

**SURREBUTTAL 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**

May 25, 2023

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Exhibits:

RCS-4, Revenue Requirement and Adjustment Schedules

RCS-5, User Charge Calculation and Proof of Revenue

RCS-6, Summary of Changes in Revenue Requirement from Direct to Surrebuttal
Testimony

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

9 A. Yes. I submitted my direct testimony on March 28, 2023.

10

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

12 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
13 David Fox that was presented for the Narragansett Bay Commission (“NBC” or
14 “Company”).

15 **II. OVERALL FINANCIAL SUMMARY – BASE RATE CHANGE FOR FY2024**

16 **RATE YEAR**

17 **Q. What revenue increase for FY2024 has the Company proposed in its original
18 and rebuttal filings?**

19 A. The Company’s original application indicated that NBC was requesting a general
20 base rate user charge revenue increase of \$11,257,959 to support its claimed total
21 revenue requirement of \$115,574,327 for the Rate Year ending June 30, 2024.
22 NBC’s rebuttal testimony proposes a FY2024 revenue requirement of \$115,095,573

1 and a revenue increase of \$10,563,924.¹ Based on its rebuttal filing, NBC is
2 requesting a revenue increase of \$10,563,924 or 10.43 percent.²

3

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

5 A. As shown on Exhibit RCS-4, Schedule RCS-1, page 1, my recommended adjustments
6 in this case result in a recommended revenue increase for NBC of \$7.993 million.
7 This is \$3.265 million less than the \$11.258 million “first phase” base rate increase
8 that was requested by NBC in its November 4, 2022 General Rate Filing. It is \$2.571
9 million less than the \$10.564 million that NBC has proposed in its Rebuttal
10 Testimony.

11

12 **Q. Have you presented a reconciliation of NBC’s request and the Division’s**
13 **recommended adjusted results for the Rate Year?**

14 A. Yes. A reconciliation of NBC’s original requested revenue increase and the
15 Division’s updated recommended adjustments is presented on Exhibit RCS-4,
16 Schedule RCS-2. The estimated impact of each Division adjustment is shown there.

17

18 **Q. Have you also presented a summary of the changes in the Division’s**
19 **recommended Rate Year revenue requirement for NBC from your Direct**
20 **Testimony to your Surrebuttal Testimony?**

¹ See, e.g., NBC’s Schedule DMF Rebuttal -1, Total Revenue Requirement and Net Income lines in the “Rebuttal Rate Year FY2024” column; also see NBC’s Schedule DMF Rebuttal -11, “Revenue Increase” line.

² See, NBC’s Schedule DMF Rebuttal -11.

1 A. Yes. Exhibit RCS-6 summarizes the changes in the Division’s recommended Rate
2 Year revenue requirement for NBC that have been reflected from my Direct
3 Testimony to my Surrebuttal Testimony.

4
5 **Q. What do you recommend for setting NBC’s new rates in this case?**

6 A. I recommend that new rates for NBC should be approved in this case based on
7 adjusted FY2024 Rate Year results. As noted above, increases in NBC’s cost of
8 service that are related to debt service costs for fiscal years subsequent to FY2024
9 should be addressed by extending the Debt Service Compliance Filing Mechanism.
10 NBC’s response to Division 3-2(g) indicates that NBC agrees with this approach. As
11 described below and in NBC’s responses to DIV 6-4 and DIV 6-5, NBC’s debt
12 service costs for the FY2024 Rate Year have been updated to reflect the \$62,559,885³
13 amount needed for compliance in FY2024 with NBC’s Trust Indenture.

14
15 **III. DIVISION ADJUSTMENTS ACCEPTED BY NBC**

16 **Q. Has NBC accepted some of the Division’s recommended adjustments that were**
17 **discussed in your Direct Testimony?**

18 A. Yes. In his Rebuttal Testimony, NBC’s witness, Mr. Fox indicated agreement with
19 a number of the recommendations that I had presented in my Direct Testimony,
20 including the following:

³ This amount shows up as \$62,559,886 on page 8 of NBC witness Fox’s Rebuttal Testimony; as \$62,559,885 in NBC’s response to DIV 6-4 and as \$62,559,887 in NBC’s response to DIV 6-5.

- 1 • NBC has withdrawn its request for rate increases in FYs 2026, 2027,
2 and 2028;⁴
- 3 • NBC agrees that \$3,862,859 of Operating Capital amounts was
4 erroneously included in NBC’s originally proposed Rate Year
5 Revenue Requirement and should be removed;⁵
- 6 • NBC agrees that Subscription/Lease expense of \$113,400 was
7 erroneously excluded in NBC’s originally proposed Rate Year
8 Revenue Requirement and should be included;⁶
- 9 • NBC agrees with and has accepted “trend account” adjustments to
10 decrease expense in accounts 53510, Vehicle Fuel and Maintenance,
11 and 53470, Supplies, Building and Maintenance, by \$166,232 and
12 \$118,584, respectively, and to increase expense in account 53640,
13 Service Agreement, by \$125,600;⁷
- 14 • NBC has accepted the Division’s adjustment to decrease FY 2024
15 insurance expense by \$46,379;⁸
- 16 • NBC has accepted the Division’s FY 2024 amount for Workers’
17 Compensation expense of \$422,405;⁹
- 18 • NBC agrees with the Division’s correction to NBC’s calculation for
19 the Operating Allowance, but NBC shows a different amount due to
20 other differences in FY 2024 expenses.¹⁰

⁴ See Fox rebuttal at p.4

⁵ See Fox rebuttal at p.6.

⁶ See Fox rebuttal at p.6.

⁷ See Fox rebuttal at p.18.

⁸ See Fox rebuttal at p.32

⁹ See Fox rebuttal at p.33

¹⁰ See Fox rebuttal at p.33.

1 **IV. NBC REBUTTAL ADJUSTMENTS**

2 **Q. Has the Division accepted some of the revised adjustments that NBC proposed**
3 **in its Rebuttal Testimony?**

4 A. Yes. The Division has accepted some of the revised adjustments that NBC proposed
5 in its Rebuttal Testimony. Additionally, I have made modifications to some of the
6 adjustments previously proposed in my Direct Testimony after reviewing NBC's
7 Rebuttal Testimony and exhibits and NBC's responses to the Division's Data
8 Requests in sets 6 and 7. I will briefly discuss those adjustments in this section of
9 my Surrebuttal Testimony.

10 **Fiscal Year 2024 Debt Service Cost**

11 **Q. What has NBC proposed for Fiscal Year 2024 Debt Service Cost in its Rebuttal**
12 **Testimony?**

13 A. NBC's application originally included \$59,337,675 for Debt Service Costs for the
14 Rate Year, as shown on NBC's Schedule 1, page 3, on the line item titled "Total Debt
15 Service" which I had replicated on Exhibit RCS-4, Schedule 1, page 1, line 9, in
16 column A, and on Schedule 1, page 5, lines 26-29, in column A.

17 On pages 7-8 of Mr. Fox's Rebuttal Testimony, NBC updated its requested Rate Year
18 Debt Service Costs to a new amount of \$62,559,885. NBC's new, higher amount is
19 based on NBC's plans to execute a \$50 million loan from RIIB prior to June 30, 2024.
20 With that new \$50 million loan, NBC has calculated a Debt Service requirement of
21 \$62,559,885 for FY2026. Because that amount represents the highest Debt Service
22 coverage in the three years after the rate year, NBC has proposed to use it as the Debt

1 Service requirement for the FY2024 Rate Year. As explained in NBC's response to
2 DIV 6-4 and DIV 6-5, NBC's bond Trust Indenture is the basis for this requirement.

3

4 **Q. Have you accepted the new NBC proposed amount for Debt Service?**

5 A. Yes. After reviewing NBC's Rebuttal Testimony and responses to Division
6 discovery, including NBC's responses to various requests made in Division set 6, the
7 \$62,559,885 in Debt Service Cost that NBC has calculated for FY2026 has been
8 accepted for purposes of computing NBC's FY2024 Revenue Requirement.

9

10 **Q. On what Exhibit and Schedule is the updated adjustment for Debt Service Cost**
11 **shown?**

12 A. I have reflected the updated Debt Service Cost amount on Exhibit RCS-4, Schedule
13 RCS-4 Revised.

14 **Biosolids Disposal Expense**

15 **Q. What has NBC proposed in its rebuttal for Biosolids Disposal Expense?**

16 A. As discussed on pages 27-28 of Mr. Fox's Rebuttal Testimony, NBC has accepted
17 the \$586.04 per dry ton cost that I recommended in my Direct Testimony. However,
18 in Mr. Fox's rebuttal, NBC proposes to increase the quantity of Biosolids Disposal
19 from 9,997 dry tons to a new higher level of 10,365 dry tons.

20

21 **Q. Have you accepted NBC's revised proposed FY2024 Biosolids Disposal**
22 **Expense?**

1 A. Yes. NBC’s responses to DIV 7-1 and DIV 7-2 show that the actual quantity of
 2 biosolids disposal for the 12-month periods ending March 31 and April 30, 2023, was
 3 10,467 and 10,349 dry tons, respectively. Consequently, using NBC’s proposed new
 4 level of 10,365 dry tons for quantifying the FY2024 Biosolids Disposal Expense does
 5 not appear to be unreasonable. Accordingly, I have accepted NBC’s revised amount
 6 of \$6,074,364, which results from multiplying 10,365 dry tons by the cost rate of
 7 \$586.04 per ton. The updated adjustment is shown on Exhibit RCS-4, Schedule RCS-
 8 12 Revised.

9 **Net Electric Expense**

10 **Q. What did NBC propose in its Rebuttal Testimony for Electric Expense?**

11 A. As summarized in a table on page 31 of NBC witness Fox’s Rebuttal Testimony,
 12 which I have reproduced below, NBC had proposed a net amount of \$4,319,419 for
 13 its Electric Expense encompassing the accounts listed below:

Account	Title	Rate Year
54090	ELECTRICITY	\$ 6,919,434
54091	NBC NET METERING CREDIT	(2,168,169)
54092	FP TURBINES	268,490
54093	COVENTRY WIND	244,645
54095	GREEN PPA	2,840,045
54096	GREEN PPA NET METERING CREDITS	(3,786,726)
54097	BIOGAS	1,700
Total		\$ 4,319,419

14

15 The amounts shown above are also from Schedule 1 of NBC’s November 4, 2022
 16 General Rate Filing.

17

18 **Q. Has NBC since provided updated information for its net Electricity Expense?**

1 A. Yes. In a supplement to its response to DIV 7-16, NBC provided the following
 2 information to replace the table from page 31 of Mr. Fox’s Rebuttal Testimony:

<u>Account</u>	<u>Title</u>	<u>Updated Rate Year Electric Expense</u>
54090	ELECTRICITY	\$ 5,860,372
54091	NBC NET METERING CREDIT	(1,891,888)
54092	FP TURBINES	268,490
54093	COVENTRY WIND	244,645
54095	GREEN PPA	2,478,150
54096	GREEN PPA NET METERING CREDITS	(3,304,199)
54097	BIOGAS	1,700
	Total	<u><u>\$ 3,657,270</u></u>

3
4

5 **Q. Have you reflected NBC’s updated amounts for net Electricity Expense?**

6 A. Yes. As shown on Exhibit RCS-4, Schedule RCS-16, I have accepted NBC’s updated
 7 amount of \$3,657,270 for net Electricity Expense for FY2024.

8

9 **Q. Is there a related issue in NBC’s current rate case concerning establishing a
 10 Fund to address fluctuations in NBC’s net Electricity Expense in years
 11 subsequent to FY2024?**

12 A. Yes. I discuss NBC’s proposed funding of an Operating and Maintenance Reserve
 13 (OMR) Fund in Section VII of my Surrebuttal Testimony.

14 **Renewable Energy Credits (REC) Revenue**

15 **Q. What Renewable Energy Projects does NBC have?**

16 A. NBC has the Field’s Point (FT) Wind Turbines, the Coventry Wind Turbines, and a
 17 Solar Purchase Power Agreement (PPA), each of which generates renewable energy

1 and Renewable Energy Credits (REC). NBC also has a Bucklin Point biogas reuse
2 project. The FP Wind Turbines are "behind the meter" projects which reduce NBC's
3 purchases of electricity. The Coventry Wind Turbines and the Solar PPA are "net
4 metered" projects which reduce NBC's electricity expense through the application of
5 Net Metering Credits. The renewable energy projects also generate RECs which
6 NBC sells. NBC used the REC sales revenue to offset the cost of providing sewer
7 service.

8
9 **Q. How did NBC determine the REC revenues for FY2024?**

10 A. NBC determines the RECs available for sale by using the renewable generation it
11 estimated for FY2024 from the FP Wind Turbines, the Coventry Wind Turbines, and
12 the Solar PPA. Each REC represents one MWh of renewable generation. In its
13 November 4, 2022 General Rate Filing, NBC reflected Rate Year amounts as follows:

- 14 • \$167,688 REC Income from FT Turbines (account 42604)
- 15 • \$180,495 REC Income from Coventry (account 42605)
- 16 • \$315,236 REC Income from Green PPAs (account 42606)

17 Those amounts were shown on NBC Schedule 1, page 1, in its November 4, 2022
18 General Rate Filing.

19
20 **Q. What sales price per REC did NBC show in its February 16, 2023 Technical
21 Session presentation?**

22 A. Page 30 of NBC's February 16, 2023 Technical Session presentation shows
23 "Renewable Energy Credit (REC) Sales @ \$30 per REC" and an amount of \$239,066
24 which appears to be for the REC Income Coventry (account 42605) item.

1 **Q. What has NBC proposed for revised amounts for Renewable Energy Credits**
2 **(REC) Revenue?**

3 A. In its November 4, 2022 General Rate Filing, NBC used a REC sales rate of \$22.65
4 per REC.¹¹ However, as explained on page 32 of Mr. Fox's Rebuttal Testimony,
5 NBC has subsequently increased that REC sales rate to \$30.00 based on the
6 contracted rate for RECs generated during the period January 1 through December
7 31, 2023 and to be sold by NBC in FY2024. NBC's Schedule Rebuttal DMF-7 shows
8 the Company's updated adjustment for REC sales.

