

Schacht & McElroy

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July 29, 2016

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

Re: Block Island Power Company
Petition for Expedited/Emergency Rate Relief for Recovery of Engine Rental Costs

Dear Luly:

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

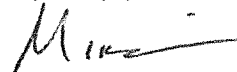
Enclosed are an original and nine copies of a Petition for Expedited/Emergency Rate Relief, together with the supporting testimony of David G. Bebyn, CPA.

Because a service list has not yet been established, we will serve this Petition on all persons identified in BIPCo's most recent service list in Docket No. 4606.

We are hopeful that the 30-day rule and an evidentiary hearing will be waived and that the Commission will be able to rule on this matter at an open meeting in the first week of August.

If you need any further information, please contact me.

Very truly yours,



Michael R. McElroy

MRMc:tmg

cc: Block Island Power Company
Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND POWER COMPANY :
PETITION FOR EXPEDITED/EMERGENCY : DOCKET No.: _____
RATE RELIEF :

**PETITION OF BLOCK ISLAND POWER COMPANY FOR
EXPEDITED/EMERGENCY RATE RELIEF**

1. Pursuant to Rule 1.10(a) of the Rules of Practice and Procedure of this Commission, Block Island Power Company (BIPCo) files this Petition for Expedited/Emergency Rate Relief. Pursuant to R.I.G.L. § 39-3-12, BIPCo also requests that the Commission, in its discretion and for good cause shown, allow the changes requested herein within less time than required by R.I.G.L. § 39-3-11, and without the notice, hearing, and investigation provided for therein. BIPCo also requests that the any other applicable rate filing requirements of the Rules of Practice and Procedure, including but not limited to those set forth in Part Two, be waived for the good cause reasons shown below.

2. Counsel for BIPCo has discussed this filing with Leo Wold, Esq., counsel for the Division, and with Steven Scialabba, Chief Accountant for the Division. Mr. Wold and Mr. Scialabba indicated that in general, they believed that the requests set forth herein sounded reasonable, but they want to review the filing and then provide the Commission with a recommendation.

3. Similarly, counsel for BIPCo has discussed this filing with Katherine A. Merolla, Esq., counsel for the Town of New Shoreham, and with Nancy Dodge, Town Manager. They plan to put this matter before the Town Council for review and approval on Monday, August 1, 2016.

4. Shortly before midnight on Friday, July 22, 2016, BIPCo's diesel engine no. 22 threw a piston. This caused hot oil to be sprayed over the engine generation building. The oil caught fire, exploded, and there was a major fire. Engine no. 22 was destroyed. Engines nos. 23 and 26 and their switch gear were significantly damaged. Other damage included damage to three bucket trucks and their controls, damage to the building, and related damage. It took over an hour for the New Shoreham Fire Department to extinguish the fire.

5. BIPCo had blackouts in certain areas of the Island on July 23 and July 24. However, BIPCo was able to locate and have transported to the Island, with the assistance of Interstate Navigation Company (the Block Island Ferry), two rental generator sets, which arrived in the evening on Saturday, July 23. By Sunday, July 24, power was restored to the Island. The rental cost of these two generators and related equipment is expected to be about \$100,000 per month, as detailed in the testimony of David G. Bebyn, CPA, and Attachment 1 thereto. Mr. Bebyn's testimony and attachments are incorporated by reference into this Petition.

6. This catastrophic event occurred at the height of the summer season when demand for electricity is highest on the Island. The rental engines and related equipment are absolutely necessary in order for BIPCo to maintain safe, reasonable, reliable, and adequate services to the Island. Unfortunately, however, BIPCo is not in a financial position to be able to pay the rental cost of approximately \$100,000 per month for these engines and equipment. These costs are not currently in BIPCo's base rates.

7. If BIPCo cannot recover these costs through this rate filing, BIPCo will be unable to make the rental payments and could lose the use of the rental engines. BIPCo would not be able to provide safe, reasonable, reliable, and adequate electric service. BIPCo could end up defaulting on its RUS loan. BIPCo could even face bankruptcy or receivership.

