

Electricity costs half in High Schools served by a municipal utility instead of NStar

LEXINGTON -- Lexington's Electric Utility Ad-hoc Committee just completed a review of electricity costs at 12 Boston-area High Schools in 2006-2007.

Participating in this study were 9 high schools served by NStar (Acton-Boxborough, Brookline, Lexington, Lincoln-Sudbury, Newton North, Newton South, Weston, Westwood and Winchester) and 3 High Schools served by a municipal electric utility, or "muni" (Belmont, Concord-Carlisle and Wellesley). Here are the detailed results:

High-School Electric Usage and Bills (July 2006 through June 2007)

<u>High School</u>	<u>Utility</u>	<u>kWh</u> <u>used</u>	<u>Total \$</u> <u>spent</u>	<u>Cost (cents per kWh)</u>		
				<u>Total</u>	<u>Generation</u>	<u>Delivery</u>
Acton-Boxborough	NStar	6,823,180	\$1,301,996	19.1	11.1	8.0
Brookline	NStar	2,166,920	\$389,637	18.0	10.3	7.7
Lexington	NStar	2,710,080	\$463,630	17.1	10.1	7.0
Lincoln-Sudbury	NStar	3,655,420	\$665,473	18.2	11.2	7.0
Newton North	NStar	5,420,723	\$938,576	17.3	12.2	5.1
Newton South	NStar	1,799,952	\$368,375	20.5	11.9	8.6
Weston	NStar	1,832,995	\$318,102	17.4	11.3	6.1
Westwood	NStar	2,596,170	\$480,664	18.5	12.1	6.4
Winchester	NStar	2,240,880	\$357,571	16.0	9.0	7.0
Belmont	muni	1,824,465	\$165,534	9.1	6.0	3.1
Concord-Carlisle	muni	2,438,043	\$233,183	9.6	6.5	3.1
Wellesley	muni	1,200,000	\$106,735	8.9	7.5	1.4
Average 9 NStar High Schools		3,249,591	\$587,114	18.0	11.0	7.0
Average 3 Muni High Schools		1,820,836	\$168,484	9.2	6.7	2.5

Key findings from the survey are that:

- During July 2006-June 2007, high schools served by a muni paid on average 9.2 cents per kWh (kilowatt-hour of electricity), about half the average 18 cents per kWh paid by high schools served by NStar.
- Most high schools served by NStar spent 17-19 cents per kWh.
- During the same period, high schools served by a muni spent 9-10 cents per kWh, about 7-10 cents per kWh less than the schools served by NStar.

- The average 8.8 cents per kWh savings of the schools served by munis came from:
 - Savings of about 4.5 cents per kWh on delivery charges: Munis are more efficient than NStar at running the local electric distribution system.
 - Savings of about 4.3 cents per kWh on generation charges: Munis have been able to negotiate lower-priced electricity supply contracts than have NStar or the staff of NStar-served communities. These lower prices may result from the size of the muni loads, the flexibility in their contracting process, and/or the skills of the muni staff.

Like high schools, households spend less for electricity with munis than with NStar. In the first half of 2007, 500 kWh per month cost muni customers \$62, 37% less than the \$99 paid by NStar customers. (The detailed data are available at www.massmunichoice.org.)

Paul Chernick, Chair of the Lexington Electric Utility Ad-hoc Committee commented "This comparison should clarify for municipal and school officials the benefits of municipal utilities. All the customers of munis enjoy lower rates than NStar; those savings are particularly large and important for school and municipal usage. Munis have less bureaucracy, more local focus, higher efficiency and no need to earn profits for shareholders." Chernick added "We hope the Legislature will enact Bill H3319 as soon as possible, to allow new munis in Massachusetts. This bill, co-sponsored by 53 legislators and endorsed by over 115 cities, towns and organizations in the State including the Massachusetts Municipal Association, has been languishing on Beacon Hill for several years. Once it is passed, towns and cities can seriously consider whether to form munis. As importantly, NStar will need to improve its efficiency and responsiveness if it intends to retain its service territory."

Lexington's Public Schools, which use about eight million kWh per year, would save over \$600,000 annually if electricity costs were what munis charge, not NStar, enough to hire eight additional teachers at no extra cost to taxpayers.

About the Lexington Electric Utility Ad-hoc Committee

The Lexington Electric Utility Ad-hoc Committee was established by the Lexington Board of Selectmen in 2002 to evaluate options available to improve the reliability and reduce the cost of electric service in town. Paul Chernick chairs the Committee.

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