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October 28, 2008

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

Re: Docket No. 3931

Dear Luly:

As agreed at the October 27, 2008, technical session, as counsel for Bluewater Wind LLC, I respectfully submit the following comments.

In its Report issued on July 18, 2008, adopting the Least Cost Procurement (LCP) Standards, the Commission required that "Simultaneously with the November 1, 2008 filing the Council and the Utility shall report to the Commission regarding the question of whether supply-side sources, in addition to the demand-side source addressed in this version of the standards, should be incorporated into future versions of the standards and the Least Cost Procurement Plan." (Appendix A, Section 1.1 (C)) We note that, given its recent submissions, both the Council and the Utility have as of now not met the requirements of this provision. However, we have since the Technical Session been in communication with the Council, and it is our understanding that they will be addressing this in a supplemental filing between now and November 1, 2008. We look forward to seeing that filing.

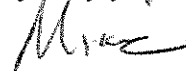
Furthermore, Section 1.1(C) also requires that "In preparing this report, the Council shall solicit comment and information from all parties to Docket No. 3931, and any others as the Council may determine." Bluewater Wind is a party to this docket, and was not so consulted. It is our understanding that at least one other party to this docket was also not consulted in this regard. Based on communications with the Council after the Technical Session, we anticipate that their supplemental filing will also address this issue of soliciting comment and information from all parties, and that all the Parties can expect to be more fully integrated into the work of the Council in this regard going forward.

Meanwhile, Bluewater Wind would like to use this opportunity to restate its position that Least Cost Procurement is composed of three integral, if distinct elements: a) system reliability, b) energy efficiency and conservation, and c) supply procurement. Our position is based on a plain reading of the LCP law itself, which is very clear: "Least-cost procurement shall comprise system reliability and energy efficiency and conservation procurement as provided for in this section and supply procurement as provided for in § 39-1-27.8" (RIGL § 39-1-27.7, emphasis added).

The Council and the Company have been understandably focused on the first of these two elements. However, the law is plain in stating that LCP also includes supply side procurement. By explicitly recognizing in its Order regarding the current filings that LCP is composed of these three elements, the Commission would go a long way to providing clarification where there would appear to be confusion among the Parties. More importantly, such clarification would better ensure compliance with the LCP law, and facilitate the LCP process by noting this important element of LCP, even if detailed action regarding the supply procurement element is deferred to a later date.

It is our hope that a supplemental filing from the Council and the Company will a) state unambiguously that supply procurement, of any scale, is indeed a "third leg" to the Least Cost Procurement plan and b) lay out a general plan, to be included in the current version of the LCP, for addressing supply procurement in detail at a later date, through an efficient process involving all the Parties. If the Council and the Company do not make such a filing, we respectfully ask that the Commission itself appropriately amend the LCP filing to make it clear that supply-side sources, of any scale, are an integral part of the LCP.

Very truly yours,



Michael R. McElroy

MRMc:tmg
cc: Service List