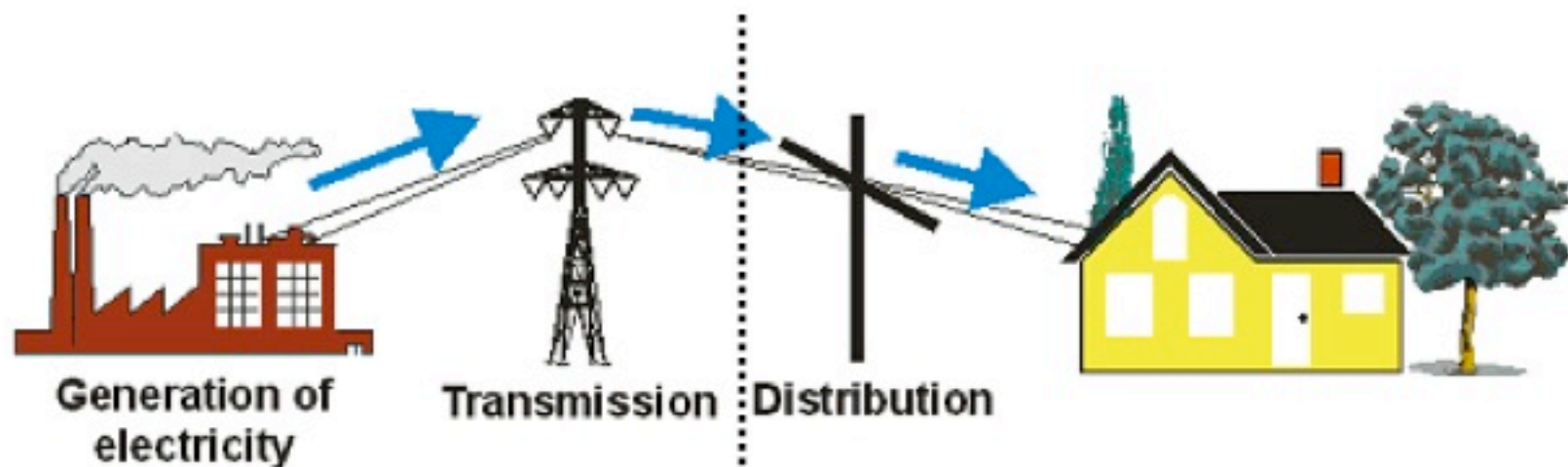


Massachusetts cities and towns  
need the option to establish  
a municipal electric utility

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

[www.MassMuniChoice.org](http://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

