

Although it may not look it...

**WE ARE OPEN AT OUR
NEW FACILITIES AT
23 STATION AVENUE**

*We are working on completing the outside site work
(parking, etc.) and it should be completed soon!*

**** PLEASE REMEMBER TO CHANGE OUR ADDRESS IF
YOU USE YOUR BANK'S "BILL PAY" SERVICE**

**** STOP BY TO VISIT**

**** WATCH FOR NOTICES REGARDING OUR OPEN
HOUSE COMING SOON!**



Letter to our Customer Owners:

Re: New facilities and long term costs and trends

I am excited that we have finally moved into our new facilities. During the moving process, I have received many comments. Most of them have been positive, but some of them have indicated a concern that our new facilities are going to result in higher rates for our customers. I am happy to declare that the new facilities will not cause a change in your rates.

To fully understand why the completion of a \$4 million dollar facility will not cause a change in your rates you need some historical information. The old GELD facilities had been inadequate for our needs for a long time. Because the need for new facilities was apparent to previous management, the plan for new office and garage facilities began about 20 years ago. At that time, a building fund was initiated and an average of \$100,000 per year was deposited into that fund for 20 years – this resulted in a \$2 million pool of money that was used as the down payment for the new facilities. GELD borrowed the other \$2 million and the bond payments will be paid over the next 20 years at a cost of approximately \$140,000 per year. So, in rough terms we paid for half of the building over the last 20 years and will pay for the other half over the next 20 years, with a minimal change in cash flow.

Over the last two years, the rest of Massachusetts has seen huge increases in electric rates while GELD added a temporary power cost adjustment to offset the high power costs in the winter months. Our neighbors have seen their electric rates increase 40% over the last two years. I am thrilled to report the rates in Groton for the previous 12 months are 84.4% below Unitil and 55.2% below National Grid.

GELD's long-term outlook is very favorable compared to our neighbors, since our nuclear debt will drop substantially at the end of 2016 and disappear in 2017. As this occurs there will be an even greater discrepancy in rates between us and the surrounding towns.

Unfortunately the long term outlook for all of New England is not so good. The inability to transport natural gas into the region during the winter months will make us dependent on the world oil and LNG markets to determine our cost of power during the colder part of the year. While the rest of the United States is seeing an energy renaissance, electric costs in New England will be determined by the world oil market prices.

Some components of GELD's costs (which are also built into customer rates) are expected to rise over the next several years. Transmission costs, which are the costs to transport electricity from the generators to our substation, are expected to continue their steady rise. They have increased four-fold over the last ten years going from approximately ½ cent to over 2 cents per kilowatt-hour and are expected to increase over the next five years. Capacity costs, which are the costs associated with our contribution to New England's one peak hour each year, are expected to increase three fold over the next four years which will result in an additional \$1 million per year in costs for the GELD ratepayers (about a 12% increase in total costs).

In conclusion, you will probably see your electric rates increase slightly over the next five years, but due to many prudent decisions that have been made over the last decade, that rate of increase will be substantially lower than our neighbors.

Sincerely,

A handwritten signature in black ink that reads 'Kevin P. Kelly'.

Kevin P. Kelly, GELD Manager