

EI Frontline Report

TOM KUHN'S TAKE ON WASHINGTON

By Martin Rosenberg

TOM KUHN, THE polished Edison Electric Institute president, is riding high. His old Yale University classmate sits in the Oval Office. After years of trying, Congress last year passed a sweeping new energy legislation. As scores of energy industry executives prepare to descend on Washington for EEI's must-attend annual convention the third week of June, *EnergyBiz* presents Kuhn's views on a variety of issues obtained during a recent interview in his Pennsylvania Avenue office. The highlights, edited for style and length, follow.

energybiz: What was missed in the energy act?

KUHN: What was missing from the energy act was largely on the natural gas side. Can we get additional gas? We need to move forward exploring the continental shelf and the Arctic National Wildlife Refuge and build the proposed Alaska natural gas pipeline.

energybiz: What other issues are you tracking in Washington?

KUHN: Most of the action is currently at the Federal Energy Regulatory Commission. There are dozens of rule makings on a whole host of things. The extension of the favorable tax treatment of dividends is extremely important to our industry. We strongly believe that we need multi-emissions legislation in the future. Congress needs to discuss this. We also expect more votes on climate and certainly a lot more hearings and attention in the Congress on climate issues.

energybiz: How would you rate the administration and Congress in terms of EEI policy priorities?

KUHN: We were very pleased that the energy bill was finally enacted after four and a half years of debate. The president made a bold move redefining the economic policy of this country. He talked about the stimulus that was needed and the fact that the country was becoming too dependent on debt. He said we had to look more to equity and reduce the double taxation of dividends. Those policies are very contentious politically.

energybiz: How long have you been in EEI?

KUHN: I have been CEO of EEI since 1990.

energybiz: What has changed most in Washington?

KUHN: It is difficult to get things done because of the partisanship that's in Congress now.

energybiz: Have you had any talks with the White House on the energy agenda for 2006?

KUHN: Yes. Energy is still high on the agenda.

energybiz: Sen. Harry Reid has opposed storing nuclear waste in his home state of Nevada. How do you get around that?

KUHN: Congress has addressed this issue several times in the past, and it will have to address it one more time.

energybiz: Will the repeal of the Public Utility Holding Company Act lead to more mergers?

KUHN: There has been a pretty fast pace of change in the industry over the years. That will continue as people look for better ways to serve the customer and drive shareholder value.

energybiz: What will it take to get the power grid more reliable?

KUHN: Reliability is issue number one. One of the keys to reliability is expansion of the transmission system. We are investing a lot more in transmission than we were several years ago. We have increased it by about 40 percent, and that's extremely positive. But a continued attention on expansion of the transmission system is necessary. State, local and regional authorities know that. And although a lot of activity has been done, that needs to be built on and expanded.

energybiz: With EEI's diverse membership, what are some of the internal headaches you have to deal with that keep you up at night?

KUHN: Surprisingly enough, this industry has come together extremely well. If you look at the dozens of issues that came out of the energy act, you see a great deal of unanimity and consensus. You always have some differences of opinion. But the wonderful thing about EEI is we have been able to get the CEOs together. They understand the importance of getting together, working out their differences and getting things done in the public policy arena.

energybiz: Any regrets that the president did not name you energy secretary?

KUHN: This job has its exciting challenges.



Tom Kuhn

KUHN ON THE AGING WORKFORCE

We are setting up an organization to look at the aging workforce and to work with the Department of Labor. We plan to look at workforce issues with community colleges and other organizations that can get us some of the trained workers we need. We must alert people in these areas of the promising careers in the energy and electricity business.



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