

1 **NORTHWEST PUBLIC POWER ASSOCIATION**

2  
3 **17-06 Archived Resolution**

4  
5 **EVALUATION OF PROPOSALS FOR ELECTRIC INDUSTRY**  
6 **RESTRUCTURING**  
7

8 In recent years, deregulation of several major industries — such as  
9 natural gas, telecommunications, financial services and airlines — and  
10 the increased competition in the wholesale supply of electricity have  
11 stimulated a number of proposals for restructuring the electric utility  
12 industry. A major objective of these proposals is to offer all electric  
13 consumers access to lower cost electricity.

14 The interest in “customer choice” has resulted in introduction of  
15 major bills in Congress and consideration of electric industry  
16 restructuring by numerous state utility commissions and/or state  
17 legislatures. In fact, roughly half of the states have adopted legislation or  
18 regulations aimed at offering customer choice. On the other hand, given  
19 problems arising in the Western electricity market as a result of  
20 California’s restructuring efforts, interest in many of the low-cost energy  
21 states has begun to wane.

22 Many initiatives have been undertaken on the assumption that  
23 customer choice would result in increased efficiencies and substantial  
24 savings to electric consumers. However, some groups have questioned  
25 the assumptions on which such savings have been calculated, and  
26 whether all customer groups would share in the benefits. Concerns have  
27 also been expressed about the possible effect of industry restructuring on  
28 reliability, quality and safety of electric service, maintenance of  
29 competition in the electric industry, and other aspects of electric utility  
30 service.

31 The electric industry in the United States — comprising investor  
32 owned, publicly and cooperatively owned utilities, and more recent  
33 entrants such as independent power producers, cogenerators, and  
34 marketers — is generally regarded as one of the finest in the world. The  
35 industry has an impressive record of providing universal, reliable service  
36 at generally reasonable rates. In recent years, legislation providing  
37 access to transmission has enhanced competition on the wholesale level,  
38 and has brought additional benefits to consumers.

39 The Northwest Public Power Association believes that all proposals  
40 leading to restructuring and customer choice should be evaluated in light  
41 of the following principles:

- 42 • State and local decision-making must be preserved.  
43 • All classes of customers should share equitably in the benefits and  
44 related costs, if any, from restructuring.

47

- 48 • The competitive influence of consumer-owned electric utilities should  
49 be maintained if not strengthened.
- 50 • Competition within the electric industry should not be retarded by  
51 mergers and acquisitions, which might be stimulated by industry  
52 restructuring.
- 53 • Reliability, safety and quality of service should not be jeopardized.
- 54 • Low-income consumers should not be disadvantaged.
- 55 • The public benefits of energy efficiency, renewable resource  
56 technologies and research and development should be maintained.
- 57 • Restructuring should not result in degradation of the environment.
- 58 • Consumers must be protected against unscrupulous service  
59 providers.
- 60 • Claims to recover net verifiable, and non-mitigatable costs should be  
61 decided by states on a case-by-case basis.
- 62 • Repeal of the Public Utility Holding Company Act (PUHCA) should  
63 only be undertaken in the context of comprehensive federal  
64 restructuring legislation that includes appropriate replacement  
65 consumer protections.

66

67 NORTHWEST PUBLIC POWER ASSOCIATION

68

69 Origination Date: 1997

70

71 Archived: