

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF AMENDED POWER :  
PURCHASE AGREEMENT BETWEEN :  
NARRAGANSETT ELECTRIC COMPANY : DOCKET NO. 4185  
D/B/A NATIONAL GRID AND DEEPWATER :  
WIND BLOCK ISLAND, LLC PURSUANT :  
TO R.I. GEN. LAWS § 39-26.1-7 :

**COMMISSION'S FIRST SET OF DATA REQUESTS**  
**DIRECTED TO DEEPWATER WIND**  
**July 13, 2010**

- 1-1. Please provide a detailed itemization of the estimated decommissioning cost of the project's infrastructure.
- 1-2. Please explain how a decommissioning fund will be established. Include a timeline.
- 1-3. Please provide a copy of the notification of loan guaranty rejection received from DOE. If not included in the notification, please explain the reason for the rejection.
- 1-4. With regard to the loan guaranty:
  - a. Is Deepwater precluded from re-applying for a loan guaranty?
  - b. If yes, why?
  - c. If no, please indicate whether Deepwater plans to re-apply.
  - d. If Deepwater can re-apply and does not plan to re-apply, please explain why.
  - e. If Deepwater plans to re-apply, please indicate when Deepwater plans to re-apply.
  - f. If Deepwater does re-apply, what is the expected timeline of the review process?
- 1-5. National Grid's response to Division Data Response 1-2 states, in part: "...the Base Amount reflects an assumed higher financing cost for Deepwater Wind because its application for a loan guaranty ...was rejected..."
  - a. What was Deepwater's assumed financing cost prior to the DOE rejection? (include dollar amounts and loan terms)
  - b. What is Deepwater's assumed financing cost after the DOE rejection? (include dollar amounts and loan terms)
- 1-6. Please reconcile the Docket 4111 capital cost estimate of \$219,311,142 to the base amount of \$205,403,512 included in Exhibit E of the amended PPA.

- 1-7. Please provide a detailed itemization of the base amount of \$205,403,512.
- 1-8. Please provide a detailed development/construction timeline for this project assuming the Commission approves the amended PPA at open meeting on August 11, 2010. The response should include both the 8 turbine wind farm, the cable from the wind farm to Block Island and the cable from Block Island to the mainland.
- 1-9. Please indicate whether it is likely the project will achieve a full year of operation in 2013.
- 1-10. Please provide any information known to Deepwater relating to large abandoned U.S. wind farms.
- 1-11. National Grid's response to Division data request 1-1(a) stated there is no standard of prudence included in the PPA's verification and Reconciliation Provision. What then, is the appropriate standard that would be used to verify costs?
- 1-12. In light of National Grid's response to Division Data Request 1-8 that there is no prudence standard outlined in the statute or the PPA, how are Rhode Island ratepayers protected from "gold-plating" of the project in the event that the developer could have reasonably reduced costs to, for example, \$155,403,513 but chose not to, and incurred total facility costs of, for example, \$210,403,512?
- 1-13. Deepwater's July 1, 2010 intervention letter states that Rhode Island has already benefited because of "interest shown by some of the world's largest manufacturing companies to locate factories in Rhode Island for wind turbine assembly, submarine cable manufacture and related business activities".
  - a. Please identify the companies.
  - b. Please provide copies of written commitments by these companies to locate facilities or to make investments in Rhode Island.
  - c. Please quantify the value of the commitments with detailed calculations and supporting documentation.
- 1-14. Deepwater's July 1, 2010 intervention letter states in part: "Block Island wind farm...will displace...the least efficient, and most costly to operate, conventional generating units operating on the margin in the regional generating system."
  - a. Please identify which units will be displaced.
  - b. Please provide support for the statements that the displaced units are:
    - i. The least efficient.
    - ii. The most costly to operate.

- 1-15. The July 1, 2010 letter from Deepwater indicates that the current project cost estimates a target 10.5% rate of return.
  - a. Is this different from the rate of return target in Docket 4111 (see specifically confidential response to DIV Data Request 1-17, page 2 of 3)?
  - b. If the rate of return is different, please reconcile and explain.
  - c. What is the appropriate bandwidth for the cost estimate of a project of this nature? For example, the cost of the project is estimated to \$1,000 +/- 25%, yielding an expected cost between \$750 and \$1,250.
  
- 1-16. The amended legislation describes the 8 turbine project as a demonstration project. In light of this description, please specify the operational or other outcomes that the project must demonstrate in order for Deepwater to proceed with the utility scale project. In responding to this question, provide the associated time frames that are expected to be necessary to draw any conclusions.
  
- 1-17. In a letter dated July 1, 2010 to the Commission, Deepwater, by way of counsel, states that the recently amended statute (39-26.1-7) “provides clarity on the appropriate standard of review for the New PPA”. It further states, “the commercial reasonableness of the New PPA is to be determined by reference to a project of similar size, technology and location, and meeting the policy goals in the New Law”. Please identify with specificity all projects of similar size, technology and location to the proposed New Shoreham demonstration project.