

# SCSL Digital Collections

## Accountability Report Fiscal Year 2005-2006

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Accountability Report Transmittal Form

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

Date of Submission: **September 15, 2006**

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**Public Service Commission of South Carolina**

**Accountability Report**

**Fiscal Year 2005-2006**

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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 every public utility 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 carry out the regulatory functions and responsibilities of the state of South Carolina pertaining to the utility companies through a dynamic and proactive regulatory process. This process must reflect the increasingly competitive nature of the regulated utilities while seeking to best serve the needs of all the citizens of the state. The Commission seeks to accomplish this goal while encouraging a sense of satisfaction and accomplishment for its employees.

The Commission must balance the interests of the companies over which it has jurisdiction with the interests of the consumers. This balance requires high quality analyses 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 level of trust and respect from all the agency's constituents.

- **Major achievements for 2005-2006:**

Key business results for the 2005-2006 year include improvements in communications, operations, and professional development. The major achievements are:

**Communications**

Procedures have been put in place to avoid ex parte communication when dealing with the public, the regulated community, and other interested parties.

The Commission conducted industry workshops open to the public to address areas of need and concern such as telecommunications emergency services continuity plans and water/wastewater issues. These meetings also served to foster better relations between the Commission and its customers.

Public hearings were held around the state to provide a forum for the public to voice their comments and concerns on pending requests for increases in water and sewer rates.

## **Operations**

The PSC implemented changes in methods and procedures to improve operations for customers and staff.

- Added full text search capability on the Docket Management System (DMS).
- Implemented electronic filing of documents on DMS.
- Expanded online databases to increase information available to public and increase productivity of staff when performing research.

The Deputy Clerk and the Legal Department conducted extensive reviews and revisions to the agency's regulations.

- Articles 6 & 8 are awaiting legislative action (on file with the Legislative Council).
- Articles 5 & 7 have had public hearings held and proposed regulations filed with Legislative Council.
- Articles 1, 2, 3 & 4 have been issued for public comments. Public comments have been returned.

## **Professional Development**

The Office of Special Assistants developed a training program that identified areas where additional expertise and knowledge on part of the commissioners and staff was required and conducted instructional seminars to capitalize on these opportunities. Commissioners and staff participated in national and regional conferences to keep abreast of current issues within the regulated industries.

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

It has been over a year since the restructuring of the agency brought about in Act 175 of 2004. Responsibilities, duties, and functions have been redesigned and reorganized. Systems are in place to track key performance measures.

The goals for the 2005-2006 fiscal year focused on improving operations and meeting the requirements of the newly reorganized agency based on the regulations put forth in Act 175. Having laid the foundation for sound practices and operations, emphasis can now be placed on increasing professional development to enhance the knowledge and improve the skills of the commissioners and staff.

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.

- **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); and 3) establishing the State Regulation of Public Utilities Review Committee (PURC), a joint legislative oversight 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, but this is a dynamic and interactive process.

The Commission believes that the avoidance of impermissible ex parte communications must be its first priority. However, the Commission also recognizes the need for a free exchange of information between the Commission, the public, the ORS, and the regulated utilities. The Commission must find ways to facilitate this dialogue while ensuring that it occurs in a legal and permissible manner.

Also, while the ORS has assumed the function of being the consumer advocate for the general public, often the general public still looks to the Public Service Commission first when they have disputes with their utility companies. Educating the public on the state's system of utility regulation is a key performance objective for 2006-2007.

- **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
- Electric territorial disputes
- Telecommunications interconnection agreements
- Prudence reviews
- Disputes involving certain federal statutes, such as the Federal Communications Act of 1996
- Reviews of allowable costs for Chem-Nuclear Systems, LLC
- Regulations and standards under the federal Energy Policy Act of 2005
- Commission procedures

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 suppliers and partners:**

There are no key suppliers or partners.

- **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 2005-06, 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.

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 Federal Energy Regulation Commission (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). The Commission recently made improvements to its hearing room to meet ADA guidelines for handicap access.

- **Key strategic challenges:**

A key strategic challenge that the Commission faces is the ability to recruit and retain qualified personnel. The duties at the Commission require a high degree of knowledge and expertise in specific areas such as utility rate accounting and regulatory law. Finding someone 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 which is rapidly changing. 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. Also, the volatility of natural gas prices manifested itself in the past year, leading to escalating consumer bills.

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, 7.2.2-7.2.4, pages 19-23.)

Activity related to Hearing Officers/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.)

An external system is 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**

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

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 2004-2005, 2005-2006 and Appropriations for 2006-2007 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 04-05 Actual Expenditures		FY 05-06 Actual Expenditures		FY 06-07 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 3,285,997		\$ 2,432,113		\$ 2,536,913	
Other Operating	\$ 1,305,184		\$ 909,475		\$ 1,032,799	
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$ 846,366		\$ 617,137		\$ 659,596	
Non-recurring						
<b>Total</b>	<b>\$ 5,437,547</b>		<b>\$ 3,958,725</b>		<b>\$ 4,229,308</b>	

• **Major Program Areas Chart:**

<b>Program Number and Title</b>	<b>Major Program Area Purpose (Brief)</b>	<b>FY 04-05 Budget Expenditures</b>	<b>FY 05-06 Budget Expenditures</b>	<b>Key Cross References for Financial Results*</b>
Administrative Department	Exists to provide 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> \$1,690,080 <b>Total:</b> \$1,690,080 <b>% of Total Budget:</b> 31%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$1,745,203 <b>Total:</b> \$1,745,203 <b>% of Total Budget:</b> 44%	Chart 7.2.1
Docketing Department	Exists to process all legal documents that are filed with the Commission. Create and mail all notices of filings. Process public inquiries.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$497,512 <b>Total:</b> \$497,512 <b>% of Total Budget:</b> 9%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$640,595 <b>Total:</b> \$640,595 <b>% of Total Budget:</b> 16%	Chart 7.1.4 Chart 7.2.2 Chart 7.2.3 Chart 7.2.4
Legal Department	Exists to advise the Commission regarding pending cases.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$335,646 <b>Total:</b> \$335,646 <b>% of Total Budget:</b> 6%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$459,621 <b>Total:</b> \$459,621 <b>% of Total Budget:</b> 12%	Chart 7.1.1 Chart 7.1.2 Chart 7.1.3 Figure 7.5.1
Office of Special Assistants	Exists to provide technical advice to the commissioners and staff.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$ 721,757 <b>Total:</b> \$ 721,757 <b>% of Total Budget:</b> 13%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$496,169 <b>Total:</b> \$496,169 <b>% of Total Budget:</b> 12%	Chart 7.4.1
Departments transferred to ORS 01/01/2005	ORS is a state agency whose mission is to represent the public interest in utility regulation for the major utility industries operating in the state.	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$1,346,187 <b>Total:</b> \$1,346,187 <b>% of Total Budget:</b> 25%	<b>State:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b> <b>% of Total Budget:</b> 0%	
<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> \$846,365 <b>Total:</b> \$846,365 <b>% of Total Budget:</b> 16%	<b>State:</b> <b>Federal:</b> <b>Other:</b> \$617,137 <b>Total:</b> \$617,137 <b>% of Total Budget:</b> 16%	

## **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 State Public Utility Review Committee (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 Public Utility Review Committee periodically reviews the performance measures as well.

The performance goals developed in the performance measurement process become the values by which the Commission operates. These values steer the Commission toward employing 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 addresses 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 establish and 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 emergency preparedness and water/wastewater issues as these topics directly impact the public's health and safety.

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 their 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 presented to senior leaders on topics ranging from accounting and cost of capital to the Code of Judicial Conduct.

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 and the Commission's 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 senior leadership is involved in to enrich their communities are Habitat to Humanity, Rotary Club, Ruritan Club, the YMCA, and the United Way. Several members of the Commission are also involved in their local Chambers of Commerce.

## **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 dispersement 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.

Since the Public Service Commission is a mandated agency, it must comply with the regulations set forth in its statutes, especially those recently enacted in Act 175. 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 National Association of Regulatory Utility Commissioners (NARUC) and the Southeast Association of Regulatory Utility Commissioners (SEARUC) and their partnered organizations.

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. The Commission was a finalist on the prestigious Palmetto Pillar Award for technological innovation in 2004.

