

Narragansett Bay Commission, RI

Issuer: Narragansett Bay Commission

Affirmed	Ratings	Outlook
Combined Sewer Overflow Phase III Facilities WIFIA Loan	AA	Stable
Bucklin Point Resiliency Improvements WIFIA Loan	AA	Stable

Methodology

- [U.S. Municipal Retail Utility Revenue Bond Rating Methodology](#)
- [ESG Global Rating Methodology](#)

Analytical Contacts

Lina Santoro, Director
 +1 (646) 731-1419
lina.santoro@kbra.com

Linda Vanderperre, Senior Director
 +1 (646) 731-2482
linda.vanderperre@kbra.com

Rating Summary: KBRA affirms the ratings on two of the Narragansett Bay Commission’s (NBC or the “Commission”) Water Infrastructure Finance and Innovation Act loans (“WIFIA loans”) outstanding in the aggregate amount of \$464.8 million as of fiscal year end (FYE) June 30, 2023. The rating affirmation reflects the NBC’s sound financial performance supported by the timely and adequate sewer rate increases, a diverse customer base with competitive sewer rates, and the WIFIA loans’ solid security provisions. For the past five years debt service coverage has been solid and in excess of the 1.25x rate covenant.

Credit challenges center on the rate regulatory oversight by the Rhode Island Public Utility Commission (PUC), and the large capital program, which is predominantly debt funded, increasing NBC’s debt burden and annual debt service through the capital program. KBRA notes NBC has historically received constructive PUC rate treatment, particularly given the critical and mandated (state/federal) nature of the majority of the capex. The WIFIA loans, which include a third WIFIA loan (\$55.5 million) issued in August 2022, are on parity with approximately \$253 million wastewater revenue bonds and \$371 million in Rhode Island Infrastructure Bank (RIIB) state revolving fund loans.

NBC is a public corporation created in 1980 pursuant to state statute, which provides wastewater treatment and collection services to the greater Providence and Pawtucket metropolitan areas. The customer base is largely residential and modestly growing, with 85,825 customer accounts and a population base of roughly 400,000. NBC owns and operates Rhode Island’s two largest wastewater treatment facilities, Field’s Point and Bucklin Point, as well as a substantial wastewater transmission network, pumping stations and monitoring facilities.

To comply with a federal mandate and a consent decree with the Rhode Island Department of Environmental Management (RIDEM), NBC is presently in its third and final phase of a Combined Sewer Overflow (CSO) Abatement Program. Phases I and II were completed in 2008 and 2014, respectively, and incorporated CSO capture, transport and storage systems that feed into the Field’s Point Treatment Facility. The Phase III capital program includes four subphases (Phase III A, B, C, and D projects) with an estimated total cost of \$1.38 billion through 2041. NBC is currently working on Phase III A, with an estimated total cost of \$881 million through completion in April 2028 (excluding costs prior to 2020). Phase III A includes the \$485.7 million Pawtucket Tunnel project, the largest and most complex project in Phase III program. Positively, NBC reports significant water quality improvements in the Narragansett Bay to date from Phases I and II, with beach closures reduced by 85% and improved shell-fishing conditions. Further environmental improvements are expected upon completion of Phase IIIA in 2028, when up to 95% of the CSO within the Bucklin Point service area will be treated.

As of June 30, 2023, the CSO Phase III Facilities’ WIFIA Loan issued in 2020 is outstanding in the amount of \$273.6 million. The interest rate on this loan was reset to 1.42% in October 2020. The Bucklin Point Resiliency Improvements WIFIA Loan issued in 2020 at a rate of 1.60% was outstanding in the amount of \$191.2 million. The WIFIA loan repayments will begin in FY2033, with the CSO Phase III Facilities WIFIA loan scheduled to be fully amortized in FY2047, and the Bucklin Point WIFIA loan by FY2060. The loans are structured such that interest is incurred as funds are drawn but payments do not commence until five years after substantial completion. The WIFIA loans’ debt service is payable from net system revenues on parity with NBC’s outstanding wastewater revenue bonds and RIIB borrowings.

