

**A REVISED 50-STATE STATUS REPORT
ON ELECTRIC RESTRUCTURING AND PUBLIC BENEFITS**

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ABSTRACT

The electric utility industry in the United States continues to experience a period of substantial uncertainty and change. In order to help policymakers, advocates, and other interested parties keep track of recent developments, ACEEE has updated its 1998 study and produced the current report, which provides the latest available information on the status of electric utility restructuring and public-benefit programs in the fifty states and the District of Columbia.

A concise summary of state policy activity regarding electric restructuring is presented, along with (for those states that have restructured) a summary of activity in the public-benefits categories of research and development (R&D), energy efficiency, direct renewable energy funding, renewable portfolio standards, low-income programs, and environmental disclosure. An appendix provides a detailed state-by-state description of the status and background of electric restructuring for each of the states. Those state summaries also describe the scope, funding, administration and duration of any public-benefit programs, as well as other public-benefit-related policies such as renewable portfolio standards and environmental disclosure requirements.

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A Note about Data Quality

Great care was taken in this research and in the preparation of this report to provide accurate information about each state. However, it should be recognized that this is a very complex subject and that circumstances are still evolving and changing. As a result, there is always a possibility of errors, omissions, or material becoming out-of-date. Therefore, if a higher degree of certainty is required, the reader is encouraged to contact appropriate agencies within an individual state if data confirmation, more detailed data, or updated information is desired. (Part of the purpose of this project is to encourage and facilitate communication and information exchange among states.)

If a substantive error is noticed in this report's table or the state summaries, ACEEE would appreciate receiving notification and a description of the correct information. We will make every effort to provide corrected information in any subsequent distribution of this report.

INTRODUCTION

This report presents a review of the status of electric industry restructuring and related public-benefit issues in the fifty states and the District of Columbia. The review includes an assessment of each state in terms of the legislative/regulatory status and background of electric utility restructuring; the scope, funding, administration, and duration of any public-purpose program to be supported under a system benefits charge (SBC); and the existence of other public-benefits-related policies such as renewable portfolio standards (RPS) and environmental disclosure requirements. This study updates a 1998 study conducted by the American Council for an Energy-Efficient Economy.¹ New information for the current report was collected during September 2000 through March 2001. The information was obtained from three primary sources: examination of legislation, regulatory orders and other documentation obtained from individual states; monitoring of state Web sites and other restructuring-related Web sites² for new developments; and telephone interviews with people involved with restructuring in the states (staff from utility commissions, energy offices, energy-related nonprofit organizations, etc.).

OVERVIEW OF ELECTRIC UTILITY RESTRUCTURING

The National Energy Policy Act of 1992 and FERC Orders No. 888 and 889 facilitated the movement toward deregulated wholesale utility electricity sales and purchases in the United States. However, despite numerous legislative proposals, a federal retail electric restructuring law has not been passed. Therefore, the decision on whether or not to restructure its electric utility industry remains a matter for individual states to decide.

¹ M. Kushler, 1998, *An Updated Status Report of Public-Benefit Programs in an Evolving Electric Utility Industry*, American Council for an Energy-Efficient Economy.

² C.H. Guernsey & Company's Electric Restructuring Links: www.chguernsey-econ.com/restructuringlinks.htm

The American Public Power Association's Issue Summaries of State Restructuring Laws: www.appanet.org/general/issues/restruct.htm

Energy Information Administration's Status of State Electric Industry Restructuring Activity: www.eia.doe.gov/cneaf/electricity/chg_str/tab5rev.html

National Association of Regulatory Utility Commissioner's (NARUC) Electric Restructuring Database: www.naruc.whatsup.net/customers/naruc/naruc.nsf/

State of Indiana Utility Regulatory Commission's 2000 Restructuring Activities by State: www.ai.org/iurc/energy/restruct_index.html

National Rural Electric Cooperative Association's (NRECA) Retail Wheeling Report: www.nreca.org/leg_reg/RetailwheelingreportDec00.pdf

The first states to restructure their electric industries (California, New Hampshire, Pennsylvania, and Rhode Island) passed legislation in 1996. Over the next few years, there was a flurry of activity, and nearly half of the states adopted a restructuring policy. However, by mid-2000, the energy shortages and rapidly increasing electricity prices experienced by California (which implemented electric utility restructuring in 1998) gave electric restructuring a great deal of negative national attention. Although most states have at least considered restructuring their electric industries, this negative development has resulted in many states putting further movement in that direction on hold. In terms of current status, the results of the state-by-state review conducted in this study suggest that the states could be grouped into the following categories.

- (1) In 23 states and the District of Columbia, a restructuring law has been passed.³

Arizona,⁴ Arkansas, California, Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Virginia, and West Virginia.

- (2) In one state, a Public Service Commission (PSC) restructuring order has been issued without legislation and the utilities have filed settlement agreements describing how restructuring will be implemented:

New York.

- (3) In two states, there are no final restructuring laws or commission orders, but there has been state legislation to implement a statewide public-benefits program:

Vermont and Wisconsin.

- (4) In the remaining 24 states, the issue of restructuring can be categorized as being under some level of “study.”

Alabama, Alaska, Colorado, Florida, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, North Dakota, South Carolina, South Dakota, Tennessee, Utah, Washington, and Wyoming.

³ In many of these states, restructuring has already been fully or partially implemented. However, in some states that passed restructuring with a longer timetable for implementation, there currently are discussions regarding a possible delay or reversal of the move toward restructuring. (Individual state details are provided in the appendix.)

⁴ In Arizona, restructuring legislation was passed for public electric utilities only. The investor-owned utilities were deregulated through Commission orders that were codified into law.

RATIONALE FOR ALTERNATIVE FUNDING MECHANISMS FOR PUBLIC-BENEFIT PROGRAMS

Utility ratepayers have historically funded a number of different public-benefit activities, including programs to reduce energy use (energy efficiency or demand-side management [DSM] programs), support the R&D of clean and efficient energy technologies, support the needs of low-income customers, promote renewable resources, and support environmental quality. In the regulated utility environment, these ratepayer-funded programs were often managed by utilities with oversight from their PSC.

As utilities began to anticipate competition in the electric industry in the mid-1990s, many of these programs became increasingly vulnerable. Utilities became concerned that paying for such programs would increase their rates and put them at a disadvantage relative to competitive suppliers. Furthermore, if traditional rate of return regulation and integrated resource planning were to be abandoned, it would become economically advantageous for most utilities to sell more and more electricity rather than reduce consumption through energy efficiency programs. Together, these factors have resulted in a substantial decline in utility energy efficiency/DSM program activity. Whereas in 1992, utility spending on energy efficiency programs was projected to increase by over 50 percent from 1994 to 1998, actual spending took a ‘u-turn’ and went **down** by 50 percent from 1994 to 1998.⁵ Similarly, electric utility expenditures on R&D declined by one-third from 1993 to 1996.⁶

The risk that these “public benefits” of a regulated electricity system would be jettisoned in the move to competition has been widely recognized in those states that have thus far proceeded to implement electric restructuring. The various policies that have been adopted to support public-benefit programs in these active states, and the funding levels for those programs, are summarized in Table 1 on pages 5-8. Specified funding levels range from a low of 0.3 mills/kilowatt-hour (kWh) to a high of over 4 mills/kWh. (One mill is equivalent to a tenth of a cent.)

Currently, states that have actively addressed public-benefit programs in legislation and/or regulatory decisions include:

Arizona, California, Connecticut, Delaware, District of Columbia, Illinois,
Maine, Maryland, Massachusetts, Montana, Nevada, New Hampshire, New

⁵ M. Kushler and P. Witte, 2000, *A Review and Early Assessment of Public-Benefit Policies Under Electric Restructuring, Volume 2: A Summary of Key Features, Stakeholder Reactions, and Lessons Learned to Date*, American Council for an Energy-Efficient Economy.

⁶ General Accounting Office, 1996, *Federal Research: Changes in Electricity-Related R&D Funding*, GAO/RCED-96-203. Washington, D.C.

Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, West Virginia, and Wisconsin.

The table on the following four pages presents a handy summary of the public-benefits policies and funding levels for those states that have enacted specific public-benefits policies to date.

In reading that table, the following definitions should be applied:

SBC = System Benefits Charge

R&D = Public-purpose-related research and development

EE = Energy Efficiency

LI = Low Income

RE = Renewable Energy

Million \$ = Average annual spending in millions of dollars

Mills/kWh = Amount of the SBC expressed in mills per kilowatt-hour equivalent

% Rev = Amount of the SBC funding expressed as percentage of utility annual revenues

Admin. = Entity responsible for administering the SBC funded programs

Please note that the data in Table 1 reflects available information as of March 2001.

Table 1. State-by-State Summary of Public-Benefits Policies and Funding

Table 1. State-by-State Summary of Public-Benefits Policies and Funding (cont'd)

Table 1. State-by-State Summary of Public-Benefits Policies and Funding (cont'd)

Table 1. State-by-State Summary of Public-Benefits Policies and Funding (cont'd)

FOCUS OF THIS STUDY

This study sought to identify the status of electric industry restructuring in each of the fifty states. For those states that have taken action regarding restructuring, the study then focused on five specific areas of public-benefit policymaking: (1) energy R&D; (2) energy efficiency programs; (3) renewable energy; (4) low-income programs; and (5) disclosure requirements (e.g., fuel mix, emissions, etc.). The various policies that have been adopted to support public-benefit programs in these states, and the funding levels for those programs, are summarized in Table 1 on pages 5-8. The remaining sections of this report briefly define and describe those five issue areas and list the states that have taken policy actions in each area. Following that material, an appendix provides a comprehensive state-by-state status report for all fifty states and the District of Columbia.

Public-Benefit Energy R&D Programs

Public-benefit energy R&D is generally considered to be research and development with largely external benefits that cannot be captured in the near term by individual companies. Public-benefit energy research can include the full range of research, development, and demonstration activities that will advance science or technology; competitive and regulated markets do not stimulate the full range of these activities. Most of the policy debates regarding public-benefit energy R&D and utility restructuring tend to focus on renewable resources, energy efficiency, and environmental quality.

To date, approximately ten states are addressing public-benefit energy R&D in utility restructuring decisions. These ten states are in various stages of enacting and implementing their different public-benefit energy R&D provisions. The nature of each state's activity is categorized below, with information regarding each state's particular approach provided in the state-by-state summary in the appendix.

- 1) Public-benefit energy R&D programs funded by state legislation or commission order (includes R&D addressed within other public-benefit programs like energy efficiency and renewable energy):

Arizona, California, Connecticut, Massachusetts, Montana, New York, Rhode Island, and Wisconsin.

- 2) States providing various means of unfunded support for public-benefit energy R&D include:

Maine and Nevada.

Energy Efficiency Programs

Energy efficiency programs are promoted in order to achieve a variety of public benefits, including: cutting the energy bills of participating households and businesses; creating jobs and improving the local economy by reducing energy imports; helping to hold down the price of energy by reducing overall demand; developing an energy services infrastructure; and reducing the air and water pollution that results from energy consumption. Energy efficiency programs can also be designed to facilitate market transformation by removing market barriers that prevent the establishment of a private sector, self-sustaining, energy efficiency industry.

Of the 24 states and the District of Columbia that have passed restructuring legislation or issued regulatory orders requiring restructuring, 17 states and the District of Columbia have created explicit provisions for supporting energy efficiency programs as a part of their restructuring process. Beyond those 17 states and the District of Columbia, an additional two states (Vermont and Wisconsin) have passed legislation providing for substantial public-benefits funding to support energy efficiency, even though they have not yet issued orders for full restructuring. Most programs are targeted toward at least maintaining historic energy efficiency spending levels. The status of each state's activity is categorized below:⁷

- 1) States with public-benefits energy efficiency programs under restructuring that are funded by law or commission order:

Arizona, California, Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, Montana, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, and Texas.

- 2) States that have not restructured but have passed statewide public-benefits legislation to fund energy efficiency:

Vermont and Wisconsin.

- 3) State providing various means of unfunded support for public-benefit energy efficiency programs:

Nevada.

⁷ For additional detail on the status and initial implementation of state public-benefits energy efficiency programs, see M. Kushler and P. Witte, 2000, *A Review and Early Assessment of Public-Benefit Policies Under Electric Restructuring, Volume 2: A Summary of Key Features, Stakeholder Reactions, and Lessons Learned to Date*, American Council for an Energy Efficient Economy.

4) States with issue still under study:

Michigan, Oklahoma, and Virginia.

Renewable Energy

Renewable energy is becoming more prominent in many states in order to accomplish such objectives as: improving environmental quality and complying with the Clean Air Act; moving towards energy independence and the associated benefits of keeping energy spending inside the state economy; and satisfying the growing public preference for clean energy sources.

This report focuses on two types of renewable activities. The first, *renewable energy programs*, generally provides direct funding for renewable energy projects and/or credits or refunds to customers for the purchase or use of existing or new renewable technologies (e.g., biomass, solar, wind, geothermal, hydropower, biogas, municipal solid waste, etc.). The second is the *renewable portfolio standard*, which typically specifies that a required percentage of electricity provided by a supplier be based on renewable energy. Generally, the RPS is included in a state's electric restructuring legislation but not funded through the SBC.

Renewable Energy Programs

Fifteen states and the District of Columbia provide funding to support renewable energy programs in their restructuring plans. These 15 states and the District of Columbia are in various stages of enacting and implementing their different renewable energy provisions.

States with renewable energy programs funded by state legislation or commission order:

Arizona, California, Connecticut, Delaware, District of Columbia, Illinois, Maryland, Massachusetts, Montana, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, and Wisconsin.

Renewable Portfolio Standard

Nine states and the District of Columbia include a renewable portfolio standard in their legislation. These 9 states and the District of Columbia are in various stages of enacting and implementing their renewable portfolio standards. The status of each state's activity is categorized below.

States with an RPS included in state legislation or commission order:

Arizona, Connecticut, District of Columbia, Maine, Massachusetts, Nevada, New Jersey, Pennsylvania, Texas, and Wisconsin.

Low-Income Programs

The historic role of low-income programs has been to provide bill payment assistance, weatherization programs, and energy-efficient retrofits of appliances and lighting. For a variety of reasons, in a deregulated environment low-income customers will be in greater jeopardy than under regulation.⁸

To date, the most common strategy for low-income program support has been having a system benefits charge to fund low-income energy efficiency and bill assistance programs. In addition, “supplier of last resort” and other rules regarding consumer protection have developed as protections for low-income customers in response to electric restructuring.

Twenty-one states and the District of Columbia are enacting and implementing electric utility restructuring-related low-income provisions. The status of each state’s activity is categorized below.

1) States with low-income programs funded by state legislation or commission order:

Arizona, California, Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, Montana, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, West Virginia, and Wisconsin.

2) States with issue still under study:

Michigan, Nevada, Oklahoma, and Virginia.

Disclosure Requirements

Disclosure issues are concerned with giving customers the necessary information to make informed choices about the electricity they are purchasing in a competitive market. This typically includes reporting attributes of electricity generation and pricing including fuel mix, fuel emissions, kilowatt-hour price, price volatility, and contract terms.

Twenty-five states and the District of Columbia have either already acted to require disclosure or are actively considering such a policy. Several of these states have not yet restructured but are working on the disclosure issue. The status of states involved in this issue is categorized below.

⁸ For example, see Roger Colton, 1998, “Electric Utility Restructuring and the Low Income Consumer.” In *Selected Readings, 1998 Affordable Comfort Conference*, 5-26, Coraopolis, Penn.: Affordable Comfort, Inc. See also Martin Kushler, James Malinowski, and Nick Hall, 1998, “Serving Low-Income Households in a Competitive Environment: It’s a Tough Job, But Someone’s Got to Do It.” In *Proceedings of the ACEEE 1998 Summer Study on Energy Efficiency in Buildings*, Washington, D.C.: American Council for an Energy-Efficient Economy.

States with disclosure policies included in state legislation or commission order:

Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Illinois, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, and West Virginia.

APPENDIX DESCRIPTION

The appendix, “State-by-State Status Report of Electric Utility Restructuring and Public-Benefit Programs,” contains information on states in alphabetical order. For each state, a short summary of the state's restructuring status and background is presented, along with a summary of any applicable restructuring-related public-benefit programs or policies. Topics include public-benefit energy R&D, energy efficiency, renewable resources, low-income, and environmental programs. Telephone interviews and associated pertinent documents were used to gather the information contained in each state summary.

DISCLAIMER

Many states were involved in ongoing policy deliberations at the time these summaries were written and it is possible that recent events may be missing from the state descriptions. Updates and corrections are welcomed.

APPENDIX: STATE-BY-STATE STATUS REPORT OF ELECTRIC UTILITY RESTRUCTURING AND PUBLIC-BENEFIT PROGRAMS

Terminology in the State Summaries

For each of the states, the history and current status of electric restructuring is briefly described, along with an overview of any public-benefit policies and programs. Each summary contains a description of the following variables.

Legislative/Regulatory Status: Provides a one- or two-sentence description of the status of electric utility restructuring in the state.

Legislative/Regulatory Background: Provides a brief description of actions taken regarding electric restructuring in the state, including any state legislation and/or pertinent Public Utility Commission orders.

SBC⁹ Scope: Lists the types of programs covered by the state's system benefits charge. As defined in this report, system benefits programs include energy efficiency, low-income, renewable energy, and/or public-benefit R&D programs.

SBC Funding: Defines the source and amount (when available) of funding to be spent on the state's SBC programs. (Amounts shown in Table 1 on pages 5-8 indicate average annual funding.)

SBC Administration and Oversight: Describes how the state's SBC will be administered, including identifying the entities responsible for direct program administration as well as broad oversight.

SBC Duration: Gives the starting and (when available) the end date for the state's SBC.

Related Rules/Legislation: Provides the state's Public Utility Commission rules or legislation relevant to the SBC programs.

Renewables Portfolio Standard: Describes the Renewables Portfolio Standard in the state, if one exists. An RPS usually specifies that a required percentage of electricity generated by a supplier be based on renewable energy. Generally, the RPS is included in a state's electric restructuring legislation but not funded through the SBC.

⁹ In order to provide a consistent format, the term "SBC" is used in the summary sub-headings as a generic term to represent any charge that supports public-benefit-type programs. Different states often use somewhat different terminology for their specific funding mechanisms.

Disclosure: Describes the state's policy concerning any requirements that electricity suppliers report the fuel mix and/or fuel emissions of their electricity generation.

Other Pertinent Information: Includes brief descriptions of other consumer-oriented programs that, for the most part, are not covered by the SBC, including net metering programs, consumer retail access education programs, Standard Offer Service, green pricing programs, etc.

Sources: Contains a list of the legislation, orders, reports, articles, etc. used to assemble the information in the state summary.

Web site: Provides the state's Public Utility Commission Web site address.

ALABAMA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In May 1996, the Governor signed a bill (Act No. 96-395) giving the PSC authority to determine whether restructuring would be in the public interest and authorizing full stranded cost recovery through an exit fee if electric restructuring were to occur. No other restructuring issues were addressed in the bill. Several parties challenged the stranded cost recovery in that legislation in federal district court. The judge dismissed the case in July 1998 because no stranded costs had yet been imposed. No legislation regarding restructuring has been passed since that time.

In 1997, the PSC staff began a working group to examine restructuring, and in April 1998 the PSC opened a formal Docket No. 26427 to explore the issue. A schedule for proceedings was established and comments from interested parties were solicited concerning issues such as Public Interest, Regulation, Stranded Costs, Market Structure, Market Power, Reliability, Public Purpose Programs, Tax Issues, Customer Issues, Public Power, Holding Company Issues and Environment. In "Interim Report No. 1, Investigation Into Restructuring In the Electric Utility Industry," the Staff Electric Industry Restructuring Task Force identified Public Interest as a key area of concern expressed by most parties. The consensus of the participants was that all consumers would have to benefit from any changes to the current regulatory scheme to satisfy public interest concerns. It was Staff's position that until the matter of public interest is determined, decisions regarding the other issues should be postponed.

In a Commission order signed February 9, 2000 (Docket No. 26427) interested parties were asked to present their positions on public interest and the Commission's regulatory authority in a competitive environment at an April 17, 2000 hearing. Parties' comments on the hearing were due May 28, 2000. The PSC Staff Task Force reviewed and analyzed the plethora of information that was generated by the inquiry and presented their recommendations and observations in a publication, Report on the Public Interest and Role of Commission (October 2, 2000). In the report, the Staff states that "restructuring of the electric industry in Alabama is not in the public interest at this time ... the Staff does not believe that it has been demonstrated that all consumers in Alabama would continue to receive adequate, safe, reliable and efficient energy services at fair and reasonable prices under a restructured retail market, at this time. This finding does not mean that Alabama should not restructure, but that the time is not right." In addition, the Staff determined that the Commission can not mandate or allow electric utility restructuring without enabling legislation. On October 4, 2001, the Commission issued an order in which it adopted the findings in the report and terminated the docket.

SBC Scope: "Public-purpose programs" is one of the topic areas being discussed in the PSC investigation. Further discussion on the topic has been delayed until a decision is reached on the public interest of electric restructuring in Alabama.

Other Pertinent Information: Alabama is a low electricity cost state and the reaction of policymakers to restructuring thus far has been fairly skeptical.

Energy efficiency programs offered by Alabama Power Company, the state's only regulated electric utility, consist mostly of customer information programs (bill stuffers, etc.) that promote energy efficiency. Low-income programs are "Project Share," based on donated funds from other consumers, and a charge waiver for customers who receive Supplemental Security Income.

Sources: Senate Bill 306, related to stranded costs, enacted May 1996; Initial Order in Docket No. 26427, Investigation Into Restructuring In the Electric Utility Industry, April 7, 1998; Alabama Public Service Commission, Staff Electric Industry Restructuring Task Force, Interim Report No. 1: Investigation Into Restructuring In the Electric Utility Industry, Docket No. 26427, September 8, 1999; Scheduling and Procedural Order in Docket No. 26427, (Investigation into whether Electric Restructuring is in the Public Interest—Hearings to commence April 17, 2000), Feb 9, 2000; Report on the Public Interest and Role of Commission, October 2, 2000; Alabama PSC, Docket No. 26427, Adoption of Report and Termination of Docket, Investigation Into Restructuring in the Electric Utility Industry, October 4, 2001.

Alabama Public Service Commission's Web site: www.psc.state.al.us/

Alabama Public Service Commission's Electric Restructuring Web site:
www.psc.state.al.us/Electric%20Restruct/Electric%20Home.htm

ALASKA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In 1996, a bill to ban retail competition (SB54) was introduced in the legislature but did not pass. In 1998, a bill to ban retail competition and a bill to encourage retail competition were introduced in the legislature, but neither one passed. Legislative Resolve 70 was passed in May 1998 to initiate a legislative study of electric utility restructuring in Alaska.

The Alaska Public Utilities Commission opened docket R 97-10 in October 1997 to begin investigating the retail access option in the state. Comments were solicited from interested parties and public meetings were held. In November 1998, the Legislative Joint Committee on Electric Restructuring and the Alaska Public Utilities Commission released a Request for Proposal (RFP) for a Study of Electric Utility Restructuring in Alaska. Consultant, CH2M Hill, was selected 'to assist in evaluating the risk/rewards and cost/benefits associated with competition in the electric utility industry in Alaska'.

In June 1999, CH2M Hill submitted their final report. The report presents key decisions to be made and possible actions to be taken regarding Rural Issues, Local Choice, Wholesale Competition, Network Integrity, Consumer Issues, Stranded Costs, and Taxes given three restructuring scenarios. A Systems Benefit Charge was discussed as an option in the Rural Issues (related to village electric power systems) and Consumer Issues (Universal service and affordability) sections. Staff's analysis and recommendations regarding the report should be available in the near future.

In July 1999, five new commissioners were assigned when the legislature dissolved the Public Utility Commission and replaced it with the Regulatory Commission of Alaska (RCA).

In March 2000, SB 303 was introduced. This bill proposed the implementation of retail choice in urban areas by September 2001. The legislative session ended before any action was taken on the bill.

In November 2000, the RCA issued Order No. 5 in Docket No. R-97-10, advising Staff to summarize fuel, wholesale electric, and transmission contracts/agreements in the railbelt for review and comment.

Other Pertinent Information: In 2000, the Chugach Electric Association, Alaska's largest electric utility, installed a 1 megawatt (MW) electric generating system consisting of five fuel cells at the Anchorage Mail Processing Center of the U.S. Postal Service. The utility will also operate the system, which is the largest commercial fuel cell system in the nation.

Sources: Legislative Resolve 70, May 26, 1998; History of Docket R-97-10 (from the RCA Web page); Study of Electric Utility Restructuring in Alaska, Request For Proposal, from the: Legislative Joint Committee on Electric Restructuring and the Alaska Public Utilities Commission, November 16, 1998, ASPS # 99-0014; Final Report, Study of Electric Utility Restructuring in Alaska, Commission by: the Legislative Joint Committee on Electric Restructuring and the Alaska Public Utilities Commission, June 30, 1999; Regulatory Commission of Alaska, R-97-10, Order No. 5, In the Matter of Regulations Defining the Future Market Structure of Alaska's Electric Industry, Order Issuing Staff Summary for Review and Comment and Requiring Filings, November 27, 2000.

Regulatory Commission of Alaska's Web site: www.state.ak.us/rca/

Regulatory Commission of Alaska's Web site on R-97-10:
www.state.ak.us/rca/r97010/index.html

ARIZONA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all customers January 2001.

Legislative/Regulatory Background: Restructuring of the investor-owned utilities in Arizona has been based on regulatory decisions of the Arizona Corporation Commission (ACC). In December 1996, the ACC issued Decision No. 59943 adopting rules on retail access and ordering phased-in retail competition beginning in January 1999. The ACC rules are codified in the Arizona Administrative Code at AAC R14-2-1601. Under the original ACC plan, 20 percent of the system would have had retail choice by January 1999, 50 percent by January 2001, and 100 percent by January 2003. In May 1998, the ACC recommended a revision to the plan that specified January 1, 2001 as the date that retail access would be available to all customers. The rules have been through several revisions with the last modification in October 2000 (Decision No. 62924). These rules are currently being challenged in the Arizona courts.

The Commission issued electric competition orders approving Arizona Public Service (APS) Company's Settlement Agreement on October 6, 1999 (Decision No. 61973) and Tucson Electric Power (TEP) Company's Settlement Agreement on November 30, 1999 (Decision No. 62103). An Amended TEP Settlement Agreement was approved on December 1, 1999.

On May 29, 1998, legislation (HB 2663) was signed to implement restructuring in the public power sector in Arizona (the Salt River Project is the second largest supplier in the state). The approach was similar to the ACC's decision for investor-owned utilities, with a phase in beginning January 1, 1999 and full retail access by December 31, 2000.

SBC Scope: In September 1999, in Decision No. 61969, Rule 14-2-1608, the ACC instructed utilities to include an SBC charge in their restructuring plans to fund Commission-approved low-income, DSM, consumer education, environmental, renewable energy, long-term public-benefit R&D, nuclear fuel disposal, and nuclear power plant decommissioning programs. Specific SBC-funded programs were identified in the individual utility restructuring cases.

Over time, however, SBC funding by Arizona utilities began to increasingly focus on renewables programs and less on DSM programs. In ACC Decision No. 62506, signed on May 4, 2000, the Commission adopted an Environmental Portfolio Standard. The Commission ordered ACC Staff to open a rule-making docket on May 31, 2000. The proposed Staff rules provided that all electricity generating utilities must derive at least 0.2 percent of the total retail energy sold from new solar resources or environmentally friendly renewable electric technologies. In addition, the rules proposed that all public-benefit funds (with the exception of low-income funding) be transferred into the Environmental Portfolio Standard budget. In August 2000, in Decision No. 62762, the Commission ordered the Staff to forward the rules to the Secretary of State to be numbered as AAC. R14-2-1618. A public hearing was held on November 9, 2000, following a public comment period. At that hearing, the Commission

concluded in Decision No. 63364 that the EPS Rule should be approved with some nonsubstantive modifications. The ACC Director of Utilities is responsible for establishing workshops or working groups to recommend operating procedures or standards for the implementation of the EPS. The first working group meeting was held February 15, 2001.

SBC Funding: The EPS rulemaking proceeding, prompted by Decision 62506, ordered the companies to transfer the DSM and renewables funding proposed in their restructuring plans into the companies' EPS budgets. TEP's DSM and renewable programs were budgeted at approximately \$2 million/year while APS' DSM and renewable programs were budgeted at approximately \$6 million/year. APS and TEP have committed approximately \$1 million/year and \$2.9 million/year respectively to low-income programs. Low-income monies remain dedicated to low-income programs.

In addition, an approximate match to the DSM/renewables funding will be collected through a separate line item surcharge of approximately \$0.000875/kWh. There is a maximum charge of \$0.35/month for residential customers, \$13/month for most business customers, and \$39/month for business customers using 3 MW or more.

The total annual EPS budget is projected to be approximately \$16 million, plus Salt River Project (SRP) and cooperative funding. SRP has proposed spending \$6–7 million in the first few years and increasing annual expenditures to \$12 million. The cooperatives and citizens will contribute a total of approximately \$1 million annually. Altogether, the EPS budget will be roughly \$24 million/year.

SBC Administration and Oversight: The SBC is administered by the Utility Distribution Company.

SBC Duration: The expected start date for the EPS SBC is May 1, 2001. The SBC will be collected through 2012 unless changed by Commission order.

Related Rules/Legislation: Arizona Corporation Commission Decision No. 59943, Docket No. U-0000-94-165, In the Matter of the Competition in the Provision of Electric Services throughout the State of Arizona, December 1996. Contains the rules adopted by the ACC, which provided a framework for the introduction of retail electric competition in Arizona.

Arizona Corporation Commission Decision No. 61272, Docket No. U-0000-94-165, In the Matter of the Competition in the Provision of Electric Services throughout the State of Arizona, December 1998. Adopted the "Emergency Rules" in Decision 61071 on a permanent basis. The "Emergency Rules" included Standard Offer Service, the System Benefits Charge, and the Solar Portfolio.

Arizona HB 2663, December 1998. Implemented restructuring in the public power sector in Arizona.

Arizona Corporation Commission Decision No. 61311, Docket No. U-0000-94-165, In the Matter of the Competition in the Provision of Electric Services throughout the State of Arizona, January 1999. Stayed the effectiveness of the Rules and related Decisions, and ordered the Hearing Division to begin consideration of further comment and actions in the docket.

Arizona Corporation Commission Decision No. 61634, Docket No. U-0000-94-165, In the Matter of the Competition in the Provision of Electric Services throughout the State of Arizona, April 1999. Adopted modifications to the Electric Competition Rules; eliminated the solar portfolio.

Arizona Corporation Commission Decision No. 61969, Docket No. U-0000-94-165, In the Matter of the Competition in the Provision of Electric Services throughout the State of Arizona, September 1999. Adopted further nonsubstantive proposed modifications.

Arizona Corporation Commission Decision No. 61973, Docket No.s E-01345A-98-0473, E-01345A-97-0773, RE-00000C-94-0165, approving Arizona Public Service Company's Settlement Agreement, October 6, 1999.

Arizona Corporation Commission Decision No. 62103, Docket No.s E-01933A-98-0471, E-01933A-97-0772, RE-00000C-94-0165, approving Tucson Electric Power Company's Amended Settlement Agreement, December 30, 1999.

Arizona Administrative Code Rules, Title 14: Public Service Corporations; Corporations and Associations—Securities Regulation, Chapter 2: Arizona Corporation Commission, Fixed Utilities, Article 2: Electric Utilities and Article 16: Retail Electric Competition.

Arizona Corporation Commission, Docket No. E-00000A-99-0205, Commencing a Rulemaking for the Environmental Portfolio Standard, April 26, 2000.

Arizona Corporation Commission Decision No. 62506, Docket No. E-00000A-99-0205, Renewable Portfolio Standard Developments, May 4, 2000.

Arizona Corporation Commission Decision No. 62924, Docket No. RE-00000C-00-0275, In the Matter of the Arizona Corporation Commission Revising the Rules for Electric Utilities and Retail Electric Competition, October 10, 2000. Adopted further nonsubstantive proposed modifications.

Arizona Corporation Commission Decision No. 63364, Docket No. RE-00000C-00-0377, In the Matter of the Notice of Proposed Rulemaking for the Environmental Portfolio Standard, November 9, 2000.

Environmental Portfolio Standard: Decision No. 62506, signed by the Commissioners in early May 2000, proposed a rule providing that the utilities produce 0.2 percent of their power from

renewable resources in 2001, with at least 50 percent of that from solar electric. It was proposed that the balance of the 0.2 percent could come from solar water heating, solar air conditioning, wind, and other environmentally friendly renewables. Following a rule-making proceeding, the Commission in Decision No. 63364 in November 2000 approved the EPS proposal. The percentage of required retail sales obtained through renewable energy sources will increase each year until 2007, when the maximum percentage of 1.1 percent is met.

Disclosure: Arizona's rule on disclosure (R14-2-1617) specifies that utilities providing either generation service or Standard Offer Service shall, upon request, provide the composition, fuel mix characteristics, and emissions characteristics of the resource portfolio. The Director of the Utilities Division at the ACC is responsible for developing the format and reporting requirements of the consumer label. All written marketing materials targeted to Arizona customers are required to include the disclosure label.

Other Pertinent Information: Section R14-2-1606 requires that electric distribution companies act as the Provider of Last Resort in their service territories. Power purchased by an investor-owned distribution company for Standard Offer Service must be purchased from the competitive market, with at least 50 percent through a competitive bid process. Standard Offer Service is electric service available to all customers who have not selected or cannot select another provider. Companies are allowed to require deposits and advance payments to reduce their risks with Standard Offer Service.

In 1998, a Customer Education Working Group (a self-selected group composed of 27 representatives from investor-owned utilities, public power, cooperatives, energy service providers, consumer groups, and other interested parties) was assembled to prepare a recommendation to the ACC regarding customer education on retail access. Although no specific referral to customer education was made in the ACC rules at that time regarding electric utility restructuring, it was determined by the Commission in February 1998 that a working group be established to address this issue. In July 1998, the Customer Education Working Group submitted its educational suggestions to the Commission. A Customer Information Advisory Panel was established in 1999 to advise Commission Staff.

Both Arizona Public Service Company and Tucson Electric Power Company offer Green Pricing Tariffs.

Sources: ACC Decision Numbers 59943, 60977, 61272, 61311, 61634, 61969; Low Income Issues Working Group Report, July 29, 1998; Customer Education Working Group, Audience/Messages Subcommittee, Recommendations for Customer Education Plan about Retail Electric Competition, July 1998; Arizona HB 2663; Renewable Portfolio Standard, Letter Dated May 7, 1999, and Attachment A; Summary of the Hearing Division's Recommended Order on the Arizona Public Service Company Settlement Agreement, August 31, 1999; Electric Competition Rules R14-2-201 et seq. and R14-2-1601 et seq., as amended by Decision No. 61969, September 29, 1999; ACC Decision No. 61973, Docket Nos E-01345A-98-0473, E-

01345A-97-0773, RE-00000C-94-0165, Arizona Public Service Company's Settlement Agreement, October 6, 1999; ACC Decision No. 62103, Tucson Electric Power Company's Settlement Agreement, November 30, 1999; Tucson Electric Power Company's Amended Settlement Agreement, Decision No. 62103, Docket No.s E-01933A-98-0471, E-01933A-97-0772, RE-00000C-94-0165, December 1, 1999; ACC Docket E-00000A-99-0205, Commencing a Rulemaking for the Environmental Portfolio Standard, April 26, 2000; ACC Decision No. 62506, Docket No. E-00000A-99-0205, Renewable Portfolio Standard Developments, May 4, 2000; ACC Decision No. 62924, Docket No. RE-00000C-00-0275, In the Matter of the Arizona Corporation Commission Revising the Rules for Electric Utilities and Retail Electric Competition, October 10, 2000; ACC Decision No. 63364, Docket No. RE-00000C-00-0377, In the Matter of the Notice of Proposed Rulemaking for the Environmental Portfolio Standard, November 9, 2000.

Arizona Corporation Commission's Web site: www.cc.state.az.us

Arizona Corporation Commission's Electric Competition Web site:
www.cc.state.az.us/utility/electric/index.htm

ARKANSAS

Legislative/Regulatory Status: Restructuring legislation passed; retail choice may be delayed as late as October 2005.

Legislative/Regulatory Background: In April 1999, the Governor signed SB 1556, the Electric Consumer Choice Act of 1999. Act 1556 provides for the initiation of a comprehensive restructuring of the electric utility industry in Arkansas by January 1, 2002 and no later than June 30, 2003. All 22 electric utilities in the state were required to file rates and tariffs by January 1, 2000. Arkansas Public Service Commission Docket No 99-117-A directed the executive director of the General Staff of the Commission to develop a timeline for the docketed proceedings required by the act. Staff's "First Report and Proposed Act 1556 Timeline" was filed in June 1999. In this document, Staff identified five tracks of activities: rulemakings, consumer education, rate and unbundling filings, stranded cost determinations, and market power analyses. Individual dockets on a number of these activities have been initiated. Each electric utility must file an application between January 1, 2001 and April 30, 2001 indicating its transition plan for retail access. A report to the Legislature on the progress of competition was due by January 15, 2001 and then biennially. Municipally owned utilities are not required to offer retail access.

In November 2000, the PSC issued the "Progress Report to the General Assembly on the Development of Competition in Electric Markets and the Impact on Retail Customers" recommending that the date for deregulation be extended to October 1, 2003, through October 1, 2005. The state utilities support the delay.

In January 2001, HB 1337 passed the House and was referred to the Senate for review. The bill proposes that the Commission have the authority to delay electric restructuring in the state in 1-year increments until October 2005.

SBC Scope: None.

SBC Funding: None.

SBC Administration and Oversight: N/A.

SBC Duration: N/A.

Related Rules/Legislation: Arkansas PSC Docket No 99-117, First Report and Proposed Act 1556 Timeline, June 1999.

Arkansas PSC Docket No 00-097-R, In the Matter of a Generic Proceeding to Establish Customer Education Guidelines and Require the Development and Implementation of a General Education Plan, April 2000.

Arkansas PSC Docket No 00-148-R, In the Matter of a Generic Proceeding to Establish Uniform Policies and Guidelines for a Standard Service Package, September 2000.

Renewables Portfolio Standard: None.

Disclosure: The Act states that customers should have access to information necessary to make an informed choice of their electric provider. The PSC shall establish the content and minimum standards for the information to be disseminated by electric providers including rates and disclosure of environmental effects of the generation being supplied.

Other Pertinent Information: The Act requires that each electric provider have a Standard Offer package for its customers who have not selected an energy service provider on or after retail open access. The rates and services provided in the package must be approved by the Commission and may require competitive bidding. For at least 1 year, the rates for the Standard Offer Service must be the same as the rates for comparable services offered immediately prior to the implementation of retail access. In September 2000, the Commission approved uniform policies and guidelines for a Standard Offer Package in PSC Docket No 00-148-R, Order No 7, and directed all jurisdictional utilities to file their company-specific Standard Service Package tariffs in accordance with the order.

In PSC Docket No 00-097-R, Order No. 4 (June 2000), the Commission approved Staff's amended guidelines regarding consumer education on electric retail access. Staff's consumer education guidelines include the use of a wide array of media to provide competitively neutral, cost-effective, and easily accessible information to customers regarding the electric retail access market. Information regarding a standard service package, itemized billing, reliability and safety, customer protections and rights, and confidentiality of customer-specific information will be included in the program.

SB1556 specifies that the Commission was to adopt appropriate rules to insure the evaluation of the impact of competition on renewable energy development and low-income and energy efficiency programs.

Sources: Arkansas PSC Docket No 99-117-A; Arkansas PSC, Report on Restructuring the Arkansas Electric Utility Industry, October 1998; Arkansas SB 1556, The Electric Consumer Choice Act, April 1999; Arkansas PSC Docket No 00-097-R, April 2000; PSC Docket No 00-148-R, Order No 7, September 2000; Arkansas PSC Progress Report to the General Assembly on the Development of Competition in Electric Markets and the Impact on Retail Customers, November 2000; Arkansas HB 1337, January 2001.

Arkansas Public Service Commission's Web site: www.state.ar.us/psc

Arkansas Public Service Commission's Electric Deregulation Web site:
www.state.ar.us/psc/dereg.htm

CALIFORNIA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all customers March 1998.

Legislative/Regulatory Background: In September 1996, the Governor signed AB 1890 into law. The law mandated that the transition to open access begin by January 1998 and cumulative rate reductions for residential and small commercial customers of at least 20 percent be in place by April 1, 2002. In May 1997, the California Public Utilities Commission, charged with implementation of retail access, chose to open access for all customers beginning January 1998. Open access was subsequently delayed until March 31, 1998 due to computer problems at the Independent System Operator (ISO) and Power Exchange in California. AB 1890 included provisions for a 4-year system benefits charge. In September 2000, AB 995 extended California's system benefits charge an additional 10 years.

In mid-2000, San Diego Gas & Electric (SDG&E) was the first electric utility company in California to complete collection of its generation-related stranded costs from industry restructuring. As a result, the company lifted its freeze on retail prices and began to pass through wholesale purchase costs to its customers. SDG&E customers thus became the first electric consumers in California to bear the full cost of electricity, which tripled in the summer of 2000 due to electric shortages. The Governor responded to the drastic price increases by signing two bills in September 2000: AB 265, which spreads price increases over several years and caps rates for residential and small business customers in the San Diego area to \$.065/kWh through December 31, 2002, and AB 970, which speeds up the approval process for new power plants.

SDG&E, Pacific Gas and Electric Company (PG&E) and Southern California Edison contend that because they have been purchasing power at wholesale prices higher than what they can charge customers under the rate freeze, that they should be able to pass the costs of the rate cap to consumers once their rates are deregulated (March 2002—PG&E and Southern California Edison and December 2002—SDG&E). This issue is currently under debate.

On February 1, 2001, the Governor signed AB 1 which authorized the California Department of Water Resources (DWR) to purchase power on behalf of all consumers of investor-owned utilities (IOUs) and sell the electricity to the consumers. Customers will be charged a "California Procurement Adjustment" (CPA) which is the difference between the existing energy component of retail rates and the costs associated with retained utility generation contracts. For the time being, customers will not be allowed to leave a utility to take direct access service from another provider. All consumers will be charged for power procured by the DWR.

The electricity supply shortages and dramatic price increases in the last half of 2000 and early 2001 led to an electricity crisis in California, including rolling blackouts. As of this writing, there was not yet a solution to the massive problems California has been experiencing under restructuring.

SBC Scope: AB 1890 provides funding for four public interest programs: (1) cost-effective energy efficiency and conservation; (2) public interest research, development, and demonstration (RD&D) to advance science or technology not adequately provided by competitive and regulated markets; (3) California-based renewable energy resources; and (4) low-income services. Renewable resource programs are further subdivided into (1) existing technologies (divided even more into three tiers for: biomass, solar thermal, and waste tires; wind; and geothermal, small hydropower of 30 MW or less, biogas, and municipal solid waste); (2) new technologies; (3) emerging technologies; and (4) a customer-side account (to stimulate a consumer-driven market for renewable energy).

SBC Funding: AB 1890 requires that IOUs in California provide funding for the above programs through a nonbypassable wires charge based on usage. Publicly owned utilities (i.e., municipal utilities) are also required by AB 1890 to establish a nonbypassable wires charge to fund any or all of these four programs at not less than the lowest expenditure level of the IOUs on a percent of revenue basis. Public power systems manage their own energy efficiency, renewable energy and RD&D investments.

The total IOU program cost is approximately \$500 million/year on average (about 3 percent of revenues or 3 mills/kWh). Funds are allocated as follows: energy efficiency: \$228 million/year (about 1.3 percent of revenues or 1.3 mills/kWh); renewable energy: approximately \$135 million/year (0.8 percent of revenues or 0.8 mills/kWh) (45 percent existing, 30 percent new, 10 percent emerging, 15 percent consumer-side); RD&D: \$62.5 million/year (0.4 percent of revenues or 0.4 mills/kWh); and low-income: \$81 million (0.5 percent of revenues or 0.5 mills/kWh). (Note: The above funding for energy efficiency does not include small IOUs and municipal utilities, which is estimated to be approximately \$140 million/year. Also, it does not include approximately \$45 million/year for natural gas energy efficiency programs or the \$700,000 that the utilities retained for annual transmission and distribution-related public interest RD&D.)

SBC Administration and Oversight: Originally, in February 1997, the California Public Utilities Commission (PUC) established a system in which a Commission-selected California Board for Energy Efficiency (CBEE) would oversee the competitively bid energy efficiency programs (Decision 97-02-014). In this decision, the PUC argued that the main goal for providing the energy efficiency services was to establish an administrative structure that would facilitate the privatization of those services in the marketplace. It was the PUC's position that the environment of deregulation would dissuade the utilities from developing an independent industry that would directly compete with the electricity services they provide. The goal, it said, was no longer to influence utility decision-makers as the monopoly providers of electric services but to transform the market so that customers and suppliers are making sensible energy service choices. The utilities would be allowed to bid to be administrators and/or implementers of specific programs. However, in December 1997, with the introduction of a number of CBEE-initiated safeguards against potential anti-competitive effects, the PUC agreed to allow the utilities to continue administering the energy efficiency programs and reinstated a modified

shareholders incentive mechanism (Decision 97-12-103). In Decision 98-05-018, the PUC clarified that the administration and implementation of the energy efficiency programs, as directed in Decision 97-02-014, would resume January 1, 1999. In July 1998, the PUC authorized the issuance of a Request for Proposals (RFP) for energy efficiency program administrators to begin January 1, 1999 (Decision 98-07-036) but that was subsequently rescinded. With the passage of several additional decisions and resolutions (Decision 99-03-056, Decision 99-08-021, Resolution E-3578, and Resolution E-3592), the administrative authority over the energy efficiency programs was to remain with the utilities at least through 2001.

In July 1999, the Governor signed Assembly Bill 1105 (1999 Stats., Chapter 67), which instructed the California Energy Commission (CEC) to prepare a report to discuss issues related to transferring the energy efficiency responsibilities set forth in AB 1890 from the PUC to the CEC after 2001. The CEC delivered a "transition plan report" and an "operational plan report" to the Legislature on December 29, 1999. No action has yet been taken to implement this conceptual plan.

On February 17, 2000, the PUC dissolved the CBEE, effective March 31, 2000. The PUC's Energy Division assumed the CBEE's energy efficiency oversight functions relating to program planning, market assessment, program evaluation, etc.

The CEC administers the RD&D and renewable energy programs. The mission of the RD&D program, as defined in the CEC's PIER (Public Energy Interest Research) Strategic Plan, is "providing environmentally sound, safe, reliable and affordable energy services and products" as well as to "advance science and technology not adequately provided by competitive or regulated markets." The PIER Program includes a broad strategic portfolio of projects balanced across many needs, technologies, time frames, and risk levels. Other key components of the plan include establishing market connections for future RD&D guidance and disseminating learning.

The objective of the CEC's renewable energy program is to further a competitive renewables market in California. Toward that end, the renewables program provides incentives on both the supply and demand side of the market. On the supply side, production incentives are available for both new and existing renewable generation facilities. On the demand side are incentives for consumers who purchase or lease eligible electricity generating systems (i.e., photovoltaics, solar thermal electric, fuel cell technologies that use renewable fuels, and wind turbines of 10 kW or less). Also on the demand side is a financial incentive for consumers who purchase qualifying renewable power from an eligible electricity retailer. Last but not least is a consumer education program regarding renewables.

As with the energy efficiency programs, the PUC, in Decision 97-02-014, decided against continued administration of the low-income programs by the utilities. The Commission supported a Commission-selected Low-Income Governing Board (LIGB) to oversee the administrative process. The LIGB was directed to issue an RFP to hire an administrator of the low-income programs. As with the energy efficiency programs, the utilities were permitted to

bid on the administrative position and/or on the implementation of programs. However, implementation of the low-income programs as directed in Decision 97-02-014 was postponed (Decision 97-12-103) and the utilities were advised to continue to administer the programs until December 31, 1999 (Decision 98-05-018).

On February 17, 2000, the PUC made the decision to retain the LIGB with some changes to its duties and processes. As of April 2000 the group is referred to as the Low-Income Advisory Board (LIAB). One of LIAB's primary responsibilities is to advise the Commission on the standardization of program design and delivery for low-income residents across utilities.

SBC Duration: Originally, AB 1890 established system benefits funding for 4 years, 1998–2001. In September 2000, AB 995 extended system benefits funding an additional 10 years, 2002–2012.

Related Rules/Legislation: California PUC, Decision 97-02-014, Interim Opinion on Public Purpose Programs—Threshold Issues, February 5, 1997.

California Senate Bill 90, October 1997. Regards funding for renewable energy resources and R&D.

California Senate Bill 1305, October 1997. Regards disclosure of accurate, reliable, and simple to understand information on the generation attributes of the energy that retail suppliers of electricity propose to sell.

California PUC, Decision 97-08-064, 1997.

California PUC, Decision 98-07-036, Interim Opinion: Issuance of Request for Proposals to Select Energy Efficiency Administrators, July 2, 1998.

California PUC, Decision 98-04-063, 1998.

California PUC, Decision 98-05-018, 1998.

California PUC, Decision 99-03-056, March 18, 1999.

California Board for Energy Efficiency, Recommendations of the California Board for Energy Efficiency on Selected Policy, Program, and Funding Changes for Program Year 2000 and 2001 Energy Efficiency Programs, California PUC Rulemaking 98-07-037, May 12, 1999.

California PUC, Decision 99-08-021, August 5, 1999.

Renewables Portfolio Standard: None.

Disclosure: Pursuant to SB 1305, the CEC composed disclosure regulations that went into effect October 21, 1998. A “power content label” allows a consumer to compare the resource mix of their retail electricity supplier to that of the California Power Mix (the resource mix of California’s net system power). The label must be included in promotional materials and quarterly updates sent to customers. If a retail mix differs from the California Power Mix, the retail supplier must substantiate its claims in an independent verification process at the end of the year.

Other Pertinent Information: AB 1890 mandated a comprehensive consumer education program regarding retail access. The education program, approved in Decision 97-08-064, included a toll-free number, a “Knowledge is Power” Web site, work with community-based organizations, and printed materials. The Electric Education Call Center was established to serve residential and business customers in 11 languages. The Electric Education Trust had an authorized budget of \$13 million.

AB 995 specifies that on or before January 1, 2004, the Governor shall appoint an independent review panel to submit a report to the Legislature and Energy Commission evaluating the energy efficiency, renewable energy and RD&D programs. The report is due by January 1, 2005.

Sources: Funding and Administering Public Interest Energy Efficiency Programs, August 1996; California AB 1890, September 1996; Memorandum from Mike DeAngelis, CEC, to the Association of State Energy Research and Technology Transfer Institutions, January 1997; California PUC Decision 97-02-014, February 5, 1997; Policy Report on AB 1890 Renewables Funding, March 1997; Strategic Plan for Implementing the RD&D Provisions of AB 1890, June 1997; California SB 90, October 1997; California SB 1305, October 1997; California PUC Decision 97-08-064, 1997; Senate Bill 1305: Electricity Source Disclosure Program, from the CEC Web page, not dated; California PUC Decision 98-05-018, 1998; California PUC Decision 98-04-063, 1998; California PUC Decision 98-07-036, 1998; California PUC Decision 99-03-056, March 18, 1999; CBEE, Recommendations of the California Board for Energy Efficiency on Selected Policy, Program, and Funding Changes for Program Year 2000 and 2001 Energy Efficiency Programs, California PUC Rulemaking 98-07-037, May 12, 1999; California PUC Decision 99-08-021, August 5, 1999; Memorandum from Douglas Long and Gurbux Kahlon, California PUC, to the California PUC Commissioners, January 5, 2000, California AB 995, September 2000; California AB 265, September 2000; California AB 970, September 2000; California AB 1, February 2001.

California Public Utilities Commission’s Web site: www.cpuc.ca.gov

California Public Utilities Commission’s Electric Restructuring Web site:
www.cpuc.ca.gov/static/industry/electric/electric+restructuring/index.htm

California Energy Commission’s Web site: www.energy.ca.gov

California Energy Commission's Electricity Deregulation Web site:
www.energy.ca.gov/restructuring/index.html

COLORADO

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In June 1996, the Commission opened Docket Number 96Q-313E, in the matter of the Inquiry Into Electric Utility Industry Restructuring. The purpose of the docket was to collect and examine information from various parties regarding their perspectives on electric utility restructuring. Based on 90 returned surveys from industrial customers, consumer advocates, etc., the report concluded that restructuring Colorado's electric industry involves many complex and controversial issues in which respondents take nearly every side of every issue. It was determined that the next steps regarding this issue would need to be determined by the General Assembly.

During the 1997 legislative session, eight bills related to electric restructuring were introduced, including a comprehensive bill and a study bill, but none passed. In 1998, several bills were introduced, but the only one to pass was a “study bill” (SB 98-152) to have the Public Service Company of Colorado (PSCo) staff carry out a study of restructuring, under a 30 member “oversight committee,” the Electricity Advisory Panel. Restructuring issues examined by the Electricity Advisory Panel included rate impacts, stranded costs, reliability of electric supply, low-income and consumer protection issues and energy efficiency. The final report was submitted in November 1999 and indicated that the majority of the panel members believed that restructuring was not in the best interest of consumers in the state.

In the event, however, that electric restructuring was adopted in Colorado, the Panel recommended the adoption of a system benefits charge to support utility employee programs and provide assistance to low-income consumers. The Panel recommended that a system benefits charge be imposed on all sales of electricity by utilities subject to competition and separately stated on the consumers' bills. A simple majority (more than 15 participants) voted for a system benefits charge to cushion or offset potential negative impacts of restructuring on rural customers. The Panel did not support a system benefits charge to be used towards rebates or trust funds for customers who purchase qualified renewables or energy efficiency products.

The Panel also made the following recommendations related to public benefits: a uniform electricity disclosure label, standard offer service for customers by the incumbent utility as a default provider, a statewide consumer education program, maintenance of historic levels of investments in renewable resources and energy efficiency for a transitional period, property tax reform, production tax credits, or tax exemptions for renewable energy facilities, green marketing activities, and reliance on energy service company markets to deliver energy efficiency.

No restructuring bills have been introduced to the Colorado legislature since 1998.

SBC Scope: Currently, an SBC does not exist in Colorado. However, SB 163, one of the restructuring bills proposed in 1997, suggested an SBC charge of 4 percent of revenues (about 2.4 mills/kWh or \$85 million) for energy efficiency, low-income, renewable energy and Colorado-based R&D.

Related Rules/Legislation: CPUC Docket No. 98R-536E, Decision No. C98-1176, Rules, 4 CCR-723-3-10, Re: Electricity Generation Consumer Disclosure, Attachment A; January 22, 1999.

Renewables Portfolio Standard: The Governor's Renewable Energy Task Force was created in June 1996. The task force, which includes members from the Colorado Legislature, electric service providers, renewable energy industries, environmental groups, public interest groups, CRES (Colorado Renewable Energy Society), Energy Efficiency Industry, Colorado Public Utility Commission and OEMC (Office of Energy Management and Conservation), supports the commercial development of renewables through an SBC. In a 1997 report, the task force noted that a charge of \$.0005/kWh could increase renewables in Colorado by the governor's goal of 250 MW. The task force believes that an SBC could support the development of electricity produced through wind, biomass, small-scale hydroelectric, photovoltaic and solar thermal generation resources; customer rebates for purchasing green power; and market research and consumer education. In the event of electric utility restructuring and the adoption of an SBC in Colorado, the legislature would determine the amount of the surcharge and appoint the agency to administer this program. If an SBC for renewables is not adopted, the task force suggests the consideration of a Renewables Portfolio Standard or Stranded Asset Recovery.

Disclosure: On January 22, 1999, in Docket No. 98R-536E, Decision No. C98-1176, the Commission adopted regulations requiring suppliers of retail generation services to disclose itemized electricity price and fuel source generation information for the previous year on at least a quarterly basis. The rules require that fuel mixture information be provided for renewables (biomass and waste, geothermal, solar, wind), hydroelectric, coal, natural gas, nuclear, and "other," in terms of percentage of average annual power production.

Other Pertinent Information: In July 2000, the Commission accepted a settlement submitted by the PSCo providing for DSM investment up to \$75 million and 124 incremental MW over the next 5 years (Decision No. C00-1057, Docket No. 00A-008E).

PSCo is accepting voluntary contributions to fund renewable resource development and is currently building several renewables projects. In the company's *Windsource* program, for example, the PSCo offers customers wind-generated electricity in 100 kWh blocks at \$2.50 above standard rates. More than 14,500 customers have signed up to date, including over 250 businesses. Business customers are asked to make a minimum commitment of 3 years to the program.

The Public Service Co. generates approximately 70 percent of the state's electric power.

In February 2001, the Commission ordered Xcel Energy to negotiate a contract for a 162 MW wind energy project as part of the company's 5-year integrated resource plan.

Both PSCo and WestPlains Energy run energy efficiency programs, run low-income programs in compliance with Commission decisions and contribute to other low-income programs as authorized by state law. The energy efficiency programs are funded through a rider on rates that is annually reviewed and approved by the Commission. The low-income programs are funded by unclaimed funds for overcharges and unclaimed utility deposits.

Low rates and ample public power reduce the urgency for deregulation in this state.

Sources: CPUC, Docket No. 96Q-313E, In Re: The Restructuring of the Electric Industry in Colorado, not dated; Renewable Energy in Colorado's Future, Recommendations of the Governor's Renewable Energy Task Force, November 1997; Colorado SB 98-152, A Bill for an Act Concerning an Evaluation of the Regulatory Structure of the Retail Electric Industry in the State of Colorado, and, in Connection Therewith, Establishing an Electricity Advisory Panel, Commissioning a Study of the Issue Involved, and Making an Appropriation, May 1998; CPUC Docket No. 98R-536E, Decision No. C98-1176, Rules, 4 CCR-723-3-10, Re: Electricity Generation Consumer Disclosure, Attachment A; January 22, 1999; Colorado Electricity Advisory Panel Evaluation Study Report, November 1, 1999; CPUC, Decision No. C00-1057, Docket No. 00A-008E, Initial Commission Decision, In the Matter of the Application of Public Service Company of Colorado for an Order Determining Whether the Size and Load Impact of the Demand Side Management and Renewables Segments of its 1999 Integrated Resource Plan Maximize the Public Interest, July 13, 2000.

Colorado Public Utilities Commission's Web site: www.dora.state.co.us/puc/

Colorado Governor's Office of Energy Management and Conservation, Renewable Energy Task Force Web site: www.state.co.us/oemc/pubs/recf/

CONNECTICUT

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting January 2000 with choice available to all customers July 2000.

Legislative/Regulatory Background: On April 29, 1998, the Governor signed Substitute Public Act 98-28 (House Bill No. 5005) to implement restructuring in Connecticut. The Act allows customers in “distressed municipalities” to have choice on January 1, 2000, with all customers in the state eligible for retail access on July 1, 2000. The restructuring legislation requires a 10 percent rate reduction beginning January 2000 through 2003.

SBC Scope: The legislation (PA 98-28) includes specific line charges for renewable energy, energy efficiency, and low-income programs. Funding is also provided for R&D. In addition, the Act requires a renewable resource portfolio as described below.

SBC Funding: PA 98-28 includes a 3.0 mills/kWh charge to support energy conservation and load management as well as a renewable energy investment charge of 0.5 mills/kWh, increasing to 0.75 mills/kWh on July 1, 2002 and 1.0 mill/kWh on July 1, 2004. Low-income programs (bill payment assistance) are to be funded out of an additional system benefits charge (which includes other elements such as public education, decommissioning charges, etc.) to be established by the Connecticut Department of Public Utility Control (DPUC).

SBC Administration and Oversight: Energy efficiency will be administered by the distribution utilities, with a management board appointed by the DPUC to provide oversight. The board will help the distribution companies prepare a comprehensive energy efficiency/market transformation plan that must be approved by the DPUC. It is required that all programs included in the plan pass a benefit-cost test. Each electric distribution company will keep a separate Energy Conservation and Load Management Fund. Disbursements from the Fund, for projects included in a plan, must be approved by the DPUC. Beginning on or before January 31, 2001, annual reports to the legislature are required. These reports are to include expenditures, fund balances, and benefit-cost analyses for the previous year’s programs. Administrative costs are not to exceed 5 percent of the total revenue collected. Low-income programs will also be overseen by the DPUC.

Renewable energy will be administered by the quasi-public agency Connecticut Innovations, Incorporated. Renewables charges are to be deposited into the Renewable Energy Investment Fund by the distribution companies. The chairperson of the board of directors of Connecticut Innovations, Incorporated will assemble an advisory group to assist in the management of the Fund and the development of a comprehensive renewables plan for the state. The Fund will cover a variety of investments (grants, contracts, R&D, training, installation of renewable technologies, etc.). The advisory board is required to write an annual report for the legislature describing Fund activities and expenditures.

SBC Duration: Payment of the public-benefit, renewables, and conservation and load management charges began January 1, 2000. Currently there is no end date for the charges.

Related Rules/Legislation: Connecticut DPUC Docket No. 99-03-35, DPUC Determination of the United Illuminating Company's Standard Offer.

Connecticut DPUC Docket No. 99-03-36, DPUC Determination of the Connecticut Light and Power Company's Standard Offer.

Renewables Portfolio Standard: A two-tiered system is put in place. For “Class I” renewables (solar, wind, sustainable biomass, landfill gas, and fuel cells), the level starts at 0.5 percent in 2000 and increases to 6.0 percent by 2009. For “Class II” renewables (hydro, other biomass, and trash to energy) the level starts at 5.5 percent in 2000 and increases to 7 percent by 2009. Electric suppliers can satisfy these requirements by participating in a state-approved renewable energy trading program. Suppliers that provide all of their energy through Class II renewables do not have to meet the requirements. Per PA 99-225, electric suppliers can defer meeting the renewables RPS standard for 2 years if approved by the DPUC.

Disclosure: Electric suppliers must provide customers with written information on rates, resource mix, and emissions.

Other Pertinent Information: Distribution companies must provide net metering. Upon request by a customer, the distribution company must provide the interconnection and the equipment to meter the customer’s consumption and production, and calculate the net difference.

The Act advises the DPUC to develop a public-benefits fee for self-generation facilities that began operation on or after July 1, 1998. The department is also to devise a mechanism to identify self-generation facilities and to enforce payment of the fee. Some types of self-generation facilities are exempt from paying the exit fee such as facilities exclusively serving one to four residential units. The Department has determined that no exit fees are needed at this time.

The DPUC was also given responsibility in the Act to hire a contractor to aid the Department in the development and implementation of a broad consumer education program regarding retail access. The Consumer Outreach Plan was presented to the General Assembly in December 1998. The education program currently underway by the Department includes a multitude of approaches including an electric restructuring Web site for customers, cable TV, radio and newspaper ads, bill inserts, speaking engagements, and legislator education.

A tax exemption was approved in PA 98-28 for solar energy electricity generating systems installed in single family dwellings or multi-family dwellings with two to four units. The systems must be installed prior to October 1, 2006 and the exemption is applicable for the first 15 years following installation.

PA 98-28 guarantees a “Standard Offer” electricity service option with a 10 percent rate reduction from December 31, 1996 base rates. Each distribution company must make this Standard Offer Service available to customers who either choose this option or have not selected an electric supplier. The Standard Offer service began January 1, 2000 and will continue through January 1, 2004.

The Act also requires the Connecticut Department of Environmental Protection to establish air quality performance standards for generating facilities located in North America that supply power to end-users in the state.

HB 5005 mandates that the DPUC and the Office of Consumer Counsel conduct a joint study on default service. Their findings are to be reported to the Connecticut General Assembly by January 2002.

Sources: Electric Power Alert, June 4, 1997; Connecticut PA 98-28, An Act Concerning Electric Restructuring, April 1998; Kevin E. McCarthy, Principal Analyst, Office of Legislative Research, Summary of Electric Restructuring Legislation, not dated; DPUC, Consumer Education Outreach Program (CEOP), December 1998.

Connecticut Department of Public Utility Control’s Web site: www.state.ct.us/dpuc

Connecticut Department of Public Utility Control’s Electric Restructuring Web site: www.dpuc.state.ct.us/electric.nsf/All?OpenView

DELAWARE

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting October 1999 with choice available to all customers by April 2001.

Legislative/Regulatory Background: Delaware's restructuring legislation, The Electric Utility Restructuring Act of 1999 (HB 10), was signed into law in March 1999. The retail access availability date varies by utility and customer class. Conectiv (formerly Delmarva Power & Light) customers with a peak monthly load of 1,000 kW or more could choose their own suppliers October 1, 1999. Conectiv customers with a peak monthly load of 300 kW or more could choose their own suppliers January 15, 2000. All other Conectiv customers, including residential customers, could choose their own suppliers October 1, 2000, 18 months after enactment. Delaware Electric Cooperative (DEC) customers with a peak monthly load of 1,000 kW or more could choose their own suppliers April 1, 2000. DEC customers with a peak monthly load of 300 kW or more could choose their own suppliers July 1, 2000. All other DEC customers, including residential customers, can choose their own suppliers effective April 1, 2001, 24 months after enactment. Municipalities are on their own schedule with a reciprocity agreement.

Conectiv filed its restructuring plan on April 15, 1999 (Delaware PSC Docket No. 99-163). The Commission issued Order No. 5206 approving Conectiv's restructuring plan on August 31, 1999. DEC filed its restructuring plan on September 15, 1999 (Delaware PSC Docket No. 99-457). The Commission issued Order No. 5366 approving DEC's restructuring plan February 28, 2000.

A rate freeze will be in effect for Conectiv nonresidential customers at the September 30, 1999 level during its transition period (October 1, 1999 through September 30, 2002). Conectiv's residential customers' rates will be frozen at the September 30, 1999 level during its transition period (October 1, 1999 through September 30, 2003) following a 7.5 percent decrease in rates. All DEC customers will experience a rate freeze at the September 30, 1999 level during its transition period (April 1, 2000 through March 31, 2005).

SBC Scope: Delaware's public-benefit programs include energy efficiency programs and low-income weatherization and fuel assistance programs within Conectiv's service territory. DEC has no public-benefit funding. Also included is a consumer education program intended to provide educational materials regarding retail competition to customers throughout Delaware.

SBC Funding: The low-income and energy efficiency funds are financed by Conectiv customers at the meter. Effective October 1, 1999, the Commission reassigned to the separate transmission and distribution rates of each rate class from the total base rates, 0.095 mills/kWh (approximately \$800,000 annually) to be deposited each month by Conectiv into a low-income fund. Approximately two-thirds of the funding will be spent on low-income weatherization with the remaining one-third going towards energy bill payment assistance. Effective October 1,

1999, the Commission reassigned to the separate transmission and distribution rates of each rate class from the total base rates, 0.178 mills/kWh (approximately \$1.5 million annually) to be deposited each month by Conectiv into an environmental incentive fund (for energy efficiency programs).

The retail competition consumer education program will be designed and implemented by the Consumer Education Working Group. This working group will be composed of representatives of the Commission, electric utilities, electric suppliers, the Division of the Public Advocate, and other interested parties. The executive director of the Commission is appointed chairperson of the working group. The Commission may direct the payment of up to a total of \$250,000 from Conectiv and DEC (apportioned on the 1998 Delaware retail kilowatt-hour sales of each entity) to fund the program.

SBC Administration and Oversight: Conectiv's low-income fund shall be administered by the Department of Health and Social Service's Division of State Service Centers (which currently administers similar federally funded programs). Conectiv's environmental incentive fund shall be established and administered by the Delaware Economic Development Office, in consultation with the Division of the Public Advocate.

SBC Duration: Funding for the programs began October 1, 1999. Currently there is no end date; HB 10 does not sunset.

Related Rules/Legislation: HB 10 (SA 2). An amendment to HB 10 that increased the environmental fund from approximately \$800,000 to \$1.5 million/year.

Delaware PSC Docket No. 99-156, In the Matter of Establishing a Working Group Under 26 Del. C. 1014 (c) to Design and Implement a Consumer Education Program.

Delaware PSC Docket No. 99-163, In the Matter of the Review of a Retail Restructuring Plan Filed by Delmarva Power & Light Company.

Delaware PSC Docket No. 99-457, In the Matter of the Review of a Retail Restructuring Plan Filed by Delaware Electric Cooperative.

Delaware Public Service Commission, Docket No. 49, Rules for Certification and Regulation of Electric Suppliers, August 1999.

Renewables Portfolio Standard: None.

Disclosure: PSC Docket 49 requires that each electric supplier file a quarterly report with the Commission disclosing the proportions of fuel resource mix for the electricity supplied to its customers in Delaware. The reports must include the fuel resource mix for coal, oil, natural gas, nuclear, hydro, solar, wind, biomass, geothermal, and other.

Other Pertinent Information: Conectiv will be the default supplier during its transition period and after that the Commission will designate the default supplier. DEC will be the default supplier during and after its transition period (April 1, 2000 through March 31, 2005).

PSC Docket 49 requires that electric suppliers serving residential and small commercial customers offer their customers the option of net energy metering if a customer generates electricity at the customer's premises. In order to qualify for net energy metering, the customer must also own or operate the electric generation facility, the facility must use renewable resources, the facility must have a capacity of not more than 25 kW and the facility can not be used by the customer to supply electricity to property other than the customer's premises. If, during any billing period, a customer's facility generates more electricity than that consumed by the customer, the electric supplier will credit the customer for the additional power in the following billing period at least at the same price the electric supplier charged or would have charged the customer under the contract.

Sources: Delaware HB 10, The Electric Utility Restructuring Act of 1999, March 1999; Summary of House Bill 10, from the Delaware PSC's Web page, not dated; HB 10 (SA 2); Delaware PSC Docket Numbers 99-156, 99-163, and 99-457; Delaware PSC, Docket No. 49, Rules for Certification and Regulation of Electric Suppliers, August 1999.

Delaware Public Service Commission's Web site: www.state.de.us/delpsc

Delaware Public Service Commission's Electricity Industry Restructuring Web site: www.state.de.us/delpsc/major/erestructuring.html

DISTRICT OF COLUMBIA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting January 2001 with choice available to all customers by January 2004.

Legislative/Regulatory Background: In 1995, the District of Columbia Public Service Commission opened Case No. 945 to investigate whether electric restructuring was in the public interest. Four years later, in December 1999, in response to PEPCO's application to sell the generation portion of its business, the PSC issued Order No. 11576 authorizing the sale of PEPCO's generation assets. Order No 11576 approved a retail access program that would reach 100 percent of the District's commercial customers and at least 10 percent of its residential customers by January 1, 2001. The order also stipulated rate reductions for both residential (7 percent) and commercial (6.5 percent) customers to occur over three phases. The first two rate reductions occurred in January 2000 and July 2000. The third rate reduction will occur with the final sale of PEPCO's generation assets. Rates will be capped at the reduced levels for a minimum of 4 years.

On May 3, 2000, Congress passed Bill 13-284, the Retail Electric Competition and Consumer Protection Act of 1999. This legislation requires the availability of customer choice for all customers by January 1, 2004. In addition, the legislation established a Reliable Energy Trust Fund that covers low-income programs, renewables, energy efficiency and a customer education program regarding retail access.

A Retail Choice Working Group, made up of seven sub-working groups, was assembled to resolve many restructuring-related issues. The sub-working groups focused on: (1) customer protection; (2) customer education; (3) billing and metering; (4) supplier licensing/procedures; (5) code of conduct; (6) technical implementation; and (7) universal service.

The Working Group filed its recommendations in a report to the Commission in May 2000 and the Commission issued a decision on the report in September 2000 (Order No. 11796). This order established a detailed implementation plan for electric restructuring especially regarding consumer protection and certification of suppliers.

Based on Order Nos. 11576 and 11796, the Commission approved the implementation of retail choice for all residential and commercial customers by January 1, 2001. In Order No. 11845, the Commission ordered the unbundling of utility rates and by January 2001, PEPCO had sold all of its generation plants.

On December 29, 2000 in Order No. 11876, the Commission established a Public Benefit Fund. This Reliability Energy Trust Fund was set up to cover universal service (low-income), energy efficiency, and renewable resources programs. In the order, the Commission provided feedback regarding specific programs suggested by the Working Groups. Although the Commission

approved some of the programs, other programs were deferred or rejected. The order established January 1, 2001 as the effective date for approved programs.

The parties were instructed to continue discussions on the energy efficiency programs that had been rejected (and other energy efficiency programs) and to present a comprehensive report to the Commission on or before June 1, 2001 regarding their conclusions. The Commission provided the parties with a number of questions to answer regarding the programs related to cost-effectiveness, administrative costs, administration of the programs, and consideration of programs that have been implemented in other states.

All of the renewable energy resource programs were deferred until after the first year of retail competition. The parties to the proceeding were advised to continue discussing cost-effective, renewable energy resource programs in Working Group discussions. The Working Group was advised that it shall provide the Commission with a comprehensive report on renewable energy resource programs on or before June 1, 2001.

SBC Scope: The system benefits charge approved in the Retail Electric Competition and Consumer Protection Act of 1999 covers a universal service program to assist low-income customers, a program encouraging the production of electricity through renewable energy resources, an energy efficiency program and a consumer education program. The energy efficiency program may include rate discounts, financing for energy service companies' activities, certification standards for energy service companies, financial incentives for owners of low-income residential properties and/or energy efficiency assistance to participants in the universal service program. The renewable energy program may include rebates to customers who purchase electricity from renewable energy sources (solar, wind, tidal, geothermal, biomass, hydroelectric facilities, and digester gas). The PSC will adopt regulations or issue orders to establish these public-purpose programs.

SBC Funding: The Act states that public-purpose program costs are recoverable through an SBC or some other acceptable cost recovery method. The charge will be determined by the Commission and will not vary by customer class. The Act mandates that the charge shall not exceed \$.0008/kWh for 4 years after the initial implementation date. After that time, the charge shall not exceed \$.002/kWh. Each year, the Commission will evaluate the appropriateness of the charge and has the authority to adjust the charge within the caps.

The surcharge will be collected by the electric companies and remitted to the Mayor on a monthly basis. The Mayor will deposit the funding into the Reliable Energy Trust Fund, established by the Act. These funds are to be used exclusively for the public-benefit programs.

SBC Administration and Oversight: The Universal Service Program for low-income customers will be administered by the District of Columbia Office of Energy. The Energy Efficiency Program may also be administered by the Office of Energy.

SBC Duration: May 3, 2000–??

Related Rules/Legislation: DCPSC, Docket No. 558, Case No. 945 Phase II, Order No. 11876, In the Matter of the Investigation into Electric Service Market Competition and Regulatory Practices, December 29, 2000.

