EOS note: Technical terms related to energy production and distribution, from Alcohol to Yellowcake, are on line at http://www.eia.doe.gov/emeu/aer/pdf/aer.pdf

The following selection of terminology covers the legal and procedural language related to utility regulation and 're-structuring' that you will need to hold your own with the experts who have brought US utility markets to their current condition:

ENERGY TERMS YOU NEED TO KNOW

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General Terms

arrearage: the amount of money a customer owes for past utility bills (sometimes for more than a designated number of days, *e.g.*, 60).

arrearage forgiveness or **arrearage management**: a plan adopted by a utility company (usually approved by a Public Utility Commission) to allow a part (or all) of a customer's arrearage (the past due amount) to be written off, or forgiven; in conjunction with a levelized, or fixed, reasonable and affordable billing plan in which the customer pays the current bill each month in exchange for a portion of the arrearage being forgiven; ideally coupled with case management and budget counseling by the low-income network.

customer charge: a fixed monthly charge on a customer's utility bill that does not change with the amount of electricity or gas used. Sometimes described as a minimum charge and includes a nominal amount of usage (*e.g.*, 10 kWh).

demand charge: a charge on the bills of large customers that reflects the amount of electricity they use at their peak hour during the month. Residential customers rarely pay demand charges.

discovery: formal written questions posed by regulatory staff and intervenors in a utility rate or other case in order to "discover" the details behind a utility request. Utility answers to discovery often become part of the official "record" of a case upon which the Commission bases its decisions. Also called data requests or information requests. Some answers may be subject to "non-disclosure" – see below.

distribution: the delivery of electricity to homes and businesses through low-voltage power lines. Delivery of natural gas to homes and businesses.

FERC (Federal Energy Regulatory Commission): the federal agency charged with regulating rates, terms and conditions of interstate and wholesale power sales and transmission services. (The state public utility commissions regulate rates, terms and conditions for power and distribution within a state.)

fossil fuel power: electricity generated (produced) by coal, oil, or natural gas. Of these three, coal is the most polluting; then oil; then natural gas. Coal is also the least expensive of these three.

generation: the production of electricity at a generating plant, using fossil fuels, renewable sources (including hydro-power), or nuclear energy. Can also refer to production of electricity at small, decentralized installations, such as customer-owned solar panels, wind turbines, micro-turbines, and fuel cells.

grid: a system of interconnected high-power transmission lines managed by an ISO (see below).

hearings: soon after a utility's filing, public hearings are held in a utility's service territory, close to the customers, for customers to make statements. After a set period for discovery, evidentiary hearings are held at the PUC's offices, at which intervenors and regulatory staff have an opportunity to cross-examine utility company witnesses on all aspects of a case. Testimony becomes part of the record evidence on which the Commission relies to make decisions.

independent system operator (ISO): the entity that dispatches electricity (directs it from where it is generated to where it is needed) within a grid. The ISO does not own any transmission lines or power plants itself – it is, in principle, independent, so it should not be influenced by any of the owners. ISOs are regulated by the FERC.

intervene: formally participate as a party (or an intervenor) in a proceeding before a public utility commission (PUC). An intervenor has the right to ask questions (issue discovery and cross-examine witnesses), provide testimony and other information, formally comment on (brief) a utility company's proposals (or rates or programs) and try to influence the PUC. Commissions can only make decisions based on the record of information they have before them, so participating in a case and contributing to the record is an important part of advocacy.

intervenor: The one who intervenes in a proceeding before the PUC (such as a rate case or merger or restructuring case) is an intervenor. Most states have a designated consumer advocate who intervenes by right, such as a Citizens Utility Board (CUB), a Consumers' Counsel, and/or an Attorney General.

investor-owned utility (IOU): the type of utility that delivers most of the power in the United States (other types are municipally owned, cooperatives (often rural), and federal power companies like the Tennessee Valley and Bonneville Power Authorities). Electric IOUs traditionally were vertically integrated; that is, they owned all three components of the electricity system: generation; transmission; and distribution. (Gas IOUs owned production, pipelines, and local distribution systems.) Restructuring in a few states split the generation component off from the rest and required that it be sold to un-regulated companies; transmission and distribution remain regulated.

kilowatt: a measure of the demand for power that allows large customers to be billed a demand charge, based on the peak number of kilowatts they use in a month.

kilowatthour (kWh): one thousand Watthours, which is the basic measure of electricity usage. A Watthour is the amount of electricity it takes to light a one-Watt bulb for an hour. Electricity bills tell you how many kilowatthours you used in your home in one month multiplied by the electricity rate (plus the customer charge and any other charges the PUC has allowed the utility to charge).

