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# Press Release

## **MG&E Raises Electric Adjustment Factor**

LICAP charges force the first electric cost increase in over a year.

**Middleborough, MA, April 11, 2007:** Middleborough Gas & Electric Department officials announced today that the fuel charge on all electric customer bills will increase effective May 1<sup>st</sup>. The electric fuel charge which appears as the Electric Adjustment Factor will increase by one cent to 7.65 cents per kilowatt hour. The residential customer using the low average of 500 kilowatt hours per month will pay \$5.00 more for a new average bill of about \$70. The customer using the more typical average of 750 kilowatt hours per month will pay \$7.50 more with a new bill of about \$102.

The fuel charge hasn't been raised since January of 2006 and also dropped twice that year. It reflects a pass-through to customers of the wholesale cost of electricity purchased by the Department. These costs have gone up dramatically since the assessment of Locational Installed Capacity (LICAP) charges added to spur the growth of generation in New England by allowing more profit to those who own generating stations. Utilities in the region have also been charged for the support of the Canal generating station on Cape Cod to keep power levels stable in that area.

"These new charges make it even more appealing to consider building our own generating station here," said General Manager Jim Collins. "We're studying a location and the viability right now. It's still early, but this could be a logical way to avoid these escalating charges and become more self-reliant." The Department originally generated its own power at the turn of the 20<sup>th</sup> century with a water wheel in the Nemasket River. The new plant being considered could save over a million dollars each year in escalating LICAP charges.

At present, MG&E will recover these costs in the fuel charge. However, electric customers' typical bills will still average 15 to 20 percent lower than surrounding investor-owned utilities. MG&E serves over 14,000 electric customers in Middleborough and Lakeville.