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Engaging with Your Public Utility Commission

An Introduction for Air Quality Regulators of
NESCAUM's EE/AQ Planning Workgroup

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Outline

- Overview of PUC Jurisdiction & Governance
- Terminology & Standard Operating Procedures
- Common Types of PUC Dockets, Air Quality Ramifications, and Examples
- Opportunities to Engage Your PUC
- Keeping the Engagement Constructive: Good Rules to Follow

Preview of Key Conclusions

- PUC decisions often have air quality impacts
- Air quality regulators have specific opportunities to engage with the PUC and influence the outcome of PUC decisions
- Understanding the PUC's mission, authority, and processes will make this engagement more constructive and lead to better outcomes for air quality

Players in Energy Markets

- Utilities
- Competitive Retail Suppliers of Electricity
- Merchant Generators
- Independent System Operators (ISO)/
Regional Transmission Orgs. (RTO)
- North American Electric Reliability
Corporation (NERC)
- Gas Pipeline Companies

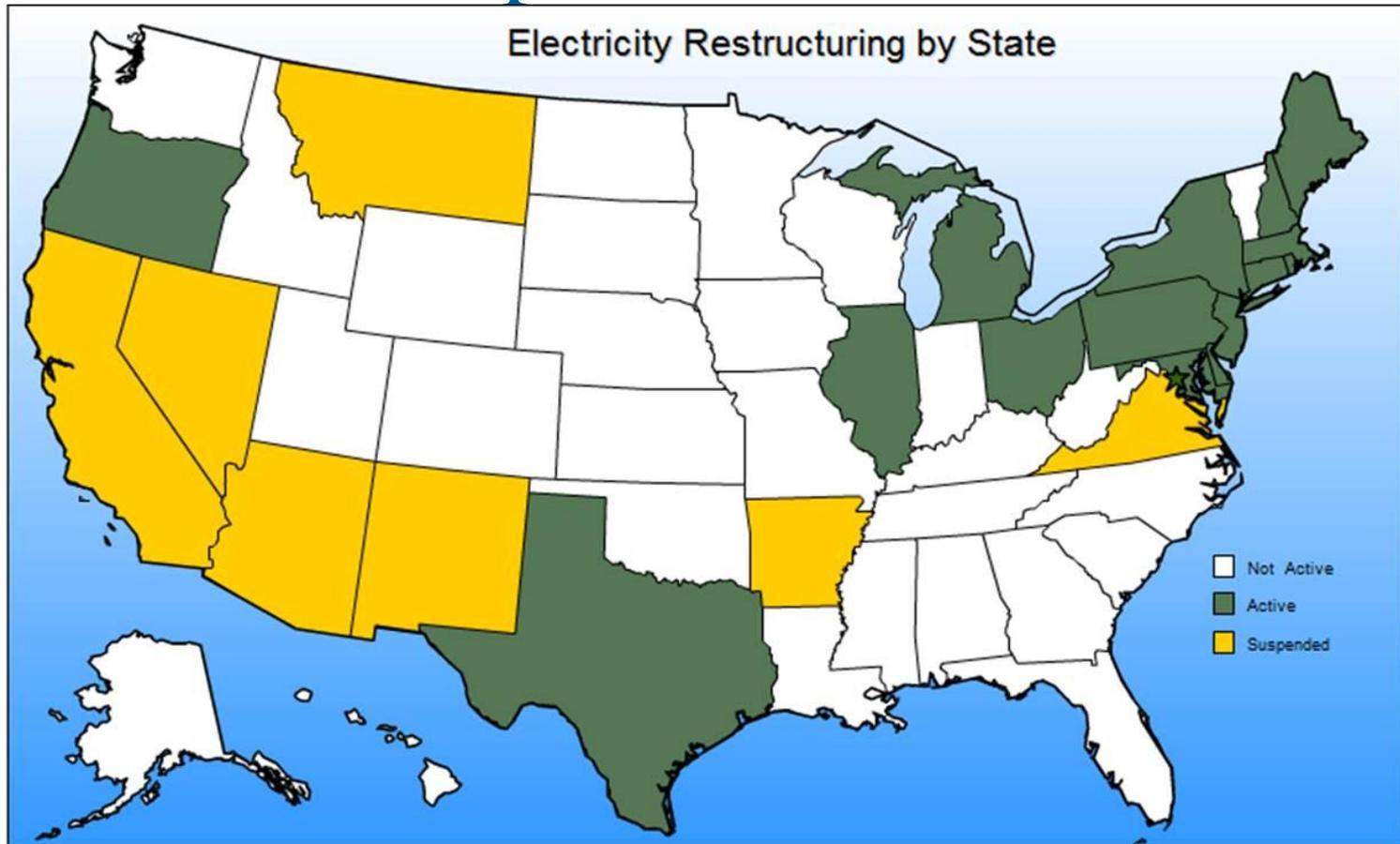
What are Public Utilities?

