

Vice Chairman Anthony Agnitti called the meeting to order at 5:10 p.m. in the BELD Board Room. Those present at the meeting included Vice Chairman Anthony Agnitti, Secretary Daniel Morrissey and General Manager William G. Bottiggi, Accounting Supervisor Donna Needham and Accountant Mackenzie Odenweller, all of BELD. Also present were Ms. Tracy Vaughan and Mr. Adam Borbone of Goulet, Salvidio & Associates P.C. and Ms. Kimberly Dragoo, resident. Chairman Reynolds arrived at 5:28 p.m.

I. Minutes of Prior Meetings

i. May 14, 2025 Open Meeting

Voted: on motion of Mr. Agnitti, seconded by Mr. Morrissey, to accept the minutes of May 14, 2025 Open Meeting as written. So voted.

It was decided to start with the auditors first and then go through the agenda after.

Auditors' Presentation

Vice Chairman Agnitti recognized Ms. Vaughan and Mr. Borbone of Goulet, Salvidio & Associates P.C. (GSA). Ms. Vaughan thanked the Board for inviting them to the meeting. She continued the audit is still in draft form; this is due to the pension report that we get from the Town not being available. GSA has posted the adjustment that the Town has given us, and Ms. Vaughan does not anticipate any changes. Once that is received this version she is presenting tonight will be the finalized version. She explained how this would be affected if the Town's numbers changed: it would only change her opinion on the audit report. She and Mr. Borbone went over the highlights of the audit. The report is attached here.

Vice Chairman Agnitti explained that Chairman Reynolds had arrived during the presentation and thus would be taking over the running of the meeting.

II. Items for Action

i. Braintree Special Needs Request

There was discussion on what we have done in the past for the Braintree Special Needs Recreation Program and how much advertising exposure BELD gets from this event.

Voted: on motion of Mr. Agnitti, seconded by Mr. Morrissey, to advertise as we have in the past with the Braintree Special Needs Golf Tournament. So voted.

ii. PILOT Vote

Mr. Bottiggi introduced this subject: we revised the PILOT formula, and it is based on last year's kilowatt sales per our Memo of Understanding with the Town. He continued: Ms. Lawrence, BELD's attorney, recommends that the Light Board vote each time we give money to the Town. There was discussion. This is an increase for the PILOT. Mr. Bottiggi explained that there will be a \$64,000 increase in total, but we split this into two payments, one now and one in December. He continued, this is based on 2024 kilowatt sales, and we do a 1/3 of a cent of that and it is paid in

calendar year 2025 which is actually the Town's 2026 fiscal year. There was further discussion on commercial projects in town.

Voted: on motion of Mr. Morrissey, seconded by Mr. Agnitti, to make a voluntary PILOT payment to the Town of Braintree for their fiscal year July 2025 – June 2026, per the Memorandum of Understanding dated May 14, 2025. This voluntary payment consists of a base payment of \$532,000 and \$250,000 for Town support of Watson Station, payable on July 1, 2025. So voted.

III. Items for Discussion

i. Auditors' Presentation

This was done earlier.

ii. Lowell Gas Turbine Parts

Mr. Bottiggi gave an update about a power plant in Lowell that has the same gas turbine that we have here and they shut down for good. The gas turbine itself has been sold but there are a lot of parts available. Originally, that gas turbine was supposed to come to us but back in 2008 Lowell was a little ahead of us and it went there. They re-powered a plant. The Production management team, Mr. Bracken, Mr. Nelson and Mr. Hitchings, have been going up to Lowell and there are items we are interested in. We have offered them 10 cents on the dollar. It would be nice to have some more spare parts. There was discussion.

iii. APPA Conference

Mr. Bottiggi reported that for the around last 10 years the conferences have been about wind, solar, storage and climate change and environmental. He noticed this year was completely different: it was about nuclear, load growth, data centers, AI. The whole word is changing. Commissioner Reynolds, who also attended, agreed that it was very different. There was discussion. We own 7 ½ megawatts in Seabrook and that power we pay 3.4 cents a kilowatt. That averages down everything we do. Our energy, with all the different sources we have, including renewable, is about 5.8 cents a kilowatt hour and that is because Seabrook is 3.4. There was further discussion.

IV. Personnel Update

None.

V. Old Business (As Determined/Needed)

None.

VI. New Business (As Determined/Needed)

None.

VII. Public Participation (As Determined/Needed)

Chairman Reynolds recognized Ms. Drago and she explained she was there as an observer. Ms. Drago said she works for Algonquin Power and they own a number of investor-owned utilities (IOU) across the country that are similar in size to BELD but that offer gas, electricity and water. Algonquin is a Canadian based company but here locally in MA they own Liberty Gas which is in Fall River. They have the same name as the gas transmission company but are different. There was discussion on the electric and gas markets and the government environment in MA.

VIII. Tabled Items

None.

IX. Next Regular Meeting – Upcoming Meetings

i. Discuss Summer Schedule

There was discussion regarding the business need for a Light Board meeting during the summer. It was decided to tentatively schedule for Tuesday August 5, 2025. That meeting may be cancelled in July and rescheduled in September. When there is a definite date it will be updated on the website.

X. Executive Session (As Determined/Needed)

Not Needed.

XI. Adjournment

Voted: on motion of Mr. Agnitti, seconded by Mr. Morrissey, to adjourn the meeting at 6:18 p.m. So voted.

Daniel E. Morrissey
Secretary

June XX, 2025

To the Braintree Municipal Light Board
Braintree Electric Light Department
Braintree, Massachusetts 02184

We have audited the financial statements of Braintree Electric Light Department for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 28, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Braintree Electric Light Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Braintree Electric Light Department's financial statements were:

Management's Estimate of the Allowance for Uncollectible Accounts

The estimate is based on a historical analysis of receivable collections. We have evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts related to the receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's Estimate of Depreciation Expense

The estimate is calculated on a straight-line basis, systematically over the life of the Plant. We have evaluated the key factors and assumptions used to develop the depreciation method used and the estimates of useful lives of the assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's Estimate of Amortization of Contributions in Aid of Construction

The estimate is calculated on a straight-line basis, systematically over the life of the plant that the funds were used to purchase. We have evaluated the key factors and assumptions used to develop the amortization method used in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's Estimate of Other Postemployment Benefits (OPEB) Liability

The estimate is calculated based upon information provided to actuaries contracted by the Department. We have evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's Estimate of Net Pension Liability

The estimate is calculated based upon information provided to actuaries contracted by the Braintree Contributory Retirement System. We have evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Uncorrected misstatements of the financial statements resulted from the potential understatement of investments in New England Hydro (NEH/NHH) and employee benefits. Management has determined that the effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. Material misstatements detected as a result of audit procedures and corrected by management were related to adjustments for the net pension liability, plant asset retirements, and the net OPEB liability.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June XX, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Department's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Braintree Electric Light Department's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Net Other Postemployment Benefits Liability and Net Pension Liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedules of Sales of Electricity and Schedules of Administrative and General Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of Braintree Electric Light Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, PC
Certified Public Accountants

DRAFT

BRAINTREE ELECTRIC LIGHT DEPARTMENT
INTERNAL CONTROL REPORT
YEARS ENDED DECEMBER 31, 2024 AND 2023

DRAFT

To the Braintree Electric Light Department
Board of Commissioners
Braintree Electric Light Department
Braintree, Massachusetts 02184

In planning and performing our audit of the financial statements of Braintree Electric Light Department, as of and for the years ended December 31, 2024 and 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Braintree Electric Light Department's system internal control over financial reporting (internal control) as a basis for designing our audits procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Braintree Electric Light Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Braintree Electric Light Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the attached schedule of findings, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control.

Current Year and Prior Year Comment:

Drafting of Financial Statements

Finding: BELD does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. Management reviewed, approved and accepted responsibility for those financial statements prior to their issuance. Although this circumstance is not unusual for a Department of your size, the absence of this control procedure is considered a significant weakness because the potential exists that a misstatement of the financial statements could occur and not be prevented or detected by the Department's internal control. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

There are no current year comments.

DRAFT

BRAINTREE ELECTRIC LIGHT DEPARTMENT
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INDEPENDENT AUDITORS' REPORT

The Municipal Light Board
Braintree Electric Light Department
Braintree, Massachusetts 02184

Opinion

We have audited the financial statements of Braintree Electric Light Department (the "Department"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Braintree Electric Light Department as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Braintree Electric Light Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditors standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Braintree Electric Light Department and do not purport to, and do not present fairly the financial position of the Town of Braintree, Massachusetts, as of December 31, 2024 and 2023, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Postemployment Benefits and Net Pension Liability information on pages four through eleven and 40 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Braintree Electric Light Department's basic financial statements. The supplementary information on pages 44 and 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
June XX, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Braintree Electric Light Department's annual financial report, management provides narrative discussion and analysis of the financial activities of the Braintree Electric Light Department for the years ended December 31, 2024 and 2023. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements:

The basic financial statements include (1) the statements of net position (2) the statements of revenues, expenses and changes in net position (3) the cash flow statements and (4) notes to the financial statements.

The Statements of Net Position are designed to indicate our financial position as of a specific point in time. As of December 31, 2024, it shows our net worth increased by 5.45% compared with the year ended December 31, 2023.

The Statements of Revenues, Expenses and Changes in Net Position, summarizes our operating results and reveals how much of a profit was earned for the year.

Summary of Net Position

	2024	2023
Current Assets	\$ 27,279,728	\$ 31,434,724
Noncurrent Assets	144,551,342	141,868,062
Total Assets	171,831,070	173,302,786
Deferred Outflows of Resources	9,639,793	12,693,171
Total Assets and Deferred Outflows of Resources	\$ 181,470,863	\$ 185,995,957
Current Liabilities	\$ 18,537,874	\$ 15,866,993
Noncurrent Liabilities	48,173,874	62,532,530
Total Liabilities	66,711,748	78,399,523
Deferred Inflows of Resources	16,161,159	14,092,504
Net Position:		
Net Investment in Capital Assets	86,765,918	81,881,859
Net Position Restricted for Depreciation	13,076,538	11,619,203
Unrestricted Net Position	(1,244,500)	2,868
Total Net Position	98,597,956	93,503,930
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 181,470,863	\$ 185,995,957

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 68,544,632	\$ 66,654,845
Operating Expenses	<u>61,800,688</u>	<u>56,784,863</u>
Operating Income	6,743,944	9,869,982
Non-Operating Revenues (Expenses)	<u>(149,918)</u>	<u>(84,013)</u>
Income Before Contributions and Transfers	6,594,026	9,785,969
Transfers Out – Payment in Lieu of Taxes	(1,500,000)	(1,500,000)
Net Position, January 1	<u>93,503,930</u>	<u>85,271,961</u>
Net Position, December 31	<u>\$ 98,597,956</u>	<u>\$ 95,503,930</u>

Financial Highlights:

During 2024 due in large part to BELD's long-term power supply hedging strategy and power produced from the Thomas A. Watson generating station, BELD was able to keep our rates stable. Our rates have been redesigned to handle solar billing for small and larger commercial installations.

BELD continues to work with Energy New England to lock in 80% of our power supply needs prior to the beginning of each year.

Kilowatt Hour Sales

Braintree Electric Light Department provides power to approximately 16,500 customers. Kilowatt-hour sales for 2024 increased over the previous recordings for 2023. There are, however, expected fluctuations in monthly sales, which are a result of varying weather conditions and the number of days in a billing cycle. This chart below represents comparative annual kilowatt-hour sales for 2024 and 2023.

Rate Classification	2024 Kilowatt Sales	2023 Kilowatt Sales
Residential Sales	119,085,275	115,293,417
Commercial Sales	171,098,276	167,910,774
Industrial Sales	18,339,074	17,464,756
Municipal Sales	12,963,590	12,142,306
Area Lighting	985,727	979,492
Sales to Other Utilities	13,706,476	18,961,516
Total Sales	336,178,418	332,752,261

Financial Highlights (Continued):

Kilowatt Hour Sales (continued)

Braintree Electric Light Department has several rate classifications under which we provide service and derive income. These classifications are: Residential, Commercial, Industrial, Municipal, Security Lighting and Sales for Resale. The following table indicates how each rate class contributed in 2024 and 2023 to the total consumption of electricity and net revenue.

Rate Classification	2024 Revenue	2023 Revenue
Residential Sales	\$ 18,908,510	\$ 18,225,734
Commercial Sales	28,763,597	28,328,350
Industrial Sales	2,774,057	2,652,873
Municipal Sales	2,145,338	1,998,024
Area Lighting	118,827	119,200
Sales to Other Utilities	13,536,900	12,895,320
Total Sales	\$ 66,247,229	\$ 64,219,501

Electrical Customer Classification

Our residential electrical customers account for 85% of our total customers, use 35% of total energy and they make up 29% of our electrical revenues. Commercial and Industrial customers make up 14% of our customer base, use 56% of total energy and contribute to 48% of our electrical revenues. The remaining 1% of our customers is comprised of the municipal classification and sales to other utilities and accounts for about 9% of energy use and 23% sales revenue, inclusive of area lighting and sales to other utilities.

Support Services

The Customer Service Department continues to educate new customers about our customer portal and helps them with registering their accounts. Our customer facing portal, MYELECTRIC, a Harris product called SilverBlaze launched in September of 2022. As of 12/31/24 we had 10,430 customers registered, an increase of 1,100 plus from 12/31/23.

In 2024 we had an increase of more than 400 customers sign-up for PAP (Pre-Authorized Payment) and 300 customers enrolled in ebilling (paperless bills).

Power Supply

Day-ahead energy prices for 2024 averaged 13% higher than 2023, increasing from \$37.12/MWh to \$41.82/MWh. BELD's energy and fuel costs for 2024 were also higher; this year's costs totaled \$17.8 million, up 16% compared to last year's \$15.3 million. Total power supply costs for the year totaled \$27.3 million as opposed to \$24 million for 2023. The increase in average energy prices was the main reason for the overall power supply cost increase.

BELD works with Energy New England (ENE) to diversify our portfolio and to hedge our long-term energy position through contracts. We continue to stagger our power supply portfolio with the goal of locking in 80% of our supply before a new year begins. BELD had 85% of load hedged for 2024. BELD and ENE continually review the portfolio, and with staggered MW contracts in place throughout the 2020s, BELD's hedging plan is on target. BELD continues to look for opportunities to diversify. In 2024 ENE continued to work toward procuring additional entitlements in renewable energy projects coming on-line in the near future, as well as extending current renewables contracts such as the FirstLight Hydropower contract, extended to 2030.

Financial Highlights (Continued):

Power Supply (continued)

In February 2024, ISO New England (ISO-NE) conducted the eighteenth forward capacity auction, to secure capacity for June 2027 – May 2028. This auction cleared at \$3.58/KW-month. BELD's capacity entitlement credits are expected to offset approximately 64% of its share of load obligation for this auction period.

Regional network transmission rates increased 9% in 2024. ISO-NE continues to forecast much steeper increases in future years, with 2025 already set to increase 20%. Pool Transmission Facility (PTF) payments are made to transmission owners for high voltage infrastructure throughout New England. BELD receives PTF payments for the 9.4 miles of 115kV transmission lines throughout Braintree, which help offset the ISO-NE charges. BELD received \$3.2 million in PTF payments during 2024.

Utility Plant and Debt Administration:

Utility Plant

In response to MBTA's and National Grid's request for dual redundant circuits feeding a new electric bus charging station in Quincy Adams, BELD will design, construct, and commission two 13.8-kV dedicated distribution feeders from Station 10 to two separate BELD-National Grid tie points at Braintree-Quincy boundaries. Currently 5 of the 12 feeder breakers at Station 10 are spares. Two spare breakers, one per bus (Unit #7 on Bus A and Unit #13 on Bus B), will be used for the new circuits feeding the electric bus charging station.

Feeder No. 1 will be comprised of approximately 0.2 miles of 2×350 kcmil copper underground cable between the Station 10 metal-clad switchgear and riser pole on Hawthorn Road and approximately 0.7 miles of 477 kcmil aluminum overhead spacer cable along Hawthorn Road, Fairfield Street, Holmes Street, and Independence Avenue, extending to the first BELD-National Grid tie point.

Feeder No. 2 will be comprised of approximately 0.7 miles of 2×350 kcmil copper underground cable between the Station 10 metal-clad switchgear and riser pole on Elm Street and approximately 0.57 miles of 477 kcmil aluminum overhead spacer cable along Commercial Street, extending to the second BELD-National Grid tie point on Franklin Street, Quincy.

Each feeder's normal thermal rating is estimated at no lower than 12.8 MVA. Appropriate demarcation, metering, protection, and control facilities will be installed on each feeder.

The construction for Feeder No. 1 is near completion. Over 1,000 feet of new underground cable sections have been installed between a manhole near the intersection of Hawthorn Road & Elm Street and the 13.8 kV metal-clad switchgear in the control house. A total of 8 new poles have been installed. About 4,000 feet of new overhead circuit has been installed on Hawthorn Road, Fairfield Street, Holmes Street, and Independence Avenue. Feeder riser cable, metering equipment, and demarcation air switch remain to be installed.

The construction for Feeder No. 2 is also near completion. Close to 4,000 feet of new underground cable sections have been installed from the 13.8 kV metal-clad switchgear in the Station 10 control house, along the manhole system, toward the new feeder riser. As of December 31, overhead crews have installed 32 new poles and framed all of them. Installation of new wires has been ongoing.

After months of planning, field survey, material procurement, and cable pulling, about one and a half miles of 500 KCMIL copper cables have been installed from Station 10 to Pole #50 Quincy Avenue, which is the feeder riser at the corner of Quincy Avenue and Hayward Street. The new circuit has replaced the old Hayward feeder cable that had been in service for 40+ years. The final phase of cable splicing was completed in mid-November. Restoration switching was done on November 19 to put the new circuit in service.

Utility Plant and Debt Administration (Continued):

Utility Plant (Continued)

The 1989 vintage outdoor switchgear at Station 8 needs to be replaced due to deterioration of its roof & frame, outdated electromechanical protective & metering devices, and lack of spare feeder positions. The switchgear contract was awarded to Avail/Central Electric in February. Based on the estimated switchgear delivery lead time, we are tentatively targeting fall 2025 for permanent installation at Station 8.

The entire 115-kV GIS switchgear at Station 8, one half at a time, was switched out for maintenance May 13-18. One gas density monitor was replaced. Four load break switches were inspected and tested. Air bleeding was done on both sets of oil-to-SF6 cable terminations. Air bleeding of one phase in the 115-4-8 cable end unit was not done due to lack of access to its cable termination. All other work was completed with satisfactory results. Hitachi Energy (the GIS contractor) recommended that we order some replacement parts and schedule another outage to complete air bleeding of that last phase. We plan on implementing that recommendation in spring 2025.

Three 115-kV disconnect switches were replaced in 2 separate outages in October and November to complete the multi-year system-wide disconnect switch replacement project. These 3 new switches have been in service with no issues.

Per recommendation of relay manufacturer Schweitzer Engineering Laboratories (SEL), we replaced two SEL-311L transmission line differential relays due to defect of electronic component, one at Station 10 and the other at Station 16 in a scheduled outage September 9-12. UPG Inc. was brought in to assist with programming and final commissioning of the new relays. These new relays have been in service with no issues. The two defective relays were refurbished by SEL and returned to BELD and kept as spares.

BELD crews replaced a 7th vault-type transformer at South Shore Plaza on March 24. An outside crane service company (Hallamore Corporation) was on site to assist with rigging of heavy equipment. BELD has been taking a proactive approach to improving the reliability of the electric system at the Plaza over the years – including installation of redundant circuits, addition of automatic switchgear, and replacement of aging equipment. A total of 11 old vault-type transformers need to be replaced over a 6 to 7-year period. A spare transformer is stored in an electrical vault at the Plaza while the replacement program gradually progresses.

Regular maintenance work was done on the 115-kV pipe-type cable system in 2024. Work included air bleeding of cable terminations, annual inspection of the hydraulic system, cathodic protection system, and FM-200 fire suppression system. A system-wide ride-out was also completed in June to verify that there were no leaks from any part of the pipe-type cable system. All work was completed with satisfactory results. In addition, engineering & operations personnel completed installation of a new pressure transmitter and associated wiring in the pipe pressure crossover cabinet at Station 10 on March 7. The new connection to an Axion unit at the station was commissioned to bring pressure values and electric valve status back to SCADA for monitoring purposes.

In 2024, BELD spent \$192,050 on a new cable pulling trailer and \$49,998 on a new Explorer. A new bucket truck was ordered in 2024 but will not be delivered until 2026 or even later due to unexpected long lead time.

