DOCKET NO. 4690

IN RE: BLOCK ISLAND UTILITY DISTRICT : STANDARD OFFER AND TRANSMISSION :

CHARGES AND RECONCILIATION

COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD) (Issued April 27, 2020)

(please respond by May 4, 2020)

- On page 4 of Mr. Bebyn's testimony, he states that the cost of: "Energy Purchased from BIUD from its new rooftop solar project is projected to be \$15,132 for the 12-month period. This project was the result of private donation which has a restriction that the benefits of the project be used for system capital improvements. The purchase is based upon the prior year's Standard Offer and Transmission cost rate."
 - a. Did BIUD apply for a waiver from the exemption of owning generation and selling the output to its customers for this unit? If not, why not? (Order No. 22565 (Oct. 7, 2016) stated: In its restructuring plan, the Block Island Power Company will be exempted from the Utility Restructuring Act, R.I. Gen. Laws § 39-1-27(d), prohibition against selling electricity within its service territory for the purpose of providing emergency generation.)
 - b. Does this installation violate the net metering cap? If so, how has that been addressed? If not, why not?
 - c. Please confirm that BIUD is charging customers for the energy sales from the solar project and putting the revenues from those sales into a capital fund that is also funded by base rates. Please identify the account.
 - d. Please explain why this expense is not included in the rate case as a reduction of BIUD's O&M expenses related to electricity usage.
 - e. How will the \$15,132 expense be calculated going forward and reconciled?
 - f. Who will own the renewable energy certificates?
 - g. Where were the renewable energy certificates accounted for in the schedules?

RESPONSE:

- a. BIUD has not yet applied for such a waiver, but plans to do so if the contract is approved by the Commission.
- b. No. We do not consider this to be a net metering project. The facility and all generation will be owned by BIUD. All energy will be metered in the same way as our diesel back-up generation is metered, and it will be accounted for as generation and not a load reducer as net metering is.
- c. BIUD will charge its customers for the energy this facility produces and will apply the revenues from those sales into a restricted account identified as "Solar Restricted Account" to be used by BIUD for three specific purposes: 1) to create a decommissioning fund for the Solar PV Equipment, 2) for maintenance of the solar PV equipment, and 3) for BIUD capital projects

IN RE: BLOCK ISLAND UTILITY DISTRICT :

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related to BIUD's distribution system. This was a specific request made by the donor and documented in the attached Solar Initiative Project Agreement (Attachment JMW-1).

- d. The donor specifically requested that this project not be used to reduce BIUD's O&M expenses and made that a condition of the donation. The donor insisted that the generation be metered, sold and all revenues be used by BIUD primarily to upgrade its distribution system during the life of the solar facility. This is documented in the Solar Initiative Project Agreement ("Attachment for Response to 2020-1d").
- e. The \$15,132 expense will be reconciled each year with BIUD's standard offer rate reconciliation, based on the prior year's actual generation.
- f. BIUD will own the renewable energy certificates ("RECs").
- g. RECs are not accounted for in this filing. Due to the volatility in the REC markets, BIUD plans to bank the RECs, time the markets and sell them periodically with the assistance of Energy New England ("ENE"). The REC sales revenue will then be credited to the "Solar Restricted Account" and used for purposes identified in the Solar Initiative Project Agreement.

Prepared by: David G. Bebyn, CPA and Jeffery M. Wright, President

IN RE: BLOCK ISLAND UTILITY DISTRICT :

STANDARD OFFER AND TRANSMISSION : DOCKET NO. 4690

CHARGES AND RECONCILIATION

COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD) (Issued April 27, 2020) (please respond by May 4, 2020)

2020-2. Who owns the solar project? Who will own the project once operational?

RESPONSE:

Ownership of the project will transfer to BIUD on the Commercial Operation Date which is defined in the Solar Initiative Project Agreement ("Attachment for Response to 2020-1d").

Prepared by: Jeffery M. Wright, President

IN RE: BLOCK ISLAND UTILITY DISTRICT :

STANDARD OFFER AND TRANSMISSION : DOCKET NO. 4690

CHARGES AND RECONCILIATION

COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD) (Issued April 27, 2020)

(please respond by May 4, 2020)

Is there a power purchase agreement between the owner of the project and BIUD for the sale of electricity? If so, please provide a copy. If not, please provide a detailed explanation of the transaction being contemplated.

RESPONSE:

No. There is no purchase power agreement because BIUD will own the facility, all generation and RECs upon the Commercial Operation Date.

Prepared by: Jeffery M. Wright, President

IN RE: BLOCK ISLAND UTILITY DISTRICT :

STANDARD OFFER AND TRANSMISSION : DOCKET NO. 4690

CHARGES AND RECONCILIATION

COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD) (Issued April 27, 2020)

(please respond by May 4, 2020)

2020-4. National Grid has projected a transmission expense for the cable surcharge of \$55,000. http://www.ripuc.ri.gov/eventsactions/docket/5005-NGrid-RetailRate2020%20(2-14-2020).pdf (Bates page 252 – last page of pdf).

- a. How did BIUD project an expsnes of \$51,000?
- b. Please recalculate the transmission charge using the \$55,000.

RESPONSE:

- a. The BIUD projected this expense based upon the current year for which the BIUD had invoices. The current year data had been running about \$4250 per month which would generate the \$51,000 annual expense.
- b. See Attached. ("Attachment for Response to 2020-4b"). Please note that using the monthly \$4,647 that National Grid has projected for a transmission expense in Bates testimony on page 252, it would generate an annual expense of \$55,764.

Prepared by: David G. Bebyn, CPA

IN RE: BLOCK ISLAND UTILITY DISTRICT :

STANDARD OFFER AND TRANSMISSION : DOCKET NO. 4690

CHARGES AND RECONCILIATION

COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD) (Issued April 27, 2020)

(please respond by May 4, 2020)

2020-5. Has BIUD changed any of its sales and/or revenue projections for the twelvemonth period June 2020 through May 2021? If so, please provide the results and explanation of any assumptions.

RESPONSE:

Not at this time.

Prepared by: David G. Bebyn and Jeffery M. Wright, President

IN RE: BLOCK ISLAND UTILITY DISTRICT :

STANDARD OFFER AND TRANSMISSION : DOCKET NO. 4690

CHARGES AND RECONCILIATION

COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO BLOCK ISLAND UTILITY DISTRICT (BIUD) (Issued April 27, 2020) (please respond by May 4, 2020)

2020-6. At what level of over- or under-collection would BIUD file with the PUC for a standard offer/transmission rate adjustment?

RESPONSE:

If our under - or - over collections varied by at least 5% or more we would consider filing for a standard offer/transmission expense rate adjustment.

Prepared by: David G. Bebyn and Jeffery M. Wright, President

SOLAR INITIATIVE PROJECT AGREEMENT

This Solar Initiative Project Agreement ("Agreement") is made and entered into by and between HBC Affordable Apaartments, Inc ("HBCAA") and the Block Island Utility District d/b/a The Block Island Power Company ("BIUD") (each a "Party," and collectively the "Parties").

WHEREAS, HBCAA is a not for profit corporation operating on Block Island which has a business address of P.O. Box 484, Block Island, RI 02807.

WHEREAS, BIUD is a not for profit quasi-municipal corporation which operates as a member-owned public utility engaged in the business of providing safe, reliable and affordable utility products and services to customers on Block Island and has a business address of 100 Ocean Avenue, P.O. Box 518, Block Island, RI 02807.

WHEREAS, HBCAA intends to fund the purchase and installation of solar photovoltaic panels on Block Island in order to increase the use of clean, local solar energy on Block Island and reduce reliance on fossil fuels.

WHEREAS, BIUD supports the use of clean, local solar energy on Block Island and wishes to install solar photovoltaic panels and related equipment on BIUD property.

WHEREAS, the Parties desire to set forth in this Agreement the terms and conditions upon which HBCAA intends to fully fund the purchase and installation of solar photovoltaic panels and related equipment on BIUD property.

WHEREAS, the Parties desire that ownership of the solar photovoltaic panels and all related equipment shall be granted to BIUD at no cost to BIUD.

