



# **Louisiana Public Service Commission**

## **Commission on Streamlining Government**

### **Executive Summary**

**September 2, 2009**

**Section One: Agency Overview**

The Louisiana Public Service Commission, (LPSC) is a governmental regulatory agency established by the Louisiana Constitution mandated to “regulate all common carriers and public utilities.”<sup>1</sup> Public utilities regulated by the LPSC include electric providers, telecommunications carriers, water and wastewater (sewer) providers and natural gas local distribution companies. The LPSC’s constitutional jurisdiction over public utilities excludes those utilities owned, operated or regulated by a political subdivision of the state at the time the Constitution of 1974 was established. LPSC jurisdiction over “common carriers” includes the regulation of intrastate transportation services including passenger carrier services, waste haulers, household goods carriers, non-consensual towing, and intrastate pipelines. In addition to its constitutionally established authority, the LPSC exercises “such other regulatory authority as provided by law.” A list of the LPSC’s legislatively mandated authority is contained at the close of this section. In order to perform the constitutionally and legislatively mandated duties, the Constitution also grants the LPSC the authority to “adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties.”

The LPSC’s jurisdiction over public utilities and common carriers includes the regulation of rates, terms and conditions of service of those entities. Accordingly, the LPSC receives, analyses and establishes just and equitable rates for the Louisiana consumers and the utility industry in accordance with federal, state and local laws and regulations. This would include for example: applications, petitions, audits and requests received from regulated utilities and carriers to increase rates, transfer or purchase assets, issue securities, construct new generation facilities, purchase wholesale power, and review applications to provide regulated services. Additionally, the LPSC investigates consumer and industry complaints; investigates and prosecutes those entities in violation of state, federal, and LPSC regulations and promulgates rules and regulations required to perform its constitutionally and legislatively mandated duties.

The LPSC is comprised of five elected Commissioners representing five distinct geographic districts, serving six-year terms. The chief executive officer of the LPSC is appointed by the LPSC and responsible to the Commissioners for the day-to-day operations. The LPSC is divided into four (4) Programs for budgeting purposes: Administrative, Support Services, Motor Carrier, and District Offices. Each Commissioner has a “district office” staff. Additionally, a central staff located in Baton Rouge contains the administrative, support and motor carrier personnel. The total number of persons employed by the LPSC, including the five elected Commissioners is 103. The LPSC is a rather small commission, compared to other state agencies and public service/utility commissions in other states. The LPSC currently regulates 2000+ public utilities and common carriers.

The LPSC is funded through inspection and supervision fees that are collected from regulated utilities and common carriers with additional revenues being generated through Motor Carrier Regulation and the Telephonic Solicitation Relief Funds. The LPSC is statutorily funded and receives no support from the general fund. To date the LPSC has operated without any federal funding.

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<sup>1</sup> Article IV § 21 of the Louisiana Constitution of 1974.

**Utility, Transportation and Do Not Call Marketers Jurisdictional to the Louisiana Public Service Commission**

<b>Utilities</b>	<b><u>Utilities/Carriers</u></b>
Investor Owned Electric Utilities.....	4
Electric Cooperatives.....	12
Natural Gas Distribution Systems.....	11
Water Systems.....	79
Sewerage Systems.....	113
Telecommunication Service Providers.....	1,480
Incumbent Local Exchange carriers.....	21
Competitive Local Exchange Carriers.....	270
Long Distance Resellers.....	633
Competitive Access Providers.....	47
Operator and Payphone Service Providers.....	445
Commercial Mobile Radio Service.....	64
 <b>Do Not Call</b>	
Telemarketers.....	836
 <b>Transportation</b>	
Household Goods Carriers.....	77
Waste Carriers.....	128
Non-hazardous Oil Field Waste	
Non-hazardous Industrial Waste	
Hazard Waste	
Salt Water Carriers.....	67
Passengers.....	241
Common Carriers.....	160
Dispatch Taxi Cab Service.....	15
Charter Buses.....	66
Tow & Recovery Service.....	443

**Approximate Number of Customers, subscribers and enrollment of Louisiana Consumers that fall within the regulatory authority of the Louisiana Public Service Commission.**

<b>Utilities</b>	<b><u>Customers/Subscribers</u></b>
Investor Owned Electric Utilities.....	1,430,000
Electric Cooperatives.....	418,000
Natural Gas Distribution Systems.....	690,000
 <b>Telecommunication Service Providers</b>	
Incumbent Local Exchange carriers .....	1,709,563
Competitive Local Exchange Carriers.....	449,000
Commercial Mobile Radio Service.....	3,895,938
Do Not Call Enrolled Subscribers.....	2,114,489

## **Our Mission Statement**

The Public Service Commission's mission is to impartially, equitably and efficiently regulate the rates and services of public utilities and motor carriers operating in the State so as to ensure safe, reliable, reasonably priced services for consumers and a fair rate of return for the regulated utilities and motor carriers and to carry out legislative mandates, such as "Do Not Call" regulation.

## **Agency Goals**

### Goals for Regulatory Oversight:

- Promulgate and enforce reasonable and transparent rules, regulations, and procedures for the fair and efficient regulation of public utilities and common carriers, and for carrying out constitutional and legislative mandates in the State of Louisiana.
- Continue to revise and update rules and regulations to the extent necessary to remain on the forefront of utility, common carrier and Do Not Call regulation in the country.
- Provide thorough and specific training to ensure LPSC-wide knowledge of substantive laws, regulations, and policies pertinent to LPSC regulation and proceedings.
- Provide compliance oversight to protect consumers and the public interest; take fair and appropriate action to address instances of non-compliance.
- Encourage efficiency and innovation among regulated utilities and common carriers and the responsible use of resources and technology.

