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# Electric Utility Data Reporting to Regulatory Agency

Public Utilities Commission of Ohio  
&  
Pennsylvania Public Utility Commission

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# Electric Utility Data Reporting to Regulatory Agency

- Electric Utility Financial Reporting Requirements
- Reporting Emergencies
- Penalties for Non-Compliance with Reporting Requirements
- Data Transparency, Integrity & Confidentiality
- Improving Reporting Requirements



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# Electric Utility Financial Reporting Requirements

- Amanda Gordon



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## Reporting Requirements - Reliable Accounting Information

- Critical for proper review of a utility's operations in order to make reasonable decisions.
- Obtain adequate information related to revenues, operating costs, plant investment, reliability and other pertinent information necessary in making decisions.
- Distinguishing between capital expenditures and operating costs.
- Separating property being used to provide utility service from non-utility operations.
- Identify costs that are “fixed, known and measurable” as opposed to non-recurring one time expenses or other normal expenses occurring every 18 months or 2 years.



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## Reporting Requirements - System of Accounts Prescribed in Law

- Electric distribution companies must keep accounts in conformity with the “Uniform System of Accounts” (USofA) established by the Federal Energy Regulatory Commission (FERC).
- Information regarding the USofA basic account descriptions, instructions, and accounting definitions can be accessed from FERC’s website at:  
<http://www.ferc.gov/enforcement/acct-matts/usofa.asp>
- NARUC and FERC worked together to develop USoA for electric utilities.
- Goal is to provide uniformity and consistency in reporting financial information.



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## USoA Accounting System Details

- Accounts are numbered (series) and grouped by category.
- Accounts are titled and contain a brief description of the items to be included in it.
- Definition describes the transactions to be recorded each account.
- Instructions are provided on recording the transaction in the account.
- Balance Sheet Accounts are generally listed first, followed by detail accounts for physical plant.
- Next would be all income Statement accounts followed by detailed revenue and expense accounts.
- Revenue and Expense accounts are particularly scrutinized in general rate cases.



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## USoA Accounting System Details (continued)

As prescribed by FERC, the USoA is categorized by “Series” from Series 100 to Series 500 used by electric utilities:

- 100 Series – Assets & Other Debits
- 200 Series – Liabilities & Other Credits
- 300 Series – Electric Plant Accounts
- 400 Series – Operating Revenue & Income
- 500 Series – Electric O&M Expenses



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# Reporting Emergencies

## Penalties for Non-Compliance with Reporting Requirements

Kathryn Sophy





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## Planning for Emergencies

- Designated Personnel
- Drills and Exercises
  - Including Annual Storm Restoration Exercises and Incident Training.
- Regular Conference Calls Before & During the Event.
  - Daily Conference Calls with the PA PUC for Large Events.
- Continued Monitoring of the Emergency and the Utility Response.
- Post-Emergency Action Reviews.
  - Including input from the County Level.



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## Reporting Begins Before the Emergency

- Weather calls begin several days in advance of projected event and are facilitated by the Pennsylvania Emergency Management Agency (PEMA).
- Numerous state agencies are on the calls – PEMA, PA PUC, PennDOT, Turnpike, DEP, State Police, PA National Guard, as well as Red Cross, FEMA Region III and any other entity deemed necessary.



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## Information Exchanged

- National Weather Service: potential weather impacts to PA and critical infrastructure.
- State Agencies: current and projected actions and unmet needs.
- PEMA: determines the alert level based on information exchanged and when to raise the staffing level of the State Emergency Operations Center (EOC).
  - PA PUC has Emergency Preparedness Liaison Officers who report to EOC at PEMA's direction.
  - Utilities also may designate liaisons to report to EOC.



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## Additional Ways to Exchange Information

- PA PUC communicates with utilities before and after the weather calls.
- Utilities may have daily conference calls with local and state legislators and county emergency management.
- PA PUC has also held daily conference calls among Utility Presidents, the PA PUC Chairman and the PA PUC Executive Director.



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## Type of Information Exchanged

- Updated Weather Reports
- Life and Safety Issues
- Priority Restorations
- Regions and Number of Customers Affected
- Estimated Time for Regional Restoration
- Shelters Available
- Resources Needed by the Utilities



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## During the Emergency

- The PA PUC Liaisons work 24x7 in the Emergency Operations Center until the emergency passes and the center is immobilized.
- The Liaisons gather and disseminate information on utility outages.
- The Liaisons work with PJM on grid issues.
- The Liaisons works with utilities on priority restoration.
- The Liaisons assist with processing waiver requests.



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## Post Emergency Reporting

- Utility Issues are transitioned to a lower level.
- Post-storm review preparation begins.
- Additional information is requested of utilities.
- PUC Emergency Preparedness Coordinator and Electric Reliability Supervisor coordinate post-storm review meetings with utilities.
- Lessons-learned and best practices are discussed.
- Any further actions are considered.



