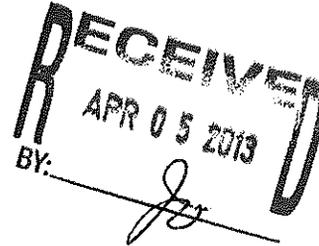


Cape & Vineyard Electric Cooperative, Inc.
Superior Courthouse . P.O. Box 427 . Barnstable, MA 02630
508.375.6648 . www.cvecinc.org

April 4, 2013

Ronald Bergstrom, Speaker
Assembly of Delegates
First District Courthouse – Route 6A
Barnstable, Massachusetts 02630



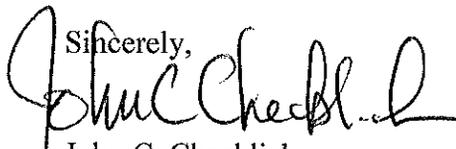
Re: Public Records Law Request Dated March 4, 2013

Dear Mr. Bergstrom:

As a follow up to your Public Records Law request dated March 4, 2013 and the Cape and Vineyard Electric Cooperative, Inc (CVEC) response dated March 15, 2013, the CVEC Board of Directors at its most recent Board meeting authorized the preparation and release of financial information to the Assembly of Delegates. Specifically CVEC believes the financial information provided with this letter while not in the requested format is responsive to the March 4, 2013 records request.

In addition in CVEC's response to item 5 in the March 4, 2013 records request, it was reported that CVEC's Balance Sheet and Income Statement information was available on its website (www.cvecinc.org). CVEC has printed this information from the website and it is included with this letter.

We trust that the information provided addresses the Assembly of Delegates records request. Thank You.

Sincerely,

John C. Checklick
President

CC: ✓ Ms. Janice M. O'Connell
Mr. E.M. Zielinski
Mr. Jeffery Bernstein Esq., BCK

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
BALANCE SHEET
AS OF JUNE 30, 2008

<i>Assets</i>		<i>Liabilities and Owners' Equity</i>	
Cash	1,593	Liabilities:	
		Accounts Payable	21,175
		Owners' Equity:	
		Retained Earnings	(19,582)
Total Assets	<u>1,593</u>	Total Liabilities and Owners' Equity	<u>1,593</u>

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
INCOME STATEMENT
For the Period Ended June 30, 2008

REVENUES

<i>Contributions from Con Edison Solutions</i>	100,000	
<i>Interest Income</i>	<u>688</u>	
Total Revenues		100,688

EXPENSES

<i>Legal</i>	105,990	
<i>Filing Fees</i>	10,100	
<i>Consulting</i>	<u>4,180</u>	
Total Expenses		120,270

NET INCOME/(LOSS) (19,582)

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
BALANCE SHEET
AS OF JUNE 30, 2009

<i>Assets</i>		<i>Liabilities and Owners' Equity</i>	
Cash	151,231	Liabilities:	
		Accounts Payable	25,081
		Accrued Payroll/Taxes	1,258
		Owners' Equity:	
		Retained Earnings	124,892
Total Assets	<u>151,231</u>	Total Liabilities and Owners' Equity	<u>151,231</u>

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
INCOME STATEMENT
For the Year Ended June 30, 2009

REVENUES

<i>Contributions from Con Edison Solutions</i>	420,000	
<i>Letter of Credit Escrow</i>	100,000	
<i>Consulting Services Revenue</i>	19,800	
<i>Member Fee Revenue</i>	150	
<i>Interest Income</i>	<u>1,327</u>	
Total Revenues		541,277

EXPENSES

<i>Legal</i>	262,447	
<i>Filing Fees</i>	1,000	
<i>Consulting</i>	21,800	
<i>Insurance</i>	4,866	
<i>Travel</i>	3,163	
<i>Dues</i>	1,625	
<i>Salaries</i>	1,240	
<i>Taxes</i>	498	
<i>Supplies/Office Expense</i>	50	
<i>Advertising</i>	-11	
<i>Miscellaneous</i>	73	
<i>Letter of Credit Escrow</i>	<u>100,000</u>	
Total Expenses		396,803

NET INCOME 144,474

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
BALANCE SHEET
AS OF JUNE 30, 2010

Assets

Cash 147,642
Accounts Receivables 17,070

Total Assets 164,712

Liabilities and Owners' Equity

Liabilities:
Accounts Payable 134,094
Accrued Payroll & Taxes 2,678

Owners' Equity:
Retained Earnings 27,940

Total Liabilities and Owners' Equity 164,712

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
INCOME STATEMENT
For the Year Ended June 30, 2010

