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December 12, 2023

Luly E. Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**Re: PUC 23-43-EL / Block Island Utility District's Annual
Recalculation of Last Resort and Transmission Charges**

Dear Luly,

Enclosed for filing, please find the Amended Direct Testimony of David Bebyn, CPA, as referenced in BIUD's response to PUC Data Request 1-18.

If you need any further information, please do not hesitate to contact me.

Very truly yours,



Leah J. Donaldson

Cc: Service list (via electronic mail)

**Docket No. 23-43-EL Block Island Utility District – Annual Recalculation Tariff Filing
Service List as of 11/27/2023**

Name/Address	Email	Phone
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Amended Direct Testimony
of
David G. Bebyn CPA
Twelve Month Last Resort Service and Transmission Rate
Reconciliation and Request for New Rates

Block Island Utility District

Docket No. 23-43-EL

~~November 10, 2023~~

December 11, 2023

1 **Q. Please state your name and business address for the record.**

2 A. My name is David G. Bebyn, CPA and my business address is 21 Dryden Lane,
3 Providence, Rhode Island 02904.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President of B&E Consulting LLC. (B&E). B&E is a CPA firm that
7 specializes in utility regulation, expert rate and accounting testimony, and accounting
8 services.

9
10 **Q. What is the purpose of your testimony in this Docket?**

11 A. I was asked by Block Island Utility District (BIUD) to provide testimony and
12 schedules in support of (1) BIUD's reconciliation of the prior 12-month period ending
13 December 31 of each year and (2) the proposed Purchase Supply Service (also known as
14 Last Resort Service) and Transmission rates for the following 12-month tariffs. BIUD
15 received approval for its 30-month power procurement plan in Commission Order No.
16 24611 in Docket #22-44-EL.

17
18 **Q. Can you provide a summary of BIUD's current power production/purchase cost
19 recovery?**

20 A. BIUD currently purchases all the energy it sells. National Grid's undersea cable
21 connecting the Island to the mainland electric grid was installed and operational in
22 November 2016. BIUD's connection to the cable became operational on May 1, 2017.
23 BIUD maintains its own diesel generators for backup purposes. The reflection of those
24 generation costs are presented on Attachment 16 and explained in further detail below.
25 later on page 3 of this testimony. The purchase power and associated transmission costs,
26 beginning January 1, 2023, were recovered through Standard Offer and Transmission
27 rates approved in Docket #22-44-EL. Those rates were to cover the 12-month period
28 ending December 31, 2023.

29
30 **Q. Mr. Bebyn, how did you calculate your reconciliation of the prior Power Supply
31 Service (Last Resort) and Transmission Charges?**

1 A. I have attached to my testimony Schedule DGB-4, which covers the reconciliation of
2 the prior ~~eight~~ twelve-month period of January 2023 through December 2023. This
3 Schedule utilizes the actual power purchase costs and associated costs from Attachments
4 7 and 8. The electric sales utilize actual kWh sales from ~~Janauary~~ January 2023 to
5 September 2023 while keeping the estimated October, November and December 2023
6 kWh sales at the same level as the prior year. These actual sales are presented on
7 Attachment 4. The actual kWh electric sales are multiplied by the approved Power
8 Supply Service and Transmission Charges in the last 12-month period (Docket #22-44-
9 EL filed November 3, ~~2023~~ 2022) for January 2023 through December 2023 whether the
10 rates resulted in over or under collections. These over/under collections are then factored
11 into the calculation of proposed rates for this period. This Schedule also uses the
12 over/under collections from the prior reconciliation as the starting balance in this
13 reconciliation.

14
15 **Q. Do you have supporting documentation for the actual costs?**

16 A. Yes. I have attached to my testimony Attachment 9, which lists all the purchase
17 power costs by invoice and totals them by month. Attachment 9 is further supported by
18 Attachments 10 through 15, which provide all the corresponding invoices. The
19 supporting documentation for the interconnection and soft costs used on Attachment 8
20 were already provided with the 12-month filing (Docket #5141, filed March 31, 2021). I
21 did, however, make an adjustment to Attachment 8 in this filing by including the activity
22 for costs from fuel used during the year, which is calculated on Attachment 16. The fuel
23 costs on Attachment 16 reflect this usage.

