

**BOZRAH LIGHT AND POWER
COMPANY**

**OPERATING AND CAPITAL
BUDGETS
2023/2024**

**Approved
May 24, 2023**

BOZRAH LIGHT & POWER COMPANY

FY 2024 BUDGET

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Bozrah Light and Power Company

2023/2024 Proposed Draft Budget

April 26, 2023

The fiscal year 2023-2024 proposed budget for BL&P is presented with FY2021 and FY2022 actuals, and FY2023 Approved Budget and Projections Debt service requirements related to the Stockhouse Road Substation Upgrade, PTF projects, 2017 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 2023, applying rates in effect April 1, 2023, including a combined Purchased Power Adjustment (PPA) and Transmission Cost Adjustment (TCA). The current proposed budget includes a PPA of \$.00052/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.

Overall, FY2024 budget kWh usage is approximately 1.6% higher than last year's budget with an kWh increase from 52m to 53m. Proposed budgeted electric revenues before interruptible pass-through of \$10.5m is 2.4% or \$224k less than budgeted FY2023. The decrease is the result of the rate changes including the PPA reduction and kWh usage increase.

Power Costs

The purchased power cost included in the customer's retail rate is \$107.58/MWh. This rate is based on the CMEEC March 2023 power cost forecast offset by anticipated CMEEC Margin returns. By the end of FY 2024 the BL&P balance in the CMEEC RSF is estimated to be \$3.9m which may be leveraged to manage changes in power costs for the residual customers.

Other Operating & Maintenance (O&M) 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 developed using historical information and adjusted for known changes. As 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. 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 FY2024 budget of \$2.3m is \$70K or 2.9% less than last year's budget. The main drivers for the decrease are as follows:

- Allocation of labor to the operations and maintenance expenses decreased by \$105k or 9% from fiscal year 2023.
- Contract tree trimming costs are again budgeted for two crews at a total cost of \$603k, which is an increase of \$23k over the FY 2023 budget. This will allow the continuation of a more accelerated level of outage prevention maintenance.
- Other Customer Service and miscellaneous costs increased \$11k or 2%.

Payment to The city of Groton

Return to the City remains at the established 1995 level of \$373,217.

Capital Projects

Anticipated Capital projects slated for completion during FY2024 is \$1.4m which will be funded by a combination of annual depreciation and \$888k receipts from financing. 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..

Non-Bonded Capital Projects of \$507k for

- New Customer Additions - \$75k
- SCADA Prism Software/Hardware - \$60k
- Generator Recloser Campmooween Rd - \$40k
- Replace Porcelain with Polymer Cutouts - \$157k
- Pole Replacements - \$175k

Bonded Capital Projects of \$888k for

- Reclosers 15 Kv Capacitor Banks - \$192k
- Service Building Upgrades - \$95k
- 3-Phase 15kv Upgrade Campmooween Rd. - \$400k
- 3-Phase 15kv Upgrade 4th Circuit Stockhouse - \$40k
- Transformers - \$161k

Cash Flow

Net cash flow provided from Operations FY2024 including the capital project financing results is a decrease of \$1.3m that reduces the cash balance from \$6.1m to \$4.7m. Projected unrestricted FY2024 ending cash balance of \$4.1m is \$1.9m over the COSS projected \$2.2m balance and \$1.0m above the COSS recommended minimum balance of \$3.1m.

Economic Development Funding

The FY2024 proposed budget includes a \$5k reserve adding to the current \$10k balance budgeted at \$5k per year beginning FY2022. The total EDF available at FYE2024 will be \$23k when combined with FY2014 remaining \$8k funds.

