

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

HEARING #10-11119

MAY 21, 2010

10:00 A.M.

ALLOWABLE EX PARTE BRIEFING

REQUESTED BY OFFICE OF REGULATORY STAFF - Broad Transportation
Topics

**TRANSCRIPT OF
PROCEEDINGS**

COMMISSIONERS PRESENT: Elizabeth B. 'Lib' FLEMING, *CHAIRMAN*.
John E. "BUTCH" HOWARD, *VICE CHAIRMAN*; and COMMISSIONERS David
A. WRIGHT, G. O'Neal HAMILTON, Randy MITCHELL, and Swain E.
WHITFIELD.

ADVISOR TO COMMISSION: Joseph Melchers, Esq.

STAFF: Jocelyn G. Boyd, Interim Chief Clerk/Administrator; F. David
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Dong, Esq., Legal Staff; Tom Ellison, Advisory Staff; Jo Elizabeth M.
Wheat, CVR-CM-GNSC, Court Reporter; and Deborah Easterling, Hearing
Room Assistant.

APPEARANCES:

JEFFREY M. NELSON, ESQUIRE, along with Dawn Hipp,
George Parker, Carole Chauvin, and Officers Teeter, Vowell,
and Hallman, representing the **SOUTH CAROLINA OFFICE OF
REGULATORY STAFF**

JOHN FANTRY, ESQUIRE, acting as non-staff
certificator

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Please note: PowerPoint presentation attached hereto.

P R O C E E D I N G S

1
2 **CHAIRMAN FLEMING:** Please be seated. This ex
3 parte hearing will come to order. At this time I'd
4 like to ask Attorney Joseph Melchers for the
5 reading of the docket.

6 **MR. MELCHERS:** Thank you, Madam Chairman and
7 Commissioners. Pursuant to a Notice of Request for
8 an allowable ex parte briefing from the Office of
9 Regulatory Staff, we are meeting today, May 21, at
10 10 a.m., in the offices of the Public Service
11 Commission for the Office of Regulatory Staff to
12 address broad transportation topics. Thank you,
13 Madam Chairman.

14 **CHAIRMAN FLEMING:** All right. And ORS has
15 requested this hearing. Who is representing the
16 Office of Regulatory Staff?

17 **MR. NELSON:** Madam Chair, I'm Jeff Nelson,
18 representing ORS this morning. I'm going to let
19 the introductions happen a little bit later. If
20 you would allow me, real briefly, we're going to --
21 the purpose of this ex parte is to allow us to give
22 information to the Commission, and also, we would
23 also welcome your questions during the
24 presentation. We want this to be a give-and-take
25 so that we can kind of fill in some holes, maybe,

1 of what you know as far as what the ORS
2 Transportation Division is doing. And part of this
3 has come about because of some recent filings, and
4 also because just, you know, of some information
5 we've picked up during the hearings from some
6 questions we've gotten from the Commission. So, we
7 welcome this opportunity. We're glad to be here,
8 and we certainly welcome your questions if we can
9 provide you any information you need.

10 I'm going to turn it over to Dawn Hipp and let
11 Dawn -- Dawn and George are going to do the
12 presentation this morning. I'll let her go from
13 here.

14 **CHAIRMAN FLEMING:** All right. And before we
15 get to that, though, I wanted to recognize that Mr.
16 Fantry is here, as well.

17 **MR. FANTRY:** Thank you, Madam Chair. I am
18 serving as the designee of the Executive Director
19 of the Office of Regulatory Staff today, as
20 neutral. I would ask everybody, please, if you
21 have not signed the registration coming in or the
22 affidavit that I will be collecting after the
23 hearing, I'll do that, and I will yield this
24 meeting back to you, Madam Chairman.

25 **CHAIRMAN FLEMING:** Well, we're happy to have

1 you here with us again today. All right. Ms.
2 Hipp?

3 **MS. HIPP:** Good morning, Madam Chairwoman and
4 Commissioners.

5 **CHAIRMAN FLEMING:** Good morning.

6 **MS. HIPP:** We really appreciate the
7 opportunity to come before you today to talk to you
8 about what we're doing in the Transportation
9 Department, with your help. We are five years into
10 regulating. You have vast experience before that
11 time, but some of us are newcomers to the industry,
12 and we've got five years under our belt and we
13 wanted to share some of the successes, some of the
14 challenges, give you an idea of what we do on a
15 daily basis. Both myself and George Parker will be
16 speaking to you today, and we've divided our agenda
17 for you into several parts --

18 [Ref: PowerPoint Slide 2]

19 -- just to keep it easy. And our goal today
20 is quick-and-easy. If you have questions, please
21 make sure you stop us and ask questions. If
22 George, myself, or Jeff cannot answer them, we've
23 brought our officers in, and we have Carole
24 Chauvin. We'll be glad to take those questions.

25 So we're going to start today, and George is

1 going to cover the first sections, the introduction
2 and the department overview. We'll talk a little
3 bit about what we do in the field, which means our
4 inspector activities, George's activities. What we
5 do administratively in enforcement and education of
6 the regulations. We'll spend a little bit of time
7 on our successes, both the Public Service
8 Commission's and the Office of Regulatory Staff's
9 successes. The challenges that both the industry
10 and the regulatory agencies face. And then we'll
11 wrap it up with a question-and-answer, if you have
12 any remaining questions.

13 So with that, again, I'll say thank you for
14 having us, for allowing us the time to show you
15 what we're so proud of. And I will turn it over to
16 George Parker.

17 **CHAIRMAN FLEMING:** All right, great.

18 **MR. PARKER:** Okay. Thank you, Dawn. Y'all
19 already know who I am, because y'all -- well, y'all
20 can actually recite my testimony along with me, as
21 often as I've been up there.

22 [Laughter]

23 So I'm not going to go into my introduction,
24 but what I would like to do is if I could get our
25 transportation officers and our administrative

1 specialist -- if they will stand up, each one of
2 them, and just tell you who they are, and I think
3 it would be interesting for y'all to know what they
4 did before they came with ORS or the PSC, and
5 maybe, you know, how long they've been with the
6 agency.

7 So, Jon, since you're on the back row, if you
8 would start, and just tell us --

9 **OFFICER TEETER:** Should I go to the
10 microphone?

11 **CHAIRMAN FLEMING:** Yes.

12 **MR. PARKER:** Yeah, you'll probably need to,
13 yes.

14 **OFFICER TEETER:** Jonathan Teeter, with ORS.
15 I've been here -- well, I guess I was at PSC,
16 started there in '93, there until ORS was formed.
17 Pretty much -- that was pretty much the
18 introduction to work there at the PSC. In terms of
19 before that, college, and then there. I reside in
20 Columbia, West Columbia. I work the district down
21 toward Myrtle Beach, Georgetown and over that way,
22 and up towards Cheraw. Cover a lot of area.
23 Primarily, before ORS, I did a lot with the non-
24 emergency industry, and still do a lot with that.
25 That's kind of an interest, and I still stay

1 informed about that.

2 **OFFICER HALLMAN:** Good morning. I'm Jerry
3 Hallman. I live in Springfield, South Carolina.
4 It's between Orangeburg and Aiken, in case you
5 don't know. Prior to coming with the ORS in
6 December of 2004, I worked with the Orangeburg
7 County Sheriff's Office for 12 years, and after
8 that I was with a private construction company; I
9 was safety director for the company. I handled all
10 their fleet issues and work-comp issues and things
11 like that.

12 I work what we call District 1, on our side,
13 is from Columbia to Charleston, Hilton Head, and
14 all points in between. So I'm mostly responsible
15 for the Lowcountry.

16 **OFFICER VOWELL:** Patty Vowell. I live in
17 Saluda, South Carolina. And I have been with ORS
18 since they were formed, and prior to that I was
19 with the Public Service Commission since '99.
20 Prior to that, I was an officer with the Saluda
21 Police Department.

22 I'm responsible for the Upstate area, and I
23 also cover the carriers up in the Charlotte area
24 and some of the Augusta, Georgia, carriers. And a
25 lot of area to cover, as one of the other officers

1 said, but we pretty much try to keep it under
2 control.

3 **CHAIRMAN FLEMING:** And we appreciate the good
4 work that you all do, and I do think you do an
5 amazing job with a very small staff. And we
6 certainly appreciated your being here in December
7 for that hearing, and -- for the nuclear hearing,
8 and hopefully we'll be seeing you next week again.
9 And we appreciate all that you do, and the night
10 hearings throughout the State.

11 **MS. CHAUVIN:** Good morning. I'm Carole
12 Chauvin. I work in the office, as a program
13 specialist in the Transportation Department. I've
14 been with ORS for four years, and prior to that I
15 worked in this same complex for the Department of
16 Labor, Licensing, and Regulation; since 1994, I've
17 been with State Government.

18 **CHAIRMAN FLEMING:** All right. Thank you,
19 Carole.

20 **MR. PARKER:** So, as you can see on our first
21 slide --

22 [Ref: PowerPoint Slide 3]

23 -- there, basically this is our department
24 overview, or basically our organizational chart.
25 We call Patty's area the Upstate; Teeter's would

1 be, we call it the Pee Dee area; and Jerry, the
2 Lowcountry; and Carole is our program specialist.

3 [Ref: PowerPoint Slide 4]

4 So what they basically just told to you is a
5 little bit about their areas. And -- I'm going to
6 have to walk up to the -- I can't see this little
7 laser thing until I get up here. But this is your
8 map; this is your district map. And so what we
9 want to show you is kind of how this correlates
10 with where these guys work. And if you take a line
11 from here, come around, split Aiken, come up by
12 Lexington, Richland, work your way up and go up to
13 the east side of Lexington County, all of this in
14 here [indicating] would be Patty's area. And Patty
15 covers 18 counties.

16 If you take I-26 as your boundary, and you
17 come right down this way to Charleston, if you go
18 to the east side, that's going to be -- this
19 [indicating] is all Jon Teeter's area, and he
20 covers 14 counties. And then, if you take the west
21 side of I-26 [indicating], this is going to be
22 Jerry Hallman's area, and he covers 14 counties.

23 While I've got this map up, I think it's
24 interesting to note that if you drew a line from
25 north of the Columbia area and you consider

1 everything to the coast, our research has found
2 that between 70 and 80 percent of the passenger
3 carriers that we regulate reside from the Columbia
4 area to the coast. And that's major, because it
5 gives so much activity for these gas down here.
6 Now, Patty -- so that means Patty has to come in
7 and help these guys a lot of times when we do
8 enforcement, but Patty also has all of the out-of-
9 state carriers. So Patty, she's kind of our
10 designated inspector if we have any issues with
11 out-of-state carriers, and that's passenger and
12 household goods; she takes care of that.

13 It's interesting to note that back in the PSC
14 days, that we had eight officers, and so their
15 areas of responsibilities were, on the average,
16 about five counties each. So you can see how much
17 more responsibility these guys have. And, if you
18 add in the fact that back then we had a full-time
19 auditor that did our compliance audits, where now
20 they take over that action, so you can see how much
21 busier they are, with our small staff.

22 [Ref: PowerPoint Slide 5]

23 Okay. Dawn put these slides together for us,
24 and she wanted us to talk about the department
25 overview. So, it's important for us to point out

1 how the Transportation Department is funded. We
2 have basically three sources of funding: one being
3 your gross receipts assessments that the household-
4 goods and hazardous waste carriers pay to be
5 regulated; the second category is our passenger
6 license decal fees; and the third would be revenues
7 that we receive from one particular citation that
8 we write, and that is no-authority for household
9 goods.

10 Some of the staff highlights, just to tell you
11 a little bit about what these guys have to go
12 through to become law enforcement officers: three
13 of them -- and I'm also law-enforcement, so we've
14 got four of us -- we all had to graduate the
15 Criminal Justice Academy, and that classified us as
16 a Class 1 law enforcement officer. We have
17 basically Statewide jurisdiction, and we can
18 enforce all State statutes and codes. We're not
19 saying we do that, but we have that capability to
20 do that. So we do have full Statewide authority.

21 Now, all of the officers and Carole and myself
22 and Dawn are all trained to use the -- what's that
23 word?

24 **MS. HIPPI:** SCRIS.

25 **MR. PARKER:** -- SCRIS. Okay. And this is --

1 we're really proud of this. This is our database
2 program. And what our officers get and what we get
3 out of this program is, we can research any vehicle
4 VIN numbers, we can see what the status of decals
5 are -- if they've been issued, if they have been
6 paid, when the forms came into the office. Also,
7 this allows us to know if a particular carrier has
8 authority with the Public Service Commission, or
9 not. And we can also research and monitor any
10 filings that these carriers must make, according to
11 the rules and regulation. We know by going into
12 this program if they've made those filings. So
13 this is basically our compliance tool that we use.

14 We want to point out to you that all three of
15 the officers drive patrol cars. They are equipped
16 with laptops. They have 800 radios. They're car-
17 mounted and portable radios that are tuned in to
18 the South Carolina Troopers' dispatch center, for
19 safety reasons. We credit Jerry Hallman for that,
20 because he pushed with Dawn to get that in position
21 for us. They also have GPSs, which have really
22 been a lifesaver, a timesaver for us, and the cars
23 are also equipped with printers. So they're
24 basically an office on wheels out there. And with
25 this capability, they can go into this program,

1 this database program, and pull any kind of
2 information they need to write a citation, give a
3 warning, or just bring somebody into compliance.

4 Then we have -- our office we kind of consider
5 a call center. We logged in somewhere close to
6 6,000 calls during this fiscal year, and Carole
7 probably took 5,999 of those calls. And I think
8 it's important to know that she knows all of these
9 carriers by name, as do all of these officers.
10 They know these carriers that they regulate by
11 name. I don't know how they do it, but I guess
12 they just deal with them so much.

13 **CHAIRMAN FLEMING:** How many carriers are
14 there?

15 **MR. PARKER:** We're going to -- I'm going to
16 get to that.

17 **CHAIRMAN FLEMING:** Okay.

18 **MR. PARKER:** And you'll be surprised to see
19 how many carriers we actually regulate.

20 The nature of these calls are: "How do I
21 start a particular transportation business?" "Do
22 you have my insurance filing?" "Do you have my
23 payment for decal?" All kinds of calls that we
24 have to field. So needless to say, Carole is
25 extremely busy with this telephone.

1 We do conduct annual workshops and we do have
2 a motto; we say that we educate as we regulate.
3 And a little bit later you'll see some of the
4 workshops that we put on for our carriers and the
5 public.

6 Some additional duties that our inspectors
7 have: As you already know, at the drop of a hat,
8 at your request, they'll come to your night
9 hearings to provide a little bit of security.
10 They, on occasion, will be asked to serve subpoenas
11 for some of your cases that come before you. And
12 they also prosecute their own citations in
13 magistrates' courts.

14 [Ref: PowerPoint Slide 6]

15 Okay. So who is actually regulated by the
16 Public Service Commission and Office of Regulatory
17 Staff? That would be your motor carriers that meet
18 the following criteria: They perform intrastate
19 operations. They are providing services for
20 compensation, for hire. And we key on the fact
21 that they are holding themselves out to the general
22 public to offer some type of service. And finally,
23 it's those carriers that transport persons or
24 household goods, and hazardous waste for disposal.

25 So that leaves our unregulated motor carriers,

1 and that's going to be any carriers that may be
2 exempted by some State law or regulation. For
3 example, that would be transporting children
4 exclusively to schools. Any municipality
5 transportation or activity is not regulated.
6 Commercial moves, labor-only. We have to consider
7 all these different exemptions.

8 We have to look at the definition of a vehicle
9 or a motor carrier. And so that excludes your
10 pedicabs, your water taxis, your horse carriage, as
11 you have in Charleston -- and we've seen them in
12 Columbia -- golf carts. We're seeing all kinds of
13 different vehicles now and we have to sort them out
14 to see if they are regulated.

15 We do not regulate interstate activity or
16 commerce. And finally, transportation that is
17 ancillary to the primary business, such as hotels
18 that own their own vehicles or maybe COAs or adult
19 day-cares that own their own vehicles that they
20 transport their own clients. We have to take these
21 into consideration to determine if they are
22 regulated, or not.

23 [Ref: PowerPoint Slide 7]

24 Okay. Interesting slide here, and this is
25 going to hopefully answer Madam Chair's question.

1 This is a slide showing the number of carriers by
2 certificate type.

3 The Class C, if you look over on the left-hand
4 side, the passenger carriers are subdivided into
5 categories, such as your C Charter, Charter Bus,
6 Non-Emergency, Stretcher Vans, and Taxis. Class A,
7 A Restricted is a very small part of the regulatory
8 scheme. Then we have the property, would be your
9 Household Goods and Hazardous Waste for Disposal.

10 You can see the numbers. These numbers
11 represent the number of carriers that fit into
12 those various categories. And if you total all of
13 those carriers up, that means that these guys are
14 regulating over 1,000 carriers. And if you break
15 that down, that means that each inspector is
16 regulating around 340 carriers each. And for them
17 to know all of these carriers by names is just
18 amazing to me. I don't know how they do it.

19 The next slide --

20 **VICE CHAIRMAN HOWARD:** George, could you go
21 back to that last slide just a minute?

22 **MR. PARKER:** Pardon?

23 **VICE CHAIRMAN HOWARD:** Could you go back to
24 that last slide?

25 **MR. PARKER:** [Indicating.]

1 **MR. MELCHERS:** Go back to --

2 **VICE CHAIRMAN HOWARD:** The last slide.

3 **MR. MELCHERS:** -- the last slide. He's from
4 Charleston, so I can translate.

5 **VICE CHAIRMAN HOWARD:** Well, we've got most of
6 the business, too.

7 [Laughter]

8 **VICE CHAIRMAN HOWARD:** Explain to me exactly
9 about the hazardous waste carriers and the
10 Restricted Class A carriers again.

11 **MR. PARKER:** Okay. I'm going to take the
12 hazardous waste, but I'm hoping someone else will
13 take the Class A. That's a strange animal. But
14 the hazardous waste, we regulate only hazardous
15 waste that is going to disposal sites. And what we
16 have to consider is, what is a disposal site? Is
17 this waste going for incineration? Is it going to
18 be recycled? And if it is, then we determined that
19 we don't regulate that. We only regulate hazardous
20 waste that is going to disposal sites or basically
21 to a dump somewhere. So that's why we only have
22 like seven of those carriers anymore. Naturally, a
23 lot of the disposal sites are no longer in
24 existence, and a lot of hazardous waste is being
25 incinerated. Giant Cement, for instance, does a

1 lot of incineration. Dawn's previous life,
2 Laidlaw, I think, did a lot of that stuff.

3 **VICE CHAIRMAN HOWARD:** That was when the
4 landfill was open in Pinewood. So I guess there
5 were a lot more carriers at that time.

