

Accountability Report Transmittal Form

Agency Name: **Public Service Commission of South Carolina**

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Public Service Commission of South Carolina

Accountability Report

Fiscal Year 2006-2007

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## Section I – Executive Summary

- **Mission and values:**

The duties of the Public Service Commission include the power and jurisdiction to supervise and regulate the rates and service of investor owned public utilities in the state of South Carolina and to fix just and reasonable standards for their rates and service.

The mission of the Public Service Commission is to regulate the state's investor owned utilities in a fair, open, and effective process that provides all interested parties an opportunity to be heard. The regulatory process must reflect the increasingly competitive nature of the regulated utilities while seeking to best serve the needs of the citizens of the state. The Commission seeks to accomplish this goal while encouraging a sense of satisfaction and accomplishment in its employees. The Commission's duties require high quality analysis and detailed knowledge of issues by the commissioners and staff. Commissioners and staff must also exhibit a high level of integrity to earn and maintain the trust and respect of the agency's constituents.

- **Major achievements for 2006-2007:**

Key business results for the 2006-2007 year include improvements in communications, operations, and professional development. The major achievements are:

### **Communications**

The Commission conducted public workshops to address areas of interest such as net metering and smart metering in the electric marketplace and the telecommunication industry's proposed Missoula Plan for intercarrier compensation reform. These meetings also fostered better relations between the Commission and its customers.

Enhancements and additions were made to the Commission's web based systems that are used to submit and access information on file with the commission. A new system was launched in early 2007 that allows users to view and file tariffs electronically. The Docket Management System (DMS) was enhanced with the following:

- The addition of non-docketed items;
- The expansion of email notification options;
- Improvements to site navigation; and
- Database additions to include all orders dating back to 1983.

A notification system was implemented to inform the parties of record in a docket of the date of the Commission Agenda Meeting at which a decision will be made concerning their case.

### **Operations**

Staff productivity was increased with the implementation of the above mentioned enhancements and additions to the Commission's web based systems.

A tracking system was implemented to notify Commission staff when follow-up activity from a party of record is due as a result of an issued order.

The Deputy Clerk and the Legal Department continued the extensive review of the agency's regulations that was begun in 2005-2006.

- Revisions to Articles 5, 6, 7, & 8 were approved by the General Assembly during the 2007 legislative session.
- Proposed changes to Articles 1, 2, 3 & 4 have been filed with the Legislative Council and public hearings have been held.

### **Professional Development**

Heavy emphasis was placed on professional development during this year to ensure that commissioners and staff have the necessary knowledge to adjudicate cases and identify issues and developments in utility law. Several training sessions were conducted using in-house and outside experts. Topics presented include:

- The Basics of Telecommunications
- Nuclear Power Expansion in the Carolinas
- The AT&T – BellSouth Merger
- Evidence Submission Procedures
- Power Systems Basics for Non-Engineering Professionals
- The Universal Service Fund

Commissioner and staff also participated in the National Association of Regulated Utility Commissioners (NARUC) and Southeast Association of Regulated Utility Commissioners (SEARUC) conferences and workshops to keep abreast of current issues within the regulated industries.

### **• Key strategic goals for present and future years:**

The goals for the 2006-2007 fiscal year focused on improving operations and increasing professional development to enhance the knowledge and improve the skills of the commissioners and staff. These goals will be expanded to include more leadership opportunities through national and local organizations that will further the professional development of the Commission.

An on-going goal of the Commission is to improve its operations through technological advances. As opportunities are identified, the Commission will investigate the costs and benefits and take the appropriate actions.

In 2007-2008, the Commission will contract with the National Center for State Courts (NCSC) to conduct a review of its operations and recommend a case management system to assist in the order processing phase of its operations.

- **Opportunities and barriers:**

In Act 175 of 2004, the General Assembly restructured the Public Service Commission of South Carolina by: 1) reestablishing the Public Service Commission as a quasi judicial body charged with the adjudication of cases involving the state's investor owned utilities; 2) establishing the Office of Regulatory Staff (ORS) to represent the public interest; and 3) establishing the State Regulation of Public Utilities Review Committee (PURC), a joint legislative committee charged with oversight of the new reform.

Because of this reform, communication with the commissioners or staff on cases pending before the Commission or on matters that may come before the Commission as part of a case, must be handled in such a way that ex parte communication is avoided. Measures have been put into place to ensure compliance with Act 175.

The Commission also recognizes the need for the public to be better informed about the system of utility regulation. The Commission would very much like for customers to better understand how their rates are set, and how they can have a voice in the process. The Commission will continue to look for ways to open the regulatory process to the state's consumers.

- **How the accountability report is used to improve performance:**

The Accountability Report is used in tandem with the agency's strategic plan to measure organizational performance and gauge overall progress in fulfilling the organization's mission and objectives.

## Section II – Organizational Profile

- **Main products and services and primary methods by which these are delivered:**

The PSC serves as a quasi judicial body charged with the adjudication of cases involving the state’s investor owned utilities that provide electric, gas, telecommunications, water, sewer, and various transportation services to the citizens of South Carolina. As such, it is the Commission’s duty to accept all filings, pleadings, testimony, etc. that are associated with cases presented before the Commission and to rule on such cases in the form of issuance of orders. These orders put into full force and effect rulings on:

- Rates and schedules
- Certificates of operation for telecommunications and transportation carriers
- Consumer complaints
- Service issues
- Territorial assignments of regulated utilities
- Telecommunications interconnection agreements
- Prudency reviews of electric and gas utilities’ fuel purchasing practices
- Arbitration of disputes involving certain federal statutes, such as the Federal Communications Act of 1996
- Reviews of allowable costs for Chem-Nuclear Systems, LLC
- Standards under the federal Energy Policy Act of 2005

The Commission’s Docket Management System (DMS), an on-line case management system (<http://dms.psc.sc.gov>), maintains the documents and events associated with a case. Hearings on cases are held before the commissioners, and directives are issued from the bench at the weekly public Commission Agenda Meetings. (See Chart 7.1.1, page 19.) Orders are subsequently issued to the parties on record in the case.

- **Key customers and their key requirements/expectations:**

As a regulatory agency, the key customers of the Public Service Commission are the utilities subject to the jurisdiction of the Commission and the public who are served by these regulated utilities. The statutory mandate of the Public Service Commission is to ensure that the rates charged by the utilities are just and reasonable. The Commission also ensures that service quality standards are maintained and that utility customers are treated fairly.

- **Key stakeholders:**

The regulations and rulings of the Commission directly impact other state agencies such as the ORS, and the Department of Health and Environmental Control (DHEC). In addition, NARUC, SEARUC, and the Federal Energy Regulatory Commission (FERC) benefit from the Commission's involvement with these organizations. The PURC is the joint legislative committee charged with the oversight of the Commission as a result of Act 175.

- **Key suppliers and partners:**

The Commission employs the services of software designers to develop, enhance, and maintain its web based systems, and a network support specialist to maintain its network software in conjunction with the Commission's information technology staff.

- **Operation location:**

The Public Service Commission's office is located on the first floor of the Saluda Building in the Synergy Business Park in Lexington County. The street mailing address is 101 Executive Center Drive, Suite 100, Columbia, SC 29210.

- **Employment statistics:**

In FY 2006-07, the Public Service Commission had 38 classified full time equivalent positions, 1 temporary position, and 1 contract position.

