

RMLD



Reading Municipal Light Department  
RELIABLE POWER FOR GENERATIONS

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**AGENDA**

**RMLD CITIZENS' ADVISORY BOARD (CAB)**

**TUESDAY, OCTOBER 4, 2011**

**7:00 P.M.**

**at**

**READING MUNICIPAL LIGHT DEPARTMENT**

**SPURR/AV ROOM**

**230 ASH STREET**

**READING, MA 01867**

1. Call Meeting to Order – A. Carakatsane, Chairman
2. Minutes of Meetings – April 14, 2011 and April 26, 2011
3. Energy Services Update - W. Seldon
  - a. Sustainable Energy Policy - Attachment
  - b. Environmental Policy - Attachment
  - c. Net Metering Rate - Attachment
4. Renewable Energy Certificates (RECs) – V. Cameron, W. Seldon
5. FY11 Audited Financials – R. Fournier
6. August 2011 P & L Financials – R. Fournier
7. Engineering and Operations Update – V. Cameron
8. Other Items for Discussion
  - a. NEPPA Conference – A. Carakatsane
  - b. Approving Executive Session Minutes in Regular Session – V. Cameron
9. Schedule Next Meeting

10. Executive Session Minutes

Suggested Motion:

MOVE that the CAB go into Executive Session based on Chapter 164, Section 47D exemption from public records and open meeting requirements in certain instances, to discuss power supply strategy, renewable energy projects, approve minutes, and return to regular session for the sole purpose of adjournment. *Note: Polling of the CAB members is required.*

11. Adjournment

*This Agenda has been prepared in advance and does not necessarily include all matters, which may be taken up at this meeting.*

Upcoming RMLD Board Meetings:

Wednesday, October 26 2011 – Regular RMLD Board Meeting - CAB Representative: Arthur Carakatsane

**ITEM 2.**

***Minutes of Meetings***

**CITIZENS' ADVISORY BOARD (CAB)  
MEETING MINUTES  
Regular Session**

TIME: 6:30 P.M.  
DATE: Thursday, April 14, 2011  
PLACE: Lynnfield Town Hall, 55 Summer Street, Lynnfield  
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), J. Norton, Secretary, (North Reading),  
G. Hooper (Wilmington), T. Ollila (Wilmington), T. Capobianco (Reading)  
RMLD Board: R. Hahn,  
RMLD Staff: V. Cameron, P. O'Leary, K. Sullivan, T. O'Connor, R. Fournier, P. Price,  
N. D'Alleva, M. Uvanni, J. Donahoe

**1. Call Meeting to Order – A. Carakatsane, Chairman**

Chairman Carakatsane called the meeting to order at 6:30 P.M. and announced the meeting is being recorded.

**2. Introduction of new Reading CAB Member – A. Carakatsane, Chairman**

Chairman Carakatsane introduced and welcomed the newest CAB Member from Reading, Tony Capobianco. Tony noted he is also a member of the Reading climate committee, Cities for Climate Protection.

**3. Minutes of Meeting – December 8, 2010 – A. Carakasane**

Mr. Hooper made a motion seconded by Mr. Norton to approve the December 8, 2010 minutes as presented.

**Motion carried unanimously 5:0:0.**

Note: Items taken out of order.

**5. NEPPA 2011 Annual Conference – August 21-24 – V. Cameron**

Ms. O'Leary stated that the Conference is at the Samoset Resort in Maine this year, and suggested that a motion be done tonight to approve the number of members who wish to attend.

Mr. Norton made a motion seconded by Mr. Hooper to approve up to five members attending the 2011 NEPPA Conference in Rockport Maine.

**Motion carried unanimously 5:0:0.**

**4. FY12 Capital Budget – V. Cameron.**

The Facilities and MIS budgets were discussed first. Mr. Donahoe, Facilities Manager, outlined Projects 18 through 21. A correction on the summary for Project 18 was noted--"Two New Vehicles" should be changed to "One New Vehicle". Regarding Project 19, Mr. Donahoe stated that since 2005, two new line vehicles are replaced each year. He added that there are a total of 18 line department vehicles.

Mr. Capobianco asked if the old trucks are sold.

Mr. Donahoe explained the surplus policy.

Mr. Ollila asked if the trucks are standard, and Mr. Donahoe responded that the trucks are built to the RMLD's specifications usually using an International body.

Mr. Carakatsane asked about Project 21, Roof Top Units, and the efficiency of the units. Mr. Donahoe responded that whenever he purchases anything, he consults RMLD's Efficiency Engineer, Jared Carpenter.

Mr. Capobianco asked how much savings are anticipated.

Mr. Donahoe did not know the dollar value, but the SEER (Seasonal Energy Efficiency Rating) for a 7 1/2 ton unit is between 11 and 14.8 depending on the cost.

Mr. Uvanni, MIS Manager, discussed Projects 27 and 28. He explained the MIS Department is currently working on an initiative to allow customers to go to paperless billing and manage their own payment schedules. He added the initiative will begin May 1 and save thousands of dollars a month. He noted that a payment scanning system has been added in Customer Service so that a payment stub and check can be scanned, which produces an image of both the check and stub on the computer, records the payment, and puts it out to the lock box, where the payment is applied electronically to the CIS the next day. He stated that the only upgrade MIS will be doing this year will be upgrading the e-mail system from Exchange 2003 to Exchange 2010.

Mr. Ollila asked if there were any capital or time allocations in the FY12 budget to look at the data that can be collected by the new meters being installed.

Mr. Cameron responded that would be funded out of the Energy Conservation Budget. Mr. Uvanni added that the RLMD has an advantage regarding communication because of RMLD's fiber optic ring around the four towns. RMLD will not be dependent on a cellular carrier to obtain those reads.

Mr. Cameron introduced Mr. Sullivan (Engineering & Operations Manager), Mr. Price (Chief Engineer), Mr. D'Alleva (Technical Services Manager), and Mr. O'Connor (General Line Foreman). Mr. Sullivan noted that originally 16 projects were proposed and due to cost, seven were eliminated. He added that Mr. Price did the majority of the analysis of Projects 1 through 9. Mr. O'Connor, Mr. Price, and Mr. D'Alleva described the construction projects. A correction on Project 3 in the "Reason for Expenditure" was noted--the number of years in the second line should be changed from "70" to "45".

Mr. Sullivan noted that Projects 4, 5, 6, and 7 are part of "Smart Grid".

Discussion ensued.

Mr. Sullivan explained Projects 12, 13, 14, and updated the CAB on the progress of the GIS System prior to discussing FY12's proposed GIS Project #15. He stated that Project 15 is an integration project. He stated that discussions have taken place with vendors, consultants, the Town of Reading GIS Coordinator, and two other municipalities regarding how the applications are islanded (in house) and do not talk to one another. The intent of this project is to platform all of the software applications on top of GIS to enable communication between the applications.

Mr. Ollila asked if demand response would be an application related to this, and Mr. Cameron responded, "Yes."

Discussion ensued.

Mr. Price discussed Project 16 and noted that there are no capacitors requested this year, only transformers and voltage regulators.

Mr. D'Alleva explained Project 17A and stated that this is outside the meter replacement project.

Mr. Sullivan described Project 17B, and said that this is the second part of the meter replacement project that combines meter installation and fixed network installation to obtain the data remotely back to Ash Street.

Discussion ensued.

Mr. Ollila asked if there is time and effort allocated for calibration or verification that the data being read is actually what is going on at the house. Mr. Sullivan responded that it would be done under MIS testing.

Mr. Capobianco asked what questions are to be answered after looking at the data. Mr. Sullivan responded that the Department is looking to obtain the reads per homeowner, and then on a more frequent basis than once every 30 days. He added if the information can be read more often, the Department starts to

understand where the usage is, which can be used for a Cost of Service Study, for locating tampering, and for power outages and power restoration

Mr. Capobianco asked what the expected volume of data to be stored is, and Mr. Sullivan responded that he did not know, and that MIS would have to decide how much can be stored, how much time can be devoted to looking at the data, and figure out how the data will be used. He expects it to be operational by FY13

Mr. Price explained Projects 22 and 23.

Mr. Sullivan noted that there would be one carryover project from FY11, Project 33.

Mr. Norton thanked the staff for its work in the budget.

#### **6. Other Items for Discussion**

Mr. Ollila asked what the Town Payment letters are. Mr. Cameron responded that the Reading Town Payment is based on a sum that the Board agreed to in 1997 and that sum is adjusted annually by the Boston-Nashua-Brockton CPI. He added that the letters go to the Town Payment Committee consisting of two Board members, two CAB members, and one Reading Selectman. He noted that the payment that goes to the four towns (as legislated) is an above the line expense, whereas, the Payment to the Town of Reading comes out of the 8% return, and is basically a return on investment.

Rotation Schedule for RMLD meetings: July – Mr. Carakatsane; August – Mr. Ollila or Mr. Capobianco; September – Mr. Hooper; October – Mr. Carakatsane; November – Mr. Ollila; December – Mr. Capobianco.

Next CAB Meeting – Tuesday, April 26, 2011 at 7:00 P.M. at the RMLD.

#### **7. Executive Session**

Mr. Norton made a motion at 8:08 P.M. seconded by Mr. Hooper to go into Executive Session based on Chapter 164§47D, exemption from public records and open meeting requirements in certain instances, to approve executive session minutes and return to Regular Session for the sole purpose of adjournment.

**Motion carried unanimously by a poll of the CAB:** Mr. Ollila – Aye; Mr. Capobianco – Aye; Mr. Carakatsane – Aye; Mr. Norton – Aye; Mr. Hooper – Aye.

#### **8. Adjournment**

A motion was made at 8:13 P.M. by Mr. Norton and seconded by Mr. Hooper to adjourn the meeting.

**Motion carried unanimously 5:0:0.**

Respectfully submitted,

\_\_\_\_\_  
John Norton, Secretary

Minutes approved on: \_\_\_\_\_

/pmo



**CITIZENS' ADVISORY BOARD (CAB)  
MEETING MINUTES  
Regular Session**

TIME: 7:00 P.M.  
DATE: Tuesday, April 26, 2011  
PLACE: Reading Municipal Light Department (RMLD) 230 Ash Street, Reading, MA Spurr/AV Room  
PRESENT: CAB: A. Carakatsane, Chairman, (Lynnfield), J. Norton, Secretary, (North Reading),  
G. Hooper (Wilmington), T. Ollila (Wilmington), T. Capobianco (Reading)  
RMLD Board: R. Soli, P. Pacino  
RMLD Staff: V. Cameron, P. O'Leary, K. Sullivan, R. Fournier, J. Donahoe, Bill Seldon,  
B. Antonio

**1. Call Meeting to Order – A. Carakatsane, Chairman**

Chairman Carakatsane called the meeting to order at 7:00 P.M.

**2. Minutes of Meeting – January 19, 2011 – A. Carakasane**

Mr. Norton made a motion seconded by Mr. Hooper to approve the January 19, 2011 minutes as written.

**Motion carried unanimously 5:0:0.**

**3. FY12 Operating Budget – V. Cameron, R. Fournier**

Mr. Cameron introduced the staff present.

Mr. Fournier distributed his condensed (one page) summary of the Operating Budget and reiterated that it is not a line item budget. His summary outlines the total operating expenses, and then deducts the fixed costs and semi variable costs. He noted that two full tree crews are proposed for FY12, the head count will be at 76, and expected revenue projections are \$84.6 million. He also described the new format for the budget that no longer contains detail sheets, only Budget/Actual Comparison Summary sheets.

Each staff person present described his/her department's budget followed by questions from the CAB and responses from the staff.

Mr. Carakatsane asked if anything unusual was being projected for Outside Services, and Mr. Cameron replied, "No."

Mr. Ollila asked if any additional renewable projects are coming, and Mr. Seldon stated that the Energy Services Division will continue using its power supply strategy and continue to add renewable projects when the project fits into the strategy.

Discussion ensued.

Mr. Sullivan noted that the Meter Supervisor and a Sr. Technician retired in FY11, and an Operational Assistant in the Meter Department transferred to Materials Management, which reduces the labor amount.

Mr. Ollila referenced the Six Year Plan and the possibility of adding a substation in 2016.

Mr. Cameron stated that Ballardvale Street, an industrial area of Wilmington, could present a voltage problem in the future. He noted that Mr. Sullivan plans to have a study done, and Mr. Cameron thinks there may be a way to solve the problem more cost effectively such as looking at the size of the feeders and distribution generation.

Mr. Soli asked Mr. Fournier where the residential audits are in the budget, and Mr. Fournier responded that they are in Energy Services under Energy Conservation.

Mr. Fournier noted a new position in the MIS budget, a GIS Coordinator.

Mr. Carakatsane questioned the unfunded pension liability, and suggested the possibility of budgeting more for the pension contribution.

Mr. Cameron explained the pension trust and the increase in the expense. He stated that \$1.1 to \$1.4 million per year should be budgeted for the expense.

Mr. Norton thanked the staff who put the operating budget together. He liked the new format, and expressed that it was much easier to read and to follow.

Mr. Norton made the following motion seconded by Mr. Hooper:

MOVE that the CAB recommend to the RMLD Board of Commissioners the acceptance of the first draft of the FY12 Operating Budget based on a Net Income Amount of \$4,366,041 as presented. Any significant changes are to be submitted to the CAB for review and recommendation.  
**Motion carried unanimously 5:0:0.**

#### **4. FY12 Capital Budget – V. Cameron**

Mr. Norton made the following motion seconded by Mr. Hooper:

MOVE that the CAB recommend to the RMLD Board of Commissioners the first draft of the FY12 Capital Budget in the amount of \$5,910,048 dated March 31, 2011 as presented. Any significant changes are to be submitted to the CAB for review and recommendation.  
**Motion carried unanimously 5:0:0.**

#### **5. Other Items for Discussion**

None

#### **6. Schedule Next Meeting**

May 18, 2010, 7:00 P.M., at RMLD

#### **7. Executive Session**

Deferred to next meeting.

#### **8. Adjournment**

A motion was made at 8:15 P.M. by Mr. Norton and seconded by Mr. Hooper to adjourn the meeting.  
**Motion carried unanimously 5:0:0.**

Respectfully submitted,

\_\_\_\_\_  
John Norton, Secretary  
Minutes approved on: \_\_\_\_\_

/pmo



**ITEM 3.**

***Energy Services Update***

***a. Sustainable Energy Policy***

Revision No. I

RMLD Policy No,

Effective Date

Review Date

**Sustainable Energy Policy**

\_\_\_\_\_  
General Manager

Per Board Vote  
Chairman/Date

**I. PURPOSE**

- A. To develop a practical approach to addressing the need for sustainable energy alternatives that are energy efficient while simultaneously balancing power supply costs.
- B. To establish general guidelines that promote practical, cost efficient sustainable energy alternatives.

**II. RESPONSIBILITIES**

- A. RMLD Commission
  - 1. Responsible for approving this policy.
  - 2. Representation for the Board of Commissioners is governed by RMLD Policy #19 as revised.
- B. RMLD Power & Rate Committee
  - 1. Review all RMLD recommended sustainable energy alternatives and ensure that they meet the policy guidelines.
- C. General Manager
  - 1. Responsible for implementing this policy.
- D. Energy Services Division
  - 1. Responsible for assisting the General Manager in implementing this policy and associated activities.
  - 2. Responsible for presenting the General Manager with projects that staff has determined meet the criteria of this policy.
  - 3. Responsible for evaluating and overseeing the projects necessary to achieve the goals of this policy.

