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April 24, 2023

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**Re: *Docket No. 22-47-WW- The Narragansett Bay Commission
General Rate Filing***

Dear Ms. Massaro:

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

1. The Narragansett Bay Commission's Rebuttal Testimony of David M. Fox.

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

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf

cc: Docket 22-47-WW Service List (*via electronic mail*)

**REBUTTAL TESTIMONY OF
Mr. David M. Fox, Senior Manager
Raftelis Financial Consultants, Inc.**

**for
THE NARRAGANSETT BAY COMMISSION**

DOCKET No. 22-47-WW

APRIL 24, 2023

REBUTTAL TESTIMONY OF
Mr. David M. Fox, Senior Manager
Raftelis Financial Consultants, Inc.
For
THE NARRAGANSETT BAY COMMISSION
DOCKET No. 22-47-WW
APRIL 24, 2023

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1. Rebuttal Testimony of David M. Fox
2. Rebuttal Schedules of David M. Fox
3. Attachment DMF- Rebuttal Exhibit 1

1 **I. INTRODUCTION**

2 **Q. Would you please state your name and business address?**

3 A. My name is David M. Fox, and my business address is 24 Superior Drive, Suite, 107, Natick,
4 Massachusetts 01760.

5
6 **Q. Are you the same David M. Fox who filed direct testimony on behalf of the Narragansett
7 Bay Commission (NBC) in this Docket?**

8 A. Yes, I am.
9

10 **II. OVERVIEW**

11 **Q. What is the purpose of this rebuttal testimony?**

12 A. This rebuttal testimony serves three purposes. First, I would like to respond to certain points
13 and conclusions set forth in the March 28, 2023, testimony of Ralph C. Smith, CPA filed on
14 behalf of the Division of Public Utilities and Carriers (“Division”).

15
16 Second, my testimony includes updates on expenses and other items relevant to this Docket
17 that have come to NBC’s attention since the original application for rate relief filing on
18 November 4, 2022.

19
20 Third, my testimony includes a proposal for the establishment of a reserve account to
21 mitigate risks associated with the cost of electricity and NBC’s sustainable energy program.
22

23 **Q. Do you have any general comments regarding the Division’s proposed adjustments to the
24 NBC’s rate base or cost of service?**

25 A. Yes. First, the Division is correct that there were some errors in my schedules and associated
26 testimony. NBC addressed these in responses to data requests and I have made these
27 corrections in my rebuttal schedules.
28

1 Second, I note that the Division used figures from NBC's FY 2023 budget for comparison
2 purposes and development of its rate year adjustments. Although I agree there is valuable
3 information in NBC's budget, it is a planning document based on information that was
4 available prior to the end of FY 2022, the test year in this Docket. The budget figures were
5 prepared well before the submittal of NBC's rate application and include projections that
6 would not meet the threshold of being known and measurable. Therefore, I did not base my
7 rate case figures on the budget and instead I used actual data available from the audited test
8 year that was not available at the time of budget development.

9
10 Third, the Division purports that three years are not sufficient to support a trend. I disagree
11 that three years is too short of a period to extrapolate a trend. In prior rate cases, three years
12 has been an acceptable time period. Further, the Division did not necessarily use consistent
13 methods for the development of its rate year projections. In the case of consumption for
14 example, three different methods were used to arrive at the rate year amounts.

15
16 Lastly, I would like to add additional information that has become available, which I used to
17 develop my rebuttal testimony.

18
19 **Q. How would you like to proceed with your testimony?**

20 A. I will address issues raised by the Division in the same order as set forth in Mr. Smith's
21 testimony. I will also provide testimony regarding rate year debt service and in support of the
22 establishment of a reserve account for electricity, sustainable energy, and related accounts.
23 I have provided a summary cost of service schedule reflecting my rebuttal adjustments and
24 the rebuttal rate year as Schedule DMF Rebuttal - 1 Rate Year. I have also attached schedules
25 supporting each of my rebuttal adjustments.

1 **III. NBC’S REBUTTAL POSITION**

2 **1. NBC’S MULTI-YEAR RATE INCREASE REQUEST**

3 **Q. Have you reviewed the Division’s testimony regarding the proposed multi-year rate plan**
4 **and NBC’s updated debt service requirements?**

5 A. Yes.

6
7 **Q. Why has NBC’s projected debt issuance changed from what was originally filed in this**
8 **Docket?**

9 A. NBC prepares a six-year Capital Improvement Program (CIP) and updates it annually. As part
10 of this CIP development, project managers provide updated cash draws, project schedules,
11 and identify new projects. More cost information becomes available as projects proceed
12 through design, are put out to bid, and are under construction. NBC’s projects are complex,
13 and their costs are impacted by several factors. The construction of the CSO Phase III A
14 Facilities and deep rock tunnel is particularly complex.

15
16 The Division correctly points out that NBC’s capital needs have changed. NBC’s rate
17 application, and multi-year rate request for debt service, was based on the 2023 CIP adopted
18 in February 2022. Since the filing, NBC adopted the 2024 CIP, and it is \$107.4 million higher
19 during FY 2024 – FY 2028. The primary drivers for the increases are the financial impacts of
20 supply chain issues, labor shortages and increases in fuel, labor, and equipment costs. The
21 following table shows a year-over-year comparison of the FY 2024 – FY 2028 programmed
22 capital improvements.

23

Capital Improvement Program	
FY 2024 - FY 2028 Programmed Costs	
<i>(in thousands)</i>	
FY 2023 CIP (as filed)	\$ 562,150
FY 2024 CIP (adopted 3/7/23)	669,523
	\$ 1,073,673

24

1 The higher costs and updated schedules in the new CIP have impacted NBC’s borrowing plans,
 2 including the timing of debt issuances. In response to DIV 3-2, NBC provided the following
 3 table that compares the proposed debt issuances by fiscal year as filed compared to the
 4 updated CIP. Total debt needs are \$116.5 million higher while projected debt issuance in FY
 5 2024 and FY 2025 decreased from \$250.0 million to \$189.0 million. NBC’s original filing did
 6 not include any debt issuance in FY 2026 – FY 2028, and the updated CIP now shows
 7 borrowings of \$177.5 million during that period.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
As filed	\$100,000,000	\$190,000,000	\$ 60,000,000		\$ -	\$ -	\$350,000,000
Updated CIP	100,000,000	50,000,000	138,984,594	106,775,044	60,737,608	10,015,831	466,513,077
Difference	-	(140,000,000)	78,984,594	106,775,044	60,737,608	10,015,831	\$116,513,077

9
10
11 **Q. What is NBC’s rebuttal position on the multi-year rate request for debt service and debt**
 12 **service coverage?**

13 A. As set forth in NBC’s response to Div. 3-2, NBC has already withdrawn its request for rate
 14 increases in FYs 2026, 2027 and 2028 based on the changes in the CIP and borrowing needs.
 15 As further set forth in NBC’s response:

16
17 “NBC would prefer to only have the Commission rule on a rate increase for FY 2024 *and*
 18 have the debt service compliance filing mechanism reinstated. This will allow NBC to deal
 19 with future rate increases attributable solely to debt through the debt service compliance
 20 filing mechanism rather than filing full rate cases and multi-year rate increases. However,
 21 NBC does not wish to formally withdraw its multi-year request for FY 2024 and FY 2025
 22 at this time in the event the Commission does not reinstate the multi-year compliance
 23 filing mechanism, because it is not in the ratepayers’ best interest to have NBC file
 24 another full rate case at the conclusion of this case to solely address the increase needed
 25 in FY 2025 for debt service.”

26
27 It should be noted that the Division supports this position.
 28

1 **Q. What are the requirements for the debt service compliance filings?**

2 A. The filing requirements originally established in Docket 3483 for NBC's debt service
3 compliance filing mechanism are as follows:

- 4 (1). Be filed no later than sixty days prior to its effective date;
- 5 (2). Be limited for debt service and debt service coverage for CIP projects;
- 6 (3). Contain a revised limited cost of service schedule reflecting the changes to the
7 revenue and expense accounts affected by the Variable Rate Debt Obligation in Tax
8 Exempt Commercial Paper ("VRDO/TECP") program;
- 9 (4). Contain testimony and schedules in support of the debt service and debt service
10 coverage proposed as well as current and projected annual debt service payment
11 schedule;
- 12 (5). Contain a summary of funds currently available for the CIP program and the projected
13 funding needed for the rate year period;
- 14 (6). Contain a summary of funding received from Rhode Island Clean Water Finance
15 Agency (RICWFA), now known as the Rhode Island Infrastructure Bank (RIIB), including
16 funds requested, received, the interest rate, and repayment schedules;
- 17 (7). Contain a summary of how prior years' debt service coverage funds were utilized;
- 18 (8). Contain a calculation of new rates based on a uniform percentage increase to rates;
19 and,
- 20 (9). Contain a showing of compliance with prior Commission orders and the requirements
21 of Section 5.11 of the Commission's Rule of Practice and Procedure.

22

23 **Q. Does the transition from multi-year rate relief to the debt service compliance filing
24 mechanism impact NBC's rate year revenue requirement for debt service and debt service
25 coverage?**

26 A. Yes, and I will address the rate year requirement for debt service and debt service coverage
27 later in my testimony.

28

29

1 **2. TEST YEAR AND RATE YEAR**

2 **Q. Does NBC’s application include projected cost increases occurring beyond the rate year**
3 **ending June 30, 2024, for certain expenses other than debt service?**

4 A. No. It does not.

5
6 **3. DIVISION ADJUSTMENTS - OPERATING CAPITAL AND LEASE/SUBSCRIPTIONS**

7 **Q. Do you agree with the Division’s removal of the Operating Capital amounts of \$3,862,859?**

8 A. Yes. NBC funds the Operating Capital accounts through Operating Capital Account –
9 Restricted OCP in the Project Fund. Therefore, this expense should not be included in the
10 Total Revenue Requirement for the Rate Year. Please see my Schedule DMF Rebuttal - 2
11 Operating Capital and note that I have made this adjustment in my rebuttal rate year.

12
13 **Q. Do you agree with the Division’s adjustment for Lease/Subscriptions expense of \$113,400?**

14 A. Yes. I did not include the Lease/Subscriptions expense in the total Rate Year Revenue
15 Requirement in my cost of service schedule as filed. I made this adjustment in my rebuttal
16 rate year.

17
18 **4. FY 2024 DEBT SERVICE COST**

19 **Q. Have you had an opportunity to review the Division’s proposed rate year allowance for**
20 **Debt Service and Debt Service Coverage?**

21 A. Yes. The Division testimony supports the continuance of the debt service compliance filing
22 mechanism and NBC’s withdrawal of its request for multi-year rate relief to fund debt service
23 and debt service coverage. Mr. Smith testified that:

24 “...new rates for NBC should be approved in this case based on adjusted FY2024 Rate
25 Year results. As noted above, increases in NBC’s cost of service that are related to
26 debt service costs for fiscal years subsequent to FY 2024 should be addressed by
27 extending the Debt Service Compliance Filing Mechanism.” (Smith Direct, p. 11, ll.
28 29-32)

29
30
31
32

1 **Q. Do you agree with the Division’s adjustment to debt service.**

2 A. No, because if this adjustment is made, NBC won’t have sufficient funds to service the debt
3 it plans to issue in 2024 and its existing debt.

4
5 **Q. Can you please explain?**

6 A. Yes. NBC’s existing debt will incorporate a \$100 million loan from the Rhode Island
7 Infrastructure Bank (RIIB) that NBC plans to close in the next 60 days, which is prior to the
8 rate year. In addition, NBC has applied for and plans to execute a \$50 million loan from RIIB
9 prior to June 30, 2024, which is the end of the rate year in this docket (FY 2024).

10

11 **Q. Can you describe how the rate year amounts for debt service and debt service coverage are**
12 **typically determined ?**

13 A. Yes, and I have prepared my rebuttal rate year debt service accordingly. The Trust Indenture
14 requires NBC to demonstrate sufficient coverage in the year debt is issued and the
15 subsequent three years. In order to comply with the Indenture, the year with the highest
16 annual debt service and debt service coverage in the three years following debt issuance has
17 been used to determine the rate year revenue requirement.

18

19 The following table shows the existing and projected debt service associated with debt that
20 will be issued prior to the period ending June 30, 2024, the rate year in this docket.

21

Fiscal Year	Existing Debt		Total Debt			Debt plus		
	Service	SRF 23	SRF 24	Service	Coverage	Coverage	Principal	Interest
2024	\$ 43,554,340	\$ 3,915,800	\$ 333,333	\$ 47,803,473	\$ 11,950,868	\$ 59,754,341	\$ 31,344,795	\$ 16,458,678
2025	42,942,893	3,915,800	2,980,000	49,838,693	12,459,673	62,298,366	32,190,162	17,648,531
2026	43,025,508	3,915,800	3,106,600	50,047,908	12,511,977	62,559,885	33,164,787	16,883,122
2027	42,436,910	3,915,800	3,402,800	49,755,510	12,438,877	62,194,387	33,618,178	16,137,332
2028	42,212,310	3,915,800	3,400,800	49,528,910	12,382,227	61,911,137	34,158,611	15,370,299

22

23

24 Debt service and debt service coverage in the three years after rate year debt issuance is the
25 highest in FY 2026. As a result, I have made a rebuttal adjustment to increase debt service
26 by \$2,577,769 and debt service coverage by \$644,442. This results in my rebuttal rate year

1 of \$62,559,886 shown in the table below and in my Schedule DMF Rebuttal - 3 Debt Service
 2 Cost.

	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustment	Rate Year as Filed FY 2024	Rebuttal Adjustment	Rebuttal Rate Year FY 2024
Principal Rate Making Adj.		\$28,170,271	\$ 28,170,271		\$31,344,795	\$ 1,819,992	\$ 33,164,787
Interest Test Year	14,442,664	(1,507,590)	12,935,074	-	16,125,345	757,777	16,883,122
Total Debt	14,442,664	26,662,681	41,105,345	-	47,470,140	2,577,769	50,047,909
Debt Service Coverage	-	10,276,336	10,276,336	1,591,199	11,867,535	644,442	12,511,977
	\$ 14,442,664	\$ 36,939,017	\$ 51,381,681	\$ 1,591,199	\$ 59,337,675	\$ 3,222,211	\$ 62,559,886

3
4

5 **Q. Is this method consistent with prior allowances for debt service and debt service coverage?**

6 A. Yes. For example, please see Dockets 3775 (October 4, 2006), Docket 4151 (March 2, 2010),
 7 Docket 4214 (November 24, 2010), Docket 4305 (December 20, 2011), Docket 4352 (August
 8 27, 2012), Docket 4562 (April 21, 2015), Docket 4602 (February 16, 2016), and Docket 4885
 9 (October 4, 2018).

10

11 **5. REVENUE**

12 **A. Billable Units**

13 **Q. Do you have any general observations about the importance of correctly projecting billable
 14 units in the rate year?**

15 A. Yes. It is important for any utility to accurately project billing units and to set a realistic
 16 forecast for the collection of revenue to support an overall cost of service. In NBC’s case, it is
 17 especially critical. NBC’s debt is \$1.1 billion, and it is imperative that rates are sufficient to
 18 generate the required revenue to pay operation and maintenance costs *and* debt service.
 19 NBC’s Trust Indenture requires it to seek rates and charges that are sufficient. Section 603 of
 20 the Covenant as to Rates and Charges states, in part:

21
22
23
24
25

“To the extent not otherwise provided by a Supplemental Indenture, so long as any Bonds are Outstanding, the Commission¹ shall take all actions within its power to establish and maintain Rates and Charges adequate at all times, with other available funds, to provide Revenues and other moneys, including

¹ The Trust Indenture refers to NBC as the “Commission” and refers to the Rhode Island Public Utilities Commission as the “PUC.”

1 Reserved Revenues from the Stabilization Account of the Debt Service Fund at
2 least sufficient to pay or provide for, as the same become due or are payable
3 (i) all Operating Expenses, (ii) all payments of Principal Installments and
4 Redemption Price of and interest on the Bonds and all other bonds, notes or
5 other evidences of indebtedness of or assumed by the Commission which are
6 payable from Revenues of the System, (iii) all amounts, if any, payable to the
7 Operation and Maintenance Reserve Fund, Debt Service Reserve Fund, the
8 Renewal and Replacement Reserve Fund and, if any, the Insurance Reserve
9 Fund, (iv) all repairs, replacements, and renewals of the System deemed
10 necessary by the Commission which are payable from Revenues of the System
11 and (v) all other amounts which the Commission may by law or contract be
12 obligated to pay from Revenues of the System including amounts payable
13 under Qualified Swap Agreements. Provided the Commission complies with
14 Section 504(4) and has complied or is diligently proceeding to comply with the
15 requirements of subsection (3) and (4) of this Section 603, the Trustee shall take
16 no action pursuant to Section 701 or Section 703 on account of any failure by
17 the Commission to comply with the requirements of this subsection; provided
18 that the setting of the Rates and Charges shall, to the extent required by law,
19 be subject to the approval of the PUC.”
20

21 **Q. What is the impact of the overstatement of billing units on revenue?**

22 A. The overstatement of billing units causes NBC to collect less revenue than allowed by the PUC
23 to support the approved cost of service. Except for residential consumption in FY 2021, NBC
24 has billed less HCF than allowed in Docket 4890 for all customer classes in each of the three
25 years.²
26

27 **Q. Have you reviewed the Division’s proposed adjustments to rate year consumption?**

28 A. Yes, I have. The Division’s proposed rate year consumption billing units for all three customer
29 classes are lower than the units in Docket 4890. To arrive at the rate year HCF, the Division
30 used three different methods. The Division also used calendar year information and may
31 have overlooked some anomalies and trends in its analysis. I will address each of these issues
32 in order in my testimony.
33

² Docket 4890 was filed on October 18, 2018 and new rates went into effect on July 1, 2019. This was NBC’s last full rate case before this Docket.

1 **Q. What are your concerns regarding the methods the Division used to estimate consumption?**

2 A. First, I am concerned that the Division used different methodologies to project consumption
3 for different customer classes. The following table shows the three different methods used
4 by the Division to estimate rate year consumption. Given observable decreasing trends, I am
5 concerned that use of three different methods results in the overstatement of billable
6 consumption units in the rate year.

Customer Class	Division's Proposed Rate Year Method
Residential	FY 2022 Test Year
Commercial	Calendar Year 2022
Industrial	Average of Fiscal Years 2020, 2021, 2022

7

8 **Q. Do you have concerns with the Division's use of a calendar year as the basis for billable**
9 **consumption in the rate year for Commercial Customers?**

10 A. Yes. Due to NBC's billing cycles and accounting practices, use of calendar year consumption
11 as the basis for developing rate year consumption, may not accurately reflect twelve months
12 of consumption. NBC receives meter readings from seven different water suppliers, which
13 vary in frequency and the number of days included in each billing cycle. In fact, the number
14 of days in billing cycles from the same water supplier may have different numbers of days. To
15 ensure the reflection of twelve months of consumption revenue (and related HCF) in the
16 financial statements, NBC makes accounting adjustments at fiscal year-end for unbilled
17 consumption in accordance with GAAP. This ensures reporting of twelve months of
18 consumption revenue in the financial statements and consistency.

19

20 **Q. Do you agree with the Division's elimination of projected declining consumption as**
21 **presented in NBC's filing for the residential, commercial, and industrial classes?**

22 A. No. My original adjustment of test and rate year consumption for the three customer classes
23 is based on an overall downward trend exhibited from FY 2018 to FY 2022, which was
24 demonstrated and supported in my testimony. I applied the same projection method to
25 determine rate year consumption for each of the customer classes.

26

1 **Q. How would you like to proceed with your rebuttal testimony regarding rate year**
2 **consumption?**

3 A. I will address the rate year consumption by each customer class beginning with the residential
4 class, followed by the commercial class, and lastly the industrial class.

5

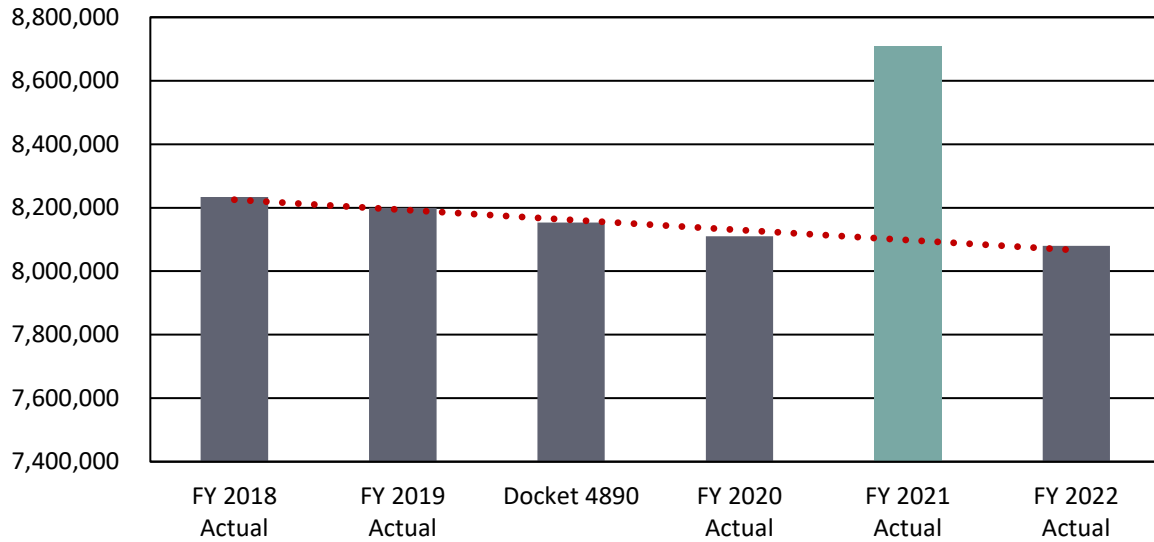
6 **B. Revenue – Declining Residential Consumption**

7 A. The Division states that on a fiscal year basis, residential consumption has not declined in
8 each fiscal year from FY 2018 to FY 2022 and notes that residential consumption increased
9 from FY 2020 to FY 2021. While this statement is true, changes in consumer behavior due to
10 COVID-19 are the probable cause of the increase. The State of Rhode Island issued numerous
11 Executive Orders in response to the COVID-19 pandemic to mitigate health and economic
12 impacts of the virus, including but not limited to, school closures, limitations on large
13 gatherings, closing or restricting access to certain businesses and activities deemed
14 nonessential, and restricting nonessential travel. As a result, workplaces and schools were
15 closed and most Rhode Islanders were staying home. This increased residential water use,
16 and in turn, more sewer billable demand. This response to the COVID-19 pandemic is the
17 definition of a data anomaly and should not be taken into consideration when establishing a
18 trend in consumption characteristics.

19

20 The following graph clearly shows the impact of COVID-19 on residential consumption in FY
21 2021. Without the inclusion of FY 2021, this graph shows a clear downward trend in
22 residential billable consumption, and it is reasonable to assume that this trend will continue.
23 Both FY 2020 and FY 2022 billable consumption are below the residential consumption level
24 from Docket 4890.

Residential Consumption - HCF



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Q. Does the Division’s observation that there was an increase in residential consumption from FY 2020 to FY 2021 change your projection for residential consumption in the rate year?

A. No. As shown in the table below, residential consumption did increase from FY 2020 to FY 2021. However, during the period from FY 2018 to FY 2022, consumption overall has declined by 1.9%, or 0.6% on average annually, excluding the COVID-19 fiscal year 2021.

Customer Usage (HCF)	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021*	Actual FY 2022	% Change FY 2018 to FY 2022
Residential Change	8,233,501	8,199,972	8,110,082	8,710,408	8,080,205	(1.9%)

*Omitted change from FY 2020 to FY 2021 due to COVID-19 impact.

8
9
10
11

I maintain that residential consumption will continue to decline and that FY 2021 is an outlier, with a clear explanation. FY 2021 billable consumption should not be taken into consideration for purposes of establishing a trend or rate year consumption.

12
13

C. Revenue – Declining Commercial Consumption

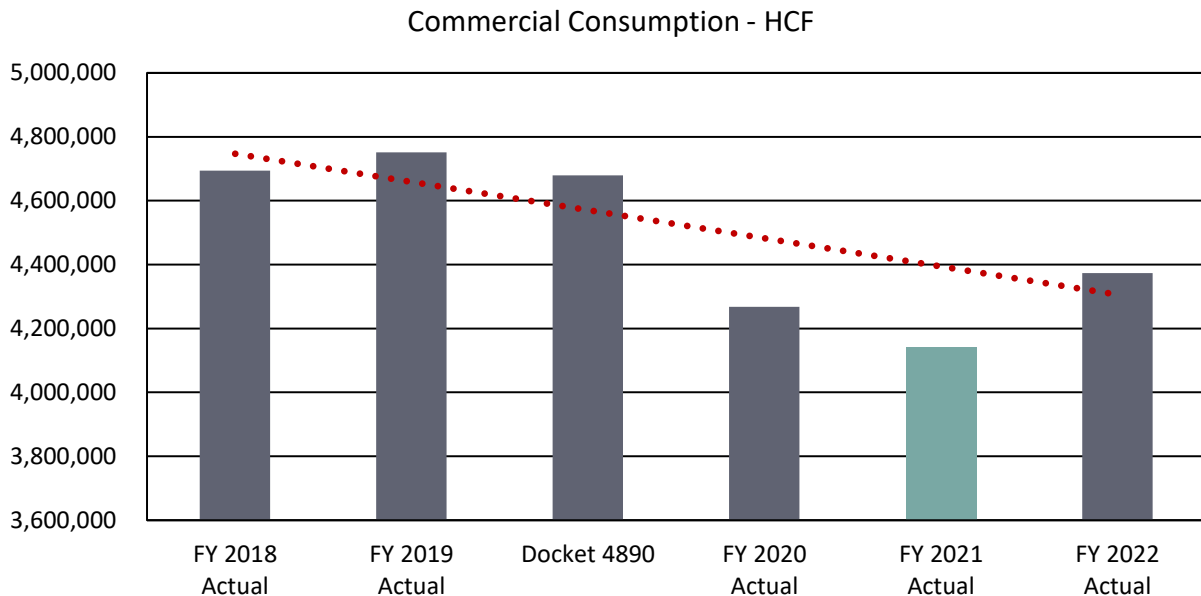
Q. Would you like to address the Division’s testimony regarding commercial consumption?

A. Yes. As with residential consumption, the Division states that NBC failed to provide sufficient evidence to support a downward trend in billable commercial consumption. The Division

1 based this argument on increased billable consumption from FY 2021 to FY 2022, as well as
2 an analysis of calendar year consumption. As I mentioned earlier in my testimony, the
3 utilization of calendar year billable consumption would not be accurate due to fiscal year end
4 accounting entries related to unbilled consumption.

5
6 **Q. Does the fact that billable commercial consumption increased from FY 2021 to FY 2022**
7 **sufficiently disprove a downward trend in commercial consumption?**

8 A. No. For the same reasons that residential consumption in FY 2021 was an outlier in terms of
9 high consumption, FY 2021 was an outlier in terms of low consumption for the commercial
10 class. The response to the COVID-19 pandemic and stay at home Executive Orders clearly
11 resulted in decreased commercial consumption. Once the economy and schools reopened,
12 commercial consumption increased. FY 2022 consumption increased from the prior fiscal
13 year, however, it was still significantly lower than the consumption forecasted in Docket
14 4890, as well as FY 2018 and FY 2019. The following graph visually demonstrates a clear
15 downward trend in commercial billable consumption. As such, it is my position that the
16 proposed test and rate year 2.2% decline in billable commercial consumption is reasonable.



17
18 In fact, and as presented in the following table, billable consumption has decreased by 6.8%
19 from FY 2018 to FY 2022. Basing a trend analysis on the increase in billable consumption from

1 FY 2021 to FY 2022, excluding the COVID-19 fiscal year 2021, is not valid because it represents
 2 a reversion back to normal consumption characteristics, rather than a trend.

Customer Usage (HCF)	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021*	Actual FY 2022	% Change FY 2018 to FY 2022
Commercial	4,694,089	4,750,934	4,267,362	4,141,550	4,373,060	
Change		1.2%	(10.2%)	(2.9%)	2.5%	(6.8%)

*Omitted change from FY 2020 to FY 2021 due to COVID-19 impact.

3

4 **D. Revenue – Declining Industrial Consumption**

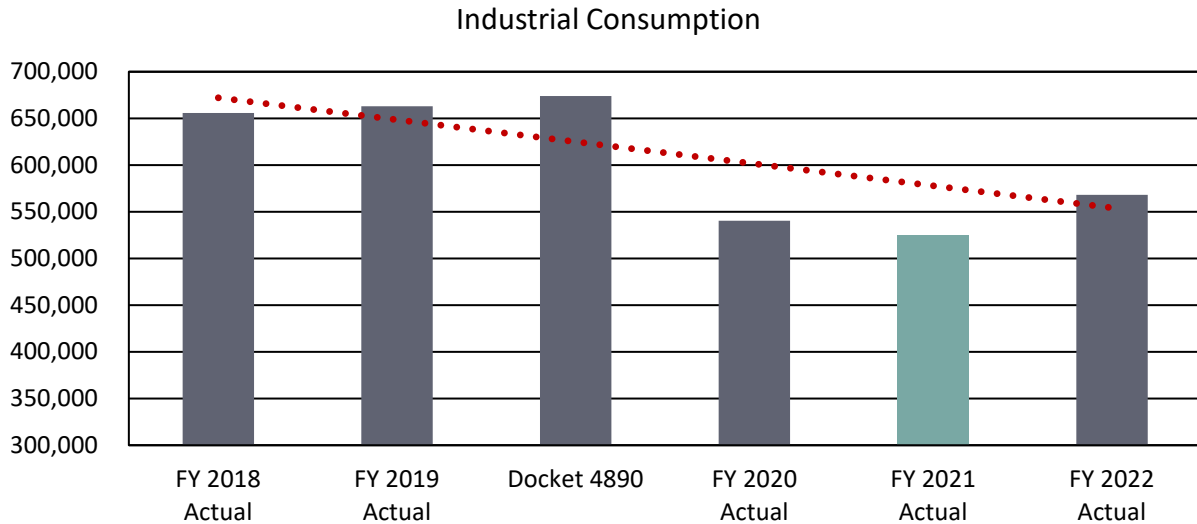
5 **Q. Would you like to address the Division’s testimony regarding industrial consumption?**

6 A. Yes. Like residential and commercial consumption, the Division states that NBC failed to
 7 provide sufficient evidence to support a downward trend in billable industrial consumption.
 8 The Division based its argument on an increase in billable consumption from FY 2020 to FY
 9 2022, and an analysis of calendar year consumption. The Division’s assertion that the higher
 10 billable consumption in FY 2022 above FY 2020 and FY 2021 levels does not demonstrate that
 11 a downward trend is flawed. Observing a longer timeline back to FY 2018 clearly
 12 demonstrates a downward trend in industrial billable consumption. It is also worth noting
 13 that FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 industrial consumption are all below
 14 the consumption forecasted in Docket 4890.

15

16 **Q. Could you please provide data analyses to support your assertion that industrial
 17 consumption has exhibited a trend of decreased industrial consumption?**

18 A. Yes. The following chart visually demonstrates a clear downward trend in industrial
 19 consumption from FY 2018 to FY 2022, particularly a sharp decline from the consumption
 20 forecasted in Docket 4890.