NOW THEREFORE, for valuable consideration and intending to be legally bound hereby, the Parties agree as follows:

- 1. HBCAA and BIUD shall jointly select the solar photovoltaic panels and related equipment ("Solar PV Equipment") to be installed on BIUD property.
 - 2. HBCAA shall purchase the Solar PV Equipment.
- 3. HBCAA and BIUD shall jointly select a qualified solar installation company to install the Solar PV Equipment.
- 4. HBCAA and BIUD shall jointly negotiate and execute an agreement with the solar installation company to set forth all terms related to the installation of the Solar PV Equipment, including but not limited to site access, insurance coverage, and other matters.
- 5. All costs directly related to the installation of the Solar PV Equipment on BIUD property shall be paid by HBCAA.
- 6. During installation, the Solar PV Equipment shall remain the personal property of HBCAA.
- 7. The Commercial Operation Date ("COD") for the BIUD Solar Initiative Project shall be the date on which the Solar PV Equipment is mechanically complete, operational, and capable of delivering solar generation as certified by an engineer employed by the solar installation company at the expense of HBCAA. This certification shall be recorded in the land evidence records of the Town of New Shoreham.
- 8. Effective as of the COD, ownership of the Solar PV Equipment shall automatically transfer from HBCAA to BIUD.
- 9. Thereafter, BIUD shall own all Solar PV Equipment, all generation produced by the Solar PV Equipment, and all renewable energy certificates ("RECs") associated with all renewable energy produced by the Solar PV Equipment.

- 10. BIUD is a regulated public utility and this Agreement is therefore subject to the review and approval of the Rhode Island Public Utilities Commission ("RIPUC").
- 11. Operation of the Solar PV Equipment by BIUD shall be subject to the following conditions, if approved by the RIPUC: (a) the Solar PV Equipment shall be separately metered, (b) generation produced by the Solar PV Equipment shall be valued at the prior year's Net Metering Rate as approved by the RIPUC in BIUD's Annual Standard Offer and Transmission Reconciliation Filing, (c) any value attributable to generation produced by the Solar PV Equipment shall be paid into a restricted account ("Solar Restricted Fund"), and (d) monies in the Solar Restricted Fund shall be used as directed by the BIUD Board of Commissioners (i) to create a decommissioning fund for the Solar PV Equipment, (ii) for maintenance of the Solar PV Equipment, and (iii) for BIUD capital projects related to BIUD's distribution system. Operation of the Solar PV Equipment shall not be subject to the above conditions unless and until the RIPUC approves them.
- 12. HBCAA and BIUD shall coordinate and cooperate with each other when making public announcements regarding the BIUD Solar Initiative Project.
- 13. This Agreement may be amended, modified, or supplemented only by written instrument executed by all Parties.
- 14. This Agreement shall automatically apply and be binding upon the successors and assigns of the parties. No transaction resulting in a succession or assignment shall release any Party from its duties and obligations under this Agreement.
- 15. All questions or disputes arising out of or under this Agreement shall be governed by the laws of the State of Rhode Island.

- 16. If any provision of this Agreement is deemed invalid or unenforceable, the balance of this Agreement shall remain in full force and effect.
- 17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement.

IN WITNESS WHEREOF, the Parties ha	ve caused this Agreement to be signed by their
authorized representatives as of	, 2020.
Block Island Utility District d/b/a The Block Is	sland Power Company
Signature:	
Name:	
Title:	
HBC Affordable Apaartments, Inc:	
Signature:	
Name:	
Title:	

Attachment for Response to Comm 2020-4b Page 1 of 2

F	Offer & Transmission Rate Calculation Sland Power Comp		Sch. DGB-1 12 month Recalc for Rates Effective June 1, 2020					
Total Energy Costs Total Capacity/Other Costs Total Other Costs		491,162 624,984 45,542	See Attachment-1 See Attachment-1 See Attachment-2					
Less Over Collections April 2019 Reconcilliation estimates to actual value April 2020 Reconcilliation Subtotal to recover (No Gross Reconcilliation)	Subtotal	(18,042) (7,744) 1,187,475 1,187,475	See Attachment-5 See Schedule DGB-4					
Estimated Sales (MWH) to Customers		12,985	See Schedule DGB-2					
Cost per MWH Cost per KWH	\$ \$	91.45 0.0914						
<u>Transmission Charges</u>								
Transmission costs Less Over Collections		982,238	See Attachment-1					
April 2019 Reconcilliation estimates to actual va April 2020 Reconcilliation Subtotal to recover (No Gross Reco	Subtotal	(6,167) (5,544) 993,948 993,948	See Attachment-5 See Schedule DGB-4					
Estimated Sales (MWH) to Customers		12,985	See Schedule DGB-2					
Cost per MWH Cost per KWH	\$ \$	76.54 0.0765						
Total Cost per MWH Cost per KWH	\$ \$	167.99 0.1680						

