

# General Rate Filing

October 8, 2010



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Raymond J. Marshall, P.E.  
Executive Director

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\*ADMITTED TO PRACTICE IN  
RHODE ISLAND & MASSACHUSETTS

October 8, 2010

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 \$80,415,745, which is a rate increase of approximately 8.86%. While the Rhode Island Public Utilities Commission can suspend the requested rates for up to nine months from the proposed effective date, NBC respectfully requests that a decision on the enclosed rate application be rendered by June 30, 2011 so that new rates can be put into effect on July 1, 2011, which is the beginning of Fiscal Year 2011.

NBC has included pre-filed testimony from two witnesses as well as schedules and exhibits in support of the revised rates in the enclosed filing. NBC has also included a copy of its proposed notice to be published in the Providence Journal. NBC respectfully requests that your staff review the proposed notice so that it can be published.

Please note that I 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

## Location/Title

Certificate of Service	TAB 1
Notice of Change in Rate Schedules	TAB 2
Existing Tariffs	TAB 3
Marked-Up Tariffs	TAB 4
Proposed Tariffs	TAB 5
Attestations	TAB 6
Supporting Testimony	
Walter E. Edge Direct Testimony	TAB 7
Walter E. Edge Supporting Schedules	TAB 8
Cost of service schedules for the Test Year and Rate Year	WEE-1
Workpapers detailing the Adjusted Test Year revenues by source, tariff, rate class, etc. Sales volumes/quantities and customer counts by rate class, included.	WEE-2
Consumption Projections	WEE-2A
Rate Year Projected Units and Interim Year Rates	WEE-2B
A comparative statement of revenues and expenditures for the past three (3) fiscal years.	WEE-3
Supporting calculations and data for known and measurable changes allowed per Rule 2.10(b)	WEE-4 thru WEE-13
Calculation of Rate Increase	WEE-14
Rate Year Revenue Check	WEE-15
Effect on Rate Payers	WEE-16
Joseph Pratt Direct Testimony	TAB 9
General Filing Exhibits	TAB 10
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	Debt Service Fiscal Year 2010
A schedule presenting the principal and interest amounts paid on debt service (long-term and short-term debt) for the rate	Debt Service Fiscal Year 2012
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.	Compliance Reporting 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 18-19
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, this 8<sup>th</sup> day of October 2010 caused a copy of the within Compliance Rate Case Filing of the Narragansett Bay Commission to be served on the Administrator of the Division of Public Utilities and Carriers and the Office of the Attorney General.



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Karen L. Giebink,  
Director of Administration and Finance

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**PUBLIC UTILITIES COMMISSION**

IN RE: NARRAGANSETT BAY COMMISSION  
GENERAL RATE AND FILING OF October 8, 2010

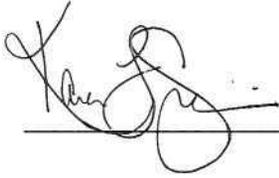
**NOTICE OF CHANGE IN RATE SCHEDULES**

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 November 8, 2010. The new rates are designed to collect revenues in a 12-month period equal to \$80,415,745.

- 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 A. Keough, Jr., Esquire, Legal Counsel, Keough & Sweeney, Ltd., 100 Armistice Boulevard, Pawtucket, RI 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.

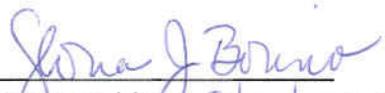


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Karen L. Giebink  
Director of Administration and Finance  
Narragansett Bay Commission

STATE OF RHODE ISLAND  
COUNTY OF PROVIDENCE

Subscribed and sworn to before me on this the 8th day of October 2010, Pursuant the PUC Rule 1.9.



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Notary Public 8/12/2013

## TARIFFS OF THE NARRAGANSETT BAY COMMISSION

### SCHEDULE A

**EFFECTIVE: CUSTOMER CHARGE**      July 1, 2010  
**CONSUMPTION CHARGE**      July 1, 2010

#### 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:**

\$ 162.79 per dwelling unit per year

#### **CONSUMPTION CHARGE:**

\$ 2.627 per hundred cubic feet of 100% of water used

#### **RESIDENTIAL WELL CUSTOMERS:**

\$ 419.17 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. As of May 1st, 2010 this category includes industrial laundries as defined by the EPA and categorized by the North American Industry Classification System (NAICCS) code 812332.

#### CUSTOMER CHARGE:

#### METER SIZE:

#### FIXED FEE

5/8"	\$389
3/4"	\$581
1"	\$967
1 1/2"	\$1,939
2"	\$3,098
3"	\$5,804
4"	\$9,672
6"	\$19,352
8"	\$30,962
10"	\$44,509

#### CONSUMPTION CHARGE:

**NBC Service Area:**      \$ 2.449 per hundred cubic feet of 100% of water used.

**COMMERCIAL**

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

<b><u>CUSTOMER CHARGE:</u></b>	<b><u>METER SIZE:</u></b>	<b><u>FIXED FEE</u></b>
	5/8"	\$389
	3/4"	\$581
	1"	\$967
	1 1/2"	\$1,939
	2"	\$3,098
	3"	\$5,804
	4"	\$9,672
	6"	\$19,352
	8"	\$30,962
	10"	\$44,509

**CONSUMPTION CHARGE:**

**NBC Service Area:** \$ 3.809 per hundred cubic feet of 100% of water used.

**BILLING**

**Residential** - Fixed fee bills rendered to property owners quarterly and consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board until October 1, 2009. Beginning October 1, 2009 consumption and fixed fees to be billed monthly.

**Condominiums (residential)** - Fixed fee to be rendered to property owners and/or associations, quarterly and consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board until October 1, 2009. Beginning October 1, 2009, consumption and fixed fees to be billed monthly.

**Industrial** - Fixed fee to be rendered to property owners quarterly and consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board until October 1, 2009. Beginning October 1, 2009, fixed fees and consumption to be billed monthly.

**Commercial** - Fixed fee to be rendered to property owners quarterly and consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board. Beginning October 1, 2009, fixed fees and consumption to be billed monthly.

**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

<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.

CAT #	User Classification	Permit Fee
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	\$10,144
	Flow ≥ 100,000	\$10,869
12	<b>Metal Molding and Casting</b>	\$1,087
13	<b>Organic Chemical Manufactu</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,</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

<b>CAT #</b>	<b>User Classification</b>	<b>Permit Fee</b>
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 Facilities - Hazardous Waste</b>	\$14,492
29	<b>Central Treatment Facilities Non-Hazardous Waste</b>	\$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</b>	
	Flow $\geq$ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725

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

CAT #	User Classification	Permit Fee
84	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional</b>	\$362
85	<b>Restaurants</b>	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food ( 2 or more frvolators and/or drive	\$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 o	\$362
	Dry Cleaners with ≥ 2 washe	\$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

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</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

Uniform  
Septage

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

<b>EFFECTIVE: CUSTOMER CHARGE</b>	July 1, 2010	November 8, 2010
<b>CONSUMPTION CHARGE</b>	July 1, 2010	November 8, 2010

**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:**

~~\$ 162.79~~ per dwelling unit per year  
**\$ 194.61**

**CONSUMPTION CHARGE:**

\$ 2.627 per hundred cubic feet of 100% of water used

**RESIDENTIAL WELL CUSTOMERS:**

~~\$ 419.17~~ Based upon fixed fee and average usage of 200 gpd  
**\$ 451.01**

**INDUSTRIAL**

All structures in which water is utilized for the production and/or manufacturing based operations including non-contact cooling water. As of May 1st, 2010 this category includes industrial laundries as defined by the EPA and categorized by the North American Industry Classification System (NAICCS) code 812332.

**CUSTOMER CHARGE:**

**METER SIZE:**

**FIXED FEE**

5/8"	<del>\$389</del>	<b>\$480</b>
3/4"	<del>\$581</del>	<b>\$717</b>
1"	<del>\$967</del>	<b>\$1,193</b>
1 1/2"	<del>\$1,939</del>	<b>\$2,391</b>
2"	<del>\$3,098</del>	<b>\$3,821</b>
3"	<del>\$5,804</del>	<b>\$7,158</b>
4"	<del>\$9,672</del>	<b>\$11,928</b>
6"	<del>\$19,352</del>	<b>\$23,867</b>
8"	<del>\$30,962</del>	<b>\$38,185</b>
10"	<del>\$44,509</del>	<b>\$54,893</b>

**CONSUMPTION CHARGE:**

**NBC Service Area:** \$ 2.449 per hundred cubic feet of 100% of water used.

**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.

**CUSTOMER CHARGE:**

**METER SIZE:**

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4"	<del>\$9,672</del>	<b>\$11,928</b>
6"	<del>\$19,352</del>	<b>\$23,867</b>
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10"	<del>\$44,509</del>	<b>\$54,893</b>

**CONSUMPTION CHARGE:**

**NBC Service Area:** \$ 3.809 per hundred cubic feet of 100% of water used.

**BILLING**

**Residential** - Fixed fee ~~bills~~ and **consumption fees to be billed monthly**. ~~rendered to property owners quarterly and consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board until October 1, 2009. Beginning October 1, 2009 consumption and fixed fees to be billed monthly.~~

**Condominiums (residential)** - Fixed fee and **consumption fees** to be rendered to property owners and/or associations **monthly**. ~~quarterly and consumption bills rendered to property owners and/or associations as usage data is supplied by the appropriate Water Supply Board until October 1, 2009. Beginning October 1, 2009, consumption and fixed fees to be billed monthly.~~

**Industrial** - Fixed fee and **consumption fees** to be rendered to property owners **monthly**. ~~quarterly and consumption bills rendered to property owners as usage data is supplied by the appropriate Water Supply Board until October 1, 2009. Beginning October 1, 2009, fixed fees and consumption to be billed monthly.~~

**Commercial** - Fixed fee and **consumption fees** to be rendered to property owners **monthly**. ~~quarterly and consumption bills rendered to property owners monthly, quarterly and/or semi-annually as usage data is supplied by the appropriate Water Supply Board. Beginning October 1, 2009, fixed fees and consumption to be billed monthly.~~

**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**

<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**

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	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

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

CAT #	User Classification	Permit Fee
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 Blowdown/Condensate Discharges</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
84	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional Pollutants</b>	\$362
85	<b>Restaurants</b>	
	< 50 seats	\$217
	$\geq$ 50 seats < 100 seats	\$435
	>100 seats of fast food ( 2 or more fryolators and/or drive through window)	\$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
	$\geq$ 2,500 GPD	\$725
91	<b>Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants</b>	\$362

CAT #	User Classification	Permit Fee
90	<b>Hospitals</b>	\$3,623
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
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
Uniform Septage	
B. 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 of >300 mg/l
Charge:	\$87.00 per 1,000 pounds of TSS with a concentration of >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

**EFFECTIVE: CUSTOMER CHARGE  
CONSUMPTION CHARGE**

November 8, 2010  
November 8, 2010

#### 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:**

\$ 194.61 per dwelling unit per year

#### **CONSUMPTION CHARGE:**

\$ 2.627 per hundred cubic feet of 100% of water used

#### **RESIDENTIAL WELL CUSTOMERS:**

\$ 451.01 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. As of May 1st, 2010 this category includes industrial laundries as defined by the EPA and categorized by the North American Industry Classification System (NAICCS) code 812332.

#### CUSTOMER CHARGE:

#### METER SIZE:

#### FIXED FEE

5/8"	\$480
3/4"	\$717
1"	\$1,193
1 1/2"	\$2,391
2"	\$3,821
3"	\$7,158
4"	\$11,928
6"	\$23,867
8"	\$38,185
10"	\$54,893

#### CONSUMPTION CHARGE:

#### **NBC Service Area:**

\$ 2.449 per hundred cubic feet of 100% of water used.

#### 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.

#### CUSTOMER CHARGE:

#### METER SIZE:

#### FIXED FEE

5/8"	\$480
3/4"	\$717
1"	\$1,193
1 1/2"	\$2,391
2"	\$3,821
3"	\$7,158
4"	\$11,928
6"	\$23,867
8"	\$38,185
10"	\$54,893

#### CONSUMPTION CHARGE:

#### **NBC Service Area:**

\$ 3.809 per hundred cubic feet of 100% of water used.

**BILLING**

**Residential** - Fixed fee and consumption fees to be billed monthly.

**Condominiums (residential)** - Fixed fee and consumption fees to be rendered to property owners and/or associations monthly.

**Industrial** - Fixed fee and consumption fees to be rendered to property owners monthly.

**Commercial** - Fixed fee and consumption fees to be rendered to property owners monthly.

**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**

<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
24	<b>Printers</b>	
	Gravure	\$3,623
	Other Flow ≥ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	<b>Industrial Laundries</b>	\$3,623

CAT #	User Classification	Permit Fee
26	<b>Machine Shops/Machinery Rebuilders</b>	\$1,449
27	<b>Other firms discharging toxics and/or prohibited pollutants</b>	
	Flow ≥ 10,000 GPD	\$2,898
	Flow ≥ 2,500 GPD <10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	<b>Central Treatment Facilities - Hazardous Waste</b>	\$14,492
29	<b>Central Treatment Facilities Non-Hazardous Waste</b>	\$4,348
34	<b>Manufacturers with high BOD/TSS wastestreams</b>	
	Flow ≥ 100,000 GPD	\$5,797
	50,000 GPD ≤ Flow < 100,000 GPD	\$3,623
	10,000 GPD ≤ Flow < 50,000 GPD	\$1,811
	Flow < 10,000 GPD	\$1,087
35	<b>Other facilities discharging conventional pollutants</b>	
	Flow ≥ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	<b>Automotive Maintenance/Service Facilities</b>	
	Small ≤ 2 Bays	\$435
	Large ≥ 3 Bays	\$1,449
40	<b>Groundwater Remediation/Excavation Projects</b>	
	Flow ≥ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	<b>Recycle or Disconnected Electroplating or Chemical Processes</b>	\$725
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 ≥ 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 Blowdown/Condensate Discharges</b>	\$362

CAT #	User Classification	Permit Fee
53	<b>Cooling Tower Discharges</b>	\$362
59	<b>Other Non-Toxic Industrial Discharges</b>	
	Flow ≥ 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>	
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83	<b>Parking Garages/Lots</b>	\$725
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	< 50 seats	\$217
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94	<b>X-Ray Processing</b>	
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	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449
95	<b>Clinical, Medical and Analytical Laboratories</b>	\$725

CAT #	User Classification	Permit Fee
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.**

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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

Uniform  
Septage

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

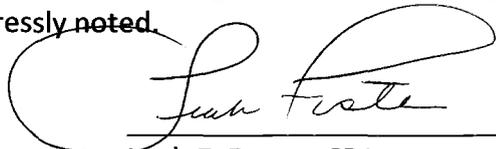
Charge: \$36.00

**IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF October 8, 2010**

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 7th day of October 2010.

