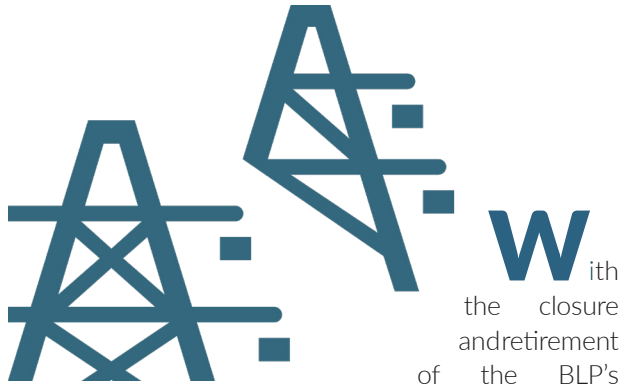


BLP Improved Grid Transmission Service on June 1, 2020



With the closure and retirement of the BLP's Sims Power Plant and the Diesel Plant on June 1, 2020, many customers are asking where the system's needed power comes from, and if these new sources will be as reliable as that demonstrated historically.

The BLP was preparing for this transition several years before the plant's closure with the rebuild of major portions of its distribution system, more specifically the higher voltage power lines that connect our distribution substations to each other and the regional transmission grid. These local improvements, costing approximately \$6 million, are most beneficial and cost-effective when coupled with a higher level of transmission service provided by the regional grid.

Throughout the BLP's history, it has generated locally most of the power it sold. As such, the BLP only used its interconnections with the regional transmission network to supplement its owned and operated generation. The BLP wasn't as dependent as others on the State's high voltage transmission lines and it also did not pay for or receive, the higher level transmission service. In other words, the backup transmission service the BLP purchased was not as reliable as it could have been because the BLP chose not to pay for a service level it would not be fully utilizing. The level of service the BLP purchased instead was called "point-to-point" transmission service, which was available to the BLP on a needed or "interruptible" basis.

This type of service was available when the BLP had needed it in the past, but the regional grid operator did not commit to ensuring its future availability under the "point-to-point" tariff. Under these past circumstances, the BLP's supply of power was only as reliable as its local generating resources with an "interruptible" backup supply from the grid.

The BLP filed and has now received approval for "Network Integrated Transmission Service", or NITS, from the regional transmission system operator that began June 1, 2020 (the date Sims and the Diesel Plant officially retired).

NITS provides the BLP access to networked and integrated resources of the regional transmission system equal to all other NITS users.

The idea here is that a "network of resources," operated in an optimized integrated fashion, is always a more cost-effective and reliable power supply to all NITS users than any single utility could ever provide on its own. Since 2002, the regional transmission grid has been operated by an "independent" system operator ensuring no one utility receives preferential treatment in the dispatch of their generating resources or preferential access to the network of their loads under NITS.

The result of our newly constructed system improvements in combination with gaining NITS from the regional grid provides the BLP opportunities for access to a more reliable, sustainable, less costly, and diversified power supply portfolio, reaching a goal the BLP set in its strategic plan.