



**BLOCK ISLAND
UTILITY DISTRICT**

dba Block Island Power Company
P.O. Box 518
Block Island, Rhode Island 02807

July 11, 2020

Luly E. Massaro, Clerk
Public Utilities Commission
89 Jefferson BLVD
Warwick, RI 02888

Ref: Docket No. 5022 Suspension of Service Terminations and Certain Collections Activities during the COVID-19 Emergency

Dear Luly,

Summarized in this correspondence is the Block Island Utility District's response to the request for utilities to provide the following information by July 10, 2020.

1. Have collections dropped off for residential and non-residential customers over the past eight weeks compared to prior months and prior year?

Yes, BIUD's total payments received in 2020 are down nearly 23%, representing a reduction of more than 9% of total cash collections for the same period last year.

Total # of Payments (YTD)			
	# Payments	2020 Trend	
2019	10,459	-22.9%	
2020	8,510		

Year to Date Activity Ending July 10th			
	Payments	2020 Trend	
2019	\$ 1,612,227	-9.1%	
2020	\$ 1,478,137		

2. If so, please quantify the extent of the reduction.

BIUD’s total past due balance is now \$67,247. This has increased from \$56,302 when we provided our last update. BIUD normally carries an arrears balance of between \$17,000-\$23,000 which is typically due to residential balances.

The current balance, which is now driven mostly by commercial accounts, is broken down by consumer class below:

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

A recent and alarming trend is the growing commercial arrears balance. There are ten commercial accounts that have not made a payment since the moratorium began. One account has a balance of \$13,999. Now that the peak tourism season is upon us, the businesses are using a large amount of energy and timely payment of their electric bills is critical to our ability to pay our bills. If these same ten businesses do not pay their June, July or August bills, the arrears balance could balloon quickly which would severely impact our cashflow.

BIUD has 1962 accounts. 210 of those accounts have a past due balance. The financial impact from those ten commercial accounts is significant and clear.

3. What effect has any such reduction had on the utility’s cash flow?

Reductions in sales through June 30th has had a significant impact on cashflows. We track deliveries daily at the National Grid metering point. Sales follow closely and it allows us to track daily results.

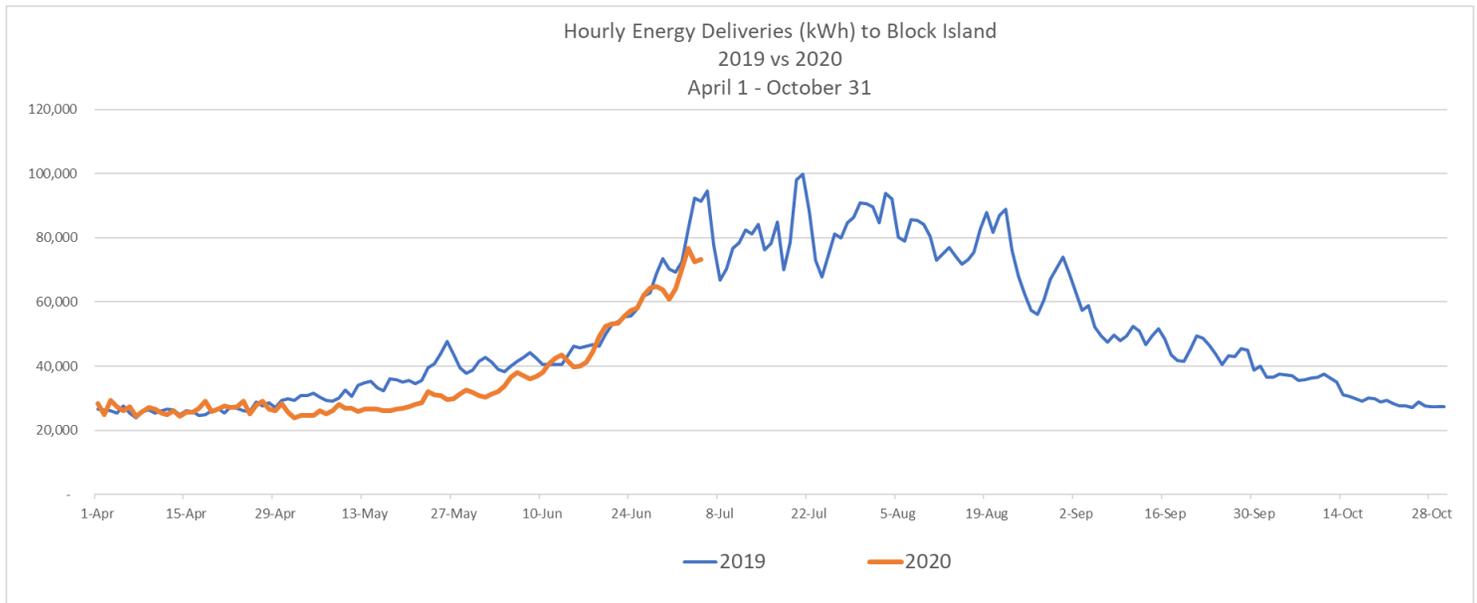
Our YTD deliveries are down nearly 7% for the year through July 6th.

