

# **HUDSON LIGHT AND POWER DEPARTMENT 2018 ANNUAL REPORT**

## **MESSAGE FROM THE BOARD**

Hudson Light and Power does not just deliver electricity to its communities, it provides financial stability in the form of steady rates, system reliability in the form of low outages incidents, and environmental responsibility in the form of carbon emission reduction efforts. No step is taken in one area without consideration of its impact on another. Once again, our customers enjoyed electric rates that ranked among the lowest in the State during 2018.

These great rates were coupled with highly reliable service as we were recognized nationally in 2018 by the American Public Power Association with their Platinum “Reliable Public Power Provider” (RP3) award; the award will be accepted in Colorado Springs in 2019. This three-year designation recognizes a utility’s high proficiency in reliability, safety, workforce development and system improvement.

Our energy portfolio has an extremely small carbon footprint and includes about 90% non-greenhouse gas emitting power resources. Investor-owned utilities cannot own generating resources and rely on short-term power contracts, but municipal light departments have long-term contracts for power that include ownership in generating units. A municipal power portfolio cannot easily change without financial impact on the communities served. Recognizing that our carbon footprint is already low due to long term investments in nuclear power, the Board has committed to the financially and environmentally responsible course of replacing long-term contracts as they expire with renewable power sources.

Hudson Light and Power has also invested in projects that help reduce the carbon footprint of our community. The Department recently invested approximately \$332,000 in converting municipal street lights to LED type. The program was completed in 2018 and is expected to reduce energy use and cost by about 60%. We continue to support rebates for residential and commercial solar panels, provide free residential home audits, appliance rebates, and rebates for commercial LED lighting conversions.

In addition, the Department expanded its partnerships with local communities to encourage green investments. We joined with Sustainable Stow and Green Hudson to advocate for local HeatSmart community status through the State Department of Energy Resources (DOER). We also teamed with the DOER on the groundwork for a new matching solar rebate program to increase the incentives available locally. We will spend approximately \$2.3 million upgrading our metering infrastructure and associated software that will not only enhance outage tracking and reliability, but will also allow future time-of-use billing to encourage optimal use of energy.

Our commitment remains focused on the communities we serve to make positive improvements for the future. We appreciate the support we receive from our community and pledge to continue our efforts to not only meet, but to exceed their expectations.

**John Monteiro**, Chairman

**Justin Provencher**, Clerk

**Jeff Supernor**, Member

## **GENERAL MANAGER'S REPORT**

Hudson Light and Power mourns the passing of a beloved Board Member, Mr. Daniel Murphy. Mr. Murphy retired from the Department in 2012 after 37 years fulfilling multiple roles at the Cherry Street Power Station. At the time of his retirement, he was a valued and trusted member of the executive staff and was the Cherry Street Power Station Superintendent. In his retirement, Mr. Murphy continued his service to the Department as a twice-elected Board Member. His legacy, positive attitude and great smile will forever be remembered and cherished within the Department.

In March of 2018, the Department experienced multiple heavy snowstorms which caused widespread outages throughout the territory. We were grateful to have mutual aid assistance from Chester, Marblehead, Middleton, Peabody, and Taunton as they helped restore power to our community.

HLPD was able to return the mutual aid favor when hurricane Michael made landfall in the Florida panhandle. HLPD, along with other public power utilities organized by the Northeast Public Power Association, sent a crew and a bucket truck to Tallahassee to assist with their storm restoration efforts. A grateful mayor and governor sent letters of appreciation to the Department.

The Department was notified by the American Public Power Association that it had won a platinum "Reliable Public Power Provider (RP3)" award in 2018. This award is earned by those utilities that demonstrate industry-recognized leading practices in four important disciplines: Reliability, Safety, Workforce Development, and System Improvement. Currently, only 254 of the nation's more than 2,000 public power utilities hold an RP3 designation.

The Department's investment into its critical infrastructure continued in 2018 as a \$1 million dollar underground duct-bank was constructed off of Forest Avenue. The Department also commenced a \$2.3 million Advanced Metering Infrastructure project that allows two-way communication to each meter and provides for automatic notification of outages, near real-time system monitoring, and the potential for future time-of-use rates. In addition, multiple neighborhoods were developed, upgraded or expanded throughout the year. These included the new Regency at Stow development, Highland Commons West, Causeway Street area, Lincoln Street area, Great Road, White Pond Road area, Assabet Valley Regional Technical High School, and the Collins Foundation.

Using the Residential Conservation Surcharge and the Renewable Energy and Energy Conservation Incentive Funds in 2018, the Department provided 297 energy star appliance rebates totaling over \$57,000, 69 free home energy audits valued at over \$19,000, and multiple commercial audits and lighting upgrades and residential solar rebates totaling more than \$50,000.

In 2018, the Department celebrated the retirement of Charles Charbonneau, Lineman Crew Chief (33 years), Robert Gauvin, Business Manager (11 years), and Paul Buteau, Plant Operator (21 years). We wish them a healthy and happy future.

In accordance with Chapter 164, Section 57 of the Massachusetts General Laws, attached are the estimated income and estimated receipts and expenditures from the sales of electricity:

**Estimated Income from Sales of Electricity - 2019**

From Sales to Municipal Customers	\$	1,477,218
From Sales to Domestic Customers		11,315,719
From Sales to Commercial Customers		3,447,701
From Sales to Power Customers		8,112,010
From Street Lights: Stow and Other Communities		3,202
Hudson		60,071
<b>Total Income</b>	\$	<b>24,415,921</b>

**Estimated Expenditures - 2019**

Production, Generation, Purchased Power*	\$	17,335,564
Distribution and Transmission		2,718,559
General		3,058,143
Depreciation		922,656
<b>Total Expenditures</b>	\$	<b>24,034,922</b>

The estimated cost of electricity to be used by the Town of Hudson for all purposes for the year ending June 30, 2019 is:	\$	925,000
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*\*In addition to Production, Generation and Purchased Power Costs, are MMWEC's accelerated debt service recovery and transfers from the Rate Stabilization Fund.*

The financial statistics of the Hudson Light and Power Department are shown in the following pages.

