

## **Preside or Lead?**

The Attributes and Actions of Effective Regulators

# **27. Low Rates, High Rates, Wrong Rates, Right Rates**

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### **Utility Cost Increases—Big Ones—Are Unavoidable**

In the U.S. utility industries, the long-deferred capital needs are heading north of hundreds of billions of dollars. Electricity faces shrinking capacity margins, transmission construction for new renewables, the possible return of nuclear power, and the likelihood of climate change legislation. Natural gas needs billions for new main and service pipes and compliance with new federal safety regulations. Water, too: The EPA says that over the next two decades, we need \$500 billion to \$1 trillion for water and wastewater infrastructure improvement and replacement. Telecommunications decisionmakers are considering universal access to broadband. Utility employees' pensions are now underfunded due to stock value declines.

Are we ready to raise rates? What are the obstacles? What are the solutions?

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