

IN RE: NARRAGANSETT BAY COMMISSION :
DEBT SERVICE FILING : **DOCKET 24-40-WW**

NBC's filing was submitted under the Commission authorized Debt Service Compliance Filing Mechanism originally approved in Docket 3483, extended through 2022 in Docket 4364, and further extended through 2029 in Docket 22-47-WW.² The Debt Service Compliance Filing Mechanism allows NBC to make abbreviated filings for debt service and debt service coverage related to capital projects, thereby avoiding the cost of a full rate filing. The filing requirements originally established in Docket 3483 for NBC's Debt Service Compliance Filing Mechanism are as follows:

² The Commission in Docket No. 3483 allowed NBC expedited treatment for filings to increase rates solely for debt service and debt service coverage. NBC's primary source of funding for its capital program is in the form of borrowings from the State Revolving Loan Fund, administered by the Rhode Island Infrastructure Bank (Infrastructure Bank), formerly known as the Rhode Island Clean Water Finance Agency.

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

NBC proposed to apply the increase on an across-the-board basis to all residential and nonresidential rates. The impact of the proposal on a residential customer using 150 gallons of water per day results in an annual bill increase of \$20.04, or 3.53% from \$567.29 to \$587.32. Ms. Giebink, testified that NBC needed Commission approval of their application by December 31, 2024 in order to close on the RIIB loan in March 2025; however they don’t need new rates until July 1, 2025.⁴

Mr. David Bowen, NBC’s Director of Construction and Engineering, testified that NBC’s Board approved the FY 2025-2030 CIP (Capital Improvement Plan) at its January 16, 2024, meeting. Included in the program are expenditures of \$559.8 million for the following large

³ See Pre-filed Testimony of Karen Giebink at 4-5, referencing the filing requirements set forth by the PUC in Docket No. 3483.

⁴ Pre-filed Testimony of Karen Giebink at 3. Subsequent to the filing in this docket, on October 4, 2024, NBC submitted an application for a general rate filing requesting a \$13,913,861 or 12.3% revenue increase, effective July 1, 2025, to support a total revenue requirement of \$130,373,593. The general rate filing request includes the requested \$3,976,244 increase in this docket resulting in the need for only one rate change for both dockets.

projects: CSO Phase III Facilities, Field's Point Resiliency Improvements, Wastewater Treatment Facility Improvements, and Bucklin Point Resiliency Improvement. Most of the loan proceeds will be used for the CSO Phase III A facilities.⁵

The Division reviewed the filing and found that the proposed increase was accurately calculated and that the request met all filing requirements as set forth by the Commission in Docket No. 3483. The Division also supported NBC's use of the RIIB subsidized loans to fund its capital program. The loans allow for the costs of the capital program to be spread out over the term on the loan and the subsidized rate results in cost savings to rate payers. Accordingly, the Division recommended that the Commission approve the increase in revenues requested by NBC to meet the increased debt service and the associated coverage requirements.⁶

On December 5, 2024, the Commission conducted a hearing to review NBC's filing and take further evidence.⁷ At the hearing, Mr. Maceroni testified that NBC may be eligible for debt principal forgiveness on the RIIB loan. Mr. Maceroni explained, however, that unfortunately RIIB is not able to provide the actual amount of debt forgiveness until closer to the March 2025 loan closing.⁸ Similarly, NBC would not know the exact interest rate on the loan until closing as the interest rate will be the market rate at that time. Through questioning, the Commission confirmed that if the Commission were to approve NBC's request with the estimated interest rate and without

⁵ See Pre-filed Testimony of David Bowen at 2-9.

⁶ See Memorandum of Alberico Mancini, Chief Regulatory Analyst Division of Public Utilities and Carriers, filed on November 21, 2024, a copy of which is located at <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-11/24-40-WW%20Narr%20Bay%20Comm%20Debt%20Service%20Compliance%20Filing%20-%20DPUC%20Position%20Memo%20%2811-21-24%29.pdf>.

⁷ The Commission also received public comment from interested members of the public at the start of the December 5, 2024 hearing. Ms. Giebink later testified that NBC expected the debt forgiveness to be "around \$5 million." Hearing Transcript at 30-31.

⁸ Hearing Transcript at 21-22.

the expected loan forgiveness, the Commission would be able to reexamine NBC debt service needs as part of the NBC's application for general rate relief in Docket No. 24-41-WW.⁹

At Open Meeting on December 19, 2024, the Commission approved approve NBC's filing as filed for effect July 1, 2025. Tariff rates will be increased by 3.53%, to generate additional revenues of \$3,976,244, for a total revenue requirement of \$119,684,956. The Commission noted that NBC filed an application for general rate relief in October, with new rates expected to go into effect in July 2025. At this time NBC does not know the actual interest rate that will apply to this borrowing or the amount of principal forgiveness that NBC is eligible for. NBC will know the exact interest rate and the amount of principal forgiveness before rates are set in the general rate case. The Commission will review all of NBC's debt service requirements in Docket No. 24-41-WW.

Accordingly, it is hereby

(25284) ORDERED:

1. The Narragansett Bay Commission's Compliance Filing for Debt Service and Debt Service Coverage is approved for effect July 1, 2025. Tariff rates will be increased by 3.53%, to generate additional revenues of \$3,976,244, for a total revenue requirement of \$119,684,956.

⁹ Hearing Transcript at 40-41.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO OPEN MEETING
DECISION ON DECEMBER 19, 2024. WRITTEN ORDER ISSUED APRIL 7, 2025.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner

*John C. Revens, Jr., Commissioner

*Commissioner Revens is unavailable for signature due to his retirement.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.