



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

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AGENDA

REGULAR SESSION

READING MUNICIPAL LIGHT DEPARTMENT CITIZENS' ADVISORY BOARD (CAB) MEETING

WEDNESDAY, NOVEMBER 18, 2015

6:30 PM

230 Ash Street, Winfred Spurr AV Room
Reading, MA 01867

1. Call Meeting to Order – G. Hooper, Chair

2. Approval of Minutes – G. Hooper, Chair

Suggested Motion: Move that the Citizens' Advisory Board approve the Minutes of the June 17, 2015, meeting as written.

Suggested Motion: Move that the Citizens' Advisory Board approve the Minutes of the October 21, 2015, meeting as written.

3. General Manager's Report – C. O'Brien, General Manager

- Town Meetings
- Annual Report

4. FY15 Audited Financial Report – W. Markiewicz, Accounting Operational Assistant

5. Financial Report: September 2015 – W. Markiewicz, Accounting Operational Assistant

6. Next Meeting – G. Hooper, Chair

7. Adjournment – G. Hooper, Chair

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



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2015-06-17

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Purpose: Regular Meeting

Session: General Session

Attendees: **Members - Present:**

Mr. George Hooper, Chair (Wilmington); Mr. David Nelson, Vice Chair (Lynnfield); Mr. David Mancuso, Secretary (Reading); Mr. Mark Chrisos (North Reading); Mr. Dennis Kelley (Wilmington)

Members - Not Present:

none

Others Present:

Mr. Philip Pacino, RMLD Board of Commissioners
Ms. Coleen O'Brien, Ms. Jane Parenteau, Ms. Kathleen Rybak

Minutes Respectfully Submitted By: Mr. David Mancuso, Secretary

Topics of Discussion:

1. **Call Meeting to Order – G. Hooper, Chair**

Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 pm and noted that the meeting was being audio recorded.

2. **Proposed Rate Adjustment – C. O' Brien, General Manager and J. Parenteau, Director of Integrated Resources**

Materials: FY2016 Base Rate Increase: Comparative Rates Present/Proposed, and MDPU #250-258 Rate Filings

Ms. O'Brien noted that RMLD has been writing a series of articles for the newspaper. One article is to prepare everyone for the transmission and capacity increases that will hit the New England area in 2017. The other addresses the last rate increase, the six-year plan, and the need to look at our operating ratio. The Organizational Study discussed RMLD's low operating ratio. RMLD must have enough money to be able to meet obligations. Therefore, RMLD is adjusting the operating ratio to ensure recovery of production costs and to meet all above and below line obligations. RMLD is allowed to make up to 8% and we were trying to keep it as low as possible, but from the perspective of running a business, that operating ratio was too low. Therefore, it is going up closer to what we are allowed to make and that is where we are going to keep it. Ms. O'Brien noted that she met with each of the town managers in March and told them that rates were probably going up between 3% to 5%. It actually came in at 3% when we did the analysis.

Ms. Parenteau noted that upon review of the updated figures on base sales (8 months actual and 4 months budget), the base revenues are coming in around \$21.4m. As we presented the FY16 Operating Budget to both the CAB and the Board of Commissioners, \$23m is the necessary base revenue amount. This can be achieved in two ways – increase kilowatt-hour sales or with a rate increase. This year our sales are down between 1%

and 3% (approximately – pending actual figures). In the FY16 budget, a 1% decrease in sales was forecasted. A base increase was necessary to get to the net income of approximately \$3m, which is just below 8% on the Departments return on investment (below the line, which we are allowed to make by law). The increases for the various rate classes are presented on the comparative table provided. Since it fluctuates based on usage and demand, we picked a snapshot - it could be higher or lower - if a customer uses more energy the overall rate increase is going to be smaller – it's just the way the math works. The base revenue represents around 25% of the overall bill and the power supply represents the remaining 75%. The good news is the power supply is forecast to remain pretty flat. Therefore, this small increase of 3% is relatively neutral when it comes to power supply. In further projections, that may go down a little because energy costs are coming in really low. For day-a-head clearing in May and June, energy prices are approximately \$20 per megawatt hour. That will be reflective in the fuel charge and we'll keep that as low as we can; that's a pass-through to our consumers.

Mr. Mancuso asked for clarification on the rate of return. We're going from (overall) 4% to 8% (what we are allowed by law). Ms. O'Brien responded that the budgets were between 6% and 7%. Mr. Mancuso confirmed we are just going up another 1% to make sure we have enough revenue coming in. Ms. Parenteau responded that it is a projection.

Ms. Parenteau reviewed the comparative rates on the table provided. The yellow lines are the proposed rates and the line above it is the current rate. Above that, is the percentage, based on the cents per kilowatt-hour conversion.

Mr. Chrisos questioned why the percentage increase is different on the various rate types. Ms. Parenteau responded, that there is a demand component and an energy component, and we break that up to show how we recover our fixed costs. Based on these examples, it just happens to be the ratio picked for a typical demand customer. We used the same assumptions we use to do rate comparisons. Mr. Chrisos asked about what information would be included in the press release. Ms. Parenteau responded that the spreadsheet is a tool for the Board. The press release will include an example for an average customer.

Ms. O'Brien noted, if the budget was 6.7% return on investment, and the sales were flat and starting to go down, it was coming closer to 2% and that wasn't enough money to pay our obligations. Therefore, we needed that rate increase right when I was hired. There were projections of sales that were not coming to fruition. We are trying to create a healthy margin, which was not there before. If sales start to dip, you still have to have that margin to pay your bills. Mr. Mancuso asked if there were a precipitous decline, then we still may have an interim rate increase, but it would have to be significant. So the additional 3% combined with the idea of moving to the maximum allowable under the law gives us some wiggle room – so that's really what we are buying. Ms. O'Brien confirmed that. After we did the cost of service, I committed to looking at it monthly, quarterly and annually, and then discussing it with the towns in March consistent with their budgets and making sure that everybody is on board with where we are and what the numbers are – it seemed to work well this year.

Mr. Nelson stated that when RMLD came out to Lynnfield and did the first increase presentation, there was not a lot of resistance to any of that from the Town.

Ms. O'Brien stated (as was noted at the budget review) there are just a couple of areas that could be considered "not fixed cost" – the majority of what we do is fixed. There are not a lot of areas that impact your expenses; we've gone through everything from an efficiency standpoint, but when you are doing an organizational restructure, sometimes it gets a little worse before it gets better.

Ms. Parenteau added that historically RMLD whittled away at that margin over years, and then going out three years would have a double-digit increase, which nobody likes. There are two approaches from a strategic stand point – you can plan for small annual increases or you can whittle away at that return and then all of sudden have a hefty increase. I think people really have a more difficult time with double-digit increases rather than small annual ones.

Mr. Nelson asked about the low-income rate. Ms. Parenteau responded that we developed the rate at the last cost of services study, and Customer Services is working to sign customer up for this program. The program basically eliminates the customer charge; we did not want to adjust the rates so that we would incentivize customers to use more kilowatt-hours. By removing the customer charge, they get a significant savings (on average for kilowatt-hour). Ms. Parenteau agreed to provide information to the CAB on the number of customers enrolled.

Mr. Mancuso asked about the lead-time to make the announcement about the rate increase. Ms. Parenteau responded that when we started doing the budgets, the increase was included as part of the Operating Budget and should have been presented to the CAB in May so that we could have had more lead-time. I neglected to bring that to the attention of Ms. O'Brien, so I phoned Chair Hooper in mid-May and said I need to bring this to the Board. It will need to be effective on July 1, if approved by the Board at their meeting on June 25. Ms. Parenteau apologized for the timing.

Mr. Chrisos asked about future increases. If we are in the same situation next year and revenue doesn't grow, there will probably be another low percent increase. Ms. Parenteau confirmed that. On top of that, power supply will be going up. Transmission rates were set effective June 1, and that was an 11% increase; it went from \$84 a kilowatt year to \$94 in a kilowatt year. We can develop programs to try to minimize that peak, but those are pass-through costs that are incorporated in this. Ms. Parenteau noted that the MMWEC projects had some working reserves that they are using this year to offset some outages in the nuclear plants so that reduced our capacity payment. Our transmission went up, but because of those working reserves, the capacity went down, so it is pretty flat. Next year that will not be the case with power supply. On top of any base increase, there will be additional power supply increases. Mr. Chrisos asked, a year from now, when you expect the real capacity charges to go through again, is it safe to assume that we would expect a higher rate increase? Ms. Parenteau confirmed that it affects the consumer so they have to pay more. Ms. O'Brien noted that that is exactly why we unbundled the rates last year when this was coming through. We don't want customers to be confused by the increases; 80% of your budget is power supply and it's a pass-through. What we are doing for power supply is the demand response programs - we are trying to run programs with customers to reduce peaks. We met with a reverse 911 service (Code Red) to discuss getting text and email alerts to customers on monthly transmission peaks and annual capacity peaks – we are doing a lot on that end to keep that down.

Chair Hooper asked if there were any other questions.

Mr. Nelson made a **Motion** that the Reading Municipal Light Department Citizens' Advisory Board recommend to the RMLD Board of Commissioners the adoption of the rates MDPU numbers 250, 251, 252, 253, 254, 255, 256, 257, 258 dated to be effective July 1, 2015, on the recommendation of the General Manager, seconded by Mr. Chrisos. Hearing no further discussion, **Motion carried 5:0:0** (5 in favor, 0 opposed, 0 absent).

3. Organizational and Reliability Studies: Next Steps – C. O'Brien, General Manager

Ms. O'Brien reported that the consultants presented the highlights of both the Reliability Study and the Organizational Study at the May 29 Board of Commissioners meeting. The Reliability Study is extremely technical. The Organizational Study includes a section on benchmarking as well as recommendations on organizational structure, which may or may not be implemented. There is some bargaining and negotiating information included in the report, therefore, the Board decided that we'd make it available if you would like to come in and look at it, but we are not distributing it publicly. Chair Hooper asked if it was because of the size of the study. Ms. O'Brien noted the Board and she felt that it included sensitive material. Mr. Hooper asked if it is a public document that someone could request. Ms. O'Brien responded yes. Ms. O'Brien stated that Leidos went over the highlights of the benchmarking, which was important, but she hesitates to send out organizational charts that may not be implemented. Mr. Nelson asked if there were action items. Ms. O'Brien responded that there are recommendations, which they went over in the presentations. All of the recommendations and timelines were taken right from the study and put onto the presentation. Mr. Nelson noted that the CAB has the slide presentations for both the Organizational and Reliability studies, and asked how the RMLD will track the recommendations and how the CAB will know what is done.

Ms. O'Brien responded that the organizational restructuring recommendations are being vetted as to whether or not it makes sense. There are a number of organizational structures that we are implementing. More time is needed to go through the recommendations to determine what we are doing and the timeline.

Mr. Nelson stated (moving to the Reliability Study) that at the presentation there were some concerns about substations - fencing, vegetation management, disconnected or cut copper. Ms. O'Brien responded that those are all being addressed- they are being prioritized and there is a timeline associated with those as well. There are feeders that are overloaded and we have to look at those and do more calculations; a new substation in Wilmington is in the Budget. Some of those feeders can be separated, and the load put on the new substation. It all has to be scheduled out. Mr. Nelson stated, if circumstances align themselves, it could be a big liability for RMLD to have some of these things go wrong. That was brought up. Ms. O'Brien responded that safety issues are addressed immediately. If it was safety related, they are being addressed already. Mr. Nelson asked about substation fencing and high voltage signage requirements. Ms. O'Brien responded that there is an Arc Flash Study that was supposed to be done by law in 2007, and it wasn't done. The Reliability Report had said that RMLD did not do an arc flash study, however, Mr. Jaffari and Ms. O'Brien were already doing it. It is completed and being implemented. Implementation will include a written procedure, appropriate signage, staff training, and purchase of appropriate FR clothing. Nelson continue, for the public (when they come up to a substation fence) there is normally a sign that says danger high voltage keep out. Ms. O'Brien responded that now the sign has to say that, and it has to say what the address is, and state the worst case calorie (heat measure) hazardous arc flash. Ms. O'Brien noted that implementation is big; it has big impact and affects a lot of different areas. We are working on implementing that now.

Mr. Chrisos asked if staff could provide some type of action tracker listing all the recommendations, whether or not they will be implemented, their priority including timeline for completion (i.e., priority A should get done in six months, B a year, and C maybe 24 months), which could be used to provide quarterly status updates to the CAB. Ms. O'Brien noted that the report recommendations were laid out in priority. What we did was take everything and put it into the Budget. So the reliability that was scheduled (as an example) for the first five years was then overlaid into the budget. Mr. Chrisos noted that he was concentrating on the Organizational Study. The group discussed the

challenges of vetting and then implementing the recommendations within budget and within a reasonable timeframe.

Ms. O'Brien reported that the first phase is going through the recommendations and making sure that they are all being addressed or they are going to be in phase one or phase two. The second phase is completing the career development plans for each of the employees, update all of the job descriptions, and reorganize in accordance with the majority of what they recommended. The next phase is leadership assessments and change management. Leidos is coming back to help with this. You then do leadership assessment and create the strategic plan. Ms. O'Brien acknowledged the request of the CAB to provide quarterly updates on the recommendations of the Reliability and Organizational studies to include what we're doing with each recommendation; and if we are doing it, verify the timeline, and the cost and in what year we are going to do it.

Mr. Mancuso reiterated that we want to show not just what we are going to do, but what we choose not to do and why. Going back to the comment about the public records; unless it is exempt, it has to be a public record, and therefore, it would be great to have that record of both – we choose to do this and we choose not to do this and why. Ms. O'Brien agreed, noting that she does not think there is much that we are not going to do. From the reliability standpoint, it's pretty accurate with what we had already developed, but it was validating spending the money (on the study) and what needs to be done with the system and helped us with the prioritization because a lot of the system modeling we cannot do without the GIS done yet. And the organizational structure, we're going to be doing the majority of it – it's just trying to figure out what's coming first when you are dealing with unions.

Mr. Mancuso stated, as a housekeeping issue, the Commissioners may want to discuss, if someone did ask for a copy, you have a right to charge for copies being made; it's just a question of what you would want to charge because you have some leeway there. They need to make a decision on that. Ms. O'Brien noted that she understood that.

Chair Hooper asked if there were any other questions.

