



## **Despair and Disgust at the Georgia Public Service Commission**

It was another day of hearings for Georgia Power's latest rate case. The various representatives for the fifteen or so parties to the case are filing into the hearing room. There's some camaraderie among the familiar but antagonistic players from previous cases. There's long tall Alan, who will be representing big retail power users. There's Terri with a smile and a ready joke. Woe is the man that blushes; she will tease him unmercifully. Kevin, the top utility lawyer, looks old. Good thing he's training children to take his place. Ex-commissioner and ratepayer hero Baker is here. Too bad he is not still on the bench.

Here comes Everett, smiling and shaking hands with individuals who contribute to his campaign fund. Doug Everett is the dumbest Commissioner. This is quite a distinction considering the formidable competition he faces for the title. There are five elected Commissioners in Georgia; and they are all power-hungry, deal-making politicians with little concern for electricity customers. The regulated utilities are their friends, and it shows.

This case has attracted a well-funded, hard-left team of Green Lobbyists. They have grim looks on their faces. To them this is serious business. They have a world to change using the power of government. They can forgive all the corruption of the regulatory process as long as they get to advise on policies. In fact, the green lobby favors big government dictates. They call it "market failure" when energy users don't do things these busybodies think they should.

The utility has to spend a lot of money on these cases for lawyers and expert witnesses. It would not be so costly if they presented an honest case with reasonable requests – but they won't do that – hence the extra effort to defend exaggerations, phony numbers and outrageous profit level demands. The other parties will criticize the Company's assertions and evidence. The Company will back off from their initial inflated request. The PSC will put out a press release saying, "Commission Reduces Georgia Power Rate Request." It's a big game. The Commission wants a huge number that can be cut and still give Georgia Power profits far beyond what they could obtain in a competitive market.

There are other special interest groups in the case. Some associations are just making a nominal appearance, so they can tell their membership how hard they fought for their interests, all the while kissing up to Georgia Power in hopes of some small favor. By far the most powerful group is the industrial customers who are known for the backroom deals they make with the utility.

I'm part of a small energy management outfit, and I try to keep our customers informed of utility and regulatory policies. I get in a few of these regulatory proceedings and advocate reforms that would make electricity service a little more user-friendly. I cannot say the effort has much influence. In fact, I've been watching utility regulation in Georgia since 1968; and it's getting worse despite my sound and compelling advice.

There is a court-like atmosphere to regulatory hearings. Witnesses take the stand and testify. While the witnesses all swear to tell the truth, there are more lies told on the PSC witness stand than any other one place in Georgia.

Here the myth of natural monopoly is considered the justification for the whole system. Fuzzy concepts of social compact, obligation to serve and balance of interests are given various meanings to suit the argument. Then there are such non-market terms as construction-work-in-progress, revenue decoupling, cost trackers, rate plan and forward test year. There's a bunch of mangy diseased sacred cows wandering in the great wasteland of the regulatory psyche.

At least Commissioner Stan "The Bully" Wise is not here today. Sitting up there on a raised judge-like bench with everyone calling each other mister, the Commissioners get more respect than they deserve. Stan loves to berate witnesses, members of the staff and lawyers who can't fight back.

The utility regulatory system is perpetuated because of an ignorant electorate, uninformed by the media allowing a corrupt group of politicians to continue to protect and expand the profits of the established monopolies. The politicians are like a couple of children playing a video game where the images are fun, but in this case the guns are real and are exploding parts of the economy. They have no idea how much damage they do to the free enterprise system. Nor do they care. Brokering between lobbying groups and exercising power are what it's all about to them. Of course, the cover story, as with virtually all government agencies, is that they are redistributing wealth. In the late stage of the empire redistribution is the justification for many things, and corruption is rampant.

When will the people get fed up enough with the institution of utility regulation to throw these rascals out? So far, despite how justified, there is little public outrage; and the rascals know it. However, it can happen. Whole empires have fallen when the ruling elites lose their legitimacy. Perhaps the dissatisfaction displayed for some other government institutions will spread. In the meantime, we must not only hold out the vision of the free-market alternative, but we must also rain criticism and ridicule on the existing regime. The flaws must be emphasized, the system challenged, and undermined.

Truth is, we don't need utility regulation at all. Competition can work here just like in other parts of the economy. Political meddling in the economy only reduces our standard of living. Rather than solving problems utility regulation creates competing interest groups that lobby to gain advantage and handicap competitors. The whole monopoly-regulatory system, root and branch, needs to be abolished.

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