

WEST BOYLSTON MUNICIPAL LIGHTING PLANT

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FY2017 Annual Report of the West Boylston Municipal Lighting Plant

Dear Customers,

The Town of West Boylston owns and operates a Municipal Lighting Plant (WBMLP) that was established by its residents in 1909. WBMLPs mission is to provide the lowest-cost and most reliable electricity service within West Boylston. WBMLP operates as a not-for-profit public utility and is regulated by a locally elected and independent Board of Light Commissioners. Municipal light plants are unique and distinct departments of the towns they serve and operate under a completely different business model than Investor Owned Utilities (IOUs). Primarily, our ratepayers are our shareholders, and they directly participate in governing their municipal light plant.

WBMLPs ability to govern locally resulted in significant amounts of non-greenhouse-gas (GHG) emitting energy generation, highly competitive electricity rates, and investment in cost effective renewable energy projects. By the end of 2017, WBMLP purchased 65.8% of its annual energy supply from solar, wind, nuclear, and hydroelectric generation, assisting the Commonwealth meet its GHG emission reduction goals.

Customer Base

WBMLP provided electricity to 3,117 residents, 485 businesses and 69 government customers in 2017. Energy sales and consumption from all ratepayers in 2017 remained the same compared to 2016. WBMLP expects energy consumption and sales revenue to increase approximately 2% in 2018 based on growth in new residential and industrial customers. WBMLPs revenues are not dependent on one industry or one significantly sized customer that could impact revenues in the event this customer leaves our service territory. Our largest customer, the county jail, has three electric services that accounted for approximately 8% of the total kilowatt-hour sales in 2017. The rest of our top 20 largest customers represent only 0.5% - 2.0% each, of our kilowatt-hour sales and therefore individually, do not pose a risk to our forecasted revenues and budgets.

Energy Supply

Energy supply and transmission expenses represented 60% of WBMLPs 2017 operating budget. WBMLP purchased most of its annual energy supply through long-term contracts, power purchase agreements, and asset ownership that provide certain volumes of energy at fixed prices. Our long-term energy portfolio includes a mix of existing renewable and clean energy supply obligations that extend beyond 2045. Only 7.2% of our annual energy supply was considered “open” to market fluctuations and fulfilled through ISO-NE day-ahead and real-time energy market purchases in 2017. The ability to own generation and execute long-term energy contracts is one of many distinct features that differentiate municipal light plants from distribution companies or IOUs.

The largest component of our 2017 energy supply were two nuclear power plants totaling 45% of our clean energy supply. WBMLP expects the two nuclear projects, which do not emit any greenhouse gases (GHG), to generate clean energy through at least 2045. 25% of our 2017 power supply came from energy hedging contracts that provide fixed amounts of energy and prices for timeframes lasting up to five years. Hydroelectricity comprised 7% of our clean energy supply in 2017 and includes imported, low-cost hydroelectricity from New York for the benefit of our residential ratepayers. The remaining components of our 2017 energy supply came from 9% wind, 7% ISO-NE market, 5% solar, 1.5% natural gas, and 0.5% oil sources of generation.

WBMLP's non-GHG emitting energy supply, as a percentage of sales, was 50.4% in 2017. MassDEP's recently published 2015 GHG Summary Report points out that 49.1% of West Boylston's annual energy sales did not emit GHGs. In comparison, Investor Owned Utilities (IOU's) reported only 7.4% - 11.2% of sales as non-emitting in 2015. WBMLP's ratepayers pay for a significant amount of existing clean energy that exceeds MassDEP's proposed Clean Energy Standard through at least 2035. West Boylston's ratepayers and local control will continue to support the development of new renewable and clean energy sources given our unique structure and legislative authority.

Rates

WBMLP's electricity rates continue to remain lower than investor owned utility rates in Massachusetts in 2017. Our electricity rates remained the same since 2009 and we don't expect a rate increase in 2018. In 2017, the average homeowner in West Boylston consumed approximately 700 kilowatt hours per month and spent approximately \$102 per month for that electricity. WBMLP continues to manage its budget to minimize future rate increases.

Energy Efficiency and Conservation Rebates

Our customers saved energy by taking advantage of our energy audits and appliance rebates. WBMLP provides residential and commercial energy audits which identify ways to reduce energy consumption and your monthly bill. Please call 1-888-655-6767 to schedule a free energy audit. Our rebate and incentive programs helped our customers purchase the most energy efficient home appliances and equipment. WBMLP provides Energy Star appliance rebates for refrigerators, clothes washers, dehumidifiers, dishwashers, heat pump water heaters, and air conditioning units. Visit our webpage at www.wbmlp.org for a complete list of rebates, incentives, and online applications.

If you have any questions or concerns call or visit us. Our web page at www.wbmlp.org is a great resource for electricity rates, appliance rebates, financial reports, meeting minutes, and the latest pertinent information.

Sincerely, Board of Light Commission, Anthony Meola Jr., William D. Smith, & Winthrop Handy

West Boylston Municipal Lighting Plant and Subsidiary
Consolidated Statement of Revenues, Expenses, and Changes in Net Assets

OPERATING REVENUES:	2017	2016	2015	2014
Residential Sales	\$3,698,715	\$3,459,407	\$3,412,373	\$3,440,463
Commercial Sales	\$3,540,249	\$3,327,314	\$3,249,068	\$3,196,201
Industrial Sales	\$722,455	\$697,048	\$737,188	\$816,053
Private Lighting	\$71,138	\$72,873	\$70,873	\$67,962
Municipal Sales	\$462,202	\$449,180	\$447,536	\$391,789
<u>Other Operating Revenues</u>	<u>\$199,181</u>	<u>\$149,075</u>	<u>\$159,979</u>	<u>\$140,545</u>
TOTAL OPERATING REVENUES	\$8,693,940	\$8,154,897	\$8,077,017	\$8,053,013
OPERATING EXPENSES:				
Energy & Transmission	\$3,869,550	\$4,881,413	\$5,390,907	\$5,496,985
Operations and Maintenance	\$1,945,743	\$1,690,479	\$1,502,212	\$1,386,218
<u>Depreciation</u>	<u>\$882,362</u>	<u>\$418,787</u>	<u>\$404,200</u>	<u>\$604,874</u>
TOTAL OPERATING EXPENSES	\$6,697,655	\$6,990,679	\$7,326,439	\$7,488,077
OPERATING INCOME	\$1,996,285	\$1,164,218	\$750,578	\$564,936
NON-OPERATING REVENUES & EXPENSES:				
Investment Income	\$329,454	\$85,306	\$55,697	\$48,646
Grant Income	\$67,328	\$0	\$0	\$0
Interest Expense	\$(193,864)	\$(47,485)	\$(51,558)	\$(63,255)
Amortization of Bond Pre.	\$1,898	\$1,903	\$1,898	\$1,898
Pooled Financing Issuance	\$(27,817)	\$(17,216)	\$0	\$0
<u>Relief of Insurance Res. Obl.</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$627,940</u>
TOTAL NON-OP. REV. & EXP.	\$176,999	\$22,508	\$6,037	\$615,229
Income Before Contrib. & Trans.	\$2,173,284	\$1,186,726	\$756,615	\$1,180,165
NET ASSETS - JANUARY 1	\$8,001,611	\$6,814,885	\$6,058,270	\$4,878,103
NET ASSETS - DECEMBER 31	\$10,174,895	\$8,001,611	\$6,814,885	\$6,058,270