

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Standards of Conduct for Transmission : Docket Nos. RM07-1-000
Providers :

COMMENTS
SUBMITTED ON BEHALF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO

I. INTRODUCTION AND BACKGROUND

The Federal Energy Regulatory Commission (FERC) is proposing to revise its Standards of Conduct for transmission providers to make them clearer and more concise. On January 18, 2007, the FERC issued a Notice of Proposed Rulemaking (initial NOPR) and received both initial and reply comments. The primary purpose of the initial NOPR was to remedy the defects identified by the D.C. Circuit in National Fuel. After reviewing the comments and based on FERC's experience in enforcing the Standards, the FERC believes a broader view is necessary and appropriate. Therefore on March 21, 2008, FERC issued a new NOPR on Standards of Conduct for transmission providers and is inviting comments by all interested parties.

II. SUMMARY OF THE OHIO COMMISSION'S COMMENTS

- ❖ The Ohio Commission applauds the FERC for attempting to simplify and strengthen the compliance and monitoring of the Standards of Conduct.
- ❖ Training programs and schedules should be posted by transmission providers on the internet so best practices among providers can be established.
- ❖ Civil forfeitures should not be recovered by the retail customers.

III. DISCUSSION

The Ohio Commission believes that by simplifying the Standards of Conduct for transmission providers, the need for waivers will be decreased, making compliance monitoring more standardized. Also, it is very difficult to establish regulations that totally eliminate the possibility of unethical behavior; however, making someone, in this case the Chief Compliance Officer, personally responsible for the entities' behavior, we believe adds additional accountability.

Allowing functional compliance and simplifying the regulation to the independent functioning rule, the no conduit rule and the transparency rule should aid in keeping down the cost of compliance, in that, transmission providers should have flexibility in developing their own unique compliance programs.

The Ohio Commission believes that with this flexibility comes responsibility. We would like to see the goals and objectives, and a general overview of the unique training programs as well as the training schedules of the Transmission Providers posted on the Transmission Providers internet sites. We would also like the name of the Chief Compliance Officer posted as well. Not only will this transparency aid in monitoring compliance it will also allow for “best practices” to be developed.

In addition, the Ohio Commission does not think that any civil forfeiture should be recovered by the regulated operating companies. These dollars should be recovered at the shareholders expense and not passed along to customers. In this regard, the Ohio Commission continues to believe that adequate ring fencing should be in place so that the operating company and its customers are insulated from other operations in which the corporation is involved and should only be allocated expenses where direct benefits are established.

IV. CONCLUSION

The Ohio Commission thanks FERC for the opportunity to respond to its invitation for comments regarding making organized markets for electric service more efficient.

Respectfully submitted,

/s/ Thomas W. McNamee

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V. CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Thomas W. McNamee

Assistant Attorney General

Dated at Columbus, Ohio this April 28, 2008.

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Summary: Comments Comments regarding Standards of Conduct for Transmission Providers electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio