ENERGY LAW JOURNAL

Volume 21, No. 2 2000 CONTENTS President's Messageix In Memoriam: C. Emerson Duncan, IIxi Scott Klurfeldxii Melvin Richterxiii **ARTICLES** Using the EEI-NEM Master Contract to Manage Power Marketing Risks269 Andrew S. Katz The Mobile-Sierra Rule: Its Illustrious Past and Uncertain Future353 Carmen L. Gentile The Requirements of the "Just and Reasonable" Standard: Legal Bases for Reform of Electric Transmission Rates......389 Patrick J. McCormick III and Sean B. Cunningham Transmission at a Crossroads447 Richard P. Bonnifield and Ronald L. Drewnowski Should Affiliated Marketers be Treated as Insiders?......465 Kim G. Bruno **BOOK REVIEW** Energy Law and Policy for the 21st Century......479 Reviewed by William A. Mogel SUBMITTED COMMITTEE REPORT Natural Gas......485

	•		
			
		-	
		-	
		:	

ENERGY LAW JOURNAL

Editor-in-Chief William A. Mogel

Articles Editors
Issac D. Benkin
Joshua Z. Rokach
Carolyn Y. Thompson

Reports Editors Kristine L. Delkus Freddi L. Greenberg

Book Review
Julia R. Richardson

EditorNotes Editors
Stuart W. Conrad
Alex Anton Goldberg
Kenneth G. Hurwitz

Business Manager William T. Miller

THE UNIVERSITY OF TULSA

College of Law
National Energy-Environment Law & Policy Institute

Faculty
Marla E. Mansfield

Student Editors

Editor-in-Chief
Robert D. Singletary

Executive Articles Editor
Eric B. Swartz

Executive Notes & Comments Editor Kristopher E. Koepsel

Kandas D. Burnett

Articles Editors
Joseph Murphy

C. Chance Wright

Notes & Comments Editors

Christie Ingram

Bryan McWilliams

Lindsey Albers Lea Brueggeman Guy Allen Gaylor Doug Ritter Student Staff
Shawna S. Baker
John D. Cook, Jr.*
Stacie Hayes
Genevieve Schmook

Marilyn Beilke* Michael Davidson Grant Johnson

^{*} denotes senior staff

THE ENERGY BAR ASSOCIATION

FOUNDED 1946

OFFICERS

Joel F. Zipp President

Paul E. Nordstrom President-Elect Jacolyn A. Simmons Vice-President

Deborah A. Swanstrom Secretary

Donna M. Attanasio

Treasurer

Antoine P. Cobb Assistant Secretary

Lisa S. Gast Assistant Treasurer

BOARD OF DIRECTORS

Thomas L. Blackburn Richard P. Bonnifield M. Lisanne Crowley Kelly A. Daly David T. Doot Eugene R. Elrod Robert S. Fleishman Sanford L. Hartman A. Karen Hill Andrew S. Katz Elisabeth Myers-Kerbal Mary Ann Ralls Harvey L. Reiter Elizabeth W. Whittle

The 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 nonmembers of the Association are welcomed. 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, Squire, Sanders & Dempsey, P.O. Box 407, 1201 Pennsylvania Ave., N.W., Washington, D.C. 20044-0407. 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 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.

By submitting materials for publication in the *Energy Law Journal*, you agree that any such materials including articles, notes, comments, book reviews, and committee reports that are published in the *Journal* are "works made for hire," and you assign all rights in and to those written works to the Energy Bar Association.

To be cited as: 21 ENERGY L.J. ____ (2000). © Copyright 2000 by the Energy Bar Association ISSN 0270-9163

PRESIDENT'S MESSAGE

As President of the Energy Bar Association, I appreciate this opportunity to address you through the *Energy Law Journal* as it completes its 21st year of publication. The *Journal* has a rich and continuous tradition of publishing in-depth, scholarly articles addressing far-reaching and critical issues in energy law.

On behalf of the Energy Bar Association, I would like to extend our appreciation and thanks to our Editor-in-Chief, Bill Mogel, for his dedicated and tireless leadership in producing the *Energy Law Journal*. The EBA Board of Directors also extends its thanks and appreciation to the students of the University of Tulsa for their contributions and efforts in publishing the *Journal*.

I am pleased to report that through support and financial contributions by the Energy Bar Association, its individual members, and the guidance of the Foundation of the Energy Law Journal, the *Journal* is self-sufficient. This represents the successful culmination of the funding program instituted more than ten years ago.

The EBA Board is in the midst of implementing Strategic Plan 2000, to be accomplished over a three-year period. This represents the culmination of extensive research into the mission, products, and services of the Association in the context of an evolving energy industry and legal profession. Among other things, the Association changed its name to the Energy Bar Association and adopted a new logo, which is displayed on the cover of the Journal.

