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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 :
- - - - -x

956TH COMMISSION MEETING

OPEN SESSION

Commission Meeting Room
Federal Energy Regulatory
Commission
888 First Street, N.E.
Washington, D.C.

Thursday, March 18, 2010

10:08 a.m.

1 APPEARANCES:

2 COMMISSIONERS PRESENT:

3 CHAIRMAN JON WELLINGHOFF (Presiding)

4 COMMISSIONER JOHN R. NORRIS

5 COMMISSIONER MARC SPITZER

6 COMMISSIONER PHILIP MOELLER

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1 PROCEEDINGS

2 OPEN MEETING

3 (10:08 a.m.)

4 CHAIRMAN WELLINGHOFF: We'll come to order.

5 Good morning. This is the time and place set for
6 the open meeting of the Federal Energy Regulatory
7 Commission's consideration of the matters that have been
8 noticed in accordance with the Government in the Sunshine
9 Act. Would you all please join me for the Pledge of
10 Allegiance.

11 (Pledge recited.)

12 CHAIRMAN WELLINGHOFF: Since our February 18
13 Open Meeting we have issued 58 notational orders.

14 Madam Secretary, if we could move to the Consent
15 Agenda, please.

16 SECRETARY BOSE: Good morning, Mr. Chairman, good
17 morning, Commissioners:

18 Since the issuance of the Sunshine Act notice on
19 March 11th, 2010, Item E-13 has been struck from this
20 morning's agenda. Your Consent Agenda is as follows:

21 Electric Items: E-1, E-14, E-15, E-17, E-18,
22 E-19, E-20, E-21, E-22, E-23, E-24, E-25, E-26, E-27, E-28,
23 E-31, E-32, and E-33.

24 Gas Items: G-2, G-3, and G-5.

25 Hydro Items: H-1 and H-2.

1 Certificate Items: C-1, C-2, C-3, and C-4.

2 As to E-1, Commissioner Moeller is concurring in
3 part and dissenting in part with a separate statement.

4 As to H-1, Commissioner Moeller is concurring
5 with a separate statement.

6 We will now take a vote on this morning's Consent
7 Agenda Items beginning with Commissioner Norris.

8 COMMISSIONER NORRIS: I vote aye.

9 SECRETARY BOSE: Commissioner Moeller.

10 COMMISSIONER MOELLER: I vote aye, noting my
11 statement in E-1 concurring in part and dissenting in part,
12 and noting my concurrence in H-1.

13 SECRETARY BOSE: Commissioner Spitzer.

14 COMMISSIONER SPITZER: I vote aye.

15 SECRETARY BOSE: And Chairman Wellinghoff.

16 CHAIRMAN WELLINGHOFF: I vote aye.

17 Commissioner Spitzer, I understand you had some
18 comments on C-1 and C-2, AFUDC?

19 COMMISSIONER SPITZER: Yes. Thank you, Mr.
20 Chairman. I didn't want to delay our very crowded agenda,
21 but I wanted to comment briefly on C-1 and C-2, feeling that
22 it is noteworthy that the process works.

23 In these Certificate Items the issue was the
24 AFUDC allowance for funds used during construction. An
25 ambiguity had arisen regarding the proper accounting

1 treatment, and specifically how the AFUDC rules would apply
2 where there was compliance with the Commission's prefiling
3 requirement.

4 The broader policy on prefiling is to encourage
5 greater participation of the public, and particularly in the
6 natural gas pipeline siting matters, to try and work with
7 the stakeholders in advance to eliminate disagreements, work
8 out environmental issues, provide greater notice to the
9 public, and permit the process to run more smoothly. But
10 the question was the cost recovery of capital expenditures
11 arising prior to the filing of the Certificate.

12 I would like to give credit to Commissioner
13 Kelly. Former Commissioner Kelly and I raised this issue.
14 A technical conference was held in December. There was
15 quite a bit of stakeholder participation, and a remarkable
16 degree of consensus on these issues. And the bottom line in
17 C-1 and C-2 is that the accounting treatment by FERC is now
18 consistent with the broader FERC policy of prefiling. And
19 again this is an example of bipartisan cooperation, the
20 process working, the policies between accounting and
21 environmental policies being aligned, and I want to express
22 my appreciation to Former Commissioner Kelly for working
23 with me on this matter to get a good result.

24 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
25 Spitzer. Anyone else on C-1 and C-2? Any comments?

1 COMMISSIONER MOELLER: Mr. Chairman, I guess
2 Commissioner Spitzer makes AFUDC sound interesting.

3 (Laughter.)

4 COMMISSIONER MOELLER: And it's true, we did make
5 an effort. We responded to the industry. There was an
6 issue, and hopefully this resolves it so that more
7 infrastructure gets built when it makes sense.

8 CHAIRMAN WELLINGHOFF: Thank you. Anyone else?

9 (No response.)

10 CHAIRMAN WELLINGHOFF: Madam Secretary, if we
11 could go to the Discussion Items, please.

12 SECRETARY BOSE: Chairman Wellinghoff, before we
13 go on to the Discussion Items, I would like to make sure
14 that we're clear and read into the record the recusals of
15 Commissioner Spitzer. He is not participating in Consent
16 Items E-18, E-20, E-21, and E-22.

17 CHAIRMAN WELLINGHOFF: Thank you, Madam
18 Secretary.

19 SECRETARY BOSE: Now we'll move on to the
20 Discussion Items.

21 The first item for presentation this morning is
22 M-1 concerning a policy statement on the penalty guidelines
23 as it relates to the Commission's civil penalty
24 determinations.

25 There will be a presentation by Max Minzner and

1 Jeremy Medovoy from the Office of Enforcement. They are
2 accompanied by Todd Mullins, also from the Office of
3 Enforcement.

4 MR. MINZNER: Good morning, Chairman Wellinghoff
5 and Commissioners:

6 I am Max Minzner from the Office of Enforcement.
7 With me are Jeremy Medovoy and Todd Mullins, also from the
8 Office of Enforcement.

9 Agenda Item M-1 is a policy statement
10 promulgating a set of Penalty Guidelines to be used in
11 Commission enforcement actions. These Guidelines are
12 modeled on the sections of the United States Sentencing
13 Guidelines that apply to organizations in federal criminal
14 cases.

15 This proposal would be the most recent in a line
16 of policy statements and initiatives the Commission has
17 implemented since the passage of the Energy Policy Act of
18 2005 to add greater fairness, consistency, and transparency
19 to our enforcement program.