  
\_\_\_\_\_  
Notary Public Karen E. Musumeci

IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF October 8, 2010

NARRAGANSETT BAY COMMISSION

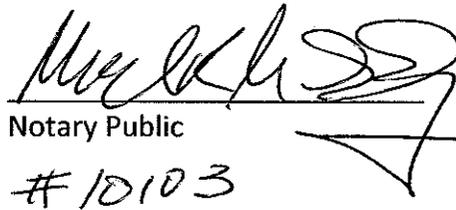
ATTESTATION

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 7<sup>th</sup> day of October 2010.

  
Notary Public  
#10103



IN RE:  
NARRAGANSETT BAY COMMISSION  
TARIFF FILING OF October 8, 2010

NARRAGANSETT BAY COMMISSION

ATTESTATION

I, Joseph Pratt, Vice President of Louis Berger Group, Inc., hereby make affidavit that the testimony I presented on behalf of the Narragansett Bay Commission is true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Joseph Pratt

STATE OF RHODE ISLAND  
PROVIDENCE, SC.

Subscribed and sworn to before me on this 7th day of October 2010.

  
\_\_\_\_\_  
Notary Public

ELIZABETH M. WEST  
NOTARY PUBLIC  
STATE OF RHODE ISLAND  
MY COMMISSION EXPIRES 9/22/2013

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

**for  
THE NARRAGANSETT BAY COMMISSION**

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

**October 8, 2010**

1 **Q. Good morning Mr. Edge. Would you please give your name and business address for the**  
2 **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 Dryden  
5 Lane, Providence, RI 02904. B&E is a certified public accounting firm that specializes in  
6 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 and rate**  
9 **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 occasions  
11 (most recently, Dockets 4151, 4026, 3905, 3797, 3775, 3707, 3639, 3592, and 3483). In  
12 addition to my testimony for NBC, I have provided similar services for other regulated clients  
13 such as Interstate Navigation Company, Block Island Power Company, Providence Water Supply  
14 Board, Pawtucket Water Supply Board, Newport Water, Woonsocket Water, and Stone Bridge  
15 Fire District. I have also provided accounting and rate testimonies for intervention in the  
16 Rhode Island Public Utility Commission (PUC) filings for Interstate Navigation (IHSF filing), the  
17 Town of North Smithfield and Woonsocket Hospital (Woonsocket Water filing), and Osram  
18 Sylvania (Pawtucket Water filing). Further, I have completed numerous rate studies for non-  
19 regulated utilities such as Warwick Water, Warwick Sewer, East Providence Water, Greenville  
20 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, 2010 and a rate year, FYE  
24 June 30, 2012. B&E was engaged to prepare expert testimony in support of both the test year  
25 and the rate year, which included all the schedules and exhibits required by the rules and  
26 regulations of the Rhode Island Public Utilities Commission (PUC). In addition, B&E was asked  
27 to prepare and present appropriate rate design testimony (if necessary). As part of the  
28 engagement, B&E will also review the testimony of others, and assist with cross-examination.  
29 Lastly, B&E will assist legal counsel with the preparation of appropriate briefs.

30

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

4 A. Certainly. The last general rate filing (Docket 4026) was filed on December 22, 2008 for  
5 implementation in the rate year ending June 30, 2010, which is also the test year in this filing.  
6 The major items considered in Docket 4026 and their current status is as follows:

7  
8 1. As in Docket 3905 and prior dockets, the continued revenue shortfall in the rate year was  
9 the most important revenue requirement issue in Docket 4026. Revenue shortfalls in  
10 previous years resulted from the over-estimation of consumption for the rate year and  
11 other factors. In other words, rate year consumption in previous dockets was significantly  
12 over-estimated, causing consumption rates to be calculated lower than they should have  
13 been. This resulted in significant rate year revenue shortfalls. In Docket 4026, NBC based  
14 the rate year consumption on a continued downward trend and this method was accepted  
15 by the Division and approved by the PUC.

16  
17 In this Docket, NBC will provide an updated rate year calculation of consumption using a  
18 method similar to the one used and approved in Docket 4026. As part of this presentation  
19 NBC will provide current consumption trends. Other revenue issues such as composite  
20 rates, consumption billing lags, cash collections, restricted carry-forwards of prior year debt  
21 service coverage allowances, debt service coverage requirements, status of monthly billing,  
22 and the downward trend in the revenue fund cash balances were all discussed in Docket  
23 4026. NBC will review the status of these items in this docket.

24  
25 2. The test year in Docket 4026 (FYE June 30, 2008) did not include costs for the CSO Phase I  
26 Facilities since they did not become operational until November 2008. Consequently, the  
27 NBC projected the annual operating costs related to the CSO Phase I Facilities for the rate  
28 year. This filing includes a full year of CSO Phase I Facilities operating costs in the test year,  
29 FYE June 30, 2010.

30  
31 3. Docket 4026 included lengthy discussions regarding NBC's Operating Reserve which was  
32 reduced in Docket 3905 to 1% of operating expenses, excluding debt service and personnel

1 expenses. NBC believes that this is not reasonable given that more than 55% of its user fee  
2 revenues are restricted for debt related costs and therefore NBC has virtually no flexibility  
3 to pay for exceptional high utility, biosolids disposal, or chemical use required to meet its  
4 permits. In this docket, NBC will request that the PUC allow an increase in the operating  
5 reserve to a more reasonable level similar to what the PUC has allowed for water utilities in  
6 Rhode Island.

7

8 4. Other lesser items addressed in Docket 4026 include: 1) regulatory expense, 2) salary  
9 increases, 3) health insurance premiums and co-payments, 4) management audit services,  
10 5) insurance, 6) lab supplies, 7) maintenance and service agreements, 8) utilities, and 9) rate  
11 design (an increase in the flat fees only as proposed by the Division and supported by NBC  
12 and approved by the PUC). Many of these same items will be addressed in this filing.

13

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

15 A. Yes.

16

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

18 A. They are as follows:

19

20 **1. Continued decline in consumption projected for FY 2011 and FY 2012:**

21 NBC will provide supporting information related to the continued decline in billable  
22 consumption. In this filing, I used a method similar to that approved in Docket 4026 to  
23 calculate the projected decrease in consumption in the interim and rate years.

24

25 **2. Salaries and Related Fringe Benefits:**

26 NBC's rate year cost of service reflects contracted union step increases and projected  
27 increases in salaries and wages for union and non-union employees. In addition, NBC  
28 has added salaries and fringe for currently filled positions that were not included in the  
29 test year. Additional adjustments were made to reflect salaries and fringe that were  
30 previously capitalized and are now an ongoing operating expense, the accretion of five  
31 positions into the union and other fringe rate changes.

32

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**3. Utility Increases:**

The rate year reflects an entire year at a slightly higher contracted supply rate and additional electricity usage for two new facilities. NBC is also projecting a small increase in both the cost and use of natural gas.

**4. Miscellaneous Adjustments:**

NBC has also made a number of lesser adjustments to a number of accounts including: Biosolids Disposal, Maintenance/ Service Agreement, Workers' Compensation Insurance, Insurance, Chemicals and Management/Audit Services.

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

A. NBC is requesting additional revenue in the amount of \$6,544,525 that will increase total rate year revenue to \$80,415,745. This represents a rate increase of 8.86%.

**Q. Will all rates increase by the 13.67%?**

A. No, NBC is proposing the revenue recovery from flat fees only in the same method approved by the PUC in Docket 4026 (see Schedules WEE-14 through WEE-16). The resulting rate impact will vary depending upon a customer's customer class, meter size or number of dwelling units and consumption.

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

A. Yes.

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

2

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

4 A. No, B&E did not audit the FY 2010 financial statements. However, an independent audit of  
5 NBC was completed by a CPA firm and the audit results were used as the basis of the  
6 unadjusted test year. As part of my preparation for this filing, I reviewed the year end audit  
7 results (Audited Financial Statements), the audited trial balance and some of the detailed  
8 posting to the general ledger accounts. As a result of this review, I obtained a better  
9 understanding of the detailed transactions included in the revenues and expenses. My review  
10 and discussions with management were 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, 2010 audited financial statements that  
14 were prepared using Generally Accepted Accounting Principles (GAAP). I then made certain  
15 rate-making adjustments to convert the GAAP basis financial statements to a rate-making basis,  
16 such as removing depreciation and adding principal payments on long term debt. In addition to  
17 the rate-making adjustments, a number of other test year adjustments were made.

18

19 The test year adjustments are as follows:

20

21 **REVENUES:**

- 22
- 23 ➤ My first revenue adjustment was the elimination of the Investment Income earned  
24 during the test year on the Project Fund and Debt Service Fund (\$4,216). This  
25 investment income is not available for operations.
  - 26
  - 27 ➤ As in previous rate cases, I eliminated Environmental Enforcement Fund revenues  
28 (\$13,650) and related expenses in the following accounts: 1) Freight (\$50) 2) Public  
29 Outreach (\$19,705) 3) Chemical, House & Laundry Supplies (\$203) 4) Educational  
30 Supplies and Expense (\$3,400) and the Other Operating Supplies and Expense (\$2,145).

- 1       ➤ Grant activity is the next test year adjustment. Grant revenue is related specifically to  
2 grant approved expenditures and therefore the revenue is not available to pay for  
3 normal operations. I have removed all of the Grant revenues (\$167,118) and Grant  
4 expenses in Other Services (\$114,059).  
5
- 6       ➤ I eliminated the Capital Contributions (\$4,905,969). Of this amount, \$4,855,969 is a  
7 portion of the principal forgiveness of the two America Recovery and Reinvestment Act  
8 (ARRA) loans from the RICWFA. The remaining \$50,000 is grant funds for two  
9 renewable energy capital projects. The contributed capital is used to fund the CIP and is  
10 not a revenue source for ratemaking purposes, further it is a non-recurring revenue  
11 source. I likewise eliminated FEMA revenue (\$112,860) as non-recurring.  
12
- 13       ➤ The last revenue adjustment was an increase in rental revenue (\$69,461) to reflect a full  
14 rate year of rental revenue.  
15

16 **Q. Did you make any test year adjustments to user fees to reflect the July 1, 2011 rate**  
17 **increase resulting from Docket 4151?**

18 A. No. I did not make any test year adjustments to increase user fees for the additional  
19 revenue expected from Docket 4151 in FY 2011 (the interim year in this docket) because I made  
20 a combined net revenue adjustment reflecting the Docket 4151 rate increase and the lower  
21 projected consumption units for the rate year ending June 30, 2012 as a rate year revenue  
22 adjustment.  
23

24 **EXPENSES:**  
25

- 26       ➤ I increased Postage (\$52,800) and Printing and Binding (\$18,832) to include a full year's  
27 cost of monthly billing. NBC converted to monthly billing in October, 2010 so the test  
28 year only included 10 billing cycles.  
29
- 30       ➤ I eliminated the loss on the sale of assets (\$15,086) which is a non-cash entry.  
31
- 32       ➤ I eliminated the bad debt expense credit (\$12,582) as non-recurring.

1       ➤ I backed out the Bond and Note Fees (\$21,295) as these are paid out of the Stabilization  
2       Account in the Debt Service Fund.

3

4       ➤ The next adjustment was the removal of Depreciation (\$8,716,555) and all but \$9,690  
5       of the annual amortization expense of \$371,704 from the test year.

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

9

10      ➤ The next adjustment was to reflect the Operating Capital Outlays purchased in the test  
11      year in the amount of \$1,700,537 that were charged to Operating Capital accounts and  
12      not expensed. I made these test year adjustments to show the level of Operating  
13      Capital Outlays in the test year. I will reverse these adjustments in the rate year  
14      because these items are funded with the Debt Service Coverage Carry-Forward.

15

16      ➤ I removed the Interest expense (\$10,776,647) and added to the test year the Debt  
17      Service Expense (\$33,888,145) and Debt Service Coverage Allowance (\$8,472,036)  
18      approved in rates for the June 30, 2011 rate year in Docket 4151. (this rate  
19      methodology adjustment is the offset for eliminating the Interest and Depreciation  
20      earlier).

21

22      ➤ Finally, I calculated the Net Operating Reserve in the amount of \$154,322 based on the  
23      methodology approved by the PUC in Docket 4026.

24

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

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

30

31

1 **Q. Mr. Edge, did you complete a schedule that shows the test year revenue by source that**  
2 **ties into the audited financial statements for FY 2010?**

3 A. Yes, see Schedule WEE-2.

4

5 **Q. Have you provided historic revenues and expenses for the last three years?**

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

8

9 **Q. Does your adjusted test year represent a level of activity for a normalized year of the**  
10 **NBC?**

11 A. Yes, it does.

12

**RATE YEAR (FYE June 30, 2012)**

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

A. In an attempt to reduce the number of issues in this docket, I have reviewed the test year revenue and expense accounts to determine the best approach for dealing with the more than 80 general ledger accounts. Consistent with previous dockets, I noticed that the accounts can be divided into four groups. To make things easier, these groupings were reviewed and evaluated together. The remaining individual accounts not included in one of the four groups were analyzed separately. The groups are as follows:

1. Revenue accounts (there are 15 accounts in the adjusted test year).
2. Personnel service accounts (there are 17 accounts in the adjusted test year). These accounts are all payroll and payroll related accounts.
3. Capital Outlay accounts (excluding Depreciation and Amortization there are 8 capital outlay accounts in the adjusted test year). These non-operating expenditures were added to the test year to show the level of capital spending in the test year. As stated earlier, these capital expenditures are not paid for with operating revenues therefore I will remove them from the rate year.
4. There are 6 revenue and 32 expense accounts that have balances in the test year of less than \$200,000. As I have done previously I left these accounts at their test year levels (Please note that a \$200,000 balance in any one account represents only about 0.24%; which is less than 1/4 of one percent of the rate year revenue requirement.) I believe that if I took the time to project the individual rate year balances for all of these accounts the net change would be immaterial to the overall revenue requirement. Further, I believe that the overall adjustment would most likely be an increase to the revenue requirement because of inflationary trends.

