

Working For You

Massachusetts

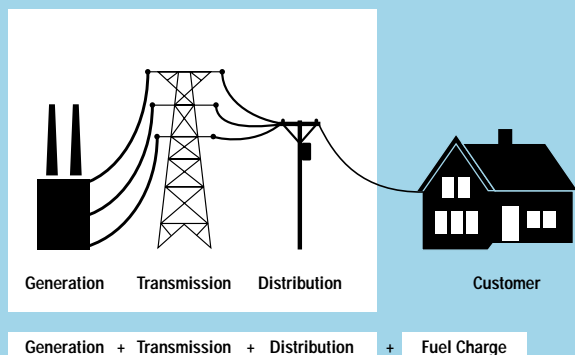
Department of

Public Utilities

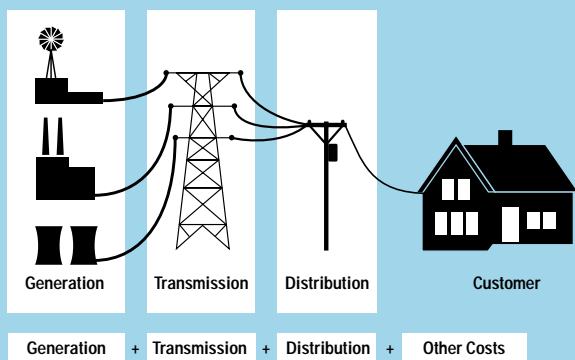
Volume 1 • Issue 1

July 1997

Billing Before Restructuring



Billing After Restructuring



Message from the Chairman
John B. Howe

Exciting changes are being planned for the way you purchase electricity -- changes that may bring you lower costs, more payment and pricing options, and additional products and services. This year, the Legislature is considering a new, competitive framework for investor-owned electric utilities in Massachusetts. This historic change will give you, as an electricity consumer, the same freedom of choice in power supply that you enjoy for virtually every other good and service that you buy. As choice reaches the level of the individual customer, competition among suppliers vying for your business will drive down the price you pay. You can also expect, over time, to see a range of new services, exciting new technologies, a cleaner natural environment, new jobs and a healthier economy in our state.

The first visible sign of these changes is coming this summer. The Department has approved a new bill format for electric companies that will

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Electric Restructuring and Competition: A Choice for Customers

The electric industry has historically operated as a monopoly. Consumers have been served by a particular electric company based on where they live, and they have had no choice of power company. The year 1998 may begin a new era of customer choice in electricity services.

A segment of the electric industry will soon operate as a competitive market. This restructuring of the electric industry is being driven by a number of forces. The technology used to generate electricity has advanced, and many customers have demanded more choices and lower prices.

The Department of Public Utilities has decided that the forces for change, while inevitable, must be guided carefully to ensure that restructuring provides benefits to all consumers. The Department of Public Utilities is the state agency that oversees the companies that provide electric, gas, telephone, and water services. Among the Department's responsibilities are protecting consumers from unreasonable rates and encouraging utilities to operate efficiently.

In December of 1996, the Department proposed legislation that would allow competition among electric generators. If legislation is enacted, consumers will be able to choose their supplier of electricity. In addition, consumers may be able to purchase new products and services from electricity suppliers.

The next step in restructuring is changing the format of your electric bills, to make it easier for you to compare power suppliers. This change is highlighted inside this newsletter. Future issues of this newsletter will include tips on choosing an electricity supplier, consumer protection guidelines, and news about other regulatory changes such as new telephone area codes.

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The unbundled bill is a sample, for illustration only.

Old Bundled Bill

New Unbundled Bill

FOR SERVICE TO			SUMMARY	
			PREVIOUS TOTAL BILL	\$53.73
			PAYMENTS AS OF	53.73
			BALANCE	0.00
			CURRENT CHARGES	64.07
			AMOUNT NOW DUE	64.07

ACCOUNT NUMBER	BILLING DATE	NEXT READ DATE
1600 528 0012	JAN 31, 1997	FEB 19, 1997

SERVICE PROVIDED TO		ACCOUNT SUMMARY	
RESIDENTIAL UNBUNDLED		PREVIOUS BILL	64.28
2421 CRANBERRY HWY		PAYMENT - THANK YOU	64.28
WAREHAM MA 02571-0987		TOTAL COST OF ELECTRICITY	65.07
		AMOUNT DUE	\$64.07

ELECTRICITY USED		COST OF ELECTRICITY	
RATE 32 RESIDENTIAL ANNUAL		DELIVERY SERVICES	
METER NUMBER 8065430		CUSTOMER CHARGE	
JAN 28, 1997 ACTUAL READ 5102		DISTRIBUTION /ACCESS .09446 X 450 KWH	
DEC 28, 1996 ACTUAL READ 5052		TRANSMISSION .00395 X 450 KWH	
30 DAY BILLED USE 450		SUPPLIER SERVICES	
		GENERATION CHARGE .02800 X 450 KWH	
		TOTAL COST OF ELECTRICITY *	

USE COMPARISON	KWH	KWH/DAY	TEMP
CURRENT MONTH	450	15	63
LAST MONTH			
ONE YEAR AGO			

RATE R1	
BASIC MONTHLY CHARGE	\$7.18
ENERGY CHARGE	450 X KWH @ \$0.084533 38.04
**FUEL CHARGE	450 X KWH @ \$0.041892 18.85
CURRENT CHARGES	\$64.07



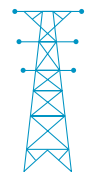
Customer Charge

This portion of your bill covers the basic costs of providing service, such as metering, meter reading, and billing. These fixed costs are unaffected by the actual amount of electricity you use.