Renewable Portfolio Standard: The Act states that before July 1, 2003 and every 2 years after that date, the Commission shall provide a report to the Council of the District of Columbia on the amount of electricity sold in D.C. which comes from renewable energy sources and assess the feasibility of requiring suppliers to provide a minimum percentage of electricity sold from renewable resources.

Disclosure: The Act specifies that the Commission will determine, on a case by case basis, whether it is feasible for a licensed electricity supplier to disclose its fuel mix every 6 months. If it is determined to be feasible, that supplier will disclose its mix of fuels including coal, natural gas, nuclear energy, oil, hydroelectric, solar, biomass, wind and other sources every 6 months. If it is not determined feasible, the Commission will require that supplier to disclose its regional fuel mix every 6 months.

Other Pertinent Information: The PSC will work with the Office of the People’s Counsel and the District of Columbia Office of Energy to develop an educational program on retail access for consumers. The information is to include a comparison of rates and services available from the individual suppliers and will be made available to the public through the Commission’s ordinary means, including posting on the Internet.

Each electric provider must offer a Standard Offer package from the implementation date of retail access through January 1, 2005. Standard Offer Service is electricity service offered to customers who have not selected or cannot select another provider. The rates provided in the package will be set by the Commission and are capped at December 31, 1999 rates until January 1, 2005. On or before January 1, 2004, the Commission will determine the terms and conditions of the service and selection process of a Standard Offer Service provider for the time period after January 1, 2005. The selection of the Standard Offer Service provider for the period following January 1, 2005 will involve a competitive bid process.

The Act allows the Commission to establish a net-metering program. The net-metering equipment must be capable of measuring the flow of electricity in 2 directions and must meet the required safety and performance standards. Net metering measures the difference between the electricity supplied to a customer-generator from the grid and the electricity generated by the customer-generator and fed back into the grid. The customer-generator will be billed for the net electricity supplied by the electricity supplier. The customer-generator may be compensated for the net electricity supplied to the grid depending on the rules established by the Commission. As defined by the Act, a customer-generator is a residential or commercial customer that owns and operates a generating facility that has a capacity of less than 100 KW, uses renewable

resources, cogeneration, fuel cells, or microturbines, is located on the customer's premises, is interconnected with the electric company's facilities and is intended primarily to offset all or part of the customer's own electricity requirements.

Sources: DCPSC, Docket No. 341, Case No. 945, 1995; DCPSC, Docket No. 341, Case No. 945, Order No. 11576, December 1999; District of Columbia Bill 13-284, the Retail Electric Competition and Consumer Protection Act of 1999, May 3, 2000; DCPSC, Docket No. 341, Case No. 945, Order No. 11796, In the Matter of the Investigation into Electric Service Market Competition and Regulatory Practices, September 18, 2000; DCPSC, Docket No. 541, Case No. 945 Phase II, Order No. 11845, In the Matter of the Investigation into Electric Service Market Competition and Regulatory Practices, December 5, 2000; DCPSC, Docket No. 558, Case No. 945 Phase II, Order No. 11876, In the Matter of the Investigation into Electric Service Market Competition and Regulatory Practices, December 29, 2000.

District of Columbia Public Service Commission's Web site: www.dcpsc.org

District of Columbia Public Service Commission's Electric Restructuring Web site: www.dcpsc.org/ci/cch/elec/elec2.html

FLORIDA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In October 1997, the Florida Public Service Commission Restructuring Task Force issued a publication on electric restructuring action in other states and continues to monitor restructuring activities throughout the country.

Florida SB 2020 was introduced in March 2000 to establish a group that would study the state's power needs and electric restructuring. Due to complications caused by a Florida Supreme Court ruling that the Florida PSC lacked the authority to permit siting and construction of merchant plants in the state, the bill died in committee when the legislative session ended in May.

On May 3, 2000, the Governor signed Executive Order No. 2000-127. This order created the Energy 2020 Study Commission, which will determine Florida's electric energy needs over the next 20 years and the best ways to supply those needs in an efficient, affordable, and reliable manner that will ensure adequate electric reserves. The Commission will be made up of 17 members: 13 appointed by the Governor, 2 appointed by the President of the Senate and 2 appointed by the Speaker of the House of Representatives. The Chairman of the Florida Public Service Commission and the Public Counsel will serve as nonvoting members. The Florida Public Service Commission will provide funding for the Study Commission.

In response to this order, the Study Commission will consider in part: projected needs and reliability of fuel supplies; emerging electric technologies (solar, renewables and dispersed generation) and their potential impact on electric supply, the state, the environment and electric policy; the experience of changing regulatory policies in other states; impacts of state and local government taxes on government revenues and electric supply; universal access to electricity and the responsibility to provide it; stranded investments; the separation of electricity generation, transmission and distribution services; and renewables and energy efficiency technologies and programs. The Study Commission will examine the impact of restructuring on: renewables and energy efficiency technologies and programs; services to low-income, elderly and rural customers; economic development and growth in the state; electric utilities and cooperatives and on the current and future electric utility workforce.

The Study Commission's first meeting was held in September 2000. At the meeting, the group decided that it would prepare recommendations on wholesale restructuring to present to the Florida Legislature in January 2001, rather than waiting until the 2002 Legislature as originally determined. Recommendations on all other issues will be presented in 2002. In February 2001, the Study Commission published an interim report on its Proposal for Restructuring Florida's Wholesale Market for Electricity. The proposal recommends a "systematic transition to a competitive wholesale market, but is designed to avoid the problems experienced in California." The proposal includes a 3-year rate freeze for customers and an environmental cost recovery mechanism for the utility companies. The proposal recommends the continuation of the Florida

Energy Efficiency and Conservation Act (FEECA). The FEECA requires that each utility submit energy efficiency goals to the PSC every 5 years. Goals can be achieved through the implementation of cost-effective energy efficiency programs for residential, commercial and/or industrial customers and energy efficiency R&D programs. Once a company's goals are approved, the utility submits an implementation plan to the PSC.

Related Rules/Legislation: Florida Executive Order #2000-127, May 3, 2000. Executive order to authorize, order and direct the creation of the Energy 2020 Study Commission.

Disclosure: The PSC has approved a rule (25-6.093) that requires utilities to disclose quarterly information regarding generation by fuel type through bill inserts.

Other Pertinent Information: All of Florida's main electric utility companies offer residential and commercial energy efficiency, load management and low-income programs. The FEECA, Sections 366.80–366.82, Florida Statutes, require these programs. The programs for the investor-owned utilities are funded through a surcharge on customers' bills, which is adjusted annually based on actual expenditures.

Sources: Florida Energy Efficiency and Conservation Act, Sections 366.80–366.82, Florida Statutes; Florida PSC Restructuring Task Force, States' Electric Restructuring Activities, October 1997; Florida SB 2020, died in the Florida Senate Committee on Governmental Oversight and Productivity May 5, 2000; Florida Executive Order #2000-127, May 3, 2000; Florida Energy 2020 Study Commission, Interim Report, Proposal for Restructuring Florida's Wholesale Market for Electricity, February 2001.

Florida Public Service Commission's Web site: www.floridapsc.com/

Florida Energy 2020 Study Commission's Web site:
www.myflorida.com/myflorida/government/learn/energy_commission/

GEORGIA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In January 1997 the Georgia Public Service Commission held four workshops to address electric restructuring issues in Georgia (Docket No. 97-7313-U). The purpose of the workshops was to heighten awareness of issues related to electric utility restructuring and to examine the advantages and disadvantages of making such a change in Georgia. The workshops were open to the public and presenters included representatives from each sector of the electric industry (investor-owned utilities, municipals, cooperatives, independent power producers, power marketers), consumer advocates, environmentalists, members of the State Legislature, and representatives from the residential, commercial and industrial customer classes. Topics for the workshops included current and proposed industry structure, market power, reliability, stranded costs, public policy, tax implications and other issues related to electric industry restructuring. Parties provided input to the workshops through presentations, white papers, public comments and participation in focus groups.

The Georgia Public Service Commission Staff Report on Electric Industry Restructuring, January 23, 1998, was based on the presentations and positions offered during the 1997 workshops and focus groups. The report concluded that the Commission should continue studying whether electric restructuring is in the best interest of the state. The report proposed an action plan suggesting a number of restructuring-related dockets.

On July 23, 1998, the Georgia PSC ordered Savannah Electric & Power (Docket No. 98-8708-U) and Georgia Power (Docket No. 98-8709-U) to analyze the impact of electric industry restructuring on their 10-year integrated resource plans and future investment decisions.

House Resolution 649, introduced in March 1997, proposed the creation of the House Competitive Electric Service Study Committee. No action was taken on HR 649 and no proposals related to electric restructuring were considered during the 1999 or 2000 Legislative Sessions.

Other Pertinent Information: Low electric rates in Georgia reduce the urgency for retail access in the state.

Since 1973, electric customers with new loads greater or equal to 900 kW have been allowed to choose their electric supplier under the Georgia Territorial Electric Service Act.

Sources: Georgia Territorial Electric Service Act, Official Code of Georgia Annotated-O. C. G. A. Section 46-3-1 through 46-3-15, 1973; Georgia House Resolution 649, introduced March 28, 1997; Georgia Public Service Commission Staff Report on Electric Industry Restructuring, Docket Number 7313-U, January 23, 1998; Savannah Electric and Power Company, 1998

Integrated Resource Plan, Docket No. 98-8708-U, January 30, 1998; Georgia Power, 1998
Integrated Resource Plan, Docket No. 98-8709-U, January 30, 1998.

Georgia Public Service Commission's Web site: www.psc.state.ga.us/

Georgia Public Service Commission's Electric Restructuring Web site:
www.psc.state.ga.us/electric/index2.htm

HAWAII

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In December 1996, the Hawaii Public Utilities Commission issued Order No. 15285 opening a proceeding to investigate issues regarding electric utility competition. Twelve primary issues were the focus of the investigation: feasible forms of competition; the regulatory compact; identification of the state's needs, policies and objectives that may be supported through electric competition; public interest benefits; long-term integrated resource planning; renewable resources; physical facilities needed to support competition; structural changes needed to support competition; appropriate treatment of stranded costs; meaningful customer choice; moral, cultural and ethical values; identification of the objectives and time frame for the introduction of retail access.

In March and April 1997, interested parties (representatives from the PUC, utility companies, consumer groups, businesses, etc.) filed remarks regarding the twelve issues, and in May 1997, assembled to hear experts discuss these matters at a Commission-initiated workshop. At the end of the workshop, the parties formed a Collaborative to attempt to reach consensus on the issues.

In October 1998, the Collaborative, that had met six times following the workshop, assembled a report indicating that they could not come to a consensus regarding retail access in the state. The report consists of position papers from each participating group and was filed with the Commission in November 1998.

At the conclusion of the 1999 legislative session, the Hawaii legislature passed House Concurrent Resolution 22 and Senate Concurrent Resolution 14, requesting a report from the Commission on the status of restructuring in the state. The report was due in January 2000.

The Commission presented the report to the 2000 Legislature. The report summarized the various parties' positions from the Collaborative's November 1998 report. The report identified the Commission's next steps as development of policies to encourage wholesale competition and the continuing examination of other areas suitable for the development of competition.

Other Pertinent Information: Hawaii's situation regarding retail access is unique in that each island has its own utility plant and the utility grids are relatively small and not interconnected.

The Hawaiian Electric Company, the largest regulated electric utility in Hawaii, offers customers residential, commercial/industrial and low-income energy efficiency programs. The budget for these programs was approximately \$11,400,000 in 2000. The programs are funded through rates and surcharges.

A group of business and community leaders are in the process of starting an electric cooperative in Kauai, Hawaii and are currently incorporated as the "Kauai Island Utility Co-op."

Sources: Hawaii PUC, Docket No. 96-0493, Order No. 15285, Instituting a Proceeding on Electric Competition, Including an Investigation of the Electric Utility Infrastructure in the State, December 1996; House Concurrent Resolution 22, Requesting the Public Utilities Commission to Submit a Status Report on Docket No. 96-0493, Instituting a Proceeding on Electric Competition, Including an Investigation of the Electric Utility Infrastructure in the state, April 1999; Senate Concurrent Resolution 14, Requesting the Public Utilities Commission to Submit a Status Report on Docket No. 96-0493, Relating to the Feasibility of Increasing Competition in the State's Electric Utility Industry, April 1999; Hawaii PUC, Investigation of the Electric Utility Infrastructure of the State of Hawaii, Status Report on Commission Docket No. 96-0493, Subsequent to the Adoption of House Concurrent Resolution No. 22, H.D. 2 by the Twentieth Legislature, January 2000.

Hawaii Public Utilities Commission Web site: www.state.hi.us/budget/puc/puc.htm

IDAHO

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In August 1996, the Idaho Public Utilities Commission issued Order No. 26555, Case No. GNR-E-96-1, beginning its investigation into changes occurring in the electric industry. The Commission concluded in this order that “the deregulation of Idaho's electric utilities, without some form of Commission oversight, is not in the best interests of the general body of Idaho's electric utility ratepayers. This declaration should not discourage our regulated utilities from making innovative proposals that are free-market based and in the best interests of all ratepayers.” Also in this order, the Commission recommended continued debate on the policy decision of funding DSM and environmental protection.

In September 1996, the PUC approved an experimental Washington Water Power (WWP) Direct Access and Delivery Service tariff in which WWP's 30 largest customers could choose their own electric energy provider for up to one-third of their electric load. This pilot ended in August 31, 1998.

In March 1997, the legislature passed HB 399. The bill required the unbundling of costs by electric utilities, cooperatives and municipalities, providing service to 1,000 residents or more into generation, transmission and distribution categories

In February 1998, the PUC approved a second pilot program (Order No. 27351). Participants in this 2-year pilot included some of WWP's residential and commercial customers. The pilot was designed to allow participating customers to select from several service options, including a renewable resource option. The pilot was scheduled to end in May 2000. The Commission will do an evaluation of the results after the conclusion of the program.

In a December 1998 report, the Legislature's Council Committee on Electric Utility Restructuring (created under 1997 House Concurrent Resolution No. 2) recommended the opposition of both federal and state actions that would further electric industry restructuring. The report notes the uncertain effect that restructuring would have on Idaho's low electric rates and recommended continued study and monitoring of the issue.

The Governor signed HB 59 on March 23, 1999 appropriating moneys to the Legislative Council to retain a consultant to study the effects of restructuring the electric utility industry. In its final report, published in December 2000, the Legislative Council recommended that "the current system of regulated electrical utility service with cost-based power rates should be preserved to protect Idaho rate payers. Electrical deregulation will expose ratepayers to higher market-based power rates."

Pertinent Information: Idaho utilities offer programs, Project Share and Lend a Hand (Southeast Idaho) which provide financial assistance for residential energy emergencies. The programs are funded by donations from employees, customers and shareholders.

Sources: IPUC Order No. 26555, Case No. GNR-E-96-1, in the Matter of the Commission's Investigation into Changes Occurring in the Electric Industry, September 1996; IPUC Order No. 26615, Case No. WWP-E-96-2, in the Matter of the Application of the Washington Power Company for Approval of a Temporary Tariff Schedule 26, Experimental Direct Access Delivery Service, September 1996; Idaho HB 399, signed March 27, 1997; Idaho HCR2, 1997; IPUC Order No. 27351, Case No. WWP-E-97-11, in the Matter of the Application of the Washington Water Power Company for Approval of a Pilot Program to Allow a Portion of the Company's Residential and Commercial Electric Customer to Choose from a Menu of Energy Service Alternatives (MOPS II), February 1998; Idaho Legislative Council Committee on Electric Utilities Restructuring Final Report, December 1998; Idaho HB 59, signed March 23, 1999; Idaho Legislative Council Interim Committee on Electric Utilities Restructuring Final Report, December 2000.

Idaho Public Utility Commission's Web site: www.puc.state.id.us/

ILLINOIS

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting October 1999 with choice available to all customers by May 2002.

Legislative/Regulatory Background: In December 1997, the Governor signed Public Act 90-561 (HB 362), establishing a deregulation plan for Illinois. Retail choice has been phased in starting in October 1999 for large industrial and commercial customers. Residential customers should be permitted to choose on May 1, 2002. HB 362 required that most residential customers receive a 15 percent rate decrease by August 1998 and another 5 percent rate decrease by May 2002. A June 30, 1999 amendment to the law, SB 24, required ComEd to offer the 5 percent decrease to its residential customers by October 2001, 7 months earlier than the original May 2002 date. Electric co-ops and municipal systems may elect to enter the competitive marketplace, but they are not required to participate. The Illinois Commerce Commission (ICC) has six rulemakings underway to address implementation of the restructuring law.

SBC Scope: PA 90-561 establishes funding for renewable energy, energy efficiency, and low-income programs. A Trust Fund is established for each program. R&D is not specifically addressed, but it might be included as part of the renewable energy funding that would be given in the form of “grants, loans and other incentives to foster investment in, and the development of renewable energy resources.” Renewable energy resources include energy from wind, solar thermal energy, photovoltaic cells and panels, dedicated crops grown for energy production, biomass, hydropower (if it does not involve new construction or significant expansion of hydropower dams), and other alternative sources of environmentally preferable energy. The Energy Efficiency Program is to be directed at residential consumers, especially those with low incomes, and would fund programs like lighting retrofits, window retrofits, insulation, and appliance retrofits.

SBC Funding: PA 90-561 allocates a total of approximately \$83 million/year (about 0.87 percent of revenues or 0.67 mills/kWh). Funds will be collected using multiple specific nonbypassable system benefits charges. A charge of \$0.05/month for residential customers, \$0.50/month for nonresidential, and \$37.50/month for customers using at least 10 MW of power will be equally split between the Renewable Energy Trust Fund and the Coal Technology Development Assistance Fund. Resultant funding for renewable energy (including charges on gas bills) will be approximately \$4–5 million/year (equivalent to about 0.05 percent of revenues or 0.04 mills/kWh). Energy efficiency is funded with \$3 million/year (about 0.03 percent of revenues or 0.03 mills/kWh) contributed by electric suppliers and utilities. Each entity’s contribution is based on the number of kilowatt-hours sold in the year. The Low-Income Energy Assistance Fund will be supported at \$75 million/year (about 0.8 percent of revenues or 0.6 mills/kWh) using a charge of \$0.40/month for residential customers, \$4.00/month for commercial customers, and \$300.00/month for customers above 10 MW in demand. The money will be used for payments to eligible electric or gas utilities, municipalities, and electric cooperatives for provision of weatherization services. There have been discussions and

legislation considered to increase the funding for energy efficiency programs, but no formal action has resulted to date.

SBC Administration and Oversight: Illinois' restructuring Act directs the assembly of a Policy Advisory Council within the Department of Commerce and Community Affairs (the Department). The Policy Advisory Council is to be made up of the director of the Department, the director of Department of Natural Resources, the secretary of Human Resources, the chair of the ICC, nine people appointed by the Governor (three low-income customers or representatives from organizations representing low-income customers, three from public utilities, and three from local agencies), and six people appointed by the director of the Department. Among other responsibilities, the Policy Advisory Council is to ensure effective, efficient, and coordinated program development and implementation; assist in the development and administration of the rules promulgated as a result of the act; and facilitate and coordinate program data collection.

The Department is responsible for administering the renewable energy, energy efficiency, and low-income funds. The Department is in charge of establishing eligibility criteria for grants, loans, and other incentives for the Renewable Energy Resource Program, and accepting applications and granting funding for the program. On a monthly basis, electric suppliers and utilities remit collected charges to the Department for deposit into the Renewable Energy Resources Trust Fund. The Department is responsible for issuing grants, loans, and other incentives to foster the development of renewable energy resources in the state. The Department will also be in charge of establishing the criteria for the Energy Efficiency Program. Contributions for the Energy Efficiency Program shall be remitted to the Department each year and placed in the Energy Efficiency Trust Fund. The Department will disburse funds to residential customers to fund projects that promote energy efficiency in the state. In addition, the Department is in charge of collecting moneys from electric suppliers and utilities for the Low-Income Energy Assistance Program. Each month, the Department is to deposit collected moneys into the Low-Income Energy Assistance Fund. The Department will disburse funds for the low-income program, targeting customers with the lowest income and highest utility bills.

PA 90-561 also mandates the assembly of an Energy Assistance Program Design Group to design a low-income energy assistance program for the period beginning January 1, 2003. This group is made up of representatives from the ICC; the Department of Natural Resources; electric, gas and municipal utilities; electric cooperatives; low-income customers; local agencies; and residential, commercial and industrial customers. On or before January 1, 2002, this group is to provide a report including recommendations to the General Assembly regarding the existing low-income program and the cost of any suggested changes, appropriate measures to encourage energy conservation, and changes to existing legislation.

SBC Duration: The provisions are automatically repealed in 10 years after the effective date of PA 90-561, unless renewed by an Act of the General Assembly.

Related Rules/Legislation: Illinois Commerce Commission Order No. 98-0194, On Its Own Motion, Implementation of Section 16-127 of the Public Utilities Act, October 1998.

83 Illinois Administrative Code 421, December 1998. Implementing Section 16-127 of the Public Utilities Act.

Illinois Commerce Commission Order No. 99-0139, On Its Own Motion Approval of materials produced by the Consumer Education Working Group pursuant to Section 16-117 of the Public Utilities Act and setting requirement for distribution of said materials, March 10, 1999.

Illinois SB 24, An Act to Encourage the Development of Cogeneration and Self-Generation of Electricity, June 1999.

Renewables Portfolio Standard: None.

Disclosure: 83 Illinois Administrative Code 421, implementing Section 16-127 of the Public Utilities Act, and ICC Order ICC 98-0194 require utilities and energy retailers to report generation mix and emissions information on customers' bills on a quarterly basis and require the ICC to post that information on its Web site. Emissions data is to be provided in table format indicating the amounts of carbon dioxide, nitrogen oxides, and sulfur dioxide emissions and high-level and low-level nuclear waste.

Other Pertinent Information: The Consumer Education Working Group has developed a brochure, bill insert, videotape, and Web site to educate consumers on retail access in Illinois. The January 2000 ICC staff report states that discussion with both large and small customers suggest that many people are still confused about their electric options. In response to this, the ICC is expanding its educational efforts.

The Illinois Clean Energy Community Trust was established through Illinois SB 24. This Act specifies that electric utilities, when selling or transferring to a single buyer five or more generating plants located in Illinois with dependable capacity of 5,000 MW or more, and obtaining a sale price that exceeds 200 percent book value, must make a written commitment to invest money. This investment must be outside the corporate limits of any municipality with one million or more inhabitants within such electric utility's service area and must focus on projects, programs, and improvements within its service area relating to transmission and distribution. ComEd, for example, was ordered to invest an additional \$250 million into the Illinois Clean Energy Community Trust. Funded projects should be related to infrastructure expansion, repair and replacement, capital investments, operations and maintenance, and vegetation management. In addition, these electric utilities are authorized to establish an Illinois Clean Energy Community Trust or foundation for the purposes of providing financial support to public or private entities within Illinois for programs and projects that benefit the public by improving energy efficiency, developing renewable energy resources, supporting other energy-related projects that improve the state's environmental quality, and supporting projects and

programs intended to preserve or enhance the natural habitats and wildlife areas of the state. The trust is to be governed by six voting trustees.

All utilities have agreed to provide default service.

In September 2000, the mayor of Chicago announced that the City of Chicago and almost 50 other local government bodies will purchase electric power as a group. The plan requires that 20 percent of the power come from renewable energy. The City issued a request for proposals to the 13 licensed power providers in Illinois.

Sources: ICC Order No. 98-0194, On Its Own Motion, Implementation of Section 16-127 of the Public Utilities Act, October 1998; 83 Illinois Administrative Code 421, Implementing Section 16-127 of the Public Utilities Act, December 1998; Illinois SB 24, An Act to Encourage the Development of Cogeneration and Self-Generation of Electricity, June 1999; Assessment of Competition in the Illinois Electric Industry Three Months Following the Initiation of Restructuring, Illinois Commerce Commission, January 2000.

Illinois Commerce Commission's Web site: www.icc.state.il.us

Illinois Commerce Commission's Electric Industry Restructuring Web site:
www.icc.state.il.us/icc/home/ec.asp

INDIANA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In May 1997, Senate Bill 427 was passed, establishing the Regulatory Flexibility Committee to study competition and deregulation in the electric utility industry. In 1998, the Regulatory Flexibility Committee published a report that concluded “competition in the electricity market could be in the best interest of Indiana” and advised that “Indiana should be prepared to respond to competition created by other states, especially those surrounding Indiana, and to any federal legislation that requires nationwide competition in the electricity market.” Electric utility competition and deregulation bill SB 431 was defeated in 1998 and bills SB 648 and SB 450 were not acted on in 1999 and 2000 respectively.

SB 450 would have provided retail access to electric customers by December 31, 2001 and capped electricity rates for retail customers from July 1, 2000 through December 31, 2005 at the rates in effect on June 30, 2000. System benefits programs were not mentioned in the bill.

Other Pertinent Information: On December 22, 1999, the Indiana Utility Regulatory Commission (URC) approved a voluntary Peak Load Management (PLM) Program for PSI Energy. In the program, customers enter into a service agreement with PSI that specifies the terms and conditions under which the customer agrees to reduce electric usage during peak periods.

On March 1, 2000, the URC approved an Indiana Power and Light net metering program for customers with solar photovoltaic systems. Residential customers and schools are eligible to participate. The solar photovoltaic (PV) systems are limited to 10kW and must have an approved electrical connection.

Both Indiana Power and Light and PSI Energy offer high efficiency heat pump programs. PSI also offers a low-income weatherization program that is co-funded by the state.

In May 2000, the Commission opened Cause No. 41736 to investigate the adequacy and reliability of retail electric service in Indiana.

Sources: Indiana SB 427, May 1997; 1998 Regulatory Flexibility Committee Report, on the Indiana URC’s Web site; Indiana SB 431, January 1998; Indiana SB 648, January 1999; Indiana URC, Cause No. 41736, In the Matter of the Investigation on the Commission's Own Motion into any and all Matters Affecting the Adequacy and Reliability of Electric Service to Indiana Retail Customers, Approved: May 10, 2000. Indiana URC, Energy Report to the Regulatory Flexibility Committee of the Indiana General Assembly, September 2000.

Indiana Utility Regulatory Commission’s Web site: www.ai.org/iurc/index.html

IOWA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: On February 24, 1995, the Iowa Utilities Board (IUB) opened Docket No. NOI-95-1 to begin an investigation into the option of electric utility restructuring in Iowa. As part of this case, an electric restructuring Advisory Group was established in 1996 to explore the potential of customer choice. The Advisory Group published a number of final reports in March 1999 on the subjects of customer education, market structure and market power, public-benefits, reliability and universal service.

In March 1999, House File 740 (formerly House Study Bill 218) was introduced but died shortly afterward the following month. House Bill 2530 was introduced in March 2000 and proposed retail access to all customers by October 1, 2002. For customers using 75,000 kWh/year or less, standard offer service would be available through at least December 31, 2008. Rates for this service would be frozen at current levels until January 1, 2003.

The bill was reported out of the House Commerce and Regulation Committee but the House of Representatives could not reach agreement on numerous issues, one of which was the proposed Amendment 8523 regarding energy efficiency and renewables. House members agreed to a total customer-funded budget of approximately \$56 million on energy efficiency and renewables, but could not concur on a mandated renewable portfolio standard or the specific budgets for energy efficiency and renewables development. House Bill 2530 died in April 2000 when the legislative session ended.

Other Pertinent Information: In November 2000, the IUB opened Docket No. NOI-00-4 to investigate the reliability of the electric delivery system. The case focuses on reliability and quality of service issues and does not address issues regarding supply.

The Governor and Lt. Governor of Iowa have appointed a state task force to study Iowa's energy consumption, supply and efficiency. The taskforce began meeting in October 2000 and will meet regularly through 2001. The task force has been entrusted to ensure Iowa has an adequate supply of affordable energy, and to make sure Iowa is maximizing energy efficiency and the production of renewable energy.

Iowa Code 476.6.17 and 467.6.19 requires regulated electric and gas public utilities to offer energy efficiency programs to their customers through cost-effective energy efficiency plans filed with the board. The plans and budgets must include a range of programs, tailored to the needs of all customer classes, including residential, commercial, and industrial customers, for energy efficiency opportunities. The utilities may recover the costs of the plans approved by the board through an automatic adjustment mechanism. The three major investor-owned electric utilities in Iowa, IES Utilities, Interstate Power Company and Mid American Energy Company, offer energy efficiency programs in accordance with this law.

Sources: Iowa Utilities Board, Docket No. NOI-95-1, Order Initiating Inquiry, Emerging Competition in the Electric Industry, February 24, 1995; Iowa HF 740, March 1999; Iowa HB 2530, March 2000; IUB, Docket No. NOI-00-4, Order Initiating Inquiry, Electric Delivery System Reliability, November 1, 2000.

Iowa Utilities Board's Web site: www.state.ia.us/government/com/util/util.htm

Iowa Utilities Board's Electric Restructuring Web site:
www.state.ia.us/government/com/util/noi951.htm

Iowa Dept of Natural Resources Energy Bureau Utility Deregulation Web Page:
www.state.ia.us/dnr/energy/policy/deregulation.htm

Iowa Legislature Deregulation and Restructuring of the Electric Utility Industry Web Page: www.legis.state.ia.us/GA/77GA/Interim/1998/comminfo/dereg.htm

KANSAS

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In January 1996, the Kansas Corporation Commission (KCC) opened Docket No. 193,930-U to begin its investigation into electric industry restructuring. Several months later, in April 1996, Kansas Statute 66-1901 authorized the establishment of the Retail Wheeling Task Force. This 23-member task force included representatives from the Kansas House of Representatives and Senate, staff of the KCC, citizens' utility ratepayer board, Department of Commerce, residential, commercial and industrial customers, energy cooperatives and utility companies. The task force was appointed to study issues related to competition in the context of retail access and to produce a final report by January 1998. Also in April 1996, the Governor signed HB 2600 imposing a 3-year freeze on retail access while the task force conducted its investigation.

HB 2619, the Electric Utility Restructuring Act, based on the task force's final report, was introduced during the 1998 legislative session but died by inaction. In the 1999 legislative session, HB 2025, a bill proposing that retail competition begin on or after July 1, 2002, was not passed. A number of other bills during the 1998 and 1999 sessions either died by inaction or were not passed. The 2000 legislative session followed suit; several bills were proposed but the session ended without passage of an electric utility restructuring law.

Other Pertinent Information: None of the above-mentioned bills proposed a system benefits charge although both HB 2619 and HB 2025 proposed some degree of disclosure and labeling of generation fuel, net metering, consumer education regarding retail access and a renewable portfolio standard.

Sources: Kansas Statute 66-1901, April 1996; Kansas HB 2600, April 1996; An Analysis of the Impacts of Retail Wheeling on the State of Kansas, Prepared for: Kansas Retail Wheeling Task Force, Prepared by: McFadden Consulting Group, Inc., August 18, 1997.

Kansas Corporation Commission's Web site: www.kcc.state.ks.us/

KENTUCKY

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: After electric utility restructuring House Bill 443 died from inaction during the 1998 Kentucky legislature, House Joint Resolution 95 (HJR 95) was passed, resulting in the creation of the Electricity Restructuring Task Force. The task force, consisting of ten members from the General Assembly and ten from the executive branch, was initiated to assess the desirability of electricity restructuring and instructed the task force to report its findings by November 15, 1999. In its final report, the task force advised the General Assembly that it saw no need to enact restructuring legislation at the current time and recommended that the task force continue to study the issue.

In April 2000, Senate Joint Resolution 107 (SJR 107) reauthorized the Electricity Restructuring Task Force. In addition to its findings regarding electric restructuring, the Electricity Restructuring Task Force's second report, due November 15, 2001, is to include the task force's findings concerning low-income assistance programs. Also in April 2000, the Governor signed HJR 89, which established the Task Force on Utility Tax Policy to study the taxation of public service companies serving Kentucky.

The Electricity Restructuring Task Force met in December 2000 and continues to discuss the prospect of retail access in Kentucky.

Other Pertinent Information: At this point, electric restructuring in Kentucky appears to be on hold. Comparatively low electricity prices in the state have encouraged a cautious attitude towards electric deregulation.

Louisville Gas & Electric Company, Kentucky Power Company and the Union Light, Heat & Power Company offer a number of nonmandated energy efficiency programs for their customers.

Sources: Kentucky HB 443, 1998; Kentucky HJR, April 1998; Kentucky SJR 107, April 2000; Kentucky HJR 89, April 2000.

Kentucky Public Service Commission's Web site: www.psc.state.ky.us/

Kentucky PSC Electric Restructuring Information Web page:
www.psc.state.ky.us/agencies/psc/el_r_idx.htm

LOUISIANA

Legislative/Regulatory Status: No restructuring legislation passed or PSC orders issued. According to Louisiana law, the PSC can order restructuring in the state without legislation.

Legislative/Regulatory Background: In May 1995, the Louisiana Public Service Commission (PSC) opened Docket No. U-21453 to investigate whether electric restructuring is in the best interest of the public. Shortly following, the PSC Executive Secretary established an Electric Restructuring Committee to conduct Staff business regarding electric restructuring. Evidentiary hearings were held in October 1997 based on the committee's findings. In response to the hearings, PSC Staff issued a report stating that electric utility restructuring could be in the public interest if it is approached with consideration of the relevant issues and implemented with the public's interest in mind. In December 1997, the Commission advised Staff to further investigate specific issues related to electric restructuring (stranded costs, reliability, consumer protection, consumer education, universal service, stranded benefits, tax implications, market structure, market power and environmental issues). A schedule for a proceeding was established and after Staff collected the necessary data, evidentiary hearings were held from March through November 1998. In February 1999, Staff issued a Report and Recommendation at the conclusion of the hearings in which they recommended: 1) Electric utility restructuring is not in the public interest at this time and retail access should only be pursued in the state if its adoption results in lower bills for all Louisianians, 2) Electric utility restructuring should not proceed without a comprehensive analysis of the economic and other effects it could have on large and small Louisiana consumers and on the economy of the state as a whole, and 3) In the event that the Commission decided to go forward with restructuring in the state, Staff had designed a draft restructuring plan with what they felt were adequate rules and safeguards to consider for proper implementation.

On April 13, 1999, the Commission issued Order No. U-21453-A based on the information obtained at the hearing, Staff's report, and comments on Staff's report. In the order, the Commission deferred a decision on whether electric restructuring is in the public interest. The Commission ordered Staff, consultants and counsel to prepare a restructuring plan by January 1, 2001 to be considered by the Commission for implementation, unbundling of electric bills by January 1, 2001, the instigation of a comprehensive economic analysis, and Staff's consideration of the implementation of a retail access pilot program. Specifically, Staff was advised to address: Market Structure, Affiliate Relationships, Reliability of Service, Transition Mechanisms, Load Profiling, Licensing Standards for Suppliers and Aggregators, Consumer Issues, Standard Offer Tariff, Transco/ISO and other regional issues, Tax and Regulatory Legislation and Define and Quantify Stranded Costs. In addition, Order No. U-21453-A merged the electric restructuring (U-21453) and stranded costs dockets (U-21453, U-20925 (SC), and U-22092 (SC) (Subdocket A)) to create "The Analysis of Competitive Implications Docket."

On April 28, 1999, in Consolidated Docket Nos. U-21453, U-20925 (SC), and U-22092 (SC) (Subdocket A), the Commission laid out a procedural schedule for addressing the restructuring issues presented in Order NO. U-21453-A.

From November 2000 through January 2001, Staff filed its proposals regarding the restructuring issues named by the Commission in Order No. U-21453-A, including a transition plan. Staff's Proposed Competitive Transition Plan recommended voluntary restructuring for large (at least 2 MW) industrial customers only. Staff suggested that the Commission and Staff continue to monitor competitive markets to determine if voluntary retail access should be extended to smaller customers. Staff cautioned, however, that the plan should not be interpreted as an endorsement of retail competition or a Staff finding that retail competition is in the public interest at this time. Staff stated that this is its suggested plan in the event that the Commission determines that retail access is in the public interest for large customers. In the report, Staff determined that January 1, 2003 was the earliest feasible start date for introducing competition. The plan does not address system benefits.

The Commission has invited interested parties to submit comments concerning Staff's proposals. The deadline for comments is March 14, 2001.

Under Louisiana law, the PSC can order electric utility restructuring in the state without legislation. In 1997, several restructuring bills failed to pass during the legislative session. There were no restructuring bills proposed during the 1999 legislative session.

Other Pertinent Information: Currently, the low-income programs offered by the Louisiana electric utility companies, Helping Hands and Neighbor to Neighbor, are funded through donations from customers.

Sources: Louisiana Docket No. U-21453, In Re: An investigation into whether electric industry restructuring and competition in the provision of retail electric service is in the public interest, May 1995; Louisiana HB1524, 1997; Louisiana HB 2061,1997; Louisiana HB 2200,1997; Louisiana SB 1452,1997; Louisiana PSC, Order No. U-22092, In re: Docket No. U-22092, Third Annual Monitoring of Entergy Gulf States, Inc.'s Louisiana jurisdictional revenue requirement study under terms of the Joint Regulatory Proposal set forth in Appendix I to Commission Order No. U-19904 (Depreciation/Phase-In Proceeding), March 19, 1998; Louisiana PSC, Docket No. U-20925, In re: Investigation of Louisiana Power & Light Company's rates, charges, services rendered and operations (Formula Rate Plan—1997), September 2, 1998; LPSC Docket No. U-21453, Staff Report and Recommendation, February 1999; LPSC Order No. U-21453-A, Docket No. U-21453, March 24, 1999; Louisiana PSC Staff with the assistance of Exeter Associates, Inc. and Stone, Pigman, Walther, Wittmann & Hutchinson, L.L.P., Docket Nos. U-21453, U-20925(SC) and U-22092(SC), Proposed Competitive Transition Plan, January 2001; Louisiana PSC, Consolidated Docket Numbers U-21453, U-20925 (SC), U-22092 (SC)-(Subdocket A), Notice of Opportunity to File Comments, In re: Analysis of Competitive Implications, January 26, 2001.

