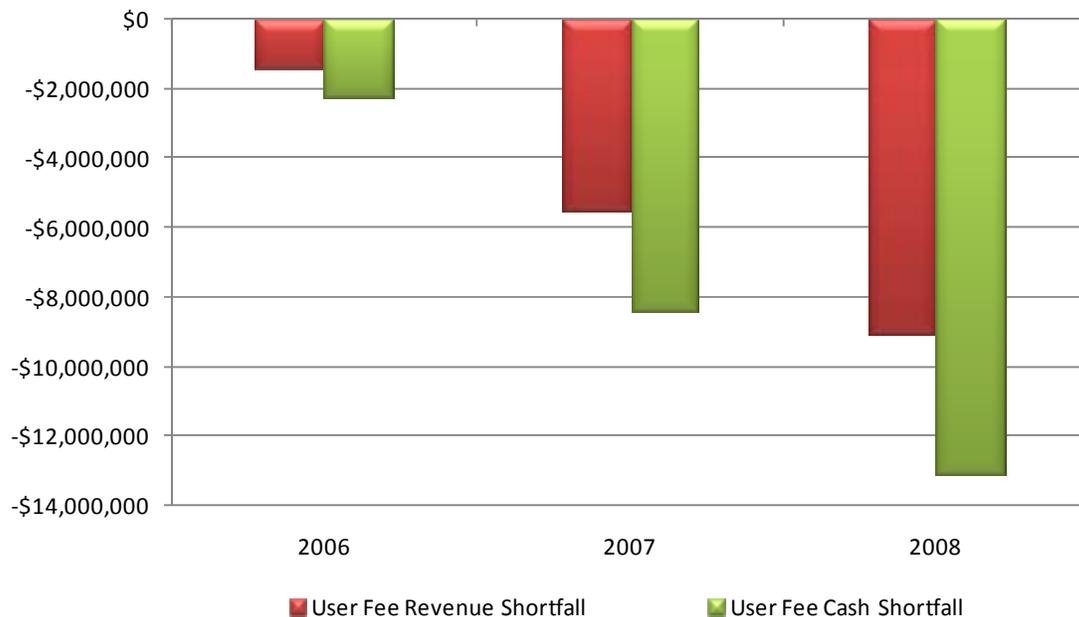
3

4 The chart below shows the cumulative shortfalls in revenue (on a GAAP basis) and cash  
5 receipts from user charges (based on the PUC restricted compliance report) as compared  
6 to the PUC authorized levels. The cumulative cash receipts from user charges shortfall  
7 over the last three fiscal years is \$13.1 million.

8

9

### Cumulative Revenue and User Fee Cash Shortfalls



10

11

12 **Q. Mr. Edge, can you explain how NBC has been able to sustain such large revenue**  
13 **shortfalls over the last three years?**

14 A. Yes. NBC's rates are designed to generate 125% of annual principal and interest so  
15 NBC should finish each year with an operating surplus (set by the PUC at approximately  
16 \$8 million in FY 2008). However, NBC's actual surpluses resulting from the coverage  
17 allowance have been considerably lower. The table on the following page shows that  
18 NBC's actual coverage surpluses calculated on a rate-making basis have been much less  
19 than what they should have been based on the approved revenue requirement. On a rate-

1 making basis, the cumulative shortfall in the operating surplus over the last three fiscal  
2 years is more than \$5.3 million.

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
	<b>Docket 3639</b>	<b>Docket 3707</b>	<b>Docket 3795</b>
Approved Debt Service Coverage	\$ 6,656,397	\$ 6,656,397	\$ 7,708,031
Actual Restricted Carry-forward	8,034,316	1,451,851	6,216,119
Variance	1,377,919	(5,204,546)	(1,491,912)
Cumulative Shortfall in Variance	\$ 1,377,919	\$ (3,826,627)	\$ (5,318,539)

3

4

5 In addition, the revenue shortfalls have also been offset by O & M spending at levels less  
6 than those approved by the PUC. Last year in particular, NBC benefitted from a “dry”  
7 year with cost savings in rainfall and inflow related costs which are out of NBC’s control.  
8 If this was not the case, and NBC expended operation and maintenance costs at the levels  
9 approved by the PUC, NBC would not have met its coverage requirements in FY 2008  
10 (this is discussed in more detail later on in my testimony).

11

12 **Q. What is the impact of the revenue shortfall on NBC?**

13 A. As I noted earlier in my testimony, the immediate impact is a lower annual surplus  
14 but the more important result is the adverse impact on cash. From a cash perspective, the  
15 revenue shortfall has resulted in restricted carry-forwards significantly lower than  
16 authorized amounts, reduced liquidity, and difficulty making the monthly transfers  
17 required by the Trust Indenture. NBC must make monthly deposits into several funds in  
18 accordance with its Trust Indenture. Of each dollar collected in user fee receipts, nearly  
19 \$0.57 is deposited into the restricted accounts (combination of the Stabilization Account  
20 and the Debt Service Payment Accounts). As a result, more than half of the cash  
21 shortfall has effectively reduced the cash available to fund debt service and debt service  
22 coverage. Approximately one year ago, the cash available in the Stabilization Account  
23 (restricted account) was zero.

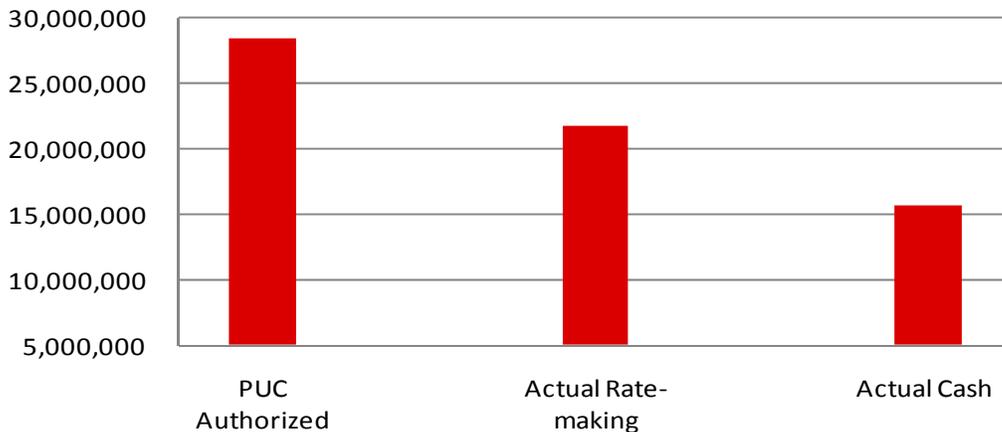
1 **Q. Mr. Edge, would you please explain what you mean by the statement that the**  
 2 **revenue shortfall “more importantly reduced the cash available from the annual**  
 3 **restricted carry-forward?”**

4 A. Yes. The FY 2008 cumulative shortfall in the restricted carry-forward is \$12.8  
 5 million and was more than \$6.6 million in FY 2007 alone (see table below). Because the  
 6 NBC must deposit 1/6 of interest and 1/12 of principal monthly into the debt service  
 7 payment account, new debt issuances can result in a significant increase in the monthly  
 8 deposits. This further reduces the amount available in the restricted carry-forward (what  
 9 occurred in 2007).

	<b>FY 2007 Docket 3707</b>
Total Approved Debt Service and Coverage	\$ 32,538,964
Actual Total Debt Service Expense	<u>24,399,488</u>
Restricted Carry-forward Based on Approved Levels	8,139,476
Actual Restricted Carry-forward	<u>1,451,851</u>
Variance	<u><u>\$ (6,687,625)</u></u>

10  
 11  
 12 The dramatic difference in the PUC authorized carry-forward and the actual cash carry-  
 13 forward are shown in the following chart.

**Cumulative Restricted Carry-Forward  
(FY 2006-2008)**



14

1 The reduction in cash available from the restricted carry-forward adversely impacts NBC  
2 for a number of reasons. Over the past few years, the PUC has ordered that the restricted  
3 carry-forward cash be used to fund operating capital expenses (approximately \$2 million  
4 per year), the Operating Reserve for Revenue Stability Fund (\$1.5 million per year) and  
5 the remainder of the funds to be used as “pay-as-you-go” financing for NBC’s capital  
6 projects.

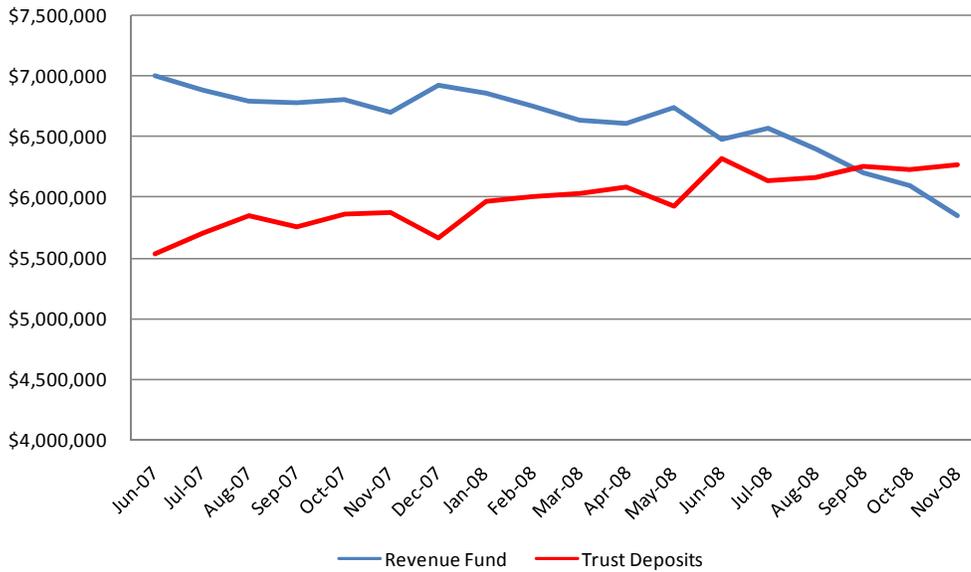
7  
8 NBC cannot fund these items if the restricted carry-forward is short. In fact, the FY 2007  
9 restricted carry-forward available to be transferred for operating capital was only  
10 approximately \$1.5 million, which was less than the operating capital expense in that  
11 year. NBC also programs the use of the restricted carry-forward into its long-term  
12 borrowing plans. If cash is not available, NBC cannot fund capital expenditures as  
13 planned and must increase its debt issuance.

14  
15 In addition, the cash shortfall problem is intensified by the quarterly cash flow  
16 fluctuations resulting from NBC’s billing cycles. NBC must make monthly deposits into  
17 a number of funds and accounts, including the debt service payment account.

18 Throughout the fiscal year, NBC has had to use the restricted carry-forward cash  
19 (Stabilization Account) to fund the debt service payment account, which often reduced  
20 the Stabilization account to levels below the required coverage balance.

21  
22 Since July 1, 2006, PUC authorized increases in NBC’s rates should have generated an  
23 additional \$11.7 million per year or \$1 million per month. However, the chart on the  
24 following page shows that NBC’s monthly cash balance in the Revenue Fund has  
25 actually declined \$1.2 million from \$7.0 million to \$5.8 million during the period of July  
26 2006 through November 2008 on a 12-month moving average. The chart also shows the  
27 revenue shortfall impact on cash as the monthly trust deposit amounts now exceed  
28 available cash in the revenue fund on a 12-month moving average.

## Revenue Fund Cash vs. Monthly Trust Deposits (12-month moving average)



1

2 In addition to concerns about meeting the monthly deposit requirements, system liquidity  
 3 is a credit factor. Credit rating agencies use the number of days of operating cash that an  
 4 issuer has on hand as a measure of liquidity. In NBC’s case, this has been declining  
 5 dramatically and S&P noted in their most recent credit report that NBCs unrestricted cash  
 6 and investments were \$15.5 million or 190 days of operating expenses (FY 2007) which  
 7 was down significantly from 500 days in 2004. This deteriorated further in FY 2008 with  
 8 unrestricted cash and investments of \$13.6 million (\$1.9 million lower than the prior  
 9 year) or 158 days of operating expenses.

10

11 **Q. Are there any other concerns that you have related to the revenue shortfalls in**  
 12 **the rate year which could further exacerbate the rate year revenue issue and**  
 13 **adversely impact NBC’s financial position?**

14 A. Yes. If NBC continues to incur revenue shortfalls it will not meet its debt service  
 15 coverage requirements. As the PUC is aware, NBC is required to generate revenues that  
 16 are 125% of annual principal and interest payments each year. In accordance with the  
 17 Trust Indenture, failure to achieve at least the minimum coverage levels would require  
 18 immediate rate relief. Most significantly, failure to meet coverage would likely

1 jeopardize NBC's credit rating which the NBC, the Division and the PUC have all acted  
 2 responsibly to achieve.

3  
 4 **Q. Would you please show how the revenue shortfall has impacted the debt service  
 5 coverage?**

6 A. Yes. As part of the annual audit of the NBC's financial statements the independent  
 7 auditor is required, as part of their audit engagement, to calculate the actual debt service  
 8 coverage during that particular year. To date, the annual calculation has shown adequate  
 9 debt service coverage. However, the downward trend in the coverage allowance shown  
 10 in the Statistical section of the audited June 30, 2008 Financial Statements is alarming.  
 11 As shown on page 65 of the Financial Statements, the annual coverage allowance has  
 12 declined from 1.60 in FY 2006 to 1.27 in FY 2008, barely meeting the required level of  
 13 1.25. The table below shows this decline in the coverage ratio over the last three fiscal  
 14 years.

Actual Coverage Calculation (Per Audit)						
FY	Gross Revenues	Actual Operating		Net Revenue		Coverage
		Expenses	Available for Debt	Service	Total Debt Service	
2006	\$ 61,560,712	\$ 28,300,113	\$ 33,260,599	\$ 20,763,929		1.60
2007	61,667,399	29,931,950	31,735,449	23,244,978		1.37
2008	69,396,357	31,652,116	37,744,241	29,680,130		1.27

16  
 17 Further, if last year (FY 2008) had not been a dry year and NBC incurred operations and  
 18 maintenance expenses at the PUC approved levels, NBC would not have met the  
 19 coverage requirement, as shown in the table below.

Coverage Calculation based on Spending O&M at Approved Levels						
FY	Gross Revenues	Operating		Net Revenue		Coverage
		Expenses at	Available for Debt	Service	Total Debt Service	
2006	\$ 61,560,712	\$ 28,392,809	\$ 33,167,903	\$ 20,763,929		1.60
2007	61,667,399	30,745,175	30,922,224	23,244,978		1.33
2008	69,396,357	32,953,176	36,443,181	29,680,130		1.23

1 **Q. Mr. Edge, could you explain how the coverage is calculated and why a shortfall**  
2 **in revenue in the rate year would impact the coverage calculation?**

3 A. Yes. As actual revenues are in the numerator of the calculation, any reduction in  
4 revenues results in a reduction in the calculated coverage. The specific calculation of the  
5 debt service coverage is gross revenues less operating expenses (exclusive of  
6 depreciation and amortization) to arrive at net revenue available for debt service. The net  
7 revenue available for debt service is then divided by the total of principal plus interest to  
8 arrive at the coverage. Therefore, if the rate year actual revenue is less than the  
9 authorized revenues, and expenses and debt service are not equally less than the  
10 authorized levels, the revenue shortfall will have a significant negative impact on the  
11 overall coverage.

12  
13 **Q. Mr. Edge, you have shown that there are a number of concerns that you and**  
14 **NBC have related to the correct method of projecting rate year revenues in this**  
15 **Docket. Do you have any suggestions as to how these concerns can be addressed to**  
16 **reduce revenue and cash shortfalls in the rate year?**

17 A. Yes, I have the following solutions to address this problem:

18  
19 **Change the Method of Projecting the Rate Year Consumption Units:**

20 The best way to address the issue regarding the use of the test year consumption to  
21 project the rate year revenue is for the PUC to use a different methodology for projecting  
22 rate year consumption units. I recommend that the PUC adopt the NBC's projected rate  
23 year revenue calculation as filed in my testimony. The NBC calculation reflects  
24 declining consumption levels over the past three years as well as FY 2009 (the interim  
25 year in this docket).

26  
27 Based upon available information, NBC expects to experience this same downward trend  
28 through the rate year (FY 2010). Based upon the FY 2009 consumption billings to date,  
29 NBC is concerned that the use of the test year consumption levels (FY 2008) to project  
30 the rate year revenue levels will result in a projected revenue shortfall of at least  
31 \$5,000,000 (WEE-2C less WEE-2A). Further, using the test year consumption levels to

1 project the rate year consumption, when we already know that the first two quarters of  
 2 the interim year consumption is considerably lower than the test year, in keeping with the  
 3 downward trend, is detrimental to the utility and its ratepayers.

4 This filing assumes that the decline in billed consumption which began in FY 2004 and  
 5 has continued through the first two quarters of FY 2009 will continue into FY 2010, the  
 6 rate year. In order to quantify the rate year decline, the FY 2009 consumption was first  
 7 projected. The FY 2009 projection was based on the actual billed consumption in the  
 8 first two quarters of the fiscal year and a projection of the consumption for the last two  
 9 quarters based on the three year average decline from FY 2006 to FY 2008 (see Schedule  
 10 WEE-2B). As I mentioned earlier, consumption was significantly lower in the first two  
 11 quarters of FY 2009 compared to prior year levels and no recovery in consumption is  
 12 anticipated in the last two quarters.

13 The three-year average decline was applied to the projected FY 2009 units to estimate the  
 14 FY 2010 units, as is shown in the table below (see also Schedule WEE-2C). In addition,  
 15 the industrial consumption units were adjusted to reflect the FY 2009 plant closing of the  
 16 large industrial customer referred to previously in my testimony.

