

Block Island Utility District
ANNUAL MEETING
August 28, 2021
4:00 PM

THIS MEETING WAS HELD IN PERSON AT THE BIUD PLANT

Minutes

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

Also Present: President Jeffery Wright, Employees; Tom Durden, Jim Stockman, Tracy Fredericks, Dick Martin and David Milner, Director Candidates; Tom Risom and John Warfel and several other BIUD members.

Board Chair Barbara MacMullan called the meeting to order at 4:00 PM.

1. Public Input

- Chris Warfel of Entech Engineering made several comments regarding the net metering program and voiced concerns about hiring experts to help in managing the critical initiatives.

2. Commissioner's Report

- Board Chair Barbara MacMullan welcomed everyone to the meeting and thanked Director Candidates for running for election. She reported that BIUD had a good year despite covid. She thanks all of the employees for their hard work during the past year. She also reported that since the net metering amendment had been passed and signed into law that the BIUD Board had worked hard developing a net metering tariff that is due to be filed with the PUC soon.

3. Treasurer's Report

- Treasurer Bill Penn presented his financial report - included in minutes.

4. President's Report

- President Jeffery Wright presented his report – included in minutes.
- Mr. Wright facilitated a question/answer session that lasted approximately 45 minutes.

5. Introduction of Candidates for Board of Commissioners

- All Commissioner Candidates introduced themselves and spoke to their vision and direction they would like to see BIUD move towards if elected. The candidates that were present included current BOD Chair Barbara MacMullan, current Vice-Chair Everett Shorey, current Treasurer, Bill Penn, John Warfel and Tom Risom. Candidate Tim Dowling was not present.

Barbara MacMullan moved to adjourn the meeting at 6:15 PM, seconded by Everett Shorey. The motion passed unanimously, and the meeting was adjourned.

APPROVED: **November 20, 2021**

POSTED: **December 15, 2021**

BLOCK ISLAND UTILITY DISTRICT
2021 TREASURER'S REPORT
REPORTED BY BILL PENN

Good afternoon everyone, I am Bill Penn, the Treasurer of the Block Island Utility District, a position I have held since the creation of the Utility District. I have worked with Jeff Wright since 2017 in managing BIPCO's and now the Utility District's finances. I am pleased to report that the Utility District is as financially sound as it ever has been.

In March, 2017 after the Utility District purchased the BIPCO assets we had more debt than assets which resulted in about a 2% negative equity position. As of right now, we have built our equity position to about 20%. It varies during the year depending on cash on hand and capital investments but continues to climb each year. We work very closely with our lender, National Rural Utilities Cooperative Finance Corporation (CFC) to manage this as our debt:equity ratio is critical in our ability to secure future loans at good rates. One way we have been positively affecting this critical measure is by focusing our investments on capital assets such as poles, wires and the facility. All of these investments go directly to improving the service we provide you, our members.

From a cash standpoint, we are in a better position than ever before. The Utility District has a \$350,000 revolving line of credit with CFC and we usually need to draw that down each spring as cash flow tightens up. This year is the first year we have not had to utilize that line. There are a variety of reasons for that but that sums up our ability to manage cash flow.

I have provided everyone with a full set of year-to-date financials. These are through June 30, 2021. Each month we post these to our website for everyone to see. Our finances are literally an open book. The full Board reviews these each month and we work with Jeff to keep us on solid financial ground.

Some highlights I will point out on the Balance Sheet on Pages 1 and 2 are:

- 1) Our Net Utilities Plant has increased from roughly \$6M to \$6.7M, more than 10%, due to last years pole replacements and other capital upgrades.
- 2) Our General Material Inventory has nearly doubled from \$291K to \$536. This is not a bad thing. These are spare parts, new poles, transformers and wire which has been purchased to prepare us for hurricane season and to buy ahead for next year's capital program. This is the first time we have been able to "buy ahead" like this and as a result we are more prepared than ever for a catastrophic event like a hurricane or ice storm.
- 3) Our current liabilities are down almost 25% from the same time last year.
- 4) Our long-term debt with CFC is also being paid down on schedule.
- 5) Our current debt:equity ratio is 17% and projected to reach close to 25% by the end of the year.

