

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: NARRAGANSETT BAY COMMISSION

DOCKET NO.: 4478

SETTLEMENT AGREEMENT

I. INTRODUCTION

The Narragansett Bay Commission (hereinafter "NBC") and the Division of Public Utilities and Carriers (hereinafter "Division") have reached an agreement on NBC's rate application filed on December 23, 2013. Thus, the Division and NBC jointly request that the State of Rhode Island Public Utilities Commission (hereinafter "Commission") approve this Settlement Agreement.

II. RECITALS

1. On December 23, 2013, NBC filed a rate application pursuant to R.I.G.L § 39-3-11 and Part II of the Commission's Rules of Practice and Procedure.
2. NBC's proposed rates were designed to collect \$4,898,768 of additional operating revenue and total rate year revenue of \$97,650,439. The impact of this request would have resulted in a 5.28 % increase in total revenue. NBC proposed an across the board increase of 5.46% on all residential and non-residential rates. For an average residential customer, using 200 gallons of water per day, the request would have resulted in a \$28.43 increase in their annual bill from \$521.33 to \$549.76. The

impact of the rate increase on all other customers will vary depending upon the customer's classification and consumption.

3. NBC filed testimony and schedules from the following witnesses in support of its application:

- a. Karen L. Giebink, Director of Administration and Finance, Narragansett Bay Commission (Direct Testimony);
- b. Walter E. Edge, Jr. MBA, CPA, Senior Vice President of B&E Consulting, LLC. (Direct and Rebuttal Testimony);
- c. Thomas Brueckner, P.E., Engineering Manager, Narragansett Bay Commission (Direct Testimony); and
- d. Karen S.D. Grande, Esquire, Edwards Wildman Palmer, LLP (Rebuttal Testimony).

4. The Division investigated NBC's requested rate increase with assistance from its staff and outside expert consultant. The Division issued data requests and filed direct testimony from the following witness:

- a. Thomas S. Catlin, Principal, Exeter Associates, Inc.

5. In its direct testimony, the Division, through its expert, Thomas S. Catlin, suggested a number of revisions to NBC's rate application in the following categories:

- a) REC Revenues
- b) Personnel
- c) Compensated Absences
- d) Overtime
- e) Worker's Compensation Claims
- f) Postage
- g) Biosolids Expenses
- h) Maintenance and Service Agreement Expenses
- i) Electricity Expenses
- j) Natural Gas Expenses
- k) Chemical Expenses
- l) Management Service Expenses

- m) Debt Service Expense
- n) Special Master Funding
- o) Operating Reserve

6. Through the rebuttal testimony of Walter E. Edge, Jr., NBC accepted many of the adjustments suggested by the Division and Mr. Catlin. However, NBC continued to disagree with some of the adjustments suggested by the Division and Mr. Catlin as outlined in Mr. Edge's rebuttal testimony.
7. The Division and NBC engaged in settlement discussions after NBC submitted its Rebuttal testimony on June 13, 2014 and after NBC responded to the Division's Third Set of Data Requests on July 16, 2014 (supplemental response filed on July 24, 2014).
8. During these discussions, the Division and NBC addressed the following issues that remained in contention and resolved them in the following manner:
 - a) Revenues – NBC has accepted the Division's position to increase rate year revenue at present rates by \$36,647 related to residential dwelling units.
 - b) Late Charge Revenue – NBC has accepted the Division's position to increase late charge revenue by \$94,386 in the rate year.
 - c) Special Master Funding (Miscellaneous Revenue) – NBC has agreed to withdraw its objection to the Division's position regarding the amortization of the Special Master Fund Balance for inclusion as revenue for rate making purposes, without prejudice.
 - d) Personnel – NBC had accepted the Division's position in Mr. Edge's rebuttal testimony, and NBC and Division agreed to additional adjustments to these expense line items to reflect a lower union COLA and non-union merit increases effective July 1, 2014.

