



Louisiana Public Service Commission

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The Honorable Chuck Schumer Majority Leader
United States Senate Washington, DC 20510
Via email: meghan_taira@schumer.senate.gov

The Honorable Mitch McConnell Minority Leader
United States Senate Washington, DC 20510
Via email: Tiffany_ge@mccconnell.senate.gov

The Honorable Joe Manchin
United States Senate Washington, DC 20510
Via email: Lance_West@manchin.senate.gov

The Honorable John Neely Kennedy
United States Senate Washington DC, 20510
Via email: David_Stokes@kennedy.senate.gov

The Honorable William Cassidy
United States Senate Washington DC, 20510
Via email: James_Quinn@cassidy.senate.gov

The Honorable John Bel Edwards
Governor, State of Louisiana
Via email: mark.cooper@la.gov

Dear Sen. Majority Leader Schumer and Sen. Minority Leader McConnell, Sen. Manchin, Sen. Kennedy, Sen. Cassidy and Gov. Edwards:

I write to you in opposition in regards to certain aspects of the Energy Independence and Security Act of 2022 ("EISA"), which is framed as a "permitting reform" solution to get energy infrastructure built faster and more efficiently, as the legislation suffers from a fatal flaw: specifically regarding the transmission provisions in the continuing resolution that shall eviscerate state regulatory authority over their own transmission planning, resources and energy policies. The clear and unambiguous negative impacts of the transmission regulatory provisions in this legislation cannot be overstated.

The EISA's transmission provisions creates an unprecedented contortion of the 10th amendment of the United States Constitution and causes the elimination of state jurisdiction over state resource and energy policy decisions. The EISA allows (1) the Department of Energy ("DOE") to designate a transmission project as part of the "national interest", and then (2) allows

FERC to require utilities to build that transmission notwithstanding state input or objections to the contrary. The EISA then takes one final step and mandates that costs be broadly socialized to customers, even if those customers do not directly benefit from the transmission line. So, one states customers could be paying for the policy choices of another states politician rather than the policy choices of the people they elected to represent them.

An additional component that is largely overlooked is how returns on equity are established by state regulators versus the FERC. States normally provide for lower returns on equity, in the range of 8 1/2 to 9 1/2% while the FERC returns on equity exceed 11%. Allowing the proposed shift of authority will cause increased costs in the billions of dollars to the consumers throughout the country. This action would also allow for a practice that takes place at the FERC, referred to as the double leveraging of equity, to be applied nationwide to all transmission projects. This would allow transmission owners to earn rates of return on debt. Our state prohibits this action as it is a negative action causing great expense to consumers.

As a state commissioner, I support building energy infrastructure. I support the development of additional transmission where it makes sense for each states customers and the reliability of our grid. But I simply cannot support the customers of our nation paying for the policy choices of the unelected bureaucracy. All elected officials, whether Public service commissioners or United States senators must reflect on the fact that they represent the citizens of their state. And while we all work for the overall benefit of the nation, we cannot lose track of the fact that the constitution protects the rights of the citizens and limits the powers of the national government. The system that we have had in place to manage the electric grid of the nation has proven itself to be very successful. The development of the electric grid of the United States has taken place over the last 100 years and has grown to match the needs of the nation.

As we move into the future, exploring all beneficial resources that may serve to power the nation, let us not lose track of what has been successful and brought us to this point, where the effective interaction of all state regulators make the system work. To shift that control to a singular federal system would likely have unintended consequences to impede the future development of the electric system of the nation. Unfortunately, if there is any failure, the costs of such will fall on the backs of the consumers of the nation in the form of unnecessary increased costs that they will needlessly bear at a time of increasing economic hardship.

I urge you and your colleagues to insist on the removal of the EISA's transmission provisions that, individually and collectively, harm state rights and irreversibly disrupt the longstanding stability of our nation's energy economy.

Sincerely,



Eric F. Skrmetta
Commissioner

EFS/btb