



Groton Electric Light

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Dear Customer/Owner:

Let's start off with the difficult news: this letter is to inform you of a rate change approved at our last Board meeting which is affecting the rate on your September 30, 2020 bill. In this letter, I will discuss our recent history then give some current information and conclude with the reasons for the increase.

The GELD rate has been in the 12-cent per kilowatt-hour (kWh) range since 2009 for the residential customer receiving the early pay discount. We reduced the customer charge by \$1.00 in 2010 and then reduced it again by \$1.00 in 2011 due to efficiencies we were able to monetize with our billing and automatic meter reading systems. Unfortunately, those systems are reaching the end of their useful lives and need to be replaced. To replace both of those systems will be costly so we will be returning to the customer charge that we had back in 2009 resulting in a \$2.00 increase in the customer charge beginning with this bill.

When comparing our rates to the surrounding communities in the most recent 12-month period ending on June 30, our position relative to our neighbors is very positive. Looking at a residential bill that is the size of our average customer (750 kWh/month) the rate for electricity in Townsend is 106.5% higher than Groton while the rate for Ayer, Shirley, Pepperell, Dunstable, and Westford is 95.2% higher.

As a light department owned by the residents of Groton, we have been running things extremely tight to keep the maximum amount of money in your pockets over the last decade. As you are aware, the costs for many things increase every year, but we have been doing everything possible to keep your electric rates low and not raise rates as costs have increased. Our net loss for 2018 was -\$104,244 and our net income for 2019 was \$95,280 so if you look at the average of the last two years, our net income is statistically zero. We are doing everything we can to contain our costs, but they continue to rise. An additional challenge occurred earlier this year when mother nature graced Groton with a straight-line microburst which cost GELD \$161,000. On this bill you will see an increase of 0.4 cents per kWh in the distribution portion of your bill.

There are other forces that are driving the need to increase rates. Transmission costs are the costs to deliver electricity from the generation plants to our substation. Transmission costs have been increasing at a steady rate but the increase on June 1st of this year was substantially higher than anticipated. GELD's transmission costs on a yearly basis are \$1.8 million so the increase on June 1st of 15.5% is roughly \$300K/yr. The expected increase next year is currently under 10% but that will be an additional \$200K/yr. The transmission increases are driven by multiple factors, but the single biggest factor is NIMBY (Not in My Back Yard). New generation is being built farther away from where it is needed, so transmission rates are increasing 0.7 cents per kWh with this bill.

In summary, if you look at the numbers that make up the rate in your bill, you will see an increase in the monthly charge of \$2.00, an increase in the distribution portion of your bill of 4 tenths of one cent (0.4) per kWh and an increase in the transmission portion of your bill of 7 tenths of one cent (0.7) per kWh. Our total rate for residential customers under 500 kWh is increasing 9.95% and the total rate for residential customers over 500 kWh is increasing 8.5%.

We thank you for your understanding and continued support.

Sincerely,

Kevin P. Kelly