- e) Compensated Absences – NBC and the Division agree to a normalized expense level for compensated absences of \$100,000.
 - f) Postage – NBC accepts the Division’s position with respect to postage expense which is a rate year level of \$411,954.
 - g) Biosolids Expenses – NBC and the Division agree to a rate year expense of \$5,674,877.
 - h) Maintenance and Service Agreement Expenses – NBC accepts the Division position for this expense of \$1,015,029.
 - i) Electricity Expenses – the Division accepts the NBC’s position for electricity expense of \$3,449,893 in the rate year.
 - j) Natural Gas Expenses – NBC accepts the Division’s position for natural gas expense in the rate year of \$438,331.
 - k) Chemical Expenses – NBC and the Division agree to rate year expense amounts for Field’s Point chemicals totaling \$651,672.
 - l) Debt Service Expense – the Division has agreed to withdraw its request to reduce the rate year cost of service for debt service and debt service coverage, without prejudice.
 - m) Operating Reserve – NBC agreed to withdraw its request for an increased operating reserve, without prejudice.
9. In settlement discussions and in reaching this Settlement Agreement, the Division and NBC gave due consideration to the testimony, exhibits, schedules, data requests, data responses, and other documentation in this Docket and agreed to a comprehensive settlement that resolves all issues relating to NBC’s application to increase rates.
10. The Division and NBC agree this Settlement Agreement is a just and reasonable resolution of the issues in this proceeding and jointly request its approval by the Commission.

III. TERMS OF SETTLEMENT

11. The Division and NBC agree that the Joint Settlement Schedules attached as Exhibit 1 (Schedules TSC-1-15) are accurate and reflect the agreement reached in this Docket.
12. The agreed rates allow NBC to collect additional operating revenue in the amount of \$3,588, 749 to support a total cost of service of \$96,041,582. (Due to rounding the proposed rates will produce \$3,639 less than the allowed amount.)
13. This increase results in a 3.88% increase in total revenue. The increase is an “across the board” increase of 4.02% for all classes of customers. For an average residential customer, using 200 gallons of water per day, this Settlement results in a \$20.96 increase in their annual bill from \$521.33 to \$542.28. The impact of the rate increase on all other customers will vary depending upon the customer’s classification and consumption.

IV. EFFECT OF SETTLEMENT

14. This Settlement Agreement is a negotiated agreement. The Division and NBC conducted the discussions that produced this Settlement Agreement with the explicit understanding that all offers of settlement and discussion relating thereto are, and shall be, privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or any other proceedings.
15. The terms of this Settlement Agreement shall not be construed as an agreement to any matter of fact or law beyond the terms hereof. By entering into this Settlement

Agreement, matters or issues other than those explicitly identified in this agreement have not been settled upon or conceded by any party to this Settlement Agreement, and nothing in this Settlement Agreement shall preclude any party from taking any position in any future proceeding regarding settled or unsettled matters.

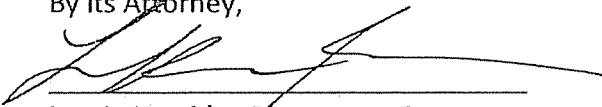
16. This Settlement Agreement is the product of negotiation and compromise. The making of this Settlement Agreement does not establish any principle or precedent. This Settlement Agreement shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation.

17. If the Commission rejects this Settlement Agreement, or modifies any provision herein, this Settlement Agreement shall be deemed withdrawn and shall be null and void in all respects.

IN WITNESS WHEREOF, the Parties agree that this Settlement Agreement is reasonable, in the public interest, in accordance with applicable law and regulatory policy, and is executed by their respective representatives, each being authorized to do so.

Dated this 15th day of August, 2014.

THE NARRAGANSETT
BAY COMMISSION
By its Attorney,



Laurie Horridge Bissonette, Esq.
General Counsel
Narragansett Bay Commission
One Service Rd.
Providence, RI 02905
Tel: (401)-461-8848 ext. 331

Dated this 15th day of August, 2014.

DIVISION OF PUBLIC UTILITIES

AND CARRIERS,

By its Attorney,



Christy Hetherington, Esquire, # 6693

Special Assistant Attorney General

150 South Main Street

Providence, RI 02903

Tel: 401-274-4400, ext. 2425

THE NARRAGANSETT BAY COMMISSION

Summary of Revenues and Expenses at
Present and Proposed Rates
Rate Year Ended June 30, 2015

