

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND POWER COMPANY
 ENVIRONMENTAL REMEDIATION SURCHARGE

DOCKET NO. 1998

ORDER

WHEREAS, On May 31, 2000, the Block Island Power Company ("BIPCO" or "Company") filed with the Public Utilities Commission ("Commission") a Motion for Interim Relief, seeking to extend, from August 1, 2000 through issuance of the Commission's decision in a soon to be filed full rate case, the environmental remediation surcharge first authorized by the Commission in Order No. 13769 (issued November 1, 1991), scheduled to expire on July 31, 2000. The surcharge currently collects \$0.00895 per kilowatt-hour ("kWh") and is designed to generate \$75,000 per year in revenues to cover environmental remediation costs which are not included in the Company's base rates. The Company's filing was supported by the pre-filed direct testimony of Walter E. Edge, Jr., C.P.A., and Michael Wagner; and

WHEREAS, On June 6, 2000, the Division of Public Utilities and Carriers ("Division") responded, opposing the motion but agreeing to an expedited discovery schedule and hearings to avoid the loss of summer billing should the Commission rule that a surcharge should continue; and

WHEREAS, At an open meeting on June 13, 2000, the Commission unanimously agreed to deny to the motion, while expediting the hearings; and

WHEREAS, On August 9, 2000, the Division pre-filed the direct testimony of John Bell, C.P.A., recommending the termination of the surcharge; and

WHEREAS, On August 22, 2000, BIPCO filed rebuttal testimony of Walter Edge; 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.
FOR THE DIVISION:	Elizabeth A. Kelleher-Dwyer Special Assistant Attorney General
FOR THE COMMISSION:	Adrienne G. Southgate General Counsel

WHEREAS, The parties announced they had been able to reach a settlement in the pending matter, which included the following particulars: (a) BIPCO will be allowed to recover on an annual basis \$66,325 through its environmental remediation surcharge; (b) recovery will be spread over 9,100,000 kWh; (c) this yields a surcharge of \$.00729 per kWh; (d) the surcharge will be in effect from August 1, 2000 until April 30, 2001; (e) BIPCO agrees that it will not seek an extension of the surcharge after this period; and (f) BIPCO agrees not to

seek recovery of costs associated with the undersea cable project¹ in its next general rate filing; and

WHEREAS, Cognizant of the seasonal character of Block Island's load profile, the Commission elected to consider the settlement during a bench conference at the conclusion of the hearing on August 23. Noting that environmental remediation was necessary, the Commission found the agreement of the parties to be reasonable and in the best interests of the ratepayers, and unanimously voted to approve a new environmental remediation surcharge of \$0.00729 per kWh, to be effective for consumption on and after August 1, 2000 through April 30, 2001.

Accordingly, it is

(16365) ORDERED:

1. The Block Island Power Company is hereby authorized to collect \$0.00729 per kWh through an environmental remediation surcharge, effective from August 1, 2000 through April 30, 2001, for consumption on and after August 1, 2000.

2. The environmental remediation surcharge revenues are to be set aside in a restricted account, and used only for the purposes outlined in the Company's filing. Any costs incurred above the sums recovered through the surcharge shall be borne by the Company.

¹ See Docket No. 2489.

3. The Company's agreements not to seek any extension of the environmental remediation surcharge after April 30, 2001, and not to seek recovery of the costs associated with the cable project in its general rate filing, are hereby accepted.

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