1

2 In addition, the following table shows that industrial consumption decreased by 13.3% from
 3 FY 2018 through FY 2022. Even with an omission of FY 2021 consumption due to anomalous
 4 consumption characteristics due to the pandemic, this still represents an average annual
 5 reduction of 4.1%.

Customer Usage (HCF)	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021*	Actual FY 2022	% Change FY 2018 to FY 2022
Industrial	655,659	662,824	540,383	524,473	568,219	
Change		1.1%	(18.5)	(2.9%)	(5.2%)	(13.3%)

*Omitted change from FY 2020 to FY 2021 due to COVID-19 impact.

6

7 **Q. Based on the actual consumption for the residential, commercial, and industrial customer**
 8 **classes from FY 2018 through FY 2022, do you agree with the Division’s methodology of**
 9 **developing test and rate year consumption as presented in its direct testimony?**

10 A. No, I do not. In addition to the clear demonstrations of decreasing consumption trends, the
 11 methodology utilized by NBC in this docket is consistent among all customer classes. The
 12 consumption data evidences that consumption has been decreasing over time. COVID-19
 13 impacts on consumption were unprecedented but temporary. While there is always the
 14 potential for fluctuations in consumption, the data presented in this docket clearly shows
 15 that the long-term trend is downward, not flat, or upward.

16

1 **Q. Based on your review of the Division’s testimony as well your rebuttal testimony as**
2 **presented here, are you recommending any changes to rate year billable consumption?**

3 A. No. I maintain that the assumptions presented in NBC’s filing are sound, reasonable, and will
4 allow NBC to collect the revenues necessary to fund its approved cost of service.

5
6 **6. MISCELLANEOUS REVENUE**

7 **Q. Do you agree with the Division’s recommendation to not make any adjustments to**
8 **Miscellaneous Revenue?**

9 A. Yes.

10
11 **7. RATE CASE EXPENSE**

12 **Q. Do you agree with the Divisions position regarding rate case expense?**

13 A. Yes. Actual rate case expense will be determined at the conclusion of the filing and amortized
14 over a 3-year period to arrive at the rate year revenue requirement.

15
16 **8. PUC ASSESMENT**

17 **Q. Do you accept the Division’s adjustment to the PUC assessment?**

18 A. No. The items included on Schedule DMF-23 Regulatory Expense (52600) in the original filing
19 for the rate year include the following:

20

PUC Assessment	\$ 608,858
Rate Case	50,000
Other Regulatory Expense	18,884
Total Regulatory Expense	\$ 677,742

21
22 The Division did not account for the “other regulatory” expense for this account, which
23 includes costs for permit fees and other non-PUC regulatory expense. At a minimum, the
24 Division’s proposed rate year for this account must be increased by \$18,884 to include other
25 regulatory expense.

26

1 In addition, the Division points out that PUC assessments are based on a billing ratio of NBC's
2 revenues to all Rhode Island regulated utility revenues. If NBC's revenues increase through
3 this proceeding, it is logical to assume that NBC's proportionate share of the PUC assessment
4 will increase. Therefore, I disagree with the Division's adjustment for account 52600
5 Regulatory Expense.

6
7 **9. TREND ACCOUNTS**

8 **Q. Do you agree with the Division's comments and methodology related to the rate year
9 calculations for the trend accounts as shown on Schedule DMF-21?**

10 A. Not entirely. I do not agree with the Division's position that three years is too short of a period
11 to extrapolate a trend since in prior rate cases, three years has traditionally been a standard
12 review period. The Division's analysis also incorporates the use of FY 2023 budget amounts;
13 however, the budget is based on the information available prior to the end of FY 2022, the
14 test year in this Docket. The Division also appears to have used different methods to arrive
15 at the FY 2024 rate year for the trend accounts. Lastly, the Division's analysis of certain
16 accounts understandably did not take into consideration changes to NBC's chart of accounts
17 that were reflected in the FY 2023 budget but not in NBC's filing. That being said, there are
18 adjustments NBC accepts and others it does not.

19
20 **Q. How would you like to proceed with the Trend Accounts?**

21 A. Based on my review of the Division's proposed adjustments and additional information set
22 forth below, my rebuttal position is an increase of \$92,271 over the rate year as filed,
23 resulting in a rebuttal rate year for these accounts of \$5,688,566. The associated rebuttal
24 adjustments are shown on my Schedule DMF Rebuttal – 4 Trend Accounts. I will address my
25 rebuttal adjustments in the following order 1) Accounts that NBC accepts the proposed
26 Division Rate Year Amounts; 2) Accounts 53630 Maintenance Contract and 53645 Software
27 Subscriptions; and, 3) Account 54340 Lab and Medical Supplies Expense.

1 **A. Accounts 53510, 53610, 53615, 53640 and 53470 – NBC Accepts Division Proposed Rate Year**

2 **Q. Do you accept the Division’s adjustments to the trend accounts shown in the table below?**

3 A. Although I do not necessarily agree with the Division’s methodology , I accept the Division’s
4 rate year position for the following accounts:

5

Trend Accounts – Division Position accepted by NBC

Account	Title	Rate Year as Filed		Rebuttal Rate Year FY 2024
		FY 2024	Adjustment	
53510	Vehicle Fuel and Maintenance	\$ 489,333	\$ (166,232)	\$ 323,101
53610	Repairs-Buildings and Structures	395,599	-	395,599
53615	Repairs-Process Equipment	827,258	-	827,258
53640	Service Agreement	344,574	125,600	470,174
53470	Supplies, Building and Maintenance	750,356	(118,584)	631,772

6

7 **Q. Can you explain why the table above reflects an increase in the Service Agreements account**
8 **from your original rate year amount?**

9 A. Yes. The Division correctly pointed out that the rate year adjustment for this account was not
10 carried through to the rate year column of my Schedule DMF-1 in the original filing. As result,
11 the rate year amount for this account was understated by a total of \$169,518. Therefore, my
12 rebuttal rate year is higher than the original rate year filed.

13

14 **B. Accounts 53630 Maintenance Contract and 53645 Software Subscriptions**

15 **Q. Have you reviewed the Division’s testimony regarding Accounts 53630 and 53645,**
16 **Maintenance Contract and 53645 Software Subscriptions?**

17 A. Yes. The Division reviewed the FY 2023 budgets for these two accounts and correctly noted
18 that the FY 2023 budget for these two accounts is \$1,076,922, which is significantly less than
19 the FY 2022 test year amount \$1,544,828. The Division’s testimony recommended that NBC
20 provide an explanation for this difference.

21

22 **Q. Does NBC have an explanation for the difference?**

23 A. Yes. In May 2020, the Governmental Accounting Standard Board (GASB) issued GASB 96 -
24 Subscription-Based Information Technical Arrangement. GASB 96 is effective for the fiscal

1 year ending 2023 and modifies the accounting and financial reporting for subscription-based
 2 information technology arrangements for governments. In anticipation of the new GASB, NBC
 3 initially modified the chart of accounts to distinguish between maintenance expense (G/L
 4 53630) and software subscription expense (G/L 53645) in FY 2022. Then, NBC added a third
 5 account in FY 2023 to distinguish between software subscriptions (G/L 53645) and software
 6 maintenance (G/L 53646).

7
 8 The Division was understandably unaware that this third account was created and therefore
 9 based its adjustment on the FY 2023 budget for only two of these three accounts, which
 10 omitted \$854,688 budgeted in the software maintenance account. The following table shows
 11 FY 2020, FY 2021, Adjusted Test Year, FY 2023 Budget, and Rate Year as filed. The FY 2023
 12 budget for these three accounts is \$1,930,488.

Account	Description	Actual FY 2020	Actual FY 2021	Adjusted Test Year FY 2022	Budget FY 2023	Rate Year FY 2024
53630	Maintenance Contracts	\$ 1,290,609	\$ 1,433,464	\$ 655,157	\$ 699,825	\$ 792,740
53645	Software Subscriptions	-	-	889,671	375,975	1,706,502
53646	Software Maintenance	-	-	-	854,688	-
Total		\$ 1,290,609	\$ 1,433,464	\$ 1,544,828	\$ 1,930,488	\$ 1,869,242

14
 15 **Q. Why didn't NBC present these three accounts separately in the original filing?**

16 A. NBC created the new account after the test year and thought it would be confusing to show
 17 a new account only in the rate year. NBC was also unaware that the Division would compare
 18 rate case figures to the FY 2023 Budget.

19
 20 **Q. Do you have a rebuttal adjustment for Maintenance Contracts/Software Subscriptions and
 21 Software Maintenance?**

22 A. Yes. A detailed list of the rate year contracts and software subscriptions and the associated
 23 amounts for these three accounts is included in my Schedules DMF Rebuttal-4a, 4b and 4c.
 24 Based on this information, my rebuttal rate year expense reflects an increase of \$454,260 for
 25 a total of \$2,323,502. Below is a breakdown of the rebuttal adjustments by account.

1

53630 Maintenance Contracts/53645 Software Subscriptions/53646 Software Maintenance

Account	Title	Rate Year as Filed	Rebuttal Adjustment	Rebuttal Rate Year
53630	Maintenance Contracts	\$ 792,740	\$ (36,214)	\$ 756,526
53645	Software Subscriptions	1,076,502	(681,702)	394,800
53646	Software Maintenance	-	1,172,176	1,172,176
Total		\$ 1,869,242	\$ 454,260	\$ 2,323,502

2

3 **C. Account 54340 Lab and Medical Supplies Expense**

4 **Q. Have you reviewed the Division’s comments regarding Account 54340 Lab and Medical**
5 **Supplies Expense?**

6 A. Yes. The Division reviewed the FY 2023 budget for this account and correctly noted that the
7 FY 2023 budget for this \$330,557. This is significantly less than the FY 2022 test year amount
8 of \$458,017 and the rate year amount of \$750,415. The Division’s testimony recommended
9 that NBC provide an explanation for this difference.

10

11 **Q. Does NBC have an explanation for the difference?**

12 A. Yes. Like the Maintenance Contracts/Software Subscriptions and Software Maintenance
13 Accounts, NBC created a new account to distinguish between laboratory supplies and
14 laboratory chemicals in the FY 2023 budget. The two accounts are 54340 Laboratory Supplies
15 and 54345 Lab, Chemicals and Gases.

16

17 **Q. What is the FY 2023 budget amount for these two accounts?**

18 A. The FY 2023 budget for these two accounts is \$560,281, which is significantly higher than the
19 FY 2023 budget used by the Division in their analysis.

20

21 **Q. Why didn’t NBC present these two accounts separately in the original filing?**

22 A. NBC created the new account after the test year and thought it would be confusing to show
23 a new account only in the rate year and was unaware that the Division would compare rate
24 case figures to the FY 2023 Budget.

25

1 **Q. Do you have a rebuttal adjustment for the Account 54340 Lab and Medical Supplies**
2 **Expense?**

3 A. Yes. I used the Division’s method with the combined FY 2023 budget for these accounts to
4 arrive at a rebuttal rate year amount of \$717,159. Please refer to my Schedule DMF Rebuttal
5 – 4 Trend Accounts for the calculation.

6

7 **10. WAGES AND SALARIES EXPENSE**

8 **Q. Do you agree with the Division's revision to non-union wages and salaries?**

9 A. No, and I would like to take this opportunity to provide some more detailed information
10 regarding NBC’s proposal. First, the Division states that a 5% increase for non-union
11 employees would double the 2.5% increase for union employees, but this analysis does not
12 take into consideration contracted union step increase. NBC’s rate application includes
13 contracted increases that average 4.145% (Cost-of-Living Adjustment (COLA) and Steps) for
14 union employees based on the union contract. The application includes a 5.0% (COLA and
15 Merit) increase for non-union employees. (see table below).

16

	Non-Union	Union	Difference
COLA	2.5%	2.5%	0.0%
Merit Increase	2.5%	0.0%	2.5%
Step Increase	0.0%	1.645%	(1.645%)
Total	5.0%	4.145%	0.855%

17

18 **Q. Why is NBC requesting a 0.855% higher increase for non-union employees than union**
19 **employees in this filing?**

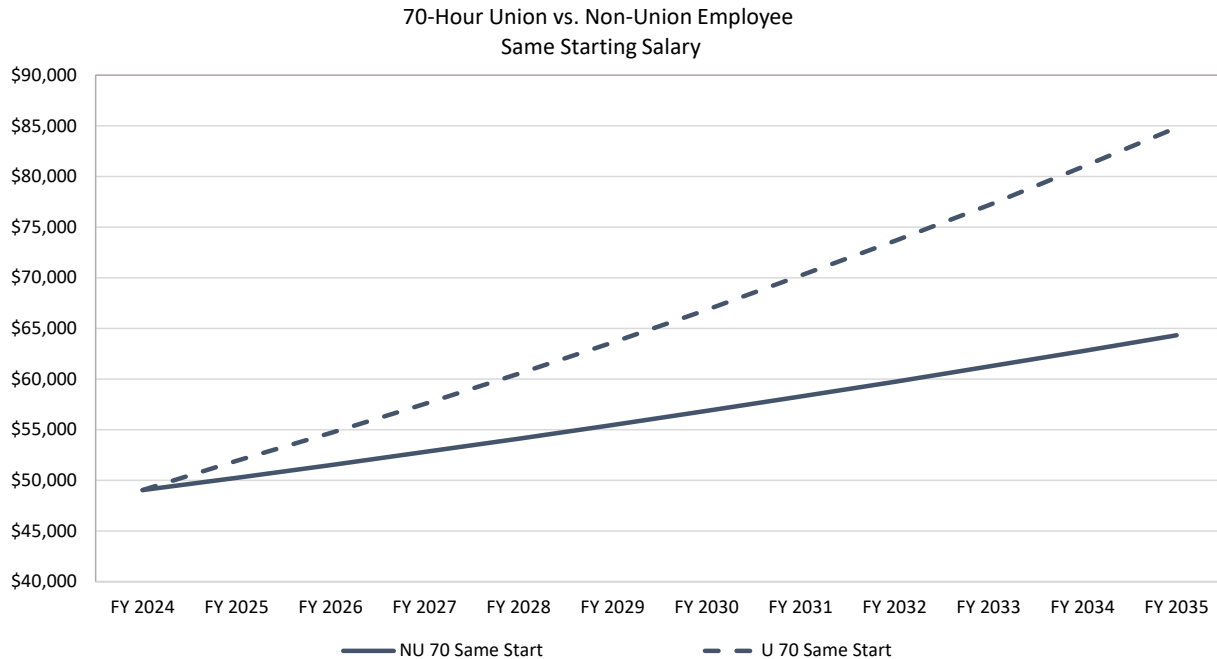
20 A. Union employees receive contracted step increases for 12 years of approximately 2.41% in
21 addition to the COLA. Non-Union employees received an average of 2.58% over the last three
22 years whereas union employees have averaged an increase of approximately 5.13%
23 (contracted COLA and step increases) over that time.

24

25

1 **Q. The Division indicated that NBC has not provided any evidence of the disparity between**
2 **the union and non-union employee salaries. Can you provide a comparison?**

3 A. Yes. The following chart shows a comparison of a non-union and union employee with a
4 starting salary of \$49,030/year. Because union positions have twelve step increases, the
5 salary of the union employee is higher than the non-union employee within one year and the
6 gap continues to increase every year. Each year that the non-union COLA is lower than the
7 union step and COLA increases the disparity. Over the twelve-year period, the union
8 employee will have earned \$114,587 more and in the twelfth year, the union employee's
9 annual salary is \$20,496 higher than the non-union employee's salary.



