

PREFILED REBUTTAL TESTIMONY OF

STEPHEN MACERONI

BEFORE THE

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

ON BEHALF OF

THE NARRAGANSETT BAY COMMISSION

DOCKET NO. 24-41-WW

APRIL 16, 2025

NARRAGANSETT BAY COMMISSION
PRE-FILED REBUTTAL TESTIMONY
OF STEPHEN MACERONI

Q. Please state your name and title.

A. My name is Stephen Maceroni, Director with PFM Financial Advisors LLC (PFM).

Q. Are you the same Stephen Maceroni who filed direct testimony in this Docket?

A. Yes, I am.

Q. What is the purpose of your testimony?

A. To provide an update on NBC's Debt Service Cost.

Q. In Mr. Smith's direct testimony on behalf of the Division of Public Utilities and Carriers, he asked that NBC update its Fiscal Year 2026 Debt Service Cost based on the \$100 million dollar loan that was scheduled to close in March 2025 to reflect any variances based on the actual debt issuance. Can you please provide this update?

A. Yes. NBC has updated the Debt Service Cost, but it is not based on the actuals of the \$100 million loan from the Rhode Island Infrastructure Bank (RIIB) because that loan has not yet closed.

Q. Why has NBC not closed on the \$100 Million loan from RIIB if it was scheduled to close in March 2025?

A. As outlined in the Docket 24-40-WW Debt Service Compliance Filing, NBC planned to borrow \$100,000,000 from RIIB in March of 2025. However, in late January 2025, several presidential Executive Orders were issued, which indicated that federally funded portions of RIIB loans, as well as principal forgiveness earmarked for the 2025 Series A loan, were at risk of becoming inaccessible. RIIB identified \$7,069,416 in principal forgiveness for the 2025 Series A loan comprised of \$5,542,416 in affordability-based principal forgiveness

1 and \$1,527,000 in Rhode Island Clean Water State Revolving Fund's Green Project
2 Reserve program loan forgiveness. Since the principal forgiveness is of significant benefit
3 to NBC's ratepayers, NBC and RIIB worked together to secure the principal forgiveness
4 portion through NBC's direct borrowing from RIIB of \$25,000,000 of Bond Anticipation
5 Notes (BANs) on February 27, 2025. The BANs mature on August 27, 2025, and there is
6 no prepayment penalty. NBC will pay off the BANs using a portion of the proceeds of the
7 \$100 million 2025 Series A loan. The closing of the 2025 Series A loan was subsequently
8 shifted to mid-June 2025.

9
10 **Q. Has NBC updated the loan amortization schedule?**

11 A. Yes. Although NBC has not yet closed on the loan, we have prepared an updated debt
12 service schedule that reflects interest rates as of March 25, 2025, and the \$7.1 million in
13 principal forgiveness. (See attached schedule)

14
15 **Q. Is NBC's Fiscal Year 2026 Debt Service Cost based on the updated schedule?**

16 A. Yes. In addition to updating the interest rates and the principal forgiveness, the loan
17 amortization was modified so that the first principal payment is in September 2026 (Fiscal
18 Year 2027) as opposed to September 2025 (Fiscal Year 2026). We worked with NBC to
19 modify the amortization such that it remained level debt with the first principal payment
20 in September 2026. As a result, NBC has based the Fiscal Year 2026 Debt Service Cost on
21 the updated schedule with the rate year amount equal to the payments required in Fiscal
22 Year 2027. This will enable the billing and collection required to make the deposits into
23 the debt service payment accounts during Fiscal Year 2026 (the Rate Year) for the interest
24 and principal payments in Fiscal Year 2027. This is especially important because the first
25 principal payment of \$2,020,000 is due in September 2026, and NBC needs to have
26 collected and deposited the funds necessary to make this payment before it is due.

1 **Q. Has NBC reduced the requested Fiscal Year 2026 Debt Service Cost as a result of the**
2 **updated amortization schedules?**

3 A. Yes. NBC has reduced its rate year debt service request by \$659,558 along with the
4 associated coverage by \$164,889 for a total reduction in the rate year of \$824,448.
5

	As filed (Docket 24-40-WW)	Rebuttal	Rebuttal Adjustment
Debt Service	53,230,361	52,570,803	(659,558)
Coverage	13,307,590	13,142,701	(164,889)
Total Debt Service	66,537,951	65,713,504	(824,448)

6
7
8 **Q. What has NBC included in the revenue requirement for the rate year for debt service**
9 **and coverage?**

10 A. NBC has included the debt service deposits required to ensure cash is available when the
11 FY 2027 payments are due.

	Deposits FY 2026	Payments FY 2027
Debt Service	52,570,803	52,725,893
Coverage	13,142,701	13,181,473
Total Debt Service	65,713,503	65,907,367

12
13 **Q. Does this conclude your rebuttal testimony?**

14 A. Yes it does.

Bond Debt Service
Proposed RIIB SRF Loan
Narragansett Bay Commission
Dated May 29, 2025
(TIC 3.537%)

Market Rates + .50% as of March 25, 2025. Includes .30% RIIB Fee

<i>Period</i>							<i>Annual Debt</i>
<i>Ending</i>	<i>Principal</i>	<i>Forgiveness</i>	<i>Net Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Service</i>
5/29/2025							
9/1/2025	-	-	-		802,651	802,651	
3/1/2026	-	-	-		1,570,404	1,570,404	2,373,056
9/1/2026	2,170,000	150,000	2,020,000	2.538%	1,570,404	3,590,404	
3/1/2027	-	-	-		1,544,773	1,544,773	5,135,177
9/1/2027	2,225,000	155,000	2,070,000	2.585%	1,544,773	3,614,773	
3/1/2028	-	-	-		1,518,021	1,518,021	5,132,794
9/1/2028	2,285,000	160,000	2,125,000	2.625%	1,518,021	3,643,021	
3/1/2029	-	-	-		1,490,131	1,490,131	5,133,152
9/1/2029	2,345,000	165,000	2,180,000	2.658%	1,490,131	3,670,131	
3/1/2030	-	-	-		1,461,155	1,461,155	5,131,286
9/1/2030	2,410,000	170,000	2,240,000	2.766%	1,461,155	3,701,155	
3/1/2031	-	-	-		1,430,180	1,430,180	5,131,335
9/1/2031	2,480,000	175,000	2,305,000	2.806%	1,430,180	3,735,180	
3/1/2032	-	-	-		1,397,843	1,397,843	5,133,023
9/1/2032	2,550,000	180,000	2,370,000	2.853%	1,397,843	3,767,843	
3/1/2033	-	-	-		1,364,039	1,364,039	5,131,882
9/1/2033	2,625,000	185,000	2,440,000	2.900%	1,364,039	3,804,039	
3/1/2034	-	-	-		1,328,664	1,328,664	5,132,703
9/1/2034	2,705,000	190,000	2,515,000	2.933%	1,328,664	3,843,664	
3/1/2035	-	-	-		1,291,780	1,291,780	5,135,444
9/1/2035	2,785,000	195,000	2,590,000	2.967%	1,291,780	3,881,780	
3/1/2036	-	-	-		1,253,363	1,253,363	5,135,142
9/1/2036	2,865,000	200,000	2,665,000	3.020%	1,253,363	3,918,363	
3/1/2037	-	-	-		1,213,118	1,213,118	5,131,481
9/1/2037	2,955,000	205,000	2,750,000	3.067%	1,213,118	3,963,118	
3/1/2038	-	-	-		1,170,946	1,170,946	5,134,064
9/1/2038	3,050,000	215,000	2,835,000	3.121%	1,170,946	4,005,946	
3/1/2039	-	-	-		1,126,710	1,126,710	5,132,656
9/1/2039	3,145,000	220,000	2,925,000	3.174%	1,126,710	4,051,710	
3/1/2040	-	-	-		1,080,286	1,080,286	5,131,995
9/1/2040	3,255,000	230,000	3,025,000	3.369%	1,080,286	4,105,286	
3/1/2041	-	-	-		1,029,336	1,029,336	5,134,621
9/1/2041	3,365,000	235,000	3,130,000	3.409%	1,029,336	4,159,336	
3/1/2042	-	-	-		975,988	975,988	5,135,323
9/1/2042	3,485,000	245,000	3,240,000	3.462%	975,988	4,215,988	
3/1/2043	-	-	-		919,897	919,897	5,135,885
9/1/2043	3,605,000	250,000	3,355,000	3.509%	919,897	4,274,897	
3/1/2044	-	-	-		861,028	861,028	5,135,925
9/1/2044	3,735,000	260,000	3,475,000	3.563%	861,028	4,336,028	
3/1/2045	-	-	-		799,123	799,123	5,135,152
9/1/2045	3,870,000	270,000	3,600,000	3.596%	799,123	4,399,123	

