FOREST OIL CORP
Form SC 13G
February 05, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
Amendment No(1.)*

Forest Oil Corp
(Name of Issuer)

Common Stock
(Title of Class of Securities)

346091705
(CUSIP Number)

12/31/06

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[X] Rule 13d-1(b)

[ ] Rule 13d-1(c)

[ ] Rule 13d-1(d)

CUSIP No. 769667106

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1. Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Wachovia Corporation 56-0898180

(Formerly named First Union Corporation)

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

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3. SEC Use Only

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4. Citizenship or Place of Organization

North Carolina

Number of
Shares
Beneficially
Owned by
Each Reporting
Person With

5. Sole Voting Power

3385100

6.	Shared Voting Power 0
7.	Sole Dispositive Power 3373505
8.	Shared Dispositive Power 1275

9.	Aggregate Amount Beneficially Owned by Each Reporting Person. 3388093
10.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) Not Applicable.
11.	Percent of Class Represented by Amount in Row (11) 5.38%
12.	Type of Reporting Person (See Instructions) **Parent Holding Company (HC)**

Item 1.

(a) Name of Issuer

Forest Oil Corp

(b) Address of Issuer's Principal Executive Offices

1600 Broadway
Suite 2200
Denver, CO 80202

Item 2.

(a) Name of Person Filing

	Wachovia Corporation	
(b)	Address of Principal Business Office or, if none, Residence	
	One Wachovia Center	
	Charlotte, North Carolina 28288-0137	
(c)	Citizenship	
	North Carolina	
(d)	Title of Class of Securities	
	Common Stock	
(e)	CUSIP Number	
	929903102	

Item 3. If this statement is filed pursuant to sections 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a)	[ ]	Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
(b)	[ ]	Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
(c)	[ ]	Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
(d)	[ ]	Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
(e)	[ ]	An investment adviser in accordance with section 240.13d-1(b)(1)(ii)(E);
(f)	[ ]	An employee benefit plan or endowment fund in accordance with section 240.13d-1(b)(1)(ii)(F);
(g)	[X]	A parent holding company or control person in accordance with section 240.13d-1(b)(1)(ii)(G);
(h)	[ ]	A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
(i)	[ ]	A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment

Company Act of 1940 (15 U.S.C. 80a-3);

(j) [ ] Group, in accordance with section 240.13d-1(b)(1)(ii)(J).

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned: 3388093

(b) Percent of class: 5.38 .

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

3385100 .

(ii) Shared power to vote or to direct the vote

0 .

(iii) Sole power to dispose or to direct the disposition of 3373505 .

(iv) Shared power to dispose or to direct the disposition of 1275 .

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [].

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and classification of the subsidiary which acquired the security being reported on by the parent holding company.

Wachovia Corporation is filing this schedule pursuant to Rule 13d-1(b)(1)(ii)(G) as indicated under Item 3(g). The relevant subsidiaries are Evergreen Investment Management Company (IA), Wachovia Securities, LLC (IA), J.L. Kaplan Associates, LLC (IA), Wachovia Securities Financial Network, LLC (BD), Calibre Advisory Services, Inc. (IA) and Wachovia Bank, N.A. (BK). Evergreen Investment Management Company, Wachovia Securities, LLC, J.L. Kaplan Associates, LLC, Wachovia Securities Financial Network, LLC and

Calibre Advisory Services, Inc. are investment advisors for mutual funds and / or clients; the securities reported by these subsidiaries are beneficially owned by such mutual funds or clients. The other Wachovia entity listed above holds the securities reported in a fiduciary capacity for its respective customers.

Item 8. Identification and Classification of Members of the Group

Not Applicable.

Item 9. Notice of Dissolution of Group

Not Applicable.

