BLOCK ISLAND
UTILITY DISTRICT
A Touchstone Energy® Cooperative

Meeting of the Board of Utility Commissioners
Thursday, February 27, 2025 @ 4:00 PM

Meeting Minutes

The meeting was called to order at 4:05pm.

Directors In attendance: Barbara MacMullan, Ken Lacoste, John Warfel,

Others in attendance: Jeffrey Wright, President, Tracy Fredericks, Jim Stockman, David Lewis, Dick Martin, Chris Warfel, Mathew O'Toole, Carlos Salinas, Keith Lewis, Tony Pappas, Evan Carey, Tom Durden, Steve Corbett

1. Public Input-

   Chris Warfel - customer generation interconnection - expressed his concerns. Has not heard any feedback from BIUD. It is expensive, dangerous and unnecessary, asked that we revisit this. Jeff said he will respond at the next meeting.

   Carlos asked the board if questions are welcomed from, anyone and added that questions should be seen as engagement and should be encouraged. This is not the equivalent of being disgruntled or disparaging to ongoing work.

   Barbara responded that questions are always welcome and there was no intent by anyone to be disparaging of people who ask questions. She also offered regarding to politics, that is not something in the boards purview and we don't control NRECA say and that doesn't impact what we do here.

   John agreed with Barbara and added that the input from our members is always healthy, and that they have a right to say what they feel and hopefully it is relayed in a respectful manner.

   Jeff admitted that he and Carlos have had some disagreements. He added that he the best avenue is through the board of directors' meetings, emails direct to him sometimes create unhealthy engagements that can captivate all his time instead of communicating to all of the members at the same time. He encourages questions and asks for members to send them to him and Tracy prior to the meetings and we can get them in the board packet and possibly even have some answers ahead of time. Jeff added regarding politics, that NRECA is political only because they must be. As a board member they are the least political board that he has seen. Which party their money comes from is a function of rural America and who the co-ops are.

   Further discussion took place about what types of questions could be answered in between meetings. Barbara explained that policy needs to be discussed by the board together, otherwise we may be in violation of the open meetings act. Barbara also asked that any questions for the board should be sent to Tracy who can then direct them to the Board of Directors.

Mary Jane added that everyone should be allowed to ask questions and that this board tries to be very transparent, and we are not political. Everyone is here for the good of the company. Sometime questions that are written may be open for misinterpretation because they are not seeing me talking.

Chris Warfel expressed his concerns about Jeff's statement that we are suing the EPA and that he has asked Jeff to repudiate the support that was given to the NRECA because it is not good, they are supporting coal power plants that are primarily used for crypto currency and AI.

Jeff responded yes, as a director on the NRECA board RI supported NRECA in this decision. We are one of the co-ops, and that he didn't mean to say that BIUD was suing the EPA, but NRECA is suing the EPA, because of the power plant rule. This has since been pulled back.

2. Commissioner's Report:
   Barbara reported that the streaming on our FB should be working now. We did not have a strategic planning meeting prior to this meeting and will be reported at the next meeting.

3. Approve Board Meeting Minutes from January 28, 2025, Regular Meeting-

   Mary Jane made a motion to approve the meeting minutes as presented, Barbara seconded. Ken abstained because he was absent from the meeting. The motion was approved.

4. ETIPP Update:
   Barbara reported there is no update to report because they are still in the process of working on the updates and there should be a meeting in late spring.

5. Review and Act Upon the 2025 BIUD Board Meeting Calendar with Election Milestones Included-

   All dates look good except the date the candidates need to announce their candidacy

6. Treasurer's Report:

   Jeff reported the year end financials are in the packet. Things look the same as last year. We still maintain 20% equity as required. Jeff suggested any questions people have on the treasurer's report be emailed to him.

   Mary Jane asked general material inventory pg. 13, why is it higher? Jeff reported that seven breakers that we bought as part of the voltage conversion in 2021, are back in inventory because we have not yet installed them. Our inventory levels are lower than they have been due to increased costs.

Member Steve Corbett asked where the carbon offset costs are in the expenses? Jeff said it is in the power supply filing and that he will send it to you. Jeff added that Rates did go down a couple of cents and we are 100% renewable from renewable resources starting November 1st. The details are in the filing, Tracy will post this to the website.

Chris asked about the bad debt under current assets. Pg. 10, and how do we come up with this number. Jeff said It's an allowance in case something does happen, and that our accountant provides this number, and he will have to check with him about this.

Chris also asked what the solar restriction account is? Jeff responded that it is for maintenance of BIUD solar and decommissioning of equipment. Every year we set aside 10% revenue generated for that purpose.

7. President's Report:

Jeff reported we received the office of energy grant $250,000 grant that we will match. This will pay for a large part of the capital work for this year.

Tree work has been ongoing this winter; they are playing catchup because they were not here last year. They do not have time for private work.

The mapping crew is coming back next week and will be here for a few weeks. They will be mapping everything inside of the voltage conversion along with several hundred new meters that are not currently mapped.

RI Energy has been asked to come out to talk through the cable questions about what happens after the wind farm is dismantled.

The generators will be running next Tuesday while RI Energy will be working on their substation.

We will identify the next election process.

8. Review and discuss the proposed 5-Year Capital Budget:

Jeff reported that we haven't increased our transmission and system in decades. We have done some rate redesign, but our basic revenue requirement has not changed in 20 years. Our power supply rates have gone up and down, but we have maintained the and plant distribution and delivery charges. The money we saved when we bought the power company went into capital. That $750,000 went into pole replacements and other capital projects. He explained the way the cost levels of projects work, 1. Pay go capital, you collect money from your members and spend it on a project that year. The downside to this is you pay for an asset all at once and it is not equally fair to all members. Our pay go right now is at 20, our goal is 40. It has a bigger effect on rates, for every 500,000 we are looking at is equal to a .03/kWh. rate increase. Jeff will work with Dave Bebyn to come up with these details and how this will affect the rates. These are on pg. 20 the highlighted sections that will be discussed at the next meeting.

2. Debt service, you can borrow money and have very little impact on rates. CFC offers a power vision loan, that you can draw down as you go not all in one year like the Pay go. We Need to identify what the projects are and how they will affect rates, then they get approval by PUC. We need to come up with a clear capital plan.
Jeff asked everyone to review and contemplate these items.

The voltage conversion saves us money with every piece of it by saving us on losses and improves power quality. Jeff added that the voltage conversion would be his biggest suggestion to complete.

Pole replacements the industry standard is 40 years. Jeff selected poles over 25 years for the grant, because we needed to install some taller poles when fiber was added to the poles more room was needed.

We are looking into bringing fiber to the ami sites. We met with Sertex and spoke to the town about this, but their requirements are costly, Jeff suggested we run our own fiber, we will do some analysis on this with Sertex to get some numbers.

Other projects include:
Employee housing is important if we want to be able to recruit new employees.

Convert the office to housing and build a new building

Jeff will prepare a model for the next meeting with all of these proposed projects, and suggested that we also need to discuss operating budget.

Dick Martin added that we need to consider decent housing for new employees not apartments in the new building on the grounds of the power company. Ken added that has been discussed in the planning process.

Carlos asked if there is a price for the new “mega” houses on the island. Jeff answered that the voltage conversion will increase capacity. New houses will pay for upgraded and larger equipment.

Carlos also asked what will the effects of global pricing have on rates and what about block rates? Can we make the case for block rates in the new rate case. Jeff said to be at the meetings to voice your concerns. The board makes the decisions on the rate structure.

9. Discuss Hull Suburban Lease (May be held in closed session per 42-46-5(a)(5) Any discussions or considerations related to the acquisition or lease of real property for public purposes, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public.)

   Barbara made a motion to go into closed session, motion was seconded by Mary

Jane, closed session started at 5:50.

Ken made a motion to come out of closed session seconded by Mary Jane, motion was approved.

No motions were made nor any action taken in closed session.

Barbara made a motion to adjourn the meeting, seconded by Ken, the motion was approved. The meeting adjourned at 5:56 pm.