



PASCOAG
UTILITY DISTRICT

Pascoag Electric • Pascoag Water

253 Pascoag Main Street
P.O. Box 107
Pascoag, R.I. 02859
Phone: 401-568-6222
Fax: 401-568-0066
www.pud-ri.org

Pascoag Utility District - Electric Department

Year End Status Report

RIPUC Docket No. 4211

Book 1: Testimony and Supporting Exhibits

Of

Judith R. Allaire

Testimony of Judith R. Allaire, Assistant General Manager

Q. Please provide a summary of the actual reconciliation of factors for the period ending December 31, 2010.

A. As of the filing date, this submittal contains actual expenses and revenue through September 2010. The fourth quarter (October through December) is based on estimates provided by Energy New England ("ENE"). The fourth quarter estimates have been revised to include the increase in MMWEC Project Six Surplus Funds and a lower average cost of ISO-NE charges. *Table 1* documents the estimated reconciliation as of December 31, 2010:

SOS	\$225,723
Transition	\$ 21,815
Transmission	<u>\$ 88,249</u>
<u>Net Cumulative Over/(Under) Collection)</u>	\$335,787

Q. Will Pascoag be able to provide an update on the actual reconciliation at, or prior to, the hearing?

A. Yes. All of the October power invoices should be received by November 30, 2010, so Pascoag will be able to provide actual October expenses and revenues shortly after that date. The District will provide an addendum to this filing incorporating that information.

When the November and December invoices are received and recorded, Pascoag will provide this information to Division in its required monthly updates.

Q. Can you provide a brief overview of any items that impacted this filing that would have contributed to the over collection?

A. Yes, there were several occurrences that impact this filing. Events, including historic flooding in the spring, extreme heat during the summer, delivered interruptible energy from NYPA for every month year-to-date, lower than forecast energy expense, plus sales to ISO are all reflected in this filing and are contributing factors to the over collection.

In April, typically a shoulder month for Pascoag, sales to customers were approximately 500,000 kilowatt-hours above forecast. Since April has neither extreme heat nor cold, the consumption is fairly easy to forecast. However, with the flooding in late March and early April, customers were apparently using sump pumps and dehumidifiers to dry out basements resulting in higher than forecast usage.

The summer brought its own set of challenges. The extreme heat of July, August and September resulted in record sales for those three months. In fact, in July, Pascoag hit a new all time peak demand. Pascoag's prior peak, reached in July 2008, was 12.1 MW's. That peak held through 2009, but in July 2010 Pascoag's peak demand increased to 12.4 MW's. For your reference, a summary of Pascoag's peak demand activity from 2006 through 2010 is included in this filing as *Testimony Exhibit 1*.

In fact, Pascoag’s sales to customers for the period ending December 31, 2010 are expected to be 1,204 MWH’s above forecast. This is based on actual sales through September and estimates for the fourth quarter. This contributed to increased revenue. This is illustrated in *Table 2*, below.

<u>Table 2</u>	
<u>Impact of Sales Above Forecast Revenues (1)</u>	
SOS	\$92,166
Transmission	\$24,176
Transition	<u>\$13,942</u>
	<u>\$130,284</u>

(1) Based on 1,204,000 kilowatt-hours at \$.10821

As previously noted, Pascoag continues to receive interruptible energy from its NYPA entitlement. This energy, at an average cost of \$0.025 per kilowatt-hour, allows Pascoag to sell its higher priced energy to ISO. Through the period ending September 30th, the District received 4,250,000 interruptible kilowatt-hours from NYPA.

For the period ending December 31, 2010, Pascoag’s energy cost is forecast at \$216,864 under budget. Again, this is based on actual expenses through September and fourth quarter estimates. What is interesting, however, is that the District is expected to purchase 573 MWH’s *over* forecast. This resulted in an average cost of \$99.02 per MWH, as opposed to the forecast cost of \$104.02 per MWH. These savings also impacted the over collection in this filing. *Testimony Exhibit 2* reflects these savings.

Another item had a smaller effect, but never the less, impacted the forecast. That was the increase in the monthly MMWEC Surplus Fund Credit. For the fiscal year 2010 (MMWEC’s fiscal ends June 30th), MMWEC forecast Pascoag’s share as \$94,716.52. Since Pascoag elects to receive that credit on its Project Six invoice spread over an eleven month period, it equates to a monthly credit of \$8,610.59. Pascoag’s share of the Project Six Surplus Fund credit for fiscal year 2009 totaled \$19,101.98, or a monthly credit of \$1,736. The new monthly credit became effective with the July 2010 invoice.

The increase in the 2010 surplus funds reflects higher balances in MMWEC’s Reserve and Contingency fund, as well as MMWEC’s spent fuel settlement with the Department of Justice (“DOJ”). Beginning in July 2009, MMWEC established a Nuclear Project Reserve Account from which to pay the costs of capital projects at Seabrook. Prior to the establishment of, and billing to, this Reserve account, capital expenses were paid from the Reserve and Contingency fund. Therefore, after restoring the Reserve and Contingency funds to their respective MMWEC Board approved minimum levels, the additional ten percent debt service deposit to the Reserve and Contingency fund was available for return at the end of June. Additionally, MMWEC received approximately two million dollars from the DOJ spent fuel settlement. These funds are being returned with the surplus funds.

A summary of the Project Six Surplus Fund credit for 2010 is included as *Testimony Exhibit 3*.

Q. What are some of the basic assumptions used to calculate the forecast for 2011?

A. Our forecast for 2011 includes several budget assumptions. The 2011 forecast is for a total of \$5,593,162, or approximately \$93,000 less than the forecast for 2010, even though MWH purchases

have increased by 528. The forecast cost per MWH in 2011 is \$101.35 compared to 2010's cost of \$104.02 per MWH.

The major assumptions are summarized below:

1. A net decrease in fixed costs associated with Project Six (Seabrook) and the increase in the Surplus Fund credit;
2. Adjustments to the Forward Capacity Costs; Dominion Capacity purchases; an increase in Dominion energy transactions; new power purchases from Spruce Mountain beginning in September; a reduction in BELD contract (from \$73/MWH to \$59/MWH), and an increase in energy purchased from BELD;
3. Increases in sales to ISO-NE for Off-Peak power;
4. Adjustments to ISO expenses including load based charges and scheduled charges;
5. An increase in the OATT RNS rate; and
6. An increase in the DAF charge

These items are detailed in *Testimony Exhibit 4* attached with this filing.

Q. Can you detail Pascoag's power portfolio for 2011?

A. Pascoag's power portfolio for 2011 is detailed in *Table 3*, below:

<u>Table 3</u>		
<u>Pascoag Utility District 2011 Power Entitlements</u>		
NYPA	27.6%	(Hydro)
Miller Hydro	2.6%	(Hydro)
Spruce Mountain	1.0%	(Wind)
Seabrook	17.6%	(Nuclear)
Dominion	44.2%	(Fossil Fuel)
BELD	<u>7.0%</u>	<u>(Fossil Fuel)</u>
	100.0%	

The total renewable/sustainable power in this portfolio is 31.2%. This represents mostly hydro power, but a new on-shore wind entitlement, Spruce Mountain, contributes 1% of the District's total annual energy.

Pascoag's non-carbon based energy is 48.8% of its total energy requirements and includes a mix of hydro, on shore wind, and nuclear power. The remaining 51.2% is fossil fuel based energy.

Testimony Exhibit 5 highlights this in graph form.

Q. Please update the Commission on the District's on shore wind entitlement, Spruce Mountain. Is this a new project?

A. Patriot Renewables, LLC, headquartered in Quincy, Massachusetts is developing a new facility in Woodstock, Maine. The plant could provide in excess of fifty-five million kilowatt-hours of electricity per year. Spruce Mountain Wind, LLC is a wind-powered generating facility consisting of up to ten wind turbines, each having a nameplate rating of 2 MW's.

Earlier this year, ENE contacted several public power systems in New England, and thirteen (including Pascoag) have responded positively to the opportunity to participate in this new project. The capacity of the plant, up to 20 MW's, has a thirty-seven percent capacity factor. The plant is targeted for a start-up date of September 2011. Pascoag's share of the plant output is 1.7 MW, or approximately 2.6% of the total plant output.

Although the cost will be \$99.25 per MWH, there are some offsets that will reduce the bottom line cost to Pascoag. Based on current REC values in the \$18 - \$20 range, and including the capacity market value, the final cost will be in the range of \$75 per MWH. While the REC values have sagged a bit recently, over the long range, values could increase up to \$25, resulting in an even more attractive bottom line. The term is fifteen years.

In October, Pascoag, along with the other participants, executed the PPA's for the project. The project received its draft permit from Maine DEP in late September, with the final permitting approval received in early October. There is a thirty day appeal window, which will end in early November. The project can begin construction following receipt of the final permit. Currently, plans are to begin site clearing and access road construction before the winter sets in.

An overview of the site plan and a brief project description is included as *Testimony Exhibit 9*

Q. Please provide an update on the Dominion and BELD contract for 2011.

A. The Dominion contract, with a term of January 1, 2011 through December 31, 2011, has a cost of \$79.50 per MWH. In 2010, the cost was \$78.25 per MWH. All other terms and conditions in the Master Power Purchase and Sales Agreement dated November 3, 2005 remain the same.

The Dominion contract is for 3 MW's of firm power to be delivered round the clock for both on and off peak requirements. A copy of the Energy Transaction Confirmation is attached as *Testimony Exhibit 6*.

The BELD contract, also for calendar year 2011, is for 0 to 7 MW's as needed. The cost in 2011 is \$59.00. The 2010 cost per MWH was \$73.00. A copy of the Long Form Confirmation Letter is attached as *Testimony Exhibit 7*.

Q. At past hearings, Pascoag discussed various other public power projects including an MMWEC project identified as Project 2006A in Ludlow and a new generating facility in Taunton. Please provide an update on Pascoag's involvement in these two projects.

A. In April, Pascoag's Board of Utility Commissioners voted to withdraw from the proposed MMWEC project. The vote was based on a number of factors including construction delays and project costs. However, Pascoag continues to maintain its interest in the Taunton plant, which is still on target for a startup date of 2013.

Q. Have there been any costs associated with either project? And if so, how were the costs collected?

A. There have been no costs associated with the Taunton project.

According to the MMWEC agreement, Pascoag incurred costs in Phase I of Project 2006A. These costs, spread over an eighteen month period ending in July 2008, totaled \$71,225. This expense was paid using general funds and was not recorded as a purchase power expense.