Item 10. Certification

(a) The following certification shall be included if the statement is filed pursuant to section 240.13d-1(b):

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 2, 2007
Date

Signature

Karen F. Knudtsen

Vice President and Trust Officer

Name/Title

">

Value Realized
on Exercise

Gerald Fels

5,246

$29,325

Randall V. Becker

4,008

22,806

James A. Ermilio

-

-

Arthur J. Remillard, III

4,008

22,806

John W. Hawie

-

-

Pension Benefits

Name	Plan Name	No. of Years Credited Service	Present Value of Accumulated Benefit	Payments during the Last Fiscal Year
Gerald Fels	Directors	32	$636,057	-
Randall V. Becker	Directors	5	30,862	-
James A. Ermilio (1)	-	-	-	-
Arthur J. Remillard, III	Directors	25	249,093	-
John W. Hawie (1)	-	-	-	-

(1) The Named Executive Officer is not included in the Director's Retirement Plan as he is not a CGI director.

See description of plan in the Directors' Compensation section of this report.
<PAGE> 15

Potential Payments on Termination or Change of Control

Certain of the Company's executive compensation agreements carry provisions for payments or acceleration of payments to named executive officers (NEO) upon termination of their employment and/or change in control of the Company, as defined in the various agreements. A summary of each agreement follows.

Incentive Award Agreements

Commerce's non-equity incentive award agreements for its directors and executive officers have provisions which in certain instances provide for payments upon or following a change of control. Upon a change of control, each NEO receives a pro-rated portion of each incentive award plus credit for the excess of the market value of the Company's common stock over the per share book value of the stock at the time of such change in control. Payments under the directors' incentive award agreements are made 30 days after a change of control with respect to such grants. Although executive officers have received similar non-equity incentive award agreements, there is no acceleration of payment of the awards upon a change of control; however, if following a change of control the executive officer is terminated by Commerce without cause or the executive officer resigns for good reason, the executive officer would not forfeit the award. The following table provides a listing of the amounts each NEO would receive for their IAs granted in 2006 and 2007 upon maturity of December 31, 2008 and 2009, respectively. The table assumes a market price of $36.70, the consideration to be received upon completion of the proposed MAPFRE merger.

	2006 Grant 2008 Maturity March 2009 Payment	2007 Grant 2009 Maturity March 2010 Payment
Gerald Fels	$5,113,906	$1,150,830
Randall V. Becker	975,748	349,540
James A. Ermilio	1,809,544	538,109
Arthur J. Remillard, III	1,504,101	427,133
John W. Hawie	950,194	308,380

In addition, upon normal retirement a NEO becomes fully vested in his incentive awards. Upon early retirement, a NEO receives a pro rata portion of each incentive award paid six months after separation from the Company. As of December 31, 2007, no NEO is eligible for normal retirement and only Mr. Fels is eligible for early retirement. Retirement eligibility requires the NEO to be 65 years old and early retirement eligibility requires the NEO to be 55. Subsequent to year-end, Mr. Fels became eligible for normal retirement.

Restricted Stock Units

Each of Commerce's executive officers has received a grant of restricted stock units that will vest immediately upon a change of control. The following table reflects the aggregate value of the restricted stock units held by each executive officer for which vesting of such units will be accelerated, valued at $36.70, the per share consideration to be received in the proposed MAPFRE merger.

Name	Value of Accelerated Restricted Stock Units

Gerald Fels	$3,615,060
Randall V. Becker	1,097,991
James A. Ermilio	1,690,365
Arthur J. Remillard, III	1,341,752
John W. Hawie	968,697

Employment Agreements

Each of Commerce's executive officers has entered into an employment agreement with the Company that provides severance benefits to such executive officer in the event that, within three years following a change of control, he or she resigns for good reason or Commerce terminates the executive's employment without cause. In such case, the executive officer will be entitled to receive from Commerce a cash payment equal to 300% of the sum of the executive's
<PAGE> 16

annual base salary as of the termination date and the value on the date of grant of the executive's 2007 restricted stock unit award plus a gross-up payment for any excise and other taxes that would be due under Sections 409A and 4999 of the Internal Revenue Code. The executive would also receive life and health insurance benefits for a period of 36 months from the date of termination unless other comparable life and health insurance benefits are made available by a subsequent employer.

Additionally, the employment agreement provides for a cash payment of 150% of the sum described above if the executive's employment is terminated by the Company without cause or by the executive under certain circumstances, primarily resignations for good reason or Company violations of certain agreements, not occurring within three years of a change in control. The terms "without cause" and "for good reason" are defined within the agreement. The executive would also receive life and health insurance benefits for a period of 12 months from the date of termination.

