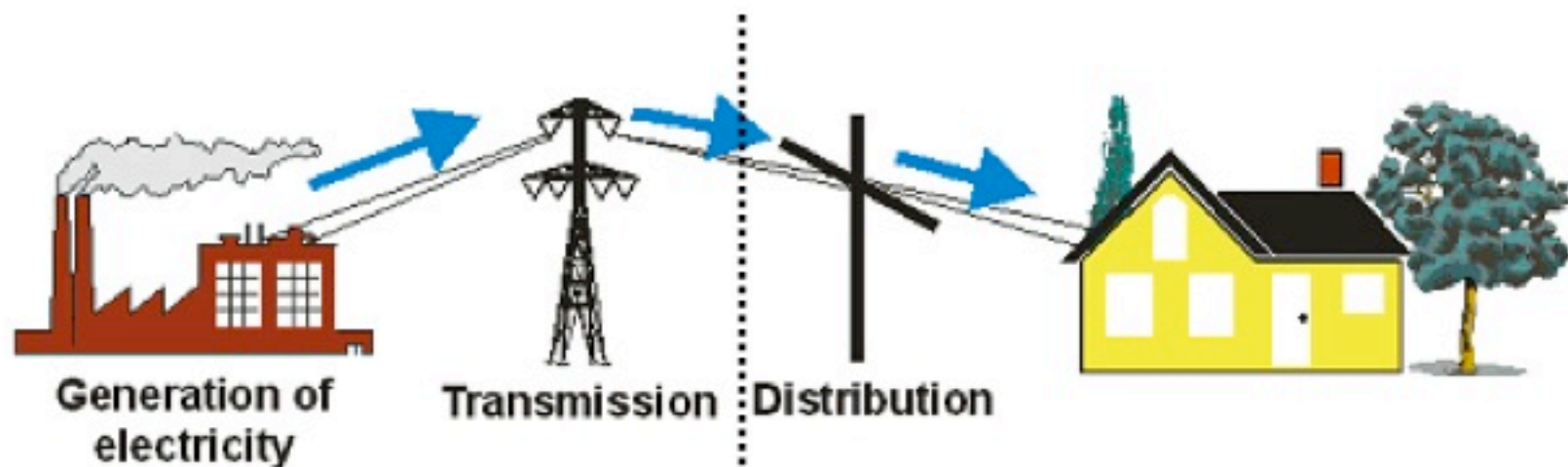


Massachusetts cities and towns
need the option to establish
a municipal electric utility