In 2022, BELD crews replaced the remaining 59 poles that were identified as 1 of the 5 types of pole rejects. The final removal was done in September 2024 to complete all poles on the original reject list.

Pole inspection using our own drill set has been relatively slow due to other priority tasks including mutual aid and the BELD-National Grid-MBTA circuit buildout. Out of the 273 poles that were inspected, 14 pole rejects were identified. Crews completed 9 new pole sets, 8 BELD construction transfers, and 7 pole removals in 2024.

BELD crews also replaced a total of 12 broken poles that were caused by car-pole accidents.

Utility Plant and Debt Administration (Continued):

Utility Plant (Continued)

Falling trees and branches are one of the most common causes of power outages. Effective tree trimming is critical to reduce the frequency of downed wires and other power outage-causing scenarios. BELD works with a contractor (Northern Tree Service) to handle tree trimming in a proactive manner. A tree crew inspects and trims trees on an ongoing basis. An additional crew would usually be available for major storm coverage.

The system is monitored 24 hours a day 7 days a week to ensure security to BELD's electric infrastructure. BELD spent a total of \$121,842.90 for the round-the-clock monitoring.

A significant amount of work was completed in 2024 to provide new services or upgrade services to distribution customers. More than \$522,000 was expended on various projects that included Herb Chambers, Quirk Hyundai, Grove Street CVS, 48 Arnold Street, 333 Commerce Drive, 183 Pearl Street, 66 Wood Road, 531 Pond Street, 125 Union Street, Tesla at South Shore Plaza, Quirk Genesis, the Granite Company on Arnold Street, AMC Theatres, Lantern Lane, and others.

Despite continued supply chain challenges, we managed to complete a fair amount of work in 2024 to continue the maintenance and development of the AMI system. The work was performed to ensure that the entire AMI system is in good operating condition.

Production

The Watson Generating Units, Watson 1 and Watson 2, participate in the ISO New England Forward Reserve Market as Fast Start Units. They are included in ISO's portfolio of 10 Minute Non-Spinning Reserve generation.

Watson Unit 1 was dispatched 119 times for a total of 215 dispatch hours, and Watson Unit 2 was dispatched 143 times for a total of 284 dispatch hours in calendar year 2024. The resulting net output for 2024 was: Watson 1) 10,606.43 MWh and Watson 2) 12,723.84 MWh.

Energy New England (ENE) manages our generation sales and is our conduit to New England's power supply market. ENE ensures our pricing is competitive on a daily and seasonal basis. They also manage our exposure and risk to the market during times of volatile fuel pricing/supply, and equipment outages. BELD's power generating units are dual fuel capable (Natural Gas and Ultra Low Sulfur Diesel) and can change fuels online.

BELD has elected to participate in the Inventoried Energy Program (IEP), an interim program administered through ISO New England for the winter period of 2024-2025. The IEP is a voluntary program designed to compensate generators for maintaining inventoried energy during extremely cold periods, when energy security is most stressed. The program is in its second year of a two (2) year trial. Under the FERC-approved program, BELD is compensated for committing up to 72 hours at full load of fuel oil (ULSD) storage for its Watson generators.

The Watson Units were scheduled for their Spring outage in April for Siemens to perform routine borescopic inspections of turbine and compressor sections, and other engine and controls checks. BELD maintains an ongoing Long Term Service Agreement (LTSA) with Siemens, the OEM for the Watson Units. Baseload Power Group performed generator bearings and seals inspection on both units during the Spring outage. Aside from replacing the seals due to normal wear, the bearings were found to be in acceptable condition. United Power Group satisfactorily completed a 5-year (frequency) preventative maintenance task on each unit's Generator Step Up (GSU) transformer in April. The PM Task included a battery of inspections and tests on the GSU's, generators, breakers, bus ducts and cables.

The Production Division continued to overhaul and rebuild the High Pressure Fuel Oil pumps through an OEM approved facility. The motors were overhauled at a local motor repair facility coincident with the pump rebuilds. This work is part of an ongoing maintenance cycle on the Liquid Fuel System to ensure reliability.

Utility Plant and Debt Administration (Continued):

Utility Plant (Continued)

Watson 1 had its P30 Cooler replaced in August following indications of degraded performance. The design function of the equipment is to provide cooled, compressed air from the compressor section of the engine to components integral with the operation of the engine and its ancillary equipment. Based on this experience and other indications throughout the fleet, the Production Division pre-emptively ordered a second cooler through Siemens for installation in Watson 2. This cooler is due to be delivered in February 2025.

During the planned Fall outage, Maintenance activities included winterization of water bearing equipment, heat trace checks and improvements, insulation repairs and upgrades, installation of new Fuel Oil accumulators, as well as normal oil and air filter changeouts.

Enerflex performed the annual PM and overhaul on the Natural Gas Compressors during the Fall outage. The compressors were rebuilt to manufacturer specs using OEM parts.

APC Corporation was contracted to vacuum clean each unit's Selective Catalytic Reduction (SCR) catalyst (NOx and CO) during the Fall. Catalyst core samples were taken and analyzed for condition monitoring purposes to allow Production Division engineers to trend emissions performance.

SCR Solutions inspected the internal structure of the SCR's identifying several degraded or broken welds securing stabilizing members. These areas were repaired according to design weld procedures. Baseload Power was tasked with performing corrective maintenance and health checks on Watson 1 and Watson 2 Brush Generator control panels in November.

North American Substation (NASS) replaced the Core Ground Bushing on Watson 1 GSU during the Fall outage due to a previously identified ground. Follow up testing indicated that the core ground issue (a dead short) remains unresolved. Dissolved Gas Analysis (DGA) results on the transformer oil remained in the normal range, and permission to place the unit back in service was communicated. It was decided that more frequent Dissolved Gas Analysis be performed and if results remain stable, it is not necessary to perform an internal inspection of Watson 1 GSU.

SOEP Painting completed approximately 85% coverage of the Watson 1 and 2 SCR structures from the turbine exhaust outlets to the stacks. The scope of work includes preparation and coating of the horizontal top and vertical sides. Work is scheduled to complete in Spring 2025.

A site paving project was awarded to Paul J. Rogan, Co., Inc. to prepare and pave approximately 1500 sq. yds. from the gas-take station at the end of Potter Rd. to the gate at Glenrose Ave. on the south border of the property.

Securityworks installed a new gate and fencing at the property entrance at Glenrose Ave. following the completion of the paving project.

Controlled dismantling of Potter Station began in March to remove some of the external structures that could be subject to corrosion and eventual failure. The project scope included teardown and removal of the Air-Cooled Condenser (ACC), Combustion Air Intake Filter, and Main Stack down to the roof line. The scope of work was completed and all material and equipment demobilized by June.

O'Connor Corporation was awarded the 2-year mechanical maintenance agreement in August.

O'Connor Corporation is a mechanical contractor specializing in power generation projects. The Production Division utilizes O'Connor as a resource for specialty code work and projects requiring trained Millwrights, Pipefitters, Boilermakers and Confined Space Rescue personnel. The 2-year contract is in effect until July 2026 when it will be evaluated for a possible 1-year extension based on performance.

Utility Plant and Debt Administration (Continued):

Utility Plant (Continued)

In May, BELD hired an operator to fill a vacancy and to bring the division up to full complement. The new Fireman holds a Massachusetts 3rd Engineers license and is a recent graduate of Massachusetts Maritime Academy.

Debt Administration

The Braintree Electric Light Department remains a vertically integrated utility, as do all Municipal Light Departments in Massachusetts. This means that we are allowed under the Massachusetts Utility Restructuring Laws to retain our ownership and control over our electrical generation assets. Investor-owned utilities, such as Massachusetts Electric Company, have been required to sell their generation assets as a result of the same restructuring laws. The Watson generating facilities provide a physical asset as a hedge against high market prices as well as direct sales that offset a portion of our energy costs.

Significant Balances and Transactions:

Operating Cash

Braintree Electric Light Department maintains sufficient operating cash to support the day-to-day cash transactions of the plant. These transactions include but are not limited to payroll and benefits; power supply costs and contracted services.

Rate Stabilization Fund

The rate stabilization fund balance at December 31, 2024 and 2023 was \$10,998,809 and \$6,428,375, respectively. Each week BELD funds a Rate Stabilization Fund. Power supply costs can be volatile; if needed, BELD would use the monies in this fund toward power supply costs in order to help keep our rates stable.

Depreciation Fund

Braintree Electric Light Department maintains a depreciation fund, which is managed by the Town of Braintree Treasurer. The depreciation fund is required by state statute. We set aside 3% of our gross plant annually to be used for capital improvements, replacements and additions such as large capital investments and other long-term assets.

Other Developments:

BELD is a department focused on quality customer service and providing to the community it is privileged to serve. In 2024, BELD performed services for the Town of Braintree, including our in lieu of tax payment.

BELD expended about \$48,000 for several storms in 2024. Some calls and a few isolated issues were handled but there were no widespread outages. The BELD system held up well during storms.

