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DAN F. ARNETT
CHIEF OF STAFF

October 31, 2005

Charles L. A. Terreni, Esquire
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Box 11649
Columbia, South Carolina 29211

Re: Progress Energy Allowable Ex Parte Communication Briefing
on October 26, 2005

Dear Mr. Terreni:

Pursuant to the provisions of Section 58-3-260 of the S.C. Code of Laws and as Mr. Scott's designee, I am attaching my certified statement with copies of the statements from all persons present at the October 26, 2005 briefing (see sign-in sheet also attached).

Additionally, you will find a copy of the materials distributed by Progress Energy and SCE&G at the meeting as well as a copy of the verbatim transcript of the briefing. It is my understanding that the transcript of the briefing is posted on your website, and this transcript is incorporated by reference in all of the certified statements.

As required by law, please post all of the documents relating to this briefing on your website.

Thank you for your assistance.

Sincerely,

Wendy B. Cartledge

Wendy B. Cartledge
Attorney

Attachments

SO. CAROLINA
COMMISSION ON
2005 OCT 31 PM 4:16
ecw
PFC-05-07

BEFORE THE PUBLIC SERVICE COMMISSION

FOR THE STATE OF SOUTH CAROLINA

OCTOBER 26, 2005

COLUMBIA, SOUTH CAROLINA

4:10 P.M. - 5:10 P.M.

SO. PUBLIC SERVICE COMMISSION
2005 OCT 28 AM 8:56

RECEIVED

PRESENTATION OF ENERGY POLICY ACT OF 2005

ALLOWABLE EX PARTE COMMUNICATION BRIEFING

PANEL MEMBERS PRESENT:

COMM. CLYBURN

COMM. FLEMING

COMM. WRIGHT

COMM. HOWARD

ATTENDING: LEN ANTHONY, PROGRESS ENERGY

NANETTE EDWARDS, ORC

ORIGINAL

REPORTED BY KATHRYN J. LINDLER

COLUMBIA TRANSCRIPTS, INC.
(803) 356-1990
1-800-923-8899

1 COMM. CLYBURN: GOOD AFTERNOON EVERYONE. WELCOME
2 BACK. AT THIS TIME I UNDERSTAND THAT THIS IS AN ALLOWABLE
3 EX PARTE COMMUNICATION BRIEFING THAT WE ARE GOING TO HAVE
4 THIS AFTERNOON ON EPAC OR THE ENERGY POLICY ACT OF 2005.
5 AT THIS TIME I RECOGNIZE MR. LEN ANTHONY OF PROGRESS ENERGY
6 WHO WILL TAKE US THROUGH HIS PRESENTATION. I'M GOING TO
7 ASSUME WE'RE GOING TO HAVE A REAL OPEN PROCESS AND WE THANK
8 YOU. AT THIS TIME WE RECOGNIZE YOU ONCE AGAIN. ARE THERE
9 ANY OTHER ISSUES WE NEED TO BRING FORTH OR ANY OTHER
10 ANNOUNCEMENTS BEFORE MR. ANTHONY COMES FORWARD? THANK YOU.
11 AGAIN, MR. ANTHONY.

12 MR. ANTHONY: THANK YOU, COMMISSIONER CLYBURN. I
13 REALIZE IT'S LATE IN THE DAY. WE'RE GOING TO DO THIS
14 PRESENTATION AGAIN ON NOVEMBER 1. SO IF YOU WOULD LIKE ME
15 TO TARGET CERTAIN AREAS THAT ARE OF PARTICULAR INTEREST,
16 LET ME KNOW, OTHERWISE I'LL PROPOSE THAT I -- YES, MA'AM.

17 COMM. CLYBURN: MR. ANTHONY, UNLESS YOU'RE
18 ESPECIALLY TIRED, I DON'T THINK -- I THINK EVERYBODY WOULD
19 LIKE TO -- BECAUSE THERE ARE AT LEAST TWO OF US WHO WON'T
20 BE AVAILABLE ON NOVEMBER 1. DON'T FEEL LIKE YOU HAVE TO
21 ABBREVIATE ANYTHING UNLESS YOU'RE TIRED.

22 MR. ANTHONY: NO, I'M FINE.

23 COMM. CLYBURN: I KNOW YOU DON'T LIVE AROUND THE
24 CORNER OR ANYTHING, BUT WE APPRECIATE IT.

25 COMM. FLEMING: I WAS JUST GOING TO SAY I WOULD

1 LIKE FOR YOU TO -- I WOULD LIKE TO GET INFORMATION ON
2 TRANSMISSION AND ALSO THE NUCLEAR RENAISSANCE AS IT RELATES
3 TO THE ENERGY POLICY ACT.

4 MR. ANTHONY: PERFECTLY FINE. YOU ALL HAVE THE
5 HANDOUT AND QUICK AND DIRTY, THE FIRST COUPLE OF PAGES ARE
6 A VERY BROAD SUMMARY OF THE BREADTH OF THE CHANGES THAT
7 HAVE BEEN BROUGHT ABOUT BY THE ENERGY POLICY ACT, DEMANDS
8 ON MANAGEMENT FRONT TRYING TO GET CONSUMERS TO MAKE THEIR
9 HOMES MORE ENERGY EFFICIENT, TO INSTALL HIGHER EFFICIENCY
10 APPLIANCES, ET CETERA. THERE ARE VARIOUS TAX CREDITS IN
11 THERE FOR THE END USE CUSTOMERS TO GET THEM TO BE MORE
12 EFFICIENT. TELL YOU WHAT, I WILL GO AHEAD AND DO NUCLEAR
13 RIGHT NOW SINCE IT'S FOREFRONT IN COMMISSIONER FLEMING'S
14 MIND.

15 WITH THE HIGH PRICE OF NATURAL GAS AT LEAST
16 FOR THE MOMENT, THE HIGH PRICE OF COAL, ET CETERA, THERE IS
17 RENEWED INTEREST IN NUCLEAR AND WHAT THE ENERGY POLICY ACT
18 DOES IS IT PROVIDES ONE: TAX CREDITS, 1.8 CENT PER
19 KILOWATT HOUR PRODUCED FROM A NUCLEAR FACILITY UP TO 6,000
20 MEGAWATTS OF NUCLEAR CAPACITY. SO THE FIRST 6,000
21 MEGAWATTS OF NUCLEAR CAPACITY BOTTOM LINE WILL BE ELIGIBLE
22 FOR THESE 1.8 CENT PER KILOWATT HOUR TAX CREDITS. IN
23 ADDITION TO FURTHER ENCOURAGE THE CONSTRUCTION OF NUCLEAR
24 PLANTS, THE FEDERAL GOVERNMENT IS WILLING TO GUARANTEE IF
25 YOU WILL 80 PERCENT OF PROJECT COST WHICH WILL LOWER THE

1 COST OF CAPITAL THAT WOULD OTHERWISE BE INCURRED BY THE
2 CONSTRUCTING ENTITY TO BUILD A NUCLEAR PLANT BECAUSE THE
3 GOVERNMENT IS GUARANTEEING THE LOANS. THE PRICE-ANDERSON
4 ACT HAS BEEN EXTENDED BY ANOTHER 20 YEARS. THAT'S THE ACT
5 THAT BASICALLY PROVIDES LIABILITY INSURANCE FOR AN ACCIDENT
6 OF ANY KIND AT A NUCLEAR FACILITY. SO YOU HAVE A NUMBER OF
7 THINGS BEING DONE BY THE GOVERNMENT TO TRY TO ENCOURAGE THE
8 CONSTRUCTION OF ADDITIONAL BASE LOAD NUCLEAR FACILITIES.
9 THERE ARE ALSO INCENTIVES BEING PROVIDED FOR CLEAN COAL AS
10 WELL AND A LOT OF THOSE SAME INCENTIVES I JUST DESCRIBED
11 FOR NUCLEAR APPLY TO COAL.

12 I SEE THAT MY NEXT ITEM IS THE ELECTRICAL
13 RELIABILITY ORGANIZATION. I'LL GO AHEAD AND TOUCH ON THAT
14 AND TALK ABOUT TRANSMISSION AT THE SAME TIME AND I'LL
15 CIRCLE BACK AND GET TO MY MORE DETAILED NOTES IF I LEFT
16 SOMETHING OUT. ON THE ELECTRICITY SIDE AS YOU ALL KNOW
17 NERC, NORTH AMERICAN ELECTRICAL RELIABILITY COUNCIL, HAS
18 HISTORICALLY ESTABLISHED THE STANDARDS FOR THE RELIABLE
19 OPERATION OF THE TRANSMISSION GRID OF THE BULK POWER
20 MARKET. NERC HAS VARIOUS SUB REGIONS. WE'RE IN THE SERC
21 REGION, SOUTHEASTERN RELIABILITY COUNCIL, AND SUB REGION OF
22 THAT IS VCRC, VIRGINIA CAROLINA. THOSE RELIABILITY
23 STANDARDS HAVE BEEN VOLUNTARILY COMPLIED WITH. THERE HAS
24 BEEN NO PENALTY OTHER THAN SHAME FOR A TRANSMISSION
25 PROVIDER NOT COMPLYING WITH THOSE STANDARDS. THE NORTHEAST

1 BLACKOUT OF TWO AND A HALF-THREE YEARS AGO CALLED INTO
2 QUESTION WHETHER VOLUNTARY STANDARDS WERE HAPPENING. SO
3 THE ENERGY POLICY ACT HAS CHARGED FERC WITH FORMING A RULE
4 MAKING IN WHICH IT ESTABLISHES THE PROCEDURES PURSUANT TO
5 WHICH AN OFFICIAL NATIONAL ACTUAL, MORE THAN NATIONAL,
6 INCLUDING CANADA, ENERGY ELECTRICITY RELIABILITY
7 ORGANIZATION WILL BE CREATED AND EVERYONE ASSUMES THAT'S
8 GOING TO BE NERC. NERC WILL JUST STEP UP AND BECOME THE
9 ERO. THE RULES THAT THE PUHCA WILL BE ADOPTING WILL
10 ESTABLISH HOW THE ERO IS SELECTED AND IT WILL ESTABLISH THE
11 RESPONSIBILITIES OF THE ERO. THE PRIMARY RESPONSIBILITY
12 WILL BE TO ADOPT RELIABILITY STANDARDS. AND THOSE CAN BE A
13 BOTTOMS UP APPROACH WHERE THE SUB REGIONS WHICH THE ENERGY
14 POLICY ACT STILL CONTEMPLATES THERE BEING REGIONAL ENTITIES
15 SUCH AS SERC, BUT THEY DON'T CALL THEM THAT, BUT IN ALL
16 PROBABILITY SERC WILL SURVIVE AS A REGIONAL ENTITY. IT
17 WILL PROPOSE RELIABILITY STANDARDS AND FLOWN UP TO THE ERO
18 ITSELF AND THEN THE ERO WILL PRESENT THOSE TO FERC.
19 BASICALLY AS I UNDERSTAND THE ACT, FERC CAN EITHER GIVE A
20 THUMBS UP OR THUMB DOWN, BUT IT DOESN'T GET TO WRITE THE
21 RELIABILITY STANDARD FOR THE INDUSTRY. THE INDUSTRY WITH
22 ALL STATE HOLDERS WILL DEVELOP THE RELIABILITY STANDARDS,
23 PROPOSE THEM TO FERC AND FERC WILL EITHER ADOPT THEM OR
24 THEY WON'T. IF THEY DON'T LIKE THEM, THEY WILL REMAND THEM
25 BACK DOWN TO THE ERO FOR FURTHER STUDY AND THEN THEY FLOAT

1 THEM BACK UP AND THEN THOSE WILL BE MANDATORY RELIABILITY
2 STANDARDS THAT ALL ENTITIES, GENERATORS AND TRANSMISSION
3 OWNERS, PROVIDERS, ET CETERA, MUST COMPLY WITH.

4 NOW IN ADDITION WITH REGARD TO TRANSMISSION,
5 EPACT REQUIRES FERC TO ADOPT INCENTIVE RATES FOR BOTH THE
6 CONSTRUCTION OF NEW TRANSMISSION LINES AS WELL AS THE
7 TRANSFER OF OPERATIONAL CONTROL OF A TRANSMISSION PROVIDER
8 TRANSMISSION FACILITY TO AN INDEPENDENT ENTITY SUCH AS AN
9 I.S.O. OR REGIONAL TRANSITION ORGANIZATION OR AN
10 INDEPENDENT TRANSMISSION COMPANY, AN I.T.C. EXACTLY HOW
11 THAT WILL BE DONE IS LEFT TO THE RULE MAKING PROCESS, BUT
12 THE FEDERAL GOVERNMENT HAS SAID WE WANT TO GIVE PEOPLE
13 INCENTIVES TO BUILD NEW TRANSMISSION AND FERC YOU ARE TO
14 GIVE THEM PROBABLY HIGHER RATES OF RETURN ON TRANSMISSION
15 INVESTMENT. NOW I'LL SAY THIS OUTSIDE OF THE TRUE BLUE
16 PRESENTATION HERE. IF YOU'RE AN ELECTRIC UTILITY LIKE CP&L
17 AND YOU'RE MULTI STATE, ET CETERA, MULTI JURISDICTIONAL,
18 YOU HAVE THIS POT OF TRANSMISSION DOLLARS AND THEY GET
19 ALLOCATED BETWEEN THE STATES AND THE FEDERAL GOVERNMENT.
20 SO WHEN WE SPEND A HUNDRED MILLION DOLLARS ON A
21 TRANSMISSION LINE, LET'S SAY TWENTY MILLION DOLLARS FOR
22 RATE MAKING PURPOSES IS ALLOCATED TO THE FEDERAL SIDE AND
23 THE FEDERAL SIDE SETS THE RATE THAT YOU ARE ALLOWED TO
24 CHARGE TO RECOVER THAT TWENTY MILLION. THE OTHER 80 IS
25 RETAIL, STATE JURISDICTIONAL. SO YOU GOT TO ASK YOURSELF A

1 LITTLE BIT HOW MUCH OF AN INCENTIVE DOES THIS REALLY
2 PROVIDE AND IN MY EXAMPLE ONLY 20 PERCENT OF THE INVESTMENT
3 IS GOING TO BE ELIGIBLE FOR A HIGHER RATE OF RETURN AND
4 THEN YOU ASK YOURSELF, HOW MUCH OF THE STATE'S GOING LIKE
5 OR THE WHOLESALE MARKET GOING LIKE PAYING HIGHER RATES FOR
6 TRANSMISSION BECAUSE A HIGHER RATE OF RETURN IS GOING TO BE
7 AUTHORIZED. YOU KIND OF ASK YOURSELF THESE QUESTIONS AS TO
8 HOW AND WHAT EFFECT THOSE INCENTIVES ARE REALLY GOING TO
9 HAVE ON THE CONSTRUCTION OF TRANSMISSION AND ONE MORE AS AN
10 ASIDE.

