



Public Service Commission of South Carolina

Accountability Report

Fiscal Year 2008-2009

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Section I – Executive Summary

- **Mission and values:**

The Public Service Commission of South Carolina regulates the rates and services of investor owned public utilities in the state of South Carolina and establishes just and reasonable standards for their rates and services.

The mission of the Public Service Commission is to serve the public by providing fair, open, and effective regulation of the state’s public utilities, through the faithful administration of the law and the regulatory process.

- **Major achievements for 2008-2009:**

Expanding on the goals from the 2007-2008 fiscal year, the Commission focused on improving communications with its customers and stakeholders, improving operations, and attaining leadership positions within regulatory organizations on the national and regional level to further the professional development of the Commission. The major achievements are:

Communications

The Commission conducted public workshops to address areas of interest such as renewable resources and clean energy, energy efficiency and demand side management programs, critical infrastructure issues, and the Customer Choice and Technology Investment Act of 2009.

The Commission’s online public information systems were expanded to increase the amount of information stored and accessible to the public and allow easier filing of documents with the commission through these systems. (Chart 7.2.2)

After a review of the Commission’s transportation forms was conducted, paper forms are being converted into interactive forms that can be completed online. This process will be completed in 2009.

The Commission completed the design of its Order Index System, an online system that cross references Commission orders by case name and keywords. Phase 1 of the database has been populated, and the system will launch in early fall of 2009.

Operations

The Commission held over ninety hearings this year, several of them being noteworthy cases with significant rulings.

- The Commission’s hearing on SCE&G’s application to construct two additional nuclear reactors at its site in Jenkinsville, SC, was one of its most significant cases. This was the first application for construction of a base load nuclear unit filed under the Base Load Review Act of 2007. The hearing was well attended by the public and there were two days of public testimony included in the record.
- Energy efficiency, energy conservation, and demand side management were addressed throughout the year as each of the major electric utilities regulated by the Commission presented their plans for these programs.

- The water and sewer rate increase application by Avondale Mills was a distinguishing case from other rate cases in that no application for a rate increase had been filed by the company since 1980. The Commission faced the very difficult circumstances of the water and sewer provider needing a substantial rate increase and the customers who would face great financial hardship if rates were increased. A public hearing was held in Graniteville, SC, to allow customers the opportunity to testify without having to travel to Columbia for the hearing.
- The Commission continued to address the net metering issue and approved a settlement agreement which modified the net metering programs offered by Duke Energy Carolinas, Progress Energy Carolinas, and SCE&G. The purpose of these modifications was to provide more incentive for residential customers to participate in net metering programs.

Over the past two years the Commission has invested resources in electronic filing and more users are realizing the benefits of electronic filing. Electronic filings increased from an average of 30% to 38% in 2008-2009 on the Docket Management System (DMS) and 77% of all tariff documents were electronically filed in 2008-2009, up from 58% the previous year on the ETariff System. (Chart 7.5.1)

Staff productivity was increased with the implementation of enhancements and additions to the Commission's online systems.

New procedures were put in place to reduce man-hours involved in generating orders for simple directives issued from the bench. Certain orders are now issued in the form of directives which eliminates the production of a separate order.

The Commission promulgated regulations that incorporated language for new services offered by regulated entities and clarification to existing regulations.

Professional Development

Commissioners continued to achieve positions of leadership on the national and regional level. Currently, PSC Commissioners serve as chairs or vice chairs of several National Association of Regulatory Utility Commissioners (NARUC) committees, the president of the Southeast Association of Regulatory Commissioners (SEARUC), and hold membership on key strategic federal panels and committees. (Figure 7.4.2)

Emphasis was placed on in-house training during the fiscal year to ensure that commissioners and staff had the necessary knowledge to adjudicate cases and identify issues and developments in utility law.

Commissioners and staff also participated in NARUC and SEARUC conferences and workshops to keep abreast of current issues within the regulated industries. This year PSC Commissioner David Wright served as president of SEARUC and hosted the annual conference held this year in Charleston, SC. Nearly three hundred people from the eleven southeastern state commissions, governmental agencies, industry and the legal community attended the conference.

- **Key strategic goals for present and future years:**

The Commission must be effective in regulating the entities that come before it and relevant in its activities.

The Commission will continue to improve its hearing procedures so as to provide the public with accessible, transparent, and effective regulation of public utilities.

The Commission will provide the public with clear information about the regulatory process and its decisions.

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.

- **Key strategic challenges:**

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. And with growing pressure for the generation of energy using alternative energy sources, the Commission must effectively regulate these industries, safeguarding the ratepayers, without unduly burdening the industries or stifling competition.

The public relies on the Commission's online systems to access information related to its operations. The Commission must budget funds to support maintenance and development of the systems.

A key strategic challenge that the Commission faces is the 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.

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, and can lead to increased operating expenses.

Another key strategic challenge that faces the Commission is the need to maintain an effective regulatory environment without unnecessarily impeding change in a dynamic marketplace.

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

The Accountability Report is used in conjunction 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
- Siting and financing for generating facilities

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. (Figure 2.1) (See Chart 7.1.1, page 24) Orders are subsequently issued to the parties on record in the case.



Figure 2.1 – Commission Agenda Meeting

- **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 Office of Regulatory Staff (ORS), and the Department of Health and Environmental Control (DHEC). In addition, NARUC, SEARUC, and the Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Council (NERC) benefit from the Commission's involvement with these organizations. The State Regulation of Public Utility Review Committee (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 online 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 address is 101 Executive Center Drive, Suite 100, Columbia, SC 29210.

- **Employment statistics:**

In FY 2008-09, the Public Service Commission had 37.5 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), FERC, and NERC.

- **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, hearings, directives, orders and electronic filings assist management in allocating resources to meet demands. (See Charts 7.1.1-7.1.4, 7.2.1-7.2.4, pages 22-26)

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 24)

The State Regulation of Public Utilities Review Committee (PURC) serves as the joint legislative committee that oversees the operations of the Commission as a result of Act 175. The Committee is chaired by Senator Thomas Alexander, and Representative Harry Cato is its Vice-Chairman. Other legislature members are Senators Bradley Hutto and Luke Rankin, and Representatives Harry Ott, and William Sandifer. In addition, there are four members from the public sector, namely, Elizabeth Atwater, Erik Ebersole, John Simmons, and Helen Zeigler that also serve on the Committee. Each year the Commission develops objectives and action plans and reports on the results to the Committee. These objectives are in line with the Commission's strategic plan and goals.

At least 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. (Figure 2.1) Discussions center on current and new operations, suggestions for improvement, and feedback on the Commission's priorities and objectives.



Figure 2.1 – Chief Clerk meets with members of the PSC Advisory Committee

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

	<p>Commissioner John E. "Butch" Howard Charleston, SC</p> <p>Representing District 1 Term Expires June 30, 2012</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, 2012</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, 2012</p>		<p>Commissioner Mignon L. Clyburn Charleston, SC</p> <p>Representing District 6 Term Expires June 30, 2010 *</p>
	<p>Commissioner Swain E. Whitfield Blythewood, SC</p> <p>At-Large Representative Term Expires June 30, 2012</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.

* Commissioner Clyburn was elected to the Federal Communications Commission July 24, 2009. Seat remains vacant at this time.

• **Expenditures/Appropriations Chart:**

Actual expenditures for fiscal years 2007-2008, 2008-2009 and appropriations for 2009-2010 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 07-08 Actual Expenditures		FY 08-09 Actual Expenditures		FY 09-10 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 2,758,347		\$ 2,874,907		\$ 2,870,895	
Other Operating	\$ 775,025		\$ 753,382		\$ 560,017	
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$ 767,008		\$ 770,084		\$ 798,396	
Non-recurring						
Total	\$ 4,300,380		\$ 4,398,373		\$ 4,229,308	

• Major Program Areas Chart:

Program Number and Title	Major Program Area Purpose (Brief)	FY 07-08 Budget Expenditures	FY 08-09 Budget Expenditures	Key Cross References for Financial Results*
Administrative Department	Provides administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency's mission.	State: Federal: Other: \$ 2,183,886 Total: \$ 2,183,886 % of Total Budget: 51%	State: Federal: Other: \$2,253,787 Total: \$2,253,787 % of Total Budget: 51%	Figure 7.2.3 Chart 7.2.4 Chart 7.2.5
Docketing Department	Processes all legal documents that are filed with the Commission. Creates and mails all notices of filings. Processes public inquiries.	State: Federal: Other: \$830,440 Total: \$830,440 % of Total Budget: 19%	State: Federal: Other: \$850,432 Total: \$850,432 % of Total Budget: 19%	Chart 7.1.4 Chart 7.2.1 Chart 7.2.2 Chart 7.2.4 Chart 7.2.5 Chart 7.5.1
Legal Department	Advises the Commission regarding pending cases.	State: Federal: Other: \$697,107 Total: \$697,107 % of Total Budget: 16%	State: Federal: Other: \$699,009 Total: \$699,009 % of Total Budget: 16%	Chart 7.1.1 Chart 7.1.2 Chart 7.1.3 Chart 7.1.5 Figure 7.6.1
Office of Special Assistants	Provides technical advice to the commissioners and staff.	State: Federal: Other: \$588,947 Total: \$588,947 % of Total Budget: 14%	State: Federal: Other: \$595,145 Total: \$595,145 % of Total Budget: 14%	Chart 7.4.1 Figure 7.4.2
Below: List any programs not included above and show the remainder of expenditures by source of funds.				
	Remainder of Expenditures:	State: Federal: Other: Total: % of Total Budget:	State: Federal: Other: Total: % of Total Budget:	

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 reviews the performance measures on a yearly basis 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 and rewards such contributions. Developmental and agency 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. The Commission adheres to the SC Code of Judicial Conduct in its 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 energy efficiency and demand side management programs, critical infrastructure issues, and the Customer Choice and Technology Investment Act of 2009.

Senior leaders maintain fiscal, legal and regulatory accountability through regular communication with the PURC. 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.

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

Senior leadership recognizes the importance of staying up to date in all areas of the regulatory process in this fast changing and volatile environment. They encourage the workforce to seek additional knowledge and training when required.

Senior leadership interacts with the entire workforce through the work processes. High performance is recognized and rewarded using a recently established Employee Recognition Program.

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 many NARUC sponsored functions and the Deputy Clerk completed the USC School of Business Executive Leadership Program.

Commissioners continued to achieve positions of leadership on the national and regional level. Currently, PSC Commissioners serve as chairs or vice chairs of several NARUC committees, the president of SEARUC, and hold membership on key strategic federal panels and committees. As president of SEARUC, Commissioner David Wright hosted the annual conference this year in Charleston, SC. (Figure 1.1) Nearly three hundred people from the eleven southeastern state commissions, governmental agencies, industry and the legal community attended the conference.



Figure 1.1 - Commissioner David Wright welcomes attendees to SEARUC

Below is a listing of the positions held by the Commission:

Commissioner Leadership Positions 2008-2009

Commissioner Howard District 1	Co-Vice Chairman	NARUC Committee on Water
Commissioner Wright District 2	Chairman	NARUC Nuclear Issues and Waste Disposal Subcommittee
	Member	NARUC Washington Action Committee
	Chairman	Nuclear Waste Strategy Coalition
	Member	NARUC Committee on Energy Resources and the Environment
	Co-Chairman	Yucca Mountain Task Force
	President	SEARUC
Commissioner Mitchell District 3	Member	NARUC Committee on Telecommunications
	Member	NARUC Telecommunications Committee Federal Regulatory Subcommittee
Commissioner Fleming District 4	Chairman	NARUC Committee on Critical Infrastructure
	Member	NARUC Committee on Electricity
	Board Member	NARUC Board of Directors
Commissioner Hamilton District 5	Chairman	NARUC Committee on Gas
	Member	NARUC Nuclear Issues and Waste Disposal Subcommittee
	Member	National Petroleum Council
	Board Member	NARUC Board of Directors
Commissioner Clyburn District 6	Chairman	NARUC Washington Action Committee
	Member	NARUC Committee on Electricity
Commissioner Whitfield At-Large	Member	NARUC Committee on Energy Resources and the Environment

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, SC Lion's Club, Harvest Hope Food Bank, the American Red Cross, and the American Cancer Society. 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 State Regulation of Public Utilities Review Committee (PURC) serves as the joint legislative committee that oversees the operations of the Commission as a result of Act 175. 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 service 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 NARUC and 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 and was expanded this year to include an internal electronic discussion board (blog).

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.

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.

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

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 08-09 and beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan	Key Cross References for Performance Measures*
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. [2009-2010]	Figure 7.2.3 Chart 7.2.4 Chart 7.2.5
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; implement Order Index System. [2009-2010]	Chart 7.1.4 Chart 7.2.1 Chart 7.2.2 Chart 7.2.4 Chart 7.2.5 Chart 7.5.1
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. [2009-2010]	Chart 7.1.1 Chart 7.1.2 Chart 7.1.3 Chart 7.1.5 Figure 7.6.1
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, NRRRI, etc. via electronic communication and conference calls. [2009-2010]	Chart 7.4.1 Figure 7.4.2

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.

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.

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

Through the Commission's formal hearings and meetings and its online public information systems, customers are able to access the information concerning proceedings before the Commission.

The Commission meets with its Advisory Committee, which is comprised of individuals who deal with the Commission on a regular basis to address issues related to its operations and procedures. Members of the Advisory Committee contribute helpful suggestions, and their input is valued and taken into account when changes to operations or procedures are required.

The Commission will continue to make improvements to its operations and procedures to provide an environment that leads to healthy customer relations.

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 service of orders, hearings conducted by the commissioners, and preparation and issuance of orders.

Monthly totals (number of new dockets, filings, hearings, directives, orders, 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.

Where available, measures are compared to past trends to assist management in planning future workloads.

Whenever possible, data is collected and reported automatically to ensure its integrity, reliability and accuracy. In cases where manual collection is required, data is validated to ensure accuracy.

Weekly meetings with senior management are held to discuss upcoming filings, hearings, and issues, and allocate resources to meet them.

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. Additionally, standardization of operations is performed when applicable. Internal “Best Practices” documents have been developed to assist in this standardization.

Category 5 – Workforce Focus

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. Because of this interdependence, senior management meets weekly to ensure that all departments are working on the same set of short term goals and sharing critical information.

Developmental and agency 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. Informal evaluations are recorded for training that is performed off-site. Employees are encouraged to use the new knowledge and skills. Internal “Best Practices” documents have been developed to standardize functions where possible.

Senior management is involved in leadership on the national level with affiliated organizations and stay informed of current issues within the industries regulated by the Commission. Members of the Commission receive training in ethical practices through seminars and newsletters.

The Commission fills agency vacancies utilizing existing personnel if possible. For recruitment from outside the agency, the Commission partners with the SC Office of Human Resources' E-Recruitment System. A member of senior management is involved in the hiring, orientation, and training of new hires.

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 and rewards such contribution utilizing a structured Employee Recognition Program. The Commission recognizes members of its workforce for years of service. (Figure 5.1)



Figure 5.1 – Length of Service Award Ceremony

The Commission has a prevention and wellness program in place to educate its workforce on good health practices for the home and workplace. Activities include cholesterol and blood pressure screening, stress management, weekly health tips, flu shots, trigger point mini massages, nutrition awareness counseling, and special events such as a healthy recipe contest (Figure 5.2) which was featured in the State's Employee Insurance Program's (EIP) Prevention Partners Newsletter.



Figure 5.2 – PSC Healthy Recipe Cook-Off Winners

The Synergy Business Park is a safe and secure workplace. Coded secure entrances provide security to employees.

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, it 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.



Figure 6.1 – Commission Meeting Room during a hearing

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. (Figures 6.1 and 6.2)



Figure 6.2 – Commission Bench during a hearing

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.) In addition, the Commission's main website contains the latest information on current issues and cases.

With the input of the Commission staff, senior leadership, the Commission's Advisory Group, and customer feedback improvements and updates to processes are identified in order to improve performance. Weekly meetings with senior management are held to discuss upcoming filings, hearings, and issues, and allocate resources to meet them.

Senior management regularly reviews the agency's budgetary status and makes adjustments where necessary based on developed contingency plans. Prior to the beginning of the fiscal year, departmental managers submit budgets for education, equipment, training and other budgetary needs for their areas. Throughout the year, the managers update their requirements and budget revisions are made.

Category 7 - Business Results

Key business results for the 2008-2009 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 91 hearings this past fiscal year and issued over 809 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)

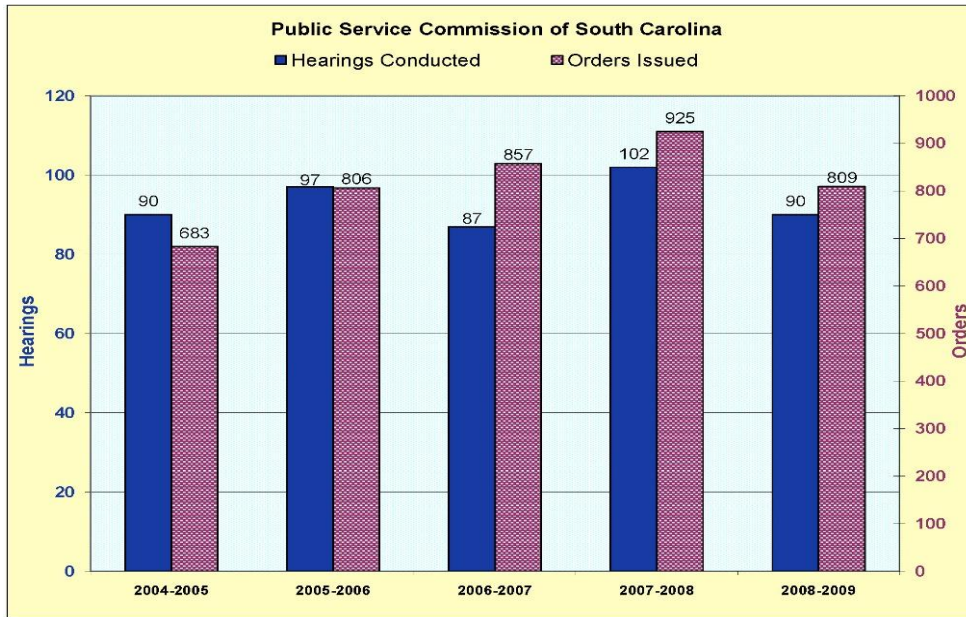


Chart 7.1.1 PSC Hearings and Orders

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

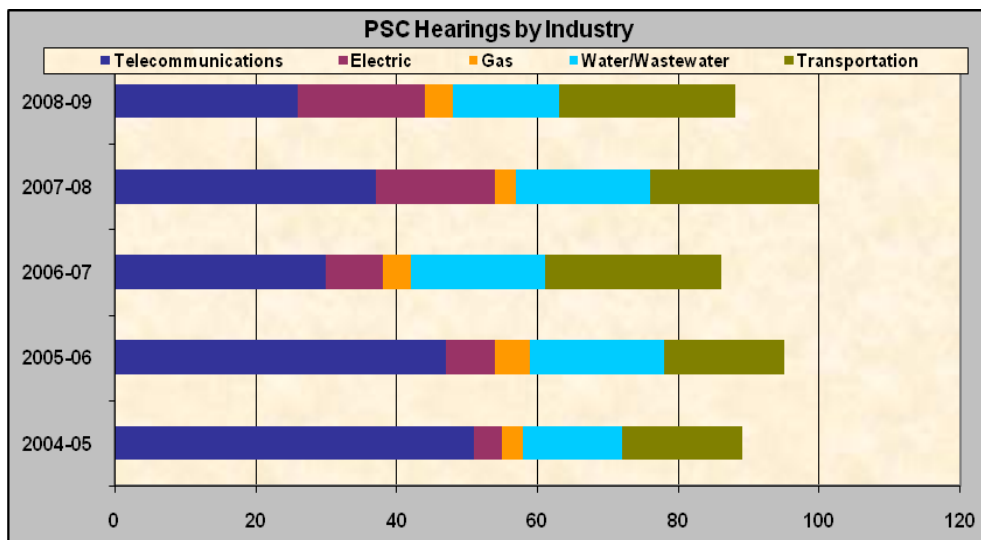


Chart 7.1.2 Hearings by Industry

- 2008-2009 saw a fairly even distribution in the number of hearings in the different industry sectors for the first time since the Telecommunications Act of 1996 restructured the telecommunications industry with increased competition and services and deregulation. (Chart 7.1.3)

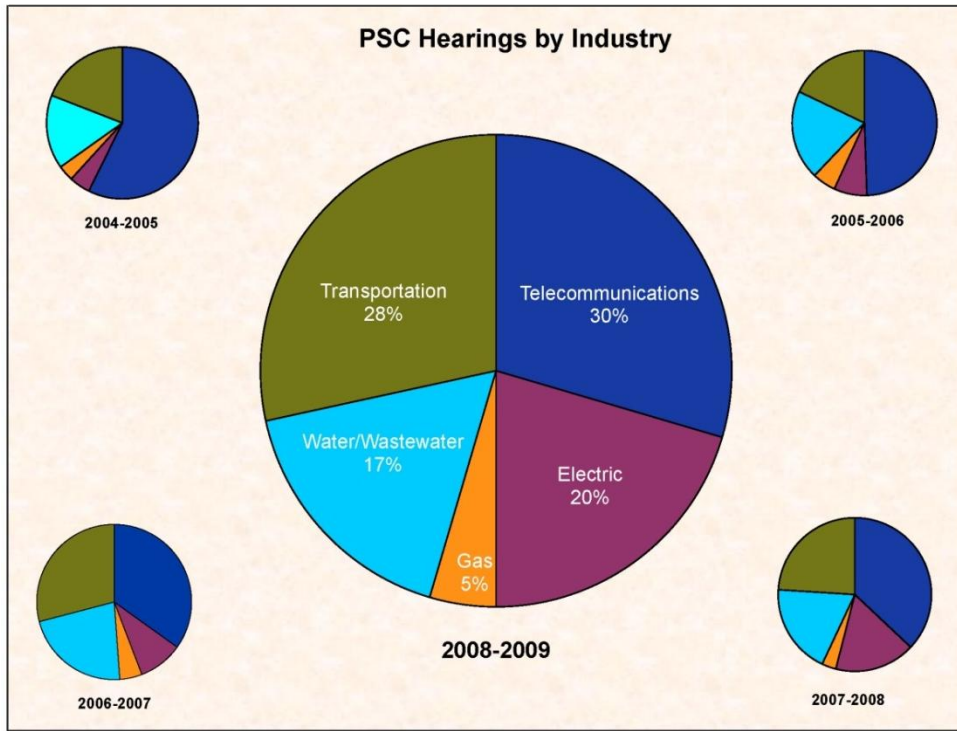


Chart 7.1.3 Hearings by Industry

- The Commission opened 477 new dockets during the fiscal year, a slight increase from the previous year. (Chart 7.1.4)

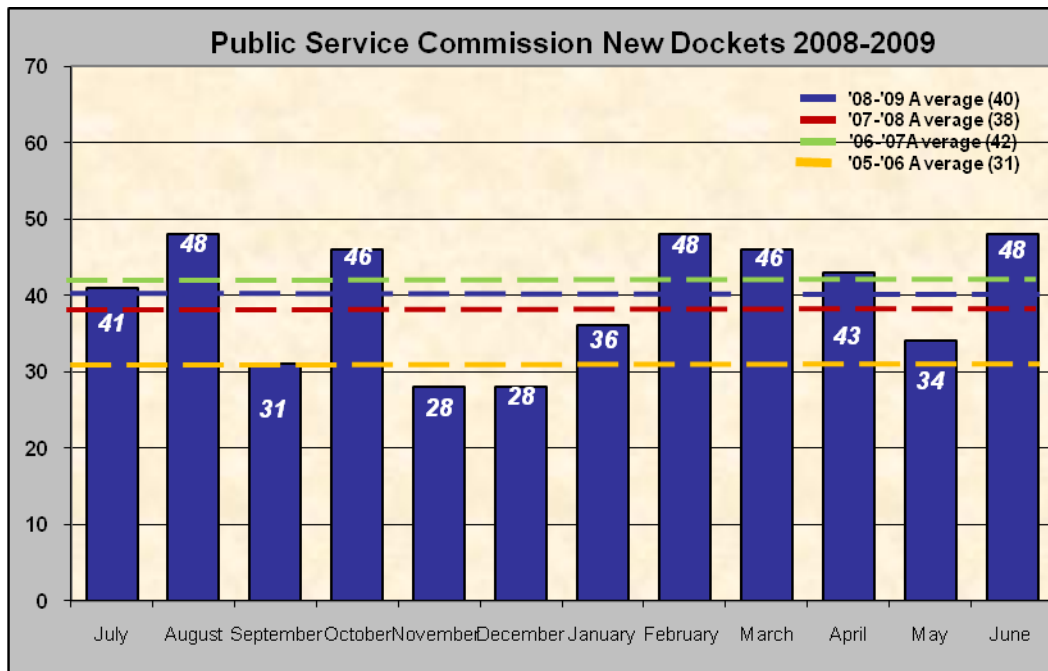


Chart 7.1.4 New Dockets

- 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) A total of 61 directives were issued in 2008-2009, almost twice as many as the previous year.