24
25 **Q. Why are there any fuel expenses for the period and why have they not been
26 recovered by the Fuel Adjustment clause?**

27 A. The fuel-related expenses shown on ~~Schedule~~ Attachment 16 represent fuel-related
28 expenses used since BIUD's last Power Supply Service and Transmission Charges filing
29 (Docket #22-44-EL, filed November 3, 2022). These expenses normally only occurred as
30 the result of the small amount of generation by BIUD to test and exercise its engines.
31 There were also two smaller cable outages, one in the month of January and the other in

1 June. Management had decided not to request for a FAC for either of these outages due to
2 small size of the outages. None of these costs have been recovered with any interim FAC
3 filing. BIUD however does still maintain the FAC for larger outages. ~~Since my schedule~~
4 ~~16 includes all the fuel-related expenses for the period, the Schedule also includes any~~
5 ~~credit for any FAC revenue recovered during the year.~~

6
7 **Q. Mr. Bebyn, how did you account for estimates used in the prior Power Supply**
8 **Service (Last Resort) and Transmission Charges reconciliation?**

9 A. I have attached to my testimony Attachment 5, which covers the difference between
10 actual results and estimates used in the prior twelve-month reconciliation period of
11 January ~~2023~~ 2022 through December 2022. This attachment utilizes the actual power
12 purchase costs and associated costs, further supported by Attachment 6, which provides
13 all the corresponding invoices. The electric sales utilize actual kWh sales for April 2022,
14 which are presented on Attachment 4. This attachment showed that costs estimates were
15 within a 5% variance and sales estimates were within a 1% variance.

16
17 **Q. What are you recommending regarding this overage?**

18 A. I am recommending that the overage be used to reduce the power
19 purchase/transmission costs to reduce the overall increase of this current filing.

20
21 **Q. Mr. Bebyn, what are the projected power purchase costs BIUD is seeking to**
22 **recover for the next 12-month period?**

23 A. Working with BIUD's energy procurement consultant, Energy New England (ENE), I
24 have prepared a summary sheet of the Bulk Power Cost Projections for BIUD which is
25 included in this testimony as Attachment 1. This summary covers 12 months of purchase
26 power for January 1, 2024 through December 30, 2024. The major items are as follows:

- 27 1. Energy purchased for bilateral purchases is \$76.50 per MWH for the 12-month
28 period. This amount is part of the current 30-month contract approved just after
29 last year's filing. The contract showing this rate is included with Attachment-3 in
30 PUC Docket 22-44-EL.
- 31 2. Energy purchased under BIUD's NYPA share is projected to be \$8,081 for the 12-

- 1 month period.
- 2 3. Energy purchased from BIUD from its rooftop solar project is projected to be
3 \$19,185 for the 12-month period. The purchase is based upon the net metering
4 rate as calculated on Schedule DGB-1.
- 5 4. Energy purchased from Gravel Pit Solar II from BIUD participation in
6 Rhode Island's second renewable energy solicitation for a solar project in
7 Connecticut. The project entity is Gravel Pit Solar II, LLC, located in East
8 Windsor, Connecticut. The energy purchases only begin in July 2024 so the cost
9 for the year is projected to be \$6,398 for the 12-month period. The renewable
10 energy credits ("RECs") will not be ~~exercised~~ sold as part of BIUD's 100%
11 renewable initiative discussed in Mr. Wright's and Mr. Kieny's testimony.
- 12 5. Energy purchased under BIUD's Cabot/Turners hydro project purchase is
13 projected to be \$31,674 for the 12-month period. During this filing, the RECs
14 related to the energy Purchased under BIUD's Cabot/Turners hydro project will
15 like the Gravel Pit Solar will not be ~~exercised~~ sold.
- 16 6. Cost of \$161,634 to purchase "New" and "Existing" RECs to meet the 28%
17 Rhode Island Renewable Energy Standard ("RES") as discussed in Mr. Wright's
18 and Mr. Kieny's testimony. The calculation is provided on Attachment 1a as
19 discussed in Mr. Kieny testimony.
- 20 7. Cost of \$52,319 to purchase "Existing" RECs to meet the 100% renewable above
21 the 28% RES as discussed in Mr. Wright's and Mr. Kieny's testimony. The
22 calculation is provided on Attachment 1a as discussed in Mr. Kieny testimony.
- 23 8. Annual donation from Block Island Solar Initiative to reimburse the cost of
24 \$52,319 ~~to~~ for the purchase of the "Existing" RECs to reach 100% renewable
25 above the 28% RES as discussed in Mr Wright's and Mr. Kieny's testimony.
- 26 9. The last category under Energy Costs is the ISO Net Position. This reflects
27 projections by ENE for BIUD's load following contract and BIUD's allotment
28 from NYPA. This is a balancing account to reflect balancing between the
29 allotment and the required bilateral purchase. The ISO Net Position Charges are a
30 cost of \$50,626 for the 12-month period.
- 31 10. ISO Capacity Charges are \$269,473 for the 12-month period. The Capacity

