

FY2022 Annual Report of the West Boylston Municipal Light Plant

West Boylston Municipal Light Plant (WBMLP) was established in 1909 and operates as a not-for-profit, publicly owned, electric utility. The residents and ratepayers in West Boylston regulate WBMLP through a locally elected and independent Board of Light Commissioners. Our mission is to provide low cost, highly reliable, and the least greenhouse gas (GHG) emitting energy supply in our service territory. Municipal light plants are unique and separate departments of the towns they serve. Our ratepayers are our shareholders, and they directly participate in governing their locally owned municipal light plant.

WBMLP's independently audited FY2022 (January 1, 2022, through December 31, 2022) financials are complete. This annual report includes operational and audited financial information from 2022 and 2021.

Overview of the Audited 2022 and 2021 Financial Statements

The Summary of Net Position is designed to indicate our financial position as of a specific point in time. On December 31, 2022, our net worth increased by 2.6% over the year ended December 31, 2021.

Summary of Net Position	2022	2021
Current Assets	\$6,616,647	\$7,630,530
Noncurrent Assets	\$20,445,916	\$20,000,090
Total Assets	\$27,062,563	\$27,630,620
Deferred Outflows of Resources	\$1,541,787	\$1,106,193
Total Assets & Deferred Outflows of Resources	\$28,604,350	\$28,736,813
Current Liabilities	\$1,072,530	\$1,189,865
Noncurrent Liabilities	\$6,956,904	\$7,443,249
Total Liabilities	\$8,029,434	\$8,633,114
Deferred Inflows of Resources	\$5,038,203	\$4,959,725
Net Position:		
Net Investment in Capital Assets	\$8,114,995	\$7,427,441
Net Position Restricted for Depreciation	\$3,888,929	\$3,397,504
Unrestricted	\$3,532,789	\$4,319,029
Total Net Position	\$15,536,713	\$15,143,974
Total Liabilities, Deferred Inflows of Resources and Net Position	\$28,604,350	\$28,736,813

The Summary of Revenues, Expenses and Changes in Net Position summarize our operating results and reveal how much of a profit was earned for the years presented. As discussed in more detail on the following pages, our net income for December 31, 2022, and December 31, 2021, was \$392,739 and \$1,228,827 respectively.

Summary of Changes in Net Position	2022	2021
Operating Revenues	\$8,621,676	\$8,138,631
Operating Expenses	\$7,681,076	\$6,774,323
Operating Income	\$940,600	\$1,364,308
Non-operating Revenues (Expenses)	-\$547,861	-\$135,481
Income Before Contributions and Transfers	\$392,739	\$1,228,827
Beginning Net Position	\$15,143,974	\$13,915,147
Ending Net Position	\$15,536,713	\$15,143,974

Revenue and Kilowatt Hour Sales

WBMLPs 2022 retail kilowatt-hour sales increased approximately 3% and operating revenues increased approximately 6.2% compared to 2021. The increase in kilowatt-hours sales and revenues was primarily due to higher industrial and residential energy consumption in 2022.

Rate Class	Annual KWh Sales				
	2022	2021	2020	2019	2018
Residential	27,953,450	27,432,501	27,612,261	26,293,541	27,609,157
Commercial	20,945,100	20,660,914	20,982,687	21,523,318	22,079,270
Industrial	7,506,092	6,753,156	5,212,793	4,946,504	5,094,544
Municipal	2,684,636	2,709,951	2,788,418	2,944,732	2,835,041
Total kWh Sales	59,089,278	57,556,522	56,596,159	55,708,095	57,618,012
Annual Increase	3%	2%	2%	-3%	
Average Rate	\$0.146	\$0.140	\$0.132	\$0.139	\$0.140

Customer Base

WBMLP provided electric service to 3,179 residents, 494 businesses and 74 municipal and government customers in 2022. Sales 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 Worcester County Jail, has three electric services accounting for approximately 8.1% of the total kilowatt-hour sales in 2022. The next 39 largest customers represent only 0.2% - 2.9% each, of our kilowatt-hour sales and therefore individually, do not pose a risk to our forecasted revenues and budgets.

Electricity Rates

WBMLP's electricity rates continue to remain lower than investor-owned utility rates in Massachusetts. Our residential electricity rate remains the same since 2009 and we don't expect a rate increase in 2023. In 2022, the average homeowner in West Boylston consumed approximately 750 kilowatt hours and spent approximately \$100 per month for that electricity. WBMLP continues to manage its operating budget and energy supply to minimize future rate increases.

