

Compliance Rate Filing

November 24, 2010



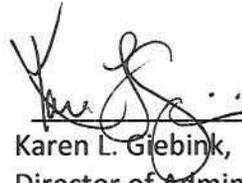
One Service Road
Providence, Rhode Island 02905
401-461-8848 • FAX 401-461-6540

Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director

CERTIFICATE OF SERVICE

I, Karen L. Giebink, hereby certify that I have, this 24th day of November 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.



Karen L. Giebink,
Director of Administration and Finance

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT BAY COMMISSION
COMPLIANCE FILING OF November 24, 2010

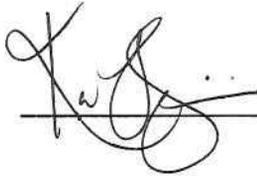
NOTICE OF CHANGE IN RATE SCHEDULES

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 July 1, 2011. The new rates are designed to collect revenues in a 12-month period equal to \$81,126,021.

- 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.

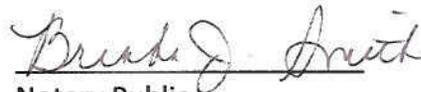
- 4) A copy of the materials herewith filed has been sent to the Administrator of the Division and the Attorney General for the State of Rhode Island.



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 24th day of November 2010, Pursuant
the PUC Rule 1.9.

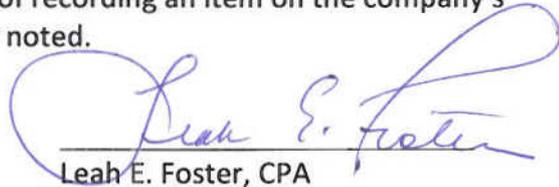

Notary Public
ID # 53982
Exp. 9/24/2012

**IN RE:
NARRAGANSETT BAY COMMISSION
TARIFF FILING OF November 24, 2010**

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

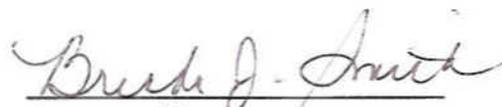
ATTESTATION UNDER RULE 2.7

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 24th day of November 2010.


Notary Public
ID# 53982
Exp. 9/24/2012

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 ½"	\$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.

<u>CUSTOMER CHARGE:</u>	<u>METER SIZE:</u>	<u>FIXED FEE</u>
	5/8"	\$389
	3/4"	\$581
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	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

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

Miscellaneous Charges

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

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

CAT #	User Classification	Permit Fee
24	Printers	
	Gravure	\$3,623
	Other Flow \geq 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	Industrial Laundries	\$3,623
26	Machine Shops/Machinery Rebuilders	\$1,449
27	Other firms discharging toxics and/or prohibited pollutants	
	Flow \geq 10,000 GPD	\$2,898
	Flow \geq 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	Central Treatment Facilities - Hazardous Waste	\$14,492
29	Central Treatment Facilities Non-Hazardous Waste	\$4,348
34	Manufacturers with high BOD/TSS wastestreams	
	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	Other facilities discharging conventional pollutants	
	Flow \geq 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	Automotive Maintenance/Service Facilities	
	Small \leq 2 Bays	\$435
	Large \geq 3 Bays	\$1,449
40	Groundwater Remediation/Excavation	
	Flow \geq 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	Recycle or Disconnected Electroplating or Chemical Processes	\$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	Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional	\$362
85	Restaurants	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food (2 or more frvolators and/or drive	\$580
86	Commercial Buildings with Cafeteria and/or laundry operations	\$725
89	Other Commercial Facilities with Potential to Discharge Conventional Pollutants	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
90	Hospitals	\$3,623
91	Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	\$362
92	Laundries/Dry Cleaners	
	Laundromats	\$725
	Dry Cleaners with 1 washer o	\$362
	Dry Cleaners with ≥ 2 washe	\$725
93	Photo Processing	
	< 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	X-Ray Processing	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449

CAT #	User Classification	Permit Fee
95	Clinical, Medical and Analytical Laboratories	\$725
96	Funeral Homes/Enbalming Operations	\$362
97	Motor Vehicle Service/Washing	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	
	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	July 1, 2010	July 1, 2011
CONSUMPTION CHARGE	July 1, 2010	July 1, 2011

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
\$ 168.21

CONSUMPTION CHARGE:

~~\$ 2.627~~ per hundred cubic feet of 100% of water used
\$ 2.714

RESIDENTIAL WELL CUSTOMERS:

~~\$ 419.17~~ Based upon fixed fee and average usage of 200 gpd
\$ 433.10

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	\$402
3/4"	\$581	\$600
1"	\$967	\$999
1 1/2"	\$1,939	\$2,004
2"	\$3,098	\$3,201
3"	\$5,804	\$5,997
4"	\$9,672	\$9,994
6"	\$19,352	\$19,996
8"	\$30,962	\$31,993
10"	\$44,509	\$45,991

CONSUMPTION CHARGE:

NBC Service Area:

~~\$ 2.449~~ per hundred cubic feet of 100% of water used.
\$ 2.531

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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6"	\$19,352	\$19,996
8"	\$30,962	\$31,993
10"	\$44,509	\$45,991

CONSUMPTION CHARGE:

NBC Service Area:

~~\$ 3.809~~ per hundred cubic feet of 100% of water used.
\$ 3.936

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.~~

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TARIFFS OF THE NARRAGANSETT BAY COMMISSION

SCHEDULE B

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

Miscellaneous Charges

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

CAT #	User Classification	Permit Fee
23	Textile Processing Firms	
	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	Printers	
	Gravure	\$3,623
	Other Flow ≥ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	Industrial Laundries	\$3,623
26	Machine Shops/Machinery Rebuilders	\$1,449
27	Other firms discharging toxics and/or prohibited pollutants	
	Flow ≥ 10,000 GPD	\$2,898
	Flow ≥ 2,500 GPD < 10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	Central Treatment Facilities - Hazardous Waste	\$14,492
29	Central Treatment Facilities Non-Hazardous Waste	\$4,348
34	Manufacturers with high BOD/TSS wastestreams	
	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	Other facilities discharging conventional pollutants	
	Flow ≥ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	Automotive Maintenance/Service Facilities	
	Small ≤ 2 Bays	\$435
	Large ≥ 3 Bays	\$1,449
40	Groundwater Remediation/Excavation Projects	
	Flow ≥ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	Recycle or Disconnected Electroplating or Chemical Processes	\$725
42	Other Process Operations Disconnected or Recycled	\$290
43	Recycle or Disconnected Electroplating or Chemical Processes with Cooling Water or Boiler Discharges	\$870

CAT #	User Classification	Permit Fee
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 ≥ 10,000 GPD	\$1,087
	Flow < 10,000 GPD	\$725
51	Cooling Water with No Solvents, Toxic or Hazardous Chemicals on Site	\$362
52	Boiler Blowdown/Condensate Discharges	\$362
53	Cooling Tower Discharges	\$362
59	Other Non-Toxic Industrial Discharges	
	Flow ≥ 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 ≤ Flow < 10,000 GPD	\$725
	Flow ≥ 10,000 GPD	\$1,449
82	Supermarkets (Retail Food Processing)	\$725
83	Parking Garages/Lots	\$725
84	Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional Pollutants	\$362
85	Restaurants	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food (2 or more fryolators and/or drive through window)	\$580
86	Commercial Buildings with Cafeteria and/or laundry operations	\$725
89	Other Commercial Facilities with Potential to Discharge Conventional Pollutants	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
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CAT #	User Classification	Permit Fee
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92	Laundries/Dry Cleaners	
	Laundromats	\$725
	Dry Cleaners with 1 washer or less	\$362
	Dry Cleaners with ≥ 2 washers	\$725
93	Photo Processing	
	< 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	X-Ray Processing	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449
95	Clinical, Medical and Analytical Laboratories	\$725
96	Funeral Homes/Enbalming Operations	\$362
97	Motor Vehicle Service/Washing Operations	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	
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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.

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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

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RESIDENTIAL WELL CUSTOMERS:
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	5/8"	\$402
	3/4"	\$600
	1"	\$999
	1 1/2"	\$2,004
	2"	\$3,201
	3"	\$5,997
	4"	\$9,994
	6"	\$19,996
	8"	\$31,993
	10"	\$45,991

CONSUMPTION CHARGE:
NBC Service Area: \$ 2.531 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.

<u>CUSTOMER CHARGE:</u>	<u>METER SIZE:</u>	<u>FIXED FEE</u>
	5/8"	\$402
	3/4"	\$600
	1"	\$999
	1 1/2"	\$2,004
	2"	\$3,201
	3"	\$5,997
	4"	\$9,994
	6"	\$19,996
	8"	\$31,993
	10"	\$45,991

CONSUMPTION CHARGE:
NBC Service Area: \$ 3.936 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**

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

Miscellaneous Charges

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

CAT #	User Classification	Permit Fee
11	Electroplater/Metalfinisher	
	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	Metal Molding and Casting	\$1,087
13	Organic Chemical Manufacturers	\$7,246
14	Other Categorical Industries	\$1,087
15	Metal Formers	\$5,797
21	Tubbing/Vibratory/Mass Finishing	
	Flow < 5,000 GPD	\$725
	Flow ≥ 5,000 GPD	\$1,449
22	Chemical Transporters, Refiners, Recyclers, Manufacturers	\$2,898
23	Textile Processing Firms	
	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	Printers	
	Gravure	\$3,623
	Other Flow ≥ 2,500 GPD	\$1,087
	Other Flow < 2,500 GPD	\$725
25	Industrial Laundries	\$3,623

CAT #	User Classification	Permit Fee
26	Machine Shops/Machinery Rebuilders	\$1,449
27	Other firms discharging toxics and/or prohibited pollutants	
	Flow ≥ 10,000 GPD	\$2,898
	Flow ≥ 2,500 GPD <10,000 GPD	\$1,449
	Flow < 2,500 GPD	\$725
28	Central Treatment Facilities - Hazardous Waste	\$14,492
29	Central Treatment Facilities Non-Hazardous Waste	\$4,348
34	Manufacturers with high BOD/TSS wastestreams	
	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	Other facilities discharging conventional pollutants	
	Flow ≥ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
37	Automotive Maintenance/Service Facilities	
	Small ≤ 2 Bays	\$435
	Large ≥ 3 Bays	\$1,449
40	Groundwater Remediation/Excavation Projects	
	Flow ≥ 10,000 GPD	\$1,449
	Flow < 10,000 GPD	\$725
41	Recycle or Disconnected Electroplating or Chemical Processes	\$725
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 ≥ 10,000 GPD	\$1,087
	Flow < 10,000 GPD	\$725
51	Cooling Water with No Solvents, Toxic or Hazardous Chemicals on Site	\$362
52	Boiler Blowdown/Condensate Discharges	\$362

CAT #	User Classification	Permit Fee
53	Cooling Tower Discharges	\$362
59	Other Non-Toxic Industrial Discharges	
	Flow ≥ 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 ≤ Flow < 10,000 GPD	\$725
	Flow ≥ 10,000 GPD	\$1,449
82	Supermarkets (Retail Food Processing)	\$725
83	Parking Garages/Lots	\$725
84	Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Conventional Pollutants	\$362
85	Restaurants	
	< 50 seats	\$217
	≥ 50 seats < 100 seats	\$435
	>100 seats of fast food (2 or more fryolators and/or drive through window)	\$580
86	Commercial Buildings with Cafeteria and/or laundry operations	\$725
89	Other Commercial Facilities with Potential to Discharge Conventional Pollutants	
	< 2,500 GPD	\$362
	≥ 2,500 GPD	\$725
91	Cooling Water/Groundwater/Boiler Discharges with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	\$362
90	Hospitals	\$3,623
92	Laundries/Dry Cleaners	
	Laundromats	\$725
	Dry Cleaners with 1 washer or less	\$362
	Dry Cleaners with ≥ 2 washers	\$725
93	Photo Processing	
	< 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	X-Ray Processing	
	≤ 2 processors	\$362
	3 - 4 processors	\$725
	5 - 9 processors	\$1,087
	≥ 10 processors	\$1,449
95	Clinical, Medical and Analytical Laboratories	\$725

CAT #	User Classification	Permit Fee
96	Funeral Homes/Enbalming Operations	\$362
97	Motor Vehicle Service/Washing Operations	
	rate per tunnel	\$725
	rate per bay	\$217
	maximum rate per facility	\$1,449
99	Other Commercial Users with Potential to Discharge Toxic, Prohibited and/or Conventional Pollutants	
	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/
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

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

**for
THE NARRAGANSETT BAY COMMISSION**

November 2010

1 **Narragansett Bay Commission**

2
3 COMPLIANCE TESTIMONY
4 OF WALTER E. EDGE Jr. MBA, CPA
5

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

8 A. My full name is Walter Edward Edge Jr., MBA, CPA and I work for the firm of B&E
9 Consulting LLC at 21 Dryden Lane, Providence, RI 02904.
10

11 **Q. What is B&E Consulting LLC?**

12 A. B&E Consulting (B&E) is an accounting and consulting firm that specializes in
13 providing accounting and consulting services to small businesses, municipalities, utilities
14 and individuals.
15

16 **Q. Are you the same Walter Edge who has testified as an expert accounting and rate**
17 **witness in previous rate filings for Narragansett Bay Commission (NBC or Commission)**
18 **and others?**

19 A. Yes. I have provided expert accounting and rate testimony before the Rhode Island
20 Public Utilities Commission (PUC) for NBC and many other clients. Some of the other
21 clients include Interstate Navigation Company, Block Island Power Company, Pawtucket
22 Water Supply Board, Woonsocket Water, Osram Sylvania, and Stone Bridge Fire District.
23

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

25 A. NBC hired B&E to provide compliance testimony seeking a rate increase under NBC's
26 TECP/VRDO debt program for the rate year ending June 30, 2012. As part of Docket
27 3905 (PUC Order 19380) the PUC approved for NBC to "continue with the current debt
28 service compliance filing mechanism provided for in Docket No. 3483 for the period FY
29 2009 through FY 2013" (page 17 of the order). B&E was asked to prepare expert
30 testimony and schedules in support of a debt service and coverage allowance rate
31 increase needed for FY 2012 specifically addressing the requirements listed in Docket
32 3905.

1 **Q. Is this NBC's first filing for debt service relief under the compliance requirements**
2 **set forth in Docket 3905?**

3 A. No. NBC has previously filed this same type of filing in Docket 4151 (March 2,
4 2010).

5

6 **Q. Why is NBC requesting rate relief for debt service and debt service coverage?**

7 A. The NBC needs rates sufficient to generate revenues that are 125% of debt service
8 and debt service coverage. Rate relief is required in order for NBC to demonstrate that
9 its rates are sufficient prior to the execution of their pending \$30 million low interest
10 loan from the Rhode Island Clean Water Finance Agency (RICWFA).

11

12 **Q. Did NBC file for a rate increase for FY 2012?**

13 A. Yes. NBC filed for a rate increase in Docket 4205 which was filed with the PUC on
14 October 8, 2010.

15

16 **Q. As part of that Docket, did NBC request an increase in debt service and debt**
17 **service coverage expense as a result of projected new debt issuances in FY 2011?**

18 A. No, Docket 4205 addresses cost of service issues related to operation and
19 maintenance as well as the declining consumption. NBC is filing for rate relief for debt
20 separately under the compliance mechanism because rate approval is needed more
21 expeditiously than is available under the general rate filing review period of nine
22 months.

23

24 **Q. What are the test year and rate year in this filing?**

25 A. The test year is the rate year from Docket 4151. The rate year reflects the annual
26 debt service in FY 2013 because it is the year with the highest annual debt service based
27 on the loan amortization and NBC must ensure that rates generate sufficient revenue to
28 meet the debt service coverage requirements in all years. This is included in Schedule
29 WEE-1 and is reflected in WEE-2.

30

31

1 **Q. Why does NBC need additional capital funds?**

2 A. NBC has a significant capital improvement plan (CIP) which includes projected
3 expenditures of more than \$100 million per year in fiscal years 2012, 2013 and 2014. As
4 has been mentioned in testimony of prior NBC Dockets, low interest loans from the
5 RICWFA are NBC's lowest cost of borrowing however the loan capacity of the RICWFA
6 can vary depending upon a number of factors. Given NBC's CIP and the financial
7 advantage of the RICWFA program it makes sense to take advantage of the available
8 loan capacity and finance as much of the CIP as possible with the subsidized loans.

9

10 **Q. What is the revenue increase requested by NBC to support the upcoming \$30**
11 **million borrowing from RICWFA in this compliance docket?**

12 A. NBC is requesting additional revenue of \$2,521,655. This revenue increase
13 represents a percentage increase of 3.21% over test year revenues at current rates.

14

15 **Q. Will all rates increase by 3.21%?**

16 A. No, not all revenue accounts are impacted by the proposed rate increase.
17 Therefore, the uniform across-the-board rate increase on sewer user rates will be 3.33%
18 (See Schedule WEE – 5).

19

20 **Q. Would you please provide a list of the compliance debt service filing requirements**
21 **as set forth by the PUC in Docket No. 3905?**

22 A. Certainly. The compliance requirements are spelled out on page 17 of the PUC
23 Order in Docket No. 3905 as follows:

24

25 "Those conditions set forth in Order No. 17558 shall continue to apply.
26 Specifically, all compliance filings seeking a rate increase under the TECP/VRDO
27 program shall:

28

- 29 (1). Be filed no later than sixty days prior to its effective date;
30 (2). Be limited for debt service and debt service coverage for CIP projects;

- 1 (3). Contain a revised limited cost of service schedule reflecting the
2 changes to the revenue and expense accounts affected by the
3 VRDO/TECP program;
- 4 (4). Contain testimony and schedules in support of the debt service and
5 debt service coverage proposed as well as current and projected annual
6 debt service payment schedule;
- 7 (5). Contain a summary of funds currently available for the CIP program
8 and the projected funding needed for the rate year period;
- 9 (6). Contain a summary of funding received from Rhode Island Clean
10 Water Finance Agency (RICWFA), including funds requested, received,
11 the interest rate, and repayment schedules;
- 12 (7). Contain a summary of how prior years' debt service coverage funds
13 were utilized;
- 14 (8). Contain a calculation of new rates based on a uniform percentage
15 increase to rates; and
- 16 (9). Contain a showing of compliance with prior Commission orders and
17 the requirements of Section 2.11 of the Commission's Rule of Practice
18 and Procedure."

19
20 **Q. Have you provided all of the information needed to be in compliance with the**
21 **above listed requirements?**

22 A. Yes.

23
24 **Q. Is this filing in compliance with the first item that requires the filing be made no**
25 **later than sixty days prior to the effective date?**

26 A. Yes. NBC is requesting an effective date for this rate request of July 1, 2011.
27 Therefore, this filing has been filed more than sixty days prior to the effective date. The
28 reason for filing this request at this time is to facilitate NBC's \$30,000,000 pending
29 borrowing with RICWFA (Pool Loan 14).

30

1 **Q. Is this filing in compliance with the second requirement that limits the compliance**
2 **filing to debt service and debt service coverage for CIP projects?**

3 A. Yes.

4

5 **Q. Does this filing include a rate year cost of service schedule in accordance with**
6 **compliance item three?**

7 A. Yes. I have provided a limited cost of service schedule reflecting the changes to the
8 revenue and expense accounts affected by the rate increase needed for debt service
9 and debt service coverage for the rate year which is FY 2012 (See Schedule WEE-1).

10

11 **Q. In accordance with compliance item four, does the filing contain testimony and**
12 **schedules in support of the debt service and debt service coverage proposed as well as**
13 **current and projected annual debt service payment schedules?**

14 A. Yes, my testimony and detailed calculation schedule (See Schedule WEE-2) explains
15 the rate increase needed to support the debt service and debt service coverage for the
16 rate year in compliance with item four. I have also provided a projected annual debt
17 service payment schedule (See Schedule WEE-8).

18

19 **Q. Does this filing contain a summary of funds currently available for the CIP program**
20 **and the projected funding needed for the rate year period as required per compliance**
21 **item number five?**

22 A. Yes. A summary of funds currently available for the CIP program is provided in the
23 table below.

Sources	Available 10/31/2010
Operating Capital Acct (Restricted Capital Account)	\$ 17,303,472
Grant and Project Reimbursement	51,501
2010 Series B (\$20 M)	17,540,870
2009 Series A (SRF \$55 M) - FP Nitrogen Only	41,505,082
2010 Series A (SRF \$2 M) - FP Nitrogen Only	380,830
Total Available	<u>\$ 76,781,755</u>

24

25

26 As of October 31, 2010 the amount available for capital funding is \$76.8 million.

27

1 **Q. Mr. Edge, did you provide a schedule showing a summary of the activity in the**
2 **restricted accounts?**

3 A. Yes (See Schedule WEE-3). This schedule shows in summary the activity in the Debt
4 Service Fund and the Operating Capital Account (part of the Restricted Project Fund
5 discussed above). This schedule covers the actual activity for these accounts for the
6 period from June 30, 2009 through September 30, 2010. I provided the same June 30,
7 2009 to December 31, 2009 information previously filed in Docket 4151 to show in this
8 filing a full fiscal year ending June 30, 2010. I then added July through September 30,
9 2010 to cover the most recent quarter. Similar schedules were filed in prior Dockets
10 providing the same type of information for the period of September 30, 2006 through
11 December 31, 2009.

12

13 **Q. Mr. Edge, would you please provide the Division of Public Utilities and Carriers**
14 **and the PUC a summary explanation of Schedule WEE-3?**

15 A. Yes. Schedule WEE-3 provides the reader with the actual activity posted to the
16 restricted accounts (Operating Capital Account and the Debt Service Fund). This
17 schedule begins with the June 30, 2009 balances in the Operating Capital Account
18 (\$7,517,342) and the Debt Service Fund (\$28,919,935).

19

20 The first section of the schedule provides the activity for FY 2010 in the Operating
21 Capital Account and the Debt Service Fund. The second section of the schedule
22 provides the actual activity from July 1, 2010 to the most recent quarter available
23 (ending September 30, 2010). Please note that the September activity is the most
24 recent quarter available. As of September 30, 2010 the remaining balance in the
25 Operating Capital Account was \$19,210,183 and the Debt Service Fund was \$8,178,540.

26

27 **Q. Item six requires this filing to contain a summary of funding received from Rhode**
28 **Island Clean Water Finance Agency (RICWFA), including funds requested, received, the**
29 **interest rate, and repayment schedules. Have you provided this information?**

30 A. Yes, see the summary of borrowings table on the next page and Schedule WEE- 8
31 which is NBC's Master Debt Service Schedule for the debt repayment schedule.

	<u>Funds Requested</u>	<u>Funds Received</u>	<u>Interest Rate and Fees</u>
Butler Hospital	\$ 1,662,054	\$ 1,662,054	3.764%
North Prov. Interceptor	2,647,977	2,647,977	3.725%
Washington Park	3,694,678	3,694,678	2.477%
SRF Pool Loan I	14,781,000	14,781,000	3.669%
SRF Pool Loan II	17,279,000	17,279,000	3.494%
SRF Pool Loan III	8,150,000	8,150,000	3.645%
SRF Pool Loan IV	23,955,000	23,955,000	3.532%
SRF Pool Loan V	70,000,000	57,000,000	3.171%
SRF Pool Loan VI	70,000,000	57,000,000	1.579%
SRF Pool Loan VII	80,000,000	40,000,000	1.849%
SRF Pool Loan VIII	40,000,000	40,000,000	1.904%
SRF Pool Loan IX	30,000,000	30,000,000	1.897%
SRF Pool Loan X	30,000,000	30,000,000	1.770%
SRF Pool Loan XI	25,000,000	25,000,000	1.975%
SRF Pool Loan XII (\$8.3 Principal Forgiveness)	55,000,000	55,000,000	1.377%
SRF Pool Loan XII (\$301,895 Principal Forgiveness)	2,000,000	2,000,000	1.022%
SRF Pool Loan XIII	25,000,000	20,000,000	2.643%
1 SRF Pool Loan XIV	30,000,000	Pending	Pending

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17

Q. In accordance with compliance requirement seven, have you provided a detailed listing of the capital project expenditures purchased using the prior year coverage funds?

A. Yes. This detailed listing is provided on Schedule WEE-4 and the items are consistent with the uses identified in previous Dockets. The totals are also listed on my Schedule WEE-3, for the period June 30, 2009 through September 30, 2010? NBC plans to continue to use this restricted carry-forward approach to protect its infrastructure investments and comply with regulatory requirements through completion of interceptor inspection/cleaning and other construction projects as set forth in the NBC's five-year Capital Improvement Program and included under a separate tab in this filing. NBC has and will continue to provide the Commission with the semi-annual capital project compliance reports in the format as approved by the PUC at their December 10, 2009 open meeting.

1 **Q. Does your testimony and schedules provide a calculation of new rates based upon**
2 **a uniformed percentage increase as directed in compliance item eight?**

3 A. Yes, see Schedule WEE-5 which shows the calculation of the percentage increase in
4 sewer user rates based on a uniform increase. In addition, I have provided Schedule
5 WEE-6 which shows the rate year revenue check and Schedule WEE-7 which provides
6 ratepayer impact.

7

8 **Q. Item nine requires NBC to be in compliance with all Commission Orders. Is NBC in**
9 **compliance?**

10 A. Yes.

11

12 **Q. Have you provided revised tariff pages?**

13 A. Yes. See the separate tab including in this filing.

14

15 **Q. Mr. Edge, do you anticipate that the rates approved in this Docket will be effective**
16 **July 1, 2011?**

17 A. It is unlikely that the rates approved in this Docket will be effective on July 1, 2011
18 due to the fact that NBC also has a pending general rate case (Docket 4205) that also
19 has new rates expected to be effective July 1, 2011. Since the effective date of the rates
20 resulting from the two dockets is the same, it is likely that the July 1, 2011 rates will
21 reflect the combined results of the two Dockets.

22

23 **Q. How will the debt service and debt service coverage amounts approved by the**
24 **PUC in this docket impact Docket 4205?**

25 A. NBC used the same test year debt service and debt service coverage in both
26 Dockets. Since the PUC will decide the issues in this Docket prior to the conclusion of
27 the general rate case, it is anticipated that the rate year debt service and debt service
28 coverage in Docket 4025 would be modified to reflect the PUC's decision.

29

1 **Q. Are you aware of any potential rate design issues that may result?**

2 A. Yes. In accordance with item 8 of the compliance requirements set forth on page 17
3 of the PUC Order in Docket No. 3905, this Docket must “Contain a calculation of new
4 rates based on a uniform percentage increase to rates,” while the rate design proposed
5 in Docket 4205 recovers costs through fixed fees only. I would like to suggest that since
6 debt service is a fixed cost, it would appear to be more appropriate to also recover the
7 debt service and coverage approved in this Docket through an increase in fixed fees
8 only.

9

10 **Q. Can the rate design issue be addressed in a different manner if the PUC decides**
11 **that the revenue increase approved in this Docket must be collected on an across-the-**
12 **board basis and the revenue increase approved in Docket 4205 must be collected**
13 **through fixed charges?**

14 A. Yes. The total approved revenue increase as of July 1, 2011 would be separated
15 into two pieces: 1) debt service/coverage increase and 2) the increase for everything
16 else. Then the percentage increases by rate class could be calculated for each piece
17 based upon the rate design approved by the PUC.

18

19 **Q. Is NBC requesting that the PUC allow both of the approved increases (this Docket**
20 **and Docket 4205) to be collected through an adjustment to fixed fees only?**

21 A. NBC would prefer that the approved increases be recovered through fixed charges
22 only but understands that it must comply with the PUC’s requirements for an across-
23 the-board increase. Given the magnitude of NBC’s debt service, NBC respectfully
24 requests that the PUC consider the possibility of recovering the revenue increase
25 through fixed fees only.

26

27 **Q. Does that conclude your prefiled testimony?**

28 A. Yes.

29

Narragansett Bay Commission
Adjusted Rate Year Cost of Service

WEE- 1

	Docket 4151*		
	Test Year	Adjustment	Rate Year
<u>REVENUES</u>			
User Fee Revenues	\$ 75,700,544		\$ 75,700,544
Miscellaneous	2,903,822		2,903,822
Total Revenue	78,604,366	-	78,604,366
<u>EXPENSES</u>			
Personnel Services	18,968,508		18,968,508
Operating Supplies & Expenses	14,073,616		14,073,616
Special Servies	2,983,341		2,983,341
Capital Outlay	1,871,466		1,871,466
Prior Year Debt Coverage	(1,871,466)		(1,871,466)
Amortization	9,690		9,690
Debt Related Costs	37,983		37,983
Debt Service	33,888,145	2,017,324	35,905,469
Debt Coverage	8,472,036	504,331	8,976,367
Total Expense	78,433,320	2,521,655	80,954,975
OPERATING RESERVE	171,046	-	171,046
COST OF SERVICE	78,604,366	2,521,655	81,126,021
RATE YEAR REVENUES AT PRESENT RATES	78,604,366		78,604,366
REVENUE INCREASE	\$ 0.00	\$ 2,521,655	\$ 2,521,655

* Docket 4151 Rate year approved by the PUC. Please note that this is the most recently approved Docket by the PUC for the NBC and therefore, the Debt Service included in Docket 4151 is the Debt Service included in NBC current rates.

Narragansett Bay Commission
Schedule of Debt Service Coverage including \$30 Million RICWFA Loan

Fiscal Year	Net Revenue Available for Debt Service	Current Debt Service	Debt Service Coverage	Debt Service \$30M RICWFA	Total Debt Service	Debt Service Coverage
2011	\$ 42,369,871	\$ 31,173,328	1.36	\$ 14,919	\$ 31,188,247	1.36
2012	42,369,871	33,344,552	1.27	1,786,147	35,130,699	1.21
2013	42,369,871	33,832,577	1.25	2,072,893	35,905,469	1.18
2014	42,369,871	33,705,654	1.26	2,071,786	35,777,440	1.18
2015	42,369,871	33,668,170	1.26	2,070,855	35,739,024	1.19
2016	42,369,871	33,554,677	1.26	2,068,914	35,623,591	1.19
2017	42,369,871	33,528,219	1.26	2,067,195	35,595,414	1.19
2018	42,369,871	33,780,955	1.25	2,066,131	35,847,085	1.18
2019	42,369,871	33,337,672	1.27	2,064,388	35,402,060	1.20
2020	42,369,871	32,863,206	1.29	2,062,014	34,925,220	1.21
2021	42,369,871	32,391,184	1.31	2,060,048	34,451,231	1.23
2022	42,369,871	31,055,775	1.36	2,058,659	33,114,434	1.28
2023	42,369,871	26,976,109	1.57	2,057,057	29,033,167	1.46
2024	42,369,871	23,306,748	1.82	2,055,413	25,362,160	1.67
2025	42,369,871	22,186,955	1.91	2,053,689	24,240,644	1.75
2026	42,369,871	18,472,102	2.29	2,052,840	20,524,942	2.06
2027	42,369,871	20,142,511	2.10	2,050,845	22,193,357	1.91
2028	42,369,871	21,722,143	1.95	2,049,518	23,771,661	1.78
2029	42,369,871	21,706,457	1.95	2,047,560	23,754,017	1.78
2030	42,369,871	20,042,495	2.11	2,045,939	22,088,434	1.92
2031	42,369,871	19,949,395	2.12	2,044,616	21,994,010	1.93
2032	42,369,871	14,926,995	2.84	-	14,926,995	2.84
2033	42,369,871	14,909,910	2.84	-	14,909,910	2.84
2034	42,369,871	14,887,446	2.85	-	14,887,446	2.85
2035	42,369,871	14,870,650	2.85	-	14,870,650	2.85
2036	42,369,871	11,142,063	3.80	-	11,142,063	3.80
2037	42,369,871	5,452,238	7.77	-	5,452,238	7.77
Total		\$ 666,930,185		\$ 40,921,424	\$ 707,851,608	

Narragansett Bay Commission
Restricted Activity Summary

WEE -3

	Project Fund Operating Capital Acct. (Restricted Capital)	Debt Service Fund Debt/Coverage Restricted	Total
Restricted Balance 6/30/2009	\$ 7,517,342	\$ 28,919,935	\$ 36,437,277
Receipts FY 2010		42,914,891	42,914,891
Interest FY 2010	810	2,171	2,981
Disbursements FY 2010			
Debt Service		(29,100,309)	(29,100,309)
Operating Capital Outlay	(1,695,248)		(1,695,248)
Capital Projects	(3,627,948)		(3,627,948)
Transfer to Revenue Stability Fund		(1,500,000)	(1,500,000)
Transfer to Project Fund	5,621,164	(5,621,164)	
Restricted Balance 6/30/2010	7,816,119	35,615,524	43,431,643
Composition of the Cash:			
Debt Service Payment Account (includes June int.)		18,148,092	18,148,092
Stabilization Fund (includes June int.)		14,211,713	14,211,713
Redemption (includes June int.)		1,036	1,036
Included in Project Fund available for CIP (includes June int.)	8,116,817		8,116,817
June Transfer	(300,698)	3,254,683	2,953,985
Restricted Balance 6/30/2010	7,816,119	35,615,524	43,431,643
Receipts FY 2011		10,685,032	10,685,032
Interest FY 2011	196	688	883
Adjustment per Report		101,266	101,266
Disbursements FY 2011			
Debt Service		(24,011,221)	(24,011,221)
Operating Capital Outlay	(241,953)		(241,953)
Capital Projects	(1,076,929)		(1,076,929)
Transfer to Revenue Stability Fund		(1,500,000)	(1,500,000)
Transfer to Project Fund	12,712,750	(12,712,750)	(0)
Restricted Balance 9/30/2010	\$ 19,210,183	\$ 8,178,540	\$ 27,388,723

Narragansett Bay Commission
 Restricted Activity Summary

WEE -3

Composition of the Cash:

Debt Service Payment Account (includes Sept int.)		\$	2,948,265	\$	2,948,265
Stabilization Fund (includes Sept int.)			1,708,074		1,708,074
Redemption (includes Sept int.)					
Included in Project Fund available for CIP (includes Sept int.)	19,161,649				19,161,649
September Transfer	48,534		3,522,201		3,570,734
<hr/>					
Restricted Balance 9/30/2010	\$	19,210,183	\$	8,178,540	\$ 27,388,723

Narragansett Bay Commission
 Detail of Capital Project Expenses Disbursed From
 Operating Capital Account (Restricted)
 For the Period of June 30, 2009 - September 30, 2010

Contract Number	Contract Name	Amount
10901D	Field's Point Nitrogen Removal	\$ 7,447
1140100	River Model Development	11,385
11500D	Asset Mgmt - Design	79,307
11900P	Regulatory Compliance Building - Planning	62,466
11900D	Regulatory Compliance Building - Design	238,284
12000D	BPWWTF - Biogas Micro turbines - Design	32,008
12100P	FPWWTF - Wind Turbine - Planning	15,858
12100C	FPWWTF - Wind Turbine - Construction	22,248
12200C	FPWWTF - Flow Control Efficiency	91,806
12300C	NBC Fire Code Compliance	4,440
3020600	PHASE I - CSO OCIP	341,415
30203RS	PHASE I - CSO PROG. MGT.	53,725
30210C	PHASE I - CSO O.F. 032	2,895
30214C	PHASE I - Tunnel Pump Station	889,003
30215C	PHASE I - CSO O.F. 006/007	83,048
3022100	CSO Flow & Water Quality Montitoring	190,183
30221D	Hydraulic Systems Modeling - Design	1,320
30210C	PHASE I - CSO O.F. 032	6,517
30301D	PHASE II CSO Facilities - Design	1,410,789
30409C	Burrington Street & Grotto Brook Sewer Repairs - Construction	300
30407C	Concord Street Sewer	27,441
30417C	India Street Repair - Construction	3,988
30417D	India Street Repair - Design	2,244
30419M	Pleasant Valley Parkway Interceptor	39,069
30433M	WRI Manton/Smith IIC	15,230
30434M	Seekonk River Interceptor IIC	85,872
30438D	Interceptor Easements - Design	11,943
30452C	Improvement to Interceptors FY2009	18,688
30453C	Improvement to Interceptors FY 2010	38,303
30460P	Johnston Facilities Plan	114,422
30461P	System Wide Facilities Plan N. Providence	117,892
30501D	Interceptor Easements	66,272
30600D	Floatable Control facilities - Design	46,829
70400D	Rehab of Washington HWY	62,994
70500C	Central Avenue Pump Station - Construction	84,474
70500D	Central Avenue Pump Station - Design	5,097
70600C	Omega Pump Station Rack Room	3,741
70700C	Lincoln Septage Station Rehab	5,938
80900D	BPWWT Nitrogen Removal Facilities - Planning	357,659
80900P	BPWWTF - Nitrogen Removal	52,335
		4,704,877
TOTAL PER RESTRICTED REPORT		
	Capital Project Disbursement FY 2010 Per WEE-3	3,627,948
	Capital Project Disbursement FY 2011 Per WEE-3	1,076,929
TOTAL PER RESTRICTED REPORT		\$ 4,704,877

Narragansett Bay Commission
Calculation of Rate Increase

WEE-5

Calculation of Percentage Increase in Revenue Requirement

Revenue Increase (WEE-1)	<u>\$ 2,521,655</u>	
Test Year Revenue at Current Rates (WEE-1)	<u>78,604,366</u>	<u>3.21%</u>

Calculation of Across the Board Increase Percentage

Revenue Increase	<u>\$ 2,521,655</u>	(A)
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Revenue Items which could be increased by an across
the board % Increase

Flat Fees Residential	\$ 19,147,756	
Measured Fee - Residential	23,941,842	
Flat Fees Commercial & Industrial	12,341,221	
Measured Fee - Commercial	19,315,619	
Measured Fee - Industrial	954,106	

Total Revenue Available for Increase	<u>\$ 75,700,544</u>	(B)
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Across the Board Percentage Increase	<u>3.33%</u>	(A/B)
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Narragansett Bay Commission
Rate Year Revenue Check

WEE-6

	CURRENT RATES	INCREASE	PROPOSED RATES	UNITS	REVENUE AT PROPOSED RATES
Residential					
Dwelling Units	\$ 162.79	3.33%	\$ 168.21	117,528	\$ 19,769,385
Flow	2.627	3.33%	2.714	9,114,443	24,736,598
Non-Residential - Metered Accounts					
5/8"	389	3.33%	402	3,688	1,482,576
3/4"	581	3.33%	600	966	579,600
1"	967	3.33%	999	1,079	1,077,921
1 1/2"	1,939	3.33%	2,004	826	1,655,304
2"	3,098	3.33%	3,201	1,686	5,396,886
3"	5,804	3.33%	5,997	77	461,769
4"	9,672	3.33%	9,994	39	389,766
6"	19,352	3.33%	19,996	56	1,119,776
8"	30,962	3.33%	31,993	17	543,881
10"	44,509	3.33%	45,991	1	45,991
Total Flat Fees from Metered Accounts					<u>12,753,470</u>
Commercial Consumption	3.809	3.33%	3.936	5,071,297	19,960,625
Industrial Consumption	2.449	3.33%	2.531	389,608	<u>986,098</u>
Total User Fee Revenues					78,206,176
Miscellaneous Revenue					
DISCHARGE PERMIT FEES				1,115,529	
CONNECTION PERMIT FEES				181,290	
BOD/TSS SURCHARGE				43,096	
SEPTAGE INCOME				372,711	
MISC. OPERATING INCOME				6,423	
INTEREST INCOME				354,743	
LATE CHARGE PENALTY				741,834	
ABATEMENT				5,364.00	
MISCELLANEOUS INCOME				82,832	
Total Miscellaneous Revenue				<u>2,903,822</u>	
					81,109,998
					<u>81,126,021</u>
					<u>\$ (16,023)</u>

Narragansett Bay Commission
Effect of Rate Payers

WEE-7

	Current Rates	Proposed Rates	Dollar Increase	% Increase
97.6 HCF Residential				
Customer Charge	\$ 162.79	\$ 168.21	\$ 5.42	
Consumption	256.40	264.89	8.49	
Total 97.6 HCF Residential	\$ 419.19	\$ 433.10	\$ 13.91	3.33%
5/8" meter, 244 HCF Commercial				
Customer Charge	\$ 389.00	\$ 402.00	\$ 13.00	
Consumption	929.40	960.38	30.99	
Total 5/8" meter, 244 HCF Commercial	\$ 1,318.40	\$ 1,362.38	\$ 43.99	3.33%
2" meter, 2440 HCF Commercial				
Customer Charge	\$ 3,098.00	\$ 3,201.00	\$ 103.00	
Consumption	9,293.96	9,603.84	309.88	
Total 2" meter, 2440 HCF Commercial	\$ 12,391.96	\$ 12,804.84	\$ 412.88	3.33%
5/8" meter, 244 HCF Industrial				
Customer Charge	\$ 389.00	\$ 402.00	\$ 13.00	
Consumption	597.56	617.56	20.01	
Total 5/8" meter, 244 HCF Industrial	\$ 986.56	\$ 1,019.56	\$ 33.01	3.33%
2" meter, 2440 HCF Industrial				
Customer Charge	\$ 3,098.00	\$ 3,201.00	\$ 103.00	
Consumption	5,975.56	6,175.64	200.08	
Total 2" meter, 2440 HCF Industrial	\$ 9,073.56	\$ 9,376.64	\$ 303.08	3.33%