Forecast Purchase Power Costs Block Island Power Company

Attachment 1

Docket No. 4690 Tweleve month Recalculation for Rates Effective June 1, 2020

Purchase Power Projections	s																							
	May-20)	Jun-20		Jul-20	Au	g-20	Sep	-20	Oct-20)	Nov-20		Dec-20		Jan-21		Feb-21		Mar-21		Apr-21		Totals
Load (Energy Purchased)	1,090		1,447	2	2,415	2,5	60	1,5	39	1,025		891		886		955		770		856		831		15,264 *
																								-
MWH	004		4 202			2.5	•	4.0	0.5	000		000		707		050		600		774		740		-
Bilateral Purchase	981 127		1,302	4	2,173	2,3		1,3		923		802 124		797		859 135		693 131		771		748		13,738
NYPA Purchase	127		136 9		148 15		.53 12	1	44 9	134 8		124 5		118 4		135		131		139 9		150 10		1,639 90
BIUD Solar (Project) ISO Adjusted net Interchange	(18)		(0)		78		91		0	(39)		(40)		(34)		(43)		(61)		(62)		(76)		(203)
Total Net Purchases MWH	1.090		1.447		2,415	2.5		1,5		1,025		891		886		955		770		856		831		15,264
=	2,000		-,		-,					-,0-0														
Energy Costs	See Attach	nmen	t-3																					
Shell	34.85	;	34.85		34.85	34	.85	34	.85	34.85		34.85		34.85		34.85		34.85		34.85		34.85		
py BIUD SO rate			167.25	1	67.25	167	.25	167	.25	167.25		167.25		167.25		167.25		167.25		167.25		167.25		
Bilateral Purchase			45,370			\$ 80,3		\$ 48,2				27,946		27,789		29,938		24,155				26,059	\$	478,757
NYPA Purchase	\$ 622		668	\$	730		53		11 \$		\$	610	\$		\$	664	\$	646	\$	682	\$	736	\$	8,065
BIUD Solar (Project)	ć (202)	\$	1,547		2,439	\$ 1,9		\$ 1,5			\$	861	\$	694	\$	635	\$	1,047	\$	1,458	\$	1,668	\$	15,132
ISO Net Position			(87) 47,498		1,862),768	\$ 1,9 \$ 84,9		\$ (\$ 50,4	85) \$			(1,285) 28,132		(1,511) 27,553		(2,401) 28,836	\$	(3,323) 22,525		(2,436) 26,559		(2,179) 26.284	Ś	(10,791) 491,162
Total Energy Costs	3 34,400	Ą	47,436	, OL	,,700	3 04,5	30	3 30,4	07 Ş	33,136	Ą	20,132	ş	27,333	Ą	20,030	Ą	22,323	Ą	20,333	Ą	20,204	Ą	491,102
Capacity/Other Costs																								
ISO FCM Charges net of																								
NYPA CAP credit	\$ 40,269	\$	39,980	\$ 39	9,980	\$ 39,9	80	\$ 39,9	80 \$	39,980	\$	39,980	\$	39,980	\$	39,980	\$	39,980	\$	39,980	\$	39,980	\$	480,044
NYPA Fixed Costs	\$ 1,222	Ś	1,222	\$ 1	1,222	\$ 1,2	22	\$ 1.2	22 \$	1,222	\$	1,222	\$	1,222	Ś	1,222	\$	1,222	\$	1,222	Ś	1,222	Ś	14,663
ISO Ancillary/Schedule	, ,		,	•	′	. ,		, ,		,		,	•	,		,		,		,	•	,	•	,
Charges	\$ 3,759	\$	4,990	\$ 8	3,331	\$ 8,8	33	\$ 5,3	10 \$	3,536	\$	3,074	\$	3,057	Ś	3,458	\$	2,790	\$	3,102	Ś	3,010	Ś	53,249