4. Economic Development – G. Hooper, Chair

Chair Hooper noted that Mr. Mancuso had requested this Agenda item. Mr. Mancuso stated (to the point Ms. Parenteau earlier) that RMLD has either one of two options (to increase revenue) – the cycle of continuous rate increases or the ability to grow load. The CAB had a great conversation at the last meeting about looking at telephony services with the potential of broadband. Mr. Mancuso suggested, as a first step, (as we already sell electricity and have all the infrastructure and the competence to do that) that it might make sense for the CAB to suggest to the Commission that they take a methodical approach to working hand-in-hand with each community to identify their economic development plans. What the profile of those companies are – where they want to locate them – what impact that would have on RMLD – whether RMLD has suggestions about the way that we might go about that and then to actually provide some counsels to these communities about what the load growth potential is for each of these businesses. Mr. Mancuso noted that he has an idea about an outline; I think it is our job to suggest to the Commission that they consider putting this on the agenda as something that they want to talk about and that they consider it valuable. We can then work collaboratively and suggest ideas on what that might look like.

Ms. O'Brien gave an overview of how RMLD currently receives information regarding new developments. Ms. O'Brien note that she would like to develop a service requirements handbook – a comprehensive one-stop shopping book that she has done in the past. When posted on-line, it will help the customers know everything around new construction. The group discussed how the RMLD, CAB and/or Commission could be helpful to the communities in any of their economic development initiatives. There was concern raised about overstepping bounds. The group acknowledged that some

communities may not welcome commercial growth, but that they should understand how that would impact rates as load/sales level off or decline.

Mr. Nelson asked if Mr. Mancuso was asking the CAB to make a motion on something or just agree to let the Commissioners know that it is something that we would be interested to pursue further. Mr. Mancuso responded that he wanted to have the conversation to see what everyone's thinking was. If it would make sense, we can formulate an appropriate motion if not tonight, soon, that advises the Commission to work on a collaborative approach to economic development with the goal of growing load.

Ms. O'Brien offered to draft a letter to the town managers to remind them about the municipal benefits that RMLD offers, and ask them to share the information with their economic development. Ms. O'Brien reiterated that we cannot overstep our boundary. Chair Hooper agreed that a letter would be a good starting point. Chair Hooper asked Mr. Pacino, if the Commission had ever discussed anything that we've touched upon. Mr. Pacino responded, no. There are some on-going discussions on broadband now. On economic development, based on this discussion, I am wondering what role we play and how would we even execute this without overstepping.

Mr. Mancuso addressed the issue of overstepping. Our job is to provide advice to the Commission to keep this institution healthy and growing and thriving. We are in a situation where we have two choices – grow load or see increase in rates. Economic development and collaborating on economic development resolves one of our biggest problems. I don't see how we are overstepping. Mr. Mancuso stated that he thinks there is an opportunity to have more meaningful conversations and play a more meaningful role.

Mr. Hooper asked if there were any other questions. Mr. Nelson responded that he thought more discussion about it would be good. But, noted Lynnfield does not have a lot of open land.

5. Next Meeting – G. Hooper, Chair

The next meeting of the CAB was scheduled for Wednesday, August 12th. Chair Hooper noted that he would not be available. Vice Chair Nelson will preside over the meeting in his absence.

Chair Hooper asked Mr. Pacino if he had anything to say. Mr. Pacino did not have any comments.

Chair Hooper asked if there was anything for the next meeting. Mr. Chrisos requested an update on the community solar project (the Reading model). Ms. Parenteau reported that Mr. Ollila met with the Town Manager in North Reading. Mr. Ollila reported that RMLD is working with Reading and that once we get a successful model in Reading we would like to reach out to the other communities. Staff agreed to provide an update when more information becomes available.

Ms. Parenteau reported that RMLD sent out the RFP for the 2016-19 energy. Indicative bids are anticipated and depending on how those look, we may or may not enact contracts on June 29 subject to pricing, which is very low right now based on some of the reports from our gas indices. They are thinking it might be a season low (which historically has happened in late fall), so we are trying to take advantage of that. Mr. Chrisos asked about the highest price. Ms. Parenteau responded that it can get to \$800-\$1,000 per megawatt hour. Currently it is in the \$19-\$20 range. It is extremely low since there is sufficient gas and temperatures have been low. The injections have been considerably high, so the storage levels are at/or above the five-year average. Based on these low prices, it might be an opportune time to lock in prices.

6. Motion to Adjourn – G. Hooper, Chair

Mr. Nelson made a ***Motion*** to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Kelley. Hearing no further discussion, ***Motion carried 5:0:0 (5 in favor, 0 opposed, 0 absent).***

The Citizens' Advisory Board Meeting adjourned at 7:44 p.m.

As approved on _____

DRAFT



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2015-10-21

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Purpose: Regular Business

Session: General Session

Attendees: **Members - Present:**

Mr. George Hooper, Chair (Wilmington); Mr. David Mancuso, Secretary (Reading); Mr. Mark Chrisos (North Reading); Mr. Dennis Kelley (Wilmington)

Members - Not Present:

Mr. David Nelson, Vice Chair (Lynnfield)

Others Present:

Mr. Philip Pacino, Board of Commissioners
Ms. Coleen O'Brien, Ms. Priscilla Gottwald, Mr. Rahul Shah,
Ms. Tirzah Shakespeare

Minutes Respectfully Submitted By: Mr. David Mancuso, Secretary

Topics of Discussion:

1. **Call Meeting to Order – G. Hooper, Chair**

Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 p.m. and noted that the meeting was being audio recorded.

2. **Approval of Minutes – G. Hooper, Chair**

Materials: Draft February 11, 2015, Minutes; Draft August 12, 2015, Minutes; and Draft September 16, 2015 Minutes

Mr. Mancuso made a motion that the Citizens' Advisory Board approve the Minutes of the February 11, 2015, meeting as written, seconded by Mr. Chrisos. Hearing no further discussion, **Motion carried 4:0:1** (4 in favor, 0 opposed, 1 absent).

Mr. Mancuso made a motion that the Citizens' Advisory Board approve the minutes of the August 12, 2015, meeting as written, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 4:0:1** (4 in favor, 0 opposed, 1 absent).

Mr. Mancuso made a motion that the Citizens' Advisory Board approve the minutes of the September 16, 2015, meeting as written, seconded by Mr. Chrisos. Hearing no further discussion, **Motion carried 4:0:1** (4 in favor, 0 opposed, 1 absent).

Ms. O'Brien provided an update on the status of the minutes as requested by Secretary Mancuso. There are six outstanding sets of minutes from previous meetings and Ms. O'Brien committed to getting them completed and out to Secretary Mancuso for review by the end of November. Ms. O'Brien reviewed the process for completing minutes. Ms. O'Brien will be looking into options to get additional assistance with the minutes and will keep the CAB and Commission informed about the status. Mr. Chrisos asked if

there is a statutory timeline. Ms. O'Brien responded that a draft, which is not clearly defined, is supposed to be completed within ten days. Mr. Mancuso thanked Ms. O'Brien for the update.

3. General Manager's Report – C. O'Brien, General Manager

Ms. O'Brien introduced Priscilla Gottwald, Community Relations Manager, who was present to provide an update on recent events and upcoming plans. Ms. Gottwald gave an overview of the Public Power Open House, which was held on October 8. This year we centered on what RMLD does inside, so people would know what goes on to make an electric utility work. RCTV was present and taped the event. In addition to department displays, we had electric vehicles and chargers, a band, face painting and other activities. With over 200 children and parents, it was a success.

Ms. Gottwald provided an overview of the annual RMLD T-shirt Contest, which is in its second decade. It reaches a different audience of 1,000 kids every year (third grade in Reading and fourth grade in the other towns). We send the schools educational activities books, t-shirts and markers, as well as teacher guides. The focus is electrical safety and conservation. Students make their own designs (on the t-shirts). We ask each school to submit 25 t-shirts, and we then select winners from each town. A calendar depicting the t-shirt designs is produced, and we host a reception in January for the winners (with superintendents, principals, teachers, and the families attending). It is a nice feel good night.

Ms. Gottwald is also working on the Annual Report, which has been brought in-house this year, and the 2016 historical calendar, which is in draft. New this year is a holiday light decoration contest. A winner will be selected in each town. RMLD will also have a system-wide school competition, to promote our online store. EFI (the on-line store) will have all the schools listed. When purchasing lights, the customer will check a school and that school will get points. Ms. Gottwald noted that a lot of scouting troops come in for tours at this time of year. We give them a presentation on conservation/electrical safety. We will also go out to the schools when requested.

Ms. O'Brien added that (for the Open House) we were able to do the event for a very efficient amount of money. Because of the grants and the rebate programs, we focused on the electric cars and chargers in an effort to determine public interest in these type of things. The whole concept of the Open House was "peak performance" which will carry into the Annual Report. Mr. Mancuso asked if the t-shirt contest was going to follow the peak performance theme - trying to educate the kids on peak performance. Ms. O'Brien responded that similar to conservation, we will work to educate children on that message; it is something we may be able to do in the future.

Ms. O'Brien noted that she is preparing a slide presentation for the Reading Town Meeting, and will share it with the CAB once it is completed.

4. Commercial LED Lighting Program – G. Hooper, Chair

Materials: RMLD Commercial Lighting Rebates Program Slide Presentation

Chair Hooper noted that he had requested this item for an update on where we are currently with the commercial light rebate programs. Ms. Tirzah Shakespeare and Mr. Rahul Shah, Integrated Resources Engineers, introduced themselves and gave a brief overview of their background and experience.

Ms. Shakespeare gave an overview of the RMLD Commercial Lighting Program, which includes LED conversions, LED retrofits, and LED new construction (Slide 1). RMLD has moved away from florescent fixtures. The standard building efficiency right now is a T8 requirement, so we want to bring our customers into the next level of efficiency.

Ms. Shakespeare reviewed Slide 2: Program Eligibility and Criteria. The push for LEDs, and the MLP grants, has allowed us to give an extra \$75,000 to commercial customers

and push the maximum for the projects to \$20,000 (from \$15,000 for municipals and \$10,000 for commercial). All projects must be energy star certified and DLC listed. These are our standards of measurement to be sure our customers are using products that are going to benefit our customers down the line.

Slide 3 is available on the RMLD website under commercial customers. This chart outlines every category of LED that we accept. We left it a little bit broad so that when customers are looking to put in product, if something needs to be a bit more customized, we can allow that for our customers as well. Each fixture is listed with an incentive rate. This is a one-for-one, and does not include de-lamping (as was provided with our older program); right now, we are just looking at the new install and having them be the most efficient. Ms. Shakespeare reviewed the various incentives. We are trying to get ahead of the curve with the smart lighting and controls so we have included the sensors and controls. However, we did include a caveat at the bottom so that customers looking to do custom projects can contact us, and we will work with them hand-in-hand to consult as well as manage the project with them.

Slide 4 provided a summary for FY2015. Ms. Shakespeare noted that \$75,000 of the \$200,000 fund dollars is the MLP grant. We were able to use the entire \$75,000 within a year and a half. There are projects that are still open, and we don't calculate the full-on savings to our peak-end for our customer until the very end of the project. Ms. Shakespeare asked if there were any questions about the program.

Mr. Kelley asked about unplanned, smaller changeovers – as something goes out we are going to LED. How would we handle the smaller scale to make sure we are getting money back wherever we can? Ms. Shakespeare responded that on the smaller scale, we would usually talk to the customer and see what is best for their calendar. The program is ongoing, so we like to make it flexible for the customer. We can track it over time and then figure out how many fixtures they replaced, and what the monetary value is for those. We can then give them an incentive break and determine if they want to complete that rebate and then move onto the next segment, or we can just hold it out and total it to the end of the year.

Mr. Chrisos asked about the disposal of old materials. Ms. Shakespeare responded that as part of the program, we ask that customers have a qualified electrician do all of the work. It is their responsibility, but if they have questions, we can provide advice.

Chair Hooper commented that it is a great opportunity especially for load shedding. However, many companies have changed over from either T12 eight-footer or quartz fixtures to metal halide or high-pressure sodium. They've invested for the long-term and now it's changed again. Now we're at LED and we are going back through and reinventing it all over again.

Ms. Shakespeare noted that one of the great things about this program is it lends a hand to the electricians when they are working with the customer – its not just about the cost reduction in terms of what you are saving in energy, but you are saving in maintenance. The group discussed the effectiveness of the luminance (brightness) of the LED lights in particular for security applications.

The CAB members thanked Ms. Shakespeare and Mr. Shah.

Chair Hooper asked if there were any additional comments. Ms. O'Brien noted that RMLD has gone to an internal "SharePoint" website, which allows for sharing of documents and elimination of paper. When this is complete, we are going to update the external website so that its more dashboard focused. Eventually, the website will be more focused on programs and the products that we are trying to get to, and we will include learning tools for children.

Chair Hooper asked Mr. Pacino if he had anything to add. Mr. Pacino reported that the Reading Board of Selectmen has requested a presentation from Mr. Talbot on monetizing fiber – opportunities for public power utilities. The date has not yet been set. Mr. Pacino noted that Mr. Talbot had asked the Commission if there was any problem with him doing the presentation, and the Commission had no objections.

Mr. Kelley asked if he could return to the discussion on rebates for an additional question. LED's were installed at the new Wilmington High School. Do they qualify for the rebates program? Ms. Shakespeare responded yes. Now that the high school is completed, an Integrated Resources Engineer can look at that on a custom basis to see what it would be eligible for just on the demand reduction side. More than likely, we would prequalify for the full \$20,000, and just go one-for-one to see what the actual reduction is. Mr. Chrisos asked if North Reading had done the same with their new high school and athletic fields. Ms. Shakespeare responded yes. With the high school, while it was still under construction, we did a walk through looking at all the equipment (lighting, HVAC, etc.) They will be eligible; it just has not been completed yet.

Chair Hooper noted that Wilmington is doing some conversions with heating systems, and the heat pumps and motors. Ms. Shakespeare noted that that is a separate program, but is eligible for up to \$50,000.

Mr. Kelley noted that because of the way the budgets are handled in Wilmington, the schools' electricity is billed to the schools. Every other public building is billed to the Public Buildings Department. Would Wilmington qualify for two separate \$20,000 rebates or just one? Ms. Shakespeare responded yes that would be separate. Normally, in the terms and conditions, we would say its \$20,000 per customer regardless of multiple accounts, but this is a different scenario where you are governing different accounts. The schools are the customer and the town buildings are separate.

Ms. O'Brien asked to continue and noted that she has met with three of the four town managers who will be scheduling selectmen updates. I mentioned to the town managers that we will be seeing transmission and capacity increases starting next year. The current numbers are based on re-running the cost of service models, and we are looking at about a 7-9% overall increase to the customer; approximately 2% of the increase is for operating expenses and the rest is power supply. By March, we segway into the towns' budgets, by giving more formal numbers. I have been trying to go over the capacity and transmission increase coming down the pike so no one is going to be surprised. Chair Hooper noted that he will be doing budgeting prep in November to have it ready for Town Meeting. Ms. O'Brien responded that that is why we send out preliminary figures. Ms. Parenteau can put that together and send it to the CAB. It will be preliminary though.

Mr. Chrisos noted that the newspaper articles preparing everyone for these increases were very good. The group agreed that they should be rerun at some point. Mr. Chrisos asked if we get phone calls from anyone about the articles. Ms. Gottwald responded that she does not get too many phone calls, but she is on the Chamber Board in Reading and North Reading, and is also a North Reading Rotarian. RMLD also has Rotarians in each of the towns and we are readily available for any questions. Ms. Gottwald noted that she has recently received inquiries about solar. Ms. Parenteau has asked Ms. Gottwald to get in contact with some of the cable TV companies and the libraries to see if they would be interested in any kind of public forum during the winter months. Solar would be a good subject, because people want to know how it works. Chair Hooper noted that it was a great idea. Ms. O'Brien stated that solar rebates for RMLD is not the same as the IOUs. The IOU's who have a 2% collaborative account funded by millions of customers. They are trying to make it affordable, and the payback is supposed to be less than four years. Chair Hooper noted that the Wilmington library does a couple of discussion panels for the community, which might be a good opportunity. The group talked about various public forums available such as

Rotary Club and Chamber of Commerce meetings, cable TV, etc. Ms. O'Brien agreed to work on some public forums.

5. Next Meeting – G. Hooper, Chair

The next meeting of the CAB was scheduled for Wednesday, November 18.

6. Motion to Adjourn – G. Hooper, Chair

Mr. Mancuso made a ***Motion*** to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Chrisos. Hearing no further discussion, ***Motion carried 4:0:1 (4 in favor, 0 opposed, 1 absent).***

The Citizens' Advisory Board Meeting adjourned at 7:17 p.m.

As approved on _____

DRAFT

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

Annual Financial Statements

For the Year Ended June 30, 2015

Reading Municipal Light Department

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INDEPENDENT AUDITORS' REPORT

To the Municipal Light Board
Town of Reading Municipal Light Department

Additional Offices:
Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

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, Massachusetts), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Department's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Department's fiscal year 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2014. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

October 29, 2015

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 Department's financial activities for the year ended June 30, 2015. 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 Proprietary Fund Statements of Net Position, (2) the Proprietary Fund Statements of Revenues, Expenses and Changes in Net Position, (3) the Proprietary Fund Statements of Cash Flows, (4) the Fiduciary Funds Statements of Fiduciary Net Position, (5) the Fiduciary Funds Statements of Changes in Fiduciary Net Position, and (6) Notes to Financial Statements.

The Proprietary Fund Statements of Net Position is designed to indicate our financial position at a specific point in time. At June 30, 2015, it shows our net worth of \$101,445,083 which comprises \$69,916,349 invested in capital assets, \$5,434,308 restricted for depreciation fund, and \$26,094,426 unrestricted.

The Proprietary Fund Statements of Revenues, Expenses and Changes in Net Position summarize our operating results and reveal 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, 2015 was \$3,241,276.

The Proprietary Fund Statements of Cash Flows provide information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our Proprietary Fund Statements of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses in fiscal year 2015.

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

Summary of Net Position

	<u>2015</u>	<u>2014</u>
Current assets	\$ 23,184,226	\$ 21,584,528
Noncurrent assets	93,572,180	90,733,116
Deferred outflows of resources	<u>1,547,815</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 118,304,221</u>	<u>\$ 112,317,644</u>
Current liabilities	\$ 9,330,904	\$ 7,721,376
Noncurrent liabilities	<u>7,528,234</u>	<u>2,722,934</u>
Total liabilities	16,859,138	10,444,310

(continued)

(continued)

Net position:		
Net investment in capital assets	69,916,349	70,194,105
Restricted for depreciation fund	5,434,308	4,130,585
Unrestricted	<u>26,094,426</u>	<u>27,548,644</u>
Total net position	<u>101,445,083</u>	<u>101,873,334</u>
Total liabilities and net position	<u>\$ 118,304,221</u>	<u>\$ 112,317,644</u>

Summary of Changes in Net Position

	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 85,005,786	\$ 84,364,480
Operating expenses	<u>(80,359,819)</u>	<u>(79,294,372)</u>
Operating income	4,645,967	5,070,108
Non-operating revenues (expenses)	<u>(1,404,691)</u>	<u>(1,513,953)</u>
Change in net position	3,241,276	3,556,155
Beginning net position, as restated	<u>98,203,807</u>	<u>98,317,179</u>
Ending net position	<u>\$ 101,445,083</u>	<u>\$ 101,873,334</u>

As discussed in Note 21, the proprietary fund's fiscal year 2015 beginning net position has been restated to reflect the Department's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. However, the proprietary fund's comparative information for fiscal year 2014 has not been restated.

B. FINANCIAL HIGHLIGHTS

Electric sales (net of discounts) were \$83,985,195 in fiscal year 2015, an increase of 5.4% from the prior year. In fiscal year 2015, kilowatt hours sold increased by 0.2% to 689,722,742, compared to 688,104,698 in fiscal year 2014. In fiscal year 2015, customers were charged \$1,047,590 in purchase power fuel charge adjustments, compared to charges of \$1,523,208 in fiscal year 2014.

In fiscal year 2015, the Department restructured its rates and began billing customers purchase power capacity and transmission costs separately from the base rate. As a result of this restructuring, customer bills no longer include a purchase power adjustment. In fiscal year 2015, customers were credited purchase power capacity and transmission adjustments of \$(26,999).

Operating expenses totaled \$80,359,819 in fiscal year 2015, an overall increase of 1.3% from fiscal year 2014. The largest portion of this total, \$61,073,227, was for purchase power costs. Other operating expenses included \$14,029,399 for general operating and maintenance costs, \$1,395,728 for voluntary payments to Towns, and depreciation expense of \$3,861,465. In fiscal year 2015, the depreciation rate was 3.0%.

In fiscal year 2015, the Department contributed \$1,500,000 to the Reading Municipal Light Department Employees' Retirement Trust ("Pension Trust") and the Pension Trust contributed \$1,401,638 to the Town of Reading Contributory Retirement System on behalf of the Department's employees.

In fiscal year 2015, the Department contributed \$345,382 to the Other Post-Employment Benefits Trust ("OPEB Trust"), which was equal to its actuarially determined liability at June 30, 2015. As a result, the Department had no unfunded OPEB liability at June 30, 2015. Additional information on the Department's OPEB contributions can be found in Note 16 on pages 21-24 of this report.

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 \$68,650,507 (net of accumulated depreciation), a decrease of \$(277,756) from the prior year. This investment in depreciable capital assets includes structures and improvements, equipment and furnishings, and infrastructure assets.

Debt and other long-term liabilities. At the end of the current fiscal year, the Department had no outstanding bonded debt.

Additional information on capital assets and other long-term liabilities can be found in the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Reading Municipal Light Department's finances for all those with an interest in the Department'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 POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current:		
Unrestricted cash and short-term investments	\$ 13,151,862	\$ 11,533,212
Receivables, net of allowance for uncollectable	7,314,059	7,871,050
Prepaid expenses	1,137,898	772,766
Inventory	<u>1,580,407</u>	<u>1,407,500</u>
Total current assets	23,184,226	21,584,528
Noncurrent:		
Restricted cash and short-term investments	22,344,776	19,219,111
Restricted investments	1,284,061	1,292,906
Investment in associated companies	26,994	26,994
Land	1,265,842	1,265,842
Capital assets, net of accumulated depreciation	<u>68,650,507</u>	<u>68,928,263</u>
Total noncurrent assets	93,572,180	90,733,116
DEFERRED OUTFLOWS OF RESOURCES	<u>1,547,815</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>118,304,221</u>	<u>112,317,644</u>
LIABILITIES		
Current:		
Accounts payable	5,097,838	4,407,535
Accrued liabilities	585,104	592,810
Customer deposits	846,361	749,900
Customer advances for construction	889,774	400,656
Due to Pension Trust	1,500,000	1,374,538
Due to OPEB Trust	345,382	-
Current portion of long-term liabilities:		
Accrued employee compensated absences	<u>66,445</u>	<u>195,937</u>
Total current liabilities	9,330,904	7,721,376
Noncurrent:		
Accrued employee compensated absences	3,004,043	2,722,934
Net pension liability	<u>4,524,191</u>	<u>-</u>
Total noncurrent liabilities	<u>7,528,234</u>	<u>2,722,934</u>
TOTAL LIABILITIES	16,859,138	10,444,310
NET POSITION		
Net investment in capital assets	69,916,349	70,194,105
Restricted for depreciation fund	5,434,308	4,130,585
Unrestricted	<u>26,094,426</u>	<u>27,548,644</u>
TOTAL NET POSITION	<u>\$ 101,445,083</u>	<u>\$ 101,873,334</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

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

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Electric sales, net of discounts of \$2,953,502 and \$4,475,920 respectively	\$ 83,985,195	\$ 79,689,061
Purchase power adjustments:		
Fuel charge adjustment	1,047,590	1,523,208
Capacity and transmission adjustment	<u>(26,999)</u>	<u>3,152,211</u>
Total Operating Revenues	85,005,786	84,364,480
Operating Expenses:		
Purchase power	61,073,227	60,823,626
Operating	11,606,195	11,002,998
Maintenance	2,423,204	2,290,843
Voluntary payments to towns	1,395,728	1,397,270
Depreciation	<u>3,861,465</u>	<u>3,779,635</u>
Total Operating Expenses	<u>80,359,819</u>	<u>79,294,372</u>
Operating Income	4,645,967	5,070,108
Nonoperating Revenues (Expenses):		
Interest income	122,693	120,832
MMWEC surplus	212,689	391,726
Intergovernmental grants	62,500	-
Contributions in aid of construction	64,474	24,117
Return on investment to Town of Reading	(2,332,863)	(2,301,221)
Loss on disposal of capital assets	(58,296)	(114,960)
Other	<u>524,112</u>	<u>365,553</u>
Total Nonoperating Revenues (Expenses), Net	<u>(1,404,691)</u>	<u>(1,513,953)</u>
Change in Net Position	3,241,276	3,556,155
Net Position at Beginning of Year, as restated	<u>98,203,807</u>	<u>98,317,179</u>
Net Position at End of Year	<u>\$ 101,445,083</u>	<u>\$ 101,873,334</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

BUSINESS-TYPE PROPRIETARY FUND
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers and users	\$ 84,638,647	\$ 80,249,266
Payments to vendors and employees	(76,424,486)	(74,778,752)
Customer purchase power adjustments	<u>1,020,591</u>	<u>4,675,419</u>
Net Cash Provided By (Used For) Operating Activities	9,234,752	10,145,933
<u>Cash Flows From Noncapital Financing Activities:</u>		
Return on investment to Town of Reading	(2,332,863)	(2,301,221)
MMWEC surplus	212,689	391,726
Other	<u>524,112</u>	<u>365,553</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(1,596,062)	(1,543,942)
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Acquisition and construction of capital assets	(3,642,005)	(3,894,282)
Contributions in aid of construction	553,592	19,619
Intergovernmental revenues	<u>62,500</u>	<u>-</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(3,025,913)	(3,874,663)
<u>Cash Flows From Investing Activities:</u>		
Investment income	122,693	120,832
(Increase) decrease in restricted cash and investments	<u>(3,116,820)</u>	<u>(2,466,799)</u>
Net Cash Provided By (Used For) Investing Activities	<u>(2,994,127)</u>	<u>(2,345,967)</u>
Net Change in Unrestricted Cash and Short-Term Investments	1,618,650	2,381,361
Unrestricted Cash and Short-Term Investments, Beginning of Year	<u>11,533,212</u>	<u>9,151,851</u>
Unrestricted Cash and Short-Term Investments, End of Year	<u>\$ 13,151,862</u>	<u>\$ 11,533,212</u>
<u>Reconciliation of Operating Income to Net Cash:</u>		
Operating income	\$ 4,645,967	\$ 5,070,108
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	3,861,465	3,779,635
(Increase) decrease in:		
Accounts receivable	556,991	510,327
Prepaid and other assets	(365,132)	(81,321)
Inventory	(172,907)	161,530
Accounts payable and accrued liabilities	834,214	(718,762)
Due to pension trust	125,462	1,374,538
Due to other postemployment benefits trust	345,382	-
Net pension liability	(519,874)	-
Other	<u>(76,816)</u>	<u>49,878</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 9,234,752</u>	<u>\$ 10,145,933</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2015 AND 2014

	<u>Pension Trust</u>		<u>OPEB Trust</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 2,666,772	\$ 2,632,367	\$ 1,857,738	\$ 1,846,042
Investments	1,284,061	1,292,906	-	-
Due from proprietary fund	<u>1,500,000</u>	<u>1,374,538</u>	<u>345,382</u>	<u>-</u>
TOTAL ASSETS	<u>5,450,833</u>	<u>5,299,811</u>	<u>2,203,120</u>	<u>1,846,042</u>
<u>NET POSITION</u>				
Total net position held in trust	\$ <u><u>5,450,833</u></u>	\$ <u><u>5,299,811</u></u>	\$ <u><u>2,203,120</u></u>	\$ <u><u>1,846,042</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT

FIDUCIARY FUNDS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Pension Trust</u>		<u>OPEB Trust</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Additions:				
Contributions from Reading Municipal Light Department	\$ 1,500,000	\$ 1,374,538	\$ 345,382	\$ 343,095
Investment income and change in fair value	<u>52,660</u>	<u>74,220</u>	<u>11,696</u>	<u>7,436</u>
Total additions	1,552,660	1,448,758	357,078	350,531
Deductions:				
Paid to Reading Contributory Retirement System	<u>1,401,638</u>	<u>1,346,039</u>	<u>-</u>	<u>-</u>
Total deductions	<u>1,401,638</u>	<u>1,346,039</u>	<u>-</u>	<u>-</u>
Increase in net position	151,022	102,719	357,078	350,531
Net position:				
Net Position, Beginning of Year	<u>5,299,811</u>	<u>5,197,092</u>	<u>1,846,042</u>	<u>1,495,511</u>
Net Position, End of Year	<u>\$ 5,450,833</u>	<u>\$ 5,299,811</u>	<u>\$ 2,203,120</u>	<u>\$ 1,846,042</u>

The accompanying notes are an integral part of these financial statements.

Town of Reading, Massachusetts Municipal Light Department

Notes to 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, Massachusetts) are as follows:

- A. Business Activity - The Department purchases electricity for distribution to more than 25,000 customers 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 purchase power fuel charge and the purchase power capacity and transmission charge, cannot be changed more 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 Department's proprietary fund are charges to customers for electric sales and services. Operating expenses for the Department's proprietary fund 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 non-operating revenues and expenses.

