

April 12, 2000

The Honorable Thomas J. Bliley, Jr.  
Chairman  
House Commerce Committee  
U.S. House of Representatives  
2409 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Bliley:

In January of 1999 a broad and diverse coalition of State and local government groups came together to urge Congress to consider ten principles when crafting any Federal electric industry restructuring legislation. These principles benefit consumers and ensure that Federal actions enhance existing and prospective State restructuring plans.

This State and Local Electric Restructuring Coalition, which consists of eleven State and local government organizations, originally offered these recommendations to Congress to ensure that through competition consumers will receive safe, reliable and reasonably priced electric service. The coalition believes that for electric industry restructuring to be successful for all consumers, there needs to be a partnership among all three levels of government (Federal, State and local). Each State should have the flexibility to determine whether to restructure the industry and how it should be done. Additionally any Federal legislation should complement or enhance State efforts, not frustrate the efforts of the States to produce workable restructuring policies.

■ **Concerns with "Pro-Competition" Stakeholders Group**

As you are aware, a "pro-competition" stakeholders group has recently developed a document outlining their principles for Federal electric industry restructuring legislation. We believe that it is incumbent upon us to reiterate the State and Local Electric Restructuring Coalition Statement of Principles and have attached a copy of these principles, for your review and consideration. We believe that while there are some areas of general agreement between both sets of principles, taken as a whole, the stakeholder principles fail to recognize the central role State and local governments play in this debate. We find the paucity of references to State and local government involvement in the Stakeholder principles to be both shortsighted and unacceptable. For example, any attempt to provide the Federal Energy Regulatory Commission with additional jurisdiction over both bundled and unbundled transmission service is of great concern to us. Additionally, we wish to correct the record of an inaccuracy that has been reported in the industry trade press regarding participation in the "pro-competition" stakeholders group. Contrary to the reports that State and local government organizations have "refused to participate" in the stakeholder process, no State or local government organization, that we are aware of, refused to participate. In fact, only two of the organizations that are members of

the State and Local Electric Restructuring Coalition were invited to participate in the stakeholder process and one of the two was not invited until the "pro-competition" stakeholder process had neared completion.

■ **General Coalition Support For Provisions In H.R. 2944**

The principles supported by the State and Local Coalition embody the Coalition's core principle that policies governing electric service provided to retail end use customers are best addressed at the State and local level. We believe that H.R. 2944, as reported from the House Commerce Subcommittee on Energy and Power, is generally consistent with this approach and our principles. In addition to the attached principles, we find the inclusion of language to "grandfather" State electric industry restructuring policies to be essential in any Federal legislation.

We therefore urge the full House Committee on Commerce to continue to follow the policy direction of the Subcommittee as this legislation moves forward. This will ensure that policies affecting retail consumers continue to be determined by the government entities that are currently responsible for the health, safety and welfare of the consumers and closest to the end use customer.

■ **Concerns with H.R. 2944**

We do wish to bring to your attention concerns we continue to have with H. R. 2944. Regarding the issue of reliability, the legislation should recognize and affirm the valuable, long-standing, and successful role of the States in ensuring reliability of all aspects of electrical service, including generation and power delivery services. Therefore we believe that language needs to be added to provide for a strong State Savings Clause. The bill did, however, positively address the need for deference to regional bodies, such as the Western Interconnection.

Thank you for your time and attention to our views. We look forward to working with you and your staff as this legislation moves forward.

Sincerely,

National Governors' Association  
National Conference of State Legislatures  
National League of Cities  
National Association of Towns and Townships  
National Association of State Energy Officials  
National Association of Regulatory Utility  
Commissioners  
National Energy Assistance Directors' Association  
The Council of State Governments

Enc.

Cc: House Commerce Committee