

BLOCK ISLAND UTILITY DISTRICT



Ospreys have returned to Block Island this spring to two new nesting platforms built and installed by the Utility District.

**BOARD OF COMMISSIONERS MEETING
APRIL 4, 2020**

Block Island Utility District
April 4, 2020
1:00 PM
Meeting Held Remotely by Zoom due to
Corona-19 Town of New Shoreham
Shelter in Place Order

1. Commissioner's Report
2. Approve Minutes of February 29, 2020 Regular Meeting
3. Receive and Act on Treasurers Report
 - a. Review Financials - YTD Ending 2/29/2020
 - b. Review and Act on President's house
 - c. Review Draft Audit (Presented by Marcum, LLC)
4. Receive and Act on Presidents Report
 - a. BIUD Response to COVID-19 Pandemic
 - b. Standard Offer and Transmission Filing Update
 - c. Review and Act on Rate Case Settlement Agreement
 - d. Rate Case/Efficiency Plan Update
 - e. Power Supply Update
 - f. Debt Filing Update – House and Spare Transformer
 - g. Net Metering Update

Posted: March 31, 2020

This meeting will be conducted via Zoom and livestreamed on Facebook by the Block Island Times.

To join Zoom Meeting:

<https://us04web.zoom.us/j/2505454073>

Meeting ID: 250 545 4073

One tap mobile

+1-929-205-6099, 250 545 4073# US (New York) (Use this call in number to participate by phone only)

AGENDA ITEM 1
APPROVE BOD MEETING MINUTES

February 29, 2020 Regular Meeting

Block Island Utility District
February 29, 2020
Town Hall, Old Town Road 4:00 PM

Minutes

Present: Barbara MacMullan, William Penn, Elliot Taubman and Everett Shorey. Absent: Mary Jane Balser.

Also Present: Jeff Wright, a representative from the Block Island Times, and several members of the public.

Barbara MacMullan called the meeting to order at 4:04 PM.

1. Public Input

- There was no public input.

2. Commissioner's Report

- Barbara MacMullan welcomed everyone to the meeting. She asked for nominations for the officer positions. Barbara moved and Everett seconded to nominate the following slate of officers: Barbara MacMullan – Chair, Everett Shorey – Vice-Chair, Bill Penn - Treasurer, Elliot Taubman – Secretary. The motion passed unanimously.

3. Review and Act on Annual Utility District Meeting Schedule

A 2020 calendar of proposed meetings was provided. A discussion was had, some modifications were made to dates and the calendar (attached) was moved by Barbara MacMullan and seconded by Bill Penn with all regular meetings to start at 11:00 AM and the annual meeting to start at 4:00 PM. The motion passed unanimously.

4. Approve Minutes of the January 16, 2020 regular meeting.

Barbara MacMullan moved to accept the January 16, 2020 minutes as presented, seconded by William Penn. The motion passed unanimously.

5. Receive and Act on Treasurers Report

- William Penn presented the Treasurer's Report (on file), noting that all disbursements complied with all policies.
- He provided an update on the audit and raised concerns regarding the schedule.
- He reviewed the financials as of December 31, 2019.
- He presented the details of the CFC Revolving Line of Credit renewal (\$670,000) and presented a Certificate of Resolutions and Incumbency (on record) for consideration by the Board.

Bill Penn moved to approve the CFC Certificate of Resolutions and Incumbency, seconded by Barbara MacMullan. The motion was approved unanimously and the certificate was signed by Secretary Elliot Taubman.

- Bill Penn then presented the preliminary drawings and site plan for the President's house and a discussion was had regarding schedule, design and bidding processes.

Barbara MacMullan moved to accept the Treasurer's Report, seconded by Everett Shorey. The motion passed unanimously.

6. Receive and Act on Presidents Report

- President Jeffery Wright presented the President's Report and answered questions from those present.
- He presented that annual sales for 2019 were essentially flat compared to 2018.
- He reported that 6 weeks of the 10 planned for tree trimming had been completed.
- He reported that pole setting was underway and that the crews has set 9 the first day and spotted 36 the following day before leaving for home due to a storm.
- He reported that the 3A circuit rebuild was complete. That all clean up from the 2019 work plan was complete and they were now beginning the 2020 work plan of replacing approximately 150 poles and preparing for the voltage conversion.
- He reported that ATT would be soon building three pole top antenna sites which will generate \$1,200 per year each.
- He reported on the regulatory activities that was a higher than normal level of activity.
 - He reported that the Retail Choice petition had the support of the DPUC and he expected that to be approved in an upcoming open meeting by the PUC.
 - He reported that the efficiency plan was filed.
 - He reports that the housing/spare transformer debt filing was still not complete pending discussions with National Grid re: the transformer ownership.
 - He also reported that the annual Standard Offer and Transmission reconciliation was on schedule to be filed on March 31.
- He reported that BIUD and their environmental consultant Ron Schroder were working on scheduling a meeting with DEM to discuss the GZA findings and clean up as well as a discussion re: running engines for peak shaving.
- He reported that he had executed the Gravel Pit Solar PPA and that it would be filed for approval soon.

Barbara MacMullan moved to accept the President's Report, seconded by Everett Shorey. The motion passed unanimously.

7. Net Metering

- President Jeffery Wright presented an overview of the proposed tariff (on record).
- A discussion ensued and in response to public comment that the new tariff should be publicized more, Barbara MacMullan requested that we publish the tariff in the BI Times and if possible created a matrix to show the different charges/credits and what each is based on and when they are adjusted.
- The Board requested one modification which was to eliminate the time limit for credit balances to carry forward.

Barbara MacMullan moved to approve the proposed Net Metering Tariff subject to making the requested modifications and publishing it in the BI Times. The motion was seconded by Eliot Taubman. The motion passed unanimously.

8. Review and Act on the BIUD Roof Top Solar Project

- Jeffery Wright presented the BIUD roof top solar proposal. The project is rated 92.0 kW DC and 70.1 kW AC and is being donated to the Utility District by a local donor who chooses to remain unnamed. The project funding is being administered through the RI Foundation.
- He presented the Board with an agreement that would be executed by BIUD and the Donor that would define how the production revenue would be accounted for and how the revenue would be used which is to be limited to three cost items: 1) Capital infrastructure improvements (funds to be assigned to a restricted account "Solar Restricted Fund", for paying for eventual de-commissioning at the end of the asset life, 2) pay for de-commissioning at the end of life of the asset, and 3) maintenance of the system.

Elliot Taubman moved moved to approve the roof top solar agreement. The motion was seconded by Everett Shorey. During discussion the Board thanked the RI Foundation, the unnamed donor and the program representative, Tony Pappas for the very generous donation. The motion passed unanimously.

9. Rate Case Update

- Jeffery Wright presented that the RI-DPUC had submitted their testimony which was overall supportive of our proposal with some suggestions for reducing some budget items that would be netted to the capital budget.
- He reported that the next steps would be to draft a settlement agreement with the RI-DPUC and submit it to the RI-PUC. He reported at this time no one on the team felt a need to file rebuttal testimony.
- He reported that the mainland public hearing had not been scheduled yet.
- He reported that the evidentiary hearings would be held May 5, 6 and 7th.

Barbara MacMullan moved to accept the rate case update. Everett Shorey seconded the motion and it passed unanimously.

Barbara MacMullan moved to adjourn. The motion was seconded by Bill Penn. The motion passed unanimously and the meeting was adjourned at 6:40 PM.

No action was taken on the net metering tariff.

BLOCK ISLAND UTILITY DISTRICT PROPOSED MEETING CALANDAR

2020

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
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April						
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May						
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August						
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September						
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December						
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REGULAR MONTHLY MEETING
ALL SCHEDULED FOR 11:00 AM



ANNUAL MEMBERSHIP MEETING
SCHEDULED FOR 4:00 PM

AGENDA ITEM 2
TREASURER'S REPORT

TREASURERS REPORT

Bill may not be able to participate due to illness, so he wanted me to include these updates.

Financials

The February 2020 Financials are not yet ready due to the time spent on the audit.

Bill has reviewed the February disbursements and found everything got be in order with our policies.

President's House

A site plan has been developed for submittal to the HDC and CRMC.

An architect has been working on drawings for submittal to HDC. Bill wanted me to submit the elevation drawings as an update only.

The house drawings are sent in a separate attachment due to their size.

Audit

The draft audit will be sent out as soon as it is given to me which should be tonight or tomorrow morning. We have the audit team and Dave Bebyn committed to presenting it in our remote meeting.

AGENDA ITEM 3
PRESIDENT'S REPORT

BIUD Response to COVID-19 Pandemic
Standard Offer and Transmission Filing
Rate Case Settlement Agreement
Rate Case/Efficiency Plan Update
Power Supply Update
Debt Filing Update
Net Metering Schedule Update

PRESIDENT'S UPDATE

APRIL 4, 2020

BIUD's Response to the COVID-19 Pandemic

The Utility Districts goals right now are to maintain the health and safety of our employees, keep the lights on and maintain adequate cashflows to meet our obligations. In response to the pandemic we have taken the following steps to date:

- March 12th Closed the BIUD Office to all in-person transactions.
- March 17th Met with all employees (outside while observing safe distancing) to discuss possible actions and responses. The team collaboratively came up with these guidelines:
1. Tracy will work in the office M-W-F 10:00 – 1:00 to process payments, answer calls and to conduct other critical essential activities.
 2. The line crew will finish up some critical open jobs while observing safe distancing.
 3. All employees to drive dedicated and assigned vehicles only – no sharing.
 4. The line crew will conduct daily line checks by vehicle and not expose themselves to customers.
 5. The plant staff will conduct plant inspections and checks 2X daily – alone.
 6. Everyone to wear gloves while working and remove them and keep in trucks – not to touch anything with bare hands at work.
 7. Other than the daily tasks to ensure we can keep the lights on and process payments/bills, everyone is to shelter in place and follow the guidance of the TNS TC Emergency Order.
 8. Shut down all outside contractors. All of their trucks and equipment are still on property.
- March 30th Completed the last critical open job and now are only responding to critical call outs.

We have several critical partners and contract resources that we rely on for business continuity. I receive almost daily updates from the National Information Solutions Cooperative (NISC), the Call Response Cooperative (CRC), the National Rural Electric Cooperative Association (NRECA), the New England Public Power Association (NEPPA), Energy New England, ISO-NE, National Grid as well as of course, Dave Bebyn and Mike McElroy, both of whom are working from home. At this time, I am not concerned about the viability of our partners however CRC did recently raise a concern about their employees being able to field the volume of calls from home despite the steps they have taken.

I have discussed our current financial situation with CFC in light of the recent PUC order that prohibits us from terminating customers for non-payment. At this time, the cash flow seems to be normal but if affected, Jim Meiers has assured me that they would make additional loans available or would expand our line of credit if needed. He also mentioned that their interest rates were obviously lowering daily and encouraged us to think strategically re: voltage conversion timing, etc.

As this evolves daily, we're constantly doing risk assessments while contemplating the worst and planning accordingly. To date everyone seems healthy and has been good about respecting the guidelines and maintaining their health for when we need them.

BIUD's Annual Standard Offer and Transmission Rate Filing

Dave Bebyn has finished our annual SO/TMC reconciliation along with help from ENE and others. The filing will be posted to our website as soon as Mike McElroy files it – most likely Friday the 3rd. The hearing for this will be held the same week as the rate case hearings – May 5, 6 and 7th.

Savings from 2020/21 were offset by under-collecting in 2019/20 and unfortunately our rates did not drop like I was hoping. The current and proposed rates for the period June 1, 2020 – April 30, 2021 (11 months) are shown below:

	2019/20	2020/21	Difference
Standard Offer	\$0.0972	\$0.0914	-\$0.0058
Transmission	\$0.0700	\$0.0762	\$0.0062
Total	\$0.1672	\$0.1676	\$0.0004

Rate Case Settlement Agreement

We have reached a verbal settlement agreement with the DPUC which is attached. The agreement will be executed between Mike McElroy and Christy Hetherington of the DPUC subject to approval of the BIUD Board.

I am recommending that the BIUD Board approve this settlement agreement.

Rate Case and Efficiency Plan Update

We have received our first round of rate case and efficiency plan discovery from the PUC, to which we are preparing responses. The rate case, efficiency plan and SO/TMC Rate hearings will be held on May 5,

6 and 7th tentatively via Zoom. The mainland public hearing has not be scheduled and the format is yet to be decided on.

Power Supply Update

We executed the RI - Gravel Pit Solar PPA.

We are still negotiating the non-commercial details of the ENE – Gravel Pit Solar PPA. One party has dropped out so our allocation increased from 1.7% to 2.2% of the 50MW made available to the ENE clients.

I will be contacting ENE soon to contemplate current power supply prices for load following strips given the current energy markets and if recommended by ENE may request permission to conduct another RFP process.

Debt Filing Update

We are close to making a filing for the debt service for the house and transformer. National Grid owes me an agreement that will detail the ownership and future use of the spare unit. Once I have that we will file for the two \$600K loans. The timing for low interest rates is good.

