



EYE ON THE INDUSTRY

**Monthly Notes on Issues
Affecting Wisconsin Consumers**

Losing ground? U.S. electric generation reserve margins are shrinking, the **North American Electric Reliability Council** warned in its *Summer Assessment 2006*. While predicting adequate supply during peak demand season for most utilities, the report noted that **demand growth** continues at a faster pace than the addition of new generating capacity. **Worse than the disease....** That's the result for states that tried to cure high utility rates with restructuring schemes. A survey of the nation's two-dozen biggest electric utilities finds restructured states have the highest, and often fastest-rising rates. **Hot prospects, cold feet....** One of the five most expensive utilities, Public Service Electric & Gas in restructured **New Jersey**, is a candidate for acquisition by Chicago's **Exelon Corp.**, but big Exelon shareholder Duquesne Capital Management advises directors to abandon the deal; meanwhile, Florida's **FPL Group** might back off acquiring **Constellation Energy** amid an uproar over the pending **72-percent rate hike** at Constellation's **Baltimore Gas & Electric** unit and the proposal to undo restructuring becoming an issue in the Maryland governor's race.