

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT BAY COMMISSION :
GENERAL REQUEST FOR RATE RELIEF : **DOCKET NO. 4890**

REPORT AND ORDER

On October 10, 2018, the Narragansett Bay Commission (NBC or Company) filed an application with the Rhode Island Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws § 39-3-11 to increase rates.¹ The application proposed and sought approval for an additional \$6,388,424 of revenue for a total rate year revenue of \$107,249,751, a 6.33% increase over current rates. The impact on a typical residential customer who uses 150 gallons of water per day would be an increase from \$491.48 to \$518.11, or an additional \$26.63 per year.² The Commission suspended the matter on October 30, 2018, to allow for further review and investigation.

In support of its application, the Company filed the direct testimony and schedules of Harold Smith, a consultant with Raftelis Financial Consulting, and the direct testimony of Kathryn Kelly, CSO (Combined Sewage Overflow) Program Manager at NBC, and Kerry Britt, Pretreatment Program Manager at NBC. NBC used the Fiscal Year Ending (FYE) July 1, 2018 as its test year and FYE July 1, 2020 as its rate year.³

On February 4, 2019, Seth Magaziner, the Rhode Island General Treasurer, and the George Wiley Center moved to intervene. The General Treasurer filed direct testimony and the George Wiley Center filed written comments. Both addressed issues related to affordability for low

¹ R.I. Gen. Laws § 39-3-11 sets forth the process required when a utility company seeks to change its rates.

² The application and all materials filed in this docket can be accessed at:
<http://www.ripuc.org/eventsactions/docket/4890page.html>.

³ Harold Smith Direct at 4, 8 (Oct. 10, 2018).

income residents in the Company's service territory. Notwithstanding the fact that the motions were filed late, the Commission granted the motions to intervene on February 28, 2019. The Providence Apartment Association also filed a late motion to intervene that was granted by the Commission on March 19, 2019.

Mr. Harold Smith⁴ provided direct testimony in support of NBC's request for additional revenue. He listed nine reasons in support of the requested \$6,388,424 increase in revenue: 1) declining consumption; 2) updating of non-residential meters; 3) updating the number of residential billable dwelling units; 4) updating of miscellaneous revenue; 5) creation of a hardship fund; 6) increase in salaries and fringe benefits costs; 7) impact of renewable energy projects; 8) miscellaneous adjustments; and 9) updating of the operating allowance. He divided accounts into four categories: 1) revenue; 2) personnel service; 3) operating supplies/expense; and 4) operating capital accounts. He did not adjust accounts with less than \$200,000, because any change would be immaterial to the overall revenue requirement.⁵

Regarding consumption, Mr. Smith stated that in FY 2018, total billed consumption was lower than the prior three fiscal years and that a decline in both residential and commercial consumption resulted in shortfalls. He noted that NBC was still able to meet its debt service coverage requirements, because approved rates are designed to generate 125% of principal and interest. He calculated a downward adjustment to total consumption from test year levels, because NBC continues to bill below PUC-approved levels. Mr. Smith adjusted miscellaneous revenue accounts to include the addition of a collection notice posting fee, a modification of the

⁴ Since both the NBC and Division witnesses have the surname Smith, Mr. Ralph Smith, the Division's consultant, will be referred to as "the Division".

⁵ Smith Direct at 2-8.

pretreatment fees, a modification to the sewer connection permit fees, and revenue from the sale of Renewable Energy Certificates (RECs). He stated that NBC did not believe that the posting of a collection notice on the premises of a delinquent account should be paid for by all customers. He said that customers are given numerous opportunities to resolve a delinquency before additional collection activity is initiated.⁶

Mr. Smith adjusted personnel expense by increasing the adjusted test year salaries for a 2.5% cost of living adjustment (COLA) for union members, which was negotiated with the union effective July 1, 2018 and July 1, 2019, and a corresponding 2.5% merit increase for non-union employees. He then calculated overtime, increased FICA and Medicare expenses, and adjusted retirement accounts accordingly. He adjusted health insurance costs by using an average of two years of prior increases and applying this amount to the adjusted test year to get the interim year and then again for the rate year.⁷

Mr. Smith adjusted biosolids disposal costs using a two-year average, to reflect an average annual percentage increase over two years, which he then applied to the contracted disposal rate and quantity of dry tons to arrive at the rate year expense. He used the same method to calculate building and ground maintenance expense, repairs to building structure and equipment expense, maintenance expense, and insurance and workers compensation expense. To calculate NBC's rate year natural gas expense, he used a two-year average of therms. For the electricity and related expense calculation, he took into account NBC's renewable energy resources and calculated what was purchased and produced using a two-year average. This calculation also considered net

⁶ *Id.* at 9-12.

⁷ *Id.* at 13-14.

metering credits, the Wind Energy Development (WED) PPA, and the Field's Point and WED turbines.⁸

When adjusting NBC's expense for chemicals, Mr. Smith used a two-year average increase for the chemical cost and a three-year average for the usage for hypochlorite and bisulfite. He used a three-year average of expenses for other chemical related expenses. He increased regulatory expense by \$50,000 annually to reflect \$150,000 of full rate case costs. He removed operating capital from the rate year revenue requirement. And he made one last adjustment to the operating allowance using 1.5% and including personnel services. He stated that the operating allowance should be an unrestricted line item, to allow for flexibility in managing unanticipated expenses. He noted that this is common in the water industry. He stated that NBC proposed the new rates be effective July 1, 2019.⁹

While Mr. Smith did not include any changes to NBC's rate design, he proposed a tariff change that would allow NBC to set a more appropriate charge for customers wanting to downsize meters. He noted that many buildings that were previously used for industrial purposes have been renovated to provide residential or office space and do not need the large meters that previously served industrial customers.¹⁰

Kathryn Kelly provided an update on Phase 3 of the Combined Sewage Overflow (CSO) project. She noted that the cost of Phase 3 is approximately \$779.1 million in 2018 dollars. She

⁸ *Id.* at 15-16.

⁹ *Id.* at 17-19.

¹⁰ *Id.* at 19-20.

provided that NBC renegotiated its Consent Agreement with the Department of Environmental Management, allowing the completion date of the CSO project to be extended to 2041.¹¹

Kerry Britt's testimony discussed NBC's proposed changes to the existing annual permitting fees: 1) eliminating the annual permit fees and 2) establishing a Wastewater Discharge Permit Application Fee, to recover only the costs associated with writing new and renewal permits. She noted that, since all non-residential customers benefit from the Pretreatment Program, other costs for sampling and direct pretreatment costs will be recovered through non-residential volumetric rates that all non-residential customers pay. NBC proposed a three-tier fee structure, based on the time associated with writing new or renewal permits. The first two tiers would be for the significant and non-significant industrial users, while the third tier would be for the commercial users.¹²

Mr. Ralph Smith, a consultant with Larkin & Associates, PLLC, provided testimony on behalf of the Division. After review of NBC's proposed revenue requirement, the Division recommended increasing revenue by \$4,783,146, for total rate year revenue of \$106,458,998, which was \$1,605,278 less than what NBC had proposed. The Division stated that NBC had removed the proposed hardship fund after being questioned about the anticipated impact on uncollectibles, including whether the fund would be anticipated to reduce the uncollectibles expense. The Division noted that the January 1, 2019 rate increase reflected a 2.98% across-the-board increase in user fees to support a \$45 million debt issuance for NBC's capital improvement program (CIP), which it accepted for the amount of adjusted test year user fee revenue of

¹¹ Kathryn Kelly Direct at 1-5 (Oct. 10, 2018).

¹² Kerry Britt Direct at 2-3 (Oct. 10, 2018).

\$98,760,434. However, it rejected NBC's proposal to reduce the adjusted test year user fee revenue by \$425,725 in response to declining residential and commercial usage.¹³

The Division disputed that billable residential consumption declined each year, noting that from FY 2016 to FY 2017, it had increased. The Division also noted that billable residential consumption was not below the level that was used in Docket No. 4478, NBC's last general rate filing, as stated by Mr. Smith. It contended that NBC failed to demonstrate that lower residential water usage in FY 2018 was due to a continuing trend rather than just temporary conditions. It noted that usage fluctuating upward and downward from year to year is not indicative of a trend, and that NBC had failed to establish that residential usage will continue to decrease.

Regarding commercial consumption, the Division stated that total billable consumption for FY 2015, FY 2016, and FY 2017 were all above the levels in its previous general rate case. Industrial consumption was also higher in FY 2014 through FY 2018. The Division pointed out that the billable residential and commercial consumption presented in NBC's budget for FY 2019 was higher than it was in FY 2018. The Division recommended using the FY 2018 test year actual consumption as a basis for rate year consumption for NBC's residential and commercial customers. It stated that, unless NBC can show a continuing trend, no adjustment should be made for residential and commercial consumption beyond the rate year. It recommended that the Commission reject the adjustment for additional declining consumption.¹⁴

Regarding revenues, the Division adjusted the revenue amount to account for an increase in the number of residential dwellings NBC projected for FY 2020, as set forth in its response to Division Data Requests 1-26 and 1-27. The Division increased revenue to reflect an additional

¹³ Division Direct at 3-11 (Feb. 21, 2019).

¹⁴ *Id.* at 12-14.

\$426,218 that NBC expects to be generated by a new large commercial user. It recommended adjusting the proposed rate year amounts to include collection notice posting fees and environmental enforcement penalties. The Division disagreed that individual customers should be charged with a collection notice posting fee, because notice posting is a core function of NBC's general collection activities and normal customer service activity. It expressed a concern that the individuals receiving the notice are those already having trouble paying their bills. To impose an additional charge on those customers would exacerbate uncollectibles and lead to an increased expense that would ultimately be borne by all customers.