**Brian R. Choquette**, General Manager

## DEFINITIONS

***Accrual Basis of Accounting:*** revenue is recognized when it is realized and expenses are recognized when incurred, without regard to the time of receipt of payment. The focus of accrual accounting is on the realization of revenue, the incurrence of costs, and the matching of revenue with costs incurred. This "matching" concept requires that the cost incurred to create revenues be accounted for at the same time. Consequently, if revenue is accounted for during a period, the "matching" costs must be accounted for even if it requires an estimation of these costs. Hudson Light and Power Department utilizes Accrual Basis of Accounting.

***Audited Financial Statements:*** The current year financial statements shown in this report are unaudited. Prior year financial statements have been updated using the most recent audit findings.

***Balance Sheet:*** A Balance Sheet is a concise statement of the assets, liabilities and equity of a business as of a given date.

***Assets:*** Anything owned that has monetary or utility value is an Asset. Assets are divided into Plant or Property Assets, Current Assets, Deferred Assets or Other Assets. Property Assets are buildings, generation equipment, transmission equipment, distribution equipment, etc. in use. Construction Work In Progress is Plant under Construction which has not been completed as of the date of the statement. Current Assets are cash, receivables, inventories of generation fuel, gasoline, lube oil, poles, etc., prepayments, unbilled utility revenues and other miscellaneous assets. Deferred Assets represent expenditures for preliminary surveys, plans, and investigations made for the purpose of determining the feasibility of utility projects under consideration.

***Liabilities:*** Liabilities consist of debts outstanding (unpaid bills) and in the process of accruing. They are usually classified as to Current Liabilities, Deferred Liabilities, or Long-Term Debt.

***Current Liabilities are Short-Term Liabilities.*** They generally consist of obligations which are to be liquidated within a year from the balance sheet date and include amounts accrued to date or those liabilities which accumulate from day to day. The most common Current Liabilities are accounts payable (bills owed as of a specific date), accrued salaries and wages, accrued interest, etc.

***Deferred Liabilities:*** Advance billings for services rendered, etc.

***Long-Term Debt:*** Debts incurred through borrowing such as bonds and notes or other financial obligations which are payable over a long period of time.

***Equity:*** The amounts paid on loans over the Department's existence, moneys invested by the Town in the Department, and the earnings retained in the Department as represented by property.

***Income Statement:*** An Income Statement is a report in summary form of the revenue earned by a particular business during a specified period, together with the related costs and expenses and the losses for that same period and the resulting net income (or net loss).

**COMPARATIVE BALANCE SHEET**

**ASSETS**

	2018	2017	Increase (Decrease)
Electric Utility Plant (Net)...			
Intangible Plant	\$ 4,382.39	\$ 3,909.66	\$ 472.73
Production Plant in Service	934,478.49	893,010.82	41,467.67
Nuclear Fuel	40,192.49	56,515.14	(16,322.65)
Transmission Plant in Service	989,498.57	1,056,438.48	(66,939.91)
Distribution Plant in Service	8,432,505.20	6,431,363.02	2,001,142.18
General Plant in Service	1,484,884.39	1,463,322.84	21,561.55
Construction Work In Progress	<u>1,249,847.18</u>	<u>399,750.05</u>	<u>850,097.13</u>
Total Utility Plant In Service	\$ 13,135,788.71	\$ 10,304,310.01	\$ 2,831,478.70
Other Property & Investments...			
Investments in Assoc. Companies	\$ 53,580.92	\$ 53,580.92	\$ -
Other Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Property & Investments...	\$ 53,580.92	\$ 53,580.92	\$ -
Cash Assets...			
Operation Cash	\$ 2,174,964.95	\$ 8,409,887.41	\$ (6,234,922.46)
Miscellaneous Cash	-	-	-
Depreciation Fund	-	-	-
Depreciation Fund Investment	8,661,436.77	7,631,890.73	1,029,546.04
Insurance Escrow Reserve	72,319.40	71,395.39	924.01
Petty Cash	500.00	500.00	-
Deposit Interest Account	-	-	-
Customer Deposits Account	<u>1,536,827.81</u>	<u>1,539,337.13</u>	<u>(2,509.32)</u>
Total Cash Balances	\$ 12,446,048.93	\$ 17,653,010.66	\$ (5,206,961.73)
Other Current and Accrued Assets...			
Customer Account Receivables	\$ 2,153,488.36	\$ 1,779,932.76	\$ 373,555.60
Other Accounts Receivables	77,205.44	198,169.46	(120,964.02)
Material and Supplies	964,484.30	1,100,620.25	(136,135.95)
Prepayments	1,080,374.82	1,032,301.35	48,073.47
Prepaid Pension	4,056,685.97	2,288,521.67	1,768,164.30
Int. & Dividends Receivable	20,086.85	3,813.29	16,273.56
Misc. Current & Accrued Assets	<u>500,000.00</u>	<u>-</u>	<u>500,000.00</u>
Total Other Current & Accrued Assets	\$ 8,852,325.74	\$ 6,403,358.78	\$ 2,448,966.96
Deferred Assets...			
Preliminary Survey Charges	\$ -	\$ -	\$ -
Deferred Outflow Pension	\$ 2,912,220.00	\$ 3,962,013.91	\$ (1,049,793.91)
Deferred Outflow OPEB	<u>281,148.00</u>	<u>-</u>	<u>281,148.00</u>
Total Deferred Assets	\$ 3,193,368.00	\$ 3,962,013.91	\$ (768,645.91)
Total Assets	<u>\$ 37,681,112.30</u>	<u>\$ 38,376,274.28</u>	<u>\$ (695,161.98)</u>

## EQUITY AND LIABILITIES

	2018	2017	Increase (Decrease)
<b>Equity...</b>			
Loans Repayment	\$ 1,925,000.00	\$ 1,925,000.00	\$ -
Invested by Town	20,093.39	20,093.39	-
Retained Earnings	<u>11,973,379.36</u>	<u>13,088,191.08</u>	<u>(1,114,811.72)</u>
<b>Total</b>	<b>\$ 13,918,472.75</b>	<b>\$ 15,033,284.47</b>	<b>\$ (1,114,811.72)</b>
 <b>Current &amp; Accrued Liabilities...</b>			
Accounts Payable	\$ 1,517,465.76	\$ 1,582,338.01	\$ (64,872.25)
Customer Deposits	1,355,739.92	1,371,174.81	(15,434.89)
Customer Deposits-Interest	140,554.38	156,176.70	(15,622.32)
Tax Collections Payable	-	(570.49)	570.49
Old Stow Rd Solar Collateral	250,000.00	250,000.00	-
Accrued OPEB Liability	1,773,426.00	205,637.00	1,567,789.00
Accrued REECIP Liability	186,481.00	183,419.30	3,061.70
Accrued RCS Liability	16,258.85	56,655.79	(40,396.94)
Misc. Current & Accrued Liabilities	403,403.04	418,625.03	(15,221.99)
Net Pension Liability	15,720,362.00	15,523,769.84	196,592.16
Deferred Pension Inflow	549,542.00	28,508.00	521,034.00
Deferred OPEB Inflow	-	-	-
Customer Advances for Construction	<u>404,357.37</u>	<u>436,583.39</u>	<u>(32,226.02)</u>
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 22,317,590.32</b>	<b>\$ 20,212,317.38</b>	<b>\$ 2,105,272.94</b>
 <b>Deferred Credits...</b>			
Misc. Deferred Credits	\$ -	\$ -	\$ -
Deferred Credit-Power Adj Charge	<u>(562,075.44)</u>	<u>1,400,849.54</u>	<u>(1,962,924.98)</u>
<b>Total Deferred Credits</b>	<b>\$ (562,075.44)</b>	<b>\$ 1,400,849.54</b>	<b>\$ (1,962,924.98)</b>
 <b>Reserves...</b>			
Injuries and Damages Reserve	\$ -	\$ -	\$ -
<b>Total Reserves</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>Contributions in aid of Construction...</b>			
<b>Total Contributions in aid of Construction...</b>	<u>\$ 2,007,124.67</u>	<u>\$ 1,729,822.89</u>	<u>\$ 277,301.78</u>
	<u>\$ 2,007,124.67</u>	<u>\$ 1,729,822.89</u>	<u>\$ 277,301.78</u>
 <b>Total Equity &amp; Liabilities</b>	<b><u>\$ 37,681,112.30</u></b>	<b><u>\$ 38,376,274.28</u></b>	<b><u>\$ (695,161.98)</u></b>

## STATEMENT OF EQUITY

Retained Earnings on January 1, 2018	\$ 13,088,191.08
Net Income or (Loss)	462,034.53
Miscellaneous Credits to Retained Earnings	-
<b>Total</b>	<u>\$ 13,550,225.61</u>
 Appropriation of Retained Earnings Returned to Towns	\$ 291,589.25
Miscellaneous Debits to Retained Earnings	<u>1,285,257.00</u>
<b>Total</b>	<b>\$ 1,576,846.25</b>
 <b>Total Retained Earnings on December 31, 2018</b>	<b><u>\$ 11,973,379.36</u></b>

**COMPARATIVE INCOME STATEMENT**

**OPERATING STATEMENT**

	<b>2018</b>	<b>2017</b>	<b>(Decrease)</b>
<b>Operating Revenue</b>	\$ 24,920,440.13	\$ 23,403,097.77	\$ 1,517,342.36
<b>Operating Expense...</b>			
Production	\$ 785,742.90	\$ 765,594.45	\$ 20,148.45
Purchased Power Expense	11,730,381.20	9,173,087.43	2,557,293.77
Transmission Expenses	5,127,573.77	5,122,764.49	4,809.28
Distribution Expenses	1,032,944.27	895,268.51	137,675.76
General Expenses	5,046,951.65	5,413,429.62	(366,477.97)
Depreciation	858,861.81	1,380,004.56	(521,142.75)
Taxes	17,398.56	21,276.50	(3,877.94)
<b>Total Operating Expenses</b>	<u>\$ 24,599,854.16</u>	<u>\$ 22,771,425.56</u>	<u>\$ 1,828,428.60</u>
<b>Net Operating Revenues</b>	\$ 320,585.97	\$ 631,672.21	\$ (311,086.24)
<b>Other Income...</b>			
Income From Contract Work	\$ -	\$ -	\$ -
Interest & Dividend Income	206,827.18	114,631.45	92,195.73
Misc. Nonoperating Income	(28,396.57)	50,355.88	(78,752.45)
<b>Total Other Income</b>	<u>\$ 178,430.61</u>	<u>\$ 164,987.33</u>	<u>\$ 13,443.28</u>
<b>Miscellaneous Income Deductions...</b>			
Other Income Deductions	<u>\$ 85.84</u>	<u>\$ 70.00</u>	<u>\$ 15.84</u>
<b>Total Income Deductions</b>	<u>\$ 85.84</u>	<u>\$ 70.00</u>	<u>\$ 15.84</u>
<b>Inc. Before Interest Charges</b>	\$ 498,930.74	\$ 796,589.54	\$ (297,658.80)
<b>Interest Charges...</b>			
Other Interest Expense	<u>\$ 36,896.21</u>	<u>\$ 21,537.64</u>	<u>\$ 15,358.57</u>
<b>Total Interest Charges</b>	<u>\$ 36,896.21</u>	<u>\$ 21,537.64</u>	<u>\$ 15,358.57</u>
<b>Net Income Before</b>			
<b>Return to Towns</b>	\$ 462,034.53	\$ 775,051.90	\$ (313,017.37)
Less Return to Towns	<u>291,589.25</u>	<u>288,607.98</u>	<u>2,981.27</u>
<b>Net Income (Loss)</b>	<u><u>\$ 170,445.28</u></u>	<u><u>\$ 486,443.92</u></u>	<u><u>\$ (315,998.64)</u></u>



