

# BLOCK ISLAND UTILITY DISTRICT



*Block Island crews recently installed a new osprey platform which is taller, bigger and hopefully more attractive than the old nest platform they abandoned last year.*

**BOARD OF COMMISSIONERS MEETING  
JANUARY 16, 2020**



**Block Island Utility District**  
**January 16, 2020**  
**3:00 PM**  
**Town Hall, Old Town Road, Block Island**

1. Commissioner's Report
  - a. Election of Officers
  - b. Resolution – Appreciation of Service for Jack Savoie
2. Review and Act on 2020 Calendar (Regular and Annual Meetings)
3. Public Input
4. Approve Minutes of December 3, 2019 Regular Meeting
5. Receive and Act on Treasurer's Report
  - a. Review and Act on NRUCFC Credit Card Program Resolution
6. Receive and Act on President's Report
7. Review and Act on NRUCFC Resolution and Certificate of Incumbency for Long Term Debt – Spare Transformer and Employee Housing
8. Review and Act on the BIUD Efficiency Program
9. Receive and Act on Net Metering Tariff and Statute Amendment
10. Review and Act on Hull Suburban Lease
11. Review and Act on Long Term Solar PPA\*
12. Discuss and Act on Litigation\*\*

\*This item may be held in Closed Session pursuant to RIGL 42-46-5 (a) (7) which is "A matter related to the question of the investment of public funds, which includes any investment plan or matter related thereto, where the premature disclosure would adversely affect the public interest."

\*\*This item may be held in Closed Session pursuant to RIGL 42-46-5(2) (Litigation: Sara McGinnes v. Town of New Shoreham & Howell Conant v. Block Island Power Company)

Individuals requesting services for the deaf and hard of hearing must call (401) 466-5851 forty-eight hours in advance of the meeting date. TTY: 711 Posted: January 9, 2020



**AGENDA ITEM 1**  
**COMMISSIONER'S REPORT**

(Election of Officers)

(Resolution – Appreciation of Service for Jack Savoie)

**AGENDA ITEM 2**

**Review and Act on Annual Utility District Meeting Schedule**

**AGENDA ITEM 3**

**PUBLIC INPUT**

**(PAGE PROVIDED FOR NOTE TAKING PURPOSES)**



**BLOCK ISLAND UTILITY DISTRICT  
PROPOSED MEETING CALANDAR**

**2020**

October						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

July						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

January						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

August						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

May						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

December						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

June						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

March						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

REGULAR MONTHLY MEETING

ANNUAL MEMBERSHIP MEETING



**AGENDA ITEM 4**  
**APPROVE BOD MEETING MINUTES**

**December 3, 2019 Regular Meeting**



# DRAFT

Block Island Utility District  
December 3, 2019  
**Town Hall, Old Town Road 11:30 AM**

## Minutes

Present: Barbara MacMullan, Everett Shorey, William Penn, Mary Jane Balser, Elliot Taubman  
Also, Present: Jeff Wright, Nathan Cleveland (RI-OER), a representative from the Block Island Times, and several members of the public

Barbara MacMullan called the meeting to order at 11:45 AM.

### 1. Commissioner's Report

- Board Chair MacMullan requested that the election of officers be postponed until everyone was present at the next meeting. There was no objection.
- Board Chair MacMullan reported that Christine Grele had resigned for personal reasons and that we would be seeking a replacement soon.

### 2. Public Input

- There was no public comment.

### 3. Approve Minutes of October 23, 2019 Regular Meeting

**William Penn moved to accept the October 23, 2019 minutes, seconded by Mary Jane Balser. There was no discussion. The motion was approved unanimously.**

### 4. Receive and Act on Treasurers Report

- Treasurer William Penn presented the Treasurer's Report, noting that had reviewed the disbursement report, payroll summary and credit card statements for the month of October and all was in order.
- He also reviewed the October month end financials noting that the Utility Districts equity ration had improved to nearly 14%.

**Elliot Taubman moved to accept the Treasurers Report, seconded by Mary Jane Balser. The motion was approved unanimously.**

### 4a. Review and Act on Audit Proposals

- William Penn reported that they had received only one proposal from Marcum Accountants and Advisors. Penn reported that the firm had met all of the qualifications and schedules but that the price was higher than expected. A lengthy discussion was had.

**Board Chair MacMullan moved to accept the proposal subject to two conditions; that the contract award period be limited to one year and that the proposal cost was a "price not to exceed". William Penn seconded the motion and the motion passed unanimously.**

### 5. Receive and Act on Presidents Report

- Jeff Wright presented the President's Report (on file) and discussion was had.



# DRAFT

**William Penn moved to accept the President's Report. Elliot Taubman seconded the motion and the motion passed unanimously.**

## **6. Receive an Energy Efficiency Program Presentation by RI-OER**

- Rhode Island Office of Energy's Nathan Cleveland (Programming Services Officer, Energy Efficiency) presented a draft Block Island Saves Efficiency Plan for consideration and solicited comments and feedback. A lengthy discussion was had and many comments were made from the attending Utility District membership, particularly about programmable thermostats, heat pump and AC technology and lighting. Member Chris Warfel informed the RI-OER that head sent comments via e-mail to them.

No action was taken. Nathan Cleveland left the meeting following his presentation.

## **7. Receive an Update on the Rate Case Filing**

- Jeff Wright provided a quick overview of the schedule.

## **8. Receive an Act on Net Metering Proposal**

- Jeff Wright provided a draft net metering tariff proposal (on file). A lengthy discussion was had and many comments were provided by the attending membership.
- Jeff Wright committed to researching the billing and metering requirements to minimize the second meter can installation by locating it in series instead of direct connected to the utility grid. This will involve some research by the billing software company NISC.
- Member Chris Warfel requested that the Board take no cation so that he could have time to digest that proposal.

No action was taken.

**Mary Jane Balser left the meeting at 2:25 PM.**

## **9. Receive an Act on the 2020 Operating and Capital Budgets**

- Jeff Wright provided a proposed 2020 Revenue, Operating and Capital Budget in both summary format and provided the full detail by cost code as was presented in the recent rate filing.
- Jeff Wright further explained two additional Capital budget line items that were not included in the rate case; the spare transformer and employee housing. He explained that if they were approved with the 2020 capital budget that he would present a CFC loan agreement for approval in the next regular meeting which would then be followed by a debt filing.
- Board Chair MacMullan explained that she considered power supply procurement part of the 2020 operating budget and informed the Board that Jeff would be soliciting bids for and executing a power supply contract for 3-5 years in length as long as it was within a reasonable range of the amount budgeted for 2020.
- William Penn offered his suggestion that the BOD approve the summary budget to hold Jeff accountable to.

**Board Treasurer William Penn moved to approve the proposed 2020 Operating and Capital Budgets. Barbara MacMullan seconded the motion and the motion passed unanimously.**



# DRAFT

**10. Receive an Act on EEI Master Agreement for BP Power Purchase Agreement**

- Jeff Wright informed the Board that he would be executing the agreement (on file) in preparation for the upcoming power supply solicitation. There was no objection to Jeff Wright executing the agreement under his authority as President.

**11. Discuss and Act on Draft Conflict of Interest Policy**

- This item was deferred until the next regular meeting.

**12. Discuss and Act on the 2020 Calendar for BIUD Regular and Annual Meetings**

- This item was deferred until the next regular meeting when everyone was present.

**13. Discuss and Act on Litigation.**

- This item was deferred until the next regular meeting.

**William Penn moved to adjourn the meeting at 3:50 PM. Barbara MacMullan seconded the motion and it passed unanimously.**



**AGENDA ITEM 5**  
**TREASURER'S REPORT**

**Financial Update**  
**NRUCFC Credit Card Program Proposal**



**Block Island Utility District**  
**Balance Sheet**  
**November 30, 2019**

**ASSETS**

	November 30, 2019	Beginning March 26, 2019
<b><u>Property and Equipment</u></b>		
Land	\$ 840,271.79	\$ 822,024.06
Buildings	464,663.03	464,663.03
Machinery & Equipment	1,973,972.46	1,965,679.19
Distribution System	2,027,645.93	2,001,189.04
Office System, Furniture & Fixture	273,068.10	273,068.10
Transportation Equipment	19,945.60	12,289.57
Construction Work in Progress-Distribution	640,256.48	0.00
Total Property and Equipment	6,239,823.39	5,538,912.99
Total Accumulated Depreciation	<176,638.00>	0.00
<i>Net Utilities Plant</i>	6,063,185.39	5,538,912.99
<b><u>Current Assets</u></b>		
Cash - Main Checking	1,019,364.28	134,116.73
Cash - Sweep Acct	(0.00)	0.00
Accounts Receivable Elect	313,592.07	133,131.99
Allowance For Bad Debt	(19,587.93)	(19,587.93)
Accounts Receivable-Other	6,246.39	4,874.69
AR-Cash due from BIPCo	6,422.12	13,035.01
AR-Blackrock Acct due from BIPCo	97,961.90	105,435.21
Unbilled Revenue	0.00	172,271.82
Plant Material & Operation	202,071.39	155,645.53
Fuel Inventory	55,827.45	48,832.04
Prepaid Expenses	87,753.99	10,795.49
Total Current Assets	1,769,651.66	758,550.58
<b><u>Deferred Assets</u></b>		
Def. Regulatory Asset-retiremt	197,585.35	206,297.35
Def. Regulatory Asset-Eng.Res	0.00	0.00
Def. Regulatory Asset-RateCase	0.00	0.00
Def.Regulatory Asset-Interconnection	156,181.76	186,940.76
Total Deferred Assets	353,767.11	393,238.11
Total Assets	\$ 8,186,604.16	\$ 6,690,701.68



**Block Island Utility District**  
**Balance Sheet**  
**November 30, 2019**

**LIABILITIES AND CAPITAL**

	November 30, 2019	Beginning March 26, 2019
<b><i>Current Liabilities</i></b>		
Accounts Payable Trade	\$ 359,667.51	\$ 2,000.00
AP-NISC Admin Software	0.00	18,012.00
A/P - Customer Deposits	70,271.32	65,891.67
Accrued Purchase Power Expenses	383,857.51	156,548.64
Accrued Other Expenses	31,840.05	31,840.05
DSI Surcharge Payable	11,744.80	(56,429.18)
Accrued Payroll and Withholdings	0.00	0.00
Total Current Liabilities	857,381.19	217,863.18
<b><i>Deferred Credits</i></b>		
Deferred Revenue	41,188.99	80,954.99
SCR & Engine Maint Reserve	380,714.63	380,714.63
Total Deferred Credits	421,903.62	461,669.62
<b><i>Long-Term Liabilities</i></b>		
Line of Credit	0.00	90,943.22
Retirement Obligations	197,585.35	206,297.35
CFC Acquisition LOAN	5,800,000.00	5,800,000.00
Total Long-Term Liabilities	5,997,585.35	6,097,240.57
Total Liabilities	7,276,870.16	6,776,773.37
<b><i>Capital</i></b>		
Retained Earnings	<24,050.53>	<24,050.53>
Net Income	933,784.53	(62,021.16)
Total Capital	909,734.00	<86,071.69>
Total Liabilities & Capital	\$ 8,186,604.16	\$ 6,690,701.68



Block Island Utility District  
Income Statement  
For the Eleven Months Ending November 30, 2019

Please note this is the  
First year of Operation  
beginning 3/26/19

	Current Month Actual	Year to Date Actual
<b>Revenues</b>		
<u>Revenue from Rates</u>		
Residential Sales	\$ 21,482.73	\$ 527,806.77
Commercial Sales	10,727.71	169,682.35
Demand Electric	38,084.60	1,069,609.72
Public Authority	7,049.38	122,841.24
Street Lighting	584.00	4,790.14
Customer Charge	26,449.87	216,044.20
Demand - All Rates	12,982.75	370,563.38
System Charge	-	77,414.14
<u>Other Revenue from Operations</u>	-	-
Biller Penalty (Interest on Delinquent Accts)	2,024.64	14,934.34
Rent - Tower	15,891.71	129,857.98
Rent - Property	7,297.54	72,023.11
Misc. Income (Misc., Interest & Connections)	-	3,739.59
<b>Total Revenues</b>	<b>142,574.93</b>	<b>2,779,306.96</b>
<b>Expenses</b>		
Total Generation-Operating Expense	7,915.88	126,756.72
Total Generation-Maintenance Expense	5,695.10	51,685.95
Total Distribution-Operating Expense	9,302.33	125,147.84
Total Distribution-Maintenance Expense	5,490.41	119,136.40
Total Customer Accounts/Customer Service	5,856.33	48,690.81
Total Administrative/General Expenses	86,251.17	1,000,424.65
Total Depreciation Expenses	21,647.00	176,638.00
Total Interest Exp on Line & Long- term debt	-	151,205.08
Total Miscellaneous Expense	960.51	4,375.92
Total Taxes	6,025.08	41,461.06
<b>Total Expenses</b>	<b>149,143.81</b>	<b>1,845,522.43</b>
<b>Net Profit Before Fuel Rev./Exp.</b>	<b>(6,568.88)</b>	<b>933,784.53</b>
<u>Fuel Expenses/(Revenue)</u>		
Fuel/Standard Offer/Transmission income	(124,520.35)	(1,775,487.36)
Purchase Power Expenses	161,495.31	1,857,633.68
Net SO/TC due to ratepayers	(36,974.96)	(82,146.32)
<u>Net Fuel Expense/(Revenue)</u>	<u>-</u>	<u>0.00</u>
<b>Net Income</b>	<b>\$ (6,568.88)</b>	<b>\$ 933,784.53</b>
<u>Reserves Expenditures</u>		
Remove Depreciation Adj (A)	(21,647.00)	(176,638.00)
Debt Service Principal (includes CAT)	-	0.00
Inventory Purchased	-	46,425.86
Capital Exp - Work In Progress	251,607.78	640,256.48
Capital Exp - Distrib Work	-	-
Capital Exp - Other Assets	(0.00)	60,653.92
<b>Total Reserve for Exp.</b>	<b>229,960.78</b>	<b>570,698.26</b>
<b>Net Income Cash Budgetary Basis</b>	<b>\$ (236,529.66)</b>	<b>\$ 363,086.27</b>



Block Island Utility District  
Supplemental Information Statement  
For the Eleven Months Ending November 30, 2019

Please note this is the  
Fist year of Operation  
begining 3/26/19

	Nov 2019	Nov 2018	Mar 26, 2019 thru Nov 2019	Mar 26, 2018 thru Nov 2018
<b>Rate Revenues</b>				
Residential Sales	\$ 21,482.73	\$ 23,604.00	\$ 527,806.77	\$ 578,169.03
Commercial Sales	10,727.71	11,141.00	169,682.35	224,422.04
Demand Electric	38,084.60	35,409.00	1,069,609.72	1,010,531.02
Public Authority	7,049.38	6,917.00	122,841.24	119,835.53
Street Lighting	584.00	583.00	4,790.14	4,782.00
Customer Charge	26,449.87	25,887.00	216,044.20	210,591.31
Demand - All Rates	12,982.75	12,144.00	370,563.38	355,076.24
System Charge	-	-	77,414.14	82,866.83
<b>Total Revenues</b>	<b>117,361.04</b>	<b>115,685.00</b>	<b>2,558,751.94</b>	<b>2,586,274.00</b>
			-1.06%	
<b>Rate Revenues -KWH Useage</b>				
Residential Sales	236,074	259,388	2,830,532	3,113,139
Commercial Sales	89,027	92,459	871,435	1,102,565
Demand Electric	349,400	324,856	5,749,893	5,431,462
Public Authority	70,238	69,359	764,723	748,562
<b>Total Revenues</b>	<b>744,739</b>	<b>746,062</b>	<b>10,216,583</b>	<b>10,395,728</b>
			-1.72%	
<b>Rate Revenues -Customer Counts</b>				
Residential Sales	1,267	1,289	10,330	10,628
Commercial Sales	288	300	2,426	2,569
Demand Electric	362	311	2,846	2,279
Public Authority	33	30	267	254
<b>Total Revenues</b>	<b>1,950</b>	<b>1,930</b>	<b>15,869</b>	<b>15,730</b>

	Nov 2019	Nov 2018	Mar 26, 2019 thru Nov 2019	Mar 26, 2018 thru Nov 2018
<b>Payroll</b>				
<b>Capital Exp - Work In Progress</b>				
Capitalized Labor	\$ 21,892.00	\$ 7,773.91	\$ 105,905.61	\$ 114,071.33
<b>Generation-Maintenance Expense</b>				
Inside Maintenance	-	-	7,103.05	3,229.28
Maint of Station Equipment	5,207.04	11,912.96	81,624.91	86,691.74
<b>Distribution-Operating Expense</b>				
Overhead lines	3,514.10	3,305.39	31,560.23	75,680.24
<b>Distribution-Maintenance Expense</b>				
Overhead Lines	4,731.66	15,024.66	59,569.90	77,817.40
tree trimming		2,554.00		969.26
<b>Customer Accounts/Customer Service</b>				
Records & Collections	4,487.00	5,184.00	40,096.44	40,613.80
<b>Administrative/General Expenses</b>				
Vacation Pay	2,996.96	2,920.64	18,182.64	11,092.92
Holidays worked	2,089.44	4,014.72	10,130.02	9,879.60
Holidays not worked	-	-	-	-
Sick Leave	6,108.80	1,124.80	30,176.33	4,869.00
Personal time	-	-	2,397.12	2,044.28
CEO Salary	15,153.25	14,783.55	107,181.48	93,014.16
<b>Total</b>	<b>\$ 66,180.25</b>	<b>\$ 68,598.63</b>	<b>\$ 493,927.73</b>	<b>\$ 519,973.01</b>



**CERTIFIED COPY OF MINUTES AUTHORIZING**  
**National Rural Utilities Cooperative Finance Corporation**  
**One Card Program Reimbursement Agreement**

I, **Clyde Everett Shorey III**, do hereby certify that: I am the Secretary of BLOCK ISLAND UTILITY DISTRICT (the "District") and further certify as follows:

The following is a true and correct copy of excerpts from the minutes of a meeting of the Board of Commissioners of the District held on **January 16 , 2020**, as they appear in the Minutes Book of the District; the meeting was duly and properly called, with a quorum present and acting throughout; said resolutions were duly adopted thereat; and said resolutions have not been modified or rescinded:

"RESOLVED, that the District establish or continue its participation in a corporate credit card program under the terms, conditions and provisions of the One Card Program Reimbursement Agreement (the "Agreement"), and to reimburse CFC, together with interest, for any amounts that CFC is required to pay U.S. BANK on behalf of the District pursuant to the terms of the Agreement; and,

RESOLVED, that the **President** of the District be and is hereby authorized to execute the Agreement on behalf of the District, to execute any future amendments to said Agreement as such individual may deem appropriate, and to execute such further documents as may be necessary or appropriate in order to comply with CFC's or U.S. Bank's requirements; and,

RESOLVED, that it is the intent of the Board that upon execution and delivery of the Agreement to CFC, and when executed by CFC, the Agreement shall constitute a valid and binding agreement between CFC and the District, enforceable in accordance with its terms; and

RESOLVED, that the appropriate officers are authorized to take all other actions they deem advisable to carry out the purpose of these resolutions."

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the District, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(Corporate Seal)

\_\_\_\_\_  
Secretary



## One Card Program Reimbursement Agreement

This One Card Program Reimbursement Agreement (the "Agreement") is entered into by and between National Rural Utilities Cooperative Finance Corporation ("CFC") and the undersigned (the "Member").

**WHEREAS**, CFC and U.S. Bank, have entered into that certain Master Agreement Commercial Card & Account Program, effective as of September 1, 2016, for the purpose of offering to the Member and others a commercial credit card program (the "Program") (such agreement and any and all amendments, addenda, schedules and the like thereto, as amended from time to time (the "Commercial One Card Agreement"));

**WHEREAS**, the Commercial One Card Agreement, among other things, requires CFC to facilitate the Member's compliance with certain of its terms and conditions, as are therein and hereinafter set forth;

**WHEREAS**, the Member and CFC also wish to establish the understandings and agreements between them relating to the Program as hereinafter set forth;

**NOW THEREFORE**, in consideration of the mutual promises herein exchanged and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **EFFECTIVE DATE.** This Agreement shall be effective on the date executed by CFC (the "Effective Date").
2. **DEFINITIONS.** In this Agreement:

**"Account"** means any account established by U.S. Bank pursuant to the Commercial One Card Agreement in the name of a Participant, to which Debt may be charged, regardless of whether or not a Card is issued. The term 'Account' also includes accounts established using, or in order to use, U.S. Bank's Access® Online electronic access and management system.

**"Affiliate"** means any corporation, company, limited liability company, general partnership, limited partnership, limited liability partnership, unincorporated association, subsidiary, trust or joint venture that directly or indirectly, through one or more intermediaries, is controlled by the Member and any department, branch, office or similar part or section of the Member.

**"Card(s)"** means any U.S. Bank charge card issued to or used by Participants under the Program including, without limitation, U.S. Bank's One Card product, regardless of whether an individual's name appears on the Card.

**"Debt"** shall be defined as any activity that has a debit value on an Account, whether or not by way of a Card (including, without limitation, debits incurred by way of U.S. Bank's Payment Plus product, U.S. Bank's Access® Online system, any cash advance fees, late payment charges, delinquency charges and other charges or fees).



**"One Card(s)"** means a One Card commercial card issued by U.S. Bank.

**"Participant"** means the Member, its Affiliates and any individual participating in the Program or having access to or privileges respecting Cards, Accounts or Program materials, including but not limited to Program Administrators and representatives, accounting and finance personnel, system administrators and general management personnel.

**"Participant Agreement"** means the Agreement(s), if any, between U.S. Bank and Participants, which establishes the terms and conditions of an Account, a Card and the Program, as they may be amended from time to time.

**"Payment Plus"** means U.S. Bank's Web-based electronic payment management system.

**"Program Administrator"** means the employee designated by Member to serve as the primary point of contact between Member, CFC and U.S. Bank and shall be trained and have thorough knowledge of Commercial Card Programs offered by U.S. Bank to Member.

**"Reimbursement Amount"** means all amounts owed to CFC pursuant to this Agreement and all amounts debited to or against an Account, including, without limitation, all amounts related to Debt that are owed to U.S. Bank by Member, Affiliates and Participants.

**"U.S. Bank"** means U.S. Bank National Association USA.

**"U.S. Bank's Access® Online"** means the U.S. Bank electronic access system which permits CFC and authorized Participants to establish and access Accounts and Cards.

3. **U.S. BANK COMMERCIAL CARD PROGRAM.** Member has requested that U.S. Bank establish, and U.S. Bank has agreed to establish, Accounts for the benefit of the Participants. Accounts, and One Cards when issued, may be used by Participants as set forth in the Participant Agreement.
4. **ACCOUNT AND CARD ISSUANCE, RENEWAL AND CANCELLATION.** Any Accounts established by U.S. Bank shall be established subject to the following conditions, in addition to any terms and conditions between U.S. Bank and Participants:
  - a) Member shall authorize Accounts only for Participants who have a business or commercial purpose for an Account.
  - b) Each Participant will, if and as required by U.S. Bank, agree to such terms and conditions as may be required by U.S. Bank from time to time.
  - c) Each Card shall be valid for the term indicated thereon unless the Account is sooner canceled by U.S. Bank or at the request of CFC or a Participant. Unless and until an Account is canceled, U.S. Bank will, in its discretion, continue to issue renewal or replacement Cards for the duration of the Program. Accounts may be canceled by U.S. Bank or at the request of CFC at any time.



- d) The Member agrees to determine, subject to CFC and U.S. Bank approval, and to adhere to, an aggregate credit limit for all Accounts. If U.S. Bank reduces the overall credit limit for the Program, Member agrees that CFC may reduce the aggregate credit limit for Accounts. Member agrees to adhere to such reduced credit limit.
- e) Any request for modification of its aggregate credit limit or the allocation thereof among its Participants, or to modify or terminate its participation in the Program, or that of any Participant, will come from the Member in writing to CFC.

**5. LIABILITY FOR CHARGES; BILLING PROCEDURE; SETOFF RIGHTS.** Member must make payment to U.S. Bank using Autopay (ACH Debit), another electronic payment method approved by U.S. Bank or such other method as CFC may approve from time to time. U.S. Bank will send directly to Member or Participants a periodic billing statement ("Statement") which will itemize all transactions for the billing period. The amounts shown on the Statement as the amount due ("Amount Due") shall be due and payable in U.S. Dollars within the time specified by U.S. Bank according to the Statement. Each month U.S. Bank shall provide the Member or the Participants (if so requested) with information reflecting the Debt of each Participant and on each Account during the current billing cycle. Debt shall be billed and paid as follows:

- a) U.S. Bank shall directly bill the Member for (with copies of bills to the Participants, if so requested), and the Member shall timely pay, all Debt.
- b) If U.S. Bank does not receive payment for Debt from the Member within the time period specified by U.S. Bank, then CFC may elect to pay all or any portion of the Debt.
- c) Member shall, immediately upon demand, reimburse CFC for any and all amounts CFC has paid U.S. Bank or incurred as a result of the Member's failure to pay (including without limitation, unpaid Debt, interest, fees and expenses), plus interest at the CFC line of credit rate in effect at the time of CFC's payment. If the Member fails to reimburse CFC for such amounts, then CFC may, in its sole discretion, advance such amounts from Member's existing credit facilities, if any, instruct U.S. Bank to cancel any or all of the Accounts established on behalf of the Member or its Participants and, additionally, may exercise rights of setoff or recoupment and apply any and all amounts then held by CFC or owed to the Member or for the credit or account of the Member, in an amount not to exceed the aggregate of all amounts which CFC has paid to U.S. Bank, or incurred in connection therewith, plus interest as provided above. The foregoing setoff rights include, without limitation, the right to withhold patronage capital distributions, the right to liquidate capital term certificates and the right to liquidate membership fees. The Member hereby waives all rights of setoff, deduction, recoupment or counterclaim. The Member hereby agrees that CFC shall not incur any liability to the Member as a result of the exercise of the rights, remedies and obligations hereunder, except in cases of gross negligence or willful misconduct.

**6. REGULATORY APPROVALS.** The Member represents and warrants to CFC that the Member has all required authority to execute and to perform this Agreement and makes such further representations and warranties concerning regulatory approval as are set forth in Schedule 1 hereto.



**7. PROGRAM ADMINISTRATOR; LIABILITY FOR TERMINATED EMPLOYEES.** The Member, upon signing this Agreement, and each Affiliate, if any, shall designate in writing signed by the person executing this Agreement on Member's behalf, one (1) employee of the Member, and one (1) individual for each participating Affiliate, to serve as the Program Administrator. The designated Program Administrator for each Affiliate may be the same as the designated Program Administrator for the Member or for another Affiliate. Each Program Administrator shall undertake the following duties with respect to the Program on behalf of the Member or an Affiliate, as well as any other reasonable Program-related duties requested by U.S. Bank or CFC:

- a) The Program Administrator shall be familiar with all aspects of the Program including but not limited to, billing procedures, number and status of Cards and Accounts, number and status of Participants, notice requirements, and status of delinquent Debt.
- b) The Program Administrator shall serve as a single point of contact for billing and Account communications, including, by way of example and not limitation, accepting and responding to delinquency notices and other communications relating to the Program between the Member and its Affiliates, on one hand, and CFC or U.S. Bank on the other.
- c) If U.S. Bank elects to pursue collection efforts, the Program Administrator shall assist U.S. Bank in its collection efforts, but pursuit by U.S. Bank of collection efforts shall not relieve the Member of its liability for payment of Debt.
- d) The Program Administrator shall timely advise U.S. Bank and CFC of any Participant's termination of employment, as such termination is processed in accordance with the employer's usual termination procedures. The Program Administrator shall take all reasonable actions necessary to collect Cards issued to, and to coordinate the closure of Accounts opened on behalf of, Participants whose employment has been terminated or who's Accounts will be canceled. If requested by U.S. Bank, Cards shall be returned to U.S. Bank cut in half, or shall be otherwise processed by the Program Administrator as reasonably requested by U.S. Bank. Failure to give prompt notice to U.S. Bank of any Participant's termination date shall result in the Member's continuing liability to pay all Debt posted to such Participant's Account between the date of termination of employment and the date such notice is received by U.S. Bank. All such Debt shall be paid within thirty (30) days of the Member's receipt of billing therefor.

**8. TERM AND RENEWAL; TERMINATION FOR DEFAULT.** This Agreement shall remain in full force and effect until the Participant Agreement is terminated or this Agreement is terminated by either the Member or CFC, whichever is later. Any termination of this Agreement by Member shall be effective only upon written notice to CFC or U.S. Bank. No Debits shall be permitted following notice of termination and all Cards and Accounts shall be deemed canceled effective upon receipt of full payment of the Debt. In addition, CFC may, at its option, terminate this Agreement by written notice to the Member upon or at any time after the occurrence of any of the following:



- a) failure of the Member or its Affiliates to perform any obligation contained herein or in any Program agreement between U.S. Bank and the Member or its Affiliates, including without limitation the Participant Agreement;
- b) upon the dissolution, consolidation or merger of the Member or Affiliate, or the sale or other transfer of any substantial part of the assets of either; or
- c) the occurrence of any adverse change in the financial condition of the Member or Affiliate which CFC reasonably deems to be material.

The reimbursement and other obligations of Member hereunder shall survive the expiration or termination of this Agreement.

9. **REMEDIES.** In the event that either party breaches or violates any of the obligations contained in this Agreement, the other party shall be entitled to exercise any right or remedy available to it either at law or in equity, including without limitation immediate termination of this Agreement, damages and injunctive relief. The exercise of any right or remedy shall not preclude the concurrent or subsequent exercise of any other right or remedy, and all rights and remedies shall be cumulative.

10. **COMPLIANCE WITH AND CHANGES TO THE PARTICIPANT AGREEMENT.** Member agrees a) that CFC may, from time to time, provide US Bank with information including, for example, Member's and Affiliate's tax identification number, articles of incorporation and other information requested by US Bank in connection with participation in the Program; b) that the Member and its Affiliates will comply with all applicable provisions of the Participant Agreement; and c) that the Member will hold harmless, indemnify and (upon CFC's request and with counsel satisfactory to CFC) defend CFC from and against any and all liability, loss, claim, damages, cost and expense arising out of or in connection with CFC furnishing information to US Bank as provided herein and any failure of Participants to comply with those provisions of the Participant Agreement that are applicable to Participants. CFC may change the terms of this Agreement at any time by giving Member written notice. U.S. Bank may change the terms of the Participant Agreement in accordance with its provisions.

#### 11. MISCELLANEOUS.

- a) Complete Agreement; Amendments. This Agreement, together with the Addenda, Schedules and Exhibits to this Agreement, applies to all Cards and Accounts, whether existing and in use as of the Effective Date or issued thereafter, and constitutes the complete understanding between the parties with respect to the subject matter hereof and all prior oral or written communications and agreements with respect thereto are amended and restated. No failure on the part of CFC to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No alteration, amendment or modification of any of the terms and provisions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by both of the parties.
- b) Survival. Those provisions that are, by their sense and context, intended to survive the expiration, termination or cancellation of this Agreement will survive, including without limitation, the indemnity and payment provisions. Liabilities of the Member to



CFC which arise prior to the expiration, termination or cancelation of this Agreement shall survive the expiration, termination or cancelation of this Agreement, notwithstanding any other provision herein to the contrary.

- c) Corporate Authority. The execution, delivery and performance of this Agreement by the Member have been duly authorized by all necessary corporate action on the part of the Member. The Member shall furnish to CFC a resolution of its board of directors or other such evidence of corporate action and authority as CFC or U.S. Bank may reasonably request.
- d) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that this Agreement may not be assigned by the Member without the prior written approval of CFC.
- e) Severability. Should any provision of this Agreement be declared invalid for any reason, such decision shall not affect the validity of any other provisions, which shall remain in force and effect as if this Agreement had been executed with the invalid provision(s) eliminated. If required to fulfill the essential purpose of this Agreement, the parties shall use their best efforts to agree upon a valid substitute provision in accordance with the purpose of this Agreement and the intent of the parties.
- f) Notices. All notices hereunder shall be in writing and shall be deemed duly given when personally delivered or mailed, first class postage prepaid to the appropriate party at the address set forth below or at such other address as the parties may indicate from time to time in writing.

CFC:  
National Rural Utilities Cooperative Finance Corporation  
20701 Cooperative Way  
Dulles, Virginia 20166  
Attn: General Counsel

Member:

The address set forth in Schedule 1 hereto.

- 12. AMENDMENT AND RESTATEMENT OF ORIGINAL REIMBURSEMENT AGREEMENT.** In the event that Member and CFC are currently parties to an existing agreement pertaining to a US Bank commercial card program, Member agrees that such existing agreement is hereby amended and restated by this Agreement and that any outstanding principal, interest and other amounts outstanding thereunder shall be subject to this Agreement and shall become payment obligations hereunder as of the Effective Date. This Agreement amends and restates in its entirety any such existing commercial card program agreement between Member and CFC and all of the terms, conditions and provisions between us governing any outstanding Reimbursement Amount under the Program. The amendment and restatement of such existing commercial card program agreement by this Agreement shall not constitute a novation or termination of the obligations and covenants of the Member under that agreement, but shall constitute an amendment and restatement of the obligations and covenants of the Member under that agreement. Any CFC line of credit associated with such existing agreement shall, to the same extent, now be associated with this Agreement.



13. **AGGREGATE CREDIT LIMIT.** Subject to reduction pursuant to Section 4(d), the Member's aggregate credit limit for all Cards and Accounts shall be as set forth in Schedule 1 hereto.

14. **GOVERNING LAW AND CONSTRUCTION.** The validity, construction and enforceability of this Agreement shall be governed by the laws of the Commonwealth of Virginia. As used herein, the singular form of any noun includes the plural form and vice versa.

IN WITNESS WHEREOF, the parties hereto have, by their duly authorized representatives, executed this Agreement as of the Effective Date.

Dated this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Dated this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Block Island Utility District

National Rural Utilities  
Cooperative Finance Corporation

By: \_\_\_\_\_  
(Signature of Authorized Individual)

By: \_\_\_\_\_  
Assistant Secretary-Treasurer

\_\_\_\_\_  
(Printed Name of Authorized Individual)

\_\_\_\_\_  
(Title of Authorized Individual)

**Loan Number: RI001-G-9001**



**Schedule 1**

1. The Member's aggregate credit limit, referred to in Section 13, for all Charge Cards and Accounts issued to all Participants shall be \$25,000.00.
2. The Member's and each Affiliate's Program Administrator referred to in Section 7 and the address for notices to Member and each Affiliate referred to in Section 11(f) shall be as stated below, subject to written notification of change signed and given to CFC by the individual authorized by the Member to sign this Agreement:

Member:        Jeff Wright, CEO  
                    Block Island Utility District  
                    100 Ocean Avenue  
                    Block Island, RI 02807  
                    Telephone: (491) 466-5851

3. In connection with Section 6 of this Agreement, the Member represents and warrants to CFC the following (Member to check one):
  - ☐ no regulatory approvals are required to enter into and perform this Agreement.
  - ☐ all regulatory approvals required to be obtained in order to enter into and perform this Agreement have been obtained, and a copy thereof is attached hereto.





**National Rural Utilities Cooperative Finance Corporation  
PARTICIPANT ENTITY AMENDMENT**

---

This Participant Entity Amendment ("**Amendment**") is entered into by National Rural Utilities Cooperative Finance Corporation, a District of Columbia cooperative association ("**Customer**"), Block Island Utility District, a quasi-municipal corporation organized and existing under the laws of the State of Rhode Island ("**Participant**"), and U.S. Bank. This Amendment shall become effective upon signing by U.S. Bank.

**RECITALS**

1. Customer and U.S. Bank entered into the Commercial Account Agreement dated November 1, 2016, as amended or supplemented (collectively, the "**Agreement**") whereby Customer may designate its members to be Participants under its commercial account program from U.S. Bank ("**Customer's Program**");
2. Customer desires to designate the below signed entity as a Participant; and
3. Customer, Participant, and U.S. Bank desire to modify the Agreement in the manner and on the terms conditions set forth below.

Now, therefore, for and in consideration of the mutual promises contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Customer, Participant, and U.S. Bank agree as follows:

1. **DEFINITIONS.** Unless otherwise stated in this Amendment, all capitalized terms shall have the same meaning as set forth in the Agreement.
2. **CUSTOMER REPRESENTATIONS AND WARRANTIES.** Customer represents and warrants the following:
  - 2.1 Participant named above is a member owner of the National Rural Utilities Cooperative Finance Corporation.
  - 2.2 In accordance with Customer's Articles of Incorporation and Bylaws, Customer may enter into the Agreement, this Amendment and perform its obligations set forth therein.
  - 2.3 If any corporate governance document ceases being publically available, Customer shall provide them to U.S. Bank.
3. **PARTICIPANT REPRESENTATION AND WARRANTIES.** Participant represents and warrants the following:
  - 3.1 Participant shall comply with and be bound by all terms of the Agreement, and use cards for Participant's business purchases only, and not for individual or consumer purchases or to incur consumer debt.
4. **LIABILITY FOR PARTICIPANTS' PERFORMANCE AND OBLIGATIONS.** Customer shall be liable for all payment obligations to U.S. Bank incurred by Participants under the Customer's Program, which includes, but is not limited to payment of any and all debt incurred by Participant under the Customer's Program. Participants shall be liable for its performance of the terms and conditions of the Agreement as if each Participant signed the Agreement. Failure of a specific Participant to comply with the terms



and conditions of the Agreement may result in the termination of a Participant's ability to participate in the Customer's Program.

5. **NOTICES.** The notice address (must be physical address, not P.O. Box) for Participant is:  
Participant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

6. **CHANGE OF CONTROL.** Customer shall immediately notify U.S. Bank in writing of any change in control which, for this Amendment shall mean (i) Customer selling, leasing, transferring or otherwise disposing of all or substantially all of its assets as an entirety or in a series of related transactions; (ii) Customer consolidating with or merging with or into any other person other than a merger with one of its affiliates in which the Customer is the surviving person; or (iii) any of the ownership or authority representation and warranty statements stated in sections 2.2 or 2.3 cease to be true. Customer shall provide U.S. Bank with notice of any change of control at least 60 days prior to the effective date of such change of control if prior notice is legally permitted. If prior notice is not legally permitted (due to SEC law for example), then Customer shall provide U.S. Bank with notice of any change of control as soon as it is legally permitted but no later than 30 days after the effective date of such change of control. In the event of a change of control, U.S. Bank may immediately terminate Participant from the Customer's Program.
7. **Change in Membership.** Customer shall provide U.S. Bank prompt notice if Participant ceases to be a member of Customer. Such notice shall be given no later than 30 days after the date the Participant is no longer a member of Customer. Additionally, Customer shall provide U.S. Bank prompt notice if Customer experiences a material adverse change in its cooperative membership.
8. **BINDING AGREEMENT.** The representations, warranties and recitals of Customer in this Amendment and the Agreement constitute valid, binding and enforceable agreements of Customer. All extensions of credit made pursuant to this Amendment and the Agreement will be valid and enforceable obligations of Customer and Customer shall pay to U.S. Bank all Obligations incurred by Participant in accordance with the terms of the Agreement and this Amendment. The execution of this Amendment and the performance of the obligations hereunder and under the Agreement are within the power of Customer, have been authorized by all necessary action and do not constitute a breach of any agreement to which Customer is a party or is bound. Customer represents and warrants that this transaction is within the scope of the normal course of business and does not require further authorization for the Customer to be duly bound by this Amendment.
9. **INCORPORATION.** The above Recitals are incorporated by reference as if set forth at length in this Amendment.
10. **MISCELLANEOUS.** The terms of this Amendment shall control over any other inconsistent terms of the Agreement. All extensions of credit made pursuant to this Amendment will be valid and enforceable obligations of Participant and Participant shall pay to U.S. Bank all Obligations incurred by Participant. Customer shall be liable for Participant's performance of the terms and conditions of the Agreement and shall notify Participant of any amendment to the terms and conditions of the



Agreement. The execution of this Amendment and the performance of the obligations hereunder and under the Agreement are within the power of Customer and Participant, have been authorized by all necessary action, and do not constitute a breach of any other agreement to which Customer or Participant is a party or is bound. Except to the extent that the Agreement is expressly or implicitly modified by this Amendment, all terms and conditions of the Agreement remain in full force and effect.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



**11. AUTHORIZATION AND EXECUTION.** This instrument may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This instrument may be executed and delivered by the parties electronically, and fully executed electronic versions of this instrument, or reproductions thereof, will be deemed to be original counterparts.

The signer(s) represents and warrants that (i) he or she is authorized by an applicable bylaw, article or other corporate authority to enter into all transactions contemplated by this instrument, and (ii) the signatures appearing on all supporting documents of authority are authentic.

<b>PARTICIPANT</b>	<b>U.S. BANK</b>
DATE: _____	DATE: _____
Block Island Utility District Legal Name of Participant	U.S. Bank National Association
_____ (Signature of Authorized Individual)	_____ (Signature of Authorized Signer)
_____ (Printed Name of Authorized Individual)	_____ (Printed Name of Authorized Signer)
_____ (Printed Title of Authorized Individual)	Vice President _____ (Printed Title of Authorized Signer)

---

**CUSTOMER**

DATE: \_\_\_\_\_

National Rural Utilities Cooperative Finance  
Corporation  
Legal Name of Customer

\_\_\_\_\_  
(Signature of Authorized Individual)

\_\_\_\_\_  
(Printed Name of Authorized Individual)

\_\_\_\_\_  
(Printed Title of Authorized Individual)



**AGENDA ITEM 6**  
**PRESIDENT'S REPORT**



## PRESIDENT'S UPDATE

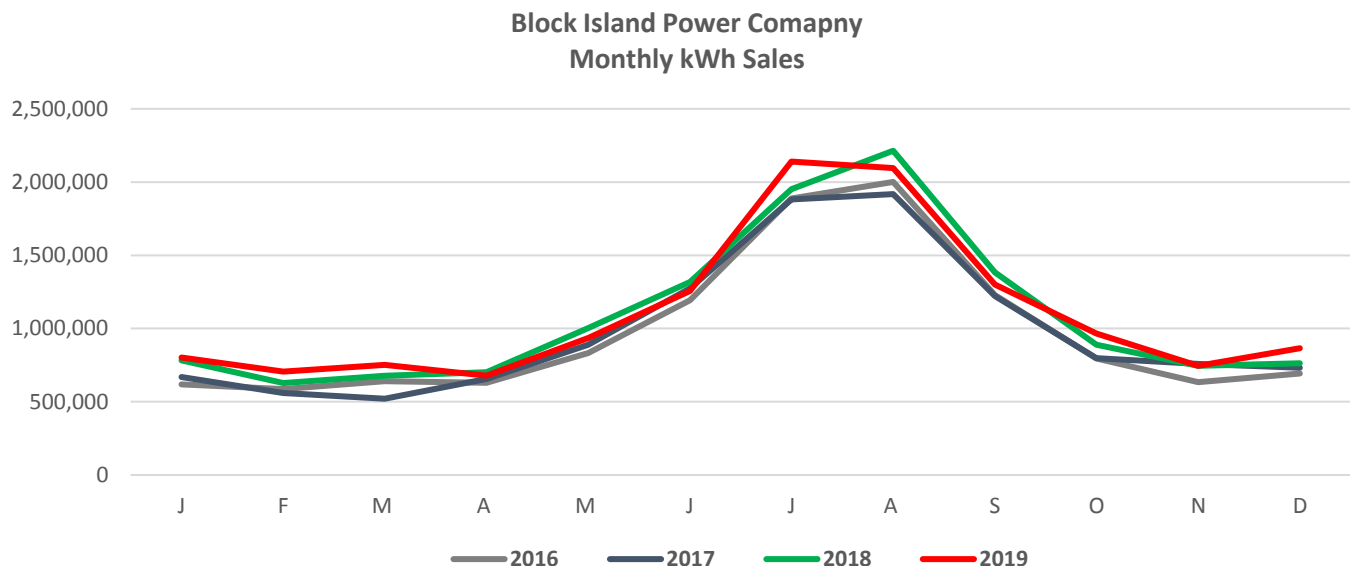
### JANUARY 16, 2020

---

## FINANCIAL UPDATE

### Electric Sales

Kilowatt hour sales were flat for November and up >10% in December. Total 2019 sales were up 1.0%. These values include the BIPCO internal loads for the office and plant so they are slightly higher than Dave Bebyn's financials which are retail sales only. I track the total so I can understand the losses better. Total System Losses in 2019 was 12.4%. Total System Losses in 2018 were 12.6%.



