

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND UTILITY DISTRICT :
RATE CHANGE APPLICATION :

DOCKET NO. 4975

COMMISSION'S FIRST SET OF DATA REQUESTS
DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD)
(Issued March 23, 2020)

- 1-1. Referencing Schedule DGB-RY-3, page 4 of 6, please explain why there is not an account number associated with the Voltage Conversion Capital Fund nor with the Capital Fund-Capitalized Expenditures.

RESPONSE:

The Voltage Conversion Capital Fund and the Capital Fund-Capitalized Expenditures are brand new accounts for the BIUD. Therefore, there were no account numbers assigned at the time of the rate filing. Subsequently, we will be assigning account 109.000 to track expenditures and account 252.004 to track the Voltage Conversion Capital Fund balance. Regarding the Capital Fund-Capitalized Expenditures, there are currently two accounts 107.000 and 108.000 that track expenditures and we will be assigning account 252.005 to track the Capital Fund balance.

Witness responsible: David G. Bebyn, CPA

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1-2. Will the Voltage Conversion Capital Fund be restricted? If not, why not?

RESPONSE:

BIUD does not believe that this fund needs to be restricted. This will allow BIUD some flexibility and discretion in managing and utilizing its annual cash flow. BIUD, however, is planning to provide a spending plan, to track the balance and activity in the Voltage Conversion Fund Expenditures Account, and to report annually to the Commission and the Division within 90 days after fiscal year end. This report will also show how the activity in the account compared with the amounts that were allowed for ratemaking purposes in the current case.

Witness responsible: David G. Bebyn, CPA

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1-3. Will the CFC loan account be restricted? If not, why not?

RESPONSE:

BIUD does not believe that this fund needs to be restricted. This will allow BIUD some flexibility and discretion in managing and utilizing its annual cash flow. The Cooperative Finance Corporation (CFC) loan is viewed as part of a broader category of BIUD debt service expenditures, as explained in the Direct Testimony. BIUD will account for its actual debt service expenditures in its annual financial statements filed with the Commission and the Division as part of its Annual Report. BIUD, however, is also planning to make an annual comparison, to be filed within 90 days after the end of BIUD's fiscal year, showing how BIUD's actual debt service expenditures for the fiscal year compared with the debt service expenditures that were allowed in setting BIUD's revenue requirement in this case.

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1-4. Will the Capital Fund-Capitalized Expenditures Account be restricted? If not, why not??

RESPONSE:

BIUD does not believe that this fund needs to be restricted. This will allow BIUD some flexibility and discretion in managing and utilizing its annual cash flow. BIUD, however, is planning to provide a spending plan, to track the balance and activity in the Capital Fund-Capitalized Expenditures Account, and to report annually to the Commission and the Division within 90 days after fiscal year end. This report will also show how the activity in the account compared with the amounts that were allowed for ratemaking purposes in the current case.

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- 1-5. Does BIUD plan to provide a spending plan for the Capital Fund-Capitalized Expenditures and Voltage Conversion Fund and a periodic accounting of expenditures from the funds? If not, why not?

RESPONSE:

Yes. Please also see the responses to COM 1-2 and COM 1-4 above.

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- 1-6. On page 20 of his direct testimony, Mr. Bebyn presents a section of testimony titled "Employer 401k Contributions. However, the text within that section of testimony appears to discuss a Defined Benefit Plan. Please clarify and please explain the retirement package that is provided to employees.

RESPONSE:

The reference to a Defined Benefit Plan in the section titled "Employer 401k Contributions" was not correct. The testimony should have made it clear that the plan is a Defined Contribution Plan and not a Defined Benefit Plan. BIUD employees receive a 3% employer contribution based upon the employee's annual salary.

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- 1-7. Please reconciled the following line items in DGB-RY-3, accounts 920-009, 920-010, 920-011, 920-012 with DGB-RY-5a. Has the COO position been eliminated in the Rate Year? Has the CFO position been eliminated in the Rate Year?

RESPONSE:

Regarding the accounts 920-009 and 920-012 these accounts are virtually the same as they cover only the current president's salary for both the Test Year and the Rate Year. Account 920-012 should have been used on DGB-RY-3 instead of account 920-009 in order to be consistent with DGB-RY-5a. This classification has no impact on the net revenue requirement or the cost allocation because these two accounts are allocated the same.

I can confirm that both the COO and CFO have been eliminated from the Rate Year. This is why both DGB-RY-3 and DGB-RY-5a has \$0 expenses for accounts 920-010 and 920-011.

Witness responsible: David G. Bebyn, CPA