Q. Has Pascoag been involved with any other projects in procurement of energy?

A. Yes. Pascoag continues to be an active participant, in conjunction with other public power systems in New England, in the possibility of purchasing output from a plant in Central Massachusetts. ENE has been actively involved in creating this consortium of public power systems that would take the entire plant output, with Pascoag's share being approximately 2.3 MW's. The net plant output is estimated at 75 MW's.

This project, however, takes a slightly different approach. The plant will be acquired by a newly formed Special Purpose Entity ("SPE") currently including fifteen project participants, each with varying shares of the plant. Pascoag's share is approximately 3.08% of the total plant output. The SPE is currently exploring various funding options as negotiations continue with the current plant owner. ENE will be co-op for the transaction since they are an established cooperative with an operating agreement.

After several months of due diligence and extended study, this opportunity is nearing its conclusion. Pascoag will update the Commission and Division on the status of the negotiations and various financing options.

ENE has been an active partner with Pascoag in outreach to various projects throughout New England. In addition to successfully negotiating last year's PPA with the Miller Hydro Group, and this year's Spruce Mountain project, ENE continues to represent public power in New England in various opportunities to purchase energy, enabling Pascoag to meet its commitment to provide reliable, and when economically feasible, sustainable energy, to its customers.

Q. At the District's rate hearing in December 2009, Commission granted approval to Pascoag to increase its Purchase Power Restricted Fund to \$500,000. Has Pascoag complied with that order?

A. Yes. In January 2010, Pascoag deposited \$200,000 to its Purchase Power Restricted Fund ("PPRF") account, bringing the current balance to \$499,276.

Q. Has there been any other activity in the PPRF?

A. Yes, there has. In August, due to extremely high power invoices and lower than anticipated cash flow, and after consultation with Division, Pascoag transferred \$250,000 from the PPRF to meet these unusually high power bills. By doing this, Pascoag avoided any late charges associated with a past due payment of power bills, thereby avoiding any negative impact on its credit worthiness.

In September Pascoag reimbursed \$100,000 to the PPRF. In early October a second reimbursement of \$100,000 was made, and the final \$50,000 reimbursement was deposited to the PPRF in mid-October. Pascoag is especially appreciative of the fund during this event. It was the first time that money was transferred to meet power expenses. A summary of the PPRF is attached as *Testimony Exhibit 8*.

Another change made to both the PPRF account and the Restricted Fund for Capital and Debt Service is a change in the length of the deposit terms. Through May 2010, these accounts were renewed on a thirty day term. In an effort to increase the interest earnings, Pascoag worked with Freedom National Bank. By extending the term to eighteen months, the interest increased from 1.1% to 1.25%. Pascoag still has ready access to the accounts, both for deposits and withdrawals as necessary.

Q. Please update the Commission on Pascoag's Restricted Fund for Capital and Debt Service, and what, if any, fiscal issues Pascoag encountered during 2010.

A. As in every year since its inception in 2004, Pascoag has successfully funded the annual requirement of \$376,000 to this fund.

The establishment of this fund has allowed Pascoag to purchase needed capital items, including vehicles, with no new debt service obligations. In fact, in May of 2010, Pascoag opted to pay off its only long-term debt service in full using money from its restricted fund. Pascoag's Board of Utility Commissioners approved this payoff with a unanimous vote, and Division agreed that this was an acceptable use of the restricted fund. In addition to that payoff, totaling \$284,000, Pascoag also purchased a new forestry truck for its in-house tree trimming crew in the amount of \$130,000. A summary of Restricted Fund activity is included as *Testimony Exhibit 10*.

The electric department currently has no long-term debt obligation.

Pascoag continues to work with its outside consultants and is considering filing a new Cost of Service Study with the Commission during 2011.

This filing includes *Testimony Exhibit 11*, which is a summary of monthly cash flow for the District, and *Testimony Exhibit 13*, which is a summary of monthly Accounts Payable and Account Receivable activity. These two exhibits document Pascoag's fiscal stability and on-going effort to manage its total receivables and reduce its uncollectable balances.

In the summer, due to severe lightning storms, the District had a large pad-mounted transformer at the Burrillville Industrial Park destroyed. The replacement cost, approximately \$24,000, was paid using money from the District's Emergency Storm Fund. To-date, the District has reimbursed \$20,000 of that and intends to complete the reimbursement by the end of the year.

Q. Has Pascoag done anything else that would improve its fiscal position?

A. The District now has an EEI Master Power and Purchase and Sales Agreements in place with TransCanada and NextEra Energy. These documents improve Pascoag's position in contract negotiations, and once created, can be easily modified to include the District's other energy suppliers. The agreement streamlines the negotiation process by ensuring Pascoag's credit worthiness to potential new partners.

Additionally, in early October, Pascoag was notified by Standard and Poor's that the District is scheduled for its annual review and rating. In addition to supplying the most current audited statement, we have requested that S&P consider two substantial improvements in Pascoag's fiscal position that occurred in 2010. The payoff of the electric department's only long-term debt service and the increase in the PPRF from \$300,000 to \$500,000 are two very important steps that should have a positive impact on the District's credit rating. Pascoag has maintained an A- rating with S&P from 2008 to the present.

Q. Please explain how Pascoag calculates the Transition Charge.

A. Pascoag's Transition Charge is identified as unavoidable expenses associated with Project Six (Seabrook Nuclear Unit). They are the estimated aggregate amount of Pascoag's payments under the PSA's and PPA's, exclusive of the reserve and contingency fund billing, to MMWEC. These costs are

identified in Pascoag’s audited annual financial statements by the District’s outside auditors. The total identified for fiscal year 2011 is \$606,000, and is documented in *Testimony Exhibit 12*.

Q. Since Pascoag has such a substantial over collection, is the District proposing a rate reduction?

A. Yes. However, as one option for Commission consideration (“Pascoag Option 2”), Pascoag is proposing that a portion of the over collection be held in abeyance in a new Rate Stabilization Fund (“RSF”). This new fund, encumbered in an interest bearing account, could be used to offset future rate increases, or provide a portion of Pascoag’s obligation to the newly formed Special Purpose Entity, described above. These funds would be used only after consultation with Division.

The estimated over collection at year-end 2010 is \$335,787. As previously noted in this testimony, this over collection is due in large part to two main items. The first is the increase in actual sales to customer over forecast, resulting in approximately \$130,000 above forecast revenue. The second main contributing factor is the fact that Pascoag’s forecast expense for purchased power is approximately \$217,000 under budgeted expenses.

If Pascoag were to refund the total expected over collection of \$335,787 it would result in a rate decrease to the average 500 kilowatt-hour residential customer of \$3.46, or approximately 4.5%. This customer’s bill would decrease from \$76.58 to \$73.12. Based on that flow-back, the rates would be as follows, listed below as Pascoag Option 1, in *Table 4*.

Table 4			
Pascoag Option 1			
Rates Based on flow-back of \$335,787			
	Current	Proposed	Difference
SOS	\$0.07655	\$0.06686	(\$0.00969)
Transition	\$0.01158	\$0.01126	(\$0.00032)
Transmission	<u>\$0.02008</u>	<u>\$0.02318</u>	<u>\$0.00310</u>
Total	\$0.10821	\$0.10130	(\$0.00691)

Pascoag proposes a second option for Commission consideration. This option would allow Pascoag to encumber \$200,000 of the anticipated over collection in the new RSF, and is the one favored by the District. It would flow back approximately \$136,000 to customers in the form of a rate reduction. This would reduce the bill of an average residential customer using 500 kilowatt-hours per month by \$1.54, or approximately 2%. This customer’s monthly bill would decrease from \$76.58 to \$75.04. Based on this scenario, the factors would be as follows in *Table 5*, listed below.

Table 5
Pascoag Option 2
Rates Based on flow-back of \$136,000

	Current	Proposed	Difference
SOS	\$0.07655	\$0.07071	(\$0.00584)
Transition	\$0.01158	\$0.01126	(\$0.00032)
Transmission	<u>\$0.02008</u>	<u>\$0.02318</u>	<u>\$0.00310</u>
Total	\$0.10821	\$0.10515	(\$0.00306)

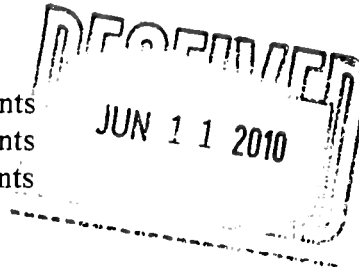
Q. Does this conclude your testimony?

A. Yes, it does.

	Pascoag Utility District Peak Demand Summary				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Jan	9262	9176	9563	8419	8962
Feb	9412	9468	9118	9358	8856
March	8976	9283	8425	8991	8453
April	7941	7985	6969	7252	7330
May	7756	7987	6941	7167	9683
June	9797	10291	12065	7648	10991
July	11424	9987	10376	9627	12355
August	11944	11062	9656	11075	
Sept	8463	9450	9048	8319	
October	8120	7789	8235	8510	
Nov	8948	8750	8976	8347	
Dec	9212	10285	9656	9726	

Judith R. Allaire

TO: Nuclear Mix No. 1 Project Participants
Nuclear Project No. 3 Project Participants
Nuclear Project No. 4 Project Participants
Nuclear Project No. 5 Project Participants
Project No. 6 Participants



FROM: J. Michael Eberman, Director, Accounting and Financial Reporting

DATE: June 10, 2010

SUBJECT: June 30, 2010 Surplus Funds

Attached is a schedule with the projected Surplus Funds as of June 30, 2010 for each of the above noted Projects. These amounts will be finalized on July 19, 2010.

The box below represents three options for receiving your Surplus Funds amount. Please choose one of the options by marking an "x" in the appropriate box.

<p><input type="checkbox"/> Apply my Surplus Funds amount to each Project as a credit against my August billing (invoices, dated July 20, 2010) and send me a check for any amount in excess of the August billing for each Project. Once applied, if there remains an outstanding amount for a specific Project(s), I understand that I will be billed for that amount.</p> <p><input checked="" type="checkbox"/> Apply my Surplus Funds amount as a credit over the balance of the Contract Year ending June 30, 2011. (No more than 11 months) Number of months to be credited: <u>11</u> months</p> <p><input type="checkbox"/> Please send me a check for the entire amount of my Surplus Funds on August 20, 2010.</p> <p><input type="checkbox"/> Apply my Surplus Funds as a credit over balance of the contract year until the balance is \$0.</p>
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JRA

Please fax (413) 547-6407 or email kpotito@mmwec.org your response back to Kimberly Potito prior to July 7, 2010.