- Entities that are granted an exclusive franchise by the state within a designated service territory, with obligation to serve
- Can be investor-owned (i.e., for profit) or consumer-owned (non-profit)
- Why would the state do this???
 - Textbook example of “natural monopoly”
 - Economically more efficient to have a single firm than competing firms

Statutory Authority of the Public Utility Commission (PUC)

- Economic regulation of public utilities
- Ensure that utilities provide safe, reliable, affordable service to all customers in a manner consistent with the public interest
- Set retail rates & terms (i.e., tariffs) based on cost of service
- Review prudence of utility decisions
- Respond to legislation

Scope of Authority Differs in Retail Competition States



State PUC Commissioners

- 3 to 7 Commissioners in each state
- Appointed by Governor and confirmed by legislative body in most states; elected in about a dozen states
- Generally serve staggered, fixed terms – but this also varies from state to state
- Not bureaucrats or managers or executives; quasi-judicial decision makers

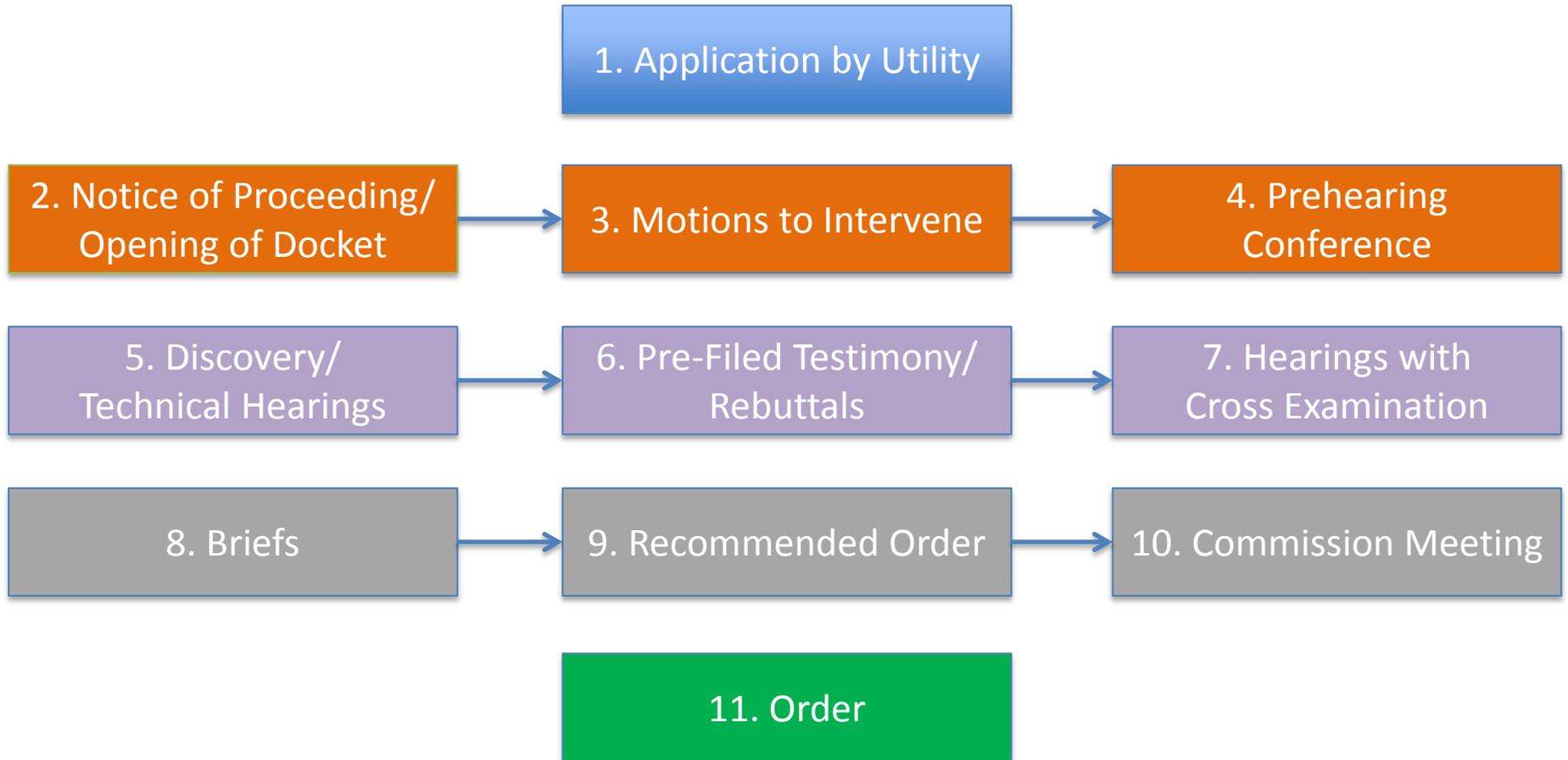
Commission Staff

- Terminology and organizational structure varies from state to state
- Usually an Executive Director or COO who manages staff and operations
- Hearing Officer/Admin. Law Judge (ALJ)
- Staff of civil servants, primarily with technical and specialized skills:
 - law, engineering, economics, finance, etc.

Key Phrases to Understand

- Docketed proceedings and “the record”
- Intervening as a party
- Contested cases, rulemakings, and informal proceedings
- Orders
- Dissenting and concurring opinions
- Rate recovery

Typical Steps in a Contested Case



Ex Parte Communications

- In contested cases:
 - “*Ex parte* describes communications, written or oral, directed to the merits or outcome of a proceeding that, if written, are not served on all of the parties to the proceeding and if oral, are made without giving all the parties to a proceeding advance notice and an opportunity to be present.”

Common Types of PUC Dockets (1)

- Rate cases
- Rule development
- Construction & financing pre-approval
 - Somewhat limited scope in competitive retail markets