9
10 **Q. Have you accepted that NBC adjustment?**

11 A. Yes. As shown on Exhibit RCS-4, Schedule RCS-17, I have accepted that NBC
12 adjustment to increase the REC sales rates from \$22.65 per REC to \$30.00 per REC.
13 This adjustment increases the amount of FY2024 REC revenue by \$215,281 for
14 NBC's three renewable energy facilities that are producing the RECs that NBC is
15 selling.

16
17 **Q. Please explain what is shown on Exhibit RCS-4, Schedule RCS-17.**

18 A. Similar to NBC's presentation in Schedule Rebuttal DMF-7, my Exhibit RCS-4,
19 Schedule RCS-17 shows the adjusted amounts for the sale of RECs produced by each
20 facility. The revised REC Income amounts for each facility using the \$30 per REC
21 sales price are as follows (and are shown on Schedule RCS-17 in column B):

¹¹ Note that Mr. Fox's Schedule Rebuttal DMF-7 labels the REC sales prices as the "REC Rates/kWh"; however, RECs are typically prices per MWh, not per kWh, where one REC represents the renewable attribute for one MWh of renewable electric generation. The \$22.65 and \$30.00 rates, therefore, are properly stated on a per-REC or per-MWh basis, not a per kWh basis.

- 1 • \$222,103 REC Income from FT Turbines (account 42604)
- 2 • \$239,066 REC Income from Coventry (account 42605)
- 3 • \$417,531 REC Income from Green PPAs (account 42606)

4 The total adjustment to the REC sales amounts that were used in NBC's November
5 4, 2022 General Rate Filing is an increase of \$215,281 for those three accounts, as
6 shown on Exhibit RCS-4, Schedule RCS-17, column C, line 10.

7 **PUC Assessment and Regulatory Expense**

8 **Q. Have you modified your recommended adjustment for Regulatory Expense,**
9 **account 52600, as a result of NBC's Rebuttal Testimony and NBC's responses**
10 **to discovery?**

11 A. Yes. As shown on Exhibit RCS-4, Schedule RCS-8 Revised, I have included the
12 \$18,884 amount for other regulatory expense that was noted on page 16 of Mr. Fox's
13 Rebuttal Testimony.

14

15 **Q. Do you show the same amount for the PUC assessment that NBC has proposed?**

16 A. No. As shown on Exhibit RCS-4, Schedule RCS-8 Revised, I have continued to use
17 an amount of \$600,225 for the PUC Assessment. That amount, which was
18 recommended in my Direct Testimony, is based on NBC's most recent actual PUC
19 Assessment amount of \$564,646 for FY 2023, increased by \$35,579, which is the
20 increase from FY 2022 to FY 2023.

1 **Q. What is the remaining difference between the Division and NBC for regulatory**
2 **expense?**

3 A. As shown on Exhibit RCS-4, Schedule RCS-8 Revised, the remaining difference is
4 \$8,633, and is attributable to the different amounts used for the PUC Assessment.

5 **NBC “Trend” Accounts**

6 **Q. What was the “Trend” account analysis that NBC undertook for certain expense**
7 **accounts in its November 4, 2022 General Rate Filing?**

8 A. Schedule 21 filed with NBC’s General Rate Filing purported to adjust selected
9 expense accounts based on a “Trend” analysis. As discussed in my Direct Testimony,
10 adjustments were recommended to some of the expense accounts that NBC had
11 attempted to adjust as a result of its “Trend” analysis. NBC has accepted the amounts
12 that I had proposed in my Direct Testimony for most of the accounts within the NBC
13 “Trend” Analysis. However, in his Rebuttal Testimony, NBC proposes different
14 amounts for the following two groups of accounts:

- 15 • Accounts 53630, 53645 and 53646, Maintenance Contracts and
16 Software;¹² and
- 17 • Accounts 54340 and 54345, Lab Medical Supplies and Lab Chemicals
18 and Gases.¹³

19 I address each of these two expense account groups below.

¹² NBC’s original “trend” analysis focused on accounts 53630 and 53645.

¹³ NBC’s original “trend” analysis addressed account 54340, but not account 54345.

1 **“Trend” Accounts 53630, 53645 and 53646, Maintenance Contracts and**
2 **Software**

3 **Q. What has NBC proposed in its Rebuttal Testimony for Accounts 53630, 53645**
4 **and 53646?**

5 A. As shown on page 20 of Mr. Fox’s Rebuttal Testimony, NBC has proposed a total
6 FY2024 expense of \$2,323,502 for those three accounts.

7
8 **Q. Did NBC provide additional detail to support those amounts?**

9 A. Yes. Schedules DMF Rebuttal 4a, 4b and 4c provided a detailed list of the rate year
10 contracts and software subscriptions and the associated amounts for those accounts.
11 In response to DIV 7-4, NBC provided its FY2024 Operating Budget by account.
12 The amounts for those three accounts that are listed in the table at the top of page 20
13 of Mr. Fox’s Rebuttal Testimony are the same amounts that NBC has indicated are
14 included in NBC’s FY2024 Operating Budget. Additionally, NBC provided other
15 supporting documentation in its responses to Division discovery. In particular,
16 NBC’s responses to DIV 7-6, DIV 7-7, DIV 7-8 and DIV 7-9 provided additional
17 supporting information and details that were requested.

18
19 **Q. Do NBC’s proposed FY2024 expense amounts for those three accounts, which**
20 **are the same amounts in NBC’s response to DIV 7-4, appear to be adequately**
21 **supported?**

22 A. Yes, based on a review of the information cited above, they do.

23
24 **Q. Have you accepted NBC’s proposed amounts for those three “Trend” accounts?**

1 A. Yes. As shown on Exhibit RCS-4, Schedule RCS-9 Revised, page 1, lines 6 through
2 8, in columns B1 and C, I have accepted the Company's FY2024 amount of
3 \$2,323,503 for those three accounts.

4 **"Trend" Accounts 54340 and 54345, Lab Medical Supplies and Lab Chemicals**
5 **and Gases**

6 **Q. What has NBC proposed for the two Accounts 54340 and 54345, Lab Medical**
7 **Supplies and Lab Chemicals and Gases?**

8 A. As discussed on pages 20-21 of his Rebuttal Testimony, Mr. Fox recommends an
9 amount of \$717,159 for those two accounts.

10

11 **Q. Have you accepted NBC's proposed revised amount for those two "Trend"**
12 **Accounts?**

13 A. No. As shown on Exhibit RCS-4, Schedule RCS-9 Revised, page 1, lines 9 through
14 9b, in columns B1 and C, I have used NBC's FY2024 Operating Budget amounts for
15 those two accounts. NBC's FY2024 Operating Budget amount for account 54340,
16 Lab Medical Supplies, is \$385,100. NBC's FY2024 Operating Budget amount for
17 Account 54345, Lab Chemicals and Gases, is \$270,700. Those amounts for the two
18 accounts sum to \$655,800, as shown on Schedule RCS-9 Revised, page 1, line 9b in
19 columns B1 and C.

20 **V. CONTESTED ADJUSTMENTS**

21 **Q. What issues in your Direct Testimony have been contested by NBC?**

22 A. NBC contested my recommended adjustments for FY2024 consumption and the
23 related revenue amounts. NBC has also contested my recommended adjustment to

1 limit the non-union pay increase to 2.5%, versus the 5.0% that had been proposed by
2 NBC. I address each of those issues in this section of my Surrebuttal Testimony.

3
4 **Revenue – FY 2024 Rate Year Consumption - Method**

5 **Q. Are the consumption levels that you recommended in your Direct Testimony for**
6 **the Residential, Commercial and Industrial each lower than the levels that were**
7 **used in NBC’s last rate case?**

8 A. Yes. As NBC witness Fox has recognized in his Rebuttal Testimony at page 9, the
9 rate year consumption billing units for all three customer classes are lower than the
10 comparable units from NBC’s last rate case, Docket 4890.

11
12 **Q. What does Mr. Fox claim is the “method” or “methodology” that was used by**
13 **the Division for determining the recommended Rate Year consumption levels?**

14 A. At pages 9-10 of his Rebuttal Testimony, Mr. Fox claims that “three different
15 methods” were used to evaluate information for the purpose of deriving
16 recommended rate year consumption levels.

17
18 **Q. Can you please clarify the “methodology” that was used to evaluate NBC’s**
19 **consumption?**

20 A. Yes. The methodology employed to review consumption information was the same
21 for each rate class. The methodology was basically to review all of the available
22 information and to use that evaluation to recommend rate year consumption billing
23 units for each rate class that are believed to be realistic and reasonable.

1 **Q. Is it reasonable to apply a simple mathematical formula to FY2022 Test Year**
2 **consumption information to derive FY2024 consumption for each of NBC's**
3 **three rate classes?**

4 A. No. The Residential, Commercial and Industrial customers of NBC were impacted
5 differently by the pandemic. Based on the evaluation that was conducted of the
6 available information, applying a mathematical formula for the same assumed
7 FY2023 and FY2024 percentage reduction without regard to considering other
8 information like NBC had proposed was determined to be unreasonable and to not
9 result in reasonable or realistic estimates of NBC's rate year consumption for any of
10 the three rate classes. NBC's attempt to derive and extrapolate a "declining trend"
11 from pre-pandemic periods out to post-pandemic periods such as FY2023 and
12 FY2024 for each rate class was reviewed and was determined to be unreliable.

13
14 **Q. What did NBC propose for declining consumption in its November 4, 2022**
15 **General Rate Filing?**

16 A. Referring to the Consumption Fee revenue amounts on NBC's Schedule DMF-1,
17 NBC proposed adjustments to reduce the adjusted Test Year User Fee revenue by
18 \$385,084 for declining Residential customer usage, by \$1,076,994 for declining
19 Commercial customer usage and by \$171,083 for declining Industrial customer
20 usage. As described on pages 13-15 of NBC witness David Fox's Direct Testimony
21 and shown on his Schedules DMF-4, DMF-5 and DMF-6, that were presented in
22 NBC's November 4, 2022 General Rate Filing, NBC projected declining
23 consumption to occur from the FY2022 Test Year into the FY2024 Rate Year for
24 Residential, Commercial and Industrial customers.

1 As shown on Schedule DMF-5, NBC proposed to adjust FY2022 Test Year billable
2 consumption for NBC's wastewater service downward for Residential for estimated
3 decreases of 0.6% in each year, FY2023 and FY2024.

4 NBC proposed to adjust FY2022 Test Year billable consumption for Commercial
5 customers for estimated decreases of 2.2% in each year, FY2023 and FY2024.

6 NBC also proposed a declining consumption adjustment for Industrial customers of
7 4.1% in each year, FY2023 and FY2024.

8

9 **Q. In its Rebuttal Testimony, did NBC revise any of its FY2024 Rate Year**
10 **consumption estimates that it had originally presented in its November 4, 2022**
11 **General Rate Filing?**

12 A. No.

13

14 **Q. Does NBC's original adjustment that was based on "an overall downward**
15 **trend" that was presented in NBC's Direct and Rebuttal Testimony produce**
16 **consumption levels that are realistic for the FY2024 Rate Year for any of NBC's**
17 **three rate classes?**

18 A. No. The consumption levels proposed by NBC for the Rate Year are inadequately
19 supported and should not be adopted for ratemaking purposes. Rather, the
20 information on NBC's consumption levels presented in my Direct and Surrebuttal
21 Testimony should be used to support reasonable and realistic levels of FY2024 Rate
22 Year consumption for the Residential, Commercial and Industrial rate classes.

1 **Q. How will you address the analysis of consumption for each rate class, including**
2 **consideration of additional actual consumption information?**

3 A. I will address Residential, Commercial and Industrial consumption, respectively, in
4 the following sections of my testimony.

5 **Revenue - Residential Consumption**

6 **Q. What level of Residential consumption has NBC proposed for the FY2024 Rate**
7 **Year?**

8 A. NBC proposes 7,979,687 HCF for the FY2024 rate year for 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 **FY2022 actual level by 0.6 percent in each year in FY2023 and FY2024?**

16 A. No. Residential usage has declined in some years and has increased in other years.
17 Usage fluctuates upward and downward from year to year. Available information for
18 NBC's Residential consumption is not indicative of a continuing downward trend
19 beyond FY2022, nor does the available information support NBC's adjustments that
20 billable Residential usage will continue to decrease 0.6 % each year in FY2023 and
21 FY2024 beyond the FY2022 level to the FY2024 Rate Year. Recent actual
22 information does not support NBC's presumption that Residential usage is continuing
23 to decline at a rate of 0.6% per year from the FY2022 level. In fact, more current

1 actual information shows that Residential consumption has increased over the
2 FY2022 level.

3

4 **Q. What was NBC's actual Residential consumption in each of the last three fiscal**
5 **years and for the 12-month periods ending March 31, 2023 and April 30, 2023?**

6 A. NBC Residential consumption in each of those periods is listed below, in HCF. All
7 of those comparable actual amounts are well above the Company's proposed
8 7,979,687 HCF for the FY2024 rate year:

- 9 • Actual FY 2020: 8,110,082
- 10 • Actual FY 2021: 8,710,408
- 11 • Actual FY 2022: 8,080,205
- 12 • Actual 12-months ended March 31, 2023: 8,081,158
- 13 • Actual 12-months ended April 30, 2023: 8,172,402

14 Notably, the actual Residential consumption for the 12-months ended March 31,
15 2023 is higher than the FY2022 Residential consumption.

16 Additionally, the actual Residential consumption for the 12-months ended April 30,
17 2023, of 8,172,402 HCF, which is the most current information, is higher than the
18 Residential consumption from each of these prior 12-month periods:

- 19 • Actual FY2020
- 20 • Actual FY2022, and the
- 21 • Actual 12-months ended March 31, 2023.

22 NBC's presumption that there is a continuing downward trend in Residential
23 consumption beyond the actual FY2022 level of 8,080,205 HCF is contradicted by
24 the above noted actual information, all of which shows subsequent 12-month periods

1 with Residential consumption that is higher than the 7,979,687 HCF level that NBC
2 has proposed.

