

SURREBUTTAL TESTIMONY OF
RALPH SMITH, CPA
BEFORE THE
RHODE ISLAND PUBLIC UTILITIES COMMISSION

NARRAGANSETT BAY COMMISSION

RATE CASE

DOCKET NO. 4890

ON BEHALF OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS

May 9, 2019

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Exhibits:

RCS-4, Revised Revenue Requirement and Adjustment Schedules

RCS-5, Revised User Charge Calculation and Proof of Revenue

1 **I. INTRODUCTION**

2 **Q. What is your name, occupation, and business address?**

3 A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State
4 of Michigan and a senior regulatory consultant at the firm Larkin & Associates,
5 PLLC, Certified Public Accountants, with offices at 15728 Farmington Road,
6 Livonia, Michigan 48154.

7 **Q. Have you previously submitted testimony in this proceeding?**

8 A. Yes. I submitted my direct testimony on behalf of the Division of Public Utilities
9 and Carriers ("Division") on February 20, 2019.

10 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

11 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
12 Harold Smith of the Narragansett Bay Commission ("NBC" or "Company").

13 **Q. Have you included any Exhibits with your surrebuttal testimony?**

14 A. Yes. Exhibit RCS-4 presents the Division's Revised Revenue Requirement and
15 Adjustment Schedules. Exhibit RCS-5 presents a Revised User Charge Calculation
16 and Proof of Revenue.

17 **II. NBC'S REVISED REQUESTED REVENUE INCREASE**

18 **Q. Has NBC accepted any of the Division's recommended adjustments that were**
19 **discussed in your Direct Testimony?**

20 A. Yes. NBC witness Mr. Harold Smith agreed with some of the Division's
21 adjustments that were presented in my Direct Testimony, but contested others.

22 **Q. Did NBC propose a number of new adjustments in its Rebuttal Testimony?**

1 A. Yes. NBC proposed a number of new adjustments in its Rebuttal Testimony. NBC
2 witness Harold Smith states at page 2 that his rebuttal testimony also "includes
3 updates on expenses and other items relevant to this Docket that have come to
4 NBC's attention since the original application for rate relief was filed on October
5 10, 2018." Among other things, NBC's rebuttal filing includes new adjustments for
6 Screening and Grit (account 53490) to increase expense by \$249,253 and for
7 Maintenance Contracts (account 53630) to increase expense by \$420,962.
8 Concerning the latter item, Mr. Harold Smith at page 24 of his rebuttal states that:
9 "As part of the FY 2020 budget preparation process, NBC became aware of a
10 number of new maintenance contracts that will increase rate year expense in this
11 account by \$420,962 beyond what was included in [his] original rate year."

12 **Q. What amount of revenue increase is NBC seeking in its rebuttal filing?**

13 A. NBC's response to DIV DR 2-2 indicates that the Company is now seeking a
14 revenue increase of \$6,744,299, consisting of increased User Fee Revenue of
15 \$5.741 million and increased Miscellaneous Revenue of \$1.004 million. The User
16 Fee Revenue Increase of \$5.741 million being sought by NBC in its rebuttal filing
17 equates to a percentage increase of 5.78% over adjusted rate year User Fee Revenue
18 of \$99.291 million before the rate increase.

19 **III. DIVISION'S UPDATED ADJUSTMENTS AND REVENUE INCREASE**
20 **RECOMMENDATION**

21 **Q. Have you withdrawn any of the Division's adjustments that were presented in**
22 **your direct testimony?**

1 A. Yes. As shown in Exhibit RCS-4, I have withdrawn two adjustments that were
2 previously presented in my direct testimony:

3 (1) The adjustment to Remove NBC Adjustment for Declining Billable
4 Consumption that had been presented in Exhibit RCS-2 on Schedule RCS-4 has
5 been withdrawn. This adjustment is withdrawn because the additional information
6 supports a lower consumption level for the rate year.

7 (2) The adjustment to reflect Environmental Enforcement Revenue that had
8 been presented in Exhibit RCS-2 on Schedule RCS-8 has been withdrawn. This
9 adjustment is withdrawn because the use of these funds is restricted per statute, as
10 pointed out by NBC witness Harold Smith in his rebuttal on page 15, and removing
11 the revenue and associated expense is consistent with prior NBC rate cases.

12 **Q. Have you added some new adjustments to the Division's presentation that were**
13 **not presented in your direct testimony but which were identified in NBC's**
14 **rebuttal filing?**

15 A. Yes. I have added some adjustments for items which were not presented in my
16 direct testimony, but which were identified in NBC's rebuttal filing. Specifically, as
17 shown in my Exhibit RCS-4, the following adjustments have been added:

- 18 • Schedule RCS-20 - Screening and Grit
- 19 • Schedule RCS-21 - Maintenance Contracts
- 20 • Schedule RCS-22 - Electricity Expense
- 21 • Schedule RCS-23 - Gas Expense
- 22 • Schedule RCS-24 - Net Metering Credits and Power Purchase
- 23 Agreements
- 24 • Schedule RCS-25 - Industrial Consumption Revenue

1 With the exception of the adjustment on Schedule RCS-21 for Maintenance
2 Contracts, each of these new adjustments uses the rate year adjusted amounts that
3 are presented in NBC's rebuttal testimony.

4 **Q. Have you revised some of the Division's adjustments that were presented in**
5 **your direct testimony to accept amounts for those adjustments that were**
6 **presented in NBC's rebuttal?**

7 A. Yes. On Exhibit RCS-4, Schedule RCS-5, I updated the Division's adjustment that
8 was for Flat Fee Revenue for Residential customers (which was presented in my
9 Direct Testimony and which has been accepted by NBC) to also reflect changes in
10 the rate year billing units for Non-Residential customers. The Division's
11 adjustment for Flat Fee Revenue and NBC's adjustment are now in agreement.

12 On Schedule RCS-6, I updated the Division's adjustment to Reflect FY2019
13 Increased Revenue for a Large New Commercial Customer, to reflect the estimated
14 annual consumption for that customer of 10,000 HCF. Previously, the adjustment
15 had used estimated annual consumption for that new customer of 82,000 HCF. In
16 its rebuttal, NBC proposes to not reflect this adjustment because commercial
17 customer consumption has been declining. However, I recommend that the
18 consumption for this large commercial customer added after the test year be
19 reflected, but using the updated consumption estimates.

20 On Schedule RCS-10, I updated the Division's adjustment to Biosolids
21 Disposal Expense to reflect updated amounts that were presented in NBC's rebuttal.

22 On Schedule RCS-14, I updated the Division's adjustment for Renewable
23 Energy Credit Revenue to reflect updated amounts that were presented in NBC's
24 rebuttal.

1 On Schedule RCS-15, I updated the Division's adjustment for Hypochlorite
2 and Bisulfite Chemicals Expense, to reflect updated chemical consumption levels
3 and revised expense amounts that were presented in NBC's rebuttal.

4 On Schedule RCS-17, I updated the Division's adjustment for Building
5 Repairs and Maintenance to reflect revised rate year expense amounts that were
6 presented in NBC's rebuttal.

7 **Q. Please explain the updated adjustment for Workers Compensation Insurance.**

8 A. The Division's updated adjustment for Workers Compensation Insurance is
9 presented on Exhibit RCS-4, Schedule 18. NBC's response to DIV DR 2-27 states,
10 among other things, that NBC received a lower than projected workers
11 compensation renewal on May 1, 2019. I used the Estimated Annual Premium
12 amount of \$477,299 from Attachment 2-27. I decreased that annual premium
13 amount for the average amount of workers compensation dividends of \$4,731,
14 which was the same amount for such dividends that was used in my direct
15 testimony.

16 **Q. Why should NBC's workers compensation expense incorporate consideration**
17 **of such dividends?**

18 A. While NBC asserts that it does not receive such dividends in every year and
19 therefore advocates that none should be reflected, in fact NBC has received such
20 dividends in many years, as shown on Schedule RCS-18 and NBC's response to
21 DIV DR 2-25, Attachment 2-25 Workers Compensation Dividends.

22 NBC's response to DIV DR 2-25(e) states that: "Dividend checks are the
23 result of capital gains on investments made by the NBC's Workers Compensation

insurer." With the continuing robust investment market performance¹, it seems reasonable to expect that some level of capital gains and thus workers compensation dividends would occur on average into the future as such dividends have occurred periodically on average in the past.

Thus, I recommend that an average of workers compensation dividends be reflected as a reduction to the workers compensation expense.

Q. What amount of workers compensation expense do you recommend for the rate year?

A. As shown on Exhibit RCS-4, Schedule RCS-18, the updated workers compensation expense for the rate year is \$472,568, consisting of the recent premium quote of \$477,299 less a four-year average of dividends of \$4,731.

