



**BOZRAH LIGHT AND POWER
COMPANY**

**APPROVED
MAY 25, 2022**

**OPERATING AND CAPITAL
BUDGETS
2022/2023**

Bozrah Light and Power Company

2022/2023 Approved Budget

May 25, 2022

The fiscal year 2022-2023 proposed budget for BL&P is presented with a pro-forma with FY 2020 and 2021 actuals, projected 2022, and proposed 2023. Debt service requirements related to the Stockhouse Road Substation Upgrade, PTF projects, 2016 Capital Project Bond Fund and 2022 Capital Project Bond Fund are included.

Revenue Development

Revenues are developed using the historical sales data for the 12 months ended January 2022 applying rates in effect April 1, 2022 and April 1, 2023 including Purchased Power Adjustment (PPA) and Transmission Cost Adjustment (TCA). The current proposed budget includes a PPA of \$0.0075/kWh and no TCA. PPA/TCA adjustments reflect the difference between the base power costs included in the rates and the actual power costs charged. Periodic review of the PPA/TCA rate will be made during the year based on the wholesale market and adjusted as needed.

Revenues also include the Conservation and Load Management (CLM) charge of \$0.0025/kWh, which is unchanged.

Proposed budget electric revenues before interruptible pass-through is 10.2% more than the FY 2022 Budget. The increase is the result of the rate changes including the PPA and a 7.2% KWH increase in usage across all classes from 48.5M KWH to 52.0M KWH.

Power Costs

The purchased power cost included in the customer's retail rate is \$122.30/MWh. This rate is based on the CMEEC five-year power cost forecast offset by anticipated CMEEC Margin returns. By the end of FY 2023 the BL&P balance in the CMEEC RSF is estimated to be \$3.3 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 personnel 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 expenses in the Fiscal Year 2023 budget are \$17K or 0.7% more than the Fiscal Year 2022 O&M expense budget.

The main drivers for the 0.7% increase are as follows:

- Allocation of labor to the operation expenses decreased by \$90k from fiscal year 2022.
- Contract tree trimming costs are again budgeted for two crews at a total cost of \$580k, which is an increase of \$116k over the FY 2022 budget. This will allow the continuation of a more accelerated level of outage prevention maintenance.
- Other miscellaneous costs decreased \$9k.

Capital Projects

A five (5) year capital project plan totaling \$4.13 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 \$3.47 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 2023 are approximately \$1.17 million. 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 2023 cash flow referred to as Mass Assets.

The largest capital projects are replacement of old style reclosures and capacitor banks at various locations and the start of a three phase, 15kv upgrade on Campmoowen Rd. In addition, there are several projects related to the supervisory control and data acquisition (SCADA) system and other operations software requirements.

Cash Flow

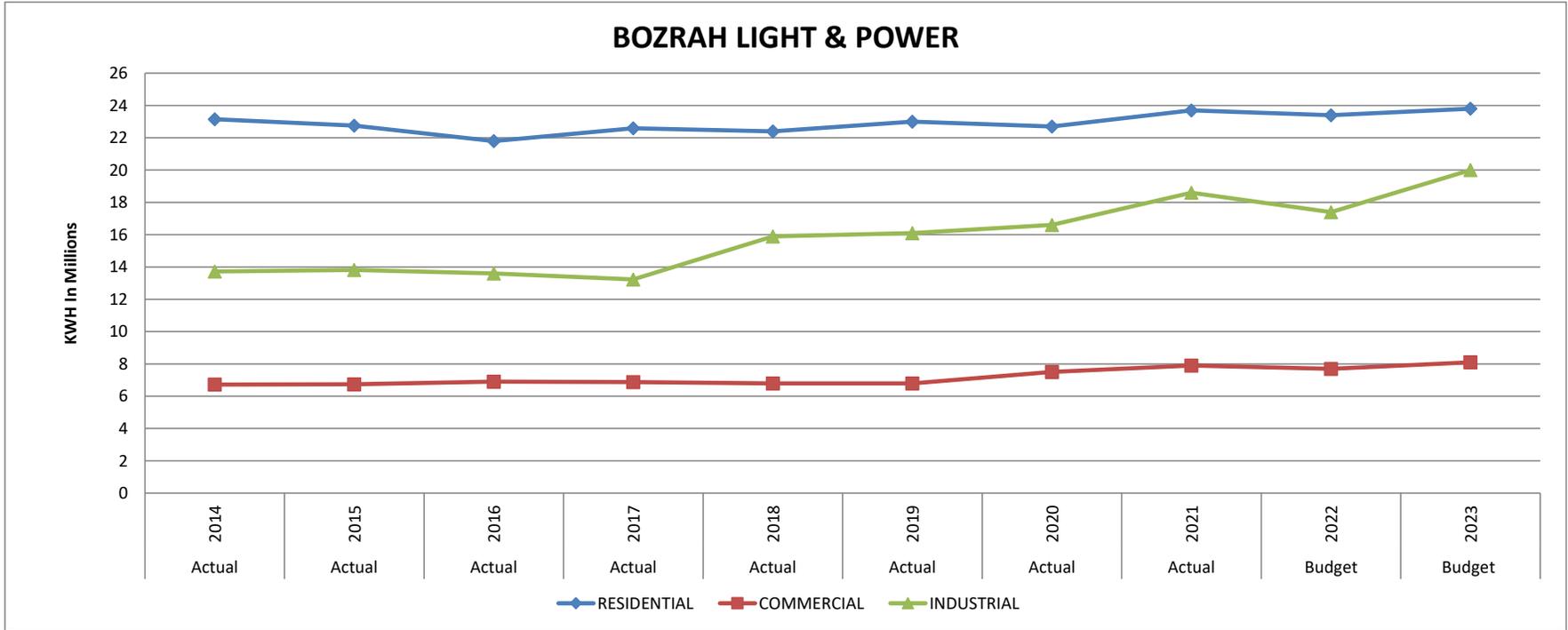
Net cash flow provided by fiscal year 2022-2023 including the projected capital project financing results in a decrease of \$1.1m. This decrease combined with the beginning cash balance of \$5.3m projects a FY 2023 year-end unrestricted ending cash balance of \$2.4m. This balance is \$200K over the COSS projected balance of \$2.2m and \$600k 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 13% or \$21 below the Benchmark's current rates.

The proposed budget for FY 2023 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
REVENUES**

	FY 2020 Actual	FY 2021 Actual	Approved FY2022 Budget	Projected FY 2022 7 mo Actual 5 mo Budget	Proposed FY 2022-2023 Budget	Variance 2022 to 2023 Budgets		Variance 2022 Projected Actual vs. 2023 Proposed Budget	
						\$	%	\$	%
REVENUE:									
RESIDENTIAL	\$ 4,228,675	\$ 4,486,460	\$ 4,450,441	\$ 4,471,292	\$ 4,685,962	\$ 235,521	5.3%	\$ 214,669	4.8%
COMMERCIAL Small General	1,508,723	1,617,593	1,569,364	1,638,542	1,692,889	123,524	7.9%	54,346	3.3%
INDUSTRIAL Large General	2,522,411	2,837,712	2,659,706	2,945,504	3,161,074	501,368	18.9%	215,570	7.3%
SPECIAL CONTRACT DISTRIBUTION CHARGE	542,193	918,339	1,029,320	1,029,320	1,160,841	131,522	12.8%	131,522	12.8%
STREET LIGHTING	25,593	25,605	25,313	25,658	27,124	1,811	7.2%	1,466	5.7%
SUBTOTAL	\$ 8,827,595	\$ 9,885,710	\$ 9,734,144	\$ 10,110,316	\$ 10,727,890	\$ 993,746	10.2%	\$ 617,574	6.1%
INTERRUPTIBLE PASS-THROUGH	8,820,795	8,261,276	8,017,184	11,185,285	11,413,704	3,396,520	42.4%	228,419	2.0%
TOTAL ELECTRIC REVENUE	\$ 17,648,391	\$ 18,146,986	\$ 17,751,328	\$ 21,295,601	\$ 22,141,594	\$ 4,390,266	24.7%	\$ 845,993	4.0%
OTHER ELECTRIC REVENUE	35,880	41,988	36,395	37,192	37,295	900	2.5%	103	0.3%
TOTAL REVENUE	\$ 17,684,271	\$ 18,188,973	\$ 17,787,723	\$ 21,332,793	\$ 22,178,889	\$ 4,391,166	24.7%	\$ 846,096	4.0%
CLM Revenues	117,563	125,786	121,458	125,770	130,106	8,648	7.1%	4,336	3.4%

REVENUE ASSUMPTIONS

- Electric Revenues for Proposed Budget FY 2022-2023 are based on 12 months actual consumption ended 01/31/2022
- FY2022 - 2023 budget PPA assigned is \$.0075/kWh

