

**State of Rhode Island and Providence Plantations**

**Public Utilities Commission**

**Minutes of Open Meeting Held May 20, 2016**

**Attendees:** Chairperson Margaret Curran, Commissioner Paul Roberti, Commissioner Herbert DeSimone, Cynthia Wilson-Frias, Amy D'Alessandro, Alan Nault, Sharon Colby Camara, Todd Bianco and Luly Massaro.

**Commissioner Roberti called the open meeting to order at 1:05 P.M. in the first-floor hearing room of the Public Utilities Commission. A quorum was present.**

**Minutes of Open Meetings held on April 29, 2016** – Commissioner DeSimone moved to approve the minutes. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**

**4586 – A & R Marine Corp. d/b/a Prudence & Bay Islands Transport** – The PUC discussed and reviewed the record regarding A & R Marine's November 6, 2015 General Rate Filing. After deliberating, the PUC ruled on the following outstanding issues:

- 1) Capital Structure / Return on Equity (ROE) – Commissioner DeSimone moved to adopt the Division's position. The Division recommended a Capital Structure ratio of 50% equity / 50% debt, and ROE of 10%. Commissioner Roberti seconded the motion and the motion unanimously was passed. **Vote 3-0.**
- 2) Depreciation – Chairperson Curran moved to accept the Division's position of 20 year depreciation life for the vessel which was also accepted by the Company. Commissioner DeSimone seconded the motion and the motion unanimously was passed. **Vote 3-0.**
- 3) Purchase Price / Fair Market Value (FMV) of Vessel – Finding that the purchase price, although greater than the fair market value price was justified, reasonable and appropriate, Commissioner Roberti moved to allow the purchase price of the vessel to be the amount included in rate base. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- 4) Electric Costs – Chairperson Curran moved to accept A&R Marine's updated rate year electric costs of \$2,917 based on the last 18 months of usage. Commissioner DeSimone seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- 5) Advertisement Expense – Chairperson Curran moved to accept A&R's annual expense of \$600 to maintain the website as an appropriate advertisement expense to the rate year. Commissioner DeSimone seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- 6) Insurance Expense – Chairperson Curran moved to accept insurance expense of \$16,446.00 which is based on actual cost of insurance value of vessel. Commissioner Roberti concurred. Commissioner DeSimone dissented on the basis that the premium would be higher because the appraisal value of the vessel is higher. **Vote 2-1.**
- 7) Office Supply Expense – Commissioner DeSimone moved to decrease supply expense by \$3,451 to correct a miss-classification of expenditures that should

- have been capitalized and increase depreciation expense by \$690. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- 8) Telephone Expense – No adjustment was made.
  - 9) Rate Case Expense – Commissioner DeSimone moved to accept A&R’s updated rate case expense amount of \$99,899 and amortized over three years. Commissioner Roberti seconded the motion and the motion was unanimously passed. **Vote 3-0.**
  - 10) Discount Tickets – Chairperson Curran moved to accept the Division’s classification which does not include Islander Resident discount rates. A&R accepted the Division’s position on this issue. Without a cost of service study, there is no basis to approve an Islander rate. Commissioner DeSimone seconded the motion and the motion was unanimously passed. **Vote 3-0.** The PUC instructed that an allocated cost of service study be performed with the Company’s next rate filing.
  - 11) Town of Portsmouth – No action was taken because there was no rate allocation cost of service performed in this docket and the record did not justify a need to address Town’s request for making a separate rate class for the Town of Portsmouth.
  - 12) Earnings Report – Commissioner Roberti moved that A&R file earnings report within 120 days from closing date of fiscal year. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Roberti moved to approve the rate filing with the adjustments made and discussed at this open meeting. Commissioner DeSimone seconded the motion and the motion was unanimously passed. **Vote 3-0.**

**4556 – The Narragansett Electric Co. d/b/a National Grid** – National Grid filed on April 16, 2016, proposed Standard Offer Service Rates for the Industrial Group for the months of July 2016 through September 2016. The filing was submitted in compliance with the Company’s Standard Offer Service Procurement Plan which was approved by the PUC in this docket. The Division filed a memorandum summarizing its review and finding the filing is in compliance with PUC’s orders. The proposed rates reflect a decrease from the current rates. Commissioner DeSimone moved to approve National Grid proposed Standard Offer Service rates as filed. The motion was seconded by Chairperson Curran and the motion was unanimously passed. **Vote 3-0.**

**4618 – Providence Water Supply Board** - Providence Water filed a rate application seeking approval of proposed rates designed to generate additional revenues of \$8,328,042 for a total cost of service of \$77,728,472 effective June 16, 2016. Commissioner DeSimone moved to suspend Providence Water’s proposed rates in order to conduct discovery and hearing to examine the application. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**

**2262(Y21) – Spectrotel of New England, LLC (Company)** – The Company’s authority was rescinded on April 29, 2016. It was brought to the PUC’s attention that the Company requested to discontinue certain operator services and not to discontinue their authority as supplier of telecommunications service. Therefore, Commissioner Roberti

moved to reinstate the Company's authority. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**

**4607 – Deepwater Wind Block Island, LLC (Applicant)** – The Applicant submitted a Renewable Energy Resource eligibility application for certification of the Block Island Wind Farm Generation Unit, a 30 MW wind facility located offshore approximately 3 miles southeast of Block Island. PUC Consultant filed a memorandum recommending approval of the application with the conditional requirement the applicant provide documentation verifying Commercial Operation and evidence of the generation unit's NEPOOL-GIS Asset Identification Number. After review, Commissioner DeSimone moved to approve the application with the conditional requirement recommended by the PUC Consultant. Chairperson Curran seconded the motion noting that this is approval of the first offshore facility in the USA. The motion was unanimously passed. **Vote 3-0.**

The open meeting adjourned at 2:05 P.M.