

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held December 18, 2003

Attendees: Chairman Elia Germani, Commissioner Kate Racine, Commissioner Robert Holbrook, Steve Frias, Cindy Wilson, Thomas Massaro, Alan Nault, Douglas Hartley and Luly Massaro.

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

Minutes of Open Meetings held on November 14, 2003, November 21, 2004 and December 4, 2003: After review, Chairman Germani asked for a motion and Commissioner Racine moved to approve the minutes. The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 3-0.**

Competitive Telecommunications Service Providers:

The following company registered to provide telecommunication service in RI. The Division has reviewed the registration and recommends approval of:
2262(T18) - NorVergence, Inc.

After review, Chairman Germani asked for a motion and Commissioner Racine moved to approve the registration. The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 3-0.**

The following companies filed tariff revisions.

3408 - Fibertech Technologies Networks, LLC

After review, the Commission followed the Division's recommendation that the tariff filing be allowed to go into effect without suspension.

3363 – Verizon Rhode Island: Verizon submitted a tariff revision to RIPUC No. 18 to provide for the quarterly update of the Unbundled TC Reciprocal Compensation Charge. The unbundled TC reciprocal compensation composite rates are recalculated on a quarterly basis to reflect the average rate per minute paid to CLECs by the telephone company over the previous three-month charge for effect January 1, 2004. After review, the Commission followed the Division's recommendation that the tariff filing be allowed to go into effect without suspension.

3573 - Interstate Navigation Co.: Interstate Navigation filed an application to increase rates designed to collect additional revenues in the amount of \$2,750,712 for effect January 1, 2004. Chairman Germani asked for a motion and Commissioner Racine moved to suspend the tariff filing for purpose of conducting investigation and hearing. The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 3-0.**

3578 - City of Newport Water Division: Newport Water filed an application to increase

rates designed to collect additional revenues in the amount of \$606,662 for effect December 28, 2003. Chairman Germani asked for a motion and Commissioner Racine moved to suspend the tariff filing for purpose of conducting investigation and hearing. The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 3-0.**

3497 & 3378 - Pawtucket Water Supply Board: After review and discussion of the several pleadings and objection filed in the these dockets, Commissioner Racine moved

1) To reject PWSB's Motion for Relief From Order requesting that it be allowed to lift, or modify the restriction placed on the Central Falls Franchise Fee Fund in Order No. 17349 from Docket No. 3378, and to use the funds for a 66th employee and to increase its operating reserve. PWSB did not provide any new evidence that it requires a 66th employee nor that it requires additional funds for its Operating Reserve.

2) To deny the Division's recommendation that the Franchise Fees Monies be deposited into the PWSB's O&M Reserve.

The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 3-0.**

Commission staff recommended that PWSB continue to hold the excess franchise fee account funds and that any additional money accrued to the fund be held pending PWSB's debt service filing, expected next month. Staff recommended the funds could possibly be used to offset the rate increase relative to debt service. The change in circumstances from Docket 3378 was that Ms. Marchand indicated that the IFR account is adequately funded and there is an impending rate case. However, the Commission will make a final determination regarding the disposition of funds in that case.

3463 - Narragansett Electric Co.: After review, Commissioner Racine moved to approve the Settlement Agreement entered into by Narragansett Electric, Division of Public Utilities, State Energy Office, The Energy Council of RI and Coalition for Consumer Justice addressing Narragansett's 2004 Demand Side Management and budget, including the December 15, 2003 agreement to include private schools in the Schools Initiative Program.

The Commission indicated that in the event Narragansett does not serve any private schools in 2004, it will have the burden of showing they used their best efforts to serve those schools. The Commission required Narragansett to file either direct testimony or a settlement regarding the proposed 2005 programs no later than September 15, 2004. However, the Commission will not accept a settlement regarding shareholder incentives until after a technical session is conducted. Therefore, Narragansett was ordered to make a direct filing regarding proposals for shareholder incentives no later than September 1, 2004.

3515 - Narragansett Electric Co.: This docket relates to the Commission's review of Narragansett's procurement for Last Resort Service (LRS) under the LRS Acquisition

Plan approved by the Commission in Order No. 17532. The Order required the company to file a market assessment to determine whether the Company should continue to procure LRS in accordance with the Plan for the period March – August 2004. On November 13, 2003, Narragansett filed its market assessment recommending no changes to the present Plan. On behalf of the Division, Mr. Stutz submitted a memorandum recommending consideration of new procurement strategies to address long-term issues relating to the SO contract and protection against volatility.

After review, Chairman Germani moved to accept Narragansett's filing as submitted. The motion was seconded by Commissioner Holbrook and unanimously passed. **Vote 3-0.** The Commission further instructed that if Narragansett is going to file a Market Assessment to request continuation of the 5/03 Plan, it should do so not later than March 2004. The response is due not later than 4/15/04, in order to allow enough time for filing of a new Acquisition Plan, if required. If Narragansett plans to file a new Acquisition Plan, it should do so not later than 5/1/04.

With regard to Dr. Stutz's recommendation that the Commission begin to address long-term issues relating to the SO contract, PUC staff and DPU staff should begin a dialogue w/ NEC to fully explore the long-term concern.

3551 - Narragansett Electric Co.: After review, Chairman Germani moved to approve the December 15 Amended Settlement Agreement executed by Narragansett Electric, the Dept. of the Navy, Dept. of Economic Development and Division of Public Utilities. The Agreement would essentially allow the Navy to take service under Narragansett Rate G-62 effective January 1, 2004. The motion was seconded by Commissioner Racine and unanimously passed. **Vote 3-0.**

There being no further business to discuss, the open meeting adjourned at 2:40 P.M.