

# BLOCK ISLAND UTILITY DISTRICT



*Following annual tradition, the Block Island Utility District crews assisted Kim Gaffett of the Nature Conservancy in banding the osprey chicks that were hatched in June 2020. This was the 13<sup>th</sup> year that this nesting pair of ospreys has returned to the power company. Despite some nest platform challenges last year, they have settled back into their new platform and seem to be enjoying their home. Pictured are Tom Durden, Kim Gaffett and several students from Block Island's 4<sup>th</sup> grade class.*

**BOARD OF COMMISSIONERS MEETING  
JULY 11, 2020**

**Block Island Utility District  
Regular Meeting of Board of Commissioners  
July 11, 2020 @ 11:00 AM**

***Meeting Held Remotely by Zoom due to  
Corona-19 Town of New Shoreham  
Emergency Order***

1. Public Input
2. Commissioner's Report
3. Approve Minutes:
  - a. May 11, 2020 Regular Meeting
  - b. June 13, 2020 Regular Meeting
4. Receive and Act on Treasurer's Report
  - a. Review Financials - YTD Ending 5/31/2020
5. Receive and Act on Presidents Report
  - a. Review Financial Impacts of COVID-19 Pandemic
  - b. CFC Letter of Credit (ISO-NE)
  - c. Net Metering Update
  - d. RI-DEM Soil Contamination Mitigation Project
6. Review and Act Upon Financial Policy Revision
7. Receive and Act on Employee Housing Project Update
8. Review and Act Upon Gravel Pit Solar PPA\*
9. Litigation Update\*\*

\*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: Howell Conant v. Block Island Power Company)

Posted: July 8, 2020

**Join Zoom Meeting**

<https://us02web.zoom.us/j/2505454073>

**Meeting ID: 250 545 4073**

**One tap mobile**

**1-312-626-6799**

**AGENDA ITEM 1**  
**PUBLIC INPUT**

(THIS PAGE INCLUDED FOR NOTES)

**AGENDA ITEM 2**  
**COMMISSIONER'S REPORT**



**AGENDA ITEM 3**  
**APPROVE MEETING MINUTES**  
**May 11, 2020 Emergency Meeting**  
**June 13, 2020 Regular Meeting**

**Block Island Utility District**  
**May 11, 2020**  
**2:00 PM**

HELD REMOTELY VIA ZOOM DUE TO COVID-19 AND TOWN OF NEW SHOREHAM  
EMERGENCY ORDER

**Minutes**

Participating BOD Members Present via ZOOM: Barbara MacMullan, Bill Penn, Everett Shorey, Elliot Taubman and Mary Jane Balser.

Also Present: President Jeffery Wright, Mike McElory and Leah Donaldson.

Barbara MacMullan called the meeting to order promptly at 2:00 PM.

**1. Discuss and Act on PUC Order in Docket 4688 – Petition for Declaratory Judgement by Block Island Power Company**

- Board Chair Barbara MacMullan moved to go into closed session to discuss the recent PUC order in Docket 4688 and to discuss possible further litigation. Mary Jane Balser seconded the motion and the motion passed unanimously.
- At 3:10 Board Chair Barbara MacMullan moved to come out of closed session. Everett Shorey seconded the motion and the motion passed unanimously.
- Board Chair Barbara MacMullan made the announcement that the BIUD Board of Commissioners had voted to appeal the PUC order to the RI Supreme Court.

Barbara MacMullan moved to adjourn the meeting at 3:12 PM, seconded by Bill Penn. The motion passed unanimously.

APPROVED: \_\_\_\_\_

POSTED: \_\_\_\_\_

Block Island Utility District  
June 13, 2020  
11:00 AM

HELD REMOTELY VIA ZOOM DUE TO COVID-19 AND TOWN OF NEW SHOREHAM  
EMERGENCY ORDER

**Minutes**

Participating BOD Members Present via ZOOM: Bill Penn, Everett Shorey, Elliot Taubman and Mary Jane Balser.

Also Present: President Jeffery Wright and a representative from the BI Times.

Absent: Board Chair Barbara MacMullan

Board Vice-Chair Everett Shorey called the meeting to order called the meeting to order at 11:03 AM.

**1. Public Input**

- None.

**2. Commissioner's Report**

- Everett announced that Board Chair Barbara MacMullan would not be present due to a death in her immediate family.

**3. Approve Minutes of the May 16, 2020 and May 28, 2020 regular meetings and the May 29, 2020 Emergency Meeting.**

Bill Penn moved to approve all three sets of minutes. Elliot Taubman seconded the motion. There was no discussion. The motion passed unanimously.

**4. Receive and Act on Treasurer's Report**

- Treasurer Bill Penn reported that he reviewed the April 2020 disbursements and found everything in accordance with the BIUD financial policy.
- Treasurer Bill Penn presented the YTD financials ending April 30, 2020.
- Vice-Chair Everett Shorey moved to accept the Treasurer's report. Elliot Taubman seconded the motion. There was no discussion. The motion passed unanimously.

**5. Receive and Act on Edits to Financial Management Policies and Procedures**

- President Jeffery Wright presented some edits to the existing financial policy for the Board's consideration to document the current procurement practices that the BIUD uses.
- After a lengthy discussion it was suggested that more clarification be written re: purchases < \$1,000.
- Vice Chair Everett Shorey recommended tabling the discussion and any action on the changes until a future meeting when all Board members could be present. All Directors agreed and no action was taken.

#### **6. Review and Act on President's Report**

- President Jeffery Wright presented the President's Report (on record) and answered questions from those on the call.
- A lengthy discussion was had pertaining to BIUD's sales forecasts and predictions for the upcoming holiday weekend.
- Vice Chair Everett Shorey moved to accept the President's report. Mary Jane Balser seconded the motion. The motion passed unanimously.

#### **5. Report on Employee Housing**

- Mary Jane Balser presented some initial cost estimated based on the preliminary design she received from CT Valley Homes.
- A discussion was had regarding the offer from an anonymous donor to provide a solar array and all electric appliances. A lengthy discussion followed.
- Chris Warfel joined in on the call and voiced his opinion opposing the offer and any requirements to make the house all electric. Chair Warfel also explained his opposition to the BI Solar Initiative.
- The Board took no action and asked Bill Penn and Jeffery Wright to get more information from the donor's representative.

Everett Shorey moved to adjourn the meeting at 12:25 PM, seconded by Bill Penn. The motion passed unanimously.

APPROVED: \_\_\_\_\_

POSTED: \_\_\_\_\_

**AGENDA ITEM 4**  
**RECEIVE AND ACT ON TREASURES REPORT**  
**FINANCIALS YTD MAY 31, 2020**

**Block Island Utility District**  
**Balance Sheet**  
**May 31, 2020**

**ASSETS**

	May 31, 2020	May 31, 2019
<b><u>Property and Equipment</u></b>		
Land	\$ 867,685.78	\$ 840,271.79
Buildings	550,224.70	464,663.03
Machinery & Equipment	1,593,257.83	1,973,972.46
Distribution System	2,513,707.59	2,001,189.04
Office System, Furniture & Fixture	288,964.68	273,903.60
Transportation Equipment	19,945.60	12,289.57
Construction Work in Progress-Distribution	457,746.86	129,302.91
Total Property and Equipment	6,291,533.04	5,695,592.40
Total Accumulated Depreciation	<310,846.62>	<35,426.00>
<i>Net Utilities Plant</i>	5,980,686.42	5,660,166.40
<b><u>Current Assets</u></b>		
Cash - Main Checking	347,657.36	144,217.95
Cash - Sweep Acct	0.00	0.00
Accounts Receivable Elect	62,986.07	59,299.21
Allowance For Bad Debt	(19,587.93)	(19,587.93)
Accounts Receivable-Other	2,141.75	7,467.19
AR-Cash due from BIPCo	16,090.16	897.21
AR-Blackrock Acct due from BIPCo	0.00	164,769.51
Unbilled Revenue	241,710.19	300,057.13
Plant Material & Operation	291,304.07	177,224.70
Fuel Inventory	45,439.02	48,832.04
Prepaid Expenses	3,097.38	32,093.75
Total Current Assets	990,838.07	915,270.76
<b><u>Deferred Assets</u></b>		
Def. Regulatory Asset-retiremt	202,750.88	201,941.35
Def. Regulatory Asset-Eng.Res	0.00	0.00
Def. Regulatory Asset-RateCase	106,838.77	0.00
Def.Regulatory Asset-Interconnection	132,935.12	177,736.76
Total Deferred Assets	442,524.77	379,678.11
Total Assets	\$ 7,414,049.26	\$ 6,955,115.27

**Block Island Utility District**  
**Balance Sheet**  
**May 31, 2020**

**LIABILITIES AND CAPITAL**

	<u>May 31, 2020</u>	<u>May 31, 2019</u>
<b><i>Current Liabilities</i></b>		
Accounts Payable Trade	\$ 199,058.73	\$ 110,177.42
AP-NISC Admin Software	0.00	13,509.00
A/P - Customer Deposits	77,347.92	68,869.00
Accrued Purchase Power Expenses	366,948.66	231,458.82
Accrued Other Expenses	27,045.39	43,881.47
DSI Surcharge Payable	11,744.80	(56,429.18)
PPP Loan	149,837.00	0.00
Accrued Payroll and Withholdings	<u>0.00</u>	<u>0.00</u>
Total Current Liabilities	831,982.50	411,466.53
<b><i>Deferred Credits</i></b>		
Deferred Revenue	(71,052.15)	19,998.93
SCR & Engine Maint Reserve	<u>0.00</u>	<u>380,714.63</u>
Total Deferred Credits	<71,052.15>	400,713.56
<b><i>Long-Term Liabilities</i></b>		
Line of Credit	350,000.00	340,943.22
Retirement Obligations	202,750.88	201,941.35
CFC Acquisition LOAN	<u>5,748,387.21</u>	<u>5,800,000.00</u>
Total Long-Term Liabilities	<u>6,301,138.09</u>	<u>6,342,884.57</u>
Total Liabilities	7,062,068.44	7,155,064.66
<b><i>Capital</i></b>		
Retained Earnings	815,649.00	(24,050.53)
Net Income	<u>(463,668.18)</u>	<u>(175,898.86)</u>
Total Capital	<u>351,980.82</u>	<u>&lt;199,949.39&gt;</u>
Total Liabilities & Capital	<u><u>\$ 7,414,049.26</u></u>	<u><u>\$ 6,955,115.27</u></u>



Block Island Utility District  
Income Statement  
For the Five Months Ending May 31, 2020

	Current Month Actual	Year to Date Actual
<b>Revenues</b>		
<u>Revenue from Rates</u>		
Residential Sales	\$ 21,940.19	\$ 105,996.59
Commercial Sales	8,543.33	33,795.85
Demand Electric	40,442.38	185,958.70
Public Authority	5,292.12	31,166.93
Street Lighting	584.03	2,920.15
Customer Charge	26,567.48	132,205.87
Demand - All Rates	14,731.97	52,605.46
System Charge	-	(50.00)
<u>Other Revenue from Operations</u>	-	
Biller Penalty (Interest on Delinquent Accts)	1,379.58	6,573.85
Rent - Antennas	18,891.68	94,458.40
Rent - Tower	800.00	4,000.00
Rent - Property	2,400.00	12,000.00
Misc. Income (Misc., Interest & Connections)	-	(961.03)
<b>Total Revenues</b>	<b>141,572.76</b>	<b>660,670.77</b>
<b>Expenses</b>		
Total Generation-Operating Expense	19,659.98	85,351.52
Total Generation-Maintenance Expense	2,036.20	52,047.45
Total Distribution-Operating Expense	6,373.69	53,993.27
Total Distribution-Maintenance Expense	27,798.99	162,804.44
Total Customer Accounts/Customer Service	5,376.00	29,435.80
Total Administrative/General Expenses	121,610.73	551,293.72
Total Depreciation Expenses	22,203.00	111,015.00
Total Interest Exp on Line & Long- term debt	-	49,226.01
Total Miscellaneous Expense	224.78	1,403.29
Total Taxes	5,180.10	27,768.45
<b>Total Expenses</b>	<b>210,463.47</b>	<b>1,124,338.95</b>
<b>Net Profit Before Fuel Rev./Exp.</b>	<b>(68,890.71)</b>	<b>(463,668.18)</b>
<u>Fuel Expenses/(Revenue)</u>		
Fuel/Standard Offer/Transmission income	(122,980.11)	(577,494.06)
Purchase Power Expenses	142,320.31	773,673.61
Net SO/TC due to ratepayers	(19,340.20)	(196,179.55)
<i>Net Fuel Expense/(Revenue)</i>	<b>0.00</b>	<b>-</b>
<b>Net Income</b>	<b>\$ (68,890.71)</b>	<b>\$ (463,668.18)</b>
<u>Reserves Expenditures</u>		
Remove Depreciation Adj (A)	(22,203.00)	(111,015.00)
Debt Service Principal (includes CAT)	-	25,923.92
Inventory Purchased	24,368.00	52,900.00
Capital Exp - Work In Progress	2,878.00	464,272.19
Capital Exp - Distrib Work	-	-
Capital Exp - Other Assets	-	-
<i>Total Reserve for Exp.</i>	<b>5,043.00</b>	<b>432,081.11</b>
<b>Net Income Cash Budgetary Basis</b>	<b>\$ (73,933.71)</b>	<b>\$ (895,749.29)</b>

Block Island Utility District  
Supplemental Information Statement  
For the Five Months Ending May 31, 2020

	May 2020	May 2019	YTD May 2020	YTD May 2019
<b>Rate Revenues</b>				
Residential Sales	\$ 21,940.19	\$ 23,358.00	\$ 105,996.59	\$ 109,550.00
Commercial Sales	8,543.33	8,547.00	33,795.85	46,731.00
Demand Electric	40,442.38	56,332.00	185,958.70	201,279.00
Public Authority	5,292.12	7,335.00	31,166.93	35,416.00
Street Lighting	584.03	583.00	2,920.15	2,915.00
Customer Charge	26,567.48	26,140.00	132,205.87	130,479.00
Demand - All Rates	14,731.97	18,740.00	52,605.46	57,495.00
System Charge	-	-	(50.00)	-
<b>Total Revenues</b>	<b>118,101.50</b>	<b>141,035.00</b>	<b>544,599.55</b>	<b>583,865.00</b>
	-16.26%		-6.73%	
<b>Rate Revenues -KWH Usage</b>				
Residential Sales	241,101	256,678	1,160,868	1,203,856
Commercial Sales	55,899	70,928	975,666	1,018,106
Demand Electric	371,031	516,809	1,290,798	1,463,987
Public Authority	52,496	73,399	972,263	1,020,577
<b>Total Revenues</b>	<b>720,527</b>	<b>917,814</b>	<b>4,399,595</b>	<b>4,706,526</b>
	-21.50%		-6.52%	
<b>Rate Revenues -Customer Counts</b>				
Residential Sales	1,268	1,287	6,323	6,464
Commercial Sales	287	289	5,342	5,466
Demand Electric	368	332	5,423	5,509
Public Authority	33	32	5,088	5,209
<b>Total Revenues</b>	<b>1,956</b>	<b>1,940</b>	<b>22,176</b>	<b>22,648</b>
	May 2020	May 2019	YTD May 2020	YTD May 2019
<b>Payroll</b>				
<b>Capital Exp - Work In Progress</b>				
Capitalized Labor	\$ -	\$ 22,734.89	\$ 50,787.33	\$ 77,602.44
<b>Generation-Maintenance Expense</b>				
Inside Maintenance	-	-	-	-
Maint of Station Equipment	18,316.80	14,327.62	69,191.40	67,585.35
<b>Distribution-Operating Expense</b>				
Overhead lines	-	2,243.95	4,266.40	16,834.86
<b>Distribution-Maintenance Expense</b>				
Overhead Lines	27,280.52	5,378.66	70,029.87	27,869.25
tree trimming	-	-	2,115.43	-
<b>Customer Accounts/Customer Service</b>				
Records & Collections	5,376.00	5,463.18	25,165.00	27,350.81
<b>Administrative/General Expenses</b>				
Vacation Pay	-	3,976.40	13,116.78	13,081.00
Holidays worked	2,089.44	2,037.36	8,357.76	5,862.64
Holidays not worked	-	-	-	-
Sick Leave	-	217.44	3,401.26	5,098.81
Personal time	-	-	1,647.87	1,914.20
CEO Salary	15,153.25	14,783.65	65,158.97	60,502.97
<b>Total</b>	<b>\$ 68,216.01</b>	<b>\$ 71,163.15</b>	<b>\$ 313,238.07</b>	<b>\$ 303,702.33</b>

**AGENDA ITEM 5**  
**RECEIVE AND ACT ON PRESIDENTS REPORT**

## PRESIDENT'S UPDATE

JULY 11, 2020

---

### BIUD's Response to the COVID-19 Pandemic

We are still at full time work with extra safety precautions in place to protect ourselves. So far there has been no impact to our workforce.

The freeze on all capital programs and discretionary spending continues. All merit raises are still on hold.

### June Retail Sales

We forecasted a 30% reduction in kWh sales for June. We finished 6% down from last years sales. Revenues were down proportionately due to the reduction in sales. Additionally, revenues were down due to the changes in rate design which was expected. This past June, our revenues were \$442,716 compared to \$619,384 in 2019. YTD revenues are down more than 10%.

### July Deliveries and Forecast

We forecasted a 20% reduction in July. During the first seven days we are down 17.6%. Our SO and Transmission Rate adjustment was approved by the PUC and went into effect July 1<sup>st</sup>. That rate adjustment will mitigate any losses from that portion of the budget, which accounts for approximately 40% of our overall expenses.

Sales, deliveries and revenues are shown in the dashboard in the following pages.

### Collections

Past due accounts total \$67,042, approximately 3X our normal level but consistent with last month. The shift that has occurred is the residential past due account status is improving while the commercial past due account balance is growing

TOTAL PAST DUE BALANCES	
Residential	\$27,301
Commercial	\$37,946

The moratorium on collection activities is in place until 7/17. The PUC is reconsidering this moratorium at that time.

### CFC Letter of Credit for ISO-NE

Our letter of credit that we post at the ISO-NE for financial assurance expires on July 24<sup>th</sup> and needs to be renewed. CFC was unable to get the necessary approvals and BOD resolutions to me in time for this meeting so I will need to ask for a special meeting later in the month to approve the new agreement and sign the necessary documents.

### NET Metering Update

Senator Sosnowski is presented our statute amendment in the Senate Committee on Environment and Agriculture. It was passed by the committee on Wednesday night and should be approved by the Senate next week.

