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# Recent Developments at the PUCO and the Energy Sector

Donald L. Mason, Esquire  
Commissioner, Ohio Public Utility Commission  
Chairman, NARUC Gas Committee



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## Natural Gas Demand - Market Based Prices & Alternative Regulation

- Dominion East Ohio Service – Standard Service Offer gives the market an opportunity to work for consumers
- Ohio’s Choice Program- Allowing third parties to sale natural gas to residential, commercial and industrial customers
- Vectren Energy of Ohio- Decoupling of revenue form natural gas sales, energy efficiency education and increased consumer awareness. Aligns a utility interest in emphasizing conservation with that of the consumer
- Continued decline in gas sales on a home per home basis has resulted with a “change in paradigm”.



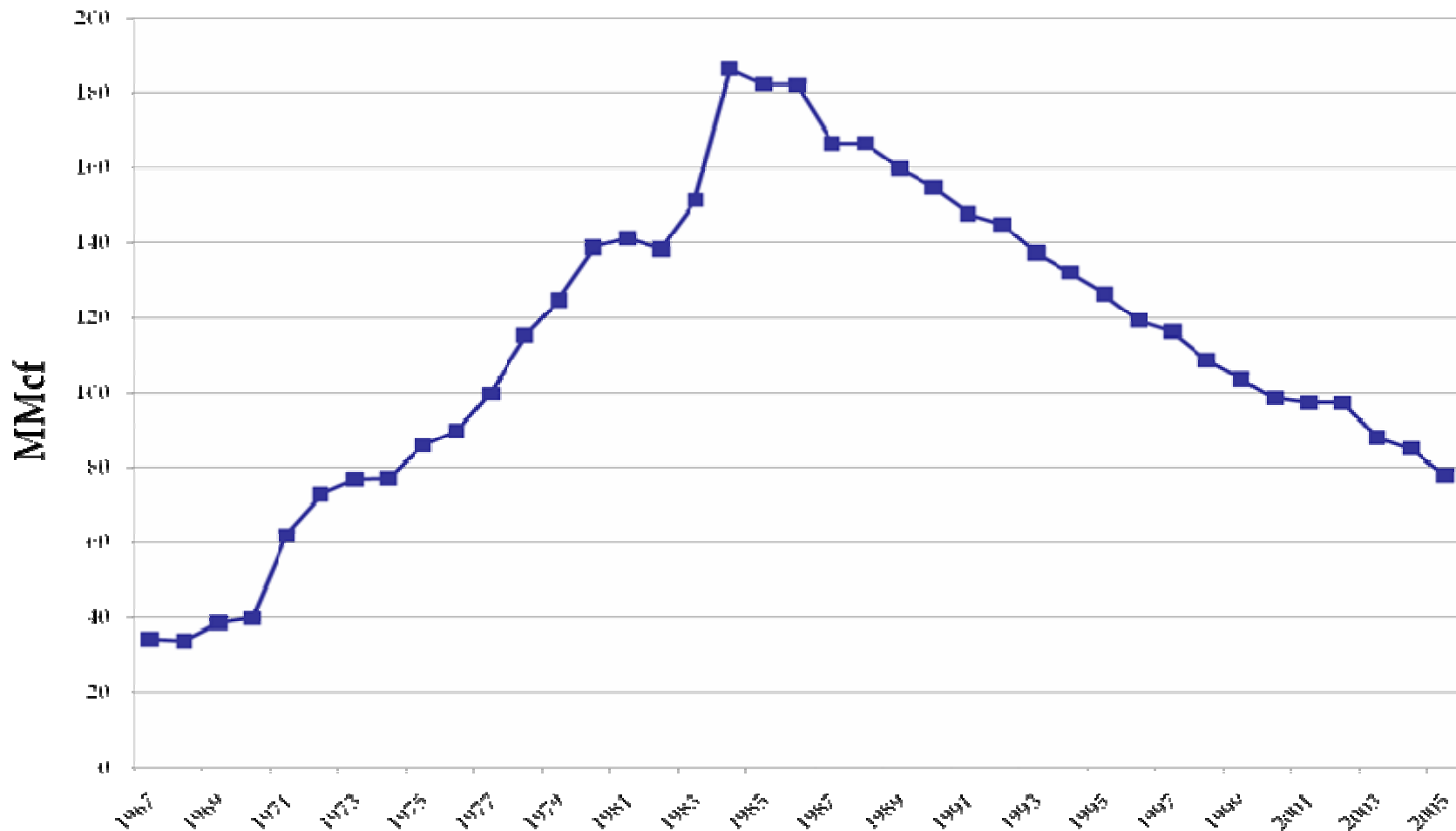
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## Supply Drop- Reduced Gas Production within Ohio

