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‘The Certainty of Uncertainty’ Dominates Electric Utility Leader Discussions at EUCG’s Fall Workshop

RESTON, Va., Dec. 7, 2011 – The future of the United States electric utility industry is fraught with regulatory, economic and competitive uncertainty, and that trend will continue for the foreseeable future, industry leaders discussed during the EUCG Fall Workshop in Indianapolis.

EUCG, a global association of energy and electric utility professionals, meets semiannually to discuss current and emerging industry issues, share best practices and exchange data for benchmarking purposes. The association is in its 38th year of service to the power generation industry.

“The sheer volume of regulatory rulemaking that we are needing to consider as we formulate our strategic and operational plans today is unprecedented in our industry,” remarked EUCG President George W. Sharp from American Electric Power (NYSE: AEP). New rules that govern the Clean Air Act continue to be drafted by the U.S. Environmental Protection Agency (EPA) and reviewed by industry stakeholders, which often leads to wide and varied responses by interested parties. Timelines for implementation of draft rules, including the specifics for compliance, continue to shift as more and more stakeholders express their opinions during the rulemaking process. “The only certainty we have going forward is that our industry will be confronting large amounts of uncertainty for the foreseeable future,” Sharp said.

The Fukushima, Japan, nuclear incident also has cast uncertainty on the future and role of nuclear power in the United States and the world. “We believe the events at the Fukushima Nuclear Plant in Japan earlier this year have created a short-term crisis of confidence about nuclear power, but we are very confident that public perceptions worldwide will shift back in favor of nuclear generation as the actual impact of the incident becomes better understood, and we implement lessons throughout our industry,” said David Ward, chairperson of EUCG’s Nuclear Committee from Duke Energy (NYSE: DUK).

The workshop’s opening remarks were provided by Greg Fennig, vice president of public affairs for Indianapolis Power & Light Company (parent company – NYSE: AES). Fennig provided a first-hand account of how the current EPA rulemaking is impacting IPL’s operations and how the utility intends to manage the capital investment and compliance uncertainty of the draft rules. Fennig also provided an overview of IPL and its role as an integral player in the economy and community, as well as the impact it makes by providing low-cost power within a framework of environment stewardship.

This year’s keynote speaker was Thad Ewald, vice president, corporate strategy and business development, Cummins, Inc. (NYSE: CMI), an Indiana-based company that delivers power solutions through the design, manufacture, distribution and service of diesel engines, generators and related technologies. Ewald spoke on “Performance Improvement to Increase Customer Value,” an overview of the strategies and actions that transformed Cummins into the global company that it is today. The company’s vision, “Making people’s lives better by unleashing the power of Cummins,” underscores the emphasis that Cummins places on being a good corporate citizen by improving the communities where employees live and work while making high-quality products. Ewald’s presentation represented EUCG’s practice of benchmarking with top performing non-utility industries. “The perspective offered by Mr. Ewald and Cummins in the keynote was refreshing, and provided a unique forum for information exchange and mutual benefit between different industries,” said Bill Bunker, EUCG Emerging Issues Director, formerly with Alcoa (NYSE: AA). “Mr. Ewald certainly delivered an outstanding and thought-provoking presentation.”

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EUCG committees held forums to discuss current events and what the future will bring to the utility technologies.

- **Nuclear Committee:** The Nuclear Committee, chaired by Ward of Duke Energy, focused on many areas, including task team reports, using the Nuclear Integrated Information Database to improve benchmarking, and an “open forum” addressing nuclear issues. One of the highlights of the forum was a presentation by a joint task force team about the impacts of the Fukushima incident on the global nuclear industry. The team provided a summary of the chronology of the incident, the impacts on the environment, regional politics and related industry financials.
- **Fossil Committee:** Meeting, planning and benchmarking were the main issues of the Fossil Forum led by Committee Chairman John Huggins, Southern Company (NYSE: SO). They discussed the Safety Case Study of the Ash System Accident at the Fayette Power Plant and gave an update on the biomass generation development environmental regulation. Benchmarking presentations included results of a railcar maintenance survey, given by Brian Seiler, City Public Service Energy, and results of a benchmarking methods and practices survey, given by Lucritia White, Tennessee Valley Authority (TVA). Best performer awards were presented to large and small coal plants for their efforts in managing total operations and maintenance costs, as well as their equivalent forced outage rate from 2006 to 2010. Southern Company’s Plant Miller received the award for the large coal plant category, and TVA’s Gallatin Fossil Plant received the award for the small coal plant category.
- **Information Technology (IT) Committee:** The IT Forum structured its meeting to provide updates on mobility trends, benchmarking results and task team reports. A presentation on IT Disaster Recovery Practices was given by Charlie Rater, CenterPoint Energy, and Ron Dick, Omaha Public Power District.
- **Hydroelectric Committee:** Hydroelectric Committee Chairman Jim Miller from TVA presented the opening remarks and introductions for the forum. One of the main topics discussed was the 2010 leading/lagging performers and results of various surveys, which included high availability survey results, staffing survey results and capital expenditure results.
- **Transmission and Distribution (T&D) Committee:** Chaired by Joe Martucci, PSE&G (NYSE: PEG), the T&D Committee focused on a variety of current issues, including the aging infrastructure vs. High Impact Low Probability Events, and best practice safety and reliability. They presented an update on the Columbus Smart Grid.

The conference, held Oct. 3 through Oct. 5, attracted more than 100 electric utility professionals from various utility technologies all over the world. “We are extremely grateful for the commitment from all of our members and participants,” Sharp said.

The next EUCG Conference will be held in Austin, Texas on April 15-18, 2012, at the Omni Austin Hotel Downtown. For more information, please visit the EUCG website, www.eucg.org.

About EUCG: EUCG is a global non-profit association of energy and electric utility professionals who discuss current and emerging industry issues, share best practices and exchange data for benchmarking purposes. The 38 year old association is organized into committees that represent specific utility functions: Fossil, Nuclear, Hydroelectric, Transmission & Distribution, and Information Technology. Members attend semiannual workshops that focus on strategic planning, maintenance practices, operations management, outage management and various other aspects of the electric utility business. Membership is open to all utility companies and professionals worldwide. Interested parties should contact Don Kaiser, EUCG Executive Director, at (703) 234-4116 or Kaiser@eucg.org.

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