C90G00
Public Service Commission

Operating Budget Data

($ in Thousands)

	FY 04 Actual	FY 05 Working	FY 06 Allowance	FY 05-06 Change	% Change Prior Year
Special Fund	$12,152	$12,598	$11,669	-$929	-7.4%
Total Funds	**$12,152**	**$12,598**	**$11,669**	**-$929**	**-7.4%**
Adjusted Total	**$12,152**	**$12,598**	**$11,669**	**-$929**	**-7.4%**

- The Public Service Commission (PSC) fiscal 2006 allowance decreases by $929,000, or 7.4% from the fiscal 2005 working appropriation. Personnel expenses decrease by $231,000 mostly due to increased turnover expectancy, and contractual costs decrease by $770,000 because PSC has no planned consultant expenditures for fiscal 2006.

Personnel Data

	FY 04 Actual	FY 05 Working	FY 06 Allowance	FY 05-06 Change
Regular Positions	140.00	138.00	138.00	0.00
Contractual FTEs	4.00	5.00	5.00	0.00
Total Personnel	**144.00**	**143.00**	**143.00**	**0.00**
Vacancy Data: Regular Positions				
Turnover, Excluding New Positions		11.12	8.06%	
Positions Vacant as of 12/31/04		13.00	9.42%	

- From fiscal 2005 to 2006, there is no change in the numbers of regular or contractual positions.
- Due to a high number of vacant positions, increased turnover expectancy accounts for a decrease of $340,000 in PSC's fiscal 2006 budget allowance.
- PSC's vacancy rate has fluctuated from a low of 3.52% in July 2003, to 11.59% in July 2004, to the most recent figure of 9.42% in December 2004.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Success in General Administration Division: The percent of orders upheld upon judicial review continues to improve. Streamlining complaint procedures improves PSC's performance, although actual data falls short of previous estimates.

Mixed Performance in Telecommunications, Accounting, and Common Carrier Investigations Divisions: The percent of market share attained by new competitors rises in fiscal 2004 but is expected to decrease in future years. Despite an unexpected retirement, the taxicab complaint process has been streamlined, and improvement is expected.

Issues

Proposed Merger of Low-income Weatherization Programs: PSC has oversight responsibility over the Department of Human Resources' (DHR) Electric Universal Service Program (EUSP), which contains the following three components: bill payment assistance, arrearage retirement, and weatherization services. The Department of Housing and Community Development (DHCD) also administers a weatherization assistance program. In January 2004 the Office of Legislative Audits found that DHR had not adequately managed its weatherization component of EUSP. As a result, during the 2004 legislative session, the General Assembly directed DHR, DHCD, and PSC to jointly prepare and submit a report detailing the most appropriate method of merging the two weatherization programs. The report found that DHCD should administer a merged weatherization program, and that DHR should continue to provide bill payment assistance and arrearage retirement services. PSC will retain oversight responsibility for DHR's bill payment assistance and arrearage retirement responsibilities.

Status of Consumer Education Program: In fiscal 2006 PSC will provide these services through its General Administration Division.

Overlap of Duties in the Administrative Division: In PSC's Administrative Division, the Office of the Executive Secretary and the Office of the Chief of Staff have overlapping fiscal, information management, and personnel functions, creating an added layer of administrative bureaucracy.

Recommended Actions

		Funds	Positions
1.	Delete four PINs that have been vacant for longer than 18 months.	$ 217,128	4.0
2.	Reduce funds for management studies and consultants.	105,044	
3.	Delete two PINs and associated costs for administrative efficiency.	148,657	2.0
	Total Reductions	**$ 470,829**	**6.0**

Updates

Status of Electric Deregulation and Price Caps: Some residential rate caps expired on June 30, 2004, and others are set to expire through December 31, 2008. PSC is working to promote a competitive marketplace.

Disposition of Unspent Funds from the Consumer Education Program Contract: Language added to the fiscal 2005 budget bill expressed the intent of the General Assembly that PSC finance its fiscal 2004 consumer education program with fiscal 2004 special funds rather than with funds transferred from the Dedicated Purpose Fund during prior years. The language would allow unexpended funds originally from the Dedicated Purpose Fund to revert to the general fund at the close of fiscal 2004. As intended by the General Assembly, $200,261 in special funds originally from the Dedicated Purpose Fund reverted to the State's general fund at the close of fiscal 2004.

Security, Enforcement, and Investigations Unit and Functions: Language that the General Assembly added to the fiscal 2005 budget bill provided that $328,000 of the fiscal 2005 appropriation was to be used only for positions with security, enforcement, and investigations functions. PSC had nine positions intended for this unit, but one was abolished through fiscal 2004 cost containment actions. Of the eight remaining positions with security, enforcement, and investigations functions as a major part of their job descriptions, PSC reports that seven are filled.

