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BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

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IN THE MATTER OF: :

CONSENT MARKETS, TARIFFS AND RATES - ELECTRIC :

CONSENT MARKETS, TARIFFS AND RATES - GAS :

CONSENT ENERGY PROJECTS - MISCELLANEOUS :

CONSENT ENERGY PROJECTS - CERTIFICATES :

DISCUSSION ITEMS :

STRUCK ITEMS :

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970TH COMMISSION MEETING

OPEN SESSION

Thursday, May 19, 2011

Hearing room 2C

888 First Street, N.E.

Washington, D.C.

The Commission met, pursuant to notice, at 11:10
a.m., when were present:

COMMISSIONERS:

- JON WELLINGHOFF, Chairman
- MARC SPITZER, Commissioner
- PHILIP MOELLER, Commissioner
- JOHN NORRIS, Commissioner
- CHERYL A. LaFLEUR, Commissioner

1 FERC STAFF:
2 KIMBERLY BOSE, Secretary
3 MICHAEL BARDEE, OGC
4 DAVID MORENOFF, OGC
5 NORMAN BAY, OE
6 JIM PEDERSON, Chief of Staff
7 JEFF WRIGHT, OEP
8 MICHAEL McLAUGHLIN, OEMR
9 JOSEPH McCLELLAND, OER
10 MASON EMNETT, OEPI
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P R O C E E D I N G S

(11:10 a.m.)

CHAIRMAN WELLINGHOFF: Good morning. The meeting will come to order. This is the time and place that has been noticed for the open meeting of the Federal Energy Regulatory Commission. It's been a long morning.

(Laughter.)

CHAIRMAN WELLINGHOFF: I am glad we are finally here. Could you all join me for the Pledge of Allegiance.

(Everyone recites the Pledge of Allegiance.)

CHAIRMAN WELLINGHOFF: Well since the April 21st Open Meeting we have issued 66 Notational Orders, a little bit down from our record last month of 93.

Before we move to the Consent Agenda, there's a number of announcements and preliminary matters. First, I understand, Commissioner LaFleur, you have got some things that you want to tell us all about.

COMMISSIONER LaFLEUR: Yes. I just had one announcement to make. I have a staff change to announce this morning. Mary Cain, who had been my Technical Advisor, has made the decision to go back to the Office of Energy Policy Innovation where she will apply her technical and policy skills to I'm sure meaty projects there. She has made a big contribution in my first year here, and I will

1 miss her. But I am happy to announce that Kurt Longo has
2 accepted the position as my Technical Advisor. There is
3 absolutely no truth to the rumor that I chose him because
4 he's a Red Sox fan--

5 (Laughter.)

6 COMMISSIONER LaFLEUR: --even though we do need
7 him to balance some other Yankee fans.

8 (Laughter.)

9 COMMISSIONER LaFLEUR: But Kurt has been at the
10 Commission since 2004 in the Office of Energy Market
11 Regulation. He is both an economist and an engineer, with a
12 Chemical Engineering Degree from LeHigh, and a Masters in
13 Economics from George Mason. He brings us a lot of
14 experience on a wide range of market issues, and we are
15 thrilled to have him on the team.

16 Thank you.

17 CHAIRMAN WELLINGHOFF: Very good. Thank you.
18 Does anyone else have anything? Phil?

19 COMMISSIONER MOELLER: Thank you, Mr. Chairman.
20 I met this week with the Canadian regulators, both
21 colleagues from the National Energy Board and also
22 Provincial regulations. It is a good, productive
23 relationship. It is something we always have to keep in
24 mind. It is a North-South relationship between us and the
25 Provinces, less than an East-West one in Canada. And they

1 are always affected by our orders related to NERC, and they
2 are particularly interested in what we will be doing on
3 cyber security issues.

4 I mention it because, again, they are great
5 colleagues to have. We are in this together, and we always
6 have to keep in mind their interests when we consider
7 effects to the bulk electric system in North America.

8 CHAIRMAN WELLINGHOFF: Absolutely. We are all
9 connected together.

10 Does anyone else have anything?

11 (No response.)

12 CHAIRMAN WELLINGHOFF: I have one item, if you
13 will take my indulgence. First, a question for my fellow
14 Commissioners. The largest energy resource in the State of
15 Vermont is the Vermont Yankee Plant. Does anybody know what
16 the second-largest energy resource is in the State of
17 Vermont?

18 (No response.)

19 CHAIRMAN WELLINGHOFF: Come on. You're the
20 experts.

21 (Laughter.)

22 COMMISSIONER SPITZER: Does it have to do with
23 Ben & Jerry's?

24 (Laughter.)

25 CHAIRMAN WELLINGHOFF: No.

1 COMMISSIONER LaFLEUR: I'm guessing it is
2 something on the demand side.

3 CHAIRMAN WELLINGHOFF: Very good.

4 (Laughter.)

5 CHAIRMAN WELLINGHOFF: Very good.

6 COMMISSIONER LaFLEUR: What do I win?

7 (Laughter.)

8 CHAIRMAN WELLINGHOFF: Energy efficiency is the
9 second largest resource in the State of Vermont. And the
10 man largely responsible for that is a man by the name of
11 Blair Hamilton, who was a friend of mine. And if you will
12 indulge me, I will read from his obituary.

13 "Blair Hamilton died peacefully in Burlington,
14 Vermont, on Friday, April 8th, 2011, after a long battle
15 with non-Hodgkins lymphoma. Although he was diagnosed in
16 1991, he continued to be highly productive in his work until
17 the end.

18 "Blair graduated from Antioch College and went on
19 to get a Architecture Degree from McGill University in 1976.
20 He was awarded an honorary law degree by Vermont Law School
21 in 2010.

22 "Blair's passion for environmental and social
23 justice began early in life, and he pursued it with tenacity
24 until the day he died. After the 1973 oil embargo, he
25 dedicated his life to advancing energy efficiency and

1 renewable energy. He and his wife, Beth Sachs, played key
2 roles in starting several energy-related organizations in
3 California, Montana, and Vermont.

4 "In 1986, they founded the nonprofit Vermont
5 Energy Investment Corporation. That was his passion for the
6 next 25 years. Blair was an international innovator and
7 leader in the field of energy efficiency research, policy,
8 design, and implementation, and a visionary and mentor to
9 colleagues around the world.

10 "He was a driving force in creating Efficiency
11 Vermont, the first energy efficiency utility in the country,
12 and helped to start similar entities in other states and
13 countries. In 2002, he was named a Champion of Energy
14 Efficiency by the American Council on Energy Efficient
15 Economy. And in 2003, he accepted an Innovation Award from
16 Harvard's Kennedy School of Government."

