



Informational Report Pursuant to Public Act 530

Unfunded OPEB/Retiree Health Care Liability

Lowell Light & Power, an enterprise fund of the City of Lowell, is 0% funded for its retiree Other Post Employment Benefits (OPEB), or retiree health care. The utility has successfully managed its OPEB this way since the inception of this benefit decades ago. Lowell Light & Power is in excellent financial condition, and does not plan on changing the way it accounts for this liability.

In addition, Lowell Light & Power does not plan on funding this liability due to the following reasons:

1. Retiree health care/OPEB expenses are considered an operating expense.
2. This expense is carefully budgeted for each fiscal year.
3. Retiree health care expenses are accounted for in our electric rate design/study and when rates are set. Therefore, this expense will always be recovered in our rates.
4. The Board of Lowell Light & Power reserves the right to change or cancel this policy at any time, as stated in Policy 3, Chapter 4, Section 11: "The Utility reserves the right to amend, modify or delete this medical continuation policy at any time. Additionally, termination of this continuation policy, amendment or other change may apply to both current participants and potential future participants as determined by the Utility within its sole discretion and judgment."