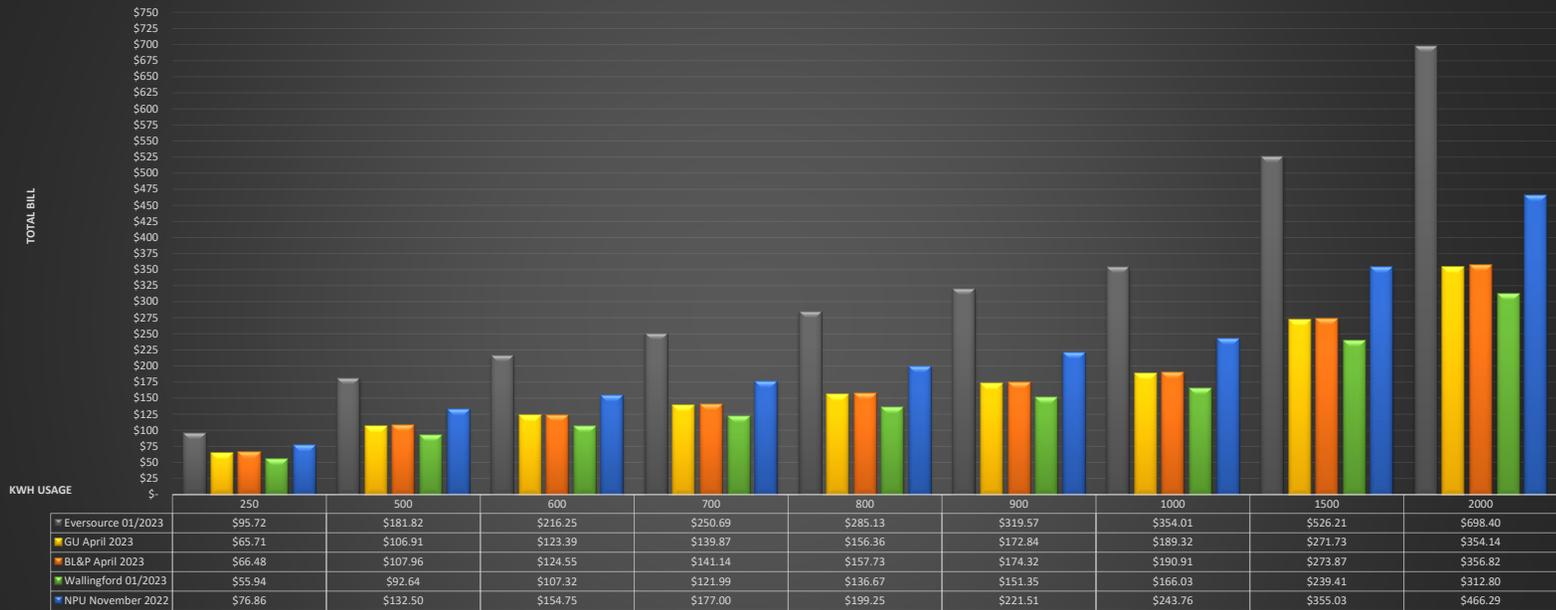
Rate Comparison

The BL&P average residential customer utility bills for 700 kWh is currently 44% or \$109.67 below the Benchmark's current rates.

The proposed budget for FY 2024 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 vs. Benchmark
Residential Bills
(various kWh usage levels)**