20 While the application of these Guidelines in a
21 given case would be discretionary and not mandatory, staff
22 believes the Guidelines will promote transparency by
23 providing organizations more notice and certainty as to how
24 the Commission will determine civil penalties.

25 The Commission's approach to penalties has

1 evolved during the four-and-a-half years since EPC Act 2005
2 first went into effect in August of 2005.

3 The Commission has carefully considered how to
4 determine penalties, weighing the costs and benefits of
5 different approaches and closely examining how other Federal
6 agencies calculate civil penalties.

7 In particular, the Commission has paid attention
8 to the United States Sentencing Guidelines because they rely
9 on many of the same factors that are at the core of our
10 enforcement program.

11 For example, the Sentencing Guidelines consider
12 the seriousness of an offense by calculating the gain to the
13 organization or the loss caused by the misconduct. The
14 Sentencing Guidelines also consider the organization's
15 culpability, including whether the organization has a prior
16 history, whether the organization has self-reported the
17 offense, and the presence or absence of an effective
18 compliance plan. These factors have also been key aspects
19 of the Commission's penalty determinations so far.

20 Staff now believes that it is in the public
21 interest to advance our past use of the Sentencing
22 Guidelines' principles by formally implementing a Guidelines
23 approach patterned after the Sentencing Guidelines which
24 apply these factors in a transparent and focused manner,
25 while still allowing for the discretion to depart from the

1 indicated penalty where necessary.

2 I'll now turn to Jeremy to discuss in more depth
3 the policy reasons supporting the adoption of a Guidelines'
4 approach.

5 MR. MEDOVOY: Good morning, Mr. Chairman, and
6 Commissioners:

7 This proposal reflects an ongoing effort to bring
8 greater fairness, consistency, and transparency in the
9 enforcement program. The adoption of a Guidelines approach
10 promotes great fairness and proportionality by explicitly
11 indicating how penalties will be adjusted for misconduct of
12 differing severity.

13 Using Guidelines to determine penalties also
14 promotes consistency by basing the penalty calculations on a
15 set of uniform factors that are weighted similarly for
16 similar types of violations and similar violators.

17 Additionally, using Guidelines provides greater
18 transparency by providing notice to entities as to how we
19 will determine civil penalties in enforcement actions.

20 This additional transparency will add to the
21 regulated communities' confidence in the fairness and
22 consistency of our enforcement program.

23 This approach also avoids potential confusion in
24 the industry regarding the bases behind particular
25 penalties.

1 Finally, organizations will gain a greater
2 understanding of which types of violations the Commission
3 views as most important. This in turn will help
4 organizations best allocate resources to the most important
5 compliance objectives, leading to more robust and effective
6 compliance.

7 In order to answer questions from industry and
8 other members of the public on the interpretation and
9 application of the Guidelines, Staff will hold a workshop on
10 April 7th at 9:00 a.m. in the Commission meeting room.

11 That concludes our presentation. We would be
12 pleased to respond to questions.

13 CHAIRMAN WELLINGHOFF: Thank you. I appreciate
14 the members of the team, and especially Max for heading up
15 this team and all the work that you've done, Todd, and
16 Jeremy, and also I understand Lee Ann Watson had a lot to do
17 with developing these Penalty Guidelines.

18 And as Staff has indicated in their presentation
19 today, the Commission is issuing these Policy Guidelines on
20 Penalties to increase fairness, consistency, and
21 transparency in our enforcement program.

22 Under the Penalty Guidelines, civil penalties
23 will be based on a set of uniform, objective factors. We
24 will still consider many of the same factors noted in our
25 prior policy statements on enforcement, but we will do so in

1 a more focused manner by assigning those factors specific
2 and transparent weights.

3 I am pleased that the Commission has modeled our
4 Penalty Guidelines on the United States Sentencing
5 Guidelines. The Sentencing Guidelines provide an
6 appropriate, well-tested model which has been adapted to the
7 Commission's purposes here.

8 One similarity is that the Sentencing Guidelines
9 focus on factors that the Commission is statutorily required
10 to consider, and that are central to our enforcement
11 program, such as the seriousness and remediation of a
12 violation.

13 The Sentencing Guidelines also provide sufficient
14 flexibility to permit departures from the indicated penalty
15 range where necessary. And our Penalty Guidelines follow
16 that example.

17 While the Commission has declined to adopt
18 penalty guidelines in the past, we now have sufficient
19 experience with various types of enforcement actions to
20 implement this type of approach. We have drawn on that
21 experience in developing this Policy Statement.

22 I recognize that there is likely to be interest
23 in this policy statement, and for that reason the Staff has
24 indicated they will have a number of workshops in the very
25 near future to explain the Penalty Guidelines in great

1 detail and respond to questions from all interested
2 parties.

3 The Enforcement Staff I think, again, has done a
4 remarkable job here and I want to commend you again.

5 Colleagues? Comments? Questions? Marc?

6 COMMISSIONER SPITZER: Thank you, Mr. Chairman.

7 In 2005 Congress vested the Commission with
8 substantial new enforcement and penalty authority. Since
9 that time we have emphasized the need to issue clear orders,
10 rules, regulations, and policies to best promote compliance.

11 Today we continue those efforts by issuing a
12 policy statement on Penalty Guidelines that sets forth the
13 criteria we will use to determine civil penalties for
14 violations of our statutes, rules, regulations,
15 restrictions, conditions, and orders.

16 The Penalty Guidelines' criteria are consistent
17 with and built upon the guidance we provided in our 2005 and
18 2008 Policy Statements on Enforcement as informed by our
19 experience over the last several years.

20 Specifically, we will generate a penalty range
21 based on the combination of the violation level, consisting
22 of a base level that is adjusted for various factors, and a
23 culpability score which considers an organization's past and
24 current conduct and efforts to remedy the violation.

25 Further, consistent with Enforcement Staff's 2009

1 Annual Report, the Penalty Guidelines distinguish between
2 types of violation and establish a corresponding base
3 violation level and dollar amount commensurate with the
4 violation.

5 Moreover, the Penalty Guidelines adjust the
6 penalty amount based upon a culpability score. Notably, the
7 application commentary that accompanies the Penalty
8 Guidelines provide concrete examples of the Commission's
9 initial thoughts on the showing necessary to support a
10 reduction of or increase to a penalty-based amount.

11 In this regard, the Penalty Guidelines respond to
12 the numerous requests for information on how the Commission
13 discounts a civil penalty resulting from a self-report. The
14 Penalty Guidelines provide several examples of how self-
15 reports maybe credited, including, for example, that if an
16 organization reports, quote, "a violation to the Commission,
17 exhibits full cooperation in the investigation, and resolves
18 the matter without the need for a trial-type hearing,"
19 closed quote, the organization will be credited accordingly.

20 Similarly, the Penalty Guidelines provide
21 transparency through several detailed examples that explain
22 how a civil penalty would be calculated based on the facts
23 given.

24 I am very much in support of the Commission's
25 enforcement program and appreciate the hard work of our

1 Enforcement Staff and the offices to create a useful product
2 herein that will further our goal of promoting clarity to
3 best ensure compliance.

4 Finally, I note that the Commission is constantly
5 seeking to improve its policies and, as such, the
6 Enforcement Staff, as has been noted, will hold a technical
7 conference on year from the implementation of the Penalty
8 Guidelines to discuss how the Penalty Guidelines have
9 worked, and to permit comments and questions from the
10 community subject to our enforcement authority.

11 This is a good work product. I am proud to join
12 with my colleagues and support this Order.

13 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
14 Spitzer. Commissioner Moeller?

15 COMMISSIONER MOELLER: Thank you, Mr. Chairman.

16 To me this is ultimately about compliance.
17 That's what our goal is in our enforcement program, and we
18 are doing that with an emphasis today on transparency and
19 openness. That is a good move, and it is a way to balance
20 our responsibilities with our authority.

21 I, too, want to commend Norman Bay and his team,
22 particularly Max, for working on this for many months and
23 coming to a policy statement that, again, should improve the
24 compliance of enforcement. I am happy to support it today.

25 CHAIRMAN WELLINGHOFF: Thank you. Commissioner

1 Norris?

2 COMMISSIONER NORRIS: Let me also echo my
3 colleagues and congratulate Norman and Max and the team on
4 putting this together. I think it has been a thoughtful and
5 collaborative process and moves us forward.

6 I think, Max, you made a statement, or a word you
7 used in your explanation, which is "evolve." We are still
8 evolving from the responsibilities given to us in the EPCRA
9 2005.

10 I think this takes it another positive step
11 forward. Shifting to these Penalty Guidelines I think
12 provides some certainty in how we are going to implement our
13 responsibilities, and our goal should be firm but fair
14 regulation. And this provides I think needed guidance,
15 transparency, and uniformity, which is helpful to everyone
16 in this regard.

17 I think also I want to emphasize that providing
18 guidance, appropriate guidance, is a responsibility for us
19 here at the FERC, and I think this enables us to further
20 that goal.

21 So this Policy Statement I think is good for the
22 industry, for the public, and for the Commission in moving
23 forward our efforts under this responsibility. Thank you.

24 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
25 Norris.

1 Thank you, gentlemen. Next presentation, please.

2 SECRETARY BOSE: We can vote on this item.

3 CHAIRMAN WELLINGHOFF: Oh, we do have to vote.

4 SECRETARY BOSE: The vote begins with
5 Commissioner Norris.

6 COMMISSIONER NORRIS: Aye.

7 SECRETARY BOSE: Commissioner Moeller.

8 COMMISSIONER MOELLER: Aye.

9 SECRETARY BOSE: Commissioner Spitzer.

10 COMMISSIONER SPITZER: Vote aye.

11 SECRETARY BOSE: And Chairman Wellinghoff.

12 CHAIRMAN WELLINGHOFF: Aye.

13 SECRETARY BOSE: The next item for presentation
14 this morning, we have several, are E-2, E-3, E-4, E-5, E-6,
15 E-7, E-8, E-9, and E-10. This is the Reliability package.
16 It is concerning certain orders and rulemakings that will be
17 addressing certain important Reliability issues.

18 The presentation will be by Keith O'Neal from the
19 Office of Electric Reliability. He is accompanied by Joshua
20 Konecni from the Office of General Counsel, and Robert Snow
21 and David Huff from the Office of Electric Reliability.

22 MR. O'NEAL: Good morning, Mr. Chairman and
23 Commissioners:

24 Joining me at the table is Joshua Konecni with
25 OGC, and Robert Snow and David Huff with OER. In my

1 presentation I will discuss several of the Orders and
2 Rulemakings addressing reliability issues that are before
3 you today.

4 First I will discuss the "Order Directing NERC To
5 Propose Modification of Electric Reliability Organization
6 Rules of Procedure" which is Item E-10.

7 In this Order the Commission identifies a
8 significant concern with the ERO's current Standards
9 Development Process. Specifically, it can be used to
10 prevent the ERO from complying with Commission directives to
11 address specific reliability matters.

12 Under the ERO's current rules, just more than
13 one-third of the stakeholder ballot body can "vote down" any
14 new or modified Reliability Standard, including those
15 initiated to comply with a Commission directive.

16 When a Standard is voted down by the ballot body,
17 it cannot be presented to the NERC Board of Trustees for
18 review, or submitted to the Commission for approval.

19 Consequently, the current rules allow a minority
20 of the ballot body to delay or effectively block the ERO
21 from complying with a Commission directive.

22 This situation occurred with respect to a
23 Commission Order directing the ERO to modify FAC-1008-1, a
24 Reliability Standard governing Bulk-Power System Facility
25 Ratings.

1 A minority of the ballot body voted down the
2 modified Reliability Standard intended to comply with the
3 Commission's Order because of opposition to a specific
4 modification directed by the Commission.

5 Staff understands that the ERO has since begun
6 work on a new Standard to comply with the Commission's
7 Order. However, we understand that it does not include any
8 provision to comply with the Commission directive that
9 caused the first attempt to fail.

10 Thus, the Standards Development Process has been
11 used to delay and, to date, prevent the ERO from complying
12 with that Commission directive and fulfilling its obligation
13 under Section 215(d) of the FPA.

14 The Order directs the ERO to submit to the
15 Commission a filing, within 90 days, containing specific
16 proposed modifications to the ERO's Standards Development
17 Process that ensure that the ERO's rules allow it to comply
18 with the Commission directives for new or modified
19 Reliability Standards.

20 The Order also directs compliance with the
21 Commission-directed modifications from Order No. 693
22 pertaining to FAC-008 within 90 days of the issuance of an
23 order approving the ERO's modifications.

24 In addition, two other draft orders, Items E-2
25 and E-3, address--

1 (Sound system disturbances.)

