

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-1 Please provide the Company's responses to the data requests of the Division of Public Utilities and Carriers (the Town has obtained the Company's responses to the Division's first set from the Division and the second set from the Commission's website, but expects to be served with all future responses in the same manner that such responses are provided to the Division, such as email and hard copies).

**Response:** BIPCo will be happy to serve the Town with all future responses in the same manner that such responses are provided to the Division, such as e-mail and hard copy.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-2 Please provide the minutes of monthly or other periodic meetings of the Company's Board during and since FY 2006 concerning its capital planning, the real estate transaction referred to in Company pre-filed testimony, management compensation matters, distribution system upgrades and pension payments.

**Response:** Please see the attached minutes, which constitute all minutes of the meetings of BIPCo's Board during and since FY 2006.

Prepared by Mike McElroy

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 11<sup>th</sup> day of October, 2007.

  
\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
David Milner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards


DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 11<sup>th</sup> day of October, 2007.

\_\_\_\_\_  
Albert Casazza, M.D.

  
\_\_\_\_\_  
Clifford R. McGinnes, Sr.

  
\_\_\_\_\_  
David Milner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

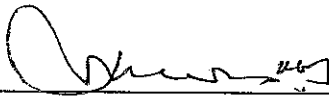
The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 11<sup>th</sup> day of October, 2007.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
David Milner

  
\_\_\_\_\_  
John Pezzimenti, M.D.

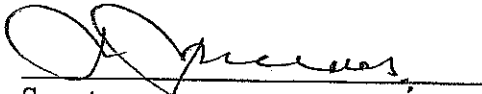
\_\_\_\_\_  
Jerome A. Edwards

EXHIBIT A

VOTED: That the Corporation execute and deliver to The Washington Trust Company a note in the amount of \$250,000, with an interest rate fixed at 225 points over Washington Trust Company's cost of funds, amortized over 10 years, and secured by a new bucket truck, and all related documents.

VOTED: The aforesaid documents may be in the form as in the judgment of the officer of the corporation executing such documents may be deemed necessary or desirable and proper (the necessity or desirability and propriety of such documents to be conclusively evidenced by the execution and delivery of such documents).

VOTED: That the president, vice president, treasurer, and secretary of the Corporation be and any one of them hereby is singly authorized to execute and deliver the aforesaid documents, together with any and all documents as such officer deems appropriate to effectuate the purposes of these resolutions.

  
Secretary

# CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

<b>Principal</b> \$250,000.00	<b>Loan Date</b> 11-16-2007	<b>Maturity</b> 11-16-2017	<b>Loan No</b> 12868	<b>Call / Coll</b> BASS	<b>Account</b>	<b>Officer</b> DCK	<b>Initials</b>
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References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Corporation:** Block Island Power Company  
21 Dryden Lane  
Providence, RI 02904

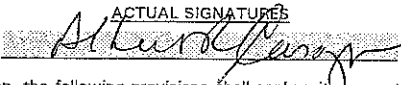
**Lender:** The Washington Trust Company  
Main Office Lending  
PO Box 512  
23 Broad Street  
Westerly, RI 02891  
(401) 348-1847

**I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:**

**THE CORPORATION'S EXISTENCE.** The complete and correct name of the Corporation is Block Island Power Company ("Corporation"). The Corporation is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Rhode Island. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 21 Dryden Lane, Providence, RI 02904. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of The Corporation's state of organization or any change in The Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and The Corporation's business activities.

**RESOLUTIONS ADOPTED.** At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on November 16, 2007, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

**OFFICER.** The following named person is an officer of Block Island Power Company :

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Albert R. Casazza	President	Y X	

**LEVELS OF AUTHORITY.** Notwithstanding any other provision of this Resolution, the following provisions shall apply with respect to levels of authority: Exercises All Authority.

**ACTIONS AUTHORIZED.** The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

**Borrow Money.** To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

**Execute Notes.** To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

**Grant Security.** To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

**Further Acts.** In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

**ASSUMED BUSINESS NAMES.** The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: None.

**NOTICES TO LENDER.** The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

**CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS.** The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**NO CORPORATE SEAL.** The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF,** I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated November 16, 2007.

CERTIFIED TO AND ATTESTED BY:

X   
Albert R. Casazza, President of Block Island Power  
Company

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.



MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS AND DIRECTORS OF  
BLOCK ISLAND POWER COMPANY

The annual meeting of the stockholders and directors of Block Island Power Company (BIPCo) was held on June 20, 2007, commencing at 11:00 a.m., at Water's Edge Inn and Resort, 1525 Boston Post Road, Westbrook, CT, pursuant to notice duly given to the shareholders, directors, and officers.

The following shareholders were present:

Albert R. Casazza, M.D.  
Jerome A. Edwards  
Clifford R. McGinnes, Sr.  
John Pezzimenti, M.D.

The following directors were present:

Albert R. Casazza, M.D.  
Jerome A. Edwards  
Clifford R. McGinnes, Sr.  
John Pezzimenti, M.D.  
David Milner

Also present were:

Walter E. Edge, Jr., CPA, B&E Consulting, BIPCo's regulatory accounting and consulting firm  
Michael R. McElroy, Schacht & McElroy, BIPCo's legal counsel

The following business was discussed:

1. The bank accounts were summarized by Mr. Edge (see Exhibit 1). Mr. Edge also noted that the line of credit has been drawn down to provide adequate funds to pay bills until BIPCo starts receiving summer revenue. The new \$600,000 RUS loan has been funded by RUS and the \$600,000 Washington Trust loan has been paid off, thereby reducing the interest rate. Mr. Edge also asked Mr. Milner to forward to him the executed loan package that BIPCo received at its offices from the RUS so that Mr. Edge and Mr. McElroy would have a copy of the full loan package.
2. The accounts payable were summarized by Mr. Edge (see Exhibit 2). There were about \$498,000 in accounts payable. About \$144,000 is owed to Southworth Milton, and about \$175,000 is owed in gross receipts taxes. Sprague Energy is owed about \$50,000 and there are outstanding professional fees.
3. The month of May 07 and the year-to-date ending May 07 figures were discussed (see Exhibit 3). The company is showing an unaudited \$47,291.21 profit for the year ending

May 31, 2007. Mr. Edge pointed out that as of the end of the fiscal year, the company has made its RUS ratios, but it will need to keep at least 50% of this level of profit through to the end of December of 2007 in order to continue to make the RUS ratios, which are calculated on a calendar year basis, not on a fiscal year basis. BIPCo's debt to equity ratio is currently about 5 to 1, and although the Public Utilities Commission would prefer that it be about 3 to 1, this is much better than it has been in the past.

4. The balance sheet and income statement were discussed (see Exhibit 4). It was also compared to last year's balance sheet (see Exhibit 5). In summary:
  - BIPCo had about \$1.9 million in current assets as of May 2006, and it has about \$1.2 million in current assets as of May 2007.
  - BIPCo had about \$1.2 million in current liabilities as of May 2006, but only has about \$700,000 in current liabilities as of May 2007.
  - BIPCo had about \$5.8 million in total liabilities as of May 2006, and it has about \$4.9 million of total liabilities as of May 2007.

Mr. Edge stated that the land sale was instrumental in the above results.

5. Mr. Edge handed out a proposed budget form that can be used at the Finance Committee meeting to establish a budget for fiscal year 2008 (see Exhibit 6). Regarding the budget, it was noted that a new computer will be needed to control the substation because BIPCo recently had two very short and considered minor outages in one day due to a problem associated with the computer. Also with regard to the budget, it was indicated that there will need to be two top end overhauls this year normally costing about \$160,000 combined, but that BIPCo intends to complete some of the work in-house, resulting in savings.
6. The DEM letter of non-compliance dated June 1, 2007 was discussed (see Exhibit 7). In addition, information from LFR (see Exhibit 8), was discussed regarding (a) anticipated fines regarding the non-compliance, (b) the status of the operating permit renewal (expected for renewal on June 30, 2007), (c) an outline of BIPCo's anticipated response to DEM regarding the notice of non-compliance, which is due on July 30, (d) a problem with regard to carbon monoxide that is being addressed with DEM and CAT, and (e) an anticipated notice of non-compliance from DEM regarding certain air issues which should be handled administratively.
7. The status of the SCR system was discussed (all engines now have CAT SCRs installed).
8. The next item of discussion was environmental compliance issues, which were broken down into two areas. The first area is general environmental compliance, which is shown in Exhibit 9. All items which are highlighted are performed by LFR. The other items are performed by the company. The second area is tank compliance as outlined in a separate tank planner (Exhibit 10). Only one tank item is handled by LFR; the other items are

handled by the company. LFR will be traveling to the island to perform some additional training to make sure that BIPCo personnel are aware of their compliance responsibilities in an attempt to avoid any further non-compliance.

9. The next item of discussion was how to pay for the new SCRs, which will cost about \$200,000, and how to pay for a new bucket truck which is needed and will cost about \$100,000. There was generalized discussion about this with the consensus being that the company should borrow the funds to pay for the SCRs and the truck.
10. There was generalized discussion about Block Island Cable TV and its relationship with BIPCo. Block Island Cable TV has now apparently paid off all of its electric charges and had apparently reduced its pole rental debt to under \$10,000, according to Mr. McGinnes. It is in the process of removing its lines from BIPCo's poles.
11. There was generalized discussion about management responsibilities for certain employees and appropriate compensation.
12. There was discussion about BIPCo's payroll (see Exhibit 11) and substantial discussion about the overtime which was paid in the most recent fiscal year (but which was not budgeted for) and ways to attempt to reduce overtime. Given the limited staffing, overtime occurs every time someone is out.
13. There was discussion regarding the possibility of filing for a rate increase and the consensus was in favor of exploring filing for a rate increase. Mr. Edge was instructed to rough up the numbers to see what is needed.
14. There was a generalized discussion about employee raises for this year. The conclusion was that raises would be given in the amount of 3% across-the-board and that a small life insurance policy paid for by the company for the employees, such as a basic burial policy, will be explored. In addition, the company authorized a \$1,000 bonus to Seth Fowler who has been instrumental in saving the company money by providing certain in-house expertise.
15. There was discussion about the appropriate pension contribution, which was voted on at 3%.
16. There was generalized discussion about the status of the land sale and the pending zoning. Mr. McElroy reported that there will be a zoning hearing next week, at which time the Zoning Board will review BIPCo's applications and determine whether they meet the requirements. If they are complete, the Board will probably set the matter down for an evidentiary hearing at the end of August.
17. Dr. Casazza reported regarding the status of the IRP working group and stated that he was waiting for a draft report from the consultant in anticipation of their next meeting.

18. Mr. McElroy discussed the affordable energy plan (see Exhibit 12) and the PUC's decision approving, but modifying, BIPCo's affordable energy plan (see Exhibit 13). It was decided that the administration of the affordable energy plan, which includes a forgiveness plan that must go into effect on July 1 and a discount plan that must go into effect on November 1 (with tariffs filed for 30 days prior to November 1), will be delegated to Abra as part of her new management responsibilities.
19. The stockholders and directors upon motion duly made and seconded voted to approve all actions of the officers for the past year.
20. Upon motion duly made and seconded, the following directors were re-elected:

Albert R. Casazza, M.D.  
 Jerome A. Edwards  
 Clifford R. McGinnes, Sr.  
 John Pezzimenti, M.D.  
 David Milner

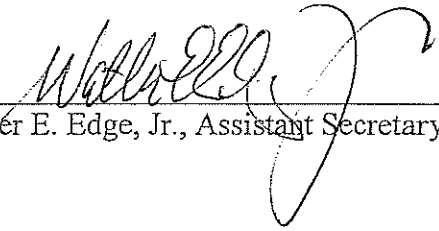
21. Upon motion duly made and seconded, the following officers were re-elected:

President:	Albert R. Casazza, M.D.
Vice President and Chief Operating Officer:	Clifford R. McGinnes, Sr.
Secretary, Treasurer, and Chief Financial Officer:	John Pezzimenti, M.D.
Assistant Secretary:	Walter E. Edge, Jr.
President Emeritus and Advisor to the President:	Jerome A. Edwards
General Manager:	David Milner

It was noted that Mr. Edwards has retired after serving more than 13 years as President and his role will continue to be that of an advisor. He will have no executive powers. The executive powers of the corporation will continue to be vested in the President and otherwise as set forth in the by-laws of the corporation.

22. The next order of business was the appointment of legal counsel. Upon motion duly made and seconded, it was unanimously voted to appoint Schacht & McElroy as legal counsel for BIPCo.
23. The next order of business was the appointment of a bookkeeping, regulatory accounting and consulting firm. Upon motion duly made and seconded, it was unanimously voted to appoint B&E Consulting as the bookkeeper, regulatory accounting and consulting firm for BIPCo.
24. There was generalized discussion regarding the provisions of the existing insurance policy, and especially the vehicles on the policy, and it was agreed that the policy would be amended to cover only existing vehicles.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned at approximately 1:30 p.m.



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Walter E. Edge, Jr., Assistant Secretary



**Account Summary**

**Important Security Update!**  
 Introducing Washington Trust's Enhanced Login Security, an additional layer of security to help protect you from fraud. [Learn More.](#)

**BALANCE INFORMATION:** Your Available Balance includes check holds from recent transactions and your available overdraft protection balance.

Information valid as of Monday, June 18, 2007 at 02:23 PM EST

**Liquidity Summary**

Description Type	Account Number	Current Balance	Available Balance	More Info	Stmt
<a href="#">Regular Checking (w</a>					
Business Analysis		33,827.41	156,919.45		
<a href="#">AIC Savings</a>					
Business Statement Savings		4,475.01	4,475.01		
<a href="#">Customer Deposits Saving</a>					
Business Statement Savings		41,055.21	41,055.21		
<a href="#">RUS Checking (w</a>					
Business Analysis		420.09	420.09		
<a href="#">Ultra Money Fund Bus</a>					
Ultra Money Fund Business		151,176.95	123,292.04		
<a href="#">Premier Business Money Market</a>					
Premier Business Money Market		45,221.82	45,221.82		
		275,976.49			

**Liability Summary**

Description	Account Number	Note Number	Interest Rate	Outstanding Principal	Next Due Maturity Date
Commercial			7.750	121,825.86	07/15/2007



## Block Island Power Company

## Aged Payables

As of Jun 30, 2007

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Vendor Telephone 1	Invoice/CM #	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
B & E CONSULTING	371		3,037.50			3,037.50
	372		7,125.00			7,125.00
	382	562.50				562.50
	383	5,887.50				5,887.50
<b>B &amp; E CONSULTING</b>		<b>6,450.00</b>	<b>10,162.50</b>			<b>16,612.50</b>
BAKER TRACTOR CORP	CREDITMEMO				-56.03	-56.03
<b>BAKER TRACTOR CORP</b>					<b>-56.03</b>	<b>-56.03</b>
BIRM	59655		96.00			96.00
	59804		410.00			410.00
	59729		92.00			92.00
<b>BIRM</b>			<b>598.00</b>			<b>598.00</b>
DR ALBERT CASAZZA	FINANCE MEETI EXPREIMB/APRO REIMB/JUNE07	279.65		250.00 207.19		250.00 207.19 279.65
<b>DR ALBERT CASAZZA</b>		<b>279.65</b>		<b>457.19</b>		<b>736.84</b>
CLASSEN'S CRANE SERVIC	6874		5,040.00			5,040.00
<b>CLASSEN'S CRANE SERVI</b>			<b>5,040.00</b>			<b>5,040.00</b>
GEISSER ENGINEERING CO	57371 57479 57178			815.00 142.50 1,562.50		815.00 142.50 1,562.50
<b>GEISSER ENGINEERING</b>				<b>2,520.00</b>		<b>2,520.00</b>
WW GRAINGER	9374271469		876.04			876.04
<b>WW GRAINGER</b>			<b>876.04</b>			<b>876.04</b>
HALL'S MOWING SERV	E313999	92.44				92.44
<b>HALL'S MOWING SERV</b>		<b>92.44</b>				<b>92.44</b>
HALPIN LINE CONSTRUCTI	304081 309191	2,873.20		14,366.00		14,366.00 2,873.20
<b>HALPIN LINE CONSTRUC</b>		<b>2,873.20</b>		<b>14,366.00</b>		<b>17,239.20</b>

## Block Island Power Company

## Aged Payables

As of Jun 30, 2007

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Vendor Telephone 1	Invoice/CM #	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
HDR/SSR ENGINEERING, IN	M-225932			2,102.35		2,102.35
	M-231533		12,612.20			12,612.20
<b>HDR/SSR ENGINEERING, I</b>			<b>12,612.20</b>	<b>2,102.35</b>		<b>14,714.55</b>
ARTHUR HURLEY COMPA	255532				1,677.49	1,677.49
	256044				2,380.00	2,380.00
	257243			204.79		204.79
	21446		46.24			46.24
	257848		196.29			196.29
<b>ARTHUR HURLEY COMP</b>			<b>242.53</b>	<b>204.79</b>	<b>4,057.49</b>	<b>4,504.81</b>
INTERSTATE NAVIGATION	MAR07				4,573.54	4,573.54
	APR07			1,664.25		1,664.25
	MAY07	8,062.85				8,062.85
<b>INTERSTATE NAVIGATIO</b>		<b>8,062.85</b>		<b>1,664.25</b>	<b>4,573.54</b>	<b>14,300.64</b>
KNOWLES, EDGE & ASSOC.	8846				2,314.40	2,314.40
<b>KNOWLES, EDGE &amp; ASSO</b>					<b>2,314.40</b>	<b>2,314.40</b>
LFR LEVINE FRICKE, INC.	71346				6,139.73	6,139.73
	71347				2,749.34	2,749.34
	72914			7,416.05		7,416.05
	72915			1,259.50		1,259.50
<b>LFR LEVINE FRICKE, INC</b>				<b>8,675.55</b>	<b>8,889.07</b>	<b>17,564.62</b>
MACLAC	21566		12.75			12.75
	21484		60.67			60.67
	21491		73.18			73.18
<b>MACLAC</b>			<b>146.60</b>			<b>146.60</b>
SCHACHT & MCELROY	17084		4,706.65			4,706.65
	17083		6,048.55			6,048.55
	17116	1,921.95				1,921.95
	17115	3,236.00				3,236.00
<b>SCHACHT &amp; MCELROY</b>		<b>5,157.95</b>	<b>10,755.20</b>			<b>15,913.15</b>
CLIFFORD MCGINNES	FINANCEMEETI			250.00		250.00
<b>CLIFFORD MCGINNES</b>				<b>250.00</b>		<b>250.00</b>
MIKE MELLOR	MAY07		1,400.00			1,400.00
789-2314						



## Block Island Power Company

## Aged Payables

As of Jun 30, 2007

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Vendor Telephone 1	Invoice/CM #	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
MIKE MELLOR			1,400.00			1,400.00
DAVID MILNER	FINANCEMEETI			250.00		250.00
DAVID MILNER				250.00		250.00
SOUTHWORTH-MILTON	PART4701639				620.59	620.59
	CREDIT/PART47				-4,324.05	-4,324.05
	CREDIT/PART47				-24,060.96	-24,060.96
	PART4704737				9.60	9.60
	PART4720277				35.21	35.21
	PART4756252				23.92	23.92
	PART4756253				14.32	14.32
	SERV913748		160.31			160.31
	SERV0912787		1,261.28			1,261.28
	PART4766477		215.11			215.11
	PART4766476		150.97			150.97
	E3758901		166,000.00			166,000.00
	SERV0933622		58.30			58.30
	PART4892791	24.46				24.46
	PART4889914	180.87				180.87
	PART4889913	403.59				403.59
	PART4889912	3,656.87				3,656.87
SOUTHWORTH-MILTON		4,265.79	167,845.97		-27,681.37	144,430.39
MONSON COMPANIES	298538		5,659.28			5,659.28
MONSON COMPANIES			5,659.28			5,659.28
NEW SHOREHAM SEWER C	2402/MAY07	34.50				34.50
	25825/MAY07	11.50				11.50
NEW SHOREHAM SEWER		46.00				46.00
PENNINGTON SPRAGUE	23837		112.99			112.99
PENNINGTON SPRAGUE			112.99			112.99
Rhode Island Division of Tax	GROSSRECEIPTS		70,000.00			70,000.00
	GROSSRECEIPTS	105,000.00				105,000.00
Rhode Island Division of Tax		105,000.00	70,000.00			175,000.00
SPRAGUE ENERGY	7144277	24,911.87				24,911.87
	7145526	24,128.72				24,128.72
SPRAGUE ENERGY		49,040.59				49,040.59

## Block Island Power Company

## Aged Payables

As of Jun 30, 2007

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Vendor Telephone 1	Invoice/CM #	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
SUPERIOR CARRIERS	0705 08082 8		875.38			875.38
SUPERIOR CARRIERS			875.38			875.38
T&R ELECTRIC	98250		1,590.00			1,590.00
T&R ELECTRIC			1,590.00			1,590.00
Town of New Shoreham	4TH PYMT	4,342.45				4,342.45
Town of New Shoreham		4,342.45				4,342.45
WESCO	249241 263927		1,973.08 85.56			1,973.08 85.56
WESCO			2,058.64			2,058.64
		185,610.92	289,975.33	30,490.13	-7,902.90	498,173.48

**Block Island Power Company**  
**General Journal**  
For the Period From May 1, 2007 to May 31, 2007

					<u>May-07</u>	<u>YTD May 07</u>
Net Income (PRIOR to Year end adjustments)					(21,848.83)	92,968.96
5/31/07	7431.0007	RUS LOAN INTEREST	PRE AUDIT 02	TO POST ACCRUED INT	24,958.17	24,958.17
5/31/07	5924.0301	General Liability Ins	PRE AUDIT 03	rec prepaid ins	11,802.54	11,802.54
5/31/07	7431.0601	LOC Interest	PRE AUDIT 04	To post aic activity	(6,515.45)	(6,515.45)
5/31/07	5921.0001	Office exp	PRE AUDIT 05	TO REC PETTY CASH	1,987.49	1,987.49
5/31/07	6408.0601	Gross Receipts tax	PRE AUDIT 06	rec gross receipt tax	(1,460.00)	(1,460.00)
5/31/07	5927.0001	Profit Sharing Expense	PRE AUDIT 07	accrue profit sharing exp	13,000.00	13,000.00
5/1/07	7403.0001	Depreciation	PRE AUDIT 08	to rec depreciation	1,905.00	1,905.00
Net Income per financials					<u>(67,526.58)</u>	<u>47,291.21</u>

## Block Island Power Company

## Balance Sheet

May 31, 2007

## ASSETS

<u>Property and Equipment</u>	
Land	\$ 79,609.56
Buildings	2,004,816.64
Machinery & Equipment	4,233,597.00
Furniture & Fixture	89,010.97
Distribution System	<u>1,664,993.57</u>
Total Property and Equipment	<u>8,072,027.74</u>
Total Accumulated Depreciation	<u>&lt;3,624,770.23&gt;</u>
<i>Net Utilities Plant</i>	4,447,257.51
<u>Current Assets</u>	
Cash - Customer Deposits	40,907.82
Cash - AIC	4,472.02
Cash - WTC	18,453.72
Petty Cash	300.00
Cash - Money Market	250,438.95
IRP Surcharge Saving 91053970	45,145.82
CASH - RUS ACCT	420.09
Intercompany Transfer	1,500.00
Accounts Receivable Elect	370,137.40
Allowance For Bad Debt	<20,359.11>
AR Assoc - Pole Rental	22,249.20
AR Assoc - Land Sale	15,935.93
Accounts Receivable-Other	116,071.73
Accrued Gross Earnings	31,500.00
Plant Material & Operation	146,085.37
Fuel Inventory	168,293.00
Prepaid Expenses	11,130.73
Security Deposit	113.20
Deferred Income Tax	<u>16,063.20</u>
<i>Total Current Assets</i>	<u>1,238,859.07</u>
<u>Deferred Assets</u>	
Def. Regulatory Asset-retiremt	343,838.32
Def. Regulatory Asset-Eng.Res	(188,062.20)
Def. Regulatory Asset-RateCase	<u>105,507.96</u>
<i>Total Deferred Assets</i>	261,284.08
Total Assets	<u>\$ 5,947,400.66</u>

**Block Island Power Company**  
**Balance Sheet**  
**May 31, 2007**

**LIABILITIES AND CAPITAL**

*Current Liabilities*

Accounts Payable Trade	545,064.06
A/P - Customer Deposits	48,698.80
Accrued Expenses	56,077.54
IRP & DSM Surcharge Payable	30,431.37
Accrued Payroll and Withholdings	19,274.56

Total Current Liabilities

699,546.33

*Deferred Credits*

Acc. Defer. Inc. Tax - Other	41,050.09
Deferred Tax Liability	165,934.29
Unearned Rental Revenue	2,000.00
Deferred Revenue	149,997.88
SCR & Engine Maint Reserve	(188,062.20)

Total Deferred Credits

170,920.06

*Long-Term Liabilities*

Line of Credit	75,000.00
Retirement Obligations	343,838.32
Note Payable - WTC 39903	132,670.04
ENGINE CAPITAL wtc	600,000.00
RUS LOAN	2,932,838.56

Total Long-Term Liabilities

4,084,346.92

Total Liabilities

4,954,813.31

*Capital*

Common Stock	200,000.00
Premium On Capital Stock	13,000.00
Retained Earnings	753,781.14
Treasury Stock	<21,485.00>
Net Profit from Operations	47,291.21

Total Capital

992,587.35

Total Liabilities & Capital

\$ 5,947,400.66

Block Island Power Company  
Income Statement  
For the Twelve Months Ending May 31, 2007

	Current Month Actual	Prior Year Actual	Year to Date Actual	Year to Date Budget	Year to Date Prior Year
<b>Revenues</b>					
Residential Sales	\$ 23,158.77	\$ 23,198.14	\$ 608,748.04	\$ 613,191.00	\$ 613,190.99
Commercial Sales	12,473.51	14,808.55	251,453.43	247,293.00	246,786.00
Demand Electric	34,970.73	31,257.83	651,848.01	658,429.00	658,429.47
Public Streets & Highway	7,133.13	7,183.06	112,860.05	105,195.00	105,195.28
Other Public Authorities	1,066.05	1,050.60	12,684.45	12,545.00	12,545.40
Installation Charge	150.00	100.00	800.00	1,075.00	1,075.00
Customer Charge	19,794.50	19,789.00	237,490.00	234,702.00	234,701.50
Demand - All Rates	10,171.46	8,015.65	188,003.93	184,458.00	184,458.47
System Charge	-	-	43,157.50	50,768.00	50,767.50
Interest Income	106.81	135.77	2,897.97	1,533.00	1,453.78
Lease - Lease	13,560.87	13,115.87	162,730.44	154,000.00	181,605.44
Lease Rental Income	-	-	69,604.20	-	-
Owner Rebate of Land Sale Exp	-	-	15,935.93	-	-
Miscellaneous Income	-	30.00	447.57	9,000.00	48,505.37
Other Penalty	1,354.73	1,365.95	21,147.74	22,048.00	22,047.79
<b>Total Revenues</b>	<b>123,940.56</b>	<b>120,050.42</b>	<b>2,379,809.26</b>	<b>2,294,237.00</b>	<b>2,360,761.99</b>
<b>Expenses</b>					
<b>Salaries</b>					
Salaries--Supervision	7,763.52	12,983.40	88,989.92	97,500.00	104,102.60
Salaries--Watchman	10,112.28	7,614.68	107,956.59	106,225.00	111,527.42
Salaries--all others	19,561.92	22,473.74	233,926.60	216,940.00	231,582.24
<b>Salaries</b>	<b>37,437.72</b>	<b>43,071.82</b>	<b>430,873.11</b>	<b>420,665.00</b>	<b>447,212.26</b>
<b>Operating Expense</b>					
Inventory Charge	0.00	3,105.15	0.00	0.00	3,105.15
Depreciation	0.00	0.00	24,747.45	24,000.00	22,586.11
Light	85.56	754.54	85.56	1,100.00	1,092.31
Oil Repair	130.06	54.16	3,389.88	11,000.00	11,040.64
Purchased Power	0.00	0.00	3,740.26	1,100.00	1,093.22
Overhead Lines	0.00	0.00	0.00	400.00	395.46
Electric Distrib. Expense	2,873.20	10,040.00	68,313.56	75,000.00	134,728.44
Debt	0.00	5,025.87	0.00	0.00	5,025.87
Miscellaneous	203.93	111.96	1,543.55	500.00	514.56
Unpaid Vacation	0.00	2,385.64	0.00	0.00	2,385.64
President's Compensation	6,000.00	3,000.00	72,000.00	72,000.00	57,000.00
VP Compensation	4,000.00	2,000.00	46,000.00	48,000.00	38,000.00
Mgr Compensation	4,000.00	2,000.00	48,000.00	48,000.00	38,000.00
Office supplies and Expense	3,794.26	7,475.82	38,912.84	40,000.00	57,697.00
Asset Removal	701.00	302.00	10,306.76	9,500.00	9,414.70
Outside Services	23,167.70	50,277.81	150,449.99	164,000.00	235,161.68
Outside Services - Sale of Prop	0.00	0.00	30,882.32	0.00	0.00
Outside Services-Zoning	0.00	0.00	2,046.04	0.00	0.00
Employee Pension	1,000.00	1,000.00	12,000.00	12,000.00	12,000.00
EMPLOYEE PENSION *NEW*	5,000.00	4,000.00	55,000.00	48,000.00	48,000.00
General Liability Ins	20,852.54	15,392.05	119,547.66	120,000.00	117,153.48
Employee Benefits	11,568.99	12,447.20	139,192.50	130,000.00	132,039.63
Printing Expense	13,000.00	13,087.16	13,000.00	400.00	13,449.66
Telephone Expense (C)	(8,191.59)	(8,191.55)	61,834.96	0.00	61,835.00
Travel Exp	0.00	0.00	9,507.00	9,400.00	9,393.77
Utilities And Misc. Expense	0.00	781.35	5,563.56	2,100.00	2,043.20

Block Island Power Company  
Income Statement  
For the Twelve Months Ending May 31, 2007