**BL&P will be 44% below Eversource on
04-1-2023 at 700kWh**

**BOZRAH LIGHT & POWER
REVENUES**

	FY 2021 Actual	FY 2022 Actual	Approved FY2023 Budget	Actual Unaudited 01/28/2023 (7 Months)	Projected FY 2023 7 mo Actual 5 mo Budget	Proposed FY 2023-2024 Budget	Variance 2023 to 2024 Budgets		Variance 2022 Projected Actual vs. 2023 Proposed Budget	
							\$	%	\$	%
REVENUE:										
RESIDENTIAL	\$ 4,486,460	\$ 4,500,845	\$ 4,685,962	\$ 2,455,793	\$ 4,676,740	\$ 4,493,471	\$ (192,490)	-4.1%	\$ (183,269)	-3.9%
COMMERCIAL Small General	1,617,593	1,648,313	1,692,889	909,402	1,700,605	1,654,534	(38,355)	-2.3%	(46,071)	-2.7%
INDUSTRIAL Large General	2,837,712	3,142,471	3,161,074	1,678,823	3,198,100	3,133,044	(28,030)	-0.9%	(65,056)	-2.0%
SPECIAL CONTRACT DISTRIBUTION CHARGE	918,339	1,029,320	1,160,841	571,844	1,160,843	1,195,669	34,827	3.0%	34,826	3.0%
STREET LIGHTING	25,605	26,067	27,124	13,412	27,029	27,090	(34)	-0.1%	61	0.2%
SUBTOTAL	\$ 9,885,710	\$ 10,347,015	\$ 10,727,890	\$ 5,629,274	\$ 10,763,318	\$ 10,503,808	\$ (224,081)	-2.1%	\$ (259,509)	-2.4%
INTERRUPTIBLE PASS-THROUGH	8,261,276	14,399,068	11,413,704	8,914,934	14,318,679	14,301,524	2,887,821	25.3%	(17,155)	-0.1%
TOTAL ELECTRIC REVENUE	\$ 18,146,986	\$ 24,746,083	\$ 22,141,594	\$ 14,544,208	\$ 25,081,997	\$ 24,805,333	\$ 2,663,739	12.0%	\$ (276,664)	-1.1%
OTHER ELECTRIC REVENUE	41,988	40,484	37,295	25,134	40,697	40,545	3,250	8.7%	(152)	-0.4%
TOTAL REVENUE	\$ 18,188,973	\$ 24,786,568	\$ 22,178,889	\$ 14,569,341	\$ 25,122,694	\$ 24,845,878	\$ 2,666,989	12.0%	\$ (276,816)	-1.1%
CLM Revenues	125,786	131,849	130,106	69,331	134,223	132,151	2,046	1.6%	(2,071)	-1.5%

REVENUE ASSUMPTIONS

- Electric Revenues for Proposed Budget FY 2022-2023 are based on 12 months actual consumption ended 02/28/2022
- FY2022 - 2023 budget PPA assigned is \$.0075/kWh