BELD participated in the mutual aid program on 6 separate missions in 2024, to assist systems in New Hampshire, Vermont, Georgia, South Carolina, and Florida with power restorations.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2024	2023
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer:		
Operating Fund	\$ 7,296,870	\$ 10,835,620
Customer Accounts Receivable, Net	4,017,366	3,675,401
Accounts Receivable - Related Party	173,603	159,100
Other Receivables	667,588	349,082
Unbilled Revenue	3,883,951	3,610,880
Materials and Supplies	6,321,587	5,885,624
Purchased Power Working Capital	3,201,091	5,717,390
Prepaid Expenses	1,717,672	1,201,627
	<u>27,279,728</u>	<u>31,434,724</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer:		
Depreciation Fund	13,076,538	11,619,203
Rate Stabilization Fund	10,998,809	6,428,375
Customer Deposit Fund	1,123,440	1,111,348
Investment in Energy New England, LLC	2,561,687	2,524,626
Other Investments	341,102	317,142
Utility Plant Assets, Net	116,449,766	119,867,368
	<u>144,551,342</u>	<u>141,868,062</u>
TOTAL NONCURRENT ASSETS		
TOTAL ASSETS	<u>171,831,070</u>	<u>173,302,786</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	5,816,727	7,954,707
Deferred Outflows of Resources Related to OPEB	1,542,777	1,747,435
Deferred Loss on Refunding	2,280,289	2,991,029
	<u>9,639,793</u>	<u>12,693,171</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 181,470,863</u>	<u>\$ 185,995,957</u>

See Accompanying Notes to the Financial Statements

BRAINTREE ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2024	2023
CURRENT LIABILITIES:		
Accounts Payable	\$ 5,542,691	\$ 3,905,946
Accounts Payable - Related Party	643,849	393,401
Accrued Compensated Absences	434,455	368,064
Accrued Interest	163,656	208,156
Bond Payable	8,656,661	8,357,860
Participant Advances and Reserves	2,178,155	1,754,685
Unearned Revenue	918,407	878,881
	18,537,874	15,866,993
NONCURRENT LIABILITIES:		
Bond Payable, Net of Current Portion	21,027,187	29,627,649
Net OPEB Liability	885,116	1,288,106
Net Pension Liability	20,019,374	24,326,039
Customer Deposits	914,986	978,234
Customer Advances for Construction	2,013,528	1,928,328
Unearned Revenue	3,313,683	4,384,174
	48,173,874	62,532,530
TOTAL LIABILITIES	66,711,748	78,399,523
DEFERRED INFLOWS OF RESOURCES:		
Contribution in Aid of Construction, Net	952,267	972,248
Rate Stabilization Reserve	10,998,808	9,428,374
Deferred Inflows of Resources Related to OPEB	1,227,042	1,635,426
Deferred Inflows of Resources Related to Pension	2,983,042	2,056,456
	16,161,159	14,092,504
TOTAL DEFERRED INFLOWS OF RESOURCES	16,161,159	14,092,504
NET POSITION:		
Net Investment in Capital Assets	86,765,918	81,881,859
Net Position Restricted for Depreciation	13,076,538	11,619,203
Unrestricted Net Position	(1,244,500)	2,868
	98,597,956	93,503,930
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 181,470,863	\$ 185,995,957

See Accompanying Notes to the Financial Statements

BRAINTREE ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

OPERATING FUND

	2024	2023
OPERATING REVENUES:		
Sales to Ultimate Customers	\$ 52,710,330	\$ 51,284,902
Sales for Resale	13,536,900	12,895,320
Other Operating Revenues	2,297,402	2,474,623
 TOTAL OPERATING REVENUES	 68,544,632	 66,654,845
 OPERATING EXPENSES:		
Purchased Power	26,420,364	19,864,847
Fuel for Generators	1,592,167	2,326,583
Maintenance	12,919,888	10,563,289
Distribution & Transmission	1,182,167	2,429,862
General & Administration	11,711,220	13,767,929
Depreciation Expense, Net of Amortization	7,974,882	7,832,353
 TOTAL OPERATING EXPENSES	 61,800,688	 56,784,863
 OPERATING INCOME	 6,743,944	 9,869,982
 NONOPERATING REVENUES (EXPENSES):		
Investment Income - ENE	37,061	0
Interest Income	821,363	894,499
Gain on Sale of Internet Assets	0	300,000
Interest Expense, Net of Premium Amortization	(1,008,342)	(1,278,512)
 TOTAL NONOPERATING EXPENSES	 (149,918)	 (84,013)
 Income Before Contributions and Transfers	 6,594,026	 9,785,969
 NET POSITION - JANUARY 1	 93,503,930	 85,217,961
 Transfers Out - Payment in Lieu of Taxes	 (1,500,000)	 (1,500,000)
 NET POSITION - DECEMBER 31	 \$ 98,597,956	 \$ 93,503,930

See Accompanying Notes to the Financial Statements

BRAINTREE ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

OPERATING FUND

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 67,533,339	\$ 68,135,975
Cash Paid to Suppliers	(34,346,016)	(37,419,422)
Cash Paid to Employees	(11,752,440)	(10,882,624)
Cash Paid for Benefits	(5,563,320)	(7,133,928)
Payment in Lieu of Taxes	(1,500,000)	(1,500,000)
	14,371,563	11,200,001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to Plant Assets	(4,594,761)	(5,402,469)
Net Transfers to Depreciation Fund	(780,374)	767,350
Customer Advances for Construction	85,200	1,928,328
Contribution in Aid of Construction	17,500	0
Repayment of Bond	(7,120,000)	(6,785,000)
Participant Advances and Reserves	423,470	325,395
Interest Paid	(1,479,263)	(1,805,633)
	(13,448,228)	(10,972,029)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income (Loss)	120,441	273,867
Net Proceeds from Sale of Internet Assets	0	300,000
Net Transfers from (to) Rate Stabilization Fund	(4,570,434)	128,397
	(4,449,993)	702,264
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,526,658)	930,236
CASH AND CASH EQUIVALENTS - JANUARY 1	11,946,968	11,016,732
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$ 8,420,310	\$ 11,946,968

See Accompanying Notes to the Financial Statements

BRAINTREE ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

OPERATING FUND

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 6,743,944	\$ 9,869,982
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense, Net of Amortization	7,974,882	7,832,353
Payment in Lieu of Taxes	(1,500,000)	(1,500,000)
Allowance for Doubtful Accounts	(40,493)	18,735
Rate Stabilization	0	(340,861)
Pension Expense	1,517,941	2,899,586
OPEB (Income) Expense	510,547	579,199
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(634,481)	1,265,257
Unbilled Revenue	(273,071)	144,484
Materials and Supplies	(435,963)	(993,263)
Purchased Power Prepaid Working Capital	2,516,299	(352,449)
Prepaid Expenses	(516,045)	(396,047)
Deferred Outflows Related to Pension	(2,760,039)	(2,556,020)
Increase (Decrease) in:		
Accounts Payable	1,887,193	(2,412,474)
Accrued Compensated Absences	66,391	35,354
Net OPEB Liability	(1,117,263)	(1,131,597)
Other Accrued Expenses	(44,500)	(42,407)
Unearned Revenue	(1,030,965)	(575,333)
Rate Stabilization Liability	1,570,434	(1,197,152)
Customer Deposits	(63,248)	52,654
Net Cash Provided by Operating Activities	\$ 14,371,563	\$ 11,200,001

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following amounts are considered to be cash or cash equivalents for the purpose of the statements of cash flows:

	2024	2023
Operating Fund	\$ 7,296,870	\$ 10,835,620
Customer Deposit Fund	1,123,440	1,111,348
	\$ 8,420,310	\$ 11,946,968

See Accompanying Notes to the Financial Statements

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2024 AND 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

ASSETS

	2024	2023
Funds on Deposit with Town Treasurer		
Cash and Investments	\$ 11,169,695	\$ 9,744,200

FIDUCIARY NET POSITION

FIDUCIARY NET POSITION- Restricted	\$ 11,169,695	\$ 9,744,200
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BRAINTREE ELECTRIC LIGHT DEPARTMENT
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

	2024	2023
Contributions	\$ 520,000	\$ 520,000
Net Investment Income	905,495	944,370
CHANGES IN FIDUCIARY NET POSITION	1,425,495	1,464,370
FIDUCIARY NET POSITION - JANUARY 1,	9,744,200	8,279,830
FIDUCIARY NET POSITION - DECEMBER 31,	\$ 11,169,695	\$ 9,744,200

See Accompanying Notes to the Consolidated Financial Statements

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Braintree Electric Light Department (BELD) was established in 1892 by the Town of Braintree (the Town). BELD is governed by the provisions of Chapter 164 of the general laws of the Commonwealth of Massachusetts, which provide for the establishment, management and operation of municipal lighting plants for the purpose of generation and distribution of electricity for municipal use and the use of Town residents. The manager of BELD has charge of its operations and is subject to the direction and control of the Braintree Municipal Light Board (the Light Board).

Regulation and Basis of Accounting

BELD's financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Rate Matters

Rates charged by BELD for all services are fixed by the Light Board and may not be changed more frequently than once every three months. Rates are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Light Department, rates are not subject to its approval. Rates for the light department must be set such that net earnings from operations do not exceed 8% of the cost of utility plant.

Sales for Resale

Sales for resale include (i) sales of BELD's available generating or purchased power capacity to other utilities (the energy sales portion) and (ii) fixed capacity-related charges to cover operating expenses.

Utility Plant

Depreciation of the Light Division utility plant is computed on the straight-line method based upon the cost of plant in service at the beginning of the year exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Massachusetts's law stipulates that the Light Department may change from the statutory depreciation rate only with the approval of the DPU. The Department has used a rate of 3% for 2024 and 2023. The Department charges maintenance and repairs to expense when incurred. Replacements and betterments are charged to the utility plant.

Overhaul Costs

Periodic major overhauls of the gas turbines are necessary to maintain BELD's operating capacity. Overhauls are estimated to occur every five years, but are based primarily on the amount of hours the generation plant runs. BELD's policy for recording the overhaul is to set money aside monthly based on monthly run times.

Taxes

BELD is exempt from federal income taxes. Although also exempt from property taxes, the Department pays amounts in lieu of taxes to the Town of Braintree.

Reclassification

Certain prior year amounts, with no effect on previously stated net income, have been reclassified to conform to the 2024 presentation.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accounts Receivable

The Light Division carries its accounts receivable at cost less an allowance for doubtful accounts. A receivable is considered past due if payments have not been received by the company within 45 days. At that time, the Department will send a past due letter. Second notification is sent out 2 1/2 weeks later with a notice of termination. If payment is not received within the next 72 hours the service is terminated.

Compensated Absences

Employees earn vacation pursuant to BELD policy and collective bargaining agreements as the employees provide services to BELD. Accrued vacation benefits not yet taken are accounted for as part of accrued compensated absences in the accompanying statements of net position. As of December 31, 2024 and 2023, BELD recorded accrued vacation benefits of \$374,455 and \$353,064, respectively. Under the terms of the collective bargaining agreement and BELD policy, a portion of each employees unused sick pay benefits is payable upon retirement or death, subject to certain limitations. As of December 31, 2024 and 2023, BELD recorded accrued sick time benefits of \$60,000 and \$15,000, respectively.

Allowance for Doubtful Accounts

Accounts Receivable is net of allowances for doubtful accounts of \$164,840 for 2024 and \$124,346 for 2023.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the accompanying statements of cash flows, BELD considers all highly liquid investments with a maturity of three months or less to be cash equivalents. There were no non-cash investing and financing transactions for the years ended December 31, 2024 and 2023.

Materials and Supplies

Materials and supplies are valued using the average cost method.

