Annual Accountability Report

FY 2009-2010

South Carolina Office
Of
Regulatory Staff

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Section I -- Executive Summary

1. Mission, Vision, and Values

The **mission** of the Office of Regulatory Staff (ORS) is to represent the public interest in utility regulation by balancing the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. The **vision** of the ORS is to represent the public interest in utility regulation in a manner that balances the interests of all whom we are charged to represent. Seven **values** are required performance characteristics of every ORS employee as indicated on each employee's EPMS evaluation: Integrity, Impartiality, Responsiveness, Respect, Professionalism, Innovation, and Excellence.

2. Major Achievements from the Past Year

Case Management:

Settlements. During FY 09-10, the ORS facilitated **34** settlement agreements. Seven of these agreements and an additional water/wastewater matter (ruled upon in favor of an ORS recommendation) resulted in direct savings to customers totaling approximately **$199 million**.

Matters	Savings ($)
Duke Energy Annual Fuel Review	$2,808,294
SCE&G RSA	$348,006
Piedmont RSA	$2,766,000
Duke Energy Rate Case	$58,775,000
SCE&G DSM and Rate Rider	$9,682
SCE&G Rate Case	$132,868,000
Nymex Class Action	$978,950
United Utility Co., Inc (ruling)	$409,876
Total	**$198,963,808**

SCE&G Rate Case. After months of intensive and extensive work by the Executive Director and the ORS staff, the SCE&G rate case hearing was held from May 24-26, 2010. The timing of the request -- on the heels of a major recession – made it a very challenging case that sparked an unprecedented amount of outcry from electric customers.

Nothing about the case was simple or small-scale. There were nine intervenors representing very diverse interests. About 600 individual protestant letters and approximately 2,126 protestant signatures were submitted in the case.

Four night hearings – in Summerville, Charleston, Aiken, and Columbia – provided the public with convenient forums to voice their concerns, and attendance at each was high. ORS staff was present at each of the hearings, and ORS Consumer Services representatives were available to speak with consumers about their individual situations. The merits hearing involved twenty witnesses, six of whom were from the ORS.

A series of three stipulation agreements were facilitated by the ORS. The final of the three was signed by seven of the nine intervenors – it should be noted that the other two intervenors voiced no objections to the stipulation. The third stipulation incorporated the provisions of the previous two stipulations between SCE&G and the ORS. The final agreement includes the following:

- An overall 4.88% increase to SCE&G's retail electric rates (down from the 9.52% increase asked for by the company) to be implemented as follows:
  - 2.5% in July 2010
  - 1.2% in July 2011
  - 1.18% in July 2012

- A one-time credit of $25 million to SCE&G's electric customers to be applied over 12 months
- Application over 24 months of more than $48 million in state tax credits to the benefit of customers
- Setting SCE&G's Return on Equity (ROE) at 10.7% (down from the 11.6% requested ROE in the rate application and down from the last approved 11% ROE)
- A 12-month pilot of a weather normalization mechanism for SCE&G's electric rates
- Limiting SCE&G's ability to implement additional increases to its retail base rates prior to June 2012

Under the stipulation agreement, a residential customer using an average of 1,000 kilowatt hours monthly will pay $5.94 more per month, or $71.28 more per year after June of 2012. The original request would have cost similar customers about $140 more per year. In aggregate terms, the agreement translates to an annual savings of $107,868,000. This amount, plus the aforementioned $25 million one-time credit to the Company's electric customers, totals **$132,868,000**. The settlement agreement was approved in an order issued on July 15, 2010.

As much as 80% of the stipulated agreement revenue was associated with mandated environmental improvements to plants and facilities. Under the guidance of the Executive Director, a detailed review -- coupled with the input received from customers -- allowed the ORS to arrive at an agreement that equitably addresses the concerns of each facet of the public interest that the agency is charged to represent – the consumers, the utilities, and the economic development of the State.

Duke Energy Rate Case. The Duke Energy rate case hearing was held on November 30 through December 2, 2009. ORS staff attended night hearings held in Greenwood, Greenville, and Spartanburg and presented the testimony of five witnesses at the merits hearing.

Under the leadership of the Executive Director, a settlement was facilitated by the ORS among Duke Energy, the South Carolina Energy Users Committee (SCEUC), the ORS, and a group of environmental intervenors. The settlement reduced Duke's request by approximately **$59 million** from $133 million to $74 million.

