

# NARRAGANSETT BAY COMMISSION

## CREDIT REVIEW PRESENTATION

MARCH 26, 2024



# TRANSACTIONS



\$75 Million 2024 Series A - RIIB Loan

2008 Series A - Refunding

2020 Series A - Tender Offer Purchase and Refunding

# \$75 MILLION 2024 SERIES A – RIIB LOAN



- Provide Funding for CIP
- PUC Division Hearing held on March 20, 2024
- Principal Forgiveness of \$5,199,024
  - Affordability - \$4,191,624
  - Green - \$1,007,400
- Anticipated Closing May 15, 2024

<b>Principal Amount of \$75,000,000</b>	
	<b>Amount</b>
Construction	\$ 71,686,827
Design	2,337,173
Cost of Issuance	976,000
	<b><u>\$ 75,000,000</u></b>

# 2008 SERIES A – REFUNDING



- 2008 Series A Refunding Bonds were issued on July 17, 2008, in variable rate mode
- On January 17, 2020, the bonds were converted from variable mode to a fixed rate of 2.29% through direct purchase by J.P. Morgan (JPM)
- Bonds are not subject to optional redemption
- \$52,965,000 outstanding
- Bonds would be refunded at a discount of 6% of par and through a new series of tax-exempt refunding bonds
- Final Maturity September 2034

## 2008 Series Revenue Bonds - Refunding<sup>(1)</sup>

Current Bonds Outstanding	\$	52,965,000
Current Rate		2.29%
Discount Proposed		6% of par
Bond Proceeds needed to Refund (due to discount)	\$	49,807,020
Premium on issuance of Refunding Bonds	\$	5,617,020
Par of Refunding Bonds	\$	44,190,000
Projected average TIC of Refunding Bonds		2.79%
Projected NPV Savings of \$2.1M or 4.1% of refunded bonds		

<sup>(1)</sup> Preliminary and subject to change

- Requires approval of Division of Public Utilities and Carriers
- Projected closing June 2024

# 2020 SERIES A – TENDER OFFER PURCHASE AND REFUNDING



- 2020 Series A NBC Wastewater System Refunding Revenue Bonds issued on March 19, 2020 (Federally taxable)
- Not currently callable
- \$186,555,000 outstanding
- Eligible bonds to be refunded through a tender offer purchase and issuance of refunding tax-exempt bonds
- Assume 30% participation
- Final Maturity September 2034

## 2020 Series Revenue Bonds - Partial Tender<sup>(1)</sup>

Current Bonds Outstanding	\$ 186,555,000
Current Rate	2.52%
Bonds Available for Tender	53%
Assumed Tender Participation Rate	30%
Range of Discounts on Tender	6% to 25% of par
Par of Bonds Refunded	\$ 29,673,840
Bond Proceeds needed to Refund (due to discount on Tender)	\$ 25,067,530
Premium on issuance of Refunding Bonds	\$ 3,122,530
Par of Refunding Bonds	\$ 21,945,000
Projected average TIC of Refunding Bonds	3.52%
Projected NPV Savings of \$3.0M or 10.0% of refunded bonds	

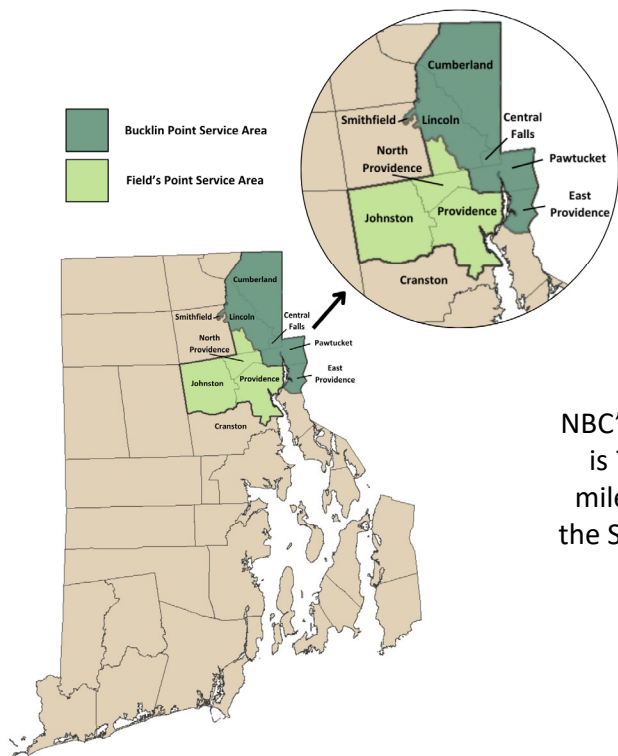
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# GENERAL

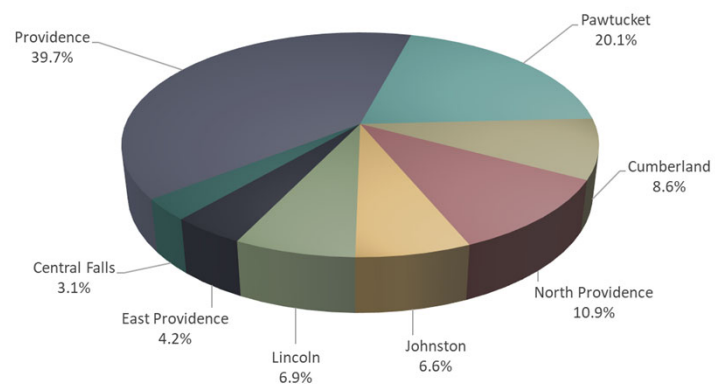


Service Area



NBC's service area is 70.8 square miles or 5.8% of the State of Rhode Island

Percentage of Accounts by Community



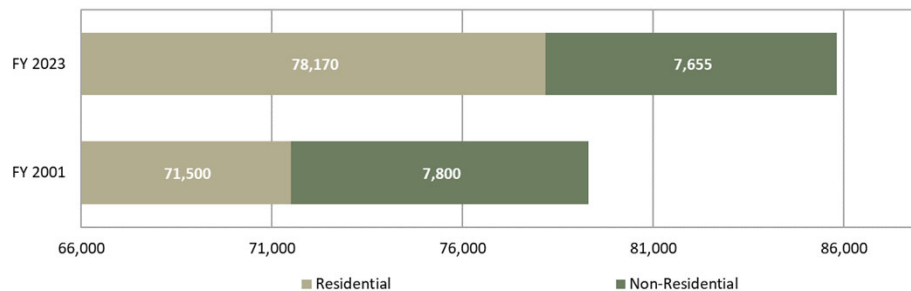
- NBC serves approximately 395,000 residents and 7,655 businesses
- 59.8% of NBC's accounts are in Providence and Pawtucket



# GENERAL

## CUSTOMER ACCOUNTS AND TOP TEN CUSTOMERS











Number of Accounts



8.2% growth in the number of accounts since 2001

- 9.3% increase in residential accounts
- 1.9% decrease in non-residential accounts

Top Ten NBC Customers

Customer	FY 2023 Billings	Percentage of Total Annual User Charges
 Rhode Island Hospital	\$ 1,676,180	1.62%
 Providence Housing Authority	1,600,691	1.55%
 Brown University	1,290,992	1.25%
 City of Providence	901,909	0.87%
 City of Pawtucket	809,506	0.78%
 Rhode Island Resource Recovery	691,038	0.67%
 Providence School Department	489,034	0.47%
 Providence College	477,741	0.46%
 State of Rhode Island	411,718	0.40%
 Johnson & Wales University	365,913	0.35%

# NBC MANAGEMENT



## PROACTIVE FINANCIAL MANAGEMENT

- Budget Management – 30 Years Under Budget
- Timely and Complete Financial Reporting
- Strong Liquidity and Debt Service Coverage
- New Operation and Maintenance Reserve Fund
- Comprehensive Financial Policies and Procedures
- Debt Management

## TIMELY RATE RELIEF

- Analysis of Future Operating Needs
- Ongoing Revenue Analysis
- Use of Long-Term Financial Plan
- Extension of Debt Service Compliance Filing Mechanism
- Good Relationship with RI PUC and Division

## FACILITIES MANAGEMENT

- Identification of need through Inspection, Monitoring, and Testing
- Asset Management Program
- Identification of Resiliency Improvements
- Data from NBC’s Science and Analytical Personnel
- Active Capital Project Oversight
- Awareness of Industry Regulatory Issues

## CUSTOMER CARE

- Enhanced Billing
- Effective Collections
- Lower Receivables
- New Electronic Payment Transaction Solution

## CYBERSECURITY

- Hired Information Security Manager
- Completion of Cybersecurity Initiatives



# FINANCIAL UPDATE



## Awards and Accomplishments



GFOA Distinguished Budget Presentation Award and GFOA Certificate of Achievement for Excellence in Financial Reporting for each of the last 21 years

