A Thrill Packed Introduction to State Policies and Power

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Disclaimer

- These are opinions, not NARUC policy, nor policy of its members.
- There are 50 states + DC, with over 200 Commissioners. So there are at least 201 perspectives on everything, so I’ve had to be general.
- Everything will apply to some state, but there are exceptions to everything in here in some state too.
What is a Public Utility Commission?

- A quasi-judicial panel that sets the rates, terms, and conditions for the provision of essential services in the regulated utility sectors
  - (electric, gas, water, telephone, and sometimes transportation, ports, banks, petroleum, etc etc.)

- A commission has 3-7 members, staggered terms, bipartisan representation, appointed by Governors, Legislatures, or directly elected

- Focus on transparency, accountability, public participation, due process
Who is “the Electric Company”

<table>
<thead>
<tr>
<th></th>
<th>Investor-Owned</th>
<th>Publicly Owned</th>
<th>Cooperatives</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Organizations</td>
<td>220</td>
<td>2,000</td>
<td>930</td>
<td>3,150</td>
</tr>
<tr>
<td>Number of Total Customers</td>
<td>102 m</td>
<td>20 m</td>
<td>17 m</td>
<td>140 m</td>
</tr>
<tr>
<td>Size (median number of customers)</td>
<td>400,000</td>
<td>2,000</td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>Customers, % of total</td>
<td>73%</td>
<td>15%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Revenues, % of total</td>
<td>76%</td>
<td>14%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>kWh sales, % of total</td>
<td>74%</td>
<td>16%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>
Federal & State Jurisdiction

Who needs a mnemonic?
FERC jurisdiction is over “sale for resale”*
Map of Electric Regulatory Models

- Restructured
- Regulated
- Hybrid

11th NARUC New Commissioner Regulatory
Restructuring

- Generation facilities separated from delivery companies and face wholesale and retail competition for energy supply

- With legislative approval, utilities divided into separate generation and distribution and transmission companies
Commission Activities in Electricity

- Set the rates, terms, and conditions of monopoly utility services
- Ensure reliable, affordable, clean electricity – in that order

Specific activities:
- Planning
- Siting
- Cost allocation and cost recovery
- Other stuff – EE program funding and oversight, RPS administration, LIHEAP, RGGI
Cost Recovery for Prudent Investments

- The regulatory compact is that a utility will have a monopoly and will have a hard time going broke because the rates are set to cover cost of service and revenue requirement.
- A description of a rate case.
- Warren Buffet: “This should be a good business to be in, but not a Great business.”
- Cost recovery as a balance between regulatory certainty and a risk-based incentive for innovation.
- Efficiency and decoupling and revenue, oh my!
Affordable: electricity prices


This map was produced by the National Renewable Energy Laboratory for the U.S. Department of Energy.
Infrastructure Siting

- Several Commissions have specific Siting Boards
- All commissions have some role in siting, even if indirect
  - Generation
  - Transmission
  - Inside the “city gates” gas infrastructure
  - Demand-side programs
- Local role in some states
- Quasi-judicial proceedings
  - Evidentiary hearings, site visits, conditional approvals
- Coordination among states
- Backstop interstate siting authority
Transmission Siting Authority by State

Source: EEI, Transmission Line Siting Regulations 2001, updated by J. McGarvey
Interstate Cost Allocation (Yikes!)
Administer other programs

- Gas
- Managing RPS
- Managing efficiency programs
- Managing climate- and enviro-related programs (RGGI, loading orders, etc.)
- Overseeing public benefits funds
- Emergency preparedness & interdependencies
- Coordinate with other agencies
Legislatures and PUCs

- Play a role in many PUC appointments
- Enable PUC actions through authorizing legislation, funding
- Set energy policy goals – i.e. RPS
- Engage transmission and generation finance provision
- Create or direct shape of climate- and enviro-related activities
- Create bridges to other states and other agencies
State regulators play a broad role with wide-ranging responsibilities

Regulatory policy has been an important driver for choices made about the electric system we have today

The electricity system is changing and regulatory policy may need to change with it

All supply choices are important to consider but have trade-offs

Energy efficiency appears to be the “no regrets” choice no matter what supply choices we make
I Will Now Confront Your Most Challenging Questions!

Or! Later if you prefer!

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