



United States General Accounting Office  
Washington, DC 20548

Office of the General Counsel

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January 24, 2000

The Honorable Frank H. Murkowski  
Chairman  
The Honorable Jeff Bingaman  
Ranking Minority Member  
Committee on Energy and Natural Resources  
United States Senate

The Honorable Thomas J. Bliley, Jr.  
Chairman  
The Honorable John D. Dingell  
Ranking Minority Member  
Committee on Commerce  
House of Representatives

Subject: Department of Energy, Federal Energy Regulatory Commission: Regional  
Transmission Organizations

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Energy, Federal Energy Regulatory Commission (Commission), entitled "Regional Transmission Organizations" (Docket No. RM99-2-000). We received the rule on January 7, 2000. It was published in the Federal Register as a final rule on January 6, 2000. 65 Fed. Reg. 810.

The final rule amends the Commission's regulations under the Federal Power Act to advance the formation of Regional Transmission Organizations (RTOs). The rule requires that each public utility that owns, operates, or controls facilities for the transmission of electric energy in interstate commerce make certain filings with respect to forming and participating in an RTO.

Enclosed is our assessment of the Commission's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the Commission complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO

evaluation work relating to the subject matter of the rule is Jim Wells, Director, Energy, Resources, and Science Issues. Mr. Wells can be reached at (202) 512-3841.

Sincerely yours,

Robert P. Murphy  
General Counsel

Enclosure

cc: Mr. Douglas W. Smith  
General Counsel  
Federal Energy Regulatory Commission

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF ENERGY,  
FEDERAL ENERGY REGULATORY COMMISSION  
ENTITLED  
"REGIONAL TRANSMISSION ORGANIZATIONS"  
(DOCKET NO. RM99-2-000)

(i) Cost-benefit analysis

The Commission did not perform a cost-benefit analysis. However, in connection with the Environmental Assessment it performed, EPA estimates that the benefits of full participation in RTOs could be annual cost savings of up to \$5.1 billion over the 2000-2015 time period. The best estimate of benefits that could result from RTO formation is \$2.4 billion per year. The Commission expects the costs of RTO formation will be relatively small compared to these ongoing, annual expected savings.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Commission has certified that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not contain federal mandates, as that term is defined by Title II of the Act, on either state, local, or tribal governments or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

The final rule was issued using the notice and comment procedures contained at 5 U.S.C. 553.

On May 13, 1999, the Commission issued a Notice of Proposed Rulemaking, which was published in the Federal Register on June 10, 1999. 64 Fed Reg. 31390. The Commission received 334 comments in response to the Notice, which are responded to in the preamble to the final rule.

**Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520**

The final rule contains information collections that are subject to approval by the Office of Management and Budget (OMB) under the Act. The Commission has submitted the required information to OMB which has assigned OMB Control Nos. 1902-0096 and 1902-0082.

The annual burden hours for the collections are estimated to be 7,600 hours per year, at an annual cost of \$401,518.

**Statutory authorization for the rule**

The final rule was issued under the Commission's authority under section 205 of the Federal Power Act.

**Executive Order No. 12866**

As the rule is promulgated by an independent regulatory agency, it is not subject to the review requirements of Executive Order No. 12866.