

CHOOSING REGULATORY PRIORITIES

Developed by
Mark A. Jamison
University of Florida

Introduction

This course focuses on developing practical skills in utility regulation. Work on actual cases is central to this experience. In this session, you will be assigned to a particular case study team. Each team will have approximately eight members. These teams meet several times throughout the course for problem solving.

This first session is an opportunity for you to meet your team members and complete a short exercise that illustrates: (1) the complexity of prioritizing economic, social, and political objectives; and (2) how different stakeholder groups have different priorities.

The Problem

Regulators must balance numerous economic, social, and political objectives. This involves placing more importance on some objectives relative to others, especially when objectives conflict with each other.

On page 3 is a list of potential regulatory objectives. (There are certainly other objectives that could be chosen. The intent here is to have a representative list rather than a comprehensive list.) Please review the list and complete the following exercise.

1. In the column marked “Personal Ranking,” rank the three most important objectives from your perspective. Rank these from 1 to 3, with 1 being the most important.
2. Compare your results with your team members.
3. Work with your team members to develop a team consensus on the three most important objectives, and rank them from 1 to 3. Be sure to discuss why there are differences among team members. Record your team ranking in the column marked “Team Ranking.” If you wish, you may organize your discussion as follows:
 - a. Go around the table, allowing one person to define a particular objective. That person should indicate whether he or she believes that it belongs in the top three, and explain why it should be given priority. Then others can elaborate on that definition, and how they would rank the particular objective.

- b. Consider the next objective, allowing a different person to define it and lead the discussion about that objective. Each person should have the opportunity to lead the discussion on one or two objectives.
 - c. After all the objectives have been discussed (and each participant has had a chance to list their top three), the group should reach a consensus.
 - d. Different groups will use different techniques for determining the top three goals, including majority vote, bargaining to achieve total consensus, and averaging priority points. Since regulatory commissions need to reach consensus, this exercise allows you to practice that process--while gaining an appreciation for the importance of prioritizing your objectives.
4. A *Team Report Form* is in this session's materials. Each team should put its team letter on the top of one *Team Report Form*, transfer its team rankings to this page, and turn it in. The results will be discussed later.
 5. Three teams should volunteer to present their decisions.

Name: _____

Team Letter: _____

1. In the column marked "Personal Ranking," please indicate your three most important objectives and rank them from 1 to 3, with 1 being the most important.
2. Compare your results with those of your team members.
3. Work with your team members to develop a team consensus on the ranking and record this in the column marked "Team Priorities."
4. A *Team Report Form* is included in this session's materials. Each team should put its team letter on the top of one *Team Report Form*, transfer its team rankings to this page, and turn it in. The results will be discussed at dinner.

No.	Regulatory Objectives	Personal Ranking	Team Ranking
1.	Public acceptability of regulatory decisions		
2.	Low prices		
3.	Revenues are sufficient to cover costs and provide reasonable profit		
4.	Economic efficiency		
5.	Infrastructure development		
6.	High percentage of households connected to service		
7.	Reliable provision of service		
8.	Rapid pace of technological innovation		
9.	Stable regulatory framework		
10.	Robust competition		