

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 109TH Annual Report of the Belmont Municipal Light Department (Belmont Municipal Light Department) is hereby submitted. Kilowatt hour (Kwh) sales during the year 2007 totaled 141,119,819 Kwh, a decrease of 4,735,502 Kwh over 2006 sales. BMLD's highest ever system peak demand of 34,090 KW occurred on August 2, 2006.

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># of Customers</i>
1998	115,819,200	24,012	\$10,876,616	10,629
1999	114,503,706	27,287	\$10,465,660	10,707
2000	123,855,507	25,074	\$11,266,974	10,789
2001	127,794,974	29,287	\$11,795,533	10,722
2002	128,706,897	30,320	\$12,044,965	10,780
2003	140,476,128	28,498	\$12,520,038	10,758
2004	132,835,892	28,100	\$12,465,020	10,800
2005	145,855,321	29,948	\$12,873,450	10,784
2006	141,119,819	34,090	\$15,169,572	10,821
2007	144,419,476	30,969	\$14,905,027	10,937

In December 2007 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 existed through December 2007. The Dominion Agreement provided stable power costs during a period when electricity prices rose in the New England region. During 2007, the Department has developed a power supply strategy to shield our customers from some of the price volatility experienced in the deregulated market place. The Department's cost of energy in 2008 will be twice the cost of energy in 2007.

Belmont Municipal Light Department is an active market participant as we build a power supply portfolio. The Department's objectives are to obtain competitively priced generation services using multiple contracts with staggered durations. At the close of 2007, Belmont Municipal Light Department has contracted out for 70% of the community's energy needs for 2008. The Department is investigating several opportunities to acquire contract rights to proposed renewable energy projects around the New England states. The Belmont Municipal Light Department is committed to purchasing renewable energy that provides value to our energy portfolio.

The Belmont Municipal Light Department along with thirteen other Massachusetts municipal light plants, continues to pursue a development agreement to purchase the output of the Berkshire Wind Turbine Project in Hancock, Massachusetts. The Berkshire project has experienced significant delays due to funding and legal challenges and they have not yet started construction. 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 moderation of transmission costs over the past year. This is due in part to the lack of high voltage transmission lines in the Boston area. NStar has built a new transmission line to address this issue. The power supply market continues to evolve as generators, transmission owners and other stakeholders try to obtain value from the market.

Rates

In response to the anticipated increase in power supply costs, Belmont Municipal Light Department began a cost of service study in anticipation of a rate increase scheduled for 2008. In 2007, Belmont ratepayers paid an average of 68% less for electricity than our neighbors in Cambridge. While we can not shield our customers from the reality of increased power costs in the future, we can promise our customers that we will make every effort to control costs and to pass these savings to our customers.

Energy Conservation and Outreach

The Belmont Municipal Light Department has continued to seek conservation and efficiency programs to help our customers save energy and reduce their energy costs. In 2007, the Department has distributed over 3,000 compact fluorescent bulbs. Belmont's use of compact fluorescent bulbs has resulted in an annual energy savings of nearly 263,000 kWh. Lighting is a significant contributor in residential energy use and is an area where we project significant efficiency gains. The Department replaced half of the bulbs used in the Town's holiday lighting display with high efficiency LED (light emitting diodes) strings. This resulted in a saving of over 3,000 kWh of energy at a saving to the Town over \$400. We expect to replace the remaining bulbs in 2008. The Department continued to offer home energy audits to our customers. The Appliance Rebate Program continues to be popular with our customers. The Belmont Municipal Light Department also went into the elementary schools with electric safety and conservation techniques for kindergarten through third graders.

As part of the Department's energy procurement needs, a Demand Side Management (DSM) strategy is being formulated. DSM projects provide value by reducing peak demand levels and offsetting energy purchases during periods of high market prices. The Department will continue to seek efficiency measures to offset purchase requirements and for environmental benefits.

Other Projects

In 2007, Belmont Municipal Light Department energized new distribution circuits to supply the customers along Pleasant Street, Mill Street and Concord Ave. This project will provide increased capacity and reliability in this area. To date, the Department has converted almost 12% of our distribution load to the higher voltage circuits.

The Belmont Municipal Light Department installed over one mile of fiber optic cables in 2007. This work was done at the request of the Town to provide increased network capabilities.

The Belmont Municipal Light Department continues to aggressively pursue upgrades to our underground distribution system. In 2007, the Department replaced the cables and equipment along Dalton Road and Washington Street. The distribution circuits in this area have been replaced with modern switches and transformers to provide redundant supply to one of the weak links in our system. When this project is completed in early 2008, the department will have added over 300 kVA in additional transformer capacity and over 2 miles of new primary cables.