17 Blair was a friend of mine, and he was a great
18 friend to the energy industry and energy efficiency. I just
19 wanted to mention Blair. Thank you, all.

20 With that, if we could move on to the Consent
21 Agenda, please, Madam Secretary.

22 SECRETARY BOSE: Good morning, Mr. Chairman, and
23 good morning Commissioners. Since the issuance of the
24 Sunshine Act Notice on May 12th, 2011, no items have been
25 struck from this morning's agenda.

1 Your Consent Agenda is as follows:

2 Electric Items: E-1, E-2, E-3, E-4, E-5, E-6,
3 E-7, E-8, E-10, E-11, E-12, E-13, E-14, E-15, E-16, E-17,
4 E-18, E-19, E-20, and E-21.

5 Gas Items: G-1 and G-2.

6 Hydro Items: H-1, H-2, H-3, H-4, H-5, and H-6.

7 Certificate Items: C-1, C-2, and C-3.

8 As to E-15, Chairman Wellinghoff is not
9 participating. As to E-19, Commissioner Norris is not
10 participating. As to E-3, Commissioner LaFleur is
11 concurring with a separate statement. As to E-9,
12 Commissioner Moeller is concurring with a separate
13 statement. As to G-1, Commissioner Norris is concurring
14 with a separate statement. And as to G-2, Commissioner
15 Norris is concurring with a separate statement.

16 With the exception of E-9, where a vote will be
17 taken after the presentation of that item, we will now take
18 a vote on this morning's Consent Agenda. The vote begins
19 with Commissioner LaFleur.

20 COMMISSIONER LaFLEUR: Thank you. Noting my
21 concurrence on E-3, I vote aye.

22 SECRETARY BOSE: Commissioner Norris.

23 COMMISSIONER NORRIS: Noting my concurrence on
24 G-1 and G-2, and I'm not participating in E-19, I vote aye.

25 SECRETARY BOSE: Commissioner Moeller.

1 COMMISSIONER MOELLER: Votes aye.

2 SECRETARY BOSE: Commissioner Spitzer.

3 COMMISSIONER SPITZER: Vote aye.

4 SECRETARY BOSE: And Chairman Wellinghoff.

5 CHAIRMAN WELLINGHOFF: Noting that I'm not
6 participating in E-15, I vote aye.

7 If we could move on to the discussion items,
8 please, Madam Secretary.

9 SECRETARY BOSE: The first presentation and
10 discussion item for this morning will be on Item A-3. This
11 is concerning the 2011 Summer Energy Market and Reliability
12 Assessment.

13 The presentation will be given by Alan Haymes and
14 David Andrejcek from the Office of Enforcement. They are
15 also accompanied by Steve Reich, Steve Michals, and David
16 Burnham, also from the Office of Enforcement. There will be
17 a PowerPoint presentation on this item.

18 Thank you.

19 MR. HAYMES: Mr. Chairman, Commissioners, good
20 morning:

21 The Davids, and the Steves, and I--

22 (Laughter.)

23 MR. HAYMES: --are pleased to present the Joint
24 Summer 2011 Energy Market and Reliability Assessment.

25 The key takeaways from today's presentation are

1 as follows:

2 Demand forecasts are essentially unchanged when
3 compared to last year;

4 Generation reserve margins are projected to be
5 adequate for the summer;

6 Drought conditions are expected in Texas and the
7 Southwest, but are not projected to affect power generation;

8 While the movements in forward electric prices
9 differed by region, forward gas price movements were more
10 uniform;

11 Abundant hydro production will lower electric
12 prices in the West; and, finally,

13 New infrastructure will have market impacts.

14 I now turn it over to David Andrejcek.

15 MR. ANDREJCEK: Thank you, Alan. I would also
16 just like to make a slight correction. David Burnham and I
17 are from the Office of Electric Reliability.

18 SECRETARY BOSE: Thank you.

19 MR. ANDREJCEK: Preliminary data from NERC's
20 Summer Assessment indicates that the 2010 U.S. actual non-
21 coincident peak load was 2.7 percent more than the 2010
22 forecasted load due to hot weather in some parts of the
23 country.

24 This year some areas, such as Texas and the
25 Southwest, are projecting a small amount of load growth over

1 last year's forecast; while loads in other areas such as the
2 Pacific Northwest are projected to decline slightly.

3 Overall, NERC forecasts that the total U.S. load,
4 when weather adjusted, will rise by less than 1 percent when
5 compared to last year, while the capacity available on peak
6 is projected to rise by 3 percent.

7 Forecasted reserve margins are 14 percent in
8 ERCOT, 24 percent in WECC, 33 percent in FRCC, 25 percent in
9 MAPP, 21 percent in MISO, 19 percent in NPCC, 26 percent in
10 PJM, 21 percent in SPP, and 29 percent for the areas of SERC
11 that are not part of the MISO or PJM RTOs. Target reserve
12 margins vary by region, and NERC is projecting that all
13 regions will meet their reserve margin targets this summer.

14 The Southeast has recovered from the 2008
15 drought, and water conditions are now at or near normal
16 levels. Alan will discuss the Northwest hydro conditions
17 later in the presentation, but in short runoff from the
18 heavy winter snowfall is expected to support sufficient
19 hydro generation this summer.

20 The NERC Summer Assessment reports that the
21 projected summer installed nameplate wind capacity will
22 increase by about 2.6 gigawatts, or 7.8 percent from 2010
23 for a total nameplate capacity across the Nation of
24 approximately 37 gigawatts.

25 The average on-peak wind capacity for the 2011

1 summer is forecast to be 13.2 percent of nameplate capacity.
2 The on-peak capacity forecasts reflect the differing wind
3 characteristics across the country, and range from lows of
4 3.7 percent of nameplate capacity in the Southwest Power
5 Pool, 8.7 percent of nameplate capacity in ERCOT, to a high
6 of 34 percent of nameplate in Mid-Continent Area Power Pool.

7 In Texas and the Southwest, NERC projects that
8 drought conditions will continue through the summer. Severe
9 droughts rarely affect the reliability of the bulk power
10 system, but in some cases water restrictions can affect
11 generator performance levels. At this time, NERC forecasts
12 that reserve margins will be adequate and does not expect
13 the drought to significantly affect operations in these
14 areas.

15 NERC projects that demand-side management
16 available to reduce peak load for the 2011 summer will
17 increase by about 13 percent to about 34 gigawatts. This
18 change is primarily driven by increases in demand
19 participation in the PJM and Midwest ISO market areas.

