

**MERRIMAC MUNICIPAL LIGHT DEPARTMENT
ANNUAL REPORT OF THE**

YEAR ENDING DECEMBER 31, 2013

The Board of Light Commissioners and General Manager are pleased to submit the Annual Report of the Merrimac Municipal Light Department (“MMLD”) for the year 2013.

NEW SERVICES

During 2013 there were a total of 15 new electrical services added to the MMLD's electric distribution system. The total number of electric meters in service at year's end was 2,835.

SYSTEM RELIABILITY

The MMLD is committed to providing the best electric service to the Town of Merrimac residents. The MMLD strives to provide safe and reliable power by continuing capital improvements of the system, in turn, reducing the major industry accepted indexes used to track the reliability of electric systems.

During 2013 the MMLD's system experienced a total of 19 outages which affected a total of 1,790 customers. Quick response to these outages, by the MMLD's crews, resulted in 82% of the total number of customers being restored in less than 60 minutes, 7% restored between 61 and 120 minutes and only 11% restored in more 2 hours. Additionally, 37% of the total number of outages were caused by animal interference and 16% caused by weather related events.

The System Average Interruption Duration Index (SAIDI) measures the number of minutes, on average, a Merrimac customer is without power. The System Average Frequency Index (SAIFI) measures the average frequency of interruptions for a Merrimac customer. The Customer Average Interruption Duration Index (CAIDI) identifies the average length of time, in minutes, that a customer who is interrupted can expect that interruption to last. All the indexes results, for both the combination of equipment and non-equipment related outages are found in Table 1 below.

| SAIDI | SAIFI | CAIDI | TOTAL NUMBER OF OUTAGES |
|--------------|--------------|--------------|--------------------------------|
| 32.92 | 0.607 | 54 | 19 |

Table 1

POWER SUPPLY

The MMLD continues to work with Energy New England, who manages the MMLD's energy portfolio, to ensure energy contracts are in place to cover the Town's energy needs for future years. This is a difficult task especially because of the congested energy load zone that the Town is part of. Power congestion in the Northeast Massachusetts (“NEMA”) and old power plants coming offline have been driving energy, transmission and capacity costs up. This is a problem that has been affecting both the municipal and Investor-owned electric utilities in this region.

During the year 2012 the MMLD started looking into adding 1.5 MW of solar power to its energy portfolio. Solar power has been a very popular source of renewable energy due to the multiple incentives provided by state agencies. Solar suppliers are offering competitive prices that could be very beneficial to rate payers and to the Town.

In 2013 the MMLD signed a Purchased Power Agreement with Consolidated Edison Development to buy the energy output of a 1.5 MW solar farm to be installed on a piece of land between East Main Street and Federal Way. The project came online on December 27th and should cover about 8% of the Town's energy needs.

CONTRIBUTIONS TO THE TOWN

Based on preliminary results of year 2013, the Municipal Light Department will be providing the Town with the following contributions for Payment in Lieu of Taxes:

| | |
|------------------------------------|---------------------------|
| Cash Payment: | \$10,000.00 |
| Unbilled Streetlight Usage: | <u>\$22,948.51</u> |
| Total PILOT Payment | \$32,948.51 |

COMMUNITY

The Merrimac Municipal Light Department is a Public Utility, that means it is owned by its rate payers and not by a board of directors like the investor owned utilities. That means that when you call or come into the office you get to talk to a person, someone who will help you with questions that you may have about your bill or your electric service. We at the Municipal Light Department are here to serve the community.

During 2013 the MMLD conducted a number of electrical safety programs at the Helen R. Donaghue School, at the Dr. Frederick N. Sweetsir School and at the Senior Center. These programs, conducted by our Public Safety Coordinator, have the objective of teaching the young and elderly population in our community about the possible electric hazards at home or outside and how to stay safe and make others safe when dangerous situations are encountered.

The MMLD recognizes the need to effectively communicate with the public during special situations therefore it continues its financial support of the Code RED system being used in Town. In addition, the MMLD continues to support other departments, such as the Library, Senior Center and DPW, with the use of some of our equipment and electrical expertise.

In December of 2013, the MMLD assisted the Santa Committee hanging reefs at the Town Hall building and strung the lights for the annual Christmas lighting event at the Kimball Park, which has become a family tradition well enjoyed by the community.

STAFF AND COMMISSIONERS

Both the MMLD's staff and Commissioners continue to be very dedicated to having a municipal light department that provides safe and reliable electricity to the Town while managing to maintain rates stable in an energy market where costs are continually changing.

Respectfully submitted,

Francisco A. Frias, General Manager

Board of Light Commissioners

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|----------------|-------------------|
| Norman Denault | Term Expires 2014 |
| Linda Soucy | Term Expires 2016 |
| Jim Young | Term Expires 2015 |