

CAPE LIGHT COMPACT AGGREGATION PLAN

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Purpose of the Aggregation Plan

The Cape Light Compact developed this Aggregation Plan in compliance with Massachusetts law regarding public aggregation of electric consumers. It contains required information on the structure, operations, services, funding, and policies of the Compact. The Aggregation Plan has been developed in consultation with the Massachusetts Division of Energy Resources (DOER).

The Cape Light Compact is a cooperative effort of 21 Cape and Island towns and Barnstable and Duke counties. The Compact was formed in 1997 following two years of study and town meetings and town council votes. Its purpose is to represent consumer interests in emerging competitive markets for electricity. It seeks to aggregate all consumers to negotiate the best rates for the supply and distribution of electricity and to advance consumer protection for the residents and businesses of Cape Cod and the Vineyard. It brings together the buying power of more than 185,000 customers. Participation is voluntary for the towns and for each individual consumer. Any individual has the opportunity to decline service provided through the Compact and choose any electric supplier they wish.

The Compact provides: 1) an option to join together for purchase of power supply at reduced rates; 2) an option for recovery of funds collected from Cape consumers by Commonwealth Electric each year for energy efficiency, and application of those funds in locally approved energy efficiency and conservation programs; 3) an opportunity for professional representation at the state level and in negotiations with Commonwealth Electric as the electric industry continues in its transition.

The Compact distributed this plan for public review prior to submitting it the Department of Telecommunications and Energy ("DTE" or "Department").

Member towns:

(Barnstable County):

Barnstable Harwich
Bourne Mashpee
Brewster Orleans
Chatham Provincetown
Dennis Sandwich
Eastham Truro
Falmouth Wellfleet
 Yarmouth

(Dukes County):

Aquinnah
Chilmark
Edgartown
Oak Bluffs
Tisbury
West Tisbury

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REQUIREMENTS FOR MUNICIPAL AGGREGATION

The Massachusetts Electric Industry Restructuring Act contains several requirements for municipal aggregators. One requirement is to develop an Aggregation Plan in consultation with the Massachusetts Division of Energy Resources. The Aggregation Plan is subject to review by citizens in the participating towns, and approval by the Department of Telecommunications and Energy. Under the law [M.G.L. c 164, section 134], there are twelve requirements to be described in the Aggregation Plan.

1.0 THE PROCESS OF AGGREGATION

The process of municipal aggregation for the Compact involves a multi-step public process:

- 1.1 Vote of town meeting
- 1.2 Vote of selectmen, town council, or county commissioners
- 1.3 Town/county representative participates on Compact Governing Board
- 1.4 Planning process/development of policy including Aggregation Plan, RFPs, contracts
- 1.5 Development and release of Request for Proposals
- 1.6 Review of Aggregation Plan by citizens
- 1.7 Power supply contract to selectmen/town council for acceptance vote, conditioned on DTE approval and final signing
- 1.8 Power supply contract and Aggregation Plan submitted to DTE for approval
- 1.9 Final signing by each participating town
- 1.10 Notification of consumers of automatic enrollment
- 1.11 Administrative transfer of customers to Compact supplier(s)
- 1.12 180-day opt-out period begins on first day of service
- 1.13 File contract and report with state (DTE, DOER, Inspector General) within 15 days of signing contract.

In addition to this process, municipal aggregators must comply with open meeting laws, ethical rules, and certain public bidding and information requirements.

2.0 THE ORGANIZATIONAL STRUCTURE AND OPERATIONS OF THE CAPE LIGHT COMPACT PROGRAM

The Cape Light Compact has been organized in accordance with state law. It is an intergovernmental organization authorized by votes of town meeting, boards of selectmen, town council, and county commissioners. It consists of 21 towns and Barnstable and Dukes counties. Its articles of organization comprise a formal Intergovernmental Agreement signed by each

participating town or county member. Membership provides voting rights and inclusion for planning, analysis, and participation in Compact programs. The organization relies on the existing structure of local and county government and agreements between government agencies.

