



Alliance for Municipal Power

Annual Report 2006

The year 2006 has been a turning point for AMP. It was a year that saw us close the chapter with our former developer, Wing Municipalization, and begin a new chapter in our municipalization project.

Wing Settlement

AMP began 2006 with a settlement with Wing Municipalization which stipulated that AMP would have access to documentation developed by Wing Municipalization regarding our project and AMP would be free to contract with persons and organizations that had previously worked on the AMP project. In return AMP provided \$5,000 to Wing Municipalization and agreed to reimburse Wing Municipalization \$245,000 in the event that AMP is successful in its efforts to municipalize. Both parties dropped any pending lawsuits and agreed to cooperate in executing the settlement. It was agreed that within 30 days of the Court's acceptance of the settlement, AMP would provide a \$5,000 check to Wing Municipalization and Wing Municipalization would provide any and all documentation it had developed in its work on the project. The Federal Court accepted this settlement and AMP sent a \$5,000 check to Wing Municipalization's attorney within 30 days. The funds were raised through private donations.

The settlement with Wing Municipalization set AMP free to resume the municipalization effort, ending a long hiatus that threatened to derail our efforts.

New Inter-Municipal Agreement

The experience of the past few years was valuable to AMP in pointing out strengths and weaknesses in our organization. Using that experience, AMP negotiated a revised Inter-Municipalization Agreement (IMA) among its member municipalities in 2006. The result has been a better organization based on a different model on how to municipalize. AMP is now structured as a proactive organization that is an active self-developer.

The new IMA recognizes that with 21 member towns and villages, stretching from Fowler to Fort Covington, it is not practical to bring all of the Commissioners together for monthly or bi-monthly meetings.



The result has been the creation of an elected Executive Committee that has the authority to carry out the policies, programs, and contracts that the general AMP Commissioners have approved. The Executive Committee has the authority to respond quickly in implementing the desires of the Commissioners. It also has the capability to hire an executive director and other staff personnel as provided in the budget.

AMP is no longer reliant solely upon financing by non-AMP entities since the new IMA provides for yearly funding from the member communities. This has been an important change indicating that the towns and villages are willing to invest in the project and take responsibility for its direction, rather than waiting for others to develop the municipalization project for “free”.

The IMA spells out the funding of AMP, which is done through a budgetary process where each town and village is assessed a yearly fee. The process is for the Commissioners to adopt a tentative budget, which is provided to each town and village for review and discussion with their commissioner. Upon the passage of the budget by the Commissioners, each town and village is assessed its fee based upon its population.

Expanded Members in AMP

The year 2006 saw the expansion of AMP. The Town of Brasher has rejoined AMP, once again connecting the members in St. Lawrence County with those in Franklin County. The Town of Canton has joined AMP, which has filled in the “doughnut” in the heart of AMP. In addition the towns of Pierrepont and Colton have joined, extending AMP into the foothills of the Adirondacks.

The filling in of territory within AMP, and the expansion to the southeast, indicates interest and enthusiasm in the concept of AMP.

Feasibility Study

The Executive Committee negotiated an agreement with the Howrey Law Firm for a feasibility study to be conducted in the first half of 2007. The AMP Commissioners approved that agreement upon discussion and debate with the team from Howrey.

The study will be important since it will address the question: Is it economically and legally feasible for AMP to pursue municipalization of the electrical system? The answer to those fundamental questions is key to the future of our project. Our member towns and villages need to know the answers as does any potential partner in our project.

Howrey has engaged a team of experts to examine our situation and potential. Whit Russell Associates, which has worked with us in the past, is a key player in conducting the study. Bond attorneys and legal experts are also working to see if it is possible to win in court and to obtain funding in the bond market.

The agreement with Howrey specifies that Howrey is responsible for all of the expenses of the study, which are expected to be in the neighborhood of \$360,000. In the past AMP would not have contributed to this cost, even though we would have expected to obtain a benefit, the answer to our fundamental questions. The new model of AMP rejects that we will be totally passive. As a result AMP has recognized that we need to have some ownership in the study and we need to contribute to its costs. The agreement with Howrey specifies that AMP shall contribute up to \$36,000 towards the cost of the study.



The feasibility agreement was an excellent test of the new IMA. The Executive Committee was able to negotiate a proposal and present it to the Commissioners for their input and eventual approval, including the approval to expend money. Each of our member towns and villages supported this process and its outcome.

2006 Budget

2006 was the first year that AMP worked under the new funding mechanism as outlined in the IMA. It resulted in the first formal budget approved by the Commissioners and each municipality. Revenue was collected from the members and the Treasurer has been providing the Executive Committee with monthly reports. AMP Commissioners are provided with a financial report at each general meeting.

At the end of 2006 the Treasurer, Lowell Kelsey, provided the following financial information:

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|--|-----------------|
| cash in money market:..... | \$27,011 |
| cash in checking account:..... | 3,847 |
| accounts receivable:..... | <u>9,888</u> |
| total assets:..... | \$40,746 |
| accounts payable (feasibility study):..... | <u>\$36,000</u> |
| end of year balance:..... | \$4,746 |

Goals for 2007

The goals for 2007 revolve around the feasibility study. The first priority is to finish the study and obtain answers as to the economic, legal, and political feasibility of municipalizing. While our agreement calls for a six month study, it is obvious that the time frame may alter since National Grid is the keeper of much of the data needed to conduct the study. Nevertheless, obtaining answers to questions of feasibility are of paramount importance.

Assuming that the feasibility study indicates we should proceed with the project, we have identified three additional goals for 2007:

1. Negotiate a contact with a partner to assist us in legal, technical and financial elements of the project.
2. Fill the Executive Director position.
3. Develop and implement a strategic plan to involve, educate and build support among our local governments, people and businesses.
4. Develop and pass a budget for 2008.



2007 Budget

The budget for 2007 was developed and adopted in accordance with our new IMA. This process allowed for AMP to plan a year in advance and to set goals for the next year. The most noteworthy item in the budgeted expenditure is funding for an executive director.

The expenditures for the 2007 budget are as follows:

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|---|-----------------|
| PO Box & postage..... | \$ 500 |
| office supplies..... | \$ 5,000 |
| educational, website and display materials..... | \$ 4,000 |
| conference/seminars..... | \$ 1,200 |
| travel expenses out of St. Law. & Franklin..... | \$ 2,500 |
| Legal Counsel..... | \$ 3,000 |
| Executive. Director..... | \$ 35,000 |
| contingency..... | <u>\$ 3,300</u> |
| total..... | \$ 50,000 |

Conclusion

In conclusion, I feel that 2006 was a very good year for AMP. We began the year still in the doldrums of a lawsuit that threatened to put an end to any hope we might have of providing electrical services at lower rates and with improved customer service. In December 2005 we were at the bottom of the trough.

At the close of 2006, AMP is in a totally different position. The lawsuit is over, we have re-organized, adopting a different organizational model, and we have expanded our membership. Additionally our towns and villages have taken responsibility for funding AMP locally, indicating that the municipalities take AMP's goals seriously.

AMP has negotiated a partnership to obtain a feasibility study to answer questions on the economical, legal and political issues. It will be the first such study since the partial study that was done in the mid 1990s. Those answers will determine our future direction.

The bottom line: AMP has had a very good year in 2006 and we took actions that have actually made a difference.

I thank the members of the Executive Committee for their many hours of work and devotion. The Commissioners have been excellent in their support and crucial in communications with their local boards. Without the efforts of the Commissioners, AMP could not function.

The member municipalities have been extremely supportive as we have worked through our problems and have developed into a new organization. It is their commitment to improve their communities that really drives this organization. AMP is the joint commission of all the 21 towns and villages.

It has been a pleasure to serve the AMP communities as chairman. I am looking forward to 2007.

A handwritten signature in black ink that reads 'Robert Best'. The signature is written in a cursive style with a large, looped initial 'R'.

Robert Best
Chairman, The Alliance for Municipal Power