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

	FY 2021 Actual Audited	FY 2022 Actual -	FY2023 Budget	Projected FY 2023 7 Mos Actual 5 month budget	Proposed FY 2023-2024 Budget	Variance 2023 to 2024 Budgets		Variance 2023 Projected Actual vs 2024 Proposed Budget	
						\$	%	\$	%
TOTAL REVENUE	\$ 18,188,973	\$ 24,786,568	\$ 22,178,889	\$ 25,122,694	\$ 24,845,878	\$ 2,666,989	12.0%	\$ (276,816)	-1.1%
EXPENSES:									
PURCHASED POWER FIRM	5,540,819	6,308,697	6,844,034	7,166,055	6,690,144	(153,889)	-2.2%	(475,911)	-6.6%
PURCHASED POWER INTERRUPTIBLE	8,261,276	14,399,068	11,413,704	14,318,680	14,301,524	2,887,821	25.3%	(17,155)	-0.1%
OTHER OPERATING & MAINTENANCE EXPENSE	2,507,322	1,582,661	2,402,458	2,205,612	2,332,126	(70,333)	-2.9%	126,514	5.7%
CONSERVATION & LOAD MANAGEMENT	127,633	144,549	130,106	116,999	132,151	2,046	1.6%	15,153	13.0%
DEPRECIATION	631,571	630,829	660,899	652,111	677,531	16,632	2.5%	25,419	3.9%
TAXES	206,672	253,034	258,500	260,920	266,500	8,000	3.1%	5,580	2.1%
PAYMENT IN LIEU OF TAXES (PILOT)	40,055	40,056	80,124	80,026	80,030	(94)	-0.1%	4	0.0%
TOTAL OPERATING EXPENSES	\$ 17,315,349	\$ 23,358,895	\$ 21,789,825	\$ 24,800,403	\$ 24,480,007	\$ 2,690,182	12.3%	\$ (320,396)	-1.3%
OPERATING INCOME	\$ 873,625	\$ 1,427,673	\$ 389,064	\$ 322,292	\$ 365,871	\$ (23,193)	-6.0%	\$ 43,580	13.5%
INTEREST & OTHER CHARGES									
OTHER INCOME & EXPENSE	8,841	(339)	8,213	(157,887)	(4,976)	(13,190)	-160.6%	152,911	-96.8%
SUBSTATION LONG TERM DEBT INTEREST	27,617	19,042	22,081	19,382	25,933	3,852	17.4%	6,550	33.8%
CAPITAL FINANCING LONG TERM DEBT INTEREST	42,176	38,951	150,476	179,028	170,201	19,725	13.1%	(8,827)	-4.9%
TOTAL OTHER	\$ 78,635	\$ 57,653	\$ 180,770	\$ 40,524	\$ 191,158	\$ 10,387	5.7%	\$ 150,634	371.7%
NET INCOME BEFORE RETURN TO GROTON	\$ 794,990	\$ 1,370,019	\$ 208,294	\$ 281,768	\$ 174,714	\$ (33,580)	-16.1%	\$ (107,054)	-38.0%
Return to Groton	\$ 373,217	\$ 373,217	\$ 373,217	\$ 373,217	\$ 373,217	\$ -	0.0%	\$ -	0.0%
YTD Profit/Loss	\$ 421,773	\$ 996,803	\$ (164,923)	\$ (91,449)	\$ (198,503)	\$ (33,580)	20.4%	(107,054)	117.1%

BOZRAH LIGHT AND POWER

PROJECTED CASH FLOW BASED ON PROPOSED BUDGET 2023/2024

	FY 2021 Actual	FY 2022 Actual	Approved FY2023 Budget	Projected FY 2023 7Mos. Actual & 5 mo. Budget	Proposed FY 2023-2024 Budget
NET BEFORE RETURN TO GROTON	\$ 794,903	\$ 1,370,019	\$ 208,294	\$ 281,768	\$ 174,714
PLUS:					
Proceeds from Financing	-	3,000,000	-	-	-
Working Capital	349,925	966,325	-	-	
DEPRECIATION	631,658	630,829	660,899	652,111	677,531
TOTAL FUNDS GENERATED	\$ 1,776,486	\$ 5,967,174	\$ 869,192	\$ 933,879	\$ 852,244
Return to Groton	373,217	373,217	373,217	373,217	373,217
CAPITAL PROJECTS	383,783	478,333	1,172,000	1,172,000	1,395,000
LTD Principal on SS Upgrade	200,400	200,400	200,400	200,400	200,400
Series 2017 Financing Principal	64,375	64,500	64,500	64,500	64,500
FY22 Series Financing Principal	-	-	210,000	187,500	150,000
Vehicle Replacement Reserve	5,000	5,000	-	-	-
Economic Development Reserve	-	5,000	5,000	5,000	5,000
Working Capital	-	-	-	-	
TOTAL FUNDS REQUIRED	\$ 1,026,775	\$ 1,126,450	\$ 2,025,117	\$ 2,002,617	\$ 2,188,117
NET INCREASE(DECREASE) IN CASH FROM OPERATIONS	\$ 749,711	\$ 4,840,724	\$ (1,155,925)	\$ (1,068,738)	\$ (1,335,873)
Plus Total Beginning Cash Balance	\$ 1,560,628	\$ 2,310,339	\$ 5,336,238	\$ 7,151,063	\$ 6,082,326
Total Ending Cash Balance	\$ 2,310,339	\$ 7,151,063	\$ 4,180,313	\$ 6,082,326	\$ 4,746,453
Less Funds Received for LED Conversion	\$ -	\$ -		\$ -	
Less Restricted Funds (Bond Fund, Vehicle, EDF & Debt Svc)	\$ 113,620	\$ 3,294,764	\$ 1,806,318	\$ 1,483,313	\$ 597,631
NET UNRESTRICTED CASH	\$ 2,196,719	\$ 3,856,299	\$ 2,373,995	\$ 4,599,013	\$ 4,148,822

