

THE NARRAGANSETT BAY COMMISSION
Docket No. 4026

Interrogatories of the Division of Public Utilities and Carriers
Set II

- DIV 2-1 With regard to the responses to DIV 1-3 and DIV 1-7,
- a. Please identify the volume for the lost industrial customer in each quarter of 2005, 2006, 2007, 2008 and 2009 to date.
 - b. Please indicate whether the quarterly industrial volumes shown in response to DIV 1-7 include the volumes referenced part a of this question.

Answer: a. See table below.

Historical Lost Industrial Customer Consumption (HCF)					
Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
FY 2005	7,988	10,238	9,339	9,430	36,995
FY 2006	11,884	12,135	9,289	8,725	42,033
FY 2007	31,553	7,770	11,045	13,299	63,667
FY 2008	13,366	9,761	16,796	11,333	51,256
FY 2009 Ytd	7,856	9,862	804		18,522

b. Yes, the quarterly industrial volumes in Div 1-7 would include the consumption (HCF) listed in the above table.

Prepared by: WEE

DIV 2-2 Please explain how the projected 2010 residential dwelling units and non-residential meter accounts were developed. Provide supporting workpapers and documentation.

Answer: The FY 2010 residential dwelling units and non-residential meter accounts were based on the test year units shown on the test year revenue proof. See Schedule WEE-2 in the filing.

Prepared by: WEE

DIV 2-3 With regard to the response to DIV 1-7, please update the tables to show consumption for residential, commercial and industrial accounts for the 3rd quarter of FY 2009. (Note, this request does not seek updated projections, only updated data.) Include a copy in Excel format.

Answer: See attached. NBC has provided the 3rd quarter consumption results and then recalculated its projections using the actual 3rd quarter results. It should be noted that the results of the recalculation show that NBC's original estimates were far too optimistic. Nevertheless, NBC is not asking for an additional adjustment to increase its rate request at this time.

Prepared by: WEE

FY 2009 Consumption HCF Projection

Residential	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
FY 2005	2,510,337	2,801,312	2,692,450	2,758,947	10,763,047
FY 2006	2,235,049	2,814,616	2,804,808	2,584,471	10,438,944
% Change	-11%	0%	4%	-6%	-3%
FY 2007	2,239,169	2,576,662	2,716,580	2,178,653	9,711,064
% Change	0.2%	-8.5%	-3.1%	-15.7%	-7%
FY 2008	2,248,016	2,664,552	2,681,343	2,370,596	9,964,506
% Change	0.4%	3.4%	-1.3%	8.8%	2.6%
FY 2009	2,012,664	2,386,367	2,499,990		
% Change	-10%	-10%	-7%		
Average Change	-3.5%	-1.5%	-0.1%	-4.4%	-2.5%
FY 2009 Calculated Change in HCF	(77,832)	(40,575)	(2,410)	(104,433)	(225,250)
Projection Method: 1st, 2nd & 3rd Actual Decrease, Last Qtr based on 3 year Average	(235,352)	(278,184)	(181,353)	(104,433)	(799,322)
Commercial	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
FY 2005	1,516,119	1,687,627	1,510,971	1,937,991	6,652,708
FY 2006	1,349,032	1,733,491	1,667,782	1,523,151	6,273,455
% Change	-11%	3%	10%	-21.4%	-5.7%
FY 2007	1,503,736	1,521,458	1,419,170	1,336,040	5,780,405
% Change	11%	-12%	-15%	-12%	-7.9%
FY 2008	1,380,119	1,555,077	1,457,982	1,320,382	5,713,560
% Change	-8%	2%	3%	-1%	-1.2%
FY 2009	1,237,961	1,478,732	1,342,994		
% Change	-10%	-5%	-8%		
Average Change	-2.6%	-2.4%	-0.6%	-11.6%	-4.9%
FY 2009 Calculated Change in HCF	(35,762)	(37,862)	(8,717)	(153,438)	(235,779)
Projection Method: 1st, 2nd & 3rd Actual Decrease, Last Qtr based on 3 year Average	(142,158)	(76,345)	(114,988)	(153,438)	(486,929)
Industrial	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
FY 2005	234,568	246,522	247,069	241,103	969,262
FY 2006	224,921	241,519	223,996	197,775	888,212
% Change	-4%	-2%	-9%	-18%	-8.4%
FY 2007	167,557	176,582	145,336	147,642	637,116
% Change	-26%	-27%	-35%	-25%	-28.3%
FY 2008	144,559	144,343	145,532	134,706	569,139
% Change	-14%	-18%	0%	-9%	-10.7%
FY 2009	117,506	109,679	110,520		
% Change	-19%	-24%	-24%		
Average Change	-14%	-16%	-15%	-17%	-15.8%
FY 2009 Calculated Change in HCF	(20,885)	(22,697)	(21,500)	(23,385)	(88,468)
Projection Method: 1st, 2nd & 3rd Actual Decrease, Last Qtr based on 3 year Average	(27,053)	(34,664)	(35,012)	(23,385)	(120,114)
Total HCF Decrease with Actual 3rd Qtr HCF					(1,406,365)
Total HCF Decrease without Actual 3rd Qtr HCF (per filing)					(1,107,640)
Decrease in Total HCF as a result of using Actual 3rd Qtr					(298,725)