United Utility Companies, Inc. The ORS objected to a proposed $24.00 notification-fee rate increase requested by United Utility Companies, Inc. in its most recent rate request and instead proposed a $6.00 fee per required certified mailing. The Public Service Commission (PSC) approved the ORS' recommendation. The projected annual savings to the customers is $9,000.

In addition, the ORS objected to the proposed increase in monthly sewer service rates due to unbilled customers. Total annual savings to customers receiving sewer service is projected at $393,907. The ORS also objected to the total proposed increase in monthly water service rates due to limited revenue needs. Total annual savings to customers receiving water service is projected at $6,969. The total savings from all three objections is **$409,876**. As of this writing, the Company has sought reconsideration from the PSC.

Carolina Water Service. The ORS filed a petition for a rule-to-show-cause proceeding alleging that Carolina Water Service, Inc. (CWS) violated several regulations which, taken collectively, resulted in the Company's not providing adequate and proper service to its customers.

Among the specific allegations noted by the ORS in the petition were:
- Failure to bill customers promptly following the reading of their meters
- Failure to comply with customer bill forms
- Failure to properly apply late payment charges
- Failure to render bills
- Failure to follow the rate schedule approved by the PSC, thus rendering inaccurate bills
- Failure to refund or credit overcharges
- Failure to properly notice customers of termination of service
- Improper water service termination
- Failure to resolve customer complaints properly

Via a press release, the ORS asked all CWS customers who experienced these or similar issues to contact the ORS Consumer Services Department. The ORS sought an order to require CWS to stop disconnecting customers who were not billed by the Company and to take all other steps necessary for the provision of adequate and proper service to customers within a reasonable time frame to be established by the PSC. As of this writing, this matter is not concluded.

Economic Development:

♦ The settlement of cases benefits all parties involved, and the process of settlement used in South Carolina and facilitated by the ORS has been cited as a model for other states. **Since its inception, the ORS has facilitated a total of 284 settlements with dollar savings generated by settlement agreements estimated to be approximately $680 million.**

As noted by many economists and professional analysts, settled cases often result in a better rating of the state's regulatory environment. Better ratings encourage investment in the State's utilities, thus furthering **economic development** in South Carolina. The ORS has been lauded for its ability to facilitate settlement agreements that strike an equitable balance between the interests of **consumers** and **regulated utilities**.

♦ **Review Letters for Utilities.** Provided 33 comment letters regarding requests by electric and gas utilities for various financing options, special purchases, tariff modifications, or industrial incentives, which generally aid in the recruitment of new industry, retention of existing industry, and the financial health of South Carolina. Of these 33 letters, three directly pertained to economic development in the State. Examples of the potential benefits derived specifically from these three

letters include:

- An economic development rate contract with a potential new industrial customer that could create $87 million in investment and 65 new jobs;
- An economic development rate contract for a large industrial plant that helped to preserve 500 existing jobs and potentially create 1,000 new jobs; and
- An economic development rate contract for an expanding manufacturing company that created 24 new jobs.

♦ **SCE&G's V.C. Summer Units 2 and 3.** As mandated by the Base Load Review Act, continued oversight of the construction progress and costs associated with SCE&G's new nuclear units 2 and 3 at the V.C. Summer plant. Oversight includes periodic tours of the construction site; monthly meetings with New Nuclear Deployment personnel regarding construction status; quarterly reviews and reporting on SCE&G's construction budget and schedule; quarterly meetings with SCE&G and the general contractor, Shaw-Westinghouse; and attendance at the public portion of Nuclear Regulatory Commission meetings regarding approval of the Westinghouse AP 1000 design for the units.

The construction and subsequent operation of Units 2 and 3 at V.C. Summer will provide huge economic boons to the regional economy. Approximately 3,600 people are expected to be employed during the ten-year construction phase. Once completed, the units will have a permanent work force totaling approximately 650 people. Currently, Unit 1 employs 661 people who reside in the surrounding communities as follows: Lexington County (36%), Richland County (32%), Newberry County (18%), Fairfield County (8%), and 6% in other areas. A similar dispersion of workers to the surrounding communities would be expected for the new units, thus providing much needed boosts to local economies.

