

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

**NARRAGANSETT BAY COMMISSION**

**RATE CASE**

**DOCKET NO. 22-47-WW**

**ON BEHALF OF  
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS**

**March 28, 2023**

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Exhibits:

- RCS-1, Ralph Smith Background and Qualifications
- RCS-2, Revenue Requirement and Adjustment Schedules
- RCS-3, 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 of  
4 Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC,  
5 Certified Public Accountants, with offices at 15728 Farmington Road, Livonia,  
6 Michigan 48154.

7

8 **Q. Please describe the firm Larkin & Associates, PLLC.**

9 A. Larkin & Associates, PLLC ("Larkin"), is a Certified Public Accounting and  
10 Regulatory Consulting Firm. The firm performs independent regulatory consulting  
11 primarily for public service/utility commission staffs and consumer interest groups  
12 (public counsels, public advocates, consumer counsels, attorneys general, etc.).  
13 Larkin has extensive experience in the utility regulatory field as expert witnesses in  
14 over 600 regulatory proceedings, including numerous electric, water and wastewater,  
15 gas and telephone utility cases.

16

17 **Q. Mr. Smith, please summarize your educational background and recent work  
18 experience.**

19 A. I received a Bachelor of Science degree in Business Administration (Accounting  
20 Major) with distinction from the University of Michigan - Dearborn, in April 1979.  
21 I passed all parts of the C.P.A. examination on my first sitting in 1979, received my  
22 C.P.A. license in 1981, and received a certified financial planning certificate in 1983.  
23 I also have a Master of Science in Taxation from Walsh College, 1981, and a law

1 degree (J.D.) cum laude from Wayne State University, 1986. In addition, I have  
2 attended a variety of continuing education courses in conjunction with maintaining  
3 my accountancy license. I am a licensed Certified Public Accountant and attorney in  
4 the State of Michigan. Since 1981, I have been a member of the Michigan  
5 Association of Certified Public Accountants. I am also a member of the Michigan  
6 Bar Association. I have also been a member of the American Bar Association (ABA),  
7 and the ABA sections on Public Utility Law and Taxation.

8  
9 **Q. Please summarize your professional experience.**

10 A. After graduating from the University of Michigan, and after a short period of  
11 installing a computerized accounting system for a Southfield, Michigan realty  
12 management firm, I accepted a position as an auditor with the predecessor CPA firm  
13 to Larkin & Associates in July 1979. Before becoming involved in utility regulation  
14 where the majority of my time for the past 39 years has been spent, I performed audit,  
15 accounting, and tax work for a wide variety of businesses that were clients of the  
16 firm.

17  
18 **Q. Have you previously testified before the Rhode Island Public Utilities  
19 Commission?**

20 A. Yes. I previously testified before the Rhode Island Public Utilities Commission for  
21 a Providence Water rate case, Docket No. 4618, a Suez Water rate case, Docket No.  
22 4800, and in NBC's last rate case, Docket No. 4890. I also presented testimony in a  
23 Block Island Utility District d/b/a Block Island Power Company rate case, Docket  
24 No. 4975 and a Pascoag Utility District rate case, Docket No. 5134.

1 **Q. Have you previously submitted testimony before other state regulatory**  
2 **commissions?**

3 A. Yes. I have previously submitted testimony before many other state regulatory  
4 commissions, including Alabama, Alaska, Arizona, Arkansas, California,  
5 Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas,  
6 Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi,  
7 Missouri, Montana, New Jersey, New Mexico, New York, Nevada, North Carolina,  
8 North Dakota, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South  
9 Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington D.C.,  
10 West Virginia, and Canada as well as the Federal Energy Regulatory Commission  
11 and various state and federal courts of law. My prior testimonies have included  
12 evaluations of numerous utility rate case filings and revenue requirement  
13 determinations.

14  
15 **Q. Have you prepared an exhibit describing your qualifications and experience?**

16 A. Yes. I have attached Exhibit No. RCS-1, which is a summary of my regulatory  
17 experience and qualifications.

18  
19 **Q. On whose behalf are you appearing?**

20 A. Larkin & Associates, PLLC, was retained by the Division of Public Utilities and  
21 Carriers ("the Division") to review the rate request of Narragansett Bay Commission  
22 ("Narragansett," "NBC" or "Company"). Accordingly, I am appearing on behalf of  
23 the Division.

24

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

2 A. I am presenting the Division's overall recommended revenue requirement for NBC  
3 in this case. I sponsor several adjustments to the Company's proposed revenue  
4 requirement.

5  
6 **Q. Have you attached any other Exhibits or Schedules to your testimony?**

7 A. Yes. I prepared Exhibit RCS-2 which presents the revenue requirement calculation  
8 for the Rate Year ending June 30, 2024, giving effect to all of the adjustments that I  
9 am recommending in this testimony. Exhibit RCS-2 contains schedules showing the  
10 revenue requirement, operating revenues, operating expenses, debt service and  
11 adjusted net operating income, and also includes schedules for each adjustment I am  
12 recommending.

13 Additionally, Exhibit RCS-3 presents a User Charge Calculation and Proof of  
14 Revenue that reflects the Division's adjusted results. Exhibit RCS-3 contains  
15 Schedule A, which is similar to NBC's Schedule 36, showing the Non-User Charge  
16 Calculation and Proof of Revenue.

17

18 **Q. How will your testimony be organized?**

19 A. In Section II, I present the overall financial summary for the base rate change to be  
20 effective for the Rate Year ended June 30, 2024, showing the revenue requirement  
21 and revenue increase recommended by the Division.

22 In Section III, I briefly address the four additional step increases for FY2025,  
23 FY2026, FY2027 and FY2028 that NBC has requested, each of which related to  
24 NBC's projections for debt service.

1 In Section IV, I briefly discuss the test year and Rate Year used by NBC, and  
2 explain the criteria applied for a cut-off date of June 30, 2024 that was utilized for  
3 examining NBC's proposed costs for the FY2024-based Rate Year.

4 In Section V, I discuss my proposed adjustments which impact the Company's  
5 revenue requirement. Exhibit RCS-2 attached to my testimony presents the  
6 Division's Revenue Requirement and Adjustment Schedules.

7  
8 **II. OVERALL FINANCIAL SUMMARY – BASE RATE CHANGE FOR FY2024**  
9 **RATE YEAR**

10 **Q. What revenue increase is the Company seeking?**

11 A. The Company's application indicates that NBC is requesting a general base rate user  
12 charge revenue increase of \$11,257,959 to support its claimed total revenue  
13 requirement of \$115,574,327 for the Rate Year ending June 30, 2024. Overall, the  
14 increase requested by the Company would be 11.11%.

15  
16 **Q. Were certain errors discovered in NBC's application?**

17 A. Yes. NBC's Schedule 1, at page 3, includes Operating Capital amounts totaling  
18 \$3,862,859 which are funded from the Restricted Operating Capital Account – OCP  
19 in the Project Fund and which, therefore, should have been removed as a Rate Year  
20 adjustment and not included in NBC's Rate Year Revenue Requirement, as indicated  
21 by NBC in its response to PUC 1-1.

22 Additionally, NBC's Schedule 1, at page 3, shows Rate Year amounts for  
23 Lease Payments of \$105,283 and for Lease Interest Expense of \$8,177, for a

1 combined amount of \$113,400, which NBC did not include in its proposed Rate Year  
2 revenue increase amount of \$11,257,959.

3

4 **Q. How have you reflected the impact of those error corrections?**

5 A. On Exhibit RCS-2, Schedule RCS-1, page 1 of 5, line 6, I have included the  
6 Lease/Subscriptions amount of \$113,400, where it has been included in the total Rate  
7 Year Revenue Requirement amount on line 11.

8 On Exhibit RCS-2, Schedule RCS-3, as described in the section of my  
9 testimony concerning Division adjustments, I show adjustment to remove the  
10 Operating Capital amounts totaling \$3,862,859. The removal of those Operating  
11 Capital amounts from the revenue requirement for NBC is also shown on Schedule  
12 RCS-1, page 1, line 8, column B, and on Schedule RCS-1, page 5, lines 16-25, in  
13 column B.

14

15 **Q. Were those the only errors discovered in NBC's rate application?**

16 A. No. Certain other apparent errors involving specific expenses were also discovered  
17 in NBC's application, and are discussed in my testimony in the context of addressing  
18 specific expense adjustments.

19

20 **Q. What revenue requirement do you recommend for NBC for the Rate Year?**

21 A. As shown on Exhibit RCS-2, Schedule RCS-1, page 1, my recommended adjustments  
22 in this case result in a recommended revenue increase for NBC of \$3.105 million.  
23 This is \$8.266 million less than the \$11.258 million "first phase" base rate increase  
24 that was requested by NBC in its November 4, 2022 General Rate Filing.



1 **Q. Have you presented a reconciliation of NBC's request and the Division's**  
2 **recommended adjusted results for the Rate Year?**

3 A. Yes. A reconciliation of NBC's requested revenue increase and the Division's  
4 recommended adjustments is presented on Exhibit RCS-2, Schedule RCS-2. The  
5 estimated impact of each Division adjustment is shown there.

6

7 **III. FOUR ADDITIONAL STEP INCREASES PROPOSED BY NBC**

8 **Q. Does NBC's November 4, 2022 General Rate Filing also include requests for**  
9 **four additional annual step increases?**

10 A. Yes. NBC has included with its General Rate Filing application a request for four  
11 additional user charge step revenue increases, which are described on page 5 of Mr.  
12 Fox's Direct Testimony, as follows:

13 Step 2 (FY25) – NBC requires additional user charge revenue in the  
14 amount of \$8,735,691 for debt service. This represents a 7.76%  
15 increase over the proposed Step 1 revenue in FY24.

16 Step 3 (FY26) – NBC requires additional user charge revenue of  
17 \$3,103,269 for debt service. This represents a 2.56% increase over the  
18 proposed Step 2 revenue in FY25.

19 Step 4 (FY27) – NBC requires additional user charge revenue of  
20 \$2,112,378 for debt service. This represents a 1.70% increase over the  
21 proposed Step 3 revenue in FY26.

22 Step 5 (FY28) – NBC requires additional user charge revenue of  
23 \$5,776,999 for debt service. This represents a 4.57% increase over the  
24 proposed Step 4 revenue in FY27.

25

26 **Q. Has NBC developed and provided some information concerning its capital**  
27 **budgets for fiscal years 2025 through 2028?**

1 A. Yes. NBC's response to Division 1-12 stated that NBC's Capital Budget consists of  
2 a six-year Capital Improvement Program and Operating Capital Program that are  
3 updated each year. That NBC response provided information concerning its FY 2022  
4 and FY 2023 Capital Budgets and its draft FY2024 Capital Budget. NBC's response  
5 to Division 1-12 also states that: "NBC has not prepared/updated the Capital Budgets  
6 for FY 2025, 2026, 2027 or 2028."

7  
8 **Q. Has NBC developed and provided Operating Budgets for fiscal years 2024  
9 through 2028?**

10 A. No. NBC's response to Division 1-11 states that NBC has not prepared its operating  
11 budgets for fiscal years 2024, 2025, 2026, 2027 and 2028.

12  
13 **Q. Are the step increases that are requested by NBC for fiscal years 2025, 2026,  
14 2027 and 2028 all related to debt service?**

15 A. Yes. NBC's response to Division 1-8(a), for example, states that NBC's request for  
16 rate relief beyond the Rate Year (FY2024) is for debt service only.

17  
18 **Q. Are the step increases that are requested by NBC for fiscal years beyond 2024  
19 all related to debt service on debt that NBC had not yet issued as of December  
20 31, 2022?**

21 A. Yes. NBC's response to Division 3-2(e) states that: "None of the projected increases  
22 for FYs 2025, 2026, 2027 or 2028 on Schedule 33 are based on debt issuances that  
23 have occurred as of 12/31/2022."

24

1 **Q. Are there concerns regarding whether NBC can accurately forecast its debt**  
2 **service requirements for several years into the future?**

3 A. Yes. While NBC has identified expectations that it will need significant amounts of  
4 debt in years subsequent to FY 2024 to finance planned capital projects, it is a  
5 challenging time for anyone trying to forecast interest rates and debt financing costs.  
6 Thus, there are concerns regarding whether NBC's projections that have been  
7 provided in the current case in NBC's rate application will turn out to represent  
8 accurately forecasted debt service requirements for years subsequent to the FY2024  
9 Rate Year. Moreover, with other alternatives available to address NBC's debt service  
10 costs in years subsequent to the FY2024 Rate Year, there is no compelling reason to  
11 set step increases for NBC's rates in the current rate case for years subsequent to the  
12 FY2024 Rate Year.

13  
14 **Q. Would having a five-year rate plan as proposed by NBC also imply that NBC's**  
15 **revenues and non-debt service costs are expected to be relatively stable over the**  
16 **five-year time frame covered in the five-year rate plan?**

17 A. Yes. Having a five-year rate plan, with step increases limited only to changes in  
18 projected future debt service costs, would imply that NBC's revenues and non-debt  
19 service costs are expected to be relatively stable over the rate plan time frame.

20  
21 **Q. Has NBC demonstrated that it would be reasonable to expect that its non-debt**  
22 **service costs would be stable for FYs 2025, 2026, 2027 or 2028?**

23 A. No.

24

1 Q. Should the five-year rate plan requested by NBC be approved in this case?

2 A. No. The five-year rate plan requested by NBC in this case should be rejected.

3

4 Q. Has NBC indicated that it could seek recovery for increases beyond the Rate  
5 Year (FY2024) that are related only to debt service through the Debt Service  
6 Compliance Filing Mechanism?

7 A. Yes. NBC indicated that it could seek recovery for step increases beyond the Rate  
8 Year (FY2024) that are related only to debt service through the Debt Service  
9 Compliance Filing Mechanism if the Commission extends it to FY2027. *See, e.g.*,  
10 NBC's responses to Division 1-8(b) and Division 1-9.

11

12 Q. Since its filing of a rate increase application in this docket, has NBC significantly  
13 revised its estimates of anticipated borrowing?

14 A. Yes. As described in NBC's response to Division 3-2(g), NBC updated its expected  
15 debt issuances for FY 2024 through FY 2028. NBC's response to Division 3-2(g)  
16 states in part as follows:

17 ... NBC's original filing in this Docket anticipated borrowing  
18 \$190,000,000 in FY 2024 and \$60,000,000 in FY 2025, for a total of  
19 \$250,000,000. Now, NBC anticipates borrowing \$50,000,000 in FY  
20 2024 and \$138,594 in FY 2025, for a total of \$188,984,594. Thus, the  
21 total borrowing amount for FYs 2024 and 2025 is now \$61,015,406  
22 lower. However, NBC's original filing in this Docket did not  
23 anticipate any borrowings in FYs 2026, 2027 and 2028. Now, NBC  
24 anticipates borrowing \$106,775,044 in FY 2026, \$60,737,608 in FY  
25 2027, and \$10,015,831 in FY 2028.

26 **Given how much the timing and total of NBC's debt needs has**  
27 **changed in one year, NBC withdraws its requests for rate**  
28 **increases in FYs 2026, 2027 and 2028. Further, NBC would prefer**  
29 **to only have the Commission rule on a rate increase for FY 2024**  
30 **and have the debt service compliance filing mechanism reinstated.**  
31 This will allow NBC to deal with future rate increases attributable

1 solely to debt through the debt service compliance filing mechanism  
2 rather than filing full rate cases and multi-year rate increases.  
3 However, NBC does not wish to formally withdraw its multi-year  
4 request for FY 2024 and FY 2025 at this time in the event the  
5 Commission does not reinstate the multi-year compliance filing  
6 mechanism, because it is not in the ratepayers' best interest to have  
7 NBC file another full rate case at the conclusion of this case to solely  
8 address the increase needed in FY 2025 for debt service.

9 If anything, NBC's filing of a multi-year rate increase in this Docket  
10 demonstrates that the debt service compliance filing mechanism is in  
11 the best interest of NBC and its ratepayers. The debt service  
12 compliance filing mechanism allows NBC to nimbly address its  
13 borrowing needs, without having to file full rate cases, by allowing  
14 NBC to address current conditions and changes to its CIP, take  
15 advantage of changes in market conditions, find potential new funding  
16 opportunities, and develop more creative debt structuring to mitigate  
17 rate impacts.

18 (Emphasis supplied.)  
19

20 **Q. What is your recommendation concerning the increases in user charges that**  
21 **NBC has requested beyond the FY2024 Rate Year that are related only to debt**  
22 **service?**

23 A. As stated above, I recommend that the increases in user charges that NBC has  
24 requested beyond the FY2024 Rate Year that are related only to debt service be  
25 addressed in the Debt Service Compliance Filing Mechanism, which should be  
26 extended to accommodate those debt service related revenue increases.  
27

28 **Q. What do you recommend for setting NBC's new rates in this case?**

29 A. I recommend that new rates for NBC should be approved in this case based on  
30 adjusted FY2024 Rate Year results. As noted above, increases in NBC's cost of  
31 service that are related to debt service costs for fiscal years subsequent to FY2024  
32 should be addressed by extending the Debt Service Compliance Filing Mechanism.

1 NBC's response to Division 3-2(g), as quoted above, indicates that NBC now agrees  
2 with this approach.

3 **IV. TEST YEAR AND RATE YEAR**

4 **Q. What test year and Rate Year were used by NBC to develop its proposed**  
5 **revenue requirement and requested revenue increase?**

6 A. NBC's application uses a test year of the 12 months ending June 30, 2022. NBC is  
7 on a fiscal year ending June 30. NBC's starting point for developing its proposed  
8 revenue requirement is audited accounting information for the 12 months ended June  
9 30, 2022 (i.e., fiscal year 2022). NBC proposes a Rate Year consisting of the 12  
10 months ending June 30, 2024 (FY 2024).

11

12 **Q. What effective date has NBC requested for its FY 2024 based revenue increase?**

13 A. NBC has proposed that its requested \$11,257,959 revenue increase take effect on  
14 December 5, 2022. NBC has thus proposed that its FY 2024 based revenue increase  
15 would become effective before on July 1, 2023, which is the first day in NBC's FY  
16 2024.

