

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. **OUR MISSION IS CLEAR!**

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.

GELD's long-term outlook is strong both financially and in terms of infrastructure enhancements. Management monitors power costs monthly with the goal of making sensible business decisions based on the information. We also continue investments in our infrastructure such as pole replacement, overhead and underground service line upgrades and replacement of older bucket/digger trucks.

Capital Improvements

Capital expenditures include infrastructure improvements, substation enhancements, line equipment and integrated software to support ongoing projects. GELD's major capital expenditures for 2018 included many projects at the substation on Lowell Road including a new pole yard and preparation for a storage facility behind the substation, new fencing, and new infrastructure to support battery storage and/or a generator. We also purchased a cab/chassis for our next digger truck being built in 2019. Old AMI meters are being replaced as they fail – the technology has been improving since we first began installation in 2005. We continue to trim trees aggressively and we replaced 219 old poles in 2018. Maintaining our equipment is important to ensuring consistent reliability and stability for our customers.

GELD remains on the cutting edge of technology with advances in our GIS, outage management and billing systems via new software and technology enhancements.

Power Supply

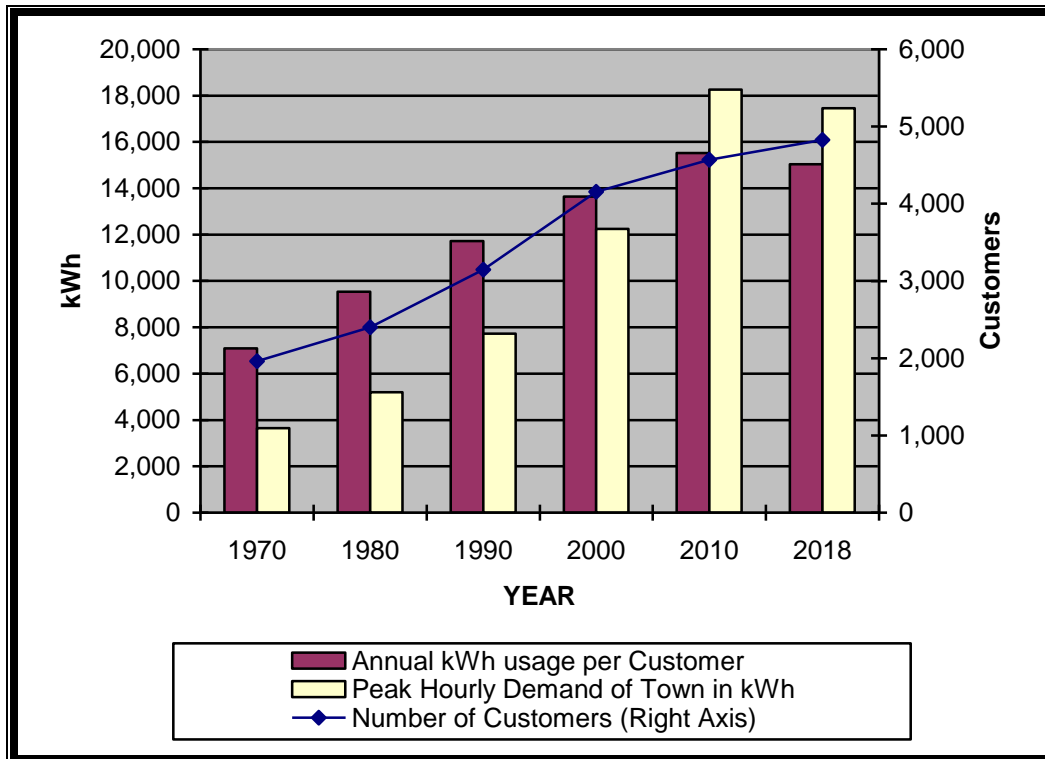
The Berkshire Wind Power Project had its seventh full year of operation producing power at 35.8% of its capacity. We also participate in a second wind project in Hancock, ME and it produced power at 31.3% of its capacity in 2018. GELD's 2.3 Megawatt (MW) solar farm on the closed landfill on Cow Pond Brook Road is producing approximately 25% of GELD's needs (at times) in the spring and fall and operated at a capacity of 16.9% for 2018. Wind, Solar, and other renewable energy sources help to diversify GELD's power supply portfolio and help to reduce our reliance on fossil fuels.