The following table reflects the amounts NEOs would receive under the employment agreement were each such executive officer terminated by Commerce without cause or resignation by the NEO for good reason, without and with a change in control.

	Compensation Values		Without Change in Control	With Change in Control		
Name	Base Salary(1)	Value of Restricted Stock Award at Grant	Severance Payment	Severance Payment	Gross-up Payment(2)	Total
Gerald Fels	$1,013,468	$2,990,562	$6,006,045	$12,012,090	$4,118,082	$16,130,172
Randall V. Becker	370,896	908,318	1,918,821	3,837,642	1,398,927	5,236,569

James A. Ermilio	476,868	1,398,336	2,812,806	5,625,612	2,019,013	7,644,625
Arthur J. Remillard, III	379,234	1,109,952	2,233,779	4,467,558	1,505,722	5,973,280
John W. Hawie	287,154	801,360	1,632,771	3,265,542	1,258,265	4,523,807

(1) This amount is based on the 2007 salary; the actual amount will be the base salary as of the date of termination.

(2) Each executive officer is also entitled to additional gross-up payments due under the employment agreements for potential additional excise and other taxes that would be due under the Internal Revenue Code Sections 409A and 4999; above calculation assumes no additional taxes would be due under Section 409A.

The table above does not include the value of life and health insurance benefit continuation which each NEO is entitled to receive under the employment agreements. The estimated value of those benefits with a change of control (and without a change in control) are $37,686 ($12,562) for Mr. Fels, $31,260 ($10,420) for Mr. Becker, $31,260 ($10,420) for Mr. Ermilio, $32,268 ($10,756) for Mr. Remillard, III and $30,630 ($10,210) for Mr. Hawie.

In consideration of the employment agreement, the executive agrees that during his employment and for a one-year period following his termination of employment from the Company, he will agree to:

&#149 Confidential Information - shall use his best efforts to prevent disclosure of confidential information;

&#149 Non-interference - shall not participate in any business which competes directly or indirectly with the Company; and

&#149 Non-disparagement - shall not make any false, defamatory or disparaging statements about the Company or its affiliates.

Director Compensation

The following table details total compensation to non-employee Directors for 2007.
<PAGE> 17

Name	Cash Fees Earned	Option Awards[5]	Non-Equity Incentive Plan Compensation[1]	Change in Pension Value	All Other Compensation	Total
Joseph A. Borski, Jr.	$150,425	$39,349	$123,965	$356,220	$21,000(2)	$690,959
Eric G. Butler	67,000	15,245	53,300	101,538	-	237,083
Henry J. Camosse	2,200	14,690	53,300	-	35,585(4)	105,775
David R. Grenon	115,150	24,842	92,289	242,696	-	474,977
Robert W. Harris	69,200	15,245	53,300	118,956	-	256,701
John J. Kunkel[3]	52,700	15,778	55,563	95,849	-	219,890
Raymond J. Lauring	69,200	15,245	53,300	118,956	-	256,701
Normand R. Marois	75,800	16,588	57,479	126,059	-	275,926
Suryakant M. Patel	109,225	23,830	91,434	204,720	-	429,209
	67,000	15,245	53,300	144,739	-	280,284

Arthur J. Remillard, Jr.						
Regan P. Remillard	104,100	20,589	87,049	50,541	-	262,279
Gurbachan Singh	102,625	17,120	56,761	145,334	-	321,840
John W. Spillane(3)	92,725	18,866	53,300	145,363	-	310,254

(1) Represents Incentive Award (IA) payment amounts that were granted in 2005 and matured December 31, 2007. The IAs entitled the recipient to receive a cash payment for each IA unit based upon basic earnings per share over the three year period beginning January 1, 2005 and ending December 31, 2007. These amounts were paid in March 2008. A minimum return of 6% per annum compounded annually was required before the IA unit began accruing value.

(2) Represents compensation as a member of the ESOP committee.