### III. POLICY ELEMENTS

- A. The RMLD is striving to develop a practical approach to addressing the need for sustainable energy alternatives while simultaneously balancing power supply costs. Sustainable energy meets the needs of the present without compromising future generations. Sustainable energy sources can include, but are not limited to hydro, solar, wind, geothermal and biomass-energy.
- B. The RMLD will strive to achieve a power supply portfolio with a sustainable energy mix of 10 percent by 2013. The RMLD will review the power supply portfolio from time to time with the goal of increasing the amount of sustainable energy in the portfolio to 12 percent by 2015 and 1 percent annually thereafter until the department has reached a cap in the portfolio of 25 percent sustainable energy. Every fifth year will be considered a milestone year in which the portfolio will be reviewed to determine the need for further sustainable energy purchases.
- C. The RMLD will analyze sustainable power supply projects with the intent of not exceeding the average power supply cost by more than 20 percent. Only projects that meet this criterion initially will be brought to the General Manager for further review.
- D. Sustainable energy projects shall provide all project attributes including, but not limited to capacity, energy and Renewable Energy Certificates(RECs) Solar Project RECs will be excluded from this requirement.
- E. In the interest of providing RMLD ratepayers with sustainable energy that is cost effective the Department shall have the ability to market all or a portion of the RECs from any given potential project until an RPS is applicable to the RMLD.
- F. The RMLD will strive to diversify sustainable energy projects by type, size, and location and will also include environmental impacts in the evaluation process.

# **Sustainable Energy Policy Outline**

## **Proposed Energy Services Policy Outline**

9/30/2011

# Vision Statement

- ◆ To develop a practical approach to addressing the need for sustainable energy alternatives that are also energy efficient while simultaneously balancing power supply costs.

- ◆ **Sustainable Energy** – Meets needs of the present without compromising future generations – Could include Hydro, Solar, Wind, Geothermal, Bio-energy, Tidal, etc.

# Goal and Objective

- ◆ Board approved Sustainable Energy policy
- ◆ Policy approval by end of 2011

9/30/2011

ESD Proposal

# Today's Situation – No Specific Set Goal for Sustainable Energy

- ◆ Striving for direction to implement Sustainable Energy policy.
- ◆ What qualifies? (See sustainable Energy Definition)
- ◆ How much ? (percentage of total portfolio)

# Recommendation

- ◆ Approved policy should acknowledge the need for sustainable energy from clearly defined sources in specific quantities in supply portfolio.
- ◆ Policy should be cognizant of price. (if its too expensive it doesn't get in mix.



# Recommendation

- ◆ Must include projects which address RMLD's energy efficiency needs as defined by current ESD recommendations.
- ◆ Develop formula which systematically adds sustainable projects at a predetermined price and amount threshold. (add to annual laddering and layering approach)

**ITEM 3.**

***Energy Services Update***

***b. Environmental Policy***

The Reading Municipal Light Department is committed to responsible energy management and will practice energy efficiency (EE) throughout all our premises. The RMLD will focus on achieving the objectives of this policy through implementation of energy management projects that minimize the economic burden on the organization through the adoption of efficient environmental and financial management strategies.

This policy signifies the RMLD's commitment to control the level of energy consumed in the provision and delivery of its services by realizing ongoing savings in agency energy operating budgets and to quantify and publicly report on those savings and the consequent greenhouse gas emissions

The RMLD's long term objectives are:

- To reduce dependence on fossil fuels by at least 20% by January 1, 2014 through energy conservation and efficiency practices. Establish the last 12 months as the baseline year
- To reduce pollution, particularly CO2 emissions, by reducing energy from less greenhouse intensive sources.

**Detailed goals for 3 year plan:**

The energy plan of the RMLD will be updated yearly as changes to ASHRAE and state guidelines changes. Quarterly the RMLD Board of Directors will be updated to the energy use of the RMLD properties. Monthly the energy uses of the RMLD will be updated in the EPA's ENERGY STAR Portfolio manager.

The basis of the RMLD's performance guidelines come from the United States Green Building Council (USGBC). The RMLD will reference the Leadership in Energy and Environmental Design (LEED) for its base practices and future planning.

- An Energy Management Team will be established at the RMLD to identify and drive energy efficiency initiatives and to provide an integrated organization-wide response to energy management. The team will be responsible for identification and reporting of energy efficiency practices and projects.
- Specific items are key items crucial to the success of the energy plan. The following are a list of the top priorities:
  - Create an Energy Efficiency team
  - Assign team members as required to meet Goals.
  - Development an internal communication strategy to raise staff awareness of Energy Efficiency.
  - Establishing an energy accounting system that allows for collection, monitoring and reporting of all data on energy consumption, energy costs, and energy savings.
  - Immediately implement no cost / low cost ECM's. (Energy Conservation Measures)
  - Immediately Benchmark individual buildings and establish a three year annual energy reduction goal.

- Implement retrocommissioning or continuous commissioning in year one based on benchmarking results
- Conduct ASHRAE Level II energy audits on all facilities. (Includes detailed energy calculations and financial analysis of proposed energy efficiency measures)
- Fund the Energy Efficiency program with at least the savings from the three year savings goals.
- Develop an energy efficient purchasing policy for office equipment, office accommodation and for energy sources
- Select additional goals for year 2 and 3, Energy Star and/or LEED Certification
- Determine and budget cost and timeframe to accomplish ECM's and energy efficient upgrades
- Improve energy efficiency continuously by implementing effective energy management programs that support all operations and customer satisfaction while providing a safe and comfortable work environment
- Implement employee programs to save energy at work and at home

The RMLD will use the following as specific goals for the next 3 years:

### **1. Sustainable Site**

- a. Reduce harmful chemical use, energy waste, water waste, air pollution, solid waste and/or chemical runoff (gasoline, oil, antifreeze, etc.)
- b. Use least toxic chemical pesticides for all pest and landscape control.
- c. Use local horticultural extension services or native plant societies to select and grow indigenous plants.
- d. Collect stormwater for nonpotable uses such as landscape irrigation, toilet and urinal flushing, and custodial uses.
- e. Partially or fully shield all external light fixtures that use over 50 watts to minimize light to the night sky.

### **2. Water Efficiency**

- a. Reduce overall water use by 160% compared to calendar year 2011.
- b. Replace all faucets and toilet with low-flow and automatic flush technology.
- c. Purchase only water conservation indoor plumbing fixtures.
- d. Monitor all water use for monthly analysis using ENERGY STAR as a baseline.
- e. Reduce potable water consumption for cooling tower equipment through effective water management and/or use of nonpotable makeup water.

### **3. Energy and Atmosphere**

- a. Quarterly inspection of all CFC and HCFC refrigerant using equipment.
- b. Specify only non-CFC based refrigerants for all future purchases.
- c. Maintain a minimum of 65 on the EPA's ENERGY STAR's Portfolio Manager.
- d. Implement low and no cost operational improvements that will immediately enhance building performance.

- e. 25% of the RMLD's electricity will come from renewable sources.

#### **4. Materials and Resources**

- a. Evaluate and purchase items that are more environmentally friendly.
- b. Add bins for recycling paper, plastic, and metal products.
- c. Purchase products meeting LEED and/or ENERGY STAR standards.
- d. Dispose of all CFL's based on MassDEP regulations and guidelines.
- e. If a CFL breaks on a floor or carpet, follow the MassDEP Guidance for Cleaning Up Broken Compact Fluorescent Light Bulbs (CFLs).

#### **5. Indoor Environmental Quality**

- a. Utilize EPA's Guideline for HVAC System Maintenance.
- b. Prohibit smoking in the building and within 25 feet of entries, outdoor intakes, and operable windows.
- c. Adhere to Green Seal practices for all cleaning guidelines.
- d. Purchase cleaning products meeting Green Seal standards (GS-37 or greater) products.
- e. Utilize CO2 sensors to optimize outdoor air management based on the building audit and ASHRAE 62.1 standards.
- f. Utilize MERV 13 or greater filters.
- g. Incorporate a semi-annual survey to gauge the acceptable levels of occupant comfort.
- h. Lighting controls will be installed on 50% of the occupants including motions sensors, on-off switches,
- i. Meet ASHRAE 55-2004, Thermal Comfort Conditions for Human Occupancy.
- j. Cleaning personnel must meet Green Seal cleaning standards.

#### **6. Innovation in Operations**

- a. Provide yearly updates to potential technologies that could best benefit the operation of RMLD properties. Cost is not a factor in the potential technologies presented.

#### **7. Regional Priority**

- a. RMLD is committed to local community growth and sustainable living. Delivery of food services, cleaning outsourcing, grounds keeping, and other services outsourced and needed by employees will be considered by both cost and local to RMLD service territories.

**ITEM 3.**

***Energy Services Update***

***c. Net Metering Rate***

***Residential***

**Residential Customer Owned Renewable Generation**

**Available in:**

Reading, Lynnfield Center, North Reading, and Wilmington

**Applicable to:**

Individual residential customers for all domestic uses. This rate and the Terms and Conditions contained therein govern certain renewable generation facilities located on a residential customer's premise, where the facility is owned or leased by the residential customer, located in the customer premise and used solely for the purpose of the customer's own consumption.

**Rates and Billing:**

During a billing period, if the customer uses more electricity than its premise feeds back into RMLD's system, then the customer will be billed based on the rate applicable to that customer's class of service under the applicable RMLD tariff. If, during a billing period, the customer's facility feeds back on to the RMLD system more electricity than is supplied by RMLD, the customer shall be billed the minimum charge applicable to customer's class of service and shall be credited for the excess electricity in kWh generated and fed into RMLD's system, however, RMLD reserves the right to discontinue credit for such excess to the extent that it deems unnecessary to meet the needs of RMLD's customers, upon thirty (30) days' notice to customer. The rate credited to the customer for excess energy fed into RMLD's distribution system shall be equal to the then-applicable RMLD's Monthly Fuel Charge, which may be adjusted by the Standard Fuel Charge Clause, for the billing period in which the credit was generated.

RMLD may impose additional Terms and Conditions, as it deems necessary, in its sole discretion, for the protection of its distribution system, service territory, or its customers.

**General Terms:**

Service hereunder is subject to the General Terms and Conditions which are incorporated herein and are a part of this rate.

**Rate Filed:**

**Effective: On Billing on or After**

**Filed by: Vincent F. Cameron Jr, General Manager**



**RMLD Terms and Conditions for Customer Owned Generation Less Than 10 kW**

This tariff and the terms and conditions contained herein govern certain renewable generation facilities located on the customer's premises, where such facilities are owned or leased by the customer and used solely for the purpose of the customer's own consumption.

**Availability:** Net metering is available to generation facilities owned or leased by a customer, for the purpose of offsetting all or part of the customer's own electric power requirements, and capable of producing no more than 10 kW from solar, wind, fuel cell or hydroelectric sources ("Facility"). The use of a Facility for providing service to a third party is strictly prohibited. Under no circumstance shall output from the Facility be provided or credited to any third party. The availability of net metering to a customer that owns or leases a Facility ("Customer") is subject to the terms and conditions contained in this tariff. RMLD's General Terms and Conditions shall also apply to service under this tariff and Terms and Conditions, where not inconsistent with any specific provision hereof. In its sole discretion, RMLD may limit the cumulative generating capacity of all Facilities in its service territory.

**1. Construction of the Facility.** The Customer may proceed to construct the Facility once the RMLD has received the completed Attachment 1 - Application for Customer Owned Generation Under 10 kW and said application has been approved by the RMLD. The RMLD will not approve any such application if it determines that the Facility will have an adverse impact on RMLD's system. The Facility shall be designed, constructed and operated in a manner that causes it to meet or exceed all applicable safety and electrical standards, including but not limited to the Massachusetts Building Code, the Massachusetts Department of Public Utilities' regulations, the National Electric Code, the National Electrical Safety Code, IEEE, UL and RMLD's General Terms and Conditions for Service. The Customer is responsible for all permits and regulatory approvals necessary for construction of the Facility.

**2. Interconnection and Operation.** The Customer may operate Facility and interconnect with the RMLD's system only after the following has occurred:

**2.1 Municipal Inspection.** Upon completing construction, the Interconnecting Customer will cause the Facility to be inspected or otherwise certified and/or approved by the local wiring inspector.

**2.2 Certificate of Completion.** The Customer shall return the Certificate of Completion appearing as Attachment 2 - Certification of Completion for Customer Owned Generation Under 10kW, to the RMLD, P.O. Box 150, Reading, MA 01867-250.

**2.3 RMLD Right to Inspection.** Within ten (10) business days after the receipt of the Certificate of Completion, the RMLD shall, upon reasonable notice, and at a mutually convenient time, conduct an inspection of the Facility to ensure that all equipment has been properly installed, and that all electric connections have been made in accordance with the RMLD's requirements including these Terms and Conditions and RMLD's General Terms and Conditions. The RMLD has the right to disconnect the Facility in the event of improper installation or failure to return the Certificate of Completion to the RMLD.

**2.4 Interconnection Metering/Wiring.** The Customer shall furnish and have installed, if not already in place, the necessary meter socket and wiring in accordance with all applicable safety and electrical standards. The Customer shall have installed a second meter socket and necessary wiring between the output of the Facility and the Customer's main electrical service. The meter socket shall be located outside of a location approved by RMLD. The second meter socket shall be supplied by the RMLD at the Customer's expense. The Customer shall supply a safety disconnect switch adjacent to RMLD's metering equipment that is accessible by RMLD at all times.

**2.5 Payment of Any Upgrades.** The Customer shall be responsible for paying RMLD for any upgrades to RMLD's system necessitated by the connection of the Facility to RMLD's system. The Customer is also responsible for equipment expenses including meters necessary to accommodate the Facility as set forth herein.

**3. Safe Operation and Maintenance.** The Customer shall be solely responsible for constructing, operating, maintaining, and repairing the Facility in a safe manner.

The RMLD may temporarily disconnect the Facility to facilitate planned or emergency RMLD work. In addition, RMLD may disconnect the Facility from its system at any time that RMLD determines, in its sole discretion, that the safety and reliability of RMLD's system may be compromised by the operation of the Facility. In the event that Facility damages RMLD's system, the Customer shall be solely responsible for all costs associated with the repair and/or replacement of damaged portion of RMLD's system and/or equipment.

**4. Metering and Billing.** All Facilities constructed, installed, inspected, operated and maintained in accordance with these Terms and Conditions qualify for net metering as follows:

**Rate Filed:**

**Effective:**

**Filed by:**

1209496\_1

**Town of Reading, Massachusetts  
Municipal Light Department**

**MDPU #226**

**4.1 RMLD Installs Net Meter.** RMLD shall furnish and install a meter capable of net metering within ten (10) business days after the inspection of the Facility set forth in Section 2.3, above, if such meter is not in place, at Customer's expense.

**4.2 RMLD Installs Check Meter.** The RMLD will install a second meter to record the usage of the Customer generated energy. There will be no charge to the Customer associated with this meter.

**5. Limitation of Liability, Indemnification and Insurance.** RMLD shall not be liable to the Customer or any other person for any loss, injury, damage, casualty, fees or penalties, asserted on the basis of any theory, arising from, related to or caused by the construction, installation, operation, maintenance or repair of the Facility, and associated equipment and wiring, except to the extent of its own gross negligence or willful misconduct, but only to the extent permitted by law. Neither by inspection nor non-rejection nor in any other way does RMLD give any warranty, expressed or implied as to the adequacy, safety or other characteristics of any equipment, wiring or devices, installed on the Customer's premises, including the Facility. The Customer shall indemnify and hold harmless RMLD, its board members, managers, employees, agents, consultants, attorneys and assigns from and against any and all losses, claims, damages, costs, demands, fines, judgments, penalties, payments and liabilities, together with any costs and expenses (including attorneys' fees) incurred in connection with, resulting from, relating to or arising out of the construction, operation, maintenance and repair of the Facility, including the Customer's failure to comply with these Terms and Conditions or any abnormality or failure in the operation of the Facility, or any adverse impact to RMLD's system or its other customers. The Customer shall maintain sufficient insurance to cover any damage to RMLD's system caused by the construction, operation, maintenance and repair the Facility and shall name RMLD as additional insured. The Customer shall provide RMLD with proof of satisfactory insurance upon request by RMLD.

**6. Termination.** Service may be terminated under the following conditions.

**6.1 By Interconnecting Customer.** The Customer may terminate service under this tariff by providing written notice to RMLD.

**6.2 By RMLD.** The RMLD may terminate service under this tariff (1) if the Facility fails to operate for any consecutive twelve month period or (2) in the event that the Facility impairs the operation of RMLD's electric distribution system or service to other customers or materially impairs the local circuit and the Customer does not cure the impairment at its sole expense.

**7. Assignment/Transfer of Ownership of the Facility.** In the event that a transfer of ownership of the Facility to a new Customer occurs, the new Customer must file Attachment 1 – Application for Customer Owned Generation Under 10KW and the application has been approved by RMLD.

**8. Rates and Billing.** During a billing period, if the Customer uses more electricity than its Facility feeds back into RMLD's system, then the Customer will be billed based on the rate applicable to that Customer's class of service under the applicable RMLD tariff. If, during a billing period, the Customer's Facility feeds back on to the RMLD system more electricity than is supplied by RMLD, the Customer shall be credited for the excess electricity in kWh generated and fed into RMLD's system however, RMLD reserves the right to discontinue credit for such excess to the extent that it deems unnecessary to meet the needs of RMLD's customers, upon thirty (30) days' notice to Customer. The rate credited to the Customer for excess energy fed into RMLD's distribution system shall be equal to the then-applicable RMLD's Monthly Fuel Charge, which may be adjusted by the Standard Fuel Adjustment Clause, for the billing period in which the credit was generated.

**Rate Filed:**

**Effective:**

**Filed by:**

1209496\_1

Attachment 1  
Application for Customer Owned Generation of Less Than 10 kW

**Contact Information**

Legal Name and address of Interconnecting Customer applicant

RMLD Customer (print): \_\_\_\_\_

Address of Interconnection Facility: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone (Daytime): \_\_\_\_\_ (Evening): \_\_\_\_\_

Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

**Alternative Contact Information (e.g., system installation contractor or coordinating company)**

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone (Daytime): \_\_\_\_\_ (Evening): (same) \_\_\_\_\_

Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

**Facility Information**

RMLD Account Number (required – on bill) \_\_\_\_\_

Meter Number (required – on bill) \_\_\_\_\_

Inverter Manufacturer: \_\_\_\_\_ Model Name & #: \_\_\_\_\_ Quantity Used: \_\_\_\_\_

Nameplate Rating: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA) \_\_\_\_\_ (AC Volts) Single \_\_\_\_\_ or Three \_\_\_\_\_ Phase

System Design Capacity: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA)

**Electrical Contractor: Name, address, phone # and contact name**

Prime Mover. Photovoltaic ☐ Fuel Cell ☐ IC Engine ☐ Other: \_\_\_\_\_

Energy Source: Solar ☐ Wind ☐ Hydro ☐ Natural Gas ☐ Other: \_\_\_\_\_

UL1741 Listed? Yes \_\_\_\_\_ No \_\_\_\_\_

Estimated Installation Date: \_\_\_\_\_ Estimated In-Service Date: \_\_\_\_\_

**Customer Signature**

I hereby certify that, to the best of my knowledge, all of the information provided in this application is true and I have reviewed and agree to the RMLD's

**Tariff MDPU # \_\_\_\_\_ and Terms and Conditions for Customer Owned Generation Less Than 10 kW:**  
Interconnecting Customer Signature \_\_\_\_\_ Date \_\_\_\_\_

**Please attach manufacturer's document showing UL1741 listing to this document and mail to above address.**

**Rate Filed:**

**Effective:**

**Filed by:**

1209494\_1

Attachment 1  
Application for Customer Owned Generation of Less Than 10 kW  
(Continued)

Approval to Install Facility (For RMLD use only)

Installation of the Facility is approved contingent upon the terms and conditions of this Agreement, and agreement to any system modifications, if required

(Are system modifications required? Yes No To be Determined ).

RMLD Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

RMLD UA Number: \_\_\_\_\_ RMLD waives inspection/witness test? Yes \_\_\_ No \_\_\_

Rate Filed:

Effective:

Filed by:

1209494\_1

**Attachment 2  
Certificate of Completion for Customer Owned Generation of Less Than 10 kW  
Certificate of Completion**

**Installation Information**

Interconnecting Customer (Print): \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Location of Facility (if different from above): \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Telephone (Daytime): \_\_\_\_\_ (Evening): \_\_\_\_\_  
Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_  
Account # (required - on bill) \_\_\_\_\_ Meter # (required - on bill) \_\_\_\_\_

**Electrician or Electrical Installation Contractor:**

Business Name: \_\_\_\_\_ Contact Name (Print) \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Telephone (Daytime): \_\_\_\_\_ (Evening): \_\_\_\_\_  
Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_  
License number: \_\_\_\_\_  
RMLD Date of Installation Approval: \_\_\_\_\_ Signature \_\_\_\_\_  
RMLD Utility Authorization Number \_\_\_\_\_

**Inspection:**

The system has been installed and inspected in compliance with the local Building/Electrical Code of

\_\_\_\_\_  
(City/County)

Signed (local Electrical Wiring Inspector), \_\_\_\_\_

Name (printed): \_\_\_\_\_

Date: \_\_\_\_\_

**Rate Filed: June 1, 2011**

**Effective: On Billing on or After July 1, 2011**

**Filed by: Vincent F. Cameron Jr, General Manager**

**Town of Reading, Massachusetts  
Municipal Light Department**

**MDPU #226**

**Attachment 2  
Certificate of Completion for Customer Owned Generation of Less Than 10 kW  
Certificate of Completion  
(Continued)**

As a condition of interconnection you are required to send by USPS mail or Fax a copy of this form along with a copy of the signed electrical permit to:

RMLD  
P.O. BOX 150  
READING MA 01867-0250

Received by RMLD \_\_\_\_\_  
Date & Initial

**Rate Filed: June 1, 2011  
Effective: On Billing on or After July 1, 2011  
Filed by: Vincent F. Cameron Jr, General Manager**  
1209495\_1

***Commercial***

**Commercial/Industrial Customer Owned Renewable Generation**

**Available in:**

Reading, Lynnfield Center, North Reading, and Wilmington

**Applicable to:**

Individual commercial/industrial customers for all commercial uses. This rate and the Terms and Conditions contained therein govern certain renewable generation facilities located on a commercial/industrial customer's premise, where the facility is owned or leased by the commercial/industrial customer, located in the customer premise and used solely for the purpose of the customer's own consumption.

**Rates and Billing:**

During a billing period, if the customer uses more electricity than its facility feeds back into RMLD's system, then the customer will be billed based on the rate applicable to that customer's class of service under the applicable RMLD tariff. If, during a billing period, the customer's facility feeds back on to the RMLD system more electricity than is supplied by RMLD, the customer shall be billed the minimum charge applicable to customer's class of service and shall be credited for the excess electricity in kWh generated and fed into RMLD's system up to \_\_\_ % of the customer's historic peak demand; however, RMLD reserves the right to discontinue credit for such excess to the extent that it deems unnecessary to meet the needs of RMLD's customers, upon thirty (30) days' notice to customer. The rate credited to the customer for excess energy fed into RMLD's distribution system shall be equal to the then-applicable RMLD's Monthly Fuel Charge, which may be adjusted by the Standard Fuel Charge Clause, for the billing period in which the credit was generated.

RMLD may impose additional Terms and Conditions, as it deems necessary, in its sole discretion, for the protection of its distribution system, service territory, or its customers.

**General Terms:**

Service hereunder is subject to the General Terms and Conditions which are incorporated herein and are a part of this rate.

**Rate Filed:**

**Effective: On Billing on or After**

**Filed by: Vincent F. Cameron Jr, General Manager**



**RMLD Terms and Conditions for Commercial Customer Owned Generation**

This tariff and the terms and conditions contained herein govern certain renewable generation facilities located on a commercial customer's (i.e., a customer currently receiving service from RMLD pursuant to one of RMLD's commercial and industrial tariffs) premises, where such facilities are owned or leased by the commercial customer, located on the customer's premises and used solely for the purpose of the customer's own consumption.

**Availability:** Net metering is available to generation facilities owned or leased by a commercial customer, located on the commercial customer's property where such customer currently receives service from RMLD, for the purpose of offsetting all or part of that customer's own electric power requirements from solar, wind, fuel cell or hydroelectric sources ("Facility"). The use of a Facility for providing service to a third party is strictly prohibited. Under no circumstance shall output from the Facility be provided or credited to any third party. The availability of net metering to a commercial customer that owns or leases a Facility ("Customer") is subject to the terms and conditions contained in this tariff. RMLD's General Terms and Conditions shall also apply to service under this tariff and Terms and Conditions, where not inconsistent with any specific provision hereof. In its sole discretion, RMLD may limit the cumulative generating capacity of all Facilities in its service territory.

**1. Construction of the Facility.** The Customer may proceed to construct the Facility once the RMLD has received the completed Attachment 1 - Application for Commercial Customer Owned Generation and said application has been approved by the RMLD. The Application shall be accompanied by a one-line diagram of the proposed Facility, and the application fee as determined by RMLD. The RMLD will not approve any such application if it determines that the Facility will have an adverse impact on RMLD's system or does not or will not comply with any of RMLD's Terms and Conditions. The Facility system capacity is subject to RMLD inspection and approval. The Facility shall be designed, constructed and operated in a manner that causes it to meet or exceed all applicable safety and electrical standards, including but not limited to the Massachusetts Building Code, the Massachusetts Department of Public Utilities' regulations, the National Electric Code, the National Electrical Safety Code, IEEE, UL and RMLD's General Terms and Conditions for Service. The Customer is responsible for all permits and regulatory approvals necessary for construction of the Facility.

**2. Interconnection and Operation.** The Customer may operate Facility and interconnect with the RMLD's system only after the following has occurred:

**2.1 Municipal Inspection.** Upon completing construction, the Interconnecting Customer will cause the Facility to be inspected or otherwise certified and/or approved by the local wiring inspector.

**2.2 Certificate of Completion.** The Customer shall return the Certificate of Completion appearing as Attachment 2 - Certification of Completion for Commercial Customer Owned Generation, to the RMLD, P.O. Box 150, Reading, MA 01867-250.

**2.3 RMLD Right to Inspection.** Within ten (10) business days after the receipt of the Certificate of Completion, the RMLD shall, upon reasonable notice, and at a mutually convenient time, conduct an inspection of the Facility to ensure that all equipment has been properly installed, and that all electric connections have been made in accordance with the RMLD's requirements including these Terms and Conditions and RMLD's General Terms and Conditions. The RMLD has the right to disconnect the Facility in the event of improper installation or failure to return the Certificate of Completion to the RMLD.

**2.4 Interconnection Metering/Wiring.** The Customer shall furnish and have installed, if not already in place, the necessary meter socket and wiring in accordance with all applicable safety and electrical standards. The Customer shall have installed a second meter socket and necessary wiring between the output of the Facility and the Customer's main electrical service. The meter socket shall be located outside of a location approved by RMLD. The second meter socket shall be supplied by the RMLD at the Customer's expense. The Customer shall supply a safety disconnect switch adjacent to RMLD's metering equipment that is accessible by RMLD at all times.

**2.5 Payment of Any Upgrades.** The Customer shall be responsible for paying RMLD for any upgrades to RMLD's system necessitated by the connection of the Facility to RMLD's system. The Customer is also responsible for equipment expenses including net meters necessary to accommodate the Facility as set forth herein.

**3. Safe Operation and Maintenance.** The Customer shall be solely responsible for constructing, operating, maintaining, and repairing the Facility in a safe manner.

The RMLD may temporarily disconnect the Facility to facilitate planned or emergency RMLD work. In addition, RMLD may disconnect the Facility from its system at any time that RMLD determines, in its sole discretion, that the safety and reliability of RMLD's system may be compromised by the operation of the Facility. In the event that

**Rate Filed:**

**Effective:**

**Filed by:**

**Town of Reading, Massachusetts  
Municipal Light Department**

**MDPU # 227**

Facility damages RMLD's system, the Customer shall be solely responsible for all costs associated with the repair and/or replacement of damaged portion of RMLD's system and/or equipment.

**4. Metering and Billing.** All Facilities constructed, installed, inspected, operated and maintained in accordance with these Terms and Conditions qualify for net metering as follows:

**4.1 RMLD Installs Net Meter.** RMLD shall furnish and install a meter capable of net metering within ten (10) business days after the inspection of the Facility set forth in Section 2.3, above, if such meter is not in place, at Customer's expense.

**5. Limitation of Liability, Indemnification and Insurance.** RMLD shall not be liable to the Customer or any other person for any loss, injury, damage, casualty, fees or penalties, asserted on the basis of any theory, arising from, related to or caused by the construction, installation, operation, maintenance or repair of the Facility, and associated equipment and wiring, except to the extent of its own gross negligence or willful misconduct, but only to the extent permitted by law. Neither by inspection nor non-rejection nor in any other way does RMLD give any warranty, expressed or implied as to the adequacy, safety or other characteristics of any equipment, wiring or devices, installed on the Customer's premises, including the Facility. The Customer shall indemnify and hold harmless RMLD, its board members, managers, employees, agents, consultants, attorneys and assigns from and against any and all losses, claims, damages, costs, demands, fines, judgments, penalties, payments and liabilities, together with any costs and expenses (including attorneys' fees) incurred in connection with, resulting from, relating to or arising out of the construction, operation, maintenance and repair of the Facility, including the Customer's failure to comply with these Terms and Conditions or any abnormality or failure in the operation of the Facility, or any adverse impact to RMLD's system or its other customers. The Customer shall maintain sufficient insurance to cover any damage to RMLD's system caused by the construction, operation, maintenance and repair the Facility and shall name RMLD as additional insured. The Customer shall provide RMLD with proof of satisfactory insurance upon request by RMLD.

**6. Termination.** Service may be terminated under the following conditions.

**6.1 By Interconnecting Customer.** The Customer may terminate service under this tariff by providing written notice to RMLD.

**6.2 By RMLD.** The RMLD may terminate service under this tariff (1) if the Facility fails to operate for any consecutive twelve month period or (2) in the event that the Facility impairs the operation of RMLD's electric distribution system or service to other customers or materially impairs the local circuit and the Customer does not cure the impairment at its sole expense.

**7. Assignment/Transfer of Ownership of the Facility.** In the event that a transfer of ownership of the Facility to a new Customer occurs, the new Customer must file Attachment 1 – Application for Commercial Customer Owned Generation and the application has been approved by RMLD.

