



News Release

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Current Financial Crisis A Reminder of Past Electric Industry Turmoil, Contend Energy Professionals At EUCG Meeting

SAN FRANCISCO (October 1, 2008) – The current U.S. financial crisis is a painful reminder of where the power industry found itself in 2002-2003, attendees of EUCG's fall workshop reflected during the group's September meeting in San Francisco. EUCG, a global association of energy and electric utility professionals, meets semi-annually to discuss current and emerging industry issues, share best practices and exchange data for benchmarking purposes. The association is celebrating its 35th anniversary this year.

“At the end of the 1990's, the electric utility industry was focusing on aggressive growth after a history of regulation was lifted,” said EUCG President-elect Mark Derry, of Exelon (NYSE: EXC). “This led to risk taking, albeit at a much smaller scale than today's financial situation. And when economic conditions deteriorated after the Sept. 11 terrorist attacks, many utilities were greatly weakened and could not effectively cover the trading losses on their books,” Derry concluded. “The financial industry has been rocked by the catastrophic failures of Fannie Mae and Bear Sterns. We were rocked by the collapse of Enron.”

“After Enron, many utilities that were damaged began focusing on cutting debt, risk and focusing on core businesses,” said George Sharp, Vice President-elect from American Electric Power (NYSE: AEP). “The end result was significant re-regulation and a focus on the regulator-utility partnership. Together, we tackled issues related to capital investments, energy reliability and the management of long-term costs. That model of **balance**-appears to be the direction the financial industry is heading today.”

“A healthy electric utility industry is absolutely essential to a healthy U.S. economy,” said Steve Saunders, Tennessee Valley Authority (TVA) Manager and outgoing EUCG President after serving eight years. “Likewise, a strong financial system is required for a functioning, robust economy, so many of us in the electric utility industry are closely watching these current events. Our industry successfully managed through our crisis in 2002, and we're confident the financial industry will, too.”

EUCG's fall workshop attracted approximately 150 electric utility professionals from over 50 different utilities, including four from foreign countries. The theme was “*Executing Your Strategy*,” in which many of the Association's committees focused their efforts. Apart from discussions about the current financial crisis, highlights from the meeting included:

- **Nuclear Committee:** The Nuclear Committee focused on the key areas of workforce planning, data usage in the regulatory process, outage cost benchmarking, and database improvements. David Ward, Nuclear Committee Chair from Duke Energy (NYSE: DUK), stated, “An exciting new product feature that will benefit the committee especially the international members is the normalized comparison of costs based on the Purchasing Power Parity (PPP) index. By using the PPP index this will remove currency exchange swings and normalize data internationally to facilitate comparisons. The normalization makes the benchmark data coherent throughout time and input-output of data will be in each country's origin currency.”

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- **Fossil Committee:** Managing, planning and benchmarking capital expenditures were the dominant issues discussed by the fossil committee, reported Chairperson James Patrick of Ameren (NYSE: AEE). “Fossil plants continue to be retrofitted with environmental controls, and new plants are needed to address the impending capacity deficiency throughout the U.S.,” said Patrick. “The billions of dollars of investment required for the nation’s power plant fleet will continue to be an issue we plan to evaluate, discuss and share best practices about for the foreseeable future.”
- **Information Technology (IT) Committee:** Jack Flack, Committee Chairperson, reported that the IT group structured its meeting strategies to enhance the value of internal IT departments for electric utilities. “Our members are providing new and exciting insight in IT governance and prioritization, project management and benchmarking,” said Flack. “The IT Committee has achieved so much in our first two years. We continue to recruit additional utilities into our group to augment the tremendous value we are currently providing for our participating companies.”
- **Hydroelectric Committee:** Identifying best-performing hydro plants from member-provided benchmarking data was the focus of the Hydroelectric committee, according to Jim Miller, Committee Chairperson. “We paid special attention to discussing best practices as a means of improving performance for all our member companies,” said Miller. “We’re very much an operations-focused committee, and we plan to continue using benchmarking data to flesh out new strategies to improve hydro plant performance for our membership.”
- **Transmission and Distribution (T&D) Committee:** The T&D committee focused on a variety of current issues, including developing and implementing disaster recovery plans, and measuring capital investment effectiveness, reported Joe Martucci, T&D Committee Chairperson from PSEG (NYSE: PEG). “We are planning to have our members present their ‘vision of the future’ at our next workshop. We’re excited in sharing where individual companies and our industry are heading in the next 10-15 years, including how technology will shape it.”
- **Safety Committee:** EUCG held an information session at the end of the workshop for companies interested in forming a safety committee. “The session attracted a ton of interest,” said Jose Perez, Secretary-elect from Pacific Gas and Electric (NYSE: PCG), who, along with Ken McCullough from AEP, is leading the group during its exploratory phase. “We’re currently collecting ideas and thoughts regarding how to best structure this committee. It has a tremendous amount of potential to bring together utility professionals to share safety data, best practices, and to discuss current safety issues,” said McCullough. Any utility or energy professional who is interested in the new safety committee should contact EUCG for more information.

EUCG will hold its 2009 spring workshop in St. Petersburg, Florida, March 23 – 25, 2009. All energy professionals are invited. Interested parties should visit the EUCG website at (<http://www.eucg.org>) for more information about the organization’s next event.

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 35-year-old association is organized into five separate committees that represent specific utility functions: Transmission & Distribution (T&D), Fossil Plants, Hydro Plants, Nuclear Plants and Information Technology (IT) departments. The Group is also evaluating member interest in forming a Safety Committee. Members attend semi-annual 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 Pat Kovalesky, EUCG Executive Director, at 1-623-572-4140. Email: eucgexec@cox.net . Website: <http://www.eucg.org> .

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