Energy Supply and Environment

WBMLP continuously evaluates new sources of reliable, non-greenhouse gas (GHG) emitting, and cost-effective energy located throughout or interconnected to ISO-NE. West Boylston is transitioning away from all fossil fuel energy generation and adopted a Greenhouse Gas Emission Standard (GGES) in 2020. The GGES became state law in 2021 and applies to all municipal light plants in the Commonwealth.

Our GGESS goal is “Net Zero” greenhouse gas emissions by 2050 with interim goals of 50% and 75% by 2030 and 2040 respectively. **55.6% of WBMLPs energy supply did not emit greenhouse gas emissions (GHGs) in 2022.** WBMLP already meets our 2030 interim GGES goal. Over time, WBMLP will need to invest in additional renewable and clean energy to meet our interim and net-zero GGES goals by 2050.

Energy supply and transmission expenses represent approximately 60% of WBMLP’s annual budget. WBMLP purchased 78% of its 2022 annual energy supply through long-term contracts, power purchase agreements, hedges, and asset ownership. This strategy provides fixed volumes of energy, at fixed or known prices. The ability to own generation, transmission, and execute long-term energy supply contracts differentiate municipal light plants from electric distribution companies. Our long-term energy portfolio includes a mix of existing clean and renewable energy supply obligations that extend well beyond 2035.

Our 2022 energy supply included two zero-GHG emitting nuclear energy projects, representing approximately 44% of our annual power supply. WBMLP co-owns these power plants and expects the Millstone and Seabrook nuclear projects to operate through 2045 and 2050 respectively. 22% of our 2022 annual energy supply was fulfilled through ISO-NE day-ahead and real-time energy market purchases. 6% of our power supply in 2022 came from energy hedges that provide fixed amounts of energy and prices for timeframes lasting up to five years. Hydroelectricity comprises 12% of our energy supply in 2022 and includes imported, low-cost clean hydroelectricity from New York and Canada. The following charts itemize all the components of our 2022 energy supply.

West Boylston's 2022 Energy Supply	MWh's Owned or Purchased	Percentage of Annual Supply
Wind	4,084	7%
Solar	4,337	7%
Hydro	7,457	12%
Nuclear	26,967	44%
Natural Gas	1,335	2%
Oil	139	0%
Hedged Energy ISO-NE Market Mix	3,569	6%
RT/DA ISO-NE Market Mix	13,416	22%
Total 2022 Energy Purchased	61,306	100%

2022 GGES Qualified Energy (Emits "0" GHG Emissions)	MWh's Owned or Purchased	Percentage of Annual Supply
Hydro-Quebec Hydroelectricity, Canada, CES	2,628	4%
Brookfield Hydro & REC, New Hampshire	1,020	2%
NYPA Hydro, New York, CES	2,915	5%
Nuclear, Millstone 3, Connecticut, CES-E	7,153	12%
Nuclear, Seabrook, New Hampshire, CES-E	19,815	32%
West Boylston Solar, RPS	491	1%
Solar Rebate Generation, RPS	61	0.10%
Total 2022 GGES Qualified Energy Purcha	34,082	55.6%

2022 Environmental Attributes Sold by WBMLP & Future Retirement Date	MWh's Owned or Purchased	Percentage of Energy Supply
WB Landfill Community Solar 1, 2026	2,499	4%
WB Roof Top Community Solar 2, 2028	1,280	2%
Berkshire Wind, Massachusetts, RPS, 2030	2,271	4%
Attributes to add to our GGES in future	6,050	10%

Renewable and clean energy includes wind, solar, nuclear, geothermal, biomass, landfill-gas, hydroelectricity, digester-gas, and waste-to-energy. Renewable and clean energy generates environmental attributes called “Renewable Energy Credits (RECs)”, “Clean Energy Credits (CECs)” and “Emission-Free Energy Certificates (EFECs)”. In 2022, WBMLP sold the RECs from our Berkshire Wind Project and two out of three solar generation systems located in West Boylston. Because we sell these environmental attributes, we do not count that energy towards our GGES. WBMLP will continue to sell RECs until we pay off construction loans used to invest in renewable energy. Once we retire these RECs, we can include this energy in our quantities of renewable and clean energy supply. WBMLP does not purchase or own the RECs from the small-scale hydroelectricity purchased from New Hampshire and the wind energy purchased from Princeton Wind and Hancock Wind.

Utility Plant

The Lighting Plant investment in utility plant assets, net of accumulated depreciation, as of December 31, 2022, and 2021 was \$11,607,611 and \$11,394,962 respectively. Plant and equipment replacement is part of an on-going capital improvement plan to keep the Lighting Plant in good operating condition.

