

**BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF RHODE ISLAND  
AND PROVIDENCE PLANTATIONS**

**IN THE MATTER OF**

**The Application of Block Island Power )  
Company for an Increase in its Rates )  
And Charges For Electric Service )**

**Docket No. 3655**

**DIRECT TESTIMONY OF WITNESS  
BRUCE R. OLIVER**

On Behalf of

**The Division of Public Utilities**

April 7, 2005

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**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

A. My name is Bruce R. Oliver. My business address is 7103 Laketree Drive, Fairfax Station, Virginia, 22039.

**Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

A. I am employed by Revilo Hill Associates, Inc., and serve as President of the firm. I manage the firm's business and consulting activities, and I direct its preparation and presentation of economic, utility planning, and policy analyses for our clients.

**Q. ON WHOSE BEHALF DO YOU APPEAR IN THIS PROCEEDING?**

A. My testimony in this proceeding is presented on behalf of the Division of Public Utilities (hereinafter "the Division").

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?**

A. This testimony addresses portions of the request of Block Island Power Company (hereinafter "BIPCo" or "the Company") for an increase in its rates and charges for electric service that was filed on December 17, 2004. More specifically, this testimony discusses the Company's costs of service by

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1 customer class, BIPCo's proposed design of rates for recovery of its requested  
2 revenue increase, as well as demand-side planning and capacity planning  
3 issues.

4

5 **Q. WERE YOU THE DIVISION'S RATE STRUCTURE WITNESS IN THE LAST**  
6 **BASE RATE PROCEEDING FOR BLOCK ISLAND POWER COMPANY?**

7 A. Yes, I was.

8

9 **Q. HAVE YOU DESIGNED ELECTRIC RATES FOR OTHER ISLAND UTILITIES?**

10 A. Yes, I have assisted public utilities commissions in the U.S. territories of Guam  
11 and the Virgin Islands with the design of electric rates for island utility operations  
12 in each of those jurisdictions.

13

14 **II. SUMMARY OF FINDINGS AND RECOMMENDATIONS**

15

16 **Q. PLEASE SUMMARIZE THE KEY FINDINGS OF THIS TESTIMONY?**

17 A. My review and analysis of the Company's rate structure recommendations yields  
18 the following observations:

19

20 ✓ The class cost of service analyses that I have performed do not find a  
21 strong correspondence between costs of service and revenue at present  
22 rates for the test year in this proceeding. Of particular concern is my

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1 finding that revenue for the Demand-Metered General Service, Rate "D"  
2 class appears to fall well below its allocated costs for the test year.

3  
4 ✓ No clear demarcation between summer and winter months can be identi-  
5 fied for BIPCo. Therefore, the determination of appropriate seasonal  
6 periods for the Company requires the exercise of considerable judgment.  
7 Still, I do not find a compelling case for altering BIPCo's current seasonal  
8 rating period definitions at this time.

9  
10 ✓ BIPCo's current rate schedule for Street Lighting service, Rate "S," does  
11 not adequately or appropriately price the service being provided, and it  
12 requires some revisions in both language and pricing to more accurately  
13 describe and price that service.

14  
15 ✓ The Company's limited efforts to date to evaluate generation supply  
16 alternatives leave much to be desired.

17  
18 ✓ Given BIPCo's costs for oil-fired generation, cooperative efforts between  
19 the Company, the Town of New Shoreham, and other stakeholders to  
20 identify more cost-effective generation supply and/or demand manage-  
21 ment alternatives may be well advised.

22

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1           ✓     Due to BIPCo's extremely small size it may not be reasonable or  
2                     appropriate to hold the Company to the same standards for integrated  
3                     resource planning as larger utilities. Despite the Company's compara-  
4                     tively high costs of oil-fired generation, BIPCo's expenditure of large  
5                     amounts of time and resources to develop and implement a well-  
6                     developed integrated resource plan may not be cost-effective for  
7                     ratepayers.

8  
9     **Q.    WHAT ACTIONS DO YOU RECOMMEND THAT THIS COMMISSION TAKE**  
10           **BASED ON THE FINDINGS OF YOUR ANALYSES FOR THIS PROCEEDING?**

11    A.    My recommendations for the Commission are threefold:

- 12
- 13           1.    The Commission should deny BIPCo's request to alter the defin-  
14                     itions of its current seasonal rating periods.
  - 15
  - 16           2.    The Commission should require that any approved revenue  
17                     increase for BIPCo that results from this proceeding be distributed  
18                     among rate classes in a manner that moves rates for all classes in  
19                     the direction of their indicated costs of service.
  - 20
  - 21           3.    The Commission should revise BIPCO's Street Lighting Service  
22                     rate as proposed herein.

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4. The Commission should encourage the formation of a working group of stakeholders, experts, and interested parties to assist BIPCo in the assessment of generation supply and demand-side management alternatives. The Commission should also oversee the activities of that working group to ensure that its efforts progress in a cooperative and timely manner.

**III. CLASS COSTS OF SERVICE**

**Q. HAS THE COMPANY OFFERED ANY ASSESSMENT OF THE RELATIONSHIP BETWEEN ITS COSTS OF SERVICE AND REVENUE BY RATE CLASSIFICATION IN THIS PROCEEDING?**

A. No, it has not. Although it has been a considerable time since BIPCo's last base rate proceeding, the Company's rate proposals in this case appear to start from the presumption that cost and revenue relationships by class have not changed and, therefore, a uniform distribution among classes of the Company's requested revenue increase is reasonable.

**Q. HAVE YOU PREPARED A CLASS COST OF SERVICE STUDY FOR BIPCO FOR THIS PROCEEDING?**

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1 A. Yes. Using test year data, I have developed a fully allocated embedded cost  
2 study that allocates responsibility for BIPCo's expenses and rate base among the  
3 various classifications of customers that it serves. A summary of the results of  
4 that study are provided in Schedule BRO-1.

5 I must note up front that by industry standards, this study is somewhat  
6 crude. Given limits imposed by the available data, a number of allocations were  
7 premised on proxy measures of demand to assess class contributions to costs.  
8 For example, since no individual class load research data is available for BIPCo,  
9 proxy measures of peak load contributions by class were developed based on  
10 average use in the peak month. Likewise, BIPCo does not appear to have  
11 systems in place that can readily generate some types of information commonly  
12 used by larger utilities to guide allocations or assignments of certain types of  
13 distribution system and/or customer-related costs.

14

15 **Q. WHAT DO THE RESULTS IN SCHEDULE BRO-1 INDICATE?**

16 A. Schedule BRO-1 indicates that for the test year substantial differences existed in  
17 the relationship between revenue and cost responsibilities by rate schedule.  
18 Although the overall return for the Company in the test year is negative, two  
19 classes, Commercial General (Rate "G") and Public Authority (Rate "P") are  
20 found to have positive rates of return indicating that the revenue those classes  
21 generate exceed their allocated costs for the test year. On the other hand, the  
22 computed rate of return for Commercial Demand (Rate "D") is noticeably below



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1 the system average while the rate of return for Street Lighting (Rate "S") is just  
2 slightly below the system average. These results suggest that the revenue  
3 generated from Rates "D" and "S" in the test year did fall short of their allocated  
4 cost responsibilities. Finally, the Residential class (Rate "R") rate of return,  
5 although negative, is above the system average rate of return indicating that its  
6 revenue to cost ratio was better than that for the overall system.

7 Recognizing that cost allocation is not an exact science and that this study  
8 in particular is somewhat crude, I would not advocate precise adherence to these  
9 results in the design of rates by class. However, I do believe that these results  
10 provide a general indication of the relative performance of classes, and I would  
11 use these results to guide the distribution among rate classes of any revenue  
12 increase in this proceeding.

13  
14 **IV. RATE DESIGN**

15  
16 **Q. WHAT IS THE AMOUNT OF THE REVENUE INCREASE THAT BIPCO SEEKS**  
17 **IN THIS PROCEEDING?**

18 **A.** The Company's filing indicates that it is seeking an increase in base revenue of  
19 \$463,171 or 21.96%.

20  
21 **Q. HOW DOES THE COMPANY PROPOSE TO DESIGN RATES TO RECOVER**  
22 **ITS REQUESTED REVENUE INCREASE IF THAT INCREASE IS APPROVED?**

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1 A. BIPCo's proposal for recovery of its requested revenue increase has two key  
2 components.

3 First, the Company proposes to expand its summer seasonal rating period  
4 from four months to six months. At present, summer rates are applied only in  
5 the months of June through September. BIPCo proposes to expand its summer  
6 period definition to include the months of May through October, and corres-  
7 pondingly reduce its winter seasonal period from eight months to six. Since  
8 many of BIPCO's current summer charges are greater than its comparable winter  
9 charges, expansion of the summer season would noticeably increase its annual  
10 revenue. In that context, BIPCo suggests that revenue gained through the  
11 expansion of its summer rating period can be used to reduce the overall  
12 percentage increase by which its existing rates would need to be increased to  
13 generate the level of additional revenue that it seeks.

14 Second, BIPCo proposes that the remainder of any rate increase be  
15 spread among its current rates and charges on an across-the-board basis.

16  
17 **Q. HOW DOES THE COMPANY ATTEMPT TO JUSTIFY ITS PROPOSED AP-  
18 PROACH TO THE DESIGN OF RATES IN THIS PROCEEDING?**

19 A. BIPCo offers several arguments in support of its proposed change in seasonal  
20 rating period definitions, but it offers no specific support for its proposed across-  
21 the-board distribution of the revenue increase that it requests.

