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**AGENDA**  
*REGULAR SESSION*

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

Wednesday, October 22, 2014  
6:30 pm  
230 Ash Street, Winfred Spurr/Audio Visual Room  
Reading, MA 01867

1. CALL MEETING TO ORDER: G. Hooper, Vice Chair
2. APPROVAL OF MINUTES FROM AUGUST 13, 2014, MEETING: G. Hooper, Vice Chair  
**Suggested Motion:** Move that the Citizens' Advisory Board approve the minutes of the August 13, 2014, meeting as written.
3. CAB REORGANIZATION: G. Hooper, Vice Chair
4. CAB UPDATE AND PRESENTATION TO TOWNS: C. O'Brien, General Manager
5. FY14 ANNUAL FINANCIAL REPORT: R. Fournier, Accounting/Business Manager
6. FINANCIAL REPORT – AUGUST 2014: R. Fournier, Accounting/Business Manager
7. INTEGRATED RESOURCES REPORT – AUGUST 2014: J. Parenteau, Director of Integrated Resources
8. REVIEW OF CAB POLICIES: D. Nelson, Secretary
9. REPORT - NEPPA ANNUAL CONFERENCE: D. Mancuso
10. NEXT MEETING: G. Hooper, Vice Chair
11. ADJOURNMENT: G. Hooper, Vice Chair

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

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

**MINUTES  
Regular Session**

Time: 6:30 p.m.

Date: Wednesday, August 13, 2014

Place: RMLD, 230 Ash Street, Reading, MA, Winfred Spurr/Audio Visual Room

**CAB Members Present:**

Mr. George Hooper, Vice Chair (Wilmington); Mr. Dennis Kelley (Wilmington); Mr. David Mancuso (Reading)

**CAB Members Absent:**

Mr. John Norton, Chair (North Reading); Mr. David Nelson, Secretary (Lynnfield)

**RMLD Commissioner(s) Present:**

Mr. David Talbot

**RMLD Staff Present:**

Ms. Jane Parenteau, Ms. Kathleen Rybak, Mr. Bill Seldon

**Public and Invited Guests Present:**

Mr. and Mrs. Tony Capobianco and family

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

Vice 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. Presentation of Meter Lamp – G. Hooper, Vice Chair**

Vice Chair Hooper presented Mr. Capobianco with a Reading Light meter lamp and thanked him for his service on the CAB.

**3. Approval of Minutes– G. Hooper, Vice Chair**

*Materials: June 3, 2014, Regular Session CAB Minutes*

Mr. Mancuso made a *Motion* that the Citizens' Advisory Board approve the Minutes from the June 3, 2014, meeting as written, seconded by Mr. Kelley. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent).*

**4. Surplus Materials Policy Review – J. Parenteau, Director of Integrated Resources**

*Materials: Draft RMLD Policy No. 2 – Surplus Management*

Vice Chair Hooper asked if there was an on-going investigation. Ms. Parenteau reported that the Town has been working on this issue; the Town Accountant has requested additional information, which has been provided. All RMLD policies have been sent to legal for review. The Draft Surplus Materials Policy is being provided for CAB and Board input prior to the Policy Committee meeting scheduled for September 9. Comments should be submitted by August 29.



Mr. Mancuso suggested that the CAB submit aggregate comments rather than submitting individual comments. Mr. Mancuso offered, in Chair Norton's absence, to accept all CAB comments and aggregate them into one document representing the CAB's opinion. If another meeting is necessary, it will be scheduled. Vice Chair Hooper and Mr. Kelley agreed that that made sense.

Mr. Mancuso noted that he has heard from his selectmen (Reading) and has been asked to express concern as the owners of RMLD. Mr. Mancuso noted that the Town itself has limited authority over RMLD and relies on the Commissioners to do what is necessary to oversee the operation of the General Manager and rely on the General Manager. Mr. Mancuso noted that there is a significant amount of concern, less so about the sale and more so about the process that followed the sale.

Vice Chair Hooper added that the same applied to the Wilmington Board of Selectmen. There was concern on the Commissioners' lack of over-sight and their attitude about what was happening - they had a blind eye or they didn't have any concept about what was happening. Mr. Mancuso noted from the last (BOC) meeting, there was some conversation with legal about trying to make sure that we all understand what our roles are here, and where the responsibilities of the Commission sit - where the responsibilities of the General Manager and the organization sit and where the responsibilities of the CAB sit. Mr. Mancuso asked if that is continuing. Ms. Parenteau said she believes it is and that it is related to the Town of Reading Charter changes. Mr. Mancuso asked if the intention from the Commissioners and the General Manager was to report back what legal says about Chapter 164, what the state says about the responsibilities of the Commissioners, and what the responsibility of the CAB is as an advisory board. Is legal looking at the breadth of that or just Chapter 164 and the line between the Town of Reading as the owners? Ms. Parenteau noted that she believes it is the latter and noted that the 20-Year Agreement is really what defined the CAB. The group expressed concern about the Commission's response to the incident.

Mr. Mancuso expressed as the representative of Reading that the concern is sufficient and that people will be paying attention to what happens next. Mr. Mancuso acknowledged that the other communities could buy power anywhere. He noted that the Town is sensitive to the fact that this community owns this entity and even though we share in some of the proceeds, we're sensitive. Mr. Mancuso further noted that he had been asked to reiterate that Reading takes this very seriously as a community.

Vice Chair Hooper noted that it concerned all the communities involved once it came to light. Mr. Mancuso, suggested putting some thoughts together so that rather than just being critical the CAB could offer on behalf of the communities, constructive ideas about how information flows, what things make us curious, and how we might want to see that happened, so it's not just complaining. Vice Chair Hooper agreed that that was something that could be done when submitting comments on the Surplus Policy.

Mr. Mancuso suggested this may require another meeting. Ms. Parenteau cautioned if the CAB was going to be working collaboratively to be sure to comply with the Open Meeting Law. Vice Chair Hooper noted that a couple of members were not present and certainly would like to be involved.

Mr. Talbot apologized for being late and asked what had been discussed. Vice Chair Hooper responded that the discussion was around the Surplus Materials Policy review and the concerns

from the CAB. Vice Chair Hooper noted that the CAB would like to present their feedback as a group, rather than individually.

Mr. Talbot asked what concerns had been raised. The CAB members discussed the recent events and Mr. Talbot provided his insights. Mr. Talbot noted that as an organization, and with the CAB's help, we need to set the course for the RMLD for the future in a way that makes sure our business model is sustainable and that we are doing the things that save money, but makes sure that the business is sustainable over the long run.

Vice Chair Hooper added, that we all want to see RMLD succeed, but acknowledged that something like that gives a black eye - not only to the RMLD, but the Board of Commissioners and the CAB. People look to the CAB as the advisors from the other towns.

Vice Chair Hooper asked Ms. Parenteau to provide the CAB members will all information and documents relative to this matter. Ms. Parenteau agreed to do so.

**5. RFP – Wholesale Power Supply 2015-18 - J. Parenteau, Director of Integrated Resources and B. Seldon, Senior Energy Analyst**

*Materials: Memo Dated August 7, 2014*

Mr. Seldon began the presentation of the RFP for Wholesale Power Supply, noting this is the sixth year that RMLD has gone out to bid for power supply with this format in place. Mr. Seldon reviewed the materials included with the Agenda. Mr. Seldon stated suppliers that are current within the ISO market will be invited to provide indicative pricing. Integrated Resources will then finalize purchase power agreement language with those that meet specific price criteria, and go out for final pricing. The bid will be awarded to the organization that meets the entire matrix, including pricing, how environmental responsible they are, their credit risk, etc. Mr. Seldon noted that it appears from the information that we are receiving right now that it is a pretty attractive time to be going out for RFP for this type of product with gas prices potentially at a low for the season.

Mr. Mancuso asked if the constraint on gas affects any of this. Mr. Seldon responded, yes. There is only so much gas available, and from a regulated side, during the winter months, gas is used first for heating customers. During a cold snap that could be an issue and it seems to have been reflected in the pricing. Ms. Parenteau added, prices have been stable over the last two winter periods. Because of the restrictions on natural gas, the forward-pricing as well as real-time pricing in the winter periods (particularly December-February) have increased. Those have historically been around \$75-80 per megawatt hour. Currently, the forward-price curves are in the \$130 per megawatt hour for that same period. Using this strategy, we were able to hedge several of those periods because we pick up 25% each year - some is locked in at the lower price, and we will be subject to locking in another portion and leaving some to the open market. Last year when RMLD went out for RFP, on average, we spent about \$46 per megawatt hour and it is at \$56 right now based on our models.

Mr. Hooper asked for a quick explanation of the chart. Ms. Parenteau reviewed the spreadsheet. On average, RMLD has within its portfolio unit entitlements for some nuclear (MillStone and Seabrook) and some combined cycle units (Stoneybrook and Braintree Watson units – natural gas/oil fired units). We look historically at our average load, what our maximum load and minimum load is, both off peak and on. The bottom line assumes that we have some generation that is being dispatched, we have some power supply contracts that are signed, and a piece is



subject to the open market. We don't want to buy it all at one time because you lose out on the probability that prices may go down. Therefore, we've elected this strategy where we take a piece and we capitalize on those fixed prices. Some suppliers have been offering heat-rate contracts. When gas prices start trending up, we evaluate heat-rate index contracts and lock in a heat-rate, which is the average cost to run a unit or how much generation is needed – the heat-rate times the natural gas price will give you dollars per megawatt hour. We then monitor the natural gas market and when it hits a price threshold it is locked in. If we haven't hit the price threshold, but we are coming up to that period then we lock it at that point. We are always evaluating these prices in terms of when is the optimal time to lock in. Gas was at a historical low the last two years, but is starting to tick up. Additional gas capacity into this region could have a dramatic effect on that price. We follow the markets and trends and evaluate that, as well as the process to see how it is working – can we tweak it to make it better for our customers.

Mr. Mancuso asked how much is bought on the open market. Ms. Parenteau responded on average 20-25%. It fluctuates seasonally – in the shoulder months (April and May) when the prices tend to be less volatile we keep a bigger open position. However, in the more volatile periods like the winter or summer, we reduce that amount.

Mr. Mancuso made a *Motion* that the RMLD Citizens' Advisory Board (CAB) recommend to the RMLD Board of Commissioners to authorize the General Manager to execute one or more Power Supply Agreements in accordance with RMLD's Wholesale Power Supply Plan for power supply purchases for a period not to exceed 2015 through 2018 and in amounts not to exceed 29 megawatts in 2015, 27 megawatts in 2016, 24 megawatts in 2017, and 23 megawatts in 2018, as presented by the Director of Integrated Resources, seconded by Mr. Kelley. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent)*.

**6. Election of Officers – G. Hooper, Vice Chair**

This item was tabled until a later date when all members are present.

**7. NEPPA Annual Conference – G. Hooper, Vice Chair:**

*Material(s): NEPPA Brochure*

Mr. Mancuso expressed interest in attending the NEPPA Annual Conference.

Mr. Kelley made a *Motion* to send one CAB member to the NEPPA Annual Conference, seconded by Mr. Mancuso. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent)*.

**8. Next Meeting – G. Hooper, Vice Chair**

The CAB agreed tentatively to meet on August 28 to compile comments on the Surplus Materials Policy. The next regular meeting was tentatively scheduled for September 10th.

Chair Talbot asked to speak and noted that moving forward he would like to be sure that if the CAB does spot something, that there is a full airing of issues. Discussion ensued around how to move forward in a constructive way so that information is flowing, within the boundaries of what is appropriate, between the CAB, the Commissioners, and the staff.

Mr. Mancuso asked about the status of the Organizational Study. Ms. Parenteau responded we are currently in final steps in the process of reviewing the bids.

9. **Motion to Adjourn – G. Hooper, Vice Chair**

Mr. Kelley made a *Motion* to Adjourn the Citizens' Advisory Board meeting, seconded by Mr. Mancuso. Hearing no further discussion, *Motion carried 3:0:2 (3 in favor, 0 opposed, 2 absent)*.

The Citizens' Advisory Board Meeting adjourned at 7:28 p.m.

Respectfully submitted,

\_\_\_\_\_  
George Hooper, Vice Chair

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





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

**Annual Financial Statements**

**For the Year Ended June 30, 2014**



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, 2014 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2013. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2013 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 Management's Discussion and Analysis and Schedule of Funding Progress 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 2, 2014

## **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, 2014. 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, 2014, it shows our net worth of \$101,873,334 which comprises \$70,194,105 invested in capital assets, \$4,130,585 restricted for depreciation fund, and \$27,548,644 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, 2014 was \$3,556,155.

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 Statements of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses in fiscal year 2014.