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 was lifted. However, the Commission will meet as needed in order to issue any emergency orders that may be necessary. For instance, in the wake of Hurricane Katrina, the Commission convened an emergency session and issued



orders allowing regulated utilities to take temporary measures to alleviate shortages in the natural gas supply.

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 exists to provide 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 session for staff; develop agency budget; perform financial functions related to the agency such as payroll and general ledger accounting.	Chart 7.2.1
Docketing Department	The Docketing Department exists to process all legal documents that are filed with the Commission. Create and mail all notices of filings.	Process all legal documents filed with the agency; prepare notices; maintain accurate and complete files of the commission's dockets; implement electronic filing; 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 DMS; design electronic filing system for tariffs.	Chart 7.1.4, Chart 7.2.2, Chart 7.2.3, Chart 7.2.4
Legal Department	The Legal Department exists to reduce to writing the oral decisions of the commission and provide general legal advice to 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 exists to provide 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.

### **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
- 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 dispersment 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 Business Communications, Microsoft Excel, and SharePoint Portal Server 2003 Infrastructure. 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 Office 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 and 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 Docket Management System (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 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 2005-2006 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 97 hearings this past fiscal year and issued over 800 orders. Even after the restructuring of the agency on January of 2005, the Commission was able to maintain its level of service. (Chart 7.1.1)