**SENATE COMMITTEE ON ENVIRONMENT & AGRICULTURE**

**NOTICE OF MEETING**

**DATE:** Wednesday, July 8, 2020  
**TIME:** 4:00 PM  
**PLACE:** Room 313 - State House

**SCHEDULED FOR ADVICE AND CONSENT**

Appointment of David Spinella, Esq. VICE David Kerins as Chief Hearing Officer in the Division of Administrative Adjudication in the State Department of Environmental Management for a term expiring March 1, 2025.

**SCHEDULED FOR CONSIDERATION**

**Senate Bill No. [2504](#)**  
**BY Sosnowski, Felag**  
**ENTITLED, AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING {LC4936/1} (Amends the maximum allowable capacity for net metering systems in the Block Island Utility District and Pascoag Utility District.)**  
02/25/2020 Introduced, referred to Senate Environment and Agriculture  
03/06/2020 Scheduled for hearing and/or consideration  
03/11/2020 Committee recommended measure be held for further study  
07/03/2020 Scheduled for consideration

The State House continues to be closed to the public. The meeting will be streamed live online via Capitol TV at <http://www.rilegislature.gov/CapTV/Pages/default.aspx>.  
Members of the public wishing to testify may submit written testimony to:  
[SLegislation@rilegislature.gov](mailto:SLegislation@rilegislature.gov)

Jamie Plume  
Committee Clerk  
222-2381  
[SLegislation@rilegislature.gov](mailto:SLegislation@rilegislature.gov)

**POSTED: FRIDAY, JULY 3, 2020, 2:28 PM**

1) Senate Bill No. [2504](#)

Chapter

**BY** Sosnowski, Felag

**ENTITLED**, AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING (Amends the maximum allowable capacity for net metering systems in the Block Island Utility District and Pascoag Utility District.)

07/08/2020 Committee recommends passage

We will publish a summary of the proposed net metering tariff in the BI Times and will publicize the PUC hearing well. The summary will include a matrix of the various charges/credits and how and when they are adjusted. The limited new capacity that was freed up in the winter is full again and we are not accepting any new projects unless they are connected as QF projects. Most are waiting for the new tariff to go into effect.

#### RI-DEM Soil Contamination Mitigation Project

We have contacted DEM again to try and set up a remote meeting to discuss our mitigation project. Due to the revenue shortfalls and the effects on cashflow we will probably need to postpone the work until the fall of 2021 but we will at least talk through the project with DEM with the goal of scheduling the full clean up once we get firm cost estimates and we understand the reimbursement process and timing.

#### Peak Shaving


We are obtaining bids on adding stack monitoring equipment that is required to run the generators for reasons other than testing and emergencies. Once the bids are received, we will re-evaluate the peak shaving benefits and I will bring that to the board for consideration.


#### Hull Suburban Lease

Hull Suburban is paying the new \$1,500 monthly lease but has asked for a delay in moving out of the basement and installing his new equipment out back. I have granted him an extension to 12/31/2020 due to the impact that the virus had on his planning activities and his revenues.




KILO-WATT HOUR ELECTRIC SALES


Total Sales June (kWh)		
2019	1,255,767	5.9% 
2020	1,185,259	

Total Deliveries July 1 - July 7 (kWh)		
2019	580,685	17.6% 
2020	493,636	

Total Deliveries YTD (kWh)		
2019	6,381,986	6.6% 
2020	5,960,227	

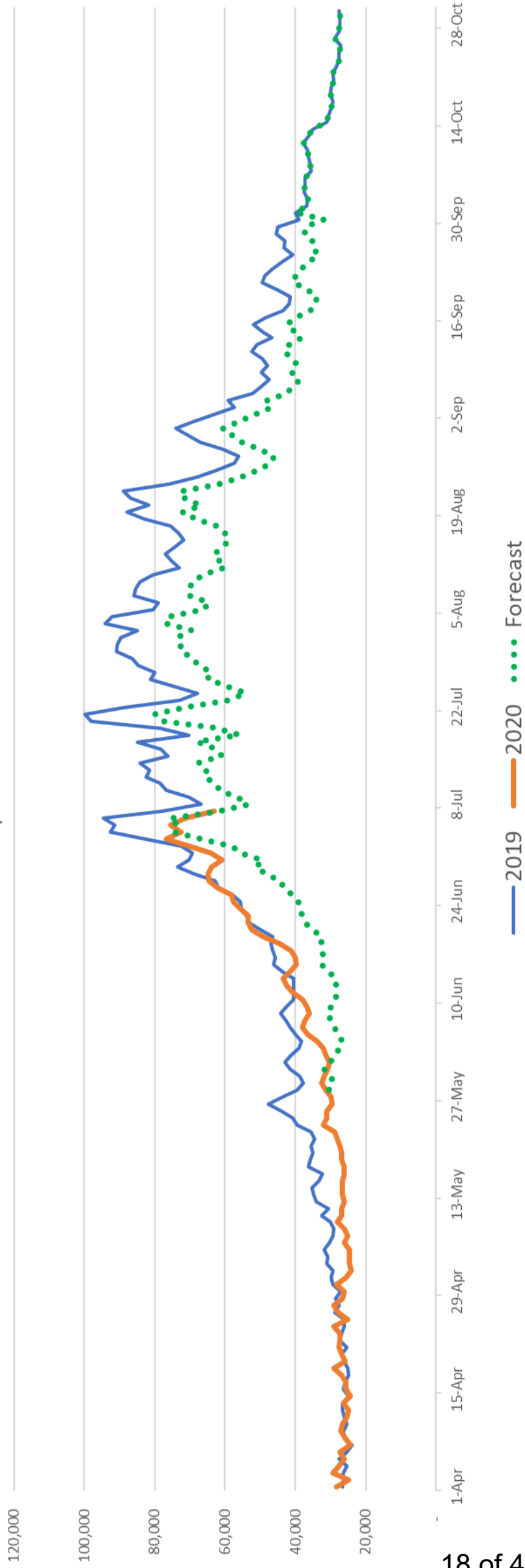
REVENUES FROM ELECTRIC SALES

Revenues from Electric Sales		
JUNE		
2019	\$619,382	28.5% 
2020	\$442,716	

Revenues from Electric Sales		
YEAR TO DATE (THROUGH JUNE 30TH)		
2019	\$1,848,291	10.1% 
2020	\$1,660,889	



Hourly Energy Deliveries (kWh) to Block Island  
2019 vs 2020  
April 1 - October 31



**AGENDA ITEM 6**  
**RECEIVE AND ACT ON FINANCIAL POLICY REVISION**

# **Financial Management Policies and Procedures**

For

## **Block Island Utility District**

Date: \_\_\_\_\_

**DRAFT – REV 4**

## Table of Contents

Section 1: Purpose	3
Section 2: Responsibilities	3
Section 3: Planning Documents	4
Section 4: Financial Goals and Parameters	4
Section 5: Financial Forecasting	5
Section 6: Financial Statements	6
Section 7: Receipts	6
Section 8: Disbursements	6
Section 9: Petty Cash	7
Section 10: Short Term Investments	7
Section 11: Short Term Debt	7
Section 12: Long Term Debt	7
Section 13: Procurement – Code of Conduct	8
Section 14: Procurement – Level of Approvals	8
Section 15: Procurement – Bidding Process	9
Section 16: Financial Management and Accounting System	10
Section 17: Financial Statements	10

## **Section 1: Purpose**

This Financial Policy is to provide guidelines and direction from the Board of Commissioners (hereinafter “Board”) to Management in order to maintain a sound financial position and provide for the security of the financial resources of the Block Island Utility District (hereinafter “Utility District”).

The Utility District is organized under the laws of the State of Rhode Island and will at all times be operated on as a quasi-municipal corporation, having a distinct legal existence from the state, established and empowered to:

1. Fulfill electric utility functions, powers, rights and obligations;
2. Exercise certain powers as an electric distribution company and power producer; and
3. Provide additional utility services not inconsistent with the duties, power and obligations of the utility district.

In addition to these legal requirements, the Utility District is guided in its operations by regulations and operational practices prescribed by various regulatory bodies and/or lender(s). Beyond these legal, regulatory, and lending requirements, the Utility District has an obligation to its members to ensure the financial integrity of the Utility District so that it can provide high quality electric service at the lowest possible long-term cost consistent with prudent business practices not only for today, but long into the future.

## **Section 2: Responsibilities**

**Review and Approval by the Board.** The Board is responsible for: (1) reviewing, discussing, and evaluating the Utility District President’s (hereinafter “President”) recommendations for the Financial Policy; (2) approving the Financial Policy as presented or amended; (3) reviewing and evaluating this Policy annually; (3) revising this Policy as circumstances warrant.

**Implementation of the Policy.** The President is responsible for implementing this Policy and for overseeing development of the practices and procedures necessary to maintain the financial integrity of the District.

**Recommendations to the Board.** The President is responsible for recommending to the Board revisions to this Policy as circumstances warrant.

**Compliance with the Policy.** The Board and President are responsible for assuring compliance with this Policy.

### Section 3: Planning Documents

In order to maintain a sound financial position and provide for the most effective management and security of the financial resources of the Utility District, the Board directs the President to create and/or update or see to the creation and/or updating of the following planning reports and documents (hereinafter "Reports"). These Reports shall be created/updated on a regular basis with frequencies no less than the timeframes in the table below. All Reports shall be reviewed and approved by the Board. Note that from time to time there may be other planning reports not included below that may be necessary to meet this policy's intent.

Planning Report Description	To Be Created/Updated with frequencies no less than the following
Wholesale Power Contract	Annually
Load Forecast Study (formerly PRS)	Annually
Long Range Construction Plan	2 Years
Construction Work Plan	2 Years
Cooperative Strategic Plan	2-3 Years
10 Year Financial Forecast	Annually
Capital Budget	Annually
Operating Budget	Annually

The Utility District shall use all resources at its disposal to assist in preparing the aforementioned planning reports. These resources shall include, but are not limited to: annual independent audit; CFC Key Ratio Trend Analysis (KRTA); historical operating statements, balance sheets, and cash flow analyses; and cost of service study.

### Section 4: Financial Goals and Parameters

The Board directs Management to operate the Utility District so that its financial operating results are within the following goals and parameters as established by the Board. Utility District management shall review these financial goals and parameters annually and recommend changes to the Board, if necessary.

#### **Equity Ratio**

In order to minimize the risks associated with insolvency and maintain an optimal cost of capital, management shall strive to achieve the following equity ratio(s):

Total Equity: The Board will set a short term and long equity goal which is acceptable to the Utility District's lenders.

Equity ratio is defined as Total Margins & Equity divided by Total Assets, as calculated by KRTA ratio 16, on a consolidated basis.

### **Coverage ratios**

In order to minimize liquidity and insolvency risk, management shall achieve the following coverage ratio as set by the National Rural Utilities Cooperation Finance Corporation (CFC):

In accordance with the security agreement requirements of CFC, The Utility District shall maintain a minimum average MDSC (2 of 3 year high average) of 1.35. MDSC (2 of 3 year high average) is defined as the average of the high two MDSC ratios of the last three years, as calculated by KRTA ratio 11.

### **Cost of Service Study**

Management and Board shall strive to maintain a fair, equitable and risk rated balance between the collection of revenue and incurring of expenses between all revenue classes. This balance shall be determined through completion of an industry accepted cost-of-service study, completed on a regular basis, but no less frequently than once every 3 years.

### **Section 5: Financial Forecasting**

Management shall create financial forecasts including an Annual Budget and a 10-year financial forecast, further described below. The forecasts shall use the planning documents identified in section 3 and incorporate the financial goals identified in section 4.

#### **Annual Budget**

Based on the planning documents and the financial goals identified in sections 3 and 4, management shall prepare or cause to be prepared an annual financial budget. The budget shall be prepared for the ensuing fiscal year and shall be presented to the Board for their approval no later than October. An Annual Financial Forecast will be presented annually at the Utility District's Annual Meeting each year.

The budget shall include, at a minimum, the following:

- Assumptions used to prepare the budget
- Description of the primary changes and projects contemplated for the coming year
- Statement of operations by month
- Balance sheet
- Statement of changes in cash flow, detailing cash from operations, investing and financing
- Capital Expenditures (CAPEX) by month

#### **10-year financial forecast**

Based on the planning documents and the financial goals identified in sections 3 and 4, management shall prepare, or cause to be prepared, a 10-year financial forecast. The first forecast year will contain the financial data from the annual



budget above. A summary of the financial forecast shall be reported to the Board no later than October at its regular or special board meeting each year. The financial forecast shall include and comply with all of the financial goals and parameters identified by the Board in section 4 plus include significant assumptions utilized in its preparation. In order to comply with typical lender requirements, the 10-year financial forecast shall, at a minimum, contain the following sections:

- Ratios
- Balance sheet
- Statement of operations
- General funds
- Load projections
- Determination of operating revenue
- Plant investment
- Determination of debt and debt service
- Cash flow

#### **Conflicts with financial goals**

If the financial goals in section 4 conflict with each other to such a degree that the financial forecast cannot reasonably achieve all of them at the same time, management shall communicate the conflict(s) to the Board. The Board shall, with Management's guidance, discuss and resolve these conflicts.

#### **Rate policies/philosophy**

Management shall recommend to the Board retail electric rates as recommended or amended to meet the aforementioned financial goals established by the Board. The rates shall include a power cost factor adjustment designed to automatically adjust revenues based on changes in the Utility District's wholesale power cost.

#### **Section 6: Collateralization of Bank Accounts**

All deposits shall be secured by obligations of the United States or of Rhode Island with the market value at all times must being greater than or equal to 100% of the deposits.

#### **Section 7: Receipts**

All receipts are to be deposited into the Washington Trust Company Receipt or Sweep Account. Once the deposits are cleared, they are automatically transferred to the General Checking Account.

#### **Section 8: Disbursements**

All Disbursements are to be made from the Washington Trust Company General Checking Account..

- Invoices: All invoices are to be approved by the President and at least one other employee familiar with the invoice.

- ACH Payments: All ACH Payments are to be approved by the President and at least one other employee familiar with the invoice.
- Payroll: ADP will provide payroll services and will be administered by the President. Payroll records will be reviewed by the District's Treasurer on a monthly basis.
- Credit Card: The President's company credit card statements and supporting backup will be reviewed by the District's Treasurer on a monthly basis.
- Check Run Reports: Check run reports will be reviewed by the Utility District's Treasurer on a monthly basis.
- President's Expense Report: The Utility District's Treasurer or Chairperson must approve the President's expense reports before the reimbursement is paid.

### **Section 9: Petty Cash**

The amount of Petty Cash shall not exceed \$750.

### **Section 10: Short Term Investments**

Short Term Investments shall be limited to Washington Trust Company ICS, the Insured Cash Sweep Service, and/or CDARS.

### **Section 11: Short Term Debt**

The District will maintain a Short-Term Working Capital Line of Credit with a lender approved by the Board (currently CFC). The amount of the Line of Credit will be based on short term Cash Flow Projections. The outstanding balance under the Line of Credit will zero during each fiscal year. The Chair, President and Treasurer are authorized to drawdown and repay amounts under the Line of Credit.

- The line-of-credit for short-term operating purposes shall not exceed what is approved by the Board.
- The President shall consider and discuss establishing a line-of-credit for interim or bridge financing with the board on a case-by-case basis.
- The President is authorized to establish emergency lines-of-credit as necessary to support the capital and operating needs of storm recovery efforts

### **Section 12: Long Term Debt**

The District will use Long Term Debt with a lender approved by the Board (currently CFC) to finance long term capital investments.

The aggregate amount of all loans drawn and available to be drawn by the District shall not exceed the maximum debt limit (MDL) as identified in the District's mortgage documents.

### **Section 13: Procurement - Code of Conduct**

No employee, officer, commissioner or agent of BIUD shall participate in the selection, award or administration of a bid or contract if a conflict of interest is real or apparent to a reasonable person.

No employee, officer, commissioner or agent of BIUD shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of Federal, State and local procurement laws and policies established to maximize free and open competition among qualified vendors.

No employee, officer, commissioner or agent of BIUD shall solicit or accept gratuities, gifts, consulting fees, trips, favors or anything having a monetary value in excess of twenty-five dollars (\$25) from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder; or from any party to a sub-agreement or ancillary contract.

### **Section 14: Procurement – Level of Approvals**

The Utility District President will approve all purchases made by the Utility District and its employees.

The Utility District President is authorized to approve budgeted purchases up to \$100,000. He/she will inform the Board of any purchase >\$100,000 prior to committing to the purchase.

The utility District President is authorized to approve unbudgeted purchases up to \$15,000. He/she will obtain Board Approval for purchases >\$15,000 prior to committing to the purchase.

*Exception: In the event of an emergency need such as storm damage repair or other immediate urgent need, the President is authorized to make purchases after informing the Board Chairperson or Treasurer of the need. In the event of an imminent threat that may require pre-planning and staging of materials and contract help, the President shall ensure adequate lines of credit to cover anticipated costs and if appropriate inform the RI-PUC and DPUC of the unplanned financial impact.*

## Section 15: Procurement – Bid Process

All procurement transactions will be conducted to provide – to the maximum extent possible – free and open competition among suppliers. The purchasing process must identify and clearly specify standards for the goods or services desired and seek competitive offers where possible to obtain the best possible quality at the best possible price. The standards and specifications shall be communicated consistently among all vendors.

For purchases up to \$1,000, there is no formal bid requirement.

For purchases between \$1,001 and \$10,000, the purchaser shall obtain competitive pricing from as many qualified vendors as possible. This can be done verbally, via e-mail or by a formal request for proposal (“RFP”).

For purchases greater than \$10,001 and less than \$50,000, the purchaser shall obtain competitive pricing from as many qualified vendors as possible. This can be done via e-mail or by a formal request for proposal (“RFP”). All requests for pricing, vendor proposals and selections shall be retained for at least five years.

For purchases greater than \$50,000, the purchaser shall obtain competitive pricing from as many qualified vendors as possible, preferably no less than three vendors. This shall be done using a formal request for proposal (“RFP”) and a formal contract shall be executed. All requests for pricing, vendor proposals, selections and resulting contracts shall be retained indefinitely.

Price should be one of the factors in the evaluation of responses, but BIUD does not require accepting the lowest price if other factors are important to the decision.

- There should be an objective method for selection, and any factors for evaluation and selection should be listed in the procurement documents.
- Awards shall be made to the bidder or offeror whose bid is responsive to the solicitation and is most advantageous to the Organization (price, quality and other factors considered).
- A bid may be rejected when it is in the Organization’s interest to do so.