EBA adopted this new name to acknowledge that in addition to federal and transnational topics, local and state matters are important to our organization. Indeed, *Strategic Plan 2000* calls for us to reach out to practitioners, both state and local, and regulators across the United States. Additionally, it calls us to reach out to lawyers beyond the United States. As part of this effort, we have established liaisons with over forty federal, state, and local representatives of governmental agencies.

For the past fifty years, the EBA, the Federal Energy Bar Association before it, and the Federal Power Bar Association before it, has been the preeminent bar association for energy law. That status was achieved in two ways. First, by enhancing the professional competence of those who practice and administer energy law; and second, by providing an ongoing forum and network for the discussion of energy issues among all segments of the energy industry, including: conferences, seminars, meetings, workshops, other events, and publishing the *Energy Law Journal*.

In order to continue at this high level, EBA is encouraging not only membership, but active participation and contribution by its members. Part of my message is to ask each of you to take the time to make an active commitment to play a meaningful role in the EBA and the *Energy Law Journal*.

While the reasons to actively participate are many and multifaceted, I share with you two important reasons.

Being a Public Citizen. The preamble to the American Bar Association's Model Rules of Professional Conduct asks each lawyer to be a "public citizen," described as follows:

As a public citizen, a lawyer should seek improvement of the law, the administration of justice and the quality of service rendered by the legal profession. As a member of a learned profession, a lawyer should cultivate knowledge of the law beyond its use for clients, employ that knowledge in reform of the law and work to strengthen legal education. . . .

Networking Opportunities. Almost 300 law firms have one or more attorneys who are members of the EBA. One-half dozen associations and twenty federal, state, and local agencies have one or more attorneys who are members. In addition to these organizations, over 250 energy companies have one or more attorneys who are members of the EBA. This varied representation presents obvious networking opportunities through attendance at EBA meetings. By May 2001, the EBA plans to hold meetings in Washington, D.C.; New Orleans, Louisiana; Kansas City, Missouri; New York City, New York; Sanibel Island, Florida; and on the West Coast. We plan to conduct two live interactive broadcasts in conjunction with the Corporate Telelink Network (CTN). These programs are available in twenty states.

In addition, EBA has approximately twenty committees with members throughout the United States. We have formed a new E-Commerce Committee, in recognition of a new venue for conducting business. Additionally, the recently formed Young Lawyers Committee is planning several events for new lawyers with less than eight years of experience. I have asked that committee to work on programs to be broadcast by the CTN, and I look to this committee as the catalyst to generate an excitement and interest by young lawyers in the association and the *Journal*. Importantly, membership on our committees is open to any member of the EBA.

The EBA Board of Directors will continue our tradition of sponsoring programs of the highest quality. Under the able leadership of the Co-Chairs, Stephen L. Huntoon and Linda L. Walsh, and our Vice-Chair, Joshua Z. Rokach, the Programs and Meetings Committee have finalized plans for an outstanding Mid-Year Meeting on November 16 and 17, 2000 and have begun preparing for our Annual Meeting on April 26, 2001.

A special thanks is warmly extended to our conscientious and knowledgeable Administrator, Lorna Wilson, who has served the Association with dedication for over a decade. A warm welcome to Marlo Brown, Lorna's able assistant.

The Officers and the Board of Directors look forward to your continued interest and support of the *Journal* and the Association. We will build on our successes as we implement *Strategic Plan 2000* and continue our rich tradition by contributing to the energy world of the new millennium.

Joel F. Zipp President

IN MEMORIAM

C. Emerson Duncan, II, a long time member of the Federal Power Bar Association, passed away on August 12, 2000 at the age of eighty-one. He was born in Rockford, Illinois and was a graduate of Amherst College and Harvard Law School. Mr. Duncan was a veteran of World War II, where he served as a captain on General Dwight D. Eisenhower's advance headquarters staff in Versailles, France.

Mr. Duncan became a partner in the Washington law firm of Ely, McCarty & Duncan in the early 1950s and founded the firm of Duncan & Allen in 1970. He specialized in representation of states, municipalities, and other public agencies in water and power resources. He was one of California's special counsel in the controversy concerning the Colorado River, which culminated in the historic United States Supreme Court decision of Arizona v. California, 373 U.S. 546 (1963). He also represented the American Public Power Association and many of its members in a number of hydroelectric project licensing and electric rate disputes before the Federal Power Commission and on public power issues in Congress. Mr. Duncan's practice spanned not only the nation but extended to Africa. During the 1970s, his firm established three offices in Africa, one in Kinshasa, Abidjan, and Nairobi. "Emerson taught us not only the practice of the law, but also how to do it with those vanishing traits of grace and style," said Donald R. Allen, Managing Partner of Duncan & Allen.