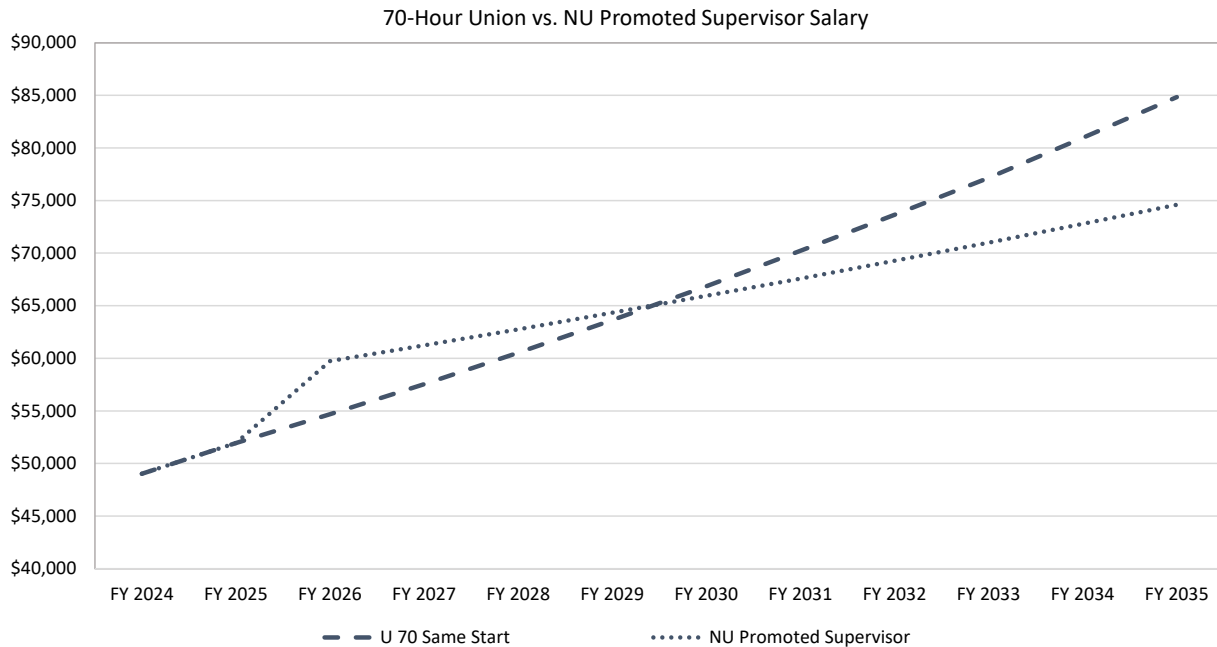
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11

12 **Q. Are there any other concerns with non-union compensation adjustments not keeping up**
13 **with those of the union?**

14 A. Yes. This has an impact on supervisory positions. The following chart shows a comparison of
15 two employees hired at the same salary of \$49,030/year in FY2024. Two years later, one
16 employee is promoted to a non-union supervisory position and is given a 15% raise. Because
17 union positions have 12 step increases, the salary of the union employee continues to
18 increase based on COLAs and steps. Four years later, the union employee's salary begins to

1 exceed the supervisory non-union employee, and the disparity continues to increase
2 thereafter. This creates little incentive for union employees to apply for supervisor positions
3 that carry additional responsibilities.



4
5

6 **Q. Why does this impact NBC's ability to manage its facilities and how will it impact NBC in the**
7 **future?**

8 A. This is a significant issue for NBC because many of its employees in supervisory and
9 management positions are nearing retirement age, and many wastewater treatment facilities
10 are having difficulty hiring and retaining supervisors. If there is no incentive for union
11 employees to move into non-union supervisory positions, NBC will have increasing difficulty
12 filling these essential supervisory positions.

13

14 **Q. Will the 5% COLA/Merit adjustment for non-union employees help alleviate these issues?**

15 A. Yes. Although future adjustments to the non-union compensation program may be required,
16 the 5% will partially mitigate inflation impacts and salary adjustment inequity.

17
18

1 **Q. Did NBC perform a study to show the disparity?**

2 A. No. NBC did not feel the need to conduct a study to show that non-union and union annual
3 pay increases are inequitable as the numbers speak for themselves. On average, non-union
4 employees receive a 2.5% to 3.0% annual increase, while union employees receive a 4.85%
5 average annual increase over twelve years. NBC is proposing the two-tier method to adjust
6 the inequities between union and non-union salary increases.

7

8 **Q. Are there any other reasons why NBC's rate year seeks to include a 5% increase to Non-**
9 **Union employee salaries?**

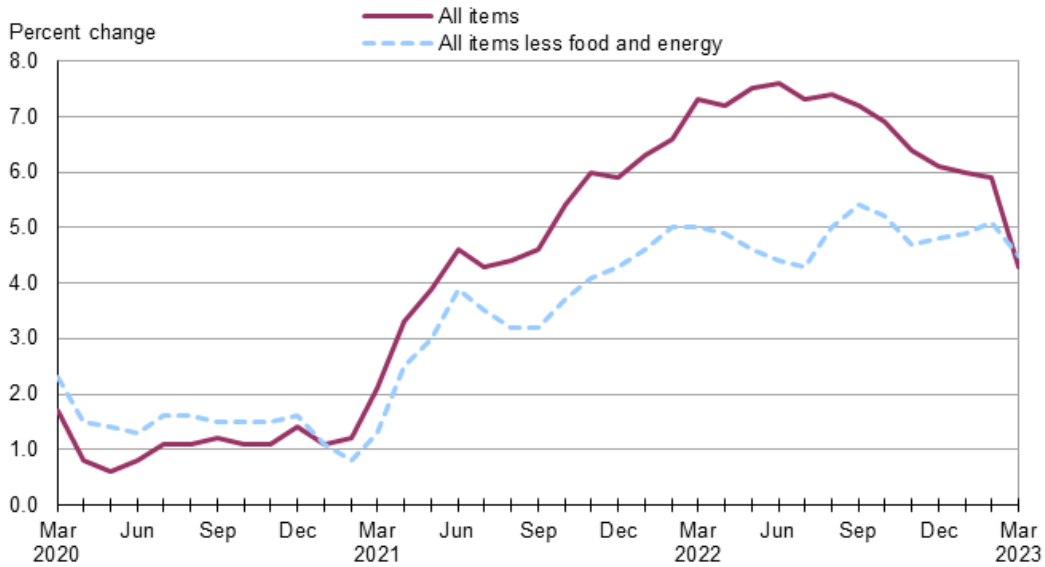
10 A. Yes. Inflation does not discriminate between employees, and NBC's non-union employees
11 are also facing higher cost of living expenses. NBC's salary adjustments for non-union
12 employees have not kept pace with inflation.

13

14 According to the U.S. Bureau of Labor Statics information in March 2023, the all-items
15 Northeast Region Consumer Price Index (CPI-U) rose 4.3% over the past 12 months. The food
16 index, which is a non-discretionary item for households, increased 8.3%. The chart below
17 shows the significant percent change in the CPI-U for the Northeast region. Although the
18 percent change is now declining, it has been above and remains above prior levels since at
19 least 2019.

20

Chart 1. Over-the-year percent change in CPI-U, Northeast region, March 2020–March 2023



Source: U.S. Bureau of Labor Statistics.

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In addition, the Rhode Island Division of Worker’s Compensation Cost of Living Rate Increase in 2022 was 8.6% and in 2023 it is 5.8%. Clearly a 2.5% COLA alone is insufficient to keep pace with inflation.

Q. Are there any other compelling reasons for the 5% for Non-Union employees?

A. Yes. Like many other employers, it has been difficult for NBC to recruit and retain employees. NBC has been unable to fill positions and non-union turnover is more than 12%. NBC averaged 19 vacant non-union positions per month during FY 2022. NBC needs qualified, professional staff to manage and operate its facilities, protect public health, and manage NBC’s multi-million construction program safely and effectively. To be competitive in the job market, NBC must offer comparative salaries and benefits to recruit and retain valuable employees.

FY 2022			
Non-Union FTEs			
Month	Budget FTEs	Test Year FTEs	Unfilled FTEs
Jul-21	169	150	19
Aug-21	169	151	18
Sep-21	169	151	18
Oct-21	169	150	19
Nov-21	169	151	18
Dec-21	169	151	18
Jan-22	169	149	20
Feb-22	169	147	22
Mar-22	169	149	20
Apr-22	169	151	18
May-22	169	151	18
Jun-22	169	153	16
	Average	150	19
Average % of Non-Union Unfilled Positions			12.42%

1

2 **Q. Are there any other disparities between union and non-union compensation?**

3 A. Yes. There is a significant difference in retirement benefits. As shown in my schedule DMF-
 4 16, NBC contributes 29.97% to the union retirement plan and 4.52% to union retirement
 5 health benefits. These contributions provide a more robust defined benefit plan for union
 6 employees that non-union employees do not have. As the same schedule shows, NBC's
 7 contributions to the non-union retirement plan are only 10%, and there are no contributions
 8 to non-union retirement health benefits. To put this in perspective, assume there is an
 9 employee with a starting salary of \$49,030. If the employee is non-union, the contribution to
 10 this employee's retirement plan will be \$4,903. If the employee is a union employee, NBC will
 11 contribute a total of \$16,910 (\$14,694 (union retirement plan) + \$2,216 (union retirement
 12 health plan) = \$16,910), which is \$12,007 higher, or 345%.

13

14 **Q. Does NBC believe that its original proposal regarding non-union employees is prudent ?**

15 A. Yes. The hiring and retention of qualified supervisory non-union employees is not only
 16 prudent, it is critical. NBC has a public health mandate and must comply with regulatory
 17 permit and consent agreements. Accordingly, management has determined that this
 18 adjustment is necessary to operate the utility safely, effectively, and efficiently.

1 **Q. Is it appropriate to reduce the increase to the non-union overtime and limit it to 2.5%?**

2 A. No. NBC maintains that a 5% increase for non-union salaries is justified and therefore these
3 amounts should remain at the rate year levels as filed.

4

5 **Q. Do you think any adjustments are necessary for Account 59001, Fringe Reimbursement?**

6 A. Yes. The Division pointed out in its testimony that there was an error on Schedule DMF-1.
7 The correct amount of \$996,046 for 59001 was not carried over from Schedule DMF-16
8 Personnel Adjustment to the Schedule DMF-1. Therefore, it would be appropriate to correct
9 this error. Please see my Schedule DMF Rebuttal - 5 59001 Fringe Reimbursement that shows
10 my rebuttal adjustment as an increase of \$23,715 for a rebuttal rate year of \$996,046.

11

12 **11. PAYROLL TAX EXPENSE**

13 **Q. Do you agree with The Division's adjustment to payroll taxes and salary reimbursement?**

14 A. No. These accounts are a function of payroll dollars. My position is that NBC's non-union rate
15 increase should not be reduced. Therefore, these accounts should not be adjusted.

16

17 **12. BISOLIDS DISPOSAL EXPENSE**

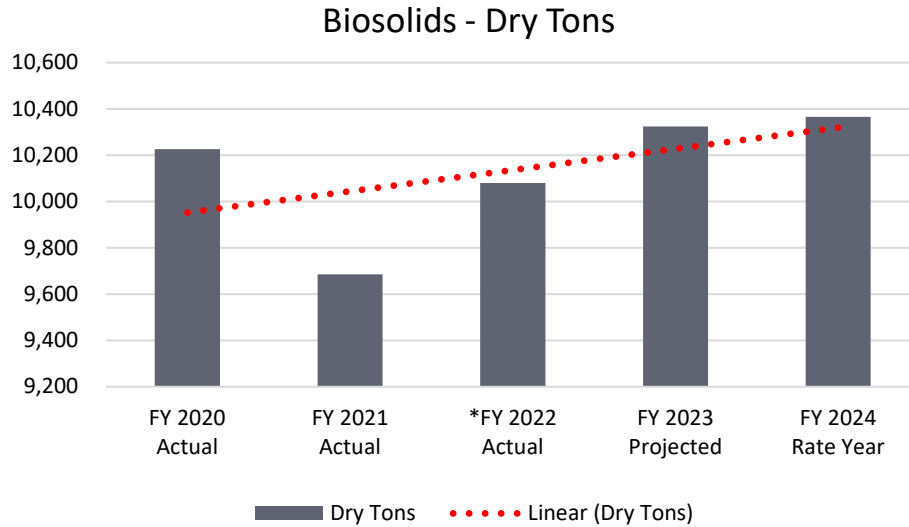
18 **Q: Do you accept the Division's \$385,293 reduction in Biosolids Disposal expense?**

19 A. I accept the Division's contracted rate adjustment to arrive at a composite rate of
20 \$586.04/dry ton although I do not necessarily agree with the methodology. On the other
21 hand, NBC has seen a significant increase in dry ton production, and I have therefore included
22 higher dry ton production as part of my rebuttal adjustment.

23

24 **Q. Can you provide documentation to support the increase in dry ton production for the rate
25 year?**

26 Yes. In my original testimony, I used a three-year average to project the rate year dry tons. I
27 prepared separate projections for Field's Point (FP) and Bucklin Point (BP) since the treatment
28 facilities use different processes. Based on my analysis, total dry tons in the rate year were
29 9,997.



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* Includes the Synagro test year adjustment of 557 tons (Schedule DMF-10).

During FY 2023, NBC has seen increased dry ton production at Field’s Point and slightly lower production at Bucklin Point. Overall, NBC is expected to produce 10,324 dry tons in FY 2023. Using these nine months of additional data, I prepared a trend analysis to include the FY 2023 interim year projected dry tons. Based on the additional information, the average annual change from FY 2020 to FY 2023 (projected interim year) is 0.4%. I applied the 0.4% increase to the FY 2023 projected dry tons to arrive at 10,365 dry tons in the FY 2024 rate year, which is 368 dry tons more than my original projection. When the FY 2023 projected dry ton production is presented graphically, an upward trend since FY 2020 is visible.

Q. How did you calculate your rebuttal rate year biosolids expense?

A. I applied the Division’s proposed rate of \$586.04 per dry ton to the revised rate year dry tons of 10,365. Please see my Schedule DMF Rebuttal - 6 53480 Biosolids Disposal that shows my rebuttal adjustment of (\$169,523) for a rebuttal rate year of \$6,074,364.

1 **13. ELECTRIC EXPENSE AND RESERVE ACCOUNT FOR ELECTRIC EXPENSE, RENEWABLE ENERGY**
2 **PROJECTS AND RENEWABLE ENERGY CREDIT REVENUE AND RELATED ACCOUNTS**

3
4 **Q. Have you reviewed the Division’s testimony regarding electricity expense, renewable**
5 **energy projects and renewable energy credit revenue?**

6 A. Yes. I reviewed the testimony and agree that development of rate year electricity expense
7 with certainty is difficult due to several factors. NBC’s electricity supply contract is in effect
8 through November 30, 2023. NBC initiated the electricity procurement process and should
9 have pricing information in the next 30 to 60 days. The C-06 rate is published on the RIPUC’s
10 website. There is no additional information about availability or operational output levels
11 from NBC’s sustainable resources other than the Field’s Point turbines needing blade repairs,
12 the Coventry turbines needing foundation betterments, and continued operational
13 challenges of the Bucklin Point Cogeneration Facility. There are other factors out of NBC’s
14 control that make it difficult to predict availability and operational output levels with a high
15 degree of certainty. To this end, NBC is proposing to fund a reserve account for electricity
16 expense, sustainability net metering credit (NMC) production, electricity supply rates, NMC
17 rates and turbine production.

18
19 **Q. Can you please explain the factors that make electric expense difficult to predict?**

20 A. Yes. The PUC held a Technical Session as part of this Docket on February 16, 2023. During the
21 Technical Session, NBC presented information regarding the complications and risks
22 associated with management of electricity costs and its renewable energy program. NBC is
23 one of Rhode Island’s largest electricity users and has a substantial renewable portfolio.
24 Some of the items discussed included:

25 Variability in electricity supply rates:

- 26
- 27 • In December 2022, NBC’s contracted electricity supply price increased significantly
28 due to the economy, climate change, reserve levels, world events, and other
29 factors out of NBC’s control.
 - 30
 - 31 • Variable electricity supply rates also impact the C-06 Net Metering Credit (NMC)
32 rates for electricity generated by remote net metered facilities.

