

**State of Rhode Island and Providence Plantations
Public Utilities Commission**

Minutes of Open Meeting Held October 26, 2005

Attendees: Chairman Elia Germani, Commissioner Robert Holbrook, Commissioner Mary Bray, Steve Frias, Cindy Wilson-Frias, Thomas Massaro, Alan Nault, Douglas Hartley and Luly Massaro

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

Minutes of Open Meeting held on October 20, 2005: Chairman Germani moved to approve the Minutes of Open Meeting held on October 20, 2005. The motion was seconded by Commissioner Bray and unanimously passed. Vote 3-0. .

3617 – Narragansett Electric Co. – Narragansett filed notice that the Customer Credit will end on 10/30/05 and requested to extend the application of the Customer Credit on customer bills for an additional two months through December 31, 2005. The Division filed a memorandum supporting Narragansett's request. After review, Chairman Germani asked for a motion and Commissioner Bray moved to approve the request. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0.

3699 – Kent County Water Authority (KWCA) – KCWA filed proposed rates contained in its Motion to Pass Through a Wholesale Rate Increase which wholesale rate increase is sought by the Providence Water Supply Board (in Docket 3684). The Division recommends that the rates be suspended pending final decision in Docket 3684, which will set the final wholesale rate for KCWA. After review, Chairman Germani moved to suspend the KCWA's proposed rates. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0.

3702 – Cox Rhode Island Telcom LLC (Cox) – Cox filed a request for a waiver from a denial by the Number Pooling Administrator to release additional blocks of numbers for a commercial customer, Carey, Richmond & Viking Insurance. After review, Chairman Germani asked for a motion and Commissioner Bray moved to approve Cox's request. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0.

Prudence Island Utilities Corporation (PIUC): It is moved that the Commission modify the open meeting agenda for the purpose of discussing the financial status of Prudence Island Utilities Corporation. Chairman Germani moved to amend the agenda. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0.

Ms. Wilson-Frias reported that she was notified that PIUC is facing

financial problems in that it is out of funds and it cannot pay its bills. The utility has not complied in filing its annual financial reports. She noted that if PIUC is having financial hardship, it should file for interim rate relief, otherwise, if PIUC is in danger of ceasing operations, the Commission may petition the court to put PIUC in receivership. She recommended requesting financial information from PIUC before making a determination of further proceedings. The Commission instructed her to follow-up with PIUC and requested that PIUC file its annual report, financial statements and balance sheet.

3690 – New England Gas Co. – The Commission reviewed and discussed the record regarding the Company’s proposal to decrease the Distribution Adjustment Charge (DAC) and deliberated as follows:

- Commissioner Holbrook moved to return to the ratepayers through the DAC, the interest earned in the DSM account, resulting in a lower DAC factor of (\$0.0031) per therm. Chairman Germani and Commissioner Bray both concurred and the motion was passed. A DAC factor of (\$.0031) is approved on an interim basis subject to final review and order on the Earning Sharing Mechanism portion of the DAC. Vote 3-0.**

- Chairman Germani moved to allocate unspent DSM program funds of \$614,000 to LIAP. Commissioner Bray seconded the motion. Commissioner Holbrook opposed the motion stating that he felt providing such a subsidy was in violation of the Commission’s rules**

and statutes if the action was not initiated or requested by the Company. He dissented on the motion. Vote 2-1.

A transcript of the Commission's October 26, 2005 open meeting discussion relating to Docket 3690 is available at the office of the Commission Clerk

3696 – New England Gas Co. (NEGas) – The Commission reviewed and discussed the record regarding the Company's proposal to increase the Gas Cost Recovery (GCR) Charges and deliberated as follows:

- Chairman Germani asked for a motion, and Commissioner Holbrook moved to reject the George Wiley Center's Motion for Interim Relief; Commissioner Bray seconded. The motion of the George Wiley Center was rejected. Vote 3-0.**

- Chairman Germani proposed a motion to approve GCR rates based on the October 20, 2005 NYMEX strip and deferring collection of the \$13.2 million under-recovery in the GCR. This proposal would result in an increase of 17.3% in the annual bill of a typical residential heating customer. Commissioner Holbrook supported an increase based on the October 20, 2005 NYMEX strip and collection of the \$13.2 million under-recovery. This would result in an increase of about 20.6% for a typical residential heating customer.**

Commissioner Bray noted her concern over the impact of the GCR

increase on ratepayer bills and supported a lower increase of approximately 15%. However, she reluctantly seconded the Chairman's motion. Commissioner Holbrook opposed the Chairman's motion. The Chairman's motion passed. Vote 2-1.

Corresponding rates (based on the October 20 NYMEX) for Gas Marketer Transportation Charges and the Natural Gas Vehicle Rate were also approved effective November 1, 2005.

· A BTU conversion factor of 1.026 for the period of November 1 – April 30 is approved. Vote 3-0.

· The Commission deferred a decision on the Division's request to consolidate the GCR factors into one or two factors. Vote 3-0.

A transcript of the Commission's October 26, 2005 open meeting discussion relating to Docket 3696 is available at the office of the Commission Clerk.

The open meeting adjourned at 3:20 P.M.