If you have any questions, you may contact Mike Eberman, (413) 308-1242 or meberman@mmwec.org or Jim Uguccioni at (413) 308-1361 or juguccioni@mmwec.org.

Attachment

PASCOAG UTILITY DISTRICT

<u>PROJECT:</u>	SURPLUS FUNDS		
	<u>2010</u>	<u>2009</u>	<u>Variance 2010-2009</u>
NUCLEAR MIX 1	\$ -	\$ -	\$ -
NUCLEAR PROJECT 3	-	-	-
NUCLEAR PROJECT 4	-	-	-
NUCLEAR PROJECT 5	-	-	-
PROJECT 6	94,716.52	19,101.98	75,614.54
	<u>\$ 94,716.52</u>	<u>\$ 19,101.98</u>	<u>\$ 75,614.54</u>



8610⁵⁹ / month
for 11
months

Judy Allaire

From: Judy Allaire
Sent: Monday, June 21, 2010 1:19 PM
To: 'Kimberly Potito'
Cc: Ted Garille; Bill Guertin
Subject: Surplus Funds

Kimberly,
Pascoag will take its Surplus Fund credit over the upcoming contract year for a period of 11 months.

Thank you,
Judy

Judith R. Allaire
Assistant General Manager
Pascoag Utility District
(401) 568-6222
(401) 568-0066 (F)
jallaire@pud-ri.org

Judith R. Allaire
(provided by ENE)

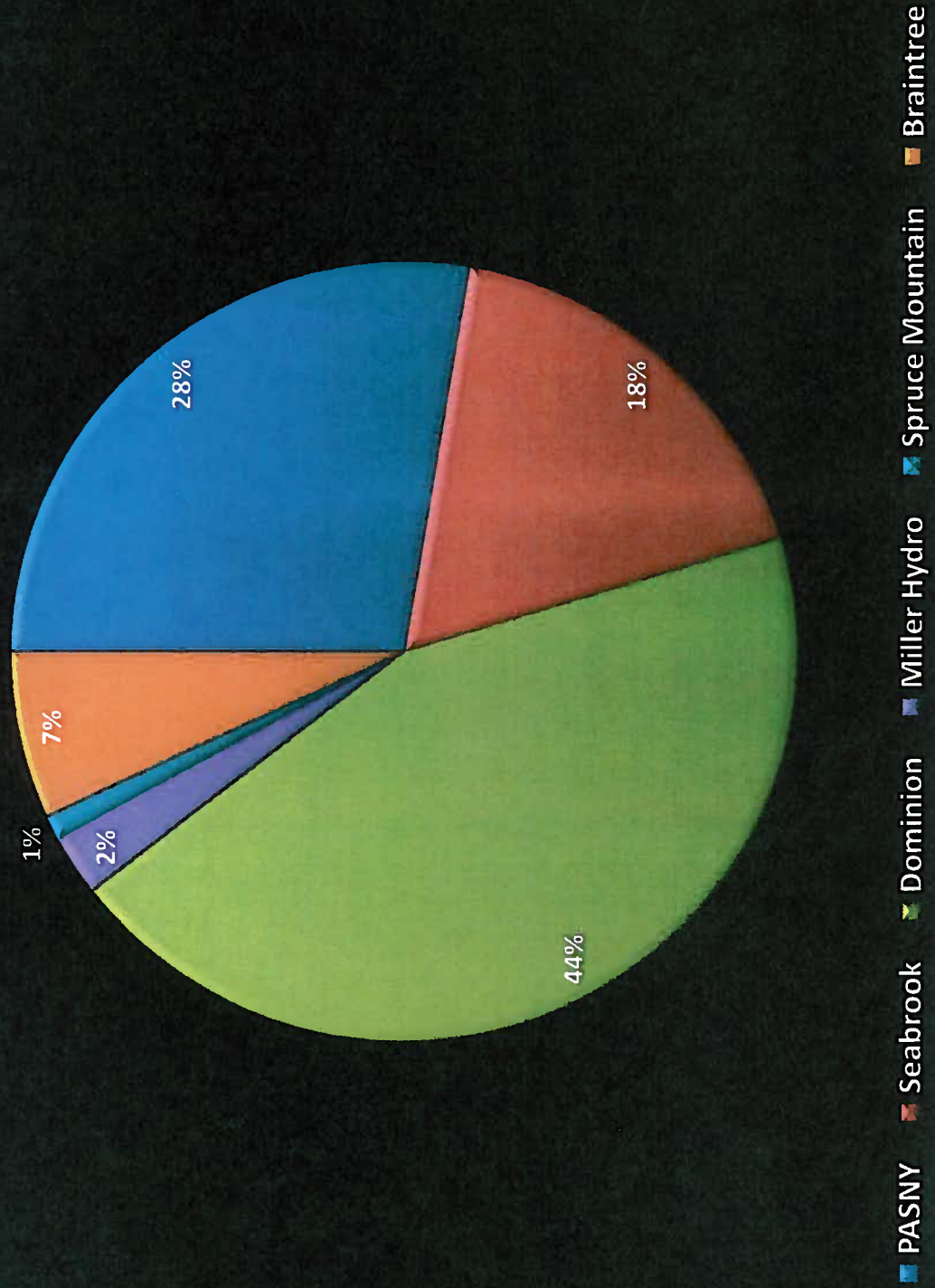
2011 Budget Assumptions

MWH	Total Costs	\$/MWH
54,661	2010 Original Budget \$ 5,686,030	\$ 104.02
<u>55,189</u>	2011 Budget \$ 5,593,162	\$ 101.35
528	Total Increase of \$ (92,868)	

Details of Increase:

	Adj:	Total Adj of :
1 Adjustments to NYPA Expenses		
Transmission Remains the same as 2010 at \$240,000	\$ -	
Energy Capacity Factor from 75% to 85%	<u>\$ 9,482</u>	
	Total NYPA Adjustments \$	9,482
2 Adjustments to Seabrook Costs		
Jan-Jun Fixed Cost from \$68.50 to \$67.80/kw-mo	\$ (75,802)	
Jul-Dec Fixed Cost from \$73.25 to \$64.85/kw-mo		
Jan-May Adjusted the Flush of funds from \$1,735/mo to \$8,610/mo	\$ (34,375)	
Jul-Dec Adjusted the Flush of funds from \$1,735/mo to \$4,000/mo	\$ (11,325)	
Jan-Dec Capacity Factor from 92% to 98.7%	<u>\$ 11,736</u>	\$ (109,765)
	Total Seabrook Adjustments	
		\$ (153,538)
		\$ 70,200
		\$ 32,850
		\$ 15,043
		\$ 61,882
8 Entered Estimate BELD Purchase		
Price Differential 2010 @ \$73/MWH 2011 @ \$59/MWH	\$ (41,429)	
MWH Differential 3,348 MWH for 2010 3,950.6 MWH for 2011	<u>\$ 39,169</u>	
	Total BELD Purchase Adjustments \$	(2,260)
		\$ (95,829)
10 Adjustments to Estimated ISO Expenses		
Annual Fee	\$ -	
Load Based Charges	\$ (25,347)	
Scheduled Charges	<u>\$ (7,707)</u>	
	Total ISO Expense Adjustments \$	(33,054)
		\$ 100,990
12 Increased DAF Charges		
Jan-Sep from \$7,600/mo to \$8,500/mo	\$ 8,100	
Oct-Dec from \$8,500/mo to \$9,510/mo	\$ 3,030	
	Total DAF Adjustments \$	11,130
	Total Adjustment \$	(92,868)
	Variance \$	0

Pascoag 's 2011 Power Supply Resources



FILE No.810 10/01 '08 09:40 ID:DEC-301U-1

FAX:8047876

Testimony Exhibit 6

SEP-30-2008 11:20
DOMINION

Energy New England
9/25/2008 3:21 PAGE 001/001 Fax Server

Judith R. Allaire



Dominion Energy Marketing, Inc.
Energy Transaction Confirmation

September 24, 2008

This Transaction Confirmation is subject to the Master Power Purchase and Sale Agreement between Seller and Buyer dated 11/03/2005

Deal ID: 332002
Trade Date: September 24, 2008
Buyer: Energy New England of Pascoag Utility District
 100 Foxborough Boulevard
 Suite 110
 Foxborough, MA 02035
Attn: Gil Myrde
Phone:
Fax No:
Product: FIRM (LD) ENERGY
Term: 01/01/2011 - 12/31/2011

Seller: Dominion Energy Marketing, Inc.
 P. O. Box 26773
 Richmond, VA 23260
Preschedule: (804)787-6103
Broker:

Total MWh: 26280
Day Ahead/Real Time: DA

Delivery Point	Days	Hours	Type	MWh	Price per MWh
INTO Rhode Island Zone	MONDAY through FRIDAY	0800 - 2300	ON PEAK	3.00	\$79.50000
INTO Rhode Island Zone	MONDAY through FRIDAY	0100 - 0700	OFF PEAK	3.00	\$79.50000
INTO Rhode Island Zone	MONDAY through FRIDAY	2400 - 2400	OFF PEAK	3.00	\$79.50000
INTO Rhode Island Zone	MONDAY through SUNDAY	0100 - 2400	OFF PEAK	3.00	\$79.50000
INTO Rhode Island Zone	SATURDAY through SUNDAY	0100 - 2400	OFF PEAK	3.00	\$79.50000

Scheduling:

Seller shall notify Buyer of delivery point by 12 noon EPT on the last business day prior to each day of energy delivery.

Applicable Agreement:

This Transaction Confirmation is executed under the Master Power Purchase and Sale Agreement dated November 03, 2005 (the "Master Agreement") between the Parties, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used, but not defined, herein shall have the meanings ascribed to them in the Master Agreement.

Billing and Payment:

Option premiums shall be due from Buyer within two (2) days from receipt of invoice. Invoices for Option premiums due from Dominion Energy Marketing, Inc. should be filed to 804-787-8483. All other power invoices shall be due and payable in accordance with the terms of the Agreement.