Highlights of the Income Statement on include:

- 1) Our total revenues YTD are 14% better than budget. Mostly due to increased sales from a very busy winter.
- 2) Expenses are within 4% of budget.
- 3) Net Income YTD – although still a deficit which is normal due to timing – is 45% higher than budget.
- 4) Our capital plan is on track and our overall spending will be reduced when we receive nearly \$100K from Version for their share of the poles that we replaced and from the Town for the Fiber Project make-ready work.

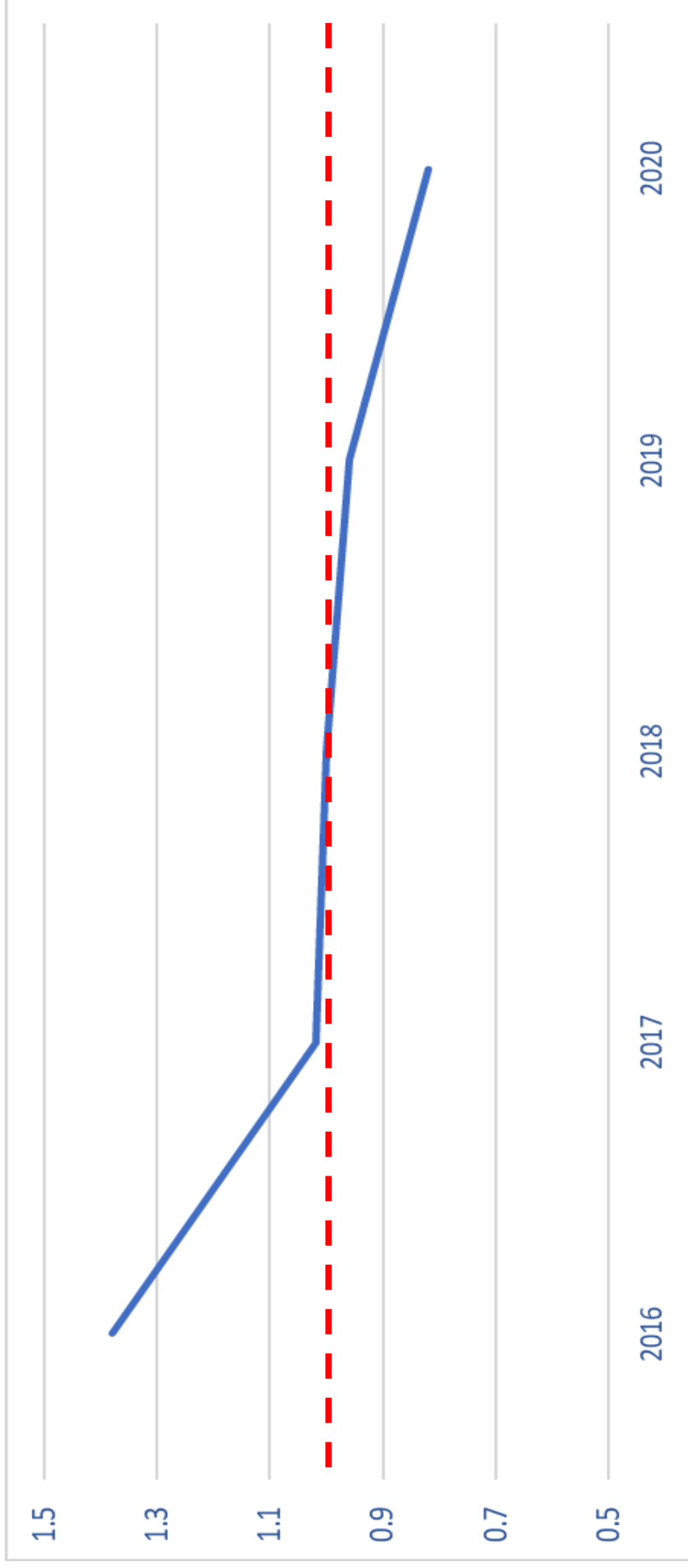
I am very confident in our financial controls that we have in place. I work very closely with Jeff on compliance with our approved policies and procedures. I'd also like to remind you that we are a not-for-profit utility district so our goal is to collect no more revenue than what we need to cover our expenses. As we make capital investments that result in less maintenance expenses that will eventually be passed on the members in the form of stable rates.

