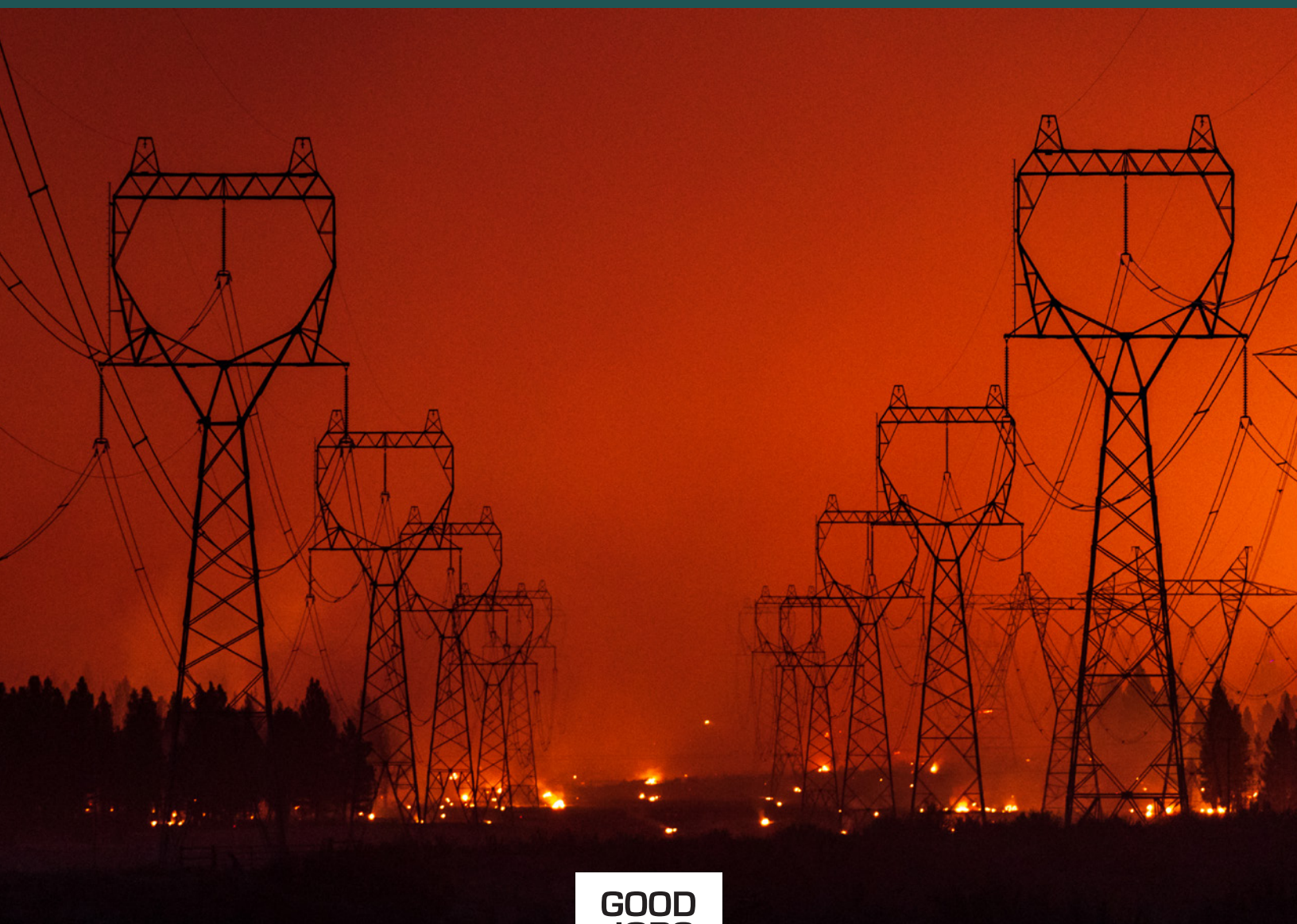


# Policing the Grid

Safety and Service Enforcement  
by State Public Utility Commissions



**GOOD  
JOBS  
FIRST  
.ORG**

MARCH 2022

# Policing the Grid

## Safety and Service Enforcement by State Public Utility Commissions

*Adam Warner and Philip Mattera*

CORPORATE RESEARCH PROJECT OF



March 2022  
Good Jobs First  
Washington, DC  
[www.goodjobsfirst.org](http://www.goodjobsfirst.org)

©Copyright 2022 by Good Jobs First

# EXECUTIVE SUMMARY

Over the past two decades, state public utility commissions have brought more than 2,000 enforcement actions against regulated companies for violations of rules relating to safety, the quality and reliability of service, and consumer protection.

