

**UNITED STATES OF AMERICA
ELECTRIC ENERGY MARKET COMPETITION
INTERAGENCY TASK FORCE
AND THE
FEDERAL ENERGY REGULATORY COMMISSION**

Electric Energy Market Competition Task
Force

Docket No. AD05-17-000

**Supplemental Comments on
Wholesale and Retail Electricity Competition
Submitted by
Electricity Consumers Resource Council (“ELCON”)**

The Electricity Consumers Resource Council (“ELCON”) is pleased to submit these supplemental comments to the Interagency Task Force on electric energy market competition.

Since the Task Force initiated its investigation in October 2005, the state of electric industry restructuring continues to change—and change for the worse. There is growing sentiment among consumer groups and the States that restructuring is failing to deliver benefits to end-use consumers, and is beginning to impose economic hardship on the US economy—especially to the country’s manufacturing sector.

This filing consists of five papers and presentations that document this trend:

Supplemental Comments of ELCON

1. “Opposition to Restructuring, “ by ELCON’s Dr. John A. Anderson. His paper sites articles in the trade press and popular press and studies sponsored by consumer groups that report on the growing backlash against restructuring.
2. “Path III: Restoring Traditional Regulation in the States,” by Robert A.W. Strong, counsel to ABATE, the Michigan industrial group. Mr. Strong and two other attorneys representing state or regional industrial groups gave presentations at the ELCON Annual Meeting in February 2006 on the failure of restructuring in their region or state and efforts to re-regulate.
3. “Real Life Examples of the Effects of Restructuring in the Organized Markets,” by Sam Randazzo, counsel to CMTC, a group of industrial consumers in the footprint of the Midwest ISO. Mr. Randazzo’s paper focuses on the problems in the heavily industrialized state of Ohio. His paper includes the testimony of three industrial energy managers that describe the damage done to their companies by restructuring in a region that previously had low-cost electricity rates.
4. “Re-Regulation: Can Humpty Dumpty Be Put Back Together Again?” by Eric Robertson, counsel to IIEC, the industrial group in Illinois. Mr. Robertson’s presentation was also presented at the ELCON Annual Meeting. He is pessimistic about either the status quo or any attempt to turn back the clock.

Supplemental Comments of ELCON

5. “The Fork in the Road: Choosing the Right Path for Future Power Markets,” by David M. Kleppinger, counsel to PJMICC, a group of commercial and industrial consumers with facilities within the PJM footprint. Mr. Kleppinger’s presentation was also presented at the ELCON Annual Meeting.

Respectfully submitted,

The Electricity Consumers Resource Council
 (“ELCON”)

Dated April 7, 2006

Opposition to Restructuring

Prepared by Dr. John A. Anderson
Electricity Consumers Resource Council (ELCON)

- Industrials already are strongly opposed to many aspects of the Organized Markets:
 - **The PJM ICC** – with its “White Paper: What Large Commercial & Industrial Customers Need from the PJM Marketplace” released in December 2004
 - **ELCON** – with its “Problems in the Organized Markets” released in April 2005 (available at:
<http://www.elcon.org/Documents/Publications/ELCONSpecialReportApril2005.pdf>)
- Others have already joined the opposition:
 - **The CATO Institute** – with its “Rethinking Electricity Restructuring” released in November 2004 (http://www.cato.org/pub_display.php?pub_id=2609)
 - **APPA**
 - First with its “Restructuring at the Crossroads” released in December 2004 (<http://www.appanet.org/files/PDFs/APPAWhitePaperRestructuringatCrossroads1204.pdf>)
 - Second: The letter to the Editor in the *Washington Post* on April 7, 2006 stating that: “Deregulation has yet to produce the promised results of lower rates and better service...” The letter notes that the increased prices are not due to increases in the price of fuels alone, but also to the design of the “market.”
 - **Progress & Freedom Foundation** – with its Guest Editorial “Electricity ‘Restructuring’: What Went Wrong” in the July 2005 edition of *The Electricity Journal*
 - Most recently, **the New England “electricity tsunami”** where (nearly) every governor, consumer advocate, regulator and Member of the Congressional Delegation stringently opposed the ISO-NE proposal for LICAP
 - **Nobel Laureate economist Vernon Smith’s** *Wall Street Journal* op-ed piece on August 12, 2005
 - Carnegie Mellon Professors Lave, Blumsack and Apt authored an article titled: “Lessons from the Failure of U.S. Electricity Restructuring,” *Electricity Journal*, March 2006
- Residential consumers are becoming much more vocal as prices remain high and residential price caps expire. State examples include:
 - **Connecticut:**
 - The DPUC states that CL&P rates have increased by 72% and retail competition has failed to lower rates (*EPD*, Feb. 14, 06, page 1)

- Connecticut AG Richard Blumenthal proposes legislation establishing a state power authority able to build generation and impose a windfall profits tax (*EPD*, Feb. 23, 06, page 1)
 - The AG says that the state's nuclear plants have enjoyed profits of 44% and 53%. The owner, Dominion, doesn't know where Blumenthal got his numbers, noting profits are proprietary information (*RT*, Feb. 27, 06, Page 3)
 - Rep. Vickie Nordello, D-Energy and Technology Committee said: "Deregulation is a failed experiment and that relying on the market to lower prices does not work." (*Hartford WTNH Channel 9*, Feb. 28, 2006)
- **Delaware:** The governor issued order seeking to blunt rate hikes possibly exceeding 100% for some customers – 59% for residential (*EPD*, Feb. 9, 06, page 1)
 - He created a Cabinet Committee on Energy including the heads of six state departments plus the Office of Management and Budget and the Delaware Economic Development office. The Committee recommended requiring Delmarva Power to build ratebased plants and a return to cost-of-service regulation
 - Political activist Richard Korn and the Rev. Christopher A. Bullock, who leads an influential Baptist church in Wilmington sent federal antitrust lawyers a letter asking them to study whether any aspect of deregulation in Delaware violates U.S. antitrust laws. (*The News Journal*, March 10, 2006)
- **Kentucky:** The Kentucky Industrial Utility Customers association filed with FERC supporting the utilities' requests to withdraw from MISO (*RT*, Feb. 22, 06, page 3) FERC approved the request to leave MISO.
- **Illinois:** Residential consumers are very concerned over the expiration of rate caps and impending rate increases approaching 40%.
 - Residential are now supporting a 3-year extension of rate caps (*EPD*, Feb. 16, 06, page 1)
 - Legislation has been introduced (H.B. 5766) that extends the electric rate freeze for another 3 years and requires that at least 33% of all customer classes must have access to alternate electric suppliers before the transition period ends. The bill's sponsor Rep. Lisa Dugan, says that "There is no competition" for small commercial and residential customers in Illinois. Governor Rod Blagojevich, Attorney General Lisa Madigan, the Cook County state's attorney and the Citizens Utility Board all agree. Lisa Madigan is the daughter of powerful House Speaker Michael Madigan. (*EPD*, Feb. 27, 06, Page 1) While that legislation probably will not be enacted, it is a real indication of opposition
- **Maine:** Business groups press lawmakers to quit NEPOOL – including (*EPD*, Feb. 10, 06, page 1): Maine Aggregate Association; Maine Campground Owners Assn.; Maine Farm Bureau; Maine Forest Products Council; Maine Grocers Assn.; Maine Inkeepers Assn.; Maine Merchants