Lastly I'd like to report that our second financial audit was completed in April of 2021 for the fiscal year 2020 and there were no management recommendations of weaknesses identified. The 2019 and 2020 audits are also posted on our website.

Thank you for allowing me to serve as your Treasurer.

SAFTEY

Experience Modification Rate



Reliability/Storm Resiliency/Capital Upgrades



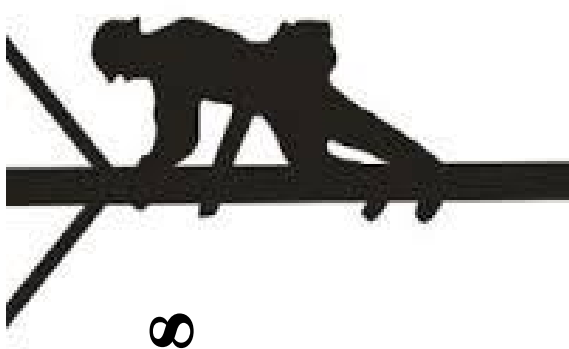
Tree Trimming – 1st Full Cycle Completed in March 2021

Pole Replacements– 500/2000 Pole Replaced Since 2018

New Wire – New Harbor and Several Lateral Taps

Power Factor Correction – Installed 5 Capacitor Banks

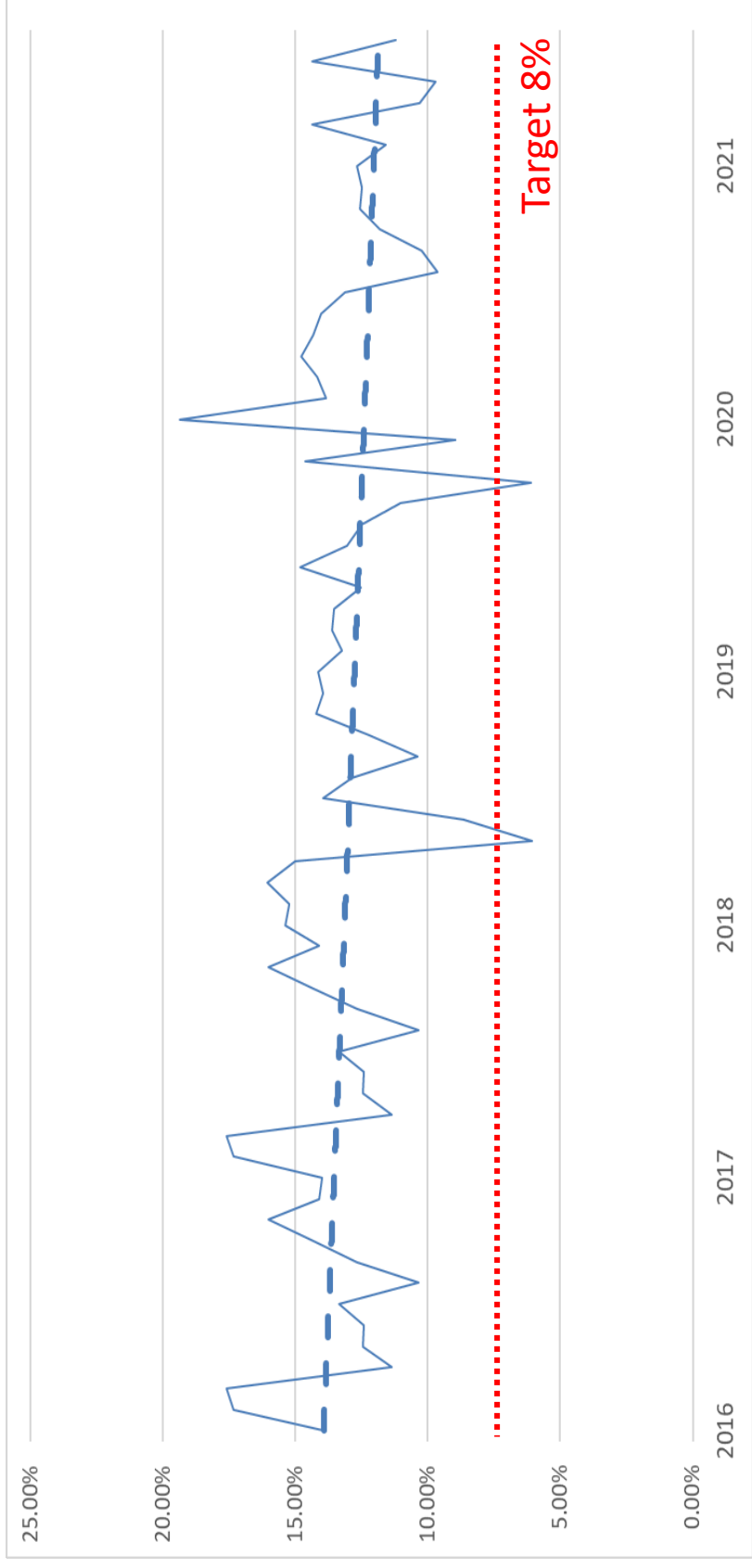
Voltage Conversion 2022



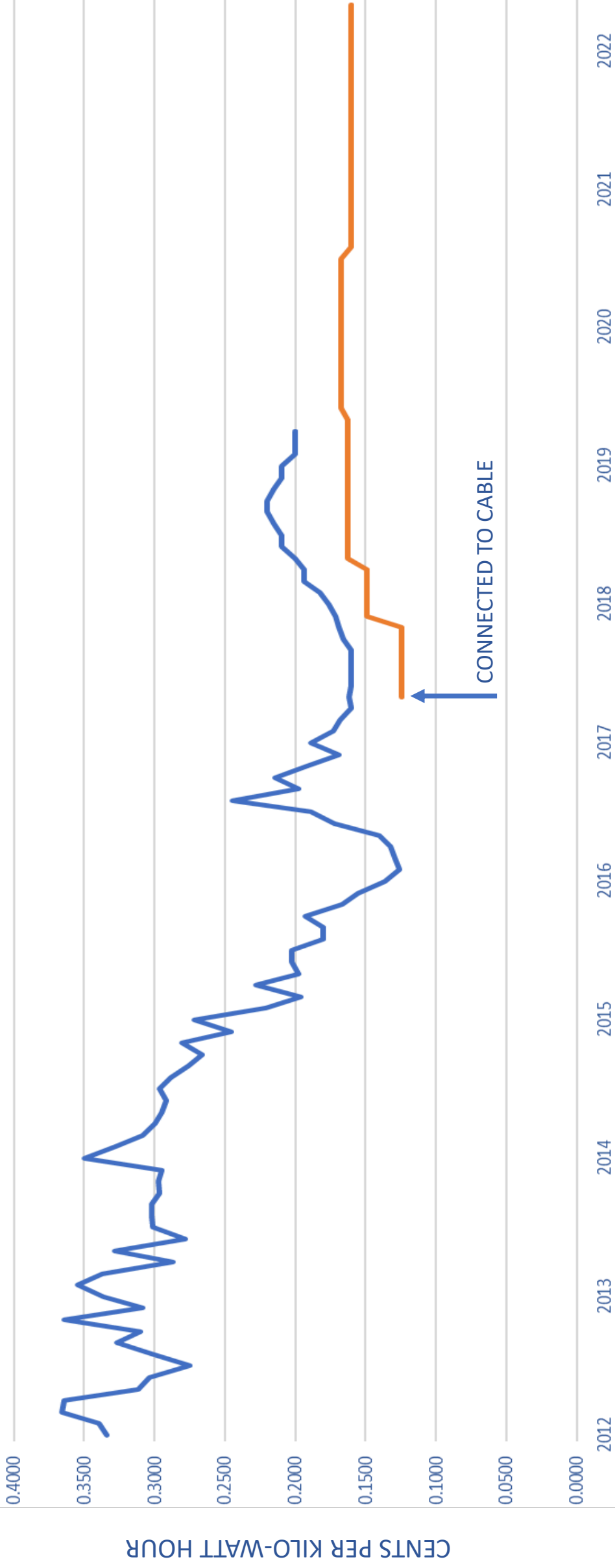