6 **MR. PARKER:** We had a lot more carriers, and
7 plus, we were cross-regulating with DHEC. They had
8 to have a DHEC permit to get into these landfills
9 and they also had to have your certificate to get
10 into these landfills, so what we would do -- Jon
11 remembers back in those days -- we would simply go
12 down and park out at the entrance, and catch these
13 vehicles as they were coming in and check their
14 credentials and, you know, see if they were
15 regulated. Who wants to take --

16 **MS. HIPPI:** The restricted?

17 **MR. PARKER:** Yeah.

18 **MS. HIPPI:** I'll be glad to take the
19 restricted. We used to try and avoid George's
20 group, when I worked for Safety Clean. If we had a
21 report from one of our carriers that both DHEC and
22 the Public Service Commission were monitoring
23 outside the Pinewood Landfill, we would sit out and
24 wait until the inspectors had left before we would
25 bring our trucks in. Just so you know. So they

1 were doing a good job; we were trying to avoid
2 them, as a carrier.

3 The Class A Restricted, Commissioner Howard,
4 it's funny that you should ask that, because when
5 we put the slide together we all scratched our head
6 a little bit about what the difference was between
7 Class A, which is your typical Greyhound,
8 Southeastern Stages, Carolina Trailways -- correct
9 me if I'm going wrong.

10 **MS. CHAUVIN:** That's right.

11 **MS. HIPP:** The difference between Class A and
12 Class A Restricted, according to the regulations,
13 is that that the Class A Restricted can be
14 chartered for a special group. That's our
15 understanding. We have very few of those carriers.
16 They usually are carrying a Class A. They fall
17 under the category of Class A and we regulate them
18 as such.

19 **MR. NELSON:** And I can actually give you an
20 example of that, Commissioner. I had never seen a
21 Class A until last year, and we had a Class A
22 Restricted come in and get certificated by the
23 Commission. And that was a company that runs a
24 trolley service in the Myrtle Beach area, and they
25 have regularly scheduled stops at points along the

1 route, so that makes it a Class A; however, they
2 operate these trolley cars, and people can rent
3 those trolley cars out for weddings or something
4 like that, so that turned them into a Class A
5 Restricted.

6 **CHAIRMAN FLEMING:** What's the other one, if
7 there are only two?

8 **MS. HIPP:** You know, I don't know the name.
9 We can find out the name of that, Madam Chair.

10 **CHAIRMAN FLEMING:** And the trolley -- okay,
11 even though it's serving in a municipal area.

12 **MR. NELSON:** And I think because they operate
13 in the Myrtle Beach area, Madam Chairman, I think
14 they operate maybe into North Myrtle or Surfside,
15 or something like that, across municipal
16 boundaries. Remember we looked at that, and they
17 had to file a schedule listing all the stops and it
18 was a pretty complicated application.

19 **COMMISSIONER HAMILTON:** If I could ask, Madam
20 Chair, about revenue. You've told us how many
21 cases this lady and two gentlemen have to -- and
22 Carole and yourself -- have to oversee. How about
23 the revenue that you covered earlier? Is anyone
24 having to supplement this to pay your staff, or do
25 you have excess that you're supplementing other

1 parts of the ORS?

2 **MR. PARKER:** No, sir. As we all know, Act 175
3 made it clear that we would be --

4 **MS. HIPPI:** Self-sufficient?

5 **MR. PARKER:** -- self-sufficient. Do you want
6 me to give them those percentages?

7 **MS. HIPPI:** You certainly can. We do operate
8 the Transportation Department solely based on the
9 gross receipts, the decal fees, and any citation
10 revenue that is operating. There is no excess. As
11 you know, you know, times are tight. The carriers
12 that we regulate, household-goods industry, had
13 belt-tightening as well. And we'll talk a little
14 bit about those challenges. But there is no excess
15 that goes outside of the Transportation budget that
16 is generated from transportation carriers.

17 **COMMISSIONER HAMILTON:** You don't have any
18 carry-forward either?

19 **MS. HIPPI:** Not that I'm aware of. I can check
20 on that, Commissioner.

21 **COMMISSIONER HAMILTON:** Is your budget
22 balancing annually by assessments?

23 **MS. HIPPI:** Yes.

24 **COMMISSIONER HAMILTON:** And they change year-
25 to-year?

1 **MS. HIPPIE:** The assessment does not change
2 year-to-year. No, sir. It has not changed, to my
3 knowledge.

4 **COMMISSIONER HAMILTON:** It kind of seems that
5 you would either have to have -- if there's no
6 change, you'd either have to get more fines or
7 something would have to happen to continue a
8 balanced budget. Of course, the point I was
9 getting, I'm just wondering if you went from eight
10 to three, and it's almost impossible to think that
11 we're getting the results that you would like to
12 get with -- or either you're overworking three
13 people pretty bad. So it appears that you need --
14 that this part needs to grow, from the comments
15 that we've heard, you know, from you, from time to
16 time and from your presentation that you just made.
17 They've almost got an impossible task.

18 **MR. PARKER:** And every time I do one of these
19 I come away thinking how in the world are we doing
20 it. We have to be very creative in the way we
21 regulate these people. And the way we're doing
22 that is, we rely heavily on the administrative
23 regulatory process that Carole -- you know, her
24 functions. And as you know, with her rule-to-show-
25 causes, she comes in and she has whittled those

1 appendices way down. So we rely heavily on these
2 rule to show cause proceedings to help us regulate
3 all of these passenger carriers. And yeah, they
4 are overworked.

5 **COMMISSIONER MITCHELL:** I have a question.
6 Tell me about railroad safety. Now, you're not
7 doing any of that now? Is that right? Or you
8 still have the inspectors out? I hear both ways.

9 **COMMISSIONER WHITFIELD:** Not in your
10 department?

11 **MR. PARKER:** Yes, sir, that is part of our
12 department, and it --

13 **COMMISSIONER MITCHELL:** And it still is?

14 **MR. PARKER:** -- still is.

15 **COMMISSIONER MITCHELL:** And you're doing --
16 maintaining the service that's been provided all
17 along, the same manner?

18 **MR. PARKER:** Pretty much. We don't do rail
19 abandonments like you remember in the past.

20 **COMMISSIONER MITCHELL:** Right.

21 **MR. PARKER:** But we do still do the track --
22 we have two disciplines: the track safety, Joe
23 Fianchino; and motive powered equipment, which is
24 all of your rolling stock on the railroad, your
25 locomotives and cars; that's Mike Ellisor. So

1 those two guys regulate those two disciplines. And
2 we partner with the Federal Railroad Administration
3 to get the other three disciplines in the State of
4 South Carolina, so that all five disciplines are
5 covered.

6 That part of the department is funded the same
7 way that we are with household goods. We assess
8 the railroads a certain -- by using a certain
9 factor. They're paying to be regulated just like
10 the household goods are.

11 **COMMISSIONER MITCHELL:** And does that pretty
12 much take care of the railroad part, or is that a
13 pretty good supplement -- I guess, you know, in
14 reference to Commissioner Hamilton? How does that
15 fit into your budget? And do you get any federal
16 money for that?

17 **MR. PARKER:** We do not. We do not get any
18 federal money. And the railroad budget used to be
19 -- I don't know -- I'm not really completely sure
20 what it is now. But it used to be around \$200,000,
21 and all that basically covered was your two
22 inspectors, their vehicle expenses, their benefits,
23 you know, under payroll and all that. Pretty much
24 took in -- that was pretty much it.

25 **MS. HIPPI:** And, Commissioner Mitchell, if I

1 can address that issue, the rail assessment, the
2 assessment on railroads, is not a set amount, is
3 not stagnant year-over-year. You know, we didn't
4 set it back in 2005 and hold that same factor all
5 the way through, so it will fluctuate. Basically
6 we set our budget, based on what George has said.
7 The FRA -- the Federal Railroad Administration --
8 does pick up the training costs, many of the
9 training costs to enable both Mike and Joe to be
10 highly trained to do their job. So that is an
11 expense that we do not incur, in most cases.

12 So the budget is set to allow operations for
13 them, and then the assessment is levied on the rail
14 carriers, and there is not carry-forward in that
15 area, either.

16 **COMMISSIONER MITCHELL:** So the same inspectors
17 and all maintain -- that you used to have? You
18 used to have like two? Right?

19 **MR. PARKER:** That has not changed. That
20 program is basically the same as you remember under
21 the PSC days.

22 **COMMISSIONER MITCHELL:** Right, okay.

23 **MR. PARKER:** With the exception of maybe the
24 rail abandonments.

25 **MS. HIPP:** Commissioner Hamilton, if I could

1 go back to your question and somewhat of a concern
2 about the workload, it is a heavy workload. These
3 folks run lean and mean. They have the resources
4 that they need. I think as we get further into the
5 presentation, you'll see some of the efficiencies
6 that we have built in that allow them to focus on
7 that field perspective, allow another group to
8 focus on administrative enforcement, and it has
9 been extremely successful. We're regulating more
10 carriers now with somewhat less resources if you're
11 counting headcount, but we've added some
12 efficiencies and we hope to demonstrate that to
13 you.

14 **COMMISSIONER HAMILTON:** Acts like she's a
15 lawyer.

16 [Laughter]

17 **CHAIRMAN FLEMING:** Commissioner Whitfield.

