

Annual Report of the NARUC Staff Subcommittee on International Relations

2008-2009

Pursuant to Section 20 of the NARUC Policies Governing Committees and Representatives, the Staff Subcommittee on International Relations hereby submits its annual report for the period of 2008-2009.

Subcommittee Membership

During the year, the list of Subcommittee members was updated. Several inactive members were eliminated from the list, while a few new members were added. The following is the most recent list of *official* Subcommittee members.

Denise Parrish, Wyoming (Chair)
Raman Ravishankar, Ohio (Vice Chair)
Klaus Lambeck, Ohio
Grace Hu, Ph.D., District of Columbia
Erin Hammel Skootsky, NARUC
Burl Haar, Minnesota
Sandra Setorie, Virgin Islands
Jerry Webb, Indiana
Jason Thenmadathil, Oklahoma
Thomas Dvorsky, New York
Matthew Elam, Idaho
Ambika Dalal, Illinois

A number of other people, in addition to the formal members, have an active role in the

Subcommittee's meetings and projects, and their participation is recognized and appreciated.

Statement of Purpose

As new regulatory challenges arise both domestically and internationally, it is important to share information and learn from the experiences of others.

The Staff Subcommittee on International Relations helps to facilitate such sharing by seeking out ways to inform the domestic regulatory community about international utility and regulatory processes, methods, and viewpoints.

We also seek ways to communicate to our international colleagues lessons learned from current and historic American regulatory practices and issues. Additionally, we seek out opportunities to partner with other entities that have an interest in international or regulatory matters.

The Subcommittee's recommended statement of purpose was presented to the Committee on International Relations at the 2009 Summer NARUC Meeting in Seattle, Washington. The Statement of Purpose was approved and may now be found on the Subcommittee's section of the NARUC website.

Meetings and Conference Calls

The Subcommittee held three in-person meetings and three conference calls during this current reporting period of October, 2008 through September 2009.

The meetings were held in conjunction with the NARUC Winter and Summer Committee meetings and the NARUC Annual Convention. The highlights of each of the meetings are summarized below.

New Orleans, November, 2008

The meeting began with an open discussion about various international exchanges and activities taken by the meeting participants.

It continued with a discussion about projects in which Subcommittee members were active. These projects (led by Ms. Eve Moran, Illinois) included the preparation of a *Regulatory Handbook* and a *How to Draft an Order Handbook* by the Subcommittee on Law with some possible participation by the International Relations Subcommittee. Also discussed was a project being undertaken jointly by the International Relations Subcommittee and the Staff Subcommittee on Accounting and Finance regarding *International Accounting*.

A presentation was made by Ms. Denise Parrish, Wyoming, regarding *International Accounting Activities*.

The meeting closed with a general discussion on international activities and possible topics that the Subcommittee may wish to consider as items for future projects and presentations.

Washington, D.C., February, 2009

After general introductions and opening remarks, the first presentation at the meeting was given by Mr. Thom Pearce, Ohio, regarding the *Ukraine/Russian Natural Gas Feud: What is Going*

On and What Are the Implications for the Rest of the World? Mr. Pearce also gave a brief update on the work of the Staff Subcommittee on Critical Infrastructure.

The next formal presentation was provided by Ms. Terri Carlock, Idaho, and Ms. Denise Parrish, Wyoming, and was an update on the Securities and Exchange Commission's possible decision to require the utilization of *International Accounting* standards. This presentation was provided in conjunction with a white paper on *International Accounting* that was the subject of a proposed resolution for acceptance as a NARUC document.

The meeting closed with a general discussion of international activities of the meeting participants.

Seattle, Washington, July, 2009

In addition to a brief discussion about on-going Subcommittee projects, there were three presentations given at the meeting.

First, Dr. Mark Jamison, PURC, provided a brief overview of the updated *Regulation Body of Knowledge*. This is a compilation of public utility and regulatory information that may be found at <http://www.cba.ufl.edu/purc/resources/bok.asp>.

Second, Ms. Denise Parrish, Wyoming, provided a brief overview of *Global Energy Comparisons*, a series of data comparisons between nations and world regions regarding the provision of electricity.

Third, was a presentation by Dr. Daniel Liao, Director General of the Taipei Economic and Cultural Office in Seattle. Director General Liao

discussed the current economic situation in the Republic of China and the impact of the worldwide financial crisis.