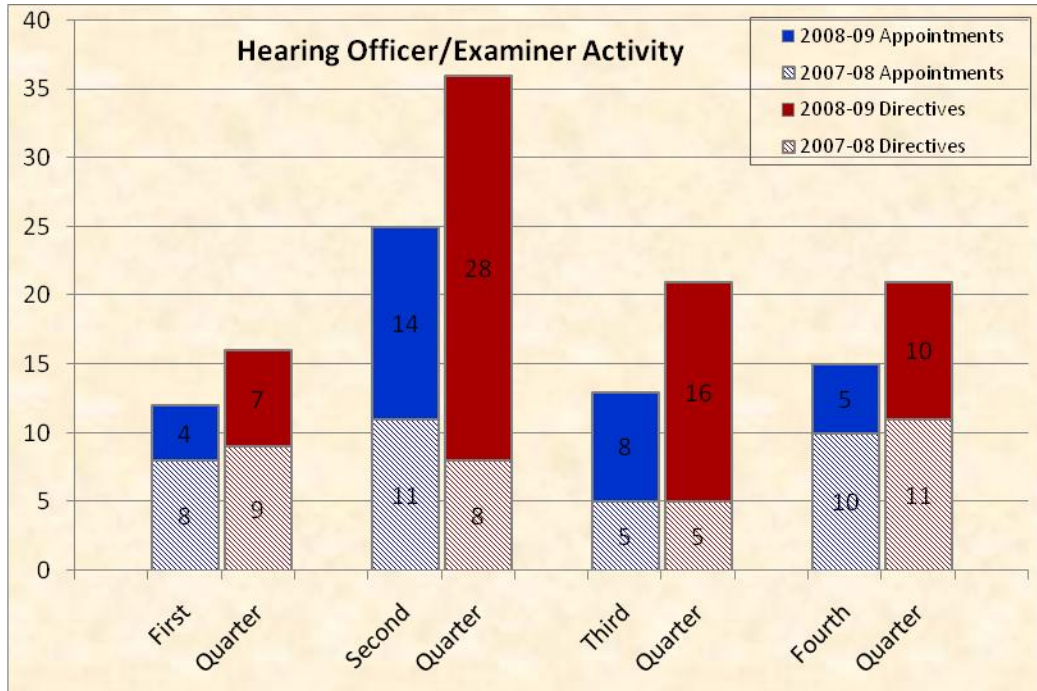


Chart 7.1.5 Hearing Officer/Examiner Activity

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

- Over the past year, public hearings were held on topics ranging from renewable resources and clean energy, energy efficiency and demand side management programs, critical infrastructure issues, and the Customer Choice and Technology Investment Act of 2009.
- The Commission's online tariff system <http://etariff.psc.sc.gov> allows users to view and search tariffs online, and allows organizations to file promotions and revisions to tariffs electronically using the web based system. Almost 500 tariffs are included in the database. Most telecommunication companies and all electric and gas company tariffs are contained online.
- Enhancements to the agency's website 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. The Commission's homepage www.psc.sc.gov is used to inform the public of upcoming hearings and announcements, proposed regulations, and agency information.

- Posting of matters related to docketed cases on DMS is a vital function of the Docketing Department. (Chart 7.2.1) Once the information is in DMS, it is available for public access over the internet. This information consists of applications, testimony, exhibits, notices, correspondence, orders, etc.

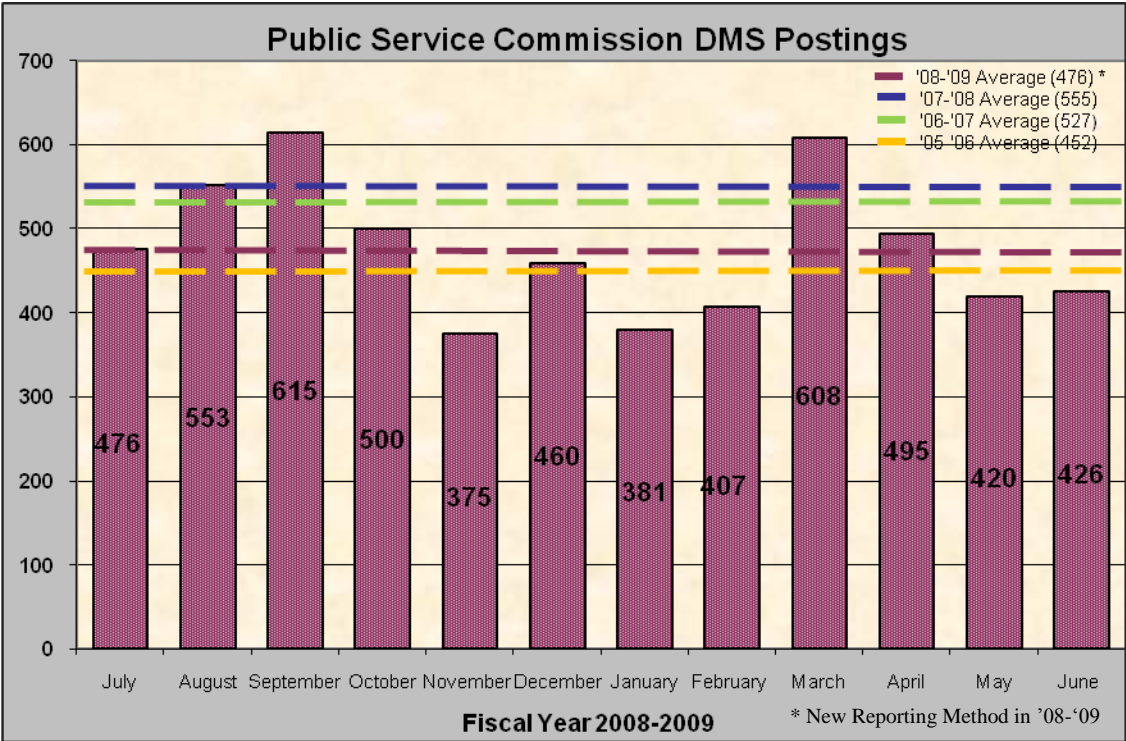


Chart 7.2.1 DMS Postings

- The DMS system's database was expanded to include orders dating back to 1974. Requests for the information contained on DMS continue to increase year after year reinforcing the utility of the system. (Chart 7.2.2)

