

THE NARRAGANSETT ELECTRIC COMPANY
DISTRIBUTION RATE PLAN STIPULATION AND SETTLEMENT

RIPUC DOCKET NO. 3617

Direct Testimony of

Andrew Dzykewicz

On Behalf of the

Rhode Island Economic Development Corporation

September 17, 2004

1 **DIRECT TESTIMONY OF ANDREW DZYKEWICZ**

2 I. **INTRODUCTION**

3 Q. Please state your full name and business address.

4 A. My name is Andrew Dzykewicz. My business address is One West Exchange Street
5 Providence, RI 02903.

6 Q. By whom are you employed and in what position.

7 A. I am employed by the Rhode Island Economic Development Corporation and hold the
8 position of Senior Project Manager.

9 Q. Had you previously testified before regulatory bodies.

10 A. Yes. I have testified in proceedings before the Rhode Island Public Utilities Commission
11 in support of intervention and positions taken by the Rhode Island Economic Development
12 Corporation.

13 II. **PURPOSE OF TESTIMONY**

14 Q. What is the purpose of your testimony?

15 A. The purpose of my testimony is to set forth the Rhode Island Economic Development
16 Corporation's support for the Distribution Rate Plan Stipulation and Settlement dated June 29,
17 2004, as modified and reviewed at the most recent Technical Session.

18 III. **GROUND FOR THE RHODE ISLAND ECONOMIC DEVELOPMENT**

19 **CORPORATION'S SUPPORT OF THE DISTRIBUTION RATE PLAN STIPULATION AND**
20 **SETTLEMENT**

21 Q. Could you set forth the grounds for the Rhode Island Economic Development
22 Corporation's support of the Distribution Rate Plan Stipulation and Settlement.

1 A. Yes. The Rhode Island Economic Development Corporation has taken an active role,
2 pursuant to its statutory mandate, in utility infrastructure issues which have such a great impact
3 on economic development. The impact is felt by both existing businesses who are seeking to
4 expand and new businesses who are looking to locate in our State. Electric utility costs are
5 probably the most substantial infrastructure impediment to economic growth and development
6 potential in the State of Rhode Island. With that said, it is extremely difficult to secure the
7 necessary funding to study and develop a cohesive position to be advanced and supported by the
8 State's industrial and commercial ratepayers, both large and small, who serve as the economic
9 engines in the State of Rhode Island.

10 Q. Can you give the Commission an example?

11 A. Yes. The settlement in Docket No. 2930 was obviously a thoroughly negotiated
12 settlement, but at the same time, extremely complex. There is language in the settlement in
13 Docket No. 2930, which would allow ratepayers to challenge Narragansett Electric and seek to
14 impose a different rate structure, if those ratepayers had evidence that Narragansett Electric was
15 earning in excess of the envisioned return on investment ranges. However, in reality, no
16 ratepayers were ever in position to fund such an undertaking and no such action was ever
17 undertaken. Therefore, when we arrived at a point when a new rate structure was to be put in
18 place per the terms of the Docket No. 2930 settlement, it became necessary for all the signatories
19 and interested parties to try to reach an equitable and progressive settlement without having to
20 commit the funds and resources that would be necessary to pursue what most likely would
21 become a very divisive proceeding.

22 Q. What are the advantages of the proposed Distribution Rate Plan Stipulation and
23 Settlement?

1 A. The first advantage is that the proposed settlement reduces the cost of electric utilities in
2 the State of Rhode Island without having to commit the funds and resources that would be
3 necessary to go through what would have been a very costly, time consuming and divisive
4 proceeding. Second, the proposed settlement returns an estimated \$22.8 million of accumulated
5 shared earnings to the ratepayers in a timely fashion – one year. More importantly, it returns
6 those shared earnings to the different classes of ratepayers in a manner which appears to be both
7 fair and advantageous to commercial and industrial ratepayers, who serve as economic engines in
8 the State of Rhode Island. Third, the proposed settlement addresses the issues of becoming more
9 progressive with backup rates in a manner that will actually encourage entrepreneurs to compete
10 with traditional electric generation by developing onsite production or, if coupled with R.I. Gen.
11 Laws § 39-2-1.4, electric production that is in close proximity to large commercial,
12 manufacturing and/or industrial customers. It is for these reasons that the Rhode Island
13 Economic Development Corporation supports the Distribution Rate Plan Stipulation and
14 Settlement.

15 IV. CONCLUSION

16 Q. Does that conclude your testimony?

17 A. Yes it does.