2 --address specific unmet directives from Order
3 No. 693. These Orders set deadlines for the ERO to file
4 responsive modifications.

5 Both Orders note that it has been three years
6 since issuance of Order No. 693 and that it is important to
7 reliability of the Bulk-Power System that these
8 modifications are made in a timely manner.

9 One Order involves BAL-003 which addresses
10 frequency response and bias, setting a deadline of six
11 months from the issuance of the Order. The other addresses
12 TPL-002-0 pertaining to system performance following the
13 loss of a single element, setting a deadline of June 30,
14 2010.

15 In addition, within the reliability set of orders
16 and rulemakings on today's agenda are two proposed remands
17 of revised Reliability Standards. The first Order proposes
18 a remand to revised regional Reliability --excuse me--

19 The first Order proposes a remand a revised
20 Regional Reliability Standard regarding contingency reserve
21 developed by the Western Electricity Coordinating Council
22 designated by WECC as BAL-002-WECC-1.

23 The second Order proposes to remand the revised
24 BAL-004-1, the Time Error Correction Reliability Standard
25 developed by the ERO.

1 Each proposed rulemaking provides guidance for
2 developing changes that would address the reasons for the
3 remands.

4 In regard to WECC BAL-002, the Commission
5 proposes to remand the standard directing the ERO to provide
6 the necessary studies to validate that the revised reserve
7 margins exceed the national standard established by NERC in
8 BAL-002-1a.

9 In addition, the proposal requires that the
10 standard be revised so that "Load other than Interruptible
11 Load"--i.e., Firm Load--cannot be considered as a
12 contingency reserve.

13 Regarding NERC Standard BAL-004-1, the Commission
14 proposes to remand the standard directing NERC to identify
15 the circumstances under which a Time Error Correction needs
16 to be initiated or ended and identify the entity that has
17 the obligation and the authority to initiate a Time Error
18 Correction.

19 The final Order that I will discuss today is a
20 notice of proposed rulemaking involving the ERO's definition
21 of the "bulk electric system."

22 In this NOPR, the Commission proposes to direct
23 the ERO to revise its definition of the term "bulk electric
24 system" to include all electric transmission facilities with
25 a rating of 100 kV and above.

1 This proposal would eliminate the discretion
2 provided in the current definition for a Regional Entity to
3 define "bulk electric system" within its region.

4 The Draft Order proposes that a Regional Entity
5 must seek ERO and Commission approval before exempting any
6 transmission facility rated at 100 kV or above from
7 compliance with mandatory Reliability Standards.

8 The goal of the proposal is to eliminate
9 inconsistencies across regions and provide a backstop review
10 to ensure that any regional variations do not compromise
11 reliability and that facilities that could significantly
12 impact reliability are subject to mandatory standards.

13 Thank you for your attention today. The team and
14 I would be happy to address any questions that you may have.

15 CHAIRMAN WELLINGHOFF: Thank you, gentlemen. I
16 appreciate that presentation. You can see this team pushes
17 on even in the face of adversity and bad audio.

18 (Laughter.)

19 CHAIRMAN WELLINGHOFF: But nevertheless, you did
20 a remarkable job putting all these Orders together, and I
21 want to thank the entire team in the Office of Electric
22 Reliability and the Office of General Counsel. I know the
23 Office of Enforcement also participated in these Orders,
24 working on these Orders, as well, and I do appreciate it.

25 The Commission now has four years of experience

1 implementing our authority over electric reliability. Based
2 upon that experience, the Commission is proposing changes to
3 improve processes at NERC.

4 For example, when NERC was first certified as the
5 Electric Reliability Organization, the Commission expressed
6 concern about NERC's definition of the term "bulk electric
7 system."

8 Over the last four years the Commission has
9 gained practical experience with the NERC definition of
10 "bulk electric system" and evaluated events that have either
11 caused or contributed to significant bulk electric system
12 disturbances.

13 Based upon that information, it is appropriate
14 that we are now re-evaluating the definition of "bulk
15 electric system." We are also seeking industry comment
16 before we come to a final decision with respect to that
17 particular Order.

18 In addition, our experience has raised concerns
19 about NERC's current Rules of Procedure. It is appropriate
20 that we re-assess NERC's Rules of Procedure when necessary
21 to meet statutory requirements.

22 In directing NERC to revise its Standards
23 Development Process it is important that we give the NERC
24 discretion to propose modifications that address concerns
25 identified by the Commission.

1 Further, we will allow industry to comment on
2 NERC's proposal before we come to a final decision on NERC's
3 specific proposed modifications to its procedures. In this
4 way, we ensure that we are meeting our statutory obligation
5 to protect reliability, but also to allow stakeholder input
6 on how best to meet the concerns identified by the
7 Commission.

8 The Commission is also proposing to remand two
9 Reliability Standards for the first time today. We do not
10 use our remand authority lightly, but will do so when
11 necessary to protect system reliability.

12 I believe it is important to note that the
13 Commission is seeking comment on the two proposed remands.
14 This will allow the Commission an opportunity to hear from
15 various interested stakeholders before taking our final
16 action.

17 I believe the Office of General Counsel, the
18 Office of Electric Reliability, and the Office of
19 Enforcement again have done a remarkable job. Gentlemen,
20 thank you all.

21 Colleagues? Comments? Questions? Marc?

22 COMMISSIONER SPITZER: Thank you, Mr. Chairman.

23 These are individually very complex matters, and
24 collectively this Reliability package is difficult from a
25 technical point of view as well as the procedural posture of

1 these matters. So a lot of credit goes to the team for
2 working through these issues.

3 I come from a family of engineers. I was the one
4 lawyer. So I am reminded frequently of some of the defects
5 of the legal profession. But if there's one good thing
6 about being a lawyer it's you understand that people play
7 different roles in the process.

8 And here, if you take a step back and you look at
9 the big picture, we've got the Commission, we've got NERC,
10 we've got the Regional Entities, and then the users, owners,
11 and operators of the grid, each playing a different role in
12 an overall effort, which is clear we're working towards the
13 same goal, which is the reliability of the bulk electric
14 system.

15 And Section 215 of the Federal Power Act tasks
16 the Commission with various responsibilities in promulgating
17 standards, but we're mindful of the role of the various
18 entities and mindful of our own role.

19 Just a few highlights--and I'll be posting a more
20 detailed discussion--but the goal, as noted, is compliance
21 with the Standards. Therefore, we need to ensure that those
22 Reliability Standards are clear as to what is required, and
23 who is required to comply.