3

4 **Q. What has NBC claimed concerning using consumption information for 12-**
5 **month periods other than a fiscal year?**

6 A. In various places in his Rebuttal Testimony, such as page 10, lines 8-18, and page 13,
7 lines 2-4, NBC witness, Fox, claims that using consumption information for a 12-
8 month period, such as a calendar year, or any period other than a fiscal year would
9 be unreliable “due to fiscal year end accounting entries related to unbilled
10 consumption.”

11

12 **Q. What is your understanding of the basis for that concern?**

13 A. NBC uses billing information that it obtains from water utilities, including
14 Providence Water, which may vary in the number of days used in each billing cycle.
15 During its monthly accounting for sewer revenue from customer usage, NBC makes
16 informed accruals for billed and unbilled consumption. Then, at fiscal year-end,
17 NBC undertakes a very detailed analysis of billed and unbilled revenue. Since NBC’s
18 fiscal year information incorporates the significantly more detailed analysis of billed
19 and unbilled revenue than NBC’s monthly and quarterly information does, NBC
20 believes that its consumption amounts for the 12-month periods that constitute its
21 fiscal years are more accurate than information from other 12-month periods that are
22 not fiscal years.

1 **Q. Does that mean that NBC's consumption information for other 12-month**
2 **periods that are not fiscal years is essentially unreliable garbage data that**
3 **cannot be considered at all?**

4 A. No. NBC's consumption information for other 12-month periods that are not fiscal
5 years is not as refined as NBC's fiscal year consumption information is, but it
6 nevertheless represents the best and most accurate information that NBC has as of
7 each month-ending and quarter-ending point in time. An extensive informal
8 discussion was conducted with NBC about its consumption information on May 19,
9 2023 that confirmed that the consumption for the 12-month periods ending March
10 31, and April 30, 2023, that NBC provided in its responses to DIV 6-6 and 6-7,
11 represents the best and most accurate information that NBC has for those periods.
12 Moreover, it was noted by NBC during those discussions that the 12-month
13 consumption information that NBC provided in its responses to DIV 6-6 and 6-7
14 could be conservative, meaning in this context, a bit understated.

15
16 **Q. What Residential consumption level do you recommend for the Rate Year?**

17 A. I recommend rate year Residential consumption of 8,080,205 HCF.

18
19 **Q. What comparable information has NBC provided which supports that**
20 **Residential consumption level as being reasonable, if not a bit conservative?**

21 A. NBC's response to Division 4-1 shows that calendar year 2022 Residential
22 consumption was 8,084,844 HCF. That represents an increase of 0.1 percent over
23 the FY2022 level of 8,080,205 HCF.

1 Moreover, I note that the Residential consumption for the FY2024 Rate Year of
2 8,080,205 HCF for annual Residential consumption is below several comparable
3 figures that were considered, including a level of 8,095,144 HCF, which is the
4 average of the FY2020 and FY2022 consumption of 8,110,082 HCF and 8,080,205
5 HCF, respectively.

6 The actual FY2022 Residential consumption of 8,080,205 HCF is also below the
7 much higher FY2021 consumption of 8,710,408 HCF which may have been impacted
8 by people spending more time at home during the pandemic.

9 The actual FY2022 Residential consumption of 8,080,205 HCF is also below the
10 calendar 2022 level of 8,084,844 HCF and is below the Residential consumption that
11 NBC provided in response to DIV 6-6 and DIV 6-7 for the 12-month periods ending
12 March 31, 2023 and April 30, 2023 of 8,081,158 HCF and 8,172,402 HCF,
13 respectively.

14

15 **Q. What impact does that have on Residential consumption fee revenue?**

16 A. The use of Residential consumption of 8,080,205 HCF for the Rate Year results in
17 removing NBC's proposed decrease of \$385,084 in Residential consumption fee
18 revenue from the adjusted FY2022 Test Year amount to a FY2024 Rate Year.
19 Calculations and analysis are presented on Exhibit RCS-2, Schedule RCS-5 filed with
20 my Direct Testimony and in Exhibit RCS-4, Schedule RCS-5 filed with my
21 Surrebuttal Testimony.

22

Revenue - Commercial Consumption

23 **Q. What has NBC projected for Rate Year Commercial consumption?**

1 A. NBC projects that actual FY2022 Commercial consumption of 4,373,066 HCF will
2 decrease by 2.2% in each year, FY2023 and FY2024, and thus NBC has used a
3 decreased level of Commercial consumption of 4,185,893 HCF for the FY2024 Rate
4 Year. Related to this projected decline in Commercial consumption, NBC has
5 proposed to reduce Commercial revenue at current rates from the FY2022 Test Year
6 to the FY2024 Rate Year by \$1,076,994.

7
8 **Q. Does annual calendar year information for Commercial consumption show
9 decreases or increases from 2020 to 2021 and from 2021 to 2022?**

10 A. In response to Division 2-2, NBC provided Commercial consumption on a monthly
11 and calendar year basis. Commercial consumption increased from 4,050,251 HCF
12 in 2020 to 4,323,806 HCF in 2021, an increase of 273,555 HCF, or 6.8%.
13 Additionally, Commercial consumption increased further from 2021 to 2022 by
14 65,480 HCF or 1.5%. Again, this is **not** indicative of a recent or continuing declining
15 annual decrease in Commercial consumption. In fact, just the opposite, each of the
16 most current two calendar years show an **increase** in Commercial consumption over
17 the immediately preceding year.

18
19 **Q. Does the most current actual information on Commercial consumption indicate
20 that the recent increase has continued?**

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

1 Moreover, in response to DIV 6-6, NBC shows that actual Commercial consumption
2 for the 12-months ending March 31, 2023 was 4,393,337 HCF. That more current
3 12-months of Commercial consumption is higher than the Commercial consumption
4 for calendar year 2022 of 4,389,294 HCF and is also higher than the Commercial
5 consumption for FY2022 of 4,373,066 HCF.

6 Additionally, in response to DIV 6-7, NBC shows that actual Commercial
7 consumption for the 12-months ending April 30, 2023 was 4,443,579 HCF. That
8 more current 12-months of Commercial consumption is higher than the Commercial
9 consumption for all of the following previous 12-month periods:

- 10 • 12-months ending March 31, 2023 of 4,393,337 HCF;
- 11 • calendar 2022 of 4,389,294 HCF; and
- 12 • FY2022 of 4,373,066 HCF.

13 None of this more current actual Commercial consumption information is indicative
14 of a continuing declining trend from the FY2022 level that NBC has presumed.

15 In fact, the more current actual Commercial consumption information for each of the
16 above-noted 12-month periods, is higher than the FY2022 Commercial consumption
17 of 4,373,066 HCF.

18
19 **Q. Has NBC adequately demonstrated that there is a continuing declining trend for**
20 **Commercial consumption from the FY2022 Test Year to the FY2024 Rate Year?**

21 A. No. NBC has thus failed to adequately demonstrate that there is a continuing
22 declining trend in Commercial consumption that would support reducing the FY2022
23 Test Year level to project FY2024 Rate Year Commercial consumption. Because
24 NBC has failed to demonstrate that there is a continuing trend for declining

1 Commercial consumption, NBC's proposed adjustment for continued declining
2 Commercial consumption beyond the FY2022 Test Year should be rejected.

3

4 **Q. Has Commercial consumption increased since the FY2022 Test Year?**

5 A. Yes. In fact, an analysis of the most current information on actual Commercial
6 consumption, including how the FY2022 levels compare with the levels from
7 FY2020 and FY2021, and the increases in Commercial consumption from calendar
8 years 2020 to 2021 and from 2021 to 2022, and from calendar 2022 to the 12-months
9 ending March 31, 2023 and from the 12-months ending March 31, 2023 to April 30,
10 2023 all are indicative that Commercial consumption has recently been increasing,
11 not declining.

12

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

14 A. I recommend that calendar year 2022 actual consumption of 4,389,294 HCF be used
15 as the basis for FY2024 Rate Year consumption. As shown on Exhibit RCS-2,
16 Schedule RCS-6 filed with my Direct Testimony, and on Exhibit RCS-4, Schedule
17 RCS-6 filed with my Surrebuttal Testimony, this adjustment increases NBC's
18 proposed revenue at current rates by \$1,170,370.

19

20 **Q. Would that increase be larger if it were based upon the levels of actual
21 Commercial consumption reported by NBC for either of the 12-month periods
22 ending March 31 or April 30, 2023?**

23 A. Yes, it would. As noted above, if NBC's Commercial consumption were to be
24 updated using either the actual consumption for the 12-month period ending March

1 31, 2023 of 4,396,337 HCF, or the actual consumption for the 12-month period
2 ending April 30, 2023 of 4,443,579 HCF, that would produce a higher amount of
3 revenue at current rates for Commercial customers than would using the consumption
4 of 4,389,294 HCF that I have used. However, rather than revising the Commercial
5 revenue adjustment upward at this point, I have simply cited that more current
6 Commercial consumption information as additional support for the reasonableness
7 of using consumption of at least 4,389,294 HCF.

8 Revenue – Industrial Consumption

9 **Q. What level of Industrial consumption has NBC proposed for the FY2024 Rate**
10 **Year?**

11 A. NBC has proposed using Industrial consumption of 522,839 HCF based on a
12 presumption that Industrial consumption is continuing to decline at a rate of 4.1%
13 each year in FY2023 and FY2024. Specifically, NBC has proposed to reduce
14 Industrial revenue at current rates by \$171,083 on the basis of those assumed
15 projected annual declines in Industrial consumption.

16
17 **Q. Did NBC propose an adjustment for declining Industrial consumption in its last**
18 **rate case?**

19 A. No. In its last rate case, in Docket No. 4890, NBC proposed adjustments for declining
20 consumption for Residential and Commercial usage, but not for Industrial usage.

21
22 **Q. Has billable Industrial consumption declined in each year?**

1 A. No. The Industrial consumption of 568,219 HCF in the FY2022 Test Year is higher
2 than the Industrial consumption in the most recent two fiscal years, including the
3 524,473 HCF from FY2021, and the 540,383 from FY2020. This comparison of
4 actual information from the most recent three fiscal years shows an increase from
5 FY2020 to FY2021 and another increase from FY2021 to FY2022. Very
6 importantly, this review of information for the three most recent fiscal years does not
7 show a continuing declining trend for Industrial consumption. Rather, it shows year-
8 over-year increases in each year. This information is directly contrary to NBC's
9 assumption that there are continuing declines in Industrial consumption.

10

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

13 A. No. NBC has thus failed to adequately demonstrate that there is a continuing
14 declining trend in Industrial consumption that would support reducing the FY2022
15 test year level, much less by two consecutive annual declines of 4.1% from FY2022
16 to FY2023 and FY2024.

17

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

20 A. Yes, I believe it would. NBC's Industrial consumption has fluctuated from year to
21 year. Consequently, for estimating Rate Year Industrial consumption, using an
22 historical average can be a reasonable approach, whereas NBC's proposed use of an
23 inadequately substantiated continuing declining trend for Industrial consumption is
24 not reasonable. As explained above, the FY2022 level is higher than the level in the

1 immediately preceding two fiscal years (i.e., FY2022 consumption is higher than the
2 consumption in FY2020 and FY2021), which is contrary to NBC's assumption that
3 there is a continuing declining trend. Unless a continuing trend can be demonstrated,
4 no adjustment should be made for Industrial consumption beyond the Test Year.
5 NBC has failed to demonstrate that there is a continuing downward trend of 4.1%
6 annual declines beyond FY2022 for Industrial consumption. Therefore, the
7 Company's proposed adjustment for additional declining Industrial consumption
8 beyond the Test Year should be rejected.

9
10 **Q. What level of Industrial consumption did you recommend in Direct Testimony?**

11 A. As was presented on Exhibit RCS-2, Schedule RCS-7, filed with my Direct
12 Testimony, I recommended Industrial consumption of 544,358 HCF for the FY2024
13 Rate Year.

14
15 **Q. Was that based on an average?**

16 A. Yes. The Industrial consumption of 544,358 HCF for the FY2024 Rate Year that
17 was recommended in my Direct Testimony was based on an average of FY2020,
18 FY2021 and FY2022 actual consumption.

19
20 **Q. How does that Industrial consumption of 544,358 HCF compare with the recent
21 actual 12-month period information that NBC provided in its responses to DIV
22 6-6 and DIV 6-7?**

23 A. The Industrial consumption of 544,358 HCF that I have used for the FY2024 Rate
24 Year is lower than the 554,522 HCF for the 12-months ending March 31, 2023 that

1 NBC provided in response to DIV 6-6. It is also lower than the 556,352 HCF for the
2 12-months ending April 30, 2023 that NBC provided in response to DIV 6-7.

3

4 **Q. Are you revising your recommendation for NBC's FY2024 Rate Year Industrial**
5 **consumption at this time?**

6 A. No. As explained above, the Industrial consumption of 544,358 HCF that I used
7 appears to be conservative, i.e., potentially could understate the FY 2024 Rate Year
8 consumption, since it is lower than Industrial consumption for recent actual 12-month
9 periods, such as the periods through March 31 and April 30, 2023. NBC's Industrial
10 consumption appears to be rebounding from its pandemic impacted low but has
11 fluctuated from year to year. Consequently, I continue to believe that using an
12 average for ratemaking purposes is a reasonable approach.

13

14 **Q. What is the impact of the adjustment for FY2024 Rate Year Industrial**
15 **consumption?**

16 A. As shown on Exhibit RCS-2, Schedule RCS-7, that was filed with my Direct
17 Testimony and Exhibit RCS-4, Schedule RCS-7 filed with my Surrebuttal
18 Testimony, this adjustment increases NBC's proposed Industrial revenue at current
19 rates by \$81,128.

20

Wages and Salaries Expense

21 **Q. What has the Company proposed in its November 4, 2022 General Rate Filing**
22 **and Rebuttal Testimony for Rate Year wages and salaries expense?**

1 A. As discussed in the Direct Testimony of Company witness, David Fox, and shown
2 on NBC Schedule DMF-16, for the FY2024 Rate Year the Company has proposed
3 wages and salaries expense of \$20,533,985 less a salary reimbursement amount of
4 \$1,835,987 and a fringe reimbursement amount of \$996,046 for a net payroll expense
5 amount of \$17,701,952. As shown on NBC Schedule DMF-16, NBC started with
6 salaries and wages for the Test Year and made a series of adjustments to arrive at its
7 proposed Rate Year amount. NBC did not revise those amounts in its Rebuttal
8 Testimony, but rather at pages 21-27 of Mr. Fox's Rebuttal Testimony, presented
9 extensive arguments for a 5.0% pay increase on July 1, 2023 for all of NBC's non-
10 union employees, which would apparently include the 93 NBC non-union employees
11 that NBC's response to DIV 7-15(e) indicates are earning more than \$68,304.60,
12 which was indicated to be the top step in NBC's union U7 pay grade.