- **Regulatory environment under which organization operates:**

The Commission regulates investor-owned electric, natural gas, telecommunications, water, and wastewater utilities for which numerous federal, state and local regulations exist. The Commission also regulates the transportation of household goods, hazardous waste, and passengers, which must conform to various safety and market regulations in order to obtain certificates of public convenience and necessity allowing them to operate in South Carolina. Finally, the Commission determines the allowable costs for Chem-Nuclear Systems, LLC, a regional low-level radioactive waste disposal facility located in Barnwell, South Carolina.



Most Commission orders may be appealed to the State Supreme Court. In addition, the Commission has some overlapping jurisdiction with federal entities such as the Federal Communications Commission (FCC), the FERC, and the North American Electric Reliability Council (NERC).

The Commission operates under the Occupational Health and Safety Act (OSHA) and the Americans with Disabilities Act (ADA).

- **Key strategic challenges:**

A key strategic challenge that the Commission faces is the recruitment and retention of qualified personnel. The duties of the Commission require a high degree of knowledge and expertise in specific areas such as utility rate accounting and regulatory law. Finding persons with the desired qualifications and willingness to accept the salary based on the state pay scale can be a challenge; qualified individuals often opt for higher compensation in the private sector.

Another key strategic challenge that faces the Commission is the desire to maintain an effective regulatory environment within the legal framework of a dynamic marketplace. For instance, over the last decade, the telecommunications market has changed dramatically with the growth of new services such as wireless telephone, Voice Over Internet Protocol (VOIP), and video services.

The nation's electric and gas industry is subject to a broad range of regulatory models across the country, and regulators have taken a number of measures to increase competition and investment. The Commission must effectively regulate these industries, safeguarding the ratepayers, without unduly burdening the industries or stifling competition.

The water and sewer industries are also faced with stricter environmental regulations, as well as the rising cost of water itself, which is often purchased from third party providers and distributed to the customer by the utilities. Both of these factors can increase operating expenses.

- **Performance improvement systems:**

The Commission currently records and monitors on a monthly basis several key inputs and outputs in its docket processing system. These key identifiers such as new dockets, notices, hearings, directives, orders and public inquiries assist management in allocating resources to meet demands. (See Charts 7.1.1-7.1.4, 7.2.4-7.2.6, pages 19-24.)

Activity related to agency Hearing Officers and Hearing Examiners is also tracked to ensure that this component of the Commission is utilized whenever possible to improve the timeliness of proceedings. (See Chart 7.1.5, page 21.)

Twice a year the Commission has meetings with its Advisory Committee, which consists of more than thirty members from the legal community who regularly practice before the Commission. Discussions center on current and new operations, suggestions for improvement, and feedback on the Commission's priorities and objectives.

An external system is also employed which features a customer satisfaction survey to identify areas of concern and improvement with respect to docketing operations.

• **Organizational structure:**

The Public Service Commission is comprised of a seven member board elected by the General Assembly for four year terms, representing each congressional district plus an at-large member.

**Public Service Commission of South Carolina**

	Commissioner John E. "Butch" Howard Charleston, SC  Representing District 1 Term Expires June 30, 2008		Commissioner David A. Wright Columbia, SC  Representing District 2 Term Expires June 30, 2010
	Commissioner Randy Mitchell Saluda, SC  Representing District 3 Term Expires June 30, 2008		Commissioner Elizabeth B. "Lib" Fleming Spartanburg, SC  Representing District 4 Term Expires June 30, 2010
	Commissioner G. O'Neal Hamilton Bennettsville, SC  Representing District 5 Term Expires June 30, 2008		Commissioner Mignon L. Clyburn Charleston, SC  Representing District 6 Term Expires June 30, 2010
	Commissioner C. Robert "Bob" Moseley Irmo, SC  At-Large Representative Term Expires June 30, 2008		Chief Clerk/Administrator Charles L.A. Terreni Columbia, SC

The Chief Clerk and Administrator, with the aid of the Deputy Clerk, manages the day-to-day operations of the Commission. Four departments, Administrative, Docketing, Legal, and Special Assistants, perform the daily duties of the Commission. All departments have a manager reporting directly to the Chief Clerk.

• **Expenditures/Appropriations Chart:**

Actual expenditures for fiscal years 2005-2006, 2006-2007 and appropriations for 2007-2008 are shown in the following chart. The utilities regulated by the Public Service Commission are assessed to provide funding for the Commission.

Major Budget Categories	FY 05-06 Actual Expenditures		FY 06-07 Actual Expenditures		FY 07-08 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 2,432,113		\$ 2,612,637		\$ 2,666,373	
Other Operating	\$ 909,475		\$ 903,458		\$ 1,129,101	
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$ 617,137		\$ 720,733		\$ 733,834	
Non-recurring						
<b>Total</b>	<b>\$ 3,958,725</b>		<b>\$ 4,236,828</b>		<b>\$ 4,529,308</b>	

• **Major Program Areas Chart:**

<b>Program Number and Title</b>	<b>Major Program Area Purpose (Brief)</b>	<b>FY 05-06 Budget Expenditures</b>	<b>FY 06-07 Budget Expenditures</b>	<b>Key Cross References for Financial Results*</b>
Administrative Department	Provides administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency's mission.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$1,745,203 <b>Total:</b> \$1,745,203 <b>% of Total Budget:</b> 44%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$ 2,200,327 <b>Total:</b> \$ 2,200,327 <b>% of Total Budget:</b> 52%	Chart 7.2.1 Chart 7.2.2 Figure 7.2.3
Docketing Department	Processes all legal documents that are filed with the Commission. Creates and mails all notices of filings. Processes public inquiries.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$640,595 <b>Total:</b> \$640,595 <b>% of Total Budget:</b> 16%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$817,820 <b>Total:</b> \$817,820 <b>% of Total Budget:</b> 19%	Chart 7.1.4 Chart 7.2.4 Chart 7.2.5 Chart 7.2.6 Chart 7.2.7
Legal Department	Advises the Commission regarding pending cases.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$459,621 <b>Total:</b> \$459,621 <b>% of Total Budget:</b> 12%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$676,021 <b>Total:</b> \$676,021 <b>% of Total Budget:</b> 16%	Chart 7.1.1 Chart 7.1.2 Chart 7.1.3 Chart 7.1.5 Figure 7.5.1
Office of Special Assistants	Provides technical advice to the commissioners and staff.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$496,169 <b>Total:</b> \$496,169 <b>% of Total Budget:</b> 12%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$542,660 <b>Total:</b> \$542,660 <b>% of Total Budget:</b> 13%	Chart 7.4.1
<b>Below: List any programs not included above and show the remainder of expenditures by source of funds.</b>				
	<b>Remainder of Expenditures:</b>	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$617,137 <b>Total:</b> \$617,137 <b>% of Total Budget:</b> 16%	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b> \$542,660 <b>% of Total Budget:</b>	

## **Section III – Elements of Malcolm Baldrige Award Criteria**

### **Category 1 - Leadership**

The Public Service Commission performs an annual exercise of developing performance measures in the areas that are critical to the successful operation of the agency. Under direction of the PURC, and with input from the Commission's Advisory Committee, key performance goals and action items are identified. These goals and action items translate into the Commission's performance measurement system which guides the agency in the management of its processes.

Senior leaders (i.e. the Commission and its professional staff) set, deploy and ensure two-way communication for short and long term direction and organizational priorities through the performance measurement process described above. Senior leaders regularly review the progress on the action items established in the performance measurement process. The PURC periodically reviews the performance measures as well.

