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Utilities Must Encourage “Benchmarking Culture” as Proxy to Competition, Recommends EUCG

Savannah, GA (April 10, 2007) – Electric utilities should utilize benchmarking and best practices to a much greater degree to better measure and validate organizational and industry performance, participants were told at EUCG’s spring 2007 workshop held in Savannah, Georgia, during March 25-28.

“Electric utilities must become creative to continually improve operational efficiency,” said EUCG President and Tennessee Valley Authority General Manager of Benchmarking Stephen Saunders. “Developing a ‘benchmarking culture’ is one way to do that. Benchmarking can act as a proxy to competition, if utilized correctly, and identifies the performance gap that should be closed.”

A “benchmarking culture” is achieved by continually encouraging the use of benchmarking data and best practices sharing to genuinely solve performance problems, not just to compare yourself to others, said Douglas Dale, Strategic Manager, of Detroit Edison (NYSE: DTE), who provided the workshop’s keynote address. “It’s easy to use benchmarking as a means to an end by saying ‘I’m better’ or ‘worse’ than my peers. The real value is when you use the data to develop new processes, to determine different decision-making criteria, or to drive real change that leads to performance improvement in an organization or even an entire industry,” Dale stressed.

During his presentation, Dale challenged the EUCG membership to consider benchmarking with other industries to learn from those whose competitive landscape and performance drivers are markedly different. “The process that an oil refinery goes through to perform routine maintenance or manage an outage is similar to our industry. I’m sure we could learn from each other,” said Dale. “Though the differences in processes may be subtle, the outcomes of understanding and implementing these differences could have a huge impact on performance.”

“We encourage our membership to use EUCG to develop new and improved benchmarking databases, to document and communicate best practices, and to use all available membership resources to improve organizational outcomes,” said EUCG Vice President Mark Derry of Exelon (NYSE: EXC). “In essence, we encourage members to leverage the benefits of EUCG as means to create their own ‘benchmarking culture.’”

EUCG welcomed 170 workshop participants from over 50 different utilities, including five foreign countries, to its spring workshop, said George W. Sharp, Marketing Director, of American Electric Power Company (NYSE: AEP). “Workshop participants focused on presenting not only the most pressing issues facing the electric utility industry today, but also participated in group discussions focused on solving these issues,” said Sharp. The workshop’s theme, “Addressing Performance Gaps,” provided the impetus around many of the workshop topics. According to Sharp, each EUCG committee developed unique agendas to address member interests, including:

- **Transmission & Distribution (T&D) Committee**: Highlights included discussions of the successes and challenges adopting new technologies, such as distribution automation and automated metering. “Our industry is leveraging new technology at a very rapid pace. It presents both opportunities and issues for each company. Our members are sharing best practices that lead to more successful use of these new tools,” said Joe Martucci, T&D Committee Chairperson, of Public Service Enterprise Group (NYSE: PEG). Other T&D workshop topics included new approaches to contractor utilization, transforming the employee’s safety culture, and inventory management.

- **Information Technology (IT) Committee:** The committee reviewed its newly developed IT data model and mapped out a plan to begin collecting benchmarking data from EUCG member companies. “We are well on our way to providing our membership with the first benchmarking data that is exclusively collected from electric utilities. This will help our members better understand where they are performing along a common continuum,” said Jack Flack, IT Committee Chairperson from TVA. Other committee presentations included discussing best practices at help desks and outsourcing strategies and its economic impact.
- **Nuclear Committee:** This EUCG committee was attended by over 85% of the North American nuclear operators as well as companies from Japan and Romania. Highlights included presentations on: supply chain strategic sourcing, NRC / INPO performance indicator overview, interactive panels on workforce planning, metrics to identify best performers, and break-out sessions to discuss current industry issues / topics of interest. A Savannah-area company, The Georgia Port Authority provided an overview of their operations including benchmarking activity with other ports. David Ward, EUCG Nuclear Committee Chair from Duke Power Company (NYSE: DUK) stated “This was a very interactive and engaging workshop that provided members an insight into current business-related items in the nuclear energy industry.”
- **Fossil Committee:** Key issues discussed during the roundtable included the management of aging power plant infrastructure, success stories around human performance programs, and approaches to ash removal, disposal and sale. Survey results were presented regarding the capital costs for scrubbers and operations staffing. Various safety issues were also discussed. “The Fossil Committee welcomed its largest attendance in some time, driven primarily by our robust agenda and focus on the common issues fossil power plants face today,” said James Patrick, Fossil Committee Chairperson of Ameren (NYSE: AEE).
- **Hydroelectric Committee:** Highlights included presentations on the cause and management of catastrophic plant failures and the results from the group’s safety survey, which included a discussion on how to improve safety performance. The Hydro Committee also identified new data requirements so that additional information can be generated from its web-based benchmarking database. “The Hydro Committee represents one of the few organized groups of utility hydro professionals that meets regularly to vet industry issues and compare performance,” said Bruce Fraser, Hydro Committee Chairperson from Pacific Gas & Electric Company (NYSE: PCG).

EUCG will hold its 2007 fall workshop in Denver, Colorado, September 30 – October 2. All energy professionals are invited. Interested parties should visit the EUCG website (<http://www.eucg.org>) for more information.

About EUCG: EUCG is a global association of energy and electric utility professionals who discuss current and emerging industry issues, share best practices and exchange data for benchmarking purposes. The 34 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. 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> .

MEDIA CONTACT:

George W. Sharp, EUCG International Marketing Director
1-614-716-2791
gwsharp@aep.com

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