The Division stated that even though NBC did not record environmental enforcement revenue last year, such revenue had been recorded in nine of the past ten years. It adjusted this account using an eight-year average, eliminating the high and the low years from the past ten years. Conditioned on increasing revenue by \$19,250 to reflect that 5% of permits are for meters larger than 5/8 inch, the Division accepted NBC's proposed fees for connection permits and capacity charges. It also accepted NBC's proposal to replace the pretreatment permit application fee with a pretreatment annual permit fee.¹⁵

The Division also made a number of adjustments to expenses. For biosolids disposal expense, it recommended using the FY 2019 budgeted quantity and expense and increasing it by 3% to get a rate year amount which is \$377,922 lower than that proposed by NBC. It found rate case expense to be reasonable and recommended updating it at the conclusion of the docket to reflect the actual amount of the expense. Regarding the PUC assessment, the Division reduced NBC's proposed amount of \$736,254 by \$201,433, stating that a 10% increase over the FY 2019

¹⁵ *Id.* at 15-25.

assessment would be reasonable. It disagreed with NBC's proposed overtime expense. Instead, it used the FY 2019 budgeted amount and applied a 2.5% increase to calculate a FY 2020 estimate for overtime that was almost \$30,000 less than what NBC proposed. It then adjusted the payroll tax to reflect the adjustment it made to overtime expense. It asked that NBC clarify the adjustments it made to fringe reimbursement, pension, and post-retirement expense in rebuttal.¹⁶

For electric expense, the Division did not recommend an adjustment but adjusted REC revenue to reflect more current REC prices and to reflect the Field's Point Wind Turbine generation. For NBC's renewable energy projects, it used the 2019 REC price, instead of averaging 2018 and 2019 as NBC did, resulting in an additional \$89,704 in revenue. The Division accepted NBC's natural gas expense and adjusted chemical expense to reflect FY 2019 rates. Instead of the FY 2017 and FY 2018 rates used by NBC for UV disinfection expense, it used FY 2018 and FY 2019 rates. It found NBC's 23% increase to building repairs and maintenance expense to be excessive and, instead, recommended increasing the FY 2019 expense by 5% to derive the FY 2020 rate year expense. For workers' compensation expense, the Division accepted the FY 2019 invoice but recommended against further inflating this amount as NBC did not establish that the expense increased each year. It also recommended adjusting the workers' compensation expense downward by the average amount of dividends received during the past four years to reduce this cost further.¹⁷

Based on its adjustments to revenues and expenses, the Division recalculated NBC's operating allowance, reducing the amount proposed by NBC by \$11,575. It did not recommend

¹⁶ *Id.* at 25-32.

¹⁷ *Id.* at 32-41.

any adjustments to debt service and debt service coverage, noting that these amounts were previously approved by the Commission in Docket No. 4885.¹⁸

Mr. Smith filed rebuttal testimony responding to the Division's adjustments and updating his direct testimony. He acknowledged mislabeling some adjustments and noted that NBC was not seeking expense increases beyond the rate year. He stated that he used actual data from the audited test year, while the Division, instead, relied on numbers from NBC's budget which is only a planning document.¹⁹

Mr. Smith also updated rate year consumption, as well as the number of residential dwelling units, non-residential meters, and residential wells. He disagreed with the Division's assertion that consumption is not declining. Residential consumption, he stated, has declined every year except for FY 2017, which he characterized as an outlier that could have been the result of fiscal year cutoffs. He provided monthly data to document that from June 2016 through December 2018, NBC experienced a decline of 203,342 Hundred Cubic Feet (HCF). He stated that for this same period the commercial class declined by 66,620 HCF. He noted a less than 3% increase for the industrial class. He disagreed with the Division's comparison of his rate year consumption to the consumption presented in NBC's FY 2019 budget, because NBC provided actual consumption data for FY 2018 and the first six months of FY 2019. He stressed that even though there is little difference between the total consumption in his rebuttal position and the Division's position, it is important to make adjustments by customer class, because rates are significantly different. He disagreed with the Division's significant adjustment to consumption for a new large commercial

¹⁸ *Id.* at 41-43; *see also* Order No. 23463 (Mar. 20, 2019).

¹⁹ Smith Rebuttal at 2-3 (Apr. 10, 2019).

user, noting that while NBC had anticipated consumption of 82,000 HCF, actual consumption was significantly lower and supported a consumption projection of 10,000 HCF.²⁰

Mr. Smith agreed with the Division's adjustment to residential dwelling units, non-residential meters, and residential wells. He made a further adjustment to include the inadvertent omission of 288 residential wells from the user charge and revenue calculation. Since collection posting notices are not, in his opinion, a core business function, he stated they should not be borne by all customers. He said that they are unrelated to normal business operations required to support wastewater treatment and collection. He also disagreed that posting fees disproportionately impact lower ability-to-pay customers thus increasing NBC's uncollectible expense. To support his argument, he stated that more than half the multifamily or non-residential units are typically not owner occupied. Mr. Smith also disagreed with the Division's adjustment to the environmental enforcement fund stating that its use is restricted per R.I. Gen. Laws § 46-25-38.1. He agreed with the Division that some new connections will be larger than 5/8" and accepted their adjustment to capacity fee revenue.²¹

Mr. Smith disagreed with the Division's adjustment to biosolids disposal expense. He noted that the actual figures supported an expense of \$153,588, which was higher than his original figure, and showed dry ton production increasing in each year. He found the Division's method for determining the contracted rate per dry ton and rate year cost per dry ton acceptable and adjusted those expenses to reflect the additional cost incurred by NBC due to pricing increases charged by its biosolids disposal vendor having to comply with mandatory changes to federal

²⁰ *Id.* at 3-11.

²¹ *Id.* at 11-15.

sewage sludge incineration rules. He also accepted the Division's position on rate case expense and the PUC assessment.²²

Mr. Smith accepted the Division's positions on salaries, overtime, and fringe. He noted that in 2016, NBC did not get a workers' compensation dividend and will not get one in 2019.²³ While he agreed with the Division's position on the number of RECs generated, he disagreed with the price. He updated his original figures now that the REC price is known and measurable, because NBC has contracts for the purchase of RECs in 2019. Mr. Smith also disagreed with the Division's adjustment to chemical expense. He stated that NBC's new RI Pollutant Discharge Elimination System (RIPDES) permits have new and different limits, resulting in operational changes that have increased this expense. He found the Division's adjustment to UV disinfection expense acceptable.²⁴

Regarding building repairs and maintenance, Mr. Smith disagreed with the Division's position that three years is too short a period to allow extrapolation of a trend. He, instead, included two additional years, contending it showed the upward trend for the overall expense, notwithstanding a decrease in FY 2017. He stated that the average annual increase is almost four times greater than what the Division recommended. He adjusted this expense for a 10% increase over the 2019 expense.

Mr. Smith updated his adjustments to screening and grit to reflect a Rhode Island Resource Recovery Corporation rate increase effective July 1, 2019. He updated maintenance contracts based on actual contract amounts. Electricity and renewable energy contracts expenses also were

²² *Id.* at 16-19.

²³ *Id.* at 22-24.

²⁴ *Id.* at 19-22.

updated. Mr. Smith noted that electricity and renewable energy contracts are some of NBC's largest expenses crucial to its operations, as well as being subject to fluctuations from weather and other factors. He also adjusted net metering credits and power purchase agreements and accounted for the increased use of electricity. Mr. Smith did not make any rebuttal adjustment to reflect the new biogas facility. Because its reliability is unknown, it hasn't reached the testing stage, and it is unclear when it will come online. Finally, Mr. Smith cautioned against adjusting the electricity supply rate, since use appears to be significantly increasing; and he noted that, to date, use was higher than both of the last two fiscal years.²⁵ NBC's Rebuttal testimony sought to collect \$6,744,299 of additional revenue, for an increase of total rate year revenue to \$107,574,553.²⁶

Karen Giebink, NBC's Chief Financial Officer, also provided rebuttal testimony. Ms. Giebink addressed issues raised in the of the General Treasurer and the George Wiley Center, both of which intervened in this docket, regarding affordability of NBC's rates and the impact of the CSO project on future rates. She explained that NBC has long been concerned with affordability issues and the impact of the cost of the CSO program on the ten communities it serves. She provided that NBC is examining cost-effective options and, in an effort to mitigate cost impacts, had negotiated a completion date for the CSO project of fifteen years longer than what was originally scheduled. She noted that NBC is focused on mitigating impacts for all customers, not only its low-income customers, but that so far, the proposals have only dealt with the low-income customers. Conversely, customers that are not low income, but at the edge of being low income, will be adversely affected if they have to subsidize the low-income customer group.²⁷

²⁵ *Id.* at 24-28.

²⁶ *Id.* at HJSR-1

²⁷ Giebink Rebuttal at 1-3 (Apr. 10, 2019).

Ms. Giebink stated that NBC's rates are competitive on a national level for utilities of a similar size and responsibility and are far less than the City of Newport's rates. She represented that NBC is hoping to finance Phase III of the CSO project through an Environmental Protection Agency (EPA) low interest loan which would result in significantly lower rates. She also noted that NBC would like state aid, adding that they would like the Rhode Island Infrastructure Bank to reduce its fees and increase its interest rate subsidies.²⁸

The Division filed surrebuttal testimony. It withdrew its adjustment to NBC's declining billing consumption because additional information supported NBC's position. It also withdrew its adjustment to the environmental enforcement revenue because use of these funds is restricted per statute. The Division added new adjustments to its prior testimony regarding screening and grit, maintenance contracts, electricity expense, gas expense, net metering credits and PPAs, and industrial consumption revenue. With the exception of maintenance contracts, the Division accepted all of the rate year adjustment amounts used by NBC in its rebuttal testimony. Regarding maintenance contracts, the Division stated that NBC proposed to increase this expense in rebuttal testimony by more than 40%, but that NBC's justification for the increase was confusing. The Division expressed that the practice of filing for large adjustments in rebuttal is not good regulatory policy and should be discouraged. The Division also noted that it was also unclear whether all these contracts were new maintenance contracts. Finally, the Division continued to disagree with NBC on the issue of collection posting notice fees.²⁹ After adjustments, the Division proposed an increase of \$6,631,559 for total rate year revenue of \$107,159,162.³⁰

²⁸ *Id.* at 2-3.

²⁹ Division Surrebuttal at 3-10 (May 9, 2019).

³⁰ *Id.* at RCS-1 Revised.

Following the filing of the Division's surrebuttal testimony, negotiations continued. On May 17, 2019, NBC filed a Settlement Agreement. NBC agreed to the Division's adjustment, increasing flat fee residential revenues to account for a number of residential wells that were inadvertently omitted from the user charge calculation and residential flat fees. This increased flat fee revenue to \$27,199,049. The parties also agreed to reduce health insurance expense by \$249,305, to reflect the actual expense based on the notice NBC had received. The Division agreed to accept the fuel-gas expense that was set forth in NBC's rebuttal testimony, which reduced the Division's proposed amount by \$343,845. For electricity expense, NBC agreed to the adjustment the Division made in surrebuttal, which was still lower than what was set forth in NBC's rebuttal testimony, for a total rate year expense of \$4,230,831. The Settlement resulted in NBC collecting an additional \$6,278,603 for a total rate year revenue of \$106,954,460. For an average residential customer using 150 gallons of water per day, the settlement resulted in an annual increase of \$26.60.³¹

The Commission conducted a hearing on the Settlement Agreement on May 23, 2019. During the hearing, both the General Treasure and the George Wiley Center expressed that they had no objection to the terms of the Settlement Agreement.³² The Commission explored the issues addressed in the Settlement Agreement. Of particular interest was NBC's request to increase its operating allowance to include personnel costs. Ms. Giebink testified about the need for the increase because of unanticipated changes in expenses. She noted the bid for chemicals was \$142,000 more than what was proposed in NBC's filing.³³ To gather more information on this

³¹ Settlement Agreement, May 17, 2019.