24 We need to ensure that the Reliability Standards
25 ensure consistency in application across the regions. We

1 need to ensure at FERC that NERC, as the ERO, has the tools
2 necessary to fulfill its role in the Reliability Program.

3 FERC needs to ensure that modifications to
4 Reliability Standards and other directives are completed in
5 a timely manner.

6 So I feel that collectively this package
7 addresses those matters. In these Orders we have sought to
8 carefully balance competing interests, but the significance
9 of reliability is critical to this Nation and consumers. It
10 is paramount that we get these Orders right.

11 I think we have certainly taken the time in these
12 Orders to strike a proper balance, but I, as the Chairman
13 noted, will be having comment, and I have an open mind, to
14 examine the record in each docket to carefully ensure that
15 we have reached the right conclusion in this mosaic of
16 entities playing a role--NERC, the regions, the industry,
17 and most importantly the consumers of this Nation.

18 So I support this package of Reliability Orders
19 and thank the team for its hard work.

20 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
21 Spitzer. Commissioner Moeller?

22 COMMISSIONER MOELLER: Thank you, Mr. Chairman.
23 I will resist my normal urge to ask questions, given the
24 range of these Orders.

25 It is really quite a significant package of

1 Reliability Orders, possibly the most since we started this
2 process. And I think the industry will find that out as
3 they read hundreds and hundreds of pages over the next few
4 days. But I want to make three points.

5 The first is that this is not the end of the
6 story. This is really just the next round of the debate.

7 The second point goes to the fact that some of
8 these issues have been around for awhile, and it is
9 important that we get them moving. It is important that we
10 get some at least proposed decisions out so that we can move
11 forward on specific issues that were referenced in the
12 presentation.

13 A few of these we've been sitting on just a
14 little too long--for good reasons, but it's time to get them
15 moving.

16 And the third is a point that both you made,
17 Mr. Chairman, and Commissioner Spitzer made, which is that
18 we are open to comments. This is part of the process. I
19 want to hear from the industry their thoughts on this
20 specific set, because there will certainly be some
21 perspectives that will be valuable as we look to the next
22 round of this debate.

23 Again, I commend the team. It has been months,
24 and arguably years in the making of some of these Orders.
25 We look forward to hearing the feedback on how they are

1 received by the industry.

2 CHAIRMAN WELLINGHOFF: Good points well taken.
3 Thank you, Commissioner Moeller. Commissioner Norris?

4 COMMISSIONER NORRIS: Thank you, Mr. Chairman.

5 I made some comments I believe in my first week
6 here, about 10 weeks ago, that I bring a certain set of
7 experiences to this, and in certain areas I need to get more
8 up to speed. I mentioned at the time that Reliability was
9 one of those. I didn't know you had this planned for me
10 when I said that statement.

11 (Laughter.)

12 COMMISSIONER NORRIS: But you certainly forced me
13 to elevate my game more quickly than I anticipated. But I
14 do understand how critical this is. A lot of this
15 responsibility delegated to FERC stems out of the 2003
16 blackout, and we know the havoc on our economy and on
17 people's lives that that lack of a reliability bulk power
18 system can have on us.

19 So I think today's moves and these Orders move
20 our ball forward, move our collective effort forward as a
21 country to make the system more reliable.

22 As I mentioned in the previous presentation, the
23 notion of evolution is taking place here again I think, and
24 this is an example of where we are continuing to work to
25 evolve our responsibilities under EPAct 2005 and the Federal

1 Power Act to make sure we have a reliable system.

2 I understand some folks may view today's actions
3 as heavy-handed, but be that as it may we have an ultimate
4 responsibility under the law to ensure the mandatory
5 Reliability Standards are just, reasonable, not unduly
6 discriminatory, and in the public interest, and when we
7 take actions like we do today. However, I believe it's
8 important that we provide clarity and guidance on where the
9 Commission stands with respect to the Reliability Standards
10 that we consider, and this package I think makes good
11 progress on doing that.

12 Ultimately Congress established a structure
13 whereby this Commission, NERC, and industry all share
14 responsibility, and the establishment of clear mandatory
15 Reliability Standards that are effective in ensuring
16 reliability of the bulk power system.

17 This Commission's responsibility is to be fair
18 and reasonable in our findings, and to be as clear as
19 possible in our guidance. NERC and the industry also have a
20 responsibility to provide the Commission with solid
21 recommendations that effectively maintain reliability.

22 So I look forward to continuing to reach out to
23 the industry and NERC and welcome their input as we move
24 forward in this common goal, and I think this will certainly
25 increase that dialogue, and I look forward to that and

1 working with everyone to accomplish our joint goals on a
2 reliable system.

3 Thank you.

4 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
5 Norris.

6 If there's nothing else, I think we're ready to
7 vote, Madam Secretary.

8 SECRETARY BOSE: Chairman Wellinghoff, we will
9 vote on these items together as a package.

10 The vote begins with Commissioner Norris.

11 COMMISSIONER NORRIS: Vote aye.

12 SECRETARY BOSE: Commissioner Moeller.

13 COMMISSIONER MOELLER: Aye.

14 SECRETARY BOSE: Commissioner Spitzer.

15 COMMISSIONER SPITZER: Aye.

16 SECRETARY BOSE: And Chairman Wellinghoff.

17 CHAIRMAN WELLINGHOFF: Aye.

18 The next item, please.

19 SECRETARY BOSE: The next item for presentation
20 this morning are Items E-11 and E-12 concerning the proposed
21 Tres Amigas Tres Amigas Superstation. There will be a Power
22 Point presentation on these items. The presenter will be
23 Christina Hayes from the Office of General Counsel, and
24 Katie Detweiler from the Office of Energy Market Regulation.
25 They are accompanied by Cara Lewis, Colleen Farrell, and

1 Robert Petrocelli from the Office of Energy Market
2 Regulation, and Timothy Duggan from the Office of General
3 Counsel.

4 MS. HAYES: Good morning, Chairman Wellinghoff
5 and Commissioners:

6 Items E-11 and E-12 involve the proposed Tres
7 Amigas Superstation, a unique three-way AC/DC transmission
8 facility to be constructed in eastern New Mexico.

9 According to Tres Amigas, the Superstation is
10 designed to bridge the market separation between three
11 asynchronous transmission interconnections in the United
12 States--namely, the Eastern Interconnection, the Western
13 Interconnection, and the Electric Reliability Council of
14 Texas, ERCOT.