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

Deliveries since May 1st are down 14.5% and based on the activity on the island and recent loads trends compared to last year, we expect this worsen.

Total Deliveries May 1 - July 6 (kWh)			
2019	2,971,395	14.5%	↓
2020	2,595,263		

Deliveries over the 4th of July weekend were down significantly compared to last year. The trend since April 1st is shown below.



This downward trend in deliveries/sales makes our collections even more critical.

- 4. Has the utility been unable to meet any obligations, or does it expect to be unable to meet any financial obligations in the next two weeks if it cannot commence termination of services as a collection option?**

BIUD has been able to meet its financial obligations. We became increasingly concerned at the time of our last filing and the most recent data from the commercial rate class is even more concerning. BIUD has taken steps to minimize any spending and will continue to freeze all capital programs and non-discretionary spending until this trend reverses.

- 5. Provide any information on plans for termination of service of nonpayment absent an extension of this order.**

BIUD is communicating with its consumer/members as outlined in our previously filed plan. However, BIUD believes it is critical to resume collection activities with our commercial consumer/members. Despite attempts to encourage staying current with their bills, some businesses are clearly using this as short-term payment deferral to leverage their cashflows. There will come a time in the very near future when this will

have a severe negative impact on BIUD's ability to pay their bills. We are also extremely concerned the worse-case scenario of having to write off uncollectible debt. We are in the early stages of the season now and lifting the moratorium on commercial accounts would allow BIUD to engage in serious conversations with our businesses about flexible payment plans.

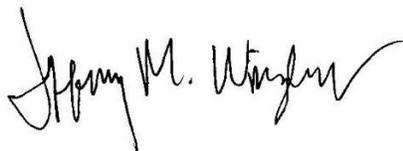
BIUD is encouraged by the payment activities of most of its residential consumer/members. However, we are concerned with several who continue to fall deeper into arrears and their future ability to pay that down through a payment plan. Until we resume collection activities, we believe those few consumer/members will continue to build larger balances.

When the moratorium is lifted, BIUD has plans to promote very flexible and long-term payment plans and would like to resume all collection activities now when our local economy is at its strongest. Our plans include reasonable payment plans for its commercial consumers and equally flexible and longer-term plans for its residential consumers/members. At this time, Block Island's economy is as active as it will be all summer and we feel the timing is right to resume all collection activities, and especially critical for the commercial consumer class.

BIUD also feels that a statewide moratorium does not necessarily recognize the uniqueness to each utility and encourages the Commission to consider the differences that each utility faces. Block Island is very unique as we generate more than half of our revenues during the summer season.

BIUD will, of course, adhere to all future orders filed by the PUC and Division and will always exhaust all available efforts to assist our members in paying their electric bills before it resorts to disconnects for non-payment.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeffery M. Wright". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

Jeffery M. Wright, President
Block Island Utility District
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