**8. Rates and Billing.** During a billing period, if the Customer uses more electricity than its Facility feeds back into RMLD's system, then the Customer will be billed based on the rate applicable to that Customer's class of service under the applicable RMLD tariff. If, during a billing period, the Customer's Facility feeds back on to the RMLD system more electricity than is supplied by RMLD, the Customer shall be billed the minimum charge applicable to Customer's class of service and shall be credited for the excess electricity in kWh generated and fed into RMLD's system; however, RMLD reserves the right to discontinue credit for such excess to the extent that it deems unnecessary to meet the needs of RMLD's customers; upon thirty (30) days' notice to Customer. The rate credited to the Customer for excess energy fed into RMLD's distribution system shall be equal to the then-applicable RMLD's Monthly Fuel Charge, which may be adjusted by the Standard Fuel Adjustment Clause, for the billing period in which the credit was generated.

RMLD may impose additional Terms and Conditions as it deems necessary, in its sole discretion, for the protection of its distribution system, service territory, or its customers.

**Rate Filed:  
Effective:  
Filed by:**

Attachment 1  
Application for Commercial Customer Owned Generation

**Contact Information**

Legal Name and address of Interconnecting Customer applicant

RMLD Customer (print): \_\_\_\_\_

Name and Title of Individual Filing Application: \_\_\_\_\_

Address of Interconnection Facility: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone (Office): \_\_\_\_\_ (Cell): \_\_\_\_\_

Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

**Alternative Contact Information (e.g., system installation contractor or coordinating company)**

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone (Office): \_\_\_\_\_ (Cell): \_\_\_\_\_

Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

**Facility Information**

RMLD Account Number (required – on bill) \_\_\_\_\_

Meter Number(s) (required – on bill) \_\_\_\_\_

Inverter Manufacturer: \_\_\_\_\_ Model Name & #: \_\_\_\_\_ Quantity Used: \_\_\_\_\_

Nameplate Rating: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA) \_\_\_\_\_ (AC Volts) Single \_\_\_\_\_ or Three \_\_\_\_\_ Phase [NU1]

System Design Capacity: \_\_\_\_\_ (kW) \_\_\_\_\_ (kVA)

**Electrical Contractor: Name, address, phone # and contact name**

Prime Mover. Photovoltaic ☐ Fuel Cell ☐ IC Engine ☐ Other [NU2]: \_\_\_\_\_

Energy Source: Solar ☐ Wind ☐ Hydro ☐ Natural Gas ☐ Other: \_\_\_\_\_

UL1741 Listed? Yes \_\_\_\_\_ No \_\_\_\_\_

One line diagram attached? Yes \_\_\_\_\_ No \_\_\_\_\_

Estimated Installation Date: \_\_\_\_\_ Estimated In-Service Date: \_\_\_\_\_

**Customer Signature**

I hereby certify that, to the best of my knowledge, all of the information provided in this application is true and I have reviewed and agree to the RMLD's

Tariff MDPU # \_\_\_\_\_ and Terms and Conditions for Commercial Customer Owned Generation :

**Rate Filed:**

**Effective:**

**Filed by:**

1209494\_1

**Town of Reading, Massachusetts  
Municipal Light Department**

**MDPU # 227**

Interconnecting Customer Signature \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_

**Please attach manufacturer's document showing UL1741 listing to this document and mail to above address.**

**Approval to Install Facility (For RMLD use only)**

Installation of the Facility is approved contingent upon the terms and conditions of this Agreement, and agreement to any system modifications, if required

(Are system modifications required? Yes No To be Determined ).

RMLD Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

RMLD UA Number: \_\_\_\_\_ RMLD waives inspection/witness test? Yes \_\_\_ No \_\_\_

**Rate Filed:**

**Effective:**

**Filed by:**

1209494\_1

**Attachment 2  
Certificate of Completion for Commercial Customer Owned Generation  
Certificate of Completion**

**Installation Information**

Interconnecting Customer (Print): \_\_\_\_\_  
Title: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Location of Facility (if different from above): \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Telephone (Daytime): \_\_\_\_\_ (Evening): \_\_\_\_\_  
Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_  
Account # (required - on bill) \_\_\_\_\_ Meter # (required - on bill) \_\_\_\_\_

**Electrician or Electrical Installation Contractor:**

Business Name: \_\_\_\_\_ Contact Name (Print) \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Telephone (Daytime): \_\_\_\_\_ (Evening): \_\_\_\_\_  
Facsimile Number: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_  
License number: \_\_\_\_\_  
RMLD Date of Installation Approval: \_\_\_\_\_ Signature \_\_\_\_\_  
RMLD Utility Authorization Number \_\_\_\_\_

**Inspection:**

The system has been installed and inspected in compliance with the local Building/Electrical Code of

\_\_\_\_\_  
(City/County)

Signed (local Electrical Wiring Inspector), \_\_\_\_\_

Name (printed): \_\_\_\_\_

Date: \_\_\_\_\_

**Rate Filed:**

**Effective:**

**Filed by:**

1209495\_1

**Town of Reading, Massachusetts  
Municipal Light Department**

**MDPU # 227**

**Attachment 2  
Certificate of Completion for Commercial Customer Owned Generation  
Certificate of Completion  
(Continued)**

As a condition of interconnection you are required to send by USPS mail or Fax a copy of this form along with a copy of the signed electrical permit to:

RMLD  
P.O. BOX 150  
READING MA 01867-0250

Received by RMLD \_\_\_\_\_  
Date & Initial

**Rate Filed:**

**Effective:**

**Filed by:**

1209495\_1

**ITEM 5.**

***FY11 Audited Financials***

**TOWN OF READING, MASSACHUSETTS  
READING MUNICIPAL LIGHT DEPARTMENT**

**Annual Financial Statements**

**For the Year Ended June 30, 2011**



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## INDEPENDENT AUDITORS' REPORT

To the Municipal Light Board  
Town of Reading Municipal Light Department  
Reading, Massachusetts

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of the Town of Reading Municipal Light Department ("the Department") (an enterprise fund of the Town of Reading), as of and for the year ended June 30, 2011 which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, and the aggregate remaining fund information of the Town of Reading Municipal Light Department as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, and the supplementary information, appearing on page 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the

required supplementary information. However, we did not audit the information and express no opinion on it.

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Department's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Andover, Massachusetts  
\_\_\_\_\_, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the Town of Reading Municipal Light Department's ("the Department") annual financial report, management provides a narrative discussion and analysis of the financial activities for the year ended June 30, 2011. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements include (1) the statements of net assets, (2) the statements of revenues, expenses and changes in net assets, (3) the statements of cash flows, and (4) notes to the financial statements.

The Statements of Net Assets is designed to indicate our financial position as of a specific point in time. At June 30, 2011, it shows our net worth of \$ 93,603,582 which is comprised of \$ 67,560,510 invested in capital assets, \$ 4,265,768 restricted for depreciation fund, \$ 1,169,499 restricted for other post-employment benefits trust and \$ 20,607,805 unrestricted.

The Statements of Revenues, Expenses and Changes in Net Assets summarize our operating results and reveals how much, if any, of a profit was earned for the year. As discussed in more detail below, our net profit for the year ended June 30, 2011 was \$ 2,783,718.

The Statements of Cash Flows provides information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our Statements of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses in fiscal year 2011.

The following is a summary of the Department's financial data for the current and prior fiscal years.

### Summary of Net Assets

	<u>2011</u>	<u>2010</u>
Current assets	\$ 17,685,849	\$ 18,383,234
Noncurrent assets	<u>86,223,649</u>	<u>83,634,574</u>
Total assets	103,909,498	102,017,808
Current Liabilities	6,262,115	7,438,252
Noncurrent liabilities	<u>4,043,801</u>	<u>3,759,692</u>
Total liabilities	10,305,916	11,197,944
Net assets:		
Invested in capital assets, net of related debt	67,560,510	66,881,500
Restricted for depreciation fund	4,265,768	4,801,694
Restricted for OPEB trust	1,169,499	-
Unrestricted	<u>20,607,805</u>	<u>19,136,670</u>
Total net assets	93,603,582	90,819,864
Total Liabilities and Net Assets	<u>\$ 103,909,498</u>	<u>\$ 102,017,808</u>

### Summary of Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 89,295,501	\$ 86,542,838
Operating expenses	<u>(84,943,672)</u>	<u>(83,229,057)</u>
Operating Income	4,351,829	3,313,781
Non-operating revenues (expenses)	<u>(1,568,111)</u>	<u>(533,633)</u>
Change in Net Assets	2,783,718	2,780,148
Beginning net assets	<u>90,819,864</u>	<u>88,039,716</u>
Ending Net Assets	<u>\$ 93,603,582</u>	<u>\$ 90,819,864</u>

### **B. FINANCIAL HIGHLIGHTS**

Electric sales (net of discounts) were \$ 87,511,283 in 2011, an increase of 8.2% from the prior year. Kilowatt hours sold increased by 3.6% to 709,213,661 in 2011, compared to 684,390,839 in 2010. In 2011, ratepayers were charged \$ 729,113 in fuel charge adjustments, compared to charges of \$ 586,718 in 2010. In 2011, ratepayers were charged purchase power adjustments of \$ 1,055,105 compared to \$ 5,063,829 in 2010.

Operating expenses were \$ 84,943,672 in 2011, an overall increase of 2.1% from 2010. The largest portion of this total, \$ 66,822,547 was for purchase power expenses. Other operating expenses included \$ 11,951,911 for general operating and maintenance costs, and \$ 1,386,395 in unanticipated costs for

hazardous waste mitigation measures associated with the GAW Substation upgrade project. In addition, the Department incurred costs of \$ 1,330,070 for voluntary payments to Towns, and depreciation expense of \$ 3,452,749. In fiscal year 2011, the depreciation rate was 3.0%.

In fiscal year 2011, the Department contributed \$ 1,000,000 to the Reading Municipal Light Department Employees' Pension Trust (the "Trust"). In addition, the Trust contributed \$ 1,278,695 to the Town of Reading Contributory Retirement System on behalf of the Department's employees.

In fiscal year 2010, the Department's Board of Commissioners voted to accept the provisions of Massachusetts General Law Chapter 32B §20, to create an *Other Post Employment Benefits Liability Trust Fund* as a mechanism to set aside monies to fund its other postemployment benefits (OPEB) liability. In fiscal year 2011, the department contributed \$ 1,165,800 to this fund, which was equal to its actuarially determined OPEB liability at June 30, 2011. These contributions, along with accumulated investment earnings, are included in the Department's restricted cash and investments balance at June 30, 2011. Additional information on the Department's OPEB liability can be found in the Note 15 on pages 20-23 of these financial statements.

### **C. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in land at year end amounted to \$ 1,265,842; there was no change from the prior year. Total investment in depreciable capital assets at year end amounted to \$ 66,294,667 (net of accumulated depreciation), an increase of \$ 679,010 from the prior year. This investment in depreciable capital assets includes structures and improvements, equipment and furnishings, and infrastructure assets.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Reading Municipal Light Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting/Business Manager  
Town of Reading Municipal Light Department  
230 Ash Street  
Reading, Massachusetts 01867

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND  
STATEMENTS OF NET ASSETS

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current:		
Unrestricted cash and short-term investments	\$ 6,596,634	\$ 8,167,774
Receivables, net of allowance for uncollectable	8,749,838	7,823,935
Prepaid expenses	753,132	756,954
Inventory	1,586,245	1,634,571
Total current assets	17,685,849	18,383,234
Noncurrent:		
Restricted cash and short-term investments	16,385,677	15,255,385
Restricted investments	2,200,000	1,400,000
Investment in associated companies	77,463	97,690
Land and construction in progress	1,265,842	1,265,842
Capital assets, net of accumulated depreciation	66,294,667	65,615,657
Total noncurrent assets	86,223,649	83,634,574
<b>TOTAL ASSETS</b>	103,909,498	102,017,808
<b>LIABILITIES</b>		
Current:		
Accounts payable	4,997,392	6,188,258
Customer deposits	561,385	499,197
Customer advances for construction	255,980	333,919
Accrued liabilities	390,660	343,076
Current portion of long-term liabilities:		
Accrued employee compensated absences	56,698	73,802
Total current liabilities	6,262,115	7,438,252
Noncurrent:		
Accrued employee compensated absences	2,878,001	2,946,231
Other post-employment benefits	1,165,800	813,461
Total noncurrent liabilities	4,043,801	3,759,692
<b>TOTAL LIABILITIES</b>	10,305,916	11,197,944
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	67,560,510	66,881,500
Restricted for depreciation fund	4,265,768	4,801,694
Restricted for other post-employment benefits trust	1,169,499	-
Unrestricted	20,607,805	19,136,670
<b>TOTAL NET ASSETS</b>	\$ 93,603,582	\$ 90,819,864

See notes to financial statements

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues:</b>		
Electric sales, net of discounts of \$ 4,323,198 and \$ 4,115,808, respectively	\$ 87,511,283	\$ 80,892,291
Purchase power and fuel charge adjustments:		
Fuel charge adjustment	729,113	586,718
Purchase power adjustment	1,055,105	5,063,829
Total Operating Revenues	<u>89,295,501</u>	<u>86,542,838</u>
<b>Operating Expenses:</b>		
Purchase power	66,822,547	68,012,702
Operating	9,762,601	8,780,835
Maintenance	2,189,310	1,815,612
Hazardous waste mitigation, Gaw Substation	1,386,395	1,096,431
Depreciation	3,452,749	2,240,846
Voluntary payments to towns	1,330,070	1,282,631
Total Operating Expenses	<u>84,943,672</u>	<u>83,229,057</u>
Operating Income	4,351,829	3,313,781
<b>Nonoperating Revenues (Expenses):</b>		
Contributions in aid of construction	65,693	772,279
Interest income	103,765	184,618
Interest expense	(2,005)	(11,620)
MMWEC refund	571,635	371,273
Loss on disposal of capital assets	(371,491)	(3,571)
Return on investment to Town of Reading	(2,171,880)	(2,186,670)
Other	236,172	340,058
Total Nonoperating Revenues (Expenses), Net	<u>(1,568,111)</u>	<u>(533,633)</u>
Change in Net Assets	2,783,718	2,780,148
Net Assets at Beginning of Year	<u>90,819,864</u>	<u>88,039,716</u>
Net Assets at End of Year	<u>\$ 93,603,582</u>	<u>\$ 90,819,864</u>

See notes to financial statements.



