

LDC INTERROGATORY #21

INTERROGATORY

Reference: Report of John Todd, filed September 26, 2003, Page 12, lines 8-9

“The commitment to competition has not been reversed and, at this point, is probably irreversible.”

Please explain why the commitment is "probably irreversible".

RESPONSE

This statement reflects a personal political judgment that reflects a widely-held view.

“Unscrambling the egg” would be extremely costly and difficult both politically and practically. It would require significant legislative change to alter the central thrust of Energy Competition Act. It would also result in the stranding of the investments of many regulated and unregulated market participants that were made to accommodate the transition to a competitive market. Further, it would require introducing rate regulation for power generators and the elimination of retailers.

While the commitment to competition could be reversed with sufficient political will, the point being made in the Report is that it would be premature, at best, for the Board to make policy decisions on the basis of an expectation that the commitment to competition will be reversed.