Assn.; Maine Metal Products Assn.; Maine Pulp and Paper Assn.; Maine Oil Dealers Assn.; Maine Restaurant Assn.; Maine Tourism Assn.; Associated Builders & Contractors of Maine; and the Industrial Energy Consumer Group

- **Maryland:** May be the “poster child” of consumer rebellion:
 - Residential rates will increase: 39% at Pepco; 35% at Delmarva P&L; and 72% at BG&E in June 2006
 - Alcoa shut down an aluminum smelter in December laying off 600 workers because of increases in its power prices.
 - The Governor has demanded actions to reduce the rate increases. Gov. Robert Ehrlich, Jr. said: “...72 percent will not stand. Nowhere near 72 percent will stand...” (*Baltimore Sun*, March 20, 2006)
 - There are numerous calls for the Chairman of the PSC to resign (example: *ABC 7 News*, March 20, 2006) and the Maryland Democratic Party is running ads on Baltimore area radio stations blaming “Bob Ehrlich’s Public Service Commission” for approving a 72 percent increase in BGE’s electricity rates scheduled to take effect when rate caps expire June 30th. (*ABC 7 News*, March 16, 2006)
 - Statements like the following are in the daily news: “[Governor] Bob Ehrlich has turned a watchdog agency whose sole purpose was the protection of Maryland families into a lapdog for special industry veterans.” (*Baltimore Sun*, March 14, 2006)
 - Del. Pat McConough said: “You have a better chance of finding Jimmy Hoffa than you do finding (energy) competition in Maryland.” (*Owings Mills Times*, March 17, 2006)
 - Lawmakers plan to use the proposed merger of FPL Group and Constellation as a bargaining chip – *ABC News* reported that BGE agreed to refund \$500 million to consumers they collected in stranded costs to allow the merger to go through (*ABC 7 News*, March 22, 2006)
 - The *Washington Post* ran a front page article on the controversy and articles are in the *Baltimore Sun* nearly on a daily basis
 - Many are calling for a return to cost-of-service regulation
 - The General Assembly voted with a veto-proof margin on March 31st to fire the 5 members of the state Public Service Commission and replace 4 of them with regulators selected by lawmakers. (*Baltimore Sun*, April 1, 2006)
 - The General Assembly also on March 31st voted with a veto-proof margin to require Constellation Energy Group, the parent of BG&E, to return to its customers the \$528 million it received in stranded cost payments before Constellation can complete its proposed merger with FP&L. (*Baltimore Sun*, April 1, 2006)
 - Consumer advocates in many other states are watching this proceeding with great interest

- **Montana:** The PSC calls for repeal of the 1997 deregulation law (EPD, March 9, 06, Page 1)
- **New England:**
 - Every governor, consumer advocate, regulator and Member of the Congressional Delegation stringently opposed the ISO-NE proposal for LICAP
 - However, FERC approved LICAP (but postponed implementation for a year) unless a settlement could be reached
 - A settlement was reached with a large number of parties. However, Maine and Massachusetts did not agree with the settlement. These two states constitute over 50% of the load in New England.
 - Nine members of the US House of Representatives called for a hearing on the rising costs of RTOs (EPD, Feb. 22, 06, page 3)
 - FERC must issue a final order by the fall of 2006.
- **New Jersey:** Utilities completed their annual online auction for basic generation service which will raise rates by 12% - 13.7% (EPD, Feb. 10, 06, page 5).
 - Specifically, PSE&G will go up 13.7%; Jersey Central P&L 12.4% and Orange & Rockland 12% (NorthJersey.com, March 10, 2006)
 - In February, the BPU deferred its decision on implementation of a \$64 million rate credit due PSE&G (NewJersey.com, March 10, 2006)
- **Pennsylvania:** Pike County (Pike Power and Light) rates went up 73%. County officials have “gotten an earful” from angry customers and are now pushing the state Public Utilities Commission to investigate the rate hikes. Pike County Commission Chairman Harry Forbes said: “There is no competition, and that’s what is was supposed to be all about.” (Times Herald-Record, February 22, 2006)
- **Virginia:** Legislation has been introduced in Virginia over concern regarding the expiration of capped rates (EPD, Feb. 15, 06, page 1)



RT = Restructuring Today
EPD = Electric Power Daily

PATH III: RESTORING TRADITIONAL REGULATION IN THE STATES

ELCON Annual Meeting - February 8, 2006
Crowne Plaza Hotel – Miami International Airport, Miami, Florida

Presentation By:

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Major Elements of Michigan's Middle Of The Road Approach

- All customers may shop for electricity.
- Customers pay utilities for stranded costs.
- Customers pay utilities for transition costs.
- Utilities sell transmission assets.
- Utilities retain generation assets (cost of service rates).
- Utilities unbundle rates.

Shopping Experience

- During the building boom of the 70's and early 80's, Michigan utilities added substantial new plant to rate base.
- The PSC protected residential customers by over-allocating costs to commercial and industrial customers and implemented growing subsidies for residential customers.

Shopping Experience

- Rate distortions made it very profitable for commercial and some industrial customers (C&I) to shop.
- Uneconomic for residential customers to shop.
- Up to 15% of C&I customers shopped, signing 1-3 year bilateral contracts.
- Total savings ranged from 10% to 25%.

Shopping Experience

- Major delays in implementation allegedly caused by utilities.
- Congestion pricing brought an end to favorable bilateral contracts.
- Wholesale products that are available are difficult to translate to the retail market (load shaping, load following, administrative time, etc.)