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ISO Annual Fee	\$ -	\$	-	\$	-	\$ -		\$ -	ç	-	\$	-	\$	-	\$	500	\$	-	\$	-	\$	-	\$	500
Projected ENE Fees	, -,	\$	6,693		3,629	\$ 8,9		\$ 6,8			\$	5,582	\$	5,572	\$	5,809	\$	5,440	\$	5,612	\$	5,562	\$	76,528
Total Capacity/Other Costs	\$ 51,229	Ş	52,885	Ş 58	3,162	\$ 58,9	55	\$ 53,3	90 \$	50,588	Ş	49,857	Ş	49,830	Ş	50,968	Ş	49,431	Ş	49,915	Ş	49,773	\$	624,984
Transmission Costs																								
Transmission costs																								
ISO Transmission Charges	\$ 21.551	Ś	37.259	\$ 49	9.456	\$ 49.5	18	\$ 34.1	63 5	20.326	Ś	17.999	Ś	18.378	Ś	19.106	Ś	16,400	Ś	16,534	Ś	14.914	\$	315,604
and the state of t	+,	-	,	7	,	+,-		+,-	,		*	,	-		7	,	*	,	7		-	,	*	,
NYPA Transmission Costs	\$ 1,913	\$	1,819	\$ 1	1,465	\$ 1,2	54	\$ 1,3	51 \$	985	\$	1,357	\$	2,457	\$	4,598	\$	5,381	\$	2,366	\$	2,841	\$	27,786
National Grid Connection																								
DAF Charges	\$ 28,178	\$	28,178	\$ 28	3,178	\$ 28,1	78	\$ 28,1	78 \$	28,178	\$	28,178	\$	28,178	\$	28,178	\$	28,178	\$	28,178	\$	28,178	\$	338,136
National Grid Cable																								
Surcharges	\$ 4,647	\$	4,647	\$ 4	1,647	\$ 4,6	47	\$ 4,6	47 \$	4,647	\$	4,647	\$	4,647	\$	4,647	\$	4,647	\$	4,647	\$	4,647	\$	55,764
National Grid Transformer																								
Surcharges	\$ 1,691	\$	1,691	\$ 1	1,691	\$ 1,6	91	\$ 1,6	91 \$	1,691	\$	1,691	\$	1,691	\$	1,691	\$	1,691	\$	1,691	\$	1,691	\$	20,290
National Grid Meter	, ,		,	•	,	. ,		, ,-		,		,		,		,		,		,	•	,	•	,
Surcharge	\$ 65	\$	65	\$	65	\$	65	\$	65 \$	65	\$	65	\$	65	\$	65	\$	65	\$	65	\$	65	\$	775
National Grid Rolled in								-	,				•		•						•		•	
Distribution	\$ 13,382	\$	13,382	\$ 13	3,382	\$ 13.3	82	\$ 13,3	82 5	13,382	\$	13,382	\$	13,382	\$	13,382	\$	13,382	\$	13,382	\$	13,382	\$	160,582
National Grid PTF, Non-PTF			•					. ,-		•	•	•	•	•		•		•	•	•	•	•	•	•
and Load Dispatch Charges	\$ 5,275	\$	5,275	\$ 5	5,275	\$ 5,2	75	\$ 5,2	75 \$	5,275	\$	5,275	\$	5,275	\$	5,275	\$	5,275	\$	5,275	\$	5,275	\$	63,300
Total Transmission Costs			92,315	\$104		\$104,0		\$ 88,7		74,548		72,593		74,072		76,941	\$	75,018	\$	72,138	\$	70,992	\$	982,238
=																								
Total All-In Costs	\$ 162,336	\$1	92,698	\$ 243	3,088	\$ 247,9	03	\$ 192,6	08 \$	158,333	\$	150,582	\$ 1	151,455	\$ 1	156,745	\$1	L46,975	\$1	.48,612	\$:	147,048	\$	2,098,384
-																								

^{*} This line item represents the Purchased KHW.

The difference between this line item and the estimated kwh sales on DGB-2 represents the estimated KWH line losses.