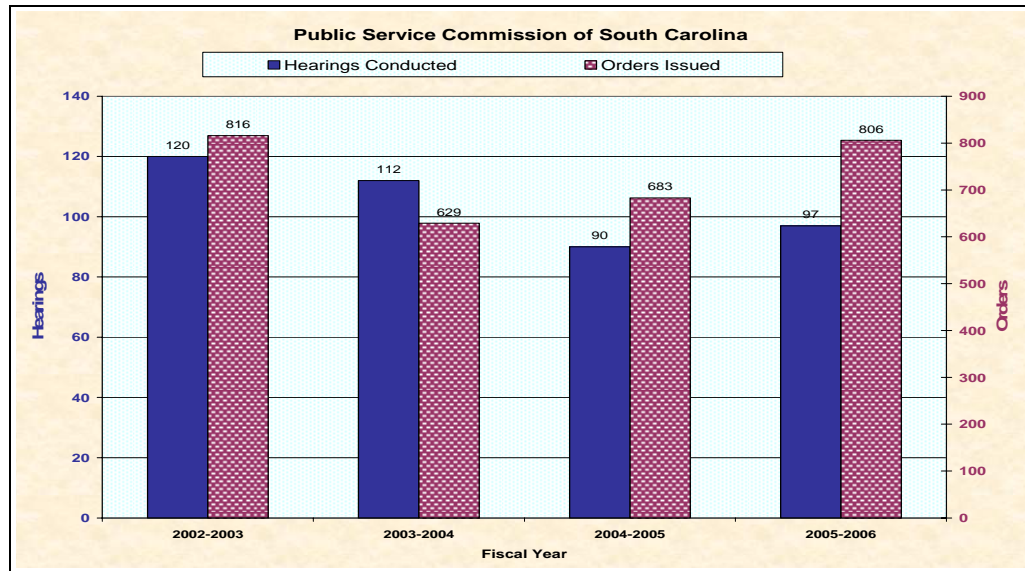


Chart 7.1.1 PSC Hearings and Orders

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

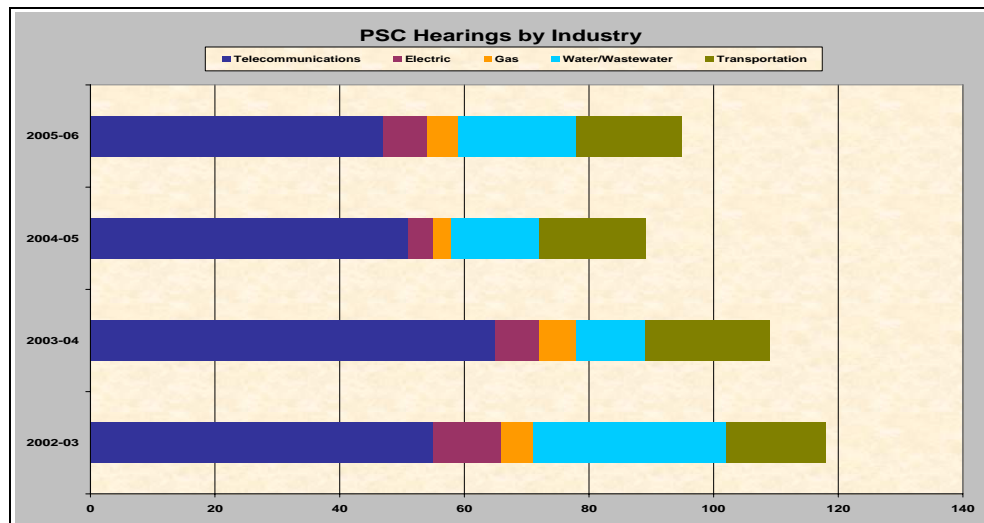


Chart 7.1.2 Hearings by Industry

- Over half of the Commission’s hearings deal with cases involving the telecommunications industry. Water and wastewater comprise the second largest segment. (Chart 7.1.3)

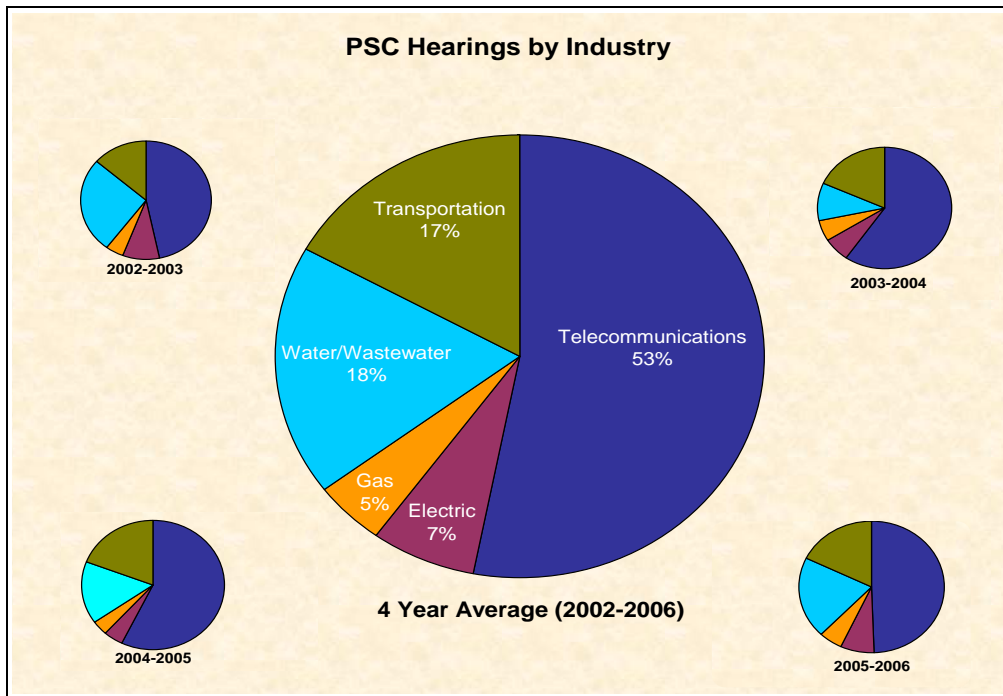


Chart 7.1.3 Hearings by Industry

- The Commission opened 366 new dockets during the fiscal year, a slight increase over the previous year. (Chart 7.1.4)

