



Groton Electric Light

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The 40 Municipal Electric Utilities
of Massachusetts

April 12, 2022

RE: ** 15% RATE INCREASE EFFECTIVE ON THE APRIL 30, 2022, BILL ******

Dear GELD Customers:

Some important votes were taken at the April 11, 2022, Groton Electric Light Board meeting.

It should come as no surprise that GELD must raise its rates. Wholesale power costs have doubled over the last year. Although gasoline prices are coming down in small increments, the outlook for natural gas (which accounts for approximately 1/3 of our power costs) is not so good.

The energy markets are shifting, and the cost of natural gas has more than doubled over the last year. This has had a substantial effect on GELD's wholesale power costs. When you add in New England's unique infrastructure challenges, the problem gets even worse. The forecasted costs for the winter of 2023 are currently \$0.21 per kilowatt-hour (kWh), and that's ONLY the generation cost. GELD must also pay its distribution, transmission, and capacity costs as well.

Due to sound financial planning in the past, we began 2022 with a rate stabilization fund of \$1.35 million. The rate stabilization fund was set up to help pay for power costs in times of unforeseen market fluctuations like we are experiencing now.

The GELD Board had voted at a previous meeting to transfer \$400,000 from the rate stabilization fund - \$200,000 toward January 2022 power costs and \$200,000 toward February 2022 power costs. This reduced our rate stabilization fund below the million-dollar mark while helping to keep GELD's rates lower this past winter. Unfortunately, the projected needs for the future far exceed our ability to meet them and requires a rate increase.

Because of these cost challenges, the Light Board voted to increase electric rates 15% effective on the April 30, 2022, bill. The increase is approximately \$0.02 (2 cents) per kWh on the average customer's monthly bill.

After that important vote, the Light Board went into executive session to discuss a potential purchase power agreement (PPA) involving offshore wind power. After returning to open session, the Light Board voted to join MMWEC (Massachusetts Municipal Wholesale Electric Company) Special Project 2021A. Details will become available in the future, but the vote taken Monday night is for GELD to acquire 10% of its power needs from offshore wind in the future.

Sincerely,

Kevin P. Kelly
Manager