

Section II

FY03

Enterprise Budget Detail

Concord Municipal Light Plant

Concord Municipal Light Plant

Program Description

The Concord Municipal Light Plant (CMLP) is responsible for providing electricity to more than 7,200 residential, municipal, and business customers throughout Concord. Since the Light Plant does not have generating capability, it purchases its power from outside suppliers. To distribute the electricity, the CMLP operates substations and distribution facilities. Power lines are maintained by CMLP line workers. In order to monitor the system, the Municipal Light Plant has a modern, consolidated operations center. In addition, the CMLP staff is responsible for reading electric and water meters and for providing customer service.

The mission of the CMLP is to supply reliable and cost effective energy services, in a responsible and courteous manner, which can meet the current and future needs of its customers. In support of the mission, the CMLP is committed to improving service to its customers and maintaining a safe and positive work environment for its employees. Furthermore, the Light Plant's goal is to develop and maintain a reliable and secure supply of electric energy at a reasonable cost. The CMLP strives to provide service at competitive rates that are fair to all customers. Applicable environmental regulations are to be met or exceeded. The Light Plant staff is responsible for engineering, constructing, and maintaining the electrical distribution system, related facilities, and equipment that will meet current and future customer needs. Finally, the mission statement specifies that the Light Plant's goal is to develop and implement energy conservation and load management programs designed to reduce system peak load and educate customers in energy efficiency and the wise use of energy.

On June 1, 2002, the Concord Municipal Light Plant changed its electricity supplier. In the past, the CMLP bought most of its electricity from NSTAR (formerly Boston Edison). Under the new contract, the main supplier of power is Constellation Power Source, Inc. This new seven-year agreement provides a reliable supply of electricity at reasonable and known costs.

Rates are determined depending on the type of service provided and are classified into residential and general service categories. For a residential customer, the basic rate (Rate R-1) is \$7.71 per month for the meter charge and \$0.09099 per kWh for the energy rate. General service rates apply to business and municipal customers. The general service rate for a small user of electricity (Rate G-1) is \$8.28 per month for the meter charge and \$0.11473 per kWh for the energy rate. Different rates are available for other types of service.

Including street and private lighting kilowatt-hour sales, the system kilowatt-hour sales forecast for calendar year 2003 is just above one hundred seventy million (170,000,000), representing a slight decrease compared to the CY02 amount.

For the calendar year 2003 budget, operating revenue is expected to decline by 7.7%. The bulk of this decrease is due to the lower cost of power under the new power supply contract.

In CY03, power supply expense is projected to account for 69% of total operating expenses. This percentage is compared to 71% in CY02 and 75% in CY01. Excluding power supply expense and depreciation, other operating expense is budgeted to increase by 3.0% from \$3,059,448 in CY02 to \$3,150,000 in CY03.

Town of Concord, Massachusetts

As a result, operating income is projected to decline from \$1,506,980 in CY02 to \$892,921 in CY03. The decrease in net income is proportionately somewhat greater. Earnings from interest and dividends are expected to decline due to lower interest rates and cash balances. These factors contribute to the decrease in net income from \$1,807,240 to \$1,109,346 (see page II-7).

As has been the case for several years, the rate of return on plant assets is projected to be about 1.5%. The rate of return is calculated by dividing the net return by the cost of the plant at year-end. The net return is the net income minus the debt principal. This number equals \$609,346 for CY03. For comparison, the net return for CY02 was \$1,152,240 and for CY01 was \$556,009.

The results projected for CY03 revenues will not be sufficient to provide for all of the planned capital expenditures. In the CY03 budget, the net available for capital purposes is projected at \$2,041,137. This amount includes \$326,154 from the underground surcharge credited to the Underground Fund and interest earnings allocated to this fund. Accordingly, the amount available for capital improvements other than for underground projects is \$1,714,983. However, the budget provides for plant additions of \$2,709,000 (not including \$242,000 planned from the Underground Fund). The current operating account shortfall relating to planned capital improvements is \$909,863. This amount can be drawn primarily from available cash in the Depreciation and Underground Funds.

The Main Street underground conduit replacement project is continuing. The project's goal is to upgrade the underground cables installed in the 1940s, so as to improve both electric service reliability and safety. Work has been temporarily suspended during the 2002-2003 winter season and will be resumed in the spring of 2003.

Capital Project Funding Plan, CY03

	Underground Projects	Other Projects	Total
Net Income	\$326,154	\$783,192	\$1,109,346
Bond proceeds		\$600,000	\$600,000
Depreciation Expense		<u>\$1,171,791</u>	<u>\$1,171,791</u>
	\$326,154	\$2,554,983	\$2,881,137
Less: Debt Principal		- \$500,000	- \$500,000
Less: Payment in lieu to General Fund		<u>- \$340,000</u>	<u>- \$340,000</u>
Net Available	\$326,154	\$1,714,983	\$2,041,137
Less: Planned Spending	- \$242,000	- \$2,709,000	- \$2,951,000
Transfer of Expense	\$444,000	- \$444,000	
Current Excess / Deficit	- \$359,846	- \$550,017	- \$909,863