15 According to Tres Amigas, the Superstation would
16 employ cutting edge technologies such as voltage source
17 converters and underground superconducting DC transmission
18 cable to allow up to 30 gigawatts of power to be transmitted
19 among the three interconnections.

20 Tres Amigas believes that the

21 COMMISSIONER SPITZER: will facilitate the
22 development of an electric power marketing hub for buyers
23 and sellers of power in the Southwestern United States and
24 beyond. Tres Amigas also contends that the Superstation
25 will provide new and significant trading opportunities in a

1 part of the country that is rich in potential for renewable
2 energy development.

3 In particular, the Draft Order E- addresses Tres
4 Amigas's concerns over the jurisdictional status of a
5 potential transmission line interconnecting ERCOT with the
6 Superstation, as well as the effect of the interconnection
7 on the unique jurisdictional status of ERCOT utilities.

8 The Draft Order finds that Tres Amigas has not
9 provided information to support a blanket disclaimer of
10 jurisdiction in the event of interconnection between the
11 Superstation and ERCOT.

12 However, the Draft Order notes that other
13 procedural mechanisms are available to allow for such a
14 disclaimer, and allow Tres Amigas to proceed with the
15 Superstation project.

16 Specifically, the Federal Power Act vests the
17 Commission with jurisdiction over the transmission of
18 electric energy in interstate commerce, but provides
19 exemptions for interconnection and transmission directed by
20 the Commission pursuant to Orders under Sections 210 and
21 211.

22 ERCOT utilities are not generally subject to
23 Commission jurisdiction because their facilities only
24 transmit power within Texas, except where transmission
25 occurs between ERCOT and facilities outside Texas pursuant

1 to Commission Orders under Sections 210 and 211.

2 While there are certain limitations on who is
3 eligible for an Order under Sections 210 and 211 of the
4 Federal Power Act, the Draft Order explains that Tres Amigas
5 could obtain such an Order, which would allow a transmission
6 line to be built interconnecting the proposed Superstation
7 and ERCOT, while retaining the jurisdictional status quo.

8 MS. DETWEILER: The Draft Order E-12 grants Tres
9 Amigas's request to sell transmission rights at negotiated
10 rates subject to certain conditions that are designed to
11 ensure that the rates for transmission service remain just
12 and reasonable.

13 Specifically, the Draft Order requires Tres
14 Amigas to make all of its capacity available in the open
15 season process and eliminate any proposed contracting
16 restrictions other than those related to anchor customers.

17 With respect to anchor customers, the Draft Order
18 grants Tres Amigas's request to enter into anchor customers
19 agreements for up to 50 percent of the project's initial
20 capacity, subject to the requirement that Tres Amigas offers
21 the same terms and conditions to open season customers
22 willing to make the same commitments as those anchor
23 customers, consistent with Commission precedent.

24 These and other conditions are important in
25 ensuring that the Tres Amigas Superstation will not exercise

1 market power and will operate in a just, reasonable, and not
2 unduly discriminatory manner.

3 In this way, the Draft Order represents a
4 balanced approach that recognizes the unique characteristics
5 of the project Tres Amigas needs for flexibility in
6 advancing its project through the early stages of
7 development, and customers' needs for open access to
8 regional transmission service at just and reasonable
9 rates.

10 That concludes our presentation. We would be
11 happy to take any questions.

12 CHAIRMAN WELLINGHOFF: Christina and Katie, thank
13 you for your presentations. I want to thank the team very
14 much for their work on a very interesting, very creative
15 project that has come to us. You have all done very
16 creative work in putting together the Draft Order here today
17 for us to consider.

18 With these two Orders, Tres Amigas will be able
19 to continue the development of its innovative transmission
20 project. Simultaneously, the Commission has ensured that
21 rates to customers will be just and reasonable.

22 This project, which is the first of its kind,
23 will allow customers to trade power across the
24 interconnections and take advantage of opportunities to buy
25 lower cost power from other regions.

1 It may also open new transmission paths for
2 customers interested in tapping vast renewable energy
3 resources in literally all parts of the country--Texas, the
4 Southwest, West, Northwest, Midwest, Southeast, and even
5 offshore Atlantic.

6 Tres Amigas is a merchant project, meaning that
7 the costs and risks of developing and operating the project
8 are borne by the project's investors, not utility
9 ratepayers. The success of the project will depend upon the
10 demand for its services. As such, rather than establishing
11 rates through a rate case, the Commission is authorizing
12 Tres Amigas to negotiate a price for those services with
13 interested customers.

14 The price spreads between the interconnections
15 will create opportunities for trading and will discipline
16 the potential exercise of market power.

17 In addition, the Order that we vote on today
18 places additional checks to ensure that the negotiations
19 will produce just and reasonable rates. As Staff has
20 mentioned, the Order requires Tres Amigas to offer the
21 project's capacity to interested customers through a fair,
22 open, and transparent open season.

23 Tres Amigas will be authorized to enter into
24 bilateral negotiations with anchor customers for a portion
25 of the project's capacity, but again there are conditions on

1 this authorization to ensure that the rates of the project's
2 services are just and reasonable.

3 Nevertheless, I think that within the four
4 corners of the conditions placed by our Order there is
5 flexibility for Tres Amigas to structure products and
6 negotiated rates with interested customers.

7 Tres Amigas is a prime example of the creativity
8 and innovation of out-of-the-box thinking that our country
9 needs to expand the ability of the transmission grid to
10 reliably deliver all sources of electric generation to
11 consumers.

12 Finally, while we ultimately declined Tres
13 Amigas's request to grant a blanket disclaimer of
14 jurisdiction, other avenues are available to resolve the
15 jurisdictional issue.

16 Specifically, the exception under Federal Power
17 Act Sections 210 and 211. Thus, going forward Tres Amigas
18 retains the opportunity to file an application under the
19 Federal Power Act in which it would set out specific facts
20 and circumstances of the proposed interconnection and
21 attendant transmission facilities.

22 We look forward to receiving such an application
23 in the future from Tres Amigas.

24 Thank you.

25 Colleagues? Commissioner Spitzer?

1 COMMISSIONER SPITZER: Thank you, Mr. Chairman.

2 This is truly two interesting cases. In addition
3 to the complexities of these cases, first I'm from the
4 Southwest; second, I'm very interested in infrastructure to
5 provide a plentiful and reliable supply of energy.

