





1 APPEARANCES:

2 COMMISSIONERS PRESENT:

3 CHAIRMAN PAT WOOD, III, Presiding

4 COMMISSIONER LINDA KEY BREATHITT

5 COMMISSIONER NORA MEAD BROWNELL

6 COMMISSIONER WILLIAM L. MASSEY

7

8 SECRETARY MAGALIE ROMAN SALAS

9

10

11

12

13

14

15

16 ALSO PRESENT:

17 JANE W. BEACH, Court Reporter

18

19

20

21

22

23

24



1 PROCEEDINGS

2 (10:08 a.m.)

3 CHAIRMAN WOOD: This open meeting of the Federal  
4 Energy Regulatory Commission will come to order to consider  
5 the matters that have been duly posted in accordance with  
6 the Government in the Sunshine Act. Please join me in the  
7 Pledge of Allegiance to the Flag.

8 (Pledge of Allegiance recited.)

9 CHAIRMAN WOOD: Thank you, and good morning.  
10 We'll start, Madam Secretary, with you.

11 SECRETARY SALAS: Good morning, Mr. Chairman, and  
12 good morning, Commissioners. The consent agenda for today  
13 is as follows: E-2 through E-4; E-6 through E-8; E-12; E-  
14 17/ E-19; E-20; E-22; E-23; E-25 through E-28; E-30; E-35;  
15 E-39; E-40; and E-42 through E-45; Gas, G-2; G-4; G-5  
16 through G-9; G-11; G-12; G-14; G-15; G-17; G-19; G-20; G-24;  
17 G-25; G-27 through G-34; G-36 through G-39 through G-42;  
18 Hydro, H-1; H-4; and H-5; Certificates, C-1 and C-3 through  
19 C-6.

20 The specific Board descriptions for these  
21 descriptions are as follows: E-15, Commissioner Brownell  
22 concurring; E-23, Commissioner Massey dissenting in part,  
23 with a separate statement; E-26, Commissioner Massey  
24 dissenting, in part, with a separate statement; E-32,

1 Commissioner Massey concurring with separate statement; G-

1 24, Commissioner Breathitt dissenting, in part, Commissioner  
2 Brownell concurring; G-29, Commissioner Breathitt  
3 dissenting, in part, Commissioner Brownell concurring; G-32,  
4 Chairman Wood concurring without separate statement, and  
5 Commissioner Brownell concurring with separate statement.  
6 Commissioner Brownell votes first this morning.

7 COMMISSIONER BROWNELL: I vote yes, with the  
8 exception of the concurrences on E-15, G-24, G-29, and G-32.

9 COMMISSIONER MASSEY: Aye, with my concurrence  
10 and partial dissents as noted.

11 COMMISSIONER BREATHITT: Aye, with partial  
12 dissents as noted.

13 CHAIRMAN WOOD: And, aye, with concurrences  
14 noted.

15 SECRETARY SALAS: The first discussion item for  
16 this morning is E-5, California Independent System Operator  
17 Corporation, with a presentation by Julia Lake, J.B.  
18 Shipley, and Susan Pollonais.

19 MS. SHIPLEY: Good morning, Commissioners. E-5  
20 is a proposed Order concerning two filings: The first is  
21 the California ISO's Proposed Amendment 42 to its tariff;  
22 and the second is the California Electricity Oversight  
23 Board's complaint filed in Docket No. EL02-51.

24 In Amendment 42, the California ISO proposes four

1 changes: One, to permit new intermittent resources, upon

1 satisfaction of certain technical requirements, to be  
2 participate in California markets.

3 Two, a revised method for allocating to  
4 scheduling coordinators, the portion of bid prices for  
5 instructed energy that exceed the market clearing price,  
6 which is referred to as Charge Type 487.

7 Three, a change to the California ISO Intrazonal  
8 Congestion Management Model that would limit generator  
9 schedules in the forward market when the ISO determines that  
10 congestion will occur; and,

11 Four, a change in the calculation of the target  
12 price for incremental and decremental imbalance energy bids.

13 13

14 The Order accepts the intermittent resources  
15 proposal, however, the ISO is required to either make the  
16 proposal available to intermittent resources with existing  
17 contracts or to explain why such entities should not be  
18 eligible for the program.

19 The Order also accepts the change to the  
20 allocation method for Charge Type 487 as proposed.

21 The Order, however, rejects the proposals  
22 regarding changes to the Intrazonal Congestion Management  
23 Model and the target price for incremental and decremental  
24 imbalance energy bids as inappropriate, piecemeal changes to

1 the market design.

1           The Order indicates that the market problems that  
2 these proposals are intended to address should be included  
3 as part of the comprehensive market redesign that the ISO is  
4 required to file by May 1, 2002.

5           As to the Oversight Board's complaint, which asks  
6 the Commission to consider placing limits on suppliers'  
7 decremental bids for imbalance energy, the Order dismisses  
8 the complaint without prejudice. Because the Oversight  
9 Board's requested remedy would directly affect California  
10 market design, the Order finds any action on the complaint  
11 premature, in light of the imminent filing by the ISO to  
12 revise its market design.

13           Finally, in light of the rejection of portions of  
14 Amendment 42 just discussed, the Order also rejects a  
15 request to hold a technical conference in this docket.

16           COMMISSIONER MASSEY: I called this item to make  
17 a point regarding the Electricity Oversight Board's  
18 complaint about anti-competitive negative decremental bids.  
19 My understanding of this problem is that it results, in  
20 large part, from an inadequate market design, as I think the  
21 Order correctly points out.

22           Thus, its remedy lies in a good, solid, market  
23 design. The root of the problem is scheduling more  
24 generation in a specific location than is physically

1 feasible, given grid constraints.

1           So after the schedule is made, the grid operator  
2           then realizes that too much generation has been scheduled at  
3           that location, and the ISO must get generators at that  
4           location to back down or decrement their output, and must  
5           get generators in other locations to increase or increment  
6           their output in order to keep the system in balance.  
7           Generators will submit bids to the ISO to be selected to  
8           either increment or decrement.

9           Unfortunately, the grid operator, at the last  
10          minute, may have very few choices in the number of  
11          generators to decrement in a specific location, so those  
12          generators are able to insist on being paid and possibly  
13          paid dearly to decrement their output. This is what is  
14          known as a negative decremental bid, and it can be a form of  
15          locational market power.

16          So how to avoid this problem: With a good solid  
17          market design, such as that recommended in our recent  
18          standard market design paper. For example, a security  
19          constraint economic dispatch with locational pricing would  
20          go a long way to avoid the over-scheduling problems caused  
21          by poor market signals.

22          The security constraint dispatch would ensure  
23          that all schedules are physically feasible, and nodal  
24          pricing would show the very low value, perhaps even a

1 negative value of generation to be dispatched in locations

1 where there is too much generation relative to transmission  
2 capability.

3 Thus, over-scheduling would be greatly lessened  
4 and the gaming of getting schedules and then insisting on  
5 being paid to decrement would be largely prevented, perhaps  
6 not completely prevented, but it would go a long way.

7 I do think this is a problem that has to be  
8 addressed. The fact that we dismissed this complaint  
9 without prejudice, doesn't mean that, in my view, that we  
10 don't see a problem.

11 But the root cause of the problem is the poor  
12 market design, and it is best addressed in the comprehensive  
13 market design that the California ISO must file on May 1st.  
14 And I understand that they are working on that and will file  
15 it.

16 I, personally, would like to strongly encourage  
17 the ISO to file a market design that not only works, but one  
18 that is largely consistent with our working paper on  
19 standard market design, because I think that would go a long  
20 way to solving this problem, and I wanted to raise this  
21 concern this morning.

22 CHAIRMAN WOOD: Well, on the record, I'd like to  
23 associate myself with all of your thoughts. I think that  
24 the inc-dec game that was unfortunately pioneered in the

1 California market, that those of us who are trying to set up

1 markets elsewhere in the country observed at the time, is a  
2 big problem. And there is really not a better way to get  
3 around it than making sure that those who would impose costs  
4 through above-market charges for either inc'ing or dec'ing,  
5 in fact, have to bear that cost themselves.

6 And I think cost incurrence linked up with cost  
7 responsibility is a time-worn principle of regulation that  
8 the use of locational pricing with nodal pricing is really  
9 intended to fix, and, I think, should do so very well.

10 I do observe that although the technical  
11 conference that was asked for in this docket is not granted,  
12 we have, in fact, done -- set one up, that I believe Bob  
13 Pease from our staff will be going to next week in  
14 California, to work with the parties on the May 1st filings.  
15 So, it's not granted here, but it's granted in the forum  
16 where it can make a difference. And I think, as, you Bill,  
17 do, that the proper place to address both what the EOB said  
18 and what the ISO filed, and which is discussed in Sections C  
19 and D of this Order, are appropriately fixed on a more  
20 global methodology in that forum. I look forward to giving  
21 that a lot of high-quality attention and time as soon as it  
22 is filed here, so that we can work through the summer to  
23 have both short-term and long-term fixes in places for  
24 California by the time that the mitigation that we put in

1 place last year is expiring in September. So thank you for

1 bringing that point up.

2 COMMISSIONER BROWNELL: I, also, Bill, would like  
3 to thank you for calling us and pointing out, I think, a  
4 couple of important details on the consistency with our  
5 market design paper. But I would also like to reemphasize  
6 what you said, and that is time is running out.

7 I'm glad that we're dedicating staff to helping  
8 California develop their filing, and certainly we'll do  
9 whatever it takes. But I think that it takes a strong  
10 partner, and I hope that California takes their  
11 accountability in this and the other issues that we're  
12 working on for California very seriously. So, thank you.

13 COMMISSIONER BREATHITT: Just a general question:  
14 The May 1 filing, how comprehensive is that? Do you know,  
15 or are you the right team to ask that of?

16 MR. COLEMAN: Commissioner, we have had some  
17 preliminary discussions on what California was intending on  
18 filing on the first, and sort of their schedule that they've  
19 laid out with some of the stakeholder hearings that they've  
20 had, as well as them going to the Board in terms of coming  
21 in. And it is my understanding that they do have some  
22 immediate fixes by October 1, and then a longer-term plan  
23 with some associated software changes that they need to  
24 make, that they will likely be proposing to implement on a

1 longer-term basis.

1           But from what I have been told, that they are --  
2           I mean, intending to have a comprehensive plan in here on  
3           May 1st, and we have emphasized to them that getting that  
4           plan in by May 1st is of utmost importance to the  
5           Commission.

6           COMMISSIONER BREATHITT: We got an -- didn't we  
7           get an RTO filing last year?

8           MR. COLEMAN: Yes, we required in one of our many  
9           California Orders --

10          COMMISSIONER BREATHITT: Right.

11          MR. COLEMAN: -- for them to come in.

12          COMMISSIONER BREATHITT: That they file their  
13          RTO.

14          MR. COLEMAN: With an RTO filing, and actually in  
15          that filing, they pointed out that at that time back then,  
16          that they were still on the hook to come in with a revised  
17          congestion management --

18          COMMISSIONER BREATHITT: Right.

19          MR. COLEMAN: -- pursuant to an earlier Order  
20          from the Commissioner, but that once they got that done,  
21          they felt that we would find that to be, I mean, a positive  
22          improvement in the market, and along with other things that  
23          they were doing, there was an indication that they felt that  
24          they would meet the Order 2000 requirements.

1

I think that this filing, this market redesign

1 filing here that's due May 1st, will, I mean, supersede -- I  
2 mean, there -- has, in fact, superceded that effort, and I  
3 think will -- I mean, it should go a long ways towards  
4 addressing the concerns that we have with some of the faults  
5 that we would probably see in the way that the current  
6 market is operating now.

7 COMMISSIONER BREATHITT: Good, thank you.

8 COMMISSIONER MASSEY: At the last meeting, we had  
9 a discussion about the infrastructure issues, and we may  
10 have another one at today's meeting. In our Orders with  
11 respect to the California market, a series of Orders, in  
12 addition to pointing out infrastructure concerns, the  
13 Commission has hammered this market design issue over and  
14 over again.

15 And this needs to be fixed, and now is the time  
16 to do so, because the mitigation plan that we have in place  
17 expires September 30th, and with software changes and  
18 everything else that would have to be sequenced, it is  
19 definitely time to act. So, I hear all of my colleagues  
20 encouraging the California ISO to come in with a  
21 comprehensive plan that deals with the market design issues.

22 22

23 CHAIRMAN WOOD: I should add, with some  
24 specificity, what they indicated in, I believe, their -- I

1 don't know if they call it a straw paper or not; it's called

1 MD-02, is what it's labeled out there -- looked really  
2 pretty promising.

3 I think they're going a lot in the right  
4 direction from what we've learned across the country and  
5 what we've studied a lot since October in our RTO week and  
6 subsequent proceedings, is -- you know, what they're talking  
7 about are the right things, and I think we just really need  
8 to encourage that to get from high level down to some detail  
9 that's implementable.

10 So, I mean, I don't think it's calling them in  
11 from the darkness; it's like, okay, let's just put a box  
12 around this and get it done, because I think everybody knows  
13 there just really aren't a whole lot of different ways to  
14 slice the salami; we've just got to get it done.

15 MR. COLEMAN: I think our discussions with the  
16 ISO has indicated that they have looked at the staff market  
17 design paper, and they feel that their proposal -- I mean,  
18 in terms of what they see long-term -- will be very much  
19 consistent with that.

20 And without certainly trying to pre-judge,  
21 getting from here to there may pose some additional  
22 questions which we may not have thought about, I mean,  
23 before, because they have indicated that there will be some  
24 immediate sort of short-term fixes and then what they want

1 to do in terms of how to implement the market design on a

1 long-term basis.

2 I think we probably need to take a very close  
3 look at what they're proposing in the short term as to  
4 whether or not that will actually help move us to the long-  
5 term solution that we're looking for.

6 CHAIRMAN WOOD: Let's vote.

7 COMMISSIONER BROWNELL: Aye.

8 COMMISSIONER MASSEY: Aye.

9 CHAIRMAN WOOD: Aye.

10 COMMISSIONER BREATHITT: Aye.

11 SECRETARY SALAS: The next item for discussion is  
12 E-15, Trans-Elect, Inc., with a presentation by Lodie White  
13 and Michael Donnini.

14 MS. WHITE: Good morning, Mr. Chairman; good  
15 morning, Commissioners. I'm Lodie White, and sitting with  
16 me is Michael Donnini, and Michael McLaughlin.

17 This Order and rehearing grants, in part, and  
18 denies, in part, requests for a clarification or rehearing  
19 of our February 13th Order in this proceeding. In the  
20 February 13th Order, the Commission conditionally authorized  
21 a proposal by Consumers Energy Company to transfer its  
22 transmission affiliate, Michigan Electric Transmission  
23 Company, LLC, to an unaffiliated entity, Michigan Transco  
24 Holdings, LP, an indirect affiliate of Trans-Elect, Inc.

1

That February 13th Order also conditionally

1 approved certain treatments governing the rates of Michigan  
2 Electric Transmission Company after the transfer. Trans-  
3 Elect applicants request limited clarification or rehearing  
4 on two issues; namely, the income tax adjustment and the  
5 extension of rate moratorium and deferral mechanisms beyond  
6 December 31, 2004.

7 The Commission grants rehearing and approves  
8 Trans-Elect applicant's proposal. The Commission also  
9 approves the amount requested based on the benefits of the  
10 proposal.

11 Regarding the rate moratorium, the Commission  
12 denies rehearing and grants the request for a clarification.

13 Consumers applicants request rehearing on the  
14 easement condition. Consumers applicants, in compliance  
15 with the February 13th Order, also filed a revised easement  
16 agreement. This Order denies rehearing on the easement  
17 condition and rejects the revised easement agreement as  
18 inconsistent with the Commission's directives set forth in  
19 the February 13th Order.

20 The Michigan South Central Power Agency and the  
21 Michigan Public Power Agency filed a request for a  
22 clarification or rehearing of the conditions placed on the  
23 Commission's approval of certain settlement agreements in  
24 the February 13th Order. This Order grants, in part, and

1 denies, in part, the request for a clarification, and at the

1 Agency's urging, holds their rehearing request in abeyance,  
2 pending action in related proceedings. Thank you. At this  
3 point, we'll be happy to entertain any questions you may  
4 have.

5 CHAIRMAN WOOD: Thank you, Lodie. The only  
6 reason I wanted to call this separate is just to say on the  
7 record that my willingness to reconsider how we treated the  
8 income tax issue is directly tied to the resolution of the  
9 easement issue and any -- and, to me, that is a linked,  
10 package deal that is essential for me on the easement side,  
11 as we talked about in the February 13th Order, that we'd be  
12 willing to think about some things, but the independence of  
13 this basically virtual utility is a very different animal  
14 than one that owns all the easements and everything, in fee-  
15 simple right, like a traditional utility.

16 I think that anything that pulls away from their  
17 ability to be as independent as a freestanding utility, to  
18 me, has direct implication as to our willingness to consider  
19 the income tax treatment. So, I just wanted to say that for  
20 the record, and I support the Order, and I think it's a nice  
21 balance, and I think it's a positive move forward for the  
22 Midwest, and I hope that it will play out as we hoped.

23 COMMISSIONER BROWNELL: I have a slightly  
24 different take, and my willingness to reconsider the tax

1 issue was based on the premise that this is a business model

1 we've been encouraging, and, frankly, we have great  
2 expectations. And I want to emphasize that we're going to  
3 be looking in the next six months to see if those  
4 expectations for investment, innovation, real leadership in  
5 showing us that this model is what markets need, I'm hoping  
6 there is some pretty strong evidence in a very short period  
7 of time.

8 COMMISSIONER MASSEY: And just to be clear, it  
9 looks as if this model is an independent transmission  
10 company that is completely independent. Is there any  
11 affiliation at all with merchant interest here?

12 MR. McLAUGHLIN: No, there is not, Commissioner.

13 COMMISSIONER MASSEY: All right. There's no  
14 passive ownership, nothing like that?

15 MR. McLAUGHLIN: No, sir.

16 COMMISSIONER MASSEY: So it's completely  
17 independent, and it will operate within the Midwest ISO?

18 MR. McLAUGHLIN: It has proposals pending with  
19 the Commission now, and the Midwest ISO has a proposal that  
20 they propose to join the Midwest ISO, upon us acting on  
21 those proposals. The comment period on those proposals ends  
22 on March 29th.

23 COMMISSIONER MASSEY: I see. Well, let me share  
24 my colleagues' interest here in this entity being -- we want

1           this transaction to take place, number one. And, number

1 two, we've allowed some flexibility here with respect to the  
2 tax treatment, because we want the transaction to take  
3 place, because it is going to be a completely independent  
4 company, and I would like to associate myself with the  
5 remarks of my colleagues.

6 One of the key aspects of independence is this  
7 right-of-way question, the easement question, and so this  
8 has got to be resolved successfully, and I think it will be.