C90G00
Public Service Commission

Operating Budget Analysis

Program Description

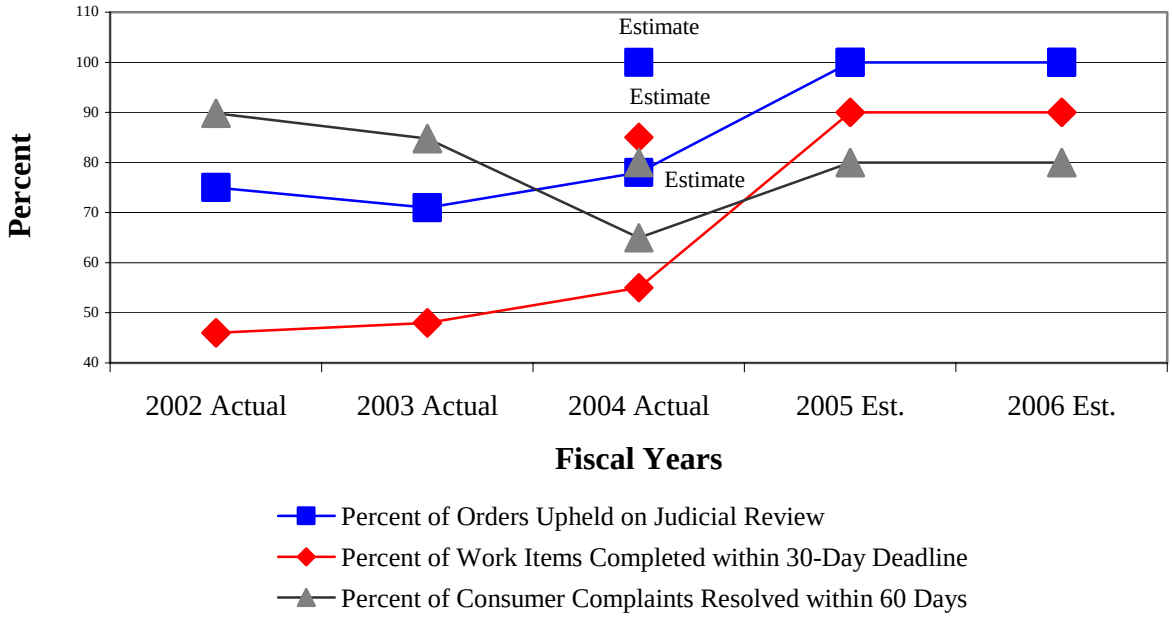
The Public Service Commission (PSC) regulates gas, electric, telephone, water, sewage disposal, and certain passenger transportation companies doing business in Maryland. PSC is authorized to hear and decide matters relating to (1) rate adjustments; (2) applications to exercise or abandon franchises; (3) applications to modify the type of scope of service; (4) approval of issuance of securities; (5) promulgation of new rules and regulations; and (6) quality of utility and common carrier service. PSC sets utility rates, collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, promulgates and enforces rules and regulations, defends its decisions on appeal to State courts, and intervenes in relevant cases before federal regulatory commissions and federal courts. PSC is funded by special funds obtained through assessments on public service companies. PSC's key goals are:

- to ensure that gas and electric utility companies operate utility systems safely;
- to ensure that public service companies deliver reliable services;
- to conduct open and fair proceedings and render timely decisions in accordance with statutory mandates and applicable law; and
- to ensure that all Maryland consumers have adequate consumer protection.

Performance Analysis: Managing for Results

In general, PSC's Managing for Results performance measures show mixed success. **Exhibit 1** shows continued success in PSC's General Administration division. The percent of PSC orders upheld on judicial review continues to improve, as does the percent of matters requiring staff comments on utility filings completed within 30 days due to a fast track procedure established in 2003. The percent of consumer complaints resolved within 60 days declined in fiscal 2004, due to changes in PSC's complaint dispute process improving documentation requirements and providing more opportunities for consumers and companies to address issues. However, for each measure, the actual values in fiscal 2004 were far lower than the estimates due to less than full staffing and overestimating the cases that would be part of the fast track process.

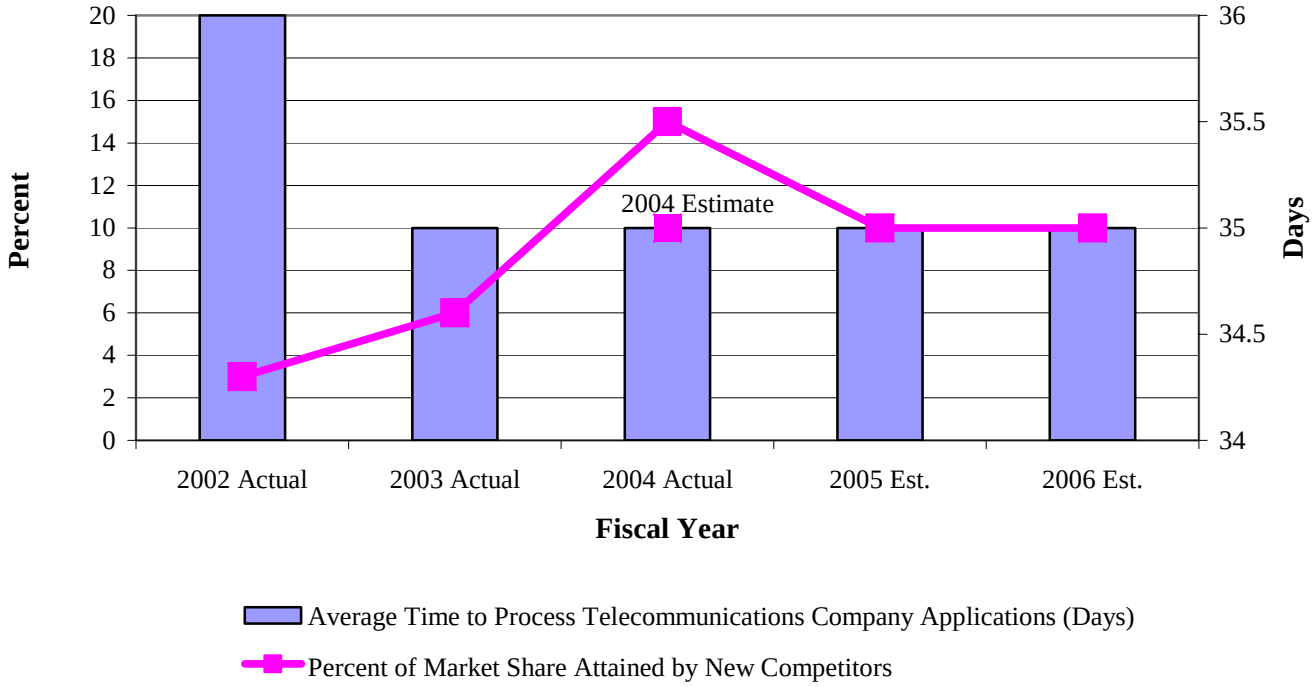
Exhibit 1
General Administration
Fiscal 2002 – 2006



Source: Public Service Commission

Exhibit 2 shows performance measure data for the Telecommunications Division. The average number of days it takes PSC to process telecommunications company applications has remained steady since fiscal 2003 and is projected to remain steady through fiscal 2006. PSC reports that it constantly reviews its application procedures for efficiency but has not recently identified measures that need to be taken to reduce the processing time. However, the percent of market share attained by new competitors rose sharply in fiscal 2004 to a level significantly in excess of PSC's estimate for fiscal 2004. This unanticipated rise was reportedly due to reliance on data provided by the Federal Communications Commission (FCC), which reflects increased customer activity in response to promotions and specials. However, this value that measures only wireline service is expected to decrease in future years as wireless service direct competitors gain more of the market share and recent decisions by the FCC hinder the ability of carriers to maintain customers.

