

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

LEGISLATIVE AUDIT REPORT

Public Service Commission Workforce Management

Legislative Auditor: Aaron Allred
Post Audit Division Director: Justin Robinson



GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (**GAGAS**). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

POST AUDIT DIVISION
Justin Robinson, Director

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WEST VIRGINIA PUBLIC SERVICE COMMISSION: WORKFORCE MANAGEMENT

June 18, 2019

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EXECUTIVE SUMMARY

The Legislative Auditor conducted this audit of the West Virginia Public Service Commission pursuant to W.Va. Code §4-2-5. The objective of this review was to determine if the Public Service Commission is managing its labor resources in their Utility and Transportation Divisions efficiently and effectively to perform the statutory as well as the legislative mandated duties required of the Public Service Commission.

Frequently Used Acronyms in This Report

PSC: Public Service Commission

LETC: Law Enforcement Training Committee

Report Highlights

Issue 1: The Public Service Commission Can Improve its Overall Workforce Management by Engaging in Proactive and Data-Driven Planning.

- Turnover and vacancy rates within the Utilities and Transportation Divisions of the PSC have been high since 2014. Most of the turnover experienced by these divisions is concentrated to key, entry-level positions.
- High rates of annual turnover and vacancy within the Utilities and Transportation Divisions has had a demonstrable impact on the ability of those divisions to achieve their respective missions. Employees in the Utilities Division are shouldering an increased workload, and the number of overall road safety inspections performed by the Transportation Division had decreased by 44 percent since 2014.
- The PSC has both the legal and financial capacity to modify salary ranges for job classifications, or to create new, DOP-exempt job classifications in order to address uncompetitive pay. While the PSC has started exercising this authority with the issuance of a General Order in February of 2018, the PSC could take a more proactive and data-driven approach to workforce management by adopting a formal strategic workforce plan.

Recommendations

1. The Legislative Auditor recommends PSC adopt a Strategic Workforce planning system that involves the collection and analysis of past workforce patterns to prepare forecasts and develop recruitment, retention and succession strategies and goals. The plan should include acceptable benchmark rates for staff turnover and vacancy and be updated on an as needed basis to respond to changes in internal policies or the external environment.

Post Audit's Response to the Agency's Written Response

On Friday, June 14, 2019, the Legislative Auditor received written feedback of the draft report from the PSC. In its response, the PSC indicates its appreciation for the Legislative Auditor's report and the opportunity to respond. The PSC indicates that while it is aware of its present staffing issues, and is actively taking steps to remedy those issues, it will take into consideration the Legislative Auditor's recommendation.

In addition, the PSC disagreed with the Legislative Auditor's recommendation regarding law enforcement training for its Transportation Division employees. This recommendation had suggested the Legislature consider whether those law enforcement qualifications were appropriate and necessary in terms of the scope of work performed by those PSC enforcement officers. After discussing the matter with the PSC and giving further consideration, the Legislative Auditor rescinded this recommendation from the report.

Issue 1: The Public Service Commission Can Improve its Overall Workforce Management by Engaging in Proactive and Data-Driven Planning.

Introduction

During the audit of the Public Service Commission (PSC), the Legislative Auditor was informed that the PSC is experiencing staff shortages and high turnover in its Utilities and Transportation Divisions. Based on these reported issues, the Legislative Auditor conducted a review of the PSC's overall management of its workforce and labor resources. This review included analysis of:

- Staffing levels;
- Salaries; and
- Training Requirements

The PSC currently employs approximately 230 individuals, including many professionals, such as lawyers, engineers, economists, and accountants. The professional staff is supported by specialists skilled in the areas of investigating utility practices, safety issues, and transportation operations. PSC management indicated to the Legislative Auditor that its Utilities and Transportation Divisions are experiencing the most issues. These two divisions collectively employ 111 individuals, representing approximately 48 percent of the PSC's total number of employees.

In addition, the PSC is currently attempting to address the staffing issues its experiencing. In 1979, the Legislature changed W.Va. Code and empowered the PSC by giving it broader authority to modify existing pay scales and create new job classifications to achieve its mission. On January 16, 2018 the PSC updated its "Rule for Reorganization" by issuing General Order 195.75 "Internal reorganization of the Public Service Commission."

The General Order states in part:

The Commission has the statutory authority and financial capacity to update salary ranges for existing exempt job classifications and to add new exempt job classifications as necessary to strengthen its knowledge and independent capacity to analyze key conditions and trends in the industries it regulates.

The General Order stresses the necessity of increasing salary minimums for specific job classifications, which include Utilities Analyst 1-5 positions and Utilities Inspector 1-3 positions. As Figure 1 shows, the PSC increased the minimum salaries for Utilities Analyst 1 positions by approximately \$14,000 per year. For Utilities Inspector 1 positions, the PSC increased the minimum salary by approximately \$9,000 per year.

Figure 1
Changes to Minimum Salaries for Select PSC Employees
Effective February 3, 2018

Position	Prior Annual Minimum	Updated Minimum	Difference
Utilities Analyst 1	\$27,732	\$41,598	\$13,866
Utilities Analyst 2	\$29,400	\$44,100	\$14,700
Utilities Analyst 3	\$31,164	\$46,746	\$15,582
Utilities Analyst 4	\$35,028	\$52,542	\$17,514
Utilities Analyst 5	\$39,372	\$59,058	\$19,686
Utilities Inspector 1	\$21,504	\$30,536	\$9,032

Source: Prior salaries pulled from DOP job listing; updated minimums from General Order 195.75.

