

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**PUBLIC UTILITIES COMMISSION**

IN RE: BLOCK ISLAND POWER COMPANY :  
WAIVER REQUEST UNDER TO R.I. GEN. : DOCKET NO. 4606  
LAWS § 39-1-27(g) :

**REPORT AND ORDER**

In Public Utilities Commission (PUC) Order No. 15461, the PUC authorized the Block Island Power Company (BIPCo or Company) to delay implementation of the 1996 Utility Restructuring Act's (Act) mandates until six months following the installation and operation of an undersea cable connecting the island to the mainland electric grid.<sup>1</sup> In seeking an exemption, BIPCo argued that its location, on an island twelve miles offshore and unconnected to the mainland electric grid, made it impossible for Block Island ratepayers to access the electric generation market.<sup>2</sup> An undersea electric cable has since been constructed and became operational in December 2016.<sup>3</sup> BIPCo began taking energy from the mainland over the cable on or around May 1, 2017.<sup>4</sup>

In this docket, by a filing made on February 3, 2017, BIPCo sought a continued waiver from one requirement of the Act under R.I. Gen. Laws § 39-1-27(g). Specifically, BIPCo sought a one-year extension of the exemption from the requirement to allow retail access.<sup>5</sup> Therefore, instead of offering retail access on October 1, 2017, BIPCo sought to delay implementation of

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<sup>1</sup> Order No. 15461 (Nov. 26, 1997).

<sup>2</sup> Order No. 15175 (Jan. 14, 1997). In this order, the PUC authorized BIPCo a one-year exemption to allow the Company to seek amendments to the Act that would give the PUC authority to grant the exemption allowed in the November 26, 1997 order.

<sup>3</sup> [https://www9.nationalgridus.com/aboutus/a3-1\\_news2.asp?document=10744](https://www9.nationalgridus.com/aboutus/a3-1_news2.asp?document=10744).

<sup>4</sup> BIPCo. Pet. at 1; [http://www.ripuc.org/eventsactions/docket/4606-BIPCo-ExemptPetition\(2-3-17\).pdf](http://www.ripuc.org/eventsactions/docket/4606-BIPCo-ExemptPetition(2-3-17).pdf).

<sup>5</sup> BIPCo Pet. at 3. The Act was designed to open competition in the marketplace, requiring electric utilities to provide retail access from competitive energy suppliers to all customers. The PUC may exempt electric distribution companies otherwise subject to this paragraph from requirements of the Act. To do so, the PUC must determine that any such exemptions are in the public interest. R.I. Gen. Laws § 39-1-27(g).

retail access until October 1, 2018.<sup>6</sup> On March 30, 2017, the PUC granted BIPCo's request for an exemption, finding it to be in the public interest.

In support of its petition, BIPCo filed the testimony of David Bebyn, its rate consultant. Mr. Bebyn indicated that offering retail access would require costly billing system upgrades and ongoing monthly software costs. By Mr. Bebyn's calculations, the costs associated with retail access would result in a per customer bill charge of \$6.00 per month. He explained that BIPCo's energy markets consultant had advised that because competitive suppliers would be interested in only a handful of customers, the cost to all ratepayers would be unjustified. Mr. Bebyn also noted that the utility is in a time of transition from an investor-owned, vertically integrated utility to a non-investor-owned, non-vertically integrated utility. The continued exemption would allow BIPCo to complete all internal and external activities in an efficient manner.<sup>7</sup>

On March 24, 2017, the Division of Public Utilities and Carriers (Division) filed a Memorandum supporting BIPCo's petition and recommending that the Commission grant the one-year extension. The Division determined that BIPCo satisfied the exemption eligibility requirements contained in R.I. Gen Laws §39-1-2(26): (1) BIPCo is not selling or distributing electricity outside of its service territory in effect on the date of passage of the Utility Restructuring Act; and (2) the number of kilowatt hours sold or distributed annually by the BIPCo to the public is less than five percent (5%) of the total kilowatt hours consumed annually by the state. The Division found compelling BIPCo's representation that offering retail access would be unduly expensive to ratepayers, all whom would bear the cost for a projected handful of potentially

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<sup>6</sup> BIPCo Pet. at 3.

<sup>7</sup> Bebyn Test. at 2-5.

interested customers.<sup>8</sup> Therefore, the Division concluded that the requested delay is economically and logistically justified.

At an Open Meeting on March 30, 2017, the PUC considered the filings and found that BIPCo's request for a continued exemption from offering retail choice to be in the public interest.

Accordingly, it is hereby

(23019) ORDERED:

The Block Island Power Company is granted a continued exemption from the Utility Restructuring Act, R.I. Gen. Laws § 39-1-27(c), requirement that it offer retail access. This exemption shall end on October 1, 2018, unless the Public Utilities Commission takes further action before that time.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO A BENCH DECISION ON MARCH 30, 2017. WRITTEN ORDER ISSUED JANUARY 31, 2018.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson

Herbert F. DeSimone, Jr., Commissioner \*

Marion S. Gold, Commissioner

**Notice of Right of Appeal:** Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within 7 days from the date of the Order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or Order.

Note: \*Commissioner DeSimone concurred with the decision and order as it pertains to the hearing conducted on March, 2017, but is unavailable for signature.

<sup>8</sup> Division Mem. at 1-3; [http://www.ripuc.org/eventsactions/docket/4606-DPU-PositionMemo\(3-24-17\).pdf](http://www.ripuc.org/eventsactions/docket/4606-DPU-PositionMemo(3-24-17).pdf).