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4
- NBC historically has locked in a supply rate below the C-06 standard offer (basis for NMC\$) but that is likely to be inverted for the first time in April 2023.

5 Aging and reliability of wind generated renewable resources:

- 6
7
8
9
- NBC has faced, and will continue to face, variable production from renewable sources due to weather, repairs, aging of facilities, and other factors.

10 Operation of the Bucklin Point Biogas Facility:

- 11
12
13
14
- Operational costs are unknown including the amount of natural gas supplements required.

15 **Q. What other information was presented in the Technical Session?**

16 A. NBC discussed electricity expense variables including:

17 Electricity Use – dependent on flow, rainfall, temperature, biological treatment process
18 (aeration), etc.

19
20 Behind the Meter Production – variability in wind (warmer weather winds are also
21 generally lighter than the colder denser winter winds), blade repairs, etc.

22
23 Supply Rate – world economics and events, weather, natural gas prices and other factors.

24
25 NBC also presented tables showing how higher electricity prices magnify the impact of these
26 variables on operating expense. I have included the relevant slides from that presentation as
27 Attachment DMF – Rebuttal Exhibit 1.

28
29 **Q. How does NBC propose to address the rate year costs for electricity, renewable energy and
30 related accounts and mitigate risk?**

31 A. NBC proposes the following:

- 32
33
34
35
1. Funding of the Operation and Maintenance Reserve (OMR) Fund, which is established in NBC's Trust Indenture, but is unfunded.
 2. NBC would fund the OMR with an initial deposit of \$2.5 million from the Stabilization Account in the Debt Service Fund (debt service coverage).

- 1 3. Allow NBC to access these monies if NBC does not have sufficient funds for the electricity
- 2 expenses in the accounts identified in subsection 5 below compared to the approved rate
- 3 year cost of service.
- 4 4. NBC and the Bond Trustee would execute a supplemental indenture to set forth how the
- 5 OMR will be initially funded, replenished, and accessed by NBC based upon language in
- 6 the PUC Order approving the establishment of the OMR Fund.
- 7 5. NBC will prepare and submit compliance reports each fiscal year, based on audited
- 8 financial statements, that will show the actual expenditures vs. PUC allowance for the
- 9 following accounts and amounts:

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		<u><u>\$ 4,319,419</u></u>

- 10
- 11 6. If the actual expense for these line items is more than the approved cost of service for
- 12 these line items, such calculated amount shall be transferred from the OMR Fund to the
- 13 Operations and Maintenance Fund.
- 14 7. If the actual expense for these line items is less than the approved cost of service for these
- 15 line items, and NBC has collected the total revenue requirement as set forth by the PUC
- 16 in the rate year from this Docket, such calculated amount shall be withdrawn from the
- 17 Operations and Maintenance Fund transferred to the Stabilization Account in the Debt
- 18 Service Fund.

19

20 **Q. Will transferring \$2.5 million from the Debt Stabilization Account in the Debt Service Fund**

21 **to the new OMR Fund have any adverse impact on NBC or its ratepayers?**

- 22 A. No. It would not have an adverse effect on NBC or its ratepayers. In fact it would strengthen
- 23 NBC's ability to ensure sufficient funds are available to safely operate and maintain its

1 facilities. This would reduce the amount available for pay go capital funded through the prior
2 year debt service coverage In turn, this could affect the timing of certain projects or require
3 NBC to issue additional debt to support the CIP. It should be noted, however, that the amount
4 is very small relative to the CIP.

5
6 **14. RENEWABLE ENERGY CREDIT REVENUE**

7 **Q. Why did the sale per REC change from \$24.50 on Schedule DMF-12 to \$30.00 as presented
8 in the February 15, 2023 Technical Session presentation?**

9 A. In the original filing, NBC based the rate year REC revenue on the FY 2022 contracted rate for
10 RECs of \$24.50/REC. Through research conducted in response to Division Data Request Set 1
11 (DIV 1-29), it was discovered that the contracted rate for RECs generated January 1, 2023,
12 through December 31, 2023, to be sold in FY 2024, is \$30.00/REC. I have made this rebuttal
13 adjustment, see Schedule DMF Rebuttal – 7 Renewable Energy Credit Revenue.

14
15 **15. NATURAL GAS, CHEMICAL AND UV DISINFECTION EXPENSE**

16 **Q. Do you agree with the Division’s recommendation to leave Natural Gas, Chemical and UV
17 Disinfection Expense at NBC’s proposed rate year level?**

18 A. Yes.

19
20 **16. INSURANCE EXPENSE**

21 **Q. Do you agree with the Division’s rate year adjustment for the Insurance expense?**

22 A. Yes. I agree with the Division rate year adjustment of \$46,379 for a proposed FY 2024 rate
23 amount of \$1,144,764. I have made this change in my Schedule DMF Rebuttal - 8 53660
24 Insurance and 53680 Workers Compensation.

1 **17. WORKERS COMPENSATION EXPENSE**

2 **Q. Do you agree with the Division’s rate year amount for the Workers’ Compensation**
3 **expense?**

4 A. Yes. I agree with the Division proposed FY 2024 rate amount of \$422,405. I have made this
5 change in my Schedule DMF Rebuttal – 8 53660 Insurance and 53680 Workers Compensation.

6
7 **18. OPERATING ALLOWANCE**

8 **Q. Do you agree with the Division’s adjustment for the Operating Allowance?**

9 A. I agree with the correction to the calculation. The Division determined that I only applied the
10 1.5% allowed for Operating Allowance to Operating Supplies/Expense. They made an
11 adjustment to include Professional Services in the calculation to arrive at a rate year amount
12 of \$342,600, which is \$14,318 higher. I agree with the Division’s method but because my
13 rebuttal rate year is different than that of the Division, the calculation results in a higher
14 amount in the rate year and a rebuttal adjustment of \$35,235. Please see my Schedule DMF
15 Rebuttal-9 Operating Allowance that shows my rebuttal amount of \$363,517.

16
17 **19. ELECTRONIC PAYMENT TRANSACTION FEES – DOCKET 5224**

18 **Q. In Docket 5224, the PUC granted NBC an additional \$585,984 in revenue to cover anticipated**
19 **electronic payment processing fees and ordered NBC to track this expense and provide a**
20 **true-up of actual expenses incurred for effect July 1, 2023. Have you prepared this true-up?**

21 A. Yes. This is provided in my Schedule DMF Rebuttal –10 Electronic Payment Processing Fees.

22
23 **Q. Do you have anything else that you would like to add regarding this rate case?**

24 A. I would like to point out that based upon my rebuttal position I updated the user charge
25 calculation, the rate year revenue proof and the annual bill impact. These are attached to my
26 rebuttal testimony as Schedules DMF Rebuttal – 11, 12 and 13.

27
28
29

1 **IV. CONCLUSION**

2 **Q. Does this conclude your rebuttal testimony?**

3 A. Yes.

Narragansett Bay Commission
Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
Revenue									
41000	Flat Fees Residential	\$ 28,924,095	\$ 148,566	\$ 29,072,661	\$ 230,936	\$ 29,303,597	\$ -		\$ 29,303,597
41100	Consumption Fee - Residential	30,730,826	224,439	30,955,265	(385,084)	30,570,181	-		30,570,181
41501 41502	Flat Fees Commercial/Industrial	15,310,123	78,555	15,388,678	(9,347)	15,379,331	-		15,379,331
41510	Consumption Fee - Commercial	25,035,800	126,822	25,162,622	(1,076,994)	24,085,628	-		24,085,628
41511	Consumption Fee - Industrial	2,131,389	10,797	2,142,186	(171,083)	1,971,103	-		1,971,103
42001	Pretreatment Application Fees	61,280	-	61,280	-	61,280	-		61,280
42500	Connection Permit Fees	43,850	-	43,850	-	43,850	-		43,850
42595	Capacity Charge Fees	225,810	-	225,810	48,334	274,144	-		274,144
42599	Real Estate Closing Fee	165,390	-	165,390	-	165,390	-		165,390
42600	Abatement Application Fee	3,710	-	3,710	-	3,710	-		3,710
42596	Sewer Tie-in Revenue	2,384,273	(2,384,273)	-	-	-	-		-
42602	Return Check Fee Revenue	21,685	-	21,685	-	21,685	-		21,685
TBD	Stormwater Permit Application Fee	-	-	-	29,353	29,353	-		29,353
42604	REC Income FP Turbines	177,744	-	177,744	(10,056)	167,688	54,415	7	222,103
42605	REC Income Coventry	208,296	30,300	238,596	(58,101)	180,495	58,571	7	239,066
42606	REC Income Green PPA	261,668	-	261,668	53,568	315,236	102,295	7	417,531
42607	REC Income Biogas Electric	440	-	440	-	440	-		440
43500	Septage Income	372,346	-	372,346	(16,521)	355,825	-		355,825
45100	Interest Income Revenue	643	-	643	195,557	196,200	-		196,200
45101	Interest Income EEF	35	(35)	-	-	-	-		-
45156	Interest Income Restricted	21,798	(21,798)	-	-	-	-		-
45200	Interest Income O & M	510	-	510	250,434	250,944	-		250,944
45302	Interest Income Operating Capital	2,539	(2,539)	-	-	-	-		-
45303	Interest Income Grant / Capital Reimb	15,705	(15,705)	-	-	-	-		-
45309	Interest Income Revbond Serices C	5,664	(5,664)	-	-	-	-		-
45412	Interest Income Debt Service Payment	39,827	(39,827)	-	-	-	-		-
45413	Interest Income Debt Service Redemption	2	(2)	-	-	-	-		-
45414	Interest Income Stabilization	35,499	(35,499)	-	-	-	-		-
45417	Interest Income 2008 Debt Service Payment	1,756	(1,756)	-	-	-	-		-
45419	Interest Income Operating Reserve for Revenue Stability	8,603	(8,603)	-	-	-	-		-
45423	Interest Income 2020 Series B	231	(231)	-	-	-	-		-
45424	Interest Income 2020 Series C	16	(16)	-	-	-	-		-
45500	Late Charge Revenue	358,415	501,781	860,196	-	860,196	-		860,196
49000	Discounts Earned	3,564	-	3,564	-	3,564	-		3,564
49002	Miscellaneous Income	288,437	(223,910)	64,527	-	64,527	-		64,527
49003	Rental Revenue	54,500	(42,500)	12,000	-	12,000	-		12,000
49004	Gain on Sale of Asset	10,241	(10,241)	-	-	-	-		-
49005	Contributed Capital	1,000,000	(1,000,000)	-	-	-	-		-

Narragansett Bay Commission
Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
Total: Revenue		<u>107,906,710</u>	<u>(2,671,339)</u>	<u>105,235,371</u>	<u>(919,003)</u>	<u>104,316,368</u>	<u>215,281</u>		<u>104,531,649</u>

Narragansett Bay Commission
Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
Revenue Requirements									
Operation & Maintenance Expenses									
Personnel									
52100	Union - Regular	6,356,106	-	6,356,106	543,288	6,899,394	-		6,899,394
52150	Union Overtime	674,868	-	674,868	57,684	732,552	-		732,552
52300	Non-Union Regular	11,711,353	-	11,711,353	892,991	12,604,344	-		12,604,344
52350	Non-Union Overtime	246,531	-	246,531	18,798	265,329	-		265,329
52400	Non-Union Limited	30,073	-	30,073	2,293	32,366	-		32,366
52800	Union Pension	886,877	906,175	1,793,052	486,561	2,279,613	-		2,279,613
52810	FICA/Medicare	1,376,801	-	1,376,801	182,310	1,559,111	-		1,559,111
52820	Unemployment	60,259	-	60,259	-	60,259	-		60,259
52920	Non Union Pension	630,661	676,727	1,307,388	(47,903)	1,259,485	-		1,259,485
52940	Union Retirement Health	(49,901)	376,188	326,287	17,518	343,805	-		343,805
52950	Health Insurance	4,307,986	-	4,307,986	36,719	4,344,705	-		4,344,705
52970	Dental Insurance	292,574	-	292,574	-	292,574	-		292,574
52980	Vision Insurance	47,928	-	47,928	-	47,928	-		47,928
52990	Disability Insurance	48,235	-	48,235	-	48,235	-		48,235
Total: Personnel		<u>26,620,351</u>	<u>1,959,090</u>	<u>28,579,441</u>	<u>2,190,259</u>	<u>30,769,700</u>	<u>-</u>		<u>30,769,700</u>
59000	Salary Reimbursement	(1,705,910)	-	(1,705,911)	(130,076)	(1,835,987)	-		(1,835,987)
59001	Fringe Reimbursement	(925,478)	-	(925,478)	(70,568)	(972,331)	(23,715)	5	(996,046)
Net: Personnel		<u>23,988,963</u>	<u>1,959,090</u>	<u>25,948,052</u>	<u>1,989,615</u>	<u>27,961,383</u>	<u>(23,715)</u>		<u>27,937,668</u>
Operating Supplies/Expense									
52610	Medical Svcs.	10,318	-	10,318	-	10,318	-		10,318
53200	Bad Debt Expense	-	70,917	70,917	-	70,917	-		70,917
53210	Postage	402,181	-	402,181	50,563	452,744	-		452,744
53240	Dues & Subscriptions	73,243	-	73,243	-	73,243	-		73,243
53250	Freight	36,232	-	36,232	-	36,232	-		36,232
53310	Printing & Binding	124,720	-	124,720	33,396	158,116	-		158,116
53320	Advertising	3,020	-	3,020	-	3,020	-		3,020
53330	Rental- Equipment	34,323	-	34,323	-	34,323	-		34,323
53340	Rental- Clothing	36,123	-	36,123	-	36,123	-		36,123
53350	Rental-Outside Property	1,500	-	1,500	-	1,500	-		1,500
53360	Miscellaneous Expense	6,478	-	6,478	-	6,478	-		6,478
53370	Public Outreach Ed.	33,362	-	33,362	-	33,362	-		33,362
53380	EEF	14,595	(14,595)	-	-	-	-		-
53410	Local Travel	947	-	947	-	947	-		947
53420	Long Distance Travel	21,714	-	21,714	-	21,714	-		21,714
53470	Bldg. & Grnd. Maint.	244,840	-	244,840	(12,958)	231,882	-		231,882
53480	Biosolids Disposal	4,940,085	281,240	5,221,325	1,022,562	6,243,887	(169,523)	6	6,074,364

