

## ELECTRIC RATE INCREASE EFFECTIVE December 1, 2007

In November of 2007, the Board of Public Utilities (BPU) signed a stipulation allowing for an increase in the electric rates for all Butler Electric customers effective December 1, 2007. Unfortunately this increase was necessary due to a significant increase in the wholesale power costs paid by Butler Electric. For Butler Electric customers, the rate will be increasing by approximately 24%. You will see part of this increase in January of 2008 and the balance in February of 2008. Listed below are samples of what impact the rate increase will have on a 500 kWh monthly bill and a 1000 monthly kWh bill.

	December 2007	January 2008	February 2008
500 kWh Bill	\$60.14	\$72.81	\$74.26
1000 kWh Bill	\$116.00	\$141.36	\$144.26

However, even with this sizable increase, our rates will still be lower than the major suppliers of electric in New Jersey. In addition, the suppliers listed below are scheduled for additional rate increases in June 2008. This will further increase the margin between Butler Electric and other electric supplier rates.

	Butler Electric	PSE&G	Rockland Electric	JCP&L
500 kWh	\$74.26	\$87.03	\$93.54	\$80.79
1000 kWh	\$144.26	\$175.35	\$184.65	\$182.34

How did we get to this point? In the fall of 2002 through a joint request for proposal (RFP) process with seven other municipal electric utilities in New Jersey, we had entered into a contract to purchase our wholesale power requirements for the period from 2005 through 2007. We were very fortunate that at the time we entered into this contract, energy costs were near an all-time low. We passed along this benefit by keeping our electric rates significantly lower than our neighboring investor owned utilities (i.e. PSE&G, JCP&L and Rockland Electric) throughout the term of the contract. Since 2003, PSE&G, JCP&L and Rockland have instituted rate increases each year while our rates have remained virtually the same. During the summer of 2007 Butler Electric had rates almost 50% less than the other suppliers.

Unfortunately over the past few years on a global scale, energy prices have increased significantly. This can be seen in all energy markets including at the price of crude oil, gasoline, heating costs, and electricity. During the term of our present contract, we continued to monitor the electricity market and prices have remained high. They continued to stay high, and in early 2007 we needed to make arrangements to secure a contract for our 2008 power requirements. Once again, working jointly with the seven other municipalities, we carried out a joint RFP process, this time using a "reverse auction" similar to the way New Jersey utilities purchase power, to obtain the lowest electric pricing available. This auction was held on May 9, 2007. After completing the process, Butler, along with all of the other NJ municipalities signed a 17-month contract with the lowest bidder, DTE Energy Trading, Inc. for our full power requirements for the term of January 1, 2008 through May 31, 2009.

Even after combining our load requirements for bidding purposes with the seven other municipalities, our price will be significantly higher than we paid under our previous contracts. These increased rates went into effect on December 1, 2007 and will appear on your January bill. We will continue to work with the other New Jersey municipal electric utilities to secure the best possible pricing for our future contracts. We will also continue to do our best to run an efficient operation, and to promote using energy efficiently. We encourage our customers to use energy wisely.

**Butler Electric remains committed to providing reliable power at reasonable costs.**