FY 2024 Budget also received GFOA Special Performance Measures Recognition

Clean Audit Opinion with no management letter for the past 26 years

# FY 2024 PERFORMANCE

## UNAUDITED FINANCIAL STATEMENTS – GAAP BASIS



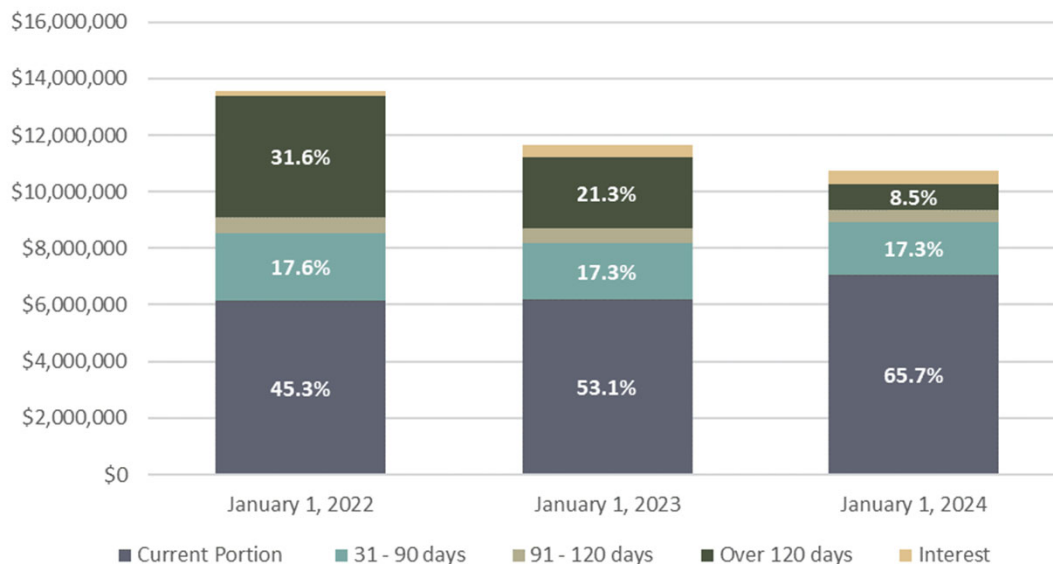
Statement of Net Position As of January 31, 2024	Statement of Revenues, Expenses, and Change in Net Position As of January 31, 2024
<p><b>Assets</b></p> <p>Current assets <span style="float: right;">\$ 188,493,085</span></p> <p>Noncurrent assets</p> <p style="padding-left: 20px;">Restricted assets <span style="float: right;">72,326,857</span></p> <p style="padding-left: 20px;">Net capital assets <span style="float: right;">1,557,719,695</span></p> <p style="padding-left: 20px;">Other assets <span style="float: right;">3,714,890</span></p> <p style="padding-left: 20px;">Total assets <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">1,822,254,527</span></p> <p><b>Deferred outflows of resources</b></p> <p>Deferred outflows of resources <span style="float: right; border-top: 1px solid black;">11,140,322</span></p> <p style="padding-left: 20px;">Total deferred outflows of resources <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">11,140,322</span></p> <p><b>Liabilities</b></p> <p>Current liabilities <span style="float: right;">32,324,668</span></p> <p>Noncurrent liabilities <span style="float: right; border-top: 1px solid black;">1,140,403,021</span></p> <p style="padding-left: 20px;">Total liabilities <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">1,172,727,689</span></p> <p><b>Deferred inflows of resources</b></p> <p>Deferred inflows of resources <span style="float: right; border-top: 1px solid black;">5,027,847</span></p> <p style="padding-left: 20px;">Total deferred inflows of resources <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">5,027,847</span></p> <p><b>Net position</b></p> <p>Net investment in capital assets <span style="float: right;">587,949,039</span></p> <p>Restricted for environmental enforcement <span style="float: right;">69,019</span></p> <p>Restricted for bond covenants <span style="float: right;">45,850,091</span></p> <p>Restricted operating reserve for revenue stability fund <span style="float: right;">4,520,351</span></p> <p>Restricted operating and maintenance reserve <span style="float: right;">2,000,000</span></p> <p>Restricted net pension asset <span style="float: right;">3,714,890</span></p> <p>Restricted for debt service reserve <span style="float: right;">2,976,040</span></p> <p>Restricted for operating capital <span style="float: right;">5,294,371</span></p> <p>Unrestricted <span style="float: right; border-top: 1px solid black;">3,265,512</span></p> <p style="padding-left: 20px;">Total net position <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 655,639,313</span></p>	<p><b>Operating revenues</b></p> <p>User fees <span style="float: right;">\$ 65,100,588</span></p> <p>Pretreatment fees <span style="float: right;">35,420</span></p> <p>Connection fees/capacity charges <span style="float: right;">130,985</span></p> <p>Septage income <span style="float: right;">238,689</span></p> <p>Renewable energy credits revenues <span style="float: right;">607,710</span></p> <p>Other operating revenues <span style="float: right;">347,506</span></p> <p><b>Non-operating revenues</b> <span style="float: right; border-top: 1px solid black;">2,508,154</span></p> <p style="padding-left: 20px;">Total revenues <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">68,969,052</span></p> <p><b>Operating expenses</b></p> <p>Personnel services <span style="float: right;">16,427,992</span></p> <p>Operating supplies <span style="float: right;">14,812,527</span></p> <p>Professional services <span style="float: right;">1,303,128</span></p> <p>Depreciation/Amortization <span style="float: right;">13,219,649</span></p> <p>Non-operating expenses <span style="float: right; border-top: 1px solid black;">11,646,392</span></p> <p style="padding-left: 20px;">Total expenses <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">57,409,688</span></p> <p style="padding-left: 20px;">Net income before capital contribution <span style="float: right;">11,559,364</span></p> <p><b>Capital contribution</b> <span style="float: right; border-top: 1px solid black;">648,895</span></p> <p style="padding-left: 20px;">Change in net position <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">12,208,259</span></p> <p><b>Total net position - beginning of year</b> <span style="float: right; border-top: 1px solid black;">643,431,054</span></p> <p><b>Total net position - end of year</b> <span style="float: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 655,639,313</span></p>



# COLLECTIONS

## ACCOUNTS RECEIVABLE

- Resumption of collection activity after COVID
- Effective use of Customer Service Application
- Resumption of lien sales in 2023



	January 31, 2022	January 31, 2023	January 31, 2024
Current Portion	\$6,140,474	\$6,173,226	\$7,050,953
31 - 90 days	2,386,738	2,013,962	1,861,044
91 - 120 days	583,587	532,522	429,412
Over 120 days	4,274,430	2,480,441	916,582
Interest	162,307	433,408	472,571
<b>Total</b>	<b>\$13,547,536</b>	<b>\$11,633,559</b>	<b>\$10,730,562</b>

Reduction in A/R

Total A/R down \$2.8 million

Over 120 days A/R down from 31.6% to 8.5% of total A/R



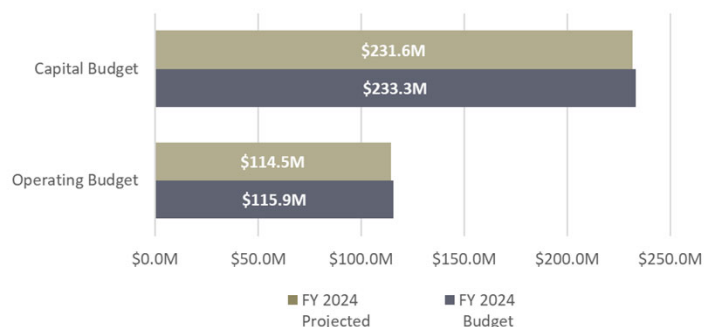
# FY 2024 PERFORMANCE

## ANNUAL BUDGET PROJECTIONS<sup>(1)</sup>

Projected Budget Finish is \$346.2M

- Under Budget by \$3.0M or 0.9%
- Operating Budget \$1.4M lower
- Capital Budget \$1.7M lower

FY 2024 Budget vs. Projected



### FY 2024 OPERATING BUDGET

	FY 2024 Budget	FY 2024 Projected	Difference	%
<b>Revenue</b>				
Operating Revenue	\$112,274,532	\$110,662,193	\$ (1,612,339)	(1.4%)
Non-Operating Revenue	3,608,449	3,857,292	248,843	6.9%
<i>Total Revenue</i>	<i>115,882,981</i>	<i>114,519,485</i>	<i>(1,363,496)</i>	<i>(1.2%)</i>
<b>Expense</b>				
Operating Expense	55,894,707	54,461,728	(1,432,979)	(2.6%)
Debt Service	47,958,246	45,937,490	(2,020,756)	(4.2%)
<i>Total Expense</i>	<i>103,852,953</i>	<i>100,399,218</i>	<i>(3,453,735)</i>	<i>(3.3%)</i>
<b>Transfer to Project Fund</b>	<b>12,030,028</b>	<b>14,120,267</b>	<b>2,090,239</b>	<b>17.4%</b>
<i>Total Transfer to Project Fund</i>	<i>12,030,028</i>	<i>14,120,267</i>	<i>2,090,239</i>	<i>17.4%</i>
<b>Total Operating Budget</b>	<b>\$115,882,981</b>	<b>\$114,519,485</b>	<b>\$ (1,363,496)</b>	<b>(1.2%)</b>

### FY 2024 CAPITAL BUDGET

	FY 2024 Budget	FY 2024 Projected	Difference	%
<b>Sources</b>				
Project Fund - Restricted and Pay-go Capital	\$ 20,000,000	\$ 26,105,237	\$ 6,105,237	30.5%
RIBB Bonds	111,164,000	103,078,202	(8,085,798)	(7.3%)
WIFIA	102,156,896	102,465,016	308,120	0.3%
<i>Total Sources of Capital Funds</i>	<i>233,320,896</i>	<i>231,648,456</i>	<i>(1,672,440)</i>	<i>(0.7%)</i>
<b>Uses</b>				
Operating Capital Program (OCP)	5,873,000	4,698,400	(1,174,600)	(20.0%)
Capital Improvement Program (CIP)	226,822,896	225,878,056	(944,840)	(0.4%)
Cost of Issuance/Other	625,000	1,072,000	447,000	71.5%
<i>Total Uses of Capital Funds</i>	<i>233,320,896</i>	<i>231,648,456</i>	<i>(1,672,440)</i>	<i>(0.7%)</i>
<b>Total Capital Budget</b>	<b>\$233,320,896</b>	<b>\$231,648,456</b>	<b>\$ (1,672,440)</b>	<b>(0.7%)</b>
<b>Total Annual Budget</b>	<b>\$349,203,877</b>	<b>\$346,167,940</b>	<b>\$ (3,035,936)</b>	<b>(0.9%)</b>

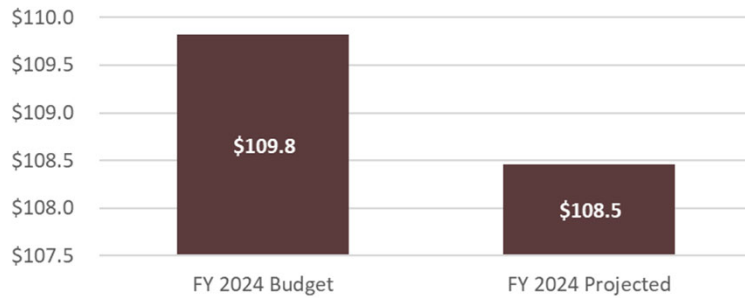
<sup>(1)</sup>Preliminary and subject to change

# FY 2024 PERFORMANCE

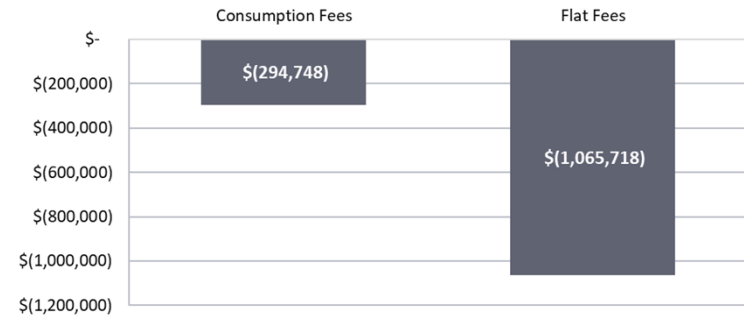
## PROJECTED REVENUE<sup>(1)</sup>



FY 2024 Budgeted vs. Projected  
User Fee Revenue  
(in millions)



FY 2024 Budgeted vs. Projected  
Consumption and Flat Fee Revenue



User Fee Revenue \$1.4M or 1.2% under budget

- Budget based on projected 8.40% rate increase effective July 1, 2023
- Actual rate increase was 6.54% effective August 1, 2023

<sup>(1)</sup>Preliminary and subject to change

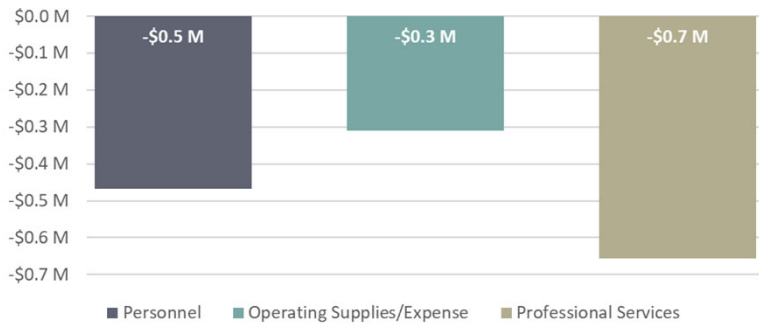
	Residential	Commercial	Industrial	Total
<b>Consumption Fees</b>				
Budgeted	\$ 33,138,166	\$ 26,108,458	\$ 2,136,646	\$ 61,383,270
Projected	31,281,130	27,409,805	2,397,586	61,088,522
<b>Over(Under)</b>	<b>(1,857,036)</b>	<b>1,301,347</b>	<b>260,940</b>	<b>(294,748)</b>
<b>Flat Fees</b>				
Budgeted	31,764,160	15,886,088	784,876	48,435,124
Projected	31,068,072	15,533,861	767,473	47,369,406
<b>Over(Under)</b>	<b>(696,088)</b>	<b>(352,227)</b>	<b>(17,403)</b>	<b>(1,065,718)</b>
<b>Total User Fees</b>				
Budgeted	64,902,326	41,994,546	2,921,522	109,818,394
Projected	62,349,202	42,943,666	3,165,060	108,457,928
<b>Over(Under)</b>	<b>\$ (2,553,124)</b>	<b>\$ 949,120</b>	<b>\$ 243,538</b>	<b>\$ (1,360,466)</b>

# FY 2024 PERFORMANCE

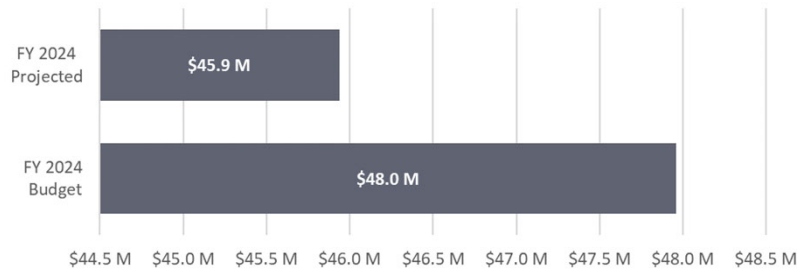
## PROJECTED EXPENSE<sup>(1)</sup>



FY 2024 Projected Operating Expense Budget Variance



FY 2024 Budget vs. Projected Debt Service



<sup>(1)</sup>Preliminary and subject to change

FY 2024 Budget vs. Projected Expense

	FY 2024 Budget	FY 2024 Projected	Difference	%
<b>EXPENSE</b>				
<b>Operating Expense</b>				
Personnel <sup>(1)</sup>	\$ 29,397,580	\$ 28,930,186	\$ (467,394)	98.4%
Operating Supplies/Expense <sup>(1)(2)</sup>	23,707,477	23,180,643	(526,834)	97.8%
Professional Services	2,676,250	2,020,590	(655,660)	75.5%
Lease/Subscriptions Expense <sup>(2)</sup>	113,400	330,309	216,909	291.3%
<b>Total Operating Expense</b>	<b>55,894,707</b>	<b>54,461,728</b>	<b>(1,432,979)</b>	<b>97.4%</b>
<b>Debt Service</b>				
Principal	31,344,795	31,344,795	-	100.0%
Interest	16,613,451	14,592,695	(2,020,756)	87.8%
<b>Total Debt Service</b>	<b>47,958,246</b>	<b>45,937,490</b>	<b>(2,020,756)</b>	<b>95.8%</b>
<b>Total Expense</b>	<b>\$ 103,852,953</b>	<b>\$ 100,399,218</b>	<b>\$ (3,453,735)</b>	<b>96.7%</b>
<b>Surplus (Deficit)</b>	<b>\$ 12,030,028</b>	<b>\$ 14,120,267</b>	<b>\$ 2,090,239</b>	<b>117.4%</b>

(1) FY 2024 Budget Includes Electricity Contractor Budget Transfer

(2) FY 2024 Budget includes GASB Subscription Budget Transfer





# FY 2024 PERFORMANCE

## PROJECTED PERSONNEL EXPENSE VARIANCE<sup>(1)</sup>

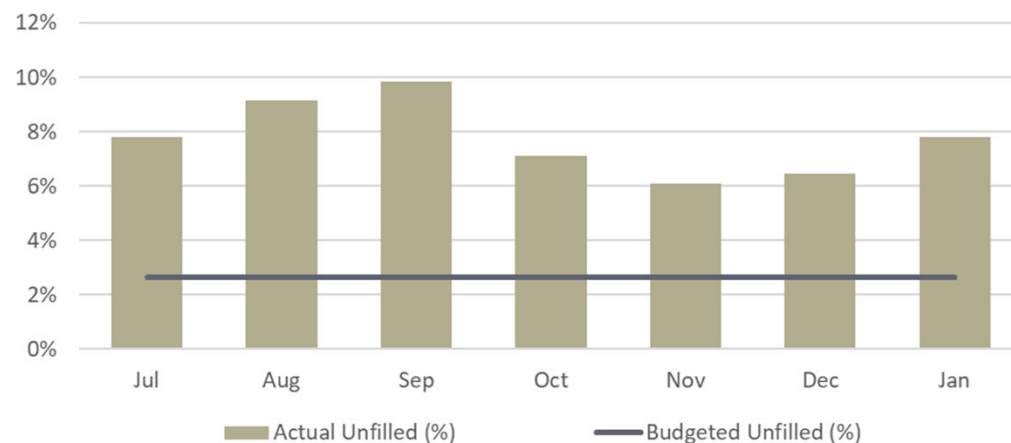
Projected \$467,394 under budget

Union and Non-Union salaries and wages \$0.7M under budget

- Turnover
- Unfilled Positions
  - 14 FTE's or 3% Budgeted
  - 23 FTE's or 8% Actual (on average)
- Non-union merit increases lower than budgeted
- Reflects GASB 101 Implementation
- Overtime \$44K over budget