8. Accordingly, BIPCo believes that this is an emergency situation with an immediate threat of irreparable harm, and it would be appropriate for the Commission to waive the requirements of R.I.G.L. § 39-3-11, including the notice requirement and the requirement for a hearing and investigation. R.I.G.L. § 39-3-12 provides in pertinent part:

The Commission may, in its discretion and for good cause shown, allow changes within less time than required by the notice specified in § 39-3-11, and without holding a hearing and investigation therein provided for . . .

9. Moreover, BIPCo believes this emergency situation justifies waiver of the usual rate filing requirements set forth in the Commission's Rules of Practice and Procedure, including, but not limited to, those requirements set forth in Part Two of those Rules. As set forth in Rule 1.17(f) of the Commission's Rules of Practice and Procedure:

Emergency Situations. In circumstances when delay may cause immediate and irreparable harm, the Commission may waive the usual requirements for interim relief, or condition such relief on whatever conditions it deems reasonable.¹

10. For many years, BIPCo was allowed recovery of rental costs associated with rental engines and related equipment. These costs were recovered through BIPCo's fuel adjustment clause (FAC) tariff. Eventually, BIPCo obtained ownership of all of its engines and was no longer required to lease engines, so that portion of its fuel adjustment clause tariff was dropped. Nevertheless, in the past this Commission has repeatedly authorized the use of the fuel adjustment clause to recover the costs of rental engines and related equipment. Many Commission Orders in which such approvals were given by this Commission are detailed in the testimony of Mr. Bebyn.

11. It is BIPCo's hope that this Petition can be approved by the Commission in the first week of August so that the bills for July, which are rendered in the first week of August,

¹ BIPCo notes that it is seeking permanent relief in this matter, not interim relief, but that Rule 1.17(f) should equally apply.

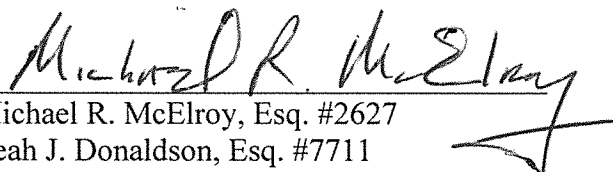
will include recovery for the 9 days of rental expense in July (July 23 through July 31). Because the fuel adjustment clause is calculated using kilowatt hours sold, and because there were many kilowatt hours sold in July, this will help hold down the cost impact of this adjustment, all of which is detailed in the testimony of Mr. Bebyn.

12. Mr. Bebyn's testimony includes more details regarding this matter, including a written quote from Milton CAT for the rental of the engines and related equipment, and a proposed revised fuel adjustment clause rider and worksheet in both clean and redlined versions.

13. Accordingly, BIPCo respectfully requests that the Commission, on an expedited and emergency basis, approve collection of the costs associated with the rental of the two engines and related equipment in BIPCo's fuel adjustment clause.

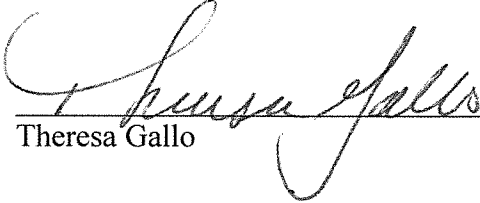
Respectfully submitted,
BLOCK ISLAND POWER COMPANY
By its attorney

Dated: July 29, 2016


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Leah J. Donaldson, Esq. #7711
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CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of July, 2016, I sent a copy of the foregoing to the following to the attached service list from Docket No. 4606.