Purchased Power Working Capital

Purchased power working capital are funds held by the Massachusetts Municipal Wholesale Electric Company (MMWEC) equal to approximately two months energy and transmission costs. MMWEC uses these funds to pay our weekly energy market obligations. Funds are replenished from our actual monthly invoice payments. Our average monthly energy and transmission cost is approximately \$525,000. The balance in this fund as of December 31, 2022, and 2021 was \$671,229 and \$998,365 respectively.

Depreciation Fund

WBMLP maintains a depreciation fund to pay for large capital investments such as new vehicles, distribution system upgrades, and new construction. This fund is required by State statute and sets aside 3% of the cost of plant to be used for future capital improvements and additions. Our depreciation fund balance on December 31, 2022, and 2021 was \$3,888,751 and \$3,398,863 respectively.

Rate Stabilization Fund

WBMLP’s rate stabilization fund, managed by MMWEC, represents a reserve of approximately six months energy and transmission costs in the event of a national emergency, terrorism, war, fuel supply disruptions, transmission constraints, nuclear decommissioning expenses, new state and federal regulations related to clean energy, homeland security, climate change, and any other disruptions to the energy market and regional transmission system.

New England and Massachusetts in particular, is heavily dependent on reliable and cost-effective natural gas fuel supply for energy generation. The transportation and supply of natural gas is constrained due to a lack of multiple natural gas transmission pipelines into the Commonwealth. Demand for the supply of natural gas continues to increase as the Commonwealth and the ISO-NE region reduces and eliminates other fossil fuels from its sources of generation. ISO-NE market rates for energy are impacted by the lack of adequate natural gas pipeline infrastructure in Massachusetts.

Our rate stabilization fund balance on December 31, 2022, and 2021 was \$4,137,815 and \$4,392,500 respectively.

Other Post-Employment Benefits (OPEB)

WBMLP's Plan Fiduciary Net Position was \$1,225,521 and the liability was \$2,140,973 at the end of 2022. WBMLP's OPEB funded ratio is 57.24%. WBMLP's Board of Light Commissioners authorized additional annual payments to fully fund our OPEB liability.

Consolidated Statement of Revenues, Expenses, and Changes in Net Assets

OPERATING REVENUES:	2022	2021	2020	2019
Residential Sales	\$3,904,512	\$3,656,600	\$3,433,949	\$3,436,177
Commercial Sales	\$3,147,010	\$3,010,055	\$2,878,137	\$3,099,615
Industrial Sales	\$1,059,459	\$914,637	\$682,423	\$674,177
Private Lighting	\$79,181	\$80,472	\$80,181	\$76,745
Municipal Sales	\$407,973	\$405,430	\$387,501	\$439,679
Other Operating Revenues	\$23,541	\$71,437	\$114,792	\$74,591
TOTAL OPERATING REVENUES	\$8,621,676	\$8,138,631	\$7,576,983	\$7,800,984
OPERATING EXPENSES:				
Energy & Transmission	\$4,722,933	\$3,457,700	\$3,371,563	\$3,856,556
Operations and Maintenance	\$2,326,934	\$2,724,527	\$2,749,764	\$2,355,925
Depreciation	\$631,209	\$592,096	\$598,527	\$571,791
TOTAL OPERATING EXPENSES	\$7,681,076	\$6,774,323	\$6,719,854	\$6,784,272
OPERATING INCOME	\$940,600	\$1,364,308	\$857,129	\$1,016,712
NON-OPERATING REVENUES & EXPENSES:				
Investment Income	-\$450,393	-\$18,837	\$282,805	\$600,529
Grant Income	\$7,277	\$10,915	\$50,938	\$157,666
Interest Expense	-\$106,643	-\$129,457	(\$151,016)	(\$166,564)
Amortization of Bond Pre.	\$1,898	\$1,898	\$1,903	\$1,898
Pooled Financing Issuance	\$0	\$0	\$0	\$0
TOTAL NON-OP. REV. & EXP.	-\$547,861	-\$135,481	\$184,630	\$593,529
Income Before Contrib. & Trans.	\$392,739	\$1,228,827	\$1,041,759	\$1,610,241
NET ASSETS - JANUARY 1	\$15,143,974	\$13,915,147	\$12,873,388	\$11,263,147
NET ASSETS - DECEMBER 31	\$15,536,713	\$15,143,974	\$13,915,147	\$12,873,388