

FY2023 Annual Report of the West Boylston Municipal Light Plant

The 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 FY2023 (January 1, 2023, through December 31, 2023) financials are currently underway and not complete yet. WBMLP postponed the FY2023 financial audit until after our transition to a new accounting and billing system in the beginning of FY2024. This annual report includes operational data from FY2023 and independently audited financial information from FY2022 and FY2021.

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 2023 retail kilowatt-hour sales decreased approximately -2% and operating revenues decreased approximately -2.7% compared to 2022. The decrease in kilowatt-hours sales and revenues was primarily due to a milder winter and summer in 2023.

	Annual KWh Sales					
Rate Class	2023	2022	2021	2020	2019	2018
Residential	27,317,613	27,953,450	27,432,501	27,612,261	26,293,541	27,609,157
Commercial	20,596,291	20,945,100	20,660,914	20,982,687	21,523,318	22,079,270
Industrial	7,299,389	7,506,092	6,753,156	5,212,793	4,946,504	5,094,544
Municipal	2,648,988	2,684,636	2,709,951	2,788,418	2,944,732	2,835,041
Total kWh Sales	57,862,281	59,089,278	57,556,522	56,596,159	55,708,095	57,618,012
Annual Change	-2%	3%	2%	2%	-3%	
Average Rate	\$ 0.145	\$0.146	\$0.140	\$0.132	\$0.139	\$0.140

	Annual Sales (\$)					
Revenues	2023	2022	2021	2020	2019	2018
Residential	3,742,239	3,904,512	3,656,600	\$ 3,433,949	\$ 3,436,177	\$ 3,660,967
Commercial	3,196,669	3,226,190	3,090,527	\$ 2,958,318	\$ 3,176,361	\$ 3,248,087
Industrial	1,027,174	1,059,459	914,637	\$ 682,423	\$ 674,177	\$ 691,296
Municipal	401,954	407,973	405,430	\$ 387,501	\$ 439,679	\$ 446,719
Total Sales	\$ 8,368,036	\$ 8,598,134	\$ 8,067,194	\$ 7,462,192	\$ 7,726,394	\$ 8,047,069
Annual Change	-2.7%	6.6%	8.1%	-3.4%	-4.0%	

Customer Base

WBMLP provided electric service to 3,190 residents, 499 businesses and 75 municipal and government customers in 2023. Our revenues are not overly 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 7% of our kilowatt-hour sales in 2023. Our 30 largest customers represent approximately 33% of our total kilowatt-hour sales, but individually, each account for only 0.4% - 4% of our kilowatt-hour sales and therefore do not pose a risk to our forecasted revenues and budgets.

Electricity Rates

WBMLP's bundled electricity rates continue to remain lower than most other municipal light plants and the electric distribution companies in Massachusetts. Our residential electricity rate has remained the same since 2009 and we don't expect a rate increase in 2024. All other rates haven't changed since 2014. In 2023, the average homeowner in West Boylston consumed approximately 760 kilowatt hours and spent approximately \$139.00 per month on 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, low-cost, clean, renewable, and non-greenhouse gas (GHG) emitting energy located throughout or interconnected to ISO-NE. West Boylston is transitioning away from fossil fuel energy generation and adopted a Greenhouse Gas Emission Standard (GGES) in 2020. The GGES became state law in 2021 and now applies to all municipal light plants in the Commonwealth. WBMLP will however continue to own balancing and capacity resources fueled by oil and natural gas. These balancing and capacity resources tend to operate very few hours a year and support the transition to cleaner and renewable sources.

Our GGESS goal is “Net Zero” greenhouse gas emissions by 2050 with interim goals of 50% and 75% by 2030 and 2040 respectively. **49.5% of WBMLPs energy supply did not emit greenhouse gas emissions (GHGs) in 2023.** By 2030, WBMLP already procured an energy supply that’s at least 80% clean and renewable. Over time, WBMLP will continue to invest in additional renewable and clean energy to meet our 2050 net-zero GGES goal.

Energy supply and transmission expenses represent approximately 60% of WBMLP’s annual budget. WBMLP purchased 81% of its 2023 annual energy supply through long-term contracts, power purchase agreements, hedges, and asset ownership. This strategy typically 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 2040. The following chart itemizes our 2023 energy supply by type of energy, location, and percentage.

