

BRAINTREE ELECTRIC
LIGHT DEPARTMENT
2005 ANNUAL REPORT



A HIGHER STANDARD OF SERVICE



A higher standard of service



William G. Bottiggi
General Manager

Braintree Electric Light Department (BELD) faced a number of challenges during 2005, the greatest of which was how best to deal with rapidly rising energy prices resulting from a number of world events and hurricanes that interrupted oil and gas supplies. I would like to thank our customers for their patience while we worked to keep their electric rates as low as possible.

A number of weather events in early 2005—including a blizzard in January—tested our system, but BELD's well-constructed transmission and distribution infrastructure kept outages to a minimum. Increased reliability and capability will be the end result of a major renovation project at our Plain Street Substation, where we replaced our oldest transformer with a new, larger-capacity unit this year.

A higher standard of service was the goal of our SCADA project as well. We replaced our aging and somewhat obsolete SCADA (Supervisory Control and Data Acquisition) system with one that now gives us better communication and control of our substations. We also co-sponsored a pilot program with Climate Energy, selecting five Braintree households to be the first in the United States to test an innovative hybrid home heating and power generation system.

The Broadband Division continued to grow during 2005 with the addition of 230+ cable subscribers and 250+ Internet subscribers. Video on Demand (VOD) was added to our service offerings, keeping us competitive. Our Internet service staff undertook several projects that enhanced reliability and performance. The Broadband Division was able to get through the year without a rate increase but will require one in early 2006 as programming and other costs associated with the business continue to rise.

I am pleased to report that BELD continued to find ways to support the community during 2005. We completed a number of projects for the town—including the installation of a new electric service for the Watson Library, an upgrade of the management information system at the Police Department, and extensive work on Braintree's Web-based Geographic Information System (GIS). Coupled with our annual Payment in Lieu of Taxes, BELD contributed well over \$1,000,000 in support to the Town of Braintree.

We made significant progress in our plans for the construction of a modern power plant and will seek Town Meeting approval for funding in 2006. And we will continue to work hard to maintain the higher standard of service our customers have grown accustomed to and have come to expect from Braintree Electric Light Department.

William G. Bottiggi
General Manager

Thomas J. Reynolds,
Chairman



Guy F. Luke,
Vice Chairman



Anthony L. Agnitti,
Secretary



Braintree Municipal Light Board

Braintree Electric Light Department (BELD) is a public power utility—one of over 2,000 in the country. Operated as a not-for-profit public service, BELD is overseen by a publicly elected Municipal Light Board. Braintree residents are not only consumers, but owners as well—with a role in deciding how BELD will be operated. We appreciate the support you've given the Light Board and BELD's management and staff as we've worked together over the past year to serve the Town of Braintree.

A HIGHER STANDARD OF...
reliability

In the public power utility business, reliability is priority #1. And BELD's Plain Street Substation has been supplying electricity to nearly half of Braintree's homes and businesses for almost four decades—an impressive record by any standard. But even the most dependable workhorses tire, and this year we completed the first phase of an extreme makeover at Substation 4.

With the goal of improving the reliability of the BELD electrical system while increasing the capacity of the substation, BELD electricians and linemen removed the existing 37-year-old 115kV transformer—BELD's oldest—and installed a larger-capacity unit. They also relocated and replaced troublesome transformer disconnects and upgraded the secondary cable bus connection.

The replacement of the transformer is but the first of many significant modifications planned for the substation...we'll be making some aesthetic changes as well. In Phase Two, scheduled to begin in the spring of 2006, BELD will remove the steel lattice bus structures and replace them with a lower-profile, less obtrusive type of construction. Phase Three will include installing a new fence, painting the control building, and adding trees to the landscape.

Public power systems have a long history of providing reliable service to their communities. BELD was founded in 1892 and has been going strong for 113 years! By the end of 2005, one out of four public power utilities had celebrated its centennial—an achievement of great stability in a constantly changing world of mergers and buyouts.

