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PUBLIC SERVICE COMMISSION SCREENING

PUBLIC HEARINGS

Monday, February 11, 2013

9:27 a.m.

1101 Pendleton Street
Gressette Building, Room 207
Columbia, South Carolina

REPORTED BY: LISA GARSON

COURT REPORTER

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1 MEMBERS IN ATTENDANCE:
2 SENATOR C. BRADLEY HUTTO, CHAIRMAN
3 REPRESENTATIVE WILLIAM E. SANDIFER
4 REPRESENTATIVE P. MICHAEL FORRESTER
5 ERIK E. EBERSOLE
6 REPRESENTATIVE HARRY OTT, JR
7 JOHN SIMMONS, ESQUIRE
8 THOMAS C. ALEXANDER, ESQUIRE
9 LUKE A. RANKIN SR. ESQUIRE
10 COUNSEL:
11 ANDY FIFFICK
12 HEATHER ANDERSON
13 (INDEX AT REAR OF TRANSCRIPT)
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SENATOR HUTTO: This is the Public Service Commission Hearing for Seat 1, Seat 3, Seat 5, and Seat 7. There are 15 candidates to be screened.

One of the duties of the Review Committee is to screen candidates to determine whether they meet the qualifications. Those qualifications are, first, a baccalaureate or more advanced degree, and, second, a background of substantial duration in at least one of the following areas: Energy, telecommunications, consumer protection and advocacy, water and waste water, finance, economics and statistics, accounting, engineering, or law.

The Review Committee is also required to consider the ability, dedication, compassion, common sense, integrity of the candidates, race and gender of the candidates, and other demographic factors to ensure nondiscrimination to the greatest extent possible of all segments of the population of South Carolina.

Since we've received applications, we've conducted background investigations of each candidate including credit, law enforcement and driver's license checks. We have a written examination to assist us in determining the level of knowledge that each candidate has with respect to substantive public utility issues,

1 ethical constrains applicable to the Commission in the
2 operation of the Commission.

3 We are here today to have further questioning
4 of the candidates, and to give them an opportunity to
5 make any statement with respect to their qualifications
6 and desires to serve as a Commissioner. The Review
7 Committee Members in attendance will also be given the
8 opportunity to ask questions of the candidates.

9 The Subcommittee will present this report of
10 the candidates to the Full Committee for review meeting
11 and adoption. A meeting of the Full Committee is
12 tentatively scheduled for March 19th.

13 We anticipate the Review Committee will issue a
14 report to the General Assembly on April 11th. Candidates
15 may not seek pledges until 48 hours after the Review
16 Committee has issued its official report. Candidates
17 will be notified of the time that the report is
18 officially issued.

19 We're going to briefly go into --

20 REPRESENTATIVE SANDIFER: I make a motion to go
21 into Executive Session.

22 All right. We have a motion to go into
23 Executive Session. Do I have a second?

24 REPRESENTATIVE FORRESTER: Second.

25 SENATOR HUTTO: All right. We're just going to

1 discuss how we're going to handle today, and then we'll
2 be right back out.

3 All in favor say, "Aye."

4 (Multiple speakers respond, "Aye.")

5 SENATOR HUTTO: All right. We're now in
6 Executive Session.

7 (The Committee went into Executive Session from
8 9:27 a.m. to 9:45 a.m.)

9 SENATOR HUTTO: All right. We're back in
10 public session and ready to proceed with our first
11 candidate, David Cannon.

12 (David C. Cannon was duly sworn, after which
13 testimony commenced at 9:45 a.m.)

14 MR. FIFFICK: Good morning, Mr. Cannon.

15 I'm going to summarize your educational
16 background and experience for purposes of the record, and
17 then we'll get going.

18 Mr. Cannon obtained a Bachelor of Science
19 Degree in Mechanical Engineering from Clemson College in
20 1959, and a Master of Science in Instrumentation
21 Engineering in 1964, from Case Institute of Technology,
22 in Cleveland, Ohio. Mr. Cannon also attended the
23 University of North Carolina as a graduate student but
24 left prior to earning an advance degree.

25 In 1959, Mr. Cannon became a junior engineer at

1 Sonoco Products in the design department. From 1962 to
2 1964, he was a graduate teaching assistant and a graduate
3 student at Case Institute. From 1965 to 1986, Mr. Cannon
4 was senior project engineer at Sonoco Products, in
5 Hartsville, South Carolina.

6 While at Sonoco, Mr. Cannon led an engineer
7 design team and was responsible for product design,
8 testing, production, and development.

9 From 1987 to 2001, Mr. Cannon was president and
10 CEO of Edisto Seafarms, Incorporated, on Edisto Island,
11 which was the largest shrimp farm east of the
12 Mississippi. The company operated with increasing
13 profitability until a series of alien viruses caused
14 successive crop failures and bankruptcy.

15 From 2002 to 2004, Mr. Cannon was a contract
16 engineer with Sonoco Products again, and finally from
17 2005 to 2012, he's been president of Production
18 Engineering, LLC. This LLC does residential design and
19 engineering including earthquake and hurricane resistance
20 on Edisto Island.

21 Mr. Cannon, other than changes you've already
22 submitted to the Committee, do you have any changes that
23 you would like to make to your Personal Data
24 Questionnaire that you submitted with your application?

25 MR. CANNON: No.

1 MR. FIFFICK: I would request that Mr. Cannon's
2 Personal Data Questionnaire be entered into the record
3 with any confidential information being redacted.

4 (EXH. 1, Personal Data Questionnaire of David
5 C. Cannon, marked for identification.)

6 MR. FIFFICK: As part of our background
7 investigation of the candidate, we've obtained a credit
8 check, driver's license and SLED check. Staff asks
9 questions of a confidential and personal nature, and
10 we'll request that they be taken up in Executive Session.

11 Before we begin questioning, do you have a
12 brief statement that you'd like to make, Mr. Cannon?

13 MR. CANNON: Andy, you suggested that I address
14 this problem with the ethics complaint.

15 MR. FIFFICK: If you'd like to, you can do that
16 in Executive Session or you can do that now.

17 SENATOR HUTTO: At the end of this public
18 session with you, we're going into Executive Session with
19 you in this room, if you just want to talk about that
20 with us.

21 MR. CANNON: I don't have any problem talking
22 in the public session. Andy suggested that I -- since
23 it's fairly involved, that I write this up and distribute
24 it. So at this time --

25 MR. FIFFICK: Can we have motion to make that

1 as part of the record?

2 REPRESENTATIVE SANDIFER: I make a motion.

3 SENATOR HUTTO: All right. We'll make that
4 part of the record.

5 (EXH. 1A, Status of Ethics Complaint by Tommy
6 Mann and Pete Anderson Against David C. Cannon, marked
7 for identification.)

8 MR. CANNON: If you like, I can discuss this.
9 Or if you just want to take the written --

10 MR. FIFFICK: If you'd just like to relate it
11 orally to us in the fashion that you deem appropriate,
12 and we can have it as part of the record as well.

13 MR. CANNON: The complaint was by Tommy Mann
14 and Pete Anderson, who are members of the town council.
15 I'm a member of the Planning Commission, and I was
16 appointed by the council.

17 I do work on the basis of professional
18 engineer, designing houses and additions to resist
19 hurricane force winds, floods, and earthquakes. I'll
20 just give you the short version of this because it's
21 written out at length.

22 I represented -- I was under contract with
23 Pavilion Restaurant to relocate a septic system, which
24 had been damaged due to erosion on the beach. DHEC put a
25 septic system out of operation because of the leaking

1 nature of the septic tank, and the restaurant, as a
2 result, brought in porta potties.

3 This was not acceptable to the customer base,
4 and they were losing business big time. At the beach, as
5 you may know, we only have what they call, 13 golden
6 weeks, which are the summer weeks when the tourists are
7 there. You either make it or you don't during that
8 period of time, so we were under the gun to get the
9 septic system under operation.

10 The contract that I worked under specified that
11 the contract was satisfied on DHEC approval of the
12 design. This happened Thursday afternoon at about 4:50.
13 I got an e-mail stating that the design was approved.
14 There was a question about whether or not the traffic
15 could continue to flow across the corner of the beach
16 access.

17 The beach access was about 50 feet wide.
18 Traditionally, people cut across the corner to get into
19 the parking lot of the restaurant. The town
20 administrator advised me that only the town council could
21 make that decision. The town council met about 15
22 minutes -- no, about an hour later. Excuse me.

23 During the public comment session, I presented
24 to the council the design and layout and explained the
25 traffic situation and asked them for a ruling as to

1 whether or not they could continue to have it or not.
2 They went into Executive Session and decided five to
3 nothing not to allow that to happen.

4 There were several beach accesses on the beach
5 being used as private driveways, and they're trying to
6 eliminate this practice. This was back in August, and we
7 did, incidentally, come up with another way to get into
8 the parking lot. It took about another week of business
9 that was lost, but that's the way it goes.

10 This was in August. In December, Mann and
11 Anderson filed a complaint that I had violated Section
12 8-13-740(A)(5) of the Ethnics Reform Act alleging that
13 the law prohibited a public member from representing a
14 business before another public agency. Probable cause
15 was found by the Ethics Commission. I hired a lawyer.

16 The lawyer argued that the law stated that the
17 town council was not an agency of the municipality. It
18 is the governing body of the municipality. Also, I did
19 not have responsibility over the actions of town council,
20 being an appointee of the town council, and the Ethics
21 Commission agreed and found in favor of us.

22 Subsequent to that finding, Mann and Anderson
23 have refused to accept that ruling and have appealed to
24 the Governor, the Attorney General, and Representative
25 Bernstein to invalidate the dismissal of the complaint,

1 and that's where the malice stands.

2 MR. FIFFICK: Thank you, sir. Are there any
3 questions from the Committee?

4 SENATOR HUTTO: Representative Bernstein have
5 anything to do with this?

6 MR. CANNON: I don't know why Representative
7 Bernstein has been served with these papers. No, she did
8 not.

9 MR. FIFFICK: Thank you. Now to my more formal
10 questions.

11 Mr. Cannon, please state your full name and
12 home address for the record.

13 MR. CANNON: David Coker Cannon. 2802 Point
14 Street, Edisto, South Carolina.

15 MR. FIFFICK: Mr. Cannon, are you a registered
16 voter?

17 MR. CANNON: Yes.

18 MR. FIFFICK: In what congressional district
19 are you a registered voter?

20 MR. CANNON: District 1.

21 MR. FIFFICK: Thank you.

22 Mr. Cannon, why are you interested in serving
23 on the Public Service Commission?

24 MR. CANNON: Well, I'm a customer of a lot of
25 the outfits that are regulated by the Public Service

1 Commission, in particular, the electric rates have come
2 to my attention as being excessive and out of line with
3 other utilities that serve the state.

4 I have a home in Darlington, and I'm concerned
5 about Progress Energy. The rates at SCG, at the beach,
6 are something like 45 percent higher than they are under
7 the Progress utility. I'm curious as to why that is and
8 would like to get involved with maybe doing something
9 about that.

10 MR. FIFFICK: Thank you.

11 Mr. Cannon, have you attended any hearings of
12 the Commission?

13 MR. CANNON: Yes. I attended one in
14 Charleston.

15 MR. FIFFICK: How do you expect to get up to
16 speed on issues that confront the Commission on a regular
17 basis?

18 MR. CANNON: Well, I've been reading in the ORS
19 website and following the progress of these hearings in
20 the paper.

21 MR. FIFFICK: Thank you, sir.

22 Please describe your experience -- and briefly
23 is perfectly fine -- or expertise in any of the following
24 areas including the time you've been engaged in the
25 issues: Energy issues, telecommunication issues,

1 consumer protection and advocacy issues, water and waste
2 water issues, finance, economics, statistics, accounting,
3 engineering, and law.

4 MR. CANNON: Well, of course, engineering is my
5 field. Not specifically electrical utility engineering,
6 but I have a background in engineering.

7 MR. FIFFICK: Thank you, sir.

8 Are you familiar with the 2006 Advisory Opinion
9 issued by the Review Committee dealing with attendance at
10 legislative receptions?

11 MR. CANNON: Yes, I am.

12 MR. FIFFICK: Are you familiar with the PURC
13 decision? That's the meeting on January 15th, which
14 clarifies the 2006 Advisory Opinion.

15 MR. CANNON: Yes.

16 MR. FIFFICK: Have you attended any legislative
17 receptions since receiving the Advisory Opinion?

18 MR. CANNON: No.

19 MR. FIFFICK: Thank you, sir.

20 Assume you were serving on the Commission and
21 you were approached by someone wanting to discuss a
22 matter that is or may become an issue in a proceeding,
23 how would you handle the situation?

24 MR. CANNON: Well, that would be an ex parte
25 situation, and I would just not have any conversation

1 with them.

2 MR. FIFFICK: Are you aware that Commissioners
3 are subject to the Judicial Code of Conduct as well as
4 State Ethics Laws?

5 MR. CANNON: Yes.

6 MR. FIFFICK: Are you affiliated with any
7 political parties, boards, or commissions that would need
8 to be reevaluated if you were nominated and elected?

9 MR. CANNON: No.

10 MR. FIFFICK: Do you belong to any
11 organizations that discriminate based on race, religion,
12 or gender?

13 MR. CANNON: No.

14 MR. FIFFICK: Mr. Cannon, what do you believe
15 is the appropriate demeanor for a Commissioner?

16 MR. CANNON: The appropriate demeanor is one
17 that would not bring discredit on the Commission or any
18 appearance of impropriety.

19 MR. FIFFICK: Does that apply only while you're
20 on the bench? Or do you think those rules apply to you
21 seven days a week, 24 hours a day?

22 MR. CANNON: It's total application.
23 Twenty-four hours a day.

24 MR. FIFFICK: Thank you, sir.

25 Do you feel there is ever a role for sternness

1 or anger with a Commissioner?

2 MR. CANNON: No. That's not according to the
3 code.

4 MR. FIFFICK: Thank you, sir.

5 You touched on this briefly but, Mr. Cannon,
6 could you please explain the general rule regarding ex
7 parte communications.

8 MR. CANNON: In general, if a subject is going
9 to come before the Commission or anticipated to come
10 before the Commission, you're not to have any discussions
11 with third parties about that.

12 If you inadvertently have a conversation on a
13 subject that comes before the Commission, then you should
14 report that and it becomes part of the record. In
15 general, the cure for that would be to have all the
16 parties involved in the subject brought up to speed on
17 that communication and give them an opportunity to rebut.

18 In a case of a serious breach of the ex parte
19 rule, the commissioner would have to recuse himself from
20 discussion.

21 MR. FIFFICK: Thank you, sir.

22 Please explain the role of the Public Service
23 Commission in regulating government-owned communication
24 service providers.

25 MR. CANNON: They do not regulate

1 government-owned service providers.

2 MR. FIFFICK: Thank you, sir.

3 Couple more housekeeping questions. Have you
4 sought or received the pledge of any legislator prior to
5 this date?

6 MR. CANNON: No.

7 MR. FIFFICK: Have you sought or been offered a
8 conditional pledge of support by any legislator pending
9 the outcome of your screening?

10 MR. CANNON: No.

11 MR. FIFFICK: Have you asked any third parties
12 to contact members of the General Assembly on your behalf
13 before the final and formal screening report has been
14 released?

15 MR. CANNON: No.

16 MR. FIFFICK: Are you aware of any friends or
17 colleagues contacting members of the General Assembly on
18 your behalf?

19 MR. CANNON: No.

20 MR. FIFFICK: Are you familiar with the 48-hour
21 Rule which prohibits a candidate from seeking pledges for
22 48 hours after the report has been submitted to the
23 General Assembly?

24 MR. CANNON: I am.

25 MR. FIFFICK: Do you plan to serve your full

1 term if elected?

2 MR. CANNON: I do.

3 MR. FIFFICK: Mr. Chairman, I have no further
4 questions and suggest that the Committee enter into
5 Executive Session, if it's the will of the Committee, to
6 examine Mr. Cannon.

7 SENATOR HUTTO: Thank you.

8 Anybody on the Committee have a question?

9 REPRESENTATIVE SANDIFER: Thank you,
10 Mr. Chairman. Thank you, Mr. Cannon, for appearing
11 before us today.

12 Let me go back to your initial rationale for
13 wanting to serve on the Public Service Commission, and
14 that was dealing solely with the electric rates that you,
15 as a ratepayer, are paying on two different residences.

16 Is that what I understood you to say?

17 MR. CANNON: That's my primary interest and
18 motivation.

19 REPRESENTATIVE SANDIFER: Would you describe
20 for us, please, what other issues might come before the
21 Commission other than electric rates?

22 MR. CANNON: Well, there's telecommunications,
23 gas rates, taxicab regulations, public transportation of
24 household goods, and toxic waste.

25 REPRESENTATIVE SANDIFER: Let's go back to your

1 initial observation that your principal reason for
2 wanting to serve was the differential between the two
3 rates in two different locales.

4 I understand that Progress Energy, which is now
5 Duke, supplies you in the Darlington area. Who supplies
6 you at your other home?

7 MR. CANNON: SCG.

8 REPRESENTATIVE SANDIFER: And there's how much
9 differential between the two?

10 MR. CANNON: About 45 percent.

11 REPRESENTATIVE SANDIFER: In your own thinking,
12 is there any logical rationale for that?

13 MR. CANNON: Well, I understand SCG is building
14 two nuclear reactors, but Progress Energy also has
15 nuclear reactors that I know of.

16 REPRESENTATIVE SANDIFER: Do any of those come
17 under the Base Load Review Act?

18 MR. CANNON: Well, the SCG do. Reactors do
19 come under that Act.

20 REPRESENTATIVE SANDIFER: Would you describe
21 for me what that Act is saying as far as your rate is
22 right now?

23 MR. CANNON: Well, I have a chart of the annual
24 increase, and part of that is due to the Base Load Rate
25 Law, but how much is base rate and how much is just

1 increase, you know, operating increase, I can't tell.

2 REPRESENTATIVE SANDIFER: Under the Base Load
3 review, what are they allowed to recover on an annual
4 basis right now?

5 MR. CANNON: They can recover whatever they've
6 spent to date. In terms of, you know, millions of
7 dollars, I can't tell you that.

8 REPRESENTATIVE SANDIFER: Would it surprise you
9 to know that that's not true? They cannot do that, but
10 we'll get into that at a later time.

11 Thank you, Mr. Chairman. Those are my
12 questions.

13 SENATOR HUTTO: Any other members have a
14 question?

15 REPRESENTATIVE FORRESTER: I have a question.
16 You say your expertise is in the engineering
17 field. Are you presently a Registered Engineer in the
18 State of South Carolina?

19 MR. CANNON: Yes, I am.

20 REPRESENTATIVE FORRESTER: When was the last
21 time you attended a continuing education to keep your
22 skills up to date?

23 MR. CANNON: Well, that happens all the time.
24 I just completed 15 credit hours towards the end of last
25 year.

1 REPRESENTATIVE FORRESTER: That's all.

2 SENATOR HUTTO: Are you presently a member of
3 the Planning Commission?

4 MR. CANNON: Yes, I am.

5 SENATOR HUTTO: How does one become a member of
6 the Planning Commission? Is that an appointment?

7 MR. CANNON: Appointment by the town council.

8 SENATOR HUTTO: Does it require you to file
9 annual reports with the Ethics Commission?

10 MR. CANNON: No.

11 SENATOR HUTTO: You don't receive pay for that
12 or anything.

13 MR. CANNON: No pay.

14 SENATOR HUTTO: If I use the word green energy,
15 what does that mean to you?

16 MR. CANNON: Green energy means it's a form of
17 energy that does not pollute. Probably produces no CO2.

18 SENATOR HUTTO: Do you know what percentage of
19 green energy is produced in South Carolina? What
20 percentage of the total energy is considered green?

21 MR. CANNON: Something in the range of one and
22 a half percent.

23 SENATOR HUTTO: What is net metering?

24 MR. CANNON: Net metering, I would assume,
25 would be energy in minus energy out. In other words,

1 what you buy from the power company minus what you
2 generate and send back.

3 SENATOR HUTTO: Do you know what the Universal
4 Service Fund is?

5 MR. CANNON: I think that has to do with
6 telecommunications.

7 SENATOR HUTTO: Anybody else have any
8 questions? Thank you.

9 Motion to go into Executive Session -- we need
10 you to stay.

11 REPRESENTATIVE SANDIFER: I make a motion.

12 (The Committee went into Executive Session from
13 10:06 a.m. to 10:11 a.m.)

14 SENATOR HUTTO: All right. Back in open
15 session. We'll call the next candidate. Good morning.
16 How are you, sir? We'll start off with some questions by
17 staff counsel, Ms. Anderson.

18 (John Edward Howard was duly sworn, after which
19 testimony commenced at 10:12 a.m.)

20 MS. ANDERSON: I'm going to give a brief
21 summary of your educational background and experience.

22 Mr. Howard obtained a Bachelor of Science
23 Degree in Business from the University of South Carolina
24 after serving for a period with the US Army. He has been
25 with the Public Service Commission since 2004, and is a

1 member of several national and regional associations of
2 regulatory commissions.

3 He is currently on the Board of Directors for
4 the National Association of Regulatory Commissioners,
5 where he chairs the Committee on Water. He is on the
6 Public Council Advisory Board, on the Water Research
7 Foundation, and he is on the Advisory Council of the New
8 Mexico State University Center of Public Utilities.

9 Prior to him coming onto the Public Service
10 Commission, he was in sales for a few companies involving
11 truck, office supplies, and furniture. Over the past
12 five years, Mr. Howard has attended Rate School, Current
13 Issues, Emerging Issues Policy Forum, Water Summit, Water
14 Policy Forum, University of Florida PURC Issues
15 Conference, and Critical Consumer Issues Forum.

16 He is also active in the Moncks Corner Lions
17 Club, St. Matthews Lutheran Church, Kiwanis Club of
18 Charleston, and the Hibernian Society.

19 As part of our background investigation of Mr.
20 Howard, we obtained a credit check, driver's license, and
21 SLED check. Staff has questions of a personal or
22 confidential nature, and we request that they be taken up
23 in Executive Session at the appropriate time.

24 Before we begin questioning, do you have a
25 brief opening statement that you'd like to make?

1 MR. HOWARD: No. I really look forward to the
2 exchange because I just feel like it gives me an
3 opportunity to get a feeling about what's concerning you
4 as the Commission, and, likewise, I hope you learn more
5 about me as a Commissioner. Maybe I can share some
6 sidebars to what it's like to be a Commissioner.

7 I'm looking forward to it. Thank you very
8 much.

9 MS. ANDERSON: Please state your full name and
10 address for the record.

11 MR. HOWARD: My name is John Edward Howard.
12 1908 Bowen's Island Road, Charleston, 29412.

13 MS. ANDERSON: Are you a registered voter?

14 MR. HOWARD: Yes, I am.

15 MS. ANDERSON: Which congressional district are
16 you registered in?

17 MR. HOWARD: First congressional district.

18 MS. ANDERSON: Please describe your ordinary
19 workday at the Commission offices.

20 MR. HOWARD: I start my comment with this
21 preface, and I really, I spend a lot of time reading.
22 This job is probably, oh, 85 to 90 percent reading. So
23 consequently, I spend most of my day reading.

24 And if we don't have a meeting in Columbia, I
25 will stay home and read because the time is two hours to

1 Columbia and two hours back. That's time I could be
2 reading and doing things at home, and it's very quiet at
3 home, unlike the office. So I get most of my work done
4 at home.

5 Typically, Monday I will review the upcoming
6 case and read testimony. Tuesday we generally have our
7 briefings in Columbia. Wednesday -- and sometimes
8 hearings on Tuesday. Wednesday we have hearings and a
9 Commission meeting. Thursday is hearings. Friday is
10 basically just wrapping up what I've done and looking at
11 what I need to get done to start the next week.

12 I get up early. I get up at 4 or 5 o'clock and
13 get a lot of reading done. That's a typical week, and
14 obviously there are days we might not be in Columbia on
15 Thursday. But basically, in Columbia every Tuesday and
16 Wednesday. Sometimes Thursday we might be in Columbia.

17 MS. ANDERSON: Please describe your experience
18 or expertise in any of the following areas including any
19 time you've been engaged in any issues: Energy issues,
20 telecommunication issues, consumer protection and
21 advocacy issues, water and waste water issues, finance,
22 economics, statistics, accounting, engineering, and law.

23 MR. HOWARD: You want me to do all of them?

24 MS. ANDERSON: If you can give us a brief --

25 MR. HOWARD: It's going to be very brief. The

1 biggest challenge on a nationwide level is energy. It's
2 being fueled somewhat by the advent of shale gas.

3 As Chairman of the Water Committee, I have some
4 reservations about it because I think it might be
5 artificially reducing the price of gas. Very little
6 restrictions on the shale gas and hydraulic fracturing.
7 They can come up with very strict regulations and really
8 clamp down on the mining of hydro fracturing.

9 So here we're having a lot of our coal
10 generating plants switching over to natural gas because
11 it's cheap now. If something happens with the EPA
12 Regulations, then that price will skyrocket. The other
13 side is supply and demand. Right now there's so much gas
14 that the well diggers are pulling off and going to wet
15 gas or oil because there's no money -- because the shale
16 gas, there's just so much available now. The other side
17 is if the EPA doesn't come up with regulations, then
18 we've got a good, long term source of inexpensive national
19 gas that we could use.

20 I'm on the water board. That's probably the
21 next biggest subject that we deal with. It's really a
22 perplexing subject. We have people complaining, and
23 they're justified, about water quality, service of their
24 companies, and we do everything that we can. I give ORS
25 a whole lot of credit on that. The sad part or the part

1 that's hard to get a grip on is, over the last ten years,
2 per person or per residential consumption of water is
3 going down.

4 People are not using nearly as much water or
5 using less water because of more sophisticated commodes
6 with flushing and shower heads, and people are conserving.
7 So with less revenue, the company needs more money. So
8 it's a spiral that's going down. They come up here, and
9 they want a rate increase, and they get the rate.

10 So again, because of the price of it, people
11 conserve more water. So again, the price goes down. So
12 what do you do? It's a frustrating situation to sit on
13 the Commission, to go to the hearings and hear the
14 people's problems. It's a sad situation.

15 Telecom, we probably do less. You know, we do
16 a lot as you look at it on interconnection, but as far as
17 regulatory stuff goes, you've got to admit telecom is a
18 competitive market, so we don't play a role because the
19 alternative regulations in place, and a lot of them are
20 using that. Lifeline and Link Up is an interesting
21 situation.

22 As a matter of fact, we were in a conference
23 last week and commissioners from Georgia will tell you,
24 the Lifeline telephones -- they found some homes had as
25 many as 12 phones, and the company is getting paid \$9.

1 There's a lot of fraud and abuse in the system,
2 so consequently, I walked out of the meeting and ran into
3 Nan Edwards, and I said, We need to look into this. And
4 luckily enough, that Commissioner walked out, and I said,
5 Go over and talk to this Commissioner. And she called
6 off, and they were on top of it. What they were doing is
7 charging each person \$5, and it was an arbitrary figure.
8 They just picked \$5 out of the air to get a mailing
9 address for them, so they could see what kind of abuse
10 was done.

11 Now we don't regulate broadband, and that's the
12 big thing. Universal services state and nationwide are
13 dealing with broadband services.

14 Accounting and finance? Or I could do gas, I
15 guess. I touched on the problem with gas with the shale
16 gas. That would be where I was in the gas industry.

17 MS. ANDERSON: Economics, statistics,
18 accounting.

19 MR. HOWARD: Economics, statistics, and
20 accounting. Would that be Wall Street? Would Wall
21 Street come into that?

22 SENATOR HUTTO: We'll let you go with that.

23 MR. HOWARD: I appreciate that. It might be a
24 short answer, if you don't.

25 I think in the past year, I've met six times

1 with Wall Street brokers or investors. Most of the
2 conversation is about something that they want. They
3 want less risk than the marketplace. They want to be
4 sure they have their cost recovered, and they put the
5 money out, and they want to make sure they get it back
6 and that these companies have a fair rate of return.

7 I didn't realize, when I first got on the
8 Commission, the significance of that, and I guess I never
9 thought about it. It has a large place because if we're
10 considered fair regulators, they get a low interest rate,
11 and that's passed onto the consumer, so the consumer is
12 not paying a high interest rate. So that's my concern.

13 Accounting. The only thing I'd say about
14 accounting is -- and I think they pushed the date back,
15 but it's just -- they're talking about going to
16 international financial accounting, and it just doesn't
17 fit the regulatory model. We have a regulatory model
18 with rate base and that kind of stuff, and that doesn't
19 do it. So they're trying to get that working.

20 So if we're required by law to use
21 International Accounting Standards, hopefully they'll
22 have it for the Regulatory Committee. What else?

23 MS. ANDERSON: Engineering or law.

24 MR. HOWARD: Engineering I have to pass on.

25 Law -- with all you attorneys up there, I guess I should

1 pass on that, too.

2 MS. ANDERSON: How do you prepare for a
3 hearing? How long does it take to prepare for a hearing?

4 MR. HOWARD: That goes back to my opening
5 statement about reading. I really don't know. I was
6 telling Pat, I read a couple weeks where Duke is involved
7 in a rate case in North Carolina, and Duke's testimony is
8 5,000 pages not counting ORS. That's an awful amount of
9 reading. A lot is testimony and exhibits and that kind
10 of stuff, but I would say at least 3 or 4,000 pages of
11 reading, and that's where my four hours -- two hours on
12 the road to Charleston comes into play.

13 It gives me more time to read, and that's an
14 exaggeration because most cases are not nearly as intense
15 or long. So I'd say for just as a wild guess, for every
16 hour we're in the hearing room listening to testimony, I
17 guess I would spend three hours preparing for it because
18 a lot of questions wouldn't come up. But you never know
19 what will come up and what questions will be asked.

20 MS. ANDERSON: What type of contact do you have
21 with Commission staff?

22 MR. HOWARD: A lot and very good. We have a
23 good relationship, and I guess Dr. Spearman is our
24 adviser. He's an overall guru. He's a Ph. D, and
25 accounting and functions like that, I go to him. I spend

1 a lot of time with Phil Riley and Bill Richardson on the
2 water side, and I spend a lot of time with the staff, and
3 I have what I consider a very good relationship with
4 them.

5 MS. ANDERSON: If you were approached by
6 someone wanting to discuss a matter that is or may become
7 an issue in the proceeding, how would you handle the
8 situation?

9 MR. HOWARD: I would tell them I couldn't do
10 it. That would be a violation and depending what it was,
11 I would tell them to call ORS. If it was ex parte, I
12 wouldn't do it.

13 MS. ANDERSON: Are you familiar with the 2006
14 Advisory Opinion issued by the Review Committee dealing
15 with attendance at legislative receptions?

16 MR. HOWARD: Oh, yes.

17 MS. ANDERSON: Have you attended any
18 legislative receptions since receiving the Advisory
19 Opinion?

20 MR. HOWARD: No.

21 MS. ANDERSON: Are you familiar with the PURC
22 decision at its meeting on January 15th of this year
23 which clarified the 2006 Advisory Opinion?

24 MR. HOWARD: Yes.

25 MS. ANDERSON: Have you attended any

1 legislative receptions or any other legislative caucus
2 meetings, other than delegation meetings, on or after
3 January?

4 MR. HOWARD: I haven't attended any meetings.

5 MS. ANDERSON: What is the appropriate demeanor
6 for a Commissioner?

7 MR. HOWARD: Appropriate what?

8 MS. ANDERSON: Demeanor.

9 MR. HOWARD: I think the number one thing, I
10 think, is integrity of the office and the independence of
11 the office, and I think my demeanor should reflect that.

12 That doesn't mean being stiff-collared, but
13 recognizing who you are and the position you're in and
14 respecting it.

15 MS. ANDERSON: Does that apply when you're on
16 the bench or does that apply seven days a week, 24 hours
17 a day?

18 MR. HOWARD: I think everything I do reflects
19 on that, so I would say seven days a week.

20 MS. ANDERSON: Is there ever a role for
21 sternness or anger with Commissioners?

22 MR. HOWARD: Ever a what?

23 MS. ANDERSON: A role for sternness or anger.

24 MR. HOWARD: No.

25 MS. ANDERSON: Has the job been as you expected

1 it to be?