9 9

10 COMMISSIONER BREATHITT: I had had some earlier  
11 thoughts about whether or not we were considering other  
12 interests from local governments and state commissions and  
13 state governments with respect to other uses of easements,  
14 particularly pole attachments and -- but I think that this -  
15 - when we raised that at the last Commission meeting, we  
16 didn't get -- even though it wasn't raised in a formal  
17 concurrence of a dissent; it was conversation at the bench.

18 18

19 And we didn't get any pleadings that pointed out  
20 to us any real difficulties with respect to a competition  
21 for other uses of the property, the real estate, that would  
22 cause our Order today, which is restating that transmission  
23 should be the primary use, we didn't get any other issues  
24 that raised to the level that would cause me to not be able

1 to vote for this Order.

1           So I'm very pleased with the way that this has  
2 all been resolved. I also agree and chime in with my  
3 colleagues, that this is the beginning of the Commission  
4 saying that we do believe in independent transmission  
5 companies, and that we will sometimes work, not a little  
6 harder, but -- because we always work hard on every Order --  
7 but that we will make sure that what we do allows these  
8 models to go forward. So I'm pleased about that, and this  
9 is an Order that it sounds like we're all very comfortable  
10 with and support.

11           CHAIRMAN WOOD: Let's vote.

12           COMMISSIONER BROWNELL: Aye.

13           COMMISSIONER MASSEY: Aye.

14           COMMISSIONER BREATHITT: Aye.

15           CHAIRMAN WOOD: Aye.

16           SECRETARY SALAS: The next item for discussion is  
17 E-29, American Transmission Company, LLC, with a  
18 presentation by John Roddy and Robert Pease.  
19  
20  
21  
22  
23  
24



1           MR. RODDY: Good morning. This order granting  
2 rehearing requires the filing of certain information  
3 necessary to resolve apparent factual conflicts.

4           The concerns expressed in the Order very much are  
5 related to the following: Wisconsin Electric & Power  
6 Company, WEPCO, filed to withdraw its standards of conduct  
7 as no longer being necessary, saying that all its  
8 transmission assets were acquired by ATC.

9           WPPI protested, citing the possibility of sharing  
10 of space by the control area and merchant function employees  
11 and the attendant unequal access to data.

12           WEPCO answered the protest by saying that all its  
13 transmission facilities were acquired by ATC, that WEPCO  
14 employees were bound by the ATC standards of conduct, and  
15 the WEPCO employees working under contract to ATC for  
16 transmission were working for ATC and did so independently  
17 of any WEPCO merchant function employee. The Commission  
18 relied upon these representations in issuing the February  
19 1st order.

20           In its request for rehearing or clarification,  
21 WPPI informs us that although ATC may have acquired title,  
22 WEPCO employees still operate the control area facilities.  
23 They share a space with the merchant function employees, and  
24 there's a very real possibility of unequal access to the

1 data. ATC, who has acquired WEPCO, confirms in its

1 compliance filing as supplemented that WEPCO employees  
2 operate the control area facilities. There was indeed  
3 unrestricted access to certain data from the 1st of January  
4 last year to the 8th of March this year. ATC says they have  
5 put an end to that, and if you'll bear with me for a moment,  
6 I think it's important enough that I give you the  
7 particulars.

8 ATC says that it has purchased its own energy  
9 data management system. It's undergoing testing and will be  
10 operational by the end of this year. And after it becomes  
11 operational, ATC will be processing its data directly rather  
12 than going through WEPCO. In the meantime, ATC's standards  
13 of conduct currently require that all ATC participants,  
14 including WEPCO, sign a corporate form of the standard of  
15 conduct certificate. WEPCO has executed such a certificate,  
16 and ATC believes now that there are no other inadvertent  
17 access issues on its system.

18 As you can see from the draft order, we are  
19 concerned that WEPCO may have been somewhat less than candid  
20 in its representations to the Commission, and we are seeking  
21 information necessary to verify the essential facts here  
22 before we make an informed judgment as to what further steps  
23 are appropriate.

24 CHAIRMAN WOOD: So without judging that issue, I

1 would like to say that less than candid representations by

1 any party to this Commission are unacceptable and should  
2 result in a very severe penalty. I look forward to finding  
3 out exactly what happened here. This is why we have  
4 standards of conduct, not because we catch you because three  
5 or four people happen to corroborate on a fact and aha! we  
6 happen to read the order and catch it. This should be a  
7 routine matter that is done and operated by everybody that  
8 there's a clean separation of employees. Otherwise, the  
9 whole artifice that we have set up for over 15 years of  
10 having behavior remedies to anticompetitive problems is a  
11 house of cards.

12 And so I am very agitated by this. I would much  
13 rather change diapers than listen to this stuff, but this is  
14 my job and I get paid to do it, and I am very much looking  
15 forward to the responses we get from WEPCO in this regard.  
16 And I'm ready to vote.

17 COMMISSIONER BREATHITT: Aye.

18 COMMISSIONER MASSEY: Aye.

19 COMMISSIONER BROWNELL: Aye.

20 CHAIRMAN WOOD: Aye.

21 SECRETARY SALAS: The next item for discussion  
22 this morning is E-31, San Diego Gas & Electric Company. No  
23 discussion.

24 CHAIRMAN WOOD: And I wanted to just point out

1 here -- and this a good order to look at when we're thinking

1 about what it takes to get transmission built. And if  
2 there's a part of the country that could use it any more  
3 than California, I don't know where it is, although I think  
4 other places are soon catching up. But I think this one is  
5 instructive. Throughout the order there's a lot of  
6 discussion about rolled-in versus incremental pricing that I  
7 think can inform our transmission pricing discussion.

8 But I think when you come down and look at this  
9 order, and what's going on here is in the southern part of  
10 the state, San Diego, the utility in that area, is wanting  
11 to build some new transmission to tie in some Mexican  
12 generation facilities which will serve the Southern  
13 California market as well as I believe some generation  
14 facilities within the state itself.

15 And at a minimum, we're talking about 1,360  
16 megawatts of new generation which in this order is referred  
17 to as net benefits to the San Diego ratepayers of around \$3  
18 million a year, and to the overall ratepayers of the  
19 California ISO footprint over \$10 million a year. If that  
20 gets ramped up to the full amount of capacity that is  
21 allowed to be handled by these lines, 3,800 megawatts, that  
22 would be economic benefits for San Diego and Cal ISO of \$26  
23 million and \$174 million respectively.

24 That is a phenomenal little fact that I think we

1 ought to carry around as we think about the tradeoffs and

1 cost benefit of adding new transmission to broaden the reach  
2 of new generation and how those cost tradeoffs get made. I  
3 do worry that sometimes in the transmission pricing debate  
4 we look at such a narrow slice that you'll never be able to  
5 find a reason to build a transmission line. This case and  
6 these facts here to me are a very clear indication that you  
7 spend a nickel to save a dollar, it's a pretty good deal.

8           So I support the order. The order does approve  
9 rolled-in rate treatment for San Diego's request here. It  
10 does, however, deny a limited Section 205 proceeding as  
11 consistent with our regulations. And I'm fine with that for  
12 this order, but I do note that in the order we consented for  
13 Southern, we sent to hearing and without saying negative  
14 things about it, discussion of something called a formula  
15 rate, which allows basically a rate base and revenue  
16 requirement to be updated periodically. We did this in  
17 ERCO. I don't know what has resulted in transmission  
18 getting built. It probably was a panoply of things.

19           But I know one thing from the utilities that I  
20 worked with down there in my prior job that having removed  
21 the regulatory lag by use of basically a similar equivalent  
22 to formula rate as opposed to the limited Section 205s or  
23 their equivalent back home, that having an ability to put an  
24 asset into rate base pretty soon after its operational,

1 rather than going through the Byzantine process of a full

1 rate case, is a very positive thing that incents investment.  
2 And I think although this order rejects the limited 205, I  
3 would encourage both the parties in the Southern case and  
4 others that are watching that technical conference to  
5 consider is that as we do have parts of the country that are  
6 building a lot of transmission, that we do have creative  
7 ways that may not be contemplated under our current rules  
8 that allow those costs to be put into rates and reflected  
9 relatively contemporaneous with the asset going into use.

10 So I applaud what's going on in San Diego. I  
11 hope they can tie that in as soon as they plan, which I  
12 believe is in '03, and bring those benefits to the folks in  
13 California.

14 COMMISSIONER BREATHITT: Is construction work in  
15 progress, isn't that one way to get rate treatment before  
16 the end of the --

17 CHAIRMAN WOOD: It would. But you still have to  
18 go through a process to get the QWIP in there in the first  
19 place. And so I think, you know, either way you've got to  
20 go through, depending -- and we can do something about  
21 making the process over here less laborious, but I think one  
22 of the ways is to look at techniques that have maybe a  
23 yearly update based on the Form I data, perhaps subject to a  
24 true-up later on down the line. We did that back home. So

1 that customers that say, gosh, they're putting in a lot of

1 stuff, but it maybe never got built or something wasn't  
2 actually tried-up, then we actually look at it every three  
3 years or so. But that is a lot more friendly toward prompt  
4 investment than I think some of the current process. But  
5 QWIP is certainly a good part of the way there. FERC plowed  
6 ground on that many years ago.

7 COMMISSIONER BREATHITT: This was not a real easy  
8 order to figure out. I'm glad we were able to respond in a  
9 positive way.

10 COMMISSIONER BROWNELL: Just make two quick  
11 points. Pat, I agree with you that the regulatory lag and  
12 the standard regulatory procedures just aren't going to work  
13 in real markets, and we need to find, and the participants  
14 need to find new ways of doing business so that we're more  
15 responsive in an expeditious but thoughtful manner.

16 The second point I would make is, we've done our  
17 part. Once again there's work to be done in California, and  
18 I would encourage the Cal ISO to expedite their process so  
19 this actually moves forward.

20 CHAIRMAN WOOD: One other little fact I'm just  
21 noticing on page 3 in light of what Bill, you brought up on  
22 E, whatever, E-5, on congestion is that putting in this  
23 upgrade that is being contemplated -- one of the two  
24 upgrades here drops congestion from 4,000 hours to below

1            400. Inc and dec don't matter as much when you're doing 10

1 percent as much congestion. So a lot of things shake out  
2 here, not just access to new generation, but you get to use  
3 the generation you have nearby a little bit more  
4 efficiently.

5 I don't know if we're sounding like rah, rah for  
6 transmission construction, but there are places in the  
7 country where it's smart and needed, and we need to do what  
8 we can to just go ahead and get there, and I think this  
9 order sends a very positive signal that prompt rate  
10 treatment and rolled-in rate recovery where appropriate is  
11 going to be handled and welcome here at this Commission.

12 COMMISSIONER BROWNELL: Aye.

13 COMMISSIONER MASSEY: Aye.

14 COMMISSIONER BREATHITT: Aye.

15 CHAIRMAN WOOD: Aye.

16 SECRETARY SALAS: The next item for discussion  
17 without presentation is E-32, Generator Coalition v. Entergy  
18 Services, Inc.

19 COMMISSIONER MASSEY: This case, among other  
20 issues, raises the issue of the source and sink provisions  
21 of Entergy's open access tariff under Order 888. We dealt  
22 with this question before, and I'm going to be concurring in  
23 this order. I agree with the result, but I want to make a  
24 few points, and my concurrence will probably sound a lot

1 like what I'm going to say at the table today.

1           The principle of comparability in Order 888  
2           requires that Entergy allow generators to self-supply  
3           generation imbalance service or to receive that service from  
4           third party suppliers. So a generator must be able to  
5           secure point-to-point transmission service necessary to  
6           transmit the energy through Entergy's system to the out-of-  
7           balance generator.

8           In their complaint, the Generator Coalition  
9           alleges that Entergy's source and sink requirements impede a  
10          generator's ability to self-supply generation imbalance  
11          service, because Entergy's tariff specifies that neither a  
12          generator nor a generator only control area will be accepted  
13          as a valid sink under the tariff. According to the  
14          complaint, for a generator to self-supply its generation  
15          imbalances or to use a third-party supplier to do so, it  
16          must be able to designate the out-of-balance generator as a  
17          sink, not a source, but a generator as a sink.

18          And because under Entergy's tariff sinks must be  
19          loads, not generators. Sinks must be loads and not  
20          generators, and because Entergy does not designate its own  
21          generators as loads in using point-to-point transmission  
22          service, the Commission has previously held that there's no  
23          violation of the comparability requirement under Order  
24          Number 888.

1

So today's order essentially comes to the same

1 conclusion. We rest the order on Commission precedent, and  
2 we reject the Generator Coalition's allegations that  
3 Entergy's tariff with its source and sink requirements are  
4 unlawful. And we cite Wisconsin Power and Light case for  
5 this proposition and say that if we were to grant this  
6 compliant, it would be a collateral attack on that decision.  
7 As a legal matter, that may be the right call. I continue  
8 to have concerns about this issue, though, because I think  
9 it's all wrapped up in the rigidity of the Order 888 tariff  
10 requirements. And a lot has changed since that tariff was  
11 adopted. And the Commission has recognized that.

