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September 26, 2018

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

Re: Block Island Power Company – Exemption Request under R.I.G.L. § 39-1-2(26)
Docket 4606

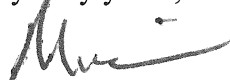
Dear Luly:

As you know, this office represents Block Island Power Company (BIPCo).

Enclosed for filing in this matter are an original and nine copies of a Petition of BIPCo pursuant to R.I.G.L. § 39-1-2(26) for a continued exemption from filing to fully implement the requirements of the Utility Restructuring Act until December 31, 2018.

If you have any questions or you need any further information, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: David G. Bebyn, CPA
Nancy Dodge, Esq.
Katherine Merolla, Esq.
Christy Hetherington, Esq.
John Bell
Cynthia Wilson Frias, Esq.
Margaret Hogan, Esq.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND POWER COMPANY : DOCKET No. 4606
PETITION PURSUANT TO R.I.G.L. § 39-1-2(26) :

PETITION OF BLOCK ISLAND POWER COMPANY PURSUANT TO R.I.G.L. § 39-1-2(26)
FOR A CONTINUED EXEMPTION FROM FILING TO FULLY IMPLEMENT THE
REQUIREMENTS OF THE UTILITY RESTRUCTURING ACT
UNTIL DECEMBER 31, 2018

1. On May 1, 2017, the National Grid/Deepwater Wind project became operational. The Block Island Power Company (BIPCo) was at that time connected by an undersea electric cable to the mainland. This connection made mainland electric power available to BIPCo for distribution to the Island.

2. Chapter 316 of the 1996 Public Laws, approved on August 7, 1996, created a “restructured electrical industry” in Rhode Island. (R.I.G.L. § 39-1-1(d)(7)). This same Public Law created R.I.G.L. § 39-1-27, *et seq.* which required electric distribution companies to file restructuring plans on or before January 1, 1997.

3. Chapter 357 of the Public Laws of 1997 enacted R.I.G.L. § 39-1-2(26), was previously designated as R.I.G.L. § 39-1-2(7.9). This law allows certain electric utilities to request an exemption from the Utility Restructuring Act (URA) (or any provision thereof). An exemption request may be requested under this subsection if (1) “the utility is not selling or distributing electricity outside of the service territory in effect for that utility on the date of passage of the Utility Restructuring Act”; and (2) “the number of kilowatt hours sold or distributed annually by the utility to the public is less than five percent (5%) of the total kilowatt hours consumed annually by the state.” BIPCo meets these requirements.

4. Pursuant to this law, on September 26, 1997, BIPCo filed with the Commission a request for an exemption from the URA. BIPCo asked for this exemption to remain in effect until

six (6) months after an undersea cable connecting the Island to the mainland electric grid was installed and operational. (Docket No. 2490).

5. This Commission agreed, and in Order No. 15461 in Docket No. 2490, the Commission ordered that “the Block Island Power Company is hereby authorized to delay implementation of the Utility Restructuring Act’s mandates until six months following the installation and operation of the undersea cable connecting the island to the mainland electric grid.”

6. Six (6) months from the May 1, 2017 operation date was November 1, 2017.

7. By Order issued on October 7, 2016 in Docket No. 4606, this Commission, pursuant to a March 7, 2016 Petition filed by BIPCo, also exempted BIPCo from the URA requirement in R.I.G.L. § 39-1-27(c) that BIPCo transfer its generating assets to affiliates. In addition, the Commission exempted BIPCo from the URA provisions of R.I.G.L. § 39-1-27(d), which prohibit selling electricity within BIPCo’s service territory. These exemptions serve the purpose of allowing BIPCo to maintain its diesel generation as a backup power supply.

8. On February 3, 2017, BIPCo filed a request in Docket 4606 seeking a continued exemption period from the URA retail access provisions of R.I.G.L. § 39-1-27.3. At an Open Meeting on March 30, 2017, this Commission extended BIPCo’s URA retail access exemption until October 1, 2017. At an Open Meeting on September 8, 2017, the retail access exemption was extended further to August 1, 2018. At an Open Meeting on February 2, 2018, the retail access exemption was extended again to April 30, 2020.

9. On February 10, 2017 in Docket No. 4690, BIPCo filed a proposed procurement plan and standard offer and transmission tariffs. On April 12, 2017, BIPCo submitted a supplemental/amended filing.