³² Transcript, May 23, 2019 at 13-16.

³³ *Id.* at 30-31.

cost, the Commission issued a record request.³⁴ Ms. Giebink also referred to the nature of NBC's business. She noted that the Company needs a reasonable amount in its operating reserves in order to make frequent adjustments to meet permit limits.³⁵

Mr. Smith testified in support of the increase, stating that most utilities around the county have operating allowances that exceed 1.5% of operating costs to address lower consumption resulting in revenues being lower than what was anticipated in a rate filing. Ms. Giebink expressed that the largest driver of costs is rainfall. She stated that rainfall causes an increase in, for example, the cost of chemicals, screening, and grit. She testified that electricity costs also rise with treatment increases associated with more rain. She said that NBC had not received its final bids on electric supply but would have no objection to adjusting the revenue requirement if those bids are significantly lower than anticipated.³⁶

Mr. Smith acknowledged that although there is not great variability or unanticipated costs associated with personnel expenses, these expenses should be included in the calculation of the operating allowance to allow the Company an operating allowance that is more consistent with that of other utilities. He noted that the larger operating allowance would provide cash on hand to meet other unanticipated expenses or to address seasonality.³⁷

On June 12, 2019, the Commission conducted an Open Meeting to discuss and deliberate on NBC's application. During the hearing, the Commission had asked NBC to provide the actual bid prices agreed to for chemicals, which it did in response to Record Request No. 1. The Commission approved the revenue requirement for hypochlorite and bisulfate using the actual bid

³⁴ Record Request No. 1.

³⁵ Tr. at 34.

³⁶ *Id.* at 35-36, 93-95,

³⁷ *Id.* at 56-57.

prices provided by NBC. This resulted in an increase of \$134,632 for hypochlorite and an increase of \$4,283 for bisulfate. The Commission also approved NBC's actual bid price for electricity of \$0.06642/kWh, provided by NBC in the response to Record Request No. 10. The Commission rejected the proposal NBC included in its rebuttal testimony — to use the two-year average of estimated electricity purchases — noting that NBC did not provide any rationale for deviating from the methodology originally proposed. Instead, the Commission directed NBC to calculate the two-year average using actual electricity purchased in 2018 and the expected 31,402,077/kWh for 2019, as stated in its responses to Record Request No. 10 and Division Data Request 2-35. The Commission directed NBC to update the revenue requirement to reflect this adjustment.

The Commission rejected the inclusion of net personnel services in the calculation of the operating reserve allowance. The Commission noted that in at least the previous four dockets it had rejected the argument that personnel costs are uncontrollable by NBC and, in fact, recognized that NBC has significant control over personnel costs. In the instant matter, NBC did not argue that personnel costs were uncontrollable, but that they should be included to arrive at a higher amount for the operating reserve. The Commission found that NBC did not demonstrate the need for a higher operating reserve. Further, it found that by updating the revenue requirement to reflect actual chemical costs, one of the volatile operating costs was eliminated.

The Commission conditionally approved the Settlement Agreement subject to the modifications set forth above. It directed the parties to file an Amended Settlement Agreement and compliance tariffs by June 14, 2019 for Commission review at an Open Meeting scheduled for June 17, 2020. If the parties rejected the Commission's modifications, they were to notify the Commission by June 14, 2020.

The Commission also discussed NBC's response to Record Request No. 2 and how NBC accounts for revenue and funds in different accounts. The Commission noted that it was increasingly concerned with the flow of funds from debt service to the stabilization account, to capital improvements, and to the operations and maintenance funds. It stated that it needs a much better explanation of why NBC should be allowed to collect 125% of debt service and what the extra 25% is being spent on each year. The Commission expressed concern that the additional 25% continues to accumulate and that there is a considerable pool of funds being spent on capital improvements and operations and maintenance with no oversight, or ability to evaluate prudence, by the Commission. It stated that given rate increases and concerns about affordability, it would be helpful to schedule a technical session with NBC and other parties to further explore issues associated with the debt service accounts.

The Commission also ordered NBC to file a tariff advice for Commission review amending its tariff to address the change in 835-RICR-20-00-1.4.16. The tariff advice should clearly set forth the conditions regarding how NBC will calculate cost and expenses attributable to the installation of a main sewer line.

At an Open Meeting on June 17, 2019, the Commission approved the Revised Settlement Agreement filed by the parties.³⁸ The changes resulted in a 5.88% increase in total revenue. An average customer using 150 gallons/day will experience a \$24.83 increase in their annual bill, from \$491.48 to \$516.30.

³⁸ Appendix A, Amended Settlement Agreement (June 17, 2019).

Accordingly, it is hereby

(23927) ORDERED:

1. The Narragansett Bay Commission's application to change rates filed on October 10, 2018 is denied.
2. The Amended Settlement Agreement filed June 17, 2019 and attached schedules are approved.
3. The Narragansett Bay Commission shall file a tariff advice setting forth how it will calculate cost and expenses attributable to the installation of a main sewer line.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO OPEN MEETING DECISIONS ON JUNE 12 and JUNE 17, 2019. WRITTEN ORDER ISSUED OCTOBER 16, 2020.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, Commissioner

Notice of Right of Appeal: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within 7 days from the date of the Order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or Order.

APPENDIX A

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT BAY COMMISSION

DOCKET NO. 4890

AMENDED SETTLEMENT AGREEMENT

I. INTRODUCTION

The Narragansett Bay Commission (hereinafter “NBC”) and the State of Rhode Island Division of Public Utilities and Carriers (hereinafter “Division”) have reached an agreement on NBC’s rate application filed on October 10, 2018. Thus, the Division and NBC jointly request that the State of Rhode Island Public Utilities Commission (hereinafter “Commission”) approve this Amended Settlement Agreement, pursuant to the Commission’s decision at an Open Meeting on June 12, 2019.

II. RECITALS

1. On October 10, 2018, 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 \$6,388,424 of additional revenue that would increase total rate year revenue to \$107,249,751. This represented an increase over the adjusted test year revenue of 6.33%. For an average residential customer, using 150 gallons of water per day, the request would have resulted in a \$26.63 increase in their annual bill from \$491.48 to \$518.11. The impact of the rate increase on all other customers would have varied depending on the customer’s classification and consumption.
3. NBC filed testimony and schedules from the following witnesses in support of its application:

- a. Harold J. Smith, Vice President, Raftelis Financial Consultants, Inc. (Direct Testimony and Rebuttal Testimony);
 - b. Kathryn Kelly, CSO Program Manager, Narragansett Bay Commission (Direct Testimony);
 - c. Kerry M. Britt, Pretreatment Manager, Narragansett Bay Commission (Direct Testimony); and,
 - d. Karen L. Giebink, Chief Financial Officer, Narragansett Bay Commission (Rebuttal Testimony).
4. NBC's request for additional revenues was primarily driven by the following factors:
 - a. Decreased consumption;
 - b. Updates to the number of non-residential meters and residential dwelling units;
 - c. Updates to miscellaneous revenues;
 - d. Increased salaries and fringe benefits;
 - e. The impact of NBC's renewable energy projects and increases to electricity rates;
 - f. Increased biosolid disposal and regulatory expenses; and,
 - g. An increase to the NBC's operating reserve.
5. On October 31, 2018, the Commission issued a procedural schedule that set a December 7, 2018 deadline for intervention. As of that date, no parties had moved to intervene.
6. Following the NBC's initial filing, the Division began investigating NBC's proposed rate increase with assistance from its staff and outside expert consultant.
7. On February 24, 2019, the Division filed the direct testimony and schedules of Ralph Smith, CPA, Senior Regulatory Consultant at Larkin & Associates, PLLC, and suggested an increased revenue requirement of \$4,783,146 based on number of proposed adjustments to NBC's rate application in the following categories:

- a. Consumption;
 - b. Dwelling units;
 - c. Miscellaneous revenues;
 - d. Environmental enforcement revenues;
 - e. Capacity charge fees;
 - f. Biosolid disposal expense;
 - g. Overtime expense;
 - h. Payroll tax expense;
 - i. REC revenues;
 - j. Repair and maintenance expense;
 - k. Worker's compensation insurance expense; and,
 - l. Operating allowance.
8. The Division also disagreed with NBC's request for a collection posting notice fee.
 9. On February 4, 2019, the Rhode Island Treasurer and the George Wiley Center filed motions to intervene out of time. The Rhode Island Treasurer also filed direct testimony, and the George Wiley Center's attorney filed written comments. The submissions filed by the Rhode Island Treasurer and the George Wiley Center addressed issues related to the affordability of sewer treatment charges for low-income residents in the NBC service area, but did not specifically address NBC's requests for revenues to meet its proposed expenses.
 10. On February 20, 2019, the Providence Apartment Association filed a motion to intervene out of time.
 11. On February 28, 2019, the Commission granted the motions to intervene out of time filed by the Rhode Island Treasurer and the George Wiley Center.
 12. On March 19, 2019, the Commission granted the Providence Apartment Association's motion to intervene out of time on the condition that the attorney,

whose name appeared on the motion, certified in writing that he represented the Providence Apartment Association and would act as its attorney in this docket.

13. No such certification was ever filed with the Commission on behalf of the Providence Apartment Association.
14. On April 10, 2019, NBC filed its rebuttal testimony and schedules.
15. NBC accepted certain Division adjustments including those to capacity fee revenue, PUC Assessment expense, overtime expense, RECs generated by the Field's Point wind turbines, and UV disinfection expense.
16. However, NBC continued to disagree with some adjustments suggested by the Division, including consumption, environmental enforcement fund revenue, biosolid disposal expense, REC revenue, repair and maintenance expense, and worker's compensation insurance. NBC also continued to request a collections posting notice fee.
17. In addition, NBC proposed a number of new adjustments based on expenses that came to NBC's attention after it filed its direct testimony. These new adjustments included expenses for screening and grit, maintenance contracts, electricity, and chemicals.
18. NBC's rebuttal sought to collect \$6,744,299 of additional revenue, which would increase its total rate year revenue to \$107,574,553.
19. On May 9, 2019, the Division filed the surrebuttal testimony and schedules of Ralph Smith, which accepted many of NBC's expenses, but also set forth additional adjustments.

20. The Division withdrew its adjustments regarding consumption and Environmental Enforcement Fund Revenue. In addition, the Division made adjustments to screening and grit, maintenance contracts, electricity, gas, net metering credits, power purchase agreements, industrial consumption revenue, flat fee revenue for residential customers, revenue for a new large industrial customer, biosolid disposal expense, REC revenue, chemicals, buildings repair and maintenance, and workers compensation insurance.
21. The Division's surrebuttal adjustments resulted in a \$6,631,559 revenue increase for a total rate year revenue of \$107,159,162.
22. In addition, the Division continued to disagree with NBC's request for a Collection Posting Notice Fee.
23. Following the submission of the Division's surrebuttal testimony, the Division and NBC engaged in settlement discussions.
24. During these discussions, the Division and NBC agreed to several additional adjustments that resulted in a net reduction of the amounts set forth in the Division's surrebuttal position:
 - a) Flat Fee Residential Revenues – NBC discovered that residential wells were inadvertently omitted from the user charge calculation and residential flat fees. This increased revenues by \$148,256 over the Division's surrebuttal figure of \$27,050,793. Thus, the flat fee residential revenue increased to \$27,199,049.

- b) Health Insurance – NBC received notice that the rate year health insurance expense will be lower than projected. Thus, the rate year amount is reduced by \$249,305.
 - c) Fuel-Gas– NBC and the Division agreed that the expense for Fuel-Gas should remain at the level set forth in NBC’s rebuttal (\$338,381), and not increased to the amount in the Divisions’ surrebuttal (\$682,226). This leads to a reduction of \$343,845 in the Division’s surrebuttal rate year expense.
 - d) Electricity – NBC and the Division agreed that the Division’s surrebuttal electricity expense of \$3,839,356 should be increased by \$391,475 to a total rate year expense of \$4,230,831. This is a reduction of \$218,555 from NBC’s rebuttal position of \$4,449,386.
 - e) NBC and the Division agreed that the overall settlement will result in NBC collecting \$6,278,603 of additional revenue that will increase total rate year revenue to \$106,954,460.
25. On May 17, 2019, NBC and the Division submitted a fully executed Settlement Agreement to the Commission for its review and approval.
26. On May 23, 2019, the Commission conducted a public hearing to examine the May 17, 2019 Settlement Agreement submitted by NBC and the Division.
27. On June 12, 2019, the Commission held an Open Meeting at which time it voted unanimously to approve four revisions to the May 17, 2019 Settlement Agreement:

- a. An update the settlement to include the rate year expenses based on actual bids for Hypochlorite (\$588,212) and Bisulfite (\$418,145) as set forth in NBC's response to Commission Hearing Record Request 1.
- b. An Update to NBC's electricity expense using the actual bid price in NBC's response to Commission Hearing Record Request 10 as applied against a two-year average – FY 2018 actual (28,407,699) and the kWh set forth in NBC Record Request 10 (31,402,077) – for kWh purchased, which results in a rate year electricity expense of \$4,074,708.
- c. An update to the Operating Allowance to remove personnel costs from the calculation of the Operating Allowance, which results in a total Operating Allowance of \$280,707.
- d. An update to the rate case expense using the actual rate case expense for this Docket in the amount of \$242,987. The three-year amortization of the rate case expense results in an increase to Regulatory Expense of \$30,996.

28. Following the Commission's decision at the June 12, 2019 Open Meeting, NBC and the Division agreed to the revisions requested by the Commission as set forth above.

29. In settlement discussions and in reaching this Amended Settlement Agreement, the Division and NBC gave due consideration to the testimony, exhibits, schedules, data requests from both the Division and Commission, NBC's data

responses, the Commission's decision at the June 12, 2019 Open Meeting and other documentation in this Docket and agreed to an amended comprehensive settlement that resolves all issues relating to NBC's application to increase rates.

30. The Division and NBC agree this Amended 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

31. The Division and NBC agree that the Amended Joint Settlement Schedules attached as Exhibit 1 (Schedules AJS1A – AJS12) are accurate and reflect the agreement reached in this Docket.

32. The agreed rates allow NBC to collect additional operating revenue in the amount of \$5,918,237 to support a total cost of service of \$106,594,096.

33. This increase results in a 5.88% increase in total revenue. For an average residential customer, using 150 gallons of water per day, this Amended Settlement results in a \$24.83 increase in their annual bill from \$491.48 to \$516.30. The impact of the rate increase on all other customers will vary depending upon the customer's classification and consumption.

34. NBC withdraws, without prejudice, its request for a Collections Posting Notice Fee.

IV. EFFECT OF SETTLEMENT

35. This Amended Settlement Agreement is a negotiated agreement. The Division and NBC conducted the discussions that produced this Amended 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.

36. The terms of this Amended Settlement Agreement shall not be construed as an agreement to any matter of fact or law beyond the terms hereof. By entering into this Amended 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 Amended Settlement Agreement, and nothing in this Amended Settlement Agreement shall preclude any party from taking any position in any future proceeding regarding settled or unsettled matters.

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

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

IN WITNESS WHEREOF, the Parties agree that this Amended 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 14th day of June, 2019.

THE NARRAGANSETT BAY COMMISSION
By its Attorney,



Joseph A. Keough, Jr., Esquire #4925
KEOUGH + SWEENEY, LTD.
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Pawtucket, RI 02861
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Dated this 14th day of June, 2019.

STATE OF RHODE ISLAND DIVISION
OF PUBLIC UTILITIES AND CARRIERS,
By its Attorney,



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ADJUSTED JOINT SETTLEMENT TEST YEAR AND RATE YEAR

Account Number	Account Description	Adjusted Test Year 6/30/18	Summary of Adjustments	Settlement Rate Year
Revenue				
41000	Flat Fees Residential	\$ 26,992,885	\$ 206,164	\$ 27,199,049
41100	Consumption Fee - Residential	29,937,010	(291,760)	29,645,250
41501 41502	Flat Fees Commercial/Industrial	14,855,924	(309,040)	14,546,884
41510	Consumption Fee - Commercial	24,751,931	(81,235)	24,670,696
41511	Consumption Fee - Industrial	2,222,684	61,522	2,284,206
42000	Pretreatment Fees	1,066,370	(1,003,570)	62,800
42500	Connection Permit Fees	123,319	(79,739)	43,580
	Capacity Charge	-	128,800	128,800
42599	Real Estate Closing Fee	204,120	-	204,120
42600	Abatement Application Fee	6,720	-	6,720
42602	Returned Check Fee	20,670	-	20,670
42603	Collection Posting Notice Fee	-	(0)	(0)
42604, 42605, 42606	REC Income	152,339	266,990	419,329
43500	Septage Income	333,037	-	333,037
45100	Interest Income Revenue	136,230	-	136,230
45200	Interest Income O & M	63,177	-	63,177
45500	Late Charge Penalty	796,362	-	796,362
46500	Environmental Enforcement	-	-	-
49000	Discounts Earned	4,743	-	4,743
49002	Miscellaneous Income	30,733	-	30,733
49003	Rental Revenue	79,475	-	79,475
TOTAL REVENUE		\$ 101,777,729	\$ (1,101,870)	\$ 100,675,859
Revenue Requirement				
Operation & Maintenance Expense				
PERSONNEL SERVICES				
52100	Union - Regular	\$ 5,837,666	\$ 439,795	6,277,461
52150	Union Overtime	585,669	25,231	610,900
52300	Non-Union Regular	9,937,147	503,068	10,440,215
52350	Non-Union Overtime	167,974	14,527	182,501
52400	Non-Union Limited	19,209	972	20,181
52800	Union Pension	1,598,937	120,460	1,719,397
52810	FICA	1,192,404	128,587	1,320,991
52820	Unemployment	15,353	-	15,353
52920	Non Union Pension	1,010,512	53,175	1,063,687
52940	Union Retirement Health	348,509	68,942	417,451
52950	Health Insurance	3,934,797	223,909	4,158,706
52970	Dental Insurance	294,725	-	294,725
52980	Vision Insurance	45,532	-	45,532
52990	Disability Insurance	40,901	-	40,901
TOTAL PERSONNEL SERVICES		\$ 25,029,335	\$ 1,578,666	\$ 26,608,001
59000	Salary Reimbursement	(1,025,156)	(51,899)	(1,077,055)
59001	Fringe Reimbursement	(546,081)	(27,645)	(573,726)
NET PERSONNEL SERVICES		\$ 23,458,098	\$ 1,499,122	\$ 24,957,220
OPERATING SUPPLIES/EXPENSES				
52610	Medical Services	\$ 9,328	\$ -	9,328
53200	Bad Debt Expense	97,396	-	97,396
53210	Postage	392,555	4,840	397,395
53240	Dues & Subscriptions	56,310	-	56,310
53250	Freight	46,775	-	46,775
53310	Printing & Binding	134,638	-	134,638
53320	Advertising	8,752	-	8,752
53330	Rental- Equipment	13,594	-	13,594
53340	Rental- Clothing	22,783	-	22,783
53350	Rental-Outside Property	13,441	-	13,441
53360	Miscellaneous Expense	4,956	-	4,956
53370	Public Outreach Education	42,358	-	42,358
53380	Environmental Enforcement Fund	-	-	-
53410	Local Travel	1,737	-	1,737
53420	Long Distance Travel	66,979	-	66,979
53470	Building & Ground Maintenance	222,421	46,708	269,129
53480	Biosolids Disposal	4,731,063	753,024	5,484,087
53490	Screening & Grit Disposal	210,874	38,379	249,253
53510	Vehicle Fuel & Maintenance	191,410	-	191,410
53610	Repairs Building, Structure, Equipment	848,496	178,185	1,026,681
53620	Repair-Highway & Walks	4,528	-	4,528
53630	Maintenance Contracts	1,009,627	404,209	1,413,836
53635	Maintenance Contracts - Office Equipment	132,703	-	132,703
53640	Service Agreements	362,767	-	362,767
53650	Highway & Landscape	12,397	-	12,397
53660	Insurance	668,632	80,386	749,018
53680	Workers' Compensation Insurance	439,801	32,767	472,568