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

#### **Summary of Net Position**

	<u>2014</u>	<u>2013</u>
Current assets	\$ 21,584,528	\$ 19,793,703
Noncurrent assets	<u>90,733,116</u>	<u>88,266,629</u>
Total assets	<u>\$ 112,317,644</u>	<u>\$ 108,060,332</u>
Current liabilities	\$ 7,721,376	\$ 6,996,149
Noncurrent liabilities	<u>2,722,934</u>	<u>2,747,004</u>
Total liabilities	10,444,310	9,743,153

(continued)



(continued)

Net position:		
Net investment in capital assets	70,194,105	70,194,418
Restricted for depreciation fund	4,130,585	2,733,147
Unrestricted	<u>27,548,644</u>	<u>25,389,614</u>
Total net position	<u>101,873,334</u>	<u>98,317,179</u>
Total liabilities and net position	<u>\$ 112,317,644</u>	<u>\$ 108,060,332</u>

#### Summary of Changes in Net Position

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 84,364,480	\$ 82,294,531
Operating expenses	<u>(79,294,372)</u>	<u>(79,045,634)</u>
Operating income	5,070,108	3,248,897
Non-operating revenues (expenses)	<u>(1,513,953)</u>	<u>(1,465,778)</u>
Change in net position	3,556,155	1,783,119
Beginning net position	<u>98,317,179</u>	<u>96,534,060</u>
Ending net position	<u>\$ 101,873,334</u>	<u>\$ 98,317,179</u>

#### **B. FINANCIAL HIGHLIGHTS**

Electric sales (net of discounts) were \$79,689,061 in fiscal year 2014, a decrease of 1.4% from the prior year. In fiscal year 2014, kilowatt hours sold decreased by 2.0% to 688,104,698, compared to 701,896,340 in fiscal year 2013. In fiscal year 2014, customers were charged \$1,523,208 in fuel charge adjustments, compared to charges of \$339,810 in fiscal year 2013. In fiscal year 2014, customers were charged purchase power adjustments of \$3,152,211, compared to charges of \$1,138,194 in fiscal year 2013.

Operating expenses were \$79,294,372 in fiscal year 2014, an overall increase of 0.3% from fiscal year 2013. The largest portion of this total, \$60,823,626, was for purchase power expenses. Other operating expenses included \$13,293,841 for general operating and maintenance costs, \$1,397,270 for voluntary payments to Towns, and depreciation expense of \$3,779,635. In fiscal year 2014, the depreciation rate was 3.0%.

In fiscal year 2014, the Department contributed \$1,374,538 to the Reading Municipal Light Department Employees' Pension Trust (the "Pension Trust") and the Pension Trust contributed \$1,346,039 to the Town of Reading Contributory Retirement System on behalf of the Department's employees.

In fiscal year 2014, the Department contributed \$343,095 to the Other Post-Employment Benefits Trust (the "OPEB Trust"), which was equal to its actuarially determined liability at June 30, 2014. As a result, the Department had no unfunded OPEB liability at June 30, 2014. Additional information on the Department's OPEB contributions can be found in Note 15 on pages 21-23 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 \$68,928,263 (net of accumulated depreciation), a decrease of \$312 from the prior year. This investment in depreciable capital assets includes structures and improvements, equipment and furnishings, and infrastructure assets.

**Long-term debt.** At the end of the current fiscal year, the Department had no outstanding bonded debt.

Additional information on capital assets and long-term debt 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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current:		
Unrestricted cash and short-term investments	\$ 11,533,212	\$ 9,151,851
Receivables, net of allowance for uncollectable	7,871,050	8,381,377
Prepaid expenses	772,766	691,445
Inventory	<u>1,407,500</u>	<u>1,569,030</u>
Total current assets	21,584,528	19,793,703
Noncurrent:		
Restricted cash and short-term investments	19,219,111	18,035,438
Restricted investments	1,292,906	-
Investment in associated companies	26,994	36,774
Land	1,265,842	1,265,842
Capital assets, net of accumulated depreciation	<u>68,928,263</u>	<u>68,928,575</u>
Total noncurrent assets	<u>90,733,116</u>	<u>88,266,629</u>
<b>TOTAL ASSETS</b>	112,317,644	108,060,332
<b>LIABILITIES</b>		
Current:		
Accounts payable	4,407,535	4,978,818
Accrued liabilities	592,810	527,638
Customer deposits	749,900	700,021
Customer advances for construction	400,656	405,154
Due to pension trust	1,374,538	-
Current portion of long-term liabilities:		
Accrued employee compensated absences	<u>195,937</u>	<u>384,518</u>
Total current liabilities	7,721,376	6,996,149
Noncurrent:		
Accrued employee compensated absences	<u>2,722,934</u>	<u>2,747,004</u>
Total noncurrent liabilities	<u>2,722,934</u>	<u>2,747,004</u>
<b>TOTAL LIABILITIES</b>	10,444,310	9,743,153
<b>NET POSITION</b>		
Net investment in capital assets	70,194,105	70,194,418
Restricted for depreciation fund	4,130,585	2,733,147
Unrestricted	<u>27,548,644</u>	<u>25,389,614</u>
<b>TOTAL NET POSITION</b>	<u>\$ 101,873,334</u>	<u>\$ 98,317,179</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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues:</b>		
Electric sales, net of discounts of \$4,475,920 and \$4,380,927, respectively	\$ 79,689,061	\$ 80,816,527
Purchase power and fuel charge adjustments:		
Fuel charge adjustment	1,523,208	339,810
Purchase power adjustment	<u>3,152,211</u>	<u>1,138,194</u>
Total Operating Revenues	84,364,480	82,294,531
<b>Operating Expenses:</b>		
Purchase power	60,823,626	61,423,332
Operating	11,002,998	10,325,066
Maintenance	2,290,843	2,255,706
Depreciation	3,779,635	3,665,630
Voluntary payments to towns	<u>1,397,270</u>	<u>1,375,900</u>
Total Operating Expenses	<u>79,294,372</u>	<u>79,045,634</u>
Operating Income	5,070,108	3,248,897
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	120,832	24,435
Contributions in aid of construction	24,117	30,965
MMWEC surplus	391,726	445,278
Purchased power refunds	-	327,297
Intergovernmental grants	-	53,074
Return on investment to Town of Reading	(2,301,221)	(2,265,427)
Loss on disposal of capital assets	(114,960)	(385,199)
Other	<u>365,553</u>	<u>303,799</u>
Total Nonoperating Revenues (Expenses), Net	<u>(1,513,953)</u>	<u>(1,465,778)</u>
Change in Net Position	3,556,155	1,783,119
Net Position at Beginning of Year	<u>98,317,179</u>	<u>96,534,060</u>
Net Position at End of Year	<u>\$ 101,873,334</u>	<u>\$ 98,317,179</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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Receipts from customers and users	\$ 80,249,266	\$ 80,619,625
Payments to vendors and employees	(74,778,752)	(77,467,006)
Customer purchase power and fuel charge adjustments	<u>4,675,419</u>	<u>1,478,004</u>
Net Cash Provided By (Used For) Operating Activities	10,145,933	4,630,623
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>		
Return on investment to Town of Reading	(2,301,221)	(2,265,427)
MMWEC surplus	391,726	445,278
Intergovernmental revenues	-	53,074
Other	<u>365,553</u>	<u>631,096</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(1,543,942)	(1,135,979)
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>		
Acquisition and construction of capital assets	(3,894,282)	(5,574,329)
Contributions in aid of construction	<u>19,619</u>	<u>72,660</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(3,874,663)	(5,501,669)
<b><u>Cash Flows From Investing Activities:</u></b>		
Investment income	120,832	24,435
(Increase) decrease in restricted cash and investments	<u>(2,466,799)</u>	<u>1,176,481</u>
Net Cash Provided By (Used For) Investing Activities	<u>(2,345,967)</u>	<u>1,200,916</u>
Net Change in Cash and Short-Term Investments	2,381,361	(806,109)
Unrestricted Cash and Short Term Investments, Beginning of Year	<u>9,151,851</u>	<u>9,957,960</u>
Unrestricted Cash and Short Term Investments, End of Year	<u>\$ 11,533,212</u>	<u>\$ 9,151,851</u>
<b><u>Reconciliation of Operating Income to Net Cash:</u></b>		
Operating income	\$ 5,070,108	\$ 3,248,897
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	3,779,635	3,665,630
(Increase) decrease in:		
Accounts receivable	510,327	(265,655)
Prepaid and other assets	(81,321)	71,485
Inventory	161,530	(73,693)
Accounts payable and accrued liabilities	(718,762)	250,295
Due to pension trust	1,374,538	(1,000,000)
Other post-employment benefits	-	(1,335,089)
Other liabilities	<u>49,878</u>	<u>68,753</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 10,145,933</u>	<u>\$ 4,630,623</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, 2014 AND 2013

	<u>Pension Trust</u>		<u>OPEB Trust</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 2,632,367	\$ 5,197,092	\$ 1,846,042	\$ 1,495,511
Investments	1,292,906	-	-	-
Due from proprietary fund	<u>1,374,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>5,299,811</u>	<u>5,197,092</u>	<u>1,846,042</u>	<u>1,495,511</u>
 <b><u>NET POSITION</u></b>				
Total net position held in trust	\$ <u>5,299,811</u>	\$ <u>5,197,092</u>	\$ <u>1,846,042</u>	\$ <u>1,495,511</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, 2014 AND 2013

	Pension Trust		OPEB Trust	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Additions:</b>				
Contributions from Reading Municipal Light Department	\$ 1,374,538	\$ 1,000,000	\$ 343,095	\$ 1,483,007
Interest and dividend income	<u>74,220</u>	<u>8,391</u>	<u>7,436</u>	<u>12,504</u>
Total additions	1,448,758	1,008,391	350,531	1,495,511
<b>Deductions:</b>				
Paid to Reading Contributory Retirement System	<u>1,346,039</u>	<u>1,288,076</u>	<u>-</u>	<u>-</u>
Total deductions	<u>1,346,039</u>	<u>1,288,076</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in net position	102,719	(279,685)	350,531	1,495,511
<b>Net position:</b>				
Net Position, Beginning of Year	<u>5,197,092</u>	<u>5,476,777</u>	<u>1,495,511</u>	<u>-</u>
Net Position, End of Year	<u>\$ 5,299,811</u>	<u>\$ 5,197,092</u>	<u>\$ 1,846,042</u>	<u>\$ 1,495,511</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 fuel 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 enterprise fund are charges to customers for electric sales and services. Operating expenses for the Department's enterprise 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 electric utilities are not currently subject to this legislation.
- D. Retirement Trust - The Reading Municipal Light Department Employees' Pension Trust (the "Pension Trust") was established on December 30, 1966,

by the Reading Municipal Light Board 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 Statement of Cash Flows, the Department considers both restricted and unrestricted cash on deposit with the Town Treasurer to be cash or short-term investments. For purpose of the Statement of Net Position, the proprietary funds consider 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 assets account.

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

- 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 at 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 Proprietary Fund Statement 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 audited financial statements are prepared in accordance with auditing standards generally accepted in the United States of America. To determine the net income subject to the rate of return, the Department performs the following calculation. Using the net income per the audited financials, the return on investment to the Town of Reading is added back, the fuel charge adjustment is added or deducted, and miscellaneous debits/credits (i.e., gain/loss on disposal of fixed assets, etc.) are added or deducted, leaving an adjusted net income figure for rate of return purposes. Investment interest income and bond principal payments are then deducted from this figure to determine the net income subject to the rate of return. The net income subject to the rate of return is then subtracted from the allowable eight percent rate of return, which is calculated by adding the book value of net plant and the investment in associated companies less the contributions in aid of construction multiplied by eight percent. From this calculation, the Municipal Light Board will determine what cash transfers need to be made at year end.
- O. Comparative Financial Information - The 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, 2013, from which the summarized information was derived.

## 2. Cash and Investments

Total cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Proprietary Fund:	
Unrestricted cash and short-term investments	\$ 11,533,212
Restricted cash and short-term investments	19,219,111
Restricted investments	1,292,906
Fiduciary Funds:	
Cash and short-term investments - Pension Trust	2,632,367
Cash and short-term investments - OPEB Trust	1,846,042
Investments - Pension Trust	<u>1,292,906</u>
Total cash and investments	<u>\$ 37,816,544</u>

Total cash and investments at June 30, 2014 consist of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	<u>37,813,544</u>
Total cash and investments	<u>\$ 37,816,544</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, 2014, 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, 2014, the Department and Pension Trust held investments in domestic and foreign fixed income bonds with varying maturity dates as follows:

	<u>Restricted Investments</u>	<u>Pension Trust</u>	<u>Maturity Date</u>
<u>Corporate bonds</u>			
AT&T Inc	\$ 212,158	\$ 212,158	12/01/22
General Electric Cap Corp	206,472	206,472	01/09/23
Wells Fargo & Co	208,098	208,098	08/15/23
Rabobank Nederland Bank	254,085	254,085	11/09/22
Teva Pharmaceut Fin BV	207,109	207,109	12/18/22
BNP Paribas	<u>204,984</u>	<u>204,984</u>	03/03/23
Total	<u>\$ 1,292,906</u>	<u>\$ 1,292,906</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 assign-



ing of a rating by a nationally recognized statistical rating organization. As of June 30, 2014, the Department and Pension Trust held investments in domestic and foreign fixed income bonds with varying ratings as follows:

<u>Investment Type</u>	<u>Restricted Investments</u>	<u>Pension Trust</u>	<u>Moody's Rating</u>
Corporate bonds:			
AT&T Inc	\$ 212,158	\$ 212,158	A3
General Electric Cap Corp	206,472	206,472	A1
Wells Fargo & Co	208,098	208,098	A3
Rabobank Nederland Bank	254,085	254,085	A2
Teva Pharmaceut Fin BV	207,109	207,109	A3
BNP Paribas	204,984	204,984	A1
Total	<u>\$ 1,292,906</u>	<u>\$ 1,292,906</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, 2014, 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.

Because the Department pools its cash with the Town of Reading, the specific custodial credit risk of the Department's deposits could not be readily determined at June 30, 2014.

As of June 30, 2014, none of the Department's (including Pension Trust and OPEB Trust) short-term investments were exposed to custodial credit risk.

