



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
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To: Luly Massaro
Commission Clerk

From: Patricia Smith *P.S.*
Rate Analyst

Date: April 13, 2018

Subject: Docket 4690 – Block Island Power Company –
Standard Offer and Transmission Tariff Filing

On March 14, 2018, Block Island Power Company (BIPCO) filed a request for a change in Standard Offer and Transmission Charges for effect on May 1, 2018. The filing included a reconciliation of the costs for the period November 2017 through April 2018 along with projected standard offer and transmission charges.

At the November 30, 2017 hearing in this docket, BIPCO discussed changing from a six-month factor to a twelve-month factor and explained that due to the seasonal nature of the island, certain costs that are spread over the course of the year were unfairly burdening the year-round user. Spreading fixed costs over the course of the year results in higher standard offer and transmission rates in the winter months when sales volumes are low. In this filing, the Company proposed to set a 12-month factor for the period May 1, 2018 through April 30, 2019 to smooth out rates and avoid winter rate shock. The Division agrees that a 12-month factor is a reasonable approach to address this problem and we recommend approval of the proposal.

BIPCO is requesting approval of the following Standard Offer, Transmission and Fuel Adjustment factors for effect on May 1, 2018:

Factor	Current	Proposed	Difference
Standard Offer	\$0.0709	\$0.0977	\$0.0268
Transmission	\$0.0779	\$0.0647	(\$0.0132)
Fuel Adjustment	\$0.0000	\$0.0000	\$0.0000
Total	\$0.1488	\$0.1624	\$0.0136

According to the Fuel Adjustment Clause (FAC) tariff, BIPCO is allowed to collect a 1 cent charge during the summer months to fund Distribution System Improvements (DSI). The chart below shows the inclusion of the charge for the months of June – Sept.

Factor(Jun-Sept)	Current	Proposed	Difference
Standard Offer	\$0.0709	\$0.0977	\$0.0268
Transmission	\$0.0779	\$0.0647	(\$0.0132)
Fuel Adjustment*	\$0.0100	\$0.0100	\$0.0000
Total	\$0.1588	\$0.1724	\$0.0136

Currently, a residential customer using 500 kWh’s per month pays \$132.28 during October through May and \$211.73 during the months of June through September. The proposed rates would increase a customer’s bill by \$6.81, from \$132.28 to \$139.09 for the period of October through May and for the period of June through September the increase would be \$6.81 from \$211.73 to \$218.54.

The costs underlying the proposed standard offer rate include:

Energy Costs	\$536,190
ISO FCM Charges	423,687
ISO Ancillary/Schedule Charges	50,760
ISO Annual Fee and Projected ENE Fees	69,969
Interconnection and Regulatory Fees	45,542
Prior Period Over Collection	(8,707)
Gross Receipts Tax	46,560
Total	\$1,164,001

The costs underlying the proposed transmission rate include:

ISO Transmission	\$239,892
NGrid Connection DAF	357,576
NGrid Cable, Transformer & Meter Surcharges	67,001
Interconnection and Regulatory Fees	49,155
NGrid PTF, Non PTF and Load Dispatch	42,816
Prior Period Over Collection	(16,608)
Gross Receipts Tax	30,827
Total	\$770,659

The proposed costs appear to be properly classified as standard offer and transmission costs respectively and properly recoverable through the respective riders. BIPCO calculated the proposed standard offer and transmission factors by dividing the total projected costs by the estimated sales of 11,912,003 kWh’s. Estimated sales are based on a 2-year average of actual sales.

I reviewed the filing in detail, including the testimony, calculations and invoices. Based on my review, I concluded that the proposed factors were accurately calculated. I recommend the Commission approve the factors as filed for effect on May 1, 2018.