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2011		FYE 2012		FYE 2013		FYE 2014		FYE 2015	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar	6,705.32 3,413.96	176,717.20	3,413.96	183,299.90						
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar	11,035.95 8,377.89	214,591.00	8,377.89 5,653.65	219,934.00	5,653.65 2,861.58	225,410.00	2,861.58	231,022.00		
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar	6,283.43 4,265.85	107,192.29	4,265.85 2,172.33	111,227.45	2,172.33	115,414.49				
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	102,764.27 87,147.37	851,250.00	87,147.37 70,957.16	882,500.00	70,957.16 54,170.71	915,000.00	54,170.71 36,765.08	948,750.00	36,765.08 18,717.36	983,750.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	112,731.62 95,526.00	984,923.00	95,526.00 77,716.23	1,019,507.00	77,716.23 59,281.08	1,055,306.00	59,281.08 40,198.63	1,092,361.00	40,198.63 20,446.11	1,130,718.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	87,477.14 80,076.47	406,102.00	80,076.00 72,404.71	420,978.00	72,404.71 64,451.94	436,398.00	64,451.94 56,207.95	452,384.00	56,207.95 47,661.78	468,955.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	306,842.50 269,315.00	2,125,000.00	269,315.00 239,469.60	1,690,000.00	239,469.60 214,127.50	1,435,000.00	214,127.50 189,491.80	1,395,000.00	189,491.80 168,388.10	1,195,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	591,312.23 524,721.23	4,200,000.00	524,721.23 467,643.23	3,600,000.00	467,643.23 414,528.98	3,350,000.00	414,528.98 361,414.73	3,350,000.00	361,414.73 310,599.45	3,205,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	318,418.04 297,590.67	2,638,881.19	297,590.67 276,209.92	2,708,996.25	276,209.92 254,261.08	2,780,974.29	254,261.08 231,729.06	2,854,864.78	231,729.06 208,598.36	2,930,718.55
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	313,639.80 298,624.80	1,820,000.00	298,624.80 282,437.30	1,850,000.00	282,437.30 265,217.00	1,882,000.00	265,217.00 247,197.20	1,917,000.00	247,197.20 228,448.40	1,953,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	324,383.40 320,535.60	484,000.00	320,535.60 310,398.73	1,225,000.00	310,398.73 296,524.38	1,618,000.00	296,524.38 281,106.70	1,757,000.00	281,106.70 262,855.08	2,045,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	241,969.43 230,234.30	1,345,000.00	230,234.30 218,059.10	1,368,000.00	218,059.10 205,461.50	1,392,000.00	205,461.50 192,345.00	1,418,000.00	192,345.00 178,699.20	1,444,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	232,878.25 221,572.60	1,334,000.00	221,572.60 210,080.50	1,356,000.00	210,080.50 198,359.00	1,379,000.00	198,359.00 186,398.43	1,403,000.00	186,398.43 174,090.55	1,427,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	244,952.28 242,206.03	325,000.00	242,206.03 235,737.28	750,000.00	235,737.28 225,289.78	1,194,000.00	225,289.78 214,515.53	1,214,000.00	214,515.53 203,360.63	1,236,000.00
21926	SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar	27,237.61 152,649.34		353,859.28 495,915.79	424,526.25	583,980.41 648,530.67	424,526.25	648,530.67 645,028.31	424,526.25	645,028.31 637,047.22	849,052.48
21927	SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar	7,037.02 19,800.28	67,075.15	19,800.28 19,548.96	67,924.20	19,548.96 19,208.54	68,773.25	19,208.54 18,787.33	69,622.30	18,787.33 18,277.38	71,320.41
21928	SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	8,141.81 71,277.00	3,000.00	151,561.23 262,167.81	803,000.00	276,206.15 271,513.95	809,000.00	271,513.95 265,494.30	819,000.00	265,494.30 258,181.50	831,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	2,283,889.28	1,620,000.00	2,222,695.81	1,670,000.00	2,158,748.98	1,735,000.00	2,093,093.93	1,790,000.00	2,025,041.47	1,855,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00								
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00								
Total			12,470,596.27	18,702,731.83	12,993,658.70	20,350,893.05	13,016,774.43	20,815,802.28	12,569,124.17	21,136,530.33	12,042,655.14	21,625,514.44
Total Interest and Principal Debt Service			\$31,173,328.10		\$33,344,551.75		\$33,832,576.71		\$33,705,654.50		\$33,668,169.58	

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2016		FYE 2017		FYE 2018		FYE 2019		FYE 2020	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar	18,717.36	1,020,250.00								
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar	20,446.11	1,170,422.00								
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar	47,661.78 38,802.66	486,133.00	38,802.66 29,619.03	503,940.00	29,619.08 20,099.00	522,400.00	20,099.00 10,230.25	541,535.00	10,230.25	561,372.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	168,388.10 156,114.40	695,000.00	156,114.40 111,611.20	2,520,000.00	111,611.20 74,525.20	2,100,000.00	74,525.20 45,121.30	1,665,000.00	45,121.30 23,576.10	1,220,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	310,599.45 258,119.40	3,310,000.00	258,119.40 216,103.65	2,650,000.00	216,103.65 173,612.25	2,680,000.00	173,612.25 130,803.75	2,700,000.00	130,803.75 87,202.50	2,750,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	208,598.36 184,853.08	3,008,587.75	184,853.08 160,476.90	3,088,525.91	160,476.90 135,453.03	3,170,588.04	135,453.03 109,764.28	3,254,830.57	109,764.28 83,392.98	3,341,311.42
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	228,448.40 208,946.40	1,990,000.00	208,946.40 188,757.85	2,029,000.00	188,757.85 167,747.35	2,070,000.00	167,747.35 145,993.75	2,112,000.00	145,993.75 123,474.00	2,155,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	262,855.08 243,856.83	2,082,000.00	243,856.83 217,005.70	2,895,000.00	217,005.70 188,721.10	3,009,000.00	188,721.10 158,879.28	3,133,000.00	158,879.28 127,642.23	3,237,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	178,699.20 164,614.38	1,471,000.00	164,614.38 150,111.55	1,499,000.00	150,111.55 135,137.15	1,528,000.00	135,137.15 119,751.90	1,558,000.00	119,751.90 103,981.08	1,589,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	174,090.55 161,430.58	1,451,000.00	161,430.58 148,441.78	1,476,000.00	148,441.78 135,111.53	1,502,000.00	135,111.53 121,465.20	1,529,000.00	121,465.20 107,461.20	1,556,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	203,360.63 191,787.03	1,258,000.00	191,787.03 179,745.63	1,281,000.00	179,745.63 167,208.03	1,306,000.00	167,208.03 154,230.78	1,331,000.00	154,230.78 140,762.55	1,357,000.00
21926	SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar	637,047.22 623,993.04	1,273,578.72	623,993.04 605,144.07	1,698,104.96	605,144.07 575,547.68	2,476,686.09	575,547.68 543,719.36	2,536,119.76	543,719.36 509,792.00	2,599,798.71
21927	SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar	18,277.38 17,660.38	73,018.51	17,660.38 16,916.95	74,716.62	16,916.95 16,080.21	76,414.72	16,080.21 15,144.50	78,961.88	15,144.50 14,136.25	80,659.99
21928	SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	258,181.50 249,731.50	845,000.00	249,731.50 239,947.80	862,000.00	239,947.80 229,023.40	881,000.00	229,023.40 217,213.15	905,000.00	217,213.15 204,466.90	927,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	1,954,843.41	1,915,000.00	1,881,577.66	1,990,000.00	1,806,155.44	2,055,000.00	1,727,078.38	2,160,000.00	1,645,296.42	2,230,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00								
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00								
Total			11,505,686.71	22,048,989.98	10,960,931.95	22,567,287.49	10,403,866.03	23,377,088.85	9,833,224.31	23,504,447.21	9,259,064.21	23,604,142.12
<i>Total Interest and Principal Debt Service</i>			<i>\$33,554,676.69</i>		<i>\$33,528,219.44</i>		<i>\$33,780,954.88</i>		<i>\$33,337,671.52</i>		<i>\$32,863,206.33</i>	

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar										
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar	23,576.10	1,335,000.00								
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar	87,202.50 43,601.25	2,750,000.00	43,601.25	2,750,000.00						
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar	83,392.98 56,321.00	3,430,090.07	56,321.00 28,529.71	3,521,227.57	28,529.71	3,614,786.58				
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar	123,474.00 100,154.00	2,200,000.00	100,154.00 76,111.10	2,247,000.00	76,111.10 51,439.85	2,295,000.00	51,439.85 26,007.45	2,344,000.00	26,007.45	2,397,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar	127,642.23 94,475.65	3,393,000.00	94,475.65 59,389.78	3,553,000.00	59,389.78 36,477.20	2,297,000.00	36,477.20 12,881.55	2,342,000.00	12,881.55	1,266,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	103,981.08 87,771.08	1,621,000.00	87,771.08 71,117.10	1,653,000.00	71,117.10 54,046.35	1,686,000.00	54,046.35 36,545.35	1,720,000.00	36,545.35 18,512.73	1,755,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	107,461.20 93,126.00	1,584,000.00	93,126.00 78,447.70	1,613,000.00	78,447.70 63,464.45	1,642,000.00	63,464.45 48,123.85	1,672,000.00	48,123.85 32,456.25	1,703,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	140,762.55 126,887.95	1,384,000.00	126,887.95 112,601.58	1,411,000.00	112,601.58 97,877.58	1,440,000.00	97,877.58 82,710.15	1,469,000.00	82,710.15 67,072.65	1,500,000.00
21926	SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar	509,792.00 473,933.96	2,666,024.79	473,933.96 436,135.16	2,739,043.32	436,135.16 396,308.45	2,814,608.97	396,308.45 354,496.36	2,893,570.85	354,496.36 310,563.83	2,978,476.11
21927	SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar	14,136.25 13,058.73	83,207.14	13,058.73 11,913.90	85,754.30	11,913.90 10,692.54	89,150.51	10,692.54 9,404.19	91,697.67	9,404.19 8,039.60	95,093.88
21928	SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	204,466.90 190,791.35	953,000.00	190,791.35 176,057.40	979,000.00	176,057.40 160,266.55	1,009,000.00	160,266.55 143,454.40	1,041,000.00	143,454.40 125,733.40	1,074,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	1,560,290.38	2,310,000.00	1,472,762.60	2,385,000.00	1,382,124.28	2,470,000.00	1,288,720.50	2,545,000.00	1,191,820.65	2,635,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00								
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00								
Total			8,681,861.64	23,709,322.00	8,118,749.50	22,937,025.19	7,618,563.18	19,357,546.06	7,188,479.27	16,118,268.52	6,783,384.91	15,403,569.99
<i>Total Interest and Principal Debt Service</i>			<i>\$32,391,183.64</i>		<i>\$31,055,774.69</i>		<i>\$26,976,109.24</i>		<i>\$23,306,747.79</i>		<i>\$22,186,954.90</i>	