The strong rate covenant provisions of the Trust Indenture require net revenues sufficient to provide 1.25x annual debt service with respect to all outstanding revenue bonds and the WIFIA loans, and 1.35x annual debt service when RIIB loans are included. The additional bonds test (ABT) requires estimated annual net revenues for the three fiscal years following the issuance of bonds to equal at least 1.25x the debt service requirement for revenue bonds and 1.35x the debt service requirement inclusive of RIIB loans. There is no debt service reserve fund for the WIFIA loans. In practice, after meeting the Indenture’s debt service coverage requirement, excess amounts in the Debt Service Fund’s Stabilization Account can be transferred to the Project Fund at fiscal year-end to pay for capital projects and operating capital. Non-system uses require EPA approval, per the WIFIA loan agreement.



KBRA anticipates that capital funding will continue to be supported through internally generated funds and timely rate adjustments. As a regulated utility, NBC's sewer rates are set by the State's PUC. NBC proactively informs the PUC of necessary capital projects and rate requirements, and the PUC's history of rate review and approval has been constructive. Pursuant to a PUC-approved debt service coverage compliance filing mechanism, NBC can seek rate relief solely for debt service and debt service coverage, via an expedited rate relief process supporting capital funding.

For the past five fiscal years, financial performance has been sound with DSC ranging from 1.29x (FY2019) to 1.55x (FY2023), with fairly regular rate adjustments and manageable debt requirements. Going forward, DSC is projected to decline to 1.25x by FY2026 as debt outstanding peaks at \$1.4 billion and annual debt service begins to rise through the capex cycle, reflecting planned borrowings required to complete the CSO Phase III Facilities and Bucklin Point Resiliency Improvements through 2030. Prospective sewer rate increases (at +5% per annum) will be required to maintain the 1.25x DSC. NBC's recently implemented a 6.54% rate increase on August 1, 2023, followed by an additional 2.56% on July 1, 2024. NBC plans to submit a rate request to the PUC in FY2025 for implementation in FY2026.

NBC serves ten Rhode Island communities in and around the greater metropolitan Providence area. Providence is the state capital and the largest city in Rhode Island. Demographics of the service area remain adequate, with income levels that are mostly below the state average, reflecting the older manufacturing and urban economic base.

The Stable Outlook reflects KBRA's expectation that the Commission will adjust rates as forecasted to support operations and its ongoing capital program, while continuing to satisfy the 1.25x rate covenant. KBRA views the 1.25x DSC as minimally acceptable for the rating level, given the support of the rate covenant requirement of 1.25x DSC and NBC's ability to request an expedited PUC rate review to ensure compliance with the rate covenant.

Key Credit Considerations

The rating is affirmed because of the following key credit considerations:

Credit Positives

- Favorable history of rate setting, with the ability to use an expedited regulatory rate review process to maintain adequate debt service coverage.
- Largely residential and modestly growing customer base, with competitive wastewater rates.
- Comprehensive long-term financial and capital planning process which is updated on an annual basis.

Credit Challenges

- Rate increases are subject to regulatory review by the state's PUC. Positively, NBC has a history of constructive rate reviews by the PUC to date.
- Leverage, as measured by total debt to net plant, and annual debt service are rising as NBC funds the large capital program. DSC is projected to approximate the rate covenant over the five-year forecast.

Rating Sensitivities

▪ Under budget completion of NBC's large capex, with lower debt requirements and financial coverage materially above the projected minimally required debt service coverage.	+
▪ Less favorable rate regulatory environment, with debt service coverage below financial projections.	-

Key Ratios		
Narragansett Bay Commission - Wastewater System		
FYE June 30	2022	2023
Sewer Customer Accounts	85,530	85,825
% Change YoY	-	0.3%
Residential Revenues % Sewer Revenues	58.4%	58.4%
Rate Increases Last Approved by the PUC		
Effective 8/1/2023	6.54%	6.54%
Effective 7/1/2024	2.56%	2.56%
Key Ratios		
Long-Term Debt Outstanding (\$000)	1,018,817	1,146,412
Annual Debt Service (\$000)	41,105	40,779
Days Cash on Hand	206.00	144.00
Debt Service Coverage (x)	1.56x	1.55x
Debt to Net Fixed Assets	79.0%	77.7%
Debt to Total Capitalization	62.2%	64.1%

**Reflects data for Providence County, which encompasses all of NBC's service area.*



Rating Determinants (RD)

1. Management, Governance, Regulatory Framework	AA+
2. Legal Mechanics and Security Provisions	AA+
3. Service Area and Demand	AA
4. Operations and Capital	AA-
5. Financial Profile and Debt	AA-

For a more detailed discussion of Rating Determinants 1 and 2, the Bankruptcy Assessment and the ESG Management sections, please refer to the prior year's rating report, dated [September 29, 2023](#).