Shopping Experience

- Need to return to bundled service.
 - MISO LMP products more costly than average rates.
 - Inherent risks remained with open access.
 - As current contracts expire, bundled service is more economical than shopping.
 - Shopping is less than 12% and falling fast.
 - Shopping load declines: DECo 2,378 MW to 1,524 MW; CECo 926 MW to 552 MW. 20,000 MW combined system load.

Shopping Experience

- Major rate increases imposed on shoppers (securitization off sets eliminated, distribution rates increased, ever higher stranded costs)
- Limitations imposed on customers returning to bundled rates.

Stranded Costs

- Securitization of \$2.325 billion in nuclear plant.
- 14 year maximum maturity with low interest rates
- Non-bypassable surcharge imposed on all customers.
- Reduced earnings of major utilities.
- Additional non-securitized stranded costs collected only from shopping customers.

Transition Costs

- Collected from all customers through multi-year surcharges.
- Approaching \$200 million.

Sale of Transmission Assets

- DECo to ITC
- CECo to METC
- Very little in net proceeds to share with customers.
- Sold with favorable maintenance contracts.
- Sold with many reservations of rights and revenue streams.

Generating Assets Retained

- Bid into MISO.
- Third-party revenues accrued to utilities during rate freeze – now dispute over who gets credit: customers, shareholders and shopping customers.

Rate Unbundling

- Subsidies do not have to be eliminated.
- Shopping customers do not pay subsidies.
- Subsidies folded into distribution rates.
- One distribution rate for bundled and one rate for shoppers.

Current Issues

- Recapture of additional revenues generated by returning customers.
 - Example: DECo rates assumes 9,250 GWh lost to shopping. Current estimate is 5,000 GWh.

Current Issues

- Capacity Need Forum
 - Need capacity.
 - Current regulatory climate won't support construction.
 - Primary solution: utility build in local service territory with government financing help.
 - Utilities reject purchase options because they won't grow earnings.

Current Issues

- High Residential Gas Rates
 - Need to keep residential rates down.
- Piece meal industrial rate fixes: transition and economic development rates.
- Average cost for owned capacity – incremental cost for purchased power.

Current Issues

- Termination of all expiring utility to utility bilateral contracts and substitution of MISO LMP prices. Economics favor new local capacity options.
- Least cost not a consideration.
- Very high reliability is assumed in planning.
- State legislation is under review (2006 is an election year).

Utility Arguments

- **Financial markets won't finance construction.**
 - Don't know sales base to plan for due to shopping.
 - Industry has changed.
 - New Capacity will increase competitive pressures on utility.
 - Risk of disallowances due to: size of plant, choice of plant, technology, past performance, etc.
- **Utility must be primary owner/operator in order to maintain reliability**
- **Utility must have means to grow profits.**

Utility Arguments

- Power Purchase Agreements are risky and won't preserve reliability.
- New capacity must be under local control.
- MISO LMP market price uncertainty makes coal by wire unacceptable.
- Traditional regulatory approaches will no longer work in today's environment.

Utility Arguments

- Emissions must be centrally planned and controlled.
- Third-party purchases eliminate advantages of economies of scale.
- Third-party purchases will take too long to come to market (siting, permitting, infrastructure, improvements, etc.)
- Need to further restrict customer options to return to bundled service.

Real Life Examples of the Effects of Restructuring in the Organized Markets

Comments of:

Samuel C. Randazzo

Coalition of Midwest Transmission Customers (CMTTC)

Ohio was scheduled to go to “market-based” pricing effective 1-1-06 for default supply service and developed rules (issued at the end of 2004) that referenced auctions as a means of establishing prices. Utilities and customers alike testified that the wholesale market was not ready (functional) to support effective retail competition and Ohio has approved rate stabilization plans (RSPs) to protect customers from rate shock and a poorly structured and developed market. These RSPs, most of which run through 2008, are strong evidence from the PUCO that the “market” is not yet ready to take on the chores of regulation.

The PUCO has pursued auctions as a means of testing the merit of RSPs in both the case of FE and DP&L. The Ohio Commission’s auction process for FE indicated that RSPs were better for customers largely because of the much higher prices produced by the auction process. Of course, the auction process was overlaid on fundamental uncertainty regarding the cost, size and shape of RTO day 2 markets and the latest wrinkle in our “manage the seams” contest. In the DP&L process, the PUCO, Ohio’s residential advocate and a group of competitive retail suppliers spent months developing a competitive bidding process that would allow customers to elect (voluntary) the competitive bid option. After months of work, the bidding commenced and no suppliers (not even the ones who worked on developing the process) bothered to submit a bid. More than 60,000 DP&L customers signed up expressing an interest in the competitive bidding option.

Mon Power is the only utility serving load in Ohio that refused to file a rate stabilization plan. It said it transferred its generation to an unregulated affiliate and that it no longer had generation to serve Ohio. As a result, its 68,000 customers located in mostly rural and economically challenged SE Ohio were looking at “market” prices and 50 to 80% increases in their historically low rates. The PUCO put some pressure on AEP and AEP has taken over the service area with Mon Power’s customers now on AEP’s RSP. AEP is obtaining generation supply from Mon Power to serve the same Ohio customers at a price substantially lower than the “market price” that Mon Power demanded based on the claim that it did not have the generation which it is now selling to AEP. Several larger customers in the area solicited competitive bids and saw the market as the best option for putting their Ohio operations out of business. Without the default supply option and RSPs, market-based electric prices in this area would have devastated the local economy (schools and their tax base included).

AEP has a proposal pending before the PUCO that would require Ohio retail customers to guarantee cost recovery for a 600 MW IGCC plant asserting that the market will not support investment in this capacity. In local meetings, AEP has represented to customers that support of this proposal will help to bring back regulation.

Corporate separation and functional unbundling might have been expected to get better attention paid to the wires (distribution and transmission) businesses which remain regulated. But we continue to see poor service and reactive programs (rather than predictive and preventative programs). Plus, corporate separation is often used as an excuse for why problems can't get fixed (people in the same company are not allowed to talk to each other). Service reps are responsible for particular functions or tasks and no one is responsible for providing value to customers.

AEP and Cinergy both filed proposals to move generation assets to EWG status based on the claim that the move would enhance competition. Both pulled back well before the EPA of 2005.