2 MR. HOWARD: Has the what?

3 MS. ANDERSON: Has the job been as you expected
4 it to be?

5 MR. HOWARD: No. It's a lot more diverse than
6 I expected. Either one of the subjects we mentioned,
7 there's just a whole lot of different branches to it.
8 Electricity, we have, you know, smart grids, wind energy,
9 bio mass. It's a lot more diversified than I thought it
10 would be, and that accounts for a lot of reading. My
11 reading is not just testimony. I read a lot of
12 magazines. I basically divide my reading into two parts:
13 Testimony, and what I call educational reading from trade
14 magazines, and a whole lot of blogs on the internet.

15 MS. ANDERSON: How do you think you've done
16 since you've been elected to the Commission?

17 MR. HOWARD: Well, I think I've done real good.
18 I came on the Commission, as most of you know, on
19 Wednesday, and we went to National Conference on
20 Saturday. So any degree of learning curve would be a
21 great advantage, and I feel that I stay on top of it, and
22 I do my homework. I've learned a lot.

23 MS. ANDERSON: Have you sought or received the
24 pledge of any legislator prior to this date?

25 MR. HOWARD: No. I guess I would rather answer

1 20 questions on nuclear construction than that question.
2 It's just so variable. We call it a political process.

3 You know, a lot of times -- well, not a lot of
4 times because I now, with respect to my fellow members on
5 the General Assembly, I try to avoid General Assembly
6 members because the first thing they're going to say is,
7 Are you in this election cycle and what can I do for you?

8 And I generally say let me get back to you.
9 When I first ran, the key word was commitment. As I
10 understood in 2004, we could ask, but we couldn't use the
11 word commitment.

12 Now I think the definition has gone further
13 than that and, you know, it just is almost a matter of
14 common courtesy. What can I do to help you? You have to
15 answer the question. When you're running, I think it's
16 obvious what they can do for me.

17 MS. ANDERSON: I have a few follow up
18 questions.

19 Have you sought or been offered a conditional
20 pledge of support by any legislator pending the outcome
21 of your screening?

22 MR. HOWARD: No.

23 MS. ANDERSON: Have you asked any third parties
24 to contact members of the General Assembly on your behalf
25 before the final and formal screening report has been

1 released?

2 MR. HOWARD: No.

3 MS. ANDERSON: Are you aware of any friends or
4 colleagues contacting members of the General Assembly on
5 your behalf?

6 MR. HOWARD: No.

7 MS. ANDERSON: Are you familiar with the
8 48-hour Rule which prohibits candidates from seeking
9 pledges for 48 hours after the report has been submitted
10 to the General Assembly?

11 MR. HOWARD: Yes, ma'am.

12 MS. ANDERSON: Do you plan to serve your full
13 term if reelected?

14 MR. HOWARD: Yes.

15 MS. ANDERSON: Mr. Chair, I'd like to put in
16 the record, Mr. Howard's PDQ, which has been redacted for
17 personal and confidential information.

18 (EXH. 2, Personal Data Questionnaire of John
19 Edward Howard, marked for identification.)

20 SENATOR HUTTO: All right. Any member of the
21 Commission have any questions?

22 REPRESENTATIVE SANDIFER: Thank you, Mr.
23 Chairman.

24 Mr. Howard, thank you for serving as Chairman
25 of the Committee on Water. It's an important position

1 and important for our State.

2 However, it raised a question with me when you
3 started discussing, for lack of a better term,
4 opportunities that we have in this State, as well as in
5 the United States. You were talking about the usage of
6 water being down and that we were conserving more. Is
7 that good or bad?

8 MR. HOWARD: It's good if you're the utility,
9 but it's bad if you're the consumer.

10 MS. ANDERSON: If you're the State of South
11 Carolina, is it good or bad?

12 MR. HOWARD: State of South Carolina would
13 probably be a pro and con, but I would go with bad.

14 MS. ANDERSON: So you think it's inappropriate
15 for us to conserve water.

16 MR. HOWARD: No. I think there are other
17 mechanisms that other states use to help offset the
18 revenue loss of the water companies because the water
19 companies have so much fixed costs. It's not a large
20 variable cost, so when the cost goes down the utilities
21 still have to recoup costs from the water supply, the
22 waste water treatment plants. It's a bad situation.

23 And just to mention some -- well, one in
24 particular. Well, the problem with a small water
25 company -- one in particular. I think it's 13 states

1 now, and I'm sure you've probably heard about it, the DIS
2 mechanism. This stands for distribution infrastructure
3 discharge. Pennsylvania was the first state that really
4 pushed it. They put 3 percent surcharge on everyone's
5 bill, and that surcharge money had to be spent on
6 infrastructure improvement.

7 We were in a hearing the other day, a night
8 hearing, and Representative Norman brought a pipe in that
9 was in the ground for years. And the company just hadn't
10 replaced it and said they didn't have the money to
11 replace it. My point is, you have to budget, and say,
12 Okay, we have so much infrastructure pipe we have to
13 replace a year.

14 The attitude of the company when I questioned
15 them in the hearing was these pipes are still good, so
16 why pull them up? So when I ask, How many miles or feet,
17 whatever you want to use, the clay pipe is still in the
18 ground? Eighty percent of the clay pipe is still in the
19 ground.

20 If they had some mechanism to recover some of
21 this cost -- and that's why I didn't say it was bad,
22 Mr. Chairman. It's just a situation. And another thing
23 is that these small companies don't come in for a rate
24 increase because they can't afford a rate case. One
25 company didn't come in for a rate increase for 20 years.

1 Probably more than that.

2 So a lot of things -- and we don't do it in the
3 current set-up. It could be something that someone else
4 could do, but a lot of states are going to staff in rate
5 cases. They go to their public staff, or whatever the
6 case may be in a particular state, and have them, you
7 know, verify that the money is being spent on
8 infrastructure replacement.

9 REPRESENTATIVE SANDIFER: Why don't we move
10 onto another subject. You talked about a meeting at
11 which you were involved dealing with Lifeline and Link
12 Up, and you saw Nan Edwards afterward, and said, you
13 know, you all need to investigate it. Why not the PSC?

14 MR. HOWARD: We're not an investigative body.

15 REPRESENTATIVE SANDIFER: Okay. What is Wall
16 Street's impact on South Carolina utilities, and
17 therefore, is it or is it not important that we have
18 liaison with Wall Street?

19 MR. HOWARD: It's very important that we have
20 liaison with Wall Street because Wall Street has to know
21 the mind of the regulator. When I first got on there,
22 there was a picture of the Trade Regulation saying how
23 much Wall Street was looking at us.

24 We hadn't made any decision, but we very
25 much -- I mean, I was in conference last week, and I had

1 a Wall Street analyst want to talk about the Commission,
2 so we sat down for 15 or 20 minutes.

3 REPRESENTATIVE SANDIFER: One final question.

4 You mentioned a few minutes ago that
5 legislators, on certain occasions, come up to you and
6 ask, What can we do as a legislator?

7 How frequent or infrequent is that type of
8 occurrence?

9 MR. HOWARD: Very infrequent. That's why I
10 don't go, and I have some conversation about, you know,
11 we used to see when you were running and now we don't.

12 REPRESENTATIVE SANDIFER: Thank you.

13 SENATOR HUTTO: Any other questions from any
14 Commissioners? I have a couple questions.

15 The issue of green energy, does that come up at
16 Commission Hearings? When utilities come before you for
17 rate increases, do you take into account whether they're
18 pursuing green alternatives?

19 MR. HOWARD: Yes, we do. But I have a
20 skeptical attitude. There's no traditional renewable
21 resources in our state. We mentioned biomass, but
22 biomass is a very, very small percentage of the total
23 generation. Solar and wind is not in play. You might
24 mention wind offshore. The problem with solars in our
25 state is that it takes too much room. The problem with

1 offshore wind, the cost of getting it in. You're dealing
2 with saltwater, and you're dealing with a lot of
3 high-priced real estate.

4 These people that pay a lot of money don't want
5 to look out on the beach at Myrtle Beach and see wind
6 turbines. So it has to get beyond there, and it costs
7 more money to bring it in. It's a tough situation. I
8 made reference at one time, I'm so glad that the
9 legislature, in their wisdom, has not imposed renewable
10 oil standards on the utilities because it would be hard
11 to achieve.

12 You'd have to buy power from South Dakota or
13 Arizona, and that cost would be prohibitive, so the
14 consumer would be paying more money just for the sake of
15 having renewable energy, and most would rather pay less
16 and have traditional generation.

17 SENATOR HUTTO: What about a consumer who
18 wanted to put their own solar panel up, and they may
19 actually from time to time generate more than enough
20 power for their house?

21 Should they be able to put that excess power
22 back on the grid?

23 MR. HOWARD: Right. And I agree. There's not
24 a lot. I think the three major electric utilities each
25 have a tariff that deals with that, but it's a very

1 small -- in some cases, I'm just guessing, less than 20
2 people that take advantage of that. You have to have a
3 two-way meter. It could be pretty costly.

4 SENATOR HUTTO: Have you all had cases
5 involving that?

6 MR. HOWARD: We've had a lot of -- well, we've
7 had briefings on it. And briefings -- ex parte
8 briefings. Not a whole lot. It's just -- and again,
9 it's just my opinion, but the technology changes every
10 day, so I wouldn't want to burden our ratepayers with new
11 technology that within five years is going to be half the
12 cost of whatever percentage you want to put on it.

13 I guess I'm skeptical on that also because of
14 the price point. You know, the first thing that, I
15 guess -- you know, our job is a balancing act between the
16 consumer and the utilities, but right now in the hard
17 economic times in South Carolina, it's just tough. And I
18 guess the first thing that I do is, is this rate increase
19 justified? Can the people afford it? And in all cases,
20 not everybody can afford it.

21 The same is true with energy efficiency.
22 Energy efficiency is a big thing, and we have -- and you
23 all know better than I do. We have the highest
24 percentage of mobile homes in the United States, and they
25 just can't be made energy efficient with poor

1 construction and proper coating. I don't know that you'd
2 be able to make it energy efficient. He's not going to
3 achieve it in mobile home.

4 SENATOR HUTTO: Has the Universal Service Fund
5 outlived the purpose for which it was created?

6 MR. HOWARD: No. There are still high cost
7 areas that need to be addressed. I think it's addressed
8 around 90 percent. I think it's achieved a lot of it,
9 and I guess somehow in the future mix, it will be mixed
10 in with broadband.

11 SENATOR HUTTO: Anyone else have follow-up
12 questions?

13 REPRESENTATIVE FORRESTER: I just would like
14 follow up on the solar issue. What are your thoughts on
15 third-party sales?

16 MR. HOWARD: As long as our utilities can
17 furnish it, furnish the base load and serve their native
18 load with a fair reserve margin, I don't see why we would
19 need it. Does that answer your question?

20 Third-party sales -- you were talking about the
21 conversation with solar -- you know, we have a Cost of
22 Service Regulation, and in a rate case, we go over it
23 with a fine-tooth comb. So we know for a fact, in our
24 mind, that our consumers are getting the best cost that
25 their utility -- from their utility provider.

1 So just for the sake of going to a third-party
2 to, you know, just to say we're doing it, I don't see the
3 need of it. Now every one of our utilities do purchase
4 from third-parties.

5 SENATOR HUTTO: All right. We'll now go back
6 into Executive Session.

7 (The Committee went into Executive Session from
8 10:47 a.m. to 10:53 a.m.)

9 SENATOR HUTTO: Back in open session.

10 (Carolyn Leone Williams was duly sworn, after
11 which testimony commenced at 10:56 a.m.)

12 MR. FIFFICK: Good morning, Ms. Williams. How
13 are you?

14 MS. WILLIAMS: Good morning. I'm doing well.

15 MR. FIFFICK: I'm going to summarize your
16 educational background and experience and relevant
17 information for the record.

18 MS. WILLIAMS: Okay.

19 MR. FIFFICK: Ms. Williams attended Columbia
20 College in 1974, before graduating from Wake Forest
21 University in 1979, with a Bachelor's of Arts Degree in
22 History. Ms. Williams then obtained a Master's in Urban
23 and Environmental Planning from the University of
24 Virginia in 1982.

25 From 1982 to 1985, Ms. Williams served as a

1 planner for the Department of Planning and Urban
2 Development for the City of Charleston, then was city
3 planner for the City of Cincinnati, Ohio, from 1985 to
4 1986.

5 Ms. Williams returned to Charleston where she
6 served as an instructor in urban planning for the College
7 of Charleston from 1989 to 1992, while also serving as
8 planning administrator for the Department of Planning and
9 Urban Development for the City of Charleston from 1986 to
10 1982.

11 From 1992, to present, she's been the project
12 manager for the Department of Planning, Preservation and
13 Sustainability for the City of Charleston.

14 Other than changes that you've already
15 submitted, do you have any changes to your Personal Data
16 Questionnaire that you've submitted with your
17 application?

18 MS. WILLIAMS: I do not.

19 MR. FIFFICK: I would request that
20 Ms. Williams' Personal Data Questionnaire be entered into
21 the record with any confidential information being
22 redacted.

23 (EXH. 3, Personal Data Questionnaire of Carolyn
24 Leone Williams, marked for identification.)

25 MR. FIFFICK: As part of our background

1 investigation of the candidate, we obtained a credit
2 check, driver's license, and SLED check.

3 For the record, I would like to state that the
4 credit check, driver's license, and SLED check revealed
5 no negative results that should be brought to the
6 attention of the subcommittee.

7 Before we begin questioning, would you like to
8 make a brief statement?

9 MS. WILLIAMS: I would. Thank you very much.

10 I want to begin by telling you how impressed I
11 am with the work of the Public Service Commission and the
12 Office of Regulatory Services. The vast array of
13 knowledge that the Commissioners must have really
14 impressed me, and then in signing up for the Docket
15 Management System and getting those every day and
16 realizing how accessible everything that goes before the
17 Commission is to the public, it makes me very proud to be
18 a citizen of South Carolina and all that went into
19 creating this system.

20 I'd like to give you a little bit about the
21 experiences that I've seen that relate as a city planner
22 to the Public Service Commission. You may not have had a
23 planner apply in the past. Similar to the work of a
24 Public Service Commissioner, a city planner deals with a
25 wide range of elements of the city, whether it's zoning

1 or parks or the quality of life or the economic vitality
2 of the city or ensuring that in our long range plans that
3 the water capacity works for the future ideas of the city
4 to really envision the future goals of the city to ensure
5 that they are sustainable and also ensure that we can pay
6 for the elements that are part of the strategic mission
7 for the city.

8 All of those are examples, so you can see
9 there's a similarity in terms of the vastness that's
10 covered. A planner also is trained to research, to
11 listen to all those involved and to understand the
12 subject at hand. Part of what I've enjoyed in my career
13 has been that diversity, delving deeply into one issue,
14 making recommendations and moving onto a new challenge.

15 Some of the examples that have occurred my
16 life, as a planner or a project manager, include working
17 on a down-zoning for an island that was part of a mission
18 that was part of a plan. It was not an easy thing to do,
19 but it was part of what the community wanted. Overseeing
20 the environmental permitting process associated with the
21 marina that had dirty silt and dirty land and needing to
22 clean that up appropriately, developing a senior center
23 and the fund raising associated with it and the community
24 building associated with it, creating a plan for downtown
25 Charleston that looked at businesses as well as housing

1 and quality of life and transportation, creating a plan
2 for purposes of port terminals, and finally creating
3 Charleston Green Business Challenge that works with the
4 Alcoas and the Boeings but also works with the small mom
5 and pop stores to increase their energy efficiency and
6 water conservation.

7 Each of these circumstances is vastly
8 different. We listened to the community. We researched
9 the idea and prepared recommendations. Often that
10 research involved wildlife, the Budget and Control Board,
11 DHEC, and the State Energy Office. Throughout my career,
12 what I've appreciated is being a good listener, working
13 on consensus building where it's achievable, listening,
14 delving deeper, forming opinions. Are all items that
15 relate very well to the life of a Public Service
16 Commissioner.

17 I became interested in serving on the Public
18 Service Commission when a friend called me to let me know
19 the timing was coming up. The timing also worked that
20 I'd served 30 years within government, and I'm ready for
21 a new challenge. Service for the Commission appears to
22 be a good fit with my career. For the past five years,
23 I've focused intently on sustainability, intently on
24 energy efficiency looking at greenhouse gases.

25 Interestingly, some of my very first work with

1 the city had to do with annexation, and many of those
2 annexations came about because of communities that had
3 private sewer treatment systems that were not working
4 effectively, and we worked with them to bring them into a
5 municipal system as well as to the city.

6 Finally, I really explored the Public Service
7 Commission in a very deliberative way. At each point so
8 far, I've found the work that they do incredibly
9 engaging, stimulating, dynamic. It seems to be a good
10 fit, in terms of wanting to continue to offer service, as
11 well as a challenge for myself. Thank you.

12 MR. FIFFICK: Thank you, ma'am.

13 I have a series of standard questions that
14 we're going to ask everyone. Could you please state your
15 full name and home address for the record.

16 MS. WILLIAMS: Carolyn Leon Williams. 7
17 Beverly Road, Charleston, South Carolina, 29407.

18 MR. FIFFICK: Thank you.

19 Are you a registered voter?

20 MS. WILLIAMS: Yes.

21 MR. FIFFICK: In what congressional district
22 are you registered to vote?

23 MS. WILLIAMS: Congressional district 1.

24 MR. FIFFICK: You touched on this in your
25 opening statement, is there anymore you'd like to tell us

1 about why you're interesting in serving on the Public
2 Service Commission?

3 MS. WILLIAMS: I think I've covered it.

4 MR. FIFFICK: Have you attended any hearings of
5 the Commission?

6 MS. WILLIAMS: I have. I attended a rate
7 hearing, a public hearing regarding the rate. I also
8 attended some of the deliberations related to that rate
9 case and went to an ex parte presentation related to the
10 integration of resource planner with SCANA.

11 MR. FIFFICK: Have you read any Commission
12 decisions?

13 MS. WILLIAMS: I have. I read a demand-side
14 management related SCANA case through my work, probably
15 three or four years ago. Also, just with the daily
16 e-mails, it made it very easy to click into something and
17 see a settlement or to see a Commission directive. I've
18 skimmed a lot.

19 MR. FIFFICK: Along those same lines, how do
20 you expect to get up to speed on issues confronting the
21 Commission?

22 MS. WILLIAMS: From my understanding, there's a
23 two-week training that may be provided. There's also a
24 National Association of Regulatory Utility Commissioners
25 that offers training. I would think there would be a lot

1 of reading of past cases. I understand there's a
2 terrific staff, as well as fellow Commissioners to learn
3 from.

4 MR. FIFFICK: Thank you.

5 Again, you addressed this in your opening
6 statement, but is there anymore that you'd like to
7 describe in terms of your experience or expertise in any
8 of the following areas, and you may want to include the
9 time you were engaged in those issues: Energy issues,
10 telecommunication issues, consumer protection and
11 advocacy issues, water and waste water issues, finance,
12 economics, statistics, accounting, engineering or law.

13 MS. WILLIAMS: The ones that I checked on my
14 application were energy, water and waste water, as well
15 as consumer protection and advocacy. The energy
16 efficiency realm and energy realm that I'm associated
17 with with the City of Charleston has to do with looking
18 at ways the city can become more sustainable.

19 I've learned a vast amount about some renewable
20 resources, such as offshore wind, and we've talked a good
21 bit about that. We've also tried to create -- we've
22 created system called The Green Business Challenge that
23 we've got about 70 business that have participated each
24 year thus far. They have a scorecard with items that
25 they've identified that they can improve on in terms of

1 energy, and that also tends to relate to their bottom
2 line and what they're able to save as a result of those
3 energy efficiencies. There's water conservation as well,
4 but a lot of it relates to energy.

5 Another element within the past five years has
6 been working with SCG on data that they have given the
7 City of Charleston for both its operations as well as the
8 community. It's been turned into a greenhouse gas
9 estimate for various years. Additionally, we estimate
10 transportation also and the impact of that.

11 The water and sewer item I checked really has
12 to do with the early years of working with annexations
13 and working with waste water treatment plants that were
14 no longer functioning appropriately and working with
15 those communities to bring them onto a city system and
16 seeing the stress that that caused those particular
17 organizations.

18 Additionally, also in the long range plan, you
19 also work with water planners to understand where there
20 might be any pressure points where you have the quality
21 and the quantity of water that you need. From the
22 consumer protection advocacy side, my work is on the
23 advocacy side. As a planner, I'm trained more as an
24 advocacy planner who recognizes that while I represent
25 all of the city in their long range planning, I

1 particularly try to understand those who are going to be
2 less involved and those who may need information provided
3 to be able to operate effectively and respond to zoning
4 and plans as well as the angle of just providing
5 information to a planning team of citizens and listening
6 and helping them to lead themselves to the vision that
7 they want for their community.

8 MR. FIFFICK: Thank you, ma'am.

9 Are you familiar with the 2006 Advisory Opinion
10 issued by the Review Committee dealing with attendance at
11 legislative receptions?

12 MS. WILLIAMS: Yes.

13 MR. FIFFICK: Are you familiar with the PURC
14 decision at its January 15th meeting of this year which
15 clarified the 2006 opinion?

16 MS. WILLIAMS: Yes.

17 MR. FIFFICK: Have you attended any legislative
18 receptions since receiving that Advisory opinion?

19 MS. WILLIAMS: No.

20 MR. FIFFICK: Assuming that you're serving on
21 the Commission and you're approached by someone wanting
22 to discuss a matter that is or may become an issue in a
23 proceeding, how would you handle that situation?

24 MS. WILLIAMS: I would explain my role politely
25 as a Commissioner and that I cannot enter into any of

1 those conversations and would direct them to appropriate
2 staff.

3 MR. FIFFICK: Are you aware that Commissioners
4 are subject to the Judicial Code of Conduct as well as
5 State Ethics Laws?

6 MS. WILLIAMS: Absolutely.

7 MR. FIFFICK: Are you affiliated with any
8 political parties, boards, or commissions that would need
9 to be reevaluated if you're nominated and elected?

10 MS. WILLIAMS: No.

11 MR. FIFFICK: Do you belong to any
12 organizations that discriminate based on race, religion,
13 or gender?

14 MS. WILLIAMS: No.

15 MR. FIFFICK: What in your opinion is the
16 appropriate demeanor for a Commissioner?

17 MS. WILLIAMS: From the judicial code, someone
18 who should 24/7 operate their life, as well as their
19 work, in a way that's objective and fair. They should be
20 concerned about upholding the integrity of the judicial
21 process. They should not be involved in political
22 activity.

23 MR. FIFFICK: Do you feel there's ever a role
24 for sternness or anger on the part of a Commissioner?

25 MS. WILLIAMS: Anger, no. Sternness, perhaps.

1 Certainly being very clear about where a limit is reached
2 or what the process is.

3 MR. FIFFICK: Could you please describe for us
4 briefly the statutorily stated purpose and operation of
5 the Base Load Review Act of 2007.

6 MS. WILLIAMS: It's my understanding that the
7 Base Load Review Act came into being so that the utility
8 companies could charge for items that were capital
9 investments that they were beginning to make and that
10 they take those plans for capital investments and
11 identify what they are in the commission, evaluate those
12 thoroughly, and then they're allowed to let the
13 ratepayers begin to pay for that capital investment.

14 MR. FIFFICK: Thank you. Could you please
15 explain the difference between a base load plant and a
16 peaking plant.

17 MS. WILLIAMS: A base load plant is the one
18 that generally runs continuously. They tend to be
19 nuclear or coal in a power base. They provide the
20 coverage for the energy needs for a community that meets
21 on a regular basis.

22 A peaking plant comes into operation for
23 extreme peaks and extreme needs and is not as cheap to
24 operate, but it can be brought into use more quickly than
25 a base load plant can be.

1 MR. FIFFICK: Thank you. Have you sought or
2 received the pledge of any legislator prior to this date?

3 MS. WILLIAMS: I have not.

4 MR. FIFFICK: Have you sought or been offered a
5 conditional pledge of support by any legislator pending
6 the outcome of your screening?

7 MS. WILLIAMS: I have not.

8 MR. FIFFICK: Have you asked any third-parties
9 to contact members of the General Assembly on your behalf
10 before the final and formal screening report has been
11 released?

12 MS. WILLIAMS: I have not.

13 MR. FIFFICK: Are you aware of any friends or
14 colleagues contacting members of the General Assembly on
15 your behalf?

16 MS. WILLIAMS: I'm not.

17 MR. FIFFICK: Are you familiar with the 48-Hour
18 Rule which prohibits a candidate from seeking pledges for
19 48 hours after the report has been submitted to the
20 General Assembly?

21 MS. WILLIAMS: I am.

22 MR. FIFFICK: Do you plan to serve a full term
23 if elected?

24 MS. WILLIAMS: Absolutely.

25 MR. FIFFICK: Mr. Chairman, I have no further

1 questions.

2 SENATOR HUTTO: Any member have any questions?

3 REPRESENTATIVE SANDIFER: Thank you,
4 Mr. Chairman. Ms. Williams, thank you for being here
5 with us. I ask your indulgence for a few minutes.

6 Would you please describe for us what you see
7 as the relationship between the Public Service Commission
8 and the Office of Regulatory Service.

9 MS. WILLIAMS: The Public Service Commission is
10 more of a judicial function, and the Office of Regulatory
11 Service is both a regulatory agency that examines, that
12 researches, and that audits the utilities. The Office of
13 Regulatory Service would have contacts regularly with the
14 utilities, where the Public Service Commission would only
15 relate to the utilities either at a hearing or perhaps at
16 an ex parte approved commission.

17 REPRESENTATIVE SANDIFER: Are you familiar --
18 and I'm dealing with electric right now. Are you
19 familiar with the term obligation to serve?

20 MS. WILLIAMS: Yes. I believe that it relates
21 to -- I'm more prepared for that question as it relates
22 to telecommunications, but I think it has to do with a
23 need for people to have access throughout the state and
24 to look at service areas and to identify.

25 REPRESENTATIVE SANDIFER: Okay. And

1 understanding what you've just said, is that a
2 compensable part of their rate?

3 MS. WILLIAMS: I would think it is.

4 REPRESENTATIVE SANDIFER: Let's talk about the
5 Base Load Review Act for a moment. If I understood you
6 correctly, tell me if I'm wrong, you said that they would
7 be able to recover their capital investment of a period
8 under which construction is going on.

9 MS. WILLIAMS: Right.

10 REPRESENTATIVE SANDIFER: Well, I'll tell you
11 that's not correct. And there's a huge difference
12 between capital investment and a cost of capital, if you
13 will.

14 MS. WILLIAMS: Okay. Okay.

15 REPRESENTATIVE SANDIFER: But let's carry that
16 a step further. How do we determine whether those costs
17 of capital are prudently incurred on an annual basis?

18 MS. WILLIAMS: It's my understanding that there
19 are accounting records that are presented to the Office
20 of Regulatory Service and that the rate can change
21 depending on how the construction is going.

22 REPRESENTATIVE SANDIFER: If I buy into what
23 you've just said, that it's based on accounting, who
24 provides the accounting?

25 MS. WILLIAMS: The accounting comes from the

1 utility, but it's reviewed by the Office of Regulatory
2 Service.

3 REPRESENTATIVE SANDIFER: I think they're
4 housed there, too.

5 MS. WILLIAMS: Okay.

6 REPRESENTATIVE SANDIFER: And you were talking
7 about the quality and green energy and so forth. Is one
8 of the elements in dealing with energy provision, is
9 there a place in your deliberations as a commissioner,
10 whether or not a utility is profitable?

11 MS. WILLIAMS: Absolutely. It wouldn't be
12 sustainable, if it wasn't profitable.

13 REPRESENTATIVE SANDIFER: Would you vote for
14 something that caused that utility possibly to operate at
15 a negative, in a loss situation?

16 MS. WILLIAMS: Not in a simple kind of way, but
17 my understanding is that the utilities have agreed on
18 profit margins that they can anticipate. So if you're
19 saying, would I be supportive of narrowing that profit
20 margin, perhaps. But not to any kind of negative
21 situation.

22 REPRESENTATIVE SANDIFER: Thank you very much.
23 Thank you Mr. Chairman.

24 SENATOR HUTTO: Any other members have
25 questions? I noticed that you served on organizations,

1 or things that you've worked on have reference to the
2 title green. Are you an advocate of more green energy in
3 South Carolina?

4 MS. WILLIAMS: I do find it very promising what
5 I've heard about offshore wind, and that's a resource
6 that's so close to our shore, as well as the strength of
7 the wind, and the fact that it's not in such deep waters.

8 I know that we have a long way to go in terms
9 of the technology and the transmitting, but that's one
10 example that I'm very hopeful for. As well as the fact
11 that it's an economic driver within the state.

12 SENATOR HUTTO: If no one has any questions,
13 we're going to ask you to stay and everyone else to
14 leave. We'll be back with you all after this shuffle.
15 We're going into Executive Session again.

16 (The Committee went into Executive Session from
17 11:15 a.m. to 11:20 a.m.)

18 SENATOR HUTTO: Okay. We're out of Executive
19 Session, but we're going back into Executive Session to
20 talk about the District 1 candidates.

21 (The Committee went into Executive Session from
22 11:20 a.m. to 11:40 a.m.)

23 SENATOR HUTTO: All right. We're moving to the
24 Third Congressional District, and our first candidate is
25 Nancy Campbell.

1 (Nancy Sherer Campbell was duly sworn, after
2 which testimony commenced at 11:40 a.m.)

3 MR. FIFFICK: Good morning, Ms. Campbell. I'm
4 going to briefly summarize your educational background
5 and experience for purposes of getting it on the record.

6 Ms. Campbell obtained a bachelor of arts from
7 Erskine College in 1986 and a master of business
8 administration from Georgia State University in 1991.

9 She was a programmer analyst from 1986 to 1991,
10 first with Electronic Data Systems and then with Dun and
11 Bradstreet Software. From 1991 to 2003, she worked with
12 MCI as a manager, systems analyst, and programmer
13 analyst, overseeing commercial billing processes for the
14 information technology organization. Those positions
15 involved working with Federal Communications Commission
16 and the State Public Service Commission.

17 In 2004, Ms. Campbell took a job with Cass
18 Information Systems handling expense management services
19 for large companies, a job she kept until 2009. Also in
20 2004, Ms. Campbell began serving as a financial officer
21 for Advantage Family Medicine and Urgent Care, a job she
22 currently still holds.

23 Ms. Campbell, other than changes that you've
24 submitted, do you have any changes that you'd like to
25 make to your Personal Data Questionnaire submitted with

1 your application?

2 MS. CAMPBELL: No. I do not.

3 MR. FIFFICK: I would request Ms. Campbell's
4 Personal Data Questionnaire be entered into the record
5 with any confidential information redacted.

6 (EXH. 4, Personal Data Questionnaire of Nancy
7 Sherer Campbell, marked for identification.)

8 MR. FIFFICK: As part of our background
9 investigation of the candidate, we obtained a credit
10 check, driver's license, and SLED check. For the
11 record, I would like to state that the credit check
12 revealed no negative results for Ms. Campbell that should
13 be brought to the attention of the Subcommittee.

14 Before we begin questioning, do you have a
15 brief statement that you would like to make?

16 MS. CAMPBELL: Thank you. Good morning. I
17 would like to thank the members of the Review Committee
18 for their service to South Carolina and this opportunity
19 to speak to you today.

20 There are two reasons for my interest in the
21 Public Service Commission. First, I see my skill sets
22 and experiences as a match with the requirements.

23 Second, I see the Commissioner's task of
24 balancing the needs of South Carolina's ratepayers and
25 utility providers to ensure that lights come on at any

1 time of the day, clean water comes out of the tap, phones
2 have dial tone, safe taxis pull up to the curb, and other
3 services that we often take for granted as a challenging
4 opportunity that would help me make a difference for my
5 neighbors in my beloved home state.

6 In regards to my experience, I worked for 17
7 years in telecommunications. Twelve years with a long
8 distance service provider and five years in telecom
9 expense management. Let me touch on the elements that I
10 think would be of interest to you in regards to the work
11 of the Public Service Commission.

