

# The Kentucky Public Service Commission: An Overview

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# The Kentucky Public Service Commission

- Created by the Kentucky General Assembly in 1934.
- Independent regulatory agency
- Quasi-judicial function
- PSC does not set energy policy or broad utility regulatory policies
- Operates in accordance with statutes, regulations and judicial precedent

# The Kentucky Public Service Commission

- Regulates rates and service of following intrastate utilities:
  - Natural gas distribution systems and intrastate transmission pipelines
  - Telecommunications
  - Electric
  - Sewer
  - Water
- About 1,550 regulated utilities

# PSC Mission Statement

To ensure that utility rates are fair,  
just, and reasonable for the  
services provided and that those  
services are adequate, efficient,  
and reasonable.

# Organization

- Three Commissioners – appointed by Governor, confirmed by Senate
- Executive Director – appointed by commission – serves as chief administrative officer
- Other employees are appointed by Commission through the executive director
- PSC establishes its own internal organization
- Administratively attached to Energy and environment Cabinet

# PSC Core Functions

## **Financial analysis (19 staff):**

- Setting and reviewing base rates, surcharges and other rate mechanisms
- Conducts financial audits
- Oversees management audits

## **Engineering (23 staff):**

- Conducts safety and service inspections
- Investigates accidents and service complaints
- Engineering reviews of new construction certificates
- Meter testing

# PSC Core Functions

## **General counsel (14 staff)**

- Legal aspects of all matters coming before PSC
- Promulgation of regulations
- Review of federal regulatory actions

## **Filings (18 staff)**

- Custodian of all case records
- Receives and reviews tariffs and annual reports
- Manages PSC Web site

# PSC Core Functions

## **Consumer service (5 staff)**

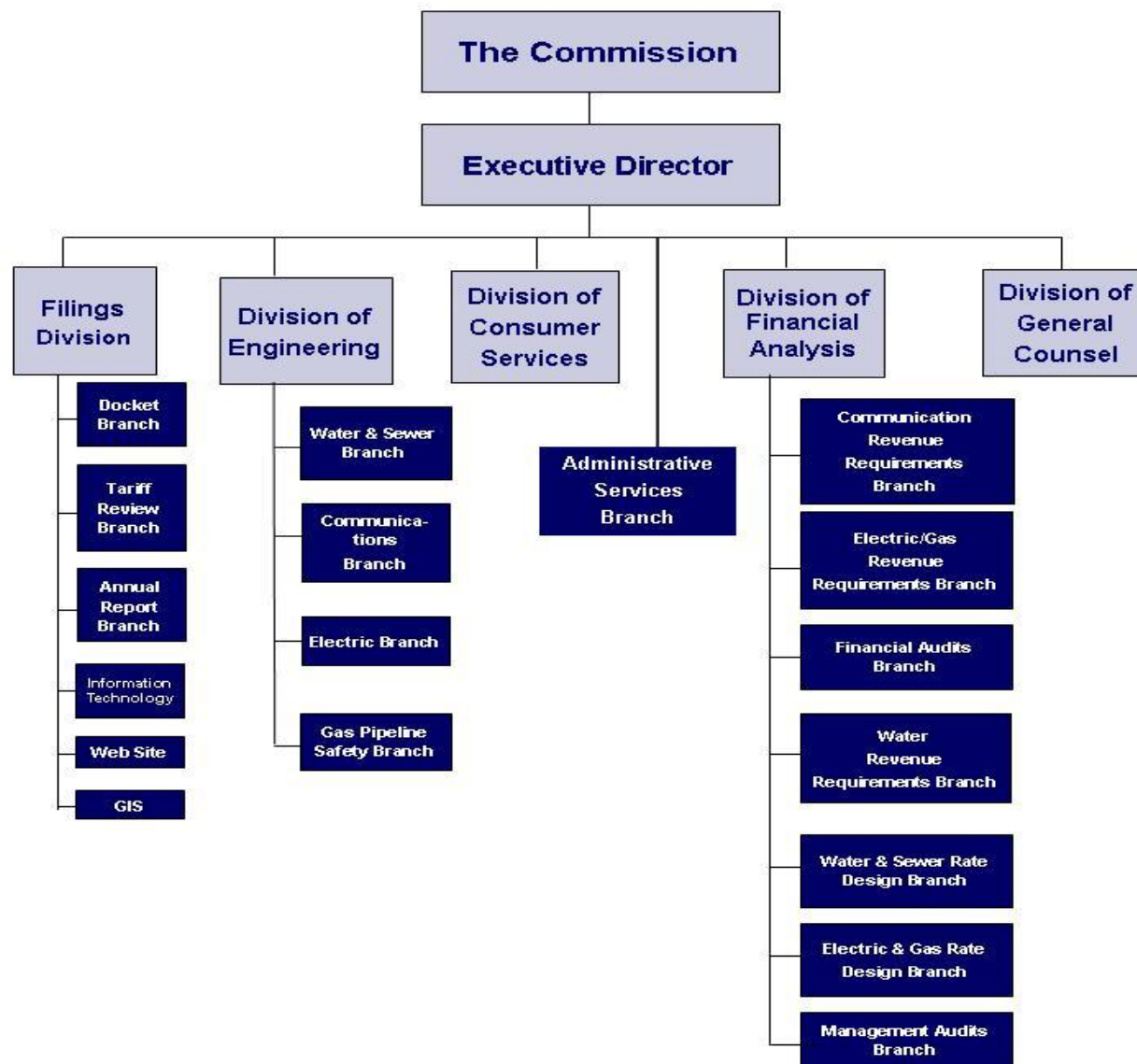
- Assists customers of regulated utilities with billing matters, service issues, etc.

