

UTILITIES

Elektrisitet. Vann – Avløp. Gass.
Transport.
Telekommunikasjoner
(deregulert i 1996)

ACER = Agency for the cooperation of
energy regulators

NARUC = National Association of
Regulatory Utility Commissioners

Greg Palast,
Jerrold Oppenheim
and Theo MacGregor

DEMOCRACY AND REGULATION

How the Public can Govern
Essential Services



...the world over...
Essential services are being deregulated the world over. Whether it's water, gas, electricity or the phone network, everywhere from Sao Paulo in Brazil to Leeds in the UK is following a US economic model and handing public services over to private companies whose principal interest is raising prices.

Yet it's one of the world's best kept secrets that Americans pay astonishingly little for high quality public services. Uniquely in the world, every aspect of US regulation is wide open to the public. How is this done and why has this process not taken root elsewhere? How is regulation threatened even in the US? And what power does the public have to ensure that services are regulated along these US lines?

This book, based on work for the United Nations International Labour Office and written by experts with unrivalled practical experience in utility regulation, is the first step-by-step guide to the way that public services are regulated in the United States. It explains how decisions are made by public debate in a public forum. Profits and investments of private companies are capped, and companies fund environmental investments and

are forced to reduce prices for the poor, fund environmental investments and open themselves to financial inspection.

In a world where privatisation has so often led to economic disaster – in Peru, telephone charges increased by 3000%; in Rio de Janeiro, 40% of electricity workers lost their jobs; in Britain water prices rose by 58% – this book is essential reading. Palast, Oppenheim and MacGregor examine what's right with the traditional American system, why regulation elsewhere has failed, and – most importantly – what can be done to fix it.

Greg Palast has provided expert advice on regulation to government, labor, consumer and industry organisations in eight nations for over twenty-five years. He won the 1997 *Financial Times* David Thomas Prize for business journalism. His book of journalism for Pluto Press, *The Best Democracy Money Can Buy*, was published in April 2002 and has sold over 50,000 copies world-wide. **Jerrold Oppenheim** is an attorney who, over more than 30 years, has been winning precedent-setting regulatory cases for low-income and other consumers, environmentalists, and labor. He has lectured and published

The 'UK model' of utility regulation lies at the extreme end of a spectrum. Developed under Thatcher and never ally altered under Labour, this model focuses strongly on competition as the primary outcome and pays only minimal interest to protecting public interest concerns.

It also has specific process characteristics: largely opaque processes, very **limited** transparency from providers and no requirement for regulators to publish specific reasoning **to justify** decisions, which often appear to bear no relationship to any evidence.

There is a largely ignored democratic alternative from probably the least likely place one would expect to find it: that bastion of 'free markets' the USA.

In their rather neglected book 'Democracy and Regulation – How the Public can Govern Essential Services' (Pluto Press, 2003) Greg Palast and colleagues analyse in detail how this system, used in various forms across the USA, works.

Very simply it starts from the assumption that the 'public' interest in public utilities needs to be strongly reflected in how they are regulated.

This translates into two simple principles – first that effective regulation requires complete transparency by providers and regulators. No hiding behind 'commercial confidentiality' – anyone providing public services

must accept full public scrutiny.

In practice this means strong 'discovery and disclosure' rules that force providers to divulge any and all information about their operations. At the same time, regulators must also disclose full reasons for their eventual decisions. And there are even requirements for parties who make submissions to regulators, or seek to discover information, to themselves be open about themselves. In other words complete transparency.

The second key principle is strong public (civic) involvement with the regulatory process. This usually means a very open regulatory process where interested parties get the chance to seek information and put views to the regulators, which the latter are legally required to consider.

Public engagement covers not just pricing, but also levels and types of service and standards to be met such as coverage, safety, environmental responsibility, etc.

All of this operates within an assumption that utilities should be treated a bit like government bonds – they should be seen as secure, but not exciting or risky, long-term investment opportunities that guarantee a reasonable, but modest and secure return on investment. This often involves regulators fixing maximum returns for investors.

The net result, according to Palast & co, is that the USA has amongst the cheapest public utilities in the world.