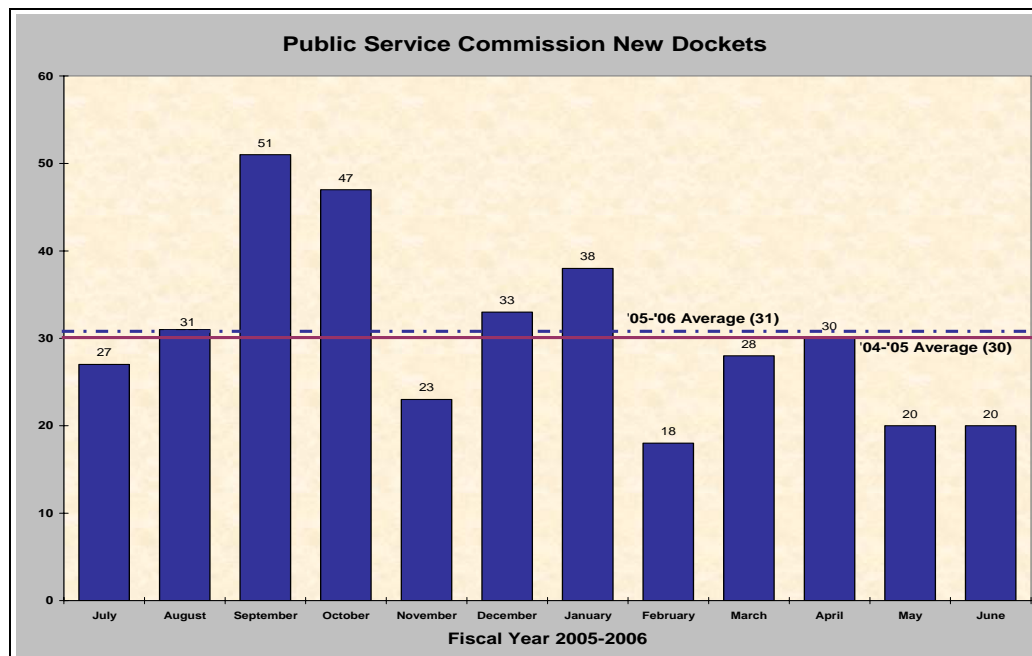


Chart 7.1.4 New Dockets

- 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)

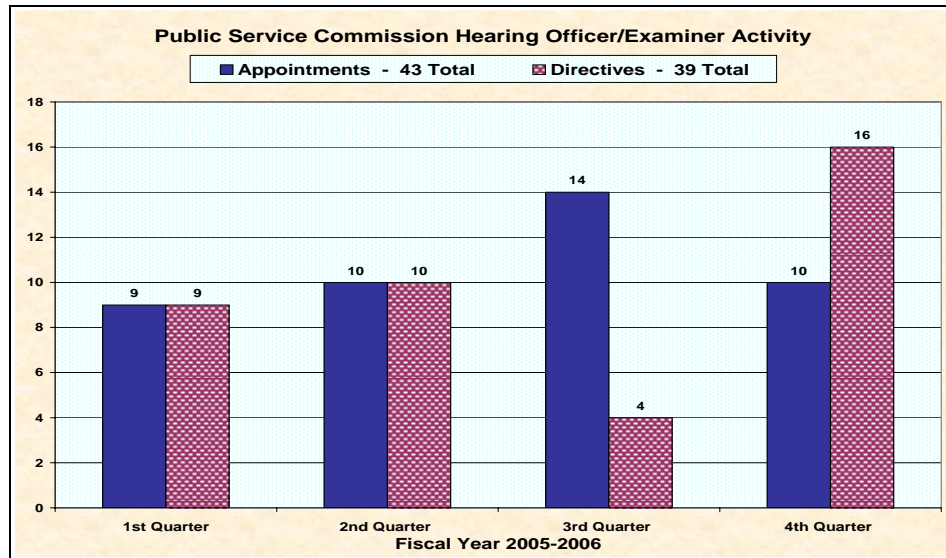


Chart 7.1.5 Hearing Officer/Examiner Activity

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

- Communications policies that address permissible and impermissible correspondence with the Commission have been put in place to educate the public and avoid ex parte communications.
- Over the past year, several public hearings were held on topics ranging from emergency services in the telecommunications industry to issues affecting the water and wastewater industries.
- 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> allow the public more access to information related to the Commission’s operations. The Commission’s website was redesigned to allow easier navigation. The website is used to inform the public of upcoming hearings and announcements, proposed regulations, and agency information. (Chart 7.2.1)