As of June 30, 2014, 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:

	<u>06/30/14</u>		<u>06/30/13</u>	
	<u>Cash</u>	<u>Investments</u>	<u>Cash</u>	<u>Investments</u>
Depreciation fund	\$ 4,130,585	\$ -	\$ 2,733,147	\$ -
Construction fund	1,000,000	-	1,500,000	-
Deferred fuel reserve	4,132,695	-	2,609,487	-
Deferred energy conservation reserve	457,261	-	319,022	-
Rate stabilization	6,723,797	-	6,692,239	-
Reserve for uncollectible accounts	200,000	-	200,000	-
Sick leave benefits	1,674,873	1,292,906	3,131,522	-
Hazardous waste fund	150,000	-	150,000	-
Customer deposits	749,900	-	700,021	-
Total	<u>\$ 19,219,111</u>	<u>\$ 1,292,906</u>	<u>\$ 18,035,438</u>	<u>\$ -</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, 2014:

Customer Accounts:		
Billed	\$	2,227,603
Less allowances:		
Uncollectible accounts		(200,000)
Sales discounts		<u>(231,632)</u>
Total billed		1,795,971
Unbilled, net		<u>5,622,269</u>
Total customer accounts		7,418,240
Other Accounts:		
Merchandise sales		34,746
MMWEC surplus		390,088
Liens and other		<u>27,976</u>
Total other accounts		<u>452,810</u>
Total net receivables	\$	<u><u>7,871,050</u></u>

#### 5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurance and other	\$	269,616
Purchase power		24,964
NYPA prepayment fund		259,957
WC Fuel - Watson		<u>218,229</u>
Total	\$	<u><u>772,766</u></u>



## 6. Inventory

Inventory is comprised of supplies and materials at June 30, 2014, 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, 2014:

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

The following is a summary of fiscal year 2014 activity in capital assets (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Structures and improvements	\$ 14,179	\$ 4	\$ -	\$ 14,183
Equipment and furnishings	31,359	867	(439)	31,787
Infrastructure	80,449	3,023	(733)	82,739
Total capital assets, being depreciated	125,987	3,894	(1,172)	128,709
Less accumulated depreciation for:				
Structures and improvements	(7,748)	(388)	-	(8,136)
Equipment and furnishings	(18,959)	(970)	439	(19,490)
Infrastructure	(30,352)	(2,422)	619	(32,155)
Total accumulated depreciation	(57,059)	(3,780)	1,058	(59,781)
Total capital assets, being depreciated, net	68,928	114	(114)	68,928
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	\$ 114	\$ (114)	\$ 70,194

9. **Accounts Payable**

Accounts payable represent fiscal 2014 expenses that were paid after June 30, 2014.

10. **Accrued Liabilities**

Accrued liabilities consist of the following at June 30, 2014:

Accrued payroll	\$ 304,089
Accrued sales tax	235,908
Other	<u>52,813</u>
Total	<u>\$ 592,810</u>

11. **Customer Deposits**

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

12. **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.

13. **Accrued Employee Compensated Absences**

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

14. **Restricted Net Assets**

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

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

### Other Post-Employment Benefits

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

#### A. Plan Description

In addition to providing the pension benefits described in Note 16, the Department provides post-employment health and life insurance benefits for retired employees through the Town of Reading's Massachusetts Inter-local Insurance Association (MIIA) Health Benefits Trust. Benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2013, the actuarial valuation date, approximately 84 retirees and 52 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

#### B. Benefits Provided

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

#### C. Funding Policy

As of the June 30, 2013, the actuarial valuation date, retirees were 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 2014 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 State-



ment No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of twenty years. The following table shows the components of the Department's annual OPEB cost for the year ending June 30, 2014, 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, 2013.

Annual Required Contribution (ARC)	\$ 538,576
Interest on net OPEB obligation	<u>229,802</u>
Annual OPEB cost	768,378
Projected benefit payments	<u>(425,283)</u>
Increase in net OPEB obligation	343,095
Net OPEB obligation - beginning of year	-
Contributions to OPEB Trust	<u>(343,095)</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 2014 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>
2014	\$ 768,378	100.00%	\$ -
2013	\$ 604,987	100.00%	\$ -
2012	\$ 587,945	75.55%	\$ 1,335,089

#### E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 7,588,993
Actuarial value of plan assets	<u>1,495,511</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 6,093,482</u></u>
Funded ratio (actuarial value of plan assets/AAL)	19.7%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A



In 2010, the Department's Board of Commissioners voted to accept the provisions of Massachusetts General Law Chapter 32B §20, to create an *Other Post-Employment Benefits Liability Trust Fund* as a mechanism to set aside monies to fund its OPEB liability. In 2013, the Commissioners voted to create an OPEB trust instrument in alignment with the Town of Reading. In fiscal year 2014, the Department contributed \$343,095 to this trust, which was equal to all of its actuarially determined annual contributions through June 30, 2014. The assets and net position of this trust are reported in the Department's Statement 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 for benefits.

#### **F. Actuarial Methods and Assumptions**

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

In the June 30, 2013 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The Department's actuarial value of assets was \$1,495,511. The actuarial assumptions included a 7.75% investment rate of return and an initial annual health care cost trend rate of 8.5% which decreases to a 5.0% long-term rate for all health care benefits after eight years. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 2.5% per year for a period of 18 years.

### **16. Pension Plan**

The Department follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local*

*Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the Town of Reading Contributory Retirement system at Town Hall, Reading, MA.

*A. Plan Description*

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

*B. Funding Policy*

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Department is required to pay into the System its share of the remaining system wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Department are governed by Chapter 32 of the Massachusetts General Laws. The Department's contributions to the System for the years ended June 30, 2014, 2013, and 2012 were \$1,346,039, \$1,288,076, and \$1,336,326, respectively, which were equal to its annual required contributions for each of these years.

**17. Participation in Massachusetts Municipal Wholesale Electric Company**

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

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



related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt 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 issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

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

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) the majority owner and an indirect subsidiary of NextEra Energy Resources, LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

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

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

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

Total capital expenditures for MMWEC's Projects amounted to \$1,609,213,000, of which \$115,506,000 represents the amount associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$225,280,000, of which \$9,478,000 is associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. After the July 1, 2014 principal payment MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$184,003,000, of which \$6,937,000 is anticipated to be billed to the Department in the future.

The estimated aggregate amount of Reading Municipal Light Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at June 30, 2014 and estimated for future years is shown below.

		<u>Annual Costs</u>
For years ended June 30,	2015	\$ 2,574,000
	2016	2,700,000
	2017	1,472,000
	2018	190,000
	2019	-
	2020	<u>1,000</u>
	Total	\$ 6,937,000

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 \$14,021,000 and \$12,353,000 for the years ended June 30, 2014 and 2013, respectively.



## 18. 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 2014 REC activity and balances is as follows:

### REC Sales During Fiscal 2014

	<u>Certificates</u>	<u>Amount</u>
Various	1,107	\$ 70,848
Various	1,809	96,781
Various	752	18,988
Various	938	59,094
Various	1,680	107,100
Various	3,533	189,899
Various	1,142	29,121
Various	2,432	155,040
Various	245	15,300
Various	618	33,187
Various	166	4,316
Various	291	15,335
Various	98	2,421
	<u>14,811</u>	<u>\$ 797,430</u> <sup>(1)</sup>

(1) Sale proceeds netted against fiscal year 2014 purchased power

REC Holdings at June 30, 2014

	<u>Banked Certificates</u>	<u>Projected Certificates</u>	<u>Total Certificates</u>	<u>Estimated Value</u>
CT Class I	-	4,890	4,890	\$ 283,620
MA Class I/II	-	3,631	3,631	149,940
Total	-	8,521	8,521	\$ 433,560

Because there are currently no clear accounting guidelines 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, 2014 are not recognized as an asset on the Proprietary Fund Statements of Net Position.

**19. Leases**

Related Party Transaction - Property Sub-Lease

The Department is sub-leasing facilities 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, 2011. An additional amendment, effective December 1, 2011, extends the lease through November 30, 2014. The following is the future minimum rental income for the years ending June 30:

2015	\$ <u>3,630</u>
Total	\$ <u>3,630</u>

**20. Implementation of New GASB Standards**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which the Department is required to implement in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Department's basic financial statements by requiring the Department to recognize, as a liability and expense, its applicable portion of the Town of Reading Contributory Retirement System's (System) actuarially accrued unfunded pension liability.

As of January 1, 2014, the date of the most recent actuarial valuation for the Pension Trust, the Department's portion of the System's unfunded actuarially accrued liability was \$9,176,022. As of June 30, 2014, the Department had accumulated total assets of \$5,299,811 in the Pension Trust.

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

**SCHEDULE OF FUNDING PROGRESS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2014**

**(Unaudited)**

**Employees' Retirement System**

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]
01/01/14	\$ 40,511,889	\$ 49,687,911	\$ 9,176,022	81.5%	\$ 5,682,623	161.5%
01/01/12	\$ 33,693,088	\$ 46,081,344	\$ 12,388,256	73.1%	\$ 5,688,356	217.8%
01/01/10	\$ 32,274,593	\$ 41,832,574	\$ 9,557,981	77.2%	\$ 5,891,366	162.2%
01/01/08	\$ 40,022,466	\$ 37,123,945	\$ (2,898,521)	107.8%	\$ 5,742,993	-50.5%

**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]
06/30/13	\$ 1,495,511	\$ 7,588,993	\$ 6,093,482	19.7%	N/A	N/A
06/30/11	\$ 1,167,161	\$ 8,643,438	\$ 7,476,277	13.5%	N/A	N/A
06/30/08	\$ -	\$ 8,085,388	\$ 8,085,388	0.0%	N/A	N/A

See Independent Auditors' Report.





Dt: October 16, 2014

To: RMLB, Coleen O'Brien, Jeanne Foti

Fr: Bob Fournier

**Sj: August 31, 2014 Report**

The results for the first two months ending August 31, 2014, for the fiscal year 2015 will be summarized in the following paragraphs.

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

For the month of August, the net income or the positive change in net assets was \$1,862,641, bringing the year to date net income to \$2,850,826. The year to date budgeted net income was \$1,607,042, resulting in net income being over budget by \$1,243,784 or 77.4%. Actual year to date fuel revenues exceeded fuel expenses by \$1,487,818.

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

Year to date base revenues were under budget by \$5,641,813 or 57.56%. Actual base revenues were \$4.1 million compared to the budgeted amount of \$9.8 million. Conversely, the purchased power capacity/transmission adjustment was over budget by \$5.5 million due to the unbundling of the rates.

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

\*Year to date purchased power base expense was over budget by \$87,940 or 1.7%. Actual purchased power base costs were \$5.3 million compared to the budgeted amount of \$5.2 million.

\*Year to date operating and maintenance (O&M) expenses combined were under budget by \$276,558 or 11.5%. Actual O&M expenses were \$2.1 million compared to the budgeted amount of \$2.4 million.

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

**4) Cash: (Page 9)**

- \*Operating Fund was at \$12,490,662.
- \* Capital Fund balance was at \$5,268,103.
- \* Rate Stabilization Fund was at \$6,731,747.
- \* Deferred Fuel Fund was at \$5,620,511.
- \* Energy Conservation Fund was at \$551,281.

**5) General Information:**

Year to date kwh sales (Page 5) were 133,660,356 which is .3 million kwh or .23%, ahead last year's actual figure.

**Budget Variance:**

Cumulatively, the five divisions were under budget by \$210,612 or 5.8%.

# **FINANCIAL REPORT**

**AUGUST 31, 2014**

**ISSUE DATE: OCTOBER 17, 2014**



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
8/31/2014

		PREVIOUS YEAR	CURRENT YEAR
<b>ASSETS</b>			
<b>CURRENT</b>			
UNRESTRICTED CASH	(SCH A P.9)	10,549,899.14	12,493,662.72
RESTRICTED CASH	(SCH A P.9)	18,835,616.42	21,629,811.59
RESTRICTED INVESTMENTS	(SCH A P.9)	0.00	1,292,906.26
RECEIVABLES, NET	(SCH B P.10)	7,586,094.78	8,713,770.06
PREPAID EXPENSES	(SCH B P.10)	611,288.28	1,124,073.71
INVENTORY		1,551,843.39	1,407,579.48
<b>TOTAL CURRENT ASSETS</b>		<u>39,134,742.01</u>	<u>46,661,803.82</u>
<b>NONCURRENT</b>			
INVESTMENT IN ASSOCIATED CO	(SCH C P.2)	36,774.35	26,993.75
CAPITAL ASSETS, NET	(SCH C P.2)	70,088,737.83	70,060,226.79
<b>TOTAL NONCURRENT ASSETS</b>		<u>70,125,512.18</u>	<u>70,087,220.54</u>
<b>TOTAL ASSETS</b>		<u>109,260,254.19</u>	<u>116,749,024.36</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
ACCOUNTS PAYABLE		5,351,656.03	7,362,803.72
CUSTOMER DEPOSITS		736,355.64	798,822.75
CUSTOMER ADVANCES FOR CONSTRUCTION		427,384.15	438,435.98
ACCRUED LIABILITIES		851,991.91	505,930.79
<b>TOTAL CURRENT LIABILITIES</b>		<u>7,367,387.73</u>	<u>9,105,993.24</u>
<b>NONCURRENT</b>			
ACCRUED EMPLOYEE COMPENSATED ABSENCES		3,132,560.84	2,918,870.73
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>3,132,560.84</u>	<u>2,918,870.73</u>
<b>TOTAL LIABILITIES</b>		<u>10,499,948.57</u>	<u>12,024,863.97</u>
<b>NET ASSETS</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT		70,088,737.83	70,060,226.79
RESTRICTED FOR DEPRECIATION FUND (P.9)		3,364,240.75	4,777,802.79
UNRESTRICTED		25,307,327.04	29,886,130.81
<b>TOTAL NET ASSETS</b>	(P.3)	<u>98,760,305.62</u>	<u>104,724,160.39</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>109,260,254.19</u>	<u>116,749,024.36</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
NONCURRENT ASSET SCHEDULE  
8/31/2014