Narragansett Bay Commission
Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
53490	Screening & Grit Disposal	247,688	-	247,688	85,743	333,431	-		333,431
53510	Vehicle Fuel & Maintenance	246,131	-	246,131	243,202	489,333	(166,232)	4	323,101
53610	Repairs Bldg, Struct, Equip.	309,812	-	309,812	85,787	395,599	-		395,599
53615	Repairs Process Equipment	647,865	-	647,865	179,393	827,258	-		827,258
53620	Repair-Highway & Walks	22,819	-	22,819	-	22,819	-		22,819
53630	Maintenance Contracts	655,157	-	655,157	137,583	792,740	(36,214)	4	756,526
53635	Maint. Contracts - Office Equip.	118,083	-	118,083	-	118,083	-		118,083
53640	Service Agreements	345,399	(825)	344,574	-	344,574	125,600	4	470,174
53645	Software Subscriptions	889,671	-	889,671	186,831	1,076,502	(681,702)	4	394,800
53646	Software Maintenance	-	-	-	-	-	1,172,176	4	1,172,176
53650	Highway & Landscape	11,077	-	11,077	-	11,077	-		11,077
53660	Insurance	1,024,072	-	1,024,072	167,071	1,191,143	(46,379)	8	1,144,764
53680	Work. Comp. Insurance	443,397	-	443,397	(12,079)	431,318	(8,913)	8	422,405
53900	Central Phone Svcs.	616	-	616	-	616	-		616
54000	Telephone	277,960	48,176	326,136	-	326,136	-		326,136
54020	Fuel Oil #2 - Diesel	12,004	-	12,004	-	12,004	-		12,004
54060	Fuel-Gas	414,334	-	414,334	(5,197)	409,137	-		409,137
54090	Electricity	3,913,901	(116,447)	3,797,454	3,121,980	6,919,434	-		6,919,434
54091	Net Metering Credit	(1,189,892)	(215,195)	(1,405,087)	(763,082)	(2,168,169)	-		(2,168,169)
54092	Field's Point Turbines	268,490	-	268,490	-	268,490	-		268,490
54093	Coventry Wind	244,645	-	244,645	-	244,645	-		244,645
54095	Green PPA	1,518,723	-	1,518,723	1,321,322	2,840,045	-		2,840,045
54096	Green PPA Net Metering Credits	(2,024,964)	-	(2,024,964)	(1,761,762)	(3,786,726)	-		(3,786,726)
54097	Biogas	1,700	-	1,700	-	1,700	-		1,700
54110	Water	119,644	-	119,644	-	119,644	-		119,644
54200	Clothing	48,644	-	48,644	-	48,644	-		48,644
54332	Chlorine/Hypochlorite	516,561	-	516,561	59,351	575,912	-		575,912
54333	Carbon Feed	37,340	-	37,340	-	37,340	-		37,340
54335	Polymer	123,773	-	123,773	-	123,773	-		123,773
54337	Sodium Bisulfite	376,589	-	376,589	16,640	393,229	-		393,229
54338	Soda Ash	62,256	-	62,256	-	62,256	-		62,256
54339	UV Disinfection	219,317	(86,806)	132,511	40,652	173,163	-		173,163
54340	Lab Supplies	458,017	-	458,017	292,398	750,415	(33,256)	4	717,159
54370	Supplies Building & Maint.	538,894	-	538,894	211,462	750,356	(118,584)	4	631,772
54410	Educational Supp. & Exp.	30,110	-	30,110	-	30,110	-		30,110
54420	Computer Supplies	93,451	-	93,451	-	93,451	-		93,451
54430	Other Op. Supplies & Exp.	12,695	-	12,695	-	12,695	-		12,695
54440	Safety Equipment	82,005	-	82,005	-	82,005	-		82,005
54500	Office Expense	116,468	-	116,468	-	116,468	-		116,468

Narragansett Bay Commission
 Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
57800	Bond And Note Fees	588,835	(588,835)	-	-	-	-		-
Total: Operating Supplies/Expense		17,806,968	(622,370)	17,184,598	4,700,858	21,885,456	36,973		21,922,429

Narragansett Bay Commission
Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
Professional Services									
52600	Regulatory Expense	547,951	-	547,951	129,791	677,742	-		677,742
52630	Educational Services	60,899	-	60,899	-	60,899	-		60,899
52650	Security Services	24,476	-	24,476	-	24,476	-		24,476
52660	Legal Services	192,561	-	192,561	-	192,561	-		192,561
52670	Mgmt/Audit Services	164,710	-	164,710	-	164,710	-		164,710
52680	Clerical Services	669	-	669	-	669	-		669
52690	Other Services	747,404	-	747,404	330,211	1,077,615	-		1,077,615
Total: Professional Services		1,738,670	-	1,738,670	460,002	2,198,672	-		2,198,672
Lease/Subscriptions									
Lease	Lease Payments	-	105,283	105,283	-	105,283	-		105,283
57950	Lease Interest Expense	8,117	-	8,117	-	8,117	-		8,117
Total: Leases		8,117	105,283	113,400	-	113,400	-		113,400
Total: Operations & Maintenance Expenses		43,542,718	1,442,003	44,984,719	7,150,476	52,158,911	13,258		52,172,169
Depreciation									
57500	Depreciation	22,083,785	(22,083,785)	-	-	-	-		-
57015	Amortization Right to Use Leased Land	117,207	(117,207)	-	-	-	-		-
57016	Amortization of Asset Retirement Obligation	22,500	(22,500)	-	-	-	-		-
Total: Depreciation		22,223,492	(22,223,492)	-	-	-	-		-
Operating Capital									
16515	Automotive Equipment Replacement	-	421,902	421,902	-	421,902	(421,902)	2	-
16520	Building and Plant Equipment	-	143,000	143,000	-	143,000	(143,000)	2	-
16525	Building and Plant Equipment Replacement	-	1,395,951	1,395,951	-	1,395,951	(1,395,951)	2	-
16550	Computer Equipment	-	353,368	353,368	-	353,368	(353,368)	2	-
16555	Computer Equipment Replacement	-	514,593	514,593	-	514,593	(514,593)	2	-
16570	Lab Equipment	-	554,761	554,761	-	554,761	(554,761)	2	-
16575	Lab and Sampling Equipment Replacement	-	322,206	322,206	-	322,206	(322,206)	2	-
16586	Office Furniture Equipment	-	57,893	57,893	-	57,893	(57,893)	2	-
16615	Building & Other Structure Replacement	-	99,185	99,185	-	99,185	(99,185)	2	-
Total: Operating Capital		-	3,862,859	3,862,859	-	3,862,859	(3,862,859)		-
Debt Service									
PRIN	Principal	-	28,170,271	28,170,271	3,174,524	31,344,795	1,819,992	3	33,164,787
INT	Interest	14,442,664	(1,507,590)	12,935,074	3,190,271	16,125,345	757,777	3	16,883,122
Coverage	Debt Service Coverage	-	10,276,336	10,276,336	1,591,199	11,867,535	644,442	3	12,511,977
Total: Debt Service		14,442,664	36,939,017	51,381,681	7,955,994	59,337,675	3,222,211		62,559,887
Op Reserve	Operating Reserve	-	257,769	257,769	70,513	328,282	35,236	9	363,517

Narragansett Bay Commission
Test Year FY 2022, Rate Year FY 2024 and Rebuttal Rate Year FY 2024

Account Number	Account Description	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustments	Rate Year as filed FY 2024*	Rebuttal Adjustments	Sch	Rebuttal Rate Year FY 2024
	Total: Revenue Requirements	<u>80,216,991</u>	<u>20,278,156</u>	<u>100,487,028</u>	<u>15,176,983</u>	<u>115,687,727</u>	<u>(592,154)</u>		<u>115,095,573</u>
	NET INCOME	<u><u>27,689,719</u></u>		<u><u>\$ 4,748,343</u></u>		<u><u>\$ (11,371,359)</u></u>	<u><u>\$ 807,435</u></u>		<u><u>\$ (10,563,924)</u></u>

*In the original filing \$113,400 was not included in the total Revenue Requirement. The correct amount is \$115,687,727 (\$115,574,327 + \$113,400).

**Narragansett Bay Commission
Operating Capital Program
Rebuttal Rate Year FY 2024**

Account Number	Account Description	Rate Year As Filed FY 2024	Rebuttal Adjustments	Rebuttal Rate Year FY 2024
Operating Capital				
16515	Automotive Equipment Replacement	\$ 421,902	\$ (421,902)	\$ -
16520	Building and Plant Equipment	143,000	(143,000)	-
16525	Building and Plant Equipment Replacement	1,395,951	(1,395,951)	-
16550	Computer Equipment	353,368	(353,368)	-
16555	Computer Equipment Replacement	514,593	(514,593)	-
16570	Lab Equipment	554,761	(554,761)	-
16575	Lab and Sampling Equipment Replacement	322,206	(322,206)	-
16586	Office Furniture Equipment	57,893	(57,893)	-
16615	Building & Other Structure Replacement	99,185	(99,185)	-
	Total: Operating Capital	<u>\$ 3,862,859</u>	<u>\$ (3,862,859)</u>	<u>\$ -</u>

**Narragansett Bay Commission
Debt Service Cost
Rebuttal Rate Year FY 2024**

	Test Year FY 2022	Test Year Adjustments	Adjusted Test Year FY 2022	Rate Year Adjustment	Rate Year as Filed FY 2024	Rebuttal Adjustment	Rebuttal Rate Year FY 2024
Principal Rate Making Adj.		\$ 28,170,271	\$ 28,170,271		\$ 31,344,795	\$ 1,819,992	\$ 33,164,787
Interest Test Year	14,442,664	(1,507,590)	12,935,074	-	16,125,345	757,777	16,883,122
Total Debt	14,442,664	26,662,681	41,105,345	-	47,470,140	2,577,769	50,047,909
Debt Service Coverage	-	10,276,336	10,276,336	1,591,199	11,867,535	644,442	12,511,977
	<u>\$ 14,442,664</u>	<u>\$ 36,939,017</u>	<u>\$ 51,381,681</u>	<u>\$ 1,591,199</u>	<u>\$ 59,337,675</u>	<u>\$ 3,222,211</u>	<u>\$ 62,559,886</u>

Narragansett Bay Commission
Trend Accounts
Rebuttal Rate Year FY 2024

	Account Number	Account Description	Actual FY 2020	Actual FY 2021	Adjusted Test Year FY 2022	Interim Year FY 2023	Rate Year as filed FY 2024	Rebuttal Rate Adjustment	Rebuttal Rate Year FY 2024	Division Position Rate Year	Difference Rebuttal vs. Division
(1)	53510	VEHICLE FUEL AND MAINTENANCE	\$ 135,767	\$ 206,009	\$ 246,131	\$ 347,045	\$ 489,333	\$ (166,232)	\$ 323,101	\$ 323,101	\$ -
	53610	REPAIRS-BUILDING AND STRUCTURES	760,300	450,143	309,812	350,088	395,599	-	395,599	395,599	-
	53615	REPAIRS-PROCESS EQUIPMENT	-	517,626	647,865	732,087	827,258	-	827,258	827,258	-
(2)		Total Repairs	760,300	967,769	957,677	1,082,175	1,222,857	-	1,222,857	1,222,857	-
(3)	53640	SERVICE AGREEMENTS	239,455	184,018	345,399	421,387	344,574	125,600	470,174	470,174	-
	53630	MAINTENANCE CONTRACTS	1,290,609	1,433,464	655,157	720,673	792,740	(36,214)	756,526		756,526
	53645	SOFTWARE SUBSCRIPTION	-	-	889,671	978,638	1,076,502	(681,702)	394,800		394,800
	53646	SOFTWARE MAINTENANCE						1,172,176	1,172,176		1,172,176
(4)		Total Maintenance Con. & Software Sub.	1,290,609	1,433,464	1,544,828	1,699,311	1,869,242	454,260	2,323,502	1,544,828	2,323,502
	54340	LAB SUPPLIES	347,808	398,564	458,017	586,262	750,415	(33,256)	717,159	458,017	259,142
	54345	LAB CHEMICALS AND GASES									
(5)			347,808	398,564	458,017	586,262	750,415	(33,256)	717,159	458,017	259,142
(6)	54370	SUPPLIES, BLDG & MAINT	393,769	454,136	538,894	635,895	750,356	(118,584)	631,772	631,772	-
Sum of Expense Amounts for NBC's "Trend" Account			\$ 3,167,708	\$ 3,643,960	\$ 4,090,946	\$ 4,772,075	\$ 5,426,777	\$ 261,789	\$ 5,688,566	\$ 4,650,749	\$ 1,037,816

	Division Position Rate Year FY 2024	NBC Rebuttal Includes Accounts 54340 and 54345
Interim Year FY 2023	\$ 586,262	\$ 586,262
Budget FY 2023	330,557	560,281
Difference	255,705	25,981
Percentage Over Budget FY 2023	77.4%	4.6%
NBC Rate Year as Filed FY 2024	750,415	750,415
Rebuttal Rate Year FY 2024	423,113	717,159
*Rebuttal Adjustment	\$ (327,302)	\$ (33,256)

*Division's position adjusted to NBC's Adjusted Test Year amount of \$458,017.

Narragansett Bay Commission
Account 53630 - Maintenance Contracts
Rebuttal Rate Year FY 2024

Account #	Vendor	FY 2024	Description of Service
53630	APA LLC/Ventstock PM	\$ 2,400	APA LLC/Ventstock PM Contract for Phoenix System at WQSB - Sole Source (per contract)
53630	APG Neuros Blower	34,000	APG Neuros Blower Maintenance (Under contract)
53630	APG Neuros Blower	33,810	APG Neuros Blower Maintenance (Per contract)
53630	ASNE Generator	992	ASNE Generator Maintenance (per contract)
53630	ASNE Saylesville Generator	1,000	ASNE Saylesville Generator (Under contract)
53630	Atlas Copco	8,500	Atlas Copco - Year 5 of 5yrCompressor in GBT Bldg (Under contract)
53630	Atlas Copco	50,775	Atlas CopcoPM maintenance for blowers (per contract)
53630	Automatic Temperature Control Inc.	6,630	Automatic Temperature Control Inc. PM of Liebert Units in IT - OEM (per contract)
53630	Azure	990	Azure Water Services Water Treatment Services - Bid (FY23 Actual w/ a 10% ↑)
53630	Azure (Previously Nalco)	3,600	Azure (Previously Nalco)Water treatment services (Bid 1356)
53630	Azure (Previously Nalco)	1,700	Azure (Previously Nalco)Water Treatment Service (per bid)
53630	Biotage (formerly Horizon Technology)	5,044	Biotage (formerly Horizon Technology) Oil & Grease Extractor
53630	Caley Whitmore	5,180	Caley Whitmore (Calibrations)PM Maintenance & Calibration 40 Instruments
53630	Caley Whitmore	2,200	17 Fume Hoods
53630	CE Power	141,800	CE Power Engineered Services, LLC (3C)Asset Condition Assessment/FP Turbine Transformer Inspections
53630	CE Power	116,000	CE Power Electrical Testing - Going out to bid. \$ will be greater. Cancelling contract due to vendor issues.
53630	Citiworks	2,937	CitiworksTri Annually (FP/ESPS) (est a 10% ↑)
53630	DESCO	10,080	DESCO(2) Autoclaves PM
53630	Eastern Industrial	1,100	Eastern Industrial Automation Vibration test (Rising cost of goods & services)
53630	EMD Millipore/Wilkem Millipore	10,350	EMD Millipore/Wilkem Millipore DI Purification Systems (16 systems)
53630	EnergyOne	2,530	EnergyOne Boiler systems preventative maintenance (FY23 Actual w/ a 10% ↑)
53630	Frank Rounds Company	2,562	Frank Rounds Company Admin building annual maintenance (Actual FY 23 was \$2,440 & est a 5% ↑)
53630	HACH (Lachat)	14,500	HACH (Lachat)(3) Lachat Nutrient Analyzers (QV8500)
53630	Hach IFAS	49,830	Hach IFAS Instrumentation IFAS Analyzers, transmitters, meters, etc. (Actual FY 22 was \$39,595.05 then added 5%)
53630	Hach Field Service	19,000	Hach Field Service Contract (sensors, probes, controller , etc.) (Rising cost of goods & services)
53630	Howden	15,000	Howden Semi-Annual aeration & Blower system Inspection (Annual inspection not semi annual)
53630	Howden	32,260	Howden Maintenance for 4 new blowers (3 Yr) (est a 10% ↑)
53630	James Law	800	James Law Calibration/Certification of flow meters (Rising cost of goods & services)
53630	Johnson Controls	3,200	Johnson Controls - PM of COB Chiller (per contract)
53630	Johnson Controls	3,165	Johnson Controls PM of Admin Chiller (per contract)
53630	Johnson Controls	21,625	Johnson Controls PM of WQSB Mechanical Systems (FY23 Actual w/ a 10% ↑)
53630	Kraft Power	800	Kraft Power George Washington Hwy PS (Under contract)
53630	Kraft Power	2,426	Kraft Power Kraft Generator Maintenance WP, Res Ave & WQSB (per contract)
53630	Kuenz Crane	13,965	Kuenz Crane TPS Crane (Actual for FY 23 was \$13,300 & est a 5% ↑)
53630	Mapcross	1,600	Mapcross Backflow Prevention Testing (No Change)
53630	Mapcross	635	Connections Backflow Valve Inspection (FY23 Actual w/ a 10% ↑)
53630	Mapcross	1,360	Mapcross Annual backflow valve inspections
53630	MapCross	125	MapCross Payment for bi-annual backflow valve inspections (IM only pays for IM Building now)
53630	MarCor	2,749	Certification & Calibration Services
53630	Mass Crane	5,000	Mass Crane Hoists Inspections (BP Facility & remote PS)(Load Test) (Load test NOT required this FY (New Bldgs)
53630	Mass Crane	16,380	Mass Crane Hoist Inspections (per contract)
53630	Miele(6)	9,660	Miele(6) Lab Glass wash systems
53630	Milton Cat	9,400	Milton Cat BP & Omega Generators (Under contract - Add new generator)
53630	Nanoclean	7,175	Nanoclean --NEW Clean Room Monthly Testing (per contract)
53630	New England Environmental	2,800	New England & Environmental Calibration/Certification of flow meters (Rising cost of goods & services)
53630	NEXGEN HVAC	7,671	NEXGEN HVAC systems PM (per contract)
53630	Northland Willette	3,500	Northland & Willette Annual PM Service on Dry Weather UV Building (Under contract)
53630	Overhead Door Co	4,500	Overhead Door Maintenance of doors (↑'d to cover new bldgs.)
53630	Overhead Door Co	4,620	Overhead doors Overhead Doors Maintenance/Service (FP/ESPS) (Actual FY 23 was \$4,400 & est a 5% ↑)
53630	Overhead Door Co	4,900	Overhead Door Co PM on garage doors at IM, Omega PS & Wash Hwy PS (Locations: IM Garage, IM Storage & Septage Stat
53630	Shimadzu	11,980	Shimadzu (GC-MS)PM of GC-MS Organics Analyzer
53630	Southworth Milton Cat	27,092	Southworth Milton Cat Generator Maintenance at FP (per contract)
53630	TBD (Nexgen)	7,500	Bid of PM Service at Hypo Building
53630	Xylem YSI (TOC)	7,128	Xylem YSI (TOC)TOC analyzer PM
Total 53630		\$ 756,526	

