



Local Government Engagement with Public Utility Commissions

Prepared for the National Council on Electricity Policy, administered by the National Association of Regulatory Utility Commissioners Center for Partnerships & Innovation

Prepared by Kelly Crandall and Jake Duncan, Institute for Market Transformation

Growing numbers of local governments, such as cities and counties, have identified benefits from working with public utility commissions (PUCs or commissions) to further their goals around clean energy, resilience, and affordability. Historically, local governments have sought direct partnerships with the utilities who serve their communities. Increasingly, local governments are investing in understanding and engaging in the regulatory process that influences those utilities.

For local government staff, elected officials, and the communities they serve, this document identifies the opportunities and benefits of working with commissions on energy and resilience, and lays out options that local governments have for participating in regulatory processes and how they can be most effective. For utility commissioners and commission staff, this document identifies the value that local governments can bring to regulatory proceedings because of their positions as large energy users, as entities seeking to speak for many diverse community interests, and as policymakers with cross-cutting roles. Furthermore, their on-the-ground experience can play a critical role in helping PUCs achieve their missions to regulate utilities in the public interest.

This document identifies key areas in which local governments may engage with PUCs, the potential impacts of local government engagement at PUCs, and opportunities that exist to make regulatory processes more accessible for city and county staff.

How Regulatory Processes Impact Local Governments

PUCs are state agencies that regulate electricity and natural gas utilities. In all cases, PUCs regulate investor-owned utilities; in some cases, they also have jurisdiction over rural electric cooperatives, water utilities, telecommunications, and other public services. Because utilities are monopolies providing energy service to particular geographic areas, PUCs act as economic regulators to balance the cost and quality of services provided by utilities to customers with utilities' right to earn a fair return on those services. Historically, PUCs have been tasked with ensuring that energy is safe, reliable, and affordable. Whether elected or appointed,¹ commissioners are responsible for making decisions in "the public interest," a flexible standard that addresses the balance of interests between utilities and customers, and may be expanded to consider other values.

In practice, PUCs regulate utilities' rates, reliability, power supply, and customer programs. This means that local governments may interact with utilities and utility commissions around a range of legal, technical, and financial issues. These can include traditional issues like approving franchise agreements or setting rates that municipal governments pay, or more recent ones like expanding clean energy, developing innovative energy programs, and improving access to data for policymaking. Local governments may engage with PUCs in their capacity as large consumers of energy, as policymakers, or as conveners within their communities.

About the NCEP Mini Guide Series

The National Council on Electricity Policy (NCEP) is a platform for all state-level electricity decision makers to share and learn from diverse perspectives on the evolving electricity sector. The NCEP mini guide series promotes this dialogue by highlighting examples of successful engagement across its members. Each mini guide features collaborative approaches, lessons learned, and interviews with leading state and local decision makers.

¹ Most state commissioners are appointed to their positions by their Governor or state legislature, while commissioners in 14 states are elected. (NARUC, <https://www.naruc.org/about-naruc/about-naruc/>)

The Value of Local Government Voices in Regulatory Proceedings

From the local government perspective, engaging in regulatory proceedings can be critical to planning effective and realistic policies and programs. Some regulatory proceedings also provide opportunities to directly influence state-level or utility-level policies, such as proceedings that shape tariffs or program design in ways that can impact key customers or local economic development. More broadly, gaining awareness of the scope and limits of PUC authority allows local governments to understand when and how to effectively engage in PUC proceedings and with utilities directly.

From the commission perspective, local governments can bring forward unique perspectives. First, as a convener of stakeholders in public processes, they receive direct information about the impacts of energy policies on the ground. Local governments also bring a cross-cutting perspective, informed by their roles in public health, emergency services, economic development, and their authority over building codes and land use. Particularly in areas such as resilience, local governments are often best positioned to understand and communicate the need for linking diverse policies—for example, emphasizing the need for stable power supply to allow wastewater treatment facilities to operate in natural disasters. Commissioners are constrained by law to make decisions based on evidence that is added to the record of proceedings, meaning the voices of local governments can be important when presented in appropriate forums.

Elizabeth Babcock, City and County of Denver:

I think the value we have gotten out of engaging in PUC proceedings is threefold. One, we've deepened our relationships with a variety of stakeholders and experts, so that we know who to call when there is an issue that comes up. Two, we have had some positive influence on the process and had some good outcomes as a result of our participation. Three, it has helped us better understand our utility and their motivations and constraints, as well as the opportunities we have to work together moving forward. It's really important when you have a partnership with a utility to understand the regulatory environment that governs almost everything that they do.