12 I worked for 12 years at MCI, Incorporated.
13 While at MCI, I was a manager of an information
14 technology team that supported commercial billing for
15 long distance promotions. Our purpose was to gather data
16 across MCI's commercial invoicing applications to
17 determine if customers qualified for discounts. If the
18 customer qualified, we calculated the discount and passed
19 it along for display on the next bill.

20 In the late 1990s, my team was involved in
21 developing software for MCI to support the federal
22 Universal Service Fund and various state Universal
23 Service Fund fees. Since our tool collected overall
24 usage, we were able to calculate the Universal Service
25 fees using the customers' total MCI usage. We passed the

1 fees to the appropriate billing system for the next
2 invoice and informed accounts payable of the funds that
3 MCI billed on behalf of government agencies.

4 In addition to being involved with collecting
5 fees to go into Universal Service Funds, we were also
6 involved with distributing credits out of the fund. When
7 schools and libraries added lines for Internet usage or
8 other telecom services and products, our application
9 awarded them credit. We requested monies from the
10 federal or state Universal Service Fund to reimburse MCI
11 for the credits.

12 I also worked for Cass Information Systems for
13 five years in the telecom expense management industry.
14 Cass processes, pays, and audits utility invoices for
15 Fortune 1,000 customers. Industry analysts estimate that
16 seven to 12 percent of charges that appear on telecom
17 invoices are actually in error. Cass' auditors compare
18 actual rates on invoices with tariff rates filed with the
19 FCC and state PSCs.

20 If necessary, Cass files complaints on behalf
21 of customers with the PSC. My function was in marketing,
22 writing proposals, and explaining services to prospective
23 customers.

24 For the past nine years, I have worked in a
25 part time financial role for a small business in the

1 healthcare industry. I provide accounts payable
2 functions, prepare financial statements, file tax
3 returns, and perform business services as needed.

4 Many of my efforts in the past five years have
5 been focused in assisting nonprofit organizations in my
6 community. One of the findings of your Committee's 2009
7 Energy Policy Report highlighted that more than half of
8 our state's residences fall into severe or moderate
9 ranges of illiteracy. I can confirm your findings with
10 stories of my own that I have witnessed through my
11 experiences with Greenville County's United Way, the
12 Community Chest of Honea Path, and volunteer efforts with
13 Watkins Community Center and local schools in my area.

14 My personal educational background includes a
15 bachelor's degree in mathematics from Erskine College
16 with an emphasis in computer science. In this liberal
17 arts academic community, I gained written and verbal
18 communication skills both in the classroom and in
19 leadership opportunities as yearbook editor and student
20 government president. These skills have been valuable
21 assets in each of my professional positions.

22 I earned a master of business administration
23 from Georgia State University. My emphasis was in
24 management, and my studies included business, law,
25 accounting, and economics. Many concepts from my

1 graduate courses have come to mind as I delve into the
2 issues facing the Public Service Commission.

3 I feel that my experiences would allow me to
4 offer valuable insights to the Commission. My work in
5 the private sector has given me an appreciation of the
6 Commission's objective to ensure that ratepayers are not
7 overly burdened by utility providers who prevail in a
8 market of limited competition. My nonprofit work has
9 also given me an appreciation of the everything relates
10 to everything else concept.

11 Yes, we need to motivate utility providers to
12 generate energy in a cleaner fashion and to motivate
13 ratepayers to engage in practices of conservation and
14 energy efficiency. Conservation and efficiency depend
15 upon educated, informed citizens at all levels of
16 literacy, socioeconomic backgrounds, population
17 densities, and relative distances to utility providers.

18 Education is more likely to flourish and
19 radiate when reliable power, water, communication,
20 transportation, et cetera, for those who desire to learn
21 is affordable and readily available from well-regulated
22 utility providers. Everything relates to everything
23 else.

24 Our Public Service Commissioners have an
25 important role in balancing everything related to the

1 needs of South Carolina's ratepayers and our utility
2 providers. It's a challenge I see as a way to make a
3 difference for my neighbors.

4 Thank you for your time. I look forward to the
5 remainder of the conversation.

6 MR. FIFFICK: Thank you. Please state your
7 full name and address for the record.

8 MS. CAMPBELL: Nancy Sherer Campbell. 207 West
9 Greer Street, Honea Path, South Carolina, 29654.

10 MR. FIFFICK: Are you a registered voter?

11 MS. CAMPBELL: Yes.

12 MR. FIFFICK: In what congressional district
13 are you registered to vote?

14 MS. CAMPBELL: The third.

15 MR. FIFFICK: In addition to what you may have
16 addressed in your opening statement, could you please
17 tell us why you're interested in serving on the Public
18 Service Commission.

19 MS. CAMPBELL: I see that my background and
20 experiences are a match for the responsibility of a
21 Public Service Commissioner. I also see opportunities
22 that the Public Service Commission has to balance, the
23 balance between the ratepayer and the utility provider as
24 a challenge.

25 MR. FIFFICK: Have you attended any hearings of

1 the Commission?

2 MS. CAMPBELL: Yes.

3 MR. FIFFICK: Have you are read any Commission
4 decisions?

5 MS. CAMPBELL: Yes.

6 MR. FIFFICK: Would you care to comment on
7 either of those?

8 MS. CAMPBELL: I attended a recent case when a
9 water situation -- really I was just observing the
10 temperament of the Commissioners, and it was kind of a
11 tense environment because everyone was really upset about
12 the water rates that were being increased. There was one
13 lighthearted moment in the case in which one of the
14 persons who was testifying told about a situation where
15 the water company had done an unscheduled test on
16 whatever release line, and his mother-in-law happened to
17 be in the house, in the toilet, and the whole place burst
18 into laughter.

19 To their credit, none of the Commissioners
20 laughed. There were a few smiles, but they all
21 maintained dignity in the courtroom.

22 MR. FIFFICK: How would you expect to get up to
23 speed on the issues confronting the Commission?

24 MS. CAMPBELL: I would go through all the open
25 dockets in the docket management system. I would review

1 those cases. I would also spend time on various websites
2 that are available to learn information about the issues.
3 I would spend time with Ms. Jocelyn Boyd, the chief
4 administrator for the Public Service Commission, and get
5 her to help me prioritize the most important things to
6 look at, and then take my notes and spend some time with
7 the Commissioners and ask for their guidance.

8 MR. FIFFICK: In addition to what you've told
9 us in your opening statement, could you please describe
10 any experience or expertise you have in the following
11 areas, including the time you've been engaged in those
12 issues: Energy issues, telecommunication issues,
13 consumer protection and advocacy issues, water and waste
14 water issues, finance, economics, statistics, accounting,
15 engineering, or law.

16 MS. CAMPBELL: I've been involved in
17 telecommunications and accounting. I addressed those in
18 my opening statement. If you'd like me to repeat that,
19 I'd be glad to.

20 MR. FIFFICK: No. Thank you.

21 Are you familiar with the 2006 Advisory Opinion
22 issued by the Review Committee dealing with attendance at
23 legislative receptions?

24 MS. CAMPBELL: Yes.

25 MR. FIFFICK: Are you familiar with the January

1 15th meeting of this year, which clarified the 2006
2 Advisory Opinion?

3 MS. CAMPBELL: Yes.

4 MR. FIFFICK: Have you attended any legislative
5 receptions since receiving the Advisory Opinion?

6 MS. CAMPBELL: No. I have not.

7 MR. FIFFICK: Ms. Campbell, assume that you
8 were serving on the Commission and you were approached by
9 someone wanting to discuss a matter that is or may become
10 an issue before the Commission. How would you handle the
11 situation?

12 MS. CAMPBELL: I would politely refer them to
13 Ms. Jocelyn Boyd and let them know that it would not be
14 in their best interest for me to discuss the case.

15 MR. FIFFICK: Are you aware that the
16 Commissioners are subject to the Judicial Code of
17 Conduct, as well as state laws?

18 MS. CAMPBELL: Absolutely.

19 MR. FIFFICK: Are you affiliated with any
20 political parties, boards, or commissions that would need
21 to be reevaluated, if you were nominated and elected?

22 MS. CAMPBELL: No.

23 MR. FIFFICK: Do you belong to organizations
24 that discriminate based on race, religion, or gender?

25 MS. CAMPBELL: No.

1 MR. FIFFICK: You discussed this in context of
2 your attending the hearings. What do you believe the
3 appropriate demeanor for a Commissioner is?

4 MS. CAMPBELL: I believe a Commissioner needs
5 to maintain respect and treat each person that appears in
6 a hearing with equal respect, and they also need to
7 maintain decorum at all times. And also, they need to
8 listen attentively and respond respectfully.

9 MR. FIFFICK: Do you believe that that applies
10 only while the Commissioner is on the bench or seven days
11 a week?

12 MS. CAMPBELL: Seven/24.

13 MR. FIFFICK: Do you feel there's ever a role
14 for sternness or anger with Commissioners?

15 MS. CAMPBELL: Maybe sternness, but not anger.

16 MR. FIFFICK: Could you please describe the
17 statutorily stated purpose and operation of the Base Load
18 Review Act of 2007.

19 MS. CAMPBELL: The Base Load Review Act had two
20 purposes. One is to allow utility providers to gain
21 additional revenues from ratepayers for the investment in
22 base load power plants. The other aspect of the law was
23 to be able to reimburse ratepayers, if it was determined
24 that the investment that the utility companies paid was
25 not prudent, and the rates needed to be reduced.

1 MR. FIFFICK: Could you expand upon -- you
2 mentioned earlier about being approached by someone, and
3 just give me the general rule on ex parte communication.

4 MS. CAMPBELL: In the event that a Commissioner
5 is exposed or has an opportunity to receive testimony
6 from one party, even if it's an accident then they need
7 to report the event that happened and share that with the
8 other Commissioners, so they're all aware of the same
9 information, and they need to give the same opportunity
10 to the other parties.

11 MR. FIFFICK: Thank you. A few housekeeping
12 questions for you. Have you sought or the received the
13 pledge of any legislature prior to this date?

14 MS. CAMPBELL: No.

15 MR. FIFFICK: Have you sought or been offered a
16 conditional pledge of support by any legislator pending
17 the outcome of your screening?

18 MS. CAMPBELL: No.

19 MR. FIFFICK: Have you asked any third-parties
20 to contact members of the General Assembly on your behalf
21 before the final and formal screening report has been
22 released?

23 MS. CAMPBELL: No.

24 MR. FIFFICK: Are you aware of any friends or
25 colleagues contacting members of the General Assembly on

1 your behalf?

2 MS. CAMPBELL: No.

3 MR. FIFFICK: Are you familiar with the 48-hour
4 Rule which prohibits a candidate from seeking pledges for
5 48 hours after the report has been submitted to the
6 General Assembly?

7 MS. CAMPBELL: Yes.

8 MR. FIFFICK: If you are elected, do you plan
9 to serve a full term?

10 MS. CAMPBELL: Yes.

11 MR. FIFFICK: Mr. Chairman, I have no further
12 questions.

13 SENATOR HUTTO: Does any member have any
14 questions?

15 REPRESENTATIVE SANDIFER: Thank you, Mr.
16 Chairman.

17 Thank you. We appreciate you being here and
18 your candor with us. Two or three questions that come to
19 my mind.

20 You're a mother of three underage children.
21 How will their lives be impacted if you were elected to
22 the Commission and required to attend hearings, sometimes
23 three or four days a week in Columbia or elsewhere, as
24 well as going to conferences all over the United States?

25 MS. CAMPBELL: I am blessed with a very

1 supportive set of parents and a very supportive set of
2 in-laws who really enjoy being with their grandchildren.
3 They relish getting more involved.

4 REPRESENTATIVE SANDIFER: I'm going back to my
5 own experience when I started in politics. Have you
6 discussed this with your children?

7 MS. CAMPBELL: Yes.

8 REPRESENTATIVE SANDIFER: Are they endorsing
9 what you're doing?

10 MS. CAMPBELL: Yes. I haven't described all
11 the nature of the work, but the concept of going to
12 Columbia today, they knew where I was. Yes. They're
13 delighted.

14 REPRESENTATIVE SANDIFER: With the Base Load
15 Review Act -- and you touched on it a moment ago. First
16 of all, what charges may the utility seek to recover?

17 MS. CAMPBELL: The investment in new capital,
18 especially for a nuclear plant, if they're using base
19 load money to invest in new operating facilities that
20 would offer base load services.

21 REPRESENTATIVE SANDIFER: Can they recover the
22 brick and mortar charges? Tell me what you're talking
23 about.

24 MS. CAMPBELL: That's my understanding. For
25 construction of the new facility or anything that's an

1 investment.

2 REPRESENTATIVE SANDIFER: That's what I thought
3 you were saying, and that is actually not correct.

4 If you go to that, and you talk about the fact
5 that there can be those charges that are not or are
6 prudently incurred, how do we make that determination?

7 MS. CAMPBELL: That's the role of the Public
8 Service Commission. They would hear the case and decide
9 if the rate should be adjusted.

10 REPRESENTATIVE SANDIFER: Is there any ongoing
11 opportunity to ensure that that's done correctly?

12 MS. CAMPBELL: There's reports that the utility
13 provider would need to work with the Review Committee and
14 provide along the way.

15 REPRESENTATIVE SANDIFER: Are there audits?

16 MS. CAMPBELL: Yes.

17 REPRESENTATIVE SANDIFER: Who does them?

18 MS. CAMPBELL: Well, there's the Office of
19 Regulatory Staff that would do the investigative kind of
20 work.

21 REPRESENTATIVE SANDIFER: But are there
22 auditors assigned to those specific instances?

23 MS. CAMPBELL: That would be the Office of
24 Regulatory Staff's role.

25 REPRESENTATIVE SANDIFER: Again, those auditors

1 are provided by the utility to the ORS, and they're
2 housed there.

3 And the last one, because you dealt with it a
4 moment ago, that's the Universal Service Fund. Has it
5 outlived its usefulness?

6 MS. CAMPBELL: There are still people -- let's
7 see. In remote areas, the cellular world has changed.
8 Obviously, it's changed the market because a lot of
9 people have cell phone service that didn't have that
10 before, but there are still some barriers that need to be
11 addressed so that everybody has equal access.

12 REPRESENTATIVE SANDIFER: Is that the rationale
13 for the USF?

14 MS. CAMPBELL: The Universal Services Fund fee
15 is set up so that everybody can have universal service,
16 regardless of where they live. The schools and libraries
17 that need to add Internet service, they were given money
18 so that everyone has Internet system, if that's where
19 you're going. I'm not sure.

20 REPRESENTATIVE SANDIFER: That's not. I'm
21 talking about the South Carolina Universal Service Fund.

22 MS. CAMPBELL: It's still collected on my bill
23 today. I still review my bill, and I have Universal
24 Service Fund on it.

25 REPRESENTATIVE SANDIFER: I guess where I'm

1 going is, do we need to revisit, as a legislature, that
2 piece of legislation to determine whether or not it is
3 still relevant in today's environment?

4 MS. CAMPBELL: I think that's a General
5 Assembly question, not a Public Service question.

6 REPRESENTATIVE SANDIFER: I'm asking your
7 opinion.

8 MS. CAMPBELL: For me --

9 REPRESENTATIVE SANDIFER: It's not a trick
10 question.

11 MS. CAMPBELL: I'm wanting to say it can go
12 either way, but there's lots of investments that are
13 still out there.

14 REPRESENTATIVE SANDIFER: Are you familiar with
15 the obligation to serve?

16 MS. CAMPBELL: Yes.

17 REPRESENTATIVE SANDIFER: And would you agree
18 with me there are some rural areas that would be so cost
19 prohibitive that a person might not be able to afford the
20 basic phone on the wall?

21 MS. CAMPBELL: Yes.

22 REPRESENTATIVE SANDIFER: Thank you. Thank
23 you, Mr. Chairman.

24 SENATOR HUTTO: Thank you. Does anyone else
25 have any questions? Let me follow up with that.

1 Do you think that the Universal Service Fund
2 should be collected on all phone bills including cellular
3 phone bills?

4 MS. CAMPBELL: Cellular phone bills are
5 intrastate because you can't tie a cellular phone bill to
6 a particular location, so that's why the local commission
7 doesn't regulate the cellular bills today.

8 Should the Universal Service fee be collected
9 on cellular bills? A lot of people use their cellular
10 phone instead of having a phone connected on the wall
11 today.

12 SENATOR HUTTO: It's a shrinking market of
13 those paying into the fund because a lot of people, their
14 cell phone is their house phone.

15 If I use the term green energy, what does that
16 mean to you?

17 MS. CAMPBELL: It would be clean energy or
18 energy generated without burning fossil fuels.

19 SENATOR HUTTO: What role, if any, should the
20 Public Service Commission have in encouraging energy
21 produced by green energy?

22 MS. CAMPBELL: The danger that greenhouse gases
23 can do to the upper layers of the atmosphere has impacted
24 climate changes, so the opportunities that the Public
25 Service Commission has is to give incentives to utility

1 providers to increase their technology investment in
2 things that they can do to operate these clean, green
3 energy sources rather than burning fossil fuel.

4 SENATOR HUTTO: Do you know what net metering
5 is?

6 MS. CAMPBELL: Net metering is a concept that
7 you might have a way of putting energy back onto the
8 grid, instead of just using the energy from your house.
9 It goes back into the pool at your house or maybe you
10 have solar panels on your house that put energy in at
11 certain times. So net metering would be the net
12 difference between energy that you use versus energy that
13 you add to the grid.

14 SENATOR HUTTO: Anybody else?

15 REPRESENTATIVE FORRESTER: Just to follow up on
16 the solar sales. What do you think about third-party
17 sales?

18 MS. CAMPBELL: Sales or cells that sit on top
19 of your house?

20 REPRESENTATIVE FORRESTER: Selling to someone
21 else.

22 MS. CAMPBELL: I think that's a way to expand
23 the solar market. We have to have incentives to get
24 solar going. It's a great concept, but there's not a lot
25 of solar panels on people's houses yet.

1 REPRESENTATIVE FORRESTER: Would you propose
2 that those third-parties become an operator?

3 MS. CAMPBELL: They could be kind of a coop of
4 people who had solar services. Like you have coops for
5 electric companies. Tell me some more. I'm not sure if
6 I'm --

7 REPRESENTATIVE FORRESTER: I'm just curious how
8 you would propose to do the cost. We've talked about
9 stranded cost, obligation to serve.

10 MS. CAMPBELL: Are you talking about the
11 investment in solar panels? Should someone be reimbursed
12 for their investment in solar?

13 REPRESENTATIVE FORRESTER: No. If the
14 installer wants to sell to an individual, not back to the
15 grid. What are your thoughts on that?

16 MS. CAMPBELL: The homeowner could be investing
17 as well, if they invest in their house, knowing that they
18 would save money over time.

19 I'm still not understanding what you're asking
20 I guess.

21 REPRESENTATIVE FORRESTER: That's okay. Thank
22 you.

23 REPRESENTATIVE SANDIFER: Couple follow up
24 questions on the fossil fuels and green energy that you
25 discussed a few minutes ago.

1 Are you suggesting that the PSC establish a
2 policy on those issues?

3 MS. CAMPBELL: No, sir. They follow the state
4 regulations that are set by the General Assembly, but
5 they enforce what the General Assembly says.

6 REPRESENTATIVE SANDIFER: I misunderstood what
7 you said. I wanted to make sure that I had
8 clarification. Now, let's go to net metering for a
9 moment, and we understand that there are those times when
10 a solar cell, whatever it might be, wind farm, it doesn't
11 matter, on the property owner's property, generates
12 excess power. When they sell it back to an IOU, for
13 example, at what price should they be selling it?

14 MS. CAMPBELL: Depends on what time of the day
15 they were using it as well.

16 REPRESENTATIVE SANDIFER: Is it at the same
17 price that they would be buying power from the utility?

18 MS. CAMPBELL: That would be the hope, but
19 there's a lot of factors involved.

20 REPRESENTATIVE SANDIFER: Who is paying for the
21 transmission and distribution systems?

22 MS. CAMPBELL: But they're using it at their
23 own house?

24 REPRESENTATIVE SANDIFER: But if they're
25 selling it back, the IOU, the coop, whomever is putting

1 that line to that house, they have an investment there.
2 Are they allowed to recover on the investment
3 infrastructure?

4 MS. CAMPBELL: That's the kind of thing to work
5 out with the General Assembly, and the Public Service
6 Commission would follow whatever they say.

7 REPRESENTATIVE SANDIFER: Okay. Thank you.

8 SENATOR HUTTO: We're going to ask you to stay
9 here for a minute and everybody else to leave the room.
10 This is really part of the DHEC initiative to
11 get people to exercise more.

12 (The Committee went into Executive Session from
13 12:05 p.m. to 12:08 p.m.)

14 SENATOR HUTTO: Okay. Back in public session.

15 (Randy Mitchell was duly sworn, after which
16 testimony commenced at 12:09 p.m.)

17 MS. ANDERSON: I want to give a general summary
18 of your background. Mr. Mitchell attended Spartanburg
19 Methodist College and obtained a bachelor of art degree
20 from Lander University in 1972.

21 Since 1998, he has served as a Public Service
22 Commissioner. For ten years prior, he was a Saluda
23 County Probate Judge. He's also been a member of the
24 Saluda County Council. He is the current owner of
25 Mitchell Farms and Mitchell Reynolds Business

1 Enterprises. Mr. Mitchell is a member of the National
2 Association of Regulatory Utilities Commissioners, The
3 Southeastern Association of Regulatory Utilities
4 Commissioners, The Federal State Joint Board on Universal
5 Service, President of the Hollywood Ruritan Club. He's
6 also a member of the Saluda County Cattle Club and
7 Hickory Grove Advent Christian Church.

8 I would request that Mr. Mitchell's Personal
9 Data Questionnaire be entered into the record with any
10 confidential information being redacted.

11 (EXH. 5, Personal Data Questionnaire of Randy
12 Mitchell, marked for identification.)

13 MS. ANDERSON: Mr. Mitchell, since you've given
14 us your Personal Data Questionnaire, are there any
15 changes that you'd like to make?

16 MR. MITCHELL: I don't think so. Everything
17 looks good.

18 MS. ANDERSON: Is there a brief statement that
19 you'd like to make?

20 MR. MITCHELL: I just want to first say thank
21 you to this extraordinary group for allowing me to serve
22 these last couple years, and thank you to the General
23 Assembly for allowing me the opportunity to serve.

24 I've been on the National Telecom Committee
25 since I've been a member of the Public Service

1 Commission, and I'm quite proud of the record there. I
2 presently serve on the joint board, which is as high as
3 you can go in telecom, where only four members of the
4 State Regulatory Association throughout the United States
5 serve on a board with several FCC Commissioners
6 presently, and now we are in the process of debating the
7 Universal Service Fund as it is transforming into the
8 Connect America Fund throughout the country. I'm so
9 proud to have had the opportunity to serve on that.

10 Before that, for two years, I served on the
11 Universal Service Board, which was an eye-opening
12 experience. I was one of 17 members, the only one from
13 the regulatory agency throughout the United States to
14 serve on this board. I was one of 17 members, and what
15 they do is oversee the FCC funding, which the FCC funding
16 is \$17 billion a year, and you are a director over
17 accountants and auditors who oversee that \$17 billion,
18 and who, in turn, goes to states for rural healthcare,
19 for the state libraries, and for the high and low cost of
20 the Universal Service Fund.

21 So it was a very eye-opening experience to serve
22 on there, and the one opportunity, I think I was there
23 two years, and there was a pilot program in South
24 Carolina at the Medical University of Charleston that was
25 the pilot program in the country that particular year.

1 \$7.9 billion went to the university, and that
2 was to help doctors in rural areas that might not have
3 the facilities to attend to people like others in other
4 areas. Immediately when they came there, everything was
5 flashed to the university, as far as a diagnosis of what
6 that person might have, and we attributed that to saving
7 many lives. It was a \$7.9 billion project.

8 Only thing I would add is that I did serve 11
9 years as probate judge in Saluda County. Thank you very
10 much for the opportunity.

11 MS. ANDERSON: As part of our background
12 investigation of Mr. Mitchell, we obtained a credit
13 check, driver's license, and SLED check.

14 Staff has questions of a confidential or
15 personal nature, and we request that they be taken up in
16 Executive Session at the appropriate time.

17 Please state your full name and home address
18 for the record.

19 MR. MITCHELL: Randy Mitchell. I reside at
20 2031 Hollywood Road, Saluda, South Carolina, 29138.

21 MS. ANDERSON: Are you a registered voter?

22 MR. MITCHELL: I am a registered voter for many
23 years.

24 MS. ANDERSON: In which congressional district
25 are you registered to vote?

1 MR. MITCHELL: I'm registered in the Third
2 Congressional District.

3 MS. ANDERSON: Please describe an ordinary
4 workday for you.

5 MR. MITCHELL: Generally, Tuesday is a day when
6 we gather with no more than two other commissioners,
7 which we can only have three legally under Act 175. So
8 three of us gather to have the agenda presented to us
9 that we usually have on Wednesday, as far as items that
10 we'll be voting on for that week. Also, it's a very
11 important meeting because other activities that are down
12 the road, as far as something that we might have in six
13 months. When we finish discussing the activities for
14 that Wednesday session, we talk about things that might
15 be coming down the road of what we need to be studying
16 and researching as far as some of these major decisions
17 that we have, and we have certainly made some very major
18 decisions for this state in the last few months.

19 One being, of course, the nuclear facility that
20 we approved, \$10 million project in Jenkinsville. So we
21 take that very seriously at the Commission, and we
22 certainly thank, once again, the General Assembly for
23 their wisdom in providing us with such good features as
24 the Base Load Review Act to do those type of things.

25 MS. ANDERSON: Please describe your experience

1 or expertise in any of the following areas, and include
2 the time you've been engaged in the issues: Energy,
3 telecommunications, consumer protection advocacy, water
4 and waste water, finance, economics, statistics,
5 accounting, engineering, or law.

6 MR. MITCHELL: Well, I'll start with telecom.
7 That's been my love and joy. I live in a rural area, and
8 rural areas are very important to the State of South
9 Carolina. We're growing very fast, and you're not going
10 to have industry if you don't have the services there to
11 provide those companies when they come.

12 I think having the proper fiber in places is
13 essential, and I'm proud of the fact that I served on the
14 Telecom Committee, and I think if you check our record in
15 South Carolina, we probably have more under-served areas
16 that have been covered in last few years. We're reaching
17 probably in a coverage rate right now of 95 to 96 percent
18 in areas, and that's unheard of, having as much rural
19 areas as we have in South Carolina. I think my service
20 on the National Telecom Committee has certainly helped in
21 that.

22 Now, when we speak of other -- energy. I go to
23 any forums that I can go to while I'm at NARUC. We have
24 forums there, at the Commission, that have been very
25 helpful as far as keeping up with the energy matters, and

1 they're so important because our state is growing, as you
2 know, by the wise leadership of the General Assembly and
3 groups like you all.

4 This state is growing by leaps and bounds, and
5 it's going to continue to grow if we can provide them
6 with good energy resources at a reasonable rate. And we
7 have also the debate of renewable energy now, and that's
8 very important. Also, in my introduction there, I also
9 farm. I farm on the side, and by the way, we were just
10 checking the statistics. Farming is the number one
11 industry in South Carolina, bringing in billions of
12 dollars to the state and over 200,000 jobs.

13 So it helps to have that voice also in energy
14 because it's very important to this large group that we
15 represent. I always try to keep aware of current issues.
16 We have ex parte matters that can be brought, as far as
17 forums that can be presented to the commission during
18 various times where before we reached these issues, we
19 can sit and ask questions, and then we have all the
20 different parties there, including ORS and any other
21 interested parties.

22 I have found that the briefings that are
23 provided in those different forums have been very helpful
24 to me over the years. Especially the last few years
25 because in those briefings, you ask any question, and you

1 get a good answer. We just continue to grow, and we have
2 so much to be proud of in South Carolina, and I think
3 this is all contributed to the work that's done by a lot
4 of good groups in South Carolina, and we hope that the
5 Public Service Commission has played a part of that.

6 MS. ANDERSON: How do you prepare for a
7 hearing?

8 MR. MITCHELL: First thing that I do is, we get
9 the agenda as early as we can. Like I spoke of earlier,
10 when we have these forums on Tuesday, I try to find out
11 what will be happening four or five months from there,
12 particularly if we have an agenda that's not real heavy
13 that week. We talk about other things. I get the
14 request in, start studying any of the material that's
15 presented, direct testimony, the discovery, anything
16 pertaining to important matters that I'll see coming down
17 the road, as far as what we'll be taking up in hearings.

18 I think that's so important because it's
19 amazingly -- it amazes me how fast things change now.
20 They change fast in telecom, and they change just about
21 that fast in energy and other resources. The debate with
22 renewables is very important. As I said, I've farmed the
23 land, so I love the environment, and renewables are very
24 important, and we need to bring forth those renewables as
25 fast as we can.

1 However, with the state of the economy, and the
2 way things are now, I wish we could have a larger
3 percentage of renewables, but you have to consider the
4 cost factor. That's the bottom line. We wish our
5 federal government operated the way our great state
6 government does and have an amendment to have a balanced
7 budget, but they don't.

8 We operate in South Carolina by trying to
9 balance things, and when we go out and have night
10 hearings over nuclear -- and we had great testimony
11 presented to us. I've been on the Commission a long
12 time, but that was the best testimony I've seen in this
13 last nuclear decision we had to make. When we go out at
14 night and hear those people come in and say, you know, I
15 live in a mobile home with a \$400 light bill. I'm on a
16 fixed income.

17 That gets to the heart and the core of
18 everybody there. On the other side, if we could bring in
19 renewables and make that energy cleaner and healthier,
20 that's wonderful. The bottom line is balancing the
21 price. Balancing the price and not overburdening the
22 ratepayer.

23 MS. ANDERSON: How long does it take you to
24 prepare for a typical hearing, electrical,
25 telecommunication, gas, water sewer?

1 MR. MITCHELL: If it's a large hearing, it
2 takes weeks. I first start by reading over the
3 testimony, and then I try to get as many staff members
4 together. If I have questions as I read the testimony,
5 we get those together, and I get them together myself,
6 personally, many, many times and start getting answers to
7 questions very early because you have an awful lot of
8 material to read, and we are blessed both with the ORS
9 and blessed with our staff.

10 They have some of the best staff people around,
11 and they've been around a long time, and they present
12 good information to you. That's the best method that
13 I've found and then going back and reading old cases. I
14 like to study old cases, especially the cases that the
15 Supreme Court smile on us about. That's another thing
16 that we are very proud of, the fact that our waters have
17 been well received by the Supreme Court. And we feel
18 real confident on that. We have a great legal staff.
19 It's meeting with all those people.

20 I first start off personally meeting with the
21 advisers. The economic advisers, telecom, or the actual
22 financial people. That's the first thing. And then as I
23 go along, I start meeting more with the legal team, and
24 we have those meetings every Tuesday. I don't think I've
25 missed one. I could check back, but I don't think I've

1 missed one. Maybe one since this last four years.

2 MS. ANDERSON: As a follow up question, what
3 type of contact do you have with staff?

4 MR. MITCHELL: I think I have great contact
5 with staff, if I use them. I think they probably get
6 tired of seeing me come around so frequently. And then
7 we have computers that are so good that they are phones,
8 carry all the information that we need almost on our
9 telephones, and that's just been so wonderful to have
10 that type of information provided to us.

11 They get us answers when we ask questions, and
12 like I said, my favorite thing is to go back and read old
13 cases and see how the Commission was dealing with things
14 in the past, and see how we've changed. I also like to
15 get as much material as I can from other states, as far
16 as how they're handling particular companies that do
17 business in both states.

18 MS. ANDERSON: If you were approached by
19 someone wanting to discuss a matter that is or may become
20 an issue in a proceeding, how would you handle the
21 situation?

22 MR. MITCHELL: Certainly, I know all the ex
23 parte rules. If we have a case that's pending and is
24 going to appear before us, I know the rule is that you
25 cannot discuss it without only two other Commissioners in

1 the room, much less discuss with a third-party or anyone
2 else. I try to be very careful on that. Years ago, that
3 was a problem at the Public Service Commission, but I
4 think it is a problem no more. All Commissioners are
5 aware of the rules and what they can and what they can't
6 do.

