



TOWN OF MONTEREY COMMUNITY CHOICE POWER SUPPLY PROGRAM

AGGREGATION PLAN

PREPARED BY

COLONIAL POWER GROUP, INC.

PURPOSE OF THE AGGREGATION PLAN

The Town of Monterey (“Town”) developed this Aggregation Plan (“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 Town’s Plan. The Plan has been developed in consultation with an aggregation implementation consultant (Consultant), initially Colonial Power Group, Inc. (CPG) and the Massachusetts Department of Energy Resources (DOER).

The purpose of this Plan is to represent consumer interests in competitive markets for electricity. It seeks to aggregate consumers in the Town to negotiate rates for power supply. It brings together the buying power of about 1,000 consumers. Furthermore, the Town seeks to take control of energy prices. Participation is voluntary for each eligible consumer. Eligible consumers have the opportunity to decline service provided through the Plan and to choose any Competitive Supplier they wish. Based on enrollment figures from previous community aggregations, CPG anticipates that 97% of the eligible consumers will participate. The Town has distributed this Plan for public review prior to submitting it to the Massachusetts Department of Public Utilities (“Department”).

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REQUIREMENTS FOR MUNICIPAL AGGREGATION

The Massachusetts Electric Utility Restructuring Act of 1997 (“Restructuring Act”) contains several requirements for municipal aggregators. One requirement is to develop an aggregation plan in consultation with the DOER. The Plan is subject to review by consumers in the participating municipality and approval by the Department.

1 THE PROCESS OF MUNICIPAL AGGREGATION

Municipal aggregation involves a multi-step public process as follows:

- 1.1 Vote and Authorization to become a Public Aggregator
- 1.2 Development of Plan in Consultation with DOER
- 1.3 Review of Plan by Select Board and Consumers
- 1.4 Vote on Plan by Select Board
- 1.5 Submission of Plan for Department Approval
- 1.6 Public Hearing on Plan by Department
- 1.7 Selection of Date for Receipt of Price Terms from Competitive Suppliers
- 1.8 Selection of Competitive Supplier by Select Board
- 1.9 Notification of Enrollment for Eligible Consumers
- 1.10 Beginning of Opt-Out Period (30 days prior to first service date)
- 1.11 Transfer of Participating Consumers to Competitive Supplier

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

2 MONTEREY'S COMMUNITY CHOICE POWER SUPPLY PROGRAM

The Town offers one program to achieve its goals: Monterey's Community Choice Power Supply Program ("Program"). The Program provides professional representation on behalf of consumers in state proceedings and in regional or local forums to protect consumer interests in an evolving marketplace.

The Program is designed to offer competitive choice to eligible consumers and to gain other favorable economic and non-economic terms in service contracts. The Town does not buy and resell power, but represents consumer interests to set the terms for service. Through a competitive bid and negotiation process, the Town develops a contract with a Competitive Supplier for firm, all-requirements service. The contract runs for a fixed term. The process of contract approval contains checks and balances. Once the contract has been negotiated by the Town's agent, it must be submitted to the Select Board for approval. And lastly, eligible consumers may opt-out of the Program, and select Basic Service or power supply from any other Competitive Supplier they wish at any time before or following their enrollment in the Town's Program. No eligible consumer is required to receive service under the Town's contract. [See Section 4.1.6 for detailed information on the opt-out process.]

2.1 ORGANIZATIONAL STRUCTURE

The Town's government is led by a three person Select Board. Daily operations are overseen by the Select Board. Town elections are held the second Tuesday in May.

The Select Board is composed of three members elected for three year terms. They meet every Monday morning (excluding holidays) at 9:00 A.M. at Town Hall. They may also hold other meetings from time to time. The Select Board acts as the Town's Chief Executive Body responsible for the general welfare of the community. Specific powers and responsibilities of the Select Board are set forth in the Town Charter. The operational role of the Town and its agent in relation to consumers is outlined and described in the following pages.

2.2 OPERATIONAL LEVELS

There are four operational levels to the Town's Program as follows:

2.2.1 Level One: Consumers

Consumers hold the ultimate authority over the Program and its functions. They can elect candidates for the Select Board who may take positions regarding the Program. They can

participate in local and regional meetings and hearings regarding issues related to restructuring in general and the Town's Program in particular. And they can attend meetings to express their views.

Every eligible consumer in the Town may participate in the Town's Program. All eligible consumers will also have the ability to decline service through the Competitive Supplier and choose any other power supply option they wish or remain with the Local Distributor, National Grid (NGRID). Eligible consumers who are dissatisfied with services provided under the contract negotiated by the Town may also communicate directly with the Competitive Supplier or the Consultant retained by the Town to assist with the implementation of the Plan via e-mail or toll-free telephone number in an effort to alter or otherwise improve service. Eligible consumers may also opt-out at any time by contacting the Competitive Supplier. Eligible consumers may also bring issues before the Select Board.

2.2.2 Level Two: Select Board

Based upon its existing authority or authority provided by voters at Town elections, the Select Board may act on program and policy issues and contract recommendations. In addition, it may provide instructions to the Town's agent regarding specific policy or program decisions to be made under the Program. It may also raise issues directed to it by consumers for the Town to address.

2.2.3 Level Three: Consultant

As the Town's agent, the Consultant shall provide the day-to-day management and supervision of the business affairs of the Program under a contract agreement. The Consultant shall serve as the Town's procurement agent, utilizing its existing staff to solicit services as requested by the Town. In addition, the Consultant provides office space and administrative support to coordinate the Program's operations.

This administrative support includes:

- communications;
- program development;
- recordkeeping; and
- program oversight and maintenance.

2.2.4 Level Four: Competitive Suppliers

Competitive Suppliers contract with the Town through its Select Board. The contract is negotiated, recommended, and monitored for compliance by the Consultant. No contract is

binding until it is approved by the Select Board. The complete set of Competitive Supplier responsibilities is found in the Electric Service Agreement (ESA) between the Town and the Competitive Supplier.

2.3 OPERATIONS

The Program's operations are guided by the provisions and goals contained in this Plan and the instructions and decisions of the Select Board, the Consultant, and participating consumers.

The goals of this Plan are as follows:

- provide the basis for aggregation of eligible consumers on a non-discriminatory basis;
- acquire a market rate for power supply and transparent pricing;
- provide equal sharing of economic savings based on current electric rates;
- allow those eligible consumers who choose not to participate to opt-out;
- provide full public accountability to participating consumers; and
- utilize municipal and other powers and authorities that constitute basic consumer protection to achieve these goals.

2.4 STAFFING AND MANPOWER

The operations necessary to plan, deliver, and manage the Town's Program include:

- technical analysis;
- competitive procurement of services;
- regulatory approvals;
- accounting and fiscal management;
- contract maintenance;
- communications;
- program coordination; and
- administrative support.

The Town intends to utilize the Consultant as the professional, technical, and legal consultant to operate the Program. The Consultant is a licensed broker of electricity in Massachusetts (EB-107). The Consultant has experience designing, implementing and administering opt-out municipal aggregation programs.

The Consultant will be responsible for monitoring all aspects of the Program and any resulting contractual agreements, including but not limited to: monitoring and reporting on compliance with all contract terms and conditions, resolution of contract issues, implementation of the opt-

out process for consumers, participation in negotiations with NGRID, preparation of reports, as directed, and routine updates and attendance at meetings with the Select Board.

The Program has been developed on behalf of the Town by the Consultant with the support of technical consultants and legal counsel. Once a contract has been secured, the Consultant will administer the Program.

The Consultant will undertake negotiations with Competitive Suppliers and provide representation at the state level, as needed, at the direction of the Select Board. The terms and conditions of any contract may be subject to review by the Town Counsel, as well as by any outside legal counsel which may be selected by the Town, and may be further subject to the Town Counsel's approval as to legal form.

3 FUNDING

Initial funding for Town's Program comes from private capital supplied by CPG. The ESA with a Competitive Supplier will include a \$0.001/kWh adder that will be paid by the Competitive Supplier to the Consultant. The \$0.001/kWh adder will fund the on-going costs of the Program. The start-up costs, to be borne by the Consultant, include costs for legal representation, public education, and communications. Mailing costs will be borne by the Competitive Supplier.

4 ACTIVATION AND TERMINATION

4.1 ACTIVATION

Following the process of municipal aggregation and competitive procurement of a proposed contract by the Town, activation of the Program requires the following steps:

- a) Approval of Plan by Department
- b) Acceptance of ESAs by Select Board
- c) Signing of ESA by Select Board
- d) Notification of Enrollment for Eligible Consumers
- e) Notification of NGRID
- f) Beginning of Opt-Out Period
- g) Transfer of Participating Consumers to Competitive Supplier

Each of these steps is described as follows:

4.1.1 Approval of Plan by Department

The Town, through its agent, shall file this Plan with the Department. The Department is required to hold a public hearing on the Plan.

4.1.2 Acceptance of ESAs by Select Board

All contracts negotiated by the Town shall be expressly conditioned upon the acceptance of the contract by the Select Board. Competitive Suppliers and contracts must comply with all applicable laws and rules and regulations promulgated by the Department concerning Competitive Suppliers.

4.1.3 Signing of ESA by Select Board

With the signing of the contract by the Select Board, the terms and conditions in the contract will be utilized for service for eligible consumers within the municipal boundaries of the Town, except for those eligible consumers who have selected a Competitive Supplier prior to the contract activation date and do not wish to switch to service under the Town's contract, or those eligible consumers who affirmatively opt-out of the Program.

4.1.4 Notification of Enrollment for Eligible Consumers

Following approval of the contract by the Town, the Competitive Supplier shall undertake notification of all eligible consumers on Basic Service to be enrolled. NGRID will inform the Competitive Supplier and the Consultant as to which consumers are on Basic Service and which consumers are receiving power from third-party suppliers. NGRID will electronically transmit the name, address and account of eligible consumers and run this data just prior to the meter read at which the change to the Competitive Supplier is set to occur to ensure that no consumers contracted with third-party suppliers are enrolled. Only current Basic Service consumers will be sent opt-out notices. The Town may also generally notify all consumers receiving competitive service of their eligibility to receive power from the Town's Competitive Supplier. Once the appropriate notification has been provided to the eligible consumer and applicable opt-out requirements met, the Competitive Supplier will electronically enroll the eligible consumer by submitting an "enroll customer" transaction to NGRID in accordance with the rules and procedures set forth in the EBT Working Group Report, which is applicable to all Competitive Suppliers and distribution companies in Massachusetts.

The process of notification shall be multi-layered and will include:

- mailings by the Town;
- newspaper notices;
- public service announcements (PSAs); and
- notices posted in Town Hall.

Prior to enrollment, this notification shall:

- inform eligible consumers they have the right to opt-out of the aggregated entity without penalty and choose Basic Service at any time before or after their first day of service;
- prominently state all charges to be made and a comparison of the price and primary terms of the Town’s contract compared to the price and terms of NGRID’s Basic Service;
- explain the opt-out process; and
- provide written notification that no charges associated with the opt-out will be made by the Competitive Supplier.

When a new eligible consumer first moves to the Town, the eligible consumer will not be assigned to the Town’s Competitive Supplier until the Competitive Supplier submits an “enroll customer” transaction. Prior to such “enroll customer” transaction, the eligible consumer shall receive Basic Service. The Competitive Supplier is responsible for including new eligible consumers in the Program as they move into the Town by the requesting electronic transmittals on a quarterly basis from NGRID, notifying and enrolling per the procedures followed for the initial enrollment.

The approximate timing of the major procedural steps related to the notification of consumers is as follows:

Day 1	Supply contract executed between Town and Competitive Supplier
Day 2	Competitive Supplier notifies NGRID to prepare Town eligible consumer data
Day 3	Competitive Supplier begins EDI testing with NGRID
Day 14	Competitive Supplier receives eligible consumer data from NGRID
Day 18	CPG and/or Competitive Supplier mails opt-out notice to all eligible consumers
Day 19	30-day opt-out period begins on date of postmark
Day 21	Eligible consumers receive mail
Days 21-51	Consumers wishing to opt-out return pre-paid reply card to Competitive Supplier

Day 33	Competitive Supplier completes EDI testing with NGRID
Day 52	Competitive Supplier removes opt-outs from eligible list
Day 53	Competitive Supplier sends “supplier enrolls customer” EDI for all participating consumers

Participating consumers are enrolled with supplier on the next meter read, provided that the enrollment transaction is submitted no fewer than two full business days before the meter read.