	Current Month Actual	Prior Year Actual	Year to Date Actual	Year to Date Budget	Year to Date Prior Year
Rental Expense-Apartment	0.00	12,000.00	5,000.00	12,000.00	12,000.00
Directors Meetings	0.00	0.00	7,950.00	2,500.00	2,500.00
Accounting	275.60	2,290.00	31,357.79	34,900.00	34,914.66
Environmental	0.00	0.00	66,567.17	38,000.00	49,702.18
Clean Air Compliance	0.00	17,205.47	60,822.23	71,000.00	71,226.85
Long Range Planning/SystemStdy	0.00	0.00	0.00	0.00	349.85
<b>Total Operating Expense</b>	<b>88,461.25</b>	<b>156,544.63</b>	<b>1,087,761.08</b>	<b>974,900.00</b>	<b>1,183,849.06</b>
<b><u>Maintenance Expense</u></b>					
Subcontractor Expense	0.00	0.00	0.00	400.00	390.00
Backhoe Repair	0.00	0.00	523.79	0.00	0.00
Maint. Of Structures	0.00	0.00	5,528.79	13,200.00	13,117.90
Maint. Of Gen & Elect Plt	117.59	0.00	324.39	800.00	741.69
Gasoline	991.05	0.00	17,466.13	0.00	0.00
Misc.	0.00	0.00	174.02	400.00	395.00
STRUCTURES	0.00	0.00	(110.00)	0.00	0.00
Station Equip	0.00	0.00	0.00	8,500.00	8,456.16
Tree Trimming	0.00	0.00	6,590.80	0.00	0.00
Maint Of Street Lights	0.00	0.00	138.50	100.00	38.84
Misc	0.00	0.00	(178.20)	0.00	0.00
Maint General Plant	125.83	285.22	2,022.51	4,100.00	4,060.32
Hand Tools	0.00	0.00	0.00	3,000.00	2,996.12
Lease - Motor Vehicle	1,595.13	1,842.13	24,407.16	24,600.00	24,512.98
Load Testing	0.00	1,250.00	0.00	0.00	1,250.00
Waste Store/Remove/Hd	0.00	478.32	13,398.59	6,000.00	12,036.03
Transformers	0.00	850.61	0.00	2,300.00	2,294.18
TR Maint	0.00	0.00	4,484.71	0.00	10,541.09
TR & Engine Maint Res.Exp.	0.00	0.00	270.58	0.00	1,797.09
General Maintenance	0.00	0.00	0.00	0.00	1,819.74
GENERATOR # 22 MAINTENANCE	4,042.80	70,226.94	15,793.38	0.00	87,160.40
Line #23 Maint	4,018.34	0.00	60,079.31	0.00	31,039.92
General Engine Maintenance	0.00	0.00	0.00	219,000.00	0.00
Line #24 Maint	1,060.32	0.00	6,930.24	0.00	9,875.26
ENGINE #25 MAINTENANCE	3,032.51	0.00	4,889.78	0.00	0.00
ular Tower Maint & Expense	0.00	0.00	15,531.98	0.00	0.00
<b>Total Maintenance Expense</b>	<b>14,983.57</b>	<b>74,933.22</b>	<b>178,266.46</b>	<b>282,400.00</b>	<b>212,522.72</b>
<b><u>Miscellaneous (Revenue) &amp; Expense</u></b>					
Depreciation Expense (A)	23,167.94	19,857.33	257,060.28	0.00	231,103.97
Service Charges	159.20	0.00	1,080.14	0.00	6,928.58
Interest On Loan #39903 (B)	928.89	2,591.89	14,982.86	14,628.00	24,868.95
Interest On Loan #39904 (B)	250.98	518.03	2,189.72	0.00	3,096.66
Interest on Loan 91125530 (B)	4,779.17	4,473.76	56,150.00	33,000.00	11,552.93
LOAN INTEREST (B)	24,958.17	25,785.91	157,933.65	154,169.35	162,115.41
INTER LOAN INTEREST (B)	0.00	0.00	0.00	0.00	438.31
Interest	<6,516.45>	<7,480.31>	<6,516.45>	0.00	<7,480.31>
Change In Deferred Tx	0.00	<684.40>	0.00	0.00	<684.40>
Bank Fees	19.67	73.52	249.04	300.00	213.03
Gain on Sale of Asset-Condo	0.00	0.00	0.00	0.00	<14,400.00>
Gain on sale of asset-Land	0.00	<912,812.68>	0.00	0.00	<912,812.68>
Sale expenses	0.00	99,017.07	12,709.00	0.00	99,017.07

Block Island Power Company  
Income Statement  
For the Twelve Months Ending May 31, 2007

	Current Month Actual	Prior Year Actual	Year to Date Actual	Year to Date Budget	Year to Date Prior Year
Misc other expenses	0.00	55.39	304.00	100.00	132.81
Cond Fees	0.00	0.00	1,330.00	1,400.00	1,330.00
Misc.-Sewer Exp on Rental Prop	0.00	0.00	0.00	0.00	4,035.00
<b>Total Miscellaneous Revenue)/Expense</b>	<b>47,747.57</b>	<b>(768,604.49)</b>	<b>497,472.24</b>	<b>203,597.35</b>	<b>(390,544.67)</b>
<b>Taxes</b>					
Payroll Taxes	3,319.50	3,798.66	38,422.87	35,851.00	38,132.12
Sales Tax	26.04	398.06	4,026.85	4,500.00	4,539.37
Property Taxes	4,342.45	4,852.86	17,429.89	17,408.00	17,228.29
Registrations	0.00	0.00	1,791.50	1,900.00	1,883.50
Gross Earnings Tax	3,676.58	7,045.19	96,709.71	88,492.00	94,773.33
<b>Total Taxes</b>	<b>11,364.57</b>	<b>16,094.77</b>	<b>158,380.82</b>	<b>148,151.00</b>	<b>156,556.61</b>
<b>Profit Before Fuel Rev./Exp.</b>	<b>(76,054.12)</b>	<b>598,010.47</b>	<b>27,055.55</b>	<b>264,523.65</b>	<b>751,166.01</b>
<b>Fuel Expenses/(Revenue)</b>					
Residential Fuel	(56,712.64)	(56,422.74)	(848,293.85)	-	(784,155.66)
Commercial Fuel	(23,126.85)	(26,725.58)	(313,246.53)	-	(285,044.32)
Demand Fuel	(69,905.34)	(62,483.38)	(852,053.00)	-	(775,290.18)
Authority Fuel	(15,590.75)	(15,603.11)	(179,963.90)	-	(162,045.04)
DSM Surcharge Funding	-	-	58,891.13	-	58,644.69
Other	137,306.11	167,681.93	1,900,488.03	-	1,741,846.50
Fuel Procurement	9,462.85	6,830.93	100,178.32	-	114,105.72
Gross Earnings Tax on Fuel Rev	6,613.42	6,449.39	87,742.29	-	80,261.41
Sea Expense	3,425.66	1,889.00	26,021.85	-	31,672.13
<b>Fuel Expense/(Revenue)</b>	<b>(8,527.54)</b>	<b>21,616.44</b>	<b>(20,235.66)</b>	<b>-</b>	<b>19,995.25</b>
<b>Profit from Operations</b>	<b>\$ (67,526.58)</b>	<b>\$ 576,394.03</b>	<b>\$ 47,291.21</b>	<b>\$ 264,523.65</b>	<b>\$ 731,170.76</b>
<b>Adjustments to GAAP</b>					
Depreciation Adj (A)	(23,167.94)	(19,857.33)	(257,060.28)	-	(231,103.97)
Exp Adjustment (B) + (C)	(22,725.62)	(25,178.04)	(293,091.19)	(201,797.35)	(263,907.26)
<b>Adjustments to GAAP</b>	<b>(45,893.56)</b>	<b>(45,035.37)</b>	<b>(550,151.47)</b>	<b>(201,797.35)</b>	<b>(495,011.23)</b>
<b>Reserve for Debt Service</b>					
Service Principal	10,800.68	9,997.19	212,648.60	229,248.72	209,649.03
Service Interest (B)	30,917.21	33,369.59	231,256.23	201,797.35	202,072.26
<b>Reserve for Debt Service</b>	<b>41,717.89</b>	<b>43,366.78</b>	<b>443,904.83</b>	<b>431,046.07</b>	<b>411,721.29</b>
<b>Income</b>	<b>\$ (63,350.91)</b>	<b>\$ 578,062.62</b>	<b>\$ 153,537.85</b>	<b>\$ 35,274.93</b>	<b>\$ 814,460.70</b>



## Block Island Power Company

## Balance Sheet

May 31, 2006

## ASSETS

<u>Property and Equipment</u>	
Land	\$ 79,609.56
Buildings	1,975,542.98
Machinery & Equipment	4,006,140.72
Furniture & Fixture	89,010.97
Distribution System	1,653,589.12
	<hr/>
Total Property and Equipment	7,803,893.35
	<hr/>
Total Accumulated Depreciation	<3,367,709.95>
	<hr/>
<i>Net Utilities Plant</i>	4,436,183.40
<u>Current Assets</u>	
Cash - Customer Deposits	38,314.64
Cash - AIC	39,447.17
Cash - WTC	35,544.42
Petty Cash	300.00
Cash - Money Market	250,247.17
IRP Surcharge Saving 91053970	54,940.36
CASH - RUS ACCT	909.96
Intercompany Transfer	1,500.00
Accounts Receivable Elect	359,185.86
Allowance For Bad Debt	<20,359.11>
Accounts Receivable-Other	901,577.99
Accrued Gross Earnings	30,240.00
Plant Material & Operation	71,080.38
Fuel Inventory	120,193.00
Prepaid Expenses	10,894.77
Security Deposit	113.20
Deferred Income Tax	16,063.20
	<hr/>
<i>Total Current Assets</i>	1,910,193.01
	<hr/>
<u>Deferred Assets</u>	
Def. Regulatory Asset-retiremt	356,417.69
Def. Regulatory Asset-Eng.Res	(68,746.32)
Def. Regulatory Asset-RateCase	152,785.32
	<hr/>
<i>Total Deferred Assets</i>	440,456.69
	<hr/>
Total Assets	\$ 6,786,833.10
	<hr/>

# Block Island Power Company

## Balance Sheet

May 31, 2006

### LIABILITIES AND CAPITAL

#### *Current Liabilities*

Accounts Payable Trade	1,019,141.22
A/P - Customer Deposits	46,960.83
Accrued Expenses	71,628.03
IRP & DSM Surcharge Payable	54,940.46
Accrued Payroll and Withholdings	<u>16,888.92</u>

Total Current Liabilities

1,209,559.46

#### *Deferred Credits*

Acc. Defer. Inc. Tax - Other	45,813.41
Deferred Tax Liability	142,675.82
Unearned Rental Revenue	2,000.00
Deferred Revenue	166,664.92
SCR & Engine Maint Reserve	<u>&lt;68,746.32&gt;</u>

Total Deferred Credits

288,407.83

#### *Long-Term Liabilities*

Line of Credit	75,000.00
Retirement Obligations	356,417.69
Note Payable - WTC 39903	257,582.51
ENGINE CAPITAL wtc	600,000.00
RUS LOAN	<u>3,031,035.76</u>

Total Long-Term Liabilities

4,320,035.96

Total Liabilities

5,818,003.25

#### *Capital*

Common Stock	200,000.00
Premium On Capital Stock	13,000.00
Retained Earnings	22,610.38
Treasury Stock	<21,485.00>
Net Profit from Operations	<u>754,704.47</u>

Total Capital

968,829.85

Total Liabilities & Capital

\$ 6,786,833.10

ACCT. #	BUDGET ACCOUNT DESCRIPTION	Docket 3655	FY 2006	FY 2007 Budget	FY 2007	FY 2008 Budget	Comments
<b>REVENUE</b>							
4440.0001	Residential sales	\$ 601,219	\$ 613,191	\$ 613,191	\$ 608,748		
4442.0001	Commercial sales	262,477	246,786	247,293	251,453		
4443.0001	Demand Electric	691,496	658,429	658,429	651,848		
4444.0001	Public streets & highway	93,133	105,195	105,195	112,860		
4445.0001	Other public authorities	14,154	12,545	12,545	12,684		
4451.0001	Installation Charge		1,075	1,075	800		
4451.0002	Removal Non Payment	550					
4500	Customer Charge	236,500	234,702	234,702	237,490		
4500.0001	Demand - all rates	186,234	184,458	184,458	188,004		
4600.0001	System Charge	45,833	50,768	50,768	43,158		
5421.0201	Interest income	1,489	1,454	1,533	2,898		
5421.0301	Rent - lease	175,719	181,605	154,000	162,730	151,000	
	Pole Rental Income	4,000	-	-	69,604		
	Owner Rebate of Land Sale Exp		-	-	15,936		
	Miscellaneous Income	4,000	48,505	9,000	448		
7431.0221	Biller Penalty	15,499	22,048	22,048	21,148		
	<b>TOTAL REVENUE</b>	<b>2,332,303</b>	<b>2,360,762</b>	<b>2,294,237</b>	<b>2,379,809</b>	<b>151,000</b>	
<b>EXPENSES</b>							
<b>Salaries</b>							
	<b>Total Salaries</b>	<b>387,981</b>	<b>447,212</b>	<b>420,665</b>	<b>430,873</b>		
<b>Operating Expense</b>							
5547.0301	Inventory change	7,674	3,105	-	-		
5548.1001	Lubrication	17,558	22,586	24,000	24,747		
5549.0001	Freight	1,587	1,092	1,100	86		
5549.0401	Misc. Costs Power Gen Exp	4,716					
5549.1001	Misc cost	250					
5550.0101	Auto repair	5,637	11,041	11,000	3,390		
5550.0201	Purchased power	1,148	1,093	1,100	3,740		
5583.0602	Overhead lines	7,603	395	400	-		
5586.0002	Meters	356					

BLOCK ISLAND POWER COMPANY

ACCT. #	BUDGET ACCOUNT DESCRIPTION	Docket 3655	FY 2006	FY 2007 Budget	FY 2007	FY 2008 Budget	Comments
5588.0002	Misc. Distrib. Expense	130,178	134,728	75,000	68,314		
5903.0002	Bad Debt	6,330	5,026	-	-		
5905.0001	Miscellaneous	223	515	500	1,544		
	Accrued Vacator		2,386	-	-		
5920.0211	Management Fee	135,611					
5920.0902	President's Compensation		57,000				
5920.0903	CFO Compensation		38,000	72,000	72,000		
5920.0904	COO Compensation		38,000	48,000	46,000		
5921.0001	Office supplies and expen	38,495	57,697	48,000	48,000		
5921.0201	Trash disposal	7,045	9,415	40,000	38,913		
5923.0001	Outside Services	85,000	235,162	9,500	10,307		
	Outside Services - Sale of Prop			164,000	150,450		
	Outside Services-Zoning			-	30,882		
5923.0201	Employee pension	12,000	12,000	-	2,046		
5923.0301	Employee pension * New	36,000	48,000	12,000	12,000		
5924.0301	General liability ins.	116,879	117,153	48,000	55,000		
5926.0001	Employee benefits	119,685	132,040	120,000	119,548		
5927.0001	Profit sharing expense	13,279	13,450	130,000	139,193		
5928.0002	Rate case expense	61,835	61,835	400	13,000		
5928.0001	Reg comm exp	7,215	9,394	-	61,835		
5930.0001	Travel and misc. expense	1,767	2,043	9,400	9,507		
5930.0002	Rental Expense-Apartment			2,100	5,564		
5930.0101	Directors Meetings	4,772	12,000	12,000	5,000		
5933.0001	Accounting	35,151	2,500	2,500	7,950		
5935.0901	Environmental	40,000	34,915	34,900	31,358		
5935.0902	Clean air compliance	40,091	49,702	38,000	66,567		
	Long Range Planning/SystemStdy		71,227	71,000	60,822		
5916.0001	Conservation/Education	571	350	-	-		
	<b>Total Operating Expense</b>	938,658	1,183,849	974,900	1,087,761		
	<b>Maintenance Expense</b>						
5550.0102	Subcontractor Expense	-	390	400	-		
5552.0002	Backhoe Repair	-	-	-	524		
	Maint. of Structures	14,044	13,118	13,200	5,529		

ACCT. #	BUDGET ACCOUNT DESCRIPTION	Docket 3655	FY 2006	FY 2007 Budget	FY 2007	FY 2008 Budget	Comments
5553.0501	Maint. of Gen & Elect Pit	854	742	800	324		
5554.0001	Transportation Equip	973					
5554.0101	Gasoline	-			17,466		
5555.0001	Misc.	-	395	400	174		
	STRUCTURES				(110)		
5592.0001	Station equip						
5593.2001	Transformer Expense	2,150	8,456	8,500			
5593.0501	Tree Trimming	2,100					
5596.0002	Maint of Street Lights	4,723					
5598.0001	Misc	148	39	100	6,591		
5935.0101	maint general plant				139		
5935.0201	Small tools	2,013	4,060	4,100	(178)		
5935.0301	Lease - motor vehicle	980	2,996	3,000	2,023		
	Tank Testing	26,895	24,513	24,600	24,407		
5935.0801	Haz. Waste Store/Remov/Hd		1,250				
5935.2030	Uniforms	5,592	12,036	6,000	13,399		
5935.2090	SCR Maint		2,294	2,300			
5935.2101	General Maintenance	100,272	12,338				
5594.0002	Maint Underground Lines	210	1,820		4,755		
	Cellular Tower Maint. & Expense	397					
5935.2113	GENERATOR # 22 MAINT				15,532		
5935.2117	Engine #23 Maint	23,000	87,160		15,793		
5935.2122	Engine #24 Maint	29,000	31,040		60,079		
	Total engine maintenance and catalyst	58,000	9,875		6,930		
				219,000	4,890		
	<i>Total Maintenance Expense</i>	271,350	212,523	282,400	178,266		
	<i>Other Deductions</i>						
7403.0001	Depreciation expense						
	Dex Principal	272,118	231,104		257,060		
5929.0000	Finance Charges		6,929	229,249		237,373	
7431.0003	Interest on loan #39903	38,216	24,869		1,080		
7431.0004	Interest On Loan #39904		3,097	14,628	14,983	7,657	
7431.0005	Interest on Loan 91125530		11,553		2,190	2,400	
				33,000	56,150		

BLOCK ISLAND POWER COMPANY

ACCT. #	BUDGET ACCOUNT DESCRIPTION	Docket 3655	FY 2006	FY 2007 Budget	FY 2007	FY 2008 Budget	Comments
7431.0007	RUS LOAN INTEREST	154,654	162,115	154,169	157,934	178,872	
7431.0201	Interest - other	-	438	-	-	-	
7431.0601	Amort. of Fed. Income tax prepaid	(6,073)	(7,480)	-	(6,516)	-	
7431.0901	Federal Income Tax	36,402	-	-	-	-	
7431.0903	Net Change in Deferred Tax	(0)	(684)	-	-	-	
7439.0001	MISC-Bank Fees	-	213	300	249	-	
7600.0001	(Gain) on Sale of Asset-Condo	-	(14,400)	-	-	-	
	(Gain) on sale of asset-Land	-	(912,813)	-	-	-	
	Land sale expenses	-	99,017	-	12,709	-	
7439.0001	Misc Other expense	120	133	100	304	-	
8503.0001	Miscellaneous expense	554	-	-	-	-	
8505.0001	Condo fees	-	1,330	1,400	1,330	-	
	Misc.-Sewer Exp on Rental Prop	-	4,035	-	-	-	
	2007 Capital Expense	-	-	-	-	-	
	<b>Total Other Deductions</b>	495,990	(390,545)	432,846	497,472	426,302	
<b>Taxes</b>							
6408.0101	Payroll taxes	32,605	38,132	35,851	38,423	-	
6408.0201	RI Sales taxes	9,739	4,539	4,500	4,027	-	
6408.0401	Property taxes	20,103	17,228	17,408	17,430	-	
6408.0501	Registrations	2,022	1,884	1,900	1,792	-	
6408.0601	RI gross earnings tax	93,132	94,773	88,492	96,710	-	
	<b>Total Taxes</b>	157,600	156,557	148,151	158,381	-	
	<b>Net Income Before Fuel Rev./Exp.</b>	80,723	751,166	35,275	27,056	(275,302)	
<b>Fuel Rev./Exp.</b>							
4440.0003	Residential Fuel	-	(784,156)	-	(848,294)	-	Pass through revenue
4442.0003	Commercial Fuel	-	(285,044)	-	(313,247)	-	Pass through revenue
4443.0003	Demand Fuel	-	(775,290)	-	(852,053)	-	Pass through revenue
4444.0003	Public Authority Fuel	-	(162,045)	-	(179,964)	-	Pass through revenue
4500.0100	Fue. Discounts	-	-	-	-	-	Pass through expense
5440.0001	IRP & DSM Surcharge Funding	-	58,645	-	58,891	-	Pass through expense

BLOCK ISLAND POWER COMPANY

ACCT. #	BUDGET ACCOUNT DESCRIPTION	Docket 3655	FY 2006	FY 2007 Budget	FY 2007	FY 2008 Budget	Comments
5547.0001	Fuel	-	1,741,847	-	1,900,488	-	Pass through expense
5547.0401	Fuel procurement	-	114,106	-	100,178	-	Pass through expense
5935.0905	UREA EXPENSE	-	80,261	-	87,742	-	Pass through expense
			31,672	-	26,022	-	Pass through expense
	<i>Net Fuel Expense (Revenue)</i>		19,996		(20,236)		
	<i>Net Income</i>	80,723	\$ 731,170	\$ 35,275	\$ 47,291	\$ (275,302)	



RHODE ISLAND  
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

235 Promenade Street, Providence, RI 02908-5767

TDD 401-222-4462

1 June 2007

CERTIFIED MAIL

LETTER OF NON-COMPLIANCE  
CASE NO. 2007-538-US

Block Island Power Company  
Attn: David O. Milner, General Manager  
100 Ocean Avenue  
New Shoreham, RI 02807

Re: **Block Island Power Company ~ UST Facility ID No. 00047**  
100 Ocean Avenue, New Shoreham, Rhode Island

Dear Mr. Milner:

On 10 May 2007, a representative of the Rhode Island Department of Environmental Management's Office of Compliance and Inspection ("DEM") performed an inspection at the referenced facility to determine the status of compliance with certain requirements set forth in the Rhode Island Rules and Regulations for Underground Storage Facilities Used for Petroleum Products and Hazardous Materials, June 2005 ("2005 UST Regulations"), October 2002 ("2002 UST Regulations") and December 1993 ("1993 UST Regulations").

Five underground storage tanks ("USTs" or "tanks") are registered with DEM as in-use at the Facility. The USTs are registered as follows:

UST ID No.	Date Installed	Capacity	Substance Stored
006	December 1960	20,000 gallons	Diesel
007	December 1960	20,000 gallons	No. 2 Heating Oil
008	December 1960	20,000 gallons	Diesel
009	December 1960	20,000 gallons	Diesel
010	December 1960	20,000 gallons	Diesel

**A. NON-COMPLIANCE IDENTIFIED**

During the inspection, the DEM inspector identified instances of non-compliance with certain requirements of the UST Regulations. In some instances, compliance with certain regulations could not be verified due to an absence of required documentation. The non-compliance is described as follows:

1. Rules 8.07(B)(1), 8.07(D) and 11.02(A)(B) Cathodic Protection – Written verification that the impressed current cathodic protection system for UST Nos. 006, 007, 008, 009 and 010 had been tested by a qualified cathodic protection tester during the year 2003 was not available. Full compliance with these Rules could not be verified.



CASE NO. 2007-538-UST00047

Block Island Power Company

Page 2 of 3

2. Rules 8.08(C)(3), 11.02(B)(4) and 11.03 Leak Detection for Existing Tanks – The inventory control records for UST No. 007 that were presented at the time of inspection were incomplete. The inspector was unable to verify full compliance with these Rules for the time period of May 2004 through May 2007.
3. Rules 8.08(C)(4), 8.08(D)(2)(c), 8.10 and 11.02(A)(7) Leak Detection for Existing Tanks – Written verification that UST Nos. 006, 007, 008, 009 and 010 had been tested for tightness by a licensed precision tester during the year 2003 was not available. A tank tightness testing report for UST Nos. 006, 007, 008, 009 and 010 for the year 2003 has not been received by DEM in accordance with Rule 8.10(D) of the 2005 UST Regulations. Full compliance with these Rules could not be verified.
4. Rules 8.15(E) and 11.02(B)(3) Operation of Leak Monitoring Equipment – Written verification that the *Incon Tank Sentinel TS 2001* continuous monitoring system ("CMS") had been tested by the owner/operator at least once per month during the time period of May 2004 through May 2007 was not available. Compliance with these Rules could not be verified.
5. Rules 8.15(F) and 11.02(A)(3) Operation of Leak Monitoring Equipment – Written verification that the CMS had been certified/tested by a qualified person during each of the years 2001, 2002, 2003 and 2004 was not available. Full compliance with these Rules could not be verified.
6. Rule 8.16(A) Spill Containment Basins – The spill containment basins for UST Nos. 006, 007, 008, 009 and 010 were holding liquid and/or solid debris at the time of inspection.
7. Rule 8.18 Fill Pipe Labeling – The fill ports for UST Nos. 006, 007, 008, 009 and 010 were not labeled to identify the material stored inside the tanks.

## B. COMPLIANCE SCHEDULE

The following actions are required in order to bring the Facility into compliance with the UST Regulations and must be completed in accordance with Section C of this letter:

1. If available, submit a copy of the cathodic protection testing report for UST Nos. 006, 007, 008, 009 and 010 for the year 2003.
2. Submit written verification that you are now in full compliance with the inventory control record keeping requirements for UST No. 007, as set forth in Rules 8.08(C)(3) and 11.03 of the 2005 UST Regulations.
3. If available, submit a copy of the tank tightness test report for UST Nos. 006, 007, 008, 009 and 010 for the year 2003.
4. Submit written verification that you are now in compliance with the monthly CMS testing requirements set forth in Rules 8.15(E) and 11.02(B)(3) of the 2005 UST Regulations.
5. If available, submit copies of the CMS certification/testing reports for each of the years 2001, 2002, 2003 and 2004.

CASE NO. 2007-538-UST00047

Block Island Power Company

Page 3 of 3

6. The spill containment basins for UST Nos. 006, 007, 008, 009 and 010 must be evacuated and cleaned. Be advised that all wastes removed from these basins must be disposed of in accordance with Section 5.00 of the Rhode Island Rules and Regulations for Hazardous Waste Management (2002). Written verification of compliance must be submitted.
7. The fill ports for UST Nos. 006, 007, 008, 009 and 010 must be labeled or otherwise permanently marked to identify the material stored inside the tanks in accordance with Rule 8.18 of the 2005 UST Regulations.

### C. COMPLIANCE REPORT


Within 60 days of your receipt of this letter, the subject facility must be brought into compliance with the UST Regulations and you are required to submit a written Compliance Report detailing all actions that you have taken in response to the *Compliance Schedule* set forth above. All records requested in Section B and/or other written verification (testing reports, invoices, receipts, inventory records, etc.) of compliance must be included with your Compliance Report.

### D. FAILURE TO COMPLY

Failure to comply with the requirements set forth herein and demonstrate significant compliance with the UST Regulations will result in the issuance of additional enforcement action by DEM, which may include the assessment of administrative penalties.

Please direct your correspondence and any questions or comments you may have to Richard S. LeFebvre, Senior Environmental Scientist, with the Office of Compliance and Inspection at (401) 222-1360, ext. 7527. Thank you for your anticipated cooperation.

Sincerely,

  
Sean R. Carney  
Principal Environmental Scientist  
Office of Compliance and Inspection

XC: Paula Therrien, DEM/OWM

Subj: RE: BIPCo - Confidential  
Date: 6/18/2007 12:40:12 P.M. Eastern Daylight Time  
From: jennifer.anderson@lfr.com  
To: stacey.mcfadden@lfr.com, McElroyMik@aol.com

**Hi Mike:**

**I've rounded out the info for the UST status and compliance going forward on the attached document initiated by Stacey.**

**Mike: both Stac and I concur that the May inspection was likely a DEM follow-up to the utility's April 2007 Environmental Results Program survey - this was a second filing based upon their initial required 2005 submittal and BIPCo did candidly respond on the April survey that they did not have the required 5 years of back files for all compliance items (e.g. tank inventory and tank testing documentation.)**

**Based upon prior penalties levied in similar instances in RI and my gut feeling, and due to the prior history of BIPCo's SEP negotiations for non-compliance issues involving USTs in the 1990's - they could be subject to fines on the higher side of the penalty scaling (e.g. lack of inventory control and testing documentation ballpark \$8-14 k and more minor issues of spill basin maintenance and non-marked fill ports 1 - 2K. I am doubtful that another SEP will be an avenue for them to reduce or mitigate any fines as well.**

**Notably however, unlike many other firms, BIPCO submitted their RIDEM Environmental Results filing on-time and administratively complete in both 2005 and 2007. I would need to dig, but that must have some value in mitigating any fines that might be levied as DEM likely goes forward on this UST NON (once BIPCO submits their response in July).**

**If you have any questions on the above plz don't hesitate to call Stacey or I**

**thanks  
Jen**

---

**From:** McFadden, Stacey [mailto:stacey.mcfadden@lfr.com]  
**Sent:** Thursday, June 14, 2007 3:52 PM  
**To:** McElroyMik@aol.com  
**Cc:** 'Anderson, Jennifer'  
**Subject:** FW: BIPCo

**Mike,**

**I am forwarding these to you as draft to make sure that this is the level of detail that you need. Please let me know if you have any comments. Jen is working on the summary of the UST Notice of Non-compliance response status and should have it to you early next**

**week. Does that time frame work for you?**

**Stacey**

---

**From:** McFadden, Stacey [mailto:stacey.mcfadden@lfr.com]  
**Sent:** Thursday, June 14, 2007 12:11 PM  
**To:** 'Anderson, Jennifer'  
**Subject:** FW: BIPCo

**Draft response attached. Please review and fill in the detail on the UST NON. I will reprint the calendars at home tonight to make them easier to read.**

**Stacey**

---

**From:** McElroyMik@aol.com [mailto:McElroyMik@aol.com]  
**Sent:** Wednesday, June 13, 2007 2:29 PM  
**To:** jennifer.anderson@lfr.com; Stacey.McFadden@lfr.com  
**Subject:** BIPCo

**Jen and Stacey:**

**In preparation for the BIPCo annual meeting, could you give me a very brief status report on:**

- >the performance of the scrubbers,**
- >the status of the renewal of BIPCo's operating permit,**
- >DEM's recent deficiency notice regarding tank and other inspections and apparent lack of related documentation and our anticipated response and possible exposure,**
- >a list of everything we are supposed to be complying with for DEM/EPA in terms of testing, documentation related to the scrubbers, permits, tanks, clean-up, etc., and who is responsible for what so we can make sure everything is getting done on time and properly documented.**

**Thanks.**

Mike McElroy  
Schacht & McElroy  
PO Box 6721  
Providence, RI 02940-6721  
401-351-4100  
401-421-5696 (fax)  
e-mail: McElroyMik@aol.com  
Web Site: <http://members.aol.com/McElroyMik/index.html>

*Confidentiality Note: This e-mail may contain privileged, proprietary and/or confidential information intended only for the use of the individual or entity named above. If the reader of*

## BLOCK ISLAND POWER STATUS REPORT – JUNE 14, 2007 (UPDATED 6/18/07)

### SCR System Status

The ARIS 2000 selective catalytic reduction (SCR) systems on the four base-load engines have been replaced with Caterpillar (CAT) SCR systems. The current status is as follows:

Engine 22 – CAT SCR system installed and operational as of June 14, 2007

Engine 23 – CAT SCR system installed and operational as of June 14, 2007

Engine 24 – Prototype CAT SCR system installed and operational as of November 2004. The system has been operating for 12,500 hours. The system is currently achieving 90% nitrogen oxides (NOx) reduction.

Engine 25 – CAT SCR system installed and operational as of March 15, 2006. The system has been operating for 6,300 hours. The system is currently achieving 90% NOx reduction.

There have been two occurrences where the CAT SCR system performance has dropped slightly below 90% NOx reduction on Engines 24 and 25 (October 2006 and March 2007). The engines and SCR systems were serviced on both occasions and the issues corrected.

### Operating Permit Status

The draft operating permit renewal has been reviewed and BIPCO's comments have been submitted and accepted by the Rhode Island Department of Environmental Management (RIDEM).

RIDEM has received one comment on the draft operating permit from the United States Environmental Protection Agency (USEPA) regarding measurement of urea injection rate to satisfy Compliance Assurance Monitoring (CAM) requirements. BIPCO, RIDEM and USEPA are in agreement on the response to the comment and BIPCO is in the process of obtaining the necessary data from CAT to provide to RIDEM. Once RIDEM receives the data, the permit will be finalized and issued. It is anticipated that the permit renewal will be completed by June 30, 2007.

### UST Notice of Non-Compliance

BIPCO was issued a Notice of Non-compliance by RIDEM regarding recordkeeping and operational issues associated with the underground storage tanks (USTs) located at the facility. A response is being prepared and is due to RIDEM by July 30, 2007. The NON is a result of a May 10, 2007 inspection conducted by RIDEM inspector Sean Carney and Richard

S. LeFebvre (both Sr. Environmental Scientists from the DEM Office of compliance and Inspection. This was a focused inspection, i.e. targeting compliance status with the DEM UST regulations circa June 2005, Oct 2002, and December 1993.