**BOZRAH LIGHT AND POWER
COMPANY**

2023/2024 BUDGET

PROFORMA ANALYSIS

**BOZRAH LIGHT & POWER COMPANY
PROFORMA ANALYSIS**

	FY 2021 Actual	FY 2022 Actual	Approved FY2023 Budget	Projected FY 2023	Proposed FY 2023-2024 Budget
RESIDENTIAL	\$ 4,486,460	\$ 4,500,845	\$ 4,685,962	\$ 4,676,740	\$ 4,493,471
COMMERCIAL Small General	1,617,593	1,648,313	1,692,889	1,700,605	1,654,534
INDUSTRIAL Large General	2,837,712	3,142,471	3,161,074	3,198,100	3,133,044
SPECIAL CONTRACT DISTRIBUTION CHARGE	918,339	1,029,320	1,160,841	1,160,843	1,195,669
STREET LIGHTING	25,605	26,067	27,124	27,029	27,090
SUBTOTAL	9,885,710	10,347,015	10,727,890	10,763,318	10,503,808
INTERRUPTIBLE PASS-THROUGH	8,261,276	14,399,068	11,413,704	14,318,679	14,301,524
TOTAL ELECTRIC REVENUE	18,146,986	24,746,083	22,141,594	25,081,997	24,805,333
OTHER ELECTRIC REVENUE	41,988	40,484	37,295	40,697	40,545
TOTAL REVENUE	\$ 18,188,973	\$ 24,786,568	\$ 22,178,889	\$ 25,122,694	\$ 24,845,878
EXPENSES:					
PURCHASED POWER FIRM	5,540,819	6,308,697	6,844,034	7,166,055	6,690,144
PURCHASED POWER INTERRUPTIBLE	8,261,276	14,399,068	11,413,704	14,318,680	14,301,524
OTHER OPERATING & MAINTENANCE EXPENSE	2,507,322	1,582,661	2,402,458	2,205,612	2,332,126
CONSERVATION & LOAD MANAGEMENT	127,633	144,549	130,106	116,999	132,151
DEPRECIATION (including additions)	631,571	630,829	660,899	652,111	677,531
TAXES	206,672	253,034	258,500	260,920	266,500
PAYMENT IN LIEU OF TAXES (PILOT)	40,055	40,056	80,124	80,026	80,030
TOTAL OPERATING EXPENSES	\$ 17,315,349	\$ 23,358,895	\$ 21,789,825	\$ 24,800,403	\$ 24,480,007
OPERATING INCOME	\$ 873,625	\$ 1,427,673	\$ 389,064	\$ 322,292	\$ 365,871
INTEREST & OTHER CHARGES					
OTHER INCOME & EXPENSE	8,841	(339)	8,213	(157,887)	(4,976)
SUBSTATION LONG TERM DEBT INTEREST	27,617	19,042	22,081	19,382	25,933
CAPITAL FINANCING LONG TERM DEBT INTEREST	42,176	38,951	150,476	179,028	170,201
TOTAL OTHER	\$ 78,635	\$ 57,653	\$ 180,770	\$ 40,524	\$ 191,158
NET INCOME BEFORE RETURN TO GROTON	\$ 794,990	\$ 1,370,019	\$ 208,294	\$ 281,768	\$ 174,714
Capital Project Financing Bands	-	3,000,000	-	-	-
Working Capital	349,925	966,325	-	-	-
DEPRECIATION	631,658	630,829	660,899	652,111	677,531
Total Funds Generated	\$ 1,776,573	\$ 5,967,174	\$ 869,192	\$ 933,879	\$ 852,244
LESS:					
Return to Groton	373,217	373,217	373,217	373,217	373,217
CAPITAL ASSETS	383,783	478,333	1,172,000	1,172,000	1,395,000
LTD Principal on SS Upgrade	200,400	200,400	200,400	200,400	200,400
LTD Principal 2016 Bonding	64,375	64,500	64,500	64,500	64,500
New Financing Principal	-	-	210,000	187,500	150,000
Vehicle Replacement Reserve	5,000	5,000	-	-	-
Economic Development Reserve	-	5,000	5,000	5,000	5,000
Working Capital	-	-	-	-	-
Total Funds Required	\$ 1,026,775	\$ 1,126,450	\$ 2,025,117	\$ 2,002,617	\$ 2,188,117
Net Increase(Decrease) in Cash from Operations	\$ 749,798	\$ 4,840,724	\$ (1,155,924)	\$ (1,068,738)	\$ (1,335,873)
Plus Total Beginning Cash Balance	\$ 1,560,628	\$ 2,310,339	\$ 5,336,238	\$ 7,151,063	\$ 6,082,326
Total Ending Cash Balance	\$ 2,310,426	\$ 7,151,063	\$ 4,180,314	\$ 6,082,326	\$ 4,746,453
Less Restricted Funds (Vehicle & Debt Service)	113,620	3,294,764	1,806,318	1,483,313	597,631
Total Unrestricted Cash Balance	\$ 2,196,806	\$ 3,856,299	\$ 2,373,996	\$ 4,599,013	\$ 4,148,822