17

18 **Q. How does NBC define its fiscal year?**

19 A. NBC's fiscal year runs from July 1st through the following June, and is numbered  
20 with the calendar year in which it ends. The FY 2023 budget year begins July 1,  
21 2022 and ends June 30, 2023. The subsequent fiscal year or FY 2024 is the 12 month  
22 period that ends June 30, 2024.

23

1 **Q. What time periods have you used in making your determination of NBC's**  
2 **revenue requirements?**

3 A. I have accepted NBC's use of the test year ending June 30, 2022 (FY 2022) and a  
4 Rate Year ending June 30, 2024 (FY 2024) as the basis for determining NBC's  
5 revenue requirements. However, I have also used other historical information and  
6 NBC's FY 2023 Budget<sup>1</sup> as a point of comparison in evaluating some of NBC's  
7 proposed adjustments to the FY 2024 Rate Year.

8

9 **Q. Has NBC included projected cost increases occurring beyond the Rate Year**  
10 **ending June 30, 2024 for certain expenses?**

11 A. It does not appear so from the review conducted to date, but this is continuing to be  
12 investigated. If NBC has included cost increases that would be incurred beyond the  
13 end of the Rate Year, such as estimated cost increases that NBC expects for July 1,  
14 2024 or beyond, those would have been removed and/or limited to expense increases  
15 from the test year to the Rate Year, i.e., to amounts that would be incurred during the  
16 FY 2024 Rate Year but not beyond the Rate Year.

17

18 **Q. Is it your intention to allow any expense increases that would occur beyond the**  
19 **end of the Rate Year, which is the 12 months ending June 20, 2024?**

20 A. No. If NBC adjustments are identified for expense or cost increases that would not  
21 become effective until July 1, 2024 (i.e., after the Rate Year), the post-Rate Year  
22 amounts should be eliminated.

---

<sup>1</sup> NBC's Fiscal Year 2022 and 2023 Budgets were provided in response to Division 1-11. NBC's response to Division 1-11 states that NBC has not prepared its budgets for fiscal years 2024, 2025, 2026, 2027 and 2028.

1 V. **SPECIFIC ISSUES AFFECTING NBC'S REVENUE REQUIREMENT**

2 Q. **How is the remainder of your testimony organized?**

3 A. The remainder of my testimony is organized into sections corresponding to the  
4 specific issue or topic being addressed. The sections are set forth in the Table of  
5 Contents for this testimony.

6 **Operating Capital Correction**

7  
8 Q. **Did NBC's application include Operating Capital amounts in its proposed Rate  
9 Year revenue requirement?**

10 A. Yes. NBC's Schedule 1, page 3, included Operating Capital of \$3,862,859 in its  
11 requested Rate Year Step 1 in error. That amount should be removed. As NBC's  
12 response to PUC-1-1 states:

13 **Comm. 1-1:** Referring to Schedule 1, page 3 of 46 of NBC's filing,  
14 please provide an itemized listing of the projects that will be funded by  
15 the \$3,862,859 of Operating Capital requested in Rate Year Step 1.

16 Response: The Operating Capital for the Rate Year Step 1 should have  
17 been backed out as a Rate Year adjustment and not included in the  
18 Total Revenue Requirement for the Rate Year. The Operating Capital  
19 is funded from the Restricted Operating Capital Account – OCP in the  
20 Project Fund. Please see Attachment COMM. 1-1 for the revised  
21 Schedule 1. Please note that the adjusted test year total revenue  
22 requirement in the attachment differs from that in the original filing  
23 because the Lease/Subscriptions Expense of \$113,400, while included  
24 in the schedule, was not included in the sum formula.

25

26 Q. **Please explain the adjustment to remove the Operating Capital amounts.**

27 A. Exhibit RCS-2, Schedule RCS-3 shows the adjustment to remove the Operating  
28 Capital amounts totaling \$3,862,859. The removal of those Operating Capital  
29 amounts from the revenue requirement for NBC is also shown on Schedule RCS-1,  
30 page 1, line 8, column B, and on Schedule RCS-1, page 5, lines 16-25, in column B.



1 **Q. NBC’s response to PUC 1-1 also mentions that the Lease/Subscriptions Expense**  
2 **of \$113,400, while included in the schedule, was not included in NBC’s total cost**  
3 **of service. How have you addressed that item?**

4 A. On Exhibit RCS-2, Schedule RCS-1, page 1 of 5, line 6, I have included the  
5 Lease/Subscriptions amount of \$113,400, where it has been included in the total Rate  
6 Year Revenue Requirement amount on line 11.

7

8

**Fiscal Year 2024 Debt Service Cost**

9

10 **Q. What has NBC proposed for Fiscal Year 2024 Debt Service Cost?**

11 A. NBC’s application included \$59,337,675 for Debt Service Costs for the Rate Year,  
12 as shown on NBC’s Schedule 1, page 3, on the line item titled “Total Debt Service”  
13 which I have replicated on Exhibit RCS-2, Schedule 1, page 1, line 9, in column A,  
14 and on Schedule 1, page 5, lines 26-29, in column A.

15

16 **Q. What amount are you recommending for Fiscal Year 2024 Debt Service Cost?**

17 A. As shown on Exhibit RCS-2, Schedule 4, NBC’s Exhibit KG-1 from Docket No. D-  
18 23-04 shows a FY 2024 Debt Service amount of \$46,470,174 for principal and  
19 interest. Applying the 1.25 multiplier to that indicates total Debt Service of  
20 \$58,087,718, which is \$1,249,958 lower than NBC’s proposed amount of  
21 \$59,337,675. The adjustment to reduce NBC’s proposed Rate Year amount for Debt  
22 Service, including the Debt Service Coverage, by \$1,249,958 is shown on Exhibit  
23 RCS-2, Schedule 4.

24

**Revenue - Declining Consumption**

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**Q. Has NBC proposed an adjustment to reduce the adjusted test year user fee revenue?**

A. Yes. Referring to the Consumption Fee revenue amounts on NBC’s Schedule DMF-1, NBC has proposed adjustments to reduce the adjusted test year user fee revenue by \$385,084 for declining residential customer usage, by \$1,076,994 for declining commercial customer usage and by \$171,083 for declining industrial customer usage.

**Q. What is the Company proposing for declining consumption?**

A. As described on pages 13-15 of NBC witness David Fox’s direct testimony and shown on his Schedules DMF-4, DMF-5 and DMF-6, NBC has projected declining water consumption to occur from the test year into the Rate Year for residential, commercial and industrial customers.

As shown on Schedule DMF-5, NBC proposes to adjust test year billable consumption for NBC's wastewater service downward for Residential for estimated decreases of 0.6% in each year, FY2023 and FY2024. NBC proposes to adjust test year billable consumption for Commercial customers for estimated decreases of 2.2% in each year, FY2023 and FY2024. NBC is also proposing a declining consumption adjustment for Industrial customers of 4.1% in each year, FY2023 and FY2024.

The basis for the estimated amount of decline is a comparison that NBC made of actual billable consumption for fiscal years 2018, 2019, 2020 and 2022, which is summarized on NBC witness David Fox’s testimony at page 14 and is shown in NBC Schedule DMF-5. At page 13 of his Direct Testimony, Mr. Fox states that for purposes of analyzing historical trends, he omitted FY2021 results from his analysis

1 “to reflect an anomalous consumption year due to COVID-19 impacts on consumer  
2 behavior.”

3

4 **Q. Have you performed an analysis of FY 2024 Rate Year residential, commercial  
5 and industrial consumption fee revenue?**

6 A. Yes. I discuss my analysis of residential, commercial and industrial consumption fee  
7 revenue in the following sections of my testimony.

8 **Revenue - Declining Residential Consumption**

9

10 **Q. Has NBC estimated that FY2022 actual residential consumption will decrease  
11 in each year, FY2023 and FY2024?**

12 A. Yes. NBC’s proposed revenue adjustment to decrease FY 2022 test year revenue for  
13 residential consumption is based upon estimated annual decreases of 0.6% from the  
14 FY 2022 level in each year, FY 2023 and FY 2024.

15

16 **Q. Has billable residential consumption declined in each year?**

17 A. No. NBC's information shows that billable residential consumption increased from  
18 8,110,082 HCF<sup>2</sup> in FY2020 to 8,710,408 HCF in FY2021. Additionally, information  
19 from NBC’s last rate case, which was omitted from NBC’s analysis of residential  
20 consumption in the current case, shows that residential consumption in FY 2015 and  
21 FY 2017 were higher than the level for residential consumption that was used in  
22 NBC’s rate case in Docket No. 4478.

23

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<sup>2</sup> HCF indicates hundred cubic feet.

1 **Q. Has NBC's billable residential consumption been below the level used in Docket**  
2 **No. 4890 in each year?**

3 A. No. The chart that is shown on NBC witness David Fox's testimony at page 14 shows  
4 that in NBC's last rate case listed the Docket No. 4890 residential consumption at  
5 8,153,259 HCF. The actual Residential customer usage in FY 2018 of 8,233,501  
6 HCF, and in FY 2019 of 8,199,972 HCF were above the Docket No. 4890 Residential  
7 usage. Additionally, the actual FY 2021 residential consumption of 8,710,408 HCF  
8 was above the Docket No. 4890 residential consumption.

9  
10 **Q. What residential consumption does NBC show for the FY2022 test year?**

11 A. NBC shows actual residential consumption of 8,080,205 HCF for the FY2022 test  
12 year.

13  
14 **Q. Has NBC demonstrated that residential water usage will be declining from the**  
15 **FY 2022 actual level by 0.6 percent in each year in FY 2023 and FY 2024?**

16 A. No. As noted above, residential usage has declined in some years and has increased  
17 in other years. Usage that fluctuates upward and downward from year to year, as has  
18 been shown for NBC's residential consumption is not indicative of a continuing  
19 downward trend. NBC has failed to demonstrate that billable residential usage will  
20 continue to decrease 0.6 % each year in FY 2023 and FY 2024 beyond the FY 2022  
21 level to the FY 2024 Rate Year.

22  
23 **Q. What information has NBC provided concerning residential consumption by**  
24 **month in calendar year 2022?**

1 A. NBC's response to Division 4-1 shows that calendar year 2022 residential  
2 consumption was 8,084,844 HCF. That is the most current actual information  
3 available and represents an increase of 0.1 percent over the FY 2022 level of  
4 8,080,205 HCF.

5  
6 **Q. What are you recommending for FY 2024 Rate Year residential consumption?**

7 A. NBC has not adequately demonstrated that residential consumption will be declining  
8 from FY2022 to FY2024, and NBC has also not adequately demonstrated that, if  
9 there was an expected decline, that it would be at the annual rate of decline of 0.6%  
10 per year that was used by NBC. For FY 2024 Rate Year residential consumption, I  
11 am recommending using the FY2022 level of 8,080,205 HCF.

12 I note that the FY2022 level of 8,080,205 HCF for annual residential  
13 consumption is below several comparable figures that were considered, including a  
14 level of 8,095,144 HCF, which is the average of the FY2020 and FY2022  
15 consumption of 8,110,082 HCF and 8,080,205 HCF, respectively. The actual  
16 FY2022 residential consumption of 8,080,205 HCF is also below the much higher  
17 FY2021 consumption of 8,710,408 HCF which may have been impacted by people  
18 spending more time at home during the pandemic. The actual FY2022 residential  
19 consumption of 8,080,205 HCF is also below the calendar 2022 level of 8,084,844  
20 HCF.

21 **Q. How does the FY2022 level for residential consumption compare with the level**  
22 **that was used in Docket No. 4890?**

1 A. Using the FY2022 actual consumption level for the FY2024 Rate Year represents a  
2 decrease of 73,054 HCF or 0.9% from the 8,153,259 HCF residential consumption  
3 level from Docket No. 4890.

4  
5 **Q. What impact does that have on residential consumption fee revenue?**

6 A. NBC's projected decrease of \$385,084 in residential consumption fee revenue from  
7 the adjusted FY2022 test year amount to a FY2024 Rate Year is removed.  
8 Calculations and analysis are presented on Exhibit RCS-2, Schedule RCS-5.

9 **Revenue - Commercial Consumption**

10  
11 **Q. What has NBC projected for Rate Year commercial consumption?**

12 A. NBC projects that actual FY2022 commercial consumption of 4,373,066 HCF will  
13 decrease by 2.2% in each year, FY2023 and FY2024, and thus NBC has used a  
14 decreased level of commercial consumption of 4,185,893 for the FY2024 Rate Year.  
15 Related to this projected decline in commercial consumption, NBC has proposed to  
16 reduce commercial revenue at current rates from the FY2022 test year to the FY2024  
17 rate year by \$1,076,994.

18

19 **Q. Has billable commercial consumption been below the level used in Docket 4890  
20 in each year?**

21 A. No. The chart shown on NBC witness David Fox's testimony at page 14 lists the  
22 Docket No. 4890 commercial consumption at 4,678,683 HCF. Commercial customer  
23 usage in FY2018 and FY2019 were both above the Docket No. 4890 commercial  
24 usage. Commercial consumption has been below the Docket 4890 level in FY2020,

1 FY2021 and FY2022. This analysis is also shown on Exhibit RCS-2, Schedule RCS-  
2 6.

3

4 **Q. Has billable commercial consumption declined in each year?**

5 A. No. As shown on Exhibit RCS-2, Schedule RCS-6, billable commercial consumption  
6 of 4,373,066 HCF in FY2022, the test year, is higher than the levels shown for each  
7 of the two immediately previous years, FY2020 and FY2021. In other words, the  
8 test year level of commercial consumption that NBC is proposing to reduce is higher  
9 than the commercial consumption in each of the prior two years.

10 While commercial consumption declined significantly from FY2019 to  
11 FY2020, probably in reaction at least in part to the pandemic, the FY2022 test year  
12 level shows a rebound, and is certainly not indicative of recent or continuing annual  
13 declines. A comparison of the FY2022 commercial consumption with the levels in  
14 FY2020 and FY2021 which together represent the three most recent fiscal years for  
15 which actual information is available, does not demonstrate a recent actual trend of  
16 declining commercial consumption. In fact, it shows the opposite, the most recent  
17 year, FY2022, shows higher commercial consumption than FY2020 or FY2021.

18

19 **Q. Does annual calendar year information for commercial consumption show  
20 decreases or increases from 2020 to 2021 and from 2021 to 2022?**

21 A. In response to Division 2-2, NBC provided commercial consumption on a monthly  
22 and calendar year basis. Commercial consumption increased from 4,050,251 HCF  
23 in 2020 to 4,323,806 HCF in 2021, an increase of 273,555 HCF, or 6.8%.  
24 Additionally, commercial consumption increased further from 2021 to 2022 by

1 65,480 HCF or 1.5%. Again, this is **not** indicative of a recent or continuing declining  
2 annual decrease in commercial consumption. In fact, just the opposite, each of the  
3 most current two calendar years show an **increase** in commercial consumption over  
4 the immediately preceding year.

5  
6 **Q. Does the most current actual information on commercial consumption indicate**  
7 **that the recent increase has continued?**

8 A. Yes. Commercial consumption for calendar 2022 of 4,389,294 HCF is also higher  
9 than the commercial consumption for FY2022 (i.e., for the 12 month period ending  
10 June 30, 2022) of 4,373,066 HCF.

11  
12 **Q. Has NBC adequately demonstrated that there is a continuing declining trend for**  
13 **commercial consumption from the FY2022 test year to the FY2024 Rate Year?**

14 A. No. NBC has thus failed to adequately demonstrate that there is a continuing  
15 declining trend in commercial consumption that would support reducing the FY 2022  
16 test year level (which has increased from the level in both FY2020 and FY2021) to  
17 project FY 2024 Rate Year commercial consumption. Unless a continuing trend can  
18 be demonstrated, no adjustment should be made for declining commercial  
19 consumption beyond the test year. NBC has failed to demonstrate that there is a  
20 continuing downward trend beyond FY 2022 for commercial consumption.  
21 Therefore, the Company's proposed adjustment for additional declining commercial  
22 consumption beyond the test year should be rejected.

23 In fact, an analysis of the most current information on actual commercial  
24 consumption, including how the FY2022 levels compare with the levels from



1 FY2020 and FY2021, and the increases in commercial consumption from calendar  
2 years 2020 to 2021 and from 2021 to 2022, indicate that commercial consumption  
3 has recently been increasing, not declining.  
4

5 **Q. Please explain your recommendation for Rate Year Commercial consumption.**

6 A. I recommend that calendar year 2022 actual consumption of 4,389,294 HCF be used  
7 as the basis for FY2024 Rate Year consumption. As shown on Exhibit RCS-2,  
8 Schedule RCS-6, this adjustment increases NBC's proposed revenue at current rates  
9 by \$1,170,370.  
10

11 **Q. How does the calendar 2022 level for commercial consumption compare with  
12 the level that was used in Docket No. 4890?**

13 A. As shown on Schedule RCS-6, using the calendar 2022 actual consumption level of  
14 4,389,294 HCF for the FY2024 Rate Year represents a decrease of 289,389 or 6.2%  
15 from the 4,678,683 HCF of commercial consumption from Docket No. 4890.  
16

17 **Revenue – Industrial Consumption**

18  
19 **Q. Has NBC proposed an adjustment to reduce industrial consumption revenue at  
20 current rates for projected declines from FY2022 to the FY2024 Rate Year?**

21 A. Yes. NBC proposes to reduce industrial revenue at current rates by \$171,083 on the  
22 basis of projected annual declines in industrial consumption of 4.1% each year in  
23 FY2023 and FY2024.  
24

1 **Q. Did NBC propose an adjustment for declining industrial consumption in its last**  
2 **rate case?**

3 A. No. In its last rate case, in Docket No. 4890, NBC proposed adjustments for declining  
4 consumption for residential and commercial usage, but not for industrial usage.

5  
6 **Q. Has billable industrial consumption declined in each year?**

7 A. No. The industrial consumption of 568,219 HCF in the FY 2022 test year is higher  
8 than the industrial consumption in the most recent two fiscal years, including the  
9 524,473 HCF from FY 2021, and the 540,383 from FY 2020. This comparison of  
10 actual information from the most recent three fiscal years does not show a declining  
11 trend.

12  
13 **Q. What does the available information show for industrial consumption?**

14 A. Information on industrial consumption is presented on Exhibit RCS-2, Schedule  
15 RCS-7. The information shows that industrial consumption in FY2020, FY2021 and  
16 FY2022 is below the levels for FY2018 and FY2019. In other words, there has been  
17 a drop-off in industrial consumption that could possibly be attributed to the pandemic.  
18 However, as noted above, the FY2022 industrial consumption is higher than the level  
19 for each of the prior two fiscal years, FY2020 and FY2021. Thus, while actual levels  
20 of industrial consumption have fluctuated in the most recent three fiscal years, the  
21 fact that the most current fiscal year, FY2022, is higher than the previous two, is not  
22 indicative of a continuing declining trend.

23 In response to Division 2-3, calendar year consumption was provided by NBC  
24 and were considered. That information shows that industrial consumption has

1 fluctuated from year-to-year but it is not indicative that there is a declining trend that  
2 would be expected to continue.

3

4 **Q. Has NBC adequately demonstrated that there is a continuing declining trend for**  
5 **industrial consumption from the FY2022 test year to the FY2024 Rate Year?**

6 A. No. NBC has thus failed to adequately demonstrate that there is a continuing  
7 declining trend in industrial consumption that would support reducing the FY 2022  
8 test year level, much less by two annual declines of 4.1% from FY2022 to FY2023  
9 and FY2024.

10

11 **Q. Where consumption has fluctuated, would it be reasonable to use an average to**  
12 **estimate the Rate Year level?**

13 A. Yes, I believe it would. NBC's industrial consumption has fluctuated from year to  
14 year, and, as explained above, the FY2022 level is higher than the level in the  
15 immediately preceding two fiscal years (i.e., FY2022 consumption is higher than the  
16 consumption in FY2020 and FY2021), which is contrary to an assumption that there  
17 is a continuing declining trend. Unless a continuing trend can be demonstrated, no  
18 adjustment should be made for industrial consumption beyond the test year. NBC  
19 has failed to demonstrate that there is a continuing downward trend of 4.1% annual  
20 declines beyond FY 2022 for industrial consumption. Therefore, the Company's  
21 proposed adjustment for additional declining industrial consumption beyond the test  
22 year should be rejected. Consequently, for estimating Rate Year industrial  
23 consumption, using an historical average can be a reasonable approach, whereas

1 NBC's proposed use of an inadequately substantiated continuing declining trend for  
2 industrial consumption is not reasonable.

3

4 **Q. Please explain your recommendation for Rate Year Industrial consumption.**

5 A. I recommend that an average of FY2020, FY2021 and FY2022 actual consumption  
6 be used as the basis for Rate Year industrial consumption. This produces Rate Year  
7 industrial consumption of 544,358 HCF, which is lower than the 568,219 FY2022  
8 test year level. As shown on Exhibit RCS-2, Schedule RCS-7, this adjustment  
9 increases NBC's proposed industrial revenue at current rates by \$81,128.

10

11 **Q. How does your recommended Rate Year industrial consumption compare with  
12 the level that was used in Docket 4890?**

13 A. As shown on Schedule RCS-7, my recommended industrial consumption of 544,358  
14 HCF for the FY2024 Rate Year represents a decrease of 129,449 HCF or 19.2% from  
15 the 673,807 HCF of commercial consumption from Docket 4890.

16

17 **Miscellaneous Revenue**

18

19 **Q. Are you recommending any adjustments to the NBC proposed Miscellaneous  
20 Revenues?**

21 A. No.

22 **Rate Case Expense**

23

24 **Q. What has NBC proposed for Rate Case Expense?**

1 A. As discussed on page 24 of NBC witness David Fox's Direct Testimony, NBC is  
2 proposing an assumed \$150,000 for rate case expense, normalized over a 3-year  
3 period, or an increase in revenue requirement of \$50,000 annually. He indicates that  
4 the actual amount will be determined once the filing reaches its conclusion.

5  
6 **Q. Are you recommending an adjustment for Rate Case Expense?**

7 A. Not at this time. If a five-year Rate Plan were going to be approved in the current  
8 rate case, a five-year period corresponding with the Rate Plan would be appropriate  
9 for normalizing the recovery of rate case expense. Although NBC has requested a  
10 five-year Rate Plan in the current case, with annual step increases for debt service  
11 related costs, the Company's response to Division 3-2(g) withdraws those requested  
12 increases and states that NBC would now prefer that "the Commission rule on a rate  
13 increase for FY 2024 and have the debt service compliance mechanism reinstated."  
14 Consequently, since the Company's proposed five-year Rate Plan appears to have  
15 been withdrawn by NBC (and is being recommended for rejection by the Division),  
16 a three-year period for normalizing the rate case expense appears reasonable for NBC  
17 in the current case.

18  
19 **Q. Should the Company's estimated rate case expense amount be updated to actual  
20 at the end of this rate case?**

21 A. Yes. I understand the Commission's practice is generally for utilities to update their  
22 rate case expense at the end of the case, so the actual amount can be reflected. NBC  
23 should provide an updated amount of its actual rate case expense, and the Company's

1 assumed amount can be updated to actual, for purposes of developing the Company's  
2 final revenue requirement.

### 3 PUC Assessment

4  
5 **Q. What amount has NBC used for the PUC Assessment?**

6 A. On Schedule DMR-23, NBC proposes an amount of regulatory expense of \$677,742  
7 for the Rate Year which includes an estimated Rate Year PUC Assessment amount  
8 of \$627,742 plus the \$50,000 annual amount of rate case expense discussed above.

9

10 **Q. How did NBC derive its proposed Rate Year amount for the PUC Assessment?**

11 A. NBC applied two years of annual 7.3% increases to an adjusted test year amount.  
12 NBC's Schedule DMR-23 shows two annual increases of \$38,495 and \$41,296,  
13 respectively, that are based on the annual percentage increases in the regulatory  
14 assessment from the Commission, as discussed on page 24 of NBC witness David  
15 Fox's Direct Testimony.

16

17 **Q. What is the basis for the PUC assessments?**

18 A. The PUC assessments are based on a billing ratio of NBC's revenues to all Rhode  
19 Island regulated utility revenues.

20

21 **Q. What was NBC's PUC assessment for FY2023?**

22 A. The response to Division 1-55 shows the NBC's PUC assessment for FY2023 of  
23 \$564,646, consisting of the \$100,000 amount paid in advance and a \$464,646 amount  
24 that was due by February 1, 2023.

1 **Q. How does the FY2023 assessment compare with the FY2022 assessment?**

2 A. The FY2023 assessment of \$564,646 is \$35,579 higher than the FY2022 assessment  
3 of \$529,067.

4

5 **Q. What amount of PUC assessment have you reflected for the FY 2024 Rate Year?**

6 A. I started with the FY2023 assessment amount of \$564,646 and applied the same  
7 annual increase from FY2022 to FY2023 of \$35,579 to derive an estimated FY2024  
8 amount of \$600,225. As shown on Schedule RCS-8, NBC's proposed FY 2024 Rate  
9 Year amount of \$627,742 is reduced by \$27,517.

10

11 **NBC "Trend Accounts" Expense Adjustment**

12

13 **Q. Has NBC presented a "Trend Analysis" wherein it proposes to substantially  
14 increase expense from the FY2022 test year to the FY2024 Rate Year?**

15 A. Yes. NBC's Schedule DMF-21 focused on a handful of expense accounts and shows  
16 information for FY 2020, FY 2021, and NBC's Adjusted FY2022 test year amounts  
17 for each of NBC's selected accounts. The NBC analysis then attempts to extrapolate  
18 further increases in each of the selected expense accounts, using the derived average  
19 percentage increases, to FY2023 and FY2024.

20 As one illustrative example, for account 53510, Vehicle Fuel and  
21 Maintenance Expense, NBC applied an average annual increase of 41% per year, to  
22 the FY2022 test year amount of \$246,131 to derive a FY2023 amount of \$347,045  
23 and another 41% increase from FY2023 to FY2024 to derive its proposed Rate Year

1 amount of \$489,333, which is \$243,202 or 99% higher than the test year amount for  
2 this expense.

3

4 **Q. How much of NBC's expense for Vehicle Fuel and Maintenance Expense is for**  
5 **gasoline and for oil changes?**

6 A. NBC was asked for that information in Division 3-17 but stated that the information  
7 is not available and that: "NBC does not track the percentage of gasoline and oil  
8 changes included in the Vehicle Fuel and Maintenance expense."

9

10 **Q. NBC's analysis is purportedly based on a "trend" analysis. Is three years of data**  
11 **sufficient to establish whether there is a "trend"?**

12 A. No. Three years of data is not sufficient to establish whether there is a "trend"  
13 particularly where NBC has not presented an analysis of why those expenses were  
14 increasing and whether the factors that caused the historical increases are expected  
15 to persist at the same rates of increase into FY2023 and FY2024.

16

17 **Q. Did you compare NBC's projected "trend" analysis results for FY2023 with**  
18 **NBC's FY2023 budgeted amounts for those accounts?**

19 A. Yes. A comparison of NBC's projected "trend" analysis results for FY2023 with  
20 NBC's FY2023 budgeted amounts for those accounts, using the information provided  
21 in Division 3-17, is shown on Exhibit RCS-2, Schedule RCS-9, page 2. For the  
22 majority of the accounts that NBC attempted to "trend" out to FY2023, the NBC  
23 provided "trend" results significantly overstate the amounts that NBC has budgeted  
24 for FY2023 for those same accounts. As an illustrative example, NBC's projected



1 “trend” amount for FY2023 for Vehicle Fuel and Maintenance expense, as shown on  
2 NBC’s Schedule DMF-21 and as reproduced on Schedule RCS-9, page 2, line 1, is  
3 \$347,045. That “trend” amount for FY2023 overstates NBC’s FY2023 budgeted  
4 amount of \$229,150 by \$117,895 or 51.4%.

5 Schedule RCS-9, page 2 shows similar analysis for each group of NBC’s  
6 “trend” analysis expense accounts.

7  
8 **Q. What do you conclude from your analysis of NBC’s “trend” analysis based**  
9 **expense account increases from FY2022 to FY2023 and to the FY2024 Rate**  
10 **Year?**

11 A. NBC’s “trend” analysis is theoretically unsound since using only three years is  
12 probably not sufficient information to establish whether there is a trend or not.  
13 Importantly, NBC’s analysis is presented by the Company without presenting an  
14 analysis of the specific causes for why each “trended” account has increased. Finally,  
15 and also importantly, NBC’s “trend” analysis is unreliable and is shown on Schedule  
16 RCS-9, page 2, to seriously misstate amounts for the same accounts from NBC’s  
17 FY2023 budget. The fact that NBC’s “trend” results even for one year out, i.e., in  
18 going from FY2022 to FY2023 deviate substantially from NBC’s FY2023 budgeted  
19 amounts for the same accounts is an indication that NBC’s “trending” cannot be  
20 relied upon for projecting those expense accounts out for one year, much less two  
21 years.

1 **Q. Have you presented an analysis that removes the FY2022 to FY2023 over-**  
2 **projection of NBC’s trending based on the overstatements of NBC’s “trending”**  
3 **in comparison with the NBC FY2023 budget amounts for the same accounts?**

4 A. Yes. That analysis is also presented on Schedule RCS-9, page 2. As shown there,  
5 NBC’s “trending” method overstated the FY2023 budget amount for account 53510,  
6 Vehicle Fuel and Maintenance expense, by \$117,895 or 51.4%.

7 NBC’s “trending” method overstated the FY2023 budget amount for account  
8 53640, Service Agreements, by \$35,998 or 9.3%.

9 NBC’s “trending” overstated the FY2023 budget amount for the combined  
10 accounts 53630 and 53645, Maintenance Contracts and Software Subscriptions, by  
11 \$622,389 or 57.8%.

12 NBC’s “trending” overstated the FY2023 budget amount for account 54340,  
13 Lab and Medical Supplies, by \$255,705 or 77.4%.

14 NBC’s “trending” overstated the FY2023 budget amount for account 54370,  
15 Supplies Bldg & Maint, by \$100,495 or 18.8%.

16 I also note that NBC’s “trending” understated the FY2023 budget amount for  
17 accounts 53610 and 53615, Repairs, by \$66,822 or 5.8%; however, this does not lend  
18 confidence to NBC’s “trending” methodology, which I recommend should be  
19 rejected as a method for deriving FY2024 Rate Year expenses.

20

21 **Q. What adjustments are you recommending to address the flaws noted above with**  
22 **NBC’s proposed “trending” adjustments?**

23 A. Schedule RCS-9, page 2, shows the removal of overstatements from NBC’s proposed  
24 FY2024 expense amounts for the “trended” accounts, that are proportional to how

1 much NBC's "trending" method overstated the FY2023 budget amounts for the same  
2 expense account. As an illustrative example, for account 53510, Vehicle Fuel and  
3 Maintenance Expense, the adjusted amount for FY2024, which is shown on line 1, in  
4 column K is \$323,101. The amounts in account 53510 with that correction increase  
5 from the FY2022 test year amount of \$246,131 (shown in column C) to the FY2023  
6 budgeted amount of \$229,150 from Division 3-17 (shown in column ) to the adjusted  
7 FY2024 amount of \$323,101 (shown in column K), rather than to NBC's proposed  
8 amount of \$489,333 (shown in column F), which was derived using a flawed  
9 methodology and is believed to be substantially overstated.

10 Similar calculations are presented on Schedule RCS-9, page 2, for each  
11 account or group of expense accounts to which NBC's adjusted pursuant to its flawed  
12 "trending" methodology.

13  
14 **Q. What specific adjustments to NBC's proposed expense accounts are needed?**

15 A. The specific accounts are shown on Schedule RCS-9, page 1, and are briefly  
16 discussed below, with reference to each expense account or account group, that NBC  
17 attempted to increase from the FY2022 test year to the FY2024 Rate Year based on  
18 NBC's flawed "trend" analysis.

19 **Account 53510, Vehicle Fuel and Maintenance Expense**

20  
21 **Q. What amount of adjustment are you recommending to NBC's proposed FY2024**  
22 **Rate Year amount for Account 53510, Vehicle Fuel and Maintenance Expense?**

1 A. As shown on Schedule RCS-9, page 1, line 1, I recommend that NBC's proposed  
2 FY2024 Rate Year amount of \$489,333 be reduced by \$166,232 and an amount of  
3 \$323,101 be used for the Rate Year for this account.

4  
5 **Q. How much of an increase over the FY2022 test year amount does that represent?**

6 A. As shown on Schedule RCS-9, page 1, line 1, column F, that represents an increase  
7 of 31% over the FY2022 test year amount.

8 **Accounts 53610 and 53615, Repairs Expense**

9  
10 **Q. What amount of adjustment are you recommending to NBC's proposed FY2024  
11 Rate Year amount for Accounts 53610 and 53615, Repairs Expense?**

12 A. As shown on Schedule RCS-9, page 1, line 4, I have accepted NBC's proposed  
13 FY2024 Rate Year amount of \$1,222,857 for these accounts because the comparison  
14 with the FY2023 budget amounts revealed that NBC's "trending" method did not  
15 substantially overstate the FY2023 budget amount.

16  
17 **Q. How much of an increase over the FY2022 test year amount does that represent?**

18 A. As shown on Schedule RCS-9, page 1, line 4, column F, that represents an increase  
19 of 28% over the FY2022 test year amount.

20 **Account 53640, Service Agreements Expense**

21  
22  
23 **Q. What amount of adjustment are you recommending to NBC's proposed FY2024  
24 Rate Year amount for Account 53640, Service Agreements Expense?**

1 A. As shown on Schedule RCS-9, page 1, line 5, I recommend that NBC's proposed  
2 FY2024 Rate Year amount of \$514,092<sup>3</sup> from NBC's Schedule DMF-21 be reduced  
3 by \$43,918 and an amount of \$470,174 be used for the Rate Year expense for this  
4 account.

5  
6 **Q. How much of an increase over the FY2022 test year amount does that represent?**

7 A. As shown on Schedule RCS-9, page 1, line 5, column F, that represents an increase  
8 of approximately 36% over the FY2022 test year amount.

9  
10 **Q. When carrying your adjustment for Account 53640, Service Agreements**  
11 **Expense to the Summary presented on Schedules RCS-2 and RCS-1, did you**  
12 **discover an error in NBC's handling of its calculated RY2024 adjustment for**  
13 **this account?**

14 A. Yes. NBC calculated an adjustment of \$168,693 for this account on Schedule DMF-  
15 21, but NBC did not carry that adjustment amount forward to NBC's Schedule 1 for  
16 Account 53640, Service Expense. This is also described in Note 4 on Schedule RCS-  
17 9, page 1. As shown on Schedule RCS-9, on line 5b, NBC's apparently erroneous  
18 omission related to the Company not carrying forward its calculated adjustment of  
19 \$168,693 from Schedule DMF-21 to Schedule DMF-1 is accounted for there. The  
20 result is that Exhibit RCS-2, Schedule 1, page 4, shows the adjusted amount of

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<sup>3</sup> As described below, NBC's adjusted Rate Year amount for this account on NBC Schedule 1, page 2, shows \$344,574 for the Rate Year in the "Rate Year (Step 1) 6/30/24" column, which was apparently the result of NBC erroneously failing to reflect its calculated adjustment of \$168,693 in the "Rate Year Adjustments" column on that Schedule.

1 \$470,174 for the FY2024 Rate Year in column C for account 53640, Service  
2 Agreements Expense.

3 **Accounts 53630 and 53645, Maintenance Contracts and Software**  
4 **Subscriptions**

5  
6 **Q. What amount of adjustment are you recommending to NBC's proposed FY2024**  
7 **Rate Year amount for Account 53630 and 53645, Maintenance Contracts and**  
8 **Software Subscriptions Expense?**

9 A. As shown on Schedule RCS-9, page 1, line 8, I recommend that NBC's proposed  
10 FY2024 Rate Year amount of \$1,869,242 be reduced by \$324,414 and the FY2022  
11 test year amount of \$1,544,828 be used for the Rate Year for this account.

12  
13 **Q. Is one of those accounts a new account to NBC?**

14 A. Yes. As explained in NBC's response to Division 3-17(g):

15 Account 53645 was a new account created in FY 2022. The expense  
16 in Maintenance Contracts (account 53630) and Software  
17 Subscriptions (account 53645) were included in account 53630 in FY  
18 2020 and FY 2021 and were separated in FY 2022 forward for the  
19 purpose of a more efficient tracking of expense.

