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Cape Light Compact Advocates for its Residential Customers to Prevent \$20 Million Rate Increase

Barnstable, MA, September 5, 2013 – Cape Light Compact (the “Compact”) scored an initial victory at the Department of Public Utilities (the “Department”) in its fight to prevent an approximately \$20 million rate increase to residential customers in the former Commonwealth Electric territory, which includes Compact customers on the Cape and Vineyard. The Department was required by state law to open an investigation for each distribution company to establish a cost-based rate design for costs that are currently recovered from distribution customers through a reconciling factor. The Department agreed with the Compact’s arguments on the proper cost causation method for reconciling the transition and long-term renewable contract factors; and by rejecting NSTAR Electric’s improper reallocation of its transmission costs. As a result, the Department ordered a full adjudicatory proceeding for each electric distribution company which is now getting underway.

As directed by the Department, the electric distribution companies, including NSTAR Electric Company, initially proposed methods to reset their reconciliation factors based on a statutory change in Section 51 of an Act Relative to Competitively Priced Electricity in the Commonwealth, St. 2012 c. 209. As proposed, changes to the reconciliation of transition costs and long-term renewable energy contract costs would result in significant cost shifts, including to the Compact’s residential customers. The Compact successfully argued that the electric distribution companies’ proposal was contrary to the plain language of Section 51 and a wholesale departure from long-standing Department precedent.

“The Compact’s intervention in this proceeding is an example of the added value brought by the Compact to its electric customers,” stated Compact Chairman Joyce Flynn. “The Compact’s ability to deliver savings for electric customers is not just about competitive power supply pricing. Instead, the Compact delivers comprehensive and multi-faceted results in energy efficiency, power supply and consumer advocacy. In this case, the Compact is working diligently to prevent its residential power customers from being hit with this cost shift.”

As directed by the Department, the electric distribution companies, including NSTAR Electric, submitted compliance filings on August 26, 2013 to implement the adjustments to the reconciling mechanisms based on its order. The Department also stated in its order that it will adjudicate the compliance filings, with the opportunity for discovery, hearings and briefs. While the proceeding could ultimately result in some rate shifts for Compact customers, the Compact is pleased to have deferred them until the adjudicatory proceedings are resolved and it is the Compact's hope that any increases in its territory will be significantly less than the \$20 million originally proposed by NSTAR.

The Compact will continue to advocate for its customers during the adjudicatory proceeding. In other cases before the Department since 1997, the Compact has saved Cape and Vineyard residents over \$142 million.

ABOUT CAPE LIGHT COMPACT

Cape Light Compact is an intergovernmental organization consisting of the 21 towns and two counties on Cape Cod and Martha's Vineyard. The Compact's mission is to serve its 200,000 customers through the delivery of proven energy efficiency programs, effective consumer advocacy, competitive electricity supply and green power options. For more information, visit www.capelightcompact.org or call 1-800-797-6699.

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