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February 1, 2007

## Monthly Update of North Attleborough Electric Department's Activities

Dear Friends,

I hope that the new year finds you well. It is a pleasure to provide you with an update of the departments' recent activities.

### I. RATE COMPARISON

The Massachusetts Municipal Wholesale Electric Company (MMWEC) recently published the residential rates of investor owned utilities that provide service to various city and towns in Massachusetts, including some in close proximity to North Attleborough.

The MMWEC data, plus North Attleborough's are herein presented:

	250 KWh	500 kWh	750 kWh	1000kWh
NAED*	\$ 34.72	\$ 64.46	\$ 94.18	\$ 123.90
<b><u>OTHERS:</u></b>				
Commonwealth Electric	\$ 52.15	\$ 100.57	\$ 148.99	\$ 197.41
Cambridge Electric	\$ 55.54	\$ 104.21	\$ 152.88	\$ 201.55
WMECO	\$ 48.13	\$ 87.22	\$ 127.32	\$ 166.92
Mass. Electric	\$ 46.92	\$ 87.83	\$ 128.75	\$ 169.66
Fitchburg G & E	\$ 54.69	\$ 106.35	\$ 158.02	\$ 209.68
Boston Edison	\$ 53.35	\$ 100.27	\$ 147.18	\$ 194.10

\*North Attleborough's current rate, per kWh, is \$.118901, which includes a Purchased Power Adjustment (PPA) of \$.014001 kWh. Residential rate includes \$5.00 "Customer Charge"

### II. BUDGET - CAPITAL PLANNING

I am pleased to report that at their meeting of January 23, 2007 the Board approved the department's FY 2007 budget and Capital Improvement Plan.

Our FY 2007 budget is projected to total \$30,007,237; which is a reduction of \$4,159,666 from FY 2006. Our CIP is very ambitious with a projected amount of \$2.4 million scheduled to be expended to maintain and upgrade our department's distribution system (poles, wires...)

I want to offer particular appreciation to Paula Trattrie, our Business Division Manager, and our department managers and fiscal personnel, for their work in improving our internal planning process.

### **III. FORWARD CAPACITY MARKETS (FCM):**

A federally approved plan called the Forward Capacity Market Plan, which is designed to ensure that the New England region will have sufficient electric reserve power and that the power in question can be delivered in a reliable manner was instituted in December, 2006. The first real "bills" regarding this new regulatory type obligation will be received by the department in January, 2007.

As I have noted before, the Forward Capacity Markets' settlement and the corresponding assessment upon NAED will likely result in higher consumer prices, commencing in CY 2007. At this time we are estimating the cost to be approximately \$1 million system wide in CY 2007. Our projected FY 2007 obligations includes this cost in our planning.

### **IV. BOND FUNDS – UPDATE**

Our litigation effort, in concert with the Town of North Attleborough, against Grant Thornton, has commenced. Our suit charges that Grant Thornton, which performed the annual financial audits for the North Attleborough Electric Department for several years, including from 1998 through 2002, failed to exercise reasonable care in conducting its audits and in issuing NAED's Financial Statements. The suit further charges that Grant Thornton knowingly and fraudulently concealed from the Town of North Attleborough Grant Thornton's own knowledge that the \$4 million in bond funds were expended inappropriately.

Both sides are scheduled to present written arguments to the court in February, 2007.

### **V. WRITTEN POLICIES AND TERMS & CONDITIONS**

During the past months our personnel have been in the process of developing written policies and terms & conditions under which the department could more efficiently and better operate. The policies have been reviewed by the commissioners and legal counsel and I envision that the Board of Electric Commissioners will review an updated version by mid- February, 2007.

### **VI. PERSONNEL PLANNING**

At the end of January, 2007 our Operations Manager, Robert Ellston retired. Bob provided this department and community with more than thirty (30) years of service. We are most appreciative of Bob's service.

We are very pleased that Gene Allen, Assistant Director of the municipality's DPW, has agreed to join our department to replace Mr. Ellston. Gene has worked for the town for seventeen years and is very experienced in managing utility operations, capital planning, contract management and public finance. We are sure that Gene will do a great job as Bob's successor.

We are also pleased that Geoff Morton, who has worked for the town for more than ten years, has agreed to serve as NAED's Project Manager. Geoff, who has served as the town's MIS Director, will coordinate and direct NAED efforts such as the Hot Water Heater Program, ensure the relevance of our emergency management plan and integrate technology into our planning and engineering efforts. We certainly look forward to Geoff's efforts to assist our operation at NAED.

In closing, on behalf of the Electric Light Commissioners (Thomas Corrigan, Chairman, Edward Vandette, Secretary and Richard Shaw) and members of the North Attleborough Electric Department, we ask that you keep in mind our servicemen who are serving our nation throughout the world. One of our own employees, and a resident of the town, Brenton Dimock, is currently scheduled to be sent to Iraq within just a few weeks, so the world events have an even more personal impact on those of us at NAED.

As always, should you have any questions at any time, please feel free to contact me at 508.643.6300.

Sincerely,

James C. Moynihan  
General Manager