CAPE LIGHT COMPACT JPE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

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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 (Compact), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the 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 Compact as of December 31, 2023, and the changes in financial position and its cash flows 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 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2023, the Compact adopted new accounting guidance for subscription-based information technology arrangements. The guidance requires subscription-based information technology arrangements to recognize a right-to-use subscription asset (an intangible asset) and corresponding subscription liability with subscription terms greater than twelve months. Our opinions are not modified with respect to this matter.

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.

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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 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 the 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 the 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 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 24, 2024, on our consideration of the 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 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 the Compact's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
October 24, 2024

CAPE LIGHT COMPACT JPE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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, 2023.

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 2023 Energy Efficiency Plan-Year Report:

The Cape Light Compact JPE ("Compact" or "CLC") is pleased with the results for the second year ("2023 Plan-Year") of its 2022–2024 Three-Year Energy Efficiency Plan ("2022–2024 Three-Year Plan"), the fifth of such plans envisioned by the Green Communities Act and approved by the Department of Public Utilities ("Department" or "DPU"). The Compact and the other Massachusetts Energy Efficiency Program Administrators ("Program Administrators" or "PAs") diligently implemented their respective plans over the past year, making significant progress toward their three-year goals. The 2023 Plan-Year built on the nationally acclaimed accomplishments of the prior Three-Year Plans, showing remarkable success with respect to goal attainment and achievement of real benefits for the environment and the economy in the Commonwealth of Massachusetts. The Compact is on a trajectory to achieve our greenhouse gas ("GHG") reduction goals.

The results of the second year of the 2022–2024 Three-Year Plan indicate that the Compact is on track to reach its three-year goals by the end of 2024. In 2023, the Compact achieved 112% of its lifetime energy savings goal, achieved 84% of its total benefit goal, and spent 102% of its planned budget. Based on these results plus the planned values for 2024, over the three-year term, the Compact expects to achieve:

- cost-effective programs with a benefit-cost ratio ("BCR") of 1.67,
- net benefits of $138 million,
- avoided CO2e emission reductions of over 28,000 metric tons in 2030,
- annual energy savings of 45gigawatt hours ("GWh"),
- lifetime energy savings of 566 GWh,
- total benefits of $347 million, and
- program costs of $185 million.

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.

The Compact's Power Supply Program:

During calendar year 2023, the Compact's power supplier for all residential, commercial, and industrial customers was NextEra Energy Services of Massachusetts (NextEra). The Compact is pleased that our residential and commercial power supply price in 2023 remained below the utility's basic service residential and commercial price while also being 100% renewable.

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 in New England and 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. The Compact has a long-term power purchase agreement (PPA) for both energy and RECs from a solar facility in Farmington, Maine which supplies a small percentage of the Compact's load. 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 voluntary RECs retired as part of the Compact's standard power supply product. These Class 1 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 FY23, the Compact's consumer advocacy efforts focused on the following Department of Public Utilities (DPU) regulatory proceedings:

- DPU 22-55, Cape Cod Capital Investment Project: The Compact participated in this docket advocating for the approval of Eversource's Cape Cod Capital Investment Project (CIP). Cape Cod CIP seeks to resolve the significant barriers to interconnection faced by distributed energy resource facilities requesting to interconnect to the electric power system in the Cape Cod and Martha's Vineyard area.

- DPU 23-67, Municipal Aggregation Guidelines: The Compact, along with several Massachusetts towns and cities, participated in an investigation in which the DPU proposed a draft Guideline and Template Plan for municipal aggregations. The Compact's participation included participating on a working group to revise the draft guidelines which were then presented to the DPU for review and consideration.
- DPU 24-10, Eversource Electric Sector Modernization Plan: The Compact reviewed Eversource's filing for impacts to customers' electric bills and advocated for approval of the Cape Cod Capital Investment Project (CIP) to allow distributed energy projects to interconnect on Cape Cod and Martha's Vineyard. Proposed several recommendations to the DPU regarding stakeholder representation in the Eversource Integrated Planning working group. Advocated for annual reporting on double poles.

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 11 – 13 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 14 – 29 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 30 – 31.

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 32 – 34.

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 $20,911,347 at the close of the calendar year and are summarized as follows:

	2023	2022	Change ($)	Change (%)
Assets				
Current Assets	$ 37,742,622	$ 43,645,248	$ (5,902,626)	-13.5%
Noncurrent Assets	601,410	503,796	97,614	19.4%
Total Assets	38,344,032	44,149,044	(5,805,012)	-13.1%
Deferred Outflows of Resources	2,159,765	1,556,650	603,115	38.7%
Liabilities				
Current Liabilities	11,539,304	9,622,717	1,916,587	19.9%
Noncurrent Liabilities	6,901,073	4,946,721	1,954,352	39.5%
Total Liabilities	18,440,377	14,569,438	3,870,939	26.6%
Deferred Inflows of Resources	1,152,073	2,293,969	(1,141,896)	-49.8%
Net Position				
Net Investment in Capital Assets	556	25,457	(24,901)	-97.8%
Restricted	80,249	76,257	3,992	5.2%
Unrestricted	20,830,542	28,740,573	(7,910,031)	-27.5%
Total Net Position	$ 20,911,347	$ 28,842,287	$ (7,930,940)	-27.5%

The Compact's assets consist primarily of cash and cash equivalents, accounts receivable and prepaid expenses. The decrease in the Compact's current assets primarily is a result of decrease in energy efficiency program revenues which reduced the receivables outstanding at year end.

Liabilities primarily consist of accounts payable, net pension liability, total OPEB liability, lease and SBITA liabilities. The increase in noncurrent liabilities is primarily due to the increase in the net pension liability and addition SBITA liability as a result of the implementation of GASB 96.

Changes in Net Position

The Compact's net position decreased by $7,930,940 for the year ended December 31, 2023 and is summarized as follows:

	2023	2022	Change ($)	Change (%)
Operating Revenues	$ 54,206,312	$ 63,936,387	$ (9,730,075)	-15.2%
Operating Expenses	66,853,244	50,055,597	16,797,647	33.6%
Operating Income (Loss)	(12,646,932)	13,880,790	(26,527,722)	-191.1%
Nonoperating Revenues (Expenses), Net	4,715,992	6,084,905	(1,368,913)	-22.5%
Change in Net Position	(7,930,940)	19,965,695	(27,896,635)	-139.7%
Net Position - Beginning of Year	28,842,287	8,876,592	19,965,695	224.9%
NET POSITION - END OF YEAR	$ 20,911,347	$ 28,842,287	$ (7,930,940)	-27.5%

Operating revenues primarily consist of mandatory energy efficiency charges $4,807,477 and energy efficiency reconciliation factor charges $39,589,122. The decrease in operating revenues primarily reflects the budgeted decrease in energy efficiency funds in 2023, offset by the reinstatement of Regional Greenhouse Gas Initiative (RGGI) revenue.

Approximately 92% (or $61,177,409) of the Compact's operating expenses relate directly to energy efficiency programs. This compares to approximately 90% in 2022.

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, 2023

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 34,825,994
Restricted Investments	80,249
Receivables:	
Energy Efficiency	380,262
Energy Efficiency Reconciliation Factor	1,944,592
Mil-Adder	77,594
Green Program	5,247
Forward Capacity Market	78,887
Other	100,358
Prepaid Expenses	249,439
Total Current Assets	37,742,622
Noncurrent Assets:	
Capital Assets, Net	601,410
Total Assets	38,344,032
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	1,433,865
Related to OPEB	725,900
Total Deferred Outflows of Resources	2,159,765
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Expenses	11,248,744
Accrued Payroll	93,433
Compensated Absences, Current	2,536
SBITA Liability, Current	102,076
Lease Liability, Current	92,515
Total Current Liabilities	11,539,304
Noncurrent Liabilities:	
Compensated Absences, Net of Current	22,823
Total OPEB Liability	2,341,881
Net Pension Liability	4,130,106
SBITA Liability, Net of Current	110,000
Lease Liability, Net of Current	296,263
Total Noncurrent Liabilities	6,901,073
Total Liabilities	18,440,377
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	180,781
Related to OPEB	971,292
Total Deferred Inflows of Resources	1,152,073
NET POSITION	
Net Investment in Capital Assets	556
Restricted for:	
Financial Assurance Requirement	80,249
Unrestricted	20,830,542
Total Net Position	$ 20,911,347

See accompanying Notes to Financial Statements.