All procurement files must include the basis for contractor selection, justification for lack of competition when competitive bids or offers were not obtained.

Sole source vendors may be used for manufacturer specific items such as Milton Cat for generating equipment.

Single source warehouse vendors can be used for specialized electric utility equipment in order to streamline procurements provided competitive pricing is obtained at least once every two years. Examples of warehouse vendors

includes electrical suppliers such as Wesco or Graybar and pole suppliers such as Coppers or MacFarland Cascade

Whenever possible, BIUD must engage in affirmative efforts to utilize small businesses, local businesses, minority owned firms, and women's business enterprises.

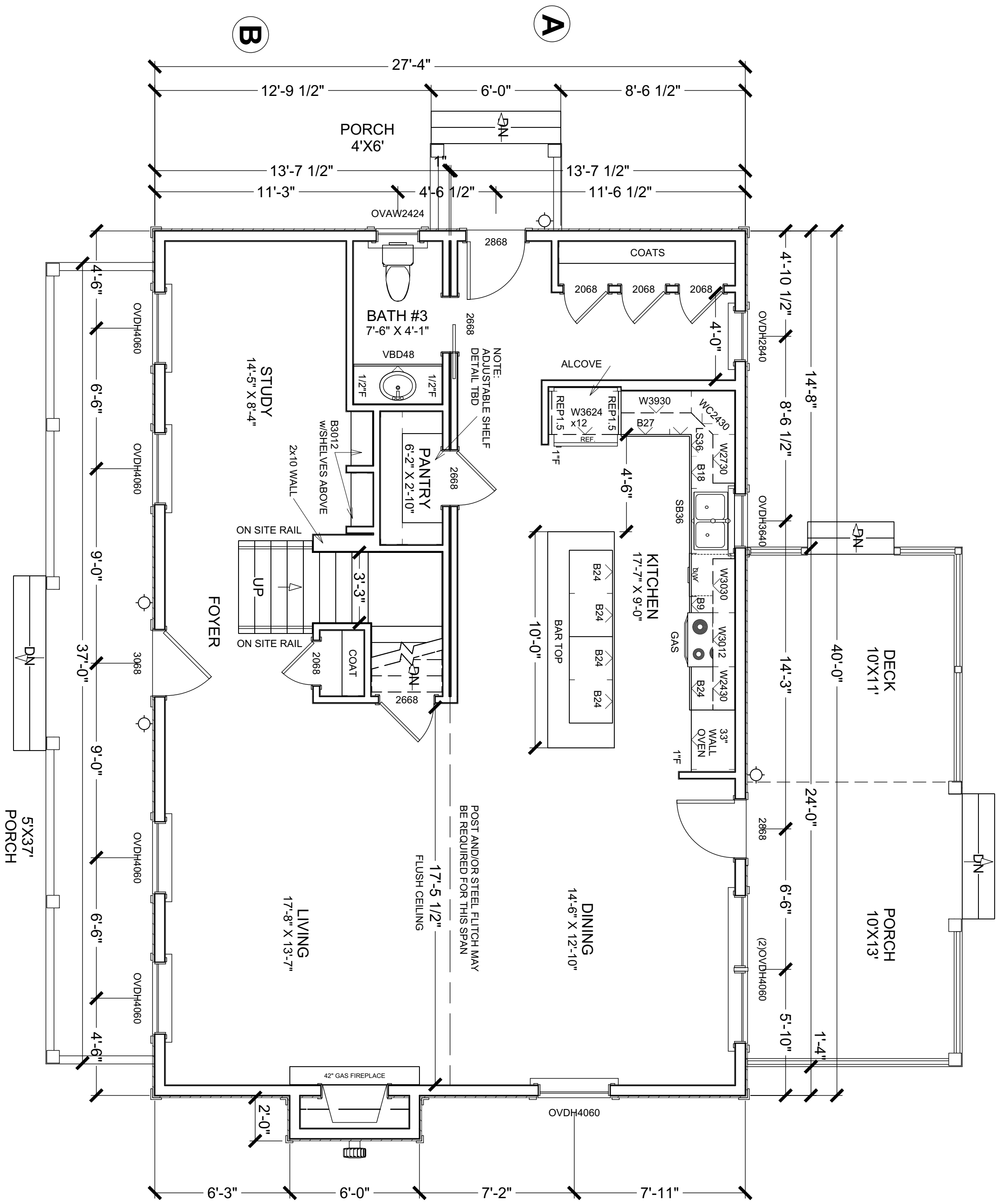
### **Section 16: Financial Management and Accounting System**

The billing and accounting system used by the Utility District will be provided by the National Information Solutions Cooperative (NISC). Any change must be approved by the Board.

### **Section 17: Financial Statements**

- Monthly Balance Sheet, Profit and Loss Statement and Cash Flow Statement in accordance with GAAP shall be prepared to be reviewed at monthly Board Meeting.
- Audited and Certified Financial Statement shall be prepared within 120 days at the end of each fiscal year.

**AGENDA ITEM 7**  
**EMPLOYEE HOUSING PROJECT UPDATE**



GENERAL NOTES:  
8'-0" CEILING HEIGHT  
WINDOWS HEADER HEIGHT @ 6'-10 1/2" UNLESS NOTED OTHERWISE  
OCEAN VIEW IMPACT GLASS SERIES DBL HUNG WINDOWS  
ALTERNATE PLAN:  
WITH 37' FRONT PORCH

27'-4" x 40'

BLOCK ISLAND UTILITY

CORNER OF OCEAN RD & BEACH RD

BLOCK ISLAND , RI

DRAWING #

200405

DRAWN BY:

SDD

NO.	DESCRIPTION	BY	DATE
01		SDD	04/28/20
02		SDD	05/04/20
03		SDD	05/06/20

DATE:

04/27/20

MODEL:

TWO STORY

SCALE:

1/4"=1'-0"

DRAWING:

1ST FLOOR PLAN

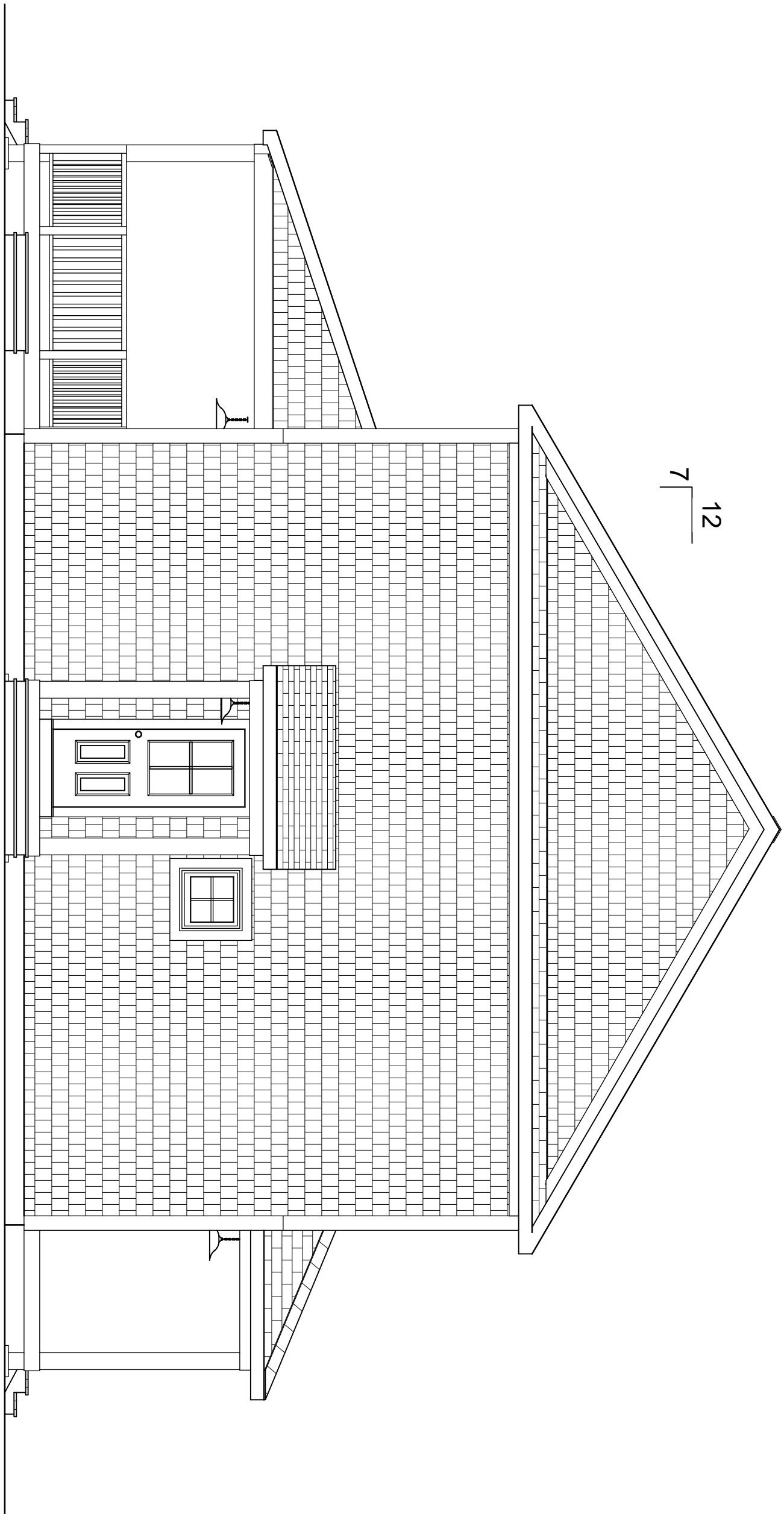
SHEET:

