

Dear Customer/Owner:

The Groton Electric Light Department is one hundred and ten years old and still going strong. Through solid leadership, loyal employees and a department-wide commitment to our ratepayers and the town we support, we are GELD! Our mission is engrained in all that we do: *to provide our customers reliable power and excellent customer service at affordable prices.*

Although electric revenues were down 2.0% and kWh sales were down 3.48%, GELD had a net gain of \$95,280 in 2019 compared to a net loss of \$104,244 in 2018. The gain was primarily due to a reduction in capacity costs for the year.

Capital Improvements

Capital expenditures include infrastructure improvements, substation enhancements, line equipment and integrated software to support ongoing projects. GELD's major capital expenditures for 2019 included updating the battery system at the substation on Lowell Road as well as replacing old underground services. We expected our digger truck to be built in 2019 but that was delayed by the fabricator until 2020. Old AMI meters are still 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 161 old poles in 2019, shy of our goal of 200 due to two unexpected linemen retirements. Maintaining our equipment is important to ensuring continuity in reliability and stability for our customers and our employees.

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 eighth full year of operation producing power at 30.74% of its capacity. We also participate in a second wind project in Hancock, ME and it produced power at 32.6% of its capacity in 2019-its third full year of operation. GELD's 2.3 Megawatt (MW) solar farm on the closed landfill on Cow Pond Brook Road is producing approximately 25% of GELD's power needs (at times) in the spring and fall and operated at a capacity of 17.49% for 2019. Wind, Solar, and other renewable energy sources help to diversify GELD's power supply portfolio and help to reduce our reliance on fossil fuels.

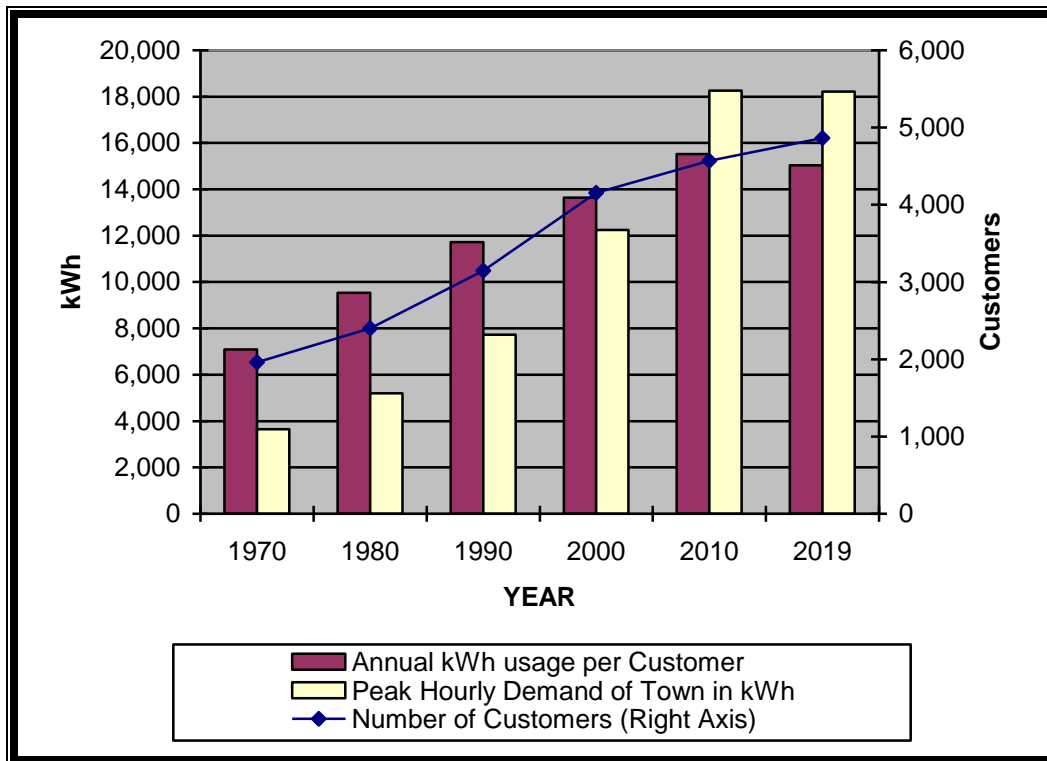
GELD's complete power mix portfolio for 2019 consisted of 46.5% nuclear, 26.2% natural gas, 11.6% hydro-electric, 3.2% refuse, 6.6% wind, 0.2% coal, 0.1% oil, and 5.5% solar. GELD's power mix was 70.2% carbon-free and 27.0% renewable for 2019.

Natural gas prices were favorable for most of 2019. The colder months (January-March) 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 monthly to ensure the best hedging possible for the ratepayers.