20 Alan?

21 MR. HAYMES: Thank you, David.

22 I will now turn to the outlook for electric
23 prices. We look at forward electric prices for the peak
24 summer months of July and August for perspective on how
25 market participants currently view the dynamics affecting

1 seasonal prices.

2 We do not view forward prices as a predictor of
3 actual day ahead prices, but analyzing the trends in the
4 forward prices can help us understand market factors heading
5 into summer.

6 Compared to summer forward power prices this time
7 last year, 2011 prices are mixed. They are higher in the
8 East and lower in the West. These price changes are
9 reflective of the regional differences in resources and are
10 consistent with the current market fundamentals.

11 More specifically, natural gas is the marginal
12 price setting fuel in much of the country. The forward
13 price of gas is up 17 percent from last year, as we will
14 discuss, and the rise in Eastern power prices follows the
15 rise in gas prices. As a result, Eastern forward power
16 prices are up 10 to 18 percent compared to last year.

17 Conversely, prices are down in the West based on
18 the expectation of a substantial amount of hydro generation
19 this summer, as I will discuss in a few minutes. Hydro
20 production can be the single most important factor
21 influencing power supplies and prices in the Pacific
22 Northwest and, to some extent, the West as a whole.

23 As a perspective on the larger scheme of things,
24 we note that just three years ago forward power prices
25 across the country were more than twice what they are today.

1 All regions were over \$100 per megawatt hour and as high as
2 \$175 per megawatt hour in New York City.

3 Turning now to gas prices, as of May 1st natural
4 gas forward prices for the major U.S. hubs are about 40 to
5 70 cents higher for this summer than a year ago. Production
6 is at a high level, largely from Marcellus shale, but the
7 increase in production may be just enough to offset growth
8 in underlying demand while storage levels are 8 percent
9 lower than last year at this time.

10 A large part of the increased demand is from
11 greater power production. Additionally, particularly
12 recently, we have seen the re-emergence of the effects of
13 financial fundamentals in the gas market. In fact, like
14 many commodity markets, these forward prices have fallen
15 about 10 percent since May 1st.

16 Note that the level of change is relatively
17 constant across regions, which reflects the trend toward a
18 more national market. Later I will describe some of the
19 infrastructure enhancements that are contributing to this
20 national market.

21 Abundant hydro supply has placed downward
22 pressure on prices in the West, and is expected to continue
23 doing so through most of the summer. Average snowpack in
24 the Pacific Northwest and British Columbia were as much as
25 151 percent of normal as of April 28.

1 Forecasts for runoff this spring and summer call
2 for flows on the Columbia River at the Dalles Dam at
3 123 percent of normal. Increased hydroelectric production
4 generally reduces the need for natural gas-fired generation
5 in the Pacific Northwest and California.

6 California's snowpack levels were 171 percent of
7 normal as of April 28th. California routinely relies on
8 imports from outside the State, including the Northwest,
9 during the summer.

10 More plentiful internal hydropower will tend to
11 decrease the need for imports from the Northwest, all else
12 being equal. Still, the availability of low-cost supply
13 from the Northwest can be expected to cause congestion on
14 the Pacific AC and DC interties, though the effect should be
15 limited in California due to the relatively robust internal
16 supplies.

17 The National Oceanic and Atmospheric
18 Administration is calling for a warm summer from the Rockies
19 westward, and in the Southwest and much of the Southeast. A
20 pocket of below-normal temperatures is forecasted for the
21 Ohio Valley and parts of the Midwest.

22 Forecasters are predicting an active hurricane
23 season once again as early estimates range from 15 to 16
24 storms and 8 to 9 hurricanes. Last year was a very active
25 season, but no hurricanes made U.S. landfall as most of the4

1 storms remained in the Atlantic and there was a negligible
2 effect on on oil and gas operations in the Gulf of Mexico.

3 Overall, the risk to U.S. natural gas supply of a
4 Gulf hurricane continues to decline as the share of
5 production from onshore basins--out of the range of
6 hurricanes--has more than doubled since Hurricanes Katrina
7 and Rita in 2005.

8 One result of an active hurricane forecast is
9 that NOAA is predicting above-average rainfall for the East
10 Coast from Florida to Delaware. Below-normal precipitation
11 is also expected this summer for the Pacific Northwest.

12 Lastly, we will be tracking a number of
13 infrastructure and market changes that could impact the
14 energy markets this summer.

15 In PJM, the Trans Allegheny Interstate Line,
16 better known as the TrAIL Project, is due to come on line by
17 June 1st to help alleviate congestion between the western
18 and eastern parts of PJM.

19 Cited in 2006 by PJM as needed to maintain
20 reliable service in parts of Virginia, Maryland,
21 Pennsylvania, and West Virginia, this 218 mile 500 kV line
22 was developed through the RTO's Regional Transmission
23 Expansion Plan process. This new line, in addition to
24 enhancing reliability, is expected to lower congestion costs
25 in the BGE, Pepco, and Dominion zones, and other parts of

1 PJM's Eastern footprint.

2 On the gas side, Florida Gas Transmission placed
3 into service on April 1st a 483-mile expansion starting in
4 Alabama and transversing the length of Florida. This new
5 pipeline will add 820 Mmcf/d of gas transmission capacity
6 into Florida, a 35 percent increase. The new capacity is
7 expected to reduce price spikes, particularly those
8 associated with power generation during high electric
9 demand. Power generation accounts for about 85 percent of
10 gas consumed in the state.

11 Another gas transmission project of note is El
12 Paso's Ruby Pipeline. After some construction delays, this
13 new pipeline connecting the Rockies Gas Fields at Opal with
14 gas systems serving the West Coast near the Oregon-
15 California border is expected to be in operation by July
16 1st. This 41-inch, 675-mile pipeline will have an initial
17 capacity of 1.5 Bcf/d. The utilization of this new pipeline
18 going forward will be affected by other recent
19 infrastructure and market developments that have created a
20 competitive national market.

21 Also of market monitoring interest this summer is
22 the integration of the Ohio portion of FirstEnergy into PJM
23 beginning on June 1st. This realignment will move the
24 border between MISO and PJM where flows are coordinated
25 between the two RTOs. As this active transmission region

1 shifts from one market to the other, we will be watching for
2 impacts on congestion costs and effects on prices in the
3 west-to-east corridor.

4 This concludes our presentation. We would like
5 to express appreciation to the many members of the Offices
6 of Reliability and Enforcement who contributed to the
7 preparation of this Summer Assessment.

8 We will be glad to take any questions you may
9 have. Thank you.

10 CHAIRMAN WELLINGHOFF: Thank you, Alan, Steves,
11 and Davids, members of the team. I appreciate it very much.
12 It was a very useful and informative presentation.

13 I have got a couple of areas I want to talk about
14 and discuss.

15 David, Andrejcek, on the reserve margins I note
16 that you indicate that there's some belief that there will
17 be droughts in the Southwest this year. Is that correct?

18 MR. ANDREJCEK: Yes, that's correct.

19 CHAIRMAN WELLINGHOFF: And despite that fact,
20 though, NERC does believe that there will be sufficient
21 reserve margin capacity and there won't be any problems with
22 the amount of resources?

23 MR. ANDREJCEK: That's correct. At this time
24 they feel that they have--in fact, ERCOT has actually raised
25 their reserve margin up from last year in preparation of

1 that situation.

2 CHAIRMAN WELLINGHOFF: Okay. And it appears that
3 the Southwest area isn't as impacted from a generation
4 standpoint by droughts as the Southeast? Is that correct?

5 MR. ANDREJCEK: That's correct.

6 CHAIRMAN WELLINGHOFF: And why is that?

7 MR. ANDREJCEK: At this time I think that we've
8 seen there's not been any constraints. They just have not
9 really had that issue come up thus far.

10 CHAIRMAN WELLINGHOFF: Okay. On the
11 infrastructure side--and, Alan, you were the one who did
12 this; it wasn't done by the Reliability folks--but you
13 talked about the Trans Allegheny TrAIL project, and that is
14 one that is due to come on by June 1st which will certainly
15 help us this summer. But there are other east-west
16 projects, one that is certainly not for this summer but can
17 you review for me a little bit, if you know, the status of
18 the Roseland Susquehanna line, which is another I think
19 extremely important line from the East to the West--or,
20 excuse me, from the West to the East on the Mid-Atlantic PJM
21 Interconnect?

22 MR. HAYMES: I don't have any figures on the
23 status of that currently.

24 CHAIRMAN WELLINGHOFF: Okay, because I just read
25 something about the fact that I guess PPL has requested an

1 additional environmental impact statement, and the Park
2 Service is now saying it's going to take another three years
3 to do the environmental impact statement, and the line is
4 going to get pushed out now to like 2016. The environmental
5 impact statement will take until 2013.

6 Are you familiar with any of those issues?

7 MR. HAYMES: No, I'm not.

8 CHAIRMAN WELLINGHOFF: David, do you have
9 anything on that?

10 MR. ANDREJCEK: We were aware that it was being
11 delayed. I think they've got sufficient mitigation plans
12 that they anticipated that it will not result in any
13 reliability violations. But as time goes on, it is
14 definitely going to need to be addressed.

15 CHAIRMAN WELLINGHOFF: Do you know why PPL has
16 asked for this additional environmental impact analysis that
17 seems to have delayed the whole thing again?

18 MR. ANDREJCEK: I seem to recall there was some
19 issue with one of the states requesting it.

20 CHAIRMAN WELLINGHOFF: Steven, if you have
21 something? Sure.

22 MR. MICHALS: We have staff that are following
23 that, as far as the PJM market. So we are aware of the
24 delay. I don't have the details at my fingertips, but I do
25 recall that there is an issue with the environmental aspects

1 of crossing, and the river name is escaping me at the
2 moment--

3 CHAIRMAN WELLINGHOFF: I think it's the
4 Susquehanna River, I think.

5 MR. MICHALS: And so that area is of interest,
6 particularly with the environmental reviews for that
7 pathway. But we can get back to you on more details on
8 that.

9 CHAIRMAN WELLINGHOFF: I would appreciate that.
10 Thank you.

11 Does anybody else have any questions? Phil?

12 COMMISSIONER MOELLER: I do, but maybe
13 Commissioner Norris wants to talk about that. Didn't you
14 walk that line?

15 COMMISSIONER NORRIS: Yes.

16 CHAIRMAN WELLINGHOFF: Oh, okay. John, do you
17 have something on that?

18 COMMISSIONER NORRIS: I did get out and walk that
19 line. This is dangerous because I'm not sure I've got this
20 exactly right, but I believe there's been a recent request
21 for a couple of additional months to study because an option
22 has been added to increase the tower size on the existing
23 right-of-way that would involve no more widening of the
24 existing right-of-way through the National Park.

25 So that's--the problem is, they're looking at

1 seven or eight different options now, requiring numerous
2 studies. I walked the right-of-way that goes through the
3 Park right now for three-fourths of it. They already have a
4 300-foot existing--

5 CHAIRMAN WELLINGHOFF: Right.

6 COMMISSIONER NORRIS: --right-of-way. So this is
7 emblematic, if you will. This is a poster child for why it
8 is so hard to get transmission done in this country.

9 CHAIRMAN WELLINGHOFF: It is, and again what I
10 had just understood was that there was now an additional
11 study being requested by PPL, separate from the right-of-way
12 through the Park, but somewhere near to the Park that
13 requires the Park Service again now to do an additional
14 study that will go through 2013. I'm trying to understand
15 the basis of this because I think it's an extremely
16 important line.

17 So thanks, John, for that. I appreciate it.
18 Phil?

19 COMMISSIONER MOELLER: Thank you, Jon. Maybe a
20 technical conference on resource agencies and how they're
21 getting transmission built, or not, in this country, might
22 be relevant.

23 CHAIRMAN WELLINGHOFF: Or maybe how we deal with
24 pipelines.

25 COMMISSIONER MOELLER: Good point. Just a couple

1 of quick questions related to the Pacific Northwest. I
2 think they're to Dave, Dave Andrejcek.

3 You mentioned that demand in the Northwest might
4 be down. Can you elaborate on that? And secondly, will you
5 talk a little bit about what happened in the Pacific
6 Northwest yesterday? It's getting headlines out there,
7 although it may not be fully appreciated how significant
8 that event was to the rest of the Nation.

9 MR. ANDREJCEK: Sure. The first part, we're just
10 basing it on the typical economy. It really hasn't
11 rebounded strongly. Plus, the weather forecasts are fairly
12 soft for the Pacific Northwest. So we don't really
13 anticipate that the demand will be up, which is interesting
14 because, to your second point, what happened yesterday--and
15 I will kind of tie it in.

16 We were blessed with a lot of snowfall this past
17 winter, as Alan explained. And they've got quite a bit of
18 snowpack built up. So we've started the runoff. We're
19 starting the nice melting, which is really good news because
20 now we've got a lot of hydro capacity available.