Local governments may address the following issues, and more, when engaging with PUCs:

- Traditional areas such as siting poles and wires, approving franchise agreements, or setting rates
- Access to energy efficiency and renewable energy programs for facilities, including street lights
- The use of municipal facilities for public benefit, such as siting electric vehicle chargers or community solar gardens on municipal buildings or land
- Reliability and resilience of power supply as it contributes to public health and emergency response
- Access to energy programs that support affordability and bill stability for disadvantaged customers, and enhance local economic development
- Approaches to meet renewable energy and greenhouse gas reduction goals adopted by voters or elected officials
- Access to energy data that supports or enables policy implementation (e.g., commercial or government building energy benchmarking)
- Emerging areas such as how utility business models help achieve community goals

How Local Governments Engage in the Regulatory Process

PUCs oversee several types of processes in which local governments may engage in diverse ways to provide their perspectives. These opportunities range from rate case or investment applications filed by utilities (which are litigated and require legal representation), to rulemaking, investigatory proceedings, stakeholder working groups, and public information meetings, some of which are less formal and can be used to explore new issues in a less-constrained setting.

Rachel Brombaugh, King County, Wash.:

King County has a strategic climate action plan with overall climate emission reduction goals. It has several sector-specific targets, one of which is increasing our supply of renewable electricity both for our own operations and at the community scale. We're very deliberate about the collaborative approach, so engaging with the regulatory process and understanding the policy barriers and the technical details were important to us for cleaning up our electricity supply.

Although there is no one-size-fits-all approach, local governments that engage with PUCs often take one or more of the following actions:

- **They engage in informal relationship building and information gathering.** Local government staff can cultivate expertise by building relationships with PUC staff and by monitoring proceedings. PUC staff can provide direct, expert assistance to local government staff, particularly as they work through procedural questions. Monitoring a proceeding by reviewing documents and watching hearings can increase local government effectiveness in future engagements by providing exposure to the issues at hand and uncovering new areas to explore.
 - Minneapolis and many California cities actively work with their PUC at a staff level and glean information from ongoing proceedings.
- **They leverage light-touch methods of direct intervention, depending on their resources and priorities.** Some local governments use a light approach to engagement by filing public comments or participating in stakeholder proceedings. In this way, they can leverage existing staff and expertise without necessarily intervening in a way that requires legal representation.
 - The City and County of Denver, like many other local governments, has submitted public comments when full intervention was not appropriate from a resource perspective.
- **They work in coalition with other local governments or large customers.** Some local governments form coalitions to participate in PUC proceedings.
 - The King County-Cities Climate Collaboration in Washington coordinates local governments to achieve goals such as increasing renewable power supply. King County leads the development of regulatory comments, which may be supported by local elected officials.
 - In California, the Local Government Sustainable Energy Coalition is a nonprofit through which local governments pay membership fees to fund legal and technical support for regulatory engagement on issues like energy efficiency and resilience.
 - Local governments like Boulder, Colo., Denver, and Minneapolis work with each other and with other partners served by the same utility, including other local governments and other large energy consumers, in less formal ways.
- **They hire expert staff or contract for outside expertise.** Where funding exists, local governments may hire outside legal and technical experts. A few have hired staff with unique expertise—including finance experience or former utility or commission employees—to oversee regulatory work. This work is funded in various ways, including through franchise fees or carbon taxes collected by utilities on local governments' behalf. Depending on the local government, internal staff or external experts may be used to support the other actions mentioned above.
 - Boulder, Colo., Honolulu, King County, Wash., and Minneapolis are among the communities that have staff who are fully or partially dedicated to engagement with PUCs.

In addition to engaging at the PUC, there are many opportunities for local governments to work directly with their energy utilities. These include developing partnership agreements, creating relationships with key accounts or governmental affairs representatives, inviting the utility to community stakeholder meetings, leveraging executive-level local government outreach, or creating shared programs or pilots with the utility. Local governments may take actions like these independently of, or as a complement to, engagement at the PUC.

Howard Choy, County of Los Angeles (retired):

We were pleased to see that the Commission was very interested in what local governments had to say. Over the course of my time at the County, we participated in about 15–20 different proceedings to understand what was happening in the industry. We would intervene as an active participant frequently, and often we would enlist to receive the updates, correspondence, and documentation associated with the proceedings. We were active interveners in a handful of arenas. It was a very effective way for the County to become informed and engaged in the industry, and it led to some significant accomplishments by the County at the PUC.

Opportunities to Reduce Barriers to Local Government Participation

Despite the value of participating in proceedings, both local governments and commissions face a number of constraints that limit full and effective engagement. A primary, shared challenge is the lack of staff capacity at both local governments and PUCs.

Participating in regulatory proceedings frequently requires deep legal and technical expertise. Because of the technical nature and labyrinthine history of some proceedings, local governments do not always feel like they can show concrete results that would justify the time and effort required to participate. The costs of physically attending proceedings can be a substantive barrier to resource-constrained cities when the PUC office is distant. Furthermore, local governments sometimes must seek executive-level permission to participate in regulatory proceedings, which can involve explaining highly technical concepts to elected officials.

Commissions have voiced interest in improving public education regarding how to be involved, but expressed concerns about the need to conduct outreach fairly, as they are sometimes restricted from reaching out to individual stakeholders around participating in proceedings. Although they emphasized that they are having more remote meetings and more meetings in varying locations, they expressed concerns that they did not have sufficient resources to work closely with every stakeholder who needed to understand opportunities to engage.

Local government and commission staff interviewed for this document suggested several opportunities where commissions could reduce these barriers, including these ideas:

- Create clear and usable commission websites that make public information easy to find.
- Develop non-legalistic content on the ways in which stakeholders can participate effectively in regulatory processes.
- Vary meeting locations and offer remote access opportunities.
- Use non-litigated proceedings, such as stakeholder working groups or informational meetings.
- Establish a local government liaison position, whose responsibility it is to facilitate relationships and knowledge-sharing and
- Provide utility-funded public sector intervener compensation to enable local governments to hire qualified legal and technical staff or outside experts.

Additionally, they discussed ways that local governments could set themselves up to engage more effectively in regulatory proceedings, which include:

- Clearly articulating the connections between local government energy objectives and participation in key regulatory proceedings for local decision-makers;
- Exploring lighter-touch options to participate in regulatory proceedings with a goal toward engaging more deeply in the future;
- Identifying sources of funding to hire skilled staff or outside expertise, and pooling resources to obtain expert assistance;
- Working closely with other participants in the regulatory process, including PUC staff; and
- Ensuring that PUC staff have a clear point of contact in the local government.

MINI GUIDE EXAMPLES

To give commissions and local governments a more complete idea of how these relationships work in practice, the following section presents condensed excerpts from interviews with local government staff and commissioners or commission staff in four states: California, Colorado, Hawaii, and Minnesota.

Table 1. Mini Guide Interviews

Name	Position	Organization
Howard Choy	General Manager of the Office of Sustainability and Board Chair for the Local Government Sustainable Energy Coalition (retired)	County of Los Angeles, Calif.
Christopher Moore	Southern California Local Government Liaison	California Public Utilities Commission
Jeffrey Ackermann	Chairman	Colorado Public Utilities Commission
Elizabeth Babcock	Manager, Climate Action Team, Department of Public Health & Environment	City and County of Denver, Colo.
Matthew Lehrman	Energy Strategy Advisor, Department of Climate Initiatives	City of Boulder, Colo.
Robert Mould	Energy Program Manager, Office of Climate Change, Sustainability and Resiliency	City and County of Honolulu, HI
Jennifer Potter	Commissioner	Hawaii Public Utilities Commission
Kim Havey	Director, Division of Sustainability	City of Minneapolis, Minn.
Stacy Miller	Sustainability Program Coordinator, Division of Sustainability	City of Minneapolis, Minn.
Michelle Rebholz	Manager, Economic Analysis	Minnesota Public Utilities Commission

The cities and counties in these states have used diverse approaches to engage with PUCs, including working with coalitions of cities, intervening directly, and using lighter-touch approaches such as public comments.

Each person interviewed expressed his or her own opinions. Inclusion in this document does not indicate endorsement of any statement or suggestion.

CALIFORNIA: Pooling Resources Provides Disparate Cities with an Avenue to Participate in Regulatory Proceedings

The Local Government Sustainable Energy Coalition (LGSEC) is a nonprofit funded by local governments and other governmental and nonprofit members (e.g., school districts) to provide a local perspective in state regulatory proceedings at the California Public Utilities Commission, the California Energy Commission, and the California Air Resources Board. LGSEC enables local governments to shape policy by hiring dedicated legal and technical staff.

The following text is an abridged transcript of interviews conducted with Howard Choy, recently retired general manager of the Office of Sustainability for the County of Los Angeles and retired Chair of the Board of LGSEC; and Christopher Moore, Southern California Local Government Liaison for the California Public Utilities Commission.

What issues do local governments focus on at the PUC, and what resources do they have to engage in regulatory processes?

Howard Choy, County of Los Angeles (retired): The actual set of circumstances that got us engaged was the energy crisis and the fact that the County had previously enrolled all of its large accounts into an interruptible tariff that would have to curtail consumption if the state was having a supply challenge. That didn't happen much until the early 2000s, and then the PUC held a proceeding to determine what to do about it because, for many large customers, it had a huge economic impact. We hired a consultant to help us participate in that proceeding. We saw that participating at the Commission was not as daunting as we had imagined, and we also realized that the Commission wanted to hear from local governments.

We got engaged in energy efficiency proceedings immediately after that. A major accomplishment of the County was to work with the Commission to allow local governments to become independent administrators of energy efficiency programs through Regional Energy Networks and Local Government Partnerships. They could be on par with the investor-owned utilities to receive money, design their own programs, and run their own programs independently of the utilities. Local governments have started asking for newer and different things, the Regional Energy Networks being probably the biggest and boldest ask.

The County is one of a couple of California local governments that were large enough and had budgets large enough to participate in proceedings. Most local governments cannot. We created an organization called the Local Government Sustainable Energy Coalition (LGSEC), which was meant to get local governments to pool their resources and hire consultants. It is fee-based membership and we use the funds to represent the interests of local governments as a group at all state energy regulatory bodies.

What challenges do local governments face in engaging at the PUC?

Christopher Moore, California Public Utilities Commission: A lot of the work still takes place in San Francisco, which means communities need to allocate travel budgets. There are also legal costs, which they may not be able to recover. Finally, there is a learning curve, and while some people find it easy to get up to speed, others find it pretty scary. There's also a perception, I think, that sometimes they put a lot of effort in and the return isn't necessarily there. That's hard because it can also be a self-fulfilling prophecy.

Choy: It's very daunting to understand exactly what the PUC does. I think what holds a lot of people back when they're on square one is they don't know what to do next and there's nothing that describes how to get involved. When I first started at the County, and I was that person who didn't know anything about the PUC, I asked a consultant, "Can you give me a PowerPoint presentation on who, what, when, where, why, how of the CPUC?" It was about 20 slides which explained who the commissioners were and how they were appointed; how to read docket numbers; the different types of formal and informal proceedings at the CPUC; and examples of successful CPUC intervention. To the day I left the County I still referred to those slides.

How can local governments and PUCs be effective in engaging with each other?

Choy: If a local government lacks the resources to participate at the PUC, it should band together with other local governments. Additionally, we need more executive-level communication between the PUC and local government officials. PUCs should make an effort to engage with local government decision-makers—the executive managers, city managers, county chief executive officers, and other elected officials. The people participating in proceedings tend to be people like me, who are dealing with operational needs, and not the people who can actually push local and regional policies that would have a big impact on the state.

Moore: The Commission has been trying to reduce these barriers with education. My unit is tasked with encouraging local governments to engage. To support that, I would love to see remote participation be more or less assumed. Commissioners and commission advisors also need to be thinking about new and novel forms of engagement, with workshops that use tabletop exercises and go beyond the traditional structures.

Our staff are very open and willing to speak. The value of my work is often in connecting people, like a city that's having an issue with a program analyst at the Commission. It's possible to have influence outside of the formal process.

What do you think is unique about the local government perspective compared to that of other participants in regulatory processes?

Moore: California is dealing with numerous high-profile issues related to wildfire, like power shut-offs for public safety. With public safety power shut-offs, it's pretty clear that local governments are going to be the ones dealing with direct consequences and the safety of their residents, including critical care customers. They're also dealing with traffic signals, sewer systems, and firefighting. Utilities don't have as much insight into the effects of shut-offs on those activities. Especially when it comes to areas like safety planning, it's critical to involve more perspectives on emergency preparedness and response/recovery around wildfires. You need that local perspective. Additionally, as the energy sector transforms, there are questions emerging about how you integrate the social and physical infrastructure of a community with the power industry. This will require decentralized decision-making, and local governments will be essential assets for that.

Choy: The unique thing about local governments is they have the power, the authority, and the resources to make very significant changes in the energy landscape, particularly in California. Local governments can pass legislation; local governments can create financing; local governments can create codes and standards, ordinances, and local legislation; local governments have code compliance and code development authority; local governments can create special districts to operate energy programs. There's a lot of power that local government has that, in my opinion, has never been sufficiently exercised.

COLORADO: Diversifying PUC Engagement Methods in a Multi-Pronged Effort to Achieve Local Goals

In Colorado, local governments engage with the Colorado Public Utilities Commission both by direct intervention and by providing public comments or feedback through stakeholder processes.

The following text is an abridged transcript of interviews conducted with Matthew Lehrman, Energy Strategy Advisor for the Department of Climate Initiatives at the City of Boulder; Elizabeth Babcock, Manager of the Climate Action Team for the City and County of Denver; and Colorado Public Utilities Commission Chairman Jeffrey Ackermann.