Louisiana Public Service Commission's Web site: www.lpsc.org/

MAINE

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all customers March 2000.

Legislative/Regulatory Background: The Governor signed LD 1804, The Act to Restructure the State's Electric Industry, in May 1997. Retail access for all customers began March 2000. Orders have been issued approving the divestiture plans for the three major investor-owned utilities in Maine: Central Maine Power Company, Bangor Hydro-Electric Company, and Maine Public Service Company.

SBC Scope: Funding is provided for low-income and energy efficiency programs. In September 1999, the Commission approved the rules for the Energy Conservation Program. The rules were amended and enacted into law (LD 790, LD 1398) in October 1999.

SBC Funding: Funding for the low-income and energy efficiency programs is provided through the rates charged to end-users by the transmission and distribution utilities. As required by LD 1804, the funding level for the conservation programs is comparable to the funding level for similar programs in place in 1999. Energy efficiency program expenditures for each utility will be a minimum of 0.5 percent of its total transmission and distribution revenues. However, the Commission can establish higher spending levels up to 0.15¢/kWh. The amount of additional funding for low-income programs will also be funded at current levels, which are approximately \$5 million/year (0.5 percent of revenues or 0.5 mills/kWh).

SBC Administration and Oversight: The transmission and distribution utilities will implement the low-income and energy efficiency programs through service providers selected using a competitive bid process. The State Planning Office has been directed to design and monitor the programs.

SBC Duration: The law states that the Commission shall "regularly review the amount of funding needed." LD 1398 defines the Conservation Program Fund as nonlapsing.

Related Rules/Legislation: Chapter 302, Consumer Education Program, Electric Industry Restructuring, Maine Public Utilities Commission, June 1998 (and order adopting: Maine PUC Docket No. 97-583).

Chapter 380, Energy Conservation Programs by Electric Transmission and Distribution Utilities, Maine Public Utilities Commission, September 1998 (and order adopting: Maine PUC Docket No. 99-456, and Maine legislation: LD 790 amended by LD 1398).

Chapter 312, Voluntary Renewable Resource Research and Development Fund, Maine Public Utilities Commission, December 1998 (and order adopting: Maine PUC Docket No. 98-620).

Chapter 313, Customer Net Energy Billing, Maine Public Utilities Commission, December 1998 (and order adopting: Maine PUC Docket No. 98-621).

Chapter 306, Uniform Information Disclosure and Informational Filing Requirements, Maine Public Utilities Commission, June 1999 (and order adopting: Maine PUC Docket No. 98-708).

Chapter 301, Standard Offer Service, Standard Offer Service Rule, Maine Public Utilities Commission, June 29, 1999 (and order adopting: Maine PUC Docket No. 98-576).

Chapter 311, Renewable Resource Portfolio Requirement, Maine Public Utilities Commission, June 1999 (and order adopting: Maine PUC Docket No. 98-619, and Maine legislation: LD 767 amended by LD 2154).

Maine Public Utilities Commission, Docket No. 98-565, Order of Approval, Comprehensive Plan, Implementation Of Electricity Retail Choice Consumer Education Program, July 30, 1999.

Maine Public Utilities Commission, Docket No. 2000-336, Order Adopting Amendment to Uniform Information Disclosure Rule, May 1, 2000.

Chapter 301, Standard Offer Service, Amendments to Standard Offer Service Rule, Maine Public Utilities Commission, August 16, 2000 (and order adopting: Maine PUC Docket No. 2000-489).

Chapter 301, Standard Offer Service, Amendments to Standard Offer Service Rule—Emergency Rule, Maine Public Utilities Commission, November 8, 2000 (and order adopting: Maine PUC Docket No. 2000-890, Part I, November 3, 2000 and Part II, November 7, 2000).

Renewables Portfolio Standard: In June 1999, the PUC issued Docket No. 98-619 approving rules for the RPS as required by LD 1804. The Maine Legislature signed the order into law as LD 767 and later amended it in LD 2154. A 30 percent renewables supply portfolio is required to sell retail electricity in the state. Renewables can include hydro, biomass, co-generation, solid waste, geothermal, wind, solar, tidal, and fuel cells. Maine possesses a significant quantity of indigenous hydro and biomass. Facility size is limited to 100 MW and below. Each competitive provider must submit an annual report on or before May 1 of each year. The Commission intentionally did not include a mechanism for tradable credits in the rules.

Disclosure: Generation mix and emissions disclosure are required by LD 1804 and resulting Docket Nos. 98-708 and 2000-336. The information disclosure label must include average price information, price variability information, a toll-free telephone number for customer service and complaints, the label reporting period, and fuel and emissions characteristics associated with the competitive electricity provider's resource portfolio. The resource portfolio consists of the generating resources that the electricity provider used to meet its load obligations in New England. Emissions characteristics for at least carbon dioxide, nitrogen oxides, and sulfur

dioxide must be separately identified. It is mandatory that electricity providers present the label to customers prior to the initiation of service. Customers should be provided the label information at least on a quarterly basis and the information should always be available upon request.

Other Pertinent Information: LD 1804 required utilities to provide consumers with an option to make voluntary contributions to support renewables-related R&D. The PUC issued Docket No. 98-620 in December 1998 specifying that transmission and distribution utilities must provide a check-off option (\$1, \$5, \$10, “other”) for monthly contributions on either customer bills or response cards. The R&D contribution would be added to the customer’s bill each month and transferred to the Commission from the utility on a monthly basis. The State Planning Office is responsible for distributing the funds to the University of Maine, Maine Maritime Academy, or Maine Technical College through a grant proposal system.

The law also required the Commission to administer a bid process to select a default standard-offer service provider for each transmission and distribution utility’s service territory. Standard-offer service provider(s) were selected for each service territory using bid processes conducted by the Commission. The Standard-offer service rules were amended on August 16, 2000 and then again on November 8, 2000 due to problems encountered with the original procedure. Standard-offer service must be available until March 1, 2005, at which time its need will be reevaluated.

LD 1804 required the PUC to organize an advisory board to guide the development of a consumer retail access education program with recommendations on the appropriate amount and source of funding. In Docket No. 97-583, the Maine Commission approved the rules for the Consumer Education Program. The program was given approval for funding up to \$1.6 million. In July 1999, in Docket No. 98-565, the Commission issued an order approving the advisory board’s comprehensive plan to implement the Electricity Retail Choice Consumer Education Program with a budget of \$1,498,000. The Consumer Education Program will be paid for by the transmission and distribution utilities through a special assessment based on a proportion of the utilities’ gross revenues from regulated services.

In December 1998, the PUC issued Docket No. 98-621 establishing the requirements for net energy billing after the introduction of retail competition. After February 29, 2000, transmission and distribution utilities are required to offer net energy billing to customers that use renewable fuel for their own electricity from a facility with an installed capacity of 100 kW or less.

Sources: LD 1804, An Act to Restructure the States’ Electric Industry, May 1997; Summary—Electric Restructuring in Maine, 35-A MRSA, Chapter 32, As Amended (LD 1804), from the Maine PUC’s Web site, not dated; Maine PUC, Report on the Implementation of P.L. 1997, Ch. 316, An Act to Restructure the State’s Electric Industry, 1997; Maine PUC Docket No. 97-877, Market Power Study, Final Report; Maine PUC News Release, Recommendations to the Legislature on Restructure of the Electric Utility Industry, December 31, 1997; Docket

No. 97-523, Part II, Order Approving Central Maine Power Company's Divestiture Plan, January 14, 1998; Docket 97-670, Order Approving Maine Public Service Company's Divestiture Plan, February 20, 1998; Docket No. 98-114, Order Approving Bangor Hydro-Electric Company's Divestiture Plan, June 17, 1998; Maine PUC, Chapter 302, Consumer Education Program, Electric Industry Restructuring, June 1998 (and the order adopting: Maine PUC Docket No. 97-583); Maine PUC, Chapter 380, Energy Conservation Programs by Electric Transmission and Distribution Utilities, September 1998 (and the order adopting: Maine PUC Docket No. 99-456); Maine PUC, Chapter 312, Voluntary Renewable Resource Research and Development Fund, December 1998 (and the order adopting: Maine PUC Docket No. 98-620); Maine PUC, Chapter 313, Customer Net Energy Billing, December 1998 (and the order adopting: Maine PUC Docket No. 98-621); LD 790, Resolve, Regarding Legislative Review of Chapter 380: Energy Conservation Programs by Electric Transmission and Distribution Utilities, a Major Substantive Rule of the Public Utilities Commission, May 20, 1999; LD 767, Resolve, Regarding Legislative Review of Chapter 311: Renewable Resource Portfolio Requirement, A Major Substantive Rule of the Public Utilities Commission, May 24, 1999; LD 1398, An Act to Secure Environmental and Economic Benefits from Electric Utility Restructuring, May 26, 1999; LD 2154, An Act to Amend the Electric Industry Restructuring Laws, June 1999; Maine PUC, Chapter 306, Uniform Information Disclosure and Informational Filing Requirements, June 1999 (and the order adopting: Maine PUC Docket No. 98-708); Maine PUC, Chapter 311, Renewable Resource Portfolio Requirement, June 1999 (and the order adopting: Maine PUC Docket No. 98-619); Maine PUC, Chapter 301, Standard Offer Service, Standard Offer Service Rule, June 29, 1999 (and order adopting: Maine PUC Docket No. 98-576); Maine PUC, Docket No. 98-565, Order of Approval, Comprehensive Plan, Implementation Of Electricity Retail Choice Consumer Education Program, July 30, 1999; Maine PUC, Docket No. 2000-336, Order Adopting Amendment to Uniform Information Disclosure Rule, May 1, 2000; Maine PUC, Chapter 301, Standard Offer Service, August 16, 2000 (and order adopting: Maine PUC Docket No. 2000-489); Maine PUC, Chapter 301, Standard Offer Service, November 8, 2000 (and order adopting: Maine PUC Docket No. 2000-890, Part I, November 3, 2000 and Part II, November 7, 2000).

Maine Public Utilities Commission's Web site: www.state.me.us/mpuc

Maine Public Utilities Commission's Electric Utility Restructuring Web site:
<http://janus.state.me.us/mpuc/er-page.htm>

MARYLAND

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting July 2000 with choice available to all customers July 2003.

Legislative/Regulatory Background: In July 1999, the Governor signed SB 300, the Electric Customer Choice and Competition Act of 1999. The Act requires that one-third of the residential customers in the state must have the ability to choose their electric supplier by July 1, 2000. Under the act, all customers of investor-owned utilities will have choice available to them no later than July 1, 2002. Customers of Maryland's electric cooperatives (under a separate schedule adopted by the PSC) will have the right to choose suppliers by July 1, 2003. Restructuring legislation requires at least a 3 percent rate reduction for residential consumers.

SBC Scope: An SBC covers energy efficiency, renewable energy resources, and consumer education programs. A separate charge funds the Universal Service Program, that includes bill assistance, weatherization, and arrearage retirement for charges incurred prior to the implementation of retail access. Customers with incomes at or below 150 percent of the federal poverty level are eligible to participate in the universal service programs.

SBC Funding: On or before February 1, 2001, after reviewing the existing programs, the Commission, in consultation with the Maryland Energy Administration, shall report to the General Assembly on the status of programs and services to encourage energy efficiency and provide a recommendation on the appropriate funding level for an SBC for energy efficiency programs.

Two of the state's four electric utilities have signed restructuring settlement agreements that include energy efficiency and renewable energy funding for residential programs, in the amount of 1 mill/kWh (charged to the residential customer class only).

The Act requires the Universal Service Program to be funded at \$34 million/year for 3 years after the retail access implementation date. Subject to the approval of the General Assembly, the Commission will recommend the annual level of funding after the first 3 years. The Act states that the Commission may not assess the universal service surcharge on a per kilowatt-hour basis. The revenues will be collected by the comptroller and put into the Universal Service Program Fund. In January 2000, the Commission, in Order No. 75935, approved the conceptual design of the Universal Service Program.

SBC Administration and Oversight: Subject to review and approval by the Commission, each electric company will develop and implement its own energy efficiency programs. If the Commission deems that certain programs are particularly effective, it will require companies to establish those programs.

The Department of Human Resources (DHR) will administer the universal service programs through the Maryland Energy Assistance Program with oversight by the Commission. With input from a panel of interested parties, DHR may contract with a Maryland corporation to help administer the universal service programs.

SBC Duration: SB 300 terminates the SBC on June 30, 2005. Funding for the Universal Service Fund is nonlapsing.

Related Rules/Legislation: Maryland PSC Staff Report, A Framework for Customer Choice and the Future Regulation of Electric Services in Maryland, Case No. 8738, May 30, 1997.

Public Service Commission of Maryland, Case No. 8738, Order No. 75935, In the Matter of the Commission's Inquiry into the Provision and Regulation of Electric Service, Universal Service, January 28, 2000.

Renewables Portfolio Standard: According to the Act, on or before February 1, 2000, the Commission, in consultation with the Maryland Energy Administration, shall report to the Governor and General Assembly on the feasibility of requiring a renewables portfolio standard, including the feasibility and structure of a two-tiered standard and the estimated costs and benefits of establishing this requirement. Renewable energy includes solar, wind, tidal, geothermal, biomass, hydro, digester gas, and waste to energy systems. In the Renewable Portfolio Standard Report, the Maryland Commission Staff concluded that implementation of an RPS in Maryland is feasible but that important questions remain regarding its desirability, impacts, costs and benefits.

Disclosure: The Commission requires the electric companies and suppliers to disclose, every 6 months, information regarding the fuel mix and emissions of the electricity purchased by the customer.

Other Pertinent Information: The Act requires that electric companies in the state look at the impact of retail access on generation and emissions levels. One year after the implementation of retail access, the study will be submitted to the Department of the Environment and the Commission. If emissions levels increase after restructuring, consideration will be given to establishing an air quality surcharge.

SB 300 mandates that the Commission evaluate annually the long-range plans of Maryland electric companies to meet the electric needs of the state. This includes the evaluation of the cost-effectiveness of the companies' investments in energy efficiency.

All electric companies must provide a Standard Offer Service to residential customers until July 1, 2004 or beyond, depending on the individual utility settlement. At that point, the PSC will have developed procedures for the selection of a Standard Offer Service provider. After 2003, other suppliers may bid to become the standard offer service supplier.

A multi-party consumer education working group designed a comprehensive consumer education program regarding retail access. The plan was approved by the Commission and a consultant was engaged to carry out the plan. Six million dollars was allocated for the first year's program. The program ends in June 2002.

Net metering is allowed under state law with interconnection standards based on UL and NEC standards only for rooftop PV.

Sources: Maryland PSC Staff Report, A Framework for Customer Choice and the Future Regulation of Electric Services in Maryland, Case No. 8738, May 30, 1997; Maryland SB 300, July 1999; PSC of Maryland, Case No. 8738, Order No. 75935, In the Matter of the Commission's Inquiry into the Provision and Regulation of Electric Service, Universal Service, January 28, 2000, Maryland PSC Staff, Renewable Portfolio Standard Report, not dated on the Maryland PSC Web site.

Maryland Public Service Commission's Web site: www.psc.state.md.us/psc

MASSACHUSETTS

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all customers March 1998.

Legislative/Regulatory Background: In December 1996, the Department of Public Utilities (DPU) issued Order 96-100, which contained model rules for electric utility restructuring. The Order recommended full retail access by January 1998. In November 1997, comprehensive restructuring legislation was signed into law (General Law c. 164), bringing retail access to all customers beginning March 1, 1998. Electric rates were cut 10 percent and cut an additional 5 percent 18 months later. The DPU was renamed the Department of Telecommunications and Energy (DTE), and given new responsibilities regarding many aspects of the restructured utility industry.

SBC Scope: Energy efficiency, low-income, and renewable energy programs are funded under the legislation using a nonbypassable wires charge.

SBC Funding: Under the legislation, funding for energy efficiency is set at 3.3 mills/kWh for 1998, ramping down to 2.5 mills/kWh in 2002. Low-income programs are funded out of the energy efficiency monies at no less than 0.25 mills/kWh and no less than 20 percent of residential DSM spending. Each year, the Division of Energy Resources (DOER) in the Department of Consumer Affairs files a report with a proposed funding level for the energy efficiency and low-income programs. The DTE reviews the report and approves energy efficiency expenditures if the programs were cost-effective.

Renewable energy is funded at between 0.75 and 1.25 mills/kWh each year for 1998 through 2002 (with 0.25 mills set aside for pollution control equipment on municipal solid waste [MSW] facilities). Renewables will be funded at 0.5 mills/kWh in 2003 and beyond. It is expected that over \$200 million will be collected between 1998 and 2002. A separate trust, called the Massachusetts Renewable Energy Trust Fund, was established for all funds collected for renewable energy projects. The constitutionality of this fund was challenged in March 1998 because of the exclusion of municipal utilities from deregulation. The Shea suit, as it is known, blocked the use of the majority of the funds for 2 years. On May 1, 2000, the funding became available when the Massachusetts Supreme Judicial Court upheld the constitutionality of the state's electric restructuring law that funds the Massachusetts Renewable Energy Trust.

SBC Administration and Oversight: The DOER oversees the energy efficiency programs, including issues of equity among customer classes and ensuring a focus on lost opportunities and market transformation. Programs are administered by the distribution utilities and delivered via competitive procurement to the fullest extent practicable. The low-income efficiency and education programs are implemented through the existing low-income weatherization and fuel assistance network. By March 1, 2001, the DOER will review the effectiveness and need for the energy efficiency and low-income programs and will determine whether it will file legislation

to continue them. In addition, within 7 years, DTE is to evaluate the effect that electric restructuring, in general, has had on the affordability of electricity for people with low incomes.

Renewable energy funds are collected by the distribution companies but then transferred to and administered by the board of directors of the Massachusetts Technology Park Corporation, a state authority with experience managing and distributing technology funds. Monies from this fund are used to promote the availability, use, and affordability of renewables. The renewable projects eligible for funding are varied. On or by August 15 of each year, the board, in conjunction with a governor-appointed advisory group, submits an expenditures and investment report to the governor and relevant legislative committees. The report includes their recommendations regarding the fund and the process of administering the funds.

SBC Duration: Funding for the energy efficiency, low-income, and renewables programs began on March 1, 1998. The low-income programs are funded for a minimum of 5 years. The current energy efficiency and renewables programs will run through 2002. The DOER will determine whether the programs will continue beyond that date.

Related Rules/Legislation: Massachusetts DPU/DTE 97-65, Investigation by the Department of Telecommunications and Energy on its own Motion to Develop Model Terms and Conditions Governing the Relationship between Distribution Companies and Customers (For the Provision of Distribution Service, Standard Offer Generation Service, and Default Generation Service) and Governing the Relationship between Distribution Companies and Competitive Suppliers.

Massachusetts D.T.E. 99-60-B, Order, Investigation by the Department of Telecommunications and Energy on its own Motion into the Pricing and Procurement of Default Service Pursuant to G.L. c. 164, Section 1B(d). Orders all electric distribution companies to comply with the final guidelines for the pricing and procurement of default service contained in the order, June 30, 2000.

D.T.E. 00-83, Order, Cambridge Electric Light Company and Commonwealth Electric's Petition for Transition Charge Reconciliation filing, December 22, 2000.

D.T.E. 00-107, Order, Fitchburg Gas and Electric Light Company's Petition for a Rate Reconciliation and Adjustment filing, December 22, 2000.

D.T.E. 00-109, Order, Massachusetts Electric Company and Nantucket Electric Company Petition for a Rate Reconciliation and Adjustment filing, December 22, 2000.

Renewables Portfolio Standard: The Act directs the DOER to establish a renewables portfolio standard for all retail electricity suppliers providing service to customers in the commonwealth. The Act specifies that beginning December 31, 2003, each supplier needs to obtain a pre-determined percentage of its power from new renewable energy sources. Renewables can include solar photovoltaic or solar thermal, wind, ocean thermal, wave, tidal, fuel cells, landfill

gas, solid waste, hydro, or biomass. By December 31, 1999, the DOER must determine the current percentage of kilowatt-hour sales derived from renewables. The law requires a 1 percent incremental addition by 2003, 4 percent more by 2009, and 1 percent more per year thereafter. The increase must come from “new” renewable energy-generating sources, which is defined as a renewable energy-generating source beginning commercial operation after December 31, 1997 or an increase in generating capacity after December 31, 1997 at an existing facility. A DOER advisory group met from October 1999 through November 2000 to provide input into design of the RPS and published a preliminary proposal for an RPS on November 14, 2000.

Disclosure: The DTE is to promulgate uniform labeling regulations, including fuel mix and air emissions data. State officials are working with several groups including the New England Regional Disclosure Project to determine an effective reporting process.

Other Pertinent Information: G.L. c. 164 contains a net metering provision for which on-site generation or cogeneration facilities of 60 kW or less are eligible.

Distribution companies are required to offer a reduced rate low-income tariff to eligible customers. The utilities will be able to recover the lost revenue in their general rate cases.

Each utility must offer Standard Offer and Default Generation Service. G.L. c. 164 specifies that Standard Offer Service shall be available to any customer that (1) has been with that utility or (2) has not been a competitive supplier’s customer since the inception of retail access. Initial rates for Standard Offer Service were to start at a minimum of ten percent less than 1997 average rates and increase no more than the rate of inflation. In December 2000, however, the standard offer rates for individual electric utilities were raised to compensate them for their losses on wholesale power purchases due to rising fuel costs. The new rates become effective on January 1, 2001.

Default Service is available to any customer that is not with a competitive supplier or receiving Standard Offer Service. When customers move into an area after March 1, 1998, they are given Default Service until they select a utility company. The rate for Default Service is not to be higher than New England’s average market price for electricity. Rates for default service were raised in an order issued by DTE in June 2000 (DTE 99-60-B). The new rates are effective January 1, 2001.

The law included two proposed amendments to the state code that would provide tax deductions for the purchase of energy-efficient equipment or renewably generated electricity in excess of the minimum required by the RPS. The Department of Revenue was to commence a study on the implications of these amendments within 30 days of enactment of the law.

DPU 96-100 encourages a renewables plan that would share the above market cost of renewable electricity between interested consumers wishing to purchase green power and the general renewables fund paid for by a nonbypassable wires charge on all electric sales. In a retail choice

pilot, over 30 percent of the nearly 5,000 participants chose a "green" supplier at an average cost premium of 16 percent.

The DOER was assigned the responsibility of designing an electric restructuring consumer education program in cooperation with local and statewide consumer groups. Their consumer education Web site can be found at: www.state.ma.us/the/power/text_version/index.htm.

Sources: Chapter 164 of the Acts of 1997 (General Law c. 164), An Act Relative to Restructuring the Electric Utility Industry in the Commonwealth, Regulating the Provision of Electricity and Other Services, and Promoting Enhanced Consumer Protections Therein, November 1997; Summary of the Department's Electric Industry Restructuring Rulemaking Proceedings, from the Massachusetts Department of Public Utilities' Web page, not dated; Northeast Energy Efficiency Council, Summary of Massachusetts Electric Industry Restructuring Act, December 4, 1997; DPU/DTE 96-100, Investigation by the Department of Telecommunications and Energy upon its own Motion Commencing a Notice of Inquiry/Rulemaking, Pursuant to 220 CMR ss 2.00 et. Seq., Establishing the Procedures to be Followed in Electric Industry Restructuring by Electric Companies subject to G.L. c. 164, February, 1998; DPU/DTE 96-100, February 20, 1998; 220 CMR 11.00, the Department's final restructuring regulations, effective March 1, 1998; Draft Report on Sales from Existing Renewable Energy Generating Sources, Massachusetts Renewables Portfolio Standard, Douglas C. Smith and Karlynn S. Cory, La Capra Associates, May 16, 2000 (Corrected May 25, 2000); DTE 99-60-B, Order, Investigation by the Department of Telecommunications and Energy on its own Motion into the Pricing and Procurement of Default Service Pursuant to G.L. c. 164, Section 1B(d), June 30, 2000; Massachusetts Division of Energy Resources, Preliminary RPS Design Proposal Version 3, November 14, 2000; DTE 00-83, Order, Cambridge Electric Light Company and Commonwealth Electric's Petition for Transition Charge Reconciliation filing, December 22, 2000; DTE 00-107, Order, Fitchburg Gas and Electric Light Company's Petition for a Rate Reconciliation and Adjustment filing, December 22, 2000; DTE 00-109, Order, Massachusetts Electric Company and Nantucket Electric Company Petition for a Rate Reconciliation and Adjustment filing, December 22, 2000.

Massachusetts Department of Public Utilities' Web site: www.state.ma.us/dpu

Massachusetts Department of Public Utilities' Electric Restructuring Web site: www.state.ma.us/dpu/restruct/competition/

Massachusetts Division of Energy Resources' Web site: www.state.ma.us/doer/

MICHIGAN

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all Consumers Energy and Detroit Edison customers and cooperative customers with a peak load of 1 MW by December 2002.

Legislative/Regulatory Background: The Michigan Public Service Commission (PSC or Commission) issued a series of orders (primarily in Case No. U-11290), starting in December 1996, which established a process for restructuring the state's two largest electric utility companies (Consumers Energy and Detroit Edison), using a phase-in approach that would result in full competition starting January 1, 2002. The utilities filed implementation plans in June 1998. The PSC's jurisdiction regarding retail access was challenged on June 29, 1999, when the Michigan Supreme Court held that the PSC lacks statutory authority to order an experimental retail wheeling program. Consumers Energy and Detroit Edison, however, decided to voluntarily implement the customer choice programs ordered by the Commission. On June 9, 2000, the State of Michigan Court of Appeals reversed the portions of the PSC's orders that mandate retail wheeling, but held that the remaining aspects of the restructuring program, i.e., PSCR suspension and stranded cost recovery, could be applied to any retail wheeling activity in which the utilities participate voluntarily.

Electric restructuring legislation (HB 5245) was introduced in Michigan in October 1997 but was not acted upon. Several other bills were introduced after that, but none passed. In January 2000, new legislation (SB 937) was introduced. P.A. 141 and P.A. 142 of 2000 (enrolled Senate Bill 937) passed the state legislature and were signed by the Governor on June 3, 2000. Section 10 of SB 937, or the Customer Choice and Electricity Reliability Act, stipulates that no later than January 1, 2002, the Commission shall issue orders establishing the rates, terms, and conditions of service that allow all retail customers of an electric utility or provider to choose an alternative electric supplier. By December 31, 2002, customers of Detroit Edison (DE), Consumer Energy (CE) and cooperatives with a peak load of 1 MW or more, will be able to choose their electric supplier. DE and CE residential consumers will receive a 5 percent reduction in their electric rates that will then be frozen at least until December 31, 2003. Rates for large commercial and industrial consumers will be frozen at current rates until 2003. Rates for small business consumers will be capped at current levels through 2004.

The Act states that if the Commission authorizes an electric utility to use securitization financing, savings resulting from securitization are to be used to reduce retail electric rates from those authorized or in effect as of May 1, 2000 by a minimum of 5 percent. If securitization savings exceed the amount needed to provide the 5 percent rate reduction to all customers, then, for a period of 6 years, 100 percent of the excess savings, up to 2 percent of the electric utility's commercial and industrial revenues, are to be allocated to a Low-Income and Energy Efficiency Fund. This fund is to be administered by the Commission. The Commission will establish standards for the use of the fund to provide shut-off and other protection for low-income

customers and to promote energy efficiency for all customer classes. The Commission is to issue a report to the legislature and the governor every 2 years regarding the effectiveness of the fund.

The new legislation advises the Commission to monitor the extent to which federal funds are available for low-income and energy assistance programs. If there is a reduction in the amount of the federal funds available to Michigan residents, the Commission is to conduct a hearing to determine the amount of funds available and the need, if any, for supplemental funding. When the hearing is over, the Commission is to prepare a report and submit it to the governor and the legislature.

SB 937 directs the establishment of the Michigan Renewables Energy Program by the PSC. This informational program would advise customers of the availability and value of using energy generated by renewables. The program should also promote the use of existing renewable energy sources and encourage the development of new facilities. The legislation gives the PSC authority to determine the rates, terms, and conditions of customer-purchased renewable energy, but does not mandate any actual renewable energy standards or funding.

SBC Scope: Neither SB 937 nor the PSC orders establish an SBC.

SBC Funding: None.

SBC Administration and Oversight: None.

SBC Duration: N/A

Related Rules/Legislation: Michigan Public Service Commission, Order No. U-11290, Commission's Own Motion, December 20, 1996. This order scheduled public hearings on a plan to introduce competition into the state's electric utility industry. The hearings focused on the Commission Staff Report that was released December 19, 1996. The Report recommended a phased-in program of direct access based on two fundamental principles: (1) all customers should be eligible to participate in the emerging competitive market; and (2) rates should not be increased for any customers and should be decreased where possible. This case has continued with additional orders in 1997 through 2000.

Michigan Public Service Commission, Order No. U-11290, Statewide Customer Education Program Proposal, Report filed by the Customers Have Options in Choosing Electricity (CHOICE) Advisory Council, June 3, 1999.

Renewables Portfolio Standard: None.

Disclosure: SB 937 states that the Commission will direct all electric suppliers, starting January 1, 2002, to disclose, in a standardized format, information to customers regarding average fuel mix (oil, gas, coal, solar, hydroelectric, wind, biofuel, and biomass) and average emissions

(sulfur dioxide, carbon dioxide, and nitrogen oxides) of the electricity purchased by the consumers. A regional average fuel mix and an emissions default determined by the Commission would be used if the fuel mix cannot be discerned or a claim regarding the environmental attributes of the product is not made.

Other Pertinent Information: DSM programs and integrated resource planning ceased in Michigan around 1996 in anticipation of restructuring.

SB 937 directs the Commission, by January 1, 2002, to establish a funding mechanism for electric suppliers to provide education regarding retail access to their customers. In the March 8, 1999 Order in Case No. U-11290, the Commission requested that CHOICE Advisory Council propose a competitively neutral statewide customer education program on electric restructuring. CHOICE's proposed program is described in the June 3, 1999 Order in Case No. U-11290. With an average budget of \$6.7 million/year, the comprehensive education program proposed to include a statewide media campaign, local community initiatives, and coordination with planned electric utility efforts. Included in the proposal is a toll-free telephone number and call center, a CHOICE Web site, and a fulfillment center to distribute materials to those requesting information. On June 19, 2000, the PSC reopened the proceeding (Case No. U-12133) regarding the CHOICE Advisory Council to provide the opportunity for the parties to address the effect of the restructuring Act on the funding for the education program.

As part of its regulatory activities, while investigating restructuring, the PSC established public input processes, which resulted in the October 1997 publication of a staff paper on *Customer Focus Issues*. That paper covers many subjects, including a Public-Benefits Charge, Disclosure, Green Pricing, etc.

Detroit Edison's Solar Currents program has installed about 55kW of PVs that customers can support for an average additional cost of \$6.50/month/100 kWh. Businesses can contribute to a "Solar Schools" program, where PV power is purchased on behalf of a school district, and Detroit Edison provides a solar energy curriculum. Traverse City Light & Power (a municipal utility, not regulated by the PSC) operates a 600 kW wind turbine. Customers subscribe to the green power program and pay a premium of about 20 percent. A 3-year commitment is required for residential customers, 10-year for commercial customers. About 170 customers are participating, while another 80 remain on a waiting list.

Sources: Michigan PSC Order No. U-11290, December 20, 1996; Michigan HB 5245, A Bill to Restructure the Electric Utility Industry, October 1997; Detroit Edison Implementation Plan Tariffs, June 1998; Consumers Power Implementation Plan Tariffs, June 1998; Michigan PSC Order No. U-11290, March 8, 1999; Michigan PSC Order No. U-11290, Statewide Customer Education Program Proposal, June 3, 1999; Michigan SB 937, June 2000.

Michigan Public Service Commission's Web site: www.cis.state.mi.us/mpsc/

Michigan Public Service Commission's Electric Restructuring Web site:
www.cis.state.mi.us/mpsc/electric/restruct

MINNESOTA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In 1998 the legislature passed a resolution (HF 3654) calling for the Legislative Electric Energy Task Force (LEETF) to study the issue of restructuring. Nine topic areas were to be covered, including renewable energy, efficiency and environmental sustainability. Several bills relating to restructuring were introduced in 1998 and 1999, but none passed.

In its January 15, 2000 periodic update to the legislature, LEETF reported that there is “still no underlying consensus among stakeholders as to whether the state should restructure or if it does, how it should be done. However, the meetings also confirmed that most stakeholders members believe that restructuring is inevitable and that there are many areas of consensus in terms of the broad issues even though there is no consensus on a specific restructuring plan.” In the review, LEETF recommended 1) that Minnesota Department of Commerce (formerly Department of Public Service) Staff draft an electric utility restructuring plan to be used in further discussions whether restructuring is in the best interest of Minnesota consumers and 2) an extension of LEETF’s term beyond June 30, 2000.

In May 1999, the Minnesota Public Utilities Commission ordered the Department of Commerce (the Department) to draft a restructuring plan to present to the 2001 legislature (Docket No. E, G-999/CI-99-687). Towards this end, the Department assembled work groups to study issues relevant to restructuring: consumer issues, competitive parity, conservation and renewables, service reliability, unbundling/pricing, stranded costs/benefits, etc. The work groups collected information from work group meetings, written and oral comments from interested parties, comments to the Legislative Electric Energy Task Force, and research of industry literature by Department Staff.

After over a year of researching, discussing and analyzing deregulation of the state's electric industry, the Department concluded in its draft policy report, *Keeping the Lights On Securing Minnesota’s Energy Future*, a Legislative Proposal, (September 6, 2000), that it is not in the public interest to restructure at this time. Instead of presenting a plan for retail access in the state, the Department's report focused on issues of energy reliability for the future. The plan includes the establishment of a comprehensive statewide energy resource plan; increased efficiencies in energy conservation; promotion of renewable energy resources; the elimination of barriers to the installation of distributed generation resources; and increased electric competition at the wholesale level. The plan will be edited based on comments from interested parties and proposed to the 2001 State Legislature.

A report published by the Minnesota Attorney General's office in the Summer 2000 concurred with the Department's conclusion regarding electric restructuring in the state. The Attorney General's report, *The Electricity Deregulation Experience*, determined that "states which have

implemented deregulation or restructuring of the electricity market have not experienced the expected short-term benefits," and that the "theoretical long-run benefits have yet to be realized in any market and probably will be very difficult to document in practice."

Other Pertinent Information: Minnesota statute 216B.241 of the Minnesota Statutes 2000, also known as The Energy Conservation Improvement Statute, mandates that utilities that provide electric service spend and invest 1.5 percent of their gross operating revenues (GOR) from service provided in the state into energy efficiency programs and improvements. Likewise, utilities that provide electric service and operate a nuclear-powered electric generating plant in the state (Xcel) must spend and invest 2 percent of their GOR into energy conservation. Municipalities and cooperatives are also required to spend a percentage of their GOR on energy efficiency.

All of Minnesota's investor-owned electric utility companies currently offer energy conservation programs for their residential and commercial customers.

Minnesota statute 216B.2423, the Wind Power Mandate, requires public utilities that operate a nuclear-powered electric generating plant in Minnesota to construct and operate, purchase, or contract to construct and operate 225 MW of electricity generated by wind energy conversion systems by December 31, 1998. The mandate requires an additional 200 MW of electricity to be generated in this manner by December 31, 2002. Another 400 MW of electric wind energy must be constructed and operated, purchased, or contracted to be constructed and operated by December 31, 2002, subject to the state's resource planning and least cost planning requirements.

Sources: Minnesota SF 1820, May 1997; Minnesota HF 3654, April 1998; Minnesota PUC Docket No. EG-999/CI-99-687, May 1999; Periodic Update of the Legislative Electric Energy Task Force to the Legislature, Legislative Electric Energy Task Force, January 15, 2000; Conservation and Renewables Working Draft, Minnesota Department of Commerce Restructuring Workgroup 3, January 1, 2000; Minnesota Statutes 2000, Chapter 216B.2423, the Wind Power Mandate; Minnesota Statutes 2000, Chapter 216B.241, Energy Conservation Improvement; The Office of Minnesota Attorney General, Residential and Small Business Utilities Division, The Electricity Deregulation Experience, Summer 2000; Energy Division of the Minnesota Department of Commerce, Keeping the Lights On Securing Minnesota's Energy Future, a Legislative Proposal, September 6, 2000.

Minnesota Public Utilities Commissions's Web site: www.state.mn.us/ebranch/puc/

Minnesota Legislative Electric Restructuring Task Force Web site:
www.commissions.leg.state.mn.us/leetf/leetf.htm

Minnesota Department of Commerce Energy Restructuring Workgroups' Web site:
www.commerce.state.mn.us/pages/Energy/MainReliable.htm

MISSISSIPPI

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: The legislature passed HB1130 in March 1997 allowing the Public Service Commission to consider alternative regulation methods. No other restructuring legislation has passed.

