

"NASUCA-NARUC RELATIONS: PRESENT AND FUTURE."

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THE NUMBER OF RATE CASES FILINGS ARE DOWN AND ACTIVITY AT MOST STATE PUCS HAS DIMINISHED GREATLY. HOWEVER, I SUGGEST TO YOU THAT THIS SCENARIO SHOULD NOT LULL YOU INTO COMPLACITY BECAUSE MUCH IS OCCURING DURING THIS PERIOD THAT WILL ULTIMATELY AFFECT EACH AND EVERY CITIZEN OF OUR NATION.

MR. FOWLER HAS LEFT THE FCC AND THE REMAINING COMMISSIONERS ARE ATTEMPTING TO GAUGE THE REAL IMPACTS OF HIS REGIME. HOWEVER, EXISTING DOCKETS THAT ARE POTENTIALLY DEVASTATING ARE IN PLACE AND ARE MOVING TOWARD FRUITION.

WE ARE ALL FAMILIAR WITH THE FCC DECISION TO INCREASE THE SLC TO \$3.50 BY 1989. THIS DECISION BY THE FCC WILL RESULT IN SHIFTING BILLIONS OF DOLLARS TO THE END USERS.

ON MAY 1, 1987, THE FCC RELEASED AN ORDER WHICH ADOPTED CERTAIN RECOMMENDATIONS OF THE JOINT BOARD. ONE OF THE RECOMMENDATIONS CONCERNED A NEW SEPARATIONS MANUAL WHICH PURPORTS TO CONFORM PART 67 TO THE NEW UNIFORM SYSTEM OF ACCOUNTS.

THE D.C. PUBLIC SERVICE COMMISSION RECENTLY FILED A PETITION FOR RECONSIDERATION OF THE ORDER BECAUSE, UNLESS MODIFIED, THE DECISION WOULD SHIFT \$10,257,000 IN CARRIER COSTS TO THE

INTRASTATE JURISDICTION. THIS REPRESENTS A 6.17% SHIFT IN THE INTRASTATE REVENUE REQUIREMENT. THE NEGATIVE IMPACT OF THE SHIFT WILL BE COMPOUNDED AS THE SPF IS REDUCED TO 25% AND THE CATEGORY 6 (NTS PORTION OF COE) CHANGES ARE PHASED INTO THE SYSTEM.

JUDGE GREEN WILL BEGIN TO HEAR ORAL ARGUMENTS ON JUNE 29TH ON THE INFAMOUS MFJ MODIFICATION PROPOSALS OF THE DEPARTMENT OF JUSTICE. THE COMMENTS THAT WERE FILED BY THE STATE PUCS BASICALLY SUPPORTED THE ELIMINATION OF MOST OF THE BOC RESTRICTIONS. ONLY THE DISTRICT OF COLUMBIA, CALIFORNIA AND VERMONT RAISED SERIOUS CONCERNS WITH DOJ'S RECOMMENDATIONS.

THE FERC IS ATTEMPTING TO UNDERSTAND THE SERIOUS IMPLICATIONS OF ORDER 436 AND "FIRST COME FIRST SERVE" HAS TAKEN ON A LIFE UNTO ITSELF. RUMOR HAS IT THAT THE FERC CHAIRMAN HESSE IS STATED TO TAKE OVER DOT AND THIS WILL ONLY EXACERBATE AN ALREADY INTOLERABLE SITUATION. LEADERSHIP AT FERC IS SPORADIC. MOST OF THE HIGH LEVEL CAREER BUREACRATS WITH HANDS ON EXPERIENCE HAVE LEFT AND THOSE REMAINING ARE LOOKING FURIOUSLY FOR A WAY OUT. IN THE MIDST OF ALL THIS, NATIONAL POLICY CONCERNING NATURAL GAS IS BEING MADE WITHOUT ADEQUATE DELIBERATION OR SUPPORTING DOCUMENTATION. THE ELECTRICS ARE DEVELOPING TEN YEAR SUPPLY PLANS BASED ON DEMAND FORECASTS OF AN ANNUAL GROWTH RATE OF 2.2% THROUGH 1995. THE INDUSTRY HAS ORGANIZED A CAPACITY MARGIN OF 20%, HOWEVER 13% OF THE TOTAL CAPACITY ADDITIONS PLANNED FOR THE NEXT 10 YEARS REPRESENTS LARGE COAL FIRED UNITS THAT ARE NOT YET