13
14 **Q. What is the remaining dispute with respect to NBC's proposed Rate Year wages
15 and salaries expense?**

16 A. As discussed on page 18 of Mr. Fox's Direct Testimony, the Company proposed an
17 increase of 5.0% for non-union employees to become effective on July 1, 2023. This
18 5.0% increase is based on a combination of NBC's proposed 2.5% cost of living
19 increase and a 2.5% merit increase for the Company's non-union employees. In my
20 Direct Testimony, I took exception to NBC's proposed 5.0% non-union pay increase
21 and recommended instead a 2.5% non-union pay increase. In his Rebuttal Testimony
22 at pages 21-27, NBC witness, Fox, claims that there is an inequity in pay increases
23 for NBC's non-union employees when compared with union employee pay increases,
24 and that NBC is seeking to correct that past inequity by giving all of its non-union

1 employees a 5.0% increase on July 1, 2023, which would apparently include not only
2 non-union employees earning below \$68,304.60 per year, but also all of the 93 NBC
3 non-union employees that NBC's response to DIV 7-15(e) indicates are earning more
4 than \$68,304.60. As noted above, that amount was indicated in NBC's responses to
5 DIV 7-15(d) and (e) to be the top step in NBC's union U7 pay grade.

6
7 **Q. How does NBC's proposed 5.0% July 1, 2023 non-union increase compare with**
8 **the non-union pay increases granted in the Company's two previous fiscal**
9 **years?**

10 A. According to NBC's response to DIV 1-43, a non-union pay increase of 2.5% was
11 granted on July 1, 2021 (FY2022) and on July 1, 2022 (FY2023). NBC stated those
12 increases were equivalent to the cost of living increases received by union employees
13 during the same periods.

14
15 **Q. Why is NBC proposing to double the wage increase percentage, i.e., to have an**
16 **increase of 5.0% versus an increase of 2.5%, for non-union employees for the**
17 **FY2024 Rate Year?**

18 A. The Direct Testimony of NBC witness, James McCaughey, stated that NBC's
19 requested July 1, 2023 non-union annual salary adjustment of 5.0% is a two-tiered
20 process whereby all non-union employees will receive (1) an annual cost of living
21 adjustment, and (2) a merit-based salary increase. The Rebuttal Testimony of NBC
22 witness, Fox, at page 21 presents a table which compares the 5.0% non-union pay
23 increase with a 4.145% union increase that he claims includes a 2.5% COLA increase
24 and a 1.645% step increase. At page 22 of his Rebuttal Testimony, NBC witness,

1 Fox, presents a comparison in the form of a graphic depiction which purports to show
2 that a union employee with a starting salary of \$49,030 per year would receive higher
3 pay increases over a 12-year period than would a comparable non-union employee.
4 At page 23 of his Rebuttal Testimony, Mr. Fox presents another graphic depiction
5 which purports to show that a “U7” union employee would have a higher pay
6 trajectory than would a non-union promoted supervisor. At pages 23-25 of his
7 Rebuttal Testimony, Mr. Fox argues that “NBC’s salary adjustments for non-union
8 employees have not kept pace with inflation” and that a 5.0% pay increase effective
9 July 1, 2023 for all of NBC’s non-union employees would “partially mitigate
10 inflation and salary adjustment inequity.” At page 25 of his Rebuttal Testimony, Mr.
11 Fox claims that “non-union turnover is more than 12%” and that is another
12 compelling reason for a 5% pay increase for non-union employees. At page 25, Mr.
13 Fox states that: “To be competitive in the job market, NBC must offer comparative
14 salaries and benefits to recruit and retain valuable employees.” On page 26 of his
15 Rebuttal Testimony, Mr. Fox states that there are “other disparities between union
16 and non-union compensation” and cites a “significant difference in retirement
17 benefits.”

18
19 **Q. Does NBC have a study showing salary inequity between its union and non-**
20 **union work force, or whether its salaries are competitive in the job market?**

21 A. No. On page 24 of his Rebuttal Testimony, Mr. Fox states that NBC did not feel the
22 need to conduct such as study of pay inequity “as the numbers speak for themselves.”

1 **Q. Was additional information requested from NBC to evaluate claims made by**
2 **NBC in its Rebuttal Testimony?**

3 A. Yes. Discovery was requested of NBC in DIV 7-10 through DIV 7-15 to obtain
4 additional information from NBC in order to evaluate claims made by NBC in its
5 Rebuttal Testimony concerning union versus non-union pay inequity.

6

7 **Q. At page 25 of his Rebuttal Testimony, Mr. Fox claimed that NBC had non-union**
8 **turnover of more than 12%. Was that an accurate statement?**

9 A. No. As admitted in NBC's response to DIV 7-14, the figures on non-union FTEs
10 cited by Mr. Fox on page 26 of his Rebuttal Testimony and the statement made on
11 page 25 about "turnover" was not an accurate statement about turnover. NBC's
12 response to DIV 7-14(c) agrees that "turnover" requires a position to be filled and
13 then vacated. Moreover, if a job remains vacant from month to month, that is not
14 "turnover" as indicated in NBC's response to DIV 7-14(b).

15

16 **Q. When asked about the table presented at page 26 of Mr. Fox's Rebuttal**
17 **Testimony, did NBC provide updated budgeted and actual work force**
18 **information?**

19 A. Yes. In response to DIV 7-14, NBC provided updated budgeted and actual work
20 force information through April 2023. That information shows that as of April 2023,
21 NBC had a work force of 263 total positions, consisting of 160 non-union and 103
22 union positions, stated in "full time equivalent" positions or "FTEs." At June 2022
23 the last month in the FY 2022 Test Year, NBC had a work force of 262 total positions,
24 consisting of 153 non-union and 109 union positions, stated in FTEs.

1 **Q. Did NBC make any claim in its Rebuttal Testimony that its proposed non-union**
2 **payroll amount was understated due to positions that were added subsequent to**
3 **the FY2022 Test Year?**

4 A. No. NBC witness Fox’s Rebuttal Testimony presentation at pages 21-27 is entirely
5 focused on trying to support NBC’s 5.0% proposed July 1, 2023 non-union pay
6 increase largely by presenting alleged claims of union versus non-union pay inequity.
7 No mention is made in NBC’s Rebuttal Testimony that its proposed FY2024 Rate
8 Year non-union would be understated if additional work force changes were to be
9 considered.¹⁴

10

11 **Q. What did NBC say about the chart shown on page 22 of Mr. Fox’s Rebuttal**
12 **Testimony?**

13 A. When asked about what specific union position(s) had a starting salary of \$49,030,
14 NBC responded to DIV 7-10(f) that “this analysis was for demonstration purposes
15 only.”

16

17 **Q. Is that chart reliable for drawing any conclusions about union versus non-union**
18 **pay inequity?**

19 A. No.

¹⁴ When information was requested from NBC in Division sets 8 and 9, to identify non-union payroll represented by non-union employees earning above \$68,300 (approximately the top end of NBC’s U7 union pay grade) and \$74,500 (approximately the top end of NBC’s U8 union pay grade), NBC stated that it does not have that information, and instead provided tables showing that its requested non-union payroll would be higher if additional non-union positions were considered. However, the information presented by NBC, for example in its response to DIV 8-1 fails to account for declines in union work force, and thus is believed to be unreliable for using as the basis for a revised NBC payroll adjustment.

1 **Q. For what union category did NBC state that the starting salary of \$49,030 was**
2 **for?**

3 A. NBC’s response to DIV 7-10(f) explained that the salary used was for a union
4 employee in a “U6” step 1. NBC’s response provided a listing of its union positions
5 that have a “U6” classification, which included Electrician and Laboratory
6 Technician. NBC’s response to DIV 7-10(c) indicated that a “U6” union position
7 had an hourly salary range of \$25.14 to \$32.99 for FY2022 and an hourly salary range
8 of \$26.28 to \$34.49 for FY2023.

9
10 **Q. How much of an adjustment from FY2022 to FY2023 for that U6 union position**
11 **salary range structure do those figures represent?**

12 A. The following table uses the U6 union position salary range information that was
13 provided in NBC’s response to DIV 7-10(c) and calculates the dollar and percent
14 change in the starting and top of range figures:

NBC Union U6 salary range			Difference: Starting to Top	
	Starting	Top End	Amount	Percent Range
FY2022	\$ 25.14	\$ 32.99	\$ 7.85	31%
FY2023	\$ 26.28	\$ 34.49	\$ 8.21	31%
Increase \$	\$ 1.14	\$ 1.50	\$ 0.36	32%
Increase %	4.53%	4.55%	4.59%	

15
16
17 **Q. If the entire salary range for the Union U6 position, including the bottom end,**
18 **increased by the amounts and percentage that would be indicated by the**
19 **information that was provided in NBC’s response to DIV 7-10(c), does that call**
20 **into question whether the union pay increase proposed by NBC has a COLA**
21 **increase of 2.5%?**

1 A. Yes. According to NBC’s Rebuttal Testimony, the COLA increase for union pay
 2 would reflect the salary structure change for a year, and the “step increase” would
 3 reflect the movement of a union employee within the pay band for that union position.
 4 Based on the information provided by NBC cited above, it appears that the entire
 5 salary structure, including the starting pay amount, for the U6 union positions
 6 increased by 4.53%, and NBC has failed to explain how that union salary structure
 7 movement is consistent with NBC’s claim that there was a 2.5% COLA increase.

8

9 **Q. Using the information provided by NBC in response to DIV 7-10, was a similar**
 10 **union starting salary and salary band increase from FY2022 to FY2023 also**
 11 **observed for other union positions?**

12 A. Yes. A similar shift was also observed for other union pay classes. The shift in the
 13 U4 union pay structure, using information provided by NBC in response to DIV 7-
 14 10 is summarized below:

NBC Union U4 salary range			Difference: Starting to Top	
	Starting	Top End	Amount	Percent Range
FY2022	\$ 21.59	\$ 27.38	\$ 5.79	27%
FY2023	\$ 22.57	\$ 28.63	\$ 6.06	27%
Increase \$	\$ 0.98	\$ 1.25	\$ 0.27	28%
Increase %	4.54%	4.57%	4.66%	

15

16 **Q. At pages 22-23 of his Rebuttal Testimony, NBC witness, Fox, purports to show**
 17 **the trajectory of a union employee that becomes a non-union supervisory**
 18 **employee and suggests that has had an impact on NBC filling supervisory**
 19 **positions. Was information obtained from NBC concerning the number of**
 20 **union-to-non-union transfers, and whether the transfer to the non-union**
 21 **position resulted in higher pay?**

1 A. Yes. In response to DIV 7-12, NBC provided information on the number of union-
2 to-non-union transfers, and whether the transfer to the non-union position resulted in
3 higher pay. In FY2020, NBC had 9 union-to-non-union transfers, of which 8 are
4 listed as having a higher salary. In FY2021, NBC had 5 transfers to non-union, all
5 of which had a higher salary. In FY2022, NBC had 7 transfers to non-union, all of
6 which had a higher salary. In FY2023 through April 2023, NBC had 10 transfers to
7 non-union, all of which had a higher salary.

8

9 **Q. At pages 23, lines 10-12, of his Rebuttal Testimony, Mr. Fox asserts that: “If**
10 **there is no incentive for union employees to move into non-union supervisory**
11 **positions, NBC will have increasing difficulty filling these essential supervisory**
12 **positions.” What incentive does there appear to be for a union to non-union**
13 **transfer?**

14 A. The incentive appears to be higher salaries. Based on the information provided by
15 NBC in response to DIV 7-12 in the most recent three completed fiscal years and
16 continuing in FY2023, all but one of the union to non-union transfers were associated
17 with higher salaries. NBC’s response to DIV 7-15 lists the top paying union
18 positions. One of the top paying union positions is U7 for which NBC shows an
19 annual top step amount of \$68,304.50.

20 NBC’s response to DIV 7-15(f) lists the salaries for the top five non-union positions.
21 Notably, the salary for each of those top non-union positions is substantially above
22 the comparable amount for the top union positions.

1 **Q. Has NBC indicated approximately how many non-union employees it has that**
2 **are earning more than the top step in NBC’s union U7 pay rate?**

3 A. Yes. NBC’s response to DIV 7-15(e) states that; “NBC has 93 non-union employees
4 earning more than \$68,304.50” which is the union U7 annual top step, per the
5 response to DIV 7-15(e).

6

7 **Q. Has NBC indicated whether the union grades over U8 receive both a COLA and**
8 **a step increase?**

9 A. NBC’s response to DIV 7-15(d) notes that the union position for an Electrical
10 Foreman, which at an annual top step of \$87,776, is a “grade over U8” and states that
11 position: “only received a COLA, no step.”

12

13 **Q. Have you updated the Division’s non-union payroll adjustment to address**
14 **NBC’s claim that there is union versus non-union pay inequity?**

15 A. Yes. While the basis for NBC’s claim appears dubious, in an attempt to narrow the
16 issues, the non-union payroll adjustment has been updated to reflect a 2.5% pay
17 increase for July 1, 2023 for non-union employees making at least \$68,305 (which,
18 as noted above, is the top step of NBC’s U7 union pay grade) and applying a 4.145%
19 increase to non-union employees making less than \$68,305 per year. Because NBC
20 did not provide the information requested in Division sets 8 and 9, estimates were
21 made of the amounts of the total non-union payroll falling within each of those
22 categories using the information that NBC provided in its response to DIV 7-15. As
23 shown on Exhibit RCS-4, Schedule RCS-10, page 3, which is an added page, using
24 that information, it was estimated that of the approximately \$12 million of non-union

1 regular payroll in account 52300, approximately \$6.9 million relates to the 93 non-
2 union positions that NBC's response to DIV 7-15(e) indicates are earning more than
3 \$68,305 per year, with the remaining approximately \$5.1 million thus representing
4 non-union positions earning less than \$68,305 per year. The 2.5% pay increase was
5 applied to the \$6.9 million and a 4.145% pay increase was applied to the \$5.1 million,
6 and a weighted average increase of 3.198% was derived. That weighted average
7 3.198% increase was then applied to each non-union pay related category on Exhibit
8 RCS-4, Schedule RCS-10, page 2, Revised, on line 15. The adjustment for non-union
9 payroll was updated to produce the revised FY2024 payroll amount that are
10 summarized on Schedule RCS-10, page 1, Revised, line 1 and the revised adjustment
11 amount shown on line 3. The revised adjustment reduces the payroll expense that
12 NBC has originally proposed by \$196,537.

13 That is a lower amount of adjustment compared with the reduction amount of
14 \$263,477 that was shown on Exhibit RCS-2, Schedule RCS-10, page 1, that was filed
15 with my Direct Testimony. Again, the purpose of the revised adjustment is to
16 respond to NBC's claims that there is pay inequity between union and non-union
17 positions that would require a higher July 1, 2023 pay increase for NBC's non-union
18 positions. Rather than attempt to apply a higher 5.0% July 1, 2023 pay increase to
19 all non-union payroll as NBC has proposed, the updated adjustment applies the
20 4.145% pay increase (from page 21 of NBC witness Fox's rebuttal) to estimated non-
21 union payroll for positions earning less than \$68,305, and applies a 2.5% July 1, 2023
22 increase to estimated non-union payroll for positions earning more than that. Based
23 on the analysis conducted to date, there does not appear to be a serious pay inequity
24 issue between union positions and non-union positions that have higher salaries, and

1 NBC's arguments in support of a 5.0% pay increase to all non-union payroll appear
2 to be dubious. Nevertheless, to be responsive to NBC's concerns the non-union
3 payroll has been updated in the manner described above.

4
5 **Q. On page 26 of his Rebuttal Testimony, Mr. Fox states that there are "other**
6 **disparities between union and non-union compensation" in the form of a**
7 **"significant difference in retirement benefits." Has additional information been**
8 **obtained from NBC about union and non-union retirement benefits?**

9 A. Yes. NBC's response to DIV 7-15(a), (b) and (c) provides additional information
10 about union and non-union retirement benefits.

11
12 **Q. Are there good reasons for NBC not offering non-union retirement health**
13 **benefits?**

14 A. Yes. NBC's response to DIV 7-15(c) states that: "Retirement health plans are
15 expense and would most certainly force NBC to cut back on other benefits." NBC's
16 response to DIV 7-15(c) also notes that NBC is not alone in not offering non-union
17 retirement health plans. A 2013 study cited by NBC in that response "shows that
18 only 5% of employers with 5-199 employees (NBC has about 150 Non-Union
19 employees) offered retirement health plans." Thus, NBC has good reasons for not
20 providing a non-union retirement health plan.

21
22 **Q. Has NBC demonstrated that its non-union retirement benefits are inadequate**
23 **or noncompetitive, or are adequate justification for a 5% non-union pay**
24 **increase?**

1 A. No. NBC's response to DIV 7-15(c) states in part that:

2 NBC has in place a Defined Benefit Plan and Defined Contribution
3 Plan for Non-Union employees as well as a Deferred Compensation
4 Plan (IRS 457(b)) which allows for voluntary pre-tax savings
5 contributions and after-tax Roth contributions. The Deferred
6 Compensation Plan is available to both Non-Union and Union
7 employees. All these plans are in place to allow employees options for
8 planning and saving for retirement.

9 The fact that higher percentage contributions of payroll are required from NBC into
10 the union defined benefit pension plan than into the non-union defined benefit
11 pension plan is not justification for a 5% non-union pay increase, particularly when
12 consideration is given to the fact that non-union positions can have much higher
13 salaries than the top union positions.

14

15 **Q. Has NBC proposed any changes in non-union retirement benefits in its Rebuttal**
16 **Testimony?**

17 A. No. Although NBC cites difference between union and non-union retirement benefits
18 as an element of alleged pay inequity in its Rebuttal Testimony,¹⁵ NBC does not
19 propose any related revisions to non-union retirement benefits. Moreover, none
20 would appear to be warranted, based on NBC's responses to discovery and the fact
21 that non-union positions can have much higher salaries than the top paying union
22 positions.

23

24 **Q. Has NBC reliably demonstrated that it has a non-union versus union pay**
25 **disparity that would justify a July 1, 2023 increase of 5% applied for all non-**
26 **union payroll?**

¹⁵ See Fox Rebuttal Testimony at page 26.

1 A. No. NBC's non-union work force in the higher paying positions can earn salaries
2 that are much higher than the top end of the union pay range. NBC's top non-union
3 positions have annual salaries that are substantially above the top end of the union
4 pay scale. NBC has 93 non-union employees earning more than the top end of the
5 union U7 pay step of \$68,304.60. NBC's response to DIV 7-15(f) shows that NBC
6 has at least five non-union employees earning from \$156,874 to \$204,139 annually.
7 Because of the availability and opportunity for substantially higher non-union pay
8 indicated by this information, I do not believe that NBC has adequately demonstrated
9 a non-union versus union pay inequity. Moreover, if NBC does have some type of
10 non-union versus union pay inequity with respect to some of its lower paying non-
11 union positions, that has not been adequately demonstrated either, but would only
12 apply to those non-union positions, not to the remainder of the higher paying non-
13 union positions. As described above and shown on Exhibit RCS-4, Schedule RCS-
14 10 Revised, an updated payroll adjustment has been calculated to reflect application
15 of a 4.145% July 1, 2023 increase only to the estimated amount of non-union payroll
16 associated with positions earning less than \$68,305 per year, with a 2.5% increase
17 being applied to the estimated amount of non-union payroll associated with the 93
18 positions that earn more than that annually.

19
20 **Q. What has NBC stated about the comparable non-union salary ranges?**

21 A. When asked about what specific non-union positions have a starting salary of
22 \$49,030, NBC provided the following list in response to DIV 7-10(g) and indicated
23 that non-union grades 3-6 are comparable to a union U6 position, and that those non-
24 union grades have the following salary ranges:

GRADE	SALARY RANGE
Grade 3	\$35,828.10 - \$53,742.15
Grade 4	\$39,410.91- \$59,116.36
Grade 5	\$43,352.00 - \$65,028.00
Grade 6	\$44,987.93 - \$74,230.00

1

2 **Q. Has NBC shown that all of its non-union positions in grades 3 through 6 are**
3 **always filled at the very bottom end of the pay range for those positions?**

4 A. No.

5

6 **Q. Do all of NBC's union employees start at the bottom end of the union pay range**
7 **for their position?**

8 A. Yes, according to NBC's response to DIV 7-10(a).

9

10 **Q. If non-union positions can be filled at a salary that is within the range and not**
11 **necessarily at the very bottom end of the range, whereas union positions must**
12 **be filled at the bottom end of the related pay range for the union position, is that**
13 **an important distinction that could at least partially alleviate concerns that NBC**
14 **has expressed about union versus non-union pay inequity?**

15 A. Yes.

16

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

1 A. No, I do not. The Company has not adequately justified its proposal to apply a 5.0%
2 salary adjustment for the entire non-union payroll. NBC has proposed to apply a July
3 1, 2023 pay increase of 5.0% for all non-union payroll.

4
5 **Q. Have you updated the adjustment for the salary increase to be effective on July**
6 **1, 2023 for non-union employees?**

7 A. Yes, as described above and shown on Exhibit RCS-4, Schedule RCS-10 Revised,
8 the July 1, 2023 pay increase for NBC's non-union employees has been updated in
9 response to NBC's claims about non-union and union pay inequity.

10

11 **Q. When you had calculated the payroll adjustment originally in your Direct**
12 **Testimony, and presenting the amounts in the Summary Exhibit RCS-2,**
13 **Schedules RCS-2 and RCS-1, did you discover an error in NBC's handling of**
14 **the Company's calculated FY2024 Rate Year adjustment?**

15 A. Yes. As described in my Direct Testimony, NBC had calculated a Rate Year credit
16 amount of \$996,046 for this account on Schedule DMF-16, but NBC did not carry
17 that amount forward to NBC's Schedule 1 for Account 59001, Fringe
18 Reimbursement. This apparent Company error was also described in Note 1 on
19 Exhibit RCS-2, Schedule RCS-10, page 2 filed with my Direct Testimony. This
20 correction of that apparent error by NBC is also reflected in the context of my updated
21 payroll adjustment, as shown on Exhibit RCS-4, Schedule RCS-10, page 2, Revised,
22 on line 18a. To address this and account for that apparent omission by NBC, Exhibit
23 RCS-4, Schedule 1, page 3, shows the adjusted amount of (\$972,330) for the FY2024
24 Rate Year in column C for Account 59001, Fringe Reimbursement.

1 **VI. OTHER ADJUSTMENTS**

2 **Q. Have you updated some of the other adjustments based on changes to**
3 **adjustment amounts described above?**

4 A. Yes. I have updated the Division's adjustments for payroll tax expense and for the
5 Operating Allowance to reflect the impact of other adjustments described above. I
6 will briefly discuss the updated payroll expense and Operating Allowance in the
7 following sections of my Surrebuttal Testimony.

8 **Payroll Tax Expense**

9 **Q. Did you update the adjustment for payroll tax expense?**

10 A. Yes. My updated adjustment to NBC's payroll expense results in a related adjustment
11 to payroll tax expense that is shown on Exhibit RCS-4, Schedule RCS-11, Revised.
12 NBC's payroll tax expense for FY2024 is now reduced by \$16,738 (in contrast with
13 the reduction of \$23,221 presented in my Direct Testimony). The adjustment to
14 payroll tax expense is based on applying the FICA and Medicare rates to the amount
15 of payroll expense adjustment from Exhibit RCS-4, Schedule RCS-10, page 1,
16 Revised.

17

18 **Operating Allowance**

19 **Q. Have you updated the Operating Allowance to reflect changes to NBC's**
20 **expenses that you have reflected in Exhibit RCS-4?**

21 A. Yes. As a result of updating NBC's expenses, the base for calculating the Operating
22 Allowance has been impacted. As shown on Exhibit RCS-4, Schedule RCS-15, I
23 have calculated the adjusted Operating Allowance by applying the 1.5% rate to the

1 sum of the amounts for Operating Supplies/Expense, and Professional Services. In
2 comparison with the amount from NBC's original application, which had omitted
3 applying the 1.5% factor to the Professional Services amount, the updated Division
4 adjusted amount of \$350,834 is higher by \$22,553.

5 **VII. OPERATING AND MAINTENANCE RESERVE FUND**

6 **Q. How does NBC originally develop its FY2024 Rate Year amounts for electric**
7 **expense?**

8 A. Developing the FY2024 electricity expense was a fairly complex calculation that
9 takes into account NBC's renewable energy sources and purchases of electricity.

10
11 **Q. Did NBC make a Technical Presentation in the current rate case concerning**
12 **Electricity?**

13 A. Yes. On February 16, 2023, NBC had a Technical Session in this docket concerning
14 two topics: NBC's Trust Indenture and Electricity. Among the concerns regarding
15 electricity that were identified by NBC during the Technical Session were the
16 increased unpredictability of natural gas and electricity pricing and the variable
17 production from NBC's renewable energy resources. NBC has had issues with its
18 wind turbines, including periods when some of the turbines were out of service due
19 to blade repairs. NBC has also had issues with its Bucklin Point Biogas Cogeneration
20 Facility. Questions have been raised concerning whether NBC can reliably forecast
21 the cost of electricity and whether NBC's costs for electricity could vary significantly
22 from the amounts being reflected in the current case for the FY2024 Rate Year.

1 **Q. Have you reflected an adjustment to the Company's originally projected**
2 **FY2024 electricity expense?**

3 A. Yes, as explained above, NBC's originally proposed electricity expense has been
4 adjusted to reflect the updated estimate that the Company provided in its
5 supplemental response to DIV 7-16. As shown on Exhibit RCS-4, Schedule RCS-
6 16, column A, NBC's net electricity expense for the FY2024 Rate Year has been
7 adjusted to an amount of \$3,657,270.

8

9 **Q. What has NBC proposed for an Operation and Maintenance Reserve ("OMR")**
10 **Fund?**

11 A. NBC's proposal for an OMR Fund is described on pages 29-32 of Mr. Fox's Rebuttal
12 Testimony.

13

14 **Q. Does the Division support approval of an OMR Fund for NBC in the current**
15 **case?**

16 A. Yes. NBC's net electricity expense is significant and has been volatile. Additionally,
17 some of the factors affecting that expense, such as changing market prices, appear to
18 be difficult for NBC to forecast or control. Consequently, having an OMR Fund
19 would provide a potential source of funding between rate cases from which NBC can
20 utilize to address and manage significant fluctuations in its net electricity expense.

21

22 **Q. Referring to paragraph 5 and the table at page 31, lines 7-10, of Mr. Fox's**
23 **Rebuttal Testimony, do you have a recommendation to replace that table?**

1 A. Yes. The table at page 31 of Mr. Fox’s Rebuttal Testimony for paragraph 5 of the
2 OMR should be replaced with the following information, which was provided in
3 NBC’s supplemental response to DIV 7-16:

<u>Account</u>	<u>Title</u>	<u>Rate Year</u>
54090	ELECTRICITY	\$5,860,372
54091	NBC NET METERING CREDIT	(1,891,888)
54092	FP TURBINES	268,490
54093	COVENTRY WIND	244,645
54095	GREEN PPA	2,478,150
54096	GREEN PPA NET METERING CREDITS	(3,304,199)
54097	BIOGAS	1,700
	Total	<u><u>\$3,657,270</u></u>

4

5

6 **Q. Referring to paragraph 7 at page 31, lines 14-20, of Mr. Fox’s Rebuttal**
7 **Testimony, do you have a recommendation concerning that provision?**

8 A. Yes. The provision on lines 15-16 about whether “NBC has collected the total
9 revenue requirement as set forth by the PUC in the rate year from this Docket” is
10 unnecessary and should be removed. NBC’s response to DIV 7-18 agrees that
11 provision is unnecessary and should be removed, and states in part that: “it does not
12 appear that the annual amount of revenue is relevant to the calculations and
13 mechanics of the OMR Fund for electricity expense.”