Town of Concord, Massachusetts

LIGHT FUND (Concord Municipal Light Plant)	FUND # 62
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OPERATING REVENUES

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Budget
Sales of Electricity:				
Residential sales	5,574,057	5,671,790	6,151,073 ✓	6,065,714
Commercial and industrial sales	8,331,891	8,007,918	8,448,492 ✓	7,807,420
Municipal sales:				
Street lighting	84,249	86,613	87,642 ✓	81,000
Lighting and water heating for municipal buildings and regional school	678,386	726,475	751,823 ✓	682,152
Miscellaneous sales	62,330	49,633	42,765 ✓	59,600
Total Electric Operating Revenues Billed	14,730,913	14,542,429	15,481,795 ✓	14,695,886
Provision for Purchased Power Adjustments	585,371	(412,054)	173,436 ✓	--
Net Change in Unbilled Revenues	37,710	(285,022)	60,011 ✗	0
Rate Stabilization Refunds	96,057	0	0	0
Power Supply Refunds	0	2,415,598	260,371 ✓	0
Total Operating Revenues	15,450,051	16,260,951 ✓	15,915,602 <i>15,915,614</i>	14,695,886

OPERATING SALES (KWH)

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Estimated
Kilowatt-hours Sold:				
Residential sales	61,060,274	63,187,211	64,491,190	65,462,700
Commercial and industrial sales	94,562,728	98,466,190	98,289,801	96,244,000
Municipal sales:				
Street lighting	929,917	922,873	906,933	904,000
Lighting and water heating for municipal buildings and regional school	7,056,111	7,853,221	7,753,647	7,585,000
Total Electric Sales Billed	163,609,030	170,429,495 ✓	171,441,571 ✓	170,195,700
Net Change in Unbilled Sales	1,875,193	(1,275,529)	1,058,865	--
Total Operating Sales	165,484,223	169,153,966	171,441,571	170,195,700

Source: 2000-01 actual; 2002 actual from preliminary unaudited financial statements; 2003 budget adopted by Municipal Light Board on 2/4/03.

Town of Concord, Massachusetts

LIGHT FUND (Concord Municipal Light Plant)	FUND # 62
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OPERATING EXPENSES

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Budget
Operating Accounts:				
Power Supply Expense	10,809,641	11,630,990	10,270,177 10,198,534	9,481,174
Transmission & Subtransmission Expenses:				
Operation	3,925	4,621	59,935 ⁴	4,000
Maintenance	65,732	128,589	101,545	50,000
	<u>69,657</u>	<u>133,210</u>	<u>161,480⁷⁹</u>	<u>54,000</u>
Distribution Expenses:				
Operation	100,350	91,384	105,595 103,473	99,900
Maintenance	351,720	452,624	409,023 ^{409,144} 409,023	414,500
	<u>452,070</u>	<u>544,008</u>	<u>514,496^{514,739}</u> 514,496	<u>514,400</u>
Customer Accounts Expenses:				
Meter-reading labor and expenses	31,813	38,652	37,832 ⁰³	44,600
Billing, collecting and associated costs	106,725	100,213	114,743 [✓]	108,000
Customer information services	117,265	84,059	106,041 [✓]	171,000
Uncollectible accounts	6,063	3,834	38,288 [✓]	5,500
	<u>261,866</u>	<u>226,758</u>	<u>296,904⁸⁷⁵</u> 296,904	<u>329,100</u>
Administrative and General Expenses:				
Operations:				
Administrative & general salaries	419,778	506,765	770,956 563,648	703,000
General Fund services	175,706	201,419	198,404	225,000
Office supplies and expense	108,884	87,656	83,050 ^{87,394}	90,000
Outside services employed	113,565	280,801	405,819 ^{408,916}	358,000
Property insurance	57,142	46,295	38,967 ^{46,421}	60,000
Employees pensions and benefits	564,988	592,543	629,309 ^{628,879}	657,000
Miscellaneous expenses	151,713	68,298	103,685 ^{90,297}	69,500
Maintenance of general plant	63,378	88,522	65,586 ^{66,257}	90,000
	<u>1,655,154</u>	<u>1,872,299</u>	<u>2,088,568^{2,099,120}</u> 2,088,568	<u>2,252,500</u>
Subtotal, Operating Accounts	<u>13,248,388</u>	<u>14,407,265</u>	<u>13,342,390^{13,258,982}</u> 13,258,982	<u>12,631,174</u>
Depreciation Expense	<u>1,143,046</u>	<u>1,145,493</u>	<u>1,152,640[✓]</u>	<u>1,171,791</u>
Total Operating Expenses	<u>14,391,434</u>	<u>15,552,758</u>	<u>14,495,030^{14,495,030}</u> 14,408,622	<u>13,802,965</u>

Town of Concord, Massachusetts

LIGHT FUND (Concord Municipal Light Plant)

