



ATTACHMENT #3

Megawatt Daily

Friday, June 18, 2004

Difficult summer for some electricity users: FERC staff

This summer may be difficult for electricity customers, given forecasts for high natural gas and electricity prices, staff of the Federal Energy Regulatory Commission said Thursday.

With expectations for hotter weather than last year and continuing load pockets and transmission constrains, some areas are close to their capacity limits. At the same time, however, the staff said FERC has taken measures over the last few years to improve its market monitoring and prevent any reoccurrence of market misbehavior that famously characterized Western market activity in 2000-2001.

"Let's hope nobody is that dumb as to take advantage of a dysfunctional situation this summer," Commissioner Nora Brownell said.

A key factor in high electricity prices will be continued high natural

(continued on page 9)

East Texas Co-op issues 30-MW RFP

East Texas Electric Cooperative of Nacogdoches issued a solicitation for about 30 MW of firm capacity and associated energy for 12 months to 36 months starting Jan. 1, 2005, ETEC said Thursday. The 30 MW is needed to meet load growth requirements for one of its member generation and transmission co-ops, the Northeast Texas Electric Cooperative, ETEC said.

NTEC is located in the Southwestern Electric Power Co. control area. Currently, SWEPCO, a subsidiary of American Electric Power, provides all of NTEC's supplemental wholesale requirements and will through 2005, excluding NTEC's projected load growth for 2004 and 2005.

ETEC is meeting the existing 15-MW load growth requirement with a one-year purchase from AEP expiring Dec. 31. ETEC said the solicitation will replace the AEP purchase and enable ETEC to secure the additional 15 MW it will need in 2005. Respondents also may offer to provide the 30

(continued on page 10)

Military issues 1.9 million MWh solicitation

An all-service solicitation for 1.9 million MWh for various U.S. military, NASA and Army/Air Force Exchange Service installations in Texas was issued Thursday by the Defense Energy Support Center at Fort Belvoir, Va.

All facilities included in the solicitation are within the Electricity Reliability Council of Texas territory, the support center said.

The contracts offered will run between 23 months and 24 months, beginning in either January 2005 or February 2005, and ending in January 2007. Power must be offered on a firm, fixed price basis.

Technical submissions are due by noon EDT, July 27 and price submissions by noon Sept 14. Details are available at www.desc.dla.mil/DCM/DCMSolic.asp?SolicID=731.

For additional information, contact Helen Yamada by email at Helen.Yamada@dla.mil or phone at (703)767-8566, or Leslie Simpson by email at Leslie.Simpson@dla.mil or phone at (703)767-8529.

Day-ahead markets for delivery Jun 18 (\$/MWh)

East	Index	Change	Range	Volume	Avg \$/MWh
On-Peak					
Mass Hub	61.10	-6.40	61.10-61.10	N.A.	64.49
N.Y. Zone-G	71.00	-0.40	71.00-71.00	N.A.	67.03
N.Y. Zone-J	90.00	0.00	90.00-90.00	N.A.	86.12
N.Y. Zone-A	60.00	-1.00	60.00-60.00	N.A.	56.35
Ontario*	68.50	1.00	68.50-68.50	N.A.	67.36
PJM West	60.68	-1.38	59.75-62.00	1400	55.78
VACAR	56.00	1.00	56.00-56.00	N.A.	50.18
Southern, into	59.15	0.65	59.15-59.15	N.A.	56.77
Florida	77.00	1.00	77.00-77.00	N.A.	65.64
TVA, into	55.50	2.35	55.50-55.50	N.A.	46.80
Off-Peak					
Mass Hub	45.00	-1.25	45.00-45.00	N.A.	42.20
PJM West	34.50	1.68	34.50-34.50	N.A.	26.73
VACAR	24.50	0.50	24.50-24.50	N.A.	20.68
Southern, into	27.50	1.00	27.50-27.50	N.A.	23.86
Florida	27.00	1.00	27.00-27.00	N.A.	25.89
TVA, into	20.25	0.00	20.25-20.25	N.A.	18.14
Central					
On-Peak					
ECAR, North	57.61	2.86	56.00-60.25	1364	49.78
AEP into	54.67	2.15	52.00-59.00	1325	45.90
Cinergy, into	54.04	1.95	52.00-60.00	6259	45.57
MAIN, North	53.00	0.00	53.00-53.00	N.A.	52.84
MAIN, South	54.25	5.00	54.25-54.25	N.A.	47.61
NI Hub	54.00	5.10	54.00-54.00	N.A.	47.33
MAPP North	45.50	-2.50	45.50-45.50	N.A.	46.56
MAPP South	46.00	-2.25	46.00-46.00	N.A.	46.53
SPP North	52.00	1.00	52.00-52.00	N.A.	49.59
Entergy, into	54.16	1.27	54.00-54.50	550	51.56
ERCOT	55.86	3.07	55.00-56.50	1400	52.34
ERCOT, North	58.00	3.75	58.00-58.00	N.A.	53.90
ERCOT, Houston	62.75	3.25	62.75-62.75	N.A.	58.52
ERCOT, West	56.90	2.65	56.90-56.90	N.A.	52.86
ERCOT, South	59.00	6.00	59.00-59.00	N.A.	53.06
Off-Peak					
ECAR, North	21.25	1.25	21.25-21.25	N.A.	17.35
AEP into	18.50	0.25	18.50-18.50	N.A.	16.25
Cinergy, into	19.50	0.24	18.50-21.50	1200	15.43
MAIN, North	19.00	0.00	19.00-19.00	N.A.	20.43
MAIN, South	18.50	1.00	18.50-18.50	N.A.	17.34
NI Hub	18.00	1.00	18.00-18.00	N.A.	16.77
MAPP North	15.75	-0.25	15.75-15.75	N.A.	18.44
MAPP South	16.00	-0.50	16.00-16.00	N.A.	18.48
SPP North	18.50	0.50	18.50-18.50	N.A.	20.61
Entergy, into	23.00	-2.00	23.00-23.00	N.A.	21.32
ERCOT	40.05	1.30	40.05-40.05	N.A.	38.44
ERCOT, North	40.00	0.50	40.00-40.00	N.A.	39.02
ERCOT, Houston	42.00	2.50	42.00-42.00	N.A.	39.27
ERCOT, West	41.25	1.75	41.25-41.25	N.A.	38.72
ERCOT, South	40.50	1.50	40.50-40.50	N.A.	38.70
West					
On-Peak					
COB	49.22	-1.43	47.00-50.00	425	43.24
Mid-C	43.42	-5.11	41.50-44.50	1850	28.07
Palo Verde	56.04	-5.60	55.00-57.50	1125	53.64
Mead	56.70	-5.46	56.70-56.70	N.A.	55.58
Four Corners	54.00	-6.00	54.00-54.00	N.A.	52.83
NP15	54.83	-1.75	53.00-57.50	750	55.24
SP15	55.09	-4.44	53.75-57.50	2225	55.33
Off-Peak					
COB	37.63	-1.88	36.25-38.25	500	27.83
Mid-C	35.66	-5.45	34.50-37.00	1350	23.43
Palo Verde	39.59	0.18	38.75-40.50	775	29.73
Mead	42.25	0.00	42.25-42.25	N.A.	32.02
Four Corners	38.07	-0.23	37.50-38.75	400	29.13
NP15	40.70	-0.55	40.00-41.50	475	33.91
SP15	40.80	0.29	40.00-41.25	750	32.16

*Ontario prices are in Canadian dollars

†West markets are for Friday and Saturday delivery

FERC to include new evidence in Enron case

Federal Energy Regulatory Commission Chairman Pat Wood III Thursday directed his agency's investigatory staff to determine how "to ensure" new transcripts of telephone conversations between Enron traders during the 2000-01 Western energy crisis are included in FERC's pending investigations of Enron's trading practices.

