

**Cape Light Compact JPE  
Executive Committee &  
Governing Board Meeting**

**DATE:** Wednesday, November 9, 2022  
**LOCATION:** Cape Light Compact Offices – Martha’s Vineyard Conference Room  
261 Whites Path, Unit 4, South Yarmouth  
**TIME:** 2:00 – 4:30 p.m.

Note: The meeting will be held as a hybrid meeting (in-person and through remote participation) pursuant to Massachusetts Governor Charles D. Baker’s Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020. Members of the Public can join in by audio and follow along with Meeting Materials, see the information below. Written public comments should be submitted to Maggie Downey, Compact Administrator, at [mdowney@capelightcompact.org](mailto:mdowney@capelightcompact.org) by 2:00 PM on Tuesday, November 8, 2022, and should follow the public comment protocol below. Written public comments received after the November 8<sup>th</sup> deadline will be distributed prior to the Compact’s next Board meeting.

**Telephone dial-in: +1 (646) 558-8656**

**Meeting ID: 827-2956-9163**

**Passcode: 428529**

**[Further instructions are attached to this agenda.](#)**

## AGENDA

1. Public Comment
2. Approval of October 12, 2022, Compact Board Open Session Minutes and October 12, 2022 Compact Board Executive Session Minutes
3. Chairman’s Report, Martin Culik
  - A. Introduce new Oak Bluffs Board Member, Peter Meleney
  - B. Update on Eastham Board Member Vacancy
4. Presentation on the Proposed Cape Light Compact 2023 Energy Efficiency Surcharge (EES) for Electric Ratepayers on Cape Cod and Martha’s Vineyard, Margaret Song
5. Presentation on 2021 Cape Light Compact Audited Financial Statements, Jennifer Cook, Clifton, Larsen, Allen, LLP
6. Discuss Proposed 2023 Operating Budget, Maggie Downey
7. Administrator’s Report, Maggie Downey
  - A. New staff Member Graham Piercey
  - B. CVEO 3.0 Public Hearing and Public Comment Dates Set by MA DPU
  - C. Memorandum of Understanding – Cape Light Compact and Commonwealth Wind
  - D. December Board Meeting: Nominations for Executive Committee
  - E. Board Member Update (Reserved for Updates on Member Activities the Chair Did Not Reasonably Anticipate Would be Discussed – No Voting)

**Chairman's Public Comment Protocols  
for the November 9, 2022, Compact Governing Board Meeting**

The Chair, pursuant to his authority under G.L. c. 30A, § 20, and consistent with Chapter 20 of the Acts of 2021, § 20, announces the following protocols to assist the public in effective participation in the November 9, 2022 Compact Board meeting, where all Board Members, staff and members of the Public shall be participating remotely:

1. Members of the public are welcome to address the Compact Board during the public comment section of the meeting or in writing.
2. Members of the public addressing the Compact Board at the meeting must state their name, and if appropriate the name of the organization the person is representing. Oral comments must be limited to three minutes.
3. Members of the public may also submit written comments. Written comments shall be submitted in writing to the Compact Administrator, Maggie Downey, at [mdowney@capelightcompact.org](mailto:mdowney@capelightcompact.org) by 2:00 PM on Tuesday, November 8, 2022. Written comments must include a person's name and, if appropriate, the name of the organization the person is representing. Public comments received after the November 8<sup>th</sup> deadline will be distributed prior to the Compact's next Board meeting.
4. Public comment, both verbal and written, must be respectful, courteous, and presented in a dignified manner. All remarks must also be free of personal attacks.
5. All public comments consistent with these protocols shall be included in the Compact's Board meeting packet.
6. Board members and staff cannot respond to public comments for topics not on the current agenda during the Board meeting. The Cape Light Compact Board may respond to comments either by putting them on the agenda of a subsequent meeting or by requesting the administrator or staff to respond to the comment.
7. Copies of the Board meeting packet shall be made available to members of the public on Wednesday, November 9, 2022, at the Cape Light Compact JPE's web site at [www.capelightcompact.org](http://www.capelightcompact.org). Documents exempt from disclosure pursuant to the Public Records Law or protected by the attorney-client privilege shall not be included.

**Cape Light Compact JPE  
Governing Board  
Meeting Minutes  
Wednesday, October 12, 2022**

Pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020, the Cape Light Compact JPE Board of Directors met on Wednesday, October 12, 2022, at 2:00 p.m. The meeting was held as a hybrid meeting through in-person and Zoom videoconference for members of the Board with audio call-in or in-person available for members of the public.

**Participating In-Person Were:**

1. Robert Schofield, Executive Committee, Bourne
2. Colin Odell, Executive Committee, Brewster
3. Valerie Bell, Harwich
4. Martin Culik, Chair/Executive Committee, Orleans
5. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

**Participating Remotely Were:**

1. David Anthony, Secretary/Executive Committee, Barnstable
2. Peter Cocolis, Chatham
3. Brad Crowell, Dennis
4. Meghan Gombos, Dukes County
5. Alan Strahler, Edgartown
6. Matthew Patrick, Falmouth
7. Scott Mueller, Falmouth Alternate
8. Nathaniel Mayo, Provincetown
9. Leanne Drake, Sandwich
10. Bob Higgins-Steele, Truro Alternate
11. Richard Elkin, Executive Committee, Wellfleet
12. Erik Peckar, Executive Committee, West Tisbury

**Absent Were:**

1. Forrest Filler, Aquinnah
2. Timothy Carroll, Chilmark
3. Wayne Taylor, Mashpee
4. Dion Alley, Oak Bluffs
5. Kirk Metell, Tisbury
6. Jarrod Cabral, Truro

**Legal Counsel Participating Remotely:**

Audrey Eidelman Kiernan, Esq., KO Law, P.C.

**Consultant Participating Remotely:**

Dan Sullivan, CPA

Erin Malone, Synapse Energy Economics, Inc.

**Staff Participating In-Person:**

Maggie Downey, Administrator  
Margaret Song, Strategy & Policy Manager

**Staff Participating Remotely:**

Izzi Caplan, Communication Coordinator  
Lindsay Henderson, Senior Analyst  
Mariel Marchand, Power Supply Planner  
Melissa Allard, Senior Administrative Coordinator  
Phil Moffitt, Chief Financial Officer

**Public Participants:**

Lauren Sinatra, Town of Nantucket

Martin Culik called the meeting to order at 2:04 PM.

**PUBLIC COMMENT:**

No public comments were submitted to the Board in writing under the public comment guidelines.

**APPROVAL OF MINUTES:**

The Board considered the September 14, 2022, Open Session Meeting Minutes.

*Robert Schofield moved the Board to accept the minutes, seconded by Valerie Bell.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Abstained
Meghan	Gombos	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Scott	Mueller	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Abstained
Richard	Elkin	Wellfleet	Yes
Erik	Peckar	West Tisbury	Yes

*Motion carried in the affirmative (12-0-2)*

**CHAIRMAN'S REPORT:**

Martin Culik asked the Board if they have (or received) any comments from energy committees on the Master Energy Program that was presented at the last Board Meeting. Valerie Bell asked if discussions had been held with other entities like Self-Reliance on this proposed program, as many entities are doing similar things.

**UPDATE ON CLC AND UTILITY PROGRAM ADMINISTRATORS WINTER PRICING MITIGATION STRATEGY, ISABELLE CAPLAN:**

Izzi Caplan went through the presentation on the statewide marketing efforts for winter pricing mitigation strategies that are underway with all program administrators. Valerie Bell asked if there was an opportunity for public radio stations to publicize these efforts. Izzi Caplan mentioned that under the statewide plan the public radio stations are not included, but that CLC could review the possibility of supplementing marketing on these stations. Colin Odell asked how the census blocks were determined. Maggie Downey said that income levels and/or non-participation and the communities identified by the DPU as hard-to-reach were targeted for inclusion in this effort. Erik Peckar inquired if CLC could look at marketing these efforts on WMVY for and also suggested having a Portuguese version. Dick Elkin expressed interest in promoting heat pumps and solar even if we aren't able to offer incentives. Maggie Downey said that these marketing funds have to be used for energy efficiency opportunities and unfortunately solar would not be able to be covered under this marketing effort.

**PRESENTATION AND POTENTIAL VOTE ON CAPE & VINEYARD ELECTRIFICATION OFFERING (CVEO) 3.0, MAGGIE DOWNEY:**

Maggie Downey went through a presentation of CVEO for a proposal that is due to the Department of Public Utilities prior to the November 1<sup>st</sup> Energy Efficiency Surcharge Filing. Maggie's presentation identified the objectives, incentive levels and bill impacts associated with the revised CVEO. Maggie noted that the CVEO budget is significantly lower than previous versions due to reduction in participants, fewer batteries and utilization of the approved 2022-2024 low-income budget.

Matt Patrick arrived remotely at 2:23 pm.

Joyce Flynn arrived in-person at 2:30 pm.

Nate Mayo arrived remotely 2:42 pm.

David Anthony asked whether CLC was looking for single family homes or housing authorities that own multiple houses, and that it might help address some concerns about equipment pricing if its one contractor working on multiple properties.

Brad Crowell left the meeting at 3:00 pm.

*Colin Odell moved the Board to support submitting a revised Cape & Vineyard Electrification Offering (CVEO 3.0) to the Massachusetts Department of Public Utilities for review and approval, seconded by Robert Schofield.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes

Meghan	Gombos	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Absent for Vote
Erik	Peckar	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (14-0-0)

**PRESENTATION ON THE MA CLIMATE BILL AND INFLATION REDUCTION ACT, AUDREY EIDELMAN KIERNAN, KO LAW:**

Audrey Eidelman Kiernan went through a presentation on the MA Climate Bill and Inflation Reduction Act. Erik Peckar mentioned that West Tisbury was one of the initial 10 towns that voted to ban fossil fuel heating systems, but that the Town didn't meet the affordable housing requirement, and would not be moving forward with the MA Department of Energy Resources (DOER) pilot. He mentioned that the Town of Aquinnah was able to meet the requirements and will be participating in the DOER pilot offering. Valerie Bell commented that there is a lot of information in these bills and not sure if the Towns are ready for it. Martin Culik mentioned that he received an email that the Cape Cod Commission will be providing some support for Electric Vehicle (EV) Chargers. David Anthony mentioned that he has received approval to hire an Energy and Sustainability Coordinator for the town of Barnstable and one of their first tasks will be tackling energy charging infrastructure.

**ADMINISTRATOR'S REPORT:**

**1. Community Education Grants Awarded**

Maggie Downey mentioned that 3 organizations have been awarded Community Education Grants. They are Pleasant Bay Community Boating, Vineyard Power Development Fund, and Faith Communities Environmental Network (FCEN) & Waquoit Congregational Church/Religious Organization.

**2. 2021 Audit Update**

Maggie Downey stated that there will be a presentation on 11/9 by the financial auditors.

**3. Maggie advised the Board that staff and counsel are preparing the November 1<sup>st</sup> Energy Efficiency Surcharge (EES) Filing. This will be filed with the DPU and set the Compact's EES rate for 2023.**

Maggie advised the Board that the 2022-2023 Income Eligible guidelines were included in their Board meeting packet.

**BOARD MEMBER UPDATES**

Joyce Flynn mentioned that Yarmouth Energy Committee has been discussing ideas for possibly allowing people to "sponsor" public electric vehicle charging stations similar to the concept of memorial bricks.

**OPEN SESSION VOTE ON ENTRY INTO EXECUTIVE SESSION PURSUANT TO M.G.L. c. 30A §§21(A)(3) AND (10) TO DISCUSS MATTERS BELOW, TO NOT RETURN TO OPEN SESSION:**

Board Members confirmed that no other person is present or able to hear the executive session discussion at their remote location.