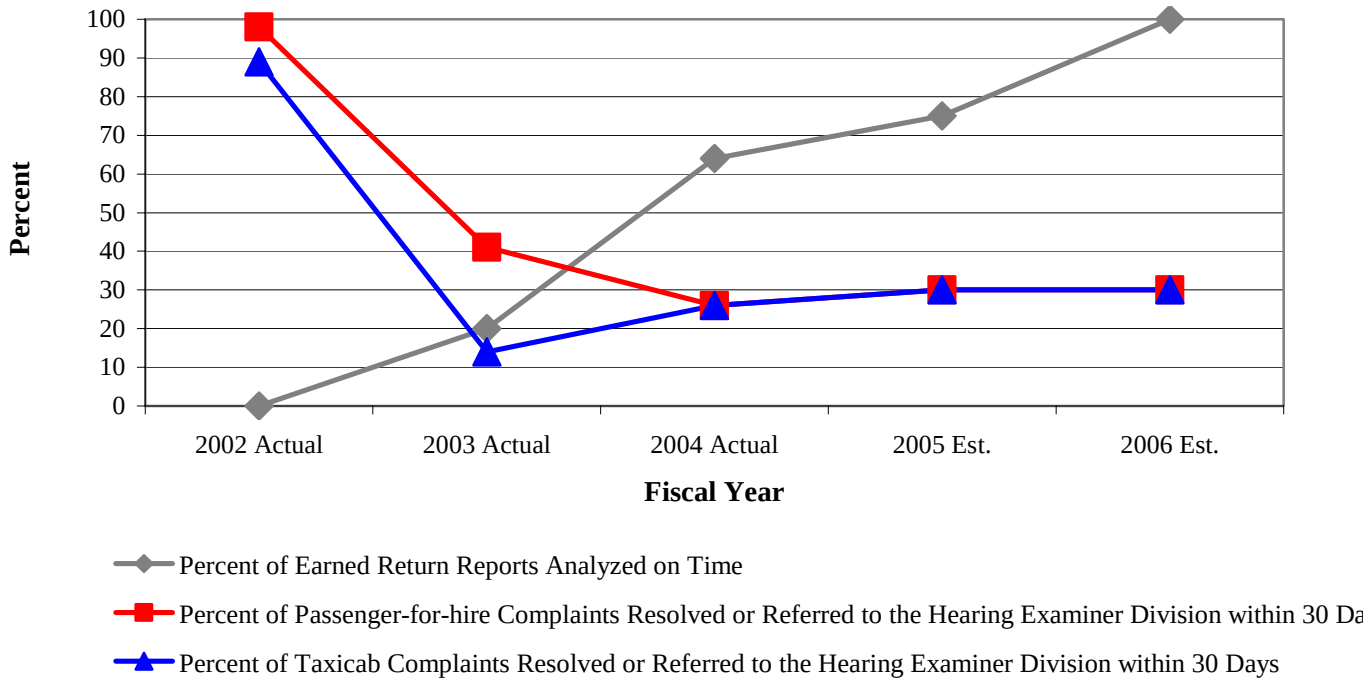
Exhibit 2
Telecommunications Division
Fiscal 2002 – 2006



Source: Public Service Commission

Exhibit 3 portrays PSC's performance in its Accounting and Common Carrier Investigations divisions. The Accounting Division has shown continued improvement since fiscal 2002 in the percent of Earned Return Reports analyzed on time, although the actual number in fiscal 2004 was still only 65%. In fiscal 2003 the percent of passenger-for-hire and taxicab complaints resolved or referred to the Hearing Examiner Division within 30 days dropped sharply, mostly due to the unanticipated retirement of an inspector. During the previous legislative session, PSC estimated improvement in numbers for fiscal 2004 and 2005, but PSC now anticipates some additional retirements through fiscal 2006. The measures for taxicab complaints resolved or referred within 30 days are now expected to improve more quickly than estimated in the previous year due to PSC's implementation of a complaint process that eliminates a second notice to taxicab permit holders who fail to respond to an initial contact and immediately refers them to a hearing.

Exhibit 3
Accounting and Common Carrier Investigations
Fiscal 2002 – 2006



Source: Public Service Commission

Fiscal 2005 Actions

Two regular positions were eliminated during fiscal 2005. These were a Regulator Economist I that was originally intended for the Securities, Investigations, and Enforcement Unit and an Administrative Specialist I position intended for the Common Carrier Investigations Program. These vacant positions were eliminated for administrative efficiency purposes.

Governor's Proposed Budget

Exhibit 4 provides information on the major changes in PSC's budget.

Exhibit 4
Governor's Proposed Budget
Public Service Commission
($ in Thousands)

How Much It Grows:	Special Fund	Total
2005 Working Appropriation	$12,598	$12,598
2006 Governor's Allowance	11,669	11,669
Adjusted Allowance	**$11,669**	**$11,669**
Amount Change	-$929	-$929
Percent Change	-7.4%	-7.4%

Where It Goes:	
Personnel Expenses	
Increments and other compensation	$143
Retirement costs	67
Turnover adjustments due to increased turnover expectancy	-340
Employee and retiree health insurance	-66
Other fringe benefit adjustments	-35
Other Changes	
Telecommunications charges increase to reflect actual costs	74
Washington Metropolitan Transit Commission grants increase to fund a new information processing position and a management study	48
Elimination of planned expenditures for consultant contracts	-770
Motor vehicle fleet decreases by four vehicles	-29
Rent	-21
Total	**-$929**

Note: Numbers may not sum to total due to rounding.

Impact of Strategic Budget Reductions

The impact of strategic budget reductions is stated in **Appendix 5**. The turnover rate increases from 4 to 8% in fiscal 2006, saving $340,000 in special funds. This reduction is not expected to significantly impact PSC's operations. PSC also has no planned expenditures for consultants in fiscal 2006, which reduces its budget by an additional $770,000. This reduction is not expected to impede PSC's goals or objectives.

Issues

1. Proposed Merger of Low-income Weatherization Programs

Background

The Electric Customer Choice and Competition Act of 1999 created the Electric Universal Service Program (EUSP) to provide low-income customers with bill payment assistance, arrearage retirement, and weatherization services. EUSP is administered by the Department of Human Resources' (DHR) Office of Home Energy Program (OHEP) and overseen by PSC. EUSP has been funded with approximately $34 million per year, with these special funds being paid by electric customers in their monthly bills to the utilities. DHR generally allocated approximately 10% of this $34 million, or $3.4 million, for the weatherization component of EUSP. The rest of the $34 million was allocated for bill payment assistance, arrearage retirement, and administrative costs.

The Department of Housing and Community Development (DHCD) also administers a weatherization assistance program (WAP) that helps low-income homeowners and renters reduce their energy consumption by installing energy conservation materials in their dwellings. DHCD's WAP is funded with federal funds, special funds, and reimbursable funds, and weatherization services are provided by a network of 15 local government and nonprofit organizations that serve all 24 jurisdictions.

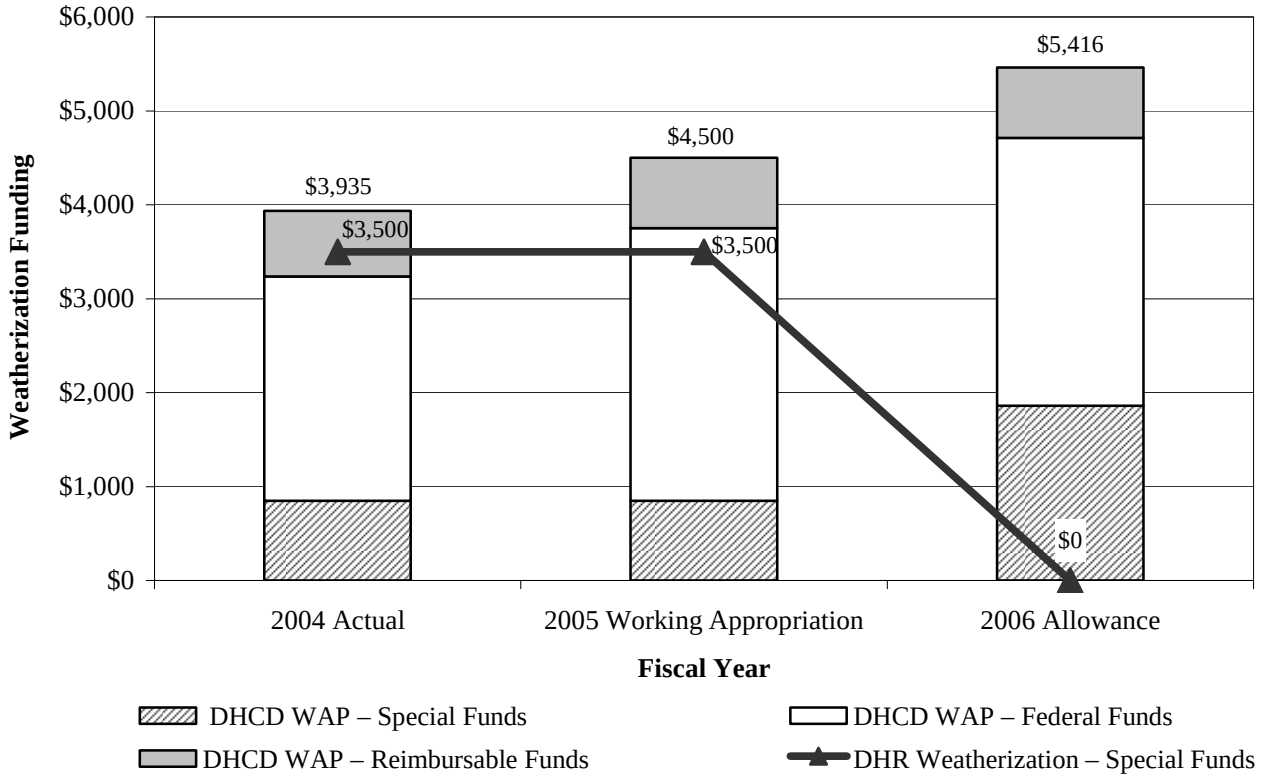
In January 2004, the Office of Legislative Audits (OLA) released an audit report on DHR's EUSP. The report found that DHR OHEP had not adequately managed the weatherization component of EUSP. As of October 31, 2003, only 9% of the $3.5 million authorized for the weatherization component had been spent, and funds were soon to be returned to electric customers if they remained unspent. DHR utilized the retention clause of the enacting legislation to spend the funds on bill payment assistance during the first three months of fiscal 2005. DHR's contract with the weatherization vendor was extended through December 2005 at no additional expense.

