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House Committee Passes Bill to Ensure Funding for PSC Experts

Amended HB 1233 saves state money and protects all utility customers

ATLANTA – On Wednesday the House Committee on Governmental Affairs made an important consumer protection amendment to a bill that changes the way experts who testify before the Public Service Commission are compensated. HB 1233, sponsored by Rep. John Lunsford (R-McDonough), seeks to save taxpayer money by shifting funding for PSC experts from the state budget to utilities, which can recover their costs from customers.

“Instead of having all taxpayers fund these experts, only the customers of the utility will have to pay for them,” **said Danny Orrock, Deputy Director of Georgia Watch.** “Other states have do it and it seems to work well.”

Currently, the PSC sets aside money every year for experts in rate and cost recovery cases. But it is impossible to predict how much they will need from year to year. The method proposed in HB 1233 allows the PSC to continue to choose the experts, who will simply invoice the utility for the cost of their services. The utility will then have the right to recover these costs from customers on a dollar for dollar basis, with no profits to be made on the recovery.

In the original version of HB 1233, however, experts who testify about rate design would not be funded by this new method. This language was included at the request of the Georgia Traditional Manufacturers Association, whose members didn’t want to help pay for testimony that might not be in their interest.

Rate design experts offer testimony on the fairness of how costs are allocated between large utility customers and small ones. An example of unfair cost allocation can be found in SB 31 from 2009, which allowed prepaid financing costs on new nuclear plants to be collected from Georgia Power customers. The bill was passed only after a significant carve-out was made for large ratepayers, so that families and small businesses will pay a disproportionately high share of the charges.

“HB 1233 originally tied the fate of rate design experts to a shrinking state budget,” **said Orrock.** “That’s the first step in getting rid of these experts altogether, leaving families and small businesses with one less voice in utility matters.”

Rep. Mary Margaret Oliver (D-Decatur) moved to amend HB 1233 by striking the exception in the bill for rate design experts. The amendment passed unanimously, as did the amended bill.

HB 1233 now moves on to the Rules Committee, where it waits to be placed on the House floor.

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Founded in 2002, Georgia Watch is a nonprofit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of health care, insurance, consumer energy issues, identity theft and personal finance.