10. On April 14, 2017, after an evidentiary hearing, this Commission held an Open Meeting in Docket 4690 and approved BIPCo’s procurement plan and amended rate filing. The

new rates went into effect on May 1, 2017, when the cable connection went live. Amended rates based on the first reconciliation review of BIPCo's initial standard offer and transmission tariffs were approved by this Commission, effective on December 1, 2017. At an April 25, 2018 Open Meeting, this Commission also approved BIPCo's second reconciliation review and revised standard offer and transmission tariffs for effect on May 1, 2018.

11. At an Open Meeting on September 8, 2017 in this docket, the Commission granted an extension until August 1, 2018 for BIPCo to make a rate filing, including a cost of service study.

12. On June 29, 2018, BIPCo requested that this Commission grant a 2-month extension until October 1, 2018 for BIPCo's rate filing and cost of service study.

13. BIPCo has a number of pending issues that would make it difficult for BIPCo to put together a full rate filing, together with a fully allocated cost of service study, by October 1, 2018.

These issues include:

- On July 26, 2017, Senate Bill No. 729 Substitute A became effective without the Governor's signature. This new Act (R.I.G.L. § 45-67-1 *et seq.*) created the Block Island Utility District ("Utility District"). Negotiations are ongoing regarding the sale of BIPCO's assets to the Utility District.

- The Town of New Shoreham ("Town") owns 2/3 of the BIPCo stock. There is a pending Superior Court lawsuit brought by the 1/3 minority holder of BIPCo's stock, Sara McGinnes. (*Sara McGinnes v. Town of New Shoreham, et al.*, CA No. WC-2018-0218). This suit was filed by Sara McGinnes on April 19, 2018, against the Town, BIPCo, and the Utility District ("Superior Court Litigation"). The case is in its early stages.

- There is also a Division Petition that was filed by Sara McGinnes on August 31, 2018 asking the Division to investigate issues related to her BIPCo stock, Docket No. D-18-24 ("Division Petition"). No action has been taken in that docket to date.

14. BIPCo believes that it would not be possible for a traditional full rate filing and fully allocated cost of service study to be performed and filed on or before October 1, 2018, in light of the pending outstanding items related to the Utility District that could significantly affect the revenue requirement.

15. However, BIPCo has a number of rate design issues that it would like to present for consideration to the Commission.

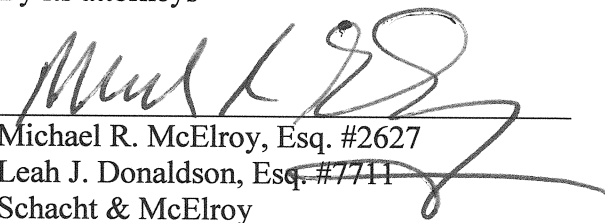
16. Therefore, instead of a full rate case, BIPCo proposes to put together a revenue neutral rate design only filing, together with a cost of service study, so that these rate design issues can be addressed by the Commission, while the Utility District issues are being resolved.

17. BIPCo therefore seeks an extension to allow for the filing of a revenue neutral rate design only case, with a cost of service study, on or before December 31, 2018.

WHEREFORE, BIPCo respectfully requests that, in the public interest, and pursuant to the authority granted in R.I.G.L. § 39-1-2(26), BIPCo be granted a continued exemption to file a revenue neutral rate design and cost of service study on or before December 31, 2018.

Respectfully submitted,
BLOCK ISLAND POWER COMPANY
By its attorneys

Dated: September 26, 2018

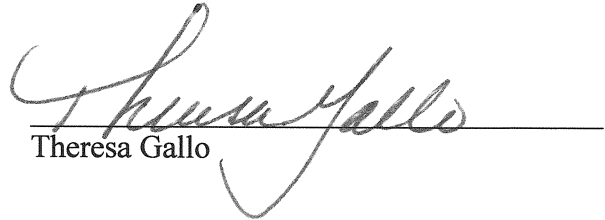


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CERTIFICATE OF SERVICE

I hereby certify that on the 26th day of September, 2018, I sent a copy of the foregoing to the following:

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Theresa Gallo

**Docket No. 4606 – Block Island Power Co. – Waiver/Exemption Requests
under R.I.G.L. § 39-1-27**

Service List as of 4/21/17

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