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

- a muni can develop or purchase “green” power

- Undergrounding



Marblehead muni: before

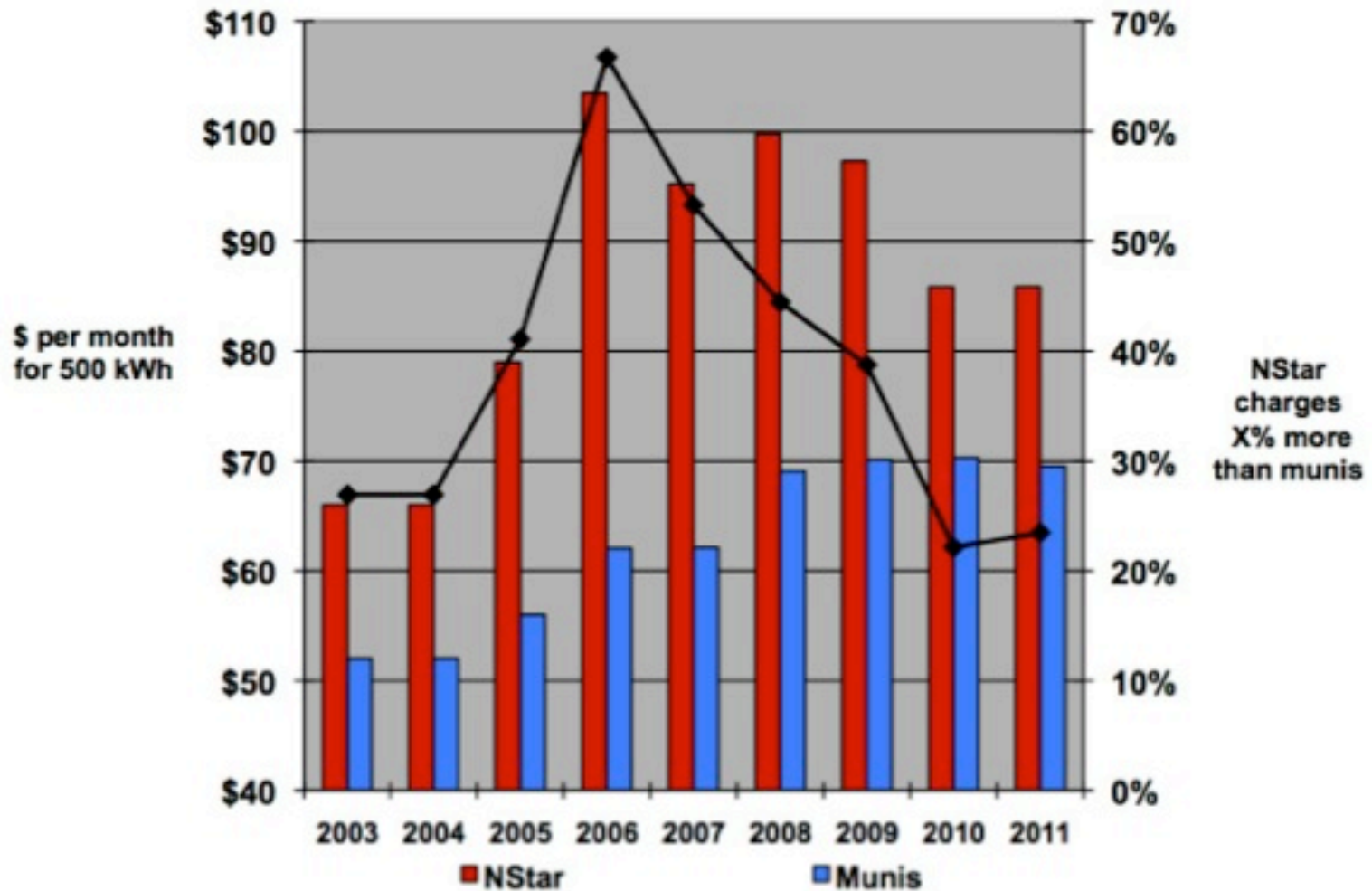


after



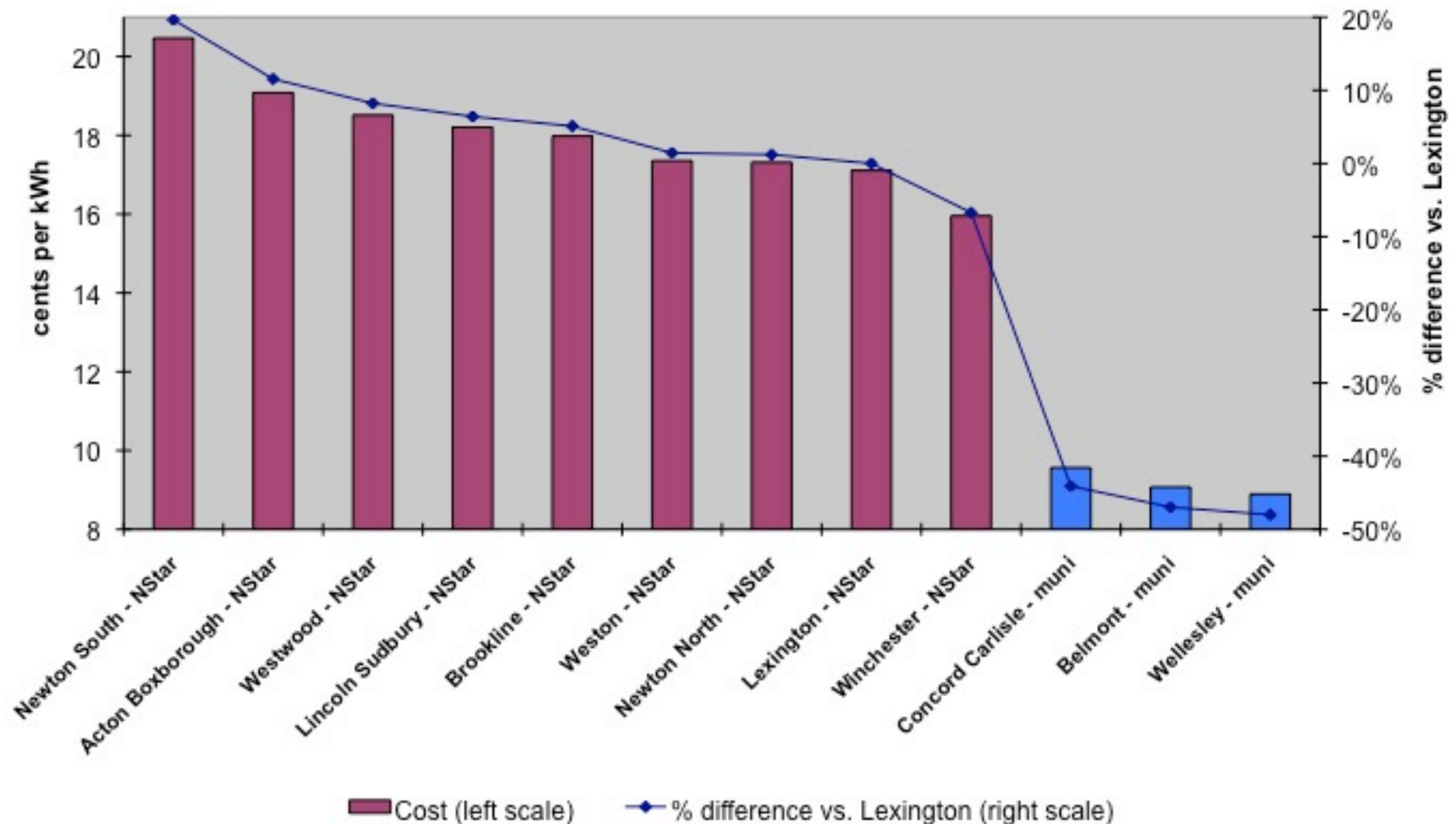
Lexington, NStar :
double pole on
Muzzey St

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