

REPORT OF THE MUNICIPAL LIGHT BOARD

Each year the Municipal Light Plant (“MLP”) strives to achieve four primary Mission Statement objectives: 1) provide reliable service; 2) maintain competitive electric rates; 3) provide benefits to the Town; and 4) ensure the safety of the public and employees. 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, III as well as the three members of the Board of Public Works, William E. Charlton, Paul L. Criswell and David A. T. Donohue, the MLP was able to successfully achieve all four objectives in Fiscal Year 2010 (“FY10”). A summary of the progress made in the fulfillment of the MLP’s Mission Statement is summarized 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 FY10 the average Wellesley resident was without power for nine minutes. This represents a reduction of 25% from last year when SAIDI was 12 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 SAIDI 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.

Residential Rate Comparison As of June 2010			
Kilowatt-Hour Usage	Wellesley	Surrounding Communities	Annual Savings
250	\$33.99	\$47.02	\$156.36
500	\$65.37	\$87.62	\$267.00
750	\$98.59	\$128.21	\$355.44
1,000	\$131.63	\$168.80	\$446.04

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 \$1.3 million 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 FY10 and MLP employees established an all time record for consecutive days without a lost time accident at 1,376 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.