## INCOME STATEMENT DETAIL

### OPERATING REVENUE

January 1, 2018 to December 31, 2018

Sales to Residential Consumers	\$	6,397,958.34
Sales to Commercial Consumers		1,612,172.32
Sales to Power Consumers		3,179,383.10
Private Property Lighting Sales		79,226.27
<b>Municipal Sales...</b>		
Hudson Street Lights		51,566.85
Hudson Municipal Buildings		85,295.58
Hudson Municipal Power		309,238.19
All Electric Municipal Buildings		-
Stow & Berlin Street Lights		4,013.17
Stow, Maynard & Other Municipal Service		265,621.49
Sales for Resale		-
<b>Total Revenue from Sales of Electricity</b>	\$	<u>11,984,475.31</u>
<b>Power Adjustment Charges...</b>		
Residential Sales	\$	4,808,491.11
Commercial Sales		1,373,518.62
Power Sales		3,853,205.48
Private Property Lighting		21,573.15
Municipal Power Adjustment Charges...		
Street Lighting Stow et al		-
Municipal Power Hudson		309,667.65
Municipal Commercial Hudson		74,597.52
Municipal Power Stow et al		252,602.57
Municipal Commercial Stow et al		17,466.07
Municipal All Electric		-
Miscellaneous Electric Sales		1,962,924.98
<b>Total Power Adjustment Charges</b>	\$	<u>12,674,047.15</u>
<b>Total Revenue From Sale of Electricity</b>	\$	<u>24,658,522.46</u>
Other Income...		
Other Electric Revenues (RCS, etc.)	\$	<u>261,917.67</u>
<b>Total Income</b>	\$	<u><u>24,920,440.13</u></u>

**INCOME STATEMENT DETAIL  
EXPENSES**

**January 1, 2018 to December 31, 2018**

**Production**

**Nuclear Power Generation**

Operation Supervision	\$	25,582.30
Fuel		46,083.65
Coolants and Water		4,244.47
Steam Expenses		4,853.65
Electric Expenses		-
Miscellaneous Nuclear Power Expenses		48,043.39
Maintenance Supervision		5,019.42
Maintenance of Structures		6,665.82
Maintenance of Reactor Plant Equipment		24,717.16
Maintenance of Electric Plant		8,273.00
Maintenance of Miscellaneous Nuclear Power		18,045.44

<b>Total Nuclear Power Production Expenses</b>	<b>\$</b>	<b>191,528.30</b>
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**Other Power Generation...**

Operation Supervision	\$	21,149.10
Fuel Oil		84,969.59
Fuel Natural Gas		6,555.16
Generation Expense		162,316.33
Generation Expense-Lube		2,603.22
Miscellaneous Other Power Generation Expenses		97,255.42
Maintenance Supervision		8,275.17
Maintenance of Structures		126,425.80
Maintenance of Generation and Electric Plant		84,664.81
Maintenance of Miscellaneous Generation Plant		-

<b>Total Other Production Expenses</b>	<b>\$</b>	<b>594,214.60</b>
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**Purchased Power Expenses...**

Purchased Power-Entitlement	\$	6,505,168.20
Purchased Power-ISO		5,222,848.38
System Control and Load Dispersion		2,364.62
Other Expenses Purchase Power		-

<b>Total Purchased Power</b>	<b>\$</b>	<b>11,730,381.20</b>
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**Distribution Expenses...**

Operation Supervision and Engineering	\$	15,069.03
Station Expenses		144,911.49
Overhead Line Expenses		61,861.76
Underground Line Expenses		2,997.77
Street Lighting & Signal Expenses		21,750.62
Meter Expenses		87,099.94

**INCOME STATEMENT DETAIL**  
**EXPENSES (continued)**

**Distribution Expenses (cont.) ...**

Customer Installation Expense	\$ 126,970.10
Miscellaneous Distribution Expenses	88,682.94
Rents	-
Maintenance of Supervision and Engineering	15,364.38
Maintenance of Station Equipment	13,785.92
Maintenance of Overhead Lines	403,686.89
Maintenance of Underground Line	28,326.66
Maintenance of Line Transformer	10,607.82
Maintenance of Street Lighting	2,825.53
Maintenance of Meters	6,221.44
Maintenance of Miscellaneous Distribution Plant	2,781.98

**Total Distribution Expenses** \$ 1,032,944.27

**Transmission Expense** \$ 5,127,573.77

**General...**

Supervision	\$ 20,482.99
Meter Reader Expenses	24,666.22
Customer Records and Collection Expenses	400,579.25
Advertising Expense	173.43
Miscellaneous Sales Expense (RCS)	-
Administrative and General Salaries	298,775.28
Office Supplies and Expenses	22,341.70
Administrative Expenses Transferred	-
Outside Services Employed	137,859.08
Property Insurance	42,228.00
Injuries and Damages	155,122.21
Employee Pension and Benefits	3,521,105.95
Regulatory Commission Expenses	-
General Advertising Expense	4,425.82
Miscellaneous General Expenses	46,332.53
Maintenance of General Plant	285,793.60
Transportation Expenses	87,065.59
Depreciation Expense	858,861.81

**Total General and Depreciation Expenses** \$ 5,905,813.46

**Real Estate and Other Taxes** \$ 17,398.56

**Total Operation Expenses** \$ 24,599,854.16

## FOOTNOTE TO FINANCIAL STATEMENTS

The Hudson Light and Power Department's accounting policies are in conformity with generally accepted accounting principles and conform to the uniform system of accounts prescribed for Public Utilities by the Federal Energy Regulatory Commission as modified by the Massachusetts Department of Public Utilities for municipal owned lighting plants.

**Revenues** are computed on the basis of monthly billings to customers. Unbilled revenues from the sale of energy are not accrued as of the end of the calendar year. Miscellaneous electric sales adjustment is for over-billed or under-billed power adjustment charges.

**Electric Utility Plant Assets** are stated at net cost. The provision for depreciation is determined by the straight-line method based on a 3% annual depreciation rate. The cost of maintenance and repairs is expensed as incurred; renewals, replacements and betterments are capitalized.

