



WESTERN GOVERNORS' ASSOCIATION

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July 24, 2002

The Honorable Billy Tauzin
Chairman
House Comm. on Energy
& Commerce
2125 RHOB
Washington, DC 20515-1919

The Honorable Jeff Bingaman
Chairman
Senate Comm. on Energy
& Natural Resources
SD-364 DSOB
Washington, DC 20510-6150

Dear Representative Tauzin and Senator Bingaman:

Western Governors have followed with great interest as Congress, the Administration and other interested entities have worked over the last 18 months to craft national energy legislation. As the House and Senate begin work on reconciling legislation in conference, we again urge you to recognize in your proceedings important regional differences in energy production, transportation and use.

Specifically, we urge any legislation resulting from the energy conference include the following provisions:

- Accept the electric reliability provisions that were overwhelmingly passed by the Senate;
- Oppose actions that undercut state authority over retail electric power issues; and
- Reject any attempt to add to the conference report any grant to the Federal Energy Regulatory Commission of the right of eminent domain for electric transmission lines.

The Senate-passed reliability provisions have broad support from Governors, electric reliability organizations, state public utility commissions, the Edison Electric Institute, the American Public Power Association, the National Rural Electric Power Cooperative Association, the Canadian Electric Association and many others. We agree with the Administration that now is the time to enact enforceable electric reliability standards. The Senate has done so and we urge you to adopt the Senate language.

We also urge you to refrain from pre-empting state authority over retail electricity issues, including local interconnection standards, demand response, net metering and consumer information and protection. States have acted in each of these areas, and important lessons are being learned

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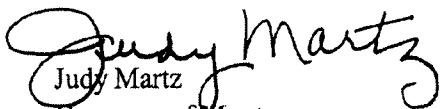
on how to craft effective policies. Now is not the time to empower the FERC to override carefully thought-out state policies. Given the costly unintended consequences that have accompanied some federal electricity policies, states should retain authority to define and test policies to meet national goals.

Neither the House nor the Senate has considered proposals to grant FERC the power of eminent domain for siting electric transmission lines. The conference committee should not include such provisions, even in a "backstop" mode, in the bill it reports. Western Governors have devoted a tremendous amount of time and effort to negotiate a transmission permitting protocol with various federal agencies to facilitate and expedite the review of proposed interstate transmission lines in the West.

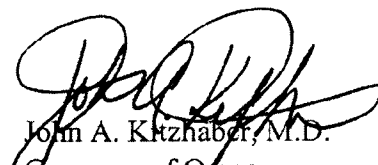
In June, Western Governors were joined by the Departments of the Interior and Energy and the President's Council on Environmental Quality in signing the protocol, a copy of which is attached to this letter. The protocol will build on the enviable record of Western states in permitting of transmission and can provide the vehicle for improving the timeliness of federal land management agency reviews. No Western state has ever denied a permit for an interstate transmission line. The major permitting challenge transmission developers face is securing necessary federal agency permits. FERC does not have the local knowledge, transmission siting expertise, or capability to site and permit transmission lines.

Thank you for considering our views. We look forward to working with you as you craft this very important piece of legislation.

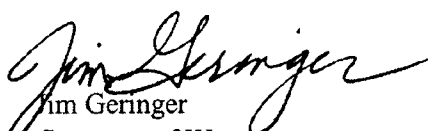
Sincerely,


Judy Martz
Governor of Montana

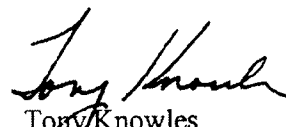
Chair


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


Lead Governor for Energy


Jim Geringer
Governor of Wyoming


Lead Governor for Energy

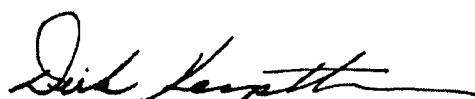

Tony Knowles
Governor of Alaska

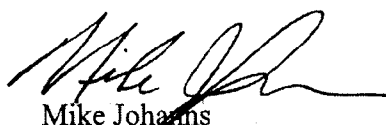
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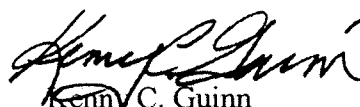

Tauese Sunia
Governor of American Samoa

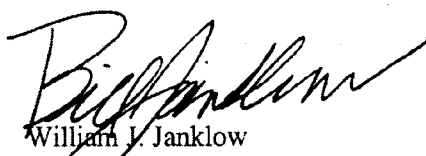

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