

## State utility regulators push for federal consumer representative

### Sub Title:

Balance sought for oversight of electric utilities pursuing smart grid

[Phil Carson](#) [1]

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State regulators called for an independent consumer advocate at the federal level and other efforts this year attempt to balance shareholder and ratepayer risk for smart grid projects. That trend has not reached Colorado, apparently.

Here's an attempt to put the Xcel/SmartGridCity case into a coherent context, by noting highlights of the national discussion on grid modernization and how to proceed with it in a politically and financially stable and sustainable manner.

Because if the electric utility industry believes its talk that there's value in providing consumers with real-time information on their energy spending, all in the name of moving beyond monthly "surprises" (aka bills), how can anyone defend presenting a \$44.5 million bill to Colorado ratepayers after the fact ?

Please note that three intervenors in the [Colorado Public Utility Commission \(CPUC\) rate case for Xcel on SmartGridCity](#) [3] filed their positions on Tuesday and Wednesday this week and we'll have a look at them tomorrow.

(You can access them via the preceding CPUC link; input 10A-124E in the proceedings box and click on "run." And you can check our past coverage via the following links: "[SmarGridCity Letters: The Good, the Bad and the Ugly](#)" [4], "[SmartGridCity Redux: Who Will Challenge Xcel](#)" [5], "[Reactions to SmartGridCity's \\$45 Million Bill](#)" [6], "[Ratepayers on Hook for Xcel's \\$44.5 Million SmartGridCity](#)" [7], "[Who Pays SmartGridCity Costs? Shareholders or Ratepayers](#)" [8], "[Consumer Counsel: Xcel Should Pay Large Share of SmartGridCity Costs](#)" [8], "[SmartGridCity: \\$45 Million Bill for Ratepayers](#)" [9]?)

Thus in this column I'll simply point to a handful of developments that underscore why there's some nuance to making grid modernization palatable if not attractive to the ratepayers/voters/citizens who will pay for it. A country that seeks cleaner energy sources and even energy independence cannot afford blind support for any project at any cost,

thrown on ratepayers' backs. There's simply not enough money or good will in the bank for that route.

Item One: The National Association of Regulatory Utility Commissioners [10] (NARUC) has elected Tony Clark, a North Dakota Public Service commissioner, as NARUC president, following its annual meeting last week.

"We must communicate openly with our consumers, stakeholders and each other," Clark said upon his election.

The outgoing NARUC president, David Coen, a member of the Vermont Public Service Board, commented: "Throughout my tenure ... I have urged my colleagues and the industries we regulate to keep the consumer as their main focus ... An unprecedented array of challenges in the utility sector ... will result in higher costs for our customers. We have extended our outreach to our consumer advocate colleagues and I have used the bully pulpit of the NARUC presidency to ensure that ratepayer concerns over the smart grid ... are validated."

Item Two: NARUC passed a resolution calling for an independent, federal office of consumer advocacy [11] to intervene in Federal Energy Regulatory Commission (FERC) matters, particularly concerning rates. The National Association of State Utility Consumer Advocates [12] (NASUCA) and the National Consumer Law Center [13] (NCLC) also support the resolution.

Item Three: Thomas Wright, chair of the Kansas Corporation Commission, told a Knowledge 2010 audience last week that the KCC's role is to balance the concerns of shareholders and ratepayers when examining rate cases by investor-owned utilities.

Item Four: In August, Earth2Tech reported, "CMS Energy is under intense pressure from the Michigan Public Service Commission to shave ... its capital plans to avoid hitting the state's already hurting economy with rate increases ... Expect more decisions like this in the future. State utility regulators around the country are denying rate increases for smart grid projects that won't quickly pay off in cheaper power."

Item Five: In June, the Maryland Public Service Commission told Baltimore Gas and Electric to revamp its proposal [14] for advanced metering infrastructure (AMI) because "the proposal asks BGE's ratepayers to take significant financial and technological risks ... in exchange for savings that are largely indirect, highly contingent and a long way off. We are not persuaded that this ... serves the public interest."

Item Six: In August, a report entitled "The Need for Essential Consumer Protections [15]," supported by NASUCA, NCLC, AARP, Consumers Union and Public Citizen, was presented to the White House.

"In many cases, utilities have asked for a surcharge or other guaranteed recovery method so that utility shareholders will not bear any risks associated with the installation of new metering or communications systems or the delivery of future promised benefits," the report said. "This distribution of risks is unfair to consumers."

Further, the report stated, "utilities must share the risks associated with new technologies and the benefits used to justify the investment" and "utilities need to be held accountable for the costs they want the customer to pay and the benefits they promise to deliver."

In my view, these somewhat disparate developments add up to an effort to re-establish a culture of accountability, which I posit is the missing element in civic institutions, including some public utility commissions, that has fueled anger among the electorate. Item Seven might be the mid-term election results, which polls have just established aren't a mandate for Republicans so much as a measure of discontent with the status quo.

Into that volatile mix of efforts to address accountability, drop Xcel's triple cost overruns at SmartGridCity, the utility's hubris in expecting ratepayers to cover every cent of it and shareholders none of it and the incendiary foolishness of the CPUC's administrative law judge's initial ruling that would condone such actions.

Stir, and sip. Well-balanced? Or bitter? Nourishment or hemlock? Readers, you make the call.

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