



N A R U C
National Association of Regulatory Utility Commissioners

January 22, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 The U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H- 232 The U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 U.S. Capitol
Washington, D.C. 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
H-204 The U.S. Capitol
Washington, D.C. 20515

Re: Economic Stimulus Legislation and State Utility Ratemaking Policies

Dear Majority Leader Reid, Speaker Pelosi, Minority Leader McConnell, and Minority Leader Boehner:

I am writing to express the deep concern of State utility regulators regarding proposed provisions that may be included in the economic stimulus legislation that would condition a State's receipt of some stimulus funds based on the implementation of specific regulatory and ratemaking policies. While NARUC strongly supports efforts to promote energy efficiency and jumpstart the economy, we believe these funding preconditions will risk confusion, and could unnecessarily delay effective energy conservation efforts and the delivery of stimulus funding into the economy.

Retail ratemaking and energy efficiency programs do not lend themselves to a one-size-fits-all approach. The States have been early innovators and effective pioneers of energy conservation and incentive programs and have been pursuing energy efficiency with much success. Moreover, through its leadership in the development of the National Action Plan for Energy Efficiency, NARUC as an organization has strongly supported energy efficiency as a high priority in addressing the Nation's energy needs. In addition, State regulatory commissions are currently considering a similar ratemaking standard as required by the Energy Independence and Security Act of 2007.

We respectfully submit that imposition of specific sets of regulatory requirements on all State commissions is inconsistent with Congress's goal of promoting cost-effective energy efficiency and stimulating the economy.

For States already moving forward on energy efficiency and conservation measures, imposing federal oversight of these State policy matters will create multiple hurdles that could place grant funds out of the reach for many State government entities that could make effective use of those funds. In short, more good can be done if the energy efficiency money gets in the hands of the relevant State agencies for implementation as soon as possible.

A federal process for choosing winners and losers with regard to demand-side efficiency grant dollars is likely to undermine the implementation of effective energy efficiency programs. This will prevent us from meeting—let alone exceeding—the energy efficiency levels we believe are necessary.

NARUC is fully supportive and appreciative of Congress's efforts to stimulate the economy while also promoting energy efficiency. Energy efficiency will be key in helping consumers during these difficult economic times. However, we respectfully urge Congress not to hamstring State efforts by conditioning the release of badly needed funds. If the purpose of this legislation is to stimulate economic activity by helping consumers conserve energy, NARUC respectfully suggests that States are in the best position to determine how to expend these resources effectively.

Thank you for your time and attention to our views.

Sincerely,



Charles D. Gray
Executive Director

Cc: The Honorable Henry A. Waxman, Chairman of the U.S. House of Representatives Committee on Energy and Commerce
All members of the U.S. House of Representatives Committee on Energy and Commerce