

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

November 15, 2007

Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Block Island Power Company – Rate Change Application filed on November 9, 2007
Docket No. 3900

Dear Luly:

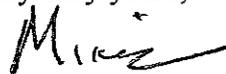
As you know, this office represents Block Island Power Company (BIPCo).

Enclosed for filing are the original and nine (9) copies of the following:

1. Re: Rule 2.8 (i): A copy of an actual bill, with the name of the customer deleted.
2. Re: Rule 2.8 (r): A summary of transactions with affiliated companies, officers and stockholders which occurred during the test year.
3. Re: Rule 2.8 (t): A summary of utility assets pledged as security for debt.
4. Re: Proposed New Tariffs: We mistakenly forgot to delete from the proposed New Tariffs the 1 cent per kWh IRP & DSM surcharge that automatically expires after 3 years. Therefore, enclosed is a corrected/substitute proposed New Tariff Fuel Adjustment Clause Rider that deletes the surcharge. Also enclosed for ease of comparison is a copy of the Old Tariff Rider showing the deletions.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc: tmg
BIPCo9:Rate07-Massaro2

Public Utilities Commission

November 15, 2007

Page 2

cc: Thomas Ahern, Administrator
Paul Roberti, Esq.
Katherine A. Merolla, Esq.
Block Island Town Clerk
David Bebyn, CPA
Walter Edge, CPA
BIPCo owners

Block Island Power Company

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

ACCOUNT #
3-5335
ID #
1378

BILLING DATES:

FROM 10/01/07 DATE DUE 11/30/07
TO 10/31/07 PAST DUE 0.00

MRS
P O Box
Block Island, RI 02807

SERVICE RATE R TOTAL DUE 109.97

TOTAL ENCLOSED _____

PLEASE RETURN ABOVE PORTION WITH PAYMENT

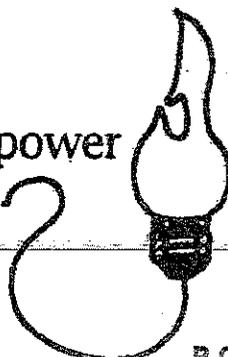
ACCOUNT # 3-5335 ID # 1378 DATE DUE: 11/30/07 SERVICE RATE: R

BILLING DATES: FROM: 10/01/07 TO: 10/31/07 SERVICE LOCATION: BEACON HILL LANE

<u>or Read</u>	<u>Present</u>	<u>Mult</u>	<u>Usage</u>		
60104	60417		313	Energy Charge	25.32
				Fuel Cost Adj.	73.65
				Customer Charge	11.00
				Total Due	109.97

\$0.2353 x 313kwh =

We have the power
to save.



Block Island Power Company is a recipient of Federal financial assistance from the U.S. Department of Agriculture (USDA). The USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. USDA is an equal opportunity provider and employer.

EXPLANATION OF CHARGES

1. CUSTOMER CHARGES- THE PORTION OF YOUR BILL THAT COVERS BASIC COSTS OF PROVIDING SERVICE SUCH AS METERING, METER READING, AND BILLING. THESE FIXED COSTS ARE UNAFFECTED BY THE ACTUAL AMOUNT OF ELECTRICITY YOU USE
 2. ENERGY CHARGE IS CALCULATED BY MULTIPLYING THE NUMBER OF KILOWATTHOURS USED BY THE PRICE PER KILOWATTHOUR
 3. FUEL COST ADJUSTMENT: VARIES EACH MONTH WITH THE CHARGES IN FUEL COST AND IS MULTIPLIED BY THE NUMBER OF KILOWATTHOURS USED. ALSO INCLUDED IN THIS CHARGE IS THE COST OF UREA USED IN THE POLLUTION CONTROL EQUIPMENT DURING THE BILLING MONTH AND A ONE CENT PER KILOWATTHOUR CHARGE FOR THE BILLING PERIODS OF JUNE THROUGH SEPTEMBER TO FUND AN INTEGRATED RESOURCE PLANNING PROCESS AS SET FORTH IN P.U.C. DOCKET NO. 0655
 4. DEMAND CHARGE. APPLIES ONLY TO THOSE ON DEMAND RATE AND IS BASED ON YOUR HIGHEST ACTUAL DEMAND AS RECORDED ON A 15 MINUTE INTERVAL DEMAND METER WITHIN THE BILLING PERIOD
- PLEASE NOTE THAT UNDER THE NEW TERMS AND CONDITIONS IF PAYMENT IS NOT RECEIVED WITHIN 30 DAYS AFTER THE BILLING DATE A 1.5% INTEREST CHARGE IS ADDED TO THE PAST DUE AMOUNT