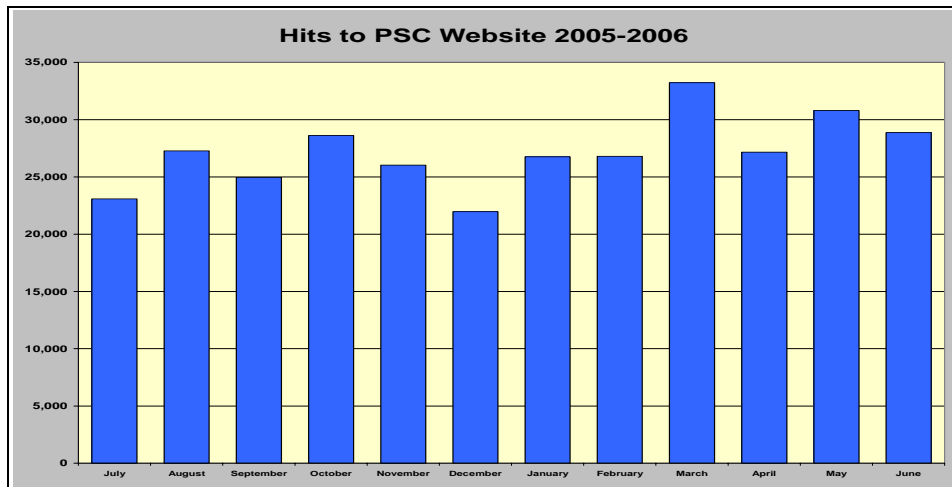


Chart 7.2.1 PSC Website Activity 2005-2006

- Posting of matters related to docketed cases on DMS increased over the prior year (Chart 7.2.2.) This information consists of applications, testimony, exhibits, notices, correspondence, etc.

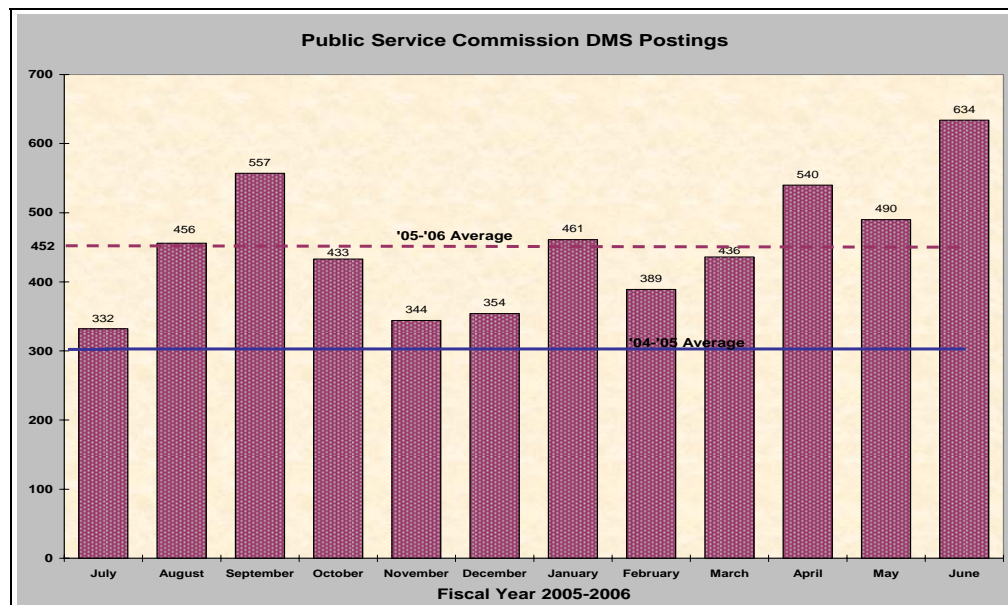


Chart 7.2.2 DMS Postings



- Implementation of 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. This feature was launched March 2006, and has caught on rapidly. (Chart 7.2.3) The Commission has received 374 electronic filings as of August 30, 2006.