18 **COMMISSIONER WHITFIELD:** Thank you, Madam
19 Chairman. If I could just follow up a little bit
20 on Commissioner Mitchell's question talking about
21 the rail inspectors, and I said not in your
22 department; I realize you still have the inspectors
23 with ORS. I was referring to your department, the
24 slide -- this slide [indicating] you had just a
25 little bit ago. So they don't actually -- in your

1 -- as program manager, they're not in your
2 department; they are under Dawn? Who -- how do
3 they -- where do they fit?

4 [Ref: PowerPoint Slide 3]

5 **MR. PARKER:** They would fit -- they would be
6 right under me. We just add another block right
7 outside Carole Chauvin.

8 **COMMISSIONER WHITFIELD:** Oh, they're just not
9 in that chart. They would be out beside -- okay.

10 **MR. PARKER:** Right.

11 **MS. HIPP:** And we had designed this -- we
12 certainly could do an ex parte based on rail and
13 what we do in rail. We had designed this around
14 motor carrier. And so we'll be glad to answer any
15 questions about rail, or come before you with a
16 presentation about rail safety, if you're
17 interested in that, as well.

18 **VICE CHAIRMAN HOWARD:** Madam Chairman.

19 **CHAIRMAN FLEMING:** Yes.

20 **VICE CHAIRMAN HOWARD:** Mr. Parker, if you said
21 it, I apologize; I missed it. But of your total
22 funding, what percentage are gross receipts,
23 decals, and citations?

24 **MR. PARKER:** I would say -- let me go back to
25 that.

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[Ref: PowerPoint Slide 5]

I would say probably 55 percent is derived from gross receipts -- correct me if I'm wrong, Dawn. Maybe 40 percent comes from passenger license decals and then maybe 5 percent comes from the 75 percent of a household-goods case that we get.

MS. HIPPIE: That's correct.

VICE CHAIRMAN HOWARD: That's -- I was just curious, roughly. That's fine.

MR. PARKER: So it's pretty evenly matched. And we were very conscious of how much time we spend on passenger versus household goods. We try to be, you know, as equal and fair as we can with that. Okay. Anything else?

[No response]

[Ref: PowerPoint Slide 8]

Okay. So now we're at numbers of vehicles by certificate type. The following carriers are regulated, or required to register their motor vehicles on a semiannual basis. That would be July 1st and January 1st, or December 31st. And the Class C Charter, C Non-Emergency, Stretcher Van, and Taxi carriers pay these decal fees. So that leaves -- the only one that doesn't, in the

1 passenger category, would be your charter buses,
2 due to some partial deregulation of a number of
3 years ago that David Butler will remember came
4 about. And this also does not include if a carrier
5 has over 20 vehicles. We say 20 vehicles or more,
6 they don't pay a license fee. So, you know, that
7 doesn't include -- this chart does not include
8 those. So --

9 **MR. MELCHERS:** Why is that, George?

10 **MR. PARKER:** Pardon?

11 **MR. MELCHERS:** Why is that not included?

12 **MR. PARKER:** Who wants that?

13 **MS. HIPP:** I'll take it. It's very difficult
14 to monitor the number of vehicles that that carrier
15 may have. They're only required to provide our
16 office a listing on a semiannual basis. So when I
17 took a snapshot from this, I chose to eliminate
18 those vehicles. So, if anything, this chart is a
19 very conservative estimate, based on what we have
20 in the database. We don't record over 20 vehicles,
21 their individual vehicles. However, we do attach a
22 PDF copy of the list, so at any point we can take a
23 look at what vehicles they have running. But we
24 don't regulate them on a vehicle-by-vehicle basis
25 based on license fees.

1 **MR. MELCHERS:** Thank you.

2 **MR. NELSON:** So, I mean, this gives you an
3 accurate picture of where we get the revenues from,
4 from the decal fees, but excludes those carriers
5 that the officers still have to inspect. I mean,
6 Checker Yellow would be a good example of one of
7 the larger carriers in the State. It's a big
8 fleet. They still check Checker Yellow vehicles,
9 but that's not a source of revenue for us, because
10 they're excluded from the requirement to pay the
11 decal fees. That was our Legislature that did
12 that.

13 **MR. PARKER:** There's not a statute in the Code
14 of Laws that allows the Public Service Commission
15 to charge a decal fee for a carrier that has 20 or
16 more vehicles, if that helps.

17 So if you total all of these numbers of
18 vehicles up, that gives us a little over 2,500
19 vehicles that we're regulating.

20 **CHAIRMAN FLEMING:** Let me ask you a question.
21 I want to go back to that over-20.

22 **MR. PARKER:** Okay.

23 **CHAIRMAN FLEMING:** Even though the carriers
24 are considered independent and not under
25 unemployment -- I mean, the compensation program --

1 that they're -- the drivers of those carriers of
2 over 20 cabs are independent contractors.

3 **MS. HIPP:** Not in all cases. Not necessarily.
4 If the certificate-holder has more --

5 **CHAIRMAN FLEMING:** But if they are independent
6 contractors, they still are not -- they still do
7 not have to get a decal fee, pay it?

8 **MS. HIPP:** If that independent contractor has
9 more than 20 vehicles, yes, ma'am.

10 **CHAIRMAN FLEMING:** No. It's the drivers, for
11 the example that you gave, are considered
12 independent contractors.

13 **MR. NELSON:** In the instance of some of these
14 companies, like Checker Yellow, Checker Yellow is
15 the certificate-holder and they have a fleet in
16 excess of 20 vehicles. They have a business system
17 or whatever you want to call it, that's set up, by
18 which they lease those vehicles to these
19 independent operators. Those independent operators
20 aren't the certificate-holders of the Checker
21 Yellow certificate to operate. So, yeah, I think
22 they've got the best of both worlds in that case.
23 Yes, they don't have to pay the decal fee, but
24 they've set up this business model to try and avoid
25 workers' compensation and some other things that

1 allow them to lease the vehicles to the drivers.

2 **COMMISSIONER WHITFIELD:** If they're operating
3 under that authority --

4 **MR. NELSON:** If they're operating --

5 **COMMISSIONER WHITFIELD:** -- through their
6 lease.

7 **MR. NELSON:** -- under Checker Yellow's
8 authority to operate those taxicabs.

9 **VICE CHAIRMAN HOWARD:** But they still have the
10 ORS/PSC decal on the cab, itself, does it not?

11 **MS. HIPPI:** [Shaking head.]

12 **VICE CHAIRMAN HOWARD:** They do not?

13 **MS. HIPPI:** They would not have -- they're not
14 required to have the decal. They would have the
15 number, the placarding --

16 **VICE CHAIRMAN HOWARD:** That's what I'm --

17 **MS. HIPPI:** -- number on the vehicle.

18 **VICE CHAIRMAN HOWARD:** That's what I'm talking
19 about, the number.

20 **MS. HIPPI:** Yes, sir. Yes, sir.

21 **MR. PARKER:** Any other questions on that?

22 **COMMISSIONER WHITFIELD:** So what other fees
23 would they pay, the larger ones, the ones we're
24 talking about here?

25 **MR. PARKER:** No fees, to be regulated by the

1 Public Service Commission.

2 MR. NELSON: But we still regulate them. I
3 mean, we still have to -- you know, in that case,
4 too, some of those are self-insured, if you will.
5 Their insurance sufficiency is provided by the
6 Department of Motor Vehicles. So we still provide
7 oversight, as far as insurance, vehicles, driver
8 records, those type things. We regulate those
9 carriers, but we receive no revenues.

10 COMMISSIONER WHITFIELD: That's what I'm
11 saying, you're not getting any assessments from
12 that.

13 MR. NELSON: That's correct, Commissioner.

14 MS. HIPPI: A lot of goodwill regulation going
15 on.

16 MR. PARKER: We're not sure what happened a
17 number of years ago with that, if there was ever a
18 statute or if it was -- we don't know.

19 COMMISSIONER HAMILTON: We'd have to have
20 served in the General Assembly to know what
21 happened.

22 COMMISSIONER WHITFIELD: Sounds like the cabs
23 had a good lobby. The large cabs have a good
24 lobby.

25 MR. PARKER: So if you total up these numbers

1 of vehicles, that's going to get us over 2,500
2 vehicles that we are regulating, and if you break
3 it down per inspector, that's about 860 vehicles
4 per inspector. And Carole has them all.

5 No wonder these guys look so tired.

6 **CHAIRMAN FLEMING:** I don't think they looked
7 tired; I think they look great.

8 **MS. CHAUVIN:** I just had a facelift -- no, I'm
9 just kidding.

10 [Laughter]

11 **MR. PARKER:** Okay. Let's go to our field
12 education.

13 [Ref: PowerPoint Slide 9]

14 The inspectors' duties fall into basically two
15 broad categories. The first category would be
16 field education, and under that, the inspectors
17 conduct compliance reviews on passenger carriers
18 prior to the issuance of the certificate. And in
19 those compliance reviews, the inspectors are
20 looking -- they inspect the vehicle, they review
21 their driver's files to see if they have SLED
22 checks, sex offenders' registry, motor vehicle
23 report, all those kinds of things. And also, they
24 go over the regulations with them to kind of
25 educate them on how they need -- or what they need

1 to do to stay in compliance.

2 So our theory here is that we are pushing
3 compliance on the front end of the process, and we
4 know that -- we started this back in early 2009,
5 I'm thinking.

6 **MS. HIPPIE:** [Nodding head.]

7 **MR. PARKER:** And we realize that it's going to
8 take some time, but eventually this should pay some
9 big dividends, because we're getting these people
10 in compliance on the front end, because, our
11 limited staff, we can't catch them on our random
12 audits.