20  
21 **Q. How much of an increase over the FY2022 test year amount does that**  
22 **recommended FY2024 Rate Year amount represent?**

23 A. As shown on Schedule RCS-9, page 1, line 8, column F, the recommended Rate Year  
24 amount for these expense accounts represents no increase over the FY2022 test year  
25 amount.

26

1 **Q. How does the FY2022 test year amount compare with the FY2023 budget**  
2 **amount for those accounts?**

3 A. As shown on Schedule RCS-9, page 2, line 8, the comparable NBC FY2023 budget  
4 amount for these accounts is \$1,076,922. The comparable FY2022 test year amount,  
5 as noted above, is \$1,544,828.

6

7 **Q. Should NBC provide an explanation of why its FY2023 budget amount for those**  
8 **accounts is so much lower than the FY2022 test year amount?**

9 A. Yes. I recommend that NBC provide an explanation of why its FY2023 budget  
10 amount of \$1,076,922 for these accounts is so much lower than the FY2022 test year  
11 amount of \$1,544,828.

12 **Account 54340, Lab and Medical Supplies Expense**

13

14 **Q. What amount of adjustment are you recommending to NBC's proposed FY2024**  
15 **Rate Year amount for Account 54340, Lab and Medical Supplies Expense?**

16 A. As shown on Schedule RCS-9, page 1, line 9, I recommend that NBC's proposed  
17 FY2024 Rate Year amount of \$750,415 be reduced by \$292,398 and an amount of  
18 \$458,017 be used for the Rate Year for this account.

19

20 **Q. How much of an increase over the FY2022 test year amount does that represent?**

21 A. As shown on Schedule RCS-9, page 1, line 9, column F, the recommended Rate Year  
22 represents no increase over the FY2022 test year amount.

23

1 **Q. How does the FY2022 test year amount compare with the FY2023 budget**  
2 **amount for those accounts?**

3 A. As shown on Schedule RCS-9, page 2, line 9, the comparable NBC FY2023 budget  
4 amount for this account is \$330,557. The comparable FY2022 test year amount, as  
5 noted above, is \$458,017.

6

7 **Q. Should NBC provide an explanation of why its FY2023 budget amount for those**  
8 **accounts is so much lower than the FY2022 test year amount?**

9 A. Yes. I recommend that NBC provide an explanation of why its FY2023 budget  
10 amount of \$330,557 for this account is so much lower than the comparable FY2022  
11 test year amount.

12 **Account 54370, Supplies Building & Maintenance Expense**

13

14 **Q. What amount of adjustment are you recommending to NBC's proposed FY2024**  
15 **Rate Year amount for Account 54370, Supplies Building & Maintenance**  
16 **Expense?**

17 A. As shown on Schedule RCS-9, page 1, line 10, I recommend that NBC's proposed  
18 FY2024 Rate Year amount of \$750,356 be reduced by \$118,584 and an amount of  
19 \$631,772 be used for the Rate Year for this account.

20

21 **Q. How much of an increase over the FY2022 test year amount does that represent?**

22 A. As shown on Schedule RCS-9, page 1, line 10, column F, that represents an increase  
23 of 17% over the FY2022 test year amount.



1 Summary of Adjustments for NBC's "Trended" Accounts

2  
3 **Q. What is the total amount of Rate Year adjustments for NBC's "trended"**  
4 **accounts?**

5 A. As shown on Schedule RCS-9, page 1, line 11, the total amount of adjustments for  
6 NBC's "trended" accounts reduces NBC's proposed Rate Year expenses by  
7 \$776,027. This amount is net of the error correction for NBC's omission of its  
8 calculated \$168,693 adjusted-test-year-to-Rate Year adjustment for account 53640,  
9 as shown on line 5b of Schedule RCS-9.

10 Wages and Salaries Expense

11  
12 **Q. What is the Company proposing for Rate Year wages and salaries expense?**

13 A. As discussed in the direct testimony of Company witness David Fox, and shown on  
14 NBC Schedule DMF-16, for the FY 2024 Rate Year the Company is proposing wages  
15 and salaries expense of \$20,533,985 net of salary reimbursement of \$1,835,987 and  
16 fringe reimbursement of \$996,046 for a net payroll expense amount of \$17,701,952.  
17 As shown on Company Schedule DMF-16, NBC started with salaries and wages for  
18 the test year and made a series of adjustments to arrive at its proposed Rate Year  
19 amount.

20  
21 **Q. Do you agree with NBC's proposed Rate Year wages and salaries expense?**

22 A. Not entirely. I disagree with the Company's proposed wage increase percentage for  
23 non-union employees for the FY 2024 Rate Year, and am recommending an  
24 adjustment to the wage increases as it relates to non-union regular time, non-union  
25 overtime, non-union limited pay as well as non-union salary reimbursement and

1 fringe reimbursement for the FY 2024 Rate Year overtime expense, as described  
2 below.

3

4 **Q. What July 1, 2023 wage increase has NBC proposed for non-union employees?**

5 A. As discussed on page 18 of Mr. Fox's direct testimony, the Company is proposing an  
6 increase of 5.0% for non-union employees to become effective on July 1, 2023. This  
7 5% increase is based on a combination of a cost of living increase and a merit increase  
8 for the Company's non-union employees. It is double the amount of the Company's  
9 proposed July 1, 2023 union wage increase of 2.5%.

10

11 **Q. How does the 5.0% July 1, 2023 non-union increase proposed by NBC compare**  
12 **with the non-union pay increases granted in the Company's two previous fiscal**  
13 **years?**

14 A. According to NBC's response to DIV 1-43, a non-union pay increase of 2.5% was  
15 granted on July 1, 2021 (FY 2022) and on July 1, 2022 (FY 2023). NBC stated those  
16 increases were equivalent to the cost of living increases received by union employees  
17 during the same periods.

18

19 **Q. Why is NBC proposing to double the wage increase percentage, i.e., to have an**  
20 **increase of 5.0% versus an increase of 2.5%, for non-union employees for the**  
21 **FY 2024 Rate Year?**

22 A. The direct testimony of Company witness James McCaughey explains that NBC's  
23 requested July 1, 2023 non-union annual salary adjustment is a two-tiered process

1           whereby all non-union employees will receive (1) an annual cost of living adjustment,  
2           and (2) a merit-based salary increase.

3

4   **Q.    What is the Company’s rationale for its proposed two-tier annual salary**  
5   **adjustment process for the Rate Year?**

6   A.    On page 6 of his testimony, Mr. McCaughey states that union employees receive both  
7           an annual cost of living adjustment and a step increase and that the average step  
8           increase is 2.35%, so when coupled with step increases, union employees wages  
9           increase by approximately 4.85% (based on a 2.5% cost of living adjustment). In  
10          addition, Mr. McCaughey states that non-union employees are not guaranteed annual  
11          pay increases, and are awarded salary increases based on a merit performance system.  
12          He states that, on average, non-union employees typically receive pay increases of  
13          2.5% to 3%. Mr. McCaughey asserts that this difference in annual pay increases  
14          between union and non-union employees has caused problems as it relates to pay  
15          equity. He states that union employees can make more than non-union employees in  
16          certain instances.

17

18   **Q.    Do you agree with NBC’s proposed inclusion of a 5.0% salary increase to be**  
19   **effective July 1, 2023 for deriving non-union employee Rate Year payroll**  
20   **expense?**

21   A.    No, I do not. The Company has not adequately justified its proposed two-tiered  
22          salary adjustment process for non-union employees in the Rate Year. NBC’s  
23          proposed July 1, 2023 wage increase of 5.0% for non-union is double the wage  
24          increase NBC shows for union employees (i.e., 2.5%) for that date. Moreover, with

1 regard to Mr. McCaughey's claim regarding issues with pay equity, the Company has  
2 not provided any studies that identify disparities in wage increases (or annual salaries  
3 for that matter) between the Company's union and non-union employees for similar  
4 work.

5  
6 **Q. What adjustment have you made for the salary increase to be effective on July**  
7 **1, 2023 for non-union employees?**

8 A. The July 1, 2023 pay increases for non-union employees were held at the same 2.5%  
9 for the Rate Year as for union employees. This is similar to the increases from prior  
10 years as noted above. As shown on Schedule RCS-10, page 2, I applied a wage  
11 increase of 2.5% to the Company's non-union employees for regular pay, overtime,  
12 limited pay, salary reimbursement and fringe reimbursement (these latter two  
13 components are netted against wages and salaries expense). As shown on Schedule  
14 RCS-10, page 1, this adjustment reduces NBC's proposed Rate Year payroll expense  
15 by \$263,477.

16  
17 **Q. When carrying your adjustment for Account 59001, Fringe Reimbursement to**  
18 **the Summary presented on Schedules RCS-2 and RCS-1, did you discover an**  
19 **error in NBC's handling of the Company's calculated FY 2024 Rate Year**  
20 **adjustment for this account?**

21 A. Yes. NBC calculated a Rate Year credit amount of \$996,046 for this account on  
22 Schedule DMF-16, but NBC did not carry that amount forward to NBC's Schedule  
23 1 for Account 59001, Fringe Reimbursement. This apparent Company error is also  
24 described in Note 1 on Schedule RCS-10, page 2. Shown on Schedule RCS-10, page

1 2, line 18a, is NBC's apparent omission related to the Company not carrying forward  
2 its calculated Rate Year Fringe Reimbursement of \$996,046 from Schedule DMF-16  
3 to Schedule DMF-1. To address this and account for this apparent omission by NBC,  
4 Exhibit RCS-2, Schedule 1, page 3, shows the adjusted amount of (\$972,330) for the  
5 FY2024 Rate Year in column C for account 59001, Fringe Reimbursement.

6 **Payroll Tax Expense**

7  
8 **Q. Is there a related adjustment to payroll tax expense?**

9 A. Yes. My recommended adjustment to NBC's payroll expense results in a related  
10 adjustment to payroll tax expense that is shown on Schedule RCS-11. NBC's payroll  
11 tax expense for FY 2024 is reduced by \$23,221, based on applying the FICA and  
12 Medicare rates to the amount of payroll expense adjustment from Schedule RCS-10,  
13 page 1.

14 **Biosolids Disposal Expense**

15  
16 **Q. What has NBC proposed for Biosolids Disposal Expense?**

17 A. NBC proposes a FY2024 amount for Biosolids Disposal Expense of approximately  
18 \$6.244 million, as shown on NBC's Schedule DMF-1, page 2, for account 53480.  
19 NBC's calculation of its adjustment to derive the FY2024 expense amount is  
20 presented on NBC's Schedule DMF-24. As shown on Schedule DMF-24, NBC  
21 multiplied a quantity of 9,997 dry tons by a rate of \$624.58 to derive its proposed  
22 FY2024 expense amount of approximately \$6.244 million.

23  
24 **Q. Are you recommending an adjustment to NBC's proposed FY2024 Biosolids**  
25 **Disposal Expense?**

1 A. Yes. The details of NBC’s calculation of its adjustment to derive the FY2024  
 2 expense amount is presented on NBC’s Schedule DMF-24 show that NBC used a  
 3 Consumer Price Index (CPI) based inflation rate of 7.6% for 2023 and 7.0% for 2024.  
 4 A recent issue of Blue Chip Financial Forecasts dated February 1, 2023, shows the  
 5 following information for the CPI:

Consensus Forecast	1Q	2Q	3Q	4Q	1Q	2Q
Indicator	2023	2023	2023	2023	2024	2024
Consumer Price Index	3.1	3.1	2.7	2.6	2.3	2.2
Source: Blue Chip Financial Forecast® dated February 1, 2023						

6  
 7 The CPI factors used by NBC for 2023 and 2024 appear to be significantly overstated.  
 8 Rather than use CPI factors of 7.6% for 2023 and 7.0% for 2024 as NBC did in its  
 9 Biosolids Disposal Expense projection, I used 3.1% for 2023 and 2.3% for 2024,  
 10 based on the consensus forecast CPI for the first quarter of each of those years.

11 As shown on Schedule RCS-12, page 2, the use of those CPI rates for 2023  
 12 and 2024 produces a rate of \$586.04 per dry ton, which is lower than NBC’s proposed  
 13 \$624.58 amount per dry ton. This difference in the calculated cost rate per dry ton  
 14 results in a downward adjustment of \$385,293 to NBC’s proposed amount for  
 15 Biosolids Disposal Expense, as shown on Schedule RCS-12, page 1.

16 **Electric Expense**

17  
 18 **Q. What has NBC proposed for Electric Expense?**

19 A. The amounts for the Electric Expense and the related Net Metering Credits are shown  
 20 on Company Schedules DMF-28 and DMF-29. The Company estimated its FY 2024  
 21 electric costs based on kWh usage, electric supply rate, customer charge and gross  
 22 earning tax assumptions. The Company's electric expense also incorporates the

1 electricity expense impacts of NBC's renewable energy projects. As described on  
2 pages 22-23 of the Direct Testimony of NBC witness David Fox, and shown on  
3 Company Schedule DMF-28, NBC proposes Rate Year Electric Expense (account  
4 54090) of \$6,919,434, which is an increase of \$3,121,980 over NBC's adjusted  
5 FY2022 test year amount of \$3,797,454.

6 On Schedule DMF-29, NBC shows Net Metering Credits (account 54091) for  
7 the Rate Year of \$2,168,169, based on a rate of \$0.27208 per kWh applied to  
8 7,968,865 kWh.

9 NBC's proposed FY 2024 Rate Year expense is significantly higher than the  
10 comparable NBC adjusted FY 2022 test year amount.

11  
12 **Q. How does NBC develop its FY2024 Rate Year amounts for electric expense?**

13 A. Developing the FY 2024 electricity expense was a fairly complex calculation that  
14 takes into account NBC's renewable energy sources and purchases of electricity.  
15 NBC's applied process is shown on Company Schedules DMF-28 and DMF-29 and  
16 supporting workpapers which were provided by NBC in Excel.

17  
18 **Q. Did NBC make a Technical Presentation in the current rate case concerning**  
19 **Electricity?**

20 A. Yes. On February 16, 2023, NBC had a Technical Session in this docket concerning  
21 two topics: NBC's Trust Indenture and Electricity. Among the concerns regarding  
22 Electricity that were identified by NBC during the Technical Session were the  
23 increased unpredictability of natural gas and electricity pricing and the variable  
24 production from NBC's renewable energy resources. NBC has had issues with its

1 wind turbines, including periods when some of the turbines were out of service due  
2 to blade repairs. NBC has also had issues with its Bucklin Point Biogas Cogeneration  
3 Facility. Questions have been raised concerning whether NBC can reliably forecast  
4 the cost of electricity. Additional questions are raised concerning whether NBC's  
5 self-generation and purchases of electricity are the least-cost option for customers.  
6 As summarized on page 28 of NBC's February 16, 2023 presentation, NBC's  
7 FY2024 amounts for electricity reflect an expense of approximately \$6.919 million,  
8 which is approximately \$3 million more than the comparable FY2022 expense of  
9 approximately \$3.915 million. NBC's February 16, 2023 presentation at page 32  
10 noted that: "NBC's rate filing assumed [a] higher C-06 rate in effect at the time of  
11 the application" and noted further that "[f]or the first time, NBC's Supply rate will  
12 be higher than the C-06 Rate, increasing 'net' electricity expense."

13  
14 **Q. Are you recommending an adjustment to the Company's projected FY 2024**  
15 **electricity expense?**

16 A. No. Not at this time.

17  
18 **Q. Do you have confidence that the amounts presented by NBC in its General Rate**  
19 **Filing for electricity expense and net metering credits represent a reasonably**  
20 **accurate forecast of NBC's net electricity expense for the FY2024 Rate Year?**

21 A. No.

22  
23 **Q. Should NBC's electricity cost be updated to reflect more current information?**



1 A. Yes. The cost of electricity is a substantial expense for NBC and is subject to  
2 volatility based on market conditions, as well as the availability or non-availability  
3 of NBC's renewable resources. The Company should provide updated amounts in  
4 its rebuttal filing, based on the most current information available, including the  
5 results of new contracts for supply and information about the C-06 rate, and updated  
6 expectations about the availability and operational output levels that can be expected  
7 from NBC's renewable resources.

### 8 Renewable Energy Projects and Renewable Energy Credit Revenues

9  
10 **Q. What Renewable Energy Projects does NBC have?**

11 A. NBC has the FP Wind Turbines, the WED Turbines, and a Solar PPA, each of which  
12 generates renewable energy and RECs. NBC sells the RECs that are produced by its  
13 renewable energy projects. NBC also has a Bucklin Point biogas reuse project. The  
14 FP Wind Turbines are "behind the meter" projects which reduce NBC's purchases of  
15 electricity. The WED Turbines and the Solar PPA are "net metered" projects which  
16 reduce NBC's electricity expense through the application of Net Metering Credits.  
17 The renewable energy projects also generate RECs which NBC sells. NBC used the  
18 REC sales revenue to offset the cost of providing sewer service.

19  
20 **Q. How did NBC determine the REC revenues for FY 2024?**

21 A. NBC determines the RECs available for sale by using the renewable generation it  
22 estimated for FY 2024 from the FP Wind Turbines, the WED Turbines, and the Solar  
23 PPA. Each REC represents one MWh of renewable generation. NBC used an  
24 average price for RECs of \$24.50 as shown on Company Schedule DMF-12.

1 **Q. What sales price per REC did NBC show in its February 16, 2023 Technical**  
2 **Session presentation?**

3 A. Page 30 of NBC's February 16, 2023 Technical Session presentation shows  
4 "Renewable Energy Credit (REC) Sales @ \$30 per REC" and an amount of  
5 \$239,066.

6

7 **Q. Are you recommending any adjustments for NBC's REC revenue?**

8 A. No, not at this time.

9

10 **Q. Do you have a recommendation concerning the per-REC sales price?**

11 A. Yes. When NBC files its rebuttal, it should include an explanation of why it used a  
12 price of \$30 per REC in its February 16, 2023 presentation, and how that price was  
13 derived, and whether the REC price of \$24.50 as shown on Company Schedule DMF-  
14 12, should be updated to reflect the higher price per REC presented by the Company  
15 on February 16, 2023.

16

### **Natural Gas Expense**

17

18 **Q. What has NBC proposed for Natural Gas Expense?**

19 A. NBC proposes a Rate Year amount of \$409,137 as shown on Company Schedule  
20 DMF-30.

21

22 **Q. Are you recommending any adjustments for NBC's proposed Natural Gas**  
23 **Expense?**

24 A. No.

1 Chemical Expense

2  
3 **Q. What has NBC proposed for Chemical Expense?**

4 A. NBC proposes a FY 2024 Rate Year amount for chemical expense of \$969,141. This  
5 includes Chlorine/Hypochlorite and Bisulfite. As discussed on page 23 of the direct  
6 testimony of Company witness David Fox, the Company projected chemical expense  
7 by using a three-year average increase for the rate and usage. NBC witness Fox  
8 discusses proposed Rate Year adjustments for two chemicals that are traditionally  
9 used by NBC as part of the wastewater treatment process, Chlorine/Hypochlorite and  
10 Bisulfite, which are shown on NBC's Schedule DMF-31.

11  
12 **Q. Are you recommending an adjustment to the Company's proposed Rate Year  
13 level of chemical expense?**

14 A. No.

15 UV Disinfection Expense

16  
17 **Q. What has NBC proposed for Rate Year UV Disinfection Expense?**

18 A. As shown on Company Schedule DMF-20, NBC has proposed a Rate Year amount  
19 of \$173,163 for UV Disinfection expense (account 54339) expense, which is a  
20 \$40,652 increase over the test year amount of \$132,511.

21  
22 **Q. Are you recommending an adjustment for NBC's proposed Rate Year UV  
23 Disinfection Expense?**

24 A. No.

**Insurance Expense**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13

**Q. What has NBC proposed for Insurance Expense?**

A. As shown on Schedule DMF-26 in NBC’s rate application filing, NBC proposes a FY2024 Rate Year amount of \$1,191,143, which was derived by escalating a FY2023 amount of \$1,009,443.0 by 18%.

**Q. Are you recommending a different amount for FY2024 Rate Year Insurance Expense than NBC has proposed?**

A. Yes. NBC’s Excel file workpaper for Company Schedule DMF-26 shows a detailed analysis, by type of insurance, that NBC used to calculate a FY2024 insurance expense amount of \$1,144,764, which I have reproduced below and also shown on Schedule RCS-13:

Coverage Type	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	Average Annual Percent Increase	FY 2024 Rate Year
Commercial Auto	\$ 98,119	\$ 107,303	\$ 115,400	\$ 122,633	7.1%	\$ 131,393
Commercial Property	304,714	355,278	382,058	433,077	10.9%	480,495
Commercial Umbrella	45,146	47,018	48,439	53,266	6.6%	56,805
Contractor’s Utility Bond	875	438	875	-	(50.0%)	-
Crime Insurance	4,239	4,239	4,239	4,239	0.0%	4,239
Cyber Liability	23,670	23,766	155,000	62,920	82.4%	114,750
ERISA Bond		340	-	-	(50.0%)	-
Fiduciary Liability	8,526	7,566	7,609	8,327	5.0%	8,746
Flood Insurance BP (February)	11,466	13,012	14,794	14,794	6.8%	15,807
Flood Insurance BP (July)	14,969	15,996	17,714	20,739	14.8%	23,814
General Liability	92,395	98,699	107,341	111,324	6.4%	118,444
Hull P & I	10,121	10,222	9,997	11,056	4.1%	11,507
Ocean marine Policy TRIA Premium			532			
Inland Marine (Equipment)	19,029	19,956	21,377	22,860	7.3%	24,523
Pollution (2-year)	30,662	27,579	32,451	32,451	8.8%	35,317
Public Officials Excess Liability	30,514	35,090	37,615	38,247	4.5%	39,968
Public Officials Liability	55,673	64,023	68,631	73,510	7.4%	78,956
<b>Insurance</b>	<b>\$ 750,118</b>	<b>\$ 830,525</b>	<b>\$ 1,024,072</b>	<b>\$ 1,009,443</b>	<b>10.8%</b>	<b>\$1,144,764</b>

14  
15  
16  
17

NBC’s detailed analysis shows an average increase of 10.8% and a detailed derivation of the FY2024 amount of \$1,144,764. I recommend that the \$1,144,764 amount be used for the FY2024 Rate Year amount of Insurance Expense, rather than

1 the \$1,191,143 amount that NBC has used. As shown on Schedule RCS-13, this  
 2 adjustment reduces NBC’s proposed FY2024 Insurance Expense by \$46,379.

3 **Workers Compensation Expense**

4  
 5 **Q. What has NBC proposed for Workers’ Compensation Expense?**

6 A. As described on pages 21-22 of NBC witness, David Fox’s Direct Testimony and  
 7 shown on Company Schedule DMF-27, NBC proposes a FY2024 Rate Year amount  
 8 of Workers’ Compensation Insurance of \$431,318, which is a decrease of \$12,079  
 9 from the \$443,397 adjusted FY2022 test year amount.

10  
 11 **Q. What amount does NBC show for the actual amount of Workers’ Compensation  
 12 Expense paid for FY2023?**

13 A. NBC’s Schedule DMF-27 shows a FY2023 amount of \$422,405.

14  
 15 **Q. On its Excel workpaper supporting NBC Schedule DMF-27, for what years does  
 16 NBC present information for the actual amounts of Workers’ Compensation  
 17 Expense paid?**

18 A. NBC’s Excel file workpaper for Schedule DMF-27 shows the actual amounts of  
 19 Workers’ Compensation Paid for four years, 2020 through 2023, as summarized  
 20 below:

	2020	2021	2022	2023	NBC Rate Year Adjustment	NBC Proposed Rate Year Expense
Workers Compensation						
Actual Workers Compensation Paid	460,968	449,084	443,397	422,405	\$ (12,079)	\$ 431,318
Average Annual Decrease		-2.6%	-1.3%	-4.7%	-2.9%	

21

1 Notably, in each year shown by NBC, the amount of actual Workers' Compensation  
2 paid has decreased, yet the FY2024 amount proposed by NBC represents an increase  
3 over the FY2023 amount. Because only four years of information does not  
4 necessarily indicate a trend, rather than applying the 2.9% average annual decrease  
5 to the FY2023 amount of \$422,405 to derive the FY2024 amount, I recommend that  
6 the FY2024 amount be set no higher than the actual FY2023 amount of \$422,405.

7  
8 **Q. Are you recommending a different amount for FY2024 Rate Year Workers'**  
9 **Compensation Expense than NBC has proposed?**

10 A. Yes. As shown on Schedule RCS-14, I recommend using an amount for FY2024 that  
11 is no higher than the FY2023 amount of \$422,405. This reduces NBC's proposed  
12 expense by \$8,913.

13  
14 **Operating Allowance**

15  
16 **Q. How did NBC determine its proposed amount for the Operating Allowance?**

17 A. As described on page 25 of NBC witness David Fox's Direct Testimony, and shown  
18 on Company Schedule DMF-34, NBC determined its proposed amount for the  
19 Operating Allowance by summing the expenses for Net Personnel, Operating  
20 Supplies/Expense, and Professional Services. However, NBC then multiplied only  
21 the Operating Supplies/Expense amount by 1.5% to derive its proposed Annual  
22 Operating Allowance amount of \$328,282. NBC's calculations are reproduced on  
23 Schedule RCS-15 in columns B and C.

24

1 **Q. Is NBC's calculation of the Annual Operating Allowance consistent with how**  
2 **the Commission calculated the allowed amount in NBC's last rate case?**

3 A. No. In NBC's last rate case, the Commission's Final Order shows that an amount of  
4 \$280,707 was allowed for the Operating Allowance. On Schedule RCS-15, in  
5 column A, I have reproduced the Commission's derivation of the allowed Operating  
6 Allowance from NBC's last rate case. Notably, the 1.5% was multiplied by the sum  
7 of the amounts for Operating Supplies/Expense, and Professional Services. In NBC's  
8 calculation in the current NBC rate case, NBC did not apply the 1.5% factor to the  
9 Professional Services amount.

10

11 **Q. Are you recommending an adjustment for the Operating Allowance?**

12 A. Yes. As a result of my recommended adjustments, the base for calculating the  
13 Operating Allowance differs from the base that NBC used. As shown on Schedule  
14 RCS-15, I have replicated NBC's proposed Operating Allowance calculation as well  
15 as the calculation of the Operating Allowance from the Commission's Final Order in  
16 NBC's last rate case. As shown on Schedule RCS-15, in column D, I have calculated  
17 the adjusted Operating Allowance by applying the 1.5% rate to the sum of the  
18 amounts for Operating Supplies/Expense, and Professional Services. In comparison  
19 with NBC's proposed amount, which omitted applying the 1.5% factor to the  
20 Professional Services amount, the Division adjusted amount of \$342,600 is higher by  
21 \$14,318.

22

1 **VI. USER CHARGE CALCULATION AND PROOF OF REVENUE**

2 **Q. What is shown on Exhibit RCS-3?**

3 A. Exhibit RCS-3, Schedule A shows a summary of the amounts of revenue increase  
4 needed that are used in designing rates for NBC. This is similar to NBC's Schedule  
5 DMF-35, which presented the Company's proposed user charges. Exhibit RCS-3,  
6 Schedule B shows the User Charge Calculation using the Division's adjusted results.  
7 Exhibit RCS-3, Schedule B shows the related Rate Year Proof of Revenue with the  
8 Rate Increase, using the Division's adjusted results in a format that is similar to NBC's  
9 Schedule DMF-36. Exhibit RCS-3, Schedule C shows estimated bill impacts.

10

11 **Q. Do both NBC's and the Division's proposal for developing new rates in the**  
12 **current case reflect an across-the-board percentage increase approach for rate**  
13 **design?**

14 A. Yes. In this case, NBC's and the Division's proposed rate design both reflect an  
15 across-the-board percentage increase approach. A percentage increase in revenues  
16 to be collected through customer charges is calculated and that same percentage  
17 increase is applied to the adjusted customer fee revenues for each rate class at current  
18 rates. The recommended rates for NBC in the Division's proposal are lower because  
19 of the adjustments to NBC's proposed revenue requirement, not because the Division  
20 is recommending a different approach to rate design for NBC in the current case. The  
21 across-the-board percentage increase approach for developing NBC's new rates is  
22 considered reasonable for the current NBC rate case, particular since NBC did not  
23 present a class cost of service study with its rate case filing, and therefore,



1 information is not available to differentiate and calibrate the percentage increases  
2 applicable to different rate classes.

3

4 **Q. Should NBC periodically perform and submit updated class cost of service**  
5 **studies?**

6 A. Yes. NBC should periodically perform and submit an updated class cost of service  
7 study. As noted above, NBC did not submit such a study in its current rate case.

8

9 **Q. Should NBC be required to present updated class cost of service study**  
10 **information with its next rate case?**

11 A. Yes. Information on NBC's updated cost of serving each rate class should be  
12 presented by NBC when it files its next general rate case.

13

14 **Q. Does this complete your direct testimony?**

15 A. Yes, it does.

**Exhibit RCS-1**  
**QUALIFICATIONS OF RALPH C. SMITH**

**Accomplishments**

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

### Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

### Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
U-87-47	Anchorage Water and Wastewater Utility (Alaska PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
T E-1032-88-102	Illinois Bell Telephone Company (Illinois CC)
89-0033	Puget Sound Power & Light Company (Washington UTC))
U-89-2688-T	Philadelphia Electric Company (Pennsylvania PUC)
R-891364	Potomac Electric Power Company (District of Columbia PSC)
F.C. 889	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
Case No. 88/546	
87-11628	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)

6531	Hawaiian Electric Company (Hawaii PUCs)
R-901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102 & U-1551-89-103	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and TC-91-040B	Intrastate Access Charge Methodology, Pool and Rates Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS & 911-67-WS	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
U-91-091	Anchorage Telephone Utility (Alaska PUC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314 & M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 & U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 & U-1032-93-193	Citizens Utilities Company - Gas Division (Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/ E-1032-93-169	Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)

94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)
Non-Docketed	Citizens Utility Company - Arizona Telephone Operations
Staff Investigation	(Arizona Corporation Commission)
E-1032-95-473	Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC)
E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
	Collaborative Ratemaking Process Columbia Gas of Pennsylvania
	(Pennsylvania PUC)
GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-
	Nuclear Generation Assets, & Transition Costs for Electric Utility
	Restructuring, & Consolidated Proceedings (California PUC)
96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and
	San Diego Gas & Electric Company (California PUC)
97-05-12	Connecticut Light & Power (Connecticut PUC)
R-00973953	Application of PECO Energy Company for Approval of its
	Restructuring Plan Under Section 2806 of the Public Utility Code
	(Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a
	Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705	Entergy Gulf States, Inc. (Cities Steering Committee)
E-1072-97-067	Southwestern Telephone Co. (Arizona Corporation Commission)
Non-Docketed	Delaware - Estimate Impact of Universal Services Issues
Staff Investigation	(Delaware PSC)
PU-314-97-12	US West Communications, Inc. Cost Studies (North Dakota PSC)
97-0351	Consumer Illinois Water Company (Illinois CC)
97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric
	Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision
	of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I	San Diego Gas & Electric Co., Section 386 costs (California PUC)
9355-U	Georgia Power Company Rate Case (Georgia PUC)
97-12-020 - Phase I	Pacific Gas & Electric Company (California PUC)
U-98-56, U-98-60,	Investigation of 1998 Intrastate Access charge filings
U-98-65, U-98-67	(Alaska PUC)
(U-99-66, U-99-65,	Investigation of 1999 Intrastate Access Charge filing
U-99-56, U-99-52)	(Alaska PUC)
Phase II of	
97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed	Bell Atlantic - Delaware, Inc., Review of New Telecomm.
Assistance	and Tariff Filings (Delaware PSC)
Contract Dispute	City of Zeeland, MI - Water Contract with the City of Holland, MI
	(Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
Non-docketed Project	Village of University Park, IL - Valuation of Water and
	Sewer System (Village of University Park, Illinois)



E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No.	
98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No.	
99-01-016,	Post-Transition Ratemaking Mechanisms for the Electric Industry Restructuring (US Department of Navy)
Phase I	
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020	
Phase II	Pacific Gas & Electric Company Rate Case (California PUC)
01-10-10	United Illuminating Company (Connecticut OCC)
13711-U	Georgia Power FCR (Georgia PSC)
02-001	Verizon Delaware § 271(Delaware DPA)
02-BLVT-377-AUD	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-84	ACS of Fairbanks dba Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-82	ACS of Anchorage dba Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-86	ACS of Alaska dba Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No. E-01345A-06-009 Case No.	Arizona Public Service Company (Arizona Corporation Commission)
05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No. 03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
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Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
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Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)
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08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
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U-18-021 & U-18-033	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
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PUR-2021-00255 22-0304-E-P	Virginia-American Water Company (Virginia SCC) Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
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**Narragansett Bay Commission**  
**Docket No. 22-47-WW**  
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Summary of Revenues and Expenses at Present and Proposed Rates  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Adjusted 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	<b>Total Revenue</b>	\$ 104,316,368	\$ 1,636,582	\$ 105,952,949	\$ 3,105,451	\$ 109,058,401
	<b>Operation &amp; Maintenance Expense</b>					
2	Net Personnel Expense	\$ 27,961,383	\$ (286,698)	\$ 27,674,685		\$ 27,674,685
3	Operating Supplies/Expense	\$ 21,885,456	\$ (1,216,613)	\$ 20,668,843		\$ 20,668,843
4	Professional Services Expense	\$ 2,198,672	\$ (27,517)	\$ 2,171,155		\$ 2,171,155
5	Total: Operations & Maintenance Expense	\$ 52,045,511	\$ (1,530,828)	\$ 50,514,683	\$ -	\$ 50,514,683
6	Lease/Subscriptions	\$ 113,400 [A]	\$ -	\$ 113,400		\$ 113,400
7	Depreciation Expense	\$ -	\$ -	\$ -		\$ -
8	Operating Capital	\$ 3,862,859	\$ (3,862,859)	\$ -		\$ -
9	Debt Service	\$ 59,337,675	\$ (1,249,958)	\$ 58,087,717		\$ 58,087,717
10	Operating Reserve	\$ 328,282	\$ 14,318	\$ 342,600		\$ 342,600
11	<b>Total Revenue Requirement</b>	\$ 115,687,727	\$ (6,629,326)	\$ 109,058,401	\$ -	\$ 50,970,683
12	<b>Net Income</b>	\$ (11,371,359)	\$ 8,265,908	\$ (3,105,451)	\$ 3,105,451	\$ 58,087,717

Notes and Source

Column A: Company Schedule 1 from NBC Filing

Column B: Schedule RCS-2

Note [A]: The Company indicated in it's response to Comm. 1-1 that this amount was inadvertently excluded from the sum formula in it's filing

CHECK SUMS

Total revenue requirement per above	\$ 115,687,727
Per Schedule 1	\$ 115,574,327
Difference	\$ 113,400
Net income per above	\$ (11,371,359)
Per Schedule 1	\$ (11,257,959)
Difference	\$ (113,400)