	Rate Year Amount Per NBC	NBC Rebuttal Adjustments	Revised Amount Per NBC	Settlement Adjustments	Rate Year at Present Rates	Allowable Rate Increase	Rate Year at Proposed Rates
Revenue							
User Fee Revenue	\$ 89,740,797	\$ (548,725)	\$ 89,192,072	\$ 36,647 (1)	\$ 89,228,719	\$ 3,588,749	\$ 92,817,468
Other Service Revenue	1,476,784	-	1,476,784	-	1,476,784	-	1,476,784
Late Payment	918,943	-	918,943	94,386 (2)	1,013,329	-	1,013,329
Miscellaneous	615,147	38,017	653,164	80,837	734,001	-	734,001
Total Revenue	\$ 92,751,671	\$ 38,017	\$ 92,240,963	\$ 211,870	\$ 92,452,833	\$ 3,588,749	\$ 96,041,582
Expenses							
Personnel Services	22,561,063	(467,567)	22,093,496	(313,200)	21,780,296	-	21,780,296
Operating Supplies & Expenses	15,277,232	111,500	15,388,732	(451,572)	14,937,160	-	14,937,160
Professional Services	3,080,449	(142,365)	2,938,084	-	2,938,084	-	2,938,084
Capital Outlays	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-
Debt Service	44,894,330	-	44,894,330	-	44,894,330	-	44,894,330
Debt Coverage	11,223,583	-	11,223,583	-	11,223,583	-	11,223,583
Total Expenses	\$ 97,036,657	\$ (498,432)	\$ 96,538,225	\$ (764,772)	\$ 95,773,453	\$ -	\$ 95,773,453
Operating Reserve	613,781	-	606,305	(338,176)	268,129	-	268,129
Total Cost of Service	\$ 97,650,438	\$ (498,432)	\$ 97,144,530	\$ (1,102,948)	\$ 96,041,582	\$ -	\$ 96,041,582
Revenue Surplus/(Deficiency)	\$ (4,898,767)	\$ 536,449	\$ (4,903,567)	\$ 1,314,818	\$ (3,588,749)	\$ 3,588,749	\$ -

Notes:

(1) Reflects adjustment to reflect June 30, 2014 residential billing units per response to DIV 3-22.

(2) Reflects late payment revenue for FY 2014.

THE NARRAGANSETT BAY COMMISSION

Summary of Settlement Adjustments to
Rate Year Revenues and Expenses at Present Rates
Rate Year Ended June 30, 2015

<u>Description</u>	<u>Amount</u>	<u>Source</u>
<u>Revenue Adjustments</u>		
Revenue from REC Sales	\$ -	Schedule TSC-8
Special Master Fund Amortization	80,837	Schedule TSC-13
Residential Billing Unit Update	36,647	Schedule TSC-1
Late Payment Revenue	94,386	Schedule TSC-1
Total Adjustments to Revenues	\$ 211,870	
<u>Expense Adjustments</u>		
Personnel Expense (See Note 1)	(313,200)	Schedule TSC-3
Workers' Compensation-Old Claims	-	Schedule TSC-4
Postage Expense	(23,174)	Schedule TSC-5
Biosolids Disposal Costs	(105,381)	Schedule TSC-6
Maintenance & Service Agreements	(127,670)	Schedule TSC-7
Electricity Expense	-	Schedule TSC-8
Natural Gas Costs	(31,902)	Schedule TSC-9
Field's Point Chemicals	(163,445)	Schedule TSC-10
Management and Audit Services	-	Schedule TSC-11
Debt Service	-	Schedule TSC-12
Operating Reserve	(338,176)	See Note (2)
Total Adjustments to Expenses	\$ (1,102,948)	
Total Adjustment to Operating Income	\$ 1,314,818	

Notes:

- (1) Includes \$304,328 reduction to reflect NBC's decision to eliminate claim for additional funding of non-union retirement plan. Also reflected in NBC Rebuttal
- (2) Adjusted to reflect 1.5% of Division Operating Expenses excluding Personnel and Debt costs per Schedule TSC-1. Refer to direct testimony for explanation.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Personnel Costs
Rate Year Ended June 30, 2015

Base Salaries

	Union	Non-Union	
FY 2013 Amount (1)	\$ 5,568,502	\$ 8,449,979	
7/1/2013 Contracted Steps (3)	144,301	-	
Adjusted Base Salaries	\$ 5,712,803	\$ 8,449,979	
7/1/2013 Increase (4)	2.25%	4.15%	
7/1/2013 Total Salaries	\$ 5,841,341	\$ 8,800,653	
7/1/14 Contracted Steps (5)	75,618	-	
Base Salary	5,916,960	8,800,653	
7/1/14 COLA/Merit (6)	2.25%	2.50%	
Rate Year Salaries Per Division	6,050,091	9,020,669	
Normalized Compensated Absences (2)	-	100,000	
Rate Year Salaries plus Compensated Absences	6,050,091	9,120,669	
Rate Year Salaries Per NBC (5)	6,094,468	9,332,859	
Rate Year Adjustment	\$ (44,377)	\$ (212,190)	\$ (256,566)

Overtime

	Union	Non-Union	Non-Union Ltd	
FY 2013 Amount (1)	\$ 439,426	\$ 76,451	\$ 23,282	
7/1/2013 Contracted Steps (3)	10,913	-	-	
Adjusted Overtime	\$ 450,339	\$ 76,451	\$ 23,282	
7/1/2013 Increase (4)	2.25%	4.15%	4.15%	
7/1/2013 Total Overtime	\$ 460,472	\$ 79,623	\$ 24,248	
7/1/14 Contracted Steps (5)	5,719	-	-	
Adjusted Overtime	466,191	79,623	24,248	
7/1/14 COLA/Merit (6)	2.25%	2.50%	2.50%	
Rate Year Overtime Per Division	\$ 476,680	\$ 81,614	\$ 24,854	
Rate Year Overtime Per NBC (5)	480,176	82,012	24,976	
Rate Year Adjustment	\$ (3,496)	\$ (398)	\$ (122)	\$ (4,016)

Capitalized Salaries and Fringe Benefits

	Salary Reimbursement Account 59000	Fringe Reimbursement Account 59001	
FY 2013 Amount (1)	\$ (1,236,491)	\$ (670,080)	
7/1/2013 Increase (4)	1.0415	1.0415	
7/1/2014 Increase (5)	1.0250	1.0250	
Rate Year Reimbursement Per Division	(1,320,001)	(715,336)	
Rate Year Reimbursement Per NBC (5)	(1,326,440)	(718,825)	
Rate Year Adjustment	\$ 6,439	\$ 3,489	\$ 9,929

THE NARRAGANSETT BAY COMMISSION

Adjustment to Personnel Costs
Rate Year Ended June 30, 2015

FICA Taxes			
	FICA		Total FICA
	Social Security	Medicare	
Rate Year Salaries	\$ 15,070,761	\$ 15,070,761	
Overtime & Limited	583,148	583,148	
Wages Over FICA Limit	(120,000)	-	
Wages Subject to FICA	15,533,909	15,653,909	
Percent	6.20%	1.45%	
Rate Year FICA Per Division	963,102	226,982	1,190,084
Rate Year FICA Per NBC (5)			1,217,567
Rate Year Adjustment			\$ (27,483) \$ (27,483)

Retirement Benefits			
	Union Retirement	Union Retiree Health	Non-Union Retirement
Salaries	\$ 6,050,091	\$ 6,050,091	\$ 9,120,669
Overtime & Limited			106,468
Eligible Wages	6,050,091	6,050,091	9,227,138
Employer Contribution Rate (5)	24.33%	6.75%	10%
Rate Year Retirement Benefits Per Division	1,471,987	408,381	922,714
Rate Year Retirement Benefits Per NBC (5)	1,482,784	411,377	943,985
Rate Year Adjustment	\$ (10,797)	\$ (2,996)	\$ (21,271) \$ (35,064)
Total Rate Year Personnel Adjustment			\$ (313,200)

Notes:

- (1) Amounts per Schedule WEE-3.
- (2) Reflects FY 2015 and FY 2016 amounts per response to DIV 3-11. Amount is inclusive of FICA taxes.
- (3) Per Schedule WEE-4 in Docket No. 4364.
- (4) Per response to DIV 1-6.
- (5) Per Schedule WEE-R3.
- (6) Increases on 7/1/2014 updated to reflect most recent information.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Workers' Compensation Claims Expense
Rate Year Ended June 30, 2015

	<u>Amount</u>
Ongoing Worker's Comp-Old Claims (1)	\$ 23,388
Amount per NBC (2)	<u>23,388</u>
Adjustment to Rate Year Expense	<u><u>\$ -</u></u>

Notes:

(1) Per supplemental response to DIV. 1-12.