21 The bad news is, as the hydro capacity becomes
22 available, and is also at a coincident peak while the wind
23 is running, Bonneville Power has a program where they will
24 then curtail the fossil generators.

25 So if that still isn't enough, we're still in an

1 abundance of resources, the next thing that gets spilled is
2 the wind under the Environmental Redispatch Program. That
3 actually happened yesterday for the first time. It had been
4 talked about potentially occurring, and it did.

5 They had to spill 280 megawatts of wind for about
6 a 5-hour period yesterday, which the wind generators do not
7 get compensated for. It's a very important issue to them,
8 as I would definitely understand. I will let the folks from
9 the market side add to it.

10 From a reliability perspective, obviously we're
11 great. We've got plenty of strong resources available.
12 Personally, I would like to see a little bit more
13 transmission facilities available that we could move that
14 power. I think that need is definitely there, and we will
15 probably see some things on that accord, as well.

16 MR. HAYMES: Yes. There are market effects from
17 what is happening in that area, and we are watching
18 carefully. BPA has announced that they are avoiding the
19 negative prices that are naturally occurring in the markets
20 in that area for power. And so during this shoulder period
21 before the load builds up in the summertime, with the
22 abundance of hydro, the market effects are somewhat
23 dramatic.

24 MR. ANDREJCEK: I will also add that we've got
25 3.5 gigawatts of wind available in BPA this year. By 2013,

1 they're predicting up to 6.5 gigawatts. This problem is not
2 going to go away.

3 COMMISSIONER MOELLER: Well said. Thank you, Mr.
4 Chairman.

5 CHAIRMAN WELLINGHOFF: Thank you. Commissioner
6 Spitzer.

7 (No response.)

8 CHAIRMAN WELLINGHOFF: Nothing. Commissioner
9 Norris?

10 (No response.)

11 CHAIRMAN WELLINGHOFF: Commissioner LaFleur?

12 COMMISSIONER LaFLEUR: Thank you, Alan and
13 everyone. I just wanted to ask, you mentioned that the
14 forward price of gas is up quite a bit from last year, I
15 believe 17 percent. But the spot price of gas seems to be
16 decreasing lately.

17 So can you explain why? And that's obviously
18 what's pushing up price expectations in the Northeast, why
19 the forward price of gas in a power where gas is on the
20 margin isn't tracking the spot price?

21 MR. REICH: I'll take that. That's why I'm here,
22 is for the gas questions if they came up.

23 (Laughter.)

24 MR. REICH: I'm a bit out of place here. First,
25 let me start by saying that the prices on the chart on page

1 6, or 7, the chart that has the gas prices on it, those
2 reflect a snapshot of prices at the beginning of the month.

3 As it turns out, spot prices and forward prices
4 were rising through the beginning of the month. And then
5 about the third or fourth or fifth of the month, there was a
6 sharp decline in prices.

7 We think that a number of things contributed to
8 that drop, but that drop was both in the forwards and the
9 spot price, and that drop essentially dropped prices down to
10 about where you see the 2010 prices are in this chart.

11 There are physical reasons for that. There is a
12 move among producers to move out of gas production, and the
13 drilling that was going on to produce natural gas liquids
14 and gas is now more and more moving toward, significantly,
15 North Dakota where there's a lot of oil production going on
16 because oil prices have risen so much more than gas prices.

17 But in addition to kind of the physical
18 explanations, we also think that the financial--the effects
19 of the financial markets and kind of the pressure across all
20 commodities for prices to go upward, has re-emerged because
21 of kind of a rebalancing of the supply and demand on the
22 physical side of gas.

23 And so I think it's both a physical and financial
24 situation, and that's indicated by the fact that the days
25 that the price of gas--the spot price of gas fell so

1 precipitously earlier in the month were the same days that
2 you may have heard oil prices dropped, globe prices dropped,
3 all the other commodities dropped, as the financial markets
4 were looking for ways in which to take profits and move
5 ahead.

6 COMMISSIONER LaFLEUR: Thank you. Thank you for
7 coming and for answering the question.

8 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
9 LaFleur. And, Steve, just one last point on those gas
10 prices. The one thing I do always notice, though, that I
11 think is interesting, I mean I think it is worth noting and
12 perhaps a comment, that although we are seeing changes in
13 gas prices, natural gas prices, they are generally uniform
14 across the country. I mean, they are fairly uniform as
15 compared to electric prices, for example, that have a great
16 deal of variability depending on where they are. And I
17 assume that is primarily because gas is much more
18 deliverable than electricity?

19 MR. REICH: Well I think the answer gets back to
20 the discussion that you were having earlier regarding kind
21 of the difficulties with adding transmission lines versus
22 the ease in siting and adding natural gas lines.

23 CHAIRMAN WELLINGHOFF: Pipelines.

24 MR. REICH: We're very, very close to having a
25 national natural gas market.

1 CHAIRMAN WELLINGHOFF: Yes.

2 MR. REICH: Last year when we made this
3 presentation, we were concerned about two locations as being
4 still kind of out of the market: Florida at the City Gate,
5 and Northern California in the Pacific Northwest.

6 The opening of the FGT Expansion, which Alan
7 mentioned earlier, has, it appears, relieved some of that
8 congestion in Florida and we expect that a similar
9 occurrence will happen with the Pacific Northwest, in
10 addition to kind of the additional lack of thermal demand
11 because of all the hydro that's going on in the Northwest.

12 CHAIRMAN WELLINGHOFF: Great. Thank you, Steve.
13 I appreciate your all giving us that presentation. Thank
14 you, very much.

15 Could we have our next discussion item, please?

16 SECRETARY BOSE: The next item for presentation
17 and discussion this morning will be on Item E-9 concerning a
18 Notice of Inquiry on Promoting Transmission Investment
19 Through Pricing Reform.

20 There will be a presentation by Julie Simon from
21 the Office of Energy Policy and Innovation. She is
22 accompanied by David Borden, also from the Office of Energy
23 Policy and Innovation; Andrew Weinstein from the Office of
24 the General Counsel; and Steve Hunt from the Office of
25 Enforcement.

1 MS. SIMON: Thank you, and good morning.

2 The document before you is a draft Notice of
3 Inquiry on Promoting Transmission Investment Through Pricing
4 Reform. The Energy Policy Act of 2005 added a new Section
5 219 to the Federal Power Act which required the Commission,
6 through a rulemaking process, to establish incentive rate
7 treatments for electric transmission facilities that benefit
8 consumers by ensuring reliability and reducing the cost of
9 delivered power by reducing transmission congestion, while
10 continuing to ensure that rates are just and reasonable under
11 Sections 205 and 206 of the Federal Power Act.

