

***Resolution Endorsing Federal Legislative Provisions to Preserve and Promote Public Benefits Programs in the Nation's Electric Industry***

**WHEREAS**, State commissions and legislatures, the Federal Energy Regulatory Commission (FERC) and the Congress are in the process of developing and implementing new policies to move the electric industry to reliance on greater competition in the marketplace; *and*

**WHEREAS**, For almost two decades, electric utilities across the United States have been making productive investments in energy efficiency, renewable energy, low-income service, and long-term research and development; *and*

**WHEREAS**, Energy efficiency investments have cost-effectively reduced the need for new generation by more than 40,000 megawatts, while helping to cut the energy requirements of appliances such as refrigerators and freezers by more than two-thirds; *and*

**WHEREAS**, Hundreds of thousands of low-income households have received targeted energy assistance, and residential customers have been spared the threat of disconnection during periods of extreme heat and cold; *and*

**WHEREAS**, Utilities have helped build a strong industrial base for delivering energy from wind, solar, biomass, and geothermal sources, creating the opportunity to diversify a power-plant fuel mix that is still fossil- and nuclear-dominated; *and*

**WHEREAS**, Spending on these programs has been dramatically curtailed in anticipation of increased competition in the electric industry; *and*

**WHEREAS**, The National Association of Regulatory Utility Commissioners (NARUC) adopted in November 1994 a Resolution on Competition, the Public Interest, and Potentially Stranded Benefits which states "that a fundamental responsibility of state and federal electric utility regulators in this transition period is to assure that vital public interests and established public benefits will be preserved in any restructuring of the electric utility industry;" *and*

**WHEREAS**, NARUC adopted in July 1995 a resolution setting out "Principles to Guide the Restructuring of the Electric Industry" which states, among other things, that "The public benefits of energy efficiency, renewable resource technologies and research and development should be maintained through existing or new mechanisms;" *and*

**WHEREAS**, As Congress addresses restructuring policies, it is essential that the nation develop effective mechanisms for retaining and expanding these potentially "stranded benefits," and such mechanisms should not distort emerging competitive markets in electricity, nor should they erode states' traditional responsibilities for ensuring that electricity-related public benefits are widely and appropriately shared; *and*

**WHEREAS**, The nation has a compelling interest in preserving and promoting these public benefits, for the good of consumers, the economy, and the environment; *and*

**WHEREAS**, There are successful precedents in telecommunications regulation for State and Federal coordination in the delivery of public benefits associated with utility services; *now, therefore, be it*

**RESOLVED**, That the National Association of Regulatory Utility Commissioners (NARUC), convened at its 109th Annual Convention in Boston, Massachusetts, hereby urges Congress, as it considers legislation to restructure the nation's electric industry, to include in such legislation workable mechanisms to support State and utility public benefits programs such as energy efficiency, renewable energy technologies, research and development, and low-income assistance; *and be it further*

**RESOLVED**, That the design principles for such mechanisms should consider, among others:

- A Federal-State partnership, building upon state and utility expertise in designing and implementing electric service and public purpose programs, and leaving the greatest possible degree of flexibility and regulatory oversight to individual States;
- Such programs may be designed, supported, and delivered through the nation's electric system, using broad-based, competitively-neutral funding mechanisms, subject to regulatory oversight; and
- Federal support should be made available to assist and encourage the states to develop and implement public purpose programs that meet the needs of the States and the nation; *and be it further*

**RESOLVED**, That NARUC will, under the direction of the Ad Hoc Committee on Restructuring and relevant standing Committees, develop and present to NARUC's Executive Committee for its approval detailed recommendations, consistent with these design principles, on the mechanics, governance, funding levels, and rate elements of one or more mechanisms for delivering public benefits programs to consumers across the nation.

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*Sponsored by the Committees on Energy Resources and Electricity  
Adopted November 12, 1997*