### Ohio Natural Gas Withdrawals from Gas Wells (MMcf)





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## EPAct of 2005 Siting

- FERC has increased authority to site natural gas and electricity transmission facilities when in the national interest.
- Goal of reducing duplicate reviews and reducing redundancy so that facilities can be built in a timely manner.
- Coordination between the various states and the FERC is critical



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## United States Infrastructure – Three Routes for Supplies







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## Natural Gas Production Nationally



- Gulf of Mexico is presently a majority of United States production
- Canadian gas is providing the majority of “imported” gas
- East and West Coast are off limits
- Many portions of Gulf are off limits
- Rockies Express may unlock domestic gas



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## Energy Diversity- Competition of Supplies

- After Hurricanes Katrina and Rita gas utilities increased their diversity of supplies as a “hedge” against weather related supply and price uncertainty
- The United States is not energy self sufficient, so we must diversify energy suppliers from different countries and regions and forms
- Global Climate change legislation is driving force that is presently creating a dependency on natural gas and LNG.

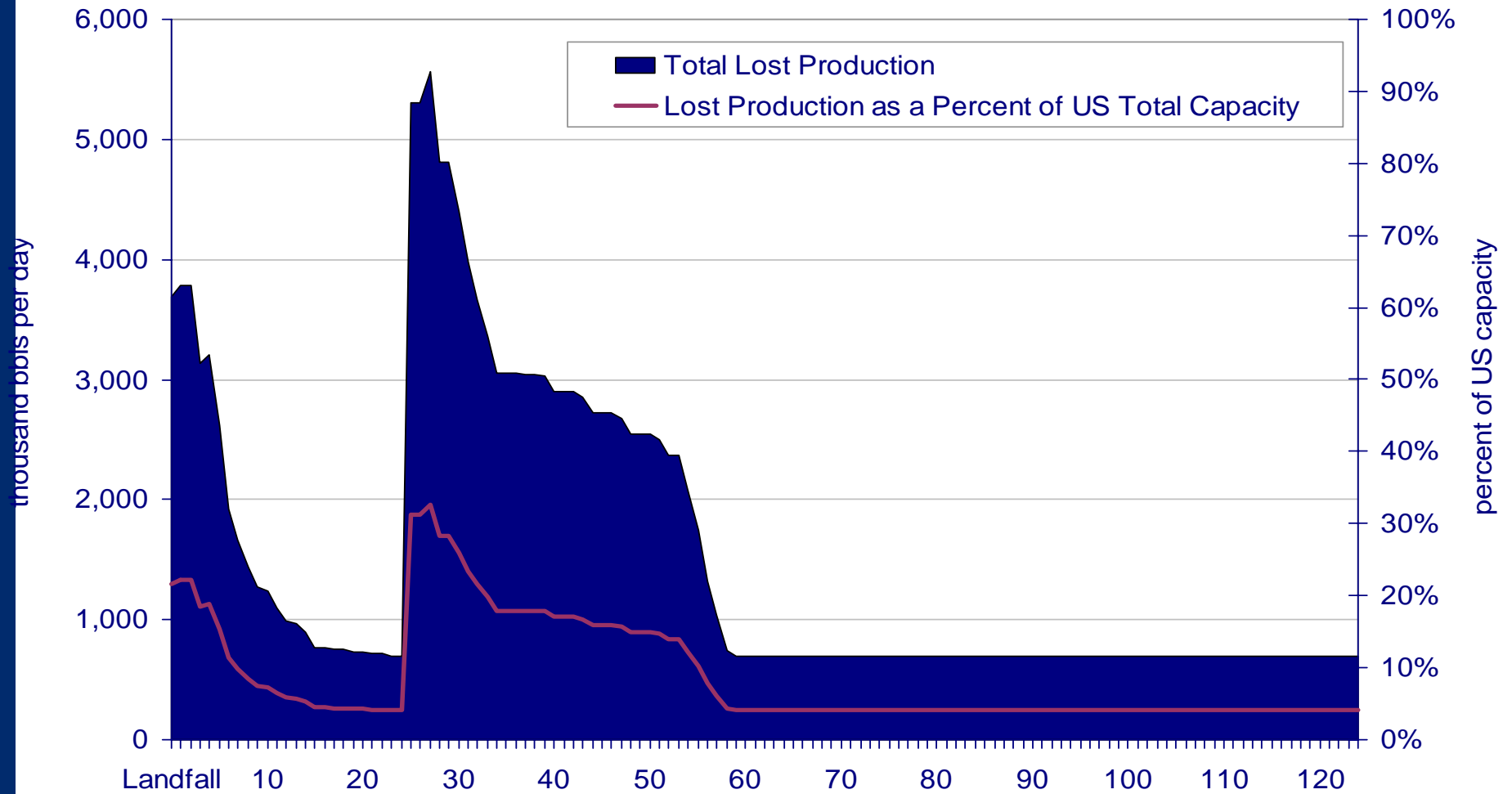


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## Lost production in 2005-2006





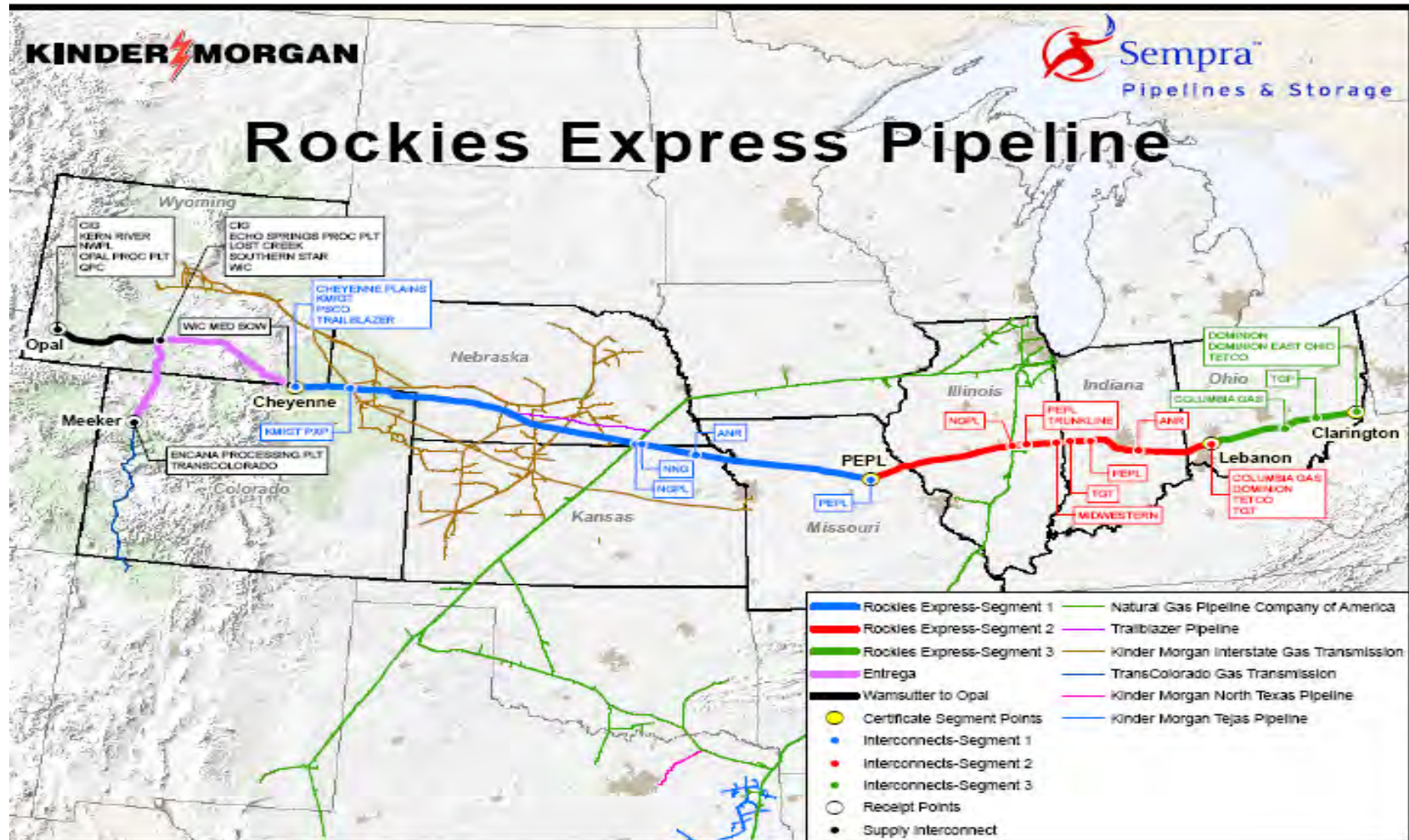


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## Increasing access to the Rockies Gas Supplies



