

Preside or Lead?

The Attributes and Actions of Effective Regulators

45. Rate Case Timing: Alertness or Auto-Pilot?

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How frequently should we reset rates? Regularly—say every two years? Only when someone asks? Or when some trigger gets pulled, like a new plant entering operation?

From a thoughtful regulator

This question has a technical side: Are the large cost drivers growing or shrinking? Are riders, surcharges, and adjustment clauses dominating the revenue picture? Is the utility over-earning or under-earning relative to the authorized return on equity?

But there is more to this matter than technique. Try rephrasing the question: “When setting rates, which works better—alertness or auto-pilot?” Then consider these four thoughts.

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