12 In July 2006, the Commission issued Order No. 679
13 identifying several specific incentives that applicants
14 could request and the Commission would consider on a case-
15 by-case basis. Since the issuance of Order No. 679, the
16 Commission has received over 75 applications for rate
17 incentives.

18 In the five years since Order No. 679 was issued,
19 there have been significant changes in the electric power
20 industry, including the development of the Order No. 890
21 transmission planning process, the adoption of mandatory and
22 enforceable reliability standards, increasing diversity of
23 the generation fleet, and new investment in smart grid
24 technologies.

25 In this draft NOI, the Commission seeks comments

1 on a range of issues associated with the application of its
2 incentive policies. We are seeking comments to determine
3 whether the current regulations and policies on transmission
4 incentives appropriately encourage the development of
5 transmission infrastructure consistent with the Commission's
6 statutory obligations. Comments on the Notice of Inquiry
7 will be due 60 days from publication in the Federal
8 Register.

9 We are happy to answer any questions.

10 CHAIRMAN WELLINGHOFF: Thank you, Julie, and
11 thank you members of the team. I really want to tell you
12 how much I appreciate the hard work that has gone into this
13 NOI. I also want to say that I support this NOI.

14 I want to also note that in the text of the
15 document I think it is important to emphasize that during
16 the pendency of this proceeding the Commission will continue
17 to evaluate incentive requests under our existing
18 Order No. 679 on a case-by-case determination, thus ensuring
19 the regulatory certainty. Also, I want to say to
20 Commissioner Moeller that I concur with your concurrence.

21 (Laughter.)

22 CHAIRMAN WELLINGHOFF: So with that, does anyone
23 else have any comments or questions for the team on this
24 one? Commissioner Moeller.

25 COMMISSIONER MOELLER: Well thank you, Jon, Mr.

1 Chairman. I'm not quite sure who came up with the creative
2 caption title on E-9, but I applaud their creativity.

3 I want to thank you, too, Mr. Chairman, for
4 showing the leadership to get a suite of the incentive
5 orders onto this month's agenda so that many of those that
6 have been gathering--well, I'm not sure "gathering dust"--
7 but it's time for us to deal with them, and I appreciate the
8 effort to kind of provide the certainty that the applicants
9 need on those issues.

10 In this debate over incentives, I think it is
11 easy to forget where we were in 2005 and the years prior to
12 that. Congress clearly, in the 2005 Energy bill, recognized
13 a severe need for more transmission in the country. And
14 they responded with a couple of very significant policy
15 choices.

16 The first was siting reform. And unfortunately,
17 the siting authority we had was essentially gutted by a
18 split decision out of the Fourth Circuit a couple of years
19 ago. So that's pretty much gone.

20 What they also told us to do, specifically, was
21 to provide a return on equity that attracts new investment
22 in transmission facilities. And so that I think is key to
23 keep in mind as we have this debate.

24 I appreciate your point in saying that this is
25 prospective only. And I also support government looking

1 back at policies to make sure that they are effective in the
2 need to ask questions about whether they should be changed
3 or not. I think government needs to do a lot more of that.

4 So I am mainly concerned that this Notice of
5 Inquiry does not create the kind of uncertainty that would
6 discourage more needed transmission investment in this
7 country. But I support it, and as you noted, I did write
8 separately.

9 Thank you.

10 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
11 Moeller. I would just note that I agree with you on the
12 Fourth Circuit gutting it, although I would say they gutted
13 it for the Fourth Circuit states. It may have chilled it
14 for the other states.

15 But with that, anyone else? Commissioner
16 Spitzer.

17 COMMISSIONER SPITZER: Thank you, Mr. Chairman.
18 I will post a more detailed statement on this important
19 issue.

20 First I want to thank the team. I know this was
21 difficult, and sometimes fractious, and all the staff of all
22 the Commissioners worked very hard to come up with a work
23 product that we're all proud--I'm proud to support, as well
24 as my colleagues.

25 You know, there's the old Supreme Court decision

1 that ROE determinations are more art than science, and
2 there's a lot of complexities in this. We have a
3 Congressional enactment. There was a policy to incent
4 needed transmission in this country. There was an effort to
5 provide a uniform framework. A lot of us had discussed the
6 issue of regulatory certainty and clear rules. But at the
7 same time, the cases arise under each individual application
8 and we need to ensure that there is a proper and appropriate
9 balancing between the interests of the ratepayers and the
10 interests of the investors.

11 And so that gets into the art versus science, and
12 also gets into the conundrum of having case-by-case
13 adjudications balanced against the interest in the need for
14 certainty. And after five years of these case, I think it
15 is appropriate to take a step back and take a look and see
16 where we're going.

17 Certainly there were concerns from some that the
18 incentives and some of the decisions have been overly
19 generous. There have been some criticisms on the other hand
20 that they've not. And what I'm hoping is that we have a
21 robust discussion.

22 What triggered some of these thoughts was
23 Commissioner Norris saying you were on a tour of the
24 Delaware Water Gap with regard to the transmission project
25 up there. I had visited the Delaware Gap in a prior life as

1 a kid, to drink beer and get away from my parents.

2 (Laughter.)

3 COMMISSIONER SPITZER: And the statute of
4 limitations has run on all those activities.

5 (Laughter.)

6 COMMISSIONER NORRIS: Right. Exactly.

7 COMMISSIONER SPITZER: But there was nobody there
8 back then. And on the way up from Philadelphia where I grew
9 up, to the short ride up the Delaware River, a very sparse
10 population. And I don't want to out myself on my age, but
11 there was a big deal about 200 million in the population in
12 the United States.

13 And if you think in--it's interesting, we're
14 hopefully recovering from a Recession where load growth will
15 continue based on industrial production, but we are adding
16 something like 1.2 percent in population growth from
17 immigration and from population increase of U.S. citizens,
18 that is the equivalent of dropping the City of Houston in
19 the United States every year.

20 And the consequences of this are twofold. One,
21 the increase in load and demand. And on the other hand, the
22 Delaware Water Gap is very different today that it was when
23 I was a kid going up there. There are fewer open spaces.
24 There are more backyards for people not to want transmission
25 in. And this exacerbates the complexity of developing

1 transmission.

