

legislation for deregulation, “but *only* if it satisfies a number of public interests.” In these, he included the lowering of prices for residential customers; the continuation of system reliability; the protection of investors and utility stockholders, individually and through pension funds; and, fair recovery of stranded costs.

Many members of the Senate Committee represent regions such as Idaho, Washington, North Dakota, Arkansas, and Wyoming where electric power is lower priced, and they are rightfully concerned that if every region competes for a limited amount of “cheaper” electricity, there will be a national leveling of cost, increasing prices for their constituencies. Sen. Craig Thomas (R-Wyo.) stated at the workshop, “I have a lot of rural areas. Some deregulation hasn’t been particularly useful for rural areas, like airlines.” Referencing the mergers and consolidation that have already taken place as the industry “prepares” for competition, Sen. Byron Dorgan (D-N.D.) joked that “without the Rural Electrification Administration, we’d still be watching TV by candlelight,” but everyone got the point.

Federally mandated deregulation, which may have enthusiastic support in the House, is unlikely to be passed into law in this session, there or in the Senate. But individual states are now making their own evaluations of whether to go ahead with restructuring.

New Hampshire politicians and regulators have decided that they will legislate, not so-called competition, but what the *results* of competition are supposed to be, i.e., lower rates, for which they propose to rip up the decades-old agreements between the regulators and utilities, and ratepayers and investors, and let the chips fall where they may.

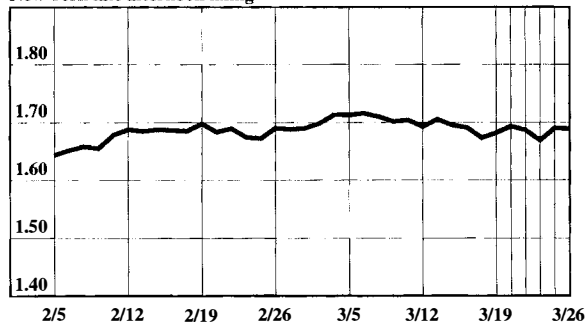
Recognizing that initiatives for deregulation could have a dramatic impact on the ability of this system to continue to deliver reliable electric power, in December, Department of Energy Secretary Hazel O’Leary established a Task Force on Electric System Reliability. At their first meeting on Jan. 16, Task Force members from the department and the utility industry expressed their concern that there may not be adequate “financial incentives” in a competitive industry to make the necessary investments to maintain reliability. The members of the task force will examine the technical, institutional, and policy questions surrounding reliability issues, and will make their recommendations available to the administration through the Energy Department Advisory Board.

Some in Congress have promoted federal legislation for electric utility deregulation in order to preempt states from enacting counterproductive local legislation. But it may be time for the federal government to act in its capacity as Constitutional guarantor of the general welfare, and to consider *superceding* destructive state legislation, especially when it could effect the welfare of citizens of neighboring states, as it would in the case of New Hampshire Public Service.

## Currency Rates

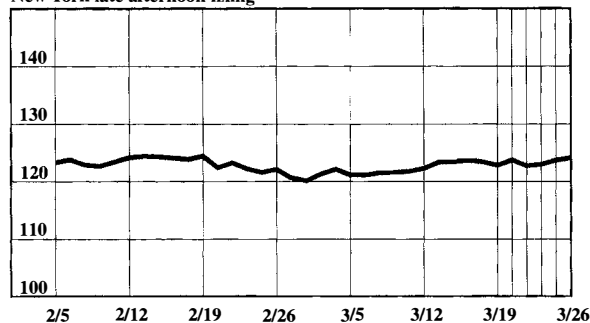
### The dollar in deutschemarks

New York late afternoon fixing



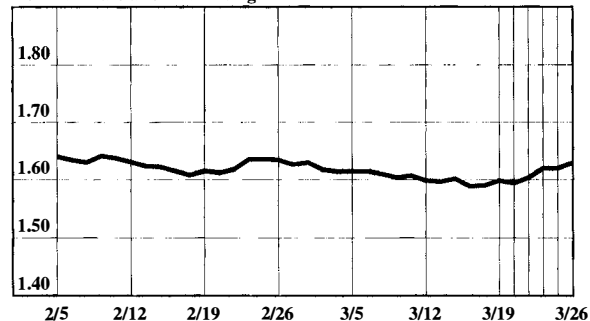
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