(3) Mr. Kunkel and Mr. Spillane are no longer members of the Board of Directors as both are now deceased: Mr. Kunkel in July 2007 and Mr. Spillane in December 2007.

(4) Represents payments under the Director's Retirement Plan. Mr. Camosse did not stand for re-election at the May 2007 Annual Meeting of Shareholders.

(5) Represents dollar amount recognized for financial statement reporting purposes in accordance with SFAS 123R for vested stock options granted to directors of the Company and its subsidiaries during February 2007. See Note H of Notes to Consolidated Financial Statements for a further description.

Directors of the Company and certain of the Company's subsidiaries receive the following compensation for their applicable services as directors:

	Meeting Attendance	Annual Member Stipend	Annual Chair Stipend
The Commerce Group, Inc.:			
Board of Directors	$2,200	$47,200	$ -
Audit Committee	2,625	7,350	36,750
Compensation Committee	1,100	-	3,675
Nominating and Corporate Governance Committee	1,100	-	-
Other committees	1,100(1)	-	-
Commerce Holdings, Inc.:			
Board of Directors	800(1)	47,200(2)	-
Audit Committee	2,625	7,350	-
The Commerce Insurance Company:			
Board of Directors	700(1)	-	-
Citation Insurance Company:			
Board of Directors	700(1)	-	-
ACIC Holding Co., Inc.:			
Board of Directors	2,100	-	-

American Commerce Insurance Company:			
Board of Directors	2,600	-	-
Executive Committee	1,000	-	-
State-Wide Insurance Company:			
Board of Directors	500	-	-

<PAGE> 18

(1) Compensation is for non-employee directors only.
(2) Compensation is paid only to directors who are not directors of The Commerce Group, Inc.

In 2007, each director also received fully-vested stock options under our 2002 Amended and Restated Incentive Compensation Plan. The options have a ten-year term and an exercise price equal to the market price on date of grant. See Note H of Notes to Consolidated Financial Statements for further details.

In 2000, the Company's directors approved a Directors' Retirement Compensation Plan (the Retirement Plan). The Retirement Plan becomes effective for each Company director (including directors who are employees of the Company) upon terminating service from the Company's Board of Directors provided that such termination was not made under conditions adverse to the Company's interest. Effective with the annual meeting at which the director is not re-elected to the Board of Directors, and provided benefits are not paid until such time as the director has attained the age of 65, the Company will pay an annual retirement benefit equal to 50% of the average annual director compensation for the highest three full years (three year average compensation). The annual retirement benefit of 50% of the three year average compensation vests at the rate of 4.0% for each year of Board of Directors service up to a maximum of 100% vesting through termination of service. Payments continue for a maximum of ten years over the remaining life of the former director, or his or her then spouse, if the director pre-deceases the spouse. No payments are to be made after the death of both the director and spouse. Expenses related to the Retirement Plan in 2007 amounted to approximately $2,200,000 and a total of approximately $113,000 was paid under the Retirement Plan for five former directors.

Compensation Committee Interlock and Insider Participation in Compensation Decisions.

No member of the Company's Compensation Committee is a current or former officer or employee of the Company or any of its subsidiaries, and no current executive officer served as a member of the board of directors or compensation committee of any other entity that has or had one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee during 2007.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed with the Company's management the Compensation Discussion and Analysis set forth above. Based upon the review and discussions noted above, the Committee recommended that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

The Compensation Committee:

Joseph A. Borski, Jr., Chairman
David R. Grenon
Normand R. Marois
Suryakant M. Patel
Gurbachan Singh

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Certain Beneficial Owners and Management.