NARUC (National Association of Regulatory Utility Commissioners): the organization that U.S. public utility commissions belong to. The NARUC Web site (www.naruc.org) links to all the state PUCs and can be used to find out what your PUC is working on: what dockets or cases are open; what decisions have been recently issued; utility rates in your state; and all sorts of other helpful information. The NARUC Web site also contains papers and resolutions that you can use to help advocate for programs or policies in your own state.

NASUCA (National Association of Utility Consumer Advocates): an organization of 44 official state consumer advocates in 42 states and the District of Columbia that meet to exchange information and take positions on utility policies and rates.

non-disclosure: before answering some discovery or providing documents, a utility may claim that publicly disclosing the requested information may competitively harm the utility. In such cases, intervenors may be asked to sign a "non-disclosure agreement" which prohibits them from making the information public. Ultimately, the Commission decides whether the information is allowed to remain confidential or must be disclosed. Often, information temporarily treated as confidential during a proceeding may (in response to a motion to the Commission) be released to the public.

notice: includes notification by the utility and the regulator that a utility has filed a petition with the PUC for a rate increase or other request; published in local newspapers and provided to people likely to be interested, such as local officials, legislators, those who have asked to be notified, and others who have participated in the past. A notice provides an advocate with the opportunity to intervene at the beginning of the process.

performance-based ratemaking: linking the amount of profits a utility can earn (or penalties it must pay) to how it performs on a number of measures, such as reliability and service quality (measured, for example, by the number of outages, the time it takes to answer a customer's call, etc.). Often now called "Alternative Regulation" and includes price caps, revenue caps, adjustment clauses, and excess profit sharing.

proceeding: legislative-type (rulemaking or ratemaking) vs. adjudicatory (consumer complaints); usually governed by state administrative procedure act.

public utilities commission (PUC) or public service commission (PSC) (sometimes commerce commission, department of public utility control, or department of telecommunications and energy): the group (usually appointed by the governor, but elected in some states) that sets utility rates and approves programs such as energy efficiency or payment assistance for low-income consumers. The PUC is where advocacy can be very effective in achieving results for low-income consumers, so it is important to learn the procedures and meet the commissioners and commission staff who are sympathetic to your cause and can be helpful. (See "intervene.")

renewable resource or **renewables** (also called "**green**" power): electricity generated (produced) by sources that are sustainable, like the sun (solar or photovoltaic power), wind, geothermal (uses the heat beneath the ground), biomass (trees or other crops grown to be burned in a power plant), wave or tidal power. Not fossil-fuel power.

renewable portfolio standard (RPS): a requirement that suppliers of electricity in a state (or region) include a certain percentage of renewables in the mix of power they sell. The percentage usually gradually increases from the very small amount currently produced in most states to a larger amount over a fixed period of time (such as 10 years).

tariff: the document approved by a public utility commission that lists a utility's rates, terms and conditions of service.

transmission: the movement of electricity from a generator to local distribution lines over high-powered lines; regulated by the FERC.

universal service: utility service at an affordable price sufficient to meet the basic needs of all members of society, regardless of income or geographical location.

Energy Efficiency Terms

cost-effective: said of an energy efficiency measure (such as a compact fluorescent light bulb, a refrigerator, insulation, or any other measure that makes a home more energy efficient) or of a program that delivers energy efficiency measures, including weatherization. To be cost-effective, the present value of benefits over time of the measure or program must be more valuable than the cost to install the measure or deliver the program (that is, for every dollar spent on cost, the benefit must be more than a dollar.). Typical tests for cost-effectiveness include the "Total Resource Cost" test (TRC); the "Utility" or "All-Ratepayers Test" (ART); and the "Ratepayer Impact Test" (RIM). Each type of test uses different sets of costs and benefits. Programs that serve low-income customers are usually very cost-effective, because they provide benefits far beyond their costs.

