

Prefiled Direct Testimony

Of

David G. Bebyn CPA

For

BLOCK ISLAND POWER COMPANY

Docket #

November 2007

1 **Q. Please state your name and business address for the record.**

2 A. My name is David G. Bebyn CPA and my business address is 21 Dryden Lane,
3 Providence, Rhode Island 02904.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Vice President of B&E Consulting LLC. (B&E). B&E is a CPA firm that
7 specializes in utility regulation, expert rate and accounting testimony, school budget reviews
8 and accounting services.

9

10 **Q. Mr. Bebyn, have you testified as an expert accounting witness prior to this docket?**

11 A. Yes. I have prepared testimony, but was not required to testify in the Block Island Power
12 Company (BIPCo) last rate filing Docket #3655 in support of the adjusted test year, working
13 capital allowance, and rate design. I have prepared testimony and testified in the Pawtucket
14 Water Supply Board's last two rate filing Dockets #3378 & #3497 in support of the adjusted
15 test year. I also prepared testimony and testified in the Providence Water Supply Board's last
16 rate filing Docket #3832 and Woonsocket Water Department's last rate filing Docket #3800 in
17 support of the adjusted test year. In addition, I also prepared testimony but was not required
18 to testify, in Docket #3762 on behalf of Interstate Navigation.

19

20 **Q. What is your educational background?**

21 A. I received my Bachelors of Science Degree in Accounting (BSA) from Rhode Island
22 College. I became a Certified Public Accountant in 2000 after successfully passing the CPA
23 exam.

24

25 **Q. What is the purpose of your testimony?**

26 A. B&E was engaged by BIPCo to provide testimony in support of its rate request. My
27 testimony includes a presentation of the normalized test year (May 31, 2007) and calculation
28 of a working capital allowance.

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30 **Q. Does that conclude your introduction?**

31 A. Yes.

TEST YEAR (May 31, 2007)

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Q. Mr. Bebyn, was the test year audited?

A. No. The fiscal year ending May 31, 2007 is currently being audited by Carlucci & Dugan CPA's and has not been completed to date.

Q. Did you have any involvement in the May 31, 2007 audit?

A. Yes, I prepared documents, gather information and interacted with the outside auditors. In preparing documents for the auditors I personally reviewed all of the year end general ledger account balances and major transactions (revenues and expenses) to assure that amounts were properly recorded.

Q. What adjustments did you make to convert the May 31, 2007 Generally Accepted Accounting Principles (GAAP) basis financial statements to arrive at a normalized "rate basis" test year?

A. I made nine adjustments to the audited test year prepared on a GAAP basis in order to present the test year on a normalized "rate making basis" as follows:

- A. Normalized rental revenues to include a full 12 months at current rates for current renters. In addition, the pole rental revenue from Block Island Cable TV was reclassified to the Pole Rental revenue account. (See DGB-3)
- B. Normalized pole rental revenues to remove one time billings for one time catch-up from prior year unbilled amounts. Pole rental income in the test year reflects efforts made by Mr. Wagner before he retired to get all the pole rental revenue current. His efforts resulted in a one time catch-up of pole rental revenue from the telephone and cable companies. (See DGB-4)
- C. Removed one time revenue for the reimbursement of expenses paid by BIPCo regarding the sale of land. This revenue was included in miscellaneous revenues.
- D. Reclassified payroll expenses to their proper accounts.

- 1 E. Reclassified outside service from one general account to multiple accounts created to
2 address specific areas of service. Removed one time expense for services provided
3 regarding the sale of land.
- 4 F. Normalized pension expense to reflect 12 months for all five pension recipients.
- 5 G. Normalized employee benefits to include a full 12 months dental insurance (\$893) and
6 a full year of reimbursement of medical insurance (\$1,995). In addition, non-medical
7 insurance expense (\$155) was reclassified to a miscellaneous expense account.
- 8 H. Reclassified accounting expenses from one general account to multiple accounts
9 created to address specific areas of service.
- 10 I. Reclassified the portion gross receipts tax which is charged against fuel revenues.
11 Reduced the remaining portion of gross receipts tax for the reduction of revenues
12 resulting from Test Year adjustments.

13

14 **Q. Mr. Bebyn, in your professional opinion does your adjusted test year present a**
15 **proper normalized test year?**

16 A. Yes, I believe that the adjusted, normalized test year that I have prepared for this filing
17 (DGB-1) fairly presents the operations of BIPCo in a normal year on a ratemaking basis at
18 currently approved rates.

19

20 **Q. Did you complete any other reviews to prepare your test year adjustments?**

21 A. Yes, I did. I prepared a five-year analysis of the actual (audited) revenue and expenses for
22 the years 2003, 2004, 2005, 2006 & 2007 (See DGB-2). Major variances were investigated to
23 determine if an adjustment was needed. If so, I discussed these items with Mr. Edge to decide
24 if it required a test year or rate year adjustment.

25

26 **Q. Does that conclude your testimony of the test year?**

27 A. Yes.

28

29 **Q. What would you like to discuss next?**

30 A. I would like to review my calculations for working capital.

1 Working Capital

2
3 **Q. How did you calculate working capital?**

4 A. This was a well contested issue in the last docket. The Company completed a lead lag
5 study and requested a working capital amount of \$190,197. The Division suggested a
6 number of changes and BIPCo accepted the Division's changes and agreed to accept a
7 working capital allowance of \$113,753. I used the Division's modified working capital
8 model adjusted for two changes for this filing.

9
10 **Q. What changes are you recommending to the working capital model?**

11 A. The first change is the inclusion in gross receipt tax for the tax calculated on the increase
12 in revenue requirement resulting from the new rates. This value was obtained from Mr.
13 Edge's Schedule WEE-1. The other change I am recommend, is to include a working capital
14 allowance on fuel and fuel related expenses.

15
16 **Q. Mr. Bebyn does the Fuel Adjustment Clause (FAC) include a provision for working
17 capital?**

18 A. No. The FAC does provide for a return on the carrying value for the ending fuel
19 inventory, however, this is not the same as a working capital allowance. The working capital
20 analysis addresses the extended lag from fuel being purchased in one month but not recovered
21 in the FAC until two months later. This return on inventory in the FAC does not address the
22 9.62 net lag to pay for the fuel and fuel related expenses.