West Boylston's 2023 Energy Supply	2023	
	MWh's Owned or Purchased	Percentage of Annual Supply
Berkshire Wind, Massachusetts, RPS	1,677	3%
Hydro-Quebec Hydroelectricity, Canada, CES	2,628	4%
Brookfield Hydro & REC, New Hampshire	-	0%
NYPA Hydro, New York, CES	2,854	5%
Eagle Creek Hydro, New Hampshire	1,281	2%
Nuclear, Millstone 3, Connecticut, CES-E	6,514	11%
Nuclear, Seabrook, New Hampshire, CES-E	17,299	29%
West Boylston Solar, RPS	447	1%
WB Landfill Community Solar 1, RPS	2,171	4%
Net Meter Solar from Customer (N2 Solar)	16	0%
Solar Rebate Generation, RPS Class I	57	0%
Stony Brook Peaking, Oil, Ludlow	122	0%
Stony Brook Intermediate, Oil, Ludlow	-	0%
Stony Brook Intermediate, NG, Ludlow	215	0%
Real-Time, ISO-NE Market Mix	11,500	19%
Energy Hedges, ISO-NE Mix	10,017	17%
Princeton MA Wind	460	1%
WB Roof Top Community Solar 2, RPS	1,194	2%
Hancock Wind, Maine	1,247	2%
Total 2023 Energy Purchased	59,699	100%

Renewable and clean energy includes wind, solar, nuclear, geothermal, biomass, landfill-gas, hydroelectricity, digester-gas, and waste-to-energy. Renewable and clean energy generate environmental attributes called “Renewable Energy Credits (RECs)”, “Clean Energy Credits (CECs)” and “Emission-Free Energy Certificates (EFECs)”. In 2023, 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 as renewable or towards our GGES. WBMLP will continue to sell RECs until we pay off the construction loans used to invest in renewable energy. Once we retire these RECs, we will include this energy in our quantities of renewable and clean energy supply. WBMLP does not purchase or own the environmental attributes from the hydroelectricity purchased from New Hampshire and the wind energy purchased from Princeton Wind and Hancock Wind.

The following two charts show the total amount of clean and renewable energy supply we count towards our GGES and the amount of additional clean and renewable energy supply we will count in the future when we retire those environmental attributes.

2023 GGES Qualified Energy (Emits "0" GHG Emissions)	MWh's Owned or Purchased	Percentage of Supply	Environmental Attributes
Hydro-Quebec Hydroelectricity, Canada, CES	2,628	4.4%	Attestation
Brookfield Hydro & REC, New Hampshire	-	0.0%	REC
NYPA Hydro, New York, CES	2,854	4.8%	Attestation
Nuclear, Millstone 3, Connecticut, CES-E	6,514	10.9%	CES-E/EFEC
Nuclear, Seabrook, New Hampshire, CES-E	17,299	29.0%	CES-E/EFEC
West Boylston Solar, RPS	218	0.4%	REC
Solar Rebate Generation, RPS Class I	57	0.1%	REC
Total 2023 GGES Qualified Energy Purchased	29,570	49.5%	

2023 Environmental Attributes Sold by WBMLP & Future Retirement Date	MWh's Owned or Purchased	Percentage of Supply	Environmental Attributes
WB Landfill Community Solar 1, 2026	2,171	4%	SREC
WB Roof Top Community Solar 2, 2028	1,194	2%	SREC
Berkshire Wind, Massachusetts, RPS, 2030	1,677	3%	REC
Attributes to add to our GGES in future	5,042	8%	

Utility Plant

The Lighting Plant investment in utility plant assets, net of accumulated depreciation, as of December 31, 2022 was \$11,607,611 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 funds held by the Massachusetts Municipal Wholesale Electric Company (MMWEC) and equals 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 \$500,000. The balance in this fund, as of December 31, 2023, was \$726,879.

Operating Reserve

WBMLP maintains an operating reserve account held at Bartholomew and Company. This account is approximately six months' worth of operating & maintenance expenses and reserved for use in the event of

billing disruptions, storms, climate impacts, and any other event that disrupts the collection of revenue from our customers. The balance in this fund, as of December 31, 2023, was \$2,461,054.

Depreciation Fund

WBMLP maintains a depreciation fund held at Bartholomew and Company. This account is reserved 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 the plant to be used for future capital improvements and additions. Our depreciation fund balance as of December 31, 2023 was \$2,291,905.

Rate Stabilization Fund

WBMLP maintains a rate stabilization fund, held by MMWEC, and 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, 2023 was \$3,837,272.

New Utility Vehicle Garage

In 2023, construction started on our new 5-bay utility garage at 29 Prospect Street. This new facility will be used to store our larger, all-wheel drive utility vehicles that are too big for our existing garages built before 1960. The garage construction budget is approximately \$3.8M and is funded with approximately \$1,810,000 from our depreciation account and \$2,000,000 borrowed from our rate stabilization fund. WBMLP will repay the \$2,000,000 over the next (10) years depositing approximately \$16,700 per month back into our rate stabilization fund.

Other Post-Employment Benefits (OPEB)

WBMLP's Plan Fiduciary Net Position was \$1,377,197 and the liability was \$2,031,071 at the end of 2023. WBMLP's OPEB funded ratio is 67.81%. 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