demand-side management (DSM): controlling the use of energy on the customer's side of the meter. Sometimes used interchangeably with "energy conservation" and "energy efficiency," but DSM also includes what is called "load management" when an appliance like an air conditioner or electric water heater (for residential customers) can be controlled by the utility company when power demand is great (like the middle of a summer afternoon). In the latter category, overall usage may actually be greater, but usage during the costly peak times will be lower.

energy efficiency: including "energy conservation" and "DSM," energy efficiency is the use of energy in a way that provides the same or better service but takes less power to achieve it. Examples include compact fluorescent light bulbs, Energy Star appliances, weatherization measures (insulation, air sealing, etc.), efficient motors, set-back thermostats, low-flow showerheads and faucet aerators.

energy service company (ESCO): a for-profit company that provides energy efficiency and/or weatherization services, usually on a pay-for-performance basis. ESCOs sometimes deliver these services in competition with the CAP agencies, or as sub-contractors to the CAPs.

market barrier: anything that interferes with people being able to participate in a market; usually used to explain why energy efficiency is not the standard for energy usage. When used to describe problems low-income people face in the energy market, some examples of market barriers are the following: lack of funds; lack of access to credit; lack of education, knowledge, or information; high initial cost of efficiency measures; ESCOs not interested in low-income market; more frequent moves; and often tenants who do not benefit as much as the landlord if buildings are made more efficient, and then the tenant moves.

system benefits charge (SBC) or **system benefits fund (SBF)** or **universal service fund**: a small, nonbypassable charge on everyone's electric or gas bill (usually on each kWh or therm of gas) that funds energy efficiency, renewable energy, payment assistance for low-income customers, research and development projects, or some or all of the above, depending on the state. SBCs in many states were first mandated by electric industry restructuring, but in others, they existed prior to or without restructuring. In non-restructured states, SBFs are implicit in the overall cost of service, but are not usually separately stated.

Restructuring Terms

aggregation: the grouping together of a large number of small customers to provide greater buying power in a restructured market than the individuals would have alone. Some people think that aggregation of low-income customers (through CAPs or some other way) will allow those customers to buy power at reasonable prices. In some states, a city or town can act as an aggregator of all its citizens and businesses and negotiate with power suppliers on their behalf.

competitive supplier: an owner or marketer of electricity or gas that is not a regulated utility company. Competitive suppliers can sell electricity or gas directly to customers like businesses and households, but they are most likely to sell to large customers. There are few competitive suppliers interested in selling to residential (let alone low-income) customers.

default or **provider of last resort (POLR) service** (sometimes called "**standard offer**" or "**basic generation**" service: electric or gas service available to customers who (for whatever reason) do not buy service from a competitive supplier. For most residential customers, in most restructured states, POLR is the only service available, because competitive suppliers are not interested in small customers, especially low-income. Therefore, it is important for PUCs (or legislatures) to structure POLR service so that it is affordable, reliable, available to all customers, and not volatile (price swings).

retail competition: what restructuring was supposed to bring to the electric and natural gas industries; where enough for-profit suppliers would sell electricity or gas to retail (end-use) customers that the price would be kept low and new technologies would be fostered. So far (2005), retail competition for small customers has not developed, and a consensus seems to be growing that small customers are better off when energy prices are regulated for them.

stranded (or strandable) benefits: social or public interest programs like environmental protection, low-income payment assistance, and energy efficiency, which could be lost when an industry is restructured. A system benefits fund (SBF) or system benefits charge (SBC) is usually designed as part of restructuring to ensure that stranded benefits are not lost.

stranded costs: an amount that ratepayers have to pay to make up the difference between the costs of power plants (and other large, capital costs) that are currently embedded in base rates and their market value under restructuring. If a competitive supplier pays the utility more than the amount on its books to buy a plant, then there are negative stranded costs for that plant. Stranded costs may be collected over time from customers but eventually disappear from customer bills.

unbundling: separating on an electric or gas bill the different components of service, such as the customer charge, transmission charge, distribution charge, generation charge, the SBC or SBF, a "transition" charge that will disappear when stranded costs are paid off, and any other charge that the commission has approved, such as for energy efficiency or renewable energy.

wholesale competition: sales to utility distribution companies and other retailers, not to end-use customers, and regulated by the FERC.