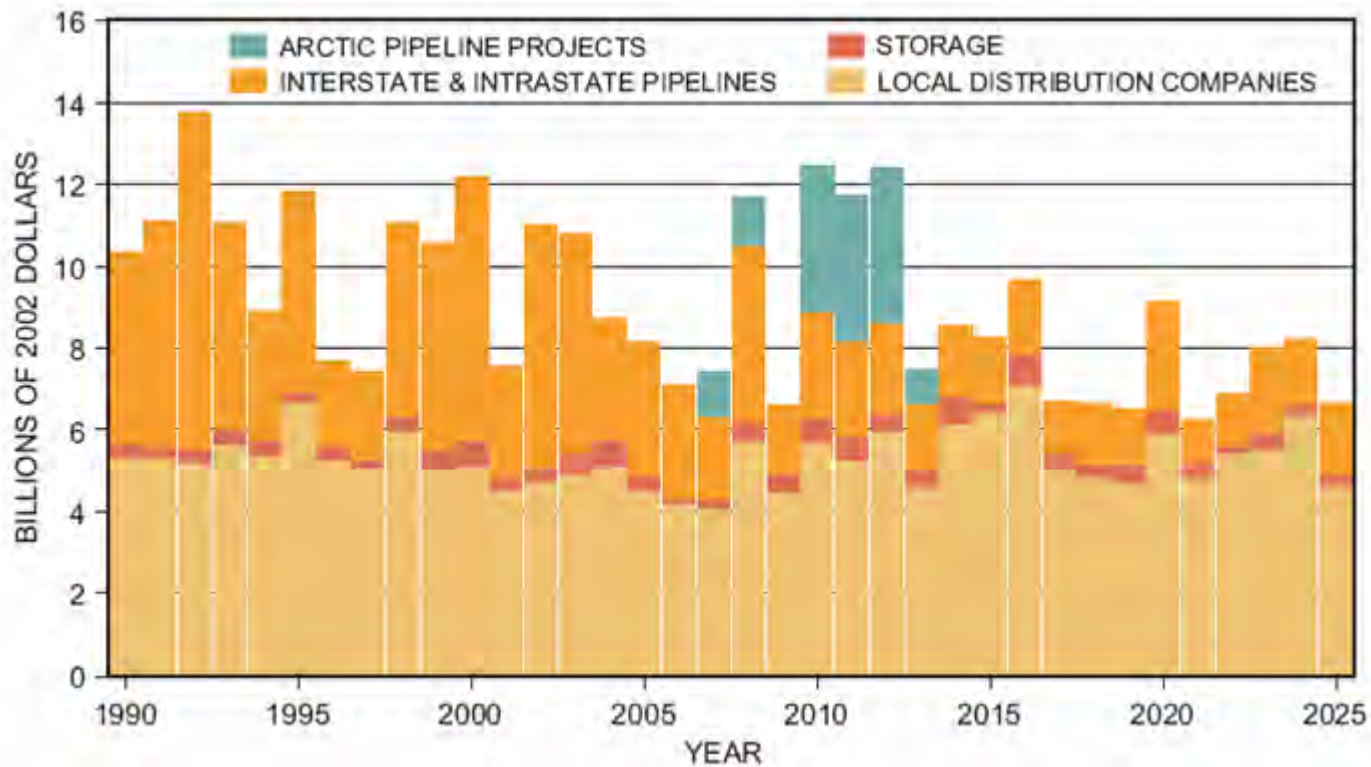


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## Projected Annual in Investments in the USA