Q. How does that compare with the test year amount?

A. The updated rate year workers compensation expense of \$472,568 is an increase of \$35,860 or 8.2% over the test year expense amount of \$436,708.

Q. Please explain the adjustment for the Operating Allowance.

A. On Exhibit RCS-4, Schedule RCS-19, I updated the Operating Allowance, which is a fall-out calculation that is affected by other adjustments.

Q. Earlier you mentioned that NBC in its rebuttal proposed a significant new adjustment for Maintenance Contracts. For Maintenance Contracts, did you accept the Company's proposed rebuttal adjustment?

A. In part, yes; however, not in total. As shown on Exhibit RCS-4, Schedule RCS-21, the rate year amount was \$1,040,477 and was not adjusted in NBC's direct filing, but now in NBC's rebuttal filing the Company has proposed to increase that amount

¹ The first quarter of 2019 was one of the best periods for U.S. stock market performance on record.

1 by \$420,962 (a 40.5% increase) to a new rate year expense level of \$1,461,439.
2 NBC witness Harold Smith presented a table of new maintenance contracts on page
3 25 of his rebuttal testimony which total to the \$420,962 new rate year adjustment
4 that NBC is seeking for Maintenance Contracts expense in account 53630.

5 **Q. Do you have concerns regarding the Company's rebuttal presentation of that**
6 **new adjustment for Maintenance Contracts?**

7 A. Yes. The rebuttal filing by NBC about these "new" maintenance contracts was
8 rather confusing. How the documentation that NBC filed with its rebuttal
9 supported the additional cost being sought by NBC for these "new" maintenance
10 contracts was not explained in the rebuttal and was not even clear after several
11 hours of diligent analysis. Without the additional explanations provided in response
12 to Division discovery, it is likely that this new NBC expense adjustment, presented
13 for the first time by NBC in rebuttal, may have been recommended for rejection in
14 total. In other words, the Division's discovery probing this new adjustment from
15 NBC allowed NBC an opportunity to provide support and explanations that were
16 lacking in NBC's rebuttal presentation.

17 Moreover, as noted above, it seems that at least some of these "new"
18 contracts were known, or should have been known, to the Company prior to filing
19 its October 10, 2018 rate case application. One illustrative example of this would
20 be the three-year Johnson Controls maintenance contract running from July 1, 2018
21 through July 1, 2020 that is discussed in NBC's response to DIV DR 3-9. It seems
22 that NBC knew, or should have known, of this contract when it presented its rate
23 case application on October 10, 2018.

1 In terms of regulatory policy, having utilities file for large new expense
2 adjustments for the first time in their rebuttal filing that could have been presented,
3 at least in part, in their direct filings, does not seem to be good regulatory policy
4 and should not be encouraged.

5 **Q. Has NBC established that all of the costs listed in the table on page 25 of**
6 **Harold Smith's rebuttal testimony are "new" maintenance contracts?**

7 A. No. There are concerns that at least some of those maintenance contracts or
8 expenses are not new. Some of the items appear to have had comparative expenses
9 that were incurred and recorded by NBC during the test year. Discovery was asked
10 of NBC in DIV DR sets 2 and 3 about these "new" maintenance contracts.

11 **Q. Please explain the adjustments that you have made to NBC's requested**
12 **expense for "new" maintenance contracts.**

13 A. Using information provided by NBC in response to Division discovery, I have
14 made the following three adjustments to NBC's proposed new \$420,962 expense
15 increase for "new" maintenance contracts:

16 First, I offset the new NBC expense increase with the test year recorded
17 amount for a "new" maintenance contracts for Cisco maintenance expense paid to
18 vendor PCM. This reduced the expense increase by \$15,572. According to NBC's
19 response to DIV DR 3-6(e) in FY 2018, NBC incurred Cisco maintenance expense
20 of \$15,572 paid to vendor PCM and recorded in Account 53630 Maintenance
21 Contracts. The \$20,781 amount for Cisco maintenance listed on page 25 of NBC
22 witness Harold Smith's rebuttal testimony does not represent a "new" incremental
23 cost since a similar item was recorded in the test year. The net of the "new" Cisco

1 maintenance contract for the rate year and the amount recorded for Cisco
2 maintenance in the test year should be used instead.

3 Second and similarly, NBC witness Harold Smith shows an amount for a
4 "new" maintenance contract of \$14,574 for vendor Miele for "Lab Glass wash
5 systems" in the table on page 25 of his rebuttal testimony. Further investigation,
6 however, as described in NBC's response to DIV DR 3-8 indicate that NBC's "new"
7 contract amount is really \$31,974 for that vendor. Moreover, NBC's response to
8 DIV DR 3-8 indicates that NBC had incurred expenses for that vendor (Miele) in
9 FY 2018. NBC provided the related invoices in its response to DIV DR 3-8(c),
10 Attachment 3-8. As shown on Exhibit RCS-4, Schedule RCS-21 those FY2018
11 invoices for Miele total to \$19,153. On Schedule RCS-21 I have netted that
12 FY2018 amount against NBC's proposed "new" maintenance contract adjustment.

13 Third and finally, one of NBC's "new" maintenance contract is with Johnson
14 Controls for mechanical systems. The table on page 25 of Harold Smith's rebuttal
15 testimony lists \$12,878 for the "new" contract with Johnson Controls for
16 maintenance of mechanical systems. As described in NBC's response to DIV DR
17 3-9, NBC has a three-year contract with Johnson Controls effective July 1, 2018
18 through June 30, 2021. A number of concerns exist with respect to this item. One,
19 how could NBC not have known of a contract that became effective on July 1, 2018
20 when it filed its rate case on October 10, 2018? Two, the amount used by NBC in
21 its proposed adjustment does not appear to be correct for the rate year. Three, NBC
22 has stated in response to DIV DR 3-9 that it likely incurred expenses for mechanical
23 systems in FY 2018, but was not able to identify the amounts, claiming that would
24 require extensive research. In its response to DIV DR 3-9, NBC identified some

1 FY2018 invoices for Johnson Controls. Ultimately, it does not appear that NBC
2 has adequately supported a new rate year expense for Johnson Controls as being
3 new or incremental to amounts for mechanical maintenance in the FY2018 test
4 year. On Exhibit RCS-4, Schedule RCS-21, I have therefore removed the \$12,878
5 amount that was listed on page 25 of the Harold Smith rebuttal testimony for a
6 "new" contract for vendor Johnson Controls.

7 With the adjustments described above, the updated rate year amount for
8 Maintenance Contracts is \$1,413,836, which is a \$373,359 increase above the
9 amount from NBC's original October 10, 2018 filing.

10 **Q. Do you agree with NBC's proposal for Collection Posting Notice Fees?**

11 A. No. As described in my direct testimony, revenue collection efforts are viewed as a
12 core business function for NBC. The miscellaneous revenues that has been
13 requested by NBC for the Collection Posting Notice Fees has not been reflected in
14 the Division's presentation of the NBC rate year revenue requirement on Exhibit
15 RCS-4.

16 **Q. What amount of revenue increase is produced by the updates and adjustments**
17 **discussed in your surrebuttal testimony?**

18 A. As shown on Exhibit RCS-4, Schedule RCS-1, the proposed revenue increase for
19 NBC has been adjusted to \$6,631,559.

20 **IV. UPDATED USER CHARGE CALCULATION AND PROOF OF REVENUE**

21 **Q. What is shown on Exhibit RCS-5?**

22 A. Exhibit RCS-5, Schedule A shows the revised User Charge Calculation using the
23 Division's adjusted results. This is similar to NBC's Schedule HJS-27 (filed with

1 NBC's direct testimony), which presented the Company's proposed user charges.
2 Exhibit RCS-5, Schedule B shows the related Rate Year Proof of Revenue with the
3 Rate Increase, using the Division's adjusted results in a format that is similar to
4 NBC's Schedule HJS-28 (filed with NBC's direct testimony).