REVENUES

<i>Grant Revenue</i>	500,000	
<i>Consulting Services Revenue</i>	20,200	
<i>PV Solar Revenue</i>	17,045	
<i>Member Fee Revenue</i>	200	
<i>Miscellaneous Income</i>	1,056	
<i>Interest Income</i>	<u>1,946</u>	
Total Revenues		540,447

EXPENSES

<i>Legal</i>	370,412	
<i>Filing Fees</i>	150	
<i>Consulting</i>	54,099	
<i>Insurance</i>	12,676	
<i>Travel</i>	2,257	
<i>Dues</i>	1,150	
<i>Salaries</i>	26,280	
<i>Taxes</i>	837	
<i>Supplies/Office Expense</i>	4,717	
<i>Education</i>	695	
<i>Engineering</i>	146,225	
<i>Power Purchase Agreement</i>	16,437	
<i>Advertising</i>	540	
<i>Miscellaneous</i>	<u>924</u>	
Total Expenses		637,399

NET INCOME/(LOSS) (96,952)

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
INCOME STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUES

Grant Revenue	1,035,792
Member Fee Revenue	50
Interest Income	774
PV Solar Towns Revenue	117,514
PV Solar Adder Revenue	4,537
PV Solar REC Revenue	<u>165,750</u>
Total Revenues	1,324,417

EXPENSES

Legal	465,341
Filing Fees	125
Consulting	26,630
Insurance	14,257
Travel	3,206
Dues	1,150
Salaries	26,990
Taxes	859
Supplies/Office Expenses	2,116
Professional Development	0
Engineering	230,310
Power Purchase Agreement	117,514
Renewable Energy Certificates	165,750
Advertising	224
Audit Fees	9,672
Miscellaneous	<u>3,410</u>
Total Expenses	1,067,554
NET INCOME/(LOSS)	<u><u>256,863</u></u>

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
BALANCE SHEET
AS OF JUNE 30, 2011

Assets

Current Assets:	
Cash and cash equivalents	307,056
Receivables - Members - energy sales	27,313
Receivables - Members - renewable energy certificates	56,070
Total Assets	<u>390,439</u>

Liabilities and Members' Equity

Current Liabilities:	
Accounts Payable	103,547
Accrued Payroll & Taxes	<u>2,090</u>
Total Liabilities	105,637
Members' Equity	284,802
Total Liabilities and Members' Equity	<u>390,439</u>

**CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
PRELIMINARY INCOME STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

REVENUES

Grant Revenue	408,000
Member Fee Revenue	25
Interest Income	354
PV Solar Towns Revenue	129,242
PV Solar Adder Revenue	4,990
PV Solar Design/Engineering Support	40,000
PV Solar REC Revenue	<u>88,825</u>
Total Revenues	671,436

EXPENSES

Legal	233,730
Filing Fees	125
Consulting	34,857
Insurance	14,032
Travel	4,520
Dues	1,200
Salaries	43,160
Taxes	1,060
Supplies/Office Expenses	1,501
Professional Development	0
Engineering	3,325
Power Purchase Agreement	129,242
Renewable Energy Certificates	88,825
Advertising	70
PV Solar Design/Engineering Support	40,000
Miscellaneous	<u>4,037</u>
Total Expenses	599,684
NET INCOME/(LOSS)	<u><u>71,752</u></u>

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.
PRELIMINARY BALANCE SHEET
AS OF JUNE 30, 2012

Assets

Current Assets:	
Cash and cash equivalents	382,334
Receivables - Members - energy sales	30,047
Receivables - Members - renewable energy certificates	37,595
Total Assets	<u>449,976</u>

Liabilities and Members' Equity

Current Liabilities:	
Accounts Payable	73,750
Accrued Expenses	<u>20,000</u>
Total Liabilities	93,750
Members' Equity	356,226
Total Liabilities and Members' Equity	<u>449,976</u>

CVEC FY13 Operating Budget

EXPENSES

Legal	\$ 183,600.00
Filing Fees	\$ 150.00
Consulting	\$ 25,000.00
Insurance	\$ 14,250.00
Travel	\$ 10,000.00
Dues	\$ 1,200.00
Salaries - Engineer	\$ 58,080.00
Salaries Executive Assistant	\$ 60,046.00
Estimated Fringes	\$ 24,018.00
Taxes	\$ 1,296.00
Supplies/Office Expenses	\$ 2,200.00
Professional Development	\$ 500.00
Engineering for PV	\$ 4,000.00
Computer	\$ 3,500.00
Advertising	\$ 225.00
Audit Fees	\$ 10,500.00
Miscellaneous	\$ <u>4,320.00</u>
<u>TOTAL EXPENSES</u>	\$ 402,885.00

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.

