

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held May 29 2008

Attendees: Chairman Elia Germani, Commissioner Robert Holbrook, Commissioner Mary Bray, Patricia Lucarelli, Alan Nault, Donna Conway and Luly Massaro.

Chairman Germani called the open meeting to order at 2:00 PM. in the first-floor hearing room of the Public Utilities Commission. A quorum was present.

Approval of Open Meeting Minutes held on 5/15/08 – After review, the Commissioner Bray moved to approve the minutes. Commissioner Holbrook seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Competitive Telecommunications Service Providers

The following companies submitted tariff revisions. The Division has reviewed the tariff revisions and recommends that it be allowed to go into effect without suspension:

2618 – AT&T Communications of NE (tariff filing 5/1/08)

2472 – Sprint Communications (tariff filing 5/8/08)

3647 – XO Communications Services, Inc. (tariff filing 5/9/08)

2486 – Verizon Access Transmission Services (tariff filing 5/1/08)

2262(J20) – Embarq Communications, Inc. (tariff filing 5/1/08)

2262(N6) – PNG Telecommunications, Inc. (tariff filing 5/8/08)

2262(P7) – MCI Communications Services, Inc. (5/1/08)

2262(E2) – Teleconnect Long Distance, Inc. (tariff filing 5/1/08)

2262(A6) – SBC Long Distance, LLC (tariff filing 5/1/08)

After review, the Commission followed the Division's recommendation to allow the proposed tariff filings to go into effect without suspension.

3951 – Verizon Rhode Island – Verizon filed on May 2, 2008 a filing to increase the monthly rate for CustoPAK line purchased on a month-to-month basis from \$27.00 to \$29.00 for effect June 1, 2008. The Division filed a memo indicating that it has reviewed Verizon's tariff filing to increase the CustoPAK Centrex Plus line month to month charge and finds that the filing conforms to the alternative regulation plan and Order No. 18550. After review, Commissioner Holbrook moved to approve Verizon's tariff filing as filed. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3950 – Verizon Rhode Island – Verizon filed on May 2, 2008 a filing to increase rates for optional residential calling features for effect June 1, 2008. The Division filed a memo indicating that it has reviewed Verizon's tariff filing and finds that the filing conforms to the alternative regulation plan and Order No. 18550. After review, Commissioner Holbrook moved to approve Verizon's tariff filing as filed. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3949 – Verizon Rhode Island – Verizon filed on May 2, 2008 a filing to increase rates to the optional feature packages available to subscribers to the Unlimited Local and Toll Usage for Business optional calling plan for effect June 1, 2008. The Division filed a memo indicating that it has reviewed Verizon's tariff filing and finds that the filing conforms to the alternative regulation plan and Order No. 18550. After review, Commissioner Holbrook moved to approve Verizon's tariff filing as filed. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3948 – Verizon Rhode Island – Verizon filed on April 30, 2008 a tariff filing to grandfather Protection Equipment for Service to Power Stations for effect May 30, 2008. The Division filed a memo indicating that it has reviewed the filing and recommends that it be allowed to go into effect without suspension. After review, the Commission followed the Division's recommendation to allow the tariff to go into effect as filed.

3952 – Pascoag Utility District – Pascoag filed on May 7, 2008 proposed new tariff applicable to C&I customers for effect June 6, 2008. After review, Commissioner Bray moved to suspend the tariff to conduct examination. Commissioner Holbrook seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3900 – Block Island Power Co. (BIPCO) – The Commission reviewed the record relating to the BIPCO's rate application, discussed and deliberated on the following outstanding issues:

1. Management compensation: Chairman Germani moved to approve BIPCo's request for \$168,000 for management compensation. Commissioner Holbrook seconded the motion. Commissioner Bray opposed. **Vote 2-1.**

Chairman Germani moved that BIPCo need not maintain a record keeping of time by the owners of the company; however, BIPCo shall file job descriptions that provide the responsibilities or duties of the owners. The job descriptions shall be file within 90 days. Additionally, BIPCo shall maintain a record keeping of the personal use of its vehicles by the owners and employees. Commissioner Holbrook seconded the motion and the motion was unanimously passed. **Vote 3-0.**

2. Rate case expense from prior docket: Chairman Germani moved to deny BIPCo's request for expenses incurred in prior docket. Commissioner Bray seconded the motion. Commissioner Holbrook dissented. **Vote 2-1.**
3. Engine/SCR maintenance: Commissioner Holbrook moved to approve BIPCo's request of \$238,917 for this item. Chairman Germani seconded the motion. Commissioner Bray opposed. **Vote 2-1.**

Chairman Germani moved to allow BIPCo to recover \$43,103 annually for unrecovered capitalized engine/SCR maintenance expense. Commissioner Holbrook seconded the motion. Commissioner Bray opposed. **Vote 2-1.**

4. Lobbying expense: Chairman Germani moved to deny BIPCo's request of \$3,823 for lobbying expense. Commissioner Holbrook seconded the motion and the motion was unanimously passed. **Vote 3-0.**
5. Pension and healthcare expense: Chairman Germani moved to deny BIPCo's request of \$24,000 pension expense for Mr. Jerome Edwards. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.**

It was opined that Mr. Edwards should be treated as other retirees. Therefore, Commissioner Bray moved to allow BIPCo \$12,000 for pension expense for Mr. Edwards. Chairman Germani seconded the motion. Commissioner Holbrook opposed. **Vote 2-1.**

Commissioner Bray moved to disallow BIPCo to continue paying for Mr. Edwards healthcare. This expense should be borne by Mr. Edwards. Chairman Germani seconded the motion and the motion was unanimously passed. **Vote 3-0.** It is the Commission's expectation that when the Company files its next rate application, it shall consider implementing higher co-pay for health insurance.

6. Treatment of gain on sale of utility property in cost of service: Commissioner Holbrook moved that BIPCo share 50/50 the proceeds from the sale of real estate. 50% will be applied to equity and 50% credited to the ratepayers. Chairman Germani seconded the motion and the motion was unanimously passed. **Vote 3-0.** Approval of issue moots out the Town's position to take the gain of approximately \$800,000 for upgrades to the distribution system.
7. Continuation of the surcharge of \$0.01 during the summer period: Chairman Germani moved to approve BIPCO's request to continue collection of the surcharge for the purpose of doing an engineering study. The funds shall be restricted and used making upgrades to the system. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.** The Town's request to use the surcharge funds for the position of the Energy Advisor is hereby denied.
8. Cost Allocations and Rate Design Study: Chairman Germani denied the Town's request to fund this study. Commissioner Bray seconded the motion and the motion was unanimously passed. **Vote 3-0.** The Commission however, did favor the Town's proposal that such study be performed by BIPCo. The Commission directed BIPCo to provide within 90 days from date of Order, the estimated cost to perform the study and a timeframe to complete the study. BIPCo could seek recovery for the associated costs through an abbreviated rate proceeding in the future.

The open meeting adjourned at 3:15 P.M.