

Annual Report of the West Boylston Municipal Lighting Plant, FY2024

The West Boylston Municipal Light Plant (WBMLP) was established in 1909 and operates as a not-for-profit, publicly owned, electric utility. The residents and ratepayers in West Boylston regulate WBMLP through a locally elected and independent Board of Light Commissioners. Our mission is to provide low cost, highly reliable, and the least greenhouse gas (GHG) emitting energy supply in our service territory. Municipal light plants are unique and separate departments of the towns they serve. Our ratepayers are our shareholders, and they directly participate in governing their locally owned municipal light plant.

This annual report includes data from WBMLP’s independently audited financials from FY2021 through FY2024 (January 1, 2024, through December 31, 2024), and operational data from FY2021 through FY2024.

Overview of the Audited 2024 and 2023 Financial Statements

The Summary 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. WBMLP’s net income for December 31, 2024, and December 31, 2023, was \$427,116 and \$527,117 respectively.

| Summary of Changes in Net Position | 2024 | 2023 | 2022 | 2021 |
|---|--------------|--------------|--------------|--------------|
| Operating Revenues | \$9,201,667 | \$8,540,866 | \$8,621,676 | \$8,138,631 |
| Operating Expenses | \$9,078,799 | \$8,531,998 | \$7,681,076 | \$6,774,323 |
| Operating Income | \$122,868 | \$8,868 | \$940,600 | \$1,364,308 |
| Non-operating Revenues (Expenses) | \$304,248 | \$518,249 | -\$547,861 | -\$135,481 |
| Income Before Contributions and Transfers | \$427,116 | \$527,117 | \$392,739 | \$1,228,827 |
| Beginning Net Position | \$16,063,830 | \$15,536,713 | \$15,143,974 | \$13,915,147 |
| Ending Net Position | \$16,490,946 | \$16,063,830 | \$15,536,713 | \$15,143,974 |

You can review and download WBMLP’s complete annually audited financials from 2009 through 2024 at <https://wbmlp.org/audits-reports.html>.

Revenue and Kilowatt Hour Sales

The following charts represent total retail kilowatt-hour sales, and total sales revenues by major rate class for 2021 through 2024. In 2024 retail kilowatt-hour sales increased approximately 1% to 58,679,229 kilowatt-hours and operating revenues increased approximately 6.6% to \$8,889,316. The small increase in kilowatt-hours sales is due to normal growth and electrification. The 6.6% increase in sales revenue is a result of higher energy costs and the use of our purchase power adjustment to cover those higher costs.

| Rate Class | Annual KWh Sales | | | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2022 | 2021 |
| Residential | 27,987,799 | 27,317,613 | 27,953,450 | 27,432,501 |
| Commercial | 20,250,619 | 20,596,291 | 20,945,100 | 20,660,914 |
| Industrial | 7,884,162 | 7,299,389 | 7,506,092 | 6,753,156 |
| Municipal | 2,556,649 | 2,648,988 | 2,684,636 | 2,709,951 |
| Total kWh Sales | 58,679,229 | 57,862,281 | 59,089,278 | 57,556,522 |
| Annual Change | 1% | -2% | 3% | 2% |
| Average Rate | \$0.152 | \$0.144 | \$0.146 | \$0.140 |

| | Annual Sales (\$) | | | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | 2024 | 2023 | 2022 | 2021 |
| Residential | 3,927,024 | 3,745,268 | 3,904,512 | 3,656,600 |
| Commercial | 3,347,099 | 3,173,399 | 3,226,190 | 3,090,527 |
| Industrial | 1,197,035 | 1,016,713 | 1,059,459 | 914,637 |
| Municipal | 418,159 | 401,954 | 407,973 | 405,430 |
| Total Sales | \$ 8,889,316 | \$ 8,337,334 | \$ 8,598,134 | \$ 8,067,194 |
| Annual Change | 6.6% | -3.0% | 6.6% | 8.1% |

Customer Base

WBMLP provided electric service to 3,217 residents, 489 businesses and 79 municipal and government customers in 2024. Our revenues are not overly dependent on one industry or one significantly sized customer that could impact revenues in the event this customer leaves our service territory. Our largest customer, Worcester County Jail, has two electric services accounting for approximately 7% of our kilowatt-hour sales in 2024. Our 30 largest customers represent approximately 33% of our total kilowatt-hour sales, but individually, each account for only 0.4% - 3.7% of our kilowatt-hour sales and therefore do not pose a risk to revenues and budgets.

