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Fox Islands receives USDA grant for underwater cable system

The rural development arm of The United States Department of Agriculture has awarded Fox Islands Electric Cooperative of Vinalhaven, Maine \$2,633,522 in high-energy cost grant funds. The funds will be used to construct



*Fox Islands Cooperative
General Manager
David Folce*

a submerged transmission cable to provide electric power to the islands of North Haven and Vinalhaven, located ten miles off the mid coast of Maine.

The present submerged cable, which provides the only source of power to the islands, is experiencing major reliability problems with 26 failures in the past six years and seven in 2002 alone. The construction of a new cable will provide reliable power and alleviate both the costly repair of the current source and the

uncertainty of service.

Agriculture Secretary Ann M. Veneman made the announcement in July that projects in seven states would be the recipients of nearly \$15 million in grant money.

"This grant is a blessing to the community," said Fox Island Cooperative General Manager David Folce, who experienced another two-cable failure a month after the announcement. Folce said that they are in the process of obtaining the required permits and completing an environmental study. The Cooperative is also applying for a Rural Electric Services loan to fund the rest of the \$6.1 million project.

"All the paperwork slows things down but we are very thankful for this grant," said Folce. "It can't happen fast enough."

The USDA funds for these grants are being provided for the first time and are available for improvement of energy generation and distribution facilities serving communities with extremely high-energy costs. Grants may be used for the acquisition, construction, installation, repair, replacement or improvement of energy generation, transmission or distribution and will help assure access to reliable energy services. Further information on rural programs is available at a local USDA Rural Development office or by visiting USDA's web site at www.rurdev.usda.gov.

Blackout spurs calls for action in Congress

Transmission dependent utilities seek strong federal role to solve problems



The great northeast blackout of August 14-15 has triggered a multitude of calls for action from Congress and federal regulators to address the weaknesses revealed in the nation's transmission grid. From a timing standpoint, the blackout occurred at a propitious moment for those seeking to legislate changes in the electric industry, as both houses of Congress are about to meet in conference to determine what – if any – parts of proposed energy legislation should become law. An Electricity Title in the proposed legislation provides a vehicle for making fundamental changes in the

way that the grid is managed and expanded – if a consensus can be reached on such a controversial and costly issue.

New England public power utilities, unlike some consumer-owned systems elsewhere in the country, own little of the region's transmission lines, but depend on fair and open access to these lines to move power to their customers. Many of these systems are members of a national association of transmission-dependent utilities called TAPS (Transmission Access Policy Study Group) which supports and advocates equal and non-discriminatory transmission access and competitive wholesale electric markets. The TAPS group, which plans to meet in Vermont in early October, advocates a stronger federal role in assuring more reliable transmission systems and mandating more centralized control of regional transmission grids. The TAPS group has identified several important "lessons" from the blackout and recommends specific Congressional actions.

Summarized on next page

Staff

Patrick Hyland
executive director
phyland@neppa.org

Mary Harrington
communications director
mharrington@neppa.org

Kris Nicolas
controller
knicolas@neppa.org

Sheila Boone
administrative secretary
sboone@neppa.org

Robert Gautreau
training director
bgautreau@neppa.org

David Fabrizio
safety director
dfabrizius@neppa.org

Lori O'Donoghue
administrative assistant
lodonoghue@neppa.org

Board of Directors

George Lague
president
Swanton, Vt.

John Clark
first vice-president
Houlton, Maine

Thomas R. Josie
second vice-president
Shrewsbury, Mass.

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Norwich, Conn.

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Marblehead, Mass.

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Orleans, Vt.

Coleen O'Brien-Pitts
Danvers, Mass.

John Scirpoli
W. Boylston, Mass.

Raymond Shockey
Ipswich, Mass.

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tel: 508.482.5906
fax: 508.482.0932
website: www.neppa.org

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The Northeast Public Power Association is an organization representing and serving consumer-owned electric utilities in New England.

Blackout and Congress

Continued from page 2



What we've learned

- **Our nation's electric utilities need to promptly construct significant new transmission infrastructure.**

It is clear that our backbone transmission system is not robust or reliable. A robust system is essential to national security, to our economy and to the health and safety of all citizens. All regional electric users require and will benefit from a robust and reliable transmission system and should pay their share of the costs of that system.