Doubles System Capacity

Power Quality – Eliminates Brown Outs

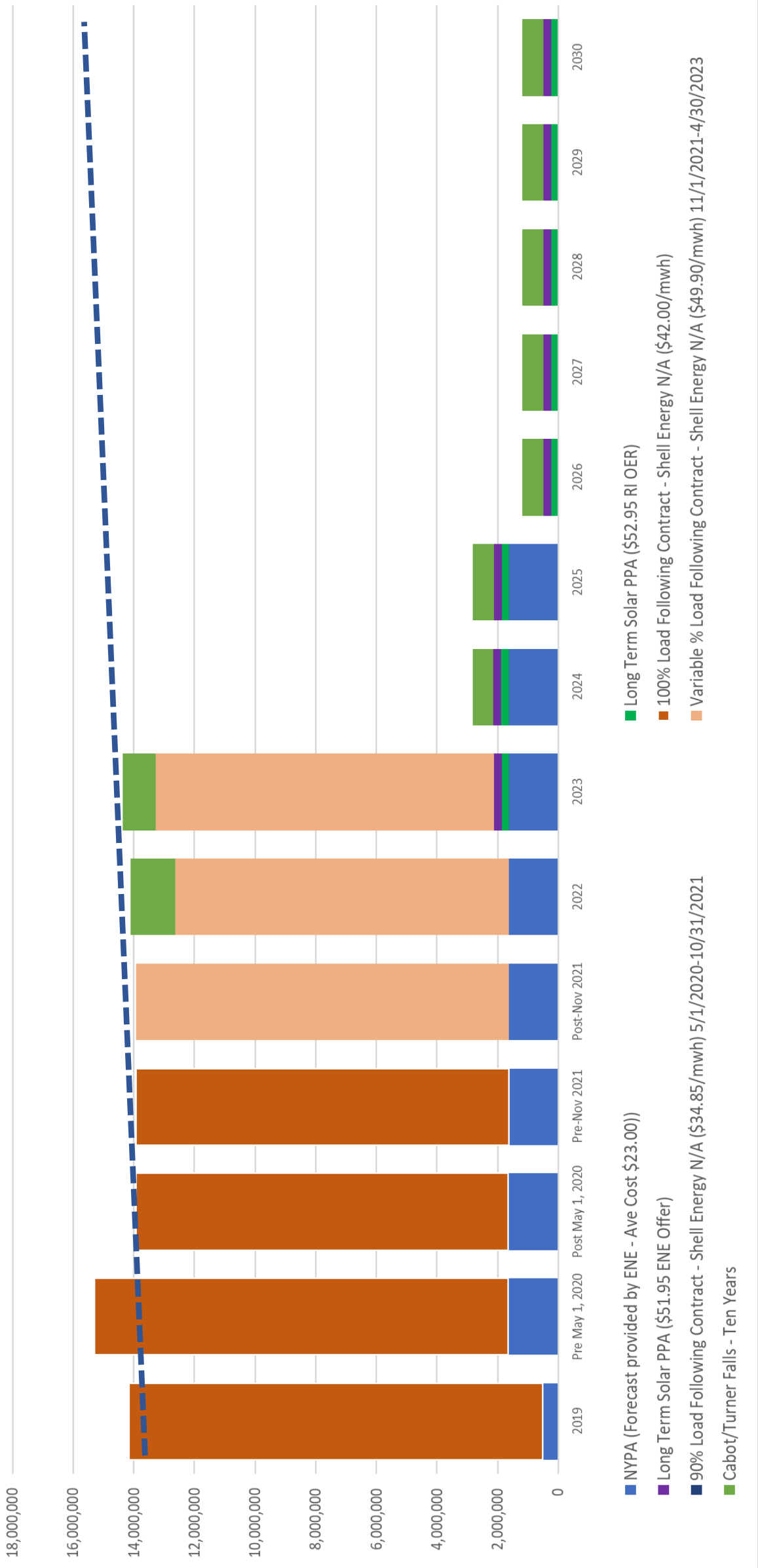
System Losses Every 1% = \$20,000



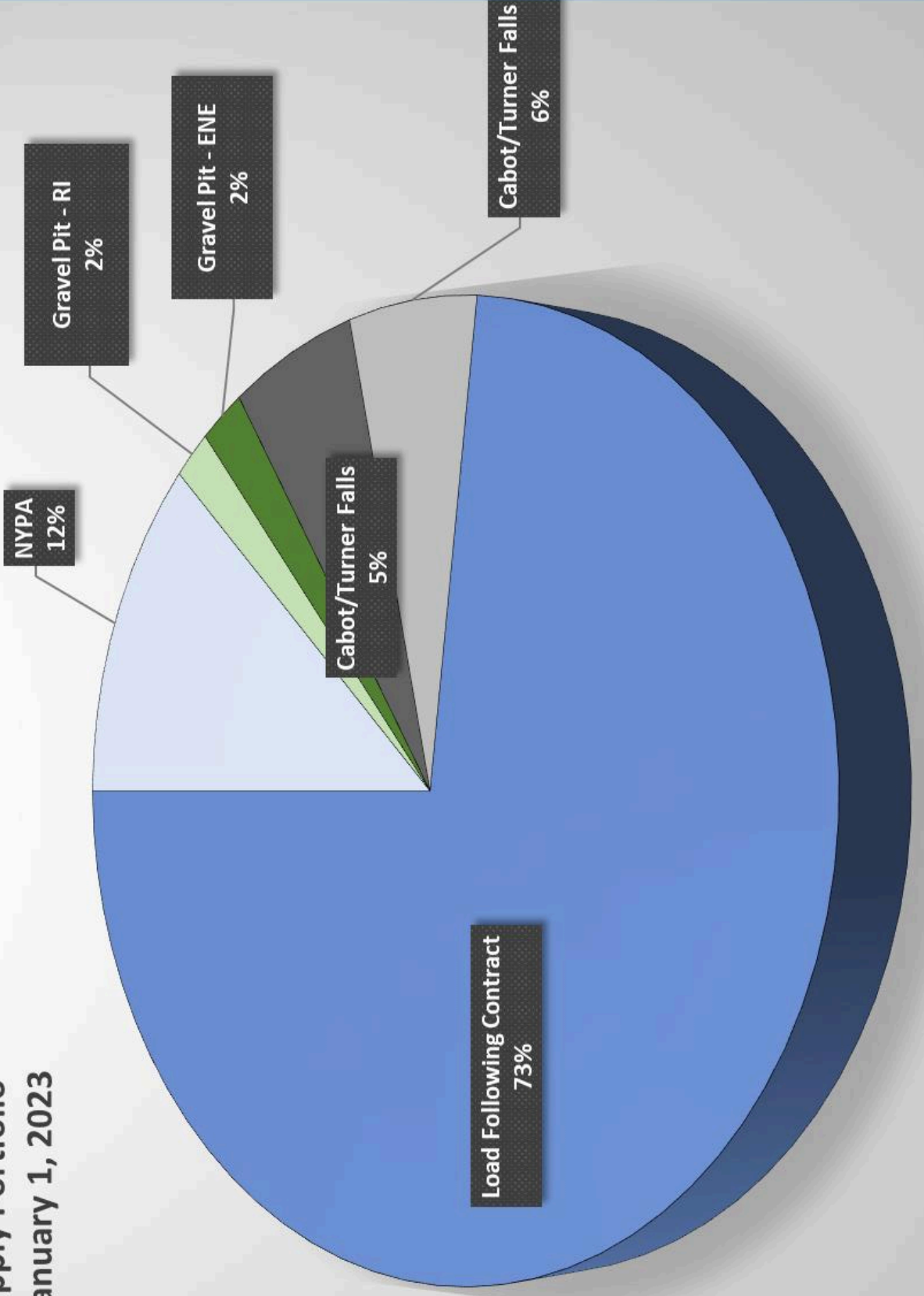
Fuel, Power Supply and Transmission Rates History



