

August 23, 2019

The Honorable Neil Chatterjee, Chairman
The Honorable Richard Glick, Commissioner
The Honorable Cheryl A. LaFleur, Commissioner
The Honorable Bernard L. McNamee, Commissioner
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Docket Nos. PL19-3 and PL19-4 Notices of Inquiry and Increasing
Transmission Costs**

Dear Chairman Chatterjee and Commissioners:

As the Commission considers the comments filed in response to its notices of inquiry (NOIs) on transmission incentives (PL19-3) and return on equity (ROE) policies (PL19-4), the undersigned state public utility commissions, public power utilities, electric cooperatives, consumer advocates, industrial users of electricity, and associations urge the Commission to bear in mind the substantial transmission cost increases borne by customers in many regions of the country in recent years. The comments on the NOIs described and documented this sharp escalation in wholesale transmission rates and the concerns it has generated.¹

A number of the policy changes under consideration in the NOIs could contribute to further increases in transmission costs, while other NOI proposals would likely mitigate these expenses. Many of the undersigned entities submitted comments addressing the particular questions raised in the NOIs. We are writing now to emphasize our collective concern about increasing transmission costs, and to encourage the Commission to remain mindful of this concern as it weighs its transmission incentives and ROE policies. While the comments submitted in response to the NOIs were numerous and offered a diversity of views, maintaining transmission costs at a reasonable level for consumers must be a key touchstone in evaluating all policy recommendations.

The Commission should not equate our concern about rising transmission costs with opposition to transmission investment in general. Prudently planned and constructed transmission facilities can increase supply options, reduce congestion-related costs, integrate renewable resources, and promote grid reliability. We support such beneficial transmission investment and Commission policies that promote it. In evaluating transmission incentives and

¹ See, e.g., Docket No. PL19-3-000, Comments of the Delaware Municipal Electric Corporation, Inc. at 2 & n.7 (June 26, 2019); Docket No. PL19-3-000, Initial Comments of the Joint Commenters at 14-15 (June 26, 2019); Docket No. PL19-3-000, Comments of the Northern California Power Agency at 6 (June 26, 2019); Docket No. PL19-3-000, Comments of Transmission Access Policy Study Group at 17 (June 26, 2019).

ROE policies in the NOI proceedings, however, the potential increased cost burden on transmission customers must always remain a principal consideration, particularly in light of recent substantial cost increases.

We appreciate the Commission's consideration of this important issue.

Respectfully submitted,

Aluminum Association
American Chemistry Council
American Forest & Paper Association
American Public Power Association
Blue Ridge Power Agency
California Department of Water Resources
California Municipal Utilities Association
California Public Utilities Commission
Cities of Anaheim, Azusa, Banning, Colton,
Pasadena, and Riverside, California
(collectively, the "Six Cities")
Coalition to Lower Energy Costs
(Massachusetts)
Connecticut Office of the Attorney General
Connecticut Office of Consumer Counsel
Consumer Federation of America
Delaware Municipal Electric Corporation
Electricity Consumers Resource Council
Energy Council of Rhode Island
Florida Municipal Power Agency
Illinois Industrial Energy Consumers
Indiana Industrial Energy Consumers, Inc
Industrial Energy Consumers of America
Industrial Energy Consumer Group (Maine)
Industrial Energy Consumers of Pennsylvania
Industrial Energy Users-Ohio
Kansas Corporation Commission
Kansas Industrial Consumers Group, Inc.
Louisiana Energy Users Group

Massachusetts Municipal Wholesale
Electric Company
Modesto Irrigation District
National Rural Electric Cooperative
Association
New Hampshire Electric Cooperative Inc.
Northern California Power Agency
Office of the Ohio Consumers' Counsel
Office of the People's Counsel for the
District of Columbia
Oklahoma Municipal Power Authority
Old Dominion Electric Cooperative
Pennsylvania Energy Consumer Alliance
Public Citizen
Public Utility Law Project of New York
Rhode Island Manufacturers Association
TDU Systems (Central Electric Power
Cooperative, Inc.; Golden Spread
Electric Cooperative, Inc.; Kansas
Electric Power Cooperative, Inc.; North
Carolina Electric Membership
Corporation; PowerSouth Energy
Cooperative; and Seminole Electric
Cooperative, Inc.)
Transmission Access Policy Study Group
West Virginia Energy Users Group
Wisconsin Industrial Energy Group