The order describes the adjusted salary ranges for these jobs as “*the beginning of what is expected to be a multi-year effort to bring salaries and job classifications up to competitive market standards.*” PSC also indicates in the order and in subsequent interviews with the Legislative Auditor that these positions have been most severely impacted by turnover and vacancy rates since 2007.

High Employee Turnover and Vacancy Rates in PSC’s Utilities Division are Primarily Within its Utilities Analyst Positions.

The Utilities Division consists of accountants, auditors, financial analysts, and economists, who provide assistance and analysis in PSC cases and processes. The Utilities Division participates in rate and other filings made by utility providers, solid waste carriers, taxis, limousine services, tow operators, and commercial solid waste facilities. This Division is responsible for reviewing and making recommendations to the PSC about formal customer complaints filed against these entities and informal complaints or requests for assistance.

The Legislative Auditor calculated the turnover and vacancy rates at the divisional level for the Utilities Division. The turnover rate represents the percentage of employees separating from employment within a certain time frame. Vacancy rates express the number of unfilled positions as a percentage of the total number of positions budgeted within a fiscal year.

From Fiscal Years 2014-2017, the annual turnover rate exceeded 10 percent, with a high of 18.6 percent during 2015. The turnover rate for 2018 dropped to approximately 5.4 percent. However, the Legislative Auditor notes that while the 2018 turnover rate was at the lowest over the period of this review, the Division’s vacancy rate was at its highest point at approximately 29.4 percent. Pay scales were also modified in February 2018.

Figure 2 Utilities Division Turnover	
Year	Annual Turnover Rate
2014	12.77%
2015	18.60%
2016	12.99%
2017	10.81%
2018	5.41%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

Key Position Turnover

In addition to calculating and evaluating turnover at the divisional level, the Legislative Auditor sought to determine whether the turnover experienced by the Utilities Division was isolated to certain positions. The Legislative Auditor calculated the annual turnover by each position from FY 2014-2018. The Utilities Division was budgeted for 51 total positions from FY 2014-18, while the total number of positions filled ranged between 48 positions in 2014, to 37 in 2017. Over this time period, 32 of the Division’s budgeted positions were Utilities Analyst 1-5 positions. A total of 23 of those were filled at the start of Fiscal Year 2014, but only 17 were filled to start Fiscal Year 2018.

During the audit period, the Utilities Analysts positions (Utilities Analyst 1-5) accounted for the majority of the Division’s turnover. Over this time period, 18 Utilities Analysts separated employment from the PSC, accounting for approximately 72 percent of the Division’s total turnover. Further, Utilities Analysts 1 and 2, key, entry-level positions within the Division, exhibited particularly high turnover, accounting for 56 percent of total divisional turnover throughout the scope of the audit.

The annual turnover rates for Utilities Analyst positions is detailed in Figure 3. From 2014 to 2018, the annual turnover rate among Utilities Analysts 1 and 2 positions was rarely below 10 percent. Over the five years reviewed, the Utilities Division only employed one individual as a Utilities Analyst 3. In 2015, that employee separated representing a 100 percent turnover rate for the position in our analysis.

Figure 3 Utilities Division Turnover in Key Entry-Level Positions 2014-2018					
Annual Position Turnover Rates					
Year	Utilities Analyst 1	Utilities Analyst 2	Utilities Analyst 3	Utilities Analyst 4	Utilities Analyst 5
2014	34.8%	10%	0%	0%	0%
2015	9.52%	22.22%	100%	0%	40%
2016	12.5%	9.52%	0%	66.67%	40%
2017	20%	16%	0%	0%	0%
2018	0%	8.7%	0%	0%	0%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

The Legislative Auditor calculated the percentage of total annual turnover within the Utilities Division that could be attributed to turnover in the Utilities Analyst 1-5 positions. As Figure 4 indicates, overall divisional turnover in each year from 2014-2018 was mostly attributed to turnover in these positions, ranging from 50 percent in 2018, to as high as 83 percent in 2014.

Figure 4 Percent of Total Annual Turnover Attributable to Utilities Analyst Positions 2014-18	
Fiscal Year	Attributable Turnover
2014	83%
2015	63%
2016	80%
2017	75%
2018	50%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

Vacancy Rates

The Legislative Auditor also calculated the vacancy rates for the Utilities Division from 2014-2018. According to data provided by the PSC, the Utilities Division has consistently struggled to retain employees over the last ten years. As of December 31, 2018, the Utilities Division had 51 budgeted positions, only 36 of which were filled. Figure 5 shows the vacancy rates for the Utilities Division from Fiscal Years 2014 through 2018.

Figure 5 Utilities Division Vacancy Rates	
Year	Vacancy Rate
2014	9.8%
2015	21.57%
2016	27.45%
2017	27.45%
2018	29.41%
<i>Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.</i>	

From 2014 through 2018, the Utilities Division’s overall vacancy rate has increased nearly each year from 9.8 percent to 29.41 percent. A high vacancy rate indicates that the agency does not have the necessary human resources available, and as a result there are less staff available to perform the duties and critical functions required of the Division.