The Cape Light Compact Governing Board is made up of one representative appointed by each of the member municipalities and the two counties, as well as an alternate representative that each member and county may appoint. The Governing Board is responsible for establishment of the policies and development of the Compact, except with respect to those powers reserved to the member municipalities of the Compact by law or the Intergovernmental Agreement.

At its first meeting following the end of each fiscal year, The Governing Board elects a chairman, vice chairman, treasurer, and secretary, and such other officers as the Governing Board may determine. The term of office is one year and until respective successors are elected and qualified.

Officers for Fiscal year 1999/2000:

Robert Mahoney, Chairman

Charlotte Striebel, Vice Chairman

Tom Bernardo, Treasurer

Robert O'Leary, Secretary

The Compact Governing Board and these officers are responsive and responsible to consumers and the Boards of Selectmen and Town Council at whose pleasure they serve. The operational role of the Compact in relation to consumers and Boards of Selectmen and Town Council is outlined and described in the following pages.

There are six operational levels to the Cape Light Compact as indicated in the chart below. The function of each level is described in section 2.1 following the chart.

CAPE LIGHT COMPACT

Operational Outline

Consumers
* voting power
(town meeting and elections)
Level 1

Board of Selectmen
and Town Council
* decisions on contracts
* instructions to representative
Level 2

Compact Governing Board
* policy and program decisions
* recommendation on contracts
* oversight for technical and legal support
Level 3

Barnstable County
* fiscal and administrative agent
* administrative support and coordination
* communications
Level 4

Service Suppliers
* service delivery
Level 5

Consumers
* buying power
Level 6

2.1 Description of Operational Levels

Level One: Consumers

Consumers hold the ultimate authority over the Compact and its functions. They can make determinations on local authority, policy, and programs at town meetings. They can elect candidates for Board of Selectmen or Town Council who may take positions regarding the Compact. They can express their views to their local Compact representative. They can participate in local and regional meetings and hearings regarding issues related to the Compact. And they can attend Compact meetings to express their views. (Also see Consumer buying power at Level Six below.)

Level Two: Board of Selectmen and Town Council

Based upon their existing authority, or authority provided by voters at town meetings, the Board of Selectmen and Town Council may act on program and policy issues and contract recommendations. In addition, they may provide instructions to their representative on the Compact Board of Directors regarding specific policy or program decisions to be made by the Compact. They may also raise issues directed to them by consumers for the Compact to address.

Level Three: Compact Governing Board

The Compact Governing Board carries out the collective decisions and instructions of the towns and consumers. Every member town that signs the intergovernmental agreement has a representative on the Compact Board. Policy and program decisions are made on a one-town-one-vote basis. However, issues with financial implications for the towns are made on the basis of a weighted vote. A weighted voting process also allows separate determinations by Barnstable County and Dukes County towns. The Compact's subcommittees focus on particular issues and bring policy decisions back to the Governing Board. The Governing Board determines recommendations to be made to the Boards of Selectmen and Town Council and to the two Counties. (See the Governing Board Structure and representatives listed on the attachment following Section 12.)

Level Four: Barnstable County

As the fiscal agent for the Compact, Barnstable County provides the day-to-day management and supervision of the business affairs of the Compact under an Administrative Services Agreement. The County serves as the Compact's procurement agent, utilizing its existing staff to solicit services as requested by the Compact. In addition, the County provides office and meeting space and administrative support to coordinate the Compact's operations. This administrative support includes: 1) communications; 2) program development; 3) record-keeping; 4) oversight of program administrators and professional consultants who assist in service procurement and contract oversight and maintenance.