Electricity Rates

WBMLP's electricity rates continue to remain lower than most municipal light plants and the electric distribution companies in Massachusetts. Although we do not expect a rate increase in 2025, WBMLP will continue to charge a purchased power adjustment on all electricity bills to cover higher energy supply costs. Our residential electricity rate has remained the same since 2009 and all other rates haven't changed since 2014. WBMLP is conducting a cost-of-service study in 2025 and expects rates to potentially increase electricity rates in 2026. In 2024, the average homeowner in West Boylston consumed approximately 804 kilowatt hours and spent approximately \$125.00 per month on that electricity. WBMLP continues to manage its operating budget and energy supply to minimize future rate increases.

Electricity rates are generally set to recover the cost of service from each rate class. Some rate classes subsidize other rate classes depending on a variety of factors and standard utility practices. Utility sponsored programs like early payment discounts, energy efficiency rebates, air source heat pump rebates, and solar system incentives are all funded with higher electricity rates. WBMLP's Board of Light Commissioners approve electricity rates and currently our strategy is to maintain the lowest possible electricity rates while still providing some discounts, rebates, and incentives.

Energy Supply and Environment

WBMLP continuously evaluates new sources of reliable, low-cost, clean, renewable, and non-greenhouse gas (GHG) emitting energy located throughout or directly interconnected to ISO-NE. West Boylston is transitioning away from fossil fuel energy generation and adopted a Greenhouse Gas Emission Standard (GGES) in 2020. The GGES became state law in 2021 and now applies to all municipal light plants in the Commonwealth. WBMLP will however continue to own balancing and capacity resources fueled by oil and natural gas. These balancing and capacity resources tend to operate very few hours a year and support the transition to cleaner and renewable sources.

Our GGESS goal is "Net Zero" greenhouse gas emissions by 2050 with interim goals of 50% and 75% by 2030 and 2040 respectively. **59.2% of WBMLPs energy supply did not emit greenhouse gas emissions (GHGs) in 2024.** By 2030, WBMLP has already procured an energy supply that's at least 80% clean and renewable. Over time, WBMLP will continue to invest in additional renewable and clean energy to meet our 2050 net-zero GGES goal.

Energy supply and transmission expenses represent approximately 60% of WBMLP’s annual budget. WBMLP purchased 88% of its 2024 annual energy supply through long-term contracts, power purchase agreements, hedges, and asset ownership. This strategy typically provides fixed volumes of energy, at fixed or known prices. The ability to own generation, transmission, and execute long-term energy supply contracts differentiates municipal light plants from electric distribution companies. Our long-term energy portfolio includes a mix of existing clean and renewable energy supply obligations that extend well beyond 2040. The following charts itemize our 2024 energy supply by type of energy and individual component.

| West Boylston's 2024 Energy Supply | MWh's Owned or Purchased | Percentage of Annual Supply |
|---|---------------------------------|------------------------------------|
| Berkshire Wind, Massachusetts, RPS | 1,454 | 2% |
| Hydro-Quebec Hydroelectricity, Canada, CES | 2,635 | 4.3% |
| Brookfield Hydro & REC, New Hampshire | 4,392 | 7% |
| NYPA Hydro, New York, CES | 3,156 | 5.2% |
| Eagle Creek Hydro, New Hampshire | 895 | 1% |
| Nuclear, Millstone 3, Connecticut, CES-E | 8,007 | 13% |
| Nuclear, Seabrook, New Hampshire, CES-E | 17,556 | 29% |
| West Boylston Solar, RPS | 468 | 1% |
| WB Landfill Community Solar 1, RPS | 2,231 | 4% |
| Net Meter Solar from Customer (N2 Solar) | 32 | 0% |
| Solar Rebate Generation, RPS Class I | 58 | 0% |
| Stony Brook Peaking, Oil, Ludlow | 152 | 0% |
| Stony Brook Intermediate, Oil, Ludlow | 455 | 1% |
| Stony Brook Intermediate, NG, Ludlow | 527 | 1% |
| Real-Time, ISO-NE Market Mix | 7,351 | 12% |
| Energy Hedges, ISO-NE Mix | 8,735 | 14% |
| Princeton MA Wind | 613 | 1% |
| WB Roof Top Community Solar 2, RPS, 55% SREC-II | 1,214 | 2% |
| Hancock Wind, Maine | 1,313 | 2% |
| Total 2024 Energy Purchased | 61,244 | 100% |

Renewable and clean energy includes wind, solar, nuclear, geothermal, landfill-gas, hydroelectricity, digester-gas, and waste-to-energy. Renewable and clean energy generate environmental attributes called “Renewable Energy Credits (RECs)”, “Clean Energy Credits (CECs)” and “Emission-Free Energy Certificates (EFECs)”. In 2024, WBMLP sold the RECs from our Berkshire Wind Project and two out of three solar generation systems located in West Boylston. Because we sell these environmental attributes, we do not count that energy as renewable or towards our GGES. WBMLP will continue to sell RECs until we pay off the construction loans used to invest in renewable energy. Once we retire these RECs, we will include this energy in our quantities of renewable and clean energy supply. WBMLP does not purchase or own the environmental attributes from the hydroelectricity purchased from New Hampshire and the wind energy purchased from Princeton Wind and Hancock Wind.

The following two charts show the total amount of clean and renewable energy supply we counted towards our GGES, and the amount of additional clean and renewable energy supply we will count in the future when we retire those environmental attributes.

| 2024 GGES Qualified Energy (Emits "0" GHG Emissions) | MWh's Owned or Purchased | Percentage of Supply | Environmental Attributes |
|---|-------------------------------------|---------------------------------|-------------------------------------|
| Hydro-Quebec Hydroelectricity, Canada, CES | 2,635 | 4.3% | Attestation |
| Brookfield Hydro & REC, New Hampshire | 4,392 | 7.2% | REC |
| NYP&A Hydro, New York, CES | 3,156 | 5.2% | Attestation |
| Nuclear, Millstone 3, Connecticut, CES-E | 8,007 | 13.1% | CES-E/EFEC |
| Nuclear, Seabrook, New Hampshire, CES-E | 17,556 | 28.7% | CES-E/EFEC |
| West Boylston Solar, RPS | 468 | 0.8% | REC |
| Solar Rebate Generation, RPS Class I | 58 | 0.1% | REC |
| Total 2024 GGES Qualified Energy Purchased | 36,272 | 59.2% | |

| 2024 Environmental Attributes Sold by WBMLP & Future Retirement Date | MWh's Owned or Purchased | Percentage of Supply | Environmental Attributes |
|---|-------------------------------------|---------------------------------|-------------------------------------|
| WB Landfill Community Solar 1, 2026 | 2,231 | 4% | SREC |
| WB Roof Top Community Solar 2, 2028 | 1,214 | 2% | SREC |
| Berkshire Wind, Massachusetts, RPS, 2030 | 1,454 | 2% | REC |
| Attributes to add to our GGES in future | 4,899 | 8% | |

Utility Plant

The Lighting Plant investment in utility plant assets, net of accumulated depreciation, as of December 31, 2024, and 2023 was \$15,684,232 and \$14,724,474 respectively. Plant and equipment replacement is part of an on-going capital improvement plan to keep the Lighting Plant in good operating condition.

Purchased Power Working Capital

Purchased power working capital funds held by the Massachusetts Municipal Wholesale Electric Company (MMWEC) equals approximately two months energy and transmission costs. MMWEC uses these funds to pay our weekly energy market obligations. Funds are replenished from our actual monthly invoice payments. Our average monthly energy and transmission cost is approximately \$500,000. The balance in this fund as of December 31, 2024, and 2023 was \$1,041,364 and \$1,017,722 respectively.

Depreciation Fund

WBMLP maintains a depreciation fund to pay for large capital investments such as new vehicles, distribution system upgrades, and new construction. This fund is required by State statute and sets aside 3% of the cost of the plant to be used for future capital improvements and additions. Our depreciation fund balance on December 31, 2024, and 2023 was \$3,001,246 and \$2,291,905 respectively.

Rate Stabilization Fund

WBMLP's rate stabilization fund, held by MMWEC, represents a reserve of approximately six months energy and transmission costs in the event of a national emergency, terrorism, war, fuel supply disruptions, transmission constraints, nuclear decommissioning expenses, new state and federal regulations related to clean energy, homeland security, climate change, and any other disruptions to the energy market and regional transmission system.

New England and Massachusetts in particular, is heavily dependent on reliable and cost-effective natural gas fuel supply for energy generation. The transportation and supply of natural gas is constrained due to a lack of multiple natural gas transmission pipelines into the Commonwealth. Demand for the supply of

natural gas continues to increase as the Commonwealth and the ISO-NE region reduces other fossil fuels from its sources of generation. ISO-NE market rates for energy are impacted by the lack of adequate natural gas pipeline in Massachusetts. Our rate stabilization fund balance on December 31, 2024, and 2023 was \$2,643,376 and \$3,837,272 respectively.

New Utility Vehicle Garage

In 2024, construction on our new 5-bay utility garage at 29 Prospect Street was completed. The new facility stores our larger, all-wheel drive vehicles that are too big for our existing garages. The garage construction budget was approximately \$3.8M and funded with approximately \$1,810,000 from our depreciation account and \$2,000,000 borrowed from our rate stabilization fund. WBMLP will repay \$2,000,000 over (12) years depositing approximately \$16,700 per month back into our rate stabilization fund.

Other Post-Employment Benefits (OPEB)

WBMLP's Plan Fiduciary Net Position was \$1,529,006 and the liability was \$2,317,680 at the end of 2024. WBMLP's OPEB funded ratio is 65.97%. WBMLP's Board of Light Commissioners authorized additional annual payments to fully fund our OPEB liability.