

Dear Customer/Owner:

The Groton Electric Light Department turned one hundred and six years old and we're *settled in and happy* in our new office and garage facilities after years and years of waiting. It has been a long, challenging process, but well worth it in the end.

Construction of our new office and garage facilities began in the spring of 2014 and was completed in the early part of spring 2015! We began moving in over a period of a few weeks and were settled in by May 1.

Low sales in the fourth quarter affected year end income. GELD had a net loss of \$28,448 after a very tight year that began with negative cash flow in the winter. We recovered during the summer months and were showing a small net income heading into the fall. However, the very mild November and December resulted in sales substantially lower than expected.

GELD's long term stability is strong both financially and in terms of infrastructure enhancements. Management monitors natural gas prices and power costs monthly with the goal of making prudent business decisions based on the information. We also continue investments in our infrastructure such as pole replacement and overhead line upgrades.

### **Capital Improvements**

Capital expenditures include infrastructure improvements, substation enhancements, line equipment and integrated software to support ongoing projects. Completion of our new 15,500 square foot office and garage facilities became GELD's main capital project for 2015. We also upgraded Mill Street's oldest primary lines in our system to state-of-the-art Hendrix construction which allows for a more reliable distribution system. We continued our aggressive tree-trimming and old pole and equipment replacement. Regular and attentive maintenance is crucial to long-term reliability for our customers.

Improvements in our GIS and outage management systems via new software and technology enhancements help to keep GELD on the cutting edge.

### **Power Supply**

The Berkshire Wind Power Project had its fourth full year of operation producing power at 37.6% of its capacity. GELD will be increasing its carbon-free footprint in the near future by adding a 2 megawatt (MW) solar farm on the closed town landfill on Cow Pond Brook Road and by participating in another wind project in Hancock, Maine. The solar project could provide up to 25% of GELD's power needs during the spring and fall months (*when the sun is shining*). Wind and Solar energy sources help to diversify GELD's power supply portfolio and also help to reduce our reliance on fossil fuels.

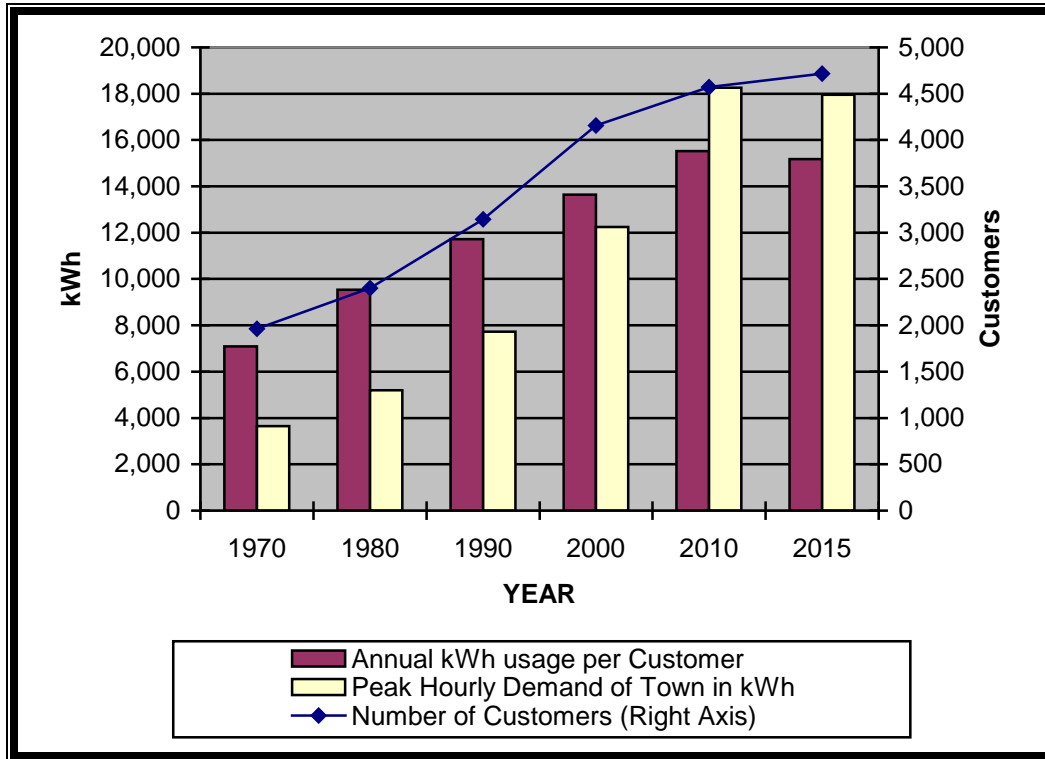
GELD's complete power mix portfolio for 2015 consisted of 39.7% nuclear, 35.2% natural gas, 11.1% hydro-electric, 4.6% refuse, 4.9% wind, 2.5% coal, 1.8% oil, and 0.3% solar. GELD's power mix was 56.0% carbon-free and 20.8% renewable for 2015.

Natural gas prices were favorable for most of 2015 except for the winter months (January/February) which continue to see higher than normal energy prices because of natural gas transmission constraints in New England. Both natural gas and electric transmission costs continue to increase significantly with no immediate relief in sight. In an effort to ensure stability, the Light Board and Manager review power supply options each month to ensure the best value for the ratepayers.