2 And the typical rate case--and I started paying
3 attention to Arizona cases in the 1980s--was historically a
4 very limited universe of participants making appropriate
5 arguments in this art as opposed to science of ROEs. And
6 this NOI I look at as an opportunity to get those who have
7 not historically participated in these types of
8 deliberations to come to the table--environmental interests,
9 economic interests--there's a whole raft of issues that
10 we've talked about quite a bit, and we've paid great
11 attention to here at FERC in terms of not just transmission.
12 The Chairman's been a leader in alternatives through
13 technology that have not traditionally appeared in these
14 type of cases, and the reliability, which is an issue that
15 has arisen recently that had not arisen in the past,
16 renewable resources coming to load, economic dispatch, the
17 fact that we're asking the grid to do far more than we have
18 in the past, raises issues that suggest the appropriateness
19 of an NOI to get a robust participation to better inform our
20 decisions going forward.

21 We have great demands on our electric grid, and
22 we have very scarce resources. It is important that
23 ratepayer resources be expended very judiciously and
24 carefully so we get the biggest bang for the transmission
25 dollar, and I look forward to the responses to this NOI to

1 better inform our debate.

2 And I suggest that a robust response to this NOI
3 very well serves the public interest, and I thank you for
4 moving forward with this, Mr. Chairman. And I thank my
5 colleagues and, frankly, everybody on their team for working
6 so hard on this.

7 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
8 Spitzer. You are absolutely right that cost-of-service
9 rate-based regulation with a ROE determination by a
10 Commission is not a science. I can't tell you how many
11 times I read the Bluefield and Hope cases, and it's really a
12 very difficult and continually moving target. That's why I
13 think a reassessing is always something that is a good thing
14 to do when you can.

15 Commissioner Norris, comments?

16 COMMISSIONER NORRIS: Thank you, Mr. Chairman.

17 I too want to thank you, staff. I know this was
18 kind of a push to get this done at the end, so that always
19 impacts how much extra time, personal time and family time,
20 is involved, and sacrifice for getting this done. So I
21 thank you for that and recognize that.

22 And our own professional Commission staff for the
23 time spent on this in the last several weeks, as well. So
24 thank you all for your work.

25 I do believe it is important to issue this Notice

1 of Inquiry today for a number of reasons. First of all, I
2 think the timing is significant. Because as you know,
3 several of the issues encompassed in this ROI are also
4 involved in the incentive rate cases that we are ruling on
5 today. So I think that is important, from a timing
6 standpoint.

7 I think it is also an appropriate response
8 that--I've heard a number of concerns about the Commission's
9 incentive rate policies, since I've been on the Commission,
10 and in fact in my concurring opinion in PATH last November I
11 expressed my own difficulty in assessing the transmission
12 rate incentives under the Commission's current policies. So
13 I think it is important for that, as well.

14 Some of the concerns, and even criticisms, raised
15 I think may have merit; but some I think may also be
16 misplaced, or in fact based on only partial information. So
17 it is my hope that the information and input shared through
18 this NOI enables the Commission, but also the public, to get
19 access to information that informs us better about those
20 concerns that have been raised.

21 And most importantly, though, I share with my
22 colleagues the need for continued investment to rebuild our
23 Nation's transmission infrastructure to provide the grid we
24 need to accomplish multiple things for our energy system in
25 this country. Everything from national security to energy

1 independence to public health and safety, and environmental
2 concerns, I think those are all even greater today than they
3 were when Congress passed the Energy Policy Act of 2005.

4 So nothing we do hopefully have sent any signals
5 that this NOI means we are not committed to pushing forward
6 with getting the transmission built necessary for this
7 country.

8 My comments on this issue today, and here today,
9 are not meant at all to be critical of the Commission's past
10 decisions. And on the many requests for incentives that we
11 have issued, or dealt with under Section 219, or also our
12 FERC Order No. 679. I think the Commission got to work
13 right after Congress directed it to do so, and got the train
14 headed down the right track. And there are a number of
15 transmission projects either that have been built or are in
16 the process of being built that probably would not be today
17 had it not been for the actions and work of this Commission
18 over the last five years since Order No. 679 was issued.

19 But it has been, as my colleagues noted, been
20 five years since Order No. 679 was issued, and the incentive
21 policy was begun. So while some may think we do things
22 perfectly here, I am not one. And, that we actually can
23 learn from this NOI. Learn perhaps about the successes
24 we've had, mistakes we may have made, and help us improve
25 and adapt our policies going forward so that we can

1 accommodate and account for changes in need or circumstances
2 that have occurred in those last five years.

3 I am hoping that the information we get from this
4 NOI will enable us to do that as best as possible. If this
5 were a even near perfect world and we were even near perfect
6 in our policies and decisions going forward, we would have
7 the exact upgrades and new transmission built that we needed
8 for this country done in the most efficient way possible.

9 We would then have the perfect competitive model
10 to achieve maximum efficiency and building the identified
11 improvements that help consumers realize a competitive
12 marketplace for the price of energy.

13 We would also have picked the exact rate of
14 return to track the exact right amount of capital we need to
15 build all this. Not only that, but maybe the states would
16 even follow along and the states and stakeholders would move
17 forward on siting, and cost allocation, and all of our
18 questions about reliability or congestion would just vanish.

19 Unfortunately, Moses is not around to part this
20 sea for us.

21 (Laughter.)

22 COMMISSIONER NORRIS: So we have to grind it out.
23 We have to grind it out through the phases of building
24 transmission in this country. And the input we are asking
25 for today is feedback to guide us on how we go forward to

1 continue the mission that Congress set for us, and get the
2 transmission built for a reliable and economically efficient
3 electrical system.

4 That is what I think our goal is here, and
5 hopefully what we do will further that through this NOI. I
6 do want to highlight some of the issues and thoughts around
7 incentive rates that are of particular interest to me.

8 Number one is, I believe that we have to come to
9 grips with the fact that transmission and all electric costs
10 in this country are generally going to go up. So there is
11 going to be an increase in costs.

12 The biggest factor I believe in that is just the
13 fact that we have an old infrastructure that has to be
14 rebuilt and replaced. We have been living on borrowed time
15 on replacing infrastructure for a number of years. That is
16 going to be a significant factor in increasing costs for
17 transmission going forward.

18 I think it is also important that we have a
19 adequate transmission system for a competitive wholesale
20 marketplace so consumers can benefit from competitive
21 prices. There have also been changes over time in flows,
22 and in levels of demand that necessitate new transmission.

23 What I hope to learn from this NOI are folks'
24 thoughts, or maybe some clarity here. If we know
25 transmission costs are going to go up because of all these

1 needs, making sure that we don't confuse or associate the
2 increase in costs in transmission with just incentives, or
3 perhaps even overruns over what was projected or estimated
4 as cost for these projects in the planning process.

5 Those represent a portion of the increase in
6 transmission costs. But as I get people talking to me, upset
7 about the increase in transmission costs, I want to make
8 sure the people understand we've got a whole bunch of stuff
9 to do on transmission.

10 So what piece are you really upset about? Is it
11 building transmission? Or is it the incremental cost
12 associated with incentives? Or even probably even the
13 smaller incremental costs associated with overruns? And if
14 it is, how do we address those?

15 I am hoping to learn that from this NOI.

16 Also, I believe that we have had the incentives
17 regarding RTO membership and independent transmission
18 company status. I look forward to input to assess whether
19 circumstances in the industry and policy objectives five
20 years ago are sufficiently present today to require those
21 current incentives? Or is there some other form or amount
22 of incentive more appropriate in today's environment for the
23 RTO adder and the independent transmission company adder?

24 And finally, one other issue I'll highlight is
25 that there's a question that is perhaps most perplexing to

1 me in this whole equation. And that is, what level of
2 difficulty is needed to justify incentives for risk reducers
3 and risk return adders?

4 Because let's face it. Every transmission line
5 built today is hard to do. So that it's hard "a" or "the"
6 key factor when everything points to they should get a risk
7 incentive? If it is, then everything would get an
8 incentive. So how do we assess and implement a policy based
9 on a level of difficulty in today's environment for building
10 transmission? That's the most perplexing question for me in
11 this whole transmission incentive policy.

12 So finally, I want to stress, I do not have
13 predetermined thoughts or agenda on incentive rate policy.
14 I've looked forward to initiating a broad look at our policy
15 for some time for the sole reason that it is important that
16 we get it right.

17 Consumers can greatly benefit from key
18 transmission investments and the development of new
19 technologies to make our electric system more efficient and
20 more environmentally responsible. This is our opportunity
21 to impact the direction our transmission takes us by
22 providing investors, developers, vendors, innovators, the
23 incentives necessary to meet our most difficult and hard-
24 to-achieve objectives.

25 So I look forward to your input to help us assess

1 what we've done, and where we're going, and what makes the
2 most difference in getting to those hard and difficult-to-
3 achieve objectives, because I think that is where this
4 incentive falls and where you should be focused.

5 Thank you very much.

6 CHAIRMAN WELLINGHOFF: Thank you, John. Just
7 remember, never perfect but always striving for perfection.

8 COMMISSIONER NORRIS: There you go.

9 CHAIRMAN WELLINGHOFF: Commissioner LaFleur.

10 COMMISSIONER LaFLEUR: Thank you, Mr. Chairman.

11 Now that we've heard about art, and science,
12 religion, and Moses, the struggle for perfection, it's hard
13 to think of anything to say.

14 (Laughter.)

15 COMMISSIONER LaFLEUR: But I will add a couple of
16 thoughts. I also want to thank the team, the large team,
17 not just the few in front of us, and all the people on the
18 11th Floor for getting this out.

19 I strongly support the decision to issue this
20 Notice of Inquiry, and I am delighted that we're able to get
21 it out today.

22 As has been noted by several of my colleagues,
23 six years ago Congress required the Commission to award
24 transmission incentives to help critically needed
25 transmission get built. That's where all our authority and

1 our responsibilities come from, so I support that.

2 But I also personally believe in incentive
3 regulation. I'm from a part of the country where it's been
4 used very successfully at the state level, and I think it
5 can work well.

6 Transmission incentives can help bring into
7 service transmission that improves reliability, reduces
8 congestion, and makes markets work better for customers, and
9 facilitates clean, new energy resources.

10 But by definition transmission incentives raise
11 the direct costs of projects. They mathematically raise the
12 transmission piece of customers' bills. So we have a
13 responsibility to make sure they are designed and applied
14 carefully and effectively to achieve the purposes they are
15 intended to achieve, and that they actually benefit
16 customers.

17 I believe six years after the Act and five years
18 after Order No. 679, it's an appropriate time to look at our
19 incentive policy to consider how do we evolve it and apply
20 it going forward.

21 A number of parties have raised questions with us
22 about how to balance the need for investment in transmission
23 and the impact of costs on customers. And one of the things
24 that this Notice of Inquiry does is specifically ask
25 questions about whether we are striking that balance right,

1 or whether we should evolve it in some way.

2 It asks questions on a large number of other
3 topics, as well, and we hope, as has been observed, to have
4 a free and open dialogue. I hope we receive a wide range of
5 comments, not only from regulated entities and other
6 builders of transmission, but from the investment community,
7 state commissions, and people representing customers.

8 One of the issues that I have thought a lot about
9 and actually struggled with a little bit in my time on the
10 Commission is how to balance case-by-case adjudication with
11 generic proceedings to put out regulations. Because it does
12 seem, you know, in going around the country you see the same
13 issues everywhere, and a lot of the same things again and
14 again.

15 And the advantage of generic rulemakings like
16 this is that they give all parties an opportunity to be
17 heard, and you don't have the ex parte concerns. You're not
18 dealing with a specific case, so you can really talk through
19 the issues and try to look at the big picture.

20 They make a ton of work for the staff. And the
21 world doesn't stop while you're going through the long
22 process of putting out a new regulation, a new Order. So
23 that's the balance.

24 We have a lot of cases pending on rehearing. I
25 am delighted we are voting out a few of them today. We have

1 to get on with the others. And we are getting new
2 applications all the time, which is good news because that
3 means people are stepping up with their checkbooks to build
4 transmission, and we have to deal with those as well.

5 I am delighted that, in addition to the Notice of
6 Inquiry, we were able to vote out some of those cases today
7 and we will keep doing our best to do both of those and
8 strive for perfection.

9 Thank you.

10 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
11 LaFleur. If there's nothing else, I think we are ready for
12 the vote, Madam Secretary.

13 SECRETARY BOSE: The vote begins with
14 Commissioner LaFleur.

15 COMMISSIONER LaFLEUR: I vote aye.

16 SECRETARY BOSE: Commissioner Norris.

17 COMMISSIONER NORRIS: Aye.

18 SECRETARY BOSE: Commissioner Moeller.

19 COMMISSIONER MOELLER: Noting my concurrence, I
20 vote aye.

21 SECRETARY BOSE: Commissioner Spitzer.

22 COMMISSIONER SPITZER: Aye.

23 SECRETARY BOSE: And Chairman Wellinghoff.

24 CHAIRMAN WELLINGHOFF: I vote aye.

25 If there's nothing more to come before the

1 Commission, this meeting is adjourned.

2 (Whereupon, at 12:10 p.m., Thursday, May 19,
3 2011, the 970th open meeting of the Federal Energy
4 Regulatory Commissioners was adjourned.)

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