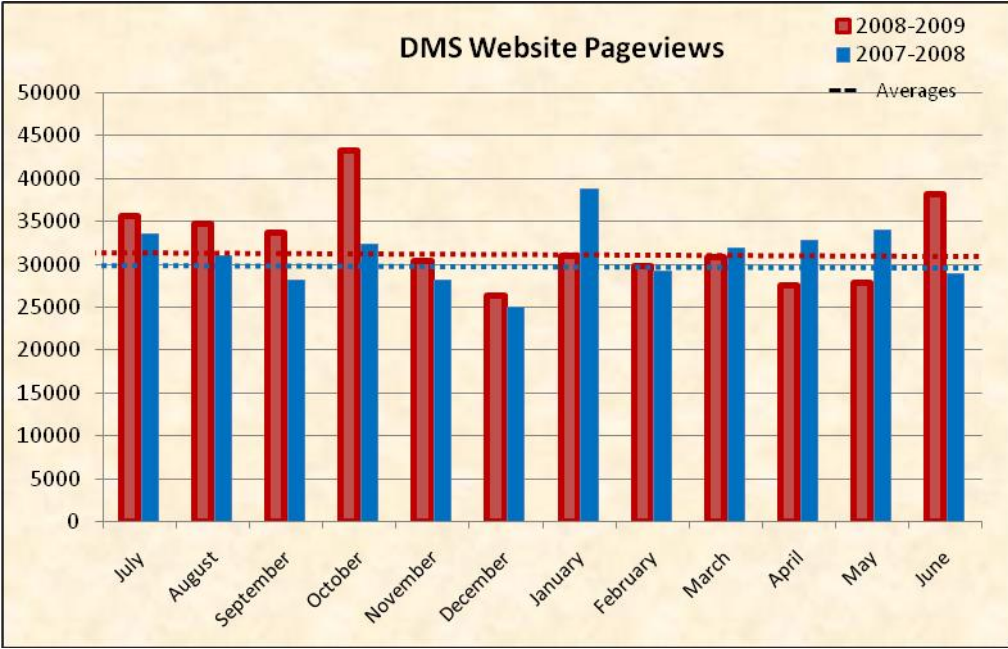


Chart 7.2.2 DMS Website Activity

- Most traffic comes to the Commission websites by direct link, but visitors also access the sites from referral sites such as the ORS website, NARUC’s website, and the state government websites. DMS had nearly 80,000 visits this past year, coming from 47 different countries. (Figure 7.2.3)

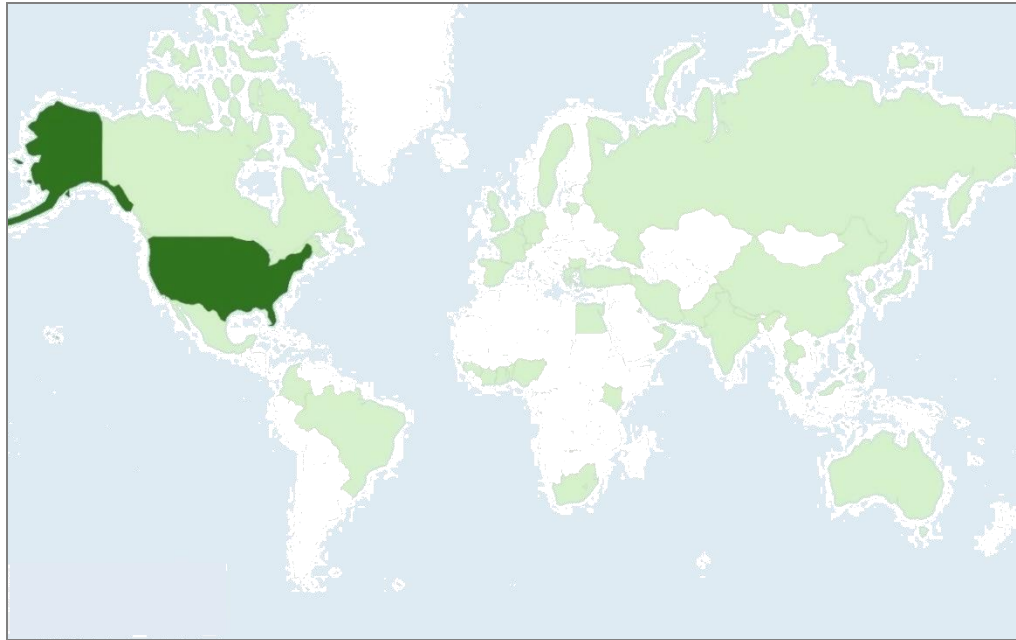


Figure 7.2.3 DMS Website Traffic

- As shown in Chart 7.2.4, the Commission’s website is very accessible using internet search engines. In the past three years, the Commission has seen an increase in the activity on its main website. As new information is added to the site, such as details on the SEARUC 2009 Conference, search engines are able to direct people to the site.

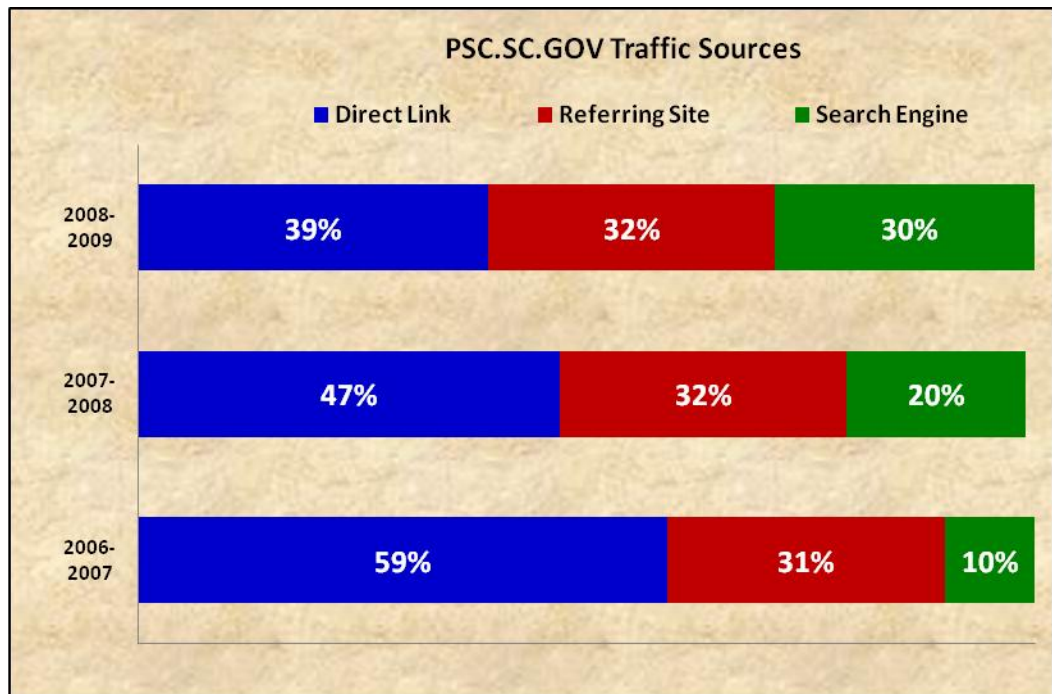


Chart 7.2.4 PSC Website Traffic

- The chart below (Chart 7.2.5) illustrates the visitor profiles on the Commission's websites. Both PSC.SC.GOV and DMS are well established sites, as shown by the high returning visitor percentages. It is desirable for a website to maintain a balance between new and returning visitors as these sites have. Operational since early 2007, the ETariff site shows that it is becoming a well relied upon site for accessing tariff information, as shown by its increase in percentage of returning visitors.

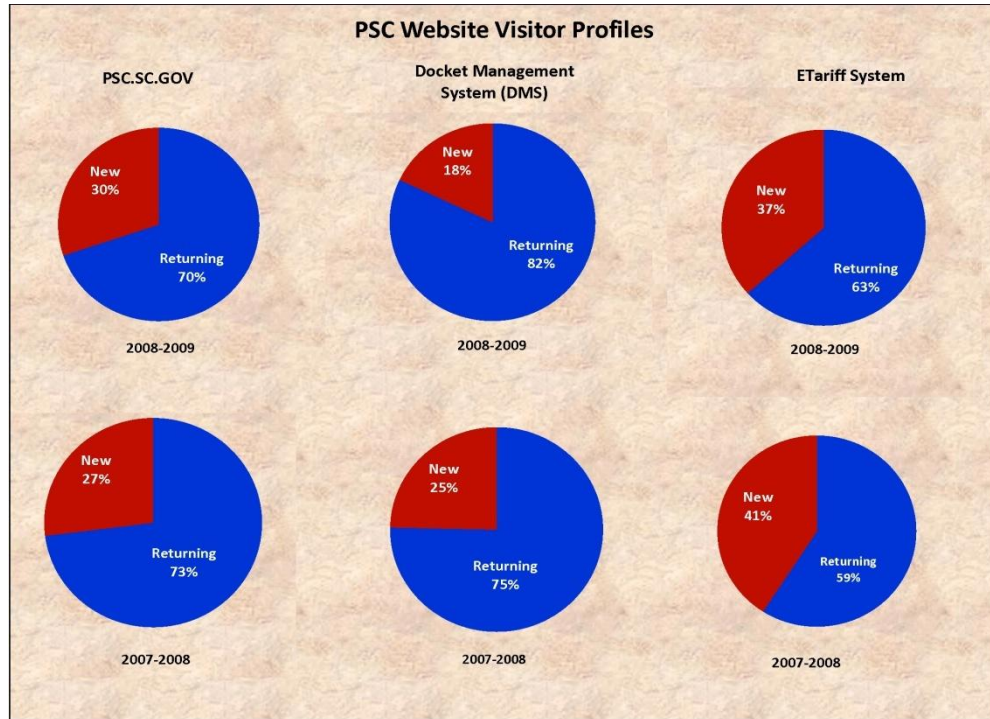


Chart 7.2.5 PSC Website Visitor Profiles

- 7.3 The Commission completed the 2007-2008 fiscal year within its operating budget, with a carry forward of \$276,979. The FY08-09 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 previous format of weekly alerts was changed to a daily alert system due to increased activity on the federal level and happenings within the regulated industries.

- The Office of Special Assistants identified areas where the Commission needed additional training and conducted seminars in areas such as the Natural Gas Rate Stabilization Act, the Base Load Review Act, the Universal Service Fund, and energy efficiency and energy conservation. (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)

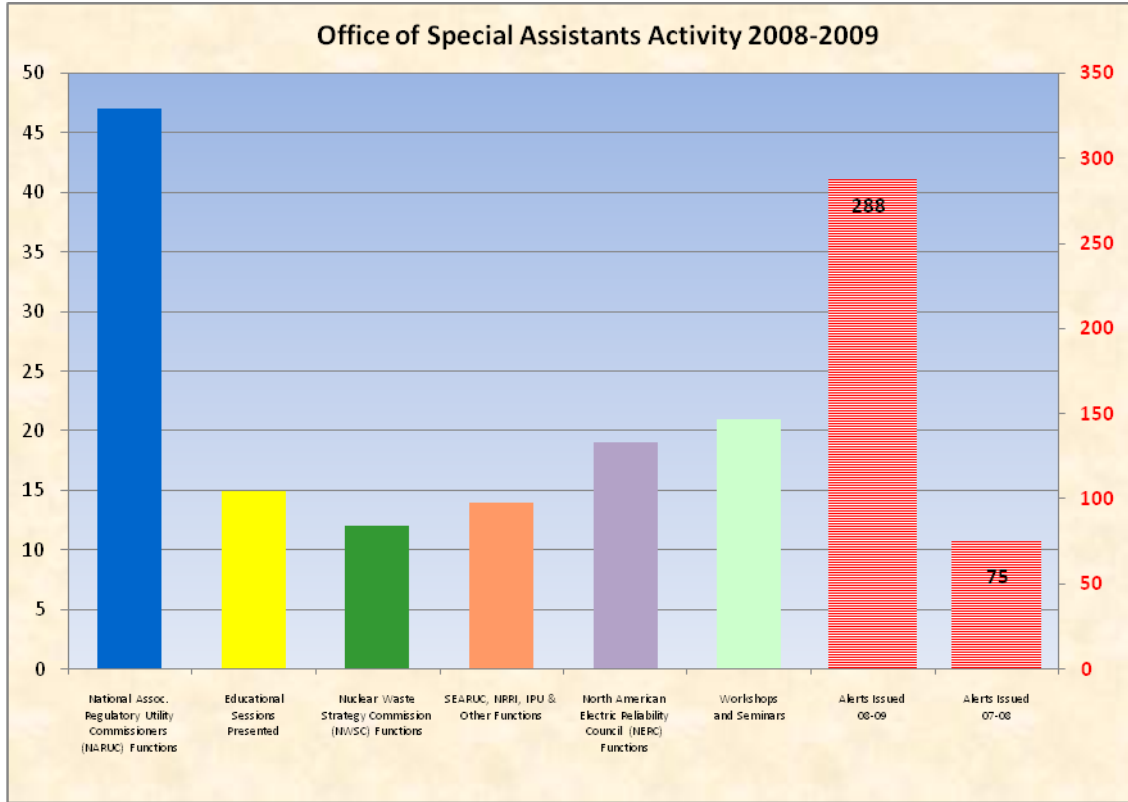


Chart 7.4.1 Office of Special Assistants

- Commissioners and staff continued to achieve positions of leadership on the national, regional, and state level. (Figure 7.4.2)

Chairman - NARUC Committee on Gas
Chairman - NARUC Washington Action Committee
Chairman - NARUC Nuclear Issues and Waste Disposal Subcommittee
Co-Vice Chairman - NARUC Committee on Water
Chairman- NARUC Committee on Critical Infrastructure
Chairman - NARUC Staff Subcommittee on Information Services
President - SEARUC
Voting Member - NERC Planning Committee

Figure 7.4.2 Leadership Positions

7.5 The Commission continued to identify improvements to operations and procedures that resulted in increased productivity.

- Electronic filing (E-Filing) of documents increases the timeliness of the information and improves productivity for the users and the Commission staff. (Chart 7.5.1) As more users realize the benefits of E-Filing, the percentage of documents filed electronically will increase as the trend shows. Electronic filings increased from an average of 30% to 38% in 2008-2009 on the DMS System and 77% of all tariff documents were electronically filed in 2008-2009, up from 58% the previous year.

