



Introduction: The Pennsylvania Public Utility Commission and the Value of an Independent and Impartial Regulator

**Chairman
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The Commonwealth of Pennsylvania



- The 6th most populous state (12.4 million)
- The 32nd State by land size (44,817 sq. miles or 116,075 sq. km)
- Nickname - “The Keystone State”
- Capital – Harrisburg
- Major city – Philadelphia (1.5 million)

About the PUC, cont'd

- We're based in Harrisburg, but have regional offices in Altoona, Philadelphia, Pittsburgh and Scranton.





Pennsylvania Public Utility Commission

- Pennsylvania - the 6th largest state
- Commission - created in 1916
- About 530 employees
- Our decisions affect:
 - 5.7m electricity customers
 - 2.8m natural gas customers
 - 8.3m telephone customers



Companies Under Jurisdiction

1983-84

- **17** electric utilities
- **60** gas companies
- **50** telephone companies
- **430** water companies

2003-04

- **80** electric companies
- **120** gas companies
- **550** phone companies
- **179** water companies

Balancing Act

- Regulator: The government agency (regulatory authority) that regulates monopoly companies that provide a public good.
- Balancing: Balance the need for the viable operation of the monopoly company versus the ability for its consumers to pay reasonable rates.



Commission Impartiality

- Functions: legislative, judicial, and executive.
- Ethics: By statute.
- *Ex Parte* Communications prohibited



Commission Impartiality

- Staggered terms
- Post employment: Regulated by statute



Commission Impartiality

- Funding: Via assessments
- Assessments collected through customers bills.
- Separate assessments assure Commission independence.



Commission Impartiality

- Deliberations: Usually public
 - Transparency
- Record of evidence
- Appeals



Concluding Important Issues

- Regulated company needs to earn enough to be viable and provide service.
- Penalizing a company too much may result in a death spiral, which may lead to no provider of service.
- Customers should not pay more than necessary.
- Customers should not be subject to rate shocks.