The vacancy rates for Utilities Analyst I exceeded 50 percent in consecutive years from 2017 to 2018. Utilities Analyst II positions had a vacancy rate between 14 and 21 percent in each year covered in the Legislative Auditor’s review. Figure 6 below provides a full breakdown.

Figure 6 Utilities Division Key Positions Vacancy Rates 2014-2018					
Annual Position Turnover Rates					
Year	Utilities Analyst I	Utilities Analyst II	Utilities Analyst III	Utilities Analyst IV	Utilities Analyst V
2014	15.38%	16.67%	0%	0%	33.33%
2015	23.08%	18.18%	100%	50%	0%
2016	38.46%	18.18%	0%	75%	33.33%
2017	54.55%	14.29%	0%	75%	33.33%
2018	54.55%	21.43%	0%	75%	33.33%
<i>Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.</i>					

As with turnover, the Legislative Auditor calculated the percentage of total annual vacancy within the Utilities Division that is attributable to turnover in the Utilities Analyst 1-5 positions. As Figure 7 indicates, overall vacancy in each year from 2014-2018 was mostly attributed to turnover in these positions, ranging from 73 percent in 2015, to as high as 100 percent in 2014.

Figure 7 Percent of Total Annual Vacancy Attributable to UA Positions 2014-18	
Fiscal Year	Attributable Turnover
2014	100%
2015	73%
2016	79%
2017	86%
2018	87%
<i>Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.</i>	

Employee Turnover and Vacancy Rates in the Transportation Division Have Been Extremely High Among the Division’s Enforcement Personnel.

The Transportation Division consists of seven operating sections. These sections perform safety inspections, registrations, permitting, and enforcement activities on a wide array of operations within the State including: commercial motor vehicles and drivers, hazardous material transporters, coal resource transportation roads (which permit gross and axle weights greater than statewide limits), railroads and special patrols on high accident areas of the West Virginia Turnpike.

The Legislative Auditor calculated the turnover rate at the divisional level for the Transportation Division. From Fiscal Years 2014-2017, the Division was budgeted for 133 full-time positions. The Division started Fiscal Year 2014 with 92 positions filled (69 percent) but started Fiscal Year 2018 with only 74 positions filled (56 percent). The annual turnover rate for the Division exceeded ten percent in each year reviewed, with a high of approximately 15.6 percent during 2015. The turnover rate for 2018 dropped to approximately eight percent. As with the Utilities Division, the lower turnover rate for 2018 coincides with a two-year period from 2017 to 2018, in which PSC saw vacancy rates at their highest figure over this time period, at approximately 44 percent.

Figure 8 Transportation Division Turnover	
Fiscal Year	Annual Turnover Rate
2014	14.44%
2015	15.57%
2016	12.58%
2017	14.29%
2018	8.05%
<i>Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.</i>	

Key Position Turnover

In order to determine if certain positions within the Transportation Division were high drivers of staff turnover, the Legislative Auditor calculated the annual turnover by each position from FY 2014-2018. Throughout the Transportation Division 79 to 82 positions are classified as Utilities Inspectors or Weight Enforcement Officers. These positions handle enforcement of motor carrier regulations and conduct safety inspections for the PSC.

During the audit period the majority of turnover for the Transportation Division was attributable to these two position classifications. The Utilities Inspector job classification, which includes Utilities Inspectors 1, 2 and 3, accounted for approximately 57 percent of Divisional turnover. PSC experienced a particularly high turnover rate for Utilities Analyst 1, at around 43 percent of the Divisional total, as 23 employees under this classification separated employment during the five years reviewed. Additionally, the position of weight enforcement officers experienced eight employee separations and accounted for approximately 15 percent of Divisional turnover for the 2014-2018-time frame.

Figure 9 Transportation Division Turnover in Key Entry-Level Positions 2014-2018				
Annual Position Turnover Rates				
Year	Weight Enforcement Officer	Utilities Inspector I	Utilities Inspector II	Utilities Inspector III
2014	8.7%	34.0%	11.8%	18.2%
2015	31.6%	17.4%	13.3%	0%
2016	13.3%	23.3%	13.3%	0%
2017	54.6%	14.3%	0%	25.0%
2018	0%	13.3%	10.0%	40.0%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

The Legislative Auditor calculated the percentage of total annual turnover within the Transportation Division that could be attributed to turnover in the key enforcement positions. As Figure 10 indicates, the majority of overall divisional turnover in each year from 2014-2018 was attributed to turnover in these positions, ranging from a low of 62 percent in 2015, to as high as 85 percent in 2014.

Figure 10
Percent of Total Annual Turnover
Attributable to Utilities Inspector and
Weight Enforcement Positions
2014-18

Fiscal Year	Attributable Turnover
2014	85%
2015	62%
2016	70%
2017	64%
2018	83%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

Vacancy Rates

As of December 31, 2018, the Transportation Division had 133 budgeted positions, with only 75 of those positions filled. Compared to 2014, when 88 out of 133 positions were filled, the PSC has seen a substantial increase in employee vacancy for the Division.

Figure 11
Transportation Division Vacancy Rates

Year	Vacancy Rate
2014	33.83%
2015	40.60%
2016	39.85%
2017	44.36%
2018	43.61%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

Throughout the Transportation Division, 67 budgeted positions are classified as Utilities Inspector 1-3 (up from 60 in 2014) and 15 budgeted positions classified as Weight Enforcement Officers (down from 19 in 2014). As of December 31, 2018, the Transportation Division has 31 unfilled Utilities Inspector positions and only 36 filled positions. The Weight Enforcement Officer position has seen a sharp vacancy rate increase; from 11 out of 19 budgeted positions filled in 2014 to four out of 15 positions filled in 2018.

