

Mission Statement

The mission of the Concord Municipal Light Plant Telecommunications Division is to provide cost effective reliable telecommunications services which meets the current and future needs of our customers. CMLP currently provides High Speed Internet and dark fiber lease.

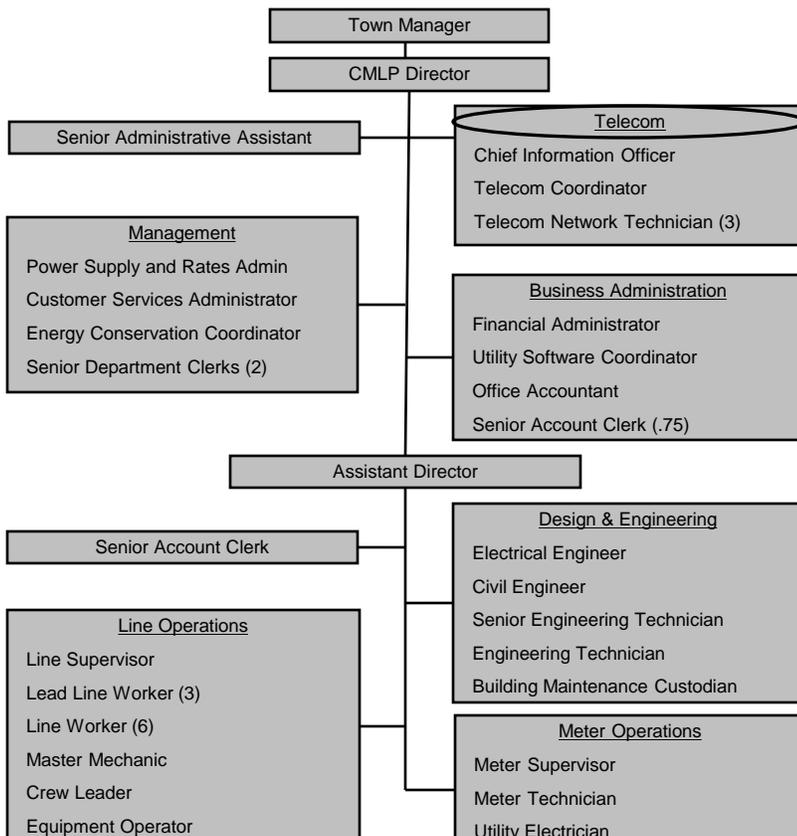
Telecommunications Highlights

- The 2013 Concord Town Meeting authorized CMLP to borrow up to \$1,000,000 to fund the capital expenses associated with expansion of telecommunication activity to include commercial and residential Internet services.
- In March 2014, High Speed Internet service was made available to both commercial and residential customers of CMLP.
- Over 750 High Speed Internet customers were connected by January 2017, An increase of over 300 in 2016. The 2017 plan assumes growth to about 1100 customers.
- CMLP is requesting authorization to borrow an additional \$1,000,000 for capital related to continuing growth in customer at the 2017 Annual Town Meeting.

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Expenditure Summary			
	CY15 Actual	CY16 Estimate	CY17 Proposed
Operating Revenue	\$ 357,013	\$ 556,248	\$ 708,000
Operating Expense	\$ (449,061)	\$ (583,480)	\$ (664,250)
Net Position	\$ (324,157)	\$ (360,083)	\$ (335,278)



Description

The CMLP Telecommunications Division provides telecommunication services to the electric utility, supports the Town’s municipal operations and offers High Speed Internet service to Concord residents and businesses.

In 2016, the Telecommunications Division staff was managed by the CIO and included a a Telecommunications Coordinator, and three Telecomm Technicians. The CIO also manages the Town’s Information Technology Department.

A result of this management structure is that both the Town’s municipal operations and CMLP’s electrical operations benefit from access to in-house networking resources.

Business Administration and Customer Service for the Telecommunications Division is shared with Electric operations. Engineering and Line Operations also performs some of the outside plant management.

24x7 first Level Broadband Support is provided through a contracted Help Desk. Other contracts provide the Division with with installation, emergency restoration, and network performance monitoring. Billing and account management are integrated with Electric Utility billing.

Telecommunications Business Results

2016 was a year of strong growth for the broadband business. Revenue from residential and business subscribers grew by 56 percent and the number of subscribers more than double in 2016. Average monthly revenue was up 40 percent for the year. 2017 Revenue is forecast to grow an additional 20% overall. Operating Expenses, which are largely driven by staffing grew 40% and installations expenses, driven by new subscriptions, were in line with the business model. Overall growth in subscribers continued to exceed the plan. Demand for the service is still strong, in 2016 an average of 26 new subscribers were added each month. CMLP will continue to address demand in a controlled way, balancing initial installation cost to achieve growth that remains within the funding plan.

Revenue comes from the following activities:

- One-time installation fees of the fiber optic service to homes and business.
- Monthly fees for High Speed Internet Service
- Monthly fees for private data services.

Telecommunications Programs

The Light Plant, Town Government and the other Town enterprises need to have access to high quality telecommunications. Public Safety, Education and Administration are all increasingly dependent on data and data communications. The Light Plant's investment in fiber laid the foundation for a number projects which contribute to efficient and effective operations. The Telecommunication Division provides the necessary operational capability to utilize the fiber network. There are three main program areas.

Broadband Services (Details at: <http://www.concordma.gov/broadband>)

The 2013 Annual Town Meeting approved a borrowing authorization which enabled CMLP to finance the startup and initial capital costs of retail broadband telecommunication services. Telecommunications revenue is used to repay the expenses and the debt service. As the broadband operating revenue grows it helps to reduce the burden on the electric operations of maintaining the fiber network. The 2017 plan continues to repay the intra-fund loan recorded within the Light Plant's operations.

CMLP offers High Speed Internet to residential and business customers. CMLP also provides Internet and private data services for Town's operations. By providing a fiber optic based internet service, CMLP is filling a gap in the service available to the community while generating a revenue stream that helps to pay for the fiber investment and the telecommunications staff. Customer interest and satisfaction are both high.

Smart Grid Infrastructure

CMLP's Smart Grid Infrastructure supports the distribution of electricity to customers. Advanced meters, load control, and customer engagement applications have been deployed. Each of these application relies on telecommunications to function. It is the responsibility of Telecommunications Division to deploy and maintain this network. The network contains over 800 devices and is capable of real time communications with our customers throughout the CMLP electric service area.

The fiber network is also being leveraged to support the Water and Sewer enterprises as well. Command and control of this important infrastructure is more reliable, comprehensive and secure as a result the use of fiber.

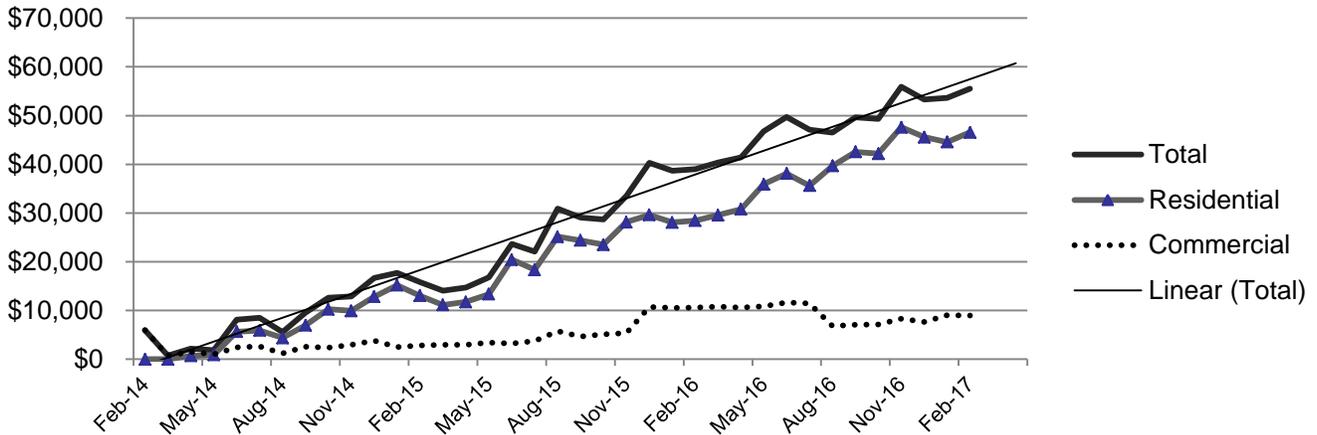
Municipal Operations Support:

The telecommunications needs of Town Departments is constantly evolving. Separately, neither the Town or the Light Plant could realistically afford to have in-house resources to help meet the requirements. The resulting dependency on vendors and suppliers would be costly and responsiveness would also be reduced. The costs of for providing municipal support for the data and voice network are recovered by the Telecommunication Division through labor sharing agreements that benefit both the Town and the Light Plant. Management by the CIO enables effective coordination and given the close interrelationship between Information Technology and Telecommunications.