### Goals for Economic Regulation:

- Provide a fair, consistent and efficient regulatory process which results in reasonable rates for the consumer and a reasonable profit or rate of return for the utility or common carrier.
- Streamline and modernize the filing and payment process for utility and common carrier filings made with the LPSC.

### Goals for Consumer Assistance:

- Modernize business applications to allow user-friendly access to LPSC information and records.
- Educate consumers on issues relating to public utility, common carrier, and Do Not Call regulation.

- Expedite resolution of disputes between consumers and utilities.

**Identify your overarching reform goal(s) for the agency.**

- Replace our current document processing system with an integrated document imaging/case management system for internal and external use, benefitting both the public and the LPSC in cost savings, faster processing, and easier access.
- Fully integrate and streamline the filing and processing of consumer complaints concerning regulated utilities and motor carriers through computer-based Consumer Complaint Tracking System.
- Expand activities and efforts of LPSC as liaison and advisor to the public on matters related to utility and common carrier services and regulation, energy efficiency measures, and storm preparation and information.
- Organize/rewrite the rules and regulations promulgated through LPSC Orders into a Commission "code," for easier access to the public as well as the LPSC staff.
- Educate and assist Louisiana citizens in achieving energy efficiency and the maximum benefit from electricity usage through innovative programs such as public outreach enabled by the American Reinvestment and Recovery Act of 2009 (ARRA).
- Train Staff to meet increased demands of utilities that seek and obtain funding for energy initiatives, in turn enabling utilities to pass the benefits of these programs to ratepayers.
- Anticipate and proactively plan for sweeping changes to energy regulation on the federal level in the event that it becomes a reality.
- Process all motor carrier registrations upon receipt of complete information.

**Review and briefly outline the constitutional and statutory mandates for your agency**

The Louisiana Public Service Commission is an independent regulatory agency created in 1921 by Article VI, Article VI, § 3-9 of the Louisiana Constitution of 1921. The Public Service Commission succeeded The Railroad Commission of Louisiana, which was created by the Constitution of 1898. The LPSC's constitutional authority was reaffirmed by the Constitution of 1974, in Article IV § 21. Article IV § 21 vests the LPSC with constitutional jurisdiction over all public utilities and common carriers and mandates that the LPSC "adopt and enforce reasonable rules, regulations and procedures which are necessary for the discharge of its duties including other powers and duties as provided by law." In addition to its constitutional jurisdiction over public utilities and common carriers, the LPSC has "other powers and duties as provided by law." These "other powers and duties" include many legislative mandates such as Do Not Call as illustrated in Appendix A.

The Louisiana Constitution of 1974 also called for the LPSC district boundaries to be redrawn to divide the state into five districts. There are five elected Commissioners who serve overlapping terms of six years.

A detailed analysis of individual constitutional and statutory mandates is hereby attached in Appendix A.

**List of those mandates which impede attaining agency goal(s) and suggestions for changes in the law(s).**

The LPSC is unable to fulfill and perform its constitutionally and legislatively mandated duties in instances in which mandates are established, but sufficient resources to carry out those mandates are not provided by statute. One example is Act 753 of the 2008 Louisiana legislature, which enacted La. R.S. 45:561 and 562 authorizing the LPSC to hire state inspectors to assist with the Federal Railroad Administration's State Rail Safety Participation Program. Although this legislation authorized the hiring of up to six (6) inspectors, it provided no additional funding for these employees. The LPSC spent valuable time and resources defending legal challenges to its authority to assess a fee on railroads to support this program, and has been unable to hire inspectors to this date. Essentially, any new mandates that are established absent the necessary funding are difficult to implement.

**Section Two: Efficiency and Benchmarking**

**Identify under-performing programs that should be overhauled or eliminated.**

Programs to be eliminated: None

**Improvement of efficiency**

The Public Service Commission seeks to be a more efficient and effective organization. Some of the recent initiatives to improve efficiencies as well as other possible future changes include:

**STAR PSC Case Management System**

The STAR PSC System includes full agency automation and case management functionality. This includes electronic filing of tariffs and applications, electronic routing, and management of dockets, agendas, calendars, hearings, LPSC meetings, digital signatures, and fees. The STAR PSC System has been designed to facilitate all aspects of electronic filing, from the initial application through the complete life of the filing. It maintains all applicant information and current status, administers fees and payments, manages task assignments, and preserves supporting documents. The STAR PSC system has been in production for approximately five years at numerous regulatory commissions throughout the United States, many of the automated business process workflow's within the system have become known as best practices in the utility regulation field. Prior to purchasing the product the LPSC and ACO staff, who are recognized as experts in the utility regulatory field, engaged in a week long "needs assessment" exercise identifying any areas of redundancy or where our current business processes could be

streamlined. The needs assessment exercise included all LPSC division heads, staff and ACO staff. The agreed upon results of the needs assessment will be incorporated into the STAR PSC system.

With the implementation of the system, the Louisiana Public Service Commission will achieve a more cost-effective, total solution that will substantially enhance the effectiveness and efficiency of our organization ultimately saving time and money which will benefit the citizens of the state.