<sup>(1)</sup>Preliminary and subject to change

FY 2024 Budgeted vs. Actual Unfilled Positions



	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Total Budgeted Positions	309.0	309.0	309.0	309.0	309.0	309.0	309.0
less: Budgeted Unfilled Positions	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)
Net Budgeted Positions	295.0	295.0	295.0	295.0	295.0	295.0	295.0
Actual Filled Positions	272.0	268.0	266.0	274.0	277.0	276.0	272.0
Unfilled Positions > Budget	23.0	27.0	29.0	21.0	18.0	19.0	23.0



# FY 2024 PERFORMANCE

## PROJECTED OPERATING SUPPLIES/EXPENSE VARIANCES<sup>(1)</sup>



	FY 2024 Budget	FY 2024 Projected	Difference	%
<b>Favorable Variance</b>				
Biosolids Disposal	\$ 6,243,887	\$ 5,764,749	\$ (479,138)	(7.7%)
Natural Gas	699,711	403,040	(296,671)	(42.4%)
Electricity	6,433,893	6,367,636	(66,257)	(1.0%)
Green PPA	2,840,045	2,239,997	(600,048)	(21.1%)
Other	10,463,004	9,077,844	(1,385,160)	(13.2%)
<b>Total Favorable Variance</b>	<b>26,680,540</b>	<b>23,853,266</b>	<b>(2,827,274)</b>	<b>(10.6%)</b>
<b>Unfavorable Variance</b>				
Insurance	1,150,242	1,282,895	132,653	11.5%
Workers' Compensation	431,446	613,968	182,522	42.3%
NBC Net Metering Credits	(2,168,200)	(1,747,219)	420,981	(19.4%)
Green PPA Net Metering Credits	(3,786,726)	(2,986,663)	800,063	(21.1%)
Chemicals	1,400,175	2,164,396	764,221	54.6%
<b>Total Unfavorable Variance</b>	<b>(2,973,063)</b>	<b>(672,623)</b>	<b>2,300,440</b>	<b>(77.4%)</b>
<b>Operating Supplies/Expense</b>	<b>\$ 23,707,477</b>	<b>\$ 23,180,643</b>	<b>\$ (526,834)</b>	<b>(2.2%)</b>



<sup>(1)</sup>Preliminary and subject to change



# FY 2024 PERFORMANCE

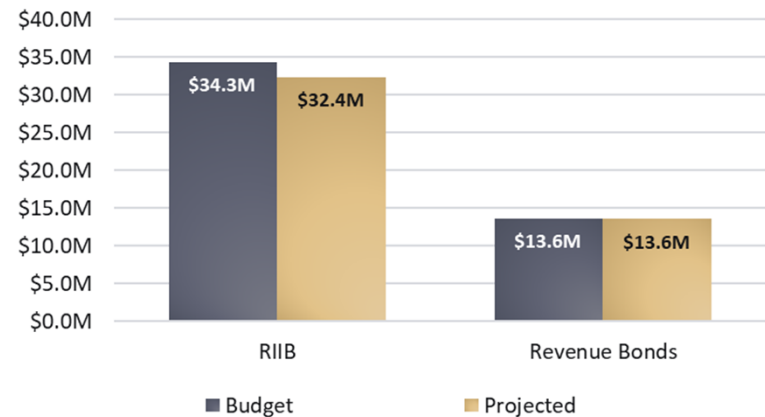
## PROJECTED DEBT SERVICE<sup>(1)</sup>



### \$2.0M lower than Budget

- Early redemption of the 2003 Series RIIB Loan and the 2013 Series C NBC Revenue Bond
- 2023 Series A and B - \$100M RIIB Loan
  - Interest rate lower
  - Principal forgiveness
  - Structure
- 2024 Series A - \$50M RIIB Loan
  - Interest rate lower
  - Principal forgiveness
  - Capacity to increase loan size to \$75M
  - Timing

FY 2024 Budgeted vs. Projected Debt Service



Series	Budgeted Interest/Fees	Projected Interest/Fees	Difference
2003 Series	\$ 2,404,492	\$ 2,387,154	(17,338)
2013 Series C	2,916,458	2,862,333	(54,125)
New 2023 Series A	3,452,962	2,353,673	(1,099,289)
New 2024 Series A	1,000,000	150,000	(850,000)
	<u>\$ 9,773,912</u>	<u>\$ 7,753,160</u>	<u>\$ (2,020,752)</u>

<sup>(1)</sup>Preliminary and subject to change

# FY 2025 PROPOSED BUDGET

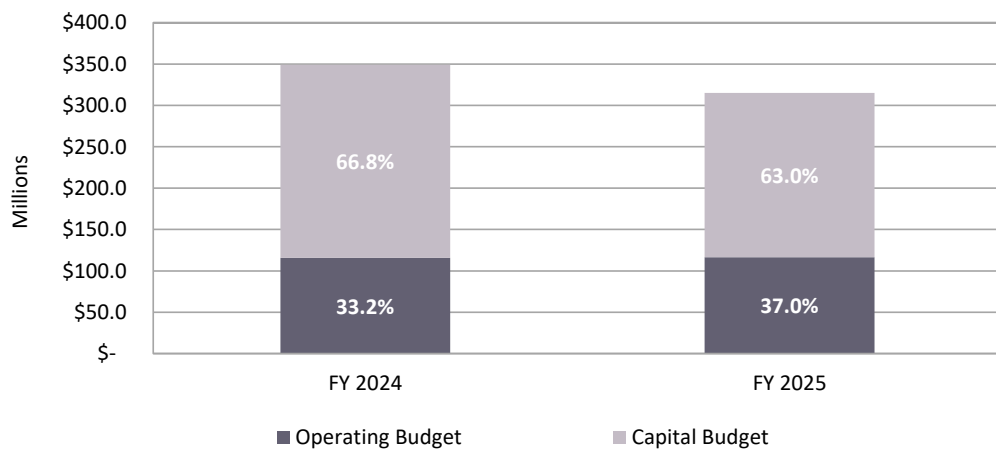
FY 2025 Annual Budget  
( in Millions)

Annual Budget	FY 2024 Budget	FY 2025 Budget	Difference	Percent Change
Operating	\$ 115.88	\$ 116.54	\$ 0.66	0.6%
Capital	233.3	198.6	(34.7)	(14.9%)
<b>Total</b>	<b>\$ 349.20</b>	<b>\$ 315.18</b>	<b>\$ (34.02)</b>	<b>(9.7%)</b>



Progress on CIP resulted in a decrease in budgeted capital expenditures

Operating vs. Capital Budget



CSO Phase III A Tunnel Construction

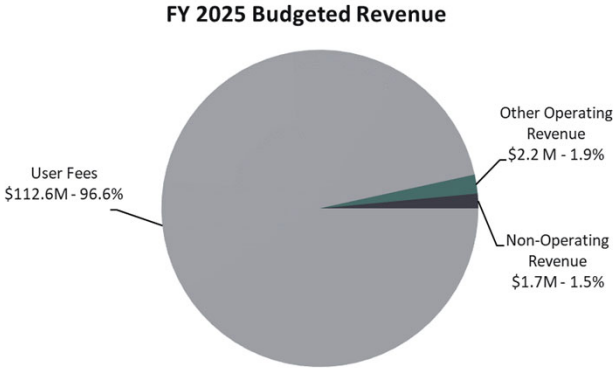
# FY 2025 PROPOSED BUDGET

## REVENUE



**Total Revenue**

\$657K higher than FY 2024 budget



**User Fee Revenue**

- \$2.7M higher

**Other Changes**

- Lower Late Fee Revenue – (\$0.2 M)
- No Revenue Fund Balance budgeted – (\$2.4 M)
- New - Transfer from the Operation and Maintenance Reserve (OMR) Fund of \$0.5 M