Narragansett Bay Commission

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Schedule RCS-1  
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Summary of Revenues at Present and Proposed Rates  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	Adjusted Rate	Division	Rate Year at
			Year Amount Per NBC (A)	Adjustments (B)	Present Rates (C)
1		<b>Revenue</b>			
2	41000	Flat Fees Residential	\$ 29,303,597		\$ 29,303,597
3	41100	Consumption Fee - Residential	\$ 30,570,181	\$ 385,084	\$ 30,955,265
4	41501 41502	Flat Fees Commercial/Industrial	\$ 15,379,331		\$ 15,379,331
5	41510	Consumption Fee - Commercial	\$ 24,085,628	\$ 1,170,370	\$ 25,255,998
6	41511	Consumption Fee - Industrial	\$ 1,971,103	\$ 81,128	\$ 2,052,231
7	42001	Pretreatment Application Fees	\$ 61,280		\$ 61,280
8	42500	Connection Permit Fees	\$ 43,850		\$ 43,850
9	42595	Capacity Charge Fees	\$ 274,144		\$ 274,144
10	42599	Real Estate Closing Fee	\$ 165,390		\$ 165,390
11	42600	Abatement Application Fee	\$ 3,710		\$ 3,710
12	42596	Sewer Tie-in Revenue	\$ -		\$ -
13	42602	Return Check Fee Revenue	\$ 21,685		\$ 21,685
14	TBD	Stormwater Permit Application Fee	\$ 29,353		\$ 29,353
15	42604	REC Income FP Turbines	\$ 167,688		\$ 167,688
16	42605	REC Income Coventry	\$ 180,495		\$ 180,495
17	42606	REC Income Green PPA	\$ 315,236		\$ 315,236
18	42607	REC Income Biogas Electric	\$ 440		\$ 440
19	43500	Septage Income	\$ 355,825		\$ 355,825
20	45100	Interest Income Revenue	\$ 196,200		\$ 196,200
21	45101	Interest Income EEF	\$ -		\$ -
22	45156	Interest Income Restricted	\$ -		\$ -
23	45200	Interest Income O & M	\$ 250,944		\$ 250,944
24	45302	Interest Income Operating Capital	\$ -		\$ -
25	45303	Interest Income Grant / Capital Reimb	\$ -		\$ -
26	45309	Interest Income Revbond Series C	\$ -		\$ -
27	45412	Interest Income Debt Service Payment	\$ -		\$ -
28	45413	Interest Income Debt Service Redemption	\$ -		\$ -
29	45414	Interest Income Stabilization	\$ -		\$ -
30	45417	Interest Income 2008 Debt Service Payment	\$ -		\$ -
31	45419	Interest Income Operating Reserve for Revenue Stability	\$ -		\$ -
32	45423	Interest Income 2020 Series B	\$ -		\$ -
33	45424	Interest Income 2020 Series C	\$ -		\$ -
34	45500	Late Charge Revenue	\$ 860,196		\$ 860,196
35	49000	Discounts Earned	\$ 3,564		\$ 3,564
36	49002	Miscellaneous Income	\$ 64,527		\$ 64,527
37	49003	Rental Revenue	\$ 12,000		\$ 12,000
38	49004	Gain on Sale of Asset	\$ -		\$ -
39	49005	Contributed Capital	\$ -		\$ -
40		<b>TOTAL REVENUE</b>	<u>\$ 104,316,368</u>	<u>\$ 1,636,582</u>	<u>\$ 105,952,949</u>
		<b>SUMMARY</b>			
41		User Charge Revenue	\$ 101,309,840	\$ 1,636,582	\$ 102,946,422
42		Miscellaneous Revenue	\$ 3,006,527	\$ -	\$ 3,006,527
43		<b>Total Revenue</b>	<u>\$ 104,316,368</u>	<u>\$ 1,636,582</u>	<u>\$ 105,952,949</u>

Notes and Source

Column A: Company Schedule 1 from NBC Filing  
Column B: Schedule RCS-2

Summary of Net Personnel Expenses at Present and Proposed Rates  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	Adjusted Rate		Division Adjustments	Rate Year at Present Rates
			Year Amount Per NBC	(A)		
<b>Operation &amp; Maintenance Expense Personnel</b>						
1	52100	Union - Regular	\$ 6,899,394			\$ 6,899,394
2	52150	Union Overtime	\$ 732,552			\$ 732,552
3	52300	Non-Union Regular	\$ 12,604,344		\$ (300,104)	\$ 12,304,240
4	52350	Non-Union Overtime	\$ 265,329		\$ (6,318)	\$ 259,011
5	52400	Non-Union Limited	\$ 32,366		\$ (770)	\$ 31,596
6	52800	Union Pension	\$ 2,279,613			\$ 2,279,613
7	52810	FICA/Medicare	\$ 1,559,111		\$ (23,221)	\$ 1,535,890
8	52820	Unemployment	\$ 60,259			\$ 60,259
9	52920	Non Union Pension	\$ 1,259,485			\$ 1,259,485
10	52940	Union Retirement Health	\$ 343,805			\$ 343,805
11	52950	Health Insurance	\$ 4,344,705			\$ 4,344,705
12	52970	Dental Insurance	\$ 292,574			\$ 292,574
13	52980	Vision Insurance	\$ 47,928			\$ 47,928
14	52990	Disability Insurance	\$ 48,235			\$ 48,235
15		<b>Total Personnel</b>	<u>\$ 30,769,700</u>		<u>\$ (330,413)</u>	<u>\$ 30,439,287</u>
16	59000	Salary Reimbursement	\$ (1,835,987)		\$ 43,714	\$ (1,792,273)
17	59001	Fringe Reimbursement	\$ (972,331)		\$ 1	\$ (972,330)
18		<b>Net Personnel</b>	<u>\$ 27,961,383</u>		<u>\$ (286,698)</u>	<u>\$ 27,674,685</u>

Notes and Source

Column A: Company Schedule 1 from NBC Filing

Column B: Schedule RCS-2

Narragansett Bay Commission

Docket No. 22-47-WW  
Schedule RCS-1  
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Summary of Operating Supplies Expense  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	Adjusted Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate Year at Present Rates (C)
		Operating Supplies/Expense			
1	52610	Medical Svcs.	\$ 10,318		\$ 10,318
2	53200	Bad Debt Expense	\$ 70,917		\$ 70,917
3	53210	Postage	\$ 452,744		\$ 452,744
4	53240	Dues & Subscriptions	\$ 73,243		\$ 73,243
5	53250	Freight	\$ 36,232		\$ 36,232
6	53310	Printing & Binding	\$ 158,116		\$ 158,116
7	53320	Advertising	\$ 3,020		\$ 3,020
8	53330	Rental- Equipment	\$ 34,323		\$ 34,323
9	53340	Rental- Clothing	\$ 36,123		\$ 36,123
10	53350	Rental-Outside Property	\$ 1,500		\$ 1,500
11	53360	Miscellaneous Expense	\$ 6,478		\$ 6,478
12	53370	Public Outreach Ed.	\$ 33,362		\$ 33,362
13	53380	EEF	\$ -		\$ -
14	53410	Local Travel	\$ 947		\$ 947
15	53420	Long Distance Travel	\$ 21,714		\$ 21,714
16	53470	Bldg. & Grnd. Maint.	\$ 231,882		\$ 231,882
17	53480	Biosolids Disposal	\$ 6,243,887	\$ (385,293)	\$ 5,858,594
18	53490	Screening & Grit Disposal	\$ 333,431		\$ 333,431
19	53510	Vehicle Fuel & Maintenance	\$ 489,333	\$ (166,232)	\$ 323,101
20	53610	Repairs Bldg, Struct, Equip.	\$ 395,599		\$ 395,599
21	53615	Repairs Process Equipment	\$ 827,258		\$ 827,258
22	53620	Repair-Highway & Walks	\$ 22,819		\$ 22,819
23	53630	Maintenance Contracts	\$ 792,740		\$ 792,740
24	53635	Maint. Contracts - Office Equip.	\$ 118,083		\$ 118,083
25	53640	Service Agreements	\$ 344,574	\$ 125,600	\$ 470,174
26	53645	Software Subscriptions	\$ 1,076,502	\$ (324,414)	\$ 752,088
27	53650	Highway & Landscape	\$ 11,077		\$ 11,077
28	53660	Insurance	\$ 1,191,143	\$ (46,379)	\$ 1,144,764
29	53680	Work. Comp. Insurance	\$ 431,318	\$ (8,913)	\$ 422,405
30	53900	Central Phone Svcs.	\$ 616		\$ 616
31	54000	Telephone	\$ 326,136		\$ 326,136
32	54020	Fuel Oil #2 - Diesel	\$ 12,004		\$ 12,004
33	54060	Fuel-Gas	\$ 409,137		\$ 409,137
34	54090	Electricity	\$ 6,919,434		\$ 6,919,434
35	54091	Net Metering Credit	\$ (2,168,169)		\$ (2,168,169)
36	54092	Field's Point Turbines	\$ 268,490		\$ 268,490
37	54093	Coventry Wind	\$ 244,645		\$ 244,645
38	54095	Green PPA	\$ 2,840,045		\$ 2,840,045
39	54096	Green PPA Net Metering Credits	\$ (3,786,726)		\$ (3,786,726)
40	54097	Biogas	\$ 1,700		\$ 1,700
41	54110	Water	\$ 119,644		\$ 119,644
42	54200	Clothing	\$ 48,644		\$ 48,644
43	54332	Chlorine/Hypochlorite	\$ 575,912		\$ 575,912
44	54333	Carbon Feed	\$ 37,340		\$ 37,340
45	54335	Polymer	\$ 123,773		\$ 123,773
46	54336	Sodium Hydroxide	\$ -		\$ -
47	54337	Sodium Bisulfite	\$ 393,229		\$ 393,229
48	54338	Soda Ash	\$ 62,256		\$ 62,256
49	54339	UV Disinfection	\$ 173,163		\$ 173,163
50	54340	Lab Supplies	\$ 750,415	\$ (292,398)	\$ 458,017
51	54345	Lab Chemicals & Gases	\$ -		\$ -
52	54370	Supplies Building & Maint.	\$ 750,356	\$ (118,584)	\$ 631,772
53	54410	Educational Supp. & Exp.	\$ 30,110		\$ 30,110
54	54420	Computer Supplies	\$ 93,451		\$ 93,451
55	54430	Other Op. Supplies & Exp.	\$ 12,695		\$ 12,695
56	54440	Safety Equipment	\$ 82,005		\$ 82,005
57	54500	Office Expense	\$ 116,468		\$ 116,468
58	57800	Bond And Note Fees	\$ -		\$ -
59		Total Operating Supplies/Expense	<u>\$ 21,885,456</u>	<u>\$ (1,216,613)</u>	<u>\$ 20,668,843</u>

Notes and Source

Column A: Company Schedule 1 from NBC Filing  
Column B: Schedule RCS-2

Narragansett Bay Commission

Docket No. 22-47-WW  
Schedule RCS-1  
Page 5 of 5

Summary of Professional Services Expense, Debt Service, Operating Allowance and Harship Fund  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	Adjusted Rate Year Amount Per NBC (A)	Division Adjustments (B)	Rate Year at Present Rates (C)
<b>Professional Services Expense</b>					
1	52600	Regulatory Expense	\$ 677,742	\$ (27,517)	\$ 650,225
2	52630	Educational Services	\$ 60,899		\$ 60,899
3	52650	Security Services	\$ 24,476		\$ 24,476
4	52660	Legal Services	\$ 192,561		\$ 192,561
5	52670	Mgmt/Audit Services	\$ 164,710		\$ 164,710
6	52680	Clerical Services	\$ 669		\$ 669
7	52690	Other Services	\$ 1,077,615		\$ 1,077,615
8		<b>Total Professional Services</b>	<u>\$ 2,198,672</u>	<u>\$ (27,517)</u>	<u>\$ 2,171,155</u>
<b>Lease/Subscriptions</b>					
9	Lease	Lease Payments	\$ 105,283		\$ 105,283
10	57950	Lease Interest Expense	\$ 8,117		\$ 8,117
11		<b>Total Leases</b>	<u>\$ 113,400</u>	<u>\$ -</u>	<u>\$ 113,400</u>
<b>Depreciation</b>					
12	57500	Depreciation	\$ -		\$ -
13	57015	Amortization Right to Use Leased Land	\$ -		\$ -
14	57016	Amortization of Asset Retirement Obligation	\$ -		\$ -
15		<b>Total Depreciation</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Operating Capital</b>					
16	16515	Automotive Equipment Replacement	\$ 421,902	\$ (421,902)	\$ -
17	16520	Building and Plant Equipment	\$ 143,000	\$ (143,000)	\$ -
18	16525	Building and Plant Equipment Replacement	\$ 1,395,951	\$ (1,395,951)	\$ -
19	16550	Computer Equipment	\$ 353,368	\$ (353,368)	\$ -
20	16555	Computer Equipment Replacement	\$ 514,593	\$ (514,593)	\$ -
21	16570	Lab Equipment	\$ 554,761	\$ (554,761)	\$ -
22	16575	Lab and Sampling Equipment Replacement	\$ 322,206	\$ (322,206)	\$ -
23	16586	Office Furniture Equipment	\$ 57,893	\$ (57,893)	\$ -
24	16615	Building & Other Structure Replacement	\$ 99,185	\$ (99,185)	\$ -
25		<b>Total Operating Capital</b>	<u>\$ 3,862,859</u>	<u>\$ (3,862,859)</u>	<u>\$ -</u>
<b>Debt Service</b>					
26	PRIN	Principal	\$ 31,344,795	\$ (660,283)	\$ 30,684,512
27	INT	Interest	\$ 16,125,345	\$ (339,683)	\$ 15,785,662
28	Coverage	Debt Service Coverage	\$ 11,867,535	\$ (249,992)	\$ 11,617,543
29		<b>Total Debt Service</b>	<u>\$ 59,337,675</u>	<u>\$ (1,249,958)</u>	<u>\$ 58,087,717</u>
30	Op Reserve	<b>Operating Reserve</b>	<u>\$ 328,282</u>	<u>\$ 14,318</u>	<u>\$ 342,600</u>

Notes and Source

Column A: Company Schedule 1 from NBC Filing  
Column B: Schedule RCS-2

Line No.	Description	Division Adjustments (A)	Operating Capital Correction RCS-3	Fiscal Year 2024 Debt Service RCS-4	Residential Consumption Fee Revenue RCS-5	Commercial Consumption Fee Revenue RCS-6	Industrial Consumption Fee Revenue RCS-7	PUC Assessment RCS-8	NBC "Trend Accounts" Expense Adjustment RCS-9
1	<b>Total Revenue</b>	\$ 1,636,582		\$	\$ 385,084	\$ 1,170,370	\$ 81,128		
	<b>Operation &amp; Maintenance Expense</b>								
2	Net Personnel Expense	\$ (286,698)							
3	Operating Supplies/Expense	\$ (1,216,613)							\$ (776,027)
4	Professional Services Expense	\$ (27,517)							
5	Total: Operations & Maintenance Expense	\$ (1,530,828)							\$ (27,517)
6	Depreciation Expense	\$ -							
7	Operating Capital Debt Service	\$ (3,862,859)	\$ (3,862,859)						\$ (27,517)
8	Debt Service	\$ -							
9	Debt Service Coverage	\$ (1,249,958)		\$ (1,249,958)					
10	Operating Allowance	\$ 14,318							
11	Hardship Fund	\$ -							
12	<b>Total Revenue Requirement</b>	\$ (6,629,326)	\$ (3,862,859)	\$ (1,249,958)	\$ -	\$ -	\$ -	\$ (27,517)	\$ (776,027)
13	<b>Net Income</b>	\$ 8,265,908	\$ 3,862,859	\$ 1,249,958	\$ 385,084	\$ 1,170,370	\$ 81,128	\$	\$ 776,027



Summary of Division Adjustments  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Wages and Salaries Expense RCS-10	Payroll Tax Expense RCS-11	Biosolids Disposal RCS-12	Insurance Expense RCS-13	Workers Compensation Expense RCS-14	Operating Allowance RCS-15
1	<b>Total Revenue</b>						
	<b>Operation &amp; Maintenance Expense</b>						
2	Net Personnel Expense	\$ (263,477)	\$ (23,221)				
3	Operating Supplies/Expense			\$ (385,293)	\$ (46,379)	\$ (8,913)	
4	Professional Services Expense						
5	Total: Operations & Maintenance Expense	\$ (263,477)	\$ (23,221)	\$ (385,293)	\$ (46,379)	\$ (8,913)	\$ -
6	Depreciation Expense						
7	Operating Capital						
	Debt Service						
8	Debt Service						
9	Debt Service Coverage						\$ 14,318
10	Operating Allowance						
11	Hardship Fund						
12	<b>Total Revenue Requirement</b>	\$ (263,477)	\$ (23,221)	\$ (385,293)	\$ (46,379)	\$ (8,913)	\$ 14,318
13	<b>Net Income</b>	\$ 263,477	\$ 23,221	\$ 385,293	\$ 46,379	\$ 8,913	\$ (14,318)

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	NBC Amount (A)	Division Amount (B)	Division Adjustment (C)
1	16515	Automotive Equipment Replacement	\$ 421,902	\$ -	\$ (421,902)
2	16520	Building and Plant Equipment	\$ 143,000	\$ -	\$ (143,000)
3	16525	Building and Plant Equipment Replacement	\$ 1,395,951	\$ -	\$ (1,395,951)
4	16550	Computer Equipment	\$ 353,368	\$ -	\$ (353,368)
5	16555	Computer Equipment Replacement	\$ 514,593	\$ -	\$ (514,593)
6	16570	Lab Equipment	\$ 554,761	\$ -	\$ (554,761)
7	16575	Lab and Sampling Equipment Replacement	\$ 322,206	\$ -	\$ (322,206)
8	16586	Office Furniture Equipment	\$ 57,893	\$ -	\$ (57,893)
9	16615	Building & Other Structure Replacement	\$ 99,185	\$ -	\$ (99,185)
10		Total Operating Capital	<u>\$ 3,862,859</u>	<u>\$ -</u>	<u>\$ (3,862,859)</u>

Notes and Source

Col. A: Amount from Schedule 1, page 3 of 46 from NBC's filing

Col. B: Company's response to Comm. 1-1

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	NBC Amount (A)	Division Amount (B)	Division Adjustment (C)
1		FY 2024 Debt Service Principal and Interest	\$ 47,470,140	\$ 46,470,174	\$ (999,966)
2		Multiply by 1.25	1.25	1.25	
3		FY 2024 Total Debt Service	<u>\$ 59,337,675</u>	<u>\$ 58,087,718</u>	<u>\$ (1,249,958)</u>
4		Debt Service Coverage	<u>\$ 11,867,535</u>	<u>\$ 11,617,544</u>	<u>\$ (249,992)</u>
<b>Adjustment Summary</b>					
5		Principal and Interest			\$ (999,966)
6		Debt Service Coverage			\$ (249,992)
7		Total Adjustment			<u>\$ (1,249,958)</u>

Notes and Source

Col. A: Amount from Schedule 1, page 3 of 46 from NBC's filing  
Col. B: Exhibit KG-1 from Docket No. D-23-04

