

*Alabama Public Service Commission  
Arkansas Public Service Commission  
Georgia Public Service Commission  
Louisiana Public Service Commission  
Mississippi Public Service Commission  
Missouri Public Service Commission  
North Carolina Utilities Commission  
Public Service Commission of South Carolina  
Public Utility Commission of Texas  
West Virginia Public Service Commission*

May 20, 2009

The Honorable Henry A. Waxman  
Chairman, Energy and Commerce Committee  
2204 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

As state utility regulators responsible for assuring the availability of reliable, affordable electricity to our citizens, we have significant interest in federal energy policy, particularly proposals that would establish a national renewable portfolio standard (RPS) and a mandatory program to address global climate change. As public servants serving states whose citizens may be disproportionately affected by the proposals being considered by Congress, specifically H.R. 2454, we write to request that you balance the benefits of federal action against the very real cost those actions will have on our electric rates, our economy, and the business and lives of those we serve.

It is essential that the nation manage the transition to a low-carbon economy well to assure no overly burdensome increases in the cost of power occur and that reliability of service is not compromised. We recognize that all generation resources will be needed in the near- to mid-term to meet the energy needs of the nation, particularly since carbon capture technologies currently are not scalable or commercially available. While we appreciate that renewable energy generation cannot displace base-load generation such as coal, nuclear, and large hydroelectric, we believe it is part of a diverse portfolio of resources, including energy efficiency programs, needed to ensure adequate, reliable service to retail customers at a reasonable cost.

A federal RPS mandate coupled with a carbon cap-and-trade program will significantly increase the cost of electricity for families and businesses. The President proposed raising \$646 billion from a federal carbon tax between 2012 and 2019, but there are estimates that show the tax would raise \$1.3 to \$1.9 trillion between 2012 and 2019 and up to \$9.3 trillion by 2050. Last year, the U.S. EPA estimated a cap-and-trade program would increase an average family's energy costs an additional \$4,377 per year by 2050 and that 3 million jobs would be lost. We are particularly concerned about the detrimental impact of these costs on low-income families and seniors and that rebates will create regional disparities and not address the impact of these programs on existing businesses, schools, hospitals, and the communities they serve. We believe that any comprehensive federal energy legislation should assure the following:

- ***Robust cost containment measures, such as the assignment of an adequate amount of emissions allowances to the electric sector; allocation of those allowances to the entities subject to state regulation; and a safety valve mechanism in case allowance prices rise too quickly for the customer to absorb;***
- ***Flexibility in how regulated entities meet their carbon requirements, rather than command-and-control measures like a federal RPS, or a federal energy efficiency resources standard;***
- ***Adequate transition periods in order to prevent serious adverse impacts to the families and businesses of our states;***
- ***Continued support for the development of commercial carbon capture and storage (CCS) technologies to ensure that effective CCS technologies are developed and become commercially available as soon as possible; and***
- ***Limits on carbon emissions that reflect a realistic understanding of CCS and other energy technologies.***

Please recognize that utilities have a constitutional right to recover the costs of Congressionally-imposed programs from ratepayers. This means that families and job-creating businesses will pay for a federal RPS or carbon program. At a time when America has lost so many jobs, particularly in the manufacturing sector, to low-cost overseas competitors, we think it makes little sense to increase the cost of American goods and services by increasing the cost of energy. While we understand that some believe that stimulating the construction of renewable generation will create jobs, it is unclear whether these new jobs will exceed the job losses.

We know that Congress has the best of intentions, but the wisdom of our constitutional structure that prefers most policy decisions be addressed by the states still holds true today. A one-size-fits-all, national mandate to restructure the energy economy could have many unintended consequences that could be devastating to the American people and our economy. The states are not ignoring action on clean energy; many states have already imposed their own RPS requirements and are seeking ways to promote energy efficiency and clean coal technology to reduce greenhouse gas emissions.

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For over one hundred years, state utility regulators have helped to ensure Americans are provided with affordable and reliable energy. We are also committed to protecting the environment. We appreciate you allowing us to share our views with you and hope you will consider them as you consider the RPS and cap-and-trade legislation.

Sincerely,

/S/

Alabama Public Service Commission

President Lucy Baxley  
Commissioner Jan Cook  
Commissioner Susan D. Parker

Arkansas Public Service Commission

Agrees with these principles and has sent a separate letter, a copy of which is attached.

Georgia Public Service Commission

Chairman Doug Everett  
Commissioner Lauren McDonald, Jr.  
Commissioner Chuck Eaton  
Commissioner Bobby Baker  
Commissioner Stan Wise

Louisiana Public Service Commission

Commissioner James M. Field  
Commissioner Clyde C. Holloway

Mississippi Public Service Commission

Chairman Lynn Posey  
Vice Chairman Brandon Presley  
Commissioner Leonard Bentz

Missouri Public Service Commission

Commissioner Connie Murray

North Carolina Utilities Commission

Agrees with these principles and has sent a separate letter, a copy of which is attached.