CAPE LIGHT COMPACT JPE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSTION
YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Energy Efficiency	$ 4,807,477
Energy Efficiency Reconciliation Factor	39,589,122
Mil-Adder	992,780
Green Program	28,320
Intergovernmental	206,070
Intergovernmental (SMART)	14,496
Intergovernmental (RGGI)	8,454,747
Other	113,300
Total Operating Revenues	54,206,312
OPERATING EXPENSES	
Salaries and Benefits (Excluding Pension and OPEB)	2,687,624
Pension and OPEB	187,177
Energy Efficiency Programs:	
Residential Programs	33,791,974
Low Income Programs	15,250,394
Commercial and Industrial Programs	11,598,761
Other Programs	426,280
Legal and Related Consulting Services	1,176,359
Other Professional Services	149,968
Marketing	350,864
Other Operating	1,024,659
Depreciation and Amortization	209,184
Total Operating Expenses	66,853,244
OPERATING LOSS	(12,646,932)
NONOPERATING REVENUES AND EXPENSES	
Forward Capacity Market	3,357,403
Renewable Energy Certificates, Net	(1,468)
Lease and SBITA Interest Expense	(29,217)
Investment Income	1,389,274
Total Nonoperating Revenues and Expenses	4,715,992
CHANGE IN NET POSITION	(7,930,940)
Net Position - Beginning of Year	28,842,287
NET POSITION - END OF YEAR	$ 20,911,347

See accompanying Notes to Financial Statements.

CAPE LIGHT COMPACT JPE
STATEMENT OF CASH FLOWS
DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	$ 59,245,380
Payments to Vendors and Customers	(61,953,103)
Payments for Salaries and Benefits	(2,668,293)
Net Cash Used by Operating Activities	(5,376,016)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Sales of Renewable Energy Certificates	74,763
Purchase of Renewable Energy Certificates	(42,165)
Proceeds from Forward Capacity Market	3,544,687
Net Cash Provided by Noncapital Financing Activities	3,577,285
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Leases	(89,561)
Interest Paid on Leases	(13,938)
Principal Paid on SBITAs	(104,796)
Interest Paid on SBITAs	(5,204)
Net Cash Used by Capital and Related Financing Activities	(213,499)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	1,385,282
NET CHANGE IN CASH AND CASH EQUIVALENTS	(626,948)
Cash and Cash Equivalents - Beginning of Year	35,452,942
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 34,825,994
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (12,646,932)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Amortization	209,184
Effect of Changes in Assets, Liabilities, Deferred Outflows and Inflows not Requiring Current Cash Flows:	
Total OPEB Liability	264,922
Deferred Outflows Related to OPEB	(16,386)
Deferred Inflows Related to OPEB	(177,049)
Net Pension Liability	1,667,266
Deferred Outflows Related to Pension	(586,729)
Deferred Inflows Related to Pension	(964,847)
Effect of Changes in Operating Assets and Liabilities:	
Accounts Receivable	5,039,068
Prepaid Expenses	19,251
Accounts Payable and Accrued Expenses	1,796,905
Accrued Payroll	14,132
Compensated Absences	5,199
Total Adjustments	7,270,916
Net Cash Used by Operating Activities	$ (5,376,016)

See accompanying Notes to Financial Statements.

NOTE 1 REPORTING ENTITY

The Cape Light Compact (the 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. Implementation of New Accounting Principle

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 establishes that a subscription-based information technology arrangement results in right-to-use subscription asset, and a corresponding subscription liability.

The Compact adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

D. 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, 2023, all amounts are considered 100% collectible.

E. 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.

F. 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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

G. Compensated Absences

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

J. 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 pension and OPEB are reported by the Compact.

K. 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 pension and OPEB are reported by the Compact.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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.

M. Other 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.

N. Net Position

Net Position is reported in three categories: net 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, 2023 of $80,249.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits are governed by the Massachusetts General Laws (MGL) and the Compact's bylaws.

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, 2023, none of the Compact's bank balance of $36,855,379 was exposed to custodial credit risk.

Investments Summary

The Compact's investments at December 31, 2023, consisted of mutual funds with a maturity of less than one year in the amount of $80,249.

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, 2023, the Compact was not exposed to custodial credit risk.

Investments – Fair Value Measurements

The Compact categorizes its fair value measurements within the fair value hierarchy established by 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, 2023, the investment in mutual funds was measured at Level 1 under the fair value hierarchy.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Right-to-Use Lease Assets:				
Building	$ 565,039	$ -	$ -	$ 565,039
Less Accumulated Amortization:				
Building	(95,499)	(95,499)	-	(190,998)
Total Right-to-Use Lease Assets, Net	469,540	(95,499)	-	374,041
Subscription Based Information Technology Arrangement Assets (SBITA Asset):				
SBITA Asset	34,256	306,798	-	341,054
Less Accumulated Amortization:				
SBITA Asset	-	(113,685)	-	(113,685)
Total SBITA Asset, Net	34,256	193,113	-	227,369
Total Capital Assets, Net	$ 503,796	$ 97,614	$ -	$ 601,410

*The beginning balance was reclassified due to the implementation of GASB Statement No. 96.

NOTE 5 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated Absences	$ 20,160	$ 5,199	$ -	$ 25,359	$ 2,536
SBITA Liabilities	-	306,798	(94,722)	212,076	102,076
Lease Liabilities	478,339	-	(89,561)	388,778	92,515
Total	$ 498,499	$ 311,997	$ (184,283)	$ 626,213	$ 197,127

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 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.barnstablecounty.org/retirement/association/.

NOTE 6 PENSION PLAN (CONTINUED)

Plan Description (Continued)

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, 2023, amounted to $3,492,572 and is reported in the Compact's net position at December 31, 2023.

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 $379,301 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the Compact reported a liability of $4,130,106 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2022, the measurement date, the Compact's proportion was 0.498%. At December 31, 2021, the Compact's proportion was 0.448%.

Pension Expense

For the year ended December 31, 2023, the Compact recognized pension expense of $493,148.

NOTE 6 PENSION PLAN (CONTINUED)

Pension Expense (Continued)

The balances of deferred outflows and inflows at December 31, 2023, consist of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 455,997	$ -
Changes in Assumptions	217,715	-
Differences Between Expected and Actual Experience	-	12,855
Changes in Proportion	380,852	167,926
Contributions Made Subsequent to the Measurement Date	379,301	-
Total	$ 1,433,865	$ 180,781

Deferred outflows of resources totaling $379,301 related to contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2024. The remaining net deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2024	$ 72,759
2025	204,434
2026	178,152
2027	362,290
2028	56,148
Total	$ 873,783

NOTE 6 PENSION PLAN (CONTINUED)

Actuarial Method and Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2022:

Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Investment Rate of Return	6.90%, 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-2021
	Healthy Retiree: The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with a Scale MP-2021
	Disabled Retiree: The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with a Scale MP-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	20.50%	6.59%
International Developed Markets Equity	12.00%	6.87%
International Emerging Markets Equity	4.50%	8.30%
Core Fixed Income	15.00%	1.53%
High Yield Fixed Income	8.00%	3.54%
Real Estate	10.00%	3.44%
Timberland	4.00%	4.01%
Hedge Fund, GTAA, Risk parity	10.00%	3.06%
Private Equity	16.00%	9.49%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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. The discount rate for the measurement date December 31, 2021 was 6.90%.

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	$ 5,451,131	$ 4,130,106	$ 3,018,806

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 Nos. 74 and 75 and therefore is not reported as a reduction of the liability. The reserve balance at December 31, 2023, amounted to $2,159,291 and is reported in the Compact's net position at December 31, 2023.

On February 7, 2024, the Compact established a qualifying OPEB trust and the assets were transferred.

Benefits Provided

The 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 2023, the Compact paid benefits of $56,913 through 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, 2022, the date of the latest actuarial valuation:

Active Employees	14
Retirees and Survivors	10
Total	24

Total OPEB Liability

The Compact's total OPEB liability of $2,341,881 was measured as of December 31, 2023, which was rolled forward from an actuarial valuation as of June 30, 2022.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability as of December 31, 2023, was measured by an actuarial valuation as of June 30, 2022, actuarial valuation (rolled forward to the measurement date) and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26% (20-Year Municipal Bond Index Rate), 3.72% as of December 31, 2022.
Health Care Trend Rates	Medicare: 7.00% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Non-Medicare: 3.86% for one year, then 6.75% 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-2021 Postretirement: Healthy: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021; Disabled: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2021

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2022	$ 2,076,959
Changes for the Year:	
Service Cost	79,749
Interest	79,181
Differences Between Expected and Actual Experience	-
Changes in Assumptions	162,905
Benefit Payments	(56,913)
Net Changes	264,922
Balance at December 31, 2023	$ 2,341,881

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 3.26%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	$ 2,759,765	$ 2,341,881	$ 2,007,572

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	$ 1,930,380	$ 2,341,881	$ 2,889,716

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

For the year ended December 31, 2023, the Compact recognized OPEB expense of $128,400.

At December 31, 2023, 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	$ 528,986	$ 922,404
Differences Between Expected and Actual Experience	196,914	48,888
Total	$ 725,900	$ 971,292

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

Year Ending December 31,	Amount
2024	$ (30,526)
2025	(30,520)
2026	(28,857)
2027	(19,669)
2028	(72,968)
Thereafter	(62,852)
Total	$ (245,392)

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, 2023, totaled $42,165.

NOTE 9 LEASES

The Compact leases office space under a five-year, noncancelable lease agreement. The lease expires December 31, 2027.

Total future principal and interest payments under lease agreements are as follows:

Fiscal Years Ending December 31,	Principal	Interest
2024	$ 92,515	$ 10,985
2025	95,567	7,933
2026	98,720	4,780
2027	101,976	1,524
Total	$ 388,778	$ 25,222

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Buildings	$ 565,039
Less: Accumulated Amortization	(190,998)
Total	$ 374,041

NOTE 10 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Compact has entered into subscription-based information technology arrangements (SBITAs) for database software with annual installments of approximately $110,000 plus interest at 7.25%. The SBITA arrangement expires on December 31, 2025.

Total principal and interest requirements under SBITA agreements are as follows:

Fiscal Years Ending December 31,	Principal	Interest
2024	$ 102,076	$ 7,924
2025	110,000	-
Total	$ 212,076	$ 7,924

SBITA assets acquired through arrangements are shown below.

SBITA Asset	$ 341,054
Less: Accumulated Amortization	(113,685)
Total	$ 227,369

NOTE 11 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 RECs generated by a photovoltaic solar electric energy generating facility to be constructed and owned by Farmington Solar, LLC.

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
PENSION PLAN SCHEDULES

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

Last Ten Measurement Periods

	2023	2022	2021	2020	2019	2018	2017
Compact's Proportion of the Net Pension Liability	0.498%	0.448%	0.468%	0.478%	0.434%	0.471%	0.493%
Compact's Proportionate Share of the Net Pension Liability	$ 4,130,106	$ 2,462,840	$ 3,235,493	$ 3,587,855	$ 3,429,747	$ 3,202,074	$ 3,467,247
Compact's Employee Payroll	$ 1,668,943	$ 1,446,565	$ 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	40.41%	58.74%	46.40%	40.94%	35.50%	44.46%	38.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.77%	75.07%	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.