12 Today at the table I'm going to sound like a  
13 Johnny-one-note on standard market design. Because here  
14 again, I think maybe the solution to this problem is the  
15 standard market design effort that's underway here at the  
16 Commission. As I read our working paper on standard market  
17 design, the new network access service that we envision  
18 would give the transmission customer the right to transmit  
19 power between two points, a source and a sink. The paper  
20 goes on to say that sources and sinks -- and I think this is  
21 critical -- that sources and sinks would be defined to  
22 include both individual nodes as well as aggregated points  
23 such as trading hubs.

24 As I interpret this paper, the working paper on

1 standard market design, a generating unit may qualify as a

1 sink. You can transmit power from one generating unit to  
2 another, or from a trading hub to a generator, or from a  
3 generator to a trading hub. This new transmission service  
4 that we envision as part of the working paper on standard  
5 market design would be infinitely more flexible. And I hope  
6 I'm right in this interpretation. If I'm not, I'd like for  
7 someone on Staff to chime in and tell me I'm all wet,  
8 because I intend to say this in my concurrence.

9 (Laughter.)

10 MR. CANNON: As tempting as that is, you're  
11 correct, Commissioner.

12 (Laughter.)

13 COMMISSIONER MASSEY: Well. In any event, these  
14 are my views and I'm sticking to them.

15 (Laughter.)

16 COMMISSIONER MASSEY: Whether the paper says this  
17 as precisely as I want it to or not, I think this is the  
18 solution. To come up with a kind of transmission service  
19 that solves this problem. I think we're going to do that in  
20 the standard market design, and that's why I'm comfortable  
21 dismissing this complaint is what I wanted to say.

22 But I'd like Staff and others who look at the  
23 standard market design paper to comment on this very point.  
24 Do we solve this problem in a way that grants the kind of

1 flexibility for transmission service that the generators

1 want in order to meet the requirements for imbalance service  
2 and for other kinds of services? So let us hear from you on  
3 that point. And that's the point I'll make in my  
4 concurrence as well.

5 CHAIRMAN WOOD: I think that's a good point. I  
6 would agree with that. I think what was in the paper last  
7 week as far as the new flexible network access service that  
8 we're talking about does allow for, particularly in the hub  
9 concept, maybe you own four generators in Louisiana. Those  
10 four together really could be treated as a unit. Whether  
11 we're calling them sources and sinks individually or not,  
12 what I think the generators want to be able to do here say  
13 if Unit A is a little down, Unit B could ramp up to make up  
14 for it and that sum would be equivalent to what they  
15 nominated the day before.

16 Now the only issue from an operational point of  
17 view would be if there's sufficient transmission for the  
18 overall Entergy system to treat A&B changing their dispatch  
19 ability basically. The sum is the same. Say it's 1,000  
20 megawatts. But if it's 400/600 instead of 500/500, then  
21 that may have an operational issue that the system when they  
22 nominated the day before didn't plan for. I'm open to the  
23 engineers coming back and saying as a practical matter  
24 that's going to have some impact that may have some costs

1 that may ought to be borne by that utility.

1           But I think in hubbing, I think the point of  
2           putting a hub together was to try to allow that averaging  
3           effect to take place as much as possible. So I think the  
4           whole point of what we wanted was a flexible service. And  
5           clearly what you laid out is consistent with what I had  
6           hoped we were moving toward in the revision to the OATT, and  
7           I expect we can get there.

8           COMMISSIONER BREATHITT: With respect to the  
9           generator, I thought that the SMD working paper specifically  
10          said that a generator can't be a sink but that an aggregator  
11          of load or a hub could be. So I think there's --

12          CHAIRMAN WOOD: It's the labeling that's going to  
13          be different.

14          COMMISSIONER MASSEY: Well, it's actually -- I  
15          think you could construe it the way I want it to be  
16          construed. Oh, I love this.

17          COMMISSIONER BREATHITT: That was an interesting  
18          laugh.

19          (Laughter.)

20          CHAIRMAN WOOD: Johnny-one-note laugh.

21          COMMISSIONER MASSEY: A source is defined here as  
22          the location where a transaction originates, and a sink is  
23          defined as the location where a transaction terminates.  
24          Sources and sinks would be defined to include both

1 individual nodes as well as aggregated points such as

1 trading hubs.

2 CHAIRMAN WOOD: But if in effect your generator,  
3 the one that has to ramp down to 400, needs some generation,  
4 it's not going to consume it there, but it's the one that  
5 needs it. In effect, you have kind of created a sink for  
6 the deficient generator to take power from the surplus  
7 generator. But it is different I think than the tariff  
8 language that was approved for Entergy in the prior under  
9 the OATT. So I think we're going to have to really focus on  
10 what it is those words actually mean.

11 COMMISSIONER BREATHITT: That's right. And when  
12 I first came to the Commission, one of the first things that  
13 I dealt with was for the first time the whole tagging issue.  
14 And NERC had encouraged us to implement tagging with sources  
15 and sinks, and it was controversial at the time. But it all  
16 went to the whole notion that if you tag transactions that  
17 we'll more reliable transmission systems. So I think this  
18 is a very good discussion. Because we need to make sure  
19 that we get this, if we're setting forth new rules to go  
20 into a new tariff, we need to do it in a way that continues  
21 to improve and help the transmission. So I think this is a  
22 good discussion.

23 COMMISSIONER MASSEY: I've been frustrated. I  
24 voted for these orders. This question has come up now twice

1 in the Entergy cases and I have voted for the orders that

1 dismissed the complaints, but I haven't been completely  
2 comfortable with it. Because I think this is a problem we  
3 ought to try to solve. And so I'm hoping we're going to  
4 solve it in the standard market design paper.

5 COMMISSIONER BREATHITT: There was another issue  
6 that I wanted to raise, and I actually had asked to set this  
7 order aside during our deliberative discussions. The reason  
8 that I did that has largely gone away, and I just wanted to  
9 tell my colleagues why I called it and why I'm now prepared  
10 to vote for it, is that the generator coalition did -- just  
11 for background, the generator coalition did ask for fast  
12 track processing of this complaint. And we, as Bill pointed  
13 out, dismissed some of the complaints, and we're setting for  
14 hearing others. And we're doing so on a fast track basis.

15 When we implemented the new fast track complaint  
16 process, we all agreed that there were some complaints that  
17 raised to the level of needing to be done more quickly, and  
18 we all agreed that this one merited fast track. So it came  
19 in in January and it is on a faster track. So we set some  
20 of the issues for hearing and some we've dismissed as we've  
21 just discussed. The one that I had needed to spend some  
22 more time with, which was why I had called this item,  
23 because I wasn't sure what I was going to ultimately do, was  
24 with respect to one of the items that we're setting for

1 hearing on the standards of conduct that has to do with the

1 heart of the case, which is who gets to supply generator

2 imbalance service and what the charges are, et cetera.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24



1           It is my belief that we have been pretty clear  
2           that under the standards of conduct the Commission has a  
3           record that generator imbalance service isn't an ancillary  
4           service and it does need to be--it can be provided by the  
5           generating arm of a company.

6           We have previously rejected a similar argument on  
7           standards of conduct in a generator imbalance proceeding in  
8           the year 2000 with Commonwealth Edison. So I needed to  
9           spend some more time on the fact that we are setting that  
10          part of it for hearing, and according to 888, I thought we  
11          were pretty clear on the standards with respect to any  
12          generator can supply generator imbalance service.

13          But I am comfortable enough with setting that for  
14          hearing that I'm now ready to vote this out without a  
15          concurrence or a dissent on that part of it.

16          CHAIRMAN WOOD: The only thing that I would add  
17          to that, Linda, from thinking about this is it might well be  
18          permitted by the rules or not--and again I think that  
19          probably can best be addressed before a finder of fact, as  
20          you suggest--but I do have a concern, not that it's being  
21          supplied by the generator, but that it really the calls are  
22          being made not by the unbundled transmission aspect of  
23          Entergy but that the generation arm appears to be  
24          responsible for implementing all the aspects of the GIA.

1

And in order to do that, the generating arm would

1 have access to data about its competitors, the other  
2 generators, that really our whole construct of the  
3 behavioral remedies of having a separate transmission  
4 room and a separate generation business starts to fade  
5 together.

6 So if it isn't a violation today, then I think we  
7 ought to clean up our rules so that really administration of  
8 balancing of the system is done by that independent body.

9 Hopefully it's an RTO but until we get there with  
10 Entergy, it's going to be the functionally separated out  
11 transmission unit of Entergy's world. And I think we need  
12 to probably in this context be as clear as possible about  
13 what should be done by the transmission company and what can  
14 be done by the generation.

15 I think providing it by the generation, I would  
16 agree with you, that they can and should be able to provide,  
17 Entergy or any other generator ought to be able to provide  
18 that service at either a tariffed rate or an agreed-to  
19 rate.

20 But I just worry about that the cause as to when  
21 it's needed are being done by somebody.

22 COMMISSIONER BREATHITT: Right. You know, other  
23 generators can hook into Entergy's control room and be  
24 called on, but it requires some hard and software.

1

CHAIRMAN WOOD: Real time.

1           COMMISSIONER BREATHITT: Yes. Anyway that's why  
2 I set that aside. I just wanted to explain that.

3           CHAIRMAN WOOD: Thank you.

4           COMMISSIONER MASSEY: Again on my Johnny-one-  
5 note theme of standard market design, I think we're clear in  
6 the standard market design that this sort of function must  
7 be carried out by an entity that is independent of merchant  
8 interest. I think I'm right.

9           MR. CANNON: You're correct, Commissioner. I  
10 think a lot of the issues in this case ultimately are going  
11 to be decided once and for all on a generic basis in the  
12 rulemaking. And a lot of what we tried to do in terms of  
13 adopting some of NERC's terminology where they sort of  
14 deconstructed a lot of the things that a control area does,  
15 part of the reason for trying to adopt some of those  
16 definitional terms was to get a better handle on who does  
17 what. And so I think the rulemaking is where we really will  
18 need to focus and try to address these issues.

19          CHAIRMAN WOOD: And if indeed there's not an  
20 issue in this case, I would hope parties don't spend a lot  
21 of time on that if indeed it was allowed under the prior  
22 construct, as Linda states, in the Commonwealth Edison order  
23 from a couple years ago.

24                 You know, let's fix this problem prospectively

1 for all and decide how much time we need to focus on in

1 these individual cases because the curtain is about to drop,  
2 and act two is about to start.

3 So I don't know that, I think parties should be  
4 advised to spend your resources wisely. We'd rather you  
5 spend them with us on the rulemaking than litigating stuff  
6 that may well come to an end anyway. So thank you for  
7 bringing that up.

8 COMMISSIONER BROWNELL: I actually hope we're  
9 getting to act three and the standing ovation, but I will  
10 support this Order.

11 COMMISSIONER MASSEY: Aye.

12 COMMISSIONER BREATHITT: Aye.

13 CHAIRMAN WOOD: I do.

14 SECRETARY SALAS: And the next item for  
15 discussion is E-38, Consumers Energy Company, with a  
16 presentation by Chairman Wood.

17 CHAIRMAN WOOD: I love Initial Decisions because  
18 I love seeing what our good judges and advocates in front  
19 of them do. This is an Order basically on a Consumers  
20 Energy Company rate filing to comply with Order 888. We are  
21 catching up on this backlog folks, come hell or highwater  
22 it'll be done by the end of the year.

23 The only issue here is just my old cost-of-  
24 service background kicking in. I do know that the

1 Commission has had precedent on using mid-points for return

1 on equity decisions and medians.

2 Just my experience with this issue in many cases  
3 in the past is that the median is a stronger number to use  
4 because it tends to avoid giving too much weight to an  
5 extreme high or an extreme low.

6 The result of the median in this case would have  
7 been a slightly lower ROE than was granted, which to me is  
8 not all bad for what was at the time of this case an  
9 unbundled, non-independent utility.

10 I do note with interest that Consumers Energy is  
11 the parent of the company that we just talked about on the  
12 Trans-Elect filing and I think in light of all the rate  
13 settlements and rate path that's agreed to as part of that  
14 transfer, it won't have much difference here.

15 But I just want to say as an old purist, I'm a  
16 median guy, but I'm fine with the decision here and won't  
17 even write separately on that, but will support it.

18 COMMISSIONER BROWNELL: Aye.

19 COMMISSIONER MASSEY: Aye.

20 COMMISSIONER BREATHITT: Aye.

21 CHAIRMAN WOOD: Aye.

22 SECRETARY SALAS: And next, C-2, East Tennessee  
23 Natural Gas Company with a presentation by Fred Koester.

24 MR. KOESTER: Good morning, Mr. Chairman,

1 Commissioners. My name is Fred Koester and with me here on

1 my team is Medha Kochhar.