5 **Q. Does this complete your surrebuttal testimony?**

6 A. Yes, it does.

**Narragansett Bay Commission
Docket No. 4890
Exhibit RCS-4
Division Revenue Requirement and Adjustment Schedules
Accompanying the Surrebuttal Testimony of Ralph Smith**

CONTENTS

Schedule Number	Description	No. of Pages	Revised/ Withdrawn	Comment	Confidential	Page No.
RCS-1	Summary of Revenues and Expenses at Present and Proposed Rates	5	Revised		No	2-6
RCS-2	Summary of Adjustments	3	Revised		No	7-9
RCS-3	NBC Withdrawn Adjustment for Hardship Fund	1			No	10
RCS-4	Remove NBC Adjustment for Declining Billable Consumption	1	Withdrawn		No	11
RCS-5	Adjust Flat Fee Revenue for Residential and Non-Residential	1	Revised	[1]	No	12
RCS-6	Reflect FY2019 Increased Revenue for a Large New Commercial Customer	1	Revised	[2]	No	13
RCS-7	Eliminate NBC Proposed Revenue for New Collection Posting Notice Fee	1			No	14
RCS-8	Environmental Enforcement Revenue	1	Withdrawn		No	15
RCS-9	Capacity Fee Revenue	1			No	16
RCS-10	Biosolids Disposal Expense	1	Revised	[1]	No	17
RCS-11	PUC Assessment	1			No	18
RCS-12	Personnel - Overtime	2			No	19-20
RCS-13	Payroll Tax Expense	1			No	21
RCS-14	Renewable Energy Credit Revenue	1	Revised	[1]	No	22
RCS-15	Chemicals Expense - Hypochlorite and Bisulfite	1	Revised	[1]	No	23
RCS-16	UV Disinfection	1			No	24
RCS-17	Building Repairs and Maintenance	1	Revised	[1]	No	25
RCS-18	Workers Compensation Insurance	1	Revised	[2]	No	26
RCS-19	Operating Allowance	1	Revised	[2]	No	27
	Additional Adjustments:					
RCS-20	Screening and Grit	1	Added	[1]	No	28
RCS-21	Maintenance Contracts	1	Added	[2]	No	29
RCS-22	Electricity Expense	1	Added	[1]	No	30
RCS-23	Gas Expense	1	Added	[1]	No	31
RCS-24	Net Metering Credits and Power Purchase Agreements	1	Added	[1]	No	32
RCS-25	Industrial Consumption Revenue	1	Added	[1]	No	33
	Total Pages (including Contents page)	33				

Notes:

[1] Company rebuttal adjustment accepted

[2] Adjustment recalculated using additional information

Summary of Revenues and Expenses at Present and Proposed Rates

Rate Year Ended June 30, 2020

Revised

Line No.	Description	Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate year at Present Rates (C)	Proposed Revenue Increase (D)	Rate Year at Proposed Rates (E)
1	Total Revenue	\$ 100,861,327	\$ (333,724)	\$ 100,527,603	\$ 6,631,559	\$ 107,159,162
	Operation & Maintenance Expense					
2	Net Personnel Expense	\$ 25,238,332	\$ (31,806)	\$ 25,206,527		\$ 25,206,527
3	Operating Supplies/Expense	\$ 17,211,927	\$ 151,378	\$ 17,363,304		\$ 17,363,304
4	Professional Services Expense	\$ 1,490,491	\$ (201,433)	\$ 1,289,058		\$ 1,289,058
5	Total: Operations & Maintenance Expense	\$ 43,940,749	\$ (81,861)	\$ 43,858,889	\$ -	\$ 43,858,889
6	Depreciation Expense	\$ -	\$ -	\$ -		\$ -
7	Operating Capital	\$ -	\$ -	\$ -		\$ -
	Debt Service					
8	Debt Service	\$ 50,113,912	\$ -	\$ 50,113,912		\$ 50,113,912
9	Debt Service Coverage	\$ 12,528,478	\$ -	\$ 12,528,478		\$ 12,528,478
10	Operating Allowance	\$ 659,111	\$ (1,228)	\$ 657,883		\$ 657,883
11	Hardship Fund	\$ 7,500	\$ (7,500)	\$ -		\$ -
12	Total Revenue Requirement	\$ 107,249,751	\$ (90,589)	\$ 107,159,162	\$ -	\$ 107,159,162
13	Net Income	\$ (6,388,424)	\$ (243,135)	\$ (6,631,559)	\$ 6,631,559	\$ -

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" column

Column B: Schedule RCS-2

Summary of Revenues at Present and Proposed Rates

Rate Year Ended June 30, 2020

Revised

Line No.	Account	Description	Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate year at Present Rates (C)
1		Revenue			
2	41000	Flat Fees Residential	\$ 26,992,885	\$ 57,907	\$ 27,050,793
3	41100	Consumption Fee - Residential	\$ 29,645,250		\$ 29,645,250
4	41501 41502	Flat Fees Commercial/Industrial	\$ 14,855,924	\$ (309,040)	\$ 14,546,884
5	41510	Consumption Fee - Commercial	\$ 24,617,966	\$ 52,730	\$ 24,670,696
6	41511	Consumption Fee - Industrial	\$ 2,222,684	\$ 61,522	\$ 2,284,206
7	42000	Pretreatment Fees	\$ 62,800		\$ 62,800
8	42500	Connection Permit Fees	\$ 43,580		\$ 43,580
9		Capacity Charge	\$ 109,550	\$ 19,250	\$ 128,800
10	42599	Real Estate Closing Fee	\$ 204,120		\$ 204,120
11	42600	Abatement Application Fee	\$ 6,720		\$ 6,720
12	42602	Returned Check Fee	\$ 20,670		\$ 20,670
13	42603	Collection Posting Notice Fee	\$ 213,000	\$ (213,000)	\$ -
14	42604	REC Income Field's Point Turbines	\$ 155,595	\$ (1,087)	\$ 154,508
15	42605	REC Income WED Turbines	\$ 177,169	\$ (1,331)	\$ 175,838
16	42606	REC Income WED Solar	\$ 89,657	\$ (674)	\$ 88,983
17	43500	Septage Income	\$ 333,037		\$ 333,037
18	45100	Interest Income Revenue	\$ 136,230		\$ 136,230
19	45200	Interest Income O & M	\$ 63,177		\$ 63,177
20	45500	Late Charge Penalty	\$ 796,362		\$ 796,362
21	46500	Environmental Enforcement	\$ -	\$ -	\$ -
22	49000	Discounts Earned	\$ 4,743		\$ 4,743
23	49002	Miscellaneous Income	\$ 30,733		\$ 30,733
24	49003	Rental Revenue	\$ 79,475		\$ 79,475
25		TOTAL REVENUE	<u>\$ 100,861,327</u>	<u>\$ (333,724)</u>	<u>\$ 100,527,603</u>

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" column

Column B: Schedule RCS-2

Summary of Net Personnel Expenses at Present and Proposed Rates
Rate Year Ended June 30, 2020

Line No.	Account	Description	Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate year at Present Rates (C)
Operation & Maintenance Expense					
Personnel					
1	52100	Union - Regular	\$ 6,277,461		\$ 6,277,461
2	52150	Union Overtime	\$ 646,469	\$ (35,569)	\$ 610,900
3	52300	Non-Union Regular	\$ 10,440,215		\$ 10,440,215
4	52350	Non-Union Overtime	\$ 176,478	\$ 6,024	\$ 182,501
5	52400	Non-Union Limited	\$ 20,181		\$ 20,181
6	52800	Union Pension	\$ 1,719,397		\$ 1,719,397
7	52810	FICA	\$ 1,323,252	\$ (2,260)	\$ 1,320,991
8	52820	Unemployment	\$ 15,353		\$ 15,353
9	52920	Non Union Pension	\$ 1,063,687		\$ 1,063,687
10	52940	Union Retirement Health	\$ 417,451		\$ 417,451
11	52950	Health Insurance	\$ 4,408,011		\$ 4,408,011
12	52970	Dental Insurance	\$ 294,725		\$ 294,725
13	52980	Vision Insurance	\$ 45,532		\$ 45,532
14	52990	Disability Insurance	\$ 40,901		\$ 40,901
15		Total Personnel	<u>\$ 26,889,113</u>	<u>\$ (31,806)</u>	<u>\$ 26,857,308</u>
16	59000	Salary Reimbursement	\$ (1,077,055)		\$ (1,077,055)
17	59001	Fringe Reimbursement	\$ (573,726)		\$ (573,726)
18		Net Personnel	<u>\$ 25,238,332</u>	<u>\$ (31,806)</u>	<u>\$ 25,206,527</u>
19					

