

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
2 NARRAGANSETT BAY COMMISSION

3 In Re: Monthly Board Meeting of the Commission

4 DATE: December 9, 2014
5 TIME: 11:00 a.m.
6 PLACE: Narragansett Bay Commission
Corporate Office Building
One Service Road
Providence, RI 02905

7 PRESENT:

- 8 Vincent Mesolella, Chairman
- Raymond Marshall, Executive Director & Secretary
- 9 Richard Burroughs
- Mario Carlino
- 10 Joseph DeAngelis, Esquire
- Michelle DeRoche
- 11 Michael DiChiro
- Seth Handy
- 12 Paul Lemont
- John MacQueen
- 13 Joan P. Milas
- Al Montanari
- 14 Alan Nathan
- Richard Worrell
- 15

16 ALSO PRESENT:

- 17 Nick Anderson, MWH
- Cecille Antonelli, NBC
- 18 Sherri Arnold, NBC
- Karen Beard, US Bank
- 19 Rich Bernier, NBC
- Tom Brueckner, NBC
- 20 Gail Degnan, NBC
- Leah Foster, NBC
- 21 Linda George, Senate Policy Office
- Jennifer Harrington, NBC
- 22 Laurie Horridge, NBC
- Joanne Maceroni, NBC
- 23 John Motta, NBC
- Karen Musumeci, NBC
- 24 George Palmisciano, Pare Corp
- Rich Raiche, MWH

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1 ALSO PRESENT, cont.

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Deborah Samson, NBC

3 Mark Thomas, NBC

Thomas Uva, NBC

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1 (BOARD OF COMMISSIONERS MEETING COMMENCED AT 11:09 A.M.)

2 CHAIRMAN MESOLELLA: All right. We do have
3 a quorum, we just make it, but we do have a quorum, so
4 recognizing a quorum, we will call the meeting of the
5 Narragansett Board of Commissioners to order on Tuesday,
6 December 9th at 11:09.

7 The first order of business is the approval of the
8 previous minutes of September 23rd and October 28, 2014.
9 Have all of our members had an opportunity to review the
10 previous minutes, and if so, are there any comments,
11 questions or corrections regarding the previous minutes?

12 THE COMMISSION: (No response)

13 CHAIRMAN MESOLELLA: Okay. Hearing none,
14 all of those that are in favor of approval of the
15 previous minutes will say aye.

16 THE COMMISSION: Aye.

17 CHAIRMAN MESOLELLA: Are there any opposed?

18 THE COMMISSION: (No response)

19 CHAIRMAN MESOLELLA: There are none opposed,
20 and the motion carries.

21 (MOTION PASSED UNANIMOUSLY)

22 CHAIRMAN MESOLELLA: Item Number 3, which is
23 Acknowledgment of Awards. Mr. Secretary.

24 RAYMOND MARSHALL: Yes, Mr. Chairman. We
25 have one award that we want to acknowledge today. It's

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1 from the Government Finance Officers Association, the
2 Distinguished Budget Presentation Award. We've received
3 this numerous times through the years, but this
4 particular time we received special recognition; and our
5 budget plan document was acknowledged as outstanding as
6 a financial plan, outstanding as an operations guide,
7 outstanding as a communications device and a special
8 recognition from capital planning and special
9 performance measures of recognition.

10 So, this is, and the reason I want to point this out
11 is a lot of what the Sheehen Bill wants to make sure
12 that we're doing, this is a validation that we're
13 already well ahead of the curve in that respect, and
14 this is an objective third party organization that
15 evaluates the documents with great scrutiny.

16 So, I'd like to have Karen Giebink, Sherri Arnold and
17 Gail Degnan come up to receive the award and have their
18 picture taken.

19 RAYMOND MARSHALL: Thank you very much.

20 CHAIRMAN MESOLELLA: Thank you very much

21 for your great work. All right.

22 (APPLAUSE)

23 COMMISSIONER MILAS: Excuse me, Mr.

24 Chairman. I'm curious, do the people that have to

25 comply with the Sheehan Bill, does it get reported to

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1 them that there are entities like the NBC that have been

2 compliant for years? Like, is there a reporting

3 mechanism to show that you have fulfilled it and that it

4 gets acknowledged that the NBC has been doing this?

5 CHAIRMAN MESOLELLA: I think what gets

6 acknowledged is when you don't comply, and then what

7 happens is, they put you all over the newspapers and

8 then everybody throws darts at you, but I don't know.

9 What's the answer, Jo?

10 COMMISSIONER MILAS: Are they looking for a

11 report from those quasis to be -- like, will it be

12 reported in the 2015 sessions?

13 MS. MACERONI: It actually does not call for

14 that. Whether the Oversight Committee will call in the

15 quasis again because we've already made presentations to

16 them in the past, I'm not sure.

17 COMMISSIONER MILAS: Because it's very
18 noteworthy how compliant the NBC is.

19 CHAIRMAN MESOLELLA: Thank you. Okay, the
20 next order of business is the Executive Director's
21 Report. Mr. Secretary, do you have a report?

22 RAYMOND MARSHALL: I do. It's going to be
23 stunningly short. It is a change. It's in the spirit
24 of the season.

25 The nitrogen season is over. We met all our

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1 requirements at both plants. I do want to just remind
2 you that we still have the problem with the blowers over
3 at Field's Point. They are a concern. We're working
4 aggressively with the manufacturer to get that
5 straightened out because we want to be in a solid
6 position before the start of the next nitrogen removal
7 season, which is May 1.

8 So, we're still operating under that emergency
9 provision. We are making progress. There's some things
10 I feel we still need to do to solidify our situation
11 over the next several months, and then we'll have to
12 also come up with a more long-term plan as well; and
13 we'll make a more detailed report to you on that in the
14 next month or two.

15 Construction continues into December on Phase 2
16 projects with winter shutdowns occurring, and some
17 projects are actually being completed. There will be
18 some spring work to do once the weather gets better, but
19 we're in good shape as things stand at this point.
20 The lab, or the regulatory control building across
21 the street, is ongoing, but it is behind schedule. We
22 had a problem with the concrete sub on that job, which
23 has delayed the project about 120 days. There's no real
24 ramifications of that, other than the fact that we're
25 120 days behind, and we wanted to get the new lab out

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1 and running. So, the contractor will try to make up
2 some of that time, but that remains to be seen.
3 The winter event, we just had two great months. In
4 October, we generated 56 percent of the power that we
5 need at the Field's Point Wastewater Treatment Facility,
6 and in November, it was 57 1/2 percent, so we're at 48
7 percent so far through the first 11 months of 2014.
8 Last year you probably remember we were at the 42 or
9 43 percent for the entire year, so we're on track to
10 match or beat last year's numbers.

11 COMMISSIONER WORRELL: Excuse me. Do we get
12 any credit for net metering?

13 RAYMOND MARSHALL: Yes. What happens, when
14 we generate more than we need, then the meter starts
15 spinning backwards again.

16 COMMISSIONER WORRELL: Do you know roughly
17 what the amount of money we've gotten from net metering
18 in savings?

19 RAYMOND MARSHALL: I'd have to go back and
20 have them calculate that. But in addition to that, we
21 also have renewable energy credits that I've mentioned,
22 so we figure that we're saving over a million dollars a
23 year between the power we don't purchase, the credit
24 that we get by spinning the meter backwards and the
25 renewable energy credits themselves. We'll generate

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1 some numbers for the next meeting because we'll have
2 finished the entire 2014.

3 COMMISSIONER WORRELL: That's huge.

4 RAYMOND MARSHALL: Yes, it is.

5 COMMISSIONER NATHAN: Ray, with the rate
6 increase pending, that would mean that our payback is
7 going to be quicker.

8 RAYMOND MARSHALL: Yes, that's correct.

9 CHAIRMAN MESOLELLA: That's right.

10 RAYMOND MARSHALL: Now, the renewable energy

11 credit market is becoming more populated, so the per
12 unit payback is less. It was 64 the first year, and the
13 first part of this year. Now I think it's dropping to
14 50 because the market, it's a commodity.

15 COMMISSIONER WORRELL: That's a good sign.

16 RAYMOND MARSHALL: We are still generating
17 as many as we can, and we'll try to maximize that to the
18 greatest extent possible.

19 The big item today will be a presentation on the four
20 alternatives that remain for Phase 3 of the CSO program.
21 We're not asking for any decisions today by the board.
22 The presentation was made before Long Range Planning.
23 That will come up when Mario gives his presentation, and
24 so maybe by January, we'll ask you to weigh in on which
25 of the alternatives you prefer; but we'll let you see

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1 the info, ask your questions, and if there's more
2 information that you want, we will generate that and
3 come back to you in January for further updates.
4 The last thing is, the list of meetings for 2015 is
5 posted on the commissioners' website, and I don't know
6 if everyone has copies as well, Karen, so that you can
7 pencil those in your 2015 calendar; and we appreciate
8 all your time and attention to our business here.

9 That's it, Mr. Chairman.

10 CHAIRMAN MESOLELLA: All right. So, do any
11 of our members have any questions with regard to the
12 Executive Director and his report, any questions or
13 comments?

14 THE COMMISSION: (No response)

15 CHAIRMAN MESOLELLA: Hearing none, moving
16 right along, the first committee reporting today would
17 be the CEO Committee.

18 COMMISSIONER MacQUEEN: We do not have
19 anything today, Mr. Chairman.

20 CHAIRMAN MESOLELLA: Okay, no report today.
21 The Personnel Committee met and had a discussion about
22 the reorganization to the IT, but there's no action
23 required.

24 RAYMOND MARSHALL: No. There's no action
25 required.

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1 CHAIRMAN MESOLELLA: There's no action
2 required. Finance Committee, there were some
3 resolutions that needed to be passed. They're all in
4 your packet. Resolution 2014, that would be 26.

5 RAYMOND MARSHALL: Yes.

6 CHAIRMAN MESOLELLA: 26, although it doesn't

7 say it on your agenda sheet, that would be Resolution
8 2014:26. This was authorization to proceed with the
9 borrowing of \$41,735,500 from the Rhode Island Clean
10 Water Agency. The Chairman moves approval.

11 COMMISSIONER MILAS: Second.

12 COMMISSIONER MONTANARI: Second.

13 CHAIRMAN MESOLELLA: Seconded by

14 Commissioner Milas and Commissioner Montanari. Further
15 discussion on Resolution 2014:26.

16 THE COMMISSION: (No response)

17 CHAIRMAN MESOLELLA: Hearing none, all of
18 those in favor will say aye.

19 THE COMMISSION: Aye.

20 CHAIRMAN MESOLELLA: Are there any opposed?

21 THE COMMISSION: (No response)

22 CHAIRMAN MESOLELLA: None opposed. The
23 companion resolution 2014:27, although it doesn't say
24 that in your agenda, with the companion resolution,
25 which would allow us to do a rate filing consistent with

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1 Resolution 2014:26.

2 COMMISSIONER MILAS: Approval.

3 COMMISSIONER MACQUEEN: Second.

4 CHAIRMAN MESOLELLA: Motion approved by

5 Commissioner Milas, seconded by Commissioner MacQueen.

6 Discussion on that resolution. Commissioner Worrell.

7 COMMISSIONER WORRELL: I voted for the last
8 resolution, and I'm going to vote for this one.

9 CHAIRMAN MESOLELLA: Thank you.

10 COMMISSIONER WORRELL: I'm favorable of
11 phases. However, I think what has been going on in my
12 mind for the last couple of months is, we're stuck in
13 the middle. We're stuck in the middle by mandates to do
14 things which cost a lot of money, and so our answer to
15 that is, we go out and we borrow a lot of money; and to
16 finance the debt service on that, we go to the PUC and
17 get increments in our rate charging capabilities.

18 And I've been involved here for maybe, I don't know,
19 three or four years, maybe longer, maybe 5 years, and
20 maybe we've gone to the PUC, maybe three or four times
21 during that period, maybe more; but I think we're
22 knocking our heads on the top level of the amounts of
23 money we should be borrowing and the amounts of money
24 that the ratepayers can stomach or should be asked to
25 stomach, and this gets us into the dilemma of, what do

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1 you do? Do you cut back on all the environmental good

2 that we're doing here on a daily basis, on a yearly

3 basis, by cleaning up the wastewater that's going in the
4 Narragansett Bay? That's the dilemma.

5 We're going to have an opportunity when we look at
6 Phase 3, it seems to me, when we have the opportunity as
7 well as the responsibility to kind of get tough and
8 aggressive in the way that we view, how do we control
9 the cost?

10 Now, it may very well be that we should be
11 aggressively promoting the idea that we'd like to see
12 the cost of Phase 3 cut in half or cut by 60 percent.
13 Can that be done? You're asking the wrong person here,
14 but I mean, I think it's our responsibility to be
15 looking very hard at these things and not just saying,
16 well, we have to do it, so we're going to do it. It
17 seems to me our responsibility is to weigh that mandate
18 against the real road that we're starting to go down.

19 I have a great friend who has a comment, and he says,
20 when you get in a situation where you're talking about
21 money, everybody's money is nobody's money. When you
22 think about that for a while where you say, if it's
23 nobody's money, and it's not my money, hell, I'll spend
24 it.

25 But I think our responsibility as board members here

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1 rises above that. We can't hide behind that nobody's
2 money, everybody's money is nobody's money. We should
3 not be thinking that way.

4 So, as I say, I'm going to vote for this. We have,
5 in my opinion, no option. We need it to finance the
6 ongoing responsibilities that we've got under the
7 mandate and under our capital program, which we've
8 already approved.

9 So, when you vote, and presumably, you're going to
10 vote with me and in favor of this, I would ask that you
11 do so with a strong look out of the side of your eye at
12 Phase 3. Thank you.

13 CHAIRMAN MESOLELLA: Commissioner Lemont.

14 COMMISSIONER LEMONT: I think he said it
15 very well. He should have been over at my meeting the
16 other day.

17 COMMISSIONER BURROUGHS: We need to compare
18 notes.

19 CHAIRMAN MESOLELLA: Okay. Well, we're
20 going to have a presentation in a short while about rate
21 impacts, potential rate impacts. I think you would be
22 very interested to see this and what the potential
23 ramifications are of this. I want to make sure you
24 understand the mandated program, and then I'm sure we'll
25 have more comments at that time.

1 So, for purposes of Resolution 2014:27, we have a
2 motion, and we have a second. All of those that are in
3 favor will say aye.

4 THE COMMISSION: Aye.

5 CHAIRMAN MESOLELLA: Are there any opposed?

6 THE COMMISSION: (No response)

7 CHAIRMAN MESOLELLA: There are none opposed,
8 and the motion carries.

9 (MOTION PASSED UNANIMOUSLY)

10 CHAIRMAN MESOLELLA: Item C is, Review and
11 Approval of Resolution 2014:28, which is authorization
12 to refund some of the NBC outstanding debt, bonds, 2007
13 Series A bonds.

14 COMMISSIONER MILAS: Move approval.

15 COMMISSIONER MONTANARI: Second.

16 CHAIRMAN MESOLELLA: Commissioner Milas
17 moves approval, and Commissioner Montanari seconds the
18 motion. All those in favor of Resolution 2014:28 will
19 say aye.

20 THE COMMISSION: Aye.

21 CHAIRMAN MESOLELLA: Are there any opposed?

22 THE COMMISSION: (No response)

23 CHAIRMAN MESOLELLA: There are none opposed,
24 and that motion carries.

25 (MOTION PASSED UNANIMOUSLY)

1 CHAIRMAN MESOLELLA: And that concludes the
2 report for the Finance Committee. Now, Rules and
3 Regulations. Commissioner Carlino.

4 COMMISSIONER CARLINO: Long Range Planning.

5 RAYMOND MARSHALL: The Rules and Regs
6 Committee, the next two, Joanne can give the explanation
7 on that, if you need her to.

8 CHAIRMAN MESOLELLA: So, Joanne, do you want
9 to talk about the Resolution 2014:29 and 2014:30? This
10 is our compliance with the Sheehan Bill, which you gave
11 a presentation on last month as well. So, review and
12 approval of Resolution 2014:29, Joanne.

13 MS. MACERONI: Yes. One of the requirements
14 of the new quasi public Accountability and Transparency
15 Act, or as we view and refer to as the Sheehan Act, is
16 that each quasi public board must establish a code of
17 ethics for their board members and their employees, and
18 as we noted, the Narragansett Bay Commission Board and
19 employees already follow the Rhode Island Code of
20 Ethics. So, what this resolution does is it confirms
21 that the board and the employees follow the Code of
22 Ethics, and we will continue to do that.

23 CHAIRMAN MESOLELLA: So, Resolution 2014 and

24 Resolution 2014:30, 29 and 30 are related. There's no
25 reason why we can't take those both at the same time.

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1 RAYMOND MARSHALL: That would be fine.

2 CHAIRMAN MESOLELLA: We have a motion to
3 approve Resolution 2014 and 2014:30, 29 and 30.

4 COMMISSIONER FARNUM: Move approval.

5 COMMISSIONER MacQUEEN: Second.

6 COMMISSIONER DeROCHE: Second.

7 CHAIRMAN MESOLELLA: Commissioner Farnum
8 moves approval, seconded by Commissioner MacQueen and
9 Commissioner DeRoche. Further discussion on Resolution
10 2014:29 and 30.

11 THE COMMISSION: (No response)

12 CHAIRMAN MESOLELLA: Hearing none, all those
13 in favor will say aye.

14 THE COMMISSION: Aye.

15 CHAIRMAN MESOLELLA: Any opposed?

16 THE COMMISSION: (No response)

17 CHAIRMAN MESOLELLA: There are none opposed,
18 and the motion carries.

19 (MOTION PASSED UNANIMOUSLY)

20 CHAIRMAN MESOLELLA: Now we're going to take
21 Long Range Planning, Commissioner Carlino.

22 COMMISSIONER CARLINO: Long Range Planning
23 met this morning at 8:30. There was no voting. We've
24 got a presentation on the Phase 3 CSO from MWH, Rich
25 Raiche. The presentation is very, very good. It talks

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1 about the impacts to middle household income, the
2 impacts on our rates, very well done.
3 As the Executive Director stated, ask as many
4 questions as possible. Up to and during this meeting,
5 if there are more questions later on, at our January
6 13th meeting, if we're ready, we need to vote. If we're
7 not ready and you have more questions, we'll delay it;
8 we can do that, but maybe our goal is, let's try to meet
9 that January 13th date. If we can't, that's fine. If
10 people are uncomfortable and have more questions, please
11 ask. Now's the time to ask, or if you think of
12 something during your festive holidays, by all means,
13 let's ask. This way we can try to shoot for that goal
14 of January 13th. So, with that, MWH will present.

15 CHAIRMAN MESOLELLA: Rich, are you ready?
16 So, we're going to hear a presentation from MWH
17 regarding our four potential options we have for how we
18 can proceed with Phase 3.
19 We'll have some discussions during the month prior to

20 January 13th, and hopefully, come up with a
21 recommendation for your consideration; but I think it's
22 going to be very interesting, and we appreciate your
23 attention to this matter.

24 RAYMOND MARSHALL: Sorry for the technical
25 difficulties. I think we're ready to go now.

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1 MR. RAICHE: The last time we were here
2 before you, we talked about Phase 3. We had just
3 configured the subsystem alternative analysis, what the
4 little components of the overall plan should be. Today
5 what we've done is put them together in four different
6 plans so you understand what the whole picture looks
7 like.
8 I'll start off and define those four plans so we
9 understand what the four alternative plans are and then
10 set two comparisons of those plans against each other so
11 we can at least inform you a little bit on how to pick
12 between them.
13 The alternative defining plans, Alternative 1 is the
14 current approved plan, the baseline CDRA, the Conceptual
15 Design Report Amended. That's currently what has
16 defined Phases 1 and 2 and what defines what Phase 3
17 currently is. So, in terms of moving to the regulators

18 and asking to move forward, this plan has already been
19 approved, so it would be easier.

20 From there we stepped to a second alternative, which
21 modifies some of the components of it, based again on
22 that subsystem alternative we just completed, but more
23 importantly, phases that.

24 As it currently stands, Phase 3 is supposed to be
25 done in one administrative swoop. We go to the DEM and

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1 the EPA for a preliminary design, and they review it, we
2 bless it; and we move forward with construction of the
3 entire thing. The concept here is you break it into
4 phases so that we have more check-ins with DEM and EPA
5 to go along the way and better understand what some of
6 these other surrounding issues are.

7 Alternative 3 takes that same sort of approach, and
8 then extends the deadline even longer and reschedules or
9 reorders what the components are.

10 Alternative 4 is entirely different. It takes the
11 marquee component out of Phase 3, which is the tunnel
12 and approaches things in a completely different mindset,
13 which is more about storage and treatment.

14 So, baseline CDRA, this should be a review for just
15 about everyone. What it entails, it's like a tunnel,

16 very similar to the one that has been completed in
17 Providence in terms of size and expense and interceptor
18 to pick up that one loan CSO in Moshassack and bring it
19 over to Seekonk and the Blackstone where the other, the
20 majority of the CSOs are and also a few interceptors to
21 pick up northern outlier CSOs and some sewer
22 separations, especially similar to what is happening
23 currently in the neighborhoods in Providence.

24 COMMISSIONER WORRELL: Excuse me, are the
25 interceptors the blue lines?

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1 MR. RAICHE: The existing interceptors, the
2 existing systems are the blue lines. The Phase 3
3 components are various shades of sort of orange and
4 yellow.

5 COMMISSIONER WORRELL: And the strong
6 yellow, straight down the middle, is that the tunnel?

7 MR. RAICHE: Yeah. A little bit more orange
8 on the yellow scale, that is the tunnel. That is the
9 alignment of the tunnel.

10 So, essentially, the alignment of the tunnel is
11 designed to follow the Seekonk and Blackstone Rivers and
12 is really bound by the fact that the two single, or the
13 two largest CSOs are 205, which is sort of in the corner

14 out there where Pawtucket and Central Falls meet and
15 218, which is just slightly to the north of the Bucklin
16 Point Treatment Plant. Those, by far, are the two
17 largest CSOs, so the tunnel connects the dots between
18 those two locations and picks up the CSOs in-between.
19 The interceptors to the north of there pick up, sort of
20 the outliers and the one in Moshassack. That's the
21 design behind it.

22 So, again, as it currently stands is one phase. The
23 impacts, in terms of what it costs, we have a very high
24 block of costs to pay for the entire Phase 3.

25 Essentially, if you look at the amount of times we

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1 need to design and build it, it's roughly a 9- to
2 10-year timeframe, if you were to do things as quickly
3 as you possibly could. So, from a regulatory
4 standpoint, all other things being equal, this is what
5 the EPA would expect to happen.

6 So, what happens is, we design and build a tunnel,
7 and some of the other components there, we essentially
8 capture 70 to 80 percent of the total volume with that
9 tunnel and things immediately adjacent to the tunnel,
10 and then round out with some additional work on the
11 periphery to complete that program by 2050.

12 We did just complete the Subsystem Alternative
13 Analysis and concluded that several of the components of
14 Phase 3 are indeed, from an engineering perspective and
15 efficiency perspective, the right things to do. The
16 tunnel is an efficient system to capture those volumes.
17 The northern interceptors are an efficient means of
18 picking up those northern outliers.
19 There were some modifications that we made to the
20 plan. The Pawtucket Avenue interceptor is very invasive
21 on Pawtucket Avenue, very costly, so the concept is
22 either to do a tank or a stub tunnel to pick up that
23 220, which is out on the Moshassack. Two of the sewer
24 separation areas in northern Providence, rather than
25 sewer separation, the West River interceptor is a

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1 preferred way of handling those flows.

2 We also introduced green stormwater infrastructure
3 into the plan. There was none in the prior plan, and
4 there are anticipated benefits for incorporating green
5 infrastructure into the plan.

6 COMMISSIONER WORRELL: Excuse me, are we
7 talking about Option 2 here?

8 MR. RAICHE: We're leading into Option 2,
9 correct.

10 COMMISSIONER WORRELL: Well, is this Option

11 1? This is Option 1 right here (indicating).

12 MR. RAICHE: These are the components for
13 Option 2.

14 COMMISSIONER WORRELL: So, we're now in it,
15 this is Option 2.

16 MR. RAICHE: Yes. So, in terms of, as I
17 said, we wanted to modify some of the components of
18 Phase 3, but more importantly, what we want to do is
19 phase it so that we have a longer compliance schedule
20 and have modifications to the consent agreement that
21 allow us to go back to DEM and EPA to evaluate what is
22 the best thing to do at these milestones.

23 COMMISSIONER MILAS: I apologize. I'm
24 getting really confused. When you say, we, are you
25 talking you or is that the work group that's -- whose

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1 presentation is this? This is yours or that whole task
2 force that's working --

3 MR. RAICHE: I should probably not be using
4 the word we on this. I should be saying you. As the
5 consultant, I've adopted the plans as my own.

6 COMMISSIONER MILAS: So, this is not the
7 result of all of the work group?

8 MR. RAICHE: The work group has informed
9 this.

10 COMMISSIONER MILAS: So, this is agreed upon
11 by the work group?

12 COMMISSIONER WORRELL: Who is the work
13 group, by the way? It's a term we're not familiar with.

14 RAYMOND MARSHALL: The stakeholders group,
15 and the stakeholders group is the meeting that has
16 environmentalists on it, it has the business community
17 on it, it has shellfishermen on it.

18 COMMISSIONER WORRELL: That's the work
19 group.

20 RAYMOND MARSHALL: So, what Rich is
21 presenting to you today, it's the same thing that he's
22 going to be presenting to the stakeholders group.
23 They've been weighing in on things, but they have not
24 made any decisions. They have really no authority to
25 make a decision. They're just providing input as to

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1 what everyone in the community is interested in, and of
2 course, there's a divergent set of views on what should
3 be done.

4 So, what Rich and his firm has tried to do at MWH is
5 to try to come up with the best solution or the best

6 options for the Narragansett Bay Commission for you, the
7 commissioners, to choose as we go forward into Phase 3.
8 So, no one's going to be making any choices, except you.
9 You have the final say on what we go to DEM with.
10 There are four alternatives that they've narrowed it
11 down to that Rich of MWH, Tom Brueckner and me and the
12 rest of staff have said, these are the ones that are
13 most worthy of consideration as we go into Phase 3
14 because doing nothing for Phase 3 is not an option.
15 That would never be approved by DEM and EPA.
16 So, here are the four, the second alternative of the
17 four options as to what you want to think about, ask
18 questions about, demand more information on, if you feel
19 it's necessary.
20 Ultimately, the board's going have to say, we like
21 alternative whatever you choose, and then we'll go to
22 DEM and EPA, and they will say, that's okay, go ahead
23 and do it, or they'll negotiate with us.
24 Now the stakeholders might have a completely
25 different opinion. We respect that, but it's not their

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1 decision. It's your decision as a board. Does that
2 answer your question?

3 COMMISSIONER CARLINO: And the board's

4 concern mostly is the affordability, the impact on the
5 ratepayers, and that's the reason for looking at
6 different options.

7 COMMISSIONER DiCHIRO: So, this is an
8 advisory --

9 RAYMOND MARSHALL: Right. Right now it's
10 saying, this is what we've narrowed it down to. Do any
11 one of these strike you as being the way that the board
12 would like to proceed? And of course, there's a lot
13 more information to come in the next 20 minutes or so.

14 COMMISSIONER MILAS: So, there's not a final
15 project that the NBC is in collaboration with that work
16 group that satisfies everyone's needs, and that's what,
17 is that the goal, I would think?

18 RAYMOND MARSHALL: Well, I think it's fair
19 to say that the goal is to get everyone's input. We're
20 never going to come up with an alternative that
21 satisfies everyone's opinion or point of view, and so
22 what we're trying to do is let people have as much input
23 as possible, that being the stakeholders group, and then
24 ultimately, the hard decision comes down to the board as
25 to which one you want to proceed with.

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1 COMMISSIONER DiCHIRO: And then something

2 that's approved by EPA or DEM also.

3 RAYMOND MARSHALL: Correct.

4 COMMISSIONER DiCHIRO: And it has to be
5 approved by them also, and try and get the cost down.

6 COMMISSIONER MILAS: So, is it possible that
7 something gets presented to the work group, and they
8 absolutely, hypothetically, hate part of it, so do you
9 just take that under advisement, or does the work group
10 actually incorporate their ideas into this, so that the
11 package that gets finally, God forbid, goes forward, is
12 a collaborative package? Does that make sense?

13 RAYMOND MARSHALL: I think it does. I can
14 be pretty sure that they're all not all going to like
15 one of these alternatives, but we can't go on forever;
16 and we can't try to gerrymander this so it's a crazy set
17 of options that's not implementable. So, there are
18 going to be some people that will be unhappy in the
19 stakeholders group. That's unfortunate, but that's the
20 reality.

21 COMMISSIONER WORRELL: I had a question. It
22 would be very helpful to me, you've shown the curve of
23 Option 1, it's taking a 10-year phase in, and roughly,
24 it goes like this (demonstrating), and presumably, we're
25 going to get a curve, we're going to get a graph like

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1 that for the other three.

2 MR. RAICHE: For all four, yes.

3 COMMISSIONER WORRELL: For the other three.

4 MR. RAICHE: Yes.

5 COMMISSIONER WORRELL: Now, have you, or is

6 it remotely possible for you, to say, if we do this

7 graph or if we do this graph or if we do that graph,

8 we're going to have to go to the PUC and ask for 6

9 percent, 4 percent, 5 percent increase. If we can put a

10 price tag on this, the ratepayers --

11 COMMISSIONER NATHAN: You just have to be

12 patient. It's coming.

13 COMMISSIONER WORRELL: So, keep my mouth

14 shut. Go ahead.

15 RAYMOND MARSHALL: Just for the record, I

16 didn't say that, Commissioner.

17 MR. RAICHE: So, again, with Alternative 1,

18 it is the currently-approved plan. If we were to go to

19 the regulators and say, we want to do the approved plan,

20 that's a very easy thing to do. So, what we're doing,

21 or what the Commission is seeking to do is alter the

22 plan to make it either more affordable or better in some

23 ways.

24 And what Alternative 2, in addition to tweaking some

25 of the technical components of it, the big ask, if you

1 want to understand it, is that we're looking to phase
2 the program. We're going to extend the schedule. We're
3 not going to compress it to an 8- to 10-year schedule,
4 just base it on how physically fast you can dig a
5 tunnel, but have some break points in there, some
6 milestones where we can evaluate it in terms of where we
7 are.

8 So, Phase 2 is the first, Alternative 2 is the first
9 approach at that. What we do here with Alternative 2 is
10 prioritize the ones that we know have the biggest bang
11 for your buck. You're going to have the largest water
12 quality benefits associated with digging the tunnel
13 first and also doing some green stormwater
14 infrastructure in targeted areas. Based on our
15 analysis, we have sort of a triage and a hierarchy where
16 you want to do those first, in each one of those phases.

17 So, essentially, the tunnel would be the first piece,
18 and it would have the same sort of implementation
19 schedule as the total Phase 3 from Alternative 1. The
20 second phase, rather than doing it concurrently, would
21 be to extend those interceptors to pick up the northern
22 CSOs, do some additional GSI.

23 The third phase would be to address 220 on the
24 Moshassack, and the fourth and final phase for

25 Alternative 2 would be to return the focus to the

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1 Providence area with the West River interceptor and the
2 sewer separation.

3 So, what we see here in terms of removing volume of
4 the CSO from the bay, we still have a very large hit
5 right out of the gate. So, by 2022, again, we've
6 captured 70 percent of the total volume. The difference
7 between Alternative 2 and Alternative 1 is that that
8 remaining 30 percent gets phased out over a longer
9 period of time.

10 In terms of expenditures, we do have an initial high
11 increase, an initial high expenditure because the tunnel
12 is, in addition to being the thing that has the most
13 volume, also is the most expensive component, and then
14 more steady rate increases as the smaller components go
15 on line.

16 COMMISSIONER MILAS: So, what's the cost of
17 your existing tunnel during that whole process? I mean,
18 there's got to be, if you're going out to 2050, what
19 kind of maintenance goes on, the cost of the maintenance
20 for what we have now? There's got to be a huge --

21 MR. RAICHE: In terms of rate impact -- the
22 rate study.

23 COMMISSIONER BURROUGHS: Could you just say
24 a word about taking 220, in specific, and saying what
25 the prospects are for use designation change? In other

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1 words, the reason that we're incurring the cost is we
2 set a goal for the water quality in that urban river,
3 which is, basically, swimmable and the question is, if
4 you say, well, that goal is overambitious, then what
5 does the EPA structure do to you?

6 RAYMOND MARSHALL: One slight modification
7 when Dr. Burroughs says that we have set the goal, he
8 means the Clean Water Act.

9 COMMISSIONER BURROUGHS: And our state
10 designation.

11 RAYMOND MARSHALL: Yes, and DEM and EPA, not
12 the Narragansett Bay Commission.

13 COMMISSIONER BURROUGHS: That's very true.
14 So, in your experience, Rich, if we go back to EPA and
15 say, we were overly ambitious with this goal, what will
16 that trigger?

17 MR. RAICHE: You're putting a 220 into the
18 Phase C, which is the third phase. In addition to the
19 way we looked at cost efficiency, it was put off to a
20 later date, partially for those reasons. There are

21 other questions surrounding 220. One is the use
22 designation for the Moshassack River, the only one on
23 the Moshassack River, and the question has been brought
24 up by the stakeholders and by others, is it reasonable
25 to think that someone will want to swim in the

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1 Moshassack River? And probably not, but that is a
2 request that would have to go to the EPA to change the
3 use designation for the Moshassack.

4 There's also sort of another issue with the Branch
5 Avenue interceptor, and what you do with 220 could help
6 that down the road. So, frankly, the idea of putting
7 the solution, the 220 in future phases makes more sense
8 until all these other things are better understood.

9 COMMISSIONER WORRELL: Before we leave 220,
10 I have one question. Have you done any analysis to
11 determine if the enforcement of point and non-point
12 pollution would be an alternative that could create
13 higher returns for the dollars spent?

14 MR. RAICHE: And that is also one of the
15 reasons why NBC would want to phase this and why it
16 makes sense to phase the implementation of this.

17 As it currently stands, in order to make that
18 side-by-side judgment of a CSO project versus a

19 non-point source with stormwater project, you need that
20 stormwater project to compare it to.
21 As it currently stands, none of the member
22 communities have that analysis done. No one has a
23 stormwater project, a non-point source control pollution
24 project on the table to compare it to. They won't by
25 the time we need to submit this report.

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1 However, 5, 10, 15 years down the road, we may be
2 looking at serious stormwater alternatives as the member
3 community for somebody else, a regional district has.
4 So, the idea behind phasing it is that when we come back
5 to these phase milestones and we re-commit what it is
6 that phase entails, the idea is that you look to see if
7 there are non-point source control projects that are on
8 the table at that point, and then do the cost benefit
9 analysis and have DEM and EPA evaluate that.
10 As we currently sit, EPA and DEM want something to
11 start moving, what is on the table to move is the CSO
12 project. So, let's move forward with a CSO project and
13 then come back in 5 or 10 years, whatever that window
14 is, whatever that milestone is, and then take a look and
15 say, for \$40 a gallon, we can address CSOs, or for \$30 a
16 gallon, we can do a stormwater project.

17 COMMISSIONER WORRELL: Or for \$10 a gallon,
18 maybe we could do an enforcement project on the point
19 solution, which I feel has been something that has not
20 been going on in this community, but in any event, and
21 that's a lot less expensive business than \$40 a gallon.

22 MR. RAICHE: Now, I do want to make the
23 board aware that we have done some analysis, in addition
24 to that alternative analysis, identifying areas where we
25 can optimize this solution, the design of the tunnel,

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1 the design of the interceptors, how these components go
2 together.

3 We do think that there's potential for cost savings
4 in how we actually design and construct these things,
5 but in terms of looking at the rate impacts, these
6 aren't necessarily ideas that we want to move forward
7 for the negotiations with EPA, partially because we
8 don't fully understand if they are fully implementable.

9 We have to do some more studies, we have to understand
10 the member community system to make sure that we're not
11 impacting the level of service.

12 So, during preliminary design is when we vet out
13 these ideas and optimize the costs, but for the analysis
14 that we're looking at today, those ideas are not put in

15 here.

16 So, again, moving back to our third alternative,

17 Alternative 3 has a lot of the same components of 1 and

18 2. However, the sequencing is different. With

19 Alternative 2, the acknowledgment is that the tunnel

20 provides the greatest water quality benefit, so let's do

21 that first.

22 With Alternative 3, the acknowledgment is that the

23 tunnel is the most expensive component, so let's see

24 about delaying that and do some other projects first,

25 including some interim projects that would have water

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1 quality benefits. Not necessarily the long-term

2 solution. The solutions may go off-line once we build

3 the tunnel, but we would have some interim benefits,

4 sort of sweeten the deal with EPA.

5 So, the concept would be to take 218, which is the

6 single largest outfall, bring it down to the Bucklin

7 Point treatment plant, and ride through the wet weather

8 facility there, still do GSI and another small project.

9 In the second phase, we turn our attention to 220

10 because it's a discreet thing that can be done in

11 isolation, and then in the third phase and from 2025 to

12 2032, that is when the tunnel gets implemented and

13 rounding out the northern piecework, which can't be done
14 until the tunnel's in place, and round out that overall
15 sequence with the attention to the Providence areas.

16 So, in terms of cash flow and benefits, again, what
17 we do for, essentially, into the first 15 years of the
18 program, have small but steady increases and some of the
19 smaller projects happen, then once the tunnel gets
20 built, we have a large jump in the expenditures, and
21 then again, in the out years as those outlier CSOs are
22 brought in, again, it's a steady increase.

23 In terms of volumes reduced, we push out that big
24 benefit, that 7 percent benefit. Instead of happening
25 in 2023, it happens in 2032, but as I said, we would

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1 have the idea that we would have some interim treatment,
2 so we're having water quality benefits through those
3 periods.

4 Alternative 4 is the completely philosophically
5 different one, right? We're not capturing these
6 volumes. The concept here is to do some storage, but
7 mostly focus on treatment, similar to one of the
8 components of Phase 3, bring 218 to a location near the
9 Bucklin Point Treatment Plant, store it in a tank, add
10 some disinfectant to it as the first component; it's

11 actually fairly cost effective.

12 As the second component, extend that interceptor up
13 to 205. Again, the second largest filler, do a small
14 tank at 220, continue to do green stormwater
15 infrastructure, then extend and pick up the northern
16 outfalls and round out the program with the sewer
17 separation and West River interceptor in Providence.

18 What we see here in terms of cash flow are just
19 steady increases as all these different components are
20 built and maxing out as we round numbers about half of
21 what these other options are.

22 In terms of volume captured, we're significantly
23 lower than the other options, but we do have this
24 treatment issue in there, which changes the complexion
25 of this plan.

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1 So, in terms of how they stack up against each other
2 and the baseline, Alternative 1 we get everything right
3 out of the gate. With Alternative 2, we get to 70
4 percent right out of the gate and tail out and volume
5 captured. Alternative 3 pushes out that large benefit
6 for a decade and a half, and Alternative 4 is more
7 centered around treatment rather than capture.

8 In terms of cash flow, Alternative 1 jumps up very

9 high and then holds steady once your complete with Phase

10 3.

11 COMMISSIONER WORRELL: Excuse me, are these

12 all present value costs?

13 MR. RAICHE: Yes. These are all brought

14 into present dollars, yes.

15 COMMISSIONER WORRELL: Did you present value

16 these expenses?

17 MR. RAICHE: Well, the numbers shown here

18 are in 2018 dollars, which is just --

19 COMMISSIONER WORRELL: So, the answer to my

20 question is, no. These are not present value.

21 MR. RAICHE: 2018 dollars, yes. They're

22 2018 dollars.

23 COMMISSIONER WORRELL: Have you done any

24 counts on present value into all of these costs?

25 MR. RAICHE: When we get to the rates, it's

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1 reflected in the rate. The rate table is going to be

2 coming up. This is more illustrative to have the

3 expenditures happen over time. Alternative 3 keeps

4 expenditures low until it jumps up and then crosses over

5 Alternative 2.

6 In terms of total capital costs, 3 is higher than

7 these other interim projects to add on. In terms of
8 what we want to present to the EPA, we have some
9 premiums in the modified plan. It's including GSI that
10 we know will be expenses on the back end, but we don't
11 want to account for them yet.

12 COMMISSIONER MILAS: Excuse me. Again, I'm
13 pretty lost, but why does it jump so dramatically?
14 What's the justification for the dramatic jump?

15 MR. RAICHE: All these jumps, every time we
16 see a dramatic jump, that is when the tunnel is
17 restructured because the price tag associated with the
18 tunnel is very large. So, that the question is, when
19 does that jump if you have a plan with the tunnel in it?
20 The only one that doesn't have a radical jump is the one
21 that doesn't have the tunnels, and that focus is on
22 storage and treatment.

23 COMMISSIONER BURROUGHS: I think another
24 thing you need to think about as you're looking at the
25 jump is the water quality implications, and it's my

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1 understanding, and Rich, correct me if I'm off here, if
2 we focus on capturing water and we get really good at
3 capturing water, we may still have lots of bacteria in
4 the river, and we way not meet our use attainability

5 goal. So, is that fairly accurate?

6 MR. RAICHE: Yes. There are background
7 loads that are currently not the responsibility of NBC
8 to handle.

9 COMMISSIONER BURROUGHS: So, we can look
10 really good in terms of how much water we collect, but
11 we may not be meeting our water quality objective
12 because there are things we don't control. I don't know
13 what to do about that.

14 RAYMOND MARSHALL: There's one thing I'd
15 like to add to that. It's not just a matter of
16 collecting a lot of water. Whatever we spend our money
17 on, we are going to improve water quality. Just like in
18 Phase 1, tremendous improvement of water quality. All
19 the numbers show it; all the antidotal reports we get
20 show it. The bottom line is, is in a rainstorm, the
21 receiving waters still don't meet water quality
22 standards because there are so many other sources. So,
23 that's the thing to bear in mind.

24 We will get improvements with whatever alternative we
25 or you choose, but we're still not going to meet water

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1 quality standards because there are so many other
2 sources that are contributing to the problem, and we

3 don't have control over those other sources.

4 COMMISSIONER WORRELL: I'd like to comment
5 on that. We don't, DEM doesn't, but EPA does, and EPA,
6 it seems to me, ought to be playing some sort of role of
7 arbitrator of what goes on in the upper Blackstone
8 Valley project, which is going on right now; I don't
9 know how successful it is, up in Worcester, where
10 they're rebuilding a 75-year-old facility.

11 RAYMOND MARSHALL: Well, I mean, you're
12 right. EPA has control of Massachusetts because they're
13 DEQE, or whatever they're called these days, does not
14 have the delegated authority. In Rhode Island, DEM has
15 the delegated authority.

16 COMMISSIONER WORRELL: Yes, but DEM in Rhode
17 Island can't control upper Blackstone.

18 RAYMOND MARSHALL: No, but they can control
19 Providence, Pawtucket, Central Falls and all the others
20 that are discharging stormwater into the receiving
21 waters, violating water quality in and of themselves,
22 never mind what we're doing. So, if we remove
23 everything, every drop of CSO, the stormwater still
24 violates water quality standards.

25 COMMISSIONER WORRELL: It's also true that

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1 Worcester doesn't do a good job of rebuilding their
2 plant up there. I mean, we can build the best plant in
3 the world, we can get water quality, we can have a
4 stormwater program here in Rhode Island, and Worcester
5 can keep flushing the toilet on us, and that's a very
6 real part of this problem.

7 RAYMOND MARSHALL: Unfortunately, I have to
8 say that I believe that upper Blackstone is doing more
9 to address that situation than any of our member
10 communities are doing to address their stormwater
11 situation. I think that's a fair statement. I don't
12 know if Tom --

13 MR. UVA: Worcester is in compliance.
14 Worcester's done a great job. Of all of the rivers that
15 discharge bacteria in this upper bay region, the
16 Blackstone River is the cleanest. It's in compliance
17 about 70 percent of the time in dry weather.

18 We sample upstream of all of our CSOs to see what
19 comes down the rivers, and none of the rivers meet water
20 quality standards for bacteria in wet or even in dry
21 weather; so the Blackstone is by far the best.

22 COMMISSIONER WORRELL: We're further than
23 the Blackstone.

24 MR. UVA: The Blackstone is the best of all
25 of the rivers that empty here into the Providence area.

1 COMMISSIONER NATHAN: Which are the worst?

2 MR. UVA: Woonasquatucket, Moshassack River.

3 So, all of the rivers are 0 percent compliant, if you

4 look at it in wet or dry weather. So, there could be

5 bird populations, there could be animals, there could be

6 stormwater.

7 We sample our stormwater outfalls from the cities and

8 towns, and there's essentially raw sewerage that comes

9 out of the cities and towns going in. So, that's where

10 a lot of the problems are. They have to be addressed on

11 the municipal level.

12 CHAIRMAN MESOLELLA: So, at this point, I'd

13 like to make a recommendation. We'll do whatever you

14 want to do. Rich said he had about 6 or 7 more slides

15 to get through. What I'd like to propose is, I know

16 there are a lot of issues, and it's a very protracted

17 discussion because it's a very important discussion

18 because it's going to impact our ratepayers for the

19 next, for a very long time.

20 So, I would like to offer this, let Rich get through

21 his presentation, and maybe we can talk about doing a

22 workshop, specifically on this issue, and then we can

23 take a couple of hours or whatever amount of time you

24 want to take.

25 I want to make absolutely certain that all of our

1 commissioners, and we have a lot of commissioners that
2 are not here today. How many are we missing, Karen?

3 MS. MUSUMECI: Six.

4 CHAIRMAN MESOLELLA: The Chair of Finance is
5 not here and the Vice Chair is not here, and it's
6 important, I think, they understand the gravity of this
7 presentation as well.

8 So, I would like to offer this. I'd like to offer
9 that Rich finish up his presentation. You can kind of
10 absorb it the best that you can. There's a lot of
11 information being offered in a very short time and that
12 we schedule a workshop, specifically on this issue, for
13 a couple of hours, or whatever time it takes.

14 Some time prior to our January meeting, we'll have
15 Karen poll the members to see what their availability
16 is. I know it's the holiday season, but this is a very
17 important matter that needs to be vetted by the board,
18 and we need to take all the time that we need to do
19 that. Does anybody have any problems with that
20 suggestion?

21 COMMISSIONER MILAS: Vinny, would it be
22 possible for us to present questions prior to that so
23 that you're prepared at the meeting so that we all can

24 submit questions?

25 CHAIRMAN MESOLELLA: Yes. I was going to

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1 say, let's go through it, take your notes, and then
2 we'll get through it, and we'll have some lunch, and
3 prior to our January meeting, whenever we have that, I
4 know it's scheduled for January 13th, but that's not
5 cast in stone, but we'll try to get everybody together
6 before then. If not, then we can always move the board
7 meeting, the presentation, or we can make arrangements
8 for that.

9 We can talk about this all day because there's a lot
10 of information in a short period of time. So, does
11 anyone have any problems with that?

12 THE COMMISSION: (No response)

13 CHAIRMAN MESOLELLA: All right, Rich, so why
14 don't you wrap up and go through your slides.

15 MR. RAICHE: So, in terms of what the
16 projected bills are, and this initial jump here has
17 nothing to do with Phase 3 whatsoever, that's residual
18 of Phase 2, the plant work. So, essentially, we're
19 starting off with bills just up of \$500 per household.
20 They're average bills for an average household.

21 COMMISSIONER DiCHIRO: Is it yearly?

22 MR. RAICHE: Yearly, correct. Yearly on
23 this axis we're talking about 500, and monthly on this
24 axis they're about \$40 per month.
25 Alternative 1, which does everything all together,

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1 your bill jumps, essentially, almost doubles. The bills
2 are a little over 800. Alternative 2, again, a lot of
3 those same components but spaces them out of time. We
4 keep the rates moderate through most of the program and
5 then jump up at the conclusion at 2030 to about \$770 per
6 year or \$64 per month.

7 Alternative 3, which just shifts the timing of the
8 tunnel. Eventually, at the end of the program we catch
9 up, 2 and 3 end up at the same point. The only
10 difference is how long do you delay the big rate
11 increases?

12 Alternative 4 has moderate increases over the entire
13 lifecycle, settling in at about \$52 per month.

14 COMMISSIONER WORRELL: Excuse me, are these
15 present value, 2014 dollars?

16 MR. RAICHE: These ones are 2015 dollars.

17 COMMISSIONER WORRELL: Well, if you present
18 value that back to today, it's a lot less.

19 RAYMOND MARSHALL: Right. I don't think

20 there's a calculation that you're asking for has been
21 done yet. That might be one thing that we will need to
22 do, but what we try to do is, we try to put it in
23 today's dollars because who knows in 2048 what \$100 or
24 \$1,000 is really going to mean to anyone. But I
25 understand that your question, you're thinking present

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1 value.

2 COMMISSIONER WORRELL: People can only think
3 in present value dollars.

4 MR. RAICHE: These numbers are 2014 dollars
5 (indicating), so this doesn't have any escalation over
6 time because they're all 2014 dollars.

7 In terms of exactly what you were asking, the
8 incremental rate increases year over year, this is a
9 very hard graph to read, unless you have very good
10 eyesight, but this shows what the rate jumps are in any
11 given year associated with what gets constructed.

12 So, essentially, the very large jumps are in years
13 where you've got tunnel construction, whether it be 1 or
14 2 or 3, and then it's smaller increases as smaller
15 pieces are constructed.

16 Now, what EPA expects you to do is spend 2 percent of
17 median household income on Clean Water Act projects, so

18 as it currently stands, the Clean Water Act projects
19 that are on the table are the CSO projects and the
20 commitment that NBC has to operate the existing plants
21 and maintain the existing networks.

22 So, all of the O and M, the Phase 1 and 2 debt
23 service and the Phase 3 capital expenditures are rolled
24 up into these graphs and measured the average annual
25 bills against median household income.

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1 So, if you just look at the face of it, just the NBC
2 costs for the entire service area, all of the options
3 are below the 2 percent. So, if we stopped the
4 negotiation there, EPA says, all of Phase 3 is
5 affordable, go do it.