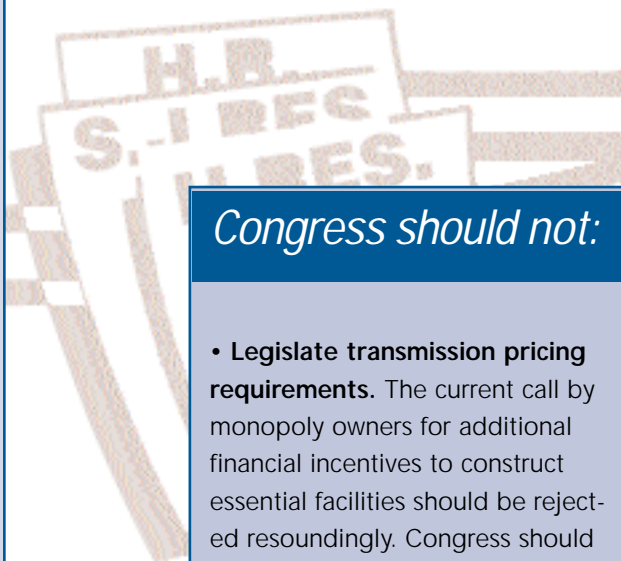
- **Splintered control of the grid creates significant and unacceptable reliability risks.** The regional grid is a highly complex machine that must be operated as an integrated network. Splitting up transmission operation and control among many utilities within a region creates unacceptable coordination and communication challenges. At this time, there is a clear need for regional transmission organizations to operate, control, plan and construct regional grids on a reliable and competitively neutral basis. These core RTO functions should be separated from the current divisive debate over having RTOs impose complex, bid-based energy market

Congress should:

- Create a system of mandatory reliability requirements that are enforceable, include meaningful penalties, and apply to all industry participants.
- Protect the ability of all load serving entities, whether transmission owners or transmission-dependent utilities, to use their firm transmission rights to meet their obligations to serve.
- Clarify FERC's authority to require public utilities to place their transmission facilities under the control of regional transmission organizations that have a clear obligation to provide non-discriminatory and reliable service for the benefit of all end users that depend on the regional grid, and to plan and construct, or order construction of, additions needed to maintain a robust system. TAPS does not support mandating that RTOs implement complex, bid-based energy trading markets.
- Require the Department of Energy to regularly assess transmission and generation adequacy and empower FERC (as a backstop) to authorize siting of regional backbone transmission facilities needed to maintain robust and reliable regional grids.

Congress should not:

- **Legislate transmission pricing requirements.** The current call by monopoly owners for additional financial incentives to construct essential facilities should be rejected resoundingly. Congress should leave transmission pricing issues to FERC, which already has ample authority and expertise. FERC has demonstrated a willingness to permit participant funding experiments by RTOs and has an incentive ratemaking proposal pending.



Fall Utility Management Program scheduled for October

The second half of NEPPA's 2003 Public Utility Management Program will be held October 8 - 10 at the New England Center in Durham, New Hampshire. This program, now in its tenth year, offers students an in-depth review of management topics and developments in the electric utility industry to sharpen their skills and understanding of critical issues. 15 students are already enrolled for the fall program, but new students are encouraged to join the group. To do so, just contact Sheila Boone at the NEPPA office. Cost for the fall session is \$850 for employees of NEPPA members, which includes two nights lodging, all meals and class materials. The fall program features an outstanding group of discussion leaders and topics, as follows:



To register go to www.neppa.org, click on calendar, and go to October 8-10. Or call Sheila Boone at (508) 482-5906.

How to Deliver Outstanding Customer Service

Linda Dillon, Dillon Communications

A review of the "best practices" in customer service, found in both competitive retail companies and public authorities. How electric utilities can build customer service into their cultures, from the bottom up and the top down.

Politics and Public Power – *Deborah Sliz, Morgan Meguire LLC*

NEPPA's professional lobbyist in Washington describes how laws are really made by Congress, and how public power officials can influence the outcome of legislative and regulatory proceedings. Also, an in-depth analysis of the politics of the Energy Bill.

