

MUNICIPAL LIGHT DEPARTMENT

MEMBER OF

American Public Power Association
Northeast Public Power Association
Municipal Electric Association of Massachusetts
Massachusetts Municipal Wholesale Electric Company

The one hundred and fifth annual report of the Belmont Municipal Light Department (BMLD) is hereby submitted. Kilowatt hour (kWh) sales during the year 2003 totaled 123,310,917 kWh, an increase of 3,125,192 kWh over 2002 sales. The system peak demand of 28,498 kW occurred at 3:00 pm on Friday, June 27, 2003.

The following chart illustrates the trend of the Municipal Light Department's business over the past ten years:

<i>Year</i>	<i>KWH Purchased</i>	<i>Peak Kilowatts</i>	<i>Gross Sales / \$</i>	<i>No. of Customers</i>
1994	115,860,480	24,728	10,077,694	10,601
1994	115,860,480	24,728	10,077,694	10,601
1995	115,784,640	26,222	10,321,153	10,640
1996	113,782,082	23,561	10,260,912	10,636
1997	114,647,040	24,305	10,826,376	10,638
1998	115,819,200	24,012	10,876,616	10,629
1999	112,255,040	27,287	10,465,660	10,707
2000	123,506,880	25,074	11,266,974	10,789
2001	127,496,640	29,287	11,795,533	10,722
2002	128,435,580	30,320	12,044,965	10,780
2003	131,781,507	28,498	12,520,038	10,758

In December 2003 the Municipal Light Department transferred \$650,000.00 to the Town's General Revenue Fund as an In Lieu of Tax payment. The 2002 in Lieu of Tax payment was \$550,000.

The Municipal Light Department continues to furnish "other services" to the Town including electrical inspections, assistance with data processing systems management and maintenance, maintenance and construction of the fiber optic network, electrical maintenance, relamping of buildings with hard to reach lighting such as the Skating Rink and the Wenner Field House, etc. The Department also maintains the Town's traffic signals and the fire alarm call box system.

Power Supply

Belmont Municipal Light's long-term power supply contract with Cambridge Electric Light Co. terminated on March 31, 2003. On April 1, 2003, Dominion Energy Marketing, Inc. of Richmond VA. began supplying energy to Belmont through a new power supply contract that runs through December 2007. The Dominion agreement provides fixed prices that should allow us to maintain our rates at or below the current rates through the term of the contract.

The new contract permits BMLD to purchase up to 5% of our energy from other sources. We are currently searching the market for "green" or renewable resources to fill that gap in our power supply portfolio.

Belmont also gets 2.34 megawatts of low cost hydropower from the New York Power Authority (NYPA) as our share of preference power allocated to the forty Massachusetts municipal light plants. Savings realized from the purchase of NYPA power are credited to our residential customers monthly.

Rates

On average in 2002, a Belmont Municipal Light Department residential customer using 500 kWh / month paid \$53.52/ month while a Cambridge Electric Light Co. customer paid \$60.49 and a Boston Edison / N-Star customer (residents of Arlington, Lexington, Waltham and Watertown) paid \$66.41 for the same 500 kWh.

In December 2003, the Municipal Light Board voted to approve a new rate schedule for our Town of Belmont accounts. The new rate schedule removes any rate of return (profit) from our municipal rates and will save the Town's schools, office buildings, libraries, etc. around \$130,000.00 annually.

Other Projects

Work continues on the installation of a new 15 KV feeder around the Belmont Hill section. This project will be completed this year and will provide increased capacity and reliability in the area.

The Department continues to investigate the feasibility of deploying a fiber optic network in order to provide various broadband communications services to residents and businesses in the town. We have retained a consultant to assist us on this project and we present the consultant's work product to the Municipal Light Board as the project progresses. The Town's Information Technology Advisory Committee (ITAC) has also assisted the Department in evaluating this project.

The Light Department is aggressively pursuing upgrades to our underground distribution system. Most of this work involves the removal of aging underground oil-filled switches. The switches are being replaced with more modern and safer products.

We are also installing new electric meters that can be read from the street via radio. As this project progresses we will begin to read both electric and water meters, eventually leading to a common bill for our customers.



Thanks to all our Municipal Light Department retirees! Pictured above are BMLD General Manager Tim McCarthy with 2003 retirees (from left): Jerry Sullivan, Pat Robbins, Cheryl DiGiovanni, David Skahan, Jean Barbera, and Roy Keefe. All hard-working, dedicated employees!

Personnel

During 2003, eight Municipal Light Department employees retired. Steve O'Neill, one of our lead line workers retired in February. Jean Barbera, a member of our office staff, retired in July. In November, Joe Shean, our custodian, retired after having worked at Belmont Light for an incredible sixty-eight plus years.

Finally, in December, five employees took advantage of the Town's retirement incentive program. Leaving were Roy Keefe, our electrical inspector; David Skahan, lead line laborer; Jerry Sullivan, station operator; Cheryl DiGiovanni, administrative secretary; and Pat Robbins, meter reader.

We are in the midst of a reorganization effort, which will combine duties of our retirees and some of our current staff with some new people.

General

The guidance and co-operation of the Municipal Light Board and the devotion to duty and good work of our employees is gratefully acknowledged.

The co-operation extended by other Town Departments is very much appreciated.

Attached are a Balance Sheet and a Comparative Income Statement for the Municipal Light Department for the Year ended December 31, 2003.