(2) Per Schedule WEE-R4.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Postage Expense
Rate Year Ended June 30, 2015

	Amount
FY 2014 Postage Expense (1)	\$ 387,497
FY 2014 Bills (2)	978,274
Average Postage expense per bill	\$ 0.3961
Postage Increase (3)	\$ 0.025
Adjusted Postage per Bill	\$ 0.4211
Number of Bills (2)	978,274
Adjusted Postage Expense per Division	\$ 411,954
Amount per NBC (1)	435,128
Adjustment to Rate Year Expense	\$ (23,174)

Notes:

(1) Per Schedule WEE-6.

(2) Per response to DIV 1-13.

(3) Per response to DIV 1-14. Reflects one-half year effect of \$0.03 increase on January 26, 2014.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Biosolids Disposal Costs
Rate Year Ended June 30, 2015

	<u>7/1/2013 to 12/31/2013</u>	<u>1/1/2014 to 6/30/2014</u>	<u>Total</u>
Field's Point-Dry Tons (1)	5,400	5,400	10,800
Bucklin Point-Dry Tons (1)	<u>1,016</u>	<u>1,016</u>	<u>2,032</u>
Total Biosolids for Disposal-Dry Tons	6,416.1	6,416.1	12,832
Rate per Ton (2)	<u>\$ 429.72</u>	<u>\$ 438.33</u>	
Biosolids Disposal Costs	\$ 2,757,126	\$ 2,812,369	\$ 5,569,496
Amount per NBC (1)			<u>5,674,877</u>
Adjustment to Rate Year Expense			<u><u>\$ (105,381)</u></u>

Notes:

(1) Estimated quantities based on recent experience and operator estimates.

(2) Per Schedule WEE-R6.

(2) Rates calculated as follows:

Disposal rate for Calendar Year 2013	\$ 425.72
Increase in CPI for Boston Area from November 2012 to November 2013	<u>1.009</u>
Disposal rate for Calendar Year 2014	\$ 429.72
Projected increase in CPI-U from 4Q14 to 4Q15 per Blue Chip Economic Indicators dated 4/10/2014	<u>1.0200</u>
Disposal rate for Calendar Year 2014	\$ 438.33

THE NARRAGANSETT BAY COMMISSION

Adjustment to Maintenance & Service Agreement Costs
Rate Year Ended June 30, 2015

	Amount
FY 2014 Maintenance & Service Agreement Expense (1)	\$ 906,276
Annual Escalation Rate (2)	1.120
Rate Year Allowance for Existing Agreements (3)	\$ 1,015,029
Amount per NBC (1)	1,142,699
Adjustment to Rate Year Expense	\$ (127,670)

Notes:

- (1) Reflects final FY 2014 expense.
- (2) Based on annual growth rate from FY 2012 to FY 2014.
- (3) Reflects escalation for from FY 2014 to FY 2015 at 12.0% per year.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Electricity Costs to Reflect
Updated Supply Costs and Offset for REC Revenues
Rate Year Ended June 30, 2015

	Cost per NBC (1)	Cost per Division (2)	Adjustment
Field's Point			
Field's Point	\$ 948,469	\$ 948,469	\$ -
Tunnel Pump Station	711,072	711,072	-
Bucklin Point	1,361,165	1,361,165	-
Bucklin Point BNR	148,643	148,643	-
Interceptor Maintenance	127,995	127,995	-
COB	152,549	152,549	-
Total Electricity Cost	\$ 3,449,893	\$ 3,449,893	<u>\$ -</u>
Revenue from REC Sales (3)	\$ 417,280	\$ 417,280	<u>\$ -</u>

Notes:

(1) Per WEE-R8.

(2) Reflects agreement with NBC Rebuttal.

(3) Division amount based on 6,520 MWh of RECs generated in CY 2013 and a price of \$64 based on actual sale price for first and second quarter RECs per DIV 1-24.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Natural Gas Costs to Reflect
National Grid Gas Supply Costs for the Rate Year
Rate Year Ended June 30, 2015

	Cost Per Settlement (1)
Field's Point	238,440
Bucklin Point	112,932
Interceptor Maintenance	31,640
COB	30,725
Lab	24,594
Total	\$ 438,331
Amount per NBC (2)	470,233
Adjustment to Natural Gas Costs	\$ (31,902)

Notes:

(1) Settlement amounts per page 2 of this schedule.