## **GIS**

The LPSC is REQUIRED under the State Emergency Operations Plan to be present at the Emergency Operations Center before, during, and following a natural and/or manmade disaster providing a detailed mapping of utility outages, by parish. The mapping system gives our agency the ability to import forecasted storm tracks and identify the operational status of electric power providers. During storm events and other natural or manmade disasters and throughout the recovery phase the system manages data associated with carrier service, outage, and restoration. Implementation of modifications via improved technology will allow the LPSC to make more efficient the reporting of this vital data. The information provided is used by the U.S. Department of Homeland Security, U.S. Department of Energy, Federal Emergency Management Agency, the Governor's office, Department of Social Services, the Louisiana National Guard, Department of Health and Hospitals, Department of Natural Resources, Department of Transportation and Development, Department of Environmental Quality Louisiana Offshore Oil Port and countless other Federal and State agencies, media outlets and vendors to determine the appropriate allocation of emergency response and resources. This mapping system was invaluable during Hurricanes Gustav and Ike.

## **Consumer Complaint Tracking**

To assist the LPSC in receiving and promptly and effectively resolving complaints against regulated entities, the LPSC developed the Consumer Complaint Tracking System (CCTS). The CCTS application allows the agency to manage the entire process of taking complaints, notifying regulated utilities, resolving complaints, and reporting complaint resolutions. Moreover, this system provides for tracking, management and analysis of complaints and provides the LPSC with a resource to statistically identify major deficiencies and trends or patterns in utility operational practices. This system and additional training of central office and district staff has advanced streamline reporting and increased agency efficiency.

## **Codification of LPSC Rules and Regulations**

The LPSC plans to initiate a full reorganization/rewriting of the LPSC's constitutionally established rules and regulations, promulgated through LPSC Orders into a LPSC "code," which can be made available to the public as well as the Staff. Organization into a "code" format will greatly improve accessibility and permit ongoing and efficient updating with historic references. The LPSC Staff, regulated utilities and common carriers, consumers, and the general public will benefit from a more accessible, researchable and accurate source of LPSC rules and regulations.

### **Public Utility Regulatory Funding**

On August 26, 2009, the LPSC submitted an application for state regulators' assistance through FOA 0000100 available only to public utility commissions throughout the country. Upon favorable approval, this funding would be a first time ever receipt of financial resources from the federal government and will enhance the LPSC's capacity to meet the anticipated increase in filings and rulemakings resulting from electricity initiatives found in the American Recovery and Reinvestment Act of 2009 (ARRA). It is becoming more and more evident that a version of renewable energy legislation will be passed sooner or later requiring a readiness to respond to needs of ratepayers and utilities that may be disadvantaged by such changes. The LPSC is taking a pro-active approach and preparing for these changes by seeking financial assistance that will provide the LPSC with increased training opportunities and produce a better equipped regulatory staff. The LPSC has several ongoing rulemakings to address the needs of Louisiana citizens with regard to the changes in federal legislation including the topical areas of energy efficiency, renewable energy, smart grid, demand response, and transmission and distribution.

### **Purchasing**

All purchases now requisitioned in central office and then distributed to satellite offices. This allows items to be purchased in bulk which results in reduced costs and promotes efficient inventory controls.

### **Section Three: Outsourcing and Privatization**

#### **List programs, functions, or activities that can be privatized or outsourced.**

As explained in Section I, the LPSC is funded by the inspection and supervision fees collected from regulated utilities and common carriers. Many other state regulatory commissions are funded in the same manner. As these fees are collected from all regulated utilities based on their revenues, the costs are proportionally passed on to the ratepayers. The Fiscal year 2009-2010 operating budget of the LPSC is \$8.9 Million. Currently, the LPSC handles approximately 95% of all docketed matters using its internal legal division and believes this percentage is optimal, given that extraordinary expertise and/or resources are needed in approximately 5% of all docket matters. A slightly higher percentage of the audit and economic functions of the LPSC are also outsourced, to consultant firms that are qualified as experts in those professions.

The LPSC's constitutionally mandated duties often involve complex legal and regulatory issues, and interplay between federal and state regulations. Due to the specialized nature of the work performed at the LPSC, the LPSC has traditionally experienced high turnover, particularly in the legal division, as those trained in the area of utilities regulation are hired by the private sector for their knowledge of the subject matter. The number of matters outsourced has decreased in recent years as the LPSC has had success in maintaining a staff capable of performing the highly specialized and technical regulatory functions of the LPSC.

Nonetheless, there are certain instances in which the LPSC has retained outside counsel and/or consultants to assist Staff, generally when there are insufficient resources to handle the matter

“in house.” Pursuant to LSA R.S. 45:1180, the LPSC can hire outside counsel and/or consultants to assist in performing its constitutional mandates, when it possesses insufficient manpower or expertise. The approximately 5% of cases that are currently outsourced involved extremely complex regulatory matters that require resources that the LPSC, based on current staffing levels, cannot handle “in house.” Specifically these cases involve complex rate filings involving the largest electric utilities, before both the LPSC and Federal Regulatory Utility Commission (“FERC”).

Outsourcing of these cases is administered via an RFP process. As outlined in the revised statutes, the fees incurred by outside counsel and consultant’s fees are billed to the utilities, which in turn pass those costs on to their ratepayers. The annual billing to utilities to perform this work is generally \$5 Million dollars. While there are large savings realized from this outsourcing of work, costs to ratepayers would substantially increase if more of the work that is currently handled by internal staff were outsourced. Similar increases would result from outsourcing other aspects of the LPSC’s regulations. Thus, the LPSC believes that best practices would support a continuation of outsourcing, on a limited basis, of only the most complex issues while at the same time maintaining a highly skilled in house staff capable of performing the vast majority of the LPSC’s regulatory functions.