1 **REVENUES:**

2  
3 **Consumption Revenue**

4 **Q. Mr. Edge, what has been the most significant issue regarding revenue projections in NBC's**  
5 **recent dockets?**

6 A. The most significant issue regarding revenue projections in prior dockets has been the use  
7 of test year consumption levels to project rate year consumption. This process has adversely  
8 impacted NBC's ability to achieve the PUC approved revenue level.

9  
10 In Docket 4026 NBC provided significant evidence that supported using a downward trend in  
11 consumption for both the interim year (FY June 30, 2009) and the rate year (FY June 30, 2010).  
12 The Division and PUC reviewed the evidence provided and agreed with NBC's downward trend  
13 in consumption calculation. As a result, the PUC approved the rate year consumption level and  
14 the revenue projection filed by NBC.

15  
16 **Q. Was the use of the projected downward consumption trend method adopted in Docket**  
17 **4026 successful?**

18 A. The use of the projected downward trend method was not as successful as anticipated.  
19 Although the projected rate year consumption based on the two-year decline was closer to the  
20 actual rate year consumption, NBC's actual revenues for the rate year still failed to reach the  
21 rate year revenue level projected in Docket 4026. Actual consumption declined further than  
22 NBC projected it would for the year ending June 30, 2010 as is seen in the table below.

Fiscal Year	Residential		Commercial		Industrial	
	HCF	%	HCF	%	HCF	%
Docket 4026	9,114,443		5,071,297		389,608	
Actual FY 2010	8,625,714		4,823,172		381,547	
Actual vs. 4026	(488,729)	(5.4%)	(248,125)	(4.9%)	(8,061)	(2.1%)

23  
24  
25 The table on the following page shows that with the exception of commercial consumption in  
26 FY 2005 and residential consumption in FY 2008, consumption has declined for each customer  
27 class and each fiscal year since 2004. Overall, billable consumption has declined 20.2% for

1 residential customers, 23.8% for commercial customers and 62.6% for industrial customers for  
 2 a combined decline of 23.8% since fiscal year 2004.

Fiscal Year	Residential		Commercial		Industrial		Total	
	HCF	%	HCF	%	HCF	%	HCF	%
FY 2004	10,808,264		6,328,086		1,018,922		18,155,272	
FY 2005	10,763,047	(0.4%)	6,652,707	5.1%	969,262	(4.9%)	18,385,016	1.3%
FY 2006	10,438,944	(3.0%)	6,273,455	(5.7%)	888,212	(8.4%)	17,600,611	(4.3%)
FY 2007	9,711,064	(7.0%)	5,780,405	(7.9%)	637,116	(28.3%)	16,128,585	(8.4%)
FY 2008	9,964,506	2.6%	5,713,560	(1.2%)	569,139	(10.7%)	16,247,205	0.7%
FY 2009	8,791,484	(11.8%)	4,989,452	(12.7%)	405,012	(28.8%)	14,185,948	(12.7%)
FY 2010	8,625,714	(1.9%)	4,823,172	(3.3%)	381,547	(5.8%)	13,830,433	(2.5%)
6-year Decline		(20.2%)		(23.8%)		(62.6%)		(23.8%)

3  
4

5 **Q. Mr. Edge, how has NBC managed to have a net income on a ratemaking basis despite**  
 6 **these significant revenue shortfalls?**

7 A. Bar an extreme circumstance, the NBC should finish each and every year with a significant  
 8 net income because its rates, as approved by the PUC, are designed to generate 125% of  
 9 principal and interest so that NBC meets its debt coverage requirements. So far NBC has been  
 10 able to meet its debt coverage requirements despite the consumption revenue shortfalls. In  
 11 the test year of this docket (FYE June 30, 2010), NBC's debt service coverage was 1.32.  
 12 However, this was primarily the result of unprecedented short-term interest rates on the  
 13 Variable Rate Demand Bonds (VRDBs) which resulted in interest expense that was \$1.7 million  
 14 lower than the budgeted amount based upon the average historical rate. If the VRDB's had  
 15 remarketed at the historic average, NBC would not have met its coverage requirements for the  
 16 first time since 2001 due to the fact that the gross revenues were \$4.8 million lower than the  
 17 PUC approved level.

18

19 **Q. Mr. Edge, what approach have you used to calculate the rate year consumption revenue**  
 20 **in this docket?**

21 A. I have used a similar, although not exact, declining consumption approach as used in Docket  
 22 4026. I am cautiously optimistic that the percentage downward trend adjustment that I have  
 23 used will be adequate and result in a consumption revenue level that can be achieved in the  
 24 rate year (FYE June 30, 2012). My calculation is shown on Schedule WEE-2A.

25

1 **Q. Mr. Edge would please explain the calculations on Schedule WEE-2A?**

2 A. Yes I will. There are actually two different consumption calculations presented on Schedule  
3 WEE-2A. The calculation at the top of the page shows a downward trend based upon the actual  
4 percentage decrease in consumption between FY 2009 and FY 2010 (the test year) of 1.9% for  
5 residential 3.3% for commercial, and 5.8% for industrial). A decline in consumption for both  
6 the interim year and the rate year was calculated using these percentages. I then multiplied the  
7 projected rate year consumption by customer class times the current rates approved in Docket  
8 4151, the Debt Service Compliance Rate Filing with new rates effective July 1, 2010. The  
9 resulting rate year consumption revenue calculations were then posted to my Schedule WEE-  
10 2B. The Schedule 2B totals were then posted to my Schedule WEE-1 as the projected rate year  
11 revenue by customer class.

12  
13 The calculation at the bottom of Schedule WEE-2B is essentially the same as those above only  
14 instead of using the 2010 percentage decreases I used the average of the 2009 and the 2010  
15 percentage decreases for each of the three customer classes. The averaging approach results in  
16 a rate year revenue requirement that is \$3,951,866 higher. Given the magnitude of this impact,  
17 NBC chose to estimate consumption based on the first method to moderate the impact of the  
18 overall rate increase on ratepayers with the hope that the actual downward trends will not be  
19 greater in 2011 and 2012 than it was in 2010.

20  
21 **Monthly billing**

22 **Q. Were there other factors in addition to the continued decline in consumption which**  
23 **caused NBC's actual billed revenues to be lower than the PUC approved revenues?**

24 A. Yes. The PUC's approval of the conversion to monthly billing alleviated many of the factors  
25 that have historically impacted revenues adversely. In previous dockets, consumption revenue  
26 was lower as a result of a number of other factors including 1) a large percentage of NBC's  
27 consumption billing in any rate year was calculated using prior period rates (lower rates) and 2)  
28 meter reading frequencies of the seven different water suppliers varied and in some cases was  
29 annual which caused significant billing lags between when the consumption occurred and when  
30 NBC received the consumption information. Although these factors contributed to revenue  
31 shortfalls in the past, the implementation of monthly billing, which involves the estimation of

1 meter readings if no meter reading has been received from the water supplier, has essentially  
2 eliminated the billing lag and associated revenue issues.

3  
4 **Q. Has NBC realized improvements in its financial position with monthly billing?**

5 A. Absolutely. Conversion to monthly billing has helped both the revenue and cash flow  
6 problems and if the conversion had not taken place last year, the NBC would have had acute  
7 cash flow problems. Monthly billing allows NBC to bill nearly all of the consumption revenue in  
8 the same fiscal year that it is recognized as revenue on a GAAP basis. The reduction of the  
9 billing lags strengthened NBC's cash position and improved liquidity. In addition, monthly billing  
10 allowed for the billing of consumption revenue at current rates as opposed to old rates.  
11 Further, cash flow peaks were smoothed, resulting in a constant cash flow that helped NBC  
12 make the required monthly deposits to its restricted accounts.

13  
14 In addition to the above, NBC received a one-time only additional cash flow from its conversion  
15 to monthly billing. This one-time cash flow helped reduce some of the cumulative shortfall in  
16 NBC's Debt Service Carry-Forward used for "pay-as-you-go" operating capital outlay and items  
17 identified in the CIP. It also helped replenish some of the depleted cash balance in the Revenue  
18 Fund which had decreased significantly during the previous three years. The following table  
19 shows how the NBC's user fee revenues have been consistently and significantly lower than the  
20 PUC approved levels, however cash receipts this past fiscal year were actually higher than  
21 revenues as a result of the conversion to monthly billing.

22

Fiscal Year	PUC Approved User Fees	Actual User Fees (GAAP Basis)	Actual vs. PUC Approved	User Fee Cash Receipts	Cash vs. PUC Approved
2007	\$ 60,161,321	\$ 56,094,975	\$ (4,066,346)	\$ 54,013,416	\$ (6,147,905)
2008	68,022,333	64,462,985	(3,559,348)	63,320,110	(4,702,224)
2009	71,620,135	67,942,849	(3,677,286)	68,056,900	(3,563,235)
2010	74,033,857	69,224,415	(4,809,442)	78,074,101	4,040,244

23  
24  
25 These improvements in NBC's financial condition resulted from the PUC's decisions in Docket  
26 4026 to allow NBC to calculate its rate year revenue using the declining consumption method  
27 and the implementation of monthly billing.

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**Q. Mr. Edge, in your opinion, did the PUC approve any other changes as part of Docket 4026 that mitigated the impact of the consumption decline on NBC's revenues?**

A. Yes. In Docket 4026, the Division proposed that the NBC recover the incremental revenue increase through the flat fee portion of the sewer user charges alone instead of the traditional across-the-board increase. The NBC supported this approach and the PUC approved this method of revenue recovery. As a result, the FY 2010 consumption decline did not adversely impact NBC as significantly as it would have. I have estimated that the revenue shortfall would have been an additional \$570,000 if this revenue recovery shift had not been approved by the PUC.

**Q. Mr. Edge did you calculate any adjustments for the flat fees included in the revenue accounts?**

A. Yes I did. The Order in Docket 4151 resulted in an across-the-board rate increase including flat fees. These increases were implemented July 1, 2010 for the FY June 30, 2011. Therefore, it was necessary for me to reflect these increases in the rate year at old rates column of my Schedule WEE-1. See my calculations on my Schedule WEE-2B

**Q. Did you make any additional adjustments to the revenue accounts?**

A. No, none were required or appropriate.

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

A. Yes.

**EXPENSES:**

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

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

1 I have prepared Schedule WEE-4 to show my calculations for rate year salaries and other  
2 personnel related accounts. To arrive at the rate year salaries, I started my calculations using  
3 the adjusted test year salary expense for non-union and union employees. I made a  
4 reclassification adjustment to reflect the accretion of certain lab employees from non-union to  
5 union status and I added salaries and fringe for currently filled positions that were not included  
6 in the test year expense.

7

8 Next, I increased the adjusted test year salaries for both union and non-union by 0.00% for FY  
9 2011 and 3.00% for FY 2012 (please note that the increases are effective July 1<sup>st</sup> of each fiscal  
10 year). These increases represent the negotiated union COLAs of 0% for FY 2011 and an  
11 estimate of 3.00% for FY 2012. The cost of union employee's contracted step increases were  
12 added for both years. After arriving at the rate year salary and salary related cost calculations I  
13 made the appropriate adjustment to Schedule WEE-1.

14

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

17 A. I calculated the capital related salaries and fringe benefits (reimbursements) for the rate  
18 year in the same fashion that I had increased the salaries above. I eliminated the salary and  
19 fringe reimbursement for certain Environmental Monitoring and Data Analysis employees and  
20 Engineering employees who will no longer be paid out of capital. I then calculated the union,  
21 non-union overtime and limited for the rate year in the same manner (see the calculation on  
22 Schedule WEE-4). The appropriate adjustments were then made to Schedule WEE-1.

23

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

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

27

28 **Q. How did you adjust the union retirement account?**

29 A. The union retirement account expense was calculated using 22.98% of union salaries in the  
30 rate year based on the rate adopted by the Employees' Retirement System of Rhode Island  
31 Board. See the calculation on Schedule WEE-4. The non-union pension expense was calculated

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

3

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

6 A. This account reflects the retiree health costs for NBC's union employees who participate in  
7 the Employees' Retirement System of Rhode Island. The State of Rhode Island started to  
8 address the issue of implementation and funding of GASB 45, Other Post Employment Benefits  
9 (OPEB), in FY 2008. The State's retiree health percentage continues to increase and is  
10 projected to be 7.91% in FY 2012 (the rate year).

11

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

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

15

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

17 A. Yes I have. I prepared a schedule to calculate the health and dental costs for the rate year  
18 (see Schedule WEE-5). On this schedule, I have calculated the rate year health and dental  
19 insurance costs by multiplying the number of employees covered by the projected weighted  
20 average rate year premium (based upon the two year average percentage rate increase). I then  
21 reduced the rate year health insurance costs by the projected employee premium co-pay  
22 amount to arrive at the rate year.

23

24 **Q. What other accounts have been adjusted?**

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

27

28 ***Biosolids Disposal:***

29 The test year level of expenditure was \$4,098,227. I calculated the rate year cost of Biosolids  
30 Disposal at \$4,290,381 resulting in a rate year adjustment of \$192,154. The rate year  
31 calculations reflect contracted CPI increases to the current rate to arrive at the projected  
32 interim and rate year rates. Since the rate increase is effective mid-year, I applied the resulting

1 rate year rate to the two-year average monthly dry tons for Field's Point and Bucklin Point to  
2 arrive at the rate year amount. (See calculations in Schedule WEE-6)

3  
4 ***Maintenance/Service Agreements:***

5 I have increased the Maintenance/Service Agreements expense to reflect the average  
6 percentage increase for the past two years plus the addition of two new service contracts that  
7 were previously part of the capital program but are now ongoing operating costs. This results  
8 in an adjustment to increase in maintenance service agreement expense of \$291,346. See  
9 schedule WEE-7 for the detailed calculation.

10  
11 ***Insurance:***

12 I adjusted the Insurance Expense using the same approach that I used for calculating the  
13 Maintenance/Service Agreement Expense. The increase was based on the two-year average  
14 annual percentage increase, resulting in an increase of \$13,035 and to this amount I added the  
15 cost of a new insurance policy to arrive at a rate year adjustment of \$82,675 (See Schedule  
16 WEE-8).

