

PUBLIC POWER DAILY

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Consumer groups want court to overturn FERC market rates

The Federal Energy Regulatory Commission's entire market rate regulation scheme is contrary to the Federal Power Act, Public Citizen said in a brief filed in a federal appeals court on behalf of consumer advocacy organizations and two state attorneys general. The brief argues that FERC illegally deregulated the electric rates under its jurisdiction, when only Congress has the authority to deregulate rates. The brief was filed with the U.S. Court of Appeals for the D.C. Circuit.

Public Citizen was joined in its challenge to FERC's market rate scheme by the Colorado Office of Consumer Counsel, the Rhode Island attorney general, the New Mexico attorney general, the Utah Committee of Consumer Services, the Public Utility Law Project of New York, Inc. and the National Consumer Law Center.

The case, *Cinergy Marketing & Trading v. FERC*, filed in July 2004, stems from the California energy crisis of 2000-2001. Wholesale sellers authorized by FERC to sell electricity at market-based rates manipulated the markets on a massive scale and overcharged consumers by billions of dollars, while FERC failed to ensure just and reasonable rates, the brief says.

"FERC has turned the congressional goal of protecting consumers from paying excessive rates on its head by establishing a market-based rate regime that allows energy sellers to set rates without FERC review and eliminates most of the Federal Power Act's other consumer protections as well," said Lynn Hargis, an attorney with Public Citizen and a former assistant general counsel for electric rates at FERC.

The consumer advocates are asking the court to invalidate FERC's market rate scheme.

Kansas Power Pool begins operations

Four municipal utilities in Kansas began taking power from a new power pool, the Kansas Power Pool, on May 1. The new pool "provides municipal electric utilities in the state with the opportunity to combine electric resources, load and other abilities to better serve our communities and our owners," said Colin Whitley, director of the municipal electric utility in Winfield, Kan., and general manager of the Kansas Power Pool.

The power pool is intended to give Kansas utilities more leverage with other regional pools to compete for the purchase of electric power, organizers said.

“I feel it’s a giant step for public power in Kansas,” said Bill Callaway, superintendent of utilities for the city of Clay Center, Kan., and chair of the Kansas Power Pool Committee. “It’s going to create competition” in the state, he said.

Seven cities in Kansas—Augusta, Burlington, Chanute, Clay Center, Neodesha, Wellington and Winfield—have joined the power pool. Four of these—Burlington, Neodesha, Wellington and Winfield—started to take energy from the pool on May 1. Augusta will commence service in October 2005, followed by Clay Center in 2007 and Chanute in January 2010. All of these cities are existing wholesale power customers of Westar Energy.

Several cities that buy electricity from KCP&L also have expressed interest. Altogether, cities with a combined demand of 350 MW have shown interest in the pool, said the Oklahoma Municipal Power Authority, a joint action agency that has been helping to organize the new power pool.

Short takes...

Unit 3 of the Tennessee Valley Authority’s Widows Creek Fossil Plant in Alabama set a national record for the longest continuous operation of a steam-powered generator, TVA said. The plant operated nonstop for two years and three months before employees shut it down for scheduled maintenance last month. The record of 819 days exceeds the previous 712-day national record by more than 100 days, TVA said.

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