Notes to Schedule:

Changes of assumptions:

December 31, 2022 – Discount rate decreased to 6.90% from 7.15%, mortality improvement scale was updated from Scale MP-2017 to Scale MP-2021.

December 31, 2020 – Discount rate decreased to 7.15% from 7.375%.

SCHEDULE OF THE COMPACT'S CONTRIBUTIONS (1)

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Required Contribution	$ 379,301	$ 387,776	$ 329,882	$ 325,793	$ 315,737	$ 337,761	$ 277,827	$ 293,912
Contributions in Relation to the Actuarially Required Contribution	(379,301)	(387,776)	(329,882)	(325,793)	(315,737)	(337,761)	(277,827)	(293,912)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Compact's Covered Payroll	$ 1,668,943	$ 1,446,565	$ 1,501,375	$ 1,468,732	$ 1,217,527	$ 1,423,681	$ 1,340,875	$ 1,340,875
Contributions as a Percentage of Covered Payroll	22.73%	26.81%	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
OTHER POSTEMPLOYMENT BENEFIT SCHEDULE

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

Last Ten Measurement Periods

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 79,749	$ 114,144	$ 144,745	$ 118,817	$ 80,400	$ 103,165
Interest	79,181	60,002	60,993	68,061	76,203	64,339
Differences Between Expected and Actual Experience	-	105,495	176,687	-	-	(176,002)
Changes in Assumptions	162,905	(971,652)	(256,662)	234,786	479,684	145,966
Benefit Payments	(56,913)	(58,887)	(60,083)	(48,930)	(49,611)	(29,366)
Change in Total OPEB Liability	264,922	(750,898)	65,680	372,734	586,676	108,102
Total OPEB Liability - Beginning	2,076,959	2,827,857	2,762,177	2,389,443	1,802,767	1,708,578
Total OPEB Liability - Ending	$ 2,341,881	$ 2,076,959	$ 2,827,857	$ 2,762,177	$ 2,389,443	$ 1,816,680
Covered-Employee Payroll	$ 1,907,786	$ 1,815,915	$ 1,854,932	$ 1,762,238	$ 1,217,527	$ 1,423,681
Total OPEB Liability as a Percentage of Covered-Employee Payroll	122.75%	114.38%	152.45%	156.74%	196.25%	127.60%

(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.

Notes to Schedule:

Changes of assumptions:

December 31, 2023 – Discount rate decreased to 3.26% from 3.72%.

December 31, 2022 – Discount rate increased to 3.72% from 2.06%, mortality assumptions were updated.

December 31, 2021 – Discount rate decreased to 2.06% from 2.12%.

December 31, 2020 – Discount rate decreased to 2.12% from 2.74%.

