

Regulatory Autonomy, Authority, And Accountability

Key Characteristics Of Regulatory Commissions

William McCarty
Chairman
Indiana Utility Regulatory Commission
May 2, 2005

OBJECTIVE

The objective is to create a regulatory body that has substantial autonomy from short-term political and other interventions, adequate authority to establish sound regulatory practices (e.g., tariffs, licenses, and monitoring) and clear accountability to assure transparency and credibility. A sound, transparent, and stable regulatory body with logical procedures is important for the government, consumers, and investors alike.



A. Characteristics of Autonomy

- Autonomy can be enhanced by the following measures that provide commissioners reasonable protection and allow economic decision-making and consideration of social issues. Autonomy is desirable to put some distance between the regulator and government, utility companies, and the public.



Characteristics of Autonomy Continued



- Appointment of Commissioners
 - Staggered Terms
 - Quality Criteria
 - Who Makes Appointments
 - Political Balance
- Exemption from Civil Service / Government Salary Rules

Characteristics of Autonomy Continued

- Financing the Commission
 - Surcharge on Revenues
 - License Fees
 - Budget Approval
- Removal from Office
 - For Cause Only



B. Characteristics Of Authority

1. Full Tariff Authority
2. License Issuance
3. Electricity Market
4. Information Collection, Monitoring, and Enforcement
5. Service Quality



C. Characteristics Of Accountability

1. Public Participation And Transparency
2. Annual Report And Audit
3. Appeal Of Decisions To Courts Only Or International Arbitration
4. Budget Review
5. Code Of Ethics
6. Removal From Office (for cause only)





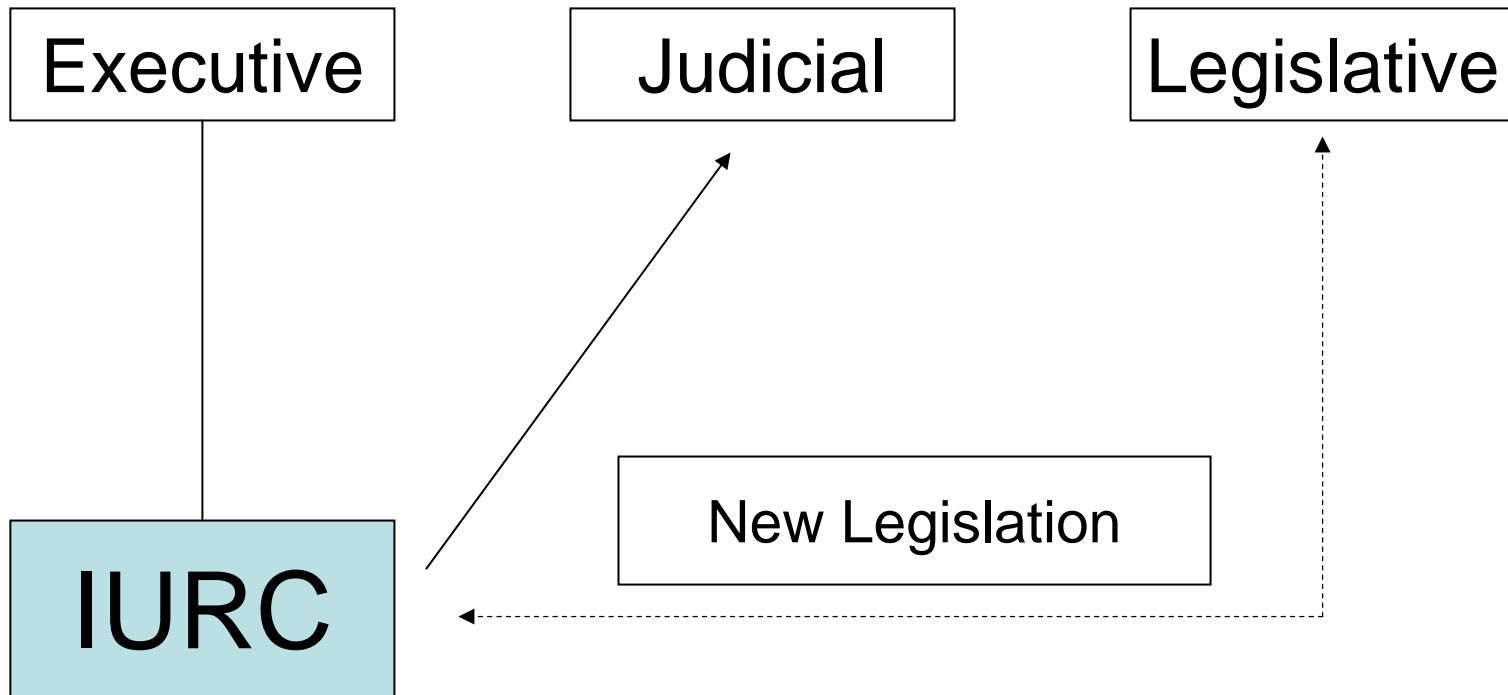
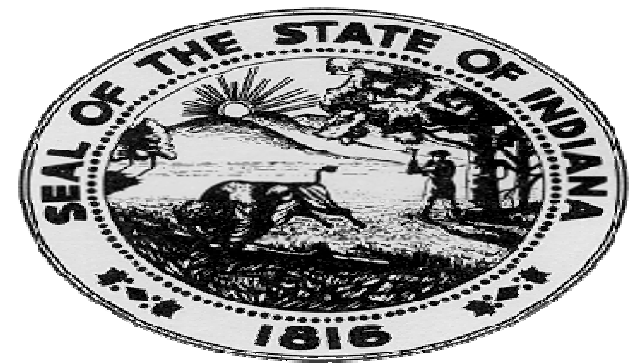
IURC Relationship With Other Government Officials And Agencies

William McCarty
Chairman

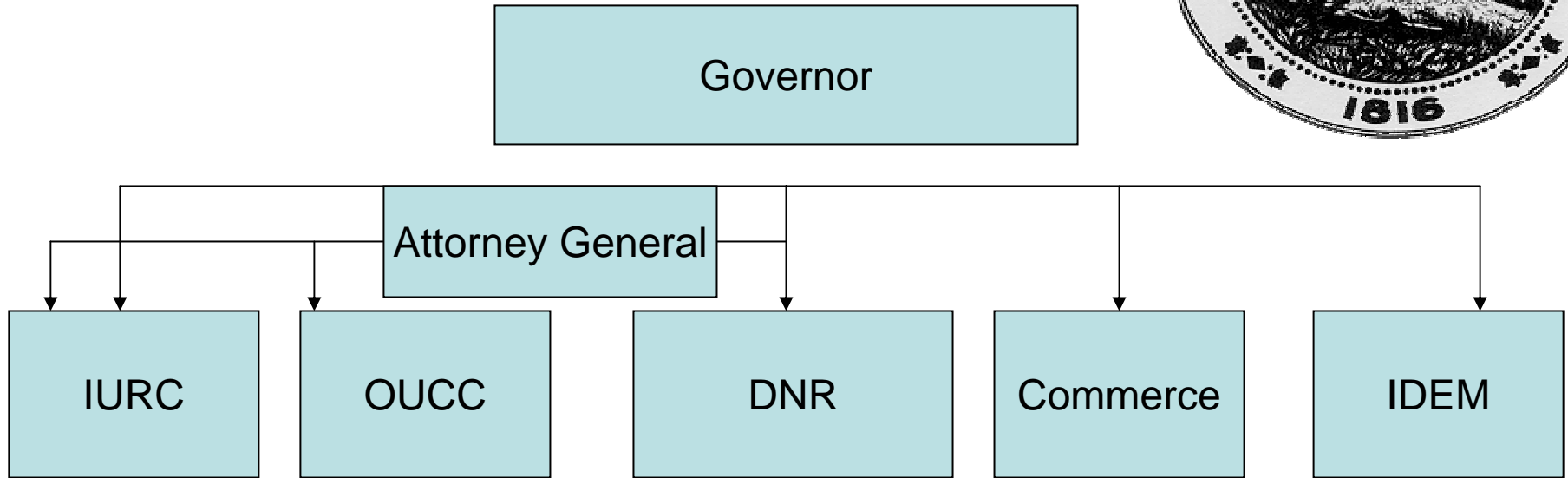
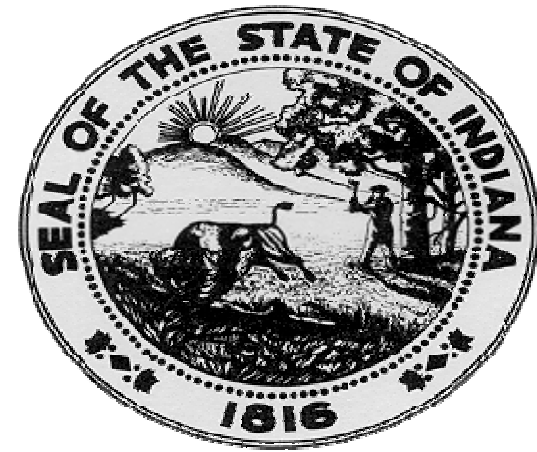
Indiana Utility Regulatory Commission

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State Government



Executive Branch



IURC = Indiana Utility Regulatory Commission

OUC = Office of the Utility Consumer Counselor

DNR = Department of Natural Resources

Commerce = Department of Commerce

IDEM = Indiana Department of Environmental Management

Legislative Branch

- Information to Legislators
- Analysis of major issues
- Report to a specific Joint Committee
- Importance of relationship
- Response to constituents of elected officials
 - Requests and complaints



Report To Legislators

- Annual Forecasts
- Report each summer on energy issues
- Annual Report of Commission
- Annual cost comparisons for electricity and gas



Competing Sources Of Information

- Other agencies
- Interested groups outside government
- Media
- Fellow Legislators
- Constituents