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1           The Company's support for changing its current summer seasonal rating  
2 period includes:

3  
4       ✓     A belief that, during the past 13 years, travel to the island during  
5           shoulder months (i.e., May and October) has expanded such that  
6           those months would now be more appropriately included in the  
7           summer seasonal rating period.

8  
9       ✓     A suggestion that expansion of the summer period on an  
10          emergency basis could help the Company avoid the reporting of a  
11          loss for FYE 2005.

12  
13       ✓     A review of the distribution of actual electric use by month for six (6)  
14          commercial customers that BIPCo claims supports the proposition  
15          that a change in the seasonal periods is warranted.

16  
17       ✓     A suggestion that expanding the current summer rating periods to  
18          include the months of May and October would generate additional  
19          annual revenue for the Company without increasing any of the  
20          rates for electric service within the charges. That, in turn, would  
21          reduce the magnitude of the increase required in the Company's  
22          other charges for electric service.

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1 season that would include the months of April through October. Although Cus-  
2 tomer F has uniformly low use in the months of November through April, I find  
3 that the usage for Customer F in the months of September, October, and May, is  
4 more closely aligned with its winter use than its peak summer use. On that  
5 basis, the data for Customer F would suggest a much narrower summer period  
6 definition than BIPCO has proposed.

7  
8 **Q. DO YOU OFFER ANY ADDITIONAL ANALYTIC DATA TO SUPPORT YOUR**  
9 **ASSESSMENT OF APPROPRIATE SUMMER AND WINTER PERIOD DEFIN-**  
10 **ITIONS FOR BIPCO?**

11 **A.** Yes. Viewed in the context of distributions or use by month either for entire rate  
12 classes or for the system data as whole, as opposed to individual customer data,  
13 I find that usage levels for the months of May and October are more closely  
14 aligned with usage levels for winter months than those for summer months.  
15 These relationships are illustrated by the data provided in Schedule BRO-2 and  
16 Schedule BRO-3. Schedule BRO-2 provides percent of annual use by month by  
17 rate class for calendar year 2004. Schedule BRO-3 adds some historical  
18 perspective for BIPCo's fiscal years 2001-2004. These data consistently show  
19 that May and October usage for each of the major rate classes and for the  
20 system as a whole are more consistent with winter than summer usage levels.

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1 Q. IS THERE ROOM FOR SOME DISCRETION IN THE DETERMINATION OF  
2 SUMMER AND WINTER SEASONAL PERIODS FOR RATE DESIGN PUR-  
3 POSES?

4 A. Yes. The treatment of shoulder months in the development of seasonal rating  
5 periods generally requires the exercise of considerable judgment. Thus, for  
6 BIPCO, as well as many other utilities, seasonal rating period determinations  
7 must be viewed as part of the "art" of rate design. Still, key concerns in the  
8 establishment of seasonal rates for BIPCO are (1) the provision of appropriate  
9 price signals to customers and (2) equitable distribution of costs responsibilities  
10 between "year around" and "summer only" customers. In my assessment,  
11 BIPCO's proposed expansion of its summer seasonal rating period does nothing  
12 to improve the price signals provided to customers during peak usage months,  
13 and may negatively affect the current distribution of cost responsibilities between  
14 "year around" and "summer only" customers. Therefore, I recommend that the  
15 current seasonal rating period definitions be retained.

16  
17 Q. ONCE THE ISSUE OF SEASONAL RATING PERIOD DEFINITIONS IS  
18 RESOLVED, DO YOU SUPPORT AN ACROSS-THE-BOARD DISTRIBUTION  
19 OF ANY RATE INCREASE THAT THE COMMISSION MAY APPROVE AS A  
20 RESULT OF THIS PROCEEDING?

21 A. No, I do not. Rather, I encourage the Commission to distribute any approved  
22 overall revenue increase for the Company among its rate classifications in a

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1 manner that recognizes and attempts to narrow existing differences between  
2 allocated cost responsibilities and revenue by class.

3

4 **Q. HAVE YOU DESIGNED AN ALTERNATIVE SET OF RATES THAT WOULD**  
5 **RECOVER THE COMPANY'S REQUESTED REVENUE INCREASE IN THIS**  
6 **PROCEEDING?**

7 A. I have. Schedule BRO-4, page 1 of 8, summarizes the distribution of revenue  
8 increase by class that I would recommend if the Commission approves the  
9 Company's full revenue increase request. Schedule BRO-4, pages 2 through 8,  
10 provide a set of rate designs that would produce the revenue by class reflected  
11 on page 1 of Schedule BRO-4.

12

13 **Q. WITNESS CATLIN FOR THE DIVISION RECOMMENDS A NOTICEABLY**  
14 **SMALLER RATE INCREASE FOR BIPCO. HOW WOULD YOU ADJUST**  
15 **YOUR RATE DESIGN RECOMMENDATIONS TO REFLECT THE LOWER**  
16 **OVERALL LEVEL OF REVENUE THAT MR. CATLIN RECOMMENDS?**

17 A. Schedule BRO-5 provides the class revenue requirements and rates designs by  
18 class that I would suggest if Mr. Catlin's revenue increase recommendation is  
19 adopted.

20

21 **Q. ARE THERE ANY FURTHER RATE DESIGN MATTERS THAT YOU WOULD**  
22 **LIKE TO ADDRESS AT THIS TIME?**

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1 A. Yes. I would like to address (a) the structure of BIPCo's Street Light Service  
2 Schedule and (b) the Company's proposed surcharge for recovery of costs for  
3 Demand-Side Management (DSM) planning and Integrated Resource Planning.  
4

5 **Q. WHAT ASPECTS OF THE COMPANY'S STREET LIGHTING SERVICE RATES**  
6 **DO YOU WISH TO ADDRESS?**

7 A. On the basis of my analyses for this proceeding, I find that the current design of  
8 BIPCo's Street Lighting Service Schedule, Rate "S," may warrant substantial  
9 revision. Both the Company's current and proposed rates for Street Lighting  
10 Service comprise a single monthly charge per lamp for "6,000 mean lumen"  
11 Mercury Vapor Lamps. This very simplistic structure does not adequately  
12 address the activities performed and services provided under that rate schedule.  
13 Importantly, the current per lamp charges do not differentiate charges for energy  
14 use from charges for owning, operating and maintaining Street Lighting facilities.  
15 In fact, at present it appears that BIPCo's energy sales data does not include any  
16 street light energy use. Although that use is not metered, street light operations  
17 are sufficiently constant over time to permit billing such energy use on an  
18 estimated basis. Moreover, proper recognition of street light energy use may  
19 help to reduce the Company's reported lost and unaccounted for energy.

20 Furthermore, through informal discovery with the Company I learned that  
21 only a portion of the lamps currently served under this rate are 6,000 mean  
22 lumen Mercury Vapor lamps. The Company is in a period of transition converting

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1 to use of primarily High Pressure Sodium Lamps which are more energy efficient  
2 and have longer expected lives. At this time roughly 25% of the lamps served  
3 under BIPCo's Street Light Service rate schedule are High Pressure Sodium  
4 fixtures and another 25% of the current lamps are incandescent. Thus, only  
5 about half the lamps currently served under this rate schedule are properly  
6 classified as Mercury Vapor lamps.

7 Finally, although energy is provided to street lights under this rate  
8 schedule, it appears that this rate schedule is not subject to BIPCO's Fuel  
9 Adjustment Charge "FAC." As a result, street light energy use has been  
10 insulated from responsibility for an appropriate share of the fuel cost increases  
11 that other BIPCo customers have experienced in recent years. This is an  
12 inappropriate oversight that should be remedied in this proceeding. Although I  
13 do not find sufficient data at this point to differentiate BIPCo's non-energy  
14 charges for Street Light Service by type of lamp, many utilities do make such  
15 distinctions within their street light service schedules, and an effort should be  
16 made to better reflect such cost differences for BIPCo's street light service in the  
17 future.

18  
19 **Q. PLEASE SUMMARIZE THE CHANGES THAT SHOULD BE MADE TO**  
20 **BIPCO'S STREET LIGHT SERVICE RATE.**

21 A. The changes I propose to BIPCo's Street Light Service Schedule, Rate "S" are  
22 as follows:



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1. Establish separate charges for:
  - a. Street Light facilities and servicing;
  - b. Energy use (where energy use would be billed on the basis of lamp wattage and estimated monthly street light burning hours).
2. Apply the "FAC" to estimated monthly street light energy use.
3. Prepare for further differentiation of charges based on lamp type in the future.

**Q. DO YOU SUPPORT BIPCO'S PROPOSALS FOR A SURCHARGE TO RECOVER IRM AND DSM COSTS?**

A. I do in concept, but I have reservations regarding the scope and magnitude of costs to be included in such a surcharge as well as the time period over which such costs should be recovered.

**Q. PLEASE EXPLAIN YOUR RESERVATIONS REGARDING THE COMPANY'S SURCHARGE?**

A. My reservations regarding the Company's surcharge proposal are at least fivefold.

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1 First, the parameters of the Company proposal are not well founded.  
2 BIPCo seeks a mechanism that would provide for recovery of a total of \$250,000  
3 over five years, yet its current estimates of the costs to be incurred are only in the  
4 range of \$95,000 - \$115,000. The discrepancy here is too large, particularly  
5 considering that BIPCo's cost estimates lack substantial support. This proposed  
6 surcharge should not serve as a back-door mechanism for improving the Com-  
7 pany's cash-flow. Moreover, activities of this nature tend to grow to absorb what-  
8 ever funds are made available, regardless of the productivity of such activities. If  
9 initial funding of these activities is set well in excess of any well-founded estimate  
10 of their costs, the need for exercise of close oversight over those expenditures  
11 increases.

12 Second, in the context of the size of the rate increase that BIPCO seeks in  
13 this docket, the roughly 1.6% additional increase on total annual revenue that the  
14 proposed surcharge would impose should not be treated lightly. Thus, it is  
15 imperative that whatever funds are spent in the pursuit of IRP and DSM  
16 objectives need to be utilized as cost-effectively as possible. For a utility of this  
17 size it is quite possible that the costs of planning and implementation might  
18 overwhelm the value of expected benefits from those activities.

19 Third, the period over which the Company proposes to recover the  
20 referenced IRP and DSM costs does not correspond well with the period over  
21 which ratepayers would expect to experience benefits from such expenditures.  
22 BIPCo's proposal would recover the entirety of such costs over five years, but the

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1 period of benefit from those expenditures should be expected to extend  
2 throughout the Company's planning horizon (i.e., at least 15 years).

3 Fourth, recovery of IRP and DSM costs through a uniform cents per kWh  
4 charge applied to all kWh of annual sales may not appropriately distribute  
5 responsibility for those costs between "year around" and "summer only" users.

6 Fifth, the costs to be recovered through the proposed surcharge are too  
7 broadly described. At least for now, any such surcharge should be limited to  
8 planning costs. Considerations regarding the possible of use of this mechanism  
9 for the recovery of implementation costs should be deferred to a later date. This  
10 is particularly important since once the implementation stage is reached the  
11 potential interactions between surcharge cost recovery and costs and assump-  
12 tions underlying the establishment of base rates increases.

13  
14 **Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING THE COMPANY'S**  
15 **PROPOSED SURCHARGE FOR RECOVERY OF IRP AND DSM COSTS?**

16 A. As noted above, at least initially the surcharge mechanism should be limited to  
17 the recovery of IRM and DSM planning costs. Also, before any cost recovery  
18 through such a mechanism is authorized for those planning activities, a more  
19 detailed scope of work for those activities is needed such that more refined and  
20 reliable estimates of their costs may be developed. Once a better handle on the  
21 expected magnitude of such planning costs is obtained, the computation of  
22 annual amounts to be recovered through rates should reflect recovery of those

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1 costs over the Company's planning horizon for generating capacity additions  
2 (e.g., 15-years). This will serve to both reduce the impact of the surcharge on  
3 customers' bills and provide a better matching of the timing of the cost impacts of  
4 those activities with the benefits that are expected to result. Finally, the  
5 surcharge mechanism should be designed to provide a reasonable distribution of  
6 such planning costs between "summer only" and "year around" users of the  
7 system. Although BIPCo's summer energy supply requirements contribute  
8 heavily to the need for generation supply additions, all users may benefit  
9 substantially if alternative are identified that reduced on-going generation supply  
10 costs. For example, several supply-side alternatives (including an under sea  
11 cable and on-island wind and solar generation) have the potential to yield  
12 significant reductions in BIPCo's dependence on oil-fired generation and thereby  
13 lower its on-going fuel expenses in a manner that benefits users of energy  
14 throughout the year.

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V. IRP AND DSM

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**Q. HAS THE COMPANY ENGAGED IN INTREGRATED RESOURCE PLANNING TO DATE?**

A. The Company has funded a study by HDR-SSR Engineers (HDR) that has analyzed the costs of energy supply alternatives for Block Island Power Company, but that study does not constitute integrated resource planning. It is important to recognize, however, that BIPCo does not have the in-house resources and expertise to perform the type of integrated planning that might be expected of larger utilities. For a small company such as BIPCo, there can be a substantial advantage to simply sticking with the types of generation supply options with which it has knowledge and is comfortable. However, from a consumer perspective serious consideration of a broader set of generation supply/DSM options may be viewed as imperative in the context of rapidly rising costs for oil-fired generation. In other words, Block Island consumers should not be forced to accept the cost of oil-fired generation when reasonable a potential for achieving lower costs through alternative technology exists. Thus, greater involvement of the Town of New Shoreham and other stakeholders and interested parties in the planning process may be more productive than efforts to place the onus of integrated planning directly on the Company.

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1 Q. WHAT IS YOUR OVERALL ASSESSMENT OF THE HDR-SSR ENGINEERS  
2 (HDR) DRAFT STUDY TITLED "ALTERNATIVE ENERGY ANALYSIS FOR  
3 BLOCK ISLAND POWER COMPANY"?

4 A. For the amount of funding provided, the HDR study provides fairly detailed  
5 assessments of a number of alternative energy supply options. Unfortunately,  
6 that study does not consider either: (a) the feasibility and economics of an  
7 undersea cable to the mainland or (b) the integration of demand-side manage-  
8 ment programs. It is also premised on cost data that are somewhat out-of-date.

9 For example, recent escalation in fuel oil prices could substantially alter  
10 the estimated costs and benefits of energy supply and/or demand-side manage-  
11 ment options. The HDR study assumes a fuel oil cost of \$1.45 per gallon de-  
12 livered. However, current NYMEX No. 2 fuel oil prices for this summer are in the  
13 range of \$1.62 per gallon without consideration of delivery charges. In addition,  
14 the HDR study assumes an 8.0% interest rate for financing capital expenditures,  
15 but it appears that BIPCo may be in position to finance any planned generation  
16 capacity expansion through RUS at a noticeably lower financing cost. The  
17 Company's access to lower cost financing could make generation supply and/or  
18 DSM options that require substantial up-front expenditures of capital more  
19 attractive.

20 Furthermore, the results of the HDR study do not represent an integrated  
21 resource plan. Questions regarding the optimal timing of supply and/or DSM  
22 program additions are not addressed, and no consideration of the potential for

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1 use of a mix of supply-side and/or demand-side alternatives is provided.  
2 However, it is unclear at this point whether sufficient demand-side impacts on  
3 load are achievable to warrant the deferral of generation supply alternatives.  
4 After more than a decade of electric rates that include substantially higher sum-  
5 mer month charges, there is no clear evidence of measurable consumer  
6 response to those price signals. If demand-side alternatives are to be included  
7 in an integrated resource plan, there must be a high degree of confidence that  
8 such alternatives can be relied upon to produce measurable load impacts of  
9 sufficient magnitude to be traded against often lumpy generation supply alter-  
10 natives.

11  
12 **Q. SHOULD THE COMMISSION DIRECT BIPCO TO UNDERTAKE A FULL INTE-**  
13 **GRATED RESOURCE PLANNING STUDY AT THIS TIME?**

14 **A.** To date, the Company's efforts to address resource planning issues do not seem  
15 to meet the expectations for such studies. Given BIPCo's limited resources and  
16 in-house expertise on these matters, placing the onus for further planning solely,  
17 or even primarily, on the Company in an adversarial and potentially litigious  
18 environment may not be the best solution. Rather, a cooperative investigation of  
19 these matters pursued jointly by the Town, the Company, and other stakeholders  
20 and interested parties may have greater potential for producing acceptable  
21 results for consumers and the Company.

DIRECT TESTIMONY OF BRUCE R. OLIVER

Docket No. 3655

April 7, 2005

1           Alternatively, if the Commission is inclined to order the Company to  
2 engage in a more comprehensive evaluation of generation supply and DSM  
3 alternatives, I would encourage the Commission to seek agreement among the  
4 parties regarding the scope and costs of such a study before ordering BIPCo to  
5 proceed. If the costs of a timely and well-scoped study remain within the bounds  
6 of overall cost-effectiveness, then the Commission could authorize the Company  
7 to proceed with such planning activities. However, the Commission and the  
8 parties must be sensitive to the fact that dollars spent on planning can erode the  
9 overall net benefits of generation supply and DSM alternatives. Thus, there are  
10 limits to the dollars that can be spent productively within a planning process.  
11 There should also be recognition that continuing litigation of IRP and DSM issues  
12 can add further unproductive expenditures to the planning process. Thus,  
13 regardless who is charged with leading the planning process for Block Island, it is  
14 essential that considerable effort be made to ensure that any resulting plan for  
15 capacity expansion and/or demand-side management programs have broad  
16 support among the affected parties.

17  
18 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY IN THIS**  
19 **PROCEEDING?**

20 **A.** Yes, it does.



**Block Island Power Company**

Docket 3655

**Test Year Class Cost of Service Study - Summary**

| Revenue/Expense Item            | Total         | Residential   |              | Commercial    |              | Public Authority | Street Lighting |
|---------------------------------|---------------|---------------|--------------|---------------|--------------|------------------|-----------------|
|                                 |               | General       | Demand       | General       | Demand       |                  |                 |
| <b>Revenue</b>                  |               |               |              |               |              |                  |                 |
| Operating Revenue               |               |               |              |               |              |                  |                 |
| Base Revenue                    | 1,807,621     | 693,447       | 278,337      | 704,831       | 118,585      | 12,422           |                 |
| Fuel Surcharge                  | 960,113       | 374,056       | 137,847      | 381,473       | 66,737       | 0                |                 |
| Total Revenue from Sales        | 2,767,734     | 1,067,503     | 416,184      | 1,086,304     | 185,322      | 12,422           |                 |
| Service Charges                 | 16,049        | 6,206         | 2,420        | 6,316         | 1,038        | 70               |                 |
| Total Operating Revenue         | 2,783,783     | 1,073,709     | 418,604      | 1,092,620     | 186,360      | 12,492           |                 |
| Other Revenue                   | 177,208       | 68,348        | 26,647       | 69,552        | 11,865       | 795              |                 |
| Miscellaneous Revenue           | 3,848         | 1,484         | 579          | 1,510         | 258          | 17               |                 |
| <b>Total Revenue</b>            | 2,964,839     | 1,143,541     | 445,829      | 1,163,682     | 198,483      | 13,304           |                 |
| <b>Expenses</b>                 |               |               |              |               |              |                  |                 |
| Operation & Maintenance Expense | 2,388,130     | 920,436       | 333,014      | 972,928       | 150,434      | 11,317           |                 |
| Taxes                           | 206,452       | 80,445        | 30,117       | 82,346        | 12,315       | 1,230            |                 |
| Depreciation Expense            | 230,452       | 84,597        | 31,030       | 102,452       | 11,511       | 861              |                 |
| Other Deductions                | 255,025       | 95,226        | 36,783       | 106,734       | 15,225       | 1,056            |                 |
| <b>Total Expenses</b>           | 3,080,059     | 1,180,704     | 430,944      | 1,264,460     | 189,486      | 14,465           |                 |
| <b>Net Income</b>               | -115,220      | -37,163       | 14,885       | -100,778      | 8,997        | -1,161           |                 |
| <b>Rate Base</b>                | 4,097,657     | 1,900,349     | 695,887      | 2,057,385     | 274,621      | 39,770           |                 |
| <b>% Return on Rate Base</b>    | <b>-2.81%</b> | <b>-1.96%</b> | <b>2.14%</b> | <b>-4.90%</b> | <b>3.28%</b> | <b>-2.92%</b>    |                 |
| Difference from System Avg ROR  |               | 0.86%         | 4.95%        | -2.09%        | 6.09%        | -0.11%           |                 |

