

POLICY POSITION ON REGIONAL TRANSMISSION ORGANIZATIONS

BACKGROUND

As the electric utility industry is undergoing structural change and there develop numerous issues between federal and state authorities, the states, with their various public service commissions, and the federal government are developing strategies to deal with change. The states, which have traditional authority in overseeing electric utility activities within their respective boundaries, remain interested in maintaining primacy in working with this industry. On May 12, 1999, the Federal Energy Regulatory Commission (FERC) voted unanimously to issue a Notice of Proposed Rulemaking on Regional Transmission Organizations which will have impact on all Southern states.

RECOMMENDATION

The Southern Legislative Conference (SLC) of The Council of State Governments urges FERC to continue to rely on a collaborative process with the states and other stakeholders to develop this proposed rule. The Southeastern Association of Regulatory Utility Commissioners (SEARUC) recently passed a resolution urging the FERC to continue this collaborative process. The SEARUC is encouraged that the FERC appears to be providing "significant flexibility for regional organizations to evolve based on regional differences and market forces in a time frame appropriate for local circumstances." We encourage the FERC not to mandate the creation of a "one-size-fits-all" regional transmission organization. The Southern Legislative Conference is cognizant of state concerns that there be no federal mandates and that states have the flexibility to deal with this very complex industry, with the overriding interest that its constituents have reliable service and reasonable rates. We support SEARUC in its commendations of FERC for the "collegial and collaborative process" that seems to be ongoing, and the SLC desires its continuation.

Finally, the members of the Southern Legislative Conference request that this policy position be dispatched to the SEARUC members and FERC commissioners.

Adopted by the Southern Legislative Conference of The Council of State Governments, July 20, 1999,
Kansas City, Missouri