ADJUSTED JOINT SETTLEMENT TEST YEAR AND RATE YEAR

Account Number	Account Description	Adjusted Test Year 6/30/18	Summary of Adjustments	Settlement Rate Year
53690	Workers Comp. - Old Claims	-	-	-
53900	Central Phone Services	4,761	-	4,761
54000	Telephone	186,299	-	186,299
54020	Fuel Oil #2 - Diesel	22,515	-	22,515
54060	Fuel-Gas	371,847	(33,466)	338,381
54090	Electricity	3,704,375	370,333	4,074,708
54091	Net Metering Credit	(1,550,082)	(1,147,533)	(2,697,615)
54092	Field's Point Turbines	125,510	58,490	184,000
54093	WED Turbines	269,670	60,330	330,000
54095	WED PPA	155,088	930,036	1,085,124
54096	Biogas	-	-	-
54110	Water	78,619	-	78,619
54200	Clothing	28,628	-	28,628
54330	Chem, House, Laund Supp.	-	-	-
54332	Chlorine/Hypochlorite	363,657	224,555	588,212
54333	Carbon Feed	2,890	-	2,890
54335	Polymer	105,078	-	105,078
54336	Sodium Hydroxide	-	-	-
54337	Sodium Bisulfite	288,794	129,351	418,145
54338	Soda Ash	45,192	-	45,192
54339	UV Disinfection	151,801	23,199	175,000
54340	Lab Supplies	346,650	7,671	354,321
54370	Supplies Building & Maintenance	468,542	(3,075)	465,467
54410	Educational Supplies & Expense	58,745	-	58,745
54420	Computer Supplies	95,302	-	95,302
54430	Other Operating Supplies & Expense	13,253	-	13,253
54440	Safety Equipment	53,415	-	53,415
54500	Office Expense	98,465	-	98,465
57913	Lease Expense	-	-	-
57800	Bond And Note Fees	-	0	0
TOTAL OPERATING SUPP. & EXP.		\$ 15,235,336	\$ 2,158,389	\$ 17,393,725
PROFESSIONAL SERVICES				
52600	Regulatory Expense	\$ 514,986	\$ 132,850	647,836
52630	Educational Professional Services	-	-	-
52650	Security Services	32,787	-	32,787
52660	Legal Services	200,062	-	200,062
52670	Management/Audit Services	188,918	-	188,918
52680	Clerical Services	67,777	-	67,777
52690	Other Services	182,673	1	182,674
TOTAL PROFESSIONAL SERVICES		\$ 1,187,204	\$ 132,850	\$ 1,320,054
TOTAL OPERATIONS & MAINTENANCE		\$ 39,880,637	\$ 3,790,362	\$ 43,670,999
DEPRECIATION				
57500	Depreciation	\$ -	\$ -	-
TOTAL DEPRECIATION		\$ -	\$ -	-
CAPITAL OUTLAYS				
16510	Automotive Equipment	\$ 84,903	\$ (84,903)	-
16520	Building & Plant Equipment	270,842	(270,842)	-
16580	Office Furniture & Equipment	48,163	(48,163)	-
16583	Computer Software	1,271,673	(1,271,673)	-
16585	Computer Hardware	84,727	(84,727)	-
16600	Replacement Reserve	2,473,607	(2,473,607)	-
TOTAL CAPITAL OUTLAYS		\$ 4,233,915	\$ (4,233,915)	-
DEBT SERVICE				
	Debt Service	\$ 50,113,912	\$ -	50,113,912
	Debt Service Coverage	12,528,478	-	12,528,478
TOTAL DEBT SERVICE		\$ 62,642,390	\$ -	\$ 62,642,390
	Operating Allowance	246,338	34,369	280,707
	Hardship Fund	-	-	-
TOTAL REVENUE REQUIREMENT		\$ 107,003,280	\$ (409,184)	\$ 106,594,096
NET INCOME		\$ (5,225,551)	\$ (692,686)	\$ (5,918,237)

ADJUSTED JOINT SETTLEMENT TEST YEAR AND RATE YEAR

Account Number	Account Description	Test Year 6/30/2018	Test Year Adjustments	Adjusted Test Year 6/30/18	Rate Year Adjustments	NBC Rate Year 6/30/20	Rebuttal Adjustments	Rebuttal Rate Year	Division Adjustments	Division Surrebuttal Position	Settlement Adjustments	Settlement Rate Year
Revenue												
41000	Flat Fees Residential	\$ 26,231,403	\$ 761,482	\$ 26,992,885	\$ 0	\$ 26,992,885	\$ 206,164	\$ 27,199,049	\$ 57,907	\$ 27,050,793	\$ 148,256	\$ 27,199,049
41100	Consumption Fee - Residential	29,072,492	864,518	29,937,010	(291,760)	29,645,250	(1,603)	29,643,647	-	29,645,250	-	29,645,250
41501 41502	Flat Fees Commercial/Industrial	14,424,177	431,747	14,855,924	-	14,855,924	(309,040)	14,546,884	(309,040)	14,546,884	-	14,546,884
41510	Consumption Fee - Commercial	24,033,736	718,195	24,751,931	(133,965)	24,617,966	(4,277)	24,613,689	52,730	24,670,696	-	24,670,696
41511	Consumption Fee - Industrial	2,158,429	64,255	2,222,684	-	2,222,684	61,522	2,284,206	61,522	2,284,206	-	2,284,206
42000	Pretreatment Fees	1,066,370	-	1,066,370	(1,003,570)	62,800	-	62,800	-	62,800	-	62,800
42500	Connection Permit Fees	123,319	-	123,319	(79,739)	43,580	-	43,580	-	43,580	-	43,580
	Capacity Charge	-	-	-	109,550	109,550	19,250	128,800	19,250	128,800	-	128,800
42599	Real Estate Closing Fee	15,990	188,130	204,120	-	204,120	-	204,120	-	204,120	-	204,120
42600	Abatement Application Fee	2,188	4,532	6,720	-	6,720	-	6,720	-	6,720	-	6,720
42602	Returned Check Fee	20,670	-	20,670	-	20,670	-	20,670	-	20,670	-	20,670
42603	Collection Posting Notice Fee	-	-	-	213,000	213,000	-	213,000	(213,000)	(0)	-	(0)
42604, 42605, 42606	REC Income	152,339	-	152,339	270,082	422,421	(3,089)	419,332	(3,092)	419,329	-	419,329
43500	Septage Income	333,037	-	333,037	-	333,037	-	333,037	-	333,037	-	333,037
45100	Interest Income Revenue	136,230	-	136,230	-	136,230	-	136,230	-	136,230	-	136,230
45200	Interest Income O & M	63,177	-	63,177	-	63,177	-	63,177	-	63,177	-	63,177
45500	Late Charge Penalty	796,362	-	796,362	-	796,362	-	796,362	-	796,362	-	796,362
46500	Environmental Enforcement	3,400	(3,400)	-	-	-	-	-	-	-	-	-
49000	Discounts Earned	4,743	-	4,743	-	4,743	-	4,743	-	4,743	-	4,743
49002	Miscellaneous Income	30,733	-	30,733	-	30,733	-	30,733	-	30,733	-	30,733
49003	Rental Revenue	79,475	-	79,475	-	79,475	-	79,475	-	79,475	-	79,475
TOTAL REVENUE		\$ 98,748,270	\$ 3,029,459	\$ 101,777,729	\$ (916,402)	\$ 100,861,327	\$ (31,074)	\$ 100,830,253	\$ (333,724)	\$ 100,527,603	\$ 148,256	\$ 100,675,859
Revenue Requirement												
Operation & Maintenance Expense												
PERSONNEL SERVICES												
52100	Union - Regular	\$ 5,837,666	\$ -	\$ 5,837,666	\$ 439,795	\$ 6,277,461	\$ -	\$ 6,277,461	\$ -	\$ 6,277,461	\$ -	\$ 6,277,461
52150	Union Overtime	585,669	-	585,669	60,800	646,469	(35,569)	610,900	(35,569)	610,900	-	610,900
52300	Non-Union Regular	9,937,147	-	9,937,147	503,068	10,440,215	-	10,440,215	-	10,440,215	-	10,440,215
52350	Non-Union Overtime	167,974	-	167,974	8,504	176,478	6,024	182,502	6,024	182,501	-	182,501
52400	Non-Union Limited	19,209	-	19,209	972	20,181	-	20,181	-	20,181	-	20,181
52800	Union Pension	1,758,798	(159,861)	1,598,937	120,460	1,719,397	-	1,719,397	-	1,719,397	-	1,719,397
52810	FICA	1,192,404	-	1,192,404	130,848	1,323,252	(2,260)	1,320,992	(2,260)	1,320,991	-	1,320,991
52820	Unemployment	15,353	-	15,353	-	15,353	-	15,353	-	15,353	-	15,353
52920	Non Union Pension	579,166	431,346	1,010,512	53,175	1,063,687	-	1,063,687	-	1,063,687	-	1,063,687
52940	Union Retirement Health	318,478	30,031	348,509	68,942	417,451	-	417,451	-	417,451	-	417,451
52950	Health Insurance	3,934,797	-	3,934,797	473,214	4,408,011	-	4,408,011	-	4,408,011	(249,305)	4,158,706
52970	Dental Insurance	294,725	-	294,725	-	294,725	-	294,725	-	294,725	-	294,725
52980	Vision Insurance	45,532	-	45,532	-	45,532	-	45,532	-	45,532	-	45,532
52990	Disability Insurance	40,901	-	40,901	-	40,901	-	40,901	-	40,901	-	40,901
TOTAL PERSONNEL SERVICES		\$ 24,727,819	\$ 301,516	\$ 25,029,335	\$ 1,859,779	\$ 26,889,112	\$ (31,805)	\$ 26,857,307	\$ (31,806)	\$ 26,857,308	\$ (249,305)	\$ 26,608,001
59000	Salary Reimbursement	(1,025,156)	-	(1,025,156)	(51,899)	(1,077,055)	-	(1,077,055)	-	(1,077,055)	-	(1,077,055)
59001	Fringe Reimbursement	(546,081)	-	(546,081)	(27,645)	(573,726)	-	(573,726)	-	(573,726)	-	(573,726)
NET PERSONNEL SERVICES		\$ 23,156,582	\$ 301,516	\$ 23,458,098	\$ 1,780,235	\$ 25,238,311	\$ (31,805)	\$ 25,206,526	\$ (31,806)	\$ 25,206,527	\$ (249,305)	\$ 24,957,220
OPERATING SUPPLIES/EXPENSES												
52610	Medical Services	\$ 9,328	\$ -	\$ 9,328	\$ -	\$ 9,328	\$ -	\$ 9,328	\$ -	\$ 9,328	\$ -	\$ 9,328
53200	Bad Debt Expense	97,396	-	97,396	-	97,396	-	97,396	-	97,396	-	97,396
53210	Postage	392,555	-	392,555	4,840	397,395	-	397,395	-	397,395	-	397,395
53240	Dues & Subscriptions	56,310	-	56,310	-	56,310	-	56,310	-	56,310	-	56,310
53250	Freight	46,775	-	46,775	-	46,775	-	46,775	-	46,775	-	46,775
53310	Printing & Binding	134,638	-	134,638	-	134,638	-	134,638	-	134,638	-	134,638
53320	Advertising	8,752	-	8,752	-	8,752	-	8,752	-	8,752	-	8,752
53330	Rental- Equipment	13,594	-	13,594	-	13,594	-	13,594	-	13,594	-	13,594
53340	Rental- Clothing	22,783	-	22,783	-	22,783	-	22,783	-	22,783	-	22,783
53350	Rental-Outside Property	283,111	(269,670)	13,441	-	13,441	-	13,441	-	13,441	-	13,441
53360	Miscellaneous Expense	4,956	-	4,956	-	4,956	-	4,956	-	4,956	-	4,956
53370	Public Outreach Education	42,358	-	42,358	-	42,358	-	42,358	-	42,358	-	42,358
53380	Environmental Enforcement Fund	21,000	(21,000)	-	-	-	-	-	-	-	-	-
53410	Local Travel	1,737	-	1,737	-	1,737	-	1,737	-	1,737	-	1,737
53420	Long Distance Travel	66,979	-	66,979	-	66,979	-	66,979	-	66,979	-	66,979
53470	Building & Ground Maintenance	222,421	-	222,421	114,080	336,501	(67,372)	269,129	(67,372)	269,129	-	269,129
53480	Biosolids Disposal	4,731,063	-	4,731,063	599,436	5,330,499	153,588	5,484,087	153,588	5,484,087	-	5,484,087
53490	Screening & Grit Disposal	210,874	-	210,874	-	210,874	38,379	249,253	38,379	249,253	-	249,253
53510	Vehicle Fuel & Maintenance	191,410	-	191,410	-	191,410	-	191,410	-	191,410	-	191,410
53610	Repairs Building, Structure, Equipment	848,496	-	848,496	159,602	1,008,098	18,583	1,026,681	18,583	1,026,681	-	1,026,681
53620	Repair-Highway & Walks	4,528	-	4,528	-	4,528	-	4,528	-	4,528	-	4,528
53630	Maintenance Contracts	1,125,399	(115,772)	1,009,627	30,850	1,040,477	420,962	1,461,439	373,359	1,413,836	-	1,413,836
53635	Maintenance Contracts - Office Equipment	132,703	-	132,703	-	132,703	-	132,703	-	132,703	-	132,703
53640	Service Agreements	362,767	-	362,767	-	362,767	-	362,767	-	362,767	-	362,767
53650	Highway & Landscape	12,397	-	12,397	-	12,397	-	12,397	-	12,397	-	12,397
53660	Insurance	668,632	-	668,632	80,386	749,018	-	749,018	-	749,018	-	749,018
53680	Workers' Compensation Insurance	436,708	3,093	439,801	128,232	568,033	-	568,033	(95,465)	472,568	-	472,568