Seven non-compliance instances were cited and a brief description of their status and planned actions to remedy is provided below:

- 1) BIPCo has not been able to locate nor confirm the existence of any records documenting that the 2003 testing of the cathodic protection was conducted by a qualified inspector/testing firm. LFR has conducted a file archive review and we do not have copy. Cliff is going to make a last effort on attempting to locate a cancelled check in his personal files as potential evidence of contracting with a testing firm.
- 2) It does not appear that BIPCo was maintaining inventory control records on a regular basis for the leased tank (007). Note: The four diesel fuel tanks used for the generators are not required to be stick tested and the INCON Tank Sentinel system is regarded as sufficient for monthly inventory control for those units. Beth has historically provided Mike and Dave with Sample Monthly Inventory Record Forms for this purpose however the monthly stick testing that is required on the leased tank #007 does not appear to have been conducted during the period cited by DEM.
- 3) See Item 1 above – there is no file data available at BIPCo for tightness testing in 2003. Anecdotal information from Mike and Dave indicate that in late Spring of June 2003, fuel inventory for the generators was at very low levels and the cost incurred from the need for both a large fuel delivery as well as a testing fee were then staggered – it appears that the testing contract was subsequently not pursued until the 2004 test period.
- 4) Written verification for monthly testing of the tank sentinel system does not appear to have been performed. LFR has expanded the SPCC Fuel Oil Weekly Storage Tank Checklist (6/3/07) to include an action item “Test Tank Sentinel”. This weekly data will then exceed the monthly tracking required by the regulations. The testing has been routinely conducted by BIPCO but not documented. A follow-up training has also been conducted and more will be conducted in July to reinforce the tracking and documentation requirements.
- 5) CMS testing by a qualified/certified person was done on a biennial basis and was not conducted in 2002 or 2004. It appears that no testing was conducted in 2003 (see Items 1 and 3 above). BIPCo is reviewing their 2001 files today to determine if they have documentation for 2001.
- 6) The spill basins appear to have been full/non-compliant at the time of the DEM’s inspection. These had been listed as action items after two walk-about inspections by LFR staff. The remedy is straightforward and BIPCo has thoroughly cleaned the basins. The waste oil from the basins was placed in the waste oil drum and all oily clean-up debris was placed in the oily solids drum in the Central Storage berm for shipment off-site within 90 days.(per hazardous waste regulations). Weekly inspections will be used to maintain compliance and the item will be reinforced in employee training.

7) See number 6 above - a previous action item for BIPCO. Dave spoke with the DEM inspector who indicated that he desired that the fill ports be painted a contrasting color. BIPCO has subsequently brought the fill ports into full compliance.

## Compliance Calendar

Environmental compliance calendars for BIPCO are attached. The Environmental Planner lists the regulatory requirements and due dates for all programs except USTs. The Tank Planner lists the regulatory requirements and due dates for the UST program. The tasks typically completed by LFR are highlighted in yellow.

## Other Issues

RIDEM is in the process of preparing a Notice of Non-compliance to document conditions of non-compliance with the air operating permit as reported by BIPCO in the 2006 annual compliance certification. This appears to be an administrative issue and there is no indication at this time that any corrective actions will be required.

The stack testing performed in August 2006 indicated that Engines 24 and 25 were exceeding permit limits for carbon monoxide (CO). As the permit limits were developed based on manufacturer's testing data, BIPCO has requested that CAT investigate the discrepancy. Per CAT, the increase in CO appears to be due to the SCR system catalyst. CAT is in the process of quantifying the expected CO emissions. Once CAT has supplied BIPCO with the revised data, BIPCO will request that the CO emissions limits in the permit be adjusted to reflect the new manufacturer's data.

# Block Island Power Company 2007 Environmental Planner

January						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## January

- 5 Monthly Engine Statistics
- 7 NOx/NH3 Field Measurements
- 10 Training (SPCC, Air)

July						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## June

- 30 Quarterly Fuel Oil Certification

## July

- 6 Monthly Engine Statistics
- NOx/NH3 Field Measurements

February						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

## February

- 2 Training (RTK, RCRA)
- 7 Monthly Engine Statistics
- Nova Meter Calibration
- NOx/NH3 Field Measurements
- Quarterly GW Sampling
- 14 Semiannual Monitoring Report
- 28 Annual Compliance Certification

August						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## August

- 7 Monthly Engine Statistics
- Nova Meter Calibration
- NOx/NH3 Field Measurements
- Quarterly GW Sampling
- 14 Semiannual Monitoring Report
- 23 Annual Stack Testing

March						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## March

- 1 Tier II Report
- 7 Monthly Engine Statistics
- NOx/NH3 Field Measurements
- 15 Quarterly Remediation GW Report
- Quarterly UST Groundwater Report
- 31 Quarterly Fuel Oil Certification

September						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

## September

- 7 Monthly Engine Statistics
- NOx/NH3 Field Measurements
- 14 Quarterly Remediation GW Report
- Quarterly UST Groundwater Report
- 30 Quarterly Fuel Oil Certification

April						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## April

- 6 Monthly Engine Statistics
- NOx/NH3 Field Measurements
- 13 RIDEM Air Emission Inventory

October						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## October

- 5 Monthly Engine Statistics
- NOx/NH3 Field Measurements
- 7 Monthly Engine Statistics
- Nova Meter Calibration
- NOx/NH3 Field Measurements
- Quarterly GW Sampling
- 30 Ignition Timing Certification

May						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## May

- 7 Calibration Gas Replacement
- Monthly Engine Statistics
- Nova Meter Calibration
- NOx/NH3 Field Measurements
- Quarterly GW Sampling

November						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

## December

- 7 Monthly Engine Statistics
- NOx/NH3 Field Measurements
- 14 Quarterly Remediation GW Report
- Quarterly UST Groundwater Report
- 31 Quarterly Fuel Oil Certification
- RIDEM AST Report

June						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

## June

- 7 Monthly Engine Statistics
- NOx/NH3 Field Measurements
- 15 Quarterly Remediation GW Report
- Quarterly UST Groundwater Report
- 29 Toxic Release Inventory Report

December						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						



# Block Island Power Company

## 2007 Tank Planner

January						
S	M	T	W	T	F	S
	①	2	3	④	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

### January

- 1 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 4 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

### May

- 3 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)
- 23 Inspect, Calibrate and Test Automatic Tank Gauging System  
Test Line Leak Detection System  
UST Tightness Testing

July						
S	M	T	W	T	F	S
1	②	3	4	⑤	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
S	M	T	W	T	F	S
				①	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

### February

- 1 Cathodic Protection System Inspection  
Leased UST Inventory Recordkeeping  
SPCC AST Inspections (Weekly)  
Test Automatic Tank Gauging System

### June

- 1 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 7 Cathodic Protection System Inspection  
SPCC AST inspections (Weekly)
- 30 UST ERP Report

August						
S	M	T	W	T	F	S
			①	②	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

March						
S	M	T	W	T	F	S
				①	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

### March

- 1 Cathodic Protection System Inspection  
Leased UST Inventory Recordkeeping  
SPCC AST Inspections (Weekly)  
Test Automatic Tank Gauging System

September						
S	M	T	W	T	F	S
						1
2	③	4	5	⑥	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

### July

- 2 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 5 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

October						
S	M	T	W	T	F	S
			①	2	3	④
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April						
S	M	T	W	T	F	S
①	②	3	4	⑤	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

### April

- 1 Inspect/Clean Oil Water Separators
- 2 Cathodic Protection System Survey  
Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 5 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

### August

- 1 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 2 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

November						
S	M	T	W	T	F	S
				①	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May						
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6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	②	24	25	26
27	28	29	30	31		

### May

- 1 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System

### September

- 3 Leased UST Inventory Recordkeeping

December						
S	M	T	W	T	F	S
						1
2	③	4	5	⑥	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June						
S	M	T	W	T	F	S
				①	2	
3	4	5	6	⑦	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	⑩

# Block Island Power Company

## 2007 Tank Planner

January

S	M	T	W	T	F	S
	①	2	3	④	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February

S	M	T	W	T	F	S
				①	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

March

S	M	T	W	T	F	S
				①	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April

S	M	T	W	T	F	S
①	②	3	4	⑤	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May

S	M	T	W	T	F	S
		①	2	③	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	②	24	25	26
27	28	29	30	31		

June

S	M	T	W	T	F	S
				①	2	
3	4	5	6	⑦	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	⑥

### September

- 3 Test Automatic Tank Gauging System
- 6 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

### October

- 1 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 4 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

### November

- 1 Cathodic Protection System Inspection  
Leased UST Inventory Recordkeeping  
SPCC AST Inspections (Weekly)  
Test Automatic Tank Gauging System

### December

- 3 Leased UST Inventory Recordkeeping  
Test Automatic Tank Gauging System
- 6 Cathodic Protection System Inspection  
SPCC AST Inspections (Weekly)

July

S	M	T	W	T	F	S
1	②	3	4	⑤	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August

S	M	T	W	T	F	S
				①	②	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September

S	M	T	W	T	F	S
						1
2	③	4	5	⑥	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October

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				①	2	3
4	5	6	7	④	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November

S	M	T	W	T	F	S
						1
				①	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December

S	M	T	W	T	F	S
						1
2	③	4	5	⑥	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**BUDGET FY 2007 PAYROLL  
BLOCK ISLAND POWER COMPANY**

Employee	Test Year Payroll	Rate Year Payroll	Present Rate	Calendar Year Ending Dec 2005	BUDGET FY 2007	FY 2007	
Dave Alpers	\$ 38,874	\$ 42,858	18.07	\$ 44,403.05	19.57	40,705.60	46,785.20
Seth Dulac			12.98	23,601.88	15.75	32,760.00	37,604.62
Greg Foote	33,214	38,013	16.64	41,612.96	18.00	37,440.00	44,151.69
Scott Fowler	39,620	43,681	19.42	35,029.01	23.50	48,880.00	67,420.07
Gann							8,898.00
Hiccox		37,198	<i>Gone</i>	14,462.50			0
John Jacobsen			12.50	300.00	13.50	28,080.00	31,420.50
Ian Littlefield			12.00	0.00	14.00	29,120.00	18,100.00
Richard Martin	58,423	64,412	23.67	66,202.22	62,500.00	62,500.00	72,983.61
Mazzola	38,458	-	<i>Gone</i>	0.00			0
Millkin	45,581	-	<i>Gone</i>	0.00			0
David Milner	62,322	68,710	30.00	67,487.78	75,000.00	75,000.00	78,194.30
Abra Savole	35,361	38,986	18.76	38,556.83	43,680.00	43,680.00	43,597.50
Wagner/Replacement	80,803	65,611	40.13	83,830.92	22,500.00	22,500.00	20,225.54
	\$ 432,657	\$ 399,468		\$ 415,487.15		420,665.60	\$ 469,381.03

Block Island Power Company

AFFORDABLE ENERGY PLAN FOR  
ELECTRIC SERVICE

JANUARY 2, 2007

Submitted to:  
Rhode Island Public Utilities Commission

During 2006, the Rhode Island General Assembly passed "The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006" that was signed into law by the Governor. This Act establishes a fund from which monies will be used to assist low income customers of utilities. BIPCO is required and is filing with the Commission an Affordable Energy Plan.

This Affordable Energy Fund money will be used to compensate Utility Companies for revenues lost due to the reductions in customer charges in accordance with a plan approved by the Commission. These reductions in charges will be given to very low income households and if feasible to low income households to provide up to a 50% reduction in customer charges for households that do not exceed the average use of comparable dwelling units. The Office of energy Resources must develop a strategic plan to provide money to increase energy efficiency and weatherization in dwelling units occupied by very low and low income households.

#### The Proposed Affordable Electric Energy Plan:

BIPCO proposes a discounted rate for electricity for low income and very low income households that includes:

1. 50% reduction in charges for electricity at a monthly use not to exceed 500kWh/mo.
2. 50% reduction in the unpaid balance of past due charges as long as monthly payments are made in accordance with the Company's plan to which the household had agreed. This reduction will take the form of a 50% reduction in the monthly charge to which both of the above parties had agreed.
3. BIPCO will apply to the fund for money to assist in weatherization for dwellings occupied by low income or very low income households that have electricity as the main supply of heat for the colder weather.

#### Estimated Impact of Plan:

BIPCO estimates that there are 15 very low or low income families that use about \$100 of electricity per month. A 50% reduction in charges would result in a \$9,000 loss to the Company that would then seek relief from the established fund.

BIPCO is unaware of any dwelling occupied by a low income or very low income household that has electricity as the main supply of heat for the colder weather.

# Schacht & McElroy

Robert M. Schacht  
Michael R. McElroy

Attorneys at Law

(401) 351-4100  
fax (401) 421-5696

Members of Rhode Island  
and Massachusetts Bars

21 Dryden Lane  
Post Office Box 6721  
Providence, Rhode Island 02940-6721

email: RMSchacht@aol.com  
McElroyMik@aol.com

June 6, 2007

Albert Casazza, M.D.  
President  
**Block Island Power Company**  
P.O. Box 1232  
Redding, CT 06875

Re: Affordable Energy Plan – PUC Docket Nos. 3804 and 3806

Dear Al:

The purpose of this letter is to summarize the provisions of the Report and Order issued by the Public Utilities Commission on May 31, 2007, regarding BIPCo's Affordable Energy Plan. A copy of the Report and Order was previously e-mailed to you, but for convenience, another copy is enclosed herewith.

BIPCo's original Affordable Energy Plan proposed a 50% reduction in electric charges at a monthly usage not to exceed 500 kwh per month for low income households. In addition, BIPCo proposed a 50% reduction in the unpaid balance of past due charges as long as the monthly payments are made. Also, BIPCo stated that it will apply to the Affordable Energy Fund for money to assist in weatherization for dwellings occupied by low income households that use electricity as their main source of supply for heat in the cold weather (but that BIPCo was unaware of any such households at this time). BIPCo estimated that it had 15 very low or low income households and that a 50% reduction in charges would cost about \$9,000.

The Office of Energy Resources originally allocated \$9,000 to BIPCo's low income plan to cover the anticipated cost. However, the Division noted that BIPCo's electric rates are not unbundled and therefore do not break out generation costs. As a result, the Division proposed (and BIPCo agreed) to use Pascoag's distribution rate as a proxy methodology for BIPCo's rates, which reduced estimated lost revenues from \$9,000 to \$3,300.

The Division also proposed that BIPCo's forgiveness plan be limited only to customers in very low income households because the Division felt that was required by the Act.

The Commission made the following rulings:

1. It approved BIPCo's plan, as revised by the Division with BIPCo's consent.

2. It stated that customers become eligible once they receive a notice of termination (as opposed to actual termination).
3. It ruled that customers have a 30-day grace period to make full payment of the bill from the bill's due date before the customer is deemed to have failed to comply with the forgiveness plan.
4. It ruled that the forgiveness plans must go into effect on July 1, 2007.
5. It ruled that the discount plans must go into effect on November 1, 2007, with tariff revisions to be filed by BIPCo 30 days prior to the November, 2007 date.
6. Note that BIPCo also needs to revise its plan to take into account the revisions set forth above.

It should also be noted that Pascoag attempted to obtain an exemption from the Act, but the Commission denied the request saying it did not have authority to exempt any utilities.

When we revise our plan, we must limit the discount only to the distribution portion of our electric bill and must utilize Pascoag's distribution rates as a proxy to determine the distribution rate.

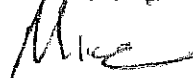
In summary, BIPCo's eligible customers will receive a 50% discount on their utility distribution rates (using Pascoag's rates as a proxy) and their customer charge, but the discount will only apply to electric usage up to 500 kwh per month.

With regard to very low income customers of BIPCo, they will in effect have 37.5% of their current unpaid electric bill balance forgiven at the end of three years if they initially pay 25% of their unpaid balance and 1/36 of 1/2 of the remaining balance per month for 36 months while remaining current with payments for current usage.

We must make sure that the forgiveness portion of our plan goes into effect on July 1 and that our revised tariff is filed 30 days prior to November 1, 2007 when the discount plan goes into effect.

In addition, I also recommend that we file a revised plan in accordance with the revisions ordered above as soon as possible, preferably before July 1, 2007.

Very truly yours,



Michael R. McElroy

MRMc:tmg

BIPCo8: Affordable-Casazza2

cc: BIPCo owners

David Milner

Walter E. Edge, Jr.

*Schacht & McElroy*

## SECRETARY'S CERTIFICATE

I, John Pezzimenti, do hereby certify that: I am the secretary of Block Island Power Company (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the special meeting held on April 26, 2007, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the attached forms of RUS Loan Contract, FFB Note, and Reimbursement Note are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that the Corporation borrow from the Federal Financing Bank ("FFB") an amount not to exceed \$600,000, to be guaranteed by the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"); and

2. RESOLVED that the Corporation accept the terms and conditions which the Administrator of RUS has established for obtaining its guarantee of the FFB loan, as such terms and conditions are set forth; and

3. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the Secretary is directed to affix and attest:

- (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
- (b) a note payable to FFB and guaranteed by RUS in the principal amount of \$600,000, substantially in the form of the FFB note submitted to this meeting; and
- (c) the note payable to the Government, acting through the Administrator of RUS, substantially in the form of the Reimbursement Note submitted to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

5. RESOLVED that the President, Vice President, Secretary, Treasurer, or any official(s) authorized to act in such corporate position(s) and to perform the functions of such


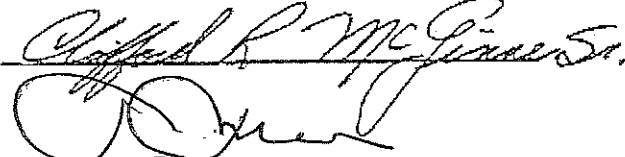
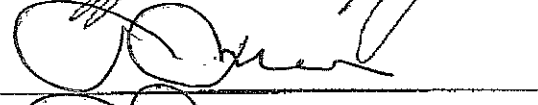
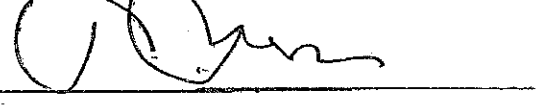


position(s) are authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

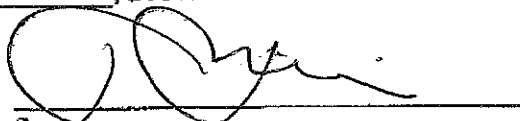
I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is April 27, 2007.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

Office	Name	Signature
President	Albert Casuzza	
Vice President	Clifford McGinnes	
Secretary	John Pezzimenti	
Treasurer	John Pezzimenti	

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 27 day of April, 2007.

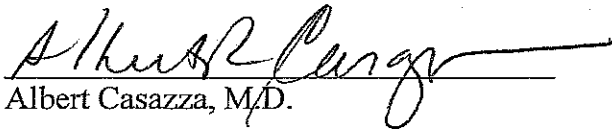
  
Secretary

(Corporate Seal)

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the appointment of Walter E. Edge, Jr., as Assistant Secretary of the Company. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

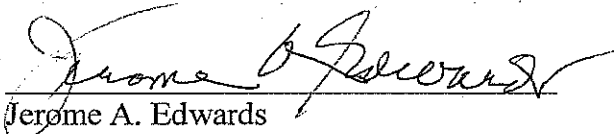
IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 5<sup>th</sup> day of March, 2007.

  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
David Milner

\_\_\_\_\_  
John Pezzimenti, M.D.

  
Jerome A. Edwards

03/05/2007  
03/05/2007

12:00  
11:49

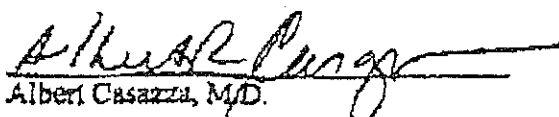
SCHACHT & MCELROY-B&E CONSULTING → 18509420313  
SCHACHT & MCELROY-B&E CONSULTING → 81PLU

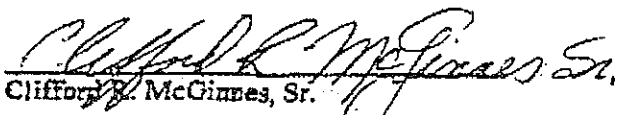
NO. 656 002  
NO. 655 002

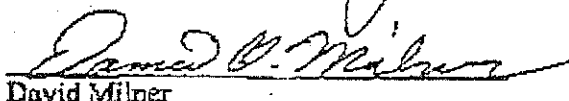
DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

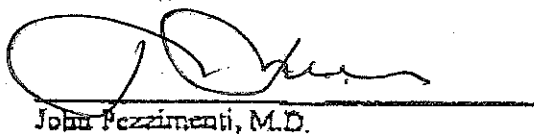
The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the appointment of Walter E. Edge, Jr., as Assistant Secretary of the Company. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have herunto affixed our names as Directors of said corporation this 5<sup>TH</sup> day of MARCH, 2007.

  
Albert Casazza, M.D.

  
Clifford B. McGinnes, Sr.

  
David Milner

  
John Pezzimenti, M.D.

Jerome A. Edwards

D:\PC09-Directors' Consent

Subj: **RE: RUS authentication certificate of authority**  
Date: 10/20/2006 10:38:22 A.M. Eastern Daylight Time  
From: [casazzaa@MSKCC.ORG](mailto:casazzaa@MSKCC.ORG)  
To: [dbebyn@beconsulting.biz](mailto:dbebyn@beconsulting.biz), [iftruck35@aol.com](mailto:iftruck35@aol.com), [hjedwards3@aol.com](mailto:hjedwards3@aol.com),  
[john.pezzimenti@danhosp.org](mailto:john.pezzimenti@danhosp.org), [mcelroymik@aol.com](mailto:mcelroymik@aol.com)  
CC: [gingermilner@msn.com](mailto:gingermilner@msn.com)

On Friday, October 20, 2006, a quorum of the Board of directors of BIPCO met via phone. Mr. McGinnes, Mr. Milner and Drs. Pezzimenti and Casazza approved the motion to include Mr. Bebyn and Mr. Milner on the Certificate of Authority for RUS. Albert Casazza, president

—Original Message—

From: Dave Bebyn [mailto:[dbebyn@beconsulting.biz](mailto:dbebyn@beconsulting.biz)]  
Sent: Wed 10/18/2006 1:12 PM  
To: Casazza, Albert R./Office of Physician-in-Chief  
Cc:  
Subject: RUS authentication certificate of authority

AI

Shelly, BIPCo's RUS Field rep, has setup Dave Milner, Walter and I to have access to BIPCo's RUS Form 7 & 12.

She left behind a Certificate of Authority for the President and Secretary of BIPCo to sign.

This certificate needs to be sign and mailed in before we can enter data.

I have attached that Certificate of Authority and Secretary's Certificate from RUS.

You need to adopt a resolution by a quorum of the board and include that date on both of the attached pages.

You only need to sign the certificate.

Please forward the pages to John.

Once he signs both pages they need to be mailed to RUS.

Mail the sign pages to:

USDA-RDUP-RUS  
Northern Regional Division  
Stop 1566  
1400 Independence Ave., SW  
Washington, DC 20250-1566

Thanks

Friday, October 20, 2006 America Online: McElroyMik

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture  
Rural Development Utilities Programs

**CERTIFICATE OF AUTHORITY TO SUBMIT OR GRANT ACCESS TO DATA**

**INSTRUCTIONS** Submit one copy to the Rural Development Utilities Programs headquarters and one copy to the GFR.

In accordance with the requirements of the Rural Utilities Service, an agency delivering the U.S. Department of Agriculture Rural Development Utilities Programs, herein after referred to as the Agency, and by resolution, attached hereto, of the board of directors or other managing body

(the "Board" of Block Island Power Company ("the Borrower")  
BORROWER'S NAME

located at PO Box 518 Block Island RI 02807  
BORROWER'S ADDRESS

which resolution was adopted by a quorum of the Board, held on \_\_\_\_\_, 20\_\_\_\_,

the Board hereby authorizes the officer or manager whose name, title, and USDA eAuthentication ID appear below (Certifier), to certify and submit the data requested on the following Agency data collections. Furthermore, said resolution authorizes the following employee whose name, title, and eAuthentication ID appear below (Security Administrator), to give, as appropriate, other employees, officers, or contractors access to the Borrower's data on the USDA Rural Development Data Collection System, subject to the terms of the attached instructions, for the purpose of completing the required data collection indicated below:

Check All That Apply

Form No. (if applicable)	TITLE
<input checked="" type="checkbox"/> 7	Financial and Statistical Report (Electric - Distribution)
<input checked="" type="checkbox"/> 12	Operating Report (Electric - Generation)
<input type="checkbox"/> -	Operating Report for Broadband Borrowers
<input type="checkbox"/> -	Operating Report for Telecommunications Borrowers

This certification of authority shall remain in force until the Agency has been notified of, and has acknowledged to the Board, its rescinding of the attached resolution.

Certifier

Vice President  
TITLE

David Milner  
NAME (TYPE OR PRINT)

bipower  
eAuthentication ID

Security Administrator

Sr RUS Accountant  
TITLE

David G Bebyn  
NAME (TYPE OR PRINT)

dbebyn  
eAuthentication ID

Block Island Power Company  
BORROWER'S NAME

Arthur Carey  
SIGNATURE OF BOARD PRESIDENT  
OR CHAIRMAN

D. Bebyn  
SIGNATURE OF SECRETARY

10/25/06  
DATE

SECRETARY'S CERTIFICATE

I, John Pezzimenti do hereby certify that: I am the Secretary of Block Island Power Company (hereinafter the "Corporation;") that the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the [regular/special] meeting held \_\_\_\_\_, 20\_\_\_\_, and entered in the minute book of the Corporation; that the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; and that none of the following resolutions has been rescinded or modified:

RESOLUTIONS

1. RESOLVED that David Milner, the [Manager/President] of the Corporation, be the Certifier on behalf of the Corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture delivering Rural Development Utilities Programs, any and all data required by RDUP Form 674;

2. RESOLVED that David Bebyn (insert name), the Sr RUS Accountant [position] of the Corporation, be the Security Administrator on behalf of the Corporation, who shall give access to the Corporation's data, as appropriate, to other employees, officers, or contractors of the Corporation, for the purpose of complying with RDUP Form 674; and

3. RESOLVED that both shall comply with the Instructions for RDUP Form 674 in regard to use of the government's data collection system.

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation

this 23<sup>rd</sup> day of October, 2006.

  
Secretary

(Corporate Seal)

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS AND DIRECTORS OF  
BLOCK ISLAND POWER COMPANY

The annual meeting of the stockholders and directors of Block Island Power Company (BIPCo) was held on September 26, 2006, commencing at 11:00 a.m., at Water's Edge Inn and Resort, 1525 Boston Post Road, Westbrook, CT, pursuant to notice duly given to the shareholders, directors, and officers. The following shareholders were present at the meeting:

Albert R. Casazza, M.D.  
Jerome A. Edwards  
Clifford R. McGinnes, Sr.  
(John Pezzimenti, M.D. was absent.)

The following directors were present:

Albert R. Casazza, M.D.  
Jerome A. Edwards  
Clifford R. McGinnes, Sr.  
Michael J. Wagner

Also present were:

David Milner, General Manager  
David Bebyn, CPA of B&E Consulting, BIPCo's regulatory accounting firm  
Michael R. McElroy, Schacht & McElroy, BIPCo's legal counsel

The following business was discussed:

1. Mr. McElroy handed out a copy of a request for an investigation filed by legal counsel for the Town of Block Island with the DPUC/PUC as a result of BIPCo's recent filing of its related party report. The request was discussed generally. The president will coordinate with BIPCo's regulatory account and legal counsel regarding how to handle this request for an investigation, which had been filed with the DPUC/PUC on the day of the annual meeting.
2. The President distributed a proposed letter to ratepayers regarding the 1¢ per kilowatt hour charge being collected for the IRP fund, which will go in the next bills.
3. Mr. Bebyn distributed the August 31, 2006, three-month financial statements, including balance sheet, income statement, and itemization of outside services, all for the period from June 1, 2006 to August 31, 2006, which represents the first quarter of BIPCo's fiscal year. A copy is attached hereto.
4. A number of details regarding the financial statements were discussed, including the following:

- Total revenues for the period of \$1,163,920 are approximately \$10,000 below budget and approximately \$15,000 below last year's revenues for the same period of time.
  - Total operating expenses of \$282,679 are almost \$40,000 more than budgeted. Mr. Bebyn explained that outside services increased during this period by about \$21,000 and he discussed the itemization of outside services, which he distributed. Approximately \$30,000 of outside services expense related to the sale of the property, which was a non-recurring expense. In addition, \$19,509.77 of these outside services represented legal fees for the zoning and planning work which is expected to be 50% reimbursed by the Estate of Marjorie McGinnes. In addition to this non-recurring expense that did not exist in the prior year, another \$19,000 represented an accrual of rate case expenses which is not in the budget. Together, these two items total approximately \$48,000, which is more than the approximate \$40,000 increase in total expense over the budget.
  - Net profits are approximately \$83,000 less than budgeted, but are slightly ahead of net profits from the same period last year. The reason for the discrepancy between the net profit year-to-date and the budgeted net profit is primarily due to the fact that there is about \$64,000 of depreciation expense which is not budgeted.
  - Maintenance expenses were discussed. The president expressed to the general manager that maintenance expenses should not be artificially controlled in one period so that they blossom later. The general manager explained that most maintenance cannot be done in the summer (unless it is emergency maintenance) because all of the engines need to run in the summer time to meet demand and that maintenance is usually done in the off season. This first quarter represents the summer period, so maintenance seems low. The general manager explained that a top end overhaul is expected to be done soon for Engine 23. It is planned to be done in house at a substantial cost savings. The engine is no longer under warranty.
  - Net income of approximately \$619,000 is nearly identical as the same period last year and is about \$6,000 less than budgeted.
5. Mr. McGinnes reported that on the night before the meeting, the Block Island Town Council discussed BIPCo and they were disappointed that the company had not provided what the Town Manager considered to be sufficient information to the Town regarding the property sale.
  6. There was generalized discussion about possibly changing auditors, but no decision was made except to obtain proposals from new auditors.
  7. Mr. Bebyn requested clarification on vacation accruals, especially for Michael Wagner, and received an explanation from the president sufficient to allow him to make the necessary adjustment.



8. The related party report filed with the PUC, which was prepared by BIPCo's auditors, was discussed. A copy is attached hereto. Except for the transactions between BIPCo and Block Island Cable TV, owned by Mr. McGinnes, the related party transactions were defensible. It was agreed that Block Island Cable TV should sign a note for all balances owed to BIPCo. Mr. McGinnes reported that he will be shutting Block Island Cable TV down on August 31, 2006, and that he is making current payments of all electric bills plus \$1,000. The extra \$1,000 is being applied to electric charges, and then will be applied to pole fees. An interest rate of 5% on the note was discussed. Mr. McGinnes said he wanted Attorney Elliot Taubman to review the matter and prepare a note that can be put on file soon. He also noted that he recently received Division consent to shut Block Island Cable TV down.
9. Mr. McGinnes noted that the RUS is having an alternative energy meeting in St. Louis and asked legal counsel to re-send the e-mail concerning this to all owners.
10. The issue of scrubbers were discussed with Mr. McGinnes leading the discussion. He said that BIPCo is obtaining two new scrubbers. They decided not to put a scrubber on Engine 19 because it is too old, and even with a scrubber, may not meet the air quality standards, according to LFR, BIPCo's environmental engineer, and Caterpillar. Caterpillar is going to pay 50% of the cost of the two scrubbers. Mr. McGinnes is getting quotes for the purchase and installation costs. Mr. McGinnes proposed that money be borrowed. Based on the quotes he has so far, using a 5-year loan and 8% interest, the cost would be about \$56,000 a year, based on a cost of \$266,000 plus about \$100,000 of installation (although Cat would pay about 50%). Mr. McGinnes proposed that the company approach Washington Trust Company for the loan once we have received the \$600,000 loan from RUS and refinanced the \$600,000 currently owed to Washington Trust. A discussion ensued regarding the use of the maintenance reserve in whole or in part for the scrubber purchase and installation. There were funds from the maintenance reserve that were not spent in the last year and there is another allowance for this year. The funds not spent last year were about \$68,000. The funds for this year are about \$80,000, yielding about \$148,000, which could possibly be used in whole or in part toward the scrubber purchase and installation. The president expressed the feeling that BIPCo should borrow as little money as possible in order to cover the cost of the scrubbers. If, after obtaining the quotes and determining the amount of money available in the maintenance reserve, it is necessary to borrow funds, then the president suggested a specific proposal be made at that time and a vote will be made on the borrowing at that time.
11. Air quality issues were discussed. BIPCo is currently out of compliance with certain carbon monoxide air emission issues, but LFR, our environmental consultant, is on top of this and is speaking to DEM and Caterpillar about it. A report has been made to DEM. It is believed that the Caterpillar numbers furnished to DEM, upon which the operating permit is based, may not be right. LFR believes this is not a serious problem and that DEM will hopefully modify BIPCo's operating permit. BIPCo currently has a good relationship with DEM.

12. Water quality issues and clean-up were discussed. DEM has given BIPCo permission to stop the pumping and BIPCo is now just down to quarterly testing. The testing has shown that the contamination has flat lined.
13. The EPA's new fine particulate regulations were discussed. Caterpillar is apparently developing scrubbers for fine particulates. LFR, however, has expressed the opinion that these fine particulate regulations will not impact BIPCo.
14. The tank farm was discussed. It appears from LFR that BIPCo has until 2012 to take out the tanks and put in new double walled tanks. It was agreed that this will be a major expense that BIPCo should start planning for in 2010 and consider whether the RUS may finance it.
15. Personnel was discussed. David Milner, general manager, felt that BIPCo was doing well with the current employees. Certain minor personnel issues were also discussed.
16. Champlins Marina was discussed. Currently, they just want a 400 amp service for the winter. It looks like they will not be online for next year due to the fire in their generating facility. (This fire also has apparently reduced demand on the island for those who wanted to use their own generators). It was discussed that BIPCo should let Champlins know that if they want to go online with us, there will be significant lead time and upgrading required, and if they do not give us sufficient lead time, we may not be able to satisfy their needs for next summer. Since Champlins does not appear to be moving quickly on this matter, these conversations should be documented in writing for BIPCo's files.
17. Reliability was discussed. It was felt that this was one of BIPCo's most reliable summers ever. No reliability complaints have been filed with the DPUC. It was a trouble free summer, despite the fact that BIPCo experienced its highest load ever during a very hot week.
18. Dr. Casazza announced that his official retirement date from Sloan-Kettering is December 31, 2006.
19. The next order of business was the election of the members of the Board of Directors. Upon motion made by Dr. Casazza and duly seconded, it was unanimously voted that the Board of Directors shall consist of Albert R. Casazza, M.D., Jerome A. Edwards, Clifford R. McGinnes, Sr., John Pezzimenti, M.D., and David Milner.
20. The next order of business was the acceptance of the resignation of Michael J. Wagner from the Board of Directors effective September 26, 2006, at the end of the annual meeting. A copy of Mr. Wagner's resignation letter is attached hereto. It was unanimously voted to accept Mr. Wagner's resignation and he was thanked for his many years of service.
21. The next order of business was the election of officers. Upon motion made by Dr. Casazza and duly seconded, it was unanimously voted that the officers of the corporation shall be as follows:


President  
Vice President and Chief Operating Officer  
Secretary, Treasurer and Chief Financial Officer  
President Emeritus and Advisor to the President  
General Manager

Albert R. Casazza, M.D.  
Clifford R. McGinnes, Sr.  
John Pezzimenti, M.D.  
Jerome A. Edwards  
David Milner

It was noted that Mr. Edwards has retired after more than 13 years as president and his role will continue to be that of an advisor. He will have no executive powers. The executive powers of the corporation will be vested in the president and otherwise as set forth in the bylaws of the corporation.

22. The next order of business was a motion to approve the actions of the officers for the past year. On motion made by Jerome A. Edwards and duly seconded, it was unanimously voted to approve all of the actions of the officers of BIPCo for the past year.
23. The next order of business was the appointment of a regulatory accounting firm. Upon motion of the president, duly seconded, it was unanimously voted to appoint B&E Consulting as the regulatory accountant for BIPCo.
24. The next order of business was the appointment of legal counsel. Upon motion of the president, duly seconded, it was unanimously voted to appoint Schacht & McElroy as legal counsel for BIPCo.
25. The next order of business was funding of the retirement fund. Upon motion made by the president, duly seconded, it was unanimously voted to fund the retirement fund.
26. The next order of business was the selection of an auditor for the company. It was pointed, as discussed above, that the company is in the process of considering hiring a new auditor. The president is looking for a recommendation, and when a recommendation is made to the company, a vote will be made at that time regarding replacing the auditor.

There being no business to become before the meeting, it was, on motion duly made and seconded, adjourned at approximately 1:30 P.M.

  
Albert R. Casazza, M.D., President

  
Michael R. McElroy, Acting Secretary

# Block Island Power Company

## Balance Sheet

August 31, 2006

### ASSETS

#### Property and Equipment

Land	\$	79,609.56	
Buildings		1,975,542.98	
Machinery & Equipment		4,015,648.80	
Furniture & Fixture		89,010.97	
Distribution System		1,658,402.50	

Total Property and Equipment			<u>7,818,214.81</u>
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Total Accumulated Depreciation			<u>&lt;3,431,498.77&gt;</u>
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<i>Net Utilities Plant</i>			4,386,716.04
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#### Current Assets

Cash - Customer Deposits		39,227.38	
Cash - AIC		4,458.60	
Cash - WTC		1,000.00	
Petty Cash		701.72	
Cash - Money Market		284,447.78	
IRP Surcharge Saving 91053970		42,725.08	
CASH - RUS ACCT		420.09	
Intercompany Transfer		1,500.00	
Accounts Receivable Elect		947,677.14	
Allowance For Bad Debt		<20,359.11>	
Accounts Receivable-Other		102,118.85	
Accrued Gross Earnings		73,290.00	
Plant Material & Operation		99,075.78	
Fuel Inventory		157,887.00	
Prepaid Expenses		19,870.37	
Security Deposit		113.20	
Deferred Income Tax		16,063.20	

<i>Total Current Assets</i>			<u>1,770,217.08</u>
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#### Deferred Assets

Def. Regulatory Asset-retiremt		356,417.69	
Def. Regulatory Asset-Eng.Res		(152,109.47)	
Def. Regulatory Asset-RateCase		133,687.17	

<i>Total Deferred Assets</i>			337,995.39
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Total Assets	\$		<u><u>6,494,928.51</u></u>
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# Block Island Power Company

## Balance Sheet

August 31, 2006

### LIABILITIES AND CAPITAL

#### *Current Liabilities*

Accounts Payable Trade	316,446.14
A/P - Customer Deposits	47,740.83
Accrued Expenses	48,202.25
IRP & DSM Surcharge Payable	60,165.01
Accrued Payroll and Withholdings	<u>16,888.92</u>

Total Current Liabilities

489,443.15

#### *Deferred Credits*

Acc. Defer. Inc. Tax - Other	45,813.41
Deferred Tax Liability	142,675.82
Unearned Rental Revenue	2,000.00
Deferred Revenue	162,498.16
SCR & Engine Maint Reserve	<u>(152,109.47)</u>

Total Deferred Credits

200,877.92

#### *Long-Term Liabilities*

Line of Credit	48,000.00
Retirement Obligations	356,417.69
Note Payable - WTC 39903	227,300.67
ENGINE CAPITAL wtc	600,000.00
RUS LOAN	<u>3,006,627.40</u>

Total Long-Term Liabilities

4,238,345.76

Total Liabilities

4,928,666.83

#### *Capital*

Common Stock	200,000.00
Premium On Capital Stock	13,000.00
Retained Earnings	764,867.65
Treasury Stock	<21,485.00>
Net Profit from Operations	<u>609,879.03</u>

Total Capital

1,566,261.68

Total Liabilities & Capital

\$ 6,494,928.51

Block Island Power Company  
Income Statement  
For the Three Months Ending August 31, 2006

	Current Month Actual	Prior Year Actual	Year to Date Actual	Year to Date Budget	Year to Date Prior Year
<b>Revenues</b>					
Residential Sales	\$ 136,969.09	\$ 134,024.47	\$ 348,868.99	\$ 352,645.40	\$ 352,645.40
Commercial Sales	48,282.89	50,269.45	134,106.59	133,070.30	133,070.30
Command Electric	141,818.05	142,860.53	386,103.96	394,786.87	394,786.87
Public Streets & Highway	15,648.47	13,295.77	45,034.00	38,591.58	38,591.58
Other Public Authorities	1,050.60	1,035.15	3,151.80	3,105.45	3,105.45
Installation Charge	125.00	75.00	275.00	400.00	350.00
Customer Charge	19,882.50	19,475.50	59,521.00	58,675.50	58,316.50
Command - All Rates	36,527.79	37,931.99	105,189.30	106,792.71	106,792.71
System Charge	14,002.50	15,267.50	34,535.00	40,067.50	40,067.50
Interest Income	187.50	87.01	998.56	383.25	217.27
Lease	13,560.87	15,255.87	40,682.61	38,499.00	45,767.61
Miscellaneous Income	-	70.00	293.77	2,250.00	90.00
Other Penalty	1,885.10	2,263.09	5,159.47	4,384.22	4,384.22
<b>Total Revenues</b>	<b>429,940.36</b>	<b>431,911.33</b>	<b>1,163,920.05</b>	<b>1,173,651.78</b>	<b>1,178,185.41</b>
<b>Expenses</b>					
<i>Utilities</i>					
Utilities--Supervision	12,027.60	6,420.80	30,257.70	24,375.00	19,262.40
Utilities--Watchman	10,376.84	8,808.08	26,770.16	26,556.00	29,124.64
Utilities--all others	20,208.77	16,884.36	55,350.77	54,234.99	57,014.03
<b>Total Utilities</b>	<b>42,613.21</b>	<b>32,113.24</b>	<b>112,378.63</b>	<b>105,165.99</b>	<b>105,401.07</b>
<b>Operating Expense</b>					
Amortification	0.00	0.00	6,425.68	6,000.00	5,069.41
Light	0.00	0.00	0.00	285.00	0.00
Repair	0.00	3.99	1,574.06	2,850.00	365.40
Purchased Power	0.00	0.00	0.00	285.00	0.00
Overhead Lines	0.00	0.00	0.00	150.00	0.00
Distrib. Expense	355.84	10,920.00	20,782.36	18,750.00	29,076.85
Miscellaneous	199.79	0.00	446.88	150.00	0.00
Management's Compensation	6,000.00	6,000.00	18,000.00	18,000.00	18,000.00
Supervisors Compensation	4,000.00	4,000.00	10,000.00	12,000.00	12,000.00
Operator Compensation	4,000.00	4,000.00	12,000.00	12,000.00	12,000.00
Supplies and Expense	2,902.34	3,021.12	11,508.55	9,999.00	13,099.81
Removal	387.00	273.00	2,748.00	2,376.00	862.00
Service Services	7,296.89	15,089.00	62,370.26	41,002.00	38,686.00
Employee Pension	1,000.00	1,000.00	3,000.00	3,000.00	3,000.00
EMPLOYEE PENSION *NEW*	4,000.00	4,000.00	12,500.00	12,000.00	12,000.00
General Liability Ins	9,050.00	9,333.00	27,150.00	30,000.00	27,999.00
Employee Benefits	12,414.44	10,046.12	34,643.13	32,502.00	30,138.36
Sharing Expense	0.00	0.00	0.00	300.00	0.00
Telephone Expense	6,366.05	6,366.05	19,098.15	0.00	19,098.15
Program Exp	0.00	0.00	0.00	2,352.00	0.00
Travel And Misc. Expense	0.00	0.00	1,278.17	525.00	0.00
Expense-Apartment	5,000.00	0.00	5,000.00	0.00	0.00
Board Meetings	0.00	0.00	2,500.00	2,500.00	2,500.00
Printing	11,166.55	2,171.20	15,702.45	8,728.00	4,587.40
Rental	375.00	0.00	5,256.65	9,504.00	6,263.06
Compliance	505.50	0.00	10,694.21	17,754.00	9,200.71
<b>Total Operating Expense</b>	<b>75,019.40</b>	<b>76,223.48</b>	<b>282,678.55</b>	<b>243,012.00</b>	<b>244,036.15</b>

Block Island Power Company  
Income Statement  
For the Three Months Ending August 31, 2006

	Current Month Actual	Prior Year Actual	Year to Date Actual	Year to Date Budget	Year to Date Prior Year
<b><u>Maintenance Expense</u></b>					
Subcontractor Expense	0.00	0.00	0.00	300.00	0.00
Backhoe Repair	0.00	0.00	523.79	0.00	0.00
Maint. Of Structures	134.05	0.00	2,736.58	3,300.00	641.00
Maint. Of Gen & Elect Plt	0.00	0.00	0.00	600.00	332.04
Misc.	0.00	0.00	525.50	300.00	0.00
STRUCTURES	0.00	0.00	(110.00)	0.00	0.00
ation Equip	0.00	0.00	0.00	2,124.00	0.00
Maint Of Street Lights	0.00	0.00	47.00	100.00	0.00
Misc	0.00	0.00	(178.20)	0.00	0.00
Maint General Plant	53.50	1,049.88	1,225.15	1,026.00	1,049.88
all Tools	0.00	0.00	0.00	750.00	180.53
ase - Motor Vehicle	1,807.01	1,617.88	5,421.03	6,150.00	8,024.61
z. Waste Store/Remove/Hd	0.00	0.00	6,711.58	6,000.00	1,519.90
forms	0.00	0.00	0.00	576.00	0.00
R Maint	0.00	0.00	4,484.71	0.00	0.00
R & Engine Maint Res.Exp.	0.00	39,006.44	0.00	0.00	106,404.78
GENERATOR # 22 MAINTENANC	230.80	0.00	6,897.69	0.00	0.00
ine #23 Maint	4,414.62	0.00	5,954.87	0.00	0.00
eral Engine Maintenance	0.00	0.00	0.00	54,750.00	0.00
ine #24 Maint	4,414.62	0.00	4,414.62	0.00	0.00
GINE #25 INSTALL	0.00	0.00	0.00	0.00	1,168.99
<b>Maintenance Expense</b>	<b>11,054.60</b>	<b>41,674.20</b>	<b>38,654.32</b>	<b>75,976.00</b>	<b>119,321.73</b>
<b><u>Miscellaneous (Revenue) &amp; Expense</u></b>					
preciation Expense (A)	21,262.94	19,204.24	63,788.82	0.00	57,612.72
nce Charges	0.00	0.00	0.00	0.00	189.85
est On Loan #39903 (B)	1,588.96	2,365.56	4,047.36	4,907.00	5,961.29
est On Loan #39904 (B)	356.71	0.00	1,236.83	0.00	823.82
est on Loan 91125530 (B)	4,779.17	0.00	14,062.50	14,142.00	0.00
LOAN INTEREST (B)	0.00	0.00	14,048.91	13,104.31	14,481.31
ER LOAN INTEREST (B)	0.00	438.31	0.00	0.00	438.31
C-Bank Fees	13.48	0.00	55.42	75.00	38.20
Other expenses	0.00	0.00	355.00	24.00	78.16
-Sewer Exp on Rental Prop	0.00	0.00	0.00	0.00	4,035.00
<b>Miscellaneous (Revenue)/Expense</b>	<b>28,001.26</b>	<b>22,008.11</b>	<b>97,594.84</b>	<b>32,252.31</b>	<b>83,658.66</b>
<b>Taxes</b>	<b>3,560.38</b>	<b>2,680.13</b>	<b>9,564.30</b>	<b>8,962.74</b>	<b>7,576.88</b>
es Tax	1,286.44	568.14	1,786.17	1,125.00	1,976.76
ty Taxes	0.00	179.70	4,402.54	4,352.00	4,311.11
ations	0.00	0.00	80.00	0.00	166.00
ss Earnings Tax	4,203.39	7,641.36	19,077.74	22,126.00	18,153.83
<b>Taxes</b>	<b>9,050.21</b>	<b>11,069.33</b>	<b>34,910.75</b>	<b>36,565.74</b>	<b>32,184.58</b>
<b>Income Before Fuel Rev./Exp.</b>	<b>264,201.68</b>	<b>248,822.97</b>	<b>597,702.96</b>	<b>680,679.74</b>	<b>593,583.22</b>

Block Island Power Company  
Income Statement  
For the Three Months Ending August 31, 2006

	Current Month Actual	Prior Year Actual	Year to Date Actual	Year to Date Budget	Year to Date Prior Year
<i>Fuel Expenses/(Revenue)</i>					
Residential Fuel	(145,565.98)	(117,802.05)	(356,761.52)	-	(292,873.60)
Commercial Fuel	(50,731.88)	(39,816.20)	(131,672.80)	-	(103,222.60)
Demand Fuel	(160,805.04)	(135,504.17)	(425,091.81)	-	(355,797.30)
Public Authority Fuel	(19,062.45)	(13,432.62)	(53,280.37)	-	(37,027.68)
PP & DSM Surcharge Funding	17,794.68	17,335.94	47,077.90	-	46,924.10
Fuel	323,171.89	249,374.68	834,826.71	-	634,747.61
Fuel Procurement	9,775.00	14,023.43	31,805.02	-	42,965.34
Gross Earnings Tax on Fuel Rev	15,046.61	12,262.20	38,672.26	-	31,556.85
Sea Expense	(4,026.00)	4,806.75	2,248.54	-	13,927.15
<i>Fuel Expense/(Revenue)</i>	(14,403.17)	(8,752.04)	(12,176.07)	-	(18,800.13)
<b><i>Profit from Operations</i></b>	<b>\$ 278,604.85</b>	<b>\$ 257,575.01</b>	<b>\$ 609,879.03</b>	<b>\$ 680,679.74</b>	<b>\$ 612,383.35</b>
<i>Adjustments to GAAP</i>					
Depreciation Adj (A)	(21,262.94)	(19,204.24)	(63,788.82)	-	(57,612.72)
Cap Exp Adjustment (B)	(6,724.84)	(2,803.87)	(33,395.60)	(32,153.31)	(21,704.73)
<i>Adjustments to GAAP</i>	(27,987.78)	(22,008.11)	(97,184.42)	(32,153.31)	(79,317.45)
<i>Reserve for Debt Service</i>					
Service Principal	10,140.61	9,364.01	54,690.20	55,921.24	51,193.74
Service Interest (B)	6,724.84	2,803.87	33,395.60	32,153.31	21,704.73
<i>Reserve for Debt Service</i>	16,865.45	12,167.88	88,085.80	88,074.55	72,898.47
<b>Income</b>	<b>\$ 289,727.18</b>	<b>\$ 267,415.24</b>	<b>\$ 618,977.65</b>	<b>\$ 624,758.50</b>	<b>\$ 618,802.33</b>



General Ledger

For the Period From Jun 1, 2006 to Aug 31, 2006

5923.0001 Outside Services

Date	Reference	Jrnl	Trans Description	Debit Amt
5/1/06			Beginning Balance	
5/5/06	234	PJ	B & E CONSULTING	4,410.00
5/5/06	235	PJ	B & E CONSULTING	945.00
5/5/06	236	PJ	B & E CONSULTING	5,825.00
5/30/06	16769	PJ	SCHACHT & MCELROY	7,450.58
5/30/06	16770	PJ	SCHACHT & MCELROY	13,588.72
7/1/06	220	PJ	NEW HARBOR GROUP	3,825.00
7/5/06	242	PJ	B & E CONSULTING	1,235.00
7/5/06	243	PJ	B & E CONSULTING	10,374.00
7/5/06	244	PJ	B & E CONSULTING	2,625.00
7/5/06	2004,2005 T/R	PJ	BACON & COMPANY C	425.00
7/5/06	2004,2005 T/R	PJ	BACON & COMPANY C	925.00
7/31/06	16804	PJ	SCHACHT & MCELROY	4,972.90
7/31/06	16803	PJ	SCHACHT & MCELROY	289.80
8/1/06	16802	PJ	SCHACHT & MCELROY	-1,817.63
8/2/06	249	PJ	B & E CONSULTING	3,400.00
8/8/06	AUG2005	PJ	TAUBMAN LAW OFFICI	315.34
8/31/06	16830	PJ	SCHACHT & MCELROY	53.55
8/31/06	16832	PJ	SCHACHT & MCELROY	948.15
8/31/06	16861	PJ	SCHACHT & MCELROY	2,579.85
8/31/06			Ending Balance	62,370.26

General	Tax rtn	Memo Filing	RUS	Lobby	Sale of Prop
945.00		4,410.00			
7,450.58			5,825.00		
				3,825.00	13,588.72
2,625.00			1,235.00		10,374.00
	425.00				
	925.00				
289.80					4,972.90
-1,817.63					
3,400.00					
315.34					
53.55					
2,579.85					948.15
15,841.49	1,350.00	4,410.00	7,060.00	3,825.00	29,883.77

✓ = items to be split equally with the  
 Estate of Marjorie McQuinn

*Certified Public Accountants*

875 CENTERVILLE ROAD  
WARWICK, RHODE ISLAND 02886-4581  
TEL.: (401) 823-4004  
FAX.: (401) 823-4008  
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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Block Island Power Company,

We have performed the procedures enumerated below, which were agreed to by the Block Island Power Company to assist management in preparing their response with respect to the request made by the Rhode Island Public Utilities Commission. The request by the Rhode Island Public Utilities Commission was presented within Appendix A of the Stipulation and Settlement Document on Page 6, Section 9 of General Rate Filing Docket Number 3656. The procedures covered the period beginning June 1, 2005 through May 31, 2006. This Agreed-Upon Procedure Engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

See the attached schedule enumerating the procedures and findings.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Schedule of Procedures and Findings. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Block Island Power Company and the Rhode Island Public Utilities Commission and is not intended to be and should not be used by anyone other than these specified parties.

JAMES N. NADEAU + COMPANY, LLP

September 14, 2006

Block Island Power Company  
Agreed Upon Procedures  
Schedule of Procedures and Findings  
For the Period Beginning June 1, 2005 through May 31, 2006

1. Review transactions with IFR Trucking for propriety and determine if rates charged for trucking services were competitive and consistent with rates charged to other non-related customers.

*Background* – The Block Island Power Company receives fuel deliveries from IFR Trucking which is owned by the Chief Operating Officer (Cliff McGinnis). IFR Trucking rents to the Block Island Power Company an oil truck (truck and trailer with a capacity 10,000 gallons) which the Power Company uses to obtain diesel fuel from Providence. The fees paid to IFR Trucking are only for rental of the truck and trailer. The driver cost and fuel cost are paid separately and are not related parties.

During the period examined, we noted rental charges varied from \$225 to \$300 per round trip delivery. We examined 104 round trips totaling \$26,000 for an average round trip rental fee of \$250. To ascertain the fairness of this cost we contacted other fuel delivery services to inquire as to the fair market value for a truck and trailer of this capacity with no driver and found that the average hourly rate for this truck was \$100 per hour. We further reviewed the average delivery time, the time it takes to leave Block Island via Interstate Navigation (ferry travel time) and travel to Providence, load, and return to Block Island and unload and determine that five hours were needed on average to complete this process.

Based on this analysis, the Block Island Power Company appears to be paying less than fair market value for this rental since fair market value would be approximately \$500 compared to the current average rate paid of \$250.

2. Determine fair market rental for a garage and apartment rented to Ballard Oil Company.
  - Obtain a rental appraisal from a qualified real estate appraiser familiar with real estate values and rental rates in New Shoreham, Rhode Island.

*Background* – The Block Island Power Company rents a garage and apartment located on the Power Company's property to Ballard Oil Company. Ballard Oil Company is owned by a son of the Chief Operating Officer (Cliff McGinnis). Ballard Oil Company pays a monthly lease to the Block Island Power Company totaling \$600. The lease is on a month-to-month basis.

The garage is a one story steel and wood frame service type garage that was built on a slab, circa 1975. It is a four bay garage with a shed type addition. Ballard Oil Company leases two bays.

The apartment is a small residential home located close to plant operations and under the guide wires securing the communications tower. The building is a one and one half story wood frame building, circa 1940. The building consists of five rooms, with two full baths and one full kitchen.

This portion of the property (residential building and entire garage) was recently sold to the estate of Marjorie McGinnis for \$912,813.

Block Island Power Company  
Agreed Upon Procedures  
Schedule of Procedures and Findings  
For the Period Beginning June 1, 2005 through May 31, 2006  
(Continued)

At the time of our examination, we were unable to obtain a rental appraisal from a qualified real estate appraiser familiar with real estate values and rentals located on Block Island.

We contacted four different real estate agents. The first real estate agent, located on Block Island, was unable to perform an appraisal since they were not independent from the Shareholders of the Power Company. The second real estate agent, located on Block Island, was unable to perform the appraisal until October 2006. The third real estate agent, located on Block Island, did not have the required credentials necessary to perform the appraisal. The fourth real estate agent, not located on Block Island, was again unable perform the appraisal until October 2006 at a cost of \$1,500.

We were informed during our examination that Ballard Oil Company had made several improvements during the period in which it was renting the property. Those improvements consisted of complete renovations to the kitchen and bathrooms and painting of several rooms. The Power Company did not pay for the renovations.

Based on our inquires, we are unable to determine the fair market value for the garage and apartment; however, the Power Company did receive an enhanced value of the property when it was sold due to the renovations that were completed by the tenant.

3. Determine if price paid to Ballard Oil Company for fuel oil purchases were competitive and consistent with prices charged by Ballard Oil Company to other non-related customers.
- Select a representative sample of invoices from Ballard Oil Company for fuel oil sales both to Block Island Power Company and other non-related customers during the same period and determine if rates charged were consistent.

Background – The Block Island Power Company purchases heating oil from Ballard Oil Company. Ballard Oil Company is owned by a son of the Chief Operating Officer (Cliff McGinnis). Due to the nature of Block Island, there are limited services offered on the Island. Heating oil used to heat the office and various out buildings used by the Power Company are heated with oil purchased from Ballard Oil Company.

During the period of our examination, we noted fuel oil charges ranged from \$2.24 to \$2.41 per gallon. We compared fuel oil charges incurred by the Power Company with those charged to another large Block Island customer who purchased fuel oil from Ballard Oil Company and whose invoices were obtained independently from that customer. We noted all but one of the eleven invoices examined agreed with other customer's fuel oil invoices during the same billing day. The one invoice which did not agree was ten cents (\$0.10) less resulting in an under billing to the Power Company of \$58.85 (total gallons of 588.5, Power Company cost per gallon \$2.24, other customer cost per gallon \$2.34).

Based on this analysis, the Block Island Power Company appears to be paying a fair market value for fuel oil purchases.

Block Island Power Company  
Agreed Upon Procedures  
Schedule of Procedures and Findings  
For the Period Beginning June 1, 2005 through May 31, 2006  
(Continued)

4. Determine if rental of space on utility poles leased to Block Island Cable Company is consistent with industry standards.

Background – The Block Island Power Company rents space on its utility poles to Block Island Cable Company. Block Island Cable Company is owned by the Chief Operating Officer (Cliff McGinnis).

During our examination of this related party transaction, we noted in Rhode Island pole cost/rental is shared between the electric company and phone company. This means costs associated to install a pole are split between the electric company and phone company. Also, any space rented on a pole (referred to as Pole Attachment Fees) is equally earned between the electrical company and phone company. The Pole Attachment Fee is required by law and its formula is set by the FCC. This practice was confirmed by representatives at the Rhode Island Public Utilities Commission and management of the Power Company.

To become more familiar with this procedure we reviewed various FCC documents and consulted with a Washington D.C. attorney specializing in the telecommunications regulatory environment.

Based on our research and billing information provided to us by Cliff McGinnis, we found Verizon bills the Block Island Cable Company \$5,411.60 per year. This fee is based on 1,630 poles at \$3.32 per pole as outlined in the Verizon Attachment Fees and Charges for services in the New England area. The current fee paid by the Cable Company to the Power Company is \$1,703.40 which is \$3,708.20 less than what is paid to Verizon.

Based on this analysis, the Block Island Power Company appears to be receiving less than fair market value for Pole Attachment Fees.

Additional observations noted Block Island Cable Company has been billed through May 31, 2006 but has not paid the Power Company since December 2003.

5. Determine through cost/return on investment analysis or research of industry rates, the fair rental value of the oil storage tank leased to Ballard Oil Company.

Background – Block Island Power Company rents an oil storage tank to Ballard Oil Company for storage of home heating fuel oil. Ballard Oil Company is owned by the son of a Chief Operating Officer (Cliff McGinnis). Block Island Power Company has several oil storage tanks. The Power Company allows the Oil Company to rent one of the tanks to store home heating fuel oil. Ballard Oil Company is charged a per gallon rate of \$0.025 per gallon stored. This rate is a flat rate and does not change to reflect the length of the storage period. This rate has been in effect since 2001.

During our examination, we contacted other local oil companies to determine the fair value of fuel oil storage. We found for small companies \$0.02 per gallon was the current monthly storage fee and for large quantities the current monthly rate was \$0.005 per gallon. In addition we contacted an oil wholesaler which has terminals in Bridgeport, Connecticut, and Tiverton, Rhode

Block Island Power Company  
Agreed Upon Procedures  
Schedule of Procedures and Findings  
For the Period Beginning June 1, 2005 through May 31, 2006  
(Continued)

Island, and inquired with respect to their fuel storage policies. We were told the industry standard is \$0.012 per gallon stored, per month. In the event they were to store fuel they did not sell their fee would be higher but on a case-by-case basis.

Based on this analysis, the Block Island Power Company appears to be receiving above fair market value for fuel oil storage.

# Block Island Power Company

P.O. BOX 518 - BLOCK ISLAND, RI 02807  
(401) 466-5851 FAX (401) 466-5068



September 21, 2006

Board of Directors, Block Island Power Company

I hereby tender my resignation as a member of the Board of Directors of the Block Island Power Company effective September 26, 2006.

It has been a rewarding experience to be part of this organization.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Wagner".

Michael J. Wagner

Minutes of the Finance Committee meeting 6/15/06

Attendees: Dr. Casazza, Mr. Edwards, Mr. Milner, and Mr. Edge

The meeting commenced at 12:15pm and adjourned at 3:00 pm

1. The January 26, 2006, April 20, 2006 and June 7, 2006 reports from LFR were reviewed. The levels of pollutants were in the acceptable range and no adverse financial effects are to be anticipated from these reports.
2. An operating budget was prepared for 2007. A reduction in revenues of \$70,000 relative to yr 2006 was budgeted to reflect an anticipated decrease in miscellaneous income and rents.
3. Each employee's contribution to the company was assessed and salary increments effected. The total impact of these actions was to increase salaries \$22,000+/- over what is included in rates but neutral relative to yr 2006.
4. Expense for outside linemen was limited to \$75,000.
5. Office supplies expense was limited to \$40,000
6. Expense for outside services was limited to \$114,000.
7. Expense for insurance was increased to \$120,000
8. Expense for employee benefits was increased to \$130,000 to reflect anticipated increases in health care costs.
9. Total maintenance and SCR expense is to be capped at \$219,000 to reflect what is in rates.
10. Environmental including Clean Air compliance expenses are to be reduced \$12,000.
11. Hazardous waste removal expense is to be reduced \$5,000.
12. Mr. Dick Martin was to be promoted to Plant Manager and have the watchmen and other plant personnel report to him. Mr. Martin's responsibilities will include assigning work to those personnel.
13. Mr. Martin, Mrs. Savoie and the linemen will report to Mr. Milner
14. The finance committee is to meet quarterly.
15. The amount of the profit sharing distribution will be determined at the Annual Meeting.
16. Financing for the additional SCR systems will be discussed at the next meeting of the Finance Committee/.



Subj: **FW:**  
Date: 6/20/2006 3:11:45 P.M. Eastern Daylight Time  
From: [casazza@MSKCC.ORG](mailto:casazza@MSKCC.ORG)  
To: [hjewards3@aol.com](mailto:hjewards3@aol.com), [iftruck35@aol.com](mailto:iftruck35@aol.com), [john\\_pezzimenti@danhosp.org](mailto:john_pezzimenti@danhosp.org),  
[wedge@beconsulting.biz](mailto:wedge@beconsulting.biz), [mcelroymik@aol.com](mailto:mcelroymik@aol.com)  
CC: [gingermilner@msn.com](mailto:gingermilner@msn.com), [casazza@MSKCC.ORG](mailto:casazza@MSKCC.ORG)

I forgot to add that the Finance Committee will recommend to the Board at the Annual Meeting that Mr. Milner be granted a performance bonus of \$10,000 if he manages the company within the budget excluding the extra fees generated by the land deal. al

-----Original Message-----

From: Casazza, Albert R./Office of Physician-in-Chief  
Sent: Tue 6/20/2006 1:41 PM  
To: [hjewards3@aol.com](mailto:hjewards3@aol.com); [iftruck35@aol.com](mailto:iftruck35@aol.com); [john\\_pezzimenti@danhosp.org](mailto:john_pezzimenti@danhosp.org); [wedge@beconsulting.biz](mailto:wedge@beconsulting.biz); [mcelroymik@aol.com](mailto:mcelroymik@aol.com)  
Cc: [gingermilner@msn.com](mailto:gingermilner@msn.com); Casazza, Albert R./Office of Physician-in-Chief  
Subject:

for your review, al

=====  
Please note that this e-mail and any files transmitted with it may be privileged, confidential, and protected from disclosure under applicable law. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any reading, dissemination, distribution, copying, or other use of this communication or any of its attachments is strictly prohibited. If you have received this communication in error, please notify the sender immediately by replying to this message and deleting this message, any attachments, and all copies and backups from your computer.

Subj: FW:  
Date: 6/20/2006 5:47:40 P.M. Eastern Daylight Time  
From: [casazaa@MSKCC.ORG](mailto:casazaa@MSKCC.ORG)  
To: [hjewards3@aol.com](mailto:hjewards3@aol.com), [ifrtruck35@aol.com](mailto:ifrtruck35@aol.com), [john\\_pezzimenti@danhosp.org](mailto:john_pezzimenti@danhosp.org),  
[wedge@beconsulting.biz](mailto:wedge@beconsulting.biz), [mcelroymik@aol.com](mailto:mcelroymik@aol.com)  
CC: [gingermilner@msn.com](mailto:gingermilner@msn.com), [casazaa@MSKCC.ORG](mailto:casazaa@MSKCC.ORG)

please add to the minutes:

Minor accounts (less than \$10,000) were left at the FYE May 31st levels rounded to the nearest \$100. Also I would have added that the debt service amounts for the budget year would be calculated by WEE and added to the budget. Lastly, WEE was instructed to calculate the Gross earnings tax for the budget year. Thanks, Al

From: Casazza, Albert R./Office of Physician-in-Chief  
Sent: Tue 6/20/2006 3:08 PM  
To: [hjewards3@aol.com](mailto:hjewards3@aol.com); [ifrtruck35@aol.com](mailto:ifrtruck35@aol.com); [john\\_pezzimenti@danhosp.org](mailto:john_pezzimenti@danhosp.org); [wedge@beconsulting.biz](mailto:wedge@beconsulting.biz); [mcelroymik@aol.com](mailto:mcelroymik@aol.com)  
Cc: [gingermilner@msn.com](mailto:gingermilner@msn.com); Casazza, Albert R./Office of Physician-in-Chief  
Subject: FW:

I forgot to add that the Finance Committee will recommend to the Board at the Annual Meeting that Mr. Milner be granted a performance bonus of \$10,000 if he manages the company within the budget excluding the extra fees generated by the land deal. al

-----Original Message-----

From: Casazza, Albert R./Office of Physician-in-Chief  
Sent: Tue 6/20/2006 1:41 PM  
To: [hjewards3@aol.com](mailto:hjewards3@aol.com); [ifrtruck35@aol.com](mailto:ifrtruck35@aol.com); [john\\_pezzimenti@danhosp.org](mailto:john_pezzimenti@danhosp.org); [wedge@beconsulting.biz](mailto:wedge@beconsulting.biz); [mcelroymik@aol.com](mailto:mcelroymik@aol.com)  
Cc: [gingermilner@msn.com](mailto:gingermilner@msn.com); Casazza, Albert R./Office of Physician-in-Chief  
Subject:

for your reveiw, al

=====  
Please note that this e-mail and any files transmitted with it may be privileged, confidential, and protected from disclosure under applicable law. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any reading, dissemination, distribution, copying, or other use of this communication or any of its attachments is strictly prohibited. If you have received this communication in error, please notify the sender immediately by replying to this message and deleting this message, any attachments, and all copies and backups from your computer.

**BLOCK ISLAND POWER COMPANY**

**BOARD RESOLUTION**

WHEREAS, on April 29, 2006, at a special meeting of the Board of Directors of Block Island Power Company (BIPCo), the Board ratified and approved the sale of Plat 17, Lot 38 with improvements and a portion of Plat 17, Lot 37 with improvements to the Marjorie McGinnes Estate, and

WHEREAS, in order to facilitate the closing, the Board authorized Albert R. Casazza, President to execute the Deed and Purchase & Sale Agreement and also authorized BIPCo's attorney Michael R. McElroy to execute any and all other necessary or desirable ancillary documents on behalf of BIPCo concerning this transaction, including by not limited to the settlement sheet (HUD-1) and all others related documents, and

WHEREAS, the Board further authorized Albert R. Casazza, President to give a power of attorney to Michael R. McElroy for the purpose of executing any and all the documents in connection with the foregoing real estate transaction.

NOW THEREFORE BE IT RESOLVED, the Board hereby ratifies and approves the foregoing procedure for closing this transaction and executing the necessary documents this 6<sup>th</sup> day of May, 2006.

  
Albert R. Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Jerome A. Edwards

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Michael J. Wagner

BLOCK ISLAND POWER COMPANY  
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Albert R. Casazza, M.D.

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Clifford R. McGinnes, Sr.

  
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Jerome A. Edwards

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John Pezzimenti, M.D.

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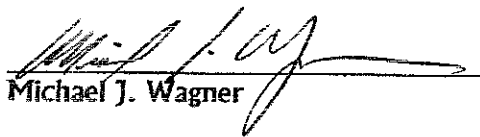
NOW THEREFORE BE IT RESOLVED, the Board hereby ratifies and approves the foregoing procedure for closing this transaction and executing the necessary documents this 6<sup>th</sup> day of May, 2006.

\_\_\_\_\_  
Albert R. Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Jerome A. Edwards

\_\_\_\_\_  
John Pezzimenti, M.D.

  
\_\_\_\_\_  
Michael J. Wagner

BLOCK ISLAND POWER COMPANY

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NOW THEREFORE BE IT RESOLVED, the Board hereby ratifies and approves the foregoing procedure for closing this transaction and executing the necessary documents this 6<sup>th</sup> day of May, 2006.

Albert R. Casazza, M.D.

Clifford R. McGinnes, Sr.

Jessie A. Edwards

John Pezzimenti, M.D.

Michael J. Wagner

BLOCK ISLAND POWER COMPANY  
BOARD RESOLUTION

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WHEREAS, in order to facilitate the closing, the Board authorized Albert R. Casazza, President to execute the Deed and Purchase & Sale Agreement and also authorized BIPCo's attorney Michael R. McElroy to execute any and all other necessary or desirable ancillary documents on behalf of BIPCo concerning this transaction, including by not limited to the settlement sheet (HUD-1) and all others related documents, and

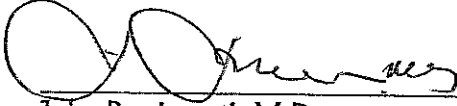
WHEREAS, the Board further authorized Albert R. Casazza, President to give a power of attorney to Michael R. McElroy for the purpose of executing any and all the documents in connection with the foregoing real estate transaction.

NOW THEREFORE BE IT RESOLVED, the Board hereby ratifies and approves the foregoing procedure for closing this transaction and executing the necessary documents this 6<sup>th</sup> day of May, 2006.

\_\_\_\_\_  
Albert R. Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Jerome A. Edwards

  
\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Michael J. Wagner

On April 29, 2006, a special meeting of the Board of Directors of BIPCO was held at the offices of the company. Albert Casazza, Clifford McGinnes, John Pezzimenti, Michael Wagner and David Milner attended. Walter Edge attended as well.

The main agenda item was to review the proposed sale of BIPCO land and improvements to the estate of Marjorie McGinnes, the deceased wife of Clifford McGinnes. The terms of the sale were reviewed, the appraiser's report was reviewed and the proposed parcel was examined by each of the above attendees walking the property and reviewing the maps. After that effort, it was decided to change the boundaries of the proposed parcel so that there would be no landlocked property owned by BIPCO.

The motion was made by Dr. Casazza, seconded by John Pezzimenti and unanimously approved by the attendees with Mr. McGinnes excusing himself and abstaining. The motion was "The board of directors of BIPCO ratifies the sale of BIPCO property in accordance with the PUC directive to improve the Debt/Equity ratio of the company. Such property is plat 17, lot 38 with improvements, price \$380,000, and a portion of plat 17, lot 37 with improvements for no less than \$445,000. The total land area will be 40,000 sq ft +- . The prices had been determined by Peter Sciotti, appraiser and the lot lines by Geisser Engineering, surveyor. A 99 year lease of plat 17, lot 37 with improvements is acceptable until the New Shoreham planning board approves the lot line change to allow a simple deed transfer. The president is authorized to negotiate adjustments to the above transactions as long as the adjustments do not cause a substantial change in the transaction.

The second item on the agenda was to discuss the purchase of 3 new catalytic converters from Caterpillar; a motion was made by Casazza, seconded by McGinnes and passed unanimously to commit to the purchase although the mechanism of financing the purchase was left unsolved.



EXHIBIT A-1  
(Lot 38)

That certain tract or parcel of land, in the Town of New Shoreham, County of Washington and State of Rhode Island and Providence Plantations, being known as New Shoreham Assessors Plat 17 Lot 38. Together with and subject to easements and restrictions of record, including all buildings and appurtenances thereon. Said premises are further known as Parcel IV in Volume 239 Page 88 of the Land Evidence Records of the Town of New Shoreham.

Said premises to be further shown on a Plan prepared by Geisser Engineering Corp., May 2006, and an approximate plan attached hereto as Exhibit A-2, with Lot 38 on said Plan being the same as said Assessors Plat 17 Lot 38, containing 15,200 square feet more or less, and another lot (here designated as Lot 37B) being a portion of said Assessors Plat 17 Lot 37, being bounded as follows:

Beginning at the southwest corner of said Lot 38, bounded WESTERLY by the retained property, now or formerly of Block Island Power Company (Lot 37B), at an old fence line, with the line running northerly N. 23 E., for one hundred forty (140) feet to a point; thence turning a corner;

bounded NORTHERLY by the remaining property of Block Island Power Company (Lot 37B) and running easterly S. 78 degrees E., one hundred fifteen (115) feet abutting the northerly side of a residence on said Lot 38, to a point where there formerly was a stonewall, at the northeasterly corner of said lot 38; thence turning a corner,

bounded EASTERLY by Lot 37A, retained by Block Island Power Company, and running southerly, S. 24 degrees W., for one hundred forty (140) feet, to the intersection with Assessors Plat 17 Lot 40, being New Meadow Hill [Tug] Swamp and retained property of Block Island Power Company; thence turning a corner;

bounded SOUTHERLY by said Lot 40, and running westerly, N. 80 degrees W., for one hundred five (105) feet, by the edge of said Lot 40 and the said Swamp, to the point and place of beginning.

Being the same premises described in a deed from Frank C. Payne to Annie Arabella Payne, dated June 10, 1921 and recorded in Volume 21 Page 134 of the New Shoreham Land Evidence Records.

Together with an easement and right of way for access and utilities, twenty-five feet wide following the path of the existing traveled way and utility lines until said traveled way splits. The easement then runs in two directions, generally northerly to Ocean Avenue and also turning westerly and running to Beach Avenue. The grantee herein shall jointly use said access roads and utility lines with Block Island Power Company, its representatives and assigns. Said roadways and utility lines shall continue to be maintained by Block Island Power Company, but the grantee herein reserves the right to maintain said roadways and utility lines in the event the owner of Lot 37A does not so maintain them.



EXHIBIT A3

Lot 37B

That certain tract or parcel of land, in the Town of New Shoreham, County of Washington and State of Rhode Island and Providence Plantations, being known as a portion of New Shoreham Assessors Plat 17 Lot 37. Together with and subject to easements and restrictions of record, including all buildings and appurtenances thereon. Said premises are further known as a portion of Parcel II in Volume 239 Page 85-87 of the Land Evidence Records of the Town of New Shoreham.

Said premises to be further shown on a Plan prepared by Geisser Engineering Corp., May 2006, and an approximate plan attached hereto as Exhibit A2, with Lot 38 on said Plan being the same as said Assessors Plat 17 Lot 38 and another lot (here designated as Lot 37B) being that portion of said Lot 37, containing 30,000 square feet more or less, being bounded as follows:

Beginning at the northeast corner of said Lot 38, thence running easterly twenty-five (25) feet to a point, thence turning northerly, bounded EASTERLY by the retained property of Block Island Power Company (Lot 37A), with the line running northerly to a point which is twenty-five feet easterly of the existing garage to the north of Lot 38, presently occupied by Oldfield Automotive and Ballard's Oil Company, and continuing to run northerly parallel to and twenty-five feet easterly of the said garage, to a point which is twenty-five feet easterly of the northeasterly corner of the said garage building and then continuing twenty-five feet northerly; thence turning a corner,

bounded NORTHERLY by the retained property of Block Island Power Company (Lot 37A) and running westerly twenty-five feet northerly of said garage building and parallel with the northerly side of said garage to the mean high water mark of New Meadow Hill Swamp, also being Assessors Plat 17 Lot 40 and also being property of Block Island Power Company, and thence by the high water mark of said swamp, and also the line of said Lot 40, in a generally westerly and then southerly direction to a the southwesterly corner of Lot 38;

thence turning northerly, bounded EASTERLY by said Lot 38 to the northwesterly corner of Lot 38; thence turning a corner,

bounded SOUTHERLY by said Lot 38, and running easterly to the point and place of beginning.

Together with an easement and right of way for access and utilities, twenty-five feet wide (except for a portion of Lot 37B where the traveled way is on said Lot 37B, where the easement is five feet in width), running parallel with the easterly line of Lot 38 and then continuing northerly, running easterly of Lot 37B and thence following the path of the existing traveled way and utility lines until said traveled way splits. The easement then runs in two directions, generally northerly to Ocean Avenue and also turning westerly and running to Beach Avenue. The grantee herein shall jointly use said access roads and utility lines with Block Island Power Company, its representatives and assigns. Said roadways

and utility lines shall continue to be maintained by Block Island Power Company, but the grantee herein reserves the right to maintain said roadways and utility lines in the event the owner of Lot 37A does not so maintain them. Also subject to an easement ten feet in width, surrounding the portion of the guy wire, and its appurtenances, for the FM-Wireless tower of the Block Island Power Company, for the inspection, maintenance, repair and replacement of said guy wire and its appurtenances, and an access easement, twenty feet wide, to be located by the parties herein, which is east and south of the existing garage, which are on Lot 37B for the sole purpose of the inspection, maintenance, replacement and repair of the said guy wire and appurtenances. Together with an access easement, twenty-five feet in width, on the retained land of Lot 37A southeast of the garage building and northeasterly of Lot 38. Together with an underground easement for the existing sewer line running easterly and northerly to Ocean Avenue, being twenty feet in width, for servicing, repair and replacement of said sewer line.

BOARD RESOLUTION

REQUESTING GUARANTEED FEDERAL FINANCING BANK (FFB) LOAN

WHEREAS, it has been determined on the basis of the current Construction Work Plan that financing is needed for electric facilities as shown on RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, as follows:

RUS Guaranteed Federal Financing Bank (FFB) Loan Requested for Facilities \$600,000

NOW THEREFORE BE IT RESOLVED, that Block Island Power Company, P.O. Box 518, Block Island, Rhode Island 02807-0518 makes application to the Rural Utilities Service pursuant to 7 CFR Part 1710 for a guaranteed FFB loan in the approximate amount of \$600,000 to be used in accordance with the provisions of 7 CFR Part 1710 to finance the above mentioned facilities.

BE IT ALSO RESOLVED, that the RUS guaranteed FFB loan shall bear a maturity date to cover an approximate period of 25 years.

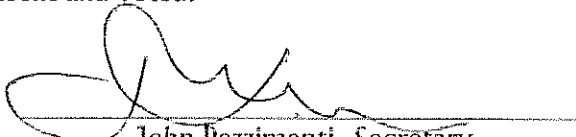
BE IT ALSO RESOLVED, that the Board of Directors of Block Island Power Company authorizes its officers to execute and attest all necessary papers, documents, and applications related to the foregoing.

BE IT FURTHER RESOLVED, that David Milner, Acting General Manager, and Albert Casazza, President, are each singly authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to FFB, and (b) to specify information and select options as provided in such instruments.

BE IT FURTHER RESOLVED, that the Block Island Power Company hereby authorizes the RUS to release appropriate information and data relating to the application to the FFB and any existing supplemental lenders.

John Pezzimenti, Secretary of Block Island Power Company, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Block Island Power Company on 4-29, 2006, at which a quorum was present and voted.

SEAL

  
John Pezzimenti, Secretary

**RESOLUTION**  
**BLOCK ISLAND POWER COMPANY**  
**APPROVAL OF TEN YEAR FINANCIAL FORECAST**

**WHEREAS**, The Ten (10) Year Financial Forecast for the period of 2006 through 2015 as prepared and included with this loan application is an acceptable projection of the financial trend and conditions of Block Island Power Company, and

**WHEREAS**, the Board of Directors of Block Island Power Company has reviewed the attached Long Range Financial Forecast prepared by the Company's consultants; and

**WHEREAS**, the Financial Forecast includes estimates taken from a previously Board approved Power Requirement Study and two Year Construction Work Plan, both of which have been approved by the Rural Utilities Service (RUS); and

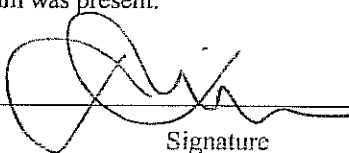
**WHEREAS**, the Long Range Financial Forecast is based upon Board approved policies, operating rules and plans and sets forth appropriate management goals, all of which are acceptable to the Board of Directors as an overall plan of operations;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Block Island Power Company hereby approves and accepts the Ten Year Long Range Financial Forecast, as proposed, as a plan of operations, and has reviewed the projected rates which are included in the Forecast and is committed to take whatever action may be necessary to implement such rate changes as may be required, on a timely basis to achieve the goals outlined therein.

**CERTIFICATION OF SECRETARY**

I, John Pezzimenti, Secretary of Block Island Power Company do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Block Island Power Company, held on the 29<sup>th</sup> day of 29, 2006, at which meeting a quorum was present.

SEAL

  
\_\_\_\_\_  
Signature

RESOLUTION

BLOCK ISLAND POWER COMPANY

APPROVAL OF AMENDMENT #3 TO CONSTRUCTION WORK PLAN

WHEREAS, Block Island Power Company has filed a Construction Work Plan (CWP) with the Rural Utilities Service (RUS); and


WHEREAS, the Board of Directors of Block Island Power Company wishes to have its RUS CWP amended by amendment #3 to allow for \$600,000 to be borrowed from the RUS to install a new generator plus related switch gear, radiators, and Selective Catalytic Reduction equipment; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Block Island Power Company hereby ratifies, approves and accepts, the aforesaid amendment #3 which was signed by the President, Albert Casazza, on November 30, 2005.

CERTIFICATION OF SECRETARY

I, John Pezzimenti, Secretary of Block Island Power Company do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Block Island Power Company, held on the 1<sup>st</sup> day of 2<sup>nd</sup>, 2006, at which meeting a quorum was present.

SEAL



Signature

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0074. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture  
Rural Utilities Service

**CERTIFICATE OF AUTHORITY**

INSTRUCTIONS-Submit one copy to RUS. See 7 CFR 1744 (Telecommunications) and RUS Bulletin 26-1 (Electric)

In conformity with the requirements of the Rural Utilities Service (RUS), and in accordance with the resolution of the board of directors of the Block Island Power Company  
BORROWER'S NAME


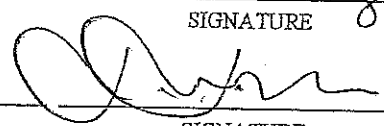
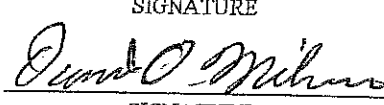
P.O. Box 518, Block Island, R.I. 02807  
BORROWER'S ADDRESS

attached hereto, adopted at a meeting of the board, held April 29, 2006 at which a quorum of the board was present, the officers and manager, whose signatures appear below, have been authorized to sign the following RUS forms in connection with requisitioning and accounting for Loan Funds:

(Check One)

RUS Form No.	TITLE
<input type="checkbox"/> 481	FINANCIAL REQUIREMENT STATEMENT (Telecommunications)
<input checked="" type="checkbox"/> 595	FINANCIAL REQUIREMENT & EXPENDITURE STATEMENT (Electric)


This certification is to remain in force until rescinded by resolution of the board of directors and notification of such action to RUS.

President	Albert Casazza	
TITLE	NAME (TYPE OR PRINT)	SIGNATURE
Secretary	John Pezzimenti	
TITLE	NAME (TYPE OR PRINT)	SIGNATURE
Acting General Manager	David Milner	
TITLE	NAME (TYPE OR PRINT)	SIGNATURE

Block Island Power Company  
BORROWER'S NAME

  
SIGNATURE OF PRESIDENT

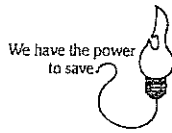
April 29, 2006  
DATE

  
SIGNATURE OF SECRETARY



# Block Island Power Company

P.O. BOX 518 - BLOCK ISLAND, RI 02807  
(401) 466-5851 FAX (401) 466-5068



## RHODE ISLAND 01 "B8" BLOCK ISLAND

### RESOLUTION

**WHEREAS**, HDR Engineering has developed for Block Island Power Company, a Power Requirements Study dated April, 2006, which spans the years 2006 – 2015.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Block Island Power Company hereby approved the Power Requirements Study dated April, 2006, as presented at its meeting on April 29, 2006.

### CERTIFICATION OF SECRETARY

I, John Pezzimenti, Secretary of Block Island Power Company, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Block Island Power Company, held on the 27 day of Apr, 2006, at which meeting a quorum was present.

SEAL

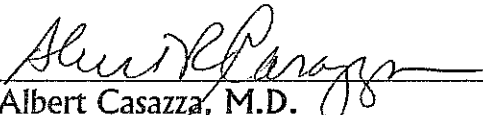
A handwritten signature in black ink, appearing to read "John Pezzimenti", is written over a horizontal line.

Signature

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 3<sup>rd</sup> day of March, 2006.

  
\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

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Michael J. Wagner

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John Pezzimenti, M.D.

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Jerome A. Edwards

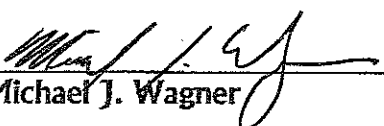
DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 6 day of March, 2006.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

  
\_\_\_\_\_  
Michael J. Wagner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.


IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 1<sup>st</sup> day of March, 2006.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Michael J. Wagner

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John Pezzimenti, M.D.

  
\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 1<sup>st</sup> day of March, 2006.

\_\_\_\_\_  
Albert Casazza, M.D.

*C. R. McGinnes Sr* 3/1/06  
\_\_\_\_\_  
Clifford R. McGinnes, Sr.

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Michael J. Wagner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 9<sup>th</sup> day of March, 2006.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Michael J. Wagner

  
\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards


EXHIBIT A

**VOTED:** That the Corporation execute and deliver to The Washington Trust Company the following documents:

1. A fourth loan modification agreement and ratification of guarantors/indemnitors/pledgors related to a new loan from The Washington Trust Company to the corporation in the amount of \$600,000.
2. A fourth term note in the amount of \$600,000, with an interest rate floating at prime plus one percent (1%, with interest only payable monthly in arrears, and the entire principal amount due and payable one year from the date of closing.

**VOTED:** The aforesaid documents may be in the form as in the judgment of the officer of the corporation executing such documents may be deemed necessary or desirable and proper (the necessity or desirability and propriety of such documents to be conclusively evidenced by the execution and delivery of such documents).

**VOTED:** That the president, vice president, treasurer, and secretary of the Corporation be and any one of them hereby is singly authorized to execute and deliver the aforesaid documents, together with any and all documents as such officer deems appropriate to effectuate the purposes of these resolutions.

  
Secretary

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 9<sup>th</sup> day of December, 2005.

  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Michael J. Wagner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards



~~12/09/2005~~

11:47

SCHUCHT &amp; MCELROY-B&amp;E CONSULTING + 2115066955387

NO. 183

P02

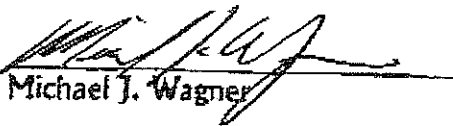
DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 9<sup>TH</sup> day of December, 2005.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

  
\_\_\_\_\_  
Michael J. Wagner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this \_\_\_\_ day of December, 2005.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Michael J. Wagner

\_\_\_\_\_  
John Pezzimenti, M.D.

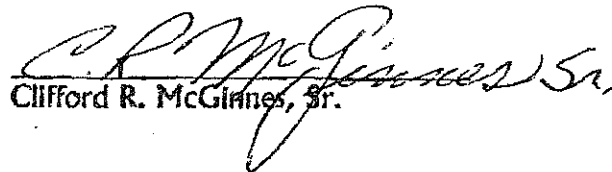
  
\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 13<sup>th</sup> day of December, 2005.

\_\_\_\_\_  
Albert Casazza, M.D.

  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Michael J. Wagner

\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards

DIRECTORS' CONSENT TO ACTION WITHOUT A MEETING

The undersigned, being all of the Directors of the Block Island Power Company, hereby consent to the actions set forth in Exhibit A attached hereto which are to be taken by the corporation. This Consent is made and executed in accordance with R.I.G.L. § 7-1.1-39.1 and shall have the same force and effect as would our unanimous vote in favor of such action at a duly constituted meeting of the Board of Directors.

IN WITNESS WHEREOF we have hereunto affixed our names as Directors of said corporation this 13<sup>th</sup> day of December, 2005.

\_\_\_\_\_  
Albert Casazza, M.D.

\_\_\_\_\_  
Clifford R. McGinnes, Sr.

\_\_\_\_\_  
Michael J. Wagner

  
\_\_\_\_\_  
John Pezzimenti, M.D.

\_\_\_\_\_  
Jerome A. Edwards


EXHIBIT A

**VOTED:** That the Corporation execute and deliver to The Washington Trust Company the following documents:

1. A fourth loan modification agreement and ratification of guarantors/indemnitors/pledgers related to a new loan from The Washington Trust Company to the corporation in the amount of \$600,000.
2. A fourth term note in the amount of \$600,000, with an interest rate floating at prime, with interest only payable monthly in arrears, and the entire principal amount due and payable one year from the date of closing.
3. A fourth modification agreement relating to the security for the aforesaid loan, including the mortgage, collateral assignment, and security agreement.

**VOTED:** The aforesaid documents may be in the form as in the judgment of the officer of the corporation executing such documents may be deemed necessary or desirable and proper (the necessity or desirability and propriety of such documents to be conclusively evidenced by the execution and delivery of such documents).

**VOTED:** That the president, vice president, treasurer, and secretary of the Corporation be and any one of them hereby is singly authorized to execute and deliver the aforesaid documents, together with any and all documents as such officer deems appropriate to effectuate the purposes of these resolutions.

  
Secretary

Minutes of the Board of Directors Meeting, June 2, 2005

Bee and Thistle Inn

Attendees: Mr. McGinnes, Mr. Edwards, Mr. Wagner, Mr. Edge, Mr. McElroy, Drs. Casazza and Pezzimenti

Items of Business:

1. Mr. McElroy reviewed the Minutes of the Open Meeting of the PUC held on May 26, 2005. (Copy attached)
2. The Board of Directors agreed that Medical Marketing, Inc. be paid \$72,000 annually for the services of Dr. Casazza as president, M and C Associates, Inc. be paid \$48,000 for the services of Mr. McGinnes as Chief Operating Officer and J.P. Associates, Inc. be paid \$48,000 for the services Dr. Pezzimenti of as Treasurer and Chief Financial Officer. These stipends would be paid as 1099 income as the IRS had audited BIPCO twice in the recent past and never challenged that class of stipends for management services.
3. Mr. Wagner agreed to stay on as General Manager at least for the rate year subject to BIPCO contributing his \$1000 per month allowed pension money to a defined contribution plan or current retirement plan.
4. The Board of Directors agreed to stop providing free electricity to Mr. Slate. Mr. McGinnes will inform Mr. Slate.
5. There was an extensive discussion about increasing the owner's equity in BIPCO. Among the items discussed were: Adding the 40% of the office building that is not in rate base to equity, capitalizing the long term leases, adding the house and garage to equity. Mr. Edge will give an accounting opinion on these options.
6. BIPCO will add a notice to the June, July, August and September billings explaining that the 1 cent/kWh surcharge is to fund IRP/DSM planning issues.
7. The Board approved that BIPCO's auditor will review the leases of BIPCO properties to determine if the terms of those leases would satisfy the definition of an "arms length" transaction.
8. Dr. Casazza was selected as BIPCO's working group representative utilizing input from Mr. McGinnes and Mr. Wagner.
9. The firm of Nadeau was selected to be auditor for 2005, 2006. The firm of Schacht and McElroy was selected as legal counsel for 2006.
10. The actions of the directors for the year 2005 were approved by the Board.
11. Dr. Pezzimenti and Mr. Edge gave an overview of the Accounts Payable position. With prudent management of the amount and timing of expenditures, it is expected that the large amount of outstanding payables will be reduced by the end of the summer period.
12. Mr. Wagner explained that the estimated time of completion for the installation of the new engine was delayed for lack of funds. Mr. Edge was instructed to see if there were sufficient funds left in the RUS account to facilitate a more rapid completion of this project.
13. Mr. Wagner also explained that voltage regulators had to be purchased before the summer season. The Board voted unanimously to allow the purchase of 4 regulators in June and an additional 4 in July.

14. Mr. Wagner said that BIPCO was behind in its environmental cleanup of hazardous materials. This will be corrected as funds allow.
15. Mr. Wagner stated that there were no unusual issues concerning equipment repair and performance.
16. Dr. Casazza said that a financial counselor will meet with employees in July at no cost to BIPCO to explain pension and profit sharing opportunities
17. The Board of Directors voted unanimously to contribute 3% of wages to profit sharing.
18. The Board of Directors voted unanimously to increase wages by 4%.
19. The Board of Directors voted unanimously to pay Mr. Edwards \$2000/ month as a pension benefit for his 13 years of service as President.
20. Mr. Edge stated that he thought BIPCO would remain a favored client of the RUS if BIPCO meets its targets this December.
21. The Board of Directors agreed to defer further discussion of distribution system upgrades pending the issuance of the order by the PUC.

BIPCO Board of Directors' Meeting, April 2, 2005

Attendees: M. Wagner, C. McGinnes, A. Casazza

1. Actions of the board of Directors for the fiscal year ending 2004 were approved unanimously.
2. The new officers for BIPCO as enumerated in the Directors' Consent to Action without a Meeting were elected unanimously. President, A. Casazza; Vice President and COO, C. McGinnes; Vice President and General Manager, M. Wagner; Secretary, Treasurer and CFO, J. Pezzimenti; President Emeritus and Advisor to the Incoming President, J. Edwards.
3. Discussion concerning stabilizing the price of fuel oil by entering into a contract. It was decided that C. McGinnes should receive input from the Chamber of Commerce to see if stabilizing the price of oil and hence the fuel adjustment component of the charge could be helpful to them in planning their seasonal business activities. The board felt that signing a contract could lead to higher charges but could have the benefit of stability.
4. Accounts Receivable: C McGinnes, M. Wagner and A. Savoie are to notify delinquent accounts and appropriate action taken.
5. A motion to buy three (3) new computers at a cost not to exceed \$7000 was passed unanimously.
6. Equipment status: There are trucks still in need of repair. The generators are functioning well and are in compliance.
7. Mr. George Dodge was interviewed as a candidate to replace Mr. Wagner. Mr. Dodge seemed to have an appropriate background and fund of knowledge although self admittedly, he had no line experience. Additional candidates will be interviewed.
8. Personnel: The directors met with the employees of the company to inform them about the new officers. The employees in attendance were: A. Savoie, R. Martin, D. Milner, D. Alpers, G. Foote, S. Fowler. Management stressed the need for organization of materials and for neatness. Employees stressed the need for a review of their profit sharing plan and for continuation of a defined pension plan after a determined amount of service and age. The directors reiterated the position that the current plan of paying \$1000/mo for employees retiring with age and years of service totally 95 was still in place and was remaining so.