Our experience with previous aggregation programs suggests that the Town, Competitive Supplier and NGRID need about two months to complete the consumer notification and enrollment process.

The procedures described above may also be found in NGRID’s Terms and Conditions for Municipal Aggregators, M.D.T.E. No. 1104-A, as amended or superseded from time to time. These procedures were discussed in numerous meetings between CPG and NGRID.

The methods by which eligible consumers will be enrolled in the Program are consistent with NGRID’s Terms and Conditions for Competitive Suppliers, M.D.P.U. No. 1180, as amended or superseded from time to time.

4.1.5 Notification of NGRID

Along with notification of eligible consumers, the Town shall notify the selected Competitive Supplier and NGRID to begin preparation of the administrative process to transfer eligible consumers coincident with each eligible consumer’s billing cycle. Alternatively, or in combination with the Town notification, the selected Competitive Supplier may notify NGRID to begin preparation of the administrative process.

4.1.6 Beginning of Opt-Out Period

Eligible consumers may opt-out of service from the Program at no charge either in advance of service start up deadlines or at any time after the first day of service. Participating consumers who seek to return to NGRID’s Basic Service should provide notice to the Competitive Supplier and/or NGRID five or more business days before the next scheduled meter read date. Pursuant to NGRID’s Terms and Conditions for Municipal Aggregators, M.D.T.E. 1104-A, participating residential consumers will be transferred to NGRID’s Basic Service in two business days if they directly notify NGRID of the intent to terminate generation service from the Competitive Supplier. If a commercial or industrial consumer directly notifies NGRID of the choice to terminate generation service from the Competitive Supplier, the generation service shall be terminated on the date of the customer’s next scheduled meter read. If a residential, commercial, or industrial customer notifies the Competitive Supplier of the choice to terminate receipt of

generation service, the termination shall take place on the date of the customer's next scheduled meter read, so long as the Competitive Supplier has submitted the transaction to NGRID no fewer than two business days prior to the meter read date. There shall be no charge for returning to NGRID's Basic Service in this manner. Further opportunities for eligible consumer opt-out may be negotiated by the Town and the Competitive Supplier and included in the terms of the contract presented to the Select Board and made part of the public information offered to each eligible consumer. Eligible consumers who opt-out and subsequently wish to enroll may be enrolled at the Competitive Supplier's discretion and pursuant to NGRID's Terms and Conditions for Competitive Suppliers, M.D.P.U. No. 1180, as amended or superseded from time to time.

4.1.7 Transfer of Participating Consumers to Competitive Supplier

The process of activation is an administrative function with three parts:

- a) Data Preparation: NGRID will identify all eligible consumers on Basic Service in the Town by eliminating those who have already selected a Competitive Supplier.
- b) Automatic Enrollment: All verified eligible consumers shall be transferred to the Town's Competitive Supplier coincident with NGRID's billing periods, unless they have previously sent in notification of their intent to opt-out according to established deadlines. Eligible consumers will be enrolled with the new Competitive Supplier over the period of one month. Service under the new Competitive Supplier shall begin at the start of the billing period following transfer.
- c) Notification: NGRID shall notify each transferred participating consumer of the change to the Town's Competitive Supplier with its last bill for Basic Service.

4.2 TERMINATION

The Program may be terminated in two ways:

- upon contract termination or expiration without any extension, renewal, or subsequent contract being negotiated; or
- at the decision of the Select Board to dissolve the Program.

Each participating consumer receiving service under the Town's Program will receive notification of termination of the Program 90 days prior to such termination.

In the event of contract termination, participating consumers would return to NGRID's Basic Service or choose a Competitive Supplier.

5 METHODS FOR ENTERING AND TERMINATING AGREEMENTS

The Town's process for entering, modifying, enforcing, and terminating all agreements associated with the Program shall comply with the requirements of the Town's charter, and state and federal laws. Where required, the procedures outlined in M.G.L. c. 30B shall be followed. Other agreements shall be entered, modified, or terminated in compliance with the law and according to the express provisions of the relevant agreement.

