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Via Electronic Mail to: lmassaro@puc.state.ri.us

July 22, 2010

RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: *Docket #4185
Amended Power Purchase Agreement between National Grid and
Deepwater Wind Block Island, LLC.***

Dear Ladies and Gentlemen:

Please find enclosed for filing my public comments in opposition to the proposal of Deepwater Wind. Would you kindly file these with the records before the Commission.

Thank you.

Very truly yours,



Christopher H. Little

CHL/alc

BEFORE THE
RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 4185
REVIEW OF THE AMENDED POWER PURCHASE
AGREEMENT
BETWEEN NARRAGANSETT ELECTRIC COMPANY D/B/A
NATIONAL GRID
AND DEEPWATER WIND BLOCK ISLAND LLC
PURSUANT TO R.I.G.L. § 39-26.1-7
DIRECT COMMENT
OF
CHRISTOPHER H. LITTLE,
LAWYER AND CANDIDATE FOR ATTORNEY GENERAL

July 22, 2010

The proposed Deepwater wind farm development has wide and expensive repercussions for the citizens of Rhode Island. Its proposed cost of 23.5 cents per kilowatt hour, about three times the rate of conventional fuels, is extremely high and, to date, lacks economic justification. Moreover, proposed automatic annual increases of 3.5% are extremely high. As citizens, we can take comfort neither from a competitive bid process nor access to the financial core documents of Deepwater's proposal.

As someone with a deep and lengthy commitment to environmental protection, I am a strong supporter of clean and renewable energy. However, I am opposed to Deepwater, because of the high costs passed along to Rhode Islanders. The record before the PUC gives me scant comfort on cost. While the developer states its cost is \$205 million, critics say the cost is more like \$219 million – the developer may be using the lower number as a \$14 million “savings” to increase its rate of return. As for rate of return, one witness estimates the “unlevered” rate of return for Deepwater is currently 9.7 to 10.5 percent – a rate that is clearly too high where, as here, there is a guaranteed stream of revenue. In addition, Deepwater Wind is guaranteed an increase in its revenue – 3.5 percent per year over 20 years. Deepwater should not get such a guarantee. Like any utility, it should appear before the PUC periodically to demonstrate the need for an increase.

There are obvious benefits to having a wind farm in Rhode Island, and I applaud the state for taking the initiative of seeking such a development. It could have a positive effect on jobs, climate change, and protecting other energy resources. But on the other hand, we have to examine the impact of the costs on the Rhode Island economy. High utility costs hurt businesses and homeowners, who must pay this extra burden. As the PUC found in its initial analysis, businesses, large and small, pay for the higher utility rates instead of, for instance, increasing their workforce.

So directly and indirectly, these higher costs are likely to be at the expense of jobs for our state – at a time of 12 percent RI unemployment.

In its current proposal, a troubling aspect of this project is that the developer is withholding essential financial information about the project – specifically its rate of return. How can Rhode Islanders have confidence in Deepwater if we lack this important information? The withholding of the information goes to the important principle of the public’s right to know. Submitting the information “privately” to the PUC is not enough. It must be shared with all of us – all of the citizens, all of the ratepayers.

Rhode Islanders should follow the lead of the Massachusetts Attorney General, Martha Coakley, who has demanded that the developers of the Cape Wind project to reveal to the public the “underlying construction and operating costs of Cape Wind and its profits to the project’s investors,” according to the Boston Globe. Coakley further told the Globe that such information will help the public understand the project more fully and yield cost-effective terms for ratepayers.

At its essence, Deepwater is asking Rhode Island citizens to subsidize its start up business. And, before doing so, the public needs more information and justification. Rhode Island should be at the forefront of wind energy. But we should not do that at the risk of destroying businesses and homeowners. I oppose this project for the reasons articulated by the PUC previously – unless and until we are satisfied that the numbers are reasonable and affordable for the state.