RIGHT TO DISPUTE YOUR BILL AND TO AN IMPARTIAL HEARING

IF YOU BELIEVE YOUR BILL IS INACCURATE OR FOR ANY REASON PAYMENT MAY BE WITHHELD YOU SHOULD FIRST CONTACT OUR CUSTOMER SERVICE DEPARTMENT AT 466-5851. IF A MUTUALLY SATISFACTORY SETTLEMENT OF THIS MATTER CANNOT BE MADE YOU HAVE THE RIGHT TO SUBMIT THIS MATTER TO

REVIEW OFFICER, PUBLIC UTILITIES DIVISION
89 JEFFERSON BLVD. WARWICK, RHODE ISLAND 02888 (401) 941-4500

BLOCK ISLAND POWER COMPANY WILL NOT DISCONNECT YOUR SERVICE PENDING PROCEEDINGS BEFORE THE COMMISSION

RIGHT TO ELECTRIC SERVICE DURING SERIOUS ILLNESS

IF YOU OR ANYONE PRESENTLY AND NORMALLY LIVING IN YOUR HOME IS SERIOUSLY ILL WE WILL NOT DISCONTINUE YOUR ELECTRIC SERVICE DURING SUCH ILLNESS PROVIDING YOU HAVE A REGISTERED PHYSICIAN CERTIFY IN WRITING TO US THAT SUCH ILLNESS EXISTS. THE NATURE AND DURATION OF THE ILLNESS. THIS CERTIFICATE MUST BE RECEIVED WITHIN SEVEN (7) DAYS FROM THE DATE THAT YOUR PHYSICIAN INITIALLY CONTACTS BLOCK ISLAND POWER COMPANY AT 466-5851

Summary of fiscal year ended May 31, 2007 related party transactions:

1. The Block Island Power Company receives fuel deliveries from IFR Trucking which is owned by a stockholder of the company. The total delivery expense for FY 2007 was \$27,407.
2. The Block Island Power Company purchases heating oil from the Ballard Oil Company. The Ballard Oil Company is owned by a son of a stockholder of the company. The total related oil expense for FY 2007 was \$7,296.
3. The Block Island Power Company rents space on its utility poles to Block Island Cable TV. Block Island Cable TV is owned by a stockholder of the company. The total related rental income for FY 2007 was \$25,498. This amount included a current year amount of \$3,249 and a catch-up billing for prior year undercharges of \$22,249.
4. The Block Island Power Company rents a heating oil tank to the Ballard Oil Company. The Ballard Oil Company is owned by a son of a stockholder of the company. The total related rental income for FY 2007 was \$6,680.
5. The Block Island Power Company provides free electricity to its President and Vice President of Plant Operations. The total value of the related free electricity based on usage for FY 2007 was \$7,625.

Summary of fiscal year ended May 31, 2007 long term debt source of funding and security of assets:

1. Note Payable to Bank – The note was originally issued in April, 1993 for \$1,200,000 and was refinanced in November 1998 for \$958,141. Monthly payments are due on the refinanced note until April 1, 2008. The note bears fixed interest of 7.75% and is collateralized by a mortgage on certain real estate located in New Shoreham, RI, a second position security interest in certain property, and a guarantee pledge of 97.75% of the Company Stock. The principal outstanding at May 31, 2007 was \$132,670.
2. Note Payable – In June 2000 the Company entered into an agreement with Rural Utilities Service (RUS) to obtain a low interest loan through the Federal Financing Bank (FEB). The financing was used to improve its generation and distribution systems as well as restructure some of its current debt. RUS has first position security interest in all assets. The total amount of the advance to the Company was \$3,339,963. The principal outstanding at May 31, 2007 was \$2,932,839.
3. Note Payable – In April 2007 the Company entered into an agreement with RUS to obtain a low interest loan through the FEB. The financing was used purchase its new engine #25. RUS has first position security interest in all assets. The total amount of the advance to the Company was \$600,600. The principal outstanding at May 31, 2007 was \$600,000.

BLOCK ISLAND POWER COMPANY
Block Island, Rhode Island

R.I. PUC No. _____
Sheet No. 1
Effective: _____

FUEL ADJUSTMENT CLAUSE RIDER

RATE "FAC"

FUEL ADJUSTMENT CHARGE

The fuel adjustment charge will be calculated each month to cover the cost of financing fuel and urea inventories, transportation costs, as well as to cover the cost of fuel and urea usage in the following manner.

FUEL AND UREA FINANCING COST:

The beginning inventory value (fuel and urea) of the month being calculated will be multiplied times the prime rate (beginning of the month) plus 0.5% then divided by 12 (months) to arrive at the appropriate financing cost. This financing cost will then be divided by .96 to reflect the cost of gross receipt tax (GRT).

FUEL AND UREA USAGE EXPENSE:

The total number of gallons used of fuel for the month being calculated will be multiplied times the "weighted" cost of the fuel used and the related transportation cost (i.e. ferry, truck, driver, etc.) required for delivering the fuel to the Island. This calculated fuel cost will then be divided by .96 to provide for GRT.

The same calculation will be completed for the urea usage costs. The total number of gallons used of urea for the month being calculated will be multiplied times the "weighted" cost of the urea used and the related transportation cost required for delivering the urea to the Island. This calculated urea cost will then be divided by .96 to provide for GRT.

FAC FACTOR:

The combined financing cost and usage costs for fuel and urea will then be divided by the kWh sales for the same month to arrive at a FAC factor to be applied to all kWh sales for that month.

APPROVAL:

The FAC factor will be submitted to the Division of Public Utilities and Carriers for review and approval before billing to the customers.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

FUEL/UREA ADJUSTMENT WORKSHEET

		FUEL	UREA
Calculation for the month of			
Financing Cost:			
Inventory quantity, beginning			
Value of beginning inventory (a)			
Prime rate ___ plus .5% (b)			
Financing Cost (a) x (b) / 12			
Fuel Expense and Sales:			
Number of gallons used (c)			
Weighted cost per gallon (d)			
Fuel/Urea Expense (c) x (d) / .96 (e)			
Financing cost from above / .96 (f)			
Total Fuel and Urea cost (e) + (f) (g)			
Sales for the month (kWh) (h)			
Fuel & Urea adj. factor (i)			
		\ /	
TOTAL FAC			

BLOCK ISLAND POWER COMPANY
Block Island, Rhode Island

R.I. PUC No. _____
Sheet No. 1
Effective: _____

FUEL ADJUSTMENT CLAUSE RIDER

RATE "FAC"

FUEL ADJUSTMENT CHARGE

The fuel adjustment charge will be calculated each month to cover the cost of financing fuel and urea inventories, transportation costs, as well as to cover the cost of fuel and urea usage in the following manner.

FUEL AND UREA FINANCING COST:

The beginning inventory value (fuel and urea) of the month being calculated will be multiplied times the prime rate (beginning of the month) plus 0.5% then divided by 12 (months) to arrive at the appropriate financing cost. This financing cost will then be divided by .96 to reflect the cost of gross receipt tax (GRT).

FUEL AND UREA USAGE EXPENSE:

The total number of gallons used of fuel for the month being calculated will be multiplied times the "weighted" cost of the fuel used and the related transportation cost (i.e. ferry, truck, driver, etc.) required for delivering the fuel to the Island. This calculated fuel cost will then be divided by .96 to provide for GRT.

The same calculation will be completed for the urea usage costs. The total number of gallons used of urea for the month being calculated will be multiplied times the "weighted" cost of the urea used and the related transportation cost required for delivering the urea to the Island. This calculated urea cost will then be divided by .96 to provide for GRT.

~~IRP AND DSM FUND:~~

~~There is a surcharge of 1.00¢ per kWh for Demand Side Management (DSM) and Intergrated Resource Planning (IRP) purposes for a period of 3 years from the effective date of this tariff. These funds shall be reserved for DSM and IRP purposes and accounted for separately by BIPCo. BIPCo shall have no obligation to perform any DSM or IRP programs for which funding is not available from this reserve. The funds shall be collected on kWh consumption in June, July, August and September of each year through the fuel surcharge (FAC). This calculated IRP and DSM fund will then be divided by .96 to provide for GRT.~~

FAC FACTOR:

The combined financing cost and usage costs for fuel and urea ~~along with the IRP and DSM funding~~ will then be divided by the kWh sales for the same month to arrive at a FAC factor to be applied to all kWh sales for that month.

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. _____

Sheet No. 2

Effective: _____

APPROVAL:

The FAC factor will be submitted to the Division of Public Utilities and Carriers for review and approval before billing to the customers.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

FUEL/UREA ADJUSTMENT WORKSHEET

	FUEL	IRP & DSM Funding	UREA
Calculation for the month of			
Financing Cost:			
Inventory quantity, beginning			
Value of beginning inventory (a)			
Prime rate ___ plus .5% (b)			
Financing Cost (a) x (b) / 12			
Fuel Expense and Sales:			
Number of gallons used (c)			
Weighted cost per gallon (d)			
Fuel/Urea Expense (c) x (d) / .96 (e)			
IRP & DSM Funding 1.00¢ x (h) / .96 (e2)			
Financing cost from above / .96 (f)			
Total Fuel and Urea cost (e) + (f) (g)			
Sales for the month (kWh) (h)			
Fuel, Urea & IRP/DSM adj. factor (i)			

TOTAL FAC