

Sterling Municipal Light Department

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

A total of 57,830,000 kilowatt hours (kWhs) of electricity was used by customers during calendar year 2009. This represents a decrease of 629 kWhs over calendar year 2008. The price for electricity remained stable during 2009 due to high market prices, an additional transmission price increase and continual repair work due to the December 2008 Ice Storm. For comparison in December 1991, a 500 kWh residential customer, who paid before discount day, was paying \$.158/kWh (\$78.96). As of December 2009 the same residential customer is paying an average of .1567/kWh (\$78.37), an overall slight decrease in the price of electricity in almost two decades.

Sterling's hourly peak demand of 12,056 KW was set in August 2009. The Carbolon facility continued to assist the SMLD by peak shaving and generating electricity during 2009 that helped stabilize operating costs.

During 2009, there were 77 outages affecting the Town of Sterling. With all of this taken into account, the average availability of electricity for all Sterling customers in 2009 was approximately 99.991% which was an improvement over 2008. The SMLD continues with the permanent repair work from the December 2008 Ice Storm. In addition, upgrades and maintenance were performed throughout the power system to help minimize outages and the number of customers affected by outages. The distribution system grew with the addition of 17 new electrical services and 108 pole installations. Upgrades and conversions throughout 2009 resulted in the removal of 2,700 feet of wire. In addition, 3,860 feet of wire was installed for all overhead and underground services and upgrades.

The SMLD's customer base has increased to 3,657 as of January 2010: 3,263 residential customers, 146 industrial customers, 212 commercial customers and 36 municipal services.

Sterling's power supply consisted of twelve separate power agreements with Baltic Mills Hydro, Carbolon Cogeneration, Contoocook Hydro, Integrys Energy Services, ISO NE Energy Market, MMWEC, Mechanicsville Hydro, Methuen Falls Hydro, Millstone III, PASNY, Seabrook and Stony Brook combined cycle units. In addition, starting in March 2010, Centennial Falls Hydro Electric Facility and future renewable options are being reviewed for participation. Over 24% of our power supply was purchased from renewable 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). In addition, the SMLD is required by Federal Law to comply with the North American Electric Reliability (NERC) rules and regulations. The SMLD vied to become and is now a full member of NERC to assist in developing regional regulations and to protect our interests as a public power utility.

The SMLD hosted two educational seminars during the fall and look for additional ones in 2010. The SMLD continues to implement the HELPS program, Energy Star® Rebate program, Mass Energy discount heating oil program, SMLD Green Support program, the SMLD's Solar Installation Offerings, Kill-A-Watt™ Electricity Usage Monitor, Sunrise™ Solar-Powered Attic Fans, 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 some of our residential customers and the total average monthly minutes usage for all customers is 3,633. NEMTA offers Local and Long Distance phone service to all our interested customers. The SMLD is also communicating more via its Web site and has added a Recent Events section to update you on important issues (www.energysterling.com). 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 2009 were:

1. \$40,000 in-lieu-of tax payment for fiscal year 2009
2. 20% discount for November 2009, December 2009, January 2010 and February 2010
3. Our Successful Annual Open House
4. Annual Outdoor Holiday Lighting
5. Town Common Lighting
6. Sterling Fair
7. Banner Hanging
8. Assisted the town in Disaster Recovery Services
9. SMLD's Climate Action Plan is a resolution to voluntarily purchase non-polluting renewable generation in which the SMLD exceeds Massachusetts' requirements for IOU's by 20.5%
10. Town street lighting continued to be retrofitted and maintained by the SMLD for the Selectmen and Townspeople.

In May 2009, Matthew Stelmach was elected to a three-year term on the Light Board.

The SMLD would also like to give special thanks to Mr. Kenneth I.H. Williams for his 18 years of service as a Sterling Light Board Member. The SMLD cannot express enough appreciation to Mr. Williams for the steady advisory role he played as the power industry deregulated and Federal and State laws expanded whilst never forgetting the importance of the power system. In addition, his welcomed opinion on local issues never failed to open debate and would always lead to a balanced sound public power decision. We wish him all the very best in the future.

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

Matthew Stelmach, Third Member