

Congress of the United States
Washington, DC 20515

January 24, 2005

The Honorable Patrick Henry Wood III
Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Chairman Wood:

It has been more than a year since you and other Federal Energy Regulatory Commission (FERC) members testified before the Committee on Energy and Commerce on electricity policy and the need for federal legislation. Your last appearance to discuss these matters before the Subcommittee on Energy and Air Quality was on March 5, 2003, and before the full Energy and Commerce Committee on September 3, 2003.

I fully share your support for prompt enactment of legislation to make reliability rules for the nation's electric transmission system mandatory and enforceable. As you know, my state and several others, as well as parts of Canada, suffered mightily during the 2003 summer blackout. While limited steps to avoid another blackout have been taken, passage of reliability legislation was the top recommendation of the U.S.-Canada Power System Outage Task Force report on the 2003 blackout. In order to avoid further delays, the consensus reliability bill should be enacted on a stand alone basis, rather than becoming enmeshed once more in a controversial "comprehensive" energy bill.


It is my understanding that energy legislation may move quickly in the House of Representatives this year, using last year's conference report on H.R. 6 as a starting point for a bill. Since you last testified before the Committee, FERC has terminated some rulemakings, issued major orders concerning western electricity markets, market power, and other issues, and been subject to a number of significant court rulings. In addition, two new FERC Commissioners have been appointed, and it would help us to have the benefit of their views.

In order to assist Committee members in preparing for consideration of energy legislation in the new Congress, I would request your answers to the following questions by no later than Monday, February 7, 2005.

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If you need further information, please contact me or have your staff contact Sue Sheridan or Bruce Harris of the Democratic Committee staff at (202) 226-3400.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Dingell". The signature is fluid and cursive, with a large initial "J" and "D".

JOHN D. DINGELL
RANKING MEMBER
COMMITTEE ON ENERGY AND COMMERCE

cc: The Honorable Joe Barton, Chairman
Committee on Energy and Commerce

Attachment

**QUESTIONS FOR THE HONORABLE PATRICK HENRY WOOD III
CHAIRMAN, FEDERAL ENERGY REGULATORY COMMISSION (FERC)**

1. At your appearance before the Subcommittee on Energy and Air Quality on March 5, 2003, you testified as follows:

In my view, the three most important steps that Congress can take are these: first, clarify FERC's authority to obtain market information necessary for price discovery and effective monitoring of natural gas and electric markets; second, increase civil and criminal penalties for violations of the Federal Power Act (FPA) and Natural Gas Act (NGA) or our rules and regulations thereunder; and, third, take the steps required to make the Alaska Natural Gas Pipeline project a reality in this decade.

- a. To what extent have these issues been addressed in the time since you presented this testimony, and how?
 - b. Does the FERC have adequate authority to address these matters under current law? If not, please describe what new authority you believe is needed and provide legislative language.
 - c. Are these topics still the Commission's top legislative priorities? If not, please explain and describe your new priorities, including legislative language.
2. Your testimony of September 3, 2003, focused on issues surrounding the August 2003 blackout, and stressed the need for mandatory and enforceable reliability rules.

Your testimony also addressed the need for legislation on a number of other electricity issues, including encouragement of membership in regional transmission organizations (RTOs), transmission rate incentives, and transmission siting authority.

- a. In the absence of new federal authority, how has the Commission dealt with these issues? Please summarize significant rulemakings, policy statements, orders, or other Commission initiatives, as well as any court rulings that may affect these issues.
- b. Does current law provide the Commission with adequate authority to address these matters?
- c. If you believe new authority is needed, please provide legislative language.

3. The conference report for H.R. 6 included a number of other provisions related to electricity matters pending before the Commission, including standard market design (section 1235), native load service obligation (section 1236), voluntary transmission pricing plans (section 1242), and sanctity of contract (section 1286).
 - a. Does the Commission need new legislative authority with respect to these four areas? If so, please explain why you believe FERC's existing statutory authority is inadequate.
 - b. If the answer to (a) is yes, does the Commission favor enactment of the specific language in the conference report? If the answer is no, please explain why and provide alternate language.
 - c. How would enactment of these four provisions affect current Commission policy? Please be specific.
4. Please describe any other issues you would like to bring to Congress's attention as members prepare to take up energy legislation in the 109th Congress.