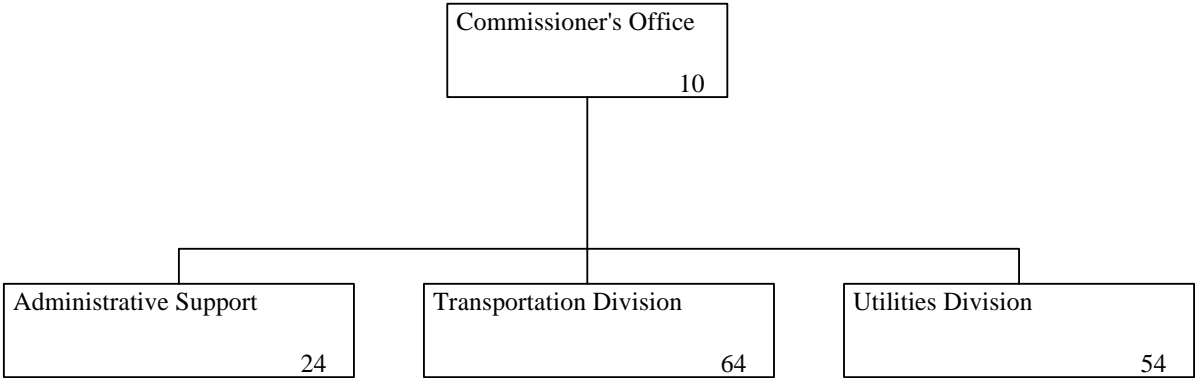


PUBLIC SERVICE COMMISSION

Total Budgeted Positions -- 152



PUBLIC SERVICE COMMISSION -- Financial Summary

Expenditures, Current Budget and Agency Requests

Budget Classes/Fund Sources	FY 1999 Expenditures	FY 2000 Expenditures	FY 2001 Current Budget	FY 2002 Agency Requests		
				Adjusted Base	Enhancements	Totals
Personal Services	7,632,045	8,274,482	9,124,706	9,719,802	327,378	10,047,180
Regular Operating Expenses	688,484	641,214	594,856	690,706	84,000	774,706
Travel	265,050	262,917	263,062	293,062	8,757	301,819
Motor Vehicle Purchases	280,235	321,957	207,184	276,184	(8,060)	268,124
Equipment	67,372	63,285	61,236	69,736	224	69,960
Real Estate Rentals	311,406	314,511	327,795	343,375	29,628	373,003
Per Diem, Fees & Contracts	3,223,490	2,009,198	894,291	1,566,388	10,387	1,576,775
Computer Charges	543,403	378,260	378,286	407,786		407,786
Telecommunications	209,976	260,438	220,072	232,072		232,072
Year 2000 Project	535,991	17,330				
Total Funds	\$13,757,452	\$12,543,592	\$12,071,488	\$13,599,111	\$452,314	\$14,051,425
Less Federal & Other Funds:						
Federal Funds	3,775,444	3,300,782	2,840,475	2,879,475	177,116	3,056,591
Other Funds	36,415	24,744				
Total Federal & Other Funds	\$3,811,859	\$3,325,526	\$2,840,475	\$2,879,475	\$177,116	\$3,056,591
TOTAL STATE FUNDS	\$9,945,593	\$9,218,066	\$9,231,013	\$10,719,636	\$275,198	\$10,994,834
Positions	148	152	152	164		164
Motor Vehicles	62	64	64	67		67