The goals developed in the performance measurement process reflect the values by which the Commission operates: fairness in its decision-making, aspiring to professional excellence, and providing value and accountability to the citizens of South Carolina.

The Commission encourages individual contribution to performance and operations improvements. Developmental and training needs are identified by the senior management, and as deficiencies are identified, solutions are developed to provide the necessary instruction.

Senior leadership fosters ethical behavior by attending an annual ethics seminar, publishing a periodic newsletter that addresses ethics issues, and the designation of in-house personnel to resolve issues that arise in the day to day operations.

Senior leaders promote a focus on customers and other stakeholders by utilizing the Commission's Advisory Committee in a series of forums that address operations and procedures at the Commission, independent surveys of parties that practice before the Commission, and soliciting customer feedback through a satisfaction survey.

The Commission addresses the current and potential impact on the public with respect to its services, facilities, and operations by conducting hearings that are open to the public. In these hearings, public comment is both requested and desired. In addition, the companies that are under jurisdiction of the Commission must publish notices in local media concerning changes to their operations as mandated by the Commission's regulations. For instance, this past year, public hearings were held at the Commission's office to address utility issues such as net metering and smart metering and the Missoula Plan.

Senior leaders maintain fiscal, legal and regulatory accountability through regular communication with the State Public Utility Review Committee. The Commission's budget must be reviewed by the PURC prior to submission for approval, and periodic finance reports are given to the PURC and the Division of Finance at the State Budget and Control Board.

Senior leaders regularly review the progress on the action items that were established in the performance measures development process. In addition, key statistics related to operations are reported and tracked on a monthly basis.

The performance measurement process defines the organizational values for the Commission, and the developed action items provide a means to meet the goals established for the Commission. Senior leadership improves its own effectiveness by identifying areas where additional knowledge and skills are required in order to meet the objectives in the performance measurement system. This past year, several in-house seminars were held on topics ranging from the basics of telecommunications to regional planning for electric utilities to the Request for Proposal process for utilities.

The commissioners of the Public Service Commission are elected by the General Assembly. The chairman and the senior staff work to promote and educate future organizational leaders by identifying programs that will cultivate the skills necessary to lead the agency. This past year, commissioners attended the NARUC sponsored utility rate school, the Commission's Chief Clerk is enrolled in the Executive Institute, and Deputy Clerk is enrolled in the State's Certified Public Manager Program.

Senior leaders use the performance measurement process to create an environment for performance improvement, accomplishment of strategic objectives, and innovation.

The Commission's senior leadership actively supports and strengthens the communities in which the agency operates by volunteering their time to numerous civic and religious organizations. In addition, members of the Commission serve the youth of the community by their involvement in local school and recreational programs. Some activities and service organizations that Commission is involved in to enrich their communities are Habitat to Humanity, Rotary Club, Ruritan Club, the YMCA, the United Way, Toys for Tots, and the Harvest Hope Food Bank. Several members of the Commission are also involved in their local Chambers of Commerce. In addition, members of the Commission participated in the American Red Cross blood drive held at the Synergy Business Park.

## **Category 2 - Strategic Planning**

The regulatory climate today is dynamic and can be best addressed through a proactive regulatory process that reflects the increased competitive nature of the companies within the nation and the state while seeking to best serve the needs of all of the citizens of the state.

The PURC oversees the operations at the Commission. Together with the recommendations of the PURC and the Commission's Advisory Committee, which is comprised of individuals who deal with the Commission on a regular basis, senior management develops the strategic plan and implementation process.

Our strategic planning process addresses our organization's strengths, weaknesses, opportunities, and threats by identifying those areas that are critical to the successful operation of the agency and the systems that must be in place and function at optimum performance to achieve our goals. Those critical operations are functions performed by the docketing staff related to filings of matters and disbursement of orders, hearings conducted by the commissioners, and the legal staff's advice to the Commission and assistance in drafting orders. Senior management is involved in the day to day operations of these functions and is able to make necessary adjustments to meet goals. The PURC oversees the operations at the Commission and recommends objectives that need to be met in order to comply with regulations.

The public utility arena has become increasingly competitive over that last decade with the introduction of deregulation on both the federal and state levels. The Commission must stay informed on these initiatives and respond to situations in a timely manner. This is done through the Commission's affiliation with the NARUC and the Southeast Association of Regulatory Utility Commissioners (SEARUC) and their partnered organizations.

To keep informed of potential legislation or court rulings on the federal or state level that would impact the Commission, an alert system was implemented to notify senior leadership.

The Commission is continually striving to maintain cutting edge technology with respect to its operations. As new technology becomes available, the information technology staff investigates its potential benefits and makes recommendations to senior management.

In the event of a state of emergency due to a manmade or natural disaster, ordinary operations at the Public Service Commission would resume after the state of emergency is lifted. However, the Commission will meet as needed to issue any emergency orders that may be necessary.

Key strategic objectives and action plans are outlined in the following chart:

### Strategic Planning Chart

<b>Program Number and Title</b>	<b>Supported Agency Strategic Planning Goal/Objective</b>	<b>Related FY 05-06 Key Agency Action Plan/Initiative(s)</b>	<b>Key Cross References for Performance Measures*</b>
Administrative Department	The Administrative Department provides administrative support and direction to ensure consistency, compliance, financial integrity, and fulfillment of the agency's mission.	Maintain all personnel-related records; record and file annual reports from regulated companies; provide a variety of information technology support services; handle internal mail distribution, photocopying, and central supplies; publish newsletters and reports; conduct training sessions for staff; develop agency budget; perform financial functions related to the agency such as payroll and general ledger accounting.	Chart 7.2.1 Chart 7.2.1 Figure 7.2.3
Docketing Department	The Docketing Department processes all legal documents that are filed with the Commission. Creates and mails all notices of filings.	Process all legal documents filed with the agency; prepare notices; maintain accurate and complete files of the commission's dockets; provide copies of recent and historical commission orders through the agency's online docket management system (DMS); provide court reporter services and transcripts, provide copies of matters filed in dockets to the public on the DMS; maintain company tariffs.	Chart 7.1.4, Chart 7.2.4 Chart 7.2.5, Chart 7.2.6 Chart 7.2.7
Legal Department	The Legal Department provides legal advice to the Commissioners and staff, and drafts the oral decisions of the Commission.	To properly set out in writing the decisions of the commission; provide appropriate consultation to the commission staff on all laws and regulations pertaining to the utility and transportation industries; attend national and regional conferences related to laws and regulations; review and revise regulations.	Chart 7.1.1, Chart 7.1.2, Chart 7.1.3, Chart 7.1.5, Figure 7.5.1
Office of Special Assistants	The Office of Special Assistants provides technical advice to commissioners and staff.	Provide policy input to the commissioners regarding changing and evolving regulations in reference to jurisdictional utilities; develop and present educational seminars to commissioners and staff; attend national and regional conferences related to laws and regulations; interact with external groups such as NARUC, NNRI, etc. via electronic communication and conference calls.	Chart 7.4.1

With the guidance of the PURC and input from the Commission's Advisory Committee, action plans are identified and developed by senior management so that the critical operations of the Commission will have the necessary resources to function at optimum performance. These resources may be human, systematic or technological. Senior



management oversees the day to day critical operations of the Commission and is able to allocate resources to meet the demands.

Strategic objectives, action plans, and related performance measures are communicated and deployed throughout the agency through senior management.

Progress is measured on action plan items by means of periodic update sessions with senior management. New tasks and additional resources are assigned, if necessary, at these meetings to ensure that the action item continues on track.

