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January 6, 2005

BY OVERNIGHT MAIL

Luly Massaro  
Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

Re: Block Island Power Company General Rate Filing  
Docket No. 3655

Dear Luly:

Enclosed please find for filing in the above matter an original and nine (9) copies of the Motion to Intervene of the Town of New Shoreham and Request for Determination of Scope of Proceeding. A copy of this filing is being emailed to you and to the Service List.

Thank you for your assistance in this matter.

Very truly yours,

Alan D. Mandl, Bar No. 6590

Enclosures  
cc: Service List

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

BLOCK ISLAND POWER COMPANY GENERAL RATE FILING	) ) ) )	DOCKET NO. 3655
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**MOTION TO INTERVENE OF THE TOWN OF NEW SHOREHAM AND  
REQUEST FOR DETERMINATION OF SCOPE OF PROCEEDING**

Pursuant to Sections 1.13 and 1.16 of the Commission’s Procedural Rules, the Town of New Shoreham (the “Town”) hereby (1) moves to intervene in the above-captioned matter and (2) requests that the Commission determine the scope of issues to be considered and decided in this proceeding. In support of its Motion, the Town states as follows:

1. The Town is consumer of electric service provided by Block Island Power Company (“BIPCo”). The substantial rate increase proposed by BIPCo would directly impact the Town’s costs and, in turn, the Town’s taxpayers, as well as the economic well-being of the Town and its residents. The Town has been accorded intervenor status in past BIPCo rate-related proceedings before the Commission. Intervention in this proceeding has been authorized by the Town Council.

2. The Town recently filed a Complaint before the Division of Public Utilities and Carriers (the “Division”) concerning the acts, practices or services of BIPCo.<sup>1</sup> The Complaint alleges BIPCo’s failure to prepare and implement demand side

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<sup>1</sup> Division Docket No. D-04-46. A copy of the Town’s Complaint is attached hereto.

management and integrated resource plans and requests that Division issues specific directives to BIPCo concerning its inadequate or unreasonable acts, practices or services. BIPCo has moved to dismiss the Town's Complaint, citing among other reasons the pendency of its rate filing as a basis for the Division ruling that there is no probable cause for investigation. The Town has filed its Reply to BIPCo's Motion to Dismiss, explaining why there is no merit to BIPCo's position, and requested that the Division temporarily stay the Complaint proceeding pending the Commission's determination of the scope of issues in this rate matter.

3. BIPCo's rate filing calls for the Commission to address at least several issues raised in the Town's Complaint. For example, BIPCo has requested in its rate filing that the Commission authorize it to collect a surcharge of \$50,000 per year from BIPCo's ratepayers in order to underwrite BIPCo's preparation of demand side management and integrated resource planning studies. The specific nature of these proposed studies has not been disclosed by BIPCo. Nor has it provided a time frame for conducting these studies or work-papers to substantiate its proposed surcharge. Cost of service recognition for such studies, if any, must be preceded by a specific evaluation of the studies to be performed. Similarly, BIPCo has included in its proposed revenue requirements the addition of a \$609,000 diesel engine in May 2005. Whether any rate recognition of this diesel should be allowed may depend upon whether reliance upon another diesel is consistent with a public utility's obligation to, provide reliable service at a reasonable cost. The lack of any long term integrated resource planning by BIPCo calls its diesel plans into question. This diesel engine may well have been avoidable had BIPCo engaged in proper demand side and integrated resource planning and may not be

the least cost reliable alternative for Block Island's ratepayers that would have been produced through the very long range planning that BIPCo has failed to conduct. It has not adequately explained its failure to engage in demand side management and integrated resource planning, given a pattern of growth in peak demand over a period of years. These serious shortcomings, raised in the Town's Complaint, bear upon BIPCo's cost of service in multiple respects, including, but not limited to, rate of return on common equity, management fees, and proposed rate base additions. The Town therefore has a direct and substantial interest in ensuring that the issues raised in its Complaint be taken into account by the Commission in determining, among other things, the rates of BIPCo as well as its proposed surcharge, if any. The Town has a further interest in BIPCo's being directed to conduct the type of demand side management and integrated resource planning that the Town has recommended in its Complaint.

4. The Town therefore requests that the Commission determine as a preliminary matter pursuant to Rule 1.16(a) that it will consider and decide as rate case issues all of the issues raised in the Town's Complaint, or defer to the Division's jurisdiction over those issues and sever from this rate filing all issues that depend upon resolution of the issues raised in the Town's Complaint. The issues to be severed would include, but not necessarily be limited to the surcharge proposal as well as cost of service recognition of the addition of another diesel engine. The range of issues subject to severance can be further addressed by the parties pursuant to Rule 1.16(a).

5. The Town has conducted a very preliminary review of BIPCo's rate filing.

Based upon that preliminary review, the Town submits that the proposed increase in rates is excessive and that multiple adjustments to BIPCo's claimed cost of service and revenue deficiency calculations are needed.

6. If permitted to intervene, the Town intends to conduct discovery, cross-examine witnesses sponsored by other parties, offer exhibits and present direct testimony.

7. Intervention by the Town is in the public interest. BIPCo serves but one community-the Town. The Town therefore has a critical interest in the outcome of this proceeding. The Town's participation as an intervenor will provide the Commission with diverse and local input regarding BIPCo's rate filing. No other party can adequately represent the unique interests of the Town in this proceeding.

8. Copies of all notices, pleadings, correspondence and other filings should be served upon the following:

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Nancy Dodge  
Town Manager  
Town of New Shoreham  
PO Drawer 220  
Block Island, RI 02807

For the reasons above, the Town requests that the Commission grant its Motion to Intervene.

Respectfully submitted,

TOWN OF NEW SHORHAM

By its attorneys,

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Dated: January 6, 2005