Prior to the end of the initial ESA, the Consultant will be responsible for conducting a subsequent bidding process for a new ESA. The Select Board is responsible for executing a new ESA. Customers will be notified through press releases and public notices. New opt-out notices will not be mailed. The Town will not use on-bill messaging or bill inserts. However, NGRID may include on-bill messaging notifying consumers of a supplier switch. The transfer of customers from the existing supplier to the new supplier is conducted by the new supplier in coordination with NGRID using established EDI protocols.

The Town will notify NGRID of the planned termination or extension of the program. In particular, the Town will provide NGRID notice:

- 60 days prior to a planned termination of the program;
- 90 days prior to the end of the anticipated term of the program's ESA; and
- four business-days after the successful negotiation of a new electricity service agreement.

6 RATE SETTING, COSTS, AND BILLING

The Town will offer the Program at rates and terms to be negotiated with Competitive Suppliers. All Competitive Supplier charges to the participating consumer will be fully and prominently disclosed under the notification process.

NGRID shall continue to provide metering, billing, and maintenance of the distribution system as a regulated monopoly function. Charges for metering, billing and other distribution services shall be regulated by the Department, unless otherwise provided for in law, or Department rules and regulations.

6.1 RATE SETTING

Under Department orders, NGRID assigns the rate classification and corresponding character of service and associated regulated rates. These rates include a monthly customer charge, a distribution charge, a transmission charge, a transition charge, an energy conservation charge,

and a renewable energy charge that currently make up a portion of a the ratepayer’s bill. Although the Town, or its agent, may participate in regulatory proceedings and represent the interests of ratepayers regarding these regulated rates, it will not assign or alter existing rate classifications without the approval of the Department. [See Section 6.3 for an example of a typical residential bill.]

The focus of the Town, 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 participating consumer’s bill as the “generation charge”.

The competitive bid process will seek prices that will differ among the rate classifications established by NGRID’s tariffs. The terms and conditions of service may also vary among rate classifications.

6.2 COSTS

There is no cost to eligible or participating consumers. The Program funding will be derived from a \$0.001/kWh commission fee payable by the Competitive Supplier to the Consultant.

In addition, the Town may fund personnel costs associated with an Energy Manager position(s), of which one of the responsibilities would be to assist with the Aggregation Program, through an Operational Adder equivalent of up to \$0.001/kWh payable by the Competitive Supplier to the Town.

6.3 BILLING

Participating consumer billing under the Town’s Program will be made by the Competitive Supplier under contract and shall be incorporated into the standard monthly utility billing. Participating consumers will receive a “complete bill” from NGRID that incorporates the power supply charge and NGRID’s delivery charges. The bill shall include a clear delineation of all regulated and non-regulated charges.

The typical residential “complete bill” for use of 500 kWh shows the following charges for NGRID’s Basic Service in January 2015:

For Customer With Monthly Usage of 500 kWh		
	Rate (\$/kWh)	Charge
Delivery Services Detail (Rate: R1)		
Customer Charge		4.00

Distribution Charge	0.03697	18.49
Transition Charge	0.00106	0.53
Transmission Charge	0.02304	11.52
Energy Efficiency Charge	0.01004	5.02
Renewable Energy Charge	0.00050	0.25
Total Delivery Services		\$ 39.81
Supplier Services Detail (Rate: Basic Service)		
Generation Services Charge	0.16273	81.37
Total Supplier Services		\$ 81.37
Average Bill Total		
		\$ 121.17

Sources: http://www.nationalgridus.com/masselectric/non_html/MA_Residential_Table.pdf
http://www.nationalgridus.com/masselectric/non_html/rates_tariff.pdf

Accessed January 31, 2015

7 UNIVERSAL ACCESS

“Universal access” is a term derived from the traditional regulated utility environment in which all consumers desiring service receive that service. The DOER’s Guide to Municipal Electric Aggregation in Massachusetts has defined universal access to mean “electric services sufficient for basic needs (an evolving bundle of basic services) available to virtually all members of the population regardless of income.” The Guide also provides that a municipal aggregation plan meets the requirement of universal access “by giving all consumers within its boundaries the opportunity to participate, whether they are currently on Basic Service or the supply service of a Competitive Supplier.” For the purposes of the Town’s Program this will mean that all existing consumers within the borders of the Town and all new consumers in the Town shall be eligible for service from the Competitive Supplier under the terms and conditions of the contract. One of the Town’s goals, as indicated in Section 2.3, is to “Provide the basis for aggregation of eligible consumers on a non-discriminatory basis”.