14

15 **Q. Has NBC provided specific language to be included in a PUC Order for the**
16 **establishment of an OMR Fund?**

17 A. Yes. NBC’s response to DIV 7-17(c) proposes specific language to be included in a
18 PUC Order for the establishment of an OMR Fund.

1 **Q. Are you recommending any modifications to that NBC-proposed specific**
2 **language?**

3 A. Yes. Paragraph 1 should reflect a funding amount of \$2.0 million, rather than the
4 \$2.5 million proposed by NBC. NBC's estimated annual net electricity cost for the
5 FY2024 Rate Year has been reduced from the \$4.319 million estimate to a more
6 current estimate of \$3.657 million. Consequently, the lower amount of \$2.0 million
7 is believed to be sufficient for the purpose of OMR funding.

8 Additionally, as noted above, the table for electricity costs in paragraph 2 should be
9 replaced with the previously referenced table (which is based on NBC's updated
10 FY2024 Rate Year net electricity expense from the Company's supplemental
11 response to DIV 7-16.

12 Finally, the last bullet point in paragraph 3 proposed by NBC should be replaced with
13 the following to reflect the funding level of \$2.0 million:

14 The balance in the OMR fund would be replenished annually, if
15 needed, to a **\$2.0 million** balance as part of the annual transfers from
16 the Stabilization Account, along with the Operating Account transfers
17 for operating capital and pay-go capital.

18

19 **VIII. USER CHARGE CALCULATION AND PROOF OF REVENUE**

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

21 A. Exhibit RCS-5, Schedule A shows a summary of the amounts of revenue increase
22 needed that are used in designing rates for NBC. This is similar to NBC's Schedule
23 DMF-35, which presented the Company's proposed user charges and to Exhibit RCS-
24 3, which was presented with my Direct Testimony. Exhibit RCS-5, Schedule B
25 shows the User Charge Calculation using the Division's adjusted results. Exhibit

1 RCS-5, Schedule B shows the related Rate Year Proof of Revenue with the Rate
2 Increase, using the Division's adjusted results in a format that is similar to NBC's
3 Schedule DMF-36. Exhibit RCS-5, Schedule C shows estimated bill impacts.

4
5 **Q. Do both NBC's and the Division's proposal for developing new rates in the**
6 **current case reflect an across-the-board percentage increase approach for rate**
7 **design?**

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

20
21 **Q. Should NBC periodically perform and submit updated class cost of service**
22 **studies?**

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

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

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

5

6 **Q. Does this complete your Surrebuttal Testimony?**

7 A. Yes, it does.

Narragansett Bay Commission
Docket No. 22-47-WW
Exhibit RCS-4
Division Revenue Requirement and Adjustment Schedules
Accompanying the Surrebuttal Testimony of Ralph Smith

CONTENTS

Schedule Number	Description	No. of Pages	Revised/ Withdrawn	Comment	Confidential	Page No.
RCS-1	Summary of Revenues and Expenses at Present and Proposed Rates	5	Revised		No	2-6
RCS-2	Summary of Division Adjustments	2	Revised		No	7-8
RCS-3	Operating Capital Correction	1			No	9
RCS-4	Fiscal Year 2024 Debt Service	1	Revised	[1]	No	10
RCS-5	Residential Consumption Fee Revenue	1			No	11
RCS-6	Commercial Consumption Fee Revenue	1			No	12
RCS-7	Industrial Consumption Fee Revenue	1			No	13
RCS-8	PUC Assessment and Regulatory Expense	1	Revised	[2]	No	14
RCS-9	NBC "Trend Accounts" Expense Adjustment	2	Revised	[2]	No	15-16
RCS-10	Wages and Salaries Expense	3	Revised	[2]	No	17-19
RCS-11	Payroll Tax Expense	1	Revised	[2]	No	20
RCS-12	Biosolids Disposal	2	Revised	[1]	No	21-22
RCS-13	Insurance Expense	1			No	23
RCS-14	Workers Compensation Expense	1			No	24
RCS-15	Operating Allowance	1	Revised	[2]	No	25
RCS-16	Electricity Expense	1	Added		No	26
RCS-17	Renewable Energy Credits Revenue	1	Added	[1]	No	27
	Total Pages (including Contents page)	27				

Notes:

- [1] Company rebuttal adjustment accepted
- [2] Adjustment recalculated using additional information

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	Total Revenue	\$ 104,316,368	\$ 1,851,863	\$ 106,168,231	\$ 7,992,959	\$ 114,161,190
	Operation & Maintenance Expense					
2	Net Personnel Expense	\$ 27,961,383	\$ (213,275)	\$ 27,748,108		\$ 27,748,108
3	Operating Supplies/Expense	\$ 21,885,456	\$ (686,534)	\$ 21,198,922		\$ 21,198,922
4	Professional Services Expense	\$ 2,198,672	\$ (8,633)	\$ 2,190,039		\$ 2,190,039
5	Total: Operations & Maintenance Expense	\$ 52,045,511	\$ (908,442)	\$ 51,137,069	\$ -	\$ 51,137,069
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	\$ 3,222,211	\$ 62,559,886		\$ 62,559,886
10	Operating Reserve	\$ 328,282	\$ 22,553	\$ 350,834		\$ 350,834
11	Total Revenue Requirement	\$ 115,687,727	\$ (1,526,537)	\$ 114,161,190	\$ -	\$ 114,161,190
12	Net Income	\$ (11,371,359)	\$ 3,378,400	\$ (7,992,959)	\$ 7,992,959	\$ -

Notes and Source

Column A: Company Schedule 1 from NBC's November 4, 2022 General Rate Filing ("NBC's 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)

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 Adjustments	Rate Year at
			Year Amount Per NBC		Present Rates
			(A)	(B)	(C)
1		Revenue			
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	\$ 54,415	\$ 222,103
16	42605	REC Income Coventry	\$ 180,495	\$ 58,571	\$ 239,066
17	42606	REC Income Green PPA	\$ 315,236	\$ 102,295	\$ 417,531
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		TOTAL REVENUE	<u>\$ 104,316,368</u>	<u>\$ 1,851,863</u>	<u>\$ 106,168,231</u>
		SUMMARY			
41		User Charge Revenue	\$ 101,309,840	\$ 1,636,582	\$ 102,946,422
42		Miscellaneous Revenue	\$ 3,006,527	\$ 215,281	\$ 3,221,809
43		Total Revenue	<u>\$ 104,316,368</u>	<u>\$ 1,851,863</u>	<u>\$ 106,168,231</u>

Notes and Source

Column A: Company Schedule 1 from NBC's 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 Year Amount Per NBC (A)	Division Adjustments (B)	Rate Year at Present Rates (C)
Operation & Maintenance Expense					
Personnel					
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	\$ (216,316)	\$ 12,388,028
4	52350	Non-Union Overtime	\$ 265,329	\$ (4,554)	\$ 260,775
5	52400	Non-Union Limited	\$ 32,366	\$ (555)	\$ 31,811
6	52800	Union Pension	\$ 2,279,613		\$ 2,279,613
7	52810	FICA/Medicare	\$ 1,559,111	\$ (16,738)	\$ 1,542,373
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		Total Personnel	<u>\$ 30,769,700</u>	<u>\$ (238,163)</u>	<u>\$ 30,531,537</u>
16	59000	Salary Reimbursement	\$ (1,835,987)	\$ 31,509	\$ (1,804,478)
17	59001	Fringe Reimbursement	\$ (972,331)	\$ (6,621)	\$ (978,952)
18		Net Personnel	<u>\$ 27,961,383</u>	<u>\$ (213,275)</u>	<u>\$ 27,748,108</u>

Notes and Source

Column A: Company Schedule 1 from NBC's Filing

Column B: Schedule RCS-2

Summary of Operating Supplies Expense

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

Revised

Line No.	Account	Description	Adjusted Rate	Division	Rate Year at
			Year Amount Per NBC	Adjustments	Present Rates
			(A)	(B)	(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	\$ (169,523)	\$ 6,074,364
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	\$ 454,261	\$ 1,530,763
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	\$ (1,059,062)	\$ 5,860,372
35	54091	Net Metering Credit	\$ (2,168,169)	\$ 276,281	\$ (1,891,888)
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	\$ (361,895)	\$ 2,478,150
39	54096	Green PPA Net Metering Credits	\$ (3,786,726)	\$ 482,527	\$ (3,304,199)
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	\$ (94,615)	\$ 655,800
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	\$ 21,885,456	\$ (686,534)	\$ 21,198,922

Notes and Source

Column A: Company Schedule 1 from NBC's Filing

Column B: Schedule RCS-2

Summary of Professional Services Expense, Debt Service, Operating Allowance and Hardship 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)
Professional Services Expense					
1	52600	Regulatory Expense	\$ 677,742	\$ (8,633)	\$ 669,109
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		Total Professional Services	<u>\$ 2,198,672</u>	<u>\$ (8,633)</u>	<u>\$ 2,190,039</u>
Lease/Subscriptions					
9	Lease	Lease Payments	\$ 105,283		\$ 105,283
10	57950	Lease Interest Expense	\$ 8,117		\$ 8,117
11		Total Leases	<u>\$ 113,400</u>	<u>\$ -</u>	<u>\$ 113,400</u>
Depreciation					
12	57500	Depreciation	\$ -		\$ -
13	57015	Amortization Right to Use Leased Land	\$ -		\$ -
14	57016	Amortization of Asset Retirement Obligation	\$ -		\$ -
15		Total Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operating Capital					
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		Total Operating Capital	<u>\$ 3,862,859</u>	<u>\$ (3,862,859)</u>	<u>\$ -</u>
Debt Service					
26	PRIN	Principal	\$ 31,344,795	\$ 1,702,115	\$ 33,046,910
27	INT	Interest	\$ 16,125,345	\$ 875,654	\$ 17,000,999
28	Coverage	Debt Service Coverage	\$ 11,867,535	\$ 644,442	\$ 12,511,977
29		Total Debt Service	<u>\$ 59,337,675</u>	<u>\$ 3,222,211</u>	<u>\$ 62,559,886</u>
30	Op Reserve	Operating Reserve	<u>\$ 328,282</u>	<u>\$ 22,553</u>	<u>\$ 350,834</u>

Notes and Source

Column A: Company Schedule 1 from NBC's Filing

Column B: Schedule RCS-2

Line No.	Description	Division Adjustments (A)	Operating Capital	Fiscal Year 2024	Residential Consumption Fee	Commercial Consumption Fee	Industrial Consumption Fee	PUC Assessment and Regulatory Expense	NBC "Trend Accounts" Expense Adjustment	Wages and Salaries Expense
			Correction	Debt Service	Revenue	Revenue	Revenue	Expense	Adjustment	Expense
			RCS-3	RCS-4 Revised	RCS-5	RCS-6	RCS-7	RCS-8 Revised	RCS-9 Revised	RCS-10 Revised
1	Total Revenue	\$ 1,851,863			\$ 385,084	\$ 1,170,370	\$ 81,128			
Operation & Maintenance Expense										
2	Net Personnel Expense	\$ (213,275)								\$ (196,537)
3	Operating Supplies/Expense	\$ (686,534)							\$ 200,431	
4	Professional Services Expense	\$ (8,633)						\$ (8,633)		
5	Total: Operations & Maintenance Expense	\$ (908,442)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,633)	\$ 200,431	\$ (196,537)
6	Depreciation Expense	\$ -								
7	Operating Capital	\$ (3,862,859)	\$ (3,862,859)							
	Debt Service	\$ -								
8	Debt Service	\$ -								
9	Debt Service Coverage	\$ 3,222,211		\$ 3,222,211						
10	Operating Allowance	\$ 22,553								
11	Hardship Fund	\$ -								
12	Total Revenue Requirement	\$ (1,526,537)	\$ (3,862,859)	\$ 3,222,211	\$ -	\$ -	\$ -	\$ (8,633)	\$ 200,431	\$ (196,537)
13	Net Income	\$ 3,378,400	\$ 3,862,859	\$ (3,222,211)	\$ 385,084	\$ 1,170,370	\$ 81,128	\$ 8,633	\$ (200,431)	\$ 196,537

Line No.	Description	Payroll Tax Expense	Biosolids Disposal	Insurance Expense	Workers Compensation Expense	Operating Allowance	Electricity Expense	Renewable Energy Credits Revenue
		RCS-11 Revised	RCS-12 Revised	RCS-13	RCS-14	RCS-15 Revised	RCS-16 Added	RCS-17 Added
1	Total Revenue							\$ 215,281
Operation & Maintenance Expense								
2	Net Personnel Expense	\$ (16,738)						
3	Operating Supplies/Expense		\$ (169,523)	\$ (46,379)	\$ (8,913)		\$ (662,149)	
4	Professional Services Expense							
5	Total: Operations & Maintenance Expense	\$ (16,738)	\$ (169,523)	\$ (46,379)	\$ (8,913)	\$ -	\$ (662,149)	\$ -
6	Depreciation Expense							
7	Operating Capital							
	Debt Service							
8	Debt Service							
9	Debt Service Coverage							
10	Operating Allowance					\$ 22,553	\$ -	\$ -
11	Hardship Fund							
12	Total Revenue Requirement	\$ (16,738)	\$ (169,523)	\$ (46,379)	\$ (8,913)	\$ 22,553	\$ (662,149)	\$ -
13	Net Income	\$ 16,738	\$ 169,523	\$ 46,379	\$ 8,913	\$ (22,553)	\$ 662,149	\$ 215,281

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.	Description	NBC Amount (A)	Division Amount (B)	Division Adjustment (C)
1	Debt Service - Principal		\$ 33,164,787	
2	Debt Service - Interest		\$ 16,883,122	
3	Total Debt Service Principal and Interest	\$ 47,470,140	\$ 50,047,909	\$ 2,577,769
4	Multiply by 1.25	1.25	1.25	
5	FY 2024 Total Debt Service	<u>\$ 59,337,675</u>	<u>\$ 62,559,886</u>	<u>\$ 3,222,211</u>
6	Debt Service Coverage	<u>\$ 11,867,535</u>	<u>\$ 12,511,977</u>	<u>\$ 644,442</u>
Adjustment Summary				
7	Principal and Interest			\$ 2,577,769
8	Debt Service Coverage			\$ 644,442
9	Total Adjustment			<u>\$ 3,222,211</u>