**Projected Rate Year Decline in HCF**

	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
Average Decrease FY 2006 - FY 2008	-2.458%	-4.905%	-15.767%
Actual FY 2008 (Test Year)	9,964,506	5,713,560	569,139
Projected FY 2009 (Interim Year)	9,344,127	5,332,902	462,537
Projected FY 2010 (Rate Year)	9,114,443	5,071,297	389,608

17

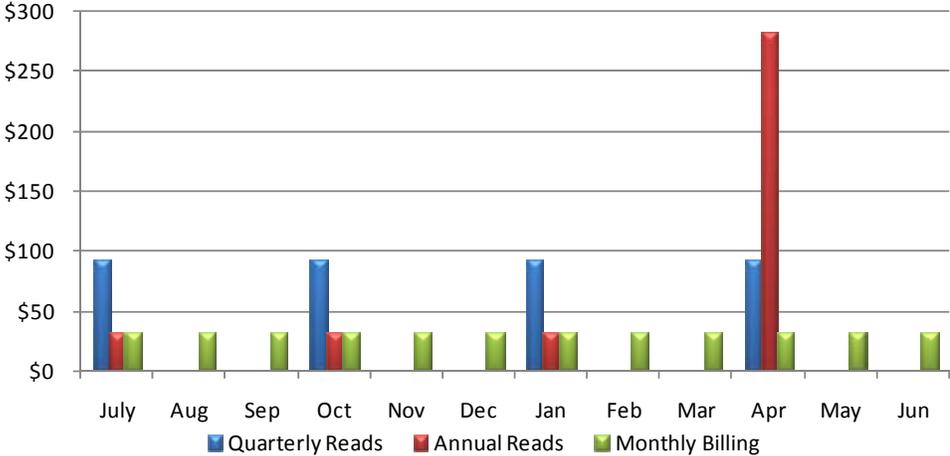
18  
 19 **Conversion to Monthly Billing**

20 Conversion to monthly billing will help to address the revenue and cash flow problems  
 21 resulting from the billing lags and composite rates (See graph on following page). NBC  
 22 currently bills customers on a quarterly basis and bills consumption when meter readings  
 23 are received from the seven different water suppliers. As a result, a customer may receive  
 24 3 bills with ¼ of the flat fee each or \$31.25 and one bill with the flat fee and all of the  
 25 consumption charge which, on average, is \$251.

1 NBC recently completed the re-write of their customer service application. The new  
 2 system will allow NBC to estimate consumption on a monthly basis to be trued-up when  
 3 the actual meter reading is received. This would result in average monthly consumption  
 4 bills of approximately \$31.31 (based upon current approved rates).

5  
 6  
 7

**Estimated Bill by Month Based on Meter Reading Frequency**

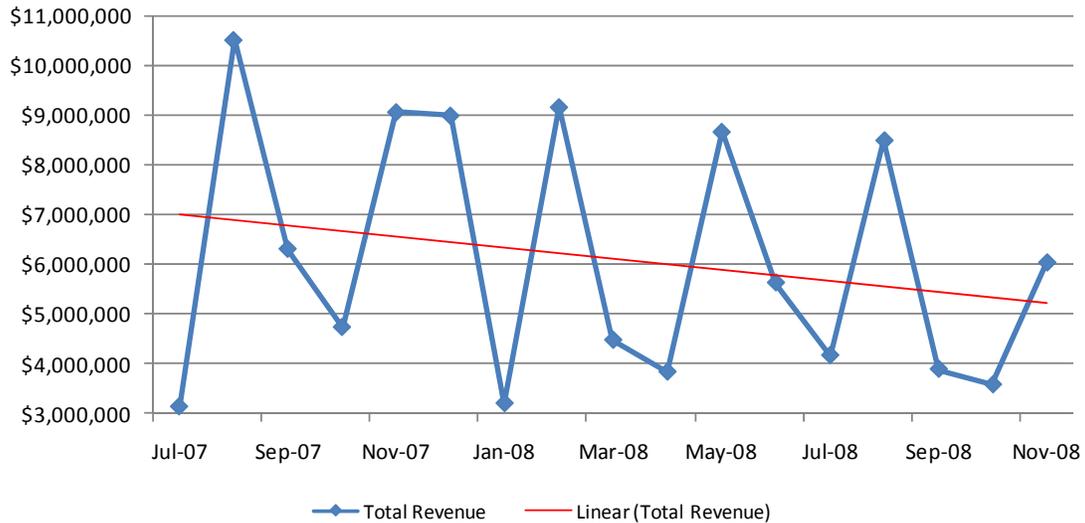


8

9 From a cash standpoint, monthly billing will allow NBC to bill the consumption revenue  
 10 in the same fiscal year that it is recognized as revenue on a GAAP basis. The reduction  
 11 of the billing lag will strengthen NBC’s cash position, the system’s liquidity, and offset  
 12 revenue lags resulting from delays in the actual billing of consumption. In addition,  
 13 monthly billing will result in the billing and collection of consumption billed at current  
 14 rates as opposed to collecting receivables billed at old rates. From a cash management  
 15 standpoint, the current cash flow peaks will be smoothed, resulting in a constant cash  
 16 flow that will help NBC make the required monthly deposits. The chart on the following  
 17 page shows the impact of quarterly billing on the revenue fund cash balance under  
 18 NBC’s current billing cycles, as well as NBC’s declining cash balance.

19

### Revenue Fund Cash Balance



1

2 **Q. Will the conversion to monthly billing result in additional revenue in the rate**  
 3 **year for NBC?**

4 A. No. The conversion will not generate any additional revenue in the rate year.  
 5 However, the monthly billing will generate increased cash flow in the rate year due to the  
 6 reduction of the billing lags.

7

8 **Q. Mr. Edge, will the reduction of the billing lags generate an increase in cash flow?**

9 A. Yes. The reduction in the billing lags will result in additional cash flow. However,  
 10 the extent or amount of the additional cash is unknown.

11

12 **Q. How will NBC benefit from the additional cash flow?**

13 This additional cash flow will be beneficial to NBC for two reasons. First, and most  
 14 important, as I previously testified, \$0.57 of every dollar collected is transferred directly  
 15 to NBC's restricted account to be used for capital outlays, the Operating Reserve for  
 16 Revenue Stability Fund, and pay-as-you-go capital. As previously depicted in the chart  
 17 on page 20, NBC has a cumulative shortfall in its carry-forward of \$12.9 million over the  
 18 last three years, and this cash flow will bring the carry-forward balance closer to the  
 19 approved levels. Secondly, the additional operating cash flow will shore up the revenue  
 20 fund cash balance depicted above.

1 **Q. Mr. Edge, does that conclude your discussion on monthly billing?**

2 A. Yes, at this time, but I have expanded my discussion of the advantages of quarterly  
3 billing in the Rate Design / Quarterly Billing section of this testimony.

4

5 **Q. In summary, how did you project rate year revenues?**

6 A. I projected the rate year consumption revenue using the Docket 3905 approved rates  
7 times my rate year projected units discussed in detail above (see Schedule WEE-2C).  
8 Fixed revenue (customer charge and meter charge revenue) were also calculated using  
9 projected units for 2010 times the Docket 3905 rates.

10

11 **Q. How did you calculate the rate year levels for Miscellaneous Revenue?**

12 A. Miscellaneous revenues were left at the test year levels with the exception of the  
13 \$330,000 of revenue for the Special Master which ends in the interim year, and a \$73,000  
14 rate year reduction to the BOD/TSS Surcharge revenue due to the large industrial plant  
15 which closed in the interim year.

16

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

18 A. Yes it does.

19

20 **Operating Reserve for Revenue Stability Fund:**

21

22 **Q. Mr. Edge isn't it true that the PUC approved an Operating Reserve for**  
23 **Revenue Stability Fund in the last Docket 3905?**

24 A. Yes.

25

26 **Q. Wasn't the Operating Reserve for Revenue Stability Fund (RSF) established to**  
27 **protect NBC's outstanding debt?**

28 A. Yes. I testified in Docket 3905 that the Operating Reserve for Revenue Stability  
29 Fund would serve to protect NBC's bondholders, and, in turn, the ratepayers. I stated  
30 that the objective was to "provide insurance that the debt service payments each year can  
31 be made and that NBC safely operate and maintain its facilities, make its monthly debt

1 service payment account deposits and will not go into default as a result of a one year, or  
2 even multi-year, revenue shortfall.”

3  
4 When NBC proposed the RSF under Docket 3905 it was to be funded from rates and  
5 funded at a much higher level. Ultimately, the PUC approved the RSF to be funded out  
6 of the restricted carry-forward at \$1.5 million per year to a maximum of \$4.5 million,  
7 which does impact how the RSF is viewed by rating agencies.

8  
9 Bondholders and credit rating agencies expect rates to be set at a level that will support  
10 ongoing needs and do not look favorably upon the use of one-time revenue sources or  
11 reserve funds to pay for operations, although having reserves are looked upon favorably  
12 by bondholders and credit rating agencies.

13  
14 Further, the RSF funds cannot be included in the coverage calculation and therefore, if  
15 the consumption revenue issue is not properly addressed, NBC will not meet the  
16 coverage requirements. While it makes sense to use the RSF to meet one-time revenue  
17 shortfalls it is not acceptable to use the RSF as a means of funding operations on an  
18 ongoing basis.

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1 **EXPENSES:**

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

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

6  
7 I have prepared Schedule WEE-4 to show my calculations for rate year salary and salary  
8 related accounts. To arrive at the rate year salaries, I started my calculations using the  
9 adjusted test year salary expense for non-union and union employees. Next, I increased  
10 the adjusted test year salaries for both union and non-union by 4.00% for FY 2009 and  
11 4.25% for FY 2010. These increases represent the negotiated union COLAs of 2.75%  
12 and 3.0% for FY 2009 and FY 2010 respectively, and a 1.25% increase for steps. I then  
13 added the cost of the three new positions that were not included in the test year (See my  
14 further comments on the new positions later in this testimony). After arriving at the rate  
15 year salary and salary related cost calculations, I made the appropriate adjustment to  
16 Schedule WEE-1.

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

20 A. I calculated the capital related salaries and fringe benefits (reimbursements) for the  
21 rate year in the same fashion that I had increased the salaries above. Note: None of the  
22 new positions will be funded through the capital accounts. I then calculated the union,  
23 non-union overtime and limited for the rate year in the same manner. The appropriate  
24 adjustments were then made to Schedule WEE-1.

25  
26 **Q. Did you increase FICA for the rate year?**

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

1 **Q. How did you adjust the pension accounts?**

2 A. The union pension expense was calculated using 25.03% of union salaries in the rate  
3 year based on the rate adopted by the Employees' Retirement System of Rhode Island  
4 board on December 10, 2008. See the calculation on Schedule WEE-4. The non-union  
5 pension expense was calculated in the same manner as NBC's prior dockets at 10% of all  
6 non-union and limited rate year salaries. See the calculation on Schedule WEE-4.

7

8 **Q. The next account is Union Retirement Health. Why is there an increase in this**  
9 **account from the test year to the rate year?**

10 A. This account reflects the retiree health costs for NBC's union employees who  
11 participate in the Employees' Retirement System of Rhode Island. The State of Rhode  
12 Island started to address the issue of implementation and funding of GASB 45, Other  
13 Post Employment Benefits (OPEB), in FY 2008. The State's retiree health percentage  
14 increased significantly in FY 2008 (the test year) and is projected at the same level of  
15 6.01% in FY 2010 (the rate year). The rate year adjustment (\$32,986) on Schedule WEE-  
16 1 is due to increased salaries and a new position.

17

18 **Q. Have you made an allowance for turnover?**

19 A. No, I have not. No turnover allowance is needed in this docket because the test year  
20 payroll and payroll related expenses reflect actual turnover.

21

22 **Q. Mr. Edge, have you prepared a schedule for health and dental insurance?**

23 A. Yes I have. I prepared a schedule to calculate the health and dental costs for the rate  
24 year (see Schedule WEE-5). On this schedule, I have calculated the rate year health and  
25 dental insurance costs by multiplying the number of employees in each type of coverage  
26 by the projected rate year premium to be paid. The rate year premium is calculated by  
27 increasing the FY 2009 (interim year) premium by 10%. Next, I added the health and  
28 dental cost of the three new employees. I then reduced the rate year health insurance  
29 costs by the projected union and non-union employee premium rate year co-pay rates, as  
30 set forth in the union contract.

31

1 **Q. Please explain why you used a 10% increase over the FY 2009 health premium**  
2 **rather than the three year average approach used in prior dockets?**

3 A. It would be inappropriate to use the average, as in prior years NBC made significant  
4 plan modifications which reduced the annual percentage increase, and NBC is not  
5 anticipating any plan modifications in the rate year FY 2010. Based on NBC's current  
6 utilization experience it is expected that the premium will increase by at least 10% in the  
7 rate year.

8  
9 **Q. How did you adjust the dental insurance premium?**

10 A. The dental insurance premium from FY 2009 was increased by 6%, which is the  
11 contracted cap on these premiums.

12  
13 **Q. What other accounts have been adjusted?**

14 A. I have reviewed a number of accounts individually and made appropriate adjustments  
15 as follows:

16 ***Biosolids Disposal:***

17 Biosolids Disposal will increase significantly in the rate year as a result of the CSO Phase  
18 I Facilities impact and CPI adjustments for the interim and the rate year. The test year  
19 level of expenditure was \$4,409,679. The impact of the CSO Phase I Facilities and the  
20 contractual CPI price increases result in a rate year adjustment of \$623,976 to biosolids  
21 disposal at Field's Point and Bucklin Point. See my Schedule WEE-6.

22  
23 ***Screening & Grit:***

24 Screening & Grit will also increase due to the impact of the CSO Phase I Facilities as  
25 well as a projected 8.23% increase in the contracted rate per ton. Schedule WEE-7  
26 reflects a rate year adjustment of \$96,509.

27  
28 ***Maintenance/Service Agreements:***

29 I have increased the Maintenance/Service Agreements expense to reflect the increase as a  
30 result of the CSO Phase I Facilities and to reflect a contract with Siemens which was

1 entered into in FY 2009 (the interim year). See my Schedule WEE-8 for my detailed  
2 calculation.

3  
4 ***Workers' Compensation and Liability Insurance and Workers' Compensation Old***  
5 ***Claims:***

6 Schedule WEE-9 reflects the rate year increase to Workers' Compensation insurance. The  
7 increase was based on the three year average, resulting in a rate year adjustment of  
8 \$129,932.

9  
10 Schedule WEE-9 also reflects an increase to Workers' Compensation Old Claims. The  
11 increase of \$102,587 in the rate year is the settlement of an old claim. The settlement of  
12 approximately \$205,000 will be amortized over two years, FY 2010 and FY 2011.

13  
14 ***Fuel –Gas:***

15 Schedule WEE-10 shows the rate year calculation of natural gas expense. I multiplied  
16 the three year average use of gas therms (FY 2006, FY 2007 and FY 2008) by the  
17 projected FY 2010 rate to estimate the rate year gas expense. Schedule WEE-10 also  
18 includes increased gas usage for the CSO Phase I Facilities Tunnel Pump Station.

19  
20 ***Electric Costs:***

21 I have calculated the rate year increase for electric costs on my Schedule WEE-11. I  
22 used the three year average kWh for my calculations. Also reflected on Schedule WEE-  
23 11 is the increased usage of electricity due to the CSO Phase I Facilities Tunnel Pump  
24 Station and the CSO Phase I impact on the Field's Point WWTF. The other significant  
25 increase in this account is the result of the fact that NBC's four-year electricity supply  
26 contract will expire in January 2010. The supply rate is the largest part of the total  
27 electricity rate, and is therefore significant. NBC currently pays a supply rate of  
28 \$0.07/kWh and this is projected to increase in the rate year to \$0.12/kWh.

1 ***Chemicals:***

2 **Sodium Bisulfate:**

3 The current contracted rate will expire on April 1, 2010. I have assumed a 3% increase in  
4 the rate at that time. See my Schedule WEE-12 for my detailed calculation.

5

6 **Chlorite /Hypochlorite:**

7 The current contracted rate will expire on April 1, 2010. I have assumed a 3% increase  
8 in the rate at that time. See my Schedule WEE-13 for my detailed calculation.

9

10 ***Lab Supplies:***

11 I calculated the average annual percentage increase for the period FY 2005 through FY  
12 2008 for lab supplies and then applied that percentage increase to the adjusted test year  
13 lab supply costs to arrive at the FY 2009 level. I then increased the FY 2009 cost by the  
14 same percentage to arrive at rate year lab supply expense. Please see my Schedule  
15 WEE-14 for the detailed calculation.

16

17 ***Management/Audit Services:***

18 The largest item in this account is the contract to manage the Bucklin Point Wastewater  
19 Treatment Facility. Included in the management contract are the pass-through soda ash  
20 costs. The test year, FY 2008, was a very dry year, and due to the high correlation  
21 between the amount of rainfall and the need for soda ash usage, less soda ash was needed  
22 to meet RIDEM targeted nitrogen removal levels. NBC has therefore used the two year  
23 average usage to project the interim year usage. There was also a rate increase in the  
24 interim year. After projecting the interim year to include the increases in usage and rate,  
25 the contracted CPI increase (3.26%) was applied to the interim year costs to calculate the  
26 rate year costs (See Schedule WEE-15).

27

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

29 NBC placed the new CSO Phase I Facilities in service in November 2008, (interim year).  
30 As a result there will be increased operating costs for treatment of the captured flows  
31 directed to the Field's Point Wastewater Treatment Facility. I calculated the annual

1 impact of the CSO Phase I Facilities by using the projected percentage increase of 5.13%  
2 ( with the exception of the water increase, calculated at 1.28%) provided by NBC's  
3 outside consultants and engineering staff. (Note: NBC projected a percentage increase  
4 based on the projected annual volume of wastewater to be captured by the tunnel and  
5 applied these rates to the Field's Point FY 2009 budget levels to arrive at the rate year  
6 additional cost for the CSO Phase I Facilities impact on the plant.) This percentage is  
7 the same percentage that was reviewed and approved as part of NBC's last rate case,  
8 Docket 3905. See Schedule WEE-16 for my detail calculation.

9  
10 ***Annual cost of Conversion to Monthly Billing:***

11 A. Yes. The implementation of monthly billing is projected to cost approximately  
12 \$387,000 in the rate year (see Schedule WEE-17). This consists of the costs for printing  
13 bills, postage, bank processing fees and one additional Customer Service position needed  
14 to support field research, investigation and input of meter readings. On a monthly basis  
15 this amounts to less than \$0.40 per month per account.