Theresa Gallo

Docket No. 4606 – Block Island Power Co. – Waiver Request under R.I.G.L. § 39-1-27(g) Service List as of 5/3/16

Name/Address	Email	Phone
Michael McElroy, Esq. Schacht & McElroy PO Box 6721 Providence RI 02940-6721	Michael@McElroyLawOffice.com ;	401-351-4100
Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	CHetherington@riag.ri.gov ;	401-274-4400 Ext. 2425
	Jmunoz@riag.ri.gov ;	
	dmacrae@riag.ri.gov ;	
Steve Scialabba Division of Public Utilities and Carriers	Steve.scialabba@dpuc.ri.gov ;	
	John.bell@dpuc.ri.gov ;	
	Al.contente@dpuc.ri.gov ;	
Kathleen Merolla, Esq.	KAMLAW2344@aol.com ;	
Nancy Dodge, Town Manager Town of New Shoreham	townmanager@new-shoreham.com ;	401-466-3219
Nick Ucci, OER	Nicholas.Ucci@energy.ri.gov ;	401-574-9104
Andrew Marcaccio, Esq., OER	Andrew.Marcaccio@doa.ri.gov ;	401-222-8880
Everett Shorey	eshorey@shoreyconsulting.com ;	
Mary Kay, Esq., DEM	Mary.kay@dem.ri.gov ;	401-222-6607 Ext. 2304
Celia B. O'Brien, Esq. National Grid	Celia.obrien@nationalgrid.com ;	
	Joanne.scanlon@nationalgrid.com ;	
	Jennifer.hutchinson@nationalgrid.com ;	
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
	Cynthia.WilsonFrias@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
Interested Persons		
Huma McGhee	Huma.mcghee@biaero.com ;	908-626-0500
Mike Delia & Maggie Delia	mikdelia@biaero.com ;	908-268-8116
	maggie@biaero.com ;	
Linda George, Policy Analyst, Senate	LGeorge@rilegislature.gov ;	401-276-5563

Direct Testimony
of
David G. Bebyn CPA
Regarding emergency rate relief filing
R.I. General Laws 39-3-12

Block Island Power Company
Docket

July 29, 2016

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

2 A. My name is David G. Bebyn CPA and my business address is 21 Dryden Lane,
3 Providence, Rhode Island 02904.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President of B&E Consulting LLC. (B&E). B&E is a CPA firm that
7 specializes in utility regulation, expert rate and accounting testimony, school budget
8 reviews and accounting services.

9
10 **Q. What is the purpose of your testimony in this docket?**

11 A. I was asked by Block Island Power Company (BIPCo) to provide testimony in
12 support of BIPCo's request for expedited and emergency rate relief. BIPCo is seeking
13 relief under R.I. General Laws 39-3-12.

14
15 **Q. What is the major reason for requesting emergency rate relief at this time?**

16 A. At about midnight on Friday, July 22, 2016, BIPCo suffered a major fire after BIPCo
17 engine #22 threw a piston. This caused oil to be sprayed over the wall of the engine room
18 which quickly caught fire and sparked a huge fire ball. Engine #22 was destroyed. The
19 fire also caused serious damage to engines #23 and #26 and their attendant switchgear.
20 In addition, 3 bucket trucks suffered heat damage to various controls mechanisms. The
21 damage to the three engines left BIPCo with only 2 functioning engines, which is not
22 enough capacity to meet the load. Therefore BIPCo had blackouts in certain areas on the
23 island on July 23 and 24. Full power was restored on July 24, but doing so required the
24 rental of 2 auxiliary engines and transformers.

25
26 **Q. How is this an emergency such that the usual 30 days' notice and hearing for
27 rate relief should not be required?**

28 A. This extraordinary event caused the loss of more than half of BIPCo's generating
29 capacity. This came during a heat wave in the peak time of the summer season when
30 maximum capacity is needed to meet demand. The damage to these three engines
31 required BIPCo to immediately obtain rental engines and components at a sizable

1 monthly cost of about \$100,000 per month in order to maintain safe, reasonable, reliable
2 and adequate services to the island.

3

4 **Q. Is this a financial emergency of the type contemplated under RIGL 39-3-12 for**
5 **an investor-owned utility?**

6 A. Yes. None of these additional rental costs are currently in base rates. The cost just
7 for one month exceeds the Company's entire authorized profit for more than a year.
8 BIPCo is a very small public utility that cannot financially absorb such significant rental
9 costs.

10

11 **Q. If rate relief is denied, what would be the impact on ratepayers?**

12 A. The impacts would be dire. BIPCo would be unable to make the rental payments and
13 the rental engines could be lost. BIPCo would not be able to provide safe, reasonable,
14 reliable and adequate electric service. BIPCo could end up defaulting on its RUS loan.
15 BIPCo could even face bankruptcy or receivership.

16

17 **Q. What items is BIPCo seeking to recover at this time?**

18 A. At this time, BIPCo is seeking to recover the costs of providing auxiliary power
19 through the use of rental generators, along with the necessary wiring and transformers
20 that go along with them. See attachment 1 which provides the rental quote from Milton
21 CAT. In addition, BIPCo seeks to recover costs to transport and install these rental
22 generators. Attachment 1 does not list all of these expenses since it is a quote. However,
23 BIPCo will provide the actual bill for these expenses when BIPCo files the monthly fuel
24 adjustment clause.

25

26 **Q. How long does BIPCo believe it will need to rent both generators?**

27 A. At a minimum, BIPCo will need both rental engines for the months of July, August
28 and September. Afterwards, BIPCo hopes that it will need only one rental engine and
29 only the 2500KVA transformer for October and the remaining off season months.

30

31

1 **Q. When does BIPCo anticipate replacement units being available?**

2 A. Both rental engines are currently in operation. There is no long term plan at this time
3 to permanently replace the damaged engines. BIPCo has not yet determined if the two
4 less damaged engines can be cost effectively repaired as a permanent solution. That is
5 being investigated. Furthermore, BIPCo has to weigh all of this alongside the fact that
6 BIPCo will in coming months be connected by cable to the mainland.

7

8 **Q. What is BIPCo not seeking to recover at this time?**

9 A. BIPCo is not at this time seeking to recover costs to permanently replace any of the
10 engines, buildings or bucket trucks. BIPCo's insurance company is currently reviewing
11 these losses and is looking at available coverages to evaluate what if any insurance
12 proceeds it will receive.

13

14 **Q. How long does BIPCo expect the review by the insurance company to take?**

15 A. The insurance adjustor will be reviewing the situation on island during the first week
16 of August and may have a report a few weeks later.

17

18 **Q. What does the insurance policy on the generating unit cover?**

19 A. We are not sure at this time. However, if the policy covers any rental costs, BIPCo
20 will provide a credit for customers in the subsequent adjustment clause calculation.

21

22 **Q. What rate relief are you requesting at this time?**

23 A. BIPCo is asking to recover the costs of renting this auxiliary power equipment
24 through its existing fuel adjustment clause calculation.

25

26 **Q. Mr. Bebyn, is it appropriate to recover these auxiliary power costs through the**
27 **fuel adjustment clause (FAC)?**

28 A. Yes. Let me provide a little background on the previous FAC filings as follows:

29

30

31 In Order No. 13393 effective August 9, 1990, this Commission found that it was

32 necessary for BIPCo to rent an engine to provide service to its customers and that it

1 was appropriate to recover the expense of such rental through BIPCo's fuel
2 adjustment clause. In doing so, the Commission adopted the recommendation of the
3 Division which recommended recovery of the engine lease expense through the FAC
4 charge.

5

6 In Order No. 13399 effective September 11, 1990, the Commission made a similar
7 finding and ruling.

8

9 In Order No. 13769 effective November 1, 1991, in Docket 1998, this Commission
10 continued recovery for the rental of engines and associated taxes through the FAC.

11

12 In Order No. 14291 effective September 7, 1993, this Commission again continued
13 recovery of engine expense through BIPCo's FAC.

