



A Customer Owned Utility
Serving Our Community Since 1894

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August 1, 2008

Dear Friends:

With high energy costs remember to conserve energy whenever possible.

I. ENERGY UPDATE

While the price of energy has gone down since the date my previous letter was written, the prices of a barrel of oil and natural gas (the two principal sources of power for NAED) is still much higher than when the calendar year, and our current fiscal year budget, began.

When last I wrote to you we were faced with an energy market of crude oil prices now in excess of \$140 per barrel. As this letter is being written we are still looking at oil prices of approximately \$130 per barrel. Down, but still almost double the price of oil when our current budget was initially prepared.

With regards to Natural Gas, at the time this letter is being written, NYMEX Natural Gas Futures for August delivery was at \$10.510 per MMBtu. The price is down from the futures' prices of earlier in the month.

There is, of course, no assurance that prices will continue their downward slide. According to Victor Shaum, a senior principal for Purvin & Gertz, speaking with the publication StarBiz, "Crude oil price is experiencing extreme volatility." Mr. Shaum said that the energy market is still facing tight supplies and growing demand from emerging nations. Mr. Shaum predicted that there would be a resurgence of oil prices in the near future, but that lower consumption by major economies could result in lower demand and lower prices.

OSK Research, on July 21, 2008 issued a report that forecast that crude oil would average \$115 per barrel this year in the United States in calendar year 2008 and \$100 in calendar year 2009.

II. Purchased Power Update

As you are aware, the department needed to institute an increase in the department's Purchased Power Adjustment (PPA) charge because at the time the department's projected FY 2008 power expenses indicated that without implementation of the recommended PPA the department is facing a fiscal year shortfall in excess of \$4 million. The department's Purchased Power Adjustment (PPA) was increased from \$.028149/kWh to \$.06141/kWh, effective July 1, 2008.

The institution of the new PPA added \$16.64/month to a current residential customer using 500 kWh/month.

By way of illustration, the impact of the PPA is that a resident previously paying \$71.52/month for 500/kWh of electricity now pays \$88.16.

We are continuing to monitor the department's fiscal condition and current PPA rate. The Commissioners have requested that I remind the residents that the PPA amount is not permanent and will be reviewed and adjusted, when appropriate. Chairman of the Board of Electric Commissioners Thomas Corrigan has noted that the Board has a history of looking out for the ratepayer. For example in FY 2006 the Board reduced the PPA four times during the year and even provided its customers with more than \$1.6 million in reduced electrical charges in 2007 when a customer "credit" was approved.

As you might assume, North Attleborough is not alone in needing, at least in the short term, to increase the department's Purchased Power Adjustment. In recent weeks the electric departments in the towns of Hudson and Ipswich, as well as the communities which participate in the Cape Cod Compact, announced increases. In addition, investor owned utilities in other states (United Illuminating in Connecticut and National Grid in Rhode Island) announced increases would be forthcoming.

Commissioner Corrigan stated, "The increase in the PPA is reflective solely of our power costs and the Commissioners and NAED's management team will continue to monitor the prices and rates throughout the year. Hopefully, energy costs will stabilize and/or come down so that the current PPA can be adjusted to benefit our customers. I urge all of our customers to do all that they can to conserve energy as a way of reducing system and personal energy costs."

We know that the increase in the PPA can create fiscal challenges and difficulties for our customers. NAED has programs and services to help North Attleborough consumers to address energy costs and we encourage anyone interested in such programs to contact NAED. Customers who are in need of assistance with their electric bills are encouraged to call NAED at 508.643.6300.

III. RATE COMPARISON

Residential customer rates, based on the MMWEC data (for March, 2008), plus North Attleborough's current principal residential rate are herein presented, based on consumption:

	250 KWh	500 kWh	750 kWh	1000kWh
NAED*	\$ 46.58	\$ 88.16	\$ 129.73	\$171.31
<u>OTHERS:</u>				
Commonwealth Electric	\$ 51.85	\$ 99.97	\$ 149.20	\$ 196.20
Cambridge Electric	\$ 49.12	\$ 91.37	\$ 133.60	\$ 175.86
WMECO	\$ 48.15	\$ 87.76	\$ 127.38	\$ 166.99
National Grid	\$ 44.53	\$ 82.76	\$ 121.39	\$ 159.82
Fitchburg G & E	\$ 51.75	\$100.48	\$ 149.20	\$ 197.93
Boston Edison	\$ 51.38	\$ 96.32	\$ 141.27	\$ 186.21

**North Attleborough's current rates, per kWh, includes, as of July 1, 2008, a Purchased Power Adjustment (PPA) of \$.061410/kWh. Residential rate includes \$5.00 "Customer Charge"*

Remember, we have programs at NAED that can help residential and commercial customers conserve energy and receive rebates for purchasing and installing conservation related appliances and lighting improvements. Call our offices at 508-643-6300 to learn more.

Please continue to remember our fellow citizens who are defending our country throughout the world.

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