### CFC Spare Transformer and Employee Housing Loans

Mike McElroy, Dave Bebyn, Jim Meiers, Bill Penn and I met with the DPCU staff last Friday to discuss CFC's Power Vision program which is a shelf facility that can be drawn down as needed. We all came to some level of agreement on how the filing for that may work when we are eligible for the program. BIUD must reach 20% equity before it is an option. The purpose of the program is to streamline regulatory filings and reduce filing costs. It is not an option for the Spare Transformer or Employee Housing loans.

There are two loan agreements in the BOD packet that I am asking for approval for; 1) RI001-A9003 which is a \$400K loan to finance the spare transformer and foundation, and 2) RI001-A9004 which is a \$600K loan for employee housing (a single family residence on the corner of the power company lot that we currently use for woodchip storage). Both loans will be fixed interest rates for a 30-Year period.



We are proposing that the Spare Transformer be funded through the Stand Offer rate. The estimated debt service will result in an adder to the SO rate of approximately \$0.0025/kWh which I anticipate will be more than offset by other savings in this year's SO/TMC rate reconciliation.

The Employee Housing will be funded mostly by rent payments. In the capital budget I proposed rent of \$1,800/month which would cover approximately 90% of the expected debt service.

Discussions with the DPUC were positive and supportive of the two loans. After the filing is approved by the DPUC, the BIUD BOD will be asked to approve each project separately as they each progress through design, permitting and procurement.

## **OPERATIONAL UPDATE**

### Power Supply

We solicited bids from three power suppliers on December 16<sup>th</sup>; PSEG, Shell NA and BP. Shell NA was the low bidder and we locked in an 18 month 90% load following contract at \$34.85. This is lowest power supply contract we have ever had. We purchase 10% of our energy requirement from NYPA now so 90% load following will make up the remaining requirement.

We initially asked for 36-Month terms but realized that our current procurement plan only allows for up to 18-Month contracts. We are revising our Procurement Plan now with ENE's help which will include terms up to 5 years as well as pursuing long term contracts. I will ask for the Board's input prior to filing in March.

### Pole Replacements

We currently have approximately 100 poles in the pole yard that will be ready to set this winter.

### New Harbor 3A Circuit Rebuild

The Energized Line Construction crews are back this week to continue with the construction. This line is built in the WYE configuration and is ready for the voltage conversion.

### Voltage Conversion

We are still soliciting bids for materials and refining the construction cost estimate. I will present the plan and estimate as soon as it is complete which could be as soon as the next meeting.



## ENVIRONMENTAL UPDATE

### BIPCO Property Clean-Up

We have a draft report back from GZA Environmental who drilled and analyzed exploratory test borings in the front of the BIPCO property. There remains high level of contaminants that can be mitigated in two ways; excavation and soil removal or installation of equipment that would aerate the ground and speed up the decomposition process. The estimated amount of soil removal could be 100 truckloads (>3,000 Tons) which would be shipped to the Johnston landfill. This is what was done with the soil removed from under the USTs in the back of the property. Our next steps are to meet with RIO-DEM to discuss the alternatives. After that meeting, we will present the complete report and recommended course of action for BIUD BOD approval.

The RI-DEM clean up fund is still open for reimbursement of removal and disposal costs so that is most likely the direction that we will pursue. The cost estimates range from \$300-\$700K and could take 6-9 months to complete.

Ron Schroder's summary is included with my update for preliminary discussions.

## OTHER

### Utility Scale Battery Storage System

I recently met with representatives from New England Battery Storage, LLC (NEBS, LLC) to discuss a utility scale battery storage system on Block Island. They have built several projects in New England and are currently working on installing a project at Pascoag Utility District. Their business model eliminates any risk to the host utility as NEBS, LLC would install, own, maintain and operate the entire system. There is no capital investment required of the host company. The way they recover their money is by sharing the cost savings from monthly and annual peak reduction which reduces transmission and capacity costs. They also bid the units into the ISO-NE voltage regulation market to generate revenue.

What they envisioned on Block Island is a 1.5MW/3MWH system which could be used to target capacity and transmission charges. We could dispatch the batteries in parallel with our diesel generation or run it stand alone. The battery systems are housed in self contained 53' containers on cement piers that could easily be placed behind the generator buildings.

They are working on a proposal that would define the terms and cost share allocations for us to consider. ENE will help evaluate the cost effectiveness of the system and would help facilitate a full RFP process if it seems feasible. BIUD is planning to run generation to target only the annual peak only so this system could significantly increase our savings as a stand alone system or in concert with the diesel generators.

I've included some photos of what it would look like.



Block Island Solar Initiative (Rooftop Solar Installation at BIPCO)

We have been approached by the Block Island Solar Initiative with an offer to install roof top solar on BIPCO roof tops at no expense to BIPCO, with the stipulation that any revenue generated from the system be assigned to a restricted account and used for capital system upgrades. The generator would feed right into the BIPCO system as an additional form of power supply, offsetting our Shell NA procurement and creating transmission and capacity savings. The anticipated savings could generate approximately \$25,000 per year which could cover debt service or go directly towards PAY-GO capital improvements.

We are drafting an agreement for consideration by the Utility District Commission after reviewing it with the DPUC. I anticipate having an agreement to consider at our February meeting. A drawing of the project is included.



## GZA REPORT SUMMARY



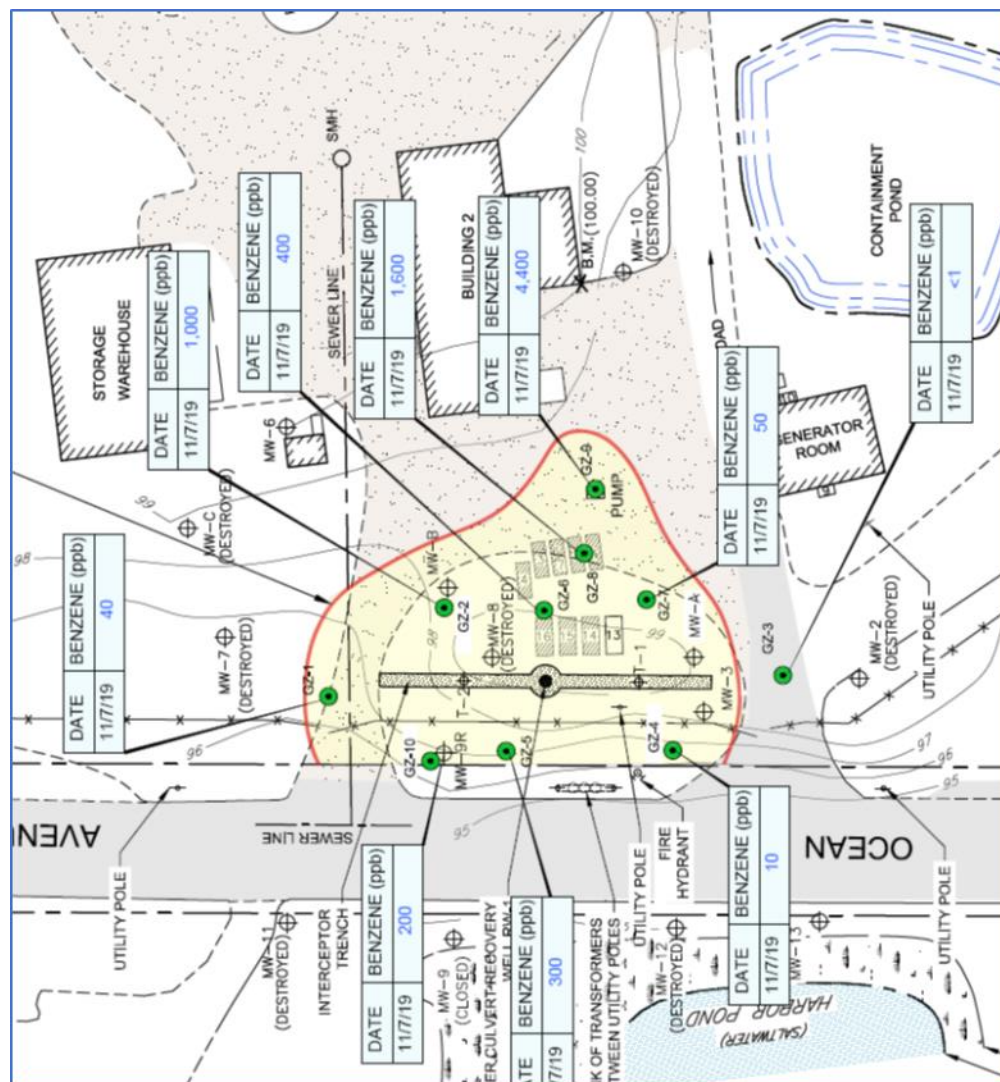
Quonset Environmental reviewed GZA's December 20, 2019 draft GeoProbe contamination investigation of the BIPCO northern plant area. To facilitate BIPCO management review and discussions, the following table summarizes GZA's three treatment options and includes comments and suggestions for BIPCO's and GZA's consideration for finalizing a report for submittal to the RI DEM. I recommend that the report letter to the DEM be reformatted to recommend a single treatment approach while noting the other two treatment approaches considered.

<b>Treatment Option</b>	<b>Brief Description</b>	<b>Schedule</b>	<b>Cost Estimate</b>	<b>Comments and Suggestions</b>
Soil removal and offsite disposal	Stockpile first few feet of clean soil. Screen contaminated soil with PID instrument and remove contaminated soil up to BIPCO's property line. Move utility pole in excavation area. Temporarily remove sewer line in excavation area. Obtain RI DEM discharge permit for excavation dewatering treatment (frac tank, separator, filters, charcoal in adjacent former generator room). Stockpile about 2,000 cubic yards of soil in southern part of site and transport off Island by truck and ferry (100 single truck loads). See attached Figure 2.	6 months or more mostly for offsite transport	\$700,000	Consider using multiple trucks by Offshore Express, Inc. in Wakefield/Shannock to accelerate completion and DEM reimbursement. Consider barge from Island Adjust cost estimate if feasible Start ASAP. Need to accrue all costs prior to October 2020 DEM UST Program deadline Maximum DEM reimbursement is \$1,000,000 (minus prior payments of \$34,277). Remaining eligible reimbursement = \$965,000. BIPCO to confirm reimbursement details with DEM prior to committing to this option. Requires solution for temporary sewer line removal. Clarify or correct statement, "there is not a limited mass of soil with residual petroleum"
Air sparging, soil vapor extraction, bio-sparging	Perform preliminary field evaluation to refine design and confirm feasibility. Up to 45 air injection wells plus 45 vapor recovery wells. Treat vapors with activated charcoal.	3 to 5 years	Up to \$300,000 over 5 years	Duration too long to recover costs from DEM Is the cost of preliminary design/feasibility study included? Is the cost of contaminated charcoal disposal included? Is the cost of continued sampling and monitoring included?
Continued natural attenuation	Continue periodic well sampling and monitoring with no additional treatment or actions. Request reduced sampling frequency of 6 months.	20 years or more	\$112,000 over 20 years	Not desirable due to duration and customer/public relations. Cost estimate includes about \$1,400 per quarter for instrument rental, lab analyses and consultant time.



GZA Report Figure 2

Yellow area represents excavation area.





NEW ENGLAND BATTERY SYSTEMS, LLC  
RECENT PROJECT INSTALLATION





Example of a Recent New England Battery Systems, LLC Installation



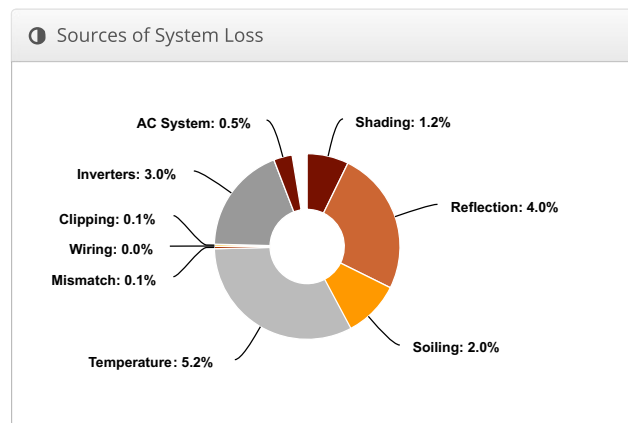
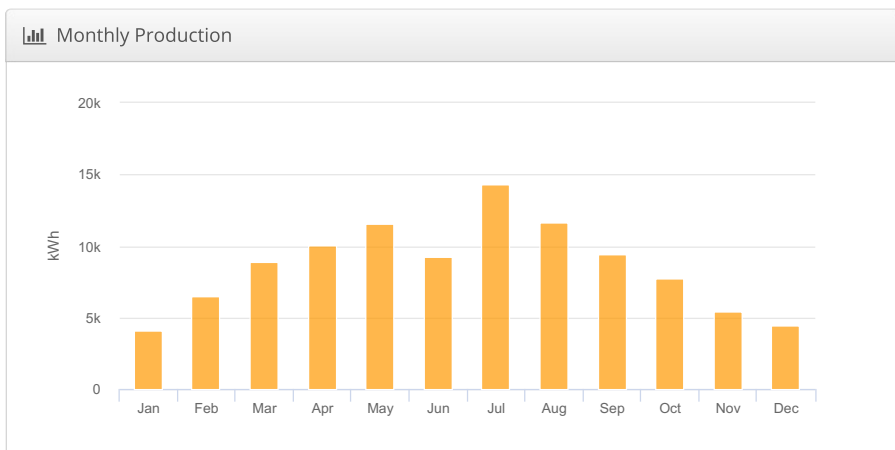
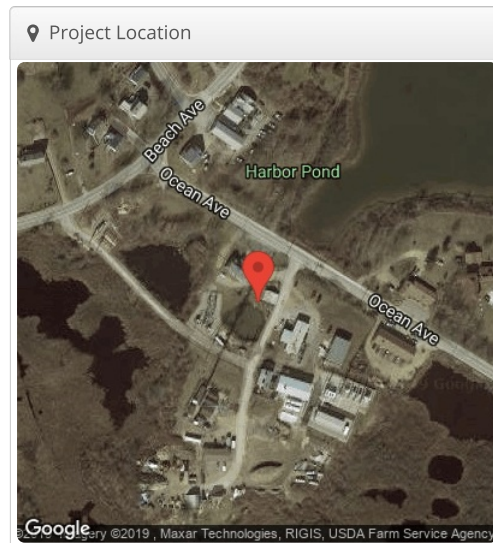
BLOCK ISLAND SOLAR INITIATIVE  
BIPCO ROOFTOP INSTALLATION



# Design 2 Block Island Power, 100 Ocean Ave, New Shoreham, RI 02807

Report	
Project Name	Block Island Power
Project Address	100 Ocean Ave, New Shoreham, RI 02807
Prepared By	David Reidy david@thecoolenergy.com

System Metrics	
Design	Design 2
Module DC Nameplate	92.0 kW
Inverter AC Nameplate	70.1 kW Load Ratio: 1.31
Annual Production	103.3 MWh
Performance Ratio	85.3%
kWh/kWp	1,122.9
Weather Dataset	TMY, BLOCK ISLAND STATE ARPT, NSRDB (tmy3, II)
Simulator Version	b131f2d5e8-614de07c4c-7fa5958ea0-67f6680e13



Annual Production			
	Description	Output	% Delta
Irradiance (kWh/m <sup>2</sup> )	Annual Global Horizontal Irradiance	1,298.2	
	Adjusted Global Horizontal Irradiance	1,298.2	0.0%
	POA Irradiance	1,317.0	1.4%
	Shaded Irradiance	1,301.7	-1.2%
	Irradiance after Reflection	1,249.2	-4.0%
	Irradiance after Soiling	1,224.3	-2.0%
	<b>Total Collector Irradiance</b>	<b>1,223.9</b>	<b>0.0%</b>
Energy (kWh)	Nameplate	112,606.9	
	Output at Irradiance Levels	113,075.9	0.4%
	Output at Cell Temperature Derate	107,185.7	-5.2%
	Output After Mismatch	107,107.8	-0.1%
	Optimal DC Output	107,107.8	0.0%
	Constrained DC Output	107,051.2	-0.1%
	Inverter Output	103,826.0	-3.0%
	<b>Energy to Grid</b>	<b>103,286.0</b>	<b>-0.5%</b>
Temperature Metrics			
	Avg. Operating Ambient Temp		12.7 °C
	Avg. Operating Cell Temp		25.9 °C
Simulation Metrics			
	Operating Hours		4391
	Solved Hours		4391

☁ Condition Set													
Description	Condition Set 1												
Weather Dataset	TMY, BLOCK ISLAND STATE ARPT, NSRDB (tmy3, II)												
Solar Angle Location	Meteo Lat/Lng												
Transposition Model	Perez Model												
Temperature Model	Sandia Model												
Temperature Model Parameters	Rack Type			a		b			Temperature Delta				
	Fixed Tilt			-3.56		-0.075			3°C				
	Flush Mount			-2.81		-0.0455			0°C				
Soiling (%)	J	F	M	A	M	J	J	A	S	O	N	D	
	2	2	2	2	2	2	2	2	2	2	2	2	
Irradiation Variance	5%												
Cell Temperature Spread	4° C												
Module Binning Range	-2.5% to 2.5%												
AC System Derate	0.50%												
Module Characterizations	Module				Uploaded By		Characterization						
	JKM 315M-60H-V (Jinkosolar)				Folsom Labs		Jinko_JKM_315M_60H_V (G3.2_F35).PAN, PAN						
Component Characterizations	Device					Uploaded By			Characterization				
	IQ7-60-2-US (ENPHASE)					Folsom Labs			Spec Sheet				



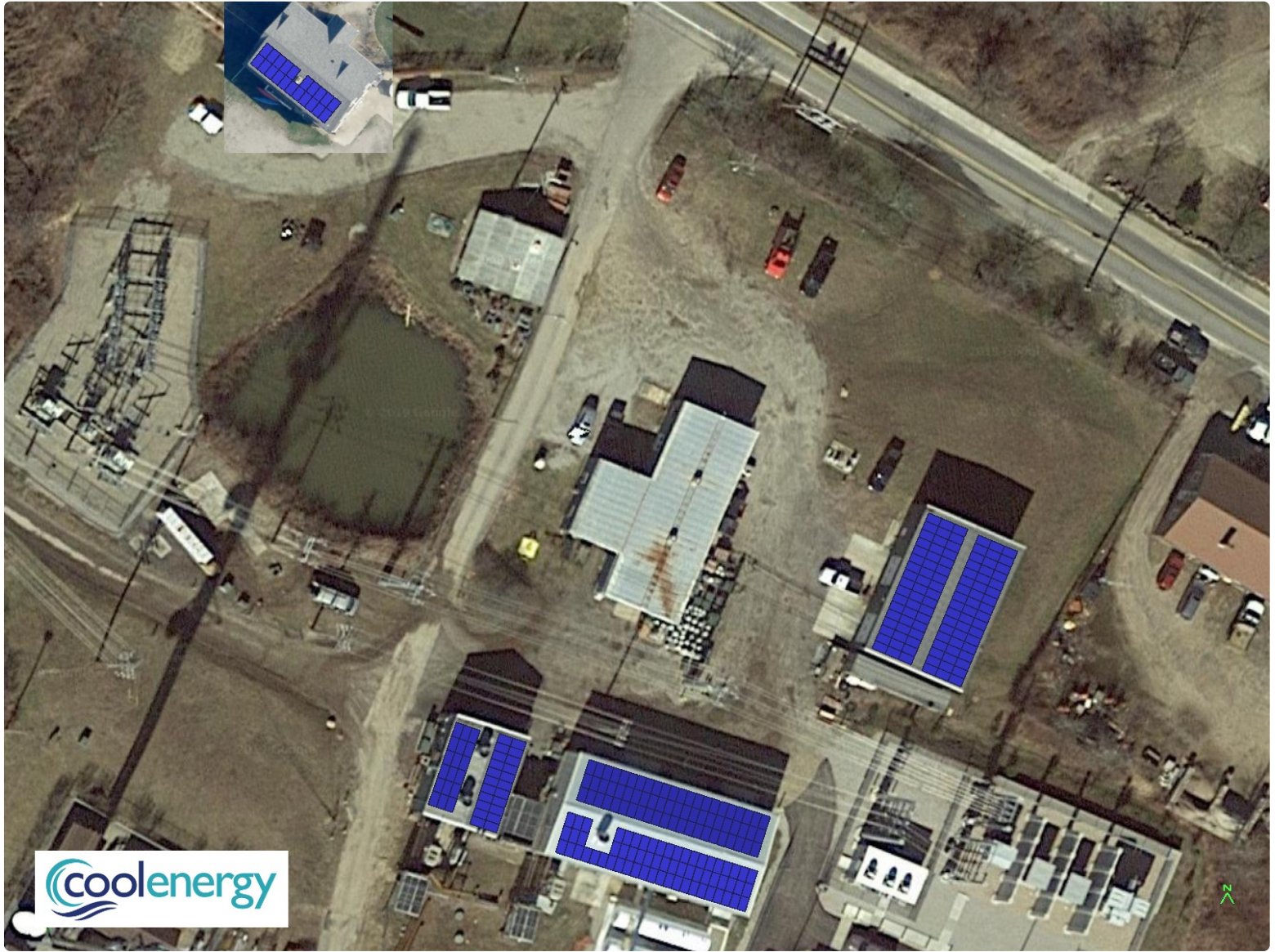
Components		
Component	Name	Count
Inverters	IQ7-60-2-US (ENPHASE)	292 (70.1 kW)
AC Branches	1/0 AWG (Aluminum)	15 (15,516.0 ft)
Module	Jinkosolar, JKM 315M-60H-V (315W)	292 (92.0 kW)