13 So then on the other carriers, the inspectors
14 conduct a compliance review of the household-goods
15 carriers prior to the actual Public Service
16 Commission hearing. Now, that's one of my jobs. I
17 do a lot of those. We call them site visits. And
18 we modified these site visits. And your legal
19 staff was a tremendous help, along with Jeff and
20 Shealy, in helping us put into place a system where
21 we would -- we would modify these site visits to
22 where we could go out and actually give these
23 carriers, or these applicants at this point, a
24 checklist so that they'll know what they are
25 needing to do before you in these hearings. You

1 know, the elements they need to address. We go
2 over all of that stuff with them, even down to
3 dress code. And I think that's really been very
4 successful in our household-goods cases. So we
5 really appreciate what the PSC and ORS attorneys
6 have done to kind of modify the site visit.

7 Now, it has doubled -- at least doubled the
8 length of time that it takes me or any of these
9 guys to conduct a site visit, but it's well worth
10 it, you know, when we get them in here to the
11 hearing. We even draw out a little diagram of your
12 hearing room and kind of tell them a little bit
13 about how it will flow during the morning as Madam
14 Chair, you know, conducts this hearing. So when
15 they come in here, they know a little bit more
16 about what to expect. So we are real thankful for
17 the work that y'all did with that.

18 Some other education would be that we try to,
19 on a biannual basis, to sponsor a passenger and a
20 household-goods workshop at various locations
21 across the State. We partner with some of the
22 associations, like the Trucking Association, the
23 Transportation Association of South Carolina,
24 Movers Conference, Medicaid brokers, taxis and
25 limousine, paratransit associations. We go in and

1 speak to these groups or when they have some kind
2 of workshop we will, you know, assist with them.
3 We also publish a newsletter to the carriers; it's
4 called the *News on Wheels*. And we have redesigned
5 our website to include important forms and
6 regulations that are out there. Carole has been
7 very instrumental in revising some of our forms to
8 make it a lot more user friendly.

9 [Ref: PowerPoint Slide 10]

10 Okay. Our second category would be our field
11 enforcement, and this chart basically says it all
12 about what kind of fines we levy. Our cases are
13 criminal offenses in nature. They are heard before
14 the magistrates' courts. And number one, I would
15 say the general rules and regulations, with the
16 passage of the new taxi regulations that the
17 Commission helped get through the Legislature, we
18 are writing a lot -- we're probably writing triple
19 the citations on failure to comply with the rules
20 and regulations, now that we have those regulations
21 in. They have been a tremendous help.

22 You'll see down there, "No Public Service
23 Commission authority" for household goods and
24 hazardous waste; that's the only citation that we
25 get any revenue back. And then your advertising

1 cases, we're writing more advertising cases than we
2 used to. For instance, in 2008, we wrote one
3 advertising case. In 2009, we logged in 15 cases,
4 which as a result, brought a lot of applicants
5 before the Commission.

6 We do daily enforcement through routine
7 traffic stops. We do unannounced compliance
8 audits. We do routine compliance audits; we call
9 those initial audits, for our new applicants. The
10 inspectors are doing probably around 12 a month on
11 that category. We do complaint investigation and
12 resolution; that's a good part of what they do.

13 We do some undercover operations. I'm going
14 to give you an example. Dawn was in the process of
15 moving. She went to a storage facility, she
16 noticed or observed some calling cards. She knew
17 immediately that those carriers did not have
18 authority with the Commission. She basically
19 called the carrier -- well, first, you know, we try
20 to warn them some way. We'll post back to their ad
21 or something. But a lot of times they just think
22 they can't be caught. Well, we just called them
23 up, said, "You know, we'd like for you to come give
24 us an estimate," and we're there. And that
25 particular one came through the process. Jeff

1 brought to the attention of the Commission that,
2 you know, get him under your jurisdiction, under
3 your purview, so we can watch these guys. And the
4 next thing you know, he's under our jurisdiction.
5 So it pays off.

6 **COMMISSIONER MITCHELL:** I have a question,
7 Madam Chairman.

8 **MR. PARKER:** Yes, sir.

9 **COMMISSIONER MITCHELL:** Someone calls a mover
10 -- which I had an experience when my daughter was
11 moving -- just for an estimate. And, you know,
12 personally, I called myself for an estimate with a
13 household mover. And are they required to be close
14 to that estimate? They were not even in the
15 ballpark.

16 **MR. PARKER:** That --

17 **COMMISSIONER MITCHELL:** I mean, they gave me
18 an estimate over the phone and, you know, and
19 clearly you needed an estimate, because in her
20 particular case it was to be paid for by her
21 employer and she had to turn in what it was going
22 to be. And they weren't even in the ballpark.

23 **MR. PARKER:** We don't have anything written --

24 **COMMISSIONER MITCHELL:** I just wonder, is that
25 something that might be included, because I'm sure

1 other people would have that problem as to how that
2 estimate should be carried out --

3 **MR. PARKER:** It is a problem --

4 **COMMISSIONER MITCHELL:** -- and give you
5 something. I don't know if it ought to be in
6 writing, or what. But it might be worth looking
7 at, because I'm sure other people have experienced
8 the same thing. We just simply call, and you want
9 to know approximately what something is going to
10 cost before you --

11 **MR. PARKER:** The only failsafe we have right
12 now, that is a carrier that has that poor of a
13 business operation or their business ethics are
14 that poor, then we should be getting complaints in
15 our office, multiple complaints on that one
16 carrier. If he can't do it any better than you're
17 describing there, we're going to get those
18 complaints. Now can we do anything about it?

19 **COMMISSIONER MITCHELL:** Well, I just --

20 **MR. PARKER:** At that point, we cannot, because
21 they have not actually charged the shipper. Once
22 they charge the shipper, if we find they've --

23 **COMMISSIONER MITCHELL:** Well, I mean, I have
24 the charge.

25 **MR. PARKER:** -- overcharged, we can --

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COMMISSIONER MITCHELL: I know the charge. But all I'm saying is, you know, you might want to take a look at that as to some way to tie them down once they give an estimate to someone. I know it would be very difficult, but particularly if they gave one in writing, it might not be very difficult.

MR. PARKER: Well, on the federal side, if they estimate over 10 percent of the -- if they miss it by over 10 percent --

COMMISSIONER MITCHELL: Well, this one missed it far beyond 10 percent.

MR. PARKER: -- they cannot collect anything over 10 percent. They can collect the 10 percent over, but I think they have to do time -- they have to allow time to pay.

MR. NELSON: And unfortunately, Commissioner, the way our laws are set up in South Carolina, in fact, one of the things we usually ask the carriers applying for licenses here is, "You understand that you can only charge the tariff rate." They can give an estimate, but as far as an actual charge, they cannot give a quote prior to doing a move, because our laws say that they have to charge the tariff rate for the amount of the moves.

1 **COMMISSIONER MITCHELL:** And he told me all
2 that. He told me all that.

3 **MR. NELSON:** If they have --

4 **COMMISSIONER MITCHELL:** And, but he still --

5 **MR. NELSON:** -- a horrible business practice
6 of overestimating, unfortunately, there's really
7 nothing specifically under our laws or this
8 Commission's regulations right now that would allow
9 us to write a citation to him for that.

10 **COMMISSIONER MITCHELL:** Right.

11 **MR. NELSON:** It's a lousy business practice,
12 and the best thing maybe is to, you know, complain
13 to the Better Business Bureau or something. But
14 right now, as far as what we have in the regs and
15 statutes, there's nothing -- that's not a violation
16 of the law to allow the officers to write a
17 citation.

18 **COMMISSIONER MITCHELL:** I understand. I
19 understand. I'm just bringing it up just to say --
20 just to let you know that that can occur.

21 **MR. PARKER:** Okay. Focused enforcement, we
22 try to do that in each inspector area once a year.
23 That's mainly geared towards passenger compliance.

24 Internet -- monitoring Internet and mass
25 media, we have Bryan Bolen that watches these

1 Craig's Lists and Internet advertisements for
2 illegal activity. And then we also partner with
3 airports, school districts, concerts, the Carolina
4 Cup, the zoo, and, you know, we go to these places
5 to get them to come to us, rather than chase them
6 all over the place.

7 Okay. This is my last one here, so I'll try
8 to get through this pretty quick.

9 [Ref: PowerPoint Slide 11]

10 This is a chart showing our field activity
11 results. If you look at citations and warnings,
12 we're up around 355 for fiscal year '9-10. I think
13 a lot of that is because of our new regulations
14 that we got -- that y'all passed, or helped to get
15 passed, and the Craig's List enforcement. Then on
16 our complaint investigations, it's up around 160,
17 which is considerably higher. We think that the
18 poor economy has spawned a lot of complaints from
19 one carrier on another, or the public to a carrier.
20 We think that we have better awareness out there
21 now.

22 And then the number of vehicles regulated,
23 we're up around, like I said, around 2,500. And so
24 Dawn asked in our little preview here the other
25 day, so, let's think about why are we getting more

1 carriers and more vehicles under our purview when
2 the economy is so bad? So -- why?

3 **MS. HIPPIE:** Oh, you're asking me?

4 [Laughter]

5 I guess I'm asking the question and answering
6 it. A couple of ideas that we had regarding
7 vehicles, we were looking for trends as we were
8 putting together statistics, and we do look at
9 trends on a yearly basis. When the economy is so
10 terrible, a couple of things that came to mind is,
11 number one, the amount of certificates we're
12 issuing. And you'll see in a subsequent slide the
13 increase. Individuals are being displaced from
14 their jobs, they're picking up some sort of
15 passenger transportation type work to carry them
16 through until the economy rebounds.