**FY 2025 Budgeted Revenue**

Source	FY 2024 Budget	FY 2025 Budget	Budgeted Difference	Percent Change
<b>Operating Revenue</b>				
User Fees	\$ 109,818,394	\$ 112,559,300	\$ 2,740,906	2.5%
Pretreatment Application Fees	80,846	66,800	(14,046)	(17.4%)
Connection/Capacity Fees	273,128	267,000	(6,128)	(2.2%)
Stormwater Permit Application Fee	29,353	29,400	47	0.2%
Septage Income	361,899	358,300	(3,599)	(1.0%)
Late Fees	672,000	455,800	(216,200)	(32.2%)
Customer Service Fees	159,772	181,200	21,428	13.4%
Renewable Energy Credits	879,140	884,350	5,210	0.6%
<b>Total Operating Revenue</b>	<b>\$ 112,274,532</b>	<b>\$ 114,802,150</b>	<b>\$ 2,527,618</b>	<b>2.3%</b>
<b>Non Operating Revenue</b>				
Investment Income	996,000	1,075,000	79,000	7.9%
Miscellaneous Income	212,449	204,600	(7,849)	(3.7%)
Revenue Fund Balance	2,400,000	-	(2,400,000)	(100.0%)
OMR Fund Transfer	-	458,200	458,200	-
<b>Total Non-Operating Revenue</b>	<b>\$ 3,608,449</b>	<b>\$ 1,737,800</b>	<b>\$ (1,870,649)</b>	<b>(51.8%)</b>
<b>Total Revenue</b>	<b>\$ 115,882,981</b>	<b>\$ 116,539,950</b>	<b>\$ 656,969</b>	<b>0.6%</b>

# FY 2025 PROPOSED BUDGET

## USER FEE REVENUE



### User Fee Revenue:

- 2.5% higher than prior year

### Rates:

Across-the-board user fee rate increases of:

- 6.54% effective August 1, 2023
- 2.56% effective July 1, 2024

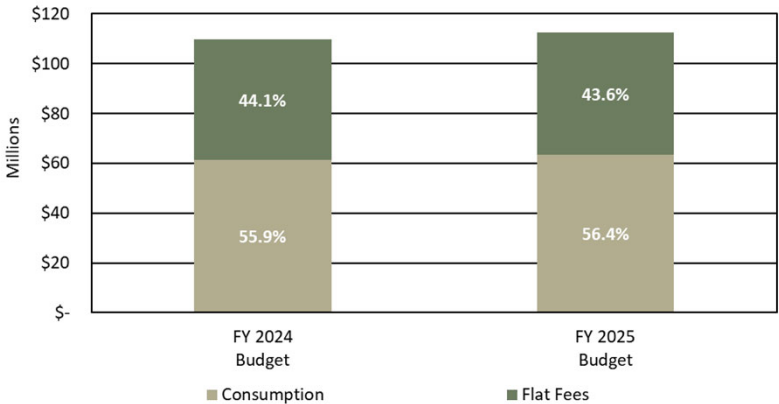
### FY 2025 User Fee Revenue

Consumption Revenue	FY 2024 Budget	FY 2025 Budget	Budgeted Difference	Percent Change
Residential	\$ 33,138,166	\$ 33,466,400	\$ 328,234	1.0%
Commercial	26,108,458	27,647,500	1,539,042	5.9%
Industrial	2,136,646	2,322,000	185,354	8.7%
<b>Subtotal</b>	<b>\$ 61,383,270</b>	<b>\$ 63,435,900</b>	<b>\$ 2,052,630</b>	<b>3.3%</b>

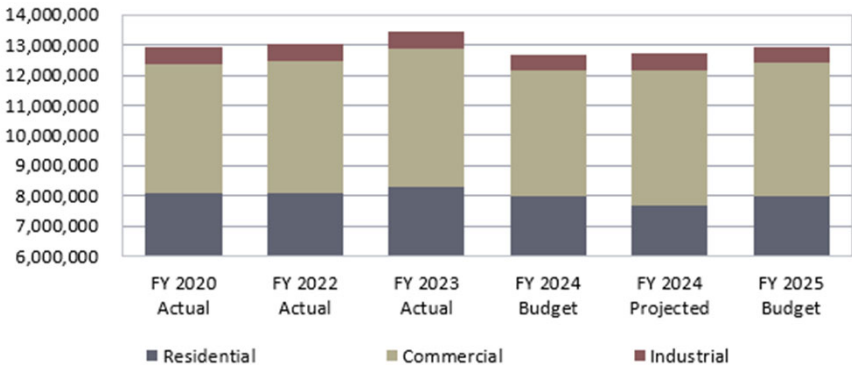
Flat Fee Revenue	FY 2024 Budget	FY 2025 Budget	Budgeted Difference	Percent Change
Residential	\$ 31,764,160	\$ 32,195,000	\$ 430,840	1.4%
Commercial	15,886,088	16,138,200	252,112	1.6%
Industrial	784,876	790,200	5,324	0.7%
<b>Subtotal</b>	<b>\$ 48,435,124</b>	<b>\$ 49,123,400</b>	<b>\$ 688,276</b>	<b>1.4%</b>

<b>Total User Fee Revenue</b>	<b>\$ 109,818,394</b>	<b>\$ 112,559,300</b>	<b>\$ 2,740,906</b>	<b>2.5%</b>
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Budgeted Flat vs. Consumption User Fee Revenue



Billable Consumption (HCF)



# FY 2025 PROPOSED BUDGET

## NON-OPERATING REVENUE



### New Operation and Maintenance Reserve (OMR) Fund

Funded at \$2.0M

Established in last PUC rate case

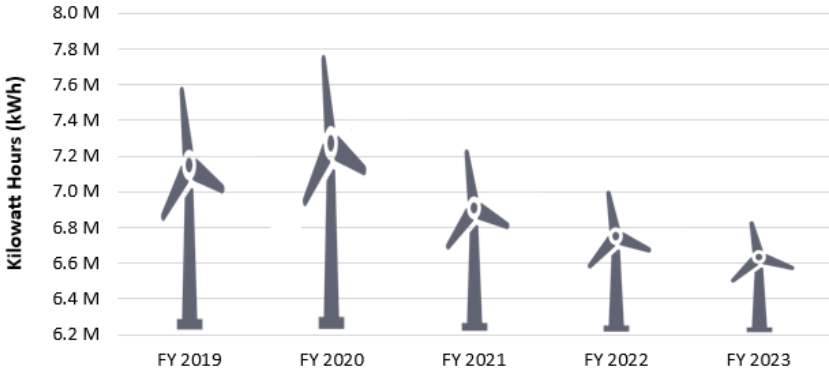
Transfers allowed to Operations and Maintenance Fund for electricity and renewable energy expense

NBC has requested the inclusion of Natural Gas – not yet approved

### FY 2025 Budgeted Transfer from Operation and Maintenance Reserve Fund

Account Number	Account Name	PUC Allowance	FY 2025 Budget	Variance
24090	Electricity	\$ 5,860,372	\$ 5,365,549	\$ (494,823)
54091	NBC Net Metering Credit	(1,891,888)	(1,475,468)	416,420
54092	FP Turbines	268,490	334,809	66,319
54093	Coventry Wind	244,645	430,173	185,528
54095	Green PPA	2,478,150	2,069,665	(408,485)
54096	Green PPA Net Metering Credits	(3,304,199)	(2,759,553)	544,646
54097	Biogas	1,700	150,250	148,550
<b>Total</b>		<b>\$ 3,657,270</b>	<b>\$ 4,115,425</b>	<b>\$ 458,155</b>

### Field's Point Wind Turbine Production



# FY 2025 PROPOSED BUDGET

## EXPENSE



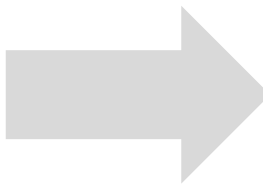
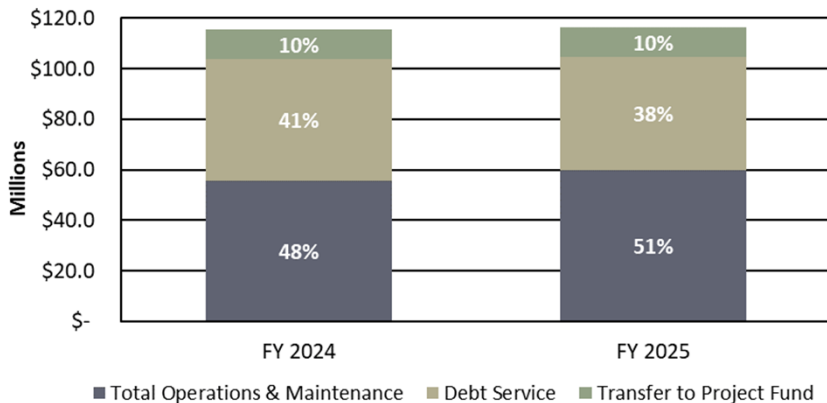
### \$0.7M higher than FY 2024

- Personnel - \$1.5M higher
- Operating Supplies and Expense - \$2.5M higher
- Professional Services - \$0.1M higher
- Debt Service - \$3.3M lower
- Transfer to Project Fund - \$0.1M lower

