

Sterling Municipal Light Department

50 Main Street

Sterling, Massachusetts 01564-2135

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www.energysterling.co

Respectfully submitted is the ninety-eighth report of the Sterling Municipal Light Department (SMLD).

A total of 57,830,629 kilowatt hours (kWhs) of electricity was sold to customers during calendar year 2008. This represents a 3.73% decrease of 2,240,479 kWhs over calendar year 2007. The price for electricity increased during 2008 due to fuel prices increasing through most of the year, New England Power Pool expenses increasing as well as a large transmission price increase (60%). For comparison in December 1991, a 500 kWh residential customer, who paid before discount day, was paying \$.158/kWh (\$78.96). As of December 2008 the same residential customer is paying an average of \$.1544/kWh (\$77.18*), an overall 2.28% decrease in the price of electricity.

Sterling's hourly peak demand of 12,275 KW was set in June 2008. The Carbolon facility continued to assist the SMLD by generating electricity during 2008 that helped control operating costs.

During 2008, there were 73 outages affecting the Town of Sterling (excluding the December ice storm recovery). With all of this taken into account, the average availability of electricity for all Sterling customers in 2008 was approximately 99.973% prior to the December ice storm. The SMLD would like to thank the Townspeople for their patience and support during the devastating December 11, 2008 ice storm. The storm was unlike any in recorded history. Approximately 99% of the customers lost their power on December 11, 2008. Working diligently the SMLD and mutual aid crews had power restored to 95% of the customer base within six days (December 17, 2008) and the last customer was hooked up December 24, 2008. The SMLD continues with the repair work from the storm as well as working with the State and Federal emergency agencies on assessing the overall damages.

The Operations Crew continued to work on upgrading industrial services as well as the three-phase and single-phase upgrades on Lake Shore Drive, Tanglewood Drive, and Upper North Row Road. In addition, upgrades and maintenance were performed throughout the town to help minimize outages and the number of customers affected by outages. The distribution system grew with the addition of 21 new electrical services and 56 pole installations. Upgrades and conversions throughout 2008 resulted in the removal of 20,883 feet of wire. In addition, 2,660 feet of wire was installed for all overhead and underground services and upgrades.

The SMLD's customer base has increased to 3,641 as of January 2009: 3,234 residential customers, 145 industrial customers, 207 commercial customers and 55 municipal services.

Sterling's power supply consisted of eleven separate power agreements with Millstone III, Seabrook, Integrys Energy Services, West Springfield Hydro, Baltic Mill Hydro, Mechanicsville Hydro, Methuen Falls Hydro, Stony Brook combined cycle units, PASNY, ISONE Energy Market, and Carbolon Co-generation. Approximately 19% of our power supply was purchased from hydroelectric resources. This voluntarily exceeds the state mandate for Investor Owned Utilities (IOU's) to purchase a minimum of 3.5% of their power supply from renewable resources (the SMLD under Massachusetts General Laws is exempt from state laws for IOU's such as UNITIL or NSTAR).

(*Please note that in figuring \$77.18, we have included the 20% discounts in November and December averaged over a 12-month period.)

The SMLD hosted three educational seminars during the fall and look for additional ones in 2009. The SMLD continues to implement the HELPS program, Energy Star Rebate program, Mass Energy discount heating oil program, SMLD Green Support program, Emergency Beacon Bulb program, the TESCO surge arrester program as well as the NEMTA Local and Long Distance Telephone Service. The SMLD Green Support Program is a voluntary program where the customer is charged 1.5 cents more per kWh to help support the SMLD's efforts to promote and maintain the purchase of power from renewable energy resources. The NEMTA Local and Long Distance Telephone Service continues to provide service to 2.07% of our residential customers and the total average monthly minutes usage for all customers is 4,001. NEMTA offers Local and Long Distance phone service to all our interested customers. Please call Customer Service (978-422-8267) with any questions regarding any of the programs listed above.

Other community activities/contributions sanctioned by the SMLD Light Board during 2008 were:

1. \$40,000 in-lieu-of tax payment for fiscal year 2008
2. 20% discount for November 2008, December 2008, January 2009 and February 2009
3. Our Successful Annual Open House
4. Annual Outdoor Holiday Lighting Contest (cancelled at the last minute due to the December Ice Storm)
5. Town Common and Library Holiday Lighting
6. Sterling Fair
7. Banner Hanging
8. Telephone poles for Sholan Beach Pavilion
9. Annual Senior Center Update
10. New Back-up Generator for the Butterick Building
11. Replace and upgrade school zone signal sign on Boutelle Road
12. SMLD's installation of a 2.5 KW thin-film photovoltaic solar array on top of the 2 Leominster Road
13. Assisted the town in Disaster Recovery Services
14. SMLD's Climate Action Plan is a resolution to voluntarily purchase non-polluting generation in which the SMLD exceeds Massachusetts' requirements for IOU's by 15.5%
15. Town street lighting continued to be retrofitted and maintained by the SMLD for the Selectmen and Townspeople.

In May 2008, Arthur J. Coughlin, Sr. was re-elected to a three-year term on the Light Board.

A special thank you to all of the SMLD employees for their hard work and enduring loyal service to the community throughout the year. Last, by no means least, a heartfelt thank you to the other Town Departments for their advice, cooperation and assistance.

Respectfully Submitted,

John Kilgo, Jr., General Manager

Sterling Municipal Light Board Members:
Richard A. Sheppard, Chairman
Arthur J. Coughlin, Sr., Clerk
Kenneth I.H. Williams, Third Member