1

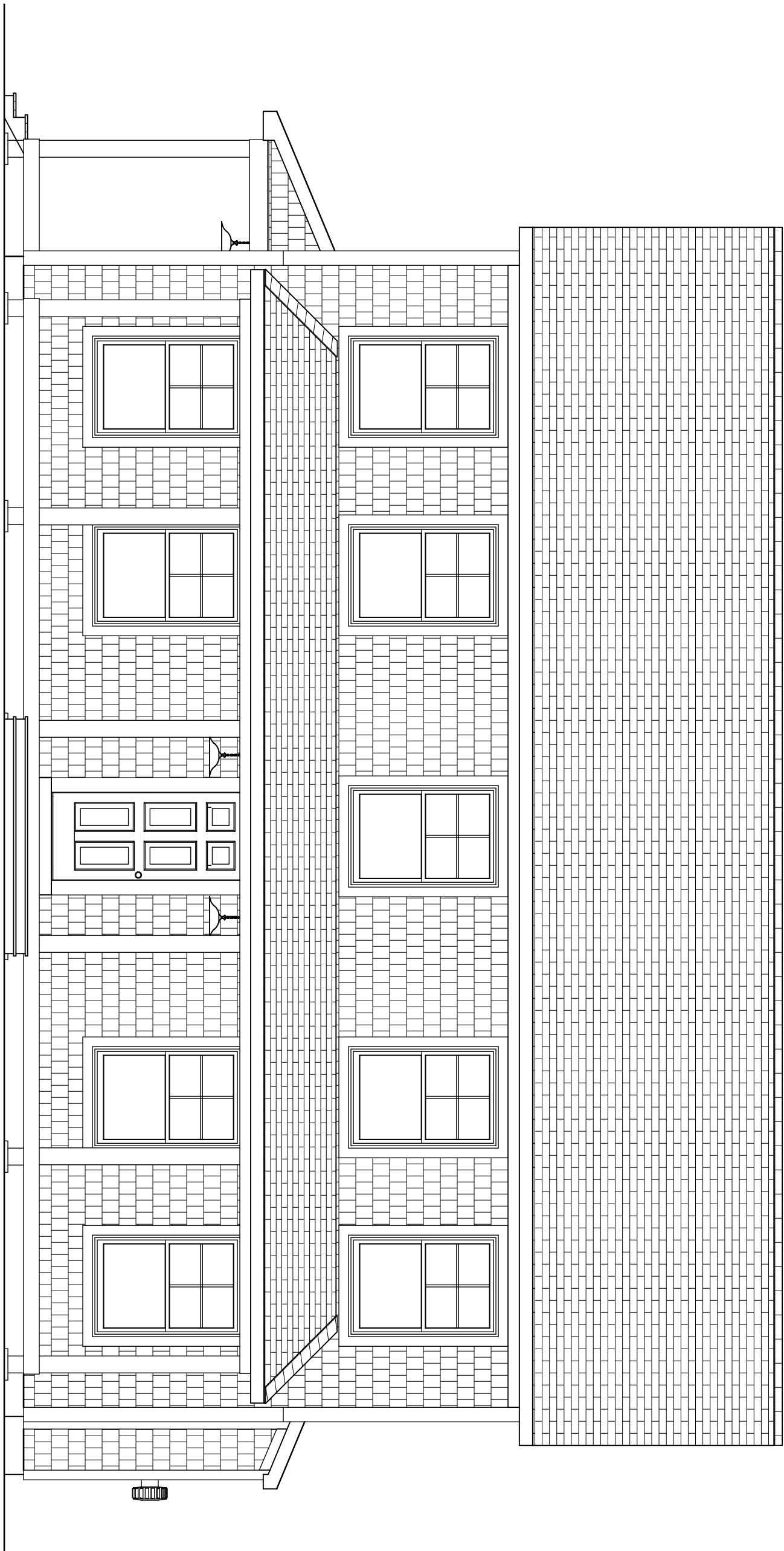




12  
7



LEFT ELEVATION



FRONT ELEVATION: ALTERNATE FRONT PORCH

NO.	DESCRIPTION	BY	DATE
01		SDD	04/28/20
02		SDD	05/04/20
03		SDD	05/06/20



DRAWING #  
200405

DRAWN BY:  
SDD

27'-4" x 40'

BLOCK ISLAND UTILITY

CORNER OF OCEAN RD & BEACH RD

BLOCK ISLAND , RI

CUSTOMER :