NOPEC, the largest residential/small commercial aggregation program in the Nation, was notified by Green Mountain last year that Green Mountain was leaving town. NOPEC could not find another supplier. FE is now providing the generation supply to NOPEC customers through an accommodation that FE was willing to make as part of its RSP-related activities.

When incumbent generators can sell to PJM at spot prices set by natural gas prices at record high levels, there is no motivation for generation suppliers to trouble with retail customers and the responsibilities that come from being a certified retail supplier. The utilities' presentations to the investment community frequently feature glowing projections about the upside in revenue growth that is ahead as a result of retail customers defaulting to PJM-style prices while the physical supply continues from relatively low cost coal units.

It would be a mistake (I think) to not mention that the opportunity for innovation and customer attentive suppliers to creep into the picture depends significantly on lucid leaders appreciating the degree to which natural gas supply/demand problems are setting the stage for electric problems. Here in ECAR, 24% of the electric generation (kWh) in 2010 will be from natural gas fired units. Natural gas tends to dictate the floor price for coal. The ripple effects of our natural gas problems hit choice and non-choice states. Liquidity has declined with the exit of Enron. Gas is a mess (largely as a result of policy and implementation choices) and there is no where for electric to hide even if we were doing things right on the electric side.

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October 11, 2005

TESTIMONY BEFORE PUCO

Good morning. My name is Bob Flygar. I am the Manager of Commercial and Site Services at Eramet Marietta Inc. and represent our 415 employees. As things presently stand, Eramet is one of the major industrial employers in Southeast Ohio. We produce manganese ferroalloys that are essential in the steelmaking process; hardeners used in the aluminum industry; and high purity chromium alloys used in the specialty steel and superalloys industries. Our annual payroll is approximately \$32 million. We are one of the major sources of tax revenues in the area with more than \$3 million paid annually in state and local taxes. We provide benefits to over 700 retirees. We support local charities and activities with financial contributions and employees who volunteer their time. We purchase approximately \$25 million in goods and services from local businesses and in addition, approximately \$21 million of electricity. Our direct impact on the local economy is approximately \$65 million per year.

Eramet is the largest consumer of electricity in the Mon Power Ohio service territory. Annually, we consume approximately 700,000,000 kWh of the approximately 1,700,000,000 kWh consumed in the service territory. Electricity is approximately 20% of our production cost at our current electricity prices. Any change in the electricity price influences Eramet more than any other consumer in the Mon Power Ohio service area.

The transfer of Mon Power's Ohio service territory to Columbus Southern Power, as proposed, imperils Eramet's viability in Southeast Ohio and works against the goals of the Market Development Period ("MDP") and the Rate Stabilization Plans ("RSP"). As I understand it, one goal of the MDP and RSP was to avoid rate shock to any customer in Ohio. The joint proposal, if approved by the Commission, will increase Eramet's electricity cost by 33% effective January 1, 2006 on top of the 16% increase that occurred in September 2004 when Mon Power would not consider extending Eramet's contract. The 33% increase is the highest increase proposed in the state of Ohio and it means that Eramet's annual cost of operation in Southeast Ohio will go up by \$7 million. I think this is rate shock under any definition of the term and it is of little or no consolation that Mon Power was pushing a proposal that was worse (at least as of January 1, 2006). The rate shock presented by the joint proposal also means the eventual demise of the Eramet plant, its 415 jobs, and the benefits that Eramet Marietta Inc. brings to the local and state economy.

The Manganese Source®

Of course, we recognize that the joint proposal is better as of January 1, 2006 than the "market price" estimates provided by Mon Power. Mon Power initially estimated 50% to 70% increases; Mon Power now claims a 130% increase.

However, the joint proposal's electricity rates (as far as they can be determined) are nonetheless poison for Eramet. If we were subjected to the 7% automatic annual increase in the Ohio Power rate stabilization plan as a benchmark for escalating our current Mon Power rates, our five-year plan indicates that we would break even in Southeast Ohio. Inserting the estimates of the electricity price effects of the joint proposal into Eramet Marietta's five-year plan produces a loss every year for our facility. Our parent company, Eramet SA, has already closed plants in Italy and France due to lack of competitiveness. If the joint proposal is approved as filed, Marietta will not be far behind. The recent surge in natural gas prices in the United States has made this potential large increase in electric prices even more dangerous for Eramet Marietta Inc.

Eramet urges the PUCO to reexamine the joint proposal and also urges the Commission to seek legislative changes to provide the Commission with more tools to manage rate shock risk.

With regard to the joint proposal, one obvious improvement involves elimination of the Litigation Recovery Charge including carrying charges. Why should Mon Power be rewarded for not being willing to respond to the Commission's and customers' requests to submit an RSP? Over the last two years, Mon Power has steadfastly claimed that it could not file an RSP because it did not have any generation to serve its Ohio customers. Now, part of the joint proposal features Mon Power providing generation service to Columbus Southern to meet the requirements of Mon Power's Ohio customers. Is this the type of behavior that should be encouraged - paying Mon Power \$10,000,000 and driving up electric rates to the disadvantage of Southeast Ohio or anywhere else in Ohio? Requiring customers to debate the question of who ultimately pays the ransom that Mon Power is demanding is just what I suspect Mon Power hopes will take place. Mon Power's ransom demand should be rejected. If the Commission does not have the authority to produce reasonable electric rates in Southeast Ohio without giving in to the demands of uncooperative utilities, it should join efforts to obtain legislation that will get the job done.

Another obvious structural problem with the joint proposal is that it leaves undefined the electric price impacts after May 31, 2007. After the uncertainty and threats that we have been subjected to over the last two years, it is very disappointing that the joint proposal will, in short order, throw us right back into the same predicament that we have been trying to avoid.

These obviously needed modifications to the joint proposal will reduce the rate increase and the negative impact for Mon Power customers, eliminate the ransom Mon Power is demanding to get out of the way, and provide some pricing certainty for an extended period similar to that which exists in other areas of Ohio. However, additional measures to avoid rate shock are needed before Eramet will have an opportunity to break even in Southeast Ohio. We are prepared to work with the Commission, Columbus Southern and others to exhaust the search for alternatives – including legislative changes -- that may give Eramet and its 415 employees a chance to survive in Southeast Ohio.

Thank you for the opportunity to testify today.

Robert L Flygar

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**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Certified Territory) Case No. 05-765-EL-UNC
Of Monongahela Power Company.)