Along with cases brought by attorneys general in some states, more than \$13 billion in fines and settlements have been collected from companies operating in the electric/gas utility, energy generation and distribution, and telecommunications sectors. Seventeen large parent companies account for \$12.2 billion, or 94%, of the total.

California collected by far the most penalties, more than \$8 billion, from utility companies, especially Pacific Gas & Electric. Texas led the states in terms of the number of cases, with 365, yet collected only \$67 million in penalties. Nearly one quarter of the penalty total resulted from multistate actions by groups of state attorneys general.

## STATE PUBLIC UTILITY COMMISSIONS

Alabama Public Service Commission  
Alaska Regulatory Commission  
Arizona Corporation Commission  
Arkansas Public Service Commission  
California Public Utilities Commission  
Colorado Public Utilities Commission  
Connecticut Public Utilities Regulatory Authority  
Delaware Public Service Commission  
District of Columbia Public Service Commission  
Florida Public Service Commission  
Georgia Public Service Commission  
Hawaii Public Utilities Commission  
Idaho Public Utilities Commission  
Illinois Commerce Commission  
Indiana Utility Regulatory Commission  
Iowa Utilities Board  
Kansas Corporation Commission

Kentucky Public Service Commission  
Louisiana Public Service Commission  
Maine Public Utilities Commission  
Maryland Public Service Commission  
Massachusetts Department of Public Utilities  
Michigan Public Service Commission  
Minnesota Public Utilities Commission  
Mississippi Public Service Commission  
Missouri Public Service Commission  
Montana Public Service Commission  
Nebraska Public Service Commission  
Nevada Public Utilities Commission  
New Hampshire Public Utilities Commission  
New Jersey Board of Public Utilities  
New Mexico Public Regulation Commission  
New York Public Service Commission  
North Carolina Utilities Commission

North Dakota Public Service Commission  
Ohio Public Utilities Commission  
Oklahoma Corporation Commission  
Oregon Public Utility Commission  
Pennsylvania Public Utility Commission  
Rhode Island Public Utilities Commission  
South Carolina Public Service Commission  
South Dakota Public Utilities Commission  
Tennessee Public Utility Commission  
Texas Public Utility Commission  
Utah Public Service Commission  
Vermont Public Utility Commission  
Virginia State Corporation Commission  
Washington Utilities and Transportation Commission  
West Virginia Public Service Commission  
Wisconsin Public Service Commission  
Wyoming Public Service Commission

# INTRODUCTION

Public utility commissions (PUC) are state entities that regulate sectors such as electric power, natural gas, telecommunications, water and transportation. PUCs are best known for their role in rate-setting and resource planning, but they also play an enforcement role with regard to safety, service reliability and consumer protection.

As part of an expansion of its Violation Tracker database, the Corporate Research Project collected data on enforcement actions by PUCs in all 50 states and the District of Columbia dating back to the beginning of 2000. Including only those in which a monetary penalty of at least \$5,000 was imposed, we ended up with a dataset of 2,193 cases brought by 47 state PUCs with total penalties of \$6.4 billion.

Given that some states handle utility enforcement activity through their attorneys general, we added 144 AG cases previously collected for Violation Tracker. Among these are 21 cases brought jointly by groups of AG offices. The AG cases overall added \$6.8 billion in penalties.