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	33,798.61	24,018.01
TOTAL INVESTMENTS IN ASSOCIATED COMPANIES	<u>36,774.35</u>	<u>26,993.75</u>
 SCHEDULE OF CAPITAL ASSETS		
LAND	1,265,842.23	1,265,842.23
STRUCTURES AND IMPROVEMENTS	6,430,802.65	6,046,393.22
EQUIPMENT AND FURNISHINGS	12,450,338.70	12,313,111.23
INFRASTRUCTURE	<u>49,941,754.25</u>	<u>50,434,880.11</u>
TOTAL CAPITAL ASSETS, NET	<u>70,088,737.83</u>	<u>70,060,226.79</u>
 TOTAL NONCURRENT ASSETS	<u>70,125,512.18</u>	<u>70,087,220.54</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
8/31/2014

	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
OPERATING REVENUES: (SCH D P.11)					
BASE REVENUE	4,452,174.16	2,158,668.47	8,767,863.36	4,160,514.00	-52.55%
FUEL REVENUE	3,385,440.39	3,844,854.74	6,338,513.30	7,627,554.15	20.34%
PURCHASED POWER CAPACITY	23,022.34	2,919,065.93	45,332.35	5,556,931.57	12158.20%
FORFEITED DISCOUNTS	64,219.58	54,062.06	146,609.25	140,757.04	-3.99%
ENERGY CONSERVATION REVENUE	66,766.79	68,740.79	131,434.36	130,772.78	-0.50%
GAW REVENUE	67,727.86	0.00	133,368.80	0.00	100.00%
NYPA CREDIT	(33,645.12)	(47,884.92)	(87,486.12)	(83,783.26)	-4.23%
TOTAL OPERATING REVENUES	8,025,706.00	8,997,507.07	15,475,635.30	17,532,746.28	13.29%
OPERATING EXPENSES: (SCH E P.12)					
PURCHASED POWER BASE	2,712,696.87	2,687,943.55	5,386,342.80	5,332,544.69	-1.00%
PURCHASED POWER FUEL	2,767,250.13	2,768,364.01	6,231,599.45	6,055,953.95	-2.82%
OPERATING	727,038.07	833,204.83	1,788,953.87	1,667,268.14	-6.80%
MAINTENANCE	243,040.93	311,734.49	392,870.86	470,761.62	19.83%
DEPRECIATION	314,969.55	321,788.79	629,939.10	643,577.58	2.17%
VOLUNTARY PAYMENTS TO TOWNS	116,666.67	118,000.00	233,333.34	236,000.00	1.14%
TOTAL OPERATING EXPENSES	6,881,662.22	7,041,035.67	14,663,039.42	14,406,105.98	-1.75%
OPERATING INCOME	1,144,043.78	1,956,471.40	812,595.88	3,126,640.30	284.77%
NONOPERATING REVENUES (EXPENSES)					
CONTRIBUTIONS IN AID OF CONST	5,217.75	0.00	5,217.75	0.00	0.00%
RETURN ON INVESTMENT TO READING	(191,768.42)	(194,405.25)	(383,536.84)	(388,810.50)	1.38%
INTEREST INCOME	2,571.49	11,610.01	5,075.82	22,258.14	338.51%
INTEREST EXPENSE	(256.51)	(256.73)	(515.78)	(520.74)	0.96%
OTHER (MDSE AND AMORT)	2,144.00	89,222.03	4,290.00	91,259.03	2027.25%
TOTAL NONOPERATING REV (EXP)	(182,091.69)	(93,829.94)	(369,469.05)	(275,814.07)	-25.35%
CHANGE IN NET ASSETS	961,952.09	1,862,641.46	443,126.83	2,850,826.23	543.34%
NET ASSETS AT BEGINNING OF YEAR			98,317,178.79	101,873,334.16	3.62%
NET ASSETS AT END OF AUGUST			98,760,305.62	104,724,160.39	6.04%



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUSINESS-TYPE PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
8/31/2014

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE*	% CHANGE
OPERATING REVENUES: (SCH F P.11B)				
BASE REVENUE	4,160,514.00	9,802,327.00	(5,641,813.00)	-57.56%
FUEL REVENUE	7,627,554.15	7,093,817.00	533,737.15	7.52%
PURCHASED POWER CAPACITY	5,556,931.57	0.00	5,556,931.57	100.00%
FORFEITED DISCOUNTS	140,757.04	215,651.00	(74,893.96)	-34.73%
ENERGY CONSERVATION REVENUE	130,772.78	133,359.00	(2,586.22)	-1.94%
NYPA CREDIT	(83,783.26)	(116,666.00)	32,882.74	-28.19%
TOTAL OPERATING REVENUES	17,532,746.28	17,128,488.00	404,258.28	2.36%
OPERATING EXPENSES: (SCH G P.12A)				
PURCHASED POWER BASE	5,332,544.69	5,244,604.00	87,940.69	1.68%
PURCHASED POWER FUEL	6,055,953.95	6,700,944.00	(644,990.05)	-9.63%
OPERATING	1,667,268.14	1,879,598.00	(212,329.86)	-11.30%
MAINTENANCE	470,761.62	534,990.00	(64,228.38)	-12.01%
DEPRECIATION	643,577.58	648,666.00	(5,088.42)	-0.78%
VOLUNTARY PAYMENTS TO TOWNS	236,000.00	236,000.00	0.00	0.00%
TOTAL OPERATING EXPENSES	14,406,105.98	15,244,802.00	(838,696.02)	-5.50%
OPERATING INCOME	3,126,640.30	1,883,686.00	1,242,954.30	65.99%
NONOPERATING REVENUES (EXPENSES)				
CONTRIBUTIONS IN AID OF CONST	0.00	50,000.00	(50,000.00)	-100.00%
RETURN ON INVESTMENT TO READING	(388,810.50)	(388,810.00)	(0.50)	0.00%
INTEREST INCOME	22,258.14	16,666.00	5,592.14	33.55%
INTEREST EXPENSE	(520.74)	(500.00)	(20.74)	4.15%
OTHER (MDSE AND AMORT)	91,259.03	46,000.00	45,259.03	98.39%
TOTAL NONOPERATING REV (EXP)	(275,814.07)	(276,644.00)	829.93	-0.30%
CHANGE IN NET ASSETS	2,850,826.23	1,607,042.00	1,243,784.23	77.40%
NET ASSETS AT BEGINNING OF YEAR	101,873,334.16	101,873,334.16	0.00	0.00%
NET ASSETS AT END OF AUGUST	104,724,160.39	103,480,376.16	1,243,784.23	1.20%

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
RECONCILIATION OF CAPITAL FUNDS  
8/31/2014

SOURCE OF CAPITAL FUNDS:

DEPRECIATION FUND BALANCE 7/1/14	4,130,584.59
CONSTRUCTION FUND BALANCE 7/1/14	1,000,000.00
INTEREST ON DEPRECIATION FUND FY 15	3,640.62
DEPRECIATION TRANSFER FY 15	<u>643,577.58</u>

TOTAL SOURCE OF CAPITAL FUNDS	5,777,802.79
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USE OF CAPITAL FUNDS:

LESS PAID ADDITIONS TO PLANT THRU AUGUST	509,699.57
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TOTAL USE OF CAPITAL FUNDS	509,699.57
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GENERAL LEDGER CAPITAL FUNDS BALANCE 8/31/14	<u><u>5,268,103.22</u></u>
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TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SALES OF KILOWATT HOURS  
8/31/2014

SALES OF ELECTRICITY:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
RESIDENTIAL SALES	27,572,525	27,684,005	54,629,153	52,103,892	-4.62%
COMM. AND INDUSTRIAL SALES	37,840,092	39,856,601	73,907,061	76,361,727	3.32%
PRIVATE STREET LIGHTING	73,719	79,012	148,046	158,142	6.82%
TOTAL PRIVATE CONSUMERS	<u>65,486,336</u>	<u>67,619,618</u>	<u>128,684,260</u>	<u>128,623,761</u>	-0.05%
MUNICIPAL SALES:					
STREET LIGHTING	239,495	243,701	478,990	486,369	1.54%
MUNICIPAL BUILDINGS	779,911	865,742	1,585,902	1,666,790	5.10%
TOTAL MUNICIPAL CONSUMERS	<u>1,019,406</u>	<u>1,109,443</u>	<u>2,064,892</u>	<u>2,153,159</u>	4.27%
SALES FOR RESALE	357,480	365,239	724,222	738,452	1.96%
SCHOOL	852,397	998,467	1,884,744	2,144,984	13.81%
TOTAL KILOWATT HOURS SOLD	<u>67,715,619</u>	<u>70,092,767</u>	<u>133,358,118</u>	<u>133,660,356</u>	0.23%



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
KILOWATT HOURS SOLD BY TOWN  
8/31/2014

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	27,684,005	9,035,755	3,655,182	6,932,541	8,060,527
COMM & IND	39,856,601	4,809,124	304,398	6,440,603	28,302,476
PVT ST LIGHTS	79,012	13,418	1,524	24,826	39,244
PUB ST LIGHTS	243,701	81,896	32,909	42,825	86,071
MUNI BLDGS	865,742	189,951	171,287	174,599	329,905
SALES/RESALE	365,239	365,239	0	0	0
SCHOOL	998,467	389,836	214,848	101,720	292,063
TOTAL	<u>70,092,767</u>	<u>14,885,219</u>	<u>4,380,148</u>	<u>13,717,114</u>	<u>37,110,286</u>

YEAR TO DATE

RESIDENTIAL	52,103,892	15,832,686	7,612,719	12,142,635	16,515,852
COMM & IND	76,361,727	9,493,450	608,525	12,076,180	54,183,572
PVT ST LIGHTS	158,142	26,836	3,048	49,454	78,804
PUB ST LIGHTS	486,369	163,445	65,678	85,469	171,777
MUNI BLDGS	1,666,790	370,018	348,389	332,758	615,625
SALES/RESALE	738,452	738,452	0	0	0
SCHOOL	2,144,984	817,010	478,110	248,200	601,664
TOTAL	<u>133,660,356</u>	<u>27,441,897</u>	<u>9,116,469</u>	<u>24,934,696</u>	<u>72,167,294</u>

LAST YEAR  
TO DATE

RESIDENTIAL	54,629,153	16,476,250	8,176,236	12,568,874	17,407,793
COMM & IND	73,907,061	9,086,686	564,249	11,459,537	52,796,589
PVT ST LIGHTS	148,046	26,258	2,720	44,496	74,572
PUB ST LIGHTS	478,990	161,324	65,000	83,332	169,334
MUNI BLDGS	1,585,902	369,197	325,894	328,923	561,888
SALES/RESALE	724,222	724,222	0	0	0
SCHOOL	1,884,744	704,755	461,560	220,680	497,749
TOTAL	<u>133,358,118</u>	<u>27,548,692</u>	<u>9,595,659</u>	<u>24,705,842</u>	<u>71,507,925</u>

KILOWATT HOURS SOLD TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	39.50%	12.89%	5.21%	9.89%	11.51%
COMM & IND	56.86%	6.86%	0.43%	9.19%	40.38%
PVT ST LIGHTS	0.11%	0.02%	0.00%	0.04%	0.05%
PUB ST LIGHTS	0.35%	0.12%	0.05%	0.06%	0.12%
MUNI BLDGS	1.24%	0.27%	0.24%	0.25%	0.48%
SALES/RESALE	0.52%	0.52%	0.00%	0.00%	0.00%
SCHOOL	1.42%	0.56%	0.31%	0.15%	0.40%
TOTAL	<u>100.00%</u>	<u>21.24%</u>	<u>6.24%</u>	<u>19.58%</u>	<u>52.94%</u>

YEAR TO DATE

RESIDENTIAL	38.98%	11.85%	5.70%	9.08%	12.35%
COMM & IND	57.13%	7.10%	0.46%	9.03%	40.54%
PVT ST LIGHTS	0.12%	0.02%	0.00%	0.04%	0.06%
PUB ST LIGHTS	0.36%	0.12%	0.05%	0.06%	0.13%
MUNI BLDGS	1.25%	0.28%	0.26%	0.25%	0.46%
SALES/RESALE	0.55%	0.55%	0.00%	0.00%	0.00%
SCHOOL	1.61%	0.61%	0.36%	0.19%	0.45%
TOTAL	<u>100.00%</u>	<u>20.53%</u>	<u>6.83%</u>	<u>18.65%</u>	<u>53.99%</u>

LAST YEAR  
TO DATE

RESIDENTIAL	40.97%	12.36%	6.14%	9.42%	13.05%
COMM & IND	55.41%	6.81%	0.42%	8.59%	39.59%
PVT ST LIGHTS	0.11%	0.02%	0.00%	0.03%	0.06%
PUB ST LIGHTS	0.36%	0.12%	0.05%	0.06%	0.13%
MUNI BLDGS	1.19%	0.28%	0.24%	0.25%	0.42%
SALES/RESALE	0.54%	0.54%	0.00%	0.00%	0.00%
SCHOOL	1.42%	0.53%	0.35%	0.17%	0.37%
TOTAL	<u>100.00%</u>	<u>20.66%</u>	<u>7.20%</u>	<u>18.52%</u>	<u>53.62%</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
FORMULA INCOME  
8/31/2014

TOTAL OPERATING REVENUES	(P.3)	17,532,746.28
ADD:		
POLE RENTAL		0.00
INTEREST INCOME ON CUSTOMER DEPOSITS		788.68
LESS:		
OPERATING EXPENSES	(P.3)	(14,406,105.98)
CUSTOMER DEPOSIT INTEREST EXPENSE		(520.74)
FORMULA INCOME (LOSS)		<u><u>3,126,908.24</u></u>

