

Orange is a typical New England mill town located in the Quabbin region of northern Massachusetts. Like many small towns in the Northeast, Orange began as a farming community and prospered from its proximity to the Millers River. The damming of the river in 1790 provided water power for a variety of manufacturing enterprises in the early 1800s. Orange is notable as the site of the first automobile factory in the United States and was a thriving industrial center for many years.

The Town of Orange, Massachusetts



Although manufacturing has declined throughout the United States and many old mill towns are but a vestige of their former glory, today the Town of Orange is anything but sleepy. Industry continues to prosper with the manufacture of precision tools, heavy machinery, plastics and water control equipment. Tourism brings people from all over the region to sample the town's charms, including antique stores, gift shops, historic architecture, hiking and camping. The annual River Rat Race, held for nearly 50 years, brings hundreds of canoeists and kayakers to town every April. Known as "The Friendly Town," Orange has gained a reputation as a good place to live.

Managing a vibrant town of approximately 7,500 people is no small task. Balancing economic development with responsible growth, funding education initiatives and infrastructure improvements while minimizing increases to taxpayers are familiar themes for every town leader. For Town Administrator Rick Kwiatkowski, the challenges of a changing energy picture and its impact on the Town's bottom line was looming large as budget season approached in 2004.

An experienced administrator with 25 years in town management, Rick knew changes were on the horizon due to energy deregulation legislation in Massachusetts. The potential impact of deregulation was huge... but in those early years it was difficult to forecast which direction to take. Would deregulation create competition and bring prices down, or would prices rise once protective regulations were removed?

Kwiatkowski tended to believe the latter, and with 55 separate accounts contracted to National Grid at the default rate for electricity, even a small change in rates could have a huge financial impact on the town. The water treatment plant in Orange runs non-stop. School facilities, the fire station, the police department and streetlights all contribute to significant energy volume. The landmark Town Hall, an architectural gem and a source of pride for many town residents, had a host of energy cost challenges endemic to historic structures.

Kwiatkowski had these issues on his mind when Tom Aldrich, a representative from Northeast Energy Partners, contacted him early in 2004. Founded in 2000, Northeast Energy Partners (NEP) is a Connecticut-based energy-consulting firm that specializes in lowering their clients' total energy costs through fixed-rate contracts. By combining hundreds of commercial and industrial businesses together as a large buying group, NEP is able to negotiate directly with suppliers who generate the electricity to achieve the most favorable contract terms. This "Price Watch Aggregation" approach allows NEP to help clients of all sizes avoid the volatility in energy markets and achieve long-term price stability.

The Town of Orange Fire Station



**Town Administrator
Rick Kwiatkowski in front of the Orange Town Hall**



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Kwiatkowski liked the overall concept but was hesitant to make a long-term commitment, fearing that prices might drop and the Town would wind up losing money. Rick also knew he would have to convince other Town leaders to take this leap of faith. The logistics for switching 55 accounts seemed daunting, too.

"These kind of doubts are not uncommon," said Aldrich. "Many of our customers appreciate our services even more after the fact, when they see energy prices rise and think about what they would have paid over the years."

Aldrich offered to put together a no-obligation savings analysis for every account that Kwiatkowski wanted to include in the fixed-price program, a process that turned out to be simpler than Rick had imagined. With copies of recent invoices from National Grid for each account, Aldrich based his analysis on the rate that Northeast Energy Partners could reasonably expect to negotiate through their Price Watch Aggregation program.

The estimated savings to the Town, based on a 48-month contract, was \$117,790.56. Presented with such compelling figures, Kwiatkowski agreed to have Aldrich make a presentation to the Town's Selectmen. In May of that year, Town leaders authorized the Town of Orange's enrollment in the program. The Price Watch Aggregation was triggered in the fall of that year for a January 2005 start, at a rate of \$0.0792/kWh. Kwiatkowski opted to lock in that rate for a 48-month period with Constellation NewEnergy, the winning bidder, as their electricity supplier.

Everyone knows what happened next. Rates skyrocketed, hitting an all-time high of \$0.1689/kWh in February of 2006. "I wish I had locked in for a thousand years," said Kwiatkowski. "Who knew things were going to get so out of whack?"

Based on the monthly volumes recorded at time of enrollment and the average rates the Town would have paid over the period for default service, Northeast Energy Partners has calculated the savings for the Town of Orange to be even higher than originally estimated: \$128,587.00 through April 2008. Based on these averages, they also calculate the potential for an additional \$25,717.00 in savings from May - December 2008.

"Rick deserves a lot of credit for having the vision to take steps early in the energy deregulation market," said Aldrich. "This contract saved Town taxpayers a lot of money." The price stability also helped the Town manage their yearly budget more effectively. "Many customers make energy buying decisions based solely on the current utility rates in effect and do not consider the benefits of having a long-term fixed price in an energy market that is always increasing over time," said Aldrich. The success of this program resulted in a referral, and a similar contract with significant savings – for Ralph C. Mahar School, a regional middle and high school located nearby.

As for Kwiatkowski, he is grateful that the savings – and the price stability – have allowed the Town to address other much-needed priorities. Renovating the Town Hall is one of those. Should you find yourself in Orange, stop by the Town Hall and buy a bottle of "Town Hall Tonic" orange soda for \$1.25. Proceeds go toward renovating the beautiful old building which, thanks to the vision of town leaders and a solid relationship with Northeast Energy Partners, now has a lower energy cost.