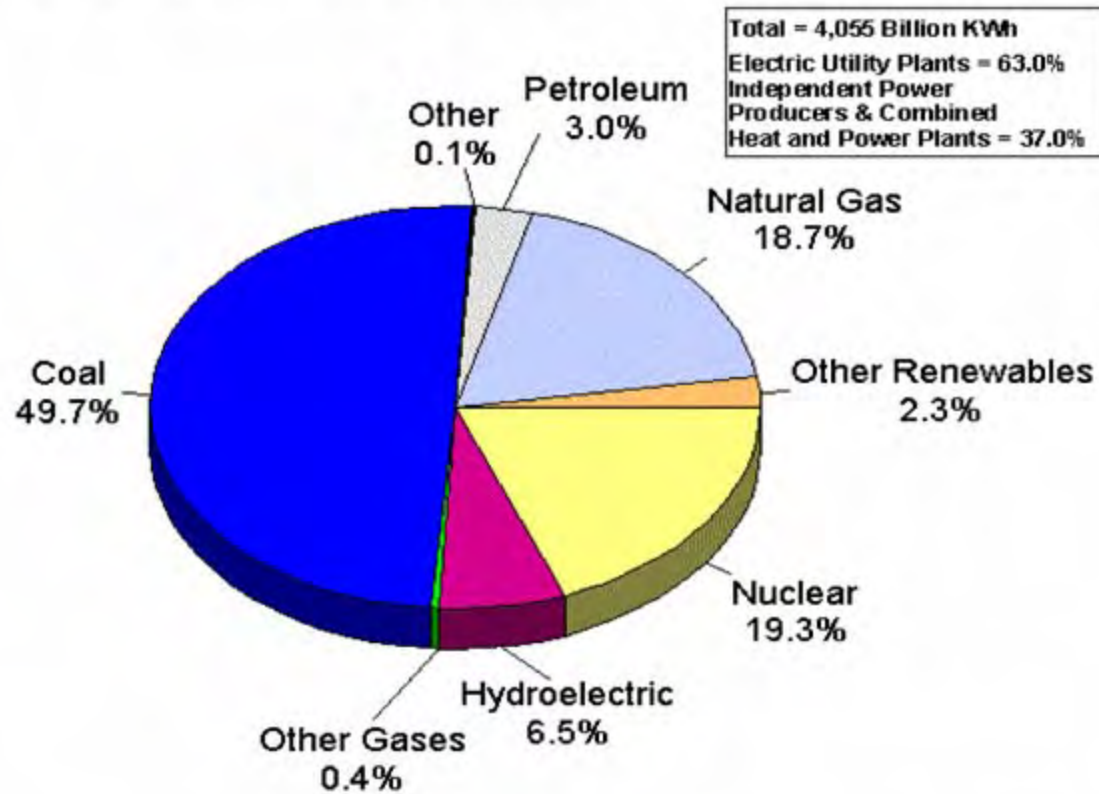
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# Diverse Fuel for Electricity Generation

Figure ES 1. U.S. Electric Power Industry Net Generation



Source: Energy Information Administration, Form EIA-860, "Annual Electric Generator Report."



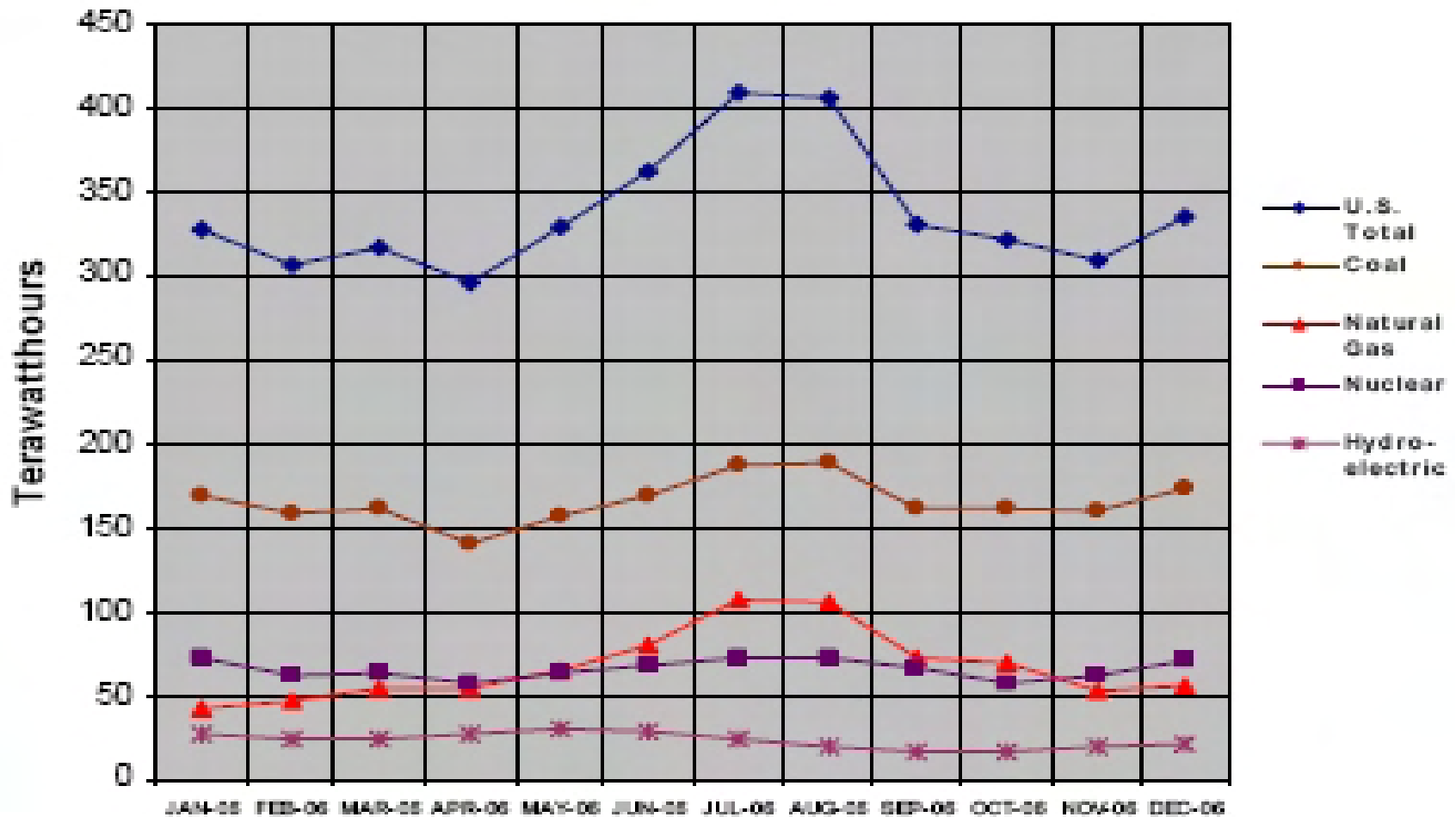


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## Diverse electricity fuel supply