The following table sets forth certain information as of March 10, 2008, with respect to the beneficial ownership of shares of the Company's common stock by the following individuals: (a) each person who is known to the Company to own beneficially more than 5% of the outstanding shares of such stock; (b) the Company's directors and nominees; (c) each of the executive officers named in the Summary Compensation Table; and (d) all of the Company's directors and executive officers as a group. The information in the table and in the related notes has been furnished by or on behalf of the indicated owners.
<PAGE> 19

	Name and Address of Beneficial Owner	Amount of Shares Beneficially Owned(1)	Percentage of Shares(1)
(a)	Security ownership of certain beneficial owners:		
	The Commerce Group, Inc. Employee Stock Ownership Plan 211 Main Street Webster, MA 01570	5,112,196	8.5%
	Barclay's Global Investors, NA and affiliates 45 Fremont Street San Francisco, CA 94105	(2) 4,194,507	7.0%
(b)	Security ownership of directors and nominees:		
	Randall V. Becker	232,373(3)	*
	Joseph A. Borski, Jr.	133,504	*
	Eric G. Butler	358,856(4)	*
	Gerald Fels	889,915(5)	1.5%
	David R. Grenon	558,926(6)	*
	Robert W. Harris	216,502(7)	*
	Raymond J. Lauring	1,536,062(4)	2.5%
	Normand R. Marois	369,215(8)	*
	Suryakant M. Patel	756,806(9)	1.3%
	Arthur J. Remillard, Jr.	698,541(10)	1.2%

	Arthur J. Remillard, III	949,148(11)	1.6%
	Regan P. Remillard	415,369(12)	*
	Gurbachan Singh	448,969	*
(c)	Security ownership of named executive officers:		
	Gerald Fels	889,915(5)	1.5%
	James A. Ermilio	25,351(13)	*
	Arthur J. Remillard, III	949,149(10)	1.6%
	Randall V. Becker	232,373(3)	*
	John W. Hawie	12,384(14)	*
(d)	All executive officers and directors as a group (21 persons)	(15) 7,659,797	12.7%

* Percentage of shares is less than 1%.

(1) The indicated shares are those as to which the beneficial owner has sole voting and investment power except as follows. Shares held by the Company's Employee Stock Ownership Plan (the ESOP) and allocated to participant accounts are voted as directed by the account holders. Shares for which no voting instructions are received from the account holders and all other shares not allocated to participants are voted in the same proportion as shares for which voting instructions are received unless the ESOP's administrative committee, which is a fiduciary subject to certain duties imposed by the Employee Retirement Income Security Act (ERISA) determines that voting such shares in such proportions would violate the provisions of Part 4 of Title I of ERISA. The ESOP participants who are current employees of the Company or its subsidiaries and who are 100% vested in their ESOP accounts can annually elect to transfer out of the ESOP up to 100% of their allocated Company stock in the form of an eligible rollover distribution into another eligible retirement plan, such as a qualified individual retirement arrangement described in Section 408 of the Internal Revenue Code. Shares totaling 3,965,677 held by the ESOP at March 10, 2008 were allocated to the ESOP accounts of these individuals. ESOP participants who are former employees of the Company and who are 100% vested in their ESOP accounts may generally elect to withdraw from the ESOP the shares allocated to their accounts at any time. Shares totaling 952,858 held by the ESOP at March 10, 2008 were allocated to the ESOP accounts of these individuals. The remaining 193,661 shares held by the ESOP at March 10, 2008 were allocated to the ESOP accounts of participants who have not yet reached 100% vesting in their account balances. Disposition of these unvested shares is restricted under the ESOP.

<PAGE> 20

The indicated shares not held by the ESOP include shares owned beneficially by spouses, parents, children and relatives who share the same home, trusts in which the named individual or a family member sharing the same home serves as a trustee and corporations of which the named individual is an executive officer or principal shareholder; the named individuals disclaim any beneficial interest in shares so included. The percentage of shares is calculated using 60,255,607 shares outstanding at March 10, 2008.

(2) Barclay's Global Investors and Fund Advisors, a group which includes a bank and a registered investment advisor, has sole voting power over 3,984,300 shares, and sole investment power over 4,194,507 shares. The information in the table and this footnote is based on a Schedule 13G filed with the SEC on February 5, 2008.

(3) Includes 25,491 shares held by the ESOP and 37,244 shares held by two trusts of which Mr. Becker is the trustee.

(4) Includes 4,008 shares issuable upon exercise of vested stock options.

(5) Includes 4,771 shares held by the ESOP.

(6) Includes 13,200 shares held by a trust of which Mr. Grenon's wife is the trustee.

