Competing with a Utility Monopoly.

How are consumers hurt?

With special status and monopoly powers, consumers need to be protected from utility expansion by regulators and elected representatives. Consumers have no choice but to use monopoly utilities and are denied the power of consumer choice to express their displeasure and demand fair treatment. Allowing regulated monopoly utilities to expand into unregulated industries places all consumers at significant and unnecessary risk.

DIVERTED FUNDS	Utility retained earnings diverted from reinvestment, storm preparations and rate reductions are reallocated to new unregulated subsidiaries.
REDUCED COMPETITION	If utilities are permitted to control the market or limit competition, consumer choice is reduced. Yet the consumer has been required by the state regulatory commission to subsidize the indirect costs of the utility to conduct its unregulated activities which are now reducing consumer choice.
INCREASED CONSUMER COSTS	The diverting of revenue and assets to non-utility subsidiaries increases the costs of future expansions for the utilities, which increases the rate base and utility charges levied on consumers.
LACK OF OVERSIGHT	The pyramid of interoperating subsidiaries makes tracking and protecting ratepayer assets nearly impossible. *The Federal Energy Regulatory Commission (FERC) concluded that neither FERC nor State regulatory commissions can adequately regulate transactions between utilities and their affiliated companies to ensure that subsidiary costs are not passed on to ratepayers.*
MANAGEMENT DILUTION	Utilities are granted monopoly status because they provide a vital infrastructure need. Utilities focusing staff and managerial resources on entry into new unregulated industries are not acting in and focused on the public interest.
CONSUMER RISK	If a subsidiary fails, negative impacts to the holding company risk the operating viability of the utility and any risk, cost or penalties borne by the ratepayer has been involuntary.

"Managerial attention might be diverted from providing an essential commodity—electricity or more broadly, energy services—to other areas.... It is simply a recognition that diversification is a procedure designed primarily to increase the profits for the benefit of the stockholders. The over-aggressive pursuit of this goal could occur at the expense of the utility and its captive customers." **The American Public Power Association**