#### **Section Four: Information Technology Integration**

##### **List IT projects already underway designed to improve efficiency and effectiveness as well as potential projects.**

###### **STAR PSC Case Management System** – status: implementation stage

The STAR PSC System includes full agency automation and case management functionality. This includes electronic filing of tariffs and applications, electronic routing, and management of dockets, agendas, calendars, hearings, LPSC meetings, digital signatures, and fees. The STAR PSC System has been designed to facilitate all aspects of electronic filing, from the initial application through the complete life of the filing. It maintains all applicant information and current status, administers fees and payments, manages task assignments, and preserves supporting documents.

###### **GIS** – status: complete, modifying/enhancing per user request

The LPSC is REQUIRED under the State Emergency Operations Plan to be present at the Emergency Operations Center before, during and following a disaster providing a detailed mapping of utility outages, by parish. The data provided is used by the US Department of Energy, the Governor’s office, DSS, the Louisiana National Guard, DHH, and countless other Federal and State agencies, media outlets and vendors to determine the appropriate allocation of emergency response and resources.

###### **Transportation** – status: complete, modifying/enhancing per user request

Pursuant to Louisiana Revised Statutes Title 45:161 through 180.1., which authorizes LPSC to regulate Common and Contract Carriers of Waste, Saltwater, Household Goods and Passengers for hire, Passenger Carriers of dispatched Taxicab Services and all Non-Consensual Towing Companies. These Companies shall not operate in Louisiana without having first registered with

the LPSC. The Transportation Database was developed and is maintained by LPSC to administer the carrier registration, track fees, issue certificate, maintain proof of insurance, manage annual reports, issued citations, record filed leases and provides the LPSC and the public with various reports. This application is used extensively by our Accounting Department, and Transportation Division.

**Utilities** – status: complete, modifying/enhancing per user request

The Utilities Management System is an application developed in house within the LPSC to facilitate the LPSC's core mission of managing public utilities. The UMS application is used to track regulated utilities information, manage bond requirements, and manage annual reports. The Utilities division uses the application extensively in its day to day operations.

**Do Not Call** – status: complete, modifying/enhancing per user request

The *Louisiana Do Not Call Telephone Solicitation Relief Act of 2001* directs the Louisiana Public Service Commission to promulgate regulations and to compile and maintain a *Do Not Call Register*. The Register consists of telephone numbers of Louisiana residential telephone subscribers who have elected to reduce telephone solicitations. Business numbers may not be included on the list. The law required the *Do Not Call Register* to be operational by January 1, 2002.

To support this requirement the LPSC uses the Do Not Call application developed and maintained by the LPSC. This application is used to manage the import of new phone numbers from consumers registering online, by phone, or on the Federal Do Not Call List. The Register is made available to registered solicitors on a quarterly basis. The DNC application is also used to track registered solicitors, consumer complaints, and complaint resolution. The application is used extensively in the day to day operations of the Do Not Call division.

**Consulting Billing** – status: complete, modifying/enhancing per user request

Legal cases appearing before the LPSC in some cases require the hiring of outside consultants and the expense of hiring those consultants is incurred by the regulated entities involved in the case. To facilitate the management of consultants, the cases on which they are assigned, and the processing of the consultant invoices, the LPSC developed the Billing and Case Management System. This system was developed to address the auditing requirements of the legislative auditors. It is used by the LPSC budget office.

**Consumer Complaint Tracking** – status: complete, modifying/enhancing per user request

To assist the PSC district offices in taking and resolving complaints, the PSC developed the Consumer Complaint Tracking System. This is a web based application that ties into the main SQL databases for utilities and transportation. The CCTS application allows the district offices to manage the entire process of taking complaints, notifying regulated utilities, resolving complaints, and reporting complaint resolutions for Performance Indicator Reports.

**Multiple web sites** – status: complete, modifying/enhancing per user request

The PSC maintains both public and private web sites for,  
The distribution of essential news and information including but not limited to the following:

Calendar of Events (Business and Executive Sessions, Hearings, Status/Technical conferences, etc . . .)

Regulated Utilities Search

Electronic filing of complaints

Access to LPSC documents

A launching point for the web based applications

Receipt of Electronic Filings (legal pleadings, tariffs, certificates, applications, etc . . .)

Do Not Call registration

**Help Desk System** – status: complete, modifying/enhancing per user request

To assist the IT staff in meeting the needs of the PSC employees, the IT department developed a Help Desk application for internal use within the LPSC. This web-based application allows for the handling of help requests from inception to resolution. Additionally it allows the IT department to track and report on the kinds of requests being made in order better allocate IT resources.

#### **Section Five: Elimination of Duplicative and Unnecessary Services**

**List the activities of your agency that fall outside of your constitutional and statutory mandates.**

None.

**Identify outdated activities that should no longer be part of the mission of your agency.**

The LPSC continues to possess jurisdiction over a handful of industries that have become outdated due to technological innovations and modernization of communication media. For example, Louisiana Revised Statute 45:1166 clarifies that the LPSC's constitutional authority to regulate common carriers encompasses both telephone and telegraph businesses. With the advent of the digital revolution of the new millennium, the LPSC's constitutional mandate to regulate telephone carriers remains as invaluable and irreplaceable as ever. Nevertheless, this statute could still stand to be amended to remove the LPSC's mandate to regulate the obsolete telegraph industry, without offending the LPSC's perennially important duty to regulate the telephone carriers who continue to play an inestimable role in our economy and in our way of life. Other, similar extant statutes that extend the LPSC's jurisdiction over joint through rates (La. R.S. 45:1093-96), express carriers (La. R.S. 45:1167), and telegraph and express lines (La. R.S. 45:1200-02) could be eliminated altogether.