**Block Island Power Company**

Docket 3655

**Calendar Year 2004 Percent of Annual KWH Sales by Month (Rate Class and Total System)**

CY 2004 Percent of Annual Use by Month

|              | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Jun-04 | Jul-04 | Aug-04 | Sep-04 | Oct-04 | Nov-04 | Dec-04 | Total  |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential  | 8.9%   | 5.9%   | 6.0%   | 6.0%   | 6.9%   | 9.1%   | 14.6%  | 13.7%  | 9.1%   | 7.1%   | 6.1%   | 6.7%   | 100.0% |
| General      | 8.0%   | 5.3%   | 5.6%   | 7.1%   | 6.7%   | 9.2%   | 14.7%  | 13.7%  | 10.1%  | 8.7%   | 4.6%   | 6.3%   | 100.0% |
| Demand       | 5.9%   | 3.7%   | 4.1%   | 5.1%   | 8.0%   | 11.6%  | 18.1%  | 16.3%  | 11.5%  | 7.3%   | 4.3%   | 4.1%   | 100.0% |
| Pub Demand   | 9.2%   | 7.4%   | 8.0%   | 7.6%   | 8.7%   | 7.3%   | 10.0%  | 9.0%   | 7.4%   | 9.2%   | 7.7%   | 8.3%   | 100.0% |
| Pub Non-Dem  | 11.9%  | 9.5%   | 9.4%   | 8.1%   | 8.5%   | 5.2%   | 8.8%   | 7.8%   | 8.5%   | 7.7%   | 7.1%   | 7.5%   | 100.0% |
| Total Public | 9.5%   | 7.6%   | 8.1%   | 7.7%   | 8.7%   | 7.1%   | 9.9%   | 8.9%   | 7.5%   | 9.1%   | 7.7%   | 8.2%   | 100.0% |
| Total KWH    | 7.6%   | 5.0%   | 5.3%   | 5.9%   | 7.4%   | 10.0%  | 15.7%  | 14.4%  | 10.1%  | 7.5%   | 5.3%   | 5.7%   | 100.0% |

Summer  
Winter

## Block Island Power Company

Docket 3655

**Historic Percent of Annual KWH Sales by Month by Rate Class and for Total System  
FY 2001 Through FY 2004**

## FY 2001 Percent of Annual Use by Month

|              | Jun-00 | Jul-00 | Aug-00 | Sep-00 | Oct-00 | Nov-00 | Dec-00 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Total  |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential  | 8.7%   | 12.6%  | 13.9%  | 9.2%   | 7.9%   | 6.7%   | 8.0%   | 6.5%   | 6.0%   | 6.9%   | 6.0%   | 7.5%   | 100.0% |
| General      | 10.0%  | 14.0%  | 15.2%  | 10.6%  | 8.5%   | 6.4%   | 7.5%   | 6.4%   | 5.5%   | 7.0%   | 5.8%   | 3.1%   | 100.0% |
| Demand       | 11.2%  | 16.7%  | 16.8%  | 11.2%  | 7.4%   | 4.9%   | 4.7%   | 4.0%   | 3.9%   | 5.7%   | 5.2%   | 8.1%   | 100.0% |
| Pub Demand   | 5.9%   | 6.8%   | 6.8%   | 6.6%   | 8.6%   | 7.7%   | 8.9%   | 7.9%   | 8.3%   | 9.3%   | 12.8%  | 10.4%  | 100.0% |
| Pub Non-Dem  | 8.0%   | 9.2%   | 10.3%  | 9.2%   | 8.8%   | 6.4%   | 7.5%   | 7.7%   | 7.8%   | 9.3%   | 8.0%   | 7.7%   | 100.0% |
| Total Public | 6.1%   | 7.1%   | 7.2%   | 6.9%   | 8.6%   | 7.5%   | 8.7%   | 7.9%   | 8.3%   | 9.3%   | 12.2%  | 10.1%  | 100.0% |
| Total KWH    | 9.8%   | 14.2%  | 14.9%  | 10.1%  | 7.8%   | 6.0%   | 6.6%   | 5.5%   | 5.2%   | 6.6%   | 6.1%   | 7.3%   | 100.0% |

## FY 2002 Percent of Annual Use by Month

|              | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 | Jan-02 | Feb-02 | Mar-02 | Apr-02 | May-02 | Total  |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential  | 8.7%   | 12.9%  | 13.7%  | 11.2%  | 7.6%   | 6.5%   | 7.8%   | 6.3%   | 5.7%   | 6.7%   | 5.9%   | 7.0%   | 100.0% |
| General      | 12.0%  | 15.3%  | 13.0%  | 12.0%  | 8.2%   | 6.7%   | 0.8%   | 6.3%   | 5.8%   | 6.8%   | 6.8%   | 6.2%   | 100.0% |
| Demand       | 11.4%  | 16.9%  | 17.2%  | 13.3%  | 6.9%   | 3.7%   | 4.5%   | 4.0%   | 4.0%   | 4.7%   | 5.6%   | 7.8%   | 100.0% |
| Pub Demand   | 7.2%   | 9.3%   | 8.9%   | 7.9%   | 8.8%   | 7.9%   | 9.1%   | 8.2%   | 7.7%   | 8.8%   | 7.9%   | 8.3%   | 100.0% |
| Pub Non-Dem  | 7.2%   | 9.3%   | 8.9%   | 7.9%   | 8.8%   | 7.9%   | 9.1%   | 8.2%   | 7.7%   | 8.8%   | 7.9%   | 8.3%   | 100.0% |
| Total Public | 7.2%   | 9.3%   | 8.9%   | 7.9%   | 8.8%   | 7.9%   | 9.1%   | 8.2%   | 7.7%   | 8.8%   | 7.9%   | 8.3%   | 100.0% |
| Total KWH    | 10.2%  | 14.7%  | 14.7%  | 12.0%  | 7.5%   | 5.5%   | 5.5%   | 5.5%   | 5.1%   | 6.0%   | 6.1%   | 7.3%   | 100.0% |

## FY 2003 Percent of Annual Use by Month

|              | Jun-02 | Jul-02 | Aug-02 | Sep-02 | Oct-02 | Nov-02 | Dec-02 | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Total  |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential  | 9.4%   | 12.3%  | 12.5%  | 9.7%   | 7.1%   | 7.1%   | 6.9%   | 6.8%   | 7.3%   | 5.5%   | 8.4%   | 7.0%   | 100.0% |
| General      | 11.9%  | 13.3%  | 12.9%  | 11.9%  | 7.7%   | 6.7%   | 8.3%   | 5.9%   | 6.4%   | 5.2%   | 1.3%   | 8.3%   | 100.0% |
| Demand       | 11.9%  | 16.1%  | 16.0%  | 12.3%  | 6.8%   | 5.0%   | 4.6%   | 4.6%   | 5.0%   | 4.8%   | 5.5%   | 7.3%   | 100.0% |
| Pub Demand   | 7.1%   | 11.5%  | 9.4%   | 8.3%   | 8.4%   | 8.6%   | 8.1%   | 7.4%   | 6.9%   | 7.5%   | 7.9%   | 8.8%   | 100.0% |
| Pub Non-Dem  | 7.4%   | 8.8%   | 9.5%   | 7.4%   | 7.3%   | 7.9%   | 7.7%   | 11.1%  | 8.8%   | 8.7%   | 7.5%   | 7.9%   | 100.0% |
| Total Public | 7.2%   | 11.3%  | 9.4%   | 8.2%   | 8.3%   | 8.5%   | 8.0%   | 7.7%   | 7.1%   | 7.6%   | 7.9%   | 8.7%   | 100.0% |
| Total KWH    | 10.6%  | 13.9%  | 13.8%  | 11.0%  | 7.1%   | 6.3%   | 6.2%   | 5.8%   | 6.2%   | 5.3%   | 6.2%   | 7.4%   | 100.0% |

