



Regulatory Update

October 2, 1998

Announcements

1. The Full Executive Committee will meet on **November 19 and 20** in Washington, DC to finalize its *National Guidelines for Restructuring the Electric Transmission, Generation and Distribution Industries*. No one has commented on a proposed Executive Committee Meeting for **February 15 and 16** in San Diego.
2. NEMA was well represented at a marketers meeting in NY this week. **NEMA also will be supplying informal and formal comments to Staff on New York's Uniform Business Rules for Implementing Retail Access**. Many thanks to Greg Stickline, Scott Childs, Bruce Ball, Hans Mertens, Carl Pietrykowski and Matt Picardi.

New Jersey

1. **Assembly bill A-10, Introduced September 14, 1998, Sponsored by Paul Digaetano, to restructure the State's electric power and gas industries.** A similar bill in the Senate – S-5 has also been introduced on September 28, 1998. The assembly Act details many reasons for introduction of competitive energy to the State: 1) lower the cost of energy; 2) improve the quality and choices of service; etc.. Certain regulatory authority is mentioned that requires electric and gas suppliers to maintain offices in the State to ensure continued safety, reliability and consumer protections. The Act calls for at least a 5-10% rate cut by all electric utilities by the date retail competition begins.

A press release issued by GPU states that these bills clear the way for changes in New Jersey law to open up the generation portion of the business for competition but is concerned with language that might give unfair advantage to operations owned by utilities based elsewhere. Both the Senate and the Assembly versions feature: initial customer choice no later than June 1, 1999 and full choice by October 1, 1999; unbundling of customer bills; recovery of stranded costs; no financial penalty for consumers who self-generate leaving the system; and ground rules for utilities to provide competitive services. *The Assembly bill A-10 is now on the NEMA site. The Companion Senate bill S-5 will also be put up as soon as it is available.*

Pennsylvania

1. **The PA PUC ORDER ratified on September 24, 1998 the EMERGENCY ORDER from Secretarial Letter Order on August 27, 1998, in PECO Energy's direct access program (R-00973953 ordered on May 18, 1998).** PECO Energy Company is directed to assign a portion of the load reserved for economic development purposes to the "Large GS" class in an amount that will eliminate the need for pro-rating the load shares among these customers. See last week's update for more information.
2. **The PA PUC on September 24, 1998, Tentatively Approves the Applications of Met-Ed and Penelec for Approval of Restructuring Plans – Docket Nos. R-00974008 and R-00974009.** Under the proposed settlement all Met-Ed customers will receive a guaranteed 2.5% rate reduction and all Penelec customers will receive a guaranteed 3.0% rate reduction. **Met-Ed customers will receive a system-average shopping credit of 4.350 KWH and Penelec customers will get 4.404 KWH shopping credit. All customers will have the opportunity to choose an alternative supplier on January 1, 1999.** Other key highlights: 1) consumers will have the opportunity to receive metering and billing services from competitive suppliers; 2) the Companies will complete the divestiture of their generation assets and use the net proceeds to offset stranded costs; 3) transmission and distribution rates will be capped for an additional 3 and ½ years until December 31, 2004; 4) a competitive market for provider of last resort service will be established so that non-shopping customers will have the opportunity to realize savings. Any comments to the Joint Petition or the Appendices by any party of record must be filed on or before **October 8, 1998.** *The Tentative Order is on the NEMA site.*
3. **Joint Petition for Full Settlement of the Restructuring Plans of Met-ed and Penelec – Docket Nos. R-00974008 and R-000974009 – September 23, 1998.** *The joint petition is available on the NEMA site.*

New York

- **NYPSC Staff's Draft proposal for Uniform Retail Access Business Rules – September 21, 1998.** The NY PSC intends to publish Staff's Draft proposal for Uniform Retail Access Business Rules on **October 2, 1998.** Comments will be due 45 days thereafter. This rulemaking and NEMA's comments have been circulated among members earlier this week. Copies of the proposed rules are on the NEMA site.

MISC

- **The Massachusetts DTE approves Five-Month Extension of Bay State Gas Company's Choice Advantage Pilot, September 29, 1998.** Full statewide customer choice is expected to begin April 1, 1999. Pilot customers have saved as much as 11% of their total gas heating costs and indicated very high satisfaction with their gas supplier.
- **Texas-New Mexico Power Company has chosen Gatesville and Olney, Texas, to take part in a Pilot Program for electric choice pilot, September 29, 1998.** Participants in the pilot program will have choice beginning March 1, 1999. The pilot differs from the final plan approved in July, in that the "Community" will select the new supplier rather than the individual customer. Customers can choose to either buy their power from the city or continue to stay with TNMP. The amount of power available is limited to 25 MW.
- **The Safe Energy Communication Council (SECC) in Washington, DC provided a study that claims that electric utilities in 11 states are demanding more than \$112 billion in failed investments – Stranded Costs.** September 29, 1998. The SECC states that it is time for Congress and the courts to stop the largest consumer rip-off scheme in history. The study reports utilities are actually receiving substantial premiums over book value for the plants they have voluntarily divested in recent months.
- **NJ BPU ORDER on Motion by Cellnet Day Systems to intervene in Docket Nos. EX94120585Y, EO97070457, EO97070460, EO97070463, EO97070466, Proceedings to Investigate the Future Structure of the Electric Power Industry. September 14, 1998.** Cellnet's motion was opposed by PSE&G stating that competitive metering issues are not part of this current phase and will be addressed in a second phase commencing later this year. Cellnet will be allowed to participate in that phase, with the Customer Processes Working Group set up to handle such matters.
- **Restructuring in the Alabama Electric Utility Industry – Docket no. 26427.** The Alabama Rural Electric Association, Alabama Municipal Electric Authority and Electric Cities of Alabama have filed a motion for extension of time to file comments on Market Power Issues. They have not been able to hire an expert economist to perform an investigation and study of market power issues by the October 13, 1998 deadline. They want to have the benefit of their expert's testimony before they comment on market power issues. The early part of December was given as the date the expert economist will complete his report.
- **Rulemaking on the Commission's Own Motion To Assess and Revise the Regulatory Structure Governing California's Natural Gas Industry**

Rulemaking 98-01-011. RULING The Administrative Law Judge granted a Motion for Protective Order by PG&E. PG&E moved for a protective order covering the unredacted version of the Rebuttal Market Conditions Report because it contains confidential business information regarding the acquisition of firm generation capacity on the Redwood path. The public (redacted) version will remain under seal for a period of two years from the date of this ruling. PG&E will make the redacted version available to any party that executes and nondisclosure agreement.



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