6 I am intrigued by the opportunity to develop wind
7 and other renewable resources as part of a larger portfolio
8 of energy that consumers can call on at just and reasonable
9 rates.

10 I am interested in the merchant aspect of the
11 proposal, and I want to commend Tres Amigas for proposing
12 something that was truly novel and designed to deal with our
13 evolving needs of the wholesale energy markets.

14 The first aspect is the petition on jurisdiction,
15 and Tres Amigas seeks an order claiming jurisdiction over
16 prospective transmission facilities that would interconnect
17 with the ERCOT grid. And I agree with the Order that
18 Petitioners have not provided sufficient information to
19 grant the request.

20 It is clear, however, that the Order does not
21 reject the project, nor find that it is not in the public
22 interest. In addition, the Order should not be seen as a
23 departure from our policies that support development of
24 renewable resources in energy infrastructure.

25 Instead, in the Federal Power Act Congress

1 specified certain requirements the Commission must meet when
2 ruling that connecting ERCOT to the national grid does not
3 trigger FERC jurisdiction over ERCOT facilities.

4 Today's Order on the petition only finds that the
5 Petitioners have not yet satisfied those requirements.
6 Nothing in the Order precludes the Commission from finding
7 in the future that facilities in ERCOT may connect to this
8 project and remain outside of FERC jurisdiction.

9 I also support the Order to grant Tres Amigas's
10 application to sell transmission services at negotiated
11 rates. This Order represents our ongoing commitment to
12 innovative and flexible rate structures which started with
13 the Zephyr and Chinook Orders to foster the construction of
14 needed transmission infrastructure while still ensuring just
15 and reasonable rates for consumers.

16 The Tres Amigas project is precisely the type of
17 project that we sought to encourage in adopting flexible
18 rates for merchant projects.

19 I want to thank the team for working on the
20 Petition, as well as the team that worked on the Negotiated
21 Rate Order. Both of these filings raised very difficult and
22 challenging issues, and I appreciate the hard work of the
23 Staff on both of these Orders, and am pleased to support
24 them.

25 Thank you, Mr. Chairman.

1 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
2 Spitzer. Commissioner Moeller?

3 COMMISSIONER MOELLER: Mr. Chairman, if I'd
4 really been on top of my game I would have come up with an
5 AC/DC song--

6 (Laughter.)

7 COMMISSIONER MOELLER: --that would be
8 appropriate for this, but ultimately this is about
9 transmission expansion and making sure that consumers have
10 the potential to benefit by intertying the three grids in
11 the country.

12 It is really a creative and exciting approach.
13 But we have alluded to in the presentation and in your
14 comments a couple of things that I want to clarify a little
15 bit through some questions.

16 I don't think this will shock the team, and I
17 don't know if they go to Christina or to Katie, but can you
18 expand on the consumer protections that the Order would
19 require on Tres Amigas's open season?

20 MR. PETROCELLI: I'll take that, Commissioner
21 Moeller.

22 COMMISSIONER MOELLER: All right.

23 MR. PETROCELLI: The open season requirements set
24 forth basic principles that Tres Amigas cannot withhold
25 capacity during the open season process, and at all times it

1 has to make that capacity that's not already contracted to
2 an anchor shipper available.

3 So it does that in a couple of ways. Tres Amigas
4 will not be able to define its products that it sells, or
5 the parameters of the open season auctions, so as to create
6 an artificial level of scarcity in the products being
7 offered.

8 It also denies Tres Amigas's request to withhold
9 20 percent of the initial capacity for subsequent sale.

10 In addition to these requirements, there are some
11 filing requirements as well. Tres Amigas will have to make
12 its open season protocols available in the OATT filing it
13 makes prior to the first auction, and subsequent to the open
14 season there will be an independently audited post-open
15 season report at which point any customer that wishes to may
16 comment on how the open season was conducted.

17 COMMISSIONER MOELLER: Okay. What about market
18 power protections for the longer term?

19 MR. PETROCELLI: Well going forward there are
20 also protections that the Draft Order recognizes. All of
21 these rights that are allocated during the open season
22 process will be defined to be tradeable on the secondary
23 market.

24 So with a robust open season process that can be
25 expected to provide competition going forward to the rates

1 that Tres Amigas will be able to charge for service.

2 As was mentioned by Chairman Wellinghoff, the
3 applicant is taking all of the risk of the project. So
4 there is no other entity that will be subsidizing the
5 project, and in some way influencing what those rates will
6 be.

7 Fundamentally, this is a market expander and it's
8 not limiting other opportunities that entities currently
9 have, either within their interconnections or with capacity
10 over existing interties, or the potential for new interties
11 between the three grids to be built.

12 So there are significant protections going
13 forward, all of which presume of course the fundamental
14 principle that the Commission retains its Section 206
15 authority to oversee the manner in which transmission rates
16 are being allocated.

17 COMMISSIONER MOELLER: It looks like this will
18 keep us busy for a few years, regardless.

19 Last question. And again, the Chairman alluded
20 to it in his statement, but the Tres Amigas asked us for a
21 question on the jurisdictional issue, and the Order
22 basically says we can't answer right now.

23 So what does the Order really say to that effect?
24 Can they, or can they not, get what they want in terms of a
25 jurisdictional decision?

1 MS. HAYES: Based on the facts presented in the
2 petition as it stands now, the Commission was not able to
3 make a determination. However, as noted in the Order, the
4 Commission has issued Orders under Sections 210 and 211
5 allowing for interconnection and wheeling of power between
6 ERCOT and locations outside Texas. And upon receipt of such
7 an application could do so in this case.

8 COMMISSIONER MOELLER: Okay. Good. Well, the
9 team put a lot of effort in this and I'll look forward to
10 voting for it.

11 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
12 Moeller. Commissioner Norris?

13 COMMISSIONER NORRIS: Thank you. I echo what a
14 lot of you said, and especially you, Mr. Chairman, that this
15 is a great example of creativity to answer many of your
16 infrastructure needs in a changing environment out there on
17 energy infrastructure.

18 I suspect that there will be many more creative
19 projects coming our way in the coming years, and that some
20 will be unique to this, and some will be similar, but I
21 think we've done a good job in moving our responsibility
22 forward.

23 I think hopefully the project supporters will
24 take encouragement from the guidance we gave on
25 jurisdiction; that there is hope to overcome that hurdle.

1 And again I think this is a creative way to solve issues
2 going forward.

3 Nevertheless, we do have a responsibility under
4 the Federal Power Act to make sure that rates are just and
5 reasonable and not unduly discriminatory or preferential.
6 But today's Order I believe on the requested negotiated rate
7 authority ensures that these standards will be met by taking
8 a hard look at the potential exercise of market power, and
9 by replacing requirements and conditions on the conduct of
10 the open season that will be used to allocate the capacity
11 on this project.

12 So our findings, requirements, and conditions
13 appropriately in my view balance the unique characteristics
14 of this project and its need for flexibility to bring it to
15 fruition, but also our statutory responsibility. So again,
16 I thank my fellow Commissioners here I thank you for good
17 work on this Order.

18 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
19 Norris. I think we're ready to vote, Madam Secretary.

20 SECRETARY BOSE: Again we will take a vote on
21 these items together.

22 The vote begins with Commissioner Norris.

23 COMMISSIONER NORRIS: Aye.

24 SECRETARY BOSE: Commissioner Moeller.

25 COMMISSIONER MOELLER: Aye.

1 SECRETARY BOSE: Commissioner Spitzer.

2 COMMISSIONER SPITZER: Aye.

3 SECRETARY BOSE: And Chairman Wellinghoff.

4 CHAIRMAN WELLINGHOFF: Aye.

5 The last item for presentation, please.

6 SECRETARY BOSE: The last item for presentation
7 this morning is Item G-1. That item is concerning a
8 rulemaking on the Standards of Business Practices for
9 Interstate Natural Gas Pipelines. The presentation will be
10 given by Gary Cohen from the Office of General Counsel. He
11 is accompanied by Mike Goldenberg from the Office of General
12 Counsel and Ed Murrell from the Officer of Energy Policy and
13 Innovation.

14 MR. COHEN: Good morning. G-1 is the Draft Final
15 Rule that would incorporate by reference into the
16 Commission's regulations an updated version--version 1.9--of
17 the business practice standards for natural gas pipelines
18 developed by the North American Energy Standards Board,
19 also known as NAESB.

20 The Version 1.9 standards include new business
21 practices to permit the use of price indices to price
22 capacity release transactions and to afford greater
23 flexibility on the receipt and delivery points for redirects
24 of scheduled gas quantities.

25 The revised standards also include revisions

1 reflecting the Commission's findings in recent orders that
2 created requirements on the coordination of communications
3 between gas pipelines and electric utilities, on standards
4 of conduct, on capacity release, and on damage reporting.

5 The Draft Final Rule would also bring to a close
6 several years of effort to establish more flexible intraday
7 natural gas scheduling practices.

8 NAESB's natural gas and electric industry members
9 worked together for several years seeking a consensus
10 standard. However, they failed to find a consensus method
11 that would add greater flexibility for some shippers
12 without imposing greater burdens on other shippers.

13 The Draft Final Rule acknowledges the termination
14 of these efforts and, after considering the merits of these
15 proposals, finds that none of the proposed nationwide
16 scheduling solutions is superior to the balance between
17 users of firm and interruptible service provided by the
18 current standards.

19 The Draft Final Rule also accepts the consensus
20 business practice standards on gas quality issues without
21 overruling a single sector block of two standards. On this
22 issue, the draft final rule finds that existing practices
23 are sufficient without the contested standards.

24 To promptly allow the benefits of these new
25 standards to be enjoyed by all market participants, the

1 Commission issued its most recent NOPR on these issues a
2 month-and-a-half after receipt of NAESB's report on the 1.9
3 standards and is adopting this final rule only four months
4 after issuance of the NOPR.

5 Finally, to allow adequate time for
6 implementation, and to coordinate with the filing by natural
7 gas pipelines and the processing by the Commission of the
8 pipeline's electronic tariff filings, this Final Rule
9 directs pipelines to file tariff sheets to reflect the
10 changed standards on September 1st, 2010, to take effect on
11 November 1st, 2010, and will require implementation of these
12 standards by November 1st, 2010.

13 To make the required tariff filings easier, the
14 rule includes a template showing the preferred language and
15 style for these filings.

16 Thank you.

17 CHAIRMAN WELLINGHOFF: Thank you, Gary. And I
18 want to thank the members of the team for their work on
19 this.

20 Commissioner Moeller, you had some comments on
21 this?

22 COMMISSIONER MOELLER: I did. And thank you for
23 letting me call it. I realize Commissioner Spitzer is
24 making AFUDC sound interesting, and this is my attempt to
25 make the NAESB process sound interesting.

1 (Laughter.)

2 COMMISSIONER MOELLER: And yet, apologies to the
3 NAESB staff. This is essential work, and it is hard work,
4 and the industry volunteers its efforts to get these
5 standards done.

6 I think from one perspective we were kind of
7 asked by one of the industry groups that the NAESB process
8 needed to be speeded up. And we responded. And although
9 this isn't a lot more extensive than version 1.8, I think it
10 is a commendation to our staff that we responded quite
11 quickly, only a few months after receiving the standards.

12 The industry tried to make progress toward some
13 of the items. They've realized that at this point they
14 can't do it, based on the NAESB standards of essentially
15 consensus, but perhaps it will be revisited in the future as
16 technology changes, or maybe as the industry gets used to
17 these scheduling requirements.

18 So I think this is progress. I commend NAESB for
19 its efforts in speeding up the process, and also commend our
20 Staff for dealing with these issues that, although maybe not
21 glamorous, are still essential to a safe and efficient
22 pipeline operation system.

23 Thank you, Mr. Chairman.

24 CHAIRMAN WELLINGHOFF: Thank you, Commissioner
25 Moeller; good comments, appreciate it.

1 Anyone else? Comments?

2 (No response.)

3 CHAIRMAN WELLINGHOFF: We're ready to vote, then.

4 SECRETARY BOSE: The vote begins with
5 Commissioner Norris.

6 COMMISSIONER NORRIS: Vote aye.

7 SECRETARY BOSE: Commissioner Moeller.

8 COMMISSIONER MOELLER: Aye.

9 SECRETARY BOSE: Commissioner Spitzer.

10 COMMISSIONER SPITZER: Aye.

11 SECRETARY BOSE: And Chairman Wellinghoff.

12 CHAIRMAN WELLINGHOFF: Aye.

13 If there is nothing further to come before the
14 Commission, we are adjourned. Thank you.

15 (Whereupon, at 11:05 a.m., Thursday, March 18,
16 2010, the 956th Federal Energy Regulatory Commissioner open
17 meeting was adjourned.)

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