*Martin Culik at 3:54 PM moved to enter into Executive Session pursuant to M.G.L. c. 30A §21(a)(3) to review and approve the September 14, 2022 Executive Session Minutes regarding: (1) consideration of strategy and potential vote regarding pending litigation related to the Eversource Rate Case, D.P.U. 22-22; and (2) consideration of strategy and potential vote on pending or imminent regulatory litigation, including Massachusetts Department of Public Utilities D.P.U. 20-40, Cape & Vineyard Electrification Offering (CVEO) and CVEO as proposed in the 2022-2024 Energy Efficiency Plan, D.P.U. 21-126, not to return to open session thereafter. Seconded by Robert Schofield.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Meghan	Gombos	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Erik	Peckar	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

Respectfully submitted,

Lindsay Henderson

**LIST OF DOCUMENTS AND EXHIBITS:**

- Meeting Notice/Agenda
- September 14, 2022, Draft Open Session Meeting Minutes
- Presentation on CLC and Utility Program Administrators Winter Pricing Mitigation Strategy
- Presentation on Cape & Vineyard Electrification Offering (CVEO) 3.0
- Presentation on the MA Climate Bill and Inflation Reduction Act

**Draft Executive Session Minutes**  
**Pursuant to G.L. c. 30A, §§ 21(a)(3)**  
**Exempt from Public Records Disclosure**  
**Pursuant to G.L. c. 4, s. 7, cl. 26(d)**

Draft Minutes subject to correction, addition and Committee/Board Approval

**Cape Light Compact JPE**  
**Governing Board**  
**Executive Session Meeting Minutes**  
**Wednesday, October 12, 2022**

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3. Valerie Bell, Harwich
4. Martin Culik, Chair/Executive Committee, Orleans
5. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

**Participating Remotely Were:**

1. David Anthony, Secretary/Executive Committee, Barnstable
2. Peter Cocolis, Chatham
3. Brad Crowell, Dennis
4. Meghan Gombos, Dukes County
5. Alan Strahler, Edgartown
6. Matthew Patrick, Falmouth
7. Scott Mueller, Falmouth Alternate
8. Nathaniel Mayo, Provincetown
9. Leanne Drake, Sandwich
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11. Richard Elkin, Executive Committee, Wellfleet
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**Absent Were:**

1. Forrest Filler, Aquinnah
2. Timothy Carroll, Chilmark
3. Wayne Taylor, Mashpee
4. Dion Alley, Oak Bluffs
5. Kirk Metell, Tisbury
6. Jarrod Cabral, Truro

**Legal Counsel Participating Remotely:**

Audrey Eidelman Kiernan, Esq., KO Law, P.C.



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**Pursuant to G.L. c. 4, s. 7, cl. 26(d)**

Draft Minutes subject to correction, addition and Committee/Board Approval

**Staff Participating In Person:**

Maggie Downey, Administrator  
 Margaret Song, Strategy & Policy Manager

**Staff Participating Remotely:**

Izzi Caplan, Communication Coordinator  
 Lindsay Henderson, Senior Analyst  
 Mariel Marchand, Power Supply Planner  
 Melissa Allard, Senior Administrative Coordinator  
 Phil Moffitt, Chief Financial Officer

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David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
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Meghan	Gombos	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Erik	Peckar	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

**Draft Executive Session Minutes**  
**Pursuant to G.L. c. 30A, §§ 21(a)(3)**  
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**Pursuant to G.L. c. 4, s. 7, cl. 26(d)**

Draft Minutes subject to correction, addition and Committee/Board Approval

*Motion carried in the affirmative (15-0-0)*

**APPROVAL OF MINUTES:**

The Board considered the September 14, 2022, Executive Session Meeting Minutes.

*Joyce Flynn moved the Board to accept the minutes, seconded by Robert Schofield.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Meghan	Gombos	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Erik	Peckar	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

**ADJOURNMENT:**

*Motion to adjourn made at 4:03 PM moved by Colin Odell, seconded by Robert Schofield.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Meghan	Gombos	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes

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Draft Minutes subject to correction, addition and Committee/Board Approval

Nate	Mayo	Provincetown	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Erik	Peckar	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (15-0-0)*

Respectfully submitted,

Lindsay Henderson

**LIST OF DOCUMENTS AND EXHIBITS:**

- Meeting Notice/Agenda
- September 14, 2022 Executive Session Meeting Minutes

# 2023 Energy Efficiency Surcharge (EES)

Cape Light Compact Governing Board Meeting

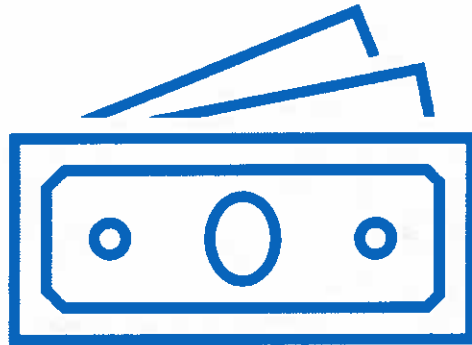
November 9, 2022

**Cape Light  
Compact**



*Working together toward a smarter energy future*

# What is the EES?



Energy Efficiency Surcharge (EES) is the primary source of funding for Compact's, and utility Program Administrators, energy efficiency programs. Also known as Energy Efficiency Reconciliation Factor (EERF)

The Compact's effective EES date is January 1<sup>st</sup> of each year and the proposed EES must be filed 60 days prior



# How is the EES calculated?



The EES is designed such that, if revenue and expenditures are exactly as planned, then the Compact's energy efficiency fund would be \$0 at year end



In the real world, both expenditures and revenue vary from the plan, and there is a positive or negative balance at year end (i.e., carryover)



Annually, the EES fully reconciles the Compact's change in expenditures and revenues

# What is the EES calculation?



**EES = Estimated total expected expenditure – Estimated total expected revenue**

## **Revenues**

Carryover from previous year (estimated)

Expected Systems Benefits Charge ( $\$0.25 \times$  projected kWh sales)

Expected revenue from Forward Capacity Market (auction with ISO)

Expected Regional Greenhouse Gas Initiative revenue ( $\$0$ )

+ Interest projections (based on monthly info and projected)

# Three Scenarios



## Plan

- Filed version from Compliance Filing

## Scenario 1: EES without CVEO

- EES if DPU does not approve CVEO

## Scenario 2: EES with CVEO residential budget only

- EES if DPU approves reallocated use of income-eligible budget for CVEO (within existing budget)

## Scenario 3: EES with full CVEO budget

- EES if DPU approves CVEO and requires income-eligible portion to be additive (to existing budget)



# What is the Compact's 2023 budget?



Sector	Plan (\$)	Without CVEO (\$)	Residential Budget Only (\$)	Full CVEO Budget (\$)
Residential	37,531,970	37,565,855	38,374,604	38,374,604
Low-Income	6,869,259	7,869,269	7,869,269	8,776,107
C&I	19,476,052	19,476,052	19,476,052	19,476,052
Total	63,877,282	64,911,167	65,719,925	66,626,763

## Key Notes

Three year budgets (some over, some under)

Aside from CVEO, increase in Residential and Income Eligible

2023 Residential CVEO budget = \$808,729

2023 Income-Eligible CVEO budget = \$906,838

# Proposed 2023 EES Comparisons



Sector	2022 EES in effect	Plan	No CVEO	Residential CVEO only	Full CVEO
Residential	4.053	3.511	3.029	3.104	3.104
Income-Eligible	0.225	0.274	0.201	0.201	0.237
C&I	1.726	2.639	1.372	1.372	1.434

By DPU Guidance, income eligible surcharge has allocations to residential and commercial customers

Rates above are cents/kWh

# 2023 EES Monthly Bill Impacts



## 2022 in Effect versus 2023 Proposed

Rate Codes	No CVEO	Residential CVEO only	Full CVEO
Residential (R1)	\$(5.28)	\$(4.90)	\$(4.71)
Income-Eligible (R2)	\$(0.07)	\$(0.07)	\$0.04
C&I (G4)	\$(33.45)	\$(33.45)	\$(27.59)
C&I (G7)	\$(1.60)	\$(1.60)	\$(1.32)

# APPENDIX – Monthly EES assumptions



Rate	Average kWh	2022 in effect	Plan	No CVEO	Residential CVEO only	Full CVEO
Residential (R1)	516	\$20.91	\$18.12	\$15.63	\$16.02	\$16.02
Income- Eligible (R2)	488	\$1.10	\$1.34	\$0.98	\$0.98	\$1.16
C&I (G4)	9450	\$163.11	\$249.39	\$129.65	\$129.65	\$135.51
C&I (G7)	450	\$7.77	\$11.88	\$6.17	\$6.17	\$6.45

Averages for each rate code are derived from monthly data, but customer usage will vary.



# Cape Light Compact JPE 2021 Audit Exit Meeting

November 9, 2022

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [claglobal.com/disclaimer](https://claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC registered investment advisor. ©2022 CliftonLarsonAllen LLP

# Agenda



Terms of Engagement



Financial Highlights



Required Communications



Internal Control Communications



Other Matters

# Terms of Engagement



Express an opinion on whether the financial statements are presented in accordance with GAAP



Express an in relation to opinion on the supplementary information (combining statements and expense reconciliation to DPU)



Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants

# Financial Highlights – Statement of Net Position

	12/31/2021	12/31/2020	Change (\$)	Change (%)
<b>Assets and Deferred Outflows of Resources</b>				
Current Assets	\$ 24,779,879	\$ 22,521,080	\$ 2,258,799	10%
Noncurrent Assets	-	154,186	(154,186)	-100%
Deferred Outflows of Resources	1,551,083	1,692,040	(140,957)	-8%
<b>Total Assets and Deferred Outflows</b>	<b>26,330,962</b>	<b>24,367,306</b>	<b>1,963,656</b>	<b>8%</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Current Liabilities	10,371,636	6,927,347	3,444,289	50%
Noncurrent Liabilities	6,114,344	6,416,203	(301,859)	-5%
Deferred Inflows of Resources	968,390	625,873	342,517	55%
<b>Total Liabilities and Deferred Outflows</b>	<b>17,454,370</b>	<b>13,969,423</b>	<b>3,484,947</b>	<b>25%</b>
<b>Net Position</b>				
Investment in Capital Assets	-	154,186	(154,186)	-100%
Restricted	75,000	-	75,000	100%
Unrestricted	8,801,592	10,243,697	(1,442,105)	-14%
<b>Total net position</b>	<b>\$ 8,876,592</b>	<b>\$ 10,397,883</b>	<b>\$ (1,521,291)</b>	<b>-15%</b>



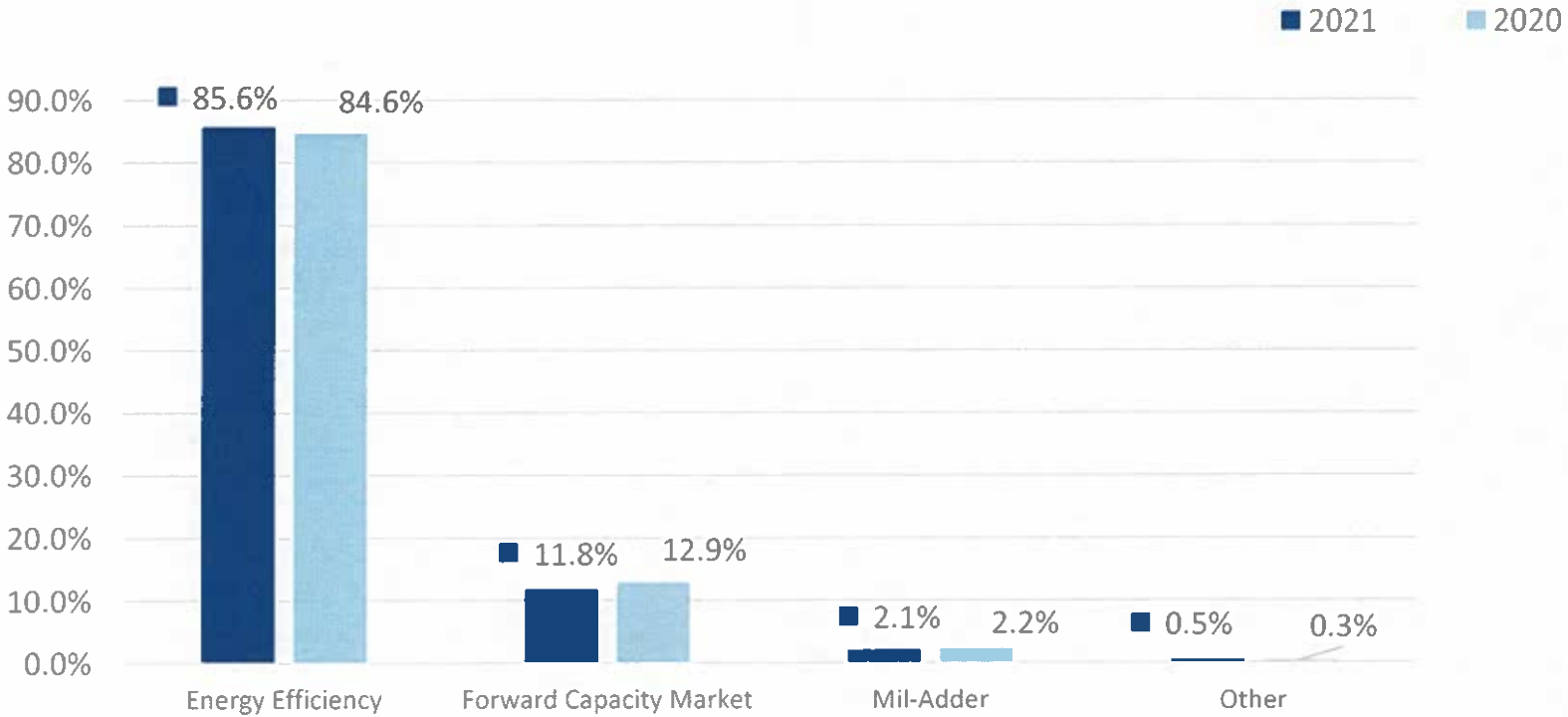


# Financial Highlights – Statement of Revenues, Expenses and Changes in Net Position

	12/31/2021	12/31/2020	Change	Change (%)
Operating Revenues	\$ 44,184,298	\$ 39,088,940	\$ 5,095,358	13%
Operating Expenses	51,651,112	41,091,252	10,559,860	26%
Operating Income	(7,466,814)	(2,002,312)	(5,464,502)	273%
Nonoperating Revenues (Expenses), Net	5,945,523	5,908,849	36,674	1%
Change in net position	(1,521,291)	3,906,537	(5,427,828)	-139%
Net position, beginning of year	10,397,883	6,491,346	3,906,537	60%
Net position, end of year	\$ 8,876,592	\$ 10,397,883	\$ (1,521,291)	-15%



# Financial Highlights – Revenue Funding Sources



# Financial Highlights - Net Pension Liability

## Footnote 6 (p. 18)

- Total Pension Liability – \$3,235,493
  - Measurement Date – December 31, 2020
  - Discount Rate: 7.15%
  - Reserve Balance: \$3,188,557
- Sensitivity Analysis

	<u>1% Decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
Net Pension Liability	\$ 4,376,110	\$ 3,235,493	\$ 2,277,049



# Financial Highlights - Total OPEB Liability

## Footnote 7 (p. 22)

- Total Pension Liability – \$2,827,857
  - Measurement Date – December 31, 2021
  - Discount Rate: 2.06%
  - Reserve Balance: \$1,350,248
- Sensitivity Analysis

	<u>1% Decrease (1.06%)</u>	<u>Current Discount Rate (2.06%)</u>	<u>1% Increase (3.06%)</u>
Total OPEB Liability	\$ 3,396,885	\$ 2,827,857	\$ 2,381,655

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,282,401	\$ 2,827,857	\$ 3,570,943

# Required Communications



## Significant accounting policies

Management is responsible for accounting policies which are outlined in Note 2 to the financial statements

No significant or unusual transactions identified



## Significant accounting estimates

\* Net OPEB Liability

\* Net Pension Liability

Reviewed for indicators of management bias

Reviewed for reasonability of estimates

## Required Communications (Continued)



### **Significant Disclosures**

Disclosures are neutral, consistent and clear



### **Difficulties encountered**

No difficulties or disagreements with management



### **Passed and Corrected Adjustments**

None noted.

## Required Communications (Continued)



### **Management representations**

Management will provide certain representations in a management representation letter



### **Management consultations with other accountants**

No consultations with other accountants



### **Significant issues discussed with management**

No issues discussed

# Internal Control Communications

## Financial Statements (GAO):

- No material weaknesses or significant deficiencies identified
- No noncompliance reported

## Management Letter:

- Reconciliation of Cash





# Other Matters

- Upcoming GASB Standards
  - GASB 87 - *Leases*
    - Effective for fiscal years beginning after June 15, 2021
    - Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.



# Questions?



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cape Light Compact JPE, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Cape Light Compact JPE's basic financial statements, and have issued our report thereon dated October 17, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Cape Light Compact JPE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cape Light Compact JPE's internal control. Accordingly, we do not express an opinion on the effectiveness of Cape Light Compact JPE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors  
Cape Light Compact JPE

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Cape Light Compact JPE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 17, 2022



Management  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

In planning and performing our audit of the financial statements of Cape Light Compact JPE as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities to strengthen your controls and improve the efficiency of your operations. Our comments and recommendations regarding these matters are summarized below. This letter does not affect our report on the financial statements dated October 17, 2022, nor our internal control communication dated October 17, 2022.

#### Cash Reconciliations

We identified the following issues related to cash reconciliations:

- Cash Reconciliations were not being prepared timely and were not reviewed once prepared.

We recommend that cash reconciliations be prepared by the comptroller and reviewed by Treasurer monthly and include documentation of the review.

#### Lease Accounting and Financial Reporting (Informational Only)

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which establishes new financial reporting requirements for governments that enter into lease contracts.

The implementation of this Statement will represent a significant change in the accounting and financial reporting of leased assets, as well as lease liabilities. The implementation of this statement requires:

- Leases previously classified as operating leases to be recognized as lease assets or lease liabilities.
- Lessees to recognize a lease liability and an intangible right-to-use lease asset.
- Lessors to recognize a lease receivable and a deferred inflow of resources.
- Expanded note disclosures.

The Compact's required implementation date is fiscal year 2022.

We recommend management familiarize itself with the requirements of GASB Statement No. 87 and prepare for its implementation.

Management  
Cape Light Compact JPE  
Page 2

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, board of directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 17, 2022



Board of Directors  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

We have audited the financial statements of Cape Light Compact JPE as of and for the year ended December 31, 2021, and have issued our report thereon dated October 17, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cape Light Compact JPE are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

##### **Accounting estimates**

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

- Management's estimate of the Total OPEB Liability reported is based on an actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used to develop the actuarial valuation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the Net Pension Liability reported for financial reporting purposes, among other things, was based on an actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used as part of the actuarial valuation in determining that they are reasonable in relation to the financial statements taken as a whole.

##### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures. The financial statement disclosures are neutral, consistent, and clear.

***Difficulties encountered in performing the audit***

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

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated October 17, 2022.

***Management consultations with other independent accountants***

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

***Significant issues discussed with management prior to engagement***

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

***Required supplementary information***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's



responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Supplementary information in relation to the financial statements as a whole**

With respect to the combining statements and the reconciliation of Audited Energy Efficiency GAAP Expenses to Department of Public Utilities Report (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated October 17, 2022.

\* \* \*

This communication is intended solely for the information and use of the board of directors and management of Cape Light Compact JPE and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 17, 2022

**CAPE LIGHT COMPACT JPE**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2021**



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**CAPE LIGHT COMPACT JPE  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Cape Light Compact JPE (Cape Light Compact), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which comprise the Cape Light Compact's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cape Light Compact, as of December 31, 2021, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cape Light Compact and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cape Light Compact's basic financial statements. The combining statements and reconciliation of audited energy efficiency GAAP expenses to Department of Public Utilities Report (collectively the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of the Cape Light Compact's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cape Light Compact's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cape Light Compact JPE's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 17, 2022

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

As management of the Cape Light Compact JPE (Compact), we offer readers of these financial statements this narrative overview and analysis of the Compact's financial activities for the calendar year ended December 31, 2021.

The management's discussion and analysis (MD&A) is presented in the following sections:

1. Background
2. Overview of the Financial Statements
3. Financial Statement Analysis

Please refer to the audited *Financial Statements* when reading the MD&A.

*Cape Light Compact Joint Powers Entity:*

The Compact's mission is to serve our over 207,000 customers through the delivery of proven energy efficiency programs, effective consumer advocacy, and renewable competitive electricity supply. The Compact is a Joint Powers Entity (JPE) pursuant to Massachusetts General Law Chapter 40, Section 4A ½, consisting of the 21 towns on Cape Cod and Martha's Vineyard, and Dukes County.

*The Compact as Energy Efficiency Program Administrator and the 2019-2021 Energy Efficiency Plan:*

The Compact's 2019-2021 Energy Efficiency Plan, its fourth three-year plan, was approved by the DPU on January 29, 2019 in compliance with the Massachusetts state energy efficiency goals and policies, including the Green Communities Act (GCA), (Chapter 169, Section 11 of the Acts of 2008).

Despite the challenges presented by the global COVID-19 pandemic, the Compact successfully accomplished the following during the 2019-2021 Plan Term:

- cost-effective programs with a benefit-cost ratio (BCR) of 1.75;
- net benefits of \$133 million (2019\$);
- annual energy savings of 108 GWh;
- lifetime energy savings of 985 GWh; and
- total benefits of \$312 million (2019\$).

In addition, the Compact was a recipient of the following awards during the 2019-2021 Plan Term:

- 2019 ENERGY STAR® Partner of the Year – Sustained Excellence Award
- 2019 Advanced Rooftop Unit (RTU) Campaign Award for Commercial and Industrial HVAC programs from the United States Environmental Protection Agency
- 2021 ENERGY STAR Partner of the Year Award

The Compact is committed to energy education outreach within its community and continues to be a regionally and nationally recognized leader in the design and implementation of its energy education programs. As a municipal aggregator with a unique service territory, the Compact supports the community's efforts to develop a deeper and broader knowledge of energy efficiency technology and practices, moving towards an energy-literate society.

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

*The Compact's Power Supply Program:*

The Compact has been a green aggregation since January 2017, meaning 100% of Compact's power supply customers' annual electricity usage is met with renewable energy certificates (RECs). Because NextEra retires RECs to match the Compact's customers' usage, Compact customers are financially supporting renewable energy resources, including resources located on Cape Cod. In addition, NextEra deposits all premiums paid for voluntary RECs, plus their supplier and retail fees (expected to total over \$3 million per year), into a trust fund to be used solely for the development of new renewable energy resources. In 2020, the Compact began receiving energy and RECs from the Farmington, Maine solar facility. The Compact has a long-term power purchase agreement (PPA) for both energy and RECs from this solar facility. By purchasing electricity through the Compact, all Compact power supply customers are supporting renewable energy to combat climate change.

In March 2019, the Compact launched two new power supply options, CLC Local Green 50 and CLC Local Green 100. The CLC Local Green program gives customers an option to support local renewable energy development by paying a small premium on their monthly electric bill. The Compact uses this premium to purchase and retire Massachusetts Class 1 RECs to match either 50% or 100% of customers' annual electricity usage, in addition to the RECs retired as part of the Compact's standard power supply product. These RECs are sourced from renewable energy projects in New England, including several solar installations on Cape Cod. By participating in CLC Local Green, customers are driving the market to bring new renewable energy resources to New England.

*The Compact as Consumer Advocate:*

Since 1997, Cape Light Compact has advocated for the ratepayers of Cape Cod and Martha's Vineyard at the local and state level.

In 2021, the Compact focused on the following regulatory proceedings at the Massachusetts Department of Public Utilities (DPU):

- Grid modernization (DPU docket 21-80):
  - The Compact participated in this docket with a focus on ensuring that customers on the Cape and Vineyard are able to benefit from Eversource's proposed grid modernization and advanced metering infrastructure (AMI) investments. The Compact's key concern is that municipal aggregations and their competitive suppliers be able to access the data available through smart meters in order to design and offer time varying electric rates to their customers. Customers need to be provided with meaningful access to their data as well. The docket remains open.
- Electric vehicles (DPU docket 21-90):
  - The Compact participated in this docket with a focus on ensuring that Cape and Vineyard customers are able to benefit from the Make Ready incentives available to customers for installing electric vehicle supply equipment. The docket remains open.
- Solar Massachusetts Renewable Target (SMART) (DPU docket 20-145):
  - The Compact participated in this docket with a focus on allowing customers of municipal aggregations to benefit from the SMART program's Low Income Community Shared Solar incentives. The docket remains open.



**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

*Overview*

This discussion and analysis (required supplementary information) is intended to serve as an introduction to the financial statements, which consists of the following two components:

1. Financial statements
2. Notes to the financial statements

This report also contains additional pension and other postemployment benefits required supplementary information and additional information that supplements the financial statements.

**Financial Statements**

The Compact's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). The financial statements are presented on the accrual basis of accounting and include the following three basic financial statements: (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses and Change in Net Position, and (3) the Statement of Cash Flows.

