Managing Public Utility Affordability

Public Utility Symposium
Wednesday, October 1, 2008
Reynolds Alumni Center, University of Missouri
Columbia, Missouri

Facilitates innovation,
understanding,
and education
in public utility policy issues.
Managing Public Utility Affordability

Public utility stakeholders are working to manage costs to make future public utility pricing affordable for end users. But the question remains, “Will public utilities pricing continue to be affordable?” Although there are programs to manage utility cost drivers that maintain utility affordability, do they provide the regulatory relief sought by industry, are they effective tools for regulators, and how do consumers view their impact? To successfully keep utility prices affordable, are alternative programs needed that regulators, industry, and consumers can consider? If so, how would they be implemented? And in an environment of increasing legislation, what are the common grounds for public utility stakeholders to come together to enact holistic public policy that provides benefits for all parties. This symposium will consider the issue of public utility affordability. Most understand what the cost drivers are that cause increased utility bills, but not everyone agrees on how best to manage these costs or the effectiveness of the tools and strategies. In addition, regulators and utilities face increasing pressure through legislation and courts which factor into the cost management debate. What are the best strategies to manage costs to maintain utility affordability? As we find ways to manage affordability what are the new roles for consumers, industry, regulators and legislators to manage demand? Can weatherization education, and state and federal legislation manage efficiency? What programs have been successful and what does the future hold for energy and water efficiency and demand-side management? And finally, as prices increase for consumers, pressure is felt by utilities and regulators from a number of sources including consumers, legislators and the courts to manage utility pricing through legislation. What are the benefits and consequences of these external pressures, how can they be managed, what are the common grounds that public utility stakeholders can agree upon and how can they influence effective holistic public policy?

Dr. Stephen Ferris
Director, FRI

Symposium Program

REGISTRATION 8:30 a.m. – 9:15 a.m.

WELCOME 9:15 a.m. – 9:30 a.m.

Dr. Stephen Ferris, Professor of Finance, James Harvey Rogers Chair of Money, Credit and Banking, Director, FRI, University of Missouri

Dr. Bruce Walker, Lansford Professor of Leadership and Dean, Trulaske College of Business, University of Missouri

Commissioner Michael Moffet, Kansas Corporation Commission and 2009 Chair, FRI Advisory Board

MORNING ADDRESS: 9:30 a.m. – 10:00 a.m.

What Are the Current Challenges to Regulatory Effectiveness?

Scott Hempling, executive director of the National Regulatory Research Institute, has provided legal and policy advice to public and private sector clients involved in regulated industries. His research emphases include mergers and acquisitions, the introduction of competition into formerly monopolistic markets, corporate restructuring, ratemaking, utility investments in nonutility businesses, and State-Federal jurisdictional issues. He received a BA in Economics and Political Science, and Music from Yale University and a JD from Georgetown University Law Center.

PANEL DISCUSSION I: 10:15 a.m. – 11:30 a.m.

Are Rate Making Tools Effective in Managing the Cost of Supply?

Panel I Moderator:
Commissioner Daryl Bassett
Arkansas Public Service Commission

This panel will analyze and comment on how effective the current rate-making tools are in managing the cost of supply. Panelists will discuss which tool is their preference.
and why. The panel will consider rate base regulation to fixed rate and the use of surcharges and adders and speculate what the long term effect of rate-making tools are on the utility industry and its ability to attract investment.

Panel I Members:
Chairman Jeff Davis, Missouri Public Service Commission
Richard Cortright, Managing Director, Utilities and Infrastructure Ratings, Standard & Poors
Walton Hill, Senior Vice President, Regulatory Relations, United Water
David Springe, Consumer Counsel Citizens’ Utility Ratepayer Board (Kansas)

LUNCHEON and COMMENTS 11:45 a.m. – 1:00 p.m.
A CEO’s Perspective on Energy Supply and Demand and the Implications for Consumers

Mr. David McClanahan is president and chief executive officer of CenterPoint Energy, the nation’s third largest combined electric and gas utility with more than 5 million metered customers. He is also the current chairman of the American Gas Association.

PANEL DISCUSSION II: 1:15 p.m. – 2:30 p.m.
Can Energy and Water Efficiency Be Achieved Without Burdening the Consumer?

Panel II Moderators: Commissioner Larry Landis Indiana Utility Regulatory Commission

This panel will address the issue of energy and water efficiency and its relationship to customer affordability. What are the affordability alternatives to manage the demand for utility services? How can utilities manage demand within the current rate-making process? If demand cannot be managed, will the utility market price itself out of reach of most consumers. What is the long term pricing forecast for utilities and their customers?

Panel II Members:
Chairman John Norris, Iowa Utilities Board
Dr. John A. Anderson, President and CEO Electricity Consumers Resource Council
David Dittemore, Manager, Regulatory Affairs, Kansas Gas Service
Lewis Mills, Missouri Public Counsel, Missouri Office of the Public Counsel

Public Policy Impact on Rate-Making and Affordability

Panel III Moderator: Commissioner Larry Landis Indiana Utility Regulatory Commission

Panel three will consider ‘affordability’ through public policy. Public policy influences how rate-making is managed, but does legislation do this efficiently? What is the impact of legislation on rate-making? How can utility stakeholders come together to take a more holistic approach to public policy? Panelists will discuss housing standards, consumer support programs and specific Midwest energy and water efficiency legislation.

Panel III Members:
Commissioner Robert Lieberman, Illinois Commerce Commission
Kathleen Hogan, Director, Climate Protection Partnerships Division, Environmental Protection Agency
Senator Rob Hogg, Iowa Senate
Diane Munns, Executive Director, Retail Energy Services, Edison Electric Institute.
John Perkins, Iowa Consumer Advocate

CLOSING COMMENTS: 4:00 p.m. – 4:15 p.m.

Commissioner Michael Moffet, Kansas Corporation Commission and 2009 Chair, FRI Advisory Board

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