

# Forming a new municipal electric utility (“muni”)

- 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 municipal electric utility (“muni”)

- 41 munis
- Bill H3319:
  - **option**
  - 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
- Undergrounding



The Hull Muni generates wind power

- a muni can develop or purchase “green” power



Marblehead muni: before



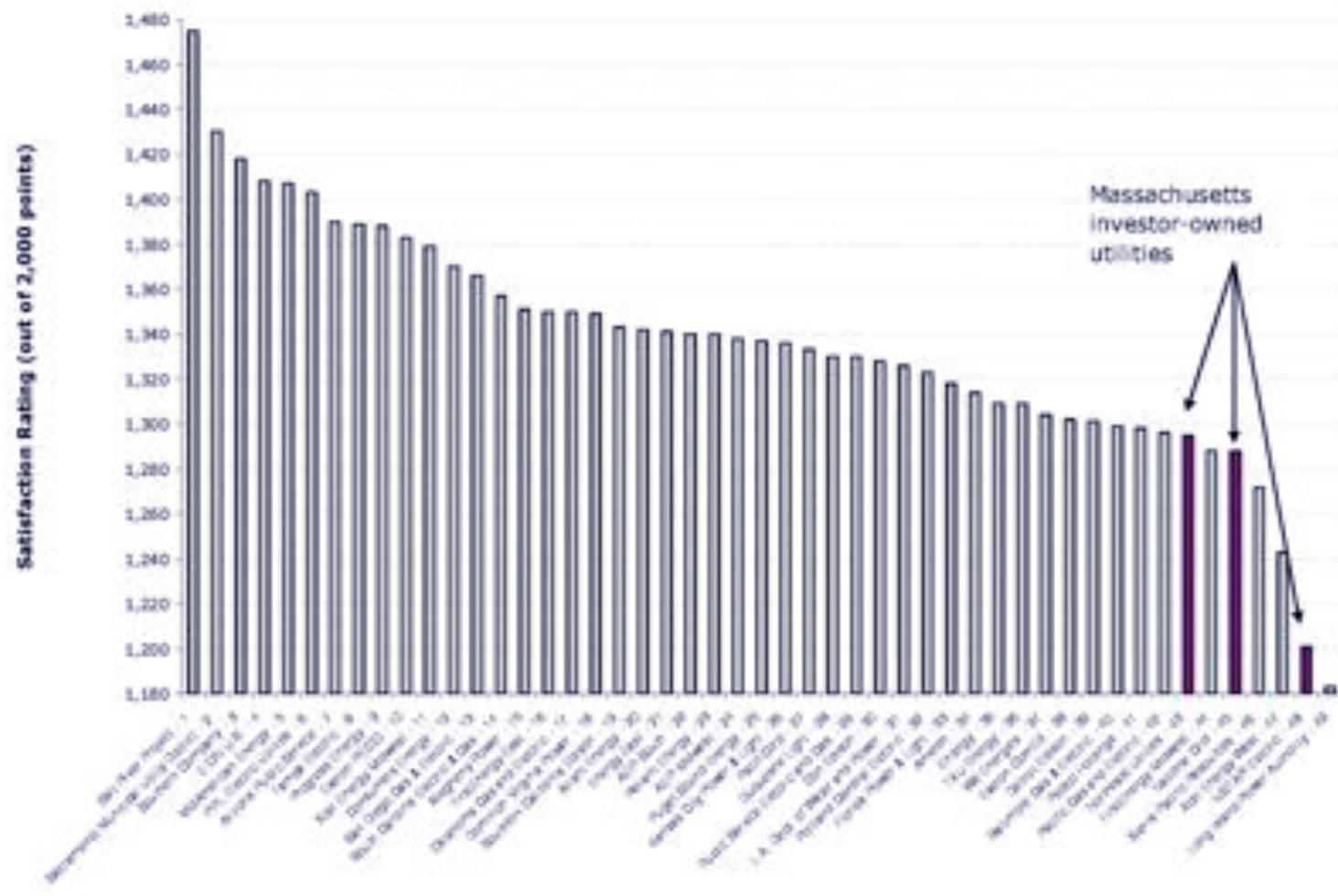
after



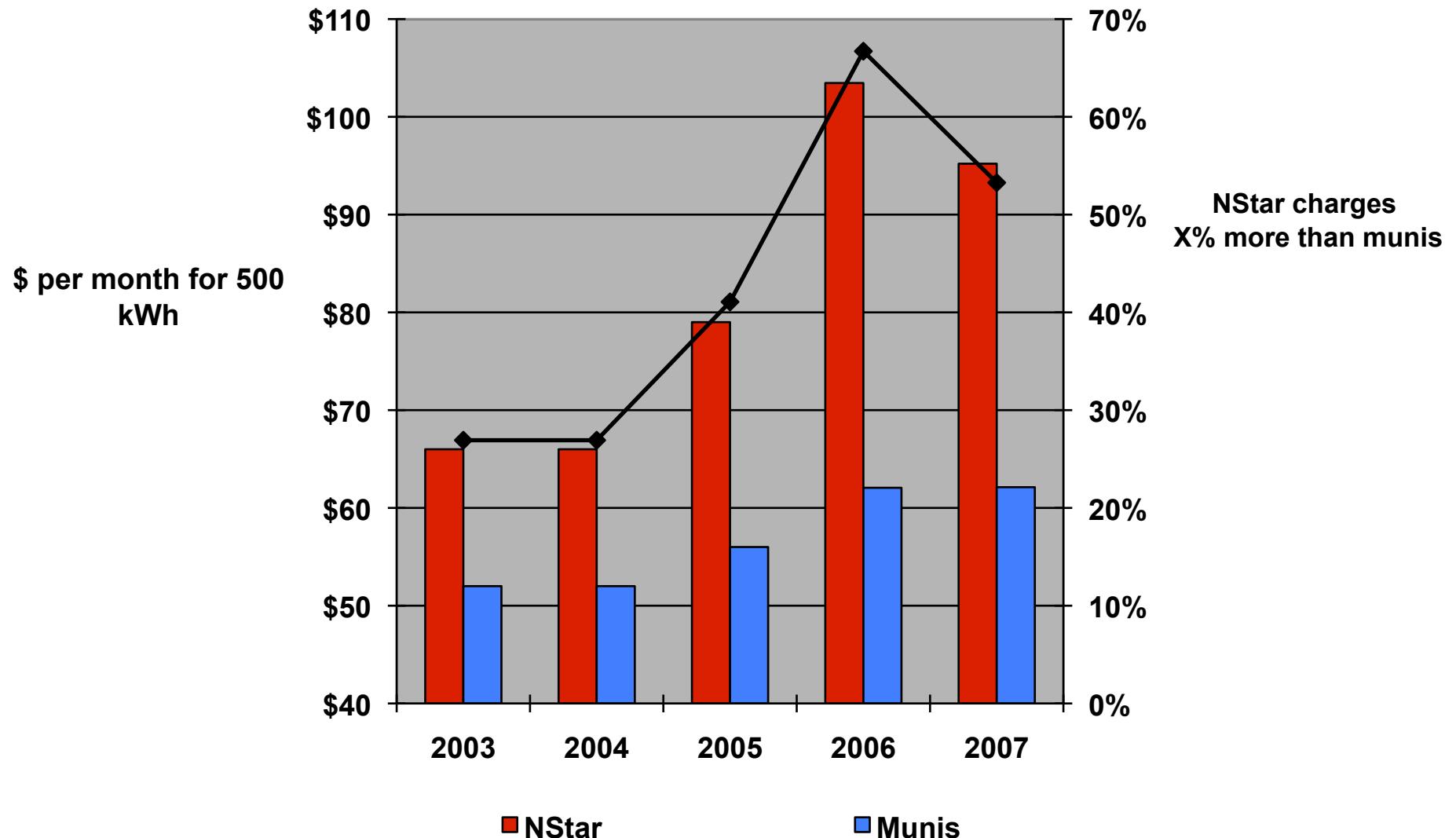
Lexington, NStar :  
double pole on  
Muzzey St since  
2005