In August 1996, the Mississippi Public Service Commission opened Docket No. 96-UA-389 (Generic Docket) to determine the extent that electric utility restructuring would serve the public interest. Hearings were held in April 1997 and on July 1, 1997 the PSC issued an order recommending that Public Utilities Staff (formerly a division of the PSC) propose a transition plan allowing for the implementation of retail electric competition.

Proceeding with this order, the Executive Director of the Public Utilities Staff (Staff) established an 11 member Electric Restructuring Committee. In November 1997, the Electric Restructuring Committee presented a “Proposed Transition Plan for Retail Competition in the Electric Industry.” The plan was based on the April 1997 hearings, a questionnaire submitted to parties in the docket, meetings with parties in the docket and others, a review of the status of electric restructuring in other states and Staff’s participation in national conferences.

As ordered by the Commission, interested parties submitted comments to the proposed plan and hearings ensued in April 1998. In June 1998, the PSC presented a new version of the transition plan entitled “Revised Proposed Transition Plan for Retail Competition in the Electric Industry.” The revised plan outlined a schedule for the transition to electric restructuring in Mississippi and initiated retail competition on January 1, 2001.

In an order issued on May 2, 2000, the Commission ruled that electric utility restructuring is not in the public interest at the present time. According to the order, adequate, reliable and low-cost supplies of electricity in the state were main factors in this decision. Based on all of the information collected in the Generic Docket, the Commission concluded that retail competition would not reduce everyone’s electric bill and that it would be premature to proceed with the proposed transition plan at this time. The Commission ordered Staff to continue monitoring state and federal restructuring activity but suspended the Generic Docket stating that no further hearings will be held unless ordered by the Commission.

Sources: Mississippi PSC Docket No. 96-UA-389, Order, August 1996; Mississippi HB1130, March 1997; Mississippi PSC Docket No. 96-UA-389, Proposed Transition Plan for Retail Competition in the Electric Industry, Electric Restructuring Committee, November 1997; Mississippi PSC Docket No. 96-UA-389, Revised Proposed Transition Plan for Retail Competition in the Electric Industry, June 1998; Mississippi PSC Docket No. 96-UA-389, Order, May 2, 2000.

Mississippi Public Service Commission's Web site: www.psc.state.ms.us/

MISSOURI

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: On May 23, 1997, the Missouri Public Service Commission issued an order in Case No. EW-97-245 which established the Retail Electric Competition Task Force to look at the benefits and risks of restructuring. The task force held meetings and solicited comments from various parties and prepared a report filed May 1, 1998. The report outlined options but did not make any strong recommendations regarding restructuring.

In 1998, House Committee Substitute for Senate Committee Substitute for Senate Concurrent Resolution No. 7 established the Interim Joint Committee on Telecommunications and Energy. One of the committee's primary responsibilities was to conduct an in-depth study and to make appropriate recommendations concerning the financial, legal, social, taxation, environmental, technological and economic issues regarding deregulation. In January 1999, the state legislature's Joint Interim Committee on Telecommunications and Energy finished a 2-year study and submitted it to the legislature. In 1999, House Concurrent Resolution (HCR) No. 11 was passed during the legislative session calling for another 2-year study to be conducted by the interim committee. In January 2001, HCR No. 5 was introduced proposing the continuation of the work conducted by prior Committees.

Electric restructuring bills were proposed in the 1998, 1999, and 2000 legislative sessions but none have passed.

Other Pertinent Information: AmerenUE matches voluntary contributions from customers to assist low-income customers to pay for their electric bills. Kansas City Power and Light offers several residential and commercial energy efficiency programs to its customers.

Sources: Missouri PSC Case No. EW-97-245, Order, May 23, 1997; Retail Electric Competition Task Force Final Report, May 1998; SCR 7, 1998; HCR 11, 1999; HCR 5, 2001.

Missouri Public Service Commission's Web site: www.psc.state.mo.us/

Missouri Electric Restructuring Web site: www.psc.state.mo.us/restructuring/

MONTANA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting July 1998. Retail choice for all customers has been delayed until July 2004.

Legislative/Regulatory Background: Montana was the first state in the Northwest Power Planning Council (NWPPC) to pass restructuring legislation.¹⁰ The Montana Utility Industry Restructuring and Consumer Choice Act (SB 390) was signed into law in May 1997. SB 390 mandated that, on or before July 1, 1998, investor-owned electric utility customers with loads greater than 1,000 kW or customers with loads greater than 300 kW/meter that aggregate to 1,000 kW or greater must have the opportunity to choose an electric supplier. Montana began offering retail access as scheduled in July 1998. Originally, all remaining investor-owned utility customers were to have choice before July 1, 2002. However, on October 27, 2000, in Docket No. D2000.10.177, the Commission requested comments on extending the transition period until July 1, 2004. In December 2000, in Order No. 6314, the Commission extended the deadline for the transition to choice from July 1, 2002 to July 1, 2004 stating that certain customers could be disadvantaged due to the lack of competitive electricity supply markets if the transition period was not extended. Rural electric cooperatives have the choice of opting in or out of offering their customers choice.

Montana Power has currently either sold or agreed to sell all of its electric generation and distribution businesses. In an October 2000 announcement, Montana Power stated its intentions to sell its electric and gas distribution businesses to NorthWestern Corporation of Sioux Falls, S.D. NorthWestern Corporation will keep the Montana Power name.

SBC Scope: Montana's nonbypassable universal system benefits charge is paid by all utility customers to fund its public-benefit programs. These include statewide low-income weatherization and assistance programs, cost-effective energy efficiency programs, renewable resource projects and applications, market transformation programs, and R&D programs related to energy efficiency and renewable energy.

SBC Funding: The universal system benefits charge is assessed at the meter for each local utility system customer. SB 390 established the annual funding level for the system benefits charge at 2.4 percent of each utility's 1995 retail sales revenue, beginning January 1, 1999 through July 1, 2003.

HB 337, effective May 1999, slightly altered the SB 390 funding plan by establishing the 2.4 percent allocation of 1995 retail revenues as the initial funding level for the 1999 public-benefit programs. Based on these funding levels, the Commission established rates (\$/kWh) for the utilities and the governing boards of cooperatives established rates (\$/kWh) for the cooperatives.

¹⁰ Other states in the NWPPC include Oregon, Idaho, and Washington.

These rates must remain in effect until July 1, 2003.¹¹ Customers with an average monthly load of 1,000 kW or greater pay the lesser of \$500,000/year or 0.9 mills/kWh minus any credits received.

Low-income was the only category of programs for which the legislature specified a funding level. A minimum of 17 percent of a utility's system benefits funds is required to go towards low-income programs. For a utility to receive credit for low-income-related expenditures, the activity must have taken place in Montana.

SBC Administration and Oversight: Each Montana utility choosing to offer system benefits programs were to include in their transition plan a description of the utility's proposal to provide for universal system benefits programs. In addition, investor-owned utilities were to file their proposed program plans with the PSC for approval. Following comments from interested parties, an order was to be issued indicating an approved plan.¹²

As indicated in HB 337, at the beginning of the following year, each utility must file an annual report summarizing its universal system benefits activities for the previous year. Public utilities must submit the annual report to the Commission, the Department of Revenue, and the transition advisory committee on electric restructuring. The cooperative utilities must submit the annual report to their local governing bodies, statewide utility offices, and the transition advisory committee (made up of 8 voting legislative members and 12 nonvoting advisory members from industry, consumer groups, etc.). The statewide cooperative utility offices then submit an annual summary report of the individual cooperatives to the Department of Revenue and the transition advisory committee.

The Department of Revenue is responsible for the assessment of credits based on each utility's or large customer's annual report. Utilities and large users are allowed to credit internal programs towards funding requirements. Cooperative utilities may pool their statewide credits to satisfy their annual funding requirements. A utility at which the sale of power for end-use occurs is the utility that receives credit for the universal system benefits program's expenditure. Claimed credits are presumed to be correct unless challenged by an interested person. HB 337 required the Department of Revenue to adopt rules specifying acceptable program credits and expenditures and adopting procedures for challenged credits by September 1999.

¹¹ Originally, Montana SB 390 allocated 2.4 percent of 1995 retail revenues for the 1999 system benefits programs. Under SB 390, the annual funding was to be constant year to year but the rate charged to the customer would change annually. With SB 337, the annual funding for the system benefits programs changes but the customer's rate for the programs stays the same. Although both funding levels are based on 2.4 percent of the utilities' 1995 retail revenues, it was believed that HB 337 would simplify the collection of the funds.

¹² SB 390 allowed Montana-Dakota Utilities Company to defer submitting a transition plan until July 1, 2002 but Docket No. D99.2.29 determined that the utility was still required to fulfill its legislative requirements regarding system benefits programs. Montana-Dakota Utilities Company submitted its proposed system benefits programs to the Commission for approval in August 1999.

If a utility's or large customer's credit for internal activities does not satisfy the annual funding provisions, then the utility/customer is required to make a payment to the universal system benefits fund for any difference. These funds will go towards the universal system benefits programs. The Department of Public Health and Human Services will administer the low-income energy assistance fund. The Department of Environmental Quality will administer the fund for universal system benefits programs other than low-income energy assistance.

Several of the Montana utilities are just ending their first round of programs and the utility annual reports are due to the Department of Revenue on March 1, 2000. Only after these reports are reviewed, will it be known whether the utilities will get full credit for their programs, and whether there will be any payments required to the universal system benefits fund.

The transition advisory committee reports to the governor and the legislature on the status of electricity restructuring in the state. On or before July 1, 2002, the advisory committee, in coordination with the Commission, shall conduct a reevaluation of the ongoing need for the universal system benefits programs and annual funding requirements and shall make recommendations to the 58th legislature regarding the future need for those programs.

SBC Duration: Payments of the system benefits charge for several Montana utilities began in January 1999 and will continue until July 2003, at which point their level and need will be reevaluated.

Related Rules/Legislation: Montana Administrative Rules, Sub-Chapter 80, Utility Division, Standard Offer, Rule 38.5.8002, Electric Utility Restructuring, Electricity Supplier Licensing and Reporting, September 30, 1998.

Montana PSC Docket No. D-97.7.90, 5986g, In the Matter of the Application of Montana Power Company for Approval of its Electric Utility Restructuring Transition Plan, Order Allocating Universal System Benefits Funds, February 4, 1999.

Montana PSC Docket No. D-97.7.90, 5986i, In the Matter of the Application of Montana Power Company for Approval of its Electric Utility Restructuring Transition Plan, Order on Reconsideration of the Universal System Benefits Funds, May 12, 1999.

Montana SB 406, authorizes the formation of buying cooperatives to purchase electricity for residential and small commercial customers in investor-owned distribution utility service territories in which customer choice is available, effective May 1999.

Montana PSC Docket No. L-99.7.9-RUL, Proposed Default Supplier Licensing Rules and Disclosure and Labeling Rules.

Montana SB 409, net metering legislation. Specified that distribution service providers shall allow net metering systems to be interconnected to a utility's system and register the flow of electricity in two directions, effective July 1999

Montana PSC Docket No. D-99.2.29, In the Matter of the Public Service Commission's Investigation into Montana-Dakota Utilities Co.'s Implementation of Universal System Benefits Programs, Montana-Dakota's Application to Implement System Benefits Programs, August 20, 1999.

Montana Administrative Rules, Sub-Chapter 60, Utility Division, Default Supplier, Rule 38.5.6007, Electric and Natural Gas Utility Restructuring, Consumer Information and Protection, September 30, 1999.

Renewables Portfolio Standard: None.

Disclosure: The Montana Public Service Commission currently has a rulemaking docket (Docket No. L-99.7.9-RUL) regarding Default Supplier Licensing and Disclosure and Labeling of Generation Source and Emission Information. Although the two issues are included in the same docket, the Commission is taking comments on the two issues separately. A final order was originally scheduled to be issued in June 2000 but no orders have been issued as of this writing. Disclosure of price, fuel mix, and environmental impacts is currently proposed. Although disclosure is a separate issue from the system benefits programs, in Montana it appears to be moving in tandem with electric restructuring. Also in this docket, the Commission requests comments on the reasonableness of establishing a renewable portfolio standard for default supply service.

Other Pertinent Information: In November 1998, Constitutional Initiative 75 passed in Montana and required the vote of the electorate for all new taxes. Debate ensued as to whether the system benefits charge was a tax. In the end, the Public Service Commission made the legal interpretation that the system benefits charge was not a tax, and even if it was, could legally be assessed since it was passed before the ballot initiative.

Under current Montana law, Administrative Rule 38.5.8002, provides that licensed suppliers serving residential and small business (under 20 kW) customers must maintain a standard service offer.

Montana Administrative Rule 38.5.6007 specifies that each regulated electric distribution utility shall serve as the default supplier in its distribution service territory. A regulated electric utility may contract with a third-party supplier, selected through a competitive bid solicitation process, to acquire the necessary electric supply to meet its default supplier obligations.

Sources: Montana SB 390, The Montana Utility Industry Restructuring and Consumer Choice Act, May 1997; Montana Administrative Rules, Sub-Chapter 80, Utility Division, Standard

Offer, Rule 38.5.8002, September 30, 1998; Montana PSC Docket No. D-97.7.90, 5986g, February 4, 1999; Montana PSC Docket No. D-97.7.90, 5986i, May 12, 1999; Montana HB 337, May 1999; Montana SB 406, May 1999; Montana SB 409, July 1999; Montana PSC Docket No. L-99.7.9-RUL; Montana PSC Docket No. D-99.2.29, August 20, 1999; Montana Administrative Rules, Sub-Chapter 60, Utility Division, Default Supplier, Rule 38.5.6007, September 30, 1999; Montana PSC Docket No. D-2000.10.177, October 27, 2000; Montana PSC, Utility Division, Docket No. D2000.10.177, Order No. 6314, In the Matter of the Proposed Extension of the Transition Period Under Title 69, Chapter 8, MCA, the "Electric Utility Industry Restructuring and Customer Choice Act," December 21, 2000.

Montana Public Service Commission's Web site: www.psc.state.mt.us

Montana Public Service Commission's Electric Restructuring Web site:
www.psc.state.mt.us/gaselec/elec.htm

NEBRASKA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In 1996, Nebraska Legislative Resolution 455 (LR 455) was enacted with the purpose of convening an advisory group (utility representatives, environmental organizations, consumer groups, etc.) to assist the Natural Resources Committee of the Nebraska legislature in a study of electric utility restructuring. Phase I of the study provided a comprehensive overview of the electric utility industry in Nebraska. One of the major findings of this portion of the study, completed in December 1997, was that Nebraska's electric rates were some of the lowest in the nation. Phase II of the study was designed to examine electric utility restructuring and to analyze possible effects of these events on Nebraska's unique consumer-owned electric industry. This part of the study was completed in December 1999 and recommended a step-by-step process to assess and adopt electric utility restructuring in the event that it was found that movement in this direction was in the public interest of all Nebraska consumers. Phase II included a section that reviewed issues related to the environment, energy efficiency and renewable energy with recommendations concerning these issues specific to Nebraska.

In April 2000, the governor signed Legislative Bill 901. LB 901 advises the Nebraska Power Review Board¹³ that it will submit an annual report to the Governor including information that will be beneficial to the Governor, the Legislature, and Nebraska's citizens when considering whether retail electric competition is in Nebraska's best interest. Information in the report is to include items such as the status of rate unbundling, a comparison of Nebraska's wholesale electricity prices to prices in the region and updates on restructuring activities in other states.

Other Pertinent Information: Nebraska is the only state in the US which has 100 percent of its power supplied by public utilities (i.e., municipal, cooperative, and other public power utilities). In January 1998 the Governor signed an executive order encouraging the use of energy efficiency and renewable energy in all state facilities.

Sources: Nebraska LR 455, June 1996; Nebraska Executive Order 98-1, January 12, 1998; Nebraska's Electric Utility Industry, Final Report, L.R. 455 Phase II Study, Ridley and Associates, Inc., December 1999; Nebraska LB 901, April 2000.

Nebraska Public Service Commission's Web site: www.nol.org/home/NPSC/

Nebraska Power Review Board's Web site: www.nprb.state.ne.us/

¹³ In Nebraska, the Public Service Commission is primarily responsible for safety issues relating to the location and construction of electric transmission lines whereas the Nebraska Power Review Board is the regulatory authority over the publicly owned electric utilities.

Nebraska Energy Office's Electric Restructuring Web site:
www.nel.org/home/NEO/eleres.htm

NEVADA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice delayed until at least September 2001.

Legislative/Regulatory Background: In July 1997, the Governor signed AB 366, the Bill that restructured Nevada's electric industry. The bill provided for the reorganization of the Public Service Commission into the new Public Utilities Commission and scheduled retail access to commence no later than December 31, 1999. Nevada AB 438 (July 1999) deferred the target date for retail access in the state to March 1, 2000. In February 2000, the start date was postponed indefinitely by the Governor because of the number of outstanding issues regarding restructuring. In March 2000, Nevada Power and Sierra Pacific Power filed a federal lawsuit when the PUC denied Nevada Power a rate increase prior to a 3-year rate but settlement agreements have been reached in that case. The Governor announced in October 2000 that he would appoint a Nevada Energy Policy Committee to advise him on long-term energy policy for the state. The Governor has set September 1, 2001 or before as the new date for deregulation stating that " After much research, it is my conclusion that we are not yet ready."

SBC Scope: AB 366 encourages energy efficiency, R&D programs, and the incorporation of renewable energy within the electricity supply portfolio although specific funding or programs are not mandated. What remains unclear is whether actual SBC funding mechanisms will be established to support these initiatives.

SBC Funding: Status of funding is still being decided.

SBC Administration and Oversight: Unclear.

SBC Duration: Unclear.

Related Rules/Legislation: Nevada AB 622. An Act relating to energy; creating the legislative committee on energy and regulatory affairs; requiring the committee to develop a comprehensive long-range plan for the transition to an open competitive market for the provision of electric service; requiring certain state agencies to submit certain information to the legislative committee; and providing other matters properly relating thereto, June 1997.

Nevada SB 255. An Act relating to energy; providing for net metering for certain customers of an electric utility who have installed a renewable energy system; specifying standards applicable to such systems; and providing other matters properly relating thereto, July 1997.

Nevada SB 256. An Act relating to taxation; revising the exemption from property tax assessed on property used for the production of electrical energy from solar energy; and providing other matters properly relating thereto, July 1997.

Nevada SB 438. An Act relating to utilities; providing for the appointment of hearing officers to conduct proceedings before the Public Utilities Commission of Nevada; revising the provisions governing recoverable costs; providing for the provision of basic electric services during the period of transition to a competitive market; providing for an auction of the right to provide such electric services; making various changes related to the provision of electricity in a competitive market; revising the provisions governing the statutory deadline by which customers may begin obtaining potentially competitive services; repealing provisions relating to deferred accounting; authorizing the use of the name or logo of a provider of a noncompetitive service by an affiliate of a provider of electric services or natural gas; and providing other matters properly relating thereto, July 1999

Nevada PUC Docket No. 97-8001. Proposed regulation regarding Provider of Last Resort.

Renewable Energy Portfolio Standard: By January 2001, all sellers of electricity in Nevada must have 0.2 percent of their total kilowatt-hour sales generated by renewable resources. This increases biennially by 0.2 percent until 1 percent is reached in 2009. Renewable energy, as defined in AB 366, includes wind, solar, geothermal, and biomass energy resources. Half of the renewable energy generated must come from solar resources. All renewable supply sources must have been constructed after July 1997 and are required to be generated within the state. The purchase of credits is acceptable. Each electric distributor is required to submit an annual report indicating the amount of renewable energy generated, purchased, sold, and/or traded in compliance with the standard. Sierra Pacific is considered to be in compliance with the RPS requirement until January 1, 2005 due to the percentage of renewable energy the company already utilizes.

Disclosure: Customer bills must contain a label that clearly shows price, price variability, and generation mix. Educational programs will be established in conjunction with information disclosure requirements to be honored by alternative sellers in an effort to render assistance to customers in the understanding of their options.

Other Pertinent Information: In 1997, a net metering law (SB 255) and a renewable energy property tax exemption law (SB 256) were signed into law. Utility companies must install meters capable of measuring electricity flow in both directions available to customers. Customers cannot be charged an extra fee for this service. Net metering interconnections must meet Underwriters Laboratories (UL), National Electric Code (NEC), and the Institute of Electrical and Electronic Engineers (IEEE) standards only. Customer generators are only allowed to reduce energy bills to zero; collection of money from utilities for excess generation is prohibited. SB 256 exempts businesses from paying taxes for 10–20 years on property that is used as a facility for the production of electrical energy from solar energy when the businesses either use solar energy or recycled products as their primary source of electricity or manufacture goods that are made up of products that are recycled on-site. In order to qualify for tax exemption, the businesses must agree to continue operating their business in the state for 30 years or until they go out of business, whichever comes first.

Per the restructuring legislation, the Commission must submit a quarterly report to the Legislature that assesses the compatibility of retail access with environmental goals.

The Nevada restructuring law assures customers that they will have an electric provider. A “Provider of Last Resort” will serve any customer that either cannot obtain service from an alternative provider or has not chosen an alternative provider. The PUC has authority to ensure the provision of electric service to these customers in alternative ways consistent with the promotion of public interest. SB 438 offers several alternatives including the designation of an electric provider as the Provider of Last Resort, assignment of customers to a Provider of Last Resort, and conducting an auction among electric providers to supply the service. Proposed regulation (PUC Docket No. 97-8001, October 1999) indicates that the Provider of Last Resort must offer rates no higher than the rate that was in effect in July 1999. This ruling is consistent with SB 438.

Green pricing programs remain under development by the Nevada State Energy Office.

Sources: Nevada AB 366, 1997; Nevada AB 622, 1997; Nevada SB 255, 1997; Nevada SB 256, 1997; An Overview of Nevada’s 1997 Electric Industry Restructuring Legislation, from PUC’s Web page, not dated; Nevada SB 438, 1999; PUC Docket No. 97-8001, October 1999; News Release from the Office of the Governor, October 4, 2000.

Public Utilities Commission of Nevada’s Web site: www.puc.state.nv.us/

Public Utilities Commission of Nevada’s Electric Restructuring Web site:
www.thechoiceisyours.org/index1.htm

NEW HAMPSHIRE

Legislative/Regulatory Status: Restructuring legislation passed; retail choice delayed until at least April 2001.

Legislative/Regulatory Background: In May 1996, the Governor signed HB 1392 (RSA 374 F), the New Hampshire Electric Utility Restructuring Act. Full retail access was scheduled to be implemented no later than July 1, 1998, but conflicts over stranded cost recovery and other issues delayed implementation in most areas of the state. Only two of the state's utilities have introduced retail access—Granite State Electric Company in July 1998 and the New Hampshire Electric Cooperative in January 2000.

In April 2000, in Order No. 23,443, Docket No. DE 99-099, the Commission conditionally approved a restructuring Settlement Agreement with the Public Service Company of New Hampshire (PSNH). PSNH filed a conformed Settlement Agreement in June 2000. In SB 472, passed in June 2000, the New Hampshire Legislature established that "competition day"¹⁴ for PSNH would occur no later than October 1, 2000. On September 8, 2000, the Commission issued Order No. 23,549, which addressed motions for clarification and rehearing on the amended Settlement Agreement and Order No. 23,550, which authorized PSNH to issue Rate Reduction Bonds that would securitize certain stranded costs. The Campaign for Ratepayers Rights and the Granite State Taxpayers filed appeals with the New Hampshire Supreme Court in October 2000. The appeals have delayed "competition day" and a new target date for retail access has been set in April 2001.

SBC Scope: HB 1392 states that a wires-based SBC "may be used to fund public benefits related to the provision of electricity. Such benefits, as approved by regulators, may include... programs for low-income customers, energy efficiency programs, [commission expenses,] research and development, and investments in commercialization strategies for new and beneficial technologies." It also states that, "Restructuring should be designed to reduce market barriers to investments in energy efficiency," and should support and further "the goals of environmental improvement."

Despite the statutory language, on February 28, 1997, the PUC issued its Final Plan (in DR 96-150) for restructuring implementation that stated: "... ratepayer funded programs for delivering energy efficiency services is no longer appropriate. The competitive market will be more successful in serving the need ... than the ratepayer funded programs of the past." The Final Plan mandated a complete phase-out of energy efficiency programs within 2 years of retail access. However, in a March 20, 1998 Rehearing Order (No. 22,875 in DR 96-150), the PUC backed

¹⁴ In Order No. 23,549, Docket DE 99-099, "Competition Day" is defined as the date upon which all PSNH retail customers will be able to choose a Competition Supplier of energy. More specifically, Competition Day is the first day of the month following the month in which the conditions contained in Section XVI are satisfied and shall not be later than October 1, 2000, unless the commission finds due circumstances beyond its control that further delay is in the public interest.

off from that 2-year phase-out and revised its approach to encompass at least some ongoing support for energy efficiency.

SBC Funding: HB 1392 was amended in 1998 by HB 587 to establish a funding cap on the SBC for any utility with rates above the regional average. The overall cap was set at 2.5 mills/kWh in the first year of retail access and 3.0 mills/kWh in the second year, including a 1.5 mills/kWh cap (about 1.3 percent of revenues or \$13 million/year) on the low-income bill assistance program to reflect the annual funding level approved by the PUC. The funding was amended again in June 2000 when several statutes were revised by the Legislature in SB 472. Chapter 249, Laws of 2000, RSA 369-B:3, IV(b)(6) fixes the system benefits charge at 2 mills/kWh for PSNH for the 33-month period starting on 'competition day' and directs the Commission to divide the system benefits charge between low-income assistance and energy efficiency. Chapter 249, Laws of 2000, RSA 374-F:4, VIII(g) limits the system benefits charge for all utilities to the level set for PSNH during the 33-month period following the start of competition for PSNH. In Docket No. 99-099, Order No. 23,575 (November 2000), the Commission allocated 1.2 mills/kWh to the low-income programs and 0.8 mills/kWh to the energy efficiency/conservation programs.

SBC Administration and Oversight: The PUC's 1997 Final Plan recommended the establishment of a Low-Income Working Group (LIWG) to assist in the development, implementation, and monitoring of a low-income assistance program to address the affordability of customers' electric bills. In response to this recommendation, the LIWG was assembled in 1998.

In the LIWG's 'Electric Assistance Program Policy Recommendations' report published in August 1998, the LIWG suggested that New Hampshire's Community Action Agencies (CAA) be responsible for the daily administration of the low-income program (EAP) including the counseling and education aspects of the program. The group also recommended that the EAP should be a fixed credit payment plan, based on customers' annual income and prior usage, and include an arrearage forgiveness component. In addition, the group recommended that the electric distribution companies collect the SBC from customers and apply credits to EAP participants' accounts. The LIWG suggested that the Governor's Office of Energy and Community Services (NHECS) be responsible for truing-up the collected EAP funds among utilities, insuring funds are managed according to program policy, and periodically assessing the effectiveness of the EAP. The report also suggested that, after retail access begins, a Commission-appointed EAP Advisory Board replace the LIWG. The Advisory Board would be responsible for acting as liaison between the PUC and other parties involved in the program, overseeing the program on a long-term basis, and drafting policy recommendations.

In June 2000, in SB 472 (Chapter 249, Laws of 2000, RSA 369-B:1, XIII), the New Hampshire Legislature directed the Commission to design the low-income program in a manner that targets assistance and has high operating efficiency to maximize the benefits that go to the intended beneficiaries of the low-income program.

Based on the LIWG's recommendations, the Legislature's directive and comments presented at the March 1999 hearing on the matter, the Commission issued Order No. 23,573 in November 2000, describing its conclusions regarding the low-income program. In Order No. 23,573, the Commission states that the low-income program will be funded by the system benefits charge and administered by the state's CAA. The program will be designed to target the most assistance to the consumers with the least ability to pay, include an arrearage forgiveness component matching payments made by the customers, and employ the NHECS to evaluate the EAP and act as fiscal agent with participation by Commission Staff. The Commission advised the LIWG to develop the role of an EAP Advisory Board and determined that the energy efficiency portion of the system benefits charge should fund energy efficiency improvements for low-income customers.

An Energy Efficiency Working Group (EEWG) was also assembled in 1998 in response to a directive from the Commission. In its July 6, 1999 final report, the EEWG recommended that the administration of the energy efficiency programs remain with the individual utilities at least for the next few years. The EEWG suggested the formation of a New Hampshire Energy Efficiency Committee to improve program consistency and reduce program costs by encouraging cooperation among utilities and stakeholders in the state. The EEWG also suggested a cost-effectiveness test including quantifiable resource-related benefits and costs, a 15 percent adder for nonquantified benefits, consideration of market effects, and the cost of shareholder incentives. It was suggested that the "New Hampshire cost-effectiveness test" be applied to all energy efficiency programs but that low-income and educational programs could still be approved even if they do not pass the test.

Based on the EEWG's recommendations, Chapter 249, Laws of 2000, previous Commission orders on energy efficiency matters, and comments submitted by interested parties, the Commission issued Order No. 23,574 in November 2000, describing its conclusions regarding the energy efficiency programs. In the order, the Commission emphasized its commitment to energy efficiency programs that complement the new energy markets and do not hinder their development. The Commission stated that it agreed with the Legislature's mandate that the programs should be able to survive without subsidies but disagreed with the EEWG's idea regarding the formation of a New Hampshire Energy Efficiency Committee. Instead, the Commission requested that the utilities work together to design a set of "core" programs that are consistent in program offering and design and that meet the Legislature's directive to target cost-effective opportunities that may otherwise be lost due to market barriers. In the order, the Commission directed PSNH and the New Hampshire Electric Cooperative to develop a pilot program in which the customer pays for the energy efficiency product or service offered. The Commission in the order also addressed utility incentives, program evaluation and utility administration of programs.

SBC Duration: Both the low-income and energy efficiency programs will continue for a 33-month period at the start of competition for PSNH. The Commission will determine whether it is appropriate to extend the time frame or what other changes are needed.

Related Rules/Legislation: New Hampshire PUC, Docket No. DR 96-150, Order No. 22,875, Electric Utility Restructuring, Order on Requests for Rehearing, Reconsideration and Clarification, March 20, 1998.

New Hampshire HB 587-FN, Amended Analysis, An Act relative to the system benefits charge and the composition of the nuclear decommissioning financing committee, June 15, 1998.

New Hampshire SB 341, An Act relative to the implementation of electric utility restructuring, This bill establishes electric utility restructuring policy principles for default service and transition service, June 17, 1998.

New Hampshire PUC, Docket No. DR 98-097, Order No. 23,013, New Hampshire Electric Cooperative, Inc. Electric Utility Restructuring, Compliance Filing, Order Addressing Compliance Filing and Announcing Interim Procedures Governing Retail Access, September 8, 1998.

New Hampshire PUC, Docket No. DR 98-012, Order No. 23,041, Granite State Electric Company, Offer of Settlement for Retail Choice—Order Approving Amended Offer of Settlement, October 7, 1998.

New Hampshire SB 472, An Act relative to final authorization of electric rate reduction financing and commission action, June 12, 2000.

New Hampshire PUC, DR 96-150, Order No. 23,573, Electric Utility Restructuring, Order Approving Energy Assistance Program and Establishing the Community Action Agencies as Program Administrator, November 1, 2000.

New Hampshire PUC Docket No. DR 96-150, Order NO. 23,574, Electric Utility Restructuring, Energy Efficiency Programs, Order Establishing Guidelines for Post-Competition Energy Efficiency Programs, November 1, 2000.

New Hampshire PUC, Docket Nos. DE 99-099/DR 96-150, Order No. 23,575, Public Service Company of New Hampshire, Allocation of System Benefits Charge, Order Regarding Laws of 2000, Chapter 249; Concerning the System Benefits Charge, November 1, 2000.

Renewables Portfolio Standard: None.

Disclosure: HB 1392 and the PUC 1997 Final Plan support disclosure as a form of environmental protection and renewables support. The Disclosure of Resource Mix and Environmental Characteristics of Power Working Group (DRMECPWG) was established to make recommendations regarding the disclosure of resource mix and the emissions impact of those resources. At the April 17, 1997, meeting, the DRMECPWG produced a report entitled “Recommendation Regarding Labeling and the Disclosure of Resource Mix.” Their suggestions

included: a 12–18 month moratorium on disclosure so they could review the data collected through the NEPOOL Settlements; a meeting with the Public Education Working Group (PEWG) to discuss needs for customer information; a Federal Trade Commission/Attorney General/Stakeholders collaborative to establish disclosure guidelines on environmental claims; regional consistency in disclosure; and consideration of the “Green Tag” concept. In addition, PUC Staff participated in the New England Conference of Public Utilities Commissioners that developed a Model Rule on Information Disclosure. The New Hampshire Commission has suggested using those rules as a basis for the state's disclosure rulemaking proceeding, which has not yet taken place.

Other Pertinent Information: The PUC Final Plan stated that default power service would be provided to all residential and small commercial customers by the incumbent electric distribution company and that large commercial and industrial customers would only have access to such service for a 6-month period after the onset of retail access. However, due to conflicts arising from this proposal, in the DR 96-150 rehearing order, the Commission decided to abandon that idea and requested comments from parties on ways third-party suppliers could serve transition service customers as a result of a competitive bid process. HB 1392 was amended in HB 341 to read that default service should be designed to provide a temporary safety net and to assure universal access and system integrity. The revised statute also directed that default service should be procured through the competitive market, based on short-term market prices, and may be administered by independent third parties. The cost of administering default service should be borne by the customers of default service.

The PUC Final Plan supported a comprehensive public education program regarding customer choice and directed the establishment of the Public Education Working Group (PEWG), which was responsible for hiring a consultant to design the education program. The consultant designed the program under the direction of the Commission and under advisement of the PEWG, which submitted a proposal entitled “Public Education Plan for Electric Competition” to the Commission in December 1997. The Commission concluded that the proposal met the legislative directive and gave the PEWG approval to move forward. The plan, based on benchmark surveys, focus groups, interviews and media analysis, focuses on residential and small business customers and suggests the implementation of a variety of educational tools including utility and newspaper inserts, a Web site, presentations, videos, displays, a call center, and radio and TV advertisements. The plan also includes information on the importance of energy conservation and reminds the public that the choice of an energy supplier has an impact on the environment. The education initiative is only being implemented in utility service territories that are open to retail competition, rather than on a statewide basis as initially proposed.

HB 1392 indicates that "restructuring should allow customers the possibility of choosing to pay a premium for electricity from renewable resources and reasonable opportunities to directly invest in and interconnect decentralized" renewable resources.

In June 1998, a law was enacted to allow customers with 25kW or less renewable generation to utilize net metering.

Sources: New Hampshire RSA 374-F, Electric Utility Industry Restructuring Act, May 1996; New Hampshire PUC, Executive Summary of Final Plan to Implement RSA 374-F, February 28, 1997; Disclosure of Resource Mix and Environmental Characteristics of Power Working Group, Recommendation Regarding Labeling and the Disclosure of Resource Mix, April 1997; New Hampshire PUC, Public Education Plan for Electric Competition, December 1997; New Hampshire PUC, DR 96-150, Order No. 22,875, Electric Utility Restructuring—Order on Requests for Rehearing, Reconsideration and Clarification, March 20, 1998; New Hampshire SB 341, An Act relative to the implementation of electric utility restructuring, This bill establishes electric utility restructuring policy principles for default service and transition service, June 17, 1998; New Hampshire PUC, DR 96-150, Order No. 22,971, Statewide Electric Utility Restructuring Plan—Order Addressing Implementation Date, July 1, 1998; Low-Income Working Group, Electric Assistance Program Policy Recommendations, August 18, 1998; New Hampshire PUC, DR 98-097, Order No. 23,013, New Hampshire Electric Cooperative, Inc., Electric Utility Restructuring: Compliance Filing—Order Addressing Compliance Filing and Announcing Interim Procedures Governing Retail Access, September 8, 1998; New Hampshire PUC, DR 98-012, Order No. 23,041, Granite State Electric Company, Offer of Settlement for Retail Choice—Order Approving Amended Offer of Settlement, October 7, 1998; New Hampshire Energy Efficiency Working Group, Docket No. DR 96-150, Report to the New Hampshire Public Utilities Commission on Ratepayer-Funded Energy Efficiency Issues in New Hampshire, July 6, 1999; State of New Hampshire Before the Public Utilities Commission, Agreement to Settle Public Service Company of New Hampshire Restructuring, August 2, 1999; New Hampshire PUC, DR 99-099, Order No. 23,346, Public Service Company of New Hampshire, Proposed Restructuring Settlement—Order Concluding Phase One of Proceeding, November 16, 1999; New Hampshire PUC, DR 99-099, Order No. 23,443, Public Service Company of New Hampshire—Proposed Restructuring Settlement, April 19, 2000; New Hampshire SB 472, An Act relative to final authorization of electric rate reduction financing and commission action, June 12, 2000; New Hampshire PUC, Docket No. DE 99-099, Order No. 23,550, PSNH Proposed Restructuring Settlement, Order Addressing Financing Issues, September 8, 2000; New Hampshire PUC, Docket No. DE 99-099, Order No. 23,549, PSNH Proposed Restructuring Settlement, Order Addressing Motions for Clarification and Rehearing, Amended Settlement Agreement and Financing Issues, September 8, 2000. New Hampshire PUC, DR 96-150, Order No. 23,573, Electric Utility Restructuring, Order Approving Energy Assistance Program and Establishing the Community Action Agencies as Program Administrator, November 1, 2000; New Hampshire PUC Docket No. DR 96-150, Order NO. 23,574, Electric Utility Restructuring, Energy Efficiency Programs, Order Establishing Guidelines for Post-Competition Energy Efficiency Programs, November 1, 2000; New Hampshire PUC, Docket Nos. DE 99-099/DR 96-150, Order No. 23,575, Public Service Company of New Hampshire, Allocation of System Benefits Charge, Order Regarding Laws of 2000, Chapter 249; Concerning the System Benefits Charge, November 1, 2000.