Service under the Town’s Program shall include rate classifications in adherence with universal service principles and requirements, and the traditional non-discriminatory practices of local government. Contracts with all Competitive Suppliers shall contain provisions to maintain these principles and equitable treatment of all rate classifications.

Eligible existing consumers in the Town shall be transferred to the Program unless they have already contracted with a Competitive Supplier or affirmatively opted-out of the Program.

Eligible low-income consumers shall remain subject to all existing provisions of state law regarding their rights to return to Basic Service and to participate in the Program as well.

New Eligible consumers in the service territory shall be enrolled in the Program unless they already contracted with a Competitive Supplier or affirmatively opted-out of the Program. New Eligible consumers will retain the right to opt-out any time after the commencement of Program service.

8 EQUITABLE TREATMENT OF RATEPAYERS

All ratepayers will be treated equitably. They will be guaranteed the right to raise and resolve disputes with the Competitive Supplier, be provided all required notices and information, and always retain the right to opt-out of the Town's Program as described herein or to switch Competitive Suppliers. The requirement of equitable treatment of all ratepayers does not, however, require that all ratepayers be offered the same pricing or terms and conditions. To impose such an interpretation to the statutory requirements governing municipal aggregation programs would, in effect, result in inequitable treatment, as attempting to apply identical prices, terms, and conditions to ratepayers with widely disparate characteristics would have the inevitable effect of giving some ratepayers more favorable service than others. The implementation of the Program will recognize this reality through appropriate distinctions in pricing and, where applicable, terms and conditions among ratepayers.

9 RELIABILITY

"Reliability" in power supply and in transmission and distribution is essential to consumers. This will be accomplished and reinforced by the Program at several levels through:

- provisions of the contract that will include language on reliability of supply, liability and damages provisions;
- traditional proceedings related to NGRID's regulated transmission and distribution services; and
- direct discussions with NGRID concerning specific or general problems related to quality and reliability of transmission and distribution service in the Town.

10 RIGHTS AND RESPONSIBILITIES OF PARTICIPANTS

10.1 RIGHTS

All participating consumers shall enjoy the protections of law afforded to them as they currently exist or as they may be amended from time to time. These include rights to question billing or

service quality or service practices. Under protocols developed by the Department, problems related to billing or service shall be directed to the appropriate parties. All eligible consumers shall also enjoy the individual right to decline participation in the Town's Program.

10.2 RESPONSIBILITIES

All participating consumers shall meet all standards and responsibilities required by the Department, including payment of billings and access to essential metering and other equipment to carry out utility operations.

11 BENEFITS OF MUNICIPAL AGGREGATION

The Program functions under the restrictions of state law and reflects a range of results and opportunities:

11.1 PARTICIPATION IN COMPETITIVE MARKET

Many 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 participate more effectively in the competitive process and achieve benefits.

11.2 SELECTION OF ALTERNATE SUPPLIER

Because the law guarantees the right to opt-out, including the right to choose Basic Service at no charge, all eligible consumers have the right to select a Competitive Supplier other than the one chosen by the Select Board.

11.3 INDEMNIFICATION AND RISK ASSOCIATED WITH COMPETITIVE MARKET

In a competitive market, it is possible that the failure of a Competitive Supplier to provide service may result in the need for participating consumers to acquire alternative power supply, or for participating consumers to receive power at Basic Service prices. The Town will seek to minimize this risk by contracting with reputable Competitive Suppliers who demonstrate reliable service. The Town also intends to include conditions in its contract with a Competitive Supplier that will indemnify participating consumers against risks or problems with power supply service.

11.4 OTHER PROTECTIONS

The Town intends to negotiate a range of provisions in its contracts to enhance participating consumer protection.

12 REQUIREMENTS CONCERNING AGGREGATED SERVICE

The Town fully intends to comply with the requirements established by law and the rules set forth by the Department concerning aggregated service.