

WEST BOYLSTON
MUNICIPAL LIGHTING PLANT
Financial Statements
December 31, 2010 and 2009

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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DECEMBER 31, 2010 AND 2009

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Goulet, Salvidio & Associates, P.C.

Certified Public Accountants

James F. Goulet, CPA, MST
Catherine A. Kuzmeskus, CPA

Michael A. Salvidio, CPA
James R. Dube, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
West Boylston Municipal Lighting Plant
West Boylston, Massachusetts

We have audited the accompanying financial statements of West Boylston Municipal Lighting Plant of West Boylston, Massachusetts, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Lighting Plant's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the West Boylston Municipal Lighting Plant and do not purport to, and do not, present fairly the financial position of Town of West Boylston, Massachusetts, as of December 31, 2010 and December 31, 2009, and the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Boylston Municipal Lighting Plant as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages two through five is not a required part of the basic financial statements but is supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
April 19, 2011

Nine Irving Street · Worcester, MA 01609 · Tel: 508-757-5957 · Fax: 508-753-0948 · E-mail: admin@gsamycpa.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

The West Boylston Municipal Lighting Plant ("Lighting Plant") is engaged in purchasing electricity and reselling it to the residents and businesses in West Boylston, Massachusetts. This section of the Lighting Plant's annual financial report presents our discussion and analysis of the financial performance for the year as well as our financial position.

Overview of the Financial Statements

The basic financial statements include the Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, Statements of Cash Flows, and Notes to the Financial Statements.

The Statements of Net Assets are designed to indicate our financial position as of a specific point in time. At December 31, 2010, it shows our net worth has increased by 5.3% over the year ended December 31, 2009.

The Statements of Revenues, Expenses and Changes in Net Assets 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 page, our income for December 31, 2010 was \$320,685 and our net loss for 2009 was \$25,619.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. The statement also provides information about the investing and financing activities for the same period.

Summary of Net Assets

	<u>2010</u>	<u>2009</u>
Current Assets	\$ 4,039,675	\$ 3,623,119
Noncurrent Assets	<u>8,691,209</u>	<u>8,239,884</u>
Total Assets	<u>\$ 12,730,884</u>	<u>\$ 11,863,003</u>
Current Liabilities	\$ 1,326,593	\$ 936,129
Noncurrent Liabilities	<u>4,948,996</u>	<u>4,792,264</u>
Total Liabilities	<u>6,275,589</u>	<u>5,728,393</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,426,610	1,453,430
Unrestricted	<u>5,028,685</u>	<u>4,681,180</u>
Total Net Assets	<u>6,455,295</u>	<u>6,134,610</u>
Total Liabilities and Net Assets	<u>\$ 12,730,884</u>	<u>\$ 11,863,003</u>

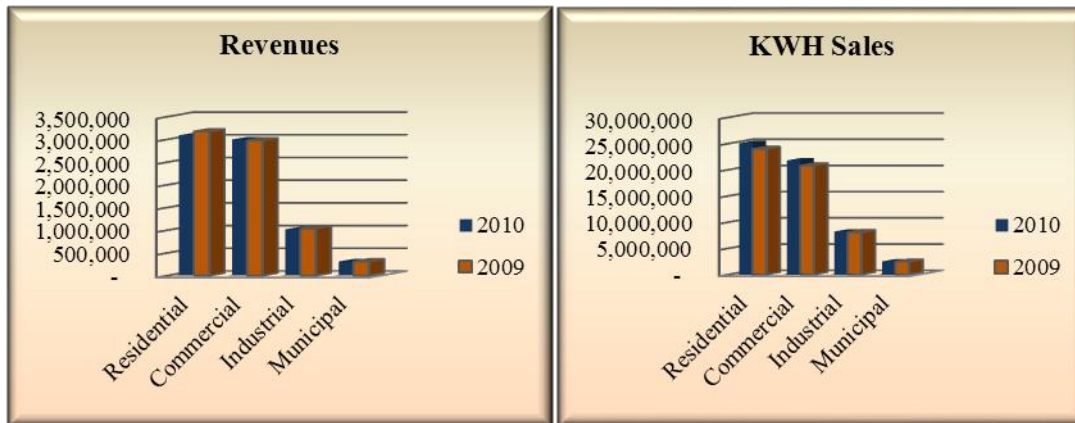
Summary of Changes in Net Assets

	2010	2009
Operating Revenues	\$ 7,560,223	\$ 7,578,312
Operating Expenses	7,354,412	7,738,411
Operating Income (Loss)	205,811	(160,099)
Non-operating Revenues (Expenses)	114,874	134,480
Income Before Contributions and Transfers	320,685	(25,619)
Beginning Net Assets	6,134,610	6,160,229
Ending Net Assets	\$ 6,455,295	\$ 6,134,610

Financial Highlights

Kilowatt Hour Sales

The following charts represent total kilowatt-hour sales and total revenues by account class for 2010 and 2009.



Power Supply

The West Boylston Lighting Plant provides power for its customers through both fixed contracts and the open market power supply in an effort to stabilize power costs. Purchased Power costs are the costs associated with buying energy and having it delivered to the residents and businesses in the town of West Boylston. There are circumstances that will make prices fluctuate, such as extended periods of time with above or below normal temperatures, unexpected power plant shut downs for unforeseen repair, and fuel prices being affected by global issues. Working with electric power supply experts we continue to try to position ourselves to best manage the impact that adverse weather, and market economic conditions have on the rates of its customers so that these situations will not be an overbearing burden on our customers.

Power Supply (Continued):

West Boylston Municipal Lighting Plant is a participant in the Berkshire Wind Project, which is a co-op, formed of 14 municipal electric systems and the Massachusetts Municipal Wholesale Electric Company (MMWEC). The construction of this ten turbine wind site was completed in November 2010, with an operational date of February 2011.

WBMLP through its relationship with MMLD Wind Energy Cooperative Corporation has also developed an approximately 370 kilowatt 1760 panel solar site at the corner of Paul X. Tivnan Drive and Shrewsbury Street. This is estimated to generate enough electricity to serve 75 to 80 average-use homes per year. Alternative energy sources are not less expensive sources; however, the two projects along with the Oakdale hydro project are lessening the Department's dependency on fossil fuel fired generation. The Wind and Solar projects have a fixed cost for power throughout the life of the equipment as pricing is not determined by fluctuations in gas and oil prices. These "green energy" projects are not going to produce an immediate reduction in the ratepayers bills. They will however reduce the need to purchase higher priced power during peak usage times of the year.

Utility Plant and Debt Administration

Utility Plant

The Lighting Plant's investment in utility plant assets, net of accumulated depreciation, as of December 31, 2010 and 2009 was \$1,426,610 and \$1,453,430, respectively. Plant and equipment replacement is part of an on-going capital improvement plan to keep the Lighting Plant in good operating condition.

Debt Administration and Commitments

The Lighting Plant remains a vertically integrated utility, as do all Municipal Light Departments in Massachusetts. This means that we are allowed under the Massachusetts Utility Restructuring Laws to retain our ownership and control over our electrical generation assets. Investor owned utilities, such as Massachusetts Electric Company, have been required to sell their generation assets as a result of the same restructuring laws.

The generation assets, which we have a vested ownership in, along with the other municipal electrical systems in New England, are financed through municipal bonds.

In an effort to ensure stable costs for electricity in future years the Lighting Plant worked with the Massachusetts Municipal Wholesale Electric Company on a bond refinancing in 2001. This refinancing is expected to save the Lighting Plant approximately \$1.4 million in interest over the life of the bonds.

Significant Balances and Transactions

Purchased Power Working Capital

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), our power supply agent. MMWEC requires that they hold a set amount of capital (minimum of two months) from which it may pay our power obligations when they are due. They replenish the fund as needed from our monthly invoice payments. Currently our power costs are approximately \$450,000 per month.

Depreciation Fund

The West Boylston Municipal Lighting Plant maintains a depreciation fund, which is managed by the Town of West Boylston Treasurer. This fund is used to pay for large capital investments such as new vehicles, distribution system upgrades and new construction. This fund is required by State statute. We set aside 5% in 2010 and 2009 of our cost of plant to be used for capital improvements and additions.

In 2010 and 2009, we added \$324,636 and \$324,482 for future acquisitions. For 2011, we are planning to contribute \$332,727 to the fund. All interest on this fund is added to the fund balance and remains in this account.

Rate Stabilization Fund

The rate stabilization fund was created as an aftermath of deregulation. These funds are for unexpected escalation in costs, such as the ^(a) decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices, and transmission cost increases. We will also use this fund to help us maintain our competitive position when the investor-owned utilities are no longer collecting their ^(b)“stranded costs” several years down the line. Our rate stabilization reserve balance at December 31, 2010 and 2009 was \$2,844,104 and \$3,567,257, respectively.

- (a) Decommissioning of a nuclear power plant means the complete removal of any trace of that power plant. In the case of the Seabrook Power Plant, that area has to be returned to a salt marsh. Decommissioning costs are being collected as the plants operate so that at the scheduled end of term of operation, there will be monies to decommission the plant. If for some reason the plant is shut down early, funds have to be made available to decommission at that time.
- (b) “Stranded costs” refer to long-term debt or contractual obligations previously incurred that are higher than the new market costs. The investor-owned utilities were required to sell their generation assets as a condition to recover their stranded costs. The proceeds from the sales were used to pay off some of their costs. In place of owning generation assets, we have long-term power contracts with long-term payment obligations.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 1,810,806	\$ 1,297,462
Petty Cash	1,800	1,800
Customer Accounts Receivable, Net	120,210	194,534
Accounts Receivable - Other	110,836	29,611
Interest Receivable	4,737	0
Unbilled Revenue	702,031	866,425
Materials and Supplies	251,026	216,015
Prepaid Expenses	66,047	54,941
Prepaid Purchased Power	59,694	60,960
Purchased Power Working Capital	917,225	901,371
TOTAL CURRENT ASSETS	4,044,412	3,623,119
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Customer Deposits	138,490	134,847
Depreciation Fund	2,488,682	2,147,737
Insurance Reserve Fund	848,089	842,707
Investments	9,133	11,061
Preliminary Survey and Investigation Charges	82,845	82,845
Advances to MMLD Solar Energy Cooperative Corporation	848,519	0
Rate Stabilization Fund	2,844,104	3,567,257
Utility Plant Assets, Net	1,426,610	1,453,430
TOTAL NONCURRENT ASSETS	8,686,472	8,239,884
TOTAL ASSETS	\$ 12,730,884	\$ 11,863,003

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
 STATEMENTS OF NET ASSETS
 DECEMBER 31, 2010 AND 2009

LIABILITIES

	2010	2009
CURRENT LIABILITIES:		
Accounts Payable	\$ 596,993	\$ 611,490
Accrued Expenses	132,313	152,321
Miscellaneous Deferred Liabilities	597,287	172,318
TOTAL CURRENT LIABILITIES	1,326,593	936,129
NONCURRENT LIABILITIES:		
Customer Deposits	138,490	134,847
Other Post Employment Benefit Obligation	447,780	321,538
Reserve for Rate Stabilization	3,734,874	3,708,027
Accumulated Provision for Insurance	627,852	627,852
TOTAL NONCURRENT LIABILITIES	4,948,996	4,792,264
TOTAL LIABILITIES	6,275,589	5,728,393

NET ASSETS

Invested in Capital Assets, Net of Related Debt	1,426,610	1,453,430
Unrestricted	5,028,685	4,681,180
TOTAL NET ASSETS	6,455,295	6,134,610
TOTAL LIABILITIES AND NET ASSETS	\$ 12,730,884	\$ 11,863,003

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
Sales of Electricity	\$ 7,413,463	\$ 7,493,429
Other Operating Revenues	146,760	84,883
TOTAL OPERATING REVENUES	7,560,223	7,578,312
OPERATING EXPENSES:		
Operations and Maintenance	7,029,776	7,413,929
Depreciation	324,636	324,482
TOTAL OPERATING EXPENSES	7,354,412	7,738,411
OPERATING INCOME (LOSS)	205,811	(160,099)
NONOPERATING REVENUES (EXPENSES):		
Investment Income	76,185	138,305
Dividend Income	1,786	3,441
Interest Expense	(3,637)	(12,764)
Disaster Recovery Income	40,540	90,281
Disaster Recovery Expenses	0	(84,783)
TOTAL NONOPERATING REVENUES (EXPENSES)	114,874	134,480
Income (Loss) Before Contributions and Transfers	320,685	(25,619)
NET ASSETS - JANUARY 1	6,134,610	6,160,229
NET ASSETS - DECEMBER 31	\$ 6,455,295	\$ 6,134,610

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 7,638,190	\$ 8,117,886
Cash Paid to Suppliers	(5,530,044)	(6,484,830)
Cash Paid to Employees	(725,833)	(801,230)
Cash Paid for Benefits	(218,875)	(291,730)
	<u>1,163,438</u>	<u>540,096</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net Disaster Recovery Revenue (Costs)	40,540	5,498
Interest Expense	(3,637)	(12,764)
	<u>36,903</u>	<u>(7,266)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Assets	2,678	0
Additions to Plant Assets	(297,816)	(35,668)
	<u>(295,138)</u>	<u>(35,668)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances to MMLD Solar Energy Cooperative Corporation	(848,519)	0
Investment Income	76,185	138,305
Dividend Income	1,786	3,441
Rate Stabilization Reserve	26,847	78,420
Purchase of Investments	(1,878,927)	(2,357,014)
Proceeds from Sales and Maturities of Investments	1,523,709	1,603,363
	<u>(1,098,919)</u>	<u>(533,485)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(193,716)	(36,323)
CASH AND CASH EQUIVALENTS - JANUARY 1	6,964,383	7,000,706
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 6,770,667</u>	<u>\$ 6,964,383</u>

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 205,811	\$ (160,099)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	324,636	324,482
(Increase) Decrease in Assets:		
Accounts Receivable - Customers	74,324	534,250
Accounts Receivable - Other	(81,225)	152,499
Unbilled Revenue	164,394	(683,080)
Materials and Supplies	(35,011)	87,490
Miscellaneous Deferred Assets	0	89,803
Prepaid Expenses	(11,106)	9,587
Prepaid Purchased Power	1,266	7,534
Increase (Decrease) in Liabilities:		
Accounts Payable	(14,497)	(119,423)
Accrued Expenses	(20,008)	37,101
Miscellaneous Deferred Liabilities	424,969	172,318
Customer Deposits	3,643	5,324
Other Post Employment Benefits	126,242	156,729
Accumulated Provision for Insurance	0	(74,419)
Net Cash Provided by (Used In) Operating Activities	\$ 1,163,438	\$ 540,096

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following amounts are considered to be cash or cash equivalents for the statements of cash flows:

	2010	2009
Petty Cash	\$ 1,800	\$ 1,800
Operating Cash	1,810,806	1,297,462
Rate Stabilization Reserve Fund	2,844,104	3,567,257
Customer Deposits Cash	138,490	134,847
Insurance Reserve Cash	848,089	842,707
Depreciation Fund	210,153	218,939
Working Capital	917,225	901,371
	\$ 6,770,667	\$ 6,964,383

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of West Boylston Municipal Lighting Plant are as follows:

Reporting Entity

The West Boylston Municipal Lighting Plant was established by a vote of the taxpayers in 1909 and is a component unit of the Town of West Boylston, Massachusetts. A Board of Commissioners manages the Lighting Plant, which is an elected Town Board. The authority for the management and operation of the Municipal Lighting Plant is set forth in c. 164 of the Massachusetts General Laws. The Board of Commissioners appoints a manager of the Lighting Plant who has full charge of the operation and management of the Lighting Plant. The Lighting Plant purchases power from various sources and sells it to the ultimate consumer at rates submitted to the Massachusetts Department of Public Utilities (DPU).

Regulation and Basis of Accounting

The Lighting Plant complies with Generally Accepted Accounting Principles (GAAP). The Lighting Plant applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Accounting Standards Codification (ASC) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Lighting Plant uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Lighting Plant adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, in 2001.

Under Massachusetts's law, electric rates of the Lighting Plant are set by the Municipal Lighting Board and may be changed not more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities. While the DPU exercises general supervisory authority over the Lighting Plant, the Lighting Plant's rates are not subject to DPU approval.

Depreciation

The general laws of Massachusetts allow utility plant in service to be depreciated at an annual rate of three percent. In order to change this rate, approval must be obtained from the Department of Public Utilities. Changes in annual depreciation rates may be made for financial factors relating to cash flow rather than for engineering factors relating to estimates of useful lives. The Lighting Plant used a depreciation rate of 5% for both 2010 and 2009.

The Lighting Plant charges maintenance and repairs to operations when incurred. Replacements and betterments are charged to utility plant.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenues

Revenues from sales of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by the Lighting Plant, which are applied to customers' consumption of electricity. The Lighting Plant's rates contain an adjustable component pursuant to which increased power costs (power costs in excess of amounts recovered through base rates) are billable to customers. The Lighting Plant has a fuel cost adjustment clause pursuant to which increased fuel costs (fuel costs in excess of amounts recovered through base rates) are billable to customers.

Operating revenue includes revenues and expenses related to the continuing operations of the Department. Principal operating revenues are charges to customers for sales of electricity or services. Operating expenses are the costs of providing electricity and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Taxes

The Lighting Plant is exempt from federal income taxes, as well as property taxes.

Reclassification

Certain prior year amounts, with no effect on previously stated net income, have been reclassified to conform to the 2010 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Lighting Plant considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Town of West Boylston maintains and controls major cash and investment pools in which the primary government and component units share.

Compensated Absences

In accordance with the Lighting Plant policies, employees are allowed to accumulate sick days, up to a maximum of 60 days. Upon termination of employment with the Lighting Plant, the employee will not be paid for accumulated sick time. Employees are not permitted to carry over vacation time from one year to the next. Upon termination of employment with the Lighting Plant, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Materials and Supplies

Materials and supplies are valued using the average cost method.

Sales Tax

The Department collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

NOTE 2 - CASH AND INVESTMENTS:

The Plant owns shares of Hydro Quebec Phase II stock. The securities are stated at cost. Fair market value approximates stated value.

A cash and investment pool is maintained and available for use of the depreciation fund, customer deposit and insurance reserve funds.

The Plant is invested in obligations of the government bonds, certificates of deposit, money market accounts and bank deposits. Since these investments are held to maturity they are recorded at cost or amortized cost.

Concentration of Credit Risk

The Lighting Plant's deposits with the Town Treasurer are commingled and invested with deposits from other Town funds. Accordingly, it is not practical to disclose the related bank balance and credit risk of such cash deposits for the Lighting Plant. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits and Investments

In the event of a failure by the counterparty, the Plant would not be able to recover the value of its investments.

Interest Rate Risk

The Plant invests in term securities out to a maximum of five years to help limit the amount of exposure to fair value losses.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - CASH AND INVESTMENTS (Continued):

	<u>2010</u> <u>Fair Value</u>	<u>2010</u> <u>Under 1 Year</u>	<u>2010</u> <u>1-5 Years</u>	<u>2009</u> <u>Fair Value</u>
<u>Debt Securities</u>				
Government Bonds	\$ 502,529	\$ 502,529	\$ 0	\$ 527,275
<u>Term Securities</u>				
Certificates of Deposit	1,776,000	1,680,000	96,000	1,401,199
<u>Other Investments</u>				
Money Market Funds	765,563			795,505
Cash Balance	<u>1,258</u>			<u>0</u>
Total Investments	<u>\$ 3,045,350</u>			<u>\$ 2,723,979</u>

The gross unrealized holding gains (losses) on certificates of deposit were (\$2,117) and \$3,493, and \$7,016 and \$8,933 on government bonds as of December 31, 2010 and 2009, respectively.

NOTE 3 - UNBILLED REVENUE:

Revenues from sale of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis throughout the month. In order to reflect revenues in the proper period, the estimated amount of revenue applicable to unbilled usage has been recorded.

NOTE 4 - ACCOUNTS RECEIVABLE - CUSTOMERS:

The Lighting Plant carries its accounts receivable at cost less an allowance. The Lighting Plant can place a lien against a property if payment is not made. For non-owners, the company requires a deposit that can be applied to any unpaid amounts. In addition, the Lighting Plant has the right to shut off service to customers during the months of April through October if the customer is not making payments. On a periodic basis, the Lighting Plant does evaluate to determine if any write-offs are necessary.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 5 - ACCOUNTS RECEIVABLE:

Accounts Receivable - Customers consists of the following:

	2010	2009
Accounts Receivable	\$ 131,738	\$ 206,062
Less: Allowance for Doubtful Accounts	11,528	11,528
Accounts Receivable, Net	\$ 120,210	\$ 194,534

Accounts Receivable – Other consists of the following:

	2010	2009
Merchandise and Jobbing	\$ 110,495	\$ 28,747
Dividends Receivable	341	864
Total Other Accounts Receivable	\$ 110,836	\$ 29,611

NOTE 6 - INSURANCE RESERVE:

The Lighting Plant set up an insurance reserve fund, which is to be used to reduce the future costs of insurance expense. The funds are invested in a high-yield money market depository account.

NOTE 7 - DEPRECIATION FUND:

Pursuant to provisions of the Commonwealth’s General Laws, cash in an amount equivalent to the annual depreciation expense is transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of plant, nuclear decommissioning costs, the costs of contractual commitments, and deferred costs related to such commitments, which the Municipal Lighting Board determines, are above market value.

NOTE 8 - RATE STABILIZATION FUND:

The rate stabilization fund was created as an aftermath of deregulation. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. We will also use this fund to help maintain our competitive position when the investor-owned utilities are no longer collecting their stranded costs several years down the line. The Rate Stabilization Fund Balance at December 31, 2010 and 2009 was \$2,844,104 and \$3,567,257, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 9 - PURCHASED POWER WORKING CAPITAL:

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), the Lighting Plant's power supply agent. The implementation of the Working Capital Program began August 1, 1985. MMWEC participants approved certain working capital amendments to the various power purchase agreements. MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the fund as needed from the monthly invoice payments. The income earned allocated to the Lighting Plant is applied as a credit to MMWEC Power Sales Billing. The balance in the Fund as of December 31, 2010 and 2009 is \$917,225 and \$901,371, respectively.

NOTE 10 - MMWEC PARTICIPATION:

The Town of West Boylston, acting through its Lighting Plant, is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

West Boylston Municipal Lighting Plant has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Lighting Plant is required to make certain payments to MMWEC payable solely from Lighting Plant revenues.

Under the PSAs, each Participant is unconditionally obligated to make all payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 11 - INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:

	2010	2009
Cost of Capital Assets Acquired	\$ 7,320,964	\$ 7,159,156
Less: Accumulated Depreciation	(5,894,354)	(5,705,726)
Invested in Capital Assets, Net of Related Debt	\$ 1,426,610	\$ 1,453,430

NOTE 12 - UTILITY PLANT ASSETS:

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
Capital Assets Not Being Depreciated:				
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Capital Assets Being Depreciated:				
Distribution Plant	4,698,236	233,037	(6,474)	4,924,799
General Plant	1,794,492	64,779	(129,534)	1,729,737
Total	6,492,728	297,816	(136,008)	6,654,536
Less Accumulated Depreciation For:				
Distribution Plant	(4,312,932)	(234,031)	6,474	(4,540,489)
General Plant	(1,392,794)	(90,605)	129,534	(1,353,865)
Total Accumulated Depreciation	(5,705,726)	(324,636)	136,008	(5,894,354)
Capital Assets Being Depreciated, Net	787,002	(26,820)	0	760,182
Utility Plant Assets, Net	\$ 1,453,430	\$ (26,820)	\$ 0	\$ 1,426,610

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 13 - PENSION PLAN:

The Lighting Plant, through the Town of West Boylston, is a member of the Worcester Regional Retirement System, which in turn is a member of the Massachusetts Contributory Retirement System, which is governed by M.G.L. c. 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a contributory defined benefit plan for all county employees and employees of participating towns and districts except those employees who are covered by the teachers' retirement board.

Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

A \$30,000 salary cap, upon which members' benefits were calculated, was removed by the Worcester Regional Retirement System, effective January 1, 1991. Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total contributions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Active members contribute 5, 7, 8 or 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. These contributions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employees' Retirement Administration's (PERA's) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted since 1981 and any increases in other benefits imposed by state law after that year are borne by the state.

Members who become permanently and totally disabled from further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases are dependent upon several factors, including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 13 - PENSION PLAN (Continued):

Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those contributions.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

The Lighting Plant's contribution to the Retirement Plan is determined by an allocation of the total Town contribution, which is based upon projected benefits to be paid during the applicable year. The Lighting Plant then reimburses the Town for its share of the assessment.

The amount of pension expense charged to operations for the years ended December 31, 2010, 2009, and 2008 was \$110,763, \$ 77,444, and \$75,425, respectively.

The Plan's separately issued financial statements can be obtained by contacting Worcester Regional Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

NOTE 14 - RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Lighting Plant sells electricity to various Town departments. During the years ended December 31, 2010 and 2009, sales to these departments totaled \$341,776 and \$333,203, respectively. At December 31, 2010 and 2009, the amounts due from these departments were \$12,191 and \$16,992, respectively.

The Lighting Plant reimburses the town for various employee benefits and services, including health insurance and retirement. During the years ended December 31, 2010 and 2009, the total amount paid for these services was \$326,300 and \$304,960, respectively. The amounts payable to the town as of December 31, 2010 was \$17,613 and as of December 31, 2009 was \$63.

The Light Department, through its relationship with Massachusetts Municipal Light Department Solar Energy Cooperative Corporation, (the Cooperative) has developed a solar site in West Boylston. The Light Plant has contracted to purchase power from the Cooperative (see Note 20). As disclosed in Note 18, the Light Department has made advances on behalf of the Cooperative.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 - RISK MANAGEMENT:

Self-Insurance Trust

The Lighting Plant participates in Mass Municipal Self Insurance Trust (the Trust) with 17 other municipal light departments for the purpose of sharing general liability and directors' and officers' liability risks. Through the Trust, West Boylston Municipal Lighting Plant is insured for \$500,000 per occurrence, with a \$50,000 deductible. Each participating light plant contributes to the Trust based on its share of the group's total kilowatt-hour sales.

In 2010 and 2009, the Plant contributed \$4,964 to the Trust. Payments for claims under the deductible limit are funded by trust assets or, if required, additional contributions from the participants.

Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2010 and 2009, the Lighting Plant considers its pro rata share of these losses to be immaterial to its financial statements.