### **Transportation Division**

Further reduction of the transportation program is not feasible given that the program was completely overhauled and streamlined beginning in March 2008, when the legislature removed interstate registration and enforcement and the division's budget was severely reduced. The loss of this program resulted in the elimination of seventeen (17) positions and the termination of LPSC weigh scale and roadside enforcement. Enforcement is now performed through the division's audit function and the investigation of complaints.

#### **Identify duplication or overlap with other state agencies, with federal government, or with public or private stakeholders groups.**

The Telecommunications Act of 1934 and the Telecommunication Act of 1996, codified in 47 USC § 151, et. seq. The LPSC shares jurisdiction with the Federal Communications Commission ("FCC") on a number of telecommunications issues. In general terms, the LPSC's jurisdiction, pursuant to its Louisiana constitutional authority, extends over the intrastate component of telecommunications services, with the FCC maintaining jurisdiction over the interstate component. This role was expanded greatly when the Act of 1996 opened the traditional Regional Bell Operating Company (RBOC) territories to competition. The LPSC was actively involved in fostering this competitive environment and in many instances at the forefront of initiatives that spurred on completion in the former BellSouth region. Specifically, areas of regulation that are delegated to states by the FCC and include approval of interconnection agreements entered into by telecommunication service providers (47 USC § 251), arbitration of disputed issues in interconnection agreements (47 USC § 252), certification of telecommunications carriers as "eligible telecommunications carriers" for purposes of receiving federal universal service funding (47 USC § 214), jurisdiction over pole attachment rates (47 USC § 224), authority to establish state universal service funding (47 USC § 254), and "other terms and conditions" of commercial mobile radio service (i.e. wireless) (47 USC § 332).

Under La. R.S. 45:180.1 the LPSC is mandated to regulate the towing industry. The LPSC sets and enforces rates for nonconsensual tows and storage. DPS is responsible for the enforcement of all safety regulations

At the present time, the Louisiana Public Service Commission and the Office of Conservation exercise authority with respect to the regulation of intrastate natural gas systems. The areas of regulatory oversight do not overlap and it is unlikely the potential for savings and efficiencies may exist through combining these efforts. The LPSC has regulatory authority over the regulation of natural gas distribution systems for the purpose of fixing rates and service charges as well as the authority to regulate the sale of natural gas moving by pipeline to local distribution systems for resale. The Office of Conservation has regulatory oversight over pipeline safety which encompasses liquid and natural gas pipeline operations in the state and includes industrial as well as residential and commercial applications. (LA R.S. 30:§551)

**Railroad safety**

Oversight by the LPSC according to La. R.S. 45:561 and 45:562 is necessary to ensure that railroad companies abide by federal safety regulations. Without this mechanism, key safety regulations could be ignored and the lives and/or well-being of Louisiana citizens could be jeopardized. While the Louisiana Department of Transportation and Development does have some statutory authority over railroad crossings, it lacks the authority and resources to participate in the federal rail safety program, which will improve the safety of railroad operations in Louisiana by ensuring compliance with federal railroad safety laws.

**Section Six: Civil Service and Employee Benefits**

The LPSC has attempted to utilize all available tools and innovative options offered through Civil Service to provide flexibility when hiring professionals into the organization, retaining employees with specialized expertise, and offering incentives for employees seeking training and continuing education. These are described in detail below:

- Civil Service requires employees to attend mandatory training through the Comprehensive Public Training Program, (CPTP), which is not agency specific and often lacks practicable application for our agency. It is recommended that the CPTP mandatory training be eliminated and agencies have the option to get specific training needs through other sources.
- The new Civil Service policy requiring hiring agencies to determine application eligibility causes undue duplicity across state agencies. Multiple agencies now have to review an applicant's information and make the same determination when someone applies to multiple agencies. To reduce duplication a statewide system should be developed for human resources personnel from all agencies to enter and share these determinations.

**List and identify any current initiatives or ideas related to employee benefits, hiring and promotion, and other employee regulations.**

**Current Initiatives**

- Use of 6.5(g) hire rate for education and/or experience, or specialized expertise, beyond the minimum required to bring in exceptional applicants at a competitive salary.
- Use of special entrance rates (SERs).
- Availability of flexible work schedules.
- Availability of compensatory time for overtime work.

- Accessibility to a crisis leave pool which has been invaluable to employees who do not have adequate leave.
- New policies and regulations are developed as needed.

### **Section Seven: Studies and other Resources**

Electric utility regulation is one of the most demanding of time and expertise at the LPSC. Due to changes in federal energy and environmental policies, this is an area of law that is in a constant state of flux, and requires corresponding changes to LPSC rules concerning electric utilities. The LPSC currently has several studies taking place and some that have been concluded in recent years, the objectives of which are to remain on the forefront of energy regulation and allow Louisiana citizens to be leaders in energy policy nationwide. Summaries of a sampling of those studies are provided below, but this list is by no means exclusive. The LPSC is continuously evaluating the regulatory policies of the LPSC, as technology and law continue to progress.