Level Five: Service Suppliers

Power suppliers contract with each town through its Board of Selectmen or Town Council. The power supply program is negotiated, recommended, and monitored for compliance by the Compact and/or its designee. Each town can accept or reject the proposed power supply contract. No power supply contract is binding on any individual member town, until approved by that member town. Contracts with consultants or vendors of energy efficiency or Demand Side Management services, or other services negotiated and recommended by the Compact, are administered by Barnstable County on behalf of the Compact member towns and Dukes County.

Level Six: Consumers

Every consumer in a town that votes to participate will be eligible to participate in the Compact's programs. Every consumer will also have the ability to decline supply service through the Compact and choose any other power supply option they wish. Consumers who are dissatisfied with services provided under contracts negotiated by the Compact may also communicate directly with the Compact Governing Board in an effort to alter or otherwise improve service. Consumers may also bring issues before their Board of Selectmen, Town Council, or town meeting. (See Level One above.)

2.2 Program Operations

The Compact's operations are guided by the provisions and goals contained in the Intergovernmental Agreement, and the instructions and decisions of the Compact Governing Board, Board of Selectmen, Town Council, and consumers.

The Compact's goals, outlined in the Intergovernmental Agreement, state the organization's purposes:

- 1) To provide the basis for aggregation of all consumers on a non-discriminatory basis;
- 2) To acquire the best market rate for electricity supply and transparent pricing;
- 3) To provide equal sharing of economic savings based on current electric rates and/or cost-of-service rate-making approved by the Department of Telecommunications and Energy;
- 4) To provide and enhance consumer protection and options for service under contract provisions and to allow those consumers who choose not to participate to opt-out;
- 5) To improve quality and reliability of service;
- 6) To encourage environmental protection through contract provisions;
- 7) To utilize and encourage renewable energy development to the extent practicable through contract provisions, demonstration projects and state mandated system benefit charges for renewable energy;
- 8) To utilize and encourage demand-side management and other forms of energy efficiency through contract provisions and state mandated system benefit charges for energy

efficiency;

- 9) To advance specific community goals that may be selected from time to time, such as placing utility wires underground;
- 10) To provide full public accountability to consumers; and
- 11) To utilize municipal and other powers and authorities that constitute basic consumer protection to achieve these goals.

2.3 Programs of the Compact

The Compact offers two programs to achieve its goals: 1) the Community Choice Power Supply Program; 2) The Cape/Island Save Energy Efficiency Program. In addition, the Compact provides professional representation on behalf of consumers in state proceedings and in negotiations with Commonwealth Electric to protect consumer interests in an evolving marketplace.

2.3.1 Community Choice Power Supply Program

The power supply program is designed to reduce the amount consumers pay for electric energy, and to gain other favorable economic and non-economic terms in service contracts. The Compact does not buy and resell power, but represents consumer interests to set the terms for service. Through a competitive bid and negotiation process, the Compact develops a contract with a power supplier for firm, all-requirements service. The contract runs for a fixed term (i.e. four years). The law requires the Compact's power supply price to be lower than Commonwealth Electric's standard offer, or to show a notable amount of renewable energy in the supply mix. The process of supply contract approval contains checks and balances. Once the contract has been negotiated by the Compact, it must be submitted to the Board of Selectmen or Town Council in member towns for approval. It must also be submitted to the Massachusetts Department of Telecommunications and Energy for approval. And lastly, individual consumers may opt out of the program, and select the Standard Offer or any supplier they wish during a 180 day period following their first date of service under the Compact power supply contract. (See section 4.1.7 for more detailed information on the opt-out process.) No member town is required to participate in power supply contracts. And no individual consumer is required to receive service under the Compact contract.

2.3.2 Cape/Island Save Energy Efficiency Program

While the Power Supply program is designed to reduce the cost of a kilowatt hour of energy, the Energy Efficiency program is aimed at total bill reduction. Wise use of energy also promotes important environmental and social benefits. Energy efficiency, or "Demand Side Management" includes practices, technology and education to advance methods for reducing energy use and monthly bills for residential, commercial, industrial, and municipal consumers. The Compact program follows a process outlined in state law for aggregated municipalities to

access funds contributed by consumers and apply them according to a plan approved at the local and state levels. The purpose of the Compact program is to return maximum benefits to consumers who are providing the funds and to provide building blocks for market transformation. [Market transformation is an anticipated process in which program subsidies will ultimately be eliminated and consumers will make non-subsidized market decisions on the purchase of energy efficiency measures.] The amount of funds paid by Cape and Island consumers is estimated to be \$5 million per year for 1998-2002; a total of approximately \$25 million. The Compact has developed the required plan and submitted it to Town Meetings and Town Council for approval. As required by law, the Compact will submit the plan to the Department for its approval as well.

2.3.3 Professional Representation

As the electric industry continues in its transition, it is essential for Cape and Vineyard consumers to have technical and legal support to represent their interests in selected state proceedings, and in negotiations with Commonwealth Electric Company. While intended to complement the Compact's power supply and energy efficiency programs, this effort will also attempt to improve reliability, which may result in fewer power outages, and faster restoration of service.

2.4 Staffing and Manpower for Programs

The operations necessary to plan, deliver, and manage the two Compact programs include: 1) technical analysis; 2) competitive procurement of services; 3) regulatory approvals; 4) accounting and fiscal management; 5) contract maintenance; 6) communications; 7) program coordination, and; 8) administrative support for the Compact Governing Board. The Compact intends to utilize existing staff and structure within Barnstable County and Dukes County, and to operate the Compact programs with minimal staff. The primary manpower for program operations and service delivery will be experienced consultants working under contract for the Compact.

The Power Supply program has been developed by the Compact Governing Board with the support of technical consultants and legal counsel. Now that a contract for power supply has been secured, technical consultants and legal counsel will be used on an as-needed basis to assist the Governing Board.

The Energy Efficiency program will be managed by a team of experienced energy management consultants who will assist in the oversight of service delivery. Service delivery for the Energy Efficiency program will be carried out by vendors. Both management and vendors will be procured through a competitive contracting process. As noted above, the Energy Efficiency Program has been developed under a separate plan submitted to Town Meeting and Town Council for approval, and to be submitted to the Massachusetts Department of Telecommunications and Energy to assure compliance with state energy goals.

Negotiations with Commonwealth Electric and representation at the state level will be undertaken as needed at the direction of the Compact Governing Board through technical and legal advisors.

3.0 PROGRAM FUNDING

Funding for Compact programs comes from a variety of sources: grants, appropriations, and monies for energy efficiency funded by ratepayers.

Development of the Compact has been funded as part of the Barnstable County budget through appropriations by the County. The Energy Efficiency program will be funded through the monies to be collected and allocated for that program under state law. The budget for the Energy Efficiency program will be specified in a separate plan to be submitted for approval by town meeting and the Department of Telecommunications and Energy. The development of the Power Supply program which has been funded as a regional service by County appropriations is budgeted at the following levels:

FY 1999	\$297,000 (expended)
FY 2000	\$259,500 (budgeted)

These start-up costs are anticipated to be higher than on-going costs of contract maintenance for the power supply program. Barnstable County funding of the Power Supply program at a reduced level is anticipated to continue to cover contract maintenance as a regional service for consumers at a fraction of the savings achieved. In the event that Barnstable County funding would no longer be available, the Compact may utilize a variety of funding sources, including without limitation: funds based on a fraction of consumer benefits expressed as a kilowatt hour charge [equivalent to fractions of a mill per kilowatt hour], as a portion of shared savings, or separate private funds. (See section 6.2 on the process for approval of such alternative funding.)

4.0 ACTIVATION AND TERMINATION OF THE POWER SUPPLY PROGRAM

4.1 Activation of the Power Supply Program

Following the process of local aggregation, and competitive procurement of a proposed contract by the Compact, activation of the Power Supply Program requires six steps:

- 1) Acceptance of the supply contract by the board of selectmen or town council of a member town pending DTE approval.

- 2) DTE approval of the supply contract and plan.
- 3) Final agreement of the supply contract by each town.
- 4) Notification of consumers on Standard Offer service and Default Service of pending automatic enrollment in the member towns that have agreed to the contract.
- 5) Automatic enrollment of all consumers currently receiving Standard Offer Service or Default Service (excluding those who opt out prior to service start-up deadlines), and voluntary enrollment of those receiving competitive supply from another provider that they wish to terminate.
- 6) Activation of customers' service on billing cycle dates.
- 7) Start of 180-day period for customer opt-out beginning with the first day of service to return to Standard Offer service during the time it is available.

Each of these steps is described below:

4.1.1 Acceptance of the Contract By Compact Member Town

All power supply contracts negotiated by the Compact shall be expressly conditioned upon the acceptance of the contract by boards of selectmen or town council in the member towns and approval of the Department of Telecommunications and Energy. Suppliers and power supply contracts must comply with all applicable laws and rules and regulations promulgated by the Department of Telecommunications and Energy concerning competitive suppliers. At the local level, acceptance of the power supply contract will take place in each member town following a public hearing. A final signing of the contract by each individual member town will be held until approval of the contract is provided by the Department of Telecommunications and Energy.

Upon acceptance of a contract, a member town board of selectmen or town council shall file a certificate of the vote with the Compact within five (5) days of its decision.

4.1.2 DTE Approval of Power Supply Contract and Plan

The Compact shall file the town certificates of vote, the contract and aggregation plan with the Department of Telecommunications and Energy. The DTE is required to hold a public hearing on the plan. Under law, the contract is required to contain a price lower than the Standard Offer, unless it can be demonstrated that the price for energy will be lower than the Standard Offer in subsequent years, or it can be demonstrated that such excess price is due to the purchase of renewable energy.

4.1.3 Signing of Power Supply Contract by Each Member Town

Following the approval of the Department of Telecommunications and Energy, each individual member town may sign or reject the contract. With the signing of the contract by the town, the terms and conditions in the contract will be utilized for service for consumers within municipal boundaries, except for those consumers who have selected a competitive supplier prior to the contract activation date and do not wish to switch to service under the Compact contract, or those consumers who affirmatively opt out of the program. In addition, all consumers relocating to the area will be enrolled in the Compact's power supply program, unless they choose another supplier, or opt out following activation of service.

The Compact shall file with the DTE, DOER, and Inspector General within 15 days of signing by the member towns, the signed power supply contract and a report detailing the process used to execute the contract.

4.1.4 Notification of Consumers

Following approval of the contract by the DTE, the Compact shall undertake notification of all consumers on Standard Offer and Default Service to be enrolled prior to enrollment. The Compact shall also generally notify all consumers receiving competitive service in the participating towns of their eligibility to receive power from the Compact supplier. The process of Notification shall be multi-layered: 1) a notice included in the monthly electric bill, or a separate mailing; 2) newspaper notices; 3) public service announcements; 4) posting of notice in town halls.

Prior to enrollment, this notification shall: 1) inform consumers they have the right to opt out of the aggregated entity without penalty and choose standard offer service until 180 days after their first day of service; 2) prominently state all charges to be made and a comparison of the price and primary terms of the Compact contract compared to the price and terms of Commonwealth Electric's Standard Offer; 3) explain how to opt out; 4) state how to access the Standard Offer; 5) provide written notification if any charges associated with the opt-out will be made by the Supplier following the 180 day period.

4.1.5 Notification of Commonwealth Electric

Along with notification of consumers in the participating member towns, the Compact shall notify Commonwealth Electric Company to begin preparation of the administrative process to transfer customers to the Compact supplier in each of the participating towns. Commonwealth Electric Company shall prepare for transfer of Standard Offer customers coincident with each customer's billing cycle. [Alternatively, or in combination with the Compact notification, the selected supplier may notify Commonwealth Electric to begin preparation of the administrative process.]

4.1.6 Activation of Customer Service

The process of activation is an administrative function with three parts: 1) Data preparation: Commonwealth Electric will identify all customers on Standard Offer and Default Service in the participating towns by eliminating those customers who have already selected a competitive supplier; 2) Data verification: To the extent needed, if not inherent in data preparation, Commonwealth Electric shall check customer meter numbers and other codes to verify proper eligible customer identification; 3) Automatic Enrollment: All verified customers shall be transferred to the Compact supplier coincident with Commonwealth Electric's 21-cycle billing period, unless they have previously sent in notification of their intent to opt out according to established deadlines. Eligible customers on all 21 cycles will be enrolled with the new supplier over the period of one month. Commonwealth Electric shall notify each transferred consumer of the change to the Compact supplier with its last bill for Standard Offer service. Service under the new supplier shall begin at the start of the billing period following transfer.

4.1.7 Customer Opt-Out

Customers may opt out of service from the Compact supplier at no charge either in advance of service start up deadlines or during a period of 180 days commencing with the first day of service. Customers who seek to return to Standard Offer service must provide notice to Commonwealth Electric, five (5) or more business days before the next scheduled meter read date. There shall be no charge for returning to Standard Offer service in this manner. Customers wishing to opt-out sooner than the scheduled meter read may also request an unscheduled meter read and pay a fee to Commonwealth Electric. Further opportunities for customer opt-out may be negotiated by the Compact and the competitive power supplier and included in the terms of the contract presented to the DTE, Boards of Selectmen and Town Council, and made part of the public information offered to each consumer.

4.2 Termination of the Power Supply Program

The power supply program may be terminated in two ways:

- 1) Upon the termination or expiration of the power supply contract without any extension, renewal, or subsequent supply contract being negotiated;
- 2) At the decision of the Compact Governing Board to dissolve the power supply program.

Member municipalities may also choose not to participate in an extension, renewal, or subsequent supply contract the Compact has negotiated, but such withdrawal will constitute closure of the program for that municipality only, and for that contract period only.

Each individual customer receiving power supply service under the Compact's power supply program will receive notification of termination of the program ninety (90) days prior to such termination.

In the event of contract termination, consumers would return to the distribution company's default service or choose a competitive supplier.

5.0 METHODS FOR ENTERING AND TERMINATING AGREEMENTS WITH OTHER ENTITIES

The Compact's process for entering, modifying, enforcing, and terminating agreements shall comply with the requirements of town charters, and state and federal laws. Where required, the procedures outlined in MGL Chapter 30B shall be followed. Other agreements, such as the Intergovernmental Agreement, shall be entered, modified, or terminated in compliance with the law and according to the express provisions of the relevant agreement.

6.0 RATESETTING AND OTHER COSTS TO PARTICIPANTS

The Cape Light Compact will offer the option of a Community Choice Power Supply Program at rates and terms to be negotiated with competitive power suppliers. The generation charge for each customer class, or any customer grouping by load factor or other appropriate pricing category, will be lower than the Standard Offer generation charge. All supplier charges to the customer will be fully and prominently disclosed under the notification process.

The local distribution company shall continue to provide metering, billing, and maintenance of the distribution system as a regulated monopoly function until such time as the Massachusetts Department of Telecommunications and Energy (DTE) determines it is in the interest of consumers for these services to be provided differently. Charges for metering, billing and other distribution services shall be regulated by the DTE, unless otherwise provided for in law, or DTE rules and regulations.

6.1 Rates and Ratesetting

Under DTE orders, the local distribution company assigns the customer classification and corresponding character of service and associated regulated rates. These rates include a monthly customer charge, a distribution charge, a transmission charge, and an access charge that currently make up the largest portion of a customer bill. (See sample bill in section 6.3 below). Although the Compact shall participate in regulatory proceedings and represent the interests of consumers regarding these regulated rates, it will not assign or alter existing customer classifications without the approval of the DTE.