The Belmont Municipal Light Department completed the pole relocations and equipment transfers along Pleasant Street. The completion of the section of Pleasant Street between Concord Avenue and Trapelo Road has helped further our distribution conversion efforts and will result in a reduction in the number of aerial circuits along this corridor. We look forward to working with Mass Highway and Verizon to complete this reconstruction project.

Belmont Municipal Light Department has completed the upgrade of our customer information and billing system to a new business financial system. This upgrade has been a challenge for the Department's staff. We thank our customers for their patience and comments as we worked out the bugs in the new software package. This project would not have been accomplished without the efforts of staff in learning the new software while continuing to provide effective customer service.

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 2007 we installed 1,500 new electric meters and have converted 73% of the town to this new technology.

We are still experiencing problems with the Substation Two's transformer. Our immediate need in this regard is to complete the planned voltage conversion and retirement of the Unit Substation #1A. The Department would then use this new capacity to relieve Substation #2's load. Ultimately we expect to convert the entire distribution system to 13.8 kV.

Personnel

2007 brought more changes to the staff at Belmont Municipal Light Department. In May, we lost a wonderful coworker and friend as Brenda Cronin lost her battle with cancer. She has been dearly missed. In November, Ruth Desmond retired after more than 23 years of service. We wish Ruth all the best in health and happiness. Negotiations for a new three year contract were completed with the Department's union employees.

General

The guidance and co-operation of the Municipal Light Board and the Municipal Light Advisory Board is gratefully acknowledged. Special thanks are due to the employees of the Belmont Municipal Light Department. Without their efforts and dedication we could not provide the level of service that our customers expect and deserve.

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

Following is a Balance Sheet and a Comparative Income Statement for the Municipal Light Department for the Year-ended December 31, 2007.

Respectfully submitted,
Timothy J. Richardson, Manager/CEO

Belmont Municipal Light Department UNAUDITED Financial Statements YTD December 31, 2007

REVENUES:	Residential	9,336,034	
	Commercial	5,328,349	
	Municipal	822,894	
	Interest	117,703	
	Other, Non-Operating Revenues	158,462	
	TOTAL SALES & OTHER REVENUES		15,763,441
EXPENSES:	Purchased Power & Transmission	8,016,638	
	Investment in Rate Stabilization Reserve	1,184,690	
	Operations, Supervision & Engineering	224,358	
	Stores and Stockroom Expense	61,942	
	Station Equipment and Costs	51,498	
	Underground & Overhead Lines	934,201	
	Street Lights, Signals, and Fire Alarms	108,961	
	Electric Meter Reading, Installations, & Expenses	287,855	
	Water Meter Reading & Expenses	58,562	
	Misc. Distribution	76,855	
	Line Transformers	8,993	
	Supervision, Records, Collection & Uncollectibles	186,942	
	Advertising	13,248	
	Energy Conservation	66,634	
	Administrative Salaries	263,841	
	Office Supplies, Utilities, & Maintenance Contracts	166,597	
	Outside Services	538,569	
	Insurance: Property, Injuries & Damages	99,908	
	Employer's portion of Pension & Benefits	824,429	
	Regulatory Commission	1,000	
	General Plant & Miscellaneous	159,961	
	Transportation	31,558	
	Depreciation Expense	1,154,956	
	Interest	35,061	
	TOTAL EXPENSES		14,557,257
	BMLD'S UNAUDITED NET INCOME FOR FY2007		1,206,184
	<i>Note: BMLD's payment in lieu of taxes for 2007 of \$650,000 is not reflected in these amount:</i>		<i>(650,000)</i>
			<u>556,184</u>
CURRENT ASSETS:	CASH - Petty & Operations	450,865	
	CASH - Depreciation & Construction	782,973	
	CASH - Consumers Deposits	116,460	
	Prepaid Expenses	2,023,095	
	Customer A/R & Liens, Net	1,910,095	
	TOB & MLD Reserve Trust	2,136,536	
	TOTAL CURRENT ASSETS		7,420,024
PLANT & EQUIPMENT:	UTILITY PLANT - Distribution	4,099,025	
	UTILITY PLANT - General	3,911,903	
	Materials & Supplies	439,152	
	TOTAL PROPERTY & EQUIPMENT		8,450,080
	TOTAL ASSETS		\$ 15,870,104
LIABILITIES:	Accounts Payable	778,314	
	Bonds Payable & Interest	650,456	
	Commercial Deposits	116,460	
	Other Payables & Reserves	719,123	
	MLD Rate Stabilization	2,136,536	
	TOTAL LIABILITIES		4,400,889
EQUITY:	Retained Earnings	10,263,030	
	Net Income (Loss)	1,206,184	
	TOTAL EQUITY		11,469,215
	TOTAL LIABILITIES & EQUITY		\$ 15,870,104