Growth Trends

Our rates remain as one of the lowest in Massachusetts. The peak usage in 2019 of 18.21 megawatts (MW) was in the month of July and was higher than our peak of 17.46 MW in 2018. Groton's kilowatt-hour sales decreased by 3.48% for the year. Our customer count increased by 45 new services and we mailed out 4863 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 remained steady over the past nine years.



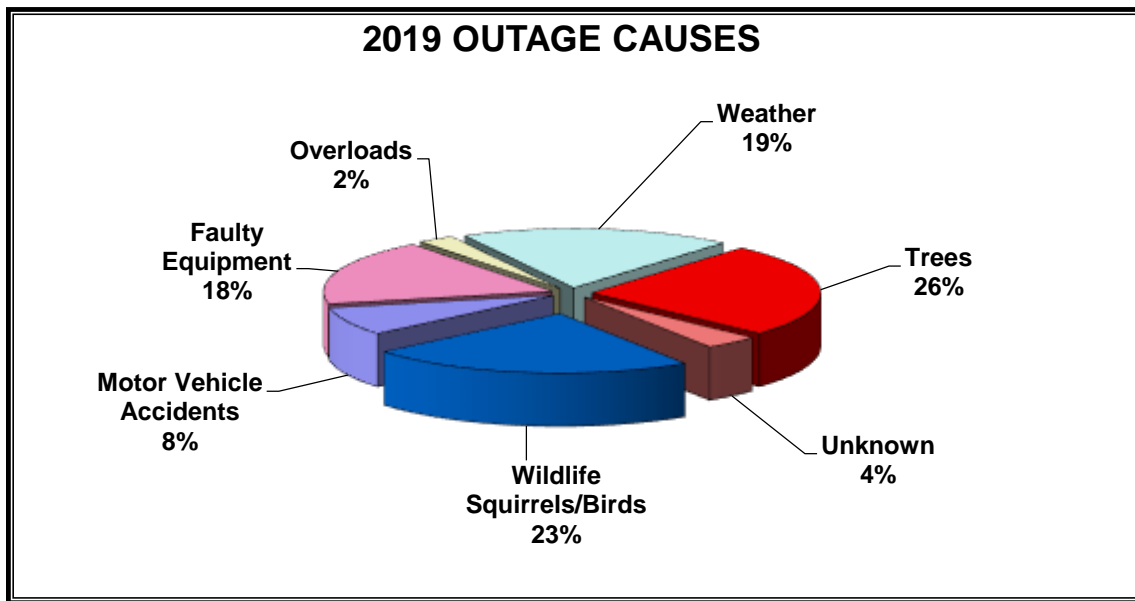
Service & Reliability

Although our customer satisfaction survey was done several years ago, GELD remains rated #1 among our municipal peers in Massachusetts. That’s quite a feat since municipal light departments are known for their excellent service and reliability. That is one of the many things that sets us apart from Investor-Owned Utilities such as National Grid and Until. GELD employees are committed to providing excellent customer service to our ratepayers whether it is face to face in our office, over the phone or in the field.

GELD trims trees for the reliability and safety of its distribution system. GELD’s tree contractor – Northern Tree – does an excellent job of maintaining a fair balance between Groton’s beautiful tree-lined streets and the need to trim aggressively to reduce service interruptions. 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. The linemen have been aggressively replacing old poles and old service lines, but due to two unexpected retirements in 2019, did not quite make their goal of replacing 200 poles. Maintaining infrastructure contributes to fewer outages caused by trees and faulty equipment. Our line crew does a phenomenal job maintaining GELD’s infrastructure.

In 2015, GELD set the standard for reliability, so future years will be benchmarked against 2015’s record. Unfortunately, 2019 did not meet the standard that was set in 2015. The number of outage incidents increased from 61 in 2018 to 78 in 2019, but the total hours of customer outages decreased from 7,397 in 2018 to 4,220 in 2019 which was an average outage of approximately 51.6 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 2019.

Financial Highlights

For 2019, GELD had a net gain of \$95,280 or 0.69% of plant value. This is an increase of \$199,524 compared to 2018. A Power Cost Adjustment (PCA) added to the January, February and March 2019 bills as well as a withdrawal of \$144,000 from our Select Trust Fund helped recoup the increased generation costs associated with higher power and fuel costs in the winter months when natural gas is in short supply.

KWh sales for the year decreased by 3.48% and electric revenues were down 2.0%. 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 ninth 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 90% and 105.3% higher than Groton Electric respectively.

Our mission is engrained in all that we do: *to provide our customers reliable power and excellent customer service at affordable prices.* We are GELD!

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

Sincerely,

Manager