Period Ending	Principal	Forgiveness	Net Principal	Coupon	Interest	Debt Service	Annual Debt Service
3/1/2046	-	-	-		734,388	734,388	5,133,511
9/1/2046	4,010,000	280,000	3,730,000	3.623%	734,388	4,464,388	
3/1/2047	-	-	-		666,815	666,815	5,131,203
9/1/2047	4,160,000	290,000	3,870,000	3.657%	666,815	4,536,815	
3/1/2048	-	-	-		596,058	596,058	5,132,873
9/1/2048	4,315,000	300,000	4,015,000	3.677%	596,058	4,611,058	
3/1/2049	-	-	-		522,246	522,246	5,133,304
9/1/2049	4,480,000	315,000	4,165,000	3.710%	522,246	4,687,246	
3/1/2050	-	-	-		444,979	444,979	5,132,226
9/1/2050	4,650,000	325,000	4,325,000	3.791%	444,979	4,769,979	
3/1/2051	-	-	-		363,005	363,005	5,132,985
9/1/2051	4,830,000	340,000	4,490,000	3.791%	363,005	4,853,005	
3/1/2052	-	-	-		277,904	277,904	5,130,910
9/1/2052	5,015,000	350,000	4,665,000	3.811%	277,904	4,942,904	
3/1/2053	-	-	-		189,017	189,017	5,131,921
9/1/2053	5,215,000	365,000	4,850,000	3.818%	189,017	5,039,017	
3/1/2054	-	-	-		96,443	96,443	5,135,460
9/1/2054	5,415,000	380,000	5,035,000	3.831%	96,443	5,131,443	5,131,443
	100,000,000	7,000,000	93,000,000		58,237,933	151,237,933	151,237,933

Original proposed FY2025 RIIB Loan did not include \$7M in principal forgiveness, this results in the principal payments and overall debt

a. service for this loan being \$7M lower than anticipated.

Principal payments are not starting until FY27 under new loan schedule, original proposed schedule had principal payments beginning in

b. FY26.

On average coupon rate is higher for FY25 RIIB Loan final schedule compared to proposed schedule, resulting in \$58M in interest

c. payments as compared to \$51M in interest payments.

CERTIFICATION

I hereby certify that on April 16, 2025 I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Stephanie De La Rosa, Commission Clerk, by electronic mail and hand delivery.

Parties/Address	E-mail Distribution	Phone
Narragansett Bay Commission Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	jkeoughjr@keoughsweeney.com ;	401-724-3600
Karen L. Giebink, Director of A&F Narragansett Bay Commission One Service Road Providence, RI 02905	Kgiebink@narrabay.com ;	401-461-8848
	gdegan@narrabay.com ;	
	achabot@narrabay.com ;	
	MCook@narrabay.com ;	
GDS Associates, Inc. Chuck Loy Nick Weaver	chuck.loy@providentutilityadvisors.com ;	
	Nick.Weaver@gdsassociates.com ;	
Division of Public Utilities and Carriers Kyle Lynch, Esq. Division of Public Utilities and Carriers 89 Jefferson Blvd. Warwick, RI 02888	kyle.j.lynch@dpuc.ri.gov ;	401-222-2424
	Mark.A.Simpkins@dpuc.ri.gov ;	
	Margaret.L.Hogan@dpuc.ri.gov ;	
	John.bell@dpuc.ri.gov ;	
	al.mancini@dpuc.ri.gov ;	
	Joel.munoz@dpuc.ri.gov ;	
	Ellen.golde@dpuc.ri.gov ;	
	Steven.Parrillo@dpuc.ri.gov ;	
	Christy.hetherington@dpuc.ri.gov ;	
Ralph Smith Larkin & Associates, PLLC 15728 Farmington Road Livonia, Michigan 48154	rsmithla@aol.com ;	734-522-3420
	dawn.bisdorf@gmail.com ;	
	_msdady@gmail.com ;	
	mcranston29@gmail.com ;	

File an original & 9 copies w/ PUC: Stephanie De La Rosa, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	stephanie.delarosa@puc.ri.gov ;	Stephanie 401-780-2107 Herb Desimone, Esq. 401-573-0518
	Alan.nault@puc.ri.gov ;	
	herbertdesimone@gmail.com ;	
	Todd.bianco@puc.ri.gov ;	



Joseph A. Keough, Jr., Esquire # 4925
KEOUGH + SWEENEY, LTD.
41 Mendon Avenue
Pawtucket, RI 02861
(401) 724-3600 (phone)
jkeoughjr@keoughsweeney.com