- a muni can develop or purchase “green” power

- Undergrounding



Marblehead muni: before



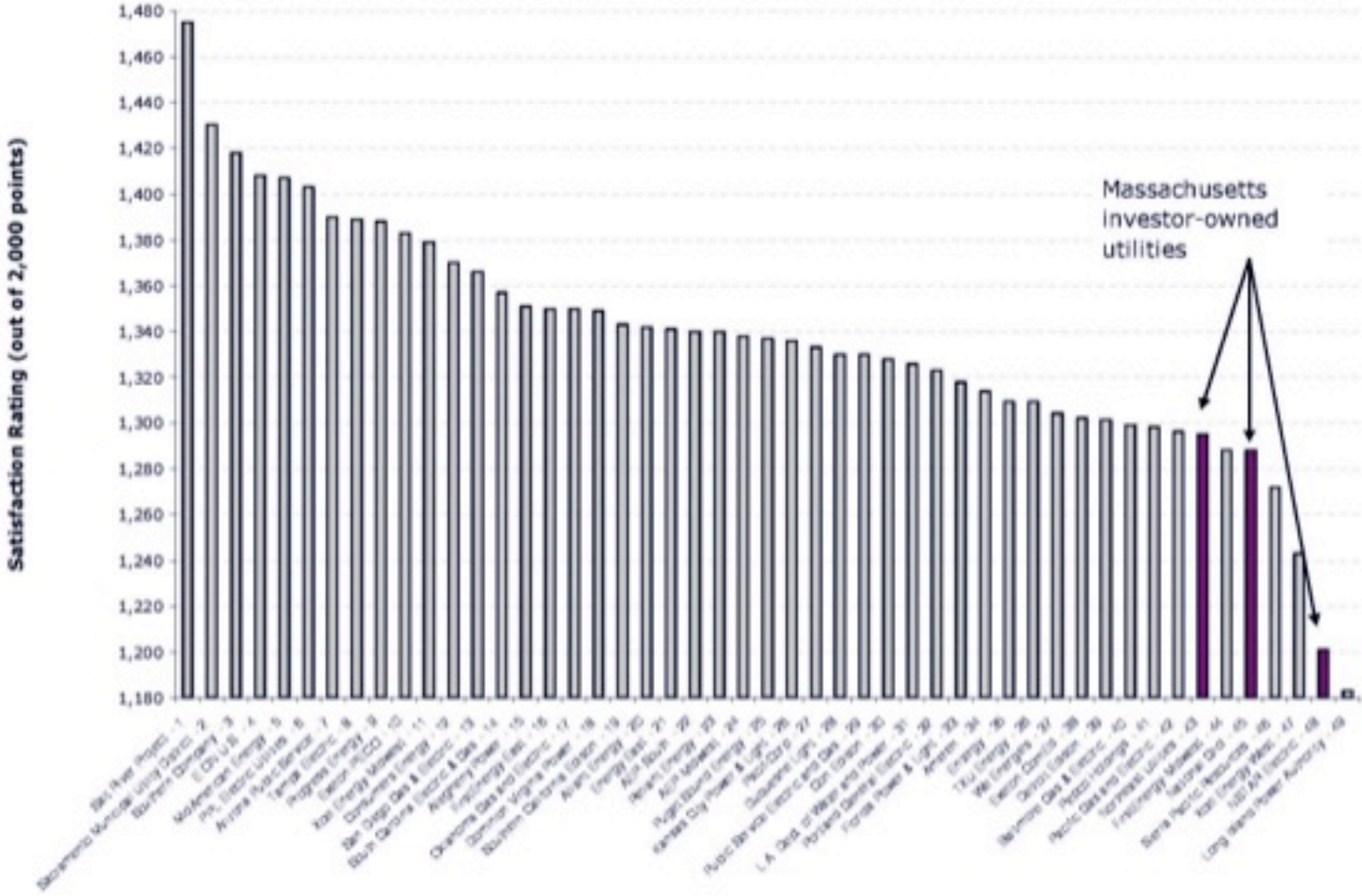
after



Lexington, NStar :  
double pole on  
Muzzey St

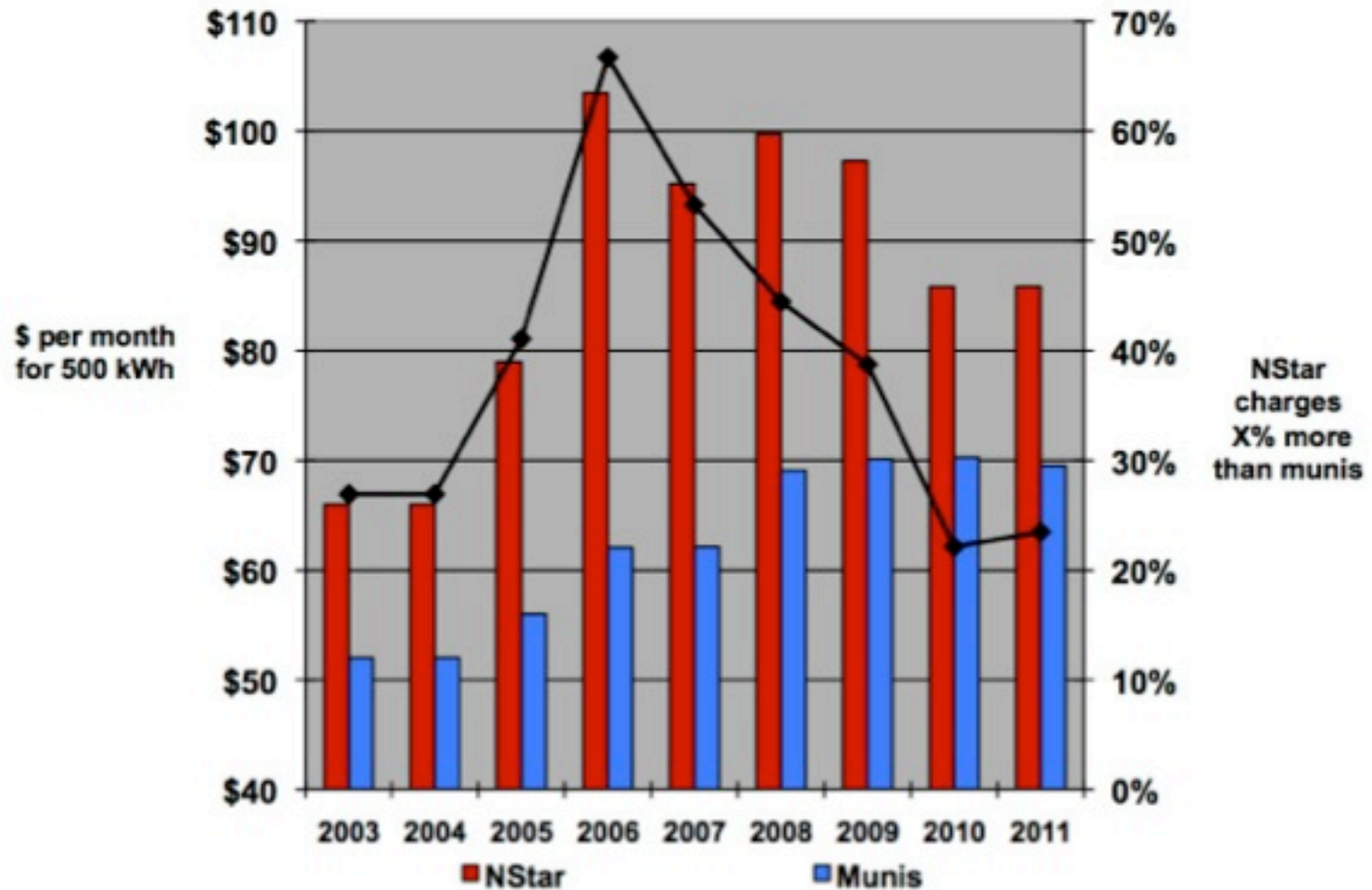
# Customer satisfaction: NStar next-to-last nationwide