NOTE 16 - ICE STORM:

On December 12, 2008, a severe ice storm hit the area and left the Plant without power for several days. The storm did significant damage to the infrastructure of the Plant and the area was declared a State of Emergency. In addition to the harm to the property owned by the Plant, many citizens also had extensive damages to their homes and business property. The Plant incurred many costs to re-energize the Town, including significant amounts paid to subcontractors to assist with the emergency work that was required. Much of these costs were reimbursed by the Federal Emergency Management Administration (FEMA) and Massachusetts Emergency Management Administration (MEMA). As of December 31, 2010 and 2009, the total reimbursed amounts from FEMA and MEMA amounted to \$40,540 and \$259,230, respectively. All infrastructure damaged during this storm was repaired during 2009.

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The Department implemented GASB Statement 45 for the year ended December 31, 2008, *Accounting for Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. As allowed by GASB 45, the Department has established the net OPEB obligation at zero at the beginning of the transition year and has applied the measurement recognition requirements of GASB 45 on a prospective basis. *Plan Description*. The Department participates in the town sponsored single employer defined benefit health plan. The Department provides certain health care and life insurance benefits for eligible retirees, spouses and dependents. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Medical prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Harvard Pilgrim Health Care and Fallon Community Health Plan.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

As of December 31, the Department's membership consisted of the following:

Current retirees, beneficiaries and dependents	15
Current active members	<u>11</u>
Total	<u><u>26</u></u>

Funding Policy. WBMLP recognizes the cost of providing these benefits, in accordance with government accounting standards, on a pay-as-you-go basis, by expensing the annual insurance premiums charged WBMLP by the Town, which aggregated approximately \$190,233 and \$206,063 for the years ended December 31, 2010 and 2009. The cost of providing these benefits for retirees is not readily separable from the costs for active employees. Retired plan members and beneficiaries currently receiving benefits contribute 18% to 25% of the cost of benefits depending on the health plan they are enrolled in.

Annual OPEB Costs. The Department's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Department's annual OPEB cost for the year ending December 31, 2010, the amount actually contributed to the plan, and changes in the Department's net OPEB obligation based on an actuarial valuation as of December 31, 2009 were as follows:

Annual required contribution	\$ 209,905
Contributions made	<u>(83,663)</u>
Increase in net OPEB obligation	126,242
Net OPEB obligation beginning of year	<u>321,538</u>
Net OPEB obligation end of year	<u><u>\$ 447,780</u></u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year ended</u>	<u>Annual OPEB Costs</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2009	\$ 245,357	36.1%	\$ 156,729
2010	\$ 209,905	39.9%	\$ 126,242

Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Legislature was passed allowing Municipal Light Departments to create a trust, in order to fund their OPEB obligation. West Boylston Municipal Lighting Plant did not create a trust for 2010, but had a Board vote April, 2009 to transfer \$164,879 into a trust toward funding this obligation. The money has not been transferred as of December 31, 2010. The Lighting Plant is waiting for the trust to be set up with MMWEC.

The funded status is as follows:

Actuarial accrued liability (AAL)	\$2,274,778
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability	\$2,274,778
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered Payroll (active plan members)	725,833
UAAL as a percentage of covered payroll	313.40%

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the department and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of December 31, 2009, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after 5 years. The Department's unfunded actuarial accrued liability is being amortized each year as an open 30 year level dollar basis. The remaining amortization period at January 1, 2010 was thirty years.

NOTE 18 - ADVANCES TO MMLD SOLAR ENERGY COOPERATIVE CORPORATION:

West Boylston Municipal Lighting Plant has advanced \$848,518 on behalf of the Cooperative. These funds were development costs associated with the solar facilities incurred by the West Boylston Municipal Lighting Plant while the Cooperative was in the development stage. There is no formal payment schedule on the \$848,518 as this is not expected to be paid back until the West Boylston Facilities are operational and the Cooperative has sufficient funds.

NOTE 19 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through April 19, 2011, the date on which the financial statements were available to be issued. Management believes there are no subsequent events that are required to be disclosed.

NOTE 20 - CONTINGENCIES AND LIABILITIES:

Legal and Environmental Matters

The Lighting Plant is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment. These standards affect the citing of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the Lighting Plant's operations in the past and they will continue to have an impact on future operations, capital costs and construction.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

MMLD Solar Energy Cooperative Corporation Contingencies and Liabilities

The West Boylston Municipal Lighting Plant (Light Plant), is a Member of the Massachusetts Municipal Light Department Solar Energy Cooperative Corporation (Cooperative).

The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company (MMWEC) and the Light Plant. MMWEC shall sell to the Light Plant, and the Light Plant shall purchase from MMWEC, one hundred percent (100%) of the West Boylston Solar Facilities (WB Solar Facilities), capacity and facilities output purchased by MMWEC from the Cooperative.

The amounts to be paid each contract year by the Light Plant for such WB Solar Facilities capacity and facilities output shall be the total of the monthly charges for such contract years. The monthly charge shall be a fixed price per month based on a price per kw, and a price per kwh, for WB Solar Facilities capacity and facilities output sold by MMWEC. The price shall be comprised of all costs billed to MMWEC by the Cooperative each month, including, but not limited to, principal, interest, premium, if any, on any bonds, notes or other evidences of indebtedness, or any other costs financial or otherwise, properly chargeable.

The West Boylston Municipal Lighting Plant has entered into a PPA with the MMLD Solar Energy Cooperative Corporation. Under the PPA, the Light Plant is required to make certain payments to the Cooperative. Under the PPA, the Light Plant is unconditionally obligated to make all payments due to the MMLD Solar Energy Cooperative Corporation, whether or not the WB Solar Facilities are operable or operating, and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the WB Solar Facilities.

The estimated aggregate amount of the West Boylston Municipal Light Plant's required payments under the PSA to the Cooperative at December 31, 2010 and estimated for future years is shown below.

2011	\$	171,258
2012		171,258
2013		171,258
2014		171,258
2015		171,258
2016 to 2020		856,290
2021 to 2025		856,290
2026 to 2030		<u>856,290</u>
TOTAL	\$	<u>3,425,160</u>

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NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities

The West Boylston Municipal Lighting Plant (Plant), is a Member of the Berkshire Wind Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Cooperative is in the development stage. This stage is characterized by significant expenditures related to the preparation and the installation of 10 1.5-megawatt wind turbines at the Berkshire Wind Facility. Upon completion of the Berkshire Wind Facility, the Cooperative will provide wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Cooperative at the Berkshire Wind Facility.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility, plus 10% of the debt service to be paid into a Reserve and Contingency Fund. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount.

The Cooperative has issued revenue bonds, which are payable solely from, and secured solely by, the revenues derived from the Berkshire Wind Facility. The revenues are used solely to provide for the payment of any bond issue relating to the Berkshire Wind Facility and to pay the Cooperative's cost of owning and operating the Berkshire Wind Facility.

The West Boylston Municipal Lighting Plant has entered into a PPA with the Berkshire Wind Cooperative Corporation. Under the PPA, the Plant is required to make certain payments to the Cooperative. Under the PPA, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

Berkshire Wind Facility. In addition, under the PPA, the Plant is required to pay to the Cooperative its share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility.

The Cooperative is involved in various legal actions. In the opinion of the Cooperative management, the outcome of such actions will not have a material adverse effect on the financial position of the Cooperative.

As of December 31, 2010, total capital expenditures for the Berkshire Wind Facility amounted to \$40,861,000, of which \$2,196,000, represents the amount associated with the Plant's share of the Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the Plant. The Cooperative's debt outstanding for the Berkshire Wind Facility includes bonds totaling \$64,705,000, of which \$3,478,000 is associated with the Plant's share of Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the Plant.

As of December 31, 2010, the Cooperative's total future debt service requirement on outstanding bonds issued for the Projects is \$104,265,000, of which \$5,604,000 is anticipated to be billed to the Plant in the future.

The estimated aggregate amount of the West Boylston Municipal Light Plant's required payments under the PSA exclusive of the Reserve and Contingency Fund billings, to the Cooperative at December 31, 2010 and estimated for future years is shown below.

2011	\$	90,000
2012		290,000
2013		290,000
2014		290,000
2015		290,000
2016 to 2020		1,451,000
2021 to 2025		1,451,000
2026 to 2030		<u>1,452,000</u>
TOTAL	\$	<u>5,604,000</u>

MMWEC Contingencies and Liabilities:

Through membership in MMWEC, the Lighting Plant is contingently liable on various projects, which it participates as detailed below.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, an indirect subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC) and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and a subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) (formerly FPL Energy LLC). The operating license for Seabrook Station extends to March, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

Seven municipal light departments that are Participants under PSAs with MMWEC have submitted a demand for arbitration of a dispute relating to charges under the PSAs. MMWEC cannot predict the outcome of the arbitration demand, but in the opinion of MMWEC management, it will not have a material adverse effect on the financial position of MMWEC.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

As of December 31, 2010, total capital expenditures for MMWEC's Projects amounted to \$1,573,048,000 of which \$23,305,000 represents the amount associated with the Lighting Plant's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds totaling \$444,255,000, of which \$6,463,000 is associated with the Lighting Plant's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department.

As of December 31, 2010, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$491,543,000, of which \$7,114,000 is anticipated to be billed to the Lighting Plant in the future.

The estimated aggregate amount of West Boylston Municipal Lighting Plant's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at December 31, 2010 and estimated for future years is shown below.

For years ended December 31,	<u>ANNUAL COSTS</u>
2011	\$ 1,190,000
2012	1,192,000
2013	1,165,000
2014	1,096,000
2015	1,056,000
2016 to 2019	<u>1,415,000</u>
Total	<u>\$ 7,114,000</u>

In addition, under the PSAs, the Lighting Plant is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Lighting Plant's total O&M costs including debt service under the PSAs were \$2,978,000 and \$3,015,000 for the years ended December 31, 2010 and 2009, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
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PROJECTS	PERCENTAGE SHARE	TOTAL PROJECT EXPENDITURES TO DATE	PARTICIPANT'S SHARE	DEBT ISSUED & OUTSTANDING 12/31/10	PARTICIPANT'S SHARE	TOTAL	
						DEBT SERVICE ON BONDS OUTSTANDING	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 59,208	\$ 1,364	\$ -	-	\$ -	-
Stony Brook Intermediate Project	1.4135	167,296	2,365	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	13,960	190	3,500	48	3,373	46
Nuclear Mix No. 1-MLS	1.3587	117,736	1,600	29,520	401	28,451	387
Nuclear Project No. 3-MLS	1.7956	147,018	2,640	88,810	1,595	97,218	1,746
Nuclear Project No. 4-SBK	2.9080	333,434	9,696	92,615	2,693	102,534	2,982
Nuclear Project No. 5-SBK	0.7204	90,709	653	26,710	192	29,714	214
Wyman Project	-	8,544	-	-	-	-	-
Project No. 6-SBK	0.7552	635,143	4,797	203,100	1,534	230,253	1,739
TOTAL		\$ 1,573,048	\$ 23,305	\$ 444,255	\$ 6,463	\$ 491,543	\$ 7,114

