



## STATE OF RHODE ISLAND

**DIVISION OF PUBLIC UTILITIES & CARRIERS**  
89 Jefferson Boulevard  
Warwick, Rhode Island  
02888 (401) 941-4500  
(401) 941-9248 - Fax

**To: Luly Massaro, Commission Clerk  
Public Utilities Commission**

**From: Al Contente, Utility Analyst  
Division of Public Utilities & Carriers**

**Date: December 8, 2023**

**Re: Docket 23-43-EL Block Island Utility District Annual Recalculation of Last Resort and  
Transmission Charges**

---

On November 10, 2023, Block Island Utility District (“BIUD” or the “Company”) filed its annual recalculation of the Last Resort Service (“LRS”) and the Transmission rates. BIUD requested new rates effective January 1, 2024. The filing included actual information through September 2023 and estimates for October – December 2023. On December 7, 2023, BIUD submitted a supplemental filing to provide actual information for October and some actual information for November that was available at the time of the update. The updated information resulted in a small change to the proposed rate factors. The Division respectfully provides the following comments on BIUD’s filing based on rate information contained in BIUD’s supplemental filing.

### **Proposed Rates**

- The current Last Resort Service rate is \$0.1036/kWh and the proposed rate is \$0.1204/kWh which amounts to an increase of \$0.0168/kWh.
- The current Transmission rate is \$0.0786/kWh and the proposed rate is \$0.0758/kWh which amounts to a decrease of \$0.0028/kWh.
- Combined, the new rates represent an overall increase in rates of \$0.0140/kWh which results in an increase of \$6.99 for a residential customer using 500 kilowatt-hours in a given month.

The filing also includes a projected over recovery at the end of the current reconciliation period

(December 2023) of \$112,171. The over recovery of \$112,171 is the sum of a forecast balance of \$43,575 for Power Supply Service and a balance of \$68,596 for the Transmission Charge account. The Division confirmed that the company will carry over projected ending balances to the upcoming reconciliation period as required per the tariff.

### **Sales Forecast**

As in its last filing, BIUD relied on a two-year average for setting the estimated sales for the upcoming year. The company's long-time consultant, Energy New England ("ENE"), forecasted 2% growth for calendar year 2024 based on its projected load forecast. The Division's review of BIUD's sales for 2022 to 2023 showed the utility experienced level sales. For 2021 to 2022, BIUD experienced a 2% increase in sales. Taking into consideration the increased use of air conditioning on the island and major incentives available for air-sourced heat pumps, the Division finds this forecast to be appropriate.

### **Renewable Energy Compliance**

The Company proposes to voluntarily comply with the Rhode Island Renewable Energy Standard ("RES") as prescribed by RI Gen. Laws §39-26-1 *et seq.* notwithstanding that R.I. Gen. Laws §39-26-2 (17) exempts BIUD from the RES requirements. The BIUD Board of Utility Commissioners voted to implement this initiative after the culmination of a process that included consultation with ENE and ISO Analytics on strategy development and survey of responsive cooperative members. According to testimony provided by BIUD's President, Mr. Jeffrey Wright, the company is planning on purchasing enough Renewable Energy Certificates ("RECs") to meet the 100% RES outlined in statute in calendar year 2024<sup>1</sup>. BIUD's proposal will require BIUD ratepayers to cover the cost to purchase RECs equal to 28% of the company's annual energy requirement.<sup>2</sup> The Block Island Solar Initiative ("BISI") will pay for the balance of the RECs required to meet the remaining 72%.

As a general concept, the Division does not object to voluntary RES compliance by a non-obligated entity. That said, mindful that additional information on this initiative is being provided on a continual basis, the Division will hold its recommendation until such time as it has had the opportunity to fully vet BIUD's data responses and testimony in its entirety.

### **Division Review**

The Division's review of the filing included but was not limited to 1) reviewing calculations for mathematical accuracy; 2) comparing without exception actual costs to the invoices included in the filing; and 3) determining if the proposed voluntary renewable energy compliance was reasonable.

---

<sup>1</sup> Jeffrey Wright Pre-filed testimony p. 3 at 24-25.

<sup>2</sup> According to BIUD's response to PUC 1-8, the effective cost to BIUD would total \$173,464.

## **Conclusion**

The Division recommends approval of BIUD's proposed Last Resort Service rate for effective on January 1, 2024, based on its comprehensive review of BIUD's filing, to include the updated adjustments/testimony submitted on December 7, 2023. The Division will provide its more fully-informed recommendation regarding BIUD's initiative to voluntarily comply with Rhode Island's Renewable Energy Standard once it has had the opportunity to review the information provided by the Company by way of anticipated, outstanding responses to data requests and/or additional vetting at the evidentiary hearing on December 15, 2023.