17  
18 ***Workers' Compensation Insurance:***

19 I adjusted the Workers' Compensation cost using the same approach that I used for calculating  
20 the Maintenance/Service Agreement Expense. The increase was based on the two-year  
21 average percentage increase, which resulted in a rate year adjustment of \$45,105 (See Schedule  
22 WEE-9).

23  
24 ***Natural Gas:***

25 Schedule WEE-10 shows the rate year calculation of natural gas expense. I used the two year  
26 average Therms for my calculations with the first four months of FY 2009 adjusted to reflect the  
27 increased usage associated with the Tunnel Pump Station that came on-line in November 2008.  
28 Also reflected on Schedule WEE-10 is the increased usage of natural gas due to the new Field's  
29 Point Operations Building that will be operational in the rate year. I then multiplied the  
30 average Therms by facility by the rate per Therm to project the rate year natural gas expense of  
31 \$484,152 and the \$70,892 rate year adjustment.

1 **Electricity:**

2 I have calculated the rate year increase for electric costs on Schedule WEE-11. I used the two  
3 year average kWh for my calculations with the first four months of FY 2009 adjusted to reflect  
4 the increased usage associated with the Tunnel Pump Station that came on-line in November  
5 2008. Also reflected on Schedule WEE-11 is the increased usage of electricity due to the new  
6 CSO Odor Control Facilities and the new Field's Point Operations Building that will be  
7 operational in the rate year. I then multiplied the average kWh by facility by the rate per kWh.

8

9 **Chemicals:**

10 **Hypochlorite and Bisulfite:**

11 I calculated the rate year cost for each of these two chemicals using a two-year average. This  
12 resulted in a rate year cost for Hypochlorite that is \$23,981 less than the adjusted test year and  
13 a rate year cost for Bisulfite that is \$1,982 higher than the adjusted test year. See my Schedule  
14 WEE-12 for the detailed calculation.

15

16 **Management/Audit Services:**

17 The largest item in this account is the contract to manage the Bucklin Point Wastewater  
18 Treatment Facility. Included in the management contract are the pass-through chemical costs.  
19 This account was adjusted to reflect the contracted increase in CPI and I calculated the chemical  
20 pass-through by multiplying the two year average use by the two year average rate for Soda  
21 Ash. Costs for the other chemicals were based on a two year average. (See Schedule WEE-13  
22 for the detailed calculations).

23

24 **Capital Outlays:**

25 As I stated earlier, I removed these accounts from the rate year revenue requirement in  
26 accordance with the PUC Report and Order that sets forth that Capital Outlays are paid from  
27 the prior year restricted carry-forward debt service coverage.

28

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

30 A. No it does not. NBC has filed at least one rate case (in some years NBC filed two) each of  
31 the last nine years. NBC expects that it will continue to file annually with the PUC in order to  
32 finance its mandated Capital Improvement Program. Therefore, NBC is requesting that rate

1 case expense be left at the test year level in this docket and that all rate case expense be  
2 charged directly to rate case expense and not amortized over any future period. This is the  
3 same treatment of rate case expense as the last docket which was approved by the PUC.

4  
5 **Q. Mr. Edge, are you making any adjustments for debt service and debt service coverage in  
6 this filing?**

7 A. No, the NBC plans to address its debt service and debt service coverage needs through a  
8 separate debt service compliance filing in November 2010. NBC has applied for a \$30 million  
9 loan from the RICWFA this fiscal year and rate relief is needed for NBC to execute that  
10 borrowing. In addition, the current long-term financing model reflects a borrowing from  
11 RICWFA as well as an open market issue in fiscal year 2012 (the rate year in this docket). NBC  
12 has a significant CIP, with construction of portions of the CSO Phase II Facilities anticipated to  
13 commence this fiscal year.

14  
15 **Q. Now does that complete your detailed review of NBC's expense accounts?**

16 A. Yes. The only other adjustment that I made was to recalculate the net operating reserve  
17 using 1.5% versus the 1% approved in Docket 3905, on a base that does not exclude the  
18 personnel services from the calculation. The PUC has calculated the net operating reserve in  
19 the most recent NBC dockets on a base that excludes debt service and personnel services from  
20 the operating expenses but I am requesting once again that the PUC reconsider its position on  
21 this matter given the inability of NBC to reduce operating costs should NBC face higher chemical  
22 (hypochlorite and bisulfite), biosolids disposal, or utility (electricity and natural gas) demands in  
23 order to meet permit requirements. In fact, under the current method for calculating the  
24 operating reserve, these five line items alone are 60% of the base.

	<b>Annual Amount</b>	<b>Percent of Total Revenue Requirement</b>
Annual Expense for Five Large Accounts	\$9,995,120	12.43%
Annual Operating Reserve Existing Method	170,407	0.21%
Annual Operating Reserve Proposed Method	562,254	0.70%
Monthly Expense for Five Large Accounts	\$832,927	

1 Increasing the operating reserve by \$491,847 increases the revenue requirement by less than ½  
2 of one percent and will give NBC the flexibility to meet its operating costs.

3

4 It should be noted that the PUC's approval of the establishment and funding of the Operating  
5 Reserve for Revenue Stability Fund (Revenue Stability Reserve) has been viewed positively by  
6 NBC's credit rating agency but the Revenue Stability Reserve addresses revenue shortfalls not  
7 increases in operating expenses. NBC may only access these funds in the case of a serious  
8 revenue shortfall where NBC is unable to make its required monthly fund transfers. Enhancing  
9 NBC's ability to meet unanticipated cost increases is important given the size and complexity of  
10 NBC's operations. I respectfully request that the PUC allow NBC to collect the operating  
11 reserve at the level I included in this filing, which is still less than the operating reserves  
12 approved for PUC regulated Rhode Island water utilities.

13

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

16 A. Yes, I used the same method as the Division's witness Tom Catlin in Docket 4026 and  
17 approved by the PUC (see my Schedules WEE-14, WEE-15 and WEE-16). First I calculated the  
18 allocation of the cost recovery between the residential and non-residential customer classes by  
19 calculating the relative percentage of total revenues in the test year. This calculation results in  
20 56.91% for residential customers and 43.09% for non-residential customers (see WEE-2). I then  
21 allocated the shortfall shown on the bottom of Schedule WEE-1 (\$6,544,525) to the customer  
22 classes based on those percentages. To determine the increase per dwelling unit, I divided the  
23 allocated revenue increase by the number of dwelling units for the residential class. For the  
24 non-residential class, I divided the allocated revenue increase by the non-residential meter  
25 revenue to determine the percentage increase in the meter charge (See Schedule WEE-14).  
26 The revenue proof for is shown on Schedule WEE-15 and the ratepayer impact is shown on  
27 Schedule WEE-16.

28

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

30 A. Yes. However I would like to address one last item before moving on to the rate design  
31 issue in this docket. NBC was required to spend a significant amount of time preparing the rate  
32 year revenue projection information and waited to file until it had obtained the most recent

1 billing information. As a result this filing was not filed on October 1<sup>st</sup> as expected. NBC is  
2 requesting that in spite of this minor delay, the rates be effective July 1, 2011 as an effective  
3 date of the first of the year is easiest for ratepayers to understand and for NBC to implement.

4  
5 **RATE DESIGN:**

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

7 A. Yes. NBC is requesting that the rate increase be applied only to NBC's fixed fees in the  
8 same fashion as was done in Docket 4026. NBC strongly believes that the method  
9 recommended by the Division in Docket 4026 is reasonable and the circumstances and concerns  
10 with the variability of consumption based revenues and the fixed nature of NBC's costs are the  
11 same now as in Docket 4026.

12  
13 In Docket 4026, Mr. Catlin testified to the following:

14  
15 **"I am proposing to recover the allowed revenue increase through an increase in the**  
16 **residential dwelling unit charges and meter service charges for several reasons. First,**  
17 **recovery on this basis is consistent with the fact that the major factor affecting NBC's**  
18 **revenue requirement is the costs of the CSO project and treatment of stormwater.**  
19 **These costs are not a function of customers' wastewater volumes. Second, more**  
20 **than 50 percent of NBC's costs are debt service related costs. As customers reduce**  
21 **consumption, recovery of additional revenue through service charges will provide a**  
22 **more stable revenue stream to meet this high level of debt service. Finally, recovery**  
23 **of additional revenues through fixed service charges will address concerns raised by**  
24 **the rating agencies with regard to NBC's revenues and, this help maintain or improve**  
25 **its crediting rating. This will, in turn, assist in minimizing revenue requirements by**  
26 **reducing borrowing costs."**

27  
28 As I mentioned earlier in my testimony, NBC's revenue shortfall would have been \$570,000  
29 greater if the PUC had not been so forward thinking in their approval of the revenue recovery  
30 from flat fees only in Docket 4026.

1 In addition, a shift to a more stable method of revenue recovery may help to reduce magnitude  
2 and frequency of rate increases. The portion of NBC's rate increases in fiscal years 2008, 2009  
3 and 2010 related to the consumption rate base adjustments were 16%, 51%, and 73%.

4 Approximately 73% of this rate increase request is also related to the consumption decline.

5

6 Further, I believe that the rest of Mr. Catlin's observations and comments related to the fixed  
7 nature of NBC's costs, the lack of correlation between consumption and CSO related costs, as  
8 well as the positive perception revenue stability by credit rating agencies are as applicable  
9 today as they were in Docket 4026.

10

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

12 A. Yes it does.

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

Acct. Number	Account Name	Test Year FY 2010	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	Rate Year FY 2012
<b>REVENUE</b>						
41000	FLAT FEES RESIDENTIAL	\$ 18,637,895		\$ 18,637,895	\$ 419,092	\$ 19,056,988
41100	CONSUMPTION FEE - RESIDENTIAL	20,754,902		20,754,902	1,058,372	21,813,274
41501, 41502	FLAT FEES COMMERCIAL & INDUSTRIAL	11,821,584		11,821,584	265,633	12,087,218
41510	CONSUMPTION FEE - COMMERCIAL	17,153,965		17,153,965	13,396	17,167,360
41511	CONSUMPTION FEE - INDUSTRIAL	856,068		856,068	(26,796)	829,272
42000	PRETREATMENT FEES	1,114,004		1,114,004		1,114,004
42500	CONNECTION PERMIT FEES	86,009		86,009		86,009
43000	BOD/TSS SURCHARGE	29,419		29,419		29,419
43500	SEPTAGE INCOME	380,579		380,579		380,579
42603	MISCELLANEOUS OPERATING INCOME	1,820		1,820		1,820
45100, 45200	INVESTMENT INCOME	47,803	(4,216)	43,587		43,587
45500	LATE CHARGE PENALTY	901,619		901,619		901,619
46500	ENVIRONMENTAL ENFORCEMENT	13,650	(13,650)	-		-
47502	GRANT	167,118	(167,118)	-		-
42600	ABATEMENT FEE	2,916		2,916		2,916
49005	CAPITAL CONTRIBUTIONS	50,000	(50,000)	-		-
49006	CAPITAL CONTRIBUTION - SRF 12	4,855,969	(4,855,969)	-		-
49002	MISCELLANEOUS INCOME	209,687		209,687		209,687
47503	FEMA REVENUE	112,860	(112,860)	-		-
49003	RENTAL REVENUE	78,008	69,461	147,469		147,469
<b>TOTAL REVENUE</b>		<b>77,275,874</b>	<b>(5,134,352)</b>	<b>72,141,522</b>	<b>1,729,697</b>	<b>73,871,220</b>
<b>PERSONNEL SERVICES</b>						
52100	UNION REGULAR	5,234,488		5,234,488	744,398	5,978,886
52150	UNION OVERTIME	394,385		394,385	22,050	416,435
52300	NON-UNION REGULAR	8,032,049		8,032,049	48,791	8,080,841
52350	NON-UNION OVERTIME	63,254		63,254	1,897	65,152
52400	NON-UNION LIMITED	38,711		38,711	1,162	39,872
52800	UNION PENSION	1,104,451		1,104,451	269,497	1,373,948
52810	FICA	1,151,418		1,151,418	(47,109)	1,104,309
52820	UNEMPLOYMENT INSURANCE	53,086		53,086		53,086
52920	NON UNION PENSION	848,282		848,282	(29,695)	818,586
52940	UNION RETIREMENT HEALTH	292,339		292,339	180,591	472,930
52950	HEALTH INSURANCE	2,883,133		2,883,133	355,002	3,238,135
52970	DENTAL INSURANCE	213,816		213,816	38,863	252,679
52980	VISION INSURANCE	36,345		36,345		36,345
52990	DISABILITY INSURANCE	36,583		36,583		36,583
53690	WORKMAN'S COMP. - OLD CLAIMS	58,595		58,595		58,595
<b>TOTAL PERSONNEL SERVICES</b>		<b>20,440,934</b>	<b>-</b>	<b>20,440,934</b>	<b>1,585,449</b>	<b>22,026,383</b>
59000	SALARY REIMBURSEMENT	(1,042,505)		(1,042,505)	20,361	(1,022,144)
59001	FRINGE REIMBURSEMENT	(572,552)		(572,552)	11,223	(561,328)
<b>NET PERSONNEL SERVICES</b>		<b>18,825,878</b>	<b>-</b>	<b>18,825,878</b>	<b>1,617,033</b>	<b>20,442,911</b>
<b>OPERATING SUPPLIES/EXPENSES</b>						
52610	MEDICAL SVCS.	8,469		8,469		8,469
53210	POSTAGE	298,699	52,800	351,499		351,499
53240	DUES & SUBSCRIPTIONS	46,667		46,667		46,667
53250	FREIGHT	34,913	(50)	34,863		34,863
53310	PRINTING & BINDING	114,334	18,832	133,166		133,166
53320	ADVERTISING	9,650		9,650		9,650
53330	RENTAL- EQUIPMENT	20,072		20,072		20,072
53340	RENTAL- CLOTHING	36,199		36,199		36,199
53350	RENTAL-OUTSIDE PROPERTY	5,423		5,423		5,423
53370	PUBLIC OUTREACH EDUCATION	35,727	(19,705)	16,023		16,023
53410	LOCAL TRAVEL	2,069		2,069		2,069

