



WESTERN GOVERNORS' ASSOCIATION

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September 12, 2001

The Honorable Jeff Bingaman
Chairman
Senate Committee on Energy and Natural Resources
SD-312 Dirksen Senate Office Building
Washington, DC 20510-6150

The Honorable Frank Murkowski
Ranking Minority Member
Senate Committee on Energy and Natural Resources
SD-312 Dirksen Senate Office Building
Washington, DC 20510-6150

Dear Senators Bingaman and Murkowski:

This follows our letter of last week, which was sent before the legislative proposal, *DIVISION B – RELIABLE, AND DIVERSE POWER GENERATION AND TRANSMISSION*, became available. At this point, we think it is necessary to reaffirm several key positions of the Governors, which are included in the attached policy resolution: *A Western States' Energy Policy Roadmap*.

- The existing authority of states over retail electric power sales must be retained, and all transmission to and from any retail entity should remain subject to the jurisdiction of the states. We oppose provisions giving the Federal Energy Regulatory Commission (FERC) authority to set retail transmission rates.
- We oppose proposals to give FERC authority to set and enforce reliability standards. The agency does not have the expertise, resources or local knowledge to successfully execute such responsibilities.
- Congress should require FERC to defer to reliability standards adopted in the West and to the advice received from states that represent an entire electrical interconnection.
- We oppose granting FERC the authority to preempt state authority to site transmission lines. FERC does not have the expertise, resources or local knowledge to successfully undertake these tasks. Western states have an excellent record in balancing the competing land use demands while enabling the siting and permitting of interstate transmission. In lieu of giving FERC the power of eminent domain in the West, we

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recommend that Congress direct federal agencies to join the states in a cooperative process to coordinate reviews of transmission line applications and resolve siting issues.

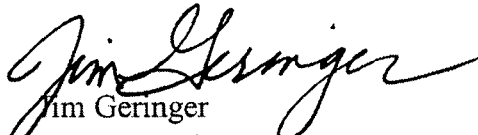
We do not think it is necessary to duplicate or displace the states' capabilities, which have been developed over the past half-century with respect to the complex issues of assuring adequate and reliable supplies of electricity, at affordable prices, within the Western interconnection. We encourage you to restrain from providing new authorization to FERC for those activities that are traditionally under the jurisdiction of the States.

We welcome the opportunity to work with you to fashion legislation that respects the authorities and strengths of the states, while providing for adjustments in FERC's national oversight necessitated by changes in the electricity sector.

Sincerely,


Jane Dee Hull
Governor of Arizona


John A. Kitzhaber, M.D.
Governor of Oregon


Jim Geringer
Governor of Wyoming

cc: Members of the Senate Energy & Natural Resources Committee
Western Senators

Attachment

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