The focus of the Compact, as noted above, will be acquisition of competitive prices and terms for power supply. This price, or prices, will be set through the competitive bid and negotiation process, and will be noted on the consumer bill as the "generation charge". As noted earlier, the price in the contract will be subject to DTE examination and approval, as well as approval by Boards of Selectmen and Town Council at the local level.

6.2 Other Costs To Consumers

Aside from any funds appropriated through a public process by the counties, or a member town, consumer bills will reflect all charges for the administrative costs of the power supply program. If power supply program funding were to be derived from a portion of shared savings or a kilowatt hour charge [in an amount equivalent to fractions of a mill], such determination would also take place in a public process, that would include public notice, a public hearing, and a weighted vote by Compact representatives. [A weighted vote on the Compact Governing Board follows the standard of weight by population of each town.] Department of Telecommunications and Energy approval of such a charge would be sought to the extent that such approval is required. Such a charge could be a percentage of the savings customers are achieving through the program.

6.3 Customer Billing

Customer billings under the Compact Power Supply Program will be made by the supplier under contract and shall be incorporated into the standard monthly utility billing. The bill shall include a clear delineation of all regulated and non-regulated charges. Under law, consumers are entitled to a choice of one or two bills. They may receive a "complete bill" that incorporates the power supply charge and Commonwealth Electric's charges on a single sheet; or a "passthrough bill" which is a separate bill issued by the power supplier in addition to the bill from Commonwealth Electric. For purposes of clarity and simplicity, the Compact recommends that consumers elect to receive a "complete bill" with all charges on a single sheet. However, consumers may make their own choice on this issue.

The typical residential "complete bill" for use of 651 kilowatt hours shows the following charges for Commonwealth Electric's Standard Offer service in January 1999:

Commonwealth Electric Charges

Customer Charge		\$ 3.73
Distribution Charge	\$.04524	\$29.45
Transmission Charge	\$.00481	\$ 3.13
Transition Charge	\$.02856	\$18.59
Energy Conservation	\$.00285	\$ 1.85
Renewable Energy	\$.00125	\$.81

Supplier Services

Generation Charge

Standard Offer Service \$.03800 X 651KWH \$24.73

Total \$82.29

The standard offer power supply rate offered by Commonwealth Electric increases each year over seven years as follows: 3.8 cents in 2000, 3.8 cents in 2001, 4.2 cents in 2002, 4.7 cents in 2003, 5.1 cents in 2004. Customers not eligible for standard offer service will need to choose a competitive supplier or take default service. The standard offer service is set to expire in 2005.

7.0 UNIVERSAL ACCESS

“Universal access” is a term derived from the traditional regulated utility environment in which all customers desiring service receive that service. For the purposes of the Compact’s municipal aggregation program this will mean that all existing customers within the borders of participating municipalities, and all new customers in the participating municipalities, shall be eligible for service from the contracted supplier under the terms and conditions of the supply contract. Item one of the Compact’s goals contained in the Intergovernmental Agreement is: “To provide the basis for aggregation of all consumers on a non-discriminatory basis.”

Service under the Compact’s Community Choice Power Supply Program shall include all customer classes in adherence with universal service principles and requirements, and the traditional non-discriminatory practices of local government. Contracts with all suppliers shall contain provisions to maintain these principles and equitable treatment of all customer classes.

Existing customers in the participating towns shall be transferred to the Community Choice Power Supply Program unless they have already contracted with a competitive supplier, or affirmatively opt out of the program.

Low-income consumers shall remain subject to all existing provisions of state law regarding their rights to return to standard offer service and participate in the Power Supply Program as well.

New customers in the service territory shall upon sign up for service be automatically enrolled in the program with the right to opt out at any time.

8.0 EQUITABLE TREATMENT OF ALL CLASSES OF CUSTOMERS

All customers will be treated equitably. They will be guaranteed the right to raise and resolve disputes with the supplier; be provided all required notices and information; and always retain the right to opt out of the Compacts' program or switch suppliers.

9.0 RELIABILITY

"Reliability" in power supply and in transmission and distribution is essential to consumers. The Compact's policy, contained in item five of the goals of the Intergovernmental Agreement is: "To improve quality of service and reliability." This will be accomplished and reinforced at several levels: 1) through provisions of the power supply contract that will include language on reliability of supply, liability and damages provisions; 2) through traditional proceedings related to Commonwealth Electric's regulated transmission and distribution services; 3) through direct discussions with Commonwealth Electric Company concerning specific or general problems related to quality and reliability of transmission and distribution service.

10.0 RIGHTS AND RESPONSIBILITIES OF POWER SUPPLY PROGRAM PARTICIPANTS

10.1 Rights

All power supply program participants shall enjoy the protections of law afforded to consumer as they currently exist or as they may be amended from time to time. These include rights to question billings or service quality or service practices. Under protocols developed by the Department of Telecommunications and Energy problems related to billing or service shall be directed to the appropriate parties. All program participants shall also enjoy the individual right to decline participation in the Compact's Power Supply Program as noted in the description of the "opt-out" in section 4.1.7 above.

10.2 Responsibilities

All power supply program participants shall meet all standards and responsibilities required by the DTE, including payment of billings and access to essential metering and other equipment to carry out utility operations.

11.0 THE CONSEQUENCES OF AGGREGATION

Municipal aggregation functions under the restrictions of state law and carries a range of results and consequences:

11.1 Consumer Option to Participate in Competitive Market

Many individual consumers lack knowledge and leverage to negotiate terms for power supply. A municipal aggregator provides them with an option for professional representation and the leverage of a large group so that they may more effectively participate in the competitive process and achieve benefits.

11.2 Lower Price or Renewable Energy

Because the law requires the power supply price negotiated by a municipal aggregator to be lower than the standard offer, or to show a notable amount of renewable energy in the supply mix to justify a higher price, one consequence is the contract guarantee of a price lower than the standard offer, or cleaner energy, if that is what the community chooses and the DTE approves. Item number two of the Compact's goals contained in the Intergovernmental Agreement is: "To acquire the best market rate for electricity and transparent pricing."

11.3 Consumer Ability to Opt Out and Choose Another Supplier

Because the law guarantees the right to opt out, including the right to choose standard offer service at not charge for 180 days, all customers have the right to select a supplier other than the one chosen by the municipal aggregator and the selectmen.

11.4. Recovery and Use of Energy Efficiency Funds at Local Level

Because the law allows municipal aggregators to recover funds paid by consumers and apply them in locally designed and approved energy efficiency programs, a third consequence is the opportunity to reduce energy use and total bills through the aggregation program.

11.5 Indemnification of Consumers and Risk Associated with Competitive Market

In a competitive market it is possible that the failure of a power supplier to deliver service may result in the need for consumers to acquire alternative power supply, or for consumers to receive power at Default Service prices, if the Standard Offer is not available. The Compact will seek to minimize this risk by recommending only reputable suppliers who demonstrate reliable service. The Compact also intends to include conditions in its contract with a supplier that will indemnify consumers against risks or problems with power supply service.

11.6 Other Consumer Protections

The Compact intends to negotiate a range of provisions in its contracts to enhance consumer protection. The Compact also intends to work with Commonwealth Electric and the DTE to assure improvement in the reliability of transmission and distribution services.

12.0 MEET ANY REQUIREMENTS ESTABLISHED BY LAW OR THE DEPARTMENT CONCERNING AGGREGATED SERVICE

The Compact fully intends to comply with the requirements of law and the rules of the DTE.