

# MUNICIPAL LIGHT DEPARTMENT

Member of: American Public Power Association, Northeast Public Power Association, Municipal Electric Association of Massachusetts, and the Massachusetts Municipal Wholesale Electric Company



The 106<sup>TH</sup> Annual Report of the Belmont Municipal Light Department (Belmont Municipal Light Department) is hereby submitted. Kilowatt hour (Kwh) sales during the year 2005 totaled 131,760,581 Kwh, an increase of 7,281,155 Kwh over 2004 sales. The system peak demand of 29,948 KW occurred at 9:00 pm on June 13, 2005.

The following chart illustrates the trend of the Belmont 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>
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
2004	130,573,725	28,100	12,465,020	10,800
2005	137,288,788	29,948	12,873,450	10,784

In December 2005 the Belmont Municipal Light Department transferred \$650,000 to the Town's General Revenue Fund as an In Lieu of Tax payment.

Belmont Municipal Light Department continues to furnish "other services" to the Town including electrical inspections, maintenance and construction of the outside fiber optic network, electrical maintenance, re-lamping of buildings with hard to reach lighting, installation and removal of the holiday decorations. The Department also maintains the Town's traffic signals and the fire alarm call box system.

## **Power Supply**

On April 1, 2003, Dominion Energy Marketing, Inc. of Richmond VA began supplying energy to the Belmont Municipal Light Department through a power supply contract that runs through December 2007. The Dominion Agreement provides fixed prices that provide predictability to our wholesale energy costs.

The Dominion contract permits Belmont Municipal Light Department to replace up to 5% of the energy to be supplied by Dominion with energy from "green" or renewable resources. The Belmont Municipal Light Department along with thirteen other Massachusetts municipal light plants, signed an agreement to purchase the output of the Berkshire Wind Turbine Project in Hancock, Massachusetts. The Berkshire project has experienced significant delays due to funding challenges and they have not yet started construction, even though they were originally scheduled to come on-line in late 2005. When the project is completed, it will fill Belmont Municipal Light Department's 5% renewable opportunity.

Belmont Municipal Light Department also received over 8,000 Mwh of lower cost hydropower from the New York Power Authority's (NYPA) Niagara Falls project as our share of preference power allocated to the 40 Massachusetts municipal light departments. Savings realized from the purchase of NYPA power are credited monthly to our residential customers.

Belmont Municipal Light Department did experience a significant increase in transmission costs over the past year. This is due in part to the lack of high voltage transmission lines in the Boston area. NStar is building a new transmission line to address this issue and we anticipate a slight reduction of transmission cost in 2007.

### **Rates**

On average in early 2005, a Belmont Municipal Light Department residential customer using 500 Kwh / month paid \$53.52/month while a Cambridge Electric Light Co. customer paid \$63.77/month for the same 500 Kwh. Unfortunately because of the escalating increase in the Belmont Municipal Light Department wholesale power agreement, the increased transmission costs, and other related increases in materials/energy it was necessary to reevaluate the rates going into 2006. In December, a rate increase was approved by the Belmont Light Board for the January 2006 bills. It was decided to implement a 19.9% increase in the residential rate with other rates also being adjusted. All of the non-municipal rates include a contribution to a rate stabilization fund of approximately 6.5% to offset large, anticipated increases in wholesale power costs when our current power supply contract expires. The Belmont Municipal Light Department was not alone in implementing a rate increase, in the January 2006 billings, Belmont Municipal Light Department customers can anticipate paying approximately \$63 for 500 Kwh while Cambridge customers will pay about \$96. The long term trend does not look any better for wholesale power costs as energy prices used for generation are not projected to significantly decrease.

### **Energy Conservation and Outreach**

The Belmont Municipal Light Department has been focused on energy conservation in the past few years. Our Appliance Rebate Program has completed its third year with over \$15,500 credited back to customers for purchasing Energy Star<sup>®</sup> eligible appliances. Over 46 customers have called our energy conservation hotline generating 40 audits. The Belmont Municipal Light Department also went into the elementary schools with electric safety and conservation techniques.

### **Other Projects**

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

The Belmont Municipal Light Department continues to install fiber optic cables in order to provide various broadband communications services to town facilities.

The Belmont Municipal Light Department continues to aggressively pursue upgrades to our underground distribution system. Most of this work involves the removal of aging underground oil-filled switches and replacing them with safer and more reliable products. In addition, we installed a 2,000' foot extension of underground primary in conduit on Partridge Lane, which included the installation of 2 manholes and submersible transformers. We also installed a 1,000' foot extension of underground primary in conduit on Greybirch Circle to resolve low voltage problems.

As part of the Pleasant Street rebuild, we installed a 5,000 foot manhole and duct system. This will be used in the future to replace some of the overhead conductors along the roadway.

We are also developing a GIS system (electronic mapping system) for all of the Belmont Municipal Light Department facilities. This project is being coordinated with the Town's Information Tech department to ensure that other municipal departments can use the system as appropriate. When completed this system will provide base information on the streets, properties, structures and overlay the power lines, street lights, transformers and other electrical equipment. The GIS project is 75% complete.

We continue the installation of new electric meters that can be read from the street via radio. As part of this meter modernization project, we began reading both electric and water meters. In 2005 we installed 1,804 new electric meters and have converted 51% of the town to this new technology.

We had to perform a major repair on Substation Two's Load Tap Changer Switch as there was a mechanical failure in the switching mechanism. Testing conducted during the repair procedures revealed a potential serious problem with this transformer that may require the transformer to be removed from service and sent to a repair facility. An investigation of this problem is ongoing.

Belmont Municipal Light was a co-sponsor with the Sustainable Belmont committee and participated in an energy savings forum that attracted over 100 people.

### **Personnel**

Timothy L. McCarthy, Manager, retired in June, 2005 after more than 42 years of dedicated service to the Belmont Municipal Light Department. Ron Lunt was hired as Manager/CEO and started work on July 1, 2005.

### **General**

The guidance and co-operation of the Municipal Light Board and the devotion to duty and good work of our 25 fantastic employees is gratefully acknowledged.

The cooperation extended by other Town Departments has been outstanding and is greatly appreciated.

Attached are a Balance Sheet and a Comparative Income Statement for the Municipal Light Department for the Year-ended December 31, 2005.

Respectfully submitted,  
 Ronald Lunt  
 Manager/CEO

<b>CURRENT ASSETS:</b>	CASH - Petty & Operations	2,175,220		
	CASH - Depreciation & Construction	1,117,669		
	CASH - Consumers Deposits	111,158		
	Prepaid Expenses	194,475		
	Customer A/R & Liens, Net	781,062		
	TOB & MLD Reserve Trust	183,381		
	<b>TOTAL CURRENT ASSETS</b>		4,562,964	
<b>PROPERTY &amp; EQUIPMENT:</b>	UTILITY PLANT - Distribution	4,107,923.34		
	UTILITY PLANT - General	3,358,856.22		
	Materials & Supplies	153,459		
	<b>TOTAL PROPERTY &amp; EQUIPMENT</b>		7,620,238	
	<b>TOTAL ASSETS</b>			<b>\$12,183,202</b>
<b>LIABILITIES:</b>	Accounts Payable	680,594		
	Bonds Payable & Interest	809,075		
	Commercial Deposits	137,354		
	Other Payables & Reserves	88,447		
	MLD Rate Stabilization	183,381		
	<b>TOTAL LIABILITIES</b>		1,898,851	
<b>EQUITY:</b>	Retained Earnings	8,981,149		
	Net Income (Loss)	1,303,203		
	<b>TOTAL EQUITY</b>		10,284,351	
	<b>TOTAL LIABILITIES &amp; EQUITY</b>			<b>\$12,183,202</b>
<b>REVENUES:</b>	Residential	7,874,070		
	Commercial	4,298,830		
	Municipal	700,550		
	Interest	68,625		
	Other, Non-Operating Revenues	17,818		
	<b>TOTAL SALES</b>		12,959,893	
<b>EXPENSES:</b>	Purchased Power & Transmission	7,305,459		
	Operations, Supervision & Engineering	224,954		
	Stores and Stockroom Expense	38,670		
	Station Equipment and Costs	79,816		
	Underground & Overhead Lines	693,507		
	Street Lights, Signals, and Fire Alarms	115,921		
	Meter Reading & Expenses	187,527		
	Customer Installations	70,700		
	Misc. Distribution	121,815		
	Depreciation Expense	1,071,124		
	Line Transformers	1,615		
	Supervision, Records, Collection & Uncollectibles	196,139		
	Water Meter Reading	2,577		
	Advertising	5,712		
	Administrative Salaries	151,282		
	Office Supplies, Maintenance Contracts	109,215		
	Outside Services	167,441		
	Insurance: Property, Injuries & Damages	73,354		
	Employee Benefits	797,007		
	Regulatory Commission	15,543		
	General Plant	147,886		
	Transportation	34,244		
	Interest	45,181		
	<b>TOTAL EXPENSES</b>		11,656,690	
	<b>NET INCOME</b>			<b>1,303,203</b>