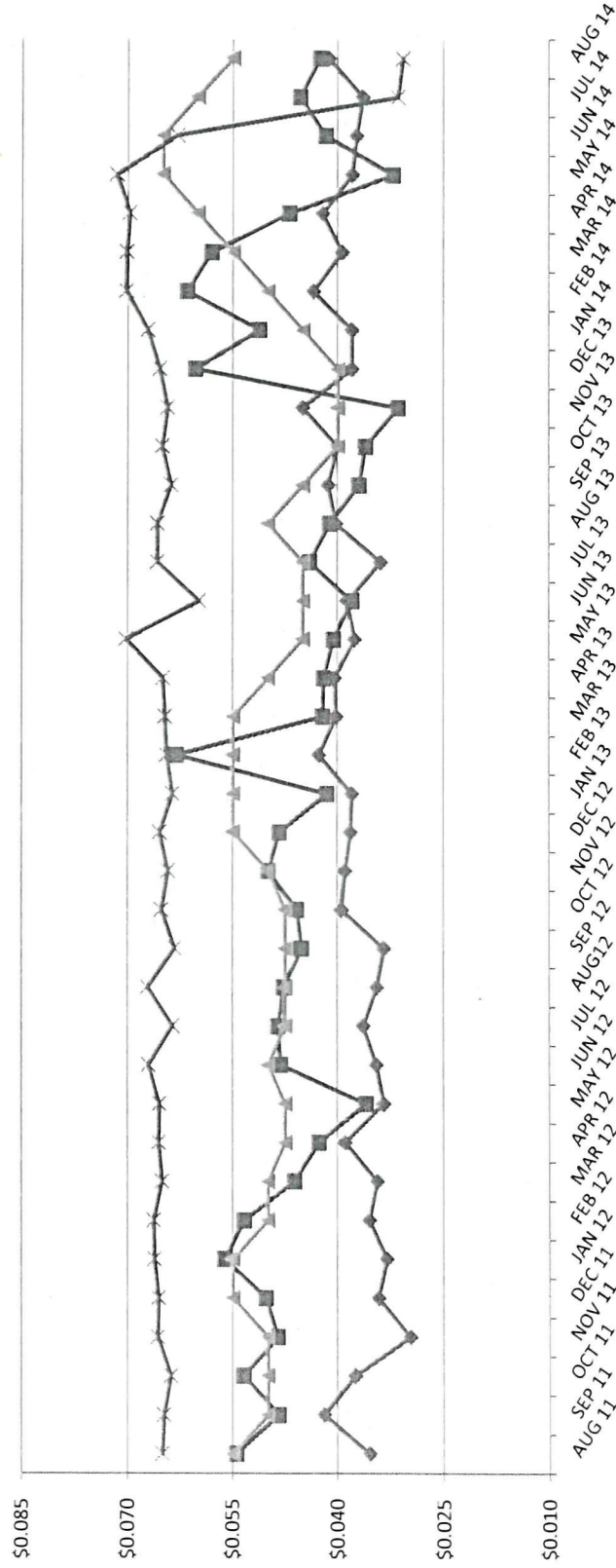
TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
GENERAL STATISTICS  
8/31/2014

		MONTH OF AUG 2013	MONTH OF AUG 2014	% CHANGE 2013      2014		YEAR AUG 2013	THRU AUG 2014
SALE OF KWH	(P.5)	67,715,619	70,092,767	-1.14%	0.23%	133,358,118	133,660,356
KWH PURCHASED		67,363,709	65,160,895	-5.14%	-2.57%	141,255,811	137,627,570
AVE BASE COST PER KWH		0.040269	0.041251	7.55%	1.61%	0.038132	0.038746
AVE BASE SALE PER KWH		0.065748	0.030797	0.88%	-52.66%	0.065747	0.031128
AVE COST PER KWH		0.081349	0.083736	-1.55%	0.61%	0.082248	0.082749
AVE SALE PER KWH		0.115743	0.085651	0.53%	-22.14%	0.113277	0.088194
FUEL CHARGE REVENUE (P.3)		3,385,440.39	3,844,854.74	-1.08%	20.34%	6,338,513.30	7,627,554.15
LOAD FACTOR		65.89%	60.72%				
PEAK LOAD		140,045	147,012				



# kwh analysis

- base cost
- fuel cost
- fuel revenue
- base revenue



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF CASH AND INVESTMENTS  
8/31/2014

SCHEDULE A

	PREVIOUS YEAR	CURRENT YEAR
UNRESTRICTED CASH		
CASH - OPERATING FUND	10,546,899.14	12,490,662.72
CASH - PETTY CASH	3,000.00	3,000.00
TOTAL UNRESTRICTED CASH	<u>10,549,899.14</u>	<u>12,493,662.72</u>
RESTRICTED CASH		
CASH - DEPRECIATION FUND	3,364,240.75	4,777,802.79
CASH - CONSTRUCTION FUND	906,967.97	490,300.43
CASH - TOWN PAYMENT	616,870.18	624,810.50
CASH - DEFERRED FUEL RESERVE	2,628,915.11	5,620,511.90
CASH - RATE STABILIZATION FUND	6,694,584.91	6,731,747.60
CASH - UNCOLLECTIBLE ACCTS RESERVE	200,000.00	200,000.00
CASH - SICK LEAVE BENEFITS	3,132,560.84	1,684,533.64
CASH - HAZARD WASTE RESERVE	150,000.00	150,000.00
CASH - CUSTOMER DEPOSITS	736,355.64	798,822.75
CASH - ENERGY CONSERVATION	405,121.02	551,281.98
TOTAL RESTRICTED CASH	<u>18,835,616.42</u>	<u>21,629,811.59</u>
INVESTMENTS		
SICK LEAVE BUYBACK	<u>0.00</u>	<u>1,292,906.26</u>
TOTAL CASH BALANCE	<u>29,385,515.56</u>	<u>35,416,380.57</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF ACCOUNTS RECEIVABLE  
8/31/2014

SCHEDULE B

SCHEDULE OF ACCOUNTS RECEIVABLE	PREVIOUS YEAR	CURRENT YEAR
RESIDENTIAL AND COMMERCIAL	3,309,886.13	3,447,747.80
ACCOUNTS RECEIVABLE - OTHER	569,479.42	98,740.88
ACCOUNTS RECEIVABLE - LIENS	28,132.35	18,341.86
ACCOUNTS RECEIVABLE - EMPLOYEE ADVANCES	892.14	892.14
SALES DISCOUNT LIABILITY	(262,217.78)	(241,997.86)
RESERVE FOR UNCOLLECTIBLE ACCOUNTS	(218,099.98)	(232,224.04)
TOTAL ACCOUNTS RECEIVABLE BILLED	<u>3,428,072.28</u>	<u>3,091,500.78</u>
UNBILLED ACCOUNTS RECEIVABLE	4,158,022.50	5,622,269.28
TOTAL ACCOUNTS RECEIVABLE, NET	<u><u>7,586,094.78</u></u>	<u><u>8,713,770.06</u></u>

SCHEDULE OF PREPAYMENTS

PREPAID INSURANCE	348,731.32	367,918.55
PREPAYMENT PURCHASED POWER	(225,008.02)	219,013.76
PREPAYMENT PASNY	242,260.90	259,957.39
PREPAYMENT WATSON	230,780.38	264,483.90
PURCHASED POWER WORKING CAPITAL	14,523.70	12,700.11
TOTAL PREPAYMENT	<u><u>611,288.28</u></u>	<u><u>1,124,073.71</u></u>

ACCOUNTS RECEIVABLE AGING AUGUST 2014:

RESIDENTIAL AND COMMERCIAL	3,447,747.80
LESS: SALES DISCOUNT LIABILITY	(241,997.86)
GENERAL LEDGER BALANCE	<u><u>3,205,749.94</u></u>

CURRENT	2,749,651.32	85.77%
30 DAYS	356,337.06	11.12%
60 DAYS	43,284.87	1.35%
90 DAYS	13,832.10	0.43%
OVER 90 DAYS	42,644.59	1.33%
TOTAL	<u><u>3,205,749.94</u></u>	<u><u>100.00%</u></u>



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING REVENUE  
8/31/2014

SCHEDULE D

SALES OF ELECTRICITY:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
RESIDENTIAL SALES	3,514,497.36	2,742,783.83	6,829,001.29	5,294,078.11	-22.48%
COMM AND INDUSTRIAL SALES	4,054,430.52	3,035,859.68	7,730,928.11	6,022,084.28	-22.10%
PRIVATE STREET LIGHTING	5,944.13	9,827.64	11,583.06	20,058.89	73.17%
TOTAL PRIVATE CONSUMERS	<u>7,574,872.01</u>	<u>5,788,471.15</u>	<u>14,571,512.46</u>	<u>11,336,221.28</u>	-22.20%
MUNICIPAL SALES:					
STREET LIGHTING	28,267.06	29,860.45	55,336.68	59,720.90	7.92%
MUNICIPAL BUILDINGS	92,040.03	70,129.08	182,299.79	140,170.26	-23.11%
TOTAL MUNICIPAL CONSUMERS	<u>120,307.09</u>	<u>99,989.53</u>	<u>237,636.47</u>	<u>199,891.16</u>	-15.88%
SALES FOR RESALE	42,486.53	32,794.53	84,241.14	68,169.80	-19.08%
SCHOOL	99,948.92	82,268.00	212,986.59	183,785.91	-13.71%
SUB-TOTAL	<u>7,837,614.55</u>	<u>6,003,523.21</u>	<u>15,106,376.66</u>	<u>11,788,068.15</u>	-21.97%
FORFEITED DISCOUNTS	64,219.58	54,062.06	146,609.25	140,757.04	-3.99%
PURCHASED POWER CAPACITY	23,022.34	2,919,065.93	45,332.35	5,556,931.57	12158.20%
ENERGY CONSERVATION - RESIDENTIAL	27,584.05	27,692.03	54,652.51	52,123.85	-4.63%
ENERGY CONSERVATION - COMMERCIAL	39,182.74	41,048.76	76,781.85	78,648.93	2.43%
GAW REVENUE	67,727.86	0.00	133,368.80	0.00	-100.00%
NYPA CREDIT	(33,645.12)	(47,884.92)	(87,486.12)	(83,783.26)	-4.23%
TOTAL REVENUE	<u>8,025,706.00</u>	<u>8,997,507.07</u>	<u>15,475,635.30</u>	<u>17,532,746.28</u>	13.29%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING REVENUE BY TOWN  
8/31/2014

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	2,742,783.83	897,924.52	360,780.98	684,246.50	799,831.83
INDUS/MUNI BLDG	3,105,988.76	418,175.80	40,303.61	529,218.99	2,118,290.36
PUB. ST. LIGHTS	29,860.45	10,014.23	4,024.08	5,267.05	10,555.09
PRV. ST. LIGHTS	9,827.64	1,638.47	192.78	3,196.49	4,799.90
CO-OP RESALE	32,794.53	32,794.53	0.00	0.00	0.00
SCHOOL	82,268.00	32,077.32	17,708.81	8,594.86	23,887.01
TOTAL	<u>6,003,523.21</u>	<u>1,392,624.87</u>	<u>423,010.26</u>	<u>1,230,523.89</u>	<u>2,957,364.19</u>

THIS YEAR TO DATE

RESIDENTIAL	5,294,078.11	1,615,263.31	770,532.60	1,229,008.41	1,679,273.79
INDUS/MUNI BLDG	6,162,254.54	848,309.68	83,143.85	1,034,521.21	4,196,279.80
PUB. ST. LIGHTS	59,720.90	20,028.46	8,048.16	10,534.10	21,110.18
PRV. ST. LIGHTS	20,058.89	3,344.03	393.18	6,486.57	9,835.11
CO-OP RESALE	68,169.80	68,169.80	0.00	0.00	0.00
SCHOOL	183,785.91	69,619.27	40,428.39	22,461.32	51,276.93
TOTAL	<u>11,788,068.15</u>	<u>2,624,734.55</u>	<u>902,546.16</u>	<u>2,303,011.62</u>	<u>5,957,775.82</u>

LAST YEAR TO DATE

RESIDENTIAL	6,829,001.29	2,075,790.01	1,013,798.98	1,575,501.17	2,163,911.13
INDUS/MUNI BLDG	7,913,227.90	1,058,675.71	101,349.99	1,266,811.10	5,486,391.10
PUB. ST. LIGHTS	55,336.68	18,020.25	7,121.04	9,788.86	20,406.53
PRV. ST. LIGHTS	11,583.06	2,045.63	209.22	3,590.52	5,737.69
CO-OP RESALE	84,241.14	84,241.14	0.00	0.00	0.00
SCHOOL	212,986.59	79,765.96	50,455.18	25,924.18	56,841.27
TOTAL	<u>15,106,376.66</u>	<u>3,318,538.70</u>	<u>1,172,934.41</u>	<u>2,881,615.83</u>	<u>7,733,287.72</u>

PERCENTAGE OF OPERATING INCOME TO TOTAL

MONTH	TOTAL	READING	LYNNFIELD	NO. READING	WILMINGTON
RESIDENTIAL	45.69%	14.96%	6.01%	11.40%	13.32%
INDUS/MUNI BLDG	51.74%	6.97%	0.67%	8.82%	35.28%
PUB. ST. LIGHTS	0.50%	0.17%	0.07%	0.09%	0.17%
PRV. ST. LIGHTS	0.16%	0.03%	0.00%	0.05%	0.08%
CO-OP RESALE	0.55%	0.55%	0.00%	0.00%	0.00%
SCHOOL	1.36%	0.53%	0.29%	0.14%	0.40%
TOTAL	<u>100.00%</u>	<u>23.21%</u>	<u>7.04%</u>	<u>20.50%</u>	<u>49.25%</u>