New Hampshire Public Utility Commission's Web site: www.puc.state.nh.us

New Hampshire Public Utility Commission's Restructuring Information Web site:
www.puc.state.nh.us/restrupg.html

NEW JERSEY

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all customers August 1999.

Legislative/Regulatory Background: The New Jersey Board of Public Utilities (BPU) released its Master Plan for utility deregulation in May 1997. In February 1999, the Governor signed SB 7, the Electric Discount and Energy Competition Act. SB 7 specified that all electric public utilities reduce their current rates by at least 10 percent, beginning with at least a 5 percent reduction on the retail access start date. The Act mandated that retail choice of electric power supplier would be available to all customers no earlier than June 1, 1999 and no later than August 1, 1999. In accordance with the law, all customers were able to choose their suppliers in August 1999, although computer problems delayed the switches until November 1999.

SBC Scope: The BPU is authorized by the Act to establish an adjustable societal benefits charge as a nonbypassable charge on all electric utility customers. The SBC will recover costs associated with new energy efficiency and renewable programs as well as programs approved by the BPU prior to April 30, 1997, such as consumer protection, nuclear plant decommissioning, DSM, and consumer education. The Act stipulates that within 4 months of the effective date of the Act, and every 4 years thereafter, the BPU should initiate a proceeding and undertake a comprehensive analysis of energy programs. As part of this process, each of the state's utilities are required to submit: a proposed DSM and renewable plan; a proposed funding plan for new programs for energy efficiency and renewable energy resources over the next 4 years; and a proposed implementation and administration plan.

The Act also determined that the BPU establish a separate Universal Service Fund (USF) to support low-income programs. The BPU issued an order in Docket No. EX00020091 on June 7, 2000, establishing a procedural schedule and issues to be addressed regarding the USF.

SBC Funding: The Act specified that the new energy efficiency programs and "social programs" (chiefly low-income programs) should be funded at 50 percent of the statewide DSM program collections. In 1998, the DSM programs were funded at \$215/year. From this, it was determined that the minimum funding for new programs required by the Act was \$107.5 million/year. In addition, the Act directed that 25 percent of the amount for new programs was to be spent on Class I renewables, with the remainder for energy efficiency. The Act also specified that the BPU will determine the appropriate funding level of the USF programs for low-income customers.

On March 1, 2001, the BPU ordered a 3-year energy efficiency and renewable energy proposal totaling over \$358 million. Funding levels were approved for approximately \$115 million for 2001, \$119 million for 2002 and \$124 million for 2003, representing more than the legally required amount of funding. This is in addition to the existing funding for gas and electric

energy efficiency programs of \$130 million/year. In August 2003, the BPU will determine the amount of funding for the years 2004 through 2008.

SBC Administration and Oversight: The March 1, 2001 order directed the BPU to hire a consultant to determine how the energy efficiency programs should be administered for the next 8 years. At the end of the first year, the consultant will have 90 days to write a report and make recommendations. The BPU will have 60 days after that to take action on the consultant's recommendations. The energy efficiency programs funded by the SBC will continue to be administered by the utility until the BPU makes a decision.

Also according to the March 2001 order, the customer-sited renewable energy programs will be administered by the utilities for 1 more year. In the meantime, the consultant will assist the BPU in establishing an independent statewide administrator (ISA). The ISA will administer the customer-sited renewable programs for the remainder of the 8 years. The BPU, in consultation with the Department of Environmental Protection, will administer the supply side renewable projects. These projects, selected from competitive applications, will consist of renewable energy projects that will provide electricity to the grid.

Based on the Act, the BPU will establish the appropriate administration of the USF and the purposes and programs to be funded. The BPU is responsible for determining whether the funds for existing low-income programs (Lifeline Credit Program, Tenants' Lifeline Assistance Program, Low-Income Home Energy Assistance Program, etc.) should be deposited into the fund and whether new charges should be imposed for new programs.

SBC Duration: The SBC was scheduled to begin on the date that retail access began, however, the specifics of the SBC were not determined until March 1, 2001. The SBC will be collected at least through 2008.

The Act requires that each low-income program continue to be provided by the utilities until otherwise provided by law, unless the Board determines that it is no longer appropriate or chooses to modify the program. Within 9 months of the implementation of retail access, the BPU is to initiate a proceeding regarding the creation of a USF, which is nonlapsing.

Related Rules/Legislation: None.

Renewables Portfolio Standard: The Act requires that the BPU adopt interim renewable portfolio standards in which 2.5 percent of the kilowatt-hours sold in New Jersey by each electric power supplier and generator must be from Class I and/or Class II renewable energy sources. Class I renewable energy is defined as electric energy produced by solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal, wave or tidal action, and methane gas from landfills or a biomass facility. Class II renewable energy is defined as electric energy produced by a resource recovery facility or hydropower facility that meets the required environmental standards. Beginning on January 1, 2001, 0.05 percent of the kilowatt-hours sold

in the state by each electric supplier and generator must be from Class I renewables, incrementally increasing until 2012 when 4 percent of the kilowatt-hours sold are from Class I renewables.

Disclosure: Electric suppliers and generators are required by SB 7 to disclose fuel mix and emissions on bills, contracts, and marketing materials. In July 1999, the BPU finalized a publication explaining the disclosure of emissions information in output pounds per megawatt hour as required in SB 7.

Other Pertinent Information: SB 7 mandates that the BPU, in consultation with the Division on Consumer Affairs, establish a multi-lingual consumer education program. The education program is to be designed to educate residential, small business, and special needs consumers on the implications of retail access and to help consumers make informed decisions regarding their electric service. The BPU is to determine how the costs for the educational programs will be recovered.

The Act requires that electric suppliers and generators provide net metering to residential and small commercial customers who produce their own electricity with wind or solar PV systems. The electricity supplier or generator must credit the customer-generator for any excess kilowatt-hour produced at the end of the annualized period. The BPU may authorize the electricity supplier or generator to cease additional net metering when electricity produced by customer-generators equals 0.1 percent of New Jersey's peak electricity demand or the aggregate financial impact of customer-generators exceeds \$2 million.

Electric utilities must offer Basic Generation Service (BGS), or Standard Offer Service, as required by the Act. BGS is electric service offered to customers who have not or cannot choose a supplier of their choice. This service remains regulated by BPU and must be offered at market prices. After a 3-year period, the BPU may allow utilities to bid on procurement of the service.

Sources: New Jersey SB 7, January 1999; New Jersey BPU Docket Numbers EX99050347, EO99050348, EO99050349, EO99050350, EO99050351, EO99050352, EO99050353, EO99050354, June 1999; New Jersey BPU Staff Report, Environmental Information Disclosure, July 27, 1999; New Jersey BPU Draft Staff Report, Net Metering, Safety and Power Quality Standards for Wind and Solar Photovoltaics Systems, not dated; New Jersey BPU Draft Staff Report, Interim Renewable Portfolio Standards, not dated; New Jersey BPU, In the Matter of the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, Docket Number EX00020091, June 7, 2000; New Jersey BPU, In the Matter of the Petition of the Filings of the Comprehensive Resource Analysis of Energy Programs Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, Docket Numbers EX99050347, EO99050348, EO99050349, EO99050350, EO99050351, EO99050352, EO99050353, EO99050354, August 16, 2000; New Jersey BPU Press Release #03-01, March 1, 2001.

New Jersey Board of Public Utilities' Web site: www.bpu.state.nj.us

NEW MEXICO

Legislative/Regulatory Status: Restructuring legislation passed, with retail choice to be phased in starting January 2001 with choice available to all customers starting January 2002. However, very recent legislation has delayed the start of restructuring until 2007.

Legislative/Regulatory Background: The Governor signed SB 428, the Electric Utility Industry Restructuring Act of 1999, in April 1999. The Act states that customer choice of electric provider will be available to public post-secondary educational institutions and public schools, and residential and small business customers on January 1, 2001, and for all other customers on January 1, 2002. Electric restructuring is optional for cooperatives and municipals.

According to the Act, each public utility is to file a transition plan that complies with the Electric Utility Industry Restructuring Act with the New Mexico Public Regulation Commission (PRC) no later than March 1, 2000. The PRC is to review the plans by December 1, 2000 and has the authority to extend any deadline established in the Electric Utility Industry Restructuring Act if it finds that it is necessary for the orderly implementation of competition. All investor-owned utilities have filed plans and the hearings are ongoing.

Due to a delay in the start-up of the regional transmission organization, Desert STAR, and the impact that restructuring has had on electric consumers in San Diego, the Commission has postponed retail access for the first wave of customers to January 1, 2002 and the second wave of customers to July 1, 2002. In August 2000, numerous parties filed a joint motion for the Commission to delay the separation of generation assets from the distribution and transmission portion of the utilities. In its 2000 Annual Report, the Commission stated that "the primary argument for delay in separation of assets is to allow the Legislature a last chance to reconsider electric restructuring or to modify the current schedule." The Commission went on to say "The 2001 Legislature will undoubtedly be asked to consider delay of open access or repeal of the Act."

SBC Scope: The Act creates and imposes a system benefits charge on distribution service. The Act specifies that the SBC will cover support for administration of the fund, customer education, programs for low-income customers, and renewable technology programs.

SBC Funding: Each electric public utility, municipal utility, and distribution cooperative utility will charge a \$0.0003/kWh SBC that is separately identified on distribution service bills. The Act establishes several annual monetary guidelines for the SBC fund: no more than \$100,000 to the Department of Environment for administration of the fund; \$500,000 to the PRC for consumer education and administration of the Act; no less than \$500,000 for low-income energy assistance; and no more than \$4 million to encourage the use of renewable energy in school districts or by the governing body of an incorporated city, town, village, or county.

SBC Administration and Oversight: Quarterly payments of collected SBC monies are to be made by the electric public utilities, municipal utilities, and distribution cooperative utilities to the Department of Environment, which is responsible for promulgating rules regarding the application procedure and required qualifications for each SBC project. The Department is also responsible for managing and administering the SBC fund and disbursing funds to recipients.

SBC Duration: The system benefits charge is scheduled to begin on January 1, 2002. The PRC is required to review the SBC and to make recommendations to the legislature by January 10, 2004 for any repeal or change.

Related Rules/Legislation: New Mexico PRC, Case No. 2847, Final Order Approving Amended NMPRC Rule 571, 17 NMAC 10.571, Net Metering of Customer-Owned Qualifying Facilities of 10 kW or Smaller, September 7, 1999.

New Mexico PRC, Case No. 3167, Notice of Proposed Rulemaking to Establish License Application, Revocation, Abandonment and Reporting Requirements for Competitive Power Suppliers, October 1999.

New Mexico PRC, Case No. 3109, In the Matter of the Petition of the Utility Division Staff of the Public Regulation Commission for Rulemaking, Adopting NMPRC Rule 591, Regarding Standard Offer Service Offered by Public Utilities and Distribution Cooperative Utilities Under the Restructuring Act, September 19, 2000.

Renewables Portfolio Standard: The Act stipulates that any person applying for a competitive power supplier license shall submit a proposal for renewable energy supply service options to customers. However, no minimum renewable energy supply percentages are required in the legislation.

Disclosure: The PRC is required to promulgate rules requiring disclosure of generation source, fuel mix, and associated emissions. The PRC has a study group looking at emissions disclosure, and they are reviewing the proposed rule developed by the Committee on Regional Electric Power Cooperation of the Western Conference of Public Service Commissioners and the United States Environmental Protection Agency's Emissions & Generation Resource Integrated Database. A hearing was held in October 2000 to develop the rules regarding disclosure (Case No. 3349) and the issue is pending before the Commission.

Other Pertinent Information: The Act instructs utilities to propose standard offer service tariffs as part of their transition plans. The standard offer service will be provided to residential and small business customers that do not select a power supplier after customer choice is available. In August 1999, the Commission issued a proposed rulemaking (Case No. 3109) regarding standard offer service. In the proposed rulemaking, the PRC stated a preference for competitive bidding, specifying that the supply service purchased for standard offer service should be procured by competitive bidding whenever competitive bidding is not an unreasonable

business practice. The final rule in this case, 17.10.591, was passed in May 2000. The rule stipulates that the supply purchased for standard offer service should be procured by competitive bidding unless the utility can demonstrate that another means is in the public interest. The rule also states that, based on availability, a minimum of 5 percent of the total energy supply for standard offer service shall be purchased by the utility from New Mexico renewable energy resources. The utilities are also required to offer a renewable energy tariff, which shall be included in the utility's transition plan for those customers who want to purchase renewable energy in excess of the 5 percent requirement (based on availability). On June 20, the Commission issued an Order on Rehearing, Case No. 3109, to examine whether cost should be a factor in determining whether to require the inclusion of a renewable resource in standard offer service. The Commission's Final Order on Rehearing, maintained the 5 percent renewable requirement for standard offer service but only when it does not increase the price of standard offer service more than 0.1¢/kWh. The order also requires companies to include a renewable energy tariff in their transition plans for customers who want the option to purchase renewable energy, regardless of cost, based on availability. In addition, in its 2000 Annual Report, the Commission recommended that the Legislature expand the standard offer service to include public schools and post-secondary educational institutions.

The Act directs the Commission to conduct customer education efforts necessary to enable customers to make informed decisions about customer choice.

In September 1999, the PRC issued a final order in Case No. 2847 to allow net metering for customer-owned renewable/alternative energy resources of 10 kW or less. The rulemaking proposes that if the consumer-generator uses more electricity than they generate, they will be billed for the net energy, and if the consumer-generator supplies more electricity than they use, they will be charged only monthly fees and credited for any excess kilowatt-hours on their next monthly statement.

Sources: New Mexico PRC, Case No. 2847, Notice of Proposed Rulemaking to Allow Net Metering for Customer Owned Renewable Energy and Fuel Cell Generation Resources of 10 kW or Less, September 1998; New Mexico PRC, Case No. 2860, Notice of Proposed Rulemaking in the Matter of the Adoption of a Rule Establishing a Renewable Energy Fund, September 1998; New Mexico SB 428, The Electric Utility Industry Restructuring Act of 1999, April 1999; New Mexico PRC, Case No. 3109, Notice of Proposed Rulemaking Regarding Standard Offer Service, August 1999; New Mexico PRC, Case No. 2847, Final Order Approving Amended NMPRC Rule 571, 17 NMAC 10.571, September 7, 1999; New Mexico PRC, Case No. 3167, Notice of Proposed Rulemaking to Establish License Application, Revocation, Abandonment and Reporting Requirements for Competitive Power Suppliers, October 1999; New Mexico PRC, Case No. 3109, In the Matter of the Petition of the Utility Division Staff of the Public Regulation Commission for Rulemaking, Adopting NMPRC Rule 591, Regarding Standard Offer Service Offered by Public Utilities and Distribution Cooperative Utilities Under the Restructuring Act, September 19, 2000; New Mexico PRC, 2000 Annual Report, December 1, 2000.

New Mexico Public Regulation Commission's Web site: www.nmprc.state.nm.us

New Mexico Public Regulation Commission's Electric Restructuring Web site:
www.nmprc.state.nm.us/electres.htm

NEW YORK

Legislative/Regulatory Status: Public Service Commission restructuring order issued; retail choice phased in starting in 1998 with choice available to all customers in 2002. Specific utility retail access start dates are included in the settlement agreements between the individual utilities and interested parties. In New York, legislation is not required for electric restructuring.

Legislative/Regulatory Background: In May 1996, the PSC issued Order 96-12, requiring each of the state's electric utilities to file rate and restructuring plans by October 1996. Settlement agreements between the utilities and interested parties were approved by the PSC for six of the state's seven investor-owned utilities in late 1997 and early 1998. The settlement agreements will provide for an overall decrease in statewide electricity rates of about 10 percent when fully implemented over the next several years. Additionally, the agreements allow for a phase-in of retail access between 1998 and 2002, with full retail access for all customers by 2002. Central Hudson Gas and Electric Corporation, for example, plans to be able to offer retail access to all customers in its service territory by July 1, 2001. The plan involves phasing-in an additional 8 percent of its load by September 1998, another 8 percent by January 1999, another 8 percent by January 2000, and the balance of its customers by July 1, 2001.

The Long Island Lighting Company (LILCO), the only utility not covered by the settlement agreements, merged with the Brooklyn Union Gas Company to form a new holding company, Keyspan. Furthermore, in a related transaction, the Long Island Power Authority acquired certain of LILCO's assets including its transmission and distribution system, the Shoreham regulatory asset, and its 18 percent share of the Nine Mile Point II nuclear facility. The LILCO/LIPA agreement will result in an average 19 percent rate reduction for Long Island's electricity customers.

In February 1997, the PSC established a separate proceeding to address SBC issues under Case 94-E-0952 and in January 1998, the PSC issued Opinion No. 98-3 proposing initially a 3-year SBC, funded by a competitively neutral wires charge and designating the New York State Energy Research and Development Authority (NYSERDA) as the SBC independent third-party administrator. The wires charge was capped at 1 mill/kWh and was initially designed to operate between July 1, 1998 and July 1, 2001. In July 1998, the PSC approved NYSEDA's proposed SBC plan for statewide programs with slight modifications.

Like California, New York's electric prices increased in the summer of 2000. Con Ed sold most of its generation and is buying power on the market. The market costs are passed down to the customer. Con Edison's residential customer bills, for example, were approximately 20 percent higher in June 2000 and 40 percent higher in July 2000 than those same months the previous summer.

In March 2000, the Commission issued an order in Case No. 00-M-0504 instituting a proceeding regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy

Markets, and Fostering the Development of Retail Competitive Opportunities. Four working committees were formed in response to the order: The Future Role of Regulated Utilities Committee, The Public Benefits Committee, The Public Involvement and Input Committee, The Retail Development Competition Committee. In January 2001, the Committees presented their draft final report. Comments on the draft are due in March 2001.

SBC Scope: The SBC has three main program areas: energy efficiency; R&D (including environmental research), and low-income. The energy efficiency program area includes market transformation (including upstream initiatives, financial assistance, new construction, and residential building performance initiatives), energy services industry programs (standard performance contracts, financial packaging services), and technical assistance and outreach programs. The R&D program area includes renewable energy (wind, PV, and biomass), energy efficiency research, environmental monitoring, evaluation and protection, strategic energy research, and environmental research. The low-income program area includes weatherization, aggregation, publicly assisted housing, and a public awareness campaign. Opinion No. 98-3 directed that the budgets for the SBC programs included enough to fund an evaluation component.

SBC Funding: The annual level of funding for the SBC and its collection in rates as a wires charge for each of the utilities was established in the individual utility rate and restructuring proceedings. In the July 2, 1998 Order, the PSC approved the following total funding allocations for the 3-year SBC program: energy efficiency—\$161.6 million; R&D—\$40.4 million; low-income—\$29.3 million; and environmental disclosure—\$3.0 million, for a total of \$234.3 million (approximately \$78 million/year, equivalent to approximately 0.8 mills/kWh). Of the total SBC funds, approximately \$60 million supports programs to which the utilities had made previous commitments, \$3 million (\$1 million/year) was put in reserve by the utilities for environmental disclosure activities (see “Disclosure,” below), and \$172 million funds statewide programs operated by NYSERDA for the PSC.

The total SBC budget of \$234.3 million does not include energy efficiency spending by the Long Island Power Authority (estimated to be \$32 million the first year followed by \$12 million/year thereafter) or by the New York Power Authority (estimated to be approximately \$10 million/year).

In January 2001, in Case No. 94-E-0952, the Commission acted on a PSC Staff proposal and increased funding for SBC programs from \$78 million annually to \$150 million annually. The Commission extended the program for 5 years, from July 1, 2001 to June 30, 2006. The utilities will begin collecting the SBC at the higher level before March 1, 2001. The decision retained NYSERDA as the program administrator.

SBC Administration and Oversight: The Commission indicated in their January 1998 order (Opinion No. 98-3) that NYSERDA would function as the statewide administrator of the SBC funds. A 17-member SBC Advisory Group (comprised of representatives of the utilities; the

generation industry; the energy services industry; the research and environmental communities; and industrial, residential, small commercial, and low-income customers) was established to provide input into the design of SBC programs. NYSERDA's responsibilities in this area are outlined in more detail in a Memorandum of Understanding, dated March 11, 1998, among NYSERDA, the Commission, and the Department of Public Service.

NYSERDA's "Energy Smart" programs are awarded to contractors based on successful competitive proposals. The electric companies are allowed to bid on the implementation of the programs. In September 2000, NYSERDA published an interim evaluation and status report to be reviewed by the SBC Advisory Group. As of June 2000, NYSERDA had committed \$122 million out of \$172 million of its SBC funds with another \$46 million earmarked for existing programs. The interim report, based on the first 18 months of program implementation, stated that budgeting and financial reporting is progressing as expected. In addition, funding commitments and requests are meeting NYSERDA's expectations. Whereas some programs are performing better than expected, others are not performing as well. NYSERDA and the PSC have decided to reallocate program funds based on the interim evaluation results.

SBC Duration: Funding for the SBC began July 1, 1998 for a period of 3 years. In January 2001, in Case No. 94-E-0952, the Commission extended the program for 5 years, from July 1, 2001 to June 30, 2006.

Related Rules/Legislation: New York PSC, Opinion No. 96-12 in Case No. 94-E-0952 in the Matter of Competitive Opportunities Regarding Electric Service, May 1996.

New York Public Service Law, § 66-j, An Act to Amend the Public Service Law to Include Net Energy Metering for Residential Solar Electric Generating Systems, August 1997.

New York PSC, Opinion No. 98-3 in Case No. 94-E-0952 in the Matter of Competitive Opportunities Regarding Electric Service—Opinion and Order Concerning System Benefits Charge Issues, January 1998.

New York PSC, Order on Case Numbers 97-E-1951, 97-E-1966, 97-E-1967, 97-E-1968, 97-E-1969, 97-E-1975, 97-E-2003, Tariff Filings To Implement Net Energy Billing Arrangements With Residential Customers Operating Photovoltaic Generating Facilities With a Capacity of 10 kW or Less—Order on Net Metering of Residential Photovoltaic Generation, February 11, 1998.

New York PSC, Case No. 94-E-0952, Order Approving System Benefits Charge Plan with Modifications and Denying Petitions for Rehearing, issued July 2, 1998.

New York PSC, Order on Case Numbers 97-E-1951 et. al., Order Denying Rehearing and Modifying Net Metering Tariffs, July 28, 1998.

New York Public Service Law, § 66-k, A8506, Fair Competition Act, An Act to Amend the Public Service Law Ensuring Fair Competition in the Electric Industry for Clean Distributed Energy Resources in New York State, May 1999.

New York PSC, Case 00-M-0504, Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets, and Fostering the Development of Retail Competitive Opportunities, Order Instituting Proceeding, March 21, 2000.

New York PSC, Case 94-E-0952, In the Matter of Competitive Opportunities Regarding Electric Service, Order Continuing and Expanding the System Benefits Charge for Public Benefit Programs, January 26, 2001.

Renewables Portfolio Standard: None.

Disclosure: Per Case No. 94-E-0952, starting on July 1, 1998, the electric utilities set aside \$3 million (\$1 million annually) of the SBC funds for environmental disclosure, pending a determination by the Commission about a funding mechanism for environmental disclosure. Staff from the Department of Public Service released a white paper in August 1998, which focused on specific disclosure issues. In the summer of 1999, the above \$3 million was assigned to NYSERDA to cover its data collection expenses in support of New York's ISO.

Other Pertinent Information: A net metering bill was signed in August 1997 (Public Service Law, §66-j). Each electric company is to contract with customer-generators until the customer-generators own and operate 0.01 percent of the corporation's 1996 electric demand. The law includes provisions for utility buy-back of excess generation at retail rates, a 5-year tax credit for homeowners of 25 percent of the cost of a PV system, and specifics regarding which connection costs must be borne by the utility. Customers can generate up to 10 kW. After January 1, 2005, the Commission has the authority to increase the 0.01 percent limit.

In May 1999, the Fair Competition Act was signed (Public Service Law, §66-k) promoting fair competition for clean distributed energy resources including solar photovoltaics, wind, and fuel cells. The Act states that electric customers generating up to 50 kW of clean distributed energy resources on their property have the right to interconnect with the electric distribution system. The first 1,000 MW generated by a customer are exempt from any exit fees. The Act also directs the PSC to remove barriers to cost-effective investments in clean distributed energy resources and to remove the link between the level of sales and the recovery of fixed costs.

In Order 96-12, the Commission determined that the transmission and distribution companies were responsible for providing customers with basic protection, thus assigning them the role of Provider of Last Resort during the transition to customer choice. This issue is being examined in Case No. 00-M-0504.

Sources: Public Service Law § 66-j, August 1997; New York PSC Orders 96-12 and 98-3; New York PSC Docket Case 94-E-0952; New York PSC Orders on Case Numbers 97-E-1951, 97-E-1966, 97-E-1967, 97-E-1968, 97-E-1969, 97-E-1975, 97-E-2003; New York PSC Case No. 94-E-0952, Order Approving System Benefits Charge Plan with Modifications and Denying Petitions for Rehearing, issued July 2, 1998; Public Service Law § 66-k, May 1999; New York Public Service Commission, Case 00-M-0504, Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets, and Fostering the Development of Retail Competitive Opportunities, Order Instituting Proceeding, March 21, 2000; New York State Energy Research and Development Authority, New York Energy Smart Program, Evaluation and Status Report, Report to the System Benefits Charge Advisory Group, Interim Report, September 2000; New York Public Service Commission, Case 94-E-0952, In the Matter of Competitive Opportunities Regarding Electric Service, Order Continuing and Expanding the System Benefits Charge for Public Benefit Programs, January 26, 2001; Energy Competition—Next Steps, Draft Phase I and II Consensus Report, Case 00-M-0504, January 2001.

New York Public Service Commission’s Web site: www.dps.state.ny.us

New York Public Service Commission’s Electric Competition Web site:
www.dps.state.ny.us/yourenergy.htm#elec

New York Public Service Commission’s Electric Competition Web site on SBC Issues:
www.dps.state.ny.us/sbc.htm

Energy Competition—Next Steps, Web site for Case No. 00-M-0504:
www.dps.state.ny.us/00m0504/00m0504.html

NORTH CAROLINA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In April 1997, the Governor signed Senate Bill 38, establishing the Study Commission on the Future of Electricity in North Carolina. The Study Commission was given the responsibilities of examining the cost, availability and adequacy of electric service in the state as well as investigating a number of issues related to retail access. The Study Commission, made up of legislators, electric suppliers, residential, industrial and commercial consumers, environmental community representatives and a power marketer, finalized its recommendations in April 2000. The recommendations, based on Study Commission meetings, public hearings, written comments and analyses conducted by consultant, Triangle Research Institute, addressed the issues presented in SB 38. The Study Commission recommended that half of the electric customers have retail access by January 1, 2005 with the remaining customers able to choose their supplier by January 1, 2006.

The North Carolina Public Utilities Commission Staff's recommendation to the Study Commission was that the state pursue a slow and limited approach to deregulation. Staff proposed that industrial customers be given the ability to choose their electric providers while residential and small business customers continue to purchase their power through the regulated market.

Due to recent power shortages and rate increases in California, however, the Study Commission determined that it is premature to make a recommendation regarding deregulation to the 2001 General Assembly. Instead of recommending that retail access begin in 2005, the Study Commission asked for research studies on how consumers will be protected in the competitive environment. The Triangle Research Institute will complete the studies in the Summer 2001. The Study Commission also requested that the PUC consider regulations to make it easier for electric companies to build generation facilities.

SBC Scope: In its April 2000 report, the Study Commission recommended a public-benefits fund that would cover low-income, renewable energy and energy efficiency programs.

Renewable Portfolio Standard: The April 2000 recommendations by the Study Commission included a requirement that energy suppliers include at least a small percentage of energy generated by renewables in the energy they sell in North Carolina.

Disclosure: A disclosure requirement on consumers' bills regarding the generation fuel was included in the Study Commission's April 2000 recommendations.

Other Pertinent Information: The Study Commission recommended a "standard offer service" for customers who do not choose an electric company, green energy programs and studies regarding air quality in its April 2000 report.

Duke Power and Nantahala Power and Light, Carolina Power & Light and Dominion North Carolina Power currently offer residential energy efficiency programs to their customers that are funded through their rates.

Sources: North Carolina SB 38, April 1997; Commission on the Future of Electric Service in North Carolina, Commission Recommendations, April 3, 2000; The News and Observer, November 18, January 24, 2001 and January 25, 2001.

North Carolina Utilities Commission's Web site: www.ncuc.commerce.state.nc.us/

North Carolina Utilities Commission's Electric Industry Restructuring Web site:
www.ncuc.commerce.state.nc.us/electric/elecrest.htm

North Carolina Public Staff's Energy Division's Web site:
www.pubstaff.commerce.state.nc.us/pselec/edrereg.htm

Study Commission on the Future of Electricity in North Carolina's Web site:
www.ncuc.commerce.state.nc.us/electric/study1.htm

NORTH DAKOTA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In February 1996, the North Dakota Public Service Commission opened Case No. PU-439-96-54 to investigate electric utility restructuring in the state. Hearings were conducted in May 1996 with interested parties and the public. The investigation continued through an order issued in September 1996 as part of the same case. More hearings were conducted in December 1996. After reviewing the comments and the outcome of the hearings, the Commission was not convinced that North Dakota's electric industry was in immediate need of an overhaul.

In February 1997, the Commission adopted the National Association of Regulatory Utility Commissioners' (NARUC's) Principles to Guide the Restructuring of the Electric Industry. Based on these principles, electric restructuring would be implemented only if it served the broader public interest and resulted in economic efficiency.

House Bill No. 1237 was signed by the governor in 1997 to establish an electric industry competition committee. The Committee, made up of legislators, was given the responsibility of studying the potential impact of competition on the generation, transmission, and distribution of electric energy in North Dakota. The Committee was to consider many issues including integrated resource planning, environmental impacts, impact on the development and use of renewable resources and an appropriate way to recover the costs of social, low-income and noneconomic renewable energy programs. The Committee is currently investigating tax issues and plans to present an electric utility tax restructuring proposal to the 2001 Legislative Session.

Other Pertinent Information: North Dakota is a unique state in that it has relatively few large commercial customers. In many states, the large customers have been the ones pushing hardest for electric restructuring. This is a contributing factor to North Dakota's "wait and watch" approach to competition.

Xcel Energy, Montana-Dakota Utilities Company and Otter Tail Power Company participate in Energy Share. This is a voluntary contribution program in which customers pay more than they are billed to assist customers that are having difficulty paying their bills.

Sources: North Dakota Case No. PU-439-96-54, Order Opening Investigation into Restructuring of the Electric Industry, February 20, 1996; North Dakota Case No. PU-439-96-54, Order Continuing Investigation into Restructuring of the Electric Industry, September 11, 1996; The Electric Utilities Committee Report on Electric Industry Restructuring, November 1998; SB 2389, January 5, 1999; Electric Restructuring in North Dakota, Montana-Dakota Integrated Resource Planning Public Advisory Group, June 9, 1999.

North Dakota Public Service Commission's Web site: www.psc.state.nd.us/

OHIO

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting January 2001.

Legislative/Regulatory Background: On July 6, 1999, the Governor signed SB 3, Ohio's electric restructuring act. SB 3 requires a 5 percent reduction in residential rates and a rate freeze for 5 years. The Act designates January 1, 2001 as the target date for retail access in the state; however, the Public Utilities Commission of Ohio (PUCO) may delay that date for an individual utility for up to 6 months. The Act instructed the eight existing electric utilities supplying retail electric service to file transition plans with the PUCO within 90 days of the effective date of the Act. In July 2000, Allegheny Energy, Monongahela Power, AEP and First Energy reached settlement agreements with PUCO regarding their transition plans. In September 2000, PUCO approved a plan by Cincinnati Gas & Electric to offer electric choice in its service territory beginning January 1, 2001.

SBC Scope: Low-income assistance and energy efficiency education programs and an Energy Efficiency Revolving Loan Program are to be covered by two separate funds in the state treasury, the Universal Service Fund and the Energy Efficiency Revolving Loan Fund. The low-income assistance program will include a weatherization program targeted at eligible customers with the goal of reducing customers' electric bills. The Energy Efficiency Revolving Loan Program will include financial assistance to customers for eligible energy efficiency products, technologies, or services. Groups targeted include residential, small commercial, small industrial business and agricultural customers, local governments, educational institutions, nonprofits, and low-income housing. Financial assistance will be obtained through approved financial institutions in the form of below market loans.

SBC Funding: On the effective date of the restructuring act, a Universal Service Rider will replace the existing Percentage of Income Payment Plan (PIPP) Rider and any electric utility rates used to fund low-income customer energy efficiency programs. The Act moves the PIPP to the Department of Development (Development) to consolidate the administration of low-income programs into one agency. The rules for the PIPP will remain the same. The revenues for the Universal Service Fund are to be collected by the electric distribution companies beginning July 1, 2000. These funds will then be remitted to the director of Development. Money from the fund shall be dispersed to any electric or energy efficiency service supplier that provides service to eligible low-income customers.

The Energy Efficiency Revolving Loan Fund will be made up of all energy efficiency revenues collected by electric distribution utilities on a temporary rider for the Energy Efficiency Revolving Loan Program beginning January 1, 2001. The rates will be calculated by the PUCO based on a uniform, statewide amount determined by the director of Development. These funds will then be remitted to the director of Development on a quarterly basis. The target amount shall not exceed more than \$15 million in any year through 2005 and shall not exceed more than

\$5 million in any year after 2005. The rider will terminate at the end of 10 years from January 1, 2001 or after the Energy Efficiency Revolving Loan Fund reaches \$100 million, whichever comes first.

SBC Administration and Oversight: No later than March 1, 2000, the director of Development is to adopt rules to ensure the effective and efficient administration of the low-income programs. The rules will be effective July 1, 2000 and shall include issues regarding customer eligibility, procedures for disbursing funds, etc. Beginning July 1, 2000, the director of Development is authorized to administer the low-income customer assistance programs.

The PUCO and the Public Benefits Advisory Board, created through Ohio's restructuring act, have been directed to advise the director of Development in the administration of the Universal Service and Energy Efficiency Revolving Loan funds and programs. The Advisory Board will consist of 21 members including the director of Development, the chairperson of the PUCO, the Consumers' Counsel, the director of the Air Quality Development Authority, two members of the House of Representatives, two members of the Senate, and thirteen governor appointees.

SBC Duration: Start dates are July 2000 for the Universal Service Fund and January 2001 for the Energy Efficiency Revolving Loan Fund. There is no end date for the Universal Service Fund. The end date for the Energy Efficiency Revolving Loan Fund is 10 years from the start date or when the fund gets up to \$100 million, whichever comes first.

Related Rules/Legislation: Public Utilities Commission of Ohio, Case No. 99-1141-EL-ORD, Commission-Ordered Consumer Education Plan, November 30, 1999.

Renewables Portfolio Standard: None.

Disclosure: SB 3 requires that the electric utility, electric services company, electric cooperative, or governmental aggregator determine and disclose to customers the approximate generation resource mix and environmental characteristics of the power supply. This information is to be provided to customers upon entering into an electricity purchase contract and four times per year. In addition, each electric provider must supply customers with standardized information comparing the approximate with the actual generation resource mix and environmental characteristics. This information must be provided to customers at least once per year (or at least once during the contract if the contract is less than 1 year) and prior to the renewal of a contract.

Other Pertinent Information: Ohio's restructuring Act mandates that electric distribution utilities in the state provide consumers with a market-based Standard Service Offer. The Standard Service Offer must be filed with the PUCO and offer customers the electric services necessary to maintain essential electric service.

The Act mandates that the PUCO and the Office of the Consumer's Counsel work together to educate consumers about electric industry restructuring in Ohio. The Ohio Electric Utility Institute shall administer the campaign under the Commission's supervision and coordinate the finances. The bill specifies minimum total spending of \$16 million for the first year after the effective date of competition and \$17 million for the remainder of the market development period. The general plan for the education program is described in PUCO Case No. 99-1141-EL-ORD. In addition to each electric utility developing its own consumer education program, the PUCO will select a consulting firm to assist in conducting the statewide consumer education campaign. The PUCO issued a Request for Proposals with proposals due January 14, 2000.

Beginning January 1, 2001, electric service providers are to develop a standard contract for providing net energy metering to customer-generators that use solar, wind, biomass, landfill gas, or hydropower for fuel, or use a microturbine or fuel cell. Any time that the total rated generating capacity used by customer-generators is less than 1 percent of the provider's peak demand in Ohio, the provider must make net metering available to customer-generators. Net metering shall be accomplished using a single meter capable of registering the flow of electricity in each direction. The customer-generators will be billed if they use more than they generate and credited if they generate more than they use.

Sources: Ohio SB 3, July 1999; PUCO Summary of SB 3 for Governor Taft, Ohio's Electric Restructuring Blueprint, not dated; Legislative Service Commission Bill Analysis, SB 3, not dated; PUCO Case No. 99-1141-EL-ORD, Commission-Ordered Consumer Education Plan, November 30, 1999.