What issues do local governments focus on at the PUC, and what resources do they have to engage in regulatory processes?

Matthew Lehrman, City of Boulder, Colorado: The City of Boulder has adopted fairly specific and aggressive commitments related to climate change mitigation. Electricity has been the primary driver of emissions. Due to the nature of the regulatory environment in Colorado, the city felt that engaging directly at the Commission was an essential lever that we needed to pull in order to shape policy. It became necessary to get involved in rate cases, energy efficiency and demand-side management proceedings, and other proceedings that impacted distributed and large-scale generation, as a multi-pronged effort to meet the city's climate change goals.

Boulder is unique in that we have a number of very active community groups that are focused on specific issues. We have a lot of energy-related businesses and think-tank research organizations that are represented in Boulder. When we are talking about something like the role of renewables in climate action and we have a community meeting, you get a very knowledgeable, engaged, active group of community members that show up, and that informs our opinions.

Elizabeth Babcock, City and County of Denver, Colorado: Historically, the City only engaged with the PUC in areas with a direct operational impact, such as related to the steam loop that powers many of our downtown buildings. When I came on board to run a U.S. Department of Energy-funded grant program for energy efficiency, we had a number of grant requirements, including reporting on customer energy savings. We had worked out a process for receiving customer information from our utility and then on Valentine's Day of 2012, the Commission released a decision that shut off our ability to receive the information we needed for grant reporting. That kicked off our deeper engagement, because it was a complete surprise. We had to go to the Commission to clarify that our existing waivers remained valid.



The Commission ended up opening another proceeding on data access that had a more robust stakeholder process. We worked with other municipalities in the region to receive more detailed data on energy usage and participation in energy efficiency and renewable energy in an ongoing way. We realized there was value besides making sure we don't get caught off-guard, by also being proactive in terms of advancing a policy or regulatory framework that supports our climate and energy goals. While we don't participate at the most active level due to lack of resources, I would say that we ask two questions when deciding if we should be involved: One, does it have a direct operational impact on the city? Two, will our engagement advance our policy goals around climate and energy?

What challenges do local governments face in engaging at the PUC?

Babcock: In terms of subject matter expertise, my team does not have anybody who is a utility law expert or a utility regulatory expert. I think there are folks that could learn it if they had the time, we just do not have the time to dedicate.

Lehrman: I think there should be public sector intervenor cost recovery available. We're talking about public utilities that are regulated by a public body and there is a requirement to be represented by an attorney and go through an expensive and time-consuming process. I think it would add some meaningful new perspective and if more could participate, it's going to produce a better outcome for everybody. With that funding, we could go out and hire attorneys to represent us, and have some city staff time paid for.

I also think as a general rule, without ever wanting to speak in general rules like this, PUC websites are horrifically bad. They're difficult to navigate and it's really hard not to think they're purposely designed to keep people out and to make information difficult to find. The file names are labeled poorly and not all the documents are readable. You have to have the proceeding number, which isn't always easy to find, or you have to have the exact language for how the case is filed, you can't just search "Xcel rate case."

How can local governments and PUCs be effective in engaging with each other?

Lehrman: Over time, we've refined our approach to focus on where the proceeding has a tangible impact on current city initiatives or our own operations. Cities can vary how they participate. For some communities, it's really useful to be an active intervenor in a case. For other communities, an organized campaign of public comment and showing up for public hearings might be more effective. Learning about how commissioners actually respond to the public is valuable. Some really want active direct interventions, others are more impressed by public comments.

Chairman Jeff Ackermann, Colorado Public Utilities Commission: The increasingly savvy participant in a regulatory proceeding understands that part of the dynamic is building the front-end case as an intervenor for why you belong, and that once you belong, you now have a seat at the table. Additionally, when a PUC is deciding the public interest, it decides based on the record. Every party has to understand that their purpose should be to shape the record in a way that relates to the original action or filing, such as: the original proposed rates and cost allocation, or the original resource plan, or the original demand-side management plan or renewable energy standard compliance plan. Everything you do has to relate to that, because if you come in and instead focus too much on telling your story, but your story isn't relevant to what's going on in the proceeding, you may end up feeling offended when the process discounts your story.

Local governments need to understand how the regulatory process works, so they don't have a false sense of what they will get out of it. They should strive to have a clear sense of what they're trying to achieve. For example, what is the utility's role in helping them carry out a climate plan? It's worth understanding the long game, too—should you get involved in a rulemaking to influence other proceedings in the future to be conducted differently? It can be difficult to justify using your local government legal counsel's or staff's budget to participate, but it has value. Local governments should consider when to work with other entities that do this day-in and day-out, or when to participate in aggregate, versus as an individual jurisdiction.

