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June 10, 2008

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:

On behalf of the Town of New Shoreham (the "Town"), an intervenor in this proceeding, I am writing to bring to the attention of the Commission what appear to be oversights during its May 29, 2008 open meeting discussion of this proceeding. By submission of this letter, the Town hopes to afford the Commission an opportunity to correct these oversights prior to its issuance of a written order in this matter.¹

Verbal Rulings Contrary to Law

In at least 2 instances, the Commission's open meeting discussion of specific issues was contrary to law and should be corrected by the Commission.

In its ruling that the owners of the Company should not be required to file written agreements covering payments made and benefits given to them by the Company (or written summaries of the terms of any oral agreements), the Commission overlooked the Rhode Island statutory affiliate transaction requirement that for any services over \$500 claimed to be provided to the Company by affiliates (here, the owners), written agreements or written summaries of oral agreements must be filed (Town Brief at 21, 29, 44). Failure to require the owners to comply with the law was an oversight that the Commission should correct now.

¹ By submitting this letter, the Town does not waive any right it may have to submit a motion following a written order or to petition for a writ of certiorari.

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In addition, the Commission failed to explain why a \$12,000 payment to Mr. Edwards, an owner who is not an officer, should be recognized in cost of service, given a past decision by the Rhode Island Supreme Court that rejected this very type of payment as an improper affiliate transaction (Town Brief at 27, 28, 44, 45, citing and quoting *Town of New Shoreham v. Rhode Island Public Utilities Commission*, 464 A.2d 730, 733, 736 (R.I. 1983)). Commission discussion overlooked a Supreme Court decision directly on point.

Failure to Consider and Decide Issues

During the May 29, 2008 open meeting, the Commission failed to deliberate regarding several material issues raised by the Town during cross-examination of Company witnesses and on brief. The issues that the Commission failed to address were:²

1. Impropriety of the Company's transaction with an affiliate, Island Services, Inc., whereby the Company is paying rent to Island Services, Inc. for office space owned by the Company and carried on the Company's books (\$5,000) (Town Brief at 38).
2. Disallowance or amortization of cost of studying alternative methods for reading meters (\$10,000 if disallowed, \$8,000 if expense is recognized and amortized over 5 years) (Town Brief at 39).
3. Disallowance of non-recurring cost of hazardous waste clean-up project (\$13,999) (Town Brief at 39).
4. Normalization of Board of Directors expenses (\$3,184) (Town Brief at 39, 40).
5. Amortization of Test Year Revenues from Verizon and Block Island Cable for Back Payments of Unbilled Pole Attachment Charges Paid by Ratepayers over 6 years (\$9,961) (Town Brief at 40, 41).
6. Company non-compliance with meter testing and reporting requirements (Town Brief at 47).

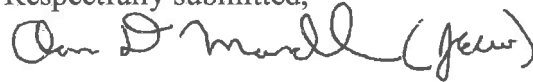
The Commission should cure its obvious oversight in failing to consider and make findings and rulings regarding these issues.

² While not listed among the omitted issues, the Commission also failed to address normalization of tree-trimming expenses, amortization of the gain on the sale of timeshare units, imputation of revenue for an owner's storage of a boat on utility property and disallowance of a portion of Company rate case expenses as imprudent (Town Brief at 41-46).

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The Town acknowledges that addressing the above issues prior to issuance of a written order is left to the discretion of the Commission. The Town respectfully submits that the Commission should cure obvious oversights noted above to protect the interests of ratepayers and avoid any appeal regarding these issues.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Alan D. Mandl (Jew)". The signature is written in a cursive, flowing style.

Alan Mandl, Bar No. 6590

Enclosures

cc: Service List

Original and nine (9) copies to Clerk