JD Power 2006 customer satisfaction survey:  
total ratings by residential & business customers  
of 49 utilities





# Munis charge less than Nstar: households

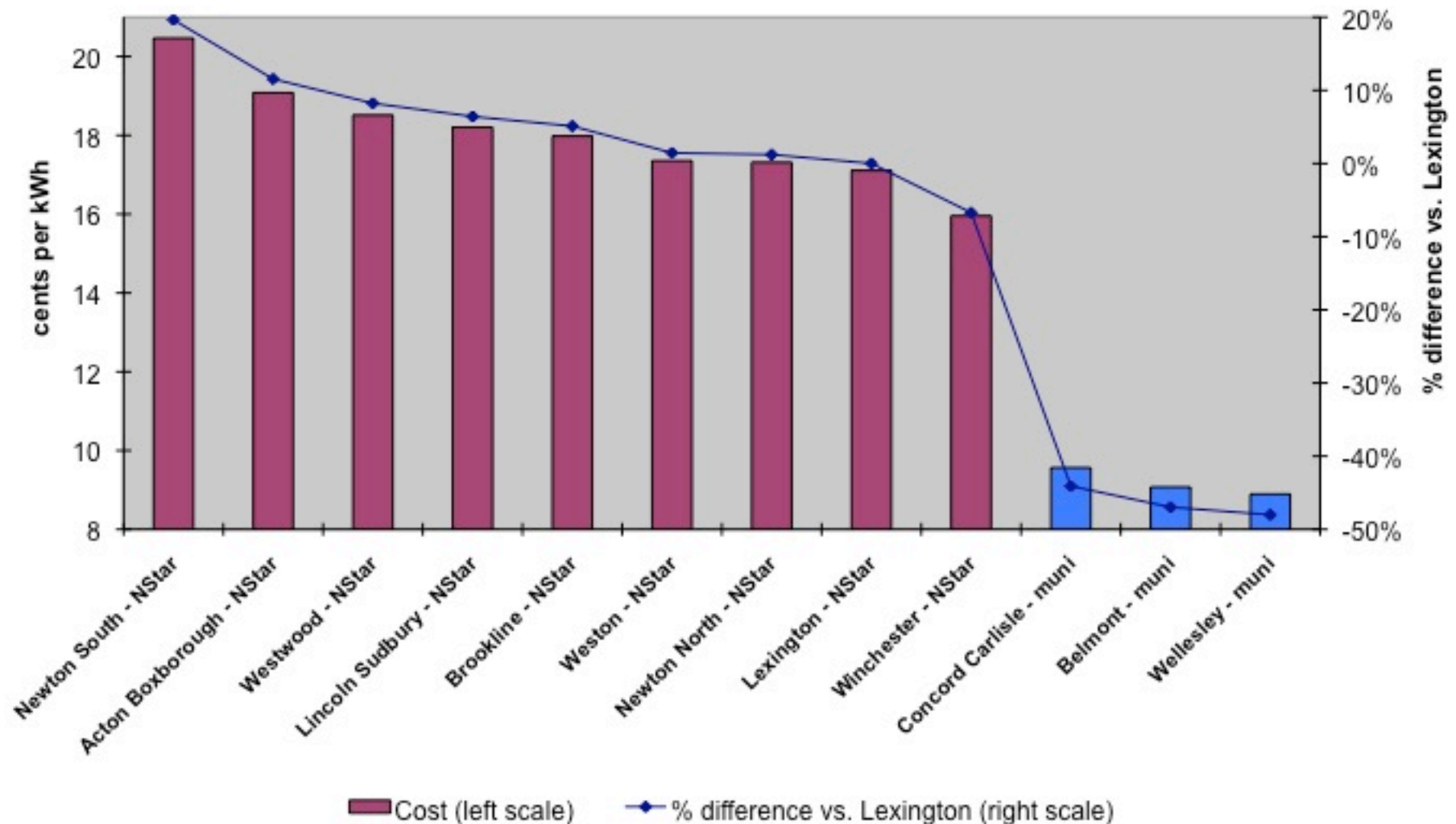




# Munis charge less than Nstar: high schools

Cost of electricity in High Schools (July 06-June 07)

with NStar or a muni as the local utility



## 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

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

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](http://www.MassMuniChoice.org)