16  
17 **Q. Mr. Edge, what is your adjustment to capital outlays?**

18 As I stated earlier, I have eliminated these accounts from the rate year revenue  
19 requirement because as per the PUC Report and Order capital outlays are paid from prior  
20 year restricted carry-forward debt service coverage.

21  
22 **Q. Mr. Edge, earlier in your testimony you indicated that there are new positions  
23 included in this filing. What are the positions and why are they needed?**

24 A. Although NBC has not asked the PUC to approve any new positions since FY 2005,  
25 due to increasing regulatory complexity and the revenue issues discussed previously,  
26 NBC is seeking to fund four additional positions in this filing.

- 27  
28 ➤ Two of the positions are Laboratory Technicians and are related to the workload  
29 from increased sampling in the Planning, Policy and Regulation Division.  
30 ➤ A third position is a Customer Service Representative and is related to collections  
31 in the Customer Service section.

- 1 ➤ These first three positions are reflected on Schedule WEE-18.
- 2 ➤ The fourth position is a Field Investigator, required as part of the conversion to
- 3 monthly billing. This position is reflected on Schedule WEE-17.

4

5 A description of the new positions and the justification for their funding is as follows:

6

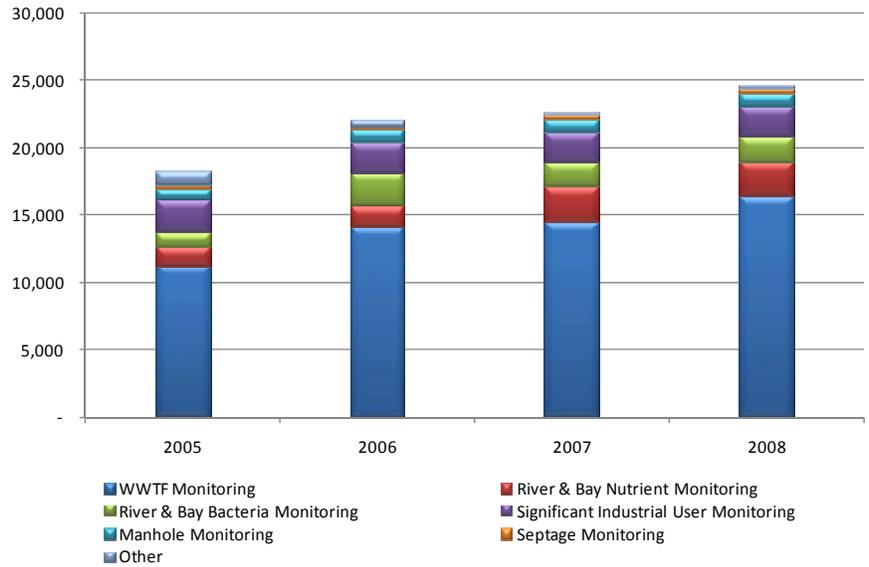
7 **Laboratory Technicians:**

8

9 As a result of changes in NBC’s RIPDES permit, there has been a significant increase in

10 the number of samples taken and analyzed by NBC over the past few years. The chart

11 below shows the increase in the number and type of samples over the last four years.



12

13

14 In addition to the increase in the number of samples, the number and types of parameters

15 that NBC must analyze has increased as well. In 2008, NBC will analyze approximately

16 40,000 more parameters than were analyzed in 2005, an increase of approximately 65%.

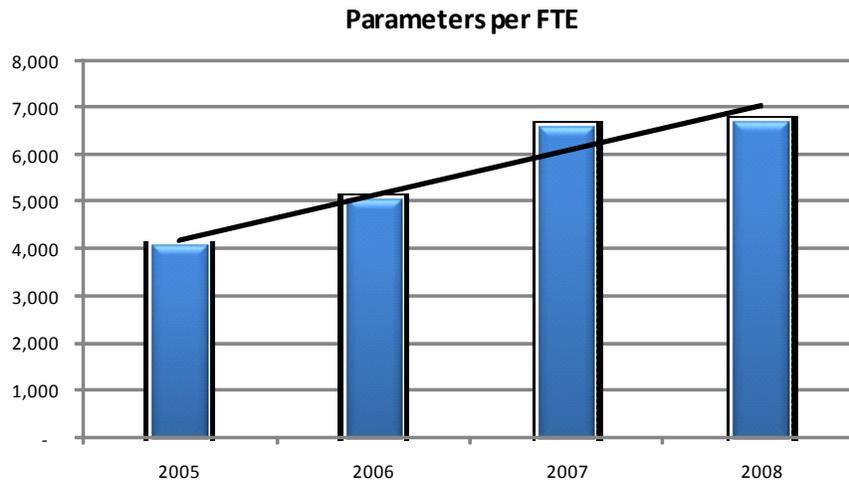
17 The table on the following page shows the increase in the number of parameters

18 analyzed.

Parameters Analyzed				
	2005	2006	2007	2008
WWTF Monitoring	50,639	64,858	83,686	84,790
River & Bay Nutrient Monitoring	2,575	4,120	2,813	3,119
River & Bay Bacteria Monitoring	-	-	3,135	2,676
Significant Industrial User Monitoring	3,073	2,523	4,163	4,436
Manhole Monitoring	3,249	3,298	3,717	4,235
Septage Monitoring	1,503	1,309	1,113	1,243
Other	-	-	380	420
<b>Total</b>	<b>61,039</b>	<b>76,108</b>	<b>99,007</b>	<b>100,919</b>

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5

Since the number of staff in the laboratory has not changed, their workload has increased as is reflected in the chart below.



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14

Once the samples are collected, NBC’s laboratory must analyze the samples for several parameters. Historically the laboratory analysis has been performed by 15 FTEs. In particular, the Laboratory Technicians perform highly specialized procedures, analyzing wastewater daily for bacteria and many other wet analytical methods requiring high levels of precision. This analysis assists NBC with evaluating and correcting process problems at NBC’s two Wastewater Treatment Facilities (WWTFs) and maintaining compliance with the RIPDES and DOH permits.

15  
16  
17

In addition to the increase in the number of parameters that must be analyzed, NBC’s RIPDES permit requires that bacteria samples must be taken and analyzed within six hours of a wet weather event. Consequently, whenever it rains, staff must remain at work

1 or be called in on mandatory overtime to perform the analysis within the sample retention  
2 time or NBC risks violating the permit. Since staffing levels have not increased to keep  
3 pace with the workload, the four Lab Technicians have had to work numerous twelve day  
4 shifts.

5  
6 In calendar years 2006, 2007, and 2008, nine Laboratory Technicians terminated their  
7 positions at the NBC Lab resulting in annual turnover rates of 50%, 75% and 100%  
8 respectively.

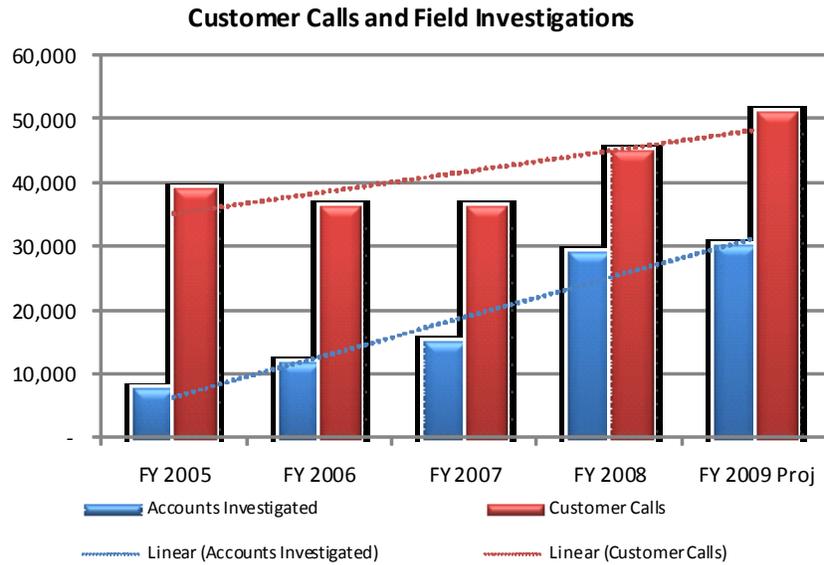
9  
10 The Laboratory Technician positions are critical to NBC in terms of maintaining  
11 compliance with the DEM RIPDES and DOH permit requirements. NBC therefore seeks  
12 to add two additional Laboratory Technicians in order to meet the significantly increased  
13 workload and comply with regulatory requirements. The addition of these two positions  
14 will reduce the number of parameters analyzed per FTE from 6,700 to 5,900 and should  
15 enable shift coverage without overtime.

16  
17 **Customer Service Representative and Field Investigator**

18  
19 NBC's Customer Service Section is responsible for the accurate and timely billing and  
20 collection of more than 80,000 customers. Two positions, including a Field Investigator  
21 position and a Customer Service Representative position, are requested to support the  
22 Customer Service Section. The Field Investigators and the Customer Service  
23 Representatives work together on collection and billing activity which can range from  
24 investigating a dispute to responding to a customer inquiry to posting of a property for  
25 water shut-off. Further, significant coordinated effort is required to support the  
26 consumption billings that are based upon meter readings from seven different water  
27 suppliers. These two new positions are needed to respond to increased workloads,  
28 collection efforts and support monthly billing.

1 **Increased Workload**

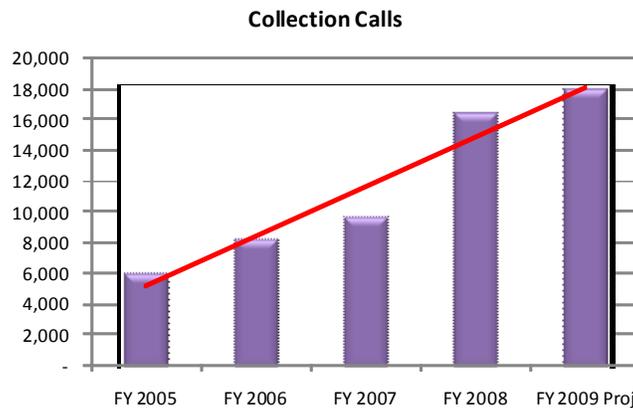
2 Since FY 2006, the number of customer calls and field investigations has increased by  
3 140% and 254% respectively. The chart below shows the increase over the past few  
4 years and this upward trend is expected to continue.



5

6 **Increased Collection Activity**

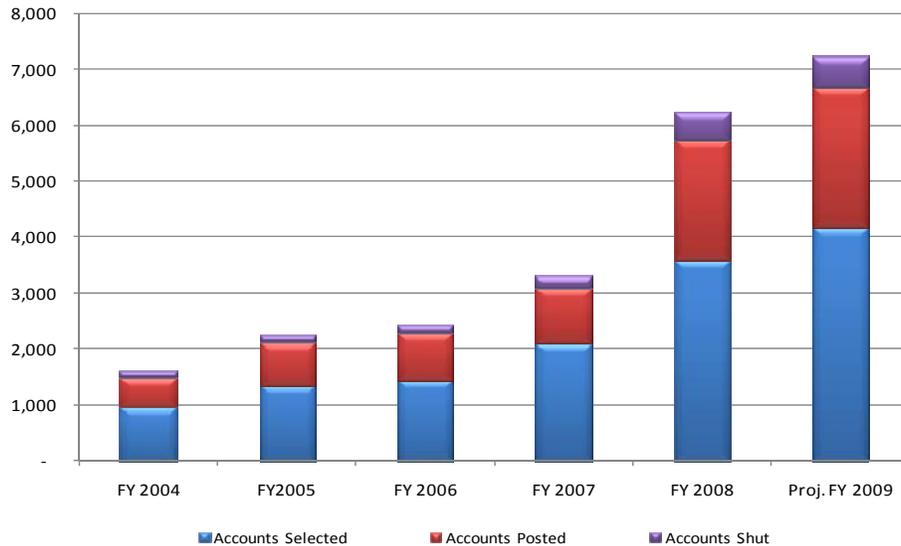
7 In addition, NBC's recently developed Customer Service application has given NBC the  
8 tools that it needs to manage collection activity. As a result, NBC is working diligently  
9 to contact customers with past due accounts before the outstanding amounts become so  
10 large that customers feel that they cannot even establish a budget payment plan. The  
11 following chart shows that since 2005, the number of collection calls has more than  
12 doubled and is projected to reach nearly 18,000 calls this fiscal year.



13

1 In addition, the new system allows NBC to manage accounts seriously past due that are  
 2 eligible and selected for water termination. Although the water termination process is an  
 3 effective method of collection it is very labor intensive. Customer Service first tries to  
 4 contact the customer by phone, mails several notices, must physically post the property  
 5 and then, if the account remains unpaid, must accompany the water supplier crew to the  
 6 property for the termination of service. The increased activity related to water shut-off is  
 7 shown in the chart below and the number of accounts selected for water termination has  
 8 increased by approximately 400% since FY 2004. These collection efforts have resulted  
 9 in relatively high collection rates despite the overall deterioration of the economy in  
 10 NBC's service area.

**Water Shut-Off Statistics**



11 The table below shows that the effort devoted to water termination has been effective.  
 12 Since FY 2004, the amount collected through water shut-off has increased by more than  
 13 600% to nearly \$5.3 million and the amount budgeted as a result of the water shut-off  
 14 increased by more than 400% to \$1.4 million.

FISCAL YEAR	AMOUNT COLLECTED WSO	AMOUNT BUDGETED WSO
FY 2004	\$754,120	\$265,700
FY 2005	\$1,132,564	\$260,921
FY 2006	\$1,429,599	\$330,120
FY 2007	\$3,173,563	\$747,583
FY 2008	\$5,336,198	\$1,400,211

17

1 **Conversion to Monthly Billing**

2 In this filing we are proposing that NBC convert from quarterly to monthly billing which  
3 will increase the number of bills mailed and payments processed from approximately  
4 320,000 to more than 960,000. The advantages to monthly billing are numerous but it is  
5 anticipated that an additional position is required to support the monthly billing;  
6 especially since the consumption bills are based upon meter readings from seven  
7 different water suppliers. The new position will support the field research, dispute  
8 investigation, customer inquiry and input of meter readings with the more frequent  
9 billings.

10  
11 **Q. Mr. Edge does that conclude your review on the expense accounts?**

12 A. No it does not. NBC has filed at least one rate case each of the last nine years (one  
13 year NBC filed two). With the significant borrowing needed in the future NBC expects  
14 that it will continue to file annually. Therefore, NBC is requesting that rate case expense  
15 be left at the test year level in this filing and that the current rate case expense be charged  
16 directly to rate case expense in the interim year and not amortized over any future period.

17  
18 **Q. Now does that complete your detailed review of NBC's expense accounts?**

19 A. Yes. The only other adjustment that I made was to recalculate the net operating  
20 reserve using 1.5% versus the 1% approved in Docket 3905, and not excluding the  
21 personnel services from the calculation. Although the PUC calculated the net operating  
22 reserve in Docket 3905 by excluding debt service and personnel services from the  
23 operating expenses, I am requesting once again that the PUC reconsider its position on  
24 this matter. It is important to note that in Docket 3905 the approved operating reserve  
25 was only \$166,165, which is a little more than one half of NBC's electricity costs in a  
26 typical month in that docket.

27  
28 As previously discussed in prior dockets, NBC's operating costs are variable depending  
29 on levels of rainfall and temperature. In addition, NBC is currently facing some very  
30 significant uncertainty in terms of the effect of the CSO Phase I Facilities' impact on  
31 operating costs.

1 Given this level of uncertainty in costs, as well as the revenue shortfalls and lags  
2 discussed in detail in this testimony, it is important to have an adequate operating reserve  
3 to protect the utility and the ratepayers. Therefore I respectfully request that the PUC  
4 allows NBC to collect the net operating reserve included in this filing, which is in line  
5 with operating reserves approved for regulated RI water utilities.

6  
7 **Q. Mr. Edge, have you calculated the revenue requirement percentage rate  
8 increase for this docket, the ratepayer impact and the revenue check?**

9 A. Yes I have, however I should explain my Schedule WEE-2B and WEE-2C first,  
10 before I explain my Schedules WEE-19, WEE-20 and WEE-21. In Schedule WEE-2B, I  
11 used the projected FY 2009 interim year units multiplied by the interim year rate from  
12 Docket 3905. Schedule WEE-2C reflects projected rate year FY 2010 consumption units  
13 at interim year rates and ties into the rate year revenue on Schedule WEE-1.

14  
15 The shortfall shown on the bottom of Schedule WEE-1 is used to calculate the across-  
16 the-board percentage increase needed in this docket (See Schedule WEE-19). The  
17 across-the-board percentage increase calculated on Schedule WEE-19 is then used to  
18 increase the previously approved Docket 3905 rates (interim year rates) in the cash proof  
19 for this filing (See Schedule WEE-20). The final step is to then calculate the ratepayer  
20 impact on Schedule WEE-21.

21  
22 **Q. Does that conclude your rate year analysis?**

23 A. Yes. However I would like to address one last item before moving on to the rate  
24 design issue in this docket. NBC was required to spend a significant amount of time  
25 preparing the rate year revenue projection information and analyzing the revenue trends.  
26 As a result this filing was not filed on December 1 as expected. NBC is requesting that  
27 in spite of its delay in filing tat the rates be effective July1, 2009. Delaying  
28 implementation of the rates for 20 days will result in significant additional work for  
29 implementation and further exacerbate the billing and cash collection problems reviewed  
30 in great length above. NBC is requesting the implementation of this rate increase for  
31 July 1, 2009.

1 RATE DESIGN AND MONTHLY BILLING

2  
3 **Q. Mr. Edge, are there any rate design issues proposed for this Docket?**

4 A. No. NBC is requesting the increase be implemented on an across-the-board basis on  
5 all user fees. One additional request however is that NBC wishes to implement monthly  
6 billing July 1, 2009.

7  
8 **Q. What are the advantages to monthly billing?**

9 A. There are numerous advantages to monthly billing for NBC and its customers.  
10 Under the current billing structure NBC's customers are typically hit with four relatively  
11 large bills per year or three relatively small bills a year and in one case, a very large bill  
12 once a year. Conversion to monthly billing will smooth out the size of the bills and will  
13 help customers to budget for their sewer bill monthly, as they do for the majority of their  
14 other utilities.

