

The EUTG has reviewed BIPCo's costs and has determined that, at the agreed on price, acquisition costs will be covered by savings from not paying dividends, management bonuses or earning a profit.

These projected savings assume no change in BIPCo operations.

Rates may still be affected by other factors, but this would be the case whether BIPCo is purchased or not.

Only two of the three shareholders have agreed to sell at this time. Buying 2/3<sup>ds</sup> of the stock gives the Town control and the ability to run the company as the community sees fit. While this is a sub-optimal situation, the Town Council and the EUTG believe that it is an acceptable first step towards total ownership. The remaining 1/3<sup>rd</sup> of the stock will remain outstanding for the time being. The Town does not anticipate paying any dividends. The remaining 1/3<sup>rd</sup> ownership will be retired at the time of transition to the coop or utility district.

This is and has been a complicated process and the steps may continue to evolve. At the current time, the plan is:

- The Town and BIPCo selling shareholders have signed a Stock Purchase Agreement (July 2016)
- The Town reviews the operations and potential environmental issues of BIPCo (July – September 2016)
- The Town holds a Special Financial Town Meeting to approve the debt necessary for the purchase of BIPCo shares from the selling shareholders (September 26, 2016)
- If the Special Town Meeting approves issuing the debt, the Town purchases the shares from the selling shareholders (November 2016)
- The Town holds a Special Town Meeting to determine the future structure of BIPCo – either a co-op or a special utility district. Either form of ownership will require approval of the Rhode Island Legislature. Based on public input, Town submits legislation for the January 2017 session to create a new entity to own the power company — either a utility district or coop. (Decision on structure late 2016, legislative approval early 2017)
- The Town will sell BIPCo assets to the new entity and repay the Town's debt
- The new entity will raise its own funds to purchase BIPCo assets from the Town and to make any needed future investments (Estimated mid - 2017)

BIPCo Non-Profit Ownership - 100% of Equity  
 Assumed Changes in Costs from Fiscal Years 2015, 2016 and 2017

	2015		2016		2017	
	Actual	Pro Forma	Estimated	Pro Forma	Estimated	Pro Forma
<b>Salaries</b>						
Remove Officers						
President's Compensation	\$82,614	\$0	\$85,093	\$0	\$87,646	\$0
CFO Compensation	\$55,076	\$0	\$56,728	\$0	\$58,430	\$0
COO Compensation	\$55,056	\$0	\$56,728	\$0	\$58,430	\$0
Eliminate Management Bonus	\$39,000	\$0	\$42,000	\$0	\$30,000	\$0
Add President/COO		\$150,000		\$150,000		\$150,000
Provide Pensions		\$36,000		\$36,000		\$36,000
<b>Remove Taxes and Dividends</b>						
Gross Earnings	\$107,069	\$0	\$115,091	\$0	\$109,090	\$0
Dividends	\$39,000	\$0	\$48,000	\$0	\$39,000	\$0
Profit (excludes gain on sale and change in deferred taxes)	\$149,709	\$0	\$20,780		\$81,000	
Total	\$527,524	\$186,000	\$424,420	\$186,000	\$463,596	\$186,000
Difference		\$341,524		\$238,420		\$277,596
<b>New Debt</b>						
Principal	\$2,700,000					
Interest Rate	4.5%					
Term - Years	25					
Payment		\$182,085		\$182,085		\$182,085
Net Savings		\$159,439		\$56,335		\$95,511