S. Pawley



Convincing re-think of regulation

Reviewed in the United Kingdom GB on 17 May 2003

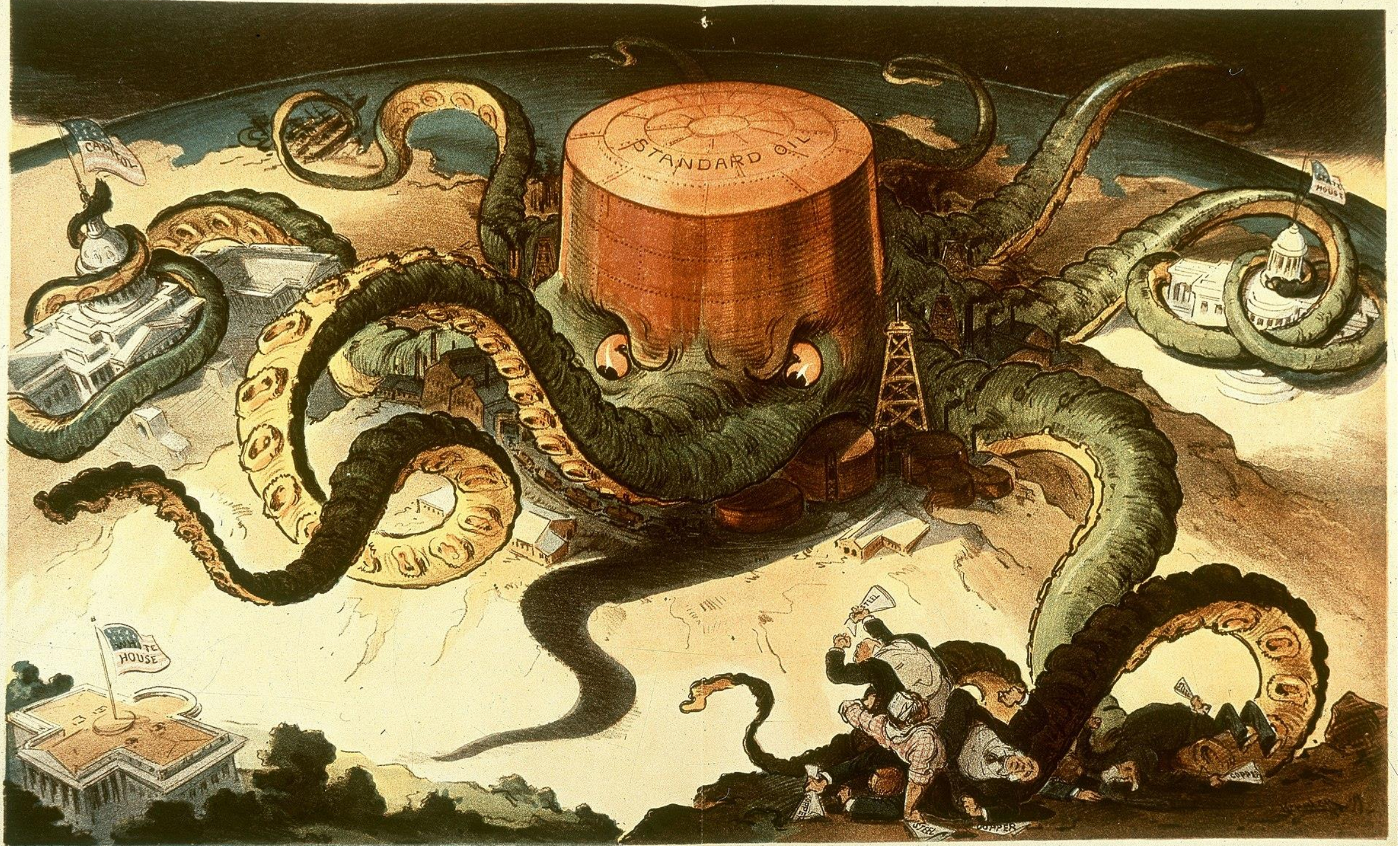
This book is an extended edition of a paper written for the United Nations International Labour Organisation. It explains the unique nature of the American system of utility regulation, and details how American consumers are able to enjoy some of the lowest prices for essential services - water, gas, electricity, telephone etc. - whilst also obtaining quality services. It also exposes the huge flaws in the British system of regulation - which results in high prices, poor quality services (leaking water pipes, water shortages etc.) - and explains how the British system of regulation is being exported globally, resulting in high prices which exclude the poor of the 3rd world from cheap reliable public services. This book expertly contradicts much economic theory about "free markets" and public utilities, and shows that the American system of regulation - currently under threat from government and corporations - must be preserved and extended globally if disaster is to be averted.

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was made in a phone conversation between [S. David Freeman](#) (Chairman of the California Power Authority) and Kenneth Lay in 2000, according to the statements made by Freeman to the Senate Subcommittee on Consumer Affairs, Foreign Commerce and Tourism in April^[32] and May 2002.^[33]

S. David Freeman, who was appointed Chair of the California Power Authority in the midst of the crisis, made the following statements about Enron's involvement in testimony^[33] submitted before the Subcommittee on Consumer Affairs, Foreign Commerce and Tourism of the Senate Committee on Commerce, Science and Transportation on May 15, 2002:

"There is one fundamental lesson we must learn from this experience: electricity is really different from everything else. It cannot be stored, it cannot be seen, and we cannot do without it, which makes opportunities to take advantage of a deregulated market endless. It is a public good that must be protected from private abuse. If [Murphy's Law](#) were written for a market approach to electricity, then the law would state 'any system that can be gamed, will be gamed, and at the worst possible time.' And a market approach for electricity is inherently gameable. Never again can we allow private interests to create artificial or even real shortages and to be in control.

"Enron stood for secrecy and a lack of responsibility. In electric power, we must have openness and companies that are responsible for keeping the lights on. We need to go back to companies that own power plants with clear responsibilities for selling real power under long-term contracts. There is no place for companies like Enron that own the equivalent of an electronic telephone book and [game the system](#) to extract an unnecessary middleman's profits. Companies with power plants can compete for contracts to provide the bulk of our power at reasonable prices that reflect costs. People say that Governor Davis has been vindicated by the Enron confession."

Handling of the crisis [\[edit\]](#)

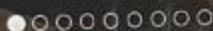
Governor Gray Davis [\[edit\]](#)

Some critics, such as [Arianna Huffington](#), alleged that Davis was lulled to inaction by [campaign contributions](#) from energy producers.^[34] In addition, the

**NARUC**National Association of Regulatory
Utility Commissioners

Based in our nation's Capital, NARUC is the national association representing the State Public Service Commissioners who regulate essential utility services in your State. NARUC members are responsible for assuring reliable utility service at fair, just, and reasonable rates.

President Michael A. Caron of Connecticut

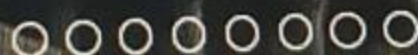
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About the Commission

Who We Are

The Washington Utilities and Transportation Commission (UTC) is a three-member commission appointed by the governor and confirmed by the state senate.

Our Mission is to protect the people of Washington by ensuring investor-owned utility and transportation services are safe, equitable, available, reliable and fairly priced.

Our Vision is to strive to achieve equitable and fair outcomes as a regulator of utility and transportation services and prioritize inclusion and belonging in the workplace.

Regulated Industries include electric, telecommunications, natural gas, water, and transportation intrastate residential household movers, solid waste collection companies, private ferries, as railroads, railroad crew transportation, and transportation for persons with special needs such as transportation providers.

Washington State law requires that utility and transportation rates must be reasonable to customers, giving regulated companies a chance to cover legitimate costs and earn a fair profit, so they can stay in business. What is fair to the company, and at the same time fair to the people and businesses it serves, is what the commission must decide many times over. Cases are heard in



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Regulated Industries include electric, telecommunications, natural gas, water, and transportation. The commission regulates intrastate residential household movers, solid waste collection companies, private ferries, as well as the safety of charter buses, railroads, railroad crew transportation, and transportation for persons with special needs such as private, non-profit transportation providers.

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For most of our state's history, private utilities and carriers providing public services usually have been monopolies. If they had been left unregulated, without the restraints of the free-market system, they would have had unchecked power over the state's most essential services.

Agency Strategic Plans

Hvordan skal vi nøytralisere og bekjempe og regulere de aktuelle, nyliberale robber barons i kraftbransjen når de to «styringspartiene» spiller på lag med dem og fremmer deres interesser, på bekostning av ALLE andre som bor i dette landet??