During the 2004 legislative session, the General Assembly directed DHR, DHCD, and PSC to jointly prepare and submit to the General Assembly a report detailing the most appropriate method of merging the two weatherization programs currently administered by DHR and DHCD. The agencies agreed that it would be feasible and desirable to merge the two weatherization programs and that the proposed merger would result in better service to more low-income households in a more cost-effective manner. The agencies also agreed that DHR's OHEP should focus on providing bill payment assistance and arrearage retirement, and DHCD should administer the merged low-income weatherization program. PSC will retain oversight responsibility for DHR's bill payment assistance and arrearage retirement components of EUSP.

Merged Low-income Weatherization Program

DHR's and DHCD's weatherization programs currently have the same eligibility criteria – electric customers must have annual incomes at or below 150% of the federal poverty level. Proposed legislation (SB 202/HB 299) to merge the two programs has been introduced in the 2005 session and would become effective July 1, 2005; $1 million would be transferred to DHCD to provide weatherization services. The remaining $2.4 million in the weatherization portion of DHR's EUSP budget would be used for bill payment assistance and arrearage retirement. As shown in **Exhibit 5**, DHR's EUSP funds decrease while DHCD's weatherization funds increase by $1 million in fiscal 2006.

Exhibit 5
Weatherization Funding
Fiscal 2004 – 2006
($ in Thousands)



Notes: $1.0 million of DHCD's WAP fiscal 2006 allowance is contingent upon the enactment of legislation (SB 202/HB 299) transferring the responsibility for the weatherization component of EUSP from DHR to DHCD.

DHR funding level in fiscal 2004 reflects the allocation for weatherization and not actual spending.

Source: Department of Legislative Services

DHCD intends to blend the State special funds with its federal grant and utilize the money to continue to weatherize homes under the U.S. Department of Energy's (DOE's) definition of weatherization. DOE's federal definition is broader than the State's definition and allows for replacement of appliances. The merged weatherization program will be allocated through the State's network of 15 local government and nonprofit organizations. DHCD advises that it will administer the merged program utilizing its current staff. However, as the program grows the department may need to add additional staff.

PSC should comment on how it intends to monitor the effectiveness of DHR's bill payment assistance and arrearage retirement services, the amount of assessments charged to electric ratepayers, how these assessments have changed, and how they are likely to change in the future.

2. Status of Consumer Education Program

The Electric Customer Choice and Competition Act of 1999 was enacted to facilitate a competitive market place, foster competition, and provide consumers with timely and unbiased information about electric deregulation. The legislation funded the Consumer Education Program for three years. PSC formed a Consumer Education Advisory Board comprised of representatives from utilities, PSC staff, Office of People's Counsel, and DHR OHEP. The contract with the Consumer Education vendor will be finished in fiscal 2006, but PSC intends to continue to provide consumer education through its General Administration Division. Consumer education activities include updating the web site (www.md.electric-info.com), preparing brochures in English and Spanish, making presentations to community associations, professional groups, and other individuals, and fielding consumer calls. PSC does not expect provision of consumer education services to change significantly in fiscal 2006.

3. Overlap of Duties in the Administrative Division

PSC has nine divisions: Administrative; Accounting Investigations; Engineering; Hearing Examiner; Integrated Resource Planning; Rate Research and Economics; Staff Counsel; Telecommunications; and Transportation. Within the Administrative Division is the five-member Commission, the Office of the Executive Secretary, the Office of the Chief of Staff, the Office of General Counsel, the Office of External Relations, and the Office of the Executive Director. Primary functions and duties of these administrative offices are portrayed in **Exhibit 6**.

Exhibit 6
Organization of Administrative Division

Executive Secretary (Statutory Position)	• Commission's chief administrative officer • Member of team of policy advisors • Responsible for Commission's case management • Supervises Administrative Division, which consists of five sections: 1. Management Information Systems 2. Fiscal and Budget 3. Personnel 4. Purchasing, Procurement, and Administrative Services 5. Document Management
Office of the Chief of Staff	Responsible for Fiscal, Information Technology, and Personnel
Office of General Counsel	Represents PSC in federal and State courts; provides legal advice to the Commission
Office of External Relations	Investigates and responds to consumer inquiries and complaints; handles public relations
Office of the Executive Director (Statutory Position)	Manages technical divisions

Source: Public Service Commission; Department of Legislative Services

As shown in Exhibit 6, the Office of the Executive Secretary and the Office of the Chief of Staff are both responsible for fiscal, information management, and personnel administrative operations. These functions historically were administered by the Office of the Executive Secretary, which is created by statute. Currently, the administrative duties of the Office of the Chief of Staff overlap with the administrative duties of the Office of the Executive Secretary, creating an unnecessary layer of administrative bureaucracy.

Recommended Actions

		Amount Reduction		Position Reduction
1.	Delete four PINs that have been vacant for longer than 18 months. The PINs are 001986, 083010, 083008, and 083000.	$ 217,128	SF	4.0
2.	Reduce funds for management studies and consultants. The Public Service Commission reports that it has no expenditures planned for management studies and consultants for fiscal 2006. If the need arises for management studies or consultants, special funds may be added by budget amendment.	105,044	SF	
3.	Delete two PINs (002013 and 047744) and associated costs for administrative efficiency. The duties of the Office of the Chief of Staff include fiscal and personnel functions. These functions historically were administered by the Office of the Executive Secretary, which is created by statute. Currently, the administrative duties of the Office of the Chief of Staff overlap with the administrative duties of the Office of the Executive Secretary, creating an unnecessary layer of administrative bureaucracy.	148,657	SF	2.0
	Total Special Fund Reductions	**$ 470,829**		**6.0**

Updates

1. Status of Electric Deregulation and Price Caps

The Electric Customer Choice and Competition Act of 1999 (the Act) gives residential customers the choice to purchase electricity from either their utility or a competitive supplier. Pursuant to the Act, electricity rates were capped; the expiration dates of residential rate caps are shown in **Exhibit 7**. Originally, utilities' obligation to provide electricity to residential customers was to end if PSC concluded there was sufficient competition in the market. PSC subsequently concluded in April 2003 that there was not sufficient competition and ordered that utilities must continue to provide residential customers with electricity as providers of last resort. PSC is currently working to foster competition by attracting electricity suppliers to Maryland. The President of the Maryland Senate is in the process of establishing a commission to examine the electricity deregulation issue.

Exhibit 7
Impact on Residential Customers

Utility	Rate Caps Expire	Estimated Annual Bill Increase
Delmarva	June 30, 2004	N/A
Baltimore Gas and Electric	June 30, 2006	N/A
Potomac Electric Power Co.	June 30, 2004	15%
Potomac Edison/Allegheny Power	December 31, 2008	N/A
Southern Maryland Cooperative	December 31, 2004	N/A
Choptank Cooperative	June 30, 2005	N/A
Conectiv	June 30, 2004	11%

Source: Public Service Commission

PSC should brief the committees on the status of market competition and how customers will be affected.

2. Disposition of Unspent Funds from the Consumer Education Program Contract

Language added to the fiscal 2005 budget bill expressed the intent of the General Assembly that PSC finance its fiscal 2004 consumer education program with fiscal 2004 special funds, rather than with funds transferred from the Dedicated Purpose Fund during prior years. This language would allow unexpended funds originally from the Dedicated Purpose Fund to revert to the general fund at the close of fiscal 2004. As intended by the General Assembly, $200,261 in special funds originally from the Dedicated Purpose Fund reverted to the State's general fund at the close of fiscal 2004.

3. Security, Enforcement, and Investigations Unit and Functions

During the 2003 legislative session, PSC was appropriated approximately $2 million and nine new PINs to establish a new Security, Enforcement, and Investigations Unit. During the 2004 legislative session, the new unit had not been established; PSC had filled or recruited for five of the nine new positions but had a significant amount of unencumbered funds. At that time, PSC was still unsure whether it intended to establish a new unit or assign security, enforcement, and investigation tasks throughout the agency. Language added to the fiscal 2005 budget bill provided that $328,000 of the fiscal 2005 appropriation was to be used only for positions with security, enforcement, and investigations functions.

PSC had nine positions intended for this unit, but one was abolished through fiscal 2004 cost containment actions. Of the eight remaining positions that have security, enforcement, and investigations functions as a major part of their job descriptions, PSC reports that seven are filled.

PSC should brief the committees on the status of these eight security, enforcement, and investigation positions.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Public Service Commission
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2004					
Legislative Appropriation	$0	$12,685	$0	$0	$12,685
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	21	0	21
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-533	-21	0	-554
Actual Expenditures	**$0**	**$12,152**	**$0**	**$0**	**$12,152**
Fiscal 2005					
Legislative Appropriation	$0	$12,598	$0	$0	$12,598
Budget Amendments	0	0	0	0	0
Working Appropriation	**$0**	**$12,598**	**$0**	**$0**	**$12,598**

Note: Numbers may not sum to total due to rounding.

Fiscal 2004

In fiscal 2004, PSC spent $533,000 less than was originally appropriated, mostly due to unspent funds budgeted for consultants.

