

Breakout Workgroup Reports

GROUP: Regulatory Reform

Date: 12/2/03

This report summarizes the deliberations and recommendations from one of five workgroups. Each workgroup agreed on a facilitated process, heard from a panel members involved in conducting a study on the issue area or as a member of the Energy Policy Forum (Forum), and identified major issues and options/actions as well as 1-3 critical next steps to move forward the energy policy vision in the area.

The following report is from the group on REGULATORY REFORM, which met on December 2, 2003, and provides in:

Section 1-- the critical priority actions which need to be taken in the next 1-3 years to forward the energy vision/goals.

Section 2-- an evaluation of the priority actions according to criteria agreed upon by the group, which were: (i) meets the vision, (ii) financially viable, (iii) politically acceptable, (iv) community acceptability, (v) timeliness, (vi) criticality, and (vii) diversity.

Section 3-- a list of all issues/options that were identified for consideration in developing the implementation plan, which includes short and long term actions.

Section 4-- Summit participants who are interested in assisting the Forum in further work in this area.

Section 5-- Panelists and Facilitation Team members, and

Section 6—Comments, which include notes from participants (post-its placed on the matrix after the work sessions).

Section 1. Critical Actions to be taken in the next 1-3 years

The group prioritized the options/actions for achieving the vision according to agreed-upon criteria; and determined that the following were the most critical to address in the next 1-3 years:

- A. Increase resources for regulatory agencies
- B. Improve access to information
- C. Use integrated resources planning (IRP) as a regulatory tool

Section 2. Analysis of Issues and Options Matrix

The group discussed a number of issues and options/actions. The group memory of the discussion is provided in Section 3. Those options/actions were prioritized for further evaluation according to the seven agreed-upon criteria/factors. The priority actions are listed below and results of the analysis are in the matrix that follows:

- PUC should be a watchdog on federal regulations
- Vermont – REGULATION as Management – proactive
- Economic efficiency can come from regulation as management, especially in high cost states like Hawaii and Vermont
- Advocacy & dogma
- PROBLEM – long term driven out by short term
- Multi-dimensional forecasting
- Performance-based rate-making approach for utilities → “Risk-management tools
- “Pilot Programs”
- Delete TRANSPORTATION from the list of things regulated by the PUC
- Land Use Commission/Zoning/Re Siting
- Questions about VISION Statement
- Area/Jurisdiction differences in interests/needs
- Resources
- PUC should fight for their budget
- How do we structure incentives?
- Possible conflict in role of the Consumer Advocate (DCA)

- Fits vision
Customer service through regulated management
Economic efficiency throughout regulated management
Monitor achievement over time

- Financially viable
Cost to make documents accessible
PUC “overage” goes back to State General Fund
Mobilize utilities and other stakeholders to push for needed funding in the PUC budget at the Legislature/Administration

- Politically acceptable
Legislature
“Need guidance”
Utilities

- Community acceptability
Utilities need to engage consumers
“Second option”

- Timeliness
PUC has begun to close/address outstanding dockets
Working on putting documents on web—technical challenge (& \$)

- Criticality

Discussion of options to be evaluated (see Section 2) above)

A. Resources for PUC and DCA
allocation
lack of control of own resources
common ground
fundamental
PUC collects fee, but budget based on legislative allocation;
PUC Special Fund \$ should be solely for PUC
PUC & DCA provider required
PUC & DCA need to ask & fight for budget needs (staffing plans, strong leadership)
PUC & DCA have to endorse

B. Dual role of DCA
Intervenor \$?
What hat?
Which class?
Balance consumers
Clarify role

C. Access to information
Ask utilities to post more on their sites
Increase amount of intervenor \$
Expedite process

D. State Plan
→ county general plan
→ community plans
Add to planning process
Roadmap to future

E. Revitalize IRP
IRP as regulatory tool

F. Rate making incentives
Consistent with goal
Add action: examine ways to reduce growth in utility rates
Review how least cost is calculated
Add external costs
Add future costs

Other related issues:

- Energy efficiency
Incentives & performance objectives
Outside state structure?
- Load reductions viz. price & availability
- Siting – LUC

Section 4. List of participants interested in followup work.

Participants were invited to affix their names and contact numbers on issue area sheets if they were interested in continuing work with the Forum in the area. Interested participants are:

- solsen@pacific-energy.com
- Gay Chung posted her name on (D)

Section 5. List of Panelists and Facilitation Team.

(i) The following panelists presented information on the studies or work they had conducted in the area:

- Carl Freedman, Haiku Design & Analysis
- Carlito Caliboso, Chair, Public Utilities Commission
- Representative Hermina Morita, Hawaii State House of Representatives
- Richard Sedano, Regulatory Assistance Project

(ii) Facilitation Team members were:

- David Chandler and Kristine Davidson, Co-Facilitators
- Brian Jarrett, Co-Facilitator & Recorder

Section 6. Comments

(i) The following comments were made by participants on post-its posted on the work group matrix after the work group session had concluded:

- Live spreadsheets; immediate access to filed documents at PUC in time to intervene (See B3)
- Notice and opportunity to be heard on utility filings is required by due process – PUC must again publish list of filed documents in a timely fashion if not furnishing copies for public review (See B5)
- Any interested customer, competitor allowed to intervene; audit function is preparation of cost of service – result distributed to all parties in live spreadsheets (See C5)
- Utilities should not be allowed to say that fuel-switching, DG by 3rd parties, and renewables are “off the table” in IRP (See E3)
- Move toward cost of service with all due speed with each utility filing a scheduled rate case every 3 years and cost of service reached in 10 years (See F3)
- Cost of service by class; handle low and fixed income customer impacts through LIHEAP and other social policy, not rate design (See F4)
- IRP needs to be fixed BEFORE the next round of IRPs is considered (see E)