2016 Broadband Service Growth Results

As of March 2017 the Broadband service will have been available for 3 years. In that time subscriptions and monthly revenue have grown steadily. Residential growth has been the most consistent, slowing only during the winter when fiber optic installations are limited due to the weather. A 2015 CMLP Survey indicated that 59.6% of those without Concord Light Broadband indicated that they are likely to subscribe in the future.

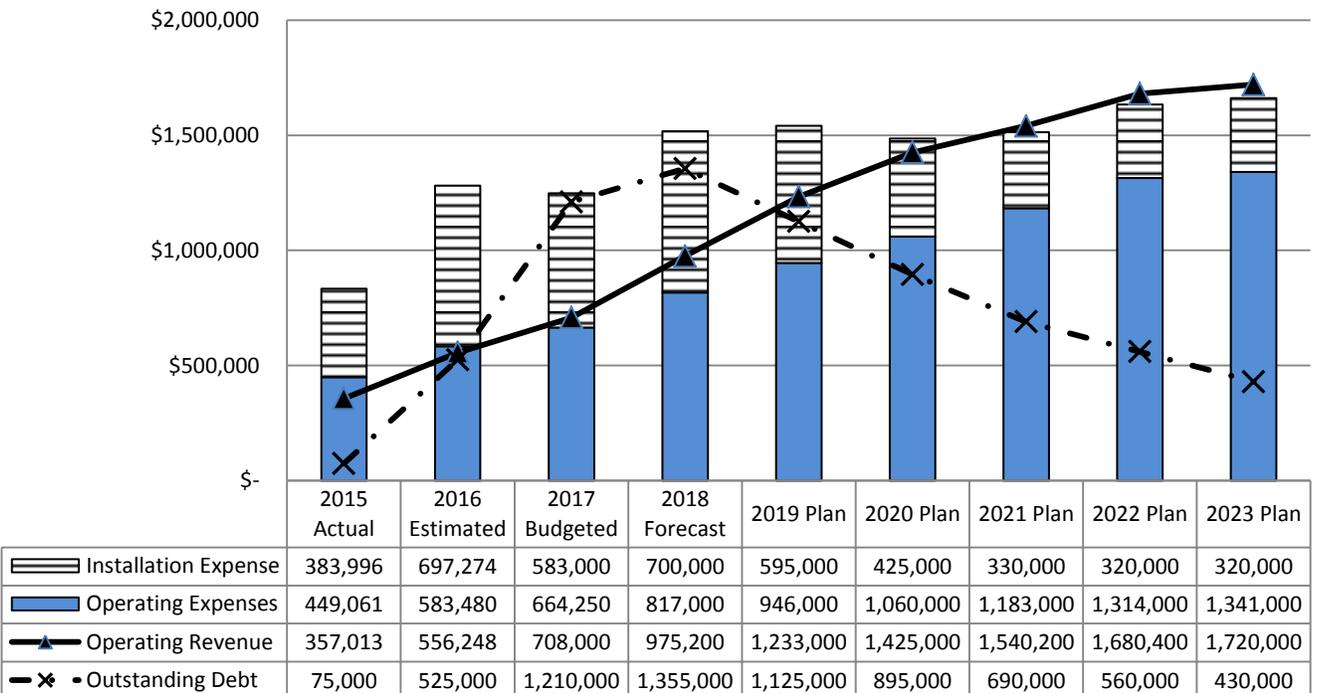
Internet Service Billing Feb 2014 to Feb 2017



Financial Planning

The chart below provides an outlook for the broadband Internet Service financial plan. Outstanding debt will peak in 2018. By 2020 annual operating revenue should exceed the total of annual operating and capital expenses.

Telecommunications Financial Forecast



OPERATING REVENUES

	2015 Actual	2016 Estimate	2017 Budget
Operations			
Residential & Commercial Fees	\$ 293,413	\$ 517,752	\$ 702,000
Municipal Fees	63,600	38,496	6,000
Other	-	-	-
Operating Revenues Total	\$ 357,013	\$ 556,248	\$ 708,000

OPERATING EXPENSES

	2015 Actual	2016 Estimate	2017 Budget
Operations			
Personnel Expenses	\$ 223,878	\$ 253,376	\$ 287,250
Purchased Services	163,799	266,115	301,000
Supplies & Materials	40,488	31,907	35,000
Other Charges & Expenses	18,823	12,305	19,000
Depreciation	8,854	19,777	22,000
Audit Adjustment	(6,781)		
Operating Expense	\$ 449,061	\$ 583,480	\$ 664,250

AUTHORIZED POSITIONS

	FY16 Budget		FY17 Proposed	
	FTEs	Amount	FTEs	Amount
Regular Staff				
Chief Information Officer	0.20 FTEs	23,690	0.20 FTEs	23,690
Telecom Coordinator	1.00	81,695	1.00	86,596
Telecom Network Tech.	2.00	129,054	3.00	227,477
Total Staffing Costs	3.20 FTEs	234,439	4.20 FTEs	337,763

CAPITAL EXPENSES

	2015 Actual	2016 Estimate	2017 Budget
Capital Expenses			
Personnel Expenses	\$ 19,917	\$ 87,127	\$ 102,000
Purchased Services		-	-
Supplies & Materials	4,630	35,160	20,500
Other Charges & Expenses			
Computer Software			
Capital Equipment	-	5,908	6,000
Network Hardware	359,449	483,906	454,500
Vehicle		85,173	-
Subtotal	\$ 383,996	\$ 697,274	\$ 583,000
Total Capital Expenses	\$ 383,996	\$ 697,274	\$ 583,000

NET INCOME

	2015 Actual	2016 Estimate	2017 Budget
Statement of Net Income:			
Operating Revenues	\$ 357,013	\$ 556,248	\$ 708,000
Less Operating Expenses	(449,061)	(583,480)	(664,250)
Operating Income	\$ (92,048)	\$ (27,232)	\$ 43,750
Nonoperating Revenues (Expenses)			
Add Investment Income	\$ 8	\$ 4,075	\$ 5,500
Add Other Revenue/Expense	1,473		
Less Interest Expense	(4,371)	(12,769)	(24,445)
Less Issuance Expense	-	-	-
Nonoperating Income	\$ (2,890)	\$ (8,694)	\$ (18,945)
Net Income	\$ (94,938)	\$ (35,926)	\$ 24,805

AVAILABLE RESOURCES

Resources Available from Current Operations:			
	2015 Actual	2016 Estimate	2017 Budget
Capital Purposes			
Add Depreciation Expense	\$ 8,854	\$ 19,777	\$ 22,000
Add Net Income	(94,938)	(35,926)	24,805
Interfund Financing		200,000	(200,000)
Add Debt Financing	-	500,000	900,000
Less Bonds Payable	(25,000)	(50,000)	(215,000)
Net Available for Capital	\$ (111,084)	\$ 633,851	\$ 531,805

Net Position

	2015 Actual	2016 Estimate	2017 Budget
Net Position			
Net Position at January 1st	\$ (229,219)	\$ (324,157)	\$ (360,083)
Change in Net Position	(94,938)	(35,926)	24,805
Net Position at December 31st	\$ (324,157)	\$ (360,083)	\$ (335,278)