Figure 12 Transportation Division Vacancies in Key Entry-Level Positions 2014-2018				
Annual Position Turnover Rates				
Year	Utilities Inspector I	Utilities Inspector II	Utilities Inspector III	Weight Enforcement Officer
2014	55.26%	25%	40%	26.32%
2015	51.11%	45.45%	33.33%	50%
2016	60%	33.33%	25%	50%
2017	56.25%	25%	42.86%	73.33%
2018	50%	30.77%	50%	73.33%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

Finally, the Legislative Auditor calculated the percentage of total annual vacancy within the Transportation Division that could be attributed to turnover in the enforcement positions. As Figure 13 indicates, over 70 percent of the total vacancy in each year from 2014-2018 was attributed to turnover in the Utilities Inspector and Weight Enforcement Officer positions.

Figure 13 Percent of Total Annual Vacancy Attributable to Enforcement Positions 2014-18	
Fiscal Year	Attributable Turnover
2014	73%
2015	72%
2016	77%
2017	75%
2018	72%

Source: Data provided to the Legislative Auditor by the PSC; calculation performed by audit team.

Based on these analyses, the Legislative Auditor concurs with the PSC’s determination that turnover and vacancy rates since 2014 have contributed to staffing shortages. Moreover, the Legislative Auditor concludes that these staffing issues are not division-wide, but rather are isolated to a few key entry-level positions within the Utilities and Transportation Divisions. In fact, the vast majority of annual turnover and vacancy within the two divisions can be attributed to position-specific turnover and vacancy. High annual turnover combined with high vacancy rates forces the remaining staff within these divisions to carry a heavier workload.

The Current Training Requirements for Enforcements Personnel in the Transportation Division Contributes to the High Turnover in Those Positions.

Current State law requires Transportation Division enforcement employees to be Law Enforcement Training Committee (LETC) certified. This presents a unique challenge for this

Division as it relates to attracting and retaining employees. According to the PSC (General Order No. 195.75):

All Commission Transportation Division enforcement employees are required to be Law Enforcement Training Committee (LETC) certified or certifiable pursuant to W.Va. Code §30-29-5. LETC certification requires successful completion of a sixteen-week training program conducted at the West Virginia State Police Academy. The cost of LETC at the Academy is currently \$9,530 per candidate. In addition to the LETC certification, Commission enforcement employees are required to be federally certified to conduct commercial vehicle safety inspections. The current cost for the 250 hours of federally required training for safety inspection certification is \$3,150 per candidate.

The current requirement that all Transportation Division enforcement employees obtain Law Enforcement Training qualifications on par with several state and local entities whose primary purpose is law enforcement has resulted in PSC incurring significant costs for employee training. The information presented in General Order 195.75 above shows that PSC enforcement employees are required to complete the West Virginia State Police Academy training, with an associated expense of \$9,530 per candidate, **and** be federally certified to conduct commercial vehicle inspections, with an associated cost of \$3,150 per candidate, for a total cost to the agency of \$12,680 per enforcement position.

The PSC indicates that the basic training course required for enforcement personnel within the Transportation Division provides, “*necessary knowledge and skills to perform these varying tasks and is a vital part of the entry level training for a Commission officer.*” When asked to describe the daily law enforcement function, PSC indicated that all direct enforcement is limited to motor carrier enforcement, but can include enforcement of DUI laws, arrests, search and seizure, and general enforcement of traffic regulations.

Completion of the required LETC training may enable many employees to leave PSC for other public sector law enforcement jobs. Once PSC’s enforcement officers obtain the required law enforcement certification, their value as a potential candidate to other law enforcement agencies increases. According to the 2018 General Order:

*The Commission hired the first LETC- and federally-certified employees in July 2008. Since July 2008, the Commission has hired a total of forty-seven LETC- and federally-certified officers. **Thirty of those forty-seven enforcement employees have left the Commission for other public law enforcement positions with higher salaries.** Only sixteen of those officers remain employed by the Commission. **Since 2008, the Commission has hired seven new enforcement employees and borne the expense of sending them to the Academy for the required LETC certification. All seven of those employees subsequently left the Commission for other employment opportunities that included higher salaries.** The Commission paid approximately \$88,760 for the seven officers that were trained at the State Police Academy and provided federal classroom training. In addition, the Commission paid approximately \$126,000 to provide forty enforcement employees with the federal classroom training. The Commission data reflects a severe recruitment and retention problem for the Transportation Division Utilities Inspector classifications.*

Although, the PSC recently raised the starting pay for entry-level enforcement officers by approximately \$9,000 per year, the previous starting salary of \$21,504 was well below the entry level pay of other law enforcement by approximately \$10,000, as shown in Figure 14 below.

Figure 14 Comparison of PSC Enforcement Officer Salary to Other Public Law Enforcement			
Position	Starting Annual Salary	Condition	Annual Salary
State Trooper	\$36,154	Academy Graduation	\$43,414
Kanawha County Sheriff	\$38,000	Second Year	\$39,000
So. Chas. Probationary Police/FF	\$35,000	Second Year	\$37,000
DNR Police Officer	\$31,222	Second Year	\$34,881
PSC Utilities Inspector 1	\$21,504*	General Order 195.75	\$30,536
*Starting Annual Salary listed for PSC is the salary before General Order 195.75. Source: Starting salary data obtained from job postings or W.Va. Code where applicable.			

