

**WEST BOYLSTON MUNICIPAL LIGHTING PLANT  
AND SUBSIDIARY**

Financial Statements  
December 31, 2012 and 2011

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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DECEMBER 31, 2012 AND 2011

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# *Goulet, Salvidio & Associates, P.C.*

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
West Boylston Municipal Lighting Plant  
West Boylston, Massachusetts 01583

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of West Boylston Municipal Lighting Plant of West Boylston, Massachusetts, and subsidiary as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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 the Town of West Boylston, Massachusetts, as of December 31, 2012 and December 31, 2011, and the changes in its financial position, 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 three through six is not a required part of the basic financial statements but is supplementary information. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Goulet, Salvidio & Associates, P.C.

*Goulet, Salvidio & Associates, P.C.*

Worcester, Massachusetts

April 30, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The West Boylston Municipal Lighting Plant ("Lighting Plant") is engaged in purchasing reliable and cost effective electricity, operating and maintaining its electrical distribution system, and reselling electricity 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 Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and Notes to the Financial Statements.

The Statements of Net Position are designed to indicate our financial position as of a specific point in time. At December 31, 2012, it shows our net worth has increased by 4% over the year ended December 31, 2011.

The Statements of Revenues, Expenses and Changes in Net Position 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, 2012 was \$268,242 and \$279,390 for 2011, respectively. Per Massachusetts General Laws, the Lighting Plant must set its rates to yield not more than 8% per annum based on the cost of plant. Our rate of return was 2.9% and 3.2% for the years ended December 31, 2012 and 2011, respectively.

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 Position

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 6,871,858	\$ 4,471,892
Noncurrent Assets	<u>10,787,664</u>	<u>10,171,127</u>
Total Assets	<u>\$ 17,659,522</u>	<u>\$ 14,643,019</u>
Current Liabilities	\$ 2,750,202	\$ 1,869,959
Noncurrent Liabilities	<u>7,945,848</u>	<u>6,077,830</u>
Total Liabilities	<u>10,696,050</u>	<u>7,947,789</u>
Net Position:		
Net Investment in Capital Assets	2,380,219	2,159,228
Unrestricted	<u>4,583,253</u>	<u>4,536,002</u>
Total Net Position	<u>6,963,472</u>	<u>6,695,230</u>
Total Liabilities and Net Position	<u>\$ 17,659,522</u>	<u>\$ 14,643,019</u>

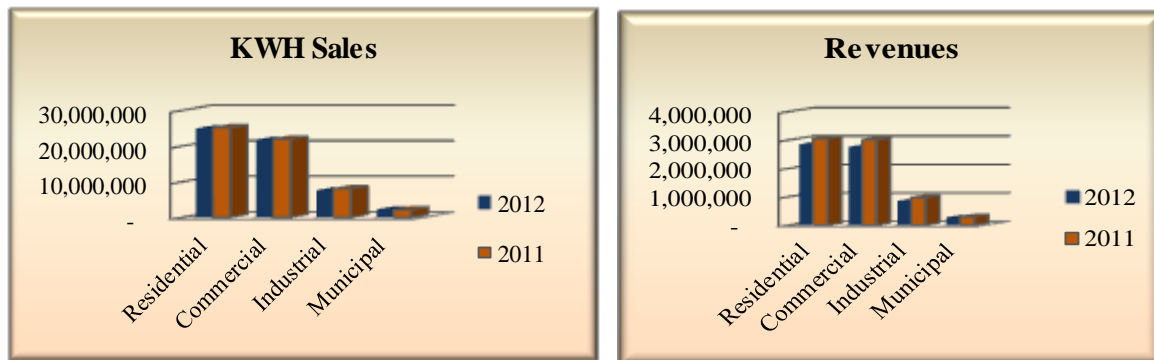
### Summary of Changes in Net Position

	2012	2011
Operating Revenues	\$ 7,053,318	\$ 7,711,957
Operating Expenses	6,805,176	7,520,044
Operating Income (Loss)	248,142	191,913
Non-operating Revenues (Expenses)	20,100	87,477
Income Before Contributions and Transfers	268,242	279,390
Beginning Net Position	6,695,230	6,415,840
Ending Net Position	\$ 6,963,472	\$ 6,695,230

### Financial Highlights

#### Kilowatt Hour Sales

The following charts represent total kilowatt-hour sales and total revenues by account class for 2012 and 2011.



#### Power Supply

The West Boylston Lighting Plant provides power for its customers through both long-term fixed power 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 cooperative, formed of 14 municipal electric systems and the Massachusetts Municipal Wholesale Electric Company (MMWEC). The 14 municipal owners proportionally share the financing, operating costs, and generated output. In 2012, WBMLP began receiving renewable energy credits from the Berkshire Wind Project. The renewable energy credits reduced the purchase power costs by \$162,423 for the year ending December 31, 2012. The wind sourced energy make up approximately 4% of the energy portfolio.

WBMLP continues to receive solar energy through its relationship with the Massachusetts Municipal Solar Energy Cooperative Corporation. The 370 kilowatt, 1,760 panel solar site at the corner of Paul X. Tivnan Drive and Shrewsbury Street generated approximately 1% of our energy portfolio in 2012. The solar energy generated renewable energy credits reducing power by \$107,727 and \$237,774 for the years ending December 31, 2012 and 2011. In 2013, the Lighting Plant will begin purchasing new solar energy from a privately owned facility. This new source of renewable energy will be ten times larger than our existing solar energy facility and WBMLP will purchase 100% of the energy at a favorable rate.

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 and Cooperative’s investment in utility plant assets, net of accumulated depreciation, as of December 31, 2012 and 2011 was \$3,410,248 and \$3,189,257, 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 have been required to sell their generation assets as a result of the same restructuring laws.

The generation assets, which we have a long term 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 variable-rate bond refinancing in 2001 and again in 2011. 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 supply 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 projects. This fund is required by State statute. We set aside 5% in 2012 and 2011 of our cost of plant to be used for capital improvements and additions.

In 2012 and 2011 we added \$346,397 and \$332,727 for future acquisitions. All interest on this fund is added to the fund balance and remains in this account.

### Rate Stabilization Fund

The Lighting Plant's Rate Stabilization Fund was created following passage of the Massachusetts Restructuring Law of 1997 and is to be utilized for unexpected escalation in costs such as price spikes in energy prices, transmission cost increases and other cost increases. Our Rate Stabilization balance at December 31, 2012 and 2011 was \$3,250,419 and \$3,223,969, respectively.

### 115kV Substation Project

During a 2012 annual town meeting, the Lighting Plant was approved for a \$2 million loan to finance the replacement of the aging substation. The total project costs are approximately \$4.4 million which will be shared by Boylston Municipal Light Department. The project replaces and enlarges the substation transformer, metering equipment, and 13.8 kV distribution circuit breakers. The project will significantly improve the reliability of the electrical distribution system and continue the sharing of common facilities between West Boylston Municipal Lighting Plant and Boylston Municipal Light Department. The new substation is expected to be fully replaced and commissioned by September 2013.



WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF NET POSITION  
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
<b>CURRENT ASSETS:</b>		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 4,578,643	\$ 2,009,435
Petty Cash	1,800	1,800
Customer Accounts Receivable, Net	158,592	187,773
Accounts Receivable - Other	167,600	226,441
Interest Receivable	3,229	3,093
Unbilled Revenue	655,395	645,910
Materials and Supplies	228,872	309,150
Prepaid Expenses	84,221	73,614
Prepaid Purchased Power	54,774	86,564
Purchased Power Working Capital	938,732	928,112
<b>TOTAL CURRENT ASSETS</b>	<b>6,871,858</b>	<b>4,471,892</b>
<b>NONCURRENT ASSETS:</b>		
Funds on Deposit with Town Treasurer		
Customer Deposits	135,241	135,260
Depreciation Fund	3,213,846	2,837,467
Insurance Reserve Fund	627,940	627,852
Investments	4,767	7,488
Preliminary Survey and Investigation Charges	82,845	82,845
Rate Stabilization Fund	3,250,419	3,223,969
Deferred Financing Costs, Net	62,358	66,989
Utility Plant Assets, Net	3,410,248	3,189,257
<b>TOTAL NONCURRENT ASSETS</b>	<b>10,787,664</b>	<b>10,171,127</b>
<b>TOTAL ASSETS</b>	<b>\$ 17,659,522</b>	<b>\$ 14,643,019</b>

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF NET POSITION  
DECEMBER 31, 2012 AND 2011

LIABILITIES

	2012	2011
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 582,105	\$ 505,246
Accounts Payable - MMWEC	3,460	1,886
Accrued Expenses	133,070	136,517
Current Portion of Long-Term Debt	272,337	68,669
Accrued Interest	10,472	-
Miscellaneous Deferred Liabilities	1,748,758	1,157,641
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,750,202</b>	<b>1,869,959</b>
<b>NONCURRENT LIABILITIES:</b>		
Customer Deposits	135,001	135,260
Other Post Employment Benefit Obligation	634,027	588,620
Reserve for Rate Stabilization	3,791,188	3,764,738
Bond Payable	1,865,000	0
Accumulated Provision for Insurance	627,940	627,852
Long-Term Debt, Less Current Portion	892,692	961,360
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>7,945,848</b>	<b>6,077,830</b>
<b>TOTAL LIABILITIES</b>	<b>10,696,050</b>	<b>7,947,789</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,380,219	2,159,228
Unrestricted	4,583,253	4,536,002
<b>TOTAL NET POSITION</b>	<b>6,963,472</b>	<b>6,695,230</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 17,659,522</b>	<b>\$ 14,643,019</b>

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING REVENUES:		
Sales of Electricity	\$ 6,781,921	\$ 7,322,230
Other Operating Revenues	271,397	389,727
TOTAL OPERATING REVENUES	7,053,318	7,711,957
OPERATING EXPENSES:		
Operations and Maintenance	6,383,993	7,113,140
Depreciation	421,183	406,904
TOTAL OPERATING EXPENSES	6,805,176	7,520,044
OPERATING INCOME	248,142	191,913
NONOPERATING REVENUES (EXPENSES):		
Investment Income	67,043	71,837
Dividend Income	941	1,978
Interest Expense	(20,944)	(22,790)
Disaster Recovery Income	0	57,705
Disaster Recovery Expenses	(22,309)	(16,634)
Amortization of Debt Expense	(4,631)	(4,619)
TOTAL NONOPERATING REVENUES (EXPENSES)	20,100	87,477
Income Before Contributions and Transfers	268,242	279,390
NET POSITION - JANUARY 1	6,695,230	6,415,840
NET POSITION - DECEMBER 31	\$ 6,963,472	\$ 6,695,230

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 7,117,856	\$ 7,609,487
Other Operating Cash Receipts - Solar Renewable Energy Credits	231,550	149,567
Cash Paid to Participant - Solar Renewable Energy Credits	(381,119)	0
Cash Paid to Suppliers	(4,332,359)	(5,640,062)
Cash Paid to Employees	(728,047)	(749,359)
Cash Paid for Benefits	(347,308)	(442,689)
	1,560,573	926,944
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Net Disaster Recovery Revenue (Costs)	(22,309)	(16,634)
Interest Expense	0	(511)
	(22,309)	(17,145)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Additions to Plant Assets	(642,175)	(261,685)
Bond Proceeds	2,000,000	0
Repayments on Long Term Debt	0	(68,669)
Interest Expense	(10,471)	(22,279)
	1,347,354	(352,633)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Income	67,043	71,837
Dividend Income	(2,296)	1,978
Rate Stabilization Reserve	26,450	29,864
Purchase of Investments	(1,724,000)	(2,477,000)
Proceeds from Sales and Maturities of Investments	2,194,721	1,872,286
	561,918	(501,035)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,447,536	56,131
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	6,879,895	6,823,764
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31</b>	\$ 10,327,431	\$ 6,879,895

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 248,142	\$ 191,913
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	421,183	406,904
Loss on Disposition of Investments	0	2,529
(Increase) Decrease in Assets:		
Accounts Receivable - Customers	(97,717)	59,335
Accounts Receivable - Other	185,739	(184,798)
Unbilled Revenue	(9,485)	56,121
Materials and Supplies	80,278	(58,124)
Prepaid Expenses	(10,607)	7,583
Prepaid Purchased Power	31,790	(26,870)
Increase (Decrease) in Liabilities:		
Accounts Payable	76,859	(223,816)
Accounts Payable - MMWEC	1,574	(6,004)
Accrued Expenses	(3,447)	4,206
Miscellaneous Deferred Liabilities	591,117	560,354
Customer Deposits	(259)	(3,229)
Other Post Employment Benefits	45,407	140,840
Net Cash Provided by (Used In) Operating Activities	\$ 1,560,574	\$ 926,944

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

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

	2012	2011
Petty Cash	\$ 1,800	\$ 1,800
Operating Cash	4,578,643	2,009,435
Depreciation Cash	794,656	0
Rate Stabilization Fund	3,250,419	3,223,969
Customer Deposits	135,241	135,260
Insurance Reserve Fund	627,940	581,319
Working Capital	938,732	928,112
	\$ 10,327,431	\$ 6,879,895

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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 is a component unit of the Town of West Boylston, Massachusetts. The Board of Commissioners appoints the manager of the Lighting Plant who shall be responsible for operation and management of the Lighting Plant. The Lighting Plant purchases power from various sources and sells it to the ultimate consumers at rates on file with the Massachusetts Department of Public Utilities (DPU).

Regulation and Basis of Accounting

The Lighting Plant's financial statements are reported using the flow of 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.

Under Massachusetts 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 3% 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 2012 and 2011.

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

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

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

Revenues (continued)

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 2012 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.

Materials and Supplies

Materials and supplies are valued using the average cost method.

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 and after 10 years of service of employment with the Lighting Plant, the employee will be paid a maximum of 30 days of accumulated sick time. Non-bargaining employees are eligible to carry over 5 days of vacation time from one year to the next. Other 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.

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2012 AND 2011

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 and insurance reserve funds.

The Plant is invested in obligations of 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.