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## Compliance with Reporting Requirements

- The duty to report is not limited to emergencies.
- State laws give the PA PUC full power to execute and enforce the Public Utility Code. 66 Pa. C.S. § 501.
- The Code specifically allows the PA PUC:
  - to require utilities to file periodic reports. § 504
  - to inspect and audit utility records and facilities. §§ 506 and 516
  - to demand information necessary to value utility property. § 505





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## Compliance with Reporting Requirements

- The Code also requires utilities to comply with PA PUC orders and regulations. 66 Pa. C.S. § 501.
- Utilities must maintain certain records and provide certain reports, such as:
  - Gross Revenues Report § 510
  - Clean Air Compliance Plans § 530
  - Accident Reports § 1508
  - Annual Depreciation Report § 1703



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## Penalties for Non-Compliance with Reporting Requirements

- Failure to submit required reports is a violation of the Public Utility Code and may trigger penalties.
- The Code allows for civil penalties up to \$1,000 USD per violation or up to \$1,000 USD per day per continuing violation. § 3301.
- Gas safety violations can go up to \$10,000 USD per day per violation for up to \$500,000 USD total penalty. § 3301
- In extraordinary cases, the Code allows for criminal charges. § 3302



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## Penalties for Non-Compliance of Reporting Requirements

- Significant civil penalties usually are reserved for violations affecting public safety.
- Failure to meet a reporting requirement often is corrected by a phone call.
  - PA PUC lawyers will call utility representatives and direct them to file the missing report.
  - If the utility still fails to submit the report, the company is referred to our Bureau of Investigation and Enforcement (I&E), which may file a complaint seeking a civil penalty.
  - In some cases, I&E may seek revocation of the utility's certificate to operate within the state.



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## Penalties for Non-Compliance of Reporting Requirements

- Occasionally, more creative penalties better serve the public interest than fines deposited into the state's general fund.
- The PA PUC has crafted creative penalties that could better address systemic problems than the imposition of a fine.
  - Remedial Action
    - Rather than a small fine, which would have little impact on the general fund, the PA PUC has ordered the investment of \$100,000 USD into infrastructure improvements.
  - Customer Education Fund
    - To address certain sales practices, the PA PUC ordered a \$43 million USD investment for educating and informing customers about competitive supply choices.



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# Data Transparency, Integrity & Confidentiality

## Improving Reporting Requirements

Ken Villwock



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# Data Disclosure & Transparency

## All Utility Data Available to Public on PA PUC Website

### Including:

- Annual Financial Reports.
- Base Rate Case Filings.
- Testimony & Exhibits of Utilities and Parties.
- Administrative Law Judge & Commission Decisions.
- Generation Supply Costs & Rate Adjustments.



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# Data Integrity

## PA PUC Audits

- **Financial Audits (5-year cycle).**
  - Original cost and continuing property record audits.
  - Compliance audits examine broad range of utility operations and determine adherence to laws and Commission Orders.
- **Energy Adjustment and DISC (Distribution System Improvement Charge Audits (Annual)).**
  - Verify energy costs incurred by utility.
  - Verify that appropriate costs are included in DISC.
  - Verify reconciliation of over- and under-collections.



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## Data Integrity

### Base Rate & Energy Cost Proceedings

- Parties in proceedings may challenge accuracy of data and analysis.
- Parties include: Commission Prosecutory Staff, Office of Consumer Advocate, Office of Small Business Advocate & Industrial Intervenors.





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## Confidentially

### Petition for Protective Order

- In order to protect sensitive information from public disclosure, a utility or party must request protective order.
- Utility or party must demonstrate:
  - Substantial harm to the utility/party.
  - Substantial harm must outweigh public interest in access to information (e.g. hearing process).



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## Confidentially

### Recent Example of Protective Order

- Disclosure of negotiated discount rates for individual industrial customers.
- If information was made available, all eligible customers would want the lowest discount offered which would significantly reduce the utility's revenue.
- Lost revenue would have to be made up from other rate classes (i.e. residential & small commercial).



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## Improving Reporting Requirements

- PA PUC is constantly amending its reporting requirements to keep pace with changes in Pennsylvania law and the electric utility industry.
- Commission may change reporting requirements by an amendment to its regulations (rulemaking) or through an Order to specific parties.
- Changes in reporting requirements is typically preceded by a public comment process.
- Pennsylvania has a rigorous rulemaking process that requires review by legislative committees and an independent agency.



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# Improving Reporting Requirements

## Recent Example of New Reporting Requirements

- PA law requires that a percentage of retail energy supplies be generated by alternate energy sources (e.g. solar, biomass, low-impact hydro).
- The PA PUC recently issued an Order that included reporting requirements for alternate energy facilities so PA PUC can determine utility/energy supplier compliance.