7 MS. ANDERSON: Are you familiar with the 2006
8 Advisory Opinion issued by the Review Committee dealing
9 with attendance at legislative receptions?

10 MR. MITCHELL: I am.

11 MS. ANDERSON: Have you attended any
12 legislative receptions since receiving the advisory
13 opinion?

14 MR. MITCHELL: I have not.

15 MS. ANDERSON: Are you familiar with PURC's
16 decision at its meeting on January 15th of this year,
17 which clarified the 2006 Advisory Opinion?

18 MR. MITCHELL: I understood that.

19 MS. ANDERSON: Have you attended any
20 legislative receptions or any legislative caucus
21 meetings, other than delegation meetings, on or after
22 January 15th?

23 MR. MITCHELL: I have not.

24 MS. ANDERSON: What is the appropriate demeanor
25 for a Commissioner?

1 MR. MITCHELL: Well, the demeanor for a
2 Commissioner, if you're in session and you're holding a
3 hearing, I think the first thing always, the Golden rule
4 applies. You want to be treated, you want to treat
5 someone else just like you want to be treated, and you
6 have to be courteous and sometimes that gets -- I've
7 always found because I served in probate for 11 years, if
8 you get in the middle of people's estates, you learn to be
9 courteous, I can assure you, and you start dividing up
10 mom and pop's assets.

11 So I had a good, hard lesson in that, over 11
12 years serving as probate judge. And the main thing, I
13 think, when people leave that courtroom they need to feel
14 like, look, I haven't had an advantage, and they haven't
15 had an advantage. We were treated fairly. And I feel
16 like that's the kind of treatment they get in the Public
17 Service Commission because we work hard to do that.

18 I served as chairman, vice chairman. I served
19 my second term as vice-chairman, and the people of this
20 state come first, and the people we regulate come first.
21 If you keep that in the back of your mind, you conduct
22 yourself pretty well.

23 MS. ANDERSON: Does the demeanor apply only
24 while you're on the bench or does it apply 24/7?

25 MR. MITCHELL: Definitely 24/7 because you set

1 an example out there, and people have to get that feeling
2 that when they come to the Public Service Commission they
3 getting a fair shake. They've got to bring the evidence,
4 and we have to have direct testimony to read. And if
5 that direct testimony is convincing, then that's what we
6 go by. It has to be in evidence because you can't write
7 an order out of material that doesn't produce good
8 evidence.

9 MS. ANDERSON: Is there ever a role for
10 sternness or anger with Commissioners?

11 MR. MITCHELL: I think the person serving as
12 the chair has to keep order. I think the people that are
13 out there presenting their cases appreciate that. They
14 have to know that everyone is going to be given their
15 time to speak.

16 We'll all listen and be attentive and listen to
17 what they have to say while they have the floor. If I
18 was serving as chairman and someone was being rude, it
19 would be my position to calm them down so that everybody
20 is treated fair.

21 MS. ANDERSON: Has the job been as you expected
22 it to be?

23 MR. MITCHELL: It's been more rewarding. I
24 knew it would be a rewarding job, but to think that
25 you're out there helping people, and that you're trying

1 to make this state grow economically, and to see the
2 state grow economically, and to see the industries, even
3 through these troubling times -- that's the first thing I
4 had to learn on the Public Service Commission.

5 When I came on, the first thing that I had to
6 learn, we're providing funds for these companies ten
7 years down the road, 15 years down the road. We're not
8 looking at next year. We're looking at 15 years down the
9 road, and that's something that's an eye-opening
10 experience. I learned that because in the long run, when
11 we provide these companies money to operate on and they
12 do their job the way that they are doing their job, it
13 saves the ratepayers money.

14 MS. ANDERSON: How do you think you've done
15 since you were elected to the Commission?

16 MR. MITCHELL: How? I hope a good job. I've
17 given it 110 percent. I love the people of South
18 Carolina. I love serving in office, and I would hope
19 that I've done a good job. I've certainly given it
20 everything that I have to please everybody and treat
21 everybody kind.

22 MS. ANDERSON: What is the purpose of utility
23 regulation? Please describe three objectives that the
24 Commission should consider in setting rates.

25 MR. MITCHELL: The purpose of utility rate --

1 as you know, utilities are a monopoly. The first thing
2 that you hear from that is, well, you know, they're a
3 monopoly, so if I could move somewhere else, I'd go.
4 Well, it doesn't work like that.

5 And then the next thing that you hear is, well,
6 competition is always the best thing. Well, in certain
7 areas, we don't have competition. We already have the
8 boundary lines drawn. We know who are cooperatives, and
9 we know who are investor-owned utilities. So the
10 financial need is the first priority. We have to make
11 sure that that company is financially sound, and that we
12 can regulate them, and that down the road they're going
13 to be providing good service.

14 The objective, the need comes into play as far
15 as being fair to all customers. All customer involved
16 have to be treated fairly, and they all have to share
17 whatever the Commission awards certain companies, then
18 that's what they have to share and contribute. And in
19 the end, it breaks down to energy needs, demand needs,
20 and how we regulate doing that portion. How do we
21 regulate to make sure that their needs are met and that
22 the rates are just and reasonable? And that's very
23 important.

24 Most always, too, is making sure, making sure
25 that the ratepayer gets a bang for their buck in the end

1 because that's the main thing. But that balance between
2 ratepayer and making sure that the companies operate and
3 they're financially viable, that's the mission of the
4 Commission as far as I'm concerned.

5 MS. ANDERSON: Please describe the difference
6 between capital costs and contingency costs for the Base
7 Load Review Act, and please include what the South
8 Carolina Supreme Court said about contingency costs.

9 MR. MITCHELL: Capital cost, we all know, is
10 the first, I mean, that's what you spend for capital.
11 That's what the company calls the gross plan.

12 And contingency is, as we go along, the
13 contingency costs are costs that are recurring, and you
14 have to have a balance with the capital cost. The
15 capital cost is what's presented in your direct
16 testimony, as far as what the plants cost. So it's an
17 ever balancing line between that and your contingency
18 cost, as plants are built, to make sure that that flow of
19 capital will meet the demands of the plant.

20 MS. ANDERSON: I have a few housekeeping
21 questions. Have you sought or received the pledge of any
22 legislator prior to this date?

23 MR. MITCHELL: I have not.

24 MS. ANDERSON: Have you sought or been offered
25 a conditional pledge of support by any legislator pending

1 the outcome of your screening?

2 MR. MITCHELL: No. I have not.

3 MS. ANDERSON: Have you asked any third-parties
4 to contact members of the General Assembly on your behalf
5 before the final and formal screening report has been
6 released?

7 MR. MITCHELL: I have not.

8 MS. ANDERSON: Are you aware of any friends or
9 colleagues contacting members of the General Assembly on
10 your behalf?

11 MR. MITCHELL: I'm not.

12 MS. ANDERSON: Are you familiar with the
13 48-hour Rule which prohibits a candidate from seeking
14 pledges until 48 hours after the report has been
15 submitted to the General Assembly?

16 MR. MITCHELL: I am.

17 MS. ANDERSON: Do you plan to serve your full
18 term if reelected?

19 MR. MITCHELL: Surely.

20 MS. ANDERSON: I have no further questions.

21 SENATOR HUTTO: All right. Any members have
22 questions?

23 REPRESENTATIVE SANDIFER: Thank you,
24 Mr. Chairman. I want to follow up with a question that
25 Ms. Anderson asked you because you answered your idea,

1 but you didn't answer the direct question.

2 MR. MITCHELL: Yes.

3 REPRESENTATIVE SANDIFER: How did the Supreme
4 Court rule on this idea of capital cost versus
5 contingency cost?

6 MR. MITCHELL: It was my understanding that
7 capital cost had to be included. I think it was some
8 difference there of those costs conflicting, and capital
9 costs must be covered.

10 REPRESENTATIVE SANDIFER: And did they support
11 the Commission's opinion, or did they overturn it?

12 MR. MITCHELL: My opinion is that they
13 supported the Commission's opinion.

14 REPRESENTATIVE SANDIFER: As you look at the
15 various cases that go to the Supreme Court, appeals from
16 the Commission, what percent of your cases are heard at
17 the Supreme Court, and what percent of those are
18 overturned?

19 MR. MITCHELL: We've had very few overturned
20 recently, Mr. Chairman. We've had them sent back to the
21 Commission to review to actually -- they weren't
22 overturned. We have one particular case, I believe, that
23 was sent back to the Commission, but we've had very, very
24 few that the Supreme Court sent back to us at all
25 recently. I can think of days, seven, eight years ago,

1 but recently we've had very few cases sent back to us.

2 REPRESENTATIVE SANDIFER: You've been around
3 since Act 175.

4 MR. MITCHELL: Yes.

5 REPRESENTATIVE SANDIFER: When we formulated
6 Act 175 and made the dramatic changes that we made, how
7 have you felt about this idea that you no longer have the
8 opportunity to interact with constituents?

9 MR. MITCHELL: Well, it took me a long time to
10 really -- I missed doing that, but I didn't once 175 came
11 in, and you laid out the groundwork. If you contact
12 Mr. Scott, you'll find out that I'm frequently referring
13 anybody that calls me about anything to Mr. Scott. He
14 does a good job handling complaints, and that's the first
15 place that I go when anybody calls me about anything.

16 REPRESENTATIVE SANDIFER: One of the things
17 that you mentioned earlier, and I just want to make sure
18 that the panel understands this, you indicated that
19 you've been chairman and vice chairman of the Commission,
20 and I congratulate you, but is that a rotating position
21 that rotates periodically among Commissioners?

22 MR. MITCHELL: It is, but we do not rotate all
23 the time. If you go through history, that doesn't mean
24 that will happen because we've had several occasions
25 where that didn't occur.

1 REPRESENTATIVE SANDIFER: Are you suggesting
2 that we should have a larger percentage of renewables?

3 MR. MITCHELL: No. What I'm suggesting, it
4 would be great if we could, if we could afford
5 renewables. As you well know, let's take wind, for
6 instance. It's wonderful. The problem with wind in
7 South Carolina is the storage. Then we have some that
8 say, well, let's put them in the ocean, and we'll put
9 them in the ocean.

10 Well, we have hurricanes in South Carolina, and
11 that presents a problem. We have some experimentation of
12 people in my county, Saluda County, that I've been
13 talking about windmills. If we can make it work, that's
14 wonderful. Let's take solar. Everyone thinks the sun
15 shines enough for solar in South Carolina, but the
16 studies that we've conducted, we haven't been able to
17 make it work as far as the financial end of it.

18 If we can encourage it, I want to see
19 renewables work. Yes, sir.

20 REPRESENTATIVE SANDIFER: And you just said
21 something that peaked my interest. You said, The studies
22 that we have conducted. Does the PSC conduct these
23 studies?

24 MR. MITCHELL: No, sir. I probably misspoke.
25 In fact, to say all the studies that we've received at

1 the Public Service Commission that I've been aware of,
2 that I know we have an energy council here in the state,
3 and that's exactly what I was meaning.

4 But, listen, I'd be the first in line for
5 renewables. I'm convinced that if we can make the air
6 cleaner, we need to do that. But on the other hand, we
7 have to look at cost. And it's just my opinion, whatever
8 is mandated, I think the Commission needs to abide by the
9 law. But that's just my conservative approach.

10 REPRESENTATIVE SANDIFER: I have a sneaking
11 suspicion that the chairman will ask you a question about
12 this, but I want to follow up. Did you know that all
13 renewables are not those that create greenhouse gases? I
14 think we're confusing a term there.

15 MR. MITCHELL: I think you are, and I would go
16 a step further to say that that's why I'm a firm believer
17 in nuclear energy. If you take the clean air side of
18 that, what our plans are to take off the old coal powered
19 plants and come with nuclear energy, in my estimation,
20 that could be part of what we're talking about. Depends
21 on how we look at this.

22 REPRESENTATIVE SANDIFER: I'm going to ask you
23 one follow up. Is the Commission planning to go to a
24 larger nuclear fleet, or is that decision made in the
25 legislature?

1 MR. MITCHELL: Once it gets to us, it's our
2 decision to carry out you all's wishes. I think I told
3 you that before.

4 REPRESENTATIVE SANDIFER: Your language is
5 sometimes misleading.

6 MR. MITCHELL: Well, let me correct that.
7 Certainly, it's a legislative proposal, and I think we
8 hope that we're carrying out the will of the General
9 Assembly, Mr. Chairman.

10 REPRESENTATIVE SANDIFER: Thank you, Mr.
11 Chairman.

12 SENATOR HUTTO: Anybody else have questions?

13 REPRESENTATIVE FORRESTER: Thank you, Mr.
14 Chairman.

15 What would you see as our biggest challenge
16 facing the Commission over the next five to ten years?

17 MR. MITCHELL: Well, I hope we keep the price
18 in line with the nuclear facility. It's a big
19 undertaking for a small state, but I'm 100 percent behind
20 it. I think we're making the right decision. I think
21 I've kept up with the Commission for a long time. In the
22 '80s, we heard the same talk about nuclear development
23 would not move forward, and it has, and it's been good
24 for the state.

25 I look upon that, it's a great, it's a large

1 project, but that's one of the main focuses I'm on now,
2 and keeping the rates so they're affordable for the
3 ratepayer. That's my other deal because we've been in
4 such a recession, and small businesses are suffering.
5 They are suffering, and, I, for one, don't want to do
6 anything that's going to jeopardize them in any manner.

7 REPRESENTATIVE FORRESTER: Last question.

8 Where do you see the issues with third-party sales of
9 solar power?

10 MR. MITCHELL: I think if we can get the
11 solar -- I think solar is wonderful. I think if we
12 can -- once again. The affordability, it's a chain
13 reaction. If the affordability -- we need more solar.

14 And I think all increases in sales, no matter
15 third-party or what, I think getting it affordable
16 because you just have to sit in on a few night hearings
17 like we do, and we go around, and I hear sad cases of
18 people choosing, on fixed income, paying their electric
19 bill or buying their medicine.

20 So I include that as another factor at the
21 Commission because that really makes me lay awake at
22 night. But when you go to bed at night, and you realize
23 you think you've made the right decision, then you can do
24 that. So affordability is my deal.

25 REPRESENTATIVE FORRESTER: Thank you.

1 SENATOR HUTTO: The Universal Service Fund.

2 MR. MITCHELL: Yes, sir.

3 SENATOR HUTTO: Do you think that the
4 recipients of that now should be able to utilize those
5 funds to extend broadband in rural areas?

6 MR. MITCHELL: Well, if we can extend broadband
7 in rural areas, I'm for it. As you know, the early days
8 with the Universal Service Fund, the implicit funds were
9 a little unidentifiable, and that was a problem. And
10 that's where we had a decision from the Supreme Court,
11 and we went to the explicit pricing. And in my opinion,
12 I think it's worked pretty good here in South Carolina,
13 and I think we've uncovered a lot of unserved areas
14 before Universal Service came in.

15 It's worked good, and those areas are not going
16 to grow, they're not going to get industry there unless
17 they have fiber there to start with. That just makes the
18 whole state grow, and that's near and dear to my heart,
19 seeing those areas grow. And I'll tell you, I'll put one
20 more deal on the General Assembly. Their great wisdom is
21 the reason we have this fine network in South Carolina
22 today. I would hold our telecom network second to none,
23 if you look at the number of rural areas that we have.

24 SENATOR HUTTO: Speaking of the telecom issue,
25 we have more and more people doing away with their

1 landlines and using their cells, which means we have a
2 dwindling number paying into the USF. Should they pay
3 into the USF?

4 MR. MITCHELL: Well, you know, that's a big
5 issue with the Connect America Fund that I was just
6 speaking about. New UTC designees in those areas, you
7 got the bidding process now, and I think it can work. I
8 think it can work, but we don't need -- the problem with
9 the -- quite honestly. The FCC, in their delivery now,
10 they're not considering the state regulators enough.
11 There are some, but we need a voice in there.

12 We're out there on the ground doing the
13 groundwork for them, and there are certain things that I
14 think they have to do to make it work for everyone.
15 Let's face it, nobody likes to go out in rural areas and
16 provide service. It's hard to make money. So without
17 some form of helping these companies go out in these
18 areas, you just can't do it. That's why you have to
19 always have some type of Universal Service.

20 How we do it? This might be a good way where
21 these UTCs go in there, and they have to pay the funds
22 early and bid, but it has problems. I don't know what
23 you do, if you don't have anybody in the certain areas.
24 That's one of my questions with that.

25 SENATOR HUTTO: I'm from a rural area, like

1 you're from a rural area, and it's a double whammy. It's
2 expensive to run fiber out there, and it's also expensive
3 to run coverage out there for the cellular.

4 I mean, both don't cost nearly as much as an
5 urban area where we have a base population. It's not
6 like if you don't put the landlines and the fiber out
7 there, they're necessarily going to make it up in the
8 rural areas.

9 MR. MITCHELL: You always have bad spots.
10 That's my argument. That's the first thing out of my
11 mouth when I sit down to a joint board meeting in
12 Washington. And, you know, let's face it, for a rural
13 state, we have a lot of fiber to run.

14 SENATOR HUTTO: Let me talk to you about solar.
15 Should people that install their own solar panel on their
16 own property and generate more electricity at certain
17 times of the day, be able to put it back on the grid?

18 MR. MITCHELL: I think anybody that has the
19 initiative to install solar panels, sure. I would
20 encourage anybody to do that. If it helps in any way to
21 defray their costs, absolutely I would encourage. Just
22 like I stated earlier, I like the idea of renewables. We
23 have to all get together and make them work, but I think
24 people have to understand we need nuclear also, and we
25 would love a place to store it that we've already paid

1 for.

2 SENATOR HUTTO: The third-party installation of
3 solar -- the seller of nuclear panels wanted to install
4 their own in a church or in their house and finance that,
5 should they have to go through all of the steps to become
6 a utility to do that?

7 MR. MITCHELL: Absolutely not. I think that
8 needs to be worked out somehow. But as you know,
9 Senator, in those particular cases, we were just abiding
10 by the rules that we have in place now. That's not to
11 say things can't change. Absolutely, I think they need
12 to be given the opportunity, if they need and want to.

13 REPRESENTATIVE SANDIFER: Thank you, Mr.
14 Chairman. Would you explain to us the role of the Public
15 Service Commission in regulating government-owned
16 communication service providers.

17 MR. MITCHELL: Mr. Chairman, my understanding
18 in that particular instance, the state does not control
19 the Budget Control Board. The Budget Control Board has
20 indexes that they oversee, so the state has very little
21 in that.

22 REPRESENTATIVE SANDIFER: What's the role of
23 the Public Service Commission?

24 MR. MITCHELL: Very little role if the budget
25 control -- we don't have anything to control over them.

1 We don't -- the Budget Control Board, that's specifically
2 in our -- in Title 58, first thing is the Budget Control
3 Board is excluded.

4 REPRESENTATIVE SANDIFER: Okay. Thank you.

5 MR. EBERSOLE: I just have a lighthearted
6 question for you. You're a farmer, right?

7 MR. MITCHELL: Yeah. Try to on the weekends.
8 Well, I have beef cattle.

9 MR. EBERSOLE: I was going to ask you how you
10 manage your PSC duties as well as the farming duties?

11 MR. MITCHELL: Well, I grew up on a dairy farm,
12 and if I were dairy farming, I will assume you, I
13 couldn't do it. But beef cattle, I have 100 cows and
14 they pretty much -- I do it on a rotation basis with the
15 pastor, so I eliminate hay and all that. Of course, I
16 have two boys that work a lot.

17 SENATOR HUTTO: All right. We're going to ask
18 you to stay but everyone else to leave. We have a few
19 questions to take up with you.

20 MR. MITCHELL: Yes, sir.

21 (The Committee went into Executive Session from
22 12:55 p.m. to 1:15 p.m.)

23 SENATOR HUTTO: All right. Back in public
24 session. We have our last candidate in the Third
25 Congressional District.

1 (Comer Henry "Randy" Randall III was duly
2 sworn, after which testimony commenced at 1:15 p.m.)

3 MS. ANDERSON: I want to give a brief overview
4 of Mr. Randall's educational and experience background.
5 Mr. Randall obtained a Bachelor of Science degree from
6 Presbyterian College and a Masters in Education from the
7 University of Georgia.

8 Over the past five years, he has completed
9 continuing education courses through the American Power
10 Association Institute and the South Carolina Economic
11 Development School. Mr. Randall is the current Mayor of
12 the City of Clinton and is a past Clinton City Council
13 member. The town of Clinton runs its own electric
14 utility, water utility, and waste water collection.

15 He has also held a number of
16 administrative-level positions at Presbyterian College,
17 where he served as executive director for Alumni and
18 Community Relations. He served on the Piedmont Municipal
19 Power Agency Board since 2004, and on the American Public
20 Power Association Policy Makers Council since 2006, and
21 was the National Chair on the American Public Power
22 Association Policy Makers Council from 2011 to 2012.

23 Mr. Randall has also served as the Chair of the
24 Clinton-Newberry Natural Gas Authority from 2003, to the
25 present.

1 Do you have any changes that you'd like to make
2 to your Personal Data Questionnaire that you submitted
3 with your application?

4 MR. RANDALL: No, ma'am.

5 MS. ANDERSON: I would request that Mr.
6 Randall's Personal Data Questionnaire be entered into the
7 record with any confidential information being redacted.

8 (EXH. 6, Personal Data Questionnaire of Randy
9 Randall, marked for identification.)

10 MS. ANDERSON: As part of the background
11 investigation of Mr. Randall, we obtained a credit check,
12 driver's license, and SLED check. Staff has questions of
13 a personal matter and request that they be taken up in
14 Executive Session at the appropriate time.

15 Before we begin questioning, do you have a
16 brief statement that you'd like to make?

17 MR. RANDALL: Just that I appreciate the
18 opportunity to be here today. I'm excited about the
19 potential of serving the State of South Carolina in this
20 capacity. Thank you for this opportunity.

21 MS. ANDERSON: Would you please state your full
22 name and home address for the record.

23 MR. RANDALL: Comer Henry Randall, the third.
24 I go by Randy. 306 West Maple Street, Clinton, South
25 Carolina, 29325.

1 MS. ANDERSON: Are you a registered voter?

2 MR. RANDALL: Yes.

3 MS. ANDERSON: In which congressional district
4 are you registered to vote?

5 MR. RANDALL: The third.

6 MS. ANDERSON: Why are you interested in
7 serving on the Public Service Commission?

8 MR. RANDALL: I've always had a passion for
9 service. I didn't know about the Public Service
10 Commission until I became mayor, and I got interested in
11 the utility business. One of my old city managers
12 suggested at one point, he said, You ought to look into
13 this in the future.

14 So I did some research, and I read a lot about
15 the Public Service Commission. I thought it would be a
16 good fit for me at this time, so I'm anxious to try a new
17 challenge and be involved with the Public Service
18 Commission.

19 MS. ANDERSON: Have you attended any hearings
20 at the Commission?

21 MR. RANDALL: I have not. I've read the
22 transcript from one, and I've read several of the orders
23 from several of the hearings.

24 MS. ANDERSON: How would you expect to get up
25 to speed on the issues confronting the Commission?

1 MR. RANDALL: Well, you know, like anything, I
2 would study a lot. I know there's a lot of reading
3 involved. I know talking with the folks that are already
4 involved, I know there is interaction with the ORS. I
5 would be studious, like I am with my duties as mayor and
6 other things.

7 MS. ANDERSON: Please describe your experience
8 or expertise in the following areas, and include the time
9 you've been engaged in the issues: Energy,
10 telecommunications, consumer protection and advocacy,
11 water and waste water issues, finance, economics,
12 statistics, accounting, engineering, or law.

13 MR. RANDALL: Well, let me start with energy,
14 since that's what I've been dealing with the most.
15 Clinton is an electric city. We're also in together with
16 Newberry Natural Gas Authority. We're members of
17 Piedmont Municipal Power Agency, which is a joint action
18 agency that owns 25 percent of the Catawba Nuclear Plant
19 of Unit One. With that, we set rates for the City of
20 Clinton.

21 Through PMPA, I also serve as the member of the
22 PMPA board and have been the chairman for the past couple
23 years. PMPA sets the wholesale rates for the ten cities
24 that are part of PMPA. After being involved in PMPA, I
25 got involved with the American Public Power Policy Makers

1 Council. It's a group of elected officials nationwide
2 that come together and really talk to legislators from
3 all over the country about public power and about the
4 issues that affect public power. I was a representative
5 of the Atlantic District, and a few years ago I got asked
6 to be put in the executive committee and moved up through
7 the ranks and became the chairman for a year.

8 When I was the chairman, the executive
9 committee has a lot of interesting things that we have to
10 do. During that time, I got to testify at the EPA about
11 the Boiler MACT Rules with Ms. Gina McCarthy, who is head
12 of Air Quality. We also did a lot of visiting and a lot
13 of testifying with the Intergovernmental Affairs
14 Department at the White House, the Treasury Department,
15 and the Science Department. Most of those conversations
16 revolved around the government talking about reducing tax
17 exempt financing options for small cities and small
18 utilities.

19 Also, one other thing, I guess, and this sort
20 of hits on the finance side of it as well. As Chairman
21 of Piedmont Municipal Power Agency, I've been involved
22 with going every year to New York to make presentations
23 with our finance director and general manager to Moody's,
24 Fitch, and Standard and Poor to make sure that our bond
25 ratings were good and competitive for financing.

1 On the natural gas side, Clinton and Newberry
2 have owned this joint gas authority since the '50s, I
3 guess. Each city has a mayor and two council members.
4 I've been chairing that since I became mayor. We set the
5 rates for the citizens of the lower half of Laurens
6 County and all of Newberry County.

7 I learned a good bit about the gas business,
8 and it's very interesting how that all works. Consumer
9 advocacy, you know, as an elected official, I've been a
10 consumer advocate for my whole career. The other
11 areas -- I've not been involved in telecommunications,
12 other than dealing on the city level with pole attachment
13 fees.

14 And engineering, financing, legal, you know, in
15 my business with the city, we look at a lot of
16 engineering reports. We look at a lot of audits on the
17 finance side. We have to approve all those on the city
18 side and the gas side and the power side. I think that's
19 all of them.

20 MS. ANDERSON: I think the other one was water
21 and waste water.

22 MR. RANDALL: Oh, yeah. Well, the City of
23 Clinton runs our own water distribution. We have a water
24 plant, so we set the rates for water. Water is
25 interesting because water and sewer is under ground, so

1 it doesn't matter how much money you spend on it, nobody
2 ever gets to see it. We all say you can do without
3 electricity sometimes, but things get real primitive
4 without water. The Laurens County Water and Sewer
5 Commission does our waste treatment, but we do our own
6 waste water collection, so we have to maintain that as
7 well.

8 MS. ANDERSON: Are you familiar with the 2006
9 Advisory Opinion issued by the Review Committee dealing
10 with attendance at legislative receptions?

11 MR. RANDALL: Yes, ma'am.

12 MS. ANDERSON: Have you attended any
13 legislative receptions since receiving the advisory
14 opinion?

15 MR. RANDALL: No.

16 MS. ANDERSON: Are you familiar with the PURC
17 decision at its meeting on January 15th of this year,
18 that would clarify the 2006 opinion?

19 MR. RANDALL: Yes, ma'am. I was here.

20 MS. ANDERSON: Have you attended any
21 legislative receptions or caucus meetings, other than
22 delegation meetings, on or after January 15th?

23 MR. RANDALL: No, ma'am.

24 MS. ANDERSON: Assume that you were serving on
25 the Commission and you were approached by someone that

1 wanted to discuss a matter that is or may become an issue
2 in a proceeding. How would you handle the situation?

3 MR. RANDALL: Well, according to the Judicial
4 Code of Conduct, the Public Service Commission is under
5 ex parte -- ex parte communication is strictly
6 prohibited. So I think if somebody came up and talked to
7 me about that, you immediately have to enter it into the
8 record and refer them to ORS. That's something that we
9 could not be talking about.

10 MS. ANDERSON: Are you aware that Commissioners
11 are subject to the Judicial Code of Conduct as well as
12 state ethics laws?

13 MR. RANDALL: Yes, ma'am.

14 MS. ANDERSON: Are you familiar with any
15 political party, board, or commission that would need to
16 be reevaluated if you were nominated and elected?

17 MR. RANDALL: No. Unless we count city council
18 and those kinds of things.

19 MS. ANDERSON: Do you belong to any
20 organizations that discriminate based on race, religion,
21 gender?

22 MR. RANDALL: No.

23 MS. ANDERSON: What is the appropriate demeanor
24 for a Commissioner?

25 MR. RANDALL: If you sit in a seat where you

1 have people in front of you, which I have to do a lot as
2 mayor, I try to treat everyone like I want to be treated.
3 I think demeanor is one of openness, listening, showing
4 impartiality, being fair. All folks want to know they're
5 being heard.

6 MS. ANDERSON: Does that apply only when you're
7 on the bench, or does that apply 24/7?

8 MR. RANDALL: That's the way I try to live my
9 whole life.

10 MS. ANDERSON: Is there ever a role for
11 sternness or anger with the Commissioners?

12 MR. RANDALL: I don't think so. I've never, in
13 all my time being the mayor and the chairs of these other
14 organizations, had to be stern or angry. I think we
15 treat people like they want to be treated, and it works
16 out very well.

17 MS. ANDERSON: Describe the purpose of the Base
18 Load Review Act.

19 MR. RANDALL: As I understand, the Base Load
20 Review Act allows utilities to recoup prudent costs in
21 the financing of building a new plant. It also protects
22 the consumer against having the financial responsibility
23 for imprudent costs associated with it. The thing that I
24 studied on this was I read the orders of the, I think it
25 was Taxpayers Citizens Committee of South Carolina versus

1 PSC, ORS, and SCE&G, the ability to get the capital and
2 as well as contingency costs. So I think the orders were
3 overturned, but I think the contingency costs were not
4 part of the Base Load Review Act.

5 MS. ANDERSON: What's the difference between
6 capital costs and contingency costs?

7 MR. RANDALL: Well, your capital costs are what
8 you're planning to have to do as you build your plant.
9 Contingencies are things that are unexpected, things that
10 you think might happen, but you don't know if they will
11 or not.

12 MS. ANDERSON: What is the distinction between
13 concept of co-generation and distributive generation?

14 MR. RANDALL: Well, co-generation, when you're
15 talking about a company that has several types, when
16 you're talking coal, gas, hydro, you use co-generation
17 basically. Well, most companies I would think, and I've
18 been involved just with a company that just does nuclear
19 and does the supplemental power from several points.

20 But I think, you know, with coal, you have
21 issues with CO2. With nuclear, you have issues with
22 disposal. There's cost issues with all of them, so I
23 think co-generation is basically you're trying to use
24 those to make sure that your costs are mitigated and that
25 they're environmentally sound as you run the gamut.

1 Distributive generation, I'm not sure.

2 MS. ANDERSON: I have a few housekeeping
3 questions for you. Did you make any contributions to
4 members of the General Assembly within six months of
5 filing your application?

6 MR. RANDALL: No, ma'am.

7 MS. ANDERSON: Have you made any contributions
8 to members of the General Assembly since filing your
9 application?

10 MR. RANDALL: No, ma'am.

11 MS. ANDERSON: Have you sought or received the
12 pledge of any legislator prior to this date?

13 MR. RANDALL: No, ma'am.

14 MS. ANDERSON: Have you sought or been offered
15 a conditional pledge of support by any legislator pending
16 the outcome of your screening?

17 MR. RANDALL: No, ma'am.

18 MS. ANDERSON: Have you asked any third-parties
19 to contact members of the General Assembly on your behalf
20 before the final and formal screening report has been
21 released?

22 MR. RANDALL: No, ma'am.

23 MS. ANDERSON: Are you aware of any friends or
24 colleagues contacting members of the General Assembly on
25 your behalf?

1 MR. RANDALL: No, ma'am.

2 MS. ANDERSON: Are you familiar with the
3 48-hour Rule which prohibits a candidate from seeking
4 pledges for 48 hours after the report has been submitted
5 to the General Assembly?

6 MR. RANDALL: Yes, ma'am.

7 MS. ANDERSON: Do you plan to serve a full term
8 if elected?

9 MR. RANDALL: Absolutely.

10 MS. ANDERSON: Mr. Chairman, I have no further
11 questions.

12 SENATOR HUTTO: Any members have questions?

13 REPRESENTATIVE SANDIFER: Thank you, Mr.
14 Chairman.

15 Mr. Randall, just a few questions that I have,
16 and as you know, I live in a region served by PMPA,
17 although our municipal power doesn't come from PMPA.

18 Can you give me an idea of the initial debt
19 when PMPA was formed, and I think that was in the '70s,
20 and where it is today?

21 MR. RANDALL: It was somewhere close to a
22 billion dollars, as I understand it. I don't know what
23 it is, but it's a lot lower now. I don't know what the
24 full debt is.

25 REPRESENTATIVE SANDIFER: I'm curious because

1 at one time, rather than decreasing, it was an increase
2 in debt, and one that I've been very concerned about.

3 MR. RANDALL: They've gone through several
4 restructures and refis to bring that down, so we're
5 about a year or two away from being in full cost
6 recovery. That has been restructured out into the 2040s.

7 REPRESENTATIVE SANDIFER: When you said a few
8 minute ago that you set rates at the wholesale level to
9 the member cities, how do you establish the rates at PMPA
10 that you charge the ten member cities?

11 MR. RANDALL: Well, you know, we have to take
12 the cost of operating the plant -- we are partners with
13 Duke Energy in that plant -- the cost of the financing
14 and put that together. It's basically a cost of service
15 model to come up with the rates, and we're about seven
16 cents KWH wholesale to the cities.

17 REPRESENTATIVE SANDIFER: When you figure those
18 things together, do you also build into it a margin? If
19 you were in private enterprise, you'd call it a profit.

20 MR. RANDALL: Well, at the wholesale rate,
21 there's not a profit. The cities -- do we have to run
22 our distribution. There's a margin, but it's small at
23 the wholesale rate.

24 REPRESENTATIVE SANDIFER: You also had a
25 special purpose district in Clinton Newberry Natural Gas

1 Authority. Would you make a very quick comparison of it
2 clothed as a municipal power supplier and PMPA, none of
3 which are governed under are PSC.

4 MR. RANDALL: Right, except for the safety of
5 the natural gas.

6 REPRESENTATIVE SANDIFER: Sure. Pipeline
7 safety always.

8 MR. RANDALL: Sure. With the gas authority, I
9 guess the difference really is you're dealing with only
10 two cities. When you have ten cities with PMPA, the
11 dynamics are a little different. One, you have larger
12 cities: Rock Hill, Gaffney, Easley, Greer; and smaller
13 cities: Westminster, Abbeville, Clinton, Laurens, and
14 Union. And some are city utilities. Some run with CPWs.

15 So city utilities, the mayor and council and
16 city manager have more control over transfers from the
17 utility to actually run the city in the general fund.
18 When you have a CPW, there's a little more autonomy by
19 the CPW.

20 The gas company, being a special purpose
21 district, the two cities really own this gas company.
22 There's a formula that we take, and it's based on users.
23 Newberry is a little larger, having the whole county,
24 than Clinton, taking half of Laurens County, so there is
25 a formula where Newberry gets about 51 percent, and we do

1 48 percent. It's not all the profits. We have a set
2 amount that we get every year that goes to the general
3 fund. If there's a particularly good year, we sometimes
4 get extra money that's designated for economic
5 development.

6 REPRESENTATIVE SANDIFER: And you also
7 indicated that Clinton operates its own waste water
8 system, but then you're in a partnership with who?

9 MR. RANDALL: We run our own waste water
10 collection, but it goes through a meter. Laurens County
11 Water and Sewer Commission, which is another special
12 purpose district, actually treats the water.

13 I think the city used to do its own waste water
14 treatment, but they sold that to the Laurens County Water
15 and Sewer Commission before I got on the council, so it's
16 before the mid '90s when that happened.

17 REPRESENTATIVE SANDIFER: So are you allowed to
18 establish within the City of Clinton the rates for waste
19 water collection?

20 MR. RANDALL: We get a charge, the city gets a
21 charge from the Laurens County Water and Sewer
22 Commission. We have a small margin that we add on to
23 keep waste water, but it's mainly through the sewer
24 charge.

25 REPRESENTATIVE SANDIFER: Let's talk about

1 telecom for just a minute. You said that was your weaker
2 suite. Tell me about the Universal Service Fund.

3 MR. RANDALL: Sure. I think it's administered
4 by the ORS. The Universal Service Fund and the Interim
5 LEC Fund are funds are basically to, as I understand it,
6 to bring telephone service into rural areas.

7 As part of that, you've got the Lifeline Fund,
8 which provides low income families with the ability to
9 install and for monthly use charges, and then you have
10 the relay service that helps hearing impaired individuals
11 with phone service.

12 REPRESENTATIVE SANDIFER: And in your opinion,
13 has the USF outlived its usefulness?

14 MR. RANDALL: I would not think so, but depends
15 on if -- and I don't think. I'm not sure if wireless is
16 in that now. I don't think it is. Cell phone technology
17 makes communication a little bit easier, but there's
18 issues with 9-1-1, and that kind of thing, that you have
19 to consider when you talk Universal Service Fund, and
20 you're talking about folks that don't have any need.

21 REPRESENTATIVE SANDIFER: If you're elected to
22 the Public Service Commission, and you've indicated in
23 all your information and long history of public service,
24 how would you react to the fact that you would no longer
25 have this ability to deal directly with constituents or

1 with the legislature for that matter?

2 MR. RANDALL: I think I could handle that at
3 this point.

4 REPRESENTATIVE SANDIFER: One final question.
5 Talking about the Base Load Review Act, you talked about
6 going to New York and meeting with the credit rating
7 agencies. What impact do you think the Base Load Review
8 Act has had upon IOUs and their ability to borrow funds?

9 MR. RANDALL: Well, when you are able to get a
10 prudent rate of return on your money, and you go appear
11 in front of Moody's, Fitch, Standard and Poor, your
12 credit rating is important. They want to know if you
13 have, if you're covering your costs, and if you're able
14 to raise your rates to cover your costs. So I think
15 that's -- I don't know if I'm answering what you're
16 talking about.

17 REPRESENTATIVE SANDIFER: Oh, you are. To
18 summarize it, would you say it's important for the Public
19 Service Commission to maintain a relationship with Wall
20 Street?

21 MR. RANDALL: Oh, yes. I think you have to. I
22 mean, credit ratings are everything on money borrowed.

23 REPRESENTATIVE SANDIFER: Thank you,
24 Mr. Randall. Thank you, Mr. Chairman.

25 SENATOR HUTTO: Representative Forrester?

1 REPRESENTATIVE FORRESTER: Thank you, Mr.
2 Chairman.

3 Mr. Randall, with your background in the
4 natural gas authority, municipal power systems, you
5 mentioned a water system, none of which are overseen
6 presently by the Public Service Commission.

7 In your opinion, should they be in the future?
8 If so, why? If not, why not?

9 MR. RANDALL: Now, Representative Forrester,
10 I'm going to be honest. I have not thought about that.
11 I don't know. I don't think -- I would say maybe,
12 probably not, and here's why. They are, on the electric
13 side, they're public power. So public power has the same
14 goals as the Public Service Commission, as being an
15 advocate, providing low-cost power.

16 You're not worried about investors. You're
17 worried about your constituents. I think the philosophy
18 there is the same. I don't know if that's exactly what
19 you were asking.

20 REPRESENTATIVE FORRESTER: Do you serve outside
21 your municipal corporate limits?

22 MR. RANDALL: We serve electricity to one
23 neighborhood outside our corporate limits. Our water
24 district ranges probably two or three miles in diameter.
25 In the county, we divided that up between people, you

1 know, all the folks that provide water, Laurens, Clinton,
2 the upper part of the county is served partially by
3 Greenville County.

4 REPRESENTATIVE FORRESTER: But those people
5 outside the municipal corporate limits don't have any
6 representation. Would their rates go up or down?

7 MR. RANDALL: No. Not as far as on the city
8 council or the gas people do, but water does not.

9 REPRESENTATIVE FORRESTER: Are you aware that
10 municipals don't pay taxes outside their corporate
11 limits?

12 MR. RANDALL: Right. Yeah.

13 REPRESENTATIVE FORRESTER: I guess I said all
14 of that to say this: Based on your background, do you
15 think you could render an unbiased opinion?

16 MR. RANDALL: I have no doubt that I can render
17 an unbiased opinion. I think one thing about me is that
18 I try to do -- everything that I do in life, I try to
19 follow the rules, number one. I try to learn as much
20 about what I'm supposed to do, and I try to make sure
21 that everybody is treated the right way.

22 There's no doubt I can be unbiased in any kind
23 of decision that I make.

24 REPRESENTATIVE FORRESTER: Thank you.

25 SENATOR HUTTO: What about renewables and green

1 power in South Carolina? Do they have a future?

2 MR. RANDALL: Yes. Renewables have a future
3 everywhere. Now, we're different. Every state in the
4 union is different. I read the PURC report pretty
5 extensively, and I agree with some things where you're
6 talking about the fact that with an RPS, you probably
7 need to look state by state.

8 When you talk renewables, you're talking wind,
9 solar, biomass, geothermal. We're probably not the
10 hottest spot for solar or wind. The best wind spots,
11 from all the data I've seen, is a few miles off the
12 coast. The wind blows great, but the ocean and our
13 forest, of course, the carbon sinks in South Carolina,
14 which we're very rich in, you've still got to have oil
15 and grease to run fans that go around, so that's still
16 degrading the carbon absorption in the ocean.

17 Probably biomass is our most abundant
18 renewable, and even biomass has -- unless the technology
19 gets better and better, you have to have carbon
20 footprint. My question in one meeting we had is, how
21 does that affect the cost of construction, if you're
22 burning up excess wood? When do you get into burning up
23 stuff that you need for other things to make electric
24 power?

25 So I think there's a real need, there's an

1 environmental need, and I think as technology comes on,
2 it's getting better and better. I've been involved at
3 Presbyterian College. We commissioned and applied for a
4 deed grant through APPA to study the environmental impact
5 of all sorts of power, but mostly of renewables on an old
6 house. And because my interest was in the City of
7 Clinton, we've got lots of old houses and lots of people
8 that don't have as much as others, I wanted to be able to
9 take this, whatever we learned, and maybe apply it to be
10 able to help our poorer folks in Clinton.

11 This has studied solar panels, it's studied
12 every kind of awning, and lots of different things. And
13 the study is still going on, so we don't have completion
14 yet. The thought is that the combination of renewables
15 with the technology, that's growing in leaps and bounds,
16 is going to be an important part of the mix in the
17 future.

18 SENATOR HUTTO: You're at the college still,
19 right?

20 MR. RANDALL: Yes.

21 SENATOR HUTTO: What have they done there as
22 far as conservation or rehabbing the facilities and dorms
23 with insulation and that type of thing?

24 I'm asking a broader question. What role do
25 you see conservation having in energy consumption?

1 MR. RANDALL: Conservation is important, but I
2 don't think the state can conserve its way out of any
3 kind of energy shortage or energy problems.

4 The college has undergone several steps, mostly
5 using differently lighting, and the times when campus is
6 not in session, cutting off the lights. Makes it a
7 little scary on parts of the campus, using less heat,
8 cutting the gas back. They've even had contests with the
9 dorms as to who was the lowest energy user. I don't know
10 how that works because they're all different sizes.

11 One of the things as mayor and as a member of
12 PMPA, I'm always concerned that we have so much
13 substandard housing where you need funds for energy
14 efficiency and for weatherization, which can help and can
15 conserve.

16 When we're talking about during peak times when
17 everybody with a house that's really sucking up the
18 energy in the summer or winter, whether it be electricity
19 or gas, it's really putting a strain on the system.
20 That's where the conservation part of it is really going
21 to happen.

22 SENATOR HUTTO: Anyone else have questions?
23 All right. We're going to ask you to stay and everybody
24 else to leave.

25 (The Committee went into Executive Session from

1 1:50 p.m. to 1:55 p.m.)

2 SENATOR HUTTO: We are lifting the veil, but
3 we're going into Executive Session, and then we'll
4 probably take lunch. So if you all want to come back at
5 around 2:30, and we'll open up the next round.

6 (The Committee went into Executive Session from
7 1:56 p.m. to 2:05 p.m.)

8 (A recess transpired.)

9 SENATOR HUTTO: Okay. We're back in public
10 session. We're going to begin the qualification for
11 candidates from the Fifth Congressional District. We'll
12 call on staff to beginning this process.

13 (Barbara Ann Brown was duly sworn, after which
14 testimony commenced at 2:45 p.m.)

15 MR. FIFFICK: Ms. Brown, I'm going summarize
16 your educational background, experience, and some other
17 relevant information, just to put it on the record.

18 Ms. Brown obtained a Bachelor of Science Degree
19 from Rollins University, with honors, in 1979, and a
20 Master of Arts Degree in International Relations, Energy
21 Studies, Political Economy Specialty from the University
22 of Southern California, UK branch, in 1985.

23 Ms. Brown obtained a Graduate Certificate in
24 International Family and Community Studies from Clemson
25 University in 2011. Ms. Brown chaired the Florida League

1 of Women Voters, State Board Natural Resource from 1977
2 to 1980. Ms. Brown then worked for two years for the
3 Florida Solar Energy Center and the Florida Governor's
4 Energy Office, and then spent 1981 to 1984, as a
5 recreation program director and foreign media liaison on
6 a United States Air Force base.

7 From 1985 to 1989, Ms. Brown worked for H&S
8 Beer Wholesalers, where she was a public relations and
9 research director. From 1985, to present, Ms. Brown has
10 intermittently performed research for the Kettering
11 Foundation. She worked for the Manpower Office at Shaw
12 Air Force base in 1989, analyzing government resource
13 allocations.

14 From 1989, to the present, Ms. Brown has worked
15 with Clemson University as a youth program adviser and
16 more recently as a County Extension Agent for Economic
17 and Community Development and director for the Laboratory
18 for Deliberative Democracy.

19 Ms. Brown, other than changes that you've
20 submitted, do you have any other changes that you would
21 like to make to your Personal Data Questionnaire that
22 you've already submitted with your application?

23 MS. BROWN: No, sir. The actual month and year
24 might vary a little bit on some of the --

25 MR. FIFFICK: If you would like, I can get back

1 with you on that.

2 MS. BROWN: I think they're correct. I
3 researched them to the best of my knowledge, but all over
4 the place in Europe, some of the dates might be
5 different.

6 MR. FIFFICK: You're still free to update your
7 PDQ after this meeting.

8 MS. BROWN: It may be a month different, but
9 basically it's what is there.

10 MR. FIFFICK: Thank you. At this point, I
11 would request that Ms. Brown's Personal Data
12 Questionnaire be entered into the record and any personal
13 and confidential information be redacted.

14 (EXH. 7, Personal Data Questionnaire of Barbara
15 Ann Brown, marked for identification.)

16 MR. FIFFICK: As part of our background
17 investigation of the candidate, we've obtained a credit
18 check, driver's license, and SLED check.

19 For the record, I would like to state that the
20 credit check, driver's license check, and SLED check
21 revealed no negative information that should be brought
22 to the attention of the Subcommittee.

23 Before we begin questioning, do you have a
24 brief statement that you'd like to make?

25 MS. BROWN: No. I'd just thank the Committee

1 for the opportunity to appear in front of you, and I'm
2 excited about what might be ahead.

3 MR. FIFFICK: Thank you, ma'am. Please state
4 your full name and address for the record.

5 MS. BROWN: Barbara Ann Brown, 20 Naomi Court,
6 in Sumter, South Carolina.

7 MR. FIFFICK: Are you a registered voter?

8 MS. BROWN: Yes, sir.

9 MR. FIFFICK: In which congressional district
10 are you registered to vote?

11 MS. BROWN: Five.

12 MR. FIFFICK: Why are you interested in serving
13 on the Public Service Commission?

14 MS. BROWN: Well, my brief statement really
15 said it. I was excited to hear that we were looking to
16 start moving ahead, in spite of the federal government
17 not doing an energy plan, and I thought this might be a
18 way to be part of that.

19 I always felt that is something our nation
20 needs to take hold of and make changes and move forward
21 and create jobs and have a secure future for all of us.

22 MR. FIFFICK: Have you attended any hearings of
23 the Commission?

24 MS. BROWN: I did attend a hearing that you did
25 on not asking for support from legislators.

1 MR. FIFFICK: I meant the Public Service
2 Commission.

3 MS. BROWN: No.

4 MR. FIFFICK: Have you read any of their
5 decisions?

6 MS. BROWN: I did go on the website and did
7 some background reading. I don't know if it was the
8 Public Service Commission site or the PURC site.

9 MR. FIFFICK: It was probably the Public
10 Service site. How do you plan to get up to speed on the
11 issues confronting the Commission at this time?

12 MS. BROWN: Well, I did print off all the laws
13 that we studied for the test and realized there was a lot
14 there. I've already learned a lot in the process. I
15 would do the same. I think I noticed there was a
16 procedure manual. That would be the first step, to go
17 over that, and just review everything and know it.

18 MR. FIFFICK: If you could, please describe
19 your experience or expertise in any of the following
20 areas, and include the time you've been engaged with
21 those issues roughly: Energy issues, telecommunication
22 issues, consumer protection and advocacy issues, water
23 and waste water issues, finance, economics, statistics,
24 accounting, engineering, or law.

25 MS. BROWN: Well, there was a lot of experience

1 with energy issues. Most of it was awareness and
2 education issues. Advocacy, in a way, to create an
3 atmosphere where citizens would conserve or use renewable
4 energies or use appropriate energy techniques in their
5 household.

6 When I managed the Appropriate Technology Small
7 Grants Office for the Governor's Energy Office in
8 Florida, my job, one, was to teach potential applicants
9 how to apply for grants and to, sort of, fulfill all the
10 accountables in the grant proposal. It dealt with all
11 kinds of things, from entrepreneurial inventions for
12 household utensils, cooking utensils that would be more
13 energy efficient, to technology. It was a whole
14 potpourri of things that could be done.

15 It fascinated me that everyday citizens had
16 these ideas that could save energy and could create
17 fuels. So a lot of the things that I've done, I tend to
18 integrate the work that I do into all my jobs, so you'll
19 find that when I wrote articles, it was researching.

20 I can remember when I lived in England with my
21 military husband, and I was serving as a correspondent
22 for Solar Times, I went to a waste facility that was
23 producing methane. This was back in '83 or '84, and
24 after they would produce methane, they used it to heat a
25 brick kiln and made bricks. There was a whole economy

1 that had built up with people making the bricks and
2 building homes. So there was a whole loop of appropriate
3 technology to achieve an energy efficient construction
4 material. So I wrote about that.

5 When I was working as a community youth
6 development agent with Clemson, one of the things that we
7 did early on in the program that I was involved in is try
8 to implement activities in the youth educational
9 programs. I worked with low-income, low-educated
10 communities, and public housing, and a lot of times some
11 of the children may have needed special help with
12 education. But here we found they not only got that, but
13 they got some of the state of the art things. So I
14 tended to integrate a lot of my work with energy.

15 I haven't done a lot with waste, other than the
16 one thing that I mentioned. Being connected with
17 extension service, we've had programs dealing with water
18 runoff and things like that. I haven't been directly
19 involved with that, but it was part of what we promote
20 sometimes with the other agents that are doing those.

21 Most of my finance and accounting things have
22 had to do within grants. Of the 22 years I've worked
23 with extension service, about 19 of those I brought in
24 grants. As the principal investigator for grants, you
25 have to be aware where the expenditures are going and the

1 regulations on how you can spend it and work one-on-one
2 with accounting folks at the university to make sure that
3 things are done correctly. I'm trying to think of some
4 of the other things that you listed.

5 MR. FIFFICK: Water and waste water issues,
6 finance, economics, statistics, accounting, engineering,
7 or law.

8 MS. BROWN: My law has been minimal. It's more
9 on protocols and procedures with the Air Force.
10 Particularly when I worked with Manpower. You read the
11 manuals on how things are supposed to be done, and as you
12 analyzed a particular facility, you would go over and see
13 if they were doing those things. It's like a law. It's
14 the protocol, but it was only on several of the units. I
15 think one was chaplains and one was childcare.

16 Then some of the others, it was just one
17 segment of some of the reviews that we did. And then
18 obviously, with the proposals, you have particular
19 guidelines that you have to go by, too, so they're not
20 legislative laws, but they're procedures that you have to
21 follow. When I was taking the certificate program, I did
22 have human rights law and children's rights law course.
23 Particularly with human rights law, you deal a lot with
24 domestic issues and how that might affect society.

25 MR. FIFFICK: Thank you. Are you familiar with

1 the 2006 Advisory Opinion issued by the Review Committee
2 dealing with attendance at legislative receptions?

3 MS. BROWN: Yes.

4 MR. FIFFICK: Are you familiar with the PURC
5 decision at its meeting January 15th of this year, which
6 clarified the 2006 Advisory Opinion?

7 MS. BROWN: Yes.

8 MR. FIFFICK: Have you attended any legislative
9 sessions since receiving the Advisory Opinion?

10 MS. BROWN: No.

11 MR. FIFFICK: Assuming you're serving on the
12 Commission, and you're approached by someone wanting to
13 discuss a matter that is or may become an issue in a
14 proceeding, how would you handle the situation?

15 MS. BROWN: Well, with ex parte rules, you do
16 not, unless they go through the approving procedures
17 where there's a whole criteria of who they inform and
18 when they inform and who needs to be there and who's
19 calling it. When that procedure is followed, then you
20 can have a hearing. But otherwise, no. As an
21 individual, you don't. Furthermore, you need to report
22 that, that you've been approached.

23 MR. FIFFICK: Thank you. Are you aware that
24 Commissioners are subject to the Judicial Code of
25 Conduct, as well as state ethics laws?

1 MS. BROWN: Yes.

2 MR. FIFFICK: Are you affiliated with any
3 political parties, boards, or commissions that would need
4 to be evaluated, if you were nominated and elected?

5 MS. BROWN: I don't think so, other than I put
6 on my application that I had recently joined a group
7 called Applied Solutions, and I might have to check and
8 see who they are more than I know. I've spoken to them,
9 and they're a nonprofit, but they have a purpose of
10 promoting energy efficient programs, which I think that's
11 a good thing. I need to check who funds them.

12 MR. FIFFICK: Okay. Thank you. Do you belong
13 to any organizations that discriminate based on race,
14 religion, or gender?

15 MS. BROWN: No, sir.

16 MR. FIFFICK: What do you believe the
17 appropriate demeanor is for a Commissioner?

18 MS. BROWN: Professional. That's one of the
19 things by being a state employee with Clemson, we're
20 drilled from the time we're hired that we may have a
21 certain job. We represent the state, and basically we're
22 on duty 24/7, and our actions need to appear so.

23 MR. FIFFICK: Does that apply only when you're
24 on the bench?

25 MS. BROWN: I would apply that if I'm filling a

1 state position, whether it's the Commission or an
2 extension agent, whatever, I would apply that to
3 everything. You not only need to not do something that
4 is subject to some kind of reproach, you need to be above
5 the appearance of reproach.

6 MR. FIFFICK: Thank you. Is there ever a role
7 for sternness or anger in being a Commissioner?

8 MS. BROWN: Well, it's funny. I actually apply
9 that to any state position. I would not say anger, but
10 sternness possibly, yes.

11 MR. FIFFICK: Could you please state the
12 statutorily stated purpose in the operation of the Base
13 Load Review Act of 2007?

14 MS. BROWN: No. I reviewed the materials, but
15 I don't know that well enough to really --

16 MR. FIFFICK: And as a second question, could
17 you please explain the difference between demand side
18 management programs and energy efficiency programs.

19 MS. BROWN: I read an article that talked
20 about -- and there was a question like that that I
21 answered recently. I'm not sure if that is what it was
22 referring to, but I read an article that talked about how
23 the Commission itself, prior to 2004, had functioned as a
24 demand side organization as far as management, as opposed
25 to when the Office of Regulatory Staff was instituted.

1 It actually helped with energy efficiency as far as
2 management.

3 I believe the article said there had not been
4 any appeals at the time this article was written, and
5 that the summation was that this was a very good move.
6 Now, I don't know if that's what you're referring to
7 because you could also talk about energy efficiency, as
8 far as use of kilowatts and that type of thing, and the
9 demand side being what is the demand for energy use to
10 the population and business needs.

11 MR. FIFFICK: Thank you. A few more
12 housekeeping questions for you. Have you sought or
13 received the pledge of any legislator prior to this date?

14 MS. BROWN: No, sir.

15 MR. FIFFICK: Have you sought or been offered a
16 conditional pledge of support by any legislator pending
17 the outcome of your screening?

18 MS. BROWN: No, sir.

19 MR. FIFFICK: Have you asked any third-parties
20 to contact members of the General Assembly on your behalf
21 before the final and formal screening report has been
22 released?

23 MS. BROWN: No, sir.

24 MR. FIFFICK: Are you aware of any friends or
25 colleagues contacting the General Assembly on your

1 behalf?

2 MS. BROWN: No, sir.

3 MR. FIFFICK: Are you familiar with the 48-hour
4 Rule which prohibits a candidate from seeking pledges for
5 48 hours after the report has been submitted to the
6 General Assembly?

7 MS. BROWN: I am now. I didn't remember it was
8 48 hours.

9 MR. FIFFICK: Do you plan to serve your full
10 term if elected?

11 MS. BROWN: Yes, sir.

12 MR. FIFFICK: Thank you. Mr. Chairman, I have
13 no further questions.

14 SENATOR HUTTO: Anybody on the Committee have
15 any questions?

16 REPRESENTATIVE SANDIFER: Thank you, Mr.
17 Chairman. Ms. Brown, let me ask you first, how long
18 you've lived in South Carolina has nothing to do with
19 anything except my own curiosity.

20 MS. BROWN: I have lived here longer than
21 anywhere else in my life. We moved here in '84, when my
22 husband was at Shaw. And as quite often happens with
23 your last military assignment, you stay where you last
24 bought a house, and quite frankly, the weather is much
25 more conducive than Missouri weather.

1 REPRESENTATIVE SANDIFER: You indicated that
2 one of your reasons for being interested in this was that
3 you wanted to see the state moving forward with energy
4 plans. Is that a fairly close --

5 MS. BROWN: Yes, sir.

6 REPRESENTATIVE SANDIFER: Okay. In your role,
7 if you were elected to the Public Service Commission,
8 please tell me how you would propose to do that.

9 MS. BROWN: I think you would be in the middle
10 of what is transpiring. One of the things that I looked
11 at really closely is, I've always been an educator.
12 That's one reason; extension was a good fit. But I saw
13 that Commissioners were even encouraged to share their
14 general knowledge with citizens, like if you go to talk
15 to a rotary club or a group. I think that there would be
16 opportunities to do that.

17 REPRESENTATIVE SANDIFER: What happens when you
18 make that rotary club speech and an individual asks you a
19 question dealing with a case?

20 MS. BROWN: I would have to decline. I was
21 real intrigued with the structure and strictness of the
22 ex parte ruling, and I think that's good. So you would
23 have to work within that.

24 REPRESENTATIVE SANDIFER: Then you said that
25 you had promoted energy awareness, conservation, and

1 energy efficiency. In your role as a Commissioner, how
2 would you promote those things?

3 MS. BROWN: I couldn't tell you right now
4 exactly how, other than I think they're important. You
5 notice from my background, Deliberative Democracy,
6 citizens need to know information in order to make
7 appropriate decisions.

8 Obviously, if your privileged information is
9 not public, you cannot tell that. But, for example, one
10 of the things that candidates were given to read was the
11 report that the legislature put together. I've been
12 involved with League of Women Voters most of the time
13 I've been in South Carolina. I don't remember ever
14 reading that report, and that was very good information.

15 REPRESENTATIVE SANDIFER: Okay. And you're
16 helping to make my point.

17 MS. BROWN: Okay.

18 REPRESENTATIVE SANDIFER: Did you know that
19 that report was not put together by the Public Service
20 Commission?

21 MS. BROWN: I think it was put together by some
22 of the folks involved with the legislature.

23 REPRESENTATIVE SANDIFER: It was. It was put
24 together by the Public Utility Review Committee staff and
25 the Office of Regulatory Staff. Let me go to one other

1 item in that.

2 You said that citizens have knowledge about
3 various and sundry things, and this would help in their
4 need and ability to share that knowledge. How so? You
5 were talking about cookware being more energy efficient.
6 Remind you of anything?

7 MS. BROWN: Well, as far as need, it's a matter
8 of if information is available to citizens to make a more
9 learned decision. Now, I couldn't tell you exactly
10 beforehand what information. I don't have any
11 predetermined, but the idea that citizens can function
12 better, if they're aware of what's going on around them.

13 REPRESENTATIVE SANDIFER: And you also said
14 that you preferred to have an integrated, multiple
15 activity, private, public educational, et cetera, and I'm
16 highlighting it.

17 Now, I'm going to ask you the real question.
18 Did you know that the task of a Commissioner is
19 adjudicatory only? You're not a spokesman, but did you
20 also know that in that position, you do not set public
21 policy?

22 MS. BROWN: Correct.

23 REPRESENTATIVE SANDIFER: Well, who does?

24 MS. BROWN: The legislative branch is how they
25 would set the policy.

1 REPRESENTATIVE SANDIFER: But what you've
2 indicated to us in your remarks is totally contradictory.

3 MS. BROWN: I didn't mean them to be.

4 REPRESENTATIVE SANDIFER: Well, they were, and
5 that worries me like crazy when that happens because then
6 we have one branch of government trying to overrule
7 another one.

8 MS. BROWN: One of the things that I also saw
9 was that the Public Service Commission and Office of
10 Regulatory Staff work closely together. And as the
11 judge, if you will, you are trying to make decisions.
12 The Office of Regulatory Staff will bring you the
13 information that is deemed necessary, or maybe you've
14 asked for it, however that's put together. The procedure
15 manual would clarify that more.

16 But I also saw that you can ask for other
17 information. Now, you can't ask directly, but you can
18 ask the Office of Regulatory Staff to get you
19 information. So as the judge of what might be different
20 issues that would face you, that could have a bearing on
21 how our state moves forward in energy effectiveness. You
22 would be in a position yourself, as a good citizen, to
23 seek the information that you need in order to make
24 appropriate decisions.

25 Those decisions then become -- as the procedure

1 works out, it becomes part of the overall procedures that
2 are done.

3 REPRESENTATIVE SANDIFER: And I'm going to have
4 stop you because I want to make sure that you understand
5 something.

6 Being in an adjudicatory role means that you
7 simply make rulings on cases that are brought before you.
8 It doesn't mean that you just decide you want to talk
9 about the public policy of this state regarding clean
10 energy.

11 MS. BROWN: Right.

12 REPRESENTATIVE SANDIFER: So the next part is
13 dealing with ex parte communications. Do you realize
14 that that ex parte prohibition also includes us?

15 MS. BROWN: Yes.

16 REPRESENTATIVE SANDIFER: And do you fully
17 understand the difference in the mission of the Public
18 Service Commission and the Office of Regulatory Staff?
19 They're significantly different, so would you describe
20 for me what they might be.

21 MS. BROWN: Well, as you've said, Public
22 Service Commissioners serve as judges on what comes
23 before you with the different utilities, transportation,
24 and different things that you have oversight for.

25 Then the ORS is the information finders.

1 They're the ones that would do the audits, if that's
2 necessary, of the utilities. They would present the
3 information to the Commission. They really are more of
4 the consumer advocates, in a way. They have to do both.
5 They have to be fair to the utilities that have an
6 investment, but they have to be fair to the consumer who
7 wants to use the utilities, so they gather the
8 information for both.

9 REPRESENTATIVE SANDIFER: And then the last
10 question. We've talked a great deal about the electric
11 utility industry. Can you name some providers of
12 electricity who are not covered under the PSC?