Ohio Public Utilities Commission's Web site: www.puc.state.oh.us

Ohio Public Utilities Commission's Electric Restructuring Web site:
www.puc.state.oh.us/ohioutil/Energy/ERIndustry/erindustry.html

OKLAHOMA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice start date projected for July 2002 but delaying the date is under discussion.

Legislative/Regulatory Background: Technically, Oklahoma has not yet restructured its electric industry. However, Oklahoma SB 500, The Electric Restructuring Act of 1997, was signed into law in April 1997 and amended in June 1998 (SB 888). The law establishes broad goals that are captured in 14 restructuring principles. The law leaves the implementation details up to the Joint Electric Utility Task Force (JEUTF), which is charged with performing a series of studies that will culminate in implementation plans. The Task Force is made up of fourteen members of the Oklahoma legislature, seven each selected by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The Task Force shall remain in effect no later than January 1, 2003. There is a freeze on electric utility rates until 2002. During the transition period to full consumer choice, the Oklahoma Corporation Commission (OCC) is prohibited from promulgating any rules or issuing any orders relating to restructuring without authorization by the state legislature. The Report on Restructuring Issues, written by the JEUTF in October 1999, is being used by the Oklahoma Legislature as a framework of electric restructuring issues in Oklahoma.

Retail access is projected for statewide implementation by July 1, 2002, however the Attorney General of Oklahoma has recommended postponing the retail access date. Senate Bill 220, which proposed to establish ground rules for electric restructuring, was voted down during the 2000 legislative session. The state Senator who co-authored Senate Bill 220 stated that he might decide against reintroducing a restructuring bill during the 2001 session. Oklahoma Industrial Energy Customers (OIEC) members, who spend approximately \$100 million/year on electricity, oppose Oklahoma's current restructuring plan. General Counsel for OIEC stated that "Oklahoma needs to slow down in its process and take a careful deliberate approach so that electric restructuring is accomplished in a manner that benefits all Oklahoma electric customers." Several bills have been proposed during the 2001 Legislative Session to delay electric restructuring (HB 1026, HB1257, HB 1356, HB 1445, HB 1474, HB 1598).

SBC Scope: SBC was not included in the legislation, but will be addressed in ongoing Task Force and OCC studies.

SBC Funding: To be addressed at a later date.

SBC Administration and Oversight: To be addressed at a later date.

SBC Duration: To be addressed at a later date.

Related Rules/Legislation: Oklahoma SB 888, An Act Relating to Electric Utilities, May 1998.

Renewables Portfolio Standard: The use of renewable technologies is under discussion by the task force.

Disclosure: None.

Other Pertinent Information: A default provider will be ensured for customers that have not chosen an alternative retail electric energy supplier.

Oklahoma SB 888 provides that county commissioners of any county may enter into an energy conservation contract for the purpose of implementing energy conservation measures designed to reduce the energy consumption of county facilities. SB 888 specifies that bids for the projects will be solicited through requests for proposals.

Utilities are continuing to provide some energy efficiency/DSM programs. Diminishing federal funds for low-income programs has been identified as a problem.

The Consumer Education Campaign Team (public information officers from industry, consumer interest groups, municipal electric systems, print media, and OCC staff) of the Subcommittee on Consumer Education and Consumer Protection has designed an outreach plan to inform consumers of the future changes in the electric utility industry. The OCC believes that the Commission budget is not large enough to fund the education program and has recommended to the legislature that additional funding will be required. Currently the program is designed to continue beyond 2002 and eventually become part of the day to day functions of the OCC.

Sources: Oklahoma SB 500, April 1997; Oklahoma SB 888, May 1998; Joint Electric Utility Task Force, Territorial and Competitive Issues Working Group, Executive Summary, May 19, 1999; Joint Electric Utility Task Force Report on Electric Restructuring Issues, October 1999; Electric Utility Restructuring Weekly Update, November 17, 2000.

Oklahoma Corporation Commission's Web site: www.occ.state.ok.us

Details of the Restructuring Working Group's Meetings and Reports to the JEUTF can be found on the following Web site: www.occ.state.ok.us/TEXT_FILES/Electres.htm

OREGON

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to nonresidential customers starting October 2001. It has not yet been determined whether retail access is in the best interest of residential customers.

Legislative/Regulatory Background: In 1995, the governors of the four Northwest states convened the Comprehensive Review of the Northwest Energy System. The final report of the 20-member Steering Committee was issued in December 1996 and included 11 recommendations for restructuring the region's electric industry. The Comprehensive Review recommended retail access by July 1999, but implementation was up to individual state legislatures. In July 1999, the governor of Oregon signed SB 1149, an Act relating to restructuring Oregon's electric power industry. The Act mandates that by October 1, 2001, Portland General Electric (PGE) and PacifiCorp must provide direct access for nonresidential customers, a portfolio of options for residential customers, and a cost-of-service rate option for residential and small commercial customers. The Act does not require municipal utilities, cooperatives, or Public Utility Districts (PUDs) to offer retail access or portfolio options to their customers. The Oregon Public Utility Commission must report to the legislature by January 1, 2003 whether residential customers would benefit from retail access.

On February 14, 2000, the PUC opened Docket No. AR 380, a rulemaking proceeding, to develop rules for the implementation of many aspects of SB 1149. Order No. 00-596 was issued in this docket on September 28, 2000. This order did not include the "Public Purposes" rule (OAR 860-038-0480) because the Commission deferred adoption of the rule to seek legal advice from the Department of Justice. The Department of Justice concluded that the Public Purposes rule was legally sound and the rule was adopted at the December 18, 2000 Commission meeting (Order No. 01-072, January 3, 2001).

The Commission addressed the rules regarding code of conduct, aggregation, and allocation of public-purpose funds to education service districts in a separate docket. On August 8, 2000, this rulemaking proceeding, docket AR 390, was opened to develop rules to implement those provisions. This order was issued January 3, 2001 (Order No. 01-073).

Subsection (4) of Oregon Administrative Rule 860-038-0080 requires the Commission to issue orders in Docket Nos. UE 118 and UE 119 (the PGE and PacifiCorp Resource Plans) no later than April 1, 2001. On January 5, 2001, PGE, PacifiCorp, the Citizens' Utility Board, the Industrial Customers of Northwest Utilities, PG&E National Energy Group, Associated Oregon Industries, and Fred Meyer Stores filed a joint petition requesting that the Commission amend OAR 860-038-0080(4) to extend the April 1, 2001 deadline to September 1, 2001. In addition, the parties requested that the Commission suspend the procedural schedules adopted in Docket Nos. UE 118 and 119. Those schedules were adopted assuming that the Commission would have to issue final orders in both dockets no later than April 1, 2001. This issue is pending.

SBC Scope: SB 1149 established a system benefits charge (called a public-purpose charge) that will fund public-purpose programs in Oregon. Each electric company will allocate the public-purpose funds it collects from electricity service suppliers and nonself-directing consumers to the several public-purpose accounts: local and market transformation energy efficiency—56.7 percent, renewable energy resources—17.1 percent, low-income weatherization—11.7 percent, and low-income housing—4.5 percent. Education service districts will receive the first 10 percent of the funds collected by the electric companies for audits, weatherization, education, and purchasing or investing in green resources. The Act requires that PGE and PacifiCorp offer portfolio options to residential customers. The portfolio options must include a market-based rate and a rate based on the cost of generating electricity from significant new renewable resources. Customers with loads greater than 1 MW may receive credits against the related portions of the 3 percent SBC for expenditures on new energy efficiency measures and/or above-market costs of purchases of new renewable resources. Credits must be pre-certified through the Office of Energy.

SBC Funding: SB 1149 stipulates that once retail access begins, PGE and PacifiCorp will collect a system benefits charge representing 3 percent of total revenues (generation, distribution, transition charges, and other costs) for public-purpose programs. The system benefits charge is limited to 1 percent for large aluminum companies. The Act specifies that at least 80 percent of the charges collected for energy efficiency should be spent in the service area of the electric company that collected the funds. With the onset of the SBC, the cost of current energy efficiency programs will be removed from the utility company's rates.

In addition to the public-purpose charge, beginning January 1, 2000, PGE and PacifiCorp is collecting \$5 million/year for low-income payment assistance until retail access begins. At that point, the low-income assistance funding increases to \$10 million. The maximum that any customer will pay per site is \$500. The Act dictates that the charges collected should be spent in the service area of the electric company that collected the funds.

SBC Administration and Oversight: The PUC is responsible for determining how the SBC is collected and spent by the electric companies, except for the low-income weatherization and other funds allocated to the Housing and Community Service Department and those distributed to the education service districts.

On October 20, 2000, the PUC approved the creation of a new nonprofit organization to oversee the SBC (approximately \$30 million/year) collected by PGE and PacifiCorp for the energy efficiency and renewable energy projects. The organization will support the development of cost-effective local energy efficiency, market transformation, energy efficiency, and renewable energy resources for utility customers. Although the organization will be independent from state government and governed by its own board of directors, it will be accountable to the PUC.

SBC Duration: The SBC will begin on the date that an electric company offers retail access and continue for 10 years. On January 1, 2011, a report to the Legislature is due suggesting whether the public-purpose programs should be continued.

Related Rules/Legislation: Oregon House Bill 3219, An Act Relating to net metering; creating new provisions; amending ORS 757.262; and declaring an emergency, July 13, 1999.

Oregon Administrative Rules filed through December 15, 2000, Public Utility Commission, Division 38, Direct Access Regulation..

Oregon Public Utility Commission, Docket No. AR 380, Order No. 00-596, In the Matter of a Rulemaking Proceeding to Implement SB 1149 Relating to Electric Restructuring, September, 28, 2000.

Oregon Public Utility Commission, Docket No. AR 380, Order No. 01-072, In the Matter of a Rulemaking Proceeding to Implement SB 1149 Relating to Electric Restructuring, Approves Public Purposes Rule, January 3, 2001.

Oregon Public Utility Commission, Docket No. AR 390, Order No. 01-073, In the Matter of a Proposed Rulemaking to Implement the Code of Conduct, Aggregation, and Allocation of Funds to Education Service District Provisions of SB 1149, Approves Collection and Distribution of Public Purpose Monies to Schools, January 3, 2001.

Renewables Portfolio Standard: No specific standard is required. However, the restructuring law requires that PGE and PacifiCorp give residential customers a portfolio of options that includes a market-based rate and a rate based on new renewable resources.

Disclosure: Electric companies and electric suppliers must provide price, power source, and environmental impact information on a quarterly basis for residential customers and on or with bills for nonresidential customers. The information must be presented in a format prescribed by the Commission. Power source must be reported as the percentages of the total product supply including coal, hydroelectricity, natural gas, nuclear, and other fuels (including renewable resources). Environment impacts reported must include carbon dioxide, sulfur dioxide, nitrogen oxides, and spent nuclear fuel. Every bill must contain the electric company's or electric supplier's toll-free number. The price, power source, and environmental impact information has to be included in all contracts, marketing information, and standard offer marketing information. The company must include a Web site address, if available, where this information is displayed.

Other Pertinent Information: Green pricing programs are recommended in the Comprehensive Review report but no details are provided. Electric Lite, an energy service provider in Portland General Electric's Customer Choice pilot program, offered a green pricing option at a price premium to residential and commercial customers in the pilot areas. In late 1999, PGE established a program to enable customers to purchase blocks of power to support wind

resources or salmon restoration. PacifiCorp proposed a similar program for wind, geothermal, and solar resources in early 2000.

Each electric company must provide one or more standard offer rate options to large nonresidential retail electricity consumers and one or more standard offer rate options to small nonresidential consumers. Each electric company must designate one of the standard offers available to each customer class as the nonemergency default supply option. The standard offer supplier will be selected through competitive bid.

A net metering bill was passed in Oregon (HB 3219) in July 1999. In order to participate in net metering, a customer-generator must have a facility that produces energy using solar, wind, fuel cell or hydroelectric power, has a generating capacity of not more than 25 kW, is located on the customer-generator's premises, can operate in parallel with the electric utility's existing transmission and distribution facilities, and is intended primarily to offset part or all of the customer-generator's requirements for electricity. The electric utility must allow the interconnection of net metering facilities using a standard meter that is capable of registering the flow of electricity in two directions. The utility may install one or more additional meters to monitor the flow of electricity in each direction at its own expense. If an electric utility supplies a customer-generator more electricity than the customer-generator feeds back to the electric utility during a billing period, the electric utility shall charge the customer-generator for the net electricity that the electric utility supplied. If a customer-generator feeds back to an electric utility more electricity than the electric utility supplies the customer-generator during a billing period, the electric utility may charge a minimum monthly charge but must credit the customer-generator for the excess kilowatt-hours generated during the billing period.

Sources: Northwest Power Planning Council Comprehensive Review, December 1996; Electric Power Alert, June 4, 1997; Key Provisions of SB 1149, SB 1149 Summary By Issue, and SB 1149 Summary By Section, from the PUC Web site, not dated; Oregon House Bill 3219, An Act Relating to net metering; creating new provisions; amending ORS 757.262; and declaring an emergency, July 13, 1999; Oregon Public Utility Commission, Docket No. AR 380, Order No. 00-596, In the Matter of a Rulemaking Proceeding to Implement SB 1149 Relating to Electric Restructuring, September, 28, 2000; News Release, Commission Endorses Nonprofit Energy Conservation Organization Concept, October 20, 2000; Oregon Administrative Rules filed through December 15, 2000, Public Utility Commission, Division 38, Direct Access Regulation; Oregon Public Utility Commission, Docket No. AR 380, Order No. 01-072, In the Matter of a Rulemaking Proceeding to Implement SB 1149 Relating to Electric Restructuring, January 3, 2001; Oregon Public Utility Commission, Docket No. AR 390, Order No. 01-073, In the Matter of a Proposed Rulemaking to Implement the Code of Conduct, Aggregation, and Allocation of Funds to Education Service District Provisions of SB 1149, January 3, 2001; Oregon Public Utility Commission, Docket Nos. AR 380, UE 118 and UE 119, Joint Petition to Amend OAR 860-138-0080(4) to Extend Decision Date for Resource Plans and to Suspend Procedural Schedules in Docket Nos. UE 118 and UE 119, January 5, 2001.

Oregon Public Utility Commission Web site: www.puc.state.or.us

Oregon Public Utility Commission's Electric Restructuring Web site:
www.puc.state.or.us/erestruc/Default.htm

PENNSYLVANIA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting January 1999 with choice available to all customers January 2001.

Legislative/Regulatory Background: In December 1996, the Governor signed the Electric Generation Customer Choice and Competition Act (HB 1509). Electric choice has been implemented in Pennsylvania, with all customers of Electric Distribution Companies (EDCs) having the opportunity to choose an electric generation supplier. Most restructuring documents and orders can be obtained from the Pennsylvania Public Utility Commission's Web site.

In the summer of 2000, to avoid competitors' high rates, many commercial and industrial (C&I) customers switched back to their utilities who were operating as providers of last resort with capped rates. Some utilities reacted to the costly reaction by advising the C&I customers that they would have to stay with the service for 1 year. The PUC responded with Docket No. M-00960890F0017 that allows utilities to give companies a choice to either return to utility default service for 2 months and pay market rates, or return to utility default service at the regulated rate, but remain for a minimum of 12 months.

SBC Scope: The Act mandates the implementation of policies, protections, and services that help low-income customers maintain electric service. Energy efficiency, termination of service protection, customer assistance programs, consumer education, and renewable energy programs for low-income customers were cited as examples of universal service and energy conservation programs that could be supported by the system benefits charge. Customers do not have to heat their homes with electricity to be eligible for the programs. Programs are utility service territory-specific rather than statewide.

The Guidelines for Universal Service and Energy Conservation Programs suggest that a company's educational plan should inform low-income consumers of the available retail access options and explain the customer's responsibilities in choosing a supplier. The program guidelines emphasize the importance of using multi-language approaches, implementing delivery mechanisms that will reach people with disabilities, conducting community workshops, and coordinating with agencies serving the same customers.

In its Guidelines, the PUC explicitly chose not to use funds collected to create R&D programs.

A Demand-Side Response (DSR) Working Group was organized in November 2000 to discuss the formulation of a demand-side response during peak electricity usage periods.

SBC Funding: The law mandates that each EDC offer universal service programs that are funded "at minimum at existing levels" and are "appropriately funded and available." The Act sets no specific spending levels. A full recovery of costs is permitted. For some EDCs the costs are recovered in base rates. For the remainder, the costs are recovered through a charge assessed

on each kilowatt-hour delivered. These mechanisms came about as a result of individual EDC restructuring settlement agreements approved by the Commission.

Specific funding levels for the public-benefit programs were also determined in each EDC's restructuring plan settlement agreement for 1999-2002. Total funding for the eight EDCs for the Low-Income Usage Reduction Program (LIURP—energy conservation) starts at \$14,830,791 in 1999 and increases to \$18,817,041 in 2002. Likewise, the funding for the Customer Assistance Program (CAP—payment assistance) increases from a total of \$57,576,000 in 1999 to \$78,482,125 in 2002.

The renewable settlement agreements (for the five EDCs that are required to participate) resulted in a budget for a Renewables Pilot Program as well as a Sustainable Energy Fund. The Renewables Pilots, involving solar water heating and PV applications in low-income homes, were funded for a total of \$3,860,000 for 1999 and 2000. The Sustainable Energy Fund, which was designated to promote renewable energy, energy efficiency, and economic development projects that promote clean energy or have an impact on jobs, was funded at approximately \$11.3 million/year.

SBC Administration and Oversight: The PUC's "Guidelines for Universal Service and Energy Conservation Programs" recommend leaving administration with individual utilities for the foreseeable future. The Act specified that the Commission should encourage the use of experienced community-based organizations to directly provide the programs. The Commission is to have administrative oversight of the programs to ensure that the programs are run cost-effectively.

SBC Duration: Funding for SBC programs has been provided for until at least 2010, at which time the programs will be revisited.

Related Rules/Legislation: Pennsylvania PUC, Final Order, Guidelines for Universal Service and Energy Conservation Programs, July 1997 (Pennsylvania Docket No. M-00960890 f 0010).

Pennsylvania PUC, Final Rulemaking Order Re: Customer Information Disclosure for Electricity Providers, April 30, 1998 (Pennsylvania Docket No. L-00970126).

Pennsylvania PUC, Opinion and Order, Creation and Implementation of a Statewide Consumer Education Program for Electric Restructuring in the Commonwealth of Pennsylvania, February 1998 (Pennsylvania Docket No. M-00981036).

Document	Web site
CAP Policy Statement	www.pabulletin.com (Vol. 29, No. 19, 5/8/99, Pennsylvania PUC, Statements of Policy)
EDC Universal Service Reporting Requirements	www.pabulletin.com (Vol. 28, No. 32, 8/8/98, Pennsylvania PUC)
Low-Income Usage Reduction Program (LIURP) Regulations	www.pacode.com/secure/data/052/chapter58/chap58toc.html

Renewables Portfolio Standard: Bidders to provide Provider of Last Resort (PLR) service (explained below) must agree to supply 0.2 percent of energy from renewable resources such as solar, wind, sustainable biomass, ocean power, geothermal, or waste coal.

Disclosure: Customer Information Disclosure regulations have been promulgated. The regulations deal with definitions, bill format, terms of service, and privacy of customer information. Electric Generation Suppliers (EGS) shall provide consumers with information regarding fuel mix upon request. Fuel mix information is also provided to the Commission in the annual EGS licensing report, also to be provided by the EGS upon consumer request.

Other Pertinent Information: The Act mandates that the EDC or a Commission-approved supplier (EGS) acquire electric energy at current market prices to serve all customers that do not obtain generation from another EGS. The Act states that the PLR shall fully recover all of its reasonable costs. Customers who have not chosen their own EGS shall be assigned to the PLR. Retail PLR service shall be provided by competitive bid, and based upon a percentage of load phased-in over approximately 4 years. The exact time period and types of load factored into the Competitive Default Service calculations are different for each EDC.

A statewide consumer education program regarding retail access is funded by the competitive transition charge. Bids were solicited to select a contractor to conduct a statewide mass media campaign. On a local level, retail access education is offered by the individual EDCs.

Sources: Pennsylvania HB 1509, Electric Generation Customer Choice and Competition Act, December 1996; Pennsylvania PUC Docket Numbers M-00960890 f0010, M-00981036; Settlement Agreements on EDC's Restructuring Plans: Pennsylvania PUC Docket Numbers R-00973953 and P-00971265 (PECO), R-00974149 (Pennsylvania Power Company), R-00974009 (Pennsylvania Electric Company), R-00974008 (Metropolitan Edison Company), R-00973954 (Pennsylvania Power and Light Company), R-00974104 and R-00974104C0001-C0004 (Duquesne Light Company), and R-00973981 (West Penn Power Company).

Pennsylvania Public Utility Commission Web site: <http://puc.paonline.com>

Pennsylvania Public Utility Commission's Electric Competition Web site: http://puc.paonline.com/electric/elect_comp.asp

RHODE ISLAND

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting July 1997 with choice available to all customers January 1998.

Legislative/Regulatory Background: In August 1996, the Governor signed the Utility Restructuring Act (URA) of 1996 (RI 96-H8124B). Each electric distribution company was required to file a restructuring plan by January 1, 1997. The Act phased-in retail competition starting with large commercial and industrial customers in July 1997 and finishing with residential customers by January 1998.

SBC Scope: The wires charge is designated for energy efficiency and renewable energy. The Rhode Island Public Utilities Commission is charged with implementing the details. Renewable energy is defined as wind, solar, sustainable biomass, and hydro from already existing dams under 100 MW. Fuel cells are an acceptable expenditure of energy efficiency funds along with more traditional approaches. The PUC's tentative plan is to divide the renewable energy portion between buy-down programs for marginally economic renewable development efforts and for R&D aimed at "very near commercialization" renewable energy technologies.

Energy efficiency programs will continue as in prior years. Low-income programs will continue to be funded in the same manner as currently and are unaffected by restructuring. Consumer education is also being funded through the public-benefits charge.

SBC Funding: The Act requires a minimum floor of 2.3 mills/kWh surcharge (approximately 2.2 percent of revenues) for energy efficiency and renewables. This would raise approximately \$76 million over 5 years. Actual budgeting has been somewhat higher than the minimum thus far, due to carryover of unspent funds from prior years. The Commission may increase the wires charge during the first 5 years but not decrease the charge.

In December 1999, the PUC approved Blackstone Valley Electric Company's (BVE) (Docket No. 2153), Newport Electric Corporation's (NEC) (Docket No. 2152), and Narragansett Electric Company's (Docket No. 1939) proposed stipulations (signed by the companies, the Division of Public Utilities and Carriers [the Division], the Conservation Law Foundation [CLF], and The Energy Council—Rhode Island [TEC—RI]) approving the companies' Conservation and Load Management Programs for the year 2000. The approved budgets were \$5,020,884 for BVE, \$2,416,333 for NEC, and \$18,692,429 for Narragansett Electric.

SBC Administration and Oversight: Energy efficiency programs will be administered through utility-based collaboratives and use several allocation methods, including an RFP process, to select contractors. In addition to utility representatives, these collaboratives include members from the Division, TEC-RI and CLF.

Allocation of renewable energy funds will be done through several methods, including an RFP process, and will be administered by the statewide Renewables Collaborative. The statewide Renewables Collaborative includes representatives of the participating utilities, the Division, TEC-RI, CLF, and the State Energy Office.

SBC Duration: After 5 years, the Commission will reevaluate the need for, and size of, the charge.

Related Rules/Legislation: None.

Renewables Portfolio Standard: None.

Disclosure: PUC officials are actively participating in the New England Disclosure Project that is pursuing a multi-state disclosure standard.

Other Pertinent Information: Net metering has been allowed by the Commission, at the companies' request, for generation less than 25 kV. Interconnection standards are based on UL and NEC codes.

The Act requires that each electric distribution company provide Standard Offer Service no more than 3 months after retail access is available to 40 percent of the kilowatt-hour sales in New England. The URA stipulates that the Standard Offer Service shall be priced such that the average revenue per kilowatt-hour paid by the customer (including transmission and transition charges) shall equal the price paid in the 12-month period ending September 30, 1996, adjusted for the consumer price index. Standard Offer Service must be available for customers through 2009.

The URA also requires each electric distribution company to arrange for a Provider of Last Resort for customers who haven't selected a provider. The distribution companies are to periodically solicit bids from nonregulated power producers at market price to provide this service. The Commission must approve terms and conditions offered by the Provider of Last Resort.

Sources: Rhode Island 96-H8124B; Rhode Island Utility Restructuring Act, 1996.

Rhode Island Public Utilities Commission Web site: www.ripuc.org

Rhode Island Public Utilities Commission's Electric Restructuring Web site:
www.ripuc.org/ELECTRIC/Electric.htm

SOUTH CAROLINA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In its February 1998 report on a Proposed Electric Restructuring Implementation Process, the Public Service Commission of South Carolina, suggested that “measured steps and careful analysis of existing issues and future developments contribute to an orderly process and will best protect the public interest.” With that said, the Commission proceeded to layout an electric utility restructuring plan for the state including issues regarding stranded costs, tax issues, billing and metering, customer education, consumer protection, etc. In the report, the Commission stated that environmental requirements such as mandated green power programs or a mandated supply portfolio are inconsistent with competition and should not be included in a restructuring plan.

The South Carolina Competitive Power Act of 2000, SB 1168, was introduced in February 2000 and proposed the establishment of an Electricity Competition Committee and a state plan for electric utility restructuring. The Electricity Competition Committee would be made up of seven members from the House of Representatives and seven members from the Senate. The Committee would be given the charge of assessing the state’s transition to a competitive market. In accordance with SB 1168, the Commission would adopt a restructuring plan within 6 months of the bill’s effective date and full retail access would be available within 3 years of the bill’s effective date. The bill did not appear to be supportive of a system benefits charge given its assertion that the energy marketplace “should not be used as a vehicle for accomplishing government-mandated, government-sponsored, consumer, or taxpayer subsidized, social, or environmental programs. These programs should not be incorporated in electric utility rate structures, but instead be unbundled from rates.” The bill was not passed.

Because of the current situation in California, it is doubtful that an electric restructuring proposal will be presented to the 2001 Legislature.

Other Pertinent Information: SB 1168 proposed that a default provider offer customers who do not choose an alternative source of generation service. The default provider would be the electricity supplier affiliated with the distribution system to which the customer is connected.

Carolina Power & Light Company and Duke Power currently offer residential Energy Efficient Loan Programs as part of a Commission approved Integrated Resource Plan.

Sources: Proposed Electric Restructuring Implementation Process, the Public Service Commission of South Carolina, February 1998; South Carolina SB 1168, The South Carolina Competitive Power Act of 2000, introduced February 2000; The State, Columbia, S.C., Dave L'Heureux, January 9, 2001.

Public Service Commission of South Carolina’s Web site: www.psc.state.sc.us/

SOUTH DAKOTA

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: The South Dakota Public Utilities Commission has regulatory authority over territorial boundaries and rules regarding customer service for investor-owned and municipal utilities and electric cooperatives. The PUC, however, regulates electric rates for the investor-owned utilities only. In accordance with the current state law, customers that use 2 MW or greater may ask the PUC to allow them to select their electric supplier when they first sign up for electric service.

To date, there has been very little activity in South Dakota to promote electric utility restructuring. In 1999, a study conducted by the University of South Dakota Business Research Bureau for the rural electric cooperatives concluded that electric rates for the cooperative's residential customers could increase by approximately \$60/year if the state were to restructure its electric utility industry. Restructuring legislation was not introduced during South Dakota's 2000 legislative session.

Sources: Electricity Pricing In A Restructured Electric Power Industry, Prepared for the Rural Electric Cooperatives of South Dakota, University of South Dakota Business Research Bureau, January 14, 1999

South Dakota Public Utilities Commission's Web site:
www.state.sd.us/state/executive/puc/puc.htm

TENNESSEE

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In its “First Report on Electric Deregulation” in January 1999, the Tennessee Regulatory Authority (TRA) concluded that “Although Tennessee Valley Authority’s (TVA) status as a federal entity gives the U.S. government the first move in restructuring the electric industry in Tennessee, the legislature should begin a reassessment of its policies toward electric utilities in preparation for federal action.” The report stated that proposed legislation should address retail access issues such as open access to the distribution grids, methods for establishing distribution rates, reliability and supplier of last resort responsibilities, the recovery of any stranded costs or lost revenues, and consumer education. Stating that “it is not clear that full retail choice is in the best interest of the people of Tennessee,” the report suggested the preparation for, not the immediate adoption of, electric restructuring in the state.

Senate Joint Resolution (SJR) 260, passed in June 1997, created a special joint committee made up of 4 members of the House of Representatives and 4 members of the Senate to study electric utility restructuring and its impact on Tennessee. The committee was to investigate the implications of electric restructuring on the reliability, price, profit, and rates of electric service in Tennessee with consideration that the state’s electric power comes almost exclusively from the Tennessee Valley Authority (TVA). The committee’s findings and recommendations were originally due to the General Assembly in February 1998. On April 25, 2000, House Joint Resolution (HJR) 87 and three amendments was signed by the governor, increasing the special joint committee to 14 members (7 from the House of Representatives and 7 from the Senate). The resolution and amendments changed the required report date for findings and recommendations to February 28, 2002.

Other Pertinent Information: Tennessee’s low electricity rates contribute to the state’s cautious approach towards electric restructuring.

All of the electricity in Tennessee, except for the city of Kingsport, is provided through TVA distributors. Because TVA is a federal corporation, the state legislature does not have authority to implement retail access in the state prior to approval through federal legislation.

Sources: Tennessee SJR 260, June 1997; First Report on Electric Deregulation in Tennessee, Tennessee Regulatory Authority, January 1999; Tennessee HJR 87, April 2000.

Tennessee Regulatory Authority’s Web site: www.state.tn.us/tra/

TEXAS

Legislative/Regulatory Status: Restructuring legislation passed; retail choice available to all customers January 2002.

Legislative/Regulatory Background: The Governor signed SB 7, an Act relating to electric utility restructuring in Texas, in July 1999. The Act instructs each electric utility to unbundle its services and cease to offer services available in the competitive market on or before September 1, 2000. It also requires that utilities structurally unbundle into three separate legal entities: a generation company; a transmission and distribution company that will remain regulated; and a retail electric provider. Plans for unbundling of services and business separation are to be submitted to the Public Utility Commission of Texas (PUCT). As of April 2000, all investor-owned electric utilities had submitted restructuring plans. Municipals and cooperatives have a choice whether to participate in electric competition.

By January 1, 2002, retail access will be available to all customers, at which time electric utilities' affiliated retail energy providers (REPs) will offer residential and small commercial customers retail electric service at rates that are 6 percent less than the utility's September 1, 1999 tariffed rates. These rates will constitute the "price to beat," which will be offered for 5 years until January 1, 2007, or until the incumbent affiliate has lost 40 percent of its market share, whichever comes first.

SBC Scope: The system benefit fund will provide funding for programs to assist low-income customers, customer education programs, and a school funding loss mechanism. The Commission shall adopt rules for electric providers to offer a reduced rate 10–20 percent less than the standard retail service package offered by the provider of last resort (see below) to eligible low-income customers. Funding for current low-income programs must remain at existing levels until customer choice is available in a given area. On or before January 1, 2001, PUCT shall develop and implement a neutral and nonpromotional educational program to provide all customers with the information necessary to select an electric provider. (Energy efficiency is mandated through a different mechanism—see "Other Pertinent Information" on the next page).

SBC Funding: A nonbypassable fee set by the Commission and assessed at the meter finances the system benefit fund. The amount of the fee is not to exceed \$0.050/MWh (except between January 1, 2002 and December 31, 2006, when the Commission may set the fee up to \$0.65/MWh to fund the required 10 percent reduction off of the standard offer package).

SBC Administration and Oversight: PUCT will administer the system benefit fund. Annually, the commission will review and approve system benefit fund accounts, projected revenue requirements, and nonbypassable fees.

SBC Duration: The SBC will commence January 2002 and will continue for an indefinite period.

Related Rules/Legislation: PUCT, Rule 25.251, Renewable Energy Tariff, November 19, 1998.

PUCT, Rule 25.173, Renewable Energy Mandate, December 20, 1999.

PUCT, Rule 25.181, Energy Efficiency Programs, March 21, 2000.

PUCT, Customer Education Plan, July 21, 2000.

PUCT Rule 25.43, Provider of Last Resort (POLR), November 9, 2000.

Renewables Portfolio Standard: The final version of Texas' Renewable Energy Mandate, Rule 25.173, stipulates that 2,000 MW of new renewable resources must be built in Texas by 2009. Intermediate goals are provided requiring an addition of 400 MW by 2003, another 450 MW by 2005, another 550 MW by 2007, and another 600 MW by 2009. A Renewable Credits Trading Program will start January 1, 2002 and continue through 2019. Retailers with insufficient credits are subject to a penalty of \$50/MWh or 200 percent of the average cost of credits traded during the year. Renewable energy includes solar, wind, geothermal, hydroelectric, wave, tidal energy, and biomass technologies.

Disclosure: None.

Other Pertinent Information: The Act states that electric utilities will administer market-neutral, nondiscriminatory, electric energy efficiency programs providing incentives sufficient for retail electric providers and competitive energy service providers to acquire additional cost-effective energy efficiency equivalent to at least 10 percent of the electric utility's annual growth in demand. Both "standard offer" and "market transformation" type programs are eligible. Funding for the energy efficiency programs will be included in each utility company's transmission and distribution rates effective January 1, 2002. Modifications were made to the PUCT staff's proposed energy efficiency rules at the February 10, 2000 open Commission meeting and a follow-up memo was distributed to the Commissioners and interested parties on February 22 documenting those changes. The Energy Efficiency Programs rule (25.181) was signed by the Commission on March 21, 2000. The Commission will provide oversight to ensure that the energy efficiency goal is met by January 1, 2004.

The Act designates the Texas Natural Resource Conservation Commission to develop rules for the permitting of grandfathered utility electric generating facilities. These rules will provide, by region, for the allocation of emissions allowances of nitrogen oxides and sulphur dioxides among electric facilities and for facilities to trade emissions allowances for those contaminants. Beginning May 1, 2003, total annual nitrogen oxide emissions for all grandfathered utility electric generating facilities existing on January 1, 1999 may not exceed levels equal to 50

percent of the total emissions of that pollutant during 1997. A similar cap of 75 percent was set for sulphur dioxides.

No later than June 1, 2001, PUCT will select providers of last resort that will offer a basic standard retail service package to all retail electric customers at fixed, nondiscountable rates approved by the Commission. Customers that do not choose will continue to be served by the incumbent utility's REP: the provider of last resort will not be a default provider for these customers. The provider of last resort will have an obligation to serve customers who are terminated by their REP of choice or who, for other reasons, are no longer served by their REP of choice, in order to ensure no service interruption for these customers. The PUCT will select the provider of last resort through an auction process.

In July 2000, PUCT released its 4-year Consumer Education Plan that will educate residential and small business electric consumers in the state about retail access. The program will educate customers through paid advertising, public/media relations, community outreach, printed educational materials, an 800 number to an Electric Competition Answer Center, and an Electric Competition Web site.

PUCT Rule 25.251 provides electric utilities the option to offer a renewable energy tariff to its retail customers. The Renewable Energy Tariff promotes the use of renewables with market-based methods.

The City of Austin, through the Utility Photovoltaic Group's (UPVG) TEAM-UP program, is offering PV at a price premium in 100 W increments. Texas Utilities is offering a fund for voluntary contributions for the development of renewables.

Central & Southwest Company is reported to be investing in a large wind project of as much as 75 MW.

Sources: PUCT, Rule 25.251, Renewable Energy Tariff, November 19, 1998; Texas SB 7, An Act Relating to Electric Utility Restructuring, July 1999; PUCT Renewable Energy Mandate, Rule 25.173, December 20, 1999; PUCT, Rule 25.181, Energy Efficiency Programs, March 21, 2000; PUCT, Customer Education Plan, July 21, 2000; PUCT Rule 25.43, Provider of Last Resort (POLR), November 9, 2000.

Public Utility Commission of Texas' Web site: www.puc.state.tx.us

Public Utility Commission of Texas' Electric Industry Restructuring Web site:
www.puc.state.tx.us/electric/projects/20970/20970.cfm

UTAH

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In January 1996, the Utah Public Service Commission opened Docket No. 96-999-01 to investigate electric utility restructuring. As a part of this docket, the PSC conducted technological conferences, involved stakeholders in a variety of restructuring topics, and issued several final reports in September 1997, including a report on system benefits. Currently, the docket is on hold until the State Legislative Electrical Deregulation and Customer Choice Task Force completes its work.

The Electrical Deregulation and Customer Choice Task Force was established through Utah HB 313 in March 1997. The task force was assembled to study electric utility industry restructuring with emphasis on stranded costs, customer choice, unfair cost shifting and competition issues and to compose a legislative proposal for the 1999 General Session. The bill froze Utah Power and Light's rates at January 1997 levels until 60 days after the conclusion of the 1998 State Legislative session in May 1998. Since March 1997, the legislature has passed several bills to keep the task force active (HJR 7 in 1998 and SB 15 in 1999). In March 2000, the Governor signed SB 250, extending the task force's tenure until November 30, 2002. In addition, SB 250 stated that the task force would prepare electric restructuring legislation for consideration for the 2001 Annual General Session unless it is not in Utah's best interest.