23
24 **Q. Please describe your Working Capital schedules.**

25 A. There are six schedules. These schedules are:

- 26
27 • **Schedule DGB-6** This schedule presents a summary of working capital
28 calculated.
29 • **Schedule DGB-7** This schedule presents the average daily expense for
30 fuel and fuel related expenses, as well as, the average daily expense for

1 gross receipts tax calculated fuel revenue. The test year expenses were
2 used for this because no rate year values were projected.

- 3 • **Schedule DGB-8** This schedule presents the calculation to support the
4 Revenue lag which was then used on schedule DGB-6.
- 5 • **Schedule DGB-9** This schedule presents the calculation to support the
6 expense lag for operating expenses payment which was then used on
7 schedule DGB-6.
- 8 • **Schedule DGB-10** This schedule presents the calculation to support the
9 expense lead for gross receipts tax expense which was then used on
10 schedule DGB-6.
- 11 • **Schedule DGB-11** This schedule presents the calculation to support the
12 expense lag for interest expense which was then used on schedule DGB-6.

13

14 **Q. What is your projected working capital?**

15 A. I have projected \$165,382 as shown on Schedule DGB-6.

16

17 **Q. Does that conclude your testimony?**

18 A. Yes.

**STATE OF RHODE ISLAND
PROVIDENCE, SC**

**PUBLIC UTILITIES
COMMISSION**

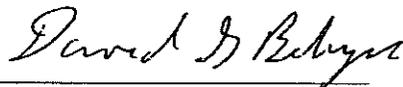
**IN RE:
BLOCK ISLAND POWER
COMPANY:**

Docket No: _____

ATTESTATION

OF FINANCIAL DATA PURSUANT TO RULE 2.7

I David Bebyn, CPA, Vice President of B & E Consulting, L.L.C. and assistant bookkeeper, for the Block Island Power Company (signing on behalf of the financial officer), do hereby attest to the accuracy of the test year financial data presented in the cost of service and other financial statements; that such data purports to reflect the books of the company, and the results of operations; and that all differences between the books and the test year data, and any changes in the manner or recording an item on the Company's books during the test year, have been expressly noted.



Dated November 8, 2007

ADJUSTED TEST YEAR
BLOCK ISLAND POWER COMPANY

Schedule DGB-1

ACCT. #	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 5/31/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
REVENUE				
<i>Operating Revenue---Electricity Charges</i>				
4440.0001	Residential sales	\$ 607,748		\$ 607,748
4442.0001	Commercial sales	251,453		251,453
4443.0001	Demand Electric	651,848		651,848
4444.0001	Public streets & highway	112,860		112,860
4445.0001	Other public authorities	12,684		12,684
4500.0001	Demand - all rates	188,004		188,004
4600.0000	System Charge	43,158		43,158
<i>Total Operating Revenue---Electricity Charges</i>		1,867,755	0	1,867,755
<i>Operating Revenue---Fuel Surcharge</i>				
4440.0003	Residential Fuel	848,294		848,294
4442.0003	Commercial Fuel	313,247		313,247
4443.0003	Demand Fuel	852,053		852,053
4444.0003	Public Authority Fuel	179,964		179,964
<i>Total Operating Revenue---Fuel Surcharge</i>		2,193,557	0	2,193,557
<i>Operating Revenue---Service Charges</i>				
4451.0002	Removal Non Payment	0		0
4500.0000	Customer Charge	237,490		237,490
5431.0201	Conection Charges	0		0
<i>Total Operating Revenue---Service Charges</i>		237,490	0	237,490
<i>Other Revenue</i>				
5421.0201	Interest income	2,679		2,679
5421.0301	Rent - lease	166,720	(A) (16,072)	150,648
5421.0401	Pole Rental Income	69,604	(B) (54,355)	15,249
7431.0221	Biller Penalty	21,148		21,148
<i>Total Other Revenue</i>		260,151	(70,427)	189,724
Miscellaneous Revenue				
		17,592	(C) (16,464)	1,128
TOTAL REVENUE		\$ 4,576,546	\$ (86,891)	\$ 4,489,655

**ADJUSTED TEST YEAR
BLOCK ISLAND POWER COMPANY**

Schedule DGB-1

ACCT. #	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 5/31/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
EXPENSES				
<i>Operating Expense--Power Production</i>				
5546.0001	Supervision P/R (Payroll) Only	\$ 22,232		\$ 22,232
5547.0001	Fuel	1,900,558		1,900,558
4500.0100	Fuel Discounts	0		0
5440.0001	IRP & DSM Surcharge Funding	54,190		54,190
5547.0101	Fuel Handling Plant P/R Only	807		807
5547.0102	Fuel Procurement P/R Only	0		0
5547.0301	Inventory Charge	394		394
5547.0401	Fuel Procurement	107,078		107,078
5548.0001	Watchman P/R Only	107,957		107,957
5548.1001	Lubrication	24,747		24,747
5549.0001	Freight	0		0
5549.0201	Inside Maint. P/R Only	73,331		73,331
5549.0401	Misc. Costs Power Gen Exp	0		0
5549.1001	Misc Cost	0		0
5550.0101	Auto Repair	4,939		4,939
5550.0201	Purchased Power	3,740		3,740
5905.0001	Miscellaneous	1,544		1,544
5935.0905	UREA EXPENSE	26,022		26,022
<i>Total Operating Expense--Power Production</i>		2,327,539	0	2,327,539
<i>Operating Expense--Distribution</i>				
5581.0001	Supervision - P/R Only	23,005		23,005
5583.0001	Overhead lines - P/R Only	45,365		45,365
5583.0002	Overhead lines	0		0
5584.0001	Underground line P/R Only	38		38
5585.0001	ST Lights & Sign P/R only	376		376
5586.0001	Meters - P/R Only	1,927		1,927
5586.0002	Meters	0		0
5587.0001	Customer install. P/R	252		252
5588.0001	Misc. Distrib. P/R	6,005		6,005
5588.0002	Misc. Distrib. Expense	51,074		51,074
5935.0301	Lease - motor vehicle	24,407		24,407
<i>Total Operating Expense--Distribution</i>		152,448	0	152,448
<i>Operating Expense--Customer Service</i>				
5902.0001	Meter reading - P/R Only	9,236		9,236
5903.0001	Rec. & collection - P/R	17,610		17,610
5916.0001	Conservation/Education	0		0
<i>Total Operating Expense--Customer Service</i>		26,846	0	26,846
<i>Operating Expense--Administrative</i>				
5903.0002	Bad Debt	3,183		3,183
5920.0201	Office salaries - P/R	16,930		16,930
5920.0211	Management Fee	0		0
5920.0212	MANAGEMENT FEE BONUS	0		0
5920.0205	Accrued Vacation	913		913
5920.0401	Vacation Pay - P/R Only	22,561		22,561

**ADJUSTED TEST YEAR
BLOCK ISLAND POWER COMPANY**

Schedule DGB-1

ACCT. #	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 5/31/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Operating Expense---Administrative (Continued)</i>				0
5920.0501	Bonus - P/R Only	9,490	(D) (122)	9,368
5920.0502	Bonus-Non P/R	0	(D) 122	122
5920.0601	Holiday Pay - P/R only	5,765		5,765
5920.0701	Holiday Not Worked - P/R Only	10,692		10,692
5920.0801	Sick Leave Pay - P/R Only	6,044		6,044
5920.0901	Personal Pay - P/R Only	3,227		3,227
5920.0902	President's Compensation	72,000		72,000
5920.0903	CFO Compensation	48,000		48,000
5920.0904	COO Compensation	48,000		48,000
5921.0001	Office supplies and Expen	37,083		37,083
5921.0201	Trash Removal	10,307		10,307
5923.0001	O/S-Outside Services	120,101	(E) (120,101)	0
5923.0002	O/S-Miscellaneous	0	(E) 5,861	5,861
5923.0004	O/S-Accountant-General	0	(E) 12,993	12,993
5923.0005	O/S-Accountant-Regulatory	0	(E) 22,995	22,995
5923.0006	O/S-Accountant-Financing	0	(E) 10,374	10,374
5923.0015	O/S-Accountant and Legal-RUS	0	(E) 33,160	33,160
5923.0016	O/S-Legal-General	0	(E) 4,850	4,850
5923.0017	O/S-Legal-Regulatory	0	(E) 24,626	24,626
5923.0018	O/S-Legal-Financing	0	(E) 5,242	5,242
5923.0019	O/S-Legal-Sale of Property	31,268	(E) (31,268)	(0)
5923.0020	O/S-Legal-Zoning	1,202	(E) (1,202)	(0)
5923.0201	Employee Pension	67,000	(F) 5,000	72,000
5924.0301	General Liability Ins	119,548		119,548
5926.0001	Employee Benefits	139,193	(G) 2,733	141,926
5927.0001	Pension Expense	13,271		13,271
5927.1000	Rate Case Expense	61,835		61,835
5928.0001	Reg Comm Exp	9,507		9,507
5930.0001	Travel And Misc. Expense	5,564	(G) 155	5,719
5930.0002	Rental Expense-Apartment	5,000		5,000
5930.0101	Directors Meetings	7,950		7,950
5933.0001	Accounting	74,868	(H) (74,868)	0
5933.0002	Accounting-Audit	0	(H) 28,638	28,638
5933.0003	Accounting-Board/Annual Mtgs	0	(H) 6,437	6,437
5933.0004	Accounting-Bookkeeping	0	(H) 27,485	27,485
5933.0005	Accounting-Finance Comm & Budg	0	(H) 6,169	6,169
5933.0006	Accounting-Taxes	0	(H) 6,139	6,139
5935.0901	Environmental	66,567		66,567
5935.0902	Clean air compliance	60,822		60,822
5935.0903	Long Range Planning/SystemStdy	0		0
<i>Total Operating Expense---Administrative</i>		1,077,890	(24,583)	1,053,307
<i>Maintenance Expense---Distribution System</i>				
5418.0101	Subcontractor Expense	0		0
5550.0102	Backhoe Repair	524		524
5590.0101	Supervision - P/R Only	22,050		22,050
5592.0001	Station equip	(110)		(110)

**ADJUSTED TEST YEAR
BLOCK ISLAND POWER COMPANY**

Schedule DGB-1

ACCT. #	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 5/31/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Maintenance Expense--Distribution System (Continued)</i>				0
5593.0001	Overhead lines - P/R Only	2,804		2,804
5593.0501	Tree Trimming	6,591		6,591
5593.2001	Transformer Expense	0		0
5594.0001	Underground P/R	0		0
5594.0002	Maint Underground Lines	0		0
5596.0001	Street lights&signals P/R	0	(D) 139	139
5596.0002	Maint of Street Lights	139	(D) (139)	0
5597.0001	Meters- P/R only	429		429
5598.0001	Misc	(178)		(178)
<i>Total Maintenance Expense--Distribution System</i>		32,248	0	32,248
<i>Maintenance Expense--Generation System</i>				
5553.0201	Supervision - P/R Only	21,702		21,702
5553.0501	Maint. of Gen & Elect Plt	324		324
5554.0101	Gasoline	17,747		17,747
5555.0001	Misc.	174		174
<i>Total Maintenance Expense--Generation System</i>		39,947	0	39,947
<i>Maintenance Expense--General</i>				
5552.0001	Maintenance of Struct P/R	285	(D) 160	445
5552.0002	Maint. of Structures	5,529	(D) (160)	5,369
5935.0101	maint general plant	2,023		2,023
5935.0201	Small tools	0		0
5935.0501	Tank Testing	0		0
5935.0801	Haz. Wast Store/Remov/Hd	13,399		13,399
5935.2003	Generator #19 maint.	0		0
5935.2030	Uniforms	0		0
5935.2090	SCR Maint	4,485		4,485
5935.2100	SCR & Engine Maint Res.Exp.	0		0
5935.2101	General Maintenance	271		271
5935.2108	Generator #21 Maint	0		0
5935.2111	GENERATOR #22 INSTALL	0		0
5935.2113	GENERATOR # 22 MAINTENANCE	15,793		15,793
5935.2117	Engine #23 Maint	60,079		60,079
5935.2122	Engine #24 Maint	6,930		6,930
5935.2124	ENGINE #25 MAINTENANCE	4,659		4,659
5935.2125	Cellular Tower Maint & Expense	15,532		15,532
<i>Maintenance Expense--General</i>		128,984	0	128,984
<i>Taxes</i>				
6408.0101	Payroll taxes	38,313		38,313
6408.0201	RI Sales taxes	3,730		3,730
6408.0401	Property taxes	15,125		15,125
6408.0501	Registrations	1,792		1,792
6408.0601	RI gross earnings tax	184,452	(I) (91,218)	93,234
	RI gross earnings tax-Fuel Portion	0	(I) 87,742	87,742
<i>Total Taxes</i>		243,412	(3,476)	239,936

**ADJUSTED TEST YEAR
BLOCK ISLAND POWER COMPANY**

Schedule DGB-1

ACCT. #	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 5/31/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Depreciation</i>				
7403.0001	Depreciation expense	302,755	0	302,755
<i>Total Depreciation</i>				
<i>Other Deductions</i>				
5929.0000	Finance Charges	1,080		1,080
7431.0003	Interest On Loan #39903	15,426		15,426
7431.0004	Interest On Loan #39904	2,190		2,190
7431.0005	DIGGER LOAN INTEREST 48141	0		0
7431.0006	Interest on Loan 91125530	56,150		56,150
7431.0007	RUS LOAN INTEREST	157,934		157,934
7431.0201	Interest - Other	0		0
7431.0601	LOC Interest	(6,502)		(6,502)
7431.0901	Federal Income Tax	0		0
7431.0903	Net Change In Deferred Tx	27,213		27,213
7439.0001	MISC-Bank Fees	249		249
7600.0001	Loss(Gain) on Sale of Asset	0		0
7600.0002	(Gain) on sale of asset-Land	0		0
7600.0003	Land sale expenses	0		0
8503.0001	Misc other expenses	304		304
8505.0001	Cond Fees	1,330		1,330
9800.0000	Misc.-Sewer Exp on Rental Prop	0		0
<i>Total Other Deductions</i>		255,373	0	255,373
<i>Dividends</i>				
9999.9997	Dividends	0		0
<i>Total Dividends</i>		0	0	0
TOTAL EXPENSES		4,587,442	(28,058)	4,559,384
NET INCOME		\$ (10,896)	\$ (58,833)	\$ (69,729)

- (A) = Normalized Rental Income DGB-3.
- (B) = Normalized Pole Rental Income DGB-4.
- (C) = Normalized Miscellaneous Income DGB Testimony page 2
- (D) = Reclassify Payroll related expenses to payroll accounts DGB Testimony page 2
- (E) = Reclassify Outside Service expenses DGB Testimony page 3
- (F) = Normalized Employee Pension DGB-5.
- (G) = Normalize Employee Benefits DGB Testimony page 3
- (H) = Reclassify Accounting Expenses DGB Testimony page 3
- (I) = Reclassify Gross Receipts Tax by Revenue Source DGB Testimony page 3

FIVE YEAR COMPARISON OF REVENUES & EXPENSES
BLOCK ISLAND POWER COMPANY

Schedule DGB-2

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL
REVENUE						
<i>Operating Revenue---Electricity Charges</i>						
4440.0001	Residential sales	\$ 494,777	\$ 517,464	\$ 532,596	\$ 613,191	\$ 607,748
4442.0001	Commercial sales	227,091	231,167	227,978	246,786	251,453
4443.0001	Demand Electric	567,910	565,676	565,572	658,429	651,848
4444.0001	Public streets & highway	80,145	82,547	83,329	105,195	112,860
4445.0001	Other public authorities	12,422	12,422	12,422	12,545	12,684
4500.0001	Demand - all rates	159,452	153,045	160,929	184,458	188,004
4600	System Charge	37,940	38,728	31,550	50,768	43,158
<i>Total Operating Revenue---Electricity Charges</i>		1,579,738	1,601,049	1,614,376	1,871,373	1,867,755
<i>Operating Revenue---Fuel Surcharge</i>						
4440.0003	Residential Fuel	334,352	374,056	541,590	784,156	848,294
4442.0003	Commercial Fuel	130,689	137,847	197,158	285,044	313,247
4443.0003	Demand Fuel	360,823	381,473	529,449	775,290	852,053
4444.0003	Public Authority Fuel	61,050	66,737	101,305	162,045	179,964
<i>Total Operating Revenue---Fuel Surcharge</i>		886,913	960,113	1,369,502	2,006,535	2,193,557
<i>Operating Revenue---Service Charges</i>						
4451.0002	Removal Non Payment	950	550	700	-	-
4500	Customer Charge	204,135	206,585	210,450	234,702	237,490
5431.0201	Conection Charges	-	-	444	-	-
<i>Total Operating Revenue---Service Charges</i>		205,085	207,135	211,594	234,702	237,490
<i>Other Revenue</i>						
5421.0201	Interest income	3,873	1,489	1,394	1,454	2,679
5421.0301	Rent - lease	147,570	167,661	188,806	181,605	166,720
5421.0401	Pole Rental Income	-	-	-	-	69,604
7431.0221	Biller Penalty	18,706	15,499	18,256	22,048	21,148
<i>Total Other Revenue</i>		170,150	184,650	208,456	205,107	260,151
<i>Miscellaneous Revenue</i>						
		3,913	3,848	2,121	49,580	17,592
TOTAL REVENUE		\$ 2,845,799	\$ 2,956,795	\$ 3,406,048	\$ 4,367,297	\$ 4,576,546

FIVE YEAR COMPARISON OF REVENUES & EXPENSES
BLOCK ISLAND POWER COMPANY

Schedule DGB-2

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL
EXPENSES						
<i>Operating Expense--Power Production</i>						
5546.0001	Supervision P/R (Payroll) Only	16,317	16,742	18,781	26,086	22,232
5547.0001	Fuel	751,739	807,262	1,196,661	1,741,847	1,900,558
4500.0100	Fuel Discounts	(6,903)	(8,497)	(9,292)	-	-
5440.0001	IRP & DSM Surcharge Funding	-	-	-	58,645	54,190
5547.0101	Fuel Handling Plant P/R Only	2,522	3,276	2,831	7,184	807
5547.0102	Fuel Procurement P/R Only	9,655	10,108	8,213	1,338	-
5547.0301	Inventory Charge	2,659	8,555	19,538	3,105	394
5547.0401	Fuel Procurement	72,973	86,104	84,436	114,106	107,078
5548.0001	Watchman P/R Only	108,486	115,866	118,234	111,527	107,957
5548.1001	Lubrication	21,209	17,159	17,212	22,586	24,747
5549.0001	Freight	1,957	1,911	2,026	1,092	-
5549.0201	Inside Maint. P/R Only	58,851	66,065	63,130	81,760	73,331
5549.0401	Misc. Costs Power Gen Exp	3,004	5,907	1,977	-	-
5549.1001	Misc Cost	201	250	72	-	-
5550.0101	Auto Repair	3,877	3,612	18,020	11,041	4,939
5550.0201	Purchased Power	1,821	889	2,497	1,093	3,740
5905.0001	Miscellaneous	-	588	1,300	515	1,544
5935.0905	UREA EXPENSE	18,748	36,034	38,814	31,672	26,022
<i>Total Operating Expense--Power Production</i>		1,067,117	1,171,832	1,584,447	2,213,597	2,327,540
<i>Operating Expense--Distribution</i>						
5581.0001	Supervision - P/R Only	17,357	17,356	19,262	26,407	23,005
5583.0001	Overhead lines - P/R Only	44,674	33,260	5,442	12,563	45,365
5583.0002	Overhead lines	7,855	8,950	1,111	395	-
5584.0001	Underground line P/R Only	301	-	601	-	38
5585.0001	ST Lights & Sign P/R only	-	157	-	39	376
5586.0001	Meters - P/R Only	156	78	252	179	1,927
5586.0002	Meters	305	962	355	-	-
5587.0001	Customer install. P/R	129	196	239	39	252
5588.0001	Misc. Distrib. P/R	227	556	248	552	6,005
5588.0002	Misc. Distrib. Expense	4,435	4,428	129,830	134,728	51,074
5935.0301	Lease - motor vehicle	27,262	26,895	27,314	24,513	24,407
<i>Total Operating Expense--Distribution</i>		102,701	92,837	184,653	199,415	152,448
<i>Operating Expense--Customer Service</i>						
5902.0001	Meter reading - P/R Only	8,669	10,290	10,381	8,981	9,236
5903.0001	Rec. & collection - P/R	15,258	14,732	17,223	16,816	17,610
5916.0001	Conservation/Education	1,285	349	-	-	-
<i>Total Operating Expense--Customer Service</i>		25,211	25,370	27,604	25,797	26,846
<i>Operating Expense--Administrative</i>						
5903.0002	Bad Debt	14,450	14,686	3,606	5,026	3,183
5920.0201	Office salaries - P/R	15,417	15,244	15,746	17,073	16,930
5920.0211	Management Fee	192,000	196,000	192,000	-	-
5920.0212	MANAGEMENT FEE BONUS	28,000	-	-	-	-
5920.0205	Accrued Vacation	2,405	-	173	2,386	913
5920.0401	Vacation Pay - P/R Only	32,195	29,810	28,038	17,304	22,561

FIVE YEAR COMPARISON OF REVENUES & EXPENSES
BLOCK ISLAND POWER COMPANY

Schedule DGB-2

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL
<i>Operating Expense--Administrative (Continued)</i>						
5920.0501	Bonus - P/R Only	8,212	3,821	5,980	8,952	9,490
5920.0502	Bonus-Non P/R	-	5,000	-	-	-
5920.0601	Holiday Pay - P/R only	2,592	2,365	4,266	3,530	5,765
5920.0701	Holiday Not Worked - P/R Only	5,610	5,086	7,679	7,466	10,692
5920.0801	Sick Leave Pay - P/R Only	4,410	8,823	7,587	4,309	6,044
5920.0901	Personal Pay - P/R Only	1,773	3,047	1,928	2,021	3,227
5920.0902	President's Compensation	-	-	-	57,000	72,000
5920.0903	CFO Compensation	-	-	-	38,000	48,000
5920.0904	COO Compensation	-	-	-	38,000	48,000
5921.0001	Office supplies and Expen	45,661	37,585	44,902	57,697	37,083
5921.0201	Trash Removal	6,289	7,045	12,933	9,415	10,307
5923.0001	O/S-Outside Services	118,277	100,711	106,785	235,162	120,101
5923.0002	O/S-Miscellaneous	-	-	-	-	-
5923.0004	O/S-Accountant-General	-	-	-	-	-
5923.0005	O/S-Accountant-Regulatory	-	-	-	-	-
5923.0006	O/S-Accountant-Financing	-	-	-	-	-
5923.0015	O/S-Accountant and Legal-RUS	-	-	-	-	-
5923.0016	O/S-Legal-General	-	-	-	-	-
5923.0017	O/S-Legal-Regulatory	-	-	-	-	-
5923.0018	O/S-Legal-Financing	-	-	-	-	-
5923.0019	O/S-Legal-Sale of Property	-	-	-	-	31,268
5923.0020	O/S-Legal-Zoning	-	-	-	-	1,202
5923.0201	Employee Pension	24,416	26,000	36,873	60,000	67,000
5924.0301	General Liability Ins	89,488	101,609	111,719	117,153	119,548
5926.0001	Employee Benefits	110,713	127,693	118,311	132,040	139,193
5927.0001	Pension Expense	15,826	14,296	13,137	13,450	13,271
5927.1000	Rate Case Expense	-	-	-	61,835	61,835
5928.0001	Reg Comm Exp	5,883	-	7,490	9,394	9,507
5930.0001	Travel And Misc. Expense	189	1,002	3,654	2,043	5,564
5930.0002	Rental Expense-Apartment	-	-	12,000	12,000	5,000
5930.0101	Directors Meetings	6,874	2,153	4,355	2,500	7,950
5933.0001	Accounting	12,675	28,303	40,435	34,915	74,868
5933.0002	Accounting-Audit	-	-	-	-	-
5933.0003	Accounting-Board/Annual Mtgs	-	-	-	-	-
5933.0004	Accounting-Bookkeeping	-	-	-	-	-
5933.0005	Accounting-Finance Comm & Budg	-	-	-	-	-
5933.0006	Accounting-Taxes	-	-	-	-	-
5935.0901	Environmental	44,009	31,063	70,182	49,702	66,567
5935.0902	Clean air compliance	55,515	43,126	107,506	71,227	60,822
5935.0903	Long Range Planning/SystemStdy	3,638	-	4,536	350	-
<i>Total Operating Expense--Administrative</i>		846,516	804,470	961,822	1,069,948	1,077,890
<i>Maintenance Expense--Distribution System</i>						
5418.0101	Subcontractor Expense	-	-	1,280	390	-
5550.0102	Backhoe Repair	(279)	-	223	-	524
5590.0101	Supervision - P/R Only	16,427	17,203	18,740	25,846	22,050
5592.0001	Station equip	-	-	1,061	8,456	(110)