PUBLIC SERVICE COMMISSION -- Financial Summary

Current Budget and Governor's Recommendations

Budget Classes/Fund Sources	FY 2001 Current Budget	FY 2002 Governor's Recommendations				
		Annualizers and Adjustments	Workload	Adjusted Base	Enhancements	Totals
Personal Services	9,124,706	(150,426)	48,790	9,023,070	144,814	9,167,884
Regular Operating Expenses	594,856			594,856	37,995	632,851
Travel	263,062			263,062	4,876	267,938
Motor Vehicle Purchases	207,184	(141,184)		66,000	33,000	99,000
Equipment	61,236			61,236	2,024	63,260
Real Estate Rentals	327,795	214,662		542,457		542,457
Per Diem, Fees & Contracts	894,291		397,641	1,291,932		1,291,932
Computer Charges	378,286			378,286	4,800	383,086
Telecommunications	220,072			220,072	3,300	223,372
Year 2000 Project						
Total Funds	\$12,071,488	(\$76,948)	\$446,431	\$12,440,971	\$230,809	\$12,671,780
Less Federal & Other Funds:						
Federal Funds	2,840,475	(70,169)		2,770,306		2,770,306
Other Funds						
Total Federal & Other Funds	\$2,840,475	(\$70,169)		\$2,770,306		\$2,770,306
TOTAL STATE FUNDS	\$9,231,013	(\$6,779)	\$446,431	\$9,670,665	\$230,809	\$9,901,474
Positions	152			152	3	155
Motor Vehicles	64			64	2	66

PUBLIC SERVICE COMMISSION
FY 2002 Budget Summary

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET

FY 2001 STATE APPROPRIATIONS	9,231,013
Annualizers:	
1. Annualize the cost of the FY 2001 salary adjustment.	81,541
2. Adjust for DOAS rates.	(27,514)
Other Adjustments:	
3. Adjust for new real estate rental rates.	185,076
4. Reduce temporary help funds in personal services.	(204,453)
5. Reduce motor vehicle purchases to reflect that only those vehicles with a projection of at least 120,000 miles traveled as of July 1, 2001 will be replaced.	(61,536)
6. Adjust GBA rental rates to a standard of \$8.75 per rentable square footage.	20,107
Workload:	
7. Increase the Administration Division funding for per diem, fees and contracts to cover contract temporary workers for the Consumer Affairs Unit, which handles consumer complaints regarding electric, natural gas, and telecommunications companies.	285,750
8. Increase the Utilities Division funding for per diem, fees and contracts to cover 1 independent contractor and 2 contract temporary workers needed to handle the increased level of filings and internal document generation caused by deregulation of the natural gas industry and the local telecommunications service industry.	111,891
9. Fund a reduction in personal services lapse that will enable the Utilities Division to fill 1 vacant pipeline safety inspector position.	48,790
	\$9,670,665
ADJUSTED BASE	
	\$9,670,665
ENHANCEMENT FUNDS	
ENHANCEMENT	
1. Fund a new unit in the Utilities Division that will be responsible for enforcing the Utility Facility Protection Act of 2000. This enhancement package will fund the addition of 2 investigators, 1 investigator/supervisor, 2 motor vehicles, and necessary operating expenses.	230,809
	\$230,809
TOTAL ENHANCEMENT FUNDS	
	\$230,809
TOTAL STATE FUNDS	\$9,901,474

PUBLIC SERVICE COMMISSION
Functional Budget Summary

	FY 2001 Appropriations		FY 2002 Recommendations	
	Total	State	Total	State
1. Administration	2,714,035	2,714,035	3,103,832	3,103,832
2. Transportation	4,321,542	1,754,378	4,201,514	1,704,519
3. Utilities	5,035,911	4,762,600	5,366,434	5,093,123
TOTAL APPROPRIATIONS	<u>\$12,071,488</u>	<u>\$9,231,013</u>	<u>\$12,671,780</u>	<u>\$9,901,474</u>

RECOMMENDED APPROPRIATION: The Public Service Commission is the budget unit for which the following State Fund Appropriation is recommended for FY 2002: \$9,901,474.

PUBLIC SERVICE COMMISSION

Roles and Responsibilities

The Public Service Commission (PSC) is responsible for regulating public utility and transportation companies under its jurisdiction. In carrying out its responsibilities the commission promulgates and enforces rules governing regulated companies, assists consumers of regulated companies with questions and problematic situations, and educates the public on consumer rights and responsibilities in the evolving regulatory environment. Above all, the commission aims to ensure that the best value in electric, natural gas, and telecommunications service is delivered to Georgia consumers and that the level of transportation and pipeline safety practiced in the state remains high. At the same time, the commission must provide regulated companies the opportunity to earn fair returns on their investments.

The PSC is a quasi-legislative, quasi-judicial agency directed by a 5-member board of commissioners. Commissioners are elected through statewide general elections and serve 6-year terms. The agency staff of accountants, analysts, enforcement officers, engineers, information systems specialists, inspectors, and various administrative personnel assists the commissioners in fulfilling their duties. The commission is organized into three divisions: the Administration Division, the Transportation Division, and the Utilities Division.

UTILITIES DEREGULATION

With the onset of competition in the natural gas and telecommunications industries, the commission's role has evolved considerably throughout the past decade. Instead of simply acting as a traditional regulatory body, the PSC now establishes and monitors competitive markets, arbitrates complaints among competitors, and provides consumer protection and education. The commission's transformation is expected to continue as these industries – and possibly the electric industry – move toward full competition.

The progress towards full competition varies among the PSC-regulated utilities. As for the telecommunications industry, long distance service was opened to competition in the mid-1980s while local service was deregulated about a decade later. In 1997 state legislation mandated that, for the most part, natural gas companies should be allowed to

compete in an open market. In recent years the natural gas and telecommunications industries have evolved from monopoly market structures (where customers are served by a single provider) to competitive markets (where customers can choose from multiple providers for certain services). Selected services, such as natural gas distribution, continue to be monopoly services regulated by the commission. As for the electric industry, restructuring is being discussed at both the state and federal level, although no statutory changes have been made to date.

Today, even though the natural gas and telecommunications industries have been opened to competition, the PSC remains responsible for monitoring the rates and service standards of electric, natural gas, and telecommunications companies. Additionally, it is the role of the commission to approve supply plans for electric and natural gas companies and to certify competitive natural gas and telecommunications service providers.

The PSC recognizes that its responsibility to ensure that utility services are reliable and reasonably priced has not changed even as utility markets have become more competitive. The Public Service Commissioners feel that Georgians should continue to have access to high quality utility services, whether those services are priced in a competitive market or through economic regulation.

ADDITIONAL RESPONSIBILITIES

While utility deregulation has been a primary issue of concern for all citizens of the state, PSC inspectors have worked diligently to carry out the commission's responsibility of enforcing commercial vehicle and pipeline safety regulations. Both of these programs aim to prevent accidents that could adversely impact public safety.

The PSC also administers the Georgia No Call program, the Telecommunications Relay Service for the hearing and speech impaired, the Natural Gas Universal Service Fund, and the Telecommunications Universal Access Fund.

AUTHORITY

Article 4, Section 1 of the Constitution of the State of Georgia; Titles 40 and 48 of the Official Code of Georgia Annotated.

PUBLIC SERVICE COMMISSION

Strategies and Services

The Public Service Commission has adopted the following strategic directions, which guide daily service delivery to the citizens of Georgia:

- Ensure that reliable electric, natural gas, telecommunications, and transportation services are available to consumers and reasonably priced either through effectively competitive markets or through economic regulation;
- Enhance public well-being through the pipeline and transportation safety programs;
- Demonstrate a commitment to all customers and stakeholders;
- Utilize information technology in an effort to be more accessible to the public; and
- Enhance the overall efficiency and effectiveness of agency operations.

In carrying out the commission's many responsibilities, the PSC's elected commissioners and executive staff stress the agency's strategic directions. This is exemplified in the commission's natural gas deregulation, utility system protection, and roadside inspection efforts.

