

Consumers Union • National Consumer Law Center, on behalf of its low-income clients • Public Citizen, Inc. • Utility Workers Union of America, AFL-CIO • Citizens' Utility Board of Oregon • Low Income Utility Advocacy Project of Illinois • Ohio Partners for Affordable Energy • Public Utility Law Project of New York, Inc. • Texas Legal Services Center • Texas Ratepayers' Organization to Save Energy • TURN-The Utility Reform Network (California) • Virginia Citizens Consumer Council

July 9, 2013

Chairman Ron Wyden  
Ranking Member Lisa Murkowski  
Senate Energy and Natural Resources Committee  
304 Dirksen Senate Building  
Washington, DC 20510

We are pleased to see the President's nomination of Ron Binz—a regulator with a background in serving as a consumer advocate for nearly a decade—as Chairman of the Federal Energy Regulatory Commission.

America's leading consumer, labor and other organizations representing households and workers across the country urge a new FERC Chairman who is committed above all to protecting consumers by ensuring that all electric rates are just and reasonable, and that markets are transparent and accountable to consumers. We urge the new Chair to rein in privately managed markets that fail to consistently provide just and reasonable rates for millions of hard-working families and other consumers.

We request a meeting to discuss specific consumer protection reforms and actions that we need to see embraced by a new Chair, including:

1. Support the creation of an Office of Consumer Advocate at FERC, with the following features:
  - a. The director of the Office should be appointed by the President.
  - b. The Office must be organized in a way to maximize independence, including financing clearly allocated to support the activities of the office and an ability to conduct its own investigations, as well as to initiate or intervene in administrative, regulatory or judicial proceedings, and to appeal any regulatory or judicial decisions on behalf of energy consumers.
  - c. The office must include authority to provide intervenor funding to consumer groups to facilitate their participation in FERC proceedings.
2. Vigilant oversight and improved governance of organized markets needed to protect consumers.
  - a. FERC has delegated sweeping Federal Power Act enforcement to private Regional Transmission Organizations and Independent System Operators. FERC relies on these private market monitors to determine whether rates are just and reasonable. These

private organizations, in turn, have internal governance structures that are heavily weighted in favor of financial firms, power generators, utilities and retail service providers. Entities representing consumers have little role in the real governance and operation of these markets.

- b. The new FERC Chair must make these private organizations more transparent and accountable to consumers.
  
3. Comprehensively investigate the justness and reasonableness of wholesale power supply prices in the centralized markets administered by Regional Transmission Organizations. The initiation of a full hearing offers participants and interveners opportunities for oral cross-examination of witnesses and expert testimony, and discovery requests. FERC rejected a similar December 2007 request by 41 consumer groups.
  
4. Review the use of incentive rates to encourage transmission investment. We are concerned that transmission incentive rates will unnecessarily increase costs to consumers without improving system reliability.

We appreciate your consideration, and look forward to your response.

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