#### **Electricity Related Rulemaking Dockets**

- R-28271 Subdocket B. In this re-study of the feasibility of a renewable portfolio standard for the State of Louisiana, the LPSC is evaluating the feasibility of a state RPS. This rulemaking has already become an enormous undertaking, with twenty seven (27) formal interveners and interested parties, as well as various other entities represented at task force meetings. Staff's goal in this rulemaking is to review all options and reach the best solution for the citizens of Louisiana with regard to renewable energy resources.
- R-29213. In this study, the LPSC studied investigated the appropriateness for LPSC jurisdictional electric utilities to provide and install time-based meters and communication devices for each of their customers which enable such customers to participate in time-based pricing rate schedules and other demand response programs. Consolidated with R-29213 Sub. In re: Commission examination of the public benefits of potentially adopting rules, new tariffs, and/or other regulatory mechanisms that would promote (or require) the use of wireless metering in Louisiana. The LPSC studied the potential benefits of advanced metering infrastructure and found that demand response and advanced metering systems could offer significant benefits to both utilities and ratepayers. This rulemaking found significant one of the challenges for AMI implementation and demand response adoption is

regulatory uncertainty. This rulemaking set the terms and conditions under which these programs would be evaluated, and how costs associated with the adoption of these programs and new technologies would be recovered in rates. In response to the LPSC's adoption of a clear and concise rule, LPSC-regulated utilities EGSL, ELL and CLECO sought and received LPSC approval for an AMI and DR pilot programs that are ongoing.

- R-30021 - Development and Implementation of Rule for Integrated Resource Planning for Electric Utilities. In this study, the Louisiana Public Service Commission is investigating requiring utilities to conduct Integrated Resource Planning ("IRP") studies, and the outcome of the Docket will lead to the LPSC implementing IRP rules. As a result of the Stimulus Plan and because of the fact that it is likely that some form of the Waxman-Markey bill ("Energy Bill") will be signed into law, we anticipate that the IRP docket will require additional investigation of issues that relate to renewable energy and energy efficiency. For example, we anticipate that there will be additional focus on revenue decoupling issues that will have to be addressed as part of the IRP docket, and we anticipate that our rules will require additional consideration of renewable energy requirements. In Louisiana we already have in place a market based mechanism ("MBM") that requires our utilities to conduct competitive solicitations for new resources, and we anticipate that making sure that the IRP rules are compatible with our MBM Order, will be complicated by the fact that the Energy Bill will most likely have a Renewable Portfolio Standard requirement. Therefore, we anticipate due to the complexity of the issue and the predicted longer than anticipated timeline that our scope of work will be both lengthened and expanded. Additionally, all public utility/service entities across the United States will be faced with adhering to changes in federal regulation.

#### **Other Resources**

Commissioners and Staff receive routine training, in both general utility and common carrier regulation. This training addresses the subject matter or issue currently of interest to the LPSC.

As noted above, continued training and education as well as monitoring of pertinent issues are of increasing importance and critical to the LPSC's role and Mission.

The LPSC has historically been a member of National Regulatory Research Institute (NRRI), but recently decided to forego this membership in order to reduce this expenditure to comply with budget cuts.

Legal Staff are members of the Public Utility Section of the Louisiana State Bar Association, a section that was created to serve the needs of the specialized section the Bar that practices in the area of utility regulation. The section generally meets once a year for a continuing legal education opportunity.

### **Section Eight: Agency Best Practices**

**List and identify any current successful streamlining initiatives taking place (or have taken place) within your agency.**

#### **Consumer Complaint Tracking**

To assist the LPSC in receiving and promptly and effectively resolving complaints against regulated entities, the LPSC developed the Consumer Complaint Tracking System (CCTS). The CCTS application allows the agency to manage the entire process of taking complaints, notifying regulated utilities, resolving complaints, and reporting complaint resolutions. Moreover, this system provides for tracking, management and analysis of complaints and provides the LPSC with a resource to statistically identify major deficiencies and trends or patterns in utility operational practices. This system and additional training of central office and district staff has advanced streamline reporting and increased agency efficiency.

#### **Codification of LPSC Rules and Regulations**

The LPSC plans to initiate a full reorganization/rewriting of the LPSC's rules and regulations promulgated through LPSC Orders into a Commission "code," which can be made available to the public as well as the Staff. Organization into a "code" format will greatly improve accessibility and permit ongoing and efficient updating with historic references. The Commission Staff, regulated utilities and common carriers, consumers, and the general public will benefit from a more accessible, researchable and accurate source of Commission rules and regulations.

#### **LPSC Electricity Ratemaking**

The LPSC takes its ratemaking responsibilities very seriously and as a result takes pride in keeping rates in Louisiana competitive with other states. In fact, year to date for 2009 overall customer electric bills for Louisiana consumers rank 14<sup>th</sup> lowest in the country, nearly two and a half cents lower than the national average. We have been able to achieve this at a time when the cost of natural gas, the electricity generation source on which Louisiana utilities are most dependent overall, has been very volatile due to market forces beyond the LPSC's regulatory scope. This is not the case in many states where fuel sources such as coal and lignite, hydro, etc.

are much more abundant. Consequently, the LPSC continues its commitment to work to keep electric bills low in comparison to other states for Louisiana citizens.

The latest statistics from the Energy Information Administration shows that 47% of electric generation in Louisiana comes from natural gas which includes utility generation as well as generation from independent power producers and cogeneration facilities.

The following is Louisiana's Electricity Generation by Source in 2007:

Nuclear – 18.4%  
Coal – 24.9%  
Petroleum – 2.4%  
Natural Gas – 47.4%  
Other gases – 2.0%  
Hydroelectric – 0.9%  
Other Renewables – 3.2%  
Other – 0.8%

In comparison, North Dakota which has the lowest rates in 2009 has over 90% of their generation from coal, which is a significantly cheaper source of fuel. Another state with lower rates is Idaho, which has over 90% of their electricity from hydro generating plants. Only Alaska, California, Rhode Island, and Texas have a greater dependence on natural gas, and each of those have average rates that rank above the national average. Despite this heavy dependence on natural gas, Louisiana has remained below the national average due to the LPSC's stringent management and ratemaking policies and programs.

#### **Docket No. U-27790 – Atmos Energy Corporation**

On February 17, 2004, Atmos Energy Corporation (“Atmos”) filed a petition with the Louisiana Public Service Commission (“Commission”) requesting the approval of a proposed Purchased Gas Adjustment-Rate Stabilization Program (“PGA-RSP”). Pursuant to the General Order dated March 24, 1999, the Commission allowed Atmos and other natural gas local distribution companies (“LDC”) under their regulatory jurisdiction to pass through and recover from their customers the actual cost of gas billed by suppliers and pipelines. The General Order was initiated in part to further define the costs eligible for recovery by LDCs through the purchase gas adjustment (“PGA”). This type of mechanism is used across the country to allow utilities to adjust for changes in market based natural gas costs and recover these changes in costs without regulatory lag, subject to audit and refund.

Under Section IV (E) of the March 24, 1999 General Order, the LPSC encourages but does not require LDCs to adopt gas procurement programs that could potentially stabilize PGA costs. The LPSC encourages a “systematic” approach as opposed to a “speculative” one. The recovery of natural gas costs is intended to be a dollar-for-dollar recoupment, and no allowance for profit or incentive payments has typically been built in to the PGA recovery mechanism.

However, the LPSC Staff under the direction of the Commissioners was asked to “think outside the box” to determine if a program such as proposed by Atmos could actually incentivize LDCs to adopt more aggressive hedging programs that could potentially achieve greater ratepayer savings on natural gas costs.

Following a Staff evaluation and recommendation a three-year pilot program was approved by the LPSC in 2004. Staff’s evaluation of the pilot program’s performance in 2008 found that for the three-year pilot period, the effect of Atmos’ hedging activities was a *decrease of \$17.7 million to the gas costs of ratepayers*. This amount was \$7.4 million more than would have been achieved under a systematic approach. Further, Staff recommended, in part, that the PGA-RSP be continued for an additional two years after which time another evaluation should be performed. Staff did not recommend any disallowances.

Certain modifications to the original pilot were determined to be appropriate and subsequently ordered by the LPSC. However, the savings to ratepayers due to the Staff’s design of the program establishes that the LPSC’s creative, progressive thought process in the creation of the plan constitutes a “best practice” that is being pursued by other gas LDCs in Louisiana.

### **Securitization**

In the summer of 2005 Hurricanes Katrina and Rita struck Louisiana in August and September, respectively. The damage caused by these two storms both in terms of human life and destruction of property was both catastrophic and unprecedented - the cost to Louisiana utilities to restore electric service and repair infrastructure exceed \$1 billion. Entergy Gulf States Louisiana ("EGSL") and Entergy Louisiana (ELL") made a filing with the Louisiana Public Service Commission ("LPSC" or the "Commission") seeking rate relief in connection with the restoration of service and repair to the systems due to the damage caused by Hurricanes Katrina/Rita. Interim relief was granted by the LPSC in February, 2006

The LPSC undertook a massive investigation into the permanent storm relief requests of EGSL and ELL that consumed more than a year. In August 2007, the LPSC issued Order No. U-29203-B authorizing EGSL and ELL to recover, in retail rates, the costs associated with the damage caused by Hurricanes Katrina and Rita. The LPSC order approved recoverable storm costs as follows:

EGSL -- \$187 million  
ELL -- \$545 million

In addition, the LPSC approved the establishment of a storm reserve fund for ELL of \$152 million and for EGSL of \$87 million. These amounts were approved for recovery only after a variety of ratepayer protection conditions were placed upon recovery, including requirements that all tax benefits resulting from the storm damage, and all other offsets such as insurance proceeds and government grants, be credited one hundred percent to the benefit of ratepayers. In addition, the LPSC reduced Entergy's total storm claim by imposing regulatory adjustments of approximately \$85 million (in the first year alone).

In order to pay for these massive costs and reserves, the Louisiana Public Service Commission authorized ELL and EGSL to "securitize" these costs and sell bonds to finance the reconstruction. These bonds were rated "AAA" and had yields of 5.56% and 5.74% for ELL and EGSL respectively. These yields were less than half of what it would have cost had traditional rate base/rate of return financing been utilized. Savings to ELL and EGSL customers were about \$200 million. Additional potential tax savings benefits could significantly increase that number. These sales of bonds were so unique and produced such favorable results that the prestigious International Financing Review named the sale of the ELL bonds the U.S. Securitization Project of the Year for 2008.