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

Acct. Number	Account Name	Test Year FY 2010	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	Rate Year FY 2012
53420	LONG DISTANCE TRAVEL	30,796		30,796		30,796
53470	BLDG. & GRND. MAINT.	99,448		99,448		99,448
53480	BIOSOLIDS DISPOSAL	4,098,227		4,098,227	192,154	4,290,381
53490	SCREENING & GRIT DISPOSAL	161,167		161,167		161,167
57600	LOSS ON DISPOSAL OF ASSETS	15,086	(15,086)	-		-
53200	BAD DEBT EXPENSE	(12,582)	12,582	-	-	-
53510	VEHICLE FUEL & MAINTENANCE	176,996		176,996		176,996
53610	REPAIR-BLDG & EQUIPMENT	394,470		394,470		394,470
53620	REPAIR-HIGHWAY & WALKS	12,237		12,237		12,237
53630	MAINTENANCE/SERVICE AGREE.	576,136		576,136	291,346	867,482
53650	HIGHWAY & LANDSCAPE	6,372		6,372		6,372
53660	INSURANCE	358,851		358,851	82,675	441,526
53680	WORKERS' COMP. INSURANCE	443,980		443,980	45,105	489,085
53900	CENTRAL PHONE SVCS.	5,216		5,216		5,216
54000	TELEPHONE	136,398		136,398		136,398
54060	NATURAL GAS	413,260		413,260	70,892	484,152
54090	ELECTRICITY	3,608,648		3,608,648	752,986	4,361,634
54110	WATER	23,863		23,863		23,863
54200	CLOTHING	25,796		25,796		25,796
54330	CHEM., HOUSE & LAUNDRY SUPPLIES	31,380	(203)	31,177		31,177
54332	CHEMICALS - CHLOR. / HYPO.	535,281		535,281	(23,981)	511,300
54337	CHEMICALS - SODIUM BIFULFITE	345,670		345,670	1,982	347,652
54340	LAB SUPPLIES	229,977		229,977		229,977
54370	SUPPLIES BUILDING & MAINTENANCE	169,315		169,315		169,315
54410	EDUCATIONAL SUPP. & EXP.	49,541	(3,400)	46,141		46,141
54420	COMPUTER SUPPLIES	75,159		75,159		75,159
54430	OTHER OPERATING SUPPLIES & EXP.	12,184	(2,145)	10,039		10,039
54440	SAFETY EQUIPMENT	25,274		25,274		25,274
54500	OFFICE EXPENSE	81,381		81,381		81,381
57800	BOND AND NOTE ISSUANCE COST	21,295	(21,295)	-		-
57913	LEASE INTEREST EXPENSE	20,573		20,573		20,573
<b>TOTAL OPERATING SUPPLIES/EXPENSES</b>		<b>12,783,617</b>	<b>22,331</b>	<b>12,805,948</b>	<b>1,413,159</b>	<b>14,219,106</b>
<b>PROFESSIONAL SERVICES</b>						
52600	REGULATORY EXPENSE	192,511		192,511		192,511
52650	SECURITY SERVICES	42,663		42,663		42,663
52660	LEGAL SERVICES	155,131		155,131		155,131
52670	MGMT/AUDIT SERVICES	2,106,568		2,106,568	195,310	2,301,878
52680	CLERICAL SERVICES	42,550		42,550		42,550
52690	OTHER SERVICES	200,928	(114,059)	86,869		86,869
<b>TOTAL PROFESSIONAL SERVICES</b>		<b>2,740,351</b>	<b>(114,059)</b>	<b>2,626,291</b>	<b>195,310</b>	<b>2,821,602</b>
<b>TOTAL OPERATIONS &amp; MAINTENANCE</b>		<b>34,349,846</b>	<b>(91,727)</b>	<b>34,258,118</b>	<b>3,225,503</b>	<b>37,483,620</b>
<b>CAPITAL OUTLAYS</b>						
57500	DEPRECIATION	8,716,555	(8,716,555)	-		-
57010	AMORTIZATION	371,704	(362,014)	9,690		9,690
16510	AUTOMOTIVE EQUIP.	-	24,763	24,763	(24,763)	-
16520	BLDG. & PLANT EQUIP.	-	235,755	235,755	(235,755)	-
16570	LABORATORY EQUIP.	-	57,516	57,516	(57,516)	-
16580	OFFICE FURN & EQUIP.	-	44,730	44,730	(44,730)	-
16583	COMPUTER SOFTWARE	-	157,451	157,451	(157,451)	-
16585	COMPUTER HARDWARE	-	451,124	451,124	(451,124)	-
16600	REPLACEMENT RESERVE	-	623,875	623,875	(623,875)	-
16610	BUILDING & OTHER STRUCT.	-	105,323	105,323	(105,323)	-

Narragansett Bay Commission  
Test Year and Rate Year

Schedule WEE-1

Acct. Number	Account Name	Test Year FY 2010	Test Year Adjustments	Adjusted Test Year	Rate Year Adjustments	Rate Year FY 2012
<i>TOTAL CAPITAL OUTLAYS</i>		9,088,259	(7,378,032)	1,710,227	(1,700,537)	9,690
<i>DEBT SERVICE</i>						
	INTEREST EXPENSE	10,776,647	(10,776,647)	-	-	-
57920	DEBT SERVICE	-	33,888,145	33,888,145	-	33,888,145
	COVERAGE	-	8,472,036	8,472,036	-	8,472,036
<i>TOTAL DEBT SERVICE</i>		10,776,647	31,583,534	42,360,181	-	42,360,181
<i>Operating Reserve</i>		-	154,322	154,322	407,932	562,254
<i>TOTAL EXPENSES</i>		54,214,752	24,268,097	78,482,848	1,932,898	80,415,745
NET INCOME		<u>\$ 23,061,122</u>	<u>\$ (29,402,449)</u>	<u>\$ (6,341,326)</u>	<u>\$ (203,201)</u>	<u>\$ (6,544,525)</u>

Narragansett Bay Commission  
 Test Year Revenue by Source  
 FY 2010

	FY 2010 Units	FY 2010 Rates (Docket 4026)	Total Consumption Dollars	Revenue	% of Total
<b>Residential</b>					
Dwelling Units	117,065	\$ 159.21		\$ 18,637,895	
Consumption	8,047,698	2.569	20,674,536		
	35,551	2.261	<u>80,366</u>		
Total HCF	<u><u>8,083,249</u></u>			20,754,902	56.91%
<b>Non-Residential</b>					
Meter Size					
5/8 "	3,679	380		1,398,112	
3/4 "	985	568		559,230	
1"	1,122	946		1,061,299	
1 1/2"	841	1,896		1,595,129	
2"	1,556	3,030		4,713,997	
3"	83	5,676		473,036	
4"	45	9,459		421,742	
6"	60	18,926		1,127,381	
8"	14	30,281		428,128	
10"	1	45,530		<u>43,530</u>	
Non-Residential Flat Fees				11,821,584	
Commercial Consumption	4,591,236	3.725	17,102,354		
	15,899	3.246	<u>51,610</u>		
Total HCF	<u><u>4,607,135</u></u>			17,153,965	
Industrial Consumption	357,440	2.395	<u>856,068</u>	856,068	43.09%
Total User Fee Revenues				69,224,414	
<b>Miscellaneous Revenue</b>					
Discharge Permit Fees (Pretreatment)		1,114,004			
Connection Permit Fees		86,009			
BOD/TSS Surcharge		29,419			
Septage Income		380,579			
Miscellaneous Operating Income		1,820			
Interest Income		47,803			
Late Charge Penalty		901,619			
Abatement Fee		2,916			
Miscellaneous Income		209,687			
Rental Revenue		78,008			
EEF Revenue		13,650			
Grant Revenue		167,118			
FEMA Revenue		112,860			
Bad Debt		12,582			
Contributed Capital		<u>4,905,969</u>			
				<u>8,064,043</u>	
Total Revenues				77,288,457	
Total Revenues per Audit				<u>77,288,457</u>	
Difference				<u>\$ 0</u>	

Narragansett Bay Commission  
Consumption Projections

Schedule WEE -2A

**Based on 2010 Decline**

	FY 2008	Adjusted FY 2009*	Adjusted FY 2010*	Projected FY 2011**	Projected FY 2012**	Current Rates Docket 4151	Rate year Consumption Dollars
Residential	9,964,506	8,791,484 -11.8%	8,625,714 -1.9%	8,463,070	8,303,492	2.627	\$ 21,813,274
Commercial	5,713,560	4,989,452 -12.7%	4,823,172 -3.3%	4,662,433	4,507,052	3.809	17,167,360
Industrial	569,139	405,012 -28.8%	381,547 -5.8%	359,441	338,617	2.449	829,272
	16,247,205	14,185,947	13,830,433	13,484,945	13,149,161		\$ 39,809,907

\* Based on adjusted HCF between FY 2009 and FY 2010 relating to conversion of monthly billing

\*\* Based on FY 2010 Decline for both years

**Based on a Two-year Average**

	FY 2008	Adjusted FY 2009*	Adjusted FY 2010*	Two year Average	Projected FY 2011**	Projected FY 2012**	Current Rates Docket 4151	Rate year Consumption Dollars
Residential	9,964,506	8,791,484 -11.8%	8,625,714 -1.9%	-6.8%	8,036,682	7,487,874	\$ 2.627	\$ 19,670,645
Commercial	5,713,560	4,989,452 -12.7%	4,823,172 -3.3%	-8.0%	4,437,170	4,082,061	3.809	15,548,569
Industrial	569,139	405,012 -28.8%	381,547 -5.8%	-17.3%	315,479	260,852	2.449	638,826
	16,247,205	14,185,947	13,830,433		12,789,332	11,830,787		\$ 35,858,041
							Variance	\$ 3,951,866

\* Based on adjusted HCF between FY 2009 and FY 2010 relating to conversion of monthly billing see box below.

\*\* Based on average decline over FY 2010 and FY 2009 used for both FY 2011 and FY 2012

		FY 2009	FY 2010
Residential	Per Audit	9,333,949	8,083,249
	Adjustment	(542,465)	542,465
	Adjusted Balance	8,791,484	8,625,714
Commercial	Per Audit	5,205,489	4,607,135
	Adjustment	(216,037)	216,037
	Adjusted Balance	4,989,452	4,823,172
Industrial	Per Audit	429,119	357,440
	Adjustment	(24,107)	24,107
	Adjusted Balance	405,012	381,547

Narragansett Bay Commission

Rate Year Projected Units and Interim Year Rates

	Rate Year Projected	Current Rates (Docket 4151)	Revenue
User Fee Revenues			
Residential			
Dwelling Units	117,065	\$ 162.79	\$ 19,056,988
Consumption	8,303,492	2.627	21,813,274
Non-Residential			
Meter Size			
5/8 "	3,679	389	1,431,225
3/4 "	985	581	572,029
1"	1,122	967	1,084,858
1 1/2"	841	1,939	1,631,305
2"	1,556	3,098	4,819,790
3"	83	5,804	483,703
4"	45	9,672	431,239
6"	60	19,352	1,152,757
8"	14	30,962	437,756
10"	1	44,509	42,554
Non-Residential Flat Fees			<u>12,087,218</u>
Commercial Consumption	4,507,052	3.809	17,167,360
Industrial Consumption	338,617	2.449	<u>829,272</u>
Total User Fee Revenues			70,954,112
Miscellaneous Revenue:			
Discharge Permit Fees (Pretreatment)		1,114,004	
Connection Permit Fees		86,009	
BOD/TSS Surcharge		29,419	
Septage Income		380,579	
Miscellaneous Operating Income		1,820	
Interest Income		43,587	
Late Charge Penalty		901,619	
Abatement Fee		2,916	
Miscellaneous Income		209,687	
Rental Revenue		147,469	
		<u>2,917,109</u>	<u>2,917,109</u>
Rate Year Revenues at current rates			73,871,220
Total Revenues per WEE - 1			<u>73,871,220</u>
Difference		\$	<u><u>-</u></u>

Narragansett Bay Commission  
Three Years Comparison

Schedule WEE-3

Acct. Number	Account Name	FY 2008	FY 2009	FY 2010
41000	FLAT FEES RESIDENTIAL	\$ 13,204,222	\$ 14,715,372	\$ 18,637,895
41100	MEASURED FEE - RESIDENTIAL	22,908,786	23,996,142	20,754,902
41501	FLAT FEES COMMERCIAL	7,506,706	8,201,235	11,141,528
41502	FLAT FEES INDUSTRIAL	522,842	550,569	680,056
41510	CONSUMPTION FEE - COMMERCIAL	19,077,998	19,445,861	17,153,965
41511	CONSUMPTION FEE - INDUSTRIAL	1,242,431	1,033,670	856,068
42000	PRETREATMENT FEES	1,115,529	1,126,654	1,114,004
42500	CONNECTION PERMIT FEES	181,290	140,822	86,009
43000	BOD/TSS SURCHARGE	116,096	66,439	29,419
43500	SEPTAGE INCOME	372,711	382,955	380,579
45100, 45200	INTEREST INCOME	2,195,656	420,017	47,803
45500	LATE CHARGE PENALTY	741,834	849,127	901,619
46500	ENVIRONMENTAL ENFORCEMENT	75,500	3,700	13,650
47502	GRANT	27,653	34,300	167,118
42600	ABATEMENT FEE	5,364	3,384	2,916
49005, 49006	CAPITAL CONTRIBUTIONS	-	-	4,905,969
42603, 49002	MISCELLANEOUS INCOME	47,557	156,932	211,507
47503	FEMA REVENUE	-	-	112,860
5900	RENTAL INCOME	41,698	40,748	78,008
	TOTAL REVENUE	69,383,873	71,167,927	77,275,874
52150	UNION OVERTIME	417,126	434,333	394,385
52100	UNION REGULAR	4,739,757	4,908,626	5,234,488
52300	NON-UNION REGULAR	7,495,396	7,685,569	8,032,049
52350	NON-UNION OT	82,718	79,745	63,254
52400	NON-UNION LIMITED	32,074	37,311	38,711
52800	UNION PENSION	961,531	1,039,773	1,104,451
52920	NON-UNION PENSION	680,745	854,916	848,282
52810	FICA	923,995	947,833	1,151,418
52820	UNEMPLOYMENT INSURANCE	21,662	52,693	53,086
52940	UNION RETIREMENT HEALTH	277,897	293,416	292,339
52950, 52970, 52980	HEALTH INS., DENTAL, VISION	2,863,269	3,034,444	3,133,294
52990	DISABILITY INS.	35,314	38,730	36,583
53000	HEALTH INSURANCE-RETIREES	1,015	761	-
53690	WORKERS COMP-OLD CLAIMS	59,935	275,349	58,595
	TOTAL PERSONNEL SERVICES	18,592,434	19,683,499	20,440,935
59000	SALARY REIMBURSEMENT	(995,137)	(1,018,087)	(1,042,505)
59001	FRINGE REIMBURSEMENT	(544,437)	(557,232)	(572,552)
	NET PERSONNEL SERVICES	17,052,860	18,108,180	18,825,878
52610	MEDICAL SVCS.	12,480	9,736	8,469
53470	BLDG. & GRND. MAINT.	100,189	96,955	99,448
53480	BIOSOLIDS DISPOSAL	4,409,679	4,080,583	4,098,227
53490	SCREENINGS & GRIT DISPOSAL	128,151	129,974	161,167
53200	BAD DEBT EXPENSE	77,534	(15,905)	(12,582)
53210	POSTAGE	162,635	168,596	298,699
54000	TELEPHONE	135,773	134,312	136,398
54500	OFFICE EXPENSE	67,800	71,347	81,381
53240	DUES & SUBSCRIPTIONS	56,944	49,996	46,667
53250	FREIGHT, CART. & EXP.	33,351	26,667	34,913
53660	INSURANCE	346,404	353,095	358,851
53680	WORKERS' COMP. INSURANCE	403,936	475,596	443,980
53900	CENTRAL PHONE SVCS.	4,050	4,346	5,216
53310	PRINTING & BINDING	93,620	71,244	114,334
53320	ADVERTISING	15,417	4,793	9,650