FIVE YEAR COMPARISON OF REVENUES & EXPENSES
BLOCK ISLAND POWER COMPANY

Schedule DGB-2

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL
<i>Maintenance Expense--Distribution System (Continued)</i>						
5593.0001	Overhead lines - P/R Only	22,730	21,561	19,744	18,397	2,804
5593.0501	Tree Trimming	4,273	10,466	-	-	6,591
5593.2001	Transformer Expense	-	2,100	1,900	-	-
5594.0001	Underground P/R	-	76	-	233	-
5594.0002	Maint Underground Lines	1,183	117	-	-	-
5596.0001	Street lights&signals P/R	-	140	-	-	-
5596.0002	Maint of Street Lights	428	279	825	39	139
5597.0001	Meters- P/R only	1,231	907	388	2,973	429
5598.0001	Misc	-	-	145	-	(178)
<i>Total Maintenance Expense--Distribution System</i>		45,993	52,849	44,306	56,333	32,248
<i>Maintenance Expense--Generation System</i>						
5553.0201	Supervision - P/R Only	16,464	15,980	19,069	25,765	21,702
5553.0501	Maint. of Gen & Elect Plt	994	227	4,183	742	324
5554.0101	Gasoline	-	-	99	-	17,747
5555.0001	Misc.	963	-	-	395	174
<i>Total Maintenance Expense--Generation System</i>		18,421	16,207	23,351	26,901	39,947
<i>Maintenance Expense--General</i>						
5552.0001	Maintenance of Struct P/R	3,602	-	910	19,873	285
5552.0002	Maint. of Structures	32,427	10,078	6,983	13,118	5,529
5935.0101	maint general plant	1,298	3,089	3,969	4,060	2,023
5935.0201	Small tools	367	206	286	2,996	-
5935.0501	Tank Testing	-	-	-	1,250	-
5935.0801	Haz. Wast Store/Remov/Hd	1,888	7,926	11,576	12,036	13,399
5935.2003	Generator #19 maint.	8,605	-	-	-	-
5935.2030	Uniforms	-	-	-	2,294	-
5935.2090	SCR Maint	10,450	100,272	38,357	10,541	4,485
5935.2100	SCR & Engine Maint Res.Exp.	-	-	-	-	-
5935.2101	General Maintenance	534	112	1,697	1,797	271
5935.2108	Generator #21 Maint	5,761	496	3,659	-	-
5935.2111	GENERATOR #22 INSTALL	145	1,989	565	1,820	-
5935.2113	GENERATOR # 22 MAINTENANCE	32,909	31,163	12,730	87,160	15,793
5935.2117	Engine #23 Maint	28,237	1,161	6,538	31,040	60,079
5935.2122	Engine #24 Maint	37,301	62,999	16,285	9,875	6,930
5935.2124	ENGINE #25 MAINTENANCE	-	-	-	-	4,659
5935.2125	Cellular Tower Maint & Expense	-	-	3,100	-	15,532
<i>Total Maintenance Expense--General</i>		163,524	219,491	106,656	197,861	128,984
<i>Taxes</i>						
6408.0101	Payroll taxes	35,088	36,142	34,826	38,132	38,313
6408.0201	RI Sales taxes	14,570	7,375	4,083	4,539	3,730
6408.0401	Property taxes	37,185	42,330	5,564	17,228	15,125
6408.0501	Registrations	2,854	1,762	1,876	1,884	1,792
6408.0601	RI gross earnings tax	106,970	118,843	134,757	175,035	184,452
	RI gross earnings tax-Fuel Portion	-	-	-	-	-
<i>Total Taxes</i>		196,666	206,451	181,105	236,818	243,412

FIVE YEAR COMPARISON OF REVENUES & EXPENSES
BLOCK ISLAND POWER COMPANY

Schedule DGB-2

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL
<i>Depreciation</i>						
7403.0001	Depreciation expense	201,992	230,451	230,434	231,104	302,755
<i>Total Depreciation</i>						
<i>Other Deductions</i>						
5929.0000	Finance Charges	3	-	1,038	6,929	1,080
7431.0003	Interest On Loan #39903	49,128	41,771	33,596	24,869	15,426
7431.0004	Interest On Loan #39904	413	414	1,172	3,097	2,190
7431.0005	DIGGER LOAN INTEREST 48141	1,930	484	-	-	-
7431.0006	Interest on Loan 91125530	-	-	-	11,553	56,150
7431.0007	RUS LOAN INTEREST	128,189	172,675	166,650	162,115	157,934
7431.0201	Interest - Other	-	30	381	438	-
7431.0601	LOC Interest	(24,129)	(13,859)	(10,908)	(7,480)	(6,502)
7431.0901	Federal Income Tax	-	-	-	-	-
7431.0903	Net Change In Deferred Tx	3,906	50,137	23,500	(684)	27,213
7439.0001	MISC-Bank Fees	90	129	635	213	249
7600.0001	Loss(Gain) on Sale of Asset	(5,000)	-	-	(14,400)	-
7600.0002	(Gain) on sale of asset-Land	-	-	-	(912,813)	-
7600.0003	Land sale expenses	-	-	-	99,017	-
8503.0001	Misc other expenses	201	4	(10)	133	304
8505.0001	Cond Fees	-	3,240	2,440	1,330	1,330
9800.0000	Misc.-Sewer Exp on Rental Prop	-	-	-	4,035	-
<i>Total Other Deductions</i>		154,732	255,024	218,493	(621,649)	255,373
<i>Dividends</i>						
9999.9997	Dividends	-	-	-	-	-
<i>Total Dividends</i>		0	0	0	0	0
TOTAL EXPENSES		2,822,874	3,074,981	3,562,873	3,636,126	4,587,442
NET INCOME/ (LOSS)		\$ 22,925	\$ (118,186)	\$ (156,825)	\$ 731,171	\$ (10,897)

**NORMALIZED RENTAL REVENUE
BLOCK ISLAND POWER COMPANY**

Schedule DGB-3

Customer	Monthly Rent	Months	TEST YEAR	NORMALIZED MONTHS	NORMALIZED TEST YEAR
<u>PROPERTIES</u>					
<i>Correct prior year over billing</i>			(2,350)		0
Hull Suburban Propane	\$ 600.00	12	\$ 7,200	12	\$ 7,200
<u>POLES</u>					
Block Island Cable TV			3,249	12	- Moved to Pole Rental Acct
<u>TOWER</u>					
AT&T	2,000.00	10	20,000	0	-
cingular	2,600.00	4	10,400	0	-
CINGULAR Change in Rate	3,506.81	8	28,054	12	42,082
Nextel	2,000.00	12	24,000	12	24,000
sprint	2,000.00	12	24,000	12	24,000
verizon	2,200.00	4	8,800	0	-
verizon Change in Rate	2,500.00	8	20,000	12	30,000
Contributed Capital-Astro&Charles River	1,388.92	12	16,667	12	16,667
<u>FUEL TANK</u>					
BALLARDS OIL *	558.33	12	6,700	12	6,700
			<u>\$ 166,720</u>		<u>\$ 150,649</u>
				Less Test Year	<u>166,720</u>
				Adjustment A	<u>\$ (16,072)</u>

* Fuel tank rental is billed December of each year based on the total gallons held during the calander year.