NATURAL GAS DEREGULATION AND CONSUMER EDUCATION EFFORTS

Throughout this past year, the newly competitive natural gas industry has continued to evolve. In 1999, most consumers initially selected a natural gas marketer. During the initial selection phase, the PSC made an effort to educate consumers about deregulation and the choices they would need to make. The commission has continued this effort by posting a certified gas marketer scorecard to its website each month. The scorecards tally complaints against each of the 10 certified gas marketers as received by the PSC's consumer affairs section.

Since citizens first started doing business with the new gas marketers, many complaints regarding poor treatment of customers have been reported to the commission, which is why the scorecards are a necessary part of consumer education efforts. The monthly scorecard provides consumers with up to date information on each gas company's customer service record with Georgia consumers.

Although the transformation to a competitive natural gas market began three years ago, consumer complaints remain common and the PSC is still working towards reducing them. For the month of November 2000, the gas marketer scorecard revealed that there were 766 billing, 93 service, and 32 deceptive marketing complaints reported to the PSC. It was a spike in billing complaints in the summer of 2000 (1,415 in August alone) that prompted the PSC to propose new rules governing gas marketer billing practices. Approved by commissioners in November, the rules set service quality standards for bill timeliness, accuracy, and comprehensiveness.

In FY 2002, the PSC plans to continue operation of its consumer affairs call center where specialists assist utility customers with billing and other service problems. The new billing standards will enable the commission to hold gas marketers accountable for unfair billing practices and protect consumer rights. By tracking complaints, enforcing standards, and providing gas marketer scorecards, the commission is working to fulfill its responsibilities of monitoring the newly competitive natural gas market and keeping the public informed.

GAS PIPELINE SAFETY AND UTILITY FACILITY PROTECTION

Thanks to the PSC's Gas Pipeline Safety program, natural gas is delivered to Georgia consumers via a safe and reliable system. Members of the pipeline safety team inspect gas pipelines, storage facilities, and systems as a whole, and they monitor the overall safety standards of suppliers and operators. Inspections ensure that pipes are free of corrosion damage, proper pressures are being maintained, odorant is being used to warn of leaks, employee drug testing is being conducted regularly, and other regulation safeguards are in place.

The pipeline safety office is charged with inspecting 277 natural gas systems with approximately 36,303 miles of pipeline and 1,745,790 service lines that supply over 2,000,000 customers. Additionally, the team inspects 5 liquefied natural gas systems and 6 propane systems. The PSC staff also offers safety training for operators. All of these activities lead to a safer environment for Georgia citizens.

During the 2000 legislative session, a new law known as the Georgia Utility Facility Protection Act was passed in an effort to reduce utility system damage caused by third party excavators. This act gave the PSC additional responsibility for investigating complaints and levying fines against violators who are found guilty of damaging electric, telecommunications, water, and/or natural gas utility infrastructure. The commission is working towards putting together a new unit comprised of inspectors that will have the specific role of investigating utility system damage and thereby safeguarding citizens and private property.

ROADSIDE INSPECTIONS

The PSC's Motor Carrier Safety Assistance Program, which is 80% federally funded, aims to reduce traffic accidents and improve highway safety. Random roadside inspections performed by commission enforcement officers help to accomplish this objective. About 30,000 motor carrier inspections are performed annually by PSC officers who are specially trained to inspect motor vehicles and certified by the Peace Officer Standards and Training Council. Additionally, the officers inspect thousands of vehicles transporting hazardous materials in the state and assist with hazardous material incident investigations.

PUBLIC SERVICE COMMISSION

Results-Based Budgeting

NATURAL GAS PIPELINE SAFETY PROGRAM

Purpose: To protect the customer, providers and the general public from injury, and protect property and the environment from damage caused by fires, explosions and other accidents involving Georgia's natural gas pipelines.