FUND # 62

AUTHORIZED POSITIONS

Code	Position Title	Grade	Fiscal Year 2003		Fiscal Year 2004	
			# Positions	\$ Amount	# Positions	\$ Amount
5111	Superintendent	MP-13	1	91,951	1	92,099
	Engineering & Oper. Mngr.	MP-11	1	78,648	1	78,648
	Electrical Engineer	MP-8	1	58,467	1	58,467
	Asst. Superintendent	MP-7	1	60,636	1	60,636
	Business Administrator	MP-7	1	60,389	1	60,482
	Civil Engineer	MP-5	1	49,802	1	52,573
	Energy Svcs.Comm.Admin.	MP-5	1	53,757	1	53,757
	Meter Supervisor	MP-4	1	49,338	1	49,433
	Utility Software Coord.	MP-2	1	44,666	1	44,700
	Engineering Technician	MP-2	0	0	1	47,418
	CAD Technician	MP-1	1	46,001	0	0
	Office Accountant	MP-1	1	37,837	1	37,837
	Sr. Admin. Asst.	ACL-7	1	46,846	1	47,058
	CAD Operator	ACL-5	0	0	1	36,230
	Sr. Account Clerk	ACL-4	1	33,825	1	34,181
	Department Clerk	ACL-3	2	67,025	2	67,651
	Line Supervisor	LA-10	1	71,613	1	71,613
	Lead Line Worker	LA-9	3	194,865	3	195,835
	Line Worker, Grade 1	LA-8	1	55,819	2	110,282
	Line Worker, Grade 2	LA-6	3	145,869	3	143,135
	Utility Electrician	LA-6	1	49,360	1	50,049
	Master Mechanic	LA-5	1	47,501	1	47,623
	Line Worker, Grade 3	LA-3	2	73,341	0	0
	Equipment Operator	LA-3	0	0	2	88,568
	Meter Technician	LA-3	1	40,819	1	40,820
	Meter Reader	LA-2	3	111,667	3	112,082
	Building Maint. Custodian	LA-2	1	35,708	1	36,576
	IS Support:					
	Technology Admin.	MP-8	0.20	12,066	0.20	12,073
	Info. Systems Asst.	MP-2	0.20	8,605	0.20	8,605
	Subtotal, FTE's		32.4	1,626,421	34.4	1,738,431
	Line Worker Stand-By Pay		1,320 hrs.	41,064	1,320 hrs.	41,268
	Engineering Stand-By Pay			31,320		31,320
	Subtotal, regular pay			1,667,485		1,779,699
517X	Group Insurance --					
	Health,Life,Dental			108,800		110,000
	Retirement			258,371		265,597
	Social Security & Medicare Tax			19,000		22,000
5194	Clothing Allowance			3,600		3,600
51XX	Salary Reserve -- regular pay			--		45,999
51XX	Vacancy Savings [Civil Engineer,Meter Technician]			(173,373)		--
	[Line Worker Gr. 2, Line Worker Gr. 3]					
				<u>1,883,883</u>		<u>2,226,895</u>

Town of Concord, Massachusetts

LIGHT FUND (Concord Municipal Light Plant)	FUND # 62
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DEBT SERVICE

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Budget
Long Term Debt: (cash basis)*				
Principal	623,000	613,000	655,000	500,000
Interest	288,356	259,237	228,980	208,319
	911,356	872,237	883,980	708,319
Accrued Interest Expensed:*	288,621	257,511	226,630	205,186
*including 2/15/03 bond issue				

PAYMENTS TO GENERAL FUND

	FY01 Actual	FY02 Actual	FY03 Revised Budget	FY04 Estimate
General Fund Services:				
Financial & Administrative Svcs.	186,849	202,860	211,618	210,568
Landscaping - Line Clearance	3,000	3,000	3,000	3,000
GIS Administration	2,296	2,459	2,459	2,459
Natural Resource Protection	17,468	19,657	20,820	21,264
Salary Reserve	--	--	--	7,780
	209,613	227,976	237,897	245,071
Payment in Lieu of Taxes:	333,000	340,000	340,000	340,000
Amounts to be paid in Calendar Year	2000	2001	2002	2003

Town of Concord, Massachusetts

LIGHT FUND (Concord Municipal Light Plant)	FUND # 62
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NET INCOME

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Budget
Statement of Net Income:				
Operating Revenues	15,450,051	16,260,951	15,915,602 <i>15,975,614</i>	14,695,886
Operating Expenses	14,391,434	15,552,758	14,408,622 <i>14,495,030</i>	13,802,965
Operating Income	1,058,617	708,193	1,506,980 <i>1,480,584</i>	892,921
* Interest & dividend income	345,835	303,690	146,853 <i>147,339</i>	98,130
Underground surcharge	293,532	290,009	308,936 ⁵	295,654
Other income	71,725	128,612	75,085 ✓	36,000
Income before interest expense	1,769,709	1,430,504	2,037,854	1,322,705
Interest on bonds & notes	(281,212)	(250,130)	(217,790) <i>227,904</i>	(201,675)
Interest on deposits	(7,409)	(7,381)	(8,840)	(7,700)
Amortization of debt expense	(3,984)	(3,984)	(3,984)	(3,984)
Net Income	1,477,104	1,169,009	1,807,240 <i>1,799,995</i>	1,109,346

* includes allocation from Town Treasurer's pooled investment program

Town of Concord, Massachusetts

LIGHT FUND (Concord Municipal Light Plant)	FUND # 62
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AVAILABLE RESOURCES

Resources available from current operations for replacement & renewal of plant *(not including issuance of debt)*

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Budget
from:				
Depreciation expense	1,143,046	1,145,493	1,152,640 ✓	1,171,791
Net Income	1,477,104	1,169,009	1,807,240 1,799,995	1,109,346
Issuance of debt	0	0	0	600,000
	2,620,150	2,314,502	2,959,880 2,932,635	2,881,137
less:				
Debt Principal repayment	623,000	613,000	655,000	500,000
Payment in lieu of taxes	333,000	340,000	340,000	340,000
	956,000	953,000	995,000	840,000
Net Available <i>from current operations</i>	1,664,150	1,361,502	1,964,880 1,937,635	2,041,137
for capital purposes				
Cost of Plant @ year end	39,379,598	39,118,364	39,861,375 39,449,144	41,463,400
Net available as % of Cost of Plant	4.2%	3.5%	4.9%	4.9%
Cost of Plant:				
Beginning	39,053,820	38,880,182	39,118,364	39,861,375
Additions	756,919	458,239	776,685	1,703,000
Retirements	930,557	220,057	33,674	100,975
Ending	38,880,182	39,118,364	39,861,375 39,449,144	41,463,400

RATE OF RETURN

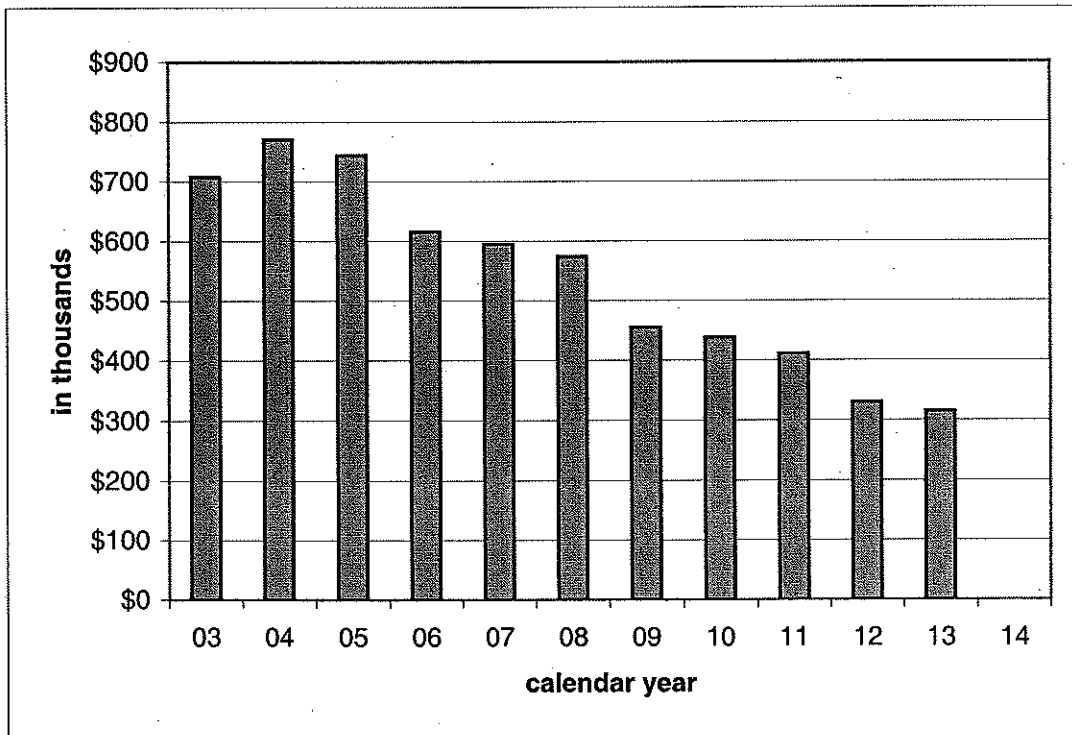
Rate of Return Analysis:

Calendar Year:	2000 Actual	2001 Actual	2002 Actual Preliminary	2003 Budget
Net Income	1,477,104	1,169,009	1,807,240 1,799,995	1,109,346
less debt principal <i>repaid</i>	623,000	613,000	655,000	500,000
Net Return	854,104	556,009	4,152,240	609,346
Cost of Plant @ year end	38,880,182	39,118,364	39,861,375 39,449,144	41,463,400
% Return (net return ÷ cost of plant)	2.2%	1.4%	2.9%	1.5%

Town of Concord, Massachusetts

CMLP Debt Service

Calendar Year	Principal	Interest	Total
2003	500,000	208,319	708,319
2004	580,000	190,664	770,664
2005	580,000	164,514	744,514
2006	475,000	141,117	616,117
2007	475,000	120,401	595,401
2008	475,000	99,108	574,108
2009	375,000	80,126	455,126
2010	375,000	63,270	438,270
2011	365,000	46,073	411,073
2012	300,000	30,000	330,000
2013	300,000	15,000	315,000
2014	0	0	0
Totals	\$4,800,000	\$1,158,592	\$5,958,592



Town of Concord, Massachusetts

**DETAIL OF GENERAL FUND SERVICES
PROVIDED TO LIGHT FUND**

	<u>FY01 Actual</u>	<u>FY02 Actual</u>	<u>FY03 Revised Budget</u>	<u>FY04 Estimate</u>
Financial & Administrative Services				
Town Manager's Account	61,118	64,428	67,630	67,637
Town Accountant				
General Services	44,423	49,749	51,568	50,489
Audit Services	800	1,075	1,290	1,290
Finance Administration	24,129	25,104	26,383	26,357
Treasurer-Collector	33,886	36,151	38,031	38,605
Personnel Administration	19,519	22,415	22,414	21,711
Town House Facilities	2,974	3,938	4,302	4,479
	<u>186,849</u>	<u>202,860</u>	<u>211,618</u>	<u>210,568</u>
Natural Resource Protection				
Planning	5,980	6,446	6,813	6,842
Natural Resources	11,488	13,211	14,007	14,422
	<u>17,468</u>	<u>19,657</u>	<u>20,820</u>	<u>21,264</u>
Landscaping @ Substations				
Parks & Trees	3,000	3,000	3,000	3,000
GIS Administrator				
CPW Engineering	2,296	2,459	2,459	2,459
Street Lighting	0	0	1,725	0
Salary Reserve				
Equals 4.0% of salaries (\$194,496)	--	--	--	7,780
TOTAL - LIGHT FUND	<u><u>209,613</u></u>	<u><u>227,976</u></u>	<u><u>239,622</u></u>	<u><u>245,071</u></u>

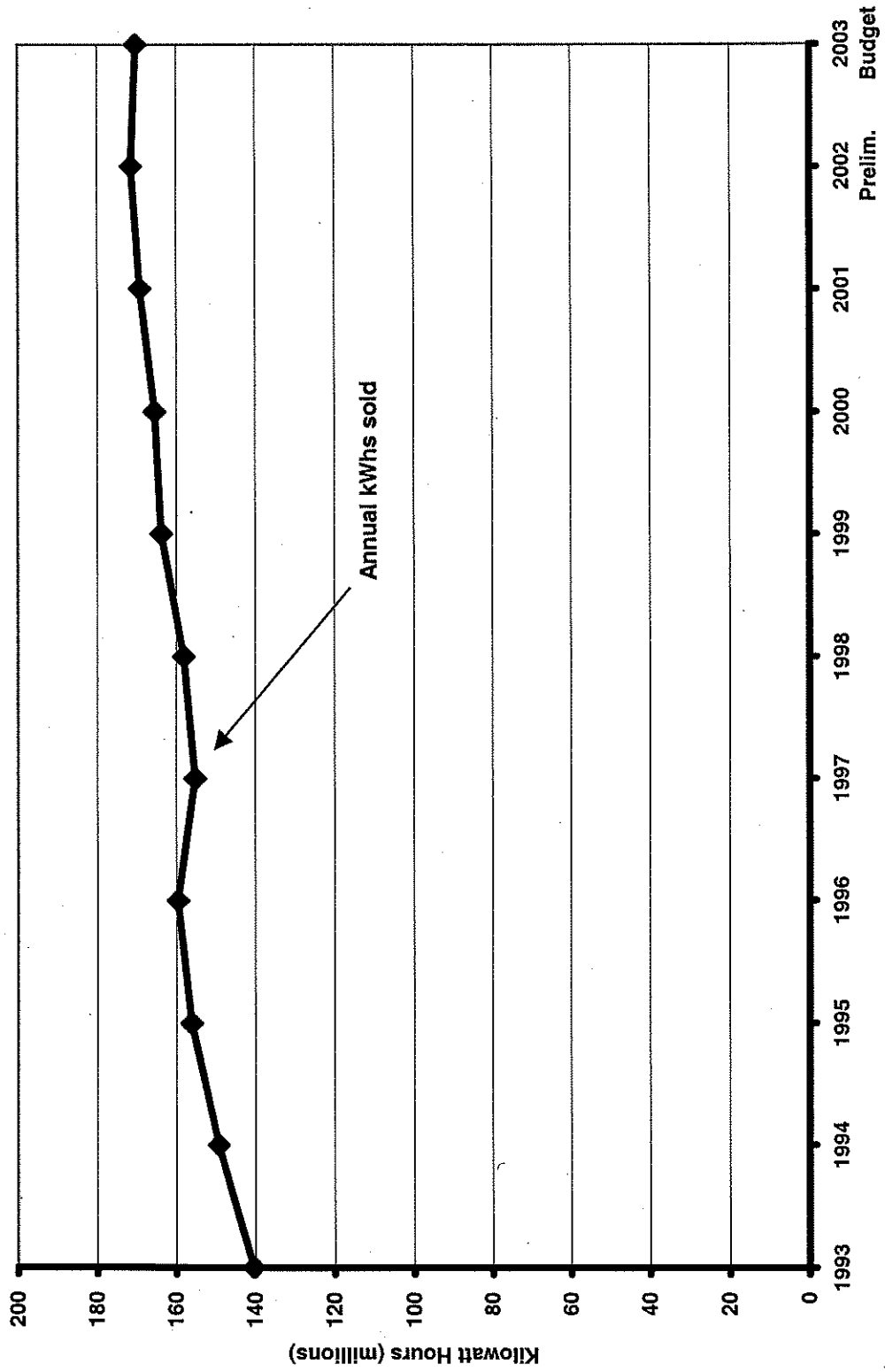
**Concord Municipal Light Plant
kWhs Sold, Revenue, Expense, Operating Income, and Net Income
(1993 - 2003)**