The financial statements can be found on pages 9 – 11 of this report.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 – 26 of this report.

**Required Supplementary Information**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are certain pension and other postemployment benefits information, which can be found on pages 27 – 28.

**Supplementary Information**

In addition to the financial statements and accompanying notes, this report also presents supplementary information. Presented in this information are combining statements of net position and revenues, expenses and change in net position, as well as a reconciliation of audited energy efficiency GAAP expenses to the amounts reported to the DPU. The additional information can be found on pages 29 – 31.

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Financial Statement Analysis**

The following tables present current and prior year data on the financial statements.

**Net Position**

The Compact's assets and deferred outflows exceeded liabilities and deferred inflows by \$8,876,592 at the close of the calendar year and are summarized as follows:

	<u>2021</u>	<u>2020</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Assets</b>				
Current Assets	\$ 24,779,879	\$ 22,521,080	\$ 2,258,799	10.0%
Noncurrent Assets	-	154,186	(154,186)	-100.0%
Total Assets	<u>24,779,879</u>	<u>22,675,266</u>	<u>2,104,613</u>	<u>9.3%</u>
<b>Deferred Outflows of Resources</b>	<u>1,551,083</u>	<u>1,692,040</u>	<u>(140,957)</u>	<u>-8.3%</u>
<b>Liabilities</b>				
Current Liabilities	10,371,636	6,927,347	3,444,289	49.7%
Noncurrent Liabilities	6,114,344	6,416,203	(301,859)	-4.7%
Total Liabilities	<u>16,485,980</u>	<u>13,343,550</u>	<u>3,142,430</u>	<u>23.6%</u>
<b>Deferred Inflows of Resources</b>	<u>968,390</u>	<u>625,873</u>	<u>342,517</u>	<u>54.7%</u>
<b>Net Position</b>				
Investment in Capital Assets	-	154,186	(154,186)	-100.0%
Restricted	75,000	-	75,000	#DIV/0!
Unrestricted	8,801,592	10,243,697	(1,442,105)	-14.1%
Total Net Position	<u>\$ 8,876,592</u>	<u>\$ 10,397,883</u>	<u>\$ (1,521,291)</u>	<u>-14.6%</u>

The Compact's assets consist primarily of cash and cash equivalents, accounts receivable and prepaid expenses. The increase in the Compact's current assets primarily reflects the decrease in the current year expenses related to the energy efficiency program.

Liabilities primarily consist of accounts payable, the net pension liability and total OPEB liability. The increase in current liabilities is primarily due to timing of payment along with the increases in expenses for the energy efficiency program.

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Changes in Net Position**

The Compact's net position decreased by \$1,521,291 for the year ended December 31, 2021 and is summarized as follows:

	2021	2020	Change (\$)	Change (%)
Operating Revenues	\$ 44,184,298	\$ 39,088,940	\$ 5,095,358	13.0%
Operating Expenses	51,651,112	41,093,074	10,558,038	25.7%
Operating Income (Loss)	(7,466,814)	(2,004,134)	(5,462,680)	272.6%
Nonoperating Revenues (Expenses), Net	5,945,523	5,910,671	34,852	0.6%
Change in Net Position	(1,521,291)	3,906,537	(5,427,828)	-138.9%
Net Position - Beginning of Year	10,397,883	6,491,346	3,906,537	60.2%
<b>NET POSITION - END OF YEAR</b>	<b>\$ 8,876,592</b>	<b>\$ 10,397,883</b>	<b>\$ (1,521,291)</b>	<b>-14.6%</b>

Operating revenues primarily consist of mandatory energy efficiency charges (\$5,023,792) and energy efficiency reconciliation factor charges (\$37,908,767). The increase in operating revenues primarily reflects the increase of energy efficiency funds earned during 2021.

Approximately 91% (or \$46,871,866) of the Compact's operating expenses relate directly to energy efficiency programs. This compares to approximately 89% in 2020.

**Requests for Information**

This financial report is designed to provide a general overview of the Compact's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report should be addressed to the Compact Administrator, 261 Whites Path, Unit 4, South Yarmouth, Massachusetts, 02664.

**CAPE LIGHT COMPACT JPE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 17,898,271
Restricted Investments	75,000
Receivables:	
Energy Efficiency	613,430
Energy Efficiency Reconciliation Factor	5,228,867
Mil-Adder	82,084
Green Program	1,142
Forward Capacity Market	513,278
Other	32,937
Prepaid Expenses	334,870
Total Current Assets	<u>24,779,879</u>

**DEFERRED OUTFLOWS**

Related to Pensions	818,643
Related to OPEB	732,440
Total Deferred Outflows	<u>1,551,083</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Expenses	10,284,759
Accrued Payroll	81,211
Compensated Absences, Current	5,666
Total Current Liabilities	<u>10,371,636</u>

Noncurrent Liabilities:

Compensated Absences, Net of Current	50,994
Total OPEB Liability	2,827,857
Net Pension Liability	3,235,493
Total Noncurrent Liabilities	<u>6,114,344</u>

Total Liabilities	16,485,980
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**DEFERRED INFLOWS**

Related to Pensions	614,656
Related to OPEB	353,734
Total Deferred Inflows	<u>968,390</u>

**NET POSITION**

Restricted	75,000
Unrestricted	8,801,592
Total Net Position	<u><u>\$ 8,876,592</u></u>

**CAPE LIGHT COMPACT JPE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2021**

<b>OPERATING REVENUES</b>	
Energy Efficiency	\$ 5,023,792
Energy Efficiency Reconciliation Factor	37,908,767
Mil-Adder	1,034,745
Green Program	10,451
Intergovernmental	56,467
Intergovernmental (SMART)	32,726
Other	117,350
Total Operating Revenues	44,184,298
<b>OPERATING EXPENSES</b>	
Salaries and Benefits (Excluding Pension and OPEB)	2,425,826
Pension and OPEB	196,792
Energy Efficiency Programs:	
Residential Programs	32,016,943
Low Income Programs	3,698,792
Commercial and Industrial Programs	10,329,569
Other Programs	826,562
Legal and Related Consulting Services	900,087
Other Professional Services	52,844
Marketing	400,744
Other Operating	648,767
Depreciation	154,186
Total Operating Expenses	51,651,112
<b>OPERATING LOSS</b>	(7,466,814)
<b>NONOPERATING REVENUES</b>	
Forward Capacity Market	5,895,369
Renewable Energy Certificates, Net	26,315
Investment Income	23,839
Total Nonoperating Revenues	5,945,523
<b>CHANGE IN NET POSITION</b>	(1,521,291)
Net Position - Beginning of Year	10,397,883
<b>NET POSITION - END OF YEAR</b>	\$ 8,876,592

**CAPE LIGHT COMPACT JPE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers and Users	\$ 42,084,867
Payments to Vendors and Customers	(45,449,036)
Payments for Salaries and Benefits	(2,421,986)
Net Cash Used by Operating Activities	<u>(5,786,155)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from Sales of Renewable Energy Certificates	107,651
Purchase of Renewable Energy Certificates	(51,259)
Proceeds from Forward Capacity Market	5,862,510
Net Cash Provided by Noncapital Financing Activities	<u>5,918,902</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(75,000)
Investment Income	23,839
Net Cash Used by Investing Activities	<u>(51,161)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

81,586

Cash and Cash Equivalents - Beginning of Year

17,816,685

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 17,898,271

**RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES**

Operating Loss	\$ (7,466,814)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	154,186
Effect of Changes in Assets, Liabilities, Deferred Outflows and Inflows not Requiring Current Cash Flows:	
Total OPEB Liability	65,680
Deferred Outflows Related to OPEB	(61,453)
Deferred Inflows Related to OPEB	201,070
Net Pension Liability	(352,362)
Deferred Outflows Related to Pension	202,410
Deferred Inflows Related to Pension	141,447
Effect of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(2,099,431)
Accounts Payable and Accrued Expenses	3,425,542
Accrued Payroll	20,433
Compensated Absences	(16,863)
Total Adjustments	<u>1,680,659</u>
Net Cash Used by Operating Activities	<u><u>\$ (5,786,155)</u></u>

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 REPORTING ENTITY**

The Cape Light Compact (Compact) is a joint powers entity (JPE) pursuant to G.L. c. 40, §4A ½. The Compact was created for the purpose of providing competitive electric supply, green power options, energy efficiency programs and consumer advocacy for the residents and businesses of Cape Cod and Martha's Vineyard.

The Compact's current membership consists of 21 towns and Dukes County and is governed by a 22-member board of directors appointed by each of the member towns and county.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The Compact accounts for its operations as an enterprise fund. The significant accounting policies are described herein.

**A. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The Compact's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash flows.

The Compact distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**B. Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

**C. Accounts Receivable**

Accounts receivable are recorded at the time of the underlying event. The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. At December 31, 2021, all amounts are considered 100% collectible.

**D. Prepaid Expenses**

Payments related to Solar Renewable Energy Credits (SREC) and Solar Massachusetts Renewable Target (SMART) programs reflect costs applicable to future accounting periods and are recorded as prepaid items.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Capital Assets**

Capital assets are recorded at historical cost. All individual purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Depreciable capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Asset Type</u>	<u>Estimated Useful Life (in Years)</u>
Vehicles	5
Software*	6

\* Term of contract

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

**F. Compensated Absences**

Employees are granted vacation and sick leave. Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

**G. Revenue Recognition**

Energy efficiency revenues are derived from the Massachusetts Department of Public Utilities (DPU) mandatory charge of 2.5 mills (\$0.0025) per kilowatt hour to fund energy efficiency programs. These charges are initially collected by the electric distribution company and subsequently provided to the Compact. The Compact recognizes the energy efficiency charge as operating revenue on the accrual basis of accounting.

In addition to the mandatory charge, the Compact, and all Massachusetts energy efficiency program administrators, have an "Energy Efficiency Reconciliation Factor Charge" (EERF). The EERF is a fully reconciling funding mechanism designed to recover costs associated with energy efficiency programs by reconciling energy efficiency revenue amounts collected in electric rates with the total expense amounts incurred for energy efficiency programs, as approved by the DPU. These charges are initially collected by the electric distribution company and subsequently provided to the Compact. The Compact recognizes the EERF charge as operating revenue on the accrual basis of accounting.



**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Revenue Recognition (Continued)**

Operational-adder revenues are derived from a 1 mil (\$0.001) per kilowatt hour surcharge used to fund the Compact's nonenergy efficiency operational expenses as provided in the Compact's form of competitive electric supply agreement (CESA) approved by the Massachusetts Department of Telecommunications and Energy, now the Department of Public Utilities. These funds are collected by the Compact's contracted electric supply company on behalf of the Compact as part of the Compact's electric rates and are subsequently remitted to the Compact. The Compact's Governing Board appropriates these funds through the annual budget process; in addition, funds are disbursed by the Compact's administrator based on contractual and regulatory obligations. Operational-adder charges are recognized as operating revenue on the accrual basis of accounting.

Green Program revenues are derived from a \$.013 and \$.027 per kilowatt hour premiums to support efforts to encourage new renewable energy project development in New England. These funds are collected by the Compact's contracted electric supply company on behalf of the Compact as part of the Compact's electric rates and are subsequently remitted to the Compact. Green Program charges are recognized as operating revenue on the accrual basis of accounting.

Various other grants are applied for and received annually. For nonexpense driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expense driven grants, revenue is recognized when the qualifying expenses are incurred, and all other grant requirements are met.

**H. Forward Capacity Market**

The Compact participates in ISO New England's forward capacity market. The Compact recognizes proceeds from the forward capacity market as nonoperating revenue on the accrual basis. These funds are used for energy efficiency projects.

**I. Deferred Outflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

Deferred outflows of resources related to pensions and OPEB are reported by the Compact.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows of resources related to pensions and OPEB are reported by the Compact.

**K. Pensions**

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

**L. Postemployment Benefits**

In addition to providing pension benefits, the Compact provides health and life insurance coverage for current and future retirees and their spouses as more fully described in Note 7.

**M. Net Position**

Net Position is reported in three categories: investment in capital assets, restricted and unrestricted. Restricted net position represents restrictions by parties outside of the Compact. The Compact reported restrictions of net position at December 31, 2021 of \$75,000.

