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March 14, 2023

Ms. Luly Massaro, Clerk
Rhode Island Division of
Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

RE: *Docket D-23-04 – Narragansett Bay Commission Application For Borrowing Authority*

Dear Ms. Massaro:

Enclosed please find an original and four copies of the following:

1. The Narragansett Bay Commission's Response to the Rhode Island Division of Public Utilities and Carrier's Hearing Record Request.

Also, please note that an electronic copy of this document has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

cc: Docket D-23-04 Service List (*via electronic mail*)

Div. RR-1 Please provide further explanation for the Pro Forma Statement of Net Position (Unaudited) provided in response to Division Data Request 1-11:

Response: The original data request asked for the proforma Statement of Net Position as it relates to the new RIIB loan which was provided. However, two of the entries that were made on the Net Position proforma effected the Statement of Revenue, Expenses, and changes in Net Position.

The two items are the following:

- Principal forgiveness that will be recorded as contributed capital in the amount of \$3,238,500
- Bond fees in the amount of \$1,000,000.

Those two items will increase the Net Position by the net amount of \$2,238,500. Below is the calculation that was requested during the hearing taking into account the Statement of Revenue, Expenses, and Changes in Net Position entries.

Asset	\$ 1,819,337,057
Deferred Outflows	12,512,343
Liabilities	(1,187,781,747)
Deferred Inflows	<u>(8,476,127)</u>
Net Position	<u><u>\$ 635,591,526</u></u>

Please also see Div. RR-1 Attachment.

Prepared by: Leah Foster

NARRAGANSETT BAY COMMISSION
STATEMENT OF NET POSITION
JANUARY 31, 2023

ASSETS	Net Position January 31,2023	Entry for RIIB Loan	Proforma Net Position
CURRENT ASSETS			
Accounts receivable sewer use (net of allowance)	\$ 11,620,777		\$ 11,620,777
Accounts receivable sewer use unbilled	6,648,855		6,648,855
Accounts receivable WIFIA	254,055,708		254,055,708
Accounts receivable SRF #23		99,000,000	99,000,000
Receivables, other	155,942		155,942
Prepaid expense	266,307		266,307
Total Current Assets	272,747,590	99,000,000	371,747,590
NON-CURRENT ASSETS			
Restricted Assets			
Cash and cash equivalents, restricted	78,675,008		78,675,008
Total Restricted Assets	78,675,008		78,675,008
Capital Assets			
Land	2,754,407		2,754,407
Plant and equipment	112,534,846		112,534,846
Capital projects completed	1,006,104,559		1,006,104,559
Leased land	2,344,137		2,344,137
Construction in progress	549,023,359		549,023,359
	1,672,761,309		1,672,761,309
Less accumulated depreciation	(305,845,091)		(305,845,091)
Less accumulated amortization	(185,578)		(185,578)
Total Net Capital Assets	1,366,730,640		1,366,730,640
Other assets			
Net pension asset - Non-Union Defined Benefit Plan	2,183,820		2,183,820
Total Non-current Assets	1,447,589,468		1,447,589,468
TOTAL ASSETS	1,720,337,057	99,000,000	1,819,337,057
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt, net	4,885,850		4,885,850
Pension related outflows, net	6,575,386		6,575,386
OPEB related outflows, net	636,732		636,732
Asset retirement obligation, net	414,375		414,375
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,512,343		12,512,343

LIABILITIES

CURRENT LIABILITIES

Accounts and contracts payable	16,687,959		16,687,959
Accrued interest payable	5,103,718		5,103,718
Accrued expenses	933,717		933,717
Total Current Liabilities	<u>22,725,393</u>		<u>22,725,393</u>

NON-CURRENT LIABILITIES

Net pension liability - ERSRI Pension Plan	14,631,376		14,631,376
Net OPEB liability	1,912,937		1,912,937
Other accrued expenses	3,555,591		3,555,591
Loans payable	273,866,533	96,761,500	370,628,033
Loan payable, WIFIA	518,693,004		518,693,004
Revenue bond	253,007,712		253,007,712
Lease Liability	2,177,701		2,177,701
Asset retirement obligation	450,000		450,000
Total Non-current Liabilities	<u>1,068,294,853</u>	<u>96,761,500</u>	<u>1,165,056,353</u>