Director General Liao and Mr. Andrew Yang

Additionally, as noted above, there were three conference calls during the course of this reporting period. The highlights of these conference calls are summarized below.

April, 2009

The focus of this conference call was a discussion with Dr. David Wendt, President of the Jackson Hole Center for Global Affairs. Dr. Wendt discussed the challenges China faces in coal-fired power generation and how China is seeking to address the challenges through various policy approaches, including market-based initiatives, emission trading systems, combined heat and power, and coalmine methane recovery and utilization.

The interactive discussion also touched on other issues including the impact on investment due to

the current economic crisis, issues of water pollution and depletion related to coal-fired generation, the role of gas companies in coalmine methane development, and more.

The NARUC staff had a follow-up meeting with Dr. Wendt when both were in Washington, D.C. to see if some further discussions or joint projects might be accomplished. However, no prospect for such is currently seen given the lack of funding.

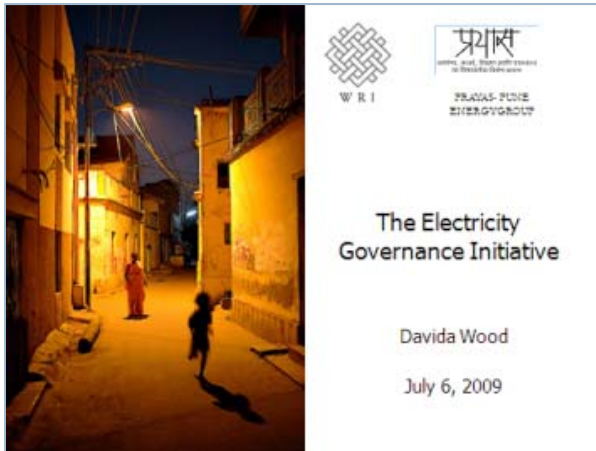
June, 2009

The agenda of this conference call primarily addressed the business of the Subcommittee. Topics included: selecting the vice-chair of the Subcommittee, finalizing the statement of purpose, discussing subcommittee membership, and discussing possible future projects to be undertaken by the Subcommittee.

July, 2009

The purpose of this meeting was to open a dialogue with Ms. Davida Wood of the World Resources Institute and formerly with USAID. Ms. Wood discussed the *Electricity Governance Toolkit* and some of the work being done by the World Resources Institute on Governance and Transparency issues.

The toolkit provides a framework for assessing governance and helping to identify best practices, provides a capacity building platform for improving practices, and contributed to improved communications among stakeholders.



More about this matter may be found at <http://electricitygovernance.wri.org/>.

More discussions may be warranted in the future by the Subcommittee to determine if there is a role for regulators or the Subcommittee relative to the Governance Initiative that is currently being utilized in programs in various parts of the world.

Resolutions and White Papers

At the NARUC Winter Committee Meetings held February, 2009, the International Relations Subcommittee presented a white paper that was written jointly with the Staff Subcommittee on Accounting and Finance. This white paper, titled *International Accounting: Why Should U.S. Regulators Care?*, provides a background on the possible transition to International Financial Accounting Standards (IFRS) that may, or may not, be mandated by the Securities and Exchange Commission.

The white paper was formally adopted as an official NARUC document as a result of a resolution presented by the Committee on

International Relations and adopted by the NARUC Board of Directors.

Other Activities

The International Relations Subcommittee continues to work jointly with the Staff Subcommittee on Accounting and Finance in monitoring activities regarding International Accounting. In April, 2009, NARUC filed comments with the Securities and Exchange Commission relative to its proposed *Roadmap* for a possible mandated transition from current U.S. accounting standards to international accounting and reporting standards.

Projects and Goals for Next Year

Several members of the Subcommittee have volunteered to work on a project with the purpose of trying to examine how regulators around the world determine whether a new investment is justified for inclusion in the utility's rate base (also known as the regulatory asset base).

Additional activity relative to International Accounting may occur through the filing of comments with the International Accounting Standards Board on a project related to the utilization of regulatory assets. Other related activities may also occur on the potential accounting and reporting transition, as circumstances warrant.

The Subcommittee has also scheduled a conference call with Dr. Usha Ramachandra, Administrative Staff College of India, to discuss her thoughts on power sector reforms in India.