

**Testimony of Cheryl A. LaFleur  
Nominee to be a Member of the  
Federal Energy Regulatory Commission**

**Before the U.S. Senate Committee on Energy and Natural Resources**

**May 20, 2014**

Chair Landrieu, Ranking Member Murkowski, and members of the Committee. I am honored to appear before you as a nominee for a second term at the Federal Energy Regulatory Commission. I would like to thank Senator Shaheen for her very generous introduction, and for all that she has done for the people of New England. Senator Shaheen introduced me at my confirmation hearing four years ago, and I am grateful for her continuing support. I would like to thank President Obama for nominating me and this Committee for scheduling this hearing, at which I am pleased to appear with my colleague Norman Bay.

As you know, the Commission's work spans different industries and encompasses a variety of responsibilities. In my four years on the Commission, I have voted on approximately 3500 orders as a Commissioner, and led the decision of more than 500 as Acting Chairman. In each order, I have sought to use my independent judgment based on the facts of the record and the law that binds us. I have worked to understand the perspectives of all involved parties, as well as the views of my colleagues, to help the Commission render decisions that are fair, clear, and timely. I have certainly been aided in this by the wonderful team in my office—all of whom are here—and throughout the Commission. I also deeply appreciate the continuing support of my family, and I am pleased to have my husband Bill Kuncik and our daughter Allison with me today. Our son Dan is teaching high school physics back home—he is not here because I didn't want him to leave his students with a substitute for the day.

Four years ago at my hearing before this Committee, I pledged to try to understand the unique needs and opportunities of different geographic regions across the country. In my efforts to fulfill that commitment, I have met with a wide variety of parties from across the country and have traveled to many of those regions. For example, I have visited each of the Regional Transmission Organizations and the Bonneville Power Administration and have toured a variety of energy infrastructure, from the Grand Coulee Dam to the Kemper carbon sequestration facility under construction in Mississippi. If confirmed, I look forward to applying what I have learned and continuing to learn about the complex energy markets and infrastructure we oversee.

I would like to briefly mention three areas that have been priorities for me and that I believe will continue to shape much of the work of the Commission in the coming years.

### **Changes in Power Supply**

As I frequently note, the nation is making substantial changes in its power supply due to the increased availability of domestic natural gas and its use for power generation, the growth of renewable and demand-side resources, and new environmental requirements. Although these drivers of change are largely outside the Commission's jurisdiction, we must be aware of and adapt to them to carry out our statutory responsibilities. These developments are driving a great deal of the Commission's work on both infrastructure and markets. Our nation is making substantial investments in electric transmission, gas pipelines, and LNG facilities, and the Commission, through its authority over transmission ratemaking and natural gas permitting and ratemaking, has a critical impact on those investments. In addition, power supply changes require adaptations in competitive electric markets, to assure they attract needed investment and coordinate effectively with natural gas markets. I have sought to be a leader on these efforts.

## **Grid Reliability and Security**

Throughout my time at the Commission, reliability, including grid security, has been a top priority for me. Because of my past experience working directly for customers, I know firsthand how hard even a short outage can be on families, businesses, and communities.

Ensuring reliability requires that the Commission pay attention to the day-to-day, nuts and bolts activities necessary to keep the lights on, like tree trimming, as well as emerging issues, like cybersecurity. I believe that the Commission is making progress on both fronts, through its oversight of the North American Electric Reliability Corporation (NERC). For example, last year, the Commission approved Version 5 of the Critical Infrastructure Protection Standards, which for the first time require that all electric system cyber assets receive some level of protection, commensurate with their impact on the grid. In addition, the Commission directed NERC to develop standards to protect the grid from geomagnetic disturbance (GMD) events caused by solar storms. Finally, the Commission recently directed NERC to develop physical security standards for the grid, to ensure that critical facilities are identified and protected.

## **Cooperative Relationships with Federal and State Agencies**

Finally, as both a Commissioner and Acting Chairman, I have worked to strengthen relationships between the Commission and other agencies – both state and federal – that regulate some of the same industries we do. I believe that the Commission must be independent, but never siloed. Given the complex, overlapping authorities that govern the nation's energy industry, cooperative relationships are essential.

One of my first actions as Acting Chairman was to resume the Commission's negotiations with the Commodities Futures Trading Commission (CFTC) on the two Memoranda of Understanding (MOUs) required by the Dodd-Frank Act, which were successfully executed in January. Under the new information-sharing MOU, the CFTC is

now providing FERC with critical market data on an ongoing basis, and this information has already enhanced FERC's market surveillance abilities. I believe this type of collaboration can help protect customers by strengthening both agencies' oversight of energy markets.

I also believe it is important that the Commission continue its relationship with the Environmental Protection Agency to ensure that reliability is sustained as the electric sector complies with new environmental regulations. To that end, I founded and co-chaired the joint FERC-National Association of Regulatory Utility Commissioners (NARUC) Forum on Reliability and the Environment. The Forum brought together federal and state energy regulators to discuss the electric utility industry's preparation for, and efforts to comply with the Mercury and Air Toxics Standards, upcoming carbon regulations, and other rules. I have also served as the Commission liaison to the Department of Energy's Electricity Advisory Committee.

Of course, because of the often intertwined nature of state and federal energy regulation, one of the most important relationships for federal regulators is with their state counterparts. If confirmed, I will continue to prioritize maintaining strong relations with NARUC and the state public utility commissions that NARUC represents.

### **Closing**

I have been blessed with a wonderful career: I began in a law firm, held executive positions in companies serving electricity and gas customers, and led nonprofit organizations. I came late to public service, but have found it both challenging and extremely rewarding. It has been an honor to serve on the Commission and work on the critical issues I have mentioned and many others. I am deeply honored that President Obama has nominated me to this work. Thank you for your consideration of my nomination, and I look forward to answering your questions.