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" column

Column B: Schedule RCS-2

Summary of Operating Supplies Expense

Rate Year Ended June 30, 2020

Revised

Line No.	Account	Description	Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate year at Present Rates (C)
		Operating Supplies/Expense			
1	52610	Medical Services	\$ 9,328		\$ 9,328
2	53200	Bad Debt Expense	\$ 97,396		\$ 97,396
3	53210	Postage	\$ 397,395		\$ 397,395
4	53240	Dues & Subscriptions	\$ 56,310		\$ 56,310
5	53250	Freight	\$ 46,775		\$ 46,775
6	53310	Printing & Binding	\$ 134,638		\$ 134,638
7	53320	Advertising	\$ 8,752		\$ 8,752
8	53330	Rental- Equipment	\$ 13,594		\$ 13,594
9	53340	Rental- Clothing	\$ 22,783		\$ 22,783
10	53350	Rental-Outside Property	\$ 13,441		\$ 13,441
11	53360	Miscellaneous Expense	\$ 4,956		\$ 4,956
12	53370	Public Outreach Education	\$ 42,358		\$ 42,358
13	53380	Environmental Enforcement Fund	\$ -		\$ -
14	53410	Local Travel	\$ 1,737		\$ 1,737
15	53420	Long Distance Travel	\$ 66,979		\$ 66,979
16	53470	Building & Ground Maintenance	\$ 336,501	\$ (67,372)	\$ 269,129
17	53480	Biosolids Disposal	\$ 5,330,499	\$ 153,588	\$ 5,484,087
18	53490	Screening & Grit Disposal	\$ 210,874	\$ 38,379	\$ 249,253
19	53510	Vehicle Fuel & Maintenance	\$ 191,410		\$ 191,410
20	53610	Repairs Building, Structure, Equipment	\$ 1,008,098	\$ 18,583	\$ 1,026,681
21	53620	Repair-Highway & Walks	\$ 4,528		\$ 4,528
22	53630	Maintenance Contracts	\$ 1,040,477	\$ 373,359	\$ 1,413,837
23	53635	Maintenance Contracts - Office Equipment	\$ 132,703		\$ 132,703
24	53640	Service Agreements	\$ 362,767		\$ 362,767
25	53650	Highway & Landscape	\$ 12,397		\$ 12,397
26	53660	Insurance	\$ 749,018		\$ 749,018
27	53680	Workers' Compensation Insurance	\$ 568,033	\$ (95,465)	\$ 472,568
28	53690	Workers Comp. - Old Claims	\$ -		\$ -
29	53900	Central Phone Services	\$ 4,761		\$ 4,761
30	54000	Telephone	\$ 186,299		\$ 186,299
31	54020	Fuel Oil #2 - Diesel	\$ 22,515		\$ 22,515
32	54060	Fuel-Gas	\$ 338,381	\$ 343,845	\$ 682,226
33	54090	Electricity	\$ 4,449,386	\$ (610,030)	\$ 3,839,356
34	54091	Net Metering Credit	\$ (1,901,704)	\$ (795,911)	\$ (2,697,615)
35	54092	Field's Point Turbines	\$ 184,000		\$ 184,000
36	54093	WED Turbines	\$ 330,000		\$ 330,000
37	54095	WED PPA	\$ 479,265	\$ 605,859	\$ 1,085,124
38	54110	Water	\$ 78,619		\$ 78,619
39	54200	Clothing	\$ 28,628		\$ 28,628
40	54330	Chem, House, Laund Supp.	\$ -		\$ -
41	54332	Chlorine/Hypochlorite	\$ 367,373	\$ 86,208	\$ 453,581
42	54333	Carbon Feed	\$ 2,890		\$ 2,890
43	54335	Polymer	\$ 105,078		\$ 105,078
44	54336	Sodium Hydroxide	\$ -		\$ -
45	54337	Sodium Bisulfite	\$ 295,148	\$ 118,714	\$ 413,862
46	54338	Soda Ash	\$ 45,192		\$ 45,192
47	54339	UV Disinfection	\$ 193,380	\$ (18,380)	\$ 175,000
48	54340	Lab Supplies	\$ 354,321		\$ 354,321
49	54370	Supplies Building & Maintenance	\$ 465,467		\$ 465,467
50	54410	Educational Supplies & Expense	\$ 58,745		\$ 58,745
51	54420	Computer Supplies	\$ 95,302		\$ 95,302
52	54430	Other Operating Supplies & Expense	\$ 13,253		\$ 13,253
53	54440	Safety Equipment	\$ 53,415		\$ 53,415
54	54500	Office Expense	\$ 98,465		\$ 98,465
55	57913	Lease Expense	\$ -		\$ -
56	57800	Bond And Note Fees	\$ -		\$ -
57		Total Operating Supplies/Expense	\$ 17,211,927	\$ 151,378	\$ 17,363,304

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" column

Column B: Schedule RCS-2

Summary of Professional Services Expense, Debt Service, Operating Allowance and Hardship Fund
Rate Year Ended June 30, 2020

Line No.	Account	Description	Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate year at Present Rates (C)
		Professional Services Expense			
1	52600	Regulatory Expense	\$ 818,273	\$ (201,433)	\$ 616,840
2	52650	Security Services	\$ 32,787		\$ 32,787
3	52660	Legal Services	\$ 200,062		\$ 200,062
4	52670	Management/Audit Services	\$ 188,918		\$ 188,918
5	52680	Clerical Services	\$ 67,777		\$ 67,777
6	52690	Other Services	\$ 182,674		\$ 182,674
7		Total Professional Services	<u>\$ 1,490,491</u>	<u>\$ (201,433)</u>	<u>\$ 1,289,058</u>
8					
9		Depreciation	<u>\$ -</u>		<u>\$ -</u>
10					
11		Operating Capital	<u>\$ -</u>		<u>\$ -</u>
12					
13		Debt Service			
14		Debt Service	\$ 50,113,912		\$ 50,113,912
15		Debt Service Coverage	\$ 12,528,478		\$ 12,528,478
16		Total Debt Service	<u>\$ 62,642,390</u>	<u>\$ -</u>	<u>\$ 62,642,390</u>
17					
18		Operating Allowance and Hardship Fund			
19		Operating Allowance	<u>\$ 659,111</u>	<u>\$ (1,228)</u>	<u>\$ 657,883</u>
20		Hardship Fund	<u>\$ 7,500</u>	<u>\$ (7,500)</u>	<u>\$ -</u>

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" column

Column B: Schedule RCS-2

Line No.	Description	Division Adjustments (A)	Hardship Fund (1) RCS-3	Remove NBC Adjustment for Declining Billable Consumption (2) RCS-4 Withdrawn	Adjust Flat Fee Revenue to Rate Year Billing Units (3) RCS-5 Revised	Reflect FY2019 Increased Revenue for a Large New Commercial Customer (4) RCS-6 Revised	Eliminate NBC Proposed Revenue for New Collection Posting Notice Fee (5) RCS-7	Environmental Enforcement Revenue (6) RCS-8 Withdrawn	Capacity Fee Revenue (7) RCS-9
1	Total Revenue	\$ (333,724)			\$ (251,133)	\$ 52,730	\$ (213,000)		\$ 19,250
	Operation & Maintenance Expense								
2	Net Personnel Expense	\$ (31,806)							
3	Operating Supplies/Expense	\$ 151,378							
4	Professional Services Expense	\$ (201,433)							
5	Total: Operations & Maintenance Expense	\$ (81,861)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Depreciation Expense	\$ -							
7	Operating Capital	\$ -							
	Debt Service	\$ -							
8	Debt Service	\$ -							
9	Debt Service Coverage	\$ -							
10	Operating Allowance	\$ (1,228)							
11	Hardship Fund	\$ (7,500)	\$ (7,500)						
12	Total Revenue Requirement	\$ (90,589)	\$ (7,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Net Income	\$ (243,135)	\$ 7,500	\$ -	\$ (251,133)	\$ 52,730	\$ (213,000)	\$ -	\$ 19,250

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" column

Column B: Schedule RCS-2

Line No.	Description	Biosolids Disposal Expense (8) RCS-10 Revised	PUC Assessment (9) RCS-11	Personnel - Overtime (10) RCS-12	Payroll Tax Expense (11) RCS-13	Renewable Energy Credit Revenue (12) RCS-14 Revised	Chemicals Expense - Hypochlorite and Bisulfite (13) RCS-15 Revised	UV Disinfection (14) RCS-16	Building Repairs and Maintenance (15) RCS-17 Revised	Workers Compensation Insurance (16) RCS-18 Revised
1	Total Revenue					\$ (3,093)				
	Operation & Maintenance Expense									
2	Net Personnel Expense			\$ (29,545)	\$ (2,260)					
3	Operating Supplies/Expense	\$ 153,588					\$ 204,922	\$ (18,380)	\$ (48,789)	\$ (95,465)
4	Professional Services Expense		\$ (201,433)							
5	Total: Operations & Maintenance Expense	\$ 153,588	\$ (201,433)	\$ (29,545)	\$ (2,260)	\$ -	\$ 204,922	\$ (18,380)	\$ (48,789)	\$ (95,465)
6	Depreciation Expense									
7	Operating Capital									
	Debt Service									
8	Debt Service									
9	Debt Service Coverage									
10	Operating Allowance									
11	Hardship Fund									
12	Total Revenue Requirement	\$ 153,588	\$ (201,433)	\$ (29,545)	\$ (2,260)	\$ -	\$ 204,922	\$ (18,380)	\$ (48,789)	\$ (95,465)
13	Net Income	\$ (153,588)	\$ 201,433	\$ 29,545	\$ 2,260	\$ (3,093)	\$ (204,922)	\$ 18,380	\$ 48,789	\$ 95,465