### **Growth Trends**

Our rates continue to remain one of the lowest in Massachusetts. The peak usage in 2015 was in the month of July and was our fourth highest peak since we began keeping records. Groton's kilowatt-hour sales

increased by .89% for the year. Our customer count increased by 38 new services and we mailed out 4715 bills at the end of the year. The graph below indicates that our number of customers is increasing at a slower rate after decades of rapid growth. Individual customer usage has been declining slightly over the past five years.



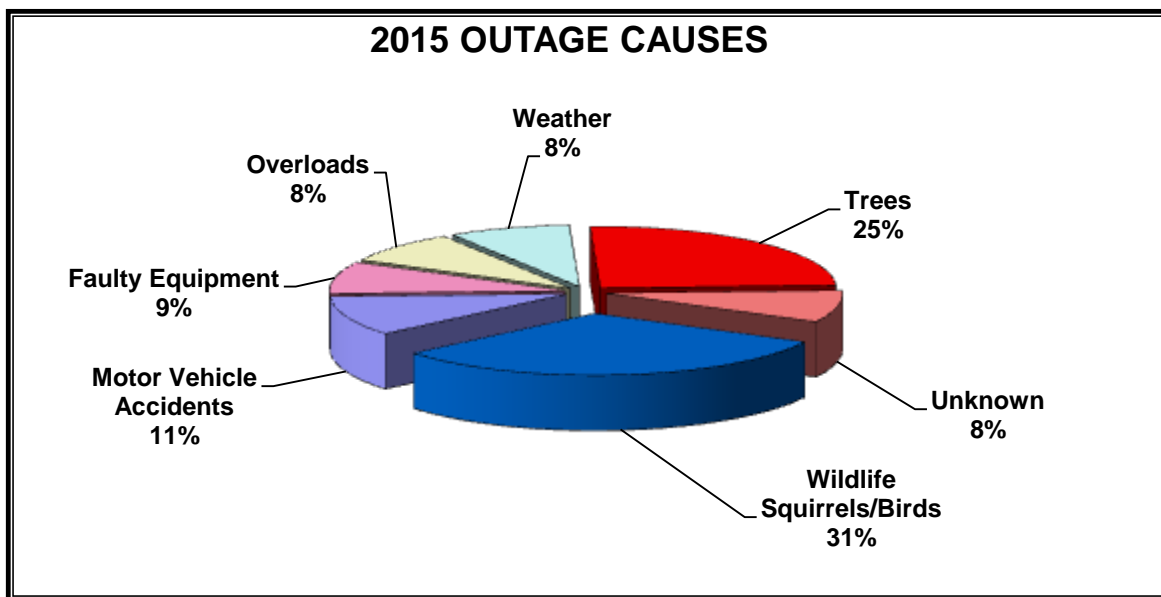
**Service & Reliability**

We take great pride in our high level of customer service and our commitment to reliability. It is our highest priority to respond promptly to interruptions in service and to restore power in the safest manner possible, no matter the weather or the hour. Our line crew does a great job maintaining GELD’s infrastructure which helps to provide reliable power to our customers every day.

Investing in our infrastructure and tree trimming ensures long-term reliability for our customer/owners. GELD trims trees for the safety and reliability of its distribution system. We make every effort to maintain a fair balance between responsible vegetation management and Groton’s beautiful tree-lined streets. GELD has contracted with a certified arborist to trim throughout town. The contractor will only remove trees and branches in our easement that are, or will become a threat to our electric distribution system.

Over the last several years, the linemen have been aggressively replacing old poles and old service lines which helps contribute to the high reliability Groton customers have come to expect. GELD employees believe that service and reliability go hand in hand and expect the highest quality and commitment from each other and themselves.

As a result of our consistent focus on service and reliability, GELD’s 2015 reliability is one for the record books. The number of outages decreased from 56 in 2014 to 48 in 2015. GELD had the least number of customer hours without electricity since GELD has been keeping detailed records.



Wildlife (squirrels and birds) and Trees continue to be the cause for the highest number of outage incidents in Groton.

#### Financial Highlights

For 2015, GELD had a net loss of \$28,448 or 0.2% of plant value due to high power costs in the first quarter and low sales in the fourth quarter. Our plant value increased 11.8% due to our infrastructure enhancements and our new building.

KWh sales for the year increased by .89% and electric revenues were down slightly. We added a Power Cost Adjustment (PCA) to our bills from January, 2015 through May, 2015. The PCA is a way for Groton Electric to recoup the increased generation costs associated with higher power and fuel costs. We continue to offer an approximate 10% discount to customers who pay their bill by the 12th of the month and we observe a double discount to celebrate the holidays for the bill received December 1. We ended the year with the fifth lowest rates out of 42 Massachusetts utilities for the average 750 kWh electric user. The two investor-owned utilities that service the surrounding towns, National Grid and Unitil, have rates that are 70% and 97% higher than Groton Electric respectively.

GELD had another challenging financial year with natural gas constraints in New England affecting power prices in the winter. However, we are settled in and happy in our new office and garage facilities and will remain diligent in **our mission: to provide customers reliable power and excellent service at affordable prices.** Thank you to the Light Board of Commissioners for their commitment and dedication; thank you to my employees for their hard work and loyalty; and thank you to the Groton ratepayers for the confidence and support of their locally owned and operated Light Department!

Sincerely,

Manager