Even with the increased minimum salaries for the Transportation Division’s enforcement officers, law enforcement personnel employed by the PSC still receive less compensation than other law enforcement officers with similar training. While the law enforcement duties of PSC employees are confined to motor carriers, the broad scope of the LETC training has likely contributed to the PSC’s issues in retaining employees in these positions.

High Turnover & Vacancy Rates Have a High Cost and Have Impacted the PSC’s Ability to Perform Critical Functions

Utilities

As mentioned previously, the Utilities Division is responsible for reviewing all rate applications and other filings presented to the PSC by utility companies. Many of these filings have statutory deadlines for processing.

According to the PSC (General Order No. 195.75):

The statutory clocks are as short as 120 days but extend up to 270 days for major utilities that have more than 7,500 customers. For rate proceedings that do not have statutory deadlines, the Commission imposes internal case processing deadlines that direct the cases to be processed within 210 days or less.

Additionally, the Utilities Division is responsible for reviewing and making recommendations to the PSC about formal customer complaints filed against regulated utility companies, motor carriers and commercial solid waste facilities. The Utilities Division also responds to informal complaints and requests for assistance dealing with other regulated utility services.

The Legislative Auditor performed a review of both the formal cases and the informal complaints processed by the PSC during the review period. The Legislative Auditor found that the

yearly caseload total varied from a low of 937 cases in 2017 to high of 1196 in 2015; while the yearly complaint total ranged from a low of 5724 complaints in 2016 to a high of 6281 in 2014.

Figure 15 Caseloads/Complaints Per Employee				
Year	Caseloads (Formal)	Complaints (Informal)	Caseloads Per Employee (Utilities Analyst 1-5)	Complaints Per Employee (Utilities Analyst 1-5)
2014	981	6281	34.42	220.39
2015	1196	5857	46.90	229.69
2016	1180	5724	52.44	254.40
2017	937	5859	45.71	285.80
2018	966	6108	49.54	313.23

Source: Figures provided to the Legislative Auditor by the PSC

The Legislative Auditor then examined the caseload per employee and the informal complaints per employee for the positions of Utilities Analyst 1-5, as these positions exhibited the highest turnover and vacancy rates in the Utilities Division. The Legislative Auditor found that the number of caseloads processed per utilities analyst has risen materially from 34.42 in 2014 to 49.54 in 2018 (peak of 52.44 in 2016). The Legislative Auditor further noted that the number of complaints processed per utilities analyst has increased every year – from 220.39 in 2014 to 313.23 in 2018. Thus, the Legislative Auditor’s analysis indicates that the annual per-employee caseload has increased significantly for Utilities Analysts in the Utilities Division.

Transportation

As detailed previously, the Transportation Division performs safety inspections of motor vehicles operated by interstate and intrastate motor and private carriers, commercial motor vehicles and drivers, as well as size and weight enforcement inspections.

The Legislative Auditor performed a review of the intrastate, interstate and size/weight enforcement inspections carried out by the PSC over the five years reviewed. The Legislative Auditor found that, with one exception, the number of total annual inspections performed by the Transportation Division decreased every year for each category of inspection¹. Total inspections dropped from 30,873 in 2014 to 17,218 in 2018. It should be noted that size and weight enforcement inspections decreased dramatically, from 6,838 in 2014 to just 1,106 in 2018.

Figure 16 Inspections Performed by the Transportation Division 2014-2018				
Year	Intrastate Inspections	Interstate Inspections	Size and Weight Enforcement	Total Inspections
2014	3,689	20,346	6,838	30,873
2015	3,375	17,981	5,186	26,542
2016	3,338	18,402	4,365	26,105
2017	3,149	16,833	1,910	21,892
2018	2,756	13,356	1,106	17,218

Source: Data provided to the Legislative Auditor by the PSC

¹ Interstate inspection yearly totals change-over from 2015 to 2016

This trend is further highlighted within the PSC's General Order No. 195.75 (page 4):

*Despite the effort to recruit and keep specifically qualified personnel, the Commission has seen a significant decline in its number of employees in the past decade. For instance, the total number of employees at the Commission in 2007 was 283. By the end of 2016, the total number of employees dropped to 244, notwithstanding that the Commission hired 227 employees during that same ten-year period. In the same ten-year period, there were 273 employee separations. **This unacceptably high rate of turnover has made it difficult for the current staff to meet its caseload requirement** – a caseload that has been increasing in complexity with statutory changes providing additional ratemaking filings with statutory deadlines, as the number of Commission employees has been decreasing (Emphasis Added).*

In order to carry out its statutorily charged duties, the PSC must maintain qualified professional staff capable of performing such duties adequate for the Utilities Division. Likewise, in order to carry out its duties to ensure regular public safety inspections of motor carriers and railroads, the PSC must have adequate qualified staffing levels for the Transportation Division.