During 2019, the Board voted to establish an operating contingency reserve fund in the amount of \$250,000 to be funded over three years. \$185,000 was funded during 2021 and has been reported within unrestricted net position.

**N. Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DEPOSITS AND INVESTMENTS**

Deposits are governed by the Massachusetts General Laws and the Compact's by laws.

**Deposits – Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Compact's deposits may not be recovered. The Compact does not have a policy for custodial credit risk of deposits. As of December 31, 2021, \$769,423 of the Compact's bank balance of \$18,246,839 was uninsured and uncollateralized and exposed to custodial credit risk.

**Investments Summary**

The Compact's investments at December 31, 2021 consisted of a mutual funds with a maturity of less than one year in the amount of \$75,000.

**Investments – Interest Rate Risk of Debt Securities**

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Compact does not have a policy for interest rate risk of debt securities.

**Investments – Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Compact will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Compact does not have a policy for custodial credit risk of investments. As of December 31, 2021, the Compact was not exposed to custodial credit risk.

**Investments – Credit Risk of Debt Securities**

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Compact does not have a policy for credit risk of debt securities. As of December 31, 2021, the Compact's mutual fund investment is rated AAAM by S&P Global.

**Investments – Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Compact's investment in a single issuer. The Compact does not have a policy for concentration of credit risk. As of December 31, 2021, 100% of the Compact's investments were in an institutional mutual fund with BlackRock.

**Investments – Fair Value Measurements**

The Compact categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2021, the investment in mutual funds was measured at Level 1 under the fair value hierarchy.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Software	\$ 812,281	\$ -	\$ -	\$ 812,281
Vehicle	23,319	-	(23,319)	-
Total Capital Assets Being Depreciated	835,600	-	(23,319)	812,281
Accumulated Depreciation:				
Software	(658,095)	(154,186)	-	(812,281)
Vehicles	(23,319)	-	23,319	-
Total Accumulated Depreciation	(681,414)	(154,186)	23,319	(812,281)
Total Capital Assets Being Depreciated, Net	154,186	(154,186)	-	-
Total Capital Assets	<u>\$ 154,186</u>	<u>\$ (154,186)</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the year ended December 31, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated Absences	<u>\$ 73,523</u>	<u>\$ -</u>	<u>\$ (16,863)</u>	<u>\$ 56,660</u>	<u>\$ 5,666</u>

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 PENSION PLAN**

**Plan Description**

Effective January 1, 2018, the Compact became a member of the Barnstable County Contributory Retirement Association (BCRA), a cost-sharing multiemployer defined benefit pension plan covering eligible employees of the 59 member units.

The BCRA is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablcounty.org/retirement/association/>.

The Compact has established a reserve fund for the advance accumulation of funding for pension benefits. However, this is not considered a qualifying trust for reporting purposes under GASB No. 67 and 68 and therefore is not reported as a reduction of the liability. The reserve balance at December 31, 2021 amounted to \$3,188,557 and is reported in the Compact's net position at December 31, 2021.

**Benefits Provided**

The BCRA provides retirement, disability, survivor, and death benefits to plan members and beneficiaries. Massachusetts contributory retirement system benefits are, with certain minor exceptions, uniform from system to system. The systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after 10 years of creditable service.

**Contributions**

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. Contributions to the BCRA totaled \$329,882 for the year ended December 31, 2021.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 PENSION PLAN (CONTINUED)**

**Net Pension Liability**

At December 31, 2021, the Compact reported a liability of \$3,235,493 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Compact's proportion of the net pension liability was based on a projection of the Compact's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2020, the measurement date, the Compact's proportion was 0.468%. At December 31, 2019, the Compact's proportion was 0.478%.

**Pension Expense**

For the year ended December 31, 2021, the Compact recognized pension expense of \$322,686. At December 31, 2021, the Compact reported deferred inflows of resources related to pensions of \$614,656 and deferred outflows of resources related to pensions of \$818,643.

The balances of deferred outflows and inflows at December 31, 2021 consist of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 377,539
Changes in Assumptions	284,556	-
Differences Between Expected and Actual Experience	-	17,714
Changes in Proportion	204,205	219,403
Contributions Made Subsequent to the Measurement Date	329,882	-
Total	<u>\$ 818,643</u>	<u>\$ 614,656</u>

Deferred outflows of resources totaling \$329,882 related to contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2022. The remaining net deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (36,017)
2023	13,384
2024	(109,342)
2025	16,881
2026	(10,801)
Total	<u>\$ (125,895)</u>

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 PENSION PLAN (CONTINUED)**

**Actuarial Method and Assumptions**

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2020:

Valuation Date    January 1, 2020

Actuarial Cost Method    Entry Age Normal Cost Method

Investment Rate of Return    7.15%, net of pension plan investment expense, including inflation

Projected Salary Increases    3.25%

Cost of Living Adjustments    3.0% of the first \$18,000

Mortality Rates:    Pre-Retirement: The RP-2014 Blue Collar Mortality Table projected generationally with a Scale MP-2017

Healthy Retiree: The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with a Scale MP-2017

Disabled Retiree: The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with a Scale MP-2017

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 PENSION PLAN (CONTINUED)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0 %	6.28 %
International Developed Markets Equity	12.0	7.00
International Emerging Markets Equity	5.0	8.82
Core Fixed Income	15.0	3.80
Value Added Fixed Income	8.0	2.97
Real Estate	10.0	3.50
Timberland	4.0	3.45
Hedge Fund, PCS	10.0	2.35
Private Equity	14.0	10.11
Total	<u>100.0 %</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 4,376,110	\$ 3,235,493	\$ 2,277,049



**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The Compact's defined benefit OPEB plan provides health, dental, and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single employer defined benefit Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Compact and the employees. The Plan does not have an established trust and does not accumulate assets to offset the liability. The Plan does not issue a publicly available financial report.

The Compact has established a reserve fund for the advance accumulation of funding for postemployment benefits. However, this is not considered a qualifying trust for reporting purposes under GASB No. 74 and 75 and therefore is not reported as a reduction of the liability. The reserve balance at December 31, 2021 amounted to \$1,350,248 and is reported in the Compact's net position at December 31, 2021.

**Benefits Provided**

The Cape Light Compact provides health, dental, and life insurance coverage for its retirees and their survivors. The Compact contributes 75% of the cost of current-year health, dental, and life insurance premiums for eligible retired plan members and their dependents. Plan members receiving benefits contribute the remaining 25% percent of their premium costs. The required contribution is based on a pay-as-you-go financing requirement. For 2020, the Compact contributed approximately \$60,083 to the plan. The costs of administering the Plan are paid by the Compact.

**Employees Covered by Benefit Terms**

The number of covered participants in the Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Active Employees	11
Retirees and Survivors	9
Total	<u>20</u>

**Total OPEB Liability**

The Compact's total OPEB liability of \$2,827,857 was measured as of December 31, 2021, which was rolled forward from an actuarial valuation as of June 30, 2020.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability as of December 31, 2021 was measured by an actuarial valuation as of June 30, 2020 actuarial valuation (rolled forward to the measurement date) and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate 2.06% (20-Year Municipal Bond Index Rate)

Health Care Trend Rates Medicare: 2.50% for 1 year, then 6.75% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Non-Medicare: 2.50% for one year, then 6.5% decreased by 0.25% each year to an ultimate level of 4.5% per year.

Mortality Rates: Pre-Retirement: The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017

Postretirement: Healthy: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017; Disabled: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance at December 31, 2020	\$ 2,762,177
Changes for the Year:	
Service Cost	144,745
Interest	60,993
Differences between expected and actual experience	176,687
Changes in Assumptions	(256,662)
Benefit Payments	(60,083)
Net Changes	65,680
Balance at December 31, 2021	\$ 2,827,857

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability, calculated using the discount rate of 2.06%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB Liability	\$ 3,396,885	\$ 2,827,857	\$ 2,381,655

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

The following presents the total OPEB liability, calculated using the healthcare cost trend rates, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 2,282,401	\$ 2,827,857	\$ 3,570,943

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2021, the Compact recognized OPEB expense of \$265,380.

At December 31, 2021, the Compact reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 575,384	\$ 265,734
Differences Between Expected and Actual Experience	157,056	88,000
Total	\$ 732,440	\$ 353,734

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 59,643
2023	59,643
2024	59,643
2025	59,649
2026	61,312
Thereafter	78,816
Total	\$ 378,706

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 RELATED PARTY TRANSACTIONS**

**Cape and Vineyard Electric Cooperative (CVEC)**

The Compact is a Member of CVEC, whose purpose is to develop and/or own renewable electric generation facilities and procure and/or sell long-term electric supply or other energy-related goods or services at competitive prices to its Members and consumers within its Member communities.

*Renewable Energy Certificates*

RECs purchased by CVEC are sold to the Compact for an amount equal to CVEC's cost for the Compact's Green Power Supply Program. Purchases for the year ended December 31, 2021 totaled \$47,250.

**NOTE 9 OPERATING LEASES**

The Compact is committed under operating lease agreements for office space and vehicles used by the Compact. Future minimum payments under these operating leases are as follows:

<u>Calendar Year</u>	<u>Vehicles</u>	<u>Office Space</u>
2022	\$ 6,404	\$ 103,500
2023	10,007	103,500
2024	10,007	103,500
2025	4,870	103,500
2026	-	103,500
Thereafter	-	103,500

Lease expenses for the agreements for the year ended December 31, 2021 totaled \$94,600 and are reported as other operating expenses.

**NOTE 10 COMMITMENTS**

The Compact participates in ISO New England's forward capacity market and has made commitments to deliver specified units of energy efficiency at a fixed price per unit. If the Compact fails to deliver its capacity supply obligation, it is subject to penalties determined by the rules of the forward capacity market. On December 17, 2021, the Compact entered into a security agreement to meet the financial assurance requirements of ISO New England (secured party), of which the secured party has continuing security interest in the investment collateral.

On November 20, 2018, the Compact entered into a Power Purchase Agreement (PPA) with Farmington Solar, LLC to purchase 5 megawatts of energy and REC's generated by a photovoltaic solar electric energy generating facility (Facility) to be constructed and owned by Farmington Solar, LLC.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 COMMITMENTS (CONTINUED)**

The term of the PPA is 20 years following and including the commercial operation date (as defined in the PPA). All energy delivered to the Compact under the PPA will be at a fixed contract price. To support the Compact's obligations under the PPA, the Compact must provide a letter of credit (ranging from \$4,978,000 in the first year of operation to \$218,000 in the last year of operation) in accordance with the terms of the PPA.

On July 12, 2021, the Compact obtained a \$5,000,000 letter of credit to meet the financial assurance requirements of Farmington Solar, LLC, which is secured by cash balances.

**CAPE LIGHT COMPACT JPE  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION PLAN SCHEDULES  
YEAR ENDED DECEMBER 31 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF THE COMPACT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (1)(2)**

	2021	2020	2019	2018	2017
Compact's Proportion of the Net Pension Liability	0.468%	0.478%	0.434%	0.471%	0.493%
Compact's Proportionate Share of the Net Pension Liability	\$ 3,235,493	\$ 3,587,855	\$ 3,429,747	\$ 3,202,074	\$ 3,467,247
Compact's Employee Payroll	\$ 1,501,375	\$ 1,468,732	\$ 1,217,527	\$ 1,423,681	\$ 1,340,875
Compact's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	46.40%	40.94%	35.50%	44.46%	38.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.82%	62.34%	57.63%	61.86%	57.28%

- (1) Data is being accumulated annually to present 10 years of the reported information  
(2) Measurement date is December 31 of the prior year

**SCHEDULE OF COMPACT CONTRIBUTIONS (1)**

	2021	2020	2019	2018	2017	2016
Actuarially Required Contribution	\$ 329,882	\$ 325,793	\$ 315,737	\$ 337,761	\$ 277,827	\$ 293,912
Contributions in Relation to the Actuarially Required Contribution	(329,882)	(325,793)	(315,737)	(337,761)	(277,827)	(293,912)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compact's Employee Payroll	\$ 1,501,375	\$ 1,468,732	\$ 1,217,527	\$ 1,423,681	\$ 1,340,875	\$ 1,340,875
Contributions as a Percentage of Employee Payroll	21.97%	22.18%	25.93%	23.72%	20.72%	21.92%

- (1) Data is being accumulated annually to present 10 years of the reported information

**CAPE LIGHT COMPACT JPE  
REQUIRED SUPPLEMENTARY INFORMATION  
POSTEMPLOYMENT BENEFIT SCHEDULES  
YEAR ENDED DECEMBER 31 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

**SCHEDULE OF CHANGES IN THE COMPACT'S TOTAL OPEB LIABILITY (1) (2)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 144,745	\$ 118,817	\$ 80,400	\$ 103,165
Interest	60,993	68,061	76,203	64,339
Differences Between Expected and Actual Experience	176,687	-	-	(176,002)
Changes in Assumptions	(256,662)	234,786	479,684	145,966
Benefit Payments	(60,083)	(48,930)	(49,611)	(29,366)
Change in Total OPEB Liability	<u>65,680</u>	<u>372,734</u>	<u>586,676</u>	<u>108,102</u>
Total OPEB Liability - Beginning	<u>2,762,177</u>	<u>2,389,443</u>	<u>1,802,767</u>	<u>1,708,578</u>
Total OPEB Liability - Ending	<u>\$ 2,827,857</u>	<u>\$ 2,762,177</u>	<u>\$ 2,389,443</u>	<u>\$ 1,816,680</u>

- (1) Data is being accumulated annually to present 10 years of the reported information.
- (2) Measurement date is December 31, with the exception of 2018 which was a measurement date of June 30, 2018. It was not practical to restate the 2018 amounts as the rollforward was performed for 6 months to bring to the new measurement date.