Wiring Zones			
Description	Combiner Poles	String Size	Stringing Strategy
Wiring Zone	12	1-1	Along Racking

Field Segments									
Description	Racking	Orientation	Tilt	Azimuth	Intrarow Spacing	Frame Size	Frames	Modules	Power
Field Segment 1	Flush Mount	Portrait (Vertical)	23°	218.83°	0.0 ft	1x1	21	21	6.62 kW
Field Segment 4	Flush Mount	Portrait (Vertical)	9.6°	112.754°	0.0 ft	1x1	51	51	16.1 kW
Field Segment 5	Flush Mount	Portrait (Vertical)	9.6°	112.754°	0.0 ft	1x1	51	51	16.1 kW
Field Segment 6	Flush Mount	Portrait (Vertical)	9.6°	197.337°	0.0 ft	1x1	63	63	19.8 kW
Field Segment 8	Flush Mount	Portrait (Vertical)	9.6°	108.258°	0.0 ft	1x1	22	22	6.93 kW
Field Segment 9	Flush Mount	Portrait (Vertical)	9.6°	17.5204°	0.0 ft	1x1	66	66	20.8 kW
Field Segment 11	Flush Mount	Landscape (Horizontal)	9.6°	288.764°	0.0 ft	1x1	18	18	5.67 kW



 Detailed Layout





**AGENDA ITEM 7**  
**NRUCFC LONG TERM DEBT**  
**(Spare Transformer and Employee Housing)**



## CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, **Clyde Everett Shorey III**, do hereby certify that (i) I am the Secretary of BLOCK ISLAND UTILITY DISTRICT (hereinafter called the "District"); (ii) the following are true and correct copies of resolutions duly adopted by the board of commissioners of the District at a meeting held on **January 16, 2020**; (iii) the meeting was duly and regularly called and held in accordance with the State of Rhode Island General Laws and the bylaws of the District; (iv) the District is duly organized, validly existing and in good standing under the laws of the state of its organization and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the District; (v) forms of the loan documents were submitted to the meeting and were authorized by the board of commissioners to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

RESOLVED, that the District borrow from National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the board of commissioners of the District, an aggregate amount not to exceed \$1,200,000.00, as set forth in the loan agreement with CFC governing such loan, substantially in the form of the loan agreement presented to this meeting (the "Loan Agreement"); and

RESOLVED, that the proceeds of this loan be used for the purposes set forth in the Loan Agreement; and

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents (including as many counterparts as may be required):

- a) the Loan Agreement;
- b) one or more secured promissory notes payable to the order of CFC, which in the aggregate shall not exceed the principal amount of \$1,200,000.00, substantially in the form of the notes presented to this meeting; and
- c) if required by CFC, a mortgage and security agreement with CFC as mortgagee, for purposes of securing the loan provided for herein, in such form as the individuals authorized herein may negotiate with CFC.



RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the District to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said Loan Agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President</u>	<u>Jeffery M. Wright</u>
<u>Board Chair</u>	<u>Barba MacMullan</u>
<u>Treasurer</u>	<u>William J. Penn</u>
_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Secretary

(SEAL)



## LOAN AGREEMENT

**LOAN AGREEMENT** (this "Agreement") dated as of \_\_\_\_\_, between BLOCK ISLAND UTILITY DISTRICT ("Borrower"), a quasi-municipal corporation organized and existing under the laws of the State of Rhode Island and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), a cooperative association organized and existing under the laws of the District of Columbia.

### RECITALS

**WHEREAS**, the Borrower has applied to CFC for a loan for the purposes set forth in Schedule 1 hereto, and CFC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

**WHEREAS**, the Borrower has agreed to execute one or more secured promissory notes to evidence an indebtedness in the aggregate principal amount of the CFC Commitment (as hereinafter defined).

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.01** For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth in the Mortgage.

**"Accounting Requirements"** shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of GAAP applicable to businesses similar to that of the Borrower.

**"Advance"** shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

**"Amortization Basis Date"** shall mean the first calendar day of the month following the end of the Billing Cycle in which the Advance occurs, provided, however, that if the Advance is made on the first day of a Billing Cycle, and such day is a Business Day, then the Amortization Basis Date shall be the date of the Advance.

**"Average DSC Ratio"** shall mean the average of the Borrower's two highest annual DSC Ratios during the most recent three calendar years.

**"Billing Cycle"** shall mean any 3-month period ending on, and including, a Payment Date.

**"Business Day"** shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.



**"CFC Commitment"** shall have the meaning ascribed to it in Schedule 1 hereto.

**"CFC Fixed Rate"** shall mean (i) such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect, or (ii) such other fixed rate as may be agreed to by the parties and reflected on the written requisition for funds in the form attached as Exhibit A hereto.

**"CFC Fixed Rate Term"** shall mean the specific period of time that a CFC Fixed Rate is in effect for an Advance.

**"CFC Variable Rate"** shall mean (i) the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by CFC from time to time, or (ii) such other variable rate as may be agreed to by the parties on the written requisition for funds in the form attached as Exhibit A hereto.

**"Capital Certificate"** shall mean a certificate, or book entry form of account, evidencing the Borrower's purchase of subordinated debt instruments issued by CFC from time to time. Such instruments may be denoted by CFC as "Loan Capital Term Certificates", "Member Capital Securities", "Subordinated Term Certificates", or other like designations.

**"Conversion Request"** shall mean a written request to CFC from any duly authorized officer or other employee of the Borrower requesting an interest rate conversion available pursuant to the terms of this Agreement.

**"Debt Service Coverage ("DSC") Ratio"** shall mean the ratio determined as follows: for any calendar year add (i) Operating Margins, (ii) Non-Operating Margins--Interest, (iii) Interest Expense, (iv) Depreciation and Amortization Expense, and (v) cash received in respect of generation and transmission and other capital credits, and divide the sum so obtained by the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any amount of Long-Term Debt has been refinanced during such year, the payments of Principal and Interest Expense required to be made during such year on account of such refinanced amount of Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced amount of Long-Term Debt) upon the larger of (a) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (b) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

**"Default Rate"** shall mean a rate per annum equal to the interest rate in effect for an Advance plus two hundred (200) basis points.

**"Depreciation and Amortization Expense"** shall mean an amount constituting the depreciation and amortization of the Borrower computed pursuant to Accounting Requirements.

**"Distributions"** shall mean, with respect to the Borrower, any dividend, patronage refund, patronage capital retirement or cash distribution to its members, or consumers (including but not limited to any general cancellation or abatement of charges for electric energy or services furnished by the Borrower). The term "Distribution" shall *not* include (a) a distribution by the Borrower to the estate of a deceased patron, (b) repayment by the Borrower of a membership fee



upon termination of a membership, or (c) any rebate to a patron resulting from a cost abatement received by the Borrower, such as a reduction of wholesale power cost previously incurred.

**"Draw Period"** shall have the meaning ascribed to it in Schedule 1 hereto.

**"Environmental Laws"** shall mean all laws, rules and regulations promulgated by any Governmental Authority, with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

**"Equity"** shall mean the aggregate of the Borrower's equities and margins computed pursuant to Accounting Requirements.

**"Event of Default"** shall have the meaning as described in Article VI hereof.

**"GAAP"** shall mean generally accepted accounting principles in the United States of America as in effect from time to time.

**"Governmental Authority"** shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**"Hazardous Material"** shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance designated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

**"Interest Expense"** shall mean an amount constituting the interest expense with respect to Long-Term Debt of the Borrower computed pursuant to Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Borrower over 2% of the Borrower's Equity.

**"Interest Rate Reset Date"** shall mean, with respect to any Advance, the first day following the expiration of the CFC Fixed Rate Term for such Advance.

**"Lien"** shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

**"Loan Documents"** shall mean this Agreement, the Note, the Mortgage and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the loan made by CFC to the Borrower, pursuant to this Agreement.



**“Long-Term Debt”** shall mean an amount constituting the long-term debt of the Borrower computed pursuant to Accounting Requirements.

**“Make-Whole Premium”** shall mean, with respect to any principal sum of a CFC Fixed Rate Advance paid prior to the expiration of the CFC Fixed Rate Term applicable thereto (the “Prepaid Principal Amount”), an amount calculated as set forth below. The Make-Whole Premium represents CFC’s reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest (“Loan Interest”) that would have been due on the Prepaid Principal Amount at the applicable CFC Fixed Rate for the period from the prepayment date through the end of the CFC Fixed Rate Term (such period is hereinafter referred to as the “Remaining Term”), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest (“Investment Interest”) that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States government security with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States government security yields dated no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption “U.S. Government Securities/Treasury Constant Maturities”. If there is no such United States government security under said caption with a term equivalent to the Remaining Term, then the yield shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is greater than zero, then the Make-Whole Premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

**“Maturity Date”** with respect to each Note shall have the meaning ascribed to it therein.

**“Mortgage”** shall have the meaning as described in Schedule 1 hereto.

**“Mortgaged Property”** shall have the meaning ascribed to it in the Mortgage.

**“Non-Operating Margins--Interest”** shall mean the amount representing the interest component of non-operating margins of the Borrower computed pursuant to Accounting Requirements.

**“Note” or “Notes”** shall mean each secured promissory note, payable to the order of CFC, executed by the Borrower, dated as of even date herewith, pursuant to this Agreement as identified on Schedule 1 hereto, and shall include all substitute, amended or replacement promissory notes.



**"Obligations"** shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

**"Operating Margins"** shall mean the amount of patronage capital and operating margins of the Borrower computed pursuant to Accounting Requirements.

**"Payment Date"** shall mean the last day of each of the months referred to in Schedule 1.

**"Permitted Encumbrances"** shall have the meaning ascribed to it in the Mortgage.

**"Person"** shall mean natural persons, sole proprietorships, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

**"Prepayment Administrative Fee"** shall mean an amount equal to thirty three one-hundredths of one percent (0.33%) of the amount being prepaid.

**"Principal"** shall mean the amount of principal billed on account of Long-Term Debt of the Borrower computed pursuant to Accounting Requirements.

**"Prior Loan Documents"** shall mean, collectively, all long term loan agreements entered into prior to the date hereof by and between CFC and the Borrower, and all promissory notes delivered pursuant thereto secured under the Mortgage, other than loan agreements and notes or bonds representing loans sold, transferred assigned or otherwise endorsed by CFC to a purchaser thereof.

**"Public Organic Record"** shall have the meaning set forth in the Uniform Commercial Code of the jurisdiction of organization of the Borrower.

**"Restricted Rentals"** shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of three (3) years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

**"Subsidiary"** as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.



**"Total Assets"** shall mean an amount constituting the total assets of the Borrower computed pursuant to Accounting Requirements.

**"Total Utility Plant"** shall mean the amount constituting the total utility plant of the Borrower computed pursuant to Accounting Requirements.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.01** The Borrower represents and warrants to CFC that as of the date of this Agreement:

**A. Good Standing.** The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is a member in good standing of CFC.

**B. Subsidiaries and Ownership.** Schedule 1 hereto sets forth a complete and accurate list of the Subsidiaries of the Borrower showing the percentage of the Borrower's ownership of the outstanding stock, membership interests or partnership interests, as applicable, of each Subsidiary.

**C. Authority; Validity.** The Borrower has the power and authority to enter into this Agreement, the Note and the Mortgage; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Mortgage, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note and the Mortgage is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

**D. No Conflicting Agreements.** The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other Governmental Authority, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of the Borrower.



The Borrower is not in default in any material respect under any agreement or instrument to which it is a party or by which it is bound and no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

**E. Taxes.** The Borrower, and each of its Subsidiaries, has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and Governmental Authority charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and Governmental Authority charges and levies have become due, except for such taxes, assessments, and Governmental Authority charges and levies which the Borrower or any Subsidiary is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

**F. Licenses and Permits.** The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

**G. Litigation.** There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries. The Borrower and its Subsidiaries are not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries.

**H. Contingent Obligations; Material Adverse Change.** The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as disclosed in writing to CFC prior to the date hereof. There has been no material adverse change in the financial condition or operations of the Borrower from the financial condition or operations of the Borrower as of September 30, 2019 except changes disclosed in writing to CFC prior to the date hereof.

**I. Borrower's Legal Status.** Schedule 1 hereto accurately sets forth: (i) the Borrower's name on its Public Organic Record, (ii) the Borrower's organizational type and jurisdiction of organization and, (iii) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

**J. Required Approvals.** No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, the Note and the Mortgage, or to perform any of its Obligations provided for in such documents, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which the Borrower has obtained prior to the date hereof.



**K. Compliance With Laws.** The Borrower and each Subsidiary is in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

**L. Disclosure.** To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

**M. No Other Liens.** As to property which is presently included in the description of Mortgaged Property, the Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of CFC, except as disclosed in writing to CFC prior to the date hereof or relating to Permitted Encumbrances.

**N. Environmental Matters.** Except as to matters which individually or in the aggregate would not have a material adverse effect upon the business or financial condition of the Borrower or its Subsidiaries, (i) the Borrower is in compliance with all Environmental Laws (including, but not limited to, having any required permits and licenses), (ii) there have been no releases (other than releases remediated in compliance with Environmental Laws) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Mortgaged Property, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law, (iv) there is no pending investigation of the Borrower in regard to any Environmental Law, and (v) to the best of the Borrower's knowledge, there has not been any release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

### ARTICLE III

#### LOAN

**Section 3.01 Advances.** The Borrower shall submit its request for an Advance to CFC in writing (which may be submitted by facsimile) no later than 12:00 noon local time at CFC's offices in Dulles, Virginia on the Business Day prior to the Business Day the Borrower seeks to have funds advanced.

At the end of the Draw Period for each Note, CFC shall have no further obligation to make Advances under such Note. The obligation of the Borrower to repay the Advances shall be evidenced by one or more Notes.

**Section 3.02 Interest Rate and Payment.** Notes shall be payable and bear interest as follows:

#### A. Payments; Maturity; Amortization.



(i) The Notes shall have the Maturity Dates as set forth on Schedule 1, *provided, however*, that if such date for any Note is not a Payment Date, then the Maturity Date for such Note shall be the Payment Date immediately preceding such date.

(ii) Prior to or at the time of each Advance, the Borrower shall elect, with respect to such Advance, (1) an amortization method for principal, or (2) not to amortize principal. If no election is made, then the Advance shall amortize over a period ending on the earlier of the date that is thirty (30) years from the date of such Advance and the Maturity Date.

(a) *Amortizing Advances*: Each Advance that the Borrower elects to amortize shall amortize over a period elected by the Borrower, *provided, however*, that such period shall not (i) exceed thirty (30) years from the date of such Advance and (ii) extend beyond the Maturity Date. For each Advance, the Borrower shall promptly pay interest in the amount invoiced on each Payment Date until the first Payment Date of the Billing Cycle in which the Amortization Basis Date occurs. On such Payment Date, and on each Payment Date thereafter, the Borrower shall promptly pay interest and principal in the amounts invoiced. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date. The amortization method for each Advance shall be as stated on Schedule 1 or, if not so stated, then as stated on the written requisition for such Advance submitted by the Borrower to CFC pursuant to the terms hereof.

(b) *Non-Amortizing Advances*: Each Advance that the Borrower elects not to amortize shall be repaid within thirty (30) years from the date of such Advance, or the Maturity Date, whichever is earlier. On each Payment Date, the Borrower shall promptly pay interest only until the final Payment Date corresponding to the term of such Advance, or the Maturity Date (whichever is applicable), upon which date all unpaid principal, interest accrued thereon and fees, if any, shall be due and payable. If the term of a non-amortizing Advance ends on a date that is not a Payment Date, then the repayment of such Advance shall be due and payable on the Payment Date immediately preceding such date.

(iii) CFC will invoice the Borrower at least ten (10) days before each Payment Date, provided, however, that CFC's failure to send an invoice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

(iv) No provision of this Agreement or of any Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

**B. Application of Payments.** Each payment shall be applied to the Obligations as follows: (i) first, to any fees, costs, expenses or charges due other than interest or principal, (ii) second, to interest accrued and unpaid, and (iii) third, the balance, if any, to the outstanding principal balance of the Obligations.

**C. Selection of Interest Rate and Interest Rate Computation.** Prior to each Advance on a Note, the Borrower must select in writing either a CFC Fixed Rate or the CFC Variable Rate, as follows:

(i) CFC Fixed Rate. If the Borrower selects a CFC Fixed Rate for an Advance, then such rate shall be in effect for the CFC Fixed Rate Term selected by the Borrower. CFC shall provide the Borrower with at least sixty (60) days prior written or electronic notice of the Interest



Rate Reset Date for such Advance. The Borrower may then select any available interest rate option for such Advance pursuant to CFC's policies of general application. The Advance shall bear interest according to the interest rate option so selected beginning on the Interest Rate Reset Date. If the Borrower does not select an interest rate in writing prior to the Interest Rate Reset Date, then beginning on the Interest Rate Reset Date the Advance shall bear interest at the CFC Variable Rate. CFC agrees that its long-term loan policies will include a fixed interest rate option until the Maturity Date. For any Advance, the Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the Maturity Date. Interest on amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until the first day of the Billing Cycle in which the Amortization Basis Date occurs; interest shall then be computed on the basis of a 30-day month and 360-day year. Interest on non-amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

(ii) **CFC Variable Rate.** If the Borrower selects the CFC Variable Rate for an Advance, then such CFC Variable Rate shall apply until the Maturity Date, unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof. Interest on Advances bearing interest at the CFC Variable Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

**Section 3.03 Conversion of Interest Rates.** The Borrower may at any time exercise any or all of the following interest rate conversion options by submitting a Conversion Request. The effective date of the interest rate conversion shall be determined by CFC pursuant to its policies of general application.

**A. CFC Variable Rate to a CFC Fixed Rate.** The Borrower may convert the interest rate on an outstanding Advance from the CFC Variable Rate to a CFC Fixed Rate without a fee. Upon such conversion, the new interest rate shall be the CFC Fixed Rate in effect on the date of the Conversion Request for the CFC Fixed Rate Term selected by the Borrower.

**B. CFC Fixed Rate to CFC Variable Rate.** The Borrower may convert the interest rate on an outstanding Advance from a CFC Fixed Rate to the CFC Variable Rate, provided that the Borrower promptly pays the invoiced amount for any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. Upon such conversion, the new interest rate shall be the CFC Variable Rate in effect on the date of the Conversion Request.

**C. A CFC Fixed Rate to Another CFC Fixed Rate.** The Borrower may convert the interest rate on an outstanding Advance from a CFC Fixed Rate to a different CFC Fixed Rate by selecting a different CFC Fixed Rate Term, provided that the Borrower promptly pays the invoiced amount for any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. Upon such conversion, the new interest rate shall be the CFC Fixed Rate in effect on the date of the Conversion Request for the new CFC Fixed Rate Term selected by the Borrower.

**Section 3.04 Optional Prepayment.** The Borrower may at any time, on not less than thirty (30) days prior written notice to CFC, prepay any Advance, in whole or in part. In the event the Borrower prepays all or any part of an Advance (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any



Prepayment Administrative Fee and/or Make-Whole Premium as CFC may prescribe pursuant to the terms of this Section 3.04. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment. All prepayments shall be applied (i) first to any fees, costs, expenses or charges due hereunder other than interest or principal, (ii) second, to the payment of accrued and unpaid interest, and (iii) third, the balance, if any, to the outstanding principal balance of the applicable Advance.

If the Advance bears interest at the CFC Variable Rate, then the Borrower may on any Business Day prepay the Advance or any portion thereof, provided that the Borrower pays together therewith the Prepayment Administrative Fee. If the Advance bears interest at a CFC Fixed Rate, then the Borrower may prepay the Advance on (a) the Business Day before an Interest Rate Reset Date, provided that the Borrower pays together therewith the Prepayment Administrative Fee, or (b) any other Business Day, provided that the Borrower pays together therewith the Prepayment Administrative Fee and any applicable Make-Whole Premium.

**Section 3.05 Mandatory Prepayment.** If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium as set forth in any agreement between the Borrower and CFC with respect to any such Obligation or, if not specified therein, as prescribed by CFC pursuant to its policies of general application in effect from time to time.

Notwithstanding the foregoing, if after giving effect to such change in the Borrower's corporate structure, Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and patrons for their use as ultimate consumers and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05.

**Section 3.06 Default Rate.** If the Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, Advances shall bear interest at the Default Rate.

## **ARTICLE IV**

### **CONDITIONS OF LENDING**

**Section 4.01 Conditions Precedent to Closing.** The obligation of CFC to make Advances hereunder shall not become effective until the date on which the following conditions precedent have been satisfied:



**A. Legal Matters.** All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

**B. Representations and Warranties.** The representations and warranties contained in Article II shall be true on the date hereof.