UNDER CONSTRUCTION. IN FACT, OVER 41% OF ALL THE CAPACITY ADDITION WE WILL BE COUNTING ON IS NOT YET UNDER CONSTRUCTION. MOREOVER, THE 20% CAPACITY MARGIN PROJECTED BY THE INDUSTRY INCLUDES THE CONTINUED USE OF ALL PRESENT EXISTING CAPACITY, THEREBY INCREASING THE AVERAGE AGE OF GENERATING UNITS IN THE U.S. TO 25 YEARS, UP FROM THE CURRENT AGE OF 17 YEARS, WHILE IN 1975 IT WAS ONLY 11 YEARS. ALMOST 100,000 MW OF OUR PRESENT 700,000 MW OF CAPACITY IS OVER 30 YEARS OF AGE. THE FERC HAS YET TO BEGIN ADDRESSING THIS PROBLEM ON A NATIONAL BASIS. IT HAS AS AN AGENCY FAILED TO PROVIDE THE KIND OF LEADERSHIP THAT IS DESPERATELY NEEDED IN SETTING AN APPROPRIATE NATIONAL ENERGY POLICY.

WHAT CAN NASUCA DO IN THIS TIME OF GREAT RISK:

- INTENSIFY YOUR EFFORTS TO EDUCATE AND INFORM THE CONSUMING PUBLIC.
- DEVELOP TRAINING MATERIALS.
- CONDUCT WORKSHOPS, PUBLISH INFORMATIONAL NEWSLETTERS.
- AS A GROUP, INDEPENDENTLY, OR ON A REGIONAL BASIS BEGIN TO INTERVENE IN FEDERAL PROCEEDINGS AT THE FERC, FCC AND BEFORE JUDGE GREEN.
- HAVE YOUR ORGANIZATION DEVELOP AN INFORMATIONAL NETWORK OR ATTEMPT TO USE THE RESOURCES OF OTHERS. STAY ALERT AND INFORMED.
- DEVELOP YOUR POLITICAL SKILLS, SPEND TIME WITH LEGISLATIVE

STAFF MEMBERS - ATTEMPT TO EDUCATE. PROVIDE THEM WITH THE NECESSARY RESOURCES TO MAKE INTELLIGENT DECISIONS.

- KEEP ABREAST OF LEGISLATIVE EFFORTS BY THE INDUSTRY, THOSE THAT ARE POSITIVE SUPPORT - THOSE THAT CONSTITUTE A RISK, ARGUE AGAINST INTELLIGENTLY AND VIGOROUSLY.
- DEVELOP COALITIONS WITH LOCAL, STATE AND NATIONAL ORGANIZATIONS ON THE BASIS OF THE ISSUES. THIS MAY BE A TIME TO STRIKE A PARTNERSHIP WITH SMALL BUSINESS CUSTOMERS AND INDEPENDENT TELEPHONE COMPANIES. CHOOSE ON THE BASIS OF THE ISSUE AND NOT ALONG TRADITIONAL LINES. - BEGIN TO FORMALIZE AND PRESENT YOUR VIEWS AND CONCERNS TO THE POLICY AND DECISION MAKERS.
- MEET WITH PUC STAFF MEMBERS INFORMALLY TO DISCUSS YOUR CONCERNS.
- SEND COPIES TO THE COMMISSION OF YOUR SPEAKERS' PUBLISHED LITERATURE.
- ASK THE CHAIRMAN OF EACH NARUC STANDING COMMITTEE FOR THE OPPORTUNITY TO MAKE A PRESENTATION.
- SEND NARUC COMMITTEE MEMBERS COPIES OF ANY STUDIES, SURVEYS, REPORTS OR COMMENTS YOU DEEM OF SUBSTANCE.
- ATTEND NARUC MEETINGS AND INTRODUCE YOURSELF TO THE PLAYERS.
- GIVEN THE POSTURE OF FEDERAL PREEMPTION AND INTERVENTION, NARUC MAY BE A NATURAL PARTNER FOR YOUR ORGANIZATION ON CERTAIN ISSUES. IDENTIFY THESE ISSUES AND APPROACH THE

ORGANIZATION ON THAT BASIS. PROVIDE THE REGULATORS WITH THE NECESSARY SUPPORTING DATA, AND IT WILL BE RELIED ON

IN CLOSING, LET ME SAY THAT THE REGULATORY ENVIRONMENT IS BECOMING HOSTILE AND STRATEGIC BATTLE PLANS NEED TO BE MADE. IN PREPARING FOR THE ATTACK, WE SHOULD KEEP IN MIND WHAT WAS SAID TO THE AMERICAN COLONISTS WHEN THEY WERE ABOUT TO GO TO WAR WITH ENGLAND: "IF WE DON'T HANG TOGETHER, WE WILL SURELY HANG SEPARATELY."