<u>Calendar Year</u>	<u>kWh Sold</u>	<u>Operating Revenue</u>	<u>Operating Expense</u>	<u>Operating Income</u>	<u>Net Income</u>
1993	140	\$12,545,868	\$10,978,070	\$1,567,798	\$1,728,944
1994	149	\$12,717,271	\$10,814,120	\$1,903,151	\$2,505,197
1995	156	\$12,726,124	\$10,871,581	\$1,854,543	\$2,048,752
1996	160	\$13,737,585	\$11,934,545	\$1,803,040	\$1,998,035
1997	155	\$12,947,920	\$12,250,659	\$697,261	\$984,556
1998	158	\$13,634,662	\$12,345,676	\$1,288,986	\$1,344,062
1999	164	\$15,161,867	\$14,325,038	\$836,829	\$1,479,513
2000	165	\$15,450,051	\$14,391,434	\$1,058,617	\$1,477,104
2001	169	\$16,260,951	\$15,552,758	\$708,193	\$1,169,009
2002 Prelim.	171	\$15,915,602	\$14,402,981	\$1,512,621	\$1,812,881
2003 Budget	170	\$14,695,886	\$13,802,965	\$892,921	\$1,109,346

Also show net income less debt principal and profit

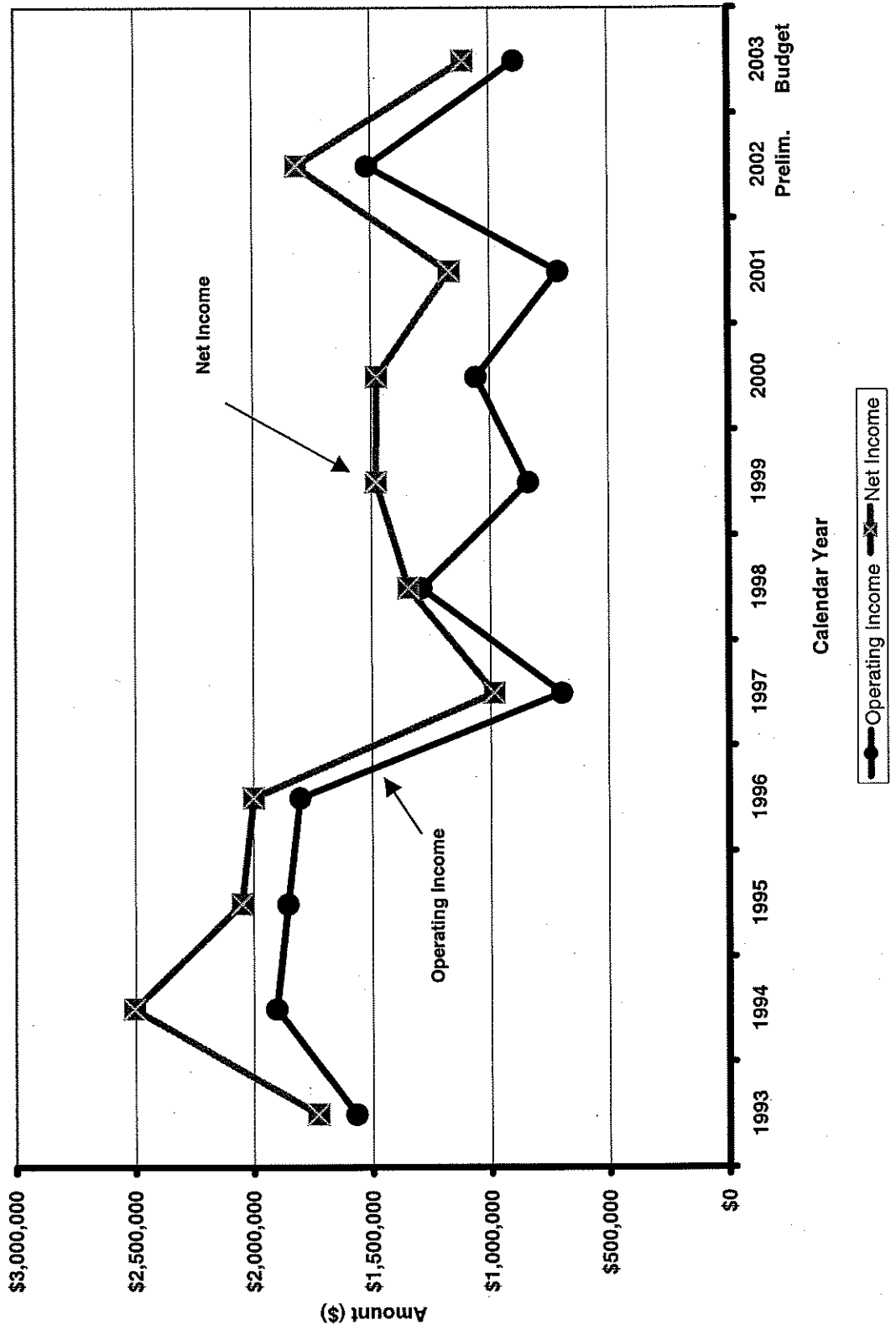
Town of Concord, Massachusetts

Light Fund (Concord Municipal Light Plant)
Sale of Electricity



Town of Concord, Massachusetts

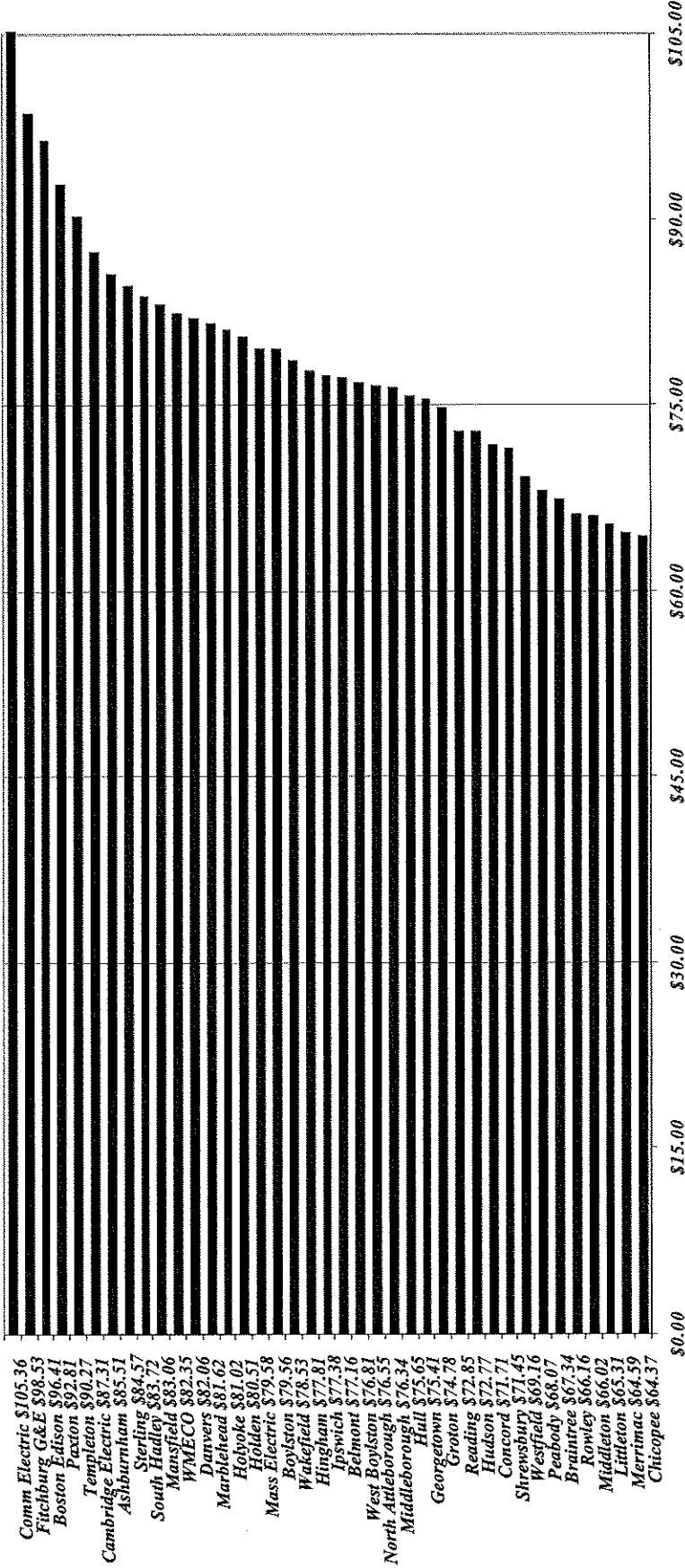
Light Fund (Concord Municipal Light Fund)
Operating Income and Net Income





MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

Residential Rate Comparison 750 kWh
12 Month Average Rate (January 2003 - December 2003)

