

**State of Rhode Island and Providence Plantations**

**Public Utilities Commission**

**Minutes of Open Meeting Held May 26, 2005**

**Attendees: Chairman Elia Germani, Commissioner Robert Holbrook, Steve Frias, Cindy Wilson-Frias, Thomas Massaro, Alan Nault and Luly Massaro.**

**Chairman Germani called the open meeting to order at 2:00 P.M. in the first-floor hearing room of the Public Utilities Commission.**

**Minutes of Open Meetings held May 11, 2005: After review, Chairman Germani moved to approve the minutes. The motion was seconded by Commissioner Holbrook and passed. Vote 2-0.**

**Competitive Telecommunications Service Providers:**

**The following company filed an application for authority to operate as a telecommunications service provider in RI. The Division has reviewed the registration and recommends approval of:**

**2262(Y19) – Communications Network Billing, Inc.**

**After review, Chairman Germani moved to approve the registration. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 2-0.**

**The following companies submitted tariff filings. The Division has**

reviewed the tariff filings and does not recommend suspension of:

- 2618 – AT&T Communications of NE, Inc. (tariff filings 5/10 & 5/12/05)
- 2426 – TCG Rhode Island (tariff filing 5/4/05)
- 3196 – Trinsic Communications, Inc. (tariff filing 5/6/05)
- 3597 – ACN Communication Services, Inc. (tariff filing 5/5/05)
- 2486 – MCImetro Access Transmission Service LLC (tariff filing 5/6/05)
- 2535 – Cox RI Telcom LLC (tariff filing 5/6/05)
- 2262(P7) – MCI WorldCom Communications, Inc. (tariff filing 5/6/05)
- 2262(A6) – SBC Long Distance LLC (tariff filings 5/5 & 5/10/05)
- 2262(F16) – Bell Atlantic Communications (tariff filing 5/2/05)
- 2262(P16) – Legacy Long Distance International (tariff filing 5/10/05)

After review, the Commission followed the Division's recommendation that the tariff filings be allowed to go into effect without suspension.

The following company notified that it will cease operations and filed a request to rescind its authority to operate.

3531 – CAT Communications International, Inc.

After review, Chairman Germani moved to rescind the registration.

The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 2-0.

3676 – Verizon Rhode Island: Verizon submitted tariff filing to add language clarifying the liability for damages or injuries as a result of customer provided power supplies for effect May 29, 2005. The

**Division has reviewed the tariff filing and does not recommend suspension. Chairman Germani moved to approve the tariff filing. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 2-0.**

**3655 – Block Island Power Company (BIPCO): The Commission discussed the Stipulation and Settlement executed by and between BIPCO, the Division of Public Utilities and the Town of New Shoreham. The following areas of concern were discussed and deliberated upon:**

**· The Commissioners expressed concern with the treatment of management fees drawn by the owners because they act as employees and not in a consultant capacity. The Commissioners were also concerned with BIPCO's treatment and reporting of the management fees. The Commission does not want to wait until the next rate filing and agreed to modify Section 9 of the Settlement regarding the compensation to the owners of BIPCO. Chairman Germani moved to modify Section 9 of the Settlement to require BIPCO to report, within 90 days from the Order, its justification and legal basis for how BIPCO pays its owners and/or management and also provide written job descriptions for its senior management. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 2-0. The funding level for management fees that is agreed in the Settlement remains the same and subject to the**

**Commission determining if amount in the settlement is appropriate.**

**- Commissioner Holbrook expressed concern with BIPCO's request to fund a monthly retirement pension of \$1,000 for Mr. Wagner, General Manager of BIPCO. He spoke in opposition of BIPCO's proposal to fund Mr. Wagner's pension as a matter of bad business practice and inequity to the ratepayers that have to pay for past service costs on a going forward basis. He opined that this request would constitute retroactive ratemaking in that it would fund past and current retirement costs for an employee on a prospective basis. Commissioner Holbrook noted that it would be inappropriate to vary from the Commission's practice and set precedence by granting this request. Commissioner Holbrook moved to disallow funding of \$1,000 towards Mr. Wagner's pension in rates. Chairman Germani noted that the funding of the pension would cease when Mr. Wagner reaches 65 years and he will qualify to collect social security. The motion was not seconded. Vote 1-0.**

**- The Commissioners also expressed concern with BIPCO providing free electricity to a retired employee. They agreed that free service should not be provided to a retired employee because it does not fit under the exception in R.I.G.L. §39-2-5.**

**- Reporting Requirements and other mandates:**

**1) BIPCO is directed to keep the Commission informed on the status**

**of a suitable replacement for its General Manager, Mr. Wagner.**

**2) In an effort to eliminate duplicative efforts, Commission Staff will meet with the parties in the IRP working group to determine if they could identify and recommend approximately ½ dozen metrics to monitor outages, reliability and customer service.**

**3) The Commission expressed concern with the BIPCO capitalization ratio of 87% debt level and 17% equity. The Commission encouraged BIPCO to develop a financial plan to increase its equity level.**

**4) That BIPCO identify and explain the 1¢ surcharge for IRP/DSM included in the FAC in the monthly bills during the period that is collected from June through September.**

**- Chairman Germani moved to approve the Stipulation and Settlement with the modification to Section 9 of the Settlement. With respect to Section 9, the Company is directed to justify the legal basis of the current plan in management fees within 90 days from issuance of order. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 2-0.**

**3548 – New England Gas Company (NEGas): Discussion of this docket was postponed until next open meeting.**

## **Other Administrative Matters:**

**1) Providence Water Supply Board (PWSB): PWSB filed a Motion for Extension of Time until June 30, 2005 in which to file its abbreviated rate filing and to allow a test year period ending within twelve months of the filing date (filed 5/3/05). There was no objection to the motion filed. After review, Chairman Germani moved to grant the Motion for Extension of Time. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 2-0.**

**2) It is moved that the Commission modify the agenda for the purpose of discussing Docket 1725 to follow-up on a concern raised at the May 24, 2005 Emergency Open Meeting regarding whether notice was provided by New England Gas (NEGas) to the customer prior to terminating service. Chairman Germani moved to amend the agenda. Commissioner Holbrook seconded the motion. Vote 2-0.**

**Ms. Wilson-Frias reported that NEEGas did provide the notice and based on her reviewed of the notice, it followed the requirements of the Commission's Rules Governing the Termination of Residential Utility Service. She noted that the notice could be presented better and that she will meet with NEEGas, Division Staff and Henry Shelton to discuss this further.**

**The open meeting adjourned at 2:45 P.M.**