Sales Tax

The Department collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

Depreciation Fund

Pursuant to provisions of the Commonwealth General Laws, BELD is required to maintain a restricted cash fund to finance utility plant additions. An amount of cash equal to the annual depreciation provision is added to the fund each year. The interest earned on the balance of the fund must also remain in the Fund. Such cash may be used to pay for the cost of plant, nuclear decommissioning costs, the costs of contractual commitments, and deferred costs related to such commitments which the municipal light board determines are above market value.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Rate Stabilization Fund

The Rate Stabilization Fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The total cash held by the Massachusetts Municipal Depository Trust (MMDT) as of December 31, 2024 and 2023, includes \$10,998,809 and \$6,428,375, respectively, in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time. The balance in the fund is offset by a corresponding deferred inflow of resources for the accumulated provision for rate refund.

Revenue Recognition

The Light Department owns and maintains an electric distribution network serving the Town of Braintree, Massachusetts. Distribution revenues are primarily from the sale of electricity to residential, commercial, and industrial customers within the Town of Braintree. The rates are designed to recover the costs incurred by the Department for products and services provided along with a return on investment.

The performance obligation for electricity sales is to provide electricity to the customer on demand. The electricity supplied represents a single performance obligation as it is a series of distinct goods and services that are substantially the same. The performance obligation is satisfied immediately as the customer simultaneously receives and consumes the electricity as the Department provides this service. The Department records revenues related to the electricity sales based upon the effective rates and the volume delivered to the customers, which corresponds with the amount the Department has the right to invoice.

Revenues are recognized for energy service provided on a monthly billing cycle basis. No recognition is given to the amount of sales to customers, which are unbilled at the end of the accounting period.

Operating expenses are the costs of providing electricity and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Contribution in Aid of Construction

Contribution in Aid of Construction represents non-refundable payments received from consumers and developers for extension of electric services for assets owned and maintained by Braintree Electric Light Department. These amounts are recorded as a deferred inflow of resources net of amortization.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Braintree Contributory Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Departments's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Braintree Electric Light Department's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Postemployment Benefits Other Than Pensions (OPEB) (continued)

reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/expenditure) until then.

NOTE 2 - UNEARNED REVENUE:

As of December 31, 2024 and 2023, the balance in unearned revenue was \$4,232,090 and \$5,263,055, respectively. These payments represent unamortized advance payments from various customers as well as the town for streetlights, and will be amortized over various terms. Amounts included in unearned revenue for 2024 and 2023 consist of earnings for the use of fuel for Watson generation in the amount of \$992,250 and \$1,144,334, respectively, and include prepaid revenues related to New Hampshire Electric Cooperative's buy out of their share of Watson in the amounts of \$2,911,772 and \$3,703,516, respectively. During 2024 and 2023, the Light Department also recognized \$730,131 and \$1,399,739, respectively, of revenue related to these advance payments.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

The Light Department's deposits with the Town Treasurer are commingled and invested with deposits from other Town funds. Accordingly, it is not practical to disclose the related bank balance and credit risk of such cash deposits for the Light Department. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC). The amount of insurance coverage for the Light Department deposits is not determinable because the limits of insurance are computed on a Town-Wide basis.

Custodial credit risk is the risk that, in the event of bank failure, the Department's deposits may not be recovered. The Department has deposits in the Massachusetts Municipal Depository Trust (MMDT), an investment pool established by the State of Massachusetts Treasurer. This investment pool is uninsured and uncollateralized, therefore funds held with this institution are exposed to custodial credit risk. As of December 31, 2024 and 2023 the Department's Depreciation Fund and Rate Stabilization Fund balance on deposit with the MMDT amounted to \$24,163,060 and \$18,135,290, respectively, which includes depreciation and rate stabilization funds.

NOTE 4 - PURCHASED POWER WORKING CAPITAL:

BELD made an advance deposit to Energy New England for fees and service charges. The deposit approximates three months of fees and is required by the service agreement. Purchased power advance deposit on the accompanying statements of net position includes \$3,196,776 and \$5,713,076, representing BELD's deposit held by Energy New England as of December 31, 2024 and 2023, respectively.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 - PURCHASED POWER WORKING CAPITAL (Continued):

BELD also made an advance deposit to Massachusetts Municipal Wholesale Electric Company (MMWEC). MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the funds as needed from monthly invoice payments. The balance in the funds as of December 31, 2024 and 2023 amounted to \$4,314. The total amount of these investment pools as of December 31, 2024 and 2023 was \$40,691,922 and \$36,000,684, respectively, of which BELD's ownership was approximately 0.01%.

NOTE 5 - PREPAID PASNY FUND:

The Power Authority of the State of New York (PASNY) is a New York State public-benefit corporation. It is commonly referred to as New York Power Authority (NYPA). The electricity generated from the NYPA hydro-facilities in New York provides a reduced rate for electricity specifically for residential customers in New York and New England. This is another account maintained by MMWEC from which they may pay our power obligation for the delivery of power and other obligations associated with NYPA's hydro projects. The NYPA fund balance as of December 31, 2024 and 2023 was \$154,584 which is included in prepaid expenses. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2024 and 2023 was \$3,684,902 and \$3,739,038, respectively, of which BELD's ownership was approximately 4.20% and 4.13%, respectively.

NOTE 6 - INVESTMENTS:

Energy New England LLC

As of December 31, 2024 and 2023, BELD's ownership interest in Energy New England LLC was 33.33%. Energy New England LLC, is an energy and energy services cooperative formed to aggregate the resources and collective buying power of municipal electric systems. Products and services include power supply/power brokering, risk management, all requirements contracts, total system resource management, consolidated wholesale billing, report preparation and filing and energy market services. For the years ended December 31, 2024 and 2023, BELD has recorded its share of Energy New England LLC's income in the amounts of \$37,061 and zero, respectively, which are included in nonoperating revenues in the statements of revenues, expenses and changes in net assets.

Hydro Quebec Phase II

The Department owns shares of Hydro Quebec Phase II stock. The securities are stated at cost. Fair market value approximates stated value.

PUMIC

BELD owns 17% ownership in Public Utilities Mutual Insurance Company. PUMIC is a company set up by five municipalities to help defer rising insurance costs. The investment is stated at cost.

PEIC

BELD owns 23% ownership in Public Energy Insurance Company (PEIC). PEIC is a company set up by 22 municipalities to help defer rising insurance costs. The investment is stated at cost.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS:

	<u>2024</u>	<u>2023</u>
Cost of Capital Assets Acquired	\$ 268,800,367	\$ 268,143,775
Less: Accumulated Depreciation	(152,350,601)	(148,276,407)
Less: Outstanding Debt Related to Capital Assets	<u>(29,683,848)</u>	<u>(37,985,509)</u>
Net Investment in Capital Assets	<u>\$ 86,765,918</u>	<u>\$ 81,881,859</u>

NOTE 8 - UTILITY PLANT ASSETS:

	<u>Balance January 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2024</u>
Total Capital Assets Not Being Depreciated:				
Land	\$ 1,032,452	\$ 0	\$ 0	\$ 1,032,452
Work in Process	32,565	1,620,292	0	1,652,857
Total Capital Assets Not Being Depreciated	<u>1,065,017</u>	<u>1,620,292</u>	<u>0</u>	<u>2,685,309</u>
Capital Assets Being Depreciated:				
Production Plant	141,716,318	199,130	199,130	141,716,318
Transmission Plant	31,147,382	106,257	0	31,253,639
Distribution Plant	65,988,718	1,685,290	(3,246,870)	64,427,138
General Plant	28,226,340	983,792	(492,169)	28,717,963
Total Capital Assets Being Depreciated	<u>267,078,758</u>	<u>2,974,469</u>	<u>(3,938,169)</u>	<u>266,115,058</u>
Less Accumulated Depreciation for:				
Production Plant	(75,546,399)	(3,843,246)	199,130	(79,190,515)
Transmission Plant	(21,612,936)	(1,257,353)	0	(22,870,289)
Distribution Plant	(38,222,203)	(2,064,139)	3,246,870	(37,039,472)
General Plant	<u>(12,894,869)</u>	<u>(847,625)</u>	<u>492,169</u>	<u>(13,250,325)</u>
Total Accumulated Depreciation	<u>(148,276,407)</u>	<u>(8,012,363)</u>	<u>3,938,169</u>	<u>(152,350,601)</u>
Capital Assets Being Depreciated, Net	<u>118,802,351</u>	<u>(5,037,894)</u>	<u>0</u>	<u>113,764,457</u>
Utility Plant Assets, Net	<u>\$ 119,867,368</u>	<u>\$ (3,417,602)</u>	<u>\$ 0</u>	<u>\$ 116,449,766</u>

**BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 8 - UTILITY PLANT ASSETS (Continued):

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Total Capital Assets Not Being Depreciated:				
Land	\$ 1,032,452	\$ 0	\$ 0	\$ 1,032,452
Work in Process	0	32,565	0	32,565
Total Capital Assets Not Being Depreciated	<u>1,032,452</u>	<u>32,565</u>	<u>0</u>	<u>1,065,017</u>
Capital Assets Being Depreciated:				
Production Plant	139,786,685	1,929,633	0	141,716,318
Transmission Plant	31,013,709	133,673	0	31,147,382
Distribution Plant	64,376,687	2,115,740	(503,709)	65,988,718
General Plant	27,150,703	1,190,858	(115,221)	28,226,340
Total Capital Assets Being Depreciated	<u>262,327,784</u>	<u>3,369,904</u>	<u>(618,930)</u>	<u>267,078,758</u>
Less Accumulated Depreciation for:				
Production Plant	(71,760,205)	(3,786,194)	0	(75,546,399)
Transmission Plant	(20,359,394)	(1,253,342)	0	(21,612,936)
Distribution Plant	(36,710,133)	(2,015,779)	503,709	(38,222,203)
General Plant	(12,195,569)	(814,521)	115,221	(12,894,869)
Total Accumulated Depreciation	<u>(141,025,501)</u>	<u>(7,869,836)</u>	<u>618,930</u>	<u>(148,276,407)</u>
Capital Assets Being Depreciated, Net	<u>121,302,283</u>	<u>(2,499,932)</u>	<u>0</u>	<u>118,802,351</u>
Utility Plant Assets, Net	<u>\$ 122,334,735</u>	<u>\$ (2,467,367)</u>	<u>\$ 0</u>	<u>\$ 119,867,368</u>

Depreciation for the years ended December 31, 2024 and 2023 was \$8,012,363 and \$7,869,836, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position is net of amortization of \$37,481 related to contribution in aid of construction for the years ended December 31, 2024 and 2023.

NOTE 9 - BONDS PAYABLE:

On November 13, 2007, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$65,719,794, which included a bond premium, bearing interest at a weighted average rate of 3.37% and maturing November, 2008. Another BAN was issued by the Town on November 13, 2008, in the aggregate amount of \$109,845,000, which includes a bond premium, bearing interest at a weighted average rate of 2.50% and maturing August, 2009. The proceeds were used to construct the Watson power plant.

**BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 - BONDS PAYABLE (Continued):

On May 21, 2009, the BAN was converted to permanent bond financing, and the Town issued \$122,142,000 of general obligation bonds, of which \$109,700,000 was allocated to BELD. The proceeds were used to pay for the construction of the Watson power plant. The bonds have a 20-year life. The interest rate approximates 5.0% over the term of the bonds.

During 2015, the department refinanced the outstanding bond principal, the refinance loss is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter, on a basis that approximates the effective-interest method. This loss is shown as a deferred outflow of resources on the accompanying financial statements.

As of December 31, 2024 and 2023, the principal amount outstanding was \$26,185,000 and \$33,305,000, respectively. Interest expense relating to these bonds approximated \$1,442,750 and \$1,792,469 for December 31, 2024 and 2023, respectively.

Future maturities of bonds payable are as follows:		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For The Years Ending December 31,	2025	\$ 7,475,000	\$ 1,122,375	\$ 8,597,375
	2026	7,845,000	739,375	8,584,375
	2027	7,545,000	354,625	7,899,625
	2028	3,320,000	83,000	3,403,000
		<u>\$ 26,185,000</u>	<u>\$ 2,299,375</u>	<u>\$ 28,484,375</u>
	Plus: Unamortized Net Premiums	3,498,848		
	Less: Current Maturities of Long Term Debt	<u>(8,656,661)</u>		
		<u>\$ 21,027,187</u>		

NOTE 10 - CASH FLOWS

Cash paid for interest totaled \$1,479,263 in 2024 and \$1,805,633 in 2023.

NOTE 11 - RELATED PARTY TRANSACTIONS:

BELD provides electrical service to the Town for all schools, municipal buildings and street lighting at average rates per kilowatt-hour, which approximate those billed to other customers. Revenues from billings to the Town were approximately \$2,264,165 in 2024 and \$1,998,044 in 2023. Included in the accompanying statement of net position as of December 31, 2024 and 2023 is \$173,603 and \$159,100, respectively, of amounts due from the Town.

The Town provides to BELD police detail, various insurance and other expenses, which amounted to approximately \$5,494,528 in 2024 and \$5,874,056 in 2023. Included in the accompanying statement of net position as of December 31, 2024 and 2023 is \$643,849 and \$393,401, respectively, of amounts due to the Town.

In 2024 and 2023, BELD made payments in lieu of property taxes of \$1,500,000 to the Town. The Light Department also provided additional services to the town. The value of these services totaled \$99,296 in 2024 and \$76,174 in 2023.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PENSION LIABILITY:

Plan Description

The Light Department, through the Town of Braintree, is a member of the Braintree Contributory Retirement System which, in turn, is a member of the Massachusetts Contributory Retirement System which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a cost-sharing multiple-employer contributory defined benefit plan for all Town employees except those employees who are covered by teachers' retirement board. The Plan's separately issued financial statements can be obtained by contacting The Town of Braintree Retirement Office at One John F. Kennedy Memorial Drive, Braintree, Massachusetts 02184.

Benefits Provided

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of member's highest three-year average annual rate of regular compensation. For members who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service if hired after 1978 and if classified in group 1 or 2.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 55 years of age with 10 years of service if in group 2, and 55 years of age if classified in group 4 or hired prior to 1978. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors: including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PENSION LIABILITY (Continued):

Contributions

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. The Department is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the member units based on the actuarial study. The actuarially determined Department contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. The Department's required contributions to the System for the years ended December 31, 2024 and 2023 were \$2,760,039 and \$2,556,020, respectively.

Pension Liabilities

As of December 31, 2024 and 2023, the Light Department reported a liability of \$20,019,374 and \$24,326,039, respectively, for its proportionate share of the net pension liability. The 2024 and 2023 net pension liability was measured as of December 31, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating member units. At the measurement dates of December 31, 2023 and 2022, the Town's proportion was 98.72% and 98.78%, respectively. The Department's portion of the net pension liability was based on the percentage of the Department's contributions to the total Town's contributions as of the measured dates of December 31, 2023 and 2022. At the measurement dates of December 31, 2023 and 2022, the Department's portion was 17.71% and 19.00%, respectively, of the Town's total contributions.

Pension Expense

For the years ended December 31, 2024 and 2023, the Department recognized a pension expense of \$1,517,941 and \$2,899,586, respectively. As of December 31, 2024 and 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources listed in the following two tables.

<u>Deferred Outflows of Resources Related to Pensions</u>	<u>2024</u>	<u>2023</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 1,706,503	\$ 4,099,182
Differences between expected and actual experience	112,388	189,251
Changes of assumptions	1,235,978	1,101,026
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,820	9,228
Department contributions subsequent to the measurement date	<u>2,760,039</u>	<u>2,556,020</u>
Total	<u>\$ 5,816,728</u>	<u>\$ 7,954,707</u>

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PENSION LIABILITY (Continued):

Pension Expense (continued)

<u>Deferred Inflows of Resources Related to Pensions</u>	2024	2023
Differences between expected and actual experience	\$ 928,501	\$ 307,472
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,054,541	1,748,984
	\$ 2,983,042	\$ 2,056,456

Of the total amount reported as deferred out flows of resources related to pensions, \$2,760,039 resulting from Department contributions paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the Department's pension expense as listed in the table below.

Deferred Outflows of Resources
 Year Ended December 31:

2025	\$	764,172
2026		764,172
2027		764,172
2028		764,172
Total	\$	3,056,688

Deferred Inflows of Resources
 Year Ended December 31:

2025	\$	745,761
2026		746,760
2027		745,761
2028		745,760
Total	\$	2,983,042

Actuarial Assumptions

The total pension liability as of the measured date December 31, 2023 was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date

January 1, 2024

Actuarial Cost Method
 Amortization Method

Entry Age Normal
Unfunded Actuarial Accrued Liability (UAAL):
 Increasing dollar amount at 4% to reduce the UAAL to zero on or before June 30, 2034. The annual increase in appropriation is further limited to 7.11%.

Remaining Amortization Period

Difference between projected and actual earnings: 5 year straight-line amortization. All other amounts: Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PENSION LIABILITY (Continued):

Actuarial Assumptions (continued)

Asset Valuation Method	The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of: <ul style="list-style-type: none"> a. 75% of gains and losses of the prior year, b. 50% of gains and losses of the second prior year, and c. 25% of gains and losses of the third prior year
Inflation Rate	2.50% per year
Payroll Growth	3.25% Per Year
Projected Salary Increases	Group 1: 6% - 4.25% based on service Group 4: 7% - 4.75% based on service
Rates of Retirement	Varies based upon age for general employees, police and fire employees.
Mortality Rates:	
Healthy Retirees	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020.
Disabled Retirees	RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation.

Investment Policy

The System's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major category asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of the measured date of December 31, 2023 are summarized in the table on the following page.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

NOTE 12 - NET PENSION LIABILITY (Continued):

Investment Policy (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	32%	5.89%
International Equity	21%	6.87%
Domestic Fixed Income	18%	3.91%
Hedge funds	5%	6.21%
Private Equity	8%	10.11%
Real Estate	10%	4.80%
Alternative Investments	3%	8.02%
Other	3%	6.25%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.125%, as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage point lower (6.125%) or 1-percentage point higher (8.125%) than the current rate:

	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Proportionate share of the Net Pension Liability	\$ 27,263,509	\$ 20,019,378	\$ 13,760,206

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Braintree Contributory Retirement System financial report.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) TRUST FUND:

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners on June 28, 2011. The Board voted to accept the provisions of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund. The schedule and any future updates shall be designed, consistent with standards issued by the Governmental Accounting Standards Board, to reduce the unfunded actuarial liability of health care and other postemployment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all future benefits for which the government unit is obligated. The Fund is held under the custodianship of the Treasurer of the Town of

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

NOTE 13 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) TRUST FUND (Continued):

Braintree. The balance in the trust as of December 31, 2024 and 2023 is \$11,169,695 and \$9,744,200, respectively. The total amount of this investment pool as of December 31, 2024 and 2023 was \$2,612,787,174 and \$2,367,663,575, respectively, of which Braintree Electric Light Department's ownership was approximately 0.43% and 0.41% of the total, respectively.

Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting plan liabilities and OPEB expenses.

Plan Administration

The Town of Braintree administers the retiree health care benefits program—a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

The Trust shall be administered by a Board of Trustees consisting of five members as follows: (I) The Mayor or his designee, (II) the Council President or his designee, (III) the Director of Municipal Finance shall serve as ex officio members, (IV) the Town Accountant, (V) the Human Resources Director or her designee, for a term of three years. Upon the resignation or removal of the Mayor or the Director of Municipal Finance, the position of Trustee shall be deemed vacant until such time as the underlying Town position is filled on either a permanent or temporary basis. The Town Treasurer shall serve as a non-voting member of the Board of Trustees. Any member of the Board of Trustees may be removed by the Mayor with the consent of the Town Council for cause.

Plan Membership

As of January 1, 2024, OPEB plan membership consisted of the following:

Active plan members	75
Inactive plan members or beneficiaries currently receiving benefits payments	89
	164

Benefits provided

The Department provides health care benefits for retirees and their dependents. Benefits are provided through the Town, and the full cost of benefits is shared between the Town and retirees.

Contributions

The Town annually contributes an actuarially determined contribution based on the results of the most recent actuarial valuation.

Investment Policy

The OPEB plan's investment policy in regard to the allocation of invested assets is established by the State Retirement Benefits Trust (SRBT) and may be amended at any time. SRBT invests its OPEB trust funds in the Pension Reserve Investment Trust (PRIT) along with the state employees, state teachers' retirement systems and other Massachusetts public pension boards. The policy of the SRBT is to pursue investment strategy that reduces risk through the diversification of the portfolio across a broad selection of distinct asset classes.

**BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 13 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) TRUST FUND (Continued):

Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments at the ending fair value of OPEB plan investments.