Evaluation and improvement of the strategic planning process requires senior management's knowledge of the short and long term goals for the agency coupled with the results from the performance measurement program and input from customers and key stakeholders.

### **Category 3 - Customer Focus**

Through our strategic planning, our customer and stakeholder groups have been identified as individuals and businesses acquiring the services provided by our regulated utilities, citizens of our state who would be affected by the unsafe operation of utility services, and utilities authorized to operate within the state of South Carolina.

A variety of procedures are employed to determine customer needs, expectations and satisfaction. These include:

- Workshops/Training Classes
- Generic Proceedings
- Advisory Focus Groups
- Publications/Public Service Announcements/Websites
- Performance Surveys (formal and informal)
- Formal Proceedings

### **Category 4 - Measurement, Analysis, and Knowledge Management**

Key performance measures are identified as being those functions that are critical to the successful operation of the agency to achieve its goals. Those critical operations are functions performed by the docketing staff related to filings of matters and dispersement of orders, hearings conducted by the commissioners, and preparation and issuance of orders.

Monthly totals (number of new dockets, filings, notices, hearings, directives, orders, and public inquires, etc.) are collected, analyzed, and reported to senior management.

Senior management is involved in the day to day operations of these functions and can adjust workloads to ensure deadlines are being satisfied.

Although job functionality is specific to industry and workload is structured by industry, general cross training of duties does occur to handle the instances of vacations, sick leave, training, etc.

### **Category 5 - Human Resources**

Workloads are organized and managed according to function. From the time a docket is created, every department at the Commission is actively involved in its filing and disposition. A high level of cooperation exists between departments because of the interdependence in processing a docket.

Developmental and training needs are identified by senior management. As deficiencies are identified, solutions are developed to provide the necessary instruction. Individual training requests can be made to develop expertise or knowledge in an area of an employee's job description. This past year, employees attended classes on topics such as Utility Accounting, Microsoft Word, and Presentation Skills. Informal evaluations are recorded for training that is performed off-site. Employees are encouraged to use the new knowledge and skills.

Additional technology and appropriate tools required to perform job functions are utilized when resources are available. The Commission encourages individual contribution to performance and operations improvements.

The Synergy Business Park is a safe and secure workplace. Coded secure entrances provide security to employees. The Commission has a prevention and wellness program in place to educate its employees on good health practices for the home and workplace. Activities include cholesterol and blood pressure screening, stress management, workplace ergonomics seminars, and blood drives.

### **Category 6 - Process Management**

Most of the processes utilized by the Commission are dictated by statute or regulation. Whenever a party desires a hearing before the Commission, the party must file a formal application requesting a hearing. The Docketing Department reviews the application to ensure that it complies with all legal requirements. Once the Docketing Department accepts the application, the application is noticed on the Commission's agenda as an advised item to begin the notification process.

In most cases, public notice must be given, often in bill inserts and notices published in newspapers of the affected areas. Deadlines are set for intervention and the filing of testimony, and a hearing date is scheduled. Discovery, information requests, and

interrogatories follow the procedures set forth in the Code of Laws of South Carolina. A hearing before the Commissioners is held, and a court reporter transcribes the proceeding.

Parties generally file legal briefs or proposed orders shortly after the hearing transcripts are released to the parties. The commissioners render their decision at a Commissioners' Meeting, and the legal department drafts an order for their review and approval. After the order has been reviewed and approved by the commissioners, the Docketing Department mails a copy to the parties of record. Any party to the hearing can ask the commissioners to reconsider their decision and can appeal the decision to the Appellate Court. This process most often applies to our jurisdictional utilities.

The DMS is used extensively in the process management of these tasks. Since it is an online system, the parties of records and the general public can monitor the activity of the docket. Daily reports are generated from the DMS that list activity on the system with respect to process management (new dockets, filing of matter, issuance of orders, etc.)

With the input of the Commission staff, senior leadership, and the Commission's Advisory Group, improvements and updates to the processes are identified in order to improve performance.

## Category 7 - Business Results

Key business results for the 2006-2007 year include improvements in operations, communications, and professional development.

7.1 The Commission's primary duty is to adjudicate cases involving the state's investor owned utilities. Significant improvements in operations resulted in increased productivity, information flow and streamlining of processes.

- The Commission held 87 hearings this past fiscal year and issued over 850 orders. Since the restructuring of the agency on January of 2005, the Commission has been able to maintain its level of service. (Chart 7.1.1)

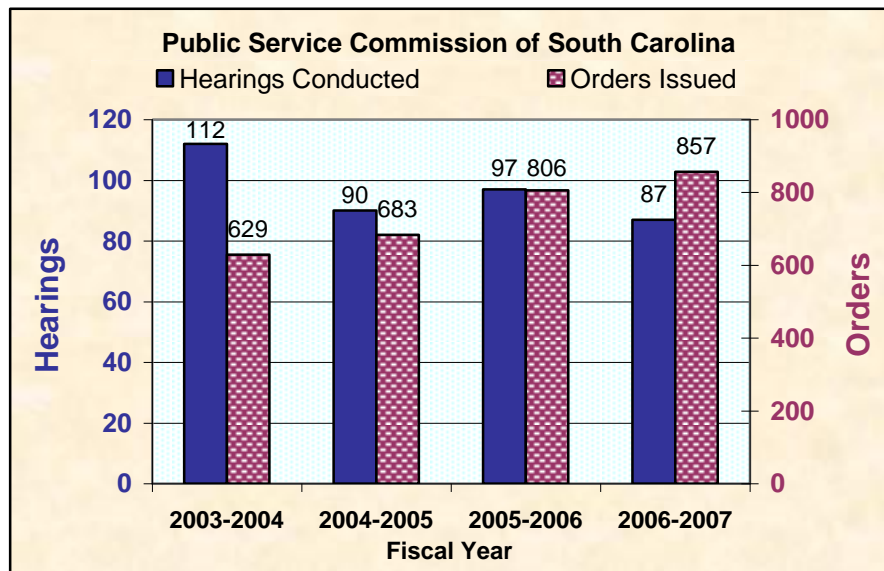


Chart 7.1.1 PSC Hearings and Orders

- The Commission's hearings encompass the telecommunications, electric, gas, water/wastewater, and transportation industries. (Chart 7.1.2)

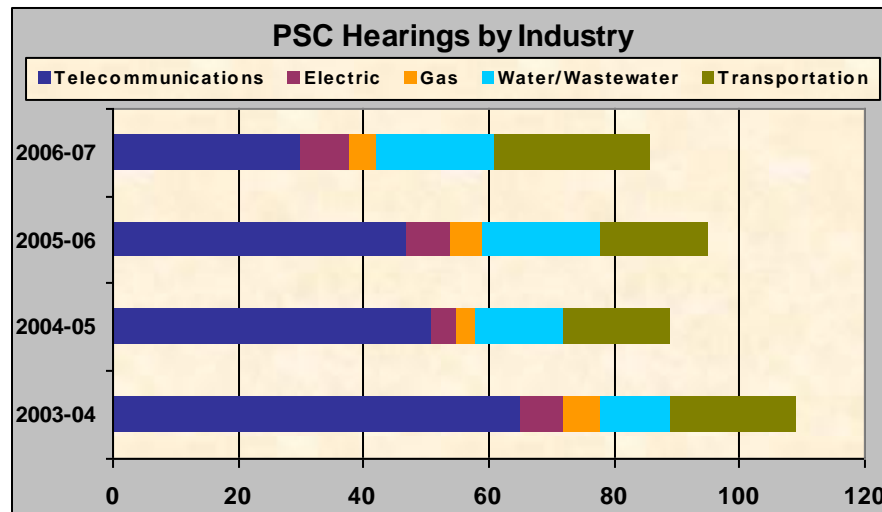


Chart 7.1.2 Hearings by Industry

- Over the last four years, half of the Commission’s hearings dealt with cases involving the telecommunications industry. As deregulation has been implemented, there has been a reduction in the number of telecommunications hearings, however the sector still accounts for over one third of the Commission’s hearings. Transportation and water/wastewater hearings comprise the second and third largest segments. (Chart 7.1.3)

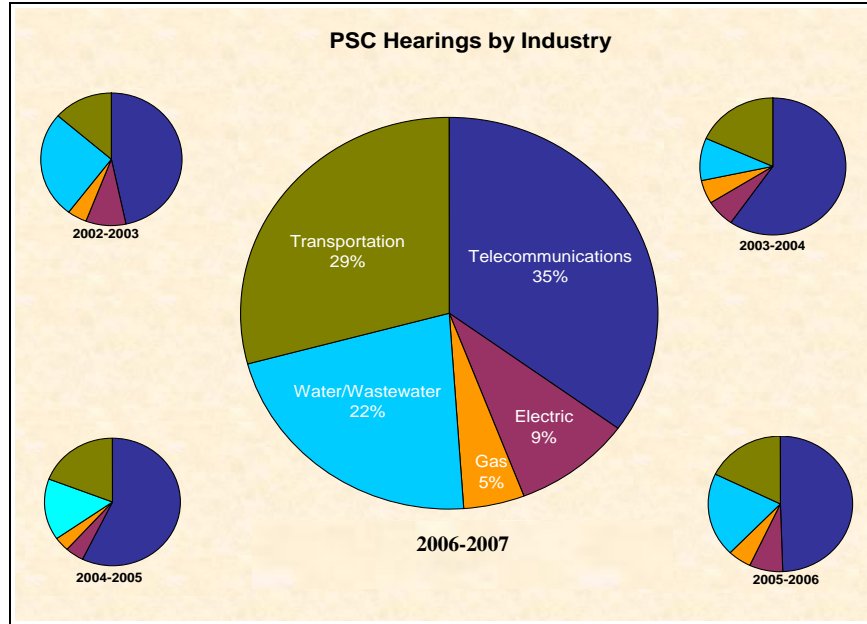


Chart 7.1.3 Hearings by Industry

- The Commission opened 499 new dockets during the fiscal year, a 36% increase over the previous year. (Chart 7.1.4) The telecommunications industry had the largest increase in new dockets.

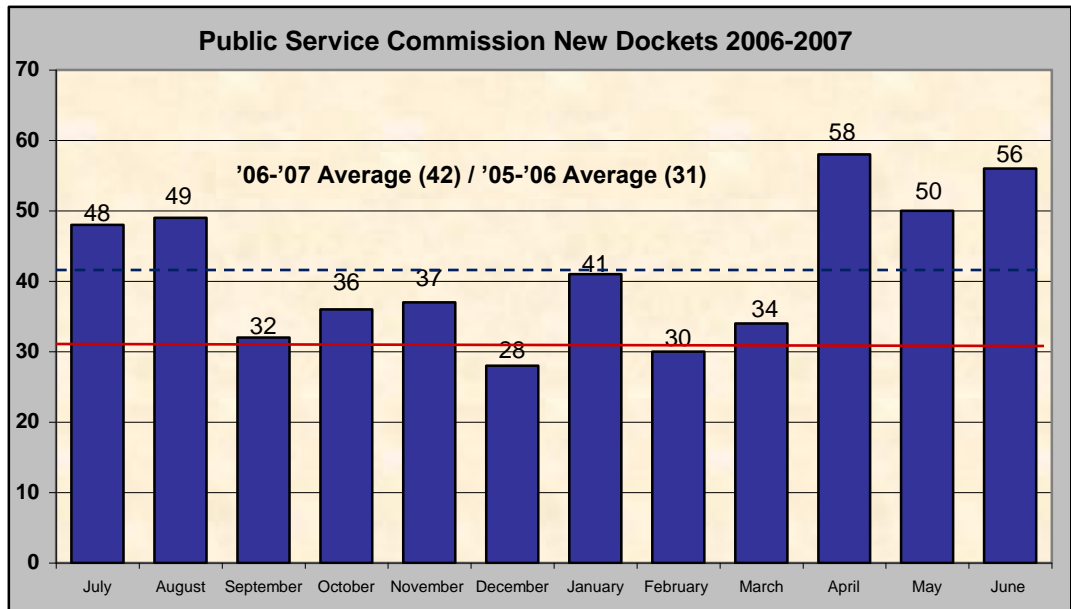


Chart 7.1.4 New Dockets

- Hearing officers and examiners were appointed to dispose of procedural matters and report findings of fact in appropriate cases. This action streamlined the hearing process in these cases. (Chart 7.1.5) A total of 50 directives were issued, an increase of 28% over the previous year.

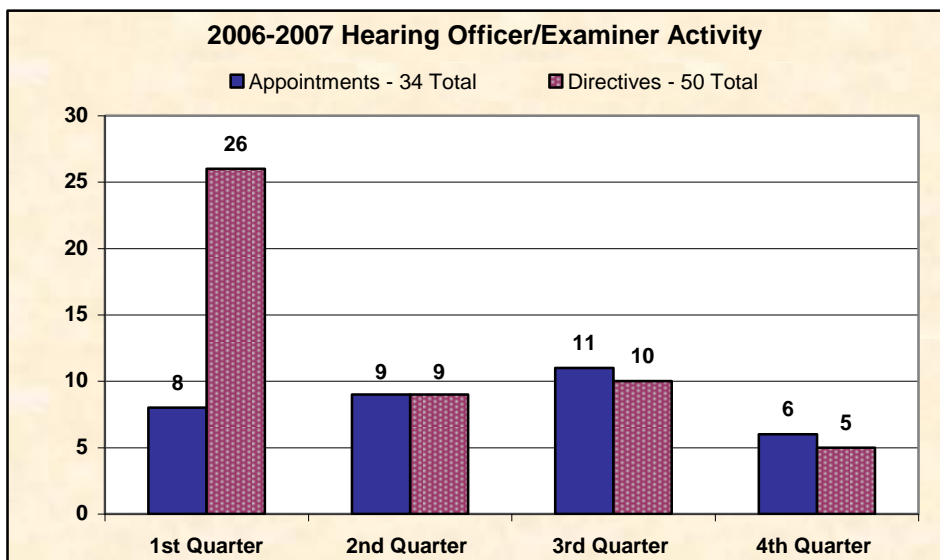


Chart 7.1.5 Hearing Officer/Examiner Activity

7.2 Action items completed in the communications area resulted in improved customer service, community support and improvements in products and services.

- A case notification system was implemented to inform the parties of record in a docket of the date of the Commission Agenda Meeting at which a decision will be made concerning their case. The notification is done either by email, regular mail or phone.
- Over the past year, public hearings were held on topics ranging from net metering and smart metering in the electric marketplace to the telecommunication industry's Missoula Plan. Informative hearings on water/wastewater standards for quality of service and electric and gas conservation and efficiency have been scheduled for the 2007-2008 year.
- The Commission publishes a quarterly newsletter which contains agency news, new hires, and articles on current issues within the regulated community. The newsletter is also posted on the agency's website for access by the general public.