**BOZRAH LIGHT AND POWER
COMPANY**

2023/2024 BUDGET

CAPITAL PROJECTS

Bozrah Light & Power Capital Projects Bonding

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	\$192,000				\$552,000
3	SS Transfer Trip & Sta Equip	Stockhouse Substation	FY22	\$138,000					\$138,000
4	SERVICE BLD Yard Upgrades	Service Garage Bld	FY23	\$85,000	\$95,000	\$95,000	\$100,000	\$105,000	\$480,000
5	Three Phase 15 kv Upgrade	Campmooven Rd Lebanon	FY23	\$170,000	\$400,000				\$570,000
6	Three Phase 15 kv Upgrade	4th Circuit Stockhouse	FY26		\$40,000	\$403,000	\$363,000		\$806,000
7	Single Phase 15 kv Upgrade	Red Cedar Lake	FY27				\$136,000	\$485,000	\$621,000
8	Transformers	Various Locations	FY27	\$70,000	\$161,000	\$164,000	\$169,000	\$179,000	\$743,000
9	Pole Replacements	Various Locations	FY27						\$0
			TOTAL	\$823,000	\$888,000	\$662,000	\$768,000	\$769,000	\$3,910,000

Bozrah Light & Power Capital Projects Non-Bonding

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	FY22-27	\$72,000	\$75,000	\$78,000	\$81,000	\$84,000	\$390,000
2	SCADA Prism Software/Hrdwr	Stockhouse Substation	FY23	\$60,000	\$60,000				\$120,000
3	CMEEC Generator-Camp Mooween Road-Recloser Replacement	Various Locations	FY23	\$40,000	\$40,000				\$80,000
4	Replacement of porcelain cutouts with polymer cutouts	Various Locations	FY23	\$91,000	\$157,000				\$248,000
5	Pole Replacements	Various Locations	FY27	\$86,000	\$175,000	\$184,000	\$193,000	\$202,000	\$840,000
			TOTAL	\$349,000	\$507,000	\$262,000	\$274,000	\$286,000	\$1,678,000

GRAND TOTALS	\$ 1,172,000	\$ 1,395,000	\$ 924,000	\$ 1,042,000	\$ 1,055,000	\$ 5,588,000
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