



**BOZRAH LIGHT AND POWER
COMPANY**

APPROVED
July 28, 2021

**OPERATING AND CAPITAL
BUDGETS
2021/2022**

Bozrah Light and Power Company

2021/2022 Budget

July 28, 2021

The fiscal year 2021-2022 proposed budget for BL&P is presented with a pro-forma with FY 2019 and 2020 actuals, projected 2021, and proposed 2022. Debt service requirements related to the Stockhouse Road Substation Upgrade, PTF projects, 2016 Capital Project Bond Fund and a new proposed capital financing plan are included.

Revenue Development

Revenues were developed using actual values for the 12 months ended January 2021 applying rates in effect April 1, 2020 and April 1, 2022 as applicable. Purchased Power Adjustments nor Transmission Cost Adjustments are included in current rates. Fiscal year 2022 actual power costs paid versus COSS levelized cost estimates will be assessed for true-up, and future PPA/TCA adjustments will be applied as needed.

Proposed budget electric revenues before interruptible pass-through is 9.2% more than the FY 2021 Budget. The increase is the result of the rate changes and a 0.50% increase in usage across all classes from 46.2M KWH to 48.5M KWH.

Power Costs

The purchased power cost included in the customer's retail rate is \$110.14/MWh. This rate is based on the CMEEC five-year power cost forecast offset by anticipated CMEEC Margin returns. By the end of FY 2021 the BL&P balance in the CMEEC RSF is estimated to be \$2.8 million which may be leveraged to manage changes in power costs for the residual customers.

Other Operating & Maintenance Expenses

All Operations personnel regularly report to either the Bozrah or Groton Operations complex for dispatch to projects in Groton and/or BL&P service areas. In addition, vehicles are based at both the Bozrah and Groton Operation complex and are dispatched daily from that location to Groton and/or BL&P service areas. Vehicles owned by BL&P or GU will be available for use in either service area as needed. Ownership of all BL&P materials and supplies inventory stock items were transferred to GU during FY18 which allowed common streamlined procedures to be followed as stock as crews draw on stock to perform jobs. Groton Utilities will still maintain physical inventory at BL&P's warehouse.

Expenses are based on historical information adjusted for known changes. Wages and salaries have been increased as required under union contract. Since all line operations personal are employees of Groton Utilities and costs are allocated to Bozrah Light and Power, the Groton Utilities budget reflects the relevant charges to BL&P for a full 4-linemen crew and a crew chief. Also, additional linemen, substation, and metering personnel time required to carry out operation and maintenance of the BL&P systems have been allocated to BL&P.

Operating & maintenance (O&M) expenses in the 2022 budget are 3.7% less than the 2021 O&M expense budget.

The main drivers for the 3.7% decrease are as follows:

- Allocation of operations labor of 30% to capital projects and 70% to maintenance/expense projects. This is a slight difference in contrast to FY 2021, which allocated 21% to capital projects and 79% to maintenance/expense projects, therefore decreasing the electric operations payroll expense.
- Substation O&M expenses decreased in the FY 2022 budget by approximately \$116 from the FY 2021 budget due to prior year projects NERC compliance requirements.
- Contract tree trimming costs are again budgeted for two crews at a total cost of \$464k which is an increase of \$54k over the FY 2021 budget. This will allow the continuation of a more accelerated level of outage prevention maintenance.
- The budget includes approximately \$10k to perform a special contract Cost of Service Study review.

Capital Projects

A five (5) year capital project plan totaling \$3.65 million is proposed by operations management. This capital project plan includes normal purchases of transformers, and equipment and computer enhancements needed to provide services to the existing customer base and potential new customers, as well as specific identified system upgrades required to replace aging infrastructure. Planned funding for this capital project program is a combination of annual depreciation and borrowing of approximately \$2.25 million. The borrowing will be a loan to the City of Groton for General Obligation Bonds issued on behalf of BLP.

Anticipated Capital projects slated for completion during FY 2022 are approximately \$943 thousand. Projects include funding for normal purchases of transformers, stock and equipment, and computer enhancements needed to provide services to the existing customer base and potential new customers, which will be funded from FY 2022 cash flow referred to as Mass Assets.

The largest capital projects are the completion of the South Road/Salem Turnpike Three Phase 15kV and the replacement of old style reclosures and capacitor banks. In addition, there are several projects related to the supervisory control and data acquisition (SCADA) system and other operations software requirements.

Cash Flow

Net cash flow provided by fiscal year 2021-2022 including the capital project financing results in an increase of \$277k which when combined with the beginning cash balance of \$2.7m projects a FY 2022 year end unrestricted ending cash balance of \$2.8m. This is \$68K over the COSS projected balance of \$2.12m and \$200k below the COSS recommended minimum balance of \$3.0m.

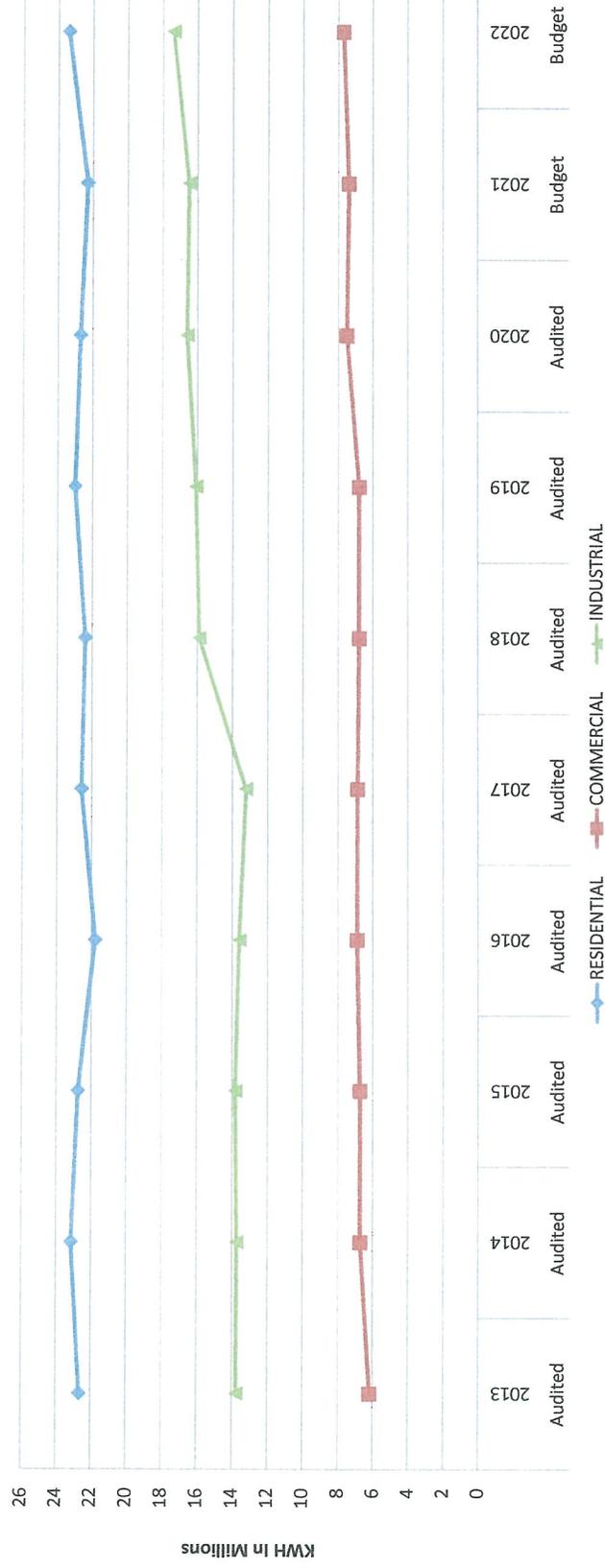
Rate Comparison

The BL&P average residential customer utility bills for 700 kWh currently averages almost 12% or \$18 below the Benchmark's current rates.