15  
16 Monthly billing also holds several financial advantages for NBC. From a revenue  
17 standpoint, monthly billing will address the current delay in the effectiveness of new  
18 rates as well as the delay in the actual billing of consumption. With monthly billing, new  
19 rates effective on July 1<sup>st</sup> of any given year will be applied to consumption billed in  
20 August as opposed to several months later. By doing so, the conversion to monthly  
21 billing will mitigate the "composite" rate issue to a great extent. In addition, with  
22 monthly billing, the billed consumption will be current so that the revenues reported for a  
23 fiscal year on a GAAP basis will have actually been billed during that fiscal year (with  
24 the exception of about a month's worth of consumption). The effect of the monthly  
25 billing will be to ensure that NBC's annual billing will be closer to approved levels. The  
26 additional benefit is the increased matching of revenue and expense on a monthly, and  
27 annual basis.

28  
29 **Q. Does that conclude your testimony?**

30 A. Yes.

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

ACCT. NUMBER	ACCOUNT	Test Year FY 2008	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	FY 2010 Rate Year
<b>Revenue</b>						
41000	FLAT FEES RESIDENTIAL	\$13,204,222	\$ -	\$13,204,222	\$ 1,484,373	\$14,688,595
41100	CONSUMPTION FEE - RESIDENTIAL	22,908,786	-	22,908,786	506,219	23,415,005
41501 & 41502	FLAT FEES COMMERCIAL & INDUSTRIAL	8,029,548	-	8,029,548	900,818	8,930,366
41510	CONSUMPTION FEE - COMMERCIAL	19,077,998	-	19,077,998	(187,415)	18,890,583
41511	CONSUMPTION FEE - INDUSTRIAL	1,242,431	-	1,242,431	(309,320)	933,111
42000	PRETREATMENT FEES	1,115,529	-	1,115,529	-	1,115,529
42500	CONNECTION PERMIT FEES	181,290	-	181,290	-	181,290
43000	BOD/TSS SURCHARGE	116,096	-	116,096	(73,000)	43,096
43500	SEPTAGE INCOME	372,711	-	372,711	-	372,711
42603	MISCELLANEOUS OPERATING INCOME	6,423	-	6,423	-	6,423
45100 & 45200	INTEREST INCOME	2,195,656	(1,840,913)	354,743	-	354,743
45500	LATE CHARGE PENALTY	741,834	-	741,834	-	741,834
46500	ENVIRONMENTAL ENFORCEMENT	75,500	(75,500)	-	-	-
47500	GRANT	27,653	(27,653)	-	-	-
42600	ABATEMENT FEE	5,364	-	5,364	-	5,364
49005	CAPITAL CONTRIBUTIONS	-	-	-	-	-
	SPECIAL MASTER AMORTIZATION	-	330,000	330,000	(330,000)	-
49002	MISCELLANEOUS INCOME	82,832	-	82,832	-	82,832
	<b>TOTAL REVENUE</b>	<b>69,383,873</b>	<b>(1,614,066)</b>	<b>67,769,807</b>	<b>1,991,675</b>	<b>69,761,482</b>
<b>PERSONNEL SERVICES</b>						
52100	UNION SALARY	4,739,757	-	4,739,757	433,004	5,172,761
52150	UNION OVERTIME	417,126	-	417,126	37,174	454,300
52300	NON-UNION REGULAR	7,495,396	(27,653)	7,467,743	727,439	8,195,182
52350	NON-UNION OVERTIME	82,718	-	82,718	9,530	92,248
52400	NON-UNION LIMITED	32,074	-	32,074	2,701	34,775
52800	UNION PENSION	961,531	-	961,531	333,211	1,294,742
52810	FICA	923,995	-	923,995	131,386	1,055,381
52820	UNEMPLOYMENT INSURANCE	21,662	-	21,662	-	21,662
52920	NON UNION PENSION	680,745	-	680,745	151,475	832,220
52940	UNION RETIREMENT HEALTH	277,897	-	277,897	32,986	310,883
52950	HEALTH INSURANCE	2,632,931	-	2,632,931	447,583	3,080,514
52970	DENTAL INSURANCE	196,601	-	196,601	23,034	219,635
52980	VISION INSURANCE	33,737	-	33,737	-	33,737
52990	DISABILITY INSURANCE	35,314	-	35,314	-	35,314
53000	SUPP PENSION RETIREES	1,015	-	1,015	-	1,015
53690	WORKMAN'S COMP. - OLD CLAIMS	59,935	-	59,935	42,652	102,587
	<b>TOTAL PERSONNEL SERVICES</b>	<b>18,592,434</b>	<b>(27,653)</b>	<b>18,564,781</b>	<b>2,372,175</b>	<b>20,936,956</b>
59000	SALARY REIMBURSEMENT	(995,137)	-	(995,137)	(83,791)	(1,078,928)
59001	FRINGE REIMBURSEMENT	(544,437)	-	(544,437)	(46,114)	(590,551)
	<b>NET PERSONNEL SERVICES</b>	<b>17,052,860</b>	<b>(27,653)</b>	<b>17,025,207</b>	<b>2,242,271</b>	<b>19,267,478</b>

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

ACCT. NUMBER	ACCOUNT	Test Year FY 2008	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	FY 2010 Rate Year
<b>OPERATING SUPPLIES/EXPENSES</b>						
	CONVERSION TO MONTHLY BILLING				387,242	387,242
52610	MEDICAL SVCS.	12,480	-	12,480	-	12,480
53210	POSTAGE	162,635	-	162,635	-	162,635
53240	DUES & SUBSCRIPTIONS	56,944	-	56,944	-	56,944
53250	FREIGHT	33,351	-	33,351	-	33,351
53310	PRINTING & BINDING	93,620	-	93,620	-	93,620
53320	ADVERTISING	15,417	-	15,417	-	15,417
53330	RENTAL- EQUIPMENT	26,460	-	26,460	-	26,460
53340	RENTAL- CLOTHING	36,610	-	36,610	-	36,610
53350	RENTAL-OUTSIDE PROPERTY	4,664	-	4,664	-	4,664
53360	MISCELLANEOUS EXPENSE	64,229	-	64,229	-	64,229
53370	PUBLIC OUTREACH EDUCATION	25,247	(10,588)	14,659	-	14,659
53410	LOCAL TRAVEL	3,141	-	3,141	-	3,141
53420	LONG DISTANCE TRAVEL	65,466	-	65,466	-	65,466
53470	BLDG. & GRND. MAINT.	100,189	-	100,189	1,901	102,090
53480	SLUDGE, ASH HAULING & DISPOSAL	4,409,679	-	4,409,679	623,976	5,033,655
53490	SCREENING & GRIT DISPOSAL	128,151	-	128,151	96,509	224,660
53200	BAD DEBT EXPENSE	77,534	-	77,534	-	77,534
57600	LOSS ON DISPOSAL OF ASSETS	(12,484)	12,484	-	-	-
53510	VEHICLE FUEL & MAINTENANCE	185,068	-	185,068	-	185,068
53610	REPAIR-BLDG & STRUCTURE	506,856	-	506,856	23,638	530,494
53620	REPAIR-HIGHWAY & WALKS	15,894	-	15,894	-	15,894
53630	MAINTENANCE/SERVICE AGREE.	444,142	-	444,142	66,700	510,842
53650	HIGHWAY & LANDSCAPE	6,633	-	6,633	213	6,846
53660	INSURANCE	346,404	-	346,404	-	346,404
53680	WORKMAN'S COMP. INSURANCE	403,936	66,873	470,809	129,932	600,741
53900	CENTRAL PHONE SVCS.	4,050	-	4,050	-	4,050
54000	TELEPHONE	135,773	-	135,773	-	135,773
54020	FUEL OIL #2 - DIESEL FOR EQUIPMENT	20,140	-	20,140	-	20,140
54060	FUEL-GAS	359,495	-	359,495	162,438	521,933
54090	ELECTRICITY	2,847,148	-	2,847,148	1,398,574	4,245,722
54110	WATER	69,184	-	69,184	900	70,084
54200	CLOTHING	33,319	-	33,319	551	33,870
54330	CHEM., HOUSE & LAUNDRY SUPPLIES	25,419	-	25,419	1,214	26,633
54332	CHEMICALS - CHLOR. / HYPOCHLORITE	401,017	-	401,017	88,255	489,272
54337	CHEMICALS - SODIUM BIFULFITE	194,139	-	194,139	120,500	314,639
54340	LAB SUPPLIES	220,850	-	220,850	72,841	293,691
54370	SUPPLIES BUILDING & MAINTENANCE	168,001	-	168,001	-	168,001
54410	EDUCATIONAL SUPP. & EXP.	53,093	-	53,093	-	53,093
54420	COMPUTER SUPPLIES	76,648	-	76,648	-	76,648
54430	OTHER OPERATING SUPPLIES & EXP.	10,822	(2,658)	8,165	-	8,165
54440	SAFETY EQUIPMENT	23,534	-	23,534	-	23,534
54500	OFFICE EXPENSE	67,800	-	67,800	-	67,800
<b>TOTAL OPERATING SUPPLIES/EXPENSES</b>		11,922,698	66,112	11,988,810	3,175,384	15,164,194

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

ACCT. NUMBER	ACCOUNT	Test Year FY 2008	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	FY 2010 Rate Year
<b>PROFESSIONAL SERVICES</b>						
57800	BOND AND NOTE ISSUANCE COST	24,720	-	24,720	-	24,720
52600	REGULATORY EXPENSE	230,990	-	230,990	-	230,990
52650	SECURITY SERVICES	28,307	-	28,307	-	28,307
52660	LEGAL SERVICES	177,532	-	177,532	-	177,532
52670	MGMT/AUDIT SERVICES	2,077,054	-	2,077,054	329,057	2,406,111
52680	CLERICAL SERVICES	50,956	-	50,956	-	50,956
52690	OTHER SERVICES	99,232	(714)	98,518	-	98,518
<b>TOTAL PROFESSIONAL SERVICES</b>		<b>2,688,791</b>	<b>(714)</b>	<b>2,688,077</b>	<b>329,057</b>	<b>3,017,134</b>
<b>TOTAL OPERATIONS &amp; MAINTENANCE</b>		<b>31,664,349</b>	<b>37,745</b>	<b>31,702,094</b>	<b>5,746,712</b>	<b>37,448,805</b>
<b>CAPITAL OUTLAYS</b>						
57500	DEPRECIATION	7,124,163	(7,124,163)	-	-	-
57010	AMORTIZATION	339,482	(329,792)	9,690	-	9,690
16500	EQUIPMENT	-	-	-	-	-
16510	AUTOMOTIVE EQUIP.	-	69,950	69,950	(69,950)	-
16520	BLDG. & PLANT EQUIP.	-	272,964	272,964	(272,964)	-
16570	LABORATORY EQUIP.	-	49,417	49,417	(49,417)	-
16580	OFFICE FURN&EQUIP. COMPUT.	-	17,081	17,081	(17,081)	-
16583	COMPUTER SOFTWARE	-	379,246	379,246	(379,246)	-
16585	COMPUTER HARDWARE	-	363,469	363,469	(363,469)	-
16590	OTHER EQUIPMENT	-	19,746	19,746	(19,746)	-
16600	REPLACEMENT RESERVE	-	-	-	-	-
16610	BUILDING & OTHER STRUCT.	-	65,525	65,525	(65,525)	-
16630	IMP.-NOT BLDG OR STRUCT.	-	509,045	509,045	(509,045)	-
<b>TOTAL CAPITAL OUTLAYS</b>		<b>7,463,645</b>	<b>(5,707,512)</b>	<b>1,756,133</b>	<b>(1,746,443)</b>	<b>9,690</b>
<b>DEBT SERVICE</b>						
57913	LEASE INTEREST EXPENSE	37,983	-	37,983	-	37,983
57915	PROGRAMMED NEW DEBT INTEREST EXPENSE	-	2,670,346	2,670,346	-	2,670,346
		13,083,478	-	13,083,478	-	13,083,478
57920	DEBT SERVICE PRINCIPAL COVERAGE	-	16,800,972	16,800,972	-	16,800,972
		-	8,138,699	8,138,699	-	8,138,699
<b>TOTAL DEBT SERVICE</b>		<b>13,121,461</b>	<b>27,610,017</b>	<b>40,731,478</b>	<b>-</b>	<b>40,731,478</b>
<i>Net Operating Reserve</i>		-	146,866	146,866	415,012	561,877
<b>TOTAL EXPENSES</b>		<b>52,249,455</b>	<b>22,087,115</b>	<b>74,336,570</b>	<b>4,415,281</b>	<b>78,751,850</b>
<b>NET INCOME</b>		<b>\$17,134,418</b>	<b>\$(23,701,181)</b>	<b>\$(6,566,763)</b>	<b>\$(2,423,605)</b>	<b>\$(8,990,368)</b>
						12.89%

Narragansett Bay Commission  
 Test Year Revenue by Source  
 FY 2008

Schedule WEE-2

<u>User Fee Revenues</u>	FY 2008 UNITS	DOCKET 3797 RATES	REVENUE
Residential			
Dwelling Units	117,528	\$ 112.35	\$13,204,222
Consumption			
At Test Year Rates	9,652,152	2.309	22,286,818
At Prior Year Weighted Rates	<u>312,355</u>	1.991	<u>621,967</u>
	9,964,506		22,908,785
Non-Residential - Metered Accounts			
5/8"	3,688	253	933,093
3/4"	966	378	365,092
1"	1,079	628	677,304
1 1/2"	826	1,259	1,040,371
2"	1,686	2,013	3,394,422
3"	77	3,771	292,198
4"	39	6,285	246,596
6"	56	12,574	704,144
8"	17	20,118	347,408
10"	1	28,920	28,920
Total Flat Fees from Metered Accounts	<u>8,436</u>		<u>8,029,548</u>
Commercial Consumption			
At Test Year Rates	5,596,034	3.349	18,741,117
At Prior Year Weighted Rates	<u>117,526</u>	2.866	<u>336,881</u>
	5,713,560		19,077,998
Industrial Consumption			
At Test Year Rates	576,525	2.153	1,241,259
At Prior Year Weighted Rates	<u>624</u>	1.878	<u>1,171</u>
	577,149		1,242,430
<b>Total User Fee Revenues</b>			<b><u>64,462,983</u></b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,115,529
CONNECTION PERMIT FEES			181,290
BOD/TSS SURCHARGE			116,096
SEPTAGE INCOME			372,711
MISC. OPERATING INCOME			6,423
INTEREST INCOME			2,195,656
LATE CHARGE PENALTY			741,834
ENVIRONMENTAL ENFORCEMENT			75,500
ABATEMENT FEE			5,364
GRANT			27,653
MISCELLANEOUS INCOME			<u>82,832</u>
		Total Revenues	69,383,871
		Total Revenues per Audit	<u>69,383,873</u>
		Difference	<u>\$ (2)</u>

Narragansett Bay Commission  
Revenue by Source  
Test Year Units at Interim Year Rates

Schedule WEE-2A

<u><b>User Fee Revenues</b></u>	FY 2008 UNITS	DOCKET 3905 RATES	REVENUE
Residential			
Dwelling Units	117,528	\$ 124.98	\$ 14,688,595
Consumption	9,964,506	2.569	25,598,816
Non-Residential - Metered Accounts			
5/8"	3,688	281	1,036,360
3/4"	966	420	405,658
1"	1,079	699	753,878
1 1/2"	826	1,401	1,157,712
2"	1,686	2,239	3,775,515
3"	77	4,195	325,052
4"	39	6,991	274,296
6"	56	13,987	783,272
8"	17	22,379	386,452
10"	1	32,171	32,171
Total Flat Fees from Metered Accounts	8,436		8,930,366
Commercial Consumption	5,713,560	3.725	21,283,011
Industrial Consumption	569,139	2.395	1,363,088
<b>Total User Fee Revenues</b>			<b>71,863,876</b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,115,529
CONNECTION PERMIT FEES			181,290
BOD/TSS SURCHARGE			116,096
SEPTAGE INCOME			372,711
MISC. OPERATING INCOME			6,423
INTEREST INCOME			354,743
LATE CHARGE PENALTY			741,834
ABATEMENT			5,364
MISCELLANEOUS INCOME			82,832
			<u>82,832</u>
		Total Interim Year Revenues	<u>\$ 74,840,698</u>

Narragansett Bay Commission  
 FY 2009 Projected Units and Interim Year Rates

Schedule WEE-2B

<u><b>User Fee Revenues</b></u>	<b>FY 2009 PROJECTED UNITS</b>	<b>DOCKET 3905 RATES</b>	<b>REVENUE</b>
Residential			
Dwelling Units	117,528	\$ 124.98	\$14,688,595
Consumption			
Projected Units * at Docket 3905 rates	9,344,127	2.569	24,005,062
Non-Residential - Metered Accounts			
5/8"	3,688	281	1,036,360
3/4"	966	420	405,658
1"	1,079	699	753,878
1 1/2"	826	1,401	1,157,712
2"	1,686	2,239	3,775,515
3"	77	4,195	325,052
4"	39	6,991	274,296
6"	56	13,987	783,272
8"	17	22,379	386,452
10"	1	32,171	32,171
Total Flat Fees from Metered Accounts	8,436		8,930,366
Commercial Consumption			
Projected Units * at Docket 3905 rates	5,332,902	3.725	19,865,060
Industrial Consumption			
Projected Units * at Docket 3905 rates	462,537	2.395	1,107,776
<b>Total User Fee Revenues</b>			<b>68,596,860</b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,115,529
CONNECTION PERMIT FEES			181,290
BOD/TSS SURCHARGE			116,096
SEPTAGE INCOME			372,711
MISC. OPERATING INCOME			6,423
INTEREST INCOME			354,743
LATE CHARGE PENALTY			741,834
ABATEMENT			5,364
MISCELLANEOUS INCOME			82,832
		Total Rate Year Revenues	<b>\$71,573,682</b>