Financial Statements

For the Period from Inception through June 30, 2010

CAPE & VINEYARD ELECTRIC COOPERATIVE, INC.

Financial Statements

For the Period from Inception through June 30, 2010

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Statement of operations and members' equity	5
Statement of cash flows	6
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Independent Auditors' Report



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC

Corporate Place I, Suite 204 • 99 South Bedford Street

Burlington, Massachusetts 01803

P • 781-229-5600 F • 781-229-5610 www.sullivan-rogers.com

Independent Auditors' Report

The Board of Directors

Cape & Vineyard Electric Cooperative, Inc.

We have audited the accompanying balance sheet of the Cape & Vineyard Electric Cooperative, Inc. (a Massachusetts corporation) as of June 30, 2010, and the related statements of operations and members' equity and cash flows for the period from inception (September 12, 2007) through June 30, 2010. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cape & Vineyard Electric Cooperative, Inc. as of June 30, 2010, and the results of its operations and its cash flows for the initial period then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Sullivan, Rogers & Company, LLC". The signature is written in a cursive, flowing style.

May 24, 2011

Financial Statements

BALANCE SHEET

JUNE 30, 2010

ASSETS	<u>2010</u>
Current assets:	
Cash and cash equivalents.....	\$ 147,642
Receivables:	
Members - energy sales, net of allowance (\$0).....	16,365
Members - renewable energy certificates, net of allowance (\$0).....	5,200
Members - other, net of allowance (\$0).....	<u>25</u>
Total assets.....	<u>\$ 169,232</u>
LIABILITIES AND MEMBERS' EQUITY	
Current liabilities:	
Accounts payable.....	\$ 138,614
Accrued liabilities.....	<u>2,678</u>
Total liabilities.....	<u>141,292</u>
Members' equity.....	<u>27,940</u>
Total liabilities and members' equity.....	<u>\$ 169,232</u>

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS AND MEMBERS' EQUITY

FOR THE PERIOD FROM INCEPTION THROUGH JUNE 30, 2010

	2010
OPERATING REVENUES	
Sales - energy.....	\$ 16,365
Sales - renewable energy certificates.....	5,200
Other.....	<u>41,056</u>
TOTAL OPERATING REVENUES.....	<u>62,621</u>
OPERATING EXPENSES	
Salaries.....	27,520
Purchased power costs.....	20,957
Legal fees.....	738,847
Feasibility studies.....	216,825
Administrative and general.....	<u>54,842</u>
TOTAL OPERATING EXPENSES.....	<u>1,058,991</u>
NET OPERATING INCOME (LOSS).....	(996,370)
OTHER INCOME	
Investment income.....	<u>3,960</u>
NET INCOME (LOSS).....	(992,410)
MEMBERS' EQUITY, Beginning of Period.....	-
Member contributions.....	1,020,000
Member fees.....	<u>350</u>
MEMBERS' EQUITY, End of Period.....	<u>\$ 27,940</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCEPTION THROUGH JUNE 30, 2010

	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net operating income (loss).....	\$ (996,370)
Changes in assets and liabilities.....	
Accounts receivable.....	(21,565)
Accounts payable.....	138,614
Accrued expenses.....	<u>2,678</u>
NET CASH (USED BY) OPERATING ACTIVITIES.....	<u>(876,643)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income.....	<u>3,960</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Member contributions.....	1,020,000
Member fees.....	<u>325</u>
NET CASH FROM FINANCING ACTIVITIES.....	<u>1,020,325</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	147,642
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.....	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	<u>\$ 147,642</u>

See accompanying notes to financial statements.

NOTE 1 - ORGANIZATION

Cape and Vineyard Electric Cooperative, Inc. (CVEC or the Cooperative) consists of 17 member municipalities and one intergovernmental organization located on Cape Cod and Martha's Vineyard in the State of Massachusetts. The Cooperative was established September 12, 2007 under Massachusetts General Laws for the purpose of developing and/or owning renewable electric generation facilities and procuring and/or selling long term electric supply or other energy-related goods or services at competitive prices to its Members and consumers within its Member communities.

The Cooperative is governed by a Board of Directors that consists of an appointed Director from each member. The Officers of the Cooperative are elected annually by the Board of Directors and consist of a President, Vice President, Treasurer and Clerk.