The replacement of the transformer is but the first of many significant modifications planned for the substation...we'll be making some aesthetic changes as well.



A HIGHER STANDARD OF...

responsiveness

Braintree Electric Light Department has 22 distribution feeders delivering electric energy from three substations to customer groups ranging in size from one to 1900. Maintaining continuity of service throughout the system can be a challenge—and we do it with the assistance of SCADA (Supervisory Control and Data Acquisition), the monitoring and control system that helps us “keep the lights on.”

BELD uses a SCADA System to help us respond to problems by providing real-time information such as: how much load we have on our substation transformers and on each 13,800 volt distribution feeder, what the town load is, whether our substation circuit breakers are opened or closed, and whether alarms are indicating that something is wrong.

In early 2004, BELD Engineering staff began the process that ultimately would lead to the replacement of the SCADA Master Station, the “brain” for SCADA. The existing system was costly to support, it was not redundant, it had no remote access features, and there was no historical database where information could be stored and easily retrieved.

The newly-designed system began operation in June 2005. It has a dual redundancy feature—when one piece of equipment fails, another replaces it. On-Call Supervisors and BELD managers can now more conveniently monitor SCADA status from home or anywhere there is access to phone lines or the Internet. BELD power plant operators, who staff the plant 24/7, can now provide more timely and accurate information to On-Call Supervisors during emergencies. Improved technology = quicker response times = better service for our customers!

Maintaining continuity of service throughout the system can be a challenge—and we do it with the assistance of SCADA (Supervisory Control and Data Acquisition), the monitoring and control system that helps us “keep the lights on.”



A HIGHER STANDARD OF...

innovation

In order to better serve the energy needs of our customers, Braintree Electric Light Department is taking part in a pilot program that will put Braintree on the residential home heating map. BELD and Climate Energy of Medfield, Massachusetts, are co-sponsoring a truly innovative project in association with the DEED (Demonstration of Energy-Efficient Developments) program of the American Public Power Association (APPA), which is providing a financial grant for some of the work.

Five Braintree households will be the first in the country to test Climate Energy's Micro-CHP (combined heat and power) System—a hybrid home heating and power generation system consisting of a natural-gas-powered, high-efficiency Honda generator connected to a high-efficiency furnace. It's an efficient and environmentally friendly way for homeowners to save money while heating and powering their homes.

The concept of combined heat and power is simple: the system generates electric power as a by-product of the normal operation of a home heating system. The generator produces heat in the form of hot water that is used to heat the dwelling—by circulating either warm air or hot water—and simultaneously produces 1.2 kilowatts of high-quality electric power for consumption in the home.

The technology has been used in universities and office buildings in the U.S. but until now has not been technically practical for use in individual homes. Following completion of the pilot installation program, a full introduction of the Climate Energy system to the Massachusetts home market is expected in 2006. In the meantime, five fortunate BELD customers will be testing a remarkable new home heating product.

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A HIGHER STANDARD OF...

enterprise

BELD Broadband is changing the face of TV viewing habits in Braintree. Gone are the days of “appointment television”—when folks rushed home from work, fed the kids, grabbed a dish of ice cream and flopped on the couch just in time for the start of their favorite 8 p.m. sitcom. The future of TV is in our hands...literally. With the push of a few buttons on the remote control, our viewers can order nearly any program they want, when they want it.

BELD Video On Demand (VOD) allows viewers to stop, start, pause, rewind and fast-forward a show, just like a VCR or DVD player. And once a program is ordered, it's available for viewing up to 24 hours. VOD offers the latest hit movies, all the popular series from premium channels, and free programming from a variety of content providers.

When BELD Broadband was launched in January 2001, Braintree was only the second community in the State of Massachusetts to start its own cable company—and the first to compete against a major cable provider. A mere twelve months later, we had captured a substantial market share and the overwhelming support of the town.

