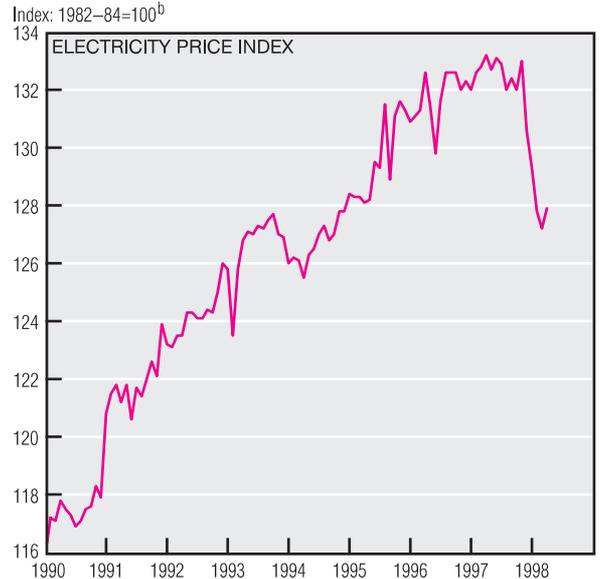
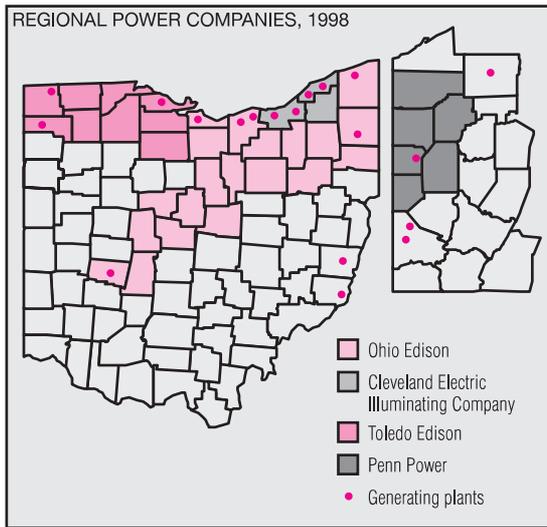
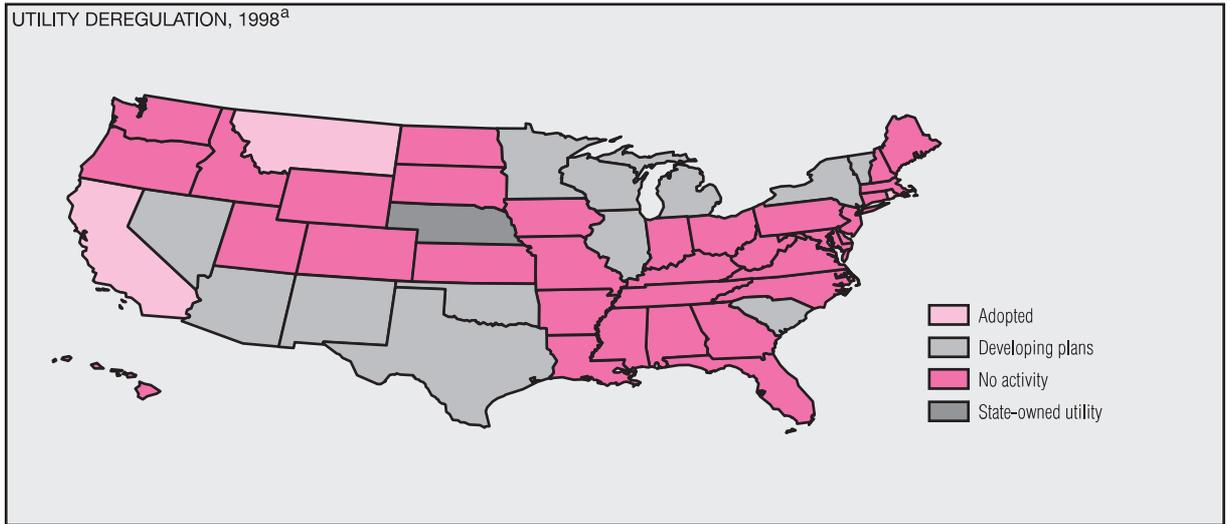


# Deregulating Electric Utilities



a. No data are available for Alaska.  
 b. Seasonally adjusted.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; Regulatory Research Associates, Inc.; and FirstEnergy Corporation.

Many states are considering deregulating their electric utilities. California has already done so, and Ohio has placed legislation before both the Senate (SB 237) and the House (HB 732). Although the two Ohio bills differ, both are designed to subject the pricing and use of electricity to the market rather than to local regulatory agencies.

What does deregulation mean? Under the current system, Ohio's local power companies produce electricity (or buy it from an outside producer), transmit it across their own lines,

and distribute it to customers according to prices set by public utility commissions. Their ability to sell power outside the region is strictly limited. Under deregulation, consumers would use the supplier of their choice, buying either from new local companies or from companies outside the region. If a nonlocal company were used, it would transmit power over lines owned by a second company, often the local one. Companies would set their price structures, which could vary according to the time of day, the

difficulty of delivering power, and demand conditions.

Northern Ohio has seen another response to market conditions: a merger of the major electric utilities into an investor-owned utility—the twelfth-largest in the nation. This may make the region an interesting example of how market forces interact, with the merger concentrating the number of suppliers in the short run, while deregulation expands the number in the long run.