If this description is contrary to our verbal agreement, please notify Dominion Energy Marketing, Inc. upon receipt of this teletype or written within two (2) Business Days. Your failure to notify Dominion Energy Marketing, Inc. of any such contrary understanding by such time constitutes your confirmation of the transaction as described above.

Please fax the signed confirmation to 804-273-8832. Please call our hotline with any confirmation questions; 804-787-8808.

Dominion Energy Marketing, Inc. and Energy New England of Pascoag Utility District warrant that their representatives whose signatures appear below are authorized to enter into this transaction.

Seller	By:	Date: 9/26/08
Buyer	By:	Date: 9-26-08

Digital Signature - Signed by Jeffrey Howard/WP/VANCPower on 9/25/2008 8:18:04AM, according to /VANCPower

Dominion Energy Marketing, Inc. Power Physical 332002 (Traded on September 24, 2008)

528 698 0028 P. 02/02
No. 8112 P. 2/2

Energy New England
PASCOAG UTILITY DISTRICT

SEP-26-2008 11:24
SEP 26 2008 10:55AM

TOTAL P. 02

TOTAL P. 01

Judith R. Allaire

Deal #: 5161



Long Form Confirmation Letter

This letter shall confirm the agreement reached 10/12/2010 between Energy New England, LLC (ENE), acting as agent for Pascoag Utility District (PUD), and Braintree Electric Light Department (BELD) concerning the following transaction.

Braintree Electric Light Department shall sell and Pascoag Utility District shall purchase and receive the following:

Deal #: 5161

Type of Transaction: Purchase:

Quantity (MW): 0-7 MW as needed on an hourly basis. Maximum delivery from BELD shall not exceed 7.0 MW in any hour.

Products: "Firm partial-requirements, load-following energy. Deliveries from BELD shall be equal to the difference between Pascoag's total load obligation less any generation Pascoag receives from the NYPA and MHG contracts less the fixed quantity of 3.0 MW (Dominion) less the greater of Seabrook's actual delivery to Pascoag or the nominal seasonal entitlement from Seabrook (1.330 MW in Summer or 1.330 MW in Winter)."

Delivery: Day Ahead

Price: \$59.00 / MWH

Begin Date: Saturday 1/01/2011

End Date: Saturday 12/31/2011

Time Period: All Hours Delivery Type Physical

Delivery Point: 4005 - Rhode Island Load Zone

Total Quantity (MWH): Variable-Estimated 3,000 MWH

Transaction Value: Estimated \$ 177,000

Trader: Gil Myette

Phone #: 508-698-1221

Broker: None

Scheduling Contact: Mary Beth Burch @ 508-698-1204 or Accounting Dept @ 508-698-1225

Contract Reference: The general terms and conditions contained in Annex A attached to this confirmation and made part hereof apply and are incorporated herein by reference.

Please confirm that the terms stated herein accurately reflect the agreement reached between ENE and Braintree Electric Light Department by returning an executed copy of this transaction letter via facsimile to ENE at (508) 698-0028 within two business days of receipt. In the event you fail to execute and deliver this confirmation or otherwise fail to provide any written objections to this confirmation within the specified time, you will be deemed to have accepted the terms and conditions set forth herein, including the terms and provisions of the Agreement.

This transaction is subject to all necessary credit approvals.

Pascoag Utility District

By:

Name: MEDDORÉ G. GARILLÉ

Title: GENERAL MANAGER

100 Foxborough Boulevard Suite 110
Foxborough, MA 02035

Braintree Electric Light Department

By:

Name: William B. Betteg

Title: General Manager

Phone: (508) 698-0000
Fax: (508) 698-0028

Pascoag Utility District Restricted Fund Account RIPUC Docket No. 3709 Purchase Power Year Ending December 31, 2010						
Date	Beginning Balance	Interest	Deposits	Withdrawals	Balance	Notes
31-Dec	\$ 64,856.63				\$ 64,856.63	
31-Jan		\$ 109.15			\$ 64,965.78	
9-Feb			\$ 235,000.00		\$ 299,965.78	From Operating Reserve, y/e 2007
13-Feb		\$ 106.05			\$ 300,071.83	to hi-yield account
29-Feb		\$ 429.35			\$ 300,501.18	hi-yield account
31-Mar		\$ 753.81			\$ 301,254.99	
30-Apr		\$ 731.30			\$ 301,986.29	
31-May		\$ 653.64			\$ 302,639.93	
30-Jun		\$ 661.28			\$ 303,301.21	
31-Jul		\$ 662.73			\$ 303,963.94	
31-Aug		\$ 621.28			\$ 304,585.22	
30-Sep		\$ 687.03			\$ 305,272.25	
30-Nov		\$ 1,016.55			\$ 306,288.80	
31-Dec		\$ 547.54			\$ 306,836.34	
30-Jan		\$ 567.44			\$ 307,403.78	
30-Jan		\$ 18.95			\$ 307,422.73	
30-Jan		\$ (18.95)			\$ 307,403.78	
28-Feb		\$ 606.39			\$ 308,010.17	
23-Mar		\$ 588.59			\$ 308,598.76	
22-Apr		\$ 570.70			\$ 309,169.46	
9-May		\$ 571.75			\$ 309,741.21	
Jun-09		\$ 415.82			\$ 310,157.03	
9-Jul		\$ 460.99			\$ 310,618.02	
30-Aug		\$ 382.95			\$ 311,000.97	
9/17/2009			\$ (15,000.00)		\$ 296,000.97	to ENE for increase ISO expense, ok per Division
30-Sep		\$ 383.43			\$ 296,384.40	
19-Oct		\$ 377.59			\$ 296,761.99	
9-Nov		\$ 304.89			\$ 297,066.88	
Dec-09		\$ 305.20			\$ 297,372.08	
Jan-10			\$ 200,000.00		\$ 497,372.08	from over collection, per RIPUC order 12/09
Jan-10		\$ 325.89			\$ 497,697.97	
Feb-10		\$ 511.33			\$ 498,209.30	
Mar-10		\$ 435.42			\$ 498,644.72	
Apr-10		\$ 465.86			\$ 499,110.58	
Apr-10		\$ 165.46			\$ 499,276.04	to close and transfer to 18 mt. higher interest acct
May-10					\$ 499,276.04	
Jun-10					\$ 499,276.04	
Jul-10					\$ 499,276.04	
Aug-10				\$ (250,000.00)	\$ 249,276.04	ok per Division (high power bills, low cash flow)
Sep-10		\$ 100,000.00			\$ 349,276.04	Partial reimbursement
Oct-10		\$ 100,000.00			\$ 449,276.04	Partial reimbursement
Oct-10		\$ 50,000.00			\$ 499,276.04	Final reimbursement
	\$ 64,856.63	\$ 14,419.41	\$ 685,000.00	\$ (285,000.00)	\$ 499,276.04	

**FREEDOM NATIONAL BANK
REPURCHASE AGREEMENT**

This Agreement made this 19th day of October 2010, by and between **FREEDOM NATIONAL BANK OF GREENVILLE, RHODE ISLAND (SELLER)** and Pascoag Utility District – Purchased Power of Pascoag, RI 02859 (**PURCHASER**).

In consideration of the mutual covenants hereof, SELLER hereby agrees to and does by these presents sell unto PURCHASER \$ 499,276.04 in face value of FHLB securities described as follows: for the total purchase price of \$ 499,276.04 payable to the SELLER in federal funds upon execution of this Agreement. PURCHASER hereby authorizes SELLER to retain possession of said FHLB securities under safekeeping receipt in favor of PURCHASER, the original copy of said safekeeping receipt to be delivered to PURCHASER when issued. Upon maturity of this Agreement, PURCHASER will deliver said safekeeping possession of said securities as the sole owner thereof. It is mutually agreed that no right of substitution of securities shall be allowed.

SELLER hereby covenants and agrees to repurchase, and PURCHASER agrees to sell the above described FHLB securities on Oct. 31, 2011 (18 Mos. from the original date of execution of this Agreement) for the total consideration of \$ 508,235.65 which includes interest payable to PURCHASER at the rate of 1.25 % per annum on a per-day basis. Payment of said sum to be made by SELLER upon maturity of the Agreement and surrender of the said safekeeping receipt by PURCHASER to SELLER at SELLER's offices in Greenville, RI.

Note: This transaction is not insured by the Federal Deposit Insurance Corporation.

In Witness whereof, the parties have caused this Agreement to be executed by the appropriate officers on the date first above appearing.

ATTEST:

By: *Marcia Smith Zwick*

ATTEST:

By: *Desarae Thomas*

**FREEDOM NATIONAL BANK
GREENVILLE, RI (SELLER)**

By: *[Signature]*

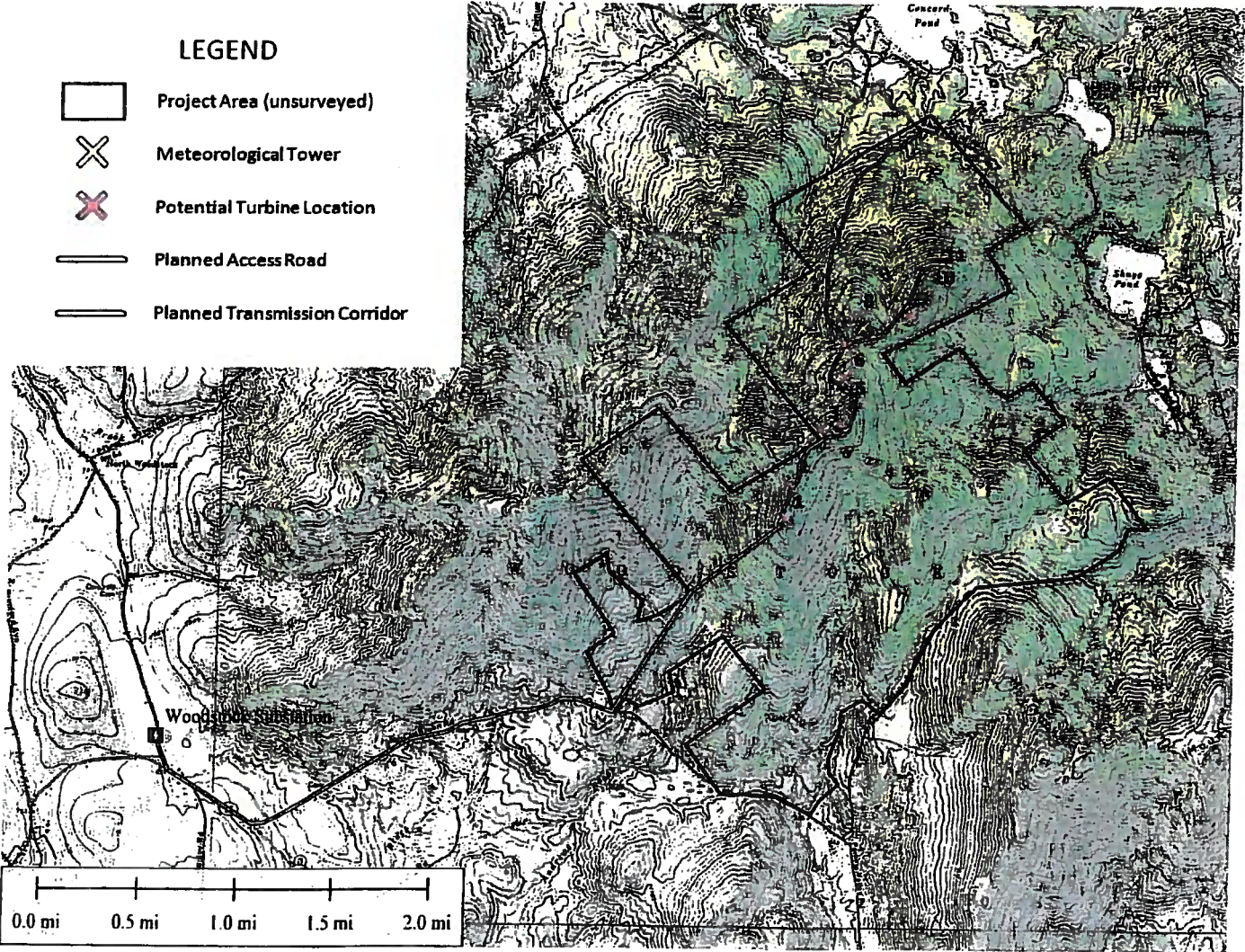
PASCOAG UTILITY DISTRICT

By: *Judith L. Allaire*

SPRUCE MOUNTAIN WIND PROJECT UPDATE DECEMBER 2009

Patriot Renewables, LLC, headquartered in Quincy, Massachusetts, is proud to respond to the national call for increased renewable energy and the need for energy independence. We are proposing a 9-11 turbine wind project on part of Spruce Mountain in Woodstock, Maine that could provide more than 55 million kilowatt-hours of electricity per year. That's enough to power about 8,700 Maine homes annually (based on an 18-megawatt project at a 35% capacity factor and an average annual electricity usage of 6,335 kWh per year per Maine household).

Below is a map of the project showing the planned access road, transmission corridor, and potential turbine locations. The transmission line will run down the mountain, continue west along Cushman Road, and run along Route 26 to Route 232, stopping at the Woodstock Substation.



A map of the proposed Spruce Mountain Wind Project.

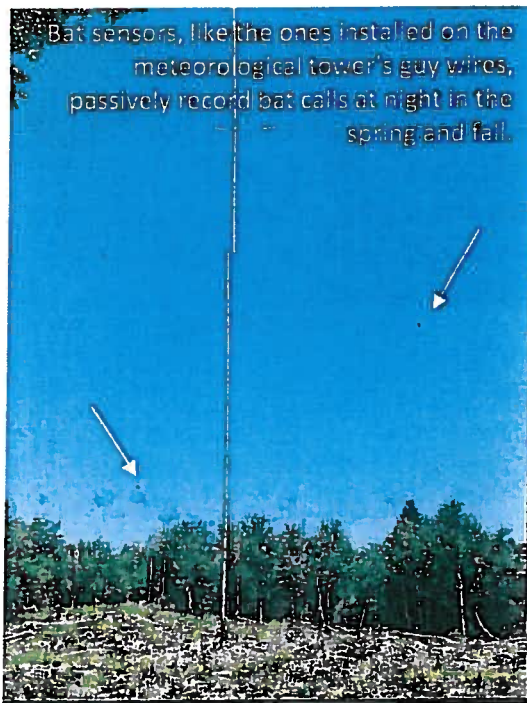
FREQUENTLY ASKED QUESTIONS

We're sure you have lots of questions about the proposed wind project in Woodstock. Keep reading for answers to many of the most common questions that people ask about the project.

How Would the Wind Project Benefit Woodstock?

Patriot has offered a benefits package to the Town of Woodstock for hosting the project. If the project is built, we will put at least 1,000 acres of the project area into conservation for public use, including hiking and hunting. We will make an annual payment of \$20,000, above and beyond tax payments, to a town-administered community benefit fund. And we have offered use of the project's snowcat to the fire department for emergency response.

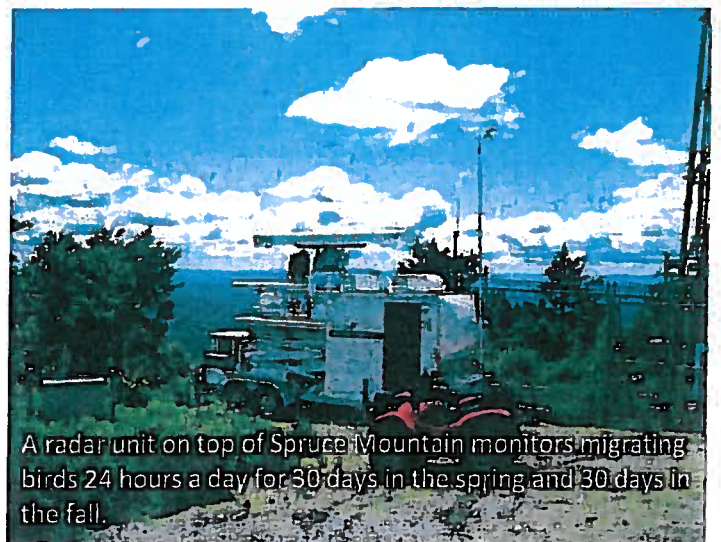
With an estimated construction cost of \$33-\$38 million, the project would generate significant annual tax revenue for the town. It would also provide a clean, renewable source of electricity without emitting harmful compounds that pollute the air we breathe and contribute to global warming. During the construction phase of the project, purchasing of food, lodging, fuel, and other construction-related services would benefit local and neighboring communities. Local area subcontractors would be used for construction of the project as much as possible, and several full-time jobs would be created for operations and maintenance of the wind farm.



Bat sensors, like the ones installed on the meteorological tower's guy wires, passively record bat calls at night in the spring and fall.

What's the Wind Like on Spruce Mountain?

A meteorological tower has been collecting data since November 2008 and has confirmed that the wind speeds are strong and can support a project. The strongest wind measured to-date was a gust of 85 mph on December 28, 2008. The coldest temperature recorded was -15° F on January 16, 2009 and the hottest temperature recorded was 90° F on May 21, 2009.



A radar unit on top of Spruce Mountain monitors migrating birds 24 hours a day for 30 days in the spring and 30 days in the fall.

How Do You Minimize the Environmental Impact?

Extensive field observation surveys on resident birds (including raptors) and bats were completed this spring and fall. A radar unit was installed on-site to monitor the passage rate and height of migrating birds, and the data indicates that the site is not located in a major migration path. Our turbine and access road locations have been modified to avoid and minimize wetlands, which have been located and flagged around the project area.

How Big Are the Wind Turbines?

The size of the wind turbines used in this project will depend on the wind turbine manufacturer and model that we select. Commercial-scale wind turbines are large, with rotor blades over 100 feet long, mounted on towers over 250 feet tall. The best way to understand how big commercial wind turbines are is to see them in person. The 3-turbine Beaver Ridge Wind project in Freedom, which we constructed and now operate, uses GE model 1.5sle wind turbines that reach 389 feet tall at the highest point, with 122-foot blades mounted on 262-foot towers. If you have an interest in seeing the project for yourself, please email us at info@patriotrenewables.com to arrange a visit.

How Much Noise Do They Make?

The best way to answer this question is to see a wind project in person and judge for yourself. Turbines have gear boxes and generators that can be heard near the project area. Their blades make a whooshing sound as they cut through the air. Even standing directly beneath the turbines, you can carry on a normal conversation without raising your voice, and the sound of the turbines dissipates as you move away from the turbines. The Spruce Mountain Wind Project has been designed to meet Maine Department of Environmental Protection (DEP) sound requirements, including a full noise assessment study, which has been presented to the town. All of the turbines are being sited more than 2,200 feet from the nearest residence.

What's Next?

We submitted a Site Plan Review application to the Town of Woodstock on November 6, and we plan to file a permit application with the Maine Department of Environmental Protection (DEP) before the end of this year. We will hold a public informational meeting in December. The time and place will be posted at the Woodstock Town Office and published in the *Lewiston Sun Journal* and the *Bethel Citizen*. The DEP will also hold public hearings, probably next year, during their permitting process. We hope to begin construction next summer and to be fully operational by the end of 2010.