Now four years young, we're still blazing trails by continually expanding our service offerings—state-of-the-art Digital Video Recorders, High-Definition TV (HDTV) channels, and now VOD. So, if our viewers want to watch a blockbuster movie at 1:43 on a Tuesday afternoon, pause it to make a sandwich, then replay a favorite scene, the choice will be theirs.

The future of TV is in our hands...literally. With the push of a few buttons on the remote control, our viewers can order nearly any program they want, when they want it.



A HIGHER STANDARD OF...

adaptability

The job of an Internet Service Provider (ISP) is not unlike that of a skillful juggler performing under the big top—both require adaptability, agility and constant vigilance. BELD Broadband Internet service has been working diligently to enhance reliability and performance while meeting the challenges posed by viruses and hackers. Here are some of the steps we took toward that end during 2005.

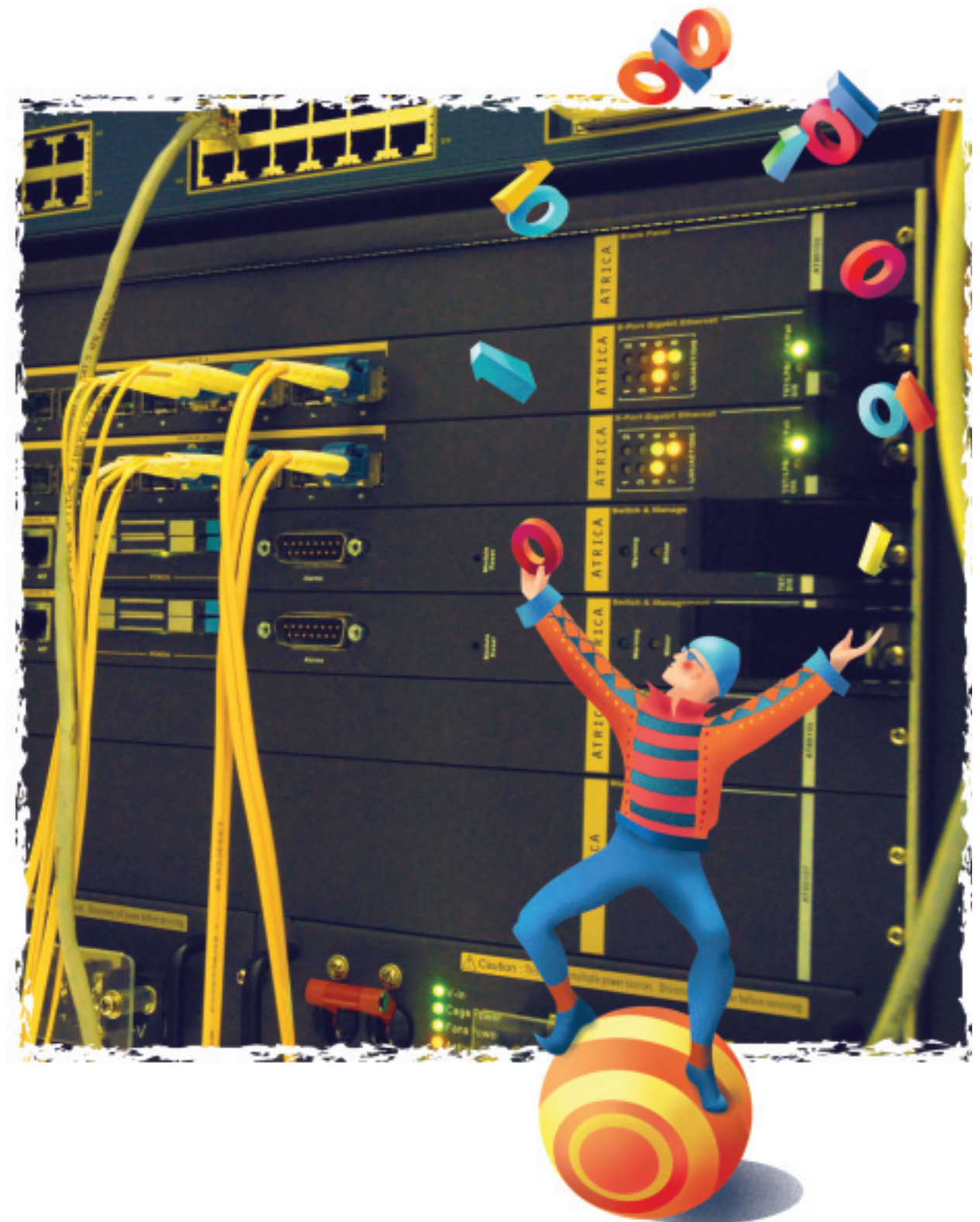
We increased our performance and redundancy by replacing our 45 Megabit connection to the Internet with two redundant 100 Megabit connections, at no increase in net cost. We also increased the available bandwidth on our microwave backup link. As a result, 2005 was our first year without even one second of hard downtime.