DIV 2-4 With regard to the response to DIV 1-14:

- a. Please provide the auditor's (or NBC's) workpapers showing the derivation of the unbilled revenue.
- b. Please state whether Mr. Edge agrees that because the quarterly service charge is billed in advance at the beginning of each quarter, NBC has prebilled revenue or a revenue lead due to the fact that it has billed for service which has not yet been provided. If not, explain why not.
- c. If the answer to part b was yes, please explain how those prebillings have been accounted for in determining the billing lag of \$15.77 million cited by Mr. Edge.

Answer:

- a. See attached.
- b. I agree that because the quarterly service charge is billed in advance in the first month of each quarter, the NBC has pre-billed revenue and therefore has a revenue lead. However, it is important to point out that the NBC does not have pre-billed revenues at the end of any fiscal year. The quarterly service charges (flat fees) are billed in advance at the beginning of each quarter. Therefore, as of June 30th NBC had billed flat fees through June 30th as part of the fiscal year fourth quarter billing (i.e. the April 2008 billing included the flat fees for the months of April, May and June, 2008.) The unbilled (lag) on June 30th is based on the first two quarterly billings in the subsequent fiscal year.
- c. As explained in response to item b above, there were no "pre-billings" as of June 30, 2008, and therefore there is no need to reflect the pre-billing of service charges in the unbilled accounts receivable calculation. The \$15.77 million is the unbilled accounts receivable related to consumption as of June 30, 2008. Please note that NBC has projected that the unbilled revenue will increase to approximately \$17.54 million as of June 30, 2009 (\$15.77 million plus \$1.77 million see page 16 of WEE testimony).

Prepared by: WEE

Narragansett Bay Commission
Unbilled Accounts Receivable
FY 2008

July 2009 Billing (FY 2008 Consumption billed in FY 2009)

\$ 9,147,329.32

Note: Obtain from week 13 Q1 2009 billing analysis report

October 2009 Billing (Estimated FY 2008 Consumption to be billed in FY 2009, based on the FY 2007 consumption included in the October 2008 billing)

	Total Consumption Revenue billed in 2nd Quarter FY 2008	Less: FY 2008 Consumption Revenue (at 2008 rates)	FY 2007 Consumption Revenue (at 2007 rates)	Plus: Pawtucket and Cumberland FY 2007 consumption revenue billed in Sept (1st quarter) for 2nd quarter reads*	Total 2nd quarter of FY 2008 consumption revenue billed at FY 2007 rates	2007 Rate	HCF	2008 Rates	Projected unbilled FY 2008
Residential	\$ 6,039,786.54	\$ (4,040,527.88)	\$ 1,999,258.66	\$ 1,581,283.00	\$ 3,580,541.66	2.021	1,771,668.31	2.309	\$ 4,090,782.13
Industrial	278,681.07	(207,738.08)	70,942.99	91,150.00	162,092.99	1.884	86,036.62	2.153	185,236.84
Commercial	5,037,082.20	(3,874,728.36)	1,162,353.84	887,753.00	2,050,106.84	2.93	700,412.31	3.349	2,345,680.84
	<u>\$ 11,355,549.81</u>	<u>\$ (5,821,440.79)</u>	<u>\$ 3,232,555.49</u>	<u>\$ 2,560,186.00</u>	<u>\$ 5,792,741.49</u>		<u>2,558,117.24</u>		<u>\$ 6,621,699.81</u>

Total Unbilled Accounts Receivable for FY 2008 (6/30/2008)

\$ 15,769,029.13

Total Unbilled Accounts Receivable for FY 2007 (6/30/2007)

14,117,119.52

Net Change in Unbilled Accounts Receivable

\$ 1,651,909.61

* The Pawtucket and Cumberland consumption revenue billed in the 1st quarter for the 2nd quarter, and not included in the July 2009 billing amount of \$9,147,329.32

DIV 2-5 With regard to the response to DIV 1-23, please explain why the BOD surcharges for the customer are being removed in total considering the customer continues to be billed for such surcharges.