### FY 2025 Budgeted Expense

Expense	FY 2024 Budget	FY 2025 Budget	Difference	% Change
<b>Operations and Maintenance</b>				
Personnel	\$ 29,837,558	\$ 31,304,710	\$ 1,467,152	4.9%
Operating Supplies/Expense	23,267,499	25,774,288	2,506,789	10.8%
Professional Services	2,676,250	2,814,150	137,900	5.2%
<b>Total Operations &amp; Maintenance</b>	<b>55,781,307</b>	<b>59,893,148</b>	<b>4,111,841</b>	<b>7.4%</b>
<b>Leases/Subscriptions</b>	<b>113,400</b>	<b>113,400</b>	<b>-</b>	<b>0.0%</b>
<b>Debt Service</b>	<b>47,958,246</b>	<b>44,645,826</b>	<b>(3,312,420)</b>	<b>(6.9%)</b>
<b>Total Expense</b>	<b>\$103,852,953</b>	<b>\$104,652,374</b>	<b>\$ 799,421</b>	<b>0.8%</b>
<b>Transfer to Project Fund</b>	<b>12,030,028</b>	<b>11,887,576</b>	<b>(142,452)</b>	<b>(1.2%)</b>
<b>Total Expense and Transfer to Project Fund</b>	<b>\$115,882,981</b>	<b>\$116,539,950</b>	<b>\$ 656,969</b>	<b>0.6%</b>

Budget by Expense Category



Debt as percent of total expense decreased by 3%

Operations and Maintenance as percent of total expense increased by 3%

# FY 2025 PROPOSED BUDGET

## DEBT SERVICE



### Budgeted 2025 Debt Service

Principal	\$ 26,628,162
Interest	18,017,664
<b>Total Debt Service</b>	<b><u>\$ 44,645,826</u></b>

### Planned Bond Issuances

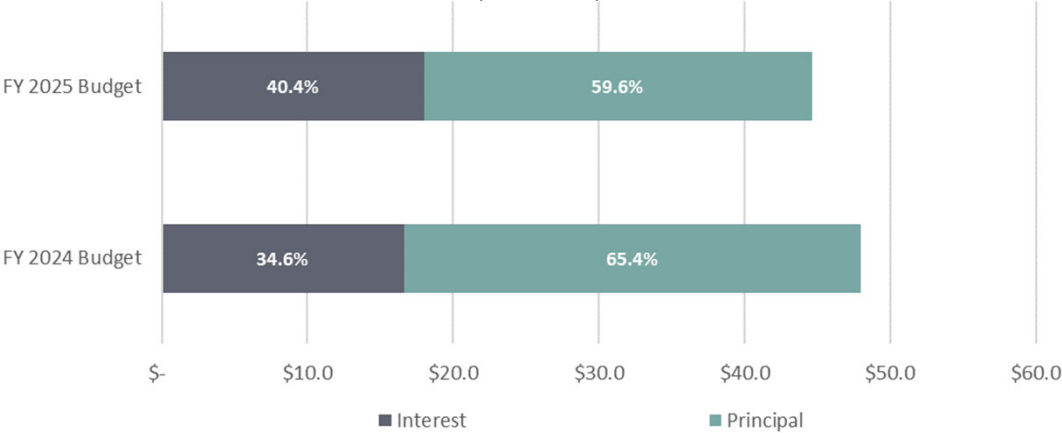
**FY 2024**

- \$75 Million
- Expected June 2024

**FY 2025**

- \$75 Million
- Expected winter 2025

Principal and Interest as a Percent of Debt Service  
(in Millions)



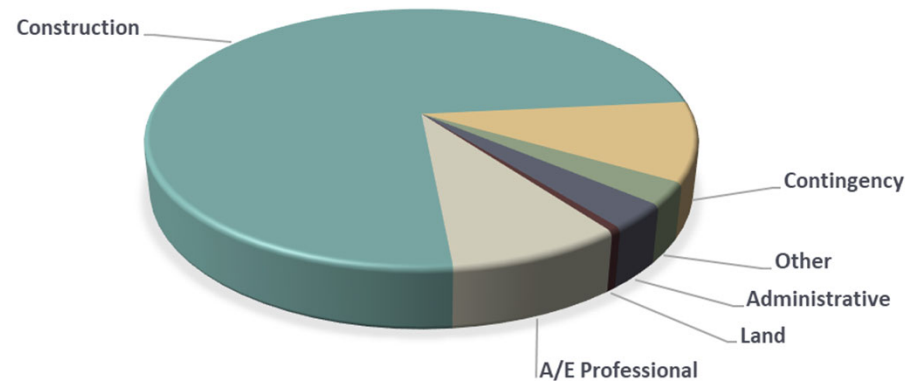
# FY 2025-2030 CAPITAL IMPROVEMENT PROGRAM



## FY 2025-2030 CIP Costs by Category

(In Thousands)

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030
Administrative	\$ 5,771	\$ 4,486	\$ 3,358	\$ 1,503	\$ 1,275	\$ 1,294	\$ 17,687
Land	500	2,650	-	-	-	-	3,150
A/E Professional	14,851	12,859	9,439	5,661	2,192	3,426	48,428
Construction	152,753	114,777	71,854	26,245	28,393	25,460	419,482
Contingency	11,540	15,077	14,763	6,794	4,920	2,381	55,474
Other	7,005	4,240	2,552	496	1,117	154	15,564
	<b>\$192,419</b>	<b>\$154,090</b>	<b>\$101,966</b>	<b>\$ 40,698</b>	<b>\$ 37,896</b>	<b>\$ 32,714</b>	<b>\$ 559,784</b>

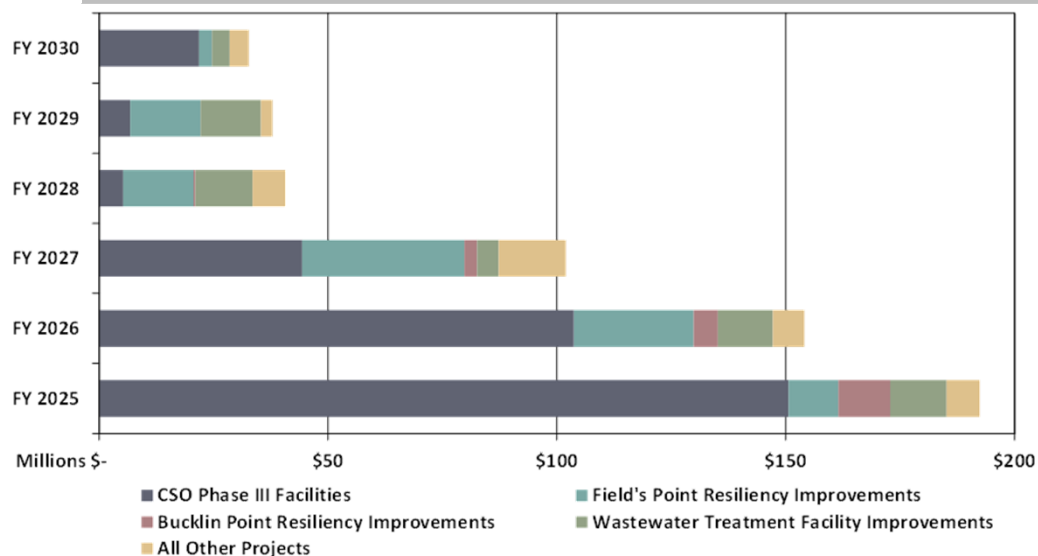






# FY 2025 – FY 2030 (CIP)

Largest Capital Projects (In Thousands)		
Project	Estimated Cost FY 2025 - 2030	Percent of Total
CSO Phase III Facilities	\$ 332,513	59%
Field's Point Resiliency Improvements	106,090	19%
Wastewater Treatment Facility Improvements	58,601	10%
Bucklin Point Resiliency Improvements	19,740	4%
All Other Projects	42,841	8%
<b>Total</b>	<b>\$ 559,784</b>	<b>100%</b>



# CSO PROGRAM



NBC is under a Consent Agreement with RIDEM to implement a federally mandated CSO Abatement Program that will address NBC's 65 CSO's in the Field's Point and Bucklin Point service areas.

### CSO Phase III Program (In Millions)

Phase	Scope	Amount *	Start	Completion
<b>Phase III A</b>	Design and construction of a 11,600 foot long deep rock tunnel in Pawtucket, a tunnel pump station to convey flow to the Bucklin Point WWTF, drop shafts and consolidation conduits and improvements to the Bucklin Point WWTF. This project includes modifications to regulators and construction of GSI facilities. Design of the Phase III B facilities is also included in the cost of Phase III A.	\$881.1	4/1/2013	4/1/2028
<b>Phase III B</b>	Phase III B includes construction of the Upper BVI Gate and Screening Structure, Interceptor Relief, and Consolidation Conduit. These facilities will convey flow to the tunnel to be built in Phase III A. In addition, GSI facilities will be constructed as part of Phase III B. Regulator Modifications and one sewer separation project will be included as part of Phase III B.	\$45.5	1/1/2029	6/31/2031
<b>Phase III C</b>	Design and construction of a stub tunnel that will convey flow from CSO OF 220 to the Pawtucket tunnel constructed in Phase III A. GSI facilities will be constructed as part of Phase III C.	\$290.4	6/1/2032	12/1/2038
<b>Phase III D</b>	Design and construction of an interceptor to store flow from OF 039 and OF 056 and release flow as capacity allows. GSI facilities will be constructed as part of Phase III D.	\$160.7	1/1/2036	12/1/2041
<b>Total</b>		<b>\$ 1,377.7</b>		