IN MEMORIAM

Scott Klurfeld and his wife, Janis, died tragically in an automobile accident on March 18, 2000. Scott was only forty-seven. He was a partner at the law firm of Swindler and Berlin, and a graduate of Princeton University and Harvard Law School.

Scott practiced law in a way we now associate with an earlier, more genteel time. Although a tireless advocate, Scott was unfailingly cordial. His devotion to his clients ran deep, and yet he was never deterred from finding a resolution that would treat all parties fairly. He had no interest in self promotion, but his quick grasp of issues, his equanimity, and an unerring instinct for the key to their resolution made him a natural leader.

Scott worked hard. Because he never seemed to sleep, the work never kept him from being a constant presence in the life of his son, Zachary, and daughter, Mollie. Those of us fortunate enough to work with him closely knew it was commonplace for him to return home to help with homework, to coach his son's sports teams, to put his children to bed, and then to work through the night. Rarely has the bar been set so high for those of us who hope to reconcile a life at the top of our profession and success as parents.

Scott would never have thought of himself as exemplary. Indeed, he was self-effacing to a fault. Yet, his untimely death puts a spotlight on as worthy a soul as we have had among us. For having the privilege of knowing Scott, we have been shown how to treat one another with more respect and how to earn the trust and love of those who put their faith in us.

IN MEMORIAM

Melvin Richter, a long time member of our Association, passed away in Bethesda, Maryland on April 30, 2000 at the age of eighty-three.

Mel was a partner in Littman, Richter, Wright & Talisman, P.C., now Wright & Talisman, P.C., until his retirement in 1983. Mel was particularly well known for his appellate brief writing skills, which he honed during his time with the Appellate Section of the Civil Division of the Department of Justice from 1946 to 1957, where he became Assistant Chief. During that period, he argued cases in every United States Court of Appeals and before the Supreme Court. Because of his appellate background, Mel also participated in a number of the leading appellate cases involving the energy industry while in private practice, such as the successful challenge to the Louisiana First Use Tax. Maryland v. Louisiana, 451 U.S. 725 (1981).

Following his retirement, Mel served as a pro bono mediator in numerous cases before the Superior Court of the District of Columbia and the United States District Court for the District of Columbia.

Mel served in the Army during World War II. He was a Boston native and graduated from Boston Latin School in 1933. He received his A.B. degree, *magna cum laude*, from Harvard in 1937, and his law degree from Harvard, *cum laude*, in 1940, where he was a member of the Harvard Law Review.

Mel was a quiet, thoughtful person with a keen, analytical mind, and he will be missed by his many friends.

Foundation of the Energy Law Journal

CONTRIBUTORS*

Corporate/Law Firm

Sustaining
Bruder, Gentile & Marcoux, L.L.P.
Constellation Energy Group, Inc.
Ross, Marsh & Foster
Vinson & Elkins L.L.P.
Wright & Talisman, P.C.

Sponsors
Preston Gates Ellis
& Rouvelas Meeds LLP
Van Ness Feldman, P.C.
Verner, Liipfert, Bernhard
McPherson & Hand,
Chartered

Friends
Cullen and Dykman
Gallagher, Boland Meiburger
Huber Lawrence & Abell
The Southern Connecticut
Gas Co.

Bosek Law Firm Brunenkant & Haskell, LLP Cabot Oil & Gas Corp. Cameron McKenna LLP Contributors
Drennan & Associates
Gorak & Bay, L.L.C
NW Natural

Public Service Co. of North Carolina, Inc. Sheinfeld, Maley & Kay, P.C. Wisconsin Public Power, Incorporated System

Individual

Sustaining Stephen A. Herman Sponsors
Kenneth G. Hurwitz
Peter C. Kissel
William M. Lange
William S. Scherman
Mark C. Williams

Andrea R. Hilliard Catherine Carl Wakelyn Charles H. Brownman David R. Stevenson Donald A. Kaplan Donald K. Dankner Freddi L. Greenberg John F. Harrington Kenneth G. Hurwitz

Friends

Leslie P. Recht Mark C. Williams Paul W. Fox Peter C. Kissel Richard D. Avil, Jr. Richard J. Kruse Scott Hempling Thomas F. Brosnan William S. Scherman

