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December 18, 2006

The Honorable Joseph T. Kelliher, Chairman
The Honorable Suede G. Kelly, Commissioner
The Honorable Philip D. Moeller, Commissioner
The Honorable Marc Spitzer, Commissioner
The Honorable Jon Wellinghoff, Commissioner
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Chairman Kelliher and Commissioners Kelly, Moeller, Spitzer, and Wellinghoff:

We are writing to express our concern that the Commission's denial of funding for Western Interconnection Reliability Centers under Section 215 of the Federal Power Act will undercut the reliability of the western power grid. Beginning with Senator Gorton's bill in 2000, Western Governors have been consistent supporters of mandatory federal legislation to protect system reliability.

Our core belief then and now is that the reliability of the power grids should not be based on the voluntary action of market participants. The Commission's denial of mandatory Section 215 funding of Western Interconnection Reliability Centers will force the West to continue to rely on voluntary contributions to keep this vital function operating. The Commission has recognized the importance of Reliability Centers and is proposing 137 requirements within the new mandatory reliability standards that the Centers must follow. However, without secure mandatory funding of the Centers, the purpose and effect of reliability centers will be undermined in the West.

The Commission's denial of Section 215 funding for Western Interconnection Reliability Centers will not save consumers any money. Indeed, in other regions, FERC voted to pass on the costs of Reliability Centers to consumers through the transmission tariffs of Regional Transmission Organizations or dominant transmission owning utilities. No such entities cover the entire Western Interconnection. As Congress recognized in enacting Section 215, there are regional differences that the Commission needs to accommodate.

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We urge you to grant the Western Electricity Coordinating Council's petition for rehearing of the Commission's denial of Section 215 funding for Reliability Centers. We concur with the conclusions of the Western Interconnection Regional Advisory Body that continued reliance on voluntary funding of Reliability Centers is discriminatory and not in the public interest.

Thank you for your attention to this issue which is central to the reliability of the western power grid.

Sincerely,



M. Michael Rounds
Governor of South Dakota
Chairman



Dave Freudenthal
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cc: Senate Energy Committee
House Energy and Commerce Committee