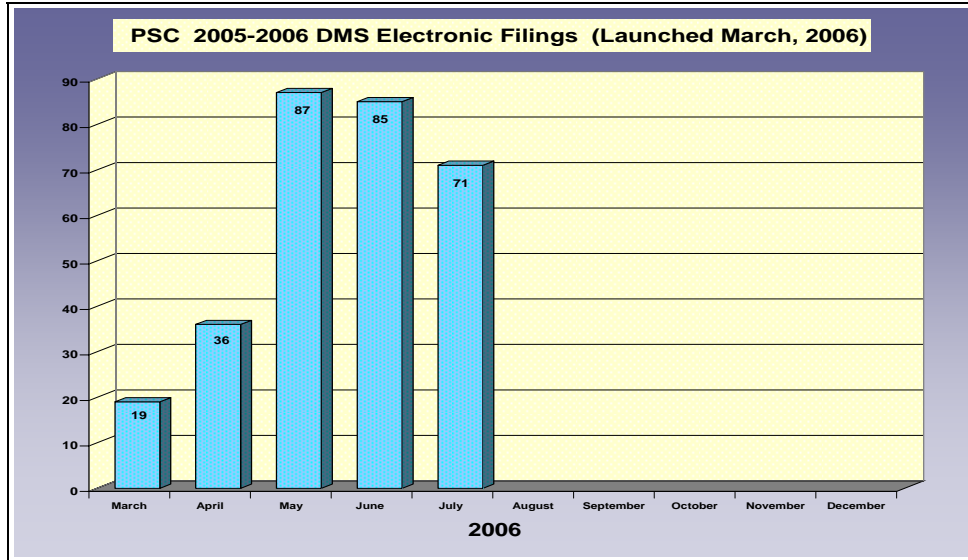


Chart 7.2.3 E-Filings

- The DMS system's database was expanded to include orders dating back to 1990. In addition, a full text search feature was added to the system, thus expanding public access to this information through the use of the internet. Chart 7.2.4 presents the dramatic increase in activity on DMS during this year.

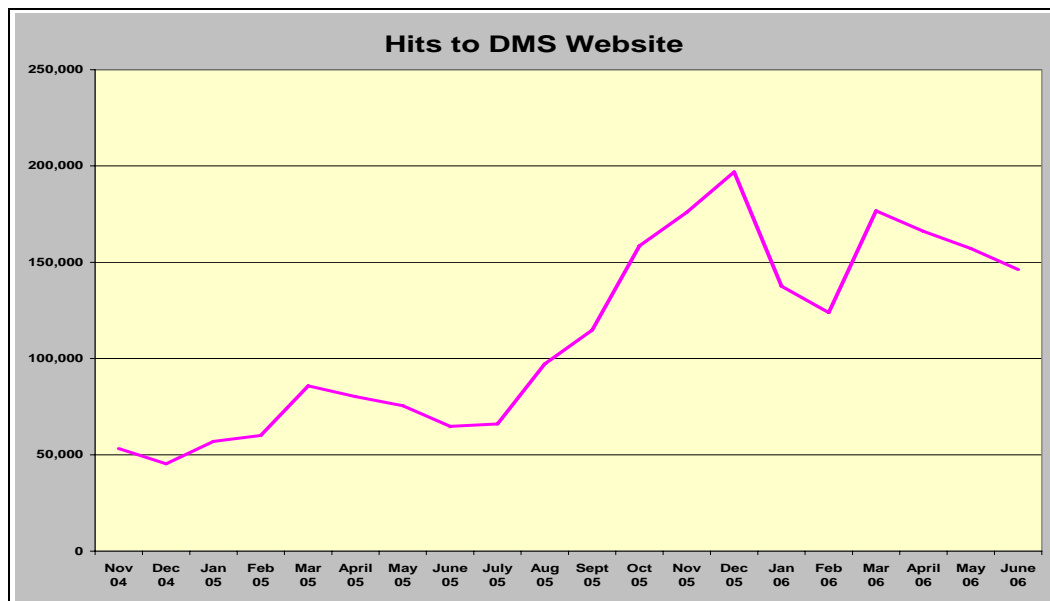


Chart 7.2.4 DMS Website Activity

7.3 The Commission completed the 2005-2006 fiscal year within its operating budget, with a carry forward of \$270,583. The FY06-07 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 Office of Special Assistants identified areas where the Commission needed additional training and conducted seminars in areas such as Act 175, Code of Judicial Conduct, and Accounting Principles. (Chart 7.4.1)
- Attendance at 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)