Narragansett Bay Commission  
Residential Consumption Fee Revenue

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	NBC Amount (A)	Division Amount (B)	Division Adjustment (C)
1	41100	Adjustment to Residential Consumption Fee Revenue	\$ (385,084)	\$ -	\$ 385,084
2		Percentage of NBC Adjustment		0.0%	100.0%

Notes and Source

Col. A: Amount from Company Schedule 6 - Rate Year Revenue by Source  
Col. B: Division recommended adjustment amount calculated below:

Description	Amount
3 Residential Consumption Fee Revenue Adjustment Per NBC	\$ (385,084)
4 Division Adjustment Percentage	100.0%
5 Division Adjustment	\$ -385,084

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	Calendar 2022 Actual*	FY 2022 Adjusted Test Year	FY 2023 Estimated	Rate Year FY 2024 Estimated	Docket 4890 vs. Adjusted Rate Year
6 Customer Usage Analysis (Hcf) Per Company	8,233,501	8,199,972	8,110,082	8,710,408	8,080,205	8,080,205	8,080,205	8,029,789	7,979,687	8,153,259
7 Residential Change		-0.4%	-1.1%	7.4%	-0.4%		0.0%	-0.6%	-0.6%	(173,572)
		From FY2018	From FY2019	From FY2020	From FY2021			From FY2022	From FY2023	-2.1%

	From FY2018	From FY2019	From FY2020	From FY2021	From FY2022
8 Change from TY to RY in Hcf					(100,518)
9 Customer Usage Analysis (Hcf) Per Divisor	8,233,501	8,199,972	8,110,082	8,710,408	8,080,205
10 Residential Change		-0.4%	-1.1%	7.4%	0.1%
		From FY2018	From FY2019	From FY2020	From FY2022

	From FY2018	From FY2019	From FY2020	From FY2022
11 Change from TY to RY in Hcf				
12 Proportion of Division Change to Company Change				
13 Reciprocal				
14 Division Rate Year Usage (Hcf) versus NBC Rate Year Usage (Hcf)				
15 Consumption Charges at Current Rate				
16 Adjustment to Consumption Fee Revenue				
17 [A] Use FY2022 actual				
18 Compare with Average of FY 2020 and FY 2022 and with actual calendar year 2022				
19 Average of FY 2019, FY 2020 and FY 2022				
20 * 2022 Calendar Year Residential Consumption Per DIV 2-1				

	Difference	Percent
18 Average of FY 2019, FY 2020 and FY 2022	14,939	0.2%
19 Average of FY 2019, FY 2020 and FY 2022	49,881	0.6%
20 * 2022 Calendar Year Residential Consumption Per DIV 2-1	4,639	0.1%

Month	Hcf
Jan-22	670,556
Feb-22	589,694
Mar-22	650,741
Apr-22	560,921
May-22	528,033
Jun-22	508,833
Jul-22	744,962
Aug-22	730,935
Sep-22	786,683
Oct-22	820,725
Nov-22	787,599
Dec-22	705,162
Total 2022	8,084,844

	From FY2022	From FY2023	From FY2024
17 [A] Use FY2022 actual	8,080,205		
18 Compare with Average of FY 2020 and FY 2022 and with actual calendar year 2022	8,095,144		
19 Average of FY 2019, FY 2020 and FY 2022	8,130,086		
20 * 2022 Calendar Year Residential Consumption Per DIV 2-1	8,084,844		

Narragansett Bay Commission  
Commercial Consumption Fee Revenue

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	NBC Amount (A)	Division Amount (B)	Division Adjustment (C)
1	41510	Adjustment to Commercial Consumption Fee Revenue	\$ (1,076,994)	\$ 93,376	\$ 1,170,370
2		Percentage of NBC Adjustment		-8.7%	108.7%

Notes and Source

Col. A: Amount from Company Schedule 6 - Rate Year Revenue by Source  
Col. B: Division recommended adjustment amount calculated below:

Description	Amount	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	Calendar 2022 Actual*	FY 2022 Adjusted Test Year	FY 2023 Estimated	Rate Year FY 2024 Estimated	Docket 4890	Docket 4890 vs. Adjusted Rate Year
3 Commercial Consumption Fee Revenue Adjustment Per NBC	\$ (1,076,994)											
4 Division Adjustment Percentage	108.7%											
5 Division Adjustment	\$ 1,170,370											
Customer Usage Analysis (Hcf) Per Company												
6 Commercial		4,694,089	4,750,934	4,267,362	4,141,550	4,373,066		4,373,066	4,278,456	4,185,893	4,678,683	(492,790)
7 Change			1.2%	-10.2%	-2.9%	2.5%		0.0%	-2.2%	-2.2%		-10.5%
		From FY2018	From FY2019	From FY2019	From FY2020	From FY2020						
8 Change from TY to RY in Hcf										(187,173)		
Customer Usage Analysis (Hcf) Per Division												
9 Commercial		4,694,089	4,750,934	4,267,362	4,141,550	4,373,066	4,389,294	4,373,066	Calendar 2022 4,389,294	4,389,294	4,678,683	(289,389)
10 Change			1.2%	-10.2%	-2.9%	5.6%	0.4%	0.0%		0.0%		-6.2%
		From FY2018	From FY2019	From FY2019	From FY2020	From FY2021	From FY2022					
11 Change from TY to RY in Hcf										16,228		
12 Proportion of Division Change to Company Change										-8.7%		
13 Reciprocal										108.7%		
Division Rate Year Usage (Hcf) versus NBC Rate Year Usage (Hcf)												
14 Division Rate Year Usage (Hcf) versus NBC Rate Year Usage (Hcf)				2020	2021	2022					Line 9 - Line 1	
15 Consumption Charges at Current Rate				4,050,251	4,323,806	4,389,294					\$ 5,754	
16 Adjustment to Consumption Fee Revenue					273,555	65,488					\$ 1,170,369	
					6.8%	1.5%						

Month	Hcf
Jan-22	320,533
Feb-22	333,151
Mar-22	379,267
Apr-22	324,475
May-22	317,517
Jun-22	261,268
Jul-22	403,094
Aug-22	395,297
Sep-22	435,136
Oct-22	383,212
Nov-22	416,142
Dec-22	420,202
Total 2022	4,389,294



Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	NBC Amount (A)	Division Amount (B)	Division Adjustment (C)
1	52600	PUC Assessment	\$ 627,742	\$ 600,225	\$ (27,517)

**Notes and Source**

**Company proposed amount from Schedule DMF-23**

2	Total regulatory expense	\$ 677,742
3	Less rate case expense annual amount	\$ 50,000
4	PUC Assessment for FY2024	\$ 627,742

**Division Proposed Amount**

5	PUC Assessment for FY 2023	\$ 564,646	Div 1-55
6	PUC Assessment for FY 2022	\$ 529,067	
7	Increase	\$ 35,579	
8	Estimated PUC Assessment for FY 2024	\$ 600,225	L2 + L4

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Schedule RCS-9  
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Narragansett Bay Commission  
NBC "Trend Accounts" Expense Adjustment  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account	Description	FY2022 Test Year Amount (A)	FY2024 Rate Year Amounts			Percentage Change from Test Year to Rate Year	
				NBC Amount (B)	Division Amount (C)	Division Adjustment (D)=C-B	NBC FY2024 Amount (E)	Division FY2024 Amount (F)
1	53510	VEHICLE FUEL AND MAINTENANCE	\$ 246,131	\$ 489,333	\$ 323,101	\$ (166,232)	99%	31%
2	53610	REPAIRS-BUILDING AND STRUCTURES	\$ 309,812	\$ 395,599	\$ -	\$ -		
3	53615	REPAIRS-PROCESS EQUIPMENT	\$ 647,865	\$ 827,258	\$ -	\$ -		
4		Total Repairs	\$ 957,677	\$ 1,222,857	\$ 1,222,857 [2]	\$ -	28%	28%
5	53640	SERVICE AGREEMENTS	\$ 345,399	\$ 514,092	\$ 470,174	\$ (43,918)	49%	36%
5a		Add Back NBC's Calculated Test Year Adjustment for Service Agreements	\$ (825)			\$ 825 [3]		
5b		NBC's Calculated Rate Year Adjustment for Service Agreements				\$ 168,693 [4]		
5c		Subtotal Net Adjustment for Account 53640	\$ 344,574			\$ 125,600		
6	53630	MAINTENANCE CONTRACTS	\$ 655,157	\$ 792,740	\$ -	\$ -		
7	53645	SOFTWARE SUBSCRIPTION	\$ 889,671	\$ 1,076,502	\$ -	\$ -		
8		Total Maintenance Con. & Software Sub.	\$ 1,544,828	\$ 1,869,242	\$ 1,544,828 [1]	\$ (324,414)	21%	0%
9	54340	LAB, MEDICAL SUPPLIES	\$ 458,017	\$ 750,415	\$ 458,017 [1]	\$ (292,398)	64%	0%
10	54370	SUPPLIES, BLDG & MAINT	\$ 538,894	\$ 750,356	\$ 631,772	\$ (118,584)	39%	17%
11		Sum of Division FY2024 NBC "Trend Analysis" Expense Adjustment Amounts				\$ (776,027)		

**Notes and Source**

Columns A, B and C: See page 2

Note 1: Use FY2022 adjusted test year amount if higher than Division recalculated "trend" amount

Note 2: NBC's proposed FY2024 amount for the Repairs expense accounts is accepted, as described in the testimony.

Note 3: Schedule 1 from NBC's filing includes a Test Year adjustment to remove \$825 from Account 53640. Service Agreements resulting in an adjusted 6/30/2022 Test Year amount of \$344,574. This amount should have been the starting point for NBC's adjustment for Account 53640 on Schedule DMF-21. However, NBC used the unadjusted Test Year amount of \$345,399 as the starting point for its Rate Year adjustment

Note 4: NBC calculated an adjustment to increase expense by \$168,693 on Schedule DMF-21, but did not carry that adjustment amount forward to NBC's Schedule 1 on the line item for Account 53640, Service Agreements



Narragansett Bay Commission  
NBC "Trend Accounts" Expense Adjustment  
Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Account Number	Account Description	Per NBC											Percent Increase (Decrease) from FY 2022 Test Year (N)=M/C		
			FY 2020 (A)	FY 2021 (B)	Adjusted Test Year FY 2022 (C)	Average Annual Increase (D)	Projected FY 2023 (E)	Rate Year FY 2024 (F)	NBC's Rate Year Adjustment (G)=F-C	FY 2023 Budget (H)	NBC Projected FY 2023 Over (Under) NBC's FY 2023 Budget (I)=E-H	Percentage Over (Under) statement of FY 2023 Budget (J)=I/H	Rate Year FY 2024 Adjusted by Col.J Percentage (K)		Adjustment to NBC's FY 2024 Rate Year Amount (L)=K-F	Rate Year FY 2024 Over (Under) FY 2022 Amount (M)=K-C
1	53510	VEHICLE FUEL AND MAINTENANCE	\$ 135,767	\$ 206,009	\$ 246,131	41%	\$ 347,045	\$ 489,333	\$ 243,202	\$ 229,150	\$ 117,895	51.4%	\$ 323,101	\$ (166,232)	\$ 76,970	31%
2	53610	REPAIRS-BUILDING AND STRUCTURES	\$ 760,300	\$ 450,143	\$ 309,812		\$ 350,088	\$ 395,599	\$ 85,787	\$ 538,150	\$ (188,062)	-34.9%				
3	53615	REPAIRS-PROCESS EQUIPMENT	\$ -	\$ 517,626	\$ 647,865		\$ 732,087	\$ 827,258	\$ 179,393	\$ 610,847	\$ 121,240	19.8%				
4		Total Repairs	\$ 760,300	\$ 967,769	\$ 957,677	13%	\$ 1,082,175	\$ 1,222,857	\$ 265,180	\$ 1,148,997	\$ (66,822)	-5.8%	\$ 1,298,366	\$ 75,509	\$ 340,689	36%
5	53640	SERVICE AGREEMENTS	\$ 239,455	\$ 184,018	\$ 345,399	22%	\$ 421,387	\$ 514,092	\$ 168,693	\$ 385,389	\$ 35,998	9.3%	\$ 470,174	\$ (43,918)	\$ 124,775	36%
6	53630	MAINTENANCE CONTRACTS	\$ 1,290,609	\$ 1,433,464	\$ 655,157		\$ 720,673	\$ 792,740	\$ 137,583	\$ 699,825	\$ 20,848	3.0%				
7	53645	SOFTWARE SUBSCRIPTION	\$ -	\$ -	\$ 889,671		\$ 978,638	\$ 1,076,502	\$ 186,831	\$ 377,097	\$ 601,541	159.8%				
8		Total Maintenance Con. & Software Sub.	\$ 1,290,609	\$ 1,433,464	\$ 1,544,828	10%	\$ 1,699,311	\$ 1,869,242	\$ 324,414	\$ 1,076,922	\$ 622,389	57.8%	\$ 1,184,614	\$ (684,628)	\$ (360,214)	-23%
9	54840	LAB, MEDICAL SUPPLIES	\$ 347,808	\$ 398,564	\$ 458,017	28%	\$ 586,262	\$ 750,415	\$ 292,398	\$ 330,557	\$ 255,705	77.4%	\$ 423,113	\$ (327,302)	\$ (34,904)	-8%
10	54870	SUPPLIES BLDG & MAINT	\$ 393,769	\$ 454,136	\$ 538,894	18%	\$ 635,895	\$ 750,356	\$ 211,462	\$ 535,400	\$ 100,495	18.8%	\$ 631,772	\$ (118,584)	\$ 92,878	17%
11		Sum of Expense Amounts for NBC's "Trend" Accounts	\$ 3,167,708	\$ 3,643,960	\$ 4,090,946	15%	\$ 4,772,075	\$ 5,596,295	\$ 1,505,349	\$ 3,706,415	\$ 1,065,660		\$ 4,331,140	\$ (1,265,155)	\$ 240,194	6%

Notes and Source  
Columns A through G: NBC Schedule 21  
Column H: FY 2023 Budget Amounts from Division 4-27

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Total Payroll Expense (A)	Salary Reimbursement Account 59000 (B)	Fringe Reimbursement Account 59001 (C)	Net Adjustment (D)
1	Rate Year Payroll Expense per Division	\$ 20,226,793	\$ (1,792,273)	\$ (972,330)	\$ 17,462,189
2	Rate Year Payroll Expense per NBC	\$ 20,533,985	\$ (1,835,987)	\$ (972,331)	\$ 17,725,667
3	Division Adjustment to Payroll Expense	\$ (307,192)	\$ 43,714	\$ 1	\$ (263,477)

Notes and Source

Cols. A-D: See detail on page 2

Narragansett Bay Commission  
Wages and Salaries Expense  
Test Year Ended June 30, 2022, and Rate Year Ending June 30, 2024

Line No.	Description	(A) Union Salary Account 52,100	(B) Non-Union Regular Account 52,300	(C) Union Overtime Account 52,150	(D) Non-Union Overtime Account 52,350	(E) Non-Union Limited Account 52,400	(F) Total	(G) Salary Reimbursement Account 59,000	(H) Fringe Reimbursement Account 59,001	(I) Net Adjustment	Reference
<b>Per NBC</b>											
1	Adjusted Test Year FY 2022	\$ 6,356,106	\$ 11,711,353	\$ 674,868	\$ 246,531	\$ 30,073	\$ 19,018,931	\$ (1,705,911)	\$ (925,478)		L1 x L2
2	7/1/2022 Contracted Steps Percentage	1.645%	0.0%	1.645%	0.0%	0.0%		0.0%	0.0%		
3	7/1/2022 Contracted Step Increase	\$ 104,558	\$ -	\$ 11,102	\$ -	\$ -	\$ 115,660	\$ -	\$ -		
4	Base Salary	\$ 6,460,664	\$ 11,711,353	\$ 685,970	\$ 246,531	\$ 30,073	\$ 19,134,591	\$ (1,705,911)	\$ (925,478)		L1 + L3
5	7/1/2022 COLA/Merit Percent	2.5%	2.5%	2.5%	2.5%	2.5%		2.5%	2.5%		
6	7/1/2022 COLA/Merit \$	\$ 161,517	\$ 292,784	\$ 17,149	\$ 6,163	\$ 752	\$ 478,365	\$ (42,648)	\$ (23,137)		L4 x L5
7	7/1/2022 Total Salaries	\$ 6,622,181	\$ 12,004,137	\$ 703,119	\$ 252,694	\$ 30,825	\$ 19,612,956	\$ (1,748,559)	\$ (948,615)		L4 + L6
8	7/1/2023 Contracted Steps Percentage	1.645%	0.0%	1.645%	0.0%	0.0%		0.0%	0.0%		L7 x L8
9	7/1/2023 Contracted Step Increase	\$ 108,935	\$ -	\$ 11,566	\$ -	\$ -	\$ 120,501	\$ -	\$ -		
10	Base Salary	\$ 6,731,116	\$ 12,004,137	\$ 714,685	\$ 252,694	\$ 30,825	\$ 19,733,457	\$ (1,748,559)	\$ (948,615)		L7 + L9
11	7/1/2023 COLA/Merit Percent	2.5%	5.0%	2.5%	5.0%	5.0%		5.0%	5.0%		L10 + L11
12	7/1/2023 COLA/Merit Increase	\$ 168,278	\$ 600,207	\$ 17,867	\$ 12,635	\$ 1,541	\$ 800,528	\$ (87,428)	\$ (47,431)		
13	Rate Year Payroll Expense Per NBC	\$ 6,899,394	\$ 12,604,344	\$ 732,552	\$ 265,329	\$ 32,366	\$ 20,533,985	\$ (1,835,987)	\$ (996,046)		L10 + L12
<b>Using a 2.5% Non-Union Merit Increase</b>											
14	Base Salary	\$ 6,731,116	\$ 12,004,137	\$ 714,685	\$ 252,694	\$ 30,825	\$ 19,733,457	\$ (1,748,559)	\$ (948,615)		Line 10
15	7/1/2023 COLA/Merit Percent	2.50%	2.50%	2.50%	2.50%	2.50%		2.50%	2.50%		L14 x L15
16	7/1/2023 COLA/Merit Increase	\$ 168,278	\$ 300,103	\$ 17,867	\$ 6,317	\$ 771	\$ 493,336	\$ (43,714)	\$ (23,715)		
17	Rate Year Payroll Expense per Division	\$ 6,899,394	\$ 12,304,240	\$ 732,552	\$ 259,011	\$ 31,596	\$ 20,226,793	\$ (1,792,273)	\$ (972,330)		L14 + L16
18	Rate Year Payroll Expense per NBC	\$ 6,899,394	\$ 12,604,344	\$ 732,552	\$ 265,329	\$ 32,366	\$ 20,533,985	\$ (1,835,987)	\$ (996,046)		Line 13
18a	Add Back Difference Between Schedule 1 and Schedule DMF-16								\$ 23,715 [1]		
18b	Subtotal Net Adjustment Account 59001								\$ (972,331)		
19	Division Adjustment to Payroll Expense	(0)	(300,104)	(0)	(6,318)	(770)	(307,192)	43,714		(263,477)	L17 - L18

