CONTENTS

President's Message ...................................................... v
In Memoriam: J. Richard Tiano ........................................ vii
Joseph C. Swidler ......................................................... ix

ARTICLES

Regulation of Power Pools and System Operators: An International Comparison .............................................................. 261
James Barker, Jr., Bernard Tenenbaum and Fiona Woolf

Municipalization: Opportunism and Bypass in Electric Power .......... 333
Michael J. Doane and Daniel F. Spulber

Securitization and Stranded Cost Recovery .................................................. 363
Walter R. Hall II

NOTES

A Case Study for Stakeholders: An Alternative to Traditional Hydroelectric Relicensing ......................................................... 405

Lenape Resources Corp. v. Tennessee Gas Pipeline Company:
Natural Gas Take-or-Pay Contracts Under the Uniform Commercial Code ............................................. 421

BOOK REVIEWS

Gas Daily's Guide to FERC's Regulation of Natural Gas ............... 433
Reviewed by William A. Mogel

Electric and Magnetic Fields: Invisible Risks?
Possible Health Effects of Exposure to Residential Electric and Magnetic Fields ............................................. 435
Reviewed by David Zachary Kaufman

SUBMITTED COMMITTEE REPORTS

Ethics ................................................................. 443
Oil Pipeline Regulation .................................................. 449
Tax Developments ....................................................... 459
THE FEDERAL ENERGY BAR ASSOCIATION

FOUNDED 1946

OFFICERS
Edward J. Grenier, Jr.
President
David D'Alessandro
President-Elect
Elizabeth W. Whittle
Secretary
Deborah A. Swanstrom
Assistant Secretary
Robert S. Fleishman
Vice-President
Kelly A. Daly
Treasurer
Kevin M. Downey
Assistant Treasurer

BOARD OF DIRECTORS
Lawrence G. Acker
Susan N. Kelly
Carol A. Smoots
Andrea J. Chambers
Robert C. McDiarmid
Miriam A. Swydan
Barbara K. Heffernan
Paul E. Nordstrom
Philip R. Telleen
Stephen L. Huntoon
Jacolyn A. Simmons
Jennifer N. Waters

The Federal Energy Bar Association is a non-profit corporation interested in the development of federal energy law. Founded in 1946 as the Federal Power Bar Association, the Association currently has approximately 1,700 members. Included in the membership are government, corporate and private attorneys in virtually all areas of federal energy practice. The objective of the Association is “to promote the proper administration of the federal laws relating to the production, development, conservation, transmission and economic regulation of energy.” In addition to publishing the Energy Law Journal, the Association organizes and sponsors a number of activities, including a continuing legal education program during November of each year, as well as a program held in conjunction with the annual meeting each May which focuses on issues of current interest. The Association also sponsors a number of committees which monitor and report to the membership developments of interest. Complete membership and subscription information can be obtained from the Association at 1350 Connecticut Avenue, N.W., Suite 300, Washington, D.C. 20036 or by calling (202) 223-5625.

The Energy Law Journal is published two times a year. Articles by members and non-members of the Association are welcome. All manuscripts should be of substantial length, not previously published, deal with aspects of federal energy law and follow A Uniform System of Citation. A brief biographical statement should be included. All manuscripts should be sent to William A. Mogel, Editor-in-Chief, Energy Law Journal, 1225 Eye St., N.W., Washington, D.C. 20005. Only manuscripts submitted exclusively to the Energy Law Journal will be considered for publication. The opinions expressed in the published material are those of the writers and are not intended as expressions of views of the Federal Energy Bar Association. Inquiries about advertising in the Energy Law Journal should be addressed to Mr. Miller at (202) 296-2960. The Energy Law Journal is indexed in the INDEX TO LEGAL PERIODICALS, the CURRENT LAW INDEX, WESTLAW and LEXIS services.

To be cited as: 18 ENERGY L.J. ____ (1997)
© Copyright 1997 by the Federal Energy Bar Association.
ISSN 0270-9163
PRESIDENT'S MESSAGE

It is a real pleasure for me to communicate with you as the Energy Law Journal with this issue completes its 18th year of publication and its 12th year of association with the University of Tulsa. Under the able leadership of our Editor-in-Chief, Bill Mogel, and the strong efforts of the FEBA member Editors and the team at the University of Tulsa, this issue continues the tradition of strong and relevant scholarship in the energy field. The three lead articles could not be more timely as restructuring of the electric industry proceeds at the federal, state and local levels. They discuss in depth three increasingly important aspects of the new world of electricity: independent system operators, securitization and municipalization.

I am pleased to report to the membership that, through the efforts of the Foundation of the Energy Law Journal and the strong support of the FEBA membership, the Journal is within reach of becoming self-sustaining. This represents the successful culmination of the program to make the Journal self-sustaining initiated by my predecessors more than ten years ago. Congratulations to Bill Mogel, Clint Vince and the Officers and Board Members of the Foundation.