Power Supply Requirements and Contracts

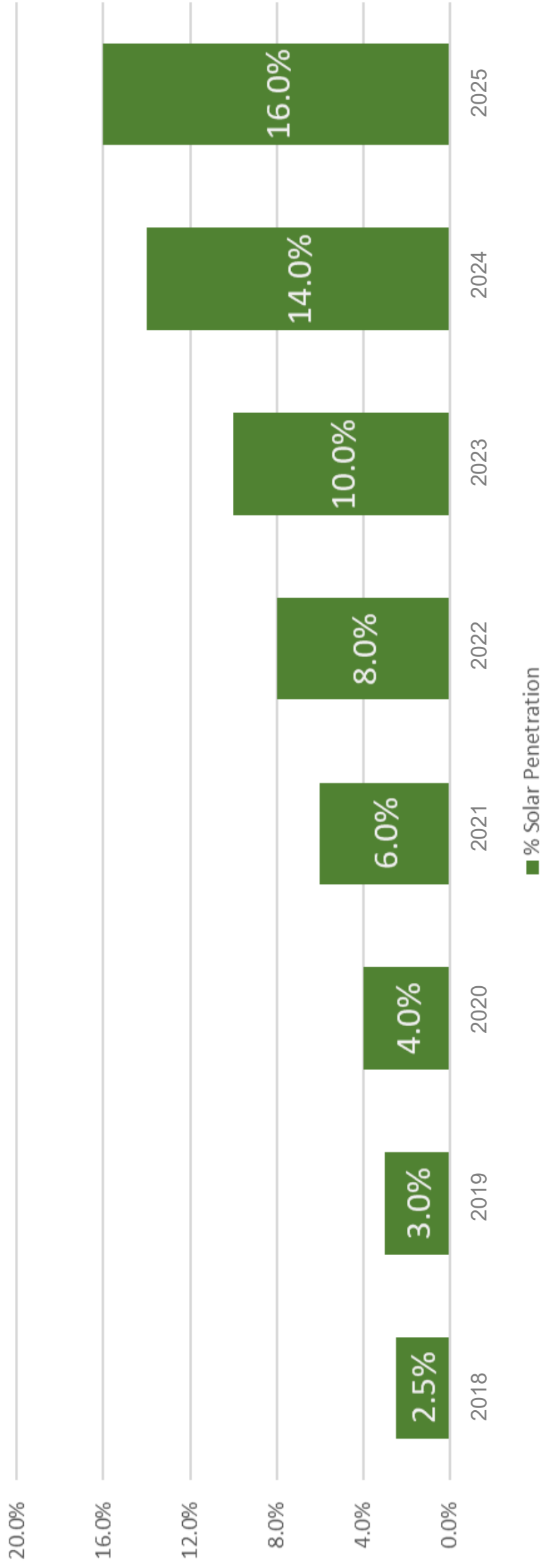


**Block Island Utility District
Power Supply Portfolio
Starting January 1, 2023**

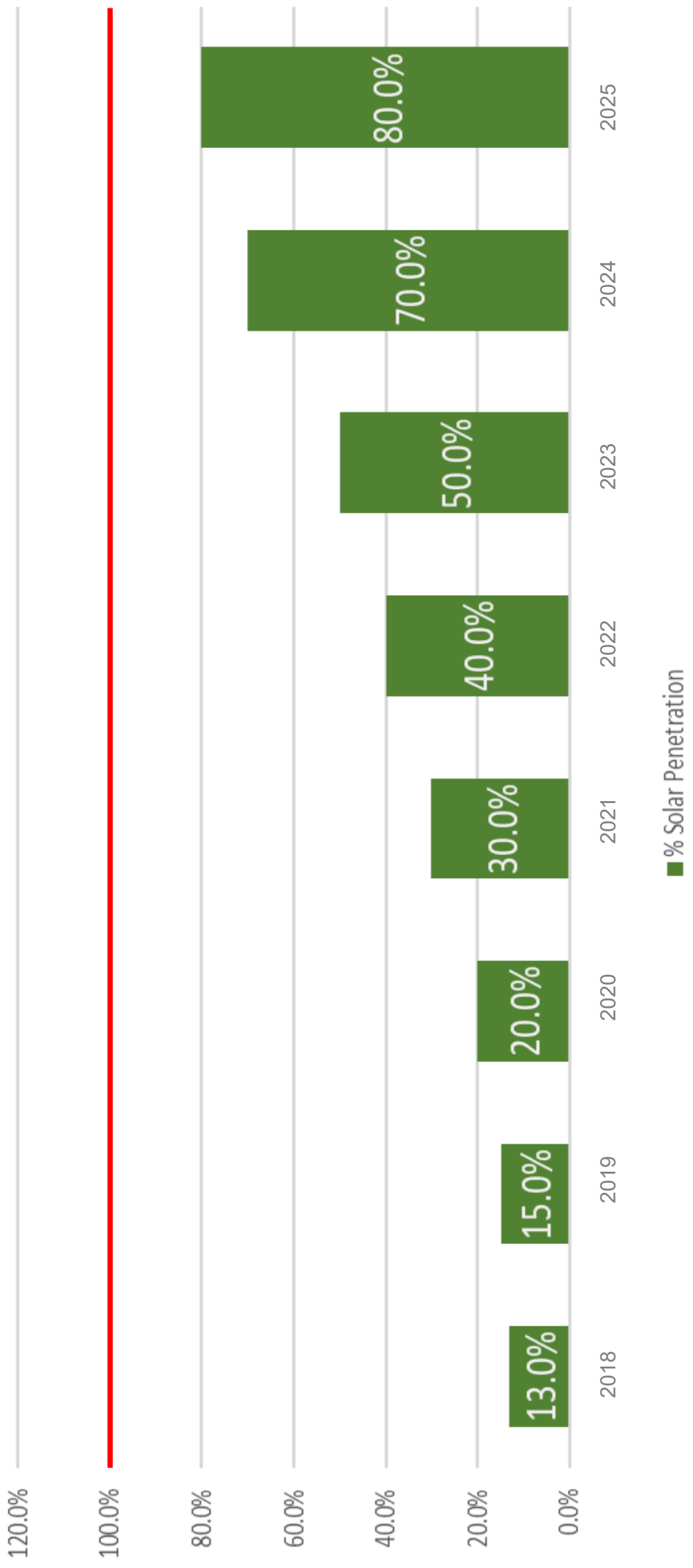


Solar and Other Renewable Resources

% Solar Penetration Based on Summer Peak



% Solar Penetration Based on Shoulder Season Low Load



Future Initiatives

Electric Car Charging – Dispatch to Grid

Electric School Bus

In Home Storage