NORMALIZED POLE RENTAL
BLOCK ISLAND POWER COMPANY

Schedule DGB-4

Customer	Monthly Rent	Months	TEST YEAR	Adjustments	NORMALIZED TEST YEAR
<u>Verizon</u>					
<i>Reimbursements for Prior Years billed during FY 2007</i>					
FY 07 Pole Reimbursement			\$ 37,518	\$ (37,518)	\$ -
			\$ 9,837	-	9,837
<u>Block Island Cable TV</u>					
Block Island Cable TV Correction of Prior Years (Part of Related Parties Report)			\$ 22,249	(22,249)	-
Reclass from Rental Inc. (Adj for Full Year)	450.97	12	\$ -	5,412	5,412
			<u>\$ 69,604</u>		<u>15,249</u>
				Less Test Year	<u>69,604</u>
				Adjustment A	<u>(54,355)</u>

NORMALIZED EMPLOYEE PENSION
BLOCK ISLAND POWER COMPANY

Schedule DGB-5

	Monthly Payment	Months	TEST YEAR	NORMALIZED MONTHS	NORMALIZED TEST YEAR
<u>5923.0201 Employee pension</u>					
Merrill Slate	\$ 1,000	12	\$ 12,000	12	\$ 12,000
Everett Brown	1,000	12	12,000	12	12,000
Jerry Edwards	2,000	12	24,000	12	24,000
William Milliken	1,000	12	12,000	12	12,000
Michael Wagner	1,000	7	7,000	12	12,000
	<u>\$ 6,000</u>		<u>\$ 67,000</u>		<u>\$ 72,000</u>
				Less Test Year	<u>67,000</u>
				Adjstment B	<u>\$ 5,000</u>

**CALCULATION OF WORKING CAPITAL
BLOCK ISLAND POWER COMPANY**

Schedule DGB-6

	RATE YEAR	Average Daily Expenses	Revenue Lag Days (3)	Expense Lag Days	Net Lag Days	Cash Working Capital
EXPENSES						
Operating & Maintenance Expense	\$ 1,089,719	\$ 2,986	39.83	30.21 (4)	9.62	\$ 28,712
Fuel Expenses	-	5,722 (1)	39.83	30.21 (4)	9.62	55,032
Payroll	437,698	1,199	39.83	4.50 (5)	35.33	42,363
Salaries	178,231	488	39.83	30.21 (5)	9.62	4,696
Bad Debt	3,183	- (2)	39.83			-
General Insurance	126,796	347	39.83	30.21 (4)	9.62	3,341
Total Taxes other than GRT & Deferred Tax	87,814	241	39.83	30.21 (4)	9.62	2,314
Gross Receipts Tax	107,669	295	39.83	(17.66) (6)	57.49	16,958
Gross Receipts Tax Fuel Portion	-	240 (1)	39.83	(17.66) (6)	57.49	13,819
Depreciation	353,093	- (2)	39.83			-
Deferred Taxes and LOC interest	21,758	- (2)	39.83			-
Other Deductions	2,963	8	39.83	30.21 (4)	9.62	78
Interest Expenses	165,379	453	39.83	44.09 (7)	(4.26)	(1,930)
TOTAL RATE YEAR AMOUNT	\$ 2,574,304					\$ 165,382

TOTAL RATE YEAR AMOUNT	2,574,304
EQUITY PORTION OF NET UTILITY PROFIT	117,415
RATE YEAR REVENUE AT NEW RATES (SEE RY-1)	2,691,719

NOTES:

- (1) See Schedule DGB-7
- (2) These items are not applicable to the Working Capital Calculation
- (3) See Schedule DGB-8
- (4) See Schedule DGB-9
- (5) Payroll is paid weekly. (7 days / 2 service period divisor = 4.5 payment lag). Operating Expense Payment Lag (4) is used for CEO, CFO & COO salaries (paid monthly).
- (6) See Schedule DGB-10
- (7) See Schedule DGB-11

CALCULATION OF AVERAGE DAILY FUEL EXPENSE
BLOCK ISLAND POWER COMPANY

Schedule DGB-7

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2007 ACTUAL	Average Daily Expenses
<i>EXPENSES</i>			
<i>Operating Expense---Power Production Fuel Related Expenses</i>			
5547.0001	Fuel	1,900,558	
4500.0100	Fuel Discounts	-	
5440.0001	IRP & DSM Surcharge Funding	54,190	
5547.0101	Fuel Handling Plant P/R Only	807	
5547.0102	Fuel Procurement P/R Only	-	
5547.0401	Fuel Procurement	107,078	
5935.0905	UREA EXPENSE	26,022	
<i>Total Fuel Related Expenses</i>		2,088,655	5,722
 <i>Taxes</i>			
	RI gross earnings tax-Fuel Portion	87,742	240

Note: The Test Year expenses were used for this calculation since the Rate Year values were excluded, since those expenses are recovered by the Fuel Adjustment Clause.

The Fuel Adjustment Clause, however, does not have any provision to recover any Working Capital requirements. The FAC does provide for a return on carrying value for the ending fuel inventory. This return address the extened lag from fuel being purchased in one month but not recovered in the FAC until two months later. This return does not address the 9.62 net lag to pay for the fuel & fuel procurement.

