

The Middleborough Gas and Electric Department Report for the 2010 Town Annual Report

Elected Officials:

Terrence Murphy	Term Expires 2012
Thomas Murphy	Term Expires 2010
Joseph Ranahan	Term Expires 2011
Michael Solimini	Term Expires 2013
Don Triner	Term Expires 2012

Report of the Gas and Electric Department

As we write this report, it is snowing, to be followed by sleet and wind. As you read this report, it may well be sunny and warm when it is issued in summer. But it's worth remembering, this winter started with a post-Christmas blizzard, winds gusting to over 80 miles per hour on the lakes and over a foot of snow overnight. This storm was quickly followed by another and now this storm and another predicted within a few days. Through it all and the inevitable power outages, our crews have proven the reason it is imperative that we keep investing in a strong electric and natural gas utility. While private, larger utilities in the state have struggled to get crews and equipment where they are needed, our customers have reaped the benefits of stronger distribution lines, modern trucks and tools and, most of all, well-trained, well-qualified, capable men and women responding when it counts.

This year, we continued the "hardening" of circuits in Lakeville, replacing standard electric lines with Hendrix insulated cable which can withstand hard contact with tree limbs. Aggressive tree-trimming paid real benefits during the storms this year, significantly reducing the duration of outages along traditional trouble-spots in wooded areas. Our gas crews completed replacing the low pressure cast iron and steel gas main along Wareham Street with a new high pressure polyethylene (PE) main, upgrading or replacing service lines as they progressed. They completed the same upgrade to PE along Homestead Road with service lines scheduled to be replaced and the upgrade to high-pressure in 2011. The gas division concluded a full review of operating practices this year by our insurance underwriter, confirming that our practices meet not only basic standards for safe operation but employ modern practices and technologies before they are mandated. And, during what is turning out to be the stormiest winter on record, Gas crews assisted the Middleborough DPU by helping plow town roads and parking lots after each snow storm.

The most demanding project this year may have involved the Electric Division's demonstration of compliance across a broad range of standards established by the North American Electric Reliability Corporation (NERC). In response to the 2005 blackout, the federal government deemed NERC responsible for setting reliability standards for the national electric system through regional entities. MG&E was audited by the Northeast Power Coordinating Council, Inc.(NPCC), on areas ranging from operational and cyber security to sabotage response plans. Demonstrating compliance involved hours of reporting and testing as well as the adoption of a new alert communication system. We passed the September NPCC audit without exception. In this effort, the experience and collaborative approach of our managers proved invaluable – ensuring safe and reliable services for our customers and saving MG&E from potential penalties and investments in alternative systems in the future.

We have also been working to keep department finances in a secure position, setting aside funds to pay down future pension liabilities which will haunt nearly every city and town across the country in coming years. We balance these necessary measures with the need to keep rates low in a sluggish economy. In the past 12 months, we have been able to lower the fuel charges for both natural gas customers and for electric customers three times. We drop these charges slowly, carefully to be sure they will stay that way. And we continued the focus on energy conservation in meaningful programs that will result in actual savings for customers willing to take lasting steps to save. We again contributed \$30,000 to the Weatherization Assistance Program of two local agencies that install actual insulation measures and replace faulty heating equipment. Our audits of the Robbins Museum and the Middleboro Housing Authority apartments identified over \$50,000 worth of annual energy savings with specific investment measures. Working with the Green Energy Committee, we added the Energy Sense service to our website, enabling customer to review the energy uses of their homes online and get specific advice at their convenience. Finally, through our payment in-lieu-of-taxes program (PILOT), we contributed \$381,000 to the town of Middleborough in 2010.

Customers will always remember the work our crews do to keep their lights on and their homes warm. They may also remember the help they received trying to save energy. What most do not know is the work behind the scenes to keep their utility – your utility – running properly. It involves constant and prudent investment in equipment, systems and people. But everyone must realize why it matters. Only a strong utility with safe, up-to-date systems, educated and experienced staff can keep lights on, homes warm, rates competitive and towns vibrant and growing.

OPERATING HIGHLIGHTS . . .

	2009	2008
Electricity Sold (Kilowatt-hours)	243,832,017	249,424,630
Gas Sold (Hundreds of Cubic Feet)	7,377,873	7,789,525
Customers Served:		
Electric	15,819	15,573
Gas	4,969	4,905
Number of Employees	53	53

Finally, we want to remind our citizen-owners that Middleborough's Gas & Electric Department provides more than great service and a healthy share of revenues to the town. The Department

- Keeps rates competitive and low to help attract new large employers & tax payers.
- Bills the town at discounted rates for electric and gas use at their facilities and for streetlights.
- Avoids bonding for large projects by paying out of saved funds.
- Helps the town avoid short term borrowing by keeping MG&E revenues in town accounts for their short-term use. The town also earns interest on these revenues.

These are just a few of the many reasons it's important to maintain this healthy asset.

Respectfully submitted,

Middleborough Gas and Electric Department Commission

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