14

15 In Order No. 14487 effective June 22, 1994, this Commission again authorized the
16 recovery of engine expense through BIPCo's FAC. Pursuant to a stipulation entered
17 into with the Division, BIPCo sought approval of future lease costs for 1996 and
18 1997, but the Commission chose not to approve those rental costs in advance and
19 stated instead:

20 "While it will continue to keep abreast of the developments with
21 the Island's power supply alternatives and studies, the Commission
22 believes that the Division is the appropriate entity to review fuel
23 filings, and only if the Division is in need of guidance will these

1 routine matters, including the lease costs discussed in this Order,
2 be brought to the Commission's attention for action."

3

4 Accordingly, the Commission ordered that "review of future filings shall be made at
5 the Division level, unless referred by the Division to the Commission."

6

7 By Order No. 15098 effective September 20, 1996, the Commission, after having
8 BIPCo's fuel filing referred to the Commission by the Division, authorized BIPCo to
9 collect rental payments of \$242,000 through its fuel adjustment clause charge for
10 billings commencing October 1, 1996, for usage beginning on September 1, 1996.

11 This Commission also ordered that BIPCo shall make annual Commission filings to
12 receive Commission approval for the payments in years subsequent to the year
13 approved in this Order, which dealt with the period September 1, 1996, through
14 August 31, 1997.

15

16 In Order No. 15397 effective September 9, 1997, this Commission authorized BIPCo
17 to collect rental payments of \$233,000 through its FAC in billings commencing
18 October 1, 1997, for usage from September 1, 1997, through August 31, 1998.

19 Further, BIPCo was authorized to collect \$229,000 through its FAC in billings
20 commencing October 1, 1998, for usage beginning September 1, 1998, through
21 August 31, 2000.

22

23 In Order No. 16366 effective September 1, 2000, this Commission authorized BIPCo
24 to add cost recovery for urea (which is used in BIPCo's scrubbers for emissions

1 reduction), similar to the recovery mechanism in place for fuel. The Commission
2 also removed recovery for engine rental expenses since the leases for engines #19 and
3 #21 had been paid off and engine #22 had been purchased with debt.

4

5 In Order No. 18364 effective June 1, 2005, this Commission authorized BIPCo to
6 collect \$50,000 annual for Intergrated Resources Planning (“IRP”) and Demand Side
7 Management (“DSM”) through the FAC.

8

9 Therefore, since the fuel adjustment clause has in the past provided for cost recovery of
10 engine rentals, BIPCo is again requesting that the current engine and related equipment
11 rental costs required by this emergency situation be allowed for recovery through the
12 Fuel Adjustment Clause.

13

14 **Q. Is BIPCo seeking to recover the July costs and projected August costs on the**
15 **August bill or will the recovery of rental costs be in arrears?**

16 A. BIPCo is seeking to recover the rental costs in arrears like the fuel and urea
17 components of the FAC. Ideally, if BIPCo can get approval from the Commission by the
18 end of the first week of August, the company would like to have 9 days (July 23 thru July
19 31) of the monthly charge applied to the July bills that go out in early August to match
20 the period for which these engines were operational. BIPCo is willing to postpone its July
21 billing, which is normally billed the 2nd or 3rd day of August, for a week to accommodate
22 the timing of the decision. If the Commission cannot accommodate this timeline, then
23 BIPCo would seek to recover the July and August rental costs on the August bills that
24 will go out in the first week of September.

25

26

1 **Q. Would it be appropriate (other than cost impact) to recover the July costs on**
2 **August bills?**

3 A. Yes, because the costs in question are for costs in arrears like the fuel and urea.
4 These are actual costs which match to the actual period for which those costs were
5 accrued. Only the rental costs incurred during 9 days in July would be billed in early
6 August.

7

8 **Q. Mr. Bebyn, what would be the difference in the projected fuel adjustment**
9 **clause if it is put in place on September bills instead of August bills?**

10 A. Assuming the same billing usage as last year, and the monthly costs as presented on
11 attachment 1, I calculate that an additional \$0.116 (\$0.2039 all in September vs \$0.0878
12 for just September cost) would be needed on the September 2016 fuel adjustment clause
13 by delaying implantation of the rental portion of fuel adjustment clause. If the July and
14 August costs were placed on the July and August bills, the projected adjustment clauses
15 for the engine portion would only be about \$0.0195 and \$0.0542 respectively.

