

Regulatory Commissions: Management and Staff Functions

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Models of Organizational Structures

- Two ways to organize

Function

Industry

- Usually if single sector (electricity), by function
- However, at times regulate energy sector

Electricity

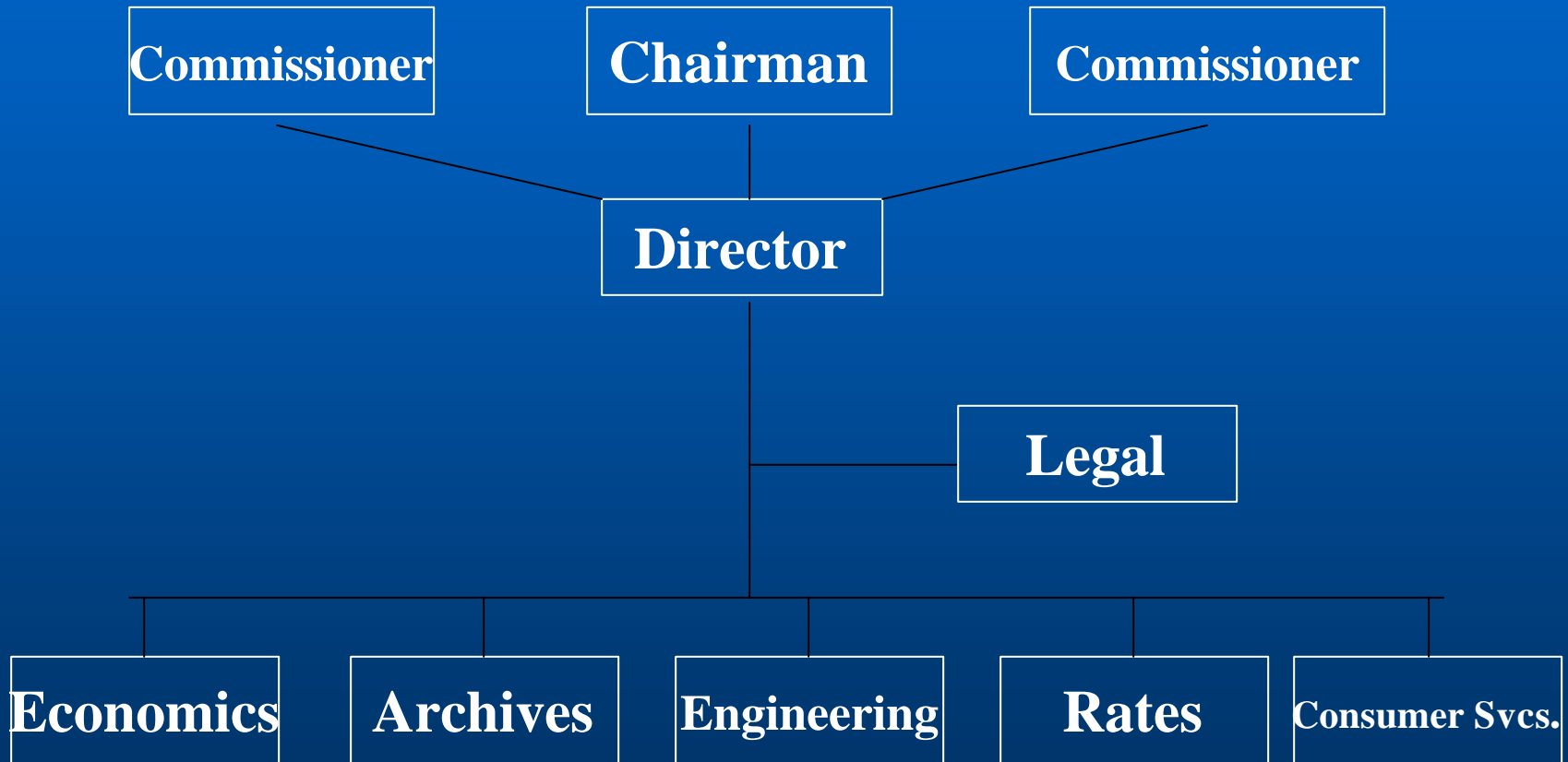
Gas

Oil

Typical Functional Arrangement

- Commissioners
- Managing/Executive Director
- Docket Control/Archives
- Engineering/Technical
- Rate Analysis
- Consumer Services
- Economics/Research
- Legal
- Hearing Office (?)

Typical Functional Arrangement

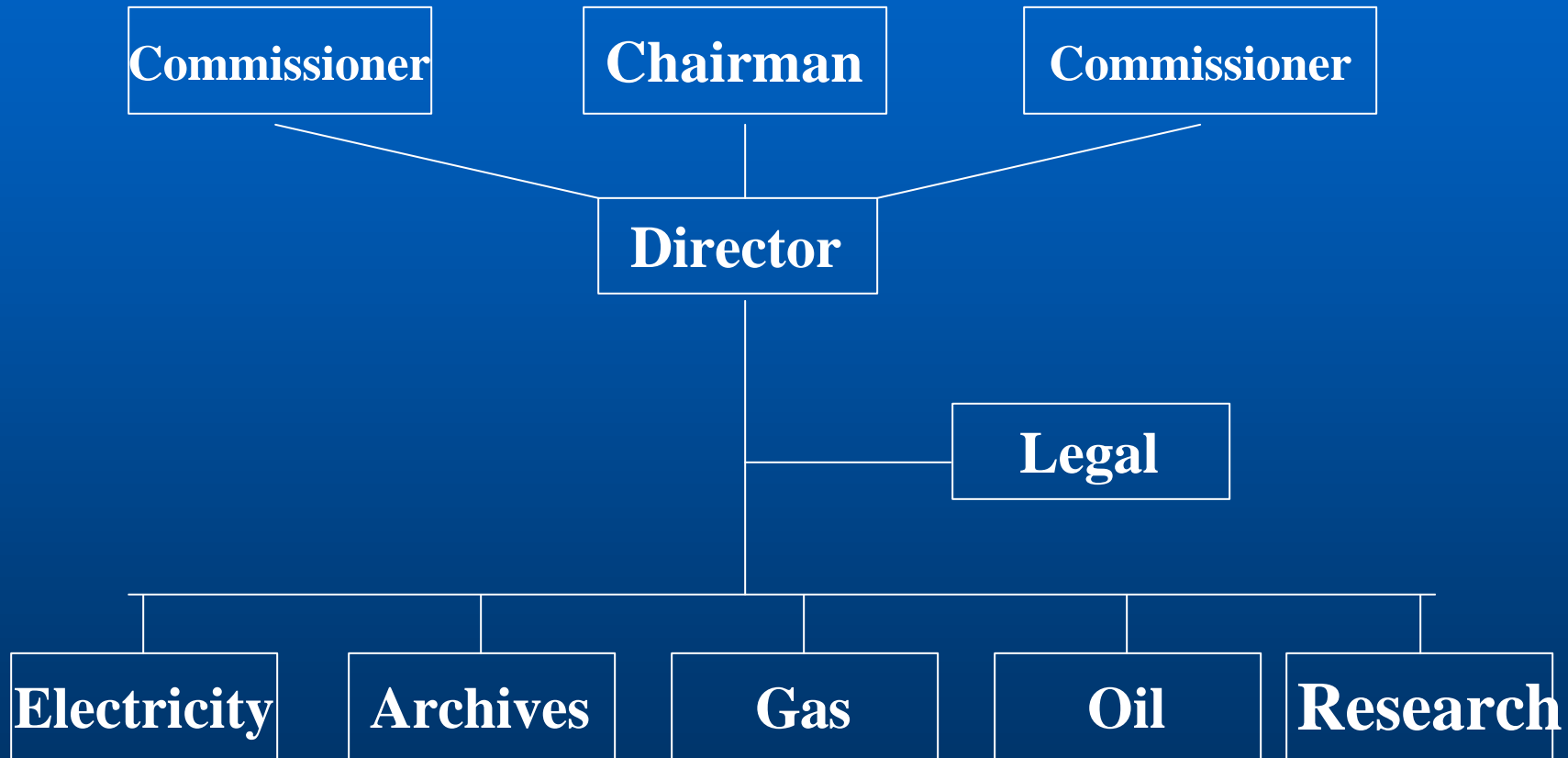


Regulating the Energy Sector

Could have same functional approach, or

Have 2-3 divisions (electricity, gas, oil) each performing all but administrative functions

Arrangement by Industry



Commission Member Experience

Elected commission

None (might be a legal requirement of some qualifications to stand for election)

51% of the votes

Appointed commission

Engineering

Financial (accounting, economics, finance)

Legal (attorney)

Public members

Members of Government?

Qualifications for appointed commission depend on size

5 usually a good starting point

Commission Member Tenure

Should be fixed

5-6 years (anecdotal) norm

Stagger terms

Continuity

Prevents capture by technical staff

Increases independence

Commissioner Compensation

- **Full or part-time job?**
- **Full time**
 - U.S.: +/- U.S. \$ 65,000 - \$ 100,000 + annually
 - Guatemala: +/- U.S. \$ 65,000 annually
 - Trinidad: +/- U.S. \$ 4,800 annually
- **Earn more than Managing/Executive Director?**

Staff Member Experience

- Commensurate with nature of job
- Some general thoughts

Managing/Executive Director

Administrative ability

If staff small, may need technical ability

Division Head: Organized by function

Professional certification? (C.P.A., C.A., P.E., C.F.A.)

Some administrative skills

Division Head: Organized by industry

Technical competence in the area

Some administrative skills

Staff Member Tenure

- **Fixed term for Managing/Executive Director?**
 - Egypt - 5 years
 - Jamaica - 5 years
- **Managing/Executive Director “at the pleasure”**
- **Division Heads “at the pleasure” of Managing/Executive Director (no contract)**
- **Below Division Head - civil service protection**
- **Issue: What if front-line staff exempted from civil service for compensation reasons?**

Staff Member Compensation

- Can Managing/Executive Director earn more than Commissioners?
- Is the normal civil service pay scale adequate?
- Tied to local norms

Organizational Arrangement - Egypt

- **Board Composition**

Minister of Electricity and Energy - Chairman

3 from Electric Energy Holding Company

**3 “experienced” individuals not affiliated with
EEHC**

4 consumers

**Appointment by P.M. Decree (on Ministry
recommendation**

Term of 3 years (renewable?)

Board meets at least monthly

7 members = quorum

Chairman has casting vote

Organizational Arrangement - Egypt

- Technical staff organization in formation
- Board members appointed
- Former EEHC Chairman now Minister of Electricity and Energy
- Managing Director appointed - 5 year term
- Beginning to assemble staff
- No formal organization chart currently exists

Organizational Arrangement - Egypt

- **Budget - LE 5.0 million annually (U.S. \$ 1.0 million)**
- **(Wanted LE 15 million)**
- **Primary source: fee based on relative proportion of G,T,D capacity (with escalator)**
- **Electric utilities regulated = 13 (plus some BOOTs)**

Organizational Arrangement - Guatemala

Board composition:

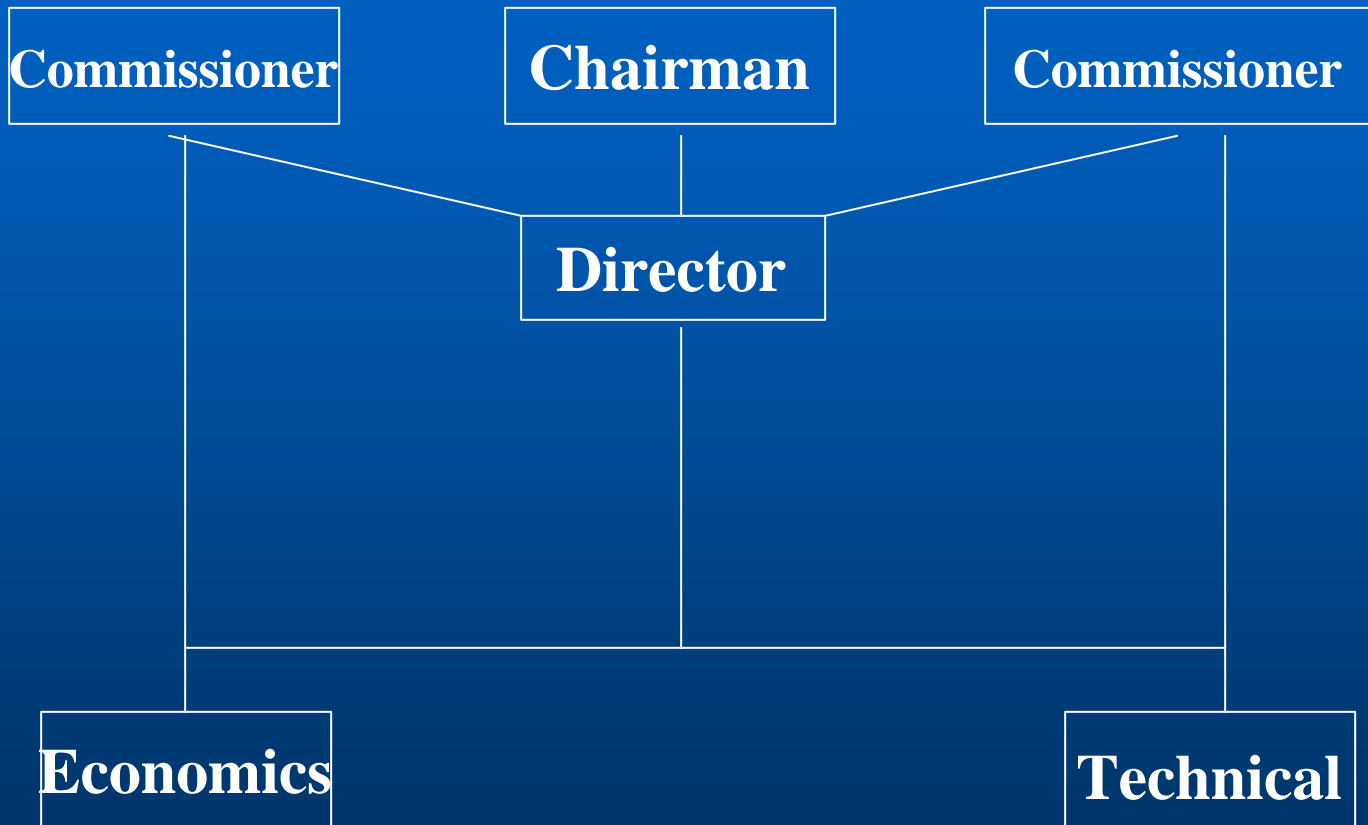
- 3 members
- Appointed by Minister of Energy and Mines
- 5 year terms (not staggered)
- Qualifications: “professional”
- Salary: U.S. \$ 65,000 annually

Organizational Arrangement - Guatemala

Technical staff:

- Limited to 18
- Plus consultants
- Executive Director's Office - 6
- Economics Division - 6
- Technical Division - 6
- Funding via 0.3% tax on turnover of distributors

Organizational Arrangement - Guatemala



Organizational Arrangement - Haryana

The Commissioners:

- Board of 3
- 5 member Selection Committee nominates
- Government appoints from that list
- 1 required to be engineer
- 1 required to have financial or legal background
- 1 required to have experience in any of above disciplines
- Cannot be MP or hold position in any political party
- While in Office and for 2 years thereafter, cannot hold position or consult for any electric business or business related to electric industry

Organizational Arrangement - Haryana

Technical staff organization:

- **Tariff Division**
 - Economics
 - Finance (Accounting)
- **Technical Division**
 - Transmission
 - Distribution
- **IT Division**
- **Administrative staff**
- **Paid civil servant salaries from General Fund of State**
- **www.herc.nic.in**

Elements of Human Relations Plan: Summary

- Number of commissioners
- Elected or appointed (how?)
- Managing/Executive Director
 - Selection
 - Compensation
 - Contract
- Organization of technical staff
 - Function v. industry
 - Civil service protection?
 - Compensation
- Training
 - Commissioner training
 - Technical staff training