Notes and Source  
Lines 1-13: Amounts from Schedule 16 from NBC's filing  
Line 15: See the testimony of Division witness Ralph Smith  
Note 1: NBC calculated a Rate Year amount for Account 59001, Fringe Reimbursement of (\$996,046) on Schedule DMF-16, but did not carry that amount forward to NBC's Schedule 1 on the line item for Account 59001, Fringe Reimbursement, which shows the amount of (\$972,331), or a difference of \$23,715

ASSUMPTIONS	
Union Steps 7/1/2022	1.645% (Average 2.35% with 70% Eligible)
Union Steps 7/1/2023	1.645% (Average 2.35% with 70% Eligible)
Union COLA 7/1/2022	2.50%
Union COLA 7/1/2023	2.50%
Non-Union Merits 7/1/2022	2.50%
Non-Union Merits 7/1/2023	5.00%
Non-Union Merits 7/1/2023 - Adjusted	2.50%

Narragansett Bay Commission  
Payroll Tax Expense

Docket No. 22-47-WW  
Schedule RCS-11  
Page 1 of 1

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Social Security Amount (A)	Medicare Amount (B)	Total Payroll Tax Expense (C)	
	<b>Per NBC</b>				
1	Rate Year Salaries	\$ 20,533,985	\$20,533,985		Sch. RCS-10
2	Wages Over FICA Limit*	\$ (189,338)	\$ -		Col. A, Line 16
3	Wages Subject to FICA	\$ 20,344,647	\$20,533,985		
4	Payroll Tax Rates	6.20%	1.45%		
5	Adjustment to Payroll Tax Expense Per Company	\$ 1,261,368	\$ 297,743	\$ 1,559,111	L3 x L4
	<b>Per Division</b>				
6	Rate Year Salaries	\$ 20,226,793	\$20,226,793		Sch. RCS-10
7	Wages Over FICA Limit*	\$ (184,830)	\$ -		Col. B, Line 16
8	Wages Subject to FICA	\$ 20,041,963	\$20,226,793		
9	Payroll Tax Rates	6.20%	1.45%		
10	Adjustment to Payroll Tax Expense Per Division	\$ 1,242,602	\$ 293,288	\$ 1,535,890	L8 x L9
11	Division Adjustment to Payroll Tax Expense	\$ (18,766)	\$ (4,455)	\$ (23,221)	L10 - L5

Notes and Source

\* Amounts for wages over the FICA limit calculated below:

Description	Per NBC	Per Division
12 FY 2022 Over FICA	\$ 175,924	\$ 175,924
13 2022 Wage Increase Percentage	1.025	1.025
14 7/1/2022 Merit Adjustment	\$ 180,322	\$ 180,322
15 2023 Wage Increase Percentage	1.05	1.025
16 7/1/2023 Merit Adjustment	\$ 189,338	\$ 184,830

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Dry Tons (A)	Rate (B)	Rate Year Amount (C)	Reference
	<b>Per NBC</b>				
1	Rate Year Biosolids Expense	9,997	\$ 624.58	\$ 6,243,887	A
	<b>Per Division</b>				
2	Rate Year Biosolids Expense	9,997	\$ 586.04	\$ 5,858,594	B
3	Division Adjustment to Rate Year Biosolids Expense		\$ (38.54)	\$ (385,293)	Col. C, L2 - L1

Notes and Source

- A: Amounts from Schedule DMF-24 from NBC's filing
- B: See page 2 for the calculation of the recommended rate in column B

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	FY 2020	FY2021	FY 2022	Rate Year
<b>Biosolids Dry Tons Production</b>					
1	Bucklin Point	2,241	2,048	2,072	2,120
2	Field's Point	7,985	7,638	8,007	7,877
3	Total	10,226	9,686	10,079	9,997
<b>Projected Disposal Rate</b>					
Contract Period					
4	Jan 2022 - Dec 2022	\$ 508.79	\$ -	\$ 508.79	0%
5	Jan 2023 - Dec 2023	\$ 508.79	\$ 25.00	\$ 533.79	3.10%
6	Jan 2024 - Dec 2024	\$ 550.34	\$ 8.00	\$ 558.34	2.30%
<b>Composite Rate (3-year Average)</b>					
7	Percent of total first 6 months	48.5%	48.0%	\$ 276.09	
8	Percent of total second 6 months	51.5%	52.0%	\$ 309.94	
9	Division Recommended Rate	100.0%	100.0%	\$ <b>586.04</b>	to page 1, Col. B, Line 2
<b>July - December</b>					
10	Bucklin Point	1,222	1,040	1,051	Avg.
11	Field's Point	3,985	3,479	3,768	
12	Subtotal	5,207	4,519	4,818	48.5%
<b>January - June</b>					
13	Bucklin Point	1,019	1,008	1,021	
14	Field's Point	4,000	4,159	4,239	
15	Subtotal	5,019	5,167	5,261	51.5%
16	Bucklin Point	2,241	2,048	2,072	
17	Field's Point	7,985	7,638	8,007	
18	Total	10,226	9,686	10,079	100.0%

**Notes and Source**

With the exception of the CPI adjustment percentages shown on lines 5-6, the amounts above are from Schedule DMF-24 from NBC's filing. The CPI adjustment percentages shown on lines 5-6 and the Division recommended rate on line 9 are discussed in the testimony of Division witness Ralph Smith.

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Amount (A)	Reference
1	Rate Year Insurance Expense Per Company	\$ 1,191,143	A
2	Rate Year Insurance Expense Per Division	\$ 1,144,764	B
3	Division Adjustment to Insurance Expense	\$ (46,379)	L2 - L1

Notes and Source

A: Per Company amount of insurance expense from Schedule DMF-26 from NBC's filing

B: Division recommended insurance expense from Schedule DMF-26 and calculated below:

Coverage Type	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	Average Annual Percent Increase	FY 2024 Rate Year
4 Commercial Auto	\$ 98,119	\$ 107,303	\$ 115,400	\$ 122,633	7.1%	\$ 131,393
5 Commercial Property	\$ 304,714	\$ 355,278	\$ 382,058	\$ 433,077	10.9%	\$ 480,495
6 Commercial Umbrella	\$ 45,146	\$ 47,018	\$ 48,439	\$ 53,266	6.6%	\$ 56,805
7 Contractor's Utility Bond	\$ 875	\$ 438	\$ 875	\$ -	(50.0%)	\$ -
8 Crime Insurance	\$ 4,239	\$ 4,239	\$ 4,239	\$ 4,239	0.0%	\$ 4,239
9 Cyber Liability	\$ 23,670	\$ 23,766	\$ 155,000	\$ 62,920	82.4%	\$ 114,750
10 ERISA Bond	\$ -	\$ 340	\$ -	\$ -	(50.0%)	\$ -
11 Fiduciary Liability	\$ 8,526	\$ 7,566	\$ 7,609	\$ 8,327	5.0%	\$ 8,746
12 Flood Insurance BP (February)	\$ 11,466	\$ 13,012	\$ 14,794	\$ 14,794	6.8%	\$ 15,807
13 Flood Insurance BP (July)	\$ 14,969	\$ 15,996	\$ 17,714	\$ 20,739	14.8%	\$ 23,814
14 General Liability	\$ 92,395	\$ 98,699	\$ 107,341	\$ 111,324	6.4%	\$ 118,444
15 Hull P & I	\$ 10,121	\$ 10,222	\$ 9,997	\$ 11,056	4.1%	\$ 11,507
16 Ocean marine Policy TRIA Premium	\$ -	\$ -	\$ 532	\$ -	\$ -	\$ -
17 Inland Marine (Equipment)	\$ 19,029	\$ 19,956	\$ 21,377	\$ 22,860	7.3%	\$ 24,523
18 Pollution (2-year)	\$ 30,662	\$ 27,579	\$ 32,451	\$ 32,451	8.8%	\$ 35,317
19 Public Officials Excess Liability	\$ 30,514	\$ 35,090	\$ 37,615	\$ 38,247	4.5%	\$ 39,968
20 Public Officials Liability	\$ 55,673	\$ 64,023	\$ 68,631	\$ 73,510	7.4%	\$ 78,956
21 Total Insurance Expense	\$ 750,118	\$ 830,525	\$ 1,024,072	\$ 1,009,443		\$ 1,144,764

Narragansett Bay Commission  
 Workers Compensation Expense

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 Schedule RCS-14  
 Page 1 of 1

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Per Company (A)	Per Division (B)	Division Adjustment (C)
1	Workers Compensation Expense	\$ 431,318	\$ 422,405	\$ (8,913)

Notes and Source

Cols. A-B: Amounts from Schedule DMF-27 from NBC's filing



Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Docket No. 4890 (A)	NBC Presentation (B)	NBC Calculation (C)	Division Calculation (D)	Division Adjustment (E) = (D) - (C)
1	Net Personnel	\$ -	\$ 27,961,383			
2	Operating Supplies/Expense	\$ 17,393,725	\$ 21,885,456	\$ 21,885,456	\$ 20,668,843	
3	Professional Services	\$ 1,320,054	\$ 2,198,672		\$ 2,171,155	
4	Total Operations & Maintenance	\$ 18,713,779	\$ 52,045,511	\$ 21,885,456	\$ 22,839,999	
5	Operating Allowance Percentage	1.50%		1.50%	1.50%	
6	Annual Operating Allowance	\$ 280,707	\$ 328,282	\$ 328,282	\$ 342,600	\$ 14,318

Notes and Source

Col. A: Amounts from the Commission's Report and Order from Docket No. 4890, Rate Year ASJ-12 Joint Settlement Operating Reserve and AJS-1A Rate Year

Cols. B-C: Amount from Schedule DMF-26 from NBC's filing

Col. D: see Schedule RCS-1, pages 4-5

**Narragansett Bay Commission**  
**Docket No. 22-47-WW**  
**Exhibit RCS-3**  
**Division Rate Design and Proof of Revenue Schedules**  
**Accompanying the Direct Testimony of Ralph Smith**

**CONTENTS**

<b>Schedule Number</b>	<b>Description</b>	<b>No. of Pages</b>	<b>Confidential</b>	<b>Page No.</b>
A	Presentation of Revenue Deficiency	1	No	2
B	Rate Year Revenue Proof with Rate Increase	1	No	3
C	Annual Bill Impacts	1	No	4
	Total Pages (including Contents page)	4		

Narragansett Bay Commission  
 Presentation of Revenue Deficiency

Docket No. 22-47-WW  
 Schedule A  
 Page 1 of 1

Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

Line No.	Description	Projected Rate Year per NBC (A)	Projected Rate Year per Division (B)	Difference (C)
1	Projected Rate Year Revenue Requirement	\$ 115,574,327	\$ 109,058,401	\$ (6,515,926)
2	Less: Projected Rate Year Miscellaneous Revenues	(3,006,527)	(3,006,527)	-
3	Net Revenue Requirement to be Recovered through User Charges	112,567,800	106,051,873	(6,515,926)
4	Rate Year User Charge Revenue without Increase	101,309,840	102,946,422	1,636,582
5	Revenue Increase	\$ 11,257,959	\$ 3,105,451	\$ (8,152,508)
6	Calculation of Across the Board Increase Percentage	11.11%	3.02%	-8.10%

Notes and Source:

Col. A: Schedule 35 from NBC's filing

Narragansett Bay Commission  
Rate Year Revenue Proof with Rate Increase

Docket No. 22-47-WW  
Schedule B  
Page 1 of 1

Summary of Revenues and Expenses at Present and Proposed Rates

Line No.	Revenue Item Description	Current Rate (A)	Increase (B)	Rate Year Rates (C) = (A) x (1 + B)	Per NBC Rate Year Units (D)	Division Adjustment (E)	Division Adjusted (F)	Rate Year Revenues (G) = (C) x (F)
<b>User Fee Revenues</b>								
<b>Residential</b>								
1	Customer Charges (per dwelling unit)	\$ 238.74	3.02%	\$ 245.94	121,952		121,952	\$ 29,993,090
2	Residential Wells	542.46	3.02%	\$ 558.82	348		348	\$ 194,471
3	Consumption Charges (per HCF)	3.831	3.02%	\$ 3.947	7,979,687	100,518	8,080,205	\$ 31,889,053
4	Total Residential							62,076,613
<b>Non-Residential</b>								
<b>Customer Charges (per Meter Size)</b>								
5	5/8"	566.00	3.02%	\$ 583.07	3,498		3,498	\$ 2,039,883
6	3/4"	849.00	3.02%	\$ 874.61	1,018		1,018	\$ 890,354
7	1"	1,415.00	3.02%	\$ 1,457.68	1,283		1,283	\$ 1,870,209
8	1 1/2"	2,831.00	3.02%	\$ 2,916.40	839		839	\$ 2,446,859
9	2"	4,529.00	3.02%	\$ 4,665.62	1,223		1,223	\$ 5,706,054
10	3"	8,492.00	3.02%	\$ 8,748.17	87		87	\$ 761,091
11	4"	14,154.00	3.02%	\$ 14,580.97	35		35	\$ 510,334
12	6"	28,308.00	3.02%	\$ 29,161.93	34		34	\$ 991,506
13	8"	45,292.00	3.02%	\$ 46,658.27	12		12	\$ 559,899
14	10"	65,108.00	3.02%	\$ 67,072.03	1		1	\$ 67,072
15	Subtotal Customer Charges							15,843,260
16	Commercial Consumption Charges (per HCF)	5.754	3.02%	\$ 5.928	4,185,893	203,401	4,389,294	\$ 26,017,863
17	Industrial Consumption Charges (per HCF)	3.770	3.02%	\$ 3.884	522,839	21,519	544,358	\$ 2,114,138
18	Total Non-Residential							43,975,260
19	<b>Total User Fee Revenues</b>							<b>106,051,873</b>
<b>Non-User Charge Revenue</b>								
20	Pretreatment Application Fees						\$	61,280
21	Connection Permit Fees							43,850
22	Capacity Charge Fees							274,144
23	Real Estate Closing Fee							165,390
24	Abatement Application Fee							3,710
25	Sewer Tie-in Revenue							-
26	Return Check Fee Revenue							21,685
27	Stormwater Permit Application Fee							29,353
28	REC Income FP Turbines							167,688
29	REC Income WED Wind							180,495
30	REC Income WED Solar							315,236
31	REC Income Biogas Electric							440
32	Septage Income							355,825
33	Interest Income Revenue							196,200
34	Interest Income EEF							-
35	Interest Income Restricted							-
36	Interest Income O & M							250,944
37	Interest Income Operating Capital							-
38	Interest Income Grant / Capital Reimb							-
39	Interest Income Revbond Series C							-
40	Interest Income Debt Service Payment							-
41	Interest Income Debt Service Redemption							-
42	Interest Income Stabilization							-
43	Interest Income 2008 Debt Service Payment							-
44	Interest Income Operating Reserve for Revenue Stability							-
45	Interest Income 2020 Series B							-
46	Interest Income 2020 Series C							-
47	Late Charge Revenue							860,196
48	Discounts Earned							3,564
49	Miscellaneous Income							64,527
50	Rental Revenue							12,000
51	Gain on Sale of Asset							-
52	Contributed Capital							-
53	Total Non-User Fee Revenues						\$	3,006,527
54	<b>Total Revenues</b>						\$	<b>109,058,401</b>
55	<b>Total Revenue Requirement</b>						\$	<b>109,058,401</b>

Notes and Source:

Col. A: Schedule 36 from NBC filing

Col. D, Lines 3, 16, 17: Division Increase to Consumption

2.00%

Narragansett Bay Commission  
Annual Bill Impacts

Docket No. 22-47-WW  
Schedule C  
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Test Year Ended June 30, 2022 and Rate Year Ending June 30, 2024

<u>Line No.</u>		<u>Adjusted Test Year</u>	<u>Proposed Rate Year</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
	<u>Residential - 73.2 Hcf</u>				
1	Customer Charge	\$ 238.74	\$ 245.94	\$ 7.20	3.02%
2	Consumption	280.43	288.89	8.46	3.02%
3	<i>Total: Residential - 73.2 Hcf</i>	519.17	534.83	15.66	3.02%
	<u>Commercial - 244 Hcf, 5/8"</u>				
4	Customer Charge	566.00	583.07	17.07	3.02%
5	Consumption	1,403.98	1,446.33	42.35	3.02%
6	<i>Total: Commercial - 244 Hcf, 5/8"</i>	1,969.98	2,029.40	59.43	3.02%
	<u>Commercial - 2,440 Hcf, 2"</u>				
7	Customer Charge	4,529.00	4,665.62	136.62	3.02%
8	Consumption	14,039.76	14,463.28	423.52	3.02%
9	<i>Total: Commercial - 2,440 Hcf, 2"</i>	18,568.76	19,128.90	560.14	3.02%
	<u>Industrial - 244 Hcf, 5/8"</u>				
10	Customer Charge	566.00	583.07	17.07	3.02%
11	Consumption	919.88	947.63	27.75	3.02%
12	<i>Total: Industrial - 244 Hcf, 5/8"</i>	1,485.88	1,530.70	44.82	3.02%
	<u>Industrial - 2,440 Hcf, 2"</u>				
13	Customer Charge	4,529.00	4,665.62	136.62	3.02%
14	Consumption	9,198.80	9,476.29	277.49	3.02%
15	<i>Total: Industrial - 2,440 Hcf, 2"</i>	13,727.80	14,141.91	414.11	3.02%

Notes and Source:  
Schedule 37 from NBC filing