**Preliminary Survey Charges (Deferred Assets)** incurred for proposed projects through MMWEC are deferred pending bonding of the proposed facility. Funds relating to MMWEC projects are refunded to the Department after bonding. Charges relating to projects, which are undertaken by the Department, are transferred to Construction Work in Progress and eventually to Utility Plant upon completion. Projects abandoned by MMWEC or the Department are charged to expense.

Projects started but not completed are charged to **Construction Work In Progress**. Any project abandoned is charged directly to retained earnings.

**Investments of the Depreciation Fund** are in Certificates of Deposit and U.S. Government and Agency Securities as prescribed by law. Further, interest earned on these funds can only be used in the same manner as depreciation funds as prescribed by the Massachusetts General Laws.

**Inventories:** Cost of materials, supplies and fuel are valued at average cost.

**Segregated Funds:** The Depreciation Fund is restricted to additions and replacements of plant, property and equipment under the General Laws of the Commonwealth of Massachusetts and regulations of State agencies.

**Pensions:** The Department's employees are members of the Middlesex County Retirement System. The Municipal Light Board has established the Hudson Municipal Light Department Employee's Retirement Trust Fund to reimburse the Town of Hudson for retirement costs of its employees. This fund is maintained by the transfer of funds from the Department to the Trust based on actuarial studies performed by a professional actuarial consultant. An amount equal to \$631,835.70 was transferred from the Trust Fund as payments to the Town.

**Other Post-Employment Benefits Trust:** The Municipal Light Board has established this Trust Fund to directly reimburse the Town of Hudson for retirement costs, other than pensions, attributable to Light Department retirees. On the basis of actuarial studies, sufficient funds will continue to be set aside to meet the future retirement obligations of the Town for persons currently employed by the Municipal Light Department.

**Rate Stabilization Trust:** The Municipal Light Board has established this Trust to fund municipal power supply costs, so as to stabilize power supply costs and other presently ascertainable obligations, in order to remain competitive within the electric industry and for other power-related issues which the Trustees designate by vote. In 2018, the HLPD financial statements include an accrued transfer from the Rate Stabilization Trust fund of \$500,000. The actual cash movement will take place in 2019 and will be reflected in the 2019 Rate Stabilization Trust Fund financial records.

**Commitments and Contingencies:** The Hudson Light and Power Department has purchase contracts with the following sponsor companies and receives kilowatt-hour amounts from the entitlements listed:

	<b>Yearly Cost \$</b>	<b>Energy kWh</b>
PASNY- Niagara River	\$ 333,297.63	11,153,743
MMWEC- Wyman #4	96,440.74	449,520
MMWEC - Nuclear Mix #1	243,930.42	6,404,148
MMWEC - Millstone #3	206,368.46	5,487,908
MMWEC - Seabrook #4	602,710.65	18,440,528
MMWEC - Seabrook #5	66,872.34	2,053,858
MMWEC - Seabrook #6	5,383,014.19	139,639,666
Taunton - Cleary #9	687,782.61	3,396,371
FPL / NEXTERA	132,480.00	3,680,000
Sycarpha Stow	145,971.68	2,210,413
Southern Sky Solar	247,121.00	4,942,420
SHELL	105,459.20	2,816,000
Solar - Local Customers	27,778.55	701,663
	<hr/>	<hr/>
	\$ 8,279,227.47	201,376,238
ISO-NE	<hr/> \$ 5,222,779.58	<hr/> 23,599,008
<b>Total</b>	<hr/> <b>\$ 13,502,007.05</b>	<hr/> <b>224,975,246</b>

Hudson obtains 962.7 kW of Seabrook Unit #1 on a direct ownership basis, for which the Department uses 100% equity financing. Hudson's ownership share of Seabrook Unit #1 is 0.07737%. On June 30, 1990, Seabrook was declared operational. Under the Joint Ownership Agreement, the joint owners are obligated to pay their pro rata share of Seabrook's operating cost. In addition, should any other joint owner fail to make any payment, the other owners may be required to increase their payments and correspondingly their equivalent percentage ownership of Seabrook capacity. Hudson is one of three, minority non-operating owners of Seabrook Station.

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

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 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). 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, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. 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 to an additional amount not to exceed 25% of their original 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.

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources LLC, and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) the majority owner and an indirect subsidiary of NextEra Energy Resources LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the 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.

Hudson Light and Power Department has entered into PSAs and PPAs with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. 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).

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.

As of December 31, 2018, total capital expenditures amounted to \$1,652,338,000, of which \$178,307,000 represents the amount associated with the Department's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$7,110,000, of which \$1,644,000 is associated with the Department's share of Project Capability. As of December 31, 2018, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$7,419,000, of which \$1,716,000 is anticipated to be billed to the Department in the future.

The aggregate amount of Hudson Light And Power Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at December 31, 2018 and estimated for future years is shown below.

For years ended December 31,	<u>ANNUAL COSTS</u>	
	\$	
2019		1,716,000
0		0
0		0
TOTAL	<u>\$</u>	<u>1,716,000</u>

In addition, under the PSAs, the Department is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Department's total O&M costs including debt service under the PSAs were \$6,836,000 and \$10,116,000 for the years ended December 31, 2018 and 2017, respectively.

**STATEMENT OF CHANGES IN FINANCIAL POSITION**

**January 1, 2018 to December 31, 2018**

<b>Funds were provided from . . .</b>	
<b>Operations . . .</b>	
Net Income	\$ 498,930.74
Miscellaneous Credits to Surplus	-
Return of Investment	-
	<hr/>
<b>Total Funds Provided</b>	<b>\$ 498,930.74</b>
<b>Funds were used for . . .</b>	
Increase (Decrease) to Utility Plant	\$ 2,831,478.70
Miscellaneous Debits to Surplus	(768,645.91)
Return to Town of Hudson	225,000.00
Return to Town of Stow	66,589.25
Other Interest Expense	36,896.21
	<hr/>
<b>Total</b>	<b>\$ 2,391,318.25</b>
<b>Increase (Decrease) in Working Capital</b>	<b>\$ (1,892,387.51)</b>
<b>Increase (Decrease) in Working Capital Represented by . . .</b>	
Cash	\$ (5,206,961.73)
Receivables	752,591.58
Materials and Supplies	(136,135.95)
Prepayments	1,816,237.77
Interest Receivable	16,273.56
Accrued Utility Revenues	-
Miscellaneous Deferred Debits	1,717,849.22
Miscellaneous Accrued Liabilities	(916,543.72)
Accounts Payable	64,872.25
Injury Reserve	-
Taxes Payable	(570.49)
	<hr/>
<b>Total</b>	<b>\$ (1,892,387.51)</b>