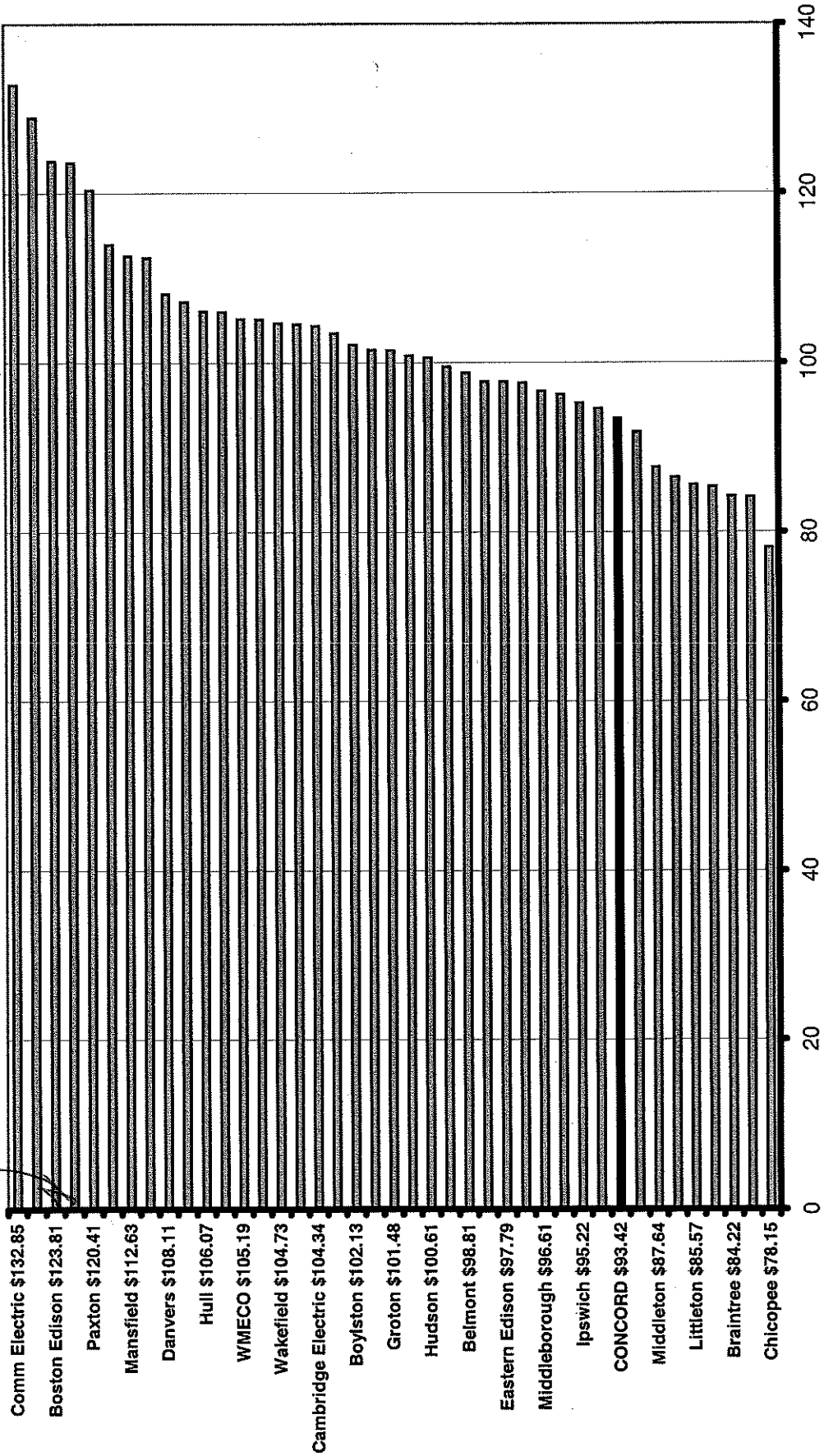


A PUBLIC CORPORATION

Moody Street, Post Office Box 426, Ludlow, MA 01056 (413) 589-0141 Fax: (413) 589-1585

Town of Concord, Massachusetts

12 Month Average Rate Comparison
 January 2002 - December 2002
 1000 kwh



Not a release

Town of Concord, Massachusetts

CASH FLOW PROJECTIONS - 2003

Line No.	Description (a)	Operating (b)	Customer Deposits (c)	Operating Reserve (d)	Subtotal (e)	Depreciation (f)	Underground (g)	Total (h)
1	Cash @ Jan. 1, 2003	\$ 1,788,391	\$ 154,730	\$ 1,129,322	\$ 3,072,443	\$ 940,474	\$ 2,060,455	\$ 6,073,372
2	ADD:							
3	Depreciation Expense					21,229		1,171,791
4	Underground Fund surcharge						295,654	295,654
5	Operating Income	892,921			892,921			892,921
6	Other Income	36,000			36,000			36,000
7	Bond Proceeds					600,000		600,000
8	Additional deposits							
9	Interest Earned	50,800	*	*	50,800	16,830	30,500	98,130
10	Subtotal - sources	\$ 979,721	\$ -	\$ -	\$ 979,721	\$ 1,788,621	\$ 326,154	\$ 3,094,496
11	LESS:							
12	Routine System Improvements							414,000
13	Underground Expenditures					414,000	242,000	242,000
14	Bond Interest Expense	201,675			201,675			201,675
15	Misc. Income Deductions	11,684			11,684			11,684
16	Main Street Project apportioned to Underground					2,295,000	444,000	2,295,000
17	PILOT (to Town general fund)	340,000			340,000	(444,000)		340,000
18	Bond Principal	500,000			500,000			500,000
19	Subtotal - uses	\$ 1,053,359	\$ -	\$ -	\$ 1,053,359	\$ 2,265,000	\$ 686,000	\$ 4,004,359
20	Cash @ Dec. 31, 2003 (proj.)	\$ 1,714,753	\$ 154,730	\$ 1,129,322	\$ 2,998,805	\$ 464,095	\$ 1,700,609	\$ 5,163,509

* Interest on these funds is credited to the Operating Fund