1. Joint FERC/State mechanism for pricing all wires services.

2. Transmission comes out of both wholesale native load and retail rate base.

3. All wires services and all wires-related costs/surcharges (e.g., stranded assets and/or benefits) are formally established by the joint mechanism, subject to the provisions of #5 below.

4. The principles associated with pricing wires services are the same regardless of whether the service is wholesale or retail.

5. Wires-related surcharges are assessed or are not assessed for wholesale customers based on the policy or fact-specific determinations by the FERC. Such surcharges are assessed or not assessed on the retail customers of any given state on the basis of the policy or fact-specific determination made by the regulatory commission of the state involved. The joint mechanism shall not have the authority to either second guess or otherwise alter any of the FERC or state commission determinations as to the surcharges. For purposes of assessing surcharges the Joint Mechanism shall have ministerial authority only.

6. The Joint Mechanism shall consist of the five members of the FERC and five state commissioners appointed for fixed terms by the President of NARUC and subject to the confirmation of the NARUC Executive Committee. The Chair of the FERC shall serve as the Chair of the Joint Mechanism, and shall call meetings as deemed necessary by the press of business, but in no event shall more than eight consecutive weeks expire without at least one meeting being called. In the event of a tie vote, the vote of the Chair shall be counted a second time and deemed the tiebreaker. Staffing of the Joint Mechanism shall be coordinated by the members and drawn from the ranks of FERC and state commission staff. ALJs will be drawn from the FERC ALJs.

7. FERC Orders affording transmission access pursuant to Sec. 21 of the Federal Power Act which necessitate the construction of new transmission facilities shall preemptively serve as determination of the "need" for said facility in a state siting procedure, but are subject to other such state review which is required for siting such facilities generally (e.g., environmental, health). Such non-need criteria shall be applied uniformly and without discrimination between
those facilities whose need has been state determined and those whose need has been determined by virtue of a Sec. 211 Order issued by the FERC.

8. In those states which conduct formal joint planning for transmission facilities under the auspices of the state siting agency and/or the state commission, and in which participation is fully open to all actors in the electricity marketplace, FERC will, for purposes of issuing Sec. 211 access orders, defer to such state proceedings, unless 24 months have expired since the last such state proceeding was concluded.

9. For purposes of the proposal, pricing wires services is defined as setting the price for the service itself without regard to any costs other than those intrinsically part of rendering the service itself. Wires services can be construed to include a variety of services such as point to point, network, voltage support, etc. "Surcharge" relates to charges that are extrinsic to the actual costs of providing wires services but are imposed for policy, equity, or other reasons. Examples of such charges include but are not necessarily limited to stranded assets charges, stranded benefits charges, exit fees, low income subsidies, and environmental externality charges.

10. The concept of a “seamless web of pricing” does not necessarily imply uniform pricing. Rather, what is meant is that pricing signals for wire services should be harmonized to the extent that different jurisdictions do not provide conflicting price signals to the wires. The question of whether pricing is uniform or not is a separate economic issue, best left to the joint mechanism to decide.