



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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News Media Contact

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FERC Opens Inquiry into Electric Utilities' Annual Charges

The Federal Energy Regulatory Commission (FERC) today opened an inquiry to determine whether its method of assessing annual regulatory charges from public utilities remains fair, or whether it should adopt a different one.

FERC funds its electric regulatory program largely through its annual charges to public utilities, and currently assesses its annual charges on public utilities that provide transmission service based on the volume of electricity transmitted. Today the Commission issued a Notice of Inquiry (NOI) on whether alternatives such as levying the charge only on wholesale transmission volumes, establishing new charges on wholesale power sales and other license fees, accounting for regional differences in market structure, or using factors such as peak load or transmission investment are better ways of allocating its electric regulatory program costs. Comments are due 30 days from the NOI's publication in the *Federal Register*.

"The current annual charges methodology reflects that regulation of transmission providers, facilities and services remains central to our mission," FERC Chairman Joseph T. Kelliher said. "That has not changed. However, FERC continues to regulate wholesale power sales, and that regulation has strengthened in recent years. The courts have upheld our current methodology, and recovering our program costs through a transmission charge appears equitable and also has the benefit of administrative ease. We want to know if changes in our electric regulatory program warrant a revision in how we assess our annual charges."

In considering alternatives, FERC is requesting comments on the following questions:

- Whether the current electric annual charges assessment methodology remains a fair and equitable method for recovering FERC's electric regulatory programs costs
- If the current electric annual charges assessment methodology is no longer a fair and equitable method, what alternative methodology is fair and equitable
- For any such alternative methodology, what entities should be assessed electric annual charges and how such an alternative methodology would work

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