

Dear Customer/Owner

The Groton Electric Light Department turned one hundred and nine years old in 2018 and our mission is clear—to provide our customers reliable power and excellent customer service at affordable prices. Excellent customer service and reliable power are our priorities! It is our pledge to put GELD customers first—from each member of our Board of Commissioners, the Manager, and every hardworking employee.

Although electric revenues were up 10.2% and kWh sales were up 4.08%, GELD had a net loss of \$104,244 in 2018 compared to a net income of \$85,253 in 2017. The loss was primarily due to a more accurate reporting of our pension liability which will be amortized over the next four years resulting in an expense of \$259,289 for 2018 and the next three years. Although total sales were up last year, individual customer usage has been declining slightly over the past eight years.

GELD's complete power mix portfolio for 2018 consisted of 41.1% nuclear, 30.3% natural gas, 11.0% hydro-electric, 3.7% refuse, 6.9% wind, 1.0% coal, 1.2% oil, and 5.0% solar. GELD's power mix was 64.1% carbon-free and 26.7% renewable for 2018. See reverse side for the 2018 energy mix chart.

Natural gas prices were favorable for about half of 2018. The colder months (January-March) as well as November and December in 2018, continue to see higher than normal energy prices because of natural gas transmission constraints in New England. Electric transmission costs continue to increase with no sign of slowing down. The GELD management team monitors power supply options each month to ensure the best hedging possible for the ratepayers.

One of GELD's highest priorities is to respond to outages promptly and to restore power in the safest manner possible. Over the last several years, the linemen have been aggressively replacing old poles and old service lines. Maintaining our infrastructure is essential to providing long-term reliability and stability for our customers. This also contributes to fewer outages caused by trees and faulty equipment. Our line crew does a great job maintaining GELD's infrastructure.

In 2015, GELD set the standard for reliability, so future years will be benchmarked against 2015's record. Unfortunately, 2018 did not meet the standard that was set in 2015. The number of outages increased from 56 in 2017 to 61 in 2018 and the total hours of customer outages was 7,397 which was an average outage of approximately 90 minutes per household for the year. Trees and wildlife (mostly squirrels) remain the number one and two causes of outage incidents in Groton. Weather was a close third in 2018.

Our mission is very clear, and we do it well.

Thank you to our reliable employees; thank you to the Groton ratepayers for their support of Groton's locally owned and operated Light Department; and thank you to the Light Board of Commissioners for their commitment and dedication.

Sincerely,



Manager

2018 Fuel Mix for Energy Purchased by Groton Electric