Answer: BOD/TSS surcharges are billed in arrears based upon consumption and BOD/TSS samples. The adjustment discussed in the response to Div 1-23 was to remove all of the BOD revenue for this customer in the rate year at the test year level. Although there were additional BOD billings in the interim year the customer has since ceased operations. Since there will be no charges to this customer in the rate year FY 2010, the total annual BOD surcharges were eliminated from the rate year revenue.

Prepared by: WEE

DIV 2-6 With regard to the response to DIV 1-24, please provide the balances of billed and unbilled receivables as of December 31, 2008.

Answer: The balances as of December 31, 2008 are as follows:

Accounts Receivable	\$11,439,951
Allowance for Bad Debts	<u>579,834</u>
Net Accounts Receivable	<u>\$10,860,117</u>
Unbilled Accounts Receivable (same as 6/30/2008)	<u>\$15,769,029 *</u>

* The unbilled receivable is only adjusted at year-end June 30th therefore the June and December 2008 balances are the same.

Prepared by: WEE

DIV 2-7 With reference to the response to DIV 1-1, the bidding for the new electricity supply contract will begin within the next two months.

- a. Please indicate when NBC expects to complete the bidding process and select the winning bid.
- b. If a winning bid is selected during the pendency of this proceeding, please provide the winning bid and the terms of service.

Answer:

- a. The NBC has issued the RFQ/B and expects to complete the bidding process and select a supplier towards the end of March.
- b. NBC will promptly report the bid award and terms of service once available. NBC will also calculate any adjustments which may be needed when the new rate is known.

Prepared by: WEE

DIV 2-8 With reference to the response to DIV 1-2, please explain the difference between “PY payroll Audit Adjustment” and the adjustment made to derive the “Net Premium with Payroll Audit Adjustment.”

Answer: The workers compensation premium subsequent to the payroll audit will be different than the workers compensation expense in any given year. The PY payroll Audit Adjustment refers to the payroll audit performed on the prior year’s payroll but the expense or credit associated with that audit is incurred during the subsequent year. For example, in FY 2008, the audit of the actual 2007 payroll resulted in a credit of \$13,139 related to FY 2007.

The Net Premium with Payroll Audit Adjustment is just a calculation determined as the Audited Premium Adjustment plus the PY Payroll Audit Adjustment. For example, in FY 2007, the audited adjusted premium was \$392,369 plus the FY 2008 PY Payroll audit adjustment of (\$13,139) for a net premium with payroll audit adjustment of \$379,230.

Prepared by: WEE

DIV 2-9 With reference to the response to DIV 1-2, identify the period to which the PY payroll audit adjustment of \$26,697 made in FY 2007 relates?

Answer: The \$26,697 was the additional workers compensation premium amount due to NBC's insurer based on the audit of the FY 2006 payroll.

Prepared by: WEE

DIV 2-10 With reference to the response to DIV 1-32, please provide the source or the calculation of the health and dental insurance premiums rate increases of 10 percent and 6 percent, respectively.

Answer: The 10% increase in the health care premium is based upon projected increases in the New England area as well as last year's average increase as follows:

	<u>PPO</u>	<u>HMO</u>	<u>Ave.</u>	
FY 2009	8.15%	11.84%	10.00%	*

The 6% increase for the dental premiums is the contracted FY 2010 increase cap which is slightly higher than last year's increase of approximately 5%. Last year's increase in dental premium would have been 13% if NBC did not have a contracted cap.

* See response to Div 2-11 for back-up schedule.

Prepared by: WEE

DIV 2-11 Please separately provide the actual annual increase in health and dental insurance rates for FY 2006, 2007 and 2008.

Answer: See table below.

Year over Year Annual Premium Increase				
PPO	FY 2006	FY 2007	FY 2008	FY 2009
Family	\$ 889.92	\$ 876.60	\$ 920.88	\$ 1,188.84
Single	\$ 325.68	\$ 320.76	\$ 336.96	\$ 435.00
HMO				
Family	\$ 840.48	\$ 931.92	\$ 1,085.64	\$ 1,554.00
Single	\$ 307.56	\$ 341.04	\$ 397.32	\$ 568.68
Dental				
Family	\$ 43.96	\$ 49.40	\$ -	\$ 48.36
Single	\$ 15.86	\$ 18.20	\$ -	\$ 17.42

Year over Year Percentage Annual Premium Increase				
PPO	FY 2006	FY 2007	FY 2008	FY 2009
Family	7.48%	6.85%	6.74%	8.15%
Single	7.48%	6.85%	6.74%	8.15%
HMO				
Family	8.18%	8.39%	9.01%	11.84%
Single	8.18%	8.39%	9.01%	11.84%
Dental				
Family	5.00%	5.36%	0.00%	4.98%
Single	5.01%	5.47%	0.00%	4.97%

Note: Although not requested, the 2009 rates are available and therefore have been provided above.

Prepared by: WEE

DIV 2-12 With reference to the response to DIV 1-42, please show the derivation of the IM Floatables Control Netting amount of \$33,414 as presented on Schedule WEE-7 Revised.

Answer: The \$33,414 is based on the FY 2008 invoice of \$32,250 from Fresh Creek Technologies for the purchase of the nets, and \$1,164 for the cost of disposing of the nets. See copies of attached invoices.

Prepared by: WEE

Fresh Creek Technologies, Inc.

1425 Pompton Avenue
Suite 1-2
Cedar Grove, NJ 07009

RECEIVED

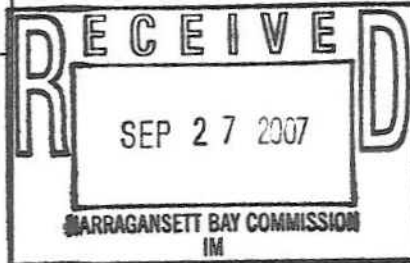
OCT 01 2007

ACCOUNTING

In

Date	
9/24/2007	07

Bill To
Narragansett Bay Commission One Service Road Providence, RI 02905



P.O. No.	Terms	Project
339975	Net 30	

Item	Description	Est Amt	Prior Amt	Prior %	Qty	Rate	Curr %	Total %	Amount
Lump S...	Net Assembly NPR303096.050	0.00			250	129.00			32,250.00
01 Freig...	LMS Pro# 60222538 (250) Nets shipped 9/6/07				1	846.82			846.82
REQ# 139109									
P.O.# 339975									
GRN# 552055									
OK TO PAY DATE 9/28/07									
						PAID			
						OCT 16 2007			
						CHECK #			
							Total		\$33,096.82
							Payments/Credits		\$0.00
							Balance Due		\$33,096.82

OK TO
pay
through
Oct 16
9/29/07

RIRRC

Recovery Corp.
Wake
Providence, RI 02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

Invoice No. 17050
Invoice Date 5/31/2008
Due Date 6/30/2008

INVOICE

Bill to: N.B.C. PO# 325926
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865398
Terms: Net 30; 1.5%; 20

\$43.04
44.91

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
05/05/200	100981372	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.65	0.00	\$540.40
05/05/200	100981494	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	21.10	0.00	\$1,181.60
05/06/200	100982797	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	3.63	0.00	\$203.28
05/16/200	100990645	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	19.08	0.00	\$1,068.48
INVOICE TOTAL				0.00	53.46	0.00	\$2,993.76

GRN# 556784

RECEIVED

JUN 05 2008

ACCOUNTING

PAID

JUN 10 2008

CHECK #

RECEIVED
ACCOUNTS

Corp.

Invoice No. 16621

Invoice Date 4/30/2008

Due Date 5/30/2008

02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

INVOICE

Bill to: N.B.C. PO# 325926
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865398
Terms: Net 30; 1.5%; 20

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
04/09/200	100961491	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	0.82	0.00	\$45.92
04/18/200	100968764	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	20.23	0.00	\$1,132.88
04/18/200	100968786	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	19.70	0.00	\$1,103.20
04/28/200	100976797	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	14.86	0.00	\$832.16
INVOICE TOTAL				0.00	55.61	0.00	\$3,114.16

PAID
MAY 1 8 2008
CHECK #

RIRRC

RI Resource Recovery Corp.
65 Shun Pike

Johnston, RI 02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

RECEIVED

APR 04 2008

ACCOUNTING

INVOICE

Bill to: N.B.C. PO# 325926 TRASH NETS
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865399
Terms: Net 30; 1.5%; 20

\$ 2.19 ✓

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
03/06/2008	100938860	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	2.61	0.00	\$146.16
INVOICE TOTAL				0.00	2.61	0.00	\$146.16

PAID

APR 8 2008

CHECK #

RIRRC

Recovery Corp.
RI 02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

Invoice No. 15877
Invoice Date 2/29/2008
Due Date 3/30/2008

INVOICE

Bill to: N.B.C. PO# 325926
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865398
Terms: Net 30; 1.5%; 20

\$ 30.51

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
02/01/200	100919836	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	8.64	0.00	\$483.84
02/04/200	100920672	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	3.61	0.00	\$202.16
02/05/200	100921327	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	7.78	0.00	\$435.68
02/05/200	100921603	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.93	0.00	\$556.08
02/19/200	100928888	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	6.37	0.00	\$356.72
INVOICE TOTAL				0.00	36.33	0.00	\$2,034.48

Gr# 555018

PAID

MAR 11 2008

CHECK #

RECEIVED
MAR 11 2008
ACCOUNT

Received:

NARRAGANSETT BAY COMM Fax:4014610614
Feb 5 2008 09:55am

Feb 5 2008 10:18am P001/002

RIRRC

RI Resource Recovery Corp.
65 Shum Pike

Invoice No. 15504

Invoice Date 1/31/2008

Johnston, RI 02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

Due Date 3/1/2008

INVOICE

Bill to: N.B.C. PO# 325926
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865398
Terms: Net 30; 1.5%; 20

\$56.01

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
01/03/2008	100901834	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	11.50	0.00	\$644.00
01/03/2008	100902076	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	12.18	0.00	\$682.08
01/07/2008	100904239	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	2.96	0.00	\$165.76
01/15/2008	100909235	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	11.64	0.00	\$651.84
01/16/2008	100909778	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.95	0.00	\$557.20
01/18/2008	100911694	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.04	0.00	\$506.24
01/30/2008	100917999	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.42	0.00	\$527.52
INVOICE TOTAL				0.00	66.69	0.00	\$3,734.64

Pat
Please Hon!
Mig

43/53490

PAID
FEB 12 2008
CHECK #

REQ # _____
P.O. # _____
GRN # 554500
OK TO PAY _____ DATE _____

Corp.

Invoice No. 14639

Invoice Date 11/30/2007

RI 02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

Due Date 12/29/2007

INVOICE

Bill to: N.B.C. PO# 325926 TRASH NETS
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865399
Terms: Net 30; 1.5%; 20

\$10.91

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
11/14/2007	100870314	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	1.84	0.00	\$103.04
11/28/2007	100880320	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	11.15	0.00	\$624.40
INVOICE TOTAL				0.00	12.99	0.00	\$727.44

PAID
DEC 11 2007
CHECK #

19-4512
(401) 942-1430

Fax: (401) 946-5174

DEC 11 2007

INVOICE

Bill to: N.B.C. PO# 325926
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865398
Terms: Net 30; 1.5%; 20

\$35.97

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
11/01/2007	100861379	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	10.59	0.00	\$593.04
11/05/2007	100863613	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	1.53	0.00	\$85.68
11/08/2007	100866452	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	10.52	0.00	\$589.12
11/20/2007	100874775	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	11.21	0.00	\$627.76
11/30/2007	100882729	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	8.98	0.00	\$502.88
INVOICE TOTAL				0.00	42.83	0.00	\$2,398.48

PAID
DEC 11 2007
CHECK #

Recovery Corp.
Lake

Invoice No. 13769

Invoice Date 9/30/2007

Due Date 10/30/2007

Johnston, RI 02919-4512
Phone:(401) 942-1430

Fax:(401) 946-5174

RECEIVED

OCT 04 2007

ACCOUNTING

INVOICE

Bill to: N.B.C. PO# 325926
ATTN: MICHELLE GROSSI
ONE SERVICE ROAD
PROVIDENCE, RI 02905

Acct #: NARR865398
Terms: Net 30; 1.5%; 20

\$607.43

Date	Ticket/ MC Receipt	Material / Fee Code	Rate	Units	Tons	Host Community Fee	Total Charges
09/06/2007	100818985	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.82	0.00	\$549.92
09/11/2007	100822555	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	10.42	0.00	\$583.52
09/12/2007	100823322	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	8.51	0.00	\$476.56
09/13/2007	100824076	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	11.13	0.00	\$623.28
09/13/2007	100824667	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	16.63	0.00	\$931.28
09/14/2007	100825640	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	9.02	0.00	\$505.12
09/17/2007	100826973	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	3.89	0.00	\$217.84
09/20/2007	100830110	314/SLUDGE/GRIT/RAGS	\$56.00	0.00	10.86	0.00	\$608.16
INVOICE TOTAL				0.00	80.28	0.00	\$4,495.68

