

41 GROUPS ASK FOR FEDERAL INVESTIGATION OF WHOLESALE ELECTRIC POWER PRICES

***Power suppliers are earning “supra-competitive” returns
and customers are paying consistently higher rates***

December 17, 2007 – Forty-one consumer advocacy, business, and public power organizations [today filed a pleading](#) with the Federal Energy Regulatory Commission (FERC) requesting an investigation into whether certain wholesale electricity markets are producing unjust and unreasonable wholesale power prices that are then passed along to retail customers.

The groups focused on FERC-regulated regional transmission organizations (RTOs), which administer centralized wholesale electric power markets in the mid-Atlantic states, including Maryland and Virginia; the Midwest; New York; New England; and California.

While the FERC, which regulates wholesale power sales, currently is exploring four specific RTO-related issues through an Advanced Notice of Proposed Rulemaking (ANOPR), the groups said it is not addressing the deep and systemic problems in the RTO-run centralized markets that have created supra-competitive returns and corresponding higher rates.

The groups emphasized that price increases in the RTO organized markets are only partially due to increases in fuel prices, and that other non-cost-of-service related factors, including the exercise of market power, also play a significant role.

“Given the serious challenges facing the country in coming years to construct needed infrastructure, while addressing converging environmental concerns and retaining our economic competitiveness, the limited scope of reform outlined in the ANOPR is insufficient,” they said.

“The Commission has a legal obligation to initiate a Section 206 investigation if evidence is presented to it that unjust and unreasonable rates are being charged,” the groups concluded.

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The 41 organizations are:

AARP
American Antitrust Institute
American Chemistry Council
American Forest & Paper Association
American Iron and Steel Institute
American Municipal Power-Ohio
American Public Power Association
Association of Businesses Advocating Tariff Equity
Citizen Power
Citizens Utility Board of Illinois
Coalition of Midwest Transmission Customers
Colorado Office of Consumer Counsel
Consumer Federation of America
Council of Industrial Boiler Owners
Democracy & Regulation
Electricity Consumers Resource Council
Florida Industrial Power Users Group
Illinois Industrial Energy Consumers
Illinois Public Interest Research Group
Industrial Energy Consumers of America
Industrial Energy Consumers of Pennsylvania
Industrial Energy Users-Ohio
Louisiana Industrial Users Group
Maryland Office of the People's Counsel
Maryland Public Interest Research Group
Missouri Industrial Energy Consumers
National Association of State Utility Consumer Advocates
NEPOOL Industrial Customer Coalition
Office of the People's Counsel of the District of Columbia
Ohio Hospital Association
Ohio Manufacturers' Association
Ohio Partners for Affordable Energy
PJM Industrial Customer Coalition
Portland Cement Association
Power in the Public Interest
Public Citizen, Inc.
Public Utility Law Project of New York, Inc.
Steel Manufacturers Association
West Virginia Energy Users Group
Wisconsin Industrial Energy Group, Inc.
Wisconsin Paper Council