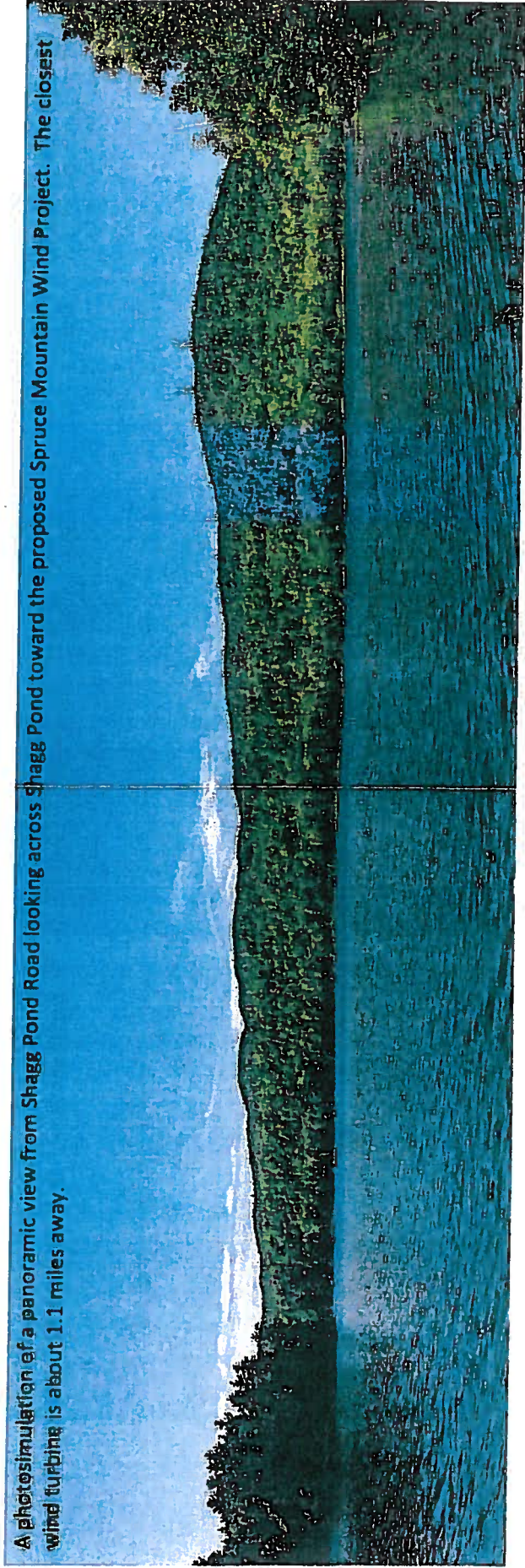
LEARN MORE

We are committed to building strong relationships with the communities in which our projects are located. We are interested in feedback from the community, and we are proud to contribute to local community groups. We held a public meeting last November, and our Site Plan Review hearing was held last week. You can attend the informational meeting next month and any DEP-sponsored public meetings. You can also contact us directly by calling Project Manager Andy Novey at (617) 503-5516 or emailing us at info@patriotrenewables.com. Please visit us on the web at www.patriotrenewables.com.



What Will the Wind Project Look Like?

Below are photosims of the proposed wind project. The project is expected to consist of between 9 and 11 commercial-scale turbines. The photosims below are based on the maximum number of potential turbines.



A photosimulation of a panoramic view from Shagg Pond Road looking across Shagg Pond toward the proposed Spruce Mountain Wind Project. The closest wind turbine is about 1.1 miles away.



A photosimulation of a panoramic view from Bald Mountain looking toward Shagg Pond and the proposed Spruce Mountain Wind Project. The closest wind turbine is about 1.4 miles away.

Pascoag Utility District
 Restricted Fund Account
 RIPUC Docket No 3546
 Year Ending December 31, 2010

Date	Annual Deposit Required:	Beginning Balance	Interest	Deposits	Withdrawals	Balance	Notes
12/31/09		\$ 538,988.90		\$ 376,651.00		\$ 538,988.90	
1/31/10			\$ 590.67			\$ 539,579.57	
2/19/10			\$ 554.36	\$ 30,000.00		\$ 570,133.93	
3/19/10			\$ 498.28	\$ 25,000.00	\$ (8,637.00)	\$ 586,995.21	(Jan contribution)
4/19/10			\$ 548.40	\$ 30,000.00	\$ (15,163.00)	\$ 602,380.61	
4/30/10			\$ 199.69			\$ 602,580.30	account chgd to 18 month, higher interest rate
5/25/10				\$ 35,000.00		\$ 637,580.30	
5/25/10					\$ (129,800.00)	\$ 507,780.30	new forestry truck
6/21/10				\$ 45,000.00	\$ (284,043.92)	\$ 223,736.38	payoff LTD w/BankRI, approved BUC 5/24/2010
7/28/10				\$ 35,000.00		\$ 268,736.38	(This account moved to an 18-month term acct)
7/28/10					\$ (22,290.00)	\$ 303,736.38	(transformers, server, meters)
8/24/10				\$ 35,000.00		\$ 281,446.38	
9/24/10				\$ 35,000.00		\$ 316,446.38	
10/20/10				\$ 40,000.00	\$ (14,295.00)	\$ 351,446.38	cutouts, transformers, wire
						\$ 377,151.38	
		\$ 538,988.90	\$ 2,391.40	\$ 310,000.00	\$ (474,228.92)	\$ 377,151.38	

**FREEDOM NATIONAL BANK
REPURCHASE AGREEMENT**

COPY

This Agreement made this 26th day of October 2010, by and between **FREEDOM NATIONAL BANK OF GREENVILLE, RHODE ISLAND (SELLER)** and Pascoag Utility District – Capital of Pascoag, RI 02859 (**PURCHASER**).

In consideration of the mutual covenants hereof, SELLER hereby agrees to and does by these presents sell unto PURCHASER \$ 377,151.38 in face value of FHLB securities described as follows: for the total purchase price of \$ 377,151.38 payable to the SELLER in federal funds upon execution of this Agreement. PURCHASER hereby authorizes SELLER to retain possession of said FHLB securities under safekeeping receipt in favor of PURCHASER, the original copy of said safekeeping receipt to be delivered to PURCHASER when issued. Upon maturity of this Agreement, PURCHASER will deliver said safekeeping possession of said securities as the sole owner thereof. It is mutually agreed that no right of substitution of securities shall be allowed.

SELLER hereby covenants and agrees to repurchase, and PURCHASER agrees to sell the above described FHLB securities on Oct. 31, 2011 (18 Mos. from the original date (4/10/10) of execution of this Agreement) for the total consideration of \$ 381,930.35 which includes interest payable to PURCHASER at the rate of 1.25 % per annum on a per-day basis. Payment of said sum to be made by SELLER upon maturity of the Agreement and surrender of the said safekeeping receipt by PURCHASER to SELLER at SELLER's offices in Greenville, RI.

Note: This transaction is not insured by the Federal Deposit Insurance Corporation.

In Witness whereof, the parties have caused this Agreement to be executed by the appropriate officers on the date first above appearing.

ATTEST:

By: Maura M. Zullo

ATTEST:

By: _____

FREEDOM NATIONAL BANK
GREENVILLE, RI (SELLER)

By: [Signature]

PASCOAG UTILITY DISTRICT

By: _____

Summary of Cash Flow January 2010

Operating Cash balance forward	\$	160,570	
Projected Purchased Power Expenses:			
ENE	\$	(226,944)	
Project 6 (MMWEC & HQ)	\$	(91,829)	
NYPA	\$	(22,666)	
ENE/ISO	\$	(126,765)	
			\$ (468,204)
Customer Payments	\$	624,915	
Annual Insurance Payt	\$	(39,201)	
Annual DPU Assessment	\$	(17,001)	
Payroll, benefits		-92919	
Misc. vendor payments	\$	(73,989)	
Bank RI mort payt	\$	(6,312)	
Encumber for Rest Fund	\$	(30,000)	(encumbered as of 1/31, not transferred to Freedom)
DSM incentives	\$	(13,233)	
From encumbered from y/e	\$	200,000	from overcollection, per RIPUC order
Trans to PPRF	\$	(200,000)	
Purchase Power Bal from 12/31	\$	200,000	
Encumber for Purch Power	\$	(131,000)	
	\$	113,626	
Other Financial Information:			
Accounts Payable Balance	\$	9,116	
Accounts Receivable Balance	\$	554,614	
Summary of Savings/Investments: (Not Restricted)			
Contingency/Emergency	\$	10,000	
Sinking Fund (office)	\$	31,052	
Storm Fund	\$	11,651	
Working Cash Reserve	\$	61,614	
Dedicated DSM Fund	\$	-	
Encumber for Power Expense	\$	-	
Total Savings/Investment (NR)	\$	114,317	(see below)
Restricted Account(Debt/Capital)	\$	538,998	
Restricted Account(Purchase Pwr)	\$	497,372	
Net All Saving/Investment			\$ 1,150,687
Misc. Accounts:			
Customer Deposit Holding Account	\$	185,310	
Working Capital - on Deposit w/ ENE	\$	114,000	
Working Capital - on Deposit w/MMWE	\$	2,232	
Saving Goal Jan			
Encumber for PPRF	\$	150,000	Oct
Encumber for PPRF	\$	60,000	Nov
Encumber for PPRF	\$	(10,000)	Trans to PP, 12/8
	\$	200,000	This is to be transferred to PPRF at rollover
	\$	(200,000)	Transferred 1/19/2010
	\$	-	

Summary of Cash Flow February 2010

Operating Cash balance forward \$ 113,626

Projected Purchased Power Expenses:

ENE	\$ (196,561)	
roject 6 (MMWEC & HQ)	\$ (92,121)	
NYPA	\$ (35,220)	
ENE/ISO	\$ (91,167)	
		\$ (415,069)
Customer Payments	\$ 656,325	
NSF cks	\$ (2,100)	
Annual Insurance Payt	\$ (10,668)	
Payroll, benefits	-137830	
Misc. vendor payments	\$ (107,904)	
Bank RI mort payt	\$ (6,312)	
Encumber for Rest Fund	\$ (25,000)	(encumbered as of 2/28, not transferred to Freedom)
Encumber for Purch Power	\$ (87,000)	
Encumber for Purch Power	\$ 131,000	from 1/2010
	<u>\$ 109,068</u>	

Other Financial Information:

Accounts Payable Balance	\$ 39,077
Accounts Receivable Balance	\$ 539,028

Summary of Savings/Investments: (Not Restricted)

Contingency/Emergency	\$ 10,000
Sinking Fund (office)	\$ 31,052
Storm Fund	\$ 11,651
Working Cash Reserve	\$ 61,614

Dedicated DSM Fund

\$ -

Encumber for Power Expense

\$ -

Total Savings/Investment (NR) \$ 114,317

(see below)

Restricted Account(Debt/Capital) \$ 568,998

Restricted Account(Purchase Pwr) \$ 497,372

Net All Saving/Investment

\$ 1,180,687

Misc. Accounts:

Customer Deposit Holding Account	\$ 185,310
Working Capital - on Deposit w/ ENE	\$ 114,000
Working Capital - on Deposit w/MMWE	\$ 2,232

Saving Goal Feb \$ 25,000 (cash encumbered in Feb, but will trans in March)

Summary of Cash Flow March 2010

Operating Cash balance forward \$ 109,068

Projected Purchased Power Expenses:

ENE	\$ (166,957)
roject 6 (MMWEC & HQ)	\$ (98,806)
NYPA	\$ (47,457)
ENE/ISO	\$ (82,628)

\$ (395,848)

Customer Payments	\$ 749,794	
NSF cks	\$ (917)	
Payroll, benefits	-112,726	
Misc. vendor payments	\$ (135,902)	
Bank RI mort payt	\$ (6,312)	
Encumber for Rest Fund	\$ 25,000	(Feb contribution)
Trans to Rest Fund	\$ (25,000)	
Trans from Rest Fund	\$ 8,637	capacitor switch
Encumber for Rest Fund	\$ (30,000)	(March contribution)
Encumber for Purch Power	\$ (161,750)	
Encumber for Purch Power 2/28/2010	\$ 87,000	
	<u>\$ 111,044</u>	

Other Financial Information:

Accounts Payable Balance	\$ 28,985
Accounts Receivable Balance	\$ 433,734

Summary of Savings/Investments: (Not Restricted)

Contingency/Emergency	\$ 10,000
Sinking Fund (office)	\$ 31,052
Storm Fund	\$ 11,651
Working Cash Reserve	\$ 61,614
Dedicated DSM Fund	

\$ -

Encumber for Power Expense	\$ -
----------------------------	------

Total Savings/Investment (NR) \$ 114,317

(see below)

Restricted Account(Debt/Capital) \$ 585,361

Restricted Account(Purchase Pwr) \$ 497,372

Net All Saving/Investment

\$ 1,197,050

Misc. Accounts:

Customer Deposit Holding Account	\$ 185,310
Working Capital - on Deposit w/ ENE	\$ 114,000
Working Capital - on Deposit w/MMWE	\$ 2,232

Saving Goal March \$ 30,000 (cash encumbered in March, but will trans in April)

Summary of Cash Flow April 2010

Operating Cash balance forward \$ 111,044

Projected Purchased Power Expenses:

ENE	\$ (192,717)	
roject 6 (MMWEC & HQ)	\$ (94,987)	
NYPA	\$ (46,450)	
ENE/ISO	\$ (82,195)	
		\$ (416,349)
Customer Payments	\$ 672,915	
NSF cks	\$ (692)	
Payroll, benefits	-143273	
Misc. vendor payments	\$ (86,958)	
Bank RI mort payt	\$ (6,312)	
Encumber for Rest Fund	\$ 30,000	April Contribution
Trans to Rest Fund	\$ (30,000)	
Trans from Rest Fund	\$ 15,162	
Encumber for Rest Fund	\$ (35,000)	May contribution
Encumber for Purch Power	\$ (140,400)	
Encumber for Purch Power 2/28/2010	\$ 161,750	
	<u>\$ 131,887</u>	

Other Financial Information:

Accounts Payable Balance \$ 36,946
Accounts Receivable Balance \$ 446,348

Summary of Savings/Investments: (Not Restricted)

Contingency/Emergency \$ 10,000
Sinking Fund (office) \$ 31,052
Storm Fund \$ 11,651
Working Cash Reserve \$ 61,614
Dedicated DSM Fund
 \$ -
Encumber for Power Expense \$ -
Total Savings/Investment (NR) \$ 114,317

(see below)

Restricted Account(Debt/Capital) \$ 600,199
Restricted Account(Purchase Pwr) \$ 497,372

Net All Saving/Investment

\$ 1,211,888

Misc. Accounts:

Customer Deposit Holding Account \$ 185,310
Working Capital - on Deposit w/ ENE \$ 114,125
Working Capital - on Deposit w/MMWE \$ 2,232

Saving Goal April \$ 35,000 (cash encumbered in April, but will trans in May)

Summary of Cash Flow June 2010

Operating Cash balance forward \$ 92,587

Projected Purchased Power Expenses:

ENE	\$	(186,598)	
roject 6 (MMWEC & HQ)	\$	(95,069)	
NYPA	\$	(24,362)	
ENE/ISO	\$	<u>(73,358)</u>	
			\$ (379,387)
Customer Payments	\$	664,132	
NSF cks	\$	(888)	
Payroll, benefits		-130298	
Misc. vendor payments	\$	(118,153)	
Transfer from "Storm Fund"	\$	25,000	Norwich Utilities
Norwich Utility	\$	(24,328)	pad mount transformer
Trans from "Encumbered for RF"	\$	45,000	
Trans to Rest Fund	\$	(45,000)	
Encumber for Rest Fund	\$	(40,000)	July contribution
Encumber for Purch Power	\$	(90,000)	
Encumber for Purch Power 5/2010	\$	<u>119,400</u>	
	\$	<u>118,065</u>	

Other Financial Information:

Accounts Payable Balance	\$	42,652
Accounts Receivable Balance	\$	405,725

Summary of Savings/Investments: (Not Restricted)

Contingency/Emergency	\$	10,000	
Sinking Fund (office)	\$	-	(Sinking Fund added to Storm Fund)
Storm Fund	\$	42,703	
Working Cash Reserve	\$	61,614	
Dedicated DSM Fund			
Transfer from Storm Fund	\$	(25,000)	
	\$	<u>-</u>	
<u>Total Savings/Investment (NR)</u>	\$	<u>89,317</u>	

(see below)

Restricted Account(Debt/Capital)	\$	268,736
Restricted Account(Purchase Pwr)	\$	<u>499,273</u>

Net All Saving/Investment

\$ 857,326

Misc. Accounts:

Customer Deposit Holding Account	\$	149,373
Working Capital - on Deposit w/ ENE	\$	114,125
Working Capital - on Deposit w/MMWE	\$	2,232

Saving Goal June \$ 40,000 encumber for transfer in July

Summary of Cash Flow July 2010

Operating Cash balance forward \$ 118,065

Projected Purchased Power Expenses:

ENE	\$ (220,419)
Project 6 (MMWEC & HQ)	\$ (100,741)
NYPA	\$ (33,001)
ENE/ISO	\$ (86,005)

\$ (440,166)

Customer Payments	\$ 638,068
NSF cks	\$ -
Payroll, benefits	-135518
Misc. vendor payments	\$ (94,988)
Transfer from "Encumber Storm "	\$ 5,000
Trans to Storm Fund	\$ (5,000)
Trans from "Encumbered for RF"	\$ 35,000
Trans to Rest Fund	\$ (35,000)
Trans from Rest Fund	\$ 22,290 (trans \$14340;server \$3562;capacitor \$2844)
Encumber for Rest Fund	\$ (15,000) encumbered for August transfer
Encumber for Purch Power	\$ (85,000)
Encumber for Purch Power 6/30/2010	\$ 90,000
	<u>\$ 97,751</u>

Other Financial Information:

Accounts Payable Balance	\$ 33,594
Accounts Receivable Balance	\$ 774,919

Summary of Savings/Investments: (Not Restricted)

Contingency/Emergency	\$ 10,000
Sinking Fund (office)	\$ - (Sinking Fund added to Storm Fund)
Storm Fund	\$ 22,703
Working Cash Reserve	\$ 61,614
Dedicated DSM Fund	

\$ -

Total Savings/Investment (NR) \$ 94,317

(see below)

Restricted Account(Debt/Capital) \$ 281,446

Restricted Account(Purchase Pwr) \$ 499,273

Net All Saving/Investment

\$ 875,036

Misc. Accounts:

Customer Deposit Holding Account	\$ 149,373
Working Capital - on Deposit w/ ENE	\$ 114,125
Working Capital - on Deposit w/MMWE	\$ 2,232

<u>Saving Goal July</u>	\$ 35,000	for Rest Fund	transferred 7/29
	\$ 5,000	for Storm Fund	transferred 7/29

Summary of Cash Flow August 2010

Operating Cash balance forward	\$	97,751	
Projected Purchased Power Expenes:			
ENE	\$	(277,188)	
roject 6 (MMWEC & HQ)	\$	(100,824)	
NYPA	\$	(30,164)	
ENE/ISO	\$	<u>(115,780)</u>	
	\$		(523,956)
Customer Payments	\$	799,214	
NSF cks	\$	-	
Payroll, benefits		-119637	
Misc. vendor payments	\$	(105,629)	
Encumbered for Rest Fund	\$	15,000	(carry over from July)
Encumber for Rest Fund	\$	(20,000)	August contribution
Transferred to Rest Fund	\$	(35,000)	
Trans from encumbered Storm	\$	(5,000)	
Trans to Storm Fund			
Encumber for Rest Fund			
Trans from PPRF	\$	250,000	(w/Division review and ok)
Encumbered as reimburse PPRF	\$	(100,000)	
Encumber for Rest Fund			
Encumber for Purch Power	\$	(180,000)	
Encumber for Purch Power 7/31/2010	\$	<u>85,000</u>	
	\$	<u>157,743</u>	
<u>Other Financial Information:</u>			
Accounts Payable Balance	\$	7,249	
Accounts Receivable Balance	\$	562,331	
<u>Summary of Savings/Investments: (Not Restricted)</u>			
Contingency/Emergency	\$	10,000	
Sinking Fund (office)	\$	-	(Sinking Fund added to Storm Fund)
Storm Fund	\$	22,703	
Working Cash Reserve	\$	61,614	
Dedicated DSM Fund			
	\$	<u>-</u>	
<u>Total Savings/Investment (NR)</u>	\$	<u>94,317</u>	
			(see below)
Restricted Account(Debt/Capital)	\$	316,446	
Restricted Account(Purchase Pwr)	\$	<u>249,273</u>	
<u>Net All Saving/Investment</u>			
	\$	<u>660,036</u>	
<u>Misc. Accounts:</u>			
Customer Deposit Holding Account	\$	149,373	
Working Capital - on Deposit w/ ENE	\$	114,125	
Working Capital - on Deposit w/MMWE	\$	2,232	
<u>Saving Goal August</u>	\$	35,000	for Rest Fund transferred 8/29
	\$	5,000	for Storm Fund Will transfer in Sept

Summary of Cash Flow September 2010

Operating Cash balance forward \$ 157,743

Projected Purchased Power Expenses:

ENE	\$ (234,766)	
Project 6 (MMWEC & HQ)	\$ (82,550)	
NYPA	\$ (34,496)	
ENE/ISO	\$ (110,598)	
		\$ (462,410)
Customer Payments	\$ 829,300	
NSF cks	\$ (1,604)	
Payroll, benefits	-143423	
Misc. vendor payments	\$ (106,256)	
Encumbered for Rest Fund	\$ 25,000	
Encumber for Rest Fund	\$ (20,000)	September contribution
trans from encumber for RF	\$ 20,000	Sept share
Transferred to Rest Fund	\$ (35,000)	
Trans from encumbered Storm	\$ (5,000)	encumber for Storm fund in August
Trans to Storm Fund	\$ (5,000)	Sept contribution
Trans from encumbered for PPRF	\$ 100,000	(from August)
Trans to PPRF	\$ (100,000)	Reimbursement #1
Encumber for PPRF	\$ (100,000)	(for transfer in October)
Encumber for Purch Power	\$ 180,000	From August
Encumber for Purch Power	\$ (193,000)	
	\$ 140,350	