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-3 Please provide a description of all work activities and positions of the Company's officers/owners during the test year that were unrelated to their duties as officers of BIPCO.

**Response:** The Company's owners are not required to provide a description of all work activities and positions they held during the test year. However, the information requested for the three officers, who are also owners, and receive compensation for the work they perform for BIPCo is as follows:

President: See the response to Town 4.

Secretary, Treasurer and CFO: Is also a practicing physician.

Vice President and COO: Owned and operated IFR Trucking and BI Cable. Neither activity required much time. He also served on the Sewer Authority and Water Board on Block Island.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-4 Referring to page 1 of Mr. Casazza's pre-filed testimony at lines 3-5 and 16-17, please clarify whether Mr. Casazza retired as the Associate Physician in Chief for the Regional Network at Sloan Memorial Cancer Center in December 2006 or whether he still holds that position.

**Response:** I held the position of Associate Physician in Chief at Memorial Sloan Kettering Cancer Center from June 1, 2006 until December 31, 2006 when I retired. During this period of employment, I worked 19 hours/week; 15 hours at MSKCC and 4 at home each week. On rare occasion, I have attended to patients in a clinical setting, approximately, 1 day per month. I have no other professional functions except as president of BIPCo.

Prepared by AC

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-5 Please provide time records indicating how much time each officer/owner of the Company spent performing Company-related work during the test year. Please state if no time records were kept.

**Response:** The three officers (1) President, (2) Secretary, Treasurer and CFO, and (3) Vice President and COO) of BIPCo hold professional positions and they are held responsible for the successful completion of their overall responsibilities, not the number of hours they spend completing each of their assigned tasks. No time records are maintained for these three officers.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-6

If no time records were kept by the Company's officer/owners, please provide documentation regarding and substantiating the amount of time each officer/owner spent performing Company-related work and the specific work performed.

**Response:** The amount of time necessary to complete each of the tasks of the President; Secretary, Treasurer and CFO; and Vice President and COO vary from year to year and no records of the actual time spent on each of these activities is maintained (see the response to Town 5 above). However, the following lists are representative of the tasks completed by these three officers each year.

President:

- Reviews job performances, in coordination with the Board, for all employees.
- Has responsibility for every major decision made for the Company.
- Negotiates salaries with the management and staff of the Company and presents his findings to the Board.
- Supervises the CFO and the COO and has direct contact on a regular basis with the BIPCo's bookkeeper and BIPCo's General Manager and BIPCo's legal counsel.
- Is the primary liaison with the Town, the PUC, DPUC, RUS, Washington Trust and all other agencies and companies doing business with BIPCo.
- Chairs the Board of Directors and runs all of the Board Meetings.
- Has responsibility for participating in all of BIPCo's rate filings before the PUC.

Vice President and COO:

- Is on call 24/7 for all emergencies relating to BIPCo's generation and distribution systems.
- Has responsibility for the negotiations and purchase of all major equipment such as engines, SCR equipment, tanks, trucks, etc.
- Reviews and provides input regarding all major decisions of the Company.
- Serves as acting General Manager when the General Manager is on vacation or off island.
- Supervises the daily activities of the General Manager and his staff.
- Has responsibility for all the negotiation of all fuel purchases.
- Participates in the planning for and expansion of the Company's distribution system.

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

- Has first line responsible for all activities that BIPCo has with DOT EPA, and DEM.
- Has all responsibility relating to alternative energy issues, wind, wave, solar, etc.
- Has responsibility for all other activities assigned to him by the Board or the President.
- Has responsibility for participating in all of BIPCo's rate filings before the PUC.

Secretary, Treasurer and CFO:

- As CFO he has initial responsible for all of the financial decisions made by the Company.
- As Secretary he consults with BIPCo's legal counsel, reviews and signs all official documents of the Company including government certifications.
- As CFO reviews the financial activities of the Company and reports his findings to the Board.
- Is responsible for the supervision of the Company's bookkeeping activities.
- Has primary responsibility to review all financing with Washington Trust and the Rural Utilities Services.
- As CFO is responsible for the successful completion of the annual budget.
- Reviews the monthly financial statements to identify budget to actual variances and follows up with questions to bookkeeping when necessary.
- Reviews the annual financial statement and reports on what he notes as important.
- Responsible for the supervising preparation of the PUC annual report.
- Reviews all major purchases of the Company that are recommended by the COO and advises the Board of Directors accordingly.
- Has responsibility for all other activities assigned to him by the Board or the President.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-7 Please state whether any officer/owner of the Company made use of any Company-owned or leased vehicle outside the State of Rhode Island during the test year. If so, please state whether any costs associated with such out of state use, including lease payments and gasoline, were charged by the Company to such officer/owner and paid to the Company by such officer/owner.

**Response:** Yes. The President and COO are provided Company leased vehicles which are used off island. The President also used the vehicle outside of the state of Rhode Island, however, all maintenance and fuel for that use was paid by him personally. The COO uses the vehicle for off-island company business. When the COO's vehicle is used off island and not on company business all fuel is paid for personally by the COO. The vehicles are provided to the officers as part of their annual compensation package and no reimbursement of costs is sought.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-8 Please explain whether the Company is under a legal obligation to include Mr. Edwards under its employee benefit plan (Schedules WEE-5a, 5b).

**Response:** Yes, BIPCo believes it is under a legal obligation to include Mr. Edwards under its employee benefit plan. First, on June 2, 2005, the Board of Directors voted unanimously to pay Mr. Edwards \$2,000 a month as a pension benefit for his 13 years of service as President. In addition, Mr. Edwards qualifies for the overall Company plan of \$1,000 a month for employees retiring with age and years of service totaling 95, as evidenced by the minutes of the Board of Directors meeting of April 2, 2005. BIPCo believes that it is therefore legally obligated by these votes, which remain in full force and effect, to pay Mr. Edwards his \$2,000 per month retirement benefit.

Prepared by Mike McElroy

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-9 Please refer to page 19, lines 4-9 and 12-23 and Schedules WEE-5a, 5-b of Mr. Edge's pre-filed testimony. Does the Company agree that it is under no legal obligation to provide (a) a \$2,000 per month pension or (b) employee benefits to Mr. Edwards?

**Response:** No. See the response to Town 8 above.

Prepared by WEE



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-10 For each year that Mr. Edwards was on the Company's payroll as an employee, please provide the payroll records related to Mr. Edwards.

**Response:** Mr. Edwards' payroll was not paid through the normal payroll process (therefore there are no "payroll" records). Instead, by agreement between Mr. Edwards and BIPCo, Mr. Edwards' pay was sent to a separate disbursing company owned by Mr. Edwards. BIPCo agreed to this approach for paying Mr. Edwards salary because it was cheaper for the ratepayers. Using this approach Mr. Edwards was responsible for all FICA taxes and BIPCo saved about 7% of Mr. Edwards' compensation for what would have been its share of FICA taxes. This approach was previously disclosed to the PUC and the Town.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-11 Please refer to the Company's response to Division request 1-24. Does Mr. Edwards qualify for a pension under the Company's pension policy that allows any employee retiring from the Company with a combined age and number of years worked for the Company of 95 to receive a \$1,000 per month pension? If so, provide supporting documentation.

**Response:** See the responses to Town 8 and 9.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-12 Please refer to Schedule WEE-6. Please explain why the compensation paid to the three officer/owners of the Company does not require a payroll tax.

**Response:** By agreement, the President, CFO and COO compensation is paid directly to the officers without having to calculate or retain payroll taxes. The officers have agreed to this method of compensation to save money for the ratepayers. Hence, BIPCo is not requesting payroll taxes for the compensation to officers. If the Town wishes to have the officers paid on payroll then BIPCo will have to increase the revenue requirement in the rate year and ask for a larger rate increase.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-13 Please state whether the Company's officers/owners are employees of the Company or independent contractors and if the officer owners pay self-employment taxes on the management compensation received from BIPCo.

**Response:** The three officer positions of President, CFO and COO are considered employee positions as they are in almost every company. However, in an attempt to save money for the Company these three officers have agreed to be paid directly and not through payroll. BIPCo is not in a position to determine if the officers pay self-employment taxes on their compensation but BIPCo does provide a 1099 at year end to either the individual or the individual's company as required by the IRS. This approach was tacitly approved by the IRS during a previous payroll audit.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-14 Please provide the most recent report(s) in the Company's possession concerning the (a) upgrade of its distribution system and (b) Company distribution system line losses.

**Response:** There have been two recent documents that have addressed these two items. The first is the "Block Island Power Company's Long Range Distribution Planning Report dated November, 2004". This document was previously provided to the Town in the last docket. However, if the Town is unable to find a copy of the report simply notified Mr. Edge and he will be happy to provide another copy.

The second report is more current. The Town was an active participant in the September 2007 "Electric Resource Planning Study" completed by HDR for the joint Town/Division/BIPCo IRP working group. Once again, BIPCo believes that the Town already has a copy of this voluminous report but if another copy is required please notify Mr. Edge and he will be happy to provide another copy.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-15 Does the Company agree that higher distribution lines losses result in higher fuel consumption by the Company?

**Response:** Yes.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-16 Please identify all measures taken since the Company's last rate case to upgrade its distribution system. Please identify specific upgrades that have been implemented by the Company.

**Response:** The following is a list of the more significant upgrades.

1. Regulators on all circuits (with the exception of the High Street Circuit) were upgraded.
2. Converted a number of extensions within the system from 2400 to 4160 line (Note: this is an ongoing program).
3. Upgraded conductors through out the system.
4. Made extensions of the distribution system to add new customers.
5. Replaced poles as needed to maintain safety standards and replaced poles damaged by storm or accident.

It should be noted that this work was completed while the overhead lines were live. BIPCo's new employee is being taught how to work on live lines to reduce the need to inconvenience ratepayers.

Prepared by Dave Milner

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-17 Refer to Mr. Edge's pre-filed testimony at page 15, lines 13-14. Please provide documentation of the Company's plans for the upgrading of its distribution system "in the long run." Please explain "the long run."

**Response:** See the response to Town 14. I was referring to the fact that the distribution work would not be completed in the rate year. BIPCo will have to request funding from RUS, get approval from the DPUC and Washington Trust Company to borrow the money and approval from the PUC for an additional rate increase to provide the funds needed to make the debt service payments.

Prepared by WEE



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-18 Please provide the Company's current RUS Work Plan.

**Response:** BIPCo's most recent RUS construction work plan (amendment no. 3) was approved by the RUS on December 21, 2005, and is attached hereto, together with related documentation.

Prepared by Mike McElroy

1400 INDEPENDENCE AVENUE SW  
STOP 1566  
WASHINGTON DC 20250  
PHONE: 202-720-1432  
FAX: 202-720-1411

USDA/RUS/NRD

# Fax Transmittal

To: Walter Edge From: Ray Secosky  
 (or Michael McElegan)  
 Fax: \_\_\_\_\_ Date: 2/1/06  
 Phone: (401) 421-5696 Pages: Cover plus 10 sheets  
 Re: Copy of RUS Approval CC: \_\_\_\_\_  
Letter for CWP Amend #3  
 Urgent  For Review  Please Comment  Please Reply  Please Recycle  
F.Y.I.

\*Comments:

Copy of RUS letter dated 12/21/05  
to Block Island Power Company  
in regards to engine-generator  
rental/purchase. RJ Secosky

FEB 21 2006

Dr. Albert R. Casazza  
President  
Block Island Power  
Company, Inc.  
100 Ocean Avenue  
New Shoreham, Rhode Island 02807

Dear Dr. Casazza:

We have reviewed and are hereby approving **Amendment No. 3** to the 1997-2001 Construction Work Plan (CWP) for Block Island Power Company (BIPCO). This approval is for the engineering, budgetary, and environmental aspects of **Project Code 1204** as a Budget Purpose No. 3, Generation project. This project proposes to replace stand-by Unit #11 (rated at 1000 kW) in Building #3 with a baseload, diesel-fired, engine-generator, designated as Unit #25 (rated at 1,640 kW) to be installed with Selective Catalytic Reduction (SCR) equipment. This installation shall be in accordance with Minor Source (operating) Permit Nos. 1858 and 1859 as issued by the Rhode Island Department of Environmental Management (DEM). In that regard, we are classifying this project as a categorical exclusion under Rural Utilities Service (RUS) Environmental Policies and Procedures as stated in 7 CFR Part 1794 and have found that no additional environmental information is required.

Please be advised that this proposal for Unit #25 is consistent with our findings on the original "A8" loan whereby a team of at least five, engine-generator units are needed to optimize running time among the newest of the diesel-fired, engine-generators owned and operated by BIPCO. The use of a team of five engine-generators by BIPCO will allow RUS to consider a request from BIPCO for possible RUS financing of Unit #25 using a loan maturity based upon the unit's maximum expected useful life of 25 years. This consideration utilizes the projected system peak load characteristics provided by BIPCO in its original "A8" loan application and an assurance that BIPCO will follow the maintenance and overhaul schedules recommended by the engine-generator's manufacturer.

Based upon the above findings, we are approving the cost estimate of **\$600,000** for Project Code 1204, approving the technical plans and specifications required for installation of Unit #25 in Building #3 along with its associated SCR equipment, and allowing the installation under a rent/lease contract with option to own as negotiated with the supplier/manufacturer, Southworth-Milton/Catpillar Company.

It is your responsibility to determine whether or not RUS loan funds and/or general funds are available for this construction. To be eligible for RUS financing, the construction of this project must be accomplished in accordance with RUS regulations stated in 7 CFR Part 1726, and all other RUS requirements. Any subsequent changes in the project which become necessary will require approval only to the extent noted in the current RUS regulations. The environmental acceptability of any major project changes should be established in accordance with RUS requirements as stated in 7 CFR Part 1794.

Dr. Albert R Casazza

2

Please inform your employees and any contractors working on the proposed construction, maintenance, or operation of the proposed generation project of any environmental commitments made in the above stated operating permits issued by the Rhode Island DEM. One copy of the approved Amendment No. 3 (and supporting documentation) is enclosed for your reference.

If you have any questions, please contact me or Mr. Raymond J. Secosky of my engineering staff at (202) 720-1432.

Sincerely,

CHARLES M. PHILPOTT

CHARLES M. PHILPOTT  
Chief, Engineering Branch  
Northern Regional Division

Enclosures

cc: Official File:NEB(RI 01)// Reading File:NEB // GFR:Richardson // NRD:EB:Secosky

RUS:NRD:EB:RSecosky:720-1379:rjs:12/13/05: w:\nrd-wash\neb\ray\RI01-BP3-Amend3-Dec2005.doc

Borrower Designation RI 01 A8

AMENDMENT TO CURRENT APPROVED WORK PLAN

DATE: November 30, 2005  
WORK PLAN PERIOD: 1999 through 2006 PROJECT CODE(S) 1204

CHANGE(s) PROPOSED:

Block Island Power Company (BIPCo) wishes to replace its oldest standby generator set, Unit #11 (a one thousand KW unit that is more than fifty years old and is BIPCo's least efficient unit and emits the most pollutants), with a new Caterpillar unit rated at 1,640 KW permitted for base load operation. The Caterpillar unit plus associated switch gear and related Selective Catalytic reduction (SCR) equipment will cost at total of approximately \$600,000 (see the attached quote dated December 19, 2004). BIPCo is obtaining the generator set (i.e. the engine) at a discounted price of about \$175,000. The SCR will cost approximately \$100,000, the switch gear will cost approximately \$200,000, the radiator and accessories will cost approximately \$40,000, and start up and installation costs will be about \$85,000, for a total of about \$600,000. The engine, switch gear, radiator, SCR, and related equipment will be installed in 2005 and 2006 so that it will be available for service as soon as possible, but no later than the summer of 2006.

REASON(s) FOR CHANGE(S):

BIPCo's current generation system consists of three base load units permitted for full time use with a combined maximum capacity of 4,165 KW. BIPCo's peek load during the summers of 2004 and 2005 was approximately 3,775 KW. BIPCo is therefore, approaching the maximum capacity of its base load units during the peak summer demand period. If BIPCo does not increase its generation capacity the demand could exceed its capacity to generate power in the summer of 2006.

METHOD OF FINANCING      LOAN FUNDS \$600,000  
GENERAL FUNDS \_\_\_\_\_  
CONTRIBUTIONS IN AID \_\_\_\_\_

ESTIMATED COST: \$600,000

ENGINEERING SUPPORT ATTACHED: yes

STATUS OF BORROWER'S ENVIRONMENTAL REPORT: See attached Department of Environmental Management Permit and related documents

STATUS OF CONSTRUCTION: Equipment is on-site and being installed

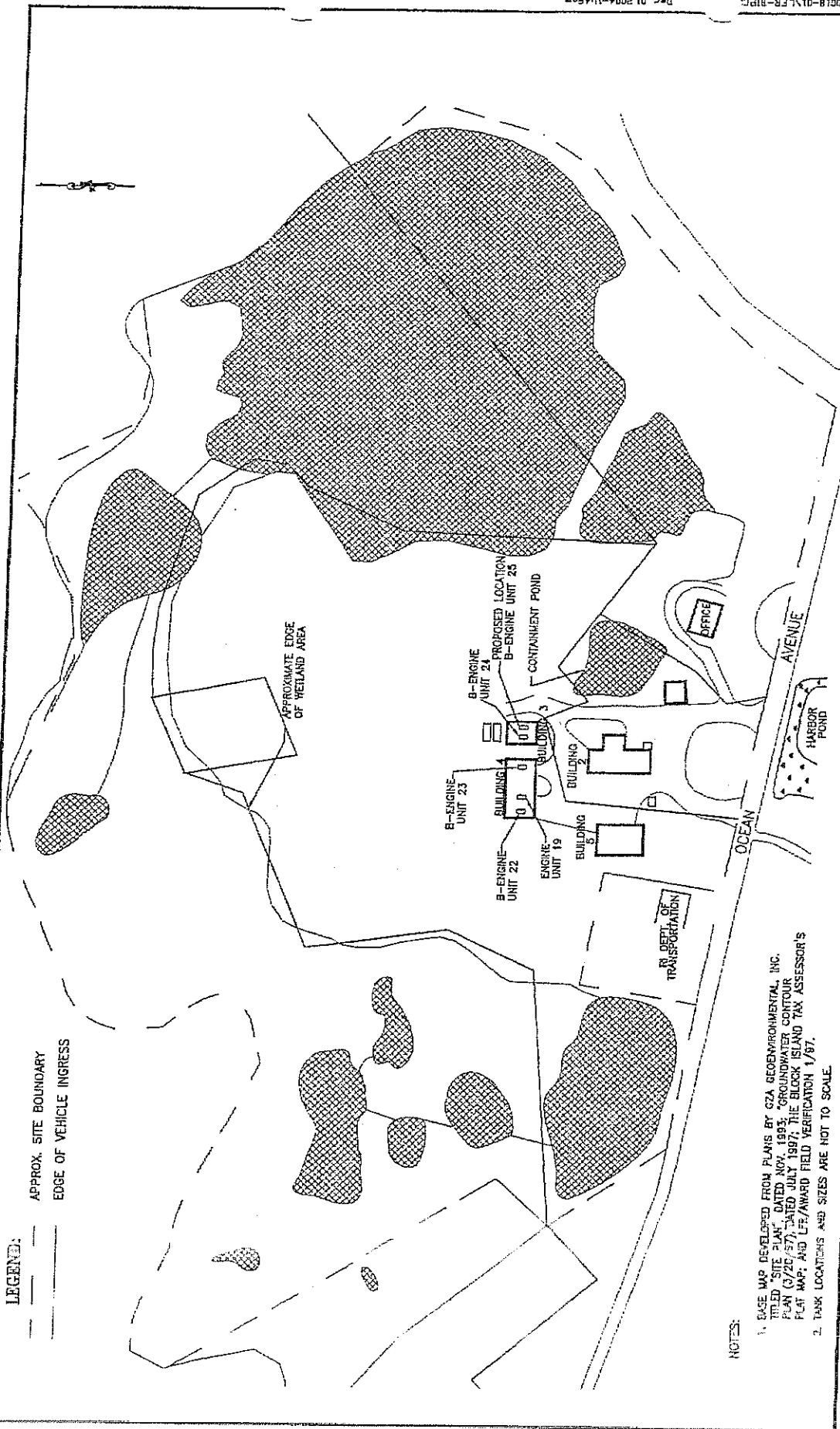
BLOCK ISLAND POWER COMPANY

REQUESTED BY *Alan C. Carty*  
(President)

DATE 11/30/05

APPROVED BY \_\_\_\_\_  
(R.U.S.)(G.F.R)

AMENDMENT APPROVED  
FOR THE ADMINISTRATOR  
BY *Cheryl M. [Signature]*  
DATE 12/21/05



**NOTES:**

1. BASE MAP DEVELOPED FROM PLANS BY GZA GEOTECHNICAL, INC. FIELD "SITE PLAN", DATED NOV. 1993; "GROUNDWATER CONTOUR PLAN (3/26/97)", DATED JULY 1997; THE BLOCK ISLAND TAX ASSESSOR'S PLAN MAP; AND LFE/ANAFID FIELD VERIFICATION 1/97.
2. TANK LOCATIONS AND SIZES ARE NOT TO SCALE.

<b>QALFR</b> 250 Centerville Road Warwick, Rhode Island 02888 Phone: (401) 734-5587 Fax: (401) 734-7488		<b>TITLE:</b> SITE PLAN	<b>FIGURE:</b> 2																
<b>ADDRESS:</b> BLOCK ISLAND POWER 100 OCEAN AVENUE NEW SHOREHAM, RHODE ISLAND		<b>DATE:</b> 11/1/2004 <b>SCALE:</b> AS NOTED <b>FILE NO.:</b> 001-60018-4 <b>JOB NO.:</b> 001-60018-4	<b>DESIGNED BY:</b> <b>DRAWN BY:</b> <b>CHECKED BY:</b> <b>APPROVED BY:</b>																
<b>REVISIONS:</b> <table border="1"> <thead> <tr> <th>REV. NO.</th> <th>DESCRIPTION</th> <th>DATE</th> <th>APPROVED</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		REV. NO.	DESCRIPTION	DATE	APPROVED													<b>Seal of Approval</b>	
REV. NO.	DESCRIPTION	DATE	APPROVED																
<b>Notes:</b> 																			



RHODE ISLAND  
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

235 Promenade Street, Providence, RI 02908-5767

TDD 401-222-4462

24 October 2005

Mr. Clifford McGinnis  
Vice President of Plant Operations  
Block Island Power Company  
100 Ocean Avenue  
New Shoreham, RI 02807

Dear Mr. McGinnis:

The Department of Environmental Management, Office of Air Resources has reviewed and approved your request for revisions to your minor source permit for fuel burning equipment (Engine No. 25) and air pollution control equipment at your facility located at 100 Ocean Avenue, Block Island.

Enclosed is a revised minor source permit issued pursuant to our review of your request (Approval Nos. 1858 & 1859).

If there are any questions concerning this permit, please contact me at 222-2808, extension 7011.

Sincerely,

Douglas L. McVay  
Associate Supervising Engineer  
Office of Air Resources

cc: Stacey L. McFadden, P.E., LFR



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
OFFICE OF AIR RESOURCES

MINOR SOURCE PERMIT

*BLOCK ISLAND POWER COMPANY*

APPROVAL NOs. 1858 & 1859

Pursuant to the provisions of Air Pollution Control Regulation No. 9, this minor source permit is issued to:

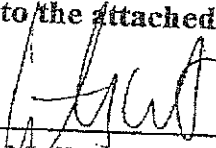
*Block Island Power Company*

For the following:

*Technical corrections/revisions to conditions D.2.d, H.1 and Appendix A. Revisions to condition C.6 to waive testing during months when the engine does not operate more than 70 hours.*

Located at: *100 Ocean Avenue, New Shoreham*

This permit shall be effective from the date of its issuance and shall remain in effect until revoked by or surrendered to the Department. This permit does not relieve *Block Island Power Company* from compliance with applicable state and federal air pollution control rules and regulations. The design, construction and operation of this equipment shall be subject to the attached permit conditions and emission limitations.

  
Stephen Majkut, Chief  
Office of Air Resources

*20 OCT 05*  
Date of Issuance



Rhode Island 01 "A8" Block Island  
Exhibit No. 1 "Engineering Report"

Useful Lives of Proposed Facilities

In general, the expected useful life of 1 diesel-fired, E-G set rated at 1600 kW and a design speed of 1800 RPM may approach 5 years of useful service life, if it is continuously operated, 24-hours a day at rated load, 7-days per week, 52 weeks per year. Also, if 3 such E-G sets are operated on a regular rotating schedule where one unit serves continuous baseload, the second unit provides a spinning reserve (stand-by or emergency power), and the third unit awaits routine maintenance overhauls (and/or testing) with limited, scheduled downtime, then it is technically possible and economically feasible for the tandem of three units to mutually benefit from this operating schedule. Providing that routine maintenance and operating procedures, recommended by the manufacturer, are strictly followed for each of these units, then the useful lives of the three E-G units (working as a team) may be extended to 15-20 years of useful service life.

BIPCO has had many years of operating experience (from 1925) with small, diesel-fired E-G sets that ranged from 40 kW to 1600 kW (~~See Exhibit "A"~~). Some of the oldest E-G units that existed on BIPCO's system in 1989 were Unit #10 (Fairbanks 500 kW) which was installed in 1965 (estimated at 24 years of possible useful life) and Unit #9 (Fairbanks 400 kW) which was installed in 1959 (a theoretical 30 year service life). Continuing operation and maintenance expenses eventually require the retirement of these units after 20-25 years due to an inability to obtain spare parts and appropriately priced technical services.

Therefore, we have concluded that it is technically possible for the 3 new diesel-fired E-G sets (under consideration for possible RUS ~~25~~ year financing) to last approximately 25 years, if BIPCO were to operate and maintain a team of 5 units of similar ratings and size. The 2 existing rental units from Caterpillar, Inc. rated between 1000 - 1640 kW using either a 900 RPM or 1800 RPM design speed could provide the first tandem needed. The 3 new units to be purchased and installed in 2000-2001 would provide the next tandem needed to achieve a total of 5 units, hoping to realize at least a 20-25 year service life. The population of 5 units should, therefore, be available before the Year 2002 to meet not only load, but also the expected useful lives requirement for a 25-30 year loan maturity. Under this scenario, a sixth unit in the Year 2010 and a seventh unit in the Year 2020 would provide assurances of meeting both peak load and service life requirements in the future.

From BIPCO's various load projections and daily load profiles established in the proposed borrower's CWP and CWP Amendments, we have determined that a minimum of 3 E-G units (at least 1600 kW each) and 2 stand-by units will be needed to meet BIPCO's summer peak load requirements by the Year 2005, anyway. This would further support the team of 5 units requirement to achieve optimum useful lives. Additional information on these useful lives calculations on the proposed E-G units and the other facilities in this proposed "A8" loan application is found in ~~Exhibit "A", "B", "C", "D", "E", "F", "G", "H", "I", "J", "K", "L", "M", "N", "O", "P", "Q", "R", "S", "T", "U", "V", "W", "X", "Y", "Z"~~.

*EXTRACT NEEDED  
for CWP Amendment #3  
12/14/05  
RVE*

# Proposed Purchase and Implementation of BIPCO's New Generation Units 1/24/00

Last Year's Staging of Units

Stand-by	Unit #11 1,000 kW	Fairbanks Mfg.
Stand-by	Unit #13 400 kW	Fairbanks Mfg.
Stand-by	Unit #19 1,100 kW	Caterpillar Mfg. 1993 Rent-To-Own
Baseload	Unit #21 1,640 kW	Caterpillar Mfg. 1997/98 Rent-To-Own
Peaking	Unit #22 1,230 kW	Caterpillar Mfg. 1999 Rent-To-Own

This Year's Staging With First Scrubber

Stand-by	Unit #11 1,000 kW	BIPCO owns
Stand-by	Unit #13 400 kW	BIPCO owns
Stand-by	Unit #19 1,100 kW	BIPCO owns
Peaking	Unit #21 1,640 kW	Rental already has 20,000 hrs. usage
Baseload	Unit #22 1,230 kW	Add Scrubber Only has 400 hrs

Proposed Upgrade of New Units & Scrubbers

Stand-by	Unit #11 1,000 kW	Replace #13 With New Unit #23 - See Below
Stand-by	Unit #19 1,100 kW	
Peaking	Unit #21 1,640 kW	Add Scrubber In Year 2001
Baseload	Unit #22 1,230 kW	First Purchase With Scrubber In Year 2000
Baseload	Unit #23 1,200 kW	Second Purchase With Scrubber In Year 2001

Final Stage of Implementation

Stand-by	Unit #11 1,000 kW	Third Purchase of New Unit To Replace #21, Use Its Scrubber
Stand-by	Unit #19 1,100 kW	
Peaking	Unit #22 1,230 kW	With Scrubber
Baseload	Unit #23 1,200 kW	With Scrubber

Unit #24

Denotes First, Second, and Third Use of Loan Funds under BP#3 Generation

Information Based on 1/24/00 fax from BIPCO's Manager, Mr. Michael Wagner  
V:\nc\wasn\Main\A-3101 25 1/27/00 jis

R. J. Alexander  
RUS: NRD

EXHIBIT "K-2"  
BLOCK ISLAND  
FUTURE E-G UNITS DUTY SCHEDULE

Peak Demands	2000	2005	2010	2015	2020	2025	2030
January	1049	1158	1278.0	1411.0	1558.0	1721.0	1900.0
February	1187	1310	1447.0	1597.0	1763.0	1947.0	2149.0
March	966	1067	1178.0	1300.0	1435.0	1585.0	1749.0
April	1242	1372	1514.0	1671.0	1845.0	2037.0	2249.0
May	2070	2285	2524.0	2785.0	3076.0	3397.0	3750.0
June	2567	2834	3130.0	3455.0	3814.0	4212.0	4650.0
July	2981	3291	3633.0	4011.0	4428.0	4890.0	5398.0
August	3009	3321	3667.0	4049.0	4471.0	4938.0	5450.0
September	2898	3200	3532.0	3900.0	4306.0	4754.0	5248.0
October	1904	2102	2322.0	2564.0	2831.0	3125.0	3450.0
November	1270	1401	1548.0	1708.0	1886.0	2082.0	2300.0
December	1192	1316	1454.0	1606.0	1773.0	1957.0	2161.0

*Note (Previous Long-Term Study)*  
(1) Using 2% growth, a team of 5 units needed to be available to handle system peak. This study shows that 6th unit needed in 2010 for July-Aug peak of approx 3667 kW

Compound Annual Growth = 2%

Peak Demands	2000	2005	2010	2015	2020	2025	2030
January '31	1	1	1	1	1	1	2
February '28	1	1	1	1	1	2	2
March '31	1	1	1	1	1	1	1
April '30	1	1	1	1	2	2	2
May '31	2	2	2	2	2	2	3
June '30	2	2	2	2	2	2	3
July '31	2	2	3	3	3	3	3
August '31	2	2	3	3	3	3	4
September '30	2	2	2	3	3	3	3
October '31	2	2	2	2	2	2	2
November '30	1	1	1	1	2	2	2
December '31	1	1	1	1	1	2	2

1800 kW = 1 Unit  
1801-3600 = 2 Units  
3601-5400 = 3 Units  
Over 5401 = 4 Units

(2) If 3667 kW peak occurred in 2005, then the 6th unit would be needed sooner than 2010. 3 units for base load, 2 stand by, 1 emerg.

Baseload Schedule	Days	Days	Days	Days	Days	Days	Days
1st-Unit Duty	365	365	365	365	365	365	365
2nd-Unit Duty	184	184	184	184	244	303	334
3rd-Unit Duty			62	92	122	122	153
4th-Unit Duty							31

Calculations:  
(A) First-Unit Duty Spread Among 5 units: 365 days/yr.  
1800 RPM  
Service Life = 5 yrs  
Service Hrs. = 43800  
Service Days = 1825  
Overhaul Bonus 35040 hrs per unit  
Service Hrs. = 5000 per unit  
Total Useful Hrs. Per Unit = 48,800  
*43800 + 5000*

Unit #23 operating hours  
365 days/yr.  
25 years  
9125 days  
24 hrs/day  
219000 Hours  
5 Units  
43800 hrs per unit  
Useful Lives = 25 yrs. Max.