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" col

Column B: Schedule RCS-2

Line No.	Description	Operating Allowance (17) RCS-19 Revised	Screening and Grit (18) RCS-20 Added	Maintenance Contracts (19) RCS-21 Added	Electricity Expense (20) RCS-22 Added	Gas Expense (21) RCS-23 Added	Net Metering Credits and Power Purchase Agreements (22) RCS-24 Added	Industrial Consumption Revenue (23) RCS-25 Added
1	Total Revenue							\$ 61,522
	Operation & Maintenance Expense							
2	Net Personnel Expense							
3	Operating Supplies/Expense		\$ 38,379	\$ 373,359	\$ (610,030)	\$ 343,845	\$ (190,052)	
4	Professional Services Expense							
5	Total: Operations & Maintenance Expense	\$ -	\$ 38,379	\$ 373,359	\$ (610,030)	\$ 343,845	\$ (190,052)	\$ -
6	Depreciation Expense							
7	Operating Capital							
	Debt Service							
8	Debt Service							
9	Debt Service Coverage							
10	Operating Allowance	\$ (1,228)						
11	Hardship Fund							
12	Total Revenue Requirement	\$ (1,228)	\$ 38,379	\$ 373,359	\$ (610,030)	\$ 343,845	\$ (190,052)	\$ -
13	Net Income	\$ 1,228	\$ (38,379)	\$ (373,359)	\$ 610,030	\$ (343,845)	\$ 190,052	\$ 61,522

Notes and Source

Column A: Company Schedule HJS-1, "Rate Year 6/30/20" colu

Column B: Schedule RCS-2

Narragansett Bay Commission

Docket No. 4890

NBC Withdrawn Adjustment for Hardship Fund

Schedule RCS-3

Rate Year Ended June 30, 2020

Page 1 of 1

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Division Adjustment (A)</u>	<u>Reference</u>
1		Hardship Fund	<u>\$ (7,500)</u>	NBC Schedule HJS-1

Narragansett Bay Commission
Remove NBC Adjustment for Declining Billable Consumption

Docket No. 4890
Schedule RCS-4
Page 1 of 1

Rate Year Ended June 30, 2020

Line No.	Account	Description	Per Company (A)	Per Division (B)	Division Adjustment (C)	Reference
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Adjustment withdrawn - NBC amount accepted

Narragansett Bay Commission
Adjust Flat Fee Revenue for Residential and Non-Residential
Adjust Billable Revenue for Residential Dwelling Units to Rate Year Level
Adjust Flat Fees for Non-Residential Dwelling Units to Rate Year Level
Rate Year Ended June 30, 2020

Docket No. 4890
Schedule RCS-5
Page 1 of 1
Revised

Line No.	Account	Description	Per Company (A)	Per Division (B)	Division Adjustment (C)	Reference	
I. Residential							
1		Residential Dwelling Units Test Year	119,798			NBC Schedule HJS-2A and HJS-26	
2		Residential Dwelling Units Rate Year		120,055		NBC Response to Div 1-26 and 1-27	
3		Current Rate	\$ 225.32	\$ 225.32		NBC Schedule HJS-2A	
4	41000	Flat Fees Residential	<u>\$ 26,992,885</u>	<u>\$ 27,050,793</u>	<u>\$ 57,907</u>		
II. Flat Fees Non-Residential							
			NBC Rate Year as Filed (D)	NBC Rebuttal Adjustments (E)	NBC Rebuttal Rate Year (F)	Current Rate (G)	Division Adjustment Non-Residential Fees Revenue Adjustment (H) = E x G
5	41501 41502	Meter Size					
6		5/8"	3,530	(65)	3,465	\$ 539	\$ (35,035)
7		3/4"	1,014	(15)	999	\$ 805	\$ (12,075)
8		1"	1,216	11	1,227	\$ 1,339	\$ 14,729
9		1 1/2"	825	(16)	809	\$ 2,685	\$ (42,960)
10		2"	1,229	(57)	1,172	\$ 4,288	\$ (244,416)
11		3"	80	1	81	\$ 8,034	\$ 8,034
12		4"	38	(1)	37	\$ 13,387	\$ (13,387)
13		6"	42	(1)	41	\$ 26,785	\$ (26,785)
14		8"	16	1	17	\$ 42,855	\$ 42,855
15		10"	1	-	1	\$ 61,607	\$ -
16		Total	<u>7,991</u>	<u>(142)</u>	<u>7,849</u>		<u>\$ (309,040)</u>
III. Net Adjustment to Flat Fee Revenue							
17		Residential				Line 4, Col. C	\$ 57,907
18		Non-Residential				Line 16, Col. H	\$ (309,040)
19		Net Adjustment					<u>\$ (251,133)</u>

Notes and Source

Lines 5-16: NBC Rebuttal Schedules HJSR-2 and HJSR-4

Narragansett Bay Commission
 Reflect FY2019 Increased Revenue for a Large New Commercial Customer

Docket No. 4890
 Schedule RCS-6
 Page 1 of 1
 Revised

Rate Year Ended June 30, 2020

Line No.	Account	Description	Per Company (A)	Per Division (B)	Division Adjustment (C)	Reference
1		Commerical Customer Usage (HCF)		10,000 [B]		Updated annual billable consumption NBC Schedule HJS - 2A
2		Rate		\$ 5.273		
3	41510	Consumption Fee - Commercial	<u>\$ -</u>	<u>\$ 52,730</u>	<u>\$ 52,730</u>	

Notes and Source

- [A] NBC response to Division 1-8 snf 1-14, Fiscal Year 2019 Budget, page 6, stated that:
 "this year's budget includes increased user fee revenue of \$426,218 related to a new large user that is connecting to NBS' system enabled by the Johnston Sewer Improvements/Greenville Project."

Narragansett Bay Commission

Docket No. 4890

Eliminate NBC Proposed Revenue for New Collection Posting Notice Fee
Rate Year Ended June 30, 2020

Schedule RCS-7

Page 1 of 1

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>Division Adjustment (A)</u>	<u>Reference</u>
1	42603	Collection Posting Notice Fee	<u>\$ (213,000)</u>	NBC Schedule HJS-1

Narragansett Bay Commission
Environmental Enforcement Revenue

Docket No. 4890
Schedule RCS-8
Page 1 of 1

Rate Year Ended June 30, 2020

<u>Line</u> <u>No.</u>	<u>Account</u>	<u>Years Ending June 30,</u>	<u>Environmental</u> <u>Enforcement</u> <u>Revenue</u>
	Adjustment withdrawn - NBC amount accepted		

Rate Year Ended June 30, 2020

Per Company						Per Division					
Line No.	Meter Size (A)	Factor (B)	Rate (C)	Permits (D)	Capacity Revenue (E)	Residential Accounts (F)	Number of Non-Residential Meters, by Meter Size (G)	Estimated Number of Meters by Meter Size (H)	Proportion of Meters 2" or Less (I)	Estimated Permits By Meter Size (J)	Capacity Revenue (K)
1	5/8"	1	\$ 350	313 *	\$ 109,550	76,725 [a]	3,530	80,255	95%	297	\$ 103,950
2	3/4"	1.50	\$ 525				1,014	1,014	1%	4	\$ 2,100
3	1"	2.50	\$ 875				1,216	1,216	1%	4	\$ 3,500
4	1 1/2"	5.00	\$ 1,750				825	825	1%	3	\$ 5,250
5	2"	8.00	\$ 2,800				1,229	1,229	1%	5	\$ 14,000
6	3"	15.00	\$ 5,250				80	80			
7	4"	25.00	\$ 8,750				38	38			
8	6"	50.00	\$ 17,500				42	42			
9	8"	80.00	\$ 28,000				16	16			
10	10"	115.00	\$ 40,250				1	1			
11	Total meter counts - Commercial and Industrial						7,991 [b]	84,716	100%		
12	Total meter counts - meters 2" or less					76,725	7,814	84,539			
13	Total estimated permits			313						313	
14	Estimated Capacity Charge Revenue				\$ 109,550						\$ 128,800
15	Adjustment to Capacity Charge Revenue										\$ 19,250

Notes and Source:

Col's A through E: NBC Schedule HJS-31

Col.D: NBC's footnote states that:

"* We are unable to determine meter size per permit issued, assume all at 5/8" meter size."

Column F: Number of Residential accounts from NBC's Fiscal Year 2019 Budget, page 71

For purposes of this calculation, we do not have a breakout of Residential accounts by meter size, so reflect all in the 5/8-inch category

Column G: Number of Meters - Commercial and Industrial is from NBC Schedule HJS-2, Test Year Units

Column H: Division estimate assumes the number of permits would be roughly proportionate to meter counts for meters that are 2" or less in diameter

Narragansett Bay Commission
Biosolids Disposal Expense

Rate Year Ended June 30, 2020

Docket No. 4890
Schedule RCS-10
Page 1 of 1
Revised

Line No.	Account	Description	FY 2018 Test Year Actual (A)	FY 2019 Budget (B)	FY 2020 Rate Year Per Company Direct (C)	FY 2020 Rate Year Per Company Rebuttal (C-1)	FY 2020 Rate Year Per Division (D) Revised	Division Adjustment (E) = D-C
		Biosolids Dry Tons						
1		Field's Point Dry Tons	8,465	8,274	9,269			
2		Bucklin Point Dry Tons	2,033	2,124	1,928			
3		Total Dry Tons	<u>10,498</u>	<u>10,398</u>	<u>11,197</u>	<u>10,911</u>	<u>10,911</u>	
4		Change from FY 2018		<u>(100)</u>	<u>699</u>			
5		Change from FY 2019			<u>799</u>			
6		Total Expense	<u>\$ 4,731,063</u>	<u>\$ 4,808,259</u>	<u>\$ 5,330,499</u>	<u>\$ 5,484,087</u>	<u>\$ 5,484,087</u>	
7	53480	Expense Adjustment			<u>\$ 5,330,499</u>		<u>\$ 5,484,087</u>	<u>\$ 153,588</u>
		Increase Over FY 2019 Budget Amount						
8		Dollar Increase			\$ 522,240		\$ 675,828	<u>\$ 153,588</u>
9		Percent Increase			10.9%		14.1%	

Notes and Source

Cols. A and B: NBC's response sto Division 1-47

Col. C: NBC Schedule HJS-10

Col. C-1: NBC Bebuttal Schedule HJSR-6 Biosolids

Col.D: **Division Revised uses Rate and Dry Tons Quantify from NBC Rebuttal**

		FY 2018 Test Year Actual	FY 2019 Budget	FY 2020 Rate Year Per Company Direct	FY 2020 Rate Year Per Company Rebuttal	FY 2020 Rate Year Per Division	Reference
10	Average Cost per Dry Ton	\$ 450.66	\$ 462.42	\$ 476.06	\$ 502.62	\$ 502.62	L6 / L3

Narragansett Bay Commission
PUC Assessment

Docket No. 4890
Schedule RCS-11
Page 1 of 1

Rate Year Ended June 30, 2020

Line No.	Account	Description	FY 2018 Test Year Actual (A)	FY 2019 Assessment (B)	FY 2020 Rate Year Per Company (C)	FY 2020 Rate Year Per Division (D)	Division Adjustment (E) = D-C
1		PUC Assessment	<u>\$ 494,662</u>	<u>\$ 486,201</u>	<u>\$ 736,254</u>	<u>\$ 534,821</u>	
2	52600	Expense Adjustment			<u>\$ 736,254</u>	<u>\$ 534,821</u>	<u>\$ (201,433)</u>
		Increase Over FY 2019 PUC Assessment Amount					
3		Dollar Increase			\$ 250,053	\$ 48,620	<u>\$ (201,433)</u>
4		Percent Increase			51.4%	10.0%	

Notes and Source

Col.A and C: NBC Schedule HJS-21

Col.B: FY 2019 Total Assessment

5 Invoice dated 7/2/2018

\$ 100,000

NBC Response to Division 1-56

6 Invoice dated 1/1/2019

\$ 386,201

Per Division

7 Total FY 2019 assessment

\$ 486,201

Col.D: Estimated increase for FY 2020 assessment

8 Total FY 2019 assessment

\$ 486,201

Line 7

9 Estimated increase for FY 2020 assessment

10%

Estimate

10 Estimated FY 2020 assessment

\$ 534,821

L8 x (1 + L9)

Narragansett Bay Commission
Personnel - Overtime

Docket No. 4890
Schedule RCS-12
Page 1 of 2

Rate Year Ended June 30, 2020

Line No.	Account	Description	Per Company (A)	Per Division - Escalate FY 2019 Budget Amount For One Year to Derive FY 2020 Estimate (B)	Division Adjustment (C)
		Union Overtime			
1		FY2018 Overtime			
2		7/1/18 COLA/Merit			
3		FY 2019 Overtime	\$ 630,701	\$ 596,000	
4		7/1/19 COLA/Merit	2.50%	2.50%	
5	52150	Rate Year Overtime	<u>\$ 646,469</u>	<u>\$ 610,900</u>	<u>\$ (35,569)</u>
		Non-Union Overtime			
6		FY2018 Overtime			
7		7/1/18 COLA/Merit			
8		FY 2019 Overtime	\$ 172,173	\$ 178,050	
9		7/1/19 COLA/Merit	2.50%	2.50%	
10	52350	Rate Year Overtime	<u>\$ 176,478</u>	<u>\$ 182,501</u>	<u>\$ 6,024</u>
11		Total Adjustment to Overtime	<u>\$ 822,947</u>	<u>\$ 793,401</u>	<u>\$ (29,545)</u>

Notes and Source:

Col A: NBC Schedule HJS-6

Col B: NBC's response to Data Request DPS 1-08, Fiscal Year 2019 Budget, page 91

Rate Year Ended June 30, 2020

Line No.	Account	Description	Per Company (A)	Per Division - Average FY 2017 and FY 2018 for Normal Level - Escalated for Two Years to Derive FY 2020 Estimate (B)	Division Adjustment (C)
Union Overtime					
1		FY2018 Overtime		\$ 588,535	
2		7/1/18 COLA/Merit		2.50%	
3		FY 2019 Overtime	\$ 630,701	\$ 603,248	
4		7/1/19 COLA/Merit	2.50%	2.50%	
5	52150	Rate Year Overtime	<u>\$ 646,469</u>	<u>\$ 618,330</u>	<u>\$ (28,139)</u>
Non-Union Overtime					
6		FY2018 Overtime		\$ 151,276	
7		7/1/18 COLA/Merit		2.50%	
8		FY 2019 Overtime	\$ 172,173	\$ 155,058	
9		7/1/19 COLA/Merit	2.50%	2.50%	
10	52350	Rate Year Overtime	<u>\$ 176,478</u>	<u>\$ 158,934</u>	<u>\$ (17,543)</u>
11		Totals	<u>\$ 822,947</u>	<u>\$ 777,264</u>	<u>\$ (45,683)</u>

Notes and Source:

Col A: NBC Schedule HJS-6

Col B: NBC's response to Data Request DPS 1-45:

Union Overtime		
12	FY 2017 Overtime Dollars	\$ 591,401
13	FY 2018 Overtime Dollars	585,669
14	Average Overtime - Use as Normal Level Before Escalation	<u>\$ 588,535</u>
Non-Union Overtime		
15	FY 2017 Overtime Dollars	\$ 134,578
16	FY 2018 Overtime Dollars	167,974
17	Average Overtime - Use as Normal Level Before Escalation	<u>\$ 151,276</u>

Narragansett Bay Commission
Payroll Tax Expense

Docket No. 4890
Schedule RCS-13
Page 1 of 1

Rate Year Ended June 30, 2020

Line No.	Account	Description	Division Adjustment (A)	Reference
		Social Security		
1		Rate Year Overtime Expense Adjustment	\$ (29,545)	Schedule RCS-12, Page 1
2		FICA rate	6.20%	NBC Schedule HJS-6
3		Rate Year Social Security	<u>\$ (1,832)</u>	
		Medicare		
4		Rate Year Overtime Expense Adjustment	\$ (29,545)	Schedule RCS-12, Page 1
5		Medicare rate	1.45%	NBC Schedule HJS-6
6		Rate Year Medicare	<u>\$ (428)</u>	
7	52810	Payroll Tax Expense Adjustment	<u>\$ (2,260)</u>	

Rate Year Ended June 30, 2020

Line No.	Account	Description	kWh Production Rate Year (A)	RECs (B)	Rate (C)	Rate Year Revenue (D)
<u>I. Per Company</u>						
1		Field's Point Wind Turbines	7,543,661	7,544	\$ 20.63	\$ 155,595
<u>WED Turbines</u>						
2		WED 1	2,762,872	2,763	\$ 20.63	\$ 56,987
3		WED 2	3,170,200	3,170	20.63	65,381
4		WED 3	2,656,618	2,657	20.63	54,801
5		Total WED Turbines		8,590		\$ 177,169
<u>Solar PPA</u>						
6		K1	1,555,171	1,555	\$ 20.63	\$ 32,072
7		K2	2,791,903	2,792	20.63	57,585
8		Total Solar PPA		4,347		\$ 89,657
9		Totals	20,480,425	20,481		\$ 422,421
<u>II. Per Division</u>						
10		Field's Point Wind Turbines	7,547,708	7,548	\$ 20.47	\$ 154,508
<u>WED Turbines</u>						
11		WED 1	2,762,872	2,763	\$ 20.47	\$ 56,559
12		WED 2	3,170,200	3,170	\$ 20.47	64,890
13		WED 3	2,656,618	2,657	\$ 20.47	54,389
14		Total WED Turbines		8,590		\$ 175,837
<u>Solar PPA</u>						
15		K1	1,555,171	1,555	\$ 20.47	\$ 31,831
16		K2	2,791,903	2,792	\$ 20.47	57,152
17		Total Solar PPA		4,347		\$ 88,983
18		Totals	20,484,472	20,485		\$ 419,328
<u>III. Division Adjustment (Revised)</u>						
				Division Amount (E)	Company Amount (F)	Division Adjustment (G)
19	42604	Division Adjustment - Field's Point Wind Turbines		\$ 154,508	\$ 155,595	\$ (1,087)
20	42605	Division Adjustment -WED Turbines		\$ 175,837	\$ 177,169	\$ (1,331)
21	42606	Division Adjustment - Solar PPA		\$ 88,983	\$ 89,657	\$ (674)
22		Total Division Adjustment		\$ 419,328	\$ 422,421	\$ (3,093)

Notes and Source:

Lines 1-9: NBC Schedule HJS-17

Col. A, Line 10: NBC Schedule HJS-14

Col. C, Lines 10-18: NBC's response to Division 2-23(d)

Narragansett Bay Commission
Chemicals Expense - Hypochlorite and Bisulfite

Docket No. 4890
Schedule RCS-15
Page 1 of 1
Revised

Rate Year Ended June 30, 2020

Line No.	Account	Description	Per Company Direct (A)	Per Company Rebuttal (A-1)	Per Division (Revised) (B)	Division Adjustment (C)
		Hypochlorite				
1		Field's Point (gallons)	651,192			
2		Bucklin Point (gallons)	40,268			
3		Total (gallons)	691,460	853,718	853,718	
4		Rate per Gallon	\$ 0.5313	\$ 0.5313	\$ 0.5313	
5	54332	Total Hypochlorite Expense	\$ 367,373	\$ 453,580	\$ 453,580	\$ 86,208
		Bisulfite				
6		Field's Point (gallons)	218,734			
7		Bucklin Point (gallons)	23,707			
8		Total (gallons)	242,441	339,956	339,956	
9		Rate per Gallon	\$ 1.2174	\$ 1.2174	\$ 1.2174	
10	54337	Total Bisulfite Expense	\$ 295,148	\$ 413,862	\$ 413,862	\$ 118,714
11		Total Adjustment to Chemicals Expense				\$ 204,922

Notes and Source:

Col A: NBC Schedule HJS-20

Col.A-1: NBC Rebuttal Schedule HJSR-9 Chemicals

Col B: Uses NBC Rebuttal Amounts

Rate Year Ended June 30, 2020

Line No.	Account Number	Account Description	FY 2017	Adjusted Test Year FY 2018	Average	Projected FY 2019	Rate Year FY 2020	Rate Year Adjustment
			(A)	(B)	(C)	(D)	(E)	(F)=D - B
Per Company								
1	54339	UV Disinfection	\$ 234,958	\$ 151,801	\$ 193,380	\$ 193,380	\$ 193,380	\$ 41,579
Per Division								
						NBC FY2018 Budget	NBC FY2019 Budget	
2	54339	UV Disinfection		\$ 151,801	\$ 175,000	\$ 175,000	\$ 175,000	\$ 23,199
Division Adjustment to NBC Proposed								
3	54339	UV Disinfection		<u>\$ -</u>		<u>\$ (18,380)</u>	<u>\$ (18,380)</u>	<u>\$ (18,380)</u>

Notes and Source

Per Company amounts are from NBC Schedule HJS-9

Per Division uses the FY 2019 budget amounts from the NBC Fiscal Year 2019 Budget (NBC response to Division 1-9 and 1-14)

Budget amount is the same for FY 2018 and FY2019. Use the FY 2018 and FY 2019 budget amount for the FY 2020 estimate for this expense.

Narragansett Bay Commission
Building Repairs and Maintenance

Docket No. 4890
Schedule RCS-17
Page 1 of 1
Revised

Rate Year Ended June 30, 2020

Line No.	Account Number	Account Description	FY 2016	FY 2017	Adjusted Test Year FY 2018	Annual Increase	Projected FY 2019	Rate Year FY 2020 Escalation	Rate Year FY 2020	Rate Year Adjustment
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)=G - C
Per Company										
1	53470	Building & Ground Maintenance	\$ 151,466	\$ 173,172	\$ 222,421	23%	\$ 273,578	23%	\$ 336,501	\$ 114,080
2	53610	Repairs Building, Structure, Equipment	713,350	692,978	848,496	9%	924,861	9%	1,008,098	159,602
3		Total			<u>\$ 1,070,917</u>		<u>\$ 1,198,439</u>		<u>\$ 1,344,599</u>	<u>\$ 273,682</u>
Per Division (Revised) (also see NBC Rebuttal Exhibit HJSR-11 R&M)										
							FY2019			
4	53470	Building & Ground Maintenance			\$ 222,421	10%	\$ 244,663	10%	\$ 269,129	\$ 46,708
5	53610	Repairs Building, Structure, Equipment			848,496	10%	\$ 933,346	10%	\$ 1,026,681	\$ 178,185
6		Total			<u>\$ 1,070,917</u>		<u>\$ 1,178,009</u>		<u>\$ 1,295,810</u>	<u>\$ 224,893</u>
Division Adjustment to Proposed in NBC Direct										
7	53470	Building & Ground Maintenance			\$ -		\$ (28,915)		\$ (67,372)	\$ (67,372)
8	53610	Repairs Building, Structure, Equipment			\$ -		\$ 8,485		\$ 18,583	\$ 18,583
9		Total			<u>\$ -</u>		<u>\$ (20,430)</u>		<u>\$ (48,789)</u>	<u>\$ (48,789)</u>

Notes and Source

Per Company amounts are from NBC Schedule HJS-8
Per Division (Revised) uses a 10% annual escalation

Narragansett Bay Commission
Workers Compensation Insurance

Docket No. 4890
Schedule RCS-18
Page 1 of 1
Revised

Rate Year Ended June 30, 2020

Line No.	Account	Description	Per Company (A)	Per Division (B)	Division Adjustment (C)
		Actual Expense			
1		FY 2016	\$ 393,571		
2		FY 2017	\$ 443,789		
3		FY 2018	\$ 436,708	\$ 436,708	
4		Average Annual Increase	5%		
5		FY 2019 Premium	\$ 540,984	\$ 477,299	
6		Less Average Workers Comp Dividends/Refunds		\$ (4,731)	
7	53680	Rate Year Expense	\$ 568,033	\$ 472,568	\$ (95,465)
6		Other Information			
		Increase over FY 2018 Test Year			
7		Dollar Increase	\$ 131,325	\$ 35,860	
8		Percent Increase	30.1%	8.2%	

Notes and Source:

Col A: NBC Schedule HJS-13

Col B, line 5: NBC's response to DPS 2-27, Attachment 2-27, (Docket 4890 Division DR 2 page 115) shows an Estimated Annual Workers Compensation premium of \$477,299. NBC's response to DPS 2-27 states that: "NBC also received a lower than projected workers compensation renewal on May 1, 2019."

Col B, line 6: NBC's response to Data Request DPS 1-36 shows actual Workers Compensation Refunds/Dividends:

Year	Refund Amount
FY 2015	\$ 8,033
FY 2016	\$ -
FY 2017	\$ 7,796
FY 2018	\$ 3,093
Average Refunds	\$ 4,731

Narragansett Bay Commission
Operating Allowance

Rate Year Ended June 30, 2020

Docket No. 4890
Schedule RCS-19
Page 1 of 1
Revised

Line No.	Description	Per Company (A)	Per Division (B)	Division Adjustment (C)
1	Net Personnel	\$ 25,238,332	\$ 25,206,527	\$ (31,806)
2	Operating Supplies/Expense	17,211,927	17,363,304	151,378
3	Total Professional Services	1,490,491	1,289,058	(201,433)
4	Total Operations & Maintenance	\$ 43,940,749	\$ 43,858,889	\$ (81,861)
5	Percent Increase	1.5%	1.5%	
6	Operating Allowance	\$ 659,111	\$ 657,883	\$ (1,228)

Notes and Source:

Col. A: NBC Schedule HJS-22

Col. B: Schedule RCS-1

Narragansett Bay Commission
Screening and Grit

Docket No. 4890
Schedule RCS-20
Page 1 of 1
Added

Rate Year Ended June 30, 2020

Line No.	Description	Per Company Direct (A)	Per Company Rebuttal (B)	Per Division (C)	Division Adjustment (D) = (C) - (A)
1	Screening and Grit Expense	<u>\$ 210,874</u>	<u>\$ 249,253</u>	<u>\$ 249,253</u>	<u>\$ 38,379</u>

Notes and Source:

NBC Rebuttal Schedule HJSR-12
Account 53490

Narragansett Bay Commission
Maintenance Contracts

Docket No. 4890
Schedule RCS-21
Page 1 of 1
Added

Rate Year Ended June 30, 2020

Line No.	Description	Per Company Direct (A)	Per Company Rebuttal (B)	Per Division (C)	Division Adjustment (D) = (C) - (A)
1	Maintenance Contracts	<u>\$ 1,040,477</u>	<u>\$ 1,461,439</u>	\$ 1,461,439	\$ 420,962
	Division Adjustments to NBC Rebuttal Adjustment Amount:				
2	Test year recorded amount for Cisco maintenance expense paid to PCM			\$ (15,572)	\$ (15,572)
3	Test year recorded amount for lab glass wash systems/payments to Miele			\$ (19,153)	\$ (19,153)
4	Remove Johnson Controls Maintenance Contract Amount			<u>\$ (12,878)</u>	<u>\$ (12,878)</u>
5	Net Division Adjustment	<u>\$ 1,040,477</u>		<u>\$ 1,413,836</u>	<u>\$ 373,359</u>

Notes and Source:

Line 1: NBC Rebuttal Schedule HJSR-13

Line 2: NBC response to DPS 3-6(e)

Line 3: NBC response to DPS 3-8(c) and (d)

DPS Attachment 3-8 FY2018 payments from invoices

Page #	Amount
143	\$ 285.94
144	\$ 134.00
145	\$ 721.00
146	\$ 17,400.00
147	\$ 611.80
	<u>\$ 19,152.74</u>

Test Year payments to Miele per NBC response to DPS 3-8

Line 4: NBC response to DPS 3-9. NBC has not identified FY2018 amounts for mechanical systems and had paid Johnson Controls for invoices in FY2018.

Account 53630

Narragansett Bay Commission
Electricity Expense

Docket No. 4890
Schedule RCS-22
Page 1 of 1
Added

Rate Year Ended June 30, 2020

Line No.	Description	Per Company Direct (A)	Per Company Rebuttal (B)	Per Division (C)	Division Adjustment (D) = (C) - (A)
1	Electric Expense	<u>\$ 4,449,386</u>	<u>\$ 3,839,356</u>	<u>\$ 3,839,356</u>	<u>\$ (610,030)</u>

Notes and Source:

NBC Rebuttal Excel file "Electricity" tab
Account 54090

Narragansett Bay Commission
Gas Expense

Docket No. 4890
Schedule RCS-23
Page 1 of 1
Added

Rate Year Ended June 30, 2020

Line No.	Description	Per Company Direct (A)	Per Company Rebuttal (B)	Per Division (C)	Division Adjustment (D) = (C) - (A)
1	Gas Expense	<u>\$ 338,381</u>	<u>\$ 682,226</u>	<u>\$ 682,226</u>	<u>\$ 343,845</u>

Notes and Source:

NBC Rebuttal Excel file "Gas" tab
Account 54060

Narragansett Bay Commission
Net Metering Credits and Power Purchase Agreements

Docket No. 4890
Schedule RCS-24
Page 1 of 1
Added

Rate Year Ended June 30, 2020

Line No.	Description	Account	Per Company Direct (A)	Per Company Rebuttal (B)	Per Division (C)	Division Adjustment (D) = (C) - (A)
1	Net Metering Credits	54091	<u>\$ (1,901,704)</u>	<u>\$ (2,697,615)</u>	<u>\$ (2,697,615)</u>	<u>\$ (795,911)</u>
2	Power Purchase Agreements	54095	<u>\$ 479,265</u>	<u>\$ 1,085,124</u>	<u>\$ 1,085,124</u>	<u>\$ 605,859</u>
3	Net Adjustment					<u>\$ (190,052)</u>

Notes and Source:

NBC Rebuttal Schedule HJSR-14

Narragansett Bay Commission
Industrial Consumption

Rate Year Ended June 30, 2020

Docket No. 4890
Schedule RCS-25
Page 1 of 1
Added

Line No.	Description	Account	Per Company Direct (A)	Per Company Rebuttal (B)	Per Division (C)	Division Adjustment (D) = (C) - (A)
1	Units		655,659	673,807	673,807	
2	Rate		\$ 3,390	\$ 3,390	\$ 3,390	
3	Revenue	41511	<u>\$ 2,222,684</u>	<u>\$ 2,284,206</u>	<u>\$ 2,284,206</u>	<u>\$ 61,522</u>

Notes and Source:

NBC Rebuttal Schedule HJSR-2 and HJSR-3

User Charge Calculation

Projected Rate Year Revenue Requirements	\$ 107,159,162
Less: Projected Rate Year Miscellaneous Revenues	(2,329,775)
Net Revenue Requirements to be Recovered through User Charges	\$ 104,829,387

	Rebuttal Rate Year Revenue at Test Year Rates	Allocation of Pretreatment Permit Costs	Rebuttal Rate Year Revenue at Adjusted Test Year Rates	Total Necessary Rebuttal Rate Year Revenue for Sufficiency
Residential Customer Charges	\$ 26,902,536	\$ -	\$ 26,902,536	\$ 28,428,796
Residential Wells	148,257	-	148,257	156,668
Residential Consumption Charges	29,645,250	-	29,645,250	31,327,113
Commercial & Industrial Flat Fees	14,546,884	-	14,546,884	15,372,172
Commercial Consumption Charges	24,670,696	877,215	25,547,910	26,997,319
Industrial Consumption Charges	2,284,206	126,355	2,410,561	2,547,319
	\$ 98,197,828	\$ 1,003,570	\$ 99,201,398	\$ 104,829,387

Calculation of New User Charges

Residential Well Charge

Revenue to be Recovered	\$ 156,668
Annual Wells	288
Calculated Residential Customer Charge per Dwelling Unit	\$ 543.99

Residential Customer Charge

Revenue to be Recovered	\$ 28,428,796
Annual Dwelling Units	120,055
Calculated Residential Customer Charge per Dwelling Unit	\$ 236.80

Residential Consumption Charge

Revenue to be Recovered	\$ 31,327,113
Annual Billable Consumption (HCF)	8,152,818
Calculated Residential Consumption Charge per HCF	\$ 3.842

Commercial & Industrial Customer Charge

Revenue to be Recovered	\$ 15,372,172
Annual Equivalent Units	27,068
Calculated Equivalent Customer Charge	\$ 568
Calculated Customer Charge per Meter Size	
5/8"	\$ 568
3/4"	852
1"	1,420
1 1/2"	2,840
2"	4,544
3"	8,520
4"	14,200
6"	28,400
8"	45,440
10"	65,320

Commercial Consumption Charge

Revenue to be Recovered	\$ 26,997,319
Annual Billable Consumption (Hcf)	4,677,872
Calculated Commercial Consumption Charge per HCF	\$ 5.771

Industrial Consumption Charge

Revenue to be Recovered	\$ 2,547,319
Annual Billable Consumption (Hcf)	673,807
Calculated Industrial Consumption Charge per HCF	\$ 3.780

Rate Year Revenue Proof with Rate Increase

Revenue Item Description	Rate Year Rates	Rate Year Units	Rate Year Revenues
User Fee Revenue			
<u>Residential</u>			
Customer Charges (per dwelling unit)	\$ 236.80	120,055	\$ 28,429,024
Residential Wells	\$ 543.99	288	\$ 156,669
Consumption Charges (per HCF)	\$ 3.842	8,152,818	31,323,127
Total Residential			\$ 59,908,820
<u>Non-Residential</u>			
Commercial and Industrial Customer Charges (per Meter Size)			
5/8"	\$ 568	3,465	\$ 1,968,120
3/4"	852	999	851,148
1"	1,420	1,227	1,742,340
1 1/2"	2,840	809	2,297,560
2"	4,544	1,172	5,325,568
3"	8,520	81	690,120
4"	14,200	37	525,400
6"	28,400	41	1,164,400
8"	45,440	17	772,480
10"	65,320	1	65,320
Subtotal Customer Charges			\$ 15,402,456
Commercial Consumption Charges (per HCF)	\$ 5.771	4,677,872	\$ 26,995,999
Industrial Consumption Charges (per HCF)	\$ 3.780	673,807	\$ 2,546,990
Total Non-Residential			\$ 44,945,446
Total User Fee Revenue			\$ 104,854,266

Non-User Fee Revenues

Pretreatment Fees	\$ 62,800
Connection Permit Fees	43,580
Capacity Charge	128,800
Real Estate Closing Fee	204,120
Abatement Application Fee	6,720
Returned Check Fee	20,670
Collection Posting Notice Fee	-
REC Income*	419,328
Septage Income	333,037
Interest Income Revenue	136,230
Late Charge Penalty	796,362
Environmental Enforcement	-
Discounts Earned	4,743
Miscellaneous Income	30,733
Rental Revenue	79,475
Total Non-User Charge Revenue	\$ 2,329,775

Total Revenue \$ 107,184,041

Total Revenue Requirement \$ 107,159,162

Difference (due to rounding) \$ 24,879