

February 2009

U. S. Congressman John Tierney  
c/o Reading Municipal Light Department  
230 Ash Street  
Reading, MA 01867

Dear Congressman Tierney:

Re: Independent System Operator – New England (ISO-NE) – Fair Rates

We need your help. The price of electricity in our region has increased significantly over the past several years, which directly affects my cost to do business. I have to absorb these additional costs or pass them on to my customers, and neither option is desirable. The state of our economy is only making the situation worse.

I know my community and have supported by giving back. I want to remain here. But the economic downturn, coupled with my increasing business costs, including my cost for electricity, has begun to challenge my ability to stay above water.

My public power utility, Reading Municipal Light Department (RMLD) has tried to keep rates stable. I understand that fossil fuel prices have been volatile, but there is another factor driving up electricity prices -- the failure of electric deregulation to produce truly competitive markets in New England. Competition was supposed to lower electricity prices, but my electric bill keeps increasing.

Under Independent System Operator - New England (ISO-NE), which is regulated by the Federal Energy Regulatory Commission (FERC), power generators are allowed to sell electricity at whatever price the market will bear, under the theory that there is sufficient competition to protect electricity customers and produce fair rates. Competition is also supposed to spur investments in new electricity facilities to meet growing demand and prevent blackouts.

The results have not been promising. Prices continue to rise almost twice as fast as in regions of the country where wholesale electricity markets operate under a different structure. Some electric power generators are reaping enormous profits, and little of that appears to be directed at investments in new power plants. This is not surprising, of course, since there is more profit in scarcity than in adequacy. As all energy costs continue to remain volatile and the economic outlook remains troubled, we can ill-afford such profiteering in a service as essential to our economy as electricity.

Since this is a matter of interstate commerce, state and local officials have no authority to intervene. FERC is the agency that has oversight of wholesale electricity markets and entities like ISO-NE. The Federal Power Act is clear in its direction to FERC to protect consumers and to ensure that wholesale electricity rates are "just and reasonable." We need FERC to be much more aggressive in exercising this authority.

I ask that you and your colleagues please do the following:

- Urge Congress to hold oversight hearings on whether ISO-NE and the other regional transmission organizations are providing real economic benefits to electric consumers.
- Urge FERC to insist that ISO-NE and the other regional transmission organizations take steps to reduce costs to consumers.

RMLD brought this to my attention and now I'm asking for yours. The price for electricity in supposedly competitive electric market areas is much higher than it should be. Please ensure that our power systems work economically and fairly for all of us.

Sincerely,

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RMLD customer and name of business

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Number of years in business

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RMLD customer address