TOTAL LIABILITIES

<u>1,091,020,247</u>	<u>96,761,500</u>	<u>1,187,781,747</u>
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DEFERRED INFLOWS OF RESOURCES

Gain on refunding debt, net	2,413,293		2,413,293
Pension related inflows, net	4,330,800		4,330,800
OPEB related inflows, net	1,732,034		1,732,034

TOTAL DEFERRED INFLOWS OF RESOURCES

<u>8,476,127</u>		<u>8,476,127</u>
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NET POSITION

Net Investment in capital assets	558,840,135	2,238,500	561,078,635
Restricted - environmental enforcement	56,701		56,701
Restricted - bond covenants	49,681,620		49,681,620
Restricted - debt service reserve	2,989,316		2,989,316
Restricted - operating reserve for revenue stability	4,540,159		4,540,159
Restricted - operating capital	12,588,253		12,588,253
Unrestricted	4,656,842		4,656,842
TOTAL NET POSITION	<u>633,353,026</u>	<u>2,238,500</u>	<u>635,591,526</u>

NARRAGANSETT BAY COMMISSION
STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDING JANUARY 31, 2023

	Net Position January 31,2023	Entry for RIIB Loan	Proforma Net Position
OPERATING REVENUE			
User fees, residential	\$ 37,110,567		\$ 37,110,567
User fees, commercial and industrial	26,157,200		26,157,200
Sewer connection fees	159,325		159,325
Pretreatment fees	47,160		47,160
Septage income	211,108		211,108
Renewable energy credits	463,824		463,824
Miscellaneous	93,223		93,223
Late charge penalties	288,020		288,020
Total Operating Revenues	64,530,427		64,530,427
OPERATING EXPENSES			
Personnel	15,543,757		15,543,757
Operations and maintenance	1,135,817		1,135,817
Maintenance contracts and service agreements	1,524,590		1,524,590
Biosolid disposal expense	3,161,337		3,161,337
Insurance expense	1,300,054		1,300,054
Electricity expense	1,478,549		1,478,549
Other utilities	457,625		457,625
Chemicals expense	522,443		522,443
Supplies	960,213		960,213
Professional services	1,377,761		1,377,761
Depreciation/Amortization	13,125,692		13,125,692
Miscellaneous	432,953		432,953
Total Operating Expenses	41,020,792		41,020,792
OPERATING INCOME	23,509,635		23,509,635
NON-OPERATING REVENUES (EXPENSES)			
Interest income	1,143,395		1,143,395
Grant revenue	3,000		3,000
Project related revenue	85,184		85,184
Interest expense	(9,309,884)		(9,309,884)
Miscellaneous non-operating revenue	145,148		145,148
Bond and note fees	(264,139)	(1,000,000)	(1,264,139)
Sewer tie-in revenue	76,550		76,550
Total Non-operating Revenue (Expenses)	(8,120,747)	(1,000,000)	(9,120,747)

NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	15,388,888	(1,000,000)	14,388,888
Capital Contributions	-	3,238,500	3,238,500
CHANGE IN NET POSITION	<u>15,388,888</u>	<u>2,238,500</u>	<u>17,627,388</u>
TOTAL NET POSITION, BEGINNING	617,964,139	-	617,964,139
TOTAL NET POSITION, ENDING	<u>\$ 633,353,026</u>	<u>\$ 2,238,500</u>	<u>\$ 635,591,526</u>

Calculation:	
Asset	1,819,337,057
Deferred Outflows	12,512,343
Liabilities	(1,187,781,747)
Deferred Inflows	<u>(8,476,127)</u>
	<u>635,591,526</u>

Note: Both the SRF #23 A/R and the Loan Payable are included in the "Net Investment in Capital Assets" calculation.

CERTIFICATION

I hereby certify that on March 14, 2023, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Division Clerk, by electronic mail and regular mail.

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