\* Consumption units projected using Method 2 Decline

Narragansett Bay Commission  
 FY 2010 Projected Units and Interim Year Rates

Schedule WEE-2C

<u>User Fee Revenues</u>	FY 2010 PROJECTED UNITS	DOCKET 3905 RATES	REVENUE
Residential			
Dwelling Units	117,528	\$ 124.98	\$14,688,595
Consumption			
Projected Units * at Docket 3905 rates	9,114,443	2.569	23,415,005
Non-Residential - Metered Accounts			
5/8"	3,688	281	1,036,360
3/4"	966	420	405,658
1"	1,079	699	753,878
1 1/2"	826	1,401	1,157,712
2"	1,686	2,239	3,775,515
3"	77	4,195	325,052
4"	39	6,991	274,296
6"	56	13,987	783,272
8"	17	22,379	386,452
10"	1	32,171	32,171
Total Flat Fees from Metered Accounts	8,436		8,930,366
Commercial Consumption			
Projected Units * at Docket 3905 rates	5,071,297	3.725	18,890,583
Industrial Consumption			
Projected Units * at Docket 3905 rates	389,608	2.395	933,111
<b>Total User Fee Revenues</b>			<b>66,857,661</b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,115,529
CONNECTION PERMIT FEES			181,290
BOD/TSS SURCHARGE			43,096
SEPTAGE INCOME			372,711
MISC. OPERATING INCOME			6,423
INTEREST INCOME			354,743
LATE CHARGE PENALTY			741,834
ABATEMENT			5,364
MISCELLANEOUS INCOME			82,832
		Total Rate Year Revenues	<b>\$69,761,483</b>

\* Consumption units projected using Method 2 Decline for FY 2009 & 3 year average decline for FY 2010 + Industrial reduced for KIK Custom Products out of business

Narragansett Bay Commission  
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2005	Actuals FY 2006	Actuals FY 2007	Actuals FY 2008
FLAT FEES RESIDENTIAL	\$ 9,463,539	\$ 10,902,152	\$ 11,470,435	\$ 13,204,222
MEASURED FEE - RESIDENTIAL	17,973,116	19,973,744	19,520,543	22,908,786
FLAT FEES COMMERCIAL	5,466,415	6,226,270	6,589,235	8,029,548
FLAT FEES INDUSTRIAL	496,683	509,053	495,948	-
MEASURED FEE - COMMERCIAL	16,248,740	17,228,238	16,823,599	19,077,998
MEASURED FEE - INDUSTRIAL	1,538,329	1,556,273	1,195,213	1,242,431
PRETREATMENT FEES	1,209,418	1,165,749	1,163,397	1,115,529
CONNECTION PERMIT FEES	197,595	357,496	205,589	181,290
BOD/TSS SURCHARGE	194,215	152,123	139,815	116,096
SEPTAGE INCOME	435,145	387,068	357,206	372,711
INTEREST INCOME	914,079	2,483,388	2,849,252	2,195,656
LATE CHARGE PENALTY	458,176	447,672	631,183	741,834
ENVIRONMENTAL ENFORCEMENT GRANT	69,536	81,398	52,525	75,500
ABATEMENT FEE	35,530	20,695	49,037	27,653
CAPITAL CONTRIBUTIONS	3,492	4,068	3,384	5,364
MISCELLANEOUS INCOME	2,941,693	1,165,958	5,626	-
	23,503	68,502	121,038	89,255
<b>TOTAL REVENUE</b>	<b>57,669,204</b>	<b>62,729,847</b>	<b>61,673,025</b>	<b>69,383,873</b>
UNION OVERTIME	554,238	477,466	387,310	417,126
UNION	4,460,029	4,498,777	4,606,978	4,739,757
NON-UNION REGULAR	6,919,202	6,959,300	7,098,038	7,495,396
NON-UNION OT	70,114	55,067	64,340	82,718
NON-UNION LIMITED	13,307	11,664	16,802	32,074
EMPLOYEE RET. BEN. - UNION PENSION	495,393	657,614	830,414	961,531
EMPLOYEE RET. BEN. - NON-UNION PENSION	702,842	712,521	742,524	680,745
EMPLOYEE RET. BEN.-FICA	891,983	876,327	878,310	923,995
EMPLOYEE BENEFITS-UI	23,416	38,902	11,443	21,662
RETIREMENT HEALTH - STATE	67,203	90,368	120,379	277,897
EMPLOYEE BEN.-HEALTH INS.	2,508,172	2,721,265	2,754,263	2,863,269
EMPLOYEE BEN-DISABILITY INS.	30,900	31,582	34,781	35,314
HEALTH INSURANCE-RETIREEES	1,015	1,015	931	1,015
WORKERS COMP-OLD CLAIMS	87,117	86,010	50,566	59,935
<i>Total Personnel Services</i>	16,824,931	17,217,878	17,597,079	18,592,434
SALARY REIMBURSEMENT	(944,363)	(991,753)	(1,003,839)	(995,137)
FRINGE REIMBURSEMENT	(512,798)	(545,064)	(549,426)	(544,437)
<i>Net Personnel Services</i>	15,367,770	15,681,061	16,043,814	17,052,860

Narragansett Bay Commission  
Four Years Comparison

Schedule WEE-3

<b>Account Description</b>	<b>Actuals FY 2005</b>	<b>Actuals FY 2006</b>	<b>Actuals FY 2007</b>	<b>Actuals FY 2008</b>
MEDICAL SVCS.	7,519	19,326	41,945	12,480
BLDG. & GRND. MAINT.	100,162	105,725	103,881	100,189
BIOSOLIDS DISPOSAL	1,195,968	2,780,812	3,619,711	4,409,679
SCREENINGS & GRIT DISPOSAL	124,095	167,380	139,757	128,151
BAD DEBT EXPENSE	110,701	-	210,543	77,534
POSTAGE	131,954	143,613	147,141	162,635
TELEPHONE	141,956	114,868	123,239	135,773
OFFICE EXPENSE	55,388	72,216	64,440	67,800
DUES & SUBSCRIPTIONS	52,118	55,225	56,734	56,944
FREIGHT, CART. & EXP.	30,620	33,151	32,877	33,351
INSURANCE	641,558	622,082	787,602	750,340
CENTRAL PHONE SVCS.	2,541	2,545	3,675	4,050
PRINTING & BINDING	84,191	76,430	91,457	93,620
ADVERTISING	8,001	12,086	21,548	15,417
LOCAL TRAVEL	2,872	2,749	4,447	3,141
LONG DISTANCE TRAVEL	55,895	70,334	47,754	65,466
VEHICLE FUEL AND MAINTENANCE	173,489	168,840	163,803	185,068
REPAIR BLDG & EQUIPMENT	456,825	256,362	556,988	506,856
SOLIDS HANDLING REPAIRS	155,923	46,206	-	-
REPAIR-HIGHWAY & WALKS	5,690	13,334	10,398	15,894
EQUIPMENT MAINTENANCE AGREE	493,658	416,867	509,827	444,142
GENERAL REPAIRS	139,370	288,410	-	-
RENTAL-OUTSIDE PROPERTY	7,803	4,549	4,180	4,664
RENTAL- EQUIPMENT	47,233	35,892	39,146	26,460
RENTAL- CLOTHING	56,991	54,332	47,943	36,610
FUEL OIL - KEROSENE	3,017	-	-	-
DIESEL FOR EQUIPMENT	1,540	716	1,375	20,140
OIL FOR SOLIDS HANDLING	25,040	4,910	-	-
FUEL-GAS	445,191	400,496	343,474	359,495
FUEL- GAS - INCINERATOR	679,611	247,471	-	-
ELECTRICITY	2,464,191	2,614,012	2,823,217	2,847,148
WATER	46,885	85,503	50,605	69,184
CLOTHING	23,302	34,652	29,961	33,319
SAFETY EQUIPMENT	25,842	21,588	22,420	23,534
PUBLIC OUTREACH EDUCATION	15,917	13,855	39,280	25,247
CHEMICALS, HOUSE & LAUNDRY SUPPLY	28,715	29,533	29,647	25,419
CHEM-CHLORINE/HYPOCHLORITE	401,642	364,246	347,280	401,017
CHEM-LIME	9,975	-	-	-
CHEM-POLYMER	90,741	37,146	-	-
CHEM-SODIUM BISULFITE	115,895	132,108	151,983	194,139
LAB SUPPLIES	144,452	169,205	183,273	220,850
HIGHWAY & LANDSCAPE	9,349	10,336	4,712	6,633
SUPPLIES BLDG & MAINTENANCE	139,029	123,475	152,980	168,001
SUPPLIES FOR SOLIDS HANDLING	6,166	1,569	-	-
EDUCATIONAL SUPP. & EXP.	67,645	67,985	88,442	53,093
COMPUTER SUPPLIES & EXPENSE	92,559	78,707	75,504	76,648
OTHER OPERATING EXPENSE	12,662	5,511	8,453	10,822

Narragansett Bay Commission  
Four Years Comparison

Schedule WEE-3

Account Description	Actuals FY 2005	Actuals FY 2006	Actuals FY 2007	Actuals FY 2008
MISCELLANEOUS EXPENSE	17,269	26,194	33,184	64,229
EQUIP LOSSES-CASUALTY THEFT	3,436	734,185	258	(12,484)
<i>Total Operating Supplies &amp; Expense</i>	9,152,592	10,766,737	11,215,084	11,922,698
BOND AND NOTE FEES	5,000	25,218	36,483	24,720
REGULATORY EXPENSE	159,688	205,715	242,289	230,990
LECTURES/ED./PROF. SVCS.	-	436	-	-
SECURITY SERVICES	29,476	27,723	29,076	28,307
LEGAL SERVICES	178,635	177,470	153,650	177,532
MGMT/AUDIT SERVICES	1,338,454	1,732,269	2,117,257	2,077,054
CLERICAL SERVICES	22,338	41,323	19,926	50,956
OTHER SERVICES	170,306	147,308	111,113	99,232
<i>Total Special Services</i>	1,903,897	2,357,462	2,709,794	2,688,791
<i>Total O&amp;M Expenses</i>	26,424,259	28,805,260	29,968,692	31,664,349
AMORTIZATION	185,789	257,433	299,794	339,482
DEPRECIATION	6,211,621	6,129,019	6,503,419	7,124,163
<i>Total Depreciation &amp; Amortization</i>	6,397,410	6,386,452	6,803,213	7,463,645
DEBT COVERAGE				
INTEREST	8,381,979	9,836,182	11,913,537	13,121,461
PRINCIPAL				
CARRYFORWARD FROM PREVIOUS YEAR				
<i>Total Debt Service</i>	8,381,979	9,836,182	11,913,537	13,121,461
<i>Total Expenses</i>	41,203,648	45,027,894	48,685,442	52,249,455
<i>Net Income</i>	\$ 16,465,556	\$ 17,701,953	\$ 12,987,583	\$ 17,134,418

*Salaries*

	Union	Non-Union	Total
Salary Adjusted Test Year Increase	\$ 4,739,757 1.0400	\$ 7,495,396 1.0400	\$ 12,235,153 1.0400
FY 2009 Increase	4,929,347 1.0425	7,795,212 1.0425	12,724,559 1.0425
<b>Rate Year Existing Positions</b>	<b>\$ 5,138,845</b>	<b>\$ 8,126,508</b>	<b>\$ 13,265,353</b>
Customer Service Rep	33,916	-	33,916
2 Lab Technicians	-	68,674	68,674
<b>Rate Year All Positions</b>	<b>\$ 5,172,761</b>	<b>\$ 8,195,182</b>	<b>\$ 13,367,943</b>

*Capital Salary & Fringe Reimbursement*

	Salary	Fringe
Adjusted Test Year Increase	\$ 995,137 1.0400	\$ 544,688 1.0400
FY 2009 Increase	1,034,942 1.0425	566,476 1.0425
<b>Rate Year</b>	<b>\$ 1,078,928</b>	<b>\$ 590,551</b>

*Overtime and Limited*

	Union OT	Non-Union OT	Limited
Adjusted Test Year	\$ 417,126 1.0400	\$ 82,718 1.0400	\$ 32,074 1.0400
FY 2009	433,811 1.0425	86,027 1.0425	33,357 1.0425
Rate Year	452,248	89,683	34,775
Tunnel Impact on Field's Point	2,052	2,565	-
<b>Rate Year</b>	<b>\$ 454,300</b>	<b>\$ 92,248</b>	<b>\$ 34,775</b>

***FICA and Medicare***

	Total	FICA	Medicare
Rate Year Salary	\$13,367,943	\$ 13,367,943	\$ 13,367,943
Rate Year Overtime & Limited	581,322	581,322	581,322
Over FICA limit (FY 2010 Estimate \$111,300)	(189,318)	(189,318)	-
	13,759,947	13,759,947	13,949,265
FICA %		6.20%	1.45%
<b>Rate Year</b>	<b>\$ 1,055,381</b>	<b>\$ 853,117</b>	<b>\$ 202,264</b>

***Pension***

Union Salary	\$ 5,172,761	25.03%	\$ 1,294,742
Union OT	454,300	0%	-
<b>Rate Year</b>			<b>\$ 1,294,742</b>
Total Non-Union Salary and Limited	\$ 8,322,205	10%	832,220
<b>Rate Year</b>			<b>\$ 832,220</b>

***Retiree Health***

Union Salary	\$ 5,172,761	6.01% *	<b>\$ 310,883</b>
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\*The FY 2008 actual rate provided by the State of Rhode Island

Narragansett Bay Commission  
 Account Analysis - Health Benefits

Schedule WEE-5

		Number of Employees	Rate per Pay Period	Number of Pay Periods	Rate Year
<b>Health Insurance</b>					
<b>HMO</b>	Family	11	\$ 621	26	\$ 177,670
	Single	8	227	26	47,288
<b>PPO</b>	Family	156	667	26	2,707,210
	Single	51	244	26	323,882
<b>Waiver</b>		17	2,500	1	42,500
	<b>Total</b>	<u>243</u>			
				Subtotal	3,298,551
				3 New Positions (net of Co-Pay)	40,772
				Less Premium Co-Pay	<u>(258,808)</u>
				Rate Year	3,080,514
				Less Adjusted Test Year	<u>2,632,931</u>
				<b>Rate Year Adjustment</b>	<b><u>\$ 447,583</u></b>

<b>Dental</b>					
	Family	179	\$ 42	26	\$ 193,580
	Single	58	15	26	22,634
	Waiver	6	110	1	660
	<b>Total</b>	<u>243</u>			
				Subtotal	216,875
				3 New Positions	<u>2,760</u>
				Rate Year	219,635
				Less Adjusted Test Year	<u>196,601</u>
				<b>Rate Year Adjustment</b>	<b><u>\$ 23,034</u></b>

Narragansett Bay Commission  
 Account Analysis - Biosolids Disposal

Schedule WEE-6

<i>Field's Point</i>	<i>July 1, 2009 to Dec. 31, 2009</i>	<i>Jan.1, 2010 to June 30, 2010</i>	<i>Rate Year</i>
CPI	-	1.0315	
Rate	\$ 403.09	\$ 415.79	
DT/Month	785	785	
DT/6 Months	4,712	4,712	
Subtotal Field's Point	\$ 1,899,360	\$ 1,959,202	\$ 3,858,563

<i>Tunnel Impact on FP</i>	<i>July 1, 2009 to Dec. 31, 2009</i>	<i>Jan.1, 2010 to June 30, 2010</i>	
CPI	-	1.0315	
Rate	\$ 403.09	\$ 415.79	
DT/Month	36	36	
DT/6 Months	219	219	
Total Tunnel Impact On FP	88,075	90,850	178,925
Total Field's Point	\$ 1,987,435	\$ 2,050,053	4,037,488

<i>Bucklin Point</i>	<i>July 1, 2009 to Dec. 31, 2009</i>	<i>Jan.1, 2010 to June 30, 2010</i>	
CPI	-	1.0315	
Rate	\$ 403.09	\$ 415.79	
DT/Month	203	203	
DT/6 Months	1,217	1,217	
Total Bucklin Point	\$ 490,359	\$ 505,809	996,168
Rate Year			5,033,655
Less Adjusted Test Year			4,409,679
<b>Rate Year Adjustment</b>			<b>\$ 623,976</b>

Narragansett Bay Commission  
Account Analysis - Screening & Grit

Schedule WEE-7

	Tons	Projected Rate	Rate Year
Field's Point	761	\$ 70.35	\$ 53,534
Tunnel Pump Station	764	70.35	53,762
IM	1,306	70.35	91,899
Bucklin Point	362	70.35	25,466
Rate Year			224,660
Less Adjusted Test Year			128,151
<b>Rate Year Adjustment</b>			<b>\$ 96,509</b>

	FY 2006	FY 2007	FY 2008	FY 2009
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

Narragansett Bay Commission  
Account Analysis - Maintenance & Service Agreements

Schedule WEE-8

Test Year Maintenance & Service Agreements	\$	444,142
Tunnel Impact on FP		7,924
Siemens		<u>58,776</u>
Rate Year		510,842
Less Adjusted Test Year		<u>444,142</u>
<b>Rate Year Adjustment</b>	<b>\$</b>	<b><u><u>66,700</u></u></b>

Narragansett Bay Commission  
Account Analysis - Workers' Compensation and Insurance

Schedule WEE-9

Type of Coverage	Actual FY 2006	Actual FY 2007	Actual FY 2008	FY 2009	Average % Increase	Rate Year
Crime Liability	\$ 1,397	\$ 1,397	\$ 1,397			
Commercial Package	269,950	295,919	273,787			
Pollution	47,070	24,241	24,241			
Commercial Inland Marine	6,754	5,970	5,970			
Flood - Bucklin Point	8,174	24,498	24,498			
Flood - Bucklin Point	3,366	3,366	3,366			
Ocean Marine	-	13,005	13,005			
Bonds	546	140	140			
<b>Subtotal Liability Insurance</b>	<b>337,257</b>	<b>368,536</b>	<b>346,404</b>			<b>\$ 346,404</b>
<b>Workers' Compensation Insurance</b>	<b>284,825</b>	<b>419,066</b>	<b>470,809</b>	<b>\$ 481,418</b>	<b>24.79%</b>	<b>600,741</b>
	<u>\$622,082</u>	<u>\$787,602</u>	<u>\$817,213</u>			
					Subtotal Rate Year	<u>947,145</u>
					Less Adjusted Test Year	<u>817,213</u>
					Rate Year Adjustment	<u><b>\$ 129,932</b></u>