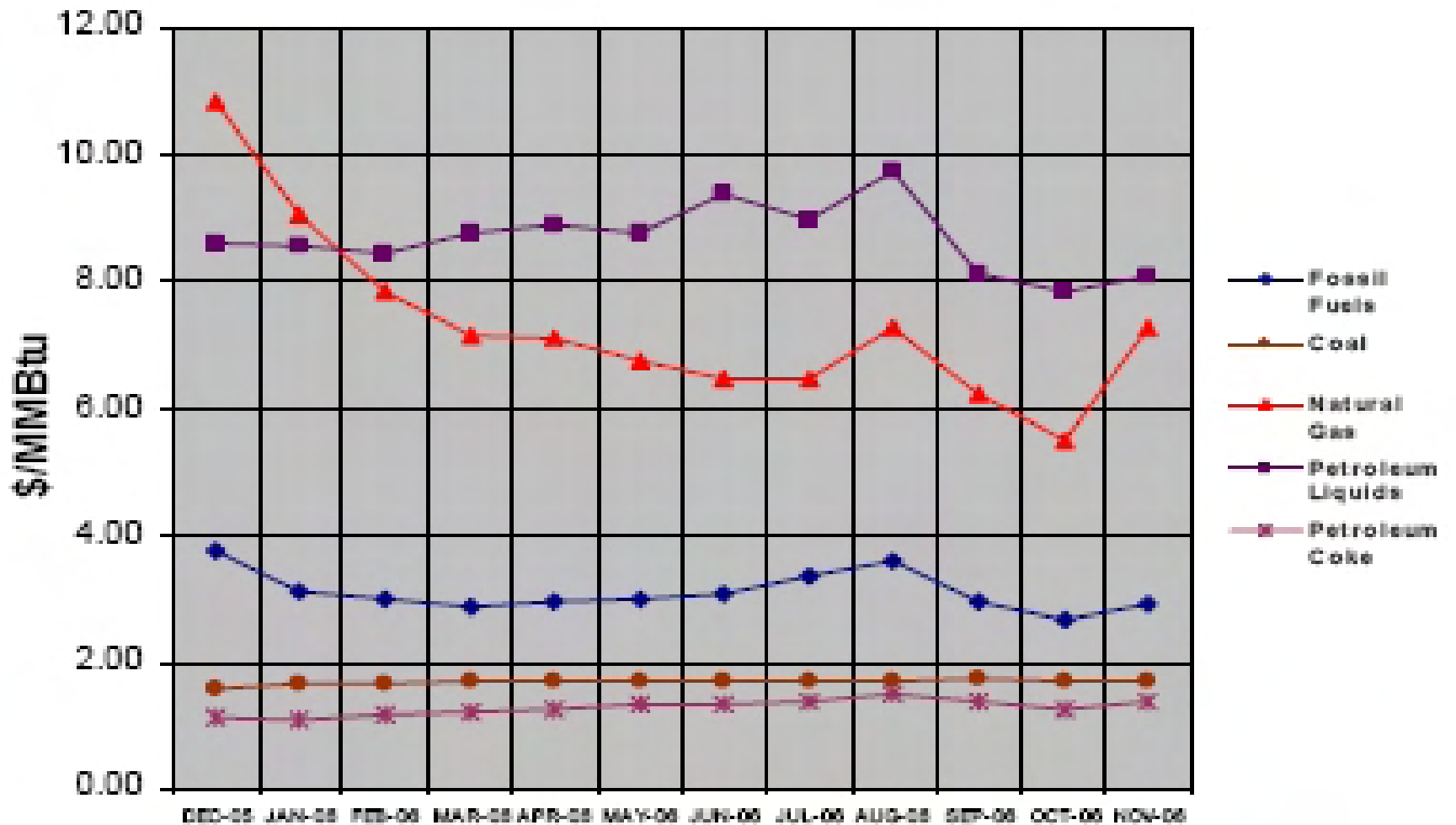


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## Electricity Fuel Cost per Million BTU





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## Existing Capacity by Energy Source, 2005 (Megawatts) Diverse Fuels

Energy Source	Number of Generators	Generator Nameplate Capacity	Net Summer Capacity	Net Winter Capacity
Coal	1,522	335,892	313,380	315,556
Petroleum	3,753	64,845	58,548	63,171
Natural Gas	5,467	436,991	383,061	412,241
Other Gases	102	2,293	2,063	2,012
Nuclear	104	105,585	99,988	101,524
Hydroelectric Conventional	3,993	77,354	77,541	77,130
Other Renewables	1,671	23,553	21,251	21,477
Pumped Storage	150	19,569	21,347	21,253
Other	45	928	841	863
<b>Total</b>	<b>16,807</b>	<b>1,067,010</b>	<b>978,020</b>	<b>1,015,227</b>





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## 2007-2008 Ohio's Energy Challenges

- Discussions of regulating utilities to help create an incentive for generation construction
- New air quality and emissions legislation and regulation may lead to regulation in order to provide revenue certainty for hundreds of millions of dollars in clean coal or coal scrubbing technologies.
- Several electricity companies are filing rate cases in order to get funding of tree trimming, vegetation management, pole and wire replacement.