As of December 31, 2012 and 2011, the Lighting Plant had the following investments and maturities:

	<u>Ratings as of Year End</u>	<u>2012 Fair Value</u>	<u>2012 Under 1 Year</u>	<u>2012 1-5 Years</u>	<u>2011 Fair Value</u>
<u>Term Securities</u>					
Certificates of Deposit	Exempt	\$ 2,416,000	\$ 2,316,000	\$ 100,000	\$ 2,884,000
<u>Other Securities</u>					
Cash Balance		518			239
Money Market Funds		<u>1,422,478</u>			<u>541,361</u>
Total Investments		<u>\$ 3,838,996</u>			<u>\$ 3,425,600</u>



WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 2 - CASH AND INVESTMENTS (Continued):

<u>Gain (Loss) on Investments</u>	<u>2012</u>	<u>2011</u>
Realized Gain (Loss) on Investments	\$ 0	\$ (2,529)
Unrealized Gain (Loss) on Investments	<u>3,162</u>	<u>0</u>
Gain (Loss) on Investments	<u>\$ 3,162</u>	<u>\$ (2,529)</u>

The gross unrealized holdings gains (losses) on certificates of deposit were \$3,162 and \$0 as of December 31, 2012 and 2011, respectively.

Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Apple Bank for Savings	\$ 200,000	5%
GE Capital Retail Bank	200,000	5%
Sovereign Bank	200,000	5%
Compass BK	200,000	5%
PrivateBank	200,000	5%
BMW Bank of North America	<u>200,000</u>	5%
Total	<u>\$ 1,200,000</u>	

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 AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 5 - ACCOUNTS RECEIVABLE:

Accounts Receivable - Customers consists of the following:

	2012	2011
Accounts Receivable	\$ 170,120	\$ 199,301
Less: Allowance for Doubtful Accounts	11,528	11,528
Accounts Receivable, Net	\$ 158,592	\$ 187,773

Accounts Receivable – Other consists of the following:

	2012	2011
Merchandise and Jobbing	\$ 46,762	\$ 47,567
Solar Renewable Energy Credits Receivable	49,459	120,367
Berkshire Wind Renewable Energy Credits Receivable	71,379	0
Disaster Recovery Receivable	0	57,705
MMWEC Refunds Receivable	0	561
Dividends Receivable	0	241
Total Other Accounts Receivable	\$ 167,600	\$ 226,441

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 claims. 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 8 - RATE STABILIZATION FUND:

The Rate Stabilization Fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. 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. The Rate Stabilization Fund balance at December 31, 2012 and 2011 was \$3,250,419 and \$3,223,969, respectively.

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, 2012 and 2011 is \$938,732 and \$928,112, 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 AND SUBSIDIARY  
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NOTE 10 - MMWEC PARTICIPATION (Continued):

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).

NOTE 11 - DISASTER RECOVERY ASSISTANCE:

On August 28, 2011 Hurricane Irene hit the area and on October 31, 2011 there was a severe snow storm that hit the area and left the Plant without power. The storms did 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 damage to their homes and business property. The Plant incurred many costs to re-energize the Town, including 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). As of December 31, 2012 and 2011, the total receivable from FEMA amounted to \$0 and \$14,544, respectively.

On December 11, 2008, a severe ice storm hit the area and left the Plant and its customers without power for several days. All costs were incurred prior to 2010. During December 2011, the Town of West Boylston received the last reimbursement payment in the amount of \$43,161 from the Massachusetts Emergency Management Administration (MEMA) for costs incurred related to the storm.

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS:

	<u>2012</u>	<u>2011</u>
Cost of Capital Assets Acquired	\$ 10,024,994	\$ 9,502,432
Less: Accumulated Depreciation	(6,614,746)	(6,313,175)
Less: Outstanding Debt Related to Capital Assets	<u>(1,030,029)</u>	<u>(1,030,029)</u>
Net Investment in Capital Assets	<u>\$ 2,380,219</u>	<u>\$ 2,159,228</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 13 - UTILITY PLANT ASSETS:

	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012
Capital Assets Not Being Depreciated:				
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Construction in Progress	3,126	107,511	0	110,637
Capital Assets Not Being Depreciated	<u>669,554</u>	<u>107,511</u>	<u>0</u>	<u>777,065</u>
Capital Assets Being Depreciated:				
Distribution Plant	5,201,800	366,205	(23,032)	5,544,973
General Plant	1,761,439	168,459	(96,581)	1,833,317
Generation Plant	1,869,639	0	0	1,869,639
Total	<u>8,832,878</u>	<u>534,664</u>	<u>(119,613)</u>	<u>9,247,929</u>
Less Accumulated Depreciation For:				
Distribution Plant	(4,751,939)	(258,326)	23,032	(4,987,233)
General Plant	(1,475,142)	(88,072)	96,581	(1,466,633)
Generation Plant	(86,094)	(74,786)	0	(160,880)
Total Accumulated Depreciation	<u>(6,313,175)</u>	<u>(421,184)</u>	<u>119,613</u>	<u>(6,614,746)</u>
Capital Assets Being Depreciated, Net	<u>2,519,703</u>	<u>113,480</u>	<u>0</u>	<u>2,633,183</u>
Utility Plant Assets, Net	<u>\$ 3,189,257</u>	<u>\$ 220,991</u>	<u>\$ 0</u>	<u>\$ 3,410,248</u>

NOTE 14 - 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 defined contributory 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 14 - PENSION PLAN (Continued):

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.

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, 2012, 2011, and 2010 was \$103,781, \$ 91,375, and \$110,763, 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 15 - RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Lighting Plant sells electricity to various Town departments. During the years ended December 31, 2012 and 2011, sales to these departments totaled \$312,580 and \$310,422, respectively. At December 31, 2012 and 2011, the amounts due from these departments were \$16,808 and \$26,296, respectively.

During the years ended December 31, 2012 and 2011, the Lighting Plant reimbursed the Town \$223,740 and \$309,151, respectively. At December 31, 2012 and 2011, amounts payable to the town were \$4,464 and \$35,882, respectively.

NOTE 16 - ADVANCES TO MMLD SOLAR ENERGY COOPERATIVE CORPORATION:

West Boylston Municipal Lighting Plant has advanced amounts to the Cooperative in order to pay for development costs associated with the West Boylston Facilities, as well as some construction costs that were in excess of the bond proceeds. There are no specific repayment terms. As of December 31, 2012 and 2011, the total advance to the Cooperative was \$815,564.

NOTE 17 - 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. 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, 2012 and 2011, the Lighting Plant considers its pro rata share of these losses to be immaterial to its financial statements.

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

December 31, 2008 was the initial year that West Boylston Municipal Lighting Plant (WBMLP) implemented GASB Statement 45, *Accounting for Financial Reporting by Employers for Postemployment 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

*Plan Description.* The Plant participates in the town sponsored single employer defined benefit health plan. The Plant 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.

As of June 30, 2012 WBMLP's membership consisted of the following:

Current retirees, beneficiaries and dependents	15	
Current active members	<u>9</u>	
Total		<u><u>24</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 \$193,159 and \$185,774 for the years ended December 31, 2012 and 2011. 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 20% to 30% of the cost of benefits depending on the health plan they are enrolled in.

*Annual OPEB Costs.* The Plant'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 Plant's annual OPEB cost for the year ending December 31, 2012, the amount actually contributed to the plan, and changes in the Plant's net OPEB obligation based on an actuarial valuation as of June 30, 2012 were as follows:

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 120,999	\$ 219,219
Contributions made	<u>(75,592)</u>	<u>(78,379)</u>
Increase in net OPEB obligation	45,407	140,840
Net OPEB obligation beginning of year	<u>588,620</u>	<u>447,780</u>
Net OPEB obligation end of year	<u><u>\$ 634,027</u></u>	<u><u>\$ 588,620</u></u>



WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

The Plant'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>
2010	\$ 209,905	39.9%	\$ 447,780
2011	\$ 219,219	35.7%	\$ 588,620
2012	\$ 120,999	62.4%	\$ 634,027

*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.

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 2012, 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, 2012. The Lighting Plant is waiting for the trust to be set up with MMWEC.

The funded status is as follows:

Actuarial accrued liability (AAL)	\$2,088,118
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability	\$2,088,118
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered Payroll (active plan members)	749,359
UAAL as a percentage of covered payroll	278.65%

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the plant 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

As of the June 30, 2012 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5% after 5 years. The Plant's unfunded actuarial accrued liability is being amortized each year as an open 30 year level dollar basis.

NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY  
COOPERATIVE CORPORATION (COOPERATIVE):

The significant accounting policies of the Massachusetts Municipal Light Department Solar Energy Cooperative Corporation (Cooperative) are as follows:

Reporting Entity

The Cooperative is organized under Chapter 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 the West Boylston Municipal Lighting Plant (WBMLP) for the purpose of financing, owning, constructing and operating solar generation facilities located in the town of West Boylston, Massachusetts (West Boylston Facilities).

The powers of the Cooperative are exercised by the Board of Directors who has the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent the WBMLP.

Nature of Operations

The Cooperative is a self-sustaining 369.6 kilowatt solar photovoltaic energy project, comprised of 1,760 solar panels installed at the intersection of Paul X. Tivnan Road and Shrewsbury Street in West Boylston, Massachusetts. The Cooperative provides both operational and financial value to the WBMLP by delivering clean, renewable electricity to its customers.

Regulation and Basis of Accounting

The financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fair Value of Financial Instruments

The Cooperative's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses and debt instruments. The estimated fair values of these financial instruments approximate their carrying values at December 31, 2012 and 2011. The estimated fair values have been determined through information obtained from market sources and management estimates.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY  
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Depreciation

Property and equipment is stated at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives using straight line method. Depreciation expense for 2012 and 2011 was \$74,786 and \$74,177, respectively.

Taxes

The Cooperative is exempt from federal income taxes.

Advances from West Boylston Municipal Lighting Plant

WBMLP has advanced amounts to the Cooperative in order to pay for development costs associated with the West Boylston Facilities that are in excess of the bond proceeds. The advances are classified as long term as repayment is not anticipated within the current year. There are no specific repayment terms. As of December 31, 2012 and 2011 the total advances to the Cooperative were \$815,564.

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.

Prepaid Insurance

Prepaid insurance represents insurance premiums paid in the current fiscal year benefiting future periods.

Amounts Recoverable/Payable in the Future

The difference between revenues received and expenses paid are charged to the amounts recoverable/payable in the future account. Such amounts will be recovered or settled through future billings.

Revenues and Expenses

The Cooperative distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the Cooperative will be the contract charges to the WBMLP. Operating expenses for the Cooperative currently include insurance, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY  
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Custodial Credit Risk

In the event of a bank failure, the Cooperative's deposits may not be returned. The Cooperative's funds on deposit with financial institutions are subject to the insurance coverage limits by the Federal Deposit Insurance Corporation (FDIC) and the Deposit Insurance Fund of Massachusetts (DIF).

*Related Parties:*

On behalf of the Cooperative, MMWEC records and accounts for bills received and paid. MMWEC is accounting for monthly contract charges rendered and payments received from the WBMLP.

The Cooperative entered into an agency contract with MMWEC on October 22, 2008, under which MMWEC is serving as the Cooperative's agent in all matters with respect to financing the construction, purchase, ownership, lease or other acquisition by the Cooperative of the West Boylston Facilities or energy generated from other facilities and other property or interest therein.

The Cooperative entered into a service contract with MMWEC on June 29, 2010, under which MMWEC is serving as the Cooperative's agent to provide financing, administrative and other services relating to the West Boylston Facilities.

Under both the agency and service contract, MMWEC is to serve as the Cooperative's representative in the New England Power Pool (NEPOOL) and in matters relating to ISO New England, Inc. (ISO-NE) in connection with the West Boylston Facilities, the purchase and sale of energy there or from other facilities and other property or interests therein.

During the year ended December 31, 2012 and 2011, the Cooperative incurred charges of \$14,682 and \$12,946, for services provided by or paid by MMWEC on behalf of the Cooperative. As of December 31, 2012 and 2011, the Cooperative had an outstanding balance due to MMWEC of \$3,460 and \$1,886, respectively.

WBMLP made advances to the Cooperative to fund project costs. As of December 31, 2012 and 2011, the Cooperative has an outstanding balance due to WBMLP of \$815,564.

As disclosed in Note 4, the Cooperative entered into a lease agreement with the WBMLP and is required to make annual rental payments under the agreement.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY  
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

*Debt:*

In June 2010, the Cooperative obtained a Clean Renewable Energy Bond (CREB) in the amount of \$1,167,367 to provide term financing for the installation and operation of the West Boylston Facilities. The CREB has a payment term of up to sixteen years but not greater than the maximum term for a clean renewable energy bond as determined by the U.S. Treasury Department. Principal payments are due in equal installments of \$68,669 commencing on December 30, 2010 and then on the December 30 of each year thereafter. All principal and accrued interest thereon shall be due and payable on demand on June 29, 2026. Interest on the CREB is fixed at 2% and is payable in semi-annual installments on June 30 and December 30 of each year. The CREB is collateralized by the equipment and the purchase power agreement (PPA) with the West Boylston Municipal Lighting Plant. As of December 31, 2012 and 2011 the outstanding CREB balance was \$1,030,029.

The Cooperative incurred \$73,949 of financing costs in connection with the issuance of the debt, which were capitalized and are being amortized over the life of the debt instrument. Amortization expense related to these financing costs was \$4,631 and \$4,619 for the years ended December 31, 2012 and 2011, respectively. The remaining deferred costs balance related to the CREB of \$62,358 and \$66,989 is included in deferred financing costs on the accompanying statements of net position as of December 31, 2012 and 2011, respectively.

The following is a summary of total debt service requirements for the CREB outstanding:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For years ended December 31,	2013	\$ 137,337	\$ 28,966	\$ 166,303
	2014	68,669	18,102	86,771
	2015	68,669	17,709	86,378
	2016	68,669	15,359	84,028
	2017	68,669	13,924	82,593
	2018-2022	343,343	48,762	392,105
	2023-2027	<u>274,673</u>	<u>13,235</u>	<u>287,908</u>
	Total	<u>\$ 1,030,029</u>	<u>\$ 156,057</u>	<u>\$ 1,186,086</u>

*Commitments and Contingencies:*

Lease Agreement

The Cooperative entered into a 20 year lease agreement on June 29, 2010 with the WBMLP. Under the lease agreement, the Cooperative may finance, purchase, acquire, own, hold, install and maintain, or cause to be installed and maintained, a ground-mounted photovoltaic installation for the production of solar energy on the West Boylston Facilities. This lease agreement requires monthly lease payments of \$1 each month for the term of the lease.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
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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.

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 has constructed and installed 10 1.5-megawatt wind turbines at the Berkshire Wind Facility. The Cooperative provides 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2012 AND 2011

NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

The West Boylston Municipal Lighting Plant has entered into a PPA with the Berkshire Wind Cooperative Corporation. 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 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.

As of December 31, 2012, total capital expenditures for the Berkshire Wind Facility amounted to \$58,990,077, of which \$3,171,000, 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 \$62,490,000, of which \$3,359,000 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, 2012, the Cooperative's total future debt service requirement on outstanding bonds issued for the Projects is \$97,190,000, of which \$5,224,000 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, 2012 and estimated for future years is shown below.

		<u>ANNUAL COSTS</u>
For the years ended December 31,	2013	\$ 290,000
	2014	290,000
	2015	290,000
	2016	290,000
	2017	290,000
	2018 to 2022	1,451,000
	2023 to 2027	1,452,000
	2028 to 2030	<u>871,000</u>
	TOTAL	<u>\$ 5,224,000</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities:

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

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 an indirect 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 Seabrook LLC), the majority owner and an indirect subsidiary of NextEra Energy Resources LLC (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. The arbitration has been stayed by agreement of the parties. 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 AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2012 AND 2011

NOTE 20 - CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

As of December 31, 2012, total capital expenditures for MMWEC's Projects amounted to \$1,593,344,000 of which \$23,619,000 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 Lighting Plant. MMWEC's debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$284,005,000, of which \$4,030,000 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 Lighting Plant. As of December 31, 2012, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$289,247,000, of which \$4,062,000 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, 2012 and estimated for future years is shown below.

		<u>ANNUAL COSTS</u>
For the years ended December 31,	2013	\$ 1,040,000
	2014	956,000
	2015	902,000
	2016	749,000
	2017	326,000
	2018 to 2021	<u>89,000</u>
	Total	<u>\$ 4,062,000</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 \$2,535,000 and \$2,918,000 for the years ended December 31, 2012 and 2011, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(\$000)

PROJECTS	PERCENTAGE SHARE	TOTAL PROJECT EXPENDITURES TO DATE	PARTICIPANT'S SHARE	DEBT ISSUED & OUTSTANDING 12/31/2012	PARTICIPANT'S SHARE	TOTAL DEBT SERVICE ON BONDS OUTSTANDING	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 59,223	\$ 1,365	-	-	-	-
Stony Brook Intermediate Project	1.4135	167,604	2,369	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	9,528	129	836	11	603	8
Nuclear Mix No. 1-MLS	1.3587	122,811	1,669	10,774	146	7,773	106
Nuclear Project No. 3-MLS	1.7956	147,782	2,654	55,865	1,003	56,707	1,018
Nuclear Project No. 4-SBK	2.9080	340,380	9,898	57,600	1,675	57,773	1,680
Nuclear Project No. 5-SBK	0.7204	92,467	666	16,875	122	16,988	122
Wyman Project	-	8,787	-	-	-	-	-
Project No. 6-SBK	0.7552	644,762	4,869	142,055	1,073	149,403	1,128
TOTAL		<u>\$ 1,593,344</u>	<u>\$ 23,619</u>	<u>\$ 284,005</u>	<u>\$ 4,030</u>	<u>\$ 289,247</u>	<u>\$ 4,062</u>

PROJECTS	PERCENTAGE SHARE	OPERATION & MAINTENANCE 12/31/2011	PARTICIPANT'S SHARE	OPERATION & MAINTENANCE 12/31/2012	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 4,306	\$ 99	\$ 3,693	\$ 85
Stony Brook Intermediate Project	1.4135	25,624	362	18,800	266
Nuclear Mix No. 1-SBK	1.3587	1,239	17	1,129	15
Nuclear Mix No. 1-MLS	1.3587	17,540	238	14,547	198
Nuclear Project No. 3-MLS	1.7956	29,304	526	26,267	472
Nuclear Project No. 4-SBK	2.9080	38,376	1,116	33,870	985
Nuclear Project No. 5-SBK	0.7204	10,428	75	9,082	65
Wyman Project	-	1,751	-	1,169	-
Project No. 6-SBK	0.7552	64,280	485	59,400	449
TOTAL		<u>\$ 192,848</u>	<u>\$ 2,918</u>	<u>\$ 167,957</u>	<u>\$ 2,535</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(\$000)

PROJECTS	PERCENTAGE SHARE	2013		2014		2015	
		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	589	8	215	3	-	-
Nuclear Mix No. 1-MLS	1.3587	5,549	75	2,023	27	-	-
Nuclear Project No. 3-MLS	1.7956	13,987	251	14,063	253	14,311	257
Nuclear Project No. 4-SBK	2.9080	15,145	440	13,957	406	13,142	382
Nuclear Project No. 5-SBK	0.7204	4,187	30	3,934	28	3,821	28
Wyman Project	-	-	-	-	-	-	-
Project No. 6-SBK	0.7552	31,272	236	31,651	239	31,087	235
<b>TOTAL</b>		<b>\$ 70,729</b>	<b>\$ 1,040</b>	<b>\$ 65,843</b>	<b>\$ 956</b>	<b>\$ 62,361</b>	<b>\$ 902</b>

PROJECTS	PERCENTAGE SHARE	2016		2017		2018 to 2021	
		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	-	-	-	-	-	-
Nuclear Mix No. 1-MLS	1.3587	-	-	-	-	-	-
Nuclear Project No. 3-MLS	1.7956	9,182	165	3,492	63	1,672	30
Nuclear Project No. 4-SBK	2.9080	11,128	324	4,401	128	-	-
Nuclear Project No. 5-SBK	0.7204	3,370	24	1,559	11	117	1
Wyman Project	-	-	-	-	-	-	-
Project No. 6-SBK	0.7552	31,225	236	16,460	124	7,708	58
<b>TOTAL</b>		<b>\$ 54,905</b>	<b>\$ 749</b>	<b>\$ 25,912</b>	<b>\$ 326</b>	<b>\$ 9,497</b>	<b>\$ 89</b>

# Goulet, Salvidio & Associates, P.C.

Certified Public Accountants

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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 01583

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on pages thirty-five through forty-two is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applies in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation the financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

*Goulet, Salvidio & Associates, P.C.*

Worcester, Massachusetts  
April 30, 2013

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF NET POSITION  
DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>			<u>2011</u>				
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
<b>CURRENT ASSETS:</b>								
Funds on Deposit with Town Treasurer								
Operating Cash	\$ 4,489,617	\$ 89,026	\$ -	\$ 4,578,643	\$ 1,868,282	\$ 141,153	\$ -	\$ 2,009,435
Petty Cash	1,800	-	-	1,800	1,800	-	-	1,800
Customer Accounts Receivable, Net	158,592	-	-	158,592	187,773	-	-	187,773
Accounts Receivable - Other	167,600	73,347	(73,347)	167,600	353,339	142,985	(269,883)	226,441
Interest Receivable	3,229	-	-	3,229	3,093	-	-	3,093
Unbilled Revenue	655,395	-	-	655,395	645,910	-	-	645,910
Materials and Supplies	228,872	-	-	228,872	309,150	-	-	309,150
Prepaid Expenses	79,804	4,417	-	84,221	60,216	13,398	-	73,614
Prepaid Purchased Power	54,774	-	-	54,774	86,564	-	-	86,564
Purchased Power Working Capital	938,732	-	-	938,732	928,112	-	-	928,112
<b>TOTAL CURRENT ASSETS</b>	<b>6,778,415</b>	<b>166,790</b>	<b>(73,347)</b>	<b>6,871,858</b>	<b>4,444,239</b>	<b>297,536</b>	<b>(269,883)</b>	<b>4,471,892</b>
<b>NONCURRENT ASSETS:</b>								
Funds on Deposit with Town Treasurer								
Customer Deposits	135,241	-	-	135,241	135,260	-	-	135,260
Depreciation Fund	3,213,846	-	-	3,213,846	2,837,467	-	-	2,837,467
Insurance Reserve Fund	627,940	-	-	627,940	627,852	-	-	627,852
Investments	4,767	-	-	4,767	7,488	-	-	7,488
Preliminary Survey and Investigation Charges	82,845	-	-	82,845	82,845	-	-	82,845
Advances to MMLD Solar Energy Cooperative Corporation	815,564	-	(815,564)	-	815,564	-	(815,564)	-
Rate Stabilization Fund	3,250,419	-	-	3,250,419	3,223,969	-	-	3,223,969
Deferred Financing Costs, Net	-	62,358	-	62,358	-	66,989	-	66,989
Utility Plant Assets, Net	1,701,489	1,708,759	-	3,410,248	1,405,712	1,783,545	-	3,189,257
<b>TOTAL NONCURRENT ASSETS</b>	<b>9,832,111</b>	<b>1,771,117</b>	<b>(815,564)</b>	<b>10,787,664</b>	<b>9,136,157</b>	<b>1,850,534</b>	<b>(815,564)</b>	<b>10,171,127</b>
<b>TOTAL ASSETS</b>	<b>\$ 16,610,526</b>	<b>\$ 1,937,907</b>	<b>\$ (888,911)</b>	<b>\$ 17,659,522</b>	<b>\$ 13,580,396</b>	<b>\$ 2,148,070</b>	<b>\$ (1,085,447)</b>	<b>\$ 14,643,019</b>

See Independent Auditors' Report on Supplemental Information

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF NET POSITION  
DECEMBER 31, 2012 AND 2011

LIABILITIES AND NET POSITION

	<u>2012</u>				<u>2011</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CURRENT LIABILITIES:								
Accounts Payable	\$ 605,554	\$ 166	\$ (23,615)	\$ 582,105	\$ 505,100	\$ 146	\$ -	\$ 505,246
Accounts Payable - MMWEC	-	3,460	-	3,460	-	1,886	-	1,886
Accrued Expenses	133,070	-	-	133,070	136,517	-	-	136,517
Current Portion of Long-Term Debt	135,000	137,337	-	272,337	-	68,669	-	68,669
Accrued Interest	-	10,472	-	10,472	-	-	-	-
Billings in Excess of Costs to Participants	-	123,918	(123,918)	-	-	266,731	(266,731)	-
Miscellaneous Deferred Liabilities	1,748,758	-	-	1,748,758	1,157,641	-	-	1,157,641
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,622,382</b>	<b>275,353</b>	<b>(147,533)</b>	<b>2,750,202</b>	<b>1,799,258</b>	<b>337,432</b>	<b>(266,731)</b>	<b>1,869,959</b>
NONCURRENT LIABILITIES:								
Customer Deposits	135,001	-	-	135,001	135,260	-	-	135,260
Other Post Employment Benefit Obligation	634,027	-	-	634,027	588,620	-	-	588,620
Reserve for Rate Stabilization	3,791,188	-	-	3,791,188	3,764,738	-	-	3,764,738
Bond Payable	1,865,000	-	-	1,865,000	-	-	-	-
Accumulated Provision for Insurance	627,940	-	-	627,940	627,852	-	-	627,852
Long-Term Debt, Less Current Portion	-	892,692	-	892,692	-	961,360	-	961,360
Amounts Recoverable/Payable in the Future	45,702	(45,702)	-	-	-	33,714	(33,714)	-
Advances from West Boylston Municipal Lighting Plant	-	815,564	(815,564)	-	-	815,564	(815,564)	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>7,098,858</b>	<b>1,662,554</b>	<b>(815,564)</b>	<b>7,945,848</b>	<b>5,116,470</b>	<b>1,810,638</b>	<b>(849,278)</b>	<b>6,077,830</b>
<b>TOTAL LIABILITIES</b>	<b>9,721,240</b>	<b>1,937,907</b>	<b>(963,097)</b>	<b>10,696,050</b>	<b>6,915,728</b>	<b>2,148,070</b>	<b>(1,116,009)</b>	<b>7,947,789</b>
NET POSITION:								
Net Investment in Capital Assets	1,701,489	678,730	-	2,380,219	1,405,712	753,516	-	2,159,228
Unrestricted	5,187,797	(678,730)	74,186	4,583,253	5,258,956	(753,516)	30,562	4,536,002
<b>TOTAL NET POSITION</b>	<b>6,889,286</b>	<b>-</b>	<b>74,186</b>	<b>6,963,472</b>	<b>6,664,668</b>	<b>-</b>	<b>30,562</b>	<b>6,695,230</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 16,610,526</b>	<b>\$ 1,937,907</b>	<b>\$ (888,911)</b>	<b>\$ 17,659,522</b>	<b>\$ 13,580,396</b>	<b>\$ 2,148,070</b>	<b>\$ (1,085,447)</b>	<b>\$ 14,643,019</b>

See Independent Auditors' Report on Supplemental Information

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>			<u>2011</u>				
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
OPERATING REVENUES:								
Sales of Electricity	\$ 6,781,921	\$ -	\$ -	\$ 6,781,921	\$ 7,322,230	\$ -	\$ -	\$ 7,322,230
Other Operating Revenues	160,213	70,406	40,778	271,397	151,953	146,093	91,681	389,727
<b>TOTAL OPERATING REVENUES</b>	<b>6,942,134</b>	<b>70,406</b>	<b>40,778</b>	<b>7,053,318</b>	<b>7,474,183</b>	<b>146,093</b>	<b>91,681</b>	<b>7,711,957</b>
OPERATING EXPENSES:								
Operations and Maintenance	6,416,794	49,462	(82,263)	6,383,993	7,046,458	55,145	11,537	7,113,140
Depreciation	346,397	74,786	-	421,183	332,727	74,177	-	406,904
<b>TOTAL OPERATING EXPENSES</b>	<b>6,763,191</b>	<b>124,248</b>	<b>(82,263)</b>	<b>6,805,176</b>	<b>7,379,185</b>	<b>129,322</b>	<b>11,537</b>	<b>7,520,044</b>
<b>OPERATING INCOME</b>	<b>178,943</b>	<b>(53,842)</b>	<b>123,041</b>	<b>248,142</b>	<b>94,998</b>	<b>16,771</b>	<b>80,144</b>	<b>191,913</b>
NONOPERATING REVENUES (EXPENSES):								
Investment Income	67,043	-	-	67,043	71,837	-	-	71,837
Dividend Income	941	-	-	941	1,978	-	-	1,978
Interest Expense	-	(20,944)	-	(20,944)	(511)	(22,279)	-	(22,790)
Disaster Recovery Income	-	-	-	-	57,705	-	-	57,705
Disaster Recovery Expenses	(22,309)	-	-	(22,309)	(16,634)	-	-	(16,634)
Amortization of Debt Expense	-	(4,631)	-	(4,631)	-	(4,619)	-	(4,619)
Amounts Recoverable/Payable in the Future	-	79,417	(79,417)	-	-	10,127	(10,127)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>45,675</b>	<b>53,842</b>	<b>(79,417)</b>	<b>20,100</b>	<b>114,375</b>	<b>(16,771)</b>	<b>(10,127)</b>	<b>87,477</b>
<b>Income Before Contributions and Transfers</b>	<b>224,618</b>	<b>-</b>	<b>43,624</b>	<b>268,242</b>	<b>209,373</b>	<b>-</b>	<b>70,017</b>	<b>279,390</b>
<b>NET POSITION - JANUARY 1</b>	<b>6,664,668</b>	<b>-</b>	<b>30,562</b>	<b>6,695,230</b>	<b>6,455,295</b>	<b>-</b>	<b>(39,455)</b>	<b>6,415,840</b>
<b>NET POSITION - DECEMBER 31</b>	<b>\$ 6,889,286</b>	<b>\$ -</b>	<b>\$ 74,186</b>	<b>\$ 6,963,472</b>	<b>\$ 6,664,668</b>	<b>\$ -</b>	<b>\$ 30,562</b>	<b>\$ 6,695,230</b>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>				<u>2011</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash Received from Customers	\$ 6,971,056	\$ 146,800	\$ -	7,117,856	\$ 7,405,919	\$ 203,568	\$ -	\$ 7,609,487
Other Operating Cash Receipts - Solar Renewable Energy Credits	-	231,550	-	231,550	-	149,567	-	149,567
Cash Paid to Participant - Solar Renewable Energy Credits	-	(381,119)	-	(381,119)	-	-	-	-
Cash Paid to Suppliers	(4,293,472)	(38,887)	-	(4,332,359)	(5,448,742)	(191,320)	-	(5,640,062)
Cash Paid to Employees	(728,047)	-	-	(728,047)	(749,359)	-	-	(749,359)
Cash Paid for Benefits	(347,308)	-	-	(347,308)	(442,689)	-	-	(442,689)
Net Cash Provided by (Used in) Operating Activities	<u>1,602,229</u>	<u>(41,656)</u>	<u>-</u>	<u>1,560,573</u>	<u>765,129</u>	<u>161,815</u>	<u>-</u>	<u>926,944</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Net Disaster Recovery Revenue (Costs)	(22,309)	-	-	(22,309)	(16,634)	-	-	(16,634)
Interest Expense	-	-	-	-	(511)	-	-	(511)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(22,309)</u>	<u>-</u>	<u>-</u>	<u>(22,309)</u>	<u>(17,145)</u>	<u>-</u>	<u>-</u>	<u>(17,145)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-
Additions to Plant Assets	(642,175)	-	-	(642,175)	(311,829)	(9,857)	60,001	(261,685)
Debt Issuance Costs	-	-	-	-	-	-	-	-
Bond Proceeds	2,000,000	-	-	2,000,000	-	-	-	-
Repayments on Long Term Debt	-	-	-	-	-	(68,669)	-	(68,669)
Advances from West Boylston	-	-	-	-	-	27,046	(27,046)	-
Interest Expense	-	(10,471)	-	(10,471)	-	(22,279)	-	(22,279)
Proceeds from Issuance of Long Term Debt	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Capital Financing Activities	<u>1,357,825</u>	<u>(10,471)</u>	<u>-</u>	<u>1,347,354</u>	<u>(311,829)</u>	<u>(73,759)</u>	<u>32,955</u>	<u>(352,633)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Advances to MMLD Solar Energy Cooperative Corporation	-	-	-	-	32,955	-	(32,955)	-
Investment Income	67,043	-	-	67,043	71,837	-	-	71,837
Dividend Income	(2,296)	-	-	(2,296)	1,978	-	-	1,978
Rate Stabilization Reserve	26,450	-	-	26,450	29,864	-	-	29,864
Purchase of Investments	(1,724,000)	-	-	(1,724,000)	(2,477,000)	-	-	(2,477,000)
Proceeds from Sales and Maturities of Investments	2,194,721	-	-	2,194,721	1,872,286	-	-	1,872,286
Net Cash Provided by (Used in) Investing Activities	<u>561,918</u>	<u>-</u>	<u>-</u>	<u>561,918</u>	<u>(468,080)</u>	<u>-</u>	<u>(32,955)</u>	<u>(501,035)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,499,663	(52,127)	-	3,447,536	(31,925)	88,056	-	56,131
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>6,738,742</u>	<u>141,153</u>	<u>-</u>	<u>6,879,895</u>	<u>6,770,667</u>	<u>53,097</u>	<u>-</u>	<u>6,823,764</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 10,238,405</u>	<u>\$ 89,026</u>	<u>\$ -</u>	<u>\$ 10,327,431</u>	<u>\$ 6,738,742</u>	<u>\$ 141,153</u>	<u>\$ -</u>	<u>\$ 6,879,895</u>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>				<u>2011</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:								
Operating Income	\$ 178,943	\$ (53,842)	\$ 123,041	\$ 248,142	\$ 94,998	\$ 16,771	\$ 80,144	\$ 191,913
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:								
Depreciation	346,397	74,786	-	421,183	332,727	74,177	-	406,904
Loss on Disposition of Investments	-	-	-	-	2,529	-	-	2,529
(Increase) Decrease in Assets:								
Accounts Receivable - Customers	29,181	69,638	(196,536)	(97,717)	(67,563)	(142,985)	269,883	59,335
Accounts Receivable - Other	185,739	-	-	185,739	(184,798)	-	-	(184,798)
Unbilled Revenue	(9,485)	-	-	(9,485)	56,121	83,296	(83,296)	56,121
Materials and Supplies	80,278	-	-	80,278	(58,124)	-	-	(58,124)
Prepaid Expenses	(19,588)	8,981	-	(10,607)	5,831	1,752	-	7,583
Prepaid Purchased Power	31,790	-	-	31,790	(26,870)	-	-	(26,870)
Increase (Decrease) in Liabilities:								
Accounts Payable	100,454	20	(23,615)	76,859	(91,893)	(131,923)	-	(223,816)
Accounts Payable - MMWEC	-	1,574	-	1,574	-	(6,004)	-	(6,004)
Accrued Expenses	(3,447)	-	-	(3,447)	4,206	-	-	4,206
Billings in Excess of Costs to Participants	-	(142,813)	142,813	-	-	266,731	(266,731)	-
Miscellaneous Deferred Liabilities	591,117	-	-	591,117	560,354	-	-	560,354
Customer Deposits	(259)	-	-	(259)	(3,229)	-	-	(3,229)
Amounts Recoverable/Payable in the Future	45,702	-	(45,703)	(1)	-	-	-	-
Other Post Employment Benefits Obligation	45,407	-	-	45,407	140,840	-	-	140,840
Net Cash Provided by (Used In) Operating Activities	<u>\$ 1,602,229</u>	<u>\$ (41,656)</u>	<u>\$ -</u>	<u>\$ 1,560,573</u>	<u>\$ 765,129</u>	<u>\$ 161,815</u>	<u>\$ -</u>	<u>\$ 926,944</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

Petty Cash	\$ 1,800	\$ -	\$ -	\$ 1,800	\$ 1,800	\$ -	\$ -	\$ 1,800
Operating Cash	4,489,617	89,026	-	4,578,643	1,868,282	141,153	-	2,009,435
Depreciation Cash	794,656	-	-	794,656	-	-	-	-
Rate Stabilization Reserve Fund	3,250,419	-	-	3,250,419	3,223,969	-	-	3,223,969
Customer Deposits Cash	135,241	-	-	135,241	135,260	-	-	135,260
Insurance Reserve Cash	627,940	-	-	627,940	581,319	-	-	581,319
Working Capital	938,732	-	-	938,732	928,112	-	-	928,112
	<u>\$ 10,238,405</u>	<u>\$ 89,026</u>	<u>\$ -</u>	<u>\$ 10,327,431</u>	<u>\$ 6,738,742</u>	<u>\$ 141,153</u>	<u>\$ -</u>	<u>\$ 6,879,895</u>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATING SCHEDULES OF ELECTRIC UTILITY PLANT IN SERVICE  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>			<u>2011</u>				
	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012	Balance January 1, 2011	Increases		Decreases
Capital Assets Not Being Depreciated:								
Land	\$ 666,428	\$ -	\$ -	\$ 666,428	\$ 666,428	\$ -	\$ -	\$ 666,428
Construction in Progress	3,126	107,511	-	110,637	-	3,126	-	3,126
Capital Assets Not Being Depreciated	<u>669,554</u>	<u>107,511</u>	<u>-</u>	<u>777,065</u>	<u>666,428</u>	<u>3,126</u>	<u>-</u>	<u>669,554</u>
Capital Assets Being Depreciated:								
Distribution Plant	5,201,800	366,205	(23,032)	5,544,973	4,924,799	277,001	-	5,201,800
General Plant	1,761,439	168,459	(96,581)	1,833,317	1,729,737	31,702	-	1,761,439
Generation Plant	1,869,639	-	-	1,869,639	1,859,782	9,857	-	1,869,639
Total	<u>8,832,878</u>	<u>534,664</u>	<u>(119,613)</u>	<u>9,247,929</u>	<u>8,514,318</u>	<u>318,560</u>	<u>-</u>	<u>8,832,878</u>
Less Accumulated Depreciation For:								
Distribution Plant	(4,751,939)	(258,326)	23,032	(4,987,233)	(4,540,489)	(211,450)	-	(4,751,939)
General Plant	(1,475,142)	(88,072)	96,581	(1,466,633)	(1,353,865)	(121,277)	-	(1,475,142)
Generation Plant	(86,094)	(74,786)	-	(160,880)	(11,917)	(74,177)	-	(86,094)
Total Accumulated Depreciation	<u>(6,313,175)</u>	<u>(421,184)</u>	<u>119,613</u>	<u>(6,614,746)</u>	<u>(5,906,271)</u>	<u>(406,904)</u>	<u>-</u>	<u>(6,313,175)</u>
Capital Assets Being Depreciated, Net	<u>2,519,703</u>	<u>113,480</u>	<u>-</u>	<u>2,633,183</u>	<u>2,608,047</u>	<u>(88,344)</u>	<u>-</u>	<u>2,519,703</u>
Utility Plant Assets, Net	<u>\$ 3,189,257</u>	<u>\$ 220,991</u>	<u>\$ -</u>	<u>\$ 3,410,248</u>	<u>\$ 3,274,475</u>	<u>\$ (85,218)</u>	<u>\$ -</u>	<u>\$ 3,189,257</u>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF ELECTRIC OPERATING AND MAINTENANCE EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<b>POWER PRODUCTION EXPENSES:</b>		
Purchased Power	\$ 3,994,821	\$ 4,729,831
Transmission and Other Purchased Power Charges	959,654	877,914
<b>TOTAL POWER PRODUCTION EXPENSES</b>	<b>4,954,475</b>	<b>5,607,745</b>
<b>DISTRIBUTION EXPENSES:</b>		
Operation Labor	7,634	688
Miscellaneous Distribution Expense	46,589	36,229
Line Expenses	114,133	90,652
Maintenance Expense	263,200	120,086
Supplies Expense	50,122	33,161
<b>TOTAL DISTRIBUTION EXPENSES</b>	<b>481,678</b>	<b>280,816</b>
<b>CUSTOMER ACCOUNTS:</b>		
Customer Accounting and Collection	156,743	142,721
Meter Reading Expenses	13,680	15,845
Uncollectible Accounts	8,031	16,316
<b>TOTAL CUSTOMER ACCOUNTS</b>	<b>178,454</b>	<b>174,882</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES:</b>		
Administrative and General Salaries	122,351	194,140
Office Supplies and Expenses	41,489	48,769
Outside Services Employed	165,471	218,758
Injury and Damage Insurance	49,258	69,751
Employees Pensions and Benefits	347,308	442,689
Dues, Meetings, and Other General Expenses	43,509	75,590
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>769,386</b>	<b>1,049,697</b>
<b>TOTAL OPERATING AND MAINTENANCE EXPENSES</b>	<b>\$ 6,383,993</b>	<b>\$ 7,113,140</b>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF SALES OF ELECTRICITY  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Net Revenues			Kilowatt Hours Sold			Net Revenue Per Kilowatt Hours Sold	
	2012	2011	Increases (Decreases)	2012	2011	Increases (Decreases)	2012	2011
Sales of Electricity								
Residential Sales	\$ 2,870,290	\$ 3,050,661	\$ (180,371)	24,894,115	25,089,393	(195,278)	\$ 0.1153	\$ 0.1216
Commercial Sales	2,712,080	2,934,706	(222,626)	21,471,133	21,585,536	(114,403)	0.1263	0.1360
Industrial Sales	855,893	970,283	(114,390)	7,577,626	7,982,394	(404,768)	0.1130	0.1216
Private Lighting	67,409	69,534	(2,125)	283,623	313,897	(30,274)	0.2377	0.2215
Total Private Customers	<u>6,505,672</u>	<u>7,025,184</u>	<u>(519,512)</u>	<u>54,226,497</u>	<u>54,971,220</u>	<u>(744,723)</u>	<u>0.1200</u>	<u>0.1278</u>
Municipal Sales								
Street Lighting	74,475	65,592	8,883	581,054	581,054	-	0.1282	0.1129
Municipal Buildings	201,774	231,454	(29,680)	1,633,726	1,528,465	105,261	0.1235	0.1514
Total Municipal Sales	<u>276,249</u>	<u>297,046</u>	<u>(20,797)</u>	<u>2,214,780</u>	<u>2,109,519</u>	<u>105,261</u>	<u>0.1247</u>	<u>0.1408</u>
Total Sales of Electricity	<u>\$ 6,781,921</u>	<u>\$ 7,322,230</u>	<u>\$ (540,309)</u>	<u>56,441,277</u>	<u>57,080,739</u>	<u>(639,462)</u>	<u>\$ 0.1202</u>	<u>\$ 0.1283</u>

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