(7) Includes 128,288 shares held by a trust of which Mr. Harris is the trustee, 74,206 shares held by a trust of which Mr. Harris' wife is the trustee and 4,008 shares issuable upon exercise of vested stock options.

(8) Includes 4,361 shares issuable upon exercise of vested stock options.

(9) Includes 6,265 shares issuable upon exercise of vested stock options.

(10) Includes 9,493 shares held by the ESOP.

(11) Includes 89,505 shares held by two trusts of which Mr. Remillard, III is a co-trustee.

(12) Includes 20,293 shares held by the ESOP, 29,300 shares held by a trust of which Mr. Remillard is a co-trustee and 5,413 shares issuable upon exercise of vested stock options.

(13) Includes 8,957 shares held by the ESOP and 3,142 shares issuable upon exercise of vested stock options.

(14) Includes 10,034 shares held by the ESOP.

(15) Includes 126,795 shares held by the ESOP and 31,205 shares issuable upon exercise of vested stock options.

Equity Compensation Plan Information

. A summary of the total number of shares of our common stock to be issued upon exercise of outstanding stock options, the weighted-average exercise price of these outstanding stock options and the number of shares of our common stock remaining available for future issuance under equity compensation plans at December 31, 2007 follows. This information is presented for equity compensation plans that have and have not been approved by our stockholders.

Plan Category	Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders[1]	65,281	$30.36	5,011,400
Equity compensation plans not approved by security holders[2]	929,951	$30.39	NA

Total	995,232

(1) During 2002, our stockholders approved an amended Incentive Compensation Plan, which provides for the award of incentive stock options, non-qualified stock options, book value awards, stock appreciation rights, restricted stock and performance stock units. At the discretion of the Compensation Committee, our directors, officers and other senior management employees, including our subsidiaries, are eligible to participate in this plan. See Note H of Notes to Consolidated Financial Statements for additional information.
<PAGE> 21

(2) Beginning in 1999, we have granted certain insurance agents of ACIC options on our common stock. See Note H of Notes to Consolidated Financial Statements for a detailed description of the Plan. These options cannot be exercised using cash. Options can only be exercised using a net share purchase such that the dollar value that the option is in the money is divided by the market value of the common stock at date of exercise to arrive at the number of shares to be received by the option holder. We have estimated the number of shares to be issued for this disclosure by using the December 31, 2007 closing market value as market value on exercise date.

NA - Not applicable. No limit has been established for the ACIC agent option plan.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

Certain Relationships and Related Transactions. James A. Ermilio, Executive Vice President, spends considerable time in Boston, Massachusetts in furtherance of the Company's business interests and, because of this, the Company provides office and part-time living accommodations to him at a condominium owned by the Company in Boston. Expenses related to the condominium were approximately $188,000 in 2007, $142,000 in 2006 and $137,000 in 2005. Most of the expense for each of the years was for depreciation, condominium fees and real estate taxes. The Company believes the non-business connected economic benefit (if any) to Mr. Ermilio to be de minimis.

The immediate family of Raymond J. Lauring, a director of the Company, owns more than a 10% equity interest in Lauring Construction Company. Mr. Lauring has no ownership interest in the construction company. Payments to Lauring Construction Company were $88,000 in 2007, $1,549,000 in 2006 and $222,000 in 2005. The higher level of 2006 payments resulted primarily from construction projects for generators at our Webster facilities. For those projects, we paid Lauring Construction for work performed by them and by subcontractors. Lauring Construction in turn paid the subcontractors directly.

In February 2007, the Company purchased a condominium in Webster, MA, wholly-owned by Mr. Remillard, Jr., at a price of $307,000. The purchase price was determined by averaging the appraised value of the property as determined by two independent, certified real estate appraisers. The transaction was pre-approved in accordance with the Company's procedures for approving related party transactions as outlined below.

Procedures for Approval of Related Party Transactions. Item 404(a) of SEC Regulation S-K requires disclosure in the Company's proxy statement and other filings of information regarding transactions in which the Company or its subsidiaries is a participant if (i) the amount involved exceeds $120,000 and (ii) any Company related person had or will have a direct or indirect material interest ("Reportable Transactions"). Item 404(b) requires disclosure of the Company's policies and procedures for review, approval or ratification of Reportable Transactions.