RD 1: Management, Governance, Regulatory Framework

In 1980, the Rhode Island General Assembly established the Commission to correct and minimize pollution discharges into the Narragansett Upper Bay. On January 1, 1992, the former Blackstone Valley District Commission was merged into NBC, expanding the sewer service area into the adjacent metro Pawtucket area. In 1999, the Narragansett Bay Commission was then authorized by the State to acquire, operate, and upgrade the metropolitan Providence wastewater collection and treatment facility.

NBC is governed by a nineteen-member Board of Commissioners (Board) appointed for three-year terms. Ten Board members are appointed by the Governor, and the other nine are representatives of the municipalities within NBC's service area. The Board's Chairperson, Vice-Chairperson, and Treasurer are elected annually by the Board. NBC maintains a long-tenured and experienced senior management team, with an average of more than 25 years at the Commission. NBC's current Executive Director was appointed in January 2019, and she has more than 32 years of experience at the Commission. The CFO is comparably long tenured, with NBC for 34 years.

Rate Setting Authority and Process

NBC's rates are regulated by the Rhode Island Public Utilities Commission (PUC). Both the Board and the PUC must approve the sewer rate adjustments. KBRA views the state regulatory oversight as a credit challenge, reflecting the greater uncertainty in the timing and adequacy of rate decisions, as compared with self-regulated municipalities. However, offsetting this exposure is the PUC's established history of constructive and consistent treatment of the Commission, supporting NBC's sound financial metrics and operations.

There are two types of PUC applications for rate relief available to NBC. The first is a general rate relief application, which can take up to nine months for the PUC's final rate decision. The second is a debt service compliance filing for rate relief related to debt service (DS) and debt service coverage (DSC). The latter rate relief type utilizes an expedited rate review process, that provides NBC with some rate flexibility to fund its larger capital projects, as the PUC rate decisions are typically finalized within 90 days.

NBC is a related organization rather than a component unit of the State, and as such maintains separate financial statements – not included in the State's financial reports. NBC's Board is responsible for approving the sewer system's annual operating and capital budgets. The operating budget is monitored on a monthly basis, with budget changes or adjustments approved by the CFO.

RD 2: Legal Mechanics & Security Provisions

Debt service on the WIFIA loans is payable from a gross revenue pledge pursuant to the Commission's Trust Indenture dated as of April 15, 2004 (as amended and supplemented). The WIFIA loans are secured on parity with outstanding revenue bonds and Rhode Island Infrastructure Bank (RIIB) loans. The legal mechanics and security provisions provide a strong level of bondholder and WIFIA loan lender protection.

Rate Covenant

The Commission shall fix, charge, and collect rates, fees, and charges for the wastewater system at levels sufficient so that total net revenues during each fiscal year are equal to at least 125% of annual debt service with respect to all outstanding revenue bonds (including WIFIA loan) and 135% of annual debt service when RIIB loans are included.

Additional Bonds Test

The additional bonds test requires estimated annual net revenues for the three fiscal years following issuance of bonds to be 1.25x the debt service requirement for revenue bonds and 1.35x the debt service requirement for the RIIB loans.

Debt Service Reserve Fund

There is no debt service reserve requirement for the WIFIA Loan. There is a debt service reserve requirement for NBC's outstanding revenue bonds that is set on a series basis, as provided in each supplemental indenture. Generally, the

debt service reserve is the lesser 10% of the original principal amount, 125% average annual debt service, maximum annual debt service (MADS), or the maximum amount permitted by federal tax law without requiring yield restriction.

RD 3: Service Area and Demand

NBC’s service territory encompasses 70.8 square miles across ten Rhode Island communities within the greater Providence County, which includes Providence, North Providence, Johnston, Pawtucket, Central Falls, Cumberland, Lincoln, the northern portion of East Providence, and small sections of Cranston and Smithfield. These communities in aggregate represent approximately 36% of the State’s population. The top three communities served by NBC accounted for 70.7% of the total customer accounts in 2023: cities of Providence (39.7%), Pawtucket (20.1%), and North Providence (10.9%).