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2026		FYE 2027		FYE 2028		FYE 2029		FYE 2030	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF -BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar										
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar										
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar										
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar										
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar										
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar										
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar	18,512.73	1,793,000.00								
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar	32,456.25 16,416.75	1,734,000.00	16,416.75	1,770,000.00						
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar	67,072.65 50,997.15	1,531,000.00	50,997.15 34,468.43	1,563,000.00	34,468.43 17,471.03	1,596,000.00	17,471.03	1,629,000.00		
21926	SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar	310,563.83 264,728.19	3,065,928.51	264,728.19 216,732.28	3,157,626.18	216,732.28 166,477.75	3,252,720.06	166,477.75 113,642.71	3,354,606.35	113,642.71 58,471.01	3,459,039.80
21927	SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar	8,039.60 6,604.27	97,641.04	6,604.27 5,088.71	101,037.25	5,088.71 3,490.88	104,433.46	3,490.88 1,795.49	108,678.72	1,795.49	112,923.96
21928	SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	125,733.40 107,029.89	1,110,000.00	107,029.90 87,416.20	1,147,000.00	87,416.20 66,821.75	1,187,000.00	66,821.75 45,270.35	1,228,000.00	45,270.35 22,946.75	1,272,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	1,091,815.68	2,725,000.00	988,303.30	2,820,000.00	881,334.84	2,915,000.00	770,514.69	3,015,000.00	655,841.96	3,125,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,125,000.00 1,125,000.00	0.00	2,160,500.00	3,580,000.00	1,977,125.00	3,755,000.00	1,784,625.00	3,945,000.00	1,582,500.00	4,140,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	0.00	1,032,781.25 1,032,781.25	3,390,000.00	948,031.25 948,031.25	3,560,000.00	859,031.25 859,031.25	3,735,000.00
<i>Total</i>			6,415,532.89	12,056,569.55	6,003,847.68	14,138,663.43	5,521,989.37	16,200,153.52	4,866,172.15	16,840,285.07	4,198,530.77	15,843,963.76
<i>Total Interest and Principal Debt Service</i>			\$18,472,102.44		\$20,142,511.11		\$21,722,142.89		\$21,706,457.22		\$20,042,494.53	

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2031		FYE 2032		FYE 2033		FYE 2034		FYE 2035	
			INTEREST	PRINCIPAL								
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar										
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar										
21908	SRF -BUTLER - \$1.662M	1-Sep 1-Mar										
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar										
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar										
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar										
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar										
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar										
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar										
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar										
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar										
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar										
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar										
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar										
21926	SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar	58,471.01	3,609,322.07								
21927	SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar										
21928	SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar	22,946.75	1,315,000.00								
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep	537,092.33	3,235,000.00	414,307.64	3,345,000.00	287,222.97	3,460,000.00	155,946.27	3,575,000.00	22,325.22	3,700,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	1,370,250.00	4,350,000.00	1,147,375.00	4,565,000.00	913,375.00	4,795,000.00	667,625.00	5,035,000.00	409,625.00	5,285,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	765,656.25 765,656.25	3,920,000.00	667,656.25 667,656.25	4,120,000.00	564,656.25 564,656.25	4,325,000.00	461,937.50 461,937.50	4,530,000.00	354,350.00 354,350.00	4,745,000.00
Total			3,520,072.59	16,429,322.07	2,896,995.14	12,030,000.00	2,329,910.47	12,580,000.00	1,747,446.27	13,140,000.00	1,140,650.22	13,730,000.00
Total Interest and Principal Debt Service			\$19,949,394.66		\$14,926,995.14		\$14,909,910.47		\$14,887,446.27		\$14,870,650.22	

Narragansett Bay Commission - Master Debt Service Schedule

ACCT. #	BOND/SRF DESCRIPTION	DUE DATES	FYE 2036		FYE 2037		Total	
			INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL
21907	SRF - NO. PROV. \$2.647M	1-Sep 1-Mar					10,119.28 3,413.96	360,017.10
21909	SRF - WP/RA - \$3.694	1-Sep 1-Mar					27,929.07 16,893.12	890,957.00
21908	SRF - BUTLER - \$1.662M	1-Sep 1-Mar					12,721.61 6,438.18	333,834.23
21915	SRF POOL LOAN I - \$14.781M	1-Sep 1-Mar					370,521.95 267,757.68	5,601,500.00
21916	SRF POOL LOAN II - \$17.279M	1-Sep 1-Mar					405,899.67 293,168.05	6,453,237.00
21917	SRF POOL LOAN III - \$8.150M	1-Sep 1-Mar					507,030.51 419,553.79	4,800,197.00
21918	SRF POOL LOAN IV - \$23.955M	1-Sep 1-Mar					1,798,582.70 1,491,740.20	17,375,000.00
21919	SRF POOL LOAN V - \$57M	1-Sep 1-Mar					3,579,662.65 2,988,350.42	37,295,000.00
21920	SRF POOL LOAN VI - \$57M	1-Sep 1-Mar					2,345,598.11 2,027,180.07	40,344,382.97
21921	SRF POOL LOAN VII - \$40M	1-Sep 1-Mar					2,724,196.25 2,410,556.45	31,261,000.00
21922	SRF POOL LOAN VIII - \$40M	1-Sep 1-Mar					2,935,133.21 2,610,749.81	34,336,000.00
21923	SRF POOL LOAN IX - \$30M	1-Sep 1-Mar					2,208,357.20 1,966,387.77	24,840,000.00
21924	SRF POOL LOAN X - \$30M	1-Sep 1-Mar					2,229,324.62 1,996,446.37	26,131,000.00
21925	SRF POOL LOAN XI - \$25M	1-Sep 1-Mar					2,789,882.07 2,544,929.79	24,775,000.00
21926	SRF POOL LOAN XII - \$55M (8.3 M Forgiveness)	1-Sep 1-Mar					8,545,369.35 8,228,857.18	46,697,886.48
21927	SRF POOL LOAN XII - \$2M (\$301,895 M Forgiveness)	1-Sep 1-Mar					252,686.11 245,649.09	1,698,104.96
21928	SRF POOL LOAN XIII - \$20M	1-Sep 1-Mar					3,497,269.74 3,394,805.35	20,000,000.00
22505	VRDO \$70M 2008 Series A Refunding (Includes fees)	1-Sep					32,498,844.06	63,280,000.00
22501	\$45M 2005 Series A	1-Aug 1-Feb	138,750.00	5,550,000.00			30,151,750.00 18,000,000.00	45,000,000.00
22503	\$42.5M 2007 Series A	1-Aug 1-Feb	241,656.25 241,656.25	4,970,000.00	123,618.75 123,618.75	5,205,000.00	23,576,656.25 23,576,656.25	42,500,000.00
Total			622,062.50	10,520,000.00	247,237.50	5,205,000.00	192,957,067.94	473,973,116.74
Total Interest and Principal Debt Service			\$11,142,062.50		\$5,452,237.50		\$666,930,184.68	

1 NARRAGANSETT BAY COMMISSION
2

3 PRE-FILED DIRECT TESTIMONY

4 OF MAUREEN GURGHIGIAN
5

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

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

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

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

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

24 **Q. Can you describe the organization of First Southwest Company and the types of services
25 that it provides?**

26 A. Since 1946, First Southwest Company has served as financial advisor to many issuers such as
27 schools, cities, airports, hospitals, sports complexes, water and wastewater authorities and
28 districts and toll roads. Currently the firm serves more than 2,000 municipalities and agencies,
29 including more than 400 in New England.
30
31

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

2 A. I am a registered Municipal Principal with the Financial Industry Regulatory Authority and
3 hold the Series 52, 53 and 63 licenses.

4

5 **Q. Have you testified previously before the Rhode Island Public Utilities Commission (RIPUC)?**

6 A. Yes. I have provided testimony before the RIPUC and/or the Division of Public Utilities and
7 Carriers on matters relating several municipal utilities, including: to the Pawtucket Water
8 Supply Board, the Providence Water Supply Board, the Kent County Water Authority and the
9 Narragansett Bay Commission (NBC).

10

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

12 A. I have served as financial advisor to the NBC for more than 20 years. I began providing
13 financial advisory services to NBC in 1989 while working for Fleet Bank. In my capacity as NBC's
14 financial advisor, I have assisted the NBC with a number of long-term borrowings from the
15 Rhode Island Clean Water Finance Agency (RICWFA), several short-term borrowings and the \$70
16 million Variable Rate Demand Bonds (VRDB) issued in April 2004. I also assisted NBC with two
17 revenue bond issues including a \$45 million issue in August 2005 and a \$42.5 million issue in
18 February 2007, the refunding of the 2004 VRDB issue in July 2008, and the replacement of the
19 Letter of Credit (LOC) associated with the VRDB's upon the expiration of the LOC in July 2010. I
20 also assisted the NBC with the \$55 million ARRA subsidized borrowing from the RICWFA
21 reviewed by the Division in August 2009, the \$2 million ARRA subsidized borrowing from
22 RICWFA reviewed by the Division in January 2010. My services have included the facilitation of
23 the credit rating process, loan structuring and other functions.

24

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

26 A. The NBC requested that I provide updated information about credit rating issues, an update
27 of the status of NBC's VRDBs, NBC's long-term borrowing plans, as well as the NBC's next
28 planned borrowing from the RICWFA scheduled for early 2011.