**Workers' Compensation Old Claims (Account 53690)**

2 Year Amorization for Old Claim \$ 102,587

	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009
Workers' Compensation Insurance	\$284,825	\$419,066	\$470,809	\$ 481,418
% Increase		47.13%	12.35%	14.88%
Average % Increase			24.79%	

Narragansett Bay Commission  
 Account Analysis - Natural Gas

Schedule WEE-10

	Therms				Rate per Therm	Rate Year
	FY 2006	FY 2007	FY 2008	Three Year Average		
Bucklin Point	149,779	115,260	116,155	127,065	- \$	1.52 \$192,885
Field's Point	95,597	80,639	96,293	90,843	-	1.47 133,969
Interceptor Maintenance	14,136	13,814	14,901	14,284	-	2.28 32,552
COB	11,314	23,100	18,793	17,735	-	1.46 25,844
Lab	13,958	13,165	13,277	13,467	-	1.50 20,254
Tunnel Pump Station	-	-	-	-	78,537	1.48 116,429

Rate Year	521,933
Less Adjusted Test Year	<u>359,495</u>
<b>Rate Year Adjustment</b>	<b><u><u>\$162,438</u></u></b>

Narragansett Bay Commission  
 Account Analysis - Electricity

Schedule WEE-11

	kWh				Rate Year	Rate per kWh	Rate Year
	FY 2006	FY 2007	FY 2008	Three Year Average			
Bucklin Point	10,840,000	11,518,000	10,940,000	11,099,333	- \$	0.13	\$1,486,682
Field's Point	14,844,543	14,148,000	14,084,000	14,358,848	-	0.13	1,896,518
Interceptor Maintenance	855,021	784,204	863,990	834,405	-	0.18	151,165
COB	1,131,400	1,297,000	1,306,200	1,244,867	-	0.14	169,242
Tunnel Pump Station	-	-	-	-	3,307,638	0.13	443,330
					CSO Phase I Impact on FPWWTF		<u>98,785</u>
					Rate Year		4,245,722
					Less Adjusted Test Year		<u>2,847,148</u>
					<b>Rate Year Adjustment</b>		<b><u><u>\$1,398,574</u></u></b>

Narragansett Bay Commission  
 Account Analysis - Bisulfate

Schedule WEE-12

<i>Field's Point</i>	<i>July 1, 2009 to March 31, 2010</i>	<i>April 1, 2010 to June 30, 2010</i>	<i>Rate Year</i>
Proj. Increase	-	1.0300	
Rate	\$ 1.3695	\$ 1.4106	
Gallons/ Months	165,185	55,062	
Total Field's Point	<u>\$ 226,220</u>	<u>\$ 77,669</u>	\$ 303,889
CSO Phase I Impact on FPWWTF			<u>10,750</u>
Rate Year			314,639
Less Adjusted Test Year			<u>194,139</u>
<b>Rate Year Adjustment</b>			<b><u>\$ 120,500</u></b>

Narragansett Bay Commission  
 Account Analysis - Hypochlorite

Schedule WEE-13

<i>Field's Point</i>	<i>July 1, 2009 to March 31, 2010</i>	<i>April 1, 2010 to June 30, 2010</i>	<i>Rate Year</i>
Proj. Increase	-	1.0300	
Rate	\$ 0.608	\$ 0.626	
Gallons/ Months	<u>571,068</u>	<u>190,356</u>	
Total Field's Point	<u>\$ 347,209</u>	<u>\$ 119,209</u>	\$ 466,418
CSO Phase I Impact on FPWWTF			<u>22,854</u>
Rate Year			489,272
Less Adjusted Test Year			<u>401,017</u>
<b>Rate Year Adjustment</b>			<b><u>\$ 88,255</u></b>

Narragansett Bay Commission  
 Account Analysis - Lab Supplies

Schedule WEE-14

<b>Adjusted Test Year</b>	<b>\$ 220,850</b>
FY 2009 15.32% Increase	<u>33,829</u>
FY 2009	254,679
FY 2010 15.32% Increase	<u>39,011</u>
Rate Year	293,691
Less Adjusted Test Year	<u>(220,850)</u>
<b>Rate Year Adjustment</b>	<b><u><u>\$ 72,841</u></u></b>

	<b>Actual FY 2005</b>	<b>Actual FY 2006</b>	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>
Lab Supplies Expense	\$ 144,452	\$ 169,205	\$ 183,273	\$220,850
Annual Increase		17.14%	8.31%	20.50%
Average Annual Increase			15.32%	

<b>FY 2009</b>						
<b>Adjusted Test Year</b>	<b>Contracted Amount Service Fee, R &amp; M, Hypochlorite &amp; Bisulfate</b>		<b>Projected Soda Ash</b>	<b>Total</b>	<b>Rate</b>	<b>Year</b>
Bucklin Point Management Contract less Soda Ash	\$ 1,464,307	\$ 1,523,340		\$ 1,523,340	3.26%	\$1,572,925
Soda Ash	450,550		649,837	649,837	3.26%	670,989
Subtotal	1,914,857	1,523,340	649,837	2,173,177		2,243,914
Other Management/Audit Services	162,197					162,197
Total	<u>\$ 2,077,054</u>					2,406,111
				Less Adjusted Test Year		<u>2,077,054</u>
				<b>Rate Year Adjustment</b>		<b><u>\$ 329,057</u></b>

**Calculation of CPI**

	April 2006	April 2007	April 2008
CPI	201.5	206.7	214.8
% Increase		2.57%	3.94%
<b>Average Increase</b>		<b>3.26%</b>	

**Calculation of Soda Ash FY 2009**

	<b>FY 2007 &amp; FY 2008 Average Pounds</b>		<b>Projected FY 2009</b>
Soda Ash	3,614,221	\$ 0.1798	\$ <b>649,837</b>

Narragansett Bay Commission  
Impact of CSO Phase I on Field's Point WWTF

Schedule WEE-16

<b>Account</b>	<b>FY 2009 Budget</b>	<b>% Increase</b>	<b>Tunnel Impact</b>
Union Overtime	\$ 40,000	5.13%	\$ 2,052
Non-union Overtime	50,000	5.13%	2,565
Building & Ground Maintenance	37,052	5.13%	1,901
Building, Structures & Equipment Repairs	460,781	5.13%	23,638
Maintenance & Service Agreements	154,463	5.13%	7,924
Highways & Landscapes	4,154	5.13%	213
Clothing	10,738	5.13%	551
Chemicals, House & Laundry	23,662	5.13%	1,214
Water	70,326	1.28%	900
Electricity	1,925,625	5.13%	98,785
Chlorine / Hypochlorite	445,502	5.13%	22,854
Sodium Bisulfate	209,553	5.13%	10,750
<b>Total</b>	<b>\$ 3,431,856</b>		<b>\$ 173,347</b>

<b>Account</b>	<b>Adjusted Test Year</b>	<b>Tunnel Impact</b>	<b>Rate Year</b>
Union Overtime *			
Non-union Overtime *			
Building & Ground Maintenance	\$ 100,189	\$ 1,901	\$ 102,090
Building, Structures & Equipment Repairs	506,856	23,638	530,494
Maintenance & Service Agreements*			
Highways & Landscapes	6,633	213	6,846
Clothing	33,319	551	33,870
Chemicals, House & Laundry	25,419	1,214	26,633
Water	69,184	900	70,084
Electricity *			
Chlorine / Hypochlorite *			
Sodium Bisulfate *			

\* Note: Added to individual schedules for these accounts

Narragansett Bay Commission  
Account Analysis - Conversion to Monthly Billing

Schedule WEE-17

	<u># of Bills</u>	<u>Cost Per Bill</u>	<u>Rate Year</u>
Printing & Binding ( Account 53310) 80,000 Bills per Month	960,000	\$ 0.108	\$ 103,680
Postage (Account 53210) 80,000 Bills per Month	960,000	0.330	<u>316,800</u>
Sub-total			420,480
Field Investigator Salary			31,140
Fringe			26,098
	<u># of Payments</u>	<u>Cost Per Payment</u>	
Payment Processing Fees (Account 52690)	677,517	\$ 0.110	<u>74,527</u>
Total Cost of Monthly Billing			552,245
Cost of Current Quarterly Billing			(165,002)
<b>Rate Year Adjustment for Monthly Billing</b>			<b><u>\$ 387,242</u></b>

Narragansett Bay Commission  
New Positions

Schedule WEE-18

Position	Union / Non-Union	Salary	Fringe	Total Rate Year Adjustment
Laboratory Technician	Non-Union	\$34,337	\$20,652	\$ 54,989
Labroatory Technician	Non-Union	34,337	20,652	54,989
Customer Service Representative	Union	33,916	26,251	60,167

Note: These costs are included in their respective accounts on Schedule WEE-4 & WEE-5

**Calculation of Percentage Increase in Revenue Requirement**

Revenue Increase (WEE-1)	<u>\$ 8,990,368</u>	
Rate Year Revenue at Docket 3905 Rates and Projected Units (WEE-2C)	69,761,483	<u>12.89%</u>

**Calculation of Across the Board Increase Percentage**

Revenue Increase \$ 8,990,368 (A)

Revenue Items which could be increased by an across  
the board % Increase

Flat Fees Residential	\$ 14,688,595
Measured Fee - Residential	23,415,005
Flat Fees Commercial & Industrial	8,930,366
Measured Fee - Commercial	18,890,583
Measured Fee - Industrial	933,111

Total Revenue Available for Increase \$ 66,857,661 (B)

Across the Board Percentage Increase 13.45% (A/B)

Narragansett Bay Commission  
Rate Year Revenue Proof

Schedule WEE-20

<u><b>User Fee Revenues</b></u>	FY 2010 Projected Units	Proposed Rates	Revenue
Residential			
Dwelling Units	117,528	\$ 141.79	\$16,664,234
Consumption:			
	9,114,443	2.915	26,568,602
Non-Residential - Metered Accounts			
5/8"	3,688	319	1,175,734
3/4"	966	476	460,219
1"	1,079	793	855,280
1 1/2"	826	1,589	1,313,421
2"	1,686	2,540	4,283,329
3"	77	4,759	368,772
4"	39	7,931	311,189
6"	56	15,868	888,622
8"	17	25,389	438,430
10"	1	36,498	36,498
Total Flat Fees from Metered Accounts	<u>8,436</u>		<u>10,131,493</u>
Commercial Consumption			
	5,071,297	4.226	21,431,303
Industrial Consumption			
	389,608	2.717	<u>1,058,565</u>
<b>Total User Fee Revenues</b>			<b>75,854,197</b>
Miscellaneous Revenue			
DISCHARGE PERMIT FEES (PRETREATMENT)			1,115,529
CONNECTION PERMIT FEES			181,290
BOD/TSS SURCHARGE			43,096
SEPTAGE INCOME			372,711
MISC. OPERATING INCOME			6,423
INTEREST INCOME			354,743
LATE CHARGE PENALTY			741,834
ABATEMENT			5,364
MISCELLANEOUS INCOME			<u>82,832</u>
			78,758,019
			<u>Revenue Requirement (per WEE-1) 78,751,850</u>
		Difference	<u>\$ 6,169</u>

Narragansett Bay Commission  
Effect on Ratepayers

Schedule WEE-21

	Docket 3905 Rates	Proposed Rates	Dollar Increase	% Increase
97.6 HCF Residential				
Customer Charge	\$ 124.98	\$ 141.79	\$ 16.81	
Consumption	250.73	284.45	33.72	
Total 97.6 HCF Residential	\$ 375.71	\$ 426.24	\$ 50.53	13.45%
5/8" meter, 244 HCF Commercial				
Customer Charge	\$ 281.00	\$ 318.79	\$ 37.79	
Consumption	908.90	1,031.15	122.25	
Total 5/8" meter, 244 HCF Commercial	\$ 1,189.90	\$ 1,349.94	\$ 160.04	13.45%
2" meter, 2440 HCF Commercial				
Customer Charge	\$ 2,239.00	\$ 2,540.15	\$ 301.15	
Consumption	9,089.00	10,311.47	1,222.47	
Total 2" meter, 2440 HCF Commercial	\$ 11,328.00	\$12,851.62	\$1,523.62	13.45%
5/8" meter, 244 HCF Industrial				
Customer Charge	\$ 281.00	\$ 318.79	\$ 37.79	
Consumption	584.38	662.98	78.60	
Total 5/8" meter, 244 HCF Industrial	\$ 865.38	\$ 981.77	\$ 116.39	13.45%
2" meter, 2440 HCF Industrial				
Customer Charge	\$ 2,239.00	\$ 2,540.15	\$ 301.15	
Consumption	5,843.80	6,629.79	785.99	
Total 2" meter, 2440 HCF Industrial	\$ 8,082.80	\$ 9,169.94	\$1,087.14	13.45%

1 NARRAGANSETT BAY COMMISSION

2  
3 **PRE-FILED DIRECT TESTIMONY**  
4 **OF MAUREEN GURGHIGIAN**  
5

6  
7 **Q. Please state your name.**

8 A. My name is Maureen E. Gurghigian, Managing Director with First Southwest  
9 Company.  
10

11 **Q. Could you please describe your educational and employment background?**

12 A. I hold a masters degree in business administration from the University of Rhode  
13 Island. Prior to joining First Southwest on June 8, 2001, I worked for 16 years at  
14 Fleet Bank and/or Fleet Securities, all in municipal finance. From 1993 through  
15 2000, I served as Manager of the New England Investment Banking Group of  
16 Fleet Securities, Inc. Prior to joining Fleet, I spent 8 years in Rhode Island State  
17 government, including four years as Director of the Governor's Policy Office  
18 under then Governor J. Joseph Garrahy.  
19

20 Among other duties, I provide financial advisory services to issuers of municipal  
21 debt, primarily in the State of Rhode Island. Annually, I am involved in more than  
22 20 publicly offered bond issues. In addition, I have supervisory responsibility for  
23 First Southwest's involvement with borrowings by the State of Rhode Island,  
24 numerous public agencies and 30 Rhode Island municipalities. Our office assists  
25 clients with the origination of more than \$800 million in public financing issues  
26 each year.  
27

28 **Q. Would you describe the organization of First Southwest Company and the  
29 types of services that it provides?**

30 A. For more than 62 years, First Southwest Company has served as financial advisor  
31 to many issuers such as schools, cities, airports, hospitals, sports complexes, water

1 and wastewater authorities and districts and toll roads. Currently the firm serves  
2 more than 2,000 municipalities and agencies, including more than 400 in New  
3 England.

4

5 **Q. Do you hold any special licenses or certifications?**

6 A. I am a registered Municipal Principal with the Municipal Securities Rulemaking  
7 Board and hold the Series 52, 53 and 63 licenses.

8

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

11 A. Yes. I have provided testimony before the PUC and/or the Division of Public  
12 Utilities and Carriers on matters relating to the Pawtucket Water Supply Board,  
13 the Providence Water Supply Board, the Kent County Water Authority and the  
14 Narragansett Bay Commission (NBC).

15

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

17 A. I have served as financial advisor to the NBC for the past 19 years. I began  
18 providing financial advisory services to NBC in 1989 while working for Fleet  
19 Bank. In my capacity as NBC's financial advisor, I have assisted the NBC with a  
20 number of long-term borrowings from the Rhode Island Clean Water Finance  
21 Agency (RICWFA), several short-term borrowings, the \$70 million Variable Rate  
22 Demand Bonds (VRDB) issued in April 2004, the \$45 million Open Market  
23 Revenue Bond Issue in August 2005 and the \$42.5 million Open Market Revenue  
24 Bond Issue in February 2007. I also assisted the NBC with the recent refunding  
25 of the 2004 Series A VRDBs. My services have included the facilitation of the  
26 credit rating process, loan structuring and other functions.

27

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

29 A. The NBC requested that I provide additional information about NBC's credit  
30 rating and discuss the criticality to NBC and its ratepayers of obtaining and

1 maintaining the highest credit rating possible given the current uncertainty in the  
2 financial markets.

3

4 **Q. Do you have any good news to share with the PUC regarding NBC's credit**  
5 **rating?**

6 A. Yes. We are pleased to report that Standard and Poor's most recent credit review  
7 resulted in the upgrade of NBC's credit rating from an A+ to a AA-. This  
8 upgrade is an achievement that the NBC has been focusing on for several years  
9 and is a significant accomplishment. The PUC's support of the establishment and  
10 funding of the Operating Reserve for Revenue Stability Fund, as well as the  
11 continuation of the multi-year debt service compliance filing mechanism were  
12 two factors specifically identified in the credit report as contributing to the rating  
13 upgrade.

14

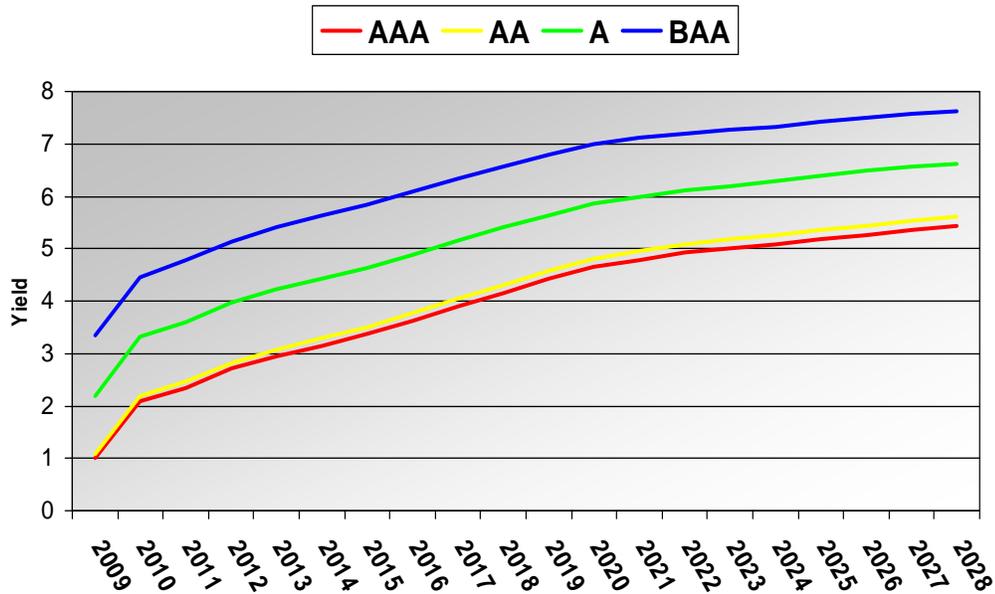
15 **Q. Why is it more important than ever for NBC to have a credit rating of AA-**  
16 **or higher?**

17 A. In 2008 the financial markets experienced a number of significant disruptions. There  
18 have been numerous news reports regarding the impacts of the fall-out in the U.S.  
19 sub-prime mortgage market and the effects have rippled through to the municipal  
20 market. Historically, bond insurers provided insurance guarantees for issuers of  
21 relatively risk-free municipal debt ("monoline" insurers). However, during the past  
22 few years these monoline insurers began guaranteeing securities backed by sub-prime  
23 mortgages. These investments have suffered significant losses, reducing the bond  
24 insurers' capital and adversely impacting their coveted AAA credit ratings. Seven of  
25 the monoline insurers, including NBC's insurer MBIA have been downgraded. Only  
26 Berkshire Hathaway, the newest insurer is currently rated triple A by each agency  
27 which rates it.