Figure 1

Population Growth				
	2013	2023	% Δ 2013 to 2023	10 Year CAGR (2023)
Providence County, RI*	628,600	660,615	5.1%	0.50%
Providence-Warwick MSA	1,604,291	1,677,803	4.6%	0.45%
Rhode Island	1,051,511	1,095,962	4.2%	0.41%
United States	316,128,839	334,914,896	5.9%	0.58%

* Providence County is the best proxy for NBC’s service area given limited data on a few of the communities in the territory served.
Source: U.S Census, ACS 1-Year Estimates

NBC’s service area population is based upon that of Providence County (the “County”), as NBC’s ten communities account for roughly 80% of the population in the County. The County population, estimated at 660,615 for 2023, has grown over the last 10 years at a CAGR of 0.50%, which is ahead of the State (0.41%) and that of the Providence-Warwick MSA (0.45%), but slightly behind the national level (0.58%).

In fiscal 2023, NBC provided sewer service to 85,825 customers, which reflects a modest increase of 0.34% YoY, predominantly residential growth. The sewer customer mix is favorable, with the more stable residential customers accounting for the majority of system revenues, at 55.4% for fiscal 2023, and 91% of total sewer accounts. There is no customer revenue concentration, as the single largest user accounted for a modest 1.6% of FY2023 operating revenues and the 10 largest represented 8.4% of sewer revenues.

The service area’s largest employers and NBC’s largest customers include institutions of higher education, governmental entities, and healthcare providers, typically more economically stable sectors. The economic base of the State continues to shift away from manufacturing and into service industries over the last decade, including tourism particularly around Narragansett Bay.

Figure 2

NBC Principal Customers FY 2023	
Customers	% Total Billing
Rhode Island Hospital	1.62
Providence Housing Authority	1.55
Brown University	1.25
City of Providence	0.87
City of Pawtucket	0.78
Rhode Island Resource Recovery	0.67
Providence School Department	0.47
State of Rhode Island	0.46
Johnson & Wales University	0.40
RI School of Design	0.35
Top Ten % of Total Billing	8.42%

Source: Narragansett Bay Commission FY2023 ACFR.

Historic and Projected Rates

NBC’s user fees include a flat fee per customer and a usage-based charge which account for approximately 45% and 55%, respectively, of total operating revenues. NBC has been granted fairly regular PUC rate adjustments since 2005. Three of the last five rate increases have been for debt service and debt service coverage compliance. NBC’s most recent rate increase in 2023 also included operations and maintenance expense adjustment. Despite the extensive capital improvements undertaken to date, NBC’s 2023 average annual residential bill of \$553 remains competitive and approximately 21% below the state average of nearly \$700¹, providing rate flexibility through the ongoing large capital plan, as debt and annual debt service are rising.

Figure 3

Rate History					
Effective Date	1/1/2019	7/1/2019	5/1/2022	8/1/2023	7/1/2024
	(FYE19)	(FYE20)	(FYE22)	(FYE24)	(FYE25)
Purpose	Debt	O&M/Rate Base	O&M	O&M/Rate Base/Multi-year Debt	
Revenue Increase ¹	2.88%	5.88%	0.55%	5.96%	2.42%
User Flat Fee Increase	2.98%	5.05%	0.56%	6.54%	2.56%
Average Annual Residential Bill (150 gpd)	\$491	\$516	\$519	\$553	\$567

¹ Reflects rate base adjustments. Next rate adjustment is anticipated in FY2026.
Source: Narragansett Bay Commission FY2025 Budget.

¹ Based upon NBC provided comparison of neighboring annual sewer residential bills for FY2023.



On November 4, 2022, the Commission filed a general rate increase request (8.4% rate increase request) with the PUC, designed to generate additional revenues primarily to offset the declining average customer consumption, cover the cost of renewable energy projects and higher electricity rates, and meet rising debt service requirements associated with the large capex plan.

In July 2023, the PUC approved a rate settlement with NBC with a few modifications to NBC’s request. The PUC authorized a two-year phase in of the rate increases of 6.54% and 2.56%, effective August 1, 2023 and July 1, 2024, respectively. The rate increases are designed to support NBC’s payment of operations and debt service related to additional debt issued in FY2023 and FY2024 (\$75 million RIIB loan) and planned \$75 million borrowing through RIIB in FY2025.

Additionally, as part of the July 2023 rate order, the PUC mandated the establishment of an Operating and Maintenance Reserve fund to mitigate exposure to variable electricity costs. NBC internally funded the new O&R Reserve (\$2 million) in FY2024. Going forward, prospective rate adjustments are projected at +5% per annum to meet added operating and debt service costs as NBC funds roughly half of its large capital program with debt through FY2030.

RD 4: Operations and Capital

NBC owns and operates the two largest wastewater treatment (WWTF) plants in Rhode Island. The Field’s Point WWTF provides primary treatment for up to 200 million gallons per day (MGD) of wastewater, and secondary treatment for up to 65 MGD for dry weather flows. NBC’s Bucklin Point WWTF is located in East Providence, and it provides primary treatment capacity of 116 MGD, and secondary treatment for up to 46 MGD. NBC’s wastewater treatment facilities continue to operate effectively, protecting the Narragansett Bay from high levels of pollutants. For the twelve months ended February 29, 2024, the Field’s Point and Bucklin Point WWTFs treated an average of 52.4 MGD and 26.3 MGD, respectively, with effluent well below the RIPDES seasonal permit limits for certain pollutants.

NBC’s sewer facilities also include 80 miles of interceptors, six pumping stations and 61 combined sewer overflows (CSOs). The sewer system’s total wastewater treatment capacity (316 MGD) is ample and significantly exceeds the current average system daily demand of approximately 78.7 MGD. The electricity utilized at the treatment plant is approximately 76% renewable, supported by wind turbines on site and additional solar energy services.

To comply with a federal mandate and a consent decree with the Rhode Island Department of Environmental Management (RIDEM), NBC is presently in the third and final phase of a Combined Sewer Overflow (CSO) Abatement Program. The CSO abatement program is designed to minimize overflows from its combined sewers during wet weather. The program involves construction of infrastructure to temporarily capture and store CSOs until their flows can be accommodated by NBC’s wastewater treatment system. Phases I and II, completed in 2008 and 2014, respectively, include CSO capture, transport and storage systems that feed into the Field’s Point Treatment Facility.

NBC is onto its third and final phase of the CSO abatement program, which includes Phases III A, B, C and D projected to be completed by 2041 and cost an estimated \$1.4 billion. Of this amount, NBC is currently working on Phase III A, the largest of Phase III projects, with an estimated project cost of \$881.1 million through completion in April 2028. A key component of the Phase III A facilities is the construction of the \$485.7 million Pawtucket Tunnel -- the largest and most complex of the projects in this phase of the CSO abatement program. Tunnel excavation and the associated pump station construction is 91% complete and came in under budget for FY2024 given construction progress made over the last year. The 30-foot diameter, 2.2 mile-long, deep rock tunnel under Pawtucket and Central Falls feeds into the Bucklin Point Treatment Facility. The Phase IIIA project is designed to significantly reduce CSO volumes in the Bucklin Point service areas and eliminate overflows from a one in three-month storm (1.6 inches of rain in six hours).

Pursuant to NBC’s most recent annual review of its water treatment programs at the Field’s Point and Bucklin facilities, as of March 23, 2023, the Commission’s clean water investments and infrastructure have resulted in Narragansett Bay being the cleanest it has been in more than 150 years.

Capital Plan

NBC’s five-year capital improvement plan (CIP) is based upon maintaining system operations and reliability, while ensuring compliance with the State’s wastewater effluent limitations and monitoring requirements. The Commission’s five-year CIP is updated annually, and for the FY2025-FY2030 horizon, the capital program includes 43 projects estimated to cost \$559.8 million. Of this amount, approximately 59% (or \$332.5 million) is related to the Phase III A project. The NBC anticipates debt financing fund

Figure 4

CIP by Major Capital Project		
Project (\$000s)	Estimated Cost	
	FY25-FY30	% Total Cost
CSO Phase III Facilities	\$ 332,513	59.4%
Field Point Resiliency Improvements	106,090	19.0%
Wastewater Treatment Facility Improvements	58,601	10.5%
Bucklin Point Resiliency Improvements	19,740	3.5%
Other CIP	42,841	7.7%
Total CIP	\$ 559,785	100.0%

Source: Narragansett Bay Commission FY2025 Operating Budget.

approximately \$366.7 million, or 53.8% of the five-year capital plan through FY2030. The Commission finances the CIP via a combination of internal resources, tax-exempt revenue bonds, WIFIA loans and borrowing under the State's RIIB program. Debt funding for the CSO abatement program through 2030 will largely be funded via RIIB borrowings.