♦ **Energy Efficiency Efforts.** Continued to work with all interested parties in developing the best future for South Carolina in terms of its energy needs and economic development. This effort included collaborating with the S.C. Energy Office, the PSC, investor-owned utilities, the electric cooperatives, and others. For the investor-owned utilities, the ORS was instrumental in the settlement of cases pertaining to energy efficiency, thus resulting in Duke Energy, Progress Energy, and SCE&G now having approval to institute their energy efficiency and demand-side management programs.

♦ **Lifeline and Link-up.** Increased the number of access lines statewide covered by the Lifeline program. When taking into account the $13.50 per month of both state ($3.50) and federal ($10.00) Lifeline subsidies per access line (one per household), this equates to an overall economic benefit to South Carolina households enrolled in the program of $8,590,698 during FY 09-10.

Advocacy, Education, Outreach and Assistance:

♦ **Customer Complaints and Inquiries.** Processed approximately **3,561** complaints and inquiries and saved customers approximately **$3,306,273**. Of this total, $3 million is an annually recurring savings resulting from a facilitated agreement in FY 2006-2007 between an electric investor-owned utility and certain industrial customers to better utilize their energy consumption by taking

advantage of cost savings through the offering of real-time price signals. Also in FY 09-10, a one-time savings of approximately $147,000 is reflected in the total. This substantial savings was the result of the ORS facilitating a reduction in termination charges for an industrial customer. **Over the past six fiscal years (FY 04-05 through FY 09-10), the Consumer Services Department has recovered or saved for customers a total of approximately $14 million.**

♦ **Deposit Waiver for Domestic Violence Victims.** Benefited 35 individuals who were victims of domestic violence. This program resulted from an innovative agreement facilitated by the ORS with each of the investor-owned electric and gas utilities and women's shelters to waive the initial credit and deposit requirements for domestic violence victims. Since inception, the program has benefited 159 individuals.

♦ **Contribution to National Regulatory Research Institute (NRRI) Study.** Served as advisors for a NRRI study to examine energy assistance (EA) actions and, subsequently, as contributors to a white paper that was presented at the NARUC Winter Conference. The objective of the study (and topic of the white paper) was to improve the effectiveness of utility EA actions, especially in terms of increasing benefits to low-income households and to the general electric consumer.

♦ **Lifeline and Link-up.** Implemented several education initiatives for a variety of stakeholders including hosting a forum for all Eligible Telecommunications Carriers offering Lifeline in South Carolina, conducting an allowable *ex parte* briefing for Public Service Commissioners regarding the program, conducting training for representatives of S.C. Department of Social Services regional offices, and producing and distributing new Lifeline brochures and applications.

♦ **Electronic Mapping.** Led a collaborative effort with the investor-owned electric utilities, the electric cooperatives, the municipal electric utilities, and Santee Cooper to develop a consistent system for converting territorial assignment maps into an electronic format. As of this writing, a workgroup with representatives from each of the utilities and the ORS is being formed to evaluate the options and select the most appropriate electronic format for the maps.

Regulatory and Safety:

♦ **Small Fleet Safety Award.** Received the Best Fleet Safety Program Award for a small agency. The award was presented by the Southeast Governmental Fleet Manager's Association.

♦ **Gains in Annual Report Compliance.** Revised and simplified annual report forms, which resulted in increased utility/carrier compliance -- 93% in Water/Wastewater, more than a 10-percentage-point increase from the prior year's 82%, and 97% in Telecommunications (up from 92%).

♦ **Improvement to Transportation Regulations.** Proposed changes to state transportation regulations that subsequently became law; the proposed changes were:

      1. Amendments to the definition of *charter bus*
      2. An addition of the definition of *equipped to carry*
      3. An addition of the definition of passenger

♦ **Gains in Regulatory Compliance for Passenger Carriers.** As a result of a petition by certain limousine companies that the ORS cease and desist the issuance of dual authority, implemented a new process to more effectively regulate dual authority. Under the new process, companies have to declare which of their vehicles will be used for taxi service and which will be used for charter service. Because carriers now have to specify which type of certificate each vehicle is operating under, enforcement efforts are simplified and compliance has increased.

♦ **Regulatory Reviews and Audits.** Conducted a total of 231 regulatory reviews and audits including two electric rate cases, each of which lasted approximately six months.

♦ **Natural Gas Pipeline Safety.** Received outstanding evaluation scores from PHMSA (Pipeline and Hazardous Materials Safety Administration) for Calendar Year 2008: the Natural Gas program received a score of 99 out of 100, and the Hazardous Liquid program received a 95 out of a 100. Also, hosted the 2009 Pipeline Safety Seminar attended by about 120 pipeline safety operators, state and federal regulators, vendors, suppliers, and contractors. The meeting was co-sponsored by the ORS Pipeline Safety Department and the American Public Gas Association. In addition, the ORS Pipeline Safety Supervisor was one of only two state pipeline safety representatives selected from the 48 contiguous states and Puerto Rico to serve on the national Plastic Pipe Database Committee.

Federal Interventions and Other Matters

♦ **Nymex Natural Gas Commodity Litigation.** In FY 06-07, the ORS intervened in this class-action lawsuit involving possible monetary settlements related to gas purchases made by certain regulated gas utilities in South Carolina to ensure that any monetary settlements were properly flowed through from the regulated utilities to the rate payers. FY 09-10 saw the conclusion of this case, with SCANA Energy Marketing, Inc. and South Carolina Pipeline Corporation receiving a total of **$978,950**. As of this writing, the exact amount of flow-through to the rate payers is yet to be determined.

♦ **Connecticut Department of Public Utility Control v. Federal Energy Regulatory Commission (FERC).** The ORS joined the National Association of Regulatory Utility Commissioners (NARUC) and other state utility regulators in an *Amicus Curiae* brief requesting that the United States Supreme Court overturn a June 23, 2009 decision by the U.S. Court of Appeals for the D.C. Circuit regarding jurisdiction over capacity requirements. The case for which review is sought is Connecticut Department of Public Utility Control v. Federal Energy Regulatory Commission.

Specifically, the brief requests the U.S. Supreme Court to grant the *writ of certiorari* so that the Court may address the merits of the case and address whether FERC's decision in the case exceeds FERC's authority under the Federal Power Act. The argument presented in the NARUC brief, which the ORS supports, asserts that "the writ should be granted to protect State authority, specifically reserved by Congress in the Federal Power Act, to regulate adequacy of the electric system." The U.S. Supreme Court denied the Petition for a Writ of Certiorari on January 11, 2010.

♦ **Nuclear Regulatory Commission.** The ORS Executive Director sent a letter to the Nuclear Regulatory Commission (NRC) requesting that the ORS be permitted to attend meetings with the

NRC related to matters that could impact the issuance of SCE&G's Combined License Application for construction of the two new V.C. Summer nuclear units. The ORS believes it is prudent to be a party to these discussions to ensure that construction of the new V.C. Summer nuclear units proceeds in accordance with the approved milestone schedule. As of this writing, the ORS has not been allowed to attend the non-public portions of these meetings.

♦ **Appeals Pertaining to SCE&G's Application to Construct Two Nuclear Units at V.C. Summer.** The ORS presented oral argument before the South Carolina Supreme Court in the appeal brought by Friends of the Earth, an intervenor in SCE&G's combined application to construct two nuclear units at the V.C. Summer site in Jenkinsville, S.C. SCE&G filed their combined application in May of 2008. It was the first such filing under the 2007 Base Load Review Act. The case was heard by the PSC in December of 2008. An order was issued on March 2, 2009 giving approval for construction of the units, and an order denying petitions for reconsideration was issued on April 21, 2009. The S.C. Supreme Court issued its ruling denying Friends of the Earth's appeal.

In addition, oral arguments were heard at the S.C. Supreme Court concerning the S.C. Energy Users Committee's appeal of the Base Load Review order for SCE&G's new nuclear units at V.C. Summer. The SCEUC's basis for the appeal is the handling of contingency money addressed in the PSC's Base Load Review Act order. On August 9, 2010, the S.C. Supreme Court by a 3 – 2 vote reversed the order of the PSC granting contingency costs under the Base Load Review Act.

♦ **EPA Rulemaking on Coal-Combustion Residuals.** The ORS sent a letter to the Environmental Protection Agency (EPA) commenting on the EPA's evaluation of whether or not to re-classify coal-combustion byproducts as hazardous waste. Such a decision could drastically increase costs to electric utilities, which could be passed on to customers in the form of higher rates. Presently, the ORS is evaluating a proposed rule issued by the EPA to determine whether to file comments with the EPA in the rulemaking proceeding.

♦ **Southern LNG Tariff Filing at the FERC.** The ORS filed with FERC to intervene in Southern LNG's proposed tariff changes. Southern LNG, a subsidiary of Southern Natural Gas, has filed with FERC asking for tariff changes which, if approved, were to be effective on August 1, 2010. In representing the public interest, the ORS asked to intervene and to participate in any technical conferences that FERC may schedule on this issue. Concerns are the higher BTUs being requested and the gas characteristics and whether those changes may impact the end-users of natural gas. By order of July 28, 2010, the FERC granted all timely filed motions to intervene, including that filed by the ORS, and directed the FERC staff to convene a technical conference. The parties are awaiting a notice setting the date of the technical conference.

Administrative:

♦ **Annual State Universal Service Fund Audit.** Received an excellent report from the Fund's independent auditors on the financial statements of the S.C. Universal Service Fund for both 2008 and 2009. The auditors found no material weaknesses in the ORS' internal control over financial reporting and found no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

♦ **Conversion of Financial and Personnel Systems.** Successfully converted the Governmental

Accounting Financial Reporting System (GAFRS) and the Human Resource Information System (HRIS) to the new statewide South Carolina Enterprise Information System (SCEIS). The conversion to SCEIS provides for enhanced recordkeeping and reporting accountability. Approximately 714 staff hours were involved in the required training for SCEIS.

◆ **Data Base System.** Completed implementation of the agency's data base system. The system has increased efficiency for the agency in terms of eliminating duplication of forms and reducing processing and data entry time. Moreover, the system allows for more effective monitoring and enforcement of regulatory compliance. At the time of this writing, the agency is piloting some enhancements to the system.

◆ **Web Site Enhancement Project.** Redesigned and launched an updated ORS web site in collaboration with the Division of State Information Technology (DSIT). The site, in addition to having an updated look, is more user friendly for consumers and features a prominent Consumer Services menu on the home page.

3. Key Strategic Goals for the Present and Future Years
◆ Represent the public interest with integrity and impartiality by balancing the concerns of all stakeholders.
◆ Monitor utility compliance with rules, regulations, and statutes.
◆ Operate the ORS with professional excellence.
◆ Develop and maintain productive and trusting relationships through communication with all stakeholders.

4. Key Strategic Challenges
Mission:
◆ Increase online accessibility and knowledge transfer to customers and stakeholders for needed services.
◆ Monitor federal and state laws and regulations, make policy recommendations, and advocate for changes where necessary.
◆ Interpret and analyze the impact of federal and state statutory and regulatory developments in the various utility industries and advocate for changes when necessary.
◆ Interpret and analyze the impact of external market factors on fuel prices, transport prices, and other factors that may ultimately affect rates charged and service provided by regulated utilities.
◆ Create consumer outreach efforts to include new and existing programs as well as new promotional/educational materials and presentations.

Operational:
◆ Maximize intra-office efficiency through leadership opportunities and cross-functional, inter-departmental communication and collaboration.
◆ Develop mutually beneficial alliances with other governmental agencies and organizations for both policy and administrative matters.
◆ Continue to enhance and broaden utilization of the regulatory data base system while training staff to make full use of the system.
◆ Continue to enhance the ORS web site with features that address the needs of stakeholders.
◆ Take increasing advantage of remote education opportunities both as a means of staff training and

as a means of educating stakeholders on various issues.
♦ Continue to learn about enhancements within SCEIS and take increasing advantage of the breadth of the program.

Workforce:
♦ Increase staff expertise in regulatory and technical matters through interdepartmental training and sharing of best practices.
♦ Retain and recruit qualified employees comparable to industry standards; develop the necessary expertise for changes in the utility industry and for cyclical, seasonal, or evolving changes in workload; and provide appropriate career management to include knowledge transfer, career path planning, and leadership development.

5. Use of Accountability Report to Improve Organizational Performance

The Accountability Report is an integral tool in the agency's continuous improvement process involving input from the agency leadership team, agency staff, the State Regulation of Public Utilities Review Committee, and the South Carolina Legislature. It provides a benchmark by which progress can be gauged on key measures of performance. This information is used in conjunction with the agency's strategic planning process and quarterly planning meetings, and it is linked to individuals' performance management to guide the course of the agency in fulfilling its mission