

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND POWER COMPANY
 FUEL ADJUSTMENT CHARGE

DOCKET NO. 1980

ORDER

WHEREAS, On July 10, 2000, the Block Island Power Company ("BIPCO" or "Company") filed with the Public Utilities Commission ("Commission") a request to continue the engine expense component of its fuel adjustment clause ("FAC") from August 31, 2000 through issuance of the Commission's decision in a soon to be filed full rate case. Inclusion of engine rental charges was initially authorized by the Commission in Order No. 13393 (issued August 11, 1990), and has been reauthorized in a series of subsequent orders.¹ This component of the FAC currently collects \$229,000 per year. BIPCO's filing reduced this sum to \$157,171, supporting its request through the pre-filed direct testimony of Walter E. Edge, Jr., CPA; and

WHEREAS, On August 9, 2000, the Division of Public Utilities and Carriers ("Division") pre-filed the direct testimony of John Bell, CPA, recommending:

- (1) Allowance of the August 2000 balance in the engine rental restricted account to pay off the lease of Engine No. 19 and Engine No. 21,

¹ See Order No. 13399 (issued September 12, 1990); Order No. 13769 (issued October 31, 1991); Order No. 14291 (issued September 22, 1991); Order No. 14487 (issued July 11, 1994); Order No. 15098 (issued October 8, 1996); and Order No. 15397 (issued September 17, 1997).

- (2) Rejection of the request for an engine maintenance expense allowance of \$105,000,
- (3) Direction that the Company file an updated Fuel Adjustment Clause tariff to include a cost recovery mechanism for urea, similar to the recovery mechanism now in place for fuel costs,
- (4) Rejection of BIPCO's request for retroactive recovery of Engine No. 22 rental expense for the period June – August 2000, and
- (5) Rejection of the request for recovery through the FAC of debt service payments on Engine No. 22 and the related selective catalytic reduction system; and

WHEREAS, On August 23, 2000, following public notice, a hearing was conducted at the Commission's offices in Providence. The following appearances were entered:

FOR THE COMPANY: Michael R. McElroy, Esq.

WHEREAS, The Commission agreed to consider the matter during a bench conference, at which it found the Division's proposal to be reasonable and in the best interests of the ratepayers.

Accordingly, it is

(16366) ORDERED:

1. The Block Island Power Company is hereby authorized to pass the cost of urea, an agent used in selective catalytic reduction systems, and pertinent carrying charges, through the Fuel Adjustment Clause.

2. The Company is directed to file a Fuel Adjustment Clause tariff providing for the recovery of fuel and urea costs.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND, ON AUGUST 23, 2000, PURSUANT TO A BENCH DECISION. WRITTEN ORDER ISSUED AUGUST 28, 2000.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner