



NATIONAL ASSOCIATION
OF STATE UTILITY
CONSUMER ADVOCATES

NASUCA

Charles A. Acquard
EXECUTIVE DIRECTOR
Phone 301-589-6313
Fax 301-589-6380

Web
www.nasuca.org
E-mail
charlie@nasuca.org

August 18, 2006

The Honorable Diane Munns
Board Member, Iowa Utilities Board,
President, NARUC
350 Maple Street
Des Moines, IA 50319-0069

Mr. James E. Rogers
President and Chief Executive Officer
Duke Energy Corporation
526 South Church Street
Charlotte, NC 28202

RE: National Action Plan for Energy Efficiency:

Dear Ms. Munns and Mr. Rogers:

The National Association of State Utility Consumer Advocates (NASUCA) has been asked to endorse the July 2006 National Action Plan for Energy Efficiency (Plan) you co-chaired. As president of NASUCA, I have been asked to respond to that request. The short answer is that there are differing opinions among our members on the issue of decoupling. Therefore, NASUCA is unable to arrive at the requisite consensus to give its unqualified support to the Plan.

The longer answer is that NASUCA's members uniformly support cost-effective energy efficiency measures and have long sought the Department of Energy's lead in developing such measures at the national level. In fact, in 1990 at its Santa Fe summer meeting, NASUCA adopted the following Resolution: *Urging the Department of Energy to Emphasize True Energy Efficiency in Formulating a National Energy Strategy*. Copy attached.

Ms. Diane Munns
Mr. James E. Rogers
August 18, 2006
Page 2

Furthermore, we feel that the Plan does have solid ideas and recommendations to further the goals of cost-effective energy efficiency. Our organization recognizes that cost-effective energy efficiency measures can help lower energy bills for our consumers and most of us have been supporters of those measures in our states.¹

That said, it is the opinion of many of our members that the Plan clearly promotes decoupling as a necessary, or at least a preferred, factor to accomplish effective energy efficiency. After discussion with the NASUCA membership there is a clear preference that decisions about whether to support decoupling revenues from sales be made by individual NASUCA members at the state level and not addressed in a national plan. For this reason, NASUCA is unable to endorse the Plan with our unqualified support.

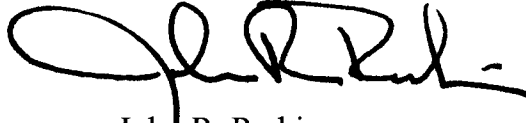
We want to assure you and the other committee members of our association's unwavering support for cost-effective energy efficiency as a necessary component of our nation's overall energy plan. The attached Resolution attests to that commitment. The fact NASUCA is unable to give its unqualified support to this Plan should in no way be

¹ For that reason, we were very disappointed to see the following comment in the Plan and feel it unfairly denigrates our members: "Higher rates are usually opposed by consumer advocates, even if the increase is for cost-effective energy efficiency or other investments." Plan at pp. 2-9. Nothing could be farther from the truth. Consumer advocates often settle rate cases with utilities which result in higher rates when convinced the utilities' needs for higher rates are justified. Furthermore, I am not aware of any consumer advocate who opposes cost-effective energy efficiency measures. We may disagree with the utility on what is cost-effective, but to state, in effect, that consumer advocates oppose energy efficiency as a knee-jerk reaction without careful analysis, is simply untrue.

Ms. Diane Munns
Mr. James E. Rogers
August 18, 2006
Page 3

viewed as a diminution of that long-term, long-time commitment.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John R. Perkins". The signature is fluid and cursive, with a large initial "J" and "P".

John R. Perkins
Consumer Advocate of Iowa
NASUCA President

Enclosure

cc via email: Stacy Angel, U.S. Environmental Protection Agency Office of Air and
Radiation Climate Protection Partnerships Division,
E-mail: angel.stacy@epa.gov

Larry Mansueti U.S. Department of Energy Office of Electricity
Delivery and Energy Reliability E-mail: lawrence.mansueti@hq.doe.gov

NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES

RESOLUTION

**Urging the Department of Energy To Emphasize True
Energy Efficiency in Formulating a National Energy Strategy**

- WHEREAS, The United States Department of Energy (DOE) is in the process of formulating a National Energy Strategy [in late 1990] to guide national energy policy in the next 40 years;
- WHEREAS, DOE has issued an interim report describing and summarizing the comments presented to DOE in 15 public hearings during 1989 and early 1990;
- WHEREAS, the interim report includes goals for national energy strategy regarding natural gas, with policy options and obstacles identified by hearing participants;
- WHEREAS, the interim report reflects goals and concerns of energy producers, sellers and users, including consumers represented by members of the National Association of State Utility Consumer Advocates (NASUCA);
- WHEREAS, the comments and recommendations regarding natural gas presented in the interim report center on increasing production and usage of natural gas in various markets, with special emphasis on gas-fired electricity generation;
- WHEREAS, heavy emphasis throughout the interim report, including the introductory texts, is on the action of market forces in achieving national energy goals;
- WHEREAS, regulation of natural gas and electric utilities is intended to substitute for competition in the many circumstances in which the action of market forces favors energy producers and end-users with the greatest market power;
- WHEREAS, market forces may lead to beneficial results, including least cost choices, where actual competition exists and consumers have ready access to meaningful options, but regulatory oversight is appropriate where utilities can and do exercise monopoly power;

WHEREAS, unfettered market forces may lead to uneconomic energy uses and short-term investment choices unless government policy also requires conservation and least cost planning;

WHEREAS, the consumers represented by NASUCA are those with the least market power, whom regulation was intended to protect from abuses of monopoly power;

WHEREAS, the goal of enhanced energy efficiency which results in reduced energy usage and reduced energy costs must be carefully distinguished from the usage of the term "efficiency" when employed to promote the maximum usage of energy and transmission facilities on a sustained basis and to shift costs to captive consumers whose need for energy occurs primarily at peak periods;

WHEREAS, NASUCA supports utilization of demand-side measures which both encourage true energy efficiency and enable reduced peak usage of energy by both natural gas and electricity consumers;

THEREFORE, BE IT RESOLVED, that NASUCA urges the DOE in formulating the National Energy Strategy:

- to recognize explicitly that market forces alone cannot effectively implement a national energy strategy in the public interest;
- to incorporate an integrated least cost planning approach to address long-term energy needs, recognizing that market forces may distort choices by producers and consumers;
- to continue its emphasis on enhanced true energy efficiency, including demand side planning;
- to avoid reliance on market mechanisms which would negate the regulatory goals of protecting captive consumers who lack market power;
- to avoid policies in natural gas regulation, including rate design, which use the term "efficiency" to promote uneconomic uses and increased consumption of natural gas which merely serve to increase revenues of producers and pipelines;

- to enable a range of options to encourage consumers to conserve energy and to use it efficiently without unjustifiably shifting costs to peak users who have neither options nor market power.

BE IT FURTHER RESOLVED that NASUCA urges the Department of Energy to issue an initial draft of the final National Energy Strategy document for public comment prior to submission to the President of the United States.

BE IT FURTHER RESOLVED that the NASUCA Advocates authorize its Executive Committee to develop specific positions consistent with the terms of the Resolution on legislation, regulations or any other type of proposal that concerns the subject matter of this Resolution, including the development of any policy papers reflecting NASUCA's position. The Executive Committee shall advise the membership of any proposed action prior to taking such action, if possible. In any event, the Executive Committee shall notify the membership of any action under this provision.

BE IT FURTHER RESOLVED that NASUCA directs that copies of this resolution be sent to the Secretary of Energy, to Deputy Under Secretary of Energy in charge of developing the National Energy Strategy and to members of the Secretary of Energy Advisory Board.

Approved by NASUCA:

Santa Fe, New Mexico
PLACE

June 15, 1990
DATE

Submitted and Favorably
Reported by:

NASUCA Gas Committee

May 30, 1990
Date

COMMITTEE MEMBERS:

Margaret Ann Samuels (OH),
Chairman
Paul Buckley (MD)
Craig Burgraff (PA)
Rafael Epstein (NY)
Byron Harris (WV)
Joseph Ingles (UT)
Bill Kowalski (CN)
Sandra Mattavous-Frye (DC)
Carl McIntosh (SC)
Irwin Popowsky (PA)

NASUCA Electric Committee

COMMITTEE MEMBERS:

Irwin Popowsky (PA) Chairman
Steve Fogel (IL)
Larry Frimerman (OH)
Al Grandys (IL)
Billy Jack Gregg (WV)
Leland Hogan (UT)
Ray Lark (SC)
Paul Novak (MI)
Ed Petrini (VA)
Bill Riggins (KS)
Fred Schmidt (NV)
Charles Tutto (HI)