

However, with residential sales dropping off on a per-home basis, commissioners and utilities are faced with the dilemma of either having a constant cycle of rate cases or moving away from the volumetric assignment of fixed costs. For a variety of reasons, representatives of consumer groups and some regulators have begun to embrace creating a regulatory model that works to the consumers' and the companies' benefit. Recognizing that energy efficiency and consumer education are in everyone's best interest, a growing portion of companies are moving to revenue decoupling. As a result, utilities, regulatory commissions and other public interest groups can work together to reduce demand without confusing the consumers with

mixed messages. Clearly, the regulatory tools of past decades are as outmoded as word processors and typewriters are in today's offices. Decoupling has found its way into natural gas discussions but it is very likely that electric distribution utilities will face a similar decision and residential demand cannot continue to increase. Global warming concerns, carbon reduction, increased fuel costs and other factors will ultimately curb and perhaps reduce electric consumption. Those are some of the factors that will fuel the next round of regulatory reform. I hope regulators, utilities and stakeholders will move in that direction.

*Don Mason was a member of the Ohio Public Utility Commission from 1998 to 2008.*

## The Appeal of Natural Gas

 AS MY TENURE AS THE NATIONAL Association of Regulatory Utility

Commissioners Gas Committee chairman was drawing to its conclusion last fall, I began to realize that a lot of the debate on climate policy was not headed in the most opportune direction.

When I was a collegiate wrestler, I always prided myself on knowing when to conserve and when to expend energy. Many times the difference in winning or losing a close match was decided by how I conserved energy until the most useful moment and whether I applied the right move at the right time.

Now, as I participate in many regulatory discussions about carbon caps, credits, taxes, rate decoupling and energy conservation, some of those same principles continue to shape my thought process. I am concerned that most of the focus seems to involve electricity rather than a broader energy debate. Americans are missing a great opportunity to reduce their carbon footprint and they do not even know it. We are not applying the right tools at the right times nor are we using our energy in its most efficient and effective ways.

We should be encouraging American homeowners to timely replace household clothes dryers, hot water heaters and space heaters with natural gas rather than electricity appliances. Recent studies show that for every British thermal unit of natural gas at the wellhead, approximately 0.91 Btu makes it to the home for direct use. However, only about 0.26-0.29 of every Btu of coal makes it to the home as electricity. That is a lot of energy not being brought to use within the home and



Don Mason — referee of wrestlers and utilities.

PHOTO BY TONY ROTUNDO

it really expands the carbon footprint of homeowners more than they realize.

If residential users of energy were educated on the value and environmental benefits of fuel switching, they could reduce America's need to build additional coal generation. Saving construction of baseload generation by fuel switching within the home is in our national interest.

Though nobody knows where the price of natural gas is headed, one thing is for sure. There is equal uncertainty about the price of electricity. Finally, it is unlikely that the present financial, political and economic climate will encourage the timely construction of new generation. Therefore, our best move is to use our resources most efficiently and effectively. If we would increasingly use natural gas directly in the home for cooking, heating and other domestic applications it would reduce our carbon footprint. ☺

— Don Mason



A competitive market gets  
us the freshest produce.  
And the greenest energy.



As one of the top retail purchasers of wind energy in the country, Safeway knows what it takes to be green. That's why we support competitive electricity markets, which help ensure that renewable energy sources, such as wind, have fertile ground in which to grow. In fact, today, nearly three-quarters of wind generation has developed in organized competitive wholesale markets, even though less than half of all U.S. wind energy potential is found there.

Electricity competition is helping us achieve our environmental goals. Our use of renewable wind energy has reduced our annual

carbon dioxide emissions by 55,000 tons, an equivalent of planting 45,000 acres of trees a year. The power of competition that drives our business also drives real change in how we use our energy. And that's good for everyone.

Safeway is a proud member of **COMPETE**, a national coalition of more than 215 electricity stakeholders promoting reliable, affordable electric power through competitive electricity markets. Learn how the power of choice in electricity markets can work for everyone at [competecoalition.com](http://competecoalition.com)

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