Managing Time Effectively – *William Lovett, Lovett Associates*

How to plan and manage the most precious resource of all. A professional management consultant will provide ideas and methods for maximizing the use of scarce time, and eliminating time wasters.

Wholesale Electric Markets in New England – *Craig Kazin, ISO-New England*

A review of competitive power market operations in New England, by the regional grid operator and administrator of energy markets. This session will also address the impact of locational marginal pricing in New England, and how public power systems are coping with these changes.

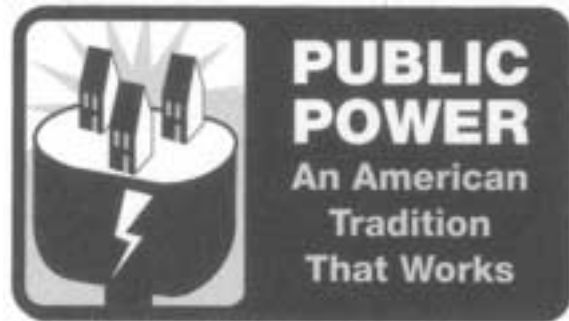
In October don't miss:

Administrative Conference

For administrative professionals including executive assistants, office managers, secretaries and support staff.

*Friday,
October 3, 2003
Holiday Inn
Taunton, Mass.*

*Register at
www.neppa.org or call
Sheila Boone at (508) 482-
5906 for more information.*



Public Power Week - October 5-11, 2003

For nearly two decades the nation's community and state-owned electric utilities have devoted the first full week in October to educate people about the role public power plays in their communities. Join the American Public Power Association in celebrating this yearly event.

Reputation Recovery

An interactive seminar for public power professionals



*Thursday, October 23, 2003
9:00 am to 1:00 pm
Shrewsbury Town Hall
Shrewsbury, Mass.*

*Register at www.neppa.org
or call Mary Harington at
(508) 482-5906 for more
information.*

The NEPPA Public Communications Committee is hosting an interactive seminar on reputation recovery.

Robin Schell, APR, senior counsel with Jackson Jackson & Wagner, will incorporate case studies both from within and outside the utility industry that will address the recovery stage following an image crisis.

Participants should leave the seminar with a practical step-by-step guide that will detail actions that should be taken before and after an image crisis and knowledge of the tools used to measure an organization's public image.

The session will begin with a discussion on the concept of reputation and why it can make or break a company. The program will then move on to the concept of behavioral public relations.

Three main areas will be addressed:

Establishing a bank of good will

Recovering from a crisis or issue

Measurement

The session will end with a discussion on assessing image-building techniques with dipstick research, focus groups, telephone and written surveys and media tracking. An informal lunch will follow the session with opportunities for questions and further discussion.

Public Power officials recognized at NEPPA annual conference

Congratulations to all the award recipients!

NEPPA Service Award

William Gallagher, VPPSA
Ruth Slater, *Braintree, Mass.*

Commissioner Service Award

Allan E. Ames, *Reading, Mass.*
Stephen J. White, *Rowley, Mass.*
Albert G. Palmisciano, *Pascoag, R.I.*
Galen Hogan, *Houlton, Maine*
A. David Lenzie, *Middleton, Mass.*
Richard Janusko, *Jewett City, Conn.*
Richard Kassiotis, *Middleton, Mass.*
Charles S. Clinch, III, *Middleton, Mass.*
James McPartland, *Houlton, Maine*

Century Award

Mansfield Municipal Electric Department (Mass.)
Littleton Water & Light Department (N.H.)

Distinguished Service Award

William J. Guertin, *Pascoag, R.I.*

Francis "Skip" Willey

Individual Achievement Award

Robert G. Gauvin, *North Attleborough Electric*

Outstanding Affiliate Member Award

Stockwell Testing Laboratory, Inc.

Member Notes

NEPPA welcomes new members!

Morgan Stanley

Morgan Stanley of 1221 Avenue of the Americas, New York, N.Y., has joined NEPPA as a corporate member. The contact person is Eugene Devlin. He can be reached at (212) 762-8260 or faxed at (212) 507-2395. Morgan Stanley has earned a worldwide reputation for excellence in financial advice and market execution. They connect people, ideas and capital to help clients achieve their financial aspirations.

NORESCO, Inc.

NORESCO Inc. of One Research Drive, Suite 400C, Westborough, Mass., 01581 has joined NEPPA as a corporate member. The firm provides full scope power plant

development, design, construction, operation, maintenance and asset management services to municipal power providers. The contact person is Bruce Sutter and he can be reached at (508) 614-1047 or faxed at (508) 870-2279.

Nexans

Nexans is a manufacturer of most cable types for power and telecommunications, outdoor and premise manufacturing and integrator of fiber to the home solutions. They have joined NEPPA as an associate member. The contact person is Rob Mertz, vice president of business development. He can be reached at (919) 577-2020 or faxed at (919) 577-2358.

NEPPA Annual Conference held in Mystic Connecticut

(top) Dr. Robert Thomas, author of Geeks & Geezers, discussed his leadership theory after the conference's opening ceremonies.



New electric markets, management and customer service issues, as well as a legislative update were all topics of discussion at NEPPA's 2003 Annual Conference held in August in Mystic, Conn.

Distinguished speakers with varied backgrounds and experiences brought conference participants up-to-date on industry issues and introduced them to new ideas and ways of doing business.

This annual event also featured a golf tournament and \$445 was raised for the NEPPA Benevolent Fund. A Children's Program was offered so families could enjoy greeting friends and colleagues in a relaxed atmosphere.

Dr. Robert Thomas of the Accenture Institute for Strategic Change led off the conference with a discussion of his "Geeks & Geezers" theory of how leaders are shaped by their era and corresponding values. He pointed out that individuals who went through the depression have different values and outlooks than baby boomers of the fifties which lead to different leadership styles.

(middle) Seth Smiley and Bret Smith of Life Support Systems demonstrate the use of automated external defibrillators in the workplace.



(Bottom) Betty and Bob Stockwell of Stockwell Testing Laboratory, Inc. accept the Outstanding Affiliate Member Award from NEPPA Executive Director Pat Hyland at the awards banquet.



The NEPPA 2004 Annual Conference will be held in Burlington, Vt. August 15-18.

Mark your calendars!

Conference panel discusses electric markets

With the great blackout of 2003 dominating the headlines, NEPPA annual conference attendees were able to hear insights about the pros and cons of wholesale power market operations from a distinguished panel of experts. Each panelist, in addition to their prepared



remarks, addressed possible causes and implications of the blackout, especially as it might affect the future direction of power sales and transmission in the United States. Allen Mosher, director of policy analysis for the American Public Power Association,

described the results of electric restructuring so far, including the construction of new generating capacity, the collapse of wholesale marketing, and the dramatic increase in transmission congestion due to new market dynamics. Mary Sharpe-Hayes, member of the ISO New England Board of Directors, outlined the evolution of



(top)
Brian Forshaw of CMEEC

(Below)
Alan Mosher of APPA, Mary Sharpe-Hayes of ISO-New England and Kenneth Bekman of ConEdison Energy

wholesale markets in New England, and the responsibility of ISO-NE to assure system reliability while administering fair and efficient markets. She also offered her own perspective on how markets should be improved, including more demand-side initiatives and more careful listening to regional stakeholders.

On the market participant side, Kenneth Bekman of Con Edison Energy discussed his company's view of New

England market operations as a "square plug and a round socket." Fundamentally, he pointed out, there is a conflict between the requirements of reliability and competitive markets. Reliability requires redundant systems, which translate into oversupply, which results in inadequate returns on capital investments, and the consequent economic failure of suppliers. Competitive markets, in Bekman's view, require elastic supply and demand, along with scarcity pricing to attract new investment and motivate demand reaction. The solution, he said, is a competitive procurement process by a neutral "reliability authority," which would be responsible for procuring all resources necessary to assure a reliable power system.

Brian Forshaw of the Connecticut Municipal Electric Energy Cooperative described the impact of Standard Market Design thus far in New England, including a significant volatility in electric prices which is not fully explained by increased fuel prices. He also predicted increases in regional transmission costs as a result of FERC's proposed new pricing policy, designed to provide incentives for transmission owners to join ISOs and Independent Transmission Companies. For CMEEC's members, the proposed changes could nearly double transmission rates, resulting in retail rate increases of two to three percent. Forshaw also pointed out that ongoing negotiations over the creation of a new Regional Transmission Organization (RTO) would likely result in the elimination of the New England Power Pool (NEPOOL), with a consequent loss of control, especially among small market participants, over future market changes that will affect consumers.