Other Financial Information:

Accounts Payable Balance	\$ 7,660
Accounts Receivable Balance	\$ 539,261

Summary of Savings/Investments: (Not Restricted)

Contingency/Emergency	\$ 10,000	
Sinking Fund (office)	\$ -	(Sinking Fund added to Storm Fund)
Storm Fund	\$ 32,703	
Working Cash Reserve	\$ 61,614	
Dedicated DSM Fund		

\$ -

Total Savings/Investment (NR) \$ 104,317

(see below)

Restricted Account(Debt/Capital) \$ 351,446

Restricted Account(Purchase Pwr) \$ 349,273

Net All Saving/Investment

\$ 805,036

Misc. Accounts:

Customer Deposit Holding Account	\$ 149,373
Working Capital - on Deposit w/ ENE	\$ 114,125
Working Capital - on Deposit w/MMWE	\$ 2,232

Saving Goal August \$ 35,000 for Rest Fund transferred 8/29
 \$ 5,000 for Storm Fund Will transfer in Sept

PASCOAG UTILITY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

Provided by: Braver Accountants and Advisors
 2009 Audited Financial Statements

Note M. COMMITMENTS AND CONTINGENCIES (Continued)

Contingent Liability - MMWEC (Continued)

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.

Pascoag Utility District has entered into PSAs and power purchase agreements ("PPA"s) with MMWEC. Under both the PSAs and PPAs, the District is required to make certain payments to MMWEC payable solely from Electric Division 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 MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

Seven municipal light departments that are participants under PSA's with MMWEC have submitted a demand for arbitration of a dispute relating to charges under the PSA's. MMWEC cannot predict the outcome of the arbitration demand, but in the opinion of MMWEC management, it will not have a material adverse effect on the financial positions of MMWEC.

As of December 31, 2009, total capital expenditures for MMWEC's projects amounted to \$1,556,416,000, of which \$11,229,000 represents the amount associated with the District's share of project capability of the projects in which it participates, although such amount is not allocated to the District. MMWEC's debt outstanding for the projects includes power supply system revenue bonds totaling \$502,245,000, of which \$4,018,000 is associated with the District's share of project capability of the projects in which it participates, although such amount is not allocated to the District. As of December 31, 2009, MMWEC's total future debt service requirement on outstanding bonds issued for the projects is \$573,581,000 of which \$4,703,000 is anticipated to be billed to the District in the future.

The estimated aggregate amount of Pascoag Utility District's required payments under the PSAs and PPAs, exclusive of the reserve and contingency fund billings, to MMWEC at December 31, 2009, and estimated for future years is shown below.

	<u>ANNUAL COSTS</u>
For years ended December 31, 2010	\$ 606,000
2011	606,000
2012	603,000
2013	597,000
2014	604,000
2015 to 2019	<u>1,687,000</u>
Total	<u>\$ 4,703,000</u>

In addition, under the PSAs the District is required to pay its share of the operation and maintenance ("O&M") costs of the projects in which it participates. The District's total O&M costs including debt service under the PSAs were \$1,154,000 and \$1,134,000 for the years ended December 31, 2009 and 2008, respectively.

Summary of Accounts Receivable

	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Balance	
Apr 2007	\$ 252,966	\$ 54,306	\$ 13,941	\$ 12,386	\$ 333,599	
May 2007	\$ 215,873	\$ 59,502	\$ 9,125	\$ 14,196	\$ 298,696	
June 2007	\$ 233,088	\$ 43,179	\$ 7,645	\$ 16,996	\$ 300,908	
July 2007	\$ 274,608	\$ 45,234	\$ 6,832	\$ 15,575	\$ 342,249	
August 2007	\$ 387,819	\$ 44,181	\$ 5,283	\$ 16,661	\$ 453,944	
Sept 2007	\$ 364,419	\$ 85,945	\$ 6,501	\$ 17,682	\$ 474,547	
Oct 2007	\$ 233,592	\$ 66,359	\$ 9,685	\$ 17,713	\$ 327,349	
Nov 2007	\$ 304,490	\$ 63,574	\$ 20,546	\$ 8,901	\$ 397,511	write offs \$13,744
Dec 07	\$ 339,491	\$ 70,950	\$ 22,837	\$ 17,727	\$ 451,005	
Jan 08	\$ 318,270	\$ 80,258	\$ 21,388	\$ 20,202	\$ 440,118	
Feb 08	\$ 341,985	\$ 84,907	\$ 27,459	\$ 23,148	\$ 477,499	
Mar08	\$ 295,550	\$ 83,338	\$ 27,152	\$ 27,190	\$ 433,230	
Apr 08	\$ 275,153	\$ 61,095	\$ 26,255	\$ 30,751	\$ 393,254	
May 08	\$ 280,732	\$ 62,071	\$ 15,852	\$ 30,475	\$ 389,130	
Jun 08	\$ 266,883	\$ 56,812	\$ 12,231	\$ 32,716	\$ 368,642	
July 08	\$ 322,070	\$ 50,007	\$ 9,603	\$ 33,795	\$ 415,475	
Aug 08	\$ 432,831	\$ 73,631	\$ 8,287	\$ 35,308	\$ 550,057	
Sept 08	\$ 295,916	\$ 94,646	\$ 12,386	\$ 33,558	\$ 436,506	
Oct 08	\$ 257,097	\$ 52,588	\$ 12,985	\$ 34,540	\$ 357,210	
Nov 08	\$ 345,898	\$ 76,058	\$ 23,676	\$ 38,830	\$ 484,462	
Dec 08	\$ 231,153	\$ 77,087	\$ 24,591	\$ 27,746	\$ 360,577	\$21,050 write off, Dec 2008
Jan 09	\$ 426,266	\$ 58,313	\$ 27,118	\$ 32,542	\$ 544,239	
Feb 09	\$ 375,162	\$ 126,308	\$ 30,128	\$ 32,923	\$ 564,521	
Mar 09	\$ 288,633	\$ 96,154	\$ 34,557	\$ 34,036	\$ 453,380	
Apr 09	\$ 308,548	\$ 83,189	\$ 33,839	\$ 43,070	\$ 468,646	
May 09	\$ 280,209	\$ 74,044	\$ 20,750	\$ 45,425	\$ 420,428	
June 09	\$ 242,255	\$ 61,515	\$ 16,289	\$ 47,399	\$ 367,458	
July 09	\$ 284,717	\$ 49,015	\$ 12,258	\$ 47,597	\$ 393,587	
Aug 09	\$ 397,771	\$ 72,486	\$ 11,777	\$ 46,798	\$ 528,832	
Sept 09	\$ 358,999	\$ 94,893	\$ 11,750	\$ 47,856	\$ 513,498	
Oct 09	\$ 288,295	\$ 79,502	\$ 16,073	\$ 47,519	\$ 431,389	
Nov 09	\$ 298,750	\$ 78,208	\$ 31,682	\$ 54,115	\$ 462,755	
Dec 09	\$ 259,706	\$ 73,488	\$ 30,139	\$ 31,840	\$ 395,173	w/o \$30,222
Jan 10	\$ 406,987	\$ 77,764	\$ 31,382	\$ 38,031	\$ 554,164	
Feb 10	\$ 374,265	\$ 87,974	\$ 33,458	\$ 43,331	\$ 539,028	
March 10	\$ 274,339	\$ 84,436	\$ 35,289	\$ 39,670	\$ 433,734	
April 10	\$ 317,238	\$ 64,922	\$ 25,397	\$ 38,791	\$ 446,348	
May 10	\$ 259,596	\$ 82,240	\$ 18,480	\$ 41,226	\$ 401,542	
June 10	\$ 296,754	\$ 51,456	\$ 16,868	\$ 40,647	\$ 405,725	
July 10	\$ 634,367	\$ 82,326	\$ 17,598	\$ 40,628	\$ 774,919	
Aug 10	\$ 414,040	\$ 91,728	\$ 15,014	\$ 41,549	\$ 562,331	
Sept 10	\$ 367,844	\$ 108,647	\$ 20,746	\$ 42,024	\$ 539,261	

	<u>Summary of Accounts Payable (1)</u>				
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Balance
Apr 07	\$ 15,387				\$ 15,387
May 07	\$ -				\$ -
June 07	\$ 448				\$ 448
July 07	\$ 557				\$ 557
Aug 07	\$ 7,472				\$ 7,472
Sept 07	\$ 138,976				\$ 138,976
Oct 07	\$ -				\$ -
Nov 07	\$ 22,446				\$ 22,446
Dec 07	\$ 36,743				\$ 36,743
Jan 08	\$ 46,737				\$ 46,737
Feb 08	\$ -				\$ -
Mar 08	\$ 15,470				\$ 15,470
Apr 08	\$ -				\$ -
May 08	\$ 5,422				\$ 5,422
Jun 08	\$ -				\$ -
July 08	\$ 29,002				\$ 29,002
Aug 08	\$ -				\$ -
Sept 08	\$ 10,043				\$ 10,043
Oct 08	\$ 8,096				\$ 8,096
Nov 08	\$ 6,312				\$ 6,312
Dec 08	\$ -				\$ -
Jan 09	\$ -				\$ -
Feb 09	\$ 13,230				\$ 13,230
Mar 09	\$ 13,288				\$ 13,288
Apr 09	\$ 25,323				\$ 25,323
May 09	\$ 21,821				\$ 21,821
June 09	\$ 18,199				\$ 18,199
July 09	\$ 6,518				\$ 6,518
Aug 09	\$ -				\$ -
Sept 09	\$ 49,415				\$ 49,415
Oct 09	\$ 6,312				\$ 6,312
Nov 09	\$ 5,337				\$ 5,337
Jan 10	\$ 9,116				\$ 5,337
Feb 10	\$ 39,077				\$ 5,337
Mar 10	\$ 28,985				
April 10	\$ 38,946				
May 10	\$ 40,566				
June 10	\$ 42,652				
July 10	\$ 33,594				
Aug 10	\$ 7,249				
Sept 10	\$ 7,660				

(1) As of the end of the month, not the end of the accounting period