CAPE LIGHT COMPACT JPE
COMBINING STATEMENT OF NET POSITION BY PROGRAM
DECEMBER 31 2023

ASSETS	Energy Efficiency	Power Supply Reserve	OPEB/Pension Reserve Fund	Power Supply Operating	Green/Solar Programs	Grant Funds	Power Supply Contingency Reserve Fund	Eliminations	Total
Current Assets:									
Cash and Cash Equivalents	$ 26,795,632	$ 1,902,269	$ 5,651,863	$ -	$ 215,743	$ -	$ 260,487	$ -	$ 34,825,994
Restricted Investments	80,249	-	-	-	-	-	-	-	80,249
Receivables:									
Energy Efficiency	380,262	-	-	-	-	-	-	-	380,262
Energy Efficiency Reconciliation Factor	1,944,592	-	-	-	-	-	-	-	1,944,592
Mil-Adder	-	77,594	-	-	-	-	-	-	77,594
Green Program	-	-	-	-	5,247	-	-		5,247
Forward Capacity Market	78,887	-	-	-	-	-	-	-	78,887
Other	14,112	-	-	-	-	86,246	-	-	100,358
Due from Other Funds	-	10,718	-	40,750	-	-	-	(51,468)	-
Prepaid Expenses	-	-	-	-	249,439	-	-	-	249,439
Total Current Assets	29,293,734	1,990,581	5,651,863	40,750	470,429	86,246	260,487	(51,468)	37,742,622
Noncurrent Assets:									
Capital Assets, Net	578,968	-	-	22,442	-	-	-	-	601,410
Total Assets	29,872,702	1,990,581	5,651,863	63,192	470,429	86,246	260,487	(51,468)	38,344,032
DEFERRED OUTFLOWS OF RESROUCES									
Related to Pension	1,347,833	-	-	86,032	-	-	-	-	1,433,865
Related to OPEB	682,346	-	-	43,554	-	-	-	-	725,900
Total Deferred Outflows of Resources	2,030,179	-	-	129,586	-	-	-	-	2,159,765
LIABILITIES									
Current Liabilities:									
Accounts Payable and Accrued Expenses	11,208,863	-	-	18,683	-	21,198	-	-	11,248,744
Due to Other Funds	-	-	-	-	-	51,468	-	(51,468)	-
Accrued Payroll	71,366	-	-	22,067	-	-	-	-	93,433
Compensated Absences, Current	2,384	-	-	152	-	-	-	-	2,536
SBITA Liability, Current	102,076	-	-	-	-	-	-	-	102,076
Lease Liability, Current	86,964	-	-	5,551	-	-	-	-	92,515
Total Current Liabilities	11,471,653	-	-	46,453	-	72,666	-	(51,468)	11,539,304
Noncurrent Liabilities:									
Compensated Absences, Net of Current	21,454	-	-	1,369	-	-	-	-	22,823
Total OPEB Liability	2,201,369	-	-	140,512	-	-	-	-	2,341,881
Net Pension Liability	3,882,300	-	-	247,806	-	-	-	-	4,130,106
SBITA Liability, Net of Current	110,000	-	-	-	-	-	-	-	110,000
Lease Liability, Net of Current	278,487	-	-	17,776	-	-	-	-	296,263
Total Noncurrent Liabilities	6,493,610	-	-	407,463	-	-	-	-	6,901,073
Total Liabilities	17,965,263	-	-	453,916	-	72,666	-	(51,468)	18,440,377
DEFERRED INFLOWS OF RESOURCES									
Related to Pension	169,934	-	-	10,847	-	-	-	-	180,781
Related to OPEB	913,015	-	-	58,277	-	-	-	-	971,292
Total Deferred Inflows of Resources	1,082,949	-	-	69,124	-	-	-	-	1,152,073
NET POSITION									
Investment in Capital Assets	1,441	-	-	(885)	-	-	-	-	556
Restricted:									
Financial Assurance Requirement	80,249	-	-	-	-	-	-	-	80,249
Unrestricted	12,772,979	1,990,581	5,651,863	(329,377)	470,429	13,580	260,487	-	20,830,542
Total Net Position	$ 12,854,669	$ 1,990,581	$ 5,651,863	$ (330,262)	$ 470,429	$ 13,580	$ 260,487	$ -	$ 20,911,347