Spam attacks amounting to millions of emails weekly early in the year caused delays in mail delivery. Since subscribing to the MessageLabs spam scanning service, the number of viruses transmitted to our subscribers via email has dropped to zero, and the maximum load on our servers has been cut by 70%, dramatically improving performance.

Security has become an increasing concern for always-on Internet connections like those provided by cable modems. In response to problems related to viruses, address scans and SPAM, we installed a Sandvine system that transparently limits the scope of viral infections and the ability of hijacked computers to send spam.

We also rolled out new and enhanced services to Braintree businesses at costs lower than previously available, including Commercial Grade Internet service and an enhanced Web Hosting service. We have a lot of balls in the air, but our Internet customers can rest assured that we're up to the challenge.

The job of an Internet Service Provider (ISP) is not unlike that of a skillful juggler performing under the big top—both require adaptability, agility and constant vigilance.



financial statements

CONSOLIDATING STATEMENTS OF NET ASSETS December 31, 2005

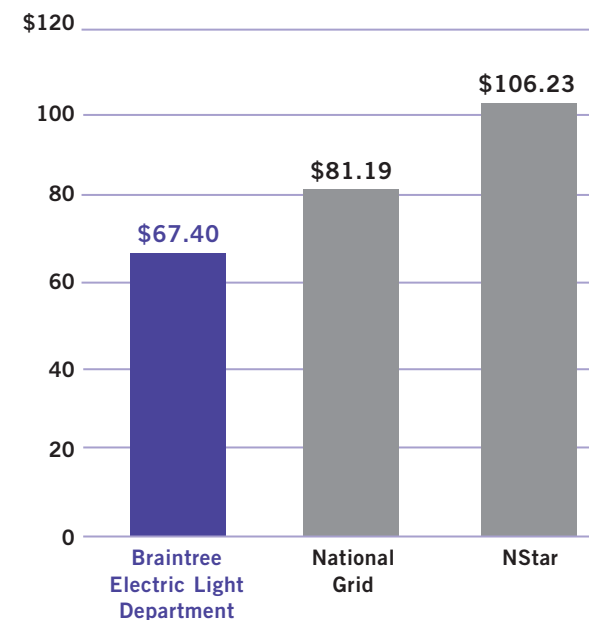
	Light Division	Broadband Division	Consolidated
ASSETS			
Current Assets:			
Funds on Deposit with Town Treasurer			
Operating Fund	\$3,948,069	\$446,680	\$4,394,749
Customer Accounts Receivable, Net	3,786,071	96,886	3,882,957
Accounts Receivable - Related party	250,632	0	250,632
Other Receivables	192,034	0	192,034
Materials And Supplies	648,491	13,039	661,530
Unbilled Revenue	1,737,227	0	1,737,227
Prepaid Working Capital	886,707	0	886,707
Prepaid Expenses	97,664	179,315	276,979
Total Current Assets	11,546,895	735,920	12,282,815
Noncurrent Assets:			
Funds on Deposit with Town Treasurer			
Depreciation Fund	3,486,783	30,508	3,517,291
Rate Stabilization Fund	1,597,668	0	1,597,668
Customer Deposits	51,014	0	51,014
Investment in Energy New England	226,820	0	226,820
Investment in Hydro-Quebec Phase II	107,232	0	107,232
Other Investments	132,000	0	132,000
Other Noncurrent Assets	700,537	0	700,537
Investment In Affiliate Company	1,097,069	(1,097,069)	0
Plant Assets, Net	39,907,098	4,210,535	44,117,633
Total Noncurrent Assets	47,306,221	3,143,974	50,450,195
Total Assets	\$58,853,116	\$3,879,894	\$62,733,010
Net Assets - December 31	\$146,066,435	\$11,234,403	\$157,300,838
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$3,549,148	\$281,937	\$3,831,085
Accounts Payable - Related Party	178,865	20,413	199,278
Accrued Compensated Absences	159,612	11,645	171,257
Other Accrued Expenses	151,315	16,013	167,328
Note Payable	103,905	0	103,905
Bond Payable	0	500,000	500,000
Capital Lease	56,559	0	56,559
Deferred Revenue	40,186	0	40,186
Total Current Liabilities	4,239,590	830,008	5,069,598
Noncurrent Liabilities:			
Note Payable, Net of Current Portion	207,810	0	207,810
Bonds Payable, Net of Current Portion	0	2,650,000	2,650,000
Capital Lease, Net of Current Portion	78,458	0	78,458
Rate Stabilization Reserve	1,597,668	0	1,597,668
Customer Deposits	83,723	0	83,723
Deferred Revenue	434,960	0	434,960
Total Noncurrent Liabilities	2,402,619	2,650,000	5,052,619
Total Liabilities	6,642,209	3,480,008	10,122,217
Net Assets			
Invested in Capital Assets, Net of Related Debt	39,907,098	1,060,535	40,967,633
Unrestricted	12,303,809	(660,649)	11,643,160
Total Net Assets	52,210,907	399,886	52,610,793
Total Liabilities and Net Assets	\$58,853,116	\$3,879,894	\$62,733,010

CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS December 31, 2005

	Light Division	Broadband Division	Consolidated
Operating Revenues			
Sales to ultimate customers	\$44,775,310	\$5,486,709	\$50,262,019
Other operating revenues	1,259,556	0	1,259,556
Total Operating Revenues	46,034,866	\$5,486,709	\$51,521,575
Operating Expenses:			
Purchased power	28,468,371	0	28,468,371
Fuel for generators	2,108,260	0	2,108,260
Signal Fees	0	1,874,354	1,874,354
Maintenance	3,617,301	434,457	4,051,758
Distribution	2,180,794	776,237	2,957,031
General & Administration	6,211,001	1,517,302	7,728,303
Depreciation Expense	2,705,852	535,697	3,241,549
Total Operating Expenses	45,291,579	5,138,047	50,429,626
Operating Income	743,287	348,662	1,091,949
Nonoperating Revenues (Expenses):			
Investment Loss - Ene	(50,478)	0	(50,478)
Interest and Dividend Income	121,978	812	122,790
Interest Expense	(38,688)	(130,093)	(168,781)
Total Nonoperating Revenues (Expenses)	32,812	(129,281)	(96,469)
Income Before Contributions and Transfers	776,099	219,381	995,480
Net Assets - January 1	52,435,467	180,505	52,615,972
Transfers Out - Payment in Lieu of Taxes	(842,299)	0	(842,299)
Net Assets - December 31	\$52,210,907	\$399,886	\$52,610,793