In addition to the \$85 million the LPSC saved customers from the original ELL/EGSL storm cost requests and the \$200 million savings from the use of securitization, there was a major advantage for customers in 2008 from these bond sales. The "storm reserves" that were established by the bond sales are set aside to pay for the costs of future storms. In 2008, Hurricanes Gustav and Ike hit. While these were also devastating hurricanes, the existence of the storm reserves permitted ELL and EGSL to restore power and pay for repairs, without seeking any interim storm damage relief from customers. While these storm reserves did not pay for all of the costs, they did provide the insurance for which they were designed and delayed for over a year and a half, any further need for rate relief.

### **LPSC is the designated "point of contact" for 911 in Louisiana**

The Louisiana Revised Statutes (La. R.S. 33:9101-9108) grant authority to each parish to create within its boundaries a communications district which would operate autonomously with no centralized state regulatory oversight. However, the FCC directed that each State appoint a central point of contact, as required by the Wireless Communications and Public Safety Act of 1999 (911 Act).

In 2002, Governor Mike Foster designated the Louisiana Public Service Commission as the central point of contact for 911 in the state of Louisiana. The Governor cited the LPSC regulatory oversight of the local telecommunications providers in the state in identifying the LPSC as the "most appropriate state agency in Louisiana to act as the 911 point of contact."

In addition, the LPSC is responsible for the coordination and assignment of all other N11 abbreviated dialing codes to qualifying entities under the FCC definitions for each code.

### **FCC Appoints LPSC as Numbering Resource "Safety Valve" Administrator in Louisiana**

Pursuant to Federal Communications Commission Report and Order and Further Notice of Proposed Rule Making relating to numbering resource optimization ("FCC 00-104" or "Report and Order") dated March 31, 2002, the Louisiana Public Service Commission can consider requests from telecommunications carriers to overturn denials by the North American Numbering Plan Administrator (NANPA), NeuStar, for additional numbering resources.

The Report and Order was issued to implement uniform standards regarding the assignment of telephone numbering resources, including increasing the efficiency in the use of existing numbers and to avoid further exhaustion of existing numbers. This standard was intended, in part, to allow numbering resources to be awarded to carriers with specific customer requests. In response, the LPSC adopted Special Order No. 19-2003, which authorizes the LPSC staff to act on behalf of the LPSC regarding petitions to overturn NANPA/NeuStar decisions relative to blocks of numbers when time is of the essence and the public interest is affected.

### **LPSC has authority to delegate Telecommunications Service Providers as Eligible Telecommunications Carriers**

Pursuant to 47 USC § 214(e), the Commission has processed and granted a number of requests by telecommunications carriers to be designated as “eligible telecommunications carriers” for purposes of receiving federal universal service funding. The LPSC was at the forefront of establishing a set of public interest factors to be applied when reviewing such applications. Through this designation process, eligible telecommunications carriers have received in excess of \$64 million annually for deployment of services in rural areas.

### **STAR PSC Case Management**

The Commission is currently in the process of migrating to the STAR PSC Case Management System, a custom of the shelf (COTS) software application built by ACO Inc. This system is designed to automate all aspects of the Commission's business processes and includes an electronic document repository. The STAR PSC system has been in production for approximately five years at numerous regulatory commissions throughout the United States, many of the automated business process workflow's within the system have become known as best practices in the utility regulation field. Prior to purchasing the product the Commission and ACO staff, who are recognized as experts in the utility regulatory field, engaged in a week long “needs assessment” exercise identifying any areas of redundancy or where our current business processes could be streamlined. The needs assessment exercise included all Commission division heads, staff and ACO staff. The agreed upon results of the needs assessment will be incorporated into the STAR PSC system.

### **Emergency Preparedness:**

Emergency Preparedness is a responsibility of the LPSC which is indirectly (if not directly) related to its constitutional mandate to regulate the rates and services of its jurisdictional utilities though limited to the events that lead up to and immediately following emergencies. In connection with this charge, the LPSC must assure that all LPSC jurisdictional utilities provide safe and reliable service even prior to, during and following a natural disaster such as a hurricane.

The State of Louisiana July 2009 Emergency Operations Plan published by the Governor's Office of Homeland Security and Emergency Preparedness, (GOHSEP) has included detailed implementing procedures for the maintenance and restoration of natural gas and electric utility

services during and after a disaster. The plan assigns this responsibility to the Louisiana Public Service Commission.

Utility availability, especially electric, is key in supporting local activities. In responding to an emergency, "Life Safety" is always top priority and in our society electricity is a necessity. The state has planned for disaster induced electrical outages through the placement and use of generators. However, small, point source generators, while effective for short-term use, are only a stopgap. Knowing where power is out and when it will be restored feeds much of the response planning and operations that are done for many different sectors. The outage reports and support provided by the LPSC to the GOHSEP is extremely useful to a number of state and federal agencies. The following is a listing of these potential users of the outage reports the PSC provides to the State's Emergency Operations Center (EOC). This is not an exhaustive list, but serves to demonstrate the importance of the report and support provided by the LPSC to GOHSEP.

1. Governor/UCG – use the report for strategic planning of emergency response and support in the state
  2. DHH – use the report to determine where generators may be needed to support medical missions
  3. DHH/OPH – use the report to determine where generators may be needed to support potable water production and sewage treatment plant operation
  4. DSS – use the report to determine where generators may be needed to support shelter operations
  5. DSS – use the report to plan for and determine eligibility for emergency food stamps
  6. DNR – use the report to determine where generators may be needed to support CI/KR operations
- EOC Unified Logistics Element – use the report to aid in evaluating need for placing emergency generators
7. Local/Parish jurisdictions – use the report to aid in determining when local infrastructure will sustain citizens and subsequent re-entry scheduling