Net Metering Update

The Net Metering Statue Amendment was on the Senate Commerce Committee agenda and our presentation, which was made by Leah Donaldson in my absence, was received well with support. The House Committee hearing was scheduled for the 3/17th and unfortunately, they recessed due to the virus before that committee hearing was held. With guidance from PUC staff, we are waiting to file the proposed tariff until after the amendment is complete. The DPUC has reviewed the proposal tariff informally and commented that the tariff “looked reasonable.”

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
BEFORE THE PUBLIC UTILITIES COMMISSION

IN RE: BLOCK ISLAND UTILITY DISTRICT : DOCKET No.: 4975
d/b/a BLOCK ISLAND POWER COMPANY :

STIPULATION AND SETTLEMENT

Block Island Utility District d/b/a Block Island Power Company (“BIUD”, “BIPCo” or “Company”), and the Division of Public Utilities and Carriers (“Division”), hereby agree to this stipulation and settlement (“Agreement” or “Settlement Agreement”) which constitutes a settlement of all issues in this docket.

On September 30, 2019, BIUD filed with the Commission a revenue neutral rate filing seeking no revenue requirement increase (with total rate year revenues of \$3,291,336) and the following requested rate design changes:

1. Change the current two-tiered seasonal rate structure to a three-tiered seasonal rate structure, with the highest “peak” rates in July and August, the next highest “shoulder” rates in May, June, September and October, and the lowest “off-peak” rates in the remaining months;
2. Eliminate the residential demand rate;
3. Eliminate the public authority rate classes;
4. Change the demand rate for large users so that it will be based on the user’s highest demand during July and August; and
5. Add an energy efficiency surcharge of 1 cent per kWh in July and August and 0.395 cent per kWh for May, June, September and October.

Under the proposed rates, most monthly bills would be higher than current bills in May, July, August and October, but would be lower than current bills in all other months. For a year, the impact on an average residential customer would be an annual decrease in the bill of \$0.49 per year, or -0.1%.

In response to BIUD's filing, the Division conducted an investigation of BIUD's requests through extensive discovery methods by aid of its staff and outside consultants. Based upon its investigation and findings, the Division filed its direct case with the Commission and recommended that BIPCo's revenues be set at \$3,291,336, as requested by BIUD. The Division also recommended approval of BIUD's proposed rate design changes.

After due consideration of the testimony, exhibits, and other documents included in the filings by BIUD and the Division, the Parties have agreed to a comprehensive settlement in this case which resolves all issues in this proceeding.

This Settlement Agreement is as follows:

Section 1: BIPCo's revenue requirement is settled at \$3,291,336. The following supporting and explanatory schedules are attached hereto and incorporated by reference herein:

Schedule Number	Description	No. of Pages
RCS-1	Summary of Revenues and Expenses at Present and Proposed Rates	5
RCS-2	Summary of Adjustments	1
RCS-3	RI PUC Assessment	1
RCS-4	Operating Reserve	1
RCS-5	Interest and Principal on CFC Loan	1
RCS-6	Voltage Conversion Capital Fund	1

Section 2: The following agreed tariffs are attached hereto and incorporated by reference herein: Residential Service Rate R (2 pages), Commercial Rate C (2 pages), General Service Rate GS (2 pages), Street Lighting Service Rate S (1 page), Waiver of Credit Card/Debit Card/E-Check Payment Provision (1 page), Standard Offer & Transmission Cost Rates (1 page), Standard Offer Rate Rider Rate SOR (1 page), Transmission Cost Rider Rate TMC (2 pages), Fuel Adjustment Clause Rider Rate FAC (2 pages), and Terms and Conditions (11 pages).

Section 3: BIUD did not apply the account 254.004, SCR & Engine Maint Reserve liability balance of \$380,714.63 in its application.

This account was overspent almost \$150,000 before the major fire which destroyed one engine and significantly damaged two others during the summer of 2016. Also, in the spring of 2017, the Company began to draw power from the undersea cable from the mainland. As a result, BIUD only needs to run its engines for backup purposes and to exercise them. Because there has been a reduced need for engine maintenance work, this account now has an accumulated reserve.

However, BIUD had to perform a major tank replacement project during 2018 to meet environmental compliance issues. BIUD would have needed a borrowing to complete this task, which was completed by December 2018, but had cash flow available to do the work as the result of this reserve.