RD 5: Financial Profile and Debt

NBC's historical financial performance has been sound for the past five years as the Commission has been executing its large sewer capital program (Figure 5) supported by adequate and timely sewer rate increases. DSC has ranged from 1.29x (FY2019) to 1.55x (FY2023). Sewer revenue growth has modestly outpaced expense growth as measured by the five-year CAGR of 1.9% versus 1.8%, respectively, through FY2023.

As previously anticipated, prospective DSC is projected to approach 1.25x by FY2026 as the debt outstanding peaks and annual debt service begins to climb through the five-year horizon. Annual debt service is projected to rise from \$40.8 million in FY2023 to \$50.7 million in FY2030, and peak at \$67.4 million in FY2046. Including projected RIIB new debt (\$268.3 million) over the same period, annual debt service could peak at \$88 million. Projected sewer rate increases (+5% per annum) through 2030 are designed to meet the higher debt service requirement.

Figure 5

NBC - Statement of Revenues & Expenses (\$'000s)									
	FY2023	% chg	FY2022	% chg	FY2021	% chg	FY2020	% chg	FY2019
Operating revenues	\$ 105,646	1.6%	\$ 104,033	-0.5%	\$ 104,582	0.8%	\$ 103,783	4.5%	\$ 99,346
Non-operating revenues ⁽¹⁾	3,374		2,874		334		1,150		1,656
Total revenues	109,019	2.0%	106,907	1.9%	104,916	0.0%	104,933	3.9%	101,002
Personnel/Professional services	26,879	4.5%	25,728	10.9%	23,194	-2.9%	23,878	0.1%	23,845
Depreciation	22,629		22,223	30.0%	17,094		16,612		16,401
Operating expenses/supplies	19,053	10.7%	17,218	-0.1%	17,228	6.2%	16,222	-5.1%	17,100
Non-operating expenses	17,581		15,040		14,737		18,063		17,327
Total expenses	86,142	7.4%	80,209	11.0%	72,252	-3.4%	74,774	0.1%	74,674
Operating Income	37,085	-4.6%	38,864	-17.4%	47,067	0.0%	47,071	12.1%	41,999
Capital Contribution	2,590		1,000		-		-		-
Net Income	\$ 25,467		\$ 27,698		\$ 32,664		\$ 46,771		\$ 42,729
Total Revenues	109,019		106,907		104,916		104,933		101,002
Operating Expenses (exclude dep)	45,932		42,946		40,422		40,099		40,945
Net Revenues available for DS	63,088		63,961		64,495		64,833		60,057
Annual Debt Service	40,779		41,105		43,382		44,683		46,576
Debt Service Coverage ⁽²⁾	1.55x		1.56x		1.49x		1.45x		1.29x

⁽¹⁾Nonoperating Revenue reflects variable sewer tie-in fees, interest earnings, grant revenue, and other miscellaneous income.

⁽²⁾Pursuant to Indenture DSC (Total Revenues less Operating Expenses (excluding Depreciation)/Debt Service).

Source: Narragansett Bay Commission FY2023 Annual Comprehensive Financial Report.

KBRA views the 1.25x DSC as minimally acceptable for the rating level, given the support of the rate covenant requirement of 1.25x DSC and NBC's ability to request an expedited PUC rate review to ensure compliance with the rate covenant. Maintenance of NBC's rating is based upon continued constructive rate decisions by the PUC. Failure to consistently meet the projected DSC could trigger a negative rating action.

Figure 6

Narragansett Bay Commission Long Term Debt Outstanding (\$'000s)						
FYE June 30	Unaudited FY24	2023	2022	2021	2020	2019
RI Infrastructure Bank (RIIB)	\$ 420,114	\$ 371,126	\$ 296,894	\$ 253,467	\$ 284,518	346,974
Wastewater Revenue Bonds	242,735	252,630	258,413	258,550	262,942	-
Wastewater Revenue - WIFIA Loans	525,790	520,745	461,271	459,704	268,711	261,553
Total Long-Term Bonds and Loans	\$ 1,188,639	\$ 1,144,500	\$1,016,579	\$ 971,721	\$ 816,171	608,527

Source: Narragansett Bay Commission FY2023 ACFR.