- C. Concentrations - The Department operates within the electric utility industry. In 1998, the Commonwealth of Massachusetts enacted energy deregulation legislation that restructured the Commonwealth's electricity industry to foster competition and promote reduced electric rates. Energy deregulation created a separation between the supply and delivery portions of electricity service and enabled consumers to purchase their energy from a retail supplier of their choice. Municipal utilities are not currently subject to this legislation.
- D. Retirement Trust - The Reading Municipal Light Department Employees' Retirement Trust (the "Pension Trust") was established by the Reading

Municipal Light Board on December 30, 1966, pursuant to Chapter 64 of the General Laws of the Commonwealth of Massachusetts.

The Pension Trust constitutes the principal instrument of a plan established by the Municipal Light Board to fund 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. Other Post-Employment Benefits Trust - The Other Post-Employment Benefits Liability Trust Fund (the "OPEB Trust") was established by the Reading Municipal Light Board pursuant to Chapter 32B, Section 20 of the General Laws of the Commonwealth of Massachusetts.

The OPEB Trust constitutes the principal instrument of a plan established by the Municipal Light Board to fund the Department's annual actuarially determined OPEB contribution for future retirees.

- F. 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.
- G. Cash and Short-term Investments - For the purposes of the Statements of Cash Flows, the Department considers unrestricted cash on deposit with the Town Treasurer to be cash or short-term investments. For purposes of the Statements of Net Position, both the proprietary funds and fiduciary funds consider unrestricted and restricted investments with original maturities of three months or less to be short-term investments.
- H. 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 Pension Trust consist of domestic and foreign fixed income bonds which the Department intends to hold to maturity. These investments are reported at fair market value in the proprietary fund and fiduciary fund financial statements.

- I. Inventory - Inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance pur-

poses and is stated at average cost. Meters and transformers are capitalized when purchased.

- J. 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 position.

Massachusetts General Laws require utility plant in service to be depreciated at a minimum 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.

- K. 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 upon normal termination at the current rate of pay.
- L. Long-Term Obligations - The proprietary fund financial statements report long-term debt and other long-term obligations as liabilities in the Statements of Net Position.
- M. 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.

- N. 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 Department's 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 limitations, the Department performs the following calculation. Using the net income per the audited financial statements, 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 the end of the fiscal year.
- O. Comparative Financial Information - The Department's financial statements include certain prior-year 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, 2014, from which the summarized information was derived.

2. Cash and Investments

Total cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Proprietary Fund:	
Unrestricted cash and short-term investments	\$ 13,151,862
Restricted cash and short-term investments	22,344,776
Restricted investments	1,284,061
Fiduciary Funds:	
Cash and short-term investments - Pension Trust	2,666,772
Cash and short-term investments - OPEB Trust	1,857,738
Investments - Pension Trust	1,284,061
Total cash and investments	<u>\$ 42,589,270</u>

Total cash and investments at June 30, 2015 consist of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	<u>42,586,270</u>
Total cash and investments	<u>\$ 42,589,270</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. The Department manages its exposure to interest rate risk 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, 2015, the Department (including the Pension Trust and OPEB Trust) held cash and short-term investments in pooled investments with the Massachusetts Municipal Depository Trust (MMDT), FDIC-insured savings accounts, and 90-day FDIC-insured bank certificates of deposit. Because of their immediate liquidity and/or short-term maturity, these funds are classified as cash and short-term investments in the accompanying financial statements and are not considered to be exposed to significant interest rate risk.

As of June 30, 2015, the Department and Pension Trust held investments in domestic and foreign fixed income bonds with varying maturity dates as follows:

	Proprietary Fund	Fiduciary Funds	Maturity Date
	<u>Restricted Investments</u>	<u>Pension Trust</u>	
<u>Corporate bonds</u>			
AT&T Inc	\$ 207,764	\$ 207,764	12/01/22
General Electric Cap Corp	206,035	206,035	01/09/23
Wells Fargo & Co	208,048	208,048	08/15/23
Rabobank Nederland Bank	249,043	249,043	11/09/22
Teva Pharmaceut Fin BV	207,707	207,707	12/18/22
BNP Paribas	<u>205,464</u>	<u>205,464</u>	03/03/23
Total	<u>\$ 1,284,061</u>	<u>\$ 1,284,061</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. As

of June 30, 2015, the Department and Pension Trust held investments in domestic and foreign fixed income bonds with varying ratings as follows:

<u>Investment Type</u>	Proprietary Fund	Fiduciary Funds	Moody's Rating
	<u>Restricted Investments</u>	<u>Pension Trust</u>	
Corporate bonds:			
AT&T Inc	\$ 207,764	\$ 207,764	BAA1
General Electric Cap Corp	206,035	206,035	A1
Wells Fargo & Co	208,048	208,048	A3
Rabobank Nederland Bank	249,043	249,043	A3
Teva Pharmaceut Fin BV	207,707	207,707	A3
BNP Paribas	<u>205,464</u>	<u>205,464</u>	A1
Total	<u>\$ 1,284,061</u>	<u>\$ 1,284,061</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. At June 30, 2015, the Department and Pension Trust investments were held in domestic and foreign fixed income bonds, as detailed in the sections above. Five of the bonds each individually represent approximately 16% of the Department's and System's total investments, while the investment in Rabobank Nederland Bank represents approximately 20%.

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.

As of June 30, 2015, none of the Department's (including Pension Trust and OPEB Trust) cash and short-term investments was exposed to custodial credit risk.

As of June 30, 2015, none of the Department or Pension Trust investments were exposed to custodial credit risk because the related securities are registered in the Department's name.

3. Restricted Cash and Investments

The Department's proprietary fund restricted cash and investment balances represent the following reserves:

	6/30/15		6/30/14	
	<u>Cash</u>	<u>Investments</u>	<u>Cash</u>	<u>Investments</u>
Depreciation fund	\$ 5,434,308	\$ -	\$ 4,130,585	\$ -
Construction fund	1,400,000	-	1,000,000	-
Deferred fuel reserve	5,180,285	-	4,132,695	-
Deferred energy conservation reserve	584,606	-	457,261	-
Rate stabilization	6,771,634	-	6,723,797	-
Reserve for uncollectible accounts	200,000	-	200,000	-
Sick leave benefits	1,777,582	1,284,061	1,674,873	1,292,906
Hazardous waste fund	150,000	-	150,000	-
Customer deposits	846,361	-	749,900	-
Total	\$ <u>22,344,776</u>	\$ <u>1,284,061</u>	\$ <u>19,219,111</u>	\$ <u>1,292,906</u>

The Department maintains the following reserves:

- Depreciation fund - The Department is normally required to reserve 3.0% of capital assets each year to fund capital improvements.
- Construction fund - This represents additional funds set aside to fund capital expenditures.
- 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.
- 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.
- Rate stabilization - This represents amounts set aside to help stabilize cost increases resulting from fluctuations in purchase power costs.
- 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, 2015:

Customer Accounts:		
Billed	\$	1,947,170
Less allowances:		
Uncollectible accounts		(200,000)
Sales discounts		<u>(86,174)</u>
Total billed		1,660,996
Unbilled, net		<u>5,166,350</u>
Total customer accounts		6,827,346
Other Accounts:		
Merchandise sales		150,805
MMWEC surplus		212,689
Intergovernmental grants		103,886
Liens and other		<u>19,333</u>
Total other accounts		<u>486,713</u>
Total net receivables	\$	<u><u>7,314,059</u></u>

5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurance and other	\$	292,268
Purchase power		294,455
NYPA prepayment fund		307,573
WC Fuel - Watson		<u>243,602</u>
Total	\$	<u><u>1,137,898</u></u>

6. Inventory

Inventory is comprised of supplies and materials at June 30, 2015, 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, 2015:

New England Hydro-Transmission (NEH & NHH)	\$ 26,994
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8. Capital Assets

The following is a summary of fiscal year 2015 activity in capital assets (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Structures and improvements	\$ 14,183	\$ 363	\$ -	\$ 14,546
Equipment and furnishings	31,787	309	(371)	31,725
Infrastructure	82,739	2,970	(487)	85,222
Total capital assets, being depreciated	128,709	3,642	(858)	131,493
Less accumulated depreciation for:				
Structures and improvements	(8,136)	(389)	-	(8,525)
Equipment and furnishings	(19,490)	(971)	371	(20,090)
Infrastructure	(32,155)	(2,502)	429	(34,228)
Total accumulated depreciation	(59,781)	(3,862)	800	(62,843)
Total capital assets, being depreciated, net	68,928	(220)	(58)	68,650
Capital assets, not being depreciated:				
Land	1,266	-	-	1,266
Total capital assets, not being depreciated	1,266	-	-	1,266
Capital assets, net	\$ 70,194	\$ (220)	\$ (58)	\$ 69,916

9. Deferred Outflows of Resources

Deferred outflows of resources represent the Department's consumption of net position that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

	Proprietary <u>Fund</u>
Net difference between projected and actual investment earnings on pension plan	\$ 47,815
Pension plan contributions subsequent to the measurement date	<u>1,500,000</u>
Total	\$ <u><u>1,547,815</u></u>

10. Accounts Payable

Accounts payable represent fiscal 2015 expenses that were paid after June 30, 2015.

11. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2015:

Accrued payroll	\$ 356,436
Accrued sales tax	192,345
Other	<u>36,323</u>
Total	\$ <u><u>585,104</u></u>

12. Customer Deposits

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

13. 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.

14. Accrued Employee Compensated Absences

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

15. Restricted Net Position

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

16. Post-Employment Health Care and Life Insurance Benefits

Other Post-Employment Benefits

The Department follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement No. 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 proprietary fund Statements of Revenues, Expenses, and Changes in Net Position when a future retiree earns their post-employment benefits, rather than when they use them. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the proprietary fund Statements of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described in Note 17, the Department provides post-employment health and life insurance benefits to retired employees through the Town of Reading's participation in the Massachusetts Interlocal 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, 2014, the actuarial valuation measurement date, approximately 87 retirees and 51 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 appropriate criteria are eligible to receive these benefits.

C. Funding Policy

As of the June 30, 2014, the actuarial valuation measurement date, retirees are required to contribute 29% of the cost of the medical and prescription drug plan, as determined by the MIIA Health Benefits Trust. 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 2015 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 remaining period of sixteen years.

The following table shows the components of the Department's annual OPEB cost for the year ending June 30, 2015, 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, 2014.

Annual Required Contribution (ARC)	\$ 540,456
Interest on net OPEB obligation	<u>218,069</u>
Annual OPEB cost	758,525
Projected benefit payments	<u>(413,143)</u>
Increase in net OPEB obligation	345,382
Net OPEB obligation - beginning of year	-
Contributions to OPEB Trust	<u>(345,382)</u>
(1) Net OPEB obligation - end of year	<u><u>\$ -</u></u>

(1) See Part E for additional information

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 758,525	100.00%	\$ -
2014	\$ 768,378	100.00%	\$ -
2013	\$ 604,987	100.00%	\$ -

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation measurement date was as follows:

Actuarial accrued liability (AAL)	\$ 7,726,667
Actuarial value of plan assets	<u>1,846,042</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,880,625</u>
Funded ratio (actuarial value of plan assets/AAL)	23.89%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

In 2010, the Department's Municipal Light Board voted to accept the provisions of Chapter 32B §20 of Massachusetts General Laws and create an *Other Post-Employment Benefits Liability Trust Fund* as a mechanism to set aside monies to fund its OPEB liability. In 2013, the Commissioners voted to create an OPEB trust instrument in alignment with the Town of Reading. In fiscal year 2015, the Department contributed \$345,382 to this trust, which was equal to all of its actuarially determined annual contributions through June 30, 2015. The assets and net position of this trust are reported in the Department's Fiduciary Funds Statements of Fiduciary Net Position.

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.

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 actuarial 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, 2014 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The Department's actuarial value of plan assets was \$1,846,042. The actuarial assumptions included a 7.75% investment rate of return and an initial annual health care cost trend rate of 8.0% which decreases by 0.5% for six years to an ultimate level of 5.0% per year. 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 remaining period of 16 years.

17. Reading Contributory Retirement System

The Department follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

A. Plan Description

Substantially all employees of the Department are members of the Town of Reading Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, as well as contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports, which are publically available from the System's administrative offices located at Reading Town Hall, 16 Lowell Street, Reading, Massachusetts, 01867.

B. Benefits Provided

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The plan also provides for early retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the Department payroll on January 1, 1978, (3) voluntarily left Department employment on or after that date, and (4) left accumulated annuity deductions in the fund. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive zero, fifty, or one hundred percent of the regular interest which has accrued upon those deductions. However, effective July 1, 2010, members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3% and do not forfeit any interest previously earned on contributions.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Department's contribution to the System for the year ended June 30, 2015 was \$1,401,638, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contribu-

tions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Department reported a liability of \$4,524,191 for its proportionate share of the System's net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 rolled forward to December 31, 2014. The Department's proportion of the net pension liability was based on an actuarially determined projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2014, the Department's proportion was 28.25%.

Town of Reading Municipal Light Department Employees' Retirement Trust ("Pension Trust"): The Department has established an irrevocable trust for the purpose of currently funding its annual required contribution to the Town of Reading Contributory Retirement System (RCRS). Annual contributions to the trust are actuarially determined to be the net normal cost for funding the Department's liability for pension benefits for covered employees, and both the principal and income of the trust is restricted for the exclusive benefit of Department employees and their beneficiaries. This Pension Trust is reported as a fiduciary fund type in the Department's basic financial statements.

As noted in the first paragraph of this section, the Department's proportionate share of the RCRS net pension liability was determined by an actuarial valuation as of July 1, 2013 rolled forward to December 31, 2014. However, the actuarial valuation does not take into account the fiduciary net position of the Department's Pension Trust at December 31, 2014 (the measurement date). Accordingly, the following reconciliation is provided:

	<u>2015</u>
Net pension liability, per actuarial valuation	\$ 8,464,663
Pension Trust Net Position	(5,450,833)
Pension Trust contributions subsequent to the net pension liability measurement date (reported as deferred outflows of resources in the proprietary fund Statements of Net Position)	1,500,000
Pension Trust investment income and fair value changes subsequent to the net pension liability measurement date	<u>10,361</u>
Net pension liability, as reported on the proprietary fund Statements of Net Position	<u>\$ 4,524,191</u>

For the year ended June 30, 2015, the Department recognized pension expense of \$833,949. In addition, the Department reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 47,815
Contributions subsequent to the measurement date	<u>1,500,000</u>
Total	<u>\$ 1,547,815</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Department's net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources related to pensions will be recognized in the Department's pension expense as follows:

Year ended June 30:

2016	\$ 1,511,954
2017	11,954
2018	11,954
2019	<u>11,953</u>
Total	<u>\$ 1,547,815</u>

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, rolled forward to the measurement date of December 31, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75% per year
Salary increases	Based on years of service, 7.00% - 4.75% for Group 1 members and 8.00% - 5.25% for Group 4 members
Investment rate of return	7.75%, net of pension plan investment expense,

Mortality rates were based on the RP-2000 Mortality Table projected to 2012 with Scale AA. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table set forward five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Rates of Return</u>
Global equity	43.00%	8.23%
Fixed income	23.00%	5.05%
Private equity	10.00%	9.75%
Real estate	10.00%	6.50%
Timber/Natural Resources	4.00%	6.88%
Hedge funds	<u>10.00%</u>	7.00%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate: The following table presents the Department's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.75%, as well as what the Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
06/30/15	\$ 7,521,554	\$ 4,524,191	\$ (1,116,986)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

18. **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 service 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 eight Projects. MMWEC originally financed all eight Projects through the issuance of a multiple series of revenue bonds under a General Bond Resolution adopted by MMWEC in 1976 (GBR). Security for these bonds included a pledge of the revenues derived by MMWEC from all its Project PSAs, without regard to Project or series of bonds. In 2001, through a refinancing of all its outstanding bonds, MMWEC amended and restated its GBR to eliminate this "joint-pledge" of revenues. In refinancing its debt, MMWEC issued a separate issue of bonds for each of the eight Projects,

which are payable solely from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated GBR with respect to the bonds of such issue. 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 22.7 MW interest in the W. F. Wyman Unit No. 4 plant, owned and operated by subsidiaries of Florida Power & Light and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. (DNCI), a subsidiary of Dominion Resources, Inc. DNCI has stated its intention to file an application with the Nuclear Regulatory Commission (NRC) for an extension of the Millstone Unit 3 operating license, which currently will expire in 2025. DNCI has not yet filed its application with the NRC.

MMWEC has an 11.6% ownership interest in the Seabrook Station nuclear generating unit, which represents a substantial portion of its plant investment and financing program. On November 1, 2002, an indirect subsidiary of FPL Group Inc., FPL Energy Seabrook, LLC purchased an approximate 88% share in the Seabrook nuclear plant from seven other owners. MMWEC is now one of three, minority non-operating owners of Seabrook Station.

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 is being funded through monthly Project billings. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). By its terms, the Act expired in August 2002. Congress is currently considering extending the Act.

In November 1997, the Commonwealth of Massachusetts enacted legislation effective March 1, 1998 to restructure the electric utility industry. MMWEC and the municipal light departments, including the Massachusetts Project Participants, are not specifically subject to this legislation. However, it is management's belief that industry restructuring and customer choice promulgated by the legislation will have an effect on MMWEC and the Participants' operations.

The 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 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 management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

After the July 1, 2015 principal payment, total capital expenditures amounted to \$1,682,341,000, of which \$125,343,000 represents the amount associated with the Department's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$167,110,000, of which \$6,373,000 is associated with the Department's share of Project Capability. After the July 1, 2015 principal payment, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$121,353,000, of which \$4,362,000 is anticipated to be billed to the Department in the future.

The aggregate amount of the Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at June 30, 2015 and estimated for future years is shown below.

		<u>Annual Costs</u>
For years ended June 30,	2016	\$ 2,700,000
	2017	1,472,000
	2018	<u>190,000</u>
	Total	<u>\$ 4,362,000</u>

In addition, under the PSAs, 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 \$12,475,000 and \$14,021,000 for the years ended June 30, 2015 and 2014, respectively.

19. Renewable Energy Certificates

In 2003, the Massachusetts Department of Energy and Environmental Affairs adopted the Massachusetts Renewable Energy Portfolio Standard (RPS), a regulation that requires Investor Owned Utilities (IOUs) to purchase mandated amounts of energy generated by renewable resources (Green Energy) as a percentage of their overall electricity sales. The Massachusetts RPS applies only to IOUs, so the Department is currently exempt from this mandate.

Energy suppliers meet their annual RPS obligations by acquiring a sufficient quantity of RPS-qualified renewable energy certificates (RECs) that are created and recorded at the New England Power Pool (NEPOOL) Generation

Information System (GIS). Suppliers can purchase RECs from electricity generators or from other utilities that have acquired RECs.

As part of its ongoing commitment to Green Energy, the Department has entered into Purchase Power Agreements (PPAs) with Swift River Hydro LLC and Concord Steam Corporation to purchase power generated from renewable energy resources. These PPAs include the Department taking title to RECs, which certify that the energy produced was the product of a renewable resource. Because the Department is exempt from the RPS provisions, it has the option of holding these RECs until they expire or selling them through the NEPOOL GIS.

Information regarding the Department's fiscal year 2015 REC activity and balances is as follows:

REC Sales During Fiscal 2015

	<u>Certificates</u>	<u>Unit Price</u>	<u>Amount</u>
MA Class II	1,032	\$ 25.50	\$ 26,316
MA Class I	1,324	52.00	68,848
RI New	398	44.00	17,512
CT Class I	5,702	52.00	296,504
MA Class II	371	25.00	9,275
MA Class I	624	47.50	29,640
RI New	120	47.50	5,700
CT Class I	<u>4,452</u>	<u>47.50</u>	<u>211,470</u>
Total	<u>14,023</u>		\$ <u>665,265</u> ⁽¹⁾

(1) Sale proceeds netted against fiscal year 2015 purchased power fuel charge

REC Holdings at June 30, 2015

	<u>Banked Certificates</u>	<u>Projected Certificates</u>	<u>Total Certificates</u>	<u>Estimated Value</u>
MA Class I & II	-	1,550	1,550	\$ 74,400
CT Class I	<u>-</u>	<u>5,435</u>	<u>5,435</u>	<u>260,880</u>
Total	<u>-</u>	<u>6,985</u>	<u>6,985</u>	\$ <u>335,280</u>

Because there is no formal accounting guidance under GAAP or IFRS for RECs and the Department does not have a formal policy for the future disposition of RECs, the estimated fair value of the Department's REC holdings at June 30, 2015 are not recognized as an asset on the proprietary fund Statements of Net Position.

20. Leases

Related Party Transaction - Property Sub-Lease

The Department is the lessor of facilities that are currently sub-leased to the Reading Town Employees Federal Credit Union. The original sub-lease agreement commenced in December 2000 and was extended by various amendments through November 30, 2015. Following is the future minimum rental income to be received by the Department under the terms of this lease for the year ending June 30:

2016	\$ <u>4,084</u>
Total	\$ <u><u>4,084</u></u>

Operating Lease - Warehouse

The Department is the lessee of a warehouse facility owned by JCM Real Estate Trust. The original lease agreement for this facility commenced in December 1998 and was extended by various amendments through May 31, 2016. Under the terms of the most recent lease amendment, the Department has the option to extend the lease for an additional 24 months until May 31, 2018. Following is the future minimum rental expense to be paid by the Department for the year ending June 30:

2016	\$ <u>147,902</u>
Total	\$ <u><u>147,902</u></u>

21. Beginning Net Position Restatement

In fiscal year 2015, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. As a result of this implementation, the beginning (July 1, 2014) net position of the Department's proprietary fund has been restated as follows:

	<u>Business-Type Activities</u>
	<u>Proprietary</u>
	<u>Fund</u>
As previously reported	\$ 101,873,334
GASB 68 Implementation	<u>(3,669,527)</u>
As restated	\$ <u><u>98,203,807</u></u>

TOWN OF READING, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

(Unaudited)

Other Post-Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/14	\$ 1,846,042	\$ 7,726,667	\$ 5,880,625	23.89%	N/A	N/A
06/30/13	\$ 1,495,511	\$ 7,588,993	\$ 6,093,482	19.71%	N/A	N/A
06/30/11	\$ 1,167,161	\$ 8,643,438	\$ 7,476,277	13.50%	N/A	N/A
06/30/08	\$ -	\$ 8,085,388	\$ 8,085,388	0.00%	N/A	N/A

See Independent Auditors' Report.

TOWN OF READING, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

REQUIRED SUPPLEMENTARY INFORMATION

**JUNE 30, 2015
(Unaudited)**

<u>Reading Contributory Retirement System:</u>	<u>2015</u>
Proportion of the net pension liability (asset)	28.25%
Proportionate share of the net pension liability	\$ 4,524,191
Covered-employee payroll	\$ 5,908,693
Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	76.57%
Plan fiduciary net position as a percentage of the total pension liability	79.89%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

TOWN OF READING, MASSACHUSETTS, MUNICIPAL LIGHT DEPARTMENT

SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015
(Unaudited)

<u>Reading Contributory Retirement System:</u>	<u>2015</u>
Contractually required contributions for the current fiscal year	\$ 1,401,638
Actual contributions for the current fiscal year in relation to the contractually required contributions	<u>1,401,638</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll	\$ 5,908,693
Contributions as a percentage of covered-employee payroll	23.72%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

Dt: November 12, 2015

To: RMLB, Coleen O'Brien, Jeanne Foti

Fr: Bob Fournier

Sj: September 30, 2015 Report

The results for the first three months ending September 30, 2015, for the fiscal year 2016 will be summarized in the following paragraphs.

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

*For the month of September, the net profit or the positive change in net assets was \$1,233,514 thereby increasing the year to date net income to \$1,963,789. The year to date budgeted net income was \$1,570,360, resulting in net income being over budget by \$393,429 or 25.05%. Actual year to date fuel expenses exceeded fuel revenues by \$660,514 and purchased power capacity and transmission (ppct) revenues exceed ppct expenses by \$305,631.

2) Revenues: (Page 3A)

*Year to date base revenues were over budget by \$74,738 or 1.12%. Actual base revenues were \$6.8 million compared to the budgeted amount of \$6.7 million.

3) Expenses: (Page 12A)

*Year to date purchased power base expense was over budget by \$28,944 or .35%. Actual purchased power base costs were \$8.4 million and budgeted power base costs were \$8.4 million.

*Year to date operating and maintenance (O&M) expenses combined were under budget by \$640,600 or 17.0%. Actual O&M expenses were \$3.1 million while budgeted expenses were at \$3.7 million.

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

4) Cash: (Page 9)

- *Operating Fund was at \$10,501,383.
- * Capital Fund balance was at \$6,844,852.
- * Rate Stabilization Fund was at \$6,784,114.
- * Deferred Fuel Fund was at \$4,519,770.
- * Energy Conservation Fund was at \$683,818.

5) General Information:

*Year to date kwh sales (Page 5) were 200,690,027 which is 5.9 million kwh or 3.0%, ahead last year's actual figure.

Budget Variance:

*Cumulatively, the five divisions were under budget by \$650,070 or 11.4%

FINANCIAL REPORT

SEPTEMBER 30, 2015

ISSUE DATE: NOVEMBER 12, 2015

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
BUSINESS-TYPE PROPRIETARY FUND
STATEMENT OF NET ASSETS
9/30/15

		PREVIOUS YEAR	CURRENT YEAR
ASSETS			
CURRENT			
UNRESTRICTED CASH	(SCH A P.9)	11,038,619.90	10,504,383.61
RESTRICTED CASH	(SCH A P.9)	22,414,031.53	22,784,514.36
RESTRICTED INVESTMENTS	(SCH A P.9)	1,292,906.26	1,284,061.45
RECEIVABLES, NET	(SCH B P.10)	7,561,825.18	9,750,201.71
PREPAID EXPENSES	(SCH B P.10)	1,406,716.39	1,110,312.97
OTHER DEFERRED DEBITS	(SCH B P.10)	0.00	1,547,815.00
INVENTORY		1,439,446.41	1,629,353.82
TOTAL CURRENT ASSETS		<u>45,153,545.67</u>	<u>48,610,642.92</u>
NONCURRENT			
INVESTMENT IN ASSOCIATED CO	(SCH C P.2)	26,993.75	26,993.75
CAPITAL ASSETS, NET	(SCH C P.2)	69,964,993.35	69,912,215.61
TOTAL NONCURRENT ASSETS		<u>69,991,987.10</u>	<u>69,939,209.36</u>
TOTAL ASSETS		<u>115,145,532.77</u>	<u>118,549,852.28</u>
LIABILITIES			
CURRENT			
ACCOUNTS PAYABLE		5,472,573.61	7,109,548.67
CUSTOMER DEPOSITS		807,738.14	863,919.67
CUSTOMER ADVANCES FOR CONSTRUCTION		455,965.98	904,188.35
ACCRUED LIABILITIES		126,372.34	3,192,834.75
TOTAL CURRENT LIABILITIES		<u>6,862,650.07</u>	<u>12,070,491.44</u>
NONCURRENT			
ACCRUED EMPLOYEE COMPENSATED ABSENCES		2,918,870.73	3,070,487.93
TOTAL NONCURRENT LIABILITIES		<u>2,918,870.73</u>	<u>3,070,487.93</u>
TOTAL LIABILITIES		<u>9,781,520.80</u>	<u>15,140,979.37</u>
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT		69,964,993.35	69,912,215.61
RESTRICTED FOR DEPRECIATION FUND (P.9)		5,099,591.58	6,426,869.32
UNRESTRICTED		30,299,427.04	27,069,787.98
TOTAL NET ASSETS	(P.3)	<u>105,364,011.97</u>	<u>103,408,872.91</u>
TOTAL LIABILITIES AND NET ASSETS		<u>115,145,532.77</u>	<u>118,549,852.28</u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
NONCURRENT ASSET SCHEDULE
9/30/15

SCHEDULE C

	PREVIOUS YEAR	CURRENT YEAR
SCHEDULE OF INVESTMENTS IN ASSOCIATED COMPANIES		
NEW ENGLAND HYDRO ELECTRIC	2,975.74	2,975.74
NEW ENGLAND HYDRO TRANSMISSION	24,018.01	24,018.01
TOTAL INVESTMENTS IN ASSOCIATED COMPANIES	<u>26,993.75</u>	<u>26,993.75</u>
 SCHEDULE OF CAPITAL ASSETS		
LAND	1,265,842.23	1,265,842.23
STRUCTURES AND IMPROVEMENTS	6,078,471.99	6,035,452.03
EQUIPMENT AND FURNISHINGS	12,322,184.73	11,679,481.40
INFRASTRUCTURE	<u>50,298,494.40</u>	<u>50,931,439.95</u>
TOTAL CAPITAL ASSETS, NET	<u>69,964,993.35</u>	<u>69,912,215.61</u>
 TOTAL NONCURRENT ASSETS	<u>69,991,987.10</u>	<u>69,939,209.36</u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
BUSINESS-TYPE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
9/30/15

	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
OPERATING REVENUES: (SCH D P.11)					
BASE REVENUE	1,925,013.36	2,307,286.56	6,085,527.36	6,774,150.99	11.32%
FUEL REVENUE	2,758,999.30	3,385,022.47	10,386,553.45	9,640,963.29	-7.18%
PURCHASED POWER CAPACITY	2,542,665.72	3,131,926.41	8,099,597.29	8,696,014.94	7.36%
FORFEITED DISCOUNTS	108,263.18	71,838.93	249,020.22	195,863.12	-21.35%
ENERGY CONSERVATION REVENUE	59,812.67	70,453.61	190,585.45	196,791.89	3.26%
NYPA CREDIT	(73,836.15)	(100,901.03)	(157,619.41)	(236,799.08)	50.23%
TOTAL OPERATING REVENUES	7,320,918.08	8,865,626.95	24,853,664.36	25,266,985.15	1.66%
OPERATING EXPENSES: (SCH E P.12)					
PURCHASED POWER CAPACITY	1,427,986.74	1,351,093.27	4,258,129.89	4,616,045.21	8.41%
PURCHASED POWER TRANSMISSION	1,148,999.53	1,284,290.11	3,651,401.07	3,774,337.74	3.37%
PURCHASED POWER FUEL	2,358,565.60	3,302,139.93	8,414,519.55	10,064,678.82	19.61%
OPERATING MAINTENANCE	772,492.30	853,864.63	2,439,760.44	2,492,658.16	2.17%
DEPRECIATION	351,060.97	242,044.04	821,822.59	628,488.90	-23.52%
VOLUNTARY PAYMENTS TO TOWNS	321,788.79	328,732.65	965,366.37	986,197.95	2.16%
	118,000.00	118,000.00	354,000.00	354,000.00	0.00%
TOTAL OPERATING EXPENSES	6,498,893.93	7,480,164.63	20,904,999.91	22,916,406.78	9.62%
OPERATING INCOME	822,024.15	1,385,462.32	3,948,664.45	2,350,578.37	-40.47%
NONOPERATING REVENUES (EXPENSES)					
CONTRIBUTIONS IN AID OF CONST	395.20	33,493.54	395.20	34,474.88	0.00%
RETURN ON INVESTMENT TO READING	(194,405.25)	(197,537.08)	(583,215.75)	(592,611.24)	1.61%
INTEREST INCOME	10,097.40	11,074.27	32,355.54	34,303.10	6.02%
INTEREST EXPENSE	(261.92)	(179.97)	(782.66)	(536.57)	-31.44%
OTHER (MDSE AND AMORT)	2,002.00	1,201.00	93,261.03	137,581.14	47.52%
TOTAL NONOPERATING REV (EXP)	(182,172.57)	(151,948.24)	(457,986.64)	(386,788.69)	-15.55%
CHANGE IN NET ASSETS	639,851.58	1,233,514.08	3,490,677.81	1,963,789.68	-43.74%
NET ASSETS AT BEGINNING OF YEAR			101,873,334.16	101,445,083.23	-0.42%
NET ASSETS AT END OF SEPTEMBER			105,364,011.97	103,408,872.91	-1.86%

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
BUSINESS-TYPE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
9/30/15

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE*	% CHANGE
OPERATING REVENUES: (SCH F P.11B)				
BASE REVENUE	6,774,150.99	6,699,412.00	74,738.99	1.12%
FUEL REVENUE	9,640,963.29	9,638,918.00	2,045.29	0.02%
PURCHASED POWER CAPACITY	8,696,014.94	8,361,438.00	334,576.94	4.00%
FORFEITED DISCOUNTS	195,863.12	200,983.00	(5,119.88)	-2.55%
ENERGY CONSERVATION REVENUE	196,791.89	197,028.00	(236.11)	-0.12%
NYPA CREDIT	(236,799.08)	(225,000.00)	(11,799.08)	5.24%
TOTAL OPERATING REVENUES	25,266,985.15	24,872,779.00	394,206.15	1.58%
OPERATING EXPENSES: (SCH G P.12A)				
PURCHASED POWER - CAPACITY	4,616,045.21	4,676,885.00	(60,839.79)	-1.30%
PURCHASED POWER - TRANSMISSION	3,774,337.74	3,684,553.00	89,784.74	2.44%
PURCHASED POWER FUEL	10,064,678.82	9,413,918.00	650,760.82	6.91%
OPERATING MAINTENANCE	2,492,658.16	2,813,613.00	(320,954.84)	-11.41%
DEPRECIATION	628,488.90	948,135.00	(319,646.10)	-33.71%
VOLUNTARY PAYMENTS TO TOWNS	986,197.95	995,790.00	(9,592.05)	-0.96%
	354,000.00	354,000.00	0.00	0.00%
TOTAL OPERATING EXPENSES	22,916,406.78	22,886,894.00	29,512.78	0.13%
OPERATING INCOME	2,350,578.37	1,985,885.00	364,693.37	18.36%
NONOPERATING REVENUES (EXPENSES)				
CONTRIBUTIONS IN AID OF CONST	34,474.88	50,000.00	(15,525.12)	-31.05%
RETURN ON INVESTMENT TO READING	(592,611.24)	(592,500.00)	(111.24)	0.02%
INTEREST INCOME	34,303.10	37,500.00	(3,196.90)	-8.53%
INTEREST EXPENSE	(536.57)	(525.00)	(11.57)	2.20%
OTHER (MDSE AND AMORT)	137,581.14	90,000.00	47,581.14	52.87%
TOTAL NONOPERATING REV (EXP)	(386,788.69)	(415,525.00)	28,736.31	-6.92%
CHANGE IN NET ASSETS	1,963,789.68	1,570,360.00	393,429.68	25.05%
NET ASSETS AT BEGINNING OF YEAR	101,445,083.23	101,445,083.23	0.00	0.00%
NET ASSETS AT END OF SEPTEMBER	103,408,872.91	103,015,443.23	393,429.68	0.38%

* () = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
RECONCILIATION OF CAPITAL FUNDS
9/30/15

SOURCE OF CAPITAL FUNDS:

DEPRECIATION FUND BALANCE 7/1/15	5,434,307.79
CONSTRUCTION FUND BALANCE 7/1/15	1,400,000.00
INTEREST ON DEPRECIATION FUND FY 16	6,363.58
DEPRECIATION TRANSFER FY 16	<u>986,197.95</u>

TOTAL SOURCE OF CAPITAL FUNDS	7,826,869.32
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USE OF CAPITAL FUNDS:

LESS PAID ADDITIONS TO PLANT THRU SEPTEMBER

TOTAL USE OF CAPITAL FUNDS	982,017.03
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GENERAL LEDGER CAPITAL FUNDS BALANCE 9/30/15	<u><u>6,844,852.29</u></u>
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TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
SALES OF KILOWATT HOURS
9/30/15

SALES OF ELECTRICITY:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
RESIDENTIAL SALES	22,939,398	27,643,326	75,043,290	78,412,802	4.49%
COMM. AND INDUSTRIAL SALES	35,714,805	41,417,646	112,076,532	114,439,339	2.11%
PRIVATE STREET LIGHTING	78,696	79,430	236,838	238,454	0.68%
TOTAL PRIVATE CONSUMERS	<u>58,732,899</u>	<u>69,140,402</u>	<u>187,356,660</u>	<u>193,090,595</u>	3.06%
MUNICIPAL SALES:					
STREET LIGHTING	242,669	229,140	729,038	685,512	-5.97%
MUNICIPAL BUILDINGS	750,172	856,635	2,416,962	2,422,830	0.24%
TOTAL MUNICIPAL CONSUMERS	<u>992,841</u>	<u>1,085,775</u>	<u>3,146,000</u>	<u>3,108,342</u>	-1.20%
SALES FOR RESALE	347,064	390,321	1,085,516	1,075,425	-0.93%
SCHOOL	1,036,921	1,198,522	3,181,905	3,415,665	7.35%
TOTAL KILOWATT HOURS SOLD	<u><u>61,109,725</u></u>	<u><u>71,815,020</u></u>	<u><u>194,770,081</u></u>	<u><u>200,690,027</u></u>	3.04%

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
KILOWATT HOURS SOLD BY TOWN
9/30/15

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	27,643,326	8,051,285	4,105,708	6,277,036	9,209,297
COMM & IND	41,417,646	4,869,185	327,695	6,066,485	30,154,281
PVT ST LIGHTS	79,430	13,418	1,490	24,819	39,703
PUB ST LIGHTS	229,140	77,243	30,702	40,224	80,971
MUNI BLDGS	856,635	178,477	197,049	158,067	323,042
SALES/RESALE	390,321	390,321	0	0	0
SCHOOL	1,198,522	404,700	238,010	265,080	290,732
TOTAL	<u>71,815,020</u>	<u>13,984,629</u>	<u>4,900,654</u>	<u>12,831,711</u>	<u>40,098,026</u>

YEAR TO DATE

RESIDENTIAL	78,412,802	24,008,379	11,845,353	17,999,196	24,559,874
COMM & IND	114,439,339	13,459,694	883,525	17,254,967	82,841,153
PVT ST LIGHTS	238,454	40,254	4,470	74,541	119,189
PUB ST LIGHTS	685,512	231,146	91,970	120,266	242,130
MUNI BLDGS	2,422,830	492,451	531,154	462,137	937,088
SALES/RESALE	1,075,425	1,075,425	0	0	0
SCHOOL	3,415,665	1,159,704	696,843	793,680	765,438
TOTAL	<u>200,690,027</u>	<u>40,467,053</u>	<u>14,053,315</u>	<u>36,704,787</u>	<u>109,464,872</u>

LAST YEAR
TO DATE

RESIDENTIAL	75,043,290	23,125,980	11,194,762	17,317,923	23,404,625
COMM & IND	112,076,532	13,954,255	908,358	17,557,728	79,656,191
PVT ST LIGHTS	236,838	39,938	4,572	74,280	118,048
PUB ST LIGHTS	729,038	244,994	98,448	128,113	257,483
MUNI BLDGS	2,416,962	546,624	525,872	476,890	867,576
SALES/RESALE	1,085,516	1,085,516	0	0	0
SCHOOL	3,181,905	1,208,432	726,715	340,560	906,198
TOTAL	<u>194,770,081</u>	<u>40,205,739</u>	<u>13,458,727</u>	<u>35,895,494</u>	<u>105,210,121</u>

KILOWATT HOURS SOLD TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	38.49%	11.21%	5.72%	8.74%	12.82%
COMM & IND	57.68%	6.78%	0.46%	8.45%	41.99%
PVT ST LIGHTS	0.11%	0.02%	0.00%	0.03%	0.06%
PUB ST LIGHTS	0.32%	0.11%	0.04%	0.06%	0.11%
MUNI BLDGS	1.19%	0.25%	0.27%	0.22%	0.45%
SALES/RESALE	0.54%	0.54%	0.00%	0.00%	0.00%
SCHOOL	1.67%	0.56%	0.33%	0.37%	0.41%
TOTAL	<u>100.00%</u>	<u>19.47%</u>	<u>6.82%</u>	<u>17.87%</u>	<u>55.84%</u>

YEAR TO DATE

RESIDENTIAL	39.07%	11.96%	5.90%	8.97%	12.24%
COMM & IND	57.02%	6.71%	0.44%	8.60%	41.27%
PVT ST LIGHTS	0.12%	0.02%	0.00%	0.04%	0.06%
PUB ST LIGHTS	0.34%	0.12%	0.05%	0.06%	0.11%
MUNI BLDGS	1.21%	0.25%	0.26%	0.23%	0.47%
SALES/RESALE	0.54%	0.54%	0.00%	0.00%	0.00%
SCHOOL	1.70%	0.58%	0.35%	0.40%	0.37%
TOTAL	<u>100.00%</u>	<u>20.18%</u>	<u>7.00%</u>	<u>18.30%</u>	<u>54.52%</u>

LAST YEAR
TO DATE

RESIDENTIAL	38.53%	11.87%	5.75%	8.89%	12.02%
COMM & IND	57.54%	7.16%	0.47%	9.01%	40.90%
PVT ST LIGHTS	0.12%	0.02%	0.00%	0.04%	0.06%
PUB ST LIGHTS	0.38%	0.13%	0.05%	0.07%	0.13%
MUNI BLDGS	1.24%	0.28%	0.27%	0.24%	0.45%
SALES/RESALE	0.56%	0.56%	0.00%	0.00%	0.00%
SCHOOL	1.63%	0.62%	0.37%	0.17%	0.47%
TOTAL	<u>100.00%</u>	<u>20.64%</u>	<u>6.91%</u>	<u>18.42%</u>	<u>54.03%</u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
FORMULA INCOME
9/30/15

TOTAL OPERATING REVENUES	(P.3)	25,266,985.15
ADD:		
POLE RENTAL		0.00
INTEREST INCOME ON CUSTOMER DEPOSITS		1,301.42
LESS:		
OPERATING EXPENSES	(P.3)	(22,916,406.78)
CUSTOMER DEPOSIT INTEREST EXPENSE		(536.57)
FORMULA INCOME (LOSS)		<u><u>2,351,343.22</u></u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
GENERAL STATISTICS
9/30/15

		MONTH OF SEP 2014	MONTH OF SEP 2015	% CHANGE		YEAR SEP 2014	THRU SEP 2015
				2014	2015		
SALE OF KWH	(P.5)	61,109,725	71,815,020	-3.05%	3.04%	194,770,081	200,690,027
KWH PURCHASED		58,968,269	62,864,230	-3.68%	5.54%	196,595,839	207,493,973
AVE BASE COST PER KWH		0.043701	0.021492	396.00%	-44.70%	0.040232	0.022247
AVE BASE SALE PER KWH		0.031501	0.032128	0.89%	8.03%	0.031245	0.033754
AVE COST PER KWH		0.083698	0.074020	-4.41%	-14.79%	0.083034	0.070753
AVE SALE PER KWH		0.076649	0.079263	-0.19%	-3.29%	0.084572	0.081793
FUEL CHARGE REVENUE	(P.3)	2,758,999.30	3,385,022.47	-4.65%	-7.18%	10,386,553.45	9,640,963.29
LOAD FACTOR		53.71%	55.58%				
PEAK LOAD		150,405	154,933				

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
SCHEDULE OF CASH AND INVESTMENTS
9/30/15

