

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

YEAR ENDING DECEMBER 31, 2014

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 2014.

NEW SERVICES

During 2014 there were a total of 20 new electrical services added to the MMLD's electric distribution system. The total number of electric meters in service at year's end was 2,850.

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 2014 the MMLD’s system experienced a total of 25 outages, which affected a total of 9,165 customers. Quick response to these outages, by the MMLD’s crews, resulted in 92% of the total number of customers interrupted being restored in less than 60 minutes, 6% restored between 61 and 120 minutes and only 2% restored in more 2 hours. Additionally, 32% 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
104.55	3.107	34	25

Table 1

One of the MMLD’s Capital projects during 2014 was the routing of the 23 kV supply line, from Emery Street to the Mill Street Substation, through East Main Street. The Mill Street Substation carries about 75% of the Town’s electrical load and was being fed by a 23 kV line coming down a wooded Right-Of-Way very difficult to access by our line trucks, if repairs were necessary. Now, there is a backup line that is easily accessible. This was a major reliability improvement and one that will reduce outages that would have lasted hours, to just minutes now.

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 is affecting both the municipal and Investor-owned electric utilities in this region and it will be getting worse before it gets better. As a result, electric rates have started going up in many communities. The MMLD’s power costs, due to Transmission and Capacity expenses, are projected to increase from \$1,060,473, in 2014, to \$2,090,716 by 2019.

The department has been able to have a good portion of renewable energy in its energy portfolio, which includes the local 1.5 MW solar farm installation, hydro power from the Miller Hydro plant, and wind power from the Spruce Mountain and Saddleback Ridge projects.

CONTRIBUTIONS TO THE TOWN

Based on preliminary results of year 2014, 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>\$24,122.55</u>
Total PILOT Payment	\$34,122.55

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 2014 the MMLD conducted an electrical safety program at the Helen R. Donaghue School. These type of programs, conducted by our Public Safety Coordinator, have the objective of teaching the young population in our community about the possible electric hazards at home or outside and how to stay safe and make others safe when dangerous electrical situations are encountered.

The MMLD, in 2014, contributed \$3,005.00 to cover a portion of the cost of the Code RED system being used in Town. In addition, the MMLD continues to work in collaboration with other departments, assisting them with the use of some of our equipment and electrical expertise.

In December of 2014, 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 and attended by hundreds in the community.

GENERAL MANAGER, STAFF AND COMMISSIONERS

Both the MMLD's staff and Commissioners continue to be 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.

The MMLD's General Manager, together with the staff, has been able to cut down expenses in different areas of the operation and will continue to look for other areas where expenses can be reduced.

In 2014, the MMLD's General Manager and Commissioners came up with the organization's Mission Statement, which will serve as the department's guide in the day to day operations.

“The Merrimac Municipal Light Department (“MMLD”) exists to provide its owner, the Town of Merrimac’s ratepayers, safe and reliable electricity at a reasonable and competitive rate that sustains the healthy operations of the department, and the maintenance, expansion and modernization of the electrical distribution system. This mission will be accomplished by a staff of responsible, dedicated and customer-oriented employees with superior work ethics, skills and professionalism.”

Respectfully submitted,

Francisco A. Frias, General Manager

Board of Light Commissioners

Norman Denault

Term Expires 2017

Larry Fisher

Term Expires 2015

Robert Handerson

Term Expires 2015