From the Commission perspective, local governments represent a data point of someone who has standing to participate but doesn't participate very often. From such data points, commissions should assess their processes: Have we set up unnecessary impediments that make it hard to get those folks involved? And what can we learn from local governments?

What do you think is unique about the local government perspective compared to that of other participants in regulatory processes?

Lehrman: We're super-local. We live and work with the residents of Boulder. We bring the voice of an actual community, who are all different interests—low income, small business, multifamily, large business, government operations. It's a unique and important perspective to add to everyone else who intervenes.

Babcock: I think that the local government perspective is important because we are balancing a lot of different interests and needs. We recognize, for example, the needs of different constituents or residents across our community to be able to participate actively in energy efficiency and clean energy programs. We bring different priorities, whether that's environmental or economic or social, and we're trying to balance all of those things. We also bring the perspective of how this actually influences conditions on the ground. If this policy or this decision were to be implemented in a certain way, how does it actually affect people accessing programs, or how does it affect the city?

HAWAII: Networks Drive Deep Collaboration around Resilience and Innovation

In Hawaii, local governments engage with the Hawaii Public Utilities Commission through participation in stakeholder working groups and by intervening in proceedings.

The following text is an abridged transcript of interviews conducted with Robert Mould, Energy Program Manager for the Office of Climate Change, Sustainability and Resiliency at the City and County of Honolulu; and Commissioner Jennifer Potter of the Hawaii Public Utilities Commission.

What issues do local governments focus on at the PUC and how do you organize to engage in regulatory processes?

Robert Mould, the City and County of Honolulu: The Office of Climate Change, Sustainability and Resiliency was recently established in City Charter for Honolulu. Our mandate is to instill and drive climate resilience, sustainability, and some long-term affordability issues into city plans and programs, and break down silos across the various departments. We want to create new policies that are going to make us more resilient, more sustainable, and resistant to climate change, and to make sure that there's one voice that is unified across all the city departments. In looking at what we need to achieve our mission, a lot of these conversations around resilience, sustainability, and renewable energy are in the utility transformation process that's occurring—the conversations in PUC proceedings about realigning the regulatory framework for the future, so that more traditional utility planning procedures can be updated to address issues of climate change that come up.

We're fortunate here in Hawaii that we have only four county governments. We have a very collaborative and cooperative relationship with our other counties. There's also a pretty well-developed ecosystem of Hawaii stakeholders that are involved in renewable energy. They're involved in dockets through advocacy groups and other entities. There's a term we have here called the "coconut wireless." It's really about having networks, formal and informal, where we're all collaborating on shared priorities and shared opportunities.

Commissioner Jennifer Potter, Hawaii Public Utilities Commission: I think that for all of the counties within Hawaii, resilience is one of the highest priorities. This is in response to many natural disasters that have happened over the last several years, and a recognition of the need to keep grid infrastructure and services—health, fire response, first responders—online during these types of events.

Cities are making connections across resilience and sustainability. Hospitals, schools, and airports have backup generation, but it's often diesel. Local governments are raising the issue that this creates reliance on transporting barrels of oil. We need to be thinking about how we're going to supply electricity to those places without it being so reliant on fossil fuels, which we're trying to wean ourselves off completely.

What challenges do local governments face in engaging at the PUC?

Mould: These are complex, time-consuming processes, and when you get involved, you need to be ready to make the commitment of time and resources. City government does not always line up those resources in time to be able to intervene expeditiously and participate in a docket. Additionally, explaining the importance of why this matters to leadership can be nuanced. Fortunately for us, because the Resilience Office is leading the charge on this, it's very clear how our climate and resilience goals fit into our interventions related to emerging issues at the Commission.

How can local governments and PUCs be effective in engaging with each other?

Mould: Working group sessions and less formalized investigatory dockets, where you can have parties learn together, are really helpful. The Commission has been good at this and has been increasingly exploring it. But I think that a little more outreach to new, big players like cities would be helpful as well.

For a city, you need to look at the history of your own commission and understand what’s going on there and find out the history of the dockets and investigatory proceedings that have occurred within your jurisdiction. You don’t necessarily have to be a direct intervener with full status. You can also participate in other ways and, at least in our case, the Commission appreciates the participation at any level from a broad set of stakeholders and particularly ones that are able to give thoughtful input into the process.

Potter: We had a wonderful interaction with the City and County of Honolulu recently, where they reached out to meet with commissioners to discuss building code and electrical code updates prior to going before City Council. They met with a broad range of stakeholders and it was exciting to see the evolution of local governments accessing a host of stakeholders in ways they hadn’t done before.