**CAPE LIGHT COMPACT JPE**  
**COMBINING STATEMENT OF NET POSITION BY PROGRAM**  
**DECEMBER 31 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	Energy Efficiency	Power Supply Reserve	OPEB/Pension Reserve Fund	Operating	Green/Solar Programs	Grant Funds	Contingency Reserve Fund	Eliminations	Total
<b>Current Assets:</b>									
Cash and Cash Equivalents	\$ 11,423,258	\$ 1,601,662	\$ 4,538,805	\$ 7,693	\$ 141,853	\$ -	\$ 185,000	\$ -	\$ 17,898,271
Restricted Investments	75,000	-	-	-	-	-	-	-	75,000
Receivables, Net of Allowance for Uncollectible Amounts:									
Energy Efficiency	613,430	-	-	-	-	-	-	-	613,430
Energy Efficiency Reconciliation Factor	5,228,867	-	-	-	-	-	-	-	5,228,867
Mii-Adder	-	82,084	-	-	-	-	-	-	82,084
Green Program	-	-	-	-	1,142	-	-	-	1,142
Forward Capacity Market	513,278	-	-	-	-	-	-	-	513,278
Other	13,196	-	-	-	-	19,741	-	-	32,937
Due from Other Funds	-	-	-	18,887	-	-	-	-	18,887
Prepaid Expenses	-	-	-	-	334,870	-	-	-	334,870
<b>Total Current Assets</b>	<b>17,867,029</b>	<b>1,683,746</b>	<b>4,538,805</b>	<b>26,580</b>	<b>477,865</b>	<b>19,741</b>	<b>185,000</b>	<b>-</b>	<b>24,798,766</b>
<b>DEFERRED OUTFLOWS</b>									
Related to Pensions	765,132	-	-	53,511	-	-	-	-	818,643
Related to OPEB	686,451	-	-	45,989	-	-	-	-	732,440
<b>Total Deferred Outflows</b>	<b>1,451,583</b>	<b>-</b>	<b>-</b>	<b>99,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,551,083</b>
<b>LIABILITIES</b>									
<b>Current Liabilities:</b>									
Accounts Payable and Accrued Expenses	10,262,659	-	-	22,100	-	-	-	-	10,284,759
Due to Other Funds	-	-	-	-	-	18,887	-	-	18,887
Accrued Payroll	76,732	-	-	4,479	-	-	-	-	81,211
Compensated Absences, Current	5,326	-	-	340	-	-	-	-	5,666
<b>Total Current Liabilities</b>	<b>10,344,717</b>	<b>-</b>	<b>-</b>	<b>26,919</b>	<b>-</b>	<b>18,887</b>	<b>-</b>	<b>-</b>	<b>10,390,523</b>
<b>Noncurrent Liabilities</b>									
Compensated Absences, Net of Current	47,934	-	-	3,060	-	-	-	-	50,994
Total OPEB Liability	2,650,299	-	-	177,558	-	-	-	-	2,827,857
Net Pension Liability	3,024,002	-	-	211,491	-	-	-	-	3,235,493
<b>Total Noncurrent Liabilities</b>	<b>5,722,235</b>	<b>-</b>	<b>-</b>	<b>392,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,114,344</b>
<b>Total Liabilities</b>	<b>16,066,952</b>	<b>-</b>	<b>-</b>	<b>419,028</b>	<b>-</b>	<b>18,887</b>	<b>-</b>	<b>-</b>	<b>16,504,867</b>
<b>DEFERRED INFLOWS</b>									
Related to Pensions	574,479	-	-	40,177	-	-	-	-	614,656
Related to OPEB	331,523	-	-	22,211	-	-	-	-	353,734
<b>Total Deferred Inflows</b>	<b>906,002</b>	<b>-</b>	<b>-</b>	<b>62,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>968,390</b>
<b>NET POSITION</b>									
Restricted	75,000	-	-	-	-	-	-	-	75,000
Unrestricted	2,270,658	1,683,746	4,538,805	(355,336)	477,865	854	185,000	-	8,801,592
<b>Total Net Position</b>	<b>\$ 2,345,658</b>	<b>\$ 1,683,746</b>	<b>\$ 4,538,805</b>	<b>\$ (355,336)</b>	<b>\$ 477,865</b>	<b>\$ 854</b>	<b>\$ 185,000</b>	<b>\$ -</b>	<b>\$ 8,876,592</b>



**CAPE LIGHT COMPACT JPE  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGE IN NET POSITION BY PROGRAM  
YEARS ENDED DECEMBER 31 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Energy Efficiency	Power Supply Reserve	OPEB/Pension Reserve Fund	Operating	Green/Solar Programs	Grants Funds	Contingency Reserve Fund	Eliminations	Total
<b>OPERATING REVENUES</b>									
Energy Efficiency	\$ 5,023,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,023,792
Energy Efficiency Reconciliation Factor	37,908,767	-	-	-	-	-	-	-	37,908,767
Mit-Adder	-	1,034,745	-	-	-	-	-	-	1,034,745
Green Program	-	-	-	-	10,451	-	-	-	10,451
Intergovernmental	-	4,630	-	-	-	51,837	-	-	56,467
Intergovernmental (SMART)	-	-	-	-	32,726	-	-	-	32,726
Other	-	105,907	-	11,443	-	-	-	-	117,350
<b>Total Operating Revenues</b>	<b>42,932,559</b>	<b>1,145,282</b>	<b>-</b>	<b>11,443</b>	<b>43,177</b>	<b>51,837</b>	<b>-</b>	<b>-</b>	<b>44,184,298</b>
<b>OPERATING EXPENSES</b>									
Salaries and Benefits (Excluding Pension and OPEB)	2,225,604	-	-	149,239	-	50,983	-	-	2,425,826
Pension and OPEB	76,946	-	-	119,846	-	-	-	-	196,792
<b>Energy Efficiency Programs:</b>									
Residential Programs	32,016,943	-	-	-	-	-	-	-	32,016,943
Low Income Programs	3,696,792	-	-	-	-	-	-	-	3,696,792
Commercial and Industrial Programs	10,329,569	-	-	-	-	-	-	-	10,329,569
Other Programs	826,562	-	-	-	-	-	-	-	826,562
Legal and Related Consulting Services	642,830	-	-	257,257	-	-	-	-	900,087
Other Professional Services	45,808	-	-	7,036	-	-	-	-	52,844
Marketing	384,715	-	-	16,029	-	-	-	-	400,744
Other Operating	372,236	45,000	-	212,072	19,459	-	-	-	648,767
Depreciation	154,186	-	-	-	-	-	-	-	154,186
<b>Total Operating Expenses</b>	<b>50,774,191</b>	<b>45,000</b>	<b>-</b>	<b>761,479</b>	<b>19,459</b>	<b>50,983</b>	<b>-</b>	<b>-</b>	<b>51,851,112</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(7,841,632)</b>	<b>1,100,282</b>	<b>-</b>	<b>(750,036)</b>	<b>23,718</b>	<b>854</b>	<b>-</b>	<b>-</b>	<b>(7,466,814)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Forward Capacity Market	5,895,369	-	-	-	-	-	-	-	5,895,369
Renewable Energy Certificates, Net	-	16,335	-	-	9,980	-	-	-	26,315
Investment Income	16,151	2,430	1,628	3,630	-	-	-	-	23,839
<b>Total Nonoperating Revenues (Expenses), Net</b>	<b>5,911,520</b>	<b>18,765</b>	<b>1,628</b>	<b>3,630</b>	<b>9,980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,945,523</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(1,930,112)</b>	<b>1,119,047</b>	<b>1,628</b>	<b>(746,406)</b>	<b>33,698</b>	<b>854</b>	<b>-</b>	<b>-</b>	<b>(1,521,291)</b>
<b>TRANSFERS</b>									
Transfers In	-	-	341,310	843,068	-	-	185,000	-	1,369,378
Transfers Out	(192,739)	(961,012)	-	(215,627)	-	-	-	-	(1,369,378)
<b>Total Transfers</b>	<b>(192,739)</b>	<b>(961,012)</b>	<b>341,310</b>	<b>627,441</b>	<b>-</b>	<b>-</b>	<b>185,000</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>(2,122,851)</b>	<b>158,035</b>	<b>342,938</b>	<b>(118,965)</b>	<b>33,698</b>	<b>854</b>	<b>185,000</b>	<b>-</b>	<b>(1,521,291)</b>
Net Position - Beginning of Year	4,488,509	1,525,711	4,195,867	(236,371)	444,167	-	-	-	10,397,863
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b>\$ 2,345,658</b>	<b>\$ 1,683,746</b>	<b>\$ 4,538,805</b>	<b>\$ (355,336)</b>	<b>\$ 477,865</b>	<b>\$ 854</b>	<b>\$ 185,000</b>	<b>\$ -</b>	<b>\$ 8,876,592</b>

**CAPE LIGHT COMPACT JPE  
RECONCILIATION OF AUDITED ENERGY EFFICIENCY GAAP  
EXPENSES TO DEPARTMENT OF PUBLIC UTILITIES (DPU) REPORT  
YEAR ENDED DECEMBER 31 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

Energy Efficiency Operating Fund Expenses Reported on 2021 Combining Statement Revenues, Expenses and Change in Net Position by Program (Page 30)	\$ 50,774,191
<u>Reconciling Items:</u>	
To Record Net Change in Accrued Expenses	27,018
To Record Net Change in Accrued Payroll	(27,022)
To Record Net Pension Liability, Net of Deferred Outflows and Inflows	115,459
To Record Total OPEB Liability, Net of Deferred Outflows and Inflows	(192,405)
To Record Net Change in Accrued Compensated Absences	15,129
Transfers Made to the OPEB and Pension Reserve Fund	192,739
Depreciation of Capitalized Expenses	<u>(154,186)</u>
Total Reconciling Items	<u>(23,268)</u>
2021 Energy Efficiency Expenses Reported on the 2019 - 2021 Term Report	<u>\$ 50,750,923</u> (A)

(A) This amount is reported on the modified accrual basis of accounting and reviewed annually by the DPU