# Customer satisfaction: NStar next-to-last nationwide

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

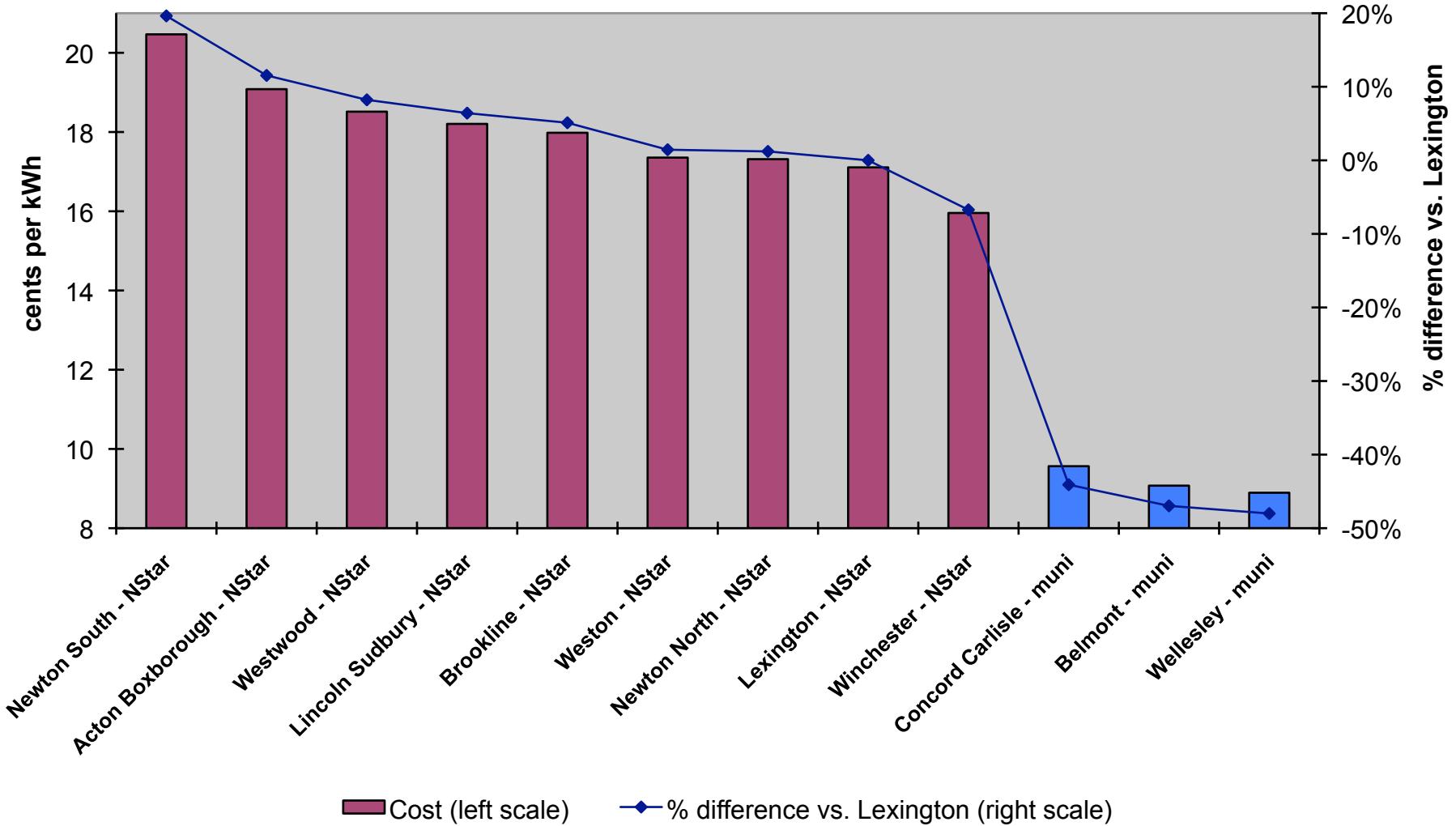


# Munis charge less than NStar: households



# Munis charge less than NStar: high schools

**Cost of electricity in High Schools (July 06-June 07) with NStar or muni**



## Possible savings

- household: \$250-300 per year
- Schools: \$600,000 per year
- Shire: \$3-400,000 per year

# Support for H3319

- Rep. Jay Kaufman leads 53 co-sponsors
- over 115 cities and towns
- MMA, MASSPIRG, Mass Climate Action Network, Mass Energy Consumers Alliance, Cape Light Compact
- *Boston Globe*: “A promising bill [...] 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

## **Article 41: Municipal Electric Utilities**

MOTION: That the following resolution be adopted:

WHEREAS compared with NStar, Massachusetts municipal electric utilities charge customers substantially less (35% less in 2007 for 500 kWh per month), provide better service and give communities the local control needed to use more “green” electricity, to place utility wires underground and to remove double utility poles in a timely manner;

WHEREAS Lexington’s 2007 special Town Meeting supported passage of Bill H3319 to make new municipal electric utilities possible in Massachusetts (co-sponsored by 53 State legislators led by Representative Jay Kaufman), yet Bill H3319 is still in Committee;

THEREFORE, be it resolved that the Lexington Town Meeting

asks the Lexington representatives in the Great and General Court to refile Bill H3319 for the 2009-2010 legislative session;

asks the Lexington Board of Selectmen to petition the Great and General Court for an act to accomplish the purposes set forth in Bill H3319 for the Town of Lexington alone; and

requests the Town Clerk to transmit this resolution to the Governor, the Lieutenant Governor, the Commonwealth's Secretary of Energy and Environmental Affairs, the House and Senate Chairs of the Legislature's Joint Committee on Telecommunications, Utilities and Energy and to each of Lexington's representatives in the Great and General Court.