- Enhancements to the agency’s website [www.psc.sc.gov](http://www.psc.sc.gov) and its online docket management system (DMS) <http://dms.psc.sc.gov> allowed the public more access to information related to the Commission’s operations. Both websites were redesigned to allow easier navigation. The Commission’s homepage [www.psc.sc.gov](http://www.psc.sc.gov) is used to inform the public of upcoming hearings and announcements, proposed regulations, and agency information. (Chart 7.2.1)

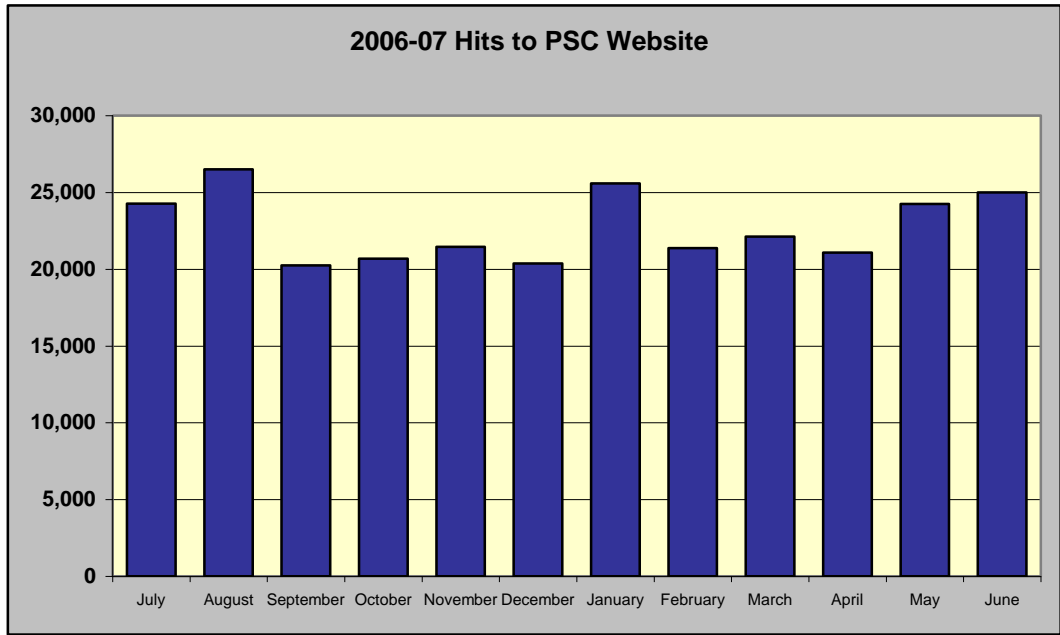


Chart 7.2.1 PSC Website Activity 2006-2007

- Most traffic comes to the Commission homepage by direct link, but visitors also access the webpage from referral sites such as the ORS website, NARUC’s website, and the state government websites. The homepage had visitors from 42 countries (Chart 7.2.2 and Figure 7.2.3)

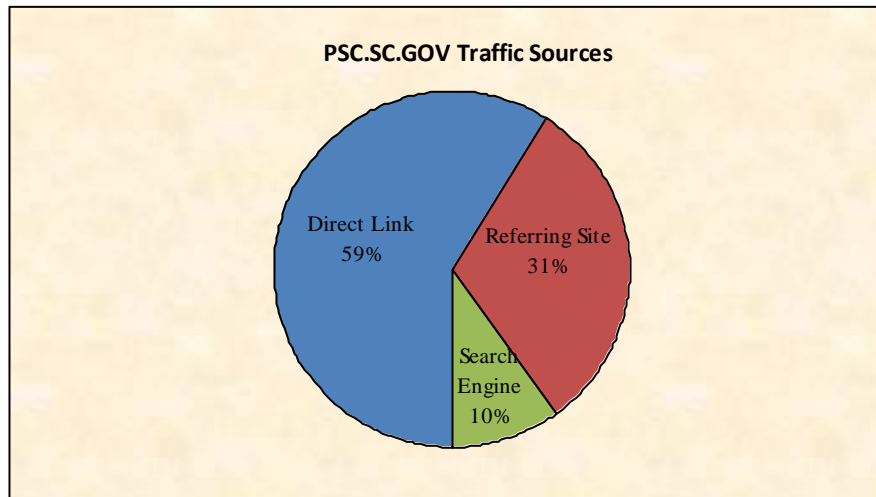


Chart 7.2.2 PSC Website Traffic

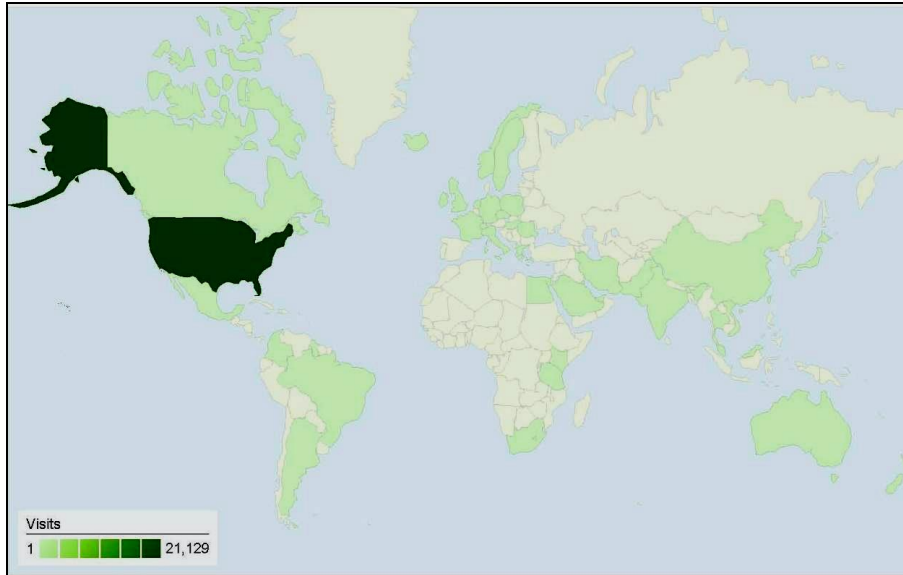


Figure 7.2.3 PSC Website Traffic

- Posting of matters related to docketed cases on DMS is a vital function of the Docketing Department, which posted over 5600 items this fiscal year. (Chart 7.2.4) Once the information is in DMS, it is available for public access over the internet. This information consists of applications, testimony, exhibits, notices, correspondence, etc.