We tagged each PUC and AG enforcement action with one of the following primary offense types:

- consumer protection violations: cases involving unfair or improper practices, such as an \$840,000 penalty against DTE Energy for improper service shutoff policies;
- utility safety violations: cases involving practices that create hazards, such as the

\$21 million penalty against National Grid for failing to protect underground natural gas pipelines from corrosion;

- utility service violations: cases involving deficiencies in meeting the obligation to provide reliable service, such as a \$10 million penalty paid by PSEG Long Island for failing to adequately prepare for Tropical Storm Isaias in 2020; and
- utility administrative violations: a catchall category for other offenses such as inadequate recordkeeping and failure to get permission to make changes in service as well as more serious cases such as one in which Southern California Edison paid a penalty of \$146 million for submitting falsified customer satisfaction data to regulators.

All the cases analyzed in this report can be found in [Violation Tracker](#). Each entry contains details on the case and lists the information source, which in almost all instances is an agency website or material received in response to an open records request.



# STATE VARIATIONS

States vary greatly in their utility enforcement activity. In terms of penalties imposed since 2000, California is far and away in the lead, with a total of more than \$8 billion (see Table 1). A substantial portion of the penalties were brought against Pacific Gas & Electric for maintenance failures that helped cause disastrous wildfires.

New York has the second largest penalty total at \$896 million. In recent years, the state has assessed several multi-million-dollar fines against utilities such as Consolidated Edison for violations relating to the reliability of service after major weather events and a major gas pipeline explosion incident in Harlem. All other state penalty totals are below \$200 million. Taken as a group, multistate AG cases have resulted in more penalties than any individual state other than California.

Caseloads also vary significantly from state to state. Texas, California, New York, Maine, Massachusetts, Pennsylvania, Massachusetts and Michigan were the only states with more than 100 cases for the period. Texas had the largest caseload of any state with 365. The majority of the offenses in Texas were utility service violations (237) relating to resource adequacy issues. By contrast, other states with higher caseloads, such as Michigan and Massachusetts, had many more utility safety violations regarding natural gas pipelines and underground facilities protection.

**Table 1 States with Largest Penalty Totals and Case Counts**

State	Total Penalties	Total Case Count
CA	\$8,042,680,881	252
Multistate AG actions	\$2,884,949,998	21
NY	\$896,244,850	196
MO	\$186,316,503	49
MA	\$165,654,000	141
WV	\$162,550,782	9
AZ	\$146,333,500	15
IL	\$100,796,710	25

Alabama, Alaska, South Carolina and Wyoming did not have any enforcement actions that met our criteria. The reasons for the lack of enforcement action varied; in some cases, states may take enforcement actions and not issue penalties. In addition to the states with no cases, 25 states collected less than \$10 million in total penalties, while another 31 states had fewer than 25 total cases with penalties of at least \$5,000.

# PARENT COMPANY PENALTIES AND CASELOAD

Of the \$13 billion total in PUC and AG penalty assessments, \$12 billion were accounted for by the subsidiaries of 17 large parent companies, many of which have operations in various states. As shown in Table 2, each of the 17 have penalty totals in excess of \$100 million.

The penalty totals for a handful of parent companies far outstrip the others. PG&E is in a class by itself with over \$5 billion in penalties. There are two other parents with totals above \$1 billion.

Pipeline operator Kinder Morgan is in second place as a result of a \$1.45 billion multistate AG settlement with its subsidiary El Paso Corporation, while power generator NRG Energy ranks third mainly because of a \$750 million settlement between its subsidiary Mirant Corporation and the California AG. Both of these cases stemmed from the Western energy crisis of the early 2000s.

Edison International ranks fourth, with over \$840 million in penalties, because of 17 cases

brought against its subsidiary Southern California Edison for safety and consumer violations.

**Table 2 Parent Companies with Largest Penalty Totals**

Parent	Industry	Total Penalties
PG&E Corp.	electric/gas utility	\$5,035,700,000
Kinder Morgan	pipeline operator	\$1,520,000,000
NRG Energy	energy generation/distribution	\$1,211,360,581
Edison International	electric/gas utility	\$842,067,000
BC Hydro	energy generation/distribution	\$750,000,000
Consolidated Edison	electric/gas utility	\$528,254,500
Williams Companies	energy generation/distribution	\$432,010,000
Vistra Energy	energy generation/distribution	\$304,695,500
DISH Network	telecommunications	\$223,469,500
Charter Communications	telecommunications	\$210,232,020
Duke Energy	electric/gas utility	\$208,145,000
Frontier Communications	telecommunications	\$194,996,000
Ameren	electric/gas utility	\$180,485,000
AT&T	telecommunications	\$165,350,139
EverSource Energy	electric/gas utility	\$145,200,000
Lumen Technologies	telecommunications	\$119,717,100
T-Mobile US	telecommunications	\$118,749,553

# BREAKDOWN BY UTILITY AND OFFENSE TYPES

The top parent companies operate across sectors including electric/gas utility services, energy generation and distribution (including pipelines), and telecommunications.

As shown in Table 3, companies operating in the electric/gas utility sector account for the largest share (57%) of total penalties among the top 17 parents. The outsized representation of the sector in total penalties owes to the historic penalties brought against PG&E, as discussed above. The electric/gas utility services sector also recorded the largest penalties for each of the four offense types.

Companies operating in the energy generation and distribution segment accounted for 35% of penalties among the top parents (\$4.2 billion). The majority of these penalties were assessed by state attorneys general through individual and multi-state cases. The top offense category by far for this sector were consumer protection violations; in particular, companies were charged with price gouging and anti-competitive practices during the Western energy crisis of the early 2000s.

Finally, telecommunications companies accounted for 8% of the penalties (\$1 billion). The majority of these involved consumer protection cases brought by state AG offices. Two of the largest recent cases charged that two

**Table 3 Violation Type by Parent Industry and Offense Type**

Industry	Primary Offense	Penalty Total
electric/gas utility	consumer protection violation	\$1,355,144,500
	utility administrative violation	\$453,590,000
	utility safety violation	\$4,963,861,000
	utility service violation	\$167,256,000
	<b>Total</b>	<b>\$6,939,851,500</b>
energy generation and distribution (incl. pipeline)	consumer protection violation	\$4,200,587,000
	utility safety violation	\$45,000
	utility service violation	\$17,618,081
	<b>Total</b>	<b>\$4,218,250,081</b>
telecommunications	consumer protection violation	\$901,813,762
	utility administrative violation	\$66,182,500
	utility safety violation	\$9,856,300
	utility service violation	\$54,661,750
	<b>Total</b>	<b>\$1,032,514,312</b>

internet service providers defrauded customers by denying them fast and reliable internet service: the West Virginia Attorney General brought a case against Frontier Communications for \$160 million and the New York Attorney General against Charter Communications for \$174 million.

Some utility parent companies have comparatively low penalty totals with high total caseloads. Iberdrola's subsidiaries, for example, were assessed just \$26 million in penalties yet tallied the most individual cases, with 96.

The Spanish company has a number of gas/ electric utility assets in the eastern United States, including Maine, Massachusetts, Connecticut and New York. Of the total

enforcement actions brought against Iberdrola, the majority were utility safety violations relating to gas pipeline safety and underground facilities protection.

---

## CONCLUSION

In addition to their rate-setting and resource planning responsibilities, PUCs play a significant enforcement role with regard to safety, service reliability and consumer protection. PUCs vary considerably when it comes to exercising this role. At one end, a handful of states issued no penalties and numerous others had low penalty and caseload totals.

On the other hand, states such as California and New York stand apart for a track record of consistently issuing large fines. In recent years, the very largest fines issued by these states involved equipment failures and service outages during extreme weather events. Notably, the California Public Utilities Commission assessed PG&E a \$1.9 billion fine for power line maintenance failures that were involved in the ignition of the 2017-2018 Northern California wildfires.

With climate change increasing the likelihood of extreme weather events such as wildfires, PUC regulators are using their rate-setting and resource planning roles to develop policies to compel utility companies to engage in climate resilience planning. Enforcement actions are another tool available to PUCs for addressing the challenges of climate change and other matters of public interest.



[goodjobsfirst.org](http://goodjobsfirst.org)

**1380 Monroe St NW  
PMB 405  
Washington DC 20010  
202-232-1616**

**GOOD  
JOBS  
FIRST  
.ORG**