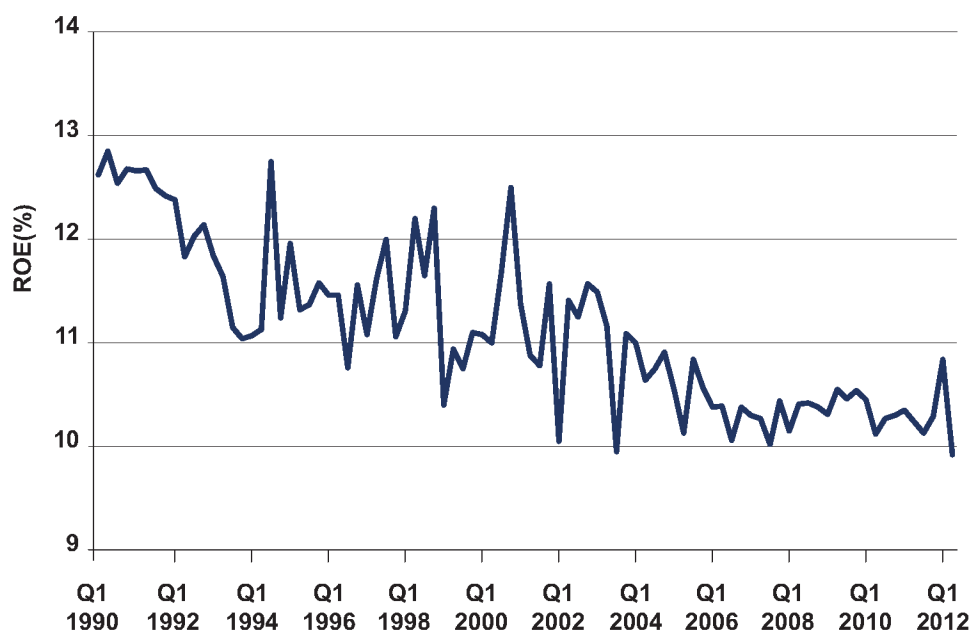


Exhibit 4 History of Allowed ROE's (U.S. Shareholder-Owned Electric Utilities)

(Based on regulatory cases settled each quarter)



Source: SNL Financial/Regulatory Research Associates (RRA), EEI Rate Department

Telephone Industry Parallels

There are other examples in other industries that can provide lessons as to the risks of disruptive change confronting the U.S. electric utility industry. The once fully regulated, monopoly telephone industry provides one clear example. The telephone industry experienced significant technological changes that led to deregulation—initially in the long-distance sector and then followed by the local exchange market.

Beginning in the 1970s, the impact of an array of new technologies (e.g., satellite, microwave, and fiber optic technologies) led to increased telephone system capacity and a reduction in the cost of providing telephone service. These technological changes provided the opportunity for competition by new entrants using newer technologies, while the monopoly service provided by AT&T used older analog technology. In 1974, MCI, a new entrant, filed an anti-trust case challenging AT&T's monopoly powers in long-distance telephone service. The U.S. government ruled against AT&T in 1982, which led to a negotiated plan to break up the Bell system, which was completed in 1984. As a result, long-distance telephone service and the Bell Labs' research arms were housed in AT&T. The local provision of phone service (i.e., intrastate regional calls) was to remain regulated and was to be provided by seven Bell Operating Companies ("the Baby Bells"). By 1996, the Telecommunications Act opened the local telephone market to competition and allowed for Internet providers to acquire spectrum services.

Dramatic technological change has evolved over the past 35 years, which has led to the development of a new infrastructure system; new services that are providing abundant transfer of information; and the convergence of voice, data, and entertainment into one combined service from what had previously been