



ROBERT J. PELLATT
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May 15, 1997

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«title»
«company»
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«City» «PostalCode»

Dear «name2»:

Re: Retail Markets Downstream of the Utility Meter Guidelines

On April 7, 1997, the Commission issued Guidelines with respect to utility participation in retail markets downstream of the utility meter. In response to these Guidelines, the Commission is now requesting that each utility within its jurisdiction provide it with information regarding the current non-regulated activities undertaken by the utility either directly or indirectly but using utility facilities or services. In particular, the Commission is requesting that the utility provide the following information to the Commission by July 31, 1997.

1. Identification of all current non-regulated business activities undertaken by the utility directly or by a related-NRB using some utility facilities or services.
2. Identification of any regulated activities which the utility currently provides but plans to provide on a non-regulated basis, either directly or through a non-regulated company, within the next three years.
3. Based on the items identified in item 2 above, a preliminary strategy for affecting the transfer of any items which the utility currently plans to move to unregulated provision within the next three years. If it is planned to use utility facilities or services in the provision of these services, either through a transition period or on a long term basis, this should be identified. In addition, the utility should provide an initial justification for why the use of utility facilities or services is acceptable.

4. A draft transfer pricing policy to apply to the provision of utility services and facilities to non-regulated activities. If exceptions to the policy are desired for any non-regulated activity, these exceptions should be clearly identified.
5. A draft code of conduct to apply to the provision of utility services and facilities to non-regulated activities. If exceptions to the code are desired for any non-regulated activity, these exceptions should be clearly identified.

The Commission recognizes that there will be some uncertainty attached to the information provided, particularly in response to items 2 and 3. Nonetheless, this information is required to allow the Commission to ensure that ratepayers are not adversely affected by utility participation in downstream retail markets.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Pellatt', with a stylized flourish at the end.

Robert J. Pellatt

DWE/cms

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