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
<b><u>Cash Flows From Operating Activities:</u></b>		
Receipts from customers and users	\$ 86,647,569	\$ 80,158,464
Payments to vendors and employees	(82,392,991)	(80,060,874)
Customer refund, purchase power, and fuel charge adjustments	1,784,218	5,650,547
Net Cash Provided By (Used For) Operating Activities	6,038,796	5,748,137
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>		
Return on investment to Town of Reading	(2,171,880)	(2,186,670)
MMWEC refund	571,635	371,273
Other	236,171	340,058
Net Cash Provided By (Used For) Noncapital Financing Activities	(1,364,074)	(1,475,339)
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>		
Acquisition and construction of capital assets	(4,503,250)	(4,468,826)
Principal payment on notes	-	(550,000)
Interest expense	(2,005)	(11,620)
Contributions in aid of construction	65,693	772,279
Net Cash Provided By (Used For) Capital and Related Financing Activities	(4,439,562)	(4,258,167)
<b><u>Cash Flows From Investing Activities:</u></b>		
Investment income	103,765	184,618
(Increase) decrease in restricted cash and investments	(1,910,065)	(667,247)
Net Cash Provided By (Used For) Investing Activities	(1,806,300)	(482,629)
Net Change in Cash and Short-Term Investments	(1,571,140)	(467,998)
Unrestricted Cash and Short Term Investments, Beginning of Year	8,167,774	8,635,772
Unrestricted Cash and Short Term Investments, End of Year	\$ 6,596,634	\$ 8,167,774
<b><u>Reconciliation of Operating Income to Net Cash:</u></b>		
Operating income	\$ 4,351,830	\$ 3,313,781
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	3,452,749	2,240,846
Other post-employment benefits	352,339	377,059
Changes in assets and liabilities:		
Accounts receivable	(925,903)	(736,689)
Prepaid and other assets	3,822	12,379
Inventory	48,326	(71,501)
Accounts payable	(1,190,866)	740,003
Accrued liabilities	(37,750)	231,995
Other liabilities	(15,751)	(359,736)
Net Cash Provided By (Used For) Operating Activities	\$ 6,038,796	\$ 5,748,137

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT

FIDUCIARY FUND - RETIREMENT TRUST  
STATEMENTS OF FIDUCIARY NET ASSETS

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ 4,787,498	\$ 4,017,679
Investments	1,000,000	1,800,000
Other	<u>-</u>	<u>200,000</u>
<b>TOTAL ASSETS</b>	<u>5,787,498</u>	<u>6,017,679</u>
<b>NET ASSETS</b>		
Net assets held in trust for pension benefits	\$ <u>5,787,498</u>	\$ <u>6,017,679</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT

FIDUCIARY FUND - RETIREMENT TRUST  
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>Additions:</b>		
Contributions from Reading Municipal Light Department	\$ 1,000,000	\$ 200,000
Interest and dividend income	<u>48,514</u>	<u>120,760</u>
Total additions	1,048,514	320,760
<b>Deductions:</b>		
Paid to Reading Contributory Retirement System	<u>1,278,695</u>	<u>919,336</u>
Total deductions	<u>1,278,695</u>	<u>919,336</u>
Net increase (decrease) in net assets	(230,181)	(598,576)
Net Assets Available for Benefits, Beginning of Year	<u>6,017,679</u>	<u>6,616,255</u>
Net Assets Available for Benefits, End of Year	<u>\$ 5,787,498</u>	<u>\$ 6,017,679</u>

See notes to financial statements.

# Town of Reading, Massachusetts Municipal Light Department

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies

The significant accounting policies of the Town of Reading Municipal Light Department ("the Department") (an enterprise fund of the Town of Reading) are as follows:

- A. Business Activity - The Department purchases electricity which it distributes to consumers within the towns of Reading, North Reading, Wilmington, and Lynnfield.
- B. Regulation and Basis of Accounting - Under Massachusetts General Laws, the Department's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Department, the Department's rates are not subject to DPU approval. The Department's policy is to prepare its financial statements in conformity with generally accepted accounting principles.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Department has elected not to follow subsequent private-sector guidance.

- C. Concentrations - The Department operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation was enacted by the Commonwealth of Massachusetts in 1998 which changed the electric industry. The law introduced competition and pro-

vided consumers with choices while assuring continued reliable service. Municipal utilities are not currently subject to this legislation.

- D. Retirement Trust - The Reading Municipal Light Department Employees' Pension Trust (the "Trust") was established on December 30, 1966, by the Town of Reading's Municipal Light Board pursuant to Chapter 164 of the General Laws of the Commonwealth of Massachusetts.

The Trust constitutes the principal instrument of a plan established by the Municipal Light Board for the purpose of funding the Department's annual required contribution to the Town of Reading Contributory Retirement System (the System), a cost sharing, multi-employer public employee retirement system.

- E. Revenues - Revenues are based on rates established by the Department and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis and are stated net of discounts. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal period.

- F. Cash and Short-term Investments - For the purposes of the Statement of Cash Flows, the Department considers both restricted and unrestricted cash on deposit with the Town Treasurer to be cash or short-term investments. For purpose of the Statement of Net Assets, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

- G. Investments - State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from date of purchase.

Investments for the Department and the Trust consist of U.S. government bonds that are being held to maturity. Investments are carried at cost.

- H. Inventory - Inventory consists of parts and accessories purchased for use in the utility business for construction, operation and maintenance purposes and is stated at average cost. Meters and transformers are capitalized when purchased.

- I. Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated

capital assets are recorded at estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. Interest incurred during the construction phase of proprietary fund capital assets is included as part of the capitalized value of the constructed asset. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value and any cash proceeds, is charged to the Department's unrestricted net assets account.

Massachusetts General Laws require utility plant in service to be depreciated at an annual rate of 3%. To change this rate, the Department must obtain approval from the DPU. Changes in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful lives.

- J. Accrued Compensated Absences - Employee vacation leave is vested annually but may only be carried forward to the succeeding year with supervisor approval and, if appropriate, within the terms of the applicable Department policy or union contract. Generally, sick leave may accumulate according to union and Department contracts and policy, and is paid upon normal termination at the current rate of pay. The Department's policy is to recognize vacation costs at the time payments are made. The Department records accumulated, unused, vested sick pay as a liability. The amount recorded is the amount to be paid at termination at the current rate of pay.
- K. Long-Term Obligations - The proprietary fund financial statements report long-term debt and other long-term obligations as liabilities in the proprietary fund statement of net assets.
- L. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.
- M. Rate of Return - The Department's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. The audited financial statements are prepared in accordance with auditing standards generally accepted in the United States of America. To determine the net income subject to the rate of return, the Department performs the following calculation. Using the net income per

the audited financials, the return on investment to the Town of Reading is added back, the fuel charge adjustment is added or deducted, and miscellaneous debits/credits (i.e., gain/loss on disposal of fixed assets, etc.) are added or deducted, leaving an adjusted net income figure for rate of return purposes. Investment interest income and bond principal payments are then deducted from this figure to determine the net income subject to the rate of return. The net income subject to the rate of return is then subtracted from the allowable eight percent rate of return, which is calculated by adding the book value of net plant and the investment in associated companies less the contributions in aid of construction multiplied by eight percent. From this calculation, the Municipal Light Board will determine what cash transfers need to be made at year end.

## 2. Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

### Statement of net assets:

Unrestricted cash and short-term investments	\$ 6,596,634
Restricted cash and short-term investments	16,385,677
Restricted investments	<u>2,200,000</u>

### Fiduciary funds:

Cash and short-term investments	4,787,498
Investments	<u>1,000,000</u>

Total cash and investments	\$ <u><u>30,969,809</u></u>
----------------------------	-----------------------------

Cash and investments at June 30, 2011 consist of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	27,766,809
Investments	<u>3,200,000</u>
Total cash investments	\$ <u><u>30,969,809</u></u>

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that the fair value of an investment will be adversely affected by changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Department manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or

coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2011, the Department (including the Pension Trust) had the following investments:

	<u>Restricted Investments</u>	<u>Pension Trust</u>	<u>Maturity Date</u>	<u>Moody's Rating</u>
<u>Government agency bonds</u>				
Freddie Mac	\$ 2,200,000	\$ -	9/15/2020	AAA
Freddie Mac	-	1,000,000	9/15/2020	AAA
Total	<u>\$ 2,200,000</u>	<u>\$ 1,000,000</u>		

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assigning of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year end for each of the Department's (including the Pension Trust) investment types:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Government agency bonds	\$ 3,200,000	N/A	\$ 3,200,000	\$ -
Total	<u>\$ 3,200,000</u>		<u>\$ 3,200,000</u>	<u>\$ -</u>

### Concentration of Credit Risk

The Department follows the Town of Reading's investment policy, which does not limit the amount that can be invested in any one issuer beyond that stipulated by Massachusetts General Laws. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent more than 5% of the Department's total investments (including the Pension Trust investments) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Freddie Mac	Government agency bonds	\$ 3,200,000



## Custodial Credit Risk

Custodial Credit Risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Massachusetts General Laws, Chapter 44, section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty per cent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Department follows the Massachusetts statute as written, as well as the Town of Reading's deposit policy for custodial credit risk.

Because the Department pools its cash with the Town of Reading, the specific custodial credit risk of the Department's deposits could not be determined at June 30, 2011. As of June 30, 2011, Department investments (including the Pension Trust) in the following investment types were held by the same broker-dealer (counterparty) that was used by the Department to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Government agency bonds	\$ 3,200,000
Total	\$ <u>3,200,000</u>

### 3. Restricted Cash and Investments

Restricted cash and investments consist of the following at June 30, 2011:

	<u>Cash</u>	<u>Investments</u>
Depreciation fund	\$ 4,297,944	\$ -
Deferred fuel reserve	3,055,225	-
Rate stabilization	5,046,137	1,000,000
Deferred energy conservation reserve	170,788	-
OPEB reserve	969,499	200,000
Reserve for uncollectible accounts	200,000	-
Sick leave benefits	1,934,699	1,000,000
Hazardous waste fund	150,000	-
Customer deposits	561,385	-
Total	\$ <u>16,385,677</u>	\$ <u>2,200,000</u>

Restricted investments are invested in government agency bonds, which will be held to maturity, and are reported at book value of \$ 2,200,000. The fair market value of the investments at June 30, 2011 was \$ 2,174,282.

The Department maintains the following restricted cash accounts:

- Depreciation fund - The Department is normally required to reserve 3.0% of capital assets each year to fund capital improvements.
- Deferred fuel reserve - The Department transfers the difference between the customers' monthly fuel charge adjustment and actual fuel costs into this account to be used in the event of a sudden increase in fuel costs.
- Rate stabilization - This represents amounts set aside to help stabilize short-term cost increases resulting from fluctuations in purchase power costs.
- Deferred energy conservation reserve - This account is used to reserve monies collected from a special energy charge added to customer bills. Customers who undertake measures to conserve and improve energy efficiency can apply for rebates that are paid from this account.
- OPEB reserve - This account is used to account for the Department's contributions to fund its actuarially determined Other Post-Employment Benefits (OPEB) liability.
- Reserve for uncollectible accounts - This account was set up to offset a portion of the Department's bad debt reserve.
- Sick leave benefits - This account is used to offset the Department's actuarially determined compensated absence liability.
- Hazardous waste fund - This reserve was set up by the Board of Commissioners to cover the Department's insurance deductible in the event of a major hazardous materials incident.
- Customer deposits - Customer deposits that are held in escrow.

#### 4. Accounts Receivable

Accounts receivable consists of the following at June 30, 2011:

Customer Accounts:		
Billed	\$ 3,607,974	
Less allowances:		
Uncollectible accounts	(200,000)	
Sales discounts	<u>(296,467)</u>	
Total billed		3,111,507
Unbilled, net		<u>4,830,294</u>
Total customer accounts		7,941,801
Other Accounts:		
Merchandise sales	136,719	
MMWEC flush	571,635	
Liens and other	<u>99,683</u>	
Total other accounts		<u>808,037</u>
Total net receivables		<u>\$ 8,749,838</u>

## 5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurances	\$ 277,479
Purchase power	97,011
PASNY prepayment fund	238,331
WC Fuel - Watson	<u>140,311</u>
Total	<u>\$ 753,132</u>

## 6. Inventory

Inventory is comprised of supplies and materials at June 30, 2011, and is valued using the average cost method.

## 7. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Department has made the following advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Department is carrying its investment at cost, reduced by shares repurchased. The Department's equity position in the Project is less than one-half of one percent.

Investment in associated companies consists of the following, at June 30, 2011:

New England Hydro-Transmission Electric Company, Inc.	\$ 15,748
New England Hydro-Transmission Corporation	<u>61,715</u>
Total	<u>\$ 77,463</u>

## 8. Capital Assets

The following is a summary of fiscal year 2011 activity in capital assets (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Structures and improvements	\$ 13,521	\$ 146	\$ -	\$ 13,667
Equipment and furnishings	29,251	1,181	(68)	30,364
Infrastructure	<u>72,602</u>	<u>3,176</u>	<u>(1,116)</u>	<u>74,662</u>
Total capital assets, being depreciated	115,374	4,503	(1,184)	118,693
Less accumulated depreciation for:				
Structures and improvements	(6,772)	(386)	-	(7,158)
Equipment and furnishings	(16,732)	(953)	68	(17,617)
Infrastructure	<u>(26,255)</u>	<u>(2,114)</u>	<u>745</u>	<u>(27,624)</u>
Total accumulated depreciation	<u>(49,759)</u>	<u>(3,453)</u>	<u>813</u>	<u>(52,399)</u>
Total capital assets, being depreciated, net	65,615	1,050	(371)	66,294
Capital assets, not being depreciated:				
Land	<u>1,266</u>	<u>-</u>	<u>-</u>	<u>1,266</u>
Total capital assets, not being depreciated	<u>1,266</u>	<u>-</u>	<u>-</u>	<u>1,266</u>
Capital assets, net	<u>\$ 66,881</u>	<u>\$ 1,050</u>	<u>\$ (371)</u>	<u>\$ 67,560</u>

## 9. Accounts Payable

Accounts payable represent fiscal 2011 expenses that were paid after June 30, 2011.

## 10. Customer Deposits

This balance represents deposits received from customers that are held in escrow.

**11. Customer Advances for Construction**

This balance represents deposits received from vendors in advance for work to be performed by the Department. The Department recognizes these deposits as revenue after the work has been completed.

**12. Accrued Liabilities**

Accrued liabilities consist of the following at June 30, 2011:

Accrued payroll	\$ 215,991
Accrued interest	3,550
Other	<u>171,119</u>
Total	<u>\$ 390,660</u>

**13. Accrued Employee Compensated Absences**

Department employees are granted sick leave in varying amounts. Upon retirement, termination, or death, employees are compensated for unused sick leave (subject to certain limitations) at their then current rates of pay.

**14. Restricted Net Assets**

The proprietary fund financial statements report restricted net assets when external constraints are placed on net assets. Specifically, restricted net assets represent depreciation fund reserves, which are restricted for future capital costs.

**15. Post-Employment Health Care and Life Insurance Benefits**

**Other Post-Employment Benefits**

The Department follows GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Revenues, Expenses, and Changes in Net Assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described in Note 16, the Department provides post-employment health and life insurance benefits for retired employees through the Town of Reading's Massachusetts Inter-local Insurance Association (MIIA) Health Benefits Trust. Benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2008, the actuarial valuation date, approximately 72 retirees and 64 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Department provides post-employment medical, prescription drug, and life insurance benefits to all eligible retirees and their surviving spouses. All active employees who retire from the Department and meet the eligibility criteria will be eligible to receive these benefits.

C. Funding Policy

As of the June 30, 2008, the actuarial valuation date, retirees were required to contribute 30% of the cost of the medical and prescription drug plan, as determined by the MIIA Health Benefits Trust. In 2010, this required contribution changed to 29%. Retirees also contribute 50% of the premium for a \$ 5,000 life insurance benefit. The Department contributes the remainder of the medical, prescription drug, and life insurance plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Department's fiscal 2011 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of twenty years. The following table shows the components of the Department's annual OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and the change in the Department's net OPEB obligation based on an actuarial valuation as of June 30, 2008.