17 We also are regulating tighter the carriers.
18 So those carriers that were operating illegally
19 without authority, or operating vehicles without
20 registering with our office, we have tightened that
21 enforcement and therefore we're able to account for
22 those numbers; they're being properly regulated.
23 So, we would offer a couple of those items as
24 possible reasons why, in a poor economy, we're
25 seeing more vehicles to be regulated and having

1 more regulation.

2 **MR. PARKER:** That's my portion of the
3 presentation. Do you have any questions of me? If
4 not, I'll sit down and Dawn can take over.

5 **VICE CHAIRMAN HOWARD:** George, do y'all
6 operate -- do you operate seven days a week, or do
7 you just operate five days a week? How long are
8 your -- when are your --

9 **MS. CHAUVIN:** 24/7.

10 **MR. PARKER:** They're seven days a week. They
11 set their own schedules. For safety reasons they
12 always notify us and the other officers if they're
13 going to be out there on the weekends. But they
14 have to work nights and weekends, of course, and
15 take a little time off during the week.

16 **VICE CHAIRMAN HOWARD:** Thank you.

17 **MS. HIPP:** Good morning, Commission.

18 **CHAIRMAN FLEMING:** Good morning.

19 [Ref: PowerPoint Slide 12]

20 **MS. HIPP:** We're going to continue taking a
21 look at the second bucket -- I like to call it
22 "bucket" -- of regulation. George had talked to
23 you about the field side of it. I'm going to talk
24 a little bit, with Carole's help, about the
25 administrative procedures. I'm going to move

1 fairly quickly, so that we can get you out for
2 lunch, but if you have questions, feel free to stop
3 me.

4 As we talked, we have changed somewhat some of
5 the processes that we have with ORS. When we first
6 started, we were all trying to do everything. We
7 didn't have a database. We were using a lot of
8 spreadsheets, using Microsoft Word, hard copies.
9 We have integrated that, with your assistance and
10 your staff, using the South Carolina Regulatory
11 Information System database; that's what "SCRIS"
12 means. And in that database, we are tracking all
13 components of compliance on each carrier, down to
14 the vehicle level.

15 So I wanted to hit on a few things in
16 administrative procedures that have helped us with
17 efficiency. We are issuing -- our office is
18 issuing both the new and amended certificates;
19 after you vote, we try to turn them around as
20 quickly as we can. However, the carrier does have
21 to be in compliance with your regulations, meaning
22 they have to have paid their license decal fees,
23 they need to have undergone a vehicle and records
24 inspection or pre-inspection with our inspectors,
25 and they need to have the proper insurance on file

1 before they will actually get the certificate,
2 which means they can operate.

3 We do provide technical assistance. You'll
4 see some statistics that are staggering as to the
5 amount of technical assistance that we offer both
6 the carriers, the public. We've developed
7 partners, and we offer -- when you call our office,
8 you're going to speak with Carole or George or
9 you're going to speak with one of the inspectors in
10 their mobile offices. And hopefully we'll be able
11 to answer those questions immediately. There's a
12 very quick turnaround time. But these are some of
13 the categories that we field questions and provide
14 technical assistance on.

15 As I said, we monitor carrier compliance and
16 their insurance compliance. That means from filing
17 the Form E to renewing, we have carriers -- and
18 we'll talk a little bit about one of our challenges
19 is that this is a diverse population, and some
20 individuals are driving taxis because they've been
21 displaced, they are of an income bracket where
22 meeting the insurance requirements, the expense to
23 keep and maintain insurance is on a monthly basis,
24 so their insurance will be good for 30 days and it
25 will lapse, and they'll come back into compliance

1 and then it will lapse again. And we have a
2 process for that. So that's a lot of transactions.
3 We're working right now to get those insurance
4 transactions to an electronic level where we're
5 sharing that information with the carriers. Not
6 only with the carriers, but the insurance carrier
7 shares it with us.

8 We issue those semiannual license decals. We
9 talked about that and the revenue associated with
10 that. If you're riding in a taxi that is not a
11 company that's over 20 carriers, you'll notice the
12 decal in the front left-hand corner of the vehicle,
13 and it will be different colors depending on what
14 year it is and what time of year it is.

15 We monitor -- starting this year -- the
16 license tag, license plate information on those
17 vehicles. As you know, Class C Taxi vehicles have
18 to carry a TX tag, and so to ensure that all of our
19 taxi carriers and their vehicles are in compliance
20 with your regulations and DMV's regulations, we
21 monitor the tags, and we share electronic
22 information with the DMV to do that. And then we
23 also maintain the database, with your help.

24 [Ref: PowerPoint Slide 13]

25 For administrative enforcement, this is an

1 area that we have stepped up to ensure that our
2 officers are being utilized to their fullest
3 capacity out in the field and they're not spending
4 a lot of time inputting information into the
5 computer, but using the computer for inquiry and
6 assisting them with their job. We've done several
7 rule-to-show-cause proceedings, which you've seen
8 those, just to give you a listing of that. That
9 helps us -- and we'll talk about how our numbers
10 are stacking up with companies that are out of
11 compliance.

12 We coordinate both with the DMV and the
13 Department of Public Safety on compliance
14 requirements. We've got some new federal
15 requirements rolling out that will affect our
16 carriers from the federal standpoint, and we've
17 been communicating with them on that.

18 Some of the other highlights are that we
19 require full compliance of the carriers. If they
20 have lost their certificate and are seeking
21 reinstatement from you, before that reinstated
22 certificate is issued, they need to be in full
23 compliance with your regulations: paying back-
24 fees, going ahead and filing reports if they fell
25 out of compliance with report filing, insurance,

1 even to the level that their vehicles need to be
2 reinspected. So that gives us another opportunity
3 to ensure that the vehicles are safe and that the
4 driver records are in compliance.

5 The other thing that has helped us in
6 administrative enforcement is the speed at which
7 you are making your rulings. When we bring a rule-
8 to-show-cause petition in front of you, you've
9 helped us out by ruling from the bench, which will
10 immediately cease the operations of those carriers
11 so that we can move into enforcement mode with
12 them.

13 And then as George had mentioned, we are
14 monitoring the places where the consumers will go
15 to find services, transportation services, such as
16 Craig's List and U-Move, or eMove -- I always get
17 these --

18 **MS. CHAUVIN:** eMove.

19 **MS. HIPP:** eMove. Taking a look at magazine
20 ads, and pinpointing those carriers for
21 enforcement, contacting them if they don't have
22 your authority to make sure that they get the
23 proper authority.

24 Any questions there?

25 [No response]

1 [Ref: PowerPoint Slide 14]

2 Just to give you some statistics to support
3 some of our efforts, and your efforts, you can see
4 that the number of certificates, both household-
5 goods and passenger certificates, has increased
6 over the period of time, and we talked a little bit
7 about what the downturn in the economy might mean
8 and how that would result in more certificates
9 being issued. You can see our number of license
10 decals issued does have some fluctuation in it, and
11 know that we monitor those on a fiscal year; so
12 when we first started out, we had some issues
13 getting our decals on the street, and that
14 contributes to a larger number of decals issued in
15 2006-2007.

16 Overall, the compliance assistance that we're
17 offering, projected out through quarter four of
18 this fiscal year, looks to be running close to
19 8,000, fielding 8,000 phone calls, both from the
20 inspectors and our office. That doesn't count
21 anything that you are receiving here, and I know
22 there are quite a few calls that come in here
23 related to transportation.

24 And then you can see in the bottom line item
25 number of certificates involuntarily revoked, those

1 are rule-to-show-cause proceedings that we've
2 brought before you. Our numbers spiked in 2007-
3 2008 when we got a little crafty with the rule to
4 show cause; we figured out how that mechanism would
5 work. We had some success cleaning up some
6 information, carriers that had simply ceased
7 operating but still had a certificate.

8 Any questions on those statistics?

9 [No response]

10 [Ref: PowerPoint Slide 15]

11 Our partnerships. We've mentioned and you've
12 seen we have three inspectors. They can't possibly
13 cover all of these cars in the State. And so we've
14 taken some time and, through their efforts, to
15 develop these partnerships with State and federal
16 agencies, such as Department of Transportation,
17 Department of Revenue with our Business One Stop
18 partnership. We are located on their website, so
19 that a household-goods mover wanting to start
20 business in South Carolina, if they use Business
21 One Stop, would have your information on how to
22 become certified. State fleet, many of our
23 carriers were inquiring about renting vehicles or
24 leasing vehicles from State fleet. We developed a
25 partnership there to make sure that only

1 certificate-holders -- if State fleet got into that
2 business line -- would be able to do passenger
3 operations.

4 **COMMISSIONER WRIGHT:** Quick question while
5 you're here?

6 **MS. HIPPI:** Sure.

7 **COMMISSIONER WRIGHT:** Especially, I guess, in
8 the household moving part of things, we have run
9 into situations where it seems like a regular thing
10 where they got caught, didn't know where to go, or
11 -- and we find that they've got their certificate
12 from Secretary of State or they've gotten their
13 business license from the county of operation,
14 wherever they're at -- if there is a county
15 business license in effect. Have you had any more
16 success within the Secretary of State's office,
17 especially, because it seems like that would be --
18 that seems to be the place where everybody -- we
19 see that paperwork. But are you having any more
20 success there?

21 **MS. HIPPI:** We have not, Commissioner. We have
22 not had success with the Department of Commerce,
23 which is one area, the Secretary of State, which is
24 another. We've had success with the Department of
25 Revenue, as we've spoken. What we've done lately

1 is blanket industries, both on the passenger side
2 and on the household-goods side, such as portable
3 storage locations. We're compiling a list and
4 creating a database of those areas where household-
5 goods movers would be coming in and out of, and
6 we'll be blanketing them with correspondence saying
7 "Hey, there's a certification process for movers."
8 They are contacted about how to start a business,
9 as well. But no, we have not.

10 **COMMISSIONER WRIGHT:** And I'm assuming this
11 has happened, and if it hasn't, then, you know --
12 or if it has, just tell me. But has Dukes met
13 personally with Mark Hammond?

14 **MS. HIPP:** Not that I'm aware of.

15 **COMMISSIONER WRIGHT:** Would it be beneficial
16 maybe for maybe a couple of representatives -- get
17 Dukes, get Jocelyn, maybe take our Chairman, and
18 have a sit-down with Mark to kind of show how
19 important it is?

20 **MS. HIPP:** That's a great idea. I will take
21 that back and we'll definitely follow up on that.
22 Thank you.

23 **MS. CHAUVIN:** Could I add to that? I actually
24 called over to the Secretary of State's Office --
25 oh, I'm sorry. I have a big mouth; I didn't think

1 I needed the microphone. I actually called over to
2 the Secretary of State's Office, you know, to ask
3 about how do these people get an LLC or an
4 incorporation, you know, and they don't actually
5 have authority? And the response -- and I don't
6 know who the person was I talked to -- was, "We're
7 just a filing agency." That's all they do. They
8 don't check into anything. Anybody can file and
9 get an LLC or an incorporation if they provide the
10 paperwork. They don't check on anything.

11 **COMMISSIONER WRIGHT:** Well, I understand. My
12 wife used to be in that area over at Secretary of
13 State's Office. All it's going to take is for
14 someone to say -- even though they can file
15 anything, you can't file it unless you have proof
16 of this, too. So it's just a very simple thing
17 that would have to happen, I think, you know. Even
18 possibly just another box on the form, you know?

19 **MS. CHAUVIN:** Yeah.

20 **COMMISSIONER WRIGHT:** Yeah.

21 **MR. NELSON:** Commissioner, I think you're
22 right, because it would require somebody at the
23 Secretary of State's Office to see the name of the
24 business being moving, movers, or the nature of the
25 business they intend to operate. If somebody over

1 there were doing that and could then send them to
2 us, tell us they're incorporating, something like
3 that, that at least would be a big start if we
4 could have somebody at that office identify those
5 people to us, and then tell them they need to
6 come see us. Even if they didn't put a check in
7 place --

8 **COMMISSIONER WRIGHT:** Right.

9 **MR. NELSON:** -- at least if we knew those
10 people were out there, we'd know who they are and
11 we could go find them.

12 **COMMISSIONER WRIGHT:** It seems like a pretty
13 simple thing to happen. I think it can.

14 **MS. HIPPI:** It does. And we, I think, could
15 also, just through your comments, build into our
16 administrative process, you know, looking on the
17 Secretary of State's website if they had a new-
18 filing area, to ensure that if there was a new
19 filing under a name that looks suspiciously like a
20 mover, that we'd have a corresponding docket open
21 here. So we will definitely follow up and get back
22 to you on how that turns out.

23 **MR. NELSON:** Of course, the downside of that
24 is that still doesn't help us with the gypsy
25 movers. There's some people out there that are

1 just, you know, by themselves. But that would be
2 -- like you said Commissioner, I think probably
3 three of the last four that we've had in front of
4 this Commission have come up here because they've
5 been cited by us.

6 **COMMISSIONER WRIGHT:** Right.

7 **MR. NELSON:** And at least two of those, I
8 know, had registered with the Secretary of State's
9 Office.

10 **VICE CHAIRMAN HOWARD:** What is the Department
11 of Transportation -- how are they in your loop?

12 **MS. HIPP:** The Department of Public -- the
13 Department of Transportation?

14 **VICE CHAIRMAN HOWARD:** Right.

15 **MS. HIPP:** We are working with them right now
16 on a comprehensive transportation strategy for the
17 State. It's many agencies working together, and
18 the Office of Regulatory Staff is on that resource
19 team, talking about how to smooth out the overlaps
20 in public transportation, both bussing and also
21 this private sector, taxis, those types of things.

22 **VICE CHAIRMAN HOWARD:** Okay, thank you.

23 **MS. HIPP:** Any other questions on the
24 partnerships? We are definitely open to
25 suggestions. We've had a lot of success with

1 insurance carriers, insurance agents contacting us
2 and facilitating compliance upon their clients'
3 behalf. So that has been very successful, as well.
4 Also, the Medicaid brokerage system, working with
5 both LogistiCare and MTM and the Department of
6 Human Services. DSS is not under the brokerage
7 system, but was considering that. That has
8 assisted us in getting carriers who want to do that
9 type of non-emergency type transportation to have a
10 certificate with you, an appropriate certificate,
11 and then be in compliance as well.

12 [Ref: PowerPoint Slide 16]

13 Our successes -- and I'm going to run through
14 these quickly. Our number one priority is to
15 ensure that the consumer that's riding in that
16 vehicle has a safe ride from Point A to Point B, in
17 a vehicle that meets your standards, with a driver
18 that meets your standards and is properly insured.
19 That phone call about accidents or trying to
20 mitigate damages on an accident, we don't want
21 those. We very rarely will receive them, as well.

22 So some of the things we've done, with your
23 assistance, to create these successes, is to ensure
24 that companies that do not have insurance on file
25 with us are immediately suspended. So, they cease

1 operations. We go out and double-check to make
2 sure. Can't be everywhere at every time, but
3 there's an immediate suspension process in place.
4 As I mentioned, your speedy decisions have assisted
5 in keeping that passenger carrier and household-
6 goods carrier area a very safe area.

7 We recently passed regulations within the past
8 five years that allow us to take vehicles out of
9 service immediately. So when we do focused
10 inspection -- when we do these inspections, if we
11 run across a car that has slick tires on it, it's
12 out. Can't go back on the road until it's fixed
13 and it's inspected by one of our officers.

14 We monitor online advertising; I mentioned
15 that. And then the enhanced driver requirements.
16 Not only is it important that the passenger be
17 transported in a safe vehicle, but that they be
18 transported by an individual who is there to do
19 business and meets the criteria that you've
20 specified, such as not being a sex offender, having
21 -- you know, at least having record of a driving
22 record, those types of things.

23 Our success number two that we're proud of is
24 enhanced awareness. Even though we still have some
25 of these hurdles such as making sure the Secretary

1 of State is on-board or we're reaching out to them,
2 we have felt that we have increased the awareness
3 of what the Public Service Commission regulates and
4 how it's regulated, by streamlining the household-
5 goods application process, which your staff was
6 instrumental in doing; by developing those
7 strategic partnerships that we talked about on a
8 prior slide; by ensuring that our carriers come to
9 the workshops that we host. We try to make it a
10 fun event, we try to make it an event that's
11 scheduled for them at times that they would not be
12 working, so they're not going to have issues with
13 cash flow, to attend the workshop.

14 Our website enhancements and the ability to
15 communicate with our partners on a more efficient
16 basis, we use a lot of electronic communications, a
17 lot of letters to get out the word as to what
18 changes in the regulations and how enforcement
19 efforts have changed.

20 And then we have membership in some
21 organizations that put us in contact with both
22 carriers and the brokers.

23 We have increased efficiency, by the database
24 -- we've talked about that significantly. That has
25 been -- just made the world of difference, having

1 those tools at your fingertips. When carriers
2 contact us about "How do I start a business? I'm
3 not exactly sure how to start this thing," Carole
4 will send them out a welcome package and it
5 includes a copy of your regulations and the
6 application, all the information that they would
7 need.

8 We have streamlined the decal renewal process;
9 that is fully automated and electronic. We are
10 following case management procedures in docketed
11 matters, to make sure that we dot all the I's and
12 cross all the T's. And then of course, our pre-
13 certificate review of both vehicles, equipment, and
14 the regulations with the carriers have increased
15 efficiency in the industry.

16 [Ref: PowerPoint Slide 17]

17 Some other challenges are the increased
18 competition. There are more individuals
19 participating in passenger carrier, in particular,
20 that industry. That increased competition, of
21 course, leads to, you know, fighting for the
22 dollar, the consumer's dollar, and not always
23 following the regulations to do such.

24 Less resources. The carriers themselves have
25 less resources to meet your requirements. That --

1 maintaining that proper insurance is a struggle.
2 The decal fees, very low dollar, \$7.50 all the way
3 up to \$50 semiannually, so we're not talking about
4 a large fee there on the passenger side.

5 Increase in operating expenses. It's less
6 expensive to operate illegally if you don't get
7 caught. And so what we're finding is that those
8 that are operating in a legitimate manner in
9 compliance with your regulations will drop a dime
10 in a heartbeat on the illegal operators. And
11 that's the bulk of our complaints. Not
12 specifically from consumers, but from carriers who
13 want a level playing field.

14 And we also talked just a little bit -- had a
15 bullet point about more regulation for less
16 assessment, and we do hear that from those that are
17 regulated. They think the fees are too steep for
18 what they're getting, but then don't we all, as
19 consumers, think that we're not always getting what
20 we're paying for.

21 We've listed some challenges in the regulatory
22 environment, such as the evolving industry. We're
23 seeing more questions about leasing arrangements,
24 brokerage type operations. Even the equipment
25 that's being regulated is evolving. We have

1 inquiries about the driver-scooter type mode of
2 operations here in the Vista, and I know it goes on
3 in Charleston. So looking at our current
4 regulations -- I'm not saying we want to regulate
5 more, but we need to keep in consideration how the
6 industry is evolving.

7 Out-of-date definitions and requirements,
8 we're working on drafting some regulations to bring
9 before you in the future that would address some of
10 those items.

11 Consumer demands. They want different types
12 of ways that they compensate the driver. They want
13 different routes, things like that, so we need to
14 keep -- as we're looking at the regulatory
15 environment, keep that in mind.

16 And then overlapping jurisdictions within
17 other State agencies, municipal entities. There is
18 confusion as to who regulates what. And so we try
19 and clear that up for our carriers and those that
20 reach out to us.

21 Education is always a challenge, diversity in
22 the population that we regulate. Literacy tends to
23 be a roadblock in some cases. We do spend a lot of
24 time with carriers to ensure that they have
25 understanding, even if it means reading the

1 regulations to them.

2 The majority of our carriers do not use
3 technology, such as the Internet. So trying to
4 reach our carriers in an electronic manner to
5 notify them of possibly out-of-date insurance or of
6 an upcoming regulatory requirement is -- you can't
7 do that with this sector of the population,
8 particularly in the passenger industry. They just
9 do not use the Internet. We have looked at things
10 such as online filing for decal fees. It would be
11 quick, would be easy, and we'll continue to develop
12 that, but the reality is that the majority of the
13 carriers won't use it.

14 And then who regulates what, as we talked
15 about under the regulatory environment. There's a
16 lot of confusion about what our agency does -- not
17 a lot, but the carriers get us confused with the
18 city, they get us confused with the Department of
19 Public Safety, State Transport Police, and so
20 educating them on what our role is is always a
21 challenge, that we enjoy.

22 [Ref: PowerPoint Slide 18]

23 And that concludes our presentation. I'll be
24 glad to field any questions that you might have.

25 **VICE CHAIRMAN HOWARD:** Ms. Hipp, I guess I've

1 got the ultimate question. Given your mission,
2 given the mission of the ORS, and also to some
3 extent the PSC, you know, the interests of the
4 consumer with the financial integrity of the
5 utility -- or in this case, the transporter -- how
6 much thought is given or what is the criteria that
7 there would be too many carriers in one class, one
8 geographical area, that it would definitely affect
9 the competition? And we hear that a lot,
10 particularly in the economic conditions now. Do
11 you all have any criteria of knowing, for example,
12 what is too many household-goods movers in the
13 Charleston area, how many that number is? And do
14 you do anything in that, to protect your existing
15 carriers from too much competition?

16 **MS. HIPP:** As of this point, in balancing the
17 public interest, the using-and-consuming public's
18 needs and demands and wants, that's the free
19 market. That, in our viewpoint, allows a free-
20 market type environment. Letting that competition
21 thrive and breed, you know, the strongest will be
22 successful in that area. In order to ensure the
23 financial integrity in a competitive environment,
24 in our viewpoint, that is making sure there's a
25 level playing field, that Joe who operates a taxi

1 service in Charleston is treated the same way that
2 Jim who does it in Myrtle Beach and Jocelyn who
3 does it over in Greenville. So ensuring that the
4 level playing field is maintained, that the
5 regulatory burden is streamlined and reduced,
6 assists that in the competitive environment.

7 And then from the economic development
8 standpoint, in terms of how many taxis are too many
9 in an area, we take a look -- we don't look
10 geographically at how many and try and make sure
11 that we maintain a certain level. We allow the
12 competitive environment to do that. But the
13 economic conditions are such that when passengers'
14 safety is in jeopardy, we try and regulate and
15 enforce -- we definitely regulate and enforce your
16 requirements, to make sure that the passengers have
17 a safe ride that allows the tourism industry to
18 thrive in that area. And so I would offer that as
19 an answer.

20 **VICE CHAIRMAN HOWARD:** Thank you.

21 **MR. NELSON:** If I could philosophize just a
22 little bit on that, Commissioner. I think there's
23 a difference between, you know, an electric or gas
24 utility provider in an area, that if SCE&G failed
25 it would be disastrous for the State of South

1 Carolina; if one of the 50 taxicab companies in
2 Columbia went out of business, it might be
3 disastrous for that owner, but it wouldn't be a
4 blip on the screen, you know. So I don't think
5 that we are as concerned with the economic
6 interests of the motor carriers as we are with the
7 monopoly utilities that this Commission regulates.

8 **COMMISSIONER HAMILTON:** It almost seems good
9 to hear a capitalism answer to a question.

10 [Laughter]

11 **COMMISSIONER WHITFIELD:** Madam Chair?

12 **CHAIRMAN FLEMING:** Yes, Commissioner
13 Whitfield.

14 **COMMISSIONER WHITFIELD:** Thank you, Madam
15 Chairman. I want to commend you all for coming and
16 putting this presentation on today. And looking
17 at, I guess, your pages 12 and 13, the
18 administrative procedures and the administrative
19 enforcement, both of those pages, obviously, to me,
20 encompass a lot of work on, particularly, Ms.
21 Chauvin's part, and your three officers, and Mr.
22 Parker, as well. And I can tell that's quite a
23 workload with the staff you have.

24 But given that, I want to give you something
25 else maybe to -- I guess this might be better

1 addressed to George. And I realize that we're a
2 judicial body and you're an enforcement body and
3 neither one of us is a lawmaking body. But prior
4 to my coming on the Commission, there was a
5 movement to regulate heavy -- wrecker service. Not
6 necessarily general wreckers, but particularly,
7 commercial heavy-duty wrecker service. And I don't
8 know where it is, because in the last two years I
9 haven't followed anything like that, but I know
10 there was a serious movement afloat.

11 And to give you a quick example, if I could,
12 of what was happening in that industry, you know, I
13 know of a particular incident where there was an
14 accident of a truck turning in the premises of a
15 major manufacturer, didn't get quite off the road
16 and slipped in the ditch. The owner nor the driver
17 of that unit called the wrecker service. I
18 understand the highway patrol, in that case, has a
19 rotation system. Problem is, the Highway Patrol
20 does not require -- does not have any tariff
21 filings like we require, and you have no knowledge
22 of what the cost is. When it was all said and
23 done, that wrecker company ended up dragging the
24 trailer and material about 150 yards over to that
25 said manufacturer, and the loss on the cargo, total

1 loss on the trailer -- because the trailer was
2 compromised and ended up coming apart. But anyway,
3 then you have this wrecker company show up and send
4 in a \$7,000 wrecker bill. \$7,000.

5 You would think something like that would be
6 \$900 to \$1,000 maybe, but not \$7,000, and there was
7 no recourse. There is still no recourse. There is
8 no regulatory body that anybody can go to. They'll
9 tell you the Highway Patrol will have them on a
10 rotation system, but -- and I know obviously you've
11 gone from eight down to three officers, and I know
12 you're probably not -- but I wanted to get your
13 opinion, should something like that come to pass or
14 should something like that ever come to be, could
15 you handle it? Obviously, it's something that the
16 public needs to be protected from in this State,
17 and obviously could be an assessment source for
18 you, too. And I just wanted to maybe get your
19 comments on that, or if you know where that
20 movement is or have you heard anything further
21 about it.

22 **MS. HIPP:** George, before you comment.
23 Anything that the General Assembly would pass that
24 would add regulatory duties to this office, we
25 would certainly welcome, and we would staff it

1 appropriate to whatever the duty was that the
2 General Assembly was asking us to do. And I'll let
3 George answer if he knows where that bill is, or
4 maybe can talk to what other states do to regulate
5 wrecker service.

6 **MR. PARKER:** That is interesting that you
7 would bring up that scenario. Since we've been at
8 ORS, I don't know that we've had any complaints to
9 come in regarding wrecker services, but when we
10 were with the Public Service Commission we
11 constantly had complaints of that exact nature
12 where the people were being charged these
13 unbelievable amounts of --

14 **COMMISSIONER WHITFIELD:** And the insurance
15 company will advise the consumer to settle instead
16 of going to court, and they're getting away with
17 it.

18 **MR. PARKER:** And the Highway Patrol, they
19 would wash their hands of it. They --

20 **COMMISSIONER WHITFIELD:** That's right.

21 **MR. PARKER:** -- will have absolutely nothing
22 to do with how much that consumer was charged. As
23 we both know, first tow is regulated by motor
24 carrier services. That's as far as it goes.

25 **COMMISSIONER WHITFIELD:** That's right.

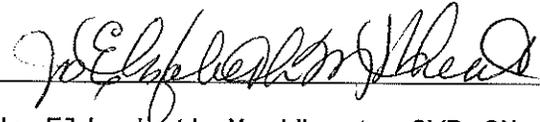
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proceedings in the above-entitled matter
were adjourned.]

C E R T I F I C A T E

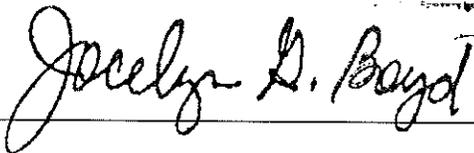
I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had in an allowable ex parte briefing held in the above-captioned matter before the Public Service Commission of South Carolina.

Given under my hand, this the 23rd day of May, 2010.



Jo Elizabeth M. Wheat, CVR-CM-GNSC

ATTEST:



Jocelyn G. Boyd

INTERIM CHIEF CLERK/ADMINISTRATOR