Narragansett Bay Commission  
Three Years Comparison

Schedule WEE-3

Acct. Number	Account Name	FY 2008	FY 2009	FY 2010
53410	LOCAL TRAVEL	3,141	3,413	2,069
53420	LONG DISTANCE TRAVEL	65,466	40,333	30,796
53510	VEHICLE FUEL AND MAINTENANCE	185,068	163,024	176,996
53610	REPAIR BLDG & EQUIPMENT	506,856	488,716	394,470
53610	REPAIR-HIGHWAY & WALKS	15,894	14,710	12,237
53630	MAINTENANCE & SERVICE AGREEMENTS	444,142	527,343	576,136
53350	RENTAL-OUTSIDE PROPERTY	4,664	3,814	5,423
53330	RENTAL- EQUIPMENT	26,460	33,368	20,072
53340	RENTAL- CLOTHING	36,610	35,849	36,199
54020	DIESEL FOR EQUIPMENT	20,140	-	-
54060	NATURAL GAS	359,495	472,405	413,260
54090	ELECTRICITY	2,847,148	3,514,784	3,608,648
54110	WATER	69,184	30,324	23,863
54200	CLOTHING	33,319	25,105	25,796
54440	SAFETY EQUIPMENT	23,534	21,202	25,274
53370	PUBLIC OUTREACH EDUCATION	25,247	47,314	35,727
54330	CHEMICALS, HOUSE & LAUNDRY SUPPLY	25,419	27,636	31,380
54332	CHEM-CHLORINE/HYPOCHLORITE	401,017	487,320	535,281
54337	CHEM-SODIUM BISULFITE	194,139	349,635	345,670
54340	LAB SUPPLIES	220,850	242,785	229,977
53650	HIGHWAY & LANDSCAPE	6,633	13,971	6,372
54370	SUPPLIES BLDG & MAINTENANCE	168,001	198,444	169,315
54410	EDUCATIONAL SUPPLIES AND EXPENSE	53,093	61,296	49,541
54420	COMPUTER SUPPLIES & EXPENSE	76,648	75,474	75,159
54430	OTHER OPERATING EXPENSE	10,822	11,537	12,184
53360	MISCELLANEOUS EXPENSE	64,229	-	-
57600	LOSS ON DISPOSAL OF ASSETS	(12,484)	144	15,086
57800	BOND AND NOTE FEES	24,720	15,801	21,295
57913	LEASE INTEREST EXPENSE	37,983	31,187	20,573
	TOTAL OPERATING SUPPLIES & EXPENSES	<u>11,985,401</u>	<u>12,598,270</u>	<u>12,783,617</u>
52600	REGULATORY EXPENSE	230,990	201,127	192,511
52650	SECURITY SERVICES	28,307	30,475	42,663
52660	LEGAL SERVICES	177,532	175,954	155,131
52670	MGMT/AUDIT SERVICES	2,077,054	2,389,182	2,106,568
52680	CLERICAL SERVICES	50,956	36,496	42,550
52690	OTHER SERVICES	99,232	168,411	200,928
	TOTAL SPECIAL SERVICES	<u>2,664,071</u>	<u>3,001,646</u>	<u>2,740,351</u>
	TOTAL O&M EXPENSES	31,702,332	33,708,097	34,349,846
57010	AMORTIZATION	339,482	332,144	371,704
57500	DEPRECIATION	7,124,163	6,969,672	8,716,555
	TOTAL DEPRECIATION & AMORTIZATION	<u>7,463,645</u>	<u>7,301,816</u>	<u>9,088,259</u>
	DEBT COVERAGE	-	-	-
	INTEREST	13,083,478	11,982,198	10,776,647
	PRINCIPAL	-	-	-
	TOTAL DEBT SERVICE	<u>13,083,478</u>	<u>11,982,198</u>	<u>10,776,647</u>
	TOTAL EXPENSES	<u>52,249,455</u>	<u>52,992,111</u>	<u>54,214,752</u>
	NET INCOME	<u>\$ 17,134,418</u>	<u>\$ 18,175,816</u>	<u>\$ 23,061,122</u>

Narragansett Bay Commission  
Salaries and Other Personnel Costs

Schedule WEE 4

	<b>Union Salary Account 52100</b>	<b>Non-Union Regular Account 52300</b>
Salaries Adjusted Test Year	\$ 5,234,488	\$ 8,032,049
7/1/10 COLA/Merit Increases	0.0%	0.0%
Accreted Non-Union Positions	186,573	(186,573)
7/1/10 Contracted Step Increases	67,763	-
7/1/10 Total Salaries	<u>5,488,824</u>	<u>7,845,476</u>
7/1/11 Contracted Step Increases	68,610	-
7/1/11 Base Salaries	5,557,434	7,845,476
7/1/11 Positions to Support Operations/CS	178,699	
Subtotal prior to COLA	<u>5,804,743</u>	<u>7,845,476</u>
7/1/11 COLA/Merit Increases	<u>3.0%</u>	<u>3.0%</u>
Rate Year	5,978,886	8,080,841
Adjusted Test Year	<u>(5,234,488)</u>	<u>(8,032,049)</u>
Rate Year Adjustment	<u>\$ 744,398</u>	<u>\$ 48,791</u>

	<b>Salary Reimbursement Account 59000</b>	<b>Fringe Reimbursement Account 59001</b>
Adjusted Test Year	\$ (1,042,505)	\$ (572,552)
Elimination of Capital Reimbursements		
EMDA - Water Quality Monitoring	10,751	5,913
Engineering - Flow Monitoring	39,381	21,660
Interim Year FY 2011	<u>(992,372)</u>	<u>(544,979)</u>
7/1/11 COLA	<u>3.0%</u>	<u>3.0%</u>
Rate Year	(1,022,144)	(561,328)
Adjusted Test Year	<u>1,042,505</u>	<u>572,552</u>
Rate Year Adjustment	<u>\$ 20,361</u>	<u>\$ 11,223</u>

	<b>Union Overtime Account 52150</b>	<b>Non-Union Overtime Account 52350</b>	<b>Non-Union Limited Account 52400</b>
Adjusted Test Year	\$ 394,385	\$ 63,254	\$ 38,711
7/1/10 COLA	0.0%	0.0%	
7/1/10 Contracted Step Increases	4,930	-	-
7/1/10 Total Salaries	<u>399,315</u>	<u>63,254</u>	<u>38,711</u>
7/1/11 Contracted Step Increases	4,991	-	
7/1/11 Base Salaries	404,306	63,254	38,711
7/1/11 COLA	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
Rate Year	416,435	65,152	39,872
Adjusted Test Year	<u>(394,385)</u>	<u>(63,254)</u>	<u>(38,711)</u>
Rate Year Adjustment	<u>\$ 22,050</u>	<u>\$ 1,897</u>	<u>\$ 1,162</u>

Narragansett Bay Commission  
Salaries and Other Personnel Costs

Schedule WEE 4

	<u>FICA</u>	<u>Medicare</u>	<u>Total FICA Account 52810</u>
Rate Year Salaries	\$ 14,059,727	\$ 14,059,727	
Rate Year Overtime & Limited	521,459	521,459	
Wages Over FICA Limit	(179,865)	-	
Wages Subject to FICA	<u>14,401,321</u>	<u>14,581,186</u>	
Percent	<u>6.20%</u>	<u>1.45%</u>	
Rate Year	<u>\$ 892,882</u>	<u>\$ 211,427</u>	\$ 1,104,309
Adjusted Test Year			<u>(1,151,418)</u>
Rate Year Adjustment			<u>\$ (47,109)</u>

	<u>Union Retirement Account 52800</u>	<u>Union Retiree Health Account 52940</u>	<u>Non-Union Retirement Account 52920</u>
Salaries	\$ 5,978,886	\$ 5,978,886	\$ 8,080,841
Overtime & Limited			105,024
	<u>5,978,886</u>	<u>5,978,886</u>	<u>8,185,864</u>
Employer Contribution Rate	<u>22.98%</u>	<u>7.91%</u>	<u>10%</u>
Rate Year	1,373,948	472,930	818,586
Adjusted Test Year	<u>(1,104,451)</u>	<u>(292,339)</u>	<u>(848,282)</u>
Rate Year Adjustment	<u>\$ 269,497</u>	<u>\$ 180,591</u>	<u>\$ (29,695)</u>

Narragansett Bay Commission  
Health Benefits

Health Insurance Account 52950	FTEs	Weighted Average Premium	Rate Year
Insurance Premium	254	\$ 14,165.07	\$ 3,597,928
Less 10 % Copays			(359,793)
		Rate Year	3,238,135
		Adjusted Test Year	(2,883,133)
		Rate Year Adjustment	\$ 355,002

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Dental Insurance Account 52970	FTEs	Weighted Average Premium	Rate Year
Insurance Premium	254	\$ 994.80	\$ 252,679
		Rate Year	252,679
		Adjusted Test Year	(213,816)
		Rate Year Adjustment	\$ 38,863

Narragansett Bay Commission  
 Biosolids Disposal  
 Account 53480

Biosolids Disposal Rate Calculation

Service Period	Current Rate	CPI	Projected Rate
1/01/2009 - 12/31/2009	\$ 393.19		
1/01/2010 - 12/31/2010	393.19	1.0216	\$ 401.68
1/01/2011 - 12/31/2011	401.67	1.0216	410.34
1/01/2012 - 12/31/2012	410.34	1.0216	419.20

Biosolids Production Calculation

	FY 2009 Dry Tons	FY 2010 Dry Tons	Average Monthly Dry Tons
Field's Point	8,205	8,108	680
Bucklin Point	2,205	2,155	182

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Field's Point	Dry Tons	Rate	Rate Year
7/1/11 - 12/31/11	4,080	\$ 410.34	\$ 1,674,187
1/1/12-6/30/12	4,080	419.20	1,710,336
Total Field's Point			3,384,523

Bucklin Point	Dry Tons	Rate	Rate Year
7/1/11 - 12/31/11	1,092	\$ 410.34	448,091
1/1/12-6/30/12	1,092	419.20	457,766
Total Bucklin Point			905,858

	Rate Year	4,290,381
	Adjusted Test Year	(4,098,227)
	Rate Year Adjustment	\$ 192,154

Narragansett Bay Commission  
Maintenance Service Agreements  
Account 53630

Schedule WEE-7

	Maintenance & Service Agreements	Rate Year
FY 2008	\$ 444,142	
FY 2009	527,343	
FY 2010	576,136	
Average Annual Increase	14.9%	
 Projected with Annual Increases		 \$ 760,615
 Plus New Agreements:		
Environmental Sampling		68,447
Hach		38,420
	Rate Year	867,482
	Adjusted Test Year	(576,136)
	Rate Year Adjustment	\$ 291,346

Narragansett Bay Commission  
Insurance  
Account 53660

Schedule WEE-8

	Insurance	Rate Year
FY 2008	\$ 346,404	
FY 2009	353,095	
FY 2010	358,851	
Average Annual Increase	1.8%	
Projected based an annual increase		\$ 371,886
Plus New Coverage:		
D&O Liability		69,640
		441,526
	Adjusted Test Year	(358,851)
	Rate Year Adjustment	\$ 82,675

Narragansett Bay Commission  
 Workers Compensation Insurance  
 Account 53680

Schedule WEE-9

	Insurance	Rate Year
FY 2008	\$ 403,936	
FY 2009	475,596	
FY 2010	443,980	
Average Annual Increase	4.96%	
 Projected based an annual increase		\$ 489,085
	Rate Year	489,085
	Adjusted Test Year	(443,980)
	Rate Year Adjustment	\$ 45,105

Narragansett Bay Commission  
Natural Gas  
Account 54060

Schedule WEE-10

	Therms						
	FY 2009*	FY 2010	2 Year Average	Rate Year	Rate per Therm		Rate Year
Field's Point *	187,140	166,317	176,729	-	\$ 1.3437	\$	237,468
Bucklin Point	102,793	93,614	98,204	-	1.4019		137,669
IM	17,975	13,696	15,836	-	2.2055		34,926
COB	18,316	18,209	18,263	-	1.3470		24,600
LAB	15,085	8,438	11,762	-	1.4954		17,588
FP Operations Building	-	-	-	11,722	1.4824		17,376
					RIGET		<u>14,525</u>
					Rate Year		484,152
					Adjusted Test Year		<u>(413,260)</u>
					Rate Year Adjustment	\$	<u><u>70,892</u></u>

\*First four months of FP 2009 therms for Tunnel Pump Station are based on first four month average of 2010 therms used.

