

## **The Certainty of Uncertainty Dominates Electric Utility Leader Discussions at EUCG's Fall Workshop**

Reston, VA, October 24, 2011 – The future of the United States Electric Utility industry is fraught with regulatory, economic, and competitive uncertainty, and that trend will continue for the foreseeable future, industry leaders mused while attending the EUCG Fall Workshop in Indianapolis, Indiana last 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 38<sup>th</sup> year of service to the power generation industry.

“The sheer volume of regulatory rulemaking that we are needing to consider as we formulate our strategic and operational plans today is unprecedented in our industry,” remarked EUCG President George W. Sharp from AEP (NYSE: AEP). New rules that govern the Clean Air Act continue to be drafted by the EPA and reviewed by industry stakeholders, which often lead to wide and varied responses by interested parties. Timelines for implementation of draft rules, including the specifics for compliance, continue to shift as more and more stakeholders exact their opinions during the rulemaking process. “The only certainty we have going forward is that our industry will be confronting large amounts of uncertainty for the foreseeable future,” said Sharp.

The Fukushima, Japan, nuclear incident has also cast a modicum of uncertainty regarding the future and role of nuclear power in the United States and the world. “We believe the events at the Fukushima Nuclear Plant in Japan earlier this year have created a short-term crisis of confidence about nuclear power, but we are very confident that public perceptions worldwide will shift back in favor of nuclear generation as the actual impact of incident becomes better understood, and we implement lessons throughout the our industry,” said David Ward, Chairperson of EUCG's Nuclear Committee from Duke Energy (NYSE: DUK)

The Workshop's opening remarks were provided by Greg Fennig, Vice President of Public Affairs, Indianapolis Power & Light Company (Parent Company: NYSE: AES), responsible for overseeing internal and external communications, media relations, and advertising and community affairs. Fennig provided a first-hand account of how the current EPA rulemaking is impacting his company's operations, and how Indianapolis Power & Light intends to manage the capital investment and compliance uncertainty of the draft rules. Fennig also provided an overview of the IPLC and the role it has in being an integral player in the economy and community impact by providing low cost power within a framework of environment stewardship.

This year's keynote speaker was Thad Ewald, Vice President, Corporate Strategy and Business Development, Cummins, Inc. (NYSE: CMI), an Indiana based corporation of complementary business units that design, manufacture, distribute and service engines and related technologies. Mr. Ewald spoke on “Performance Improvement to Increase Customer Value”, which provided a chronology of the business transformation of Cummins, Inc. and the strategies and bold actions that made this happen. The Company's Vision “Making people's lives better by unleashing the Power of Cummins” underscores the emphasis that Cummin's places on good corporate citizenship in making good products while improving the communities where their employees work and live. Ewald's presentation represented

EUCG's practice of benchmarking with top performing non-utility industries . "The perspective offered by Mr. Ewald and Cummins in the keynote was refreshing, and provided a unique forum for information exchange and mutual benefit between different industries ", responded Bill Bunker, EUCG Emerging Issues Director from Alcoa (NYSE: AA) . "Mr. Ewald certainly delivered an outstanding and thought provoking presentation."

EUCG Committees held Forums to discuss current events and what the future will bring to the Utility Technologies. During all of the Forums, members were encouraged to continue to pursue EUCG's mission to support discussion and dialogue among everyone and to continue going forward.

- **Nuclear Committee:** The Nuclear Committee led by David Ward of Duke Energy (NYSE: DUK), Nuclear Chair, focused on many areas, including task team reports, using NIID to improve benchmarking, and an "open forum" addressing nuclear issues. One of the highlights of the Forum was a presentation made by Kenji Ono,(CRIEPI in Tokyo, Japan), a member of the Nuclear Forum's Japan Incident Task Force spoke about the impacts of the Fukushima (Japan) incident on the global nuclear industry. This was an excellent summary of the chronology of the incident, the impacts on environment, regional politics and related industry financials. The presentation also tabled survey results of how the member companies are managing through the various related regulatory issues.
- **Fossil Committee:** Meeting, planning and benchmarking were, once again, the main issues of the Fossil Forum led by Fossil Chairman, John Huggins, Southern Company (NYSE: SO). They discussed the Safety Case Study of the Ash System Accident at the Fayette Power Plant, and gave an update on the biomass generation development environmental regulation. Benchmarking presentations included results of a railcar maintenance survey, given by Brian Seiler, City Public Service Energy and results of a benchmarking methods and practices survey, given by Lucritia White, Tennessee Valley Authority. Best performer awards were presented to large and small coal plants for their efforts in managing Total Operations and Maintenance Costs, and equivalent forced outage rate (EFOR) during the years 2006 – 2010. Southern Company's Plant Miller received the best performer award for the large coal plant category and Tennessee Valley Authority's Gallatin Fossil Plant received the best performer award for the small coal plant category.
- **Information Technology (IT) Committee:** The IT Forum structured its meeting to provide updates on mobility trends, benchmarking results and task team reports. A presentation on IT Disaster Recovery Practices was given by Charlie Rater, CenterPoint (NYSE: CNP), and Ron Dick, Omaha Public Power District.
- **Hydroelectric Committee:** Hydroelectric Committee Chairman, Jim Miller, Tennessee Valley Authority (NYSE: TVA) presented the opening remarks and introductions for the Forum. One of the main topics discussed was the 2010 Leading/Lagging Performers and results of various surveys, which included High Availability Survey results, Staffing Survey results and Capital Expenditure results.

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- **Transmission and Distribution (T&D) Committee:** Chaired by Joe Martucci, PSE&G (NYSE: PEG), the T&D Committee focused on a variety of current issues, including the aging infrastructure vs. High Impact Low Probability Events, and best practice safety and reliability. They presented an update on the Columbus Smart Grid.

The Conference wasn't all about business... The Indianapolis Zoo offered a wonderful setting for members and their guests to unwind and socialize while petting sharks, visiting penguins, and having dinner among the dolphins. It was a "wild and roaring" time for all!

The Conference held at the Indianapolis Downtown Marriott, began on October 3 and concluded on October 5. The Conference attracted well over 100 electric utility professionals from various utility technologies from all over the world. "We are extremely grateful for the commitment from all of our members and participants," remarked EUCG President, George Sharp, American Electric Power (NYSE: AEP).

The next EUCG Conference will be held in Austin, Texas on April 15-18, 2012 at the Omni Austin Hotel Downtown. For more information, please visit the EUCG website, [www.eucg.org](http://www.eucg.org).

**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 38 year old association is organized into committees that represent specific utility functions: Fossil, Nuclear, Hydroelectric, Transmission & Distribution, and Information Technology. 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 Don Kaiser, EUCG Executive Director, at 703/234-4116 or [Kaiser@eucg.org](mailto:Kaiser@eucg.org).

MEDIA CONTACT: George W. Sharp, EUCG President, 614/716-2791, [gwsharp@aep.com](mailto:gwsharp@aep.com)

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