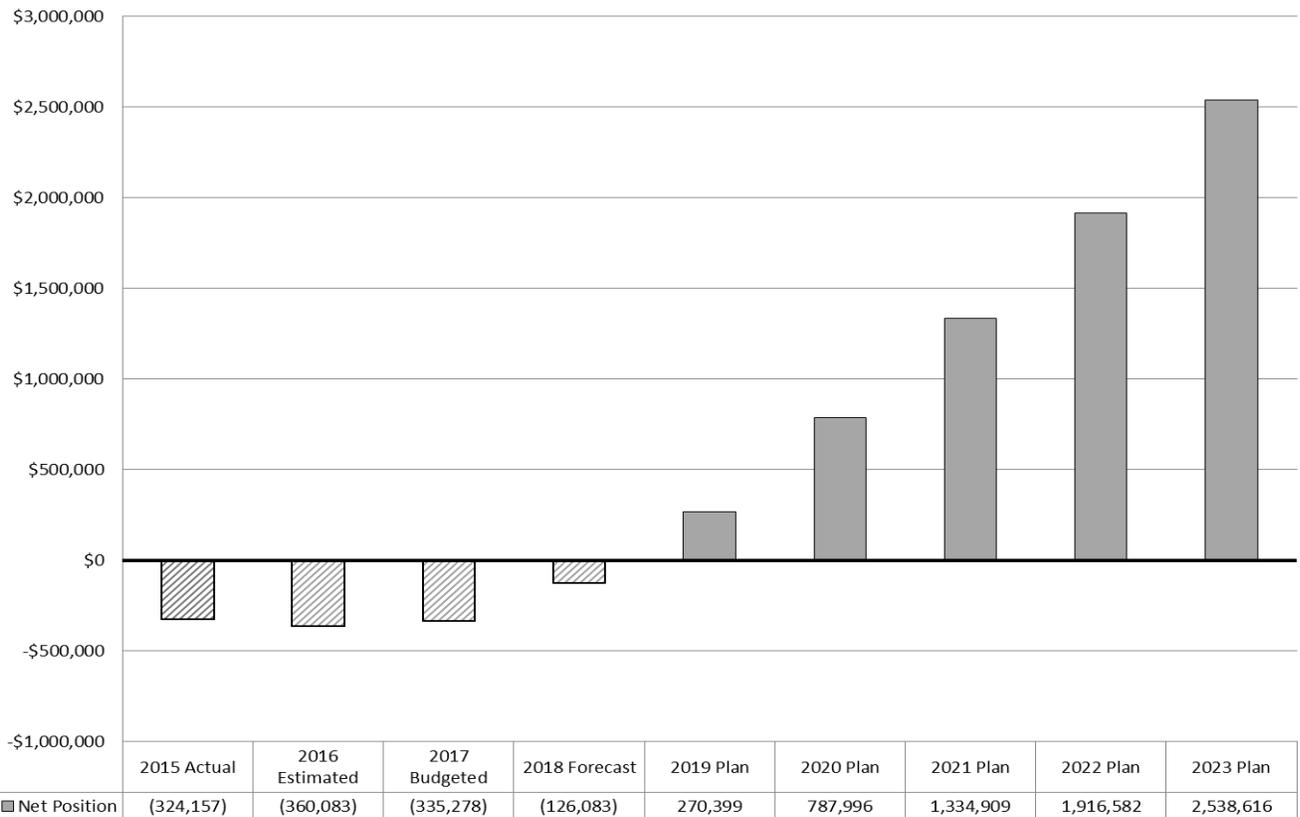
Light Fund - Telecommunications

Forecast

Broadband 5 Year Financial Plan - Feb 2017

Description	2015 Actual	2016 Estimated	2017 Budgeted	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Operating Revenue	357,013	556,248	708,000	975,200	1,233,000	1,425,000	1,540,200	1,680,400	1,720,000
Operating Expenses	449,061	583,480	664,250	817,000	946,000	1,060,000	1,183,000	1,314,000	1,341,000
Operating Income	(92,048)	(27,232)	43,750	225,200	408,000	525,000	550,200	580,400	620,000
Non Operating Revenue	1,481	4,075	5,500	5,610	5,722	5,837	5,953	6,072	6,194
Non Operating Expense	(4,371)	(12,769)	(24,445)	(21,615)	(17,240)	(13,240)	(9,240)	(4,800)	(4,160)
Net Income	(94,938)	(35,926)	24,805	209,195	396,482	517,597	546,913	581,672	622,034
Net Available for Capital:									
Net Income	(94,938)	(35,926)	24,805	209,195	396,482	517,597	546,913	581,672	622,034
Depreciation	8,854	19,777	22,000	92,000	151,500	194,000	227,000	259,000	291,000
Interfund Financing		200,000	(200,000)						
Debt Financing	-	500,000	900,000	400,000					
Bonds Payable	(25,000)	(50,000)	(215,000)	(255,000)	(230,000)	(230,000)	(205,000)	(130,000)	(130,000)
Net Available for Capital	(111,084)	633,851	531,805	446,195	317,982	481,597	568,913	710,672	783,034
Capital Plan:									
Installation Expense	383,996	697,274	583,000	700,000	595,000	425,000	330,000	320,000	320,000
Net Position at January 1st	(229,219)	(324,157)	(360,083)	(335,278)	(126,083)	270,399	787,996	1,334,909	1,916,582
Change in Net Position	(94,938)	(35,926)	24,805	209,195	396,482	517,597	546,913	581,672	622,034
Net Position at December 31st	(324,157)	(360,083)	(335,278)	(126,083)	270,399	787,996	1,334,909	1,916,582	2,538,616

Telecommunications Net Position



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