

Resolution on FERC's Establishment of the Division of State Relations
and State-Federal Regional Panels

WHEREAS, By the adoption of its Order No. 2000, the Federal Energy Regulatory Commission (FERC) began a process for the voluntary formation of regional transmission organizations (RTOs) through which the owners of transmission facilities would transfer ownership or control of these facilities to an independent entity that would operate regional transmission networks on a non-discriminatory, open-access basis; and

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) supported the approach taken in Order No. 2000; and

WHEREAS, In July 2001, FERC issued a series of orders that required transmission owners to enter into mediation to form large RTOs; and

WHEREAS, In response to these orders, the NARUC Board of Directors adopted a resolution at its July 2001 meeting requesting that FERC "conduct an appropriate proceeding, including the collection of evidence and the opportunity for comment and participation by all stakeholders including the States, on the appropriate size and geographic scope of RTOs"; and

WHEREAS, In October 2001, FERC conducted a week-long series of workshops known as RTO Week to provide stakeholders the opportunity to address issues raised in the formation and operation of RTOs; and

WHEREAS, Over 25 State commissioners participated in the

RTO Week proceedings; and

WHEREAS, RTO and other important electric issues affecting the States require enhanced State/federal cooperation and consultation; and

WHEREAS, On November 7, 2001, FERC adopted procedures to improve its efforts to coordinate with the States, including the creation of the Division of State Relations; and

WHEREAS, The Division of State Relations will have, among other duties, the following:

- Enhancement of FERC relationships with States and other governmental entities;
- Development of new mechanisms for soliciting and integrating State input into the FERC's decision-making processes; and
- Finding ways to reduce the transaction costs for States working on issues before the FERC; and

WHEREAS, On November 9, 2001, FERC issued its Order Announcing the Establishment of State-Federal Regional Panels; now therefore be it

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 2002 Winter Meetings in Washington, D.C., recognizes and commends the Federal Energy Regulatory Commission for creating the Division of State Relations and the State-Federal regional panels; and be it further

RESOLVED, That NARUC intends to cooperate in full partnership with FERC in working to ensure the continued reliability and adequacy of a reasonably priced electricity supply for our nation's consumers.

Sponsored by the Committee on Electricity

Adopted by the NARUC Board of Directors February 13, 2002