28

29 This has impacted NBC and other issuers of fixed and variable rate municipal  
30 debt. Historically, issuers with less than AAA credit ratings were able to secure  
31 favorable interest rates by purchasing municipal bond insurance. Now there is

1 little or no value resulting from municipal bond insurance and investors are  
 2 evaluating municipal issues based upon the underlying credit of the issuer.  
 3 Indeed, some of the fallout in the financial markets is increased scrutiny of an  
 4 issuer’s credit and larger interest rate spreads between lower and higher quality  
 5 credits. The yield curve below shows that the interest rate spreads between A and  
 6 AA rated issues was 100 basis points as of December 5, 2008, which is double the  
 7 spread in September 2008. The chart also shows that the AA credit rating has  
 8 essentially become the “new AAA” with nearly identical yield curves. The AA  
 9 credit rating has more financial value than ever to NBC and its ratepayers and  
 10 diligent action should be taken to maintain the rating.  
 11



12  
 13 **Q. How have the events in the financial markets impacted NBC’s outstanding**  
 14 **\$66.4 million Variable Rate Demand Bonds (VRDBs)?**

15 A. NBC’s 2004 VRDB issue was impacted significantly by MBIA’s credit issues.  
 16 The VRDBs are remarketed weekly and are placed primarily with major  
 17 institutional investors. NBC’s VRDBs were originally supported with a  
 18 combination of a Standby Bond Purchase Agreement (SBPA) issued by a bank  
 19 and municipal bond insurance provided by MBIA. As the credit rating of MBIA  
 20 deteriorated, institutional investors no longer wanted to hold NBC’s debt even

1           though the underlying credit (NBC) remained unchanged. This same set of  
2           circumstances was faced by numerous issuers and as a result the remarketing  
3           agent was unable to place all of the bonds and the interest rates soared.

4  
5           Fortunately for NBC, the VRDB's were successfully refunded and the liquidity  
6           facility/insurance combination was replaced with a stand-alone direct-pay Letter  
7           of Credit (LOC) from Citizens Bank (no bond insurance is required). The issue  
8           was jointly rated in that the combined strength of NBC's AA- credit rating and  
9           that of Citizens Bank earned a combined AAA/A-1+ rating from S&P. The  
10          strength of the rating opened the market for the issue to additional investors and  
11          once the issue was refunded in July 2008, the pricing of the VRDB returned to  
12          normal. In fact, NBC's VRDB has traded well below SIFMA (an industry index)  
13          since being refunded and during the week of December 8, 2008, the rate was set  
14          at 0.40% which is outstanding.

15  
16          In September, however, the financial market was thrown into turmoil once again  
17          with credit concerns and the failure and near collapse of many large banks and  
18          investment banking firms. Liquidity was constrained and the market for new  
19          issues ground to a halt. NBC was fortunate to have the stand-alone direct-pay  
20          Letter of Credit (LOC) from Citizens Bank and weathered this period, however,  
21          the events point out how quickly the financial markets can change.

22  
23          **Q.     Why will NBC's VRDB program benefit from the higher credit rating?**

24          In addition to increasing the marketability of NBC's VRDB's, a credit rating in  
25          the AA category may, in the future, afford NBC the opportunity to access the  
26          VRDB market with an uninsured standby bond purchase agreement. That is  
27          because the underlying rating of the issuer meets the minimum rating requirement  
28          for certain institutional investors' investment guidelines. Generally, a standby  
29          bond purchase agreement in the past has been less costly than a direct pay Letter  
30          of Credit. This would be advantageous to NBC in the event that NBC has  
31          difficulty renewing the stand-alone direct-pay Letter of Credit or the annual cost

1 of a direct-pay Letter of Credit increases. It remains to be seen, however, if  
2 VRDBs backed by an uninsured standby bond purchase agreement would be as  
3 marketable as those enhanced by a direct-pay Letter of Credit. NBC's future  
4 fixed rate debt issuance will also benefit from the higher credit rating in the form  
5 of lower interest rates whether issued in the open market or borrowed through the  
6 Rhode Island Clean Water Finance Agency.

7

8 **Q. Based upon your experience, would failure to achieve debt service coverage  
9 of 125% impact NBC's credit rating?**

10 A. NBC's Trust Indenture requires coverage of 125% and NBC's deteriorating  
11 coverage ratio is a cause for concern. Debt service coverage is an indication of  
12 the system's ability to service its debt which is a major consideration for  
13 bondholders and investors. Debt service coverage tends to correlate with  
14 liquidity. Generally, the higher the coverage ratio, the higher the credit rating,  
15 although the correlation of debt service coverage with rating level is not as direct  
16 as some other factors. The rating agencies will also consider other factors  
17 including operational risks, the revenue and expense volatility and the diversity of  
18 the revenue stream and the customer base. For utilities such as NBC with  
19 increasing debt service profiles, debt service coverage may be low for a time as  
20 the utility increases rates to provide for higher debt service in future years. The  
21 trend over a period of years is a more important indicator to the rating agencies  
22 than the level of the coverage ratio at any one point in time.

23

24 **Q. Is liquidity a significant factor in assessing credit strength?**

25 A. Yes, liquidity is an indication of financial flexibility and the ability of an issuer to  
26 meet ongoing operating needs in addition to the payment of debt service. As Mr.  
27 Edge mentioned in his testimony, NBC's most recent credit report issued by  
28 Standard and Poor's noted that NBC's unrestricted cash and investments equaled  
29 \$15.5 million or 190 days of operating expenses (FY 2007) which was down  
30 significantly from 500 days in 2004. Mr. Edge also noted that NBC's liquidity

1 deteriorated further in FY 2008 with unrestricted cash and investments of \$13.6  
2 million (\$1.9 million lower than the prior year) or 158 days of operating expenses.

3  
4 According to Standard and Poor's, "Days cash" (the liquidity ratio) is defined as  
5 enterprise fund cash and cash equivalents divided by annual enterprise fund  
6 expenses, expressed in number of days. This is a measure of system liquidity and,  
7 in combination with the debt burden, is an indication of financial flexibility.

8 Standard and Poor's published ratios indicate that the mean for AA rated credits is  
9 547 days. The median ratio for all credits which serve a population greater than  
10 150,000 is 304. It should be noted that there is a great deal of variability among  
11 like rated credits and similar to NBC, the ratio can fluctuate significantly in a  
12 short period of time. The liquidity ratio trend is important to Standard and Poor's  
13 and continued deterioration would be taken into consideration as part of their  
14 analysis of the overall strength of the credit. Standard and Poor's state in their  
15 publications that medians and means reflect historical information while credit  
16 ratings are designed to be more forward looking and valid through business  
17 cycles. Therefore at certain points, a particular ratio may not appear to be  
18 consistent with a published rating; however, the overall trend is important. In  
19 NBC's case, the liquidity ratio has declined the past four fiscal years.

20

21 **Q. What other factors do credit rating agencies consider?**

22 A. Rating agencies consider several additional factors including the rate setting  
23 environment and rate flexibility. The ability of NBC to obtain rate relief and a  
24 positive relationship between NBC and the PUC has been cited by Standard and  
25 Poor's as a rating positive. The relative sewer user rates of a system compared to  
26 other systems is also a measure of the flexibility to raise rates and, on a positive  
27 note, despite recent rate increases, NBC's rates remain relatively low. Annual  
28 financial performance and budget practices are also an important consideration.  
29 Along these lines, Standard and Poor's cited NBC's sound financial performance  
30 as positive. A utility's financial policies, legal provisions and capital program are

1 other factors cited by Standard and Poor's in addition to the debt burden and  
2 leverage, which have been discussed above.

3

4 There are additional credit rating considerations which are beyond a system's  
5 control, such as economic factors and the diversification of the rate base.

6 Published data demonstrate a correlation between ratings and the income levels of  
7 rate payers and the reverse between ratings and unemployment. Given the fact  
8 that there are a number of credit factors outside of an issuer's control, it is prudent  
9 for an issuer to take whatever actions it can to ensure the highest possible credit  
10 rating, especially an issuer that that needs to access the municipal market  
11 repeatedly to support a large capital program.

12

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

14 **A. Yes.**

Narragansett Bay Commission  
Capital Lease Schedule

Lease	Lease	Original Cost	Test Year FY 08		Rate Year FY 2010	
			Principal	Interest	Principal	Interest
CC	HP	230,284.69	34,350.81	689.34		
FF	Xerox	27,994.86	5,598.97	279.95		
GG	HP	80,033.00	4,266.75	226.57		
II	HP	74,903.00	19,219.30	1,107.13		
JJ	HP	54,319.00	13,927.99	776.71		
1	HP	75,928.58	25,278.88	1,597.04		
2	HP	12,828.00	3,120.94	336.09		
3	HP	47,076.00	11,421.73	1,353.28		
4	HP	160,427.24	38,923.35	4,611.79		
5	HP	70,593.76	22,374.50	1,376.77		
6	HP	37,935.04	9,203.92	1,090.51		
7	HP	323,118.59	58,516.19	12,518.20	64,472.18	6,562.21
8	HP	61,431.30	19,169.81	2,672.98		
9	HP	53,797.00	16,815.70	2,256.95	-	-
10	De Lage Landen	109,569.69	17,264.32	2,347.70	37,317.74	1,906.30
11	De Lage Landen	206,792.58	18,509.18	4,903.18	40,279.83	6,544.89
12	De Lage Landen	92,378.00	14,579.55	1,921.49	31,443.50	1,558.58
	Grand Total	1,461,130.78	292,592.11	39,096.39	173,513.25	16,571.98

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2009		FYE 2010		FYE 2011		FYE 2012		FYE 2013	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep	12,937.68	164,252.48	9,878.48	170,370.88	6,705.32	176,717.20	3,413.96	183,299.90		
		1-Mar	9,878.48		6,705.32		3,413.96					
21909	SRF - WP/RA - \$3.694	1-Sep	16,159.92	204,292.00	13,629.44	209,378.00	11,035.95	214,591.00	8,377.89	219,934.00	5,653.65	225,410.00
		1-Mar	13,629.44		11,035.95		8,377.89		5,653.65		2,861.58	
21908	SRF - BUTLER - \$1.662M	1-Sep	10,101.65	99,555.85	8,227.81	103,303.53	6,283.43	107,192.29	4,265.85	111,227.45	2,172.33	115,414.49
		1-Mar	8,227.81		6,283.43		4,265.85		2,172.33			
21915	SRF POOL LOAN I - \$14.781M	1-Sep	132,351.55	791,750.00	117,826.22	821,000.00	102,764.27	851,250.00	87,147.37	882,500.00	70,957.16	915,000.00
		1-Mar	117,826.55		102,764.27		87,147.37		70,957.16		54,170.71	
21916	SRF POOL LOAN II - \$17.279M	1-Sep	145,411.68	919,234.00	129,353.58	951,512.00	112,731.62	984,923.00	95,526.00	1,019,507.00	77,716.23	1,055,306.00
		1-Mar	129,353.58		112,731.62		95,526.00		77,716.23		59,281.08	
21917	SRF POOL LOAN III - \$8.150M	1-Sep	101,503.17	377,909.00	94,616.29	391,752.00	87,477.14	406,102.00	80,076.00	420,978.00	72,404.71	436,398.00
		1-Mar	94,616.29		87,477.14		80,076.47		72,404.71		64,451.94	
21918	SRF POOL LOAN IV - \$23.955M	1-Sep	384,899.70	2,120,000.00	347,460.50	2,300,000.00	306,842.50	2,125,000.00	269,315.00	1,690,000.00	239,469.60	1,435,000.00
		1-Mar	347,460.50		306,842.50		269,315.00		239,469.60		214,127.50	
21919	SRF POOL LOAN V - \$57M	1-Sep	721,561.05	4,000,000.00	658,141.05	4,215,000.00	591,312.23	4,200,000.00	524,721.23	3,600,000.00	467,643.23	3,350,000.00
		1-Mar	658,141.05		591,312.23		524,721.23		467,643.23		414,528.98	
21920	SRF POOL LOAN VI - \$57M	1-Sep	358,469.55	2,504,048.32	338,706.35	2,570,580.87	318,418.04	2,638,881.19	297,590.67	2,708,996.25	276,209.92	2,780,974.29
		1-Mar	338,706.35		318,418.04		297,590.67		276,209.92		254,261.08	
21921	SRF POOL LOAN VII - \$40M	1-Sep	339,909.05	1,768,000.00	327,356.25	1,793,000.00	313,639.80	1,820,000.00	298,624.80	1,850,000.00	282,437.30	1,882,000.00
		1-Mar	327,356.25		313,639.80		298,624.80		282,437.30		265,217.00	
21922	SRF POOL LOAN VIII - \$40M	1-Sep	329,673.78	403,000.00	326,822.55	322,000.00	324,383.40	484,000.00	320,535.60	1,225,000.00	310,398.73	1,618,000.00
		1-Mar	326,822.55		324,383.40		320,535.60		310,398.73		296,524.38	
21923	SRF POOL LOAN IX - \$30M	1-Sep	262,989.43	1,300,000.00	252,199.43	1,200,000.00	241,969.43	1,345,000.00	230,234.30	1,368,000.00	218,059.10	1,392,000.00
		1-Mar	252,199.43		241,969.43		230,234.30		218,059.10		205,461.50	
21924	SRF POOL LOAN X - \$30M	1-Sep	254,824.45	1,290,000.00	243,956.20	1,311,000.00	232,878.25	1,334,000.00	221,572.60	1,356,000.00	210,080.50	1,379,000.00
		1-Mar	243,956.20		232,878.25		221,572.60		210,080.50		198,359.00	
21925	SRF POOL LOAN XI - \$25M	1-Sep	61,050.15		246,847.92	225,000.00	244,952.28	325,000.00	242,206.03	750,000.00	235,737.28	1,194,000.00
		1-Mar	209,726.41		244,952.28		242,206.03		235,737.28		225,289.78	
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	2,335,891.74	1,515,000.00	2,343,320.80	1,565,000.00	2,283,889.28	1,620,000.00	2,222,695.81	1,670,000.00	2,158,748.98	1,735,000.00
22501	\$45M 2005 Series A	1-Aug	1,125,000.00	0.00	1,125,000.00	0.00	1,125,000.00	0.00	1,125,000.00	0.00	1,125,000.00	0.00
		1-Feb	1,125,000.00		1,125,000.00		1,125,000.00		1,125,000.00		1,125,000.00	
22503	\$42.5M 2007 Series A	1-Aug	1,032,781.00		1,032,781.25		1,032,781.25		1,032,781.25		1,032,781.25	
		1-Feb	1,032,781.00	0.00	1,032,781.25	0.00	1,032,781.25	0.00	1,032,781.25	0.00	1,032,781.25	0.00
<i>Total</i>			12,861,197.44	17,457,041.65	12,675,299.03	18,148,897.28	12,184,453.21	18,632,656.68	11,690,805.35	19,055,442.60	11,197,785.75	19,513,502.78
<i>Total Interest and Principal Debt Service</i>			\$30,318,239.09		\$30,824,196.31		\$30,817,109.89		\$30,746,247.95		\$30,711,288.53	

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

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2014		FYE 2015		FYE 2016		FYE 2017		FYE 2018	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar	2,861.58	231,022.00								
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	54,170.71 36,765.08	948,750.00	36,765.08 18,717.36	983,750.00	18,717.36	1,020,250.00				
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	59,281.08 40,198.63	1,092,361.00	40,198.63 20,446.11	1,130,718.00	20,446.11	1,170,422.00				
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	64,451.94 56,207.95	452,384.00	56,207.95 47,661.78	468,955.00	47,661.78 38,802.66	486,133.00	38,802.66 29,619.03	503,940.00	29,619.08 20,099.00	522,400.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	214,127.50 189,491.80	1,395,000.00	189,491.80 168,388.10	1,195,000.00	168,388.10 156,114.40	695,000.00	156,114.40 111,611.20	2,520,000.00	111,611.20 74,525.20	2,100,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	414,528.98 361,414.73	3,350,000.00	361,414.73 310,599.45	3,205,000.00	310,599.45 258,119.40	3,310,000.00	258,119.40 216,103.65	2,650,000.00	216,103.65 173,612.25	2,680,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	254,261.08 231,729.06	2,854,864.78	231,729.06 208,598.36	2,930,718.55	208,598.36 184,853.08	3,008,587.75	184,853.08 160,476.90	3,088,525.91	160,476.90 135,453.03	3,170,588.04
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	265,217.00 247,197.20	1,917,000.00	247,197.20 228,448.40	1,953,000.00	228,448.40 208,946.40	1,990,000.00	208,946.40 188,757.85	2,029,000.00	188,757.85 167,747.35	2,070,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	296,524.38 281,106.70	1,757,000.00	281,106.70 262,855.08	2,045,000.00	262,855.08 243,856.83	2,082,000.00	243,856.83 217,005.70	2,895,000.00	217,005.70 188,721.10	3,009,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	205,461.50 192,345.00	1,418,000.00	192,345.00 178,699.20	1,444,000.00	178,699.20 164,614.38	1,471,000.00	164,614.38 150,111.55	1,499,000.00	150,111.55 135,137.15	1,528,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	198,359.00 186,398.43	1,403,000.00	186,398.43 174,090.55	1,427,000.00	174,090.55 161,430.58	1,451,000.00	161,430.58 148,441.78	1,476,000.00	148,441.78 135,111.53	1,502,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	225,289.78 214,515.53	1,214,000.00	214,515.53 203,360.63	1,236,000.00	203,360.63 191,787.03	1,258,000.00	191,787.03 179,745.63	1,281,000.00	179,745.63 167,208.03	1,306,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	2,093,093.93	1,790,000.00	2,025,041.47	1,855,000.00	1,954,843.41	1,915,000.00	1,881,577.66	1,990,000.00	1,806,155.44	2,055,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00								
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00								
	<i>Total</i>		10,700,561.07	19,823,381.78	10,199,839.10	19,874,141.55	9,700,795.69	19,857,392.75	9,207,538.21	19,932,465.91	8,721,205.92	19,942,988.04
	<i>Total Interest and Principal Debt Service</i>		\$30,523,942.85		\$30,073,980.65		\$29,558,188.44		\$29,140,004.12		\$28,664,193.96	

