



News Release

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Utilities Discuss Benchmarking Cost Optimization at EUCG Fall Meeting

SAN DIEGO (October 29, 2009) – The economic recession is impacting many facets of electric utility operations, including how to best benchmark performance for the lowest incremental cost, mused industry professionals at EUCG’s fall workshop in San Diego this month.

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 36th year of existence.

“This recession has wiped out huge swaths of industrial load for many of our member utilities,” reported EUCG President Mark Derry of Exelon (NYSE: EXC). “Revenues are down almost across the board, which puts pressure on each utility to reduce costs where they can.” However, Derry added that budgets devoted to benchmarking activities are being optimized by relying more heavily on not-for-profit, industry associations such as EUCG for benchmarking and performance-related information. “Our membership costs are a fraction of what private consultancies often charge for similar data. In essence, many of our members are hunkering down and reviewing enterprise benchmarking costs, and they’re feeling pretty good about the value EUCG is providing their companies,” said Derry.

John Fielder, president of Southern California Edison (NYSE: EIX), provided the keynote address, which focused on SCE’s challenges and successes, including its ability to control costs. “SCE is investing in new technologies and infrastructure projects to support California’s growing renewable energy leadership while continuing to provide safe and reliable service to customers,” said Fielder. “SCE plans to invest about \$20 billion over the next five years in new transmission, distribution and generation projects. We’re working closely with industry organizations such as EUCG to meet our performance objectives.”

The recession has increased interest in EUCG membership, reported George W. Sharp, EUCG vice president from American Electric Power (NYSE: AEP). “We’ve added new members to our family during a period of significant financial stress,” said Sharp. “We’re fortunate that our nonprofit, industry-focused business model is relevant throughout the entire economic cycle, and especially during deep downturns such as we’re experiencing now.”

EUCG’s industry committees – including Nuclear, Fossil, Hydroelectric, Transmission and Distribution, and Information Technology committees – discussed benchmarking database enhancements with their respective memberships. “The Nuclear Integrated Information Database, or NIID, has been enhanced year after year based on member feedback,” remarked David Ward, Nuclear Committee chair from Duke Energy (NYSE: DUK). “We rolled out significant enhancements that make our database the most comprehensive and powerful benchmarking database in the industry.”

Kelly McNair, Information Technology Committee chair from Oncor Electric Delivery, said his committee is focusing on the impact that “smart grid” and new industry security standards will have on utility IT departments. “Information technology is rapidly changing in the electric utility industry, and our members are investigating issues like enterprise information systems rationalization, network security and best practices that surround the implementation of each.”

Fossil Committee Chair Robert Dool reported that cost control, particularly capital optimization, remains an important topic for his committee. “We wrapped up successful and interesting analyses that centered on the cost of scrubbers and

other environmental controls, optimum staffing levels for power plants, and the process for grouping and selecting in rank order capital projects that give the most return to a utility.”

The Transmission and Distribution Committee, by comparison, focused its energies on discussing the impact on both disruptive and common utility technologies. “We are discussing ways to measure the success of smart grid programs and how to enhance data collection, analysis and reporting of not only smart grid, but also renewable energy programs and the impact of power outages on all utility stakeholders,” said Joseph Martucci, committee chair from PSEG (NYSE: PEG).

Database enhancements, data collection and analysis and overall plant performance were the overriding topics of interest for the Hydroelectric Committee, said Jim Miller, committee chair from TVA. “Our benchmarking database is an extremely valuable asset for our members, and we practice a policy of continuous improvement to keep it cutting-edge.”

EUCG’s newest, and equally promising, industry committee is its recently sanctioned Safety Committee, which is chaired by AEP’s Ken McCullough. “The EUCG Safety Committee is off to a fast start with a successful fall workshop that included the finalization of our charter and discussions around standard health and safety metrics we plan to track and report for the benefit of our members,” said McCullough. “We discussed recent health and safety issues that our members are facing, and shared best practices that help each member take a new and perhaps more holistic perspective about health and safety back to their companies. The value and potential of this forum are tremendous. We encourage all utilities who are not currently members of our committee to consider joining to take advantage of this unique opportunity to take safety to a whole new level in our industry.”

EUCG will hold its 2010 spring workshop in St. Louis, Mo., April 11-14. 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 nonprofit association of energy and electric utility professionals who discuss current and emerging industry issues, share best practices and exchange data for benchmarking purposes. The 36-year-old association is organized into committees that represent specific utility functions: Transmission and Distribution (T&D), Fossil Plants, Hydroelectric Plants, Nuclear Plants, and Information Technology (IT) and Safety committees. 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 Pat Kovalesky, EUCG Executive Director, at 1-623-572-4140. Email: eucgexec@cox.net . Website: <http://www.eucg.org> .

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