Any municipality or county or political subdivision thereof, or body politic that meets the requirements of Internal Revenue Code Section 115, is eligible to apply for membership in the Cooperative, provided that the governing board of each Member has authorized its membership.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. General**

The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts as prescribed for electric utilities by the Federal Energy Regulatory Commission (FERC). The Cooperative follows the accounting principles issued by the Financial Accounting Standards Board (FASB).

B. Use of Estimates

The preparation of basic financial statements in conformity with GAAP 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 reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

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.

D. Revenue Recognition

CVEC Members are billed their portion of power used (and related maintenance fee) based on actual usage during each month. Except for billings related to renewable energy credits, Members are billed monthly. Billings for renewable energy credits are performed quarterly.

E. Purchased Power Costs

CVEC's rates reflect actual purchased power costs and the cost of renewable energy credits.

F. Legal Fees

Legal fees primarily represent costs incurred related to several projects including Brewster Wind, Harwich Wind, and Consolidated Edison Solutions, Inc. solar photovoltaic installation project. Legal fees also represent expenses related to general legal consulting.

Notes to Financial Statements

For the Period from Inception through June 30, 2010

G. Feasibility Studies

Feasibility Studies represent costs incurred related to the Brewster Wind, Harwich Wind and general wind related projects. These expenses consist of services associated with environmental impact studies, sound impacts, site surveying/mapping, permitting, avian studies, regulatory requirement assessments, wind resource assessments and utility interconnection.

H. Income Taxes

The Cooperative is exempt from federal and state income taxes.

I. Members' Equity

The Members of the Cooperative have no individual or separate interest in the property or the assets of Cooperative.

J. Date of Management's Review

Subsequent events were evaluated through May 24, 2011, which is the date the financial statements were available to be issued.

NOTE 3 - MEMBER CONTRIBUTIONS

The Cape Light Compact (a CVEC Member) provided an initial contribution of \$520,000 to cover the initial operating and transactional costs of CVEC. The Cape Light Compact also provided CVEC an additional \$500,000 for two committed wind projects.

The total contribution of \$1,020,000 did not provide the Cape Light Compact an individual or separate interest in the property or the assets of the cooperative. In addition, CVEC has no obligation to repay the contributed amounts.

NOTE 4 - POWER SUPPLY AND SALE AGREEMENTS

On various dates, CVEC has entered into seven "Power Purchase Agreements" (PPA) with Consolidated Edison Solutions, Inc. for 100% of the net energy generated as part of the 916 kilowatt (KW) solar photovoltaic (PV) installation project at a fixed rate through fiscal years 2025 and 2026.

On various dates, CVEC has entered into seven "Cooperative Net Metered Power Purchase and Equipment Attachment Agreements" with Consolidated Edison Solutions, Inc. and the Towns of Barnstable, Bourne, Brewster, Eastham and Harwich, to sell 100% of the net energy generated as part of the 916 KW PV installation project to the respective Towns at a fixed rate through fiscal years 2025 and 2026.

On various dates, CVEC has entered into seven "Agreements for the Purchase and Sale of Renewable Energy Certificates" with Consolidated Edison Solutions, Inc. for the purchase of renewable energy certificates based on the net energy generated as part of the 916 KW PV installation project at a fixed rate through fiscal years 2025 and 2026.

NOTE 5 - RELATED PARTY TRANSACTIONS**Member Services Agreement**

CVEC has entered into a Member Services Agreement (Agreement) with its initial Members (Barnstable County, the Town of Barnstable and the Cape Light Compact) to provide, among other things, the following financial and administrative services:

- Barnstable County serves as the Cooperative's fiscal administrator. Such services consist of banking, accounting, billing, collection and financial reporting for a cost of \$1 per year.
- Barnstable County provides the necessary administrative services related to the procurement of goods and services on behalf of the Cooperative.

Letter of Credit

In order to secure CVEC's performance under its PPA's with Consolidated Edison Solutions, Inc., CVEC was required to obtain an irrevocable standby letter of credit equal to the value of one year's worth of payments under the PPA and other PPA and REC agreements. The letter of credit is guaranteed by Barnstable County.

The initial required letter of credit value totaled \$100,000 and expires July 23, 2011. At June 30, 2010, no amounts had been drawn on the letter of credit.

Renewable Energy Credits

The renewable energy credits purchased from Consolidated Edison Solutions, Inc. are sold to the Cape Light Compact for an amount equal to CVEC's cost. Total renewable energy credit sales for the period from inception through June 30, 2010 totaled \$5,200.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the Town of West Tisbury was admitted as a CVEC member.