



State of Rhode Island and Providence Plantations

**OFFICE OF THE ATTORNEY GENERAL**

150 South Main Street • Providence, RI 02903

(401) 274-4400

*Peter F. Neronha*  
*Attorney General*

February 4, 2020

*VIA HAND DELIVERY & ELECTRONIC MAIL*

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

**Re: Docket 4606 – In Re Block Island Power Company Exemption  
Petition Pursuant to R.I.G.L. § 39-1-2(26)**

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the Division of Public Utilities and Carriers' position memorandum related to the Block Island Utility District d/b/a Block Island Power Company's ("BIPCo") petition for a continued exemption from providing retail choice as required by the Utility Restructuring Act ("URA"). For the reasons detailed herein, the Division supports BIPCo's request for a continued exemption until April 30, 2025.

An electronic copy shall be served upon the service list. Thank you for your attention in this matter.

Very truly yours,

Christy Hetherington  
Special Assistant Attorney General

Enclosure

cc: Service List

## Memorandum

**To: Public Utilities Commissioners**

**From: Division of Public Utilities and Carriers**

**Re: Division's Position in Docket 4606 –  
In Re Block Island Power Company Petition Pursuant to R.I.G.L. § 39-1-2(26)**

---

On January 7, 2020, the Block Island Utility District (“BIUD”) d/b/a Block Island Power Company (“BIPCo”) filed with the Rhode Island Public Utilities Commission (“Commission”) a petition pursuant to R.I.G.L. § 39-1-2(26) seeking continued exemption from the retail access provisions of R.I.G.L. § 39-1-27.3 of the Utility Restructuring Act (“URA”). BIPCo has twice previously sought, and twice been granted, this retail choice exemption; BIPCo’s latest Commission-approved exemption is set to expire on April 30, 2020. *See* Commission Order No. 23066. BIPCo presently seeks Commission approval to extend this retail access exemption through April 30, 2025.

In support of its petition, BIPCo provided direct testimony from Mr. Jeffery M. Wright, President of BIPCo. Mr. Wright highlights the following considerations:

- BIPCo’s power supply consultant, Energy New England, continues to advise that retail choice will result in “risk premium” costs embedded in power supplier proposals (resulting in possible premium of \$0.0025 to \$0.005 per kilowatt hour) to accommodate customer flight risk.<sup>1</sup>
- Retail choice would require steep one-time and continuing software expenses (setup: \$50,000-70,000; billing: \$100,000; monthly licensing fees) in order to administer program.<sup>2</sup>
- Consumers/members may not realize savings by using an alternative supplier given that BIPCO’s historic and projected rates are lower than most all alternative retail supply rates.<sup>3</sup>
- BIPCo continues working to ensure stable and least cost power supply options for its consumers/members by seeking 18-month, 100% load following contracts and benefiting from approximately 10% of its load requirement now coming from its portion of the Rhode Island’s New York Power Authority (NYPA) allocation.<sup>4</sup>

---

<sup>1</sup> *See* Wright testimony, page 2.

<sup>2</sup> *See* Wright testimony, page 2.

<sup>3</sup> *See* Wright testimony, page 2 (referencing a comparison of rates provided on the Division’s Empower RI website).

<sup>4</sup> *See* Wright testimony, page 3.

Mr. Wright testified that at meetings in May of 2019, the BIUD Board of Commissioners unanimously approved this five (5) year extension request (and consumers/members voiced support) and that they opted not to seek a permanent exemption through legislation at this time (as did Pascoag Utility District) in order to leave options open should conditions change in the future. *See* Wright testimony, pages 1, 4.

BIPCo continues to satisfy the two (2) exemption eligibility requirements contained in R.I.G.L. § 39-1-2(26); BIPCo Petition, ¶ 2. Moreover, the Division finds reasonable BIPCo's stated rationales and agrees that the added procurement costs and administrative burdens outweigh the small potential benefits that may come to a small number of consumers/members, if any, were BIPCo to offer retail choice. For these reasons, **the Division supports BIPCo's petition and recommends that the Commission extend BIPCo's retail access exemption for another five (5) years, through April 30, 2025.**