

Public Utility Commission of Texas

WORKFORCE PLAN

2014

E. Agency Overview

In 1975, Texas became the last state in the country to provide for state-wide comprehensive regulation of electric and telecommunications utilities by creating the Public Utility Commission (PUC). For approximately the first twenty years of the PUC's existence, the agency's primary role was traditional regulation of electric and telecommunications utilities. Although the PUC originally regulated water utilities, jurisdiction was transferred to the Texas Water Commission in 1986. Significant legislation enacted by the Texas Legislature in 1995, along with the Federal Telecommunications Act of 1996 (FTA), dramatically changed the PUC's role by allowing for competition in telecommunications wholesale and retail services, and by creating a competitive electric wholesale market. In 1999, the Legislature provided for restructuring of the electric utility industry, further changing the PUC's mission and focus. Then, in 2005, the Legislature provided for further deregulation of telecommunications markets with the passage of Senate Bill 5, with further deregulation in 2011 with the passage of Senate Bill 980.

Although the PUC's traditional regulatory functions related to telecommunications regulation have markedly decreased over the past decade, many of those functions have been replaced by other, more challenging responsibilities, particularly in the electric industry. Restructuring of the utility industry is not simply elimination of regulation. Effective oversight of competitive wholesale and retail markets is necessary to ensure that customers receive the benefits of competition, and the PUC continues to perform its traditional regulatory function for transmission and distribution utilities across the state. Additionally, while integrated utilities outside of the ERCOT power grid remain fully regulated by the PUC, the PUC is increasingly involved in multi-state efforts to implement wholesale competitive market structures and transmission planning in the Southwest Power Pool (SPP) and Midcontinent Independent System Operator (MISO) areas. The passage of HB 1600 by the Texas Legislature in 2013 will transfer regulatory authority for water rates and CCNs from TCEQ to the PUC beginning in September 2014. The legislation also requires the PUC to implement a new rate setting process, whereby the type and intensity of review is dependent upon the number of connections a utility has at the time of an application is submitted. The PUC will adopt rules governing the programs as transferred in July 2014, and subsequently adopting rules to govern the enhanced rate program no later than August 2015.

The PUC's responsibilities under PURA and the Water Code include the following:

Electric Power Activities

- Within the Electric Reliability Council of Texas (ERCOT) area
 - Oversight of competitive wholesale and retail markets
 - Oversight of the Electric Reliability Council of Texas (ERCOT) the independent organization responsible for operating the electric grid for approximately 70% of the state and settling the transaction in competitive markets.
 - Jurisdiction over ratemaking and quality of service of investor-owned transmission and distribution utilities
 - Establishing wholesale transmission rates for investor owned utilities, cooperatives, and municipally owned utilities
 - Licensing of retail electric providers
 - Registration of power generation companies and aggregators
 - Implementation of a customer education program for retail electric choice
 - Order the disgorgement of all excess revenue resulting from a market power abuse violation
- Overall administration of the System Benefit Fund, including administration of a low income discount program with automatic enrollment of eligible customers
- Outside ERCOT, continuing the regulation, including rate regulation, of vertically integrated investor owned utilities until retail competition begins; participate in Regional Transmission Organization efforts to plan transmission and enhance wholesale market structures

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- Limited Appellate rate jurisdiction over certain retail rates of municipally owned utilities for consumers outside the city limits
- Issuance of certificates of convenience and necessity for service areas and proposed transmission lines
- Monitoring industry progress in meeting the renewable energy mandate adopted in the 1999 legislation
- Resolution of customer complaints, using informal processes whenever possible
- Conduct enforcement activities related to the violation of state laws and PUC rules, including the possible issuance of cease-and-desist orders

Telecommunications Activities

- Arbitration of interconnection agreements and post-interconnection disputes pursuant to the Federal Telecommunications Act
- Administration of the Texas Universal Service Fund, including the Lifeline program for low-income customers with automatic enrollment of eligible customers
- Administration of the Relay Texas program for deaf and hearing-impaired customers
- Administration of the Audio Newspaper Assistance Program
- Facilitation of the availability of broadband service throughout Texas
- Resolution of customer complaints, using informal processes whenever possible
- Conduct enforcement activities related to the violation of state laws and PUC rules
- Issuance of State Issued Certificates of Franchise Authority to cable providers
- Issuance of Service Provider Certificates of Operating Authority and Certificates of Operating Authority to local service providers
- Review of one-day and ten-day informational filings made by incumbent local exchange companies
- Registration of long distance providers, automatic dial announcing devices, and pay phones
- Setting franchise fee rates for municipalities pursuant to Local Government Code Chapter 283
- Monitoring area code exhaustion and working with the national number administrator to conserve numbers and implement new area codes
- Reviewing tariffs for companies subject to rate regulation
- Administration of the Texas No-Call List

Water Activities

- Issuance of certificates of convenience and necessity for retail water and sewer services of investor owned water utilities and certain other water utilities
- Retail rate regulation of investor owned water utilities and limited appellate jurisdiction over retail rates of certain other types of water utilities
- Appellate rate jurisdiction over certain wholesale water rate appeals
- Retail customer assistance and complaints