Fiscal 2005

The fiscal 2005 legislative appropriation is equal to the working appropriation.

Appendix 2

Audit Findings

Audit Period for Last Audit:	October 17, 2000 – January 8, 2004
Issue Date:	July 2004
Number of Findings:	6
Number of Repeat Findings:	1
% of Repeat Findings:	17%
Rating: (if applicable)	

Finding 1: The commission did not verify that all collections received by the electric companies were remitted to the fund.

Finding 2: Current law does not allow the commission to establish a surcharge sufficient to cover the budgeted costs of the Environmental Trust Fund.

Finding 3: Cash receipts were not adequately controlled.

Finding 4: Proper controls were not established over the commission's payroll.

Finding 5: **Proper internal controls were not established over the processing of purchasing and disbursement transactions.**

Finding 6: The commission did not fully investigate missing items noted in its last complete physical inventory, and an equipment control account was not maintained.

*Bold denotes item repeated in full or part from preceding audit report.

Object/Fund Difference Report
Public Service Commission

Object/Fund	FY04 Actual	FY05 Working Appropriation	FY06 Allowance	FY05 - FY06 Amount Change	Percent Change
Positions					
01 Regular	140.00	138.00	138.00	0	0%
02 Contractual	4.00	5.00	5.00	0	0%
Total Positions	**144.00**	**143.00**	**143.00**	**0**	**0%**
Objects					
01 Salaries and Wages	$ 9,189,456	$ 9,656,046	$ 9,425,488	-$ 230,558	-2.4%
02 Technical & Spec Fees	153,672	187,405	187,405	0	0%
03 Communication	148,952	141,699	215,384	73,685	52.0%
04 Travel	134,523	123,600	123,600	0	0%
07 Motor Vehicles	153,031	170,962	141,589	-29,373	-17.2%
08 Contractual Services	943,261	1,113,922	344,296	-769,626	-69.1%
09 Supplies & Materials	86,088	58,250	58,250	0	0%
10 Equip - Replacement	314,282	38,835	38,835	0	0%
11 Equip - Additional	60,862	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	275,111	371,544	419,544	48,000	12.9%
13 Fixed Charges	693,129	735,496	714,706	-20,790	-2.8%
Total Objects	**$ 12,152,367**	**$ 12,597,759**	**$ 11,669,097**	**-$ 928,662**	**-7.4%**
Funds					
03 Special Fund	$ 12,152,367	$ 12,597,759	$ 11,669,097	-$ 928,662	-7.4%
Total Funds	**$ 12,152,367**	**$ 12,597,759**	**$ 11,669,097**	**-$ 928,662**	**-7.4%**

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal Summary
Public Service Commission

Program/Unit	FY04 Actual	FY05 Wrk Approp	FY06 Allowance	Change	FY05 - FY06 % Change
01 General Administration and Hearings	$ 6,260,348	$ 6,630,770	$ 5,567,438	-$ 1,063,332	-16.0%
02 Telecommunications Division	588,284	585,231	570,556	-14,675	-2.5%
03 Engineering Investigations	795,846	864,899	835,626	-29,273	-3.4%
04 Accounting Investigations	568,203	581,055	573,530	-7,525	-1.3%
05 Common Carrier Investigations	1,038,495	1,025,008	1,029,314	4,306	0.4%
06 Washington Metropolitan Area Transit Commission	275,111	290,116	338,116	48,000	16.5%
07 Rate Research and Economics	590,154	642,386	629,287	-13,099	-2.0%
08 Hearing Examiner Division	768,040	806,721	777,455	-29,266	-3.6%
09 Staff Attorney	780,572	765,658	814,840	49,182	6.4%
10 Integrated Resource Planning Division	487,314	405,915	532,935	127,020	31.3%
Total Expenditures	**$ 12,152,367**	**$ 12,597,759**	**$ 11,669,097**	**-$ 928,662**	**-7.4%**
Special Fund	$ 12,152,367	$ 12,597,759	$ 11,669,097	-$ 928,662	-7.4%
Total Appropriations	**$ 12,152,367**	**$ 12,597,759**	**$ 11,669,097**	**-$ 928,662**	**-7.4%**

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005

Cost Saving Action/Efficiency Measure	Program Code	Sub-Program Code	Total Funds	General Funds	Special Funds	Positons Reduced	Impact of Action
Regular Earnings	G0001 – G001(	003	$347,000		$347,000	0	Turnover rate increased to 8%. This reduction is not expected to have any impact on the commission's ability to perform its legal mandate.
Management Studies/Consultants	G0001	003	836,000		836,000	0	This reduction is not expected to have any impact on the commission's ability to perform its legal mandate. Moreover, this number closely reflects actuals.

Source: Public Service Commission