RESIDENTIAL RATE COMPARISON

Average monthly bill of 500 kWh, year end 12/31/05



financial statements

STATEMENT OF KILOWATT HOUR SALES, LIGHT DIVISION December 31, 2005 and 2004

	2005	2004
KILOWATTS		
Residential Service	\$116,620,944	110,193,661
Commercial Service	238,894,269	237,218,159
Industrial Service	28,806,500	27,649,300
Municipal Service	14,085,991	13,242,037
Area Lighting	823,812	809,049
Sales To Other Utilities	1,367,295	3,488,560
Total Kilowatt Hour Sales	\$400,598,811	392,600,766
REVENUE		
Residential Service	\$12,136,241	\$10,750,826
Commercial Service	27,497,568	25,521,104
Industrial Service	3,020,663	2,685,384
Municipal Service	1,450,067	1,205,213
Area Lighting	96,442	94,537
Sales To Other Utilities	580,350	678,635
Total Kilowatt Dollar Sales	\$44,781,331	\$40,935,699

Notes to financial statements: December 31, 2005

- The general laws of the Commonwealth of Massachusetts under Chapter 164 require “utility plant in service” to be depreciated using a 3% rate. Approval must be given by the Department of Telecommunications and Energy before the rate can be changed. Rates used in depreciating “utility plant in service” are based on financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful life.
- BELD adopted the provisions of Governmental Accounting Standards Board (GASB) Statements No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, in 2002.
- Braintree Electric Light Department operates in two divisions: the municipal Electric Division and the Broadband Division. The Electric Division generates, purchases and distributes electricity to residents of the town. The Broadband Division provides Internet and cable services to residents of the town. Because BELD is owned by the town and not by investors, our net profit is returned to our customers in the way of stable rates, better service and increased assets.
- The financial results presented for 2005 are unaudited.

contributions to the community during 2005

Streetlight savings to town due to contract	\$123,376
Police Station MIS work	48,000
GIS (Geographic Information System)	28,080
Traffic signal maintenance by outside vendor	27,932
Donated vehicles (Fire, Water & School Departments)	21,980
Installation of electric service at Watson Library	15,629
Braintree Re-leaf program (tree planting)	11,500
Neighborhood Link website	11,000
Traffic signal maintenance by BELD	7,785
Set-up for July 4th Celebration	7,765
Installation of generator at Fire Department	5,465
Rewiring at BCAM and Middle School	5,000
Repair to decorative streetlight	4,553
Installation of scoreboards at Flaherty School	3,578
Repair to outside lights at Police Department	3,513
Installation of electric service at French House	3,334
Nonprofit discounts for Broadband service	3,116
Wire work at DPW garage	2,829
Repair to BHS baseball field circuit	1,903
Installation/removal of holiday lights at Town Hall	1,845
Replacement of banners in South Braintree Square	1,553
Traffic signal repair	1,028
Scholarships	1,000
Rewiring of compressor at Fire Department	879
Balance of lighting load at Hollingsworth Park	876
Repair to lights at Council of Aging	876
Fiber optic repair work at South Junior High	776
Electrical safety education for the schools	750
	\$345,921
Payment in Lieu of Taxes	842,299
Grand Total	\$1,188,220

Unlike private power companies, public power utilities do not serve stockholders. Instead their mission is to serve their customers. They measure success by how much money stays within the community through low rates and contributions to the town budget. BELD continued its practice of contributing many additional services to the Town of Braintree during 2005. Some of those services and their approximate values are listed here.



Braintree Electric Light Department

MANAGERS AND BOARD

BELD General Managers

1892-1895	Thomas A. Watson
1895-1902	Ansel O. Clark
1903-1911	Daniel Potter
1911-1939	Fred B. Lawrence
1939-1954	Ernest T. Fulton
1954-1977	Alban G. Spurrell
1977-1985	Donald H. Newton
1985-2002	Walter R. McGrath
2003-present	William G. Bottiggi