THIS YEAR TO DATE

RESIDENTIAL	44.91%	13.70%	6.54%	10.43%	14.24%
INDUS/MUNI BLDG	52.28%	7.20%	0.71%	8.78%	35.59%
PUB. ST. LIGHTS	0.51%	0.17%	0.07%	0.09%	0.18%
PRV. ST. LIGHTS	0.17%	0.03%	0.00%	0.06%	0.08%
CO-OP RESALE	0.58%	0.58%	0.00%	0.00%	0.00%
SCHOOL	1.55%	0.59%	0.34%	0.19%	0.43%
TOTAL	<u>100.00%</u>	<u>22.27%</u>	<u>7.66%</u>	<u>19.55%</u>	<u>50.52%</u>

LAST YEAR TO DATE

RESIDENTIAL	45.20%	13.74%	6.71%	10.43%	14.32%
INDUS/MUNI BLDG	52.39%	7.01%	0.67%	8.39%	36.32%
PUB. ST. LIGHTS	0.37%	0.12%	0.05%	0.06%	0.14%
PRV. ST. LIGHTS	0.07%	0.01%	0.00%	0.02%	0.04%
CO-OP RESALE	0.56%	0.56%	0.00%	0.00%	0.00%
SCHOOL	1.41%	0.53%	0.33%	0.17%	0.38%
TOTAL	<u>100.00%</u>	<u>21.97%</u>	<u>7.76%</u>	<u>19.07%</u>	<u>51.20%</u>

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED REVENUE VARIANCE REPORT  
8/31/2014

SCHEDULE F

	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
SALES OF ELECTRICITY:				
RESIDENTIAL	2,307,736.60	4,641,619.00	(2,333,882.40)	-50.28%
COMM AND INDUSTRIAL SALES				
PRIVATE STREET LIGHTING	1,707,021.92	4,919,508.00	(3,212,486.08)	-65.30%
MUNICIPAL BUILDINGS				
PUBLIC STREET LIGHTING	59,720.90	36,898.00	22,822.90	61.85%
SALES FOR RESALE	25,688.82	64,901.00	(39,212.18)	-60.42%
SCHOOL	<u>60,345.76</u>	<u>139,401.00</u>	<u>(79,055.24)</u>	-56.71%
TOTAL BASE SALES	4,160,514.00	9,802,327.00	(5,641,813.00)	-57.56%
TOTAL FUEL SALES	<u>7,627,554.15</u>	<u>7,093,817.00</u>	<u>533,737.15</u>	7.52%
TOTAL OPERATING REVENUE	11,788,068.15	16,896,144.00	(5,108,075.85)	-30.23%
FORFEITED DISCOUNTS	140,757.04	215,651.00	(74,893.96)	-34.73%
PURCHASED POWER CAPACITY	5,556,931.57	0.00	5,556,931.57	100.00%
ENERGY CONSERVATION - RESIDENTIAL	52,123.85	54,630.00	(2,506.15)	-4.59%
ENERGY CONSERVATION - COMMERCIAL	78,648.93	78,729.00	(80.07)	-0.10%
NYPA CREDIT	(83,783.26)	(116,666.00)	32,882.74	-28.19%
TOTAL OPERATING REVENUES	<u><u>17,532,746.28</u></u>	<u><u>17,128,488.00</u></u>	<u><u>404,258.28</u></u>	2.36%

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
SCHEDULE OF OPERATING EXPENSES  
8/31/2014

SCHEDULE E

OPERATION EXPENSES:	MONTH LAST YEAR	MONTH CURRENT YEAR	LAST YEAR TO DATE	CURRENT YEAR TO DATE	YTD % CHANGE
PURCHASED POWER BASE EXPENSE	2,712,696.87	2,687,943.55	5,386,342.80	5,332,544.69	-1.00%
OPERATION SUP AND ENGINEERING EXP	36,572.66	40,684.13	87,684.05	85,634.82	-2.34%
STATION SUP LABOR AND MISC	8,060.75	11,696.10	20,259.62	22,414.52	10.64%
LINE MISC LABOR AND EXPENSE	46,168.46	48,077.82	117,729.80	95,630.38	-18.77%
STATION LABOR AND EXPENSE	38,895.34	30,388.24	86,084.70	75,515.82	-12.28%
STREET LIGHTING EXPENSE	5,360.02	14,442.16	9,827.74	18,626.94	89.53%
METER EXPENSE	15,494.44	14,635.08	30,371.84	29,061.23	-4.32%
MISC DISTRIBUTION EXPENSE	24,960.35	29,286.65	51,757.34	54,464.44	5.23%
METER READING LABOR & EXPENSE	2,567.96	805.86	7,771.94	3,994.78	-48.60%
ACCT & COLL LABOR & EXPENSE	141,134.95	136,032.04	260,125.61	267,938.96	3.00%
UNCOLLECTIBLE ACCOUNTS	10,500.00	10,000.00	21,000.00	20,000.00	-4.76%
ENERGY AUDIT EXPENSE	37,765.09	29,248.29	75,185.49	63,475.68	-15.57%
ADMIN & GEN SALARIES	89,822.00	67,020.07	158,776.36	140,351.08	-11.60%
OFFICE SUPPLIES & EXPENSE	26,600.47	31,194.51	34,182.96	37,596.94	9.99%
OUTSIDE SERVICES	5,673.46	65,059.35	9,381.79	65,059.35	593.46%
PROPERTY INSURANCE	29,926.02	29,863.73	59,852.04	59,727.46	-0.21%
INJURIES AND DAMAGES	2,804.43	2,399.65	6,174.65	6,120.58	-0.88%
EMPLOYEES PENSIONS & BENEFITS	155,120.19	229,392.27	659,879.49	542,646.49	-17.77%
MISC GENERAL EXPENSE	12,392.17	4,949.61	20,338.51	14,887.45	-26.80%
RENT EXPENSE	13,789.31	13,923.79	27,234.94	27,369.42	0.49%
ENERGY CONSERVATION	23,430.00	24,105.48	45,335.00	36,751.80	-18.93%
TOTAL OPERATION EXPENSES	727,038.07	833,204.83	1,788,953.87	1,667,268.14	-6.80%
MAINTENANCE EXPENSES:					
MAINT OF TRANSMISSION PLANT	227.08	227.10	454.16	454.20	0.01%
MAINT OF STRUCT AND EQUIPMT	14,090.37	66,543.84	26,508.83	85,436.68	222.30%
MAINT OF LINES - OH	141,461.59	154,642.08	238,210.93	257,392.06	8.05%
MAINT OF LINES - UG	32,945.11	12,313.13	31,997.56	13,191.70	-58.77%
MAINT OF LINE TRANSFORMERS	1,929.32	6,897.50	2,083.48	6,897.50	0.00%
MAINT OF ST LT & SIG SYSTEM	(74.72)	(45.56)	(170.85)	(121.70)	-28.77%
MAINT OF GARAGE AND STOCKROOM	39,238.54	42,469.49	70,198.21	70,344.57	0.21%
MAINT OF METERS	3,197.93	0.00	4,575.47	0.00	-100.00%
MAINT OF GEN PLANT	10,025.71	28,686.91	19,013.07	37,166.61	95.48%
TOTAL MAINTENANCE EXPENSES	243,040.93	311,734.49	392,870.86	470,761.62	19.83%
DEPRECIATION EXPENSE	314,969.55	321,788.79	629,939.10	643,577.58	2.17%
PURCHASED POWER FUEL EXPENSE	2,767,250.13	2,768,364.01	6,231,599.45	6,055,953.95	-2.82%
VOLUNTARY PAYMENTS TO TOWNS	116,666.67	118,000.00	233,333.34	236,000.00	1.14%
TOTAL OPERATING EXPENSES	6,881,662.22	7,041,035.67	14,663,039.42	14,406,105.98	-1.75%



TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED OPERATING EXPENSE VARIANCE REPORT  
8/31/2014

SCHEDULE G

OPERATION EXPENSES:	ACTUAL YEAR TO DATE	BUDGET YEAR TO DATE	VARIANCE *	% CHANGE
PURCHASED POWER BASE EXPENSE	5,332,544.69	5,244,604.00	87,940.69	1.68%
OPERATION SUP AND ENGINEERING EXP	85,634.82	90,162.00	(4,527.18)	-5.02%
STATION SUP LABOR AND MISC	22,414.52	16,358.00	6,056.52	37.02%
LINE MISC LABOR AND EXPENSE	95,630.38	98,338.00	(2,707.62)	-2.75%
STATION LABOR AND EXPENSE	75,515.82	62,302.00	13,213.82	21.21%
STREET LIGHTING EXPENSE	18,626.94	13,594.00	5,032.94	37.02%
METER EXPENSE	29,061.23	35,503.00	(6,441.77)	-18.14%
MISC DISTRIBUTION EXPENSE	54,464.44	61,670.00	(7,205.56)	-11.68%
METER READING LABOR & EXPENSE	3,994.78	5,048.00	(1,053.22)	-20.86%
ACCT & COLL LABOR & EXPENSE	267,938.96	273,108.00	(5,169.04)	-1.89%
UNCOLLECTIBLE ACCOUNTS	20,000.00	20,000.00	0.00	0.00%
ENERGY AUDIT EXPENSE	63,475.68	76,180.00	(12,704.32)	-16.68%
ADMIN & GEN SALARIES	140,351.08	128,557.00	11,794.08	9.17%
OFFICE SUPPLIES & EXPENSE	37,596.94	50,200.00	(12,603.06)	-25.11%
OUTSIDE SERVICES	65,059.35	70,270.00	(5,210.65)	-7.42%
PROPERTY INSURANCE	59,727.46	75,568.00	(15,840.54)	-20.96%
INJURIES AND DAMAGES	6,120.58	8,676.00	(2,555.42)	-29.45%
EMPLOYEES PENSIONS & BENEFITS	542,646.49	583,166.00	(40,519.51)	-6.95%
MISC GENERAL EXPENSE	14,887.45	48,126.00	(33,238.55)	-69.07%
RENT EXPENSE	27,369.42	35,334.00	(7,964.58)	-22.54%
ENERGY CONSERVATION	36,751.80	127,438.00	(90,686.20)	-71.16%
TOTAL OPERATION EXPENSES	1,667,268.14	1,879,598.00	(212,329.86)	-11.30%
MAINTENANCE EXPENSES:				
MAINT OF TRANSMISSION PLANT	454.20	500.00	(45.80)	-9.16%
MAINT OF STRUCT AND EQUIPMENT	85,436.68	76,892.00	8,544.68	11.11%
MAINT OF LINES - OH	257,392.06	269,954.00	(12,561.94)	-4.65%
MAINT OF LINES - UG	13,191.70	21,668.00	(8,476.30)	-39.12%
MAINT OF LINE TRANSFORMERS	6,897.50	39,000.00	(32,102.50)	-82.31%
MAINT OF ST LT & SIG SYSTEM	(121.70)	1,578.00	(1,699.70)	-107.71%
MAINT OF GARAGE AND STOCKROOM	70,344.57	87,496.00	(17,151.43)	-19.60%
MAINT OF METERS	0.00	9,914.00	(9,914.00)	-100.00%
MAINT OF GEN PLANT	37,166.61	27,988.00	9,178.61	32.79%
TOTAL MAINTENANCE EXPENSES	470,761.62	534,990.00	(64,228.38)	-12.01%
DEPRECIATION EXPENSE	643,577.58	648,666.00	(5,088.42)	-0.78%
PURCHASED POWER FUEL EXPENSE	6,055,953.95	6,700,944.00	(644,990.05)	-9.63%
VOLUNTARY PAYMENTS TO TOWNS	236,000.00	236,000.00	0.00	0.00%
TOTAL OPERATING EXPENSES	14,406,105.98	15,244,802.00	(838,696.02)	-5.50%