11 AS WE HAVE TOLD ANYONE THAT WILL LISTEN TO
12 US PERMITTING A LINE IS NOT THE PROBLEM. WE HAVE NEVER
13 BEEN DENIED A PERMIT TO GO BUILD A TRANSMISSION LINE. I
14 WAS TELLING SOME STAFF PEOPLE AT FERC JUST THE OTHER DAY.
15 THE PROBLEM IS LANDOWNERS. LANDOWNERS WHEN YOU'RE GOING TO
16 SITE A TRANSMISSION LINE, YOU'RE LOOKING BIG OPEN SPACES.
17 BIG OPEN SPACES ARE GENERALLY OWNED BY, IN MY EXPERIENCE,
18 VERY WEALTHY PEOPLE OR PEOPLE THAT HAVE OWNED THAT LAND FOR
19 A VERY LONG TIME. IN EITHER CASE THEY WILL FIGHT YOU TO
20 THE DEATH OVER TRASHING AS THEY SEE IT THEIR BEAUTIFUL
21 PICTURESQUE HUGE EXPANSE OF LAND WITH A TRANSMISSION LINE.
22 THEY WILL TURN BULLS LOOSE ON YOUR SURVEYORS. THEY WILL
23 PULL UP YOUR SURVEY STAKES. THEY WILL ATTACK YOUR PEOPLE
24 WITH GUNS AND CROWBARS. IT'S NOT A PLEASANT PROCESS. SO I
25 WOULD LOVE FOR PAT WOOD TO COME DOWN AND SAY IT'S NOT THE

1 STATE COMMISSIONS THAT ARE DOING ANYTHING TO STOP US. IT'S
2 THE LANDOWNERS WHO DO NOT WANT A HUNDRED WIDE SWATH OF LAND
3 CLEARED THROUGH TO STOP IT. THE FINAL THING TO MENTION ON
4 THE TRANSMISSION IS, AND I CAN NEVER REMEMBER THE EXACT
5 NAME OF THIS, BUT THE DEPARTMENT OF ENERGY IS CHARGED WITH
6 IDENTIFYING NATIONAL INTEREST TRANSMISSION CORRIDORS AND
7 DETERMINING WHETHER THERE IS CONGESTION OCCURRING IN THAT
8 AREA THAT IS IMPEDING SOMETHING OF GREAT IMPORTANCE. THE
9 DOE USED TO DO THAT EVERY YEAR. THEY'RE GOING TO IDENTIFY
10 THESE NATIONAL INTEREST CORRIDORS THAT ARE EXPERIENCING
11 TRANSMISSION CONGESTION WHICH IS HARMING THE WHOLESALE
12 MARKET. ONCE THAT IS IDENTIFIED, THEN THE EXPECTATION IS
13 THAT SOMEONE, PROBABLY THE UTILITY IN THE AREA WHERE THE
14 TRANSMISSION CONGESTION IS OCCURRING, WILL GO TO THE STATE
15 COMMISSION AND SAY CAN I PLEASE BUILD A LINE TO RELIEVE
16 THIS CONGESTION. IF THE STATE EITHER DOESN'T HAVE THE
17 AUTHORITY TO GRANT THAT PERMISSION OR REFUSES TO GRANT THAT
18 PERMISSION, THEN THE FERC IS NOW ESTABLISHED AS THE BACK
19 STOP TO GRANT A CERTIFICATE TO BUILD IT AND ONCE THIS
20 CERTIFICATE IS GRANTED, THE APPLICANT THEN HAS FEDERAL
21 CONDEMNATION POWERS. AGAIN ASK YOURSELF THIS, HOW THRILLED
22 DO YOU THINK SOMEONE IN SPARTANBURG COUNTY IS GOING TO BE
23 TO FIND OUT THAT THEIR LAND IS BEING CONDEMNED SO POWER CAN
24 BE MOVED FROM GEORGIA TO PENNSYLVANIA. I'M FROM
25 SPARTANBURG AND I BET YOU IT'S NOT GOING TO BE PRETTY.

1 LET ME JUMP TO THE -- STOP ME ANYWHERE ALONG
2 THE LINE AND I'LL TRY TO ANSWER YOUR QUESTION. EPACT IS A
3 VERY LARGE STATUTE. THE ENERGY POLICY ACT REQUIRES STATE
4 COMMISSIONS TO CONSIDER DOING FOUR THINGS. THEY AMENDED
5 THE PUBLIC UTILITY REGULATORY POLICIES ACT, THE EXPRESSION
6 OF FEDERAL LAW THAT WAS AMENDED TO DEAL WITH THIS AND WHAT
7 IT DOES IS IT REQUIRES THE STATE COMMISSION TO CONSIDER
8 DOING VARIOUS THINGS. ONE OF THE THINGS YOU'RE GOING TO
9 HAVE TO CONSIDER DOING IS REQUIRING UTILITIES TO OFFER WHAT
10 IS KNOWN AS NET METERING. NET METERING IS WHERE A CUSTOMER
11 INSTALLS A GENERATING FACILITY ON THEIR PREMISE. THE
12 GENERATION FROM THAT FACILITY INITIALLY JUST DISPLACES
13 PURCHASES FROM THE ELECTRIC UTILITY THAT WOULD OTHERWISE
14 SERVE THEM, BUT THERE MAY BE TIMES WHEN THAT GENERATOR
15 PRODUCES MORE ELECTRICITY THAN THE PREMISE NEEDS AT WHICH
16 TIME THINK ABOUT SPINNING THE ELECTRIC METER BACKWARDS AND
17 PUTTING POWER OUT ONTO THE GRID, OUT TO THE TRANSMISSION
18 SYSTEM. NORTH CAROLINA JUST ISSUED AN ORDER ON THIS MATTER
19 SO THEY'RE GOING TO BE EXEMPTED FROM HAVING TO HAVE ONE OF
20 THESE PROCEDURES, BECAUSE THE ENERGY POLICY ACT SAYS IF THE
21 STATE'S ALREADY DONE IT, THEN THEY'LL ACCEPT WHATEVER THAT
22 RESULT IS. I WILL REFRAIN FROM TALKING ABOUT WHAT WE
23 PERCEIVE TO BE THE GOOD AND THE BAD OF IT, BUT YOU'RE GOING
24 TO HAVE TO HAVE A PROCEEDING AND I CAN TELL YOU
25 SPECIFICALLY WHEN IF YOU WANT TO KNOW. I THINK I CAN. NET

1 METERING. THE PROCEEDING MUST BE COMPLETED WITHIN THREE
2 YEARS OF ENACTMENT. SO BY AUGUST 8, 2008, YOU GOT TO
3 COMPLETE IT, THE PROCEEDING TO DECIDE WHETHER NET METERING
4 IS GOOD. THE PRIMARY ISSUE WITH NET METERING IS THE RATE
5 THAT A UTILITY CHARGES SAY A RESIDENTIAL CUSTOMER INCLUDES
6 THE COST OF RECOVERY, THE BILLING SYSTEM, THE POLES, THE
7 TRANSFORMERS, THE TRANSMISSION SYSTEM, THE GENERATORS AND
8 EVERYTHING. IF YOU JUST SPIN THE METER BACKWARDS SO
9 THEY'RE GETTING A HUNDRED PERCENT CREDIT FOR THAT, THAT
10 SEEMS A LITTLE SUSPECT IN THAT UTILITY IS NOT AVOIDING ANY
11 OF THOSE COSTS BY THE GENERATOR PRODUCING THAT ENERGY BACK
12 ONTO THE GRID. UTILITY STILL GOT TO MAINTAIN THE POLES,
13 THE WIRES, THE TRANSFORMERS, THE BILLING SYSTEM TO SERVE
14 THAT CUSTOMER. SO YOU ASK YOURSELF WHETHER THEY SHOULD GET
15 A FULL CREDIT FOR THAT AMOUNT. THAT'S ONE OF THE ISSUES
16 THAT YOU WOULD WANT TO CONSIDER IN THAT PROCEEDING. TIED
17 TO THAT IS YOU HAVE TO CONSIDER THE STANDARDS PURSUANT TO
18 WHICH THAT GENERATOR CONNECTS TO THE UTILITY SYSTEM.
19 OBVIOUSLY THERE ARE SOME SAFETY PROBLEMS WHEN YOU GOT ALL
20 THESE LITTLE GENERATORS OUT THERE PUMPING ELECTRICITY OUT
21 ONTO THE GRID AND THEY'RE NOT UNDER THE UTILITY'S CONTROL.
22 PARTICULARLY THERE ARE SAFETY ISSUES WHEN A LINEMAN IS OUT
23 THERE WORKING ON A POLE OR TRANSFORMER AND THEY DEENERGIZED
24 IT FROM THE UTILITY'S PERSPECTIVE, BUT THERE'S THREE, FIVE,
25 K.W. GENERATORS PUMPING ELECTRICITY OUT ONTO IT AND HE'S

1 NOT AWARE OF THAT OR SHE'S NOT AWARE OF THAT. SO YOU'RE
2 GOING TO HAVE TO DECIDE WHETHER YOU WANT TO ADOPT SMALL
3 GENERATOR INTERCONNECTION STANDARDS. ANOTHER ITEM YOU ARE
4 GOING TO CONSIDER IS REQUIRING SMART METERING. SMART
5 METERS ARE METERS THAT TELL THE CUSTOMER A LOT OF THINGS
6 ABOUT THEIR USAGE AND THERE ARE A VARIETY OF SMART METERS,
7 BUT THE IDEA IS THE METER WOULD TELL THE CUSTOMER HOW MUCH
8 DEMAND ARE YOU NOW PUTTING ON THE SYSTEM, IS IT 5KW, 10KW,
9 50KW SO THEY CAN SEE WHAT KIND OF LOAD THEY ARE PUTTING ON
10 THE SYSTEM AND THEREFORE HOW MUCH ENERGY THEY'RE CONSUMING,
11 THE PRICE OF THE ELECTRICITY AT THAT TIME, POSSIBLY THE
12 COST TO THE UTILITY. SO IF IT'S A REALLY HOT SUMMER DAY
13 AND UTILITY IS NOW BURNING NATURAL GAS AND COMBUSTION
14 TURBINES AND IT'S 50 CENTS A KILOWATT HOUR, THE CUSTOMER
15 SEES THAT AND KNOWS, WELL, MAYBE I SHOULD REDUCE MY
16 CONSUMPTION SO THAT I'M NOT PUTTING SUCH A LOAD ON THESE
17 EXPENSIVE UNITS TO RUN. TIME OF USE RATES WHERE THE RATES
18 VARY UPON THE TIME OF DAY. WE HAVE TIME OF USE RATES IN
19 THIS STATE ALREADY. IF YOU'RE ON TIME OF USE RESIDENTIAL
20 RATE YOU PAY A LESSER RATE IN THE MIDDLE OF THE NIGHT THAN
21 YOU DO DURING THE MIDDLE OF THE DAY, BECAUSE THE LOAD IS
22 DIFFERENT FOR US AND WE'RE SERVING THOSE NEEDS FROM LOWER
23 COST GENERATORS IN THE MIDDLE OF THE NIGHT. THE FINAL ITEM
24 THAT YOU ARE REQUIRED TO CONSIDER REQUIRING UTILITIES TO
25 DO, THERE ARE TWO MORE, THEY'RE TIED TOGETHER, ONE IS FOR

1 UTILITIES TO STUDY AND TAKE ACTIONS TO ENSURE FUEL
2 DIVERSITY. I THINK EVERY UTILITY IN THE STATE IS ALREADY
3 PRETTY FUEL DIVERSE. THERE ARE A FEW CASES AND YOU KNOW
4 WHAT YOUR MIX OF FUEL IS. THE OTHER ITEM IS TO EMBARK UPON
5 SOME TYPE OF PROGRAM TO INCREASE THE EFFICIENCY OF OUR
6 FOSSIL PLANTS, BASICALLY OUR COAL PLANTS. AS YOU KNOW SOME
7 OF OUR COAL PLANTS ARE GETTING OLD AND THE QUESTION IS
8 SHOULD UTILITIES BE REQUIRED TO GO IN AND MAKE CAPITAL
9 IMPROVEMENTS TO THOSE COAL PLANTS. AS YOU HEARD EARLIER
10 LOWER THEIR HEAT RATES WHICH IS ANOTHER WAY OF SAYING
11 MAKING THEM MORE EFFICIENT. SO THOSE ARE THE FOUR
12 PROCEEDINGS. I GUESS YOU CAN DO THEM ALL AT ONCE OR YOU
13 CAN HAVE FOUR SEPARATE PROCEEDINGS IN ORDER TO COMPLY WITH
14 THE ENERGY POLICY ACT. AGAIN, YOU'RE NOT REQUIRED TO ADOPT
15 ANY OF THEM. YOU'RE JUST REQUIRED TO CONSIDER ADOPTING
16 THEM.

17 ENERGY POLICY ACT REPEALS THE PUBLIC UTILITY
18 HOLDING COMPANY ACT OF 1934. PROGRESS ENERGY, INC. IS A
19 REGISTERED HOLDING COMPANY. WITH THE PUHCA, AS IT IS
20 AFFECTIONATELY KNOWN, PUT LIMITATIONS ON PUHCA OWNED
21 UTILITIES, GEOGRAPHIC REGIONS ON WHICH UTILITIES COULD
22 MERGE AND THE DIVERSITY OF BUSINESSES THEY COULD GET INTO.
23 BASICALLY THEY'RE SUPPOSED TO BE CONTIGUOUS, YOU HAD TO
24 STAY IN THE UTILITY BUSINESS AND IF YOU BOUGHT A UTILITY,
25 ALL OF A SUDDEN YOU BECAME SUBJECT TO THIS WHOLE HOST OF

1 REGULATIONS THAT SUPPOSEDLY WAS IMPEDING INVESTMENT IN
2 UTILITIES. WELL, IT WILL BE GONE AS OF FEBRUARY 2006. IN
3 ITS PLACE, THE FERC, NOW HAS BASICALLY BEEN GIVEN THE
4 AUTHORITY TO TAKE WHATEVER STEPS ARE NECESSARY TO ENSURE
5 THE PUBLIC INTEREST IS NOT HARMED FROM THE REPEAL OF PUHCA
6 AND THE FERC IS ISSUED A NOTICE OF RULE MAKING ON THAT.
7 INITIAL COMMENTS WERE DUE OCTOBER 14, REPLY COMMENTS WERE
8 DUE OCTOBER 21. THE ITEMS OF THAT THAT ARE OF MOST
9 INTEREST TO YOU ARE, AND I THINK THIS IS THE BIGGEST ONE TO
10 YOU, FERC IS NOW AUTHORIZED UPON THE REQUEST OF THE STATE
11 OR UTILITY, AND IT'S ONLY UPON THE REQUEST OF A STATE OR
12 UTILITY, TO DETERMINE THE COST ALLOCATIONS TO BE APPLIED
13 BETWEEN SISTER COMPANIES IN A HOLDING COMPANY STRUCTURE.
14 BASICALLY WHAT THAT TELL US IS IF A MULTI STATE UTILITY IS
15 HAVING THE STATE ALLOCATE COSTS, THE MAIN EXAMPLE IS A
16 SERVICE COMPANY, I'M AN EMPLOYEE OF A SERVICE COMPANY OF
17 PROGRESS ENERGY WHERE WE HAVE A TAX DEPARTMENT, ACCOUNTING
18 DEPARTMENT, LEGAL DEPARTMENT, FINANCE, SHAREHOLDER
19 RELATIONS, ALL THOSE SORT OF NON-INCOME PRODUCING ENTITIES
20 THAT THE COMPANY HAS TO HAVE. WE ALLOCATE OUR COST OUT TO
21 OTHER PROGRESS ENERGY COMPANIES INCLUDING OCP&L. WELL, IF
22 TWO DIFFERENT STATES DECIDE TO ALLOCATE THOSE COSTS
23 DIFFERENTLY, THEN THINGS CAN GET SORT OF CHAOTIC AND THEN
24 FERC ALSO HAS THE RIGHT TO ALLOCATE THOSE COSTS. WELL, IF
25 IT GETS TOO CHAOTIC, THE ENERGY POLICY ACT SAYS THE UTILITY

1 OR THE STATE CAN GO TO FERC AND SAY ALL RIGHT DECIDE THIS
2 IS HOW WE'RE GOING TO DO IT. I SUSPECT THERE ARE GOING TO
3 BE SOME STATES THAT RESIST HAVING THE FERC TELL THEM HOW
4 THEY MUST ALLOCATE COST FROM A SERVICE COMPANY TO THE
5 UTILITY, BUT THAT IS A BACK STOP PROCESS THAT IS INCLUDED
6 IN THE PUHCA REVISIONS.

7 ANOTHER BIG ONE IS HISTORICALLY UNDER THE
8 SEC RULES THE COST OF A SERVICE COMPANY, COST OF LEGAL,
9 COST OF TAX, ET CETERA, WHEN IT'S BEING ALLOCATED OUT TO
10 THE OTHER COMPANIES IN THE HOLDING COMPANY, THEY'RE
11 ALLOCATED OUT AT COST. SO YOU TAKE THE COMPANY'S TOTAL
12 COST, THE SERVICE COMPANY'S COST, AND YOU ALLOCATE THEM OUT
13 USING SOME RATIO, SOME ALLOCATION METHODOLOGY, ALL THOSE
14 COSTS ARE ALLOCATED OUT AT WHATEVER THE TOTAL COST OF THE
15 SERVICE COMPANY WAS. THE FERC HAS HISTORICALLY WHEN IT HAS
16 BEEN ALLOWING ALLOCATIONS FROM A SISTER COMPANY TO A
17 UTILITY HAS REQUIRED THEM TO BE ALLOCATED AT THE LOWER OF
18 THE PROVIDER'S COST OR MARKET. AND FERC HAS ASKED IN THIS
19 RULING MAKING SHOULD THEY SWITCH FROM ALLOWING SERVICE
20 COMPANY COSTS BE ALLOCATED TO COST TO BEING ALLOCATED TO
21 THE LOWER COST OR MARKET. BASICALLY THE REGISTERED UTILITY
22 HOLDING COMPANIES THAT RESPONDED HAVE SAID PLEASE DON'T
23 MAKE US CHANGE, WE SET UP ALL THESE SYSTEMS, WE GOT ALL
24 THESE AGREEMENTS APPROVED AT THE STATE COMMISSIONS THAT
25 DETERMINE HOW WE ALLOCATE COST, THEY DETERMINE THE RATIOS,

1 THEY DETERMINE WHAT THE COSTS ARE. IF YOU TRY TO CHANGE
2 IT'S GOING TO BE A MESS, BUT ALSO THERE IS NO MARKET IF YOU
3 WILL FOR A LOT OF THESE SERVICES TO GO TO AND BENCH MARK
4 YOURSELF. FOR INSTANCE, REGULATORY ACCOUNTING. YES, THERE
5 ARE PLENTY COMPETENT ACCOUNTANTS OUT THERE, BUT THERE'S NOT
6 A LOT OF ACCOUNTANTS OUT THERE THAT KNOW THE ELECTRIC
7 INDUSTRY BACKWARDS AND FORWARDS AND KNOW PROGRESS ENERGY
8 BACKWARDS AND FORWARDS. THAT'S THE SERVICE THE SERVICE
9 COMPANY IS PROVIDING. IT'S NOT JUST PLAIN JANE ACCOUNTING.
10 THAT ISSUE WAS TEE'D UP BEFORE FERC WITH REGARD TO PUHCA
11 REPEAL.

12 ECONOMIC DISPATCH, I'M JUMPING AROUND IN
13 THIS PRESENTATION AS I HIT TOPICS AND KEEP TALKING. SLOW
14 ME DOWN IF YOU NEED TO. THERE WAS A DISCUSSION OF ECONOMIC
15 DISPATCH AND EFFICIENT DISPATCH EARLIER. THE ENERGY POLICY
16 ACT REQUIRES THE DEPARTMENT OF ENERGY TO DO A STUDY OF
17 ECONOMIC DISPATCH AND IT HAS TO COMPLETE THAT STUDY WITHIN
18 90 DAYS OF AUGUST 8. SO WHAT IS THAT, NOVEMBER 8. THEY'RE
19 GOING TO HAVE TO HAVE A STUDY. DEPARTMENT OF ENERGY SENT
20 OUT SIX QUESTIONS TO THE WORLD ABOUT SECURITY CONSTRAINED
21 ECONOMIC DISPATCH AND LOTS OF PEOPLE RESPONDED. WE FILED A
22 RESPONSE. SOUTHERN COMPANY, DUKE, SANTEE COOPER PROVIDED
23 RESPONSES ON THAT. THE FERC IS ALSO REQUIRED TO DO A
24 SECURITY CONSTRAINED ECONOMIC DISPATCH STUDY AND IT'S THE
25 JOINT BOARD OF THE SOUTH HAS BEEN ESTABLISHED THAT O'NEAL

1 HAMILTON I THINK HAS BEEN APPOINTED A MEMBER OF. WHY THERE
2 ARE TWO STUDIES, I CAN'T ANSWER THAT, BUT FERC IS ALSO
3 BEING CHARGED TO DO THAT. JUST TO MAKE US ALL ON THE SAME
4 PAGE. I THINK EVERYONE AGREES THAT SECURITY CONSTRAINED
5 ECONOMIC DISPATCH MEANS ARE UTILITIES OR OTHER LOAD SERVING
6 ENTITIES DOING THE BEST THEY CAN AND WHAT PROCEDURES ARE
7 THEY FOLLOWING WHEN THEY DETERMINE WHAT THEIR FORECASTED
8 DEMAND FOR ELECTRICITY IS GOING TO BE THE NEXT DAY ON THEIR
9 SYSTEM. ARE THEY USING THE BEST PROCEDURE POSSIBLE TO
10 IDENTIFY THE RESOURCES AVAILABLE TO MEET THAT LOAD AND
11 STACKING THEM IF YOU WILL LOWEST COST TO HIGHEST COST
12 CONSTRAINED ONLY BY OPERATION LIMITATION SUCH AS THERE'S
13 NOT TRANSMISSION TO GET IT THERE OR VOLTAGE SUPPORT
14 PROBLEMS CAUSE YOU NOT TO BE ABLE TO DISPATCH THE PLANT
15 THAT'S THE CHEAPEST. THERE WAS A REFERENCE TO EFFICIENT
16 DISPATCH, I WON'T GET INTO THAT, BUT I WILL SUBMIT TO YOU
17 THERE IS A SIGNIFICANT DIFFERENCE BETWEEN EFFICIENT
18 DISPATCH AND ECONOMIC DISPATCH.

19 SECTION 1233 OF ENERGY POLICY ACT IS REALLY
20 AN INTERESTING SECTION. AS I READ IT, IT SAYS THAT IF YOU
21 ARE A TRANSMISSION OWNER OR YOU HAVE TRANSMISSION RIGHTS
22 AND YOU ARE A LOAD SERVING ENTITY, YOU HAVE AN OBLIGATION
23 TO SERVE SOMEBODY, LIKE CP&L OR SANTEE COOPER, PNPA, YOU
24 HAVE A STATUTORY OBLIGATION TO SERVE SOMEBODY IF YOU HAVE
25 TRANSMISSION RIGHTS. YOU ARE ALLOWED TO USE THOSE

1 TRANSMISSION RIGHTS OR THOSE TRANSMISSION FACILITIES TO
2 MEET YOUR NATIVE LOAD REQUIREMENTS AND THAT IS NOT UNDUE
3 DISCRIMINATION IN THE PROVISION OF TRANSMISSION SERVICE.
4 NOW WHAT THE HECK THAT MEANS AT THE END OF THE DAY IS GOING
5 TO BE A GOD AWFUL THING TO WATCH, BECAUSE AS YOU KNOW FERC
6 HAS SAID TRANSMISSION IS A COMMON CARRIER TYPE FUNCTION AND
7 UTILITY YOU ARE TO PROVE NON-DISCRIMINATORY ACCESS TO
8 EVERYBODY. WELL, SECTION 1233 SAYS YEAH, BUT I GET TO GIVE
9 PRIORITY RIGHTS FOR THAT TRANSMISSION SERVICE TO MY RETAIL
10 NATIVE LOAD CUSTOMERS. AND FERC IN ITS NOTICE OF INQUIRY,
11 AS YOU KNOW THEY'RE PROPOSING TO REVISE FERC ORDER 888,
12 WHICH ESTABLISHES THE TRANSMISSION ACCESS REQUIREMENTS
13 UTILITIES MUST COMPLY WITH, THEY OPENED UP THE NOTICE OF
14 INQUIRY ON THAT WHERE THEY BASICALLY SAY WE THINK UTILITIES
15 ARE DISCRIMINATING IN THE PROVISION OF TRANSMISSION SERVICE
16 AND PEOPLE PLEASE COMMENT ON HOW THE OPEN ACCESS
17 TRANSMISSION TARIFFS ARE WORKING. EMBEDDED IN THAT NOTICE
18 OF INQUIRY THEY SAY BY THE WAY SECTION 1233 OF ENERGY
19 POLICY ACT SAYS JUST WHAT I DESCRIBED, TELL US HOW WE
20 RECONCILE THE TWO THINGS. WELL, I DIDN'T MAJOR IN
21 CONSTITUTIONAL LAW, BUT LAST TIME I CHECKED LAWS TRUMP
22 RULES. SO I'M NOT SURE WHAT THERE IS TO RECONCILE, BUT I'M
23 SURE FERC WILL TELL US.

24 THERE'S TASK FORCE THAT'S BEEN CREATED.
25 FERC IS ONE MEMBER OF THE TASK FORCE. THE DOE IS ANOTHER

1 MEMBER. I CAN FIND MY NOTES AND TELL YOU WHO ALL. IT'S A
2 FIVE MEMBER TASK FORCE THAT'S CHARGED WITH WORKING WITH
3 NARUC TO DO A STUDY ON RETAIL AND WHOLESALE COMPETITION.
4 DEPARTMENT OF JUSTICE IS A MEMBER, FERC, FEDERAL TRADE
5 COMMISSION, DEPARTMENT OF SECRETARY, ROYAL UTILITY SERVICE
6 AND I THINK THAT'S IT. FERC SENT OUT A VERY LENGTHY
7 QUESTIONNAIRE RECENTLY ASKING FOR INPUT ON A VARIETY OF
8 TOPICS THAT THEY WILL THEN USE AS THEY DO THIS STUDY IN
9 CONJUNCTION WITH TASK FORCE AND NARUC ON THE STATUS OF
10 RETAIL AND WHOLESALE COMPETITION AND WHAT THINGS CAN BE
11 DONE TO IMPROVE THEM. JUST ANOTHER THING NARUC WILL BE
12 INVOLVED IN. NARUC AND THE DEPARTMENT OF ENERGY ARE
13 CHARGED WITH DOING A STUDY ON ENERGY EFFICIENCY PROGRAMS,
14 AGAIN THE ENERGY POLICY ACT DOES PAY A LOT OF ATTENTION TO
15 TRYING TO TAKE STEPS TO ENCOURAGE CONSUMERS TO CONSUME
16 ENERGY EFFICIENTLY AND TO MAKE THEIR PREMISES MORE ENERGY
17 EFFICIENT.

18 COMM. CLYBURN: MR. ANTHONY, I KNOW THEY TALK
19 ABOUT IN TERMS OF ENERGY EFFICIENCY, IT'S PRETTY BROAD,
20 ISN'T IT, IN TERMS OF -- I KNOW THAT, I'M TRYING TO SIFT
21 THROUGH, YOU KNOW THERE'S A HUNDRED MILLION SUMMARIES ABOUT
22 AS IT RELATES TO THE ACT AND I WAS TRYING TO FIND MY NOTES
23 AS IT RELATES TO THE ENCOURAGEMENT. IN FACT I THINK THERE
24 IS A DIVISION WITHIN, I DON'T KNOW IF IT'S DOE OR WHOMEVER
25 THAT'S SUPPOSED TO BE I GUESS FORMING THESE ALLIANCES AS IT

1 RELATES TO TRYING TO ENCOURAGE EFFICIENCY. I WAS IN
2 GEORGIA NOT SO LONG AGO AND THEY HAD A TAX FREE, WHAT DO
3 YOU CALL IT, APPLIANCE EFFICIENT WEEKEND WHICH I THOUGHT
4 WAS KIND OF INTERESTING AND I DON'T KNOW IF THOSE ARE THE
5 TYPES OF THINGS. I GUESS, DO YOU HAVE A HANDLE AS TO HOW
6 THEY'RE GOING TO ROLL THIS OUT SO TO SPEAK? I SEE IT
7 WRITTEN, BUT.

8 MR. ANTHONY: I DO NOT, BUT I CAN FOLLOW BACK UP
9 ON THAT WITH YOU.

10 COMM. CLYBURN: I'M SURE WE'LL BE HEARING, BUT I
11 THOUGHT THE GEORGIA SITUATION, I THINK IT WAS THE FIRST
12 WEEKEND, WHATEVER THE SINGLE DIGIT WEEKEND IN THIS MONTH
13 WAS, THEY HAD THAT. I THOUGHT THAT WAS PRETTY INTERESTING.

14 MR. ANTHONY: MERGERS AND DISPOSITION OF UTILITY
15 ASSETS. FERC HAS BEEN GRANTED GREATER AUTHORITY IN THAT
16 AREA. SINCE PUHCA WAS REPEALED FERC HAS NOW BEEN GIVEN
17 COMPLETE AUTHORITY OVER APPROVING MERGERS OF UTILITIES OR
18 MERGERS INVOLVING UTILITIES AND THERE IS NO DOLLAR
19 THRESHOLD INVOLVED IN THAT. THEY HAVE ALSO NOW BEEN GIVEN
20 NEW AUTHORITY OVER THE DISPOSITION OF GENERATION ASSETS.
21 BEFORE THE PASSAGE OF ENERGY POLICY ACT, FERC DID NOT HAVE
22 ANY JURISDICTION OVER THE SALE OF JUST A GENERATING PLANT.
23 THERE WEREN'T ANY FERC JURISDICTIONAL ASSETS ATTACHED TO
24 THE PLANT WHEN IT WAS BEING SOLD AND THEY BOOTSTRAPPED
25 THEIR WAY INTO HAVING JURISDICTION OVER THAT, BUT IF YOU

1 WERE JUST SELLING SAY THE HARRIS PLANT WITH NO TRANSMISSION
2 AND NO TRANSMISSION TRANSFORMATION EQUIPMENT, FERC HAD NO
3 JURISDICTION, BUT NOW THEY DO. EFFECTIVE FEBRUARY 2006
4 THEY WILL HAVE AUTHORITY OVER THE SALE OF ANY GENERATION
5 FACILITY THAT HAS A MARKET VALUE OF TEN MILLION DOLLARS OR
6 MORE. THE SAME APPLIES TO THE SALE OF A CONTRACT TO
7 PROVIDE POWER. IF I HAVE A CONTRACT TO SELL POWER TO
8 JOSEPH AND IT'S VALUED AT TEN MILLION DOLLARS OR MORE, FERC
9 HAS TO APPROVE THAT TRANSACTION AS WELL.

10 THE ENERGY POLICY ACT IS PARTICULARLY
11 MINDFUL OF THE IMPACT OF TRANSACTIONS ON POTENTIAL CROSS
12 SUBSIDIZATION OF UTILITY AFFILIATES. SO FERC IS
13 SPECIFICALLY CHARGED WITH ENSURING THAT NO INAPPROPRIATE
14 CROSS SUBSIDIZATION OF AFFILIATES OCCURS AS A RESULT OF ANY
15 MERGER OR OTHER DISPOSITION. AS WELL AS THEY ARE CHARGED
16 WITH ENSURING THAT UTILITY ASSETS ARE NOT IMPROPERLY
17 ENCUMBERED OR PLEDGED AS A RESULT OF THE TRANSACTION AND
18 FERC HAS ASKED FOR COMMENTS THROUGH A RULE MAKING ON THE
19 MERGER PROVISIONS OF EPACT AS TO HOW THEY SHOULD INTERPRET
20 THAT REQUIREMENT THAT THEY CONSIDER WHETHER THERE'S AN
21 ENCUMBRANCE OR A PLEDGE OF ASSETS OF UTILITY INVOLVED. A
22 PERFECT EXAMPLE IS YOU GOT A HOLDING COMPANY THAT ONLY HAS
23 TWO UTILITIES, NO OTHER BUSINESSES. THAT'S IT. WELL, WHEN
24 THAT HOLDING COMPANY BUYS SOMETHING AND ISSUES DEBT TO DO
25 IT EVEN THOUGH THE DEBT IS IN THE NAME OF THE HOLDING

1 COMPANY, THE ONLY SOURCE OF CREDIT AND THE ONLY SOURCE OF
2 MONEY THAT THE HOLDING COMPANY HAS TO SERVICE THAT DEBT ARE
3 THE UTILITIES. SO IT IS NOT UNREASONABLE TO ASSUME THAT
4 THERE IS SOME TYPE OF IMPLICIT PLEDGING OR ENCUMBERING OF
5 THE UTILITY'S ASSETS, BECAUSE THEY'RE THE ONLY ENTITY THAT
6 THE HOLDING COMPANY HAS THAT HAS ASSETS AND HAS ANY REVENUE
7 STREAM. FERC IS ASKING HOW DO WE DECIDE WHEN UTILITY
8 ASSETS ARE BEING ENCUMBERED OR PLEDGED WHEN A TRANSACTION
9 IS OCCURRING AND I THINK TOO THEY'RE ASKING FOR COMMENTS IN
10 THE MERGER RULE MAKING.

11 COMMISSIONER FLEMING, ON THE NUCLEAR I LEFT
12 OUT ONE OTHER INCENTIVE THAT THEY'RE GIVING FOR THE
13 CONSTRUCTION OF NUCLEAR. THAT IS, AND THIS ONE TOO IS
14 LIMITED, THERE'S A CAP ON IT AS FAR AS THE FIRST THREE OR
15 SIX. THE FIRST SIX NUCLEAR UNITS THAT ARE BUILT, THE FIRST
16 THREE, THERE'S A HUNDRED PERCENT IF YOU WILL GUARANTEE
17 REIMBURSEMENT BY THE FEDERAL GOVERNMENT TO THE ENTITY
18 CONSTRUCTING THE NUCLEAR PLANT. IF THEY INCUR ADDITIONAL
19 EXPENSES BECAUSE OF THE CHANGES IN PERMITTING OR DELAYS BY
20 THE GOVERNMENT OR WHATEVER IN GETTING THE THING PERMITTED,
21 THE GOVERNMENT WILL REIMBURSE THE CONSTRUCTING ENTITY FOR A
22 HUNDRED PERCENT OF THOSE COSTS UP TO THE CAP WHICH I'M
23 SORRY I DON'T HAVE ON THE TIP OF MY TONGUE. FOR THE NEXT
24 THREE UNITS IT'S A 50 PERCENT REIMBURSEMENT AND THEN THERE
25 IS NO REIMBURSEMENT AFTER THE FIRST SIX NUCLEAR UNITS.

1 COMM. FLEMING: BUT THAT'S JUST FOR OVERRUNS?

2 MR. ANTHONY: IT IS FOR COST INCURRED DUE TO
3 DELAYS OR PERMITTING PROBLEMS CAUSED BY GOVERNMENTAL
4 ACTION.

5 COMM. WRIGHT: IF I GO TOO FAR YOU STOP ME ON
6 THIS, BUT I THINK IT APPLIES. IN THE ENERGY POLICY ACT
7 WHEN THEY WERE DISCUSSING IT, THEY PURPOSELY AVOIDED TALK
8 OF THE WASTE ISSUE AS IT RELATES TO NUCLEAR, BECAUSE
9 OBVIOUSLY YOU GOT MOUNTAINS OUT THERE AND GOT ALL THIS
10 OTHER STUFF GOING ON AND EVEN YESTERDAY AND TODAY EVEN MORE
11 STUFF HAS COME OUT AS IT RELATES TO THAT. BUT THERE ARE
12 SOME COMPANIES ACROSS THE COUNTRY WHO HAVE PUBLICLY
13 EXPRESSED SOME CONCERN THAT UNLESS THE WASTE ISSUE IS
14 ADDRESSED, THE CURRENT WASTE ISSUE IS ADDRESSED, THEY DON'T
15 SEE ANY REAL PROGRESS BEING MADE ON CITING OR BUILDING ANY
16 NEW NUCLEAR FACILITIES. NONE OF THOSE ARE COMPANIES THAT
17 ARE IN SOUTH CAROLINA. BUT IS THAT AN ISSUE AS IT RELATES
18 AND WITH REGARD TO ANY OF THE COMPANIES HERE INVOLVED IN
19 SOUTH CAROLINA WITH THIS, WOULD THAT BE A CONCERN NOW IN
20 DEVELOPING NEW NUCLEAR OPTIONS?

21 MR. ANTHONY: TO MY KNOWLEDGE IT IS A CONCERN,
22 BUT IT IS NOT A CONCERN THAT IS GOING TO OVERWHELM THE
23 DECISION TO GO FORWARD WITH THE NUCLEAR FACILITY. I
24 THINK -- I'LL ANSWER YOUR QUESTION, NO, I DON'T THINK
25 THAT'S A SHOW STOPPER. THERE'S DEFINITELY CONCERN, BUT IF

1 YOU LOOK AT WHAT CP&L HAS DONE. WE WERE FORTUNATE WHEN WE
2 WENT TO BUILD THE HARRIS PLANT, IT WAS ORIGINALLY GOING TO
3 BE A FOUR UNIT FACILITY AND THEN THE COST OF CHANGES IN
4 DEMAND FORECAST AND INFLATION AND INTEREST RATE, ET CETERA,
5 WE ONLY BUILT ONE UNIT, BUT THE STORAGE POOL WAS SIZED FOR
6 FOUR. SO WE'VE BEEN ABLE TO STORE A LOT OF SPENT FUEL
7 THERE, BECAUSE YUCCA MOUNT WAS NOT OPEN. WE'RE NOW WITH
8 DRY CAST STORAGE AND I WOULD THINK THAT THE EXPERIENCE THE
9 INDUSTRY HAS IN KNOWING HOW TO STORE THE SPENT FUEL, THAT
10 IS NOT A HUGE PROBLEM FOR THE INDUSTRY. IT'S A CONCERN.
11 THE BIGGER CONCERN I THINK ASSOCIATED WITH THAT IS
12 SECURITY, SAFETY, AND WHAT KIND OF REQUIREMENT IS THE
13 N.R.C. GOING TO IMPOSE GIVEN 911 AND TERRORIST SITUATION TO
14 PROTECT ALL THAT SPENT FUEL WHICH IS NOW DISBURSED ALL
15 AROUND THE COUNTRY INSTEAD OF IN ONE PLACE, HOW MUCH MONEY
16 IS IT GOING TO COST TO US TO BE SURE IT'S SECURE FROM A
17 TERRORIST PERSPECTIVE NOT FROM A RADIATION PERSPECTIVE.

18 COMM. WRIGHT: THE NUCLEAR WASTE COMPONENT
19 EVERYBODY IS PAYING INTO, CUSTOMERS, RENT PAYERS, BUT I
20 THINK IT'S ALMOST ABOUT A MILLION DOLLARS AND THAT IS FROM
21 CONSUMERS. I JUST, I JUST WANTED TO -- I'M INVOLVED IN
22 THAT ISSUE, BUT I JUST WANTED TO KNOW IF THAT HAS BEEN A
23 CONCERN AND YOU ADDRESSED IT.

24 A.

25 MR. ANTHONY: ABSOLUTE CONCERN AND IT WILL BE

1 JUST ONE OF PROBABLY THREE THAT WILL BE THE ULTIMATE DEATH
2 OF A NUCLEAR PLANT, BUT AS YOU SEE, PARTICULARLY IN THE
3 SOUTHEAST, THERE ARE A LOT OF PEOPLE COMING FORWARD SAYING
4 WE'RE STARTING THE PROCESS.

5 COMM. FLEMING: ARE THERE INCENTIVES IN THAT ACT
6 TO COME UP WITH OTHER SOLUTIONS TO SPENT FUEL CELLS?

7 MR. ANTHONY: NOT THAT I'M AWARE OF.

8 COMM. FLEMING: SO THERE'S NO INCENTIVES TO COME
9 UP WITH SOLUTIONS ON WHAT TO DO WITH THE WASTE?

10 MR. ANTHONY: NOT THAT I'M AWARE OF.

11 COMM. WRIGHT: I'LL SHARE OF SOME ARTICLES WITH
12 YOU, BUT TODAY, YESTERDAY, DOE CAME OUT WITH A NEWS
13 RELEASE, THERE'S BEEN SOME ANNOUNCEMENT, SOME LEGISLATION
14 THAT IS MOVING FORWARD THAT, IT RUNS THE GAMUT, AND
15 OBVIOUSLY NOTHING IS IN STONE YET, BUT TALKING ABOUT COUPLE
16 OF AGEING FACILITIES WHERE THEY WOULD TRY TO MOVE THE SPENT
17 FUEL THAT IS ALREADY GATHERED AT SOME OF THESE SITES START
18 MOVING IT TO A COUPLE OF FACILITIES SO THAT THE NUCLEAR
19 WASTE FUND IS DOING WHAT IT WAS INTENDED TO DO WHEN YUCCA
20 MOUNT WAS FIRST PROPOSED, BUT THAT'S BEFORE CONGRESS NOW.
21 IT JUST STARTED THAT PROCESS. WHATEVER INCENTIVES ARE
22 GOING TO BE THERE, IT'S PROBABLY GOING TO COME UNDER THAT
23 LEGISLATION I WOULD ASSUME.

24 COMM. FLEMING: BUT NOTHING LIKE THEY'RE DOING IN
25 EUROPE WITH THE REUSE?

1 COMM. WRIGHT: REPROCESSING WILL BE A, I'M SURE
2 WILL BE A TOPIC THAT WILL BE DISCUSSED, YES, BUT NOTHING
3 FORMAL YET.

4 MR. ANTHONY: THE ENERGY POLICY ACT ALSO REVISED
5 THE MUST PURCHASE OBLIGATION ASSOCIATED WITH QUALIFYING
6 FACILITIES UNDER PURPA. THAT WAS ALLUDED TO A LITTLE BIT
7 DURING THE HEARING. AS YOU KNOW SINCE 1978 ELECTRIC
8 UTILITIES HAVE HAD AN OBLIGATION TO BUY POWER FROM ANY
9 GENERATOR THAT IS QUOTE A QUALIFYING FACILITY. THAT TERM
10 IS DEFINED UNDER PURPA AND BASICALLY THOSE ARE RENEWABLE
11 TYPE RESOURCES AS WELL AS WHATEVER THOSE CODE GENERATORS.
12 CODE GENERATOR IS A GENERATOR THAT PRODUCES TWO FORMS OF
13 ENERGY, ELECTRICITY OR STEAM OR SOMETHING LIKE THAT. THE
14 BACKGROUND OF THAT, YOU HAVE INDUSTRIAL FACILITIES THAT
15 HAVE A STEAM NEED AND IT WAS DETERMINED BACK IN THE '70S
16 THAT IT WAS MORE EFFICIENT WHEN THAT INDUSTRY PUTS IN A
17 BOULDER TO PRODUCE STEAM TO ALSO LET THEM PRODUCE
18 ELECTRICITY WHICH MAXIMIZES THE EFFICIENCY OF THE FACILITY.
19 IN ORDER TO ENCOURAGE THAT, UTILITIES WERE REQUIRED TO
20 PURCHASE ENERGY IN CAPACITY FROM A CODE GENERATION FACILITY
21 AND A QUALIFYING FACILITY, BUT UTILITIES WERE NOT TO BE
22 REQUIRED TO PAY MORE THAN QUOTE THEIR AVOIDED COST, BECAUSE
23 WE DIDN'T WANT TO HURT RATE PAYERS IN THE PROCESS. THE
24 ENERGY POLICY ACT DOES TWO THINGS THAT TIGHTENS UP THE
25 REQUIREMENTS FOR BEING A CODE GENERATOR. FERC INDICATES

1 THAT THERE MAY HAVE BEEN SITUATIONS WHERE THE FACILITY WAS
2 CONSTRUCTED AND REALLY IT WAS CONSTRUCTED JUST TO PRODUCE
3 ELECTRICITY AND IT WAS PRODUCING THE BARE MINIMUM OF THE
4 ALTERNATIVE THERMAL SOURCE SUCH AS STEAM JUST TO SAY I'M
5 DOING IT, BUT REALLY ALL IT WAS WAS AN INDEPENDENT POWER
6 PLANT TIGHTENED UP RESTRICTIONS FOR WHAT YOU HAVE TO SHOW
7 AND WHAT YOU HAVE TO DO WITH YOUR OTHER FORM OF ENERGY
8 BEFORE YOU CAN BE A CODE GENERATOR. FERC HAS ISSUED A
9 NOTICE OF RULE MAKING SETTING FORTH THE RULES THEY INTEND
10 TO ADOPT WITH REGARD TO HOW YOU BECOME A QF AND HOW YOU
11 STAY CERTIFICATED. THEY'RE ALSO REQUIRED TO ADOPT RULES TO
12 GUARANTEE UTILITIES RECOVERY OF THE COST THAT THEY INCUR
13 BUYING POWER FROM QUALIFYING FACILITIES, BUT THAT RULE
14 MAKING HAS NOT BEEN ISSUED YET. EPACT ALSO PROVIDES THAT A
15 UTILITY CAN BE RELIEVED OF ITS OBLIGATION TO PURCHASE POWER
16 FROM A QF BASICALLY IF IT CAN SHOW THAT THE QF HAS
17 AVAILABLE TO IT A COMPETITIVE MARKET IN WHICH TO SELL ITS
18 POWER. IN OTHER WORDS, IT HAS A PLACE TO SELL IT ANY TIME
19 IT WANTS TO AND IF THAT'S THE CASE AND THE UTILITY CAN
20 PROVE THAT TO FERC, THEN THE UTILITY CAN BE RELIEVED OF ITS
21 OBLIGATION TO PURCHASE. I WOULD SUSPECT THAT IN MOST
22 INSTANCES THE QF IS GOING TO HAVE TO BE IN A RTO OR A
23 UTILITY TO MEET THAT REQUIREMENT. TWO CASES HAVE BEEN
24 FILED WITH FERC ON THAT WHERE A UTILITY WAS ASKING TO BE
25 RELIEVED OF THEIR OBLIGATION, THEY WERE RECENTLY KICKED

1 BACK FOR PROCEDURAL REASONS, BECAUSE THE UTILITY HAD NOT
2 GIVEN ADEQUATE NOTICE TO THE QF'S THAT WOULD BE AFFECTED BY
3 IT AT LEAST IN COMPLIANCE WITH THE ENERGY POLICY ACT THAT
4 THE PROPER NOTICE HAD NOT BEEN GIVEN. SO WE DON'T KNOW
5 WHAT IS GOING TO HAPPEN WITH THAT.

6 THREE THINGS CAME OUT LAST WEEK RULE
7 MAKINGS, TWO RULE MAKINGS AND ONE POLICY STATEMENT. THE
8 FERC BASICALLY ADOPTED WHAT IS KNOWN AS SEC RULE 10B5 WHICH
9 PROHIBITS THE MANIPULATION OF THE MARKET. THEY TOOK THE
10 WORDS ALMOST VERBATIM FROM THE SEC RULES THAT PROHIBIT THE
11 MANIPULATION OR FRAUD OR MISLEADING OF ANYONE WITH REGARD
12 TO SECURITIES, STOCKS, BONDS AND HAVE TAKEN THAT LANGUAGE
13 AND SAID IT IS UNLAWFUL FOR ANYBODY IN THE ELECTRIC
14 INDUSTRY TO COMMIT FRAUD OR MISLEAD SOMEONE WITH REGARD TO
15 ELECTRICITY PRICES OR TRANSMISSION SERVICES, ET CETERA.
16 SEEMS PRETTY STRAIGHT FORWARD AND COMMON SENSE THAT YOU
17 SHOULDN'T BE ALLOWED TO DEFRAUD PEOPLE AND USE DECEIT TO
18 SELL POWER OR INTENTIONALLY MISLEAD PEOPLE. MAKES PRETTY
19 GOOD SENSE.

20 THEY ALSO ISSUED A RULE MAKING WHERE THEY
21 ARE EXPANDING YOUR DUE PROCESS RIGHTS IF YOU ARE AN ENTITY
22 THAT HAS BEEN AUDITED BY FERC. HISTORICALLY FERC SAYS THEY
23 HAVE ONLY ALLOWED THE SUBJECT OF AN AUDIT TO CHALLENGE THE
24 AUDIT THROUGH A HEARING BEFORE A FINAL ORDER IS ISSUED IF
25 IT WAS A FINANCIAL AUDIT. THEY HAVE NOW SAID WE ARE GOING

1 TO GRANT DUE PROCESS RIGHTS TO ANYBODY THAT IS A TARGET OF
2 ANY AUDIT AND I THINK THEY'RE PARTICULARLY TALKING ABOUT
3 OPERATIONAL AUDITS. AS YOU KNOW FERC HAS BEEN DOING
4 STANDARDS OF CONDUCT AND CODE OF CONDUCT AUDITS WHICH ARE
5 OPERATIONAL AUDITS AND NOW IF YOU'RE THE SUBJECT OF ONE OF
6 THOSE, WHEN THE DRAFT REPORT COMES OUT, THE ENTITY WILL BE
7 ALLOWED TO CHALLENGE IT AND HAVE A HEARING BEFORE FERC
8 ISSUES A FINAL ORDER. THEY ALSO ISSUED A POLICY STATEMENT
9 WITH REGARD TO HOW THEY ARE GOING TO USE THEIR NEW PENALTY
10 POWERS. THEY NOW HAVE CIVIL PENALTY POWERS FOR VIOLATIONS
11 OF PART II OF THE FEDERAL POWER ACT WHICH IS THE PART THAT
12 DEALS WITH THE BULK POWER MARKET AND THE TRANSMISSION
13 SYSTEM. THE PENALTIES CAN BE UP TO A MILLION DOLLARS A
14 DAY. FUNDAMENTALLY WHAT THE FERC SAYS WAS OKAY INDUSTRY,
15 AND THIS APPLIES TO ANYBODY, IPP'S AND UTILITIES, ANYBODY
16 THAT VIOLATES MY RULES, I'M GOING TO CONSIDER WHETHER YOUR
17 COMPANY HAD DEVOTED PROPER EFFORTS TO COMPLAINTS. WAS YOUR
18 SENIOR MANAGEMENT COMMITTED TO COMPLAINT. HAVE YOU SET UP
19 A SYSTEM TO PREVENT VIOLATIONS. WAS THE VIOLATION ITSELF
20 REPORTED. DID YOU COOPERATE ONCE YOU WERE FOUND TO BE IN
21 VIOLATION. WHAT'S THE SEVERITY OF THE VIOLATION. HOW MANY
22 PRIOR VIOLATIONS HAVE YOU HAD, AND THEY LISTED A WHOLE
23 LITANY OF FACTORS THEY WERE GOING TO CONSIDER IN
24 DETERMINING ON A CASE BY CASE BASIS WHAT THE PENALTY WILL
25 BE.

1 GIVE ME TWO MINUTES TO REVIEW MY NOTES. I
2 MAY HAVE REACHED THE END OF THE RAINBOW WITH REGARD TO WHAT
3 I CAME PREPARED TO DISCUSS UNLESS YOU HAVE QUESTIONS. THE
4 FERC IS REQUIRED TO ADOPT RULES DESIGNED TO ADDRESS THE
5 ISSUE OF PARTICIPANT FUNDING. THERE HAS BEEN A DEBATE IN
6 THE INDUSTRY OVER WHEN A NEW GENERATOR IS COMING ON AND IT
7 NEEDS TRANSMISSION FACILITIES CONSTRUCTED BOTH JUST TO
8 CONNECT IT TO THE GRID PERIOD AS WELL AS TO MODIFY THE
9 TRANSMISSION SYSTEM SUCH THAT THE POWER CAN ACTUALLY FLOW
10 SOMEWHERE. WHO PAYS FOR THAT UPGRADE. ONE SCHOOL OF
11 THOUGHT WAS WELL BUT FOR THAT GENERATOR BEING CONSTRUCTED
12 AND HOOKED UP THOSE COSTS WOULD NOT HAVE BEEN INCURRED.
13 THEREFORE THAT GENERATOR SHOULD HAVE TO PAY FOR ALL OF IT.
14 THAT'S PARTICIPANT FUNDING. THE OTHER ARGUMENT HAS BEEN
15 EVERY TIME THE TRANSMISSION SYSTEM HAS EXPANDED EVERYBODY
16 BENEFITS, IT'S AN INTEGRATED INTERCONNECTED GRID AND SO
17 THOSE COSTS SHOULD BE SOCIALIZED. THIS ALLOWS FERC TO ON A
18 CASE BY CASE BASIS PURSUANT TO WHATEVER RULES THAT THEY
19 ADOPT TO DECIDE WHEN PARTICIPANT FUNDING IS APPROPRIATE AND
20 WHEN IT IS NOT.

21 LET ME JUST CLOSE SUBJECT TO QUESTIONS.
22 GOING BACK TO THIS ISSUE OF A UTILITY OR OTHER LOAD SERVING
23 ENTITY THAT HAS TRANSMISSION FACILITIES AND TRANSMISSION
24 RIGHTS TO DEDICATE THE FACILITY'S FIRST TO THE SERVICE OF
25 THEIR NATIVE LOAD CUSTOMERS. I FAILED TO MENTION THE

1 CONCEPT OF ROLLOVER RIGHTS. PRIOR TO THE PASSAGE OF EPACT
2 FERC HAD DECREED THAT IF AN ENTITY HAS BEEN BUYING
3 TRANSMISSION SERVICE FROM A UTILITY OR TRANSMISSION
4 PROVIDER AND THE CONTRACT PURSUANT TO WHICH IS BUYING THAT
5 POWER IS ABOUT TO EXPIRE UPON 60 DAYS NOTICE THAT PERSON
6 HAS A RIGHT TO ROLLOVER I.E. RENEW THAT TRANSMISSION
7 SERVICE. WELL, AS WE ALL KNOW, TRANSMISSION SERVICE RIGHT
8 NOW IS FINE AND THERE'S MORE PEOPLE WANTING TRANSMISSION
9 SERVICE THAN THIS IS TRANSMISSION SERVICE AVAILABLE. SO IN
10 ESSENCE WHAT THE ROLLOVER RIGHTS DOES IS IT GIVES THE
11 EXISTING TRANSMISSION USER FIRST DIBS AS LONG AS THEY'RE
12 WILLING TO MATCH THE BEST OFFER OF SOMEBODY ELSE OUT THERE.
13 IT GETS CONFUSING TO ME AND HOPEFULLY WE'LL HAVE SOME LIGHT
14 SHED ON THIS AS FERC ADDRESSES IT. LET'S SAY AN ELECTRIC
15 COOPERATIVE IN GEORGIA HAS BEEN BUYING FIRM TRANSMISSION
16 SERVICE THROUGH CP&L TO GET POWER FROM A GENERATOR IN
17 VIRGINIA. THAT CONTRACT IS ABOUT TO EXPIRE. THERE'S NOT
18 ENOUGH TRANSMISSION SERVICE RIGHT THIS MINUTE LET'S SAY FOR
19 THAT TRANSACTION TO CONTINUE AND FOR PROGRESS ENERGY TO
20 SERVE ITS NATIVE LOAD WITHOUT SOMETHING HAVING TO BE BUILT.
21 SO YOU GOT A FINITE RESOURCE, TWO PEOPLE COMPETING FOR IT.
22 UNDER THE FIRST ROLLOVER RIGHTS THEORY THAT ELECTRIC
23 COOPERATIVE IN GEORGIA WOULD HAVE THE RIGHT TO RENEW THAT
24 CONTRACT AND CP&L WOULD HAVE TO GO BUILD TRANSMISSION
25 FACILITIES OR DO SOMETHING TO MEET THE NEEDS OF THEIR

1 RETAIL CUSTOMER. BECAUSE BOTH OF US HAVE NATIVE LOADS, THE
2 COOPERATIVE IN GEORGIA HAS NATIVE LOAD THAT NEEDS THAT
3 TRANSMISSION LINE SERVED. WE HAVE NATIVE LOAD IN SOUTH
4 CAROLINA AND NORTH CAROLINA THAT WE NEED THAT TRANSMISSION
5 SERVICE FOR. WHO GETS IT? THOUGHTS? COMMENTS?
6 QUESTIONS?

7 COMM. HOWARD: ON YOUR HANDOUT PAGE 3, THE SECOND
8 ONE, I THINK YOU TOUCHED ON IT BRIEFLY, BUT THE LAST
9 SENTENCE OF THE LAST POINT OF THAT IS THE ONE THAT
10 INTERESTS ME. REQUIRES FERC TO OFFER RATE INCENTIVES TO
11 ENCOURAGE THE CONSTRUCTION OF TRANSMISSION AND FOR
12 UTILITIES TO JOIN RTO'S.

13 MR. ANTHONY: YES.

14 COMM. HOWARD: DO YOU MIND COMMENTING ON THAT.
15 WHAT TYPE OF INCENTIVES I GUESS I'M MORE CONCERNED ABOUT.

16 MR. ANTHONY: IT'S SECTION 1241 OF THE ENERGY
17 POLICY ACT. I'LL BE GLAD TO E-MAIL IT TO YOU DIRECTLY.
18 BASICALLY IT IS A VERY BROAD CHARGE TO THE FERC TO
19 ESTABLISH INCENTIVE RATES, RATE MAKING MECHANISMS, TO
20 ENCOURAGE BOTH THE CONSTRUCTION OF NEW TRANSMISSION LINES
21 AND I THINK EVERYBODY IS ASSUMING WHAT THAT MEANS IS A
22 HIGHER RATE OF RETURN ON THAT TRANSMISSION INVESTMENT MAY
23 BE HIGHER DEPRECIATION RATES SO THAT YOU CAN WRITE IT OFF
24 MORE QUICKLY AND THEN THE SAME THING IS TRUE WITH REGARD TO
25 WHEN A UTILITY TURNS ITS TRANSMISSION FACILITY -- JOINS A

1 RTO. IF YOU WILL JOIN A RTO, MAGICALLY YOU'RE NOW ENTITLED
2 TO A HIGHER RATE OF RETURN ON THE TRANSMISSION INVESTMENT
3 THAT IS IN YOUR RATE BASE FOR TRANSMISSION SERVICES, HOW
4 BIG A BUMP IN ROE THAT WILL BE I CAN'T SPEAK TO. MY
5 EARLIER REFERENCE TO THE FACT, I MEAN JUST FROM MY
6 PERSPECTIVE OF LOOKING AT IT GIVEN SAY THAT ONLY 20 PERCENT
7 OF MY TRANSMISSION INVESTMENT IS SUBJECT TO FERC RATE
8 MAKING AUTHORITY, A BUMP OF ONE PERCENTAGE POINT THAT CAN
9 BE A LOT ON A RETURN ON EQUITY OF 20 PERCENT OF
10 TRANSMISSION, IS THAT ENOUGH TO CAUSE ME TO GO BUILD
11 SOMETHING THAT I OTHERWISE WOULD NOT HAVE BUILT
12 PARTICULARLY WHEN YOU TALK ABOUT THE LANDOWNER ISSUES THAT
13 I RAISED. I DON'T KNOW. WE'LL SEE HOW FERC DEALS WITH
14 THAT. I'LL LOOK AT THAT SECTION.

15 COMM. FLEMING: I DON'T QUITE KNOW HOW THE
16 ECONOMICS OF THAT WORK, BUT WHO'S GOING TO PAY FOR THAT
17 HIGHER RATE OF RETURN? ARE THE OTHER USERS OF THE
18 TRANSMISSION LINE OR HOW ARE THEY GOING TO FEEL ABOUT THAT?

19 MR. ANTHONY: THAT WOULD BE MY ASSUMPTION IS THAT
20 THOSE COSTS ARE SOCIALIZED, MEANING SPREAD TO ALL WHOLESALE
21 TRANSMISSION USERS, BECAUSE FERC SETS THE TRANSMISSION
22 RATES FOR POINT TO POINT TRANSMISSION AS WELL AS NETWORK
23 TRANSMISSION. THOSE ARE YOUR BASIC TWO TYPES OF
24 TRANSMISSION SERVICE AND WE HAVE TARIFF, THE OPEN ACT
25 TRANSMISSION TARIFF, AND FERC APPROVES THE RATE FOR THAT.

1 SO THAT RATE WILL BE HIGHER THAN IT OTHERWISE WOULD BE
2 BECAUSE OF THE HIGHER RATE OF RETURN IT'S ALLOWED. SO
3 WHOLESALE SELLERS AND WHOLESALE CUSTOMERS UNLESS SOMETHING
4 MAGICAL HAPPENS WILL BE PAYING HIGHER TRANSMISSION RATES
5 FOR THAT. IF YOU ARE A LOAD SERVING ENTITY LIKE SAY AN
6 ELECTRIC COOPERATIVE THAT DOESN'T HAVE ANY GENERATION AND
7 YOU'RE TRANSMISSION DEPENDENT THAT MEANS YOUR RETAIL
8 CUSTOMERS ARE GOING TO SEE A HIGHER RATE UNLESS THE
9 COOPERATIVE CHOOSES TO EAT THAT. THE CO-OP I GUESS CAN'T
10 DO THAT, THEY'RE MEMBER OWNED. SO THEY WOULD EXPERIENCE A
11 HIGHER TRANSMISSION RATE THAN THEY OTHERWISE WOULD, BUT I
12 SUPPOSE THE ENERGY POLICY ACT ASSUMED THAT WAS A COST THAT
13 WAS WELL WORTH IT IN ORDER TO EXPAND THE TRANSMISSION
14 SYSTEM, BECAUSE THE THEORY IS IF YOU CAN EVER HAVE A TRULY
15 WIDE OPEN NON-CONGESTED, NON-CONSTRAINED TRANSMISSION
16 SERVICE, I MEAN MARKET, YOU BASICALLY WILL LEVELIZE RATES
17 THROUGHOUT THE NATION. IF ALL ELECTRICITY CAN FLOW
18 ANYWHERE WITHOUT ANY CONSTRAINT, OF COURSE THERE ARE
19 DISTANCE LIMITATIONS, THEN THE CHEAPEST POWER HERE SAY IN
20 THE NORTHEAST CAN BE ACCESSED IN FLORIDA OR THE CHEAPEST
21 POWER IN GEORGIA CAN BE ACCESSED IN MAINE AND SO THE
22 ADDITIONAL TRANSMISSION COST, THIS IS JUST KIND OF ASSUMING
23 THE THEORY, WILL BE OFFSET BY THE LOWER ELECTRICITY COST
24 THAT THE PURCHASER WOULD ENJOY BY BEING THE ACCESS OF OTHER
25 MARKETS. DOES THAT MAKE SENSE?

1 COMM. FLEMING: YES. LIKE IN THE NEXT FIVE YEARS
2 WHAT CHANGES DO YOU SEE IN SOUTH CAROLINA AS FAR AS
3 TRANSMISSION AS IT RELATES TO EPACT? IS THAT SOMETHING I
4 CAN ASK?

5 MR. ANTHONY: IT'S OUTSIDE THE SCOPE OF THE
6 ENERGY POLICY ACT DISCUSSION.

7 COMM. FLEMING: BECAUSE EVERYTHING THAT'S IN HERE
8 WILL CERTAINLY IMPACT.

9 MR. ANTHONY: LET ME SPEAK TO IT THIS WAY. THE
10 ENERGY POLICY ACT CHARGES THE FERC WITH CREATING THIS OR
11 BLESSING THIS ELECTRICAL RELIABILITY ORGANIZATION, THE ERO,
12 WHICH IS PROBABLY GOING TO BE NERC. THE ERO IS GOING TO BE
13 REQUIRED TO ADOPT RELIABILITY STANDARDS. THERE ARE
14 RELIABILITY STANDARDS RIGHT NOW THAT NERC ADOPTS. IT'S NOT
15 LIKE WE HAVEN'T HAD ANY STANDARDS UP TILL NOW. WHAT
16 ADDITIONAL STANDARDS WILL BE ADOPTED AND WHAT FERC WILL TRY
17 TO DO IN THAT REGARD WILL CERTAINLY IMPACT SOUTH CAROLINA.
18 I WOULD ASSUME SOMETHING WILL HAPPEN. IT WON'T JUST BE
19 BUSINESS AS USUAL. SO TO TRY TO ANSWER YOUR QUESTION AND
20 STAY WITHIN THE SUBJECT MATTER OF THE TALK. THE ACTIONS OF
21 THE ERO AND RELIABILITY STANDARDS WILL IMPACT HOW
22 TRANSMISSION IS CONSTRUCTED IN THE STATE. FOR INSTANCE,
23 RIGHT NOW CP&L IT DECIDES HOW TO BUILD TRANSMISSION BASED
24 UPON NERC STANDARDS WHAT WE CALL DOUBLE CONTINGENCY PLAN.
25 I THINK BASICALLY THAT MEANS YOU ASSUME YOUR LARGER

1 GENERATING PLANT IS OUT AS WELL AS TRANSMISSION LINE.
2 WHETHER THE ERO WILL CLARIFY ACROSS THE BOARD EVERYBODY YOU
3 SHALL PLAN YOUR SYSTEM USING THESE STANDARDS, NO REGIONAL
4 DIFFERENCES, AND SO EVERYBODY PLANS AND CONSTRUCTS AND
5 OPERATES BY THE EXACT SAME STANDARDS OR DOES IT CONTINUE TO
6 RECOGNIZE REGIONAL DIFFERENCES LIKE IT DOES TODAY. WE WILL
7 HAVE TO WAIT AND SEE.

8 COMM. CLYBURN: ANY OTHER QUESTIONS? NANETTE.

9 MS. EDWARDS: ON BEHALF OF ORS I HAVE ONE
10 CLARIFYING QUESTION. MR. ANTHONY, YOU HAD STATED EARLIER
11 THAT THE DEADLINE FOR ONE PARTICULAR ITEM FOR STATE
12 CONSIDERATION WAS THREE YEARS. I BELIEVE YOU WERE TALKING
13 ABOUT THE NET METERING ISSUE.

14 MR. ANTHONY: RIGHT.

15 MS. EDWARDS: AM I CORRECT THAT THERE ARE
16 ACTUALLY A COUPLE OF DIFFERENT DEADLINES, THOSE FOUR ITEMS.

17 MR. ANTHONY: YES.

18 MS. EDWARDS: SOME ARE ACTUALLY EARLIER THAN
19 THREE YEARS?

20 MR. ANTHONY: THAT'S CORRECT.

21 MS. EDWARDS: I BELIEVE I SAW LIKE SOME ARE AS
22 SOON AS MAYBE A YEAR TO 18 MONTHS, THEN TWO YEARS, THEN
23 THREE YEARS, IS THAT SAFE TO SAY?

24 MR. ANTHONY: LET ME JUST GIVE YOU MY NOTES. I
25 ASSUME MY NOTES ARE CORRECT. WITHIN ONE YEAR OF ENACTMENT

1 OF EPACT THAT IS BY AUGUST 8, '06, EACH STATE MUST BEGIN A
2 PROCEEDING TO DETERMINE WHETHER IT SHOULD ADOPT THE
3 INTERCONNECTION STANDARDS FOR SMALL GENERATORS. I'LL TELL
4 YOU WHAT, I'LL SEND THIS TO YOU, BECAUSE IT GETS
5 CONVOLUTED. THE INVESTIGATION HAS GOT TO BE COMPLETED
6 WITHIN TWO YEARS OF THE ENERGY POLICY ACT BEING ADOPTED.
7 WITH REGARD TO THE SMART METERING, STATE COMMISSIONS MUST
8 CONCLUDE THEIR INVESTIGATION IN SMART METERING WITHIN TWO
9 YEARS. WELL, LET ME BACK UP. THEY GOT TO COMMENCE A
10 PROCEEDING ABOUT SMART METERING WITHIN ONE YEAR. THEY GOT
11 TO CONCLUDE THE INVESTIGATION WITHIN TWO YEARS. IF THE
12 STATE ELECTS TO ADOPT SMART METERING, THEY GOT TO IMPLEMENT
13 THE SMART METERING WITHIN 18 MONTHS OF THE DECISION. WHY
14 IN GOD'S NAME. WITHIN TWO YEARS OF ENACTMENT OF EPACT,
15 THAT IS AUGUST 8, '07, STATE COMMISSIONS MUST COMMENCE
16 PROCEEDINGS TO DETERMINE WHETHER UTILITIES SHOULD BE
17 REQUIRED TO PROVIDE NET METERING, IMPLEMENT A PLAN TO
18 MINIMIZE RELIANCE ON A SINGLE FUEL AND/OR IMPLEMENT THE TEN
19 YEAR PLAN TO INCREASE THEIR FOSSIL FUEL EFFICIENCY. SO
20 WITHIN TWO YEARS OF ENACTMENT THEY GOT TO CONSIDER THOSE
21 THINGS OR THEY GOT TO COMMENCE THE PROCEEDING. THE
22 PROCEEDING MUST BE COMPLETE WITHIN THREE YEARS OF
23 ENACTMENT. IS THAT HELPFUL?

24 MS. EDWARDS: YES.

25 COMM. CLYBURN: ALSO, MS. EDWARDS, TO PIGGY BACK

1 ON THIS. I'M SURE YOU'VE ALREADY SEEN THIS, BUT I CAN'T
2 REMEMBER WHEN YOUR TRANSITION TOOK PLACE, NARUC PRODUCED
3 SOMETHING THROUGH N.R.R.I. CALLED THE IMPLEMENTATION
4 SYNOPSIS OF THE ELECTRICITY TITLE, TITLE 12 OF THE EPACT
5 AND IT'S A PRETTY GOOD OVERVIEW OF AND IT ENUMERATES THOSE
6 TIMETABLES. IT'S A SNAP SHOT. IT'S A PRETTY GOOD SNAP
7 SHOT AND IT ENUMERATES THE TIMETABLES THAT MR. ANTHONY WENT
8 THROUGH. I'M NOT SURE -- I THINK THE OTHER COMMISSIONERS,
9 GRACE FORWARDED THAT I BELIEVE AND I HESITATE, BECAUSE I
10 DON'T KNOW IF SHE JUST DID IT TO THE ERE AND THE
11 ELECTRICITY COMMITTEE, BUT THAT IS SOMETHING THAT IS ON
12 NARUC'S WEB SITE AND, MS. EDWARDS, ALSO ANOTHER SYNOPSIS.
13 AGAIN WANT TO THANK MR. ANTHONY AND HIS SUPPORTERS AT THE
14 TABLE FOR BEING WITH US TODAY. E.E.I. ALSO A COUPLE MONTHS
15 AGO HAD A FORUM AND I THINK YOU CAN STILL ACCESS THIS
16 SOMEWHERE ON THEIR WEB SITE, EITHER THE NARUC WEB SITE, BUT
17 IT TALKED ABOUT -- IT WAS A PRETTY GOOD SLIDE PRESENTATION
18 AS IT RELATES, AND I HEAR THIS A LOT, HIGH LEVEL
19 CONVERSATION, AS IT RELATES TO THE EPACT. ALSO THE
20 ELECTRICITY TITLE AND ALSO ON FERC'S WEB SITE THEY HAD
21 THEIR STATUS, THEIR CHECK LIST SO TO SPEAK. THE LAST TIME
22 I ACCESSED IT WAS SEPTEMBER 6, 2005, BUT IT HAS THIS CHECK
23 LIST AND SO ALL OF THESE THINGS, YOU KNOW, I HEARD CHAIRMAN
24 KELLER (PHONETIC), BECAUSE WE ALWAYS COMPLAINED BECAUSE IT
25 WAS A RIPPLE DOWN EFFECT, BUT HE WAS QUICK TO SAY WHEN I

1 SAW HIM ABOUT LESS THAN TEN DAYS AGO THAT WHEN EPACT WAS
2 IMPLEMENTED THERE WERE CERTAIN DEADLINES AS WAS MENTIONED
3 THAT GOT LAID OUT FOR HIM AND, OF COURSE, THAT PUTS THE
4 THINGS IN MOTION AND OF COURSE THAT TRICKLES DOWN TO
5 MR. ANTHONY AND SUPPORTERS, TODAY'S SUPPORTERS. OF COURSE,
6 THAT WILL TRICKLE DOWN TO ALL OF US TOO. SO AGAIN THEY GOT
7 A PRETTY GOOD -- I CALL EVERYTHING A TEMP PLATE, BUT A
8 PRETTY GOOD OUTLINE AS TO THE ACTIVITIES AND WHAT THE
9 STATUS ON FERC WEB SITE. AGAIN, MR. ANTHONY, WE'D LIKE TO
10 THANK YOU. WE CAN TALK ABOUT THIS UNTIL THE NEXT EPACT IN
11 TERMS OF THE NUMBER OF PAGES IN THE RAMIFICATIONS THERE,
12 BUT WE REALLY APPRECIATE YOU COMING BEFORE US TODAY. I
13 UNDERSTAND WE HAVE ANOTHER BITE AT THE APPLE SO TO SPEAK ON
14 NOVEMBER 1, AT 10:30. SO ALL OF YOU ARE WELCOME BACK.
15 THAT WILL BE POSTED ON OUR WEB SITE AND COMMISSIONERS, OF
16 COURSE, YOU'RE WELCOME BACK AND YOU WILL HAVE A HEADS UP ON
17 A COUPLE OF YOUR CHAIRMEN AND VICE CHAIRMAN AND THE
18 CONVERTIBLE DRIVING BOB MOSELEY AND SO THIS INFORMATION
19 COULD HELP YOU IN TERMS OF FORMULATING SOME MORE QUESTIONS
20 IF YOU HAVE ANY. ANYTHING ELSE BEFORE WE CLOSE OUT THIS
21 ALLOWABLE EX PARTE COMMUNICATION BRIEFING THIS AFTERNOON?
22 AT THIS TIME WE WILL CLOSE THIS BRIEFING.

23

24 (AT THIS TIME, THE BRIEFING IS CONCLUDED.)

25

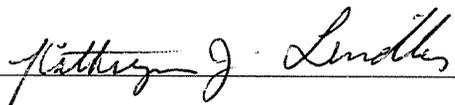
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CERTIFICATE OF REPORTER

THIS IS TO CERTIFY THAT I, KATHRYN J. LINDLER,
AM A DULY QUALIFIED COURT REPORTER; THAT I TOOK THE
EX PARTE BRIEFING;
THAT I TOOK NOTES, BY STENOGRAPH MACHINE, OF THE
SAID BRIEFING; THAT THE SAID NOTES WERE REDUCED TO
TYPEWRITING BY ME; AND THAT THE FOREGOING 39 PAGES,
INCLUSIVE, CONSTITUTES A FULL, TRUE
AND CORRECT RECORD OF SUCH TESTIMONY AND ORAL PROCEEDINGS,
TO THE BEST OF MY SKILL AND ABILITY.

I DO FURTHER CERTIFY THAT I AM NEITHER EMPLOYED
BY NOR RELATED TO ANY OF THE PARTIES IN THIS MATTER OR
THEIR COUNSEL; NOR DO I HAVE AN INTEREST, FINANCIAL OR
OTHERWISE IN THE OUTCOME OF SAME.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND
AND OFFICIAL SEAL THIS 27TH DAY OF OCTOBER, 2005.



KATHRYN J. LINDLER

NOTARY PUBLIC FOR THE STATE OF SOUTH CAROLINA

MY COMMISSION EXPIRES JANUARY 26, 2009

REFERENCED MATERIALS

CITE	DOCUMENT	WEB ADDRESS
Transcript page 16 line 19 Transcript page 31 lines 16	Section 1233 of EPA Section 1241 of EPA	http://firwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:h6enr.txt.pdf
Transcript page 17 line 11	FERC Order 888	http://www.ferc.gov
Transcript page 24 lines 11-23	DOE News Release	http://www.doe.gov/engine/content.do?BT_CODE=PR_PRESRELEASSES
Transcript pages 27-28	FERC rule making and Policy statements	http://www.ferc.gov/whats-new/headlines.asp
Transcript pages 37 -38	Implementation Synopsis Of the Electricity Title	http://www.naruc.org
	E-Forum Presentation	http://www.naruc.org
	FERC's Status on EPA	http://www.ferc.gov/legal/maj-ord-reg/fed-sta/ene-pol-act.asp

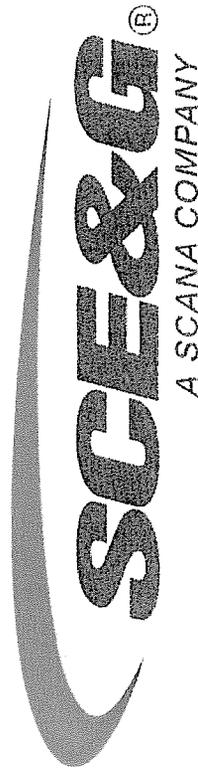
MANDATORY ELECTRIC RELIABILITY STANDARDS

-FERC to approve an Electric Reliability Organization
(ERO)

-Open to anyone, but NERC likely to be approved as
ERO

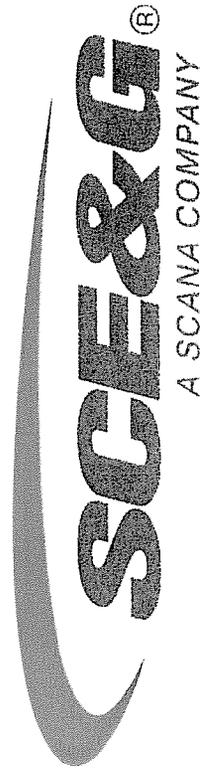
-NERC has modified its structure to comply with
statute's requirements for an ERO, such as
independent board of trustees and a balanced
stakeholder committee

- "Regional Entities" may be selected



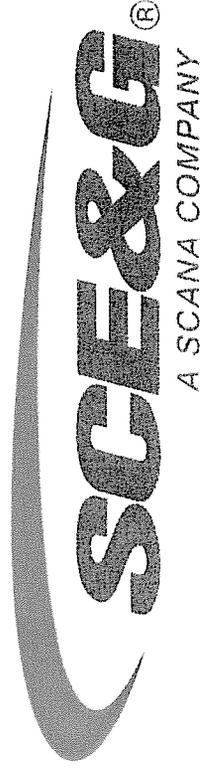
**Notice of Proposed Rulemaking (NOPR) issued on
ERO rules (comments were filed October 7, 2005)**

-Unclear as to what will happen if reliability rules
"conflict" with a FERC requirement or a state
commission requirement, although FERC is to
consult with a state and ERO if there is a conflict
regarding an ERO standard



DEVELOPMENT OF STANDARDS

- ERO to develop standards with input from "regional advisory bodies"
- Standards apply to all owners of the "bulk power system"
- ERO may delegate setting standards and enforcement to appropriate Regional Entities (if Independent and Balanced) -- who will these be?
- FERC must approve any proposed reliability standard or may remand/reject unacceptable standards
- Penalties



ENERGY POLICY ACT OF 2005

- DOES MANY THINGS:
- CREATES TAX CREDITS AND OTHER INCENTIVES TO INCREASE END USER ENERGY EFFICIENCY
- PROVIDES TAX AND FINANCIAL INCENTIVES TO BUILD NUCLEAR AND CLEAN COAL GENERATORS
- CREATES ELECTRIC RELIABILITY ORGANIZATION

ENERGY POLICY ACT OF 2005

- REQUIRES STATES TO CONSIDER IMPLEMENTING: NET METERING; INTERCONNECTION STANDARDS FOR CUSTOMER OWNED GENERATION; SMART METERING; A PLAN TO ENCOURAGE FUEL DIVERSITY; AND PLAN TO INCREASE FOSSIL FUEL GENERATION EFFICIENCY

ENERGY POLICY ACT OF 2005

- REPEALS PUHCA AND GIVES FERC NEW POWERS OVER MERGERS, HOLDING COMPANY ACCOUNTING; CHANGES PURPA LAW REGARDING QUALIFYING FACILITIES
- REQUIRES FERC TO OFFER RATE INCENTIVES TO ENCOURAGE THE CONSTRUCTION OF TRANSMISSION AND FOR UTILITIES TO JOIN RTOS

ENERGY POLICY ACT OF 2005

- REQUIRES STUDIES OF ECONOMIC DISPATCH
- PROTECTS NATIVE LOAD CUSTOMERS' RIGHTS TO TRANSMISSION SERVICE
- GIVES FERC BACKSTOP TRANSMISSION SITING AUTHORITY FOR CONGESTED AREAS OF NATIONAL INTEREST
- REQUIRES TASK FORCE TO STUDY RETAIL AND WHOLESALE COMPETITION

ENERGY POLICY ACT OF 2005

- SPECIFIC ITEMS OF INTEREST TO STATES
 - ▶ STATES MUST CONDUCT PROCEEDINGS TO CONSIDER IMPLEMENTING NET METERING, SMALL GENERATOR INTERCONNECTION; SMART METERS; FOSSIL GENERATION EFFICIENCY IMPROVEMENT; AND FUEL DIVERSITY

ENERGY POLICY ACT OF 2005

- ITEMS INVOLVING STATE COMMISSIONS
 - ▶ FERC MUST PERFORM A STUDY ON SECURITY CONSTRAINED ECONOMIC DISPATCH IN CONSULTATION WITH THE STATES
 - ▶ IMPORTANT TO UNDERSTAND SECURITY CONSTRAINED ECONOMIC DISPATCH
 - ▶ STUDY OF RETAIL AND WHOLESALE COMPETITION
 - ▶ DOE AND NARUC STUDY ENERGY EFFICIENCY PROGRAMS

ENERGY POLICY ACT OF 2005

- PUHCA APPEAL
 - ▶ EFFECTIVE FEBRUARY 2006
 - ▶ FERC AND STATE REGULATORS ARE PERMITTED TO EXAMINE HOLDING COMPANY'S BOOKS AND RECORDS
 - ▶ AUTHORIZE THE ALLOCATION OF COSTS FOR NON-POWER GOODS OR SERVICES
 - ▶ PROTECT CUSTOMERS AGAINST IMPROPER CROSS-SUBSIDIZATION: RATEMAKING AUTHORITY

ENERGY POLICY ACT OF 2005

- ELECTRIC RELIABILITY ORGANIZATION-
SCE&G TO PROVIDE

ENERGY POLICY ACT OF 2005

- LOAD SERVING ENTITIES WITH NATIVE LOAD RESPONSIBILITIES HAVE PRIORITY RIGHTS TO USE THEIR TRANSMISSION FACILITIES AND/OR TRANSMISSION RIGHTS TO MEET THEIR NATIVE LOAD CUSTOMERS' NEEDS

ENERGY POLICY ACT OF 2005

- FERC'S NEW AUTHORITY OVER UTILITY MERGERS AND ASSET DISPOSITIONS
 - ▶ ALL MERGERS REQUIRE FERC APPROVAL
 - ▶ SALES OF UTILITY ASSETS (INCLUDING GENERATION ASSETS) WITH VALUE OVER \$10M REQUIRE FERC APPROVAL
 - ▶ ANY TRANSACTION INVOLVING AN AFFILIATE REQUIRES A SHOWING OF NO CROSS SUBSIDIZATION

ENERGY POLICY ACT OF 2005

- FERC HAS NEW BACK STOP TRANSMISSION SITING AUTHORITY
 - ▶ ONCE THE DOE IDENTIFIES A CONGESTED NATIONAL INTEREST TRANSMISSION CORRIDOR, FERC CAN AUTHORIZE THE CONSTRUCTION OF A TRANSMISSION LINE TO RELIEVE THE CONGESTION IF A STATE CANNOT OR WILL NOT AUTHORIZE CONSTRUCTION. APPLICANT HAS CONDEMNATION POWERS.

ENERGY POLICY ACT OF 2005

- TAX INCENTIVES AND FINANCIAL ASSURANCES TO ENCOURAGE THE CONSTRUCTION OF NUCLEAR PLANTS
 - ▶ 1.8 ¢/KWH CREDIT FOR 8 YEARS
 - ▶ FEDERAL INSURANCE FOR CONSTRUCTION DELAYS
 - ▶ FEDERAL GUARANTEES FOR UP TO 80% OF DEBT INCURRED TO BUILD

ENERGY POLICY ACT OF 2005

- NOTICE OF INQUIRY REGARDING FERC ORDER NO. 888
 - RELATIONSHIP TO EPACT SECTION 1233
 - HOW TO RECONCILE SECTION 1233 GRANTING LSEs PRIORITY RIGHTS TO TRANSMISSION SERVICE TO SERVE NATIVE LOAD VS. REQUIREMENT THAT TRANSMISSION PROVIDERS PROVIDE NON-DISCRIMINATORY SERVICE

FERC Activity

- By Dec. 2005
 - ▶ Establish rules to implement PUHCA 2005
Docket No. RM05-32-000
- By Feb. 2006
 - ▶ Implement new reliability provisions
Docket No. RM05-30-000 (ERO)
 - ▶ Revise criteria for qualifying facilities (QFs)
Docket No. RM05-36-000
 - ▶ Merger Review Reform on Section 203
Docket No. RM05-34-000

FERC Activity

- By August 2006
 - ▶ Convene regional joint boards to study security constrained dispatch (SC is in South Board) Docket No. AD05-13-000
 - ◆ DOE is producing a study on Economic Dispatch for Congress by Feb. 2005 and each year thereafter
 - ▶ Inter-agency Task Force to study competition within wholesale and retail markets for electric energy and submit report to Congress Docket No. AD05-17-000

FERC Activity

- On 9-16-05 FERC issued this Notice of Inquiry seeking comments on how the OATT should be reformed to eliminate the potential for undue discrimination and preference in providing transmission service. Comments are due 11-22-05. (Order 888 Reform) Docket No. RM05-25-000
- FERC has issued NOPRs regarding: PUHCA repeal; mergers; PURPA; ERO; market manipulation; and audit challenge process

Form #6
ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(ORS Executive Director or Designee)

THIS CERTIFICATION IS TO:

- BE SIGNED BY EXECUTIVE DIRECTOR OR HIS DESIGNEE, AND
- BE FILED WITH THE CHIEF CLERK OF THE PUBLIC SERVICE COMMISSION **WITHIN SEVENTY-TWO HOURS** OF THIS BRIEFING.

Name: <i>Wendy B. Cartledge</i>	Date of Meeting: <i>10-26-05</i>
ORS Position Title: <i>Attorney</i>	Matter: <i>Energy Policy Act of 2005</i>
	Docket No.:

By signing this Certification, I certify that:

1. The briefing was conducted in compliance with the provisions of S.C. Code Ann. §58-3-260(C)(6).
2. EACH PERSON present at the briefing complied with the reporting and certification requirements of (ii), (iii), and (iv) within 48 hours after the briefing.
 - a. The subsection (ii) and (iii) requirements are that EACH ATTENDEE INCLUDING EACH COMMISSIONER AND EACH COMMISSION EMPLOYEE is to file a certification with the ORS:
 - i. That accurately summarizes the discussions occurring during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
 - ii. With copies attached of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]
 - iii. That no commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or

prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]

- b. The subsection (iv) requirement is that EACH COMMISSIONER AND EACH COMMISSION EMPLOYEE present at the briefing file a certification that they will comply with State law requiring them to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

- 3. Copies of all certified statements and all other matters filed with the ORS by briefing attendees pursuant to(C)(6)(a)(ii), (iii), and (iv) are attached to this certification.

- 4. Persons and matters not in compliance with S.C. Code Ann. §58-3-260(C)(6) are listed in the lines below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. I further certify that if the lines are blank that all attendees or matters for this briefing are in compliance.

This concludes my Certified Statement.

Wendy B. Cartledge
Signature of Office of Regulatory Staff
Executive Director or Designee

Date: October 31, 2005

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Commissioner/Commission Employee)**

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>James E. Spearman</i>	Date of Meeting: <i>October 26, 2005</i>
PSC Position Title: <i>Executive Assistant and Senior Technical Advisor</i>	Matter: <i>Energy Policy Act of 2005</i>
	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>Attached copy of material distributed at the presentation summarizes the discussion</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10/26/05

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Joseph Melchers</i>	Date of Meeting: <i>10/26/05</i>
PSC Position Title: <i>Chief Counsel</i>	Matter: <i>Presentation on E P Act</i>
	Docket No.: <i>N/A</i>

By signing this Certification, I certify that:

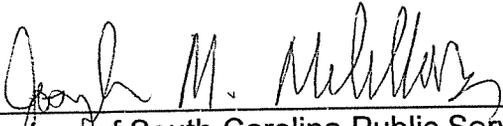
1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>see attached</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Commissioner/Commission Employee)**

THIS CERTIFICATION IS TO:

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- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>CHARLIE TERRENI</i>	Date of Meeting: <i>10/26/05</i>
PSC Position Title:	Matter: <i>EPAC 2005 Presentation</i>
	Docket No.:

By signing this Certification, I certify that:

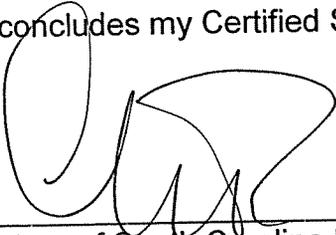
1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>Mr. Anthony discussed the Energy Policy Act</i>
<i>of 2005 - as outlined in the attached</i>
<i>presentation & transcript.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by several loops and a final flourish.

Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
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THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>F. David Butler</i>	Date of Meeting: <i>October 26, 2005</i>
PSC Position Title: <i>Senior Counsel</i>	Matter: <i>Ex Parte Briefing Regarding the Federal Energy Policy Act</i>
	Docket No.:

By signing this Certification, I certify that:

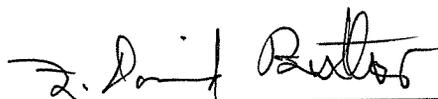
1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See attached transcript and handout.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: October 26, 2005

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Commissioner/Commission Employee)**

THIS CERTIFICATION IS TO:

- BE SIGNED AND COMPLETED BY **EACH** COMMISSIONER AND PUBLIC SERVICE COMMISSION EMPLOYEES ATTENDING THE BRIEFING, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: JOHN E. "BUTCH" HOWARD	Date of Meeting: 10/26/05
PSC Position Title: COMMISSIONER	Matter: EX PARTE BRIEFING 2005 ENERGY ACT '03
	Docket No.:

By signing this Certification, I certify that:

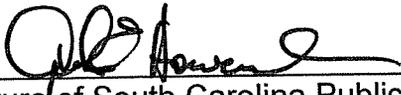
1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<p><i>See Attached</i></p>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Commissioner/Commission Employee)**

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- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>David A. Wright</i>	Date of Meeting: <i>10/26/05</i>
PSC Position Title: <i>Commissioner</i>	Matter: <i>Energy Policy Act 2005</i>
	Docket No.:

Ex Parte Briefing

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>see attached</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.

A handwritten signature in black ink, appearing to be "D. A. Wolf", written over a horizontal line.

Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Commissioner/Commission Employee)**

THIS CERTIFICATION IS TO:

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Name: <i>Mignon Clyburn</i>	Date of Meeting: <i>October 26, 2005</i>
PSC Position Title: <i>Commissioner</i>	Matter: <i>EPACT 2005</i>
	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>Sen Anthony of Progress Energy gave an overview of EPACT 2005.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: October 26, 2005

ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
(Commissioner/Commission Employee)

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- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Elizabeth B. Slening</i>	Date of Meeting: <i>October 26, 2005</i>
PSC Position Title: <i>Commissioner</i> <i>Dist. 4</i>	Matter: <i>EPACT 2005</i>
	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.


Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10.26.05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Commissioner/Commission Employee)**

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Name: <i>Jocelyn Boyd</i>	Date of Meeting: <i>October 26, 2005</i>
PSC Position Title: <i>Deputy Clerk</i>	Matter: <i>Ex Parte Briefing Regarding the Federal Energy Policy Act</i>
	Docket No.:

By signing this Certification, I certify that:

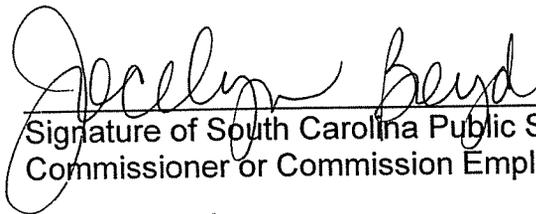
1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [S.C. Code Ann. §58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

<i>See attached transcript and handout.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [S.C. Code Ann. §58-3-260(C)(6)(a)(ii)]

4. I will comply with State law requiring me to grant to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection S.C. Code Ann. §58-3-260(C)(6). [S.C. Code Ann. §58-3-260(C)(6)(a)(iv)]

This concludes my Certified Statement.



Signature of South Carolina Public Service
Commissioner or Commission Employee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Attendee)**

THIS CERTIFICATION IS TO:

- BE SIGNED BY **EACH** BRIEFING ATTENDEE **EXCEPT** COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Patricia Morrison</i>	Date of Meeting: <i>Oct. 26, 2005</i>
Occupation: <i>Attorney</i>	Matter: <i>EP Act</i>
Attending on behalf of/for: <i>SE&G</i>	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>Energy Policy Act - See attached</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.



Signature of Briefing Attendee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Attendee)**

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- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Henry Barton</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>Dir., Leg. & Reg. Relations</i>	Matter: <i>Federal Energy Policy Act</i>
Attending on behalf of/for: <i>SCANA Corp</i>	Docket No.: <i>2005-191-E</i>

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>See Attached Transcript + Materials</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

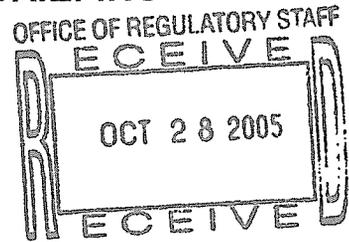
This concludes my Certified Statement.

Henry E. Barton

Signature of Briefing Attendee

Date: 10-26-05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Attendee)**



THIS CERTIFICATION IS TO:

- BE SIGNED BY **EACH** BRIEFING ATTENDEE **EXCEPT** COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Janice Hager</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>VP, Rate & Reg Affairs</i>	Matter: <i>EPACT 2005</i>
Attending on behalf of/for: <i>Duke Power</i>	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>See transcript of hearing, which I have reviewed and accurately depicts the presentation.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Jamie D. Hagan
Signature of Briefing Attendee

Date: 10-28-05



**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Attendee)**

THIS CERTIFICATION IS TO:

- BE SIGNED BY **EACH** BRIEFING ATTENDEE **EXCEPT** COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>Wendy B. Cartledge</i>	Date of Meeting: <i>October 26, 2005</i>
Occupation: <i>Attorney</i>	Matter: <i>Energy Policy Act of 2005</i>
Attending on behalf of/for: <i>Office of Regulatory Staff</i>	Docket No.: <i>Energy Policy Act of 2005</i>

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>see attached transcript and materials</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Wendy B. Cartledge
Signature of Briefing Attendee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Attendee)**

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- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>John W. Flitter</i>	Date of Meeting: <i>10/26/05</i>
Occupation: <i>Director-Elec & Gas Regulation</i>	Matter: <i>EPAC</i>
Attending on behalf of/for: <i>Office of Regulatory Staff</i>	Docket No.:

By signing this Certification, I certify that:

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2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>See Attached</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.



Signature of Briefing Attendee

Date: 10/26/05

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
CERTIFIED STATEMENT
 (Attendee)**

THIS CERTIFICATION IS TO:

- BE SIGNED BY **EACH** BRIEFING ATTENDEE **EXCEPT** COMMISSIONERS AND PUBLIC SERVICE COMMISSION EMPLOYEES, AND
- BE FILED WITH THE OFFICE OF REGULATORY STAFF [1441 MAIN STREET, COLUMBIA, SOUTH CAROLINA 29201] **WITHIN FORTY-EIGHT HOURS** OF THIS BRIEFING.

Name: <i>F Gwyn Voss</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>CONSULTANT</i>	Matter: <i>Fed. Energy Policy Act</i>
Attending on behalf of/for: <i>PEC</i>	Docket No.: <i>2005-191-E</i>

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
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<i>see attached</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

F. Argo Voss
Signature of Briefing Attendee

Date: 10-26-5

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Name: <i>Jeanelle McCain</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>Director - SC Public Affairs</i>	Matter: <i>EPACT</i>
Attending on behalf of/for: <i>Progress Energy</i>	Docket No.:

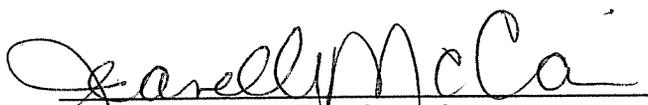
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Len Anthony provided summary of key EPACT provisions including nuclear incentives, transmission rule making, BHCA repeal, Notice of Inquiry, and possible Commission hearings. Presentation handed out.

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.


Signature of Briefing Attendee

Date: 10-26-05

**Allowable *Ex Parte* Communication Briefing
 Carolina Power & Light Company, d/b/a Progress Energy
 Carolinas, Inc., Duke Power Company, and South Carolina
 Electric & Gas Company**

*Briefing regarding the portions of the Federal Energy Policy Act of 2005 that appear to be
 of the greatest interest to the Commission*

**Public Service Commission of South Carolina Hearing Room
 Synergy Business Park
 101 Executive Center Drive
 Columbia, South Carolina 29210**

Wednesday, October 26, 2005

(PLEASE PRINT)

NAME	ADDRESS	ORGANIZATION
David Crutcher	4302 Cheema Houston TX 77096	The Crutcher Report
RICHARD WHITT	408 Hampton St COLA	A.L.R.
OLLIE FRAZIER	CHAR NC	Duke
Mary Jo Brown	Charlotte	Duke
Nanette Edwards	Columbia, SC ORA	ORS
Len Anthony	Raleigh NC	Progress Energy
ANTHONY JAMES	COLA, SC	ORS
Douglas H Carlisle	" "	ORS
Catherine Taylor	Columbia SC	SCEG
Shannon Hudson	Columbia SC	ORS
RANDY WATTS	COLA, S.C.	ORS
Patricia Morrison	COLA, SC	SCEG
Henry Barton	COLA, SC	SCANA
Janice Hager	Charlotte, NC	Duke Power

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*Briefing regarding the portions of the Federal Energy Policy Act of 2005 that appear to be
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**Public Service Commission of South Carolina Hearing Room
 Synergy Business Park
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 Columbia, South Carolina 29210**

Wednesday, October 26, 2005

(PLEASE PRINT)

NAME	ADDRESS	ORGANIZATION
Wendy B. Cartledge	1441 Main Street 1st 300 Columbia SC	Office of Regulatory Staff
F A Voss	4217 Byrnes Blvd Florence 29506	PEC
John D. Little	Cola. SC	ORS
Shirley McCa	1201 Main St. Columbia	Progress Energy
James E. Spearman	Columbia	PSC
Joseph Melchers	Columbia	PSC
Charlie Terreni	"	PSC
David Butler	"	PSC
Commissioner Howard	"	PSC
Commissioner Wright	"	PSC
Commissioner Clyburn	"	PSC
Commissioner Fleming	"	PSC
Jocelyn Boyd	"	PSC

**ALLOWABLE EX PARTE COMMUNICATION BRIEFING
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Name: <i>David Crauthinds</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>Publish newsletter</i>	Matter: <i>Energy Policy Act 2005</i>
Attending on behalf of/for: <i>The Crauthinds Report</i>	Docket No.: <i>NA</i>

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>See attached transcript and slide presentation</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

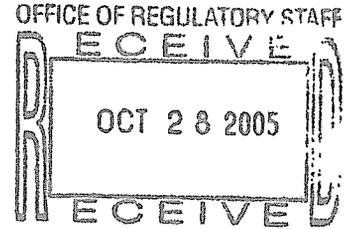
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Signature of Briefing Attendee

Date: 10-26-05

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Name:) RICHARD L. WHITT	Date of Meeting: 10-26-05
Occupation: ATTORNEY	Matter: EPACT 2005
Attending on behalf of/for: DUKE POWER	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
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See transcript of hearing, which accurately depicts the presentation. I have reviewed the transcript.

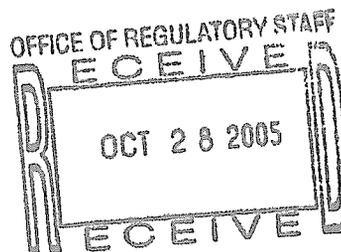
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This concludes my Certified Statement.

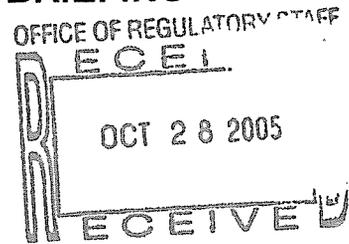


Signature of Briefing Attendee

Date: 10-28-05



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Name: OLLIE FRAZIER	Date of Meeting: OCT. 26 2005
Occupation: MGR Regulatory Research	Matter: EPA CT 2005
Attending on behalf of/for: Duke Power	Docket No.:

By signing this Certification, I certify that:

1. No commitment, predetermination, or prediction of any Commissioner's action as to any ultimate or penultimate issue or any Commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party nor any commitment, predetermination, or prediction was given by any Commissioner or Commission employee as to any Commission action or Commission employee opinion or recommendation on any ultimate or penultimate issue. [§58-3-260(C)(6)(a)(iii)]
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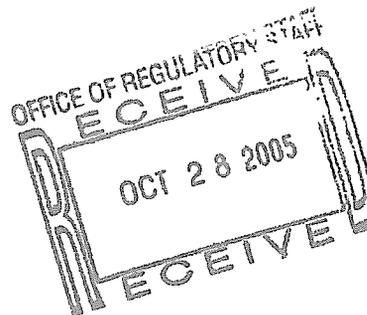
See the transcript of hearing, which I have reviewed and accurately depicts the presentation.

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

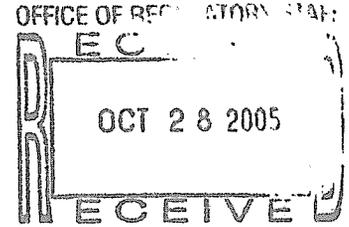
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Signature of Briefing Attendee

Date: 10/26/2005



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Name: <i>Mary Jo Brown</i>	Date of Meeting: <i>10/26/05</i>
Occupation: <i>Sr. Regulatory Consultant</i>	Matter: <i>EPACT 2005</i>
Attending on behalf of/for: <i>Duke Rowe</i>	Docket No.:

By signing this Certification, I certify that:

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See transcript of hearing which I have reviewed and accurately depicts the presentation.

!!

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Mary J. Brown
Signature of Briefing Attendee

Date: 10-26-05



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Name: <i>Nanette Edwards</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>Attorney</i>	Matter: <i>Energy Policy Act of 2005</i>
Attending on behalf of/for: <i>ORS</i>	Docket No.:

By signing this Certification, I certify that:

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2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>see attached transcript and presentation</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Nanette Edwards
Signature of Briefing Attendee

Date: 10-26-05

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Name: <i>Len Anthony</i>	Date of Meeting: <i>10/26/2005</i>
Occupation: <i>Attorney</i>	Matter: <i>Energy Policy Act of 2005</i>
Attending on behalf of/for: <i>Progress Energy Carolinas, Inc.</i>	Docket No.: _____

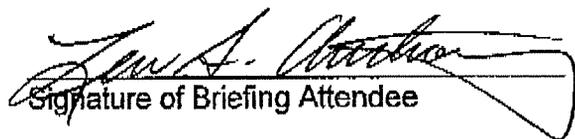
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<i>The transcript of the educational briefing has been provided to the Commission and ORS as have the handouts.</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.


Signature of Briefing Attendee

Date: 10/28/2005

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Name: <i>MELVIN A. JAMES</i>	Date of Meeting: <i>10/26/05</i>
Occupation: <i>ELECTRIC SPECIALIST</i>	Matter: <i>ENERGY POLICY ACT OF 2005</i>
Attending on behalf of/for: <i>SCORS</i>	Docket No.:

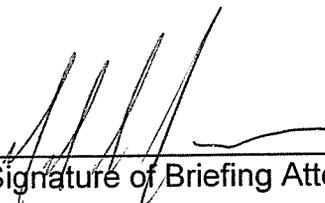
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<i>SEE ATTACHED TRANSCRIPT</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

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Signature of Briefing Attendee

Date: 10/26/05

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Name: <i>Douglas H Carlisle, Jr</i>	Date of Meeting: <i>10-28-05</i>
Occupation: <i>Economist</i>	Matter: <i>Energy Policy Act of 2005</i>
Attending on behalf of/for: <i>SC: Off. of Reg. Staff</i>	Docket No.:

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<i>SEE ATTACHED TRANSCRIPT</i>

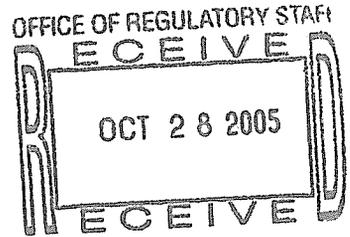
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Signature of Briefing Attendee

Date: 10/26/05

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Name: <i>Catherine Taylor</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>Attorney</i>	Matter: <i>EPA ct 2005</i>
Attending on behalf of/for: <i>SCE & G</i>	Docket No.:

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<i>Transcript of the proceeding</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.


Signature of Briefing Attendee

Date: 10/28/05



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Name: <i>Shannon Hudson</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>Attorney</i>	Matter: <i>Emergency Policy Act</i>
Attending on behalf of/for: <i>ORS</i>	Docket No.:

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2. I have accurately summarized the discussions occurring during the briefing in full either in the space below or on an attached sheet. If a sheet is attached, it is noted as being attached on the lines below. [§58-3-260(C)(6)(a)(ii)]

<i>Discussion of the Emergency Policy Act</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

This concludes my Certified Statement.

Sharon Bousya Hudson
Signature of Briefing Attendee

Date: 10-27-05

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Name: <i>RANDY WATS</i>	Date of Meeting: <i>10-26-05</i>
Occupation: <i>ENGINEER</i>	Matter: <i>ENERGY POLICY ACT OF 2005</i>
Attending on behalf of/for: <i>ORS</i>	Docket No.:

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<i>SEE ATTACHED</i>

3. I have attached copies of any written materials utilized, referenced, or distributed during the briefing. [§58-3-260(C)(6)(a)(ii)]

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Signature of Briefing Attendee

Date: 10-26-05