



A Customer Owned Utility
Serving Our Community Since 1894

September 1, 2017

NAED is one of only forty (40) municipal electric departments within the Commonwealth of Massachusetts. We are committed to promoting the interests of "Public Power" on behalf of the citizens of this community

Monthly Update of North Attleborough Electric Department's Activities

Dear Friends:

This month's newsletter offers the opportunity to update you about the planned forthcoming change in our community's street lights during the forthcoming year.

I. BOARD OF ELECTRIC COMMISSIONERS UPDATE

On August 9, 2017 the Board (Brett Langille, Chairman, Steven Cabral and Dale Langille) met and received an update by Mark Beauchamp, President of Utility Financial Services (UFS) regarding his firm's work in CY 2014 & 2015 in developing both a "Cost of Service Study" and "Rate Study". Those studies provided the basis for the updated NAED customer rates. The revised rates took effect on October 1, 2015. The department's planning efforts envision that the rates will be reviewed and revised (if necessary) every three years.

The Board determined that all bidders related to installing the planned LED street lights later this year would be rejected and that the department would go back out to bid. The action was taken, consistent with the recommendation of the NAED administration which noted to the Board members, "Based upon subsequent conversations with legal counsel about the requirements of MGLc. 30, section 39M ("Public Works Projects"), revisions to the anticipated scope of the project and responsibilities of the vendor and NAED personnel, the administration recommends that the Board vote to reject all bids and request the administration to solicit new bids on behalf of NAED." The project has been rebid and the new bids are expected to be opened on September 13, 2017. The LED lights have been ordered and work is expected to commence later this year.

II. PRESENTATION BY GENERAL MANAGER TO CHARTER COMMISSION

On August 23, 2017, the General Manager had the opportunity to meet with the new North Attleborough Charter Commission which is considering changes to municipal government. At the meeting, as General Manager, I told the Charter Commission that I favored a future NAED (a "Municipal Light Plant", as defined by MGLc. 164) to continue its independence from municipal government, and to not be included in the final charter document.

I noted that NAED is separate, distinct and independent from the daily operation of municipal in the manner, such as the following:

A separate public mission - NAED is responsible for compliance with provisions of MGLc.164, as well as various state requirements from Commonwealth of Massachusetts (DPU, DEP). NAED's organizational and operational structure - including the roles of the Board of Electric Commissioners and General Manager generally - is different than Town operations and relationships.

The Board of Electric Commissioners' roles and responsibilities include, but are not limited to: Setting department policies, determining the customer rates, approving the annual budget and CIP, approving all labor (collective bargaining) contracts, approving departmental expenses, approving Power Contract.

Towns and MLPs have different statutory obligations - generally, the Massachusetts statutes involving municipal operations, i.e.MGLc. 39, et seq. do not apply to Municipal Light Plants (MLPs)whereas NAED operates under MGLc. 164.

NAED and the Town have:

Different procurement statutes - the municipal procurement statute, MGLc. 30B does not apply to MLPs

Different Fiscal Years - NAED's fiscal year is a calendar year

Different budgetary and approval process - The budget and CIP (5 Years) are approved by the Board of Electric Commissioners, not the Town Meeting

Different revenue source(s) and funds-including NAED's own OPEB Trust Fund

Different accounting methods/practices - NAED operates utilizing "accrual accounting" and records "depreciation" expenses

NAED is responsible to maintain various industry standards relating to electric reliability and the Bulk Electric System. Further, NAED has varied, and challenging fiscal and administrative obligations to the NE Power Market relative to energy and costs related thereto (ISO-NE)

NAED provides a PILOT payment to the Town on an annual basis, as well as providing daily oversight and maintenance for all expenses related to the Fiber Net that connects all Town buildings, and "community services"

I told the Charter Commission that I believed the community of North Attleborough is well served by the department. The department annually in our customer surveys is judged by the responders as the most highly regarded local governmental entity. In the two most recent customer surveys, more than 90% of those responding said that they considered NAED to be a "well managed organization".

III. RECENT ACTIVITES OF NAED STAFF & PERSONNEL

NAED Line personnel are addressing improvements in the distribution system by performing work both in the north end of Town and also along Stoddard Drive - in anticipation of the new athletic field lighting at NAHS.

Work continues on the planned upgrade of the Sherman Substation. Work on site is expected to occur commencing in September, 2017, through the second quarter of 2018. Presently the Board has awarded bids relating to the following work/equipment activities: Transformer, Switchgear, Substation Improvements/Equipment, and Construction Management

NAED personnel toured some small generation facilities in Taunton. The department is considering the potential of installing "Behind the Meter Generation" at the Sherman Substation as a means of the department being able to reduce customer costs at times of peak system demand. In addition, NAED and Energy New England (ENE) provided an update to the Board of Selectmen regarding the potential viability, challenges and benefits of "Landfill Solar" at the Selectmen's meeting of August 10, 2017.

The department's summer activities will be highlighted on its quarterly CATV show presented by North TV. The summer show will include an update of NAED summer projects (Gene Allen), Substation Update (Peter Schiffman), NAED Solar Efforts (John Miller) and the LED Street Light Replacement Program (Chris Mitchell).

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