During the 1997-1998 FEBA year, the Board intends to concentrate on ways to increase services to members and to increase membership in the Association. As you know, FEBA’s home page is up and running at www.feba.org, and we are experiencing an increasing number of hits each month. We have established a category of student membership and are in the process of establishing a student internship program designed to support students spending some of their summer period working at the FERC. We are also in the process of seeking FEBA membership in the Bar Leadership Group, a group of independent bar associations in the District of Columbia that meet and coordinate under the auspices of the D.C. Bar.

Under the able leadership of our three Program Co-Chairs, Jim Bailey, Kathy Edwards and Beth Emery, the Program Committee has developed plans for an outstanding Mid-Year Meeting on November 20-21, 1997. The theme of the Meeting will be “Regulation in an Era of ‘Supervised Competition.’”

FEBA’s able administrator, Lorna Wilson, has just procured state of the art computer hardware and software, which should enhance her ability to provide service to the membership. Lorna has served the Association faithfully and well for ten years, and the Officers and Board Members of the Association wish to express their appreciation for her good work.

All of us in the Association are saddened by the passing of J. Richard Tiano and Joseph C. Swidler, both long-time members of the Association. Rich Tiano served as President of FEBA and labored long and hard on the Foundation Board to bring the Journal where it is today. Memorials appear elsewhere in this issue of the Journal.

The Officers and the Board thank you for your continued support of the Association and its programs. With your help, we are looking forward to a fruitful and successful FEBA year.

Edward J. Grenier, Jr.
President
IN MEMORIAM

J. Richard Tiano, a former President of our Bar Association and Director of the Foundation of the Energy Law Journal, died at age 53 on March 26, 1997. At the time of his death, he was Vice President and General Counsel of Southern Connecticut Gas Company. He also served as the Chairman of the Connecticut Council of the American Red Cross.

After graduating Phi Beta Kappa from Georgetown University and its Law School, Richard entered private practice in Washington D.C. For twenty years, he enjoyed a distinguished career that culminated in partnerships in two prominent law firms, and service as Solicitor at the Federal Power Commission.

Richard performed significant service that advanced our Bar Association and ensured the viability of the Energy Law Journal. He was a contributor to several issues, including co-author of a lead article for the Inaugural Issue in 1980. But Richard’s most enduring contribution to the Journal, was his conceiving and nurturing the development of the Foundation of the Energy Law Journal. His vision now assures a strong financial basis for the Journal that will benefit all members of our Association and the Journal’s subscribers.

Richard was a devoted husband to Janice, and a proud father of a son and a daughter, both of whom are lawyers.

Richard Tiano exemplified the very best of our legal profession. He was a determined advocate, a careful scholar, and a man of unassailable integrity. He will be missed.
IN MEMORIAM


Joe graduated from the University of Chicago law school. He practiced law in Chicago with David E. Lilienthal, who attracted Joe to the TVA, where he later became general counsel. He left TVA in 1957, after 24 years of service, to enter private law practice in Tennessee. A few years later, President John F. Kennedy named Joe to head the Federal Power Commission. In 1965, he entered private practice in Washington, D.C. Once again, after a few years of law practice Joe was called to service by New York Governor Nelson Rockefeller to serve as chairman of the New York State Public Service Commission from 1970-1974. Joe returned to Washington in 1975. At age 75 he joined with others to establish a new law firm, Swidler & Berlin.

Perhaps Joe’s most lasting legacies arose from his persuading the power industry to establish the Electric Power Research Institute and the gas industry to establish the Gas Research Institute, and for state regulatory bodies to create their own research arm known as the National Regulatory Research Institute.

In his later years, Joe’s work load subsided, but not his intellectual curiosity or his wit. He is survived by his wife Gretchen (married 52 years), his daughter Ann, his son Mark, their families and a legion of friends and admirers.
Foundation of the Energy Law Journal

CONTRIBUTORS*

Sustaining

Bruder, Gentile & Marcoux
Gallagher, Boland
Meiburger
Mayer, Brown & Platt
Ross, Marsh & Foster
Van Ness Feldman, P.C.
Vinson & Elkins L.L.P.
Wright & Talisman, P.C.

Corporate/Law Firm

Crowell & Moring L.L.P.
Morley Caskin
Schiff, Hardin & Waite
Verner, Liipfert, Bernhard, McPherson
& Hand

Friends

Questar Corp.
The Southern Connecticut Gas Company

Contributors

Aston & Bird
Bosek Law Firm
Burlington Resources Oil & Gas Co.
Law Office of
Jon L. Brumenkaart
Carter & Cates
Columbia Gas Transmission Corp.
Cone Mills Corp.
Cullen and Dykman
Curran & Corbett, P.C.
Davis Wright Tremaine
Eaton and Cottrell, P.A.
Express Pipeline

Law Offices of
Thomas C. Gorak
Hudson Gas Systems, Inc.
Independent Energy Producers
Assoc.
John Hengerer
Linck & Lewis
National Association of
Regulatory Utility
Commissioners
National Rural Electric
Cooperative Association
Northwest Natural Gas Co.