1 Charges forecast prepared by ENE has been updated to reflect the 2023 coincident
2 peak values and rates. Also, ENE has adjusted this number for the NYPA capacity
3 credit.

4 11. Fixed NYPA Costs are \$17,827 for the 12-month period.

5 12. ISO Ancillary Charges are ~~\$101,924~~ \$101,294 for the 12-month period.

6 13. ISO Annual Fee is \$500 for the 12-month period.

7 14. Projected Energy New England administrative fee is \$88,498 for the 12-month
8 period.

9 15. ISO Transmission Charges are \$456,626 for the 12-month period.

10 16. NYPA Transmission Charges are \$56,301 for the 12-month period.

11 17. National Grid's Connection Direct Assignment Facilities (DAF) Charge covers
12 interconnection facilities and associated equipment. This covers the
13 interconnection facilities and equipment located in National Grid's substation and
14 the line connecting to BIUD's substation. This cost is based on a Gross Plant
15 investment with a carrying charge. The charge for the 12-month period is
16 \$338,136. This represents the actual costs Rhode Island Energy has invoiced
17 BIUD. (See Attachment 13.)

18 18. National Grid Cable Surcharge represents the socialized cost to BIUD for the
19 construction of the undersea cable (BIUD's Share Percentage). This cost is based
20 on Gross Plant investment with a carrying charge. The monthly charge is
21 approximately \$2,850 per month. The estimated charge for the 12-month period is
22 \$34,200.

23 19. National Grid's Transformer Surcharge was calculated using a peak of 5,311 kW
24 and a monthly rate of \$0.44/kW. These amounts are the same as BIUD's invoice
25 for the last month included in Attachment 15. The charge for the 12-month period
26 is \$27,804.

27 20. National Grid's Meter Surcharge was calculated at a monthly rate of \$1.33. These
28 amounts are the same as BIUD's invoice for the last month included in
29 Attachment 15. The charge for the 12-month period is \$16.

30 21. National Grid's Rolled in Distribution Surcharge was calculated using BIUD's
31 previous year peak of 5,311 kW and a monthly rate of \$2.77/kW. These amounts

1 are the same as BIUD's invoice for the last month included in Attachment 15. The
2 charge for the 12-month period is \$176,544.

3 22. National Grid's Pooled Transmission Facilities (PTF), Non-PTF and Load
4 Dispatch charges were calculated using the estimated monthly coincident network
5 load. The charge for the 12-month period is \$76,236.

6

7 **Q. Can you provide an explanation of the interconnection charges mentioned on**
8 **Attachment 2?**

9 A. Pursuant to the R.I. General Laws 39-26-1-7(g), BIUD has incurred costs related to
10 its substation which were necessary as part of the interconnection. The interconnection
11 plant costs were amortized over a 6-year period to be consistent with how the Cable and
12 DAF are recovered in National Grid's Transmission Charges.