**REVENUE FROM SALE OF ELECTRICITY**

**January 1, 2018 to December 31, 2018**

	<b>HUDSON</b>		<b>STOW</b>		<b>OTHER</b>		<b>TOTAL</b>
Res. Service "A"	\$ 3,474,599.91	\$	1,207,438.68	\$	80,290.08	\$	4,762,328.67
Res. Wtr. Heater "E"	406,017.96		432,920.26		26,179.87		865,118.09
All Elec. Service "F"	568,209.15		194,520.35		7,819.51		770,549.01
Com. Htg. & Air Cond.	-		-		-		-
Com. Service "C"	1,282,071.07		321,974.79		7,373.07		1,611,418.93
Large Power "D"	2,704,358.20		475,740.86		-		3,180,099.06
Municipal All Elec.	-		-		-		-
Municipal Service "C"	85,295.58		19,861.45		754.33		105,911.36
Municipal Power "D"	309,238.19		245,005.71		-		554,243.90
Street Lighting	51,566.85		3,975.63		37.54		55,580.02
Yard Lighting	66,432.75		11,385.20		1,408.32		79,226.27
<b>Power Adjustment Charges...</b>							
Res. Service "A"	\$ 2,465,559.86		870,705.32		58,580.28		3,394,845.46
Res. Wtr. Heater "E"	347,208.84		380,043.00		23,058.67		750,310.51
All Elec. Service "F"	486,011.23		170,465.95		6,857.97		663,335.15
Com. Htg. & Air Cond.	-		-		-		-
Com. Service "C"	1,102,540.17		267,217.08		3,761.37		1,373,518.62
Large Power "D"	3,276,564.31		576,641.17		-		3,853,205.48
Municipal All Elec.	-		-		-		-
Municipal Service "C"	74,597.52		17,173.00		293.07		92,063.59
Municipal Power "D"	309,667.65		252,602.57		-		562,270.22
Street Lighting	-		-		-		-
Yard Lighting	17,919.83		3,316.58		336.74		21,573.15
<b>Total Rev. Each Zone</b>	<b>\$ 17,027,859.07</b>	<b>\$</b>	<b>5,450,987.60</b>	<b>\$</b>	<b>216,750.82</b>	<b>\$</b>	<b>22,695,597.49</b>
<b>Misc. Electric Sales</b>						<b>\$</b>	<b>1,962,924.98</b>
<b>Total Revenue from Sale of Electricity</b>						<b>\$</b>	<b><u>24,658,522.47</u></b>

Res. Service "A"	\$	8,157,174.13
Res. Service "E" Wtr Htr		1,615,428.60
All Elec. Service "F"		1,433,884.16
Com. Htr. & Air. Cond		-
Com. Service "C"		2,984,937.55
Large Power "D"		7,033,304.54
Municipal All Elec.		-
Municipal Service "C"		197,974.95
Municipal Power "D"		1,116,514.12
Street Lighting		55,580.02
Yard Lighting		100,799.42
<b>Total</b>	<b>\$</b>	<b><u>22,695,597.49</u></b>

**STATISTICS**  
**KILOWATT-HOURS GENERATED, PURCHASED, SOLD and USED**

**January 1, 2018 to December 31, 2018**

Kilowatt-hours Generated	8,316,452
Kilowatt-hours Purchased	224,975,246
<b>Total Generated &amp; Purchased</b>	<u>233,291,698</u>

	<b>HUDSON</b>	<b>STOW</b>	<b>OTHER AREAS</b>
<b>Kilowatt-hours Sold..</b>			
Residence Service "A"	54,060,841	19,133,435	1,282,943
Service "E" (wtr htr)	7,643,312	8,379,219	507,943
All Electric Service "F"	10,924,801	3,821,880	154,286
Htg. and Air Cond. for Business	0	0	0
Commercial Service "C"	22,002,275	5,332,386	74,859
Large Power "D"	65,126,514	11,456,127	0
Departmental Usage	185,023	0	0
Municipal All Electric	0	0	0
Municipal Service "C"	1,485,955	343,934	5,792
Municipal Power "D"	6,197,055	1,281,580	3,754,656
Street Lighting	640,735	36,433	350
Yard Lighting	359,575	66,504	6,734
	<u>168,626,086</u>	<u>49,851,498</u>	<u>5,787,563</u>
<b>Total Kilowatt-hours Each Zone</b>			
Total Kilowatt-hours distributed			224,265,147
Kilowatt-hours sold for resale			0
Kilowatt-hours used at Station and misc.			1,177,518
Kilowatt-hours lost in Distribution Lines			<u>7,849,033</u>
<b>Total</b>			<u>233,291,698</u>
Percent lost in station		0.5047%	
Percent lost in Distribution Lines		3.3645%	