PROJECTS	PERCENTAGE SHARE	OPERATION & MAINTENANCE 12/31/2009	PARTICIPANT'S SHARE	OPERATION & MAINTENANCE 12/31/2010	PARTICIPANT'S SHARE
Stony Brook Intermediate Project	1.4135	25,951	367	26,601	376
Nuclear Mix No. 1-SBK	1.3587	1,486	20	1,965	27
Nuclear Mix No. 1-MLS	1.3587	17,323	235	16,571	225
Nuclear Project No. 3-MLS	1.7956	29,161	524	28,451	511
Nuclear Project No. 4-SBK	2.9080	38,766	1,127	39,545	1,150
Nuclear Project No. 5-SBK	0.7204	10,774	78	10,783	78
Wyman Project	-	1,964	-	1,556	-
Project No. 6-SBK	0.7552	67,345	509	65,838	497
TOTAL		\$ 199,514	\$ 3,015	\$ 196,261	\$ 2,978

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

PROJECTS	PERCENTAGE SHARE	2011		2012		2013	
		ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	-	-	-	-	-	-
Stony Brook Intermediate Project	1.4135	-	-	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	962	13	964	808	11	11
Nuclear Mix No. 1-MLS	1.3587	9,060	123	9,075	7,611	103	103
Nuclear Project No. 3-MLS	1.7956	15,941	286	15,864	15,814	284	284
Nuclear Project No. 4-SBK	2.9080	16,418	477	16,533	16,517	480	480
Nuclear Project No. 5-SBK	0.7204	4,742	34	4,765	4,638	33	33
Wyman Project	-	-	-	-	-	-	-
Project No. 6-SBK	0.7552	34,081	257	33,886	33,581	254	254
TOTAL		\$ 81,204	\$ 1,190	\$ 81,087	\$ 1,192	\$ 78,969	\$ 1,165

PROJECTS	PERCENTAGE SHARE	2014		2015		2016 to 2019	
		ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	-	-	-	-	-	-
Stony Brook Intermediate Project	1.4135	-	-	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	321	4	-	-	-	-
Nuclear Mix No. 1-MLS	1.3587	3,023	41	-	-	-	-
Nuclear Project No. 3-MLS	1.7956	15,573	280	15,839	284	18,187	327
Nuclear Project No. 4-SBK	2.9080	16,574	482	16,540	481	19,952	581
Nuclear Project No. 5-SBK	0.7204	4,562	33	4,604	33	6,403	49
Wyman Project	-	-	-	-	-	-	-
Project No. 6-SBK	0.7552	33,962	256	34,127	258	60,616	458
TOTAL		\$ 74,015	\$ 1,096	\$ 71,110	\$ 1,056	\$ 105,158	\$ 1,415

Goulet, Salvidio & Associates, P.C.

Certified Public Accountants

James F. Goulet, CPA, MST
Catherine A. Kuzmeskus, CPA

Michael A. Salvidio, CPA
James R. Dube, CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

The Board of Commissioners
West Boylston Municipal Lighting Plant
West Boylston, Massachusetts

Our audits were made for the purpose of forming an opinion on the financial statements of West Boylston Municipal Lighting Plant for the years ended December 31, 2010 and 2009, which are presented in the preceding section of this report. The supplemental information presented on pages 32-33 is for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
April 19, 2011

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
 SCHEDULES OF SALES OF ELECTRICITY
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
SALES OF ELECTRICITY:		
Residential	\$ 3,088,977	\$ 3,173,325
Commercial	2,927,906	2,904,234
Industrial	1,018,948	1,035,957
Municipal	308,917	308,969
Private Lighting	68,715	70,944
 TOTAL SALES OF ELECTRICITY	 \$ 7,413,463	 \$ 7,493,429

See Independent Auditors' Report on Supplemental Information

WEST BOYLSTON MUNICIPAL LIGHTING PLANT
SCHEDULES OF OPERATIONS AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
POWER PRODUCTION EXPENSES:		
Capacity	\$ 2,358,278	\$ 2,439,693
Fuel Charge	1,851,776	1,451,507
Transmission and Other Purchased Power Charges	1,509,131	1,926,667
TOTAL POWER PRODUCTION EXPENSES	5,719,185	5,817,867
DISTRIBUTION EXPENSES:		
Operation Labor	7,763	6,167
Miscellaneous Distribution Expense	42,059	51,488
Line Expenses	131,837	200,679
Supplies Expense	30,341	22,606
TOTAL DISTRIBUTION EXPENSES	212,000	280,940
CUSTOMER ACCOUNTS:		
Customer Accounting and Collection	143,235	136,163
Meter Reading Expenses	15,681	12,724
Uncollectible Accounts	10,336	5,166
TOTAL CUSTOMER ACCOUNTS	169,252	154,053
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	122,603	119,314
Office Supplies and Expenses	41,767	41,301
Outside Services Employed	81,649	55,788
Injury and Damage Insurance	56,094	49,336
Employees Pensions and Benefits	439,221	448,459
Dues, Meetings, and Other General Expenses	46,881	47,146
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	788,215	761,344
MAINTENANCE EXPENSES:		
Maintenance of Lines	103,854	272,050
Maintenance - Other	37,270	127,675
TOTAL MAINTENANCE EXPENSES	141,124	399,725
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	\$ 7,029,776	\$ 7,413,929

See Independent Auditors' Report on Supplemental Information