The Legislative Auditor's analysis concludes that the high turnover and vacancy rates experienced by the PSC from FY 2014-2018 have contributed to a demonstrable decrease in case processing for the Utilities Division and safety inspections for the Transportation Division. Further, there are direct and indirect costs associated with staff turnover at the PSC. Many of these costs could potentially be identified and quantified such as the cost of job postings, time spent by PSC staff to interview candidates, pre-employment checks, and training costs. However, there are also significant costs associated with turnover that cannot be accurately identified or quantified such as the loss of productivity, loss of experience and institutional knowledge, and the overall cultural impact that high turnover has on the workplace.

Turnover in the Transportation Division is especially critical as the direct costs of providing State Police academy training and federal commercial vehicle safety training to all division employees obligates the agency to invest well over \$12,000 on new employees. The rate of turnover for entry level positions in the Transportation Division has led to the agency expending a significant amount of time and State funds on these employees who largely separate from the PSC within a few years.

While the PSC Has Identified Uncompetitive Pay as a Key Cause for Turnover, the PSC Can More Effectively and Proactively Manage Its Human Capital by Engaging in Strategic Work Force Planning.

The Legislative Auditor notes that the steps proposed in the General Order may enable the PSC to address and remedy the significant decline in its number of employees in the past decade. The Legislative Auditor also notes that state agencies that employ Strategic Workforce Planning may be able to avoid the high turnover and vacancy rates experienced by the PSC in that having a system that tracks data, sets targets, and provides feedback allows users to be proactive in their efforts to maintain adequate staffing levels.

Benefits of Strategic Workforce Planning

Optimum staffing levels are based on multiple and often complex factors, many of which are difficult to control or predict. This uncertainty requires planning and flexibility. Strategic

Workforce Planning would allow the PSC to take a proactive approach when evaluating staffing needs. The process includes determining the number of workers and types of skills needed, where and when they will be needed, and a comprehensive strategy to meet these requirements. Fundamental activities such as recruitment, training, performance management, staff development, retention, and organizational knowledge management are necessary to support the goals of the agency.

Turnover

Strategic Workforce Planning would enable the PSC to set data-driven goals when evaluating staffing needs. Given the high turnover rate of several key positions within the Utilities and Transportation Divisions, the PSC should strive to address this issue by establishing goals for its turnover rates. This should include the current turnover rate, the targeted rates for subsequent years, and the acceptable rate of turnover that could realistically be maintained by the PSC long term.

Retention

Retention is the least costly way to manage a workforce that has already been recruited, onboarded, developed, and engaged. Retention is key to maintaining a knowledgeable and efficient workforce. If seasoned staff with substantial institutional knowledge leave, there will be gaps to fill in critical positions and a greater learning curve for the new employee who fills the position in order to operate at the same level of productivity. The PSC should establish goals for retaining employees with a degree of institutional knowledge as well as employees in managerial or supervisory roles.

General Order 195.75 consistently highlights the need to increase pay for certain positions and also indicates that supervisors in the Transportation Division receive less compensation than a number of their subordinates. The PSC should ensure that all positions are compensated fairly and given all due salary increases and promotions, as well as ensuring that salary levels for its positions are commensurate to employees' levels of experience and job duties.

The PSC should set retention goals for each position. The goal parameters should take into consideration historic trends and the PSC's complete compensation package as compared with potential competitors. Additionally, the PSC should have an agency-wide retention rate benchmark that would serve as an indicator of the effectiveness of PSC's retention strategy.

Additionally, the PSC should routinely gather and analyze data that identify staffing needs. This includes information such as anticipated gaps and surpluses in the workforce, turnover rates, and employee opinion surveys. This should involve benchmarking the current staff size and skill mix against selected criteria. Once specific processes or functions are benchmarked it is necessary to compare these; either externally to other spending units (state agencies), or internally by examining work drivers, outputs, processes and tasks. Either way, the results can be used to develop a model which can be used to prepare forecasts and develop recruitment, retention and succession strategies.

This activity may only need to be conducted every few years, but the results need to be continually reviewed as the agency and the outside environment change. Every strategic workforce plan developed should tie to an identified staffing need that in turn ties to strategic goals, critical success factors, agency objectives, etc. Action plans should have a clear objective,

and progress toward accomplishing the objective should be measurable by an identified performance indicator.

Conclusion

The Legislative Auditor concludes that for Fiscal Years 2014 through 2018, the PSC has experienced a significant rate of turnover and vacancies for certain key positions within the Utilities and Transportation Divisions. The Legislative Auditor notes that an adequate number of qualified staff is essential for these Divisions to perform their statutorily required duties and has concerns about the potential diminished effectiveness of these Divisions due to employee turnover and vacancies. In addition, PSC data indicates that enforcement personnel in the Transportation Division separate from the PSC for other public law enforcement jobs at an extremely high rate. In effect, the PSC has subsidized the training costs for these organizations by training its enforcement personnel as law enforcement officers at a cost to the PSC of \$12,680 per trainee.

The Legislative Auditor concludes that the PSC has begun to implement strategies to address the turnover and vacancy problems currently existing within the agency. The PSC has identified the employee classifications most severely impacted by turnovers and vacancies. It has also identified salary levels that are below market or uncompetitive with other state law enforcement agencies as the most cited reason for employee separation and has taken steps to update salary ranges for those positions.

The Legislative Auditor further concludes the most effective way to reduce employee turnover and vacancy issues is to proactively engage in strategic workforce planning to identify needs, establish turnover, retention, and training goals, and make data-driven decisions regarding its workforce moving forward. Strategic workforce planning could have allowed PSC to identify and respond to staffing needs as soon as they developed, and likely avoid some of the turnover and vacancy issues detailed in this report.

