

REPORT OF THE MIDDLEBOROUGH GAS & ELECTRIC DEPARTMENT

Elected Officials:

Daniel Farley	Term Expires 2022
Ellen Farley	Term Expires 2020
John Healey	Term Expires 2021
Thomas Murphy	Term Expires 2022
Paul Smith	Term Expires 2021

Report of the Gas and Electric Department

For MGED, 2019 was a year of accelerating change in energy service and technology. We balanced a full calendar of projects with the need to keep our focus on reliability and safe operations.

Less than a year after the Merrimack Valley natural gas crisis, we worked with the Massachusetts Department of Public Utilities and industry consultants to complete a full assessment of operations. The final report evaluated all natural gas distribution entities including MGED and 3 other Massachusetts municipal gas departments and gave us the reassurance that our management of safety strategies works as it should. Later this year, we hosted a town-department-wide safety drill to encourage awareness of our natural gas systems and help participants consider emergency resources for real life situations. This operational emphasis inspired a program of training for MGED employees to think safety-first while on the job with workshops, daily outreach and an all-hands breakfast to cap off the effort. For Public Power & Natural Gas week, we promoted Northeast Gas Association's *Be Nosey* video campaign and confirmed over 250,000 views of the advertisement asking everyone to be vigilant (and nose) to see/smell/hear signs of a natural gas leak and help prevent pipeline damage by requesting a Dig Safe service marking. We also invited customers to take the Sensible Safety Sweepstakes series of online/smartphone quizzes to win high-tech home safety prizes.

Residential conservation services have been rapidly evolving with new guidance from the state Department of Energy Resources (DOER) to promote electrification of customer energy use for heating and transportation. We began offering rebates for heat-pump heating & cooling systems and Electric Vehicle charging stations. We also worked directly with DOER to contribute half of the funds for the MLP Solar Rebate program which pays an immediate rebate for residential customers as soon as they activate qualifying home solar arrays. We held two major events with this new programming in mind: the *Smart Energy Workshop* in March and our first *Drive Electric for Earth Day* in April. In August, we added the +Green Choice renewable energy option for customers who want to match their energy use with qualified energy certificates from renewable resources. This option appealed to over 12% of the customers who answered our service survey this year with more than 30% saying they may join this program in the future. The survey also showed MGED's average positive rating of 95% across six characteristics including honesty/integrity, rates and helping customers conserve energy. We received the top rating of 98% for reliability, a fact that we don't take for granted.

Perhaps the greatest change for our everyday service involves new Advanced Metering Infrastructure, a system of meters and equipment supporting the digital transformation of this basic customer connection. Aware that the expiration date for the current meter data collection system was approaching, MGED's management team completed an exhaustive study, selected the equipment through a competitive bid process and expect to begin installation in 2020. This new network meets the latest standards and will serve our customers for at least the next two decades. Using local wireless communications, MGED will be alerted to outages faster and will have more granular data to help with questions about energy use and system conditions. We also completed a transmission line interconnection upgrade, reconductoring wire and replacing poles for taller, more robust structures. Work progressed on the Everett Square upgrade and the replacement of cast iron natural gas mains and services with more reliable and leak-proof polypropylene pipe. For natural gas crews, this work is usually pretty uneventful, but this year, they unearthed a little town history when they found two grave markers and work was halted to confirm that no graves existed on Station Street. These recycled stones had been replaced

by their own upgrades on the family plot in the Central Cemetery. The artifacts were donated to the Friends of Middleborough Cemeteries and work on this project continues.

All of this progress keeps MGED focused forward, even as we ended our 125th anniversary year, and joined the town's 350th anniversary celebration. MGED-sponsored events included *Kites Over Middleborough* and transportation for the 350th Celebration Gala at the Oliver House. As the town ended a year of gala events, MGED's Commissioners voted to sponsor the LED lighting upgrade for the Middleborough town hall's cupola, restoring the glow for this local landmark in time for the holiday season. All in all, we celebrated a remarkable year with a brilliant finale and we face forward again and plan for changes to come. As ever, we're grateful and happy to serve you and wish you warmth and light.

Customers and citizen-owners can follow our work and discover more about their utility including current rates, bill comparisons and help understanding their own energy use by logging on to our website – MGED.com. To receive alerts, follow us on Twitter: @MGEDnews and on Facebook/MGEDnews.

An audited financial report is available by calling the administrative office at 508-947-1371. For this report, we can provide the following abbreviated statements completed in 2019:

(next page)

	December 31, 2019	December 31, 2018
	<u>2019 Rounded</u>	<u>2018 Rounded</u>
Utility Plant - At Original Cost	79,693,000	73,471,000
Less Accumulated Depreciation	(57,724,000)	(54,550,000)
Net Utility Plant	<u>21,969,000</u>	<u>18,921,000</u>
Cash & Equivalents	55,210,000	52,098,000
Other Assets	7,927,000	7,749,000
TOTAL ASSETS	<u>85,106,000</u>	<u>78,768,000</u>
Retained Earnings	48,828,000	46,010,000
Current Liabilities	5,847,000	6,108,000
Other Liabilities	30,431,000	26,650,000
RETAINED EARNINGS & LIABILITIES	<u>85,106,000</u>	<u>78,768,000</u>
	-	-
	Year Ended	Year Ended
	December 31, 2019	December 31, 2018
Operating Statement		
OPERATING REVENUES	50,265,000	50,286,000
LESS OPERATING EXPENSES.....	<u>47,064,000</u>	<u>47,271,000</u>
OPERATING INCOME...	3,201,000	3,015,000
OTHER INCOME	487,000	317,000
Payment to Town of Middleborough	(870,000)	(817,000)
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Increases in net assets	<u>2,818,000</u>	<u>2,515,000</u>
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OPERATING HIGHLIGHTS...	<u>2019</u>	<u>2018</u>
Electricity Sold (Kilowatt-hours)	262,892,318	275,885,067

Gas Sold (Hundreds of Cubic Feet)	10,167,780	10,203,480
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Customers Served:

Electric	17,245	16,940
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Gas	6,027	5,870
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Number of Employees	59	58
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