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DIV 2-13

With reference to the response to DIV 1-45 regarding the old workers' compensation claims, please confirm that the accounting for workers' compensation during the period of self-insurance consisted of the following:

- a. A debit to expense and a credit to a reserve (liability) account to record the recognition of costs during each account period.
- b. A debit to the reserve (liability) account and a credit to cash to record the payment of claims.

If another method of accounting was used during the period of self-insurance, please provide a detailed explanation of that accounting method.

Answer: NBC was self-insured for workers compensation which was administered through the State of RI until March 1, 2000. In 2000, the NBC secured private workers compensation insurance and the insurer also assumed the administration responsibilities for the "old claims" incurred by NBC prior to March 1, 2000. NBC has funded these claims on a pay-as-you-go basis. The reserve method of accounting was not used and therefore no reserve (liability) accounts were established. NBC is billed for the actual medical claims and benefits and the accounting entries are as follows:

When the invoice is received:

Workers Compensation Old Claims Expense (Debit)
Accounts payable (Credit)

When the invoice is paid:

Accounts payable (Debit)
Cash (Credit)

Prepared by: WEE

- DIV 2-14 Assuming the reserve method of accounting (as described in the preceding data request item) was used during the self-insurance period, please provide the following for each of claims included in the old claims as described in the response to DIV 1-45:
- a. Separately identify and describe the nature of each claim and the related amount.
 - b. The year to which the claim relates, or the incident occurred.
 - c. The year in which the claim was filed.
 - d. Identify and describe any accounting entries made specifically to record these claims.

Answer: NBC did not use the reserve method of accounting during the “self insurance” period. Further, it is not known what total liability should be assigned to the four remaining and ongoing claims. Details of these claims as requested in items a-c above are confidential and therefore cannot be divulged. Regarding item d above the accounting entries used by NBC have been provided in response to Div 2-13.

Prepared by: WEE

DIV 2-15 To the extent that NBC used the reserve method of accounting, please indicate whether NBC still has a liability amount on its balance sheet related to previously accrued self-insurance costs. If so, please identify the account, the amount in that account during at the end of FY 2008 and any charges to or against the reserve relating to the old workers' compensation claims since the claims were filed.

Answer: See response to DIV 2-14. NBC does not reflect a liability amount for old self-insurance claims on its balance sheet.

Prepared by: WEE

DIV 2-16 With regard to the old workers' compensation claim, please explain how the 2-year amortization period was determined to be appropriate.

Answer: During the most recent years NBC has significantly reduced old Workers' Compensation claims and with this settlement NBC will have only three claims remaining with consistent payments that will total approximately \$50,000 per year.

In this filing, NBC has recognized the fact that a recent settlement of over \$200,000 far exceeded the normal annual cost. Therefore, NBC attempted to share this additional cost fairly with the rate-payers by amortizing the cost over two years. In fact, however, NBC has only increased the rate year old-claim cost to one half of the settlement (about \$100,000) which ignores the \$50,000 projected annual cost. So although the rate year cost requested for old claims is about \$100,000 it is really \$50,000 of annual cost and \$50,000 of the settlement. Since NBC has proposed to collect the two year amortization over the FYs 2010 and 2011 only, NBC will actually only collect about \$100,000 of the settlement from the ratepayers and then must obtain the remaining \$100,000 through cost savings. This approach is reasonable for the ratepayers and NBC. NBC expects that the Old Claims annual cost will remain at approximately \$50,000 per year.

Prepared by: WEE

DIV 2-17 With reference to the response to DIV-47, please show how the estimated monthly usage of 6,545 therms was determined for the Tunnel Pump Station.

Answer: The monthly usage was calculated as the annual use of 78,537 therms divided by twelve (see detailed spreadsheet provided in response to Division 1-47 for source of the 78,537 therm figure).

Prepared by: WEE