**CALCULATION OF REVENUE LAG
BLOCK ISLAND POWER COMPANY**

Schedule DGB-8

	Month End	AR Balance	Billing (which occurs in the first couple of days in the following month)	Month End AR Balance Excluding Billing
6/30/2005		585,970.67	493,883.38	92,087.29
7/30/2005		816,842.68	747,846.24	68,996.44
8/31/2005		894,798.97	748,501.81	146,297.16
9/30/2005		688,539.56	546,005.27	142,534.29
10/31/2005		428,461.06	279,159.25	149,301.81
11/30/2005		338,347.72	192,981.98	145,365.74
12/31/2005		323,213.23	190,735.71	132,477.52
1/31/2006		314,743.41	200,529.16	114,214.25
2/28/2006		290,242.80	183,742.17	106,500.63
3/31/2006		296,514.44	188,362.30	108,152.14
4/30/2006		336,325.99	216,122.39	120,203.60
5/31/2006		359,185.86	276,909.91	82,275.95
			4,264,779.57	1,408,406.82
			Average Monthly AR	<u>117,367.24</u>
			Percentage of Average Monthly AR to Revenue	<u>2.75%</u>
FY 2006 Accounts Receivable Lag (Days)			365	2.75% <u>10.04</u>

	Month End	AR Balance	Billing (which occurs in the first couple of days in the following month)	Month End AR Balance Excluding Billing
6/30/2006		609,532.88	521,099.23	88,433.65
7/31/2006		936,439.11	820,618.56	115,820.55
8/31/2006		947,403.37	818,588.92	128,814.45
9/30/2006		745,190.57	560,579.46	184,611.11
10/31/2006		392,104.38	233,758.96	158,345.42
11/30/2006		316,159.82	196,329.08	119,830.74
12/31/2006		305,502.56	214,944.54	90,558.02
1/31/2007		281,203.40	193,538.00	87,665.40
2/28/2007		299,353.45	185,950.35	113,403.10
3/31/2007		278,816.05	192,476.30	86,339.75
4/30/2007		319,075.05	228,650.85	90,424.20
5/31/2007		364,652.49	284,272.45	80,380.04
			4,450,806.70	1,344,626.43
			Average Monthly AR	<u>112,052.20</u>
			Percentage of Average Monthly AR to Revenue	<u>2.52%</u>
FY 2007 Accounts Receivable Lag (Days)			365	2.52% <u>9.19</u>

FY 2006 Accounts Receivable Lag (Days)	10.04
FY 2007 Accounts Receivable Lag (Days)	<u>9.19</u>
	<u>19.23</u>
Collection Lag (Days)	<u>9.62</u>
Collection Lag (Days)	9.62
Average monthly service period days	15.21
Billing Lag (Days)	<u>15.00</u>
Average Revenue Lag Days	<u>39.83</u>

CALCULATION OF OPERATING EXPENSE PAYMENT LAG
BLOCK ISLAND POWER COMPANY

Schedule DGB-9

Number of days per year	365
Number of months per year	<u>12</u>
Average number of days per month	30.42
Service period divisor	<u>2</u>
Average service period number of days	15.21
Payment Lag Days	<u>15</u>
Operating Expense Payment Lag	<u><u>30.21</u></u>

CALCULATION OF GROSS RECEIPTS TAX LEAD
BLOCK ISLAND POWER COMPANY

Schedule DGB-10

	Revenue	GRT Accrued	GRT Paid	(Payable)/ Prepaid GRT
Jan-05	186,024.72	7,440.99		(7,440.99)
Feb-05	166,692.02	6,667.68		(14,108.67)
Mar-05	185,795.40	7,431.82	52,800.00	31,259.51
Apr-05	212,609.66	8,504.39		22,755.13
May-05	221,492.49	8,859.70		13,895.43
Jun-05	491,978.55	19,679.14	79,200.00	73,416.29
Jul-05	736,677.31	29,467.09		43,949.19
Aug-05	738,466.37	29,538.65		14,410.54
Sep-05	542,407.39	21,696.30		(7,285.76)
Oct-05	286,177.17	11,447.09		(18,732.84)
Nov-05	204,283.35	8,171.33		(26,904.18)
Dec-05	202,427.28	8,097.09		(35,001.27)
Jan-06		-		(35,001.27)
Feb-06		-		(35,001.27)
Mar-06	-	-	35,001.00	(0.27)
	<u>4,175,031.71</u>	<u>167,001.27</u>	<u>167,001.00</u>	<u>20,209.58</u>
Average monthly Prepaid GRT				1,347.31
Total Annual GRT				167,001.27
Percentage prepaid to total				1% (A)
				365 (B)
CY 2006 GRT Lead (Days)				3 (A x B)

	Revenue	GRT Accrued	GRT Paid	(Payable)/ Prepaid GRT
Jan-06	216,121.36	8,644.85		(8,644.85)
Feb-06	194,927.88	7,797.12		(16,441.97)
Mar-06	199,071.50	7,962.86	67,200.00	42,795.17
Apr-06	273,718.12	10,948.72		31,846.45
May-06	281,285.23	11,251.41		20,595.04
Jun-06	517,981.75	20,719.27	100,800.00	100,675.77
Jul-06	806,639.09	32,265.56		68,410.20
Aug-06	806,105.71	32,244.23		36,165.97
Sep-06	556,105.71	22,244.23		13,921.75
Oct-06	242,186.54	9,687.46		4,234.28
Nov-06	243,445.27	9,737.81		(5,503.53)
Dec-06	235,045.54	9,401.82		(14,905.35)
Jan-07	-	-		(14,905.35)
Feb-07	-	-		(14,905.35)
Mar-07	-	-	14,912.00	6.65
	<u>4,572,633.70</u>	<u>182,905.35</u>	<u>182,912.00</u>	<u>243,344.88</u>
Average monthly Prepaid GRT				16,222.99
Total Annual GRT				182,905.35
Percentage prepaid to total				9% (A)
				365 (B)
CY 2007 GRT Lead (Days)				32 (A x B)

CY 2006 GRT Lead	3
CY 2007 GRT Lead	<u>32.37</u>
	<u>35.32</u>
Average GRT Lead (Days)	17.66

CALCULATION OF AVERAGE INTEREST LAG
BLOCK ISLAND POWER COMPANY

Schedule DGB-11

	<u>Amount (1)</u>		<u>Weighted Amount</u>
RUS Debt	3,553,960	45.00 (2)	159,928,178
Non-RUS Debt	<u>233,100</u>	<u>30.21 (3)</u>	<u>7,041,951</u>
	<u><u>3,787,060</u></u>		<u><u>166,970,129</u></u>
Average Lag Days		<u><u>44.09</u></u>	

(1) Average Debt per Capital Structure See WEE-17

(2) RUS debt is Paid quaterly.

Service Period Days	90	
Divisor	<u>2</u>	
Lag Days	45.00	Midpoint of # of days in quarter to end of month.

(3) Non-RUS debt is paid monthly. Therefore, the Operating Expense Payment Lag is used since there is a 30-day service period and a 15 day payment lag.