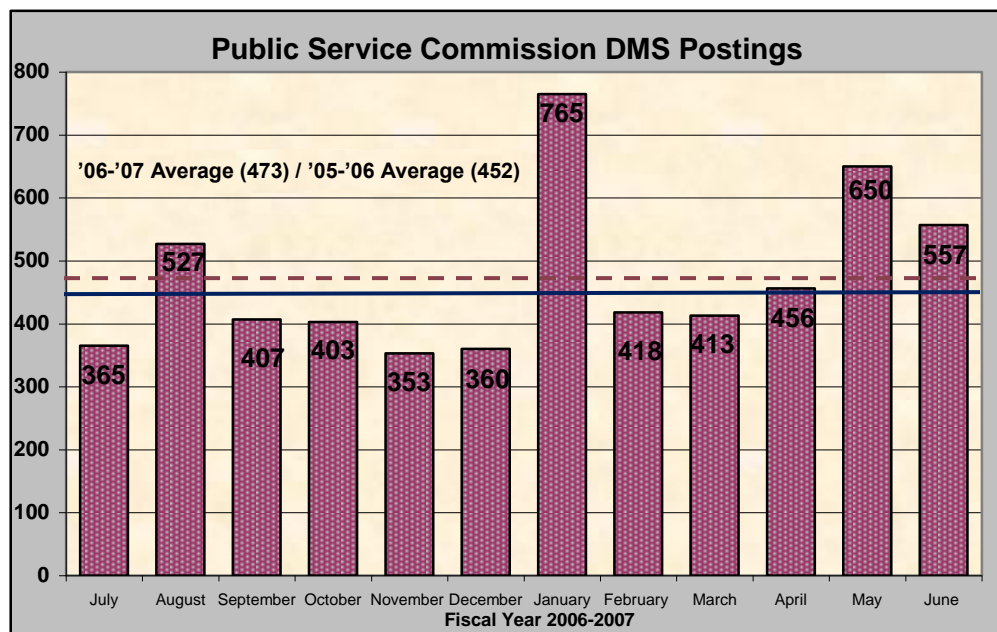


Chart 7.2.4 DMS Postings



- Electronic filing (E-Filing) of matters allows users to electronically submit documents to the Commission thereby increasing the timeliness of the information and improving productivity for the users and the Commission staff. (Chart 7.2.5) Since being implemented in 2005-2006, E-Filing has continued to be a favorable method of filing for users.

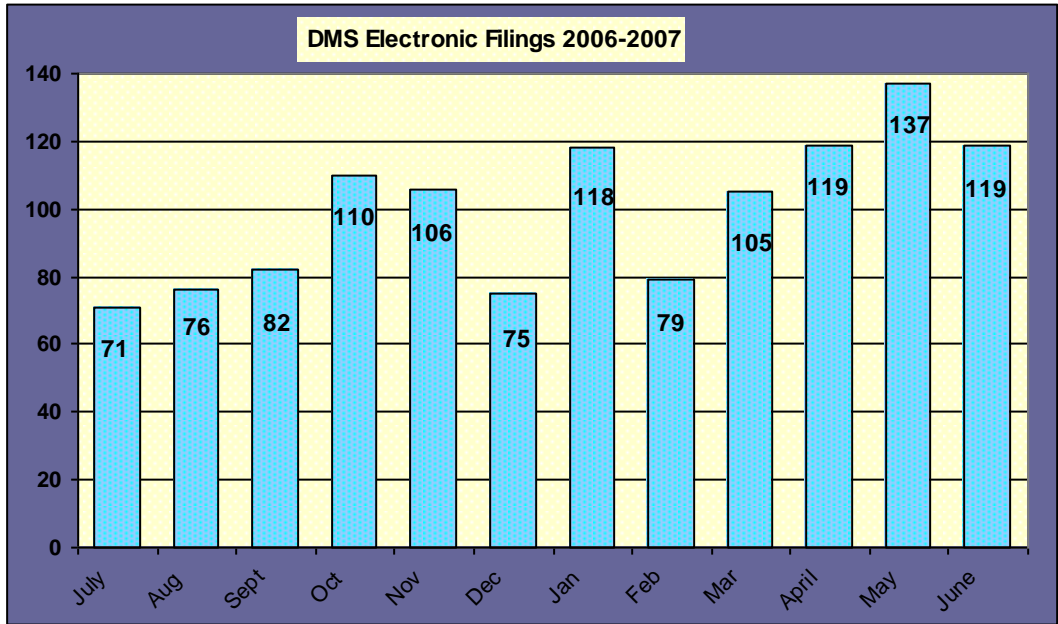


Chart 7.2.5 E-Filings

- The DMS system’s database was expanded to include orders dating back to 1983. Requests for the information contained on DMS continue to increase month after month reinforcing the utility of the system. (Chart 7.2.6)

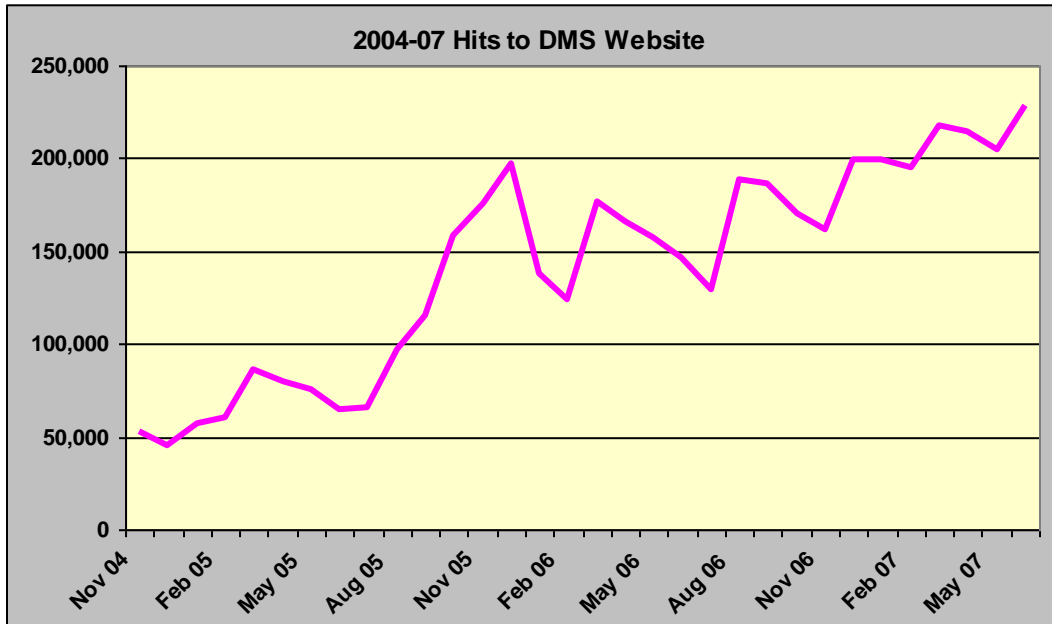


Chart 7.2.6 DMS Website Activity

- A new electronic filing system for tariffs was successfully implemented in early 2007. This system allows users to view and search tariffs online, and allows organizations to file promotions and revisions to tariffs electronically using the web based system. Initially the system launched with the telecommunications industry and will expand to other industries in 2008. Chart 7.2.7 shows that within a very short time of the system's introduction, the number of electronic tariff submissions exceeded the number of hardcopy submissions.

