



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903
(401) 274-4400 - TDD (401) 453-0410

Peter F. Kilmartin, Attorney General

December 12, 2018

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 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 Block Island Power Company's ("BIPCo") request for a continued exemption from filing its new rate case and cost of service study as required by the Utility Restructuring Act ("URA"). The Division supports BIPCo's request for a continued exemption given the unique circumstances and unresolved nature of BIPCo's operations and ownership/governance at the present time. The Division finds BIPCo's petition request to be reasonable and in the public interest.

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) for continued exemption from the URA requirements of filing full rate case and cost of service study.

The Division of Public Utilities and Carriers ("Division") supports Block Island Power Company's ("BIPCo") Petition for Exemption pursuant to Rhode Island General Laws § 39-1-2(26) as filed on November 16, 2018. The Division accepts as reasonable BIPCo's rationale for seeking to delay a full rate filing and a fully allocated cost of service study and agrees that this time delay is in the ratepayers' best interest. In support herein, the Division highlights the following considerations:

As noted in BIPCo's current Petition, this is not the first time BIPCO has requested an exemption from the Utility Restructuring Act (URA) as qualified by RIGL § 39-1-2(26). Indeed, with respect to the requirement to file a full rate case with cost of service study, the utility has requested and been granted an exemption on three recent occasions. See Petition at p.3, ¶¶ 11-14. On each occasion, the Division has not objected to, and/or has affirmatively supported, the grant of an extension for filing based on the unique facts and circumstance faced by BIPCo, to include its ongoing transition to new ownership, structure and governance, and the regulatory challenges faced by BIPCo amidst this unresolved process. See, e.g., Docket 4606 - Division Position Memorandum of August 31, 2017. As outlined in BIPCo's Petition, negotiations and litigation – both pending and anticipated - related to the ownership, valuation and sale of assets of BIPCo are still ongoing. See BIPCo Petition at p.4. As such, the Division continues to find it imprudent and not in the ratepayers' best interest for BIPCo to invest the resources and expense into a full rate case and cost of service study amidst the pendency of these unresolved issues. Likewise, the

Division recognizes the value of granting an exemption conditioned on the resolution of the “McGinnes litigation” and asset sale, rather than an exemption with a deadline-certain, in the interest of limiting the need for continued filings. Although this Petition, if granted, provides no date certain for a full rate case filing, the Division supports this conditional, event triggering timeline because it does not believe that granting this latitude to BIPCo in any way compromises the regulatory safeguards and authority of the Commission or the Division. The Division remains in close contact with the BIPCo management and consultants throughout this transitional process and it continuously monitors BIPCo’s status regarding its earnings and rate requirements. The Division’s regulatory and investigatory authority over BIPCo endures notwithstanding a Commission grant of more time for a rate filing. As ratepayer advocate, the Division continues its regular checks and balances of BIPCo.

Accordingly, and consistent with the Division’s position on BIPCo’s recent past exemption requests, the Division supports BIPCo’s Petition and recommends that the Commission grant BIPCo’s request for an extension to complete its cost of service study and file a full rate case until ninety days (90) of the closing of the sale of BIPCo’s assets to the Utility District and the resolution of all related McGinnes litigation.