SCHEDULE A

	PREVIOUS YEAR	CURRENT YEAR
UNRESTRICTED CASH		
CASH - OPERATING FUND	11,035,619.90	10,501,383.61
CASH - PETTY CASH	3,000.00	3,000.00
TOTAL UNRESTRICTED CASH	<u>11,038,619.90</u>	<u>10,504,383.61</u>
RESTRICTED CASH		
CASH - DEPRECIATION FUND	5,099,591.58	6,426,869.32
CASH - CONSTRUCTION FUND	263,745.08	417,982.97
CASH - TOWN PAYMENT	937,215.75	946,611.00
CASH - DEFERRED FUEL RESERVE	5,947,109.45	4,519,770.54
CASH - RATE STABILIZATION FUND	6,741,747.60	6,784,114.10
CASH - UNCOLLECTIBLE ACCTS RESERVE	200,000.00	200,000.00
CASH - SICK LEAVE BENEFITS	1,684,533.64	1,791,428.02
CASH - HAZARD WASTE RESERVE	150,000.00	150,000.00
CASH - CUSTOMER DEPOSITS	807,738.14	863,919.67
CASH - ENERGY CONSERVATION	582,350.29	683,818.74
TOTAL RESTRICTED CASH	<u>22,414,031.53</u>	<u>22,784,514.36</u>
INVESTMENTS		
SICK LEAVE BUYBACK	<u>1,292,906.26</u>	<u>1,284,061.45</u>
TOTAL CASH BALANCE	<u>34,745,557.69</u>	<u>34,572,959.42</u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
SCHEDULE OF ACCOUNTS RECEIVABLE
9/30/15

SCHEDULE B

SCHEDULE OF ACCOUNTS RECEIVABLE	PREVIOUS YEAR	CURRENT YEAR
RESIDENTIAL AND COMMERCIAL	2,315,435.44	4,731,364.33
ACCOUNTS RECEIVABLE - OTHER	36,729.23	251,462.03
ACCOUNTS RECEIVABLE - LIENS	18,531.86	6,837.76
ACCOUNTS RECEIVABLE - EMPLOYEE ADVANCES	892.14	543.53
SALES DISCOUNT LIABILITY	(189,055.47)	(184,488.64)
RESERVE FOR UNCOLLECTIBLE ACCOUNTS	(242,977.30)	(221,867.25)
TOTAL ACCOUNTS RECEIVABLE BILLED	<u>1,939,555.90</u>	<u>4,583,851.76</u>
UNBILLED ACCOUNTS RECEIVABLE	5,622,269.28	5,166,349.95
TOTAL ACCOUNTS RECEIVABLE, NET	<u><u>7,561,825.18</u></u>	<u><u>9,750,201.71</u></u>

SCHEDULE OF PREPAYMENTS

PREPAID INSURANCE	892,934.06	921,423.64
PREPAYMENT PURCHASED POWER	(11,355.59)	(396,811.75)
PREPAYMENT PASNY	259,957.39	307,572.50
PREPAYMENT WATSON	252,480.42	263,258.52
PURCHASED POWER WORKING CAPITAL	12,700.11	14,870.06
TOTAL PREPAYMENT	<u><u>1,406,716.39</u></u>	<u><u>1,110,312.97</u></u>

OTHER DEFERRED DEBITS	<u><u>0.00</u></u>	<u><u>1,547,815.00</u></u>
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ACCOUNTS RECEIVABLE AGING SEPTEMBER 2015:

RESIDENTIAL AND COMMERCIAL	4,731,364.33
LESS: SALES DISCOUNT LIABILITY	(184,488.64)
GENERAL LEDGER BALANCE	<u><u>4,546,875.69</u></u>

CURRENT	4,050,778.72	89.09%
30 DAYS	381,742.02	8.40%
60 DAYS	60,577.89	1.33%
90 DAYS	9,655.49	0.21%
OVER 90 DAYS	44,121.57	0.97%
TOTAL	<u><u>4,546,875.69</u></u>	<u><u>100.00%</u></u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
SCHEDULE OF OPERATING REVENUE
9/30/15

SCHEDULE D

SALES OF ELECTRICITY:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
RESIDENTIAL SALES	2,056,407.30	2,653,308.66	7,350,485.41	7,598,826.11	3.38%
COMM AND INDUSTRIAL SALES	2,427,140.29	2,871,325.15	8,449,224.57	8,209,110.72	-2.84%
PRIVATE STREET LIGHTING	9,023.30	9,883.06	29,082.19	29,878.66	2.74%
TOTAL PRIVATE CONSUMERS	<u>4,492,570.89</u>	<u>5,534,516.87</u>	<u>15,828,792.17</u>	<u>15,837,815.49</u>	0.06%
MUNICIPAL SALES:					
STREET LIGHTING	29,860.45	(34,958.40)	89,581.35	21,205.57	-76.33%
MUNICIPAL BUILDINGS	57,058.21	65,898.85	197,228.47	192,471.79	-2.41%
TOTAL MUNICIPAL CONSUMERS	<u>86,918.66</u>	<u>30,940.45</u>	<u>286,809.82</u>	<u>213,677.36</u>	-25.50%
SALES FOR RESALE	27,694.90	33,471.30	95,864.70	93,038.60	-2.95%
SCHOOL	<u>76,828.21</u>	<u>93,380.41</u>	<u>260,614.12</u>	<u>270,582.83</u>	3.83%
SUB-TOTAL	4,684,012.66	5,692,309.03	16,472,080.81	16,415,114.28	-0.35%
FORFEITED DISCOUNTS	108,263.18	71,838.93	249,020.22	195,863.12	-21.35%
PURCHASED POWER CAPACITY	2,542,665.72	3,131,926.41	8,099,597.29	8,696,014.94	7.36%
ENERGY CONSERVATION - RESIDENTIAL	22,939.09	27,658.06	75,062.94	78,450.63	4.51%
ENERGY CONSERVATION - COMMERCIAL	36,873.58	42,795.55	115,522.51	118,341.26	2.44%
NYPA CREDIT	(73,836.15)	(100,901.03)	(157,619.41)	(236,799.08)	50.23%
TOTAL REVENUE	<u><u>7,320,918.08</u></u>	<u><u>8,865,626.95</u></u>	<u><u>24,853,664.36</u></u>	<u><u>25,266,985.15</u></u>	1.66%

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
SCHEDULE OF OPERATING REVENUE BY TOWN
9/30/15

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	2,653,308.66	779,493.11	390,958.36	601,876.60	880,980.59
INDUS/MUNI BLDG	2,937,224.00	390,996.32	42,120.41	456,900.10	2,047,207.17
PUB. ST. LIGHTS	(34,958.40)	(11,810.49)	(4,703.23)	(6,110.37)	(12,334.31)
PRV. ST. LIGHTS	9,883.06	1,625.20	188.66	3,231.51	4,837.69
CO-OP RESALE	33,471.30	33,471.30	0.00	0.00	0.00
SCHOOL	93,380.41	31,724.23	18,260.18	21,974.84	21,421.16
TOTAL	<u>5,692,309.03</u>	<u>1,225,499.67</u>	<u>446,824.38</u>	<u>1,077,872.68</u>	<u>2,942,112.30</u>

THIS YEAR TO DATE

RESIDENTIAL	7,598,826.11	2,343,352.57	1,138,394.88	1,740,402.26	2,376,676.40
INDUS/MUNI BLDG	8,401,582.51	1,117,747.97	117,639.62	1,328,682.91	5,837,512.01
PUB. ST. LIGHTS	21,205.57	7,088.75	2,820.49	3,779.43	7,516.90
PRV. ST. LIGHTS	29,878.66	4,908.14	569.69	9,765.82	14,635.01
CO-OP RESALE	93,038.60	93,038.60	0.00	0.00	0.00
SCHOOL	270,582.83	92,492.20	54,577.58	64,143.35	59,369.70
TOTAL	<u>16,415,114.28</u>	<u>3,658,628.23</u>	<u>1,314,002.24</u>	<u>3,146,773.78</u>	<u>8,295,710.03</u>

LAST YEAR TO DATE

RESIDENTIAL	7,350,485.41	2,273,055.54	1,087,962.49	1,692,603.84	2,296,863.54
INDUS/MUNI BLDG	8,646,453.04	1,190,908.22	118,411.39	1,480,385.94	5,856,747.49
PUB. ST. LIGHTS	89,581.35	30,042.69	12,072.24	15,801.15	31,665.27
PRV. ST. LIGHTS	29,082.19	4,834.10	570.72	9,434.80	14,242.57
CO-OP RESALE	95,864.70	95,864.70	0.00	0.00	0.00
SCHOOL	260,614.12	98,770.33	58,546.49	29,513.10	73,784.20
TOTAL	<u>16,472,080.81</u>	<u>3,693,475.58</u>	<u>1,277,563.33</u>	<u>3,227,738.83</u>	<u>8,273,303.07</u>

PERCENTAGE OF OPERATING INCOME TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	46.61%	13.69%	6.87%	10.57%	15.48%
INDUS/MUNI BLDG	51.60%	6.87%	0.74%	8.03%	35.96%
PUB. ST. LIGHTS	-0.61%	-0.21%	-0.08%	-0.11%	-0.22%
PRV. ST. LIGHTS	0.17%	0.03%	0.00%	0.06%	0.08%
CO-OP RESALE	0.59%	0.59%	0.00%	0.00%	0.00%
SCHOOL	1.64%	0.56%	0.32%	0.39%	0.38%
TOTAL	<u>100.00%</u>	<u>21.53%</u>	<u>7.85%</u>	<u>18.94%</u>	<u>51.68%</u>

THIS YEAR TO DATE

RESIDENTIAL	46.29%	14.28%	6.94%	10.60%	14.48%
INDUS/MUNI BLDG	51.18%	6.81%	0.72%	8.09%	35.56%
PUB. ST. LIGHTS	0.13%	0.04%	0.02%	0.02%	0.05%
PRV. ST. LIGHTS	0.18%	0.03%	0.00%	0.06%	0.09%
CO-OP RESALE	0.57%	0.57%	0.00%	0.00%	0.00%
SCHOOL	1.65%	0.56%	0.33%	0.39%	0.36%
TOTAL	<u>100.00%</u>	<u>22.29%</u>	<u>8.00%</u>	<u>19.17%</u>	<u>50.54%</u>

LAST YEAR TO DATE

RESIDENTIAL	44.62%	13.80%	6.60%	10.28%	13.94%
INDUS/MUNI BLDG	52.50%	7.23%	0.72%	8.99%	35.56%
PUB. ST. LIGHTS	0.54%	0.18%	0.07%	0.10%	0.19%
PRV. ST. LIGHTS	0.18%	0.03%	0.00%	0.06%	0.09%
CO-OP RESALE	0.58%	0.58%	0.00%	0.00%	0.00%
SCHOOL	1.58%	0.60%	0.36%	0.18%	0.44%
TOTAL	<u>100.00%</u>	<u>22.42%</u>	<u>7.75%</u>	<u>19.61%</u>	<u>50.22%</u>

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
BUDGETED REVENUE VARIANCE REPORT
9/30/15

SCHEDULE F

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
SALES OF ELECTRICITY:				
RESIDENTIAL	3,818,828.68	3,803,326.00	15,502.68	0.41%
COMM AND INDUSTRIAL SALES PRIVATE STREET LIGHTING MUNICIPAL BUILDINGS	2,787,269.62	2,663,774.00	123,495.62	4.64%
PUBLIC STREET LIGHTING	21,205.57	94,679.00	(73,473.43)	-77.60%
SALES FOR RESALE	41,154.09	39,353.00	1,801.09	4.58%
SCHOOL	<u>105,693.03</u>	<u>98,280.00</u>	<u>7,413.03</u>	7.54%
 TOTAL BASE SALES	 6,774,150.99	 6,699,412.00	 74,738.99	 1.12%
TOTAL FUEL SALES	<u>9,640,963.29</u>	<u>9,638,918.00</u>	<u>2,045.29</u>	0.02%
TOTAL OPERATING REVENUE	16,415,114.28	16,338,330.00	76,784.28	0.47%
FORFEITED DISCOUNTS	195,863.12	200,983.00	(5,119.88)	-2.55%
PURCHASED POWER CAPACITY	8,696,014.94	8,361,438.00	334,576.94	4.00%
ENERGY CONSERVATION - RESIDENTIAL	78,450.63	79,040.00	(589.37)	-0.75%
ENERGY CONSERVATION - COMMERCIAL	118,341.26	117,988.00	353.26	0.30%
NYPA CREDIT	(236,799.08)	(225,000.00)	(11,799.08)	5.24%
 TOTAL OPERATING REVENUES	 <u><u>25,266,985.15</u></u>	 <u><u>24,872,779.00</u></u>	 <u><u>394,206.15</u></u>	 1.58%

* () = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
SCHEDULE OF OPERATING EXPENSES
9/30/15