13 MS. BROWN: Yes. The electric cooperatives are
14 not, and there was another one listed. I'm trying to
15 think what it was. Actually, the one thing, I guess,
16 that's sort of a confession is, I'm still learning.

17 One thing that I was interested in, and I'm not
18 clear about is, when a government entity, like a city or
19 county, do something, it appeared to me in what I read
20 that what your oversight of that is, is it's more
21 limited.

22 Maybe I'm wrong on that, but I didn't totally
23 understand the difference.

24 REPRESENTATIVE SANDIFER: How about special
25 purpose districts, Piedmont Municipal Power Agency,

1 municipals?

2 MS. BROWN: That's probably what I'm referring
3 to.

4 REPRESENTATIVE SANDIFER: Okay. But you did
5 not learn in studying Title 58 of the Code of Laws,
6 whether they were or were not?

7 MS. BROWN: I was reading it, and I had
8 questions. I didn't quite understand whether they were
9 or not. It looked like they weren't, but then there was
10 a place that I read that said you still had oversight on
11 it. I didn't understand what the oversight was.

12 REPRESENTATIVE SANDIFER: Okay. Usually it's
13 safety. Thank you, Mr. Chairman. Thank you, Ms. Brown.

14 SENATOR HUTTO: Any other members have
15 questions?

16 REPRESENTATIVE FORRESTER: Ms. Brown, could you
17 just share with me what you think your strengths, based
18 on your background, would be, that would make you the
19 best-qualified candidate for this position?

20 MS. BROWN: Well, I can't judge whether I'm the
21 best-qualified because I don't know exactly what the
22 other candidates' qualifications are.

23 I'm well-qualified in the context of, if our
24 state is going to move forward with different energy
25 programs. Some of the things that would come before the

1 Commission, I would have knowledge about, in general, on
2 the quality of it, or should it be a mix of different
3 types of energies, and how one utility's request to do
4 something may or may not limit other fledgling businesses
5 that might be out there in the state.

6 In a general perspective of things that are
7 done for energy conservation, for energy efficiency, for
8 responding to the needs that may be coming down because
9 of climate change, and those regulations, that general
10 knowledge, I've done a lot of work within. Now, things
11 have changed somewhat, but interestingly, much of the
12 information is still very valid.

13 Some of the things that I learned in the late
14 '70s, are still things that need to be implemented across
15 America. I'm well-qualified, if the state is going to
16 move forward in that area. That's probably my biggest
17 qualification is the knowledge of that state of the art
18 need when it comes to conservation and efficiency and
19 reducing carbon footprint.

20 The other thing, and I'm very cognizant to
21 Representative Sandifer's concern, and I didn't mean to
22 put it across like that, but utilities can play a
23 wonderful part in educating the public. I would presume
24 that as they present their plan and their reasons for
25 maybe rate increases, they may say, we want to do this.

1 And part of that could be more conducive to public input
2 and more conducive to working with the public. I hear
3 stories of people wanting to do things that were
4 promoting energy efficiency, and they can't do it because
5 of the current regulations.

6 Now, the Commission might not be able to make a
7 change in that, but it's part of the public record at
8 least. Sometimes you have to bring out the information.
9 I'm good at working with people. I'm very good at
10 awareness of community energy needs.

11 REPRESENTATIVE SANDIFER: Just out of
12 curiosity, how would you propose to reduce the carbon
13 footprint?

14 MS. BROWN: I personally think citizens need to
15 be more involved. It comes down to economics, and I'm
16 not convinced on how to use certain things right now
17 because I haven't delved into economics, but there's
18 processes there that have shown that it would reduce
19 emissions in coal plants.

20 Now, I've also been told that those aren't
21 necessarily economical, but I know from my military work
22 that the military has made a commitment to use renewable
23 fuels. If we're able to hold onto our bases, why can't
24 South Carolina get in the position that we will sell our
25 military fuels that we produce right here? So there's no

1 simple answer to a lot of these things.

2 You have to look at the holistic situation, and
3 that was one of the things in your questionnaire of the
4 different categories that you listed. I'll commend you
5 on that. Those are holistic components that all need to
6 work together. Now, I'm not an expert in all of those,
7 but if you can get answers on those aspects from the
8 Office of Regulatory Staff, and wherever they get their
9 answers, you would be in a better position to make those
10 appropriate decisions.

11 REPRESENTATIVE FORRESTER: Thank you.

12 MS. BROWN: And forgive me if I talk around the
13 circle a lot. It comes with the deliberative dialogue.

14 SENATOR HUTTO: What do you see as the future
15 of green energy in this state?

16 MS. BROWN: I think we have a really good
17 future. Now, we can't ignore the other things that are
18 there. If we accept the report that was written about we
19 need to do a mix, and there's a high future for nuclear
20 in this state, that intrigued me because those were the
21 conclusions in the '70s.

22 SENATOR HUTTO: Do you consider nuclear a
23 renewable?

24 MS. BROWN: Yes.

25 SENATOR HUTTO: And what about citizens putting

1 solar panels on their house, and if they generate more
2 electricity than they might need during certain times of
3 the day, should they be able to sell that back onto the
4 grid?

5 MS. BROWN: Theoretically, yes. But you can't
6 just sell it without the whole system being set up to do
7 that. That's part of the holistic questioning. It's not
8 a simple answer.

9 SENATOR HUTTO: Do you know what the Universal
10 Service Fund is?

11 MS. BROWN: Not well enough to explain it. I
12 think it has something to do with what the utilities
13 might have, but I'm not sure.

14 SENATOR HUTTO: All right. We'll ask you to
15 stay put and everybody else to leave.

16 (The Committee went into Executive Session from
17 3:22 p.m. to 3:28 p.m.)

18 SENATOR HUTTO: Back in open session.

19 (Sarah Bramlett Nuckles was duly sworn, after
20 which testimony commenced at 3:28 p.m.)

21 MS. ANDERSON: Good afternoon. I'm going to
22 give a very brief overview of your educational and
23 experience background.

24 Ms. Nuckles attended Columbus Junior College
25 and Indian River Community College and obtained a

1 Business Administration degree from Florida Atlantic
2 University.

3 She subsequently enrolled in coursework, before
4 obtaining a Masters in Business Administration, at
5 Florida Atlantic University and is currently pursuing her
6 MBA at Winthrop. Since 2008, she has been the sole
7 proprietor of Pencil Heads, LLC. She has been employed
8 with Capital Management and Engineering from 2005 to
9 2008. From 2004 to 2005, she was a planning intern for
10 the City of Rock Hill.

11 She's had various positions, such as accounting
12 clerk, budget officer, and internal auditor with the Fort
13 Pierce Utilities Authority, in Fort Pierce, Florida.
14 She's also had other work experience with managing truck
15 and car dealerships. She was co-owner of a foreign
16 company and held other financial and accounting
17 positions.

18 She served on the Policy Committee for the
19 Metropolitan Transit Commission for the Charlotte Area
20 Transportation Service. She also served on the South
21 Carolina Department of Transportation Commission from
22 2008 to 2012.

23 Do you have any changes that you would like to
24 make to your Personal Data Questionnaire that you
25 submitted with your application, other than the changes

1 that you've already submitted?

2 MS. NUCKLES: I would just like to make one
3 comment under Question 8, where it asks, "Have you been
4 employed or held any position in any of the following
5 areas?"

6 I checked "Engineering," but I did not mean to
7 infer that it was in the professional capacity of an
8 engineer. It was more as an associate, in a
9 close-working capacity with engineers all through my long
10 career experience.

11 MS. ANDERSON: I would ask that Ms. Nuckles'
12 Personal Data Questionnaire be entered into the record
13 with any confidential information being redacted.

14 (EXH. 8, Personal Data Questionnaire of Sarah
15 Bramlett Nuckles, marked for identification.)

16 MS. ANDERSON: As part of our background
17 information of Ms. Nuckles, we obtained a credit check,
18 driver's license, and SLED check. Staff has questions of
19 a personal nature, and we request that they be taken up
20 in Executive Session at the appropriate time.

21 Before we begin questioning, do you have a
22 brief statement that you would like to make?

23 MS. NUCKLES: Yes, ma'am. I'm not sure what
24 you mean by brief, but I've been studying state and
25 national issues, and certainly one of the big issues for

1 our state is greenhouse gas, air pollution, and all that.
2 One thing that I noted recently, I don't know if any of
3 you saw the picture of the people in Beijing, China, with
4 the masks on their face.

5 Since I live in York County, we've had
6 air-quality issues there. We are the only part of the
7 state that is in what's called nonattainment under EPA
8 rules. We're already under, sort of, a cap and trade
9 format there for industries that want to locate in York
10 County.

11 But anyway, Beijing's air quality index is over
12 700, in comparison to the Charlotte metro regional area,
13 including York County, our worse days are in the 100s.
14 The reason that I'm stating this is not to knock China,
15 but I'm concerned that when we're looking at state and
16 national energy policies, and they're looking at it right
17 now, EPA has just passed new rules. The President is
18 going to talk about it tomorrow night, and I think the
19 westerly winds that blow around our continent, blow
20 across the United States, and they come here.

21 So we are subsidizing, I think, the cleaning up
22 of dirty air that comes around the world, and I don't
23 mean for this to sound farfetched. When I looked at the
24 possibility that we might be exporting liquified natural
25 gas, I thought, if we do that, I'm concerned that it

1 certainly could increase our domestic gas cost which
2 could increase our cost to consumers in South Carolina,
3 as well as other utilities all over the nation.

4 And perhaps we might, as a body or legislative
5 group or congressional delegation, think about putting
6 maybe a floor on that liquified natural gas, so our
7 domestic supply remains in a fairly stable price range
8 and perhaps some possible restrictions that those to whom
9 we sell this LNG, maybe they need to use it for reducing
10 that same air pollution in their country. That may sound
11 big, and I tend to think on a global scale, but it all
12 boils down to you and me and what I pay on my electric
13 bill. Thank you.

14 MS. ANDERSON: Please state your full name and
15 your home address for the record.

16 MS. NUCKLES: My full name is Sarah Levinia
17 Bramlett Nuckles. My address is 1335 Quiet Acres Circle,
18 Rock Hill, South Carolina, 29732.

19 MS. ANDERSON: Are you a registered voter?

20 MS. NUCKLES: Yes, ma'am.

21 MS. ANDERSON: In which congressional district
22 are you registered to vote?

23 MS. NUCKLES: Fifth.

24 MS. ANDERSON: Why are you interested in
25 serving on the Public Service Commission?

1 MS. NUCKLES: Well, it's really a natural fit.
2 I've been involved in infrastructure since the '70s, and
3 spent five years as an internal budget officer for the
4 Fort Pierce Utilities, which was electric generation,
5 distribution, and transmission, waste water treatment and
6 collection, water with wells and distribution, natural
7 gas.

8 I really became interested in this at that
9 time. That was my first contact in infrastructure. Then
10 when I was in West Palm Beach, and I became an elected
11 official down there, I had involvement in -- well, we had
12 water shortage issues due to rapid development. We had
13 cable issues with cable franchises. We had some
14 interaction with FP & L. The nuclear plants that were
15 being built, St. Lucie One and Two, affected our power
16 supplies and sources of power.

17 So then moving forward, I became involved in
18 transportation when I served in that little intern
19 capacity with the MPO in Rock Hill, and infrastructure is
20 so critical. It's just -- I'm preaching to the choir
21 here, but I see it as an incredibly critical and
22 strategic part of everything we do in this part of the
23 government function. It's the core function of
24 government, and I feel very strongly that our
25 infrastructure needs to be preserved and maintained

1 properly.

2 I spoke about that a lot while I was at the
3 DOT. I think it's a very exciting time for our nation in
4 the energy arena, you know, the shale oil and fracking.
5 I listened to a webinar on hydraulic fracking the other
6 day. We're at the threshold of becoming energy
7 independent, which is great, and I'm very excited. I
8 think a lot of our industries are cutting edge, in terms
9 of efficiency.

10 You know, Malcolm Baldrige, and all of those
11 wonderful quality awards and things that are so critical,
12 and I just want to be part of that, and I want to be a
13 part of it with people who are intelligent and
14 knowledgeable. I really appreciate that Act 175
15 encourages as much education as possible in this arena.
16 I thank you for that.

17 MS. ANDERSON: Have you attended any hearings
18 of the Commission?

19 MS. NUCKLES: Yes, ma'am. I attended the
20 Integrated Resource Plan Hearing for SCE&G in Columbia.
21 It was very interesting. I tried to scan over Duke's. I
22 also attended the water hearing in Tega Cay, and I think
23 a decision has been issued recently on that.

24 MS. ANDERSON: Have you read any Commission
25 decisions?

1 MS. NUCKLES: Yes, ma'am. I read the decision
2 on the water hearing, and I'm following one for an issue
3 for resolute forest products that I think is really
4 interesting.

5 MS. ANDERSON: How do you expect to get up to
6 speed on the issues in front of the Commission?

7 MS. NUCKLES: You mean should I be elected?

8 MS. ANDERSON: Yes, ma'am.

9 MS. NUCKLES: Well, first of all, I'm going to
10 continue, during this process, you know, until April 1st,
11 if I'm so fortunate to be considered as an eligible
12 candidate, I will continue to follow the news. I watch a
13 lot of blogs and energy magazines, and if I did become
14 your next Public Service Commissioner, I would
15 immediately grab the, not grab, but sit down with the
16 Public Service Commission staff and the ORS staff and do
17 a thorough briefing on all of the docket.

18 MS. ANDERSON: Please describe your experience
19 or expertise in any of the following areas, and include
20 time that you've been engaged in the issues: Energy,
21 telecommunications, consumer protection and advocacy,
22 water and waste water, finance, economics, statistics,
23 accounting, engineering, or law.

24 MS. NUCKLES: Okay. Well, in finance, I've had
25 several classes in statistics. One of the interesting

1 things I noted at the IRP for SCANA was regression
2 analysis, which I just happened to do that this last
3 semester. It was really exciting. I don't recommend it,
4 and any of you that are smiling, know what I'm talking
5 about.

6 I'm planning to write another research paper.
7 By the way, I got an A on that other one, on sustainable
8 operations. I really like operations management. I
9 think that's an interesting area. I've had many, many
10 years in the finance and accounting arena and internal
11 auditing, and I served in positions as controller, as my
12 record indicates, and budget officer.

13 The internal auditing was great because I
14 actually went out to the distribution centers, and I
15 created a statistical analysis for the parts, and there
16 are lot of parts in distribution centers. I climbed on
17 top of the fuel oil tank at the end of the year to verify
18 the measurement of fuel for the electric generation
19 facility.

20 In the engineering area, I was very fortunate
21 to have close association with engineers at the DOT when
22 I served as the Commissioner, and also when I was with
23 Capital Management and Engineering. We managed the One
24 Penny Sales Tax Project for York County, which has done a
25 great job in getting our transportation up to snuff.

1 Let's see, what else?

2 MS. ANDERSON: Economics, water, waste water
3 issues, consumer advocacy.

4 MS. NUCKLES: The water, waste water issue, of
5 course, all of that was tied into the Fort Pierce
6 Utility, and we remember American Water Works Association
7 and those professional groups like NARUC and American Gas
8 Association.

9 Also, when I was in West Palm as a
10 Commissioner, that was about the time, I'm trying to
11 remember now, that the groundwater regulations were
12 issued, federal regs, you know, groundwater runoff, which
13 are huge. And that was a huge issue in the City of West
14 Palm Beach because it's a rate issue. We had to approve
15 rates that were added to the residents' bill for that
16 area.

17 We also had a problem with rapid development,
18 and this has occurred in South Carolina, too. We had a
19 30 percent increase in population over the past couple
20 decades. In order to provide infrastructure, whether
21 it's transportation or utilities, you have to -- well,
22 it's a tough deal. You have to really be able to do it.
23 So I was involved in those areas.

24 I'm trying to remember. I've probably said
25 enough for now. I've lived a long time, so I've touched

1 a lot of areas.

2 MS. ANDERSON: Are you familiar with the 2006
3 Advisory Opinion issued by the Review Committee dealing
4 with attendance at legislative sessions?

5 MS. NUCKLES: Yes, ma'am. And I also noted the
6 clarifying, I guess --

7 MS. ANDERSON: I'll have a follow up.

8 MS. NUCKLES: -- statement that you all issued
9 recently. Yes, I am.

10 MS. ANDERSON: And so you're also familiar with
11 our follow up at the January 15th meeting this year.

12 MS. NUCKLES: Yes, ma'am. I believe it
13 indicated that we were not to attend any legislative
14 receptions, particularly if there were any lobbyists
15 there or if they were on the legislative website or on
16 the calendars. I think, basically, all we could do is go
17 to the geographic delegation meeting.

18 MS. ANDERSON: Since that time, since you first
19 received the 2006 Advisory Opinion, did you attend any
20 legislative receptions?

21 MS. NUCKLES: No.

22 MS. ANDERSON: On or after January 15th, have
23 you attended any legislative receptions or any
24 legislative caucus meetings, other than the delegation
25 meeting?

1 MS. NUCKLES: No, ma'am.

2 MS. ANDERSON: Assuming you are serving on the
3 Commission, and you are approached by someone wanting to
4 discuss a matter that is or may become an issue in a
5 proceeding, how would you handle the situation?

6 MS. NUCKLES: Would you repeat the question?

7 MS. ANDERSON: Assuming that you're serving on
8 the Commission, and you're approached by someone who
9 wants to discuss a matter that is or may become an issue
10 in a proceeding, how would you handle the situation?

11 MS. NUCKLES: I really like the part of Title
12 58 that deals with ex parte communication. If someone
13 approached me, I would immediately try to stop them from
14 making any comment. If they did make the comment, and
15 they were successful, I would immediately report it to
16 the staff in ORS, and then all other parties that would
17 be involved would have to be briefed.

18 It would be in written form, and all of them
19 would have to be formally notified according to the
20 procedure identified.

21 MS. ANDERSON: Are you aware that the
22 Commissioners are subject to the Judicial Code of
23 Conduct, as well as state ethics laws?

24 MS. NUCKLES: Yes, ma'am.

25 MS. ANDERSON: Are you affiliated with any

1 political parties, boards, or commissions that would need
2 to be reevaluated, if you're nominated and elected?

3 MS. NUCKLES: No, ma'am. I was an officer
4 several years ago in the county where I live, but because
5 the DOT position was nonpartisan, I felt that I wanted to
6 assure my constituents that I was nonpartisan, so I
7 resigned from that office or position. I do, however,
8 pay my dues, but I believe that's allowed.

9 MS. ANDERSON: Do you belong to any
10 organizations that discriminate based on race, religion,
11 or gender?

12 MS. NUCKLES: Absolutely not.

13 MS. ANDERSON: What is the appropriate demeanor
14 for a Commissioner?

15 MS. NUCKLES: I always see the picture -- first
16 of all, it's quasi-judicial, so the Commissioner is much
17 like a judge. It's like a courtroom, and I look at the
18 picture of Lady Justice holding the scale of justice and
19 the blindfold, and that indicates fairness, impartiality,
20 and I believe that my demeanor should be such that in any
21 capacity or activity as a Commissioner, I should hear
22 only those things presented in the formal context
23 identified by law.

24 In other words, in the hearings and briefings,
25 and so on. I also believe there is a need to demonstrate

1 integrity, both in your personal life and your
2 professional life, and I like to believe that I've done
3 that and will do that, and compassion and fairness, and
4 comport myself in a way that would be befitting of a
5 position, such a high position.

6 MS. ANDERSON: So the demeanor, is that
7 something that would apply just while you're on the
8 bench?

9 MS. NUCKLES: All the time.

10 MS. ANDERSON: Is there ever a role for
11 sternness or anger with Commissioners?

12 MS. NUCKLES: Not anger, but I think sternness
13 might be necessary at times. I think in a courtroom, any
14 time anyone is providing testimony or someone who might
15 be sitting and listening, an observer, you might have to
16 take some necessary action, probably through the
17 chairman.

18 MS. ANDERSON: Please explain the role of the
19 Commission in regulating government-owned service
20 providers.

21 MS. NUCKLES: It does not.

22 MS. ANDERSON: What is the purpose of a
23 reserved margin for an electric utility?

24 MS. NUCKLES: The reserved margin is that
25 margin, and I think, let's just say we use -- the average

1 is between 12 and 18 percent, identified in the PURC
2 report. I think it's running right around 10 percent
3 now. That's a margin that's out there to provide for
4 unexpected failures of equipment on our Base Load Plan.

5 It could be a sudden spike caused by something
6 that occurs a long way away and floats back through the
7 grid to our utilities, so it's there as a safety backup.

8 MS. ANDERSON: I have a few housekeeping
9 questions. Did you make any contributions to members of
10 the General Assembly within six months of filing your
11 application?

12 MS. NUCKLES: No, ma'am.

13 MS. ANDERSON: Have you made any contributions
14 to members of the General Assembly since filing your
15 application?

16 MS. NUCKLES: No, ma'am.

17 MS. ANDERSON: Have you sought or received the
18 pledge of any legislator prior to this date?

19 MS. NUCKLES: No, ma'am.

20 MS. ANDERSON: Have you sought or been offered
21 a conditional pledge by any legislator pending the
22 outcome of your screening?

23 MS. NUCKLES: No, ma'am.

24 MS. ANDERSON: Have you asked any third-parties
25 to contact members of the General Assembly on your behalf

1 before the final and formal screening report is released?

2 MS. NUCKLES: No.

3 MS. ANDERSON: Are you aware of any friends or
4 colleagues contacting members of the General Assembly on
5 your behalf?

6 MS. NUCKLES: No, ma'am.

7 MS. ANDERSON: Are you familiar with the
8 48-hour Rule which prohibits a candidate from seeking
9 pledges until 48 hours after the report has been
10 submitted to the General Assembly?

11 MS. NUCKLES: Yes.

12 MS. ANDERSON: Would you plan to serve a full
13 term, if elected?

14 MS. NUCKLES: Yes, ma'am.

15 MS. ANDERSON: Thank you, Mr. Chairman. No
16 further questions.

17 SENATOR HUTTO: Ms. Nuckles, if elected to the
18 Public Service Commission, you would have the title of
19 Commissioner, and you previously had the title of
20 Commissioner with the DOT.

21 I want you to explain to me, even though the
22 title is the same, do you understand the distinction
23 between those two roles?

24 MS. NUCKLES: The fact of the distinction is
25 one of the reasons that I'm sitting here right now. The

1 DOT Commission did not have, maybe it's better to say
2 they didn't have this process. There was a selection
3 process. Yes, we took a test, and we were vetted.

4 They didn't have this quasi-judicial role or
5 Judicial Code of Conduct. I want to be careful what I
6 say. I thought there was some things that occurred as a
7 DOT Commissioner that cannot occur as a Public Service
8 Commissioner. For instance, I wish that as many of our
9 commissions in the state as possible could have this same
10 or similar process. I know they're not investor-owned,
11 but the idea of ex parte, for instance, I think that's
12 great. I think it's great that it's done in an open and
13 accountable way. I believe in that. I think all parties
14 should know what's going on, so I'm going to be very
15 careful, and say that I like this process better. It's a
16 better fit for who I am as a Public Service Commissioner.

17 SENATOR HUTTO: As a DOT Commissioner, you were
18 outspoken and authored articles that were somewhat
19 critical or, at least, challenged other sitting members
20 of the Commission, which was perfectly your right to do,
21 but I want to make sure you understand that this
22 Commission is different than that Commission.

23 In this Commission, you would not be writing
24 your own articles or doing that type of thing. Can you
25 comment on that?

1 MS. NUCKLES: Yes, sir. And I did comment on
2 that.

3 SENATOR HUTTO: I believe you did and very
4 thoughtfully.

5 MS. NUCKLES: And I wanted you to know that
6 because I know that I have some notoriety, I guess, for
7 doing so. That was because of some frustration over the
8 fact that we didn't have the kind of process that you
9 have here, and I felt things were happening that were of
10 great concern and that were harmful to our state.

11 And I have already pledged, and it's a sworn
12 document, that I would not do so were I to become a
13 Commissioner because I look at it as a judge. As a
14 judge, you don't discuss cases outside of the courtroom.
15 You don't write letters to the editor. You don't do any
16 of that, and I can assure you that I'm quite capable of
17 that.

18 SENATOR HUTTO: Other members have any
19 questions?

20 REPRESENTATIVE SANDIFER: Thank you, Mr.
21 Chairman. Ms. Nuckles, several questions, please, and
22 I'll start by going down that path.

23 First of all, how did you become a Commissioner
24 for the DOT? I can't remember when we transitioned from
25 one methodology to another, that's why I'm asking.

1 MS. NUCKLES: I think it was June of 2007. Act
2 114 was signed into law. That was the reform, similar to
3 Act 175, that was adopted by PURC, and that required the
4 new selection process, and I had an interest.

5 I had served on the Metropolitan Planning
6 Organization, and I had previous experience in Palm Beach
7 County and in York County, and I was very interested in
8 transportation, so I decided to apply.

9 And people said, Well, who put you up to this?
10 I said, No one. I'm very interested and passionate about
11 it, so I did apply and went through the process and
12 served from 2008 to 2012.

13 REPRESENTATIVE SANDIFER: That answers my
14 question. I could not remember whether, at the time you
15 started, it was a gubernatorial appointment.

16 MS. NUCKLES: Well, I'm proud to say I was in
17 the first batch under Act 114.

18 REPRESENTATIVE SANDIFER: Okay. I'm going to
19 just keep going, if I may. If I were to go to all the
20 Commissioners of the DOT who served with you, what kind
21 of recommendation do you think I would get for you?

22 MS. NUCKLES: I think they would say, as
23 they've said to me, that they thought I was very
24 knowledgeable. They thought that I asked a lot of
25 important questions, and I did before every meeting.

1 I asked a lengthy series of questions based on
2 the agenda, got the answers from staff, and had them
3 distributed to all the other Commissioners. They did not
4 like my detailed questioning during meetings. Some of
5 them did not, some didn't mind, you know, you'd have to
6 ask them. I understand it was difficult, and it was
7 difficult for me, and it was difficult for them, and I
8 think that they did not want a lot of the work of the
9 Commission to be open, and that was my big concern.

10 And that is completely the opposite of the way
11 the Public Service Commission works.

12 REPRESENTATIVE SANDIFER: In your opening
13 statement, you said that your primary goal was air
14 quality.

15 MS. NUCKLES: I said -- well, go ahead. Yes,
16 sir.

17 REPRESENTATIVE SANDIFER: Does the Commission
18 set up the standards by which all of that is measured or
19 handled?

20 MS. NUCKLES: No, sir. It does not. The EPA
21 does. It's regulated in our state through DHEC. That's
22 the way I saw it operating up in York County, and then we
23 have to, you know, comply. Our generating plants have to
24 comply. They're going to say you have to reduce your
25 emissions this much, or we're going to have to do a cap

1 and trade, or we're going to have penalties. You have to
2 reduce your emissions, one or the other. And I just saw
3 a Duke University survey that said people prefer
4 greenhouse gas controls rather than cap and trade.

5 REPRESENTATIVE SANDIFER: But as a policy making
6 body, if those edicts come down, and I call them edicts
7 from EPA, does the Public Service Commission have that
8 authority to make policy to conform?

9 MS. NUCKLES: I don't think it does.

10 REPRESENTATIVE SANDIFER: Well, I certainly
11 hope not.

12 MS. NUCKLES: Thank you.

13 REPRESENTATIVE SANDIFER: The legislative body
14 is the policy making body in this state.

15 MS. NUCKLES: It's always been. They tell you
16 what to do, and you either do it, or you don't do it. We
17 don't have a whole lot of control in that.

18 REPRESENTATIVE SANDIFER: Also, in your opening
19 remarks you said you would, if elected, one of the early
20 things that you would do is sit down with the PSC and ORS
21 staffs in order to be taught.

22 MS. NUCKLES: To get current.

23 REPRESENTATIVE SANDIFER: All right. Do you
24 believe that sitting down with the staff at ORS
25 constitutes an ex parte communication?

1 MS. NUCKLES: I mean, it could, I guess. I
2 can't answer that clearly at this time. I'm sorry.

3 REPRESENTATIVE SANDIFER: And I wrote myself a
4 note as you spoke about your adventure climbing on top of
5 a fuel tank because you were not sure that the
6 appropriate amount of gallons were shown. I read into
7 it, it doesn't matter why, but I guess my overriding
8 question is, as a PSC Commissioner, would you allow the
9 staff to do their job, but also allow the Office of
10 Regulatory Staff to do theirs? Or are you going to try
11 and assume their duties for them?

12 MS. NUCKLES: No, sir. I absolutely would not
13 assume their duties.

14 REPRESENTATIVE SANDIFER: I didn't say you
15 would. I asked if you would try.

16 MS. NUCKLES: No, of course not. Going back to
17 the climbing on top of the oil tank, it was a requirement
18 for the audit. You had to verify that the actual amount
19 of oil was shown on the accounting records.

20 REPRESENTATIVE SANDIFER: But there was no
21 staff that could do that?

22 MS. NUCKLES: I was the internal auditor.

23 REPRESENTATIVE SANDIFER: All right. Cleared
24 that up. And as you go into a hearing as a Commissioner
25 in this environment, unlike DOT, would you be able to

1 bring a timely, totally unbiased opinion, and act or
2 react upon the evidence that is demonstrated for you?

3 MS. NUCKLES: Yes, sir. I believe I can, and I
4 have stated that. I know you're concerned, and that's
5 why I wanted you to know that I am a very fair and
6 impartial person, I believe.

7 REPRESENTATIVE SANDIFER: Attendance at
8 functions -- when Ms. Anderson was questioning you, there
9 was a point at which you paused, and you said, I think
10 I've said all I need to say. It seemed as if you wanted
11 to tell us more. I'd like to hear the more.

12 MS. NUCKLES: I don't know. Was it the part
13 about when as I was an officer?

14 REPRESENTATIVE SANDIFER: No. This was in
15 dealing with the two rulings of the PURC and whether or
16 not you had attended functions either during or after the
17 two rulings.

18 MS. NUCKLES: No, sir. That's very clear in my
19 mind. I have not done that. I just feel like I'm
20 obviously a very verbal person, and I don't want to wear
21 you down. That would be the only reason that I stopped,
22 but I'm pleased to answer any further questions that you
23 may have.

24 REPRESENTATIVE SANDIFER: Okay. I thought
25 there was more to the story, and I wanted to hear it.

1 MS. NUCKLES: No, sir. I just have to catch
2 myself sometimes.

3 REPRESENTATIVE SANDIFER: Okay. You have
4 indicated that you are a dues-paying member of the
5 Republican Party. In what --

6 MS. NUCKLES: York County.

7 REPRESENTATIVE SANDIFER: Did you know that
8 that, in itself, is a violation?

9 MS. NUCKLES: Sir, I believe -- I don't believe
10 it is a violation. I looked it up this morning.

11 REPRESENTATIVE SANDIFER: It's a political
12 organization.

13 MS. NUCKLES: Yes, sir. But there is an
14 exception area in the law.

15 REPRESENTATIVE SANDIFER: This is all
16 candidates in subsection (a), solicits funds or pays an
17 assessment to or makes a contribution to a political
18 organization or candidate.

19 MS. NUCKLES: The ethics law goes further to
20 say with the exception of section (b)(1), or something,
21 and then it goes down, and it says, any nonjudicial, non
22 judge candidate. And I think I was interpreting that to
23 mean that that was an exception to the rule.

24 REPRESENTATIVE SANDIFER: If you're on the
25 Commission, you cannot.

1 MS. NUCKLES: On the Commission.

2 REPRESENTATIVE SANDIFER: All right. One
3 question that was asked, and this has been asked of
4 almost all candidates today, is the relationship with the
5 PSC for government-owned communication, and you indicated
6 that there was none.

7 MS. NUCKLES: I believe I recall reading that,
8 for instance, the Budget and Control Board has a
9 communication system. I don't believe the PSC has any
10 authority over that.

11 REPRESENTATIVE SANDIFER: Would it surprise you
12 to know that a communications company may apply to the
13 PSC to determine whether or not an area is served or
14 unserved?

15 MS. NUCKLES: No. I would not be surprised
16 because I thought that under Title 58, part of the
17 function is to determine geographic territories.