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

	FY 2020 Actual Audited	FY 2021 Actual Audited	FY2022 Budget	Projected FY 2022 7 Mos Actual 5 month budget	Proposed FY 2022-2023 Budget	Variance 2022 to 2023 Budgets		Variance 2022 Projected Actual vs 2023 Proposed Budget	
						\$	%	\$	%
TOTAL REVENUE	\$ 17,684,271	\$ 18,188,973	\$ 17,787,723	\$ 21,332,793	\$ 22,178,889	\$ 4,391,166	24.7%	\$ 846,096	4.0%
EXPENSES:									
PURCHASED POWER FIRM	5,168,436	5,540,819	5,767,617	5,696,137	6,844,034	1,076,417	18.7%	1,147,897	20.2%
PURCHASED POWER INTERRUPTIBLE	8,820,795	8,261,276	8,017,184	11,601,709	11,413,704	3,396,520	42.4%	(188,005)	-1.6%
OTHER OPERATING & MAINTENANCE EXPENSE	1,965,223	2,507,322	2,385,091	2,247,779	2,402,458	17,367	0.7%	154,679	6.9%
CONSERVATION & LOAD MANAGEMENT	117,563	127,633	126,750	132,777	130,106	3,356	2.6%	(2,671)	-2.0%
DEPRECIATION	665,147	631,658	655,478	639,199	660,899	5,421	0.8%	21,700	3.4%
TAXES	195,819	206,672	203,854	236,632	258,500	54,646	26.8%	21,868	9.2%
PAYMENT IN LIEU OF TAXES (PILOT)	40,062	40,055	40,062	40,063	80,124	40,063	100.0%	40,062	100.0%
TOTAL OPERATING EXPENSES	\$ 16,973,045	\$ 17,315,436	\$ 17,196,036	\$ 20,594,294	\$ 21,789,825	\$ 4,593,789	26.7%	\$ 1,195,531	5.8%
OPERATING INCOME	\$ 711,226	\$ 873,538	\$ 591,687	\$ 738,499	\$ 389,064	\$ (202,623)	-34.2%	\$ (349,435)	-47.3%
INTEREST & OTHER CHARGES									
OTHER INCOME & EXPENSE	9,857	8,841	10,347	6,014	8,213	(2,134)	-20.6%	2,199	36.6%
SUBSTATION LONG TERM DEBT INTEREST	36,521	27,617	33,789	25,430	22,081	(11,708)	-34.7%	(3,349)	-13.2%
CAPITAL FINANCING LONG TERM DEBT INTEREST	45,395	42,176	74,666	59,229	150,476	75,810	101.5%	91,247	154.1%
TOTAL OTHER	\$ 91,773	\$ 78,635	\$ 118,803	\$ 90,673	\$ 180,770	\$ 61,968	52.2%	\$ 90,098	99.4%
NET INCOME BEFORE RETURN TO GROTON	\$ 619,453	\$ 794,903	\$ 472,884	\$ 647,826	\$ 208,294	\$ (264,591)	-56.0%	\$ (439,533)	-67.8%
Return to Groton	\$ 373,217	\$ 373,217	\$ 373,217	\$ 373,217	\$ 373,217	\$ -	0.0%	\$ -	0.0%
YTD Profit/Loss	\$ 246,236	\$ 421,686	\$ 99,668	\$ 274,610	\$ (164,923)	\$ (264,591)	-265.5%	(439,533)	-160.1%

BOZRAH LIGHT AND POWER

PROJECTED CASH FLOW BASED ON PROPOSED BUDGET 2022/2023

	FY 2020 Actual	FY 2021 Actual	Approved FY2022 Budget	Projected FY 2022 7Mos. Actual & 5 mo. Budget	Proposed FY 2022-2023 Budget
NET BEFORE RETURN TO GROTON	\$ 619,453	\$ 794,903	\$ 472,884	\$ 647,826	\$ 208,294
PLUS:					
New Financing (Proposed FY21-27 capital projects)	-	-	871,000		-
Proceeds from Bans	-	-		3,000,000	-
Receipt of RGGI / RFFI Funds for Street Light / Solar Delmac	16,831	-	-	13,240	-
Equity Distribution from CMEEC					
Working Capital	-	349,925			
DEPRECIATION	665,147	631,658	655,478	639,199	660,899
TOTAL FUNDS GENERATED	\$ 1,301,431	\$ 1,776,486	\$ 1,999,362	\$ 4,300,265	\$ 869,193
Return to Groton	373,217	373,217	373,217	373,217	373,217
CAPITAL PROJECTS	550,000	383,783	968,000	591,250	1,172,000
LTD Principal on SS Upgrade	200,400	200,400	200,400	200,400	200,400
Series 2017 Financing Principal	64,375	64,375	64,500	64,500	64,500
FY22 Series Financing Principal	-	-	60,600	35,000	210,000
Vehicle Replacement Reserve	5,000	5,000	5,000	5,000	-
Economic Development Reserve	-	-	5,000	5,000	5,000
Working Capital	455,971	-	50,000	-	-
TOTAL FUNDS REQUIRED	\$ 1,648,963	\$ 1,026,775	\$ 1,726,717	\$ 1,274,367	\$ 2,025,117
NET INCREASE(DECREASE) IN CASH FROM OPERATIONS	\$ (347,532)	\$ 749,711	\$ 272,645	\$ 3,025,898	\$ (1,155,924)
Plus Total Beginning Cash Balance	\$ 1,908,160	\$ 1,560,628	\$ 2,721,266	\$ 2,310,340	\$ 5,336,238
Total Ending Cash Balance	\$ 1,560,628	\$ 2,310,340	\$ 2,993,911	\$ 5,336,238	\$ 4,180,313
Less Funds Received for LED Conversion	\$ -	\$ -		\$ 13,240	
Less Restricted Funds (Bond Fund, Vehicle, EDF & Debt Srvc)	\$ 100,600	\$ 113,620	\$ 115,000	\$ 2,854,811	\$ 1,806,318
NET UNRESTRICTED CASH	\$ 1,460,028	\$ 2,196,720	\$ 2,878,911	\$ 2,468,187	\$ 2,373,995

**BOZRAH LIGHT AND POWER
COMPANY**

2021/2022 BUDGET

PROFORMA ANALYSIS

**BOZRAH LIGHT & POWER COMPANY
PROFORMA ANALYSIS**

	FY 2020 Actual	FY 2021 Actual	Approved FY2022 Budget	Projected FY 2022	Proposed FY 2022-2023 Budget
RESIDENTIAL	\$ 4,228,675	\$ 4,486,460	\$ 4,450,441	\$ 4,471,292	\$ 4,685,962
COMMERCIAL Small General	1,508,723	1,617,593	1,569,364	1,638,542	1,692,889
INDUSTRIAL Large General	2,522,411	2,837,712	2,659,706	2,945,504	3,161,074
SPECIAL CONTRACT DISTRIBUTION CHARGE	542,193	918,339	1,029,320	1,029,320	1,160,841
STREET LIGHTING	25,593	25,605	25,313	25,658	27,124
SUBTOTAL	8,827,595	9,885,710	9,734,144	10,110,316	10,727,890
INTERRUPTIBLE PASS-THROUGH	8,820,795	8,261,276	8,017,184	11,185,285	11,413,704
TOTAL ELECTRIC REVENUE	17,648,391	18,146,986	17,751,328	21,295,601	22,141,594
OTHER ELECTRIC REVENUE	35,880	41,988	36,395	37,192	37,295
TOTAL REVENUE	\$ 17,684,271	\$ 18,188,973	\$ 17,787,723	\$ 21,332,793	\$ 22,178,889
EXPENSES:					
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PURCHASED POWER INTERRUPTIBLE	8,820,795	8,261,276	8,017,184	11,601,709	11,413,704
OTHER OPERATING & MAINTENANCE EXPENSE	1,965,223	2,507,322	2,385,091	2,247,779	2,402,458
CONSERVATION & LOAD MANAGEMENT	117,563	127,633	126,750	132,777	130,106
DEPRECIATION (including additions)	665,147	631,658	655,478	639,199	660,899
TAXES	195,819	206,672	203,854	203,632	258,500
PAYMENT IN LIEU OF TAXES (PILOT)	40,062	40,055	40,062	40,063	80,124
TOTAL OPERATING EXPENSES	\$ 16,973,045	\$ 17,315,436	\$ 17,196,036	\$ 20,594,294	\$ 21,789,825
OPERATING INCOME	\$ 711,226	\$ 873,538	\$ 591,687	\$ 738,499	\$ 389,064
INTEREST & OTHER CHARGES					
OTHER INCOME & EXPENSE	9,857	8,841	10,347	6,014	8,213
SUBSTATION LONG TERM DEBT INTEREST	36,521	27,617	33,789	25,430	22,081
CAPITAL FINANCINGLONG TERM DEBT INTEREST	45,395	42,176	74,666	59,229	150,476
TOTAL OTHER	\$ 91,773	\$ 78,635	\$ 118,803	\$ 90,673	\$ 180,770
NET INCOME BEFORE RETURN TO GROTON	\$ 619,453	\$ 794,903	\$ 472,884	\$ 647,826	\$ 208,294
New Financing (Proposed FY21-27 capital projects)	-	-	871,000	-	-
Capital Project Financing Bands	-	-	-	3,000,000	-
Receipt of RGGI Funds for Street Light Conversion	16,831	-	-	13,240	-
Vehicle Replacement Funds	0	-	-	-	-
Working Capital	0	349,925	-	-	-
DEPRECIATION	665,147	631,658	655,478	639,199	660,899
Total Funds Generated	\$ 1,301,431	\$ 1,776,486	\$ 1,999,362	\$ 4,300,265	\$ 869,192
LESS:					
Return to Groton	373,217	373,217	373,217	373,217	373,217
CAPITAL ASSETS	550,000	383,783	968,000	591,250	1,172,000
LTD Principal on SS Upgrade	200,400	200,400	200,400	200,400	200,400
LTD Principal 2016 Bonding	64,375	64,375	64,500	64,500	64,500
New Financing Principal	-	-	60,600	35,000	210,000
Vehicle Replacement Reserve	5,000	5,000	5,000	5,000	-
Economic Development Reserve	-	-	5,000	5,000	5,000
Working Capital	455,971	-	50,000	-	-
Total Funds Required	\$ 1,648,963	\$ 1,026,775	\$ 1,726,717	\$ 1,274,367	\$ 2,025,117
Net Increase(Decrease) in Cash from Operations	\$ (347,532)	\$ 749,711	\$ 272,646	\$ 3,025,898	\$ (1,155,924)
Plus Total Beginning Cash Balance	\$ 1,908,160	\$ 1,560,628	\$ 2,721,266	\$ 2,310,339	\$ 5,336,238
Less Funds Received form LED Conversion	-	-	-	13,240	-
Less Restricted Funds (Vehicle & Debt Service)	100,600	113,620	115,000	2,854,811	1,806,318
Total Unrestricted Cash Balance	\$ 1,460,028	\$ 2,196,719	\$ 2,878,912	\$ 2,468,187	\$ 2,373,995

BOZRAH LIGHT AND POWER
COMPANY

2022/2023 BUDGET

CAPITAL PROJECTS

**Bozrah Light & Power Capital Projects Bonding
BUDGET FY 2022 - 2023**

Bonded Capital Projects:

Priority #	DESCRIPTION	LOCATION	ESTIMATED COMPLETION	FY 2023 Budget Bond	FY 2024 Budget Bond	FY 2025 Budget Bond	FY 2026 Budget Bond	FY 2027 Budget Bond	5 Year Total FY23-FY27
1	Three Phase 15 kv Upgrade	South Rd	FY22						\$0
2	Reclosers 15 Kv Capacitor Banks	Various Locations	FY24	\$360,000	\$162,000				\$522,000
3	SS Transfer Trip & Sta Equip	Stockhouse Substation	FY22	\$138,000					\$138,000
4	SERVICE BLD Yard Upgrades	Service Garage Bld	FY23	\$85,000	\$100,000				\$185,000
5	Three Phase 15 kv Upgrade	Campmooven Rd Lebanon	FY23	\$170,000	\$316,000				\$486,000
6	Three Phase 15 kv Upgrade	4th Circuit Stockhouse	FY26		\$40,000	\$368,000	\$329,000		\$737,000
7	Single Phase 15 kv Upgrade	Red Cedar Lake	FY27				\$125,000	\$445,000	\$570,000
8	Transformers & Voltage Regulators	Various Locations	FY27	\$70,000	\$72,100	\$74,263	\$76,491	\$78,786	\$371,640
9	Pole Replacements	Various Locations	FY27	\$86,000	\$88,580	\$91,237	\$93,975	\$96,794	\$456,586
TOTAL				\$909,000	\$778,680	\$533,500	\$624,466	\$620,580	\$3,466,226

Non-Bonded Capital Projects:

Priority #	DESCRIPTION	LOCATION	ESTIMATED COMPLETION	FY 2023 Budget	FY 2024 Budget	FY 2025 Budget	FY 2026 Budget	FY 2027 Budget	5 Year Total FY23-FY27
1	New Customer Additions	Various Locations	FY22-26	\$72,000	\$74,160	\$76,385	\$78,676	\$81,037	\$382,258
2	SCADA Prism Softwar/Hrdwr	Stockhouse Substation	FY22	\$60,000					\$60,000
3	CMEEC Generator-Camp Mooween Road-Recloser Replacement	Various Locations	FY22	\$40,000					\$40,000
4	Replacement of porcelain cutouts with polymer cutouts	Various Locations	FY22	\$91,000	\$94,000				\$185,000
TOTAL				\$263,000	\$168,160	\$76,385	\$78,676	\$81,037	\$667,258

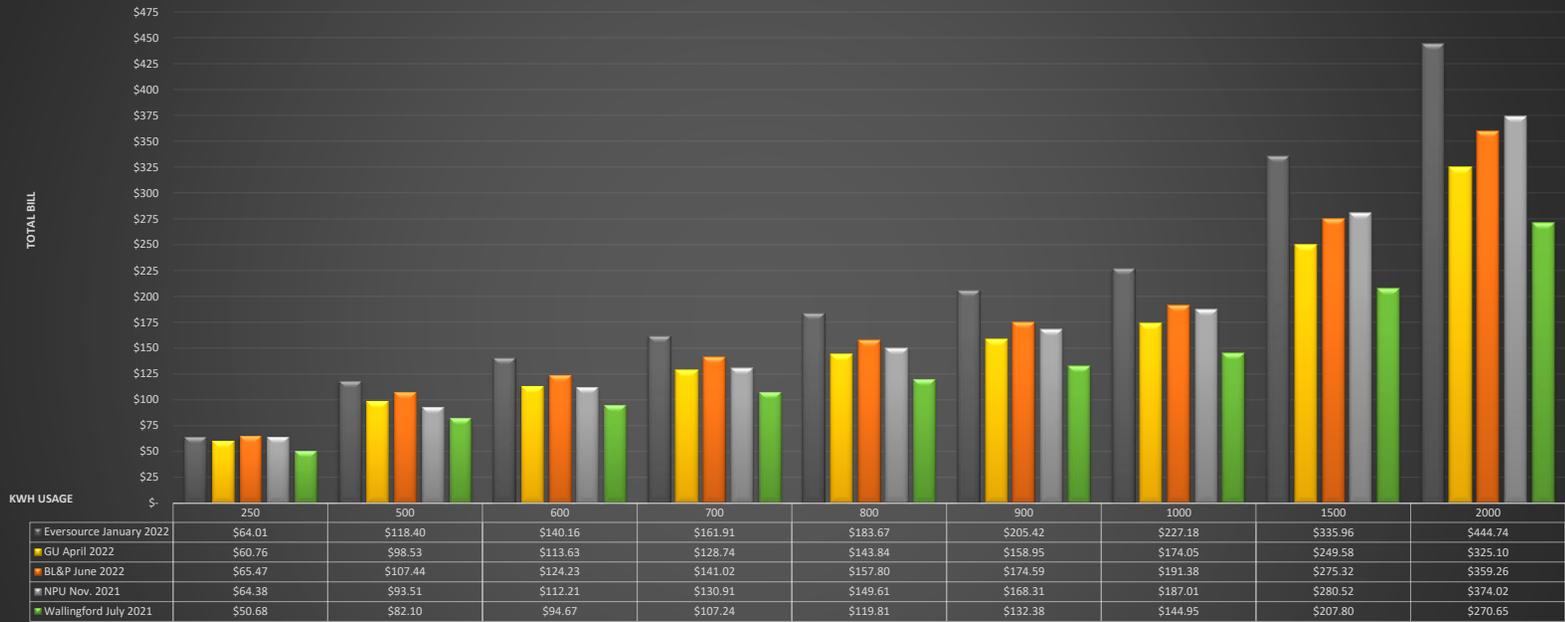
GRAND TOTAL	\$1,172,000	\$946,840	\$609,885	\$703,142	\$701,617	\$4,133,484
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BOZRAH LIGHT AND POWER
COMPANY

2022/2023 BUDGET

BILL COMPARISONS

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



**BL&P will be 13% below Eversource on
04-1-2022 at 700kWh**