ADJUSTED JOINT SETTLEMENT TEST YEAR AND RATE YEAR

Account Number	Account Description	Test Year 6/30/2018	Test Year Adjustments	Adjusted Test Year 6/30/18	Rate Year Adjustments	NBC Rate Year 6/30/20	Rebuttal Adjustments	Rebuttal Rate Year	Division Adjustments	Division Surrebuttal Position	Settlement Adjustments	Settlement Rate Year
53690	Workers Comp. - Old Claims	-	-	-	-	-	-	-	-	-	-	-
53900	Central Phone Services	4,761	-	4,761	-	4,761	-	4,761	-	4,761	-	4,761
54000	Telephone	186,299	-	186,299	-	186,299	-	186,299	-	186,299	-	186,299
54020	Fuel Oil #2 - Diesel	22,515	-	22,515	-	22,515	-	22,515	-	22,515	-	22,515
54060	Fuel-Gas	371,847	-	371,847	(33,466)	338,381	-	338,381	343,845	682,226	(343,845)	338,381
54090	Electricity	3,704,375	-	3,704,375	745,011	4,449,386	-	4,449,386	(610,030)	3,839,356	235,352	4,074,708
54091	Net Metering Credit	(1,550,082)	-	(1,550,082)	(351,622)	(1,901,704)	(795,911)	(2,697,615)	(795,911)	(2,697,615)	-	(2,697,615)
54092	Field's Point Turbines	-	125,510	125,510	58,490	184,000	-	184,000	-	184,000	-	184,000
54093	WED Turbines	-	269,670	269,670	60,330	330,000	-	330,000	-	330,000	-	330,000
54095	WED PPA	155,088	-	155,088	324,177	479,265	605,859	1,085,124	605,859	1,085,124	-	1,085,124
54096	Biogas	-	-	-	-	-	-	-	-	-	-	-
54110	Water	78,619	-	78,619	-	78,619	-	78,619	-	78,619	-	78,619
54200	Clothing	28,628	-	28,628	-	28,628	-	28,628	-	28,628	-	28,628
54330	Chem, House, Laund Supp.	-	-	-	-	-	-	-	-	-	-	-
54332	Chlorine/Hypochlorite	363,657	-	363,657	3,716	367,373	86,208	453,581	86,208	453,581	134,631	588,212
54333	Carbon Feed	2,890	-	2,890	2,890	2,890	-	2,890	-	2,890	-	2,890
54335	Polymer	105,078	-	105,078	-	105,078	-	105,078	-	105,078	-	105,078
54336	Sodium Hydroxide	-	-	-	-	-	-	-	-	-	-	-
54337	Sodium Bisulfite	288,794	-	288,794	6,354	295,148	118,714	413,862	118,714	413,862	4,283	418,145
54338	Soda Ash	45,192	-	45,192	-	45,192	-	45,192	-	45,192	-	45,192
54339	UV Disinfection	151,801	-	151,801	41,579	193,380	(18,380)	175,000	(18,380)	175,000	-	175,000
54340	Lab Supplies	346,650	-	346,650	7,671	354,321	-	354,321	-	354,321	-	354,321
54370	Supplies Building & Maintenance	468,542	-	468,542	(3,075)	465,467	-	465,467	-	465,467	-	465,467
54410	Educational Supplies & Expense	58,745	-	58,745	-	58,745	-	58,745	-	58,745	-	58,745
54420	Computer Supplies	95,302	-	95,302	-	95,302	-	95,302	-	95,302	-	95,302
54430	Other Operating Supplies & Expense	13,253	-	13,253	-	13,253	-	13,253	-	13,253	-	13,253
54440	Safety Equipment	53,415	-	53,415	-	53,415	-	53,415	-	53,415	-	53,415
54500	Office Expense	98,465	-	98,465	-	98,465	-	98,465	-	98,465	-	98,465
57913	Lease Expense	-	-	-	-	-	-	-	-	-	-	-
57800	Bond And Note Fees	23,485	(23,485)	0	-	0	-	0	-	0	-	0
TOTAL OPERATING SUPP. & EXP.		\$ 15,266,990	\$ (31,654)	\$ 15,235,336	\$ 1,976,592	\$ 17,211,927	\$ 560,630	\$ 17,772,558	\$ 151,377	\$ 17,363,304	\$ 30,421	\$ 17,393,725
PROFESSIONAL SERVICES												
52600	Regulatory Expense	\$ 514,986	\$ -	\$ 514,986	\$ 303,287	\$ 818,273	\$ (201,433)	\$ 616,840	\$ -	\$ 616,840	\$ 30,996	\$ 647,836
52630	Educational Professional Services	-	-	-	-	-	-	-	-	-	-	-
52650	Security Services	32,787	-	32,787	-	32,787	-	32,787	-	32,787	-	32,787
52660	Legal Services	200,062	-	200,062	-	200,062	-	200,062	-	200,062	-	200,062
52670	Management/Audit Services	188,918	-	188,918	-	188,918	-	188,918	-	188,918	-	188,918
52680	Clerical Services	67,777	-	67,777	-	67,777	-	67,777	-	67,777	-	67,777
52690	Other Services	192,411	(9,738)	182,673	-	182,673	-	182,673	1	182,674	-	182,674
TOTAL PROFESSIONAL SERVICES		\$ 1,196,941	\$ (9,738)	\$ 1,187,204	\$ 303,287	\$ 1,490,491	\$ (201,433)	\$ 1,289,057	\$ 1	\$ 1,289,058	\$ -	\$ 1,320,054
TOTAL OPERATIONS & MAINTENANCE		\$ 39,620,513	\$ 260,124	\$ 39,880,637	\$ 4,060,114	\$ 43,940,750	\$ 327,392	\$ 44,268,141	\$ 119,572	\$ 43,858,889	\$ (187,890)	\$ 43,670,999
DEPRECIATION												
57500	Depreciation	\$ 16,091,344	\$ (16,091,344)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEPRECIATION		\$ 16,091,344	\$ (16,091,344)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL OUTLAYS												
16510	Automotive Equipment	\$ -	\$ 84,903	\$ 84,903	\$ (84,903)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16520	Building & Plant Equipment	-	270,842	270,842	(270,842)	-	-	-	-	-	-	-
16580	Office Furniture & Equipment	-	48,163	48,163	(48,163)	-	-	-	-	-	-	-
16583	Computer Software	-	1,271,673	1,271,673	(1,271,673)	-	-	-	-	-	-	-
16585	Computer Hardware	-	84,727	84,727	(84,727)	-	-	-	-	-	-	-
16600	Replacement Reserve	-	2,473,607	2,473,607	(2,473,607)	-	-	-	-	-	-	-
TOTAL CAPITAL OUTLAYS		\$ -	\$ 4,233,915	\$ 4,233,915	\$ (4,233,915)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE												
Debt Service		\$ 17,994,682	\$ 32,119,230	\$ 50,113,912	\$ -	\$ 50,113,912	\$ -	\$ 50,113,912	\$ -	\$ 50,113,912	\$ -	\$ 50,113,912
Debt Service Coverage		-	12,528,478	12,528,478	-	12,528,478	-	12,528,478	-	12,528,478	-	12,528,478
TOTAL DEBT SERVICE		\$ 17,994,682	\$ 44,647,708	\$ 62,642,390	\$ -	\$ 62,642,390	\$ -	\$ 62,642,390	\$ -	\$ 62,642,390	\$ -	\$ 62,642,390
Operating Allowance		-	246,338	246,338	412,773	659,111	4,911	664,022	(1,228)	657,883	(377,176)	280,707
Hardship Fund		-	-	-	7,500	7,500	(7,500)	-	-	-	-	-
TOTAL REVENUE REQUIREMENT		\$ 73,706,539	\$ 33,296,741	\$ 107,003,280	\$ 246,471	\$ 107,249,751	\$ 324,803	\$ 107,574,553	\$ 118,344	\$ 107,159,162	\$ (565,066)	\$ 106,594,096
NET INCOME		\$ 25,041,731	\$ -	\$ (5,225,550)	\$ -	\$ (6,388,424)	\$ (355,877)	\$ (6,744,299)	\$ (452,068)	\$ (6,631,559)	\$ 713,322	\$ (5,918,237)