Notes and Source

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

Col. B: NBC Schedule DMF Rebuttal - 3

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					Calendar 2022 Actual*	FY 2022 Adjusted Test Year	FY 2023 Estimated	Rate Year FY 2024 Estimated	Docket 4890	Docket 4890 vs. Adjusted Rate Year
	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual						
3 Residential Consumption Fee Revenue Adjustment Per NBC					\$ (385,084)						
4 Division Adjustment Percentage					100.0%						
5 Division Adjustment					\$ 385,084						
Customer Usage Analysis (Hcf) Per Company											
6 Residential	8,233,501	8,199,972	8,110,082	8,710,408	8,080,205		8,080,205	8,029,789	7,979,687	8,153,259	(173,572)
7 Change		-0.4%	-1.1%	7.4%	-0.4%		0.0%	-0.6%	-0.6%		-2.1%
		From FY2018	From FY2019	From FY2020	From FY2021			From FY2022	From FY2023		
8 Change from TY to RY in Hcf									(100,518)		
Customer Usage Analysis (Hcf) Per Division											
9 Residential	8,233,501	8,199,972	8,110,082	8,710,408	8,080,205	8,084,844		8,080,205	[A]	8,153,259	(73,054)
10 Change		-0.4%	-1.1%	7.4%	0.1%			0.0%			-0.9%
		From FY2018	From FY2019	From FY2020		From FY2022		From FY2022			
11 Change from TY to RY in Hcf									-		
12 Proportion of Division Change to Company Change									0.0%		
13 Reciprocal									100.0%		
14 Division Rate Year Usage (Hcf) versus NBC Rate Year Usage (Hcf)									100,518	Line 9 - Line 1	
15 Consumption Charges at Current Rate									\$ 3,831		
16 Adjustment to Consumption Fee Revenue									\$ 385,084		
HCF											
17 [A] Use FY2022 actual					8,080,205						
Compare with Average of FY 2020 and FY 2022 and with actual calendar year 2022:											
18			Average of FY 2020 and FY 2022		8,095,144				14,939		0.2%
19			Average of FY 2019, FY 2020 and FY 2022		8,130,086				49,881		0.6%
20			Calendar 2022		8,084,844				4,639		0.1%
* 2022 Calendar Year Residential Consumption Per DIV 2-1											
	Month	Hcf									
21	Jan-22	670,556									
22	Feb-22	589,694									
23	Mar-22	650,741									
24	Apr-22	560,921									
25	May-22	528,033									
26	Jun-22	508,833									
27	Jul-22	744,962									
28	Aug-22	730,935									
29	Sep-22	786,683									
30	Oct-22	820,725									
31	Nov-22	787,599									
32	Dec-22	705,162									
33	Total 2022	8,084,844									

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
3 Commercial Consumption Fee Revenue Adjustment Per NBC	\$ (1,076,994)
4 Division Adjustment Percentage	108.7%
5 Division Adjustment	\$ 1,170,370

	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
<u>Customer Usage Analysis (Hcf) Per Company</u>											
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 FY2020	From FY2020						
8 Change from TY to RY in Hcf									(187,173)		
<u>Customer Usage Analysis (Hcf) Per Division</u>											
9 Commercial	4,694,089	4,750,934	4,267,362	4,141,550	4,373,066	4,389,294	4,373,066	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%		-6.2%
		From FY2018	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%		
14 Division Rate Year Usage (Hcf) versus NBC Rate Year Usage (Hcf)									203,401	Line 9 - Line 1	
15 Consumption Charges at Current Rate									\$ 5,754		
16 Adjustment to Consumption Fee Revenue									\$ 1,170,369		
17 * 2022 Calendar Year Commercial Consumption Per DIV 2-2			2020	2021	2022						
18 Change in HCF			4,050,251	4,323,806	4,389,294						
19 Percentage Change				273,555	65,488						
				6.8%	1.5%						

	Month	Hcf
20	Jan-22	320,533
21	Feb-22	333,151
22	Mar-22	379,267
23	Apr-22	324,475
24	May-22	317,517
25	Jun-22	261,268
26	Jul-22	403,094
27	Aug-22	395,297
28	Sep-22	435,136
29	Oct-22	383,212
30	Nov-22	416,142
31	Dec-22	420,202
32	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	41511	Adjustment to Industrial Consumption Fee Revenue	\$ (171,083)	\$ (89,955)	\$ 81,128
2		Percentage of NBC Adjustment		52.6%	47.4%

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					Calendar 2022 Actual*	FY 2022 Adjusted Test Year	FY 2023 Estimated	Rate Year FY 2024 Estimated	Docket 4890	Docket 4890 vs. Adjusted Rate Year	
	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual							
3	Industrial Consumption Fee Revenue Adjustment Per NBC											
4	Division Adjustment Percentage											
5	Division Adjustment											
Customer Usage (Hcf) Per Company												
6	Industrial	655,659	662,824	540,383	524,473	568,219	568,219	545,057	522,839	673,807	(150,968)	
7	Change		1.1%	-18.5%	-2.9%	5.2%	0.0%	-4.1%	-4.1%		-22.4%	
			From FY2018	From FY2019	From FY2020	From FY2020						
8	Change from TY to RY in Hcf									(45,380)		
Customer Usage Analysis (Hcf) Per Division												
9	Industrial	655,659	662,824	540,383	524,473	568,219	536,617	568,219	544,358 [A]	673,807	(129,449)	
10	Change		1.1%	-18.5%	-2.9%	8.3%	2.3%				-19.2%	
			From FY2018	From FY2019	From FY2020	From FY2021	From FY2020					
11	Change from TY to RY in Hcf									(23,861)		
12	Proportion of Division Change to Company Change									52.6%		
13	Reciprocal									47.4%		
14	Division Rate Year Usage (Hcf) versus NBC Rate Year Usage (Hcf)									21,519	Line 9 - Line 1	
15	Consumption Charges at Current Rate									\$ 3,770		
16	Adjustment to Consumption Fee Revenue									\$ 81,128		
[A] Average of FY 2020, FY 2021 and FY 2022												
17	* 2022 Calendar Year Industrial Consumption Per DIV 2-3		2019	2020	2021	2022	Average 2019-2022	Average 2020-2022				
18	Change in HCF		590,231	503,848	580,116	536,617	552,703	540,194				
19	Percentage Change			-86,383	76,268	-43,499						
				-14.6%	15.1%	-7.5%						
Monthly Breakdown												
		Month	Hcf									
20		Jan-22	43,631									
21		Feb-22	43,998									
22		Mar-22	53,004									
23		Apr-22	51,781									
24		May-22	37,275									
25		Jun-22	51,406									
26		Jul-22	44,237									
27		Aug-22	39,436									
28		Sep-22	39,058									
29		Oct-22	46,846									
30		Nov-22	44,014									
31		Dec-22	41,931									
32		Total 2022	536,617									

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	\$ 608,858	\$ 600,225	
2		Rate Case	\$ 50,000	\$ 50,000	
3		Other Regulatory Expense	\$ 18,884	\$ 18,884	[1]
4		Total	<u>\$ 677,742</u>	<u>\$ 669,109</u>	<u>\$ (8,633)</u>

Notes and Source

Col. A: Company proposed amount from NBC Rebuttal Testimony of David M. Fox, page 16

Note 1: Also see NBC's response to DIV 7-5.

Division Proposed Amount			
5	PUC Assessment for FY 2023	\$ 564,646	Div 1-55
6	PUC Assessment for FY 2022	\$ 529,067	
7	Increase	<u>\$ 35,579</u>	
8	Estimated PUC Assessment for FY 2024	<u>\$ 600,225</u>	L5 + L7

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 Application Amount (B)	NBC FY 2024 Budget Amount (B1)	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		
Adjustment Components Updated in Division's Surrebuttal									
6	53630	MAINTENANCE CONTRACTS	\$ 655,157	\$ 792,740	\$ 756,526	\$ -	\$ -		
7	53645	SOFTWARE SUBSCRIPTION	\$ 889,671	\$ 1,076,502	\$ 394,800	\$ -	\$ -		
7a	53646	SOFTWARE MAINTENANCE			\$ 1,172,177				
8		Total Maintenance Con. & Software Sub.	\$ 1,544,828	\$ 1,869,242	\$ 2,323,503	\$ 2,323,503 [5]	\$ 454,261 [5]	21%	50%
9	54340	LAB, MEDICAL SUPPLIES	\$ 458,017	\$ 750,415	\$ 385,100				
9a	54345	LAB CHEMICALS & GASES			\$ 270,700				
9b		Combined Amount for Two Accounts	\$ 458,017	\$ 750,415	\$ 655,800	\$ 655,800 [5]	\$ (94,615) [5]	64%	43%
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 as Updated and Revised					\$ 200,431		

Notes and Source

Columns A, B and C: See page 2

Col. B1: NBC's response to DIV 7-4

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.

Note 5: For these combined accounts, NBC's FY 2024 budgeted amounts from NBC's response to DIV 7-4 are being used.

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

Line No.	Account Number	Account Description	Per NBC										NBC Projected FY2023 Over (Under) NBC's FY2023 Budget (I)=E-H	Percentage Over (Under) statement of FY2023 Budget (J)= I/H	Rate Year FY2024 Adjusted by Col.J Percentage (K)	Adjustment to NBC's FY2024 Rate Year Amount (L)= K-F	Rate Year FY2024 Over (Under) FY2022 Amount (M)=K-C	Percent Increase (Decrease) from FY2022 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	FY2023 Budget (H)								
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%		
See page 1, lines 6 through 9b for Revised Division Adjustment for the Combination of Accounts Shown There																		
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	159.5%						
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	54340	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	54370	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: FY2023 Budget Amounts from Division 3-27

Narragansett Bay Commission
Wages and Salaries Expense

Docket No. 22-47-WW
Schedule RCS-10
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Revised

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

Line No.	Description	Total Rate Year Payroll Expense (A)	Salary Reimbursement Account 59000 (B)	Fringe Reimbursement Account 59001 (C)	Net Adjustment (D)
1	Rate Year Payroll Expense per Division	\$ 20,312,560	\$ (1,804,478)	\$ (978,952)	\$ 17,529,129
2	Rate Year Payroll Expense per NBC	<u>\$ 20,533,985</u>	<u>\$ (1,835,987)</u>	<u>\$ (972,331)</u>	<u>\$ 17,725,667</u>
3	Division Adjustment to Payroll Expense	<u>\$ (221,425)</u>	<u>\$ 31,509</u>	<u>\$ (6,621)</u>	<u>\$ (196,537)</u>

Notes and Source

Cols. A-D: See detail on page 2

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

Line No.	Description	Union Salary Account 52100 (A)	Non-Union Regular Account 52300 (B)	Union Overtime Account 52150 (C)	Non-Union Overtime Account 52350 (D)	Non-Union Limited Account 52400 (E)	Total (F)	Salary Reimbursement Account 59000 (G)	Fringe Reimbursement Account 59001 (H)	Net Adjustment (I)	Reference
Per NBC											
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)		
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	\$ -	\$ -		L1 x L2
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%		
9	7/1/2023 Contracted Step Increase	\$ 108,935	\$ -	\$ 11,566	\$ -	\$ -	\$ 120,501	\$ -	\$ -		L7 x L8
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%		
12	7/1/2023 COLA/Merit Increase	\$ 168,278	\$ 600,207	\$ 17,867	\$ 12,635	\$ 1,541	\$ 800,528	\$ (87,428)	\$ (47,431)		L10 x L11
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
Using a 2.5% Non-Union Merit Increase											
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%	3.198%	2.50%	3.198%	3.198%		3.198%	3.198%		
16	7/1/2023 COLA/Merit Increase	\$ 168,278	\$ 383,891	\$ 17,867	\$ 8,081	\$ 986	\$ 579,103	\$ (55,919)	\$ (30,337)		L14 x L15
17	Rate Year Payroll Expense per Division	\$ 6,899,394	\$ 12,388,028	\$ 732,552	\$ 260,775	\$ 31,811	\$ 20,312,560	\$ (1,804,478)	\$ (978,952)		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)	\$ (216,316)	\$ (0)	\$ (4,554)	\$ (555)	\$ (221,425)	\$ 31,509	\$ (6,621)	\$ (196,537)	L17 - L18

Notes and Source

Lines 1-13: Amounts from Schedule DMF-16 from NBC's filing

Line 15: See the Surrebuttal 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 (see page 3)	3.198%	

Narragansett Bay Commission
Wages and Salaries Expense

Docket No. 22-47-WW
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Page 3 of 3
Added

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

Line No.	Description	Reference	Amount (A)		
1	Executive Director		\$ 204,139		
2	Chief Financial Officer		\$ 197,201		
3	Director of Construction and Engineering		\$ 184,730		
4	Construction Manager		\$ 156,874		
5	Engineering Manager		\$ 156,874		
6	Top 5 Non-Union Positions		\$ 899,818		
7	88 Remaining Non-Union Employees Earning at Least \$68,305 (88 x \$68,305)		\$ 6,010,840		
8	Estimated Non-Union Employees Earning at Least \$68,305	L6 + L7	\$ 6,910,658		
9	Non-Union Regular - Account 52300		\$ 12,004,137		
10	Estimated Amount for Non-Union Employees Under \$68,305 Per Year	L9 - L8	\$ 5,093,479		
				Amount	Increase
					(B)
11	Non-Union Regular for Positions Earning at Least \$68,305 Per Year	Line 8	\$ 6,910,658		2.50%
12	Non-Union Regular for Under \$68,305 Per Year	Line 10	\$ 5,093,479		4.145%
13	Total Non-Union Regular Wages and Salaries Expense	Line 9	\$ 12,004,137		
14	Weighted Average Non-Union Increase				3.198%
					(C)
					\$ 172,766
					\$ 211,125
					\$ 383,891

Notes and Source

NBC response to DIV 7-15(e) and (f)