For commission staff, it’s important to reach out to cities and counties to learn about their priorities. I think that recognizing that they have their own agendas, and understanding how those agendas relate to public utilities, is really important for us in our proceedings. To understand if they have people that are actively involved in the dockets is critical. If they don’t, we should figure out why not.

What do you think is unique about the local government perspective compared to that of other participants in regulatory processes?

Mould: Municipalities bring a unique perspective; they’re where the rubber meets the road. From a resilience standpoint, we have a really close relationship with our communities, so municipalities are a unique position to identify the differences between various communities in terms of their resilience, including vulnerabilities or assets. Fire, police, and other emergency responders are responsible for the safety of municipalities, so they’re in a unique position to really bring the community resilience perspective into the regulatory and grid investment planning framework.

Potter: It is important to have local governments involved in proceedings because their infrastructure and their constituents will be impacted by how we decide to evolve the regulatory environment. This includes where we integrate renewables and where we are building. What we incentivize utilities to do will impact local governments’ constituents in the sense of what kinds of service they receive and how resilient and reliable their power is. Local governments are really stepping up and addressing sustainability and resilience in their own planning and processes, and then they’re taking that to the state regulatory processes. They are dealing with issues like pumping water and processing wastewater, which are critical to how our economies operate and how our people live.

MINNESOTA: New Approaches Promote Local Government Engagement

In Minnesota, local governments engage with the Minnesota Public Utilities Commission through participation in stakeholder engagement proceedings, providing public comment or coordinated comments with other large customers, and direct intervention.

The following text is an abridged transcript of interviews conducted with Kim Havey, director of the Division of Sustainability of the City of Minneapolis; Stacy Miller, Sustainability Program Coordinator of the City of Minneapolis; and Michelle Rebholz, supervisor of the Economic Analysis Division of the Minnesota Public Utilities Commission.

What issues do local governments focus on at the PUC, and what resources do they have to engage in regulatory processes?

Kim Havey, City of Minneapolis: We represent one of the utilities’ largest customers as the city enterprise itself. We also have a lot of community goals around equity, affordability, and locally produced energy. We are intentional about taking a broader perspective and viewing our participation from the standpoint of climate change. As the largest city in Minnesota, we account for over 400,000 residents and 15 percent of the total economic output of the state, which gives us a strong voice. We want to be a leader—to set the direction and tone at the state.

It’s important for the community to be engaged, and for local governments to be engaged, in regulatory processes. Sometimes the interests of utilities’ shareholders and the interests of residents in your city will be in conflict. The regulatory process creates an avenue to peacefully resolve conflicts in a deliberative way that leads to mutually beneficial outcomes.

What challenges do local governments face in engaging at the PUC?

Havey: Many cities just do not have capacity in this area. We would love to be more engaged and collaborative with other cities.

Michelle Rebholz, Minnesota Public Utilities Commission: Probably the number one challenge is getting local governments educated on our process, because it is a legal process. Many other organizations that appear in our proceedings have people who are dedicated to working at the Commission and so they bring some degree of expertise. Aside from the City of Minneapolis, most cities do not have people who fully understand our process—which is understandable, because they have so many other priorities.

How can local governments and PUCs be effective in engaging with each other?

Stacy Miller, City of Minneapolis: Fortunately our PUC has taken some steps to enable effective participation. They want to be inclusive in terms of who can testify, and many proceedings do not require legal representation, which means we don't have to hire outside counsel. Our PUC also convenes a lot of stakeholder proceedings, sometimes directly and sometimes facilitated by a third party. For Minnesota, that's been really effective to get all the stakeholder interests in the room. They do it for all sorts of topics and it's a way that we're able to make steady progress on the state's goals and ultimately our local goals, too.

For cities that are considering being involved in PUC proceedings, it's worth getting to know the protocol in your particular state. Where meetings are recorded, you can watch footage to see how to approach the Commission, how you address the Commissioners, and get comfortable with that before you're in a real-life situation giving testimony. It can be a little bit intimidating for newcomers to get used to working with the commission. Don't be shy about calling commission staff to talk about something process-related. I also think that there are people nationwide who would be willing mentors.

Rebholz: We have a newer position at our agency called a Public Advisor and that Public Advisor's full-time job is to basically say, "Here's how the commission works. If you'd like to participate, here are some things you should know." It was created more for members of the public, but I would like to see it work with cities and other stakeholders. Another thing we've started doing and could expand on is finding more locations to hold our hearings outside the state capital. Minnesota is a large state, land-wise, and we've started trying to have meetings where a significant decision might affect a particular area.

On the city side, I realize that not all cities can hire full-time staff, but it would be great if they could designate one person to be our contact, and we can walk them through our rules and procedures, and how to be effective. They could also consider banding together more to pool their resources and identify their shared issues and concerns.

What do you think is unique about the local government perspective compared to that of other participants in regulatory processes?

Rebholz: They can bring expertise on land use issues, like zoning, that individual residents may not have. In our service quality proceedings, they were really helpful in pointing out that if there's an outage related to municipal pumping that that outage needs to have priority because it's not just the city, as a customer, that is harmed, but all the residents. You don't want sewage backing up into basements because a utility doesn't give priority to a municipal pumping outage. Cities are good partners on things like electric vehicle pilots because we're the economic regulator thinking of things at a high level, like the rates, while they can be out on the ground thinking about areas or places where we might want to have charging stations or particular rates in place. We have a number of low-income energy programs and, because they are in closer touch with residents, cities can tell us what kinds of impacts those programs are having.

This material was prepared by Kelly Crandall and Jake Duncan, Institute for Market Transformation, under contract to the National Association of Regulatory Utility Commissioners and is based upon work supported by the Department of Energy under award numbers DE-EP000023 and DE-OE0000818.

This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.

Acknowledgments

The Institute for Market Transformation wishes to thank the following individuals for contributing their time and expertise to the development of this paper:

- Chairman Jeffrey Ackermann, Colorado Public Utilities Commission
- Elizabeth Babcock, City and County of Denver, CO
- Rachel Brombaugh, Office of King County Executive Dow Constantine
- Margaret Bruce, Local Government Sustainable Energy Coalition
- Howard Choy, County of Los Angeles, CA (retired)
- Kim Havey, City of Minneapolis, MN
- Matthew Lehrman, City of Boulder, CO
- Stacy Miller, City of Minneapolis, MN
- Christopher Moore, California Public Utilities Commission
- Irene Moosen, California Community Choice Association
- Robert Mould, City and County of Honolulu, HI
- Commissioner Jennifer Potter, Hawaii Public Utilities Commission
- Michelle Rebholz, Minnesota Public Utilities Commission
- Danielle Sass Byrnett, National Association of Regulatory Utility Commissioners

A trusted, non-partisan leader, IMT focuses on innovative and pragmatic solutions that fuel greater investment in energy-efficient buildings to meet local market priorities. IMT offers hands-on technical assistance and market research, alongside expertise in policy and program development and deployment and promotion of best practices and knowledge exchange. Its efforts lead to important policy outcomes, widespread changes in real estate practices, and lasting market demand for energy efficiency—resulting in greater benefits for all people, the economy, and the environment.

Visit us at www.imt.org and follow us on Twitter @IMT_speaks.



NATIONAL COUNCIL
ON ELECTRICITY POLICY

About the National Council on Electricity Policy

The National Council on Electricity Policy (NCEP) is a platform for all state level electricity decision makers to share and learn from diverse perspectives on the evolving electricity sector. Our community includes over 200 representatives from public utility commissions, air and environmental regulatory agencies, governors' staffs and state energy offices, legislatures, and consumer advocates. We are an affiliate of the National Association of Regulatory Utility Commissioners (NARUC) Center for Partnerships and Innovation (CPI).

NCEP serves as a forum for collaboration around grid-related topics at state, regional, and national levels, offering a unique opportunity for state electricity decision makers throughout the country to examine the ways new technologies, policies, regulations, and markets impact state resources and the bulk power system.

NCEP facilitates an annual meeting, connections to virtual resources, and ongoing learning opportunities for members to explore multiple perspectives on complex electricity system issues.



NARUC

National Association of Regulatory Utility Commissioners

About the NARUC Center for Partnerships & Innovation

The NARUC Center for Partnerships & Innovation (CPI) identifies emerging challenges and connects state utility commissions with expertise and strategies to navigate complex decision-making. We accomplish this by building relationships, developing resources, and delivering training that provides answers to state commissioners' questions. CPI works across four key areas on a wide range of projects: energy infrastructure modernization; electricity system transformation; critical infrastructure, cybersecurity, resilience; and emerging issues. CPI is funded by cooperative agreements with the U.S. Department of Energy (DOE), the U.S. Department of Commerce's National Institute of Standards and Technology (NIST), and charitable sources.



About the Institute for Market Transformation

The Institute for Market Transformation (IMT) is a national 501(c)(3) nonprofit organization that catalyzes widespread and sustained demand for energy-efficient buildings. Founded in 1996 and based in Washington, D.C., IMT specializes in driving the intersection of real estate and public policy to make buildings more productive, affordable, valuable, and resilient.