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December 5, 2007

BY FEDERAL EXPRESS PRIORITY OVERNIGHT

Luly Massaro
Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

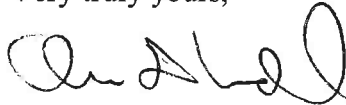
Re: Block Island Power Company General Rate Filing
Docket No. 3900

Dear Luly:

Enclosed please find for filing in the above matter an original and nine (9) copies of the Motion to Intervene of the Town of New Shoreham. A copy of this filing is being emailed to you and to the Service List.

Thank you for your assistance in this matter.

Very truly yours,



Alan D. Mandl, Bar No. 6590

Enclosures

cc: Service List

Katherine A. Merolla, Esq. - Town Counsel

Nancy Dodge - Town Manager

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

BLOCK ISLAND POWER COMPANY)
GENERAL RATE FILING)
_____)

DOCKET NO. 3900

**MOTION TO INTERVENE OF THE TOWN OF NEW SHOREHAM AND
REQUEST FOR DETERMINATION OF SCOPE OF PROCEEDING**

Pursuant to Sections 1.13 and 1.16 of the Commission’s Procedural Rules, the Town of New Shoreham (the “Town”) hereby (1) moves to intervene in the above-captioned matter.

1. The Town is consumer of electric service provided by Block Island Power Company (“BIPCo”).

2. The substantial rate increase proposed by BIPCo, over \$400,000, represents, according to BIPCo, a 17.46% increase in the Company’s base rates (excluding fuel revenue). The proposed rate increase would directly impact the Town’s costs and, in turn, the Town’s taxpayers, as well as the economic well-being of the Town and its residents. For example, BIPCo’s proposed rate increase would impact the Town’s school budget, street lighting expenses and other municipally-run facilities, such as Town Hall.

3. The Town has been accorded intervenor status in past BIPCo rate-related proceedings before the Commission. Intervention in this proceeding has been authorized by the Town Council.

4. The Town has conducted a very preliminary review of BIPCo's rate filing. Based upon its preliminary review, the Town submits that the proposed increase in rates is excessive and that multiple adjustments to BIPCo's claimed cost of service and revenue deficiency calculations are needed. The Town has identified several issues below, but reserves the right to raise additional issues during this proceeding.

5. BIPCo has failed to credit to ratepayers with any reduction to the claimed revenue deficiency for the gain (or any portion of the gain) on the sale of assets described by Mr. Edge at page 2 of his testimony. The ratemaking treatment of gain on the sale of any assets included in rate base and in light of past rate case treatment of revenues and expenses associated with these assets must be determined by the Commission in this proceeding in accordance with Commission precedents.

6. BIPCo is paying out excessive amounts to its owners in the form of management compensation, without any objective evidence that management is performing levels of services that warrant the levels of compensation being paid. BIPCo has increased management salaries to \$168,000 for three owners, above the levels allowed by the Commission in BIPCo's last rate case. The management compensation compliance filing made after BIPCo's last rate case was not investigated in an evidentiary

hearing—for example, no evidence was produced as to the amount of time actually spent by management or specific services rendered, and the consultants retained by BIPCo did not examine whether management actually performed any specific level of work (full-time, half-time or any other level). Given the small size of the Company and the large cost of service impact of management compensation (owners paying themselves salaries) (almost 27% of test year compensation for the entire company was paid to these three owners, per Schedule WEE-4a), any “dividends in disguise” should be treated as “below the line” payments to BIPCo’s owners rather than be permitted to masquerade as “above the line” salaries supported by ratepayers. BIPCo has further exacerbated the size of its proposed rate increase with fringe benefits associated with these management/owner payments and by proposing a \$24,000 annual cost of service adjustment for a pension for a former officer who retired in 2005.

7. Outside services for a company of this size remain substantial –accounting expenses alone (\$154,390) exceed total operating expenses-distribution (\$152,448) and total maintenance expenses-general (\$128,984). They far exceed \$72,195 for generation system and distribution system maintenance expenses during the adjusted test year (Schedule WEE-3 Expense Analysis).

8. BIPCo has cited increased environmental expenses, which call for investigation by the Commission to ensure that these expenses are reasonably incurred and not the result, in any part, due to any imprudence by BIPCo.

9. BIPCo has not properly credited cost of service with pole attachment fees collected from Verizon and Block Island Cable, which had not been paid over a period of years. Any such payments by Verizon and Block Island Cable should be amortized to reduce cost of service, as ratepayers subsidized these non-payments in prior years. The normalization adjustments made by Mr. Bebyn (Schedule DGB-1, pages 1, 5, Schedule DGB-4) are unreasonable (reducing test year revenues of \$69,604 to normalized revenues of \$15,249).

10. If permitted to intervene, the Town intends to conduct discovery, cross-examine witnesses sponsored by other parties, offer exhibits and present direct testimony.

11. Intervention by the Town is in the public interest. BIPCo serves but one community - the Town. The Town therefore has a critical interest in the outcome of this proceeding. The Town's participation as an intervenor will provide the Commission with diverse and local input regarding BIPCo's rate filing. No other party can adequately represent the unique interests of the Town in this proceeding.

12. Copies of all notices, pleadings, correspondence and other filings should be served upon the following:

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Nancy Dodge
Town Manager
Town of New Shoreham
PO Drawer 220
Block Island, RI 02807

For the reasons above, the Town requests that the Commission grant its Motion to Intervene.

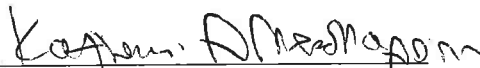
Respectfully submitted,

TOWN OF NEW SHORHAM

By its attorneys,



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Dated: December 5, 2007