The Company follows the procedures described below in the review, approval or ratification of Reportable Transactions. Under the Company's Code of Ethics and Conflict of Interest Policy, officers, directors and employees of the Company or any of its subsidiaries proposing to engage in any conduct or activity that may result in a conflict of interest or a potential for conflict of interest, including a Reportable Transaction, must, prior to engaging in any Reportable Transaction, report to the Chair of the Company's Corporate Compliance Committee the existence of, or potential development of, a conflict of interest. Such officers, directors and employees must also disclose to the Chair of the Corporate Compliance Committee the facts and circumstances surrounding the proposed Reportable Transaction. Under the Code of Ethics and the Conflicts of Interest Policy, the Chair of the Corporate Compliance Committee and the General Counsel of the Company jointly review a Reportable Transaction to determine if the transaction poses a reasonable potential for adverse impact on the Company or any of its subsidiaries. Reportable Transactions that are deemed to have a potential adverse impact on the Company or its subsidiaries must be reported to the Audit Committee. It has been the Company's practice to require that notice of all Reportable Transactions be given to the Audit Committee, regardless of whether the transactions pose a reasonable potential for adverse impact on the Company or its subsidiaries. The Nominating and Corporate Governance Committee reviews and approves or disapproves Reportable Transactions, which have been disclosed to the Chair of the Corporate Compliance Committee, consistent with the provisions of the Committee's Charter. Under the Charter, the Committee reviews and approves or disapproves of waivers and interpretations of the Code of Ethics and conflicts of interests, including Reportable Transactions. If the Nominating and Corporate Governance Committee approves a Reportable Transaction, the transaction must be ratified by a majority of the Company's independent directors.

Independence of the Board of Directors. The Board has evaluated and determined independence in accordance with the Company's Corporate Governance Guidelines, the rules of the NYSE, and all other applicable laws, rules, and regulations. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the
<PAGE> 22

director's immediate family) has, or in the past three years has had, certain relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. The Board has affirmatively determined that a majority of the Company's directors are independent directors under the NYSE rules. Furthermore, all of the members of the Audit, Compensation and Nominating and Corporate Governance committees are independent, as independence for such committee members is defined in the Company's Corporate Governance Guidelines, the NYSE rules, and all other applicable laws, rules and regulations.

The following table summarizes current Board committee membership and the number of committee meetings held during 2007:

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Independent Directors:			
Joseph A. Borski, Jr.	Chair	Chair	Member
Eric G. Butler			
David R. Grenon	Member	Member	Member
Robert W. Harris			

Normand R. Marois		Member	
Suryakant M. Patel	Member	Member	Chair
Gurbachan Singh	Member	Member	Member
Non-independent Directors:			
Randall V. Becker[(a)]			
Gerald Fels[(a)]			
Raymond J. Lauring			
Arthur J. Remillard, Jr.			
Arthur J. Remillard, III[(a)]			
Regan P. Remillard			
Number of meetings in 2007	8	6	2

(a) Director is also an officer of the Company.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for services performed by the Company's independent registered public accounting firm, PricewaterhouseCoopers, for the fiscal years ended December 31, 2007 and 2006 follow:

	2007	2006
Audit fees	$768,120	$725,000
Audit related fees	27,500	25,000
Tax fees	-	-
All other fees	68,983	107,000
Total	$864,603	$857,000

Audit related fees represent charges for the audit of the Company's Employee Stock Ownership Plan. All other fees represent due diligence work performed by PwC and were pre-approved by the Audit Committee. The Audit Committee considered the amount of fees charged by PwC that were not specifically related to the audit of the Company's consolidated financial statements and internal controls over financial reporting, and determined that amount is compatible with maintaining their independence.
<PAGE> 23

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

April 28, 2008 By: /s/ Gerald Fels

Gerald Fels
President, Chief Executive Officer and
Chairman of the Board of Directors

April 28, 2008	By:	/s/ Randall V. Becker
		Randall V. Becker Chief Financial Officer

Exhibit Index

31 Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<PAGE> 24