**TESTIMONY OF PAUL MOMMESSIN
KRATON POLYMERS**

OCTOBER 11, 2005

Good morning. I am Paul Mommessin, the Health, Safety, Environmental and Technical Manager at the KRATON Polymers' Belpre Plant. Thank you for the opportunity to offer testimony on the impact that the transfer of Monongahela Power's certified territory in Ohio to Columbus Southern Power will have on the KRATON Polymers' Belpre plant.

KRATON Polymers is a global manufacturer and supplier of engineered Elastomeric Polymers. The Belpre Plant is the largest site within the KRATON Polymers business contributing 55% of the total annual business revenue. Products manufactured at the Belpre Plant are sold on a global basis with 20% exported from the U.S.

The Elastomeric Polymers market is a very competitive, global market. KRATON Polymers has over 15 direct competitors with plants located in Europe, Japan, Korea, Taiwan, Mexico and other countries. Many of these competitors are based in countries with lower cost structures than in the United States and many of our foreign competitors export their products into the United States.

The Belpre Plant must have competitive and predictable costs in order to be successful in selling our products on the global market, and to attract capital to grow our business and ensure continued employment. Any negative impact on our competitiveness risks displacing the production from our plant to competitors, or to KRATON Polymers plants in other parts of the world.

As Ohio continues to move to a deregulated electrical supply system, it is essential that we provide the time and a transition process to assure a reliable supply of electricity and to fully develop a market that provides the best possible

pricing in our area. KRATON Polymers has previously expressed its support of the Public Utilities Commission of Ohio's (Commission) efforts to encourage Ohio electric utilities to develop Rate Stabilization Plans to address the volatile market that is likely to occur at the end of the Market Development Period. We continue to support efforts to prevent rate shock and rate instability in Ohio.

Under the proposed terms of the agreement that Columbus Southern Power Company and Monongahela Power Company filed in response to the Commission's directive, KRATON Polymers will see an increase in its electricity rates of approximately 30% or \$1.6 Million in 2006 as compared to 2005. Increases guaranteed under CSP's Rate Stabilization Plan for 2007 and 2008 would result in additional costs of more than \$150,000 each successive year. As discussed below, the proposal leaves us with no ability to determine what prices will be in place after May 2007.

The Belpre Plant has a direct employment of over 400 people and provides further onsite employment for approximately 80-120 contractors. Wages and expenditures in the local community are over \$62 Million. Our property taxes (over \$2.4 Million) are the largest source of funding for the Belpre City Schools District. These increases in electrical costs would require the elimination of the equivalent of 25-40 jobs in our plant to hold costs flat. This increased cost means growth and jobs that could be created or retained here in Ohio are potentially lost to foreign competitors or to other KRATON plants located in other countries.

KRATON Polymers has concerns with three specific issues in the proposed terms of the agreement that Columbus Southern Power Company and Monongahela Power Company filed in response to the Commission's directive.

KRATON Polymers opposes the request to charge Monongahela Power's large Commercial and Industrial customers a non-bypassable surcharge totaling \$10 Million, plus approximately \$3 Million in interest. If this surcharge is approved, KRATON Polymers would be required to pay approximately \$240,000 per year for the next five years to have lawsuits dismissed that have thus far been unsuccessful. It appears that Monongahela Power is trying to achieve its goals by negotiating with a disinterested third party (CSP) who will simply pass the costs on to its customers.

Furthermore, the structure of the non-bypassable surcharge puts KRATON Polymers at risk of even higher costs if other Commercial and Industrial customers in our service territory go out of business during the five year period. If this were to happen, the surcharge would increase to make-up the difference caused by the loss of funding from the other customers. In fact, if the largest customer in Monongahela Power's service territory were to go out of business, KRATON Polymer's surcharge would double to approximately \$480,000 per year. If a surcharge is required, we request that it be limited in terms of absolute percentage and duration to provide rate certainty.

Finally, KRATON Polymers is concerned that CSP has entered into a power sales agreement to supply the power requirements to serve the former Monongahela Power customer load only through May 31, 2007. After that time,

CSP is proposing to conduct a Request for Proposal (RFP) to serve the load from market sources. As I mentioned earlier, KRATON Polymers must have competitive and predictable costs in order to be successful in selling our products on the global market, and to attract capital to grow our business and ensure continued employment.

Capital investments are typically made based on 10-year forecast of sales and costs. In order to effectively forecast manufacturing costs, we must be able to forecast our standard operating costs, which includes electrical costs. Uncertainty concerning the cost of electricity after May 31, 2007 will hurt our ability to forecast our electrical costs, and further negatively impacts our attractiveness as an investment option (relative to other KRATON Polymer manufacturing sites across the globe). We request that the PUCO direct CSP to ensure that the power requirements to serve the former MP customer load be arranged for the full duration of the existing RSP, that is, through the end of 2008.

Once again, thank you for the opportunity to offer testimony on the impact that the transfer of Monongahela Power's certified territory in Ohio to Columbus Southern Power will have on the KRATON Polymers' Belpre plant. We appreciate your continued efforts to help establish a reasonable electric rate that does not adversely affect the citizens and companies located in Monongahela Power's southeast Ohio service territory.

I would be happy to answer any questions you may have at this time.

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Natural Gas Issues

Peggy R. Claytor
Manager - State Government Affairs
The Timken Company
Canton, Ohio

On behalf of
Ohio Steel Industry Advisory Council
Before the
Ohio House of Representatives
Public Utilities & Energy Committee
The Honorable John Hagan,
Chairman

Wednesday, September 28, 2005

INTRODUCTION

Mr. Chairman and members of the Committee, I am Peggy Claytor, Manager - State Government Affairs for The Timken Company. I appear before you today on behalf of The Ohio Steel Industry Advisory Council (OSIAC). The Ohio Steel Council is a public-private partnership designed to strengthen ties among the steel industry, the state of Ohio and its citizens. The Council's member organizations are AK Steel Corp., Lorain Tubular Operations, Mittal Steel USA, Ohio Department of Development, Ohio House of Representatives, Ohio Senate, PRO-TEC Coating Company, Republic Engineered Products Inc., The Timken Company, United Steelworkers of America, V&M STAR, WCI Steel Inc., and Wheeling-Pittsburgh Steel Corp.

We appreciate this opportunity to convey our growing concerns regarding the price and availability of energy within the US, and to convey our sense of urgency as to the need to implement rational federal and state policies that will better secure our energy future.

Collectively, the nine member-steel companies employ approximately 15,000 associates statewide. We spend nearly \$1.5 BILLION annually for energy to operate our Ohio-based plants, of which approximately \$1 billion is spent on natural gas given current market prices.

While OSIAC members are in agreement as to the fundamental problem(s) plaguing energy markets, given the diversity of the Ohio Steel Council's membership, it should come as no surprise that reaching a consensus on what policy positions will be most effective in addressing the problem is difficult at best. For the record, it should be noted that the recommendations I will be discussing today represent a consensus among the nine steel companies within the Council, and do not represent the views of the entire Council. Indeed, there is a minority view within the Council that advocates a substantially divergent point of view---one that would provide a more prominent role for renewable energy sources, as well as increased investment in energy efficient technologies, as the suggested course of action to ameliorate our nation's reliance on fossil fuels.

CURRENT ASSESSMENT & CONCERNS

Few issues affect Ohio and our nation more than energy. Adequate, affordable and reliable energy supplies are essential to economic growth and to our quality of life. While Ohio ranks seventh in population, it is the third to fourth largest energy consuming state in the nation--largely due to its substantial manufacturing base. Given Ohio's heavily industrialized base, high natural gas prices hurt the Ohio economy on a disproportionate basis.

While the focus of today's hearing is on natural gas, our energy challenges span the spectrum of energy sources. As has been noted in earlier testimony before this Committee, there is a tight relationship between supply and demand across all energy sources. High gasoline prices and projections of dramatic increases in home heating costs this winter now dominate the headlines. It won't be long before more folks are alerted to how the price and availability of natural gas affects electricity prices as well.

The second shoe to drop *is* the cost of electricity. Since the administratively calculated market clearing price in the power pools is largely driven by the marginal cost of the last dispatched gas fired generator, wholesale costs and eventually retail costs of electricity will soar due to high natural gas costs. The Ohio steel industry purchases over \$300 million, 8 billion-kilowatt hours of electricity, each year and will bear a huge share of such increased costs.

Hurricanes Katrina and Rita exposed a fragile energy infrastructure that must be upgraded. These natural disasters exposed the vulnerability of concentrating so much of our nation's infrastructure in a small geographic region. They also served to heighten public awareness as to the price volatility that is characteristic of energy markets. But don't believe for a minute that high natural gas prices will disappear once the floodwaters recede, the rubble is cleared and energy production and delivery systems restored to full operating capacity. *Quite the contrary.*

For almost five years manufacturers, homeowners, farmers and other consumers have been adversely affected by the significant impact of high natural gas prices. During that time, the price of natural gas has increased more than 400 percent and the situation continues to worsen. Even before Katrina, the price of U.S. natural gas was among the highest and most volatile in the world---and should we have a cold winter---prices promise to

go even higher. Predictions abound that residential customers in the Midwest are likely to experience an increase upwards of 70% in their natural gas bills during the upcoming heating season.

Ohio's steel industry is especially dependent on natural gas, consuming close to 90,000,000 mcf per year or about 5 mcf per ton. The nearly 400% increase in wellhead natural gas prices over the last five years has placed a crippling burden on Ohio's steel manufacturers, as well as other energy-intensive industries, that utilize natural gas as a feedstock or as a process gas.

Data collected by the American Iron and Steel Institute indicates that:

- ◆ Each one (1) cent per kilowatt-hour increase in power prices costs the steel industry \$410 Million dollars.
- ◆ Each \$1.00 per Mcf increase in the price of natural gas prices cost the industry \$280 Million.

Consequently, it comes as no surprise that the steel industry has long recognized the economic benefits of reducing its energy intensity, and the industry has made great strides in reducing consumption of both electricity and natural gas per ton of steel produced. In the case of The Timken Company, our steel operations have decreased its energy intensity by approximately 30% over the last several years. Other steel manufacturers have shared similar results. That conservation improvement notwithstanding, the most recent price run-up has tripled the natural gas cost per ton from \$25/nt to \$75/nt for Ohio's steel industry. Our employees will soon experience similar increases in their home heating costs and will find no relief in the near term.

There are no "quick fixes", no silver bullets. However, collectively we have an opportunity to beneficially shape the energy landscape for the intermediate and the long term--- but we must be willing to get started now.

RECOMMENDATIONS

Harmonization of environmental and land use policies at both the federal and state level, coupled with structural improvements such as expedited permitting, building new/expanding existing pipelines, will be

essential to alleviate the natural gas crisis. We offer the following recommendations for your consideration:

NATIONAL - The Ohio General Assembly should lobby the Ohio Congressional delegation to obtain their support of the following measures to increase the supply of natural gas, as well as oil, nationwide.

- **Opening of additional federal lands and offshore lands that are currently undrillable due to land use restrictions.** The American Gas Association says there are 1,308 tcf--or 70 years--of total gas supply, but much of it cannot be accessed. According to the Minerals Management Service, we have an estimated 406 trillion cubic feet of natural gas in our offshore areas that federal policies keep off limits to production. These off-limit areas, which were established 24 years ago, reflect an entirely different energy scenario than exists today. Exploration and production technologies were not even remotely as sophisticated or as efficient as today, so environmental concerns that had validity in the 1970's have been answered through advancements in technology. Today's E & P technology enables us to find and produce these energy resources in an environmentally responsible manner.
- **Expedite the permitting process for exploration on federal lands and the Outer Continental Shelf.** Approximately 85% of all federally controlled coastal waters are currently off-limits to energy production.
- **Increase natural gas pipeline capacity and expedite and streamline the approval process for new natural gas pipeline projects.**
- **The FERC and Congress should be lobbied to bring about revisions in the current Power Pool Committee determined price of electricity to meet a just and reasonable standard.**

STATE - Recent tax reform and reformed drilling policies implemented under HB 278 have been correct steps in the direction of encouraging manufacturing and allowing development of indigenous gas and oil reserves. However, this can all be undone if natural gas costs remain at the current outrageous levels or rise further. **The following state actions should be undertaken to mitigate high gas and electricity costs:**

➤ **We urge the General Assembly to readdress the issue of opening Ohio Public Lands and the Great Lakes to oil and natural gas drilling and extraction.** We urge consideration of a more flexible policy that would not foreclose the utilization of technology that provides an avenue for extracting these vast resources without doing damage to the ecosystem.

➤ **We suggest the General Assembly expedite and streamline the approval process for new pipelines to bring additional supplies to Ohio.** The recently announced Kinder Morgan/Sempra pipeline from the Rockies to eastern Ohio should not meet the same fate as the Erie or Independence pipeline projects.

CONCLUSION

We all have a role to play in improving the energy outlook for Ohio and for our nation as a whole. As energy-intensive consumers, Ohio steelmakers will remain vigilant in pursuing implementation of strategies that structurally improve the price and availability of a diverse portfolio of energy supplies. We respectfully ask for *your* active support and leadership on behalf of all Ohio consumers in this critical mission.

Thank you for your kind attention and for this opportunity to share our growing concerns relative to our nation's energy future.

Mr. Chairman, this concludes my testimony. I'll be happy to respond to any questions you may have.

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OxyChem[®]

**NEWS
RELEASE**

FOR IMMEDIATE RELEASE: OCTOBER 25, 2005

Occidental to Close Delaware City Manufacturing Plant

Delaware City, Delaware--Occidental Chemical Corporation ("OxyChem") announced today that it will close its Delaware City, Delaware chlor-alkali manufacturing operations, effective November 10, 2005.

A dry potassium hydroxide processing, packaging and loading facility, along with certain environmental remediation projects, will continue to operate on the site and will initially employ approximately 35 out of the 107 current employees and contractors. Most employee separations won't take place until after several months of decommissioning work.

The chlor-alkali facility has been operating at about half capacity since 2003 for economic reasons.

The facility produced chlorine and potassium hydroxide. These basic chemicals are used to manufacture a wide range of products in the disinfection, soap and detergent, crop protection, plastics and pharmaceuticals industries. Current chlorine and potassium hydroxide customers will be supplied from other OxyChem production facilities.

"We sincerely regret the disruption this decision will cause our workers and their families," said plant manager Sam Morris. "Despite the dedicated efforts by our employees to improve the efficiency of this operation, the plant is no longer economically viable due to the loss of regional product demand and the high cost of electricity and transportation." OxyChem will provide assistance such as severance pay and outplacement services to impacted employees.

Once the chlor-alkali manufacturing assets are decommissioned, Glenn Springs Holdings, Inc. ("GSHI") will manage that portion of the site. GSHI is affiliated with OxyChem and specializes in environmental remediation. GSHI currently manages environmental remediation projects at the plant.

"We will handle the long-term management of this facility responsibly in order to protect the environment and the health and safety of employees and the community," said Morris. "This includes moving forward with the

ongoing groundwater remediation program under the supervision of USEPA Region III and the state."

Occidental Chemical Corporation is a wholly-owned subsidiary of Occidental Petroleum Corporation (NYSE: OXY).

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RE-REGULATION

**CAN HUMPTY DUMPTY BE PUT
BACK TOGETHER AGAIN?**

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I. Illinois Electric Energy Markets

- A. Customer Choice and Rate Relief Law of 1997.**
- B. Phase-in of customer choice between October 1, 1999 and May 1, 2002.**
- C. Utilities required to offer delivery service on an unbundled basis.**
- D. Rate freeze and rate reduction during transition between 1997 and January 1, 2007.**
- E. Utility restructuring during transition period.**

II. Utility Restructuring

- A. Utilities allowed to sell or transfer generating assets with minimum oversight (220 ILCS 5/16-111(g)).**
- B. Most utilities sold or transferred their generating assets.**
 - 1. Sold assets to third parties.**
 - 2. Transferred assets to affiliated entities.**
- C. Mergers/RTO choices**
- D. Unbundled Rates.**
- E. Functional separation/IDC rules.**

II. Utility Restructuring (con't)

F. Declaration of services as competitive (220 ILCS 5/16-113).

1. Service to over 3 MW customers competitive in Commonwealth Edison Company system.

2. No competitive service declaration for Ameren Companies.

G. Transactions on sale or transfer of assets cannot be revisited in subsequent IIEC proceedings. (220 ILCS 5/16-111(g)).

H. Cannot compel utility to build generation. (220 ILCS 8-503).

III. Barriers to Re-Regulation.

A. Utilities no longer own generation.

- 1. Transactions cannot be revisited.**
- 2. Utilities cannot be compelled to build generation.**

B. Utilities still have a franchise.

- 1. ICC cannot compel utilities to offer new tariffed services.**
- 2. Utilities cannot be compelled to offer competitive service.**

III. Barriers to Re-Regulation (con't)

- C. Power procurement method recently approved by ICC.**
 - 1. Difficulty unwinding supply contracts.**
 - 2. Creation of constituency for status quo.**
- D. Creation of constituency for status quo in the form of third party suppliers.**
- E. Lead time for construction of coal fired and nuclear generation.**
 - 1. Coal fired generation - 7 to 8 years.**
 - 2. Nuclear generation - Even longer.**

III. Barriers to Re-Regulation (con't)

F. Valuation of reacquired or purchased generation.

1. Original cost.

2. Reconstruction costs new.

3. Fair value.

G. Ability to retain customer choice.

H. Ability to manage utility costs aggressively.

IV. Fixes - Pros, Cons and Technicalities.

A. Legislative Pros.

1. Some amendments to the PUA.

- (a) Allow ICC to require utilities to build capacity.**
- (b) Allow ICC to require utilities to provide tariffed service.**
- (c) Eliminate competitive declaration provisions.**

B. Legislative Cons.

- 1. Reopens the Act.**
- 2. Endangers customer choice.**

IV. Fixes - Pros, Cons and Technicalities (con't)

C. Possible ICC fixes.

- 1. Declare owner of generation as public utility.**
- 2. Difficulty with Federal jurisdiction.**
- 3. Difficulty with establishment of value for generating assets of new utilities.**

D. Judicial Solutions

- 1. Successful challenge destroys the Customer Choice Law.**
- 2. Also destroys customer choice.**
- 3. Does not mean utilities will recover former generating assets.**

CONCLUSION

Cracking the egg was a great idea at the time of low gas prices, large reserves and low incremental cost markets.

Putting Humpty Dumpty together again would be extremely difficult and may not lead to meaningful changes for nine or ten years and then may not lead to the results desired.

Would we end up with a good egg?



ELCON Winter Workshop

The Fork in the Road: Choosing the Right Path for Future Power Markets

February 8, 2006

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Large Commercial and Industrial Customers' Expectations From Restructuring

- Choice among multiple generation suppliers
- Product and pricing innovation/creativity/efficiency
- Short-term price stability
- Long-term price reductions from traditional regulation: competitively bid new generation construction
- Ability to compete in the national and international marketplace for industry and jobs

Large Commercial and Industrial Customers' Expectations From Restructuring

- Consumer protections
- Maintenance of safety and reliability in the system
- Access to wholesale price
 - PJM cost-based system lambda split savings
- Influx of large commercial and industrial customers to restructured states

What Large Commercial and Industrial Customers Got

- Limited choices of alternative suppliers
- Minimal product/price innovation
- Short-term price stability other than taxes
- Long-term price reductions in comparison to traditional regulation (ECR elimination, capacity growth, inflation protection) – about to expire
- Failure to enhance ability to compete in national and international marketplace (bankruptcies post-1996 by Bethlehem Steel, Carbide/Graphite, Armstrong World Industries, World Kitchen, National Forge, Erie Forge & Steel, Horsehead Resource Development, Anchor Glass)

What Large Commercial and Industrial Customers Got

- Satisfactory consumer protections due to statutory rate caps and PUC vigilance during transition
- Continuation of adequate safety and reliability despite limited pockets of degradation
- Generally no worse off than traditional regulation
- Exposure to market manipulation and market power exertion
- Enhanced demand-side response programs
- Exodus of large commercial and industrial customers to non-restructured states

What Large Commercial and Industrial Customers Got

- Influx of 13,000 MW additional generation (gas fired)
- Increase generator availability from 81% to 86% from 1994-2004
- Decreased forced outage rate by 35%
- \$1 Billion in transmission enhancements
- Extremely complex market structures at wholesale levels

What Large Commercial and Industrial Customers May Get

Generation Prices Under Bundled Tariff vs. Market for a Typical Industrial Customer

	Generation ¢/kWh	Market ¢/kWh	% Market Over Gen.
PECO HT	6.182	8.073	31%
Penelec LP	4.674	7.198	54%
Met-Ed TP	5.057	7.840	55%
Penn Power GT	4.611	6.516	41%
PPL LP5	5.659	7.776	37%
West Penn Sch 40	4.197	7.383	76%
Duquesne Light Rate L			
Fixed Price	4.57	6.847	50%
Variable Price	4.57	6.847	50%

What Large Commercial and Industrial Customers May Get

PJM Reliability Pricing Model (“RPM”) Simulation Results January 2006	
2007/2008 Planning Year	Clearing Price (\$/MW-Day) Base Case
Eastern MAAC	\$106.06
Southwest MAAC	\$93.90
Market	\$16.14

What Large Commercial and Industrial Customers May Get

PJM Reliability Pricing Model (“RPM”) Simulation Results January 2006	
2008/2009 Planning Year	Clearing Price (\$/MW-Day) Base Case
AE	\$121.18
Southwest MAAC	\$102.00
DPL	\$86.91
PECO	\$100.24
PSE&G	\$91.30
JCP&L	\$102.18
Market	\$11.38

What Large Commercial and Industrial Customers Did Not Get

- Robustly competitive retail marketplace of multiple sellers and buyers
- Decreased concentration and ownership of generation resources, particularly peaking resources
- Adequate protection from the exertion of market power and market manipulation
- Consistently lower prices under the rate cap
- Consistent interpretation of EDC tariffs in light of removal from generation business
- Protection from excessive line extension costs
- Benefit from production cost efficiencies

What Large Commercial and Industrial Customers Did Not Get

- Benefit from footprint expansion
- Benefit beyond rate caps of permitting generation asset transfer at book value
- Benefit beyond rate caps of stranded cost payments based on lower forecasted market prices than really occurred
- Benefit from lower cost competitively bid new base load generation
- Benefit from access to PJM wholesale system lambda pricing

What Large Commercial and Industrial Customers Still Need

- Definitive Provider of Last Resort (POLR) rules, regulations, and tariffs
- Short-term and long-term pricing options within POLR service
- Diversity in ownership of generation resources
- More strident market power/manipulation protection
- Electric Distribution Company as active market participant

What Large Commercial and Industrial Customers Still Need

- Enhanced demand-side response program capability in all markets: energy, capacity, ancillary services
- Multiple and innovative retail marketers
- Direct market participation by transmission level customers
- Bilateral contracting capabilities not based on forward LMP, natural gas cost curves
- Return to rational pricing constructs for energy and capacity

Why Commercial and Industrial Customers are Concerned

- Allegheny Energy says:
 - Maryland rates are key driver to earnings growth; \$150 million pre-tax income increase by 2009
 - Earning up “substantially” due to higher market prices
 - Increased Pennsylvania POLR rates as key driver to earnings growth
- AEP says:
 - Earnings growth increased due to increased margins from sales in wholesale markets

Why Commercial and Industrial Customers are Concerned

- Conectiv Energy/Pepeco Holdings, Inc. says:
 - New capacity pricing model provides higher and more stable prices for capacity
 - As PJM excess capacity is absorbed, expect gross energy margins to increase substantially
- Exelon Corporation says:
 - Reliability Pricing Model will enhance price stability and increase overall capacity revenues
 - 2006 earnings growth driven by higher generation margins

Why Commercial and Industrial Customers are Concerned

- PPL says:
 - \$1/MWh electric price increase produces margin increase of \$10 million/yr. 2006-2009; \$57 million/yr. 2010
 - Stock price increased 133% over last five years
 - POLR expiration in 2009 and annual POLR price increases are key drivers of margin growth

Why Commercial and Industrial Customers are Concerned

- PSE&G says:
 - Fuel price increases improve earnings of nuclear fleet
 - Longer term benefits result from natural gas price impact

Questions That Need to be Asked and Answered

- Is electricity sufficiently unique that traditional economic theories of competitive marketplaces simply can't apply?
- Can customers actually benefit from the complex market and pricing structures we have created?
- Are existing generators who obtained assets at book value, recovered stranded costs based on unrealistically low market price projections being over-compensated? If so, at whose expense?

Questions That Need to be Asked and Answered

- Are our current market pricing structures sustainable in the long run?
- Are industrial customers fleeing “competitively priced states” in search of the stability of traditionally regulated states?
- After ten years of experience with locational marginal pricing structures, have these structures delivered on their promises?

Questions That Need to be Asked and Answered

- Should transmission-level customers be permitted to bypass local distribution company?
- Can new base load generation be constructed on competitive bid basis?
- What would PJM's traditional system lambda be today compared to LMP-based market price?
- Is it logical for 90% of PJM generation output by nuclear and coal units to be priced at natural gas for 36% of the hours?