**FIVE-YEAR COMPARATIVE ELECTRIC SALES DATA**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Customer Count...</b>					
Residential	11278	11187	11008	10930	10853
Commercial	1467	1453	1436	1366	1364
Industrial	138	137	134	134	127
Municipal	126	124	125	126	152
Others	167	167	168	167	171
<b>Total*</b>	<u>13176</u>	<u>13068</u>	<u>12871</u>	<u>12723</u>	<u>12667</u>
 <b>Kilowatt-hour Sales...</b>					
Residential	105,908,660	99,870,810	99,357,377	101,025,852	100,088,012
Commercial	27,409,520	27,247,276	28,023,902	27,478,920	27,918,808
Industrial	76,582,641	81,385,485	95,427,950	153,956,119	204,920,680
Municipal	13,746,490	13,804,538	13,139,118	13,711,988	13,270,903
Other	432,813	524,568	611,907	617,711	1,903,351
<b>Total **</b>	<u>224,080,124</u>	<u>222,832,677</u>	<u>236,560,254</u>	<u>296,790,590</u>	<u>348,101,754</u>
 <b>Revenues Billed..</b>					
Residential	\$ 11,206,486.89	\$ 10,161,560.19	\$ 11,840,258.86	\$ 13,751,126.37	\$ 15,136,443.37
Commercial	2,984,937.55	2,736,540.67	3,293,005.00	4,137,534.28	4,336,705.09
Industrial	7,033,304.54	6,879,892.73	9,183,479.02	16,378,139.85	25,533,891.24
Municipal	1,370,069.09	1,290,780.34	1,391,456.97	1,658,038.30	1,988,972.60
Other	100,799.42	112,373.84	111,841.70	123,601.31	137,448.88
<b>Total ***</b>	<u>\$ 22,695,597.49</u>	<u>\$ 21,181,147.77</u>	<u>\$ 25,820,041.55</u>	<u>\$ 36,048,440.11</u>	<u>\$ 47,133,461.18</u>

\*Number of customers was based on annual average.

\*\* Does not include Hudson Light & Power Department usage.

\*\*\*Does not reflect accounting adjustments for power charges shown as misc electric sales.

## CONSUMER STATISTICS

December 31, 2018

### Hudson

Hudson Residential Consumers	8,339
Hudson Commercial Consumers	1,109
Hudson Power Consumers	122
Hudson Municipal Consumers	97

**Total Hudson Consumers** 9,667

### Stow and Maynard

Stow Residential Consumers	2,787
Stow Commercial Consumers	359
Stow Power Consumers	16
Stow and Maynard Municipal Consumers	25

**Total Stow and Maynard Consumers** 3,187

### Boxboro, Bolton, Berlin, Marlboro, etc.

Boxboro, Bolton, Berlin, Marlboro, Etc. Residential Consumers	197
Boxboro, Bolton, Berlin, Marlboro, Etc. Commercial Consumers	30
Boxboro, Bolton, Berlin, Marlboro, Etc. Municipal Consumers	6

**Total Boxboro, Bolton, Berlin, Marlboro, Etc. Consumers** 233

**Total Consumers on the System \*** 13,087

\* *Does not include street & yard lighting.*

**HUDSON LIGHT AND POWER DEPARTMENT  
RATE STABILIZATION TRUST FUND**

The purpose of this Fund is to fund future power supply costs so as to stabilize power supply costs and other presently ascertainable obligations, in order to remain competitive within the electric industry and for other power supply-related issues which the Trustees designate by vote.

Note: Figures below do not reflect Unrealized Gains or Losses.

<b>Balance of the Rate Stabilization Fund as of January 1, 2018</b>	\$	8,075,334.29
Interest, Dividends and Principal Received		173,864.73
Transfers from Operations Cash		
Gain on Sales		-
<b>Total Additions to the Fund</b>	<b>\$</b>	<b>173,864.73</b>
Loss on Sales		1,984.62
Early Withdraw Penalty		-
Transfer to Operation Cash		1,000,000.00
<b>Total Reductions to the Fund</b>	<b>\$</b>	<b>1,001,984.62</b>
 <b>Balance of the Rate Stabilization Fund as of December 31, 2018</b>	 <b>\$</b>	 <b>7,247,214.40</b>

FIXED INVESTMENTS	COST BASIS	EQUITY INVESTMENTS	COST BASIS
AVIDIA BANK MMKT	\$ 770,037.41	(ABT) ABBOTT LABS	\$ 86,600.97
MORGAN STANLEY MMKT	750,922.80	(MO) ALTRIA GROUP, INC.	78,072.43
CENTURY BANK CD	629,409.10	(AIG) AMERICAN INT'L GROUP INC.	17,838.68
CENTURY BANK CD	629,409.10	(AIG) AMERICAN INT'L GROUP INC. V	130.32
PUBLIC SERVICE ELECTRIC	165,484.94	(BAC) BANK OF AMERICA CORP	114,311.12
VERIZON COMMUNICATIONS	353,221.56	(BMY) BRISTOL MYERS SQUIBB CO	78,131.30
GOLDMAN SACHS GROUP INC	359,297.20	(KO) COCA COLA	113,902.33
INTEGRYS ENERGY GROUP	237,649.78	(ED) CONS ED	108,546.52
FED HOME LN	1,091,394.05	(LLY) ELI LILLY & CO	129,240.18
		(EMR) EMERSON ELECTRIC CO	104,056.57
		(GE) GENERAL ELECTRIC CO.	155,847.37
		(GIS) GENERAL MILLS INC.	108,916.60
		(HPQ) HEWLETT PACKARD CO.	87,422.64
		(JNJ) JOHNSON & JOHNSON	128,914.09
		(KMB) KIMBERLY CLARK	112,695.14
		(MCD) MCDONALDS CORP	84,769.69
		(MRK) MERCK & CO INC	110,914.02
		(PEP) PEPSICO INC.	89,205.36
		(PFE) PFIZER INC.	97,218.40
		(PG) PROCTER & GAMBLE CO.	111,351.40
		(ROK) ROCKWELL AUTOMATION INC	118,910.72
		(SO) SOUTHERN CO.	121,921.77
		(UN) UNILEVER	101,470.84
<b>Total</b>	<b>\$ 4,986,825.94</b>		<b>\$ 2,260,388.46</b>

**HUDSON LIGHT AND POWER DEPARTMENT  
RETIREMENT TRUST FUND**

The purpose of this Fund is to directly reimburse the Town of Hudson for retirement costs attributable to Light Department retirees for whom the Town is assessed annually by the Middlesex County Retirement System. On the basis of actuarial studies, sufficient funds will continue to be set aside to meet the future retirement obligations of the town for persons currently employed by the Municipal Light Department.

Note: Figures below do not reflect Unrealized Gains or Losses.