**C. Closing Deliverables.** CFC shall have been furnished with the following, in form and substance satisfactory to CFC:

(i) **Documents.** (a) the executed Loan Documents, (b) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, (c) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (d) all other such documents as CFC may reasonably request.

(ii) **Government Approvals.** True and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

**D. Mortgage Recordation.** The Mortgage (and any amendments, supplements or restatements as CFC may require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a Lien, subject to Permitted Encumbrances, on all of the Borrower's real property, all in accordance with all applicable laws, rules and regulations, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**E. UCC Filings.** Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to Permitted Encumbrances, in the Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with all applicable laws, rules and regulations, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**F. Special Conditions of Closing.** CFC shall be fully satisfied that the Borrower has complied with all special conditions of closing identified in Schedule 1 hereto.

**Section 4.02 Conditions to Advances.** The obligation of CFC to make each Advance hereunder is additionally subject to satisfaction of the following conditions:

**A. Requisitions.** The Borrower will requisition each Advance by submitting its written requisition to CFC, in form and substance satisfactory to CFC. Requisitions for Advances shall be made only for the purposes set forth in Schedule 1 hereto.

**B. Representations and Warranties; Default.** The representations and warranties contained in Article II shall be true on the date of the making of each Advance



hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

**C. Other Information.** The Borrower shall have furnished such other information as CFC may reasonably require, including but not limited to (i) information regarding the specific purpose for an Advance and the use thereof, (ii) feasibility studies, cash flow projections, financial analyses and pro forma financial statements sufficient to demonstrate to CFC's reasonable satisfaction that after giving effect to the Advance requested, the Borrower shall continue to achieve the DSC ratio set forth in Section 5.01.A herein, to meet all of its debt service obligations, and otherwise to perform and to comply with all other covenants and conditions set forth in this Agreement, and (iii) any other information as CFC may reasonably request.

**D. Special Conditions of Advances.** CFC shall be fully satisfied that the Borrower has complied with all special conditions to advance identified in Schedule 1 hereto.

## ARTICLE V

### COVENANTS

**Section 5.01 Affirmative Covenants.** The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder:

**A. Financial Ratios; Design of Rates.** The Borrower shall achieve an Average DSC Ratio of not less than 1.35. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.35 for the calendar year prior to such reduction subject only to an order from a Governmental Authority properly exercising jurisdiction over the Borrower.

**B. Loan Proceeds.** The Borrower shall use the proceeds of this loan solely for the purposes identified on Schedule 1 hereto.

**C. Notice.** The Borrower shall promptly notify CFC in writing of:

- (i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower;
- (ii) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower which could materially affect the business, operations, prospects, assets, liabilities or financial condition of the Borrower; and
- (iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.



**D. Default Notices.** Upon receipt of any notices with respect to a default by the Borrower under the terms of any evidence of any indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall deliver copies of such notice to CFC.

**E. Annual Certificates.**

(i) Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the initial Advance hereunder shall have been made, the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, either (a) signed by the Borrower's General Manager or Chief Executive Officer, or (b) submitted electronically through means made available to the Borrower by CFC, stating that during such year, and to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

(ii) If requested by CFC, the Borrower shall deliver to CFC within one hundred twenty (120) days after the close of each calendar year, a certification, in form and substance satisfactory to CFC, regarding the condition of the Mortgaged Property prepared by a professional engineer satisfactory to CFC. The Borrower shall also deliver to CFC such other information as CFC may reasonably request from time to time.

**F. RESERVED**

**G. Financial Books; Financial Reports; Right of Inspection.** The Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Borrower, in accordance with Accounting Requirements. When requested by CFC, the Borrower will prepare and furnish CFC from time to time, periodic financial and statistical reports on its condition and operations. All of such reports shall be in such form and include such information as may be specified by CFC. Within one hundred twenty (120) days of the end of each calendar year during the term hereof, the Borrower shall furnish to CFC a full and complete report of its financial condition and statement of its operations as of the end of such calendar year, in form and substance satisfactory to CFC. In addition, within one hundred twenty (120) days of the end of each of the Borrower's fiscal years during the term hereof, the Borrower shall furnish to CFC a full and complete consolidated and consolidating report of its financial condition and statement of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in any way pertaining to its property or business.

**H. Notice of Additional Secured Debt.** The Borrower will notify CFC promptly in writing if it incurs any additional secured indebtedness other than indebtedness to CFC or indebtedness otherwise provided for in the Mortgage.



**I. Funds Requisition.** The Borrower agrees (i) that CFC may rely conclusively upon the interest rate option, interest rate term and other written instructions submitted to CFC in the Borrower's written request for an Advance hereunder, (ii) that such instructions shall constitute a covenant under this Agreement to repay the Advance in accordance with such instructions, the applicable Note, the Mortgage and this Agreement, and (iii) to request Advances only for the purposes set forth in Schedule 1 hereto.

**J. Compliance With Laws.** The Borrower and each Subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

**K. Taxes.** The Borrower shall pay, or cause to be paid, all taxes, assessments or Governmental Authority charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by the Borrower have been established and are being maintained.

**L. Further Assurances.** The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, rule or regulation, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created thereby. The Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

**M. Environmental Covenants.** The Borrower shall:

- (i) at its own cost, comply in all material respects with all applicable Environmental Laws, including, but not limited to, any required remediation; and
- (ii) if it receives any written communication alleging the Borrower's violation of any Environmental Law, provide CFC with a copy thereof within ten (10) Business Days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter.

**N. Limitations on Loans, Investments and Other Obligations.** The aggregate amount of all purchases, investments, loans, guarantees, commitments and other obligations described in Section 5.02.D(i) of this Agreement shall at all times be less than fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater.

**O. Special Covenants.** The Borrower agrees that it will comply with any special covenants identified in Schedule 1 hereto.

**Section 5.02 Negative Covenants.** The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower will not, directly or indirectly, without CFC's prior written consent:



**A. Limitations on Mergers.** Consolidate with, merge, or sell all or substantially all of its business or assets, or enter into an agreement for such consolidation, merger or sale, to another entity or person unless such action is either approved, as is evidenced by the prior written consent of CFC, or the purchaser, successor or resulting corporation is or becomes a member in good standing of CFC and assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in the Mortgage and this Agreement.

**B. Limitations on Sale, Lease or Transfer of Capital Assets; Application of Proceeds.** Sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset, except in accordance with this Section 5.02.B. If no Event of Default (and no event which with notice or lapse of time and notice would become an Event of Default) shall have occurred and be continuing, the Borrower may, without the prior written consent of CFC, sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset in exchange for fair market value consideration paid to the Borrower if the value of such capital asset is less than five percent (5%) of Total Utility Plant and the aggregate value of capital assets sold, leased or transferred in any 12-month period is less than ten percent (10%) of Total Utility Plant. If the Borrower does sell, lease or transfer any capital assets, then the proceeds thereof (less ordinary and reasonable expenses incident to such transaction) shall immediately (i) be applied as a prepayment of the Note, to such installments as may be designated by CFC at the time of any such prepayment; (ii) in the case of dispositions of equipment, material or scrap, applied to the purchase of other property useful in the Borrower's business, although not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the Lien of the Mortgage; or (iii) applied to the acquisition or construction of other property or in reimbursement of the costs of such property.

**C. RESERVED**

**D. Limitations on Loans, Investments and Other Obligations.**

(i) (a) Purchase, or make any commitment to purchase, any stock, bonds, notes, debentures, or other securities or obligations of or beneficial interests in, (b) make, or enter into a commitment to make, any other investment, monetary or otherwise, in, (c) make, or enter into a commitment to make, any loan to, or (d) guarantee, assume, or otherwise become liable for, or enter into a commitment to guarantee, assume, or otherwise become liable for, any obligation of any Person if, after giving effect to such purchase, investment, loan, guarantee or commitment, the aggregate amount thereof would exceed the greater of fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity.

(ii) The following shall not be included in the limitation of purchases, investments, loans and guarantees in (i) above: (a) bonds, notes, debentures, stock, or other securities or obligations issued by or guaranteed by the United States or any agency or instrumentality thereof; (b) bonds, notes, debentures, stock, commercial paper, subordinated capital certificates, or any other security or obligation issued by CFC or by institutions whose senior unsecured debt obligations are rated by at least two nationally recognized rating organizations in either of their two highest categories; (c) investments incidental to loans made by CFC; (d) any deposit that is fully insured by the United States; (e) loans and grants made by any Governmental Authority to the Borrower under any rural economic development program, but only to the extent that such loans and grants are non-recourse to the Borrower; and (f) unretired patronage capital allocated to the



Borrower by CFC, a cooperative from which the Borrower purchases electric power, or a statewide cooperative association of which the Borrower is a member.

(iii) In no event may the Borrower take any action pursuant to subsection (i) if an Event of Default under this Agreement has occurred and is continuing,

**E. Organizational Change.** Change its type of organization or other legal structure, except as permitted by Section 5.02.A. hereof, in which case the Borrower shall provide at least thirty (30) days prior written notice to CFC together with all documentation reflecting such change as CFC may reasonably require.

**F. Notice of Change in Borrower Information.** Change its (i) state of incorporation, (ii) legal name, or (iii) mailing address, unless the Borrower provides written notice to CFC at least thirty (30) days prior to the effective date of any such change together with all documentation reflecting any such change as CFC may reasonably require.

## **ARTICLE VI**

### **EVENTS OF DEFAULT**

**Section 6.01** The following shall be "Events of Default" under this Agreement:

**A. Representations and Warranties.** Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

**B. Payment.** The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Note and the Loan Documents within five (5) Business Days after the due date thereof.

**C. Other Covenants.**

(i) **No Grace Period.** Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.B, 5.01.D, 5.01.E, 5.01.G, 5.01.I, 5.01.N or 5.02 of this Agreement.

(ii) **Thirty Day Grace Period.** Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

**D. Legal Existence, Permits and Licenses.** The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.



**E. Other CFC Obligations.** The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

**F. Other Obligations.** The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

**G. Involuntary Bankruptcy.** An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

**H. Insolvency.** The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

**I. Dissolution or Liquidation.** Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) consecutive days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 5.02.A.

**J. Material Adverse Change.** Any material adverse change in the business or condition, financial or otherwise, of the Borrower.

**K. Monetary Judgment.** The Borrower shall suffer any money judgment not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.



**L. Nonmonetary Judgment.** One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

## **ARTICLE VII**

### **REMEDIES**

**Section 7.01** If any Event of Default shall occur after the date of this Agreement and shall not have been remedied within the applicable grace period therefor, then in every such event (other than an event described in Section 6.01.G, 6.01.H or 6.01.I) and at any time during the continuance of such event, CFC may:

- (i) Cease making Advances hereunder;
- (ii) Declare all unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (iii) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note, including, but not limited to, patronage capital allocations and retirements, money due to the Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to the Borrower. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (iv) Pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (v) Pursue any other rights and remedies available to CFC at law or in equity.

If any Event of Default described in Section 6.01.G, 6.01.H or 6.01.I shall occur after the date of this Agreement, then CFC's commitment to make Advances hereunder shall automatically terminate and the unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other Obligations shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. In addition, CFC may pursue all rights and remedies available to CFC that are contemplated by the



Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages and any other rights and remedies available to CFC at law or in equity.

Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01 Notices.** All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by facsimile) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) in the case of notice by facsimile, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

The Borrower:

CFC:

The address set forth in  
Schedule 1 hereto

National Rural Utilities Cooperative Finance Corporation  
20701 Cooperative Way  
Dulles, Virginia 20166  
Attention: General Counsel  
Fax # 866-230-5635

**Section 8.02 Expenses.** The Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on CFC's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be secured by the Mortgage and shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing CFC Variable Rate plus two hundred (200) basis points.



**Section 8.03 Late Payments.** If payment of any amount due hereunder or under the Note is not received at CFC's office in Dulles, Virginia or such other location as CFC may designate to the Borrower within five (5) Business Days after the applicable due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

**Section 8.04 Non-Business Day Payments.** If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

**Section 8.05 Filing Fees.** To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Mortgage and any other security instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

**Section 8.06 Waiver; Modification.** No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, the Note or the other Loan Documents and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

#### **SECTION 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.**

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE



ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**SECTION 8.08 INDEMNIFICATION.** THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE MORTGAGED PROPERTY, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE MORTGAGE.

**Section 8.09 Complete Agreement.** This Agreement, together with the schedules to this Agreement, the Note and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents, the terms and provisions of this Agreement shall control.

**Section 8.10 Survival; Successors and Assigns.** All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of the Advances hereunder and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement without the prior written consent of CFC, except as provided in Section 5.02.A hereof.

**Section 8.11 Use of Terms.** The use of the singular herein shall also refer to the plural, and vice versa.

**Section 8.12 Headings.** The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.



**Section 8.13 Severability.** If any term, provision or condition, or any part thereof, of this Agreement, the Note or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any Governmental Authority or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

**Section 8.14 Prior Loan Documents.** It is understood and agreed that the covenants set forth in this Agreement under the Article entitled "COVENANTS" shall restate and supersede all of the covenants set forth in the corresponding Article or Articles of each Prior Loan Document dealing with covenants, regardless of the specific title or titles thereof, *except for* (a) the LCTC Purchase Provisions, and (b) any special covenant or other specific term set forth on Schedule 1 to any Prior Loan Document, unless otherwise explicitly agreed to in writing by CFC, or superseded by explicit reference thereto in this Agreement. For purposes of the foregoing, this Section 8.14 shall be deemed to amend all Prior Loan Documents, and notwithstanding termination of this Agreement for any reason, this Section 8.14 shall nevertheless survive and shall continue to amend each Prior Loan Document for as long as the respective Prior Loan Document is in effect, but only with respect to the matters set forth in this Section 8.14.

**Section 8.15 Binding Effect.** This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and permitted assigns.

**Section 8.16 Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

**Section 8.17 RESERVED**

**Section 8.18 Schedule 1.** Schedule 1 attached hereto is an integral part of this Agreement.



**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

(SEAL)

BLOCK ISLAND UTILITY DISTRICT

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Secretary

(SEAL)

NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION

By: \_\_\_\_\_  
Assistant Secretary-Treasurer

Attest: \_\_\_\_\_  
Assistant Secretary-Treasurer



## SCHEDULE 1

1. The purpose of this loan as follows:
  - (i) Note RI001-A-9003 shall be used for the Borrower's purchase of a back-up transformer, and
  - (ii) Note RI001-A-9004 shall be used for the construction of a new home for the Borrower's Chief Executive Officer which will be located on the existing property of Borrower.
2. The aggregate CFC Commitment is \$1,200,000.00. Within this aggregate amount, the Borrower may, at its discretion, execute one or more Notes, each Note representing a separate loan with CFC and containing a face amount and Maturity Date in accordance with the terms, conditions and provisions of this Agreement.
3. Draw Period shall mean the period beginning on the date hereof and ending on (i) with respect to Note RI001-A-9003, the date that is one (1) year thereafter, and (ii) with respect to Note RI001-A-9004, the date that is three (3) years thereafter.
4. The Mortgage shall mean the Mortgage and Security Agreement dated as of August 15, 2019 and First Supplement to Mortgage and Security Agreement dated as of August 21, 2019 between the Borrower and CFC, as it may have been supplemented, amended, consolidated, or restated from time to time.
5. The Notes executed pursuant hereto and the amortization method for such Notes are as follows:

LOAN NUMBER	AMOUNT	AMORTIZATION METHOD	MATURITY DATE
RI001-A-9003	\$600,000.00	As selected by Borrower in a written funds requisition at the time of Advance	Thirty-one (31) years from the date hereof
RI001-A-9004	\$600,000.00	As selected by Borrower in a written funds requisition at the time of Advance	Thirty-three (33) years from the date hereof

6. The Payment Date months are March, June, September and December.
7. The Subsidiaries of the Borrower referred to in Section 2.01.B are:
 

<u>Name of Subsidiary</u>	<u>% of Borrower's ownership</u>
N/A	
8. The Borrower's exact legal name is: Block Island Utility District



9. The Borrower's organizational type is: quasi-municipal corporation
10. The Borrower is organized under the laws of the state of: Rhode Island
11. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.I is 100 Ocean Avenue, Block Island, RI 02807.
12. The Governmental Authority referred to in Section 2.01.J is: Rhode Island Public Utilities Commission
13. The special conditions of closing referred to in Section 4.01.F are as follows: None
14. The special conditions of advance referred to in Section 4.02.D are as follows:
  - (a) Prior to and as a condition of the first Advance, the Borrower shall provide CFC with an updated financial forecast in form and substance satisfactory to CFC.
15. The special covenant(s) referred to in Section 5.01.O is (are) as follows:
  - (a) The Borrower shall not make any Distribution.
16. The address for notices to the Borrower referred to in Section 8.01 is:

If by personal delivery (including overnight mail or courier service):

Block Island Utility District  
 100 Ocean Avenue  
 Block Island, RI 02807  
 Attention: General Manager

If by United States mail:

Block Island Utility District  
 P.O. Box 518  
 Block Island, RI 02807  
 Attention: General Manager

If by facsimile:

Fax: (401) 466-5851







## SECURED PROMISSORY NOTE

\$600,000.00

dated as of \_\_\_\_\_

BLOCK ISLAND UTILITY DISTRICT, a quasi-municipal corporation organized and existing under the laws of the State of Rhode Island (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of SIX HUNDRED THOUSAND AND 00/100 U.S. DOLLARS (\$600,000.00), or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement") on the dates and in the principal amounts provided in the Loan Agreement, and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rates, in amounts and on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable thirty-one (31) years from the date of the Loan Agreement (such date herein called the "Maturity Date") *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is secured under a Mortgage and Security Agreement dated as of August 15, 2019, between the Borrower and the Payee, as it may have been or shall be supplemented, amended, consolidated or restated from time to time, including by First Supplement to Mortgage and Security Agreement dated as of August 21, 2019 ("Mortgage"). This Note is one of the Notes referred to in, and has been executed and delivered pursuant to, the Loan Agreement.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

BLOCK ISLAND UTILITY DISTRICT

(SEAL)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Secretary

Loan No. RI001-A-9003

CFC NOTE  
RI001-A-9003(ELGINB)  
236405-1



## SECURED PROMISSORY NOTE

\$600,000.00

dated as of \_\_\_\_\_

BLOCK ISLAND UTILITY DISTRICT, a quasi-municipal corporation organized and existing under the laws of the State of Rhode Island (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of SIX HUNDRED THOUSAND AND 00/100 U.S. DOLLARS (\$600,000.00), or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement") on the dates and in the principal amounts provided in the Loan Agreement, and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rates, in amounts and on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable thirty-three (33) years from the date of the Loan Agreement (such date herein called the "Maturity Date") *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is secured under a Mortgage and Security Agreement dated as of August 15, 2019, between the Borrower and the Payee, as it may have been or shall be supplemented, amended, consolidated or restated from time to time, including by First Supplement to Mortgage and Security Agreement dated as of August 21, 2019 ("Mortgage"). This Note is one of the Notes referred to in, and has been executed and delivered pursuant to, the Loan Agreement.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

BLOCK ISLAND UTILITY DISTRICT

(SEAL)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Secretary

Loan No. RI001-A-9004

CFC NOTE  
RI001-A-9004(ELGINB)  
236406-1



**AGENDA ITEM 8**  
**BLOCK ISLAND EFFICIENCY PROGRAM**



## Jeffery Wright

---

**From:** Cleveland, Nathan (DOA) <Nathan.Cleveland@energy.ri.gov>  
**Sent:** Tuesday, January 14, 2020 3:31 PM  
**To:** Jeffery Wright  
**Subject:** RE: [EXTERNAL] : Re: Good Luck on Thursday!  
**Attachments:** 2020 Block Island DSM Plan 1.14.19.docx

Hi Jeff,

Attached is the updated version of the DSM plan. Some highlights to bring to your attention:

- Adjusted the budgets and expected participation rates to lean more heavily towards residential rather than business.
- Removed Wi-Fi thermostats and replaced with programmable ones
- included a very rough estimate of the energy savings potential this plan represents, if all goes according to plan
- included language about how we address potential cost overruns (essentially close down the offering until the next year once a budget category is getting full) and what to do in the event we don't spend all the money in a given year (roll it over to the following year and account for it in that budget).
- removed the appendices with all the RFPs – was advised that we don't need or want Commission approval on those.

I think it's responsive to the feedback we received while still providing a strong foundation to build from and provide significant benefits to customers and hopefully the Board agrees on Thursday's vote. Let me know if you have any questions/concerns before then. Once that's done, let's talk about next steps and additional work to be done to prepare for filing/hearings etc.

Given the new date I am unable to come out to the Island for the vote but will have my cell phone (207 577 5081) in case you need to reach me.

