

## REPORT OF THE MUNICIPAL LIGHT BOARD

The Municipal Light Plant (“MLP”) successfully achieved its Mission Statement objectives in Fiscal Year 2009 (“FY09”). Under the leadership of the Municipal Light Board (“MLB”) which consists of two members appointed by the Board of Selectmen, Thomas E. Peisch and Edward J. Stewart, as well as the three members of the Board of Public Works, William E. Charlton, David A. T. Donohue and Michael D. Humphrys, the MLP continued to outperform investor-owned electric utilities. A summary of the progress made in the fulfillment of its Mission Statement objectives is provided below.

### Reliability

The most widely used benchmark to measure reliability is the System Average Interruption Duration Index (“SAIDI”). The SAIDI index calculates the number of minutes, on average, a customer is without electricity. During FY09 the average Wellesley resident was without power for 12 minutes. This represents a reduction of 65% from last year when SAIDI was 34 minutes. The improvement in Reliability is a direct result of the MLB’s decision to fund an aggressive capital work plan. For comparison purposes, an article in the Worcester Sunday Telegram after the December 2008 ice storm reported the New England average at 285 minutes in 2007.

### Electric Rates

The MLB managed to balance the funding for aggressive infrastructure improvements while maintaining electric rates that are among the lowest in Massachusetts and New England. The chart below compares Wellesley’s monthly residential bill to those paid in the surrounding communities served by an investor-owned utility.

<b>Residential Rate Comparison As of March 2009</b>			
<b>Kilowatt-Hour Usage</b>	<b>Wellesley</b>	<b>Surrounding Communities</b>	<b>Annual Savings</b>
250	\$31.45	\$54.85	\$280.80
500	\$60.30	\$102.18	\$502.56
750	\$91.00	\$150.05	\$708.60
1,000	\$121.52	\$197.92	\$916.80

### Town Benefits

The MLP provides a number of financial benefits to the Town of Wellesley including discounted electric rates for streetlights, buildings and facilities. The Town realizes an annual savings of \$1,322,844 from the ownership of its electrical distribution facilities. The MLP has also installed a fiber network to all Town buildings and schools at no cost to the taxpayers. In addition to the aforementioned benefits, the MLP continues to fund an annual \$1 million cash payment to the Town. The MLP’s payment is among the most generous of Massachusetts’ 40 electric municipalities.

### Public/Employee Safety

The MLB places the highest priority on maintaining a safe environment for the public and employees. There were no public safety incidents in FY09 and MLP employees extended their consecutive day streak without a lost time accident to 1,370 days.

The MLP and all electric ratepayers in New England are forced to absorb significant cost increases from recent policies implemented by regional and federal regulators. The MLP is uniquely positioned to absorb these costs because it has continued to maintain and improve its distribution and sub-transmission infrastructure without issuing debt. The MLP has also made a long-term investment in future price stability by purchasing a 10% entitlement in the 115 megawatt Braintree generation plant.

The MLB looks forward to meeting the future demand of balancing reliability, rates and Town benefits. Standard & Poor's reaffirmation of the MLP's "AA Stable" rating allows the staff more flexibility and favorable payment terms for the purchase of the Town's energy and capacity. The MLB plans to utilize these financial benefits to expand on energy conservation and renewable energy initiatives. These initiatives include the expansion of the "voluntary renewable purchase" program, funding energy modeling for the new High School, implementation of an expanded time-of-use pilot program and working with Town Boards and Committees to meet the Green Ribbon Committee's energy conservation goals.