Wood and other commission members at FERC's open meeting also urged Congress to give the agency more authority to punish Enron and other companies that manipulate the market.

Commissioners Suedeen Kelly and Joseph Kelliher said the agency's current penalties are miniscule and serve as no incentive to block illegal trading. The commission has no authority to impose civil penalties for market misbehavior and is limited to criminal penalties of no more than \$500/day. "I think Congress has a responsibility to give FERC the tools it needs to protect the public," Kelliher said at the meeting.

Wood ordered staff to consider volumes of evidence submitted earlier this week by the Snohomish, Wash., Public Utility District and Sen. Maria Cantwell, D-Wash. The documents, coupled with transcripts released last month of Enron trader conversations, prove that Enron gamed the market and pocketed over \$1 billion, Snohomish and Cantwell claim.

At the commission's meeting Thursday, Wood said the Snohomish tapes affirm what FERC staff concluded in a spring 2003 report that found Enron's "corporate culture fostered a disregard for the American energy consumer." He added that the new tapes "indicate that the corporate culture unfortunately seeped down into the work environment."

Kelly, the only commissioner from the area affected by the energy crisis, said she believes the agency has "a duty" to look into whatever new evidence is presented in the Enron case and characterized the tapes as "cold-blooded."

"They showed how cruel traders were and people did suffer. It's an outrage that shocking behavior like that was permitted and even worse, perhaps encouraged," she said. Kelly said she was "distressed" that FERC's statutory enforcement authority is

(continued on page 11)

House passes bill to cut generating utilities' tax rate

The House Thursday passed legislation (HR 4520) to reduce electric generating utilities' corporate tax rate to 32% from 35% in 2007.

The House voted the 251-178 to pass the massive corporate tax bill that would phase-in the tax reduction for utilities and other manufacturers beginning in 2005. The electric power industry said the tax break would bolster utility jobs while saving large energy users money.

The bill "is a move that would be good for customers," said a spokesman for the Edison Electric Institute. The bill also extended tax incentives to Jan. 1, 2005, for energy generated by wind and closed-loop biomass. Those credits expired last December.

Electricity market coverage

More information about Platts electricity market coverage, explanations of methodology and descriptions of delivery points are available at <http://www.platts.com/Electric Power/Resources/Methodology & Specifications/>.

Questions may also be directed to our market editors; Lisa Lawson, (713) 658-3267, lisa_lawson@platts.com and Mike Wilczek, (202) 383-2246, mike_wilczek@platts.com.

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MARKET WRAP

EAST MARKETS

Northeast lower as cooler weather expected

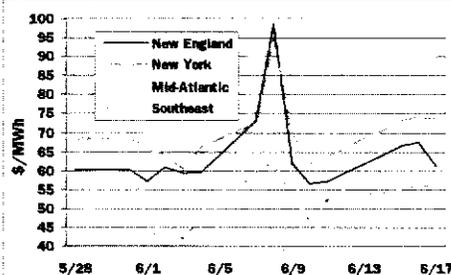
Northeast dailies for Friday flow traded mostly lower on forecasts for cooler weather, while in the Southeast, prices stayed strong behind highs in the 90s. Forwards continued to climb behind gains in NYMEX gas prices.

New England Mass Hub dailies for Friday delivery indexed near

\$61.10/MWh, dropping about \$6.50 from the previous day's deals behind mild outlooks. Off-peak traded at \$45/MWh, losing \$1.25.

Friday's forecast for Boston forecasts thundershowers with highs slipping below 70. Projected peak load was 19,750 MW. A New England Independent System Operator report placed Thursday's generation outages and reductions at 3,477 MW, mostly

East day-ahead markets



Note: Based on averages from each region

unchanged.

In the Mass Hub near-term, early weekend 2-by-16 deals traded at \$55.50/MWh while 2-by-8 packages were done at \$41/MWh. Next-week traded at \$65.50/MWh, losing \$2 as below normal temperatures are forecast.

New York dailies were mostly lower for Friday delivery as weather continued to shift. Forecasts showed a high near 84 in New York City, 4 degrees above normal. Outlooks showed temperatures trending up to average 3 degrees above normal in upper elevations. Zone G dailies traded to \$72/MWh but mostly at \$71/MWh, down 40 cents from a day earlier, while Zone J remained flat near \$90/MWh and Zone A traded mostly at \$60/MWh, down \$1. Zone A next-week fell \$1 with most trades near \$59/MWh and Zone G gained \$1 or so at \$71/MWh. Extended outlooks showed weather near normal.

Constellation Nuclear's 1,143-MW nuclear unit Nine Mile Point-1 in Lycoming, N.Y., remained derated at 45% to fix condensate pump 13. It could return shortly.

PJM dailies for Friday delivery settled near \$60.65/MWh, losing over \$1 despite the loss of Public Service Electric and Gas' 1,115-MW nuclear unit Salem-1 in Hancocks Bridge, N.J. The plant went off line while efforts are underway to correct a defective valve that is affecting a charging pump, said a Nuclear Regulatory Commission report. Off-peak traded at \$34.50/MWh, a \$1.75 gain.

East generation unit outage report

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Browns Ferry-1/TVA	1065	n	Ala.	RF	Unk	03/03/85
Oconee-2/Duke	886	n	S.C.	RF	Unk	03/21/04
Salem-1/PSEG	1,115	n	N.J.	RF	Unk	03/31/04
Harris/Progress	900	n	NC	MO	Unk	05/07/04

* for methodology, see page 3

Near-term forward markets (\$/MWh)

Contract	Date	Deal
East		
N.Y. Zone-A		
Next-week	6/17	58.50-80.00
Ontario*		
Next-week	6/17	[72.00/74.50]
PJM West		
Next-week	6/17	59.75-61.00
Central		
Chnergy, into		
Next-week	6/17	52.50-53.00
Entergy, into		
Bal-month	6/17	56.50-57.00
West		
Mid-C		
Bal-month	6/17	44.75-45.00
Palo Verde		
Bal-month	6/17	56.75-56.75
NP15		
Bal-month	6/17	58.50-58.50
SP15		
Bal-month	6/17	59.75-59.75

*Ontario prices are in Canadian dollars

Daily generation outage references

MO	unplanned maintenance outage
PMO	planned maintenance outage
RF	refueling outage
Unk	unknown
OA	offline/available

Fuels: Nuclear=n; Coal=c; Natural gas=g; Hydro=h

Sources: Generation owners, public information and other market sources.

Stern named president, CEO of Neptune RTS

The Neptune Regional Transmission System LLC board of directors Thursday named Edward Stern president and CEO. Stern will replace Charles Hewett, who moves to board chairman.

The company has proposed a 67-mile-long undersea transmission line from New Jersey to Long Island, New York. The project last month was one of six chosen by the Long Island Power Authority (LIPA) to serve the capacity tight region. Neptune, a privately held company formed in 1999, hopes to complete the 660-MW line as early as the summer of 2007.

Stern previously served as president and CEO of Enel North America Inc. of Stamford, Conn., the North American subsidiary of Italy's Enel SpA, one of the world's largest electric utilities. LIPA's board is scheduled to vote June 23 on whether to authorize a long-term contract with Neptune, the company said.

The forecast for the West Hub was partly sunny skies with highs in the upper 80s. Combined integrated peak load for Friday dropped over 1,000 MW to near 58,900 MW. West Hub day-ahead prices averaged \$62.84/MWh.

In the PJM near-term, next-week traded in the upper \$50s/MWh, losing nearly \$3 behind temperatures slightly below normal in the low 80s.

Dailies in the Southeast remained strong as temperatures crept up into the 90s, keeping demand up. Into Southern dailies for Friday flow moved from \$58/MWh to \$60/MWh in unison with higher demand and temperatures climbing into the low and mid-90s. Off-peak deals inched up more than \$1 to near \$28/MWh. Weekend peak packages traded at \$48/MWh on expectations for highs to linger above normal and loads to be strong.

Into TVA dailies for Friday gained about \$2 with trades at \$55.50/MWh as highs hovered in the upper 80s in Nashville, a couple of degrees above normal. VACAR next-day deals also strengthened to around \$56/MWh amid forecasts calling for highs to reach well above normal into the mid-90s.

Duke Power's 886-MW Oconee-2 nuclear unit in Seneca, S.C., ramped up to 98% power following its exit from a refueling outage.

In Florida, dailies increased nominally with border prices in the mid-\$60s/MWh and in-state deals in the mid- and upper \$70s/MWh.

Northeast term continued to follow rising NYMEX gas prices, with power up as much as 60 cents in the near months. New York prompt month gained a quarter or so at \$69.25/MWh in Zone A, at \$83.75/MWh in Zone G and at \$107.25/MWh in Zone J. In PJM, summer 2004 gained a bit to near \$70.50/MWh behind a neutral EIA natural gas storage report. In the Mass Hub, the summer 2004 package settled at \$77.50/MWh, gaining 75 cents.

Ontario dailies were assessed near C\$68.50/MWh (US\$49.80) for Friday delivery, up about a dollar from a day earlier on bids at C\$62/MWh and offers at C\$75/MWh.

Forecasts showed temperatures edging up a couple of degrees to a high of 79 in Toronto, 4 degrees above normal. Weekend 2-by-16 packages remained flat on bids at C\$47/MWh and offers at C\$53/MWh, several dollars stronger than trades a week ago. With weather expected to moderate to within a degree or so of seasonal, next-week faltered on bids at C\$72/MWh. Offers at C\$74.50/MWh were flat to trades a day earlier.

Ontario term gained a quarter or so with the prompt month assessed near C\$85.25/MWh.

CENTRAL MARKETS

Dailies wiggle on weaker weather; term higher

Central dailies were mixed amid shifting weather. MAPP dailies trended down on forecasts for moderate weather while Cinergy, Entergy and ERCOT dailies edged up on warm weather and strong demand. Term continued to gain strength behind stronger NYMEX gas prices.

MAPP dailies traded mostly in the mid-\$40s/MWh for Friday flow down about \$3 on forecasts for high temperatures to retreat to the low 70s, more

Central generation unit outage report

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Arkansas-1/Entergy	850	n	Ark.	MO	unk	06/14/04

* for methodology, see page 3

TXU sells gas subsidiary to Atmos Energy for \$1.9B

TXU Corp. should complete its return to an electricity-only company focused on the U.S. market, once it finishes an agreement to sell its TXU Gas Co. subsidiary to Atmos Energy for \$1.925 billion in cash, TXU said Thursday.

TXU, which previously had reached deals to sell its TXU Australia and TXU Fuel units for a total of more than \$4.2 billion, said that the newly announced agreement with Atmos is expected to close within about six months, subject to federal and state regulatory approvals.

TXU Gas is a largely regulated natural gas transmission and distribution business in Texas with more than 40,000 miles of transmission and distribution pipelines and more than 1.4 million retail gas customers. It was the last in a list of foreign and gas-related assets that TXU's new President and CEO John Wilder sought to divest so TXU could focus on the U.S. electricity market, especially in Texas.

TXU owns more than 18,000 MW of generating capacity, almost all of it in Texas. It also distributes electricity to 2.7 million electric customers there and sells retail electricity to more than 2.5 million customers.

On Thursday, TXU Corp. common stock traded as high as \$38.79 before closing up 35 cents (1.2%) at \$38.35. As required by TXU Gas' debt indentures upon such an asset sale, TXU plans to use the sale proceeds to pay back or retire TXU Gas debt and \$75 million of preferred stock.

At March 31, TXU Gas' balance sheet debt was \$662 million, including \$231 million of inter-company notes. TXU's debt was \$14.6 billion and Atmos' was \$872.7 million.

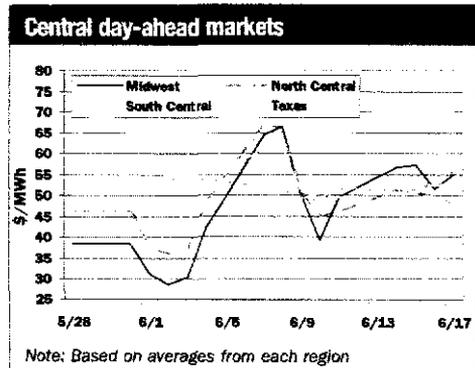
Fitch kept TXU Gas on Rating Watch Evolving, and TXU's outlook stable. The deal still faces several regulatory hurdles, noted Fitch, which rates their senior unsecured debt BBB- and preferred stock BB+. Fitch also put Atmos (senior unsecured A-) on Rating Watch Negative.

Moody's kept TXU Gas' outlook at developing and confirmed current ratings (senior unsecured debt Baa3) and put Atmos (senior unsecured A3) on review for downgrade. The outlook on TXU Gas will be maintained until TXU Corp. repays the unit's debt, added Moody's.

Standard & Poor's Ratings Services, which like Platts is part of The McGraw-Hill Companies, said Thursday that it will maintain its negative outlook on TXU's corporate credit rating (BBB) "until proceeds from previously announced asset sales, as well as proceeds from the recent issuance of \$790 million of debt securitized by regulatory assets, is used to reduce debt." S&P also put Atmos on CreditWatch—Negative, noting that business risk could be hiked as the acquisition would double the size of its gas distribution business, and, that most of the cost would be financed with debt.

than 10 degrees below normal. Off-peak traded between \$13/MWh and \$18/MWh, averaging near \$16/MWh. South MAPP dailies maintained a slight premium to North MAPP.

Weekend 2-by-16 packages traded between \$24/MWh and \$27/MWh, with temperatures expected to stall in the 60s on Saturday before climbing into the mid-70s on Sunday.



Two-by-8 packages traded between \$12.50/MWh and \$13/MWh. Next-week was bid in the upper \$40s/MWh, and offered at \$52/MWh.

SPP dailies traded in the lower \$50s/MWh, a slight discount to neighboring Entergy.

Into Entergy dailies traded between \$54/MWh and

\$54.50/MWh, up about \$1. Forecasts showed temperatures climbing a few degrees into the low 90s, slightly above normal. Off-peak traded near \$23/MWh. Next-week packages were bid at \$55/MWh and offered at \$58/MWh. Balance-of-the-month traded between \$56.50/MWh and \$57/MWh.

AmerenUE's 1,171-MW nuclear unit Callaway in Fulton, Mo., was at 95% and ramping up after exiting an outage, according to the Nuclear Regulatory Commission.

ERCOT dailies in the Seller's Choice market averaged near \$55.85/MWh, up about \$3, on forecasts calling for Texas temperatures in the mid-90s, a few degrees above normal. Houston dailies were at a \$7 premium to the Seller's Choice market. North Zone dailies held a \$2 premium to Seller's Choice.

Into Cinergy dailies gained more than \$1 on average, trading to an index near \$54.05/MWh amid warm forecasts and strong demand. Highs in Cleveland and Cincinnati were expected to reach into the low to mid-80s, respectively, several degrees above normal. Next-week traded between \$52.50/MWh and \$53/MWh.

Forwards across the region traded higher behind stronger NYMEX gas prices. In ERCOT, the prompt month gained 85 cents, settling at \$62.05/MWh. The summer package climbed \$1 to \$62.10/MWh. In Entergy, the prompt month gained 90 cents, finishing at \$60.25/MWh. The summer package climbed 75 cents to \$60.35/MWh. Cinergy forwards continued to strengthen behind stronger gas prices. July gained more than a quarter at \$59.75/MWh. Summer settled at \$59.30/MWh, up 30 cents.

West generation unit outage report

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Colstrip-3/Montana PPL	740	c	Mont.	PMO	Unk	04/12/04
Hunters Point-4/PG&E	163	g	Calif.	PMO	Unk	04/26/04
La Paloma-1/LaPaGenCo	240	g	Calif.	PMO	Unk	04/19/04
Moss Landing-2/Duke	510	g	Calif.	PMO	Unk	06/08/04
Palo Verde-1/APS	1,249	n	Ariz.	MO	Unk	06/14/04
Palo Verde-2/APS	1,249	n	Ariz.	MO	Unk	06/14/04
Palo Verde-3/APS	1,247	n	Ariz.	MO	Unk	06/14/04
Pittsburg-7/Mirant	682	g	Calif.	MO	Unk	06/17/04
Shasta Hydro-5/USBR	142	h	Calif.	PMO	Unk	09/29/03

* for methodology, see page 3

ISO-NE: Underground line might not pass muster

ISO-New England officials told the Connecticut Siting Council Thursday a proposed 69-mile, 345-kV transmission line between Middletown and Norwalk might not meet reliability standards because too much of it would be underground.

The ISO said project sponsors Northeast Utilities and United Illuminating should reconsider their primary plan that calls for 24 miles of the proposed line to go underground and also should avoid any new proposals to put more of the line underground.

The council is holding hearings on the NU-UI proposal and has received several requests from Milford and other towns along the route to put most of the line underground to protect impacted neighborhoods. The towns and utilities are due to submit final proposals in July and the council will decide on a final route by the end of the year.

Also the Connecticut Legislature passed a law in May requiring the council to put the line underground in populated areas whenever possible unless such an option was not technically feasible.

ISO Chief Operating Officer Stephen Whitley, in his testimony to the council, noted that the new line was part of a loop formed with a 20-mile Norwalk-Bethel line. The shorter line, which has been approved by the council but not yet built, includes 12 miles of underground cable.

Whitley said the overall system would be 40% underground and would have "built-in flaws," which would make it unreliable and threaten service throughout New England. He said, despite the state's opposition to overhead lines, it made no sense to spend \$800 million on a system that would not meet its main purpose of improving reliability.

Whitley said that the ISO was willing to work with the utilities through a technical committee to mitigate the problems and develop a "workable solution" for Norwalk-Middletown, which could include some underground cable. But he also said the ISO had the power to block construction of any plan which did not meet its reliability standards.

NU and UI have made similar technical arguments against new underground lines beyond the original 24 miles and company officials said they were willing to work with the ISO on mitigation measures.

Some council members questioned why the ISO was raising objections to the plan at this late date. But Whitley said that the ISO raised similar concerns in testimony submitted to the council in March.

North American New Generating Capacity Wall Map

The latest statistics plus locations of new and proposed power plant projects extracted from NEWGen and POWERmap.

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WEST MARKETS

Western dailies slide ahead of the weekend

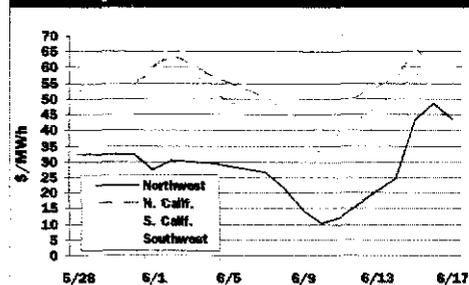
As if on cue, Western dailies slid Thursday—as they do nearly every Thursday—pulled down by lower priced packages for Friday and Saturday delivery.

Above normal temperatures in the Northwest failed to support a rally for Mid-Columbia dailies and prices dropped on weekend deals. Mid-C on-peak plunged to a low \$41.50/MWh, a \$4.50 decline for the day. On-peak index settled near \$43.50/MWh, about \$5 down.

Mid-C balance-of-the-month packages traded from \$44.75/MWh to \$45/MWh. Mid-C real-time prices eased with the dailies into the low to mid-\$40s/MWh. Weather in the Northwest next week is predicted to cool slightly.

One of Arizona Public Service's Palo Verde nuclear units may return to the grid as early as Saturday, market sources said Thursday.

West day-ahead markets



Note: Based on averages from each region

Officials are looking into the possibility that a build up of bird droppings may have caused the fault on a transmission line in the Southwest that knocked out close to 4,800 MW of generation Monday. A spokesman for the Western Electricity Coordinating Council Thursday said the outage could have been caused by a "bird soiled insulator." An Arizona Public Service spokesperson also said the theory is one of the possibilities they are exploring for the root cause of the event.

The transmission disturbance occurred on Western Area Power Administration's 230-kV West Wing Liberty line. The fault was supposed to be

IMEA signs \$1.5 billion power deal with Ameren

The Illinois Municipal Electric Agency said Thursday it has signed a long-term power supply agreement worth an estimated \$1.5 billion with AmerenEnergy Marketing (AEM), a subsidiary of St. Louis-based Ameren.

The new contract, effective Jan. 1, 2007, augments an existing power purchase deal between the public power agency and AEM and extends their business relationship through 2035.

Under the new accord, IMEA, which has 40 members throughout Illinois, will purchase varying amounts of firm capacity and energy from AEM during that period. While exact amounts were not disclosed, an IMEA spokesman said AEM will supply "25% to 30% of our energy needs" through 2035.

IMEA is a system of approximately 500 MW of load. It will expand to 600 MW in mid-2007 when St. Charles, Ill., switches from Commonwealth Edison to IMEA.

IMEA buys most of its power, but does own approximately a 12% stake, roughly 62 MW, in LG&E Energy's 547-MW Trimble County coal-fired power plant in Kentucky. Earlier this year, IMEA agreed to acquire a similar interest in LG&E's proposed 732-MW coal-fired expansion at Trimble County.

The IMEA spokesman said the agency explored other options, including investing in other proposed power projects, before opting to sign the long-term contract with AEM.

Long-term forward markets, Jun 17 (\$/MWh)

EAST

	Jul	Aug	Jul/Aug	Sep	Q4	Jan/Feb 05	Mar/Apr 05	May 05	Jun 05	Cal 2005	Cal 2006
Mass Hub	78.00	77.00	77.50	65.50	65.50	77.25	64.25	57.75	62.25	65.25	60.00
PJM West	70.00	71.00	70.50	52.55	49.60	60.50	55.35	49.00	52.90	52.75	50.50
N.Y. Zone-G	83.75	80.75	82.25			74.00				66.00	
N.Y. Zone-J	107.25	103.25	105.25			97.25				83.75	
N.Y. Zone-A	69.25	65.25	67.25			64.00				56.00	
Ontario*	85.25	81.25	83.25			74.25				69.00	
TVA, into	60.50	59.40	59.95			51.80				46.95	

CENTRAL

	Jul	Aug	Jul/Aug	Sep	Q4	Jan/Feb 05	Mar/Apr 05	May 05	Jun 05	Cal 2005	Cal 2006
Cinergy, into	59.75	58.85	59.30	44.25	42.40	51.10	46.90	42.95	46.55	46.30	43.30
NI Hub	65.90	65.70	65.80	46.75	44.75	57.00	52.10	46.80	49.10	51.00	47.10
Entergy, into	60.25	60.45	60.35	49.20	47.95	53.85	51.35	44.00	49.80	49.70	45.65
ERCOT	62.05	62.15	62.10	57.05	52.80	55.55	51.45	51.75	52.75	52.30	47.35

WEST

	Jul	Aug	Q3	Q4	Q1 05	Q2 05	Cal 2005	Cal 2006
Mid-C	55.00	62.00	58.50	56.75	56.75	37.50	49.50	46.50
Palo Verde	66.50	71.00	67.50	58.25	58.25	52.50	57.25	54.50
NP15	68.25	73.25	70.00	64.00	64.00	54.50	61.25	58.75
SP15	71.50	77.50	73.50	65.50	66.00	59.00	64.25	61.75

*Ontario prices are in Canadian dollar figures

† All forward assessments are for on-peak delivery

contained on the West Wing substation, but the relay failed, leading to an overheated insulator that pulled a 230-kV line out of service. The disturbance tripped all three of APS's Palo Verde nuclear units and two gas-fired Redhawk units, which are all located in Wintersburg, Ariz.

An APS spokeswoman would not confirm whether a unit was expected to return this weekend, only that the company has no official time schedule for their return.

Palo Verde on-peak deals dropped over \$5, finishing near \$56/MWh. Palo Verde balance-of-the-month packages were exchanged at \$56.75/MWh.

Demand in California eased with lower temperatures as the California Independent System Operator estimated Thursday's peak near 35,300 MW with approximately 3,500 MW of generation off line. Friday's peak was expected lower at 34,647 MW.

The lower demand put downward pressure on California dailies. NP15 on-peak dropped almost \$2 to near \$54.80/MWh. SP15 on-peak slid \$4.50 finishing near \$55/MWh.

Western forwards rose with the NYMEX prompt-month gas contract. Mid-C July closed at \$55/MWh, up \$1.50. NP15 July gained \$1 to \$68.25/MWh, while SP15 rose 50 cents to \$71.50/MWh. Palo Verde July was up 75 cents to \$66.50/MWh.

There was nothing new in the latest forecast from the Northwest River Forecast Center to change minds about hydro or prices at Mid-C. The NWRFC, a division of the National Oceanic and Atmospheric Administration, Thursday released its mid-month forecast for June, predicting that flows will be 80% of normal from April to September at The Dalles Dam on the Washington-Oregon border. The forecast was unchanged from the last one, issued June 8. The forecast for flows from January to July is estimated at 79%, also the same as the previous report.

California files fraud lawsuit against Enron

California on Thursday filed suit against Enron Corp. to recoup profits from the energy trader for unlawful wholesale market manipulation and commodities fraud during the state's 2000-2001 power crisis, state Attorney General Bill Lockyer said.

Lockyer said that the lawsuit could bring net ratepayers over \$1 billion,

Sempra revives plans for 980-MW plant in La.

Sempra Energy has revived plans to build a 980-MW gas-fired combined-cycle power plant in New Orleans, company officials said Thursday.

The \$650 million Crescent City project is targeted for land east of the city now owned by the Port of New Orleans and could be on line by 2007, if Sempra finds buyers for the power, they said.

Sempra acquired an exclusive option in 2001 to lease the site and is now negotiating with the port on a long-term lease. The company also restarted efforts to obtain environmental permits for the project from the Louisiana Dept. of Environmental Quality and the Army Corps of Engineers.

The proposed plant site is near Entergy New Orleans' existing 959-MW Michoud gas-fired plant, considered close to retirement. The Sempra plant would have access to existing Entergy transmission lines and would obtain gas through a new four-mile pipeline.

Sempra officials said they are now discussing long-term off-take agreements with several potential customers, including Entergy New Orleans and will also bid the plant into upcoming Entergy RFPs.

Entergy's utilities in the state have been criticized in the last two years for buying new supplies from affiliated companies and they have come under increasing pressure to buy from merchant sources.

Sempra said it expects to build the plant in two phases, one of 380 MW and one of 600 MW and could eventually expand the plant to 1,200 MW. San Diego-based Sempra announced plans for the project in 2001 along with a second 1,200-MW generation plant at La Place, La., near Baton Rouge. But it put both projects on hold soon after the collapse of the merchant energy market.

Spark Spreads for Jun 18

	Marginal Heat Rate	\$/MMBtu	\$/MWh	7000	8000	10000	12000
COB/PG&E, Malin	8486	5.800	49.22	8.62	2.82	-8.78	-20.38
Mid-C/Stanfield, Ore.	7802	5.565	43.42	4.46	-1.10	-12.23	-23.36
Palo Verde/El Paso San Juan Basin	9712	5.770	56.04	15.65	9.88	-1.66	-13.20
ERCOT/Houston Ship Channel	8548	6.535	55.86	10.12	3.58	-9.49	-22.56
NI Hub/Chicago city-gates	8372	6.450	54.00	8.85	2.40	-10.50	-23.40
Entergy, into/Henry Hub	8237	6.575	54.16	8.14	1.56	-11.59	-24.74
Cinergy, into/Columbia Gas, App.	7838	6.895	54.04	5.78	-1.12	-14.91	-28.70
PJM West/Transco zone 6 non-N.Y.	8528	7.115	60.68	10.88	3.76	-10.47	-24.70
Mass Hub/Tenn. zone 6 del.	8612	7.095	61.10	11.44	4.34	-9.85	-24.04
N.Y. Zone-G/Transco Zone 6 N.Y.	9923	7.155	71.00	20.91	13.76	-0.55	-14.86
Florida/Fa. city-gates	11008	6.995	77.00	28.04	21.04	7.05	-6.94

*Spark spreads and electricity prices reported in (\$/MWh), gas prices in (\$/MMBtu), and marginal heat rates in (Btu/kWh).

possibly as much as \$2 billion. He said the state is hoping to recoup the money before the assets of bankrupt Enron are distributed to creditors by the bankruptcy court. "Hopefully, we will get there before the carcass is divided," he said.

Lockyer said the lawsuit will act as back-up if the Federal Energy Regulatory Commission decides not to refund the state \$8.9 billion from illegal activities by producers and traders during the crisis.

Filed in Alameda County Superior Court, Lockyer's complaint alleges Enron violated the state's Unfair Competition Law and commodities fraud statute. It asks the court to award civil penalties of \$25,000 for each commodities fraud violation and \$2,500 for each UCL violation, but did not say the total relief sought.

"Beginning as early as 1998 and continuing at least through 2001, the Enron defendants willfully engaged in a startling array of manipulative and fraudulent trading schemes," the lawsuit said.

Lockyer may also file other commodities fraud lawsuits, but he would not say what companies would be targets and when they would be filed.

The lawsuit, the first the state has filed against Enron, was pushed forward by the recent release of tapes in which Enron traders discussed how to game California's wholesale market, Lockyer said. He also said the Federal Energy Regulatory Commission's inactivity has frustrated the state. "FERC has come too close to the people they regulate," he said.

Lockyer said the state is working on market manipulation settlements with Reliant Energy and Sempra Energy. "They are the ripest but they have not concluded ... No one can predict when they will come to fruition," he said. The state has already forged seven settlements with a combined value of \$2.4 billion.

Tiber-Montana hydroelectric plant on line

The 7.5-MW Tiber-Montana hydroelectric plant near Chester, Mont., owned by Idaho Falls, Idaho-based Tiber-Mountain LLC, has come on line and will sell power under 20-year contracts to NorthWestern Corp. and Idaho Power.

The utilities will split the power output, a NorthWestern spokeswoman said Thursday. She noted NorthWestern will pay about \$39/MWh for the first 10 years. The run-of-river project on the Marias River will produce the most power during the summer. The project was built at the existing earthen Tiber Dam that was constructed in the 1950s by the U.S. Bureau of Reclamation and it will divert water through a turbine.

Continental Hydro Corp. of Boston, which received a federal permit in 1997 for the project, initially developed the plant. It became Tiber-Mountain LLC in 2001.

It is one of the first Montana power projects built in recent years that will have NorthWestern as a power buyer. In 2002, NorthWestern selected the Tiber-Montana project from a power solicitation but the project stalled that same year when state regulators did not approve NorthWestern's power portfolio. Contracts for the power have since been approved in both Idaho and Montana.

Mirant cuts international executive, tightens structure

In a move to consolidate senior management, Mirant said Thursday that it had appointed Curt Morgan to the new post of chief operating officer.

Morgan, who had been executive vice president for North American operations, will now oversee all Mirant domestic and international operations including generation, commercial and marketing, the company said.

At the same time, Morgan's previous job as head of North American operations has been eliminated as well as the position of executive vice president for

PJM, ComEd claim integration working well

Despite Illinois Commerce Commission concerns about wholesale price increases since Commonwealth Edison joined PJM Interconnection May 1, PJM's market monitor Thursday said he believes the new combined market is "functioning well."

Similarly, a spokesman for ComEd said the higher wholesale power prices are not due to the company's integration but fuel prices, demand and weather. Comparing day-ahead prices from May 5 through June 8 with the same period last year, the ComEd spokesman said coal prices are up 86%, crude oil is up 27%, natural gas is up 6% and demand in the ComEd region is 1,375 MW higher.

In a report released Wednesday, PJM Market Monitor Joe Bowring said hourly day-ahead locational marginal prices (LMP) and real-time LMP prices in the Northern Illinois Hub are tracking PJM prices, while maintaining a nearly \$17/MWh discount.

Day-ahead prices at interfaces in the Northern Illinois Control Area averaged about \$31.60/MWh in May, the first month of Com Ed's integration. Real-time prices at the interfaces averaged between \$34/MWh and \$34.10/MWh, a range Bowring said was expected.

Bowring's report, however, showed a significant increase in forward prices in at the NI-Hub, a development he suggested may be the result of traders believing they could sell forward power packages at a premium, rather than any change in market fundamentals. Forward prices at the NI-Hub during the second week of May rose from a \$2/MWh discount to Cinergy to a several dollar premium.

Bowring's findings appear to be supported by statements made Thursday by Federal Energy Regulatory Commission staff, which said that while wholesale power prices in northern Illinois have risen since the integration, they have mirrored increases in other parts of the country and have not been dramatic. FERC has been monitoring the situation and has not found that the increases are attributable solely to the ComEd integration, said Alan Haymes of FERC's Office of Market Oversight and Investigation.

Regulators in Illinois have been monitoring the impact of the ComEd integration on retail customers, and Commissioner Suedeen Kelly asked staff about any wholesale market issues associated with ComEd joining PJM. Haymes said that the integration has gone smoothly and will lead to more efficient dispatch of generation across PJM.

The ICC is holding a meeting on July 7 with PJM, ComEd and others to discuss the integration and its impact on Illinois customers, Commissioner Kevin Wright said yesterday. PJM and ComEd have touted benefits from the integration and they will have a chance at the meeting to point to any benefits, Wright said.

The commissioner added that he is reviewing PJM's report but has not reached any conclusions.

international operations. John Ragan, who had been in charge of international operations, left the company, Mirant officials said.

Mirant CEO Marce Fuller said that change to a single chief operating officer would "streamline operations, manage costs and create efficiencies" as Mirant moves to emerge from bankruptcy. Morgan had held several executive positions at Amoco and Reliant Energy before taking over Mirant's domestic operations in 2003.

Mirant had been cutting back its foreign business to help restore its finances. But it still has major generation and utility operations in the Philippines and the Caribbean, which it considers part of its core business and contributes about 15% to 20% of its revenues and substantial profits.

Mirant also announced Thursday that Terry Thompson had been appointed vice president of restructuring and will oversee the day-to-day bankruptcy process. He will gradually take over duties now performed by consultants AlixPartners LLC as the bankruptcy case proceeds, Mirant said.

Thompson had been director of treasury and business development for Delta Airlines. He will report to Mirant chief financial officer Michele Burns who also came from Delta earlier this year.

FERC revises 'strategic plan' of agency priorities

FERC on Thursday unveiled revisions to its strategic plan to reflect increased emphasis on liquefied natural gas imports, electric reliability, safety and security of energy infrastructure, oversight of market behavior and renewable energy.

First established in late 2001, the commission's strategic plan defines its street-level operations, priorities and initiatives, Chairman Pat Wood said, noting that the plan typically is used to prepare budget priorities for the coming years.

With input from relatively new members, Commissioners Joseph Kelliher and Suedeen Kelly, the commission revised the "marching orders" to note the importance of the new reliability division, Wood said, adding that announcements on key staff additions to that division would be made in the next week or so.

At the prodding of Congress, that division will have a key role in the oversight of security and safety of energy facilities, the chairman noted. FERC has been given "a significant nudge by Congress [to] get into this area," he said, adding that new staffers will include engineers and others that will "enhance our ability to do this job as Congress and the people expect."

Kelliher touted a renewed emphasis on hydropower, asserting that the plan commits FERC resources to make dam safety a "higher priority than ever before."

For her part, Kelly pointed to the increased focus on the safety of liquefied natural gas import operations. "I see our agency becoming perhaps the preeminent agency in the world on LNG safety issues," she said. Among other things, the commission is in the process of adopting new standards for assessing risk of LNG projects.

Summer will be difficult for some ... from page 1

gas prices, the staff reported. According to the commission staff's assessment of the summer electricity outlook, natural gas is expected to stay above \$6/MMBtu for the rest of the year, production figures are "uninspiring," gas imports have dropped and coal prices are at their highest in six years. High expectations for winter natural gas demand will put pressure on storage refill, "with little regard to price," staff said.

Together, competition between gas storage and electricity demand could result in short-term competition for gas supply, increasing price volatility, the staff

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predicted.

At the same time, specific regions have their own potential problems—below-normal hydro supplies in the Northwest, load pockets in the Southwest, a great deal of stranded merchant capacity in the Southeast and congestion issues in the Northeast.

Among situations in the Northeast that FERC staff will keep an eye on are statuses of the Norwalk, Conn.-to-Northport, Long Island underwater transmission cable and unavailability of the Cross Sound Cable, which has been a political football between Connecticut and New York State.

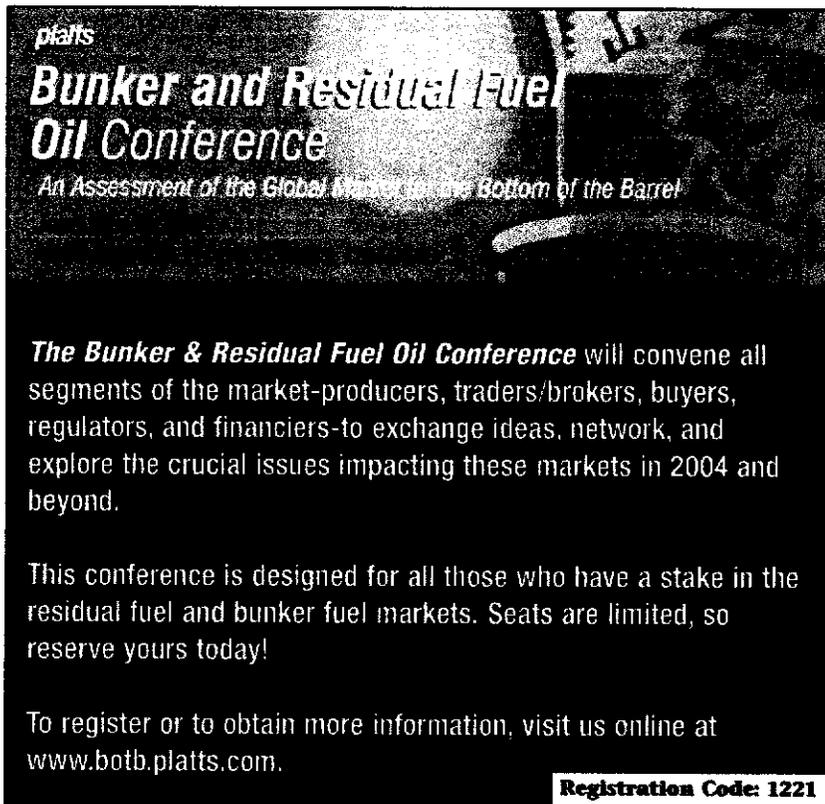
FERC staff will also be watching New York City capacity growth, a potential concern, as well as continued operations in connection with Commonwealth Edison's integration into the PJM Interconnection. So far the integration has worked well, the staff said. In California, as officials there have reported already, staff said a rebounding economy and accompanying load growth, very tight reserve margins and the region's low hydro conditions mean ample reason for concern.

ETEC issues 30-MW RFP ... from page 1

MW for 2006 and 2007.

EETEC noted that whatever power is acquired as a result of its solicitation "will be dispatched by SWEPCO, in conjunction with NTEC's other resources, to meet NTEC's total load." The annual capacity factor of the 30-MW block will be approximately 30%.

Proposals are due July 16. The solicitation may be downloaded from the Website of EETEC's energy consultant, GDS Associates of Marietta, Ga., at www.gdsassociates.com.