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

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	20,099.00 10,230.25	541,535.00	10,230.25	561,372.00						
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	74,525.20 45,121.30	1,665,000.00	45,121.30 23,576.10	1,220,000.00	23,576.10	1,335,000.00				
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	173,612.25 130,803.75	2,700,000.00	130,803.75 87,202.50	2,750,000.00	87,202.50 43,601.25	2,750,000.00	43,601.25	2,750,000.00		
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	135,453.03 109,764.28	3,254,830.57	109,764.28 83,392.98	3,341,311.42	83,392.98 56,321.00	3,430,090.07	56,321.00 28,529.71	3,521,227.57	28,529.71	3,614,786.58
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	167,747.35 145,993.75	2,112,000.00	145,993.75 123,474.00	2,155,000.00	123,474.00 100,154.00	2,200,000.00	100,154.00 76,111.10	2,247,000.00	76,111.10 51,439.85	2,295,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	188,721.10 158,879.28	3,133,000.00	158,879.28 127,642.23	3,237,000.00	127,642.23 94,475.65	3,393,000.00	94,475.65 59,389.78	3,553,000.00	59,389.78 36,477.20	2,297,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	135,137.15 119,751.90	1,558,000.00	119,751.90 103,981.08	1,589,000.00	103,981.08 87,771.08	1,621,000.00	87,771.08 71,117.10	1,653,000.00	71,117.10 54,046.35	1,686,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	135,111.53 121,465.20	1,529,000.00	121,465.20 107,461.20	1,556,000.00	107,461.20 93,126.00	1,584,000.00	93,126.00 78,447.70	1,613,000.00	78,447.70 63,464.45	1,642,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	167,208.03 154,230.78	1,331,000.00	154,230.78 140,762.55	1,357,000.00	140,762.55 126,887.95	1,384,000.00	126,887.95 112,601.58	1,411,000.00	112,601.58 97,877.58	1,440,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	1,727,078.38	2,160,000.00	1,645,296.42	2,230,000.00	1,560,290.38	2,310,000.00	1,472,762.60	2,385,000.00	1,382,124.28	2,470,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00								
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00								
	<i>Total</i>		8,236,496.01	19,984,365.57	7,754,592.05	19,996,683.42	7,275,682.45	20,007,090.07	6,816,859.00	19,133,227.57	6,427,189.18	15,444,786.58
	<i>Total Interest and Principal Debt Service</i>		\$28,220,861.58		\$27,751,275.47		\$27,282,772.52		\$25,950,086.57		\$21,871,975.76	

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

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2024		FYE 2025		FYE 2026		FYE 2027		FYE 2028	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar										
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar										
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar										
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar										
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	51,439.85 26,007.45	2,344,000.00	26,007.45	2,397,000.00						
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	36,477.20 12,881.55	2,342,000.00	12,881.55	1,266,000.00						
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	54,046.35 36,545.35	1,720,000.00	36,545.35 18,512.73	1,755,000.00	18,512.73	1,793,000.00				
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	63,464.45 48,123.85	1,672,000.00	48,123.85 32,456.25	1,703,000.00	32,456.25 16,416.75	1,734,000.00	16,416.75	1,770,000.00		
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	97,877.58 82,710.15	1,469,000.00	82,710.15 67,072.65	1,500,000.00	67,072.65 50,997.15	1,531,000.00	50,997.15 34,468.43	1,563,000.00	34,468.43 17,471.03	1,596,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	1,288,720.50	2,545,000.00	1,191,820.65	2,635,000.00	1,091,815.68	2,725,000.00	988,303.30	2,820,000.00	881,334.84	2,915,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00	1,125,000.00 1,125,000.00	0.00	1,125,000.00 1,125,000.00	0.00	2,160,500.00	3,580,000.00	1,977,125.00	3,755,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	3,390,000.00
	<i>Total</i>		6,113,856.78	12,092,000.00	5,831,693.13	11,256,000.00	5,592,833.71	7,783,000.00	5,316,248.13	9,733,000.00	4,975,961.80	11,656,000.00
	<i>Total Interest and Principal Debt Service</i>		\$18,205,856.78		\$17,087,693.13		\$13,375,833.71		\$15,049,248.13		\$16,631,961.80	

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

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2029		FYE 2030		FYE 2031		FYE 2032		FYE 2033	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar										
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar										
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar										
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar										
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar										
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar										
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar										
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar										
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	17,471.03	1,629,000.00								
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	770,514.69	3,015,000.00	655,841.96	3,125,000.00	537,092.33	3,235,000.00	414,307.64	3,345,000.00	287,222.97	3,460,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,784,625.00	3,945,000.00	1,582,500.00	4,140,000.00	1,370,250.00	4,350,000.00	1,147,375.00	4,565,000.00	913,375.00	4,795,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	948,031.25 948,031.25	3,560,000.00	859,031.25 859,031.25	3,735,000.00	765,656.25 765,656.25	3,920,000.00	667,656.25 667,656.25	4,120,000.00	564,656.25 564,656.25	4,325,000.00
	<i>Total</i>		4,468,673.22	12,149,000.00	3,956,404.46	11,000,000.00	3,438,654.83	11,505,000.00	2,896,995.14	12,030,000.00	2,329,910.47	12,580,000.00
	<i>Total Interest and Principal Debt Service</i>		\$16,617,673.22		\$14,956,404.46		\$14,943,654.83		\$14,926,995.14		\$14,909,910.47	

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

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2034		FYE 2035		FYE 2036		FYE 2037		Total	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar									32,935.44 19,997.76	694,640.46
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar									57,718.43 41,558.51	1,304,627.00
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar									31,051.07 20,949.42	536,693.61
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar									620,699.72 488,348.50	7,214,250.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar									680,664.93 535,253.25	8,323,983.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar									703,149.97 601,647.22	5,569,858.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar									2,530,942.90 2,146,043.20	21,795,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar									4,959,364.75 4,237,803.70	45,510,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar									3,042,774.01 2,684,304.46	45,419,012.16
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar									3,417,469.00 3,025,545.05	34,822,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar									3,604,511.09 3,249,074.21	35,061,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar									2,760,091.41 2,424,011.28	27,340,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar									2,728,105.27 2,473,280.82	28,732,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar									3,097,780.14 2,999,608.48	25,000,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	155,946.27	3,575,000.00	22,325.22	3,700,000.00					37,178,056.59	66,360,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	667,625.00	5,035,000.00	409,625.00	5,285,000.00	138,750.00	5,550,000.00			32,401,750.00 20,250,000.00	45,000,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	461,937.50 461,937.50	4,530,000.00	354,350.00 354,350.00	4,745,000.00	241,656.25 241,656.25	4,970,000.00	123,618.75 123,618.75	5,205,000.00	25,642,218.50 25,642,218.50	0.00 42,500,000.00
	<b>Total</b>		1,747,446.27	13,140,000.00	1,140,650.22	13,730,000.00	622,062.50	10,520,000.00	247,237.50	5,205,000.00	194,328,927.58	441,183,064.23
	<b>Total Interest and Principal Debt Service</b>		\$14,887,446.27		\$14,870,650.22		\$11,142,062.50		\$5,452,237.50		\$635,511,991.81	

## Debt Service Payments Fiscal Year 2008

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Outstanding Debt	Due Dates	Interest	Principal
SRF - NO. PROV. \$2.647M	1-Sep	15,887	158,354
	1-Mar	12,938	
SRF - WP/RA - \$3.694	1-Sep	18,629	199,329
	1-Mar	16,160	
SRF - BUTLER - \$1.662M	1-Sep	11,908	95,944
	1-Mar	10,102	
SRF POOL LOAN I - \$14.781M	1-Sep	146,359	763,500
	1-Mar	132,352	
SRF POOL LOAN II - \$17.279M	1-Sep	160,925	888,052
	1-Mar	145,412	
SRF POOL LOAN III - \$8.150M	1-Sep	108,147	364,555
	1-Mar	101,503	
SRF POOL LOAN IV - \$23.955M	1-Sep	422,957	2,155,000
	1-Mar	384,900	
SRF POOL LOAN V - \$57M	1-Sep	765,162	2,750,000
	1-Mar	721,561	
SRF POOL LOAN VI - \$57M	1-Sep	377,721	2,439,238
	1-Mar	358,470	
SRF POOL LOAN VII - \$40M	1-Sep	351,164	1,745,000
	1-Mar	339,909	
SRF POOL LOAN VIII - \$40M	1-Sep	337,951	1,240,000
	1-Mar	329,674	
SRF POOL LOAN IX - \$30M	1-Sep	273,445	1,279,000
	1-Mar	262,989	
SRF POOL LOAN X - \$30M	1-Sep	200,902	1,268,000
	1-Mar	254,824	
SRF POOL LOAN XI - \$25M	1-Sep	0	0
	1-Mar	1,711	
VRDO \$70M 2004 Series A (Includes fees)	1-Dec	2,572,902	1,455,000
\$45M 2005 Series A	1-Aug	1,125,000	0
	1-Feb	1,125,000	
\$42.5M 2007 Series A	1-Aug	992,618	0
	1-Feb	1,032,781	
		13,111,962	16,800,972

*Narragansett Bay Commission*  
*Long Term Debt*

Commission loan outstanding with the RI Clean Water Finance Agency  
Butler Hospital Project – The total loan is \$1,662,054 with an interest rate of 3.2644%.

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

Commission loan outstanding with the RI Clean Water Finance Agency  
Washington Park Project – The total loan is \$3,694,678 with an interest rate of 1.9773%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #1 – The total loan is \$14,781,000 with an interest rate of 3.16917%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #2 – The total loan is \$17,279,000 with an interest rate of 2.9938%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #3 – The total loan is \$8,150,000 with an interest rate of 3.14473%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #4 – The total loan is \$23,955,000 with an interest rate of 3.032%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #5 – The total loan is \$57,000,000 with an interest rate of 3.30%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #6 – The total loan is \$57,000,000 with an interest rate of 1.0785%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #7 – The total loan is \$40,000,000 with an interest rate of 1.349%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #8 – The total loan is \$40,000,000 with an interest rate of 1.404%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #9 – The total loan is \$30,000,000 with an interest rate of 1.397%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #10 – The total loan is \$30,000,000 with an interest rate of 1.27%.

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #11 – The total loan is \$25,000,000 with an interest rate of 1.475%

Revenue Bonds (variable rate) 2008 Series A, dated July 17, 2008, maturing  
September 1, 2035 - Total loan amount is \$70,000,000.

Wastewater System Revenue Bonds, 2005 Series A, dated August 4, 2005  
Total loan amount is \$45,000,000 with an average interest rate of 5.0%.

Wastewater System Revenue Bonds, 2007 Series A, dated February 8, 2005  
Total loan amount is \$42,500,000 with an average interest rate of 4.84825%.

Narragansett Bay Commission  
Personnel and Overtime Information

Test Year	Number of Employees 7/1/07	Number of Employees 6/30/08
FY 2008	241	237

Fiscal Year	Overtime Amount
FY 2008	499,844
FY 2007	451,650
FY 2006	532,533

## Compliance Reporting

<u>Compliance Items</u>	<u>Status</u>
Capital Projects Compliance Report	Reports are submitted semi-annually. Last Report was submitted on June 30th, 2008 per Docket # 3162
Restricted Accounts Report	Reports are submitted quarterly. Last report was submitted on September 30th, 2008 per Docket #3162

**Narragansett Bay Commission Docket #3797  
Compliance Reporting on Restricted Accounts for FY 2008**

	Cash Receipts	Capital/Debt 0.000%	Debt 45.340%	Debt Interest	Total Debt & Debt Interest	Debt Coverage 11.330%	Special Master
Percentage Receipts:							
Beginning Balance		5,889,356.36			<b>15,723,536.79</b>	6,039,011.04	154,992.74
* Transfer 4/25/2008		1,121,851.05				(1,121,851.05)	
* Transfer 5/27/2008						(330,000.00)	
		<b>7,011,207.41</b>	<b>0.00</b>	<b>0.00</b>	<b>15,723,536.79</b>	<b>4,587,159.99</b>	<b>154,992.74</b>
July-07	1,776,970.18	24,383.75	764,488.11	79,142.66	<b>843,630.77</b>	196,603.98	635.09
August-07	10,503,888.07	22,714.22	4,518,982.73	79,131.24	<b>4,598,113.97</b>	1,162,150.18	634.09
September-07	2,816,241.08	21,389.84	1,211,603.24	18,112.99	<b>1,229,716.23</b>	311,588.91	602.33
October-07	3,603,653.04	20,726.17	1,550,363.61	27,902.53	<b>1,578,266.14</b>	398,708.17	594.44
November-07	1,048,570.56	17,945.98	451,116.03	30,112.21	<b>481,228.24</b>	116,013.85	546.65
December-07	10,881,113.18	17,690.81	4,681,272.51	31,190.19	<b>4,712,462.70</b>	1,203,886.36	547.61
January-08	3,112,311.81	15,827.94	1,338,978.79	31,605.19	<b>1,370,583.98</b>	344,346.18	501.59
*** February-08	9,906,554.63	11,064.94	4,491,631.87	29,114.20	<b>4,520,746.07</b>	1,122,412.64	358.78
March-08	3,222,240.02	9,836.34	1,460,963.63	25,584.44	<b>1,486,548.07</b>	365,079.79	330.09
April-08	3,383,068.78	7,476.22	1,533,883.38	25,826.55	<b>1,559,709.93</b>	383,301.69	248.52
May-08	10,735,156.69	8,192.83	4,867,320.04	26,045.78	<b>4,893,365.82</b>	1,216,293.25	240.51
June-08	2,330,341.67	7,440.30	1,056,576.91	28,597.37	<b>1,085,174.28</b>	264,027.71	232.59
	<b>63,320,109.71</b>	<b>7,195,896.75</b>	<b>27,927,180.85</b>	<b>432,365.35</b>	<b>44,083,082.99</b>	<b>11,671,572.70</b>	<b>160,465.03</b>
Expenses:							
July-07		260,290.67			225,945.34		-
August-07		101,501.94			2,324,173.47		-
September-07		386,205.32			18,742,280.16		-
October-07		90,654.42			228,693.39		-
November-07		99,670.51			200,368.00		-
December-07		80,609.19			1,688,054.47		-
January-08		220,680.45			204,651.88		-
February-08		151,076.06			2,326,397.30		-
March-08		257,880.49			3,242,744.82		-
April-08		224,212.39			297,681.90		-
May-08		121,563.63			179,965.94		-
June-08		460,942.81			248,596.06		-
		<b>2,455,287.88</b>			<b>29,909,552.73</b>		-
Balance		<b>\$ 4,740,608.87</b>			<b>\$ 14,173,530.26</b>	<b>\$ 11,671,572.70</b>	<b>\$ 160,465.03</b>

\*\*Note that prior to February, 2008, under Docket 3707, Debt and Debt Coverage percentages were 43.022% and 11.064% respectively.

Transfers:

\* 4/25/2008 Transfer of funds from Stabilization to Operating Capital for Debt Service Carryover for FY 2007.

\*5/27/2008 Transfer of funds from Stabilization to Revenue PIP Account based on PUC report and order for Docket 3797.

**Narragansett Bay Commission Docket #3797  
Compliance Reporting on Restricted Accounts for FY 2009**

	Cash Receipts	Capital/Debt 0.000%	Debt 45.340%	Debt Interest	Total Debt & Debt Interest	Debt Coverage 11.330%	Special Master
Percentage Receipts:							
Beginning Balance **10/28/2008		4,740,608.87			14,173,530.26 4,135,656.71	11,671,572.70 (4,135,656.71)	160,465.03
		4,740,608.87	0.00	0.00	18,309,186.97	7,535,915.99	160,465.03
July-08	3,278,505.01	7,489.26	1,486,474.17	36,519.91	1,522,994.08	371,454.62	239.09
August-08	8,989,512.92	7,132.67	4,075,845.16	35,970.84	4,111,816.00	1,018,511.81	243.36
September-08	3,163,499.00	6,864.96	1,434,330.45	9,296.34	1,443,626.79	358,424.44	244.39
October-08	0.00		0.00		0.00	0.00	
November-08	0.00		0.00		0.00	0.00	
December-08	0.00		0.00		0.00	0.00	
January-09	0.00		0.00		0.00	0.00	
February-09	0.00		0.00		0.00	0.00	
March-09	0.00		0.00		0.00	0.00	
April-09	0.00		0.00		0.00	0.00	
May-09	0.00		0.00		0.00	0.00	
June-09	0.00		0.00		0.00	0.00	
	15,431,516.93	4,762,095.76	6,996,649.78	81,787.09	25,387,623.84	9,284,306.86	161,191.87
Expenses:							
July-08		230,382.61			213,511.66		-
August-08		25,546.40			2,286,381.79		-
September-08		66,674.22			20,651,076.34		-
October-08							-
November-08							-
December-08							-
January-09							-
February-09							-
March-09							-
April-09							-
May-09							-
June-09							-
		322,603.23			23,150,969.79		-
Balance		\$ 4,439,492.53			\$ 2,236,654.05	\$ 9,284,306.86	\$ 161,191.87

\*\* Realign Debt Balance to the Required Balance as of 6/30/08.