\* ( ) = ACTUAL UNDER BUDGET

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
BUDGETED OPERATING EXPENSE VARIANCE REPORT  
8/31/2014

OPERATION EXPENSES:	RESPONSIBLE SENIOR MANAGER	2015 ANNUAL BUDGET	ACTUAL YEAR TO DATE	REMAINING BUDGET BALANCE	REMAINING BUDGET %
PURCHASED POWER BASE EXPENSE	JP	28,889,014.00	5,332,544.69	23,556,469.31	81.54%
OPERATION SUP AND ENGINEERING EXP	KS	583,668.00	85,634.82	498,033.18	85.33%
STATION SUP LABOR AND MISC	KS	108,848.00	22,414.52	86,433.48	79.41%
LINE MISC LABOR AND EXPENSE	KS	657,259.00	95,630.38	561,628.62	85.45%
STATION LABOR AND EXPENSE	KS	398,849.00	75,515.82	323,333.18	81.07%
STREET LIGHTING EXPENSE	KS	82,907.00	18,626.94	64,280.06	77.53%
METER EXPENSE	KS	247,938.00	29,061.23	218,876.77	88.28%
MISC DISTRIBUTION EXPENSE	KS	402,885.00	54,464.44	348,420.56	86.48%
METER READING LABOR & EXPENSE	KS	30,922.00	3,994.78	26,927.22	87.08%
ACCT & COLL LABOR & EXPENSE	RF	1,705,333.00	267,938.96	1,437,394.04	84.29%
UNCOLLECTIBLE ACCOUNTS	RF	120,000.00	20,000.00	100,000.00	83.33%
ENERGY AUDIT EXPENSE	JP	488,284.00	63,475.68	424,808.32	87.00%
ADMIN & GEN SALARIES	CO	842,170.00	140,351.08	701,818.92	83.33%
OFFICE SUPPLIES & EXPENSE	CO	301,000.00	37,596.94	263,403.06	87.51%
OUTSIDE SERVICES	CO	351,650.00	65,059.35	286,590.65	81.50%
PROPERTY INSURANCE	KS	453,200.00	59,727.46	393,472.54	86.82%
INJURIES AND DAMAGES	KS	49,059.00	6,120.58	42,938.42	87.52%
EMPLOYEES PENSIONS & BENEFITS	KS	2,746,619.00	542,646.49	2,203,972.51	80.24%
MISC GENERAL EXPENSE	CO	240,727.00	14,887.45	225,839.55	93.82%
RENT EXPENSE	KS	212,000.00	27,369.42	184,630.58	87.09%
ENERGY CONSERVATION	JP	778,812.00	36,751.80	742,060.20	95.28%
TOTAL OPERATION EXPENSES		10,802,130.00	1,667,268.14	9,134,861.86	84.57%
MAINTENANCE EXPENSES:					
MAINT OF TRANSMISSION PLANT	KS	3,000.00	454.20	2,545.80	84.86%
MAINT OF STRUCT AND EQUIPMT	KS	484,026.00	85,436.68	398,589.32	82.35%
MAINT OF LINES - OH	KS	1,675,794.00	257,392.06	1,418,401.94	84.64%
MAINT OF LINES - UG	KS	130,694.00	13,191.70	117,502.30	89.91%
MAINT OF LINE TRANSFORMERS	KS	156,000.00	6,897.50	149,102.50	95.58%
MAINT OF ST LT & SIG SYSTEM	KS	9,745.00	(121.70)	9,866.70	101.25%
MAINT OF GARAGE AND STOCKROOM	KS	567,531.00	70,344.57	497,186.43	87.61%
MAINT OF METERS	KS	43,290.00	0.00	43,290.00	100.00%
MAINT OF GEN PLANT	RF	170,180.00	37,166.61	133,013.39	78.16%
TOTAL MAINTENANCE EXPENSES		3,240,260.00	470,761.62	2,769,498.38	85.47%
DEPRECIATION EXPENSE	RF	3,892,000.00	643,577.58	3,248,422.42	83.46%
PURCHASED POWER FUEL EXPENSE	JP	36,249,653.00	6,055,953.95	30,193,699.05	83.29%
VOLUNTARY PAYMENTS TO TOWNS	RF	1,416,000.00	236,000.00	1,180,000.00	83.33%
TOTAL OPERATING EXPENSES		84,489,057.00	14,406,105.98	70,082,951.02	82.95%

TOWN OF READING, MASSACHUSETTS  
MUNICIPAL LIGHT DEPARTMENT  
PROFESSIONAL SERVICES  
8/31/2014

PROFESSIONAL SERVICES BY PROJECT

ITEM	DEPARTMENT	ACTUAL	BUDGET
1 RMLD AND PENSION TRUST AUDIT FEES	ACCOUNTING	2,170.00	17,500.00
2 LEGAL-FERC/ISO/POWER/OTHER	INTEGRATED RESOURCES	5,126.45	23,050.00
3 NERC COMPLIANCE AND AUDIT	E & O	1,520.00	1,750.00
4 LEGAL	ENGINEERING	0.00	2,250.00
5 LEGAL-GENERAL	GM	50,013.95	8,834.00
6 LEGAL SERVICES	HR	6,228.95	10,666.00
7 SURVEY RIGHT OF WAY/ ENVIRONMENTAL	BLDG. MAINT.	0.00	1,720.00
8 INSURANCE CONSULTANT/OTHER	GEN. BENEFIT	0.00	4,500.00
TOTAL		<u>65,059.35</u>	<u>70,270.00</u>

PROFESSIONAL SERVICES BY VENDOR

	ACTUAL
MELANSON HEATH & COMPANY	2,170.00
PLM ELECTRIC POWER COMPANY	2,230.00
RUBIN AND RUDMAN	58,720.40
UTILTIY SERVICES INC.	1,520.00
CHOATE HALL & STEWART	418.95
TOTAL	<u>65,059.35</u>

RMLD  
DEFERRED FUEL CASH RESERVE ANALYSIS  
8/31/14

DATE	GROSS CHARGES	REVENUES	NYPA CREDIT	MONTHLY DEFERRED	TOTAL DEFERRED
Jun-14					4,132,694.96
Jul-14	3,287,589.94	3,782,699.41	(35,898.34)	459,211.13	4,591,906.09
Aug-14	2,768,364.01	3,844,854.74	(47,884.92)	1,028,605.81	5,620,511.90





RMLD  
BUDGET VARIANCE REPORT  
FOR PERIOD ENDING AUGUST 31, 2014

DIVISION	ACTUAL	BUDGET	VARIANCE	% CHANGE
BUSINESS DIVISION	1,638,121	1,665,132	(27,011)	-1.62%
INTEGRATED RESOURCES AND PLANNING	105,354	155,574	(50,220)	-32.28%
ENGINEERING AND OPERATIONS	729,223	780,979	(51,756)	-6.63%
FACILITY	788,976	889,605	(100,630)	-11.31%
GENERAL MANAGER	<u>145,184</u>	<u>126,180</u>	<u>19,005</u>	15.06%
SUB-TOTAL	3,406,858	3,617,469	(210,612)	-5.82%
 PURCHASED POWER BASE	 5,332,545	 5,244,604	 87,941	 1.68%
PURCHASED POWER FUEL	6,055,954	6,700,944	(644,990)	-9.63%
TOTAL	<u><u>14,795,356</u></u>	<u><u>15,563,017</u></u>	<u><u>(767,661)</u></u>	-4.93%



To: Coleen O'Brien

From:  Maureen McHugh, Jane Parenteau 

Date: October 16, 2014

Subject: Purchase Power Summary – August, 2014

Energy Services Division (ESD) has completed the Purchase Power Summary for the month of August, 2014.

### **ENERGY**

The RMLD's total metered load for the month was 65,178,041 kWh, which is a 3.32% decrease from the August, 2013 figures.

Table 1 is a breakdown by source of the energy purchases.

**Table 1**

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy	Total \$ Costs	\$ as a %
Millstone #3	3,637,249	\$6.41	5.58%	\$23,320	0.84%
Seabrook	5,882,778	\$6.69	9.02%	\$39,333	1.42%
Stonybrook Intermediate	2,240,209	\$36.69	3.44%	\$82,197	2.97%
JP Morgan	10,054,800	\$62.35	15.42%	\$626,882	22.64%
NextEra	12,759,000	\$53.61	19.57%	\$684,001	24.71%
NYPA	1,918,893	\$4.92	2.94%	\$9,441	0.34%
ISO Interchange	3,565,090	\$48.61	5.47%	\$173,299	6.26%
NEMA Congestion	0	\$0.00	0.00%	-\$102,978	-3.72%
Coop Resales	17,807	\$140.13	0.03%	\$2,495	0.09%
BP Energy	12,415,800	\$48.27	19.05%	\$599,311	21.65%
Summit Hydro/Collins/Pioneer	290,169	\$67.86	0.45%	\$19,691	0.71%
Braintree Watson Unit	744,997	\$49.68	1.14%	\$37,012	1.34%
Swift River Projects	764,341	\$96.67	1.17%	\$73,891	2.67%
Exelon	10,823,400	\$45.54	16.60%	\$492,881	17.80%
Stonybrook Peaking	71,519	\$106.09	0.11%	\$7,587	0.27%
Monthly Total	65,186,052	\$42.47	100.00%	\$2,768,364	100.00%

Table 2 breaks down the ISO interchange between the DA LMP Settlement and the RT Net Energy for the month of August, 2014.

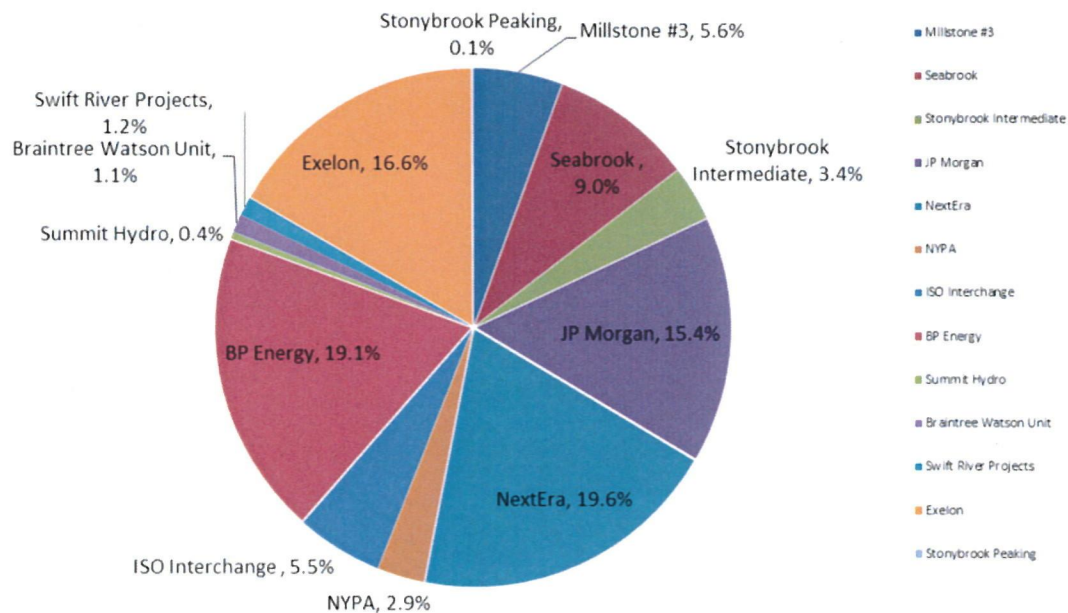
**Table 2**

Resource	Amount of Energy (kWh)	Cost of Energy (\$/Mwh)	% of Total Energy
ISO DA LMP *	4,676,432	33.78	7.18%
Settlement			
RT Net Energy **	-111,342	17.22	-0.17%
Settlement			
ISO Interchange (subtotal)	3,565,090	48.61	5.47%

\* Independent System Operator Day-Ahead Locational Marginal Price

\*\* Real Time Net Energy

### AUGUST 2014 ENERGY BY RESOURCE





## CAPACITY

The RMLD hit a demand of 147,012 kW, which occurred on August 27, at 4 pm. The RMLD's monthly UCAP requirement for August, 2014 was 208,440 kW.

Table 3 shows the sources of capacity that the RMLD utilized to meet its requirements.

**Table 3**

Source	Amount (kW)	Cost (\$/kW-month)	Total Cost \$	% of Total Cost
Millstone #3	4,950	42.94	\$212,540	15.02%
Seabrook	7,919	41.71	\$330,263	23.34%
Stonybrook Peaking	24,981	1.99	\$49,623	3.51%
Stonybrook CC	42,925	3.54	\$152,097	10.75%
NYPA	4,019	4.19	\$16,834	1.19%
Hydro Quebec	4,673	4.30	\$20,098	1.42%
Nextera	60,000	5.65	\$339,000	23.96%
Braintree Watson Unit	10,520	10.77	\$113,348	8.01%
ISO-NE Supply Auction	48,453	3.73	\$180,908	12.79%
Total	208,440	\$6.79	\$1,414,711	100.00%

Table 4 shows the dollar amounts for energy and capacity per source.

**Table 4**

Resource	Energy	Capacity	Total cost	% of Total Cost	Amt of Energy (kWh)	Cost of Power (\$/kWh)
Millstone #3	\$23,320	\$212,540	\$235,860	5.64%	3,637,249	0.0648
Seabrook	\$39,333	\$330,263	\$369,596	8.84%	5,882,778	0.0628
Stonybrook Intermediate	\$82,197	\$152,097	\$234,294	5.60%	2,240,209	0.1046
Hydro Quebec	\$0	\$20,098	\$20,098	0.48%	-	0.0000
JP Morgan	\$626,882	\$0	\$626,882	14.99%	10,054,800	0.0623
NextEra	\$684,001	\$339,000	\$1,023,001	24.46%	12,759,000	0.0802
* NYPA	\$9,441	\$16,834	\$26,275	0.63%	1,918,893	0.0137
ISO Interchange	\$173,299	\$180,908	\$354,207	8.47%	3,565,090	0.0994
Nema Congestion	-\$102,978	\$0	-\$102,978	-2.46%	-	0.0000
BP Energy	\$599,311	\$0	\$599,311	14.33%	12,415,800	0.0483
* Summit Hydro/Collins/Pioneer	\$19,691	\$0	\$19,691	0.47%	290,169	0.0679
Braintree Watson Unit	\$37,012	\$113,348	\$150,359	3.59%	744,997	0.2018
* Swift River Projects	\$73,891	\$0	\$73,891	1.77%	764,341	0.0967
Coop Resales	\$2,495	\$0	\$2,495	0.06%	17,807	0.1401
Constellation Energy	\$492,881	\$0	\$492,881	11.78%	10,823,400	0.0455
Stonybrook Peaking	\$7,587	\$49,623	\$57,210	1.37%	71,519	0.7999
Monthly Total	\$2,768,364	\$1,414,711	\$4,183,075	100.00%	65,186,052	0.0642

\* Renewable Resources

4.56%

## **RENEWABLE ENERGY CERTIFICATES (RECs)**

Table 5 shows the amount of banked and projected RECs for the Swift River Hydro Projects through August 2014, as well as their estimated market value.