The Parties agree that the tank replacement project, which is a generation asset like the engines, is in the best interest of the ratepayers. The Parties therefore agree that the liability balance will be applied against the 342.011 Fuel System account where the \$548,645 tank replacement project resides.

Section 4: As shown in the attached schedules, adjustments have been agreed to by the Parties for the following items:

- RI PUC Assessment (\$20,734 to be used – RCS-3)
- Operating Reserve (\$1.5% to be used – RCS-4)
- Interest and Principal on CFC Loan (\$315,035 to be used – RCS-5)
- Voltage Conversion Capital Fund (\$96,184 to be used – RCS-6). The adjustments to this account were the result of the net adjustments to the previous items listed above.

As a result, as shown in the attached schedule (RCS-1 page 5 of 5), the Parties agree that there will be no net change in BIUD's proposed revenue requirement.

Section 5: If BIUD's annual payments for interest and principal vary from the amounts listed on Schedule RCS-1 for debt service, BIUD will record the differences into a Capital Fund account, so the differences can be tracked and applied on a pay-as-you-go basis to the funding of BIUD's capital projects.

Section 6: The Parties also agree that:

1. The energy efficiency surcharge will be \$.00395/kWh for the months of May, June, September, and October; and \$.01 for the months of July and August;
2. The Public Rate Classes will be eliminated;

3. Three-Tier Seasonal Rates will be adopted as proposed by BIUD;
4. The 8kW Residential Demand Rate trigger will be eliminated; and
5. The Demand Rate for large users will have the Demand Charge based on the user's highest demand during July through August.
6. Each month, BIUD will collect 0.3 mills per kWh delivered to fund renewable energy programs in accordance with R.I.G.L. 39-2-1.2 and R.I.G.L. 42-64-13.2.

Section 7: The parties agree that the new rates will go into effect for consumption on and after June 1, 2020.

Section 8: The parties agree that BIUD shall make the following reports:

Not later than 90 days after the end of each fiscal year, BIUD shall file reports with the Division and the Commission showing all receipts and expenditures during the year, showing the cash balances, and setting forth a spending plan, for (a) the Capital Fund – Capitalized Expenditures Account, (b) the Voltage Conversion Fund Expenditures Account, and (c) the Energy Efficiency Fund Account. The reports shall also show how the actual activity compared with the amounts that were allowed for ratemaking purposes in this case.

BIUD will account for its actual debt service expenditures in its Annual Report and in its next rate case. BIUD will also annually file a comparison, not later than 90 days after the end of each fiscal year, showing how BIUD's actual debt service

expenditures for the fiscal year compared with the debt service expenditures that have been allowed in setting BIUD's revenue requirement in this case

Section 9: By entering into this settlement, matters or issues other than those explicitly identified in this agreement have not been settled upon or conceded by any party to this agreement, and nothing in this agreement shall preclude any party from taking any position in any future proceeding regarding such unsettled matters.

Section 10: This agreement is the result of a negotiated settlement. The discussions which have produced this Settlement have been conducted with the explicit understanding that all offers of settlement and discussions relating hereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or other proceedings. The agreement by any party to the terms of this Agreement shall not be construed as an agreement as to any matter of fact or law beyond the terms hereof. In the event that the Commission rejects this Agreement, or modifies this Agreement or any provision therein, then this Agreement shall be deemed withdrawn and shall be null and void in all respects.

Section 11: This Stipulation and Settlement may be executed in counterparts.

Section 12: The Parties hereby submit this Stipulation and Settlement to the Commission for approval.

IN WITNESS WHEREOF, this document has been executed by the appropriate representative of the parties identified below, each being fully authorized to do so. Dated this ____ day of April, 2020.

Respectfully submitted,

BLOCK ISLAND UTILITY DISTRICT
By its attorneys

Dated: April __, 2020

Michael R. McElroy, Esq. #2627
Leah J. Donaldson, Esq. #7711
McElroy & Donaldson
21 Dryden Lane
P.O. Box 6721
Providence, RI 02940-6721
Tel: (401) 351-4100
Fax: (401) 421-5696
Michael@McElroyLawOffice.com
Leah@McElroyLawOffice.com

Dated: April __, 2020

Christy Hetherington, Esq. #6693
Dept. of Attorney General
150 South Main Street
Providence, RI 02902
Tel: (401) 274-4400
Fax: (401) 222-2731
chetherington@riag.ri.gov