Public Service Commission of South Carolina

Chairman Elizabeth B. Fleming  
Vice Chairman John E. Howard  
Commissioner Mignon L. Clyburn  
Commissioner David A. Wright  
Commissioner G. O'Neal Hamilton  
Commissioner Swain E. Whitfield

Public Utility Commission of Texas

Chairman Barry T. Smitherman  
Commissioner Donna L. Nelson

West Virginia Public Service Commission

Chairman Michael A. Albert  
Commissioner Jon W. McKinney

cc: Members of the United States Senate  
Members of the United States House of Representatives

Paul Suskie  
Chairman  
(501) 682-1451

Colette D. Honorable  
Commissioner  
(501) 682-1455

Olan W. Reeves  
Commissioner  
(501) 682-1453

**ARKANSAS  
PUBLIC SERVICE COMMISSION**  
1000 Center  
P.O. Box 400  
Little Rock, Arkansas 72203-0400  
<http://www.Arkansas.gov/psc>



May 19, 2009

The Honorable Chairman Henry A. Waxman  
2204 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

As Arkansas's state utility regulatory authority responsible for assuring the availability of reliable, affordable electricity to our citizens, the Arkansas Public Service Commission has significant interest in legislation pending before Congress regarding changes to federal energy policy. We are particularly interested in proposals before your committee setting either a national renewable portfolio standard (RPS) or a renewable energy standard (RES) as well as proposals that would establish mandatory programs to address global climate change.

Because the State of Arkansas may be disproportionately affected by the various proposals pending before Congress, we respectfully ask that you balance significant cost increases on Arkansas electric rates against the assumed benefits. Please be aware that the costs of an RPS, or an RES, and global climate change measures will lead to a significant increase in electric rates for Arkansas's residential, commercial and industrial customers which will adversely impact our economy and our cost of living.

As Congress considers the various proposals that will help this nation transition to a low-carbon economy, it is critical that any proposal adopted by Congress ensure that adequate resources are dedicated to and enough time is allowed to ensure that affordable, scalable and commercially viable low carbon technology exists to meet our nation's electric generation needs with traditional generation sources. Likewise, a transition period is needed to integrate renewable energy generation. This Commission understands that renewable energy generation is a key part to achieving a move to a low carbon economy; however, the many obstacles associated with building the extensive multi-state transmission lines that will be needed and challenges integrating intermittent renewables onto our electric grid must be resolved before we can rely upon renewables as part of the solution for a low carbon economy.

Similar to our colleagues from other southeastern states, we believe that any comprehensive, federal energy legislation should assure the following:

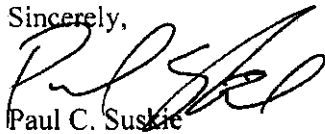
- *Robust cost containment measures, such as the assignment of an adequate amount of emissions allowances to the electric sector; allocation of those allowances to the entities subject to state regulation; and a safety valve mechanism in case allowance prices rise too quickly for the customer to absorb;*

- *Flexibility in how regulated entities meet their carbon requirements, rather than a one-size fits all mandate for all states;*
- *Adequate transition periods in order to prevent serious adverse impacts to the families and businesses of our states;*
- *Continued support for the development of commercial carbon capture and storage (CCS) technologies to ensure that effective CCS technologies are developed and become commercially available as soon as possible; and*
- *If a federal RPS or RES is adopted, it is critical that this nation construct a robust transmission grid that will ensure that states like Arkansas with limited renewable resources, have access to renewable resources in other states;*
- *Any Alternative Compliance Payments (APC) must ensure that money paid by a state is returned to that state to ensure that money is not being redistributed to another region of the country in order to allow such funds to be used to transition to lowering a states' carbon foot-print and helping to offset the cost of our low income ratepayers.*

Please understand that under our nation's legal framework, Arkansas's electric utilities have a constitutional right to recover the costs of Congressionally-imposed programs from ratepayers. This means that families and job-creating businesses will ultimately pay for a federal RPS/RES or carbon program.

The members of the Arkansas Public Service Commission appreciate for the opportunity to share our views and hope that you will consider them as you contemplate the various proposals addressing federal energy policy.

Sincerely,



Paul C. Suskie  
Chairman



Colette D. Honorable  
Commissioner



Olan W. Reeves  
Commissioner

cc: U.S. Senator Blanche Lincoln  
U.S. Senator Mark Pryor  
U.S. Representative Marion Berry  
U.S. Representative Vic Snyder  
U.S. Representative John Boozman  
U.S. Representative Mike Ross

Original copy of this letter was sent to  
each Congressional Member on 5/1/09.



