



A Customer Owned Utility
Serving Our Community Since 1894

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September 1, 2009

Dear Friends,

I hope that all is well. A brief update of the department's forthcoming activities and plans is presented below.

I. Upgrade of NAED Distribution System – Intent to Reduce NAED Outages and Response Times

The summer and fall months are periods where we can make great "headway" to improve our distribution system (poles, wires, equipment on the poles...). As I have noted before our principal construction this year involves our efforts to upgrade older parts of our systems. The "upgrading work" involves removal/replacement of poles, new framing on the poles, new wiring and new transformers (based upon the load on a particular area of a circuit). The intent of our efforts is that the system's overall reliability will improve, resulting in less and shorter outages to our customers. In late July, 2009 the Board of Electric Commissioners awarded a contract to Halpin Construction for line work in the Smith Street - East Washington area. Halpin has commenced its activities and expects to be done by the end of October, 2009.

Our outstanding line crew will be focused this summer on completing conversion related work in the Arnold Road area, where their knowledge of the overall system is so vital to our efforts to upgrade the system.

The department plans to select, by the middle of October, 2009, a vendor to provide NAED with the software and installation needed to allow NAED to implement the SCADA (Supervisory Control and Data Acquisition) technology. SCADA systems are used by utilities such as electrical, water and sewer, to remotely monitor and operate utility distribution systems. Implementation of a SCADA system has been a "cornerstone" of this year's CIP effort and should result in an improved ability for NAED to identify the location of system outage problems, effectively respond to the situations, and limit the amount of time of, system outages.

II. Customer Survey Coming...

NAED's annual customer survey will occur this month. Knowing what our customers think about NAED and our programs is very important to us so we do conduct a survey, annually. Our survey of residential customers occurs every two years with a survey of our commercial & industrial customers being done every other year.

This year's survey will be performed by SDS Research, LLC and will ask questions involving customer interests in areas such as renewable energy, home energy devices (HED) and rates.

The survey will utilize data from 400 responses – so tell us what you think!

III. What is happening in the System? Importance of Energy Conservation

During this past year we have seen a reduction in electric sales. Two years ago NAED's sales for calendar year 2007 were approximately 248,000,000 kWh. Last year sales were down approximately 9,000,000 kWh. This year the decline is even steeper, with sales trending toward 225,000,000 kWh.

The decline in sales results in a projected reduction in sales for NAED of approximately 9.3%, over a two year period.

Generally, we attribute the reduction in sales to three principal factors:

Energy Conservation
Problems in the Economy
Weather

We are seeing declines in commercial/industrial usage, due to the nation's economic state, and we have had a mild spring and summer (to date), thereby reducing the need for energy to support efforts for consumer cooling (like air conditioners).

It almost goes without saying that energy conservation is important. Through conservation, personal electric bills and system costs can be reduced.

In addition to engaging in personal energy conservation efforts, the department does offer programs to promote the effective and efficient use of electricity. We have home energy audits, lighting audit programs and provide rebates to our customers for their purchase of any energy star product.

Information is also on NAED's web site: www.naelectric.com or by contacting the program's administrator, Janine Newman @ 508-643-6310

IV Power Project Updates

As I have noted before, we continue to assess the viability of various power projects which might benefit our system by providing "hedges" for our ratepayers against rising future electrical costs. Participation in power plants can provide a type of rate "stability" to a system because a utility, such as NAED, has previously assessed the cost of power from that plant and knows that the power plant in question will be operational only at times when the power plant's cost to produce electricity is less than that of the market.

In September, 2009 the Board will consider two projects which involve "green energy". One "green energy" project involves potential participation in purchasing electricity from a hydro dam in Maine. The other project is a landfill gas project located in Rhode Island.

We are also continuing to assess two conventional fossil fuel plants that are being planned to come on line in 2013, one in Taunton and the other in Ludlow. We are told that our decision about participating in those two plants will likely need to be made before the end of this year.

V. Payment of Bills - New Procedures

Please note that NAED has instituted new policies regarding signing up for service. New statutes, called the "Red Flag Law" addresses the matter of "identity theft" and requires that NAED be assured that whomever is signing up for service from NAED is, in fact, the person claimed.

We also now are not able to allow a customer to "bounce" more than one check within a certain time period.

Please check our web site, www.naelectric.com, under the section "Policies" for more information

As always, the department will work with customers to develop "payment plans" that are responsive to our individual customers' needs. **Call Jean Reddy, Customer Service Representative at 508-643-6376, if you have any questions.**

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