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PUBLIC UTILITIES COMMISSION

March 16, 2010

Cynthia Wilson-Frias
Senior Legal counsel
Rhode Island
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Deep Water Project

Dear Ms. Wilson-Frias:

I have read with interest the articles in the Providence Journal regarding the Deepwater project. It concerns me that the pricing structure for Deepwater seems to be considered a zero sum gain. Clearly there are many uncertainties associated with the first offshore wind farm power project. However, it seems that there should be alternatives to ensure the viability of the project, i.e. steady rates of return and the benefits to the state and rate payers. In past articles, Deepwater has indicated that the reason its price point is set at 24.4 cents KWH is because of the uncertainties it may encounter in the development and placement of these turbines. That is understandable. However, if Deepwater places the wind turbines and does not encounter the issues it believes it may, then their cry for 24.4 cents KWH would not have been necessary. This should be accounted for in any decision made by the PUC. Perhaps some sort of a staggered price per KWH depending upon troubles encountered or not encountered, with a cap of 24.4 center KWH. This would certainly create an incentive for Deepwater to keep its costs in line knowing that the maximum revenue generated would be 24.4 cents KWH. A pay rate structure could also be created; or if the difficulties are not encountered, then a greater rate of return on a lower per kilowatt price per hour price would be paid to Deepwater to also give them an incentive to keep costs down.

Additionally, I do not think this project should be viewed in a vacuum. A large part of the reason that Rhode Island is excited about this project is future potential development of turbines off the coast which would result in jobs and, hopefully,

the growth of a new green industry in the state. The state should benefit from that and try to encourage Deepwater to follow through with that. I have read that yet another reason why the per kilowatt hour cost is so high as proposed by Deepwater is because of the paucity of turbines being placed in this off Block Island site. It would seem equitable to me that once the second, much larger project is developed, that the cost of the initial project be spread across both projects to reduce the average cost per turbine thereby reducing the per kilowatt hour cost.

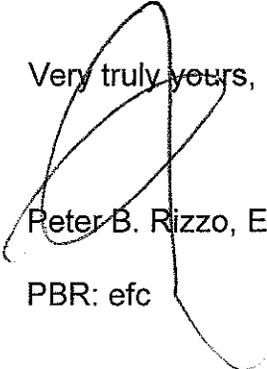
Perhaps some formula could be devised whereby the more turbines, the greater the rate of return to encourage the continued development of this industry.

As far as comparing projects, it would seem simple enough to back out the Delaware credit from that project to come closer to what the actual cost per kilowatt hour is. Also, I believe there are projects that have been built off European coast lines that may be subject to comparison.

This whole project is a bright spot in Rhode Island's future for both economic growth and general green prestige. I am certain, if the above ideas are considered, all parties will walk away from the table winners, without the customer having to bear an unfair burden for the development of these projects.

Thank you for your time. I wish you and the PUC the best of luck in making this project viable and an important part of Rhode Island's resurgence.

Very truly yours,



Peter B. Rizzo, Esq.

PBR: efc