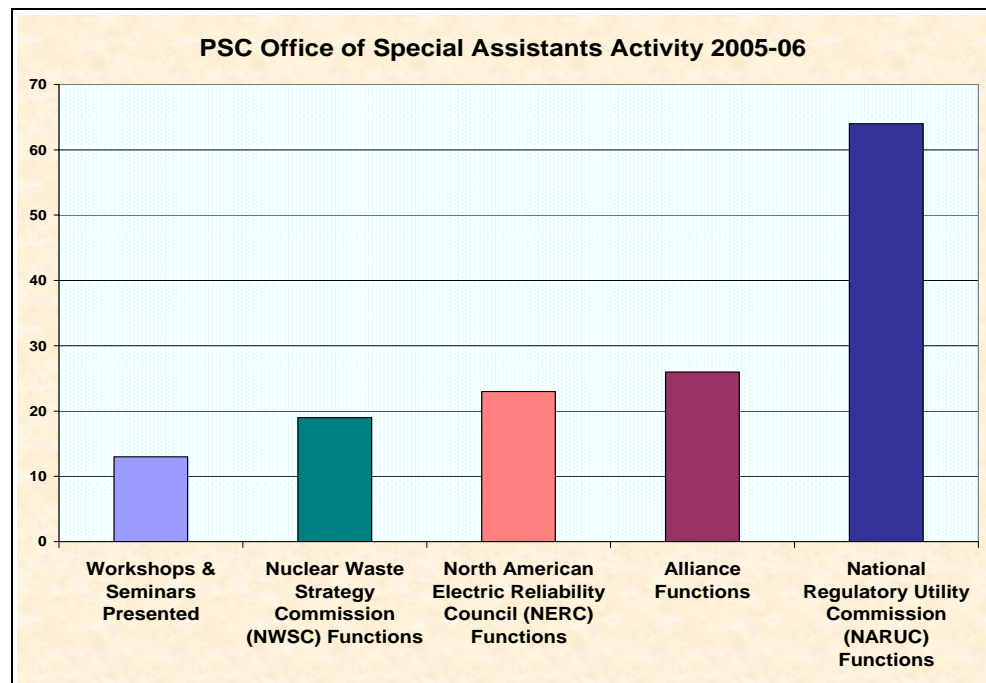


Chart 7.4.1 Office of Special Assistants

- 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.

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. Notices of drafting have been filed with the General Assembly's Legislative Council when applicable. (Figure 7.5.1) This process will continue during the 2006-07 fiscal year.

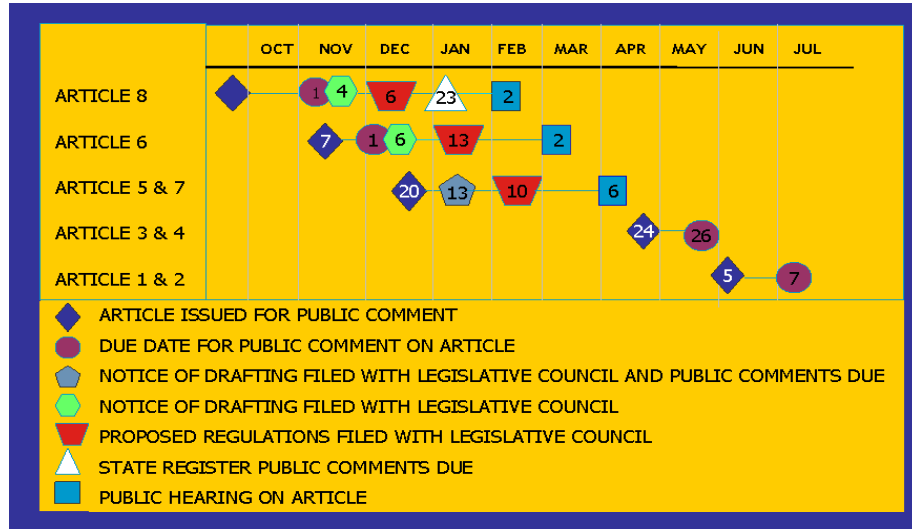


Figure 7.5.1 PSC 2005-06 Regulation Review Process

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