Thanks!  
Nathan



**Nathan Cleveland**  
***Programming Services Officer, Energy Efficiency***  
Rhode Island Office of Energy Resources  
1 Capitol Hill, 4<sup>th</sup> Floor, Providence, RI 02908  
p. 401-574-9112 | f. 401-574-9125  
[Nathan.Cleveland@energy.ri.gov](mailto:Nathan.Cleveland@energy.ri.gov) | [www.energy.ri.gov](http://www.energy.ri.gov)



**Block Island  
Utility District**  
dba  
*Block Island  
Power Company*



**Demand Side Management  
2020 Plan  
Docket #:**

Block Island Utility District  
100 Ocean Avenue  
Block Island  
New Shoreham, RI 02807  
(401) 466-5851



## Table of Contents

<b>1. Introduction and Background .....</b>	<b>3</b>
<b>2. DSM Categories, Proposed Budget Allocation, Cost Recovery, and Estimated Benefits.....</b>	<b>5</b>
A. Proposed 2020 Budget Allocations.....	6
B. Cost Recovery and Other Funding Sources .....	7
<b>3. Detailed Program Descriptions.....</b>	<b>8</b>
A. Residential Offerings: .....	8
i. Home Energy Assessments.....	8
ii. Direct Install Measures .....	9
iii. Weatherization Measures .....	10
iv. HVAC Measures .....	11
B. Business Offerings:.....	13
i. Business Energy Assessments .....	14
ii. Direct Install and Other Lighting Measures.....	15
iii. Weatherization Measures .....	15
iv. Business HVAC Measures .....	16
<b>4. Program Administration and Management .....</b>	<b>18</b>
i. Vendor Engagement.....	18
ii. Program Management and Oversight .....	18
iii. Customer Engagement .....	19
iv. Program Reporting.....	20
<b>5. Conclusion .....</b>	<b>20</b>



## **Block Island Utility District – 2020 Demand Side Management Plan**

### **1. Introduction and Background**

Demand side management (DSM) is important because it can provide benefits to both customers as well as the electric grid. The Block Island Utility District (BIUD, the District) is proposing to establish a DSM program to provide its 1,900 customers access to energy efficiency programs that will benefit them and improve the service and reliability of the island's electric grid. A DSM program provides access and incentives for measures that allow customers to optimize their energy usage and reduce their utility bills. Reducing energy usage, particularly during peak seasons or times of day, can also have substantial benefits such as reduced grid maintenance and capital expenditures, reduced peak charges for customers, and greater service reliability.

Block Island is a unique community because of its geographic separation from the mainland and its variable, tourist-driven seasonal usage profile. The community of New Shoreham and the grid that serves it needs to be flexible enough to handle the increased summer population, as well as reliable and resilient enough to provide service to the year-round residents and businesses, even in the face of harsh winter conditions.

Given Block Island's unique size, location, and seasonal usage spike, demand management is especially important for this community and aligns with many of BIUD's goals outlined in the proposed rate case filing (Docket #4975). Specifically, through the implementation of this proposed DSM plan, BIUD aims to empower its customers to make choices that help control their energy usage, reduce energy burden<sup>1</sup> on customers, improve resource allocation, and encourage the adoption of innovative new technologies that maximize the benefits of Block Island's smart meters. By supporting the filing of this proposed DSM plan, the BIUD Board seeks to deliver energy efficiency program benefits to all BIUD customers.

The proposed 2020 DSM plan for the Block Island Utility District represents an evolution of prior energy efficiency work conducted in New Shoreham through the *Block Island Saves* pilot program. The *Block Island Saves* program ran from 2015-2017 and was administered and funded solely by the Rhode Island Office of Energy Resources. The BIUD, working in collaboration with the Office of Energy Resources (OER), drafted this proposed DSM plan as a robust iteration on the original *Block Island Saves* pilot. The DSM programs described below leverage best practices from the *Block Island Saves* program as well as Rhode Island's nation-leading mainland efficiency programming and are intended to address the unique needs of the Block Island community.

The original *Block Island Saves* program began as a pre-pilot program with the support of the New Shoreham Town Council, fully managed and funded through OER. The pre-pilot was

<sup>1</sup> Energy burden is the percentage of household income spent on home energy bills.



conducted to test energy efficiency programs on Block Island and recruit a small group of pre-pilot participants. Of the 24 pre-pilot applications received, ten residents and five businesses were selected to participate in the pre-pilot (those not selected were later able to participate in the full pilot).

Pre-pilot participants received a free energy assessment of their home or business, followed by a list of recommendations for energy efficiency improvements and access to associated rebates or incentives. Overall, the pre-pilot program incentives and rebates were evaluated by OER to be cost-effective and successful in motivating participants to install energy-efficient measures. The success of the pre-pilot in terms of participation, interest, opportunities, and cost-effectiveness prompted the expansion of the pre-pilot program to a full-scale pilot.

Program offerings in the full pilot were identical to the pre-pilot phase. During the full-pilot phase, 110 additional home and business energy assessments were conducted. Program participants were able to save 313 MWh of electricity, 271 MMBtu of oil, and 136 MMBtu of propane annually. Participants were also able to decrease their energy bills, saving in aggregate \$597,968 (residential) and \$714,396 (business) over the lifetime of the efficiency upgrades.

Following the completion of *Block Island Saves*, OER conveyed lessons learned to both the BIUD Utility and the public through a report which is available on the OER website<sup>2</sup>. This proposed 2020 DSM plan incorporates recommendations from OER's report and continues several elements from the successful *Block Island Saves* program, such as the no-cost assessments with direct install measures and incentives for weatherization. Based on the interest and adoption of those measures during the pilot the following proposed DSM programs include those same elements as a foundation for 2020. The proposed plan also seeks to prepare New Shoreham residents for the changing energy landscape by promoting the installation of newer, highly efficient heat pump equipment, programmable thermostats, and weatherization measures.

A significant difference between the proposed 2020 plan and the pilot is the expansion and enhancement of the HVAC and water heating programs. The proposed DSM plan includes an incentive for the adoption of high-efficiency heat pump systems as well as heat pump water heaters. In combination with the newly proposed rate structure (described below in section 2.B), the District feels that the adoption of heat pumps for heating and cooling needs will be an attractive option for customers that provides significant energy and cost savings.

Heat pump technology is an important tool in helping BIUD smooth out the current load curve, minimize increasing summer demand caused by a growing number of air conditioning installations, and can provide opportunities for customers to reduce their overall energy burden. In addition to aligning with the District's goals for its customers, offering incentives for heat pumps can also help Rhode Island to meet its Greenhouse Gas Emission goals while ensuring that New Shoreham residents and businesses receive the same, if not enhanced, opportunities for improved comfort and energy savings as other Rhode Islanders.

<sup>2</sup> <http://www.energy.ri.gov/documents/archived-reports/Block%20Island%20Saves%20Pilot%20-%20Full%20Report%20-%20April%202018.pdf>



Block Island Utility District respectfully requests that the Public Utilities Commission (PUC) approve this 2020 Demand Side Management plan and its associated use of ratepayer funds, in its entirety, as outlined below.

## **2. DSM Categories, Proposed Budget Allocation, Cost Recovery, and Estimated Benefits**

The proposed budget for the Block Island DSM programs is broken into three major categories – Assessment and Installation, Inspection and Program Administration, and Customer Outreach.

In the Assessments & Installation category, there are programs for Residential energy assessments and weatherization; Residential HVAC and water heating; Business energy assessments, lighting, and weatherization; and Business HVAC and water heating. The distinction between Residential and Business programs will allow BIUD to track the distribution of costs and benefits within and between the two distinct customer segments. This budget category, overall, contains the full costs of energy assessments at homes and businesses, including the direct installation of measures such as LED lightbulbs, smart power strips, and low-flow showerheads, as well as rebates for additional measures such as weatherization and efficient HVAC equipment. As a result, the bulk of the proposed DSM budget exists within this category.

The Inspection and Program Administration category includes the cost of inspections for any residential weatherization and/or HVAC measures installed through the DSM programs, as well as any business direct install measures, weatherization, or other energy efficiency measures installed through the programs. It is important to verify the proper installation of deeper measures so customers will reap the full benefits of the measure. Further, to support insightful reporting to the Public Utilities Commission, inspection and verification is expected to enhance the accuracy of energy savings calculations, in addition to ensuring customer satisfaction and realization of expected energy savings. Since the District is re-establishing efficiency programming with this proposed DSM plan, start-up costs are perhaps higher than they may be in subsequent years. Coupled with the high cost of travel to/from Block Island, this has led to increased costs in this budget category relative to more mature DSM programs or more readily accessible areas. The District is committed to working with vendors and other partners to find ways to drive these costs down as much as is feasible in future program years, through more efficiency program delivery, engaging more local service providers, or other ways that may present themselves as the programs mature.

Funds for the efficiency consultant BIUD proposes to hire are also encompassed in the Inspection and Program Administration budget category. The efficiency consultant will assist the District in administering the DSM programs, managing the tracking and reporting of data, processing incentive rebates, and making suggestions for future program development. Additionally, the efficiency consultant will assist the District in developing a cost-effectiveness framework and evaluating program performance, consistent with Docket # 4600 principles and directives.



Lastly, the Customer Outreach budget category covers the costs of promoting the DSM programs. The proposed spending on program outreach will encourage BIUD customers to participate in the DSM programs, and will inform them on, how to participate and what benefits can be expected.

Using the *Block Island Saves* results, the average BIUD customer saved 2.84 MWh of electricity, 2.46 MMBtu of oil, and 1.24 MMBtu of propane annually through that program. Based on the estimated participation numbers for the proposed 2020 DSM plan, the District estimates that this plan could deliver approximate annual savings of 115 MWh of electricity, 100 MMBtu of oil, and 50 MMBtu of propane. Actual savings numbers depend on the exact measures installed by customers and the specific fuel types they utilize, among other factors, but this provides some scope as to the significant energy benefits BIUD customers can realize through this plan.

A. Proposed 2020 Budget Allocations

The budget numbers included below are based on actual project costs and participation levels from the *Block Island Saves* pilot program. Adjustments to those numbers are based on anticipated participation numbers and changes in unit costs since 2017 when the pilot concluded.



Table 2.1 Proposed 2020 DSM Plan Budget Allocations		
<b><u>Budget Category</u></b>	<b><u>Proposed Budget</u></b>	<b><u>Notes</u></b>
<i><u>Assessment &amp; Installation</u></i>		
Residential Assessments and Weatherization	\$45,350.00	Energy Assessments & Weatherization
Residential HVAC & Water Heating	\$7,700.00	Programmable Thermostats; Heat Pump Water Heaters; Heat Pump Heating & Cooling Systems; Weatherization Bonus
Business Assessments, Lighting, and Weatherization	\$27,600.00	Energy Assessments, Lighting Measures, and Weatherization
Business HVAC & Water Heating	\$5,000.00	Programmable Thermostats; Heat Pump Water Heaters; Heat Pump Heating & Cooling Systems
<b>Total</b>	<b>\$85,550.00</b>	
<i><u>Inspection and Program Administration</u></i>		
Inspection Services		Inspections for Residential Weatherization; Business Direct Install measures, Lighting, and Weatherization
Program Administration		Efficiency Consultant Services
<b>Total</b>	<b>\$29,200.00</b>	
<i><u>Customer Outreach</u></i>		
<b>Total</b>	<b>\$5,250.00</b>	Advertising in Local Publications, Bill Inserts, Online, and in Community Bulletin
<b>Total Budget</b>	<b>\$120,000.00</b>	

#### B. Cost Recovery and Other Funding Sources

Block Island Utility District, through its new rate case in Docket # 4975, has proposed a new rate design with implications for the demand side management plan and its budget. The current rate structure is a two-tier structure with peak and off-peak seasonal rates for all customer classes. In its proposed rate case, BIUD has suggested implementing a three-tier rate structure with peak, shoulder, and off-peak rates for all customer classes as well as an efficiency surcharge.



Table 2.2 - Current Block Island Utility District Rate Structure											
OFF-PEAK					PEAK				OFF-PEAK		
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC

Table 2.3 - Proposed Block Island Utility District Rate Structure											
OFF-PEAK				SHOULDER		PEAK		SHOULDER		OFF-PEAK	
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
				\$ .00395/kWh		\$ .01/kWh		\$ .00395/kWh			
				EFFICIENCY SURCHARGE							

Through the proposed rate redesign, BIUD estimates it will generate approximate revenues of \$60,000 from the efficiency surcharge during the calendar year, which will support DSM program implementation in 2020. The breakdown of efficiency surcharge collection was provided in Docket # 4975 and estimates collections as follows: ~\$24,000 from residential customers, ~\$6,000 from business customers, and ~\$30,000 from the general service rate, which comprises larger residential users as well as some business customers. The Office of Energy Resources will supplement the budget for the DSM programs with Regional Greenhouse Gas Initiative (RGGI) proceeds. OER has committed a total of \$180,000 in RGGI proceeds to be provided over the course of three years, beginning in 2020, to help support BIUD's DSM programming in conjunction with annual, collected efficiency surcharge monies.

### 3. Detailed Program Descriptions

#### A. Residential Offerings:

Refer to Table 2.1 for full program budget; residential subsection reproduced below.

Table 3.1 – Assessment and Installation Category – Residential Programs		
Program	Proposed Budget	Estimated Quantities & Notes
Residential Assessments and Weatherization	\$45,350.00	36 Energy Assessments & 8 Weatherization
Residential HVAC	\$7,700.00	36 Programmable Thermostats; 6 Heat Pump Water Heaters; 6 Heat Pump Heating & Cooling Systems; 2 Weatherization Bonus

#### i. Home Energy Assessments

Residential energy assessments with no-cost direct install measures are critical for households to reduce energy use, lower their energy costs, and identify opportunities for additional, deeper savings. The home energy assessment is a focal point of the proposed DSM plan as it allows for



the comprehensive evaluation of the residential building stock, direct installation of energy saving measures (e.g. LED light bulbs, smart power strips) and the opportunity to identify deeper savings opportunities such as weatherization or HVAC equipment upgrades. Assessments often serve as the initial contact point for customers and what the District hopes is the start of an ongoing, beneficial relationship with the customer as they become more aware of their energy use and seek to make continual energy improvements to their home.

Each home energy assessment, conducted by a BPI certified energy assessor, will include a whole-home evaluation, a blower door test to check for proper air sealing, a heating system safety test to check the health and safety of the equipment, and a number of direct install measures (outlined in the following section) that the assessor will install during the visit. At the conclusion of the assessment, the customer will receive a home energy action plan outlining additional energy savings measures they can implement, the estimated costs, and BIUD incentives associated with those measures, as well as information and tips on how to better manage their energy use and reduce costs. These comprehensive assessments are provided to the customer free of charge and are open to all residential BIUD customers.

ii. Direct Install Measures

As part of the Home Energy Assessments, each energy assessor will install a number of energy saving measures in each home, as needed, at no cost to the customer. The proposed 2020 DSM plan proposes the following direct install measures:

Table 3.2 – Proposed Direct Install Measures and Incentives			
Measure	Estimated Quantities	Incentive Level	Notes
LED Lightbulbs	432	Free	No limit; expect 12 per assessment
Smart Power Strips	72	Free	Maximum of 2 per assessment
Low-Flow Shower Heads	36	Free	Expect 1 per assessment
Aerator faucets	50	Free	Expect 1.5 per assessment

LED Lightbulbs – installed in place of existing incandescent or CFL bulbs throughout the home, any number of bulbs can be replaced during the assessment.

Smart Power Strips – up to two (2) smart power strips that help reduce electricity usage of devices that would otherwise be constantly using electricity.

Faucets and Showerheads – Low-flow showerheads and aerator faucets that help reduce water and energy usage, any number can be installed throughout the home during the assessment.

These low-cost measures are proven energy saving devices that provide immediate benefits to customers who have a home energy assessment completed.



### iii. Weatherization Measures

One of the outcomes BIUD expects to achieve with its proposed DSM program is to educate customers about the benefits of weatherization and to properly incentivize them to undertake these measures. Residential customers with weatherization opportunities will learn of these opportunities through the home energy action plan provided at the conclusion of the assessment, as well as given information about potential costs and incentive levels that BIUD offers.

Weatherization benefits include increased comfort to occupants year-round - warmer in the winter and cooler in the summer - as well as reduced energy usage and costs. Many homeowners deal with high energy bills year-round without realizing that proper weatherization techniques can meaningfully reduce their bills. The proposed DSM plan offers the following options as part of the weatherization program:

Table 3.3 – Proposed Weatherization Measures and Incentive Levels		
Measure	Incentive Level	Notes
Air Sealing	Up to 10 labor hours free (\$800 value) plus 40% off further sealing, up to \$2,000 in total weatherization costs	Based on pilot rebate levels and expected home energy assessment numbers
Duct Sealing		
Insulation		
Pipe Insulation		
Weatherization Bonus	\$250	For customers who insulate <u>and</u> install a heat pump system

Air Sealing – Sealing air leaks in and around windows and doors to reduce the loss of heated or conditioned air.

Duct Sealing – Sealing of leaks around ductwork to ensure that all heated or conditioned air enters the living spaces and is not lost in the walls/ceilings or to the outside.

Pipe Insulation – Improving insulation around water pipes to reduce heat loss and protect against pipe freezing during the winter months.

Insulation – Installing improved insulation in the walls, ceilings, and floors of the home to improve the building envelope, leading to increased comfort as heated or conditioned air remains in the home rather than escaping outside.

An additional feature for residential customers is a weatherization bonus. Customers can receive an additional \$250 rebate if they bundle insulation work alongside the installation of a heat pump heating and cooling system. BIUD is proposing to offer this bonus incentive because of the benefits that come from weatherizing a home properly, especially in conjunction with efficient operation of a heat pump system.



#### iv. HVAC Measures

The home energy action plan will also provide information to customers about opportunities to upgrade inefficient heating and cooling equipment in the home. The HVAC offerings aim to promote the adoption of high-efficiency heat pump systems for heating and cooling as well as heat pump water heaters. Electrifying heating and cooling is an important step in reducing greenhouse gas emissions and is supported by the District's recently proposed three-tier rate structure, which includes a lower winter electricity price that makes the adoption of electric heating measures more cost effective for customers. Additionally, the adoption of programmable thermostats gives residents the ability to better control and monitor their energy usage and save money.

It is proposed that incentives for the following equipment, at the following levels, be offered as part of the Residential HVAC program:



<b>Table 3.4 – Proposed HVAC and Water Heater Measures and Incentives</b>				
<b>Equipment</b>	<b>Rating</b>	<b>Estimated Quantity</b>	<b>Proposed Rebate</b>	<b>Notes</b>
Central Heat Pump	<b>SEER</b> $\geq 15$ ; <b>HSPF</b> $\geq 9$	2	\$250 per ton	Seasonal Energy Efficiency Rating (SEER) measures air conditioning and heat pump cooling efficiency. A SEER rating is a maximum efficiency rating, similar to the miles per gallon for a car.  Heating Seasonal Performance Factor (HSPF) is used to measure the efficiency of heat pumps and the higher the HSPF the more efficient the system.
Ducted or Mixed Ducted Mini-Split Heat Pump	<b>SEER</b> $\geq 15$ ; <b>HSPF</b> $\geq 9$	2	\$250 per ton	
Ductless Mini-Split Heat Pump	<b>SEER</b> $\geq 15$ ; <b>HSPF</b> $\geq 10$	2	\$150 per ton	
Heat Pump Water Heaters	ENERGY STAR $\leq 55$ gallon; should have a minimum UEF of 2.00	4	\$300 rebate	Uniform Energy Factor (UEF) is a new metric for determining the energy efficiency of a water heater utilized by the Department of Energy. The higher the UEF, the greater the equipment's efficiency and the lower the energy bill.
	ENERGY STAR $>55$ gallon should have a minimum UEF of 2.70	2	\$150 rebate	Uniform Energy Factor (UEF) is a new metric for determining the energy efficiency of a water heater utilized by the Department of Energy. The higher the UEF, the greater the equipment's efficiency and the lower the energy bill.
Programmable Thermostats		36	\$25 Rebate	
*Rebate not to exceed \$750 per customer for this program (excluding thermostats).				

Block Island Utility District wants to promote the adoption of high-efficiency electric heat pumps through an incentive structure that will be based on a per-ton amount. This structure is more flexible than a flat rate amount and allows the incentive to vary appropriately with the proper sizing of heat pump systems to various home configurations and sizes. Additionally, if the newly proposed three-tier rate structure with lower winter electric rates is approved by the Commission, BIUD anticipates that the combined new rate structure and DSM incentives will drive adoption of heat pump technologies which will save customers energy and money.



Qualifying units must meet the SEER and/or HSPF ratings specified for each system type, which align with the efficiency ratings contained in the Northeast Energy Efficiency Partnerships (NEEP) cold climate heat pump specification list and is considered the industry standard for this technology.

Alongside the incentive for heat pump based heating and cooling systems, the District also proposes incentives for heat pump water heaters. Given the smaller variation in equipment size, associated energy savings expected, and to align closely with other Rhode Island efficiency programs, BIUD will be offering flat rate incentives of \$300 and \$150 for heat pump water heaters, based on size. Units 55 gallons and smaller use less energy than larger units and thus provide a greater opportunity for energy savings. Therefore, BIUD proposes to provide a higher incentive for these units compared to units over 55 gallons in size. Qualifying units will have a minimum uniform energy factor (UEF) of 2.0 for the smaller units and a minimum UEF of 2.7 for the larger systems. ENERGY STAR heat pump water heaters can save the average household \$330 per year and 2,690 kwh compared to a standard electric hot water heater, so these units represent a great opportunity for savings.

Because heat pump technology is still new and because the pilot program on Block Island did not include heating and cooling heat pump systems as part of the incentive structure, the District is proposing to cap the incentive level at \$750 per customer for these measures initially. BIUD wants to strike a balance between providing a reasonable incentive to drive adoption of this technology alongside the ability to provide some incentive to a larger number of customers who may be interested in taking advantage of this opportunity. Because there is not reliable historical data from the pilot program for these measures, setting a cap will help the District to serve both of these goals.

The District will also incentivize programmable thermostats through the residential HVAC and water heater program. Programmable thermostats are a useful piece of technology to help manage a home's energy usage efficiently and conveniently. BIUD is proposing a \$25 rebate to customers who purchase a programmable thermostat.

Customers who install weatherization or HVAC measures will be given their rebate after work has been completed and inspected. BIUD will offer rebate forms to customers both online and in person at the BIUD office and will require customers to provide proper documentation from the contractor who performed the job, in the form of a receipt or work order. Customers submitting rebates for eligible thermostats need only provide a purchase receipt as proper documentation with their rebate form. If a customer has any problems or questions regarding a rebate form, their contractor may be able to help complete relevant fields, and customers can always reach out to BIUD staff for assistance during business hours.

#### B. Business Offerings:

Refer to Table 2.1 for full program budget; business subsection reproduced below.