(2) Per Schedule WEE-1.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Natural Gas Costs to Reflect
National Grid Gas Supply Costs for the Rate Year
Rate Year Ended June 30, 2015

DETAIL (1)

	COB	BP Admin	BP Plant	BP Exch	BP	FP	TPS	ESPS	FP	IM	Lab
FY 2015 Projected Therms	24,998	6,820	40,502	36,945	84,267	110,595	63,841	19,872	194,308	19,058	18,739
Rates:											
Customer Charge	\$ 70.00	\$ 70.00	\$ 175.00	\$ 175.00		\$ 175.00	\$ 175.00	\$ 70.00		\$ 70.00	\$ 70.00
Avg. Delivery / Therm	0.3239	0.3458	0.3860	0.4377		0.3334	0.3239	0.4059		0.7316	0.3935
Supply (2)	0.8347	0.8347	0.8347	0.8347		0.8347	0.8102	0.8347		0.8347	0.8347
Cost:											
Customer Charge	\$ 840	\$ 840	\$ 2,100	\$ 2,100	\$ 5,040	\$ 2,100	\$ 2,100	\$ 840	\$ 5,040	\$ 840	\$ 840
Delivery	8,097	2,358	15,635	16,171	34,164	36,872	20,678	8,066	65,617	13,943	7,374
Supply	20,867	5,693	33,808	30,839	70,340	92,317	51,726	16,588	160,631	15,908	15,642
Subtotal	\$ 29,803	\$ 8,891	\$ 51,543	\$ 49,110	\$ 109,544	\$ 131,289	\$ 74,504	\$ 25,494	\$ 231,287	\$ 30,691	\$ 23,856
Gross Earnings Tax	\$ 922	\$ 275	\$ 1,594	\$ 1,519	\$ 3,388	\$ 4,060	\$ 2,304	\$ 788	\$ 7,153	\$ 949	\$ 738
Total	\$ 30,725	\$ 9,166	\$ 53,137	\$ 50,629	\$ 112,932	\$ 135,350	\$ 76,808	\$ 26,282	\$ 238,440	\$ 31,640	\$ 24,594

Notes:

(1) Per response to DIV 1-22 except Supply rate per Note (2).

(2) Reflects Composite of following National Grid 2014 GCR rate for 4 Months and
2015 GCR rate for 8 months:

	Line	High Load Factor	All Other	
2014 GCR Rate	(1)	\$ 0.63810	\$ 0.66260	
2014 surcharge	(2)	\$ 0.25820	\$ 0.25820	surcharge effective April-October 2014
Adjusted rate	(3)=(1)+(2)	\$ 0.89630	\$ 0.92080	
2015 Surcharge	(4)	0.12910	0.12910	1/2 of surcharge to reflect annual volumes and most recent estimated deferred cost balance
2015 GCR Rate	(5)=(1)+(4)	\$ 0.76720	\$ 0.79170	
Weighted Rate	(6)	\$ 0.81023	\$ 0.83473	4/12 x line 3 + 8/12 x line 5

THE NARRAGANSETT BAY COMMISSION
Adjustment to Field's Point and Bucklin Point Chemicals Costs
Rate Year Ended June 30, 2015

	<u>Hypochlorite</u>	<u>Bisulfate</u>	<u>Sodium Hydroxide</u>	<u>Carbon Feed</u>	<u>Total</u>
FY 2014 Quantity (1)	675,356	201,829	29,683	41,869	
Unit Price (2)	<u>\$ 0.4493</u>	<u>\$ 1.2000</u>	<u>1.4284</u>	<u>1.5200</u>	
Annualized Expense	\$ 303,437	\$ 242,195	\$ 42,399	\$ 63,641	\$ 651,672
Amount per NBC (3)	<u>343,819</u>	<u>237,582</u>	<u>162,481</u>	<u>71,235</u>	<u>815,117</u>
Adjustment to Rate Year Expense	<u><u>\$ (40,382)</u></u>	<u><u>\$ 4,613</u></u>	<u><u>\$ (120,082)</u></u>	<u><u>\$ (7,594)</u></u>	<u><u>\$ (163,445)</u></u>

Notes:

- (1) Reflects actual FY 2014 quantities.
- (2) Current unit prices per Schedule WEE-R10.
- (3) Per Schedule WEE-R10.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Management and Audit Services Costs
Rate Year Ended June 30, 2015

	<u>Amount</u>
FY 2014 Bucklin Point Base Contract (1)	\$ 1,912,350
Projected Increase in CPI-U (2)	<u>1.0140</u>
Estimated FY 2015 Bucklin Point Contract	\$ 1,966,271
Other Management and Audit Expense (3)	<u>128,581</u>
Total Management and Audit Services Expense	\$ 2,094,852
Amount per NBC (4)	<u>2,094,852</u>
Adjustment to Rate Year Expense	<u><u>\$ -</u></u>