16

17 **Q. Mr. Bebyn, what would the projected fuel adjustment clause look like for the off**
18 **season months?**

19 A. Assuming the same billing usage as last year, and half the monthly cost as presented
20 on attachment 1, I calculate that the projected adjustment clauses on the engine portion
21 would be between \$0.07 and \$0.10 for the off season months.

22

23 **Q. Mr. Bebyn, have you included any other attachments with your testimony?**

24 A. I have prepared and attached a proposed new Fuel Adjustment Clause Rider tariff
25 along with a redline version. I have also prepared and attached an updated FUEL/UREA
26 Adjustment Worksheet which is used to submit the monthly fuel adjustment clause filing
27 each month to the Division.

28

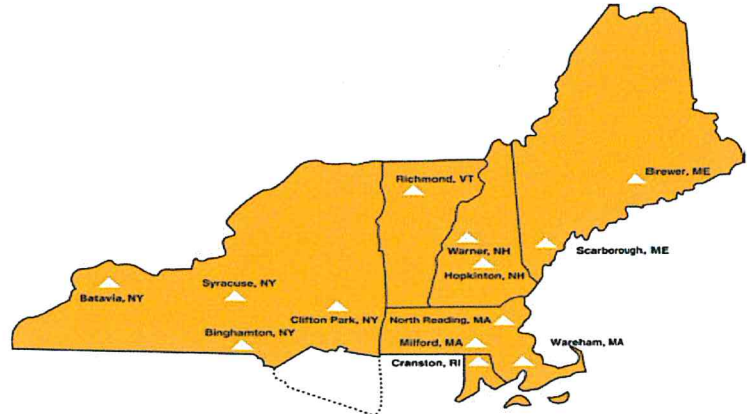
29 **Q. Does that conclude your testimony?**

30 A. Yes.

31



Southworth-Milton, Inc.
 101 Quarry Drive, Milford, MA 01757



MILTON CAT RENTAL/SALES AGREEMENT

Bill To: Block Island Power Company
 100 Ocean Avenue / PO Box 518
 Block Island, RI 02807

Acct #: 0668850
Ship to: Same

Attn: Clifford McGinnes
Phone: 401-742-0025
Email: ifrtruck35@mac.com

Contact:
Cell #:
Quote #: KEC072616A **Date:** 7/26/2016

Salesperson	P.O. NUMBER	Date Shipped	Shipped Via	F.O.B. Point	Terms
Jeff Lusek. Cell # (508) 207-8534	TBD	7/23/2016		Milford MA	Net 30

Quantity	Description	List Price	Charges
	2000kw Rental Generator, Serial# KEN00219, 480V, Three Phase, Triple Shift Operation**, Per Month (UNLIMITED USAGE) *28-Day Billing Cycle*	\$48,000.00	\$38,400.00
	2000kw Rental Generator, Serial# NAM00377, 480V, Three Phase, Triple Shift Operation**, Per Month (UNLIMITED USAGE) *28-Day Billing Cycle*	\$48,000.00	\$38,400.00
	Please note – This generator has a 1250 gallon double wall fuel tank (based on a XQ-2000 / subject to change). Fuel consumption rate is approx. 135 gallons/hour based on 100% load. At this rate, this generator will run for approx. 9 hours		
	Onsite Preventative Maintenance Service performed by Milton CAT every 500 running hours, Per Servive per Unit, As Needed	TBD	TBD
	1000KVA Rental Transformer, Per Month	\$3,600.00	\$2,880.00
	1000KVA Rental Transformer, Per Month	\$3,600.00	\$2,880.00
	2500KVA Rental Transformer, Per Month	\$7,500.00	\$6,000.00
	(50) 50' 4/0 Cables, rated at 400amps each, per month (50 male & 50 female pigtailed included)	\$7,500.00	\$6,000.00
	Delivery Freight - (2) XQ2000 generators & cable from MA to RI - 3 trucks	TBD	TBD
	Delivery Freight - (2) 1000KVA transformers from NY to RI via crane truck	TBD	TBD

Attachment - 1

Customer is responsible for any and all permitting of rental units
 Customer is responsible for any/all damage or theft to the rental equipment.

