**FERC "equity incentive" plan would cost consumers billions of dollars in higher electric rates**

**Editors Note:** A copy of NASUCA's filing can be located [here](http://www.nasuca.org/filings/PL03-1-000.rtf" \t "_blank).

**SILVER SPRING, MD, March 13, 2003** - The National Association of State Utility Consumer Advocates (NASUCA) objects to a plan proposed by the Federal Energy Regulatory Commission to give transmission owners billions of dollars in incentives for joining Regional Transmission Organizations (RTOs) and Independent Transmission Companies (ITCs), and for building new transmission plants.

NASUCA contends that the proposed federal plan would cost consumers over $13 billion in higher transmission rates over the next 19 years, essentially equaling the consumer benefits FERC itself calculated from RTO membership. These new incentives could also delay utilities from joining RTOs and ITCs, or building new transmission plants. State regulators may be reluctant to approve admission into an RTO or an ITC due to the additional costs to residential utility customers. The availability of these incentives would expire on December 31, 2004.

"Federal regulators are asking consumers to pay over $13 billion for electric utilities to finally do what many of them have committed, or been ordered, to do - promote the efficient movement of electricity by joining a Regional Transmission Organization," said Robert S. Tongren, NASUCA President and Ohio Consumers' Counsel. "This unacceptable plan would cause consumers' transmission rates to increase nationwide and offset any savings from the operations of an RTO."

Some utilities are operating under state statutes or regulatory commission orders to join an RTO. Other companies have already joined an RTO, in which case they could receive the FERC equity incentive for action they have already taken. Moreover, FERC's proposed application process for receiving the incentives seemingly does not require a full review of all the transmission owners' costs and revenues.

**About NASUCA**

The National Association of State Utility Consumer Advocates (NASUCA) is an association of 42 advocate offices. Members are designated by laws of their respective states to represent the interests of utility consumers before state and federal regulators and in the courts.