Contributors

Ernest B. Abbott Janice A. Alperin Allan W. Anderson, Jr. Donna M. Attanasio Jason Austin George A. Avery Richard D. Avil, Jr. James H. Bailey Bernays T. Barclay David J. Bardin ** Harry E. Barsh, Jr. Lawrence F. Barth Kevin B. Belford Thomas L. Blackburn William O. Blome David I. Bloom Eric P. Bock Ray S. Bolze Sherri L. Booye J.A. Bouknight, Jr. John P. Bowman Steven H. Brose Kenneth D. Brown Charles H. Brownman Neil H. Butterklee Robert E. Cackowski

Margaret Caffey-Moquin

M. Hampton Carver Carol Caul David C. Champion John Clements David H. Coffman Richard B. Cole David Martin Connelly David N. Cook G. Mark Cook Michael D. Cotleur John C. Crespo Richard D. Cudahy Charles B. Curtis Robert L. Daileader, Jr. Charles M. Darling, IV Anthony C. DeCusatis William D. DeGrandis Jeanne M. Dennis William R. Derasmo Kimberly H. Despeaux Hon. Romulo L. Diaz, Jr. Heidi E. Dodd Clark Evans Downs Thomas J. Eastment Rodger T. Ederer Eugene R. Elrod N. Beth Emery

Leslie B. Enoch, II Peter G. Esposito Joseph H. Fagan David I. Fein Cheryl M. Foley Drew J. Fossum Frances E. Francis Robert J. Frank Michael J. Fremuth Eric T. Fresch Joseph F. Furay Jeffrey L. Futter Linda S. Gilbert I. Jay Golub David E. Goroff Marsha L. Gransee Gail Ann Greely Richard C. Green Freddi L. Greenberg Gary E. Guy Cheryl K. Hachman Walter R. Hall, II Lvnn N. Hargis Roland V. Harris Joseph R. Hartsoe Steven E. Hellman John C. Herbert

Patrick J. Hester Kelly D. Hewitt A. Karen Hill Thomas E. Hirsch, III Carl D. Hobelman James J. Hoecker John H. Holloman, III Marcia C. Hooks J. David Hughes Ernest J. Ierardi Timothy P. Ingram James P. Johnson Michele G. Johnson Patrick Johnson Thomas G. Johnson James D. Johnston Donald A. Kaplan Paul B. Keeler Robert W. Kehres Michael L. Kessler Bruce F. Kiely M. Frazier King, Jr. Martin V. Kirkwood Richard J. Kruse George R. Laidlaw Julia A. Lake Melissa L. Lauderdale Noreen M. Lavan Gary Levenson Duke R. Ligon William J. Madden, Jr. Michael R. Mangham Donegan Mann J. Michel Marcoux Philip M. Marston Jay Griffith Martin John P. Mathis Peter K. Matt Michael N. McCarty

James R. McCotter Keith R. McCrea Becky McGee James H. McGrew Brian J. McManus Randolph Q. McManus Richard M. Merriman Richard Meyer Rebecca J. Michael Paul B. Mohler H. Liza Moses Richard J. Munsch Kent D. Murphy Robert J. Mussallem C. M. (Mike) Naeve Robert A. Nelson, Jr. Maria Kyres Pavlou Stephen T. Perrien Matthew J. Picardi David R. Poe Patrick B. Pope Bill Prentice Shelby L. Provencher Demetrios G. Pulas, Jr. Leslie P. Recht Randall S. Rich Alan H. Richardson R. Lee Roberts Douglas G. Robinson Patrick C. Rock Richard A. Rosan A. Hewitt Rose Jerry E. Rothrock Sherrie N. Rutherford Jane I. Ryan Kevin D. Ryan John L. Sachs Keith T. Sampson John R. Schaefgen, Jr.

Sue Ann Levin Schiff Jonathan D. Schneider Charles S. Schultz Jennifer Lokenvitz Schwitzer Peter M. Schwolsky Andrea M. Settanni Charles H. Shoneman Timothy K. Shuba Roger E. Smith S. Kinnie Smith, Jr. William H. Smith, Jr. Alice V. Sterkel David R. Stevenson David M. Sweet David G. Tewksbury Carolyn Y. Thompson Steven G. Thomson Reed James L. Thorne Eugene E. Threadgill Thomas C. Trauger Edmunds Travis, Jr. Gregory A. Troxell Joseph V. Vasapoli James B. Vasile Thomas George Wagner Catherine Carl Wakelyn Cheryl J. Walker Linda L. Walsh David B. Ward Wendy B. Warren Jeffrey D. Watkiss Joseph F. Weiler Adam Wenner Stanley W. Widger, Jr. Walter J. Wilkerson Mark C. Williams Anita R. Wilson Joseph K. Witmer Raymond B. Wuslich

^{*} As of September 15, 2000

^{**} In Memory of Reuben Goldberg

		· .	
		,	