## FY 2004 Percent of Annual Use by Month

|              | Jun-03 | Jul-03 | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Jan-04 | Feb-04 | Mar-04 | Apr-04 | May-04 | Total  |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential  | 9.0%   | 13.1%  | 15.1%  | 7.9%   | 7.1%   | 6.9%   | 6.4%   | 9.1%   | 6.0%   | 6.1%   | 6.1%   | 7.0%   | 100.0% |
| General      | 10.4%  | 13.8%  | 15.7%  | 8.7%   | 7.4%   | 6.6%   | 5.6%   | 7.8%   | 5.1%   | 5.4%   | 6.9%   | 6.5%   | 100.0% |
| Demand       | 11.4%  | 16.7%  | 18.9%  | 9.8%   | 7.0%   | 4.9%   | 4.4%   | 5.9%   | 3.7%   | 4.1%   | 5.2%   | 8.0%   | 100.0% |
| Pub Demand   | 9.6%   | 9.1%   | 10.0%  | 5.8%   | 7.9%   | 7.9%   | 7.6%   | 9.5%   | 7.6%   | 8.2%   | 7.8%   | 9.0%   | 100.0% |
| Pub Non-Dem  | 7.4%   | 8.8%   | 9.5%   | 7.4%   | 7.3%   | 7.9%   | 7.7%   | 11.1%  | 8.8%   | 8.7%   | 7.5%   | 7.9%   | 100.0% |
| Total Public | 9.4%   | 9.0%   | 9.9%   | 6.0%   | 7.9%   | 7.9%   | 7.6%   | 9.6%   | 7.8%   | 8.3%   | 7.8%   | 8.9%   | 100.0% |
| Total KWH    | 10.2%  | 14.4%  | 16.4%  | 8.7%   | 7.1%   | 6.1%   | 5.6%   | 7.6%   | 5.1%   | 5.4%   | 5.9%   | 7.5%   | 100.0% |

Summer  
Winter

**Block Island Power Company**  
Docket 3655

**Rate Design Summary - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No | Rate Classification                    | Annual KWH | Base Revenue  |                |             | Total Revenue |                |             |       |       |
|-------|--|------------|---------------|----------------|-------------|---------------|----------------|-------------|-------|-------|
|       |  |            | Current Rates | Proposed Rates | Increase \$ | Current Rates | Proposed Rates | Increase \$ |       |       |
| 1     | Residential Service Rate "R"           | 4,273,390  | \$ 732,066    | \$ 891,957     | \$ 159,891  | \$ 1,128,539  | \$ 1,288,430   | \$ 159,891  | 21.8% | 14.2% |
| 2     | Commercial General Service - Rate "G"  | 1,548,103  | \$ 294,346    | \$ 329,988     | \$ 35,643   | \$ 440,454    | \$ 476,097     | \$ 35,643   | 12.1% | 8.1%  |
| 3     | Commercial Demand Service - Rate "D"   | 4,544,181  | \$ 746,787    | \$ 995,954     | \$ 249,166  | \$ 1,151,122  | \$ 1,400,289   | \$ 249,166  | 33.4% | 21.6% |
| 4     | Public Authority Demand - Rate "P"     | 700,912    | \$ 112,760    | \$ 126,422     | \$ 13,663   | \$ 176,392    | \$ 190,055     | \$ 13,663   | 12.1% | 7.7%  |
| 5     | Public Authority Non-Demand - Rate "P" | 78,245     | \$ 12,879     | \$ 14,439      | \$ 1,560    | \$ 19,983     | \$ 21,543      | \$ 1,560    | 12.1% | 7.8%  |
| 6     | Street Lighting Service - Rate "S"     | 44,238 *   | \$ 13,163     | \$ 16,506      | \$ 3,342    | \$ 13,163     | \$ 20,275      | \$ 7,112    | 25.4% | 54.0% |
| 7     | Total Revenue from Sales               | 11,144,831 | \$ 1,912,001  | \$ 2,375,265   | \$ 463,265  | \$ 2,929,654  | \$ 3,396,687   | \$ 467,034  | 24.2% | 15.9% |
| 8     | Other Revenue                          |            | \$ 197,105    | \$ 197,105     | \$ -        | \$ 197,105    | \$ 197,105     | \$ -        | 0.0%  | 0.0%  |
| 9     | TOTAL REVENUE                          |            | \$ 2,109,106  | \$ 2,572,370   | \$ 463,265  | \$ 3,126,759  | \$ 3,593,792   | \$ 467,034  | 22.0% | 14.9% |

\* Not applicable under current rates.

**Block Island Power Company**

Docket 3655

**Residential (Rate "R") Rate Design - Division Rate Design & BIPCo Revenue Requirement**  
**Rate Year - Current Seasonal Period Definitions**

| Ln No                   | Type of Charge               | Service Units    | Revenue at   |                   | Proposed Rate | Revenue at        |                   | Increase \$  | Increase % |
|-------------------------|------------------------------|------------------|--------------|-------------------|---------------|-------------------|-------------------|--------------|------------|
|                         |                              |                  | Current Rate | Current Rate      |               | Proposed Rate     | Proposed Rate     |              |            |
| <b>Customer Charges</b> |                              |                  |              |                   |               |                   |                   |              |            |
| 1                       | Summer                       | 5,200            | \$ 10.00     | \$ 52,000         | \$ 12.00      | \$ 62,400         | \$ 10,400         | 20.0%        |            |
| 2                       | Winter                       | 10,471           | \$ 10.00     | \$ 104,710        | \$ 12.00      | \$ 125,652        | \$ 20,942         | 20.0%        |            |
| 3                       | <b>Total</b>                 | <u>15,671</u>    |              | <u>\$ 156,710</u> |               | <u>\$ 188,052</u> | <u>\$ 31,342</u>  | 20.0%        |            |
| <b>Energy Charges</b>   |                              |                  |              |                   |               |                   |                   |              |            |
| 4                       | Summer                       | 1,931,232        | \$ 0.1945    | \$ 375,625        | \$ 0.2387     | \$ 460,985        | \$ 85,360         | 22.7%        |            |
| 5                       | Winter                       | 2,342,158        | \$ 0.0738    | \$ 172,851        | \$ 0.0906     | \$ 212,200        | \$ 39,348         | 22.8%        |            |
| 6                       | <b>Total</b>                 | <u>4,273,390</u> |              | <u>\$ 548,476</u> |               | <u>\$ 673,185</u> | <u>\$ 124,709</u> | 22.7%        |            |
| <b>System Charges</b>   |                              |                  |              |                   |               |                   |                   |              |            |
| 7                       | Summer Only                  | 1,536            | \$ 17.50     | \$ 26,880         | \$ 20.00      | \$ 30,720         | \$ 3,840          | 14.3%        |            |
| 8                       | <b>Subtotal Base Revenue</b> |                  |              | \$ 732,066        |               | \$ 891,957        | \$ 159,891        | <b>21.8%</b> |            |
| 9                       | Fuel Surcharge               | 4,273,390        | \$ 0.0928    | \$ 396,473        | \$ 0.0928     | \$ 396,473        | \$ -              | 0.0%         |            |
| 10                      | <b>Rate "R" Total</b>        |                  |              | \$ 1,128,539      |               | \$ 1,288,430      | \$ 159,891        | 14.2%        |            |

**Block Island Power Company**

Docket 3655

**Commercial General (Rate "G") Rate Design - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge               | Service Units | Current Rate | Revenue at Current Rate | Proposed Rate | Revenue at Proposed Rate | Increase \$ | Increase % |
|-------------------------|------------------------------|---------------|--------------|-------------------------|---------------|--------------------------|-------------|------------|
| <b>Customer Charges</b> |                              |               |              |                         |               |                          |             |            |
| 1                       | Summer                       | 1,201         | \$ 10.00     | \$ 12,010               | \$ 12.00      | \$ 14,412                | \$ 2,402    | 20.0%      |
| 2                       | Winter                       | 2,405         | \$ 10.00     | \$ 24,050               | \$ 12.00      | \$ 28,860                | \$ 4,810    | 20.0%      |
| 3                       | Total                        | 3,606         |              | \$ 36,060               |               | \$ 43,272                | \$ 7,212    | 20.0%      |
| <b>Energy Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 4                       | Summer                       | 751,752       | \$ 0.2200    | \$ 165,385              | \$ 0.2438     | \$ 183,297               | \$ 17,911   | 10.8%      |
| 5                       | Winter                       | 796,351       | \$ 0.1000    | \$ 79,635               | \$ 0.1108     | \$ 88,260                | \$ 8,624    | 10.8%      |
| 6                       | Total                        | 1,548,103     |              | \$ 245,021              |               | \$ 271,556               | \$ 26,536   | 10.8%      |
| <b>System Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 7                       | Summer Only                  | 379           | \$ 35.00     | \$ 13,265               | \$ 40.00      | \$ 15,160                | \$ 1,895    | 14.3%      |
| 8                       | <b>Subtotal Base Revenue</b> |               |              | \$ 294,346              |               | \$ 329,988               | \$ 35,643   | 12.1%      |
| 9                       | Fuel Surcharge               | 1,548,103     | \$ 0.0944    | \$ 146,108              | \$ 0.0944     | \$ 146,108               | \$ -        | 0.0%       |
| 10                      | <b>Rate "G" Total</b>        |               |              | \$ 440,454              |               | \$ 476,097               | \$ 35,643   | 8.1%       |

**Block Island Power Company**

Docket 3655

**Commercial Demand (Rate "D") Rate Design - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge               | Service Units | Revenue at   |              | Proposed Rate | Revenue at    |               | Increase \$ | Increase % |
|-------------------------|------------------------------|---------------|--------------|--------------|---------------|---------------|---------------|-------------|------------|
|                         |                              |               | Current Rate | Current Rate |               | Proposed Rate | Proposed Rate |             |            |
| <b>Customer Charges</b> |                              |               |              |              |               |               |               |             |            |
| 1                       | Summer                       | 388           | \$ 15.00     | \$ 5,820     | \$ 18.00      | \$ 6,984      | \$ 1,164      | 20.0%       |            |
| 2                       | Winter                       | 774           | \$ 15.00     | \$ 11,610    | \$ 18.00      | \$ 13,932     | \$ 2,322      | 20.0%       |            |
| 3                       | Total                        | 1,162         |              | \$ 17,430    |               | \$ 20,916     | \$ 3,486      | 20.0%       |            |
| <b>Energy Charges</b>   |                              |               |              |              |               |               |               |             |            |
| 4                       | Summer                       | 2,581,350     | \$ 0.1684    | \$ 434,699   | \$ 0.2301     | \$ 593,969    | \$ 159,269    | 36.6%       |            |
| 5                       | Winter                       | 1,962,831     | \$ 0.0840    | \$ 164,878   | \$ 0.1148     | \$ 225,333    | \$ 60,455     | 36.7%       |            |
| 6                       | Total                        | 4,544,181     |              | \$ 599,577   |               | \$ 819,302    | \$ 219,724    | 36.6%       |            |
| <b>Demand Charges</b>   |                              |               |              |              |               |               |               |             |            |
| 7                       | Summer                       | 6,551         | \$ 15.00     | \$ 98,265    | \$ 18.00      | \$ 117,918    | \$ 19,653     | 20.0%       |            |
| 8                       | Winter                       | 6,303         | \$ 5.00      | \$ 31,515    | \$ 6.00       | \$ 37,818     | \$ 6,303      | 20.0%       |            |
| 9                       | Total                        | 12,854        |              | \$ 129,780   |               | \$ 155,736    | \$ 25,956     | 20.0%       |            |
| 10                      | <b>Subtotal Base Revenue</b> |               |              | \$ 746,787   |               | \$ 995,954    | \$ 249,166    | 33.4%       |            |
| 11                      | Fuel Surcharge               | 4,544,181     | \$ 0.0890    | \$ 404,335   | \$ 0.0890     | \$ 404,335    | \$ -          | 0.0%        |            |
| 12                      | <b>Rate "D" Total</b>        |               |              | \$ 1,151,122 |               | \$ 1,400,289  | \$ 249,166    | 21.6%       |            |

**Block Island Power Company**

Docket 3655

**Public (Rate "P") Demand Rate Design - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge               | Service Units | Current Rate | Revenue at Current Rate | Proposed Rate | Revenue at Proposed Rate | Increase \$ | Increase % |
|-------------------------|------------------------------|---------------|--------------|-------------------------|---------------|--------------------------|-------------|------------|
| <b>Customer Charges</b> |                              |               |              |                         |               |                          |             |            |
| 1                       | Summer                       | 72            | \$ 15.00     | \$ 1,080                | \$ 18.00      | \$ 1,296                 | \$ 216      | 20.00%     |
| 2                       | Winter                       | 144           | \$ 15.00     | \$ 2,160                | \$ 18.00      | \$ 2,592                 | \$ 432      | 20.00%     |
| 3                       | Total                        | 216           |              | \$ 3,240                |               | \$ 3,888                 | \$ 648      | 20.00%     |
| <b>Energy Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 4                       | Summer                       | 241,320       | \$ 0.16360   | \$ 39,480               | \$ 0.1775     | \$ 42,834                | \$ 3,354    | 8.50%      |
| 5                       | Winter                       | 459,592       | \$ 0.08180   | \$ 37,595               | \$ 0.0887     | \$ 40,766                | \$ 3,171    | 8.44%      |
| 6                       | Total                        | 700,912       |              | \$ 77,075               |               | \$ 83,600                | \$ 6,526    | 8.47%      |
| <b>Demand Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 7                       | Summer Only                  | 1,350         | \$ 15.00     | \$ 20,250               | \$ 18.00      | \$ 24,300                | \$ 4,050    | 20.00%     |
| 8                       | Winter                       | 2,439         | \$ 5.00      | \$ 12,195               | \$ 6.00       | \$ 14,634                | \$ 2,439    | 20.00%     |
| 9                       | Total                        | 3,789         |              | \$ 32,445               |               | \$ 38,934                | \$ 6,489    | 20.00%     |
| 10                      | <b>Subtotal Base Revenue</b> |               |              | \$ 112,760              |               | \$ 126,422               | \$ 13,663   | 12.12%     |
| 11                      | Fuel Surcharge               | 700,912       | \$ 0.0908    | \$ 63,633               | \$ 0.0908     | \$ 63,633                | \$ -        | 0.00%      |
| 12                      | <b>Rate "P" Demand Total</b> |               |              | \$ 176,392              |               | \$ 190,055               | \$ 13,663   | 7.75%      |



**Block Island Power Company**

Docket 3655

**Public (Rate "P") Non-Demand Rate Design - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge                   | Service Units | Revenue at   |              | Revenue at    |               | Increase |       |
|-------------------------|----------------------------------|---------------|--------------|--------------|---------------|---------------|----------|-------|
|                         |                                  |               | Current Rate | Current Rate | Proposed Rate | Proposed Rate |          |       |
|                         |                                  |               | \$           | \$           | \$            | \$            | %        |       |
| <b>Customer Charges</b> |                                  |               |              |              |               |               |          |       |
| 1                       | Summer                           | 52            | \$ 10.00     | \$ 520       | \$ 12.00      | \$ 624        | \$ 104   | 20.0% |
| 2                       | Winter                           | 104           | \$ 10.00     | \$ 1,040     | \$ 12.00      | \$ 1,248      | \$ 208   | 20.0% |
| 3                       | Total                            | 156           |              | \$ 1,560     |               | \$ 1,872      | \$ 312   | 20.0% |
| <b>Energy Charges</b>   |                                  |               |              |              |               |               |          |       |
| 4                       | Summer                           | 25,947        | \$ 0.2000    | \$ 5,189     | \$ 0.2228     | \$ 5,781      | \$ 592   | 11.4% |
| 5                       | Winter                           | 52,298        | \$ 0.1000    | \$ 5,230     | \$ 0.1114     | \$ 5,826      | \$ 596   | 11.4% |
| 6                       | Total                            | 78,245        |              | \$ 10,419    |               | \$ 11,607     | \$ 1,188 | 11.4% |
| <b>System Charges</b>   |                                  |               |              |              |               |               |          |       |
| 7                       | Summer Only                      | 24            | \$ 37.50     | \$ 900       | \$ 40.00      | \$ 960        | \$ 60    | 6.7%  |
| 8                       | <b>Subtotal Base Revenue</b>     |               |              | \$ 12,879    |               | \$ 14,439     | \$ 1,560 | 12.1% |
| 9                       | Fuel Surcharge                   | 78,245        | \$ 0.0908    | \$ 7,104     | \$ 0.0908     | \$ 7,104      | \$ -     | 0.0%  |
| 10                      | <b>Rate "P" Non-Demand Total</b> |               |              | \$ 19,983    |               | \$ 21,543     | \$ 1,560 | 7.8%  |

**Block Island Power Company**  
Docket 3655

**Street Light (Rate "S") Rate Design - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No | Type of Charge        | Service Units | Revenue at   |              | Proposed Rate | Revenue at    |               | Increase |
|-------|-----------------------|---------------|--------------|--------------|---------------|---------------|---------------|----------|
|       |                       |               | Current Rate | Current Rate |               | Proposed Rate | Proposed Rate |          |
|       |                       |               | \$           | \$           | \$            | \$            | \$            | %        |
| 1     | Lamp Charge           | 852           | \$ 15.45     | \$ 13,163    | \$ 16.05      | \$ 13,675     | \$ 511        | 3.9%     |
| 2     | Energy Charge         | 44,238        | \$ -         | \$ -         | \$ 0.0640     | \$ 2,831      | \$ 2,831      | NM       |
| 3     | Subtotal Base Revenue |               |              | \$ 13,163    |               | \$ 16,506     | \$ 3,342      | 25.4%    |
| 4     | Fuel Surcharge        | 44,238 *      | \$ -         | \$ -         | \$ 0.0852     | \$ 3,769      | \$ 3,769      | NM       |
| 5     | <b>Rate "S" Total</b> |               |              | \$ 13,163    |               | \$ 20,275     | \$ 7,112      | 54.0%    |

\* Not applicable under current rates.

**Block Island Power Company**  
Docket 3655

**Revenue Increase by Type of Charge - Division Rate Design & BIPCo Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No | Rate Classification                  | Billing Units | Current Revenue     | Proposed Revenue    | Increase \$       | Increase %   |
|-------|--------------------------------------|---------------|---------------------|---------------------|-------------------|--------------|
| 1     | Total Customer Charge Revenue        | 20,811        | \$ 215,000          | \$ 258,000          | \$ 43,000         | 20.0%        |
| 2     | Total Energy Charge Revenue          | 11,189,069    | \$ 1,480,567        | \$ 1,862,081        | \$ 381,513        | 25.8%        |
| 3     | Total Demand Charge Revenue          | 16,643        | \$ 162,225          | \$ 194,670          | \$ 32,445         | 20.0%        |
| 4     | Total System Charge Revenue          | 1,939         | \$ 41,045           | \$ 46,840           | \$ 5,795          | 14.1%        |
| 5     | Total Street Lighting Charge Revenue | 852           | \$ 13,163           | \$ 13,675           | \$ 511            | 3.9%         |
| 6     | Total Revenue from Sales             |               | <b>\$ 1,912,001</b> | <b>\$ 2,375,265</b> | <b>\$ 463,265</b> | <b>24.2%</b> |
| 7     | Fuel Surcharge                       | 11,189,069    | \$ 1,017,653        | \$ 1,021,422        | \$ 3,769 #        | 0.4%         |
| 8     | Late Charge Revenue                  |               | \$ 15,499           | \$ 15,499           | \$ -              | 0.0%         |
| 9     | Other Revenue                        |               | \$ 181,758 *        | \$ 181,758          | \$ -              | 0.0%         |
| 10    | <b>TOTAL REVENUE</b>                 |               | <b>\$ 3,126,911</b> | <b>\$ 3,593,944</b> | <b>\$ 467,034</b> | <b>14.9%</b> |

\* Other Revenue (Per Catlin TSC-1, page 1 of 2)

|                         |            |
|-------------------------|------------|
| Removal for Non-Payment | \$ 550     |
| Interest Income         | \$ 1,489   |
| Rent - Lease            | \$ 175,719 |
| Miscellaneous Revenue   | \$ 4,000   |
| Total                   | \$ 181,758 |

# Fuel Surcharge revenue from Street Lighting would result in minor reductions in Fuel Surcharges for other classes.

**Block Island Power Company**  
Docket 3655

**Rate Design Summary - Division Rate Design & Division Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No | Rate Classification                    | Annual KWH | Base Revenue  |                |             | Total Revenue |                |             |        |
|-------|--|------------|---------------|----------------|-------------|---------------|----------------|-------------|--------|
|       |  |            | Current Rates | Proposed Rates | Increase \$ | Current Rates | Proposed Rates | Increase \$ |        |
| 1     | Residential Service Rate "R"           | 4,273,390  | \$ 732,066    | \$ 799,632     | \$ 67,566   | \$ 1,128,539  | \$ 1,196,105   | \$ 67,566   | 5.99%  |
| 2     | Commercial General Service - Rate "G"  | 1,548,103  | \$ 294,346    | \$ 309,435     | \$ 15,089   | \$ 440,454    | \$ 455,543     | \$ 15,089   | 3.43%  |
| 3     | Commercial Demand Service - Rate "D"   | 4,544,181  | \$ 746,787    | \$ 850,532     | \$ 103,745  | \$ 1,151,122  | \$ 1,254,867   | \$ 103,745  | 9.01%  |
| 4     | Public Authority Demand - Rate "P"     | 700,912    | \$ 112,760    | \$ 118,519     | \$ 5,760    | \$ 176,392    | \$ 182,152     | \$ 5,760    | 3.27%  |
| 5     | Public Authority Non-Demand - Rate "P" | 78,245     | \$ 12,879     | \$ 13,546      | \$ 667      | \$ 19,983     | \$ 20,649      | \$ 667      | 3.34%  |
| 6     | Street Lighting Service - Rate "S"     | 44,238 *   | \$ 13,163     | \$ 14,572      | \$ 1,408    | \$ 13,163     | \$ 18,341      | \$ 5,177    | 39.33% |
| 7     | Total Revenue from Sales               | 11,144,831 | \$ 1,912,001  | \$ 2,106,236   | \$ 194,235  | \$ 2,929,654  | \$ 3,127,657   | \$ 198,004  | 6.76%  |
| 8     | Other Revenue                          |            | \$ 197,105    | \$ 197,105     | \$ -        | \$ 197,105    | \$ 197,105     | \$ -        | 0.00%  |
| 9     | <b>TOTAL REVENUE</b>                   |            | \$ 2,109,106  | \$ 2,303,341   | \$ 194,235  | \$ 3,126,759  | \$ 3,324,762   | \$ 198,004  | 6.33%  |

\* Not applicable under current rates.

**Block Island Power Company**

Docket 3655

**Residential (Rate "R") Rate Design - Division Rate Design & Division Revenue Requirement**  
*Rate Year - Current Seasonal Period Definitions*

| Ln No                   | Type of Charge               | Service Units | Current Rate | Revenue at   |               | Proposed Rate | Revenue at Proposed Rate | Increase    |   |
|-------------------------|------------------------------|---------------|--------------|--------------|---------------|---------------|--------------------------|-------------|---|
|                         |                              |               |              | Current Rate | Proposed Rate |               |                          | \$          | % |
| <b>Customer Charges</b> |                              |               |              |              |               |               |                          |             |   |
| 1                       | Summer                       | 5,200         | \$ 10.00     | \$ 52,000    | \$ 11.00      | \$ 57,200     | \$ 5,200                 | 10.0%       |   |
| 2                       | Winter                       | 10,471        | \$ 10.00     | \$ 104,710   | \$ 11.00      | \$ 115,181    | \$ 10,471                | 10.0%       |   |
| 3                       | Total                        | 15,671        |              | \$ 156,710   |               | \$ 172,381    | \$ 15,671                | 10.0%       |   |
| <b>Energy Charges</b>   |                              |               |              |              |               |               |                          |             |   |
| 4                       | Summer                       | 1,931,232     | \$ 0.1945    | \$ 375,625   | \$ 0.2115     | \$ 408,456    | \$ 32,831                | 8.7%        |   |
| 5                       | Winter                       | 2,342,158     | \$ 0.0738    | \$ 172,851   | \$ 0.0803     | \$ 188,075    | \$ 15,224                | 8.8%        |   |
| 6                       | Total                        | 4,273,390     |              | \$ 548,476   |               | \$ 596,531    | \$ 48,055                | 8.8%        |   |
| <b>System Charges</b>   |                              |               |              |              |               |               |                          |             |   |
| 7                       | Summer Only                  | 1,536         | \$ 17.50     | \$ 26,880    | \$ 20.00      | \$ 30,720     | \$ 3,840                 | 14.3%       |   |
| 8                       | <b>Subtotal Base Revenue</b> |               |              | \$ 732,066   |               | \$ 799,632    | \$ 67,566                | <b>9.2%</b> |   |
| 9                       | Fuel Surcharge               | 4,273,390     | \$ 0.0928    | \$ 396,473   | \$ 0.0928     | \$ 396,473    | \$ -                     | 0.0%        |   |
| 10                      | <b>Rate "R" Total</b>        |               |              | \$ 1,128,539 |               | \$ 1,196,105  | \$ 67,566                | 6.0%        |   |

**Block Island Power Company**

Docket 3655

**Commercial General (Rate "G") Rate Design - Division Rate Design & Division Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge               | Service Units | Current Rate | Revenue at Current Rate | Proposed Rate | Revenue at Proposed Rate | Increase \$ | Increase % |
|-------------------------|------------------------------|---------------|--------------|-------------------------|---------------|--------------------------|-------------|------------|
| <b>Customer Charges</b> |                              |               |              |                         |               |                          |             |            |
| 1                       | Summer                       | 1,201         | \$ 10.00     | \$ 12,010               | \$ 11.00      | \$ 13,211                | \$ 1,201    | 10.0%      |
| 2                       | Winter                       | 2,405         | \$ 10.00     | \$ 24,050               | \$ 11.00      | \$ 26,455                | \$ 2,405    | 10.0%      |
| 3                       | Total                        | 3,606         |              | \$ 36,060               |               | \$ 39,666                | \$ 3,606    | 10.0%      |
| <b>Energy Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 4                       | Summer                       | 751,752       | \$ 0.2200    | \$ 165,385              | \$ 0.2295     | \$ 172,497               | \$ 7,112    | 4.3%       |
| 5                       | Winter                       | 796,351       | \$ 0.1000    | \$ 79,635               | \$ 0.1043     | \$ 83,059                | \$ 3,424    | 4.3%       |
| 6                       | Total                        | 1,548,103     |              | \$ 245,021              |               | \$ 255,556               | \$ 10,536   | 4.3%       |
| <b>System Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 7                       | Summer Only                  | 379           | \$ 35.00     | \$ 13,265               | \$ 37.50      | \$ 14,213                | \$ 948      | 7.1%       |
| 8                       | <b>Subtotal Base Revenue</b> |               |              | \$ 294,346              |               | \$ 309,435               | \$ 15,089   | 5.1%       |
| 9                       | Fuel Surcharge               | 1,548,103     | \$ 0.0944    | \$ 146,108              | \$ 0.0944     | \$ 146,108               | \$ -        | 0.0%       |
| 10                      | <b>Rate "G" Total</b>        |               |              | \$ 440,454              |               | \$ 455,543               | \$ 15,089   | 3.4%       |

**Block Island Power Company**

Docket 3655

**Commercial Demand (Rate "D") Rate Design - Division Rate Design & Division Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge               | Service Units | Revenue at   |              | Proposed Rate |               | Increase   |       |
|-------------------------|------------------------------|---------------|--------------|--------------|---------------|---------------|------------|-------|
|                         |                              |               | Current Rate | Current Rate | Proposed Rate | Proposed Rate | \$         | %     |
| <b>Customer Charges</b> |                              |               |              |              |               |               |            |       |
| 1                       | Summer                       | 388           | \$ 15.00     | \$ 5,820     | \$ 16.50      | \$ 6,402      | \$ 582     | 10.0% |
| 2                       | Winter                       | 774           | \$ 15.00     | \$ 11,610    | \$ 16.50      | \$ 12,771     | \$ 1,161   | 10.0% |
| 3                       | Total                        | 1,162         |              | \$ 17,430    |               | \$ 19,173     | \$ 1,743   | 10.0% |
| <b>Energy Charges</b>   |                              |               |              |              |               |               |            |       |
| 4                       | Summer                       | 2,581,350     | \$ 0.1684    | \$ 434,699   | \$ 0.1965     | \$ 507,235    | \$ 72,536  | 16.7% |
| 5                       | Winter                       | 1,962,831     | \$ 0.0840    | \$ 164,878   | \$ 0.0924     | \$ 181,366    | \$ 16,488  | 10.0% |
| 6                       | Total                        | 4,544,181     |              | \$ 599,577   |               | \$ 688,601    | \$ 89,024  | 14.8% |
| <b>Demand Charges</b>   |                              |               |              |              |               |               |            |       |
| 7                       | Summer                       | 6,551         | \$ 15.00     | \$ 98,265    | \$ 16.50      | \$ 108,092    | \$ 9,827   | 10.0% |
| 8                       | Winter                       | 6,303         | \$ 5.00      | \$ 31,515    | \$ 5.50       | \$ 34,667     | \$ 3,152   | 10.0% |
| 9                       | Total                        | 12,854        |              | \$ 129,780   |               | \$ 142,758    | \$ 12,978  | 10.0% |
| 10                      | <b>Subtotal Base Revenue</b> |               |              | \$ 746,787   |               | \$ 850,532    | \$ 103,745 | 13.9% |
| 11                      | Fuel Surcharge               | 4,544,181     | \$ 0.0890    | \$ 404,335   | \$ 0.0890     | \$ 404,335    | \$ -       | 0.0%  |
| 12                      | <b>Rate "D" Total</b>        |               |              | \$ 1,151,122 |               | \$ 1,254,867  | \$ 103,745 | 9.0%  |

**Block Island Power Company**

Docket 3655

**Public (Rate "P") Demand Rate Design - Division Rate Design & Division Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge               | Service Units | Current Rate | Revenue at Current Rate | Proposed Rate | Revenue at Proposed Rate | Increase \$ | Increase % |
|-------------------------|------------------------------|---------------|--------------|-------------------------|---------------|--------------------------|-------------|------------|
| <b>Customer Charges</b> |                              |               |              |                         |               |                          |             |            |
| 1                       | Summer                       | 72            | \$ 15.00     | \$ 1,080                | \$ 16.50      | \$ 1,188                 | \$ 108      | 10.00%     |
| 2                       | Winter                       | 144           | \$ 15.00     | \$ 2,160                | \$ 16.50      | \$ 2,376                 | \$ 216      | 10.00%     |
| 3                       | Total                        | 216           |              | \$ 3,240                |               | \$ 3,564                 | \$ 324      | 10.00%     |
| <b>Energy Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 4                       | Summer                       | 241,320       | \$ 0.16360   | \$ 39,480               | \$ 0.1683     | \$ 40,614                | \$ 1,134    | 2.87%      |
| 5                       | Winter                       | 459,592       | \$ 0.08180   | \$ 37,595               | \$ 0.0841     | \$ 38,652                | \$ 1,057    | 2.81%      |
| 6                       | Total                        | 700,912       |              | \$ 77,075               |               | \$ 79,266                | \$ 2,191    | 2.84%      |
| <b>Demand Charges</b>   |                              |               |              |                         |               |                          |             |            |
| 7                       | Summer Only                  | 1,350         | \$ 15.00     | \$ 20,250               | \$ 16.50      | \$ 22,275                | \$ 2,025    | 10.00%     |
| 8                       | Winter                       | 2,439         | \$ 5.00      | \$ 12,195               | \$ 5.50       | \$ 13,415                | \$ 1,220    | 10.00%     |
| 9                       | Total                        | 3,789         |              | \$ 32,445               |               | \$ 35,690                | \$ 3,245    | 10.00%     |
| 10                      | <b>Subtotal Base Revenue</b> |               |              | \$ 112,760              |               | \$ 118,519               | \$ 5,760    | 5.11%      |
| 11                      | Fuel Surcharge               | 700,912       | \$ 0.0908    | \$ 63,633               | \$ 0.0908     | \$ 63,633                | \$ -        | 0.00%      |
| 12                      | <b>Rate "P" Demand Total</b> |               |              | \$ 176,392              |               | \$ 182,152               | \$ 5,760    | 3.27%      |



**Block Island Power Company**

Docket 3655

**Public (Rate "P") Non-Demand Rate Design - Division Rate Design & Division Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No                   | Type of Charge                   | Service Units | Current Rate | Revenue at Current Rate | Proposed Rate | Revenue at Proposed Rate | Increase \$ | Increase % |
|-------------------------|----------------------------------|---------------|--------------|-------------------------|---------------|--------------------------|-------------|------------|
| <b>Customer Charges</b> |                                  |               |              |                         |               |                          |             |            |
| 1                       | Summer                           | 52            | \$ 10.00     | \$ 520                  | \$ 11.00      | \$ 572                   | \$ 52       | 10.0%      |
| 2                       | Winter                           | 104           | \$ 10.00     | \$ 1,040                | \$ 11.00      | \$ 1,144                 | \$ 104      | 10.0%      |
| 3                       | Total                            | 156           |              | \$ 1,560                |               | \$ 1,716                 | \$ 156      | 10.0%      |
| <b>Energy Charges</b>   |                                  |               |              |                         |               |                          |             |            |
| 4                       | Summer                           | 25,947        | \$ 0.2000    | \$ 5,189                | \$ 0.2098     | \$ 5,444                 | \$ 254      | 4.9%       |
| 5                       | Winter                           | 52,298        | \$ 0.1000    | \$ 5,230                | \$ 0.1049     | \$ 5,486                 | \$ 256      | 4.9%       |
| 6                       | Total                            | 78,245        |              | \$ 10,419               |               | \$ 10,930                | \$ 511      | 4.9%       |
| <b>System Charges</b>   |                                  |               |              |                         |               |                          |             |            |
| 7                       | Summer Only                      | 24            | \$ 37.50     | \$ 900                  | \$ 37.50      | \$ 900                   | \$ -        | 0.0%       |
| 8                       | <b>Subtotal Base Revenue</b>     |               |              | \$ 12,879               |               | \$ 13,546                | \$ 667      | 5.2%       |
| 9                       | Fuel Surcharge                   | 78,245        | \$ 0.0908    | \$ 7,104                | \$ 0.0908     | \$ 7,104                 | \$ -        | 0.0%       |
| 10                      | <b>Rate "P" Non-Demand Total</b> |               |              | \$ 19,983               |               | \$ 20,649                | \$ 667      | 3.3%       |

**Street Light (Rate "S") Rate Design - Division Rate Design & Division Revenue Requirement**  
Rate Year - Current Seasonal Period Definitions

| Ln No | Type of Charge        | Service Units | Revenue at   |              | Proposed Rate | Proposed Rate | Increase   |        |
|-------|-----------------------|---------------|--------------|--------------|---------------|---------------|------------|--------|
|       |                       |               | Current Rate | Current Rate |               |               | \$         | %      |
| 1     | Lamp Charge           | 852           | \$ 15.45     | \$ 13,163    | \$ 13.78      | \$ 11,741     | \$ (1,423) | -10.8% |
| 2     | Energy Charge         | 44,238        | \$ -         | \$ -         | \$ 0.0640     | \$ 2,831      | \$ 2,831   | NM     |
| 3     | Subtotal Base Revenue |               |              | \$ 13,163    |               | \$ 14,572     | \$ 1,408   | 10.7%  |
| 4     | Fuel Surcharge        | 44,238 *      | \$ -         | \$ -         | \$ 0.0852     | \$ 3,769      | \$ 3,769   | NM     |
| 5     | <b>Rate "S" Total</b> |               |              | \$ 13,163    |               | \$ 18,341     | \$ 5,177   | 39.3%  |

\* Not applicable under current rates.

**Block Island Power Company**

Docket 3655

**Revenue Increase by Type of Charge - Division Rate Design & Division Revenue Requirement**  
*Rate Year - Current Seasonal Period Definitions*

| Ln No | Rate Classification                  | Billing Units | Current Revenue     | Proposed Revenue    | Increase          |              |
|-------|--------------------------------------|---------------|---------------------|---------------------|-------------------|--------------|
|       |                                      |               |                     |                     | \$                | %            |
| 1     | Total Customer Charge Revenue        | 20,811        | \$ 215,000          | \$ 236,500          | \$ 21,500         | 10.0%        |
| 2     | Total Energy Charge Revenue          | 11,189,069    | \$ 1,480,567        | \$ 1,633,715        | \$ 153,148        | 10.3%        |
| 3     | Total Demand Charge Revenue          | 16,643        | \$ 162,225          | \$ 178,448          | \$ 16,223         | 10.0%        |
| 4     | Total System Charge Revenue          | 1,939         | \$ 41,045           | \$ 45,833           | \$ 4,788          | 11.7%        |
| 5     | Total Street Lighting Charge Revenue | 852           | \$ 13,163           | \$ 11,741           | \$ (1,423)        | -10.8%       |
| 6     | Total Revenue from Sales             |               | <b>\$ 1,912,001</b> | <b>\$ 2,106,236</b> | <b>\$ 194,235</b> | <b>10.2%</b> |
| 7     | Fuel Surcharge                       | 11,189,069    | \$ 1,017,653        | \$ 1,021,422        | \$ 3,769 #        | 0.4%         |
| 8     | Late Charge Revenue                  |               | \$ 15,499           | \$ 15,499           | \$ -              | 0.0%         |
| 9     | Other Revenue                        |               | \$ 181,758 *        | \$ 181,758          | \$ -              | 0.0%         |
| 10    | <b>TOTAL REVENUE</b>                 |               | <b>\$ 3,126,911</b> | <b>\$ 3,324,914</b> | <b>\$ 198,004</b> | <b>6.3%</b>  |

\* Other Revenue (Per Catlin TSC-1, page 1 of 2)

|                         |            |
|-------------------------|------------|
| Removal for Non-Payment | \$ 550     |
| Interest Income         | \$ 1,489   |
| Rent - Lease            | \$ 175,719 |
| Miscellaneous Revenue   | \$ 4,000   |
| Total                   | \$ 181,758 |

# Fuel Surcharge revenue from Street Lighting would result in minor reductions in Fuel Surcharges for other classes.