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Calif. priority is energy market stabilization: Desmond

The energy priority of California Gov. Arnold Schwarzenegger is focused on resource adequacy, wholesale market reform and improving transmission planning, the state's new Deputy Secretary of Energy Joe Desmond said.

The governor is committed to an atmosphere in California that attract jobs, Desmond said Wednesday at a luncheon meeting sponsored by the Los Angeles Power Assn. and the Los Angeles Area Chamber of Commerce. He said all California markets need clarity and consistency to build confidence in capital investment—the four Cs, as he called them.

Desmond, who began his job May 3, said "we need to identify generation resources on a long-term basis, we need to properly account for them" by, for example, standardizing how the interruptible nature of wind and solar is accounted for, "and we need assurances power can get to load centers."

Wholesale market reform means open and transparent bidding processes with the guarantee that there will be contracts to be signed at the end of the process, Desmond stressed. The administration supports prioritizing of resources, as the California Public Utilities Commission now requires in its procurement decisions. Energy efficiency is the first priority, followed by demand response initiatives, then renewables. Fossil fuel resources are last.

Desmond, who worked in the energy efficiency field for many years, said the administration will concentrate on this area. The problem, he said, is energy efficiency has to compete for scarce capital and current business accounting procedures block the ability to track the long term investment benefits of energy efficiency.

Desmond did not comment on the core/non-core retail bills currently being crafted in the state Legislature, but said there ought to be a workable retail market without cost shifting. "If the political will is there, we will have one," he said.

In the area of transmission, he said the state needs more dynamic resource planning and an improved process in the siting of new projects. Desmond also said the state needs to change the way it works with its neighbors and the Federal Energy Regulatory Commission, because of the interrelated nature of the West's transmission systems and energy trading.

Desmond added that negotiations with FERC over governance of the California Independent System Operator "will lead to meeting a definition of an independent board," an issue where previous administration clashed. A federal court is currently hearing FERC's lawsuit against the state.

New evidence put into Enron case ... from page 2

"so limited."

"There is a will on this commission [to impose stiffer penalties] but no way," Kelly said. "I ask Congress to amend the statute."

Wood defended FERC's past and continuing investigations into the alleged manipulative trading, but admitted that the probes have not yet provided a complete picture of what happened. Speaking to reporters after FERC's open meeting, Wood said the commission will review evidence submitted by the PUD and Cantwell, but could not comment on whether any of it is new to FERC.

"I think we got a lot of it" already, Wood said.

He defended a March 2003 report by former staffer Donald Gelinis that unearthed volumes of transcripts and internal documents from Enron and other companies about their trading activities during the crisis. It was Gelinis' investigation, which started in 2002, that found the internal Enron documents describing its trading strategies like "Fat Boy," "Death Star," and "Ricochet," Wood noted.

The Gelinis report "was our first attempt at an investigation style" that the commission's Office of Market Oversight and Investigations does on a regular basis, Wood said. "Did it cover 100% of what's out there? No. Did it cover a lot? Yes. Can we do better? Sure, I think we can."

Gelinis' staff also came up with transcripts between Enron and El Paso Electric that led to a more than \$14 million settlement with EPE and a determination from a commission judge that Enron should refund California nearly \$32 million (EL02-113). The Enron case is pending before FERC.

Wood admitted that his staff did not find the tapes released by Snohomish last month, which detailed some conversations between EPE and Enron traders, as well as internal Enron phone conversations. Wood said when FERC staff tried to get them as part of their investigation, the Dept. of Justice would not turn them over because they were being used as part of its criminal proceeding against Enron.

Wood did say, though, that Administrative Law Judge Isaac Benkin directed agency staff to help Snohomish negotiate a deal with DOJ to get the tapes, clean them up and transcribe them. According to a Snohomish spokesman, the utility paid approximately \$100,000 to transcribe the tapes.

Wood's decision comes a day after he met with Sen. Barbara Boxer, D-Calif., who Wednesday wrote President Bush criticizing the agency and demanding the resignation of "any commissioner ... who fails to see that it is time for the consumers to be made whole." California's other senator, Democrat Dianne Feinstein, echoed Boxer's comments.

Boxer told the president that despite the release of the taped telephone conversations, FERC has "failed miserably" in its responsibility to protect consumers. "I had an hour-long meeting with your FERC Chairman, Mr. Pat Wood, who is defensive about his agency's lack of redress and defends his position to challenge California's long efforts to obtain \$8.9 billion of refunds and renegotiation of long-term contracts that Californians agree were negotiated under great duress. It seems as if the chairman has not been moved to change his views even in light of the latest revelations of thievery by the electricity companies."

Boxer called on Bush to "instruct [Wood] to cease and desist his opposition to California's claims" and to instruct FERC to "agree that California should receive the entire \$8.9 billion in refunds." In addition, Boxer asked that Bush order FERC to settle the California Public Utilities Commission lawsuit "demanding renegotiation of long-term contracts."

FERC urges parties to settle CSC dispute

Imposing what Federal Energy Regulatory Commission Chairman Pat Wood described as a "time out," the agency deferred action for one week on requests to order the operation of the Cross Sound Cable and the so-called No. 1385 power line that run between Long Island and Connecticut to encourage settlement discussions on the issue.

Both transmit power between the two areas, with CSC offering a greater benefit to Long Island and the 300-MW No. 1385 cable more important to Connecticut reliability. Connecticut parties oppose operation of 330-MW CSC and Long Island parties oppose upgrades to improve operation of No. 1385. No. 1385 runs between Norwalk, Conn., and Northport, N.Y., and CSC stretches from New Haven, Conn., to Shoreham, N.Y.

The No. 1385 line is an older transmission corridor and operates sporadically. The CSC had been operating under an emergency order issued by the Dept. of Energy, but once the order was rescinded in May it has been unable to re-energize because it has failed to meet certain Connecticut permit requirements. Long Island Power Authority and Cross-Sound Cable Co., owners of the line, have requested that FERC allow CSC to operate (TX04-3).

Last week, LIPA officials said they don't plan to move ahead with their share of an \$80 million project to replace No. 1385 under Long Island Sound until Connecticut agrees to activate the Cross Sound Cable. LIPA and Northeast Utilities jointly own the aging No. 1385.

NU is anxious to move ahead with the replacement project. Connecticut state officials also back the replacement line, exempting it from a moratorium on new projects under the sound. In March, NU asked FERC to force LIPA to remove the old cable and help build the new one (TX04-1).

The commission said it would give parties to the issue "until this time next Thursday" to try to reach a settlement. If no settlement is reached, Wood said, the commission would issue a notational order. Commissioner Nora Brownell supported the week-long period, but said the fight between Connecticut and Long Island regarding the two lines "was not a healthy way to settle" the issue. "We ought to stick to the deadline ... no notes from mom" seeking extension of the settlement period, she said.

A LIPA spokesman declined comment on whether they expected to reach a deal on the operation of the lines by the end of next week.