2 East Tennessee proposes to construct and operate  
3 approximately \$289 million worth of new pipe, looping and  
4 compression facilities on its mainline transmission system  
5 in Tennessee and Virginia, plus a 93.6 mile extension  
6 between a point near Wytheville, near Wythe County, Virginia  
7 on its mainline 3300 to an interconnection with  
8 Transcontinental Gas Pipe Line Corporation's mainline near  
9 Eden in Rockingham County, North Carolina. The Patriot  
10 extension will pass through the Wythe, Carroll, Floyd,  
11 Patrick, and Henry Counties, Virginia, and Rockingham  
12 County, North Carolina. East Tennessee's new facilities  
13 will provide 510,000 dekatherm equivalent of new natural gas  
14 capacity per day. East Tennessee has precedent agreements  
15 with seven shippers for 446,000 dekatherms per day.

16 Also, East Tennessee states there is no other  
17 pipeline servicing the portion of Southwestern Virginia  
18 traversed by the extension and that it has worked closely  
19 with local governments, business groups, and state and  
20 national elected government officials to reach agreement to  
21 install 20 taps at various locations for possible future  
22 service along the route.

23 Initial service is expected to begin on or about  
24 May 1, 2003, with completion of all facilities expected on

1 or about January 1, 2004.

1           The order reaches a preliminary determination  
2 based on the assessment of only non-environmental issues  
3 that the public benefits of the proposed project will  
4 outweigh any adverse impacts. The Patriot project will  
5 provide natural gas to fuel two new electric generation  
6 plants, provide natural gas to existing local distribution  
7 companies, and make natural gas service available to areas  
8 of Southwestern Virginia for the first time.

9           Final certificate authorization is dependent on a  
10 favorable environmental review. And this concludes my  
11 presentation. Thank you.

12           CHAIRMAN WOOD: Thank you, Fred. I wanted to  
13 just call this separate. I note from reading the PD on page  
14 21 through 23 that there is substantial landowner opposition  
15 to certain portions of this project, and I know, Linda, you  
16 and Bill have been through some of these before, but I have  
17 not, other than the Millennium project of course.

18           The EIS process, which is the second shoe to drop  
19 of the two orders that we'll do for this case, we'll take up  
20 these concerns frontally but they are a part of the overall  
21 finding net. This would be in the public interest because  
22 of the need for the project which I do support. The EIS  
23 process has historically been something we use to allow  
24 landowner issues and protected species issues and

1 archaeological issues and the others to be dealt with, but

1 it's a cumbersome time resource intensive and contentious  
2 process. I do think that we have here probably borrowed  
3 heavily from our hydro experience a more proactive  
4 opportunity to let the industry use going forward. It was  
5 adopted I think subsequent to this case, but we've got to  
6 find a better way to address landowner issues in an upfront  
7 manner prior to an application really getting set into the  
8 concrete.

9 At this point, the pre-filing process that we  
10 have, and I was given a little briefing on that, allows a  
11 project applicant to submit a request, explain the project  
12 and the benefits, to identify all the agencies that will be  
13 involved to make sure they are aware and agree with the  
14 pre-filing review, to detail what work and route planning  
15 landowner contacts and agency consultations have already  
16 been done, and to propose third party contract or options  
17 for the staff. The company may and is encouraged to develop  
18 a Web site to provide public information. FERC opens a  
19 pre-filing docket to make sure that the process is open and  
20 to the public so they understand what is happening in  
21 advance of an application and this also allows in an  
22 informal manner the FERC Staff to assist a project sponsor  
23 in identifying effected parties that may not be there, to  
24 issue a scoping notice for the project, to facilitate issue

1 ID, to hold public site visits and public meetings at a

1 gentler and kinder phase of certification than sometime  
2 we're faced with, and allows the EIA and EIS really to kind  
3 of start from a different point than they do.

4 I strongly encourage the pipeline industry to use  
5 this process that allows landowner issues to be identified,  
6 alternatives examined, and problems resolved before the  
7 application is filed. I will say as regards the East  
8 Tennessee issue that the applicant's going to have some work  
9 to do before I'm going to be able to sign off on the final  
10 order. I do think the level of landowner opposition is  
11 substantial and it probably does not need to be. And I  
12 don't know the reasons for it, and I hope I won't need to  
13 explore those because I would hope that by the time we see  
14 the final EIS on this deal, we've had a more thorough effort  
15 out there on the routing than maybe has been perceived to  
16 date.

17 I appreciate the fine work and look forward to  
18 seeing what we can do to change a lot of those people who  
19 are asterisked on Appendix A and B into non-intervenors or  
20 parties that are not in opposition to the project, and I  
21 support the order as proposed here today.

22 COMMISSIONER BROWNELL: Aye.

23 COMMISSIONER MASSEY: Aye.

24 COMMISSIONER BREATHITT: Aye.

1

CHAIRMAN WOOD: Aye. I have one administrative

1 item. As you may recall, last meeting we talked about the  
2 FERRIS, the Federal Energy Regulatory Records Information  
3 System, our new database. Today, I would like to announce  
4 that FERRIS will be available to the public for testing and  
5 comments beginning tomorrow, March 28th. I encourage you to  
6 take it for a test drive on our Web site at [www.ferc.gov](http://www.ferc.gov).  
7 You can click onto [testdriveferris](http://testdriveferris). When it goes into full  
8 production, it will have all the documents that have been in  
9 the past in RIMS and in SIPS, along with docket sheet  
10 system. I encourage both our staff and outside parties to  
11 take full advantage of this opportunity to familiarize  
12 yourself with the new system. The new search capabilities  
13 are quite a bit different than what we've had in the past.  
14 Print options actually work. And the new viewer is much  
15 more friendly to the eyes and to the fingers.

16 This is your chance to explore the system. We  
17 always welcome comments and suggestions from the public to  
18 make it better before we lock it in, and we plan to put it  
19 into full production later this spring and to retire all the  
20 old systems, so again take advantage of the opportunity to  
21 review and get used to FERRIS. It's a fun ride.

22 That was perfect.

23 (Laughter.)

24 CHAIRMAN WOOD: On that note, anything else?

1

Meeting adjourned.

1                   (Whereupon, at 11:15 a.m., the meeting was  
2                   adjourned.)

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