\* Excludes costs incurred prior to FY 2020



**CSO Phase III A Pawtucket Tunnel and Pump Station Shaft Construction Site**

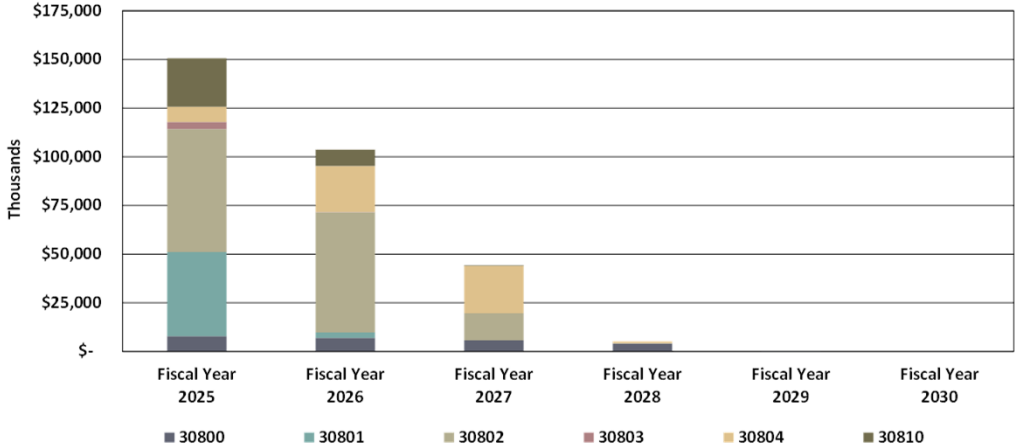
# CSO PROGRAM



## CSO Phase III A Facilities (in Millions)

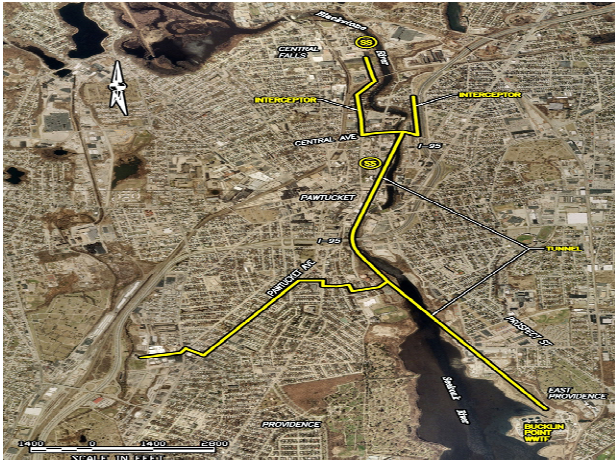
Project Number	Project Name	Estimated Cost <sup>(1)</sup>	Construction Start Date	Construction End Date	Percent Complete
30800	CSO Phase III A Facilities - Design and Construction Program Management	\$ 91.9	N/A	N/A	
30801	CSO Phase III A Facilities - Pawtucket Tunnel and Pump Station Shaft	485.7	Dec-20	Dec-25	91%
30802	CSO Phase III A Facilities - Tunnel Pump Station Fit-out	149.4	Feb-24	Jul-27	7%
30803	CSO Phase III A Facilities - OF 205	7.7	Mar-23	Dec-25	52%
30804	CSO Phase III A Facilities - OF 210, 213, 214	57.4	Jan-24	Apr-28	1%
30805	CSO Phase III A Facilities - OF 217	13.1	Dec-21	Oct-23	100%
30807	CSO Phase III A Facilities - Regulator Modifications	5.7	Apr-21	Aug-23	100%
30808	CSO Phase III A Facilities - GSI Demonstration	1.8	Sep-19	Feb-21	100%
30809	CSO Phase III A Facilities - GSI Projects	9.2	Nov-19	Apr-23	100%
30810	CSO Phase III A Facilities - BPWWTF Clarifiers and Flow Splitters	57.9	Jul-22	Oct-26	42%
30811	CSO Phase III A Facilities - High Street Demo	0.2	Nov-18	Dec-19	100%
30813	CSO Phase III A Facilities - Site Demolition	1.1	May-20	Nov-20	100%
<b>Total</b>		<b>\$ 881.1</b>			

<sup>(1)</sup>Excludes costs incurred prior to FY 2020



## CSO Phase III B Facilities (in Millions)

Project Number	Project Name	Estimated Cost	Construction Start Date	Construction End Date	Percent Complete
30830	CSO Phase III B Facilities	\$ 28.1	Jan-29	Jun-31	0%
<b>Total</b>		<b>\$ 28.1</b>			



*Proposed CSO Phase III B Facilities*

# CSO PHASE III A FACILITIES



## PROJECT PROGRESS

- Six of the construction contracts are complete
- Pawtucket Tunnel has been excavated
- Tunnel Boring Machine is being disassembled and removed from the tunnel
- Drop Shafts 205, 213, 218, upper BVI, launch and pump station shafts, and the receiving shaft have been excavated
- Adits from Drop Shafts 213 and 218 have been constructed
- Adits from Drop Shafts 205 and upper BVI to be constructed in 2024



*Chairman Mesolella in Front of the Tunnel Boring Machine Subsequent to the Tunnel Breakthrough on February 15, 2024  
Photo by Peter Goldberg*

# BUCKLIN POINT RESILIENCY IMPROVEMENTS



*Inauguration of the Bucklin Point Operations Building  
Photo by Peter Goldberg*

**Completed:**

- Construction of both a new Operations Building and a new Maintenance Building

**In Progress:**

- Construction of a new Ultraviolet (UV) disinfection building and energy efficient equipment
- Installation of redundant power and other improvements to the treatment facilities

Bucklin Point Resiliency Improvements (In Thousands)						
Project Number	Major Project		FY 2025-2030 CIP		Total Estimated Cost	Percent Complete
81000	BPWWTF UV Disinfection Improvements		\$ 14,236	\$	25,695	45%
81600	BPWWTF Improvements		5,504		11,585	52%
81700	BPWWTF Operations and Maintenance Buildings		-		36,252	100%
<b>Total</b>			<b>\$ 19,740</b>	<b>\$</b>	<b>73,531</b>	

# FIELD'S POINT RESILIENCY IMPROVEMENTS

**Completed:**

- Cybersecurity Improvements

**In Progress:**

- Ernest Street Pumping Station (pumps all flow to the Field's Point) pumps and drive motor replacements and other improvements
- New Interceptor Maintenance Storage Building and a new Maintenance Building
- Solar Carport
- Standby power capabilities for critical facilities at Field's Point Miscellaneous improvements to the treatment facilities
- Replacement of the septage receiving station



*Ernest Street Pumping Station*

Field's Point Resiliency Improvements (In Thousands)				
Project Number	Major Project	FY 2025-2030 CIP	Total Estimated Cost	Percent Complete
20300	FPWWTF Improvements	\$ 32,093	\$ 35,904	11%
20500	FPWWTF Maintenance and Storage Buildings	27,179	29,323	7%
20400	FPWWTF Ernest Street Pump Station Improvements	26,286	30,395	14%
40101	FPWWTF Electrical Improvements	11,200	11,200	0%
71000	Lincoln Septage Receiving Station Replacement	8,055	8,903	10%
20600	NBC Solar Carport	1,277	1,308	2%
20800	Cybersecurity Improvements	-	1,575	100%
<b>Total</b>		<b>\$ 106,090</b>	<b>\$ 118,608</b>	



# NEW CIP PROJECTS



*Field's Point Wet Weather Clarifiers*

New Projects (In Thousands)		
Project Number	Project Name	Total Estimated Cost
20900	FPWWTF Wet Weather Clarifier Facility Improvements	\$ 5,453
81701	BPWWTF Service Building Demolition	3,244
40700	Enterprise Resource Planning (ERP) System Replacement	908
40600	Asset Management Program Support Services	625
30482M	Interceptor Inspection and Cleaning	618
<b>Estimated Total</b>		<b>\$ 10,848</b>

NBC has also programmed \$19.7 million for long-term biosolids disposal project



# LONG-TERM FINANCIAL PLAN

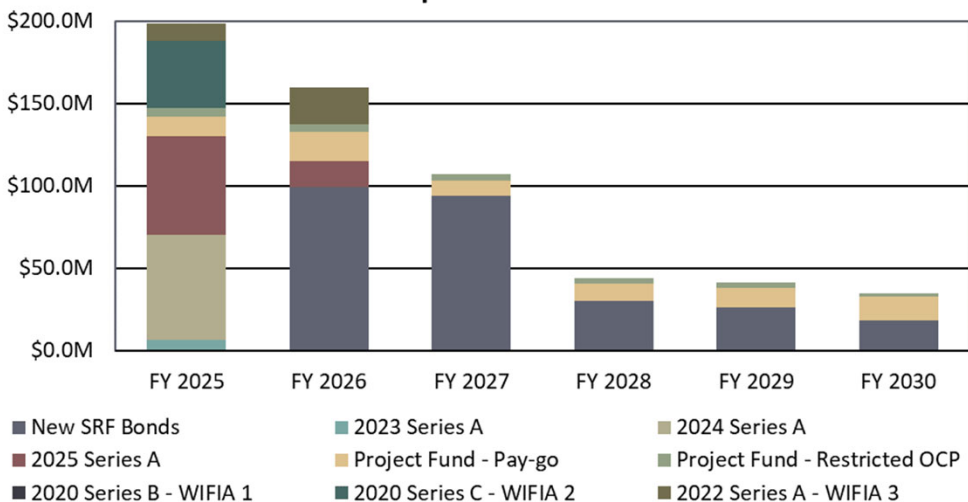
## Programmed Funding

- \$75M from RIIB in FY 2024
- \$75M from RIIB FY 2025
- \$268.2M from RIIB FY 2026 – 2030
- \$76.2M from pay-go
- All 3 WIFIA loans fully expended FY 2026

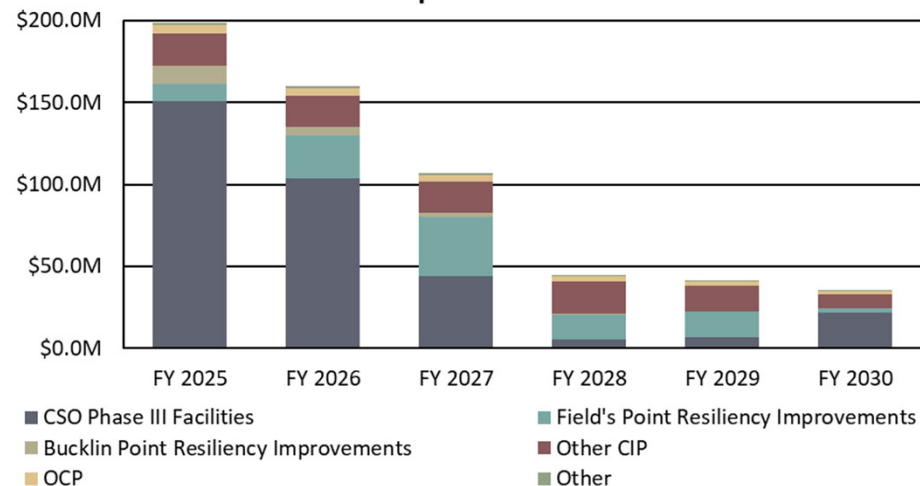
## Programmed CIP

- \$332.5M CSO Phase III Facilities FY 2025 - 2030
- \$106.1M Field's Point Resiliency FY 2025 - 2030
- \$101.4M Other CIP
- \$22.4M Operating Capital Program (OCP)

### Capital Sources



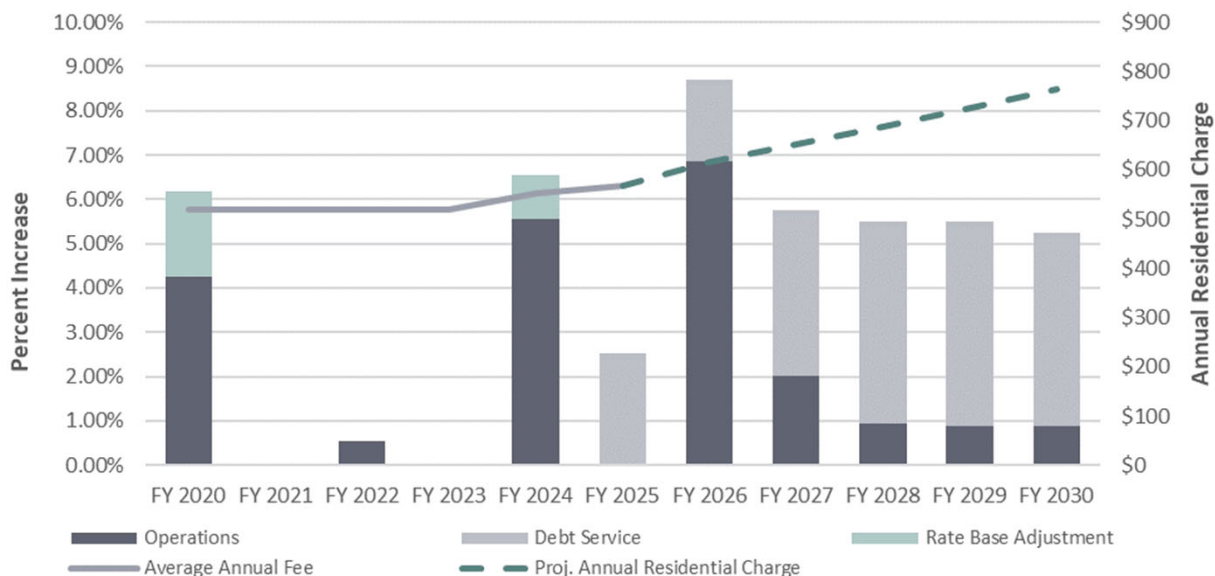
### Capital Uses







# RATE PROJECTIONS



NBC Plans to file a general rate case with the PUC for new rates effective FY 2026

## Projected Increase in Sewer User Charges and Annual Fee

	FY 2025 <sup>(1)</sup>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percentage Increase User Fees	2.56%	8.70%	5.75%	5.50%	5.50%	5.25%
Average Annual Single-Family Home	\$ 567	\$ 617	\$ 652	\$ 688	\$ 726	\$ 764

<sup>(1)</sup> Approved as part of two-year rate increase

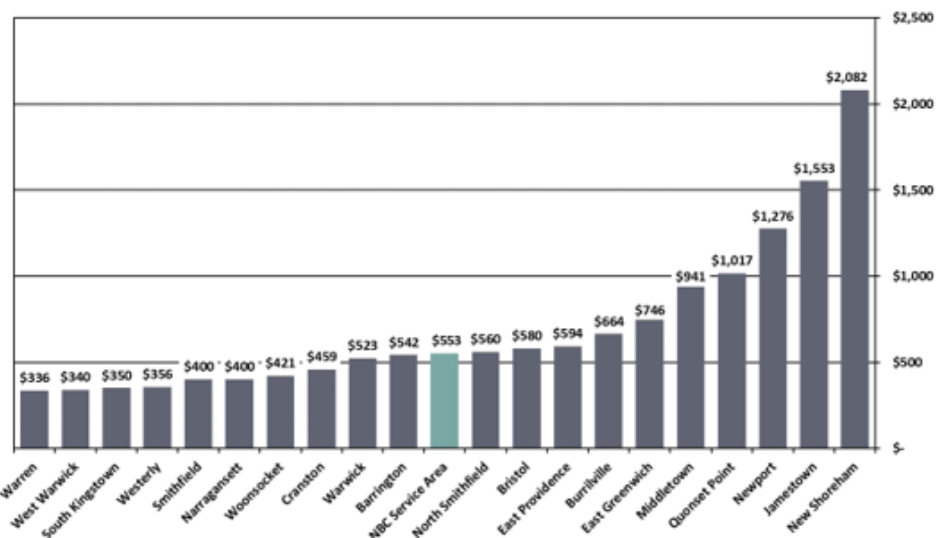


# SEWER USER CHARGES

## NBC Rate Increase History

Type of Filing	Compliance	General	General	General	General
Effective Date	1/1/2019	7/1/2019	5/1/2022	8/1/2023	7/1/2024
Purpose	Debt	O&M/ Rate Base	O&M	O&M/Rate Base and Multi-year Debt	
Revenue Increase	2.88%	5.88%	0.55%	5.96%	2.42%
User Rate Increase	2.98%	6.01%	0.56%	6.54%	2.56%
Average Annual Residential Fee (150 gpd)	\$491	\$516	\$519	\$553	\$567

## 2023 Annual Rhode Island Residential Sewer User Charges Annual Usage of 73.2 HCF



\* Newport includes stormwater fees

## NBC User Fees Effective July 1, 2024

	Billing Unit	Charge
<b>Customer Charge – Fixed Fee</b>		
<b>Customer Class</b>		
Residential	Dwelling Unit	\$ 260.87
Commercial and Industrial	Meter Size	
	3/4"	\$ 618
	3/4"	928
	1"	1,546
	1 1/2"	3,093
	2"	4,949
	3"	9,279
	4"	15,466
	6"	30,931
	8"	49,489
	10"	\$ 71,142
<b>Customer Charge – Usage Based Fee</b>		
<b>Customer Class</b>		
Residential	HCF <sup>(1)</sup>	\$ 4.186
Commercial	HCF <sup>(1)</sup>	\$ 6.287
Industrial	HCF <sup>(1)</sup>	\$ 4.119



<sup>(1)</sup> HCF = Hundred Cubic Feet

# FUTURE CONSIDERATIONS



## Capital Improvement Program

- \$559.8 million FY 2025 – FY 2030
  - Aging Infrastructure
  - Biosolids
  - Construction of CSO Phase III Phases B, C, and D
  - \$496.6 million (94% post 2030)
- Management of CIP

## Operations

- Personnel
  - CBAs Expire June 30, 2025
  - Challenges Filling Positions and Retaining Professional Staff
- Utilities
  - Challenges Managing Renewable Program
  - Meeting New Regulatory Challenges

## Operations (cont'd)

- Biosolids
  - Contract Expires May 2026
  - Dewatering
  - Long-term Solution
- Cybersecurity
- Resiliency
- PFAS
- Asset Management

## Finance

- Additional Capital Funding needed for CIP
- Possible RIIB Capacity Constraints
- Rate Increases to Support Debt Service and Operations

QUESTIONS?