Col. B, Line 12: NBC Rebuttal Testimony of David Fox, page 21

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)	
Per NBC					
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
Per Division					
6	Rate Year Salaries	\$ 20,312,560	\$ 20,312,560		Sch. RCS-10
7	Wages Over FICA Limit*	\$ (186,089)	\$ -		Col. B, Line 16
8	Wages Subject to FICA	\$ 20,126,471	\$ 20,312,560		
9	Payroll Tax Rates	6.20%	1.45%		
10	Adjustment to Payroll Tax Expense Per Division	\$ 1,247,841	\$ 294,532	\$ 1,542,373	L8 x L9
11	Division Adjustment to Payroll Tax Expense	\$ (13,527)	\$ (3,211)	\$ (16,738)	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	1.032
16 7/1/2023 Merit Adjustment	\$ 189,338	\$ 186,089

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
	Per NBC				
1	Rate Year Biosolids Expense	9,997	\$ 624.58	\$ 6,243,887	A
	Per Division - Revised				
2	Rate Year Biosolids Expense	10,365	\$ 586.04	<u>\$ 6,074,364</u>	B
3	Division Adjustment to Rate Year Biosolids Expense		<u>\$ (38.54)</u>	<u>\$ (169,523)</u>	Col. C, L2 - L1

Notes and Source

A: Amounts from Schedule DMF-24 from NBC's filing. Line 2, Dry Tons quantity updated based on NBC Schedule DMF Rebuttal - 6 and NBC's responses to DIV 7-1 and DIV 7-2

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	Revised Rate Year*			
Biosolids Dry Tons Production									
1	Bucklin Point	2,241	2,048	2,072	2,120	2,077			
2	Field's Point	7,985	7,638	8,007	7,877	8,288			
3	Total	10,226	9,686	10,079	9,997	10,365			
Projected Disposal Rate									
Contract Period		Base Rate	Synagro Adjustments	Base Rate Including Synagro Adjustments	CPI Adjustment	Updated Base Rate	Change of Law	Total Rate/Dry Ton	
4	Jan 2022 - Dec 2022	\$ 508.79	\$ -	\$ 508.79	0%	\$ 508.79	\$ 24.86	\$ 533.65	
5	Jan 2023 - Dec 2023	\$ 508.79	\$ 25.00	\$ 533.79	3.10%	\$ 550.34	\$ 24.86	\$ 575.20	
6	Jan 2024 - Dec 2024	\$ 550.34	\$ 8.00	\$ 558.34	2.30%	\$ 571.18	\$ 24.86	\$ 596.04	
Composite Rate (3-year Average)									
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%	\$ 586.04	to page 1, Col. B, Line 2				
July - December									
		FY 2020	FY 2021	FY 2022	Avg.				
10	Bucklin Point	1,222	1,040	1,051					
11	Field's Point	3,985	3,479	3,768					
12	Subtotal	5,207	4,519	4,818	48.5%				
January - June									
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 Direct Testimony of Division witness Ralph Smith

* Revised Rate Year amounts from NBC Schedule DMF Rebuttal - 6

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

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

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

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	\$ 21,198,922	
3	Professional Services	\$ 1,320,054	\$ 2,198,672		\$ 2,190,039	
4	Total Operations & Maintenance	\$ 18,713,779	\$ 52,045,511	\$ 21,885,456	\$ 23,388,962	
5	Operating Allowance Percentage	1.50%		1.50%	1.50%	
6	Annual Operating Allowance	\$ 280,707	\$ 328,282	\$ 328,282	\$ 350,834	\$ 22,553

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 Exhibit RCS-4, Schedule RCS-1, pages 4-5

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

Line No.	Description	Account Number	Updated Rate Year Electricity Expense (A)	Rate Year Electricity Expense in NBC's Application (B)	Division Adjustment (C)
1	Electricity	54090	\$ 5,860,372	\$ 6,919,434	\$ (1,059,062)
2	NBC Net Metering Credit	54091	\$ (1,891,888)	\$ (2,168,169)	\$ 276,281
3	FP Turbines	54092	\$ 268,490	\$ 268,490	\$ -
4	Coventry Wind	54093	\$ 244,645	\$ 244,645	\$ -
5	Green PPA	54095	\$ 2,478,150	\$ 2,840,045	\$ (361,895)
6	Green PPA Net Metering Credits	54096	\$ (3,304,199)	\$ (3,786,726)	\$ 482,527
7	Biogas	54097	\$ 1,700	\$ 1,700	\$ -
8	Total		<u>\$ 3,657,270</u>	<u>\$ 4,319,419</u>	<u>\$ (662,149)</u>

Notes and Source

Col. A: Table with updated Electric Expense provided in NBC's supplemental response to DIV 7-16 to replace the table shown on page 31 of NBC witness David Fox's Rebuttal Testimony
Col. B: Amounts from Schedule 1 from NBC's November 4, 2022 General Rate Filing

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

Line No.	Description	Rate Year As-Filed FY 2024 (A)	Rebuttal Rate Year As-Filed FY 2024 (B)	NBC Rebuttal Adjustment (C)
REC Income FP Turbines (42604)				
1	kWh Produced	7,403,433	7,403,433	
2	REC Rate	\$ 22.65	\$ 30.00	
3	Renewable Energy Credits Revenue for FP Turbines	<u>\$ 167,688</u>	<u>\$ 222,103</u>	<u>\$ 54,415</u>
REC Income Coventry (42605)				
4	kWh Produced	7,968,865	7,968,865	
5	REC Rate	\$ 22.65	\$ 30.00	
6	Renewable Energy Credits Revenue for Coventry	<u>\$ 180,495</u>	<u>\$ 239,066</u>	<u>\$ 58,571</u>
REC Income PPA (42606)				
7	kWh Produced	13,917,693	13,917,693	
8	REC Rate	\$ 22.65	\$ 30.00	
9	Renewable Energy Credits Revenue for PPA	<u>\$ 315,236</u>	<u>\$ 417,531</u>	<u>\$ 102,295</u>
10	Total Adjustment			<u>\$ 215,281</u>

Notes and Source

Cols. A-C: Amounts from NBC Schedule Rebuttal DMF-7

Narragansett Bay Commission
Docket No. 22-47-WW
Exhibit RCS-5
Division Rate Design and Proof of Revenue Schedules
Accompanying the Surrebuttal Testimony of Ralph Smith

CONTENTS

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

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	\$ 114,161,190	\$ (1,413,137)
2	Less: Projected Rate Year Miscellaneous Revenues	<u>(3,006,527)</u>	<u>(3,221,809)</u>	<u>(215,281)</u>
3	Net Revenue Requirement to be Recovered through User Charges	112,567,800	110,939,381	(1,628,419)
4	Rate Year User Charge Revenue without Increase	<u>101,309,840</u>	<u>102,946,422</u>	<u>1,636,582</u>
5	Revenue Increase	<u>\$ 11,257,959</u>	<u>\$ 7,992,959</u>	<u>\$ (3,265,000)</u>
6	Calculation of Across the Board Increase Percentage	11.11%	7.76%	-3.35%

Notes and Source:

Col. A: Schedule 35 from NBC's filing

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)
User Fee Revenues								
Residential								
1	Customer Charges (per dwelling unit)	\$ 238.74	7.76%	\$ 257.28	121,952		121,952	\$ 31,375,351
2	Residential Wells	542.46	7.76%	\$ 584.58	348		348	\$ 203,433
3	Consumption Charges (per HCF)	3.831	7.76%	\$ 4.128	7,979,687	100,518	8,080,205	\$ 33,358,692
4	Total Residential							64,937,476
Non-Residential								
Customer Charges (per Meter Size)								
5	5/8"	566.00	7.76%	\$ 609.95	3,498		3,498	\$ 2,133,893
6	3/4"	849.00	7.76%	\$ 914.92	1,018		1,018	\$ 931,387
7	1"	1,415.00	7.76%	\$ 1,524.86	1,283		1,283	\$ 1,956,400
8	1 1/2"	2,831.00	7.76%	\$ 3,050.80	839		839	\$ 2,559,625
9	2"	4,529.00	7.76%	\$ 4,880.64	1,223		1,223	\$ 5,969,023
10	3"	8,492.00	7.76%	\$ 9,151.34	87		87	\$ 796,166
11	4"	14,154.00	7.76%	\$ 15,252.94	35		35	\$ 533,853
12	6"	28,308.00	7.76%	\$ 30,505.89	34		34	\$ 1,037,200
13	8"	45,292.00	7.76%	\$ 48,808.56	12		12	\$ 585,703
14	10"	65,108.00	7.76%	\$ 70,163.11	1		1	\$ 70,163
15	Subtotal Customer Charges							16,573,412
16	Commercial Consumption Charges (per HCF)	5.754	7.76%	\$ 6.201	4,185,893	203,401	4,389,294	\$ 27,216,922
17	Industrial Consumption Charges (per HCF)	3.770	7.76%	\$ 4.063	522,839	21,519	544,358	\$ 2,211,570
18	Total Non-Residential							46,001,905
19	Total User Fee Revenues							110,939,381
Non-User Charge Revenue								
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							\$ 222,103
29	REC Income WED Wind							\$ 239,066
30	REC Income WED Solar							\$ 417,531
31	REC Income Biogas Electric							\$ 440
32	Septage Income							\$ 355,825
33	Interest Income Revenue							\$ 196,200
34	Interest Income EOF							\$ -
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							\$ 3,221,809
54	Total Revenues							\$ 114,161,190
55	Total Revenue Requirement							\$ 114,161,190

Notes and Source:

Col. A: Schedule 36 from NBC filing

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

2.00%

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

Line No.		Adjusted Test Year	Proposed Rate Year	Dollar Increase	Percent Increase
<u>Residential - 73.2 Hcf</u>					
1	Customer Charge	\$ 238.74	\$ 257.28	\$ 18.54	7.76%
2	Consumption	280.43	302.20	21.77	7.76%
3	<i>Total: Residential - 73.2 Hcf</i>	519.17	559.48	40.31	7.76%
<u>Commercial - 244 Hcf, 5/8"</u>					
4	Customer Charge	566.00	609.95	43.95	7.76%
5	Consumption	1,403.98	1,512.98	109.01	7.76%
6	<i>Total: Commercial - 244 Hcf, 5/8"</i>	1,969.98	2,122.93	152.95	7.76%
<u>Commercial - 2,440 Hcf, 2"</u>					
7	Customer Charge	4,529.00	4,880.64	351.64	7.76%
8	Consumption	14,039.76	15,129.83	1,090.07	7.76%
9	<i>Total: Commercial - 2,440 Hcf, 2"</i>	18,568.76	20,010.47	1,441.71	7.76%
<u>Industrial - 244 Hcf, 5/8"</u>					
10	Customer Charge	566.00	609.95	43.95	7.76%
11	Consumption	919.88	991.30	71.42	7.76%
12	<i>Total: Industrial - 244 Hcf, 5/8"</i>	1,485.88	1,601.25	115.37	7.76%
<u>Industrial - 2,440 Hcf, 2"</u>					
13	Customer Charge	4,529.00	4,880.64	351.64	7.76%
14	Consumption	9,198.80	9,913.01	714.21	7.76%
15	<i>Total: Industrial - 2,440 Hcf, 2"</i>	13,727.80	14,793.65	1,065.85	7.76%

Notes and Source:

Schedule 37 from NBC filing

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

Line No.	Description	Division As-Filed Direct Testimony (A)	Division Surrebuttal (B)	Difference (C)	Division Schedule/Reference
1	Net Income Per NBC's November 4, 2022 General Rate Filing	\$ (11,371,359)	\$ (11,371,359)		Sch. RCS-1
Division Revenue Adjustments					
2	Residential Consumption Fee Revenue	\$ 385,084	\$ 385,084	\$ -	Sch. RCS-5
3	Commercial Consumption Fee Revenue	\$ 1,170,370	\$ 1,170,370	\$ -	Sch. RCS-6
4	Industrial Consumption Fee Revenue	\$ 81,128	\$ 81,128	\$ -	Sch. RCS-7
5	Renewable Energy Credits Revenue	\$ -	\$ 215,281	\$ 215,281	Sch. RCS-17
6	Total Division Revenue Adjustments	<u>\$ 1,636,582</u>	<u>\$ 1,851,863</u>	<u>\$ 215,281</u>	
Division Expense Adjustments					
7	Operating Capital Correction	\$ (3,862,859)	\$ (3,862,859)	\$ -	Sch. RCS-3
8	Fiscal Year 2024 Debt Service	\$ (1,249,958)	\$ 3,222,211	\$ 4,472,169	Sch. RCS-4
9	PUC Assessment and Regulatory Expense	\$ (27,517)	\$ (8,633)	\$ 18,884	Sch. RCS-8
10	NBC "Trend Accounts" Expense Adjustment	\$ (776,027)	\$ 200,431	\$ 976,458	Sch. RCS-9
11	Wages and Salaries Expense	\$ (263,477)	\$ (196,537)	\$ 66,940	Sch. RCS-10
12	Payroll Tax Expense	\$ (23,221)	\$ (16,738)	\$ 6,483	Sch. RCS-11
13	Biosolids Disposal	\$ (385,293)	\$ (169,523)	\$ 215,770	Sch. RCS-12
14	Insurance Expense	\$ (46,379)	\$ (46,379)	\$ -	Sch. RCS-13
15	Workers Compensation Expense	\$ (8,913)	\$ (8,913)	\$ -	Sch. RCS-14
16	Operating Allowance	\$ 14,318	\$ 22,553	\$ 8,234	Sch. RCS-15
17	Electricity Expense	\$ -	\$ (662,149)	\$ (662,149)	Sch. RCS-16
18	Total Division Expense Adjustments	<u>\$ (6,629,326)</u>	<u>\$ (1,526,537)</u>	<u>\$ 5,102,789</u>	
19	Total Division Adjustments	<u>\$ 8,265,908</u>	<u>\$ 3,378,400</u>	<u>\$ (4,887,508)</u>	L6 - L18
20	Division Net Income	<u>\$ (3,105,451)</u>	<u>\$ (7,992,959)</u>	<u>\$ (4,887,508)</u>	L1 + L19

Notes and Source

Col. A: Amounts from Exhibit RCS-2

Col. B: Amounts from Exhibit RCS-4

Col. C: Col. B - Col. A