Table 3.5 – Assessment and Installation – Business Budgets		
Program	Proposed Budget	Notes
Business Assessments, Lighting, and Weatherization	\$27,600.00	Energy Assessments, Additional Lighting Measures, and Weatherization
Business HVAC & Water Heating	\$5,000.00	Programmable Thermostats; Heat Pump Water Heaters; Heat Pump Heating & Cooling Systems

i. Business Energy Assessments

As with the residential offerings, the initial no-cost energy assessment for business and commercial customers is a foundational focus of the proposed business DSM programs. Comprehensive evaluations of the commercial spaces of New Shoreham will be conducted by a qualified energy assessor who will also directly install measures that provide immediate savings and deliver a comprehensive energy action plan to the customer with recommendations for additional savings measures. Providing these free, no-obligation energy assessments also allows BIUD to establish an ongoing relationship with business customers as they pursue energy efficiency improvements.

Each business energy assessment, conducted by an energy assessor, will include a whole-business evaluation of the electrical equipment and thermal systems as well as directly installing screw-in LED lightbulbs, as appropriate. At the conclusion of the assessment, the customer will receive a business energy action plan outlining additional energy savings measures they can implement, the estimated costs, and BIUD incentives or rebates associated with those measures, as well as information and tips on how to better manage their energy use and reduce costs. These comprehensive assessments are provided to the customer free of charge and are open to all BIUD business customers.

Because the number of business participants in the *Block Island Saves* pilot was small, and the business community on the Island is limited, it makes accurately estimating demand for specific measures more challenging than the residential program. The District is estimating six business assessments will be conducted in the initial program year and that from those assessments' customers will pursue some additional deeper efficiency measures, be that additional lighting, weatherization, or HVAC upgrades. The District has set a budget that anticipates that half of the business customers will pursue additional measures of some kind.



ii. Direct Install and Other Lighting Measures

Table 3.6 – Proposed Business Direct Install and Other Lighting Measures and Incentives			
Measure	Estimated Quantities	Incentive Level	Notes
Screw-in LED Lightbulbs	60	Free	No limit; expect 10 per assessment
LED fixture upgrades	12	75% of costs covered	Expect an average of 2 per assessment
Lighting controls	6		Expect an average of 1 per assessment
Occupancy sensors	12		Expect an average of 2 per assessment

As part of the business energy assessments, each energy assessor will install screw-in LED lightbulbs in as many fixtures as needed throughout the property. BIUD recognizes that many business environments have different lighting needs from residential customers, and screw-in LED lightbulbs may not upgrade the entirety of the lighting for a given business, and therefore it is proposed that incentives for additional lighting measures be offered as well. Upgraded fixtures, lighting controls, and lighting sensors (such as occupancy sensors) will be listed on the energy action plan as an additional energy saving measure that customers can pursue, and approved equipment will be incentivized at 75% of total cost.

iii. Weatherization Measures

One of the outcomes BIUD expects to achieve with its proposed DSM plan is to educate customers about the benefits of weatherization and to properly incentivize them to undertake these measures. Business customers with weatherization opportunities will learn of these opportunities through the energy action plan provided at the conclusion of the energy assessment.

Weatherization benefits include increased comfort to occupants year-round - warmer in the winter and cooler in the summer - as well as reduced energy usage and costs. Many business owners deal with high energy bills year-round without realizing that proper weatherization techniques can meaningfully reduce their bills. The proposed DSM plan offers the following options as part of the business weatherization program:

Table 3.7 – Proposed Business Weatherization Measures and Incentive Levels		
Measure	Incentive Level	Notes
Air Sealing	Up to \$1,200 in free air sealing plus 40% off further sealing, up to \$4,200 in total weatherization costs or up to \$3,000 in insulation costs	Based on prior rebate levels and expected business energy assessment numbers
Duct Sealing		
Insulation		
Pipe Insulation		



Air Sealing – Sealing air leaks in and around windows and doors to reduce the loss of heated or conditioned air to the outside.

Duct Sealing – Sealing leaks around ductwork to ensure that all heated or conditioned air enters the living spaces and is not lost in the walls/ceilings or outside.

Pipe Insulation – Improving insulation around water pipes to reduce heat loss and protect against pipe freezing during the winter months.

Insulation – Installing improved insulation in the walls, ceilings, and floors of the home to improve the building envelope, leading to increased comfort as heated or conditioned air remains in the home rather than escaping outside.

#### iv. Business HVAC Measures

Business customers have more varied building uses and often utilize larger equipment to support their operations. In order to ensure that the business customers of BIUD have opportunities to upgrade to more efficient equipment where appropriate, incentives for the following measures are proposed:



<b>Table 3.8 – Proposed Business HVAC and Water Heater Measures and Incentives</b>			
<b>Equipment</b>	<b>Rating</b>	<b>Proposed Rebate</b>	<b>Notes</b>
Central Heat Pump	<b>SEER</b> $\geq 15$ ; <b>HSPF</b> $\geq 9$	\$250 per ton	Seasonal Energy Efficiency Rating (SEER) measures air conditioning and heat pump cooling efficiency. A SEER rating is a maximum efficiency rating, similar to the miles per gallon for a car.  Heating Seasonal Performance Factor (HSPF) is used to measure the efficiency of heat pumps and the higher the HSPF the more efficient the system.
Ducted or Mixed Ducted Mini-Split Heat Pump	<b>SEER</b> $\geq 15$ ; <b>HSPF</b> $\geq 9$	\$250 per ton	
Ductless Mini-Split Heat Pump	<b>SEER</b> $\geq 15$ ; <b>HSPF</b> $\geq 10$	\$150 per ton	
Heat Pump Water Heaters	ENERGY STAR $\leq 55$ gallon; should have a minimum UEF of 2.00	\$300 rebate	Uniform Energy Factor (UEF) is a new metric for determining the energy efficiency of a water heater utilized by the Department of Energy. The higher the UEF, the greater the equipment's efficiency and the lower the energy bill.
	ENERGY STAR $>55$ gallon should have a minimum UEF of 2.70	\$150 rebate	Uniform Energy Factor (UEF) is a new metric for determining the energy efficiency of a water heater utilized by the Department of Energy. The higher the UEF, the greater the equipment's efficiency and the lower the energy bill.
Programmable Thermostats		\$25 Rebate	
*Rebate not to exceed \$1000 per customer for this program (excluding thermostats).			

Programmable Thermostats – programmable thermostats allow for better control of, and reduced operating costs from, heating and cooling systems. Therefore, programmable thermostats help manage a business's energy usage efficiently and conveniently. BIUD is proposing a \$25 rebate to customers who purchase a programmable thermostat.

Heat Pump Heating and Cooling, and Heat Pump Water Heaters: As in the residential program, it is proposed to incentivize business adoption of high-efficiency heat pump systems for heating and cooling, as well as heat pump water heaters. The recently proposed three-tier rate structure with an attractive winter electricity price, if approved by the Commission, is expected to make the adoption of electric heating measures even more cost effective for customers. By offering the



incentives proposed above, BIUD aims to encourage the installation of the most efficient electric heating or cooling systems.

Customers who install weatherization, additional lighting, or HVAC measures will be given their rebate after work has been completed and inspected. BIUD will offer rebate forms to customers both online and in person at the BIUD office and will require customers to provide proper documentation from the contractor who performed the job, in the form of a receipt or work order. Customers submitting rebates for eligible thermostats need only provide a purchase receipt as proper documentation with their rebate form. If a customer has any problems or questions regarding a rebate form, their contractor may be able to help complete relevant fields, and customers can always reach out to BIUD staff for assistance during business hours.

#### **4. Program Administration and Management**

The proposed management structure has been designed to ensure successful program delivery and implementation, effective customer outreach, timely customer service and rebate processing, and insightful data collection and reporting. Specifically, to achieve these outcomes, the District proposes a strong on-going collaboration with the Office of Energy Resources and proposes to hire an efficiency consultant to help administer the program and conduct program reporting.

##### **i. Vendor Engagement**

One of the critical elements to the success of the proposed DSM plan is the engagement of knowledgeable and reliable vendors. BIUD will be soliciting one vendor to provide energy assessments, direct install services and, if desired by the customer, weatherization measures to residential and business customers. The District will also be seeking a separate vendor to provide post-installation inspections for business customers and all residential non-direct install (e.g. weatherization and HVAC) measures. BIUD proposes issuing two competitive RFPs to hire a lead energy assessment vendor and a lead inspection services vendor, respectively.

The scope of work for these vendors will be designed to require comprehensive scheduling, high-quality in-person services, and coordination with BIUD staff. Selected vendors will be responsible for delivering efficient and effective services to customers, ensuring proper deployment and installation of incentivized energy efficiency measures, processing invoices and rebates in a timely fashion, and creating insightful program data reports.

##### **ii. Program Management and Oversight**

The District, recognizing the importance of robust oversight, data reporting, and program administration, will ensure staff will be trained and knowledgeable about the proposed program offerings and rebate process in order to effectively work with vendors, consultants, and customers in the delivery of the proposed DSM plan. BIUD also proposes several means of securing additional resources to support its management and oversight of the proposed plan. For example, the District plans to continue its ongoing engagement with the Office of Energy



Resources (OER) in order to leverage lessons learned and best practices from *Block Island Saves* and will also tap into the diverse set of efficiency expertise that OER can provide. Additionally, the efficiency consultant BIUD proposes hiring will help manage the program and its implementation, including the processing of rebates, the collection of data, and reporting on program performance.

Block Island Utility District will make rebate forms, including a listing of measure eligibility requirements, available both in person and online for customers to access. Once customers complete and submit rebate applications – either by mail or via email - the District’s rebate processing vendor will review them for accuracy and eligibility. All eligible applications received and reviewed will then be processed for payment to the customer, funds permitting, and customers should expect to receive their rebate in four to six weeks.

BIUD recognizes the importance of scheduling efficiency for the cost-efficiency of the proposed programs, since vendor travel to and from Block Island creates additional expenses compared to mainland efficiency programs. In order to minimize vendor trips to the Island, BIUD and its vendor will maximize the number of opportunities (assessments, weatherization, HVAC installations, etc.) completed in a day. The RFP the District will use to procure vendors will be explicit about the importance of scheduling efficiency and will ask respondents to explicitly address this important cost-barrier.

In the event that there is overcollection of ratepayer funds that are not spent on DSM programs in a given year, BIUD will roll those funds over into the next year. The subsequent DSM plan will indicate the exact budget category or categories those funds will be allocated to. Every effort will be made through careful planning, oversight, and budget tracking to ensure that there are not budget overages in a given year. In the event that a budget overage becomes a possibility within a given year, the District will close specific program(s) prior to an overage until the following year when funds become available again. As the District’s DSM plan evolves, participation rates will help inform budget setting for future years to ensure funds are allocated as accurately as possible to meet customer demand.

iii. Customer Engagement

<b>Table 4.1 – Proposed Customer Outreach Channels and Budget Allocation</b>		
<u>Customer Outreach</u>		
<b>Total</b>	<b>\$5,250.00</b>	Outreach through Local Publications, Bill Inserts, Online, and Community Bulletin

While the *Block Island Saves* pilot program was very successful, it did conclude over two years prior to this proposed DSM plan. Therefore, BIUD will need to strategically engage customers in order to promote the return of efficiency programming to Block Island. In order to ensure customers are aware of the program and its offerings, as well as provide instructions on how to participate, BIUD will be promoting the DSM programs through the following channels:



1. Bill inserts will be included with customer bills at four different times during the year to advertise the DSM programs, provide information about how customers can participate, and highlight incentive opportunities.
2. BIUD will take out quarter page advertisements in the local publications for multiple weeks during both peak and off-peak seasons in order to reach as many customers as possible. These advertisements will provide information on the programs and have seasonal calls to action to encourage customer participation.
3. BIUD will also utilize several no-cost engagement channels, like the community bulletin and the District's Facebook page to spread the word about the DSM program to customers throughout the year.
4. Lastly, BIUD office staff will also be trained on the programs, available offerings, and ways customers can engage with energy efficiency in order to provide accurate information to customers coming into and/or calling the office with questions.
5. If other outreach opportunities arise, the District may pursue other channels of communication with customers if budget allows.

iv. Program Reporting

As was discussed in section 4.ii, *Program Management and Oversight*, BIUD proposes to hire an efficiency consultant to help oversee and manage the DSM programs. In addition to helping oversee the programs and assisting with the Plan's implementation, the efficiency consultant will assist the District with quarterly progress reports, which will help inform a mid-year and year-end report as well as provides guideposts for program performance throughout the year. The data that will be included in quarterly reports as well as the year-end report are as follows:

- Number of participants per sector (Residential vs. Business)
- Costs incurred to date and percent of budgeted spend (by budget category)
- Detailed accounting of what measures have been installed, both direct install and other measures incentivized by the DSM programs
- Number of rebates processed, by measure type
- Number of inspections completed out of number of inspections required, and associated costs.
- kWh and delivered fuel (oil, propane) savings, both annual and lifetime, resulting from the program
- Peak demand reduction resulting from the program
- Other data as required, or as deemed necessary by the District or the Commission

## 5. Conclusion

The Block Island Utility District believes that the proposed DSM plan describes and establishes an energy efficiency program that will provide considerable benefits to customers and the local grid throughout its implementation. There are significant energy savings opportunities in New



Shoreham, which will be clearly highlighted in a forthcoming market potential study being conducted for all of Rhode Island. While this market potential study is underway, this plan offers effective strategies to realize immediate energy savings on the Island. The plan provides opportunities for no-cost assessments and direct-install measures that all customers can access free of charge, as well as guidance and further incentives for deeper energy saving measures.

The proposed 2020 DSM plan iterates on the *Block Island Saves* pilot program to provide BIUD customers will access to a variety of energy saving measures. The Plan, if approved by the Commission, would provide heat pump incentives that are likely to help smooth New Shoreham's annual demand curve and enhance the benefits of BIUD's proposed new rate structure. Additionally, through weatherization, lighting controls, and programmable thermostat incentives, BIUD aims to drive additional customer investment in insulation and demand side management technologies.

In sum, this proposed DSM plan provides a strong foundation for efficiency programming on Block Island and is structured to deliver significant benefits to customers and the local grid.

Block Island Utility District respectfully requests that the Public Utilities Commission (PUC) approve this 2020 Demand Side Management plan, and its associated budgets, in their entirety. Specifically, the District requests that the PUC approve the following:

- The proposed total budget amount and the budget categories contained therein.

- The proposed program offerings.



**AGENDA ITEM 9**  
**NET METERING**



### Proposed Net Metering Policy

The proposed Net Metering tariff I have included in your materials is consistent with what was presented at the last two meetings with some exceptions:

- 1) The proposed concept of the Utility District accepting and brokering Renewable Energy Credits has been removed. This simplifies the proposed policy and avoids the risk of crediting the consumer/member with more than the Utility District may sell them for.
- 2) I have proposed implementing a CAP based on 50% of the lowest system load during the daylight hours of the previous year. Block Island is in a unique situation in that the summer peak is 5X the average off season load. It will be prudent for the Utility District to study the system stability on a system with 50% of its load supplied by intermittent renewable generation, focusing on when the island is served by the diesel generators.
- 3) I am proposing that we allow systems larger than 15 KW provided the system can be disconnected by the Utility District for system emergencies – particularly system instability – by means of a remote AMI disconnect.
- 4) I have not used the term “Avoided Cost” in determining the Net Metering Credit. An avoided cost study that would address issues such as reduced system losses, etc is something that we would have to contract out. What we have used as our basis in calculating the Net Metering Credit is our Standard Offer and Transmission Rates – minus the fixed non-bypassable components.
- 5) The Net Metering Policy proposal is based on Pascoag Utility District’s policy.
- 6) It is important to note that Pascoag Utility District meters Net Metering Systems separately from consumption as we are proposing. They base their credit on Standard Offer ONLY which does adjust annually.
- 7) Pascoag’s 2019 credit was \$.07793.

I have also been asked to provide the back-up calculations of my estimate of lost revenue from the existing current net metering program. They are included on the next page.



<b>Option A - Gives No CREDIT for Potential Transmission and Capacity Benefits</b>		
Current Net Metering Penetration (kW)	158.01	
Hours in Year	8,760.00	
Estimated Solar Capacity Factor	<u>0.18</u>	
Annual Net Metering Self Generation kWh (Lost Sales - kWh)	249,150.17	
<u>Plant and Distribution Revenue Impacts</u>		
Estimated Blended Residential <u>Plant &amp; Distribution</u> Rate (W \$0.091 - S \$0.2399)	\$0.1655	
Annual Net Metering Self Generation kWh (Lost Sales)	249,150.17	
Annual Lost Plant & Distribution Revenue		\$41,221.90
<u>Standard Offer and Transmission Revenue Impacts</u>		
Current Standard Offer Rate	\$0.0972	
Current Transmission Rate	<u>\$0.0700</u>	
Total Standard Offer and Transmission Rate	\$0.1672	
Credit for Energy Not Purchased	(\$0.0420)	
Total Standard Offer and Transmission Rate Minus Energy Not Purchased	\$0.1252	
Annual Lost Plant & Distribution Revenue		<u>\$31,193.60</u>
Estimated Total Annual Lost Revenue		\$72,415.50
<b>Estimated Annual Lost Revenue Per 1% Net Metering Penetration</b>		<b>\$24,138.50</b>
<b>Option B - Gives FULL CREDIT for Potential Transmission and Capacity Benefits (ALL MONTHS)</b>		
Current Net Metering Penetration (kW)	158.01	
Hours in Year	8,760.00	
Estimated Solar Capacity Factor	<u>0.18</u>	
Annual Net Metering Self Generation kWh (Lost Sales - kWh)	249,150.17	
<u>Plant and Distribution Revenue Impacts</u>		
Estimated Blended Residential <u>Plant &amp; Distribution</u> Rate (W \$0.091 - S \$0.2399)	\$0.1655	
Annual Net Metering Self Generation kWh (Lost Sales)	249,150.17	
Annual Lost Plant & Distribution Revenue		\$41,221.90
<u>Standard Offer and Transmission Revenue Impacts</u>		
Current Standard Offer Rate	\$0.0972	
Current Transmission Rate	<u>\$0.0700</u>	
Total Standard Offer and Transmission Rate	\$0.1672	
Credit for Avoided Cost Cal	(\$0.1390)	
Total Standard Offer and Transmission Rate Minus Energy Not Purchased	\$0.0282	
Annual Lost Plant & Distribution Revenue		<u>\$7,026.03</u>
Estimated Total Annual Lost Revenue		\$48,247.93
<b>Estimated Annual Lost Revenue Per 1% Net Metering Penetration</b>		<b>\$16,082.64</b>



## Net Metering Statute Amendment

This new policy, when eventually adopted in some form will require a Net Metering Statute Amendment. I would like to ask the Utility District to approve me making this request of our representatives. This language was written in the spring of 2019 in hopes of getting it introduced then. It has been reviewed by and is supported by Chris Kearns of RI-OER and Cindy Wilson-Frias of the RI-PUC.

### **Proposed legislative amendment to net metering statute regarding net metering caps for Block Island Utility District and Pascoag Utility District:**

SECTION 1. Section 39-26.4-3 of the General Laws in Chapter 39-26.4 entitled “Net Metering” is hereby amended to read as follows:

§ 39-26.4-3. Net metering.

(a) The following policies regarding net metering of electricity from eligible net-metering systems and community remote-net-metering systems and regarding any person that is a renewable self-generator shall apply:

(1)(i) The maximum, allowable capacity for eligible net-metering systems, based on nameplate capacity, shall be ten megawatts (10 MW), effective sixty (60) days after passage. The aggregate amount of net metering in the Block Island Utility District d/b/a Block Island Power Company and the Pascoag Utility District shall not exceed ~~three percent (3%)~~ a maximum percentage of peak load for each utility district as set by the utility district based on its operational characteristics, subject to commission approval; and

(ii) Through December 31, 2018, the maximum, aggregate amount of community remote-net-metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount after December 31, 2018, shall remain available to community remote-net-metering systems until the MW aggregate amount is interconnected. After December 31, 2018, the commission may expand or modify the aggregate amount after a public hearing upon petition by the office of energy resources. The commission shall determine within six (6) months of such petition being docketed by the commission whether the benefits of the proposed expansion exceed the cost. This aggregate amount shall not apply to any net-metering financing arrangement involving public entity facilities, multi-municipal collaborative facilities, educational institutions, the federal government, hospitals, or nonprofits. By June 30, 2018, the commission shall conduct a study examining the cost and benefit to all customers of the inclusion of the distribution charge as a part of the net-metering calculation.

(2) For ease of administering net-metered accounts and stabilizing net-metered account bills, the electric-distribution company may elect (but is not required) to estimate for any twelve-month (12) period:



(i) The production from the eligible net-metering system or community remote-net-metering system; and

(ii) Aggregate consumption of the net-metered accounts at the eligible net-metering-system site or the sum of the consumption of the eligible credit-recipient accounts associated with the community remote-net-metering system, and establish a monthly billing plan that reflects the expected credits that would be applied to the net-metered accounts over twelve (12) months. The billing plan would be designed to even out monthly billings over twelve (12) months, regardless of actual production and usage. If such election is made by the electric-distribution company, the electric-distribution company would reconcile payments and credits under the billing plan to actual production and consumption at the end of the twelve-month (12) period and apply any credits or charges to the net-metered accounts for any positive or negative difference, as applicable. Should there be a material change in circumstances at the eligible net-metering system site or associated accounts during the twelve-month (12) period, the estimates and credits may be adjusted by the electric-distribution company during the reconciliation period. The electric-distribution company also may elect (but is not required) to issue checks to any net-metering customer in lieu of billing credits or carry-forward credits or charges to the next billing period. For residential-eligible net-metering systems and community-remote-net-metering systems twenty-five kilowatts (25 kw) or smaller, the electric-distribution company, at its option, may administer renewable net-metering credits month to month allowing unused credits to carry forward into the following billing period.