18 REPRESENTATIVE SANDIFER: But this is a
19 different section of the code altogether than geographic
20 territories. Okay. That's all I have, Mr. Chairman.
21 Thank you.

22 SENATOR HUTTO: Anyone else?

23 REPRESENTATIVE FORRESTER: Ms. Nuckles, are you
24 aware there are certain utilities that aren't covered
25 under the purview of the Public Service Commission?

1 MS. NUCKLES: Municipalities, political
2 subdivisions, they are not.

3 REPRESENTATIVE FORRESTER: You have a lot of
4 background in utilities. What would you say are your
5 strengths that would make you the best candidate for this
6 position?

7 MS. NUCKLES: Well, I would build on that
8 background and enhance it with continuous education. I'm
9 a lifelong learner. Here I am at school at my age, and I
10 would continue to build on that knowledge and hopefully
11 be able to apply it.

12 And you say my strengths? I do have the
13 knowledge. I have the leadership background. I believe
14 it is somewhat broad in scope, which I think is important
15 because I have nonprofit as well as profit business
16 background. And I think that would be very beneficial to
17 the Commission.

18 REPRESENTATIVE FORRESTER: Thank you.

19 SENATOR HUTTO: Do you know what the Universal
20 Service Fund is?

21 MS. NUCKLES: Yes. That's a very important --
22 I believe it's the Telecommunications Act of 1996, set up
23 on a federal level. It essentially is set up with
24 contributions from communications into a fund, I believe
25 it's administered by the ORS in our state, to provide

1 either base land line or cell phone service to those who
2 meet certain needs criteria, and it is coordinated
3 through a number of other agencies in the state, and they
4 have the Lifeline and Link Up.

5 It's to make sure that people can communicate
6 and have emergency access. It's a good program.

7 SENATOR HUTTO: All right. We're going to ask
8 you to stay and everybody else to leave. We have a few
9 more questions.

10 (The Committee went into Executive Session from
11 4:06 p.m. to 4:14 p.m.)

12 SENATOR HUTTO: Back on the public record.

13 (Mark Christopher Bruce was duly sworn, after
14 which testimony commenced at 4:15 p.m.)

15 MS. ANDERSON: First of all, I'm going start
16 off by giving a brief summary of your educational and
17 experience background.

18 Mr. Bruce attended Clemson University and
19 received a Bachelor of Science degree in computer science
20 from the University of South Carolina. He has completed
21 a number of continuing education courses for the past
22 five years, and he currently works, well, he's the
23 founder and executive director of Santee Riverkeeper
24 Alliance. He's been there since 2008. He's also worked
25 for Blackbaud, in Charleston, and in the past he's had a

1 number of different employment experiences, including a
2 lot of IT stuff, such as automatic information systems to
3 maximize inventory management, mortgage origination
4 systems, application to support activities for a
5 portfolio, application strategy, management of mutual
6 funds, and some other IT areas, and some consulting as
7 well.

8 Have you seen your Personal Data Questionnaire?

9 MR. BRUCE: Yes.

10 MS. ANDERSON: Are there any changes that you
11 would like to make?

12 MR. BRUCE: Yes. I'd like to remove the
13 consumer protection and advocacy issues. That work that
14 I did was insignificant enough not to be on here.

15 MS. ANDERSON: I would request that Mr. Bruce's
16 Personal Data Questionnaire be entered into the record
17 with any confidential information redacted.

18 (EXH. 9, Personal Data Questionnaire of Mark
19 Christopher Bruce, marked for identification.)

20 MS. ANDERSON: As part of our background
21 investigation, we obtained a credit check, driver's
22 license, and SLED check. Staff has questions of a
23 confidential and personal nature, and we'll request that
24 they're taken up in Executive Session at the appropriate
25 time.

1 Before we begin, do you have an opening
2 statement?

3 MR. BRUCE: No.

4 MS. ANDERSON: Please state your full name and
5 home address for the record.

6 MR. BRUCE: Mark Christopher Bruce. 1150 South
7 Pike West, Sumter, South Carolina.

8 MS. ANDERSON: Are you a registered voter?

9 MR. BRUCE: Yes.

10 MS. ANDERSON: In which congressional district
11 are you registered to vote?

12 MR. BRUCE: Fifth.

13 MS. ANDERSON: Why are you interested in
14 serving on the Public Service Commission?

15 MR. BRUCE: Well, I started out back when I
16 first graduated from high school working in the public
17 utilities with Santee Cooper. I then migrated into the
18 information technology realm over the past 15 to 20
19 years.

20 I believe the experience that I've gained in
21 all the various industries would allow me to bring a
22 broad knowledge base to the decision-making agency that
23 the Public Service Commission performs.

24 MS. ANDERSON: Have you attended any hearings
25 at the Commission?

1 MR. BRUCE: Yes.

2 MS. ANDERSON: Have you read any of the
3 Commission decisions?

4 MR. BRUCE: I have briefly scanned some of them
5 over at the regulatory staff website.

6 MS. ANDERSON: How would you expect to get up
7 to speed on the issues confronting the Commission?

8 MR. BRUCE: I would review legislation that's
9 on record right now that is related to the carbon cap and
10 trade that may affect South Carolina depending on its
11 approval.

12 I read trade magazines relative to the utility
13 industry, speak with other professionals within this
14 industry that is pertinent to the decision-making rulings
15 that the PSC would perform.

16 MS. ANDERSON: Please describe your experience
17 or expertise in any of the following areas, including
18 time you've been engaged in the issues: Energy,
19 telecommunications, consumer protection and advocacy,
20 water and waste water, finance, economics, statistics,
21 accounting, engineering, or law.

22 MR. BRUCE: Okay. I redacted the part about
23 the consumer advocacy, so I won't comment on that one.
24 Energy, I started back when I graduated from high school
25 and finished my first year at Clemson University. I

1 worked as cooperative education student at Santee Cooper
2 Cross Generating Station. After transferring from -- I
3 did that once or twice, I can't remember, and then I
4 transferred to the University of South Carolina after one
5 year sitting out of college, and then I worked in
6 industrial marketing department at South Carolina
7 Electric and Gas Company and was exposed to rate models
8 in the industrial marketing department.

9 In waste water issues, I've been involved with
10 Santee Riverkeeper Alliance and have educated myself
11 relative to water and waste water issues that are
12 pertinent to the health of our environment. Although
13 that's not a mission of the PSC, I think it's important.

14 Statistics and economics, with the reinsurance
15 work in policy management systems, we used statistics
16 that are specific to the reinsurance, I mean insurance,
17 which is the distribution of risk to other buyers of that
18 risk, and that those statistical models that we used were
19 used to analyze the risk and to distribute them
20 accordingly. Could you repeat the list?

21 MS. ANDERSON: Energy, telecommunications,
22 consumer protection and advocacy, water and waste water,
23 finance, economics, statistics, accounting, engineering,
24 or law.

25 MR. BRUCE: In accounting, I was involved with

1 a company here in Columbia back in 1990, working with
2 developing accounting applications that augmented the
3 core functionality of major allocation, which I can't
4 remember what the name of it is, but I wrote applications
5 that augmented the functionality of that application.

6 And what was the other? Could you repeat the
7 list again?

8 MS. ANDERSON: Energy, telecommunications,
9 consumer advocacy protection, water and waste water,
10 finance, economics, statistics, accounting, engineering,
11 or law.

12 MR. BRUCE: In finance, I've worked for various
13 financial companies, such as mortgage banking, banking,
14 securities industry in New York, portfolio management was
15 one of the companies, Wachovia Bank, and I was exposed to
16 the financial applications related to the specific
17 industries that those companies were located, that they
18 performed their business in.

19 And engineering, I worked at Santee Cooper and
20 South Carolina Electric and Gas and performed engineering
21 duties as a cooperative educational student.

22 MS. ANDERSON: Are you familiar with 2006
23 Advisory Opinion issued by the Review Committee dealing
24 attendance at legislative receptions?

25 MR. BRUCE: Yes.

1 MS. ANDERSON: Have you attended any
2 legislative receptions since receiving the Advisory
3 Opinion?

4 MR. BRUCE: No.

5 MS. ANDERSON: Are you familiar with the Review
6 Committee's decision made on January 15th of this year,
7 which clarified the 2006 Advisory Opinion?

8 MR. BRUCE: Yes.

9 MS. ANDERSON: Have you attended any
10 legislative receptions or any legislative caucus
11 meetings, other than delegation meetings, on or after
12 January 15th?

13 MR. BRUCE: No.

14 MS. ANDERSON: Assuming that you are serving on
15 the Commission, and you are approached by someone wanting
16 to discuss a matter that is or may become an issue in a
17 proceeding, how would you handle the situation?

18 MR. BRUCE: I would communicate to the
19 individual that as a Commissioner, I would be prohibited
20 from discussing any idea, any information related that
21 may come before the Public Service Commission in a
22 proceeding.

23 MS. ANDERSON: Are you aware that Commissioners
24 are subject to the Judicial Code of Conduct, as well as
25 state ethics laws?

1 MR. BRUCE: Yes.

2 MS. ANDERSON: Are you affiliated with any
3 political parties, boards, or commissions that would need
4 to be reevaluated, if you were nominated and elected?

5 MR. BRUCE: I don't know. I'd say probably
6 not.

7 MS. ANDERSON: Do you belong to any
8 organizations that discriminate based on race, religion,
9 or gender?

10 MR. BRUCE: No.

11 MS. ANDERSON: What is the appropriate demeanor
12 for a Commissioner?

13 MR. BRUCE: To hold himself or herself in a
14 respectable manner within society, so as to not remove
15 the -- so the person is respected and upholds the
16 integrity of that position.

17 MS. ANDERSON: Would that apply while the
18 person is on the bench or does that apply 24/7?

19 MR. BRUCE: All the time.

20 MS. ANDERSON: Is there ever a role for
21 sternness or anger with Commissioners?

22 MR. BRUCE: No.

23 MS. ANDERSON: What are the industries
24 regulated by the Public Service Commission? And as you
25 name each of them, can you describe the Commission's

1 regulations of each?

2 MR. BRUCE: Telecommunications is to regulate
3 the rates for local exchange character. They do not
4 regulate broadband, cable, and one other category. I
5 don't remember.

6 Electricity is to -- electric utilities is to
7 establish rates and to perform due diligence with respect
8 to the rate base load and how that relates to the -- I'm
9 sorry. I can't remember that part.

10 Waste water issues, to perform rate base load
11 analysis so the rates are in line with the expenses
12 incurred, and that the company's financial integrity is
13 maintained, while also preserving economic development of
14 South Carolina and taking into account the using and
15 consuming public. Vehicle carriers and the Department of
16 Transportation is to ensure that the safety part was
17 moved to the Department of Transportation to maintain the
18 licensing of motor vehicle carriers. And I can't
19 remember the rest of it. Sorry.

20 MS. ANDERSON: Can you explain the rule
21 regarding ex parte communication?

22 MR. BRUCE: Ex parte communication involves
23 the -- I'm sorry. I can't remember.

24 MS. ANDERSON: Just a few general housekeeping
25 questions. Did you make any contributions to members of

1 the General Assembly within six months of filing your
2 application?

3 MR. BRUCE: No.

4 MS. ANDERSON: Have you made any contributions
5 to members of the General Assembly since filing your
6 application?

7 MR. BRUCE: No.

8 MS. ANDERSON: Have you sought or received the
9 pledge of any legislator prior to this date?

10 MR. BRUCE: No.

11 MS. ANDERSON: Have you sought or been offered
12 a conditional pledge of support by any legislator pending
13 the outcome of your screening?

14 MR. BRUCE: No.

15 MS. ANDERSON: Have you asked any third-parties
16 to contact members of the General Assembly on your behalf
17 before the final and formal screening report is released?

18 MR. BRUCE: No.

19 MS. ANDERSON: Are you aware of any friends or
20 colleagues contacting members of the General Assembly on
21 your behalf?

22 MR. BRUCE: No.

23 MS. ANDERSON: Are you familiar with the
24 48-hour Rule which prohibits a candidate from seeking
25 pledges for 48 hours after the report is submitted to the

1 General Assembly?

2 MR. BRUCE: Yes.

3 MS. ANDERSON: Do you plan to serve a full term
4 if elected?

5 MR. BRUCE: Yes.

6 MS. ANDERSON: Thank you. I have no more
7 questions, Mr. Chairman.

8 SENATOR HUTTO: Mr. Bruce, how long have you
9 lived in Clarendon County?

10 MR. BRUCE: Four years.

11 SENATOR HUTTO: Because I noticed on your job
12 description, there was several stints of time that you
13 were in Colorado. Maybe you were just working for a
14 Colorado company, or were you actually living in
15 Colorado?

16 MR. BRUCE: I was living here and working for a
17 company in Colorado.

18 SENATOR HUTTO: And the Santee Riverkeeper
19 Alliance, what is that?

20 MR. BRUCE: Santee Riverkeeper Alliance is a
21 charitable organization that advocates clean water and
22 fights people or entities that create pollution.

23 SENATOR HUTTO: Mr. Sandifer might have some
24 questions.

25 REPRESENTATIVE SANDIFER: Thank you, Mr.

1 Chairman. Mr. Bruce, several questions, and I'll base
2 most of them off of your testimony a few minutes ago.

3 When Ms. Anderson asked you how you would come
4 up to speed were you elected, I noticed that you said
5 that you would review federal regs, trade magazines, and
6 speak with other professionals. One thing I thought was
7 blatantly omitted, and you might want to tell me what
8 that might be.

9 Could it be the state law of South Carolina?

10 MR. BRUCE: Absolutely.

11 REPRESENTATIVE SANDIFER: But does that not
12 have any import?

13 MR. BRUCE: I think that's the most important.

14 REPRESENTATIVE SANDIFER: When you say, Speak
15 with other professionals, of whom were you speaking?

16 MR. BRUCE: Other professionals, like the
17 Department of Health and Environmental Control, other
18 scientific professionals who study rate base loads.

19 REPRESENTATIVE SANDIFER: Do you believe that
20 those conversations would or would not constitute an ex
21 parte communication?

22 MR. BRUCE: If they were out of state, probably
23 not. If they were in state, probably. Maybe so.

24 REPRESENTATIVE SANDIFER: Okay. If they do
25 constitute an ex parte communication, what action must

1 you take?

2 MR. BRUCE: I would notify the Public Service
3 Commission and/or the Office of Regulatory Staff that the
4 communication took place and with whom.

5 REPRESENTATIVE SANDIFER: Is there any
6 additional follow up?

7 MR. BRUCE: Could be. I can't remember.

8 REPRESENTATIVE SANDIFER: Will you please
9 describe for me the difference in the role of the Public
10 Service Commission and the Office of Regulatory Staff?

11 MR. BRUCE: The Office of Regulatory Staff
12 represents the public, using and consuming public, while
13 also balancing the economic development of South Carolina
14 and also preserving the financial integrity of public
15 utilities.

16 The Public Service Commission performs duties
17 of initiating investigations through the Office of
18 Regulatory Services and makes judgments as to the rate
19 increases and whether they happen or not.

20 REPRESENTATIVE SANDIFER: So the PSC initiates
21 those investigations.

22 MR. BRUCE: It has the authority to do so,
23 however, it is not required.

24 REPRESENTATIVE SANDIFER: We talked a few
25 minutes ago, Ms. Anderson did, about the industries, and

1 I made a brief list, and I can hardly read some of my own
2 writing. Some of the industries that you said were
3 covered under the PSC were telecommunications but not
4 broadband; is that correct?

5 MR. BRUCE: Yes, sir.

6 REPRESENTATIVE SANDIFER: What about cellular
7 communication?

8 MR. BRUCE: No, sir. That's the other one I
9 couldn't remember. Thanks for reminding me.

10 REPRESENTATIVE SANDIFER: Is there ever an
11 instance where broadband might fall under the purview of
12 the PSC?

13 MR. BRUCE: Not to my knowledge. I'm not sure.

14 REPRESENTATIVE SANDIFER: You talked about
15 electricity. What types of entities, who either generate
16 and/or distribute electricity, might not be?

17 MR. BRUCE: Privately owned utilities.

18 REPRESENTATIVE SANDIFER: So Duke Power is not
19 covered.

20 MR. BRUCE: Municipalities. Excuse me.

21 REPRESENTATIVE SANDIFER: Any others?

22 MR. BRUCE: Could be. I don't recall at this
23 time.

24 REPRESENTATIVE SANDIFER: Electrical
25 cooperatives?

1 MR. BRUCE: Yes, sir.

2 REPRESENTATIVE SANDIFER: They are covered?

3 MR. BRUCE: Yes, sir.

4 REPRESENTATIVE SANDIFER: How about specific
5 purpose districts?

6 MR. BRUCE: On certain cases. It would depend.
7 I don't know the law. It could apply.

8 REPRESENTATIVE SANDIFER: You talked about
9 vehicles and part of that was transferred to
10 transportation. What types of vehicles are covered under
11 the PSC?

12 MR. BRUCE: Vehicles where the service is
13 provided to the public, such as Santee Wateree would be a
14 good example of one.

15 REPRESENTATIVE SANDIFER: How about a bus?

16 MR. BRUCE: I don't know.

17 REPRESENTATIVE SANDIFER: How about a taxi cab?

18 MR. BRUCE: Yes.

19 REPRESENTATIVE SANDIFER: How about a
20 limousine?

21 MR. BRUCE: Yes.

22 REPRESENTATIVE SANDIFER: How about a limousine
23 that's owned by a funeral home primarily used for taking
24 a bereaved family to and from funerals, but might on
25 occasion rent that limo for a wedding?

1 MR. BRUCE: Yes.

2 REPRESENTATIVE SANDIFER: And then water, what
3 types of water systems are covered by the PSC?

4 MR. BRUCE: Where the public would consume a
5 pod of water under -- I can't elaborate on it. I'm
6 sorry.

7 REPRESENTATIVE SANDIFER: Tell me a little bit
8 about the Base Load Review Act.

9 MR. BRUCE: Base Load Review Act establishes
10 the -- I can't recall. Sorry.

11 REPRESENTATIVE SANDIFER: Thank you,
12 Mr. Chairman. Thank you, sir.

13 REPRESENTATIVE FORRESTER: Just a quick
14 question. After you took your test, did you do any
15 review of what you thought you might have missed?

16 MR. BRUCE: Yes, sir. I did.

17 REPRESENTATIVE FORRESTER: Can you explain
18 Universal Service Area?

19 MR. BRUCE: The Universal Service Fund is a
20 fund that provides local, basic local exchange service in
21 rural communities.

22 REPRESENTATIVE FORRESTER: Who manages that?

23 MR. BRUCE: I don't know.

24 REPRESENTATIVE FORRESTER: Just looking over
25 your experience, what areas do you think make you

1 qualified for this position?

2 MR. BRUCE: I would say my financial exposure
3 to the financial industry. The telecommunication
4 industries, while working at Lucent Technology, and the
5 banking exposure that I have.

6 REPRESENTATIVE FORRESTER: How would those
7 three help you?

8 MR. BRUCE: They would allow me to have an
9 understanding of the financials of the company and how
10 those financials are created in peeling back the layers
11 of a company's earnings, with respect to what they
12 report, and making decisions based on that information.

13 REPRESENTATIVE FORRESTER: Thank you.

14 SENATOR HUTTO: Okay. I'll ask you to stay
15 here and everybody else to leave.

16 (The Committee went into Executive Session from
17 4:37 p.m. to 4:45 p.m.)

18 SENATOR HUTTO: All right. Back on the record.

19 REPRESENTATIVE FORRESTER: Mr. Chairman, I'm
20 going to recuse myself from this hearing. I'd like to be
21 excused, thank you.

22 (Representative Forrester exits.)

23 SENATOR HUTTO: All right.

24 REPRESENTATIVE SANDIFER: Mr. Chairman, if I
25 may, I'd like for the record to indicate his recusal and

1 his absence from the hearing.

2 SENATOR HUTTO: Okay. We'll call you back when
3 we're finished.

4 (Headen Bynum Thomas was duly sworn, after
5 which testimony commenced at 4:46 p.m.)

6 MS. ANDERSON: First of all, I'm going to start
7 off with a brief overview of your educational background
8 and experience.

9 Mr. Thomas graduated from Wofford College in
10 1973, and received a Bachelor of Arts degree in
11 Economics. He received an MBA from Winthrop. He has
12 completed several hours in continuing education and tax
13 preparation over the past five years. He worked at
14 Manufacturer's Supply Company in Rock Hill in the 1970s,
15 and worked for Piedmont Natural Gas Company in Charlotte
16 from 1983, until 2006.

17 He has served in a variety of roles, including
18 tax staff accountant, corporate tax manager, director of
19 investor relations, and corporate communications.

20 Following his employment with Piedmont Natural Gas, Mr.
21 Thomas has held various part time positions. In 2007, he
22 worked at Heritage Preserve, a closely-held business
23 involving real estate investments.

24 Since 2009, he has worked part time at Moore &
25 Moore, CPAs. Since 2010, he has worked part time at

1 Edisto Heritage Development. He is also a licensed CPA
2 in North Carolina.

3 Do you have any changes that you would like to
4 make to your Personal Data Questionnaire that you
5 submitted with your application?

6 MR. THOMAS: No changes, but I believe you did
7 misspeak. I don't have any corrections to the written
8 report, but I believe you misspoke, and you said I
9 started at Piedmont Natural Gas in 1993, and I actually
10 started in 1983.

11 MS. ANDERSON: That's correct.

12 At this time, I would like to request that
13 Mr. Thomas' Personal Data Questionnaire be entered into
14 the record with any personal and confidential information
15 being redacted.

16 (EXH. 10, Personal Data Questionnaire of Headen
17 Bynum Thomas, marked for identification.)

18 MS. ANDERSON: As part of our background
19 investigation, we obtained a credit check, driver's
20 license, and SLED check. Staff has questions of a
21 confidential and personal nature, and we request that
22 they be taken up in Executive Session at the appropriate
23 time.

24 Before we begin questioning, do you have a
25 brief statement that you'd like to make?

1 MR. THOMAS: Not at this time. I'm here to
2 answer your questions.

3 MS. ANDERSON: Please state your full name and
4 home address for the record.

5 MR. THOMAS: My name is Headen Bynum Thomas,
6 and my address is 116 Creekside Drive, Fort Mill, South
7 Carolina, 29715.

8 MS. ANDERSON: Are you a registered voter?

9 MR. THOMAS: Yes.

10 MS. ANDERSON: In which congressional district
11 are you registered to vote?

12 MR. THOMAS: Fifth Congressional District.

13 MS. ANDERSON: Why are you interested in
14 serving on the Public Service Commission?

15 MR. THOMAS: I believe that I have an
16 opportunity here to serve the citizens of the State of
17 South Carolina. I believe that my background and
18 training and experience puts me in a position to make a
19 strong contribution to the effective regulation of public
20 utilities in the state.

21 MS. ANDERSON: Have you attended any hearings
22 at the Commission?

23 MR. THOMAS: I have.

24 MS. ANDERSON: Have you read any of the
25 Commission's decisions?

1 MR. THOMAS: I have.

2 MS. ANDERSON: How do you expect to get up to
3 speed on the issues confronting the Commission?

4 MR. THOMAS: I plan to do a lot more reading
5 and studying, much as I've been doing over the last
6 several months, asking a lot of questions and doing a lot
7 of listening. When I was brought up, my mother always
8 said, You don't learn anything when you're talking. You
9 need to shut your mouth and listen.

10 MS. ANDERSON: Please describe your experience
11 or expertise in any of the following areas, and include
12 the time that you've been engaged in those issues:
13 Energy, telecommunications, consumer protection and
14 advocacy, water and waste water, finance, economics,
15 statistics, accounting, engineering, or law.

16 MR. THOMAS: I've been involved in finance and
17 accounting and energy issues for quite a while, at least
18 since 1983. While I was with Piedmont Natural Gas, I
19 started out in the tax department and was involved in tax
20 compliance, tax planning, and the pulling together of
21 information with regard to taxes, filing rate cases.

22 I was communicating with all publics regarding
23 energy issues, particularly natural gas issues, and I was
24 involved in the finance area and investor relations and
25 communicating with securities analysts, as well as

1 putting together background information with regard to
2 capital structure.

3 MS. ANDERSON: Are you familiar with the 2006
4 Advisory Opinion issued by the Review Committee dealing
5 with attendance at legislative receptions?

6 MR. THOMAS: I am.

7 MS. ANDERSON: Have you attended legislative
8 receptions since receiving the advisory opinion?

9 MR. THOMAS: Not since the clarification on the
10 15th.

11 MS. ANDERSON: I have to follow up on that, but
12 for the first part regarding the 2006 Advisory Opinion,
13 did you attend any receptions since receiving the 2006
14 Advisory Opinion?

15 MR. THOMAS: I did.

16 MS. ANDERSON: Are you familiar with PURC's
17 decision at a committee meeting on January 15th of this
18 year, which clarified the 2006 opinion?

19 MR. THOMAS: I am.

20 MS. ANDERSON: Have you attended any
21 legislative receptions or any legislative caucus
22 meetings, other than delegation meetings, on or after
23 January 15th?

24 MR. THOMAS: No. I have not.

25 MS. ANDERSON: Assume you are serving on the

1 Commission, and you are approached by someone wanting to
2 discuss a matter that is or may become an issue in the
3 proceeding, how would you handle that situation?

4 MR. THOMAS: I would not entertain those type
5 of discussions.

6 MS. ANDERSON: Are you aware that Commissioners
7 are subject to the Judicial Code of Conduct as well as
8 state ethics laws?

9 MR. THOMAS: Yes.

10 MS. ANDERSON: Are you affiliated with any
11 political parties, boards, or commissions that would need
12 to be reevaluated if you are nominated and elected?

13 MR. THOMAS: No.

14 MS. ANDERSON: Do you belong to any
15 organizations that discriminate based on race, religion,
16 or gender?

17 MR. THOMAS: No.

18 MS. ANDERSON: What is the appropriate demeanor
19 for a Commissioner?

20 MR. THOMAS: A Commissioner should be impartial
21 and courteous and respectful.

22 MS. ANDERSON: Would that apply only while on
23 the bench or seven days week, 24 hours a day?

24 MR. THOMAS: Pretty much all the time.

25 MS. ANDERSON: Is there ever a role for

1 sternness or anger as a Commissioner?

2 MR. THOMAS: I don't think anger would be
3 appropriate. You're dealing with a judicial situation,
4 in a court-like setting. There is a time when perhaps
5 sternness, keep things in order, may be appropriate.

6 MS. ANDERSON: What is the purpose of the Base
7 Load Review Act, and please include a description
8 regarding capital costs and contingency costs?

9 MR. THOMAS: The Base Load Review Act relates
10 to the planning for new generation facilities and the
11 purposes to make sure that they're thoroughly evaluated
12 and well-planned and that the plan is carefully followed
13 and that the Commission is updated throughout the
14 process.

15 The capital costs would involve everything that
16 goes into the building of the plant, the siting of the
17 plant, the purchasing of the property, the licensing, the
18 testing, the bringing on-line. Contingency costs, in my
19 opinion, are not as well-defined. The structure calls
20 for the planning and laying out of risks and contingency
21 plans for the risks, so my belief is that the contingency
22 costs or those costs that could be associated, if those
23 things don't go according to plan.

24 MS. ANDERSON: What is the purpose of a reserve
25 margin for an electric utility?

1 MR. THOMAS: The reserve margin is an excess
2 capacity in order to meet peak demand to be sure there is
3 enough capacity during times when facilities may be down
4 for repairs, things of that nature.

5 MS. ANDERSON: Did you make any contributions
6 to members of the General Assembly within six months of
7 filing your application?

8 MR. THOMAS: No, ma'am.

9 MS. ANDERSON: Have you made any contributions
10 to members of the General Assembly since filing your
11 application?

12 MR. THOMAS: No, ma'am.

13 MS. ANDERSON: Have you sought or received the
14 pledge of any legislator prior to this date?

15 MR. THOMAS: I have not.

16 MS. ANDERSON: Have you sought or been offered
17 a conditional pledge of support by any legislator pending
18 the outcome of your screening?

19 MR. THOMAS: I have not.

20 MS. ANDERSON: Have you asked any third-parties
21 to contact members of the General Assembly on your behalf
22 before the final and formal screening report is released?

23 MR. THOMAS: I have not.

24 MS. ANDERSON: Are you aware of any friends or
25 colleagues contacting members of the General Assembly on

1 your behalf?

2 MR. THOMAS: No, ma'am.

3 MS. ANDERSON: Are you familiar with the
4 48-hour Rule which prohibits a candidate from seeking a
5 pledge for 48 hours after the report has been submitted
6 to the General Assembly?

7 MR. THOMAS: Yes. I am.

8 MS. ANDERSON: Would you plan to serve a full
9 term if elected?

10 MR. THOMAS: I do.

11 MS. ANDERSON: I have no further questions, Mr.
12 Chairman.

13 SENATOR HUTTO: Mr. Sandifer?

14 REPRESENTATIVE SANDIFER: Thank you, Mr.
15 Chairman. Mr. Thomas, let me ask you a few questions
16 based upon more about what you have just testified to and
17 anything else.

18 When you were asked your reason for wanting to
19 serve, if I wrote my note correctly, you said because you
20 believe in the effective regulation of the utilities.

21 MR. THOMAS: I believe what I said is that I
22 believe I could help with the effective regulation.

23 REPRESENTATIVE SANDIFER: Does the Public
24 Service Commission regulate anything other than
25 utilities?

1 MR. THOMAS: Well, you've got the electric,
2 gas, waste water, and sewer companies, the movement of
3 household goods and personal effects, the movers of
4 hazardous waste, taxi cabs, and some aspects of
5 telecommunications.

6 REPRESENTATIVE SANDIFER: How about buses?

7 MR. THOMAS: Not to my knowledge.

8 REPRESENTATIVE SANDIFER: Okay. How about
9 rail?

10 MR. THOMAS: There are some things in the law
11 that relate to the railroads, but I'm not familiar with
12 what the regulatory purpose of the Public Service
13 Commission is.

14 REPRESENTATIVE SANDIFER: Pipeline safety?

15 MR. THOMAS: Pipeline safety is pretty much, I
16 think, at the federal level.

17 REPRESENTATIVE SANDIFER: And I noticed that
18 you said one of your strengths that you communicate with
19 the financial analysts. Were you elected to the
20 Commission, would you try to make sure that that was a
21 continued communication with the analysts and with Wall
22 Street?

23 MR. THOMAS: Only in an appropriate manner, and
24 at this point, I'm not sure what that appropriate manner
25 would be.

1 REPRESENTATIVE SANDIFER: Is it important for
2 the State of South Carolina to liaise with Wall Street?

3 MR. THOMAS: I believe it is.

4 REPRESENTATIVE SANDIFER: You said that you
5 would be impartial, attentive, and respectful. I think
6 those were the three words you used. Describe to me what
7 impartial means to you in this setting.

8 MR. THOMAS: Impartial, to me, means that you
9 listen to the evidence or the input from all parties.
10 You take it into account, and you don't bring any
11 prejudices to the table. You come with an open mind, and
12 you evaluate appropriately all the evidence.

13 REPRESENTATIVE SANDIFER: In weighing that
14 evidence, would you give weight to one side or the other,
15 particularly if that side were represented by the ORS?

16 MR. THOMAS: No, sir. I don't believe so. I
17 believe the ORS is there to represent the interest of the
18 consuming public, but all sides would carry equal weight.

19 REPRESENTATIVE SANDIFER: When they represent
20 the consuming public, is that the only responsibility
21 they have?

22 MR. THOMAS: That's the primary responsibility.

23 REPRESENTATIVE SANDIFER: Do they have, for
24 example, a responsibility for the integrity of our
25 investor-owned utilities, for example?

1 MR. THOMAS: The rate structure, in the end, is
2 supposed to be fair to both the customers and the
3 utility.

4 REPRESENTATIVE SANDIFER: If you go to Act 175,
5 and you read the charge given to the Office of Regulatory
6 Staff, is that one of the tenants in Act 175?