Narragansett Bay Commission
Account 53645 - Software Subscriptions
Rebuttal Rate Year FY 2024

Account #	Vendor	FY 2024	Description of Service
53645	Asure ADI Time	\$ 21,300	Asure ADI Time - IT requesting to move from 53646 budget code to 53645 budget code.
53645	Avepoint Office	14,400	Avepoint Office 365 Backup - The approved/signed multi-yr contract outlines FY24 cost as \$14,400.
53645	Avepoint Office	6,000	AvepointSharepoint Backup (The signed/approved multi-yr contract outlines FY24 cost as \$6,000.)
53645	Bahr Sales	700	Bahr Sales Granite Software support to manage & view asset inspection data.
53645	Click-up annual subscription	400	
53645	Dell Microsoft	161,000	Dell Microsoft 365 Exchange & Office Annual subscr. - IT negotiated 3-yr 365 renewal \$167,807 p/yr; t
53645	DocuSign	5,000	DocuSign Document Signing - FY23 Actual \$4,877
53645	Gov Connection	32,700	Gov Connection (Endpoint-Apex 1 & Trend Micro HES Bndl)
53645	Gov Connection	21,000	GovConnection Adobe Licensing - F
53645	Gov Connection	8,900	GovConnection Cyber Security Training & Prevention Services, Know B4 -
53645	GP Strategies	32,000	Learning Management System licensing fees
53645	InsightSoftware	29,000	Financial Reporting licensing
53645	MDSS Online	4,400	
53645	Telog Annual	17,000	Telog Annual software Subscriptions
53645	Utility API	1,000	
53645	Various Vendors (fka "GovConnection")	40,000	Various Vendors (fka "GovConnection") Software Licensing -
Total 53645		\$ 394,800	

Narragansett Bay Commission
Account 53646 - Software Maintenance Contracts
Rebuttal Rate Year FY 2024

Account #	Vendor	FY 2024	Description of Service
53646	ABB Plant	\$ 73,049	Computer maintenance
53646	CDW-GFP	7,806	CDW-GFP-Schneider Electric Critical Power & Cooling Svcs 'WADVULTRA-G3-22 & 23"
53646	Computer Plus Sales & Service	356	Computer Plus Sales & Service (Curvature)Plant Computer Servers - Dell workstation maintenance
53646	Gov Connection	10,800	GovConnectionFortinet
53646	Gruber Power Services	3,000	Gruber Power Services APC UPS Symmetra Lx - Includes IT & OM
53646	Gruber Power Services	2,600	Gruber Power Services Schneider Electric Symmetra PX UPS
53646	Oracle	7,000	Oracle (ODA Maintenance) - FY23 projected total \$5,725; ↑ server count
53646	Park Place	816	Park Place Technologies (Curvature)Plant Computer Servers
53646	Park Place	7,200	Park Place Printers & Server - FY23 Actual \$7,047
53646	Park Place	19,000	Park Place Servers - FY23 Actual \$17,840
53646	Park Place	18,000	Park Place Storage (3 Par) - FY23 Actual \$17,614, \$3K over budget
53646	Siemens	13,688	Siemens Building Tech Siemens HVAC 600 Alan Systems
53646	Siemens	44,775	Siemens SCADA PM For PM Only (No Programming)
53646	Insight Software	17,000	Financial reporting software maintenance
53646	SKM Power Tools	1,301	SKM Power ToolsMaintenance Fee for License (Arc Flash Study)
53646	Wonderware	15,000	Wonderware Servers & Control Room
53646	A&F Engineering	45,000	On Site Software Programming Services
53646	Advance/N Harris Licensing & AUS CIS Mobil	180,000	Advance/N Harris Licensing & AUS CIS Mobile (FY23 Actual \$143,127 (including kiosk cost of \$8,663).
53646	Aquatic (fka Hach [sister company])	9,000	Aquatic (fka Hach [sister company])LIMS Support
53646	Bluebeam	3,825	Bluebeam software maintenance (FY23 Actual \$3,465)
53646	Cognizant	19,000	CognizantKBX Support Data mgmt (FY23 Actual \$18,800)
53646	DevartDbforge	1,250	DevartDbforge SQ1 & Studio (FY23 Actual \$1,220)
53646	DLL Solutions	14,400	DLL Solutions/Engement Services Qrtly Maintenance of PI System
53646	DLT Solutions	15,000	DLT SolutionsAutoDesk
53646	Eplus (Cisco)	29,000	Eplus (Cisco) Cisco Maintenance (Multi-Year) -
53646	ESRIGIS	31,000	ESRIGIS Software
53646	Gov Connection	50,000	Gov ConnectionVM Ware
53646	Gov Connection	25,000	GovConnection Service/Help Desk (including Manage/Engine)
53646	Gov Connection	3,604	GOV Connection Trend Micro Annual Support (BP/FP)
53646	Infor Public Sector	116,000	Infor Public SectorHansen Maintenance & Barcoding
53646	Oracle	134,850	Oracle (EBS)Database & ERP Suite
53646	Oracle	9,000	Oracle (Linux)Oracle Linux Support
53646	OSIsoft	43,789	OSIsoft SRP Maintenance of the PI System BP,FP
53646	Sonepar Distribution NE Inc.	7,676	Sonepar Distribution NE Inc.TPS Pump RTU Unit tech support (3 Year)
53646	Thermo LabSystems, Inc.	41,500	Thermo LabSystems, Inc.User Licenses
53646	Vertex	7,400	VertexPayroll Tax Table
53646	Walker Industrial	766	Walker Industrial Control room Software Support
53646	Wonderware Q-Mation	62,284	Wonderware Q-Mation maintenance & support (FP/BP)
53646	Wonderware Q-Mation	9,922	Wonderware Q-Mation Thin Manager Support (BP/FP)
53646	Gov Connection	50,664	Gov Connection Barracuda Backup (NEW)
53646	Kroll	4,000	KrollService Renewal (NEW for FY24)
53646	Mobatek SARL (aka MobaXterm)	400	Mobatek SARL (aka MobaXterm) Remote computer toolobx software subscr. - FY23 Actual \$338
53646	The Rovisys Company	2,205	Software Maintenance on OPC90 Servers
53646	Zoho Corp	14,250	Zoho CorpManageEngine (NEW for FY24)
Total 53646		\$ 1,172,176	

**Narragansett Bay Commission
Account 59001 Fringe Reimbursement
Rebuttal Rate FY 2024**

	Adjusted Test Year FY 2022	Adjustment	Rate Year FY 2024
As filed	\$ (925,478)	\$ (70,568)	\$ (972,331)
Corrected	(925,478)	(70,568)	(996,046)
Rebuttal Adjustment			<u>\$ (23,715)</u>

Narragansett Bay Commission
Account 53480 Biosolids Expense
Rebuttal Rate Year FY 2024

	Rate Year as Filed FY 2024	Rebuttal Rate Year FY 2024	Rebuttal Adjustment
Dry Tons	9,997	10,365	
Composite Rate	\$ 624.58	\$ 586.04	
	<u>\$ 6,243,887</u>	<u>\$ 6,074,364</u>	<u>\$ (169,523)</u>

Rebuttal Revised Dry Tons	
Projected Dry Tons FY 2023	10,324
Average Annual Change	0.4%
	<u>10,365</u>

Note: NBC agrees with the Division composite rate for dry tons of \$586.04.

Description	Actual FY 2020	Actual FY 2021	Adjusted Test Year FY 2022	Rate Year as filed FY 2024	Projected FY 2023	Average Annual Increase	Rebuttal Revised Rate Year FY 2024
Biosolids Dry Tons Production							
Bucklin Point	2,241	2,048	2,072	2,120	2,069	2,107	2,077
Field's Point	7,985	7,638	8,007	7,877	8,255	7,971	8,288
Total	<u>10,226</u>	<u>9,686</u>	<u>10,079</u>	<u>9,997</u>	<u>10,324</u>	<u>10,079</u>	<u>10,365</u>
Year over year change		-5%	4%		2%	0.4%	

**Narragansett Bay Commission
Renewable Energy Credit Revenue (42604, 42605, 42606)
Rebuttal Rate Year FY 2024**

REC Income FP Turbines (42604)				
	Rate Year as filed FY 2024	Rebuttal Rate Year FY 2024	Rebuttal Adjustment	
kWh Produced	7,403,433	7,403,433		
REC Rate/kWh	\$ 22.65	\$ 30.00		
	167,688	222,103	\$	54,415

REC Income Coventry (42605)				
	Rate Year as filed FY 2024	Rebuttal Rate Year FY 2024	Rebuttal Adjustment	
kWh Produced	7,968,865	7,968,865		
REC Rate/kWh	\$ 22.65	\$ 30.00		
	180,495	239,066	\$	58,571

REC Income PPA (42606)				
	Rate Year as filed FY 2024	Rebuttal Rate Year FY 2024	Rebuttal Adjustment	
kWh Produced	13,917,693	13,917,693		
REC Rate/kWh	\$ 22.65	\$ 30.00		
	315,236	417,531	\$	102,295

Narragansett Bay Commission
Accounts 53660 Insurance and 53680 Workers Compensation Expense
Rebuttal Rate Year FY 2024

Account	Title	Rate Year as Filed FY 2024	Rebuttal Rate Year FY 2024	Rebuttal Adjustment
53660	Insurance	\$ 1,191,143	\$ 1,144,764	\$ (46,379)
53680	Workers Compensation	431,318	422,405	(8,913)

**Narragansett Bay Commission
Operating Allowance
Rebuttal Rate Year FY 2024**

Title	Rate Year as Filed	Rebuttal Rate Year	Rebuttal Adjustment
Operating Reserve	\$ 328,282	\$ 363,518	\$ 35,236

**Narragansett Bay Commission
Operating Allowance**

Description	Projected Rate Year
Net Personnel	\$ 27,937,668
Operating Supplies/Expense	21,922,429
Professional Services	2,198,672
Lease Expense	113,400
Total Operations & Maintenance	<u>52,172,169</u>
Less Personnel	<u>(27,937,668)</u>
Adjusted O&M	24,234,501
	1.5%
Annual Operating Allowance	<u>\$ 363,518</u>

Narragansett Bay Commission
Actual Electronic Payment Processing Fees to Date per Docket 5224

Date	Convenience Fees		
4/30/2020	\$	6,355	
5/31/2020		20,689	
6/30/2020		20,412	
7/31/2020		23,237	
8/31/2020		25,599	
9/30/2020		26,528	
10/31/2020		28,489	
11/30/2020		25,765	
12/31/2020		28,939	
1/31/2021		31,988	
2/28/2021		28,717	
3/31/2021		34,506	
4/30/2021		32,375	
5/31/2021		31,961	
6/30/2021		32,288	
7/31/2021		35,104	
8/31/2021		35,724	
9/30/2021		35,973	
10/31/2021		37,135	
11/30/2021		36,372	
12/31/2021		39,654	
1/31/2022		41,510	
2/28/2022		39,099	
3/31/2022		44,382	\$ 742,801.00
4/30/2022		42,942	
5/31/2022		41,934	
6/30/2022		43,117	
7/31/2022		38,707	
8/31/2022		45,769	
9/30/2022		45,730	
10/31/2022		46,990	
11/30/2022		45,528	
12/31/2022		46,321	
1/31/2023		48,894	
2/28/2023		45,696	
3/31/2023		50,322	541,948.70
Total Through March 2022:	\$	1,284,750	\$ 1,284,750
Transfer made on June 28, 2022	\$	742,801	

**Narragansett Bay Commission
User Charge Calculation**

Description	Projected Rebuttal Rate Year FY 2024
Projected Rate Year Revenue Requirement	\$ 115,095,573
Less: Projected Rate Year Miscellaneous Revenues	<u>(3,221,808)</u>
Net Revenue Requirement to be Recovered through User Charges	111,873,764
Rate Year User Charge Revenue without Increase	<u>101,309,840</u>
Revenue Increase	<u>\$ 10,563,924</u>
Calculation of Across the Board Increase Percentage	10.43%

Narragansett Bay Commission
Rate Year Revenue Proof with Rate Increase
Rebuttal Rate Year FY 2024

Revenue Item Description	Current Rate	Increase	Rate Year Rates	Rate Year Units	Rate Year Revenues
User Fee Revenues					
Residential					
Customer Charges (per dwelling unit)	\$ 238.74	10.43%	\$ 263.63	121,952	\$ 32,150,723
Residential Wells	542.46	10.43%	599.02	348	208,460
Consumption Charges (per HCF)	3.831	10.43%	4.23	7,979,687	<u>33,757,826</u>
Total Residential					66,117,009
Non-Residential					
Customer Charges (per Meter Size)					
5/8"	566	10.43%	625.02	3,498	2,186,627
3/4"	849	10.43%	937.53	1,018	954,403
1"	1,415	10.43%	1,562.55	1,283	2,004,747
1 1/2"	2,831	10.43%	3,126.20	839	2,622,879
2"	4,529	10.43%	5,001.25	1,223	6,116,532
3"	8,492	10.43%	9,377.49	87	815,841
4"	14,154	10.43%	15,629.88	35	547,046
6"	28,308	10.43%	31,259.76	34	1,062,832
8"	45,292	10.43%	50,014.73	12	600,177
10"	65,108	10.43%	71,897.01	1	<u>71,897</u>
Subtotal Customer Charges					16,982,981
Commercial Consumption Charges (per HCF)	5.754	10.43%	6.35	4,185,893	26,597,110
Industrial Consumption Charges (per HCF)	3.770	10.43%	4.16	522,839	<u>2,176,636</u>
Total Non-Residential					45,756,727
Total User Fee Revenues					111,873,736
Non-User Charge Revenue					
Connection Permit Fees					43,850
Capacity Charge Fees					274,144
Real Estate Closing Fee					165,390
Abatement Application Fee					3,710
Return Check Fee Revenue					21,685
Stormwater Permit Application Fee					29,353
REC Income FP Turbines					222,103
REC Income WED Wind					239,066
REC Income WED Solar					417,531
REC Income Biogas Electric					440
Septage Income					355,825
Interest Income Revenue					196,200
Interest Income O & M					250,944
Late Charge Revenue					860,196
Discounts Earned					3,564
Miscellaneous Income					64,527
Rental Revenue					<u>12,000</u>
Total Non-User Fee Revenues					<u>\$ 3,221,808</u>
Total Revenues	\$				115,095,545
Total Revenue Requirement	\$				<u>115,095,573</u>

**Narragansett Bay Commission
Annual Bill Impacts**

	Adjusted Test Year FY 2022	Proposed Rebuttal Rate Year FY 2024	Dollar Increase	Percent Increase
<u>Residential - 73.2 Hcf</u>				
Customer Charge	\$ 238.74	\$ 263.63	\$ 24.89	10.43%
Consumption	280.43	309.67	29.24	10.43%
<i>Total: Residential - 73.2 Hcf</i>	519.17	573.30	54.14	10.43%
<u>Commercial - 244 Hcf, 5/8"</u>				
Customer Charge	566.00	625.02	59.02	10.43%
Consumption	1,403.98	1,550.37	146.40	10.43%
<i>Total: Commercial - 244 Hcf, 5/8"</i>	1,969.98	2,175.39	205.42	10.43%
<u>Commercial - 2,440 Hcf, 2"</u>				
Customer Charge	4,529.00	5,001.25	472.25	10.43%
Consumption	14,039.76	15,503.73	1,463.97	10.43%
<i>Total: Commercial - 2,440 Hcf, 2"</i>	18,568.76	20,504.98	1,936.22	10.43%
<u>Industrial - 244 Hcf, 5/8"</u>				
Customer Charge	566.00	625.02	59.02	10.43%
Consumption	919.88	1,015.80	95.92	10.43%
<i>Total: Industrial - 244 Hcf, 5/8"</i>	1,485.88	1,640.82	154.94	10.43%
<u>Industrial - 2,440 Hcf, 2"</u>				
Customer Charge	4,529.00	5,001.25	472.25	10.43%
Consumption	9,198.80	10,157.99	959.19	10.43%
<i>Total: Industrial - 2,440 Hcf, 2"</i>	13,727.80	15,159.24	1,431.44	10.43%

ELECTRICITY

ELECTRICITY AND RENEWABLES CONCERNS

NBC's facilities require a large amount of electricity to operate pumps and other equipment

After deregulation of electricity, NBC began to bid electricity supply

NBC's supply rate may not always be lower than the C-06 Net Metering Credit rate

Increased unpredictability of natural gas and electricity pricing due to economy, climate change and other world events

Variable production from renewable sources with significant \$ impact

ELECTRICITY

ELECTRICITY USE AND RENEWABLES HISTORY

“Behind the Meter”

NBC entered the renewables market - Field’s Point Wind Turbines, reducing power purchases and generating revenue from the sale of Renewable Energy Credits (RECs)

Construction of the Bucklin Point Biogas Cogeneration Facility, to reduce power purchases and generate RECs has faced operational challenges

Net Metered Facilities

Legislation created Net Metering Credit (NMC) program and NBC purchased 3 remote net metered turbines in Coventry – NBC retains 100% of the NMC and RECs

NBC entered into two Power Purchase Agreements for remote renewable resources – NBC retains 25% of the NMC earned and 100% of the RECs generated

ELECTRICITY

ELECTRICITY USE AND RENEWABLES HISTORY

Primary concerns of NBC related to electricity and renewables:

Variability in the electricity supply rate:

- Last year, there was a huge spike in natural gas and electricity prices
- NBC historically has locked in a supply rate below the C-06 standard offer (basis for NMC\$) but that is likely to be inverted for the first time in April 2023

Aging and reliability of wind generated renewable resources:

- The Field's Point turbines have performed well but they are aging. NBC must purchase more power if they are off-line or if weather patterns result in lower wind
- The Coventry wind turbines have been periodically off-line and weather patterns can result in lower production which reduces NMCs and REC revenue

Operation of the Bucklin Point Biogas Facility:

- Operational costs unknown including amount of natural gas supplements required

ELECTRICITY

ELECTRICITY PURCHASES AND RENEWABLES

Electricity Purchases ⁽¹⁾		
Primary Uses/Accounts	Annual kWh	Total
Field's Point Wastewater Treatment Facilities and CSO Tunnel Pump Station	19,159,739	
Bucklin Point Wastewater Treatment Facilities	12,162,322	
Interceptor Maintenance	1,163,755	
Corporate Office and Water Quality Science Buildings	1,907,583	
Total Uses		34,393,399
"Behind the Meter Sources"	Annual kWh	Total
Field's Point Wind Turbines (Three 1.5 MW)	7,403,433	
Bucklin Point Biogas Cogeneration Facility	94,327	
Total "Behind the Meter" Production		7,497,760
Net Electricity Purchases		26,895,639
(1) Ties into rate year		

Electricity Expense Variables

USE - flow, rainfall, temperature, biological treatment process (aeration), etc.

BEHIND THE METER PRODUCTION – Variability in wind (warmer weather winds are also generally lighter than the colder denser winter winds), blade repairs, etc.

SUPPLY RATE – World economics and events, weather, natural gas prices, and other factors have impacted electricity prices.

ELECTRICITY

ELECTRICITY EXPENSE, BEHIND THE METER PRODUCTION, SUPPLY RATE

Potential Impact of Field's Point Turbine Production Variability (Prior Supply Rate)					
	Annual kWh Production Loss	Increased Electricity Purchase Expense	REC Revenue Loss	Net Annual Financial Impact	Net Monthly Financial Impact
1 Turbine	(2,467,811)	\$ 348,702	\$ (74,034)	\$ 422,736	\$ 35,228
2 Turbines	(4,935,622)	697,403	(148,069)	845,472	70,456
3 Turbines	(7,403,433)	1,046,105	(222,103)	1,268,208	105,684
Potential Impact of Field's Point Turbine Production Variability (New Supply Rate)					
	Annual kWh Production Loss	Increased Electricity Purchase Expense	REC Revenue Loss	Net Annual Financial Impact	Net Monthly Financial Impact
1 Turbine	(2,467,811)	\$ 634,893	\$ (74,034)	\$ 708,927	\$ 59,077
2 Turbines	(4,935,622)	1,269,786	(148,069)	1,417,855	118,155
3 Turbines	(7,403,433)	1,904,679	(222,103)	2,126,782	177,232
Potential Increased Impact Due to Higher Supply Rate					
	Annual kWh Production Loss	Increased Electricity Purchase Expense	REC Revenue Loss	Net Annual Financial Impact	Net Monthly Financial Impact
1 Turbine	(2,467,811)	\$ 286,191	\$ (74,034)	\$ 286,191	\$ 23,849
2 Turbines	(4,935,622)	572,383	(148,069)	572,383	47,699
3 Turbines	(7,403,433)	858,574	(222,103)	858,574	71,548

If NBC's Field's Point turbines are off-line:

- Increases kWh of electricity that must be purchased
- More significant impact on expense than previously due to higher supply rates
- Also reduces REC revenue since fewer RECs may be sold
- Increased purchases due to turbines being off-line may result in higher demand charges
- Turbines are anticipated to be off-line to complete blade repair (not reflected in rate year in rate case)

ELECTRICITY

REMOTE NET METERED FACILITIES – NBC-OWNED WIND TURBINES COVENTRY

Summary of NBC Owned Remote Net-Metered Sources			
Three 1.5 MW AC Wind Turbines	Annual Production kWh		
	FY 2022 Actual	FY 2023 Projected	FY 2024 Rate Case
Coventry 1	2,332,920	2,806,048	2,332,920
Coventry 3	1,897,468	2,398,122	3,134,221
Coventry 4	2,501,724	2,438,012	2,501,724
Total Production	6,732,112	7,642,182	7,968,865
		Composite NMC Rate - 1/13/2023 (\$/kWh)	Impact
NMC unit cost times total kWh annual production		\$0.2721	\$2,168,169
NMC Earned			\$2,168,169
Renewable Energy Credit (REC) Sales @ \$30 per REC			\$239,066
		Net Financial Impact \$	2,407,235

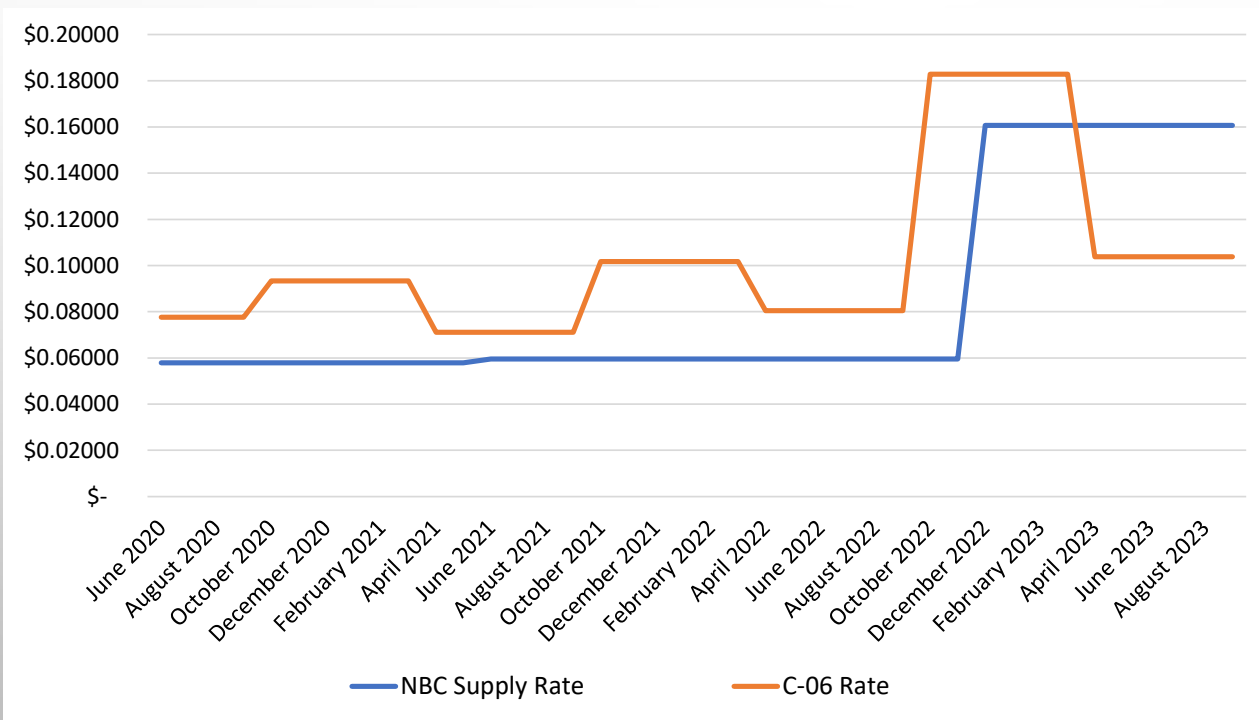
ELECTRICITY

REMOTE NET METERED FACILITIES – POWER PURCHASE AGREEMENTS

Summary of Power Purchase Agreements						
PPA	PPA Signed	Facility	Max Output	% of NMC and RECs to NBC	Expected Annual Generation (kWh)	Guarantee
1	August 28, 2017	2 Solar	4.5 MW AC	100.00%	6,300,000	90% - 3 year average
2	August 28, 2017	Solar	Not able to obtain permits timely			
	Amended 10/28/18	Wind Turbine (Green Hill)	3.0 MW AC	74.60%	5,100,000	90% - 3 year average
	Amended 3/15/22	Solar (GDIM)	9.6005 MW AC	12.43%	2,000,000	
Total Annual kWh					13,400,000	
				Composite NMC Rate - 1/13/2023 (\$/kWh)	Impact	
NMC unit cost times expected total kWh annual production				\$0.2721	\$3,645,872	
Total amount paid to PPA (75% of NMC)				75.00%	\$2,734,404	
NMC retained by NBC					\$911,468	
Renewable Energy Credit (REC) Sales @ \$30 per REC					\$402,000	
Net Financial Impact \$					1,313,468	

ELECTRICITY

NBC SUPPLY RATE VS. NET METERING CREDIT C-06 RATE



- For the first time, NBC’s Supply rate will be higher than the C-06 Rate, increasing “net” electricity expense
- NBC’s rate filing assumed higher C-06 rate in effect at the time of the application

ELECTRICITY

NET METERING CREDITS

<i>NBC NMC Facilities</i>	FY 2022 Actual	FY 2023 Projected	FY 2024 Rate Case	Updated C-06 Rate ⁽¹⁾	Difference due to Rate Change
Net Metering Credits kWh					
Coventry 1	2,332,920	2,806,048	2,332,920	2,332,920	-
Coventry 3	1,897,468	2,398,122	3,134,221	3,134,221	-
Coventry 4	2,501,724	2,438,012	2,501,724	2,501,724	-
Total NBC (54091)	6,732,112	7,642,182	7,968,865	7,968,865	-
Net Metering Credits Earned \$	\$ 1,189,892	\$ 1,732,979	\$ 2,168,169	\$ 1,539,107	\$ (629,062)
Power Purchase Agreement					
Green Hill/Iron Mine	4,893,328	7,410,263	6,893,328	6,893,328	-
K1	2,194,866	2,299,635	2,194,866	2,194,866	-
K2	4,829,499	5,129,693	4,829,499	4,829,499	-
Total Green PPA (54096)	11,917,693	14,839,591	13,917,693	13,917,693	-
Net Metering Credits Earned \$	\$ 2,024,964	\$ 3,365,100	\$ 3,786,726	\$ 2,688,063	\$ (1,098,663)
Net Metering Credits to NBC \$	\$ 506,241	\$ 841,275	\$ 946,681	\$ 672,016	\$ (274,666)
Composite Rate/ kWh	\$ 0.1767	\$ 0.2268	\$ 0.2721	\$ 0.1931	\$ (0.0789)
Total Net Metering Credits Earned	\$ 3,214,856	\$ 5,098,079	\$ 5,954,895	\$ 4,227,170	\$ (1,727,725)
Retained by PPA (Expense)	\$ 1,518,723	\$ 2,523,825	\$ 2,840,044	\$ 2,016,047	\$ (823,997)
Net Change	\$ 1,696,133	\$ 2,574,254	\$ 3,114,850	\$ 2,211,122	\$ (903,728)

Decrease in the C-06 Rate from \$0.18279 (as filed) to \$0.10385 will:

- generate \$1.7 million fewer NMCs
- Reduce PPA “expense” by \$800K
- Result in a net increase in expense of \$903K

⁽¹⁾ Assumes same C-06 rate as proposed 4/1/23 for entire rate year

ELECTRICITY

IMPACT OF COVENTRY REMOTE NET METERED PRODUCTION

Potential Impact of Coventry Turbine Production Variability (Current C-06 Rate)					
	Annual kWh Production Loss	Reduction in NMC (Increased Expense)	REC Revenue Loss	Net Annual Financial Impact	Net Monthly Financial Impact
Coventry 1	(2,332,920)	\$ 634,741	\$ (69,988)	\$ 704,729	\$ 58,727
Coventry 3	(3,134,221)	852,759	(94,027)	946,786	78,899
Coventry 4	(2,501,724)	680,669	(75,052)	755,721	62,977
	(7,968,865)	\$ 2,168,169	\$ (239,066)	\$ 2,407,235	\$ 200,603

If NBC's Coventry turbines are off-line:

1. Reduces NMC earned
2. Reduces REC Revenue
3. Turbines are anticipated to be off-line to complete foundation work. This is not reflected in the rate year in the rate case.

CERTIFICATION

I hereby certify that on April 24, 2023, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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