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.

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.

Growth Trends

Our rates continue as one of the lowest in Massachusetts. The peak usage in 2018 of 17.46 megawatts (MW) was in the month of September and was substantially higher than our peak of 16.76 MW in 2017. Groton's kilowatt-hour sales increased by 4.08% for the year. Our customer count increased by 38 new services and we mailed out 4816 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 eight years.



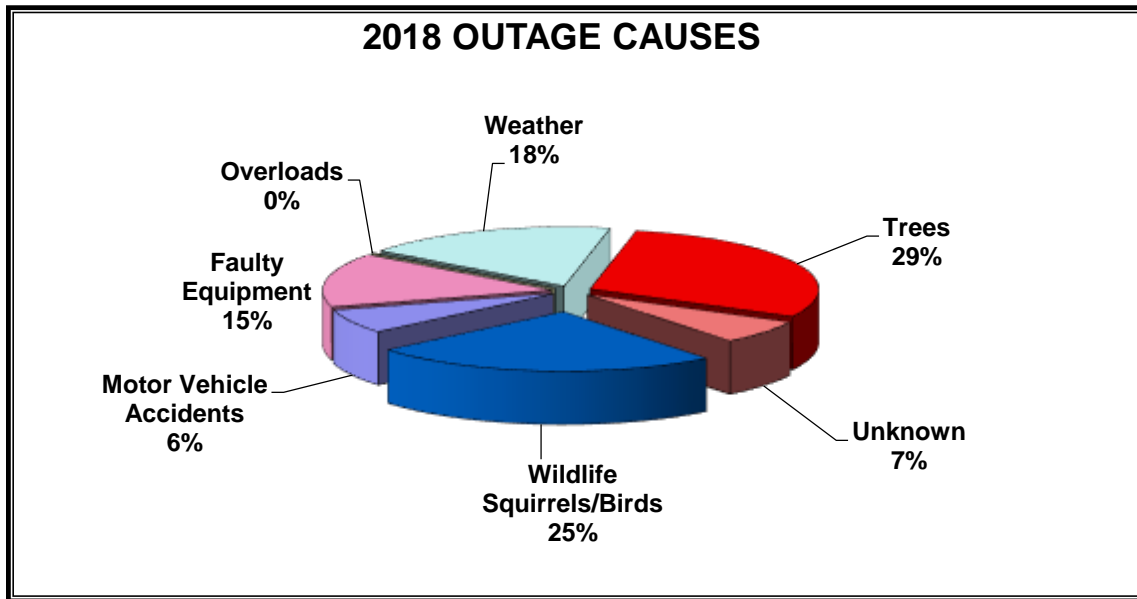
Service & Reliability

GELD employees are committed to providing excellent custom service to our ratepayers whether it is face to face in our office, over the phone or in the field. Each day we strive to provide exceptional customer service and dependable reliability at affordable prices.

Investing in tree trimming and, in our infrastructure, ensures long-term reliability for our customer/owners. GELD trims trees for the reliability and safety of its distribution system. We make every effort to maintain a fair balance between Groton's beautiful tree-lined streets and the need to trim aggressively to reduce service interruptions. GELD began using a new tree trimming contractor in 2017 and as certified arborists they will only remove trees and branches in our easement that are or will become a direct threat to our electric distribution system.

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.

Financial Highlights

For 2018, GELD had a net loss of \$104,244 or 1.0% of plant value. We had an approximate 4% rate increase that was effective on the June 30, 2018 bill. A Power Cost Adjustment (PCA) added to the January, February, March and December 2018 bills along with a withdrawal from our Select Trust Fund helped recoup the increased generation costs associated with higher power and fuel costs and helped to avoid a greater net loss for the year.

KWh sales for the year increased by 4.08% and electric revenues were up 10.2%. 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 tenth 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 86.2% and 104.2% higher than Groton Electric respectively.

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