6 We'll point out for you on the next slide, there are
7 improvements in terms of affordability for Alternative
8 2. Again, 2 and 3 are very close, and 4 is
9 significantly different.

10 We have a refined way of looking at these. We
11 actually break down the bills by census tracks. I'll
12 move through this very quickly because the bottom line
13 is that for the cities, the impact and the affordability
14 is a lot larger than the district as a whole, and the
15 most telling case of those, the one with the largest

16 population, is the City of Providence.
17 So, a negotiating tactic that other districts have
18 done is go to EPA and say, look. We can't average this
19 out over our entire service area because we have income
20 discrepancies. Let's look at a number of communities
21 that are on the lower end. So, in this case, Providence
22 is a very telling case.

23 When we look at just the City of Providence's median
24 household income versus these bills, you see that doing
25 everything all upfront tips it over that 2 percent

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1 affordability. Spacing things out for Alternative 2
2 keeps you just under.
3 Again, Alternative 3 is very similar. It just delays
4 when you catch up to that, and Alternative 4 remains
5 well below the affordability limit, which would mean, in
6 a negotiation stance, that EPA would say, you're not
7 spending enough. You have to do more than Alternative
8 4.

9 COMMISSIONER BURROUGHS: Plus, if I
10 understand correctly, there are other costs beyond the
11 ones you've tabulated, which hypothetically could be --

12 MR. RAICHE: The first step in the
13 negotiation on extending the schedule or doing something

14 different is distilling it down and residential and
15 district-wide, is look at a member community or a number
16 of member communities.

17 The next step is that that 2 percent affordability
18 threshold is for Clean Water Act commitment, so anything
19 that would address sanitary infrastructure or stormwater
20 infrastructure is game.

21 The problem that we have sitting right now in late
22 2014 is that for the most part, with the exception of
23 East Providence and Lincoln and Johnston, you have a
24 decent handle on your systems. None of the member
25 communities have robust capital improvement programs or

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1 robust O and M, so when you layer your current spending
2 on top of this, it doesn't look that dramatic.

3 However, for the City of Providence, in particular,
4 also true for Pawtucket, you look at the age of their
5 systems and what could reasonably be expected to be
6 required, those numbers go up significantly higher.

7 Now, this is, a first cut at it would be negotiations
8 from EPA to buy into these numbers, but if you look at
9 what Providence could be spending on its own
10 infrastructure that layers on top of NBC's expenditures,
11 all of the alternatives go above that 2 percent

12 threshold. So, that's the analysis that is being done
13 and needs to be looked at a little bit more. Do you
14 want to break into --

15 CHAIRMAN MESOLELLA: I'll tell you what, why
16 don't we just conclude it, and we'll take it up at the
17 workshop.

18 MR. RAICHE: So, I think at the workshop, we
19 can look at comparing these things against each other.
20 There's kind of no point in trying to summarize it. I
21 think that's enough information for everyone to absorb.

22 COMMISSIONER WORRELL: Could we get copies
23 of some of these graphs?

24 MR. RAICHE: Absolutely.

25 RAYMOND MARSHALL: We will post this

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1 particular presentation on the commissioners' website
2 so that you can look at it to address Commissioner
3 Milas's point.

4 If you have questions or you think there's something
5 missing, send an e-mail to Karen Musumeci, funnel
6 everything through her, and that way there's just one
7 sure contact, and then she'll make sure that it gets to
8 the appropriate people so the work can get done.

9 One thing I wanted to leave you with. Remember, this

10 is, basically, just for CSOs. No one knows what
11 stormwater's going to cost, no one knows what all the
12 lab and sewer work is going to cost, so you have to add
13 all of those labs, whatever the cost of the CSO option
14 is because it's the same people who are going to be
15 paying the bills, whether we're sending it, East
16 Providence is sending it, Central Falls is sending it,
17 and that could be part of that workshop that the
18 chairman has suggested.

19 CHAIRMAN MESOLELLA: There's a lot of
20 information here, and we need to set some time aside so
21 everyone has a comprehensive understanding of the
22 consequences of our actions. So, all right.

23 COMMISSIONER CARLINO: I think it's a great
24 idea to have the workshop. So, we have nothing else to
25 report on Long Range Planning.

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1 CHAIRMAN MESOLELLA: Moving along, Citizens
2 Advisory Committee. Harold, where is he? So, Harold
3 left. Compensation Committee didn't meet. Ad Hoc
4 Internal Ethics Committee, the Executive Committee
5 didn't meet. Joanne, there's no Legislative Report
6 today, I would assume?

7 MS. MACERONI: No, there isn't, Mr.

8 Chairman.

9 CHAIRMAN MESOLELLA: No Legislative Report.

10 So, in the Chairman's Report, Commissioners, as you

11 know, I did appear at the last meeting of the

12 stakeholders. I did present what I thought was a

13 paramount issue confronting our board.

14 I expressed that I believe I have the support of the

15 board when I talk about how do we proceed with this

16 project. We have to be mindful of cost benefit ratios,

17 and you've seen a little bit of some of the options that

18 are available to us; I will discuss that again, and I

19 did emphasize from the board's perspective, paramount,

20 Commissioner Worrell, in our mind is impact to our

21 ratepayers. I thanked them on behalf of the commission

22 for all their time and their effort.

23 The next board meeting is scheduled for January 13th.

24 Depending on everyone's availability for the workshop,

25 we'll kind of play with that date, but put that in your

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1 calendar.

2 The only other thing, we're not going to be meeting

3 prior to the holiday, so I would just like to take this

4 opportunity to extend to all of you the very best

5 holiday season and a safe one as well, and to your

6 families, all of your families as well.

7 Having said that, is there any new business to come

8 before the commission?

9 THE COMMISSION: (No response)

10 CHAIRMAN MESOLELLA: New business. No new

11 business. Any other business of any kind? Any

12 business?

13 THE COMMISSION: (No response)

14 CHAIRMAN MESOLELLA: Commissioner Montanari,

15 are you making a motion to adjourn?

16 COMMISSIONER MONTANARI: I am.

17 CHAIRMAN MESOLELLA: Well, thank you very

18 much, everyone, for attending today. We have a holiday

19 lunch which is prepared and ready for you. So, thank

20 you, thank you, thank you very much for all of your

21 efforts all year long and the best holiday season.

22 Thank you.

23 Motion to adjourn, it's been seconded. All in favor

24 of adjournment say aye.

25 THE COMMISSION: Aye.

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1 CHAIRMAN MESOLELLA: Any opposed?

2 THE COMMISSION: (No response)

3 CHAIRMAN MESOLELLA: None opposed, and the

4 motion carries. Thank you very much.

5 (MOTION PASSED UNANIMOUSLY)

6 (BOARD OF COMMISSIONERS MEETING CLOSED AT 12:19 P.M.)

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1 CERTIFICATE

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I, Heather Marie Finger, do hereby certify that the foregoing is a true, accurate, and complete transcript of my notes taken at the above-entitled hearing.

IN WITNESS WHEREOF, I hereunto set my hand this 29th day of December 2014.

HEATHER MARIE FINGER, CSR, NOTARY PUBLIC
MY COMMISSION EXPIRES 4/02/16

DATE: December 9, 2014
IN RE: Board of Commissioners Meeting
HEARING OF: Narragansett Bay Commission

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