The proposed budget for FY 2022 will position BL&P to:

1. Continue to provide highly reliable and responsive service that the customers expect and at rates that are fair, competitive and viewed as providing value to the customer.
2. Allow for the efficient operation and maintenance of the electric distribution system
3. Continue to be compliant with NERC and other cyber security requirements.
4. Meet debt service requirements and fund growing infrastructure and technology needs.

BOZRAH LIGHT & POWER



**BOZRAH LIGHT & POWER
REVENUES**

	FY 2019 Actual	FY 2020 Actual	Approved FY2021 Budget	Projected FY 2021 7 mo Actual 5 mo Budget	Proposed FY 2021-2022 Budget	Variance 2021 to 2022 Budgets		Variance 2021 Projected Actual vs. 2022 Proposed Budget	
						\$	%	\$	%
REVENUE:									
RESIDENTIAL	\$ 4,150,888	\$ 4,228,675	\$ 4,259,417	\$ 4,378,410	\$ 4,450,441	\$ 191,024	4.5%	\$ 72,031	1.6%
COMMERCIAL Small General	1,335,335	1,508,723	1,515,335	1,540,313	1,569,364	54,029	3.6%	29,051	1.9%
INDUSTRIAL Large General	2,414,870	2,522,411	2,567,662	2,657,317	2,659,706	92,045	3.6%	2,390	0.1%
SPECIAL CONTRACT DISTRIBUTION CHARGE	542,193	542,193	542,193	763,024	1,029,320	487,127	89.8%	266,296	34.9%
STREET LIGHTING	28,655	25,593	25,565	25,532	25,313	(253)	-1.0%	(219)	-0.9%
SUBTOTAL	\$ 8,471,941	\$ 8,827,595	\$ 8,910,172	\$ 9,364,596	\$ 9,734,144	\$ 823,972	9.2%	\$ 369,548	3.9%
INTERRUPTIBLE PASS-THROUGH	11,641,112	8,820,795	8,802,520	8,449,280	8,017,184	(785,336)	-8.9%	(432,096)	-5.1%
TOTAL ELECTRIC REVENUE	\$ 20,113,053	\$ 17,648,391	\$ 17,712,692	\$ 17,813,876	\$ 17,751,328	\$ 38,636	0.2%	\$ (62,548)	-0.4%
OTHER ELECTRIC REVENUE	42,369	35,880	38,327	36,288	36,395	(1,932)	-5.0%	107	0.3%
TOTAL REVENUE	\$ 20,155,422	\$ 17,684,271	\$ 17,751,019	\$ 17,850,164	\$ 17,787,723	\$ 36,704	0.2%	\$ (62,441)	-0.3%
CLM Revenues	115,626	117,563	115,801	121,449	121,458	5,657	4.9%	9	0.0%

REVENUE ASSUMPTIONS

- Electric Revenues for Proposed Budget FY 2021-2022 are based on 12 months actual consumption ended 01/31/2021

**BOZRAH LIGHT & POWER
FINANCIAL SUMMARY
BUDGET COMPARISON**

	FY 2019 Actual Audited	FY 2020 Actual Audited	FY2021 Budget	Projected FY 2021 7 Mos Actual 5 month budget	Proposed FY 2021-2022 Budget	Variance 2021 to 2022 Budgets		Variance 2021 Projected Actual vs 2022 Proposed Budget	
						\$	%	\$	%
TOTAL REVENUE	\$ 20,155,422	\$ 17,684,271	\$ 17,751,019	\$ 17,850,164	\$ 17,787,723	\$ 36,704	0.2%	\$ (62,441)	-0.3%
EXPENSES:									
PURCHASED POWER FIRM	5,549,155	5,168,436	4,966,531	5,157,942	5,767,617	801,086	16.1%	609,675	11.8%
PURCHASED POWER INTERRUPTIBLE	11,641,112	8,820,795	8,802,520	8,449,280	8,017,184	(785,336)	-8.9%	(432,096)	-5.1%
OTHER OPERATING & MAINTENANCE EXPENSE	1,569,077	1,965,223	2,482,650	2,365,027	2,390,391	(92,259)	-3.7%	25,364	1.1%
CONSERVATION & LOAD MANAGEMENT	106,898	117,563	115,801	126,195	121,450	5,649	4.9%	(4,745)	-3.8%
DEPRECIATION	603,054	665,147	652,848	639,516	655,478	2,630	0.4%	15,962	2.5%
TAXES	205,639	195,819	175,800	189,771	203,854	28,054	16.0%	14,083	7.4%
PAYMENT IN LIEU OF TAXES (PILOT)	40,062	40,062	40,062	40,062	40,062	0	0.0%	-	0.0%
TOTAL OPERATING EXPENSES	\$ 19,714,996	\$ 16,973,045	\$ 17,236,212	\$ 16,967,793	\$ 17,196,036	\$ (40,176)	-0.2%	\$ 228,243	1.3%
OPERATING INCOME	\$ 440,426	\$ 711,226	\$ 514,807	\$ 882,371	\$ 591,687	\$ 76,880	14.9%	\$ (290,684)	-32.9%
INTEREST & OTHER CHARGES									
OTHER INCOME & EXPENSE	63,169	55,252	83,847	63,153	85,013	1,167	1.4%	21,860	34.6%
SUBSTATION LONG TERM DEBT INTEREST	33,206	36,521	43,026	37,019	33,789	(9,237)	-21.5%	(3,230)	-8.7%
TOTAL OTHER	\$ 96,375	\$ 91,773	\$ 126,873	\$ 100,172	\$ 118,803	\$ (8,070)	-6.4%	\$ 18,630	18.6%
NET INCOME BEFORE RETURN TO GROTON	\$ 344,051	\$ 619,453	\$ 387,934	\$ 782,198	\$ 472,884	\$ 84,950	21.9%	\$ (309,314)	-39.5%
Return to Groton	\$ 373,217	\$ 373,217	\$ 373,217	\$ 373,217	\$ 373,217	\$ -	0.0%	\$ -	0.0%
YTD Profit/Loss	\$ (29,166)	\$ 246,236	\$ 14,718	\$ 408,982	\$ 99,668	\$ 84,950	577.2%	(309,314)	-75.6%

BOZRAH LIGHT AND POWER
COMPANY

2021/2022 BUDGET

PROFORMA ANALYSIS

BOZRAH LIGHT AND POWER

PROJECTED CASH FLOW BASED ON PROPOSED BUDGET 2021/2022

	FY 2019 Actual	FY 2020 Actual	Approved FY2021 Budget	Projected FY 2021 7Mos. Actual & 5 mo. Budget	Proposed FY 2021-2022 Budget
NET BEFORE RETURN TO GROTON	\$ 344,051	\$ 619,453	\$ 387,934	\$ 782,198	\$ 472,884
PLUS:					
New Financing (Proposed & FY20-21 capital projects)	-	-	2,176,776		-
Proceeds from Bans	159,000	-		779,000	871,000
Receipt from Transfer of Material Inventory to GU	156,506	-			
Receipt of RGGI / RFFI Funds for Street Light / Solar Delmac	65,400	16,831	-	-	-
Working Capital	296,218	-			
DEPRECIATION	616,023	665,147	652,848	639,516	655,478
TOTAL FUNDS GENERATED	\$ 1,637,198	\$ 1,301,431	\$ 3,217,559	\$ 2,200,714	\$ 1,999,362
Return to Groton	373,217	373,217	373,217	373,217	373,217
CAPITAL PROJECTS	800,000	550,000	1,079,351	390,560	968,000
LTD Principal on SS Upgrade	200,400	200,400	200,400	200,400	200,400
Series 2017 Financing Principal	64,800	64,375	64,375	64,500	64,500
FY21 BANS Financing Principal	-	-	54,400	6,400	60,600
Vehicle Replacement Reserve	5,000	5,000	5,000	5,000	5,000
Economic Development Reserve	-	-	-	-	5,000
Working Capital	-	455,971	50,000	-	50,000
TOTAL FUNDS REQUIRED	\$ 1,443,417	\$ 1,648,963	\$ 1,826,743	\$ 1,040,077	\$ 1,726,717
NET INCREASE(DECREASE) IN CASH FROM OPERATIONS	\$ 193,781	\$ (347,532)	\$ 1,390,816	\$ 1,160,637	\$ 272,646
Plus Total Beginning Cash Balance	\$ 1,714,379	\$ 1,908,160	\$ 1,726,270	\$ 1,560,628	\$ 2,721,266
Total Ending Cash Balance	\$ 1,908,160	\$ 1,560,628	\$ 3,117,086	\$ 2,721,266	\$ 2,993,911
Less Funds Received for LED Conversion	\$ 65,400	\$ -			
Less Restricted Funds (Bond Fund, Vehicle, EDF & Debt Srvc)	\$ 295,840	\$ 100,600	\$ 235,371	\$ 105,000	\$ 115,000
NET UNRESTRICTED CASH	\$ 1,546,920	\$ 1,460,028	\$ 2,881,715	\$ 2,616,266	\$ 2,878,911

**BOZRAH LIGHT & POWER COMPANY
PROFORMA ANALYSIS**

	FY 2019 Actual	FY 2020 Actual	Approved FY2021 Budget	Projected FY 2021 Unaudited	Proposed FY 2021-2022 Budget
RESIDENTIAL	\$ 4,150,888	\$ 4,228,675	\$ 4,259,417	\$ 4,378,410	\$ 4,450,441
COMMERCIAL Small General	1,335,335	1,508,723	1,515,335	1,540,313	1,569,364
INDUSTRIAL Large General	2,414,870	2,522,411	2,567,662	2,657,317	2,659,706
SPECIAL CONTRACT DISTRIBUTION CHARGE	542,193	542,193	542,193	763,024	1,029,320
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SUBTOTAL	8,471,941	8,827,595	8,910,172	9,364,596	9,734,144
INTERRUPTIBLE PASS-THROUGH	11,641,112	8,820,795	8,802,520	8,449,280	8,017,184
TOTAL ELECTRIC REVENUE	20,113,053	17,648,391	17,712,692	17,813,876	17,751,328
OTHER ELECTRIC REVENUE	42,369	35,880	38,327	36,288	36,395
TOTAL REVENUE	\$ 20,155,422	\$ 17,684,271	\$ 17,751,019	\$ 17,850,164	\$ 17,787,723
EXPENSES:					
PURCHASED POWER FIRM	5,549,155	5,168,436	4,966,531	5,157,942	5,767,617
PURCHASED POWER INTERRUPTIBLE	11,641,112	8,820,795	8,802,520	8,449,280	8,017,184
OTHER OPERATING & MAINTENANCE EXPENSE	1,569,077	1,965,223	2,482,650	2,365,027	2,390,391
CONSERVATION & LOAD MANAGEMENT	106,898	117,563	115,801	126,195	121,450
DEPRECIATION (including additions)	603,054	665,147	652,848	639,516	655,478
TAXES	205,639	195,819	175,800	189,771	203,854
PAYMENT IN LIEU OF TAXES (PILOT)	40,062	40,062	40,062	40,062	40,062
TOTAL OPERATING EXPENSES	\$ 19,714,996	\$ 16,973,045	\$ 17,236,212	\$ 16,967,793	\$ 17,196,036
OPERATING INCOME	\$ 440,426	\$ 711,226	\$ 514,807	\$ 882,371	\$ 591,687
INTEREST & OTHER CHARGES					
OTHER INCOME & EXPENSE	63,169	55,252	83,847	63,153	85,013
SUBSTATION LONG TERM DEBT INTEREST	33,206	36,521	43,026	37,019	33,789
TOTAL OTHER	\$ 96,375	\$ 91,773	\$ 126,873	\$ 100,172	\$ 118,803
NET INCOME BEFORE RETURN TO GROTON	\$ 344,051	\$ 619,453	\$ 387,934	\$ 782,198	\$ 472,884
New Financing (Proposed & FY20-21 capital projects)			2,176,776	-	-
Capital Project Financing Bands	159,000	-	-	779,000	871,000
Receipt from transfer of inventory to GU	156,506	-	-	-	-
Receipt of RGGI Funds for Street Light Conversion	65,400	16,831	-	-	-
Vehicle Replacement Funds	0	-	-	-	-
Working Capital	296,218	-	-	-	-
DEPRECIATION	616,023	665,147	652,848	639,516	655,478
Total Funds Generated	\$ 1,637,198	\$ 1,301,431	\$ 3,217,559	\$ 2,200,714	\$ 1,999,362
LESS:					
Return to Groton	373,217	373,217	373,217	373,217	373,217
CAPITAL ASSETS	800,000	550,000	1,079,351	390,560	968,000
LTD Principal 2016 Bonding	64,800	64,375	64,375	64,500	64,500
LTD Principal on SS Upgrade	200,400	200,400	200,400	200,400	200,400
New Financing Principal	-	-	54,400	6,400	60,600
Vehicle Replacement Reserve	5,000	5,000	5,000	5,000	5,000
Economic Development Reserve	-	-	-	-	5,000
Working Capital	-	455,971	50,000	-	50,000
Total Funds Required	\$ 1,443,417	\$ 1,648,963	\$ 1,826,743	\$ 1,040,077	\$ 1,726,717
Net Increase(Decrease) in Cash from Operations	\$ 193,781	\$ (347,532)	\$ 1,390,816	\$ 1,160,637	\$ 272,646
Plus Total Beginning Cash Balance	\$ 1,714,379	\$ 1,908,160	\$ 1,726,270	\$ 1,560,628	\$ 2,721,266
Total Ending Cash Balance	\$ 1,908,160	\$ 1,560,628	\$ 3,117,086	\$ 2,721,266	\$ 2,993,911
Less Funds Received form LED Conversion	65,400	-	-	-	-
Less Restricted Funds (Vehicle & Debt Service)	295,840	100,600	235,371	105,000	115,000
Total Unrestricted Cash Balance	\$ 1,612,320	\$ 1,460,028	\$ 2,881,715	\$ 2,616,266	\$ 2,878,911

BOZRAH LIGHT AND POWER
COMPANY

2021/2022 BUDGET

CAPITAL PROJECTS

Bozrah Light & Power Capital Projects

Budget FY 2021- 2022

Bonded Capital Projects

Priority #	DESCRIPTION	LOCATION	ESTIMATED COMPLETION	FY 2022 Budget Bond	FY 2023 Budget Bond	FY 2024 Budget Bond	FY 2025 Budget Bond	FY 2026 Budget Bond	5 Year Total FY22-FY26
1	Three Phase 15 kv Upgrade	South Rd	FY22	\$ 328,000					\$ 328,000
2	Reclosers 15 Kv Capacitor Banks	Various Locations	FY23	\$ 124,000	\$ 99,000				\$ 223,000
3	SS Transfer Trip & Sta Equip	Stockhouse Substation	FY22	\$ 138,000					\$ 138,000
4	SERVICE BLD Yard Upgrades	Service Garage Bld	FY22	\$ 85,000					\$ 85,000
5	Three Phase 15 kv Upgrade	CAMPMOOWEEN RD Lebanon	FY23		\$ 445,000				\$ 445,000
6	Three Phase 15 kv Upgrade	4th Circuit Stockhouse	FY25			\$ 368,000	\$ 368,000		\$ 736,000
7	Single Phase 15 kv Upgrade	Red Cedar Lake	FY25					\$ 250,000	\$ 250,000
8	Transformers	Various Locations	FY26	\$ 110,000	\$ 113,000	\$ 117,000	\$ 120,000	\$ 124,000	\$ 584,000
9	Pole Replacements	Various Locations	FY26	\$ 86,000	\$ 89,000	\$ 91,000	\$ 94,000	\$ 97,000	\$ 457,000
TOTAL				\$ 871,000	\$ 746,000	\$ 576,000	\$ 582,000	\$ 471,000	\$ 3,246,000
				\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$3,250,000

Non-Bonded Capital Projects

Priority #	DESCRIPTION	LOCATION	ESTIMATED COMPLETION	FY 2022 Budget Bond	FY 2023 Budget Bond	FY 2024 Budget Bond	FY 2025 Budget Bond	FY 2026 Budget Bond	5 Year Total FY22-FY26
1	New Customer Additions	Various Locations	FY22-26	\$ 72,000	\$ 74,000	\$ 76,000	\$ 79,000	\$ 81,000	\$ 382,000
2	SCADA Prism Softwar/Hrdwr	Various Locations	FY22	\$ 25,000					\$ 25,000
TOTAL				\$ 97,000	\$ 74,000	\$ 76,000	\$ 79,000	\$ 81,000	\$ 407,000

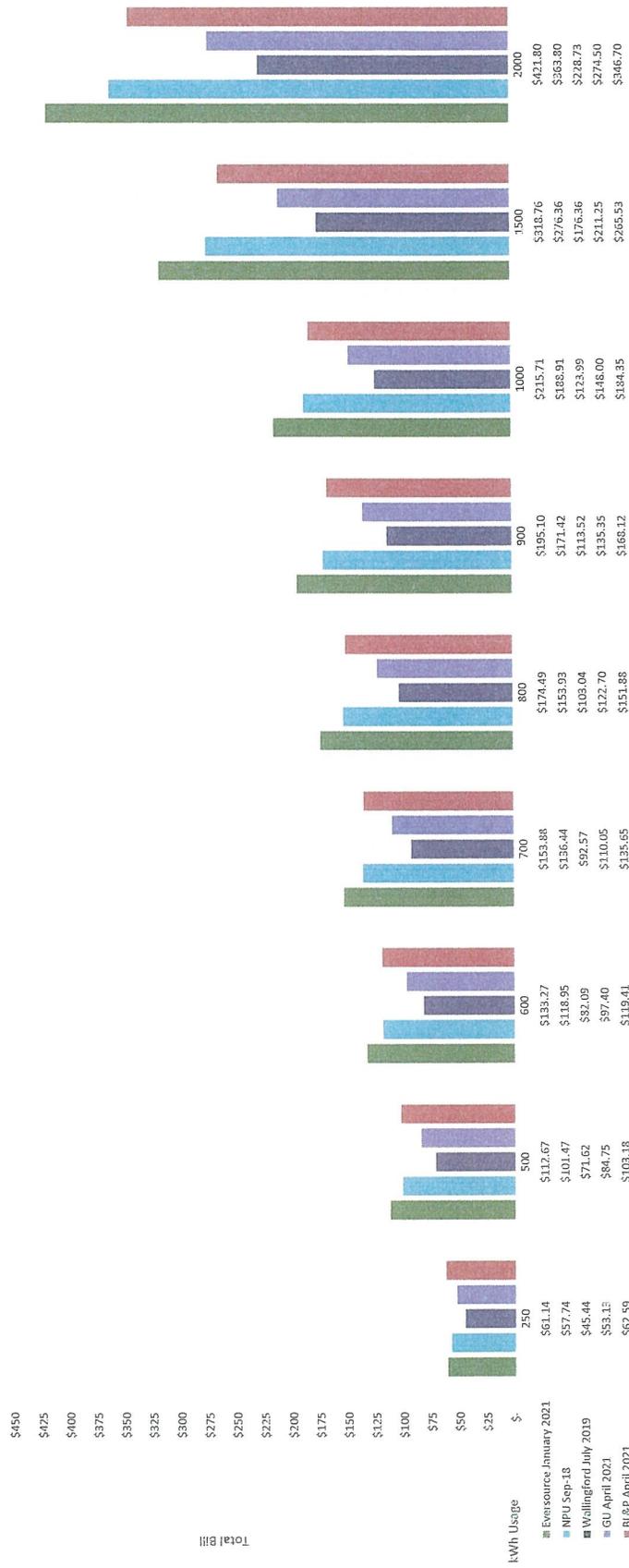
GRAND TOTAL				\$ 968,000	\$ 820,000	\$ 652,000	\$ 661,000	\$ 552,000	\$ 3,653,000
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BOZRAH LIGHT AND POWER
COMPANY

2021/2022 BUDGET

BILL COMPARISONS

Bozrah Light & Power vs. Benchmark
Residential Bills
(various kWh usage levels)



BL&P will be 12% below Eversource on 04-1-2021 at 700kWh