<b>Balance of Retirement Fund as of January 1, 2018</b>	\$ 16,842,569.41
Cash transferred to HLPD Retirement Trust Fund	\$ 2,400,000.00
Gain on Sales	-
Interest, dividends and Principal received	526,367.31
<b>Total Additions to the Fund</b>	<b>\$ 2,926,367.31</b>
Payments to the Town of Hudson	\$ 631,835.70
Loss on Sales	34,369.21
<b>Total Reductions to the Fund</b>	<b>\$ 666,204.91</b>
<b>Balance of Retirement Fund as of December 31, 2018</b>	<b>\$ 19,102,731.81</b>

FIXED INVESTMENTS	COST BASIS	EQUITY INVESTMENTS	COST BASIS
A VIDIA BANK MONEY MARKET	\$ 1,811,217.23	(ABT) ABBOTT LABS	\$ 332,526.71
MORGAN STANLEY MONEY FUNDS	435,426.24	(MO) ALTRIA GROUP INC	399,913.86
GNMA	242.48	(AIG) AMERICAN INT'L GROUP INC.	48,134.97
GNMA	252.27	(AIG) AMERICAN INT'L GROUP INC.	358.38
PUBLIC SERVICE OKLAHOMA	133,614.81	(BAC) BANK OF AMERICA CORPOR	351,341.89
DUKE ENERGY INDIANA 276K	282,607.31	(BMY) BRISTOLMYERS SQUIBB	365,683.32
BURLINGTON NORTH SANTA FE 200K	205,353.33	(KO) COCA COLA	487,927.43
KENTUCKY UTILITIES COMPANY 250K	663,649.44	(ED) CONS EDISON	478,321.67
PROGRESS ENERGY INC 270K	279,662.24	(LLY) ELI LILLY & CO	563,650.72
WESTERN MASS ELECTRIC CO.	619,684.70	(EMR) EMERSON ELECTRIC CO.	446,466.38
VERIZON COMMUNICATIONS 370K	380,044.89	(GE) GENERAL ELECTRIC CO.	662,444.90
BALTIMORE GAS & ELECTRIC	669,901.48	(GIS) GENERAL MILLS INC.	524,081.01
FED NATL MTG ASSN FLOATER	581,115.52	(HPQ) HEWLETT PACKARD CO.	415,391.75
FED HOME LN BK STEP 10/19/17	707,340.03	(JNJ) JOHNSON & JOHNSON	558,694.15
FED NATL MTG ASSN STEP 4/18/2021 03.50	870,005.02	(KMB) KIMBERLY CLARK	490,678.65
FED NATL MTG ASSN	596,493.15	(MCD) MCDONALDS CORP	384,837.35
FED HOME LN BK	689,668.40	(MRK) MERCK & CO	501,383.27
FED NATL MTG ASSN	371,018.90	(PEP) PEPSICO INC.	398,913.18
		(PFE) PFIZER INC.	414,819.81
		(PG) PROCTER & GAMBLE CO.	530,155.53
		(ROK) ROCKWELL AUTOMATION IN	505,331.49
		(SO) SOUTHERN CO	548,497.21
		(UN) UNILEVER	395,880.74
<b>Total</b>	<b>\$ 9,297,297.44</b>		<b>\$ 9,805,434.37</b>

**HUDSON LIGHT AND POWER DEPARTMENT  
OTHER POST EMPLOYMENT BENEFITS (OPEB) TRUST FUND**

The purpose of this Fund is to directly reimburse the Town of Hudson for retirement costs, other than pensions, attributable to Light Department retirees. On the basis of actuarial studies, sufficient funds will continue to be set aside to meet the future retirement obligations of the town for persons currently employed by the Municipal Light Department.

Note: Figures below do not reflect Unrealized Gains or Losses

<b>Balance of the Other Post Employment Benefit Fund as of January 1, 2018</b>	\$ 1,402,417.96
Interest, Dividends and Principal Received	\$ 41,294.28
Transfers from Operations Cash	228,000.00
Gain on Sales	-
<b>Total Additions to the Fund</b>	<b>\$ 269,294.28</b>
Transfers to Operations Cash	\$ -
Loss on Sales	-
<b>Total Reductions to the Fund</b>	<b>\$ -</b>
<b>Balance of the Other Post Employment Benefit Fund as of December 31, 2018</b>	<b>\$ 1,671,712.24</b>

FIXED INVESTMENTS	COST BASIS	EQUITY INVESTMENTS	COST BASIS
A VIDIA BANK MONEY MARKET	\$ 117,330.94	(ABT) ABBOTT LABS	\$ 26,068.67
MORGAN STANLEY CASH	28,718.79	(MO) ALTRIA GROUP, INC.	38,053.51
ANHEUSER-BUSH INBEV	88,765.44	(BAC) BANK OF AMERICA CORP	38,365.91
AMGEN INC	93,115.75	(BMY) BRISTOL MYERS SQUIBB	34,192.99
COOPER US	92,595.07	(KO) COCA COLA	40,308.70
AMERI SOURCEBERGEN CORP	121,470.34	(ED) CONS ED	39,890.80
CITIGROUP	187,133.78	(LLY) ELI LILLY & CO	43,885.00
FED NATL MTG ASSN	115,114.99	(EMR) EMERSON ELECTRIC CO.	38,252.58
		(GE) GENERAL ELECTRIC CO.	48,257.90
		(GIS) GENERAL MILLS INC.	43,435.24
		(HPQ) HEWLETT PACKARD CO.	39,528.40
		(JNJ) JOHNSON & JOHNSON	38,379.07
		(KMB) KIMBERLY CLARK CORP	40,745.16
		(MCD) MCDONALDS CORP	38,331.71
		(MRK) MERCK & CO INC	38,799.01
		(PEP) PEPSICO INC.	35,724.29
		(PFE) PFIZER INC	34,413.43
		(PG) PROCTER & GAMBLE CO.	45,248.38
		(ROK) ROCKWELL AUTOMATION INC	43,153.01
		(SO) SOUTHERN CO.	45,863.82
		(UN) UNILEVER	36,569.56
<b>Total</b>	<b>\$ 844,245.10</b>		<b>\$ 827,467.14</b>