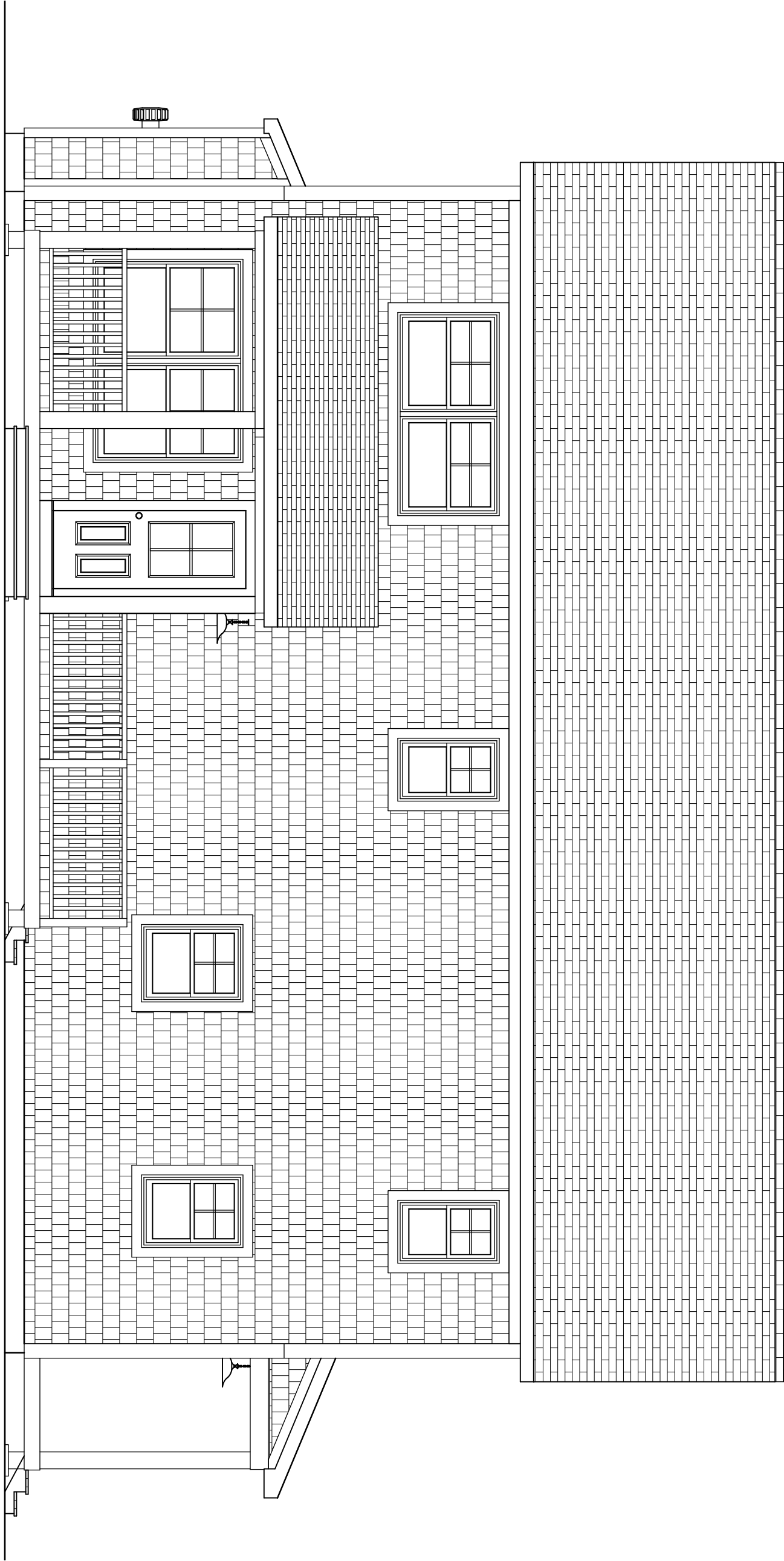
DATE:  
04/27/20

MODEL:  
TWO STORY

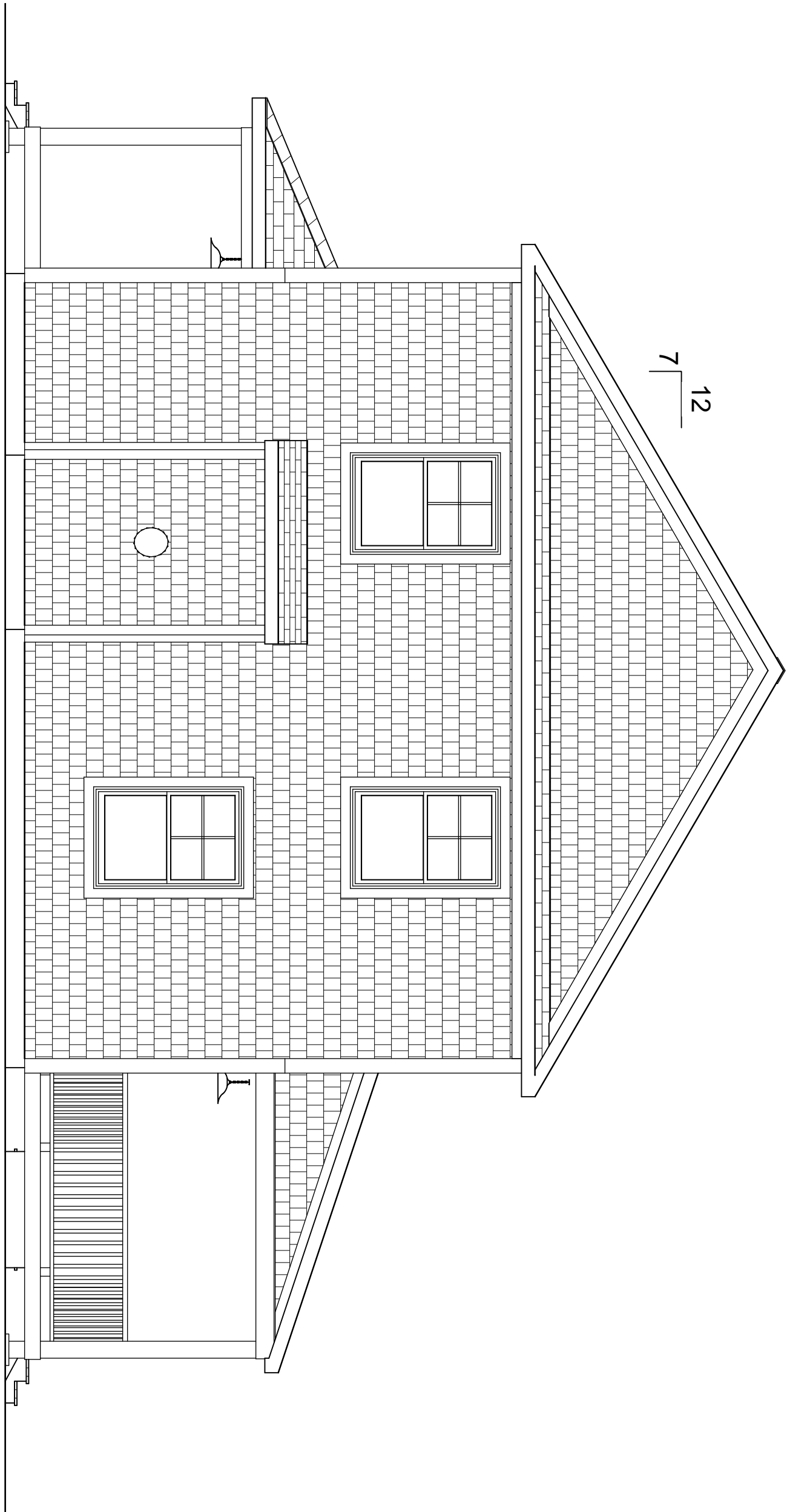
SCALE:  
1/4"=1'-0"

DRAWING:  
FRONT/LEFT  
ELEVATIONS

SHEET:



REAR ELEVATION



RIGHT ELEVATION

NO.	DESCRIPTION	BY	DATE
01		SDD	04/28/20
02		SDD	05/04/20
03		SDD	05/06/20



DRAWING #  
200405

DRAWN BY:  
SDD

27'-4" x 40'

**BLOCK ISLAND UTILITY**

CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

CUSTOMER :

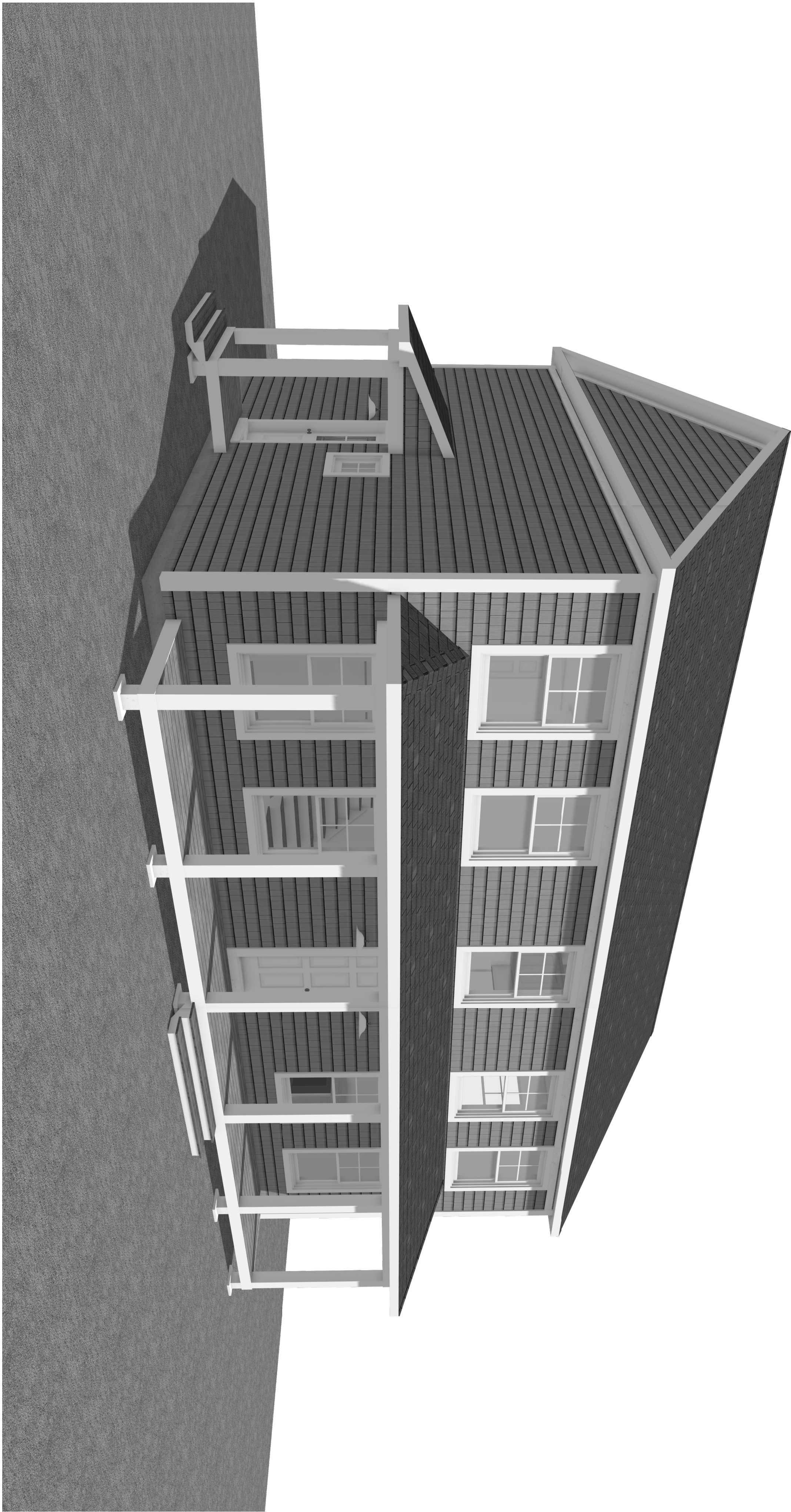
DATE:  
04/27/20

MODEL:  
TWO STORY


SCALE:  
1/4"=1'-0"

DRAWING:  
REAR/RIGHT  
ELEVATIONS

SHEET:  
4



NO.	DESCRIPTION	BY	DATE
01		SDD	04/28/20
02		SDD	05/04/20
03		SDD	05/06/20



Connecticut Valley Homes

DRAWING #  
200405

DRAWN BY:  
SDD

27'-4" x 40'

BLOCK ISLAND UTILITY

CORNER OF OCEAN RD & BEACH RD

BLOCK ISLAND , RI

CUSTOMER :