ADJUSTED JOINT SETTLEMENT REVENUE BY SOURCE

Revenue Item Description	Adjusted Test Year Rates	Original Rate Year Units	Original Rate Year Revenue	Rate Year Rebuttal Units	Rebuttal Adjustment	Rebuttal Rate Year Revenue	Division Units	Division Adjustments	Division Rate Year Revenue	Settlement Rate Year Units	Settlement Adjustment	Settlement Rate Year Revenue
User Charge Revenue												
<u>Residential</u>												
Dwelling Units	\$ 225.32	119,798	\$ 26,992,885	120,055	\$ 57,907	\$ 27,050,793	120,055	\$ -	\$ 27,050,793	120,055	\$ -	\$ 27,050,793
Consumption	\$ 3.636	8,153,259	29,645,250	8,152,818	(1,603)	29,643,646	8,153,259	1,603	29,645,250	8,153,259	-	29,645,250
Residential Wells	\$ 514.78	-	-	288	148,257	148,257	61,522	(148,257)	-	288	148,256	148,257
Total Residential			\$ 56,638,135		\$ 204,561	\$ 56,842,695	\$ -	\$ (146,654)	\$ 56,696,042		\$ 148,256	\$ 56,844,299
<u>Non-Residential</u>												
Commercial and Industrial Customer Charges												
5/8"	\$ 539	3,530	\$ 1,902,670	3,465	\$ (35,035)	\$ 1,867,635	3,465	\$ -	\$ 1,867,635	3,465	\$ -	\$ 1,867,635
3/4"	805	1,014	816,270	999	(12,075)	804,195	999	-	804,195	999	-	804,195
1"	1,339	1,216	1,628,224	1,227	14,729	1,642,953	1,227	-	1,642,953	1,227	-	1,642,953
1 1/2"	2,685	825	2,215,125	809	(42,960)	2,172,165	809	-	2,172,165	809	-	2,172,165
2"	4,288	1,229	5,269,952	1,172	(244,416)	5,025,536	1,172	-	5,025,536	1,172	-	5,025,536
3"	8,034	80	642,720	81	8,034	650,754	81	-	650,754	81	-	650,754
4"	13,387	38	508,706	37	(13,387)	495,319	37	-	495,319	37	-	495,319
6"	26,785	42	1,124,970	41	(26,785)	1,098,185	41	-	1,098,185	41	-	1,098,185
8"	42,855	16	685,680	17	42,855	728,535	17	-	728,535	17	-	728,535
10"	61,607	1	61,607	1	-	61,607	1	-	61,607	1	-	61,607
Subtotal Customer Charges			\$ 14,855,924		\$ (309,040)	\$ 14,546,884		\$ -	\$ 14,546,884		\$ -	\$ 14,546,884
Commercial Consumption Charges	\$ 5.273	4,668,683	\$ 24,617,966	4,667,872	\$ (4,277)	\$ 24,613,689	4,678,683	\$ 52,730	\$ 24,670,696	4,678,683	\$ -	\$ 24,670,695
Industrial Consumption Charges	\$ 3.390	655,659	2,222,684	673,807	61,522	2,284,206	673,807	61,522	2,284,206	673,807	-	2,284,206
Total Non-Residential			\$ 26,840,650		\$ (251,795)	\$ 41,444,779	5,352,490	\$ 114,252	\$ 41,501,786	5,352,490	\$ -	\$ 41,501,785
Total User Fee Revenue Adjustments			\$ 98,334,709		\$ (47,234)	\$ 98,287,474		\$ (32,402)	\$ 98,197,828		\$ 148,256	\$ 98,346,084

Non-User Charge Revenue	Original Rate Year Revenue	Rebuttal Adjustment	Rebuttal Rate Year Revenue	Division Adjustment	Division Rate Year	Settlement Adjustment	Settlement Rate Year Revenue
Pretreatment Fees	\$ 62,800	\$ -	\$ 62,800	\$ 6,024	\$ -	\$ 62,800	\$ 62,800
Connection Permit Fees	43,580	-	43,580	-	-	43,580	43,580
Capacity Charge	109,550	19,250	128,800	-	-	128,800	128,800
Real Estate Closing Fee	204,120	-	204,120	(2,260)	-	204,120	204,120
Abatement Application Fee	6,720	-	6,720	-	-	6,720	6,720
Returned Check Fee	20,670	-	20,670	-	-	20,670	20,670
Collection Posting Notice Fee	213,000	-	213,000	(213,000)	-	-	-
REC Income*	422,421	(3,092)	419,329	-	-	419,329	419,329
Septage Income	333,037	-	333,037	-	-	333,037	333,037
Interest Income Revenue	136,230	-	136,230	-	-	136,230	136,230
Interest Income O & M	63,177	-	63,177	-	-	63,177	63,177
Late Charge Penalty	796,362	16,159	796,362	-	-	796,362	796,362
Environmental Enforcement	-	-	-	-	-	-	-
Discounts Earned	4,743	-	4,743	-	-	4,743	4,743
Miscellaneous Income	30,733	-	30,733	-	-	30,733	30,733
Rental Revenue	79,475	-	79,475	-	-	79,475	79,475
Total Non-User Charge Revenue	\$ 2,526,618	\$ 32,317	\$ 2,542,776	\$ (213,000)	\$ 2,329,776	\$ -	\$ 2,329,776

ADJUSTED JOINT SETTLEMENT CONSUMPTION RATE BASE

Consumption in HCF							
Rate Year as Filed	Adjustments	Rebuttal Rate Year	Division Adjustment	Division Rate Year	Settlement Adjustments	Settlement Rate Year	
Residential	8,153,259	(441)	8,152,818	441	8,153,259	-	8,153,259
Commercial	4,668,683	(811)	4,667,872	10,811	4,678,683	-	4,678,683
Industrial	655,659	18,148	673,807	-	673,807	-	673,807
	13,477,601	16,896	13,494,497	11,252	13,505,749	-	13,505,749

ADJUSTED JOINT SETTLEMENT FLAT FEE RATE BASE

	Rate Year as Filed	Rebuttal Adjustments	Rebuttal Rate Year
Residential			
Dwelling Units	119,798	257	120,055
Wells	70	218	288
Non-Residential			
Meter Size			
5/8"	3,530	(65)	3,465
3/4"	1,014	(15)	999
1"	1,216	11	1,227
1 1/2"	825	(16)	809
2"	1,229	(57)	1,172
3"	80	1	81
4"	38	(1)	37
6"	42	(1)	41
8"	16	1	17
10"	1	-	1
Total	7,991	(142)	7,849

ADJUSTED JOINT SETTLEMENT MISCELLANEOUS REVENUES

Revenue	Rate Year as Filed	Rebuttal Adjustment	Rebuttal Rate Year
Capacity Charge Revenue	\$ 109,550	\$ 19,250	\$ 128,800
REC Revenue (all sources)	\$ 422,421	\$ (3,089)	\$ 419,332

CAPACITY CHARGE REVENUE

Meter Size	Factor	Rate	Number of Permits	Revenue
5/8"	1.0	\$ 350	297	\$ 103,950
3/4"	1.5	525	4	2,100
1"	2.5	875	4	3,500
1 1/2"	5.0	1,750	3	5,250
2"	8.0	2,800	5	14,000
3"	15.0	5,250	0	-
4"	25.0	8,750	0	-
6"	50.0	17,500	0	-
8"	80.0	28,000	0	-
10"	115.0	40,250	0	-
			Total	313
				\$ 128,800

REC REVENUE

Narragansett Bay Commission
Renewable Energy Credits (RECs)

	RECs as Filed	Rate	Rate Year Revenue	Change in Rebuttal RECs	Rebuttal RECs	Rebuttal REC Rate	NBC Rebuttal Revenue	Rebuttal Year Adjustment
42604 - Field's Point Wind Turbines	7,544	\$ 21	\$ 155,595	4	7,548	\$ 20.47	\$ 154,509	\$ (1,086)
42605 - WED Turbines								
WED 1	2,763	\$ 21	\$ 56,987		2,763	\$ 20.47	56,559	
WED 3	3,170	\$ 21	\$ 65,381		3,170	\$ 20.47	64,891	
WED 4	2,657	\$ 21	\$ 54,801		2,657	\$ 20.47	\$ 54,389	
Total 42605 - WED Turbines	8,590		\$ 177,169		8,590		175,839	\$ (1,330)
42606 - Solar PPA								
K1	1,555	\$ 21	\$ 32,072		1,555	\$ 20.47	31,831	
K2	2,792	\$ 21	\$ 57,585		2,792	\$ 20.47	\$ 57,153	
Total 42606 - Solar PPA	4,347		\$ 89,657		4,347		88,984	\$ (673)
Total RECs and REC Revenue	20,481		\$ 422,421		20,485	\$ 20.47	\$ 419,332	\$ (3,089)

2019 REC's sold Under Contract in FY 2020

Quantity	Rate	Calculation of Avg. Rate/REC			
10,000	\$ 25.00	Firm	10,000	\$ 25.00	\$ 250,000
2,000	25.00	Contingent	2,000	25.00	50,000
6,000	13.25	Firm	6,000	13.25	79,500
3,000	13.25	Contingent	3,000	13.25	39,750
21,000			Total	21,000	\$ 419,250
			Average Rate		\$ 20.47

ADJUSTED JOINT SETTLEMENT USER CHARGE CALCULATION

Projected Rate Year Revenue Requirements	\$ 106,594,096
Less: Projected Rate Year Miscellaenous Revenues	(2,329,775)
Net Revenue Requirements to be Recovered through User Charges	\$ 104,264,321

	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	\$ 27,199,049	\$ -	\$ 27,199,049	\$ 28,502,009
Residential Wells	148,257	-	148,257	155,359
Residential Consumption Charges	29,645,250	-	29,645,250	31,065,395
Commercial & Industrial Flat Fees	14,546,884	-	14,546,884	15,243,747
Commercial Consumption Charges	24,670,696	876,978	25,547,674	26,771,526
Industrial Consumption Charges	2,284,206	126,592	2,410,798	2,526,286
	\$ 98,494,341	\$ 1,003,570	\$ 99,497,911	\$ 104,264,321

Calculation of New User ChargesResidential Well Charge

Revenue to be Recovered	\$ 155,359
Annual Wells	288
Calculated Residential Customer Charge per Dwelling Unit	\$ 539.44

Residential Customer Charge

Revenue to be Recovered	\$ 28,502,009
Annual Dwelling Units	120,055
Calculated Residential Customer Charge per Dwelling Unit	\$ 237.41

Residential Consumption Charge

Revenue to be Recovered	\$ 31,065,395
Annual Billable Consumption (HCF)	8,153,259
Calculated Residential Consumption Charge per HCF	\$ 3.810

Commercial & Industrial Customer Charge

Revenue to be Recovered	\$ 15,243,747
Annual Equivalent Units	27,068
Calculated Equivalent Customer Charge	\$ 563
Calculated Customer Charge per Meter Size	
5/8"	\$ 563
3/4"	845
1"	1,408
1 1/2"	2,815
2"	4,504
3"	8,445
4"	14,075
6"	28,150
8"	45,040
10"	64,745

Commercial Consumption Charge

Revenue to be Recovered	\$ 26,771,526
Annual Billable Consumption (Hcf)	4,678,683
Calculated Commercial Consumption Charge per HCF	\$ 5.722

Industrial Consumption Charge

Revenue to be Recovered	\$ 2,526,286
Annual Billable Consumption (Hcf)	673,807
Calculated Industrial Consumption Charge per HCF	\$ 3.749

ADJUSTED JOINT SETTLEMENT 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)	\$ 237.41	120,055	\$ 28,502,258
Residential Wells	\$ 539.44	288	\$ 155,359
Consumption Charges (per HCF)	\$ 3.810	8,153,259	31,063,917
Total Residential			\$ 59,721,533
<u>Non-Residential</u>			
Commercial and Industrial Customer Charges (per Meter Size)			
5/8"	\$ 563	3,465	\$ 1,950,795
3/4"	845	999	843,656
1"	1,408	1,227	1,727,003
1 1/2"	2,815	809	2,277,335
2"	4,504	1,172	5,278,688
3"	8,445	81	684,045
4"	14,075	37	520,775
6"	28,150	41	1,154,150
8"	45,040	17	765,680
10"	64,745	1	64,745
Subtotal Customer Charges			\$ 15,266,871
Commercial Consumption Charges (per HCF)	\$ 5.722	4,678,683	\$ 26,771,424
Industrial Consumption Charges (per HCF)	\$ 3.749	673,807	\$ 2,526,102
Total Non-Residential			\$ 44,564,398
Total User Fee Revenue			\$ 104,285,931
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*			419,329
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			\$ 2,329,776
Total Revenue			\$ 106,615,707
Total Revenue Requirement			\$ 106,594,096
Difference (due to rounding)			\$ 21,611

ADJUSTED JOINT SETTLEMENT ANNUAL BILL IMPACTS

	Adjusted Test Year	Proposed Rate Year	Dollar Increase	Percent Increase
<u>Residential - 73.2 Hcf</u>				
Customer Charge	\$ 225.32	\$ 237.41	\$ 12.09	5.37%
Consumption	266.16	278.89	12.74	4.79%
<i>Total: Residential - 73.2 Hcf</i>	\$ 491.48	\$ 516.30	\$ 24.83	5.05%
<u>Commercial - 244 Hcf, 5/8"</u>				
Customer Charge	\$ 539.00	\$ 563.00	\$ 24.00	4.45%
Consumption	1,286.61	1,396.17	109.56	8.52%
<i>Total: Commercial - 244 Hcf, 5/8"</i>	\$ 1,825.61	\$ 1,959.17	\$ 133.56	7.32%
<u>Commercial - 2,440 Hcf, 2"</u>				
Customer Charge	\$ 4,288.00	\$ 4,504.00	\$ 216.00	5.04%
Consumption	12,866.12	13,961.68	1,095.56	8.52%
<i>Total: Commercial - 2,440 Hcf, 2"</i>	\$ 17,154.12	\$ 18,465.68	\$ 1,311.56	7.65%
<u>Industrial - 244 Hcf, 5/8"</u>				
Customer Charge	\$ 539.00	\$ 563.00	\$ 24.00	4.45%
Consumption	827.16	914.76	87.60	10.59%
<i>Total: Industrial - 244 Hcf, 5/8"</i>	\$ 1,366.16	\$ 1,477.76	\$ 111.60	8.17%
<u>Industrial - 2,440 Hcf, 2"</u>				
Customer Charge	\$ 4,288.00	\$ 4,504.00	\$ 216.00	5.04%
Consumption	8,271.60	9,147.56	875.96	10.59%
<i>Total: Industrial - 2,440 Hcf, 2"</i>	\$ 12,559.60	\$ 13,651.56	\$ 1,091.96	8.69%

ADJUSTED JOINT SETTLEMENT CHEMICALS

Account 54332	Division Surrebuttal	Actual Rate	Settlement Adjustment
Gallons Hypochlorite	853,718	853,718	-
Rate	\$ 0.5313	\$ 0.6890	\$ 0.1577
Rate Year Expense Hypochlorite	\$ 453,580	\$ 588,212	\$ 134,632

Account 54337	Division Surrebuttal	Actual Rate	Settlement Adjustment
Gallons Bisulfite	339,956	339,956	-
Rate	\$ 1.2174	\$ 1.2300	\$ 0.0126
Rate Year Expense Bisulfite	\$ 413,862	\$ 418,145	\$ 4,283

ADJUSTED JOINT SETTLEMENT ELECTRICITY

Electricity				
Account	Division Surrebuttal Position	Adjustment Based on Avg.	Rate Year Based on Avg.	
54090	\$ 3,839,356	\$ 235,352	\$ 4,074,708	

Rate Year Electricity Rates						
Rate Year Rates	COB/WQSB	Interceptor Maintenance	Field's Point	Tunnel Pump Station	Bucklin Point	
Monthly Customer Charge	\$ 1,101	\$ 1,495	\$ 1,101	\$ 1,101	\$ 1,101	
Projected Supply Rate	\$ 0.06642	\$ 0.06642	\$ 0.06642	\$ 0.06642	\$ 0.06642	
Average Delivery Rate per kwh	\$ 0.05469	\$ 0.11092	\$ 0.06515	\$ 0.06406	\$ 0.05555	
RI Gross Earnings Tax (RIGET)	\$ 0.04167	\$ 0.04167	\$ 0.04167	\$ 0.04167	\$ 0.04167	

Rate Year Electricity Use Projections kWh							
	COB/WQSB	Interceptor Maintenance	Field's Point	Tunnel Pump Station	Bucklin Point	Field's Point Turbines	Total Use
Projected FY 2019 Use	2,022,646	1,336,374	6,736,393	8,034,750	13,271,914	7,613,237	39,015,314
FY 2018 Actual	2,036,057	1,137,663	7,415,179	5,776,800	12,042,000	7,772,190	36,179,889
Average	2,029,351	1,237,018	7,075,786	6,905,775	12,656,957	7,692,714	37,597,601

Rate Year Electricity Expense Projection						
	COB/WQSB	Interceptor Maintenance	Field's Point	Tunnel Pump Station	Net Bucklin Point	Total
kWh Purchased	2,029,351	1,237,018	7,075,786	6,905,775	12,656,957	29,904,888
Fixed Annual Customer Charge	\$ 13,209.60	\$ 17,938.56	\$ 13,209.60	\$ 13,209.60	\$ 13,209.60	\$ 70,777
Supply and Delivery Composite Rate	\$ 0.1211	\$ 0.1773	\$ 0.1316	\$ 0.1305	\$ 0.1220	
Supply and Delivery	245,775	219,374	930,961	901,066	1,543,769	\$ 3,840,945
Subtotal	\$ 258,984	\$ 237,313	\$ 944,171	\$ 914,275	\$ 1,556,979	\$ 3,911,722
Rhode Island Gross Earnings Tax	10,791	9,888	39,340	38,094	64,873	162,986
with RIGET	\$ 269,775	\$ 247,201	\$ 983,511	\$ 952,369	\$ 1,621,852	\$ 4,074,708

Actual supply rate \$ 0.06642 /kWh

Adjusted Electricity Expense \$ 4,074,708

ADJUSTED JOINT SETTLEMENT RATE CASE EXPENSE

Docket 4890 Rate Case Expense - Adjustment to Account 52600

Calculation of Settlement Adjustment Prior to Rate Case Expense "True-up"		
Adjusted Test Year	\$ 514,986	A
NBC Adjustment PUC Annual Assessment	221,268	
3-year Avg. Other Rate Year Regulatory Expense	32,019	
Normalized Rate Year Expense (\$150,000/3 years)	50,000	
NBC Rate Year Request	<u>\$ 818,273</u>	
Division Adjustment - PUC Annual Assessment (Accepted by NBC in Rebuttal)	\$ (201,433)	
Settlement Agreement Amount prior to Rate Case Expense Adjustment	<u>616,840</u>	B
Settlement Adjustment prior to Rate Case Expense Adjustment (A-B)	<u><u>\$ 101,854</u></u>	
Rate Case Expense "True-up"		
Actual Expense Docket 4890		
Division	\$ 45,615	
Keough and Sweeny	35,533	
Cathedral	3,312	
Raftelis	158,527	
Total	<u>\$ 242,987</u>	
Amortized over 3 years	\$ 80,996	
Less: amortized rate case expense included in Regulatory Expense 52600	(50,000)	
Additional Adjustment for Actual Rate Case Expense	<u><u>\$ 30,996</u></u>	
Total Settlement Adjustment	<u><u>\$ 132,850</u></u>	

ADJUSTED JOINT SETTLEMENT OPERATING RESERVE

Rate Year Operations and Maintenance Expense	\$	43,670,999
less: personnel	\$	(24,957,220)
	\$	<u>18,713,779</u>
 Rate Year Operating Reserve	 \$	 <u><u>280,707</u></u>