Net OPEB Liability of the Plan

The components of the net OPEB liability as of December 31, 2024 and 2023, were as follows:

	2024	2023
Total OPEB Liability	\$ 12,054,810	\$ 11,032,306
Fiduciary Net Position	(11,169,695)	(9,744,200)
Net OPEB Liability	\$ 885,115	\$ 1,288,106

Fiduciary net position as a percentage of the total OPEB liability was 92.66% and 88.32% as of December 31, 2024 and 2023, respectively.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, using the following assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Investment Rate of Return	6.47%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rate	Currently 6.5% for 2024, decreasing to an ultimate rate of 3.63% in 2060.
Municipal Bond Rate	4.00% as of December 31, 2024 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Pre-Retirement Mortality-	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality-	RP-2014 Mortality Table for Blue Collar Healthy Annuitant projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality-	RP-2014 Mortality Table for Blue Collar Healthy Annuitant projected generationally with scale MP-2016 for males and females, set forward 1 year.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 13 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) TRUST FUND (Continued):

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building – block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity – Large Cap	14.5%	4.52%
Domestic Equity – Small/Mid Cap	3.5%	5.06%
International Equity – Developed Market	16.0%	5.08%
International Equity – Emerging Market	6.0%	5.80%
Domestic Fixed Income	20.0%	2.44%
International Fixed Income	3.0%	2.13%
Alternatives	23.0%	6.09%
Real Estate	14.0%	3.73%
Cash	0.0%	0.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.47%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 6.47%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.47%) or 1-percentage point higher (7.47%) than the current rate:

	1% Decrease 5.47%	Current Discount Rate 6.47%	1% Increase 7.47%
Net OPEB Liability	\$ 2,490,946	\$ 885,116	\$ (420,725)

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

NOTE 13 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) TRUST FUND (Continued):

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The table on the following page presents the net OPEB liability calculated using current healthcare cost trend rate of 6.5%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) and the current healthcare cost trend rates:

	1% Decrease 5.5%	Current Trend Rate 6.5%	1% Increase 7.5%
Net OPEB Liability	\$ (554,749)	\$ 885,116	\$ 2,665,458

NOTE 14 - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY:

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting employer liabilities and OPEB expenses.

Plan Description

The Town of Braintree administers the retiree health care benefits program—a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Contributions

The Department’s Actuarial Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The contribution requirements of plan members and the Department are established and may be amended through Department ordinances. For the year ending on and the measurement date of December 31, 2024 and 2023, total premiums plus implicit costs for the retiree medical program were \$597,263 and \$611,597, respectively. The Department also made contributions to an OPEB Trust of \$520,000 in each year ended December 31, 2024 and 2023, for total contributions during the periods of \$1,117,263 and \$1,131,597, respectively.

OPEB Liabilities

As of December 31, 2024 and 2023, the Department reported a liability of \$885,115 and \$1,288,106, respectively, for its net OPEB liability. The 2024 and 2023 net OPEB liability was measured as of December 31, 2024 and 2023, respectively, and was determined by an actuarial valuation as of January 1, 2023.

OPEB Expense

For the years ended December 31, 2024 and 2023, the Department recognized OPEB Expense of \$510,547 and \$579,199, respectively. As of December 31, 2024 and 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources noted on the following page:

**BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 14 - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued):

OPEB Expense (continued)

<u>Deferred Outflows of Resources Related to OPEB</u>	<u>2024</u>	<u>2023</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 644,124	\$ 966,185
Changes of assumptions	<u>898,653</u>	<u>781,250</u>
Total	<u>\$ 1,542,777</u>	<u>\$ 1,747,435</u>
<u>Deferred Inflows of Resources Related to OPEB</u>	<u>2024</u>	<u>2023</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 605,784	\$ 785,701
Changes of assumptions	<u>146,861</u>	<u>195,814</u>
Net difference between expected and actual experience	<u>474,397</u>	<u>653,911</u>
Total	<u>\$ 1,227,042</u>	<u>\$ 1,635,426</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Department's OPEB expense as shown in the table below:

<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Year Ended December 31:	Year Ended December 31:
2025 \$ 778,730	2025 \$ 546,839
2026 505,689	2026 319,277
2027 129,178	2027 319,284
2028 <u>129,180</u>	2028 <u>41,642</u>
Total \$ <u>1,542,777</u>	Total \$ <u>1,227,042</u>

GASB 75 requires the disclosure of actuarial assumptions, plan membership, the discount rate, and sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.. Refer to the previous note "Other Postemployment Benefit Trust Fund" for these disclosures.

NOTE 15 - COMMITMENTS AND CONTINGENCIES:

Power Purchase Commitments

The Town of Braintree acting through its Light Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued):

Power Purchase Commitments (continued)

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which are funded through monthly Project billings, as needed. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above), and amount of required debt service payments (if applicable) under the PSAs associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2024 and 2023, respectively are listed in the table on the following page.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued):

Power Purchase Commitments (continued)

<u>Projects</u>	<u>Percentage Share</u>	<u>Total Capital Expenditures 2024</u>	<u>Capacity, Fuel and Transmission Billed 2024</u>	<u>Capacity, Fuel and Transmission Billed 2023</u>
Nuclear Project 5-SBK	55.9284%	\$ 46,907,380	\$ 1,984,868	\$ 1,839,213

Hydro Quebec Phase II

BELD has entered into support agreements that require it to pay for its share of all operating and capital costs over a 25-year recovery period. All costs under these support agreements are recorded as purchased transmission expense. These agreements have been renewed through at least 2040. Recent annual payments have been between approximately \$100,000, and we expect future annual payments to be in line with this range.

NYPA

In 1995 BELD entered into a long term power supply agreement through MMWEC for the purchase of hydro power from the New York Power Authority (NYPA). In September 2007 FERC extended the Niagara a 50 year license renewal which means BELD will continue to receive its share of NYPA firm and peaking power (approximately 2MW) for the foreseeable future. Recent annual payments have been between \$280,000 and \$373,000, and we expect annual payments to continue within this approximate range for the foreseeable future.

Gas Supply

In October 2022, BELD amended its Watson gas supply agreement with BP, effective through 2025. This amendment formalized a \$1,750/month administration fee, as Potter 2 is no longer viable as a generator and all gas delivered is for Watson supply. This is the sixth amendment to the original contract that was done in November 2008.

Oil Supply

As part of the Watson construction project, BELD built a new oil line from the CITGO property to the new Watson Units, for delivery of Ultra Low Sulfur Diesel (ULSD) fuel. The initial CITGO contract ran through November 2012 and allowed BELD to have 25,000 bbls of ULSD in storage at CITGO for a monthly storage fee of \$12,500. BELD is responsible for the replacement cost of fuel used.

The contract provides for annual fee escalation based on changes in U.S. Bureau of Labor Statistics Consumer Price Index. The resulting monthly storage fee effective December 1, 2024 through November 30, 2025 is \$16,868.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued):

Seabrook Project

BELD has entered into a power sales agreement, as a participant in Nuclear Project No. 5, with Massachusetts Municipal Wholesale Electric Company (MMWEC) for a share of the power supply capability of Seabrook Unit 1. BELD effectively participates in a 0.6% (7 MW) share of Seabrook Unit 1. Under the terms of the power sales agreement, BELD is obligated to pay for its share of MMWEC's actual operating and capital costs, including decommissioning, interest and financing costs related to this generating unit. Seabrook Unit 1 began commercial operations in 1990 and its operating license expires in 2050. BELD's obligations to pay are not contingent on the future operation of the unit. The expected annual payment for 2025 is approximately \$2,276,000, with future annual payments expected to increase as the Project's O&M expenses increase.

As of December 31, 2019, MMWEC has no debt service obligations outstanding related to the Projects BELD participates in. The Seabrook bonds were paid off in full in June 2018.

Solar Installations

Braintree has had several rooftop solar installations in the town dating back to 2012 on both residential and commercial customer sites. One of the largest solar installations we have in town was commissioned and went live in January 2015. Working with Ameresco and the Town of Braintree, a 1.2MW solar array was installed on the Town of Braintree landfill site. The array consists of 4,142 panels, each of which is 305 watts. Braintree Electric entered into a 20 year PPA with Ameresco and purchases the energy generated from the landfill array at an escalating price (\$/kWh) fixed for each year. The Town of Braintree receives a payment direct from Ameresco for leasing the land.

In 2016, BELD and Ameresco installed a second large solar array on the roof of the Braintree High School and entered into another 20 year PPA with Ameresco. This array consists of 2109 panels and the system is rated at 664 kW. This system is used as the Braintree Electric Community Solar Project.

In 2018, a commercial customer installed a 2.4MW solar array on Campanelli Drive. BELD signed a 20-year PPA with the customer to purchase the output from the array.

In 2019, a 1.0MW solar array was commissioned at the Archdiocese Building located at 66 Brooks Drive. BELD signed a 20-year PPA with the customer to purchase the output from the array.

At the end of 2023, Braintree had 38 residential solar installations, 9 commercial installations and 4 PPA agreements for solar arrays located in Braintree.

Renewable Energy

BELD is party to several long-term renewable energy agreements through Energy New England (ENE). Although no new contracted units commenced operations in 2023, ENE continues to seek out new opportunities on BELD's behalf. Contracts are in place with expected wind and solar generation to commence in the 2025-2026 timeframe.

Potter Road Generation

In 2019, BELD and Tangent Energy completed the installation of two 2MW Cummings Engines that are located in the old diesel building at Potter II. The engines are owned, operated and dispatched by Tangent Energy during high energy price hours or to reduce BELD's capacity and transmission peaks. BELD can also use the engines in an emergency for blackstart. There are shared savings generated between BELD and Tangent when the engines are dispatched.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued):

Fireking Bakery Generation

In 2020, BELD and Tangent Energy completed the installation of two 2MW Cummings Engines that are located in the parking lot of Fireking Bakery on Campanelli Drive. The engines are owned, operated and dispatched by Tangent Energy during high energy price hours or to reduce BELD's capacity and transmission peaks. There are shared savings generated between BELD and Tangent when the engines are dispatched.

Battery Storage Unit

In partnership with Borrego Solar, BELD installed a 2MW/4MWh battery storage unit at our Grove Street Substation Station #9. The trailer sized unit consists of 564 Samsung Batteries and was designed and built by IHI. BELD and Borrego participated in the ACES Grant program and we were awarded a grant for \$700,000 from the state of Massachusetts for the construction of the new battery. The unit went online in June 2018 and Energy New England (ENE) controls the operation of the battery remotely, charging and discharging the unit in order to catch the monthly and yearly capacity and transmission peaks. The unit can also be discharged during times of high LMP prices.