NBC estimates solid financial performance for FYE2024 (unaudited). While revenues are projected to be slightly under the FY2024 Operating Budget by \$1.4 million (-1.2%), the reduction is temporary as it reflects the PUC's decision to phase-in NBC's last rate request in FY2023 over two fiscal years (6.54% in FY24 and 2.56% in FY25). NBC is projecting solid DSC of 1.37x for FY2024. Capital expenditures are anticipated to be under budget as well (\$1.7 million or 0.7% below FY24 budget).

Figure 7

Narragansett Bay Commission - Statement of Net Position					
(\$000s)					
FYE June 30	2023	2022	2021	2020	2019
Cash	\$ -	\$ -	\$ -	\$ -	\$ 21,257
Accounts Receivable	18,110	19,793	20,636	20,467	21,107
Due from RIIB	98,323	1,000	-	6,917	38,727
Due from WIFIA	191,338	297,272	403,158	268,711	-
Prepaid expenses	991	305	406	529	1,136
Total current assets	308,762	318,370	424,187	296,624	82,227
Restricted cash	92,103	94,826	77,987	78,839	59,036
Net capital assets	1,475,797	1,289,828	1,132,899	1,055,958	1,025,606
Other assets	3,715	2,184	6,797	1,515	1,223
Total assets	1,880,378	1,705,207	1,641,871	1,432,935	1,168,092
Deferred outflows	11,305	12,677	9,955	10,448	7,081
Payables and accrued expenses	75,105	52,314	30,717	7,025	6,857
Current portion of loans/leases payable	31,450	28,533	28,170	34,504	34,704
Total current liabilities	106,555	80,847	58,887	41,530	41,561
Long term accrued expenses	5,932	5,682	6,127	7,027	7,140
Net pension liability	15,660	14,631	17,701	18,732	18,671
Long term debt and leases	1,114,962	990,285	971,722	816,171	579,679
Total non-current liabilities	1,136,553	1,010,598	995,550	841,929	605,490
Total liabilities	1,243,109	1,091,444	1,054,437	883,459	647,051
Total deferred inflows	5,143	8,476	7,123	2,322	2,677
Net position	\$ 643,431	\$ 617,964	\$ 590,266	\$ 557,602	\$ 525,446
Total Debt	\$ 1,146,412	\$ 1,018,817	\$ 999,892	\$ 850,675	\$ 614,383
Debt to Net Plant	77.7%	79.0%	88.3%	80.6%	59.9%
Debt to Total Capitalization	64.1%	62.2%	62.9%	60.4%	53.9%

Source: Narragansett Bay Commission's Annual Comprehensive Financial Reports.

ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how issuers plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in public finance ratings can be found [here](#). Over the medium-term, public finance issuers will likely need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

For details regarding ESG Management, please refer to the prior year's report published on [September 29, 2023](#).

© Copyright 2024, Kroll Bond Rating Agency, LLC and/or its affiliates and licensors (together, "KBRA"). All rights reserved. All information contained herein is proprietary to KBRA and is protected by copyright and other intellectual property law, and none of such information may be copied or otherwise reproduced, further transmitted, redistributed, repackaged or resold, in whole or in part, by any person, without KBRA's prior express written consent. Information, including any ratings, is licensed by KBRA under these conditions. Misappropriation or misuse of KBRA information may cause serious damage to KBRA for which money damages may not constitute a sufficient remedy; KBRA shall have the right to obtain an injunction or other equitable relief in addition to any other remedies. The statements contained herein are based solely upon the opinions of KBRA and the data and information available to the authors at the time of publication. All information contained herein is obtained by KBRA from sources believed by it to be accurate and reliable; however, all information, including any ratings, is provided "AS IS". No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any rating or other opinion or information is given or made by KBRA. Under no circumstances shall KBRA have any liability resulting from the use of any such information, including without limitation, for any indirect, special, consequential, incidental or compensatory damages whatsoever (including without limitation, loss of profits, revenue or goodwill), even if KBRA is advised of the possibility of such damages. The credit ratings, if any, and analysis constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. KBRA receives compensation for its rating activities



from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. Please read KBRA's full disclaimers and terms of use at www.kbra.com.