Narragansett Bay Commission  
Electricity  
Account 54090

Schedule WEE -11

	kWh					
	FY 2009 kWh*	FY 2010 kWh	2 Year Average	Rate Year	Rate per kWh	Rate Year
Field's Point *	18,740,800	17,694,400	18,217,600	-	\$ 0.1212	\$ 2,208,840
Bucklin Point	13,080,000	12,544,000	12,812,000	-	0.1192	1,527,030
IM	803,799	836,986	820,392	-	0.1459	119,657
COB	1,341,400	1,292,000	1,316,700	-	0.1265	166,563
Odor Control Facilities	-	-	-	359,285	0.1476	53,027
FP Operations Building	-	-	-	871,536	0.1286	112,055
					RIGET	<u>174,463</u>
					Rate Year	4,361,634
					Adjusted Test Year	<u>(3,608,648)</u>
					Rate Year Adjustment	<u>\$ 752,986</u>

\*First four months of FP 2009 kWh for Tunnel Pump Station are based on first four month average of 2010 kWh used.

Narragansett Bay Commission  
Chemicals

Schedule WEE-12

Hypochlorite (Account 54332)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Average</u>
Field's Point	\$ 487,320	\$ 535,281	\$ 511,300
		Adjusted Test Year	<u>(535,281)</u>
		Rate Year Adjustment	<u>\$ (23,981)</u>

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Bisulfite (account 54337)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Average</u>
Field's Point	\$ 349,635	\$ 345,670	\$ 347,652
		Adjusted Test Year	<u>(345,670)</u>
		Rate Year Adjustment	<u>\$ 1,982</u>

Narragansett Bay Commission  
Management and Audit Services  
Account 52670

Bucklin Point Management Contract	Rate Year
Base Contract FY 2011	\$ 1,792,983
CPI	102.24%
Rate Year Base Contract	\$ 1,833,146
Chemicals Base in FY 2011	279,087
	102.24%
Chemical Base in Rate Year	285,339
Projected RY Chemicals	549,008
Rate Year Chemicals in Excess of Base	263,669
Total BP Contract in Rate Year	2,096,815
Other Mgmt and Audit Expense*	205,063
	Rate Year 2,301,878
Adjusted Test Year	(2,106,568)
Rate Year Adjustment	\$ 195,310

CPI Calculation	
4/1/2009	213
4/1/2010	218
% Change	102.24%

Narragansett Bay Commission  
Calculation of Rate Increase

Schedule WEE-14

Revenue Increase	\$	6,544,525
Percent to Residential (See WEE-2)		<u>56.91%</u>
Residential Increase		3,724,489
Residential Dwelling Units		<u>117,065</u>
Increase in Residential Rate per Dwelling Unit	\$	<u><u>31.82</u></u>
<hr/>		
Revenue Increase	\$	6,544,525
Percent to Non-Residential (See WEE-2)		<u>43.09%</u>
Non-Residential Increase		2,820,036
Non-Residential Meter Revenue		<u>12,087,218</u>
Increase in Non-Residential Meter Charge		<u><u>23.33%</u></u>

Narragansett Bay Commission  
Rate Year Revenue Check

Schedule WEE-15

	Current Rates		Proposed		Rate Year	
	Docket 4151	Increase	Rates	Projected	Units	Revenue
User Fee Revenues						
Residential						
Dwelling Units	\$ 162.79	\$ 31.82	194.61	117,065	\$ 22,781,991	
Consumption	2.627	0.00%	2.627	8,303,492	21,813,274	
Non-Residential						
Meter Size						
5/8 "	389	23.33%	480	3,679	1,766,036	
3/4 "	581	23.33%	717	985	705,929	
1"	967	23.33%	1,193	1,122	1,338,403	
1 1/2"	1,939	23.33%	2,391	841	2,011,579	
2"	3,098	23.33%	3,821	1,556	5,944,615	
3"	5,804	23.33%	7,158	83	596,545	
4"	9,672	23.33%	11,928	45	531,826	
6"	19,352	23.33%	23,867	60	1,421,706	
8"	30,962	23.33%	38,185	14	539,879	
10"	44,509	23.33%	54,893	1	52,482	
Non-Residential Flat Fees					14,909,000	
Commercial Consumption	3.809	0.00%	3.809	4,507,052	17,167,360	
Industrial Consumption	2.449	0.00%	2.449	338,617	829,272	
Total User Fee Revenues					77,500,898	
Miscellaneous Revenue:						
Discharge Permit Fees (Pretreatment)				1,114,004		
Connection Permit Fees				86,009		
BOD/TSS Surcharge				29,419		
Septage Income				380,579		
Miscellaneous Operating Income				1,820		
Interest Income				43,587		
Late Charge Penalty				901,619		
Abatement Fee				2,916		
Miscellaneous Income				209,687		
Rental Revenue				147,469		
					2,917,109	
					80,418,006	
					80,415,745	
					\$ 2,261	

Narragansett Bay Commission  
Effect on Rate Payers

Schedule WEE-16

	Current Rates	Proposed Rates	Dollar Increase	% Increase
97.6 HCF Residential				
Customer Charge	\$ 162.79	\$ 194.61	\$ 31.82	
Consumption	256.40	256.40	-	
Total 97.6 HCF Residential	<u>419.19</u>	<u>451.01</u>	<u>31.82</u>	<u>7.59%</u>
244 HCF Commercial 5/8" meter				
Customer Charge	\$ 389.00	\$ 480.00	\$ 91.00	
Consumption	929.40	929.40	-	
Total 5/8" meter, 244 HCF Commercial	<u>\$ 1,318.40</u>	<u>\$ 1,409.40</u>	<u>\$ 91.00</u>	<u>6.90%</u>
2440 HCF Commercial, 2" meter				
Customer Charge	\$ 3,098.00	\$ 3,821.00	\$ 723.00	
Consumption	9,293.96	9,293.96	-	
Total 2" meter, 2440 HCF Commercial	<u>\$ 12,391.96</u>	<u>\$ 13,114.96</u>	<u>\$ 723.00</u>	<u>5.83%</u>
244 HCF Industrial, 5/8" meter				
Customer Charge	\$ 389.00	\$ 480.00	\$ 91.00	
Consumption	597.56	597.56	-	
Total 5/8" meter, 244 HCF Industrial	<u>\$ 986.56</u>	<u>\$ 1,077.56</u>	<u>\$ 91.00</u>	<u>9.22%</u>
2440 HCF Industrial, 2" meter				
Customer Charge	\$ 3,098.00	\$ 3,821.00	\$ 723.00	
Consumption	5,975.56	5,975.56	-	
Total 2" meter, 2440 HCF Industrial	<u>\$ 9,073.56</u>	<u>\$ 9,796.56</u>	<u>\$ 723.00</u>	<u>7.97%</u>

1 NARRAGANSETT BAY COMMISSION

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

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

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

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

11 A. I am employed by the firm of the Louis Berger Group, Inc. I am a Vice President of the  
12 firm. As such my primary role is Program Manager for the NBC CSO Program and  
13 assisting my firm on wastewater issues nationwide.  
14

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

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

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

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

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

30 A. Yes. I testified before the PUC regarding the NBC's Combined Sewer Overflow (CSO)  
31 Abatement Program as part of Dockets 3162, 3409, 3483, 3592, and 3905.  
32

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

2 A. The purpose of my testimony is to update the PUC regarding the status of the design of  
3 the NBC's Combined CSO Phase II Facilities as well as the schedule, the current  
4 estimated costs and the separation of construction contracts for the components, based  
5 upon task.

6  
7 **Q. What is your relationship with the NBC?**

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

13  
14 **Q. Can you please provide an update on the status of the Phase II of the CSO Abatement  
15 Program?**

16 A. Yes. I would like to report that the design of the Phase II Facilities Contract (30301D)  
17 has progressed since I last provided testimony to the PUC in 2007. NBC completed and  
18 submitted the preliminary design plans on August 29, 2008 and the plans were  
19 conditionally approved by RIDEM in December 2009. NBC is required to submit the  
20 plans for final design to RIDEM within a one year period, or by December 2010 to ensure  
21 compliance with the schedule as set forth in the Consent Agreement between NBC and  
22 RIDEM. Currently, final design of the CSO Phase II Facilities is 100% complete. RIDEM is  
23 currently reviewing the final design plans, and must approve them before NBC may  
24 proceed with the construction of these facilities.

25  
26 In accordance with the Consent Agreement, NBC has 4 years to complete the  
27 construction of the Phase II Facilities. The Phase II Facilities have been split into  
28 separate projects, consisting of up to twelve (12) construction projects and one (1)  
29 program management project. These projects were separated and assigned based upon  
30 the components and the tasks to be completed.

31

1 **Q. What is the scope of work to be constructed as part of the Phase II of the CSO**  
2 **Abatement Program?**

3 A. Phase II consists of the construction of two interceptors and CSO regulator  
4 modifications along the Seekonk and Woonasquatucket Rivers to the CSO Tunnel  
5 constructed in Phase I. Phase II also includes two sewer separation areas, which have  
6 been split into separate projects, based on location, and a wetlands treatment facility.

7

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

9 A. The current construction cost estimate, has been revised based on the completion of  
10 preliminary design. The current cost estimates for Phase II of the CSO Abatement  
11 Program are \$19,041,000 for design and \$307,439,000 for construction. These  
12 estimates will be refined as more information becomes available through completion of  
13 final design.

14

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

16 A. Yes.

Narragansett Bay Commission					
Capital Leases Schedule					
Lease	Original Cost	Test Year FY 10		Rate Year FY 12	
		Principal	Interest	Principal	Interest
HP	\$ 323,118.59	\$ 64,472.18	\$ 6,562.21		
De Lage Landen	109,569.69	37,317.74	1,906.30		
De Lage Landen	206,792.58	40,279.83	6,544.89	44,356.59	2,467.85
De Lage Landen	92,378.00	30,118.06	2,884.02	16,236.89	264.15
Teletrac	30,210.00	9,540.00	-	6,360.00	-
De Lage Landen	125,466.49	19,774.21	2,676.01	42,727.93	2,172.51
Grand Total	\$ 887,535.35	\$ 201,502.02	\$ 20,573.43	\$ 109,681.41	\$ 4,904.51

## Debt Service Payments Fiscal Year 2010

Outstanding Debt	Due Dates	Interest	Principal
SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	\$ 9,878 6,705	\$ 170,371
SRF - WP/RA - \$3.694	1-Sep 1-Mar	13,629 11,036	209,378
SRF -BUTLER - \$1.662M	1-Sep 1-Mar	8,228 6,283	103,304
SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	117,826 102,764	821,000
SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	129,354 112,732	951,512
SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	94,616 87,477	391,752
SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	347,461 306,843	2,300,000
SRF POOL LOAN V - \$57M	1-Sep 1-Mar	658,141 591,312	4,215,000
SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	338,706 318,418	2,570,581
SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	327,356 313,640	1,793,000
SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	326,823 324,383	322,000
SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	252,199 241,969	1,200,000
SRF POOL LOAN X - \$30M	1-Sep 1-Mar	243,956 232,878	1,311,000
SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	246,848 244,952	225,000
SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar	0 7,333	0
SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar	0 55	0
SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	0 0	0
VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep Monthly		1,565,000
		2,343,321	
\$45M 2005 Series A	1-Aug 1-Feb	1,125,000 1,125,000	0
\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781 1,032,781	0
		<u>\$ 12,682,687</u>	<u>\$ 18,148,897</u>

## Debt Service Payments Fiscal Year 2012

Outstanding Debt	Due Dates	Interest	Principal
SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	3,414	183,300
SRF - WP/RA - \$3.694	1-Sep 1-Mar	8,378 5,654	219,934
SRF -BUTLER - \$1.662M	1-Sep 1-Mar	4,266 2,172	111,227
SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	87,147 70,957	882,500
SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	95,526 77,716	1,019,507
SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	80,076 72,405	420,978
SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	269,315 239,470	1,690,000
SRF POOL LOAN V - \$57M	1-Sep 1-Mar	524,721 467,643	3,600,000
SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	297,591 276,210	2,708,996
SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	298,625 282,437	1,850,000
SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	320,536 310,399	1,225,000
SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	230,234 218,059	1,368,000
SRF POOL LOAN X - \$30M	1-Sep 1-Mar	221,573 210,081	1,356,000
SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	242,206 235,737	750,000
SRF POOL LOAN XII - \$55M (\$8.3 M Forgiveness)	1-Sep 1-Mar	353,859 495,916	424,526
SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar	19,800 19,549	67,924
SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	151,561 262,168	803,000
VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	2,222,696	1,670,000
\$45M 2005 Series A	1-Aug 1-Feb	1,125,000 1,125,000	0
\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781 1,032,781	0
		12,993,659	20,350,893

*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 2.671%.

