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January 7, 2020

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

Re: Exemption Request under R.I.G.L. § 39-1-2(26) – Docket No. 4606

Dear Luly:

As you know, this office represents Block Island Utility District d/b/a Block Island Power Company (BIPCo).

BIPCo is requesting a continued exemption from the retail access provisions of R.I.G.L. § 39-1-27.3 of the Utility Restructuring Act (URA) through April 30, 2025. Enclosed for filing in this matter are an original and nine copies of the following in support of this request.

- Petition for Continued Exemption
- Supporting Testimony of Jeffery M. Wright, President

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
Katherine Merolla, Esq.
Christy Hetherington, Esq.
John Bell
Cynthia Wilson Frias, Esq.
Jeffery Wright

**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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File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND UTILITY DISTRICT d/b/a :
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 THE RETAIL ACCESS
REQUIREMENTS OF THE UTILITY RESTRUCTURING ACT
THROUGH APRIL 30, 2025

1. 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)).

2. 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.” Block Island Power Company (BIPCo) meets these requirements.

3. 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).

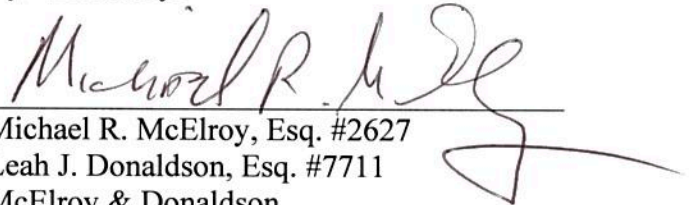
4. This Commission agreed, and in Order No. 15461 in Docket No. 2490, the Commission ordered that “the Block Island Power Company is hereby authorized to delay implementation of the Utility Restructuring Act’s mandates until six months following the installation and operation of the undersea cable connecting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

5. On May 1, 2017, the National Grid/Deepwater Wind project became operational. 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.

6. 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 to August 1, 2018. At an Open Meeting on February 2, 2018, the retail access exemption was extended to April 30, 2020.

For the reasons set forth in the Testimony of Jeffery M. Wright, President, BIPCo requests a continued exemption from the retail access provisions of the URA through May 30, 2025.

Respectfully submitted,
BLOCK ISLAND POWER COMPANY
By its attorneys

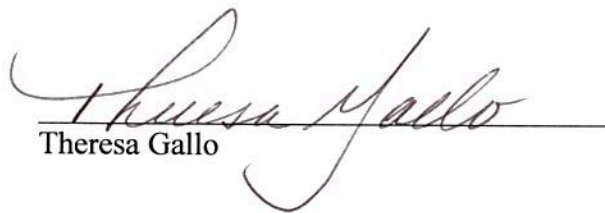


Dated: January 7, 2020

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CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of January, 2020, I sent a copy of the foregoing to the attached service list.


Theresa Gallo

Direct Testimony

Of

Jeffery M. Wright

Regarding petition pursuant to

R.I. General Laws 39-1-2(26)

Block Island Power Company

Docket No. 4606

January, 2020

Q. Please state your name and business address for the record.

A. My name is Jeffery M. Wright. My principal business address is 100 Ocean Avenue, Block Island, Rhode Island 02807.

Q. By whom are you employed and in what capacity?

A. I am the President of the Block Island Utility District DBA Block Island Power Company (BIUD).

Q. What is the purpose of your testimony in this docket?

A. The purpose of my testimony is to support our request for a continued exemption from the retail choice provisions under R.I. General Laws 39-1-27.3 of the Utility Restructuring Act (URA).

Q. Mr. Wright, what period of time is the BIUD requesting the extension for?

A. We are requesting an extension through April 30, 2025 from the retail access provisions of the URA. BIPCo's current exemption is through April 30, 2020. (See Commission Order No. 23066.)

Q. Has the BIUD Board of Commissioner's approved this request and have your members been consulted and informed?

A. Yes. In a regular meeting of the BIUD Board of Commissioners on May 14, 2019 they voted unanimously to request a five-year extension in an open meeting. This meeting included consumer/members of the BIUD and a representative from the Block Island Times, who reported on the meeting in a subsequent edition of the Block Island Times. There was support from the attending consumer/members to file for an exemption.

Q. How does an exemption from retail choice affect BIUD's ability to secure a least cost power supply contract and why wouldn't BIUD want to provides its customers with the ability to choose their own power supplier?

A. BIUD's power supply consultant, Energy New England, has continuously reiterated that retail choice will result in a "risk premium" adder to proposals provided by power suppliers. BIUD will continue to seek load following contracts as a component of their power supply portfolio and any possible flight risk of customers will most likely be met with a premium of \$0.0025 to \$0.005 per kilowatt hour unless a continued exemption is in place.

In addition, the costs associated with administering a retail choice program would, in my opinion, outweigh any benefit that any participating customers would realize. Our past estimates for the necessary software setup costs were in the \$50,000-\$70,000 range plus monthly license fees. Our most recent estimate from our billing software vendor, NISC was \$100,000.

I believe the cost and administrative burden that it would place on the BIUD consumer/members and staff would far outweigh any benefit that the anyone would potentially recognize.

Q. Have you done the analysis of the potential benefits that could be realized if your consumer/members sought alternative retail suppliers?

A. Yes, a check of the DPUC's Empower RI website which compares various retail prices shows that the BIUD rates are very competitive with the alternative suppliers listed on the site. Although the alternative prices are not a direct comparison due to BIUD's unique circumstances, BIUD's historic and projected Standard Offer rates are lower than most all of the alternative suppliers.

Q. What has BIUD done to ensure stable and least cost power supply options for its consumer/members and what advantages does BIUD have over other Rhode Island electric utilities?

A. BIUD's current power supply strategy has been to secure 18-month, 100% load following contracts. Since connecting to the mainland cable and gaining access to the ISO-NE wholesale markets the contract prices have been \$36.77/MWh and \$42.20/MWh.

Beginning in September 2019, BIUD began receiving its load-share ratio of Rhode Island's New York Power Authority (NYPA) allocation. The average price of the energy received pursuant to that agreement has been roughly \$18/MWh. This now accounts for approximately 10% of our total load requirement

Our latest procurement secured an 18-month, 90% load following contract at \$34.85/MWh for the period May 2020 – October 2021. Due to the favorable power supply markets and low natural gas prices in the northeast, our Standard Offer prices have been very stable for the past two years. We expect the Standard Offer rate in our next reconciliation filing to drop due to the NYPA allocation and lower power supply and capacity prices.

BIUD expects to file an updated Procurement Plan before March 1, 2020, with help from Energy New England (ENE). We expect to set out a plan for longer term, least cost portfolio planning to ensure that BIUD continues to offer competitive Standard Offer service while leaning on the advantages of a quasi-municipal public power entity such as Pascoag Utility District has done.

Q. This is your third retail choice exemption request. Why has the BIUD not sought a full exemption in the form of a legislative change to the Block Island Utility District Act?

A. This was discussed at the May 3, 2019 regular meeting. Several Commissioners felt it best at this time to leave the option for future retail choice open to us in the future. Although there is no apparent cost/benefit in today's markets, they wanted to allow our consumer/members future opportunity in the event conditions changed. That does not rule out that we may eventually seek a legislative change authorizing a permanent exemption (which is what the Pascoag Utility District has) but no one wanted to take that step at this time.

Q. Does this conclude your testimony?

A. Yes, it does.