SCHEDULE E

OPERATION EXPENSES:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
PURCHASED POWER CAPACITY	1,427,986.74	1,351,093.27	4,258,129.89	4,616,045.21	8.41%
PURCHASED POWER TRANSMISSION	1,148,999.53	1,284,290.11	3,651,401.07	3,774,337.74	3.37%
TOTAL PURCHASED POWER	2,576,986.27	2,635,383.38	7,909,530.96	8,390,382.95	0.12
OPERATION SUP AND ENGINEERING EXP	43,416.10	41,915.63	129,050.92	127,996.78	-0.82%
STATION SUP LABOR AND MISC	12,483.78	10,388.37	34,898.30	32,889.40	-5.76%
LINE MISC LABOR AND EXPENSE	45,564.01	52,590.00	141,194.39	169,461.65	20.02%
STATION LABOR AND EXPENSE	34,024.06	26,835.11	109,539.88	93,901.52	-14.28%
STREET LIGHTING EXPENSE	9,779.82	11,757.77	28,406.76	25,300.13	-10.94%
METER EXPENSE	14,795.33	17,301.55	43,856.56	51,269.41	16.90%
MISC DISTRIBUTION EXPENSE	31,795.62	35,907.59	86,260.06	107,067.41	24.12%
METER READING LABOR & EXPENSE	1,045.58	1,443.79	5,040.36	9,249.31	83.50%
ACCT & COLL LABOR & EXPENSE	122,722.86	113,322.93	390,661.82	393,393.73	0.70%
UNCOLLECTIBLE ACCOUNTS	10,000.00	10,000.00	30,000.00	30,000.00	0.00%
ENERGY AUDIT EXPENSE	29,055.55	37,807.60	92,531.23	134,404.73	45.25%
ADMIN & GEN SALARIES	63,891.79	54,399.88	204,242.87	190,095.49	-6.93%
OFFICE SUPPLIES & EXPENSE	26,624.13	34,076.89	64,221.07	69,913.34	8.86%
OUTSIDE SERVICES	13,599.10	53,975.15	78,658.45	86,789.48	10.34%
PROPERTY INSURANCE	29,863.73	31,242.39	89,591.19	93,727.17	4.62%
INJURIES AND DAMAGES	4,511.34	5,278.12	10,631.92	12,069.40	13.52%
EMPLOYEES PENSIONS & BENEFITS	221,356.62	227,733.83	764,003.11	691,802.99	-9.45%
MISC GENERAL EXPENSE	15,311.42	13,097.37	30,198.87	31,841.23	5.44%
RENT EXPENSE	13,907.10	13,855.09	41,276.52	43,905.88	6.37%
ENERGY CONSERVATION	28,744.36	60,935.57	65,496.16	97,579.11	48.98%
TOTAL OPERATION EXPENSES	772,492.30	853,864.63	2,439,760.44	2,492,658.16	2.17%
MAINTENANCE EXPENSES:					
MAINT OF TRANSMISSION PLANT	227.10	227.08	681.30	681.24	-0.01%
MAINT OF STRUCT AND EQUIPMT	73,545.52	29,658.62	158,982.20	79,293.08	-50.12%
MAINT OF LINES - OH	158,559.21	76,309.51	415,951.27	322,003.59	-22.59%
MAINT OF LINES - UG	24,553.53	35,646.33	37,745.23	39,394.04	4.37%
MAINT OF LINE TRANSFORMERS	20,945.46	38,239.81	27,842.96	46,450.90	0.00%
MAINT OF ST LT & SIG SYSTEM	(16.34)	(46.13)	(138.04)	(165.87)	20.16%
MAINT OF GARAGE AND STOCKROOM	38,101.83	53,087.61	108,446.40	114,839.08	5.89%
MAINT OF METERS	0.00	0.00	0.00	0.00	0.00%
MAINT OF GEN PLANT	35,144.66	8,921.21	72,311.27	25,992.84	-64.05%
TOTAL MAINTENANCE EXPENSES	351,060.97	242,044.04	821,822.59	628,488.90	-23.52%
DEPRECIATION EXPENSE	321,788.79	328,732.65	965,366.37	986,197.95	2.16%
PURCHASED POWER FUEL EXPENSE	2,358,565.60	3,302,139.93	8,414,519.55	10,064,678.82	19.61%
VOLUNTARY PAYMENTS TO TOWNS	118,000.00	118,000.00	354,000.00	354,000.00	0.00%
TOTAL OPERATING EXPENSES	6,498,893.93	7,480,164.63	20,904,999.91	22,916,406.78	9.62%

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
BUDGETED OPERATING EXPENSE VARIANCE REPORT
9/30/15

SCHEDULE G

OPERATION EXPENSES:	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
PURCHASED POWER CAPACITY	4,616,045.21	4,676,885.00	(60,839.79)	-1.30%
PURCHASED POWER TRANSMISSION	3,774,337.74	3,684,553.00	89,784.74	2.44%
TOTAL PURCHASED POWER	<u>8,390,382.95</u>	<u>8,361,438.00</u>	<u>28,944.95</u>	0.35%
OPERATION SUP AND ENGINEERING EXP	127,996.78	156,618.00	(28,621.22)	-18.27%
STATION SUP LABOR AND MISC	32,889.40	21,216.00	11,673.40	55.02%
LINE MISC LABOR AND EXPENSE	169,461.65	169,236.00	225.65	0.13%
STATION LABOR AND EXPENSE	93,901.52	110,883.00	(16,981.48)	-15.31%
STREET LIGHTING EXPENSE	25,300.13	23,732.00	1,568.13	6.61%
METER EXPENSE	51,269.41	53,422.00	(2,152.59)	-4.03%
MISC DISTRIBUTION EXPENSE	107,067.41	115,487.00	(8,419.59)	-7.29%
METER READING LABOR & EXPENSE	9,249.31	8,295.00	954.31	11.50%
ACCT & COLL LABOR & EXPENSE	393,393.73	423,778.00	(30,384.27)	-7.17%
UNCOLLECTIBLE ACCOUNTS	30,000.00	30,000.00	0.00	0.00%
ENERGY AUDIT EXPENSE	134,404.73	119,534.00	14,870.73	12.44%
ADMIN & GEN SALARIES	190,095.49	208,883.00	(18,787.51)	-8.99%
OFFICE SUPPLIES & EXPENSE	69,913.34	75,300.00	(5,386.66)	-7.15%
OUTSIDE SERVICES	86,789.48	114,317.00	(27,527.52)	-24.08%
PROPERTY INSURANCE	93,727.17	116,550.00	(22,822.83)	-19.58%
INJURIES AND DAMAGES	12,069.40	13,263.00	(1,193.60)	-9.00%
EMPLOYEES PENSIONS & BENEFITS	691,802.99	713,274.00	(21,471.01)	-3.01%
MISC GENERAL EXPENSE	31,841.23	82,676.00	(50,834.77)	-61.49%
RENT EXPENSE	43,905.88	53,001.00	(9,095.12)	-17.16%
ENERGY CONSERVATION	97,579.11	204,148.00	(106,568.89)	-52.20%
TOTAL OPERATION EXPENSES	<u>2,492,658.16</u>	<u>2,813,613.00</u>	<u>(320,954.84)</u>	-11.41%
MAINTENANCE EXPENSES:				
MAINT OF TRANSMISSION PLANT	681.24	750.00	(68.76)	-9.17%
MAINT OF STRUCT AND EQUIPMENT	79,293.08	93,689.00	(14,395.92)	-15.37%
MAINT OF LINES - OH	322,003.59	493,605.00	(171,601.41)	-34.76%
MAINT OF LINES - UG	39,394.04	55,864.00	(16,469.96)	-29.48%
MAINT OF LINE TRANSFORMERS	46,450.90	75,000.00	(28,549.10)	-38.07%
MAINT OF ST LT & SIG SYSTEM	(165.87)	2,555.00	(2,720.87)	-106.49%
MAINT OF GARAGE AND STOCKROOM	114,839.08	166,268.00	(51,428.92)	-30.93%
MAINT OF METERS	0.00	15,854.00	(15,854.00)	-100.00%
MAINT OF GEN PLANT	25,992.84	44,550.00	(18,557.16)	-41.65%
TOTAL MAINTENANCE EXPENSES	<u>628,488.90</u>	<u>948,135.00</u>	<u>(319,646.10)</u>	-33.71%
DEPRECIATION EXPENSE	986,197.95	995,790.00	(9,592.05)	-0.96%
PURCHASED POWER FUEL EXPENSE	10,064,678.82	9,413,918.00	650,760.82	6.91%
VOLUNTARY PAYMENTS TO TOWNS	354,000.00	354,000.00	0.00	0.00%
TOTAL OPERATING EXPENSES	<u>22,916,406.78</u>	<u>22,886,894.00</u>	<u>29,512.78</u>	0.13%

* () = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
BUDGETED OPERATING EXPENSE VARIANCE REPORT
9/30/15

OPERATION EXPENSES:	RESPONSIBLE SENIOR MANAGER	2016 ANNUAL BUDGET	ACTUAL YEAR TO DATE	REMAINING BUDGET BALANCE	REMAINING BUDGET %
PURCHASED POWER CAPACITY	JP	17,095,785.00	4,616,045.21	12,479,739.79	73.00%
PURCHASED POWER TRANSMISSION	JP	12,600,639.00	3,774,337.74	8,826,301.26	70.05%
TOTAL PURCHASED POWER		<u>29,696,424.00</u>	<u>8,390,382.95</u>	<u>21,306,041.05</u>	71.75%
OPERATION SUP AND ENGINEERING EXP	HJ	629,691.00	127,996.78	501,694.22	79.67%
STATION SUP LABOR AND MISC	HJ	84,858.00	32,889.40	51,968.60	61.24%
LINE MISC LABOR AND EXPENSE	HJ	666,641.00	169,461.65	497,179.35	74.58%
STATION LABOR AND EXPENSE	HJ	448,347.00	93,901.52	354,445.48	79.06%
STREET LIGHTING EXPENSE	HJ	93,347.00	25,300.13	68,046.87	72.90%
METER EXPENSE	HJ	233,648.00	51,269.41	182,378.59	78.06%
MISC DISTRIBUTION EXPENSE	HJ	457,068.00	107,067.41	350,000.59	76.58%
METER READING LABOR & EXPENSE	HJ	32,578.00	9,249.31	23,328.69	71.61%
ACCT & COLL LABOR & EXPENSE	RF	1,693,219.00	393,393.73	1,299,825.27	76.77%
UNCOLLECTIBLE ACCOUNTS	JP	120,000.00	30,000.00	90,000.00	75.00%
ENERGY AUDIT EXPENSE	JP	482,273.00	134,404.73	347,868.27	72.13%
ADMIN & GEN SALARIES	CO	838,461.00	190,095.49	648,365.51	77.33%
OFFICE SUPPLIES & EXPENSE	CO	301,000.00	69,913.34	231,086.66	76.77%
OUTSIDE SERVICES	CO	377,332.00	86,789.48	290,542.52	77.00%
PROPERTY INSURANCE	HJ	466,200.00	93,727.17	372,472.83	79.90%
INJURIES AND DAMAGES	HJ	51,254.00	12,069.40	39,184.60	76.45%
EMPLOYEES PENSIONS & BENEFITS	HJ	2,633,591.00	691,802.99	1,941,788.01	73.73%
MISC GENERAL EXPENSE	CO	231,022.00	31,841.23	199,180.77	86.22%
RENT EXPENSE	HJ	212,000.00	43,905.88	168,094.12	79.29%
ENERGY CONSERVATION	JP	816,602.00	97,579.11	719,022.89	88.05%
TOTAL OPERATION EXPENSES		<u>10,869,132.00</u>	<u>2,492,658.16</u>	<u>8,376,473.84</u>	77.07%
MAINTENANCE EXPENSES:					
MAINT OF TRANSMISSION PLANT	HJ	3,000.00	681.24	2,318.76	77.29%
MAINT OF STRUCT AND EQUIPMT	HJ	484,026.00	79,293.08	404,732.92	83.62%
MAINT OF LINES - OH	HJ	1,675,794.00	322,003.59	1,353,790.41	80.79%
MAINT OF LINES - UG	HJ	130,694.00	39,394.04	91,299.96	69.86%
MAINT OF LINE TRANSFORMERS	HJ	156,000.00	46,450.90	109,549.10	70.22%
MAINT OF ST LT & SIG SYSTEM	HJ	9,745.00	(165.87)	9,910.87	101.70%
MAINT OF GARAGE AND STOCKROOM	HJ	660,131.00	114,839.08	545,291.92	82.60%
MAINT OF METERS	HJ	43,875.00	0.00	43,875.00	100.00%
MAINT OF GEN PLANT	RF	178,200.00	25,992.84	152,207.16	85.41%
TOTAL MAINTENANCE EXPENSES		<u>3,341,465.00</u>	<u>628,488.90</u>	<u>2,712,976.10</u>	81.19%
DEPRECIATION EXPENSE	RF	3,983,145.00	986,197.95	2,996,947.05	75.24%
PURCHASED POWER FUEL EXPENSE	JP	34,326,329.00	10,064,678.82	24,261,650.18	70.68%
VOLUNTARY PAYMENTS TO TOWNS	RF	1,416,000.00	354,000.00	1,062,000.00	75.00%
TOTAL OPERATING EXPENSES		<u>83,632,495.00</u>	<u>22,916,406.78</u>	<u>60,716,088.22</u>	72.60%

TOWN OF READING, MASSACHUSETTS
MUNICIPAL LIGHT DEPARTMENT
PROFESSIONAL SERVICES
9/30/2015

PROFESSIONAL SERVICES BY PROJECT

ITEM	DEPARTMENT	ACTUAL	BUDGET	VARIANCE
1 RMLD AND PENSION TRUST AUDIT FEES	ACCOUNTING	20,895.25	35,000.00	(14,104.75)
2 LEGAL-FERC/ISO/POWER/OTHER	INTEGRATED RESOURCES	30,690.88	34,575.00	(3,884.12)
3 NERC COMPLIANCE AND AUDIT	E & O	14,446.60	3,750.00	10,696.60
4 LEGAL- SOLAR/FIBER	ENGINEERING	3,800.00	2,499.00	1,301.00
5 LEGAL-GENERAL	GM	0.00	18,750.00	(18,750.00)
6 LEGAL SERVICES	HR	6,356.75	10,494.00	(4,137.25)
7 SURVEY RIGHT OF WAY/ ENVIRONMENTAL	BLDG. MAINT.	0.00	2,499.00	(2,499.00)
8 INSURANCE CONSULTANT/OTHER	GEN. BENEFIT	10,600.00	6,750.00	3,850.00
TOTAL		<u>86,789.48</u>	<u>114,317.00</u>	<u>(27,527.52)</u>

PROFESSIONAL SERVICES BY VENDOR

	ACTUAL
MELANSON HEATH	20,500.00
DUNCAN AND ALLEN	14,964.33
UTILITY SERVICE INC.	3,150.00
RUBIN AND RUDMAN	29,650.15
SMERCZYNSKI & CONN, PC	4,125.00
PLM ELECTRIC POWER ENGINEERING	3,800.00
FLEET COUNSELOR SERVICES INC.	10,600.00
TOTAL	<u>86,789.48</u>

RMLD
DEFERRED FUEL CASH RESERVE ANALYSIS
09/30/15

DATE	GROSS CHARGES	REVENUES	NYPA CREDIT	MONTHLY DEFERRED	TOTAL DEFERRED
Jun-15					5,180,285.15
Jul-15	3,492,949.80	3,083,024.15	(65,798.90)	(475,724.55)	4,704,560.60
Aug-15	3,269,589.09	3,172,916.67	(70,099.15)	(166,771.57)	4,537,789.03
Sep-15	3,302,139.93	3,385,022.47	(100,901.03)	(18,018.49)	4,519,770.54

RMLD
BUDGET / ACTUAL COMPARISON SUMMARY SCHEDULE DRAFT 1
9/30/15

DIVISION	ACTUAL	BUDGET	VARIANCE	VAR %
BUSINESS DIVISION	2,477,725	2,555,509	(77,783)	-3.04%
INTEGRATED RESOURCES	262,675	358,257	(95,583)	-26.68%
ENGINEERING AND OPERATIONS	1,072,444	1,343,619	(271,174)	-20.18%
FACILITY	1,094,327	1,231,219	(136,893)	-11.12%
GENERAL MANAGER	<u>147,321</u>	<u>215,958</u>	<u>(68,637)</u>	-31.78%
SUB-TOTAL	5,054,492	5,704,562	(650,070)	-11.40%
PURCHASED POWER BASE	8,390,383	8,361,438	28,945	0.35%
PURCHASED POWER FUEL	10,064,679	9,413,918	650,761	6.91%
TOTAL	<u><u>23,509,554</u></u>	<u><u>23,479,918</u></u>	<u><u>29,636</u></u>	0.13%