Goal 1: Ensure that no natural gas fires, explosions or other accidents are due to system operators failing to comply with all applicable state and federal natural gas pipeline safety regulations. - Reduce the number of natural gas fires, explosions or other accidents due to system operators non-compliance with applicable natural gas pipeline safety regulations by 5% per year. [1]	FY 2000 Desired	FY 2000 Actual	FY 2001 Desired	FY 2002 Desired
	25	101	18	90
Goal 2: Ensure that contractors and operators are educated and trained in locating facilities and the general public is aware of and uses the Utilities Protection Center "Call Before You Dig" program to reduce third party damage to Georgia's natural gas pipelines. - Reduce the number of natural gas fires, explosions or other accidents resulting from third party damages due to lack of training and awareness of the Utilities Protection Center "Call Before You Dig" program by 5% per year. [2]	156	210	148	200
Program Fund Allocation -- Total Funds		\$564,324	\$550,241	\$570,355
State Funds		\$276,542	\$276,930	\$297,044
Notes				
1 - This measure is based on pipeline incidents with at least \$5000 of damage.				
2 - The high economic and population growth in Georgia has spurred improvement and expansion programs.				

UTILITIES REGULATION PROGRAM

Purpose: To ensure that telecommunications, natural gas and electric utility services provided in Georgia under PSC jurisdiction are affordable and reliable either through traditional economic regulation or through the facilitation of competitive markets.

Goal 1: Ensure that an effectively competitive local exchange market exists so that prices and choices of services will be market-based. - In FY 2002 new competitive providers of local exchange service in the largest metro areas will have 15% of market share in the aggregate. [1]	FY 2000 Desired	FY 2000 Actual	FY 2001 Desired	FY 2002 Desired
	8.8%	8.0%	11.6%	15.0%
Goal 2: Continue to ensure reasonable rates and reliable service with economic regulation of non-competitive local exchange companies in accordance with existing statutes. - Maintain reasonable rates and reliable service of non-competitive local exchange companies based on the record of evidence before the Commission in FY 2002. [2]	100%	100%	100%	100%
Goal 3: Maintain a high level of customer satisfaction with telecommunication services in the local telephone exchange market. - Increase the number of valid telecommunication complaints resolved satisfactorily by the PSC in FY 2002. [3]	5,573	5,298	5,417	5,300

Public Service Commission -- Results-Based Budgeting

UTILITIES REGULATION PROGRAM

	FY 2000 Desired	FY 2000 Actual	FY 2001 Desired	FY 2002 Desired
Goal 4: Ensure that universal service is maintained or enhanced. - In FY 2002 local telephone exchange service is provided to at least 96% of all Georgia homes. [4]	94%	94%	96%	96%
Goal 5: Ensure that an effectively competitive retail natural gas market develops so that prices and choices of services will be market-based. - In FY 2002 an effectively competitive natural gas market will exist with non-affiliates of the existing local distribution company having at least a 50% market share.	18%	>50%	>50%	>50%
Goal 6: Continue to ensure reasonable rates for, and the reliability of, the natural gas distribution network through economic regulation in accordance with existing statutes. - Maintain reasonable rates, and reliability of, the natural gas distribution network in FY 2002 based on the record of evidence before the Commission. [5]	100%	100%	100%	100%
Goal 7: Maintain a high level of customer satisfaction with natural gas services during FY 2002. - Increase the number of valid natural gas complaints resolved satisfactorily by the PSC in FY 2002. [6]	5,798	12,992	2,900	10,000
Goal 8: Continue to ensure reasonable rates and reliable service in the electric utility market in FY 2002 through economic regulation in accordance with existing statutes. - Maintain reasonable rates and reliability in FY 2002 based on the record of evidence before the Commission. [7]	100%	100%	100%	100%
Goal 9: Maintain a high level of customer satisfaction with electric services during FY 2002. - Maintain the number of valid electric complaints resolved satisfactorily by the PSC at 750 in FY 2002.	785	738	825	750
Program Fund Allocation -- Total Funds		\$7,274,502	\$7,199,705	\$7,899,911
State Funds		\$7,249,758	\$7,199,705	\$7,899,911

Notes

1 - The desired results for FY 2000 were not achieved due to competitive local exchange providers' inability to transmit successfully through BellSouth's Operational Support System. The commission is currently in the thirteenth month of testing BellSouth's system to ensure that the competitive local exchange companies gain a meaningful opportunity to compete.

2 - Decisions of the Public Service Commissioners must be based on the record of evidence presented in hearings and consistent with statutes. If not, the courts will overturn the decisions during the appeals process. One of the PSC's telecommunications rate decisions is under appeal. Final resolution is not expected until 2001.

3 - Consumer rights increased following passage of the 1998 Georgia Telecommunications Marketing Act, which called for sanctions against long-distance service providers that slam consumers. Additionally, the Federal Communications Commission recently adopted a rule that imposes tough penalties for slamming and allows states to opt in to enforce it. In this environment of increasing consumer choices and consumer rights, the PSC is reorganizing its monitoring and handling of complaints in an effort to more effectively address the marketer practices that cause them. It is expected that this effort will offset anticipated complaint increases.

Public Service Commission -- Results-Based Budgeting

UTILITIES REGULATION PROGRAM

Notes Continued

4 - The penetration rate for telephone service reflects the total number of residential access lines divided by the total number of households based on Federal Communications Commission statistics.

5 - Decisions of the Public Service Commissioners must be based on the record of evidence presented in hearings and consistent with statutes. If not, the courts will overturn the decisions during the appeals process. The PSC did not lose any appeals relating to natural gas rate decisions from FY 1998 through FY 2000.

6 - Consumer choice increased as a result of the 1997 Georgia Natural Gas Competition and Deregulation Act. By July 1999 the market was completely deregulated and the quick transition to a competitive market had become very problematic. The majority of certified gas marketers underestimated the capacity needed to effectively bill customers, which resulted in 8,752 billing complaints in FY 2000. The PSC received 3,170 slamming complaints in FY 2000, most of which occurred prior to the commission's passage of a rule imposing tough sanctions on marketers who slam customers.

7 - Decisions of the Public Service Commissioners must be based on the record of evidence presented in hearings and consistent with statutes. If not, the courts will overturn the decisions during the appeals process. No electric rate decisions of the PSC were appealed in FY 2000.

COMMERCIAL VEHICLE AND DRIVER SAFETY PROGRAM

Purpose: To maintain and improve commercial driver and vehicle safety to protect the lives and property of anyone using Georgia's roadways.

Goal 1: Reduce the number of commercial vehicle crashes, injuries and fatalities due to mechanical defects and driver violations of state and federal regulations.	FY 2000 Desired	FY 2000 Actual	FY 2001 Desired	FY 2002 Desired
- Reduce the number of commercial motor vehicle crashes per million vehicle miles traveled in FY 2002. [1]	0.1359	0.1358	0.1357	0.1357
- Reduce the number of commercial motor vehicle crashes per million vehicle miles traveled in "high crash corridors" in FY 2002.	0.1722	0.1720	0.1718	0.1718
Program Fund Allocation -- Total Funds		\$4,704,766	\$4,321,542	\$4,201,514
State Funds		\$1,691,766	\$1,754,378	\$1,704,519

Note

1 - For both measures relating to Goal 1, data for FY 2000 may be overstated. The Georgia Department of Public Safety cannot furnish actual crash numbers due to database problems. The FY 2000 actual results were extrapolated from partial datasets and are subject to revision. Actual FY 2000 vehicle miles traveled are not yet available, so this figure is based on an estimated 3.25% increase in vehicle miles traveled over the previous period.

TOTAL - All Programs	Total Funds		\$12,543,592	\$12,071,488	\$12,671,780
	State Funds		\$9,218,066	\$9,231,013	\$9,901,474