DATE:  
04/27/20

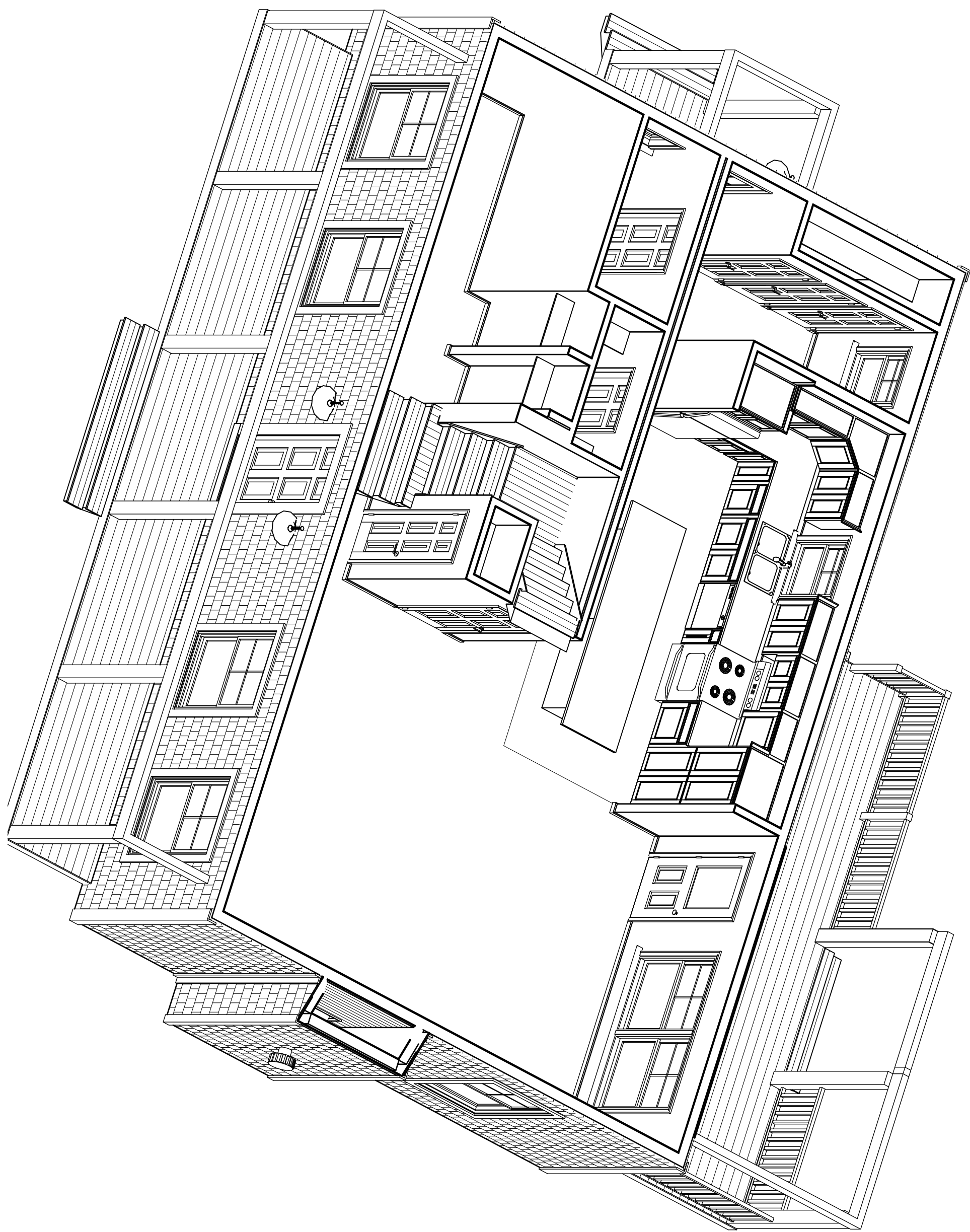
MODEL:  
TWO STORY

SCALE:  
1/4"=1'-0"

DRAWING:  
3D RENDERING

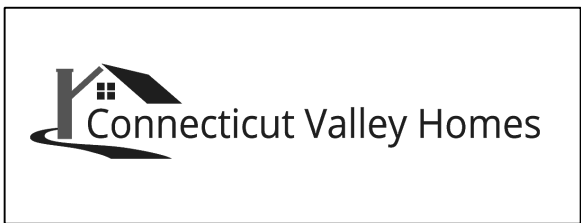
SHEET:  
5





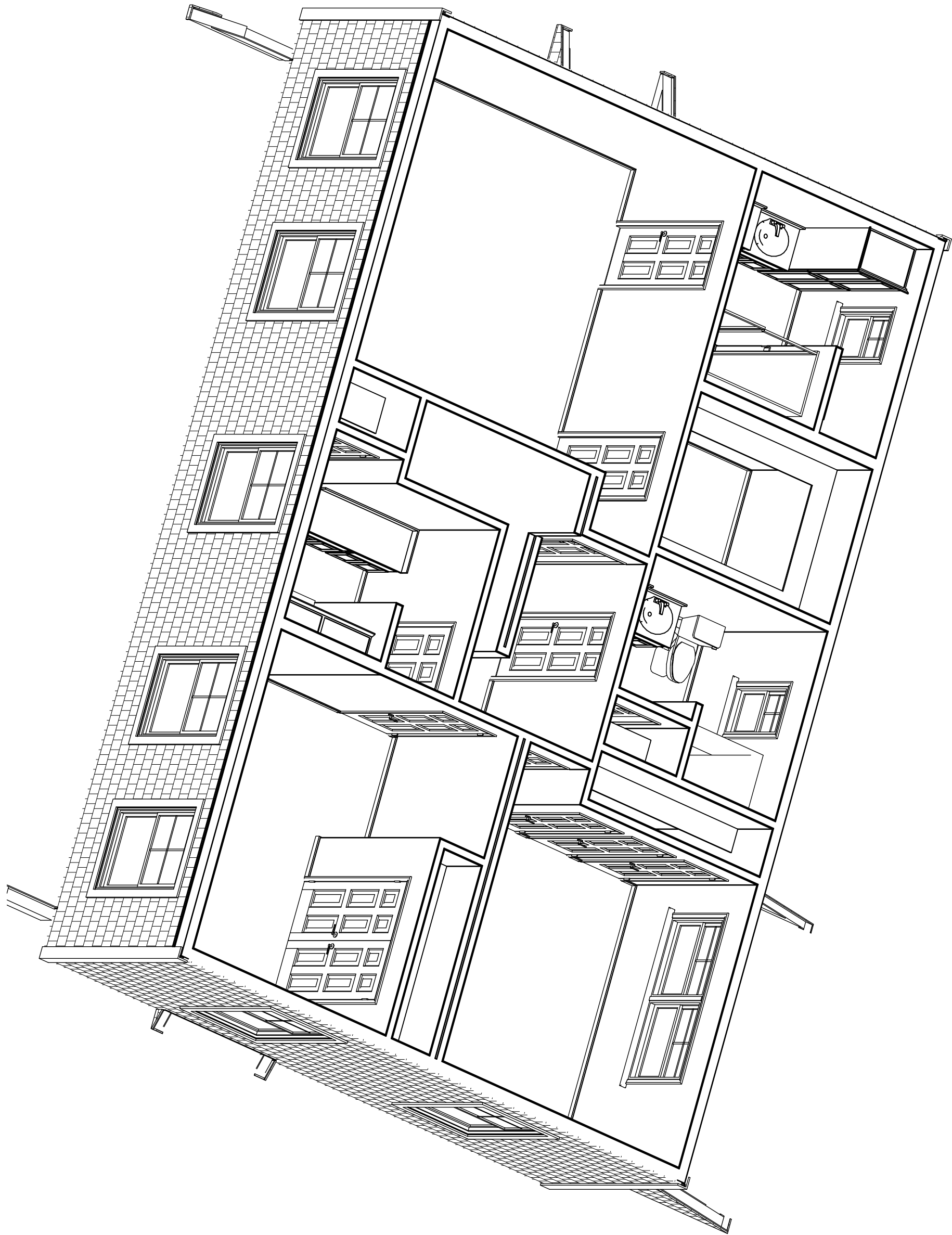
CUSTOMER: 27'-4" x 40'  
**BLOCK ISLAND UTILITY**  
CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

DRAWING #  
**200405**  
DRAWN BY:  
**SDD**



NO.	DESCRIPTION	BY	DATE
01		SDD	04/28/20
02		SDD	05/04/20
03		SDD	05/06/20

DATE: 04/27/20  
MODEL: TWO STORY  
SCALE: 1/4"=1'-0"  
DRAWING: 3D INTERIOR  
SHEET: 6



CUSTOMER:

27'-4" x 40'

BLOCK ISLAND UTILITY

CORNER OF OCEAN RD & BEACH RD


BLOCK ISLAND , RI

DRAWING #

200405

DRAWN BY:

SDD

Connecticut Valley Homes

NO.	DESCRIPTION	BY	DATE
01		SDD	04/28/20
02		SDD	05/04/20
03		SDD	05/06/20

DATE:

04/27/20

MODEL:

TWO STORY

SCALE:

1/4"=1'-0"

DRAWING:

3D INTERIOR

SHEET:

7

## FOR DISCUSSION PURPOSES ONLY

Appliance	Manufacturer	Description/Model	Energy Star Estimated Annual Usage (kWh)	Price
Dishwasher	JennAire	24" TRIFECTA 38 DBA	270	\$1,999
Microwave/Wall Oven	JennAire	30" Microwave/Wall Oven V2	1248	\$5,499
Cooking Range	JennAire	36" Electric Oven/Gas Cook Top Combo (NOTE 1)	468	\$7,699
Refrigerator	JennAire	72" Counter-Depth Refrigerator	739	\$4,899
Freezer	GE	FUF21DLRWW 21.3 cu.ft Frost Free Upright Freezer	495	\$1,099
Clothes Washer	LG	LGWADREV8001	130	\$2,638
Clothes Drier	LG	LGWADREV8001	607	
Water Heater	Stiebel	80 Gal - Hybrid Heat Pump Water Heater	1289	\$2,599
Heating	_____	_____		
Lighting			1200	
		ANNUAL ESTIMATED USAGE KWH	6446	
		MONTHLY USAGE KWH	537	
		CAPITAL COST		\$26,432
NOTE 1 - Gas Cooktop will use approximately 7 gallons per month - 84 gallons per year.				
Emissions for 84 gallons/propane are 206 kg/CO2 annually.				
In comparison, the average gasoline powered car emits 4,600 kg/CO2 annually.				

**AGENDA ITEM 7**  
**GRAVEL PIT SOLAR PPA**



**AGENDA ITEM 8**  
**LITIGATION UPDATE**