SBC Scope: The final report submitted by the Legislative Electrical Deregulation and Customer Choice Task Force in November 18, 1998 suggested that the legislature consider the following issues in regard to any future electric restructuring legislation it might propose: systems benefits charges; funding for DSM programs; consumer disclosure in the sale of "green" power; incentives for the use of renewable energy; the cost/benefit of establishing portfolio standards or requiring the sale of "green" power when balancing the cost of power with the benefits to the environment and improving renewable generation methods; Standard Offer Service; Provider of Last Resort; customer education regarding retail access and universal service programs.

The task force's report concluded that "... consideration of a comprehensive electrical restructuring plan during the 1999 General Session [of the Legislature] is premature" and recommended further research on the relevant issues. As mentioned above, the task force will continue to explore electric restructuring and whether it is in the best interest of the citizens of Utah until November 2002.

Other Pertinent Information: Utah Power & Light offers low interest loans to commercial and industrial for energy efficiency measures. The company also offers a low-income program that provides a subsidy of \$8/month to eligible customers. The Commission ordered both programs.

Sources: Utah PSC Docket No. 96-999-01, Electric Utility Industry Restructuring, January 24, 1996; Utah HB 313, March 1997; System Benefits Subcommittee Report to the Public Service

Commission of Utah, Docket No. 96-999-01, November 12, 1997; Utah House Joint Resolution 7, 1998; Legislative Electrical Deregulation and Customer Choice Task Force Final Report, November 18, 1998; Utah SB 15, March 1999; Utah SB 250, March 2000.

Utah Public Service Commission's Web site: www.psc.state.ut.us/

Utah Department of Commerce, Division of Public Utilities' Web site:
www.commerce.state.ut.us/pubutls/dpuhp1.htm

Utah Department of Commerce, Division of Public Utilities' Electric Deregulation Web site:
www.commerce.state.ut.us/pubutls/EL002.htm

VERMONT

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In December 1996, the Vermont Public Service Board (PSB) issued a restructuring Report and Order under Docket No. 5854 that outlined broad goals and objectives for electric utility restructuring in Vermont. In September 1998, the PSB opened Docket No. 6140 to facilitate discussion of proposals for reducing current and future power costs in Vermont. Docket 6140-A was initiated by the PSB in January 1999 asking parties to comment on the application of the restructuring principles in Docket 5854 to proposals for retail choice, power supply reform, and financing retail choice in the current legal environment. In the Fall of 1999, Central Vermont Public Service Corporation and Green Mountain Power Corporation requested that the Commission open an investigation into the establishment of retail access policies and procedures for companies that might choose to voluntarily open their service territories to retail choice. In response, the PSB opened Docket No. 6330 in January 2000.

Legislation calling for restructuring was introduced in both 1997 and 1998, but was not passed into law. In 1997, the Senate passed S 62, An Act Relating to Electric Industry Restructuring and Electric Price Stabilization, but the bill did not make it to a vote in the House. In 1998, three House bills regarding electric restructuring were introduced but died when the legislation session ended (H 663, H 675 and H 701).

In June 1999, the Governor signed S 137 giving the PSB authority to approve the creation of an Energy Efficiency Utility (EEU), a state-sponsored nonprofit to offer statewide efficiency services to residential, commercial, dairy, and industrial customers. On September 30, 1999, the PSB approved the EEU after the PSB and the state's 22 electric utilities reached consensus in a Memorandum of Understanding (Docket No. 5980). The EEU satisfies the distribution companies' energy efficiency program obligations, although companies may implement their own programs in addition to the core programs offered by the EEU if they wish. The EEU began to offer services in early 2000 despite the absence of restructuring legislation.

SBC Scope: The EEU budget includes programs for residential, commercial, dairy, and industrial customers. Core programs target missed opportunities in new construction, promote market opportunities and efficient products, and address the special concerns of dairy farmers and low-income customers. Programs began in March 2000.

SBC Funding: The EEU budget is funded through a separately stated, nonbypassable, volumetric system benefits charge on the customers' electric bills. S 137 stipulates that the charge shall not exceed a total of \$17.5 million/year. The MOU states that at no time over the 5-year period (2000–2004) should the customer contribution exceed the equivalent of 2.9 mills/kWh on total statewide sales. The amount paid by individual customers varies by utility. The charge paid by Central Vermont Public Service's and Green Mountain Power's customers, for example, will be approximately 1.5 percent of their bills. The charge for customers of most

other utilities will be approximately 2 percent of their bills. Burlington Electric customers will pay for efficiency services as part of their electric rates and will not pay a separate charge. Based on the data in Attachment B of the MOU, the average annual funding for the EEU programs over the 5-year period is approximately \$13 million/year.

SBC Administration and Oversight: Parties reached agreement in the MOU that a fiscal agent, a contract administrator, and an advisory committee would be selected by the PSB to help oversee the EEU. A Burlington-based consortium won the competitive bid for the role as the EEU. As the EEU, the consortium is responsible for the statewide implementation of Vermont's energy efficiency programs either directly or through subcontracts. The fiscal agent receives the monies collected by the electric distribution companies and disburses the funding to the EEU. The contract administrator assists the PSB in managing the details of the contract between the PSB and the EEU. Members of the advisory committee representing the distribution utilities, consumers, DPS, etc., offer input on program design, reallocation of funds within programs, and any other issues that will assist the PSB.

SBC Duration: The charge to cover the EEU began February 2000 and will continue through December 31, 2004.

Related Rules/Legislation: Vermont PSB, Docket No. 5854, Report and Order, December 30, 1996. Outlined goals and objectives of electric restructuring in Vermont.

Vermont H 605, An Act Relating to Issuance of Permits for Self-Generation of Electricity, April 1998.

Vermont S 137, An Act Relating to the Ability of the Public Service Board to Require that Energy Conservation Service be Developed and Provided by an Entity Appointed by the Board, June 1, 1999.

Vermont PSB, Docket No. 6140, Order Opening Investigation, Investigation into the Reform of Vermont's Electric Power Supply, September 15, 1998.

Vermont PSB, Docket No. 6140-A, Final Order, Investigation into the principles, authority and proposals for reform of Vermont's electric power supply, June 24, 1999.

Vermont PSB, Docket No. 5980, Memorandum of Understanding, September 30, 1999. An agreement among electric distribution companies and the PSB that the Board should approve and order, in accordance with the terms of the MOU, that a single entity, the EEU, deliver statewide energy efficiency programs.

Vermont PSB, Docket No. 6330, Order Opening Investigation and Hearing, Petition of Central Vermont Public Service Corporation and Green Mountain Power Corporation Requesting an Investigation into the Establishment of Retail Access Policies and Procedures, January 14, 2000.

Renewables Portfolio Standard: None at this time.

Disclosure: None at this time.

Other Pertinent Information: A net metering bill, H 605, was passed in April 1998. The Act defines eligible customer-generators as the following: (1) from the residential sector with a capacity of 15 kW or less or a farm system with a capacity of 100 kW or less; (2) who use a PV array, wind turbine, or fuel cell as their fuel source, or is a farm system; (3) who generate electricity primarily to offset all or part of their own power requirements; (4) on their own premises; and (5) who are interconnected in parallel with an electric company's distribution facilities. The customer-generators will be billed if they use more electricity than they generate and credited if they generate more electricity than they use unless the electricity generated by the customer exceeds the electricity supplied to the customer during the 12-month net metering period. In this case, any remaining unused kilowatt-hour credit accumulated during the previous year will revert to the electric company without compensation to the customer. The electric company must make net metering available to customer-generators until the cumulative generating capacity of the net metering systems is equal to 1 percent of the distribution company's peak demand during 1996.

Vermont has committed to installing 1,000 new solar installations by 2010. The commitment is a part of the federal government's Million Solar Roofs Initiative. To reach this goal, the DPS is encouraging consumers in Vermont to install net metered renewable energy systems.

Sources: Vermont PSB Docket No. 5854, Report and Order, December 30, 1996; Vermont S 62, An Act Relating to Electric Industry Restructuring and Electric Price Stabilization, 1997; Vermont H 605, An Act Relating to Issuance of Permits for Self-Generation of Electricity, April 1998; Vermont DPS, William Steinhurst, New Developments in Electric Industry Restructuring: Vermont—Buying and Selling Electricity in the Northeast, June 4, 1998; Vermont PSB, Docket No. 6140, Order Opening Investigation, Investigation into the Reform of Vermont's Electric Power Supply, September 15, 1998; The Working Group on Vermont's Electricity Future, Report to Governor Howard Dean M.D.; December 18, 1998; The Transition Working Group and the Vermont Department of Public Service, Energy Efficiency Utility Transition Plan, June 1999; Vermont S 137, An Act Relating to the Ability of the Public Service Board to Require that Energy Conservation Service be Developed and Provided by an Entity Appointed by the Board, June 1, 1999; Vermont PSB, Docket No. 6140-A, Final Order, Investigation into the principles, authority and proposals for reform of Vermont's electric power supply, June 24, 1999; Vermont PSB Docket No. 5980, Memorandum of Understanding, September 30, 1999; Press Release, Vermont Public Service Board Approves Energy Efficiency Utility, September 30, 1999; Vermont PSB, Docket No. 6330, Order Opening Investigation and Hearing, Petition of Central Vermont Public Service Corporation and Green Mountain Power Corporation Requesting an Investigation into the Establishment of Retail Access Policies and Procedures, January 14, 2000.

Vermont Public Service Board's Web site: www.state.vt.us/psd

Vermont Department of Public Service's Electric Utility Restructuring Web site:
www.state.vt.us/psd/restr.htm

Vermont's Energy Efficiency Utility's Web site: www.encyvermont.com/

VIRGINIA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice phased in starting January 2002 with choice available to all customers January 2004.

Legislative/Regulatory Background: In March 1999, Virginia's Governor signed the Virginia Electric Utility Restructuring Act (SB 1269), which became effective July 1, 1999. In accordance with the Act, retail competition for electric generation will be phased-in between January 1, 2002 and January 1, 2004.

The Act established a Legislative Transition Task Force (LTF), made up of six members from the House of Delegates and four members from the Senate, to serve from 1999 through 2005. The LTF is directed to examine several important restructuring issues during the transition to retail competition, including “energy assistance programs for low-income households; renewable energy programs; and energy efficiency programs.”

In addition, a 17-member consumer advisory board (CAB) was established by the Act to assist the LTF. Significantly, the LTF directed the CAB in 1999 to examine energy efficiency, renewable energy portfolio standards, and low-income energy assistance and efficiency programs. The CAB convened several meetings in 1999, and examined legislative proposals concerning a renewables portfolio standard, as well as proposed legislation establishing an SBC to fund renewables, energy efficiency, and weatherization assistance programs. However, CAB or LTF endorsed none of these measures, and no legislation adopting an SBC or renewables portfolio standard was introduced in the Virginia General Assembly's 2000 Session.

Virginia Power and AEP began retail access pilot programs in July 2000. In January 2001, the Commission opened Case No. PUE010013 to establish rules on retail access. SCC Staff is to file a report proposing the rules on or before March 6, 2001.

SBC Scope: Low-income programs, energy efficiency programs, consumer education programs, and a renewables portfolio standard are all under consideration as possible activities to be covered by an SBC.

SBC Funding: SBC funding is still under discussion.

SBC Administration and Oversight: SBC administration is still under discussion.

SBC Duration: SBC duration is still under discussion.

Related Rules/Legislation: Virginia State Corporation Commission (SCC), Case No. PUE950089, Ex Parte: In the Matter of Reviewing and Considering Commission Policy regarding Restructuring of and competition in the Electric Utility Industry, December 1, 1997.

Virginia HB 1172, An Act to Establish a Schedule for Virginia's Transition to Retail Competition in the Electric Utility Industry, effective July 1998.

Virginia SCC, Case No. PUE990788, Order Adopting Regulations Governing Net Energy Metering, Ex Parte: In the matter of establishing regulations for net energy metering pursuant to Va. Code Section 56-594, May 25, 2000.

Virginia SCC, Case No. PUE010013, Order Establishing Procedural Schedule, Ex Parte: In the matter of establishing rules for retail access, January 10, 2001.

Renewables Portfolio Standard: The adoption of a Renewables Portfolio Standard is still under discussion.

Disclosure: Disclosure of price, fuel mix, emissions, cancellation rights, and toll-free numbers included in marketing materials and billings are still under discussion. Disclosure of fuel mix and emissions by generation suppliers is also still being discussed.

Other Pertinent Information: Default service is electric service made available to retail customers who have not affirmatively selected a supplier, have been unable to obtain service from an alternative supplier, or have contracted with an alternative supplier who fails to perform. The Act directs the SCC to determine the components of default service and to establish at least one default service program that will be available to all customers by the time customer choice is accessible. The SCC is also responsible for designating default providers and determining the rates for default service.

The Act required the SCC to develop a comprehensive consumer education program to prepare Virginia's electricity consumers for retail choice. That plan was presented to the LTTTF in 1999, and incorporated into SB 585, a bill embodying modifications and additions to the Act recommended by the LTTTF and introduced in the Virginia General Assembly's 2000 Session. The SCC's proposed 5-year consumer education plan will furnish consumers information about retail choice through a variety of methods including community-based organizations, state agencies, distribution companies' billings, newspapers, radio, television, a toll-free number, and a "Virginia Energy Choice" Web site. During 2000, the SCC will receive proposals from qualified bidders for consulting services, research, public relations, and marketing expertise. The proposed plan is projected to cost an estimated \$6 million/year and will be funded through the SCC's existing Special Revenue Regulatory Tax assessed against utilities regulated by the Commission.

The Act also directs the SCC to establish a net metering program by July 1, 2000. The Act defines eligible customer-generators as the following: (1) from the residential sector with a capacity of 10 kW or less or from the nonresidential sector with a capacity of 25 kW or less; (2) who use solar, wind, or hydro as their total fuel source; (3) who generate electricity primarily to offset all or part of their own power requirements; (4) who are on their own premises; and (5)

who are interconnected in parallel with an electric company's transmission and distribution facilities. Under the Act, customer-generators will be billed if they use more electricity than they generate, and credited if they generate more electricity than they use. If the electricity generated by a customer-generator exceeds the electricity supplied to the customer during a consecutive 12-month period, the customer-generator can be paid for the excess, but only if the customer-generator and the entity agreeing to purchase the excess power have signed a purchase power contract. The Act limits each electric distribution company's net metering obligation to 0.1 percent of the distribution company's peak demand forecast for the previous year in Virginia. The SCC approved specific net metering regulations in May 2000, Case No. PUE990788.

Sources: Virginia SCC, Draft Working Model for Restructuring the Electric Utility Industry in Virginia, November 1997; Timeline to Competition, from the Virginia SCC Web site, not dated; Virginia SCC, Report to the General Assembly—Consumer Education Plan, December 1, 1999; Virginia SCC, Staff Report and Proposed Rules, Ex Parte: In the Matter of Establishing Regulations for Net Energy Metering Pursuant to Va. Code s. 56-594, Case No. PUE990788, December 22, 1999; Report on the Joint Subcommittee Studying Restructuring of the Electric Utility Industry to the Governor and the General Assembly of Virginia, Senate Document No. 34, Commonwealth of Virginia, Richmond, 1999; Virginia SCC, Case No. PUE990788, Order Adopting Regulations Governing Net Energy Metering, Ex Parte: In the matter of establishing regulations for net energy metering pursuant to Va. Code Section 56-594, May 25, 2000; Virginia SCC, Case No. PUE010013, Order Establishing Procedural Schedule, Ex Parte: In the matter of establishing rules for retail access, January 10, 2001.

Virginia's State Corporation Commission's Web site: www.state.va.us/scc

Virginia's State Corporation Commission's Energy Supply Competition Web site:
www.state.va.us/scc/division/restruct/main/tbarroll.htm

WASHINGTON

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: Stating its intent to preserve the benefits of consumer and environmental protection, system reliability, high service quality, and low-cost rates, the Washington legislature, in ESSB 6560 (effective June 1998), initiated a joint study by the Washington Utilities and Transportation Commission (WUTC) and the Department of Community, Trade, and Economic Development. The study's goal was to focus on retail electrical consumer protection. The legislation specified that the study results were to be presented to the governor and the legislature by December 31, 1998 and based on information submitted by the individual electric utility companies.

The resulting report, "*Washington State Electricity System Study*," was published in December 1998. The report's Executive Summary stated that "The Northwest Power Planning Council estimates that 1500 average MW of cost-effective savings are available at an average cost of 1.7¢/kWh. Capturing these savings would reduce the region's electricity bill by an estimated \$1.7 billion. Investment in energy efficiency in Washington has declined from nearly \$155 million in 1993 to an estimated \$44 million in 1998 and is projected to continue to decline to \$24 million in 2000. The report also stated that "Nonhydro renewables represent less than 1 percent of utility sales in Washington." In regard to low-income energy programs, the report observed that although the need for low-income services appears to be increasing, funding has declined. Although the report did not make specific recommendations, it mentioned a system benefits charge as one possible funding method for energy efficiency, renewable energy and low-income programs.

The state has not passed a restructuring law and currently does not have a timeline to restructure. No restructuring legislation is expected for the 2001 legislative session.

Other Pertinent Information: Only about one-third of the retail sales of electricity in Washington come from investor-owned utilities with the majority of retail sales accounted for by publicly owned facilities. The federal government owns a large portion of the generation and transmission facilities in the state. In general, electricity rates in Washington are low compared to the rest of the nation.

In June 2000, HB 2565 became effective mandating that, beginning in 2001, each retail supplier shall provide to its existing and new retail electric customers its annual fuel mix information by generation category.

Avista Utilities, Pacific Power and Puget Sound Energy offer energy efficiency programs to their customers. The programs are funded through a volumetric surcharge on customers' bills. In October 2000, Pacific Power's proposal to increase its investment in energy efficiency programs was approved by the WUTC. The Pacific Power plans to collect approximately \$2.8 million

during the first 14 months. In April 1999, Puget Sound Energy 's (PSE) energy efficiency programs were extended for 3 years. PSE's gas and electric annual efficiency program budgets will be approximately \$9 million for the next 3 years.

In June 1998, Substitute House Bill 2773 directed electric utilities to make net metering available to customer generators on a first come, first served basis until the cumulative generating capacity of net metering systems equals 0.1 percent of the utilities peak demand during 1996.

Municipal utility, Seattle City Light, operates some of the most extensive energy efficiency programs in the country. The company's energy efficiency goal for 2000 was 6.3 MW. In July 2000, the company sent out a request for proposals for up to 100 MW from renewable resources.

Sources: Washington ESSB 6560, June 1998; Washington SHB 2773, June 1998; *Washington State Electricity System Study*, Washington Utilities and Transportation Commission and the Department of Community, Trade, and Economic Development, *December 1998*; *Washington HB 2565*, June 2000; Semi-Annual Update to the Energy Management Services Plan, Seattle City Light Energy Management Services Division, August 17, 2000.

Washington Utilities and Transportation Commission's Web site: www.wuttc.wa.gov/

WEST VIRGINIA

Legislative/Regulatory Status: Restructuring legislation passed; retail choice start date projected for July 2001.

Legislative/Regulatory Background: In 1996, the Public Service Commission of West Virginia initiated Case No. 96-1491-E-GI to examine the issue of retail competition in West Virginia. In May 1997, the Commission created a task force consisting of interested parties to examine retail access in depth. The final task force report was completed later in 1997. According to the final report, the majority of task force participants agreed that restructuring was in the public interest, however Staff and the Consumer Advocate Division of the Commission believed there were a considerable number of potential detriments to restructuring. In regard to public benefits, the task force concluded that low-income, energy efficiency, renewable resource technologies and R&D programs should be maintained. At the same time, the task force supported that the use of West Virginia's coal, oil, natural gas and other energy resources should be encouraged, and should not be negatively impacted by restructuring of the electric industry. The task force did not propose any environmental programs and agreed that the Commission should not mandate a renewable portfolio standard.

HB 4277 was passed by the legislature in March 1998 and gave the (PSC) authority to develop an electric utility restructuring plan if retail access was determined to be in the public interest. The bill required the involvement of other interested parties in the process and the submission of the proposed plan to the state legislature for approval. The proposed plan was required to include (among other things) adequate protections for low-income consumers, compliance with existing environmental rules, consideration and maintenance of energy efficiency, renewable resource technology and R&D programs, as well as the expanded use of West Virginia coal, oil, natural gas and other energy resources.

After HB 4277 was passed, the Commission closed Case No 96-1491-E-GI and opened Case No. 98-0452-E-GI. The first order in this case was issued on April 21, 1998 and mandated further investigation into the prospect of adopting electric utility restructuring in West Virginia through a series of retail access workshops and public meetings. In mid-November, 1998, PSC Staff advised the Commission that workshop participants had not reached a consensus on an electric utility restructuring plan for the state.

By an order issued on December 23, 1998, the Commission scheduled evidentiary hearings on electric utility restructuring to commence in August 1999. After the hearings, the Commission stated it would determine whether electric restructuring was in the public interest, and if so, would prepare a plan for restructuring the electric utility industry in the state.

On December 13, 1999, several parties jointly filed a "West Virginia Plan for Customer Choice of Electric Power Suppliers" with the PSC. Also on this date, American Electric Power filed a letter explaining why it rejected the Stipulated Plan and urged the Commission not to adopt it.

On December 20, 1999, the Commission issued an order proposing a revision of this document as the state's electric restructuring plan. In this order, the Commission stated that customer choice in a competitive power supply market is in the public interest and stated that interested parties should submit comments on the plan by December 30, 1999. On January 28, 2000, the Commission issued an order adopting the revised plan to restructure the electric generation supply market in West Virginia.

On March 11, 2000, the West Virginia Legislature adopted the Commission's revised restructuring plan into law (House Concurrent Resolution 27). In addition to a 13-year cap on electric rates, the law requires that a number of rules must be adopted by the Commission, both prior to and after the implementation of customer choice, and that tax changes are enacted to preserve tax revenues for state and local governments. As a result, on March 14, 2000, the Commission issued General Order 255 in the matter of a Proposed Rulemaking Related to Restructuring the Electric Utility Industry in West Virginia. The Rulemakings are to address interconnection standards to ensure distribution system safety and reliability, licensing rules for power suppliers, emergency service rules to protect customers in the event a chosen supplier fails to deliver power, a code of conduct for participants in a competitive market, and consumer protection.

In September 2000, the utilities began presenting their plans for unbundling electric rates to the Commission. The Commission continues to work with interested parties in reaching agreement on the rules required in General Order 255. The PSC's proposed date of retail access is currently July 2001 but the tax laws must be changed prior to implementation.

SBC Scope: West Virginia's revised restructuring plan, approved in HCR 27, includes a system benefits charge for low-income funding only. The plan leaves the energy efficiency, renewables and R&D programs up to the market.

SBC Funding: The approved plan includes an SBC of \$.0003/kWh for 10 years. The minimum monthly SBC to any retail customer is \$0.60 and the maximum monthly SBC to any retail customer is \$450. Two-thirds of the funding will assist low-income customers while the balance of the monies will be used to help employees that have lost their jobs because of electric restructuring. In addition, low-income customers will receive a \$.012/kWh credit during the heating winter months as opposed to the 20 percent received currently. Low-income electric customers who pay the reduced rates do not have to pay the SBC.

SBC Administration and Oversight: The SBC shall be collected by each incumbent electric utility. Two-thirds of the collected funds will be deposited into a Trust Fund administered by the Governor's Office of Economic Opportunity. The funding will be distributed through the existing weatherization system—50 percent of the money going towards weatherization services and the other 50 percent going toward bill payment assistance. Collection and disbursement of the SBC is

subject to Commission jurisdiction and oversight.

SBC Duration: 10 years starting on the implementation date of customer choice.

Environmental Portfolio Standard: None.

Disclosure: The revised plan approved through HCR 27 states that the Commission shall require that all suppliers, including default service providers, provide accurate information on emissions and fuel mix to their customers upon request, and publish such information on at least an annual basis, or as frequently and in such format as the Commission determines is necessary to provide adequate public disclosure.

Other Pertinent Information: None.

Sources: PSCWV Case No. 96-1491-E-GI, 1996; PSCWV Case No. 96-1491-E-GI, May 1997; 1997 Task Force Report on Electric Utility Restructuring, West Virginia Electric Utility Restructuring Task Force, November 1997; West Virginia HB 4277, March 1998; PSCWV Case No. 98-0452-E-GI, April 21, 1998; PSCWV Case No. 98-0452-E-GI, December 23, 1998; West Virginia Plan for Customer Choice of Electric Power Suppliers, December 13, 1999; PSCWV Case No. 98-0452-E-GI, December 20, 1999; PSCWV Case No. 98-0452-E-GI, January 28, 2000; West Virginia HCR 27, March 11, 2000; PSCWV General Order 255, March 14, 2000.

Public Service Commission of West Virginia's Web site: www.psc.state.wv.us/

Public Service Commission of West Virginia's Electric Utility Restructuring Web site: www.psc.state.wv.us/elecrest/elecindx.htm

WISCONSIN

Legislative/Regulatory Status: No restructuring legislation passed. Although retail access has been put on hold for the time being, the state has decided to go forward with its public-benefit programs.

Legislative/Regulatory Background: Although Wisconsin has not restructured its electric industry, it has taken a number of actions related to utility regulation and public benefits. In February 1996, the Wisconsin Public Service Commission issued a 32-step plan to restructure the state's electric industry by 2000 or 2001. The Commission subsequently revised the 32-step plan into a 7-step plan, although the restructuring plan has not been implemented. On April 28, 1998, the Governor signed a "reliability bill" (Act 204), which eased constraints on generation and transmission approval, opened the way to construction of private merchant plants in the state, and took steps toward facilitating an ISO. In October 1999, the Governor signed the New Law on Electric Utility Regulation, better known as the "Reliability 2000" Legislation. This new law is made up of the parts of the 1999 Wisconsin Act 9 (the 1999–2001 Biennial Budget Act) relating to public utility holding companies, electric power transmission, public benefits, and other aspects of electric regulation.

In October 2000, the PSC put the following notice on their Web site: "Due to concerns about the reliability of electric service in Wisconsin in recent years, the Commission's attention has been directed at seeing that the necessary infrastructure improvements (generation, transmission, and distribution) are made. Restructuring, at least as it relates to implementing retail competition, has been put on hold as a result. No timetable has been established as to if or when that issue will be addressed."

Although electric utility deregulation in Wisconsin has been put on hold for the time being, the Final Decision in 05-BU-100 (January 2001) indicates that the Commission intends to continue the collection of public-benefits funds and implementation of public-benefits programs. The 05-BU-100 Final Decision established the amount of public-benefits funds that each utility shall transfer to the Department of Administration each year.

SBC Scope: Energy efficiency, renewable energy, low-income, and environmental-oriented R&D programs are all addressed in Reliability 2000. The law stipulates that priority will be given to energy efficiency program proposals that are directed at (1) energy efficiency market sectors that are least competitive and (2) environmental protection, electric system reliability, and rural economic development. Renewables programs focus on renewables education, the use of renewable resources by customers, and research technology transfers. The low-income programs include weatherization and other energy efficiency services, electric bill payment assistance, and the early identification and prevention of energy crises.

SBC Funding: Each electric utility shall charge each customer a public benefits fee and pay the fees to the Wisconsin Department of Administration (DOA). The DOA, in consultation with the

Council on Utility Public Benefits, will determine the amount of the fee. The Council on Utility Public Benefits is made up of a total of 11 members, each appointed by the Governor, various congresspersons, the secretary of Department of Natural Resources (DNR), the secretary of the DOA, and the chairperson of the PSC. The public benefit fees shall be considered trust funds of the DOA and not income of the electric utility. The fees may not be based on kilowatt-hour consumption and must allow an electric provider to recover its costs. The electric provider may charge residential customers up to 70 percent of the total amount of fees. The SBC is capped at 3 percent of a customer's total bill for the period, or \$750/month, whichever is less. Utilities must include the fee in the general electricity charges on the bill rather than presenting the fee as a line item. The utilities must provide customers with an annual statement indicating annual public benefit fees paid and programs covered by the charges.

New low-income funding in fiscal year 1999–2000 was, when added to 50 percent of the estimated public benefits fees charged by municipal utilities and retail electric cooperatives, equivalent to \$24 million. In each fiscal year that follows, in addition to the 50 percent of the estimated low-income program fees charged by municipals and cooperatives, federal (approximately \$43.3 million annually for the next 2 years) and continuing major utility low-income funding should be considered in the calculation of the total low-income program budget. The law directs the DOA to ensure that an amount equal to 47 percent of all low-income public-benefit funds is expended on weatherization and energy efficiency services.

New energy efficiency and renewable resource funding for fiscal year 1999–2000 was, when added to 50 percent of the estimated public benefits fees charged by municipal utilities and retail electric cooperatives, equivalent to \$20 million. This funding was incremental to the existing utility energy efficiency funding described below in “Other Pertinent Information” and over and above a company's investment in resource programs designed to comply with the Renewables Portfolio Standard. The total budget for subsequent years shall be calculated similarly. The budget will be reduced if individual programs are discontinued. Four and one-half percent of the energy program funds must be spent on renewables programs and 1.75 percent of the funds must be used for R&D proposals regarding environmental impacts of the electric industry. The best available estimates of total annual funding available (new funding plus existing utility funding) are as follows: \$1.1 million for energy efficiency/renewables R&D, \$62 million for energy efficiency programs, \$45.3 for low-income programs and \$2.8 million for renewable energy programs.

In March 2000, the U.S. Court of Appeals upheld the U.S. Environmental Protection Agency's rule (NOX SIP Call) that requires each of 22 states in the eastern United States to significantly reduce emissions of nitrogen oxides. A request for rehearing was denied. The DNR is the state agency in Wisconsin responsible for developing the state implementation plan (SIP). Reliability 2000 directs the DNR to contact the DOA to request a transfer of \$2.5 million (or a pre-determined lesser amount) from the public-benefits fund to the air quality improvement fund. These funds will be added to the \$2.4 million/year from PSC utility assessments. The DOA will

award grants from the \$4.9 million air quality improvement fund to eligible electric providers to assist them in complying with state or federal laws to reduce nitrogen oxide emissions.

SBC Administration and Oversight: The DOA will design and administer the programs in consultation with the Council on Utility Public Benefits. The DOA will contract with community action agencies, nonprofit organizations, or local government to implement the low-income programs and with one or more nonprofit organizations to implement the energy efficiency programs.

SBC Duration: The initial period of authorization is 5 years. The policy will be revisited at that point.

Related Rules/Legislation: Wisconsin PSC, Public Benefits Policy Docket (05-BU-100), 1997.

Wisconsin PSC, 05-BU-100, Final Decision, Investigation on the Commission's Own Motion of Appropriate Measures to Maintain or Enhance the Existing Levels of Energy Efficiency, Services to Low-Income Customers, Renewable Resources and Research and Development "Public Benefits") in Restructured Electric and Natural Gas Industries. Establishes the amount and schedule for transfer of monies by each utility to the Commission for deposit in the Public-Benefits Fund Fund, January 2001.

Renewables Portfolio Standard: Reliability 2000 directs each electric provider to offer its retail customers renewable energy in at least the following percentages of its total retail electric sales (by December 31 of each year), either directly or through renewable resource credits from another electric provider: 2001—0.5 percent, 2003—0.85 percent, 2005—1.2 percent, 2007—1.55 percent, 2009—1.9 percent, and 2011—2.2 percent. Renewable energy is defined as fuel cells using a renewable fuel, tidal or wave action, solar thermal electric or PV energy, wind power, geothermal technology, biomass, hydroelectric (< 60 MW), and any other resource designated as a renewable resource by the PSC by rule. Electric utilities may recover their costs for renewable energy by allocating the costs equally to all customers on a kilowatt-hour basis and/or establishing alternative price structures, including price structures where customers pay a premium for renewable energy. It should be noted, however, that kilowatt-hour contributions resulting from green pricing programs do not count towards a company's RPS renewable energy requirements.

A provider that provides renewable energy in excess to the required percentages can either sell the credits to another provider or use the credit in a subsequent year. Reliability 2000 directs the PSC to promulgate rules to establish requirements for the use of credits. Each utility must submit an annual report to the DOA documenting its compliance with the RPS. Submitting a certification with false or misleading information or failing to comply with the required percentages of renewable energy shall result in penalties not less than \$5,000 and no more than \$500,000.

Disclosure: None.

Other Pertinent Information: Reliability 2000 directs the PSC to promulgate rules establishing requirements and procedures for the development of: (1) standards to determine the necessity of preparing an environmental impact statement; (2) adequate opportunities for interested persons to be heard on environmental impact statements; and (3) deadlines that allow thorough review on environmental issues without imposing unnecessary delays in addressing the need for additional electric transmission capacity in the state.

Reliability 2000 specifies that in 2000, 2001, and 2002, the PSC shall require each Wisconsin utility to spend a decreasing portion of their annual budgets (compared to their 1998 budget levels) on existing low-income, energy efficiency, environmental R&D, and renewable resource programs. The remaining portion of the collected money shall be deposited into the public-benefits fund. Until 2002, utilities have the option to spend collected moneys to administer their existing programs. After 2002, the entire amount will be deposited into the public-benefit fund. Existing funding represents an estimated \$40.2 million annually for low-income programs and \$63.6 million annually for energy efficiency programs.

With the approval of the NOX SIP Call, Reliability 2000 directs the DNR to ensure that at least 866 tons of total annual reductions in nitrogen oxide emissions are achieved through the use of renewable energy and/or low-income weatherization and energy conservation measures. In addition, Reliability 2000 puts limits on the nitrogen oxide reductions that the DNR can require each summer by electric plants in various regions in the state. Reliability 2000 also instructs the DOA to develop a trading program for the purchase, sale, and transfer of nitrogen oxide emissions credits.

Wisconsin Electric has 12,700 subscribers in its experimental green pricing rate program “Energy for Tomorrow.” Consumers are able to choose to purchase 25 percent, 50 percent, or 100 percent of their power in support of further renewables development for an additional \$0.02/kWh.

Sources: Wisconsin PSC, 32-Step Plan, February 26, 1996; Wisconsin PSC, Public Benefits Policy Docket (05-BU-100), 1997; Wisconsin AB 389, Text of the New Law on Electric Utility Regulation—The “Reliability 2000” Legislation (Part of 1999 Wisconsin Act 9³/₄the Biennial 1999–2000 Biennial Budget Act), December 1999; Wisconsin Legislative Council Staff, John Stolzenberg, Memorandum, Overview of New Law on Electric Utility Regulation—The ‘Reliability 2000’ Legislation (Part of 1999 Wisconsin Act 9), December 2, 1999; Wisconsin Legislative Council Staff, Information Memorandum 99-6, New Law on Electric Utility Regulation—The ‘Reliability 2000’ Legislation (Part of 1999 Wisconsin Act 9), Wisconsin Legislative Council Staff, December 2, 1999; Wisconsin PSC, 05-BU-100, Final Decision, Investigation on the Commission’s Own Motion of Appropriate Measures to Maintain or Enhance the Existing Levels of Energy Efficiency, Services to Low-Income Customers,

Renewable Resources and Research and Development “Public Benefits”) in Restructured Electric and Natural Gas Industries, January 2001.

Wisconsin Public Service Commission’s Web site: www.psc.state.wi.us

Wisconsin Public Service Commission’s Electric Industry Restructuring Web site: www.psc.state.wi.us/cases/elecrest/index.htm

WYOMING

Legislative/Regulatory Status: No restructuring legislation passed.

Legislative/Regulatory Background: In March 1996, the Wyoming Industrial Energy Consumers Group filed a motion (General Order 77) with the Wyoming Public Service Commission requesting an investigation into electric restructuring issues in the state. Although the Commission did not initiate a formal proceeding as the group desired, the Commission created a collaborative examination of the subject and invited the group to participate.

The collaborative was made up of a diverse group of participants including representatives from the rural electric cooperatives, investor-owned utilities, local governments, industrial customers, consumer advocate groups, marketers, municipal leaders and other industry experts. In November 1996, the collaborative produced a *White Paper on Electricity Utility Industry Restructuring Issues* summarizing the contributions of six subcommittees, each of which focused on specific issues related to restructuring. Based on this report, the Commission concluded that “further steps toward statewide electric industry restructuring at the retail level in Wyoming should not go forward without a comprehensive study of the economic and other effects it would likely have on Wyoming consumers—both large and small—and on the economy of the state as a whole.”

The Social Concerns Subcommittee of the collaborative addressed social issues including a time-limited universal service fund, wind energy, energy efficiency and green pricing programs, and renewable portfolio standards. The subcommittee suggested that discussions regarding these issues continue.

Electric utility restructuring bills were introduced in the 1999 and 2000 Wyoming legislative sessions but were not passed.

Other Pertinent Information: Large industrial customers (natural gas processing, open pit coal mining, oil pumping, manufacturing and other mineral extraction operations) make up over 60 percent of the state's electric load. Approximately 18 percent of the electric load in Wyoming is served by rural electric distribution cooperatives. PacifiCorp, the largest investor-owned electric utility in Wyoming, charges electric rates in Wyoming which are among the lowest in the nation and supports electric restructuring.

Sources: Wyoming Public Service Commission Social Concerns Subcommittee Report, Executive Summary, September 1, 1996; *White Paper on Electricity Utility Industry Restructuring Issues*, A Summary of the Work of Six Wyoming Stakeholder Subcommittees compiled by the Wyoming Public Service Commission, November 12, 1996.

Wyoming Public Service Commission’s Web site: psc.state.wy.us/index.html