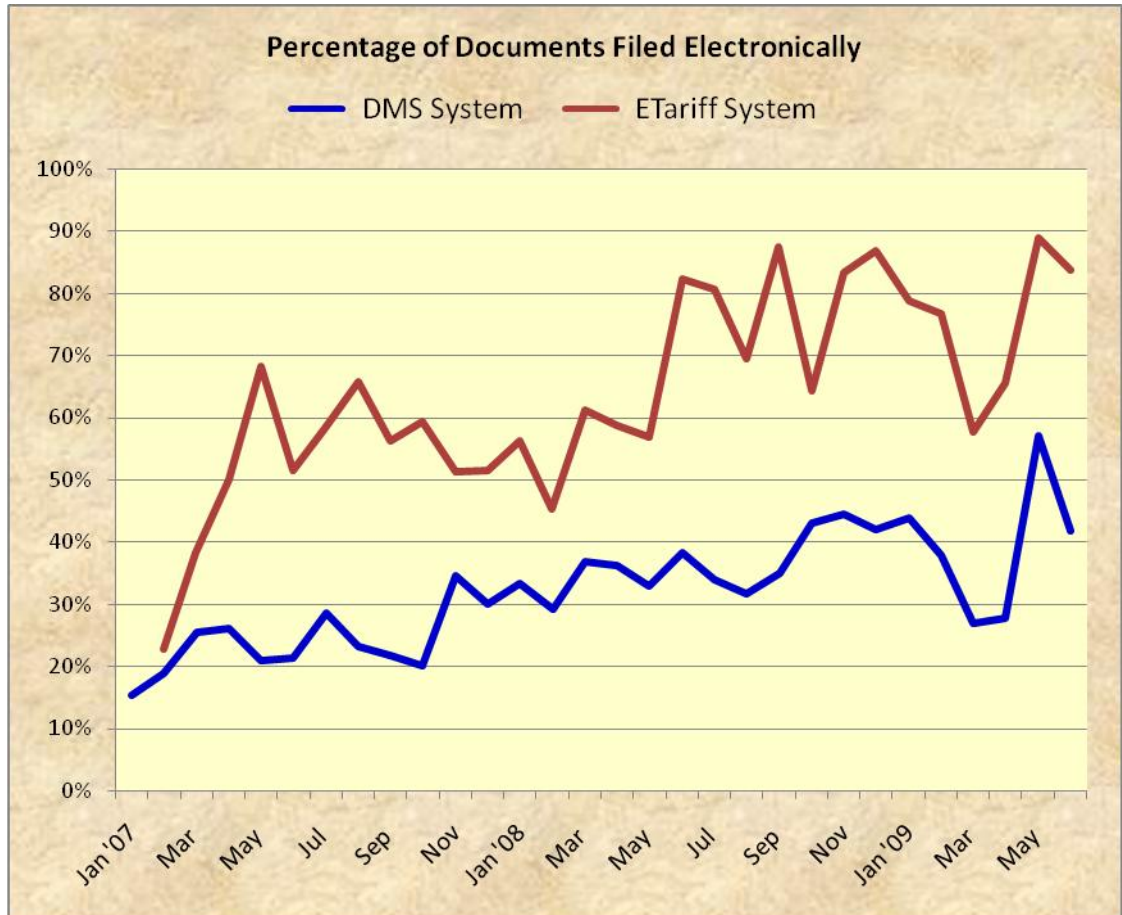


Chart 7.5.1 E-Filing

7.6 Revisions to regulations that govern the practices and procedures of the Commission and its regulated industries were undertaken with emphasis on new regulations that apply to new services and clarifications to existing regulations. (Figure 7.6.1) The General Assembly approved revisions to:

- Article 6 to provide for the annual reporting requirements for designated Eligible Telecommunications Carriers (ETCs) with the Universal Service Administrative Company and the Federal Communications Commission.

- Article 6 to provide for bonding or other security to protect consumers of prepaid local exchange telephone service. This regulation applies to telephone utilities who require advance payment from customers prior to providing telecommunications service.
- Article 2 to provide guidelines for the adjustment of bills by transportation carriers when a customer is inadvertently overcharged or undercharged and when a customer is willfully overcharged.
- Articles 5 and 7 to require water and wastewater utilities to notify the commission of any violation of a DHEC regulation that results in the issuance of a DHEC order and require the filer to note whether the DHEC order is under appeal. Additionally, this regulation provides that water and wastewater utilities must provide the ORS with a copy of all advisories affecting ten or more customers within twenty-four hours of issuance.
- Article 8 to outline when a party must be represented by an attorney and when a party may proceed without counsel before the Commission.

In addition, the General Assembly promulgated new regulations to:

- Article 8 to include electronic service between parties of record in cases before the Commission. This regulation provides that if all parties in a docket agree, service of filings in a docket may be made through e-mail or through electronic service.
- Article 2 to define stretcher vans and their requirements. This new regulation defines stretcher vans and provides governing driver and assistant driver qualifications/requirements, vehicle requirements, and limitations and conditions of service.

Notices of drafting have been filed with the General Assembly's Legislative Council concerning the following proposed legislation: (Figure 7.6.1)

- Article 2 to delete Regulation 103-181 which requires transportation carriers to maintain workers' compensation insurance. This regulation is unnecessary as Title 42 governs South Carolina workers' compensation laws.
- Article 2 to clarify that the lessee of a leased vehicle has the exclusive possession, control, and use of leased vehicles and that the lessee is responsible for procuring insurance for the vehicle for the duration of the contract, lease, or other arrangement.
- Article 2 to add definitions related to a charter bus. Additionally, to delete language that states a limousine shall not be considered to be a charter bus.

2008-2009 PSC Regulation Revision Status						
Article	Description	Proposed Regulations Filed	Public Hearing Held	Final Regulations Filed	Approved by General Assembly	Published in State Register
6	Annual Reporting of ETCs	✓	✓	✓	✓	✓
6	Bonds for Prepaid Local Exchange Carriers	✓	✓	✓	✓	✓
2	Motor Vehicles - Stretcher Vans	✓	✓	✓	✓	✓
8	PSC Practice and Procedures Legal Representation	✓	✓	✓	✓	✓
2	Household Goods Billing Practices	✓	✓	✓	✓	✓
5 & 7	DHEC Wastewater/Water Advisory Reporting	✓	✓	✓	✓	✓
8	PSC Practice and Procedures Electronic Service of Pleadings	✓	✓	✓	✓	✓
2	Workers Compensation Insurance	✓	✓			
2	Use of Leased Vehicles	✓	✓			
2	Charter Bus Definitions	✓				

Figure 7.6.1 PSC 2008-09 Regulation Review Process

***** END OF REPORT *****