The PUC's divisions are organized based on function and program area. The Customer Protection Division includes the call center and the informal complaint resolution function to handle both electric and telecommunications matters. The Competitive Markets, Oversight & Enforcement, and Infrastructure & Reliability Divisions also oversee activities in both the telecommunications and electric industries. Beginning in fiscal year 2015, the PUC structure will include FTEs devoted to the regulation of water rates and CCNs. These individuals will initially be organized separate from the other divisions, as a unique group that oversees all water activities. All of those functions are captured in Strategy 1.2.1. When organizational changes are needed to respond to changing duties prescribed in PURA, or changes in the industries that the Commission oversees, the agency attempts to make those organizational changes in ways that are the least disruptive to agency staff and persons who do business with the Commission.

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A. Agency Mission

The mission of the agency is to protect customers, foster competition, and promote high quality utility infrastructure.

B. Agency Goals, Objectives, and Strategies (Business Functions)

- GOAL 1:** To ensure fair competition, customer choice, just and reasonable rates, system reliability, a high level of service quality, and the opportunity for technological advancement in the electric, telecommunications, and water industries.
- OBJECTIVE 1-1:** Maintain innovative policies to foster competition in telecommunications and retail electric markets, such that by the end of fiscal year 2019, 85 percent of Texas cities are served by three or more certified telecommunications providers, and 95 percent of residential electric customers in areas of the state open to competition have at least five providers for electric service.
- STRATEGY 1-1-1:** Foster and monitor market competition by evaluating the relevant electric and telecommunications markets, and develop policies to enhance effectiveness of competition and benefits for customers; and register and license competitive service providers. Develop rules, conduct studies and prepare reports responsive to changes in electric and telecom markets.
- OBJECTIVE 1-2:** Regulate service providers such that by 2019, 90 percent of telecommunications customers are served by exchanges that meet service quality standards and 95 percent of electric customers are served by companies meeting service quality standards. Provide effective oversight of water and sewer utilities.
- STRATEGY 1-2-1:** Conduct rate cases for regulated telephone and electric utilities under the Administrative Procedures Act and methods of alternative dispute resolution to evaluate whether revenue requirements, cost allocation, rate design, and affiliate transactions are reasonable and in compliance with all laws and PUC rules; register and license regulated service providers; evaluate utility infrastructure and quality of service. Provide regulatory oversight of water and sewer utilities to ensure that charges to customers are necessary and cost - based; and to promote and ensure adequate customer service.
- OBJECTIVE 1-3:** To ensure compliance with statutes, rules, and orders such that by 2019, 75 percent of all settlement agreements entered in formal enforcement proceedings will contain specific provisions regarding low future violations of the same type will be avoided.
- STRATEGY 1-3-1:** Conduct investigations and initiate enforcement actions to ensure compliance with relevant law, PUC rules, and orders.
- GOAL 2:** To serve the public by distributing customer education information, administering customer service programs, and assisting customers in resolving disputes concerning electric and telecommunications services.
- OBJECTIVE 2-1:** Inform customers about their choices, opportunities, and rights pertaining to electric and telecommunications services through 2019.
- STRATEGY 2-1-1:** Provide information and distribute materials to customers on changes in the electric and telecommunications industries. Produce and disseminate customer education information for electric market competition through outsourcing and address customer inquiries through a third party call center and website. Respond to requests

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for information from the public and media. Conduct outreach activities and administer Relay Texas.

- OBJECTIVE 2-2:** To resolve complaints consistent with relevant law and PUC rules and orders, such that all customer complaints will be concluded within the targeted average number of days each fiscal year through 2019.
- STRATEGY 2-2-1:** Assist customers in resolving disputes concerning electric and telecommunications services consistent with statutes and rules.
- GOAL 3:** To achieve specific legislative objectives by administering special programs for energy assistance to low-income Texans, and for customer education information in regions subject to electric competition (nontransferable).
- OBJECTIVE 3-1:** Administer financial assistance such that by 2013, 93 percent of eligible low-income utility customers receive a reduction in their annual electric service bill.
- STRATEGY 3-1-1:** Reimburse retail electric providers from the System Benefit Fund for electric service billing discounts; administer automated and self-enrollment of eligible participants for the billing discounts.
- GOAL 4:** Indirect administration.
- OBJECTIVE 4-1:** Indirect administration.
- STRATEGY 4-1-1:** Central administration.
- STRATEGY 4-1-2:** Information resources.
- STRATEGY 4-1-3:** Other support services.

C. Anticipated Changes Over Five Years

The Commission anticipates significant changes in over the next five years. Although the PUC's regulatory responsibilities have changed regarding the electric and telecommunications industries over the past decade due to increased deregulation of those industries, the addition of water and sewer regulation greatly expands the breadth of the Commission's regulatory oversight.

While many of the professionals needed to properly oversee these new water functions will be similar to the current workforce at the PUC, the work-related knowledge and subject-matter expertise will be vastly different. The issues debated and staff-level work required in water cases can vary greatly from that required for electric cases. For instance, the amount of staff interaction required to ensure sufficient applications are filed will be different for water rate applications than it is for electric applications. The largest water utility has approximately 45,000 connections, which is similar in size to the smallest electric utility, which has roughly 50,000 customers; Conversely, the largest electric utility has approximately 3 million meters.

Furthermore, statute requires an enhanced rate setting process beginning in fiscal year 2016, which the TCEQ estimated would require additional staff to administer effectively if the water rates and CCN programs were not transferring to PUC. As such, based on a preliminary resource assessment, the PUC will be requesting no less than 20 additional FTEs beginning in fiscal year 2016, to administer the enhanced program.

The PUC must be prepared to react to the changing landscape of water issues in the state, in addition to the responding to the very dynamic nature of the electric and telecommunications industries. Therefore, the PUC will change the organizational structure and make-up of staff as necessary to meet the regulatory demands of the industries under the Commission's purview.

II. Supply Analysis: Current Workforce Profile

A. Critical Workforce Skills

The Commission employs qualified individuals in a myriad of program disciplines. Strong employee competencies are critical to meet ongoing business objectives and goals.

Current critical workforce skills include the following:

1. *Management and Leadership*

Performance Management
Planning
Training and mentoring

2. *Technical Skills*

Knowledge of applicable federal and state laws and regulations
Litigation and settlement facilitation
Rules development
Investigation
Market analysis
Rate setting
Licensing of providers
Accounting and financial analysis
Engineering
Policy development

3. *Customer Assistance*

Call center customer service
Informal complaint resolution

4. *Information Management*

Web development and maintenance
Database development
Electronic filing and reporting

5. *Agency Administration*

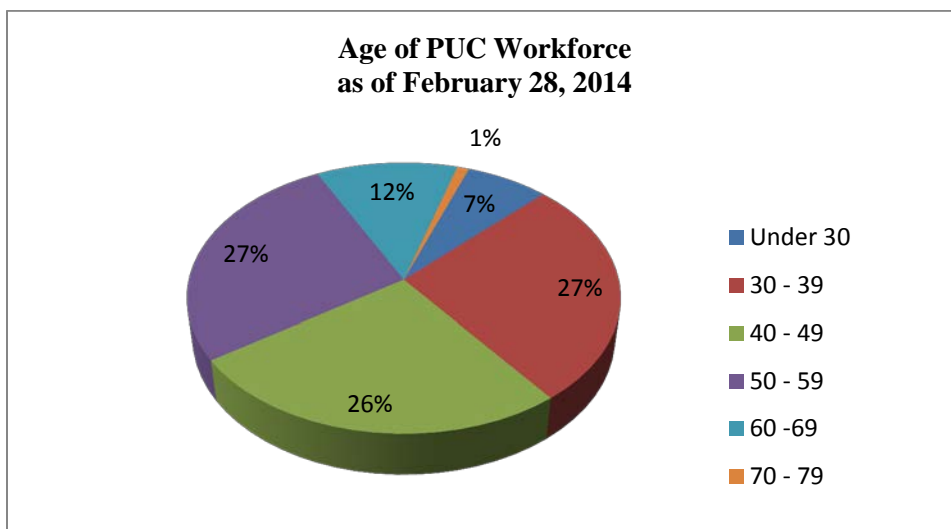
Fiscal management
Human Resources management
Contract management
Purchasing
IT Support

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B. Workforce Demographics

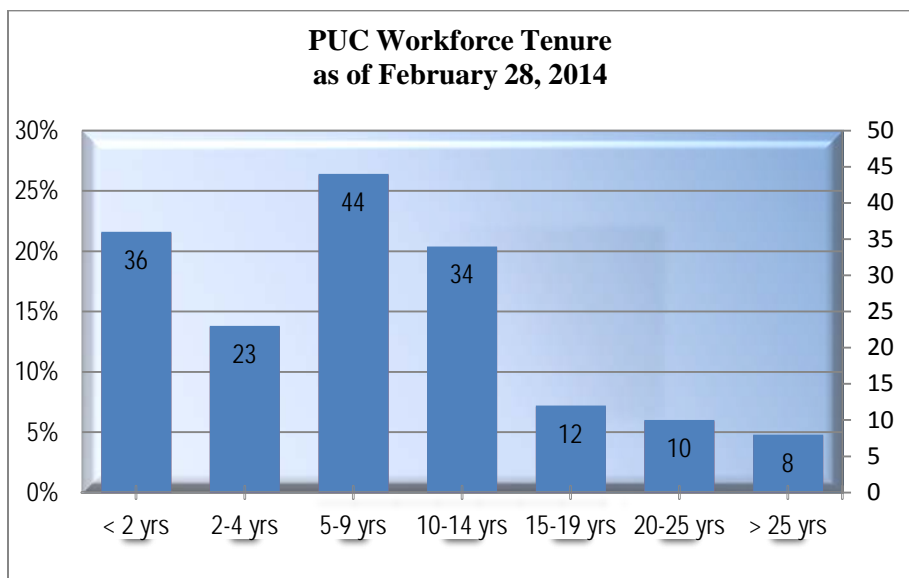
Gender and Age

As of February 28, 2014, the Commission had a total of 167 full-time employees. Of the total employees, there were 90 females (53.9%) and 77 males (46.1%). The average age of Commission employees is 46 years, and 109 (65%) of the employees are over the age of 40.



Tenure

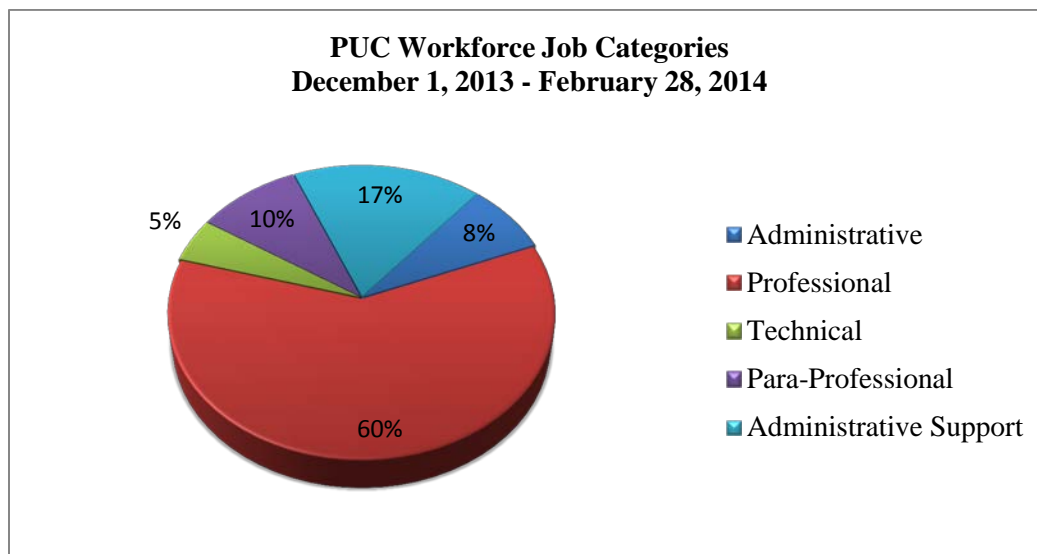
Of the Commission staff, 59 (35%) employees have fewer than five years of service with the agency. There are 78 employees (47%) with five to fourteen years of service with the PUC and 30 employees (18%) who have fifteen or more years of service with the PUC. The table below reflects tenure of PUC employees. Thirty-six employees (22%) have fewer than two years of agency service.



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Job Categories

The main job categories of Commission employees are identified in the table below. The “Professional” category has the largest number of agency employees, which reflects the qualifications required to accomplish the Commission’s business goals. As a result of these requirements, the agency has a highly educated workforce with many of the employees holding advanced degrees and credentials.



Diversity

The following three tables profile the Commission’s workforce of 167 employees for the second quarter of fiscal year 2014 (December 1, 2013 through February 28, 2014). The workforce comprises 53.9% females and 46.1% males, with an average age of 46 years. The tables compare the African American, Hispanic and female employees in the Commission Workforce to the State Civilian Workforce, as reported by the Civil Rights Division of the Texas Workforce Commission.

Gender – Racial – Ethnic Diversity Fiscal Year 2014, Second Quarter							
Male	Female	Caucasian American	African American	Hispanic American	Asian American	Other	Total
77	90	107	15	40	4	1	167
46.1%	53.9%	64.07%	8.98%	23.95%	2.4%	.6%	100%

All employees on payroll as of February 28, 2014.

Gender – Occupational Diversity Fiscal Year 2014, Second Quarter					
Job Category	Male		Female		Female Goal
Administrative	10	76.92%	3	23.08%	39.34%
Professional	52	51.49%	49	48.51%	59.14%
Technical	7	87.5%	1	12.5%	41.47%
Administrative Support	4	13.79%	25	86.21%	65.62%
Skilled Craft	0	0%	0	0%	4.19%
Service / Maintenance* (Para-Professional)	4	25%	12	75%	40.79%
Total	77		90		

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Racial – Ethnic – Occupational Diversity Fiscal Year 2014, Second Quarter												
Job Category	Caucasian American		African American		Goal	Hispanic American		Goal	Asian American		Other	
Administrative	13	100%	0	0.0%	8.99%	0	0.0%	19.51%	0	0.0%	0	0.0%
Professional	72	71.3%	6	5.9%	11.33%	18	17.8%	17.4%	4	4.0%	1	1.0%
Technical	5	62.5%	0	0.0%	14.16%	3	37.5%	21.36%	0	0.0%	0	0.0%
Administrative Support	12	41.4%	5	17.2%	13.57%	12	41.4%	30.53%	0	0.0%	0	0.0%
Skilled Craft	0	0%	0	0.0%	6.35%	0	0.0%	47.44%	0	0.0%	0	0.0%
Service/Maintenance * (Para-Professional)	5	31.25%	4	25%	14.68%	7	43.75%	48.18%	0	0.0%	0	0.0%

Percentage goals represent the State Civilian Workforce, as reported by the Civil Rights Division (CRD) of the Texas Workforce Commission in the EEO/Minority Hiring Practices Report in January 2013. The CRD analyzes the workforce using an 80% benchmark from the EEOC Uniform Guidelines on Employee Selection to determine utilization within each occupational category. Highlighted sections indicate areas in which the percentage of Commission employees in those categories meet or exceed the percentage in the State Civilian Workforce using the 80% benchmark. Shaded sections identify those areas where the percentage of Commission employees in those categories is below the percentage in the State Civilian Workforce using the 80% benchmark.

When using the EEOC Uniform Guidelines and applying the 80% benchmark, the agency exceeded the percentage goal for Female employees in the Professional, Administrative Support and Para-Professional occupations. In the ethnic categories, the agency exceeded the goals for African American employees in the Administrative Support and Para-Professional occupations and exceeded the goals for Hispanic American employees in the Professional, Technical, Administrative Support, and Para-Professional occupations. The agency did not attain the percentage goals and Female employees are underutilized in the Administrative (8.39%), and Technical (20.68%) occupations. In the ethnic categories, African American employees are underutilized in the Administrative (7.19%), Professional (3.16%) and Technical (11.33%) occupations and Hispanic American employees are underutilized in the Administrative (15.61%) occupations. The PUC does not employ staff for Protective Services and Skilled Craft occupations.

*The Protective Services and Para-Professional categories have been combined with the Service/Maintenance category. Prior to 2005, these categories were reported as separate groups and are no longer contained in the Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 2004.

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C. Employee Turnover and Projected Attrition

Turnover is important in any organization and the Commission is no exception. Throughout its existence, the agency has faced the difficult challenge of retaining qualified and experienced staff. The PUC turnover averaging 17% during FY 2003-2008, but turnover began to decline beginning in FY 2008 due to the economic recession. Turnover again increased in FY 2011 due primarily to a reduction in workforce and again increased in FY 2013 due in part to retirements and increased market opportunities. The following table compares the average PUC turnover to that of all state agencies for the last five years.

EMPLOYEE TURNOVER					
Fiscal Year	2009	2010	2011	2012	2013
PUC	9.4%	9.8%	12.7%	9.5%	13.4%
All Agencies*	15.6%	15.9%	17.7%	19.6%	18.9%

* Information obtained from the State Auditor's Office E-Class System.

Despite significant statutory post-employment restrictions that apply only to the PUC, the agency generally experiences turnover due to more lucrative positions in industry-related firms.

In addition, there are organizational areas in the Commission that generate turnover due to the stressful nature of the work and limited career ladder movement. In prior fiscal years, the Customer Protection Division had difficulty retaining qualified employees due to the stressful nature of the jobs in the agency call center. Customer Care Representatives in the call center assist customers who are often angry about their telephone or electric service. "Burnout" is associated with call center jobs, and the Commission is continually challenged to minimize the negative effects associated with complaints-related jobs (including employee stress and turnover). In an effort to decrease the stress and turnover, the Customer Protection Division utilizes continuous improvement processes to make changes to work procedures. As a result, there has been a significant improvement in employee morale and drop in turnover in this area in recent years.

Length of Service

Among terminating employees in fiscal year 2013, those with two to four years of service had the highest turnover (36%), followed by 32% among employees with ten to fourteen years of service and 23% among employees with five to nine years of service. Nine employees retired from the agency in fiscal year 2013. Seven of the retirees had five to fourteen years of service, one had less than five years, and one had more than twenty-five years of service with the agency.

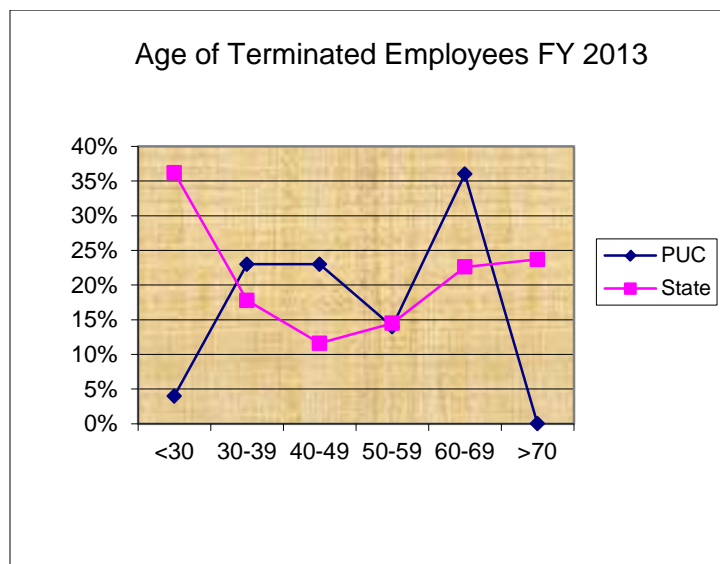
The second highest percentage (41%) of terminating employees had fewer than five years of service with the agency. Efforts to decrease turnover and retain staff beyond the first five years should provide greater continuity for Commission operations and allow employees to develop critical agency knowledge for training entry-level personnel.

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Tenure of Terminating Employees Compared To Tenure of All Employees FY 2013				
Tenure in Years	Terminating Employees	% Terminating Employees	All Employees	% All Employees
Less than 2	1	4.5%	24	15%
2 – 4	8	36%	28	18%
5 – 9	5	23%	38	24%
10 – 14	7	32%	37	23%
15 – 19	0	0%	14	9%
20 – 24	0	0%	11	7%
25 +	1	4.5%	6	4%
Total	22	100%	158	100%

Age

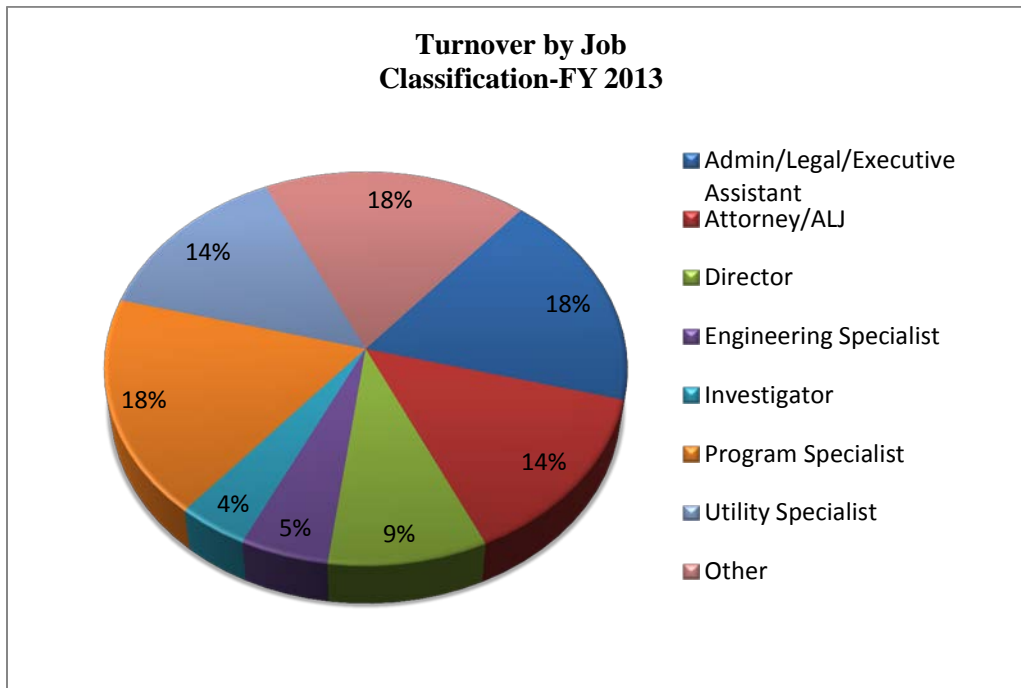
The highest percentage of turnover occurred among employees in the 60-69 years of age group. About 27% of the Commission's turnover in FY 2013 were under the age of 40 and 73% were over age 40.



Occupations

During fiscal year 2013, a total of 22 employees separated from employment with the Commission. The table below provides detail for this turnover activity by classification. Of the 22 terminations, the Program Specialist classification reflected the single greatest turnover rate (18%), followed by the Utility Specialist and Attorney (14%) classification. The Engineering Specialist classification reflected a 5% turnover rate. Collectively, the total turnover rate for fiscal year 2013 was 13.4%.

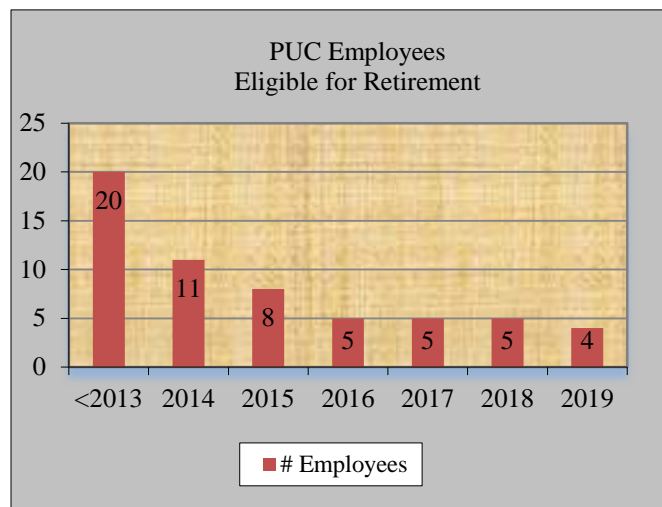
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D. Retirement Eligibility

Nine employees retired in fiscal year 2013. Of the employees potentially eligible to retire prior to FY 2014, twenty remain with the agency. Based on PUC information, during FY 2014 – 2019, an additional thirty-eight employees (24%) may become eligible to retire from state service. Between now and 2019, a total of 58 employees (37%) could potentially leave the Commission based on retirement eligibility.

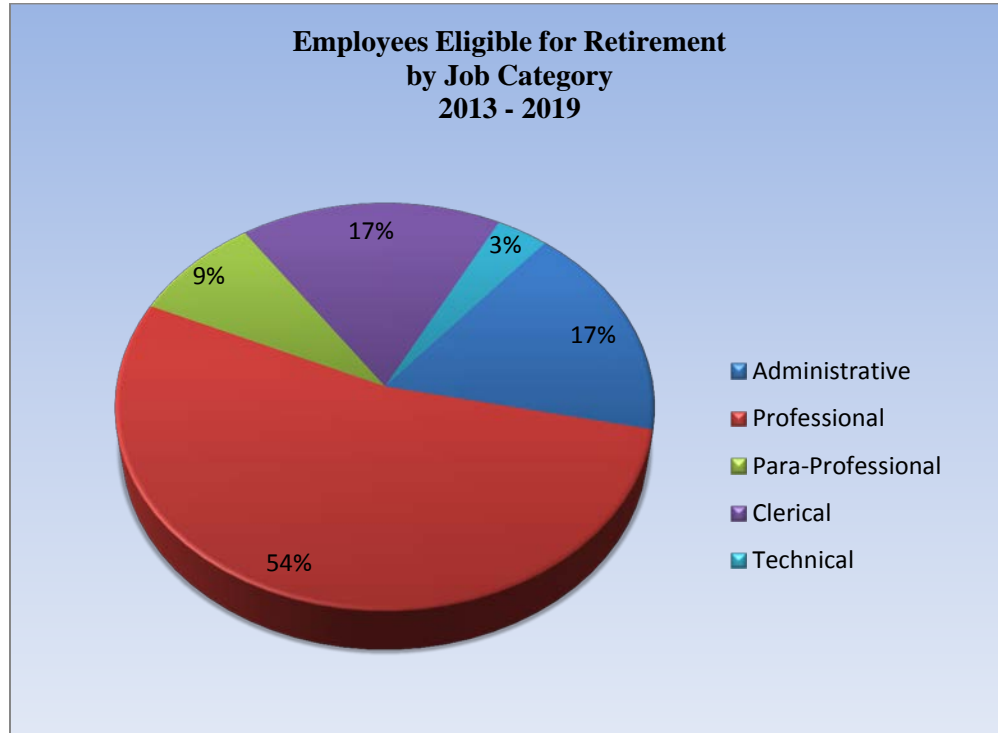
Turnover due to retirement is important to agency operations because of the loss of institutional knowledge and expertise. It also affects the level of succession planning the organization should implement to attract new employees and/or train existing staff in key competencies to assume important functions and leadership roles.



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Retirees by Category

The largest percentages of employees who may become eligible to retire over the next five years are in the *professional* (54%) category. The second largest percentage of employees potentially eligible to retire is in the *clerical* support (17%) category. Turnover as a result of retirement eligibility could have a significant impact on high-level key positions. Ten employees (17%) in key management positions could be eligible to retire over the next five years. All of the key management employees are in the *administrative* category and 57% will be eligible due to the Rule of 80 between 2014 and 2016.



Projected Attrition

In fiscal year 2013, the agency had a 13.4% turnover rate which is a 3.9% increase from fiscal year 2012. As of May 31, 2014, fifteen (8.8%) employees have terminated their employment with the agency.

As market conditions begin to improve in central Texas over the next five years and as the economy strengthens, the agency anticipates that retaining high quality staff will continue to be a challenge. Additionally, energy and communications industries are also experiencing a well-publicized aging of their workforces, potential leading to an increased demand in the private sector for the unique knowledge and skills that PUC employees possess. The decrease in state benefits provided to state employees also impacts the ability of state agencies to attract and keep qualified employees.

III. Demand Analysis: Future Workforce Profile

A. Critical Functions

- Economists and Market Analysts
- Regulatory Accountants and Financial Analysts

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- Utility Infrastructure Analysts and Engineers
- Enforcement (Investigators and Attorneys)

B. Expected Workforce Changes

The changing demands in the Commission's oversight role in a market competition environment within the electric, telecommunication, water and sewer utility industries will create more emphasis on recruiting and retaining employees as economists, market analysts, enforcement investigators, attorneys and engineers.

Following the implementation of local telephone competition in September 1995 and electric utility restructuring in January 2002, the Commission has made changes to its workforce to ensure it has the necessary expertise to perform new functions. Many of the new functions are performed by employees with the requisite expertise whose job duties were modified to include the new functions. In some cases, the agency used opportunities associated with attrition to eliminate positions that were no longer needed and create new jobs more aligned with the agency's current mission.

During the 78th Legislative Session, the agency's overall FTE cap was decreased from 242 to 210.9. During the session, the legislature also passed HB 3442 which imposed new requirements related to state agency management-to-staff ratios. As a result of the legislation, the agency reviewed positions and made organizational changes to comply with the mandate.

During the 80th Legislative Session, the agency's FTE cap was decreased from 210.9 to 190 and the cap was reduced to 188.6 in the 81st Legislative Session. The FTE cap was reduced again in the 82nd Legislative Session to 178 as of August 31, 2012 and 170.6 by August 31, 2013.

The Commission's FTE cap was increase to 181.0 beginning September 2014 as a result of the legislature approving an exceptional item for the PUC's LAR to restore the PUC's FTE cut from the previous legislative session. As a result of HB 1600 related to the transfer of water and sewer regulation during the 83rd Legislative Session, the FTE cap was increased to 201.0 as of September 1, 2015 to reflect the transfer of 20 FTEs from the Texas Commission on Environmental Quality.

C. Future Skills Needed

The Commission will continue to maintain a highly educated professional workforce. Knowledge, skills and abilities central to the core functions of the Commission will remain an integral part of employee qualifications. The PUC does not anticipate significant changes in the critical workforce skills required of its workforce over the next five years.

D. Anticipated Employee Increases/Decreases

The Commission anticipates an increase in total staffing during the next five years due to our increased FTE cap. In addition to the 20.0 FTEs associated with the transfer of water rates and CCNs to the PUC in September 2014, the PUC will be requesting no fewer than 20.0 FTEs to administer the enhanced water utility rate program required to be implemented by September 2015.

E. Future Critical Functions

The changing demands in the Commission's oversight role in a market competition environment within the electric and telecommunication industries will drive changes to the Commission's future

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critical functions. Fewer resources are allocated for traditional regulatory functions, such as ratemaking activities, than in the past. More resources are being allocated for market oversight, enforcement, and customer assistance.

IV. Gap Analysis

An examination of the workforce data indicates the Commission may face the loss of its institutional knowledge and expertise through retirements and loss of employees to the private sector. The ability to offer a combination of salary and employee benefits that will attract employees with the necessary education and experience will be a key factor in the success of the agency's workforce.

V. Strategy Development

The Commission has developed workforce goals to address the potential deficit between the current workforce and future demands. The strategies will need to be assessed periodically to determine their effectiveness in achieving the PUC's workforce goals.

GOAL ONE: Recruit professionals with the requisite skills to complement the Commission's existing workforce and take steps to retain these professionals.

Rationale: The demand for educated, licensed and/or certified staff in the electric and telecommunication industries requires special agency efforts. Competition with the private sector for the same labor supply creates a disadvantage for state agencies due to salary differences.

Action Steps:

- Continue to market the "total" state compensation and benefits program to potential applicants/employees.
- Human Resources and/or Division Directors will participate in university sponsored career fairs, locate free advertising with associated and minority organizations, appropriate technical educational institutions, and Work In Texas (Texas Workforce Commission) to aggressively recruit qualified minority males, females, and people with disabilities.
- Expand the Commission's volunteer internship program to alert and encourage qualified minority males, females, and people with disabilities to apply.
- Improve recruiting techniques by streamlining application procedures and reviewing applicant flow data to target sources that will assist with hiring employees in underutilized job categories.
- Require managers to work with new employees to attempt to align PUC employment opportunities with the employee's individual career goals.

GOAL TWO: Retain qualified and experienced staff ensuring smooth business operations and excellent customer service.

Rationale: The Commission's experience with high turnover in a competitive market for certain skills supports the need for this goal.

Action Steps:

- Increase employee career planning assistance through training programs and participation in continuous professional development initiatives that enhance the employee's current job performance and future opportunities within the

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agency.

- Ensure that managers and supervisors, especially those new to these responsibilities, have adequate training in how to recruit, train and retain quality staff.
- Manage available funds to award merit increases to provide a fair balance of rewarding employee performance and maximizing retention of key personnel.

GOAL THREE: Review FTE allocations to ensure conformance to current agency priorities and workload.

Rationale: Varying workload demands and shifting priorities can change the appropriate allocation of agency resources.

Action Steps:

- Continue to assess all vacancies created by employee departures to determine whether the position should be modified or relocated in the agency.
- When a need for additional staffing in a given area is identified and vacant positions are not available, offer current employees the opportunity to relocate within the agency.
- Encourage employees to cross train in related skill areas to provide flexibility in staff assignments.

GOAL FOUR: Develop a formal agency succession plan.

Rationale: It is critical that the agency have a leadership development program and identify potential staff with leadership and other critical skills in the event the agency experiences the loss of key staff members in leadership/critical positions (through retirement or otherwise).

Action Steps:

- Continue to concentrate on leadership development across the agency.
- Identify training programs that focus on development of needed critical skills and competencies.
- Develop skills of staff level employees through training and mentoring to provide in-house candidates for management positions that become available.
- Identify capable successor candidates interested in leadership and critical positions early and provide appropriate opportunities for growth.

Conclusion

During the next five years, the Commission must ensure that it does not experience a deficit in leadership and knowledge talent. As the labor force segment age 25 to 34 years declines, there will be fewer younger workers to fill vacant positions. Also, Texas population is expected to grow from 27.5 to 45.3 million by 2040, increasing demands for state and local government services.

Available talent, as well as the state's ability to develop and retain a competent, qualified workforce will be a limiting or enabling factor for state government in general. An effective workforce plan will translate into successful strategic goal achievement, program initiatives and sustained momentum for efficient, well-run agencies. The Commission's strategies encompass a realigned workforce plan to meet future business objectives by developing an effective succession management and talent retention program.