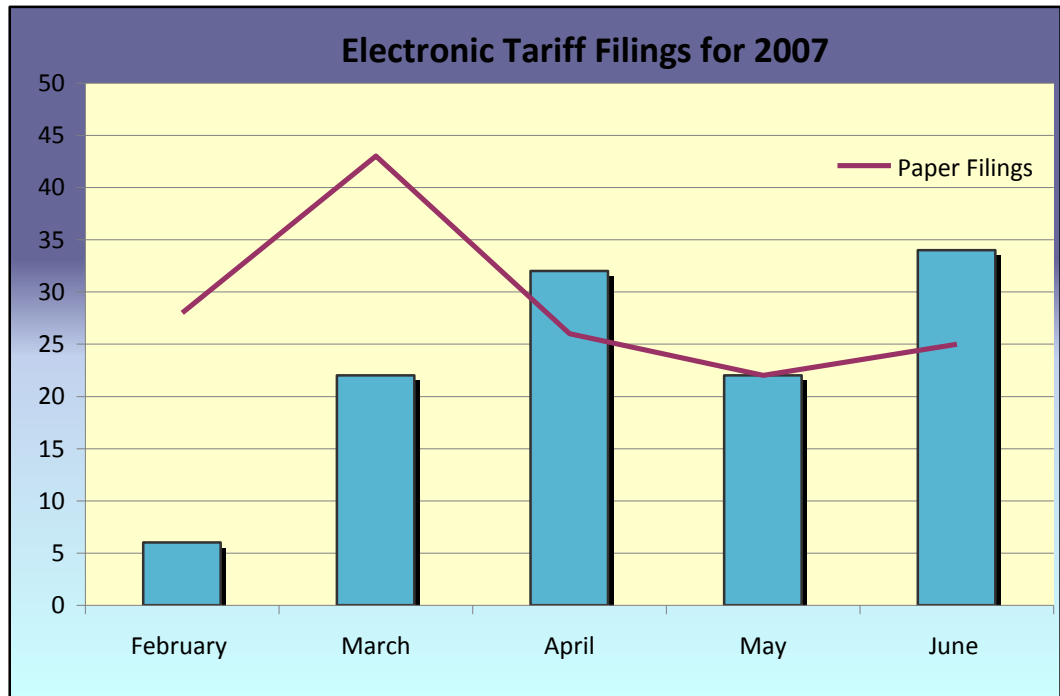


Chart 7.2.7 Electronic Tariff Filings

- 7.3 The Commission completed the 2006-2007 fiscal year within its operating budget, with a carry forward of \$171,828. The FY07-08 budget was submitted in a timely manner.
- 7.4 The Commission aspires to professional excellence and, in a readily changing environment, must be alert to and anticipate emerging issues in the industries it regulates.
- Public workshops and allowable ex parte briefings were held to develop a better understanding of regulatory developments and issues that affect the industries regulated by the Commission.
  - The commissioners and staff received training on ethics issues in the form of seminars and newsletters to ensure compliance with the Code of Judicial Conduct and Title 8 of the South Carolina Code of Laws.

- A system to alert the Commission to upcoming legislation, court ruling or federal entity ruling was implemented to provide senior leadership with timely information to assist the Commission with its duties. (Chart 7.4.1)
- The Office of Special Assistants identified areas where the Commission needed additional training and conducted seminars in areas such as the basics of telecommunications, the AT&T – BellSouth Merger, and nuclear power expansion in the Carolinas (Chart 7.4.1)
- Participation in national and regional regulatory conferences (NARUC, SEARUC, NERC, etc.) and involvement in associated committees benefited the Commissioners and staff by keeping them informed of current issues within regulated industries. (Chart 7.4.1)

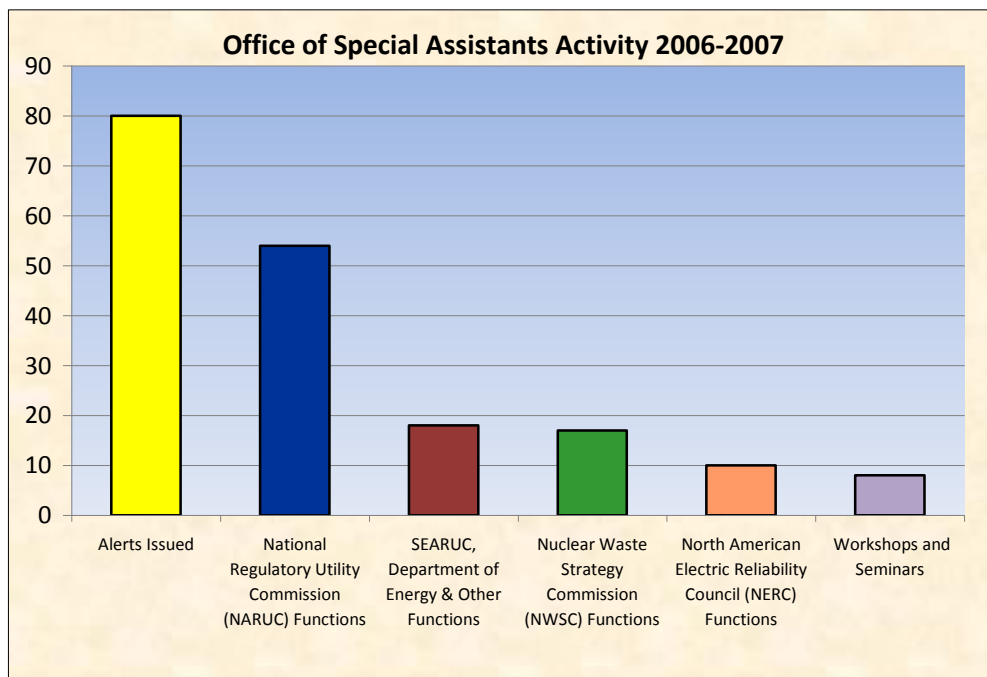


Chart 7.4.1 Office of Special Assistants

7.5 A comprehensive review of the regulations that govern the practices and procedures of the Commission and its regulated industries was undertaken in the 2005-06 fiscal year and continued in 2006-2007. The General Assembly approved revisions to Articles 5-8, and will take up Articles 1-4 in the upcoming legislative session. Notices of drafting have been filed with the General Assembly's Legislative Council when applicable. (Figure 7.5.1)

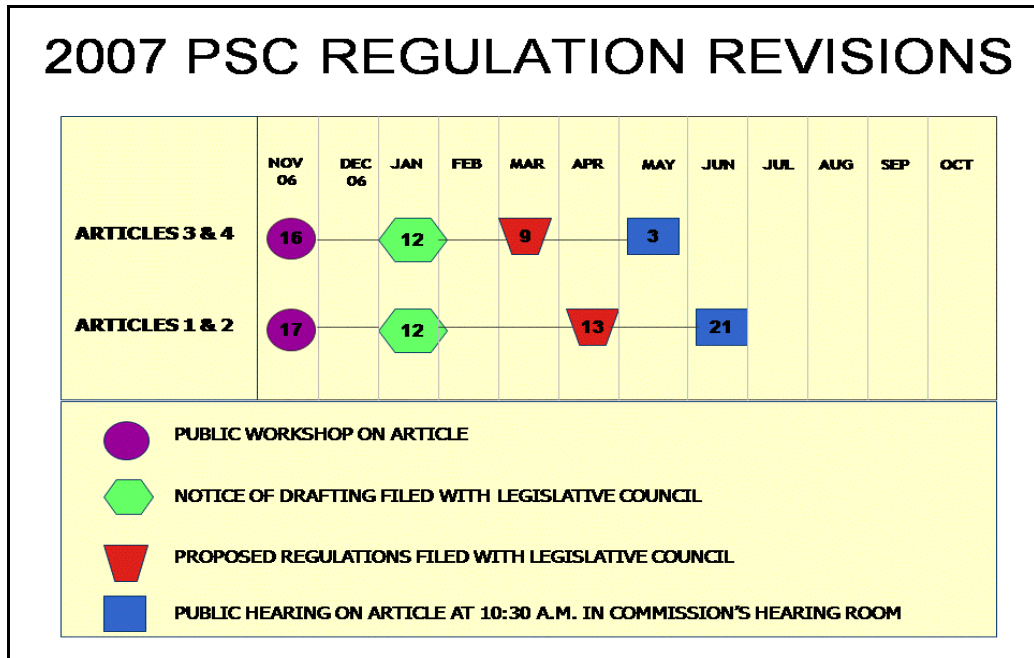


Figure 7.5.1 PSC 2006-07 Regulation Review Process

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