**Table 5**  
**Swift River RECs Summary**  
**Period - January 2014 - August 2014**

	<b>Banked RECs</b>	<b>Projected RECs</b>	<b>Total RECs</b>	<b>Est. Dollars</b>
<b>Woronoco</b>	995	2,618	3,613	\$149,940
<b>Pepperell</b>	1,363	2,453	3,816	\$221,328
<b>Indian River</b>	608	1,714	2,322	\$134,676
<b>Turners Falls</b>	394	1,215	1,609	\$0
<b>RECs Sold</b>			0	\$0
<b>Grand Total</b>	3,360	8,000	11,360	\$505,944

## **TRANSMISSION**

The RMLD's total transmission costs for the month of August, 2014 were \$1,264,244. This is an increase of 2.11% from the July transmission cost of \$1,238,157. In August, 2013 the transmission costs were \$1,223,588.

**Table 6**

	<b>Current Month</b>	<b>Last Month</b>	<b>Last Year</b>
<b>Peak Demand (kW)</b>	147,012	157,252	140,045
<b>Energy (kWh)</b>	65,160,895	72,817,931	67,363,709
<b>Energy (\$)</b>	\$2,768,364	\$3,287,590	\$2,767,250
<b>Capacity (\$)</b>	\$1,414,711	\$1,397,243	\$1,485,670
<b>Transmission(\$)</b>	\$1,264,244	\$1,238,157	\$1,223,588
<b>Total</b>	\$5,447,319	\$5,922,990	\$5,476,509

## ENERGY EFFICIENCY

Table 7 shows the comprehensive results from the Energy Conservation program. The amount of savings is broken down by both demand and energy for the Commercial and Residential sectors.

Commercial	Year	Total \$			Total \$			Total \$			Total \$		
		Capacity Saved (kWh)	Energy Saved (kWh)	\$/kWh	Capacity	\$/kWh	Energy	\$/kWh	Rebate	Rebate/kWh	Rebate/kW	Cost Benefit	
Total to date	FY07-14	16,169	63,959,276	\$ 1,561,065			3,543,375		\$ 1,732,385	\$ 0.03	\$ 107.14	\$ 3,372,054	
Current	FY15	0	-	\$11.45			0	\$ 0.05	\$ -	\$ -	\$ -	\$ -	
<b>Residential</b>													
Total to date	FY07-14	2,609	2,252,774	\$ 257,422			117,229		\$ 718,531	\$ 0.32	\$ 275.42	\$ (343,881)	
Current	FY15	25	12,194	\$ 3,376	\$11.45		610	\$ 0.05	\$ 14,940	\$ 1.23	\$ 608.08	\$ (10,955)	
<b>Total</b>													
Total to date	FY07-14	18,778	66,212,049	\$ 1,818,487			3,660,603		\$ 2,475,916	\$ 0.04	\$ 131.85	\$ 3,003,173.54	
Current	FY15	25	12,194	\$ 3,376	\$11.45		610	\$ 0.05	\$ 14,940	\$ 1.23	\$ 608.08	\$ (10,955)	

Table 8 shows the breakdown for residential appliance rebates by type and year.

Table 8																								
Year	Washing Machine		Refrigerator		Dishwasher		Dehumidifier		Central A/C		Window A/C		Thermostat		Audits		Renewable		Air Source Heat Pump		HP Water Heater		Fan	
	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars	QTY	Dollars
2007																								
2008	86	\$ 4,300	47	\$ 2,350	55	\$ 2,750	7	\$ 175	17	\$ 1,700	10	\$ 250	23	\$ 230	107	\$ 14,940								
2009	406	\$ 20,300	259	\$ 12,950	235	\$ 11,750	40	\$ 1,000	41	\$ 4,100	50	\$ 1,250	114	\$ 1,140	107	\$ 14,940								
2010	519	\$ 25,950	371	\$ 18,550	382	\$ 19,100	37	\$ 925	64	\$ 6,400	49	\$ 1,225	127	\$ 1,270	64	\$ 8,960	6	\$ 20,700						
2011	425	\$ 21,250	383	\$ 19,150	313	\$ 15,650	47	\$ 1,175	57	\$ 5,700	65	\$ 1,625	118	\$ 1,180	180	\$ 26,960	4	\$ 18,000						
2012	339	\$ 16,950	354	\$ 17,700	289	\$ 14,450	38	\$ 950	44	\$ 4,400	56	\$ 1,400	105	\$ 1,050	219	\$ 32,731	3	\$ 14,000						
2013	285	\$ 14,250	336	\$ 16,800	311	\$ 15,550	29	\$ 725	24	\$ 2,400	54	\$ 1,350	57	\$ 570	375	\$ 75,000	3	\$ 15,000	19	\$ 1,900	4	\$ 1,000	5	\$ 50
2014	322	\$ 16,100	333	\$ 16,650	298	\$ 14,900	27	\$ 675	38	\$ 3,800	76	\$ 1,900	83	\$ 1,245	363	\$ 72,600	4	\$ 17,250	20	\$ 2,000	11	\$ 2,750	7	\$ 70
2015	24	\$ 1,200	29	\$ 1,450	28	\$ 1,400	5	\$ 125	5	\$ 500	9	\$ 225	6	\$ 90	46	\$ 9,200	0	\$ -	5	\$ 500	1	\$ 250	0	\$ -
Total	2406	\$ 120,300	2112	\$ 105,600	1911	\$ 95,550	230	\$ 5,750	290	\$ 29,000	369	\$ 9,225	633	\$ 6,775	1461	\$ 255,331	20	\$ 84,950	44	\$ 4,400	25	\$ 6,250	15	\$ 150





DRAFT

Revision No. 3cb

CAB POLICY NO. 1

Effective Date XXX

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RMLD  
CITIZENS' ADVISORY BOARD

Per Board Vote  
Chairman/Date

I. PURPOSE

- A. To establish the role of the RMLD (Reading Municipal Light Department) Citizens' Advisory Board (CAB) relative to Attachment 4 of the "20 Year" Agreement, the Ratepayers customers, the RMLD Board of Commissioners (Commissioners), and the RMLD General Manager.
- B. To establish administrative controls for certain CAB activities.
- C. The RMLD will provide a minimum annual budget of \$15,000 annually to pay for incurred CAB consultant expenses and other appropriate expenses deemed necessary by the CAB to fulfill its role as an advisor to RMLD and the member towns it represents-represents. The CAB agrees to prepare and submit a budget request for any additional costs above the \$15,000 by November 30<sup>th</sup> of each year to the RMLD General Manager for review and consideration.
- D. The CAB shall be provided, and has the authority to request from RMLD any and all operational/procedural/personnel documents (except those under confidential attorney client privilege or other applicable law). CAB members shall become familiar with such documentoperations/procedures of the RMLD and provide their member town's input back into the RMLD Commission's decision making process.

II. GOVERNING LAWS

- A. M.G.L., Chapter 164 and any and all other applicable federal and state statutes and regulations.
- B. The 1990 "20 Year" Agreement between the RMLD and the towns of Lynnfield, Reading, North Reading, and Wilmington.

III. RESPONSIBILITIES

The CAB shall elect a chair, vice-chair and secretary, andwhich such officers will-should be rotated among the CAB members not more than every two termsyears.

A. CAB Chairman:

1. The Chairman is responsible for calling regular, emergency, and executive session meetings of the CAB Board as needed. In the duties of conducting business the CAB must has the authority to meet at a minimum of every two (2) months, and may do so without the attendance of RMLD management or staff at its discretion as long as there is a quorum of three (3) of the five (5) members in attendance and all "open meeting law" guidelines are observed.

2. The Chairman presides over the CAB meetings, sets the agenda with inputs from CAB members and recognizes all speakers, including other M members.
3. The Chairman nominates CAB Board members to represent the CAB at appropriate functions, events and meetings. Final decision is by a majority vote of the Board members.

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CAB Policy No. 1

Page 2

4. The Chairman nominates Board members to Board Subcommittees. Final appointment is by a majority vote of the Board members. The Secretary serves as the Chairman of any such Sub Committees to which he/she is shall organize and select a chair and other officers by majority vote of said committee as required once appointed.
5. The Chairman may delegate some, none or all of the above responsibilities to the Vice-Chair as his/her discretion. Secretary. Though the final authority for these responsibilities resides with the Chairman, he/she is encouraged to actively consult with the Secretary as appropriate.

6. The Chair will serve a two year term and will be eligible for re-election as Chair for three two consecutive terms. Upon completion of such three consecutive two-year terms, one two-year term must pass prior to being eligible for re-election as Chair.

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B. CAB Vice-Chair:

1. The CAB vice-chair shall act as chair in the absence of the chair.

B. C. CAB Secretary:

1. Final review of Board minutes.
2. Certifies, as required by law, votes of the CAB.
3. Signs, upon direction of a majority vote of the CAB Board members, documents and legal settlements on behalf of the CAB. Alternatively any Member may be authorized to perform this function.
4. In the absence of the secretary, any other member may be assigned by the Chair, the duties of secretary for that specific meeting.

5. The Vice Chair will serve a two year term and will be eligible for re-election as Vice Chair for three two consecutive terms. Upon completion of such three consecutive two-year terms, one two-year term must pass prior to being eligible for re-election as Vice Chair.

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G. D. CAB, as a whole, by majority vote:

1. Provide decision-making inputs to the RMLD Board Commission on issues concerning:

- a. ~~E~~Significant expansion or retirement of RMLD's transmission, distribution, general plant or generation. ~~"Significant" is defined as any item~~ that is normally submitted for approval to the RMLD Commission under the annual capital budget.
- b. ~~Long-term~~ Power contracts and agreements and their mix. Power contracts ~~"Long-term"~~ is defined as any energy and/or capacity contracts that ~~comply with, exceed any of all~~ the following conditions:
  - 1.) ~~A minimum of less than~~ 10 megawatts in energy
  - 2.) ~~A minimum of less than~~ 6 months in duration
  - 3.) ~~1 year in length~~ does not contain full entitlements
- c. Cost-of-service and rate making practices.
- d. ~~F~~Significant financial and accounting practices including but not limited to. The following ~~actions are considered "significant"~~:
  - i. Creation of reserve accounts or any alteration to existing reserve accounts. Alterations are defined as a transfer to or from a reserve account that is not a posting of accrued interest.

- e. Review the RMLD operating and capital budgets and recommend increases, decreases and alterations. The CAB shall review the proposed budgets for both their ability to ensure the proper maintenance, ~~reliability, safety~~ and needed improvements to the physical plant of the RMLD, and for its fiscal responsibility and impact on rates.
  - f. Other issues as outlined in the "20 Year" Agreement, and as may be referred by the CAB Chair and RMLD Commission.
2. Approves, in advance, attendance by CAB members at any meeting, conference, training session or similar function that requires RMLD expense compensation or use of RMLD Resources.

B. CAB ~~Sub~~ Committees

1. Serve as a mechanism for the CAB Board to review and consider specific issues. ~~Sub~~ Committees can recommend but not approve unless specifically delegated, a course of action to the Board.
- 2.

IV. POLICY ELEMENTS

- A. It is the policy of the CAB:

1. To operate in accordance with the spirit, as well as the "20 Year" Agreement, and the letter of all applicable laws affecting its business and the business of the RMLD and its customers the four member towns.
2. All Members are required to act with the highest level of integrity, business ethics and objectivity in any CAB transaction or where a Member represents the CAB, the Commission Board or the RMLD. No Member is allowed to misuse the authority or influence of their CAB position.
3. To operate in a respectful, businesslike and efficient manner in all aspects of the CAB meetings and all dealings with the Commission Commission and the RMLD.
4. To hold regular open and public meetings to allow any and all customers to provide direct input on any open session matter before the Board.
5. 5. To affirmatively and courteously respond to all requests for public information, subject to the constraints of Policy 12 (attached), Board Document Dissemination and Massachusetts Public Records Law. All requests responses will be arranged and approved through the CAB and General Manager.
6. Solicit and be open to input from member town's Boards of Selectmen, businesses and residents as applicable and to and to the benefit of informing CAB deliberations and decisions.

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RELEASE OF EXECUTIVE SESSION MINUTES

Per CAB Vote: \_\_\_\_\_  
Date

\_\_\_\_\_  
Chairman/Date

I. PURPOSE

To establish the procedure for Release of Executive Session Minutes.

II. GOVERNING LAWS

A. M.G.L., Chapter 164 and other applicable federal and state statutes and regulations and guidelines.

B. ~~1990 and as extended in 2000~~ The most current "20 Year" Agreement between the RMLD and the towns of Lynnfield, Reading, North Reading, and Wilmington.

C. M.G.L., Chapter 39, §§ 23A, 23B, and 24.

III. RESPONSIBILITIES

A. The Chairman and the Secretary of the Citizens' Advisory Board will review approved Executive Session minutes in their entirety that are still in confidential status on a regular basis, but not less than once per quarter, and make a recommendation to the members of the Citizens' Advisory Board to release for publication those minutes which need not be confidential due to resolution of the issues discussed and decided upon in Executive Session.

B. Executive Session minutes, or sections thereof, will be released only by an affirmative majority vote of at least three (3) members of the Citizens' Advisory Board.

IV. POLICY ELEMENTS

A. Executive Session minutes are available to all members of the Citizens' Advisory Board, who are bound to maintain their confidentiality.

B. Executive Session minutes will be released in accordance with Massachusetts General Law and the Open Meeting Law Guidelines as outlined by the Middlesex District Attorney's Office Guidelines.

C. All requests for unreleased executive session minutes will be forwarded to the Chairman of the Citizens' Advisory Board, and placed on the next available CAB meeting agenda for resolution.