## 2022 Operating Budget Expense Report 10/31/22

ORG	OBJECT	ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	AVAILABLE BUDGET	% USED
01001	5110	OP-SALARIES	\$ 113,000.00	\$ 113,000.00	\$ 65,566.19	\$ 47,433.81	58.00
01001	5119	OP-SALARY RESERVE	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00	0.00
01001	5171	OP-RETIREMENT	\$ 45,500.00	\$ 45,500.00	\$ 23,524.56	\$ 21,975.44	51.70
01001	5173	OP-GROUP INSURANCE	\$ 25,000.00	\$ 25,000.00	\$ 12,997.38	\$ 12,002.62	52.00
01001	5174	OP-MEDICARE/OTHER TAXES	\$ 2,000.00	\$ 2,000.00	\$ 903.70	\$ 1,096.30	45.20
01001	5175	STATE UNEMPLOYMENT INSURANCE	\$ 621.00	\$ 621.00	\$ 113.45	\$ 507.55	18.30
01001	5179	OP-MISC FRINGES	\$ 567.00	\$ 567.00	\$ 21.81	\$ 545.19	3.80
01001	5180	OP-RETIREMENT LIABILITY	\$ 41,487.00	\$ 41,487.00	\$ -	\$ 41,487.00	0.00
01001	5181	OP-OPEB LIABILITY	\$ 28,133.00	\$ 28,133.00	\$ -	\$ 28,133.00	0.00
01001	5210	OP-UTILITIES	\$ 500.00	\$ 500.00	\$ 58.61	\$ 441.39	11.70
01001	5270	OP-MISC RENTALS	\$ 1,200.00	\$ 1,200.00	\$ 148.50	\$ 1,051.50	12.40
01001	5272	OP-RENT	\$ 25,875.00	\$ 25,875.00	\$ 4,140.00	\$ 21,735.00	16.00
01001	5290	OP-CUSTODIAL SERVICES	\$ 3,900.00	\$ 3,900.00	\$ 697.50	\$ 3,202.50	17.90
01001	5301	OP-ADVERTISING	\$ 40,000.00	\$ 40,000.00	\$ 29,433.04	\$ 10,566.96	73.60
01001	5302	OP-PUBLIC MARKETING SUPPORT	\$ 57,343.00	\$ 57,343.00	\$ 29,240.79	\$ 28,102.21	51.00
01001	5309	OP-IT SERVICES	\$ 1,200.00	\$ 1,200.00	\$ 417.90	\$ 782.10	34.80
01001	5313	OP-STAFF PROFESSIONAL DEVELOP	\$ 5,000.00	\$ 5,000.00	\$ 2,296.81	\$ 2,703.19	45.90
01001	5314	OP-PAYROLL SERVICES	\$ 640.00	\$ 640.00	\$ 80.55	\$ 559.45	12.60
01001	5315	OP-LEGAL SERVICES	\$ 245,100.00	\$ 488,331.00	\$ 246,550.79	\$ 241,780.21	50.50
01001	5316	OP-AUDIT FEES	\$ 5,000.00	\$ 5,000.00	\$ 2,190.00	\$ 2,810.00	43.80
01001	5318	OP-TREASURY SERVICES	\$ 2,620.00	\$ 2,620.00	\$ 5,888.00	\$ (3,268.00)	224.70
01001	5319	OP-CONTRACTUAL	\$ 25,000.00	\$ 25,000.00	\$ 7,486.89	\$ 17,513.11	29.90
01001	5320	OP-OUTREACH/MARKETING CONTRACT	\$ 75,000.00	\$ 75,000.00	\$ 31,834.76	\$ 43,165.24	42.40
01001	5341	OP-POSTAGE	\$ 10,000.00	\$ 10,000.00	\$ 4,085.96	\$ 5,914.04	40.90
01001	5343	OP-TELEPHONES	\$ 1,200.00	\$ 1,200.00	\$ 788.39	\$ 411.61	65.70
01001	5344	OP-INTERNET	\$ 4,000.00	\$ 4,000.00	\$ 755.35	\$ 3,244.65	18.90
01001	5345	OP-PRINTING	\$ 5,000.00	\$ 5,000.00	\$ 6,374.80	\$ (1,374.80)	127.50
01001	5400	OP-SUPPLIES	\$ 1,500.00	\$ 1,500.00	\$ 193.76	\$ 1,306.24	12.90
01001	5490	OP-FOOD SUPPLIES	\$ 1,500.00	\$ 1,500.00	\$ 1,260.95	\$ 239.05	84.10
01001	5710	OP-TRAVEL IN STATE	\$ 10,000.00	\$ 10,000.00	\$ 497.85	\$ 9,502.15	5.00
01001	5720	OP-TRAVEL OUT STATE	\$ 5,000.00	\$ 5,000.00	\$ 4,169.17	\$ 830.83	83.40
01001	5730	OP-SPONSORSHIPS	\$ 51,000.00	\$ 51,000.00	\$ 42,315.00	\$ 8,685.00	83.00
01001	5731	OP-SUBSCRIPTIONS	\$ 25,000.00	\$ 25,000.00	\$ 20,320.00	\$ 4,680.00	81.30
01001	5732	OP-SOFTWARE LICENSES	\$ 1,916.00	\$ 1,916.00	\$ 1,042.53	\$ 873.47	54.40
01001	5741	OP-INSURANCE	\$ 16,000.00	\$ 16,000.00	\$ 3,510.54	\$ 12,489.46	21.90
01001	5789	OP-UNPAID BILLS	\$ 500.00	\$ 500.00	\$ -	\$ 500.00	0.00
01001	5850	OP-MISC EQUIPMENT	\$ 500.00	\$ 500.00	\$ 372.60	\$ 127.40	74.50
01001	5854	OP-FINANCIAL SOFTWARE SYSTEM	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00	0.00
01001	5855	OP-COMPUTER EQUIPMENT	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 1,500.00	0.00
01001	5900	CONTINGENCY	\$ 65,000.00	\$ 65,000.00	\$ -	\$ 65,000.00	0.00
		<b>Expense Total</b>	<b>\$ 954,302.00</b>	<b>\$ 1,197,533.00</b>	<b>\$ 549,278.13</b>	<b>\$ 648,254.87</b>	<b>45.90</b>

Jan-September 2022 Mil Adder Revenue \$ 812,640.00

<u>Item</u>	<u>CY2022 Compact Operating Budget as amended</u>	<u>Proposed CY2023 Compact Operating Budget</u>	<u>Notes</u>
Legal	\$ 489,041.00	\$ 212,500.00	2022 legal includes supplemental increases for legal/consultants - initial legal budget was \$245,100
Outreach/Marketing Contractor	\$ 75,000.00	\$ 35,000.00	
Salaries	\$ 113,000.00	\$ 126,000.00	
Operating Contingency Fund	\$ 65,000.00	\$ -	
Advertising	\$ 40,000.00	\$ 55,000.00	
Marketing CLC Local Green	\$ 57,343.00	\$ 57,343.00	
Pension Liability	\$ 41,487.00	\$ 3,756.00	
Retirement	\$ 45,500.00	\$ 26,000.00	
Sponsorships	\$ 51,000.00	\$ 51,000.00	
Contractual	\$ 25,000.00	\$ 25,000.00	
Rent	\$ 25,875.00	\$ 6,210.00	
OPEB Liability	\$ 28,133.00	\$ 19,889.00	
Health Insurance	\$ 25,000.00	\$ 7,500.00	
Insurance	\$ 16,000.00	\$ 5,000.00	
Printing	\$ 5,000.00	\$ 12,000.00	
Postage	\$ 10,000.00	\$ 6,000.00	
Subscriptions	\$ 25,000.00	\$ 25,000.00	
Financial Software	\$ 5,000.00	\$ 3,900.00	
Professional Development	\$ 5,000.00	\$ 5,000.00	
Salary Reserve	\$ 5,000.00	\$ 5,000.00	
Travel In-state	\$ 10,000.00	\$ 5,000.00	
Auditor	\$ 5,000.00	\$ 3,500.00	
Internet Service	\$ 4,000.00	\$ 1,200.00	
Computer Equipment	\$ 1,500.00	\$ 1,500.00	
Unpaid Bills	\$ 500.00	\$ 500.00	
Treasury Services	\$ 2,620.00	\$ 12,000.00	Includes consulting costs
Supplies	\$ 1,500.00	\$ 1,500.00	
Telephones	\$ 1,200.00	\$ 1,000.00	
IT Services	\$ 1,200.00	\$ 1,000.00	
Payroll Services	\$ 640.00	\$ 250.00	
Software License	\$ 1,916.00	\$ 2,100.00	
Misc. Rental	\$ 1,200.00	\$ 600.00	
Travel Out-of-state	\$ 5,000.00	\$ 8,000.00	
Custodial	\$ 3,900.00	\$ 1,800.00	
Medicare/Other Taxes	\$ 2,000.00	\$ 2,000.00	
Food	\$ 1,500.00	\$ 3,000.00	
MA UI	\$ 621.00	\$ 621.00	
Misc Equipment	\$ 500.00	\$ 500.00	
Misc Fringes	\$ 567.00	\$ 250.00	
Utilities	\$ 500.00	\$ 250.00	
<b>CLC Operating Budget</b>	<b>\$ 1,198,243.00</b>	<b>\$ 733,669.00</b>	

date 11/9/2022

## **Cape Light Compact JPE Power Supply Fund Balance Analysis**

Fund Balance 10/31/22	\$1,261,434.50
Interest Income (estimated)	\$ 1,270.67
Operating Contingency Fund 10/31/22	\$ 250,153.41

**CAPE LIGHT COMPACT JPE  
LEGAL SERVICES BUDGET – OPERATING ACCOUNT  
January – December 2023**

**General Power Supply Matters** (e.g., advise on Open Meeting Law, Public Records Law, general municipal law, monitor statewide aggregations, attend Board Meetings, competitive electric supply agreement procurement, review and amendments, long-term power purchase agreement negotiation and review, representation in non-energy efficiency regulatory proceedings, DPU power supply related docket monitoring, etc.):<sup>i</sup> **\$175,500**

**Other Miscellaneous Matters** (e.g., monitor and review state legislation, monitor DPU net metering dockets, RUS Rural Energy Savings Program (“RESP”), special legal research and direct expenses (such as mileage and copying), etc.):<sup>ii</sup> **\$37,000**

**Total Budget: \$212,500**

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<sup>i</sup> Notes:

- This budget does not include any extensive correspondence or in-person meetings with the Attorney General’s Office regarding Public Records Law matters.
- This budget does not include any appeal of a Commission decision in D.P.U. 20-145 (SMART Tariff and low-income community shared solar). This also does not include any forthcoming investigation by the Department of Public Utilities into municipal aggregation.
- This budget includes monitoring and review of active dockets, such as D.P.U. 18-50 (Performance Based Ratemaking Metrics), D.P.U. 20-46 (Eversource 2019 Grid Modernization Annual Report), D.P.U. 21-30 (Eversource 2020 Grid Modernization Annual Report), D.P.U. 21-80 (Eversource Grid Modernization Plan for 2022 to 2025), D.P.U. 21-90 (Eversource Phase II Electric Vehicle Infrastructure Program and Electric Vehicle Demand Charge Alternative Proposal). ***This does not include participation in or monitoring of new dockets that commence in 2023. The Compact would need to account for active participation in such cases with a supplemental or special budget allocation.***

<sup>ii</sup> Notes:

- This budget includes *some* drafting of legislation.
- This budget includes legal service costs for the RESP project that are reimbursed as part of the RESP loan.

**MEMORANDUM OF UNDERSTANDING**

**Between COMMONWEALTH WIND, LLC**

**And**

**CAPE LIGHT COMPACT JPE**

This Memorandum of Understanding ("MOU") is made and entered into this 26<sup>th</sup> day of October, 2022 (the "Effective Date") by and Between Commonwealth Wind, LLC and the Cape Light Compact JPE ("Compact"). Commonwealth Wind, LLC, a Delaware limited liability company ("Commonwealth Wind") and the Compact, a Massachusetts joint powers entity organized pursuant to M.G.L. c. 40, §4A½, may be referred to individually hereinafter as a "Party", or together as the "Parties" to this MOU.

**I. RECITALS**

**WHEREAS**, Commonwealth Wind is developing and has executed third-party power purchase agreements ("Third-Party PPA(s)") for an approximately 1200-megawatt ("MW") offshore wind electric generation facility located off the coast of Martha's Vineyard (the "Project"), and is planning to deliver energy from the Project to the West Barnstable substation on Cape Cod;

**WHEREAS**, Commonwealth Wind is in discussions to deliver an additional quantity of offshore wind electric generation capacity to Energy New England pursuant to a power purchase agreement (which shall also be considered a "Third-Party PPA") for the benefit of municipal utilities in Massachusetts;

**WHEREAS**, Commonwealth Wind may have an interest in selling excess energy and renewable energy certificates ("RECs") from the Project to interested counterparties if such products are available for sale after all other Third-Party PPA requirements and other conditions are met;

**WHEREAS**, the Compact provides energy services to 21 towns on Cape Cod and Martha's Vineyard and serves approximately 207,000 customers through energy efficiency programs, consumer advocacy, and approximately 145,000 customers through renewable competitive electric supply;

**WHEREAS**, the Compact has an interest in providing renewable energy to its customers from offshore wind projects delivering power to a point of interconnection on Cape Cod;

**NOW, THEREFORE**, in consideration of their mutual understanding, and subject to conditions set for the herein, the Parties agree as follows.

**II. NON-BINDING AGREEMENT TO WORK IN GOOD FAITH TO AGREE TO A POWER PURCHASE AGREEMENT ("PPA") PROVIDED CERTAIN CONDITIONS ARE MET**

The Parties agree to work in good faith to negotiate a power purchase agreement for energy and RECs from the Project (a "PPA") that shall be based on the same pricing as included in the Third Party PPAs and which shall contain similar commercial terms to those agreed to

between Commonwealth Wind and Energy New England, and such other terms and conditions as are mutually agreeable between the Parties.

Execution of a PPA shall be subject to the following conditions:

Commonwealth Wind shall have determined, in its sole discretion, that it has available energy and REC supply to meet the Compact's desired purchase volume after taking into account the following considerations: (a) satisfaction of any applicable Third Party PPA requirements or conditions; (b) market conditions; (c) wind turbine generator selection; and (d) other project development considerations. If, upon consideration of these factors, Commonwealth Wind determines that it does not have adequate supply to meet the Compact's desired volume, it shall notify the Compact in writing and the MOU shall terminate.

The Compact shall have: (a) identified, if it so desires, an entity that would be responsible for receiving and paying for all energy and RECs supplied by the Project pursuant to the PPA; (b) used commercially reasonable efforts to identify the Compact's desired purchase volume, taking into account the size of the Compact's load, long-term market conditions and customer cost impacts; (c) agreed to commercially reasonable credit-worthiness requirements for the PPA; and (d) agreed to work collaboratively and in good faith on public outreach and media opportunities in support of the Project.

If, during negotiation of the PPA, the Compact, in its sole discretion, determines that it cannot satisfy the foregoing conditions, the Compact shall provide prompt written notice of the same to Commonwealth Wind and the MOU shall terminate.

### **III. EXPIRATION DATE**

This MOU shall terminate upon the earlier of (i) execution of a PPA; (ii) the date of commercial operation under the Third Party PPAs, unless the Parties have agreed in writing to extend the term of the MOU; and (iii) the date upon which a Party delivers a written notice of termination to the other Party.

### **IV. MISCELLANEOUS**

**A. Confidentiality Provision.** Each Party agrees not to disclose to a third party (other than a Party's members, directors, personnel or representatives who agree to maintain the confidentiality of the information) or use for its own purposes any non-public information of the other Party, including, without limitation, the terms of any PPA negotiations provided by one Party to the other, and any other information which has been expressly designated or marked as confidential by the disclosing Party (collectively "Confidential Information") unless the receiving Party obtains the prior written consent of the disclosing Party. Without limiting the generality of the foregoing, each Party shall observe the same safeguards and precautions with regard to Confidential Information of



the other Party that such Party observes with respect to its own information of the same or similar kind. Notwithstanding the foregoing, either Party may disclose any Confidential Information that becomes public information through no wrongful act of the receiving Party or that is provided to the receiving Party by a third party or that the receiving Party is required to disclose to comply with an applicable law, regulation, or rule, including, but not limited to, the Massachusetts Public Records Act, M.G.L. c. 4, §7, cl. 26 and M.G. L. c. 66, §10 and the Massachusetts Open Meeting Law, M.G.L. c. 30A §§18-25; provided, however, that the receiving Party gives the disclosing Party advance notice of the proposed disclosure and so that the disclosing Party may take advantage of any opportunity to restrict public disclosure of such Confidential Information. Commonwealth Wind acknowledges that the Compact and its members are subject to public records laws, including without limitation, M.G. L. c. 4, §7, cl. 26 and M.G. L. c. 66, §10, as well as the Massachusetts Open Meeting Law, M.G.L. c. 30A §§18-25.

- B. Media Statements.** Neither Party shall issue any press release or other public statement regarding the contents of this MOU without the prior written consent of the other Party.
- C. Use of Company Name, Logos.** The Parties agree not to use the other party's name, logo, style, or trademark and any name or any subsidiary or affiliate, or any adaptations of those names for advertising, trade, or other commercial purposes without the other Party's written consent.
- D. No Partnership.** Nothing in this MOU is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute either Party the agent of the other Party, nor authorize either Party to make or enter into any commitments for or on behalf of the other Party.
- E. Non-Assignment.** Neither Commonwealth Wind nor the Compact may assign this MOU, or their rights under this MOU, or delegate any duties hereunder, without prior written consent of the other Party, such consent not to be unreasonably withheld. Any attempted assignments or delegations by one Party, without the prior written consent of the other Party, shall be null and void.
- F. Authority.** Each party signing this MOU on behalf of Commonwealth Wind and the Compact respectively, represents and warrants that such person has full authority to do so, that such person (on behalf or itself and the party for whom it is signing) has obtained all necessary consents, approvals and authorizations from any person, entity or governmental authority required to enter into this MOU and perform its obligations hereunder.
- G. Governing Law.** This MOU shall be governed by Massachusetts law, without regard to conflict of laws principles.

**H. Binding vs Non-Binding Provisions.** The Parties agree that this MOU is intended as a non-binding expression of intent, other than Sections III and IV which shall be binding.

**I. Survival.** Section IV.A shall survive expiration of this MOU for a period of three years.

**J. Counterparts.** This MOU may be executed in any number of counterparts and by the Parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery by facsimile, scanned .PDF, or other electronic transmission of an executed counterpart of a signature page to this MOU shall be effective as delivery of an original executed counterpart of this MOU.

In witness whereof, the Parties hereto have executed this MOU as of the last date written below:

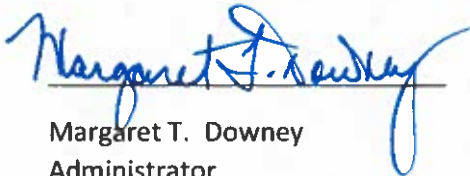


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Kenneth Kimmell  
Authorized Representative  
Commonwealth Wind, LLC

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October 26, 2022



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Margaret T. Downey  
Administrator  
Cape Light Compact JPE

October 26, 2022



# The Commonwealth of Massachusetts

## DEPARTMENT OF PUBLIC UTILITIES

### NOTICE OF FILING AND PUBLIC HEARING

D.P.U. 22-137

November 4, 2022

Petition of the Cape Light Compact JPE for Approval of a Strategic Electrification and Energy Optimization Demonstration Project Pursuant to St. 2022, c. 179, § 87A.

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On October 27, 2022, the towns of Aquinnah, Barnstable, Bourne, Brewster, Chatham, Chilmark, Dennis, Eastham, Edgartown, Falmouth, Harwich, Mashpee, Oak Bluffs, Orleans, Provincetown, Sandwich, Tisbury, Truro, Wellfleet, West Tisbury, and Yarmouth, and Dukes County, acting together as the Cape Light Compact JPE (“Compact”) filed a petition with the Department of Public Utilities (“Department”) to implement a strategic electrification and energy optimization demonstration project and associated budget pursuant to St. 2022, c. 179, § 87A, as part of its current 2022-2024 Three-Year Energy Efficiency Plan that was approved by the Department in Cape Light Compact JPE, D.P.U. 21-126 (2022). Through the proposed demonstration project (referred to as the “Cape and Vineyard Electrification Offering” or “CVEO”), the Compact proposes to enable 100 low- and moderate-income residential customers to convert their oil, propane, or electric resistance heat to cold climate heat pumps and install solar photo-voltaic systems to support electrification of their heating systems. For a subset of these customers, the Compact also proposes to install battery energy storage. To implement the CVEO, the Compact proposes a budget of \$5,931,509 for 2023 through 2024. The Department has docketed this matter as D.P.U. 22-137.

If the Department approves the Compact’s request as proposed, the average residential (R-1) customer using 516 kilowatt-hours (“kWh”) of electricity per month will experience a monthly bill increase of approximately \$0.61 in 2023 and \$1.49 in 2024. The average low-income residential (R-2) customer using 488 kWh of electricity per month will experience a monthly bill increase of approximately \$0.12 in 2023 and \$0.29 in 2024. The average residential space heating (R-3) customer using 740 kWh of electricity per month will experience a monthly bill increase of approximately \$0.87 in 2023 and \$2.14 in 2024. Finally, the average low-income residential space heating (R-4) customer using 874 kWh of electricity per month will experience a monthly bill increase of approximately \$0.22 in 2023 and \$0.51 in 2024.

**Due to certain ongoing safety measures and precautions relating to in-person events as a result of the COVID-19 pandemic, the Department will conduct a virtual public hearing to receive comments on the Compact's filing.** The Department will conduct the hearing using Zoom videoconferencing on **Wednesday, December 14, 2022**, beginning at **2:00 p.m.** Attendees can join by entering the link, <https://us06web.zoom.us/j/89554093437>, from a computer, smartphone, or tablet. No prior software download is required. For audio-only access to the hearings, attendees can dial in at **(646) 558-8656 (not toll free)** and then enter the **Meeting ID# 895 5409 3437**. If you anticipate providing comments via Zoom during the public hearing, please send an email by **Friday, December 9, 2022**, to [stephanie.mealey@mass.gov](mailto:stephanie.mealey@mass.gov) with your name, email address, and mailing address. If you anticipate commenting by telephone, please leave a voicemail message by **Friday, December 9, 2022**, at (617) 305-3582 with your name, telephone number, and mailing address.

Any person interested in commenting on the Compact's filing may also submit written comments to the Department no later than the close of business (5:00 p.m.) on **Wednesday, December 14, 2022**.

Any person who desires to participate otherwise in the evidentiary phase of this proceeding shall file a petition for leave to intervene no later than 5:00 p.m. on **Thursday, November 17, 2022**. A petition for leave to intervene must satisfy the timing and substantive requirements of 220 CMR 1.03. Receipt by the Department, not mailing, constitutes filing and determines whether a petition has been timely filed. A petition filed late may be disallowed as untimely, unless good cause is shown for waiver under 220 CMR 1.01(4). To be allowed, a petition under 220 CMR 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10. All responses to petitions to intervene must be filed by the close of business (5:00 p.m.) on the second business day after the petition to intervene was filed.

At this time, all filings will be submitted only in electronic format consistent with the Commission's June 15, 2021 directive related to modified filing requirements. Ordinarily, all parties would follow Sections B.1 and B.4 of the Department's Standard Ground Rules (D.P.U. 15-184-A, App. 1 (March 4, 2020)); however, until further notice, parties must retain the original paper version and the Department will later determine when the paper version must be filed with the Department Secretary. To the extent a person or entity wishes to submit comments or a petition to intervene in accordance with this Notice, electronic submission, as detailed below, is sufficient.

All documents must be submitted to the Department in **pdf format** by e-mail attachment to [dpu.efiling@mass.gov](mailto:dpu.efiling@mass.gov) and to [stephanie.mealey@mass.gov](mailto:stephanie.mealey@mass.gov) and [sarah.smegal@mass.gov](mailto:sarah.smegal@mass.gov). The text of the e-mail must specify: (1) the docket number of the proceeding (D.P.U. 22-137); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic file name should identify the

document but should not exceed 50 characters in length. Importantly, all large files submitted must be broken down into electronic files that do not exceed 20 MB. In addition, one copy of all written comments and petitions to intervene should be emailed to the Compact's attorney, Audrey Eidelman Kiernan, Esq., at [akiernan@kolawpc.com](mailto:akiernan@kolawpc.com).

At this time, a paper copy of the filing will not be available for public viewing at the Compact's offices or the Department due to certain ongoing safety measures and precautions related to COVID-19. The filing and all other documents submitted in electronic format will be available on the Department's website through our online File Room as soon as practicable (enter "22-137") at:

<https://eeaonline.eea.state.ma.us/DPU/Fileroom/dockets/bynumber>. To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), contact the Department's ADA coordinator at [DPUADACoordinator@mass.gov](mailto:DPUADACoordinator@mass.gov).

For further information regarding the Compact's filing, please contact the Compact's attorney, Audrey Eidelman Kiernan, Esq., at [akiernan@kolawpc.com](mailto:akiernan@kolawpc.com). For further information regarding this Notice, please contact Sarah Smegal or Stephanie Mealey, Hearing Officers, Department of Public Utilities, at [sarah.smegal@mass.gov](mailto:sarah.smegal@mass.gov) or [stephanie.mealey@mass.gov](mailto:stephanie.mealey@mass.gov).