13

14 **Q. Mr. Bebyn, is the BIUD seeking to recover any interconnection charges in this**
15 **filing?**

16 A. No. Interconnection charges amortization ended with the filing for the Docket #5245.

17

18 **Q. How did you calculate your projected Power Supply Service and Transmission**
19 **Charges?**

20 A. I have attached Schedule DGB-1. This Schedule utilizes the power purchase costs
21 and associated costs from Attachments 1 & 2. There is also an adjustment for the
22 reconciliation of the prior 12-month rates less the amount held for reserve which is
23 calculated on Schedule DGB-4. The true-up of actual results and estimates used in the
24 prior twelve months reconciliation period of January 2021 through December 2022 is
25 presented on Attachment 5. The costs and reconciling balances are then divided by the
26 forecast electric sales kWh shown on Schedule DGB-2. I have used a two-year average
27 and then increased it for a 2% growth for the forecast. The 2% growth was a
28 ~~recomemdati~~ recommendation from ENE based upon their forecast of the projected
29 load forecast. It should be noted that the proposed line loss resulting from the budgeted
30 kWh sales vs projected load on Attachment 1 are shown on Schedule DGB-2. The prior
31 year had an estimated 13.02% of line loss and plant use while the current proposal uses

1 13.12%. Both of these reflect the reduction in line losses from prior to CY 2022 with the
2 completion of the voltage conversion project.

3
4 **Q. Did you prepare any other schedules?**

5 A. Yes, I did. I prepared a monthly cash flow projection based upon the proposed rates.
6 This projection is presented on Schedule DGB-3. This Schedule separately lists the flows
7 for Power Supply Service costs (Last Resort Service) and the Transmission Charges.

8
9 **Q. Did you prepare new Tariffs to reflect these new rates?**

10 A. Yes, I did. I amended the current Power Supply Service and Transmission charges as
11 reflected on the Power Supply Service and Transmission Tariff.

12
13 **Q. Did you make any other changes to BIUD's other tariffs?**

14 A. No.

15
16 **Q. Mr. Bebyn, was there any change to the Fuel Adjustment Clause tariff?**

17 A. No.

18
19 **Q. What are the proposed factors, and what impact will they have on a residential
20 customer using 500 kilowatt-hours of electricity?**

21 A. The proposed rates are presented in the tables below. Based on these assumptions, a
22 residential customer using 500 Kilowatt-hours for a given month would currently pay (1)
23 \$145.85 during November through April, (2) \$172.35 during May, June, September and
24 October, and (3) \$243.60 during July and August. Under the proposed new rates, the
25 customer's bills would increase to (1) \$153.62 during November through April (which is
26 an increase of \$7.77), (2) \$180.12 during May, June, September and October (which is an
27 increase of \$7.77), and (3) \$251.37 during July through August (which is an increase of
28 \$7.77). The ~~decreases~~ increases are calculated by multiplying the total difference in the
29 tables below by 500 Kilowatt-hours.

1 Off-Peak

Factor...Nov-April	Current	Proposed	Difference
Standard Offer	\$0.1036	\$0.1203	\$0.0167
Transmission	0.0784	0.0775	(0.0011)
Fuel Adjustment	0.0000	0.0000	0.0000
TOTAL	\$0.1820	\$0.1977	\$0.0155

2

3 Shoulder

Factor May & Oct	Current	Proposed	Difference
Standard Offer	\$0.1036	\$0.1203	\$0.0167
Transmission	0.0784	0.0775	(0.0011)
Fuel Adjustment	0.0000	0.0000	0.0000
TOTAL	\$0.1820	\$0.1977	\$0.0155

4

5 Peak

Factor July & Aug	Current	Proposed	Difference
Standard Offer	\$0.1036	\$0.1203	\$0.0167
Transmission	0.0784	0.0775	(0.0011)
Fuel Adjustment	0.0000	0.0000	0.0000
TOTAL	\$0.1820	\$0.1977	\$0.0155

6

7 **Q. Mr. Bebyn, when are you asking to have these rates for the next 12-month**
8 **period go into effect?**

9 A. Since the summary covers 12 months of purchase power for January 1, 2024 through
10 December 31, 2024, we would ask for new rates to become effective on January 1, 2024.

11

12 **Q. Does that conclude your testimony?**

13 A. Yes.

14