CAPE LIGHT COMPACT JPE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION BY PROGRAM
YEAR ENDED DECEMBER 31 2023

	Energy Efficiency	Power Supply Reserve	OPEB/Pension Reserve Fund	Power Supply Operating	Green/Solar Programs	Grants Funds	Power Supply Contingency Reserve Fund	Eliminations	Total
OPERATING REVENUES									
Energy Efficiency	$ 4,807,477	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,807,477
Energy Efficiency Reconciliation Factor	39,589,122	-	-	-	-	-	-	-	39,589,122
Mil-Adder	-	992,780	-	-	-	-	-	-	992,780
Green Program	-	-	-	-	28,320	-	-	-	28,320
Intergovernmental	-	-	-	-	-	206,070	-	-	206,070
Intergovernmental (SMART)	-	-	-	-	14,496	-	-	-	14,496
Intergovernmental (RGGI)	8,454,747	-	-	-	-	-	-	-	8,454,747
Other	90,800	22,500	-	-	-	-	-	-	113,300
Total Operating Revenues	52,942,146	1,015,280	-	-	42,816	206,070	-	-	54,206,312
OPERATING EXPENSES									
Salaries and Benefits (Excluding Pension and OPEB)	2,526,392	-	-	161,232	-	-	-	-	2,687,624
Pension and OPEB Adjustments	175,951	-	-	11,226	-	-	-	-	187,177
Energy Efficiency Programs:									
Residential Programs	33,791,974	-	-	-	-	-	-	-	33,791,974
Low Income Programs	15,250,394	-	-	-	-	-	-	-	15,250,394
Commercial and Industrial Programs	11,598,761	-	-	-	-	-	-	-	11,598,761
Other Programs	426,280	-	-	-	-	-	-	-	426,280
Legal and Related Consulting Services	827,684	-	-	348,675	-	-	-	-	1,176,359
Other Professional Services	140,970	-	-	8,998	-	-	-	-	149,968
Marketing	317,235	-	-	33,629	-	-	-	-	350,864
Other Operating	511,700	51,700	-	240,111	27,804	193,344	-	-	1,024,659
Depreciation and Amortization	203,454	-	-	5,730	-	-	-	-	209,184
Total Operating Expenses	65,770,795	51,700	-	809,601	27,804	193,344	-	-	66,853,244
OPERATING INCOME (LOSS)	(12,828,649)	963,580	-	(809,601)	15,012	12,726	-	-	(12,646,932)
NONOPERATING REVENUES (EXPENSES)									
Forward Capacity Market	3,357,403	-	-	-	-	-	-	-	3,357,403
Renewable Energy Certificates, Net	-	(2)	-	-	(1,466)	-	-	-	(1,468)
Lease Interest Expense	(28,381)	-	-	(836)	-	-	-	-	(29,217)
Investment Income	1,103,131	80,897	195,771	-	-	-	9,475	-	1,389,274
Total Nonoperating Revenues (Expenses), Net	4,432,153	80,895	195,771	(836)	(1,466)	-	9,475	-	4,715,992
INCOME (LOSS) BEFORE TRANSFERS	(8,396,496)	1,044,475	195,771	(810,437)	13,546	12,726	9,475	-	(7,930,940)
TRANSFERS									
Transfers In	-	-	331,491	818,433	-	-	-	(1,149,924)	-
Transfers Out	(311,602)	(818,433)	-	(19,889)	-	-	-	1,149,924	-
Total Transfers	(311,602)	(818,433)	331,491	798,544	-	-	-	-	-
CHANGE IN NET POSITION	(8,708,098)	226,042	527,262	(11,893)	13,546	12,726	9,475	-	(7,930,940)
Net Position - Beginning of Year	21,562,767	1,764,539	5,124,601	(318,369)	456,883	854	251,012	-	28,842,287
NET POSITION (DEFICIT) - END OF YEAR	$ 12,854,669	$ 1,990,581	$ 5,651,863	$ (330,262)	$ 470,429	$ 13,580	$ 260,487	$ -	$ 20,911,347

CAPE LIGHT COMPACT JPE
RECONCILIATION OF AUDITED ENERGY EFFICIENCY GAAP EXPENSES TO DEPARTMENT OF PUBLIC UTILITIES (DPU) REPORT
YEAR ENDED DECEMBER 31 2023

Energy Efficiency Operating Fund Expenses Reported on 2023 Combining Statement of Revenues, Expenses and Change in Net Position by Program (Page 32)	$	65,770,795
Reconciling Items:		
To Record Net Change in Accrued Expenses		16,009
To Record Net Change in Accrued Payroll		(9,503)
To Record Net Pension Liability, Net of Deferred Outflows and Inflows		(108,749)
To Record Total OPEB Liability, Net of Deferred Outflows and Inflows		(67,202)
To Record Net Change in Accrued Compensated Absences		(4,888)
Transfers Made to the OPEB and Pension Reserve Fund		311,602
To Record SBITA Liability Activity		110,000
Amortization of Lease and SBITA Assets		(203,454)
Total Reconciling Items		43,815
2023 Energy Efficiency Expenses Reported on the 2023 Term Report	$	65,814,610 (A)

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

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