(B) Second-Unit Duty Spread Among 5 units:  
365 days/yr.  
18.5 years  
6752.5 days  
24 hrs/day  
162060 Hours  
5 Units  
48751  
32412 hrs per unit

184 days/yr.  
19.5 years  
3404 days  
24 hrs/day  
81696 Hours  
5 Units  
16339 hrs per unit

(B1) Second-Unit Duty Counting on New Unit in Year 2010 for a Team of 6 Units:  
*Third Unit Calc's*

<p>365 days/yr. 10 years 3650 days 24 hrs/day 87600 Hours 5 Units 17520 hrs per unit</p>	<p>184 days/yr. 10 years 1840 days 24 hrs/day 44160 Hours 5 Units 8832 hrs per unit</p>
<p>365 days/yr. 5 years 1825 days 24 hrs/day 43800 Hours 5 Units 7300 hrs per unit</p>	<p>184 days/yr. 5 years 920 days 24 hrs/day 22080 Hours 6 Units 3680 hrs per unit</p>
<p>365 days/yr. 5 years 1825 days 24 hrs/day 43800 Hours 5 Units 7300 hrs per unit</p>	<p>244 days/yr. 5 years 1220 days 24 hrs/day 29280 Hours 6 Units 4880 hrs per unit</p>
<p>Year Hours 2010 26352</p>	<p>Year Hours 2015 10980</p>

Third-Unit Duties  
62 days/yr.  
5 years  
310 days  
24 hrs/day  
7440 Hours  
5 Units  
1240 hrs per unit

\* Needed to extend useful lives of Team.

Total:	51352	Year
Original 5 Units:	26352	2010
Original 5 Units:	10980	2015
Original 5 Units:	14020	2020
Useful Lives:	-48800	
Per Unit Short:	2652	5
	12760	
	37760	

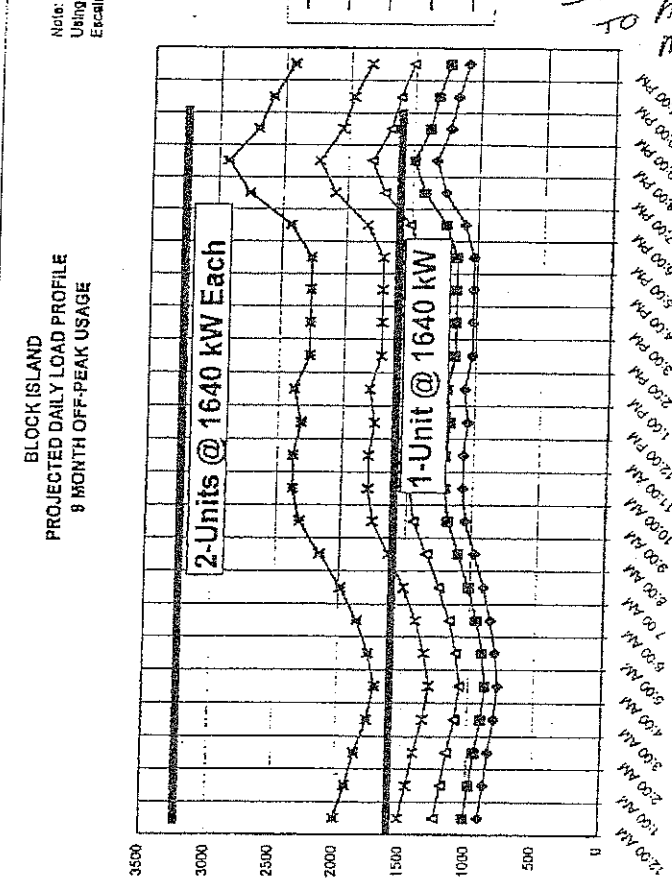
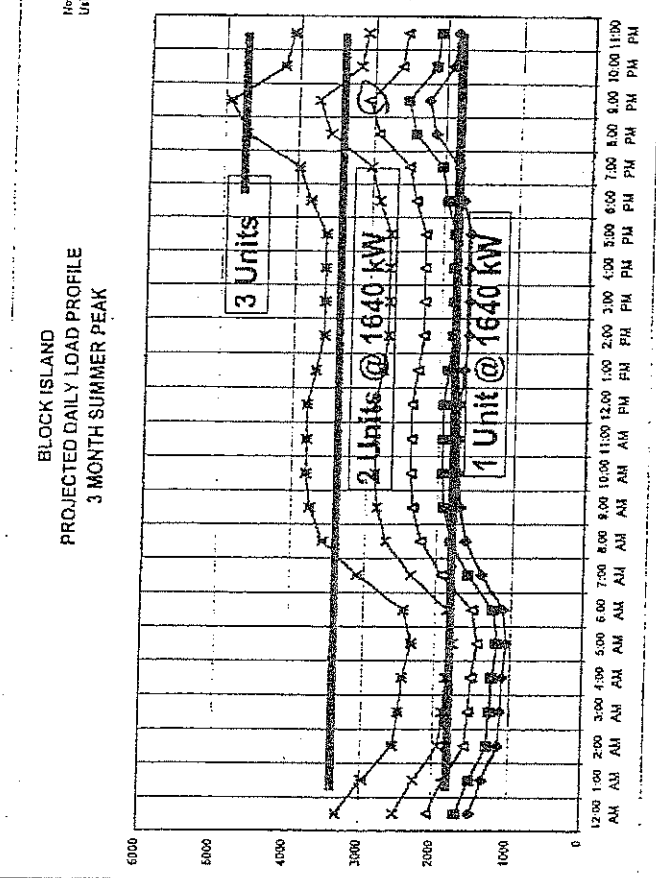
Conclusions:  
(1) A new 6th-Unit in Year 2010 may be essential to extend useful lives.  
(2) A new 7th-Unit in Year 2020 may be needed to meet load & useful life requirement  
(3) Theoretically, the 5 original units as a team could expire by Year 2020 if Unit #23 is not added in the Year 2010. The addition of this 6th unit is beyond the scope of this original loan application, but may necessitate a future loan or purchase with General Funds by the borrower. Noted 10/5/99 NRD:NEB:js

*Note:*  
 Check 2010 Projected  
 System Peak in August @  
 9:00 PM with

*2005 Recent  
 Summer Peak  
 to help justify  
 need for*

*New  
 eng-g  
 R  
 11-14-  
 Vok  
 R*

*Use  
 2% growth  
 as escalation*



Hour	2000	2010	2020	2030
12:00 AM	1500	1689.00	2059.50	2509.50
1:00 AM	1345	1514.47	1846.89	2250.19
2:00 AM	1150	1294.90	1578.95	1923.85
3:00 AM	1120	1281.12	1537.76	1873.76
4:00 AM	1100	1238.60	1510.30	1840.30
5:00 AM	1050	1182.30	1441.85	1756.65
6:00 AM	1100	1238.60	1510.30	1840.30
7:00 AM	1400	1576.40	1922.20	2342.20
8:00 AM	1615	1818.49	2217.40	2701.90
9:00 AM	1700	1914.20	2334.10	2844.10
10:00 AM	1725	1942.35	2366.43	2885.83
11:00 AM	1725	1942.35	2366.43	2885.83
12:00 PM	1725	1942.35	2366.43	2885.83
1:00 PM	1875	1998.05	2298.78	2802.28
2:00 PM	1625	1829.75	2231.13	2718.63
3:00 PM	1625	1829.75	2231.13	2718.63
4:00 PM	1625	1829.75	2231.13	2718.63
5:00 PM	1825	1829.75	2231.13	2718.63
6:00 PM	1725	1942.35	2366.43	2885.83
7:00 PM	1800	2026.80	2471.40	3011.40
8:00 PM	2125	2392.75	2817.63	3555.13
9:00 PM	2225	2505.35	3054.93	3722.43
10:00 PM	1900	2139.40	2608.70	3178.70
11:00 PM	1850	2083.10	2540.05	3095.05

Hour	1994	2000	2010	2020	2030
12:00 AM	905	1019.03	1242.57	1514.07	1998.24
1:00 AM	870	979.62	1194.51	1455.51	1920.96
2:00 AM	840	945.84	1153.32	1405.32	1854.72
3:00 AM	800	900.80	1098.40	1338.40	1766.40
4:00 AM	775	872.65	1064.08	1296.58	1711.20
5:00 AM	800	900.80	1098.40	1338.40	1766.40
6:00 AM	840	945.84	1153.32	1405.32	1854.72
7:00 AM	900	1013.40	1235.70	1505.70	1987.20
8:00 AM	975	1097.85	1338.68	1631.18	2152.80
9:00 AM	1050	1182.30	1441.65	1758.65	2318.40
10:00 AM	1075	1210.45	1475.98	1798.48	2373.60
11:00 AM	1050	1182.30	1441.65	1758.65	2318.40
12:00 PM	1075	1210.45	1475.98	1798.48	2373.60
1:00 PM	1025	1154.15	1407.33	1714.83	2263.20
2:00 PM	1025	1154.15	1407.33	1714.83	2263.20
3:00 PM	1025	1154.15	1407.33	1714.83	2263.20
4:00 PM	1025	1154.15	1407.33	1714.83	2263.20
5:00 PM	1100	1238.60	1510.30	1840.30	2428.80
6:00 PM	1250	1407.60	1716.25	2091.25	2786.00
7:00 PM	1325	1491.95	1819.23	2216.73	2925.60
8:00 PM	1425	1379.35	1681.93	2049.43	2704.80
9:00 PM	1175	1323.05	1613.28	1965.78	2594.40
10:00 PM		1238.60	1510.30	1840.30	2428.80

Load Profile

Load Profile

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-19 Please state whether the Company has included in its revenue requirement any lobbying expenses. If so, please provide the amount included.

**Response:** Yes. The amount is \$3,825 as shown on page 13 of my testimony line 27.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-20 Please provide an itemized breakdown of expenses booked to the clean air account during each of FY 2006 and FY 2007.

**Response:** See attached.

Prepared by WEE



5935-0902

# INVOICE

Block Island Power Company  
Attn: Mr. Mike Wagner  
100 Ocean Avenue  
Box 518  
New Shorham, RI 02807

Invoice #: 45961  
Invoice Date: 6/17/2005  
Project #: 801-60018-01  
Project Manager: Anderson, Jennifer P.  
Client #: 004502

For Professional Services Rendered through: 5/27/2005

BIP Air Compliance/SCR Alternatives Review, LAER Update, Technical Reviews and Product Reviews

### Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Cote, Anna K.	6.00	90.00	540.00
McFadden, Stacey Lee	27.75	135.00	3,746.25
Fitzpatrick, Beth K	53.50	90.00	4,815.00
		<b>LFR Labor</b>	<b>9,101.25</b>

### Expenses

<u>Description</u>	<u>Amount</u>
Project - Materials & Supplies	91.49
Project - Travel & Subsistence	43.40
Project - Postage/Delivery	13.54
	<b>Regular Expenses</b>
	<b>148.43</b>

### Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	97.00	41.03
	<b>Unit Pricing</b>	<b>41.03</b>

**Total Invoice Amount: 9,290.71**

Remit to: LFR Levine Fricke, Inc.  
1900 Powell Street, 12th Floor  
Emeryville, CA 94608-1827  
510.652.4500



5935.0902

# INVOICE

Block Island Power Company  
Attn: Mr. Mike Wagner  
100 Ocean Avenue  
Box 518  
New Shorham, RI 02807

Invoice #: 48164  
Invoice Date: 8/17/2005  
Project #: 801-60018-01  
Project Manager: Anderson, Jennifer P.  
Client #: 004502

For Professional Services Rendered through: 7/29/2005

BIP Air Compliance/SCR Alternatives Review, LAER Update, Technical Reviews and Product Reviews

CHARGES INCURRED:  
For Permit Application, Test Monitoring, State Agency Interaction, and Malfunction Reporting (6/1/05 - 7/29/05)

\$ 10303.85  
PL 3-7500  
# 12227

### Labor

Name	Hours	Rate	Amount
Cote, Anna K.	4.00	90.00	360.00
McFadden, Stacey Lee	22.00	135.00	2,970.00
Anderson, Jennifer P.	32.00	135.00	4,320.00
Fitzpatrick, Beth K	25.50	90.00	2,295.00
Augenstern, Janelle L.	3.50	75.00	262.50
<b>LFR Labor</b>			<b>10,207.50</b>

### Expenses

Description	Amount
Project - Travel & Subsistence	23.00
Project - Postage/Delivery	33.20
<b>Regular Expenses</b>	<b>56.20</b>

### Equipment and Mileage

Description	Units	Amount
Project - Mileage/Empl'y'e Auto	76.00	32.15
<b>Unit Pricing</b>		<b>32.15</b>

### Equipment and Mileage

Description	Units	Amount
Project - Equip Rntl (In-house)	2.00	8.00
<b>Unit Pricing</b>		<b>8.00</b>



Total Invoice Amount:

**10,303.85**

Remit to: LFR Levine Fricke, Inc.  
1900 Powell Street, 12th Floor  
Emeryville, CA 94608-1827  
510.652.4500



# INVOICE

Block Island Power Company  
Attention: Mr. Mike Wagner  
100 Ocean Avenue  
Box 518  
New Shorham, RI. 02807

Invoice #: 48916  
Project: 010-13334-00  
Client Number: 004502  
Invoice Group: \*\*  
Invoice Date: 9/7/2005  
Project Manager: Kelley, Kevin J.

For Professional Services Rendered through: 7/29/2005

Block Island Power:

100 Ocean Avenue  
Block Island, RI

Compliance Emissions Testing of Engines 24 & 25

Project Authorization (20%)

Phase Code / Name	Phase Fee	Previous Amount	Current Amount	% Complete	Total Fee Earned
**** -- Engines 24 & 25	18,700.00	0.00	3,740.00	20.00	3,740.00
<b>Total Fee:</b>	18,700.00				
<b>Total Fee Earned To Date</b>					3,740.00
<b>Less Previous Billings</b>					0.00
<b>Amount Due this Invoice</b>					<u>3,740.00</u>

Remit to : LFR Levine Fricke Inc.  
1900 Powell Street, 12th Floor  
Emeryville, CA 94608-1827  
510.652.4500

5935.0902  
PL 4-406  
A# 12257



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shorham, RI 02807

Invoice #: 52144  
 Invoice Date: 11/21/2005  
 Project #: 801-60018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 10/28/2005

BIP Air Compliance/SCR Alternatives Review, LAER Update, Technical Reviews and Product Reviews

### Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Cote, Anna K.	7.00	90.00	630.00
McFadden, Stacey Lee	26.50	135.00	3,577.50
Gordon, Norma	4.00	125.00	500.00
Anderson, Jennifer P.	5.00	135.00	675.00
Fitzpatrick, Beth K	56.00	90.00	5,040.00
		<b>LFR Labor</b>	<b>10,422.50</b>

*5935.0902*

### Expenses

<u>Description</u>	<u>Amount</u>
Project - Postage/Delivery	41.39
	<b>Regular Expenses</b>
	<b>41.39</b>

### Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	209.00	88.40
		<b>Unit Pricing</b>
		<b>88.40</b>

*62644  
A12393*

**Total Invoice Amount: 10,552.29**

Remit to: LFR Levine Fricke, Inc.  
 1900 Powell Street, 12th Floor  
 Emeryville, CA 94608-1827  
 510.652.4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice # : 53961  
 Invoice Date : 1/4/2006  
 Project # : 801-60018-01  
 Project Manager : Anderson, Jennifer P.  
 Client # : 004502

For Professional Services Rendered through: 12/2/2005

BIP Air Compliance/SCR Alternatives Review, LAER Update, Technical Reviews and Product Reviews

### Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Gilles, Brian A.	0.50	59.00	29.50
Cote, Anna K.	5.00	90.00	450.00
McFadden, Stacey Lee	12.50	135.00	1,687.50
Gordon, Norma	1.00	125.00	125.00
Anderson, Jennifer P.	10.75	135.00	1,451.25
Fitzpatrick, Beth K	42.00	90.00	3,780.00
		<b>LFR Labor</b>	<b>7,523.25</b>

*5935.0902*

### Expenses

<u>Description</u>	<u>Amount</u>
Project - Postage/Delivery	29.19
	<b>Regular Expenses</b>
	<b>29.19</b>

### Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	113.00	47.80
		<b>Unit Pricing</b>
		<b>47.80</b>

*6026 up  
A12395*

**Total Invoice Amount: 7,600.24**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shorham, RI 02807

Invoice # : 55168  
 Invoice Date : 1/31/2006  
 Project # : 801-60018-01  
 Project Manager : Anderson, Jennifer P.  
 Client # : 004502

For Professional Services Rendered through: 12/30/2005

BIP Air Compliance/SCR Alternatives Review, LAER Update, Technical Reviews and Product Reviews

### Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
McFadden, Stacey Lee	5.00	135.00	675.00
Anderson, Jennifer P.	14.00	135.00	1,890.00
Fitzpatrick, Beth K	39.50	90.00	3,555.00
<b>LFR Labor</b>			<b>6,120.00</b>

59350902

### Expenses

<u>Description</u>	<u>Amount</u>
Project - Tolls/Parking	17.25
Project - Photocopying	100.57
Project - Postage/Delivery	98.82
<b>Regular Expenses</b>	<b>216.64</b>

### Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	50.00	21.15
<b>Unit Pricing</b>		<b>21.15</b>

62626  
A 12396

**Total Invoice Amount: 6,357.79**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shorham, RI 02807

Invoice #: 59502  
 Invoice Date: 5/22/2006  
 Project #: 801-60018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 4/28/2006

Annual DEM Air Inventory  
 Renewal Application for Facility EPA/DEM Air Operating Permit  
 Development of Facility CAM Plan

### Labor

Name	Hours	Rate	Amount
McFadden, Stacey Lee	36.75	135.00	4,961.25
Gordon, Norma	3.00	125.00	375.00
Anderson, Jennifer P.	6.00	135.00	810.00
Fitzpatrick, Beth K	62.50	90.00	5,625.00
Bonn, Janelle L.	0.75	75.00	56.25
<b>LFR Labor</b>			<b>11,827.50</b>

59 35.0902

### Expenses

Description	Amount
Project - Materials & Supplies	178.77
Project - Travel & Subsistence	103.42
Project - Postage/Delivery	17.76
<b>Regular Expenses</b>	
	<b>299.95</b>

6-26-06  
 A 12410

### Equipment and Mileage

Description	Units	Amount
Project - Mileage/Empl'y'e Auto	166.00	84.66
<b>Unit Pricing</b>		<b>84.66</b>



Please remit all check payments  
 to the following lockbox address:  
 LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912

**Total Invoice Amount: 12,212.11**



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shorham, RI 02807

Invoice # : 59503  
 Invoice Date : 5/22/2006  
 Project # : 801-80091-01  
 Project Manager : Anderson, Jennifer P.  
 Client # : 004502

For Professional Services Rendered through: 4/28/2006

Compliance Sampling  
 Two Sample Protocol Modifications  
 Compliance Site Visit

### Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Anderson, Jennifer P.	23.50	135.00	3,172.50
Fitzpatrick, Beth K	9.50	90.00	855.00
		<b>LFR Labor</b>	<b>4,027.50</b>

### Expenses

<u>Description</u>	<u>Amount</u>
Project - Tolls/Parking	18.06
Project - Laboratory Expense	810.75
	<b>Regular Expenses</b>
	<b>828.81</b>

5935.0902

### Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	25.00	12.75
		<b>Unit Pricing</b>
		<b>12.75</b>

6-26-06  
#12401

**Total Invoice Amount: 4,869.06**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500

# arthur j. hurley company, inc.



P.O. BOX 190550 • 2500 WASHINGTON STREET, BOSTON, MA 02119  
 TELEPHONE (617) 442-9200 FAX (617) 427-1025  
 INSULATED WIRE & CABLE

SINCE 1929

CUSTOMER NUMBER	PAGE
30552	1

## INVOICE

BILL TO

BLOCK ISLAND POWER CO.  
 OCEAN AVENUE  
 P.O. BOX 518  
 BLOCK ISLAND, RI 02807

SHIP TO

BLOCK ISLAND POWER COMPANY  
 OCEAN AVENUE  
 BLOCK ISLAND, RI 02807

INVOICE #	CUSTOMER P.O. #	INVOICE DATE	TERMS	SHIP VIA	ORDERED BY
30562	MIKE WAGNER	06 Sep 05	NET 30 DAYS	A DUIE PYL	

LINE	ORDERED	SHIPPED	BACK ORDERED	ITEM NO.	UM/DESCRIPTION/EXT. DESC.	PRICE PER	EXTENDED PRICE
1	1970	1970		15XUD2J	FT 2 COPPER .175" XLP 15KV 100% FULL CONCENTRIC NEUTRAL URD WITH JACKET 2 X 515 2 X 470	2,750.00	5,417.50
2	6	6		166LRB5220	EA ELM .665-.905 LOADBREAK 200AMP W/ #2 CONNECTOR	42.00	252.00
3	2	2		16THGFAB2204	EA ELM 15KV TERM .625-.735 W/ #2 STEM CONNECTOR	55.00	110.00
						Subtotal	5,779.50
						TOTAL	5,779.50

*CTAC  
 COMINGS-WEIK-SCHMIDT  
 pd 10-24-05  
 #11935*

A Finance Charge of 1 1/2% per Month (18% per Annum) will be applied on all unpaid balances over 30 days

Terms due to errors in price, quantity or quality of goods must be presented within five days. No merchandise may be returned for credit unless authorized by us. There will be a service charge to cover handling and restocking. subject to change without notice. The seller warrants that the material sold hereunder is of standard quality but makes no other warranties, express or implied. Under no circumstances shall the seller be liable for consequential or special damages. The company's liability on any claim for loss or liability arising out of or connected with the supplying of its product shall not in any case exceed the selling price of such product involved in claim. All losses, costs, attorney's fees, or other expenses incurred by the Arthur J. Hurley Company, Inc., as a result of customer's failure to pay invoices, shall be paid by the customer

ORIGINAL





THE 1661 INN  
& HOTEL MANISSES

May 12, 2006

TO: BI Power  
PO Box 518  
Block Island, RI 02807

FROM: Hotel Manisses  
PO Box 1  
Block Island, RI 02807

10  
35  
5

---

4/7/06:	Room Folio #190869:	\$62.15
5/5/06:	Room Folio #191687:	\$62.15

---

Total Due: \$124.30

5935 0202  
PAID 7-19-06  
#12432

5935.0902

**NOVA Analytical Systems Inc.**

270 Sherman Avenue North  
 Hamilton, Ontario L6L 6N5 Canada  
 Tel: (905) 545-2003 Fax: (905) 545-4248  
 GST # R103946620

**INVOICE NO. 25466**

REMIT TO: 1925 Pine Avenue  
 Niagara Falls , NY 14301 USA  
 Tel: (800) 295-3771 (716) 285-0418  
 Fax: (716) 282-2937  
 Web: www.nova-gas.com

<b>INVOICE</b>				Inv. Date	Oct 18/05
Our Job #	R11762	Your PO#	BIPA10	Ship Via:	UPS STD PPD
BILL TO			SHIP TO		
Block Island Power 300 Metro Center Blvd Suite 250 Warwick RI 02886-1751			SAME		

Tel: 701-738-3887 Fax: 401-732-1686

QTY ORDERED	QTY B/O	QTY SHIPPED	DESCRIPTION	PRICE EACH	TOTAL
1		1	Nova Model 320TWP Gas Analyzer SN 6067 Returned after repair		
		1	Replaced 12-32-30C Bowl Filter Element	\$12.00	\$12.00
		1	Replaced IDN6G Inline Filter	\$14.00	\$14.00
		1	Replaced 9" Temp/Sample Probe	\$220.00	\$220.00
			Cleaned and replaced filters, checked operation		
			Repaired loose front panel wiring		
			Recalibrated - certificate provided		
		1	Hour labor	\$100.00	\$100.00
			Electrical Gas Analyzer Equipment Country of Origin: Canada		

Subtotal	\$346.00
Shipping and handling	\$51.00
<b>TOTAL</b>	<b>\$397.00</b>
	<b>US FUNDS</b>

PACKED BY \_\_\_\_\_ DATE \_\_\_\_\_

Shipping and handling  
 Please pay this amount:

TERMS: Net 30 Days

Thank You for Your Order!

*Rec 11-28-05  
 # 11996*



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice #: 61032  
 Invoice Date: 6/29/2006  
 Project #: 801-60018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 6/2/2006

Annual DEM Air Inventory  
 Renewal Application for Facility EPA/DEM Air Operating Permit  
 Development of Facility CAM Plan

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
McFadden, Stacey Lee	14.00	135.00	1,890.00
Kowalski, Richard G.	4.00	135.00	540.00
Fitzpatrick, Beth K	28.50	90.00	2,565.00
		<b>LFR Labor</b>	<b>4,995.00</b>

## Expenses

<u>Description</u>	<u>Amount</u>
Project - Materials & Supplies	94.70
Project - Travel & Subsistence	29.98
Project - Postage/Delivery	23.06
	<b>Regular Expenses</b>
	<b>147.74</b>

## Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	72.00	36.72
		<b>Unit Pricing</b>
		<b>36.72</b>

Total Invoice Amount: 5,179.46

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice #: 61033  
 Invoice Date: 6/29/2006  
 Project #: 801-80091-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 6/2/2006

Compliance Sampling  
 Two Sample Protocol Modifications  
 Compliance Site Visit

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Small, Brian S.	0.75	59.00	44.25
Anderson, Jennifer P.	27.00	135.00	3,645.00
Fitzpatrick, Beth K	11.50	90.00	1,035.00
		<b>LFR Labor</b>	<b>4,724.25</b>

## Expenses

<u>Description</u>	<u>Amount</u>
Project - Laboratory Expense	276.00
	<b>Regular Expenses</b>
	<b>276.00</b>

## Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Equip Rntl (In-house)	0.75	9.00
		<b>Unit Pricing</b>
		<b>9.00</b>

**Total Invoice Amount: 5,009.25**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice #: 63278  
 Invoice Date: 8/31/2006  
 Project #: 801-60018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 7/28/2006

Annual DEM Air Inventory  
 Renewal Application for Facility EPA/DEM Air Operating Permit  
 Development of Facility CAM Plan

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Brown, Jennifer N.	1.00	40.00	40.00
McFadden, Stacey Lee	13.50	135.00	1,822.50
Kowalski, Richard G.	14.50	135.00	1,957.50
Anderson, Jennifer P.	7.00	135.00	945.00
Fitzpatrick, Beth K	46.25	90.00	4,162.50
		<i>LFR Labor</i>	<u>8,927.50</u>

## Expenses

<u>Description</u>	<u>Amount</u>
Project - Postage/Delivery	35.67
	<i>Regular Expenses</i>
	<u>35.67</u>

Total Invoice Amount: 8,963.17

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice #: 63279  
 Invoice Date: 8/31/2006  
 Project #: 801-80091-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 7/28/2006

Compliance Sampling  
 Two Sample Protocol Modifications  
 Compliance Site Visit

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Small, Brian S.	1.75	59.00	103.25
Brown, Jennifer N.	0.75	40.00	30.00
McFadden, Stacey Lee	0.25	105.00	26.25
Anderson, Jennifer P.	25.50	135.00	3,442.50
Fitzpatrick, Beth K	0.75	90.00	67.50
		<b>LFR Labor</b>	<b>3,669.50</b>

## Expenses

<u>Description</u>	<u>Amount</u>
Project - Laboratory Expense	317.40
	<b>Regular Expenses</b>
	<b>317.40</b>

## Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Equip Rntl (In-house)	1.75	24.50
		<b>Unit Pricing</b>
		<b>24.50</b>

**Total Invoice Amount: 4,011.40**

Ramit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



Levine Fricke

## INVOICE

Block Island Power Company  
 Attention: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI. 02807

Invoice #: 68701  
 Project: 010-13334-00  
 Client Number: 004502  
 Invoice Group: \*\*  
 Invoice Date: 11/16/2006  
 Project Manager: Daley, Thomas L.

For Professional Services Rendered through: 10/27/2006

Block Island Power:

100 Ocean Avenue  
 Block Island, RI

Compliance Emissions Testing of Engines 24 & 25

Stack Testing

Laboratory Analysis

Report Writing

Air Modelling

Note: 7.5 Hours B. Gilles Out-of Scope Due to Both Engines Failure for CO Parameter

Project Authorization (20%)

Phase Code / Name	Phase Fee	Previous Amount	Current Amount	% Complete	Total Fee Earned
**** -- Engines 24 & 25	22,741.46	3,740.00	19,001.46	100.00	22,741.46
	<b>Total Fee:</b>				22,741.46

Total Fee Earned To Date	22,741.46
Less Previous Billings	3,740.00
<b>Amount Due this Invoice</b>	<b>19,001.46</b>

Remit to : LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shorham, RI 02807

Invoice #: 68303  
 Invoice Date: 12/29/2006  
 Project #: 801-60018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 12/1/2006

Need Comment

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
McFadden, Stacey Lee	3.00	135.00	405.00
Anderson, Jennifer P.	17.00	135.00	2,295.00
Fitzpatrick, Beth K	32.25	90.00	2,902.50
		<b>LFR Labor</b>	<b>5,602.50</b>

## Expenses

<u>Description</u>	<u>Amount</u>
Project - Travel & Subsistence	78.50
	<b>Regular Expenses</b>
	<b>78.50</b>

## Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Equip Rntl (In-house)	18.56	18.56
Project - Mileage/Empl'y's Auto	76.00	38.76
		<b>Unit Pricing</b>
		<b>57.32</b>

**Total Invoice Amount: 5,738.32**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500

Tax ID: 04-2806712





# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice #: 69227  
 Invoice Date: 1/17/2007  
 Project #: 801-80018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 12/31/2006

Development of Facility CAM Plan  
 Nox Testing  
 Engine 25 Acid Rain Registration  
 Monthly Monitoring  
 Leased Tank Exemptions

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
McFadden, Stacey Lee	8.25	135.00	843.75
Anderson, Jennifer P.	10.25	135.00	1,383.75
Fitzpatrick, Beth K	21.50	90.00	1,935.00
		<b>LFR Labor</b>	<b>4,162.50</b>

## Expenses

<u>Description</u>	<u>Amount</u>
Project - Postage/Delivery	75.39
	<b>Regular Expenses</b>
	<b>75.39</b>

## Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y's Auto	28.00	13.26
		<b>Unit Pricing</b>
		<b>13.26</b>

Total Invoice Amount: **4,251.15**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500

Tax ID: 04-2806712



# INVOICE

Block Island Power Company  
 Attn: Mr. Mike Wagner  
 100 Ocean Avenue  
 Box 518  
 New Shoreham, RI 02807

Invoice #: 70809  
 Invoice Date: 2/19/2007  
 Project #: 801-60018-01  
 Project Manager: Anderson, Jennifer P.  
 Client #: 004502

For Professional Services Rendered through: 1/26/2007

Development of Facility CAM Plan  
 Nox Testing  
 Engine 25 Acid Rain Registration  
 Monthly Monitoring  
 Leased Tank Exemptions

## Labor

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Reed, Virginia A.	1.75	43.00	75.25
McFadden, Stacey Lee	7.50	135.00	1,012.50
Anderson, Jennifer P.	29.00	135.00	3,915.00
Fitzpatrick, Beth K	31.50	90.00	2,835.00
		<b>LFR Labor</b>	<b>7,837.75</b>

## Equipment and Mileage

<u>Description</u>	<u>Units</u>	<u>Amount</u>
Project - Mileage/Empl'y'e Auto	66.00	36.96
		<b>Unit Pricing</b>
		<b>36.96</b>

**Total Invoice Amount: 7,874.71**

Remit to: LFR Inc.  
 Post Office Box 45912  
 San Francisco, CA 94145-45912  
 (510) 652-4500

Tax ID: 04-2806712



**Safety-Kleen®**

SAFETY-KLEEN SYSTEMS, INC  
5400 LEGACY DRIVE  
PLANO, TX 75024

DUNS NO: 05-397-6551  
FED ID NO: 39-6090019

**ORIGINAL INVOICE**

Account Number	Invoice Number	Invoice Date	Terms
0002998102	0032778591	10/06/06	Net 30

**BILL TO ADDRESS**  
BLOCK ISLAND POWER CO  
ATTN ACCTS PAYABLE  
PO BOX 518  
BLOCK ISLAND, RI 02807-0518

**SERVICE LOCATION**  
BLOCK ISLAND POWER CO  
C/O MAINTENANCE GARAGE  
100 OCEAN AVE  
BLOCK ISLAND, RI 02807

<b>SK Service Facility</b> BR BRIDGEWATER	<b>Special Billing Code #</b> 003 30
<b>Facility Phone</b> 508-697-4648	<b>Service Date</b> 10/04/2006
	<b>Service Number</b> 0002997685

Department #	Department	Release #	Transporter	Manifest #	Tax Status/#	PO Number
00						

QUANTITY	DESC./REFERENCE NUMBER	PRICE PER	SALES TAX	ITEM TOTAL
1.000	FEE, FUEL SURCHARGE 0000100001-00-000000000-0000000	9.8500 EA	0.00	9.85
1015.000	USED OIL PICKUP (NON-PQUAL) 0000066661-12-000000000-0000000	0.1141 GLL	0.00	115.81
100.000	SURCHARGE,SERVICES 0000010028-00-000000000-0000000	1.0000 EA	0.00	100.00

SUBTOTAL	225.66
TOTAL TAX	0.00
<b>TOTAL AMOUNT DUE</b>	<b>\$225.66</b>

5975 0902

**Comments**

The leading provider of responsible cleaning, environmental and re-refining solutions.

Please detach and enclose this coupon with your payment.

Item to  
32778591





THE 1661 INN  
& HOTEL MANISSES

January 27, 2007

TO: Block Island Power  
PO Box 518  
Block Island, RI 02807

FROM: Hotel Manisses  
PO Box I  
Block Island, RI 02807

---

1/19/07: Room Folio #197458: \$62.15

---

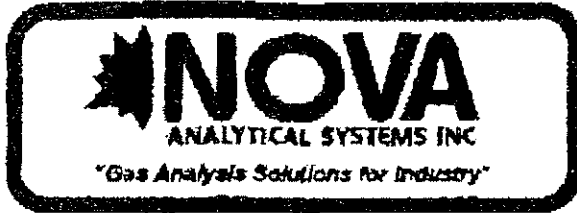
Total Due: \$62.15

5935.0902

1  
197458  
Guest Hs  
253  
1/18/200  
1/19/200.

Total

\$55.00  
\$58.85  
\$62.15  
\$.00



28349  
 REMIT TO: 1826 Pine Avenue  
 Niagara Falls, NY 14301 USA  
 Tel: (800) 226-8771 (719) 298-0419  
 Fax: (719) 292-3937  
 Web: www.nova-gas.com

<b>Our Job #</b> R12009	<b>Your PO#</b> David Milner 06/21/06	<b>Ship Via:</b> UPS GRD PPD	<b>Inc. Date:</b> Aug 23/06
<b>SHIP TO:</b> Levine Fricke (Block Island Power) 300 Metro Center Blvd, Suite 250 Warwick RI 02886-1751		<b>SHIP TO:</b> SAME	<b>Origin:</b> CDA

Tel: 401-738-3887 Fax: 401-732-1686

QTY ORDERED	QTY SHIPPED	DESCRIPTION	PRICE EACH	TOT AMT
1	1	Nova Model 320NTWP Gas Analyzer SN 6067 Returned after repair		
		1 Replaced LT1001 Amplifier	\$3.50	\$3.50
		1 Replaced LT1026 T/C Amplifier	\$15.00	\$15.00
		1 Replaced PS Rebuild	\$110.00	\$110.00
		1 Replaced IDN8G Filter	\$14.00	\$14.00
		1 Replaced 12-32-30C Filter Element	\$12.00	\$12.00
		Removed condensate, repaired temp channel Recalibrated - certificate provided		
	3	Hours labor	\$100.00	\$300.00
		Electrical Gas Analyzer Equipment		
		Country of Origin: Canada		

PACKED BY \_\_\_\_\_ DATE \_\_\_\_\_

TERMS: Net 30 Days

Thank You for Your Order!

Shipping and handling  
Please pay this amount:

Subtotal	\$454.50
TOTAL	\$511.00
	\$505.50

US FUNDS

Nova Analytical Systems Inc.  
 270 Sherman Avenue North, Hamilton, Ontario L8L 6N5 Canada, Tel: (905) 945-2008 Fax: (905) 545-4248  
 QTY # R103640020

*OK at 9-13-06  
A12603  
David Milner*

*To Dayna*

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-21 Please provide the 3 year and 5 year averages of clean air account expenses, inclusive of FY 2006 and FY 2007.

**Response:** The information to calculate both the three and the five year averages are shown on Mr. Bebyn's Schedule DGB-2.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-22 Please refer to page 25, lines 27-29 of Mr. Edge's pre-filed testimony.  
Please provide the following:

- a. whether the meter replacement survey has been authorized by the Company
- b. when the meter replacement survey is scheduled to be performed
- c. whether the meter replacement survey is a one-time expenditure

**Response:**

- a. No, BIPCo will authorize the survey at the conclusion of these hearings. The Board of Directors has approved the concept.
- b. It is not yet scheduled. BIPCo expects to schedule the survey for next Spring.
- c. Yes, however implementation of the program will cost BIPCo additional funds not included in this filing and BIPCo expects to use the funds after the rate year for the implementation.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-23 Please refer to Schedule WEE-3. Please explain the entry for rental expense-apartment of \$5,000 and the Company's justification for including this expense in its proposed revenue requirement. Please state how long this expense has been incurred, what use is made of this apartment and whether there are any rate year revenues from this apartment that offset the included expense?

**Response:** The entry of \$5,000 "rental expense – apartment" is the amount that BIPCo paid for the first five months of the test year (\$1,000 per month) for renting the second floor of the BIPCo office building from Island Services to house individuals from the mainland working on BIPCo's generation and distribution systems. BIPCo is required to pay rent for the second floor of the office building to another company (Island Services) because when the BIPCo office building was built the RIPUC disallowed the apartment on the second floor as not necessary. The cost of building the second floor was therefore removed from BIPCo's rate base.

BIPCo is charged \$1,000 per month for all twelve months so in my rebuttal testimony I will be increasing this amount to \$12,000. This oversight was found during BIPCo's year end audit and will be part of the audited financial statements.

Island Services has been charging this to BIPCo since FY 2005 as shown on Mr. Bebyn's schedule DGB-2 page 3 of 5. BIPCo started using the apartment exclusively when the mainland overhead lines people were working and sleeping on the island.

Island Services receives no other rent from this apartment.



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-24 Please provide any employment or other compensation contracts between the Company and its officers/owners.

**Response:** There are no written contracts between the company and its officers. Salaries are determined yearly at the annual meeting of the Board of Directors. Owners are not compensated for employment unless they are working officers.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-25 Please refer to Schedule WEE-10a. Please explain the basis for accumulated depreciation on land and land rights of \$60,000. Please identify depreciation expenses on land and land rights included in the rate year revenue requirement.

**Response:** The depreciation on land and land rights is for leasehold improvements to land. These leasehold improvements were from many years ago (1973) and have been fully depreciated. It is very clear from my Schedule WEE-10 that there is no depreciation for these leasehold improvements in the rate year.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-26 Please indicate which employees are included in each payroll account (by account) for FY2007 in DGB-2 accounts 5546.0001, 5547.0101, 5547.0102, 5548.0001, 5549.0201, 5581.0001, 5583.0001, 5585.0001, 5586.0001, 5587.0001, 5588.0001, 5902.0001, 5903.0001, 5920.0201, 5590.0101, 5593.0001, 5597.0001, 5553.0201, 5553.0501, 5552.0001.

**Response:** See attached. Please note that account 5547.0102 is not a payroll account.

Prepared by WEE



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-27 Please describe what activities or expenses are covered by account  
5547.0401 "Fuel Procurement."

**Response:** See attached. Mike Mellor is the truck driver that drives the  
fuel truck. IFR Trucking delivers all BIPCo's fuel. Interstate Navigation  
is the ferry company that brings the truck to the island.

Prepared by WEE

**Block Island Power Company  
General Ledger**

**For the Period From Jun 1, 2006 to Dec 31, 2007**

Filter Criteria includes: 1) IDs from 5547.0401 to 5547.0401. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
5547.0401	6/1/06			Beginning Balance			
Fuel Procurement	6/2/06	MAY&JUN	PJ	MIKE MELLOR	1,050.00		
	6/30/06	JUNE2006	PJ	INTERSTATE NAV	6,166.17		
				Current Period Cha	7,216.17		7,216.17
	7/1/06			Beginning Balance			7,216.17
	7/3/06	JUNE06	PJ	MIKE MELLOR	1,400.00		
	7/6/06	600	PJ	IFR	3,530.08		
	7/6/06	500	PJ	IFR	1,650.00		
	7/31/06	JULY2006	PJ	INTERSTATE NAV	8,233.77		
				Current Period Cha	14,813.85		14,813.85
	8/1/06			Beginning Balance			22,030.02
	8/2/06	501	PJ	IFR	3,575.00		
	8/2/06	501/2	PJ	IFR	3,575.00		
	8/3/06	JULY/AUG	PJ	MIKE MELLOR	2,625.00		
	8/31/06	AUG2006	PJ	INTERSTATE NAV	9,587.40		
				Current Period Cha	19,362.40		19,362.40
	9/1/06			Beginning Balance			41,392.42
	9/1/06	502	PJ	IFR	4,551.56		
	9/6/06	AUG/SEPT	PJ	MIKE MELLOR	2,275.00		
	9/30/06	SEPT06	PJ	INTERSTATE NAV	4,703.55		
				Current Period Cha	11,530.11		11,530.11
	10/1/06			Beginning Balance			52,922.53
	10/29/06	SEPT/OCT	PJ	MIKE MELLOR	1,925.00		
	10/31/06	OCT2006	PJ	INTERSTATE NAV	5,920.44		
				Current Period Cha	7,845.44		7,845.44
	11/1/06			Beginning Balance			60,767.97
	11/1/06	504	PJ	IFR	2,100.00		
				Current Period Cha	2,100.00		2,100.00
	12/1/06			Beginning Balance			62,867.97
	12/1/06	505	PJ	IFR	1,500.00		
	12/9/06	OCT/NOV/	PJ	MIKE MELLOR	1,575.00		
	12/21/06	NOV2006	PJ	INTERSTATE NAV	3,180.25		
	12/31/06	DEC06	PJ	INTERSTATE NAV	3,419.60		
				Current Period Cha	9,674.85		9,674.85
	1/1/07			Beginning Balance			72,542.82
	1/31/07	DEC06/JA	PJ	MIKE MELLOR	1,875.00		
	1/31/07	JAN07	PJ	INTERSTATE NAV	4,760.67		
				Current Period Cha	6,635.67		6,635.67
	2/1/07			Beginning Balance			79,178.49
	2/1/07	508	PJ	IFR	25.00		
	2/28/07	FEB07	PJ	INTERSTATE NAV	3,524.19		
	2/28/07	FEB07	PJ	IFR	1,500.00		
				Current Period Cha	5,049.19		5,049.19
	3/1/07			Beginning Balance			84,227.68
	3/28/07	FEB/MAR0	PJ	MIKE MELLOR	1,750.00		
	3/31/07	MAR07	PJ	INTERSTATE NAV	4,573.54		
	3/31/07	MAR07	PJ	IFR	2,100.00		
				Current Period Cha	8,423.54		8,423.54
	4/1/07			Beginning Balance			92,651.22
	4/30/07	APR07	PJ	INTERSTATE NAV	1,664.25		
	4/30/07	APR07	PJ	IFR	600.00		
				Current Period Cha	2,264.25		2,264.25
	5/1/07			Beginning Balance			94,915.47
	5/18/07	MAY07	PJ	MIKE MELLOR	1,400.00		
	5/31/07	MAY07	PJ	INTERSTATE NAV	8,062.85		
	5/31/07	MAY07	PJ	IFR	2,700.00		
				Current Period Cha	12,162.85		12,162.85
	5/31/07			Fiscal Year End Ba			107,078.32
	6/1/07			Beginning Balance			
	6/30/07	MAYJUNE	PJ	MIKE MELLOR	2,275.00		
	6/30/07	JUNE07	PJ	IFR	2,400.00		

**Block Island Power Company  
General Ledger**

**For the Period From Jun 1, 2006 to Dec 31, 2007**

Filter Criteria includes: 1) IDs from 5547.0401 to 5547.0401. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
5547.0401 (cont.)	6/30/07	JUNE07	PJ	INTERSTATE NAV Current Period Cha	7,159.94 11,834.94		11,834.94 11,834.94
	7/1/07			Beginning Balance			11,834.94
	7/31/07	JULY07	PJ	INTERSTATE NAV Current Period Cha	8,675.34 8,675.34		8,675.34 20,510.28
	8/1/07			Beginning Balance			20,510.28
	8/1/07	JULY07	PJ	IFR	3,900.00		
	8/31/07	JUL/AUG0	PJ	MIKE MELLOR	4,810.00		
	8/31/07	AUG07	PJ	INTERSTATE NAV	11,400.85		
	8/31/07	AUG07	PJ	IFR	4,500.00		
				Current Period Cha	24,610.85		24,610.85
	9/1/07			Beginning Balance			45,121.13
	9/30/07	SEPT07	PJ	IFR	2,700.00		
	9/30/07	SEPT07	PJ	INTERSTATE NAV	5,964.26		
				Current Period Cha	8,664.26		8,664.26
	10/1/07			Beginning Balance			53,785.39
	10/31/07	SEPT/OCT	PJ	MIKE MELLOR	2,625.00		
	10/31/07	OCT07	PJ	INTERSTATE NAV	5,843.90		
				Current Period Cha	8,468.90		8,468.90
	11/1/07			Beginning Balance			62,254.29
	12/1/07			Beginning Balance			62,254.29
	12/12/07	NOV07	PJ	IFR	1,800.00		
	12/12/07	OCT07	PJ	IFR	2,100.00		
				Current Period Cha	3,900.00		3,900.00
	12/31/07			Ending Balance			66,154.29

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-28 Please provide kWh sales by customer class (Residential, Commercial, Demand, Public Streets & Highway, Other public authorities) by month for FY2006, FY2007 and year to date FY2008.

**Response:** See attached.

Prepared by WEE



**FY 2006 kwh sales revenue**

	June	July	August	September	October	November	December	January	February	March	April	May	Total
Residential	\$ 83,623	\$ 134,998	\$ 134,024	\$ 85,843	\$ 25,545	\$ 21,058	\$ 21,207	\$ 23,518	\$ 19,802	\$ 19,441	\$ 20,932	\$ 23,198	\$ 613,191
General	34,407	48,394	50,269	34,316	12,371	4,436	9,857	9,909	8,502	9,495	10,004	14,809	246,768
Demand	96,065	155,861	142,861	96,978	30,306	16,830	16,259	18,282	15,515	17,497	20,717	31,258	658,429
Pub Demand	10,854	12,532	12,227	10,090	5,857	5,581	6,491	7,121	6,312	5,984	6,246	6,021	95,316
Pub Non-Dem	706	1,204	1,069	1,170	528	485	516	817	651	825	745	1,162	9,879
Total Public	11,560	13,736	13,296	11,260	6,385	6,066	7,007	7,939	6,963	6,809	6,992	7,183	105,195
Street Light Revenue	1,035	1,035	1,035	1,035	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	12,545

**FY 2007 kwh sales revenue**

	June	July	August	September	October	November	December	January	February	March	April	May	Total
Residential	\$ 80,714	\$ 131,186	\$ 136,969	\$ 85,912	\$ 21,367	\$ 20,284	\$ 23,949	\$ 20,473	\$ 21,575	\$ 19,875	\$ 22,286	\$ 23,159	\$ 607,748
General	34,782	51,042	48,283	37,141	11,178	6,938	10,947	9,098	8,911	9,346	11,314	12,474	251,453
Demand	91,090	153,196	141,818	93,629	25,568	17,395	18,654	16,923	17,780	16,511	24,313	34,971	651,948
Pub Demand	10,533	13,344	12,571	10,587	5,805	5,347	6,114	5,891	5,674	5,863	6,611	6,418	94,759
Pub Non-Dem	2,104	3,404	3,078	2,314	833	878	1,165	957	1,004	966	684	715	18,101
Total Public	12,637	16,749	16,648	12,901	6,638	6,225	7,279	6,848	6,678	6,829	7,285	7,133	112,860
Street Light Revenue	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,066	1,066	1,066	1,066	1,066	12,664

**FY 2008 YTD kwh sales revenue**

	June	July	August	September	October	November	December	January	February	March	April	May	Total
Residential	\$ 75,524	\$ 130,113	\$ 126,352	\$ 91,345	\$ 26,066	\$ 20,571							
General	33,749	55,419	53,560	43,130	13,299	11,150							
Demand	102,881	133,916	133,743	115,009	26,896	17,955							
Pub Demand	8,891	12,793	11,739	11,919	6,655	6,215							
Pub Non-Dem	1,710	2,204	2,447	1,828	550	496							
Total Public	10,601	14,998	14,186	13,746	7,205	6,711							
Street Light Revenue	1,066	1,066	1,066	1,066	1,066	1,066							

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-29 Please provide System Charge revenue per month for each of Residential, Commercial-G and Demand customers for FY2006, FY2007 and year to date FY2008.

**Response:** See attached

Prepared by WEE



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-30 Please provide Customer Charge revenue per month for each of Residential, Commercial-G and Demand customers for FY2006, FY2007 and year to date FY2008.

**Response:** See attached.

Prepared by WEE

**FY 2006 customer revenue**

	June	July	August	September	October	November	December	January	February	March	April	May	Total	
Residential General Demand	\$ 14,157	\$ 14,190	\$ 14,212	\$ 14,234	\$ 14,234	\$ 14,256	\$ 14,256	\$ 14,234	\$ 14,234	\$ 14,234	\$ 14,322	\$ 14,289	\$ 14,355	\$ 170,973
	3,256	3,300	3,322	3,344	3,366	3,366	3,377	3,377	3,377	3,421	3,421	3,421	3,487	40,414
	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	18,216
Pub Demand	198	198	182	182	182	182	182	182	182	182	182	182	198	-
Pub Non-Dem	253	253	242	242	242	242	242	231	231	231	231	231	231	2,228
Total Public	451	451	424	424	424	424	424	413	413	413	413	413	429	5,099
<b>Total Revenue</b>	<b>\$ 19,382</b>	<b>\$ 19,459</b>	<b>\$ 19,476</b>	<b>\$ 19,520</b>	<b>\$ 19,542</b>	<b>\$ 19,564</b>	<b>\$ 19,575</b>	<b>\$ 19,542</b>	<b>\$ 19,542</b>	<b>\$ 19,674</b>	<b>\$ 19,641</b>	<b>\$ 19,641</b>	<b>\$ 19,789</b>	<b>\$ 234,702</b>

**FY 2007 customer revenue**

	June	July	August	September	October	November	December	January	February	March	April	May	Total	
Residential General Demand	\$ 14,399	\$ 14,355	\$ 14,410	\$ 14,410	\$ 14,289	\$ 14,333	\$ 14,333	\$ 14,300	\$ 14,267	\$ 14,267	\$ 14,267	\$ 14,267	\$ 14,267	\$ 171,897
	3,476	3,465	3,476	3,476	3,553	3,410	3,410	3,465	3,498	3,465	3,465	3,476	3,520	41,690
	1,535	1,568	1,584	1,584	1,584	1,568	1,568	1,568	1,568	1,568	1,568	1,584	1,584	18,860
Pub Demand	198	182	182	182	182	182	182	198	198	198	198	198	215	-
Pub Non-Dem	231	231	231	231	231	231	231	231	231	231	231	231	209	2,294
Total Public	429	413	413	413	413	413	413	429	429	429	429	429	424	5,044
<b>Total Revenue</b>	<b>\$ 19,839</b>	<b>\$ 19,800</b>	<b>\$ 19,883</b>	<b>\$ 19,883</b>	<b>\$ 19,839</b>	<b>\$ 19,723</b>	<b>\$ 19,723</b>	<b>\$ 19,762</b>	<b>\$ 19,762</b>	<b>\$ 19,762</b>	<b>\$ 19,729</b>	<b>\$ 19,756</b>	<b>\$ 19,795</b>	<b>\$ 237,490</b>

**FY 2008 YTD customer revenue**

	June	July	August	September	October	November	December	January	February	March	April	May	Total
Residential General Demand	\$ 14,278	\$ 14,311	\$ 14,289	\$ 14,311	\$ 14,322	\$ 14,388							
	3,531	3,531	3,531	3,531	3,542	3,520							
	1,584	1,568	1,584	1,601	1,584	1,584							
Pub Demand	215	215	182	182	182	182							
Pub Non-Dem	209	198	220	220	220	220							
Total Public	424	413	402	402	402	402							
<b>Total Revenue</b>	<b>\$ 19,817</b>	<b>\$ 19,822</b>	<b>\$ 19,806</b>	<b>\$ 19,844</b>	<b>\$ 19,850</b>	<b>\$ 19,894</b>							

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-31     On what does Mr. Edge base his opinion in his pre-filed testimony page 2, line 27 that there is “lost revenue as a result of conservation?” Please provide any studies or other supporting materials for this statement.

**Response:** Mr. Edge formed his opinion after reviewing the revenues from year to year and after discussions with the management of BIPCo that sees what is going on day after day at the power company. Mr. Edge did not use any studies or other supporting materials. Although business was up on the Island last summer BIPCo sales were down which is a sign of conservation.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-32      On page 12 lines 10-12 in his prefiled testimony, Mr. Edge states “However, BIPCo chose to pay the compensation all as salaries instead of a combination of salaries and dividends because it is cheaper for ratepayers to do so in this fashion.” Since dividends are a cash item and included for cost of service calculations in ratemaking as part of the allowed return on equity, please explain why it is cheaper for ratepayers to include them in the operating costs of the Company. Please include the effects, if any, of both Federal Income and Rhode Island Gross Earnings taxes in this explanation.

**Response:** The last line in the question answers the first part of the question. The difference is the fact that salaries reduce profitability and in-turn reduces federal income taxes which like all other expenses are paid by the ratepayers. Gross receipts tax is a non issue in this analysis. The fact that return on equity is part of the “cost of service calculations in rate making” is also a non issue in this analysis.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-33 Please refer to page 12, lines 10-12 and Schedules WEE-12 and WEE-15 of Mr. Edge's pre-filed testimony and the Company's response to Division Information Request 1-21. Does Mr. Edge agree that the income tax calculation for ratemaking purposes in this proceeding is tied to the equity portion of the return requirement and the net investment on which the Company is entitled to earn a return?

**Response:** Yes.

Prepared by WEE



Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-34 Please refer to Schedules DGB-1 and DGB-2. Please explain what expenses are included under budget account 8505.0001. State whether these expenses are included in the development of the Company's proposed revenue requirement and explain the benefit to utility ratepayers.

**Response:** These were the cost of keeping the remaining two time shares that BIPCo had received as payment of accounts receivable on electric sales in a legal action years ago. The \$1,330 should not have been included in the rate year because BIPCo has sold all four time shares at this time.

Prepared by WEE

Responses of Block Island Power Company to the  
1<sup>st</sup> Set of Data Requests of the Town of New Shoreham

TOWN-35 Please identify any test year expenses incurred by the Company in connection with the decommissioning and removal of Block Island Cable facilities attached to the Company's poles. Have these expenses been billed and collected by the Company from Block Island Cable? If so, when were the revenues recognized?

**Response:** A) None. B) There were no expenses so the answer is not applicable (NA), and C) NA

Prepared by WEE

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TOWN-36 Please provide a comparison between the Company's Transfer Station disposal costs for the test year and for FY 2005 and FY 2006.

**Response:** The comparison cost of the transfer station for FY 2005 and FY 2006 is included in the filing. See Mr. Bebyn's Schedule DGB -2 and refer to account 5921.0201 Trash Removal. All transfer station costs are included in this account and there are no other costs included.

Prepared by WEE

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TOWN-37 Please refer to Schedule WEE-18F. Please explain the term “service units” as used in this Schedule.

**Response:** It is the annual number of lighting units.

Prepared by WEE

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TOWN-38 Please provide the number and type of attachments for which the Company charges Verizon pole attachment fees at test year end (e.g., wires, appurtenances attached elsewhere on a pole).

**Response:** None.

Prepared by WEE

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TOWN-39 Please provide the annual rate for pole attachment fees charged by the Company to Verizon. State how and when the rate was established.

**Response:** No such fee is charged to Verizon. There has been confusion on this issue.

B&E Consulting was under the impression that Mr. Wagner had completed a review of past pole rental activities and charged Verizon for years of back pole rentals. Using this information BIPCo estimated that there would be pole rentals from Verizon in the rate year. However, there will be no pole rentals in the rate year from anyone. I will therefore eliminate the rate year pole rental revenue of \$9,837 in my rebuttal testimony.

What actually happens is that BIPCo receives a payment from Verizon for all jointly owned poles which BIPCo installs in the system based upon a contract signed with Verizon in 2006. (See the attached contract). BIPCo is not expecting to install many (if any) poles in the rate year therefore no contribution in aid has been included in the filing.

Prepared by WEE

To Walter / From Dave M

BLOCK ISLAND COPY

INTERCOMPANY OPERATING PROCEDURE IOP A  
Between  
VERIZON NEW ENGLAND INC.  
and  
BLOCK ISLAND POWER COMPANY  
FLAT RATE BILLING SCHEDULE

EFFECTIVE: 9-1-06

Description of Custodial Areas

The Block Island Power Company, at one-half cost to each party, will maintain all Jointly Owned poles in the Town of New Shoreham, Rhode Island.

ITEM 1. PLACE POLES

New locations.

Replacements (in identical locations or along side)

Relocations (old pole cannot be cut off and lashed to new pole and is normally removed as a unit).

Where more than 50% of the hole is ledge, 1/2 actual costs shall be billed.

<u>POLE SIZE</u>	<u>FLAT RATE (1/2 COST)</u>	<u>FULL FLAT RATE</u>
30 ft	\$600	\$1,200
35 ft	\$621	\$1,242
40 ft	\$712	\$1,424
45 ft	\$810	\$1,620
50 ft	\$810	\$1,620
>55 ft	as negotiated	as negotiated

A Standard Pole is defined by the Telephone Company as a 40 ft pole, with exception of state and major roadways and/or locations with multiple attachments where the defined Telephone Company Standard size would be a 45 ft pole.

Unless otherwise requested, the minimum class for each pole size will be:

30'-5, 35'-4, 40'-3, 45'-3, 50'-3.

Push Braces will be billed at the rates above as for a pole its size.

In the event that additional height beyond the standard pole is to be for exclusive use of a single utility, the flat rate for that utility will be increased by \$50.00 per additional 5' of the affected pole. For example, a party calling for a 45 ft. pole outside of its maintenance area, where a 40 ft. pole is the defined standard that meets the other owner's needs will be billed at \$810 + \$50 (for 5 ft. excess height) for a total of \$860. When these poles are replaced for any reason, Joint Owner space requirements will be evaluated and billing for the replacement will be based on the agreed allocation.

ITEM 2. REMOVAL OF POLES

Billing for removal and disposal is applicable to pole butts, pole tops and entire pole only. (All prices include disposal costs.)

<u>POLE SIZE</u>	<u>FLAT RATE (1/2 COST)</u>	<u>FULL FLAT RATE</u>
All sizes	\$243	\$486

- A. On relocated of poles and pole replacements or abandoned locations, the custodian shall remove the old pole.
- B. On pole replacements in the same hole or along side the old pole, the company that sets the new pole shall cut off and remove the old butt. This includes securely lashing the old pole top to the new pole.

ITEM 3. POLE (S) UPGRADE FOR ADDITIONAL HEIGHT FOR SOLE BENEFIT OF ONE PARTY

Should one Company perform an upgrade of a pole solely for the benefit of one party, the Company removing the old pole will not bill the Joint Owner for pole removal cost. The Joint Owner will purchase 1/2 interest cost into the new pole.

ITEM 4. SALVAGING POLES - RELOCATION OR ABANDONMENT

Each party may salvage poles as they deem advisable but shall not allow credit. Salvaged poles may be reused if they are sound and if the year of treatment, as shown on the supplier's brand on the pole, is ten years or less that the current year.

ITEM 5. THE CUSTODIAN SHALL BE RESPONSIBLE FOR THE FOLLOWING



WORK WITH NO BILLING TO THE OTHER PARTY

Sidewalk repairs – on all jointly owned poles, pole grounds and anchors.

Pole inspections.

Blasting, compressor work and frost excavation to place poles.

ITEM 6. GROUND BRACING AND CEMENTING OF EXISTING POLES

<u>POLE SIZE</u>	<u>FLAT RATE (1/2 COST)</u>	<u>FULL FLAT RATE</u>
All sizes	\$185	\$370

ITEM 7. TRENCHING POLES (up to 3 feet)

<u>POLE SIZE</u>	<u>FLAT RATE (1/2 COST)</u>	<u>FULL FLAT RATE</u>
All sizes	\$180	\$360

ITEM 8. ANCHORS

<u>POLE SIZE</u>	<u>FLAT RATE (1/2 COST)</u>	<u>FULL FLAT RATE</u>
All sizes	\$121	\$243

ITEM 9. PURCHASE AND SALE OF EXISTING POLES

The purchase price of existing poles shall be based on the following:

- a. For poles up to 20 years old, the purchaser pays the FLAT RATE (divided cost).
- b. For poles greater than 20 years old, but less than 40 years old, the purchaser pays one half of the FLAT RATE (divided cost).
- c. For poles greater than 40 years old, the owner grants 50% interest at no charge.

ITEM 10. POLE GROUNDS

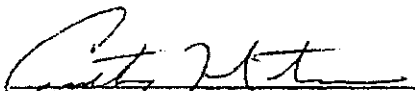
Whenever the non-maintaining party is required to dispatch to place a ground rod or vertical ground, a \$50 billing credit will be awarded to the non-maintaining party. In instances where the Electric Company must dispatch solely to connect a Telephone Company vertical ground to its multi-grounded neutral system, a \$50 billing credit will be awarded to the Electric Company with the processing of the monthly bill.

ITEM 11. JOINT WORK REIMBURSABLE BY FEDERAL AND/OR STATE FUNDING

The maintaining party shall perform all Joint Owned pole work required by highway construction and when said work is reimbursable by Federal and/or State funds. The maintaining party shall bear 100% of all cost and seek reimbursement for the same. No bill between Joint Owners to take place.

ITEM 12. UPDATE

Every year, beginning on or about September 1<sup>st</sup>, the parties will agree whether or not to renegotiate the Flat Rate Billing Schedule for the following year. Price changes will be effective for all work performed after January 1<sup>st</sup> of each year regardless of the date of the Exchange of Notice authorizing the work.

  
Verizon New England Inc.

Title: Director-Network Engineering  
Date: 7/28/06

  
Block Island Power Company

Title: General Manager  
Date: 7/20/06

Responses of Block Island Power Company to the  
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TOWN-40 Does the Company charge Verizon for the cost of make ready work needed to accommodate Verizon's attachments to Company poles?

**Response:** No. The only additional work that BIPCo does to assist Verizon is for replacement poles. When a pole is replaced, BIPCo will cut off the top of the old pole after it has moved its own lines so that Verizon can simply lift the lines over the top of the old pole and then connect their lines to the new pole.

Prepared by DM

Responses of Block Island Power Company to the  
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TOWN-41 Please state whether the Company has applied for grants for upgrades to its distribution system. If not, please explain why not. If so, please provide a description of the upgrade work and a copy of the grant application (if voluminous, counsel is willing to inspect a copy at the offices of the Division).

**Response:** Yes, BIPCo did apply for a substantial grant that includes upgrades to its distribution system. The upgrades are the same as those listed in the recent HDR study September 2007 "Electric Resource Planning Study" completed for the joint committee. The entire study was included as part of the grant request.

The Grant document is voluminous and BIPCo has only a few copies. The Chief Operating Officer's copy is available for review upon written request at Mr. McElroy's office in Providence.

Prepared by WEE