(3) If the electricity generated by an eligible net-metering system or community remote-net-metering system during a billing period is equal to, or less than, the net-metering customer's usage at the eligible net-metering-system site or the sum of the usage of the eligible credit-recipient accounts associated with the community remote-net-metering system during the billing period, the customer shall receive renewable net-metering credits, that shall be applied to offset the net-metering customer's usage on accounts at the eligible net-metering-system site, or shall be used to credit the eligible credit-recipient's electric account.

(4) If the electricity generated by an eligible net-metering system or community remote-net-metering system during a billing period is greater than the net-metering customer's usage on accounts at the eligible net-metering-system site or the sum of the usage of the eligible credit-recipient accounts associated with the community remote-net-metering system during the billing period, the customer shall be paid by excess renewable net-metering credits for the excess electricity generated up to an additional twenty-five percent (25%) beyond the net-metering customer's usage at the eligible net-metering-system site, or the sum of the usage of the eligible credit-recipient accounts associated with the community remote net-metering system during the billing period; unless the electric-distribution company and net-metering customer have agreed to a billing plan pursuant to subdivision (2).

(5) The rates applicable to any net-metered account shall be the same as those that apply to the rate classification that would be applicable to such account in the absence of net-metering, including customer and demand charges, and no other charges may be imposed to offset net-metering credits.



(b) The commission shall exempt electric-distribution company customer accounts associated with an eligible, net-metering system from back-up or standby rates commensurate with the size of the eligible net-metering system, provided that any revenue shortfall caused by any such exemption shall be fully recovered by the electric-distribution company through rates.

(c) Any prudent and reasonable costs incurred by the electric-distribution company pursuant to achieving compliance with subsection (a) and the annual amount of any renewable net-metering credits or excess, renewable net-metering credits provided to accounts associated with eligible net-metering systems or community remote-net-metering systems, shall be aggregated by the distribution company and billed to all distribution customers on an annual basis through a uniform, per-kilowatt-hour (kwh) surcharge embedded in the distribution component of the rates reflected on customer bills.

(d) The billing process set out in this section shall be applicable to electric-distribution companies thirty (30) days after the enactment of this chapter.

SECTION 2. This act shall take effect upon passage.



**PROPOSED****BLOCK ISLAND UTILITY DISTRICT  
NET METERING POLICY****POLICY**

This policy sets forth interconnection requirements, equipment specifications, and proposed metering for Block Island Utility District consumer/members who may choose self-generation of electric energy using photovoltaic (PV), or wind co-generation electric generating equipment. The program is available to all customers regardless of consumer class.

**DEFINITIONS**

"Net metering" means a system of metering electricity in which Block Island Utility District credits a Block Island Utility District consumer/member for generation.

"Net Metering System" means the system that includes the consumer/member's generator and interconnecting equipment.

"Consumption Meter" means the meter for which all consumer/member usage is metered though and billed at the appropriate retail rate.

"Generation Meter" means the meter for which all generation is metered through and credited at the Net Metering Rate.

"Generation Credit" means the credit allocated to the consumer/member's bill in the form of a bill credit for all metered generation.

"Net Metering Rate" means the value of the Generation Credit which will be based on the Utility District's Standard Offer and Transmission Rates – minus – the Non-Bypassable Charges imbedded within those rates (True Avoided Cost). Examples of Non-Bypassable Charges are National Grid's Direct Assignment Facilities fixed charges and BIUD's amortization of the transmission interconnection.

"Non-Bypassable Charges" means those portions of the Utility District's Standard Offer and Transmission Rates that are fixed and not a function of consumption or production.

"Standard Offer and Transmission Rates" means those tariffs that identify specific variable and



non-bypassable charges that are used in calculating the Net Metering Rate.

“Annual Reconciliation” means the regulatory filing done annually to determine the Standard Offer, Transmission and Net Metering Rate.

“Utility District” means the Block Island Utility District dba Block Island Power Company.

## **GENERAL PROVISIONS**

1. The Utility District will continue to administer the same program and credit system for those Net Metering Systems installed prior to December 31, 2019 as set forth in the Net Metering Policy effective January 1, 2018 until which time the consumer/member replaces, or upgrades an existing system which changes the rated nameplate AC output of the Net Metering System.
2. Pursuant to this Net Metering Policy, the Utility District will continue to offer net metering to customer/members who generate electricity, metered by a sperate generation meter provided that the generating capacity of the customer-generating facility does not exceed fifteen (15) kilowatts AC output.
3. Net Metering Systems larger than fifteen (15) kilowatts must be reviewed on a case-by-case basis and if approved will be required to have a remote disconnect installed on the generation meter.
4. Net Metering Systems will be required to be metered separately from the consumer/members Consumption Meter but tied to the consumer/member’s specific retail account.
5. The Utility District will continue to allow Net Metering Systems to be installed until the total installed nameplate AC output capacity of all Net Metering Systems exceeds 50% of the Utility District’s lowest system load measured in Kilowatt Hours (from the prior year) during the hours of 5:00 AM and 7:00 PM measured at the Utility District’s National Grid Interconnection.

*Note: The Utility District’s lowest load during the hours of 5:00 AM and 7:00 PM in the year 2019 was 940 kWH.*

6. The customer is solely responsible for securing and complying with all local permitting processes including zoning; electrical, building inspection, and any and all other special permits that may be required.
7. Eligible generating sources include, energy resources as described by and pursuant to §39-26-S(a) including sources which simultaneously generate electricity and recover



heat.

Traditional gasoline, diesel, propane or natural gas fired portable or permanently mounted emergency generators are explicitly excluded from this policy.

## **METERS AND METERING**

1. PV and wind systems will always require the installation of a smart (AMI) meter by the Utility District. Co-generation facilities used for net metering shall be equipped with two meters. An additional meter socket (meter type and location must be approved by the Utility District) will be installed by the customer's contractor to measure the amount of electricity produced by the generating facility.
2. The generating facility must be inverter-based.
3. The aggregate generation capacity on the distribution circuit to which the Net Metering system will interconnect, including the capacity of the Net Metering system shall not contribute more than 10% to the distribution circuit's maximum fault current at the point on the high voltage (primary) level that is nearest the proposed point of common coupling.
4. If a single-phase Net Metering System is to be connected to a transformer center tap neutral of a 240 volt service, the addition of the Net Metering system shall not create an imbalance between the two sides of the 240 volt service of more than 20% of nameplate rating of the service transformer.
5. The consumer/member shall be required to install a manual-disconnect located on the line side, within 10 feet of the meter, and outside of the residence or building that the Net Metering system serves. Disconnect must be clearly labeled, unlocked and readily accessible by utility personnel.
6. The interconnecting consumer/member will be responsible for reasonable and necessary costs incurred by the Utility District for the purchase, installation, operation, maintenance, testing, repair and replacement of metering and data acquisition equipment.
7. If, at any time any metering equipment is found to be inaccurate by a margin greater than that allowed under applicable criteria; rules and standards, the Utility District shall cause such metering equipment to be made accurate or replaced". The cost to repair or replace the meter shall be borne by the Utility District. Meter readings for the period of inaccuracy shall be adjusted so far as the same can be reasonably ascertained; provided, however, no adjustment prior to the beginning of the preceding month shall be made except by agreement of the Parties. Each Party shall



comply with any reasonable request of the other concerning the sealing of meters, the presence of a representative of the other Party when the seals are broken and the tests are made, and other matters affecting the accuracy of the measurement of electricity delivered from the Facility. If either Party believes that there has been a meter failure or stoppage, it shall immediately notify the other.

## **PRICE CREDITS AND SAMPLE CALCULATIONS**

The amount credited to the consumer/member for electricity produced by the Net Metering System, shall be at Utility District's Net Metering Rate regardless of the type of generating facility.

Each consumer/member's net metering bill will undergo a monthly reconciliation of the Generation and Consumption Metered usage. In the event the amount due on the consumer/member's bill is a negative number, this amount will be carried over to their next bill as a credit. If a credit is maintained for two or more annual reconciliations, the member/consumer will forfeit the credit balance.

The Utility District shall own the meter and the consumer/member shall pay to the Utility District monthly charges to cover meter maintenance, incremental reading and billing costs and administration costs. These charges are defined as follows:

Customer Charge: The charge consists of the customer service, accounting and billing costs as determined by the Utility District's most recent Cost of Service Study. Set at \$4.75 from the COS done for Docket 4975 and for the period May 1, 2019 through April 30, 2020.

Connection Charge: The charge consists of the fixed ISO-NE costs and ancillary services as identified and set forth in the Utility District's annual Standard Offer and Transmission Reconciliation. Set at \$8.50 for the period May 1, 2019 through April 30, 2020.

Meter Charge: The charge consists of the annualized cost (divided by twelve) of the installed cost, operation and maintenance of the BIUD installed meter equipment based on the Utility District's most recent Cost of Service Study. Set at \$2.00 for the period May 1, 2019 through April 30, 2020.

These charges are set forth in the applicable tariff as, as amended from time to time.

The Generation Credit will be set annually and filed with the Utility District's Annual Standard Offer and Transmission Reconciliation Filing with the RI-PUC. The Generation Credit will be reviewed and approved with the Utility District's Standard



Offer and Transmission rate and the new Generation Credit will change and be in effect at the same time as the Standard Offer and Transmission Rate change.

*Note: The Utility District has calculated the Net Metering Rate to be \$0.1390 for the current period. This will be reconciled with the Utility District's annual Standard Offer and Transmission Reconciliation that will go into effect June 1, 2020.*

## **DISCONNECTION DURING OPERATING EMERGENCIES**

The Utility District requires any Net Metering System with the nameplate AC output greater than 15 kilo-watts to have a remote disconnect install that allows the Utility District to disconnect the Net Metering System from the system disrupting generation output during system emergencies. The Utility District reserves the right to deem what constitutes a system emergency and is not required to notify the consumer/member beforehand, but rather will report system emergencies that resulted in disrupting the Net Metering System's generation in the next billing cycle.

The remote disconnect will be provided by the Utility District and will be controlled only by them.

## **REQUIREMENTS FOR INVERTER BASED SYSTEMS**

1. The Utility District's distribution circuits generally operate with automatic re-closers, which activate following a fault and line trip. The consumer/member is responsible for protecting their net metering equipment from being re-connected out of synch with the Utility District's system.
2. For Net Metering Systems that utilize photovoltaic (PV) technology, it is required that the system be installed in compliance with IEEE Standard 929-2000, "IEEE Recommended Practice for Utility Interface of (PV) Systems". The inverter shall meet the Underwriters Laboratories Inc. Standard UL 1741, "Static Inverters and Charge Controllers for Use in PV Power Systems.". Based on the information supplied by the Interconnecting Customer, if CMLP determines the inverter is in compliance with UL 1741, the Interconnecting Customer's request for interconnection will be approved.
3. For Net Metering Systems that utilize wind technology or other direct current energy sources and employ inverters for production of alternating current, the inverter shall meet the Underwriters Laboratories Inc. Standard UL 1741, "Static Inverters and Charge Controllers for Use in Photovoltaic Power Systems." Based on the information supplied by the Interconnecting Customer, if PUD determines the inverter is in compliance with UL 1741, the Interconnecting Customer's request for interconnection will be approved,



4. The following information must be submitted by the interconnecting consumer/member for review and acceptance by the Utility District prior to approving the interconnecting consumer/member's request for interconnection: .

- An electrical one-line diagram or sketch depicting how the inverter will be Interconnected relative to the service entrance panel and the electric revenue meter.
- The make, model and manufacturer's specification sheet for the inverter

### **FORCE MAJEURE**

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond either party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither PUD, nor the interconnecting consumer/member will be considered in default as to any obligation under Interconnection Requirements if prevented from fulfilling the obligation due to an event of Force Majeure. However, a party whose performance is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Interconnection Requirements.

### **INDEMNIFICATION**

The interconnecting consumer/member shall at all times indemnify, defend, and hold PUD harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from PUD's performance of its obligations under this Interconnection Requirements on behalf of the interconnecting consumer/member except in cases of gross negligence or intentional wrongdoing by PUD.

### **PROTECTION REQUIREMENTS**

If, due to the interconnection of the Facility, when combined with pre-existing facilities interconnected to PUD's system, the rating of any of PUD's equipment or the equipment of others connected to PUD's system will be exceeded or its control function will be adversely affected, PUD shall have the right to require the Interconnecting Customer to pay for the purchase, installation, replacement or modification of equipment to eliminate the condition. Where such action is Deemed necessary by the Utility District, the Utility District will, where possible, permit the interconnecting consumer/member to choose among two or more options for meeting the



Utility District's requirements as described in this protection policy.

## **ACCESS AND CONTROL**

Representatives of the Utility District shall, at all reasonable times, have access to the Net Metering System to make reasonable inspections. At the Net Metering System, the Utility District's representatives shall identify themselves to the interconnecting consumer/member's representative, state the object of their visit, and conduct themselves in a manner that will not interfere with the construction or operation of the Facility. The Utility District will have control such that it may open or close the aforementioned required main disconnect switch.

Filing Date:

Requested  
Effective Date:



## Pascoag Utility District - Electric Net Metering Policy

### POLICY

This policy sets forth interconnection requirements, equipment specifications, and proposed metering for residential customers who may choose self generation of electric energy using photovoltaic (PV), or wind co-generation electric generating equipment. The Burrillville Building Official must be contacted regarding installations to ensure all permitting requirements are met.

### **Definitions**

"Net metering" means a system of metering electricity in which Pascoag Utility District (PUD) credits a Customer Generator. Please see our filed tariffs for actual Standard Offer rates. The tariffs are intended to accomplish the following:

1. PV system, Wind System owners and owners of any other PUD approved Co-Generation, will be credited the wholesale cost of power, which is PUD's SO Rate.

Generation credits will be based on energy on the customer generator's side of the electric revenue meter, up to the total amount of electricity used by that customer during an annualized period.

### **General Provisions**

1. PUD will offer net metering to customers who generate electricity, on the customer's side of the meter, provided that the generating capacity of the customer-generating facility does not exceed ten kilowatts. Larger applications must be reviewed on a case-by-case basis.
2. This policy is intended for use at residential properties only: specifically, owner occupied, single family, and not to exceed three family homes
3. The customer is solely responsible for securing and complying with all local permitting processes including zoning, electrical, building inspection, and any and all other special permits that may be required.
4. Eligible generating sources include, energy resources as described by and pursuant to §39-26-5(a) including sources which simultaneously generate electricity and recover heat. The RIGL referred to herein is to be used as a guide only.

*Traditional gasoline, diesel, propane or natural gas fired portable or permanently mounted emergency generators are explicitly excluded from this policy.*

**PUD Net Metering Policy**



## Meters and Metering

1. PV and wind systems will always require the installation of a detent meter by PUD. Co-generation facilities used for net metering shall be equipped with two meters. An additional meter socket (meter must be provided by PUD only) will be installed by the customer's contractor to measure the amount of electricity produced by the generating facility. The meter socket must comply with PUD standards, RI electric code and Burrillville Building Official's requirements and policies.
2. The generating facility must be inverter-based.
3. The aggregate generation capacity on the distribution circuit to which the Customer Generating Facility will interconnect, including the capacity of the Customer-Generating Facility, shall not contribute more than 10% to the distribution circuit's maximum fault current at the point on the high voltage (primary) level that is nearest the proposed point of common coupling as determined by the customer and forwarded to PUD.
4. If a single-phase Customer-Generating Facility is to be connected to a transformer center tap neutral of a 240 volt service, the addition of the Customer-Generating Facility shall not create an imbalance between the two sides of the 240 volt service of more than 20% of nameplate rating of the service transformer.
5. The Customer shall be required to install a manual disconnect located on the line side, within 10 feet of the meter, and outside of the residence. Disconnect must be clearly labeled, unlocked and readily accessible by utility personnel.
6. Interconnecting Customer will be responsible for reasonable and necessary costs incurred by PUD for the purchase, installation, operation, maintenance, testing, repair and replacement of metering and data acquisition equipment.
7. If, at any time, any metering equipment is found to be inaccurate by a margin greater than that allowed under applicable criteria, rules and standards, PUD shall cause such metering equipment to be made accurate or replaced. The cost to repair or replace the meter shall be borne by PUD. Meter readings for the period of inaccuracy shall be adjusted so far as the same can be reasonably ascertained; provided, however, no adjustment prior to the beginning of the preceding month shall be made except by agreement of the Parties. Each Party shall comply with any reasonable request of the other concerning the sealing of meters, the presence of a representative of the other Party when the seals are broken and the tests are made, and other matters affecting the accuracy of the measurement of electricity delivered from the Facility. If either Party believes that there has been a meter failure or stoppage, it shall immediately notify the other.



### **Price Credits and Sample Calculations**

The amount credited by PUD for electricity produced by the Customer-Generating Facility shall be at PUD's "blended" wholesale rate regardless of the type of generating facility.

If as a result of the annual reconciliation, the amount due on the Customer's bill is a negative number, this amount will be carried over to their next bill as a credit. If a credit is maintained for two or more annual reconciliations, the customer can request the credit to be issued to them in the form of a check.

PUD shall own the meter and the Interconnecting Customer shall pay to PUD a monthly charge to cover meter maintenance, incremental reading and billing costs, the allowable return on the invoice cost of the meter and the depreciation of the meter, if any. These charges, if any, are set forth in the applicable PUD tariff, as amended from time to time.

### **Requirements for Inverter Based Installations**

1. PUD's distribution circuits generally operate with automatic re-closers, which activate following a trip without regard to whether the Facility is keeping the circuit energized. The Interconnecting Customer is responsible for protecting their equipment from being re-connected out of synch with PUD's system.
2. For Facilities that utilize photovoltaic (PV) technology, it is required that the system be installed in compliance with IEEE Standard 929-2000, "IEEE Recommended Practice for Utility Interface of (PV) Systems". The inverter shall meet the Underwriters Laboratories Inc. Standard UL 1741, "Static Inverters and Charge Controllers for Use in PV Power Systems". Based on the information supplied by the Interconnecting Customer, if CMLP determines the inverter is in compliance with UL 1741, the Interconnecting Customer's request for interconnection will be approved.
3. For Facilities that utilize wind technology or other direct current energy sources and employ inverters for production of alternating current, the inverter shall meet the Underwriters Laboratories Inc. Standard UL 1741, "Static Inverters and Charge Controllers for Use in Photovoltaic Power Systems." Based on the information supplied by the Interconnecting Customer, if PUD determines the inverter is in compliance with UL 1741, the Interconnecting Customer's request for interconnection will be approved.
4. The following information must be submitted by the Interconnecting Customer for review and acceptance by PUD prior to PUD's approving the Interconnecting Customer's request for interconnection:
  - An electrical one-line diagram or sketch depicting how the inverter will be interconnected relative to the service entrance panel and the electric revenue meter.
  - The make, model and manufacturer's specification sheet for the inverter.



### **Force Majeure**

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond either party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither PUD, nor the Interconnecting Customer will be considered in default as to any obligation under Interconnection Requirements if prevented from fulfilling the obligation due to an event of Force Majeure. However, a party whose performance is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Interconnection Requirements.

### **Indemnification**

The Interconnecting Customer shall at all times indemnify, defend, and hold PUD harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from PUD's performance of its obligations under this Interconnection Requirements on behalf of the Interconnecting Customer, except in cases of gross negligence or intentional wrongdoing by PUD.

### **Protection Requirements**

If, due to the interconnection of the Facility, when combined with pre-existing facilities interconnected to PUD's system, the rating of any of PUD's equipment or the equipment of others connected to PUD's system will be exceeded or its control function will be adversely affected, PUD shall have the right to require the Interconnecting Customer to pay for the purchase, installation, replacement or modification of equipment to eliminate the condition. Where such action is deemed necessary by PUD, PUD will, where possible, permit the Interconnecting Customer to choose among two or more options for meeting PUD's requirements as described in this Protection Policy.

### **Access and Control**

Representatives of PUD shall, at all reasonable times, have access to the Facility to make reasonable inspections. At the Facility, PUD representatives shall identify themselves to the Interconnecting Customer's representative, state the object of their visit, and conduct themselves in a manner that will not interfere with the construction or operation of the Facility. PUD will have control such that it may open or close the aforementioned required meter socket bypass.

Filing Date: April 30, 2010  
Requested Effective Date: June 1, 2010



**AGENDA ITEM 10**  
**HULL SUBURBAN LEASE PROPOSAL**





National Grid/DWW

Hull Suburban Propane  
6,500' sq/ft  
Proposed Lease

© 2018 Google



# Hull Suburban Lease Proposal

## Current Lease

- 1,500’ of open space in back of Plat 17: Lot 40 and approximately 500’ square feet of office/storage space in BIUS office building basement.
- Includes all utilities except for internet and phone.
- Term – month to month.
- Price - \$900/month

## Proposed Lease

- 6,500 square feet of open space for propane operations with allowance for office/trailer or building as approved by TNS.
- Does not include any space in BIUD office building basement.
- Term – Three Years with Two options to renew.
- Price – \$1,500/month (market comparison A. Transue pays \$1,600/month for slightly larger area)
- Future water/sewer access at lease’s expense.
- Lease requirements:
  - Access through power company back entrance only.
  - Propane operations to be fenced, locked and secured.
  - All Hull Suburban property to be stored inside fenced area.
  - Electric service will be installed/metered (at lease’s expense) and billed accordingly.
  - All tanks, storage, buildings, trailers shall be in compliance with all governing/regulatory agencies – within 120 days of execution of new lease.
  - Provide BIUD with a BOND (TBD) to fund site recovery/retirement at end of lease.
  - Hull Suburban insurance requirements per our GL Insurance Company.



**AGENDA ITEM 11**  
**LONG TERM SOLAR PPA**

**AGENDA ITEM 12**  
**LITIGATION**