Notes:

- (1) Per Schedule WEE-13.
- (2) Based on compound annual growth rate from FY 2011 to FY 2013.
- (3) Per response to DIV 1-28. Reflects FY 2013 actual amount.
- (4) Per Schedule WEE-R11.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Debt Service Expense
Rate Year Ended June 30, 2015

	<u>Amount</u>
Total Debt Service (1)	\$ 44,894,330
Coverage Requirement at 25%	<u>\$ 11,223,583</u>
Total Debt Service and Coverage	\$ 56,117,913
Amount per NBC (2)	<u>56,117,913</u>
Adjustment to Rate Year Expense	<u><u>\$ -</u></u>

Note:

(1) Reflects acceptance of current allowance in rates.

(2) Per Schedule WEE-1.

THE NARRAGANSETT BAY COMMISSION

Adjustment to Return Unused Special Master Funds
Rate Year Ended June 30, 2015

	<u>Amount</u>
Special Master Fund Balance	\$ 161,674
Amortization Period	<u>2</u>
Annual Amortization	\$ 80,837
Amount per NBC Filing	<u>-</u>
Amortization to Revenue	<u><u>\$ 80,837</u></u>

Note:

(1) Per response to COMM 1-47.

THE NARRAGANSETT BAY COMMISSION

Calculation of Uniform Percentage Increase
Based on Division Recommended Revenue Increase
Rate Year Ended June 30, 2015

Recommended Revenue Increase (1)	<u><u>\$ 3,588,749</u></u>
Revenues from Services Subject to Increase (2)	
Flat Fees-Residential	\$ 23,932,359
Measured Fees-Residential	27,511,057
Flat Fees-Commercial and Industrial	13,920,075
Measured Fees-Commercial	22,569,231
Measured Fees-Industrial	<u>1,295,997</u>
Total Revenue Subject to Increase	<u><u>89,228,719</u></u>
Uniform Percentage Increase	<u><u>4.02%</u></u>

Notes:

(1) Per Schedule TSC-1

(2) Per Schedule TSC-15.

THE NARRAGANSETT BAY COMMISSION

Calculation of Proposed Rates and
Proof of Revenues at Present and Proposed Rates
Rate Year Ended June 30, 2015

	Current Rate	Increase	Proposed Rates	Billing Units (1)	Revenue at Present Rates	Revenue at Proposed Rates
Flat Fees						
Residential	\$ 202.47	4.02%	\$ 210.61	118,202	\$ 23,932,359	\$ 24,894,523
<u>Commercial & Industrial</u>						
Meter Size						
5/8"	\$ 484	4.02%	503.00	3,666	1,774,344	1,843,998
3/4"	723	4.02%	752.00	1,022	738,906	768,544
1"	1,202	4.02%	1,250.00	1,160	1,394,320	1,450,000
1.5"	2,413	4.02%	2,510.00	841	2,029,333	2,110,910
2"	3,853	4.02%	4,008.00	1,373	5,290,169	5,502,984
3"	7,219	4.02%	7,509.00	76	548,644	570,684
4"	12,030	4.02%	12,514.00	38	457,140	475,532
6"	24,069	4.02%	25,037.00	47	1,131,243	1,176,739
8"	38,509	4.02%	40,058.00	13	500,617	520,754
10"	55,359	4.02%	57,586.00	1	55,359	57,586
Total Commercial & Industrial Flat Fees				8,237	\$ 13,920,075	\$ 14,477,731
Measured Fees						
Residential	\$ 3.267	4.02%	3.398	8,420,893	27,511,057	28,614,194
Commercial	4.738	4.02%	4.929	4,763,451	22,569,231	23,479,050
Industrial	3.046	4.02%	3.169	425,475	1,295,997	1,348,330
Total Measured Fees					\$ 51,376,285	\$ 53,441,575
Other Revenue					<u>\$ 3,224,114</u>	<u>\$ 3,224,114</u>
Total Revenue					\$ 92,452,833	\$ 96,037,943
Target Revenue (2)						<u>96,041,582</u>
Variance						\$ (3,639)

Notes:

(1) Per Schedule WEE-15

(2) Per Schedule TSC-1.