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The role of the utility regulator in the United States is to balance the interests of the industry and investment community with the needs of all consumers—residential and commercial. The utility industry and its investors face necessary expenditures and expect a return on their investments, whereas consumers need and expect reliable service at reasonable rates. In the U.S., we are challenged by an aging utility infrastructure that needs enhancements, new policies proposed by the Federal government concerning clean power, and new smart grid technologies that support more efficient systems. Therefore, we must regulate in the public interest for consumers while our systems are in transformation. Successfully meeting these challenges of ensuring safety, reliability, customer affordability, environmental sustainability, and financial viability require financial investments. Determining how those costs are apportioned—within a complex regulatory framework—is an increasingly delicate balancing act.

OUTLINE

Introduction/Overview

Role of Regulators

Balance Competing Interests

Ensure Safe, Reliable Service at Reasonable Rates

Consider Short- and Long-term Implications

Ensure Availability of Revenue for Utilities

Challenges

Escalating Infrastructure Improvement Costs

Properly Allocating Costs Among Stakeholders

Alternative Recovery Mechanisms

Dedicated Revenue Stream for Expenditures

Provides Regulatory Certainty

Expedites Needed System Upgrades

Ensures Revenue is Available

Uncertainty

Possible New Federal Regulations

New Technologies

Conclusion