

McElroy & Donaldson

Michael R. McElroy
Leah J. Donaldson

Attorneys at Law

Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com

Members of the Rhode Island
and Massachusetts Bars

21 Dryden Lane
Post Office Box 6721
Providence, RI 02940-6721

(401) 351-4100
fax (401) 421-5696

February 12, 2020

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

Re: Block Island Utility District – Rate Change Application – Docket 4975

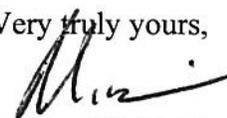
Dear Luly:

As you know, this office represents Block Island Utility District (“BIUD”).

Enclosed for filing are the original and nine (9) copies of BIUD’s Responses to the 4th Set of Data Requests from the Division of Public Utilities and Carriers.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg
cc: Service List

BIUD/2019 Rate Case/PUC-5

**Docket No. 4975 – Block Island Utility District – Rate Change Application
Service List as of 12/26/2019**

Name/Address	Email	Phone
Block Island Utility District (BIUD) Michael McElroy, Esq. Leah J. Donaldson, Esq. Schacht & McElroy PO Box 6721 Providence RI 02940-6721	Michael@McElroyLawOffice.com ;	401-351-4100
	leah@mcelroylawoffice.com ;	
David Bebyn	dbebyn@beconsulting.biz ;	
Richard LaCapra	Rlacapra@lacapra.com ;	212-675-8123
Jeffery Wright, President Barbara MacMullan Everett Shorey	jwright@blockislandutilitydistrict.com ;	401-466-5851
	bamacmullan@gmail.com ;	
	eshorey@shoreyconsulting.com ;	
Division of Public Utilities (Division) Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	CHetherington@riag.ri.gov ;	401-274-4400 Ext. 2425
	MFolcarelli@riag.ri.gov ;	
	dmacrae@riag.ri.gov ;	
John Bell, Chief Accountant	John.bell@dpuc.ri.gov ;	
	Al.contente@dpuc.ri.gov ;	
	Pat.smith@dpuc.ri.gov ;	
Ralph Smith, Larkin Associates	rsmithla@aol.com ;	
	dawn.bisdorf@gmail.com ;	
	msdady@gmail.com ;	
	mcranston29@gmail.com ;	
File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Cynthia Wilson Frias, Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Cynthia.WilsonFrias@puc.ri.gov ;	
	Margaret.hogan@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
Interested Persons		
Nick Ucci, OER	Nicholas.Ucci@energy.ri.gov ;	401-574-9104
	Carrie.Gill@energy.ri.gov ;	
	Nathan.Cleveland@energy.ri.gov ;	
	Becca.Trietch@energy.ri.gov ;	
Andrew Marcaccio, Esq., OER	Andrew.Marcaccio@doa.ri.gov ;	401-222-8880
Kathleen Merolla, Esq. James Kern, Interim Town Manager Town of New Shoreham	KAMLAW2344@aol.com ;	
	townmanager1@new-shoreham.com ;	
	townclerk@new-shoreham.com ;	
	Jkern@new-shoreham.com ;	

Robert L. Roberge, Town Manager	eroberge@new-shoreham.com ;	
Shirlyn Gubern		
Town of New Shoreham	Townmanager@new-shoreham.com ;	
Jennifer Hutchinson, Esq.	jennifer.hutchinson@nationalgrid.com ;	
National Grid		
Joanne Scanlon	Joanne.Scanlon@nationalgrid.com ;	

BLOCK ISLAND UTILITY DISTRICT
Docket No. 4975
Fourth Set of Data Requests of the
Division of Public Utilities and Carriers
February 10, 2020

- 4-1.1 Refer to the trial balance provided in response to Division set 3. Refer to account 254.004, SCR & ENGINE MAINT RESERVE, which had a liability balance of \$(380,714.63) when the account was transferred from BIPCO to BIUD.
- a. Please confirm that BIUD did not apply the 254.004, SCR & ENGINE MAINT RESERVE liability balance of \$380,714.63 in its application. If it was applied in BIUD's application, please explain fully and identify and document specifically how it was applied.
 - b. Please provide BIUD's proposal for applying the 254.004, SCR & ENGINE MAINT RESERVE liability balance of \$380,714.63 and explain that proposal.
 - c. Should the liability balance of \$380,714.63 that was in BIPCo's engine maintenance reserve account, which is now in BIUD's engine maintenance reserve account, be returned to BIUD's customers? If not, explain fully why not.

RESPONSE:

- a) We can confirm that BIUD did not apply the 254.004, SCR & ENGINE MAINT RESERVE liability balance of \$380,714.63 in its application.
- b) This account was overspent almost \$150,000 before the major fire which destroyed one engine and significantly damaged two others during the summer of 2016. Also, in the spring of 2017, BIPCo begun to draw power from the undersea cable and we only need to run engines for backup purposes and to exercise them. Because there has been little need for engine maintenance work, this account now has an accumulated reserve. However, we had to perform a major tank replacement project during 2018 to meet environment compliance issues. We would have needed a borrowing to complete this task, which was completed by December 2018, but we had cash flow available as the result of this reserve.

Although we did not initially apply this reserve, we believe that the tank replacement project, which is a generation asset like the engines, is in the best interest of the ratepayers. We are therefore proposing that the liability balance be applied against the 342.011 Fuel System account where the \$548,645 tank replacement project resides. See attachment to Division 3-3.

- c) BIUD believes that it has benefited the ratepayers by utilizing the engine maintenance reserve account to replace the fuel tanks, which would have otherwise required a borrowing. See the response to part b.

Prepared by David G. Bebyn CPA