



CITY OF NORTH ADAMS COMMUNITY CHOICE POWER SUPPLY PROGRAM

AGGREGATION PLAN

PREPARED BY

COLONIAL POWER GROUP, INC.

PURPOSE OF THE AGGREGATION PLAN

The City of North Adams (“City”) 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 City’s Plan. The Plan has been developed in consultation with 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 City to negotiate rates for power supply. It brings together the buying power of over 6,500 consumers. Furthermore, the City 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 the previous community aggregations, CPG anticipates that 97% of the eligible consumers will participate.

The City 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 Authorization to become a Public Aggregator
- 1.2 Development of Plan in Consultation with DOER
- 1.3 Review of Plan by Mayor, City Council and Consumers
- 1.4 Vote on Plan by City Council
- 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 Mayor
- 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 NORTH ADAMS'S COMMUNITY CHOICE POWER SUPPLY PROGRAM

The City offers one program to achieve its goals: North Adams'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 City does not buy and resell power, but represents consumer interests to set the terms for service. Through a competitive bid and negotiation process, the City 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 City's agent, it must be submitted to the Mayor 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 City's Program. No eligible consumer is required to receive service under the City's contract. [See Section 4.1.6 for detailed information on the opt-out process.]

2.1 ORGANIZATIONAL STRUCTURE

The City of North Adams is governed by a "Plan A" form of government, whereby a city government and legislative body are composed of the mayor and a city council, all being elected at large, or by and from all the voters of the city.

North Adam's City Council is comprised of nine members. They meet every second and fourth Tuesday evening at City Hall. They may also hold other meetings from time to time. The operational role of the City and its agent in relation to consumers is outlined and described in the following pages.

2.2 OPERATIONAL LEVELS

There are five operational levels to the City'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 Mayor and City Council 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 City's Program in particular. And they can attend meetings to express their views.

Every eligible consumer in the City may participate in the City'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. Eligible consumers who are dissatisfied with services provided under the contract negotiated by the City may also communicate directly with the Competitive Supplier or CPG 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 City Council.

2.2.2 Level Two: City Council

Based upon its existing authority or authority provided by voters at City elections, the City Council may act on program and policy issues and contract recommendations. In addition, it may provide instructions to the City'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 City to address.

2.2.3 Level Three: Mayor

The Mayor carries out the collective decisions and instructions of the City Council and participating consumers.

2.2.4 Level Four: CPG

As the City's agent, CPG provides the day-to-day management and supervision of the business affairs of the Program under a contract agreement. CPG serves as the City's procurement agent, utilizing its existing staff to solicit services as requested by the City. In addition, CPG 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.

2.2.5 Level Five: Competitive Suppliers

Competitive Suppliers contract with the City through its Mayor. The contract is negotiated, recommended, and monitored for compliance by CPG. No contract is binding until it is approved by the Mayor. The complete set of Competitive Supplier responsibilities is found in the Electric Service Agreement (ESA) between the City 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 Mayor, CPG, 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 City's Program include:

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

The City intends to utilize CPG as the professional, technical, and legal consultants to operate the Program. CPG is a licensed broker of electricity in Massachusetts (EB-107). CPG has experience designing, implementing and administering opt-out municipal aggregation programs. These programs include those currently in place in Ashland, Lancaster, Lanesborough, Lunenburg and Marlborough.

CPG 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 National Grid (“Local Distributor”), preparation of reports, as directed, and routine updates and attendance at meetings with the Mayor and City Council.

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

CPG will undertake negotiations with Competitive Suppliers and provide representation at the state level, as needed, at the direction of the Mayor and City Council. The terms and conditions of any contract may be subject to review by the City Solicitor, as well as by any outside legal counsel which may be selected by the City, and may be further subject to the City Solicitor’s approval as to legal form.

3 FUNDING

Initial funding for City’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 CPG. The \$0.001/kWh adder will fund the on-going costs of the Program. The start-up costs, to be borne by CPG, include costs for legal representation, public education, communications, and mailing costs.

4 ACTIVATION AND TERMINATION

4.1 ACTIVATION

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

- a) Approval of Plan by Department
- b) Acceptance of ESAs by City Council and Mayor
- c) Signing of ESA by City Council and Mayor
- d) Notification of Enrollment for Eligible Consumers
- e) Notification of Local Distributor
- 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 City, 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 City Council and Mayor

All contracts negotiated by the City shall be expressly conditioned upon the acceptance of the contract by the Mayor. 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 City Council and Mayor

With the signing of the contract by the Mayor, the terms and conditions in the contract will be utilized for service for eligible consumers within the municipal boundaries of the City, 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 City's contract, or those eligible consumers who affirmatively opt-out of the Program. In addition, all eligible consumers relocating to the area will be enrolled in the City's Program one month after their delivery account is set up with the Local Distributor, unless they choose another Competitive Supplier, or opt-out following activation of service.

4.1.4 Notification of Enrollment for Eligible Consumers

Following approval of the contract by the City, the Competitive Supplier shall undertake notification of all eligible consumers on Basic Service to be enrolled. The Local Distributor will inform the Competitive Supplier and CPG as to which consumers are on Basic Service and which consumers are receiving power from third-party suppliers. The Local Distributor will 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 City may also generally notify all consumers receiving competitive service of their eligibility to receive power from the City's Competitive Supplier.

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

- mailings by the Competitive Supplier;
- newspaper notices;
- public service announcements (PSAs); and
- notices posted in City 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 City’s contract compared to the price and terms of the Local Distributor’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 City, the eligible consumer will not be assigned to the City’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.

To facilitate enrollment in the City’s Program, after approval by the Department and execution of a contract with a Competitive Supplier, the Local Distributor will electronically transmit the name, address and existing power supply option (i.e. Basic Service or non-Basic Service) of the new eligible consumer to the City’s designated Competitive Supplier to facilitate the notification and opt-out requirements of the Program. 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 the Local Distributor 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 approximate timing of the major procedural steps related to the notification of consumers is as follows:

| | |
|------------|--|
| Day 1 | Supply contract executed between City and Competitive Supplier |
| Day 2 | Competitive Supplier notifies Local Distributor to prepare City eligible consumer data |
| Day 3 | Competitive Supplier begins EDI testing with Local Distributor |
| Day 14 | Competitive Supplier receives eligible consumer data from Local Distributor |
| Day 18 | 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 Local Distributor |

| | |
|--------|--|
| 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 City, Competitive Supplier and Local Distributor need about two months to complete the consumer notification and enrollment process.

The procedures described above may also be found in National Grid’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 the Local Distributor.

The methods by which eligible consumers will be enrolled in the Program are consistent with the Local Distributor’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 Local Distributor

Along with notification of eligible consumers, the City shall notify the selected Competitive Supplier and Local Distributor 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 City notification, the selected Competitive Supplier may notify the Local Distributor 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 the Local Distributor’s Basic Service should provide notice to the Competitive Supplier and/or the Local Distributor five or more business days before the next scheduled meter read date. Pursuant to the Local Distributor’s Terms and Conditions for Municipal Aggregators, M.D.T.E. 1104-A, participating residential consumers will be transferred to the Local Distributor’s Basic Service in two business days if they directly notify the Local Distributor of the intent to terminate generation service from the Competitive Supplier. If a commercial or industrial customer directly notifies the Local Distributor 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 the Local Distributor no fewer than two business days prior to the meter read date. There shall be no

charge for returning to the Local Distributor'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 City Council, the Mayor, 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 the Local Distributor'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: The Local Distributor will identify all eligible consumers on Basic Service in the City by eliminating those who have already selected a Competitive Supplier.
- b) Automatic Enrollment: All verified eligible consumers shall be transferred to the City's Competitive Supplier coincident with the Local Distributor'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: The Local Distributor shall notify each transferred participating consumer of the change to the City'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 City Council and Mayor to dissolve the Program.

Each participating consumer receiving service under the City'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 the Local Distributor's Basic Service or choose a Competitive Supplier.

5 METHODS FOR ENTERING AND TERMINATING AGREEMENTS

The City's process for entering, modifying, enforcing, and terminating all agreements associated with the Program shall comply with the requirements of the City'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.

6 RATE SETTING, COSTS, AND BILLING

The City 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.

The Local Distributor 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, the Local Distributor 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 City, 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 City, 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 the Local Distributor'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 CPG.

6.3 BILLING

Participating consumer billing under the City’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 the Local Distributor that incorporates the power supply charge and the Local Distributor’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 kilowatt hours shows the following charges for the Local Distributor’s Basic Service in February 2013:

| For Customer With Monthly Usage of 500 kWh | | |
|---|------------------|----------|
| | Rate (\$/kWh) | Charge |
| Delivery Services Detail (Rate: R1) | | |
| Customer Charge | | 4.00 |
| Distribution Charge | 0.03257 | 16.29 |
| Transition Charge | 0.00069 | .35 |
| Transmission Charge | 0.01738 | 8.69 |
| Energy Efficiency Charge | 0.00822 | 4.11 |
| Renewable Energy Charge | 0.0005 | 0.25 |
| Total Delivery Services | | \$ 33.69 |
| Supplier Services Detail (Rate: Basic Service) | | |
| Generation Services Charge | 0.07314 | 36.57 |
| Total Supplier Services | | \$ 36.57 |
| Average Bill Total | | \$ 70.26 |

Sources: http://www.nationalgridus.com/masselectric/home/rates/4_default.asp
http://www.nationalgridus.com/masselectric/non_html/rates_tariff.pdf

Accessed February 4, 2013.

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 City’s Program this will mean that all existing consumers within the borders of the City and all new consumers in the City shall be eligible for service from the Competitive Supplier under the terms and conditions of the contract. One of the City’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 City’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 City 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 participate in the Program as well.

Eligible new consumers in the service territory shall be automatically enrolled in the Program one month after establishing delivery service with the Local Distributor. Eligible new 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 City’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 the Local Distributor’s regulated transmission and distribution services; and
- direct discussions with the Local Distributor concerning specific or general problems related to quality and reliability of transmission and distribution service in the City.

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 City’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 CONSEQUENCES OF MUNICIPAL AGGREGATION

The Program functions under the restrictions of state law and carries a range of results and consequences:

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 Mayor and City Council.

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 City will seek to minimize this risk by contracting with reputable Competitive Suppliers who demonstrate reliable service. The City 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 City intends to negotiate a range of provisions in its contracts to enhance participating consumer protection.

12 REQUIREMENTS CONCERNING AGGREGATED SERVICE

The City fully intends to comply with the requirements established by law and the rules set forth by the Department concerning aggregated service.0