Massachusetts cities and towns need the option to establish a municipal electric utility.

Patrick Mehr, Lexington Electric Utility Committee, 781-367-2229

www.MassMuniChoice.org
Electricity: from the power plant to your house

Power plants and very high voltage lines:

“Supplier services”

Substations, poles, wires, transformers:

“Delivery services” by NStar;
Instead, a “muni” in Lexington?
Municipal electric utility ("muni")

- 41 munis in Massachusetts (e.g. Concord, Belmont, Braintree)
  - serve 15% of the population
- Present State law:
  - 100 years old
  - de-facto veto power by NStar, National Grid
  - no muni formed since 1926 (except Devens)
- monopoly
Forming a new muni

- Bill H869:
  - option to form new munis
  - up to 3/year
  - DPU review
  - utility’s assets
    - value set by DPU
  - no veto
Why new munis?

• Local control
  • “green” electricity
  • underground

• Better service

• Lower rates

• “Competition”
Munis provide local control

- "Green" electricity

  The Hull Muni generates wind power

- Undergrounding

  Marblehead muni: before after

  Lexington, NStar: double pole on Muzzey St

- a muni can develop or purchase "green" power
Customer satisfaction: NStar next-to-last nationwide

JD Power 2006 customer satisfaction survey:
total ratings by residential & business customers
of 49 utilities
Munis charge less than Nstar: households
Munis charge less than Nstar: high schools

Cost of electricity in High Schools (July 06-June 07)
with NStar or a muni as the local utility

Cost (left scale)  % difference vs. Lexington (right scale)
Possible savings in Lexington

- each household: $250-300 per year
- Schools (8,200 students): $600,000 per year
- Shire (large business): $400,000 per year
Support for H869

• Rep. Jay Kaufman, lead sponsor

• two dozen co-sponsors

• over 140 cities and towns endorsed the legislation

• MMA, MASSPIRG, Mass Climate Action Network, Mass Energy Consumers Alliance, Cape Light Compact

• *Boston Globe*: “A promising bill [...that] would restore some power to the consumer”

• Governor Deval Patrick: “I see [...] municipal electric utility companies adding competition and lowering consumer prices.”
## Compensation of NStar’s top executives

<table>
<thead>
<tr>
<th>Executive</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas J. May</td>
<td>$11.7 m</td>
<td>$11.6 m</td>
<td>$9.7 m</td>
</tr>
<tr>
<td>Chairman, President &amp; CEO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>James J. Judge</td>
<td>$2.8 m</td>
<td>$3.5 m</td>
<td>$1.7 m</td>
</tr>
<tr>
<td>SVP, Treasurer &amp; CFO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Douglas S. Horan</td>
<td>$2.8 m</td>
<td>$3.6 m</td>
<td>$2.8 m</td>
</tr>
<tr>
<td>SVP Strategy, Law &amp; Policy, Secretary &amp; General Counsel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Werner J. Schweiger</td>
<td>$1.1 m</td>
<td>$1.8 m</td>
<td>$1.5 m</td>
</tr>
<tr>
<td>SVP Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joseph R. Nolan, Jr.</td>
<td>$1.5 m</td>
<td>$1.2 m</td>
<td>$1.3 m</td>
</tr>
<tr>
<td>SVP Customer &amp; Corporate Relations</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>TOTAL NStar's 5 top executives</td>
<td>$20.0 m</td>
<td>$21.7 m</td>
<td>$17.0 m</td>
</tr>
</tbody>
</table>

Source: NStar annual proxy statements DEF 14A
Next steps

- H869 in the Joint Committee on Telecommunications, Utilities & Energy
  - Rep. John Keenan and Senator Ben Downing, co-chairs

- Do House Speaker Robert DeLeo and Senate President Therese Murray want H869 enacted?
For more information, visit:

www.MassMuniChoice.org