



The Utility CEO's Speech to Employees

(Applause, cheering) Thank you. *(Applause)* Thank you, please be seated. And thanks to you Vice President Jones for that flattering introduction.

We have decided to have these quarterly employee meetings because our company is entering a critical time, and you all need to be informed about what is happening. As you know we are in the process of creating the biggest capital asset in the company's history into our capital ratebase. Our nuclear plant construction cost is increasing significantly above the initial official budget we used to get approved. The extra billions we must get into ratebase will mean a huge increase in our earnings.

We are carefully getting as much sunk cost behind us as possible before officially acknowledging what the final cost for the project will be. Since our justification for continuing the construction is that the cost to complete the project is cheaper than an alternative, the more sunk cost we have behind us, the greater the acceptable future cost overruns.

The challenge of explaining all this to the public in a convincing way requires effort by us all. Further, our regulatory team must develop plausible sounding excuses for our partners, the state utility regulators.

Some of you may wonder why we often use baloney and double talk when the truth would have served our purpose just as well. But this company has a tradition of using sophisticated finesse and guile to accomplish our regulatory goals. Further, we coat all our arguments with a layer of hypocrisy that has become our trademark. We have pulled off more regulatory scams than any other regulated utility in the country. Sure, we have the dumbest utility regulators of any state; but it takes more than that to achieve our politically granted \$200 million in excess profits year after year. It takes the ruthless commitment and dedication of some of the slickest talking regulatory lawyers in the industry.

Since the 1990's when the threat of competition kept our industry terrified and scared to overinvest in ratebase, we have waited. Once the threat of competition passed it was back to the business of finding ways to bamboozle the public. When the US electric industry began its campaign for a renaissance in cronyism, we were seen as the natural leader. We not only are one of the biggest utilities in the country; but when it comes to passing through dubious cost, getting regulators to approve outrageous policies and soaking up large amounts of capital, the other utilities can only wish they had our political skills. That's why we will rise to this challenge; we will dream up the rationalizations our regulators need to repeat to the public. We will justify these nuclear cost overruns with all the half-truths, exaggerations and baloney necessary to fool the public as we have so many times before.

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