Subtotal	\$103,120.00
Sales tax (if applicable)**	
Tax Amount	<i>exempt</i>
Grand Total – Estimated First Month Rental (excluding fuel deliveries, technician time & PM Services)	\$103,120.00

**Southworth-Milton must have a copy of valid tax exemption certificate on file & approved to remove these charges

**Above rental rates include up to 40 running hours per weekly rental or 176 running hours per monthly rental. 1.5 times the rate for double shift usage up to 80 running hours per week or 352 running hours per month or 2.0 times the rate for unlimited running time.

Units are shipped with 200 gallons or less by DOT regulations. Customer is responsible for maintaining adequate fuel level and returning the unit with the same level of fuel as when delivered or additional refueling charges will apply (market + 15%).

Quote completed by: Ed Loud

I accept the above quotation, terms and conditions:

Date: _____ Title: _____

Date: _____ Title: _____

Email your signed quote back to your contact below.

If you have any questions concerning this QUOTATION, please contact:

Ed Loud
 Cellphone: (508) 400-1817
ed_loud@miltoncat.com

or

Kathryn Charron
 Office: (508) 634-5582 or Cellphone: (774) 217-8879
kathryn_charron@miltoncat.com

THANK YOU FOR YOUR BUSINESS!

Proposed Fuel Adjustment Clause Rider (Clean Copy)

BLOCK ISLAND POWER COMPANY
Block Island, Rhode Island

R.I. PUC No. ____
Sheet No. 1
Effective: ____, 2016

FUEL ADJUSTMENT CLAUSE RIDER

RATE "FAC"

FUEL ADJUSTMENT CHARGE

The fuel adjustment charge will be calculated each month to cover the cost of financing fuel and urea inventories, transportation costs, as well as to cover the cost of fuel and urea usage in the following manner.

FUEL AND UREA FINANCING COST:

The beginning inventory value (fuel and urea) of the month being calculated will be multiplied times the prime rate (beginning of the month) plus 0.5% then divided by 12 (months) to arrive at the appropriate financing cost. This financing cost will then be divided by .96 to reflect the cost of gross receipt tax (GRT).

FUEL AND UREA USAGE EXPENSE:

The total number of gallons used of fuel for the month being calculated will be multiplied times the "weighted" cost of the fuel used and the related transportation cost (i.e. ferry, truck, driver, etc.) required for delivering the fuel to the Island. This calculated fuel cost will then be divided by .96 to provide for GRT.

The same calculation will be completed for the urea usage costs. The total number of gallons used of urea for the month being calculated will be multiplied times the "weighted" cost of the urea used and the related transportation cost required for delivering the urea to the Island. This calculated urea cost will then be divided by .96 to provide for GRT.

ENGINE RENTAL EXPENSE:

The total cost for the month to rent auxiliary engines (including any required components such as wiring and transformers) and the related installation and transportation costs (i.e. ferry, truck, driver, etc.) required for transportation of the rental equipment. This calculated engine rental cost will then be divided by .96 to provide for GRT.

DSI FUND:

There is a surcharge of 1.00¢ per kWh for Distribution System Improvements (DSI), which shall be placed in a restricted account. These funds shall be used for professional fees specifically related to distribution system improvements. In addition, funds not needed for such fees shall be used to make improvements to the distribution system. The funds shall be collected on kWh consumption in June, July, August and September of each year through the fuel surcharge (FAC). This calculated DSI fund will then be divided by .96 to provide for GRT.

Proposed Fuel Adjustment Clause Rider (Clean Copy)

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. _____

Sheet No. 1

Effective: _____, 2016

FAC FACTOR:

The combined financing cost and usage costs for fuel and urea along with the engine rental costs and DSI funding will then be divided by the kWh sales for the same month to arrive at a FAC factor to be applied to all kWh sales for that month.

APPROVAL:

The FAC factor will be submitted to the Division of Public Utilities and Carriers for review and approval before billing to the customers.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.

BLOCK ISLAND POWER COMPANY

FUEL/UREA ADJUSTMENT WORKSHEET

	FUEL	DSI	Funding	Engine Retal	UREA
Calculation for the month of _____					
Financing					
Inventory quantity, beginning					
Value of beginning inventory (a)					
Prime rate <u> X.XX </u> plus .5% (b)					
Financing Cost (a) x (b) /12					
Fuel Expense and Sales:					
Number of gallons used (c)					
Weighted cost per gallon (d)					
Fuel/Urea Expense (c) x (d) / .96 (e1)					
DSI Funding 1.00¢ x (h) / .96 (e2)					
Engine Rental Cost x / .96 (e3)					
Financing cost from above / .96 (f)					
Total Fuel, Urea, Engine & DSI cost (e) + (f) (g)					
Sales for the month (kWh) (h)					
Fuel, Urea, Engine & DSI adj. factor (i)					

TOTAL FAC

0.0000

kwh/gallon fuel

kwh/gallon fuel

BLOCK ISLAND POWER COMPANY
Block Island, Rhode Island

R.I. PUC No. ~~3900~~ ____
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FUEL ADJUSTMENT CLAUSE RIDER

RATE "FAC"

FUEL ADJUSTMENT CHARGE

The fuel adjustment charge will be calculated each month to cover the cost of financing fuel and urea inventories, transportation costs, as well as to cover the cost of fuel and urea usage in the following manner.

FUEL AND UREA FINANCING COST:

The beginning inventory value (fuel and urea) of the month being calculated will be multiplied times the prime rate (beginning of the month) plus 0.5% then divided by 12 (months) to arrive at the appropriate financing cost. This financing cost will then be divided by .96 to reflect the cost of gross receipt tax (GRT).

FUEL AND UREA USAGE EXPENSE:

The total number of gallons used of fuel for the month being calculated will be multiplied times the "weighted" cost of the fuel used and the related transportation cost (i.e. ferry, truck, driver, etc.) required for delivering the fuel to the Island. This calculated fuel cost will then be divided by .96 to provide for GRT.

The same calculation will be completed for the urea usage costs. The total number of gallons used of urea for the month being calculated will be multiplied times the "weighted" cost of the urea used and the related transportation cost required for delivering the urea to the Island. This calculated urea cost will then be divided by .96 to provide for GRT.

ENGINE RENTAL EXPENSE:

The total cost for the month to rent auxiliary engines (including any required components such as wiring and transformers) and the related installation and transportation costs (i.e. ferry, truck, driver, etc.) required for transportation of the rental equipment. This calculated engine rental cost will then be divided by .96 to provide for GRT.

DSI FUND:

There is a surcharge of 1.00¢ per kWh for Distribution System Improvements (DSI), which shall be placed in a restricted account. These funds shall be used for professional fees specifically related to distribution system improvements. In addition, funds not needed for such fees shall be used to make improvements to the distribution system. The funds shall be collected on kWh consumption in June, July, August and September of each year through the fuel surcharge (FAC). This calculated DSI fund will then be divided by .96 to provide for GRT.

Proposed Fuel Adjustment Clause Rider (Redline Copy)

BLOCK ISLAND POWER COMPANY

Block Island, Rhode Island

R.I. PUC No. ~~3900~~ _____

Sheet No. 1

Effective: ~~June 1, 2008~~ _____, 2016

FAC FACTOR:

The combined financing cost and usage costs for fuel and urea along with the engine rental costs and DSI funding will then be divided by the kWh sales for the same month to arrive at a FAC factor to be applied to all kWh sales for that month.

APPROVAL:

The FAC factor will be submitted to the Division of Public Utilities and Carriers for review and approval before billing to the customers.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "Terms and Conditions" for furnishing electric service.