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Calpine

PSEG Energy Resources Trade

Constellation Power Source

PURMA

Dufresne-Henry

Avcom

Sempra Energy Trading Corp.

Rubin & Rudman

Thank you!

Keeping the lights on

Get to know the line crews that contribute to the high level of reliability and service public power is known for.

**Pascoag Utility District,
Pascoag, R.I.**

(from left) Christopher Piccardi, Gary Stone, William Guertin, Richard Jenks Kneeling, Dennis Tetreault, James Hoppe, James Hoskins



**Peabody Municipal
LighPlant
Peabody, Mass.**

*Front row, left to right, Jerry Worthlake, Paul Longchamps, Dan Blake.
Back Row, left to right, Ben Tierney, Denny Boraiza, Mike Cassidy.*



BELD launches new web site and payment options

If you have a program, service or event at your utility you'd like to tell others about, please let us at

News Line

by email:

marrington@neppa.org

Braintree Electric Light Department (BELD) is now open 24 hours a day, seven days a week thanks to its new site on the World Wide Web. In addition to comprehensive information on its electric, Internet and cable television services, the site now allows customers to manage their accounts from their computers.

Customers can now pay their electric or broadband bills online (or over the phone via a new voice-activated system), access account information, and communicate with BELD staff.

"Whatever services our customers need are now available online," explained Gail Cohen, BELD Support Services manager. "The new Web site features will allow them to do business with us 24/7 at no extra charge."

In addition, customers are now able to:

- Keep a close eye on costs by tracking electricity use for previous months and years
- Check and print account information and old bills
- E-mail questions and provide feedback on BELD's services
- Make changes to their cable and Internet service
- Sign up for or drop services

BELD's Municipal Light Board approved the online account management option in late 2002 and gave the go-ahead for its installation. "BELD has always been a municipal leader when it comes to technology," Cohen said.

TMLP makes the grade

A 2003 customer satisfaction study has shown that Taunton Municipal Light Plant customers have a strong overall positive appraisal of the city's electric company.

The Center for Research and Public Policy in Connecticut conducted customer satisfaction surveys for TMLP and 10 other New England utility companies at a discounted rate. TMLP's cost was \$7,000.

CRPP completed 401 interviews with TMLP customers between June 23 to 28. The process took approximately six weeks to complete. TMLP's overall positive rating is 79 percent. The number is down from 2000, when an 82.3 percent positive rating was recorded. TMLP's lowest positive score was 71.6 percent for "helping customers conserve electricity." The utility company received its highest rating, 92.3

percent for "reliable service."

Michael Vigeant, vice president of corporate research for CRPP, presented the study at a recent TMLP Commissioners meeting.

Other Massachusetts utilities participating were Middleborough Gas & Electric Department, North Attleborough Electric Department, Holden Municipal Light Department, Braintree Electric Light Department, Littleton Electric Light & Water Departments, Belmont Municipal Light Department, Concord Municipal Light Plant, City of Chicopee Municipal Lighting Plant, Danvers Electric Division, and Shrewsbury's Electric Light Plant and Community Cable.

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National Grid

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RW BEck

Century

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Hassett

BankNorth

Southworth Milton

Acres

United Power

Warner

Committee Meetings

September 26

Executive

10:00 a.m.
NEPPA Office
Milford, Mass.

October 17

Board of Directors

Common Man Inn
Plymouth, New Hampshire

September 18

Public Communications

9:30 a.m.
NEPPA Office
Milford, Mass.

Upcoming Events

September 6

Lineworkers' Rodeo

Burlington, Vt.

Fall Session, October 3

Supervisory Skills

Radisson Hotel
Marlborough, Mass.

October 3

Administrative Conference

Holiday Inn
Taunton, Mass.

October 7-8

TAPS

Stowe, VT

Fall Session, October 8-10

Public Utility Management Program

New England Center
Durham, N.H.

October 23

Image Recovery Seminar

Shrewsbury's Electric Light
Shrewsbury, Mass.

December 12

Annual Membership Meeting

Sterling Country Club
Sterling, Mass.

