

Texas Public Utility Commission Structure and Operations

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Briefing for the NARUC/INE Partnership

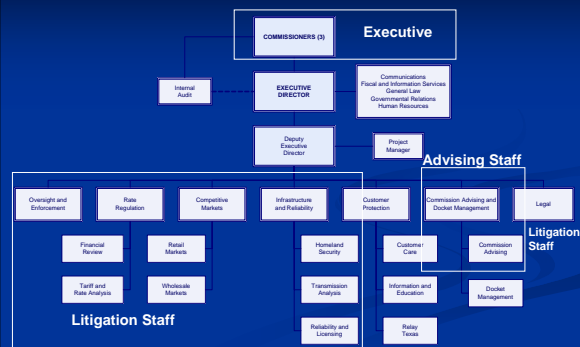
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Topics

- Organization
- What do we do and what skills do we need
- How are decisions made
- Information flow
- Confidentiality
- Challenges

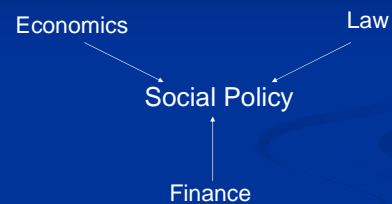
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Agency Organization



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Where do economic regulators operate?



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Important Skills

- Economics
- Law
- Finance
- Accounting
- Engineering
- Industry Knowledge
- Analytical Capability
- Communications

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Important Agency Traits

- Receptiveness to new ideas
- Ability to learn quickly
- Broad perspective
- Energy
- Honesty
- Stability
- Open relationship with public and government

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How Are Decisions Made in a Contested Case?

- Commission as a body is primary decision maker, acting in public meeting
- Limited authority to make final decisions is delegated to administrative judges
- Administrative judges have broad discretion to manage contested cases, but decision is made by Commission
- Commissioners rely on record in contested cases
- Commissioners may communicate only with advisory staff on contested case

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Open Meeting Law

- PUC must issue public notice of meeting one week in advance
 - Notice includes agenda of open and “closed session” items
 - Closed session is for strictly limited purposes
 - Industry, consumer advocates, and public may attend meeting
- In public meeting Commissioners deliberate with each other and decide
 - Commissioners may discuss issues with Staff outside meetings
 - Persons other than Commissioners may speak at public meeting only if Chairman permits

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Information Flow

- PUC has made much of its work readily available to public
 - Documents created for posting on web page
 - Documents and orders filed in PUC proceedings available on web page
 - Webcasting of public meetings
- Broad public does not follow PUC business
 - Interested persons can access information easily
 - Parties to proceedings, attorneys, consultants, elected officials, financial sector

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Information Flow

- Flow of information to Commissioners is partly hierarchical—flows up to Commissioners
 - Testimony and legal arguments considered by judge
 - Judge prepares recommended decision
 - Recommended decision and additional arguments considered by Commissioners
 - Advisory staff provides additional information
- Commission makes decision on the basis of evidence and argument in the case

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Information Flow

- Commissioners can and do break out of usual information flow in important matters
 - In rulemaking proceedings, they meet with interested persons
 - In rulemaking proceedings and contested cases, Internet access to documents permits them to review testimony and legal arguments before they get judge’s recommendation
 - Newspapers and trade press may comment on any issues before Commission
 - Commissioners usually let staff know what information they are getting from interested persons, but they are not required to do so

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Confidentiality In Contested Cases

- PUC uses orders and agreements to manage confidentiality issues
 - Party requested to provide information must do so
 - Dispute over confidentiality resolved later
 - Judge or Commission may resolve confidentiality issue, but appeal to courts is available

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Confidentiality Outside of Contested Cases

- Outside of contested case, state Attorney General has authority to resolve confidentiality issues
- PUC is required to respond to requests with non-confidential information
- PUC submits issue relating information claimed to be confidential to AG
- PUC notifies affected parties of request for information claimed to be confidential

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Key Challenges

- Infrastructure investment: Customers are demanding higher levels of quality and reliability
- Emissions: Focus changing from NOx to CO₂
- Commodity volatility and price increases: need to diversify Texas fuel mix will require investment in high capital cost technologies
- Integrating renewable resources: Transmission costs and impact of intermittent resources
- Developing workable energy efficiency and demand side management
- Higher prices for a basic commodity is a challenge for government; it is a particularly acute challenge for a government that has decided to rely on competitive markets

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