ASSETS

CURRENT ASSETS:

CASH - MAINT. & OPERATIONS	1,470,649	
CASH - DEPRECIATION & CONSTRUCTION	1,365,852	
CASH - CONSUMERS DEPOSITS	111,158	
PETTY CASH	400	
PREPAID EXPENSES	133,109	
CUSTOMER ACCOUNTS RECEIVABLE	734,765	
A/R CUSTOMER LIENS	294.68	
MISC. ACCOUNTS RECEIVABLE	0	
UNBILLED REVENUE	0	
CONSTRUCTION WIP / NEW BLDG.	0	
CLEAR JOB COST CHARGES	0	
LIGHT CLEARING ACCOUNT	0	
MLD RESERVE TRUST	266,041	
TOB MLD RESERVE TRUST	500,028	
RESERVE FOR UNCOLLECTIBLE	(19,526)	
TOTAL CURRENT ASSETS		<u>4,562,770</u>

PROPERTY AND EQUIPMENT:

UTILITY PLANT - DISTRIBUTION	3,674,328	
UTILITY PLANT - GENERAL	3,672,146	
MATERIALS & SUPPLIES	212,135	
TOTAL PROPERTY & EQUIPMENT		<u>7,558,609</u>

TOTAL ASSETS

\$12,121,379

LIABILITIES AND EQUITY

LIABILITIES:

ACCOUNTS PAYABLE	611,921
BONDS PAYABLE	1,200,000
ACCRUED INTEREST - BONDS	13,425
ACCRUED BONDS PAYABLE	0
ACCRUED LIABILITY - EMP. BENEFITS	0
CONSUMER DEPOSITS	131,082
SALES TAX PAYABLE	4,129

NYPA TRANSMISSION CREDIT	0	
UNDER (OVER) BILLED FUEL COSTS	0	
RESERVE FOR RETRO COMPENSATION	19,993	
DEFERRED REVENUE - ELECTRIC USER LIENS	720	
MLD RATE STABILIZATION	766,069	
RESERVE-VACATION/PAYROLL ACCRUAL	133,577	
TOTAL LIABILITIES		2,880,916

EQUITY:

RETAINED EARNINGS	7,205,625	
APPROP. BOND REPAYMENT (206)	1,016,000	
NET INCOME (LOSS)	1,018,839	
TOTAL EQUITY		9,240,463

TOTAL LIABILITIES & EQUITY

\$12,121,379

SALES:

	FY02	FY03
	<u>ACTUAL \$</u>	<u>ACTUAL \$</u>
Residential - Rate A	7,233,963	7,540,390.09
Commercial - Rates B, E & F	4,031,256	4,186,584
Municipal Revenue	763,056	792,224
Misc. Rate Sale Adjustments	0	0
Total Sales	<u>12,028,275</u>	<u>12,519,198</u>

COST OF SALES:

Purchased Power	7,657,130	6,270,809
Purchased Power Expense	116,667	1,415,925
Distr. - Operations Supervisors & Engineering	146,096	151,554
Distr. - Station Expense	112,563	132,763
Distr. - Overhead Lines Expense	17,939	2,361
Distr. - Underground Lines Expense	12,418	5,376
Util. - Street Lighting & Signals Expense	45,602	53,197
Distr. - Meter Expense	90,056	91,415
Util. - Customer Installations	90,494	97,930
Distr. - Misc. Distribution Expense	99,478	115,022
Distr. - Depreciation Expense	604,697	581,088
Maint. - Station Equipment	0	385
Maint. - Structures	0	5
Maint. - Overhead Lines Expense	302,253	246,881
Maint. - Underground Lines Expense	133,004	302,296
Maint. - Line Transformers	19,993	14,924
Maint. - Street Lights, Alarms, & Signals	72,600	92,910
Maint. - Meters	146	69
Total Cost of Sales	<u>9,521,137</u>	<u>9,574,908</u>

GROSS PROFIT	2,507,138	2,944,290
OTHER (REVENUES) EXPENSES:		
Misc. Service (Revenues) Expenses	(11,032)	(\$16,203)
Interest - Meter Deposits	7,338	\$7,120
Bad Debts Recovered	(4,199)	(\$2,475)
Sale of Scrap	0	(\$1,470)
Interest - Invested Funds	(77,472)	(\$27,759)
Bond Interest Expense	68,675	\$60,075
Total Other (Revenues) Expenses	(16,690)	19,288
GENERAL & ADMINISTRATIVE:		
Comm. - Supervision	53,950	57,266
Comm. - Meter Reading Expense	107,873	116,860
Comm. - Customer Records & Collection	127,318	128,064
Uncollectible Accounts	1,342	10,568
Advertising	10,232	10,744
Stores Expense	35,594	35,517
Salaries	268,952	177,765
Office Supplies & Expenses	84,946	123,969
Outside Services	153,925	81,037
Insurance	0	0
Injuries & Damages	47,767	54,213
Employee Benefits	722,345	712,649
Regulatory Commission Expense	0	0
General Expenses	37,770	42,387
Maintenance of General Plant	110,490	74,638
Transportation Expense	34,719	49,483
General Plant - Depreciation	109,700	231,003
Total General & Administrative	1,906,923	1,906,163
NET INCOME (LOSS)	616,905	\$1,018,839

Respectfully submitted,
Timothy L. McCarthy, General Manager