State of North Carolina  
Utilities Commission

4325 Mail Service Center  
Raleigh, NC 27699-4325

COMMISSIONERS  
EDWARD S. FINLEY, JR., Chairman  
ROBERT V. OWENS, JR.  
LORINZO L. JOYNER

COMMISSIONERS  
HOWARD N. LEE  
WILLIAM T. CULPEPPER, III  
BRYAN E. BEATTY  
SUSAN W. RABON

May 1, 2009

The Honorable Mel Watt  
United States House of Representatives  
2162 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representative Watt:

As utility regulators responsible for assuring the availability of reliable, affordable electricity to the citizens of our state, we have significant interest in federal energy policy, particularly proposals to establish a renewable electricity standard (RES) and to address global climate change. As public servants serving a state whose citizens may be disproportionately affected by the proposals being considered by Congress, we write to request that you balance the benefits of federal action against the very real cost those actions will have on our electric rates, our economy and the businesses and lives of those we serve.

It is essential that the nation manage the transition to a low-carbon economy well to assure that no overly burdensome increases in the cost of power occur and that reliability of service is not compromised. We recognize that all generation resources, including renewable generation, will be needed in the near- to mid-term to meet the energy needs of the nation and to responsibly manage greenhouse gas emissions resulting from the generation of electricity, particularly since carbon capture technologies currently are not scalable or commercially available. Although renewable energy generation cannot displace base-load generation such as coal, nuclear and large hydroelectric, we believe that it can be part of a diverse portfolio of resources, including energy efficiency programs, needed to ensure adequate, reliable service to retail customers at a reasonable cost.

The proposed federal RES and carbon cap-and-trade programs, however, will significantly increase the cost of energy for families and businesses. The President proposed raising \$646 billion from the auction of carbon emission allowances between 2012 and 2019, but there are estimates that show this cost could be as high as \$1.3 to 1.9 trillion between 2012 and 2019 and up to \$9.3 trillion by 2050. Last year, the U.S.

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Representative Watt  
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Environmental Protection Agency estimated that a cap-and-trade program would increase an average family's energy costs an additional \$4,377 per year by 2050 and that 3 million jobs would be lost. We are particularly concerned about the regressive nature of these costs on low-income families and seniors. Similarly, the proposed RES will only result in a transfer of wealth from states, like ours, that have fewer developable renewable energy resources to those that are fortunate enough to have greater wind or other renewable resources. The costs of these programs will be borne, primarily, by electric consumers in our state, but the money will be used to fund federal tax cuts or to provide windfalls to already advantaged states and entities rather than to address the underlying issues, such as assisting those saddled with the cost burden to develop viable renewable energy and carbon emission reduction strategies and alternatives.

We believe that any comprehensive, federal energy legislation should assure the following:

- *Assignment of an adequate amount of carbon emission allowances to the electric sector with realistic reduction targets to minimize compliance costs and avoid rate shock for electric consumers;*
- *Flexibility in how regulated entities meet their carbon requirements, rather than command-and-control measures like a federal RES, federal energy efficiency resources standard, or performance standards;*
- *Adequate transition periods for carbon emission reductions in order to prevent serious adverse impacts to the families and businesses of our state;*
- *Continued support for the development of commercial carbon capture and storage (CCS) technologies to ensure that effective CCS technologies are developed and become commercially available as soon as possible;*
- *Established limits on carbon emissions that reflect a realistic understanding of CCS and other energy technologies;*
- *Flexibility for states to establish individually-tailored renewable energy programs based upon the resources available in each state and to determine appropriate caps on the cost of such programs; and*
- *In the case that allowances are auctioned or other fees, penalties, or alternative compliance payments are received, monies collected are redistributed to states or entities within those states from which they were collected and used to fund research and development of economically viable renewable energy and carbon emission reduction alternatives.*

Please recognize that utilities have a constitutional right to recover from ratepayers the costs of Congressionally-imposed programs. This means that families

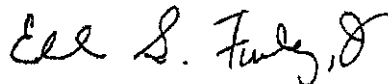
Representative Watt  
May 1, 2009  
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and job-creating businesses, and not utilities or their investors, will incur the costs for a federal RES or carbon program. At a time when America has lost so many jobs, particularly in the manufacturing sector, to low-cost overseas competitors, we think it makes little sense to increase the cost of American goods and services by increasing the cost of energy.

We know that Congress has the best of intentions, but the wisdom of our constitutional structure that prefers most policy decisions be addressed by the states still holds true today. A one-size-fits-all, national mandate to restructure the energy economy could have many unintended consequences that would be devastating to the American people and our economy. The states are not ignoring action on clean energy; many states have already imposed their own renewable energy or carbon emission reduction requirements and are seeking ways to further promote energy efficiency and clean coal technology to reduce greenhouse gas emissions.

For over one hundred years, state utility regulators have helped to ensure that Americans are provided with affordable and reliable energy. We are also committed to protecting the environment. We appreciate your allowing us to share our views with you and hope you will consider them as you consider the proposed RES and cap-and-trade legislation.

Sincerely,

A handwritten signature in black ink that reads "Ed S. Finley, Jr." with a stylized flourish at the end.

Edward S. Finley, Jr.  
Chairman

ESFjr/rg