Recommendations

1. The Legislative Auditor recommends PSC engage in Strategic Workforce Planning, that involves the collection and analysis of past workforce patterns to prepare forecasts and develop recruitment, retention and succession strategies and goals. Such planning should include acceptable benchmarks for staff turnover and vacancies and be updated on an as needed basis to respond to changes in internal policies or the external environment.

Appendix A

WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE

Post Audit Division

1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610
(304) 347-4880

Justin Robinson
Director



June 7, 2019

Michael A. Albert, Chairman
West Virginia Public Service Commission
201 Brooks Street
Charleston, WV 25301

Dear Chairman Albert:

This is to transmit a draft copy of the Post Audit Division's report on the West Virginia Public Service Commission. This report is tentatively scheduled to be presented during the June interim meeting of the Post Audits Subcommittee. We will inform you of the exact time and location once the information becomes available. It is expected that a representative from your agency be present at the meeting to respond to the report and answer any questions committee members may have during or after the meeting.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify Terri Stowers, Executive Administrative Assistant at 304-347-4880 by **Tuesday, June 11, 2019**. In addition, we need your written response by noon on **Friday, June 14, 2019** in order for it to be included in the final report. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "Justin Robinson".

Justin Robinson
Director

Enclosure

Objective, Scope, and Methodology

The Post Audit Division within the Office of the Legislative Auditor conducted this review as authorized by Chapter 4, Article 2, Section 5 of the *West Virginia Code*, as amended.

Objectives

The objective of this review was to determine if the Public Service Commission (PSC) is managing its labor resources in their Utility and Transportation Divisions efficiently and effectively to perform the statutory as well as the legislative mandated duties required of the Public Service Commission.

Scope

The scope of this review consists of all documentation regarding the PSC's staffing, turnover, vacancy rates, job classification, job listing, training requirements, and any other associated information. We examined data from FY 2014 through FY 2018, except as otherwise noted. The scope of this review did not include any analysis on the appropriateness of hires or whether those hires met minimum qualifications. In addition, the audit did not evaluate the impacts on the PSC of the Division of Personnel's hiring process. Finally, analyses of turnover, vacancy, and other key workforce measures was limited to the key entry-level positions listed throughout the report.

Methodology

Post Audit staff gathered and analyzed several sources of information and assessed the sufficiency and appropriateness of the information used as evidence. Testimonial evidence was gathered through interviews with various agencies that oversee, collect, or maintain information. The purpose for testimonial evidence was to gain a better understanding or clarification of certain issues, to confirm the existence or non-existence of a condition, or to understand the respective agency's position on an issue. Such testimonial evidence was confirmed by either written statements or the receipt of corroborating or physical evidence.

Audit staff analyzed various source documents that were either provided to us by the PSC, or publicly available on the web, such as data from the PSC's general order.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Public Service Commission

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June 14, 2019

Justin Robinson, Director
Adam R. Fridley, Audit Manager
West Virginia Legislative Auditor's Office
Post Audit Division
Building 1, Room W-329
1900 Kanawha Boulevard East
Charleston, West Virginia 25305-0610

Re: Public Service Commission Response to Staffing Report

Dear Mr. Robinson:

Please find enclosed the response of the West Virginia Public Service Commission to your June 7, 2019 draft report on staffing of our Utilities and Transportation Divisions.

Thank you for the opportunity to provide these comments for attachment to your report to the Legislative Post Audits Subcommittee.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Jessica M. Lane".

Jessica M. Lane
General Counsel

cc: Michael A. Albert, Chairman
Brooks McCabe, Commissioner
Renee Larrick, Commissioner
Cheryl Ranson, Director, Administration Division
Terry Eads, Utilities Division
Randall Short, Utilities Division
Robert Blankenship, Transportation Division

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
RESPONSE TO LEGISLATIVE AUDITOR REPORT ON STAFFING
OF UTILITIES AND TRANSPORTATION DIVISIONS

Presenter - Jessica M. Lane, General Counsel

Thank you for the opportunity to respond to the Legislative Auditor's report on Commission staffing in our Utilities and Transportation Division. I have with me today, Commissioner Brooks McCabe, Acting Utilities Director Randy Short, Communications Director Susan Small and also Bob Blankenship, Director of our Transportation Division, who will comment specifically for his Division.

- I'd like to begin our response by emphasizing that the Commission and its staff are committed to assuring that customers receive the best public utility service from financially viable and technically competent utilities. To do so, it is essential that the Commission maintain a qualified professional staff that is able to:

- (1) analyze utilities financial conditions and various rate alternatives;

- (2) calculate customer class cost of service and rate design;

- (3) determine cost of capital and rate of return for private utilities;

- (4) analyze complex regulatory issues presented by parties in cases before the Commission; and,

- (5) enforce state and federal laws governing commercial motor vehicles throughout the state.

- The Commission appreciates that the Legislative Auditor report recognized that low salaries have led to long term staff shortages and high turnover rates. The Commission

has had increasing difficulty retaining its highly skilled and trained employees because they are able to earn higher pay elsewhere.