29

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

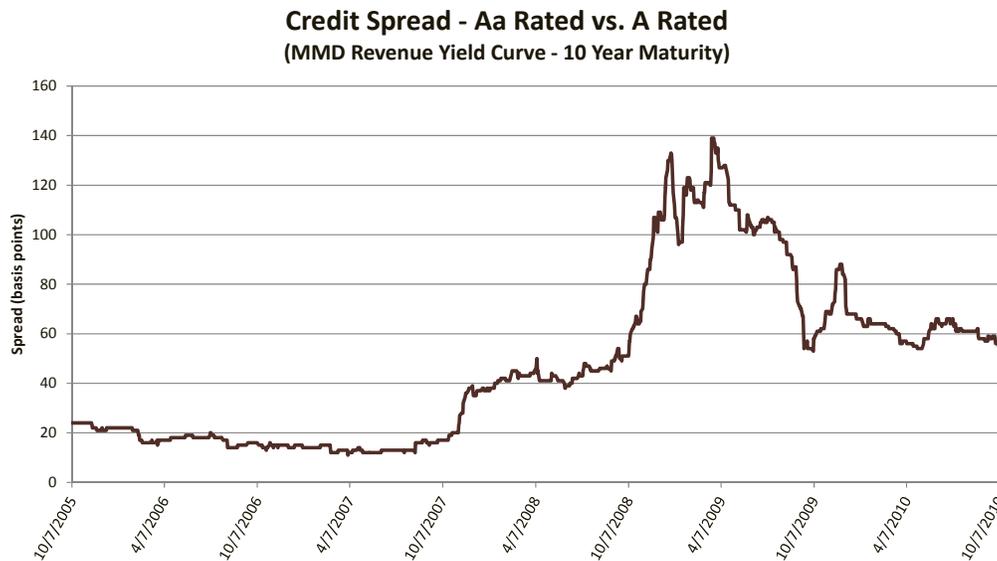
31 A. Yes. I am pleased to report that Standard and Poor's reaffirmed NBC's AA- credit rating in
32 June 2010. Two of the factors cited in their report were the PUC's support of the establishment

1 and funding of the Operating Reserve for Revenue Stability Fund, as well as the continuation of
2 the multi-year debt service compliance filing mechanism.

3
4 **Q. Has the relative importance of the underlying credit rating of bond issues changed in the**
5 **last few years?**

6 A. Yes, as I mentioned in my testimony as part of Docket 4026, the financial markets
7 experienced a number of significant disruptions in 2008. One of the consequences is that there
8 is now little or no value resulting from municipal bond insurance and therefore investors are
9 evaluating municipal issues based upon the underlying credit of the issuer. The chart below
10 shows that the interest rate spread between A and AA rated issues was 60 basis points as of
11 October 7, 2010, twenty basis points above the spread in October 2008. Although the spread
12 has narrowed somewhat since it peaked in the spring of 2009, it remains significant.

13



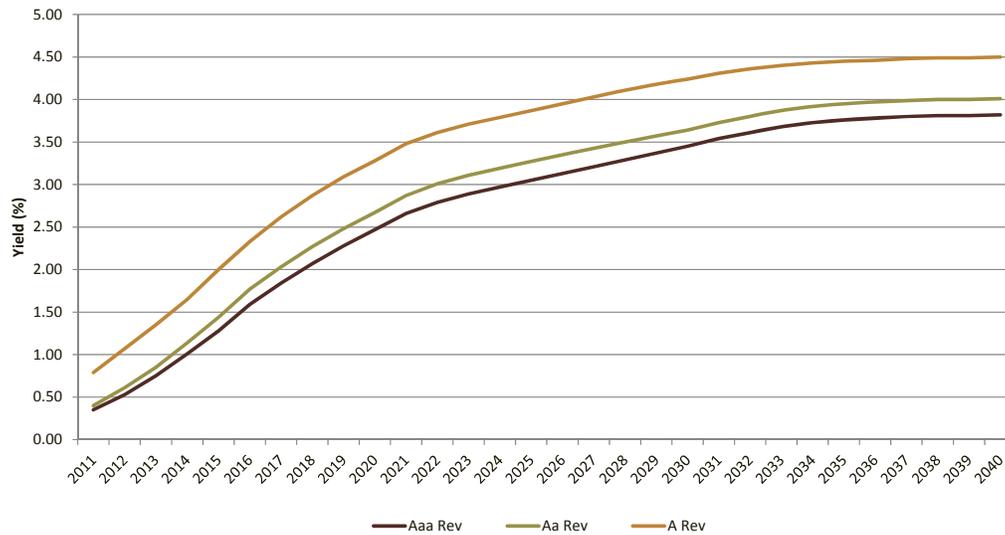
14

15

16 The yield curve on the following page shows that the AA credit rating continues to be viewed by
17 investors as essentially the “new AAA” with nearly identical yield curves. The AA credit rating
18 has more financial value than ever to NBC and its ratepayers and diligent action should be taken
19 to maintain the rating.

20

MMD Revenue Yield Curve as of 10/7/2010



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Q. What does this mean for NBC?

A. In terms of NBC, the credit spreads show how valuable it is to maintain the AA- credit rating. Given the magnitude of its capital program, NBC will need to continue accessing the municipal market either as a borrower through the RICWFA or on its own. Maintaining the credit rating is important not only from a pricing standpoint but also because the credit quality will ensure that NBC’s bond issues remain marketable in the absence of municipal insurance.

Q. Can you provide an update on the \$66.3 million Variable Rate Demand Bonds (VRDBs)?

A. Yes. The VRDBs are remarketed weekly and are placed primarily with major institutional investors. The VRDB’s were successfully refunded in 2008 and the liquidity facility/insurance combination was replaced with a stand-alone direct-pay Letter of Credit (LOC) from Citizens Bank so no bond insurance was required. The issue was jointly rated in that the combined strength of NBC’s AA- credit rating and that of Citizens Bank earned a combined AAA/A-1+ rating from S&P. Although the VRDB’s were trading below or through SIFMA (an industry index), on May 11, 2009, Standard and Poor’s rating services downgraded the short-term rating on the bonds from A-1+ to A-2 due to a downgrade of RBS Citizens Bank, although the long-term rating of the bonds remained unchanged. As a result of a downgrade, the VRDB’s began trading more than 270 basis points above SIFMA at 3.00%. Over time, the trading gap narrowed to less than 5

1 basis points in October 2009 and then returned to trading below SIFMA. The VRDB's then
2 traded below SIFMA until a few months before the LOC was replaced in July 2010.

3
4 The LOC was scheduled to expire in July 2010 and given the historic low short-term interest
5 rates, my firm assisted NBC with the replacement of the LOC. Compared to when NBC sought to
6 replace the LOC in 2008, there were a number of banks interested in providing the LOC. NBC
7 replaced the LOC with USBank and the jointly rated issue earned an AAA/A-1+ rating. The initial
8 placement was below SIFMA and since that time the VRDBs have consistently traded below
9 SIFMA, and most recently at 0.26%. Compared to a fixed rate bond issue, the VRDBs have
10 continued to produce very significant interest savings to NBC and its ratepayers.

11
12 **Q. Do you think that NBC's credit rating played a role in the interest from LOC providers?**

13 A. Yes. I believe that NBC's strong credit rating as well as its financial performance and strong
14 management were factors that made NBC attractive to LOC providers.

15
16 **Q. Based upon your experience, would failure to achieve debt service coverage of 125%
17 impact NBC's credit rating?**

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

1 **Q. Can you provide an update regarding NBC’s long-term borrowing plans?**

2 A. Yes, I have attached the summary page from the long-term financing model that outlines
3 NBC’s anticipated borrowing needs over the near future (see Exhibit MG-1). The model takes
4 into consideration NBC’s five-year Capital Improvement Program, available capital funding,
5 funding sources and other factors. A summary of NBC’s CIP, projected borrowings and debt
6 service is shown in the table below:

	2011	2012	2013	2014	2015	2016
NBC’s CIP	55,872,000	101,638,000	134,961,000	107,814,000	82,970,000	23,571,000
New Debt Issuance						
SRF Bonds	30,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Open Market Bonds	0	31,680,000	118,760,000	91,090,000	63,795,000	1,555,000
Total New Debt	30,000,000	43,680,000	130,760,000	103,090,000	75,795,000	13,555,000
Total Debt Service	32,851,352	36,840,038	41,821,045	49,146,930	54,933,079	59,124,513

7
8 As can be seen in the table, NBC’s CIP reflects capital funding needs in excess of \$100 million a
9 year for the three fiscal years beginning in FY 2012. The testimony of Joe Pratt as part of Docket
10 4205 addresses the majority of these costs which are associated with the CSO Phase II Facilities.
11 For modeling purposes, we have estimated that the RICWFA will have \$30 million available for
12 NBC in FY 2011 and \$12 million per year available for NBC in subsequent years. In order to meet
13 the financing gap, we project that NBC will have to issue an additional \$31.6 million, \$118.8
14 million and \$91.1 million in open market revenue bonds in fiscal years 2012, 2013 and 2014
15 respectively.

16 Based on the model, NBC will have debt service needs of \$36.8 million in FY 2012, however, the
17 ultimate structure of the open market debt will be optimized at the time of issuance to take into
18 consideration NBC’s existing debt and other factors. In addition, because NBC must
19 demonstrate 125% coverage of principal and interest, the NBC may have to request additional
20 rate relief prior to the open market issues.

21

1 **Q. Can you provide additional information about NBC's next planned borrowing from the**
2 **RICWFA?**

3 A. Yes. NBC has requested and the RICWFA has approved a traditional subsidized loan for an
4 amount not to exceed \$30 million. It is anticipated that the loan pricing will take place in mid-
5 January with the transaction closing in early February. We have provided NBC with projected
6 loan amortization schedules that reflect a market rate of 4.49% and a subsidized rate of 2.88%.
7 The actual rates will not be known until the pricing takes place. Rate relief, as requested by the
8 NBC in this filing, is needed to ensure that NBC meets debt service coverage requirements.

9

10 **Q. Does this conclude your testimony?**

11 A. Yes.

12

**NARRAGANSETT BAY COMMISSION
INDENTURE REQUIREMENTS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
OPERATING REVENUES														
User Fees	\$75,010,195	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433	\$75,685,433
Miscellaneous Revenue	2,940,600	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822	2,903,822
Revenue Adjustment	-	-	5,154,745	12,888,762	23,614,186	32,477,663	39,412,979	44,383,346	50,637,628	57,224,918	69,480,079	82,524,226	93,876,389	97,424,688
Total Revenues	\$77,950,795	\$78,589,255	\$83,744,000	\$91,478,017	\$102,203,441	\$111,066,918	\$118,002,234	\$122,972,601	\$129,226,883	\$135,814,173	\$148,069,334	\$161,113,481	\$172,465,644	\$176,013,943
DISPOSITION OF REVENUES														
A. OPERATING EXPENSES														
Personnel Services	\$36,810,000	\$ 36,244,185	\$ 37,693,952	\$ 39,201,710	\$ 40,769,779	\$ 42,400,570	\$ 44,096,593	\$ 45,860,457	\$ 47,694,875	\$ 49,602,670	\$ 51,586,777	\$ 53,650,248	\$ 55,796,258	\$ 58,028,108
Special Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Supplies and Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$36,810,000	\$ 36,244,185	\$ 37,693,952	\$ 39,201,710	\$ 40,769,779	\$ 42,400,570	\$ 44,096,593	\$ 45,860,457	\$ 47,694,875	\$ 49,602,670	\$ 51,586,777	\$ 53,650,248	\$ 55,796,258	\$ 58,028,108
Pledged Revenue/Net Revenue	\$41,765,795	\$42,345,070	\$46,050,048	\$52,276,306	\$61,433,662	\$68,666,348	\$73,905,641	\$77,112,144	\$81,532,008	\$86,211,503	\$96,482,557	\$107,463,233	\$116,669,386	\$117,985,835
B. DEBT SERVICE														
SRF - Existing	22,607,701	22,953,876	25,136,294	25,623,265	25,506,998	25,472,565	25,369,270	25,341,079	25,604,236	25,135,030	24,672,347	24,205,331	22,882,450	18,808,422
SRF - Proposed	60,000	1,673,000	2,862,800	3,731,100	4,605,700	5,475,800	6,350,600	7,224,200	8,095,800	8,969,500	9,839,400	10,714,500	11,583,800	12,432,300
Total SRF Bond Debt Service:	22,667,701	24,626,876	27,999,094	29,354,365	30,112,698	30,948,365	31,719,870	32,565,279	33,700,036	34,104,530	34,511,747	34,919,831	34,466,250	31,240,722
Open Market - Existing Fixed Rate	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563	4,315,563
Open Market - Proposed Fixed Rate	-	-	627,264	4,252,248	10,829,982	15,783,354	19,213,082	20,931,350	23,342,409	26,655,329	34,476,346	42,857,925	50,688,503	54,972,600
Total Open Market Bond Debt Service:	4,315,563	4,315,563	4,942,827	8,567,811	15,145,545	20,098,917	23,528,645	25,246,913	27,657,972	30,970,892	38,791,909	47,173,488	55,004,066	59,288,163
Total Bond Debt Service:	26,983,264	28,942,439	32,941,920	37,922,176	45,258,242	51,047,282	55,248,515	57,812,191	61,358,008	65,075,422	73,303,656	82,093,318	89,470,315	90,528,885
C. DEBT SERVICE - VRDN														
VRDN Principal	1,565,000	1,620,000	1,670,000	1,735,000	1,790,000	1,855,000	1,915,000	1,990,000	2,055,000	2,160,000	2,230,000	2,310,000	2,385,000	2,470,000
VRDN Interest	2,348,217	2,288,913	2,228,118	2,163,869	2,098,687	2,030,797	1,960,998	1,887,524	1,812,599	1,733,780	1,652,390	1,567,268	1,480,194	1,389,783
Total Variable Rate Debt Service	3,913,217	3,908,913	3,898,118	3,898,869	3,888,687	3,885,797	3,875,998	3,877,524	3,867,599	3,893,780	3,882,390	3,877,268	3,865,194	3,859,783
D. TOTAL DEBT SERVICE	30,896,481	32,851,352	36,840,038	41,821,045	49,146,930	54,933,079	59,124,513	61,689,716	65,225,607	68,969,202	77,186,046	85,970,587	93,335,509	94,388,668
EXCESS OF REVENUES OVER M&O AND DS REQUIREMENTS	\$10,869,314	\$9,493,718	\$9,210,010	\$10,455,261	\$12,286,732	\$13,733,270	\$14,781,128	\$15,422,429	\$16,306,402	\$17,242,301	\$19,296,511	\$21,492,647	\$23,333,877	\$23,597,167
Debt Coverage Ratio - TOTAL ALL FIXED RATE DEBT	1.55	1.46	1.40	1.38	1.36	1.35	1.34	1.33	1.33	1.32	1.32	1.31	1.30	1.30
Debt Coverage Ratio - TOTAL ALL DEBT	1.35	1.29	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Debt Service Coverage Required	7,724,120	8,212,838	9,210,010	10,455,261	12,286,732	13,733,270	14,781,128	15,422,429	16,306,402	17,242,301	19,296,511	21,492,647	23,333,877	23,597,167
TOTAL REVENUE REQUIREMENT	75,430,601	77,308,375	83,744,000	91,478,017	102,203,441	111,066,918	118,002,234	122,972,601	129,226,883	135,814,173	148,069,334	161,113,481	172,465,644	176,013,943
Capital Projects Summary	54,567,000	22,038,150	85,814,500	133,618,368	107,814,000	82,970,000	23,571,000	21,026,000	48,004,000	126,300,000	136,000,000	141,500,000	108,425,000	22,000,000
Construction Financing Plan														
Sources of Funds														
Beginning Balance	7,426,444	19,153,336	37,036,031	2,449	1,990	3,727	71	2,354	2,077,482	273	1,337	1,588	1,737	4,821
SRF Bonds	0	30,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Open Market Bonds	0	0	31,680,000	118,760,000	91,090,000	63,795,000	1,555,000	0	22,695,000	104,015,000	112,980,000	116,505,000	80,425,000	0
Restricted and Cap Fund	4,948,961	7,009,845	0	0	0	0	0	0	0	0	0	0	0	0
Other Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus Revs from Pre Year	7,030,000	7,121,000	9,493,718	9,210,010	10,455,261	12,286,732	13,733,270	14,781,128	15,422,429	16,306,402	17,242,301	19,296,511	21,492,647	23,333,877
Total Sources	19,405,405	63,284,181	90,209,749	139,972,458	113,547,252	88,085,459	27,288,341	26,783,482	52,194,911	132,321,675	142,223,638	147,803,099	113,919,384	35,338,698
Uses of Funds														
Operating Capital	2,260,000	2,260,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Increase in DS Payment Fund or Operating Reserve	3,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Capital Improvements	54,567,000	22,038,150	85,814,500	133,618,368	107,814,000	82,970,000	23,571,000	21,026,000	48,004,000	126,300,000	136,000,000	141,500,000	108,425,000	22,000,000
Debt Issuance Expense	0	450,000	892,800	2,852,100	2,229,525	1,615,388	214,988	180,000	690,638	2,520,338	2,722,050	2,801,363	1,989,563	180,000
Total Uses	59,827,000	26,248,150	90,207,300	139,970,468	113,543,525	88,085,388	27,285,988	24,706,000	52,194,638	132,320,338	142,222,050	147,801,363	113,914,563	25,680,000

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

Project	Actual /	Actual /	Total	Total Paid to	Percent
	Projected Start	Projected	Estimated		
	Date	Completion	Project Cost	Date	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%		
Receipts:								
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)		
		13,138,505.71	0.00	0.00	17,794,424.24	4,004,346.84	161,568.05	3,000,422.07
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
	77,889,947.41	13,139,315.66	34,330,716.99	2,170.97	52,127,312.20	12,588,521.11	161,584.42	3,000,649.91
Expenses:								
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		-	
		5,323,196.51			29,100,309.00		-	-
Balance		\$ 7,816,119.15			\$ 23,027,003.20	\$ 12,588,521.11	\$ 161,584.42	\$ 3,000,649.91

* 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 Docket #4151
Compliance Reporting on Restricted Accounts for FY 2011**

	Cash Receipts	Capital/Debt	Restricted Account	Debt	Debt Interest	Total Debt & Debt Interest	Debt Coverage	Special Master	Operating Reserve for Revenue Stability Fund
Percentage		0.000%	0.000%	44.780%			11.190%		
Receipts:									
Beginning Balance		7,816,119.15				23,027,003.20	12,588,521.11	161,574.41	3,000,649.91
*8/12/2010						(4,903,904.59)	4,903,904.59		
*8/12/2010						24,993.41	(24,993.41)		
**9/27/2010		2,547,778.00	10,164,971.57				(2,547,778.00)		
**9/27/2010		(171,479.03)	171,479.03				(10,164,971.57)		
**9/27/2010		(7,160,204.51)	7,160,204.51				(1,500,000.00)		1,500,000.00
***9/30/2010		(1,076,928.75)	1,076,928.75						
		1,955,284.86	18,573,583.86	0.00	0.00	18,148,092.02	3,254,682.72	161,574.41	4,500,649.91
FY 2010 Adjustment	184,154.09	0.00		81,009.38	0.00	81,009.38	20,256.95	0.00	0.00
July-10	6,481,643.52	67.44	0.00	2,902,479.97	282.69	2,902,762.66	725,295.91	1.39	25.83
August-10	6,314,540.79	62.43	0.00	2,827,651.37	290.15	2,827,941.52	706,597.11	1.37	25.49
September-10	6,294,457.75	51.65	14.38	2,818,658.18	114.70	2,818,772.88	704,349.82	1.33	26.31
October-10	0.00			0.00		0.00	0.00		
November-10	0.00			0.00		0.00	0.00		
December-10	0.00			0.00		0.00	0.00		
January-11	0.00			0.00		0.00	0.00		
February-11	0.00			0.00		0.00	0.00		
March-11	0.00			0.00		0.00	0.00		
April-11	0.00			0.00		0.00	0.00		
May-11	0.00			0.00		0.00	0.00		
June-11	0.00			0.00		0.00	0.00		
	19,274,796.15	1,955,466.38	18,573,598.24	8,629,798.90	687.54	26,778,578.46	5,411,182.51	161,578.50	4,500,727.54
Expenses:									
July-10		171,479.03	247,325.88			41,445.39		-	
August-10		21,940.08	273,996.90			2,285,288.11		-	
September-10		48,533.76	555,605.97			21,684,487.23		-	
October-10								-	
November-10								-	
December-10								-	
January-11								-	
February-11								-	
March-11								-	
April-11								-	
May-11								-	
June-11								-	
		241,952.87	1,076,928.75			24,011,220.73		-	-
Balance		\$ 1,713,513.51	\$ 17,496,669.49			\$ 2,767,357.73	\$ 5,411,182.51	\$ 161,578.50	\$ 4,500,727.54

* Realign Debt Balance to the Required Balance as of 6/30/10.

Rates for Debt & Debt Coverage changed from 43.99% and 11% to 44.78% and 11.19% respectively on July, 2010 billing per Docket 4151.

**Transfers due to the separation of capital assets and submittals and the creation of the Restricted Account.

***Shift of Submittals to Restricted Account.