## **Other functions**

- Staff advisers to Commission
- Budget officers
- Public information officer
- Administrative staff



# PSC Organizational Chart



# Non-Jurisdictional Utilities

- Municipally-owned utilities
- Electric utilities that purchase power from the Tennessee Valley Authority
- Sanitation (sewer) districts
- Propane gas
- Cable or satellite television service
- Railroads, trucking companies, taxicab or bus companies

# Inter- governmental Relations

# STATE GOVERNMENT

## Executive Branch

### Governor's office -

- PSC operates independently of governor's office
- Most communication is by the Executive Director and Commissioners
- Provide updates on major matters before the PSC
- Provide input on matters such as budget, energy policy
- Constituent service referrals

# STATE GOVERNMENT

## Executive Branch

### Other state agencies -

- Communication with other agencies, especially Division of Water, on matters affecting jurisdictional utilities
- Policy input, especially to Energy and Environment Cabinet
- Participate in coordinated state response to disasters affecting utility services
- Attorney General represents general interests of ratepayers in cases before the PSC

# STATE GOVERNMENT

## Legislative Branch

### Formal communications

- Testimony before legislative committees on legislation, budget issues, regulations
- Biennial report

Informal communications - largely by  
Legislative Liaison, Executive Director,  
Commissioners, Consumer Services

# OTHER GOVERNMENT AGENCIES

## Federal

- Formal - Comments on regulatory actions, mainly by Federal Energy Regulatory Commission or Federal Communications Commission
- Informal - mostly at senior staff or commission level

## Other states

- Informal information sharing by regulatory commission staff, Commissioners
- Membership in a number of national and regional organizations representing utility regulators; regional electric transmission organizations

# OTHER GOVERNMENT AGENCIES

## Local governments

- Senior staff, Commissioner contacts with local elected officials
- Staff-to-staff contacts on issues, policy, cases



# Key issues

- Several major rate cases
- Sale of two electric utilities
- Possible effects of changing state and federal energy policies on electric utilities
- Financial and operational viability of small water, sewer and natural gas utilities