Braintree Municipal Light Board Established 1909

1909-1956	Norton P. Potter
1909-1938	Alexander Carson
1909-1925	Charles T. Crane
1925-1936	Charles G. Jordan
1936-1954	Frank P. Lloyd
1938-1957	Shelley A. Neal
1954-1955	Ernest T. Fulton
1955-1980	Carl W. R. Johnson
1956-1960	James H. Dignan
1957-1983	Walter J. Hansen
1960-1961	Raymond A. Nagle
1961-1967	Ernest S. Reynolds
1967-1968	Gordon E. Trask
1968-1974	William J. Dignan
1974-1977	Anthony J. Mollica
1977-1983	Dennis M. Corvi
1980-1981	Guy F. Luke
1981-1982	Joseph W. Aiello
1982-present	Guy F. Luke
1983-1989	Michael J. Joyce
1984-1993	Joseph W. Aiello
1989-1995	James E. Wentworth
1993-1999	James M. Casey
1995-1995	Paul E. Caruso
1995-2004	Darrin M. McAuliffe
1999-present	Thomas J. Reynolds
2004-present	Anthony L. Agnitti

2005 EMPLOYEES

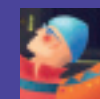
Ellen M. Anderson	Richard A. Hall	John B. Perry
William J. Antonellis	Jennifer Hamill	MaryJane M. Piasecki
Rose R. Barry	Scott D. Henderson	John H. Price
Robert H. Beatson	Robert M. Henriksen	James B. Ritchie, Jr.
Timothy J. Bedard	Daniel M. Heraty	Arthur J. Roberts
Dorian L. Belfort	John J. Herlihy	Richard C. Sandstrom
Philip J. Berardinelli	Donald L. Hetherington	Michael D. Sardano
Patricia A. Boddie	Mary M. Hobart	Robert J. Sargent
William G. Bottiggi	Marie J. Horgan	Donna L. Sellgren
Stephen E. Buker	Robert R. Huntington	Easton G. Shakespeare
Richard J. Campbell	Diane M. Husband	Marianne Singer
Francis C. Catarius	Vincent J. Joyce	Ruth M. Slater
Gwen R. Chiappini	Joseph L. Kelly	James E. Smith, III
Thomas F. Chisholm	Kevin P. Kiley	John G. Spada
Maryann L. Cody	John W. Kirkland	Jeffrey P. Spencer
Gail J. Cohen	Weijun Li	JoAnn M. Stak Bregnard
Mary L. Comlin	Roger A. Lothrop	Kathleen O. Steele
Maureen T. Conroy	Kevin M. Lyons	Robert W. Stewart
Paul A. Costello	Steven W. Lyons	Kenneth E. Stone
Nancy J. Cox	Kenneth A. MacDonald	Stephen P. Tatro
Kevin P. Crawford	Christopher B. Malatesta	Raymond L. Taylor
Michelle A. Crosby	Brett L. Markham	Jason P. Tedeschi
Denise R. Crowley	Joan A. Marson	Christopher C. Thoener
Ann M. Curran	Edward A. McCroken	Ralph B. Toye
John E. Currie	Brett L. McGrath	Bruce W. Turner
Barbara A. Curtin	John F. McKinley, Jr.	Yvonne V. Twitty
Gregory F. Cusack	Sean E. McLaughlin	Daniel T. Uhlman
Charles F. Dibble	Carol J. Morley	Jack N. Walker
Matthew W. Doren	H. Joseph Morley	Susan A. Wentworth
Peter G. Dunlea	Mildred J. Mulvaney	Kevin G. Wiles
John F. Feeney, Jr.	Sean E. Murphy	Bruce M. Williams
Teresa Fico	Donna M. Needham	
Allan M. Fitzsimmons	John-Erik J. Nelson	
James M. Flaherty	Joseph M. O'Brien	
Gregory J. Flynn	Thomas M. O'Connor	
Michael J. Ford	Gail A. O'Sullivan	
Linda N. Forde	James D. Okerfelt	
Peter Gomez	John H. Orpen	
Arthur M. Graziano	Brian M. Ostiguy	
Richard W. Grey	Christopher Parker	

Pictured on page 5 (left to right):

Joe Morley
Weijun Li
Bob Huntington

Credits:

Design - Cats Design
Illustration - Marina Thompson
Photography - Pat Fournier





150 Potter Road
Braintree, MA 02184
781-348-2353
www.beld.com