Annual Required Contribution (ARC)	\$ 680,035
Interest on net OPEB obligation	225,946
Adjustment to ARC	-
Annual OPEB cost	905,981
Contributions made	(553,642)
Increase in net OPEB obligation	352,339
Net OPEB obligation - beginning of year	813,461
Net OPEB obligation - end of year	\$ 1,165,800

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and the two preceding fiscal years were as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/09	\$ 890,140	50.97%	\$ 436,402
06/30/10	\$ 878,668	57.09%	\$ 813,461
06/30/11	\$ 905,981	61.11%	\$ 1,165,800

The Department's net OPEB obligation as of June 30, 2011 is recorded as a component of the "noncurrent liabilities" line item in the Statements of Net Assets.

#### E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 8,085,388
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 8,085,388
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	Not available
UAAL as a percentage of covered payroll	Not available

In fiscal year 2010, the Department's Board of Commissioners voted to accept the provisions of Massachusetts General Law Chapter 32B §20, to create an *Other Post Employment Benefits Liability Trust Fund* as a mechanism to set aside monies to fund its OPEB liability. In fiscal year

2011, the department contributed \$ 1,165,800 to this fund, which was equal to its actuarially determined OPEB liability at June 30, 2011. Because these monies are not held in an irrevocable trust supported by a trust instrument, as required by GASB 45, they are reported as restricted net assets on the Department's Statements of Net Assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Department and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Department and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial value of assets was not determined, as the Department has not advance funded its obligation. The actuarial assumptions included a 7.75% investment rate of return and an initial annual health care cost trend rate of 10.0% which decreases to a 5.0% long-term rate for all health care benefits after seven years. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 2.5% per year for a period of 20 years.

**16. Pension Plan**

The Department follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the



State legislature has the authority to grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the Town of Reading Contributory Retirement system at Town Hall, Reading, MA.

A. Plan Description

The Department contributes to the Town of Reading Contributory Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a Town Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases.

B. Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Department is required to pay into the System its share of the remaining system wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Department are governed by Chapter 32 of the Massachusetts General Laws. The Department's contributions to the System for the years ended June 30, 2011, 2010, and 2009 were \$ 1,278,695, \$ 919,336, and \$ 896,185, respectively, which were equal to its annual required contributions for each of these years.

17. Participation in Massachusetts Municipal Wholesale Electric Company

The Town of Reading, acting through its Light Department, is a participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own, or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt ser-

vice to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC), and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) (formerly FPL Energy Seabrook LLC), the majority owner and an indirect subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC). The operating license for Seabrook Station extends to March, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

Reading Municipal Light Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make all payments due to MMWEC, whether or not the Project(s) is completed or operating, and notwithstanding the suspension or interruption of the output of the Project(s).

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

Seven municipal light departments that are Participants under PSAs with MMWEC have submitted a demand for arbitration of a dispute relating to charges under the PSAs. MMWEC cannot predict the outcome of the arbitration demand, but in the opinion of MMWEC management, it will not have a material adverse effect on the financial position of MMWEC.

Total capital expenditures for MMWEC's Projects amounted to \$ 1,578,484,000, of which \$ 113,067,000 represents the amount associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds totaling \$ 358,420,000, of which \$ 17,135,000 is associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. After the July 1, 2011 principal payment, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$ 420,481,000, of which \$ 19,693,000 is anticipated to be billed to the Department in the future.

The estimated aggregate amount of Reading Municipal Light Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at June 30, 2011 and estimated for future years is shown below.

	<u>Annual Costs</u>
For years ended June 30, 2012	\$ 4,583,000
2013	4,315,000
2014	3,706,000
2015	2,729,000
2016	2,700,000
2017 - 2020	<u>1,660,000</u>
Total	\$ <u>19,693,000</u>

In addition, under the PSA's, the Department is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in

which it participates. The Department's total O&M costs including debt service under the PSAs were \$ 14,683,000 and \$ 14,350,000 for the years ended June 30, 2011 and 2010, respectively.

**18. Environmental Remediation**

In August of 2009, while working on a transformer upgrade project at the GAW Substation, the Department discovered soil that was contaminated with polychlorinated biphenyls (PCB's). This contamination was traced to a capacitor bank lineup located on the south side of the Gaw Substation control house. Once utilized to stabilize voltage, these capacitor banks were removed from the Substation decades prior to the onset of the transformer upgrade project.

Site cleanup at Gaw Substation was conducted by a Commonwealth of Massachusetts Licensed Site Professional in compliance with United States Environmental Protection Agency (US EPA) and Massachusetts Department of Environmental Protection (MA DEP) regulations. Analysis, soil sampling, and remediation of the contaminated area began in fiscal year 2010 and was completed in fiscal year 2011.

As of June 30, 2011, environmental remediation costs related to the Gaw Substation project totaled \$ 2,482,826, of which, \$ 1,386,395 was expended in fiscal year 2011. The Department has temporarily modified its rate structure to include a Hazardous Material Charge of \$ 0.001/kWh, which is designed to recover a portion of the Gaw Substation soil remediation costs over the next three years.

**19. Leases**

**Related Party Transaction - Property Sub-Lease**

The Department is sub-leasing facilities to the Reading Massachusetts Town Employees Federal Credit Union. The original sub-lease agreement commenced in December 2000 and ended in November 2005. A new agreement, which extended the lease through November 30, 2008, was signed on December 1, 2005. An additional amendment, effective December 1, 2008, extends the lease through November 30, 2011. The following is the future minimum rental income for the years ending June 30:

2012	\$ <u>3,630</u>
Total	\$ <u><u>3,630</u></u>

**20. NStar Radial Transmission Charges**

Effective November 10, 1979, RMLD entered into FERC Rate Schedule No. 125 with Boston Edison Co. (now NStar) to transmit power to the Gaw Substation over two radial 115kV transmission lines (Lines 211-503 and 211-504). Rate Schedule No. 125 provided for RMLD to pay \$11,635 per month for the "support" (i.e., operation and maintenance costs) of these radial transmission lines. In approximately April 2003, NStar and National Grid constructed new facilities which "looped" Lines 211-503 and 211-504 and made them eligible for treatment as Pool Transmission Facilities ("PTF"). Once Lines 211-503 and 211-504 were reclassified from radial to PTF facilities, their costs became eligible for recovery through Regional Network Service rates paid by all customers under the ISO New England ("ISO-NE") Tariff under either of two alternatives. First, NStar could have rolled in the costs associated with those lines to its revenue requirement for Regional Network Service rates, which would be socialized by NStar throughout all New England. Second, NStar could have left Rate Schedule No. 125 in place as a "grandfathered" support agreement, and RMLD could have included the charges it paid under Rate Schedule No. 125 in its revenue requirement for the Regional Network Service Rates, which would be socialized by RMLD throughout all New England. However, RMLD was not notified that Lines 211-503 and 211-504 had been reclassified as PTF, and NStar left Rate Schedule No. 125 in place without advising RMLD of the opportunity to include its costs under that Rate Schedule in RMLD's revenue requirement for Regional Network Service rates.

In May 2011, RMLD discovered that NStar Lines 211-503 and 211-504 had been reclassified as PTF, and that continuation of Rate Schedule No. 125 in effect without including RMLD's payments in Regional Network Service rates was no longer appropriate. RMLD contacted NStar, and with the assistance of legal counsel, was able to terminate Rate Schedule No. 125 effective June 1, 2011. In light of the fact that Rate Schedule No. 125 contained a limitation of claims clause, previously upheld by the federal courts, that limited RMLD's ability to challenge bills issued within the previous twelve months, RMLD determined that its customers were better off if RMLD incorporated the costs of the terminated agreement in its Regional Network Service revenue requirement, through a true-up mechanism for the prior twelve months and for the five months of 2011 during which Rate Schedule No. 125 had been in effect. Between July 1, 2011 and June 30, 2012, the use of the Regional Network Service revenue requirement true-up mechanism will recover approximately \$220,968 in charges paid under Rate Schedule No. 125. The value of payments made under Rate Schedule No. 125 between June 2003 and December, 2009, which cannot be recovered due to the claims limitation under Rate Schedule No. 125 and the limited scope of available cost recovery under the ISO-NE Tariff, is approximately \$1,072,000.

READING, MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/08	\$ -	\$ 8,085,388	\$ 8,085,388	0.0%	N/A	N/A

See Independent Auditors' Report.

**ITEM 6.**

***August P&L Financials***

Dt: September 28, 2011

To: RMLB, Vincent F. Cameron, Jr., Jeanne Foti

Fr: Bob Fournier

**Sj: August 31, 2011 Report**

The results for the first two months ending August 31, 2011, for the fiscal year 2012 will be summarized in the following paragraphs. August showed a positive change in net assets.

**1) Change in Net Assets: (Page 3A)**

For the month of August, the net income or the positive change in net assets was \$769,308, bringing the year to date net income to \$1,467,172. The year to date budgeted net income was \$1,892,412, the difference being \$425,239 or 22.47%. Year to date fuel expenses exceeded fuel revenues by \$84,209.

**2) Revenues: (Page 11B)**

Year to date base revenues were under budget by \$449,428 or 4.75%. Actual base revenues were \$9.0 million compared to the budgeted amount of \$9.4 million.

**3) Expenses: (Page 12A)**

\*Year to date purchased power base expense was \$291,709 or 5.82% under budget. Actual purchased power base costs were \$4.7 million compared to the budgeted amount of \$5.0 million.

\*Year to date operating and maintenance (O&M) expenses combined were over budget by \$13,962 or .72%. Actual O&M expenses were \$1.940 million compared to the budgeted amount of \$1.926 million.

\*Depreciation expense and voluntary payments to the Towns were on budget.

**4) General Information:**

Year to date kwh sales (Page 5) were 138,858,489, which is 1.1 million kwh or .77%, behind of last year's figure.

**6) Budget Variance:**

Cumulatively, the five divisions were over budget by \$3,684 or .12%.





TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
8/31/11

	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
OPERATING REVENUES: (SCH D P.11)					
BASE REVENUE	3,934,767.36	4,635,891.43	8,024,393.12	9,007,475.12	12.25%
FUEL REVENUE	3,658,721.48	3,924,541.80	7,195,340.38	7,974,287.25	10.83%
PURCHASED POWER CAPACITY	425,695.76	(13,558.46)	947,064.82	(26,383.19)	-102.79%
FORFEITED DISCOUNTS	116,194.56	100,479.75	197,779.32	168,623.93	-14.74%
ENERGY CONSERVATION REVENUE	52,408.78	49,245.10	109,125.09	95,808.28	-12.20%
GAW REVENUE	0.00	71,367.85	0.00	138,878.44	100.00%
NYPA CREDIT	(49,929.96)	(52,328.74)	(148,431.70)	(131,492.39)	-11.41%
TOTAL OPERATING REVENUES	8,137,857.98	8,715,638.73	16,325,271.03	17,227,197.44	5.52%
OPERATING EXPENSES: (SCH E P.12)					
PURCHASED POWER BASE	2,492,886.25	2,470,472.10	4,966,750.11	4,719,964.14	-4.97%
PURCHASED POWER FUEL	4,151,871.47	3,795,607.97	8,706,980.03	7,927,004.80	-8.96%
OPERATING	600,970.55	780,688.60	1,339,864.21	1,500,221.40	11.97%
MAINTENANCE	569,416.51	316,881.59	774,147.76	440,584.65	-43.09%
DEPRECIATION	287,729.05	296,027.47	575,458.10	592,054.94	2.88%
VOLUNTARY PAYMENTS TO TOWNS	110,000.00	113,000.00	220,000.00	226,000.00	2.73%
TOTAL OPERATING EXPENSES	8,212,873.83	7,772,677.73	16,583,200.21	15,405,829.93	-7.10%
OPERATING INCOME	(75,015.85)	942,961.00	(257,929.18)	1,821,367.51	-806.15%
NONOPERATING REVENUES (EXPENSES)					
CONTRIBUTIONS IN AID OF CONST	4,765.20	3,566.00	9,901.20	3,686.00	-62.77%
RETURN ON INVESTMENT TO READING	(180,990.00)	(182,659.50)	(361,980.00)	(367,659.50)	1.57%
INTEREST INCOME	16,116.55	2,512.27	43,477.56	4,991.16	-88.52%
INTEREST EXPENSE	(1,019.19)	(506.83)	(2,036.31)	(1,010.54)	-50.37%
OTHER (MDSE AND AMORT)	9,037.68	3,435.00	11,408.68	5,798.00	-49.18%
TOTAL NONOPERATING REV (EXP)	(152,089.76)	(173,653.06)	(299,228.87)	(354,194.88)	18.37%
CHANGE IN NET ASSETS	(227,105.61)	769,307.94	(557,158.05)	1,467,172.63	-363.33%
NET ASSETS AT BEGINNING OF YEAR			88,039,716.12	90,819,864.61	3.16%
NET ASSETS AT END OF AUGUST			87,482,558.07	92,287,037.24	5.49%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
8/31/11

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE*	% CHANGE
OPERATING REVENUES: (SCH F P.11B)				
BASE REVENUE	9,007,475.12	9,456,904.00	(449,428.88)	-4.75%
FUEL REVENUE	7,974,287.25	8,142,405.00	(168,117.75)	-2.06%
PURCHASED POWER CAPACITY	(26,383.19)	(26,907.00)	523.81	-1.95%
FORFEITED DISCOUNTS	168,623.93	208,052.00	(39,428.07)	-18.95%
ENERGY CONSERVATION REVENUE	95,808.28	104,949.00	(9,140.72)	-8.71%
GAW REVENUE	138,878.44	115,626.00	23,252.44	20.11%
NYP& CREDIT	(131,492.39)	(100,000.00)	(31,492.39)	31.49%
TOTAL OPERATING REVENUES	17,227,197.44	17,901,029.00	(673,831.56)	-3.76%
OPERATING EXPENSES: (SCH G P.12A)				
PURCHASED POWER BASE	4,719,964.14	5,011,674.00	(291,709.86)	-5.82%
PURCHASED POWER FUEL	7,927,004.80	8,023,099.00	(96,094.20)	-1.20%
OPERATING	1,500,221.40	1,469,157.00	31,064.40	2.11%
MAINTENANCE	440,584.65	457,687.00	(17,102.35)	-3.74%
DEPRECIATION	592,054.94	600,000.00	(7,945.06)	-1.32%
VOLUNTARY PAYMENTS TO TOWNS	226,000.00	226,000.00	0.00	0.00%
TOTAL OPERATING EXPENSES	15,405,829.93	15,787,617.00	(381,787.07)	-2.42%
OPERATING INCOME	1,821,367.51	2,113,412.00	(292,044.49)	-13.82%
NONOPERATING REVENUES (EXPENSES)				
CONTRIBUTIONS IN AID OF CONST	3,686.00	100,000.00	(96,314.00)	-96.31%
RETURN ON INVESTMENT TO READING	(367,659.50)	(370,000.00)	2,340.50	-0.63%
INTEREST INCOME	4,991.16	30,000.00	(25,008.84)	-83.36%
INTEREST EXPENSE	(1,010.54)	(1,000.00)	(10.54)	1.05%
OTHER (MDSE AND AMORT)	5,798.00	20,000.00	(14,202.00)	-71.01%
TOTAL NONOPERATING REV (EXP)	(354,194.88)	(221,000.00)	(133,194.88)	60.27%
CHANGE IN NET ASSETS	1,467,172.63	1,892,412.00	(425,239.37)	-22.47%
NET ASSETS AT BEGINNING OF YEAR	90,819,864.61	88,039,716.12	2,780,148.49	3.16%
NET ASSETS AT END OF AUGUST	92,287,037.24	89,932,128.12	2,354,909.12	2.62%

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SALES OF KILOWATT HOURS  
8/31/11

	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
<b>SALES OF ELECTRICITY:</b>					
RESIDENTIAL SALES	28,850,386	28,745,853	57,735,656	54,281,938	-5.98%
COMM. AND INDUSTRIAL SALES	36,630,923	40,107,331	77,270,947	79,473,872	2.85%
PRIVATE STREET LIGHTING	70,898	72,779	142,232	145,578	2.35%
TOTAL PRIVATE CONSUMERS	<u>65,552,207</u>	<u>68,925,963</u>	<u>135,148,835</u>	<u>133,901,388</u>	-0.92%
<b>MUNICIPAL SALES:</b>					
STREET LIGHTING	238,701	239,052	477,554	478,104	0.12%
MUNICIPAL BUILDINGS	792,266	900,447	1,668,814	1,786,999	7.08%
TOTAL MUNICIPAL CONSUMERS	<u>1,030,967</u>	<u>1,139,499</u>	<u>2,146,368</u>	<u>2,265,103</u>	5.53%
SALES FOR RESALE	349,576	392,652	766,682	749,286	-2.27%
SCHOOL	822,236	900,987	1,870,028	1,942,712	3.89%
TOTAL KILOWATT HOURS SOLD	<u>67,754,986</u>	<u>71,359,101</u>	<u>139,931,913</u>	<u>138,858,489</u>	-0.77%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
KILOWATT HOURS SOLD BY TOWN  
8/31/11

MONTH		TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
	RESIDENTIAL	28,745,853	9,204,483	4,164,869	6,777,396	8,599,105
	COMM & IND	40,107,331	4,996,128	346,475	6,135,757	28,628,971
	PVT ST LIGHTS	72,779	14,081	1,360	21,268	36,070
	PUB ST LIGHTS	239,052	80,436	32,437	39,880	86,299
	MUNI BLDGS	900,447	201,421	163,628	194,295	341,103
	SALES/RESALE	392,652	392,652	0	0	0
	SCHOOL	900,987	328,165	216,938	103,320	252,564
	<b>TOTAL</b>	<b>71,359,101</b>	<b>15,217,366</b>	<b>4,925,707</b>	<b>13,271,916</b>	<b>37,944,112</b>
YEAR TO DATE						
	RESIDENTIAL	54,281,938	16,575,944	8,333,721	12,098,109	17,274,164
	COMM & IND	79,473,872	9,973,869	645,164	12,388,132	56,466,707
	PVT ST LIGHTS	145,578	28,162	2,720	42,556	72,140
	PUB ST LIGHTS	478,104	160,872	64,874	79,760	172,598
	MUNI BLDGS	1,786,999	394,507	312,029	384,917	695,546
	SALES/RESALE	749,286	749,286	0	0	0
	SCHOOL	1,942,712	705,988	458,340	234,280	544,104
	<b>TOTAL</b>	<b>138,858,489</b>	<b>28,588,628</b>	<b>9,816,848</b>	<b>25,227,754</b>	<b>75,225,259</b>
LAST YEAR TO DATE						
	RESIDENTIAL	57,735,656	17,364,659	8,957,644	13,139,600	18,273,753
	COMM & IND	77,270,947	9,604,314	629,891	11,794,291	55,242,451
	PVT ST LIGHTS	142,232	27,734	2,720	41,736	70,042
	PUB ST LIGHTS	477,554	160,872	65,026	79,314	172,342
	MUNI BLDGS	1,668,814	407,451	304,388	369,902	587,073
	SALES/RESALE	766,682	766,682	0	0	0
	SCHOOL	1,870,028	700,014	428,746	241,000	500,268
	<b>TOTAL</b>	<b>139,931,913</b>	<b>29,031,726</b>	<b>10,388,415</b>	<b>25,665,843</b>	<b>74,845,929</b>
KILOWATT HOURS SOLD TO TOTAL		TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
MONTH	RESIDENTIAL	40.29%	12.90%	5.84%	9.50%	12.05%
	COMM & IND	56.21%	7.00%	0.49%	8.60%	40.12%
	PVT ST LIGHTS	0.10%	0.02%	0.00%	0.03%	0.05%
	PUB ST LIGHTS	0.33%	0.11%	0.05%	0.06%	0.11%
	MUNI BLDGS	1.26%	0.28%	0.23%	0.27%	0.48%
	SALES/RESALE	0.55%	0.55%	0.00%	0.00%	0.00%
	SCHOOL	1.26%	0.46%	0.30%	0.14%	0.36%
	<b>TOTAL</b>	<b>100.00%</b>	<b>21.32%</b>	<b>6.91%</b>	<b>18.60%</b>	<b>53.17%</b>
YEAR TO DATE						
	RESIDENTIAL	39.09%	11.94%	6.00%	8.71%	12.44%
	COMM & IND	57.23%	7.18%	0.46%	8.92%	40.67%
	PVT ST LIGHTS	0.10%	0.02%	0.00%	0.03%	0.05%
	PUB ST LIGHTS	0.36%	0.12%	0.05%	0.06%	0.13%
	MUNI BLDGS	1.28%	0.28%	0.22%	0.28%	0.50%
	SALES/RESALE	0.54%	0.54%	0.00%	0.00%	0.00%
	SCHOOL	1.40%	0.51%	0.33%	0.17%	0.39%
	<b>TOTAL</b>	<b>100.00%</b>	<b>20.59%</b>	<b>7.06%</b>	<b>18.17%</b>	<b>54.18%</b>
LAST YEAR TO DATE						
	RESIDENTIAL	41.26%	12.41%	6.40%	9.39%	13.06%
	COMM & IND	55.22%	6.86%	0.45%	8.43%	39.48%
	PVT ST LIGHTS	0.10%	0.02%	0.00%	0.03%	0.05%
	PUB ST LIGHTS	0.34%	0.11%	0.05%	0.06%	0.12%
	MUNI BLDGS	1.19%	0.29%	0.22%	0.26%	0.42%
	SALES/RESALE	0.55%	0.55%	0.00%	0.00%	0.00%
	SCHOOL	1.34%	0.50%	0.31%	0.17%	0.36%
	<b>TOTAL</b>	<b>100.00%</b>	<b>20.74%</b>	<b>7.43%</b>	<b>18.34%</b>	<b>53.49%</b>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING REVENUE  
8/31/11

SCHEDULE D

	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
SALES OF ELECTRICITY:					
RESIDENTIAL SALES	3,511,565.35	3,806,148.25	6,879,969.30	7,322,937.84	6.44%
COMM AND INDUSTRIAL SALES	3,798,842.54	4,450,916.14	7,747,000.25	9,009,236.61	16.29%
PRIVATE STREET LIGHTING	9,744.90	6,287.79	19,186.66	17,283.09	-9.92%
TOTAL PRIVATE CONSUMERS	<u>7,320,152.79</u>	<u>8,263,352.18</u>	<u>14,646,156.21</u>	<u>16,349,457.54</u>	11.63%
MUNICIPAL SALES:					
STREET LIGHTING	44,179.65	30,425.08	87,161.49	77,845.67	-10.69%
MUNICIPAL BUILDINGS	89,579.98	109,257.10	182,613.85	221,332.99	21.20%
TOTAL MUNICIPAL CONSUMERS	<u>133,759.63</u>	<u>139,682.18</u>	<u>269,775.34</u>	<u>299,178.66</u>	10.90%
SALES FOR RESALE	40,549.79	48,694.01	86,795.19	94,709.96	9.12%
SCHOOL	99,026.63	108,704.86	217,006.76	238,416.21	9.87%
SUB-TOTAL	7,593,488.84	8,560,433.23	15,219,733.50	16,981,762.37	11.58%
FORFEITED DISCOUNTS	116,194.56	100,479.75	197,779.32	168,623.93	-14.74%
PURCHASED POWER CAPACITY	425,695.76	(13,558.46)	947,064.82	(26,383.19)	-102.79%
ENERGY CONSERVATION - RESIDENTIAL	14,431.42	20,120.83	28,880.32	37,996.04	31.56%
ENERGY CONSERVATION - COMMERCIAL	37,977.36	29,124.27	80,244.77	57,812.24	-27.96%
GAW REVENUE	0.00	71,367.85	0.00	138,878.44	100.00%
NYPA CREDIT	(49,929.96)	(52,328.74)	(148,431.70)	(131,492.39)	-11.41%
TOTAL REVENUE	<u>8,137,857.98</u>	<u>8,715,638.73</u>	<u>16,325,271.03</u>	<u>17,227,197.44</u>	5.52%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING REVENUE BY TOWN  
8/31/11

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	3,806,148.25	1,221,236.30	549,652.80	896,293.47	1,138,965.68
INDUS/MUNI BLDG	4,560,173.24	613,687.06	60,265.48	722,341.29	3,163,879.41
PUB. ST. LIGHTS	30,425.08	9,590.45	3,797.64	5,518.56	11,518.43
PRV. ST. LIGHTS	6,287.79	1,190.31	114.90	1,928.65	3,053.93
CO-OP RESALE	48,694.01	48,694.01	0.00	0.00	0.00
SCHOOL	108,704.86	39,919.22	25,384.65	12,989.94	30,411.05
TOTAL	<u>8,560,433.23</u>	<u>1,934,317.35</u>	<u>639,215.47</u>	<u>1,639,071.91</u>	<u>4,347,828.50</u>

THIS YEAR TO DATE

RESIDENTIAL	7,322,937.84	2,240,812.91	1,120,664.76	1,630,210.45	2,331,249.72
INDUS/MUNI BLDG	9,230,569.60	1,244,441.98	116,222.44	1,481,976.06	6,387,929.12
PUB. ST. LIGHTS	77,845.67	26,147.75	9,580.23	13,367.44	28,750.25
PRV. ST. LIGHTS	17,283.09	3,261.02	318.90	5,303.78	8,399.39
CO-OP RESALE	94,709.96	94,709.96	0.00	0.00	0.00
SCHOOL	238,416.21	87,513.60	54,761.67	29,716.35	66,424.59
TOTAL	<u>16,981,762.37</u>	<u>3,696,887.22</u>	<u>1,301,547.98</u>	<u>3,160,574.09</u>	<u>8,822,753.08</u>

LAST YEAR TO DATE

RESIDENTIAL	6,879,969.30	2,077,554.42	1,060,781.07	1,570,451.63	2,171,182.18
INDUS/MUNI BLDG	7,929,614.10	1,050,346.27	99,756.14	1,246,774.85	5,532,736.84
PUB. ST. LIGHTS	87,161.49	30,597.75	10,572.92	14,338.18	31,652.64
PRV. ST. LIGHTS	19,186.66	3,640.78	365.71	5,902.21	9,277.96
CO-OP RESALE	86,795.19	86,795.19	0.00	0.00	0.00
SCHOOL	217,006.76	80,929.51	48,468.37	28,813.81	58,795.07
TOTAL	<u>15,219,733.50</u>	<u>3,329,863.92</u>	<u>1,219,944.21</u>	<u>2,866,280.68</u>	<u>7,803,644.69</u>

PERCENTAGE OF OPERATING INCOME TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	44.46%	14.27%	6.42%	10.47%	13.30%
INDUS/MUNI BLDG	53.27%	7.17%	0.70%	8.44%	36.96%
PUB. ST. LIGHTS	0.36%	0.11%	0.04%	0.06%	0.15%
PRV. ST. LIGHTS	0.07%	0.01%	0.00%	0.02%	0.04%
CO-OP RESALE	0.57%	0.57%	0.00%	0.00%	0.00%
SCHOOL	1.27%	0.47%	0.30%	0.15%	0.35%
TOTAL	<u>100.00%</u>	<u>22.60%</u>	<u>7.46%</u>	<u>19.14%</u>	<u>50.80%</u>

THIS YEAR TO DATE

RESIDENTIAL	43.12%	13.20%	6.60%	9.60%	13.72%
INDUS/MUNI BLDG	54.36%	7.33%	0.68%	8.73%	37.62%
PUB. ST. LIGHTS	0.46%	0.15%	0.06%	0.08%	0.17%
PRV. ST. LIGHTS	0.10%	0.02%	0.00%	0.03%	0.05%
CO-OP RESALE	0.56%	0.56%	0.00%	0.00%	0.00%
SCHOOL	1.40%	0.52%	0.32%	0.17%	0.39%
TOTAL	<u>100.00%</u>	<u>21.78%</u>	<u>7.66%</u>	<u>18.61%</u>	<u>51.95%</u>

LAST YEAR TO DATE

RESIDENTIAL	45.20%	13.65%	6.97%	10.32%	14.26%
INDUS/MUNI BLDG	52.10%	6.90%	0.66%	8.19%	36.35%
PUB. ST. LIGHTS	0.57%	0.20%	0.07%	0.09%	0.21%
PRV. ST. LIGHTS	0.13%	0.02%	0.00%	0.04%	0.07%
CO-OP RESALE	0.57%	0.57%	0.00%	0.00%	0.00%
SCHOOL	1.43%	0.53%	0.32%	0.19%	0.39%
TOTAL	<u>100.00%</u>	<u>21.87%</u>	<u>8.02%</u>	<u>18.83%</u>	<u>51.28%</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED REVENUE VARIANCE REPORT  
8/31/11

SCHEDULE F

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
SALES OF ELECTRICITY:				
RESIDENTIAL	4,210,028.43	4,578,384.00	(368,355.57)	-8.05%
COMM AND INDUSTRIAL SALES PRIVATE STREET LIGHTING MUNICIPAL BUILDINGS	4,569,017.64	4,608,553.00	(39,535.36)	-0.86%
PUBLIC STREET LIGHTING	50,354.63	85,960.00	(35,605.37)	-41.42%
SALES FOR RESALE	51,716.00	61,653.00	(9,937.00)	-16.12%
SCHOOL	<u>126,358.42</u>	<u>122,354.00</u>	<u>4,004.42</u>	3.27%
TOTAL BASE SALES	9,007,475.12	9,456,904.00	(449,428.88)	-4.75%
TOTAL FUEL SALES	<u>7,974,287.25</u>	<u>8,142,405.00</u>	<u>(168,117.75)</u>	-2.06%
TOTAL OPERATING REVENUE	16,981,762.37	17,599,309.00	(617,546.63)	-3.51%
FORFEITED DISCOUNTS	168,623.93	208,052.00	(39,428.07)	-18.95%
PURCHASED POWER CAPACITY	(26,383.19)	(26,907.00)	523.81	-1.95%
ENERGY CONSERVATION - RESIDENTIAL	37,996.04	43,302.00	(5,305.96)	-12.25%
ENERGY CONSERVATION - COMMERCIAL	57,812.24	61,647.00	(3,834.76)	-6.22%
GAW REVENUE	138,878.44	115,626.00	23,252.44	20.11%
NYPA CREDIT	(131,492.39)	(100,000.00)	(31,492.39)	31.49%
TOTAL OPERATING REVENUES	<u><u>17,227,197.44</u></u>	<u><u>17,901,029.00</u></u>	<u><u>(673,831.56)</u></u>	-3.76%

\* ( ) = ACTUAL UNDER BUDGET



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING EXPENSES  
8/31/11

SCHEDULE E

OPERATION EXPENSES:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
PURCHASED POWER BASE EXPENSE	2,492,886.25	2,470,472.10	4,966,750.11	4,719,964.14	-4.97%
OPERATION SUPER AND ENGIN-TRANS	0.00	0.00	0.00	0.00	0.00%
OPERATION SUP AND ENGINEERING EXP	31,125.92	59,163.62	76,275.49	98,811.63	29.55%
STATION SUP LABOR AND MISC	8,229.53	12,670.96	18,234.52	23,305.66	27.81%
LINE MISC LABOR AND EXPENSE	50,705.66	64,480.84	102,621.20	107,957.41	5.20%
STATION LABOR AND EXPENSE	35,039.36	44,153.54	73,563.14	79,528.63	8.11%
STREET LIGHTING EXPENSE	4,212.93	8,570.00	7,203.07	14,589.00	102.54%
METER EXPENSE	25,852.63	31,136.28	48,330.64	46,837.57	-3.09%
MISC DISTRIBUTION EXPENSE	28,683.58	32,164.04	53,335.64	56,388.92	5.72%
METER READING LABOR & EXPENSE	6,059.26	10,588.52	16,091.98	18,361.85	14.11%
ACCT & COLL LABOR & EXPENSE	81,830.38	132,563.58	183,345.54	220,798.56	20.43%
UNCOLLECTIBLE ACCOUNTS	15,000.00	16,000.00	30,000.00	32,000.00	6.67%
ENERGY AUDIT EXPENSE	33,841.05	45,436.78	74,347.85	80,207.57	7.88%
ADMIN & GEN SALARIES	52,894.91	74,049.78	113,231.53	128,516.85	13.50%
OFFICE SUPPLIES & EXPENSE	26,438.35	17,165.72	45,547.15	22,965.80	-49.58%
OUTSIDE SERVICES	14,714.11	32,853.14	17,531.88	33,269.81	89.77%
PROPERTY INSURANCE	31,201.88	31,778.71	61,833.76	63,573.46	2.81%
INJURIES AND DAMAGES	3,547.70	744.29	7,928.03	1,473.68	-81.41%
EMPLOYEES PENSIONS & BENEFITS	99,822.20	103,019.13	294,914.26	314,625.49	6.68%
MISC GENERAL EXPENSE	17,557.68	22,135.78	24,520.88	30,300.81	23.57%
RENT EXPENSE	14,109.63	780.89	27,555.26	27,672.15	0.42%
ENERGY CONSERVATION	20,103.79	41,233.00	63,452.39	99,036.55	56.08%
TOTAL OPERATION EXPENSES	600,970.55	780,688.60	1,339,864.21	1,500,221.40	11.97%
MAINTENANCE EXPENSES:					
MAINT OF TRANSMISSION PLANT	227.08	227.10	454.16	454.20	0.01%
MAINT OF STRUCT AND EQUIPMT	10,273.72	22,316.09	18,223.56	35,418.16	94.35%
MAINT OF LINES - OH	90,491.03	203,891.02	182,937.43	275,680.67	50.70%
MAINT OF LINES - UG	2,304.99	(171.86)	24,706.62	14,042.13	-43.16%
MAINT OF LINE TRANSFORMERS **	397,411.15	635.03	446,884.34	635.03	-99.86%
MAINT OF ST LT & SIG SYSTEM	(16.77)	(17.44)	(97.14)	(138.37)	42.44%
MAINT OF GARAGE AND STOCKROOM	61,430.95	74,838.55	86,843.68	86,718.95	-0.14%
MAINT OF METERS	0.00	7,892.75	0.00	12,771.29	100.00%
MAINT OF GEN PLANT	7,294.36	7,270.35	14,195.11	15,002.59	5.69%
TOTAL MAINTENANCE EXPENSES	569,416.51	316,881.59	774,147.76	440,584.65	-43.09%
DEPRECIATION EXPENSE	287,729.05	296,027.47	575,458.10	592,054.94	2.88%
PURCHASED POWER FUEL EXPENSE	4,151,871.47	3,795,607.97	8,706,980.03	7,927,004.80	-8.96%
VOLUNTARY PAYMENTS TO TOWNS	110,000.00	113,000.00	220,000.00	226,000.00	2.73%
TOTAL OPERATING EXPENSES	8,212,873.83	7,772,677.73	16,583,200.21	15,405,829.93	-7.10%

\*\* FY 12 total includes GAW soil remediation expenses totalling \$0.00  
Total costs to date for entire project is \$2,482,825.80.

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED OPERATING EXPENSE VARIANCE REPORT  
8/31/11

SCHEDULE G

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
OPERATION EXPENSES:				
PURCHASED POWER BASE EXPENSE	4,719,964.14	5,011,674.00	(291,709.86)	-5.82%
OPERATION SUPER AND ENGIN-TRANS	0.00	0.00	0.00	0.00%
OPERATION SUP AND ENGINEERING EXP	98,811.63	68,030.00	30,781.63	45.25%
STATION SUP LABOR AND MISC	23,305.66	8,880.00	14,425.66	162.45%
LINE MISC LABOR AND EXPENSE	107,957.41	109,040.00	(1,082.59)	-0.99%
STATION LABOR AND EXPENSE	79,528.63	68,416.00	11,112.63	16.24%
STREET LIGHTING EXPENSE	14,589.00	13,944.00	645.00	4.63%
METER EXPENSE	46,837.57	22,347.00	24,490.57	109.59%
MISC DISTRIBUTION EXPENSE	56,388.92	54,174.00	2,214.92	4.09%
METER READING LABOR & EXPENSE	18,361.85	12,101.00	6,260.85	51.74%
ACCT & COLL LABOR & EXPENSE	220,798.56	220,571.00	227.56	0.10%
UNCOLLECTIBLE ACCOUNTS	32,000.00	32,000.00	0.00	0.00%
ENERGY AUDIT EXPENSE	80,207.57	65,434.00	14,773.57	22.58%
ADMIN & GEN SALARIES	128,516.85	113,174.00	15,342.85	13.56%
OFFICE SUPPLIES & EXPENSE	22,965.80	44,347.00	(21,381.20)	-48.21%
OUTSIDE SERVICES	33,269.81	54,995.00	(21,725.19)	-39.50%
PROPERTY INSURANCE	63,573.46	77,504.00	(13,930.54)	-17.97%
INJURIES AND DAMAGES	1,473.68	9,701.00	(8,227.32)	-84.81%
EMPLOYEES PENSIONS & BENEFITS	314,625.49	315,329.00	(703.51)	-0.22%
MISC GENERAL EXPENSE	30,300.81	34,230.00	(3,929.19)	-11.48%
RENT EXPENSE	27,672.15	35,334.00	(7,661.85)	-21.68%
ENERGY CONSERVATION	99,036.55	109,606.00	(10,569.45)	-9.64%
TOTAL OPERATION EXPENSES	1,500,221.40	1,469,157.00	31,064.40	2.11%
MAINTENANCE EXPENSES:				
MAINT OF TRANSMISSION PLANT	454.20	500.00	(45.80)	-9.16%
MAINT OF STRUCT AND EQUIPMENT	35,418.16	17,747.00	17,671.16	99.57%
MAINT OF LINES - OH	275,680.67	226,296.00	49,384.67	21.82%
MAINT OF LINES - UG	14,042.13	35,546.00	(21,503.87)	-60.50%
MAINT OF LINE TRANSFORMERS **	635.03	40,164.00	(39,528.97)	-98.42%
MAINT OF ST LT & SIG SYSTEM	(138.37)	1,556.00	(1,694.37)	-108.89%
MAINT OF GARAGE AND STOCKROOM	86,718.95	100,428.00	(13,709.05)	-13.65%
MAINT OF METERS	12,771.29	14,214.00	(1,442.71)	-10.15%
MAINT OF GEN PLANT	15,002.59	21,236.00	(6,233.41)	-29.35%
TOTAL MAINTENANCE EXPENSES	440,584.65	457,687.00	(17,102.35)	-3.74%
DEPRECIATION EXPENSE	592,054.94	600,000.00	(7,945.06)	-1.32%
PURCHASED POWER FUEL EXPENSE	7,927,004.80	8,023,099.00	(96,094.20)	-1.20%
VOLUNTARY PAYMENTS TO TOWNS	226,000.00	226,000.00	0.00	0.00%
TOTAL OPERATING EXPENSES	15,405,829.93	15,787,617.00	(381,787.07)	-2.42%

\* ( ) = ACTUAL UNDER BUDGET

\*\* FY 12 total includes GAW soil remediation expenses totalling \$0.00  
Total costs to date for entire project is \$2,482,825.80.

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED OPERATING EXPENSE VARIANCE REPORT  
8/31/11

OPERATION EXPENSES:	RESPONSIBLE SENIOR MANAGER	2012 ANNUAL BUDGET	ACTUAL YEAR TO DATE	REMAINING BUDGET BALANCE	REMAINING BUDGET %
PURCHASED POWER BASE EXPENSE	JP	27,402,177.00	4,719,964.14	22,682,212.86	82.78%
OPERATION SUPER AND ENGIN-TRANS	KS	0.00	0.00	0.00	0.00%
OPERATION SUP AND ENGINEERING EXP	KS	438,974.00	98,811.63	340,162.37	77.49%
STATION SUP LABOR AND MISC	KS	62,909.00	23,305.66	39,603.34	62.95%
LINE MISC LABOR AND EXPENSE	KS	692,484.00	107,957.41	584,526.59	84.41%
STATION LABOR AND EXPENSE	KS	441,924.00	79,528.63	362,395.37	82.00%
STREET LIGHTING EXPENSE	KS	85,338.00	14,589.00	70,749.00	82.90%
METER EXPENSE	DA	152,130.00	46,837.57	105,292.43	69.21%
MISC DISTRIBUTION EXPENSE	JD	352,508.00	56,388.92	296,119.08	84.00%
METER READING LABOR & EXPENSE	DA	76,220.00	18,361.85	57,858.15	75.91%
ACCT & COLL LABOR & EXPENSE	RF	1,427,255.00	220,798.56	1,206,456.44	84.53%
UNCOLLECTIBLE ACCOUNTS	RF	192,000.00	32,000.00	160,000.00	83.33%
ENERGY AUDIT EXPENSE	JP	414,098.00	80,207.57	333,890.43	80.63%
ADMIN & GEN SALARIES	VC	745,939.00	128,516.85	617,422.15	82.77%
OFFICE SUPPLIES & EXPENSE	VC	265,700.00	22,965.80	242,734.20	91.36%
OUTSIDE SERVICES	VC	454,250.00	33,269.81	420,980.19	92.68%
PROPERTY INSURANCE	JD	465,000.00	63,573.46	401,426.54	86.33%
INJURIES AND DAMAGES	JD	55,859.00	1,473.68	54,385.32	97.36%
EMPLOYEES PENSIONS & BENEFITS	JD	1,441,637.00	314,625.49	1,127,011.51	78.18%
MISC GENERAL EXPENSE	VC	203,091.00	30,300.81	172,790.19	85.08%
RENT EXPENSE	JD	212,000.00	27,672.15	184,327.85	86.95%
ENERGY CONSERVATION	JP	643,789.00	99,036.55	544,752.45	84.62%
TOTAL OPERATION EXPENSES		8,823,105.00	1,500,221.40	7,322,883.60	83.00%
MAINTENANCE EXPENSES:					
MAINT OF TRANSMISSION PLANT	KS	3,000.00	454.20	2,545.80	84.86%
MAINT OF STRUCT AND EQUIPMT	KS	107,072.00	35,418.16	71,653.84	66.92%
MAINT OF LINES - OH	KS	1,419,953.00	275,680.67	1,144,272.33	80.59%
MAINT OF LINES - UG	KS	214,037.00	14,042.13	199,994.87	93.44%
MAINT OF LINE TRANSFORMERS **	KS	188,500.00	635.03	187,864.97	99.66%
MAINT OF ST LT & SIG SYSTEM	JD	9,636.00	(138.37)	9,774.37	101.44%
MAINT OF GARAGE AND STOCKROOM	JD	662,139.00	86,718.95	575,420.05	86.90%
MAINT OF METERS	DA	85,444.00	12,771.29	72,672.71	85.05%
MAINT OF GEN PLANT	RF	127,620.00	15,002.59	112,617.41	88.24%
TOTAL MAINTENANCE EXPENSES		2,817,401.00	440,584.65	2,376,816.35	84.36%
DEPRECIATION EXPENSE	RF	3,600,000.00	592,054.94	3,007,945.06	83.55%
PURCHASED POWER FUEL EXPENSE	JP	39,768,817.00	7,927,004.80	31,841,812.20	80.07%
VOLUNTARY PAYMENTS TO TOWNS	RF	1,356,000.00	226,000.00	1,130,000.00	83.33%
TOTAL OPERATING EXPENSES		83,767,500.00	15,405,829.93	68,361,670.07	81.61%

\*\* FY 12 total includes GAW soil remediation expenses totalling \$0.00  
Total costs to date for entire project is \$2,482,825.80.

RMLD  
BUDGET VARIANCE REPORT  
FOR PERIOD ENDING AUGUST 31, 2011

DIVISIONS AND DEPARTMENTS	ACTUAL	BUDGET	VARIANCE	CHANGE
<u>ENGINEERING AND OPERATIONS:</u>				
E&O MGR	39,551	32,508	7,043	21.66%
ENGINEERING	108,128	71,947	36,181	50.29%
LINE	412,600	386,925	25,675	6.64%
METER READING	18,362	12,101	6,261	51.74%
METER TECHNICIANS	46,838	22,390	24,448	109.19%
STATION OP	102,886	77,296	25,589	33.11%
STATION TECHS	48,883	72,209	(23,326)	-32.30%
DIVISION TOTAL	777,247	675,376	101,870	15.08%
<u>ENERGY SERVICES:</u>	189,413	189,624	(210)	-0.11%
<u>GENERAL MANAGER:</u>				
GENERAL MANAGER	57,606	58,415	(809)	-1.38%
HUMAN RESOURCES	19,620	26,067	(6,447)	-24.73%
COMMUNITY RELATIONS	23,623	24,016	(393)	-1.64%
CAB	4,011	2,418	1,593	65.86%
BOARD	4,768	250	4,518	1807.05%
DIVISION TOTAL	109,627	111,166	(1,539)	-1.38%
<u>FACILITY MANAGER:</u>				
GENERAL BENEFITS	421,499	455,106	(33,607)	-7.38%
BUILDING MAINTENANCE	88,121	102,345	(14,224)	-13.90%
MATERIALS MANAGEMENT	56,389	54,424	1,965	3.61%
DIVISION TOTAL	566,009	611,875	(45,866)	-7.50%
<u>BUSINESS DIVISION:</u>				
ACCOUNTING	79,781	135,314	(55,532)	-41.04%
CUSTOMER SERVICE	112,581	102,229	10,351	10.13%
MIS	99,761	95,223	4,538	4.77%
MISCELLANEOUS DEDUCTIONS	1,193,112	1,203,040	(9,928)	-0.83%
DIVISION TOTAL	1,485,235	1,535,806	(50,571)	-3.29%
DIVISION TOTALS	3,127,532	3,123,847	3,684	0.12%
PURCHASED POWER - BASE	4,719,964	5,011,674	(291,710)	-5.82%
PURCHASED POWER - FUEL	7,927,005	8,023,099	(96,094)	-1.20%
TOTAL	15,774,500	16,158,620	(384,120)	-2.38%