- As a result of an evaluation of its workforce, the Commission issued General Order 195.75 in January 2018, as the first step to update its pay scales in critical staffing departments.
- As indicated in that General Order, the Commission will act again by General Order to continue to update pay. The Commission may also modify job descriptions and job classifications, and take other strategic initiatives as allowed within the hiring, reallocation reclassification, salary advancement and promotion regulations of the Division of Personnel.
- Proactive, data driven planning has been a cornerstone of the Commission's ongoing workforce recruitment and retention strategies. Every departing employee is asked to participate in an exit interview. Those interviews reflect that, excluding retirements and relocations, low pay has been the most frequent reason for separation. This is particularly the case in the Utilities and Transportation Divisions.
- The Commission will take GAO Strategic Workforce Planning document into consideration as a resource, as recommended by the Legislative Auditor. However, the Commission already clearly understands its mission as defined by this Legislature. Our job descriptions and postings for open positions reflect that the Commission is seeking the human resources it needs.
- The Commission is very aware of its workforce challenges. Several senior directors, as well as our Chairman, have or are retiring this month. The exit of senior management

contributes to our challenges, and makes our workforce planning more important. The Commission will be moving forward under new leadership as of July 1, 2019.

RESPONSE SPECIFIC TO TRANSPORTATION DIVISION

Presenter - Bob Blankenship, Director

Thank you for the opportunity to respond to the Legislative Auditor's report on the Transportation Division staff shortages. While all the employee numbers, vacancy rates and turnover calculations appear to be accurate, I want to respond on the topics of workforce planning and officer training.

Workforce Planning

- The report recommends that the PSC adopt procedures to track staffing data, set targets and provide feedback. I am pleased to report that procedures along those lines are currently in progress. The Transportation Division asks employees leaving the PSC to complete an exit interview with our human resources section. In addition, for the past four years, Transportation Division management has conducted additional inquiries of departing employees.
- Our data shows that the vast majority of departing staff cite low wages and no career progression as the reason for leaving. Aside from those issues, officers are pleased with the job. The information gained from these inquiries was used in part to draft General Order 195.75.
- Unfortunately, career progression for our officers stagnated in 2010 when the Grievance Board issued a decision requiring the State Division of Personnel to draft new

job specifications to merge the weigh enforcement positions and the utility inspector positions together to form one position description with designations of I, II and III for the varying experience levels. This has not happened yet.

- At or about this same time the Division of Personnel was experimenting with the job classification questionnaire commonly referred to as JCQ and informed the PSC that it would complete that work before complying with the Grievance Board requirements. The PSC is not aware of the status of the JCQ, but inaction on merging our positions resulted in stagnation of promotions or reallocations within the WVPSC Transportation Division.

- For the past two years, the DOP and the Transportation Division have worked very diligently to write new job specifications that will combine weight enforcement and utility inspector job classifications into one title - WV Commercial Vehicle Enforcement Officer Level I thru III. We are pleased that these job specifications are finally nearing completion and upon implementation will provide our officers with a clear and distinct career path.

- Also within the realm of planning, the Transportation Division conducts monthly management meetings to discuss topics of interest, hiring practices, officer safety, needed policy/training updates and national trends in law enforcement.

- Beginning in 2005, the WVPSC has cross trained all officers within the enforcement section to allow weight enforcement officers to do safety inspections and safety officers to enforce weight restrictions. In anticipation of the new job specifications and cross-

training, all persons hired within the past decade have been hired under the Utility Inspector I classification.

Law Enforcement Training

- The auditor notes the significant training costs incurred by the PSC to meet the law enforcement officer certification requirement of W. Va. Code § 30-29-5 coupled with the federal mandate that all inspectors be certified in the North American Standards for truck inspections.
- Every state in the United States requires its motor carrier inspectors to be certified law enforcement officers, and they should. A trained officer is a safe officer.
- The Transportation Division has serious safety and liability concerns with the lowering of any training standards. While the majority of the duties performed by PSC inspectors involve the inspection and weighing of commercial vehicles, no one can predict what or when other criminal activity may present itself to a PSC inspector. With human trafficking, child abduction and illegal drug transportation on the rise across our country, we should be increasing training for our officers, not decreasing it.
- Assaults on law enforcement officers are increasing throughout the country, as evidenced almost daily in news reports. Any decrease in training would jeopardize the safety of the PSC inspectors and potentially those traveling on West Virginia's roadways.
- Although during the course of some investigations primary jurisdiction may fall to another law enforcement agency, it is still the Commission enforcement officer's responsibility to secure the crime scene, perform vehicle inspections, preserve evidence, render aid to victims and perform other varying assistance as requested by the primary

agency. The failure to perform adequately and appropriately could prove disastrous to victims and the public, and ultimately subject the agency, the officer and the State of West Virginia to increased liability.

- The West Virginia State Police Academy has been recognized as one of the premier law enforcement academies in the country. Other police agencies in the state that have attempted to do their own training were unsuccessful. Lowering training standards to correct a hiring or staff retention problem should never be a consideration. It would be a disservice to the State of West Virginia, its citizens and the WVPSC enforcement officers to abandon officer certification requirements.
- The difficulty to attract people to any law enforcement career is not unique to the WVPSC as evidenced by other agencies in WV whose applicant pool has dramatically decreased over the past several years.
- The Transportation Division will continue to work with our Public Service Commissioners and senior management and the Division of Personnel to strengthen our workforce.

Thank you for your attention and concern. My colleagues and I are happy to answer any questions.



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