Legal and Environmental Matters

BELD is not party to any pending legal proceedings other than ordinary routine litigation incidental to the business. In management's opinion, adverse decisions on those legal proceedings, in the aggregate, would not have a materially adverse impact on the Department's results of operations or financial position.

BELD is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment. These standards affect the siting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on BELD's operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

Self-Insurance Trust

BELD participates in Massachusetts Municipal Self-Insurance Trust Fund (the Trust) with 17 other municipalities for the purpose of sharing excess liability and officers' liability risks. General liability coverage provides for \$500,000 per occurrence, with a \$50,000 deductible that would be paid by the Department. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by the Department and the Trust Fund. Each participating municipality contributes an annual premium to the Trust based on frequency and severity of claims and share of the group's total kilowatt-hour sales. Payments for claims over the deductible limit are funded by trust assets or, if required, additional contributions from the participants.

Generally accepted accounting principles requires that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. As of December 31, 2024 and 2023, the Light Department considers it's pro rata share of these losses to be immaterial to its financial statements.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
 REQUIRED SUPPLEMENTARY INFORMATION
 NET PENSION LIABILITY

OPERATING FUND

For the Year Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Valuation Date	1/1/2024	1/1/2023	1/1/2022	1/1/2020	1/1/2020	1/1/2018	1/1/2018	1/1/2016	1/1/2016	1/1/2014
Measurement Date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014

Schedule of the Department's Proportionate Share of the Net Pension Liability (NPL):

Department's Portion of the NPL	17.7066%	19.0018%	19.6873%	21.1441%	21.3300%	22.3554%	23.1690%	22.0200%	22.2000%	23.0300%
Department's Proportionate Share of the NPL	\$ 20,019,374	\$ 24,326,039	\$ 15,198,475	\$ 18,922,208	\$ 21,168,551	\$ 27,446,641	\$ 22,658,555	\$ 23,367,453	\$ 23,312,268	\$ 17,885,794
Department's Covered Payroll	\$ 8,938,765	\$ 9,055,850	\$ 9,424,482	\$ 10,670,558	\$ 9,795,509	\$ 10,530,244	\$ 10,749,374	\$ 10,215,635	\$ 9,902,018	\$ 8,727,126
NPL as a Percentage of Covered Payroll	223.96%	268.62%	161.27%	177.33%	216.10%	260.65%	210.79%	228.74%	235.43%	204.94%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	71.10%	66.04%	78.60%	73.60%	69.33%	60.76%	67.28%	62.42%	61.11%	68.69%

Schedule of Contributions:

Actuarially Determined Contributions	\$ 2,556,020	\$ 2,556,017	\$ 2,535,746	\$ 2,606,124	\$ 2,455,929	\$ 2,357,952	\$ 2,205,290	\$ 2,084,994	\$ 2,014,473	\$ 2,026,172
Contributions in Relation to the Actuarially Determined Contribution	2,556,020	2,556,017	2,535,746	2,606,124	2,455,929	2,357,952	2,205,290	2,084,994	2,014,473	2,026,172
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Department's Covered Payroll	\$ 8,938,765	\$ 9,055,850	\$ 9,424,482	\$ 10,670,558	\$ 9,795,509	\$ 10,530,244	\$ 10,749,374	\$ 10,215,635	\$ 9,902,018	\$ 8,727,126
Contributions as a Percentage of the Departments Covered Payroll	28.59%	28.23%	26.91%	24.42%	25.07%	22.39%	20.52%	20.41%	20.34%	23.22%

BRAINTREE ELECTRIC LIGHT DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

OPERATING FUND & OPEB TRUST FUND

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 210,701	\$ 260,537	\$ 242,738	\$ 252,785	\$ 237,308	\$ 204,896	\$ 237,068	\$ 215,928
Interest	763,174	730,441	711,566	824,341	794,014	736,512	702,733	667,147
Changes in Assumptions	645,892	(244,767)	272,232	1,365,225	359,100	33,331	0	0
Changes in Benefit Terms	0	0	0	(2,965,086)	0	0	0	0
Differences Between Actual and Expected Experience	0	(737,204)	0	(160,369)	0	284,925	0	0
Benefit Payments	(597,263)	(611,597)	(582,968)	(561,322)	(512,174)	(430,435)	(419,875)	(372,645)
Net Change in Total OPEB Liability	1,022,504	(602,590)	643,568	(1,244,426)	878,248	829,229	519,926	510,430
Total OPEB Liability - Beginning	11,032,306	11,634,896	10,991,328	12,235,754	11,357,506	10,528,277	10,008,351	9,497,921
Total OPEB Liability - Ending	\$ 12,054,810	\$ 11,032,306	\$ 11,634,896	\$ 10,991,328	\$ 12,235,754	\$ 11,357,506	\$ 10,528,277	\$ 10,008,351
Plan Fiduciary Net Position:								
Contributions-Employer	\$ 1,117,263	\$ 1,131,597	\$ 1,102,968	\$ 1,081,322	\$ 1,032,174	\$ 930,435	\$ 939,875	\$ 892,645
Net Investment Income	905,495	944,370	(1,080,329)	1,415,527	744,525	740,587	(116,720)	537,467
Benefit Payments	(597,263)	(611,597)	(582,968)	(561,322)	(512,174)	(430,435)	(419,875)	(372,645)
Net Change in Plan Fiduciary Net Position	1,425,495	1,464,370	(510,329)	1,935,527	1,264,525	1,240,587	403,280	1,057,467
Plan Fiduciary Net Position - Beginning	9,744,200	8,279,830	8,790,159	6,854,632	5,590,107	4,349,520	3,946,240	2,888,773
Plan Fiduciary Net Position - Ending	\$ 11,169,695	\$ 9,744,200	\$ 8,279,830	\$ 8,790,159	\$ 6,854,632	\$ 5,590,107	\$ 4,349,520	\$ 3,946,240
Net OPEB Liability - Ending	\$ 885,115	\$ 1,288,106	\$ 3,355,066	\$ 2,201,169	\$ 5,381,122	\$ 5,767,399	\$ 6,178,757	\$ 6,062,111

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

OPERATING FUND & OPEB TRUST FUND

	2024	2023	2022	2021	2020	2019	2018	2017
Schedules of Net OPEB Liability:								
Total OPEB Liability	\$ 12,054,810	\$ 11,032,306	\$ 11,634,896	\$ 10,991,328	\$ 12,235,754	\$ 11,357,506	\$ 10,528,277	\$ 10,008,351
Plan Fiduciary Net Position	11,169,695	9,744,200	8,279,830	8,790,159	6,854,632	5,590,107	4,349,520	3,946,240
Net OPEB Liability	\$ 885,115	\$ 1,288,106	\$ 3,355,066	\$ 2,201,169	\$ 5,381,122	\$ 5,767,399	\$ 6,178,757	\$ 6,062,111
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	92.66%	88.32%	71.16%	79.99%	56.02%	49.22%	41.31%	39.43%
Covered Payroll	\$ 11,139,539	\$ 10,815,086	\$ 11,938,484	\$ 11,590,761	\$ 11,887,171	\$ 11,540,943	\$ 10,061,112	\$ 9,768,070
Net OPEB Liability as a Percentage of Covered Payroll	7.95%	11.91%	28.10%	18.99%	45.27%	49.97%	61.41%	62.06%
Schedules of Employer Contributions:								
Actuarially Determined Contributions	\$ 256,496	\$ 331,001	\$ 412,998	\$ 367,059	\$ 524,610	\$ 639,264	\$ 693,635	\$ 713,692
Contributions in relation to the actuarially determined contribution	1,117,263	1,131,597	1,102,968	1,081,322	1,032,174	930,435	939,875	892,645
Contribution Deficiency (Excess)	\$ (860,767)	\$ (800,596)	\$ (689,970)	\$ (714,263)	\$ (507,564)	\$ (291,171)	\$ (246,240)	\$ (178,953)
Covered Payroll	\$ 11,139,539	\$ 10,815,086	\$ 11,938,484	\$ 11,590,761	\$ 11,887,171	\$ 11,540,943	\$ 10,061,112	\$ 9,768,070
Contributions as a percentage of covered payroll	10.03%	10.46%	9.24%	9.33%	8.68%	8.06%	9.34%	9.14%
Schedules of Investment Returns:								
Annual Money-Weighted rate of Return, net of investment expenses	9.08%	11.10%	-11.41%	19.99%	12.74%	16.18%	-2.79%	17.23%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

BRAINTREE ELECTRIC LIGHT DEPARTMENT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR YEARS ENDING DECEMBER 31, 2024 AND 2023
OPERATING FUND & OPEB TRUST FUND

NOTE A - NET PENSION LIABILITY

Changes in Assumptions

The discount rate was decreased from 7.25% for the year ended December 31, 2023 to 7.125% for the year ended December 31, 2024.

NOTE B - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY:

Changes in Assumptions

The discount rate was decreased from 6.97% for the year ended December 31, 2023 to 6.47% for the year ended December 31, 2024.

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BRAintree ELECTRIC LIGHT DEPARTMENT
 SCHEDULES OF SALES OF ELECTRICITY
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

OPERATING FUND

	<u>2024</u>	<u>2023</u>
SALES OF ELECTRICITY:		
Residential	\$ 18,908,510	\$ 18,225,734
Commercial	28,763,597	28,328,350
Industrial	2,774,057	2,772,073
Municipal	<u>2,264,165</u>	<u>1,998,024</u>
TOTAL SALES OF ELECTRICITY	<u>\$ 52,710,329</u>	<u>\$ 51,324,181</u>

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BRAINTREE ELECTRIC LIGHT DEPARTMENT
 SCHEDULES OF ADMINISTRATIVE AND GENERAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

OPERATING FUND

	2024	2023
ADMINISTRATIVE AND GENERAL EXPENSES:		
Administrative and General Salaries	\$ 1,617,397	\$ 2,222,074
Office Supplies and Expenses	54,259	47,840
Outside Services Employed	1,451,105	1,235,052
Employees' Pensions and Benefits	5,565,320	7,133,928
Miscellaneous General Expense	170,798	161,143
Advertising and Marketing	102,529	152,099
Property Insurance	1,489,141	1,406,651
Education and Training	280,003	256,895
Uncollectible Accounts	(33,693)	79,460
Customer Efficiency Program Costs	1,014,361	1,072,787
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	\$ 11,711,220	\$ 13,767,929

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