The intercepted correspondence below is of interest to energy users because it reveals the true origin and purposes of regulation. Jim Clarkson, RSM

From: demon#244-regulation@hades.com
To: satan@hades.com
Date: January 3, 2007
Subject: Progress Report

Dear Boss,

Before I begin my report on how our efforts are bringing misery and woe to the mortals that inhabit the country known as America; I wish to again thank you for the promotion making me Chief Demon of state utility regulation. Rest assured that I am doing my best to bring out the worst in humans, keep them confused, cause them to waste their resources and condemn them to a reduced standard of living. You have given me wonderful tools to work with. The creation of utility regulation is truly a credit to your diabolic abilities. No wonder you are known as the CEO of Darkness. I am honored to have the responsibility to build on your wicked creation and use it to spread mischief, engender greed in men's hearts and undermine the otherwise natural harmony of human relations.

I have only been in my new assignment a short time, but I have already done much to corrupt the souls and insult the intelligence of all the humans that come in contact with utility regulation. Regulation attracts those who seek undeserved power and wealth. Virtually all the participants in the regulatory process ask for things they should not have. Utilities want to ensure recovery of their bad investments and wasteful operating practices while making an above market profit. Politicians and bureaucrats use regulation to entrench and expand their power to interfere in the economy. Customer groups fight among themselves to shift costs to others. Environmentalists use regulation to manage other people's lives.

Recent developments have shown the wisdom of your diverting the drive toward competition and "deregulation" into a system of managed competition, which of course failed miserably. Instead of actually decreasing regulation, the adoption of a system of mandatory common access and guaranteed recovery led to an increase in regulation. Not only did the phony deregulation not work, it discredited true free markets; all of which ensures continued unnecessary torment for American humans, at least for awhile.

But we are not without our problems. A growing body of economic thought is challenging the very rationale for regulation and savagely pointing out its shortcomings. Additionally, there is evidence all around humans showing that open markets and competition produce many benefits. It is getting harder to keep the people bamboozled about the need for regulation. Wave after wave of criticism is undermining the very foundations of regulation; we definitely need a new top-down authoritarian program to administer as a way to shore up its sagging justification.

From: satan@hades.com
To: deamon#244-regulation@hades.com
Sent: January 5, 2007
Subject: RE: Progress Report

Dear Underling:

Keep up the good work. I am well aware that the system of ruinous utility regulation we have managed to impose on humans rests on shaky ground. The scam is so obvious it is simply amazing that humans have tolerated its existence and growth.

Fortunately, I have come up with another stratagem to further destroy earthly freedom, happiness and prosperity while strengthening the justification and expanding the scope of regulation. We must further politicize energy use by mandating conservation. Utility regulation will only play a small part in the huge scam concerning 'global warming.' The planet earth goes through warming and cooling cycles which even we here on the other side of the River Styx, with our vast dark powers, cannot influence. Humans have even less ability to affect temperatures on earth. By playing on their ignorance and vanity, our misguided agents have humans convinced that their activities have an enormous impact on raising the earth's temperatures. It's absurd, of course, but we have fooled them before using similar far-fetched ideas.

So here's the nefarious plan. We get the state utility regulators in the name of saving the world to impose mandatory conservation and the use of 'renewable' energy on the users of energy. The burden will be particularly heavy on our favorite victims, the poor. We have the regulators order all kinds of expensive conservation and efficiency programs be implemented. Government directed programs always crowd out entrepreneurial efforts and innovations, so the fools will end up with less of the conservation they seek. To ensure the maximum waste and inefficiency in administering the programs, we'll have the utilities carry them out. Decades of regulation have eradicated the ability of utilities to do anything without huge expenses and sorry results. Also the utilities will be forced to buy high-priced energy made from renewable sources. All these programs make hash of the emerging market conditions in the power industry. The whole scheme promises to enhance and entrench the power and scope of regulators.

This is a true lose-lose-lose situation. Humans will endure additional suffering and privation. Efforts to bring market principles into the utility business will be stifled. And best of all, our unwitting allies, the regulators, will be strengthen and continue making major strides towards the all-around regimentation and impoverishment of the American people.