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%

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #12 – The total loan is \$55,000,000 with principal forgiveness of \$8,302,114 and an interest rate of 2.301%

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #12 (Takeover) – The total loan is \$2,000,000 with principal forgiveness of \$301,895 and an interest rate of 1.861%

Commission loan outstanding with the RI Clean Water Finance Agency  
Pooled Loan #13 – The total loan is \$20,000,000 with an interest rate of 2.143%

Revenue Bonds (variable rate) 2008 Series A, dated July 17, 2008, maturing  
September 1, 2034 - Total loan amount is \$66,360,000

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, 2007  
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 7/1/09	Number of Employees 6/30/10
FY 2010	244	246

Fiscal Year	Overtime Amount
FY 2010	\$ 457,639
FY 2009	514,078
FY 2008	499,844

Narragansett Bay Commission  
Capital Project Compliance Reporting  
Period Ending: June 30, 2010

Project	Actual / Projected Start Date	Actual / Projected Completion Date	Total Estimated Project Cost	Total Paid to Date	Percent Complete*
10901D - FPWWTF Nitrogen Removal Facilities - Design	Feb-07	Aug-10	\$ 6,805,712	\$ 4,856,336	71.4%
10901C - FPWWTF Nitrogen Removal Facilities - Construction	Feb-09	Nov-14	71,789,000	5,806,158	8.1%
1100000 - Site Specific Study	Nov-01	Jun-12	457,000	211,366	46.3%
1140100 - River Model Development	Mar-05	Jul-11	378,000	223,289	59.1%
11500D - Asset Management - Design	Jul-05	Sep-10	2,358,662	1,977,594	83.8%
11900D - Regulatory Compliance Building - Design	May-09	Aug-11	2,106,290	1,036,528	49.2%
11900C - Regulatory Compliance Building - Construction	Jun-11	Dec-13	21,112,000	-	0.0%
12000D - BPWWTF - Biogas Reuse - Design	Jul-09	Jan-11	190,000	27,387	14.4%
12000C - BPWWTF - Biogas Reuse - Construction	Feb-11	Jan-13	2,363,000	-	0.0%
12100C - FPWWTF - Wind Turbine - Construction	Mar-09	Nov-12	14,913,106	1,576	0.0%
12200C - FPWWTF Flow Control Efficiencies	Jul-09	May-11	1,740,000	167,082	9.6%
12300C - NBC Fire Code Compliance	Sep-10	Dec-11	1,225,000	-	0.0%
12400D - New IM Facilities - Design	Jun-11	Nov-12	557,000	-	0.0%
12400C - New IM Facilities - Construction	Dec-11	Feb-14	6,052,000	-	0.0%
3022100 - CSO Flow & Water Quality Monitoring	Aug-01	Jun-10	2,491,112	2,110,358	84.7%
30221D - Hydraulic Systems Modeling - Design	Jun-10	Mar-13	252,000	49	0.0%
30301D - Phase II CSO Facilities - Design	Jan-07	Dec-10	19,041,366	13,103,146	68.8%
30301RS - Phase II CSO Facilities Program & Construction Management	Nov-10	Aug-15	30,315,000	-	0.0%
30302C - Phase II CSO Facilities - OF 106	Dec-10	Jun-14	10,197,000	-	0.0%
30303C - Phase II CSO Facilities - WCSOI	Aug-11	May-16	141,312,000	-	0.0%
30304C - Phase II CSO Facilities - SCSOI	Dec-11	Aug-16	65,838,500	-	0.0%
30305C - Phase II CSO Facilities - OF 027	Oct-10	Jul-14	15,892,000	-	0.0%
30306C - Phase II CSO Facilities - OF 037	Feb-11	Jan-15	43,884,000	-	0.0%
30400C - Repair and Construction of CSO Interceptors	Jul-01	Ongoing	5,521,000	-	0.0%
30400M - Inspection & Cleaning of CSO Interceptors	Jul-01	Ongoing	3,000,000	-	0.0%
30419M - Pleasant Valley Parkway Interceptor Inspection & Cleaning	Mar-10	Nov-10	282,000	7,091	2.5%
30421C - Louisquisset Pike Interceptor Replacement - Construction	Sep-11	Sep-12	2,382,000	-	0.0%
30430M - Woonasquatucket Interceptor, Route 10 Inspection & Cleaning	Sep-10	Dec-10	310,000	-	0.0%
30433M - Woonasquatucket Interceptor Inspection & Cleaning	May-09	Jun-10	127,000	25,600	20.2%
30434M - Seekonk River Interceptor Inspection & Cleaning	Jun-08	Aug-10	446,000	340,646	76.4%
30435M - East Providence Interceptor Inspection & Cleaning	Aug-10	Dec-10	165,000	-	0.0%
30438D - Interceptor Easements - Design	Oct-05	Jun-10	774,892	524,892	67.7%
30438C - Interceptor Easements - Construction	Oct-10	Jul-12	612,000	-	0.0%
30444D - Moshassuck Valley Interceptor - Design	Jan-11	Dec-11	523,000	-	0.0%
30444C - Moshassuck Valley Interceptor - Construction	Mar-12	Jul-14	2,572,000	-	0.0%
30451C - Improvements to NBC Interceptors FY 2008	Nov-07	Jun-10	2,232,129	2,015,360	90.3%
30452C - Improvements to NBC Interceptors FY 2009	Feb-09	Dec-10	2,692,620	1,997,084	74.2%
30453C - Improvements to NBC Interceptors FY 2010	Aug-09	May-12	702,000	28,100	4.0%
30460P - Johnston Facilities Plan	Apr-08	Sep-10	600,000	481,543	80.3%
30461P - System Wide Facilities Plan N. Providence	Nov-08	Sep-10	361,000	280,745	77.8%
30500D - NBC Interceptor Easements - Design	Mar-11	Sep-14	4,264,000	-	0.0%
30500C - NBC Interceptor Easements - Construction	Nov-11	Dec-15	3,670,000	-	0.0%
30501D - Interceptor Easements - NBC BVI Design	Sep-09	Jun-11	631,425	50,699	8.0%
30501C - Interceptor Easements - NBC BVI Construction	Aug-11	Jul-12	730,000	-	0.0%
30600D - Floatables Control Facilities - Design	Jun-05	May-11	733,109	66,418	9.1%
30600C - Floatables Control Facilities - Construction	Jun-11	Dec-13	2,774,000	-	0.0%
30700 - NBC System-wide Facilities Planning	Nov-10	Oct-13	1,392,400	-	0.0%
30800D - Phase III CSO Facilities - Design	Jul-15	Nov-17	37,012,000	-	0.0%
30800C - Phase III CSO Facilities - Construction	Aug-17	Aug-22	565,950,000	-	0.0%
70500C - Central Avenue Pump Station - Construction	May-09	Mar-11	854,381	664,214	77.7%
70600C - Omega Pump Station Rack Room - Construction	Nov-08	Jan-11	183,000	4,093	2.2%
70700C - Lincoln Septage Station - Lakeside Unit Replacement	Jul-08	Sep-11	612,000	20,813	3.4%
80900D - BPWWTF - Nitrogen Removal Facilities - Design	Sep-09	Jun-11	3,450,000	624,214	18.1%
80900C - BPWWTF - Nitrogen Removal Facilities - Construction	Jul-11	Apr-15	34,859,500	-	0.0%

\* Percent complete is calculated by dividing the Total Paid to Date by Total Estimated Project Cost.

**Narragansett Bay Commission Docket #4026  
Compliance Reporting on Restricted Accounts for FY 2010**

	Cash Receipts	Capital/Debt	Debt	Debt Interest	Total Debt & Debt Interest	Debt Coverage	Special Master	Operating Reserve for Revenue Stability Fund
Percentage		0.000%	43.990%			11.000%		
<b>Receipts:</b>								
Beginning Balance		\$ 7,517,341.58			\$ 19,878,647.89	\$ 9,041,287.32	\$ 161,568.05	\$ 1,500,422.07
*8/26/09					(2,084,223.65)	2,084,223.65		
***Transfer 2/23/2010						(1,500,000.00)		1,500,000.00
***Transfer 2/23/2010		5,621,164.13				(5,621,164.13)		
		<b>13,138,505.71</b>	<b>0.00</b>	<b>0.00</b>	<b>17,794,424.24</b>	<b>4,004,346.84</b>	<b>161,568.05</b>	<b>3,000,422.07</b>
July-09	4,522,239.82	64.68	2,056,262.45	232.59	2,056,495.04	513,726.44	1.37	12.74
** August-09	10,075,251.13	63.59	4,432,102.97	231.34	4,432,334.31	1,108,277.62	1.37	12.74
September-09	2,589,666.66	60.46	1,139,194.36	73.74	1,139,268.10	284,863.33	1.33	12.33
October-09	4,668,849.18	62.41	2,053,826.75	115.44	2,053,942.19	513,573.41	1.37	12.74
November-09	11,399,519.99	59.97	5,014,648.84	125.86	5,014,774.70	1,253,947.20	1.33	12.33
December-09	8,701,090.69	70.26	3,827,609.79	176.42	3,827,786.21	957,119.98	1.59	14.82
January-10	4,570,300.87	58.13	2,010,475.35	207.28	2,010,682.63	502,733.10	1.37	12.75
February-10	5,760,482.54	50.12	2,534,036.27	191.97	2,534,228.24	633,653.08	1.24	23.22
March-10	8,185,421.24	82.04	3,600,766.80	162.11	3,600,928.91	900,396.34	1.37	39.35
April-10	5,993,808.49	87.43	2,636,676.35	182.71	2,636,859.06	659,318.93	1.33	24.66
May-10	5,503,167.31	81.40	2,420,843.30	227.87	2,421,071.17	605,348.40	1.37	25.49
June-10	5,920,149.49	69.46	2,604,273.76	243.64	2,604,517.40	651,216.44	1.33	24.67
	<b>77,889,947.41</b>	<b>13,139,315.66</b>	<b>34,330,716.99</b>	<b>2,170.97</b>	<b>52,127,312.20</b>	<b>12,588,521.11</b>	<b>161,584.42</b>	<b>3,000,649.91</b>
<b>Expenses:</b>								
July-09		159,997.76			65,279.70		-	-
August-09		7,370.94			2,286,538.57		-	-
September-09		11,828.07			21,280,121.43		-	-
October-09		142,897.52			42,422.03		-	-
November-09		274,198.99			98,092.25		-	-
December-09		171,925.05			23,376.10		-	-
January-10		217,772.19			35,134.71		-	-
February-10		619,946.34			2,246,778.17		-	-
March-10		685,132.73			2,919,854.05		-	-
April-10		731,273.53			13,064.73		-	-
May-10		1,106,089.91			55,258.03		-	-
June-10		1,194,763.48			34,389.23		-	-
		<b>5,323,196.51</b>			<b>29,100,309.00</b>		-	-
Balance		<b>\$ 7,816,119.15</b>			<b>\$ 23,027,003.20</b>	<b>\$ 12,588,521.11</b>	<b>\$ 161,584.42</b>	<b>\$ 3,000,649.91</b>

\* Realign Debt Balance to the Required Balance as of 7/1/09.

\*\* Rates for Debt & Debt Coverage changed from 45.47% and 11.36% to 43.99% and 11% respectively on August billing per Docket 4026.

Transfers:

\*\*\*2/23/2010 - Funding the Operating Reserve for Revenue Stability Fund in accordance with the Eleventh Supplemental Indenture.

\*\*\*2/23/2010 - Transfer of funds from Stabilization to Operating Capital for Debt Service Carryover for FY 2009.

# NARRAGANSETT BAY COMMISSION

## Statement of Net Assets

June 30, 2010

### Assets

#### Current assets

Cash and cash equivalents	\$ 13,672,781
Accounts receivable	
Sewer use fees (net of allowance)	9,565,528
Sewer use unbilled	4,101,800
Receivables, other	83,587
Due from federal and state governments	112,860
Prepaid expenses	237,865
<b>Total current assets</b>	<b>27,774,421</b>

#### Noncurrent assets

##### Restricted assets

Cash, environmental enforcement	146,170
Cash and cash equivalents, restricted	35,523,066
Cash and cash equivalents, restricted for the acquisition and construction of capital assets	8,153,637
<b>Total restricted assets</b>	<b>43,822,873</b>

##### Capital assets

Land	2,754,407
Plant and equipment	78,310,057
Capital projects completed	521,519,722
Construction in progress	193,843,866
	796,428,052
Less accumulated depreciation	(123,071,969)
<b>Net capital assets</b>	<b>673,356,083</b>

##### Other assets

Negative net pension obligation	25,369
Organization costs (net of accumulated amortization)	39,194
Bond and loan issuance costs (net of accumulated amortization)	5,786,288
<b>Total other assets</b>	<b>5,850,851</b>

**Total noncurrent assets** 723,029,807

**Total assets** \$ 750,804,228

(Continued)

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

**NARRAGANSETT BAY COMMISSION**

*Statement of Net Assets (Continued)*

*June 30, 2010*

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***Liabilities***

***Current liabilities***

Accounts and contracts payable	\$ 5,422,126
Accrued interest payable	3,764,816
Accrued expenses	2,557,594
Unearned revenue	273,794
Current portion of loans payable	17,082,732
Current portion of leases payable	211,765
Current portion of long-term debt	1,620,000
<b><i>Total current liabilities</i></b>	<b><u>30,932,827</u></b>

***Noncurrent liabilities***

Net OPEB obligation	120,527
Other accrued expenses	69,892
Long-term loans payable, net	238,612,534
Long-term leases payable, net	154,090
Long-term debt, net	152,927,457
<b><i>Total noncurrent liabilities</i></b>	<b><u>391,884,500</u></b>

***Total liabilities***

**422,817,327**

***Net assets***

Invested in capital assets, net of related debt	264,347,077
Restricted, environmental enforcement	146,170
Unrestricted	63,493,654
<b><i>Total net assets</i></b>	<b><u>\$ 327,986,901</u></b>

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

**NARRAGANSETT BAY COMMISSION**  
*Statement of Revenues, Expenses and Changes in Net Assets*  
*For the Year Ended June 30, 2010*

<b><i>Operating revenues</i></b>	
User fees, residential	\$ 39,392,798
User fees, commercial and industrial	29,831,617
Permit and connection fees	86,009
Pretreatment	1,114,004
Environmental enforcement	13,650
Septage income	380,579
Abatement fees	2,916
Late charge penalties	901,619
Miscellaneous revenue	21,438
BOD/TSS surcharge	29,419
<b><i>Total operating revenues</i></b>	<u>71,774,049</u>
<b><i>Operating expenses</i></b>	
Personnel services	18,767,282
Contractual services	7,008,213
Travel	32,865
Repairs and maintenance	1,265,659
Utilities	4,187,385
Supplies	1,474,302
Depreciation and amortization	9,065,008
Insurance	861,426
Miscellaneous	708,340
<b><i>Total operating expenses</i></b>	<u>43,370,480</u>
<b><i>Operating income</i></b>	<u>28,403,569</u>
<b><i>Nonoperating revenues (expenses)</i></b>	
Grants	279,978
Interest expense	(10,820,471)
Interest income	47,803
Loss on disposal of assets	(15,086)
Miscellaneous nonoperating income	280,656
Bond and note issuance costs	(21,295)
<b><i>Total nonoperating revenues (expenses)</i></b>	<u>(10,248,415)</u>
<b><i>Income before capital contributions</i></b>	18,155,154
<b><i>Capital contributions</i></b>	<u>4,905,969</u>
<b><i>Change in net assets</i></b>	23,061,123
<b><i>Total net assets - beginning of year</i></b>	<u>304,925,778</u>
<b><i>Total net assets - end of year</i></b>	<u><u>\$ 327,986,901</u></u>

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