 - Two obvious examples with AQ implications are new power plants and pollution controls

Common Types of PUC Dockets (2)

- Energy efficiency programs
- Renewable energy programs/standards
- Integrated resource plans
 - Not applicable in all states
- “Generic” investigations

Discussion of Real PUC Dockets with Air Quality Implications



Opportunities to Engage (1)

- Reconnoiter!
- Get on “Service Lists”
- Learn about E-Filing and E-Dockets
- Meet informally and regularly with PUC Staff or Commissioners
 - Outside docketed case proceedings
 - Non-contested case proceedings

Opportunities to Engage (2)

- Participate in formal stakeholder collaborations
- Submit written comments/testimony
- Participate in hearings and technical conferences
- Formally intervene in contested cases

Demonstration of a PUC Website



<http://www.scc.virginia.gov/>

Rule #1 for Constructive Engagement

- You are colleagues, not adversaries... even when you disagree
 - Think in terms of a LONG term relationship
 - Earn their trust & respect by privately warning them, in advance, if you have to publicly disagree on something
 - Reciprocate; let them know what you are doing too

Rule #2 for Constructive Engagement

- Respect their mission
 - Safe, reliable, affordable service is literally their reason for existing!
 - Especially reliable!!!
 - Even a small percentage rate increase is a BIG deal; don't laugh off "just a few percent"
 - Did we mention how important reliability is?

Key Conclusions

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Resources

- Links to all state Commission web pages:
<http://www.naruc.org/commissions.cfm>
- *Electricity Regulation in the U.S. – A Guide*: RAP, March 2011
<http://www.raponline.org/document/download/id/645>

About RAP

The Regulatory Assistance Project (RAP) is a global, non-profit team of experts that focuses on the long-term economic and environmental sustainability of the power and natural gas sectors. RAP has deep expertise in regulatory and market policies that:

- Promote economic efficiency
- Protect the environment
- Ensure system reliability
- Allocate system benefits fairly among all consumers

Learn more about RAP at www.raonline.org

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