7 MR. THOMAS: I believe it is.

8 REPRESENTATIVE SANDIFER: Is there a third one?

9 MR. THOMAS: I believe that there are standards
10 for good customer service and reliability as well.

11 REPRESENTATIVE SANDIFER: Are they a party to
12 actions at the Public Service Commission?

13 MR. THOMAS: They being --

14 REPRESENTATIVE SANDIFER: The ORS.

15 MR. THOMAS: They are -- I'm not real sure of
16 the legal term, in terms of a party to the actions, but,
17 yeah.

18 REPRESENTATIVE SANDIFER: Are they a party of
19 record?

20 MR. THOMAS: Yes, sir.

21 REPRESENTATIVE SANDIFER: Automatically?

22 MR. THOMAS: I believe so.

23 REPRESENTATIVE SANDIFER: Talk about the Base
24 Load Review Act a minute. When you say that projects
25 under base load are thoroughly evaluated, what

1 determination is being made in that thorough evaluation?

2 MR. THOMAS: Is the project needed for the
3 provision of future electric service? Is the project
4 being built in the manner that takes into account the
5 most effective use of the resources while the project is
6 being constructed or evaluating the alternative fuel
7 sources that may come into play?

8 REPRESENTATIVE SANDIFER: Does the term
9 prudently incurred mean anything?

10 MR. THOMAS: That's a huge part of the whole
11 deal, trying to determine, along the way, that
12 expenditures are wise and prudent.

13 REPRESENTATIVE SANDIFER: As part of the Base
14 Load Review Act, would you explain to me the part of
15 those costs that could be passed along to the consumers
16 during the construction or immediately prior to that.

17 MR. THOMAS: During construction, I think that
18 it's the primary cost that is passed to the customers.

19 REPRESENTATIVE SANDIFER: Describe that for all
20 of us, so that everybody understands what AFUDC means.

21 MR. THOMAS: AFUDC is the allowance of funds
22 used during construction, and it's basically an interest
23 calculation on the money used and expended by the utility
24 company while going through the process.

25 REPRESENTATIVE SANDIFER: Are they able to

1 collect on monies expended for brick and mortar?

2 MR. THOMAS: Well, that would be, I believe,
3 after the project is completed.

4 REPRESENTATIVE SANDIFER: On reserve margin,
5 you indicated that it was to cover peak demand. Is there
6 any other rational reason for an IOU to have a margin?

7 MR. THOMAS: Well, I believe that there are a
8 lot of different reasons. Facilities have to go down
9 from time to time for formal maintenance. Facilities go
10 down from time to time because they just, they're maybe
11 not maintained as they should or things just don't always
12 work right.

13 REPRESENTATIVE SANDIFER: From the time that an
14 application is filed with PURC and with PSC, until the
15 time the generation starts at a nuclear site, have you
16 got an idea of what that time frame might be?

17 MR. THOMAS: That time frame traditionally is
18 very long. Five to ten years.

19 REPRESENTATIVE SANDIFER: Try ten to 14.

20 MR. THOMAS: Well, I stand corrected.

21 REPRESENTATIVE SANDIFER: But what I'm getting
22 at is, should that margin also include the amount of
23 generation needed prior to a new unit actually coming on
24 line?

25 MR. THOMAS: Yes, sir. The power has to come

1 from somewhere.

2 REPRESENTATIVE SANDIFER: Tell me, if you will,
3 the difference between a base load plant and a peek
4 plant.

5 MR. THOMAS: A base load plant is one designed
6 to run almost constantly and provide needs that are there
7 virtually every day. The peeking plants are there to
8 service the needs on the days of highest demand. Around
9 here, those days would be in the summertime, when
10 people's air-conditioners are running hard and
11 constantly.

12 The peeking facilities are designed to come
13 on-line quickly, and frequently are fueled by natural
14 gas. The base load plants are typically fueled by coal
15 and nuclear.

16 REPRESENTATIVE SANDIFER: And then another term
17 used in the electric industry is wheeling. Do you know
18 that term?

19 MR. THOMAS: I'm not that familiar with that.
20 No, sir.

21 REPRESENTATIVE SANDIFER: Okay. All right.
22 Thank you, Mr. Chairman. Thank you, Mr. Thomas.

23 SENATOR HUTTO: Mr. Thomas, we're going to ask
24 you to stay here and everybody else to leave.

25 (The Committee went into Executive Session from

1 5:05 p.m. to 5:10 p.m.)

2 SENATOR HUTTO: We'll finish this last
3 candidate today, and one of the candidates has withdrawn,
4 so instead of starting at 9, we'll start at 9:30, so
5 we'll have three candidates in the morning instead of
6 four.

7 (Swain Edgar Whitfield was duly sworn, after
8 which testimony commenced at 5:12 p.m.)

9 MR. FIFFICK: Good afternoon, Mr. Whitfield.
10 I'm going to briefly summarize your educational
11 background and your experience and some other relevant
12 information to get it on the record.

13 Mr. Woodfield attended Erskine College from
14 1981 to 1982, and Kennesaw College, now Kennesaw State
15 University, from 1982 to 1983. He obtained a Bachelor of
16 Arts degree in geography from the University of Georgia
17 in 1986. From 1986 to 1987, Mr. Whitfield worked for
18 Laidlaw Carriers, Incorporated, in traffic operations,
19 customer service, management, and driver supervision.
20 From 1987 to 1990, he was employed by Yeomans
21 Transportation, Incorporated, as an operations manager.
22 From 1990 to 1991, Mr. Whitfield served as a director of
23 operations for Senn Trucking Company, responsible for
24 operations, customer service, and outside sales. In
25 1991, he founded Whitfield Transportation, Incorporated,

1 where his duties included compliance, reporting,
2 management, operation, accounting, customer service, and
3 sales. Mr. Whitfield sold the business in 2008. From
4 1995 to 1999, he served on the Winnsboro City Council
5 handling the utilities of the Town of Winnsboro,
6 including electric, water, waste water, and natural gas.
7 Mr. Whitfield was elected to the Public Service
8 Commission in 2008, and he has served continuously until
9 the present.

10 Mr. Whitfield, other than changes that you've
11 submitted, do you have any changes that you would like to
12 make to the Personal Data Questionnaire you submitted
13 with your application?

14 MR. WHITFIELD: Not at this time. No, sir.

15 MR. FIFFICK: At this time, we would request
16 Mr. Whitfield's Personal Data Questionnaire be entered in
17 the record with any personal and confidential information
18 being redacted.

19 (EXH. 11, Personal Data Questionnaire of Swain
20 Edgar Whitfield, marked for identification.)

21 MR. FIFFICK: As part of our background
22 investigation of the candidate, we obtained a credit
23 check, driver's license, and SLED check, and for the
24 record, I would like to state that the credit check,
25 driver's license, and SLED check revealed no negative

1 results of Mr. Whitfield that should be brought to the
2 attention of the Subcommittee.

3 Before we begin questioning, do you have a
4 brief statement that you would like to make?

5 MR. WHITFIELD: Yes, sir. I know it's been a
6 long day. Members of the Review Committee, I appreciate
7 the opportunity to be before you. I'd like to make a
8 brief statement at this time.

9 First of all, I'd like to thank you for the
10 opportunity and thank the legislature for the opportunity
11 to serve the last four years. It's been an honor and
12 privilege. It's also been a challenge. A lot has
13 happened in this first term of mine.

14 First, when I was elected, I had a short period
15 of when I had to decide what to do with my company. In
16 the short six weeks between mid-May and July 1, when I
17 was sworn in, I did sell the company. I was fortunate,
18 after talking to three companies, and I did sell out.
19 Unfortunately, I've been unable to sell my office
20 building, so I've still got an office building in
21 Fairfield County for sale.

22 I've been through extensive training, through
23 NARUC, and I want to thank you for that. I've been
24 through Unit 1 and Unit 2 at Michigan State University.
25 I've been to Utility Rate School, and I continue to

1 strive to seek education, and it's a constant learning
2 process.

3 While you have my background, prior to being a
4 Commission, and Mr. Fiffick read some of that, so I'm not
5 going to go through that again. I think I had a unique
6 fit four years ago, prior to coming on the Commission;
7 however, I don't think there's any substitute for having
8 served as a Commissioner, and then through the processes
9 that we go through and actually the experience of hearing
10 a case and being the judicial body that we are. There
11 are some adjustments, having been a person that's worked
12 in a productive-type, producing revenue all these years.
13 I've had to find myself not being an activist and take on
14 the role of judge and be an impartial body. I realize I
15 can't be for either side. I have to be like the umpire
16 that calls balls and strikes.

17 It's been a fabulous experience and there are
18 many, many challenges ahead. We talked last time, I
19 believe, that the population growth, and our census has
20 confirmed that as we gain a new congressional district.
21 Our population will continue to grow, and there are going
22 to be challenges that face our utilities as we go through
23 the next term that we'll deal with with the population
24 growth and demand being what it is. There are several
25 landmark cases that I've been involved in in my first

1 term as a Commissioner that are what I would consider
2 cases of a lifetime. There are two that come to mind,
3 and I would like the opportunity to serve another term to
4 help shepherd these cases as they continue to unfold.

5 Again, it's been a fabulous experience. It's
6 been a nice career change. I can't thank you enough.
7 I've served on several major NARUC Committees, as you
8 see. I have been considered for leadership on one major
9 committee, and hopefully, if I'm reappointed, I can maybe
10 seek a leadership role on some of those committees and
11 also leadership at my commission. With that, I'd like to
12 thank you.

13 MR. FIFFICK: Thank you, sir. I have some
14 standard questions that I'll be asking you now.

15 Could you please state your name and home
16 address for the record.

17 MR. WHITFIELD: Yes, sir. Swain E. Whitfield.
18 111 Heritage Road, Blackstock, South Carolina, 29014.

19 MR. FIFFICK: Are you a registered voter?

20 MR. WHITFIELD: Yes, sir.

21 MR. FIFFICK: In which congressional district
22 are you registered to vote?

23 MR. WHITFIELD: Fifth.

24 MR. FIFFICK: Mr. Whitfield, could you please
25 describe an ordinary workday for you in the Commission in

1 the offices and otherwise.

2 MR. WHITFIELD: Well, we come in, and I guess
3 first things first, like anybody in this day and age, we
4 go through e-mails, and, we, of course, as you know, we
5 can't respond to a lot of people. A lot are staff
6 e-mails and interoffice e-mails, and we have a lot of
7 publications that's come in. Typically, I'll see what
8 cases may be coming forward. I'll go through pretrial
9 testimony on cases coming before us, rebuttal testimony,
10 and then depending on what day it is, I may go and
11 debrief with our staff, never more than three of us. We
12 have an excellent staff. I'm probably interacting with
13 our staff multiple times a day. I'm glad they don't get
14 tired of me bothering them, and they do have various
15 areas of expertise. Each person having a different area
16 of expertise, and we rely on them heavily.

17 MR. FIFFICK: Thank you. In addition to the
18 information you've already conveyed, could you please
19 describe your experience and expertise in any of the
20 following areas, and include the time that you've been
21 engaged in the areas: Energy issues, telecommunication
22 issues, consumer protection and advocacy issues, water
23 and waste water issues, finance, economics, statistics,
24 accounting, engineering, or law.

25 MR. WHITFIELD: Well, Mr. Fiffick, of those

1 areas now that I've been on the Commission, I would say
2 that I've been -- I don't know that I'd call myself an
3 expert, but I've had to be intimately involved in each of
4 the areas you've mentioned. If you refer to prior to
5 coming on the Commission, I did have some experience in
6 energy areas and water and waste water as a local city
7 councilman back in the '90s.

8 Winnsboro had its own water and waste water
9 department, electric department, and natural gas
10 department. We don't regulate municipalities, but I was
11 heavily involved then, and I would like to point out that
12 27 percent of the cases last year were transportation
13 cases, and as you know from my background, I had 22 years
14 in transportation prior to coming on the Commission.
15 We're mostly thought of as regulating energy issues, and
16 those are our biggest cases and telecommunications. We
17 do regulate transportation, certain areas of it, and that
18 was 27 percent of our cases last year, and I believe I'm
19 the only one on the Commission that's held federal
20 authority and served in that industry for 22 years.

21 MR. FIFFICK: Thank you, sir. How do you
22 prepare for a hearing, and how long does it take to
23 prepare for a telecommunications, natural gas, water, or
24 sewer case?

25 MR. WHITFIELD: I guess I started down that

1 path with you a minute ago when I was talking about the
2 workday. First of all, we'll gather our testimony, and
3 we'll start going through the testimony and, depending on
4 the case, it could be a lot of reading. Some cases are
5 less, but I'm one of these, I read what I can on-line on
6 the computer or maybe on my cell, but I'm one of these
7 that still likes to read it in print, and call me what
8 you want, but sometimes it's a pretty heavy stack of
9 testimony, and it's a lot of reading. We'll go through
10 that, and then usually rebuttal testimony and sometimes
11 surrebuttal testimony will come in, and sometimes near
12 the end, settlement testimony comes in which will change
13 everything. So we go with our staff, we have, as I said,
14 a fine advisory staff. We have two accountants, we have
15 an electric and gas guy, and of course, we have
16 Dr. Spearman, our executive assistant, and we have six
17 attorneys. So I meet with our staff once we've read the
18 testimony, and we prepare right up to the time. If
19 there's a night hearing, we're at that night hearing,
20 public hearing, giving citizens a chance to speak and
21 we're considering the testimony given to public
22 witnesses. It carries a lot of weight with us. Then we
23 go and prepare the write-up of the hearing, and if there's
24 a settlement, that can change things almost at the last
25 minute.

1 MR. FIFFICK: Thank you, sir. If you were
2 approached by someone wanting to discuss a matter that is
3 or may become an issue in a proceeding before the Public
4 Service Commission, how would you handle that situation?

5 MR. WHITFIELD: I would simply tell him that I
6 could not discuss it. The law prohibits me from
7 discussing it. I don't know of anything that's come up
8 like that with me. I did have a constituent one time
9 when I was trying to tell him about a night hearing,
10 giving him the dates and times of it, and he didn't quite
11 get it, so I had staff send a letter out to him and a
12 couple other people letting them know the dates and times
13 of the public hearings and that I could not discuss the
14 case. He inadvertently wrote back to me telling me he'd
15 like to discuss the case with me at some other time. I
16 immediately went to our clerk, and she placed it in the
17 record, and all the parties had to be notified, and I
18 think all the parties realized it was purely inadvertent
19 on the part of this constituent. It's in the record, and
20 nobody contested anything, but that is the only incident
21 that I can recall in four and a half years of that coming
22 up.

23 MR. FIFFICK: Thank you, sir. Are you familiar
24 with the 2006 Advisory Opinion issued by the Review
25 Committee dealing with attendance at legislative

1 receptions?

2 MR. WHITFIELD: Yes, sir.

3 MR. FIFFICK: Are you familiar with the PURC
4 decision at its meeting on January 15th, of this year,
5 clarifying the 2006 Advisory Opinion?

6 MR. WHITFIELD: Yes.

7 MR. FIFFICK: Have you attended any legislative
8 receptions since receiving that advisory opinion?

9 MR. WHITFIELD: No, sir. I have not, nor have
10 I the last four and a half years.

11 MR. FIFFICK: What is the appropriate demeanor
12 for a Commissioner?

13 MR. WHITFIELD: The appropriate demeanor is to
14 be courteous to everyone that comes before us in the
15 hearing room, to use sound judgment, to be patient. Some
16 of these hearings go on, we have some long days, and we
17 have some long nights, too. We had one case that went
18 about a month, so I think patience is a big virtue. I
19 think listening is the biggest part. To sit there and
20 listen to what the expert witnesses say. Read your
21 testimony, and again, we have some brilliant witnesses
22 that come across the witness stand. You name it,
23 Harvard, Yale, MIT, University of Cal-Berkeley,
24 Vanderbilt. And you listen to each and every witness,
25 regardless of what side they're on, and you rule on the

1 evidence and determine from the facts of the case and the
2 rule of law set by the State of South Carolina, by the
3 General Assembly.

4 MR. FIFFICK: Thank you. Is there ever a role
5 for sternness or anger on the part of a Commissioner?

6 MR. WHITFIELD: No, sir. There's not a role
7 for that. Not from the bench, nor should there be with
8 our staff in the commission and day to day activities.
9 You know, there are seven us and we don't always agree on
10 things, but we respect each other. We get along, and we
11 function as a unit, and that's seven different people
12 coming from seven different perspectives, but we respect
13 each other. We are not going to demean the body, even
14 when we disagree. We're not going to demean the General
15 Assembly or PURC or anyone else, so there's no place for
16 that.

17 MR. FIFFICK: Thank you. Has the job as Public
18 Service Commissioner been as you expected it to be?

19 MR. WHITFIELD: It has been that and then some.
20 It's been a tremendous learning experience. I've been
21 through extensive training and things are constantly
22 changing. It has been really, really challenging and
23 rewarding and everything that I -- it's been more than I
24 thought it would be. However, I think I find myself
25 constantly thinking of things that I used to never give

1 any thought to. I have to constantly be aware, is this
2 allowable? Is it appropriate? Would it give the
3 appearance of impropriety? I catch myself thinking about
4 things that I used to not think about. We have to be
5 vigilant, and we have to be on our toes and make sure
6 that we don't do something that would violate or give the
7 appearance that there's any impropriety.

8 MR. FIFFICK: How would you rate your
9 performance, since being elected to the Commission?

10 MR. WHITFIELD: I would say my performance has
11 been great. Again, I'm eager to give back to the state a
12 lot of the training that I received. I think I'm in a
13 position to give back to the citizens of South Carolina
14 some of the training that I've benefited from. It has
15 been difficult to attain leadership, both at NARUC and
16 the Commission because, I know you all are aware, we've
17 had historic levels of Commissioners in leadership
18 positions. David Wright was President of NARUC, but we
19 also had four standing major Committee chairmen at the
20 same time. That might be the first time in history since
21 1889, at NARUC, that you had that happen. So there's a
22 little bit of, I don't know another word to use, but,
23 envy of South Carolina in its leadership roles. I have
24 been considered for leadership on a major committee, but
25 I think, typically, they're looking to see if I'm

1 reappointed, and respectfully to you all, I hope I am.

2 MR. FIFFICK: Please explain the general rule
3 regarding ex parte communications.

4 MR. WHITFIELD: Ex parte communications are
5 distinctly prohibited and not allowed under any
6 circumstances. There's severe penalties for that,
7 including fines and imprisonment. If we suspect it of a
8 fellow Commissioner, we are supposed to report it to you,
9 to the PURC Committee. We do have allowable ex partes
10 quite frequently where we notice them, and publish them
11 on the record, and all the parties are allowed to come in
12 and give us a briefing or update. And those are
13 allowable ex parte briefings, which happen frequently.

14 MR. FIFFICK: Thank you. Would you please
15 relate the statutorily stated purpose and operation of
16 the Base Load Review Act of 2007, to include a discussion
17 of contingent and capital cost.

18 MR. WHITFIELD: Well, the Base Load Review Act
19 was passed by the legislature in 2007, and you want to
20 know in terms of capital costs?

21 MR. FIFFICK: Include in your overview, a brief
22 discussion of contingent and capital costs and how they
23 relate.

24 MR. WHITFIELD: Okay. Well, if you don't mind,
25 I'll answer that first. The Base Load Review Act allows

1 the utility to do several things. One is that it allows
2 for a preconstruction order, in which the company can
3 recover certain preconstruction costs. It has to be a
4 capacity factor of 70 percent or greater and be larger
5 than a 300-megawatt facility or larger. That allows the
6 company, if they choose, to seek preconstruction recovery
7 costs. Going forward, the company has to present certain
8 schedules and milestones in the Base Load Review Act, and
9 in presenting those milestones, they have to come back
10 annually to show they're meeting that and that they're
11 prudent in doing so. Then they're allowed to recover
12 costs associated with that capital investment. In our
13 case, as you know, it did go onto the Supreme Court, one
14 of our Base Load Review orders did go to the Supreme
15 Court and the Supreme Court disallowed the contingent
16 fund of \$438 million, and now they have to come back each
17 time for the contingency costs to be included in rate
18 base. The other thing the Base Load Review Act is to
19 allow the company to recover costs and fuel proceedings
20 for environment costs, such as, reagents, limestone,
21 emission control, limestone and other reagents that are
22 needed in the emission control process. Base Load Review
23 Act is designed to allow the company to seek recovery for
24 its cost going forward, so that at the end of the day
25 some of the costs will be covered in advance as the plant

1 is being built. Otherwise, the plant is not useful, and
2 typically, the company is not allowed to recover costs
3 until the plant is used and useful. So when the plant is
4 used and useful, a lot of the costs are interest costs
5 that have been paid earlier, and it allows the company to
6 seek capital investment at better rates than they would
7 have otherwise. So you're doing two things there.
8 You're lowering the burden on what would be the
9 ratepayers cost at the end of the day, instead of saying
10 here's your plant and here's your big mortgage with it.
11 Instead, you've absorbed a lot of those interest costs
12 early on, from day one, when you started the
13 preconstruction.

14 MR. FIFFICK: Thank you, sir. I have a few
15 housekeeping questions. Have you sought or received the
16 pledge of any legislator prior to this date?

17 MR. WHITFIELD: No, sir.

18 MR. FIFFICK: Have you sought or been offered a
19 conditional pledge of support by any legislator pending
20 the outcome of your screening?

21 MR. WHITFIELD: No, sir.

22 MR. FIFFICK: Have you asked any third-parties
23 to contact members of the General Assembly on your behalf
24 before the final and formal screening report has been
25 released?

1 MR. WHITFIELD: No, sir.

2 MR. FIFFICK: Are you aware of any friends or
3 colleagues contacting members of the General Assembly on
4 your behalf?

5 MR. WHITFIELD: No, sir.

6 MR. FIFFICK: Are you familiar with the 48-hour
7 Rule which prohibits candidates from seeking pledges for
8 48 hours after the report has been submitted to the
9 General Assembly?

10 MR. WHITFIELD: Yes, sir.

11 MR. FIFFICK: Do you plan to serve out your
12 full term if reelected?

13 MR. WHITFIELD: I sure do.

14 MR. FIFFICK: Thank you, sir. Mr. Chairman, I
15 have no further questions.

16 SENATOR HUTTO: Any questions, Mr. Sandifer?

17 REPRESENTATIVE SANDIFER: Thank you, Mr.
18 Chairman. Commissioner Whitfield, congratulations on a
19 successful four-plus years. As I looked at your
20 information, I can't help but commiserate with your
21 inability to sell your office building.

22 Going through your information, one thing that
23 caught my attention, and I think it's unusual, and I'd
24 like a little explanation is, the fact that you ran for
25 South Carolina House of Representatives in District 41,

1 in 1992, and District 77 in 2004. Would you give us some
2 explanation.

3 MR. WHITFIELD: Yes, sir. I ran in House
4 District 41 in 1992. The first time I ran for public
5 office. I think I was 29. I lost to an incumbent, but I
6 learned a lot and stayed involved. I ran for city
7 council a couple years later, and I won that and served a
8 four-year term there. My wife teaches in Richland School
9 District Two, and we moved Blythewood, and I ran for a
10 house seat in 2004. I received about 5,400 votes, but
11 fell a little short of the mark. I stayed involved and
12 served on a couple of state and local county boards and
13 ran for the Commission in 2008.

14 REPRESENTATIVE SANDIFER: So you're residency,
15 did that change between '92 and '04?

16 MR. WHITFIELD: Yes, sir. After I got off
17 Winnsboro Council in 1999, probably about 2000, is when I
18 moved.

19 REPRESENTATIVE SANDIFER: You identified the
20 fact that there have been two landmark cases that you
21 said, I think, that both of them are ongoing. Would you
22 tell us what are they involving?

23 MR. WHITFIELD: Yes, sir. I think I can do
24 that without violating anything. They're cases that are
25 in the past, so I can say what's public. I have to be

1 careful. One of them, naturally, is what we know as 2196
2 E, which is the Base Load Review case involving V.C.
3 Summer Nuclear Station, Units 2 and 3. As you know,
4 that's the first case of that magnitude in nearly 30
5 years, so it was a case of a lifetime, and Representative
6 Sandifer, you know that is still ongoing as the plants
7 are under construction, and we have an annual review, so
8 that's about all I can say.

9 REPRESENTATIVE SANDIFER: That's all I need.

10 MR. WHITFIELD: The other case that I was
11 referring to was the Duke-Progress merger, which Duke is
12 now, once the merger is consummated, will be the largest
13 electrical utility in America. That merger affects six
14 states, South Carolina being one of the states, and it is
15 still unfolding as we speak, and I don't know how much
16 more I can say about that.

17 REPRESENTATIVE SANDIFER: That's all you need
18 to say. I just need to know what cases we were talking
19 about, in your mind, as being landmark cases.

20 MR. WHITFIELD: Those are the two.

21 REPRESENTATIVE SANDIFER: One of the things
22 that you told Counsel was that you go through your
23 e-mails when you come in the office. What happens when
24 an e-mail comes in, and you open it and find that
25 inadvertently you have opened an ex parte communication?

1 MR. WHITFIELD: That's a good question.
2 Thankfully, prior to my coming on the Commission, maybe
3 something to do with Act 175, they had setup public
4 e-mail addresses for us, and then we have a regular
5 e-mail account, and our staff is very good about not only
6 screening that public e-mail, but also screening phone
7 calls, they screen our mail. We're pretty insulated, and
8 I think that's, as you folks on the PURC Committee want
9 it, but that hasn't happened to me.

10 REPRESENTATIVE SANDIFER: And you were talking
11 about taking testimony. If you had to characterize where
12 the majority of settlement testimony comes from, would
13 you say that a lot of it comes from ORS?

14 MR. WHITFIELD: Yes, sir. Absolutely. A lot
15 of times in a case, you'll have multiple intervenors, and
16 ORS is the party that works with all the intervenors.
17 We're not allowed to have any contact with them
18 whatsoever, so ORS and staff at ORS and attorneys at ORS,
19 they're the ones, and I don't know exactly how they do
20 that, but they do it, and sometimes they don't.
21 Sometimes they'll have a settlement where they may get
22 six or seven intervenors, and all parties except one or
23 two sign on, and we have a settlement, but you'll have
24 two parties that still haven't signed on to the
25 settlement, so then we're in another predicament. Yes,

1 sir. I would say ORS is the main body working, not only
2 with the intervenors, but also with the public. Of
3 course, as you well know, they're representing the
4 consumers' interest, so they're working with the
5 consumers to help get their concerns met as well.

6 REPRESENTATIVE SANDIFER: If you looked at a
7 calendar year, give us an idea of how many
8 adversarial-type hearings you conduct in a year.

9 MR. WHITFIELD: Are you talking about major?

10 REPRESENTATIVE SANDIFER: No. Just adversarial
11 hearings, whether big or small, is it two a month or 20?

12 MR. WHITFIELD: Well, I wish I had some figures
13 for the exact number of cases, but we can have an
14 adversarial hearing in a transportation case. It doesn't
15 always happen, but it does. Honestly, there's always one
16 or two or three ongoing battles going on at all times.
17 Of course, electric cases are heavily contentious and
18 contested, but if you want my honest opinion, some of the
19 water and waste water cases are some of the most -- if
20 you want to get people really mad, mess with their
21 drinking water. And some of the water and waste water
22 case are the most contentious ones that I've seen.
23 Electric can be, telecom can be, they all can be. But I
24 would say some of the most emotional cases I've seen are
25 the water and electrical cases.

1 REPRESENTATIVE SANDIFER: You talked about the
2 extensive training that you've taken, and I commend you
3 for that. What training would you categorize as being
4 the best since being on the Commission?

5 MR. WHITFIELD: The best? Well, it's essential
6 that you go to Michigan State to Level 1 and Level 2. I
7 did it separate years. The first one in '08, the second
8 one in 2009. The Utility Rate School, I did in 2010, and
9 it was good also. I think the unique thing is that it
10 takes you through a mock case, the entire exercise, a
11 week long of a mock rate case. Now, fortunately for me, I
12 had been a Commissioner for a couple years and been
13 through a couple of serious water cases. I would say
14 Michigan State is a must. NARUC also has some New
15 Commissioner Training that's helpful and very effective.
16 When I went through, they had the NARUC Committee chairs
17 that actually came in and gave us their expertise, plus
18 the staff gave us their expertise. The NARUC course was
19 compressed into a one or two day.

20 REPRESENTATIVE SANDIFER: That's kind of like
21 boot camp.

22 MR. WHITFIELD: Well, the boot camp, those are
23 actually a week long. Week one and two, and I did it in
24 separate years. There is some other training.

25 REPRESENTATIVE SANDIFER: No. I don't need to

1 know all of it. I just wanted your personal opinion.

2 MR. WHITFIELD: I would say the NARUC boot
3 camps and the Utility Rate School.

4 REPRESENTATIVE SANDIFER: And then, is it safe
5 to say that the primary residual effect of the Base Load
6 Review Act is the fact that it allows the utilities to
7 attract capital at a reasonable rate?

8 MR. WHITFIELD: Absolutely. I was privileged
9 to give the South Carolina perspective at a Wall Street
10 dialogue with the major credit agencies hanging onto
11 about everything that I said. It happened to be same
12 week that Standard and Poor downgraded the U.S.
13 government's credit rating. It was a really unique time
14 to do that. Absolutely. That is the effect, and if I'm
15 not mistaken, we were ahead of the game in South
16 Carolina, and Georgia, if I'm not mistaken, passed their
17 Base Load Review Act simultaneously in the Georgia State
18 Senate while they were already having their case ongoing
19 before the Georgia Public Service Commission. So I can
20 say we did it right. We had the law in place several
21 years before the case, and from what I learned and read
22 about, they tried to do the two simultaneously. I think
23 it got a lot of press.

24 REPRESENTATIVE SANDIFER: Thank you,
25 Commissioner. Thank you, Mr. Chairman.

1 SENATOR HUTTO: Anybody else?

2 REPRESENTATIVE FORRESTER: Just one quick
3 question. What do you see are the biggest challenges
4 facing your role in the Public Service Commission in the
5 coming years?

6 MR. WHITFIELD: You mean for the Commission as
7 a whole?

8 REPRESENTATIVE FORRESTER: Right.

9 MR. WHITFIELD: I see the biggest challenges
10 are continuing to provide affordable and reliable energy
11 and utilities at fair rates for South Carolina ratepayers
12 with the constraints that I know are facing us. And
13 those are the federal regulations that are -- one set is
14 already in place. The EPA regs, the air quality, and
15 then there are two more breathing down our neck. Rule
16 316 B, which has to do with the cooling water intake and
17 the Coal Act, and if those are implicated, it's going to
18 take more diligence on our utilities part to continue to
19 provide low cost, affordable, reliable power for South
20 Carolinians. I think it's crucial that we continue to do
21 so because we've had some good news here in South
22 Carolina, but we have to get our manufacturing base back
23 on. We have rural areas that have not come around, and
24 we have to get, we've got to get that manufacturing jump
25 started and going again. The only way we're going to do

1 it is to be able to provide affordable, reliability
2 power. Not only for the industry, but for the citizens
3 in all classes of ratepayers, be it, residential,
4 commercial, large industrial, whatever. I think that's
5 the biggest challenge, plus any other federal mandates
6 that may come our way.

7 REPRESENTATIVE FORRESTER: Thank you.

8 SENATOR HUTTO: We'll ask you to stay and
9 everybody else to leave. As I told you earlier, once we
10 finish this, he'll be excused. We'll remain in Executive
11 Session, and we'll see you all in the morning at 9:30.

12 (The hearing adjourned at 6:05 p.m.)

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CERTIFICATE OF REPORTER

I, Lisa A. Garson, Court Reporter and Notary Public for the State of South Carolina at Large, do hereby certify:

That the foregoing transcript was taken before me on the date and at the time and location stated on the 1st page of this transcript; that all statements made on the record at the time of the proceeding were recorded stenographically by me and were thereafter transcribed; that the foregoing transcript as typed is a true, accurate and complete record of the proceeding to the best of my ability.

I further certify that I am neither related to nor counsel for any party to the cause pending or interested in the events thereof.

Witness my hand, I have hereunto affixed my official seal this 27th day of February, 2013, at Greenville, Greenville County, South Carolina.

Lisa A. Garson,
Court Reporter
Notary Public
State of South Carolina
My Commission Expires:
December 19, 2019

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