Individual

Sustaining

Stephen A. Herman
Clinton A. Vince

Law Offices of
Richard D. Avil, Jr.
Charles H. Brownman
Paul W. Fox
Freddi L. Greenberg
John F. Harrington
Scott Hempling

Friends

Northwest Power Enterprises, Inc.
Pacific Gas Transmission Co.
PECO Energy Co.
Pennzoil Semmes and Bemis
Public Service Company of
North Carolina, Inc.
Sheinfeild, Maley & Kay, P.C.
Southwestern Energy Co.
Stoel Rives LLP
Wilkinson, Barker, Knauer & Quinn

Wisconsin Public Power, Incorporated System

Contributors

Janice A. Alperin
Donna M. Attanasio
George A. Avery
James H. Bailey
Brooks K. Barkwill
Harry E. Barsh, Jr.
Rita C. Berthelot
David L. Black
William O. Bloome
David I. Bloom
Eric P. Bock
Ray S. Bozio
J.A. (Lon) Bouknight, Jr.
June P. Broadstone
Steven H. Brose
Thomas F. Brosnan
John F. Brown
Charles H. Brownman
Neil H. Butlerlee
Robert E. Cackowski
Cynthia Carney-Johnson

Albert V. Carr, Jr.
M. Hampton Carver
Carol Cauel
David C. Champion
John H. Chestham, III
David H. Coffman
Howard P. Coghlan
Richard B. Cole
G. Mark Cook
Roger B. Cooper
Michael D. Cotlour
Philip F. Cronin
Richard D. Cudahy
Charles M. Darling, IV
Anthony C. DeCasatis
William D. DeGrandis
Jeanne M. Dennis
Cecilia M. Desmond
Kimberly H. Despeaux
Clark Evans Downs

Jack E. Earnest
Thomas J. Eastment
Rodger T. Ederer
Eugene R. Elrod
Leslie B. Enoch, II
Juanita Feigenbaum
Ann L. Fisher
Richard J. Flynn
Cheryl M. Foley
Frances E. Francis
Jeffrey A. Franklin
Joseph F. Furay
Jeffrey L. Futter
Peter Garam
Ted P. Gerarden
Linda S. Gilbert
Marsha L. Gransee
Charles D. Gray
Richard C. Green
Cheryl K. Hachman
Walter R. Hall, II

Robert G. Hardy
Lynn N. Hargis
Roland V. Harris
Joseph R. Hartzoe
John C. Herbert
Patrick J. Hester
A. Karen Hill
Stephen S. Hill
Thomas E. Hirsch, III
Carl D. Hobelman
James J. Hoecker
John H. Holloman, III
Marcia C. Hooks
James N. Horwood
J. David Hughes
David W. Hunt
Kenneth G. Hurwitz
Ernest J. Ierardi
Timothy P. Ingram
Patrick Johnson
Thomas G. Johnson
Robert E. Jordan, III
Donald A. Kaplan
Narinder J.S. Kathuria
Charles M. Kennedy
Michael L. Kessler
Bruce F. Kiely
Martin V. Kirkwood
Scott Philip Klurfeld
William R. Koerner, Jr.
Richard J. Kruse
James R. Lacey
George R. Laidlaw
Julia A. Lake
Karyl McCurdy Lawson
Carmen D. Legato
Augustine A. Mazzei, Jr.
James R. McCotter
Becky McGee
Daniel W. McGill
Brian J. McManus
Randolph Q. McManus
Robin Meigel
Richard M. Merriman
Richard Meyer
James W. Moeller
Mark C. Mench
Charles A. Moore
H. Liza Moses
Kent D. Murphy
C.M. (Mike) Naeve
Paul V. Nolan
Robert R. Nordhaus
Richard L. Olson
John B. O'Sullivan
Steven D. Patrick
Matthew J. Picardi
David R. Poe
Patrick B. Pope
Linda S. Portasik
Kenneth E. Randolph
Richard A. Rapp, Jr.
Leslie P. Recht
Harvey L. Retter
Randall S. Rich
Charles E. Richards, Jr.
Alan H. Richardson
R. Lee Roberts
Douglas G. Robinson
Patrick C. Rock
Richard A. Rosan
Jerry E. Rothrock
Sherrie Nichols Rutherford
Keith T. Sampson
Margaret Ann Samuels
John R. Schaeffgen, Jr.
Sue Ann Levin Schiff
Charles S. Schultz
Peter M. Schwolsky
James D. Seegers
Charles H. Shoneman
Timothy K. Shuba
Frank F. Simoneaux
Halcyon G. Skinner
Clayton L. Smith
Roger E. Smith
Veronica A. Smith
S. Kinnie Smith, Jr.
Jean E. Sonneman
Alice V. Sterkel
Roderick D. Strickland
David M. Sweet
Carolyn Y. Thompson
James L. Thorne
Eugene E. Threadgill
Susan Tomasky
John J. Tonnesen
Edmunds Travis, Jr.
Gregory A. Troneill
Joseph V. Vastapoli
James B. Vasilie
Thomas Georgo Wagner
Catherine Carl Wakelyn
Linda L. Waldh
Jeffrey D. Watkiss
Joseph F. Weiler
O. Julia Weller
Stanley W. Widger, Jr.
Mark C. Williams
David M. Wise
Joseph K. Wittmer
Raymond B. Wuslich

* As of October 3, 1997