Distribution/Access Charge

This is the cost of delivering electricity over wires to a customer's location. This charge also includes costs associated with prior investments in generation, environmental enhancements and other charges approved by the Department of Public Utilities.



Transmission Charge

This charge reflects the cost of moving electricity over high power lines from a generating plant to an electric company's service area.

COST OF ELECTRICITY

DELIVERY SERVICES

CUSTOMER CHARGE			7.18
DISTRIBUTION /ACCESS	.09446 X 450 KWH		42.51
TRANSMISSION	.00395 X 450 KWH		1.78

SUPPLIER SERVICES

GENERATION CHARGE	.02800 X 450 KWH		12.60
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TOTAL COST OF ELECTRICITY *

64.07



Generation Charge

This charge reflects the cost of producing electricity in power plants by transforming other forms of energy into electric energy.

Supplier Services

This portion of your bill may be determined by choice as early as January, 1998 when customers can select their electricity supplier.



What's new about my electric bill?

Your new bill unbundles, or separates, the charges for distribution, transmission and generation, which were previously grouped together.

Why has my bill format changed?

Provided that the Legislature authorizes competition among suppliers begins in 1998, you will need to know generation prices to make an informed choice. The new bill format is mandatory, and it will help you to make a choice of electricity supplier.

Am I paying more under this new bill format?

No. Your rate has not changed. The new bill format itemizes specific charges but the total amount of your bill remains the same. Some rates, such as the fuel charge, may still change periodically.

Will all Massachusetts electric utilities send unbundled bills to their customers?

Yes. All Massachusetts investor-owned electric utilities will send unbundled bills to their customers. Municipally owned light plants will change their bills if and when they decide to enter the competitive market.

If I have questions about my bill, whom should I contact?

Always contact your electric utility company first. If you still need additional help, you are welcome to contact the Consumer Division of the Department of Public Utilities at (800) 392-6066.

A New, More Informative Bill

Ready for competition? This summer, electric utility bills in Massachusetts will be changing in preparation for restructuring. The Department of Public Utilities has requested that electric utility companies provide your monthly electric bill in a new format. This format will be itemized to show the different components in your total electricity charge, enabling you to compare rates among companies. Your electricity rates have not changed -- only the appearance of the bill is new.

Currently, your local utility company bundles your charges. The monthly charge on your bill includes the costs for generating the electricity, transmitting it to your region, and distributing it to your home or business.

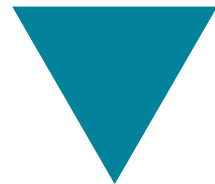
As early as January 1, 1998, subject to approval by the Massachusetts Legislature, power companies will be able to compete to provide electricity generating services. Your local utility company will still own and operate the distribution wires in your area, but competition will allow you to buy electricity generated by the company of your choice. You will have a choice among several companies that offer different prices for generation. Your choice will be similar to the choice you now make for long-distance telephone service.

To prepare you to choose your preferred generator of electricity, your bill will be unbundled. Electric bills are being unbundled now to give consumers time to adjust to the new format. The sample itemized bill on the facing page illustrates the separate charges for the generation of electricity, transmission and distribution charges.

Once restructuring begins, you will be billed for electricity generation at the rate offered by the supplier of your choice. Transmission rates will still be set by your local utility company and regulated by the federal government, and the utility company's distribution charges will continue to be regulated by the Department of Public Utilities.

Unbundling is an industry-wide term for itemizing your bill.

Key Dates for Electric Restructuring



July 1 - August 31, 1997

Unbundled Billing Begins.

Electric companies will begin using new bill formats to show itemized charges.

January 1, 1998

Choice Day.

The proposed start date, depending upon Legislative action, for consumer choice of electricity supplier.

Itemized Gas Bills Make Comparison Shopping Easy

The electric utility industry is not the only industry affected by restructuring. Beginning at the end of 1997, monthly residential gas bills will also be unbundled to show different costs and to prepare consumers for the possibility of restructuring.

Gas is a commodity that, like electricity, can be bought and sold. In the present system, residential customers buy gas from the same company that delivers it. In the future, residential customers could purchase gas from a competitive supplier, while their current gas company would continue to provide delivery, or distribution, services.

The Department of Public Utilities is currently investigating additional restructuring in the gas industry. In Massachusetts, all commercial and industrial gas customers are now able to choose a gas supplier. The Department's investigation will determine how this choice will be extended to residential customers.

In preparation for this change, gas bills will be formatted to show the component charges of gas service, separating natural gas costs from other costs, such as pipeline distribution. The new gas bills will appear similar to the unbundled electricity bills.

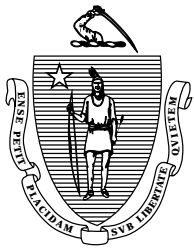
For residential customers, choice of a gas supplier will likely lead to a reduction in monthly gas bills, although the price of gas is influenced by other factors such as weather and national energy markets. One ongoing pilot program for residential customers in a limited area has guaranteed a ten percent reduction in monthly gas costs.

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separately list, or unbundle, the costs associated with the services your electric company provides today: generation, transmission and local distribution. In the future, your current utility will continue to provide highly reliable transmission and local distribution service. Following legislative action, you will have a choice of power generation suppliers.

Please take the time to learn about these important changes. The Department of Public Utilities and your local utility will be providing information regularly, and you can soon expect to see and hear advertisements from new suppliers. As with anything that you can buy, you will find it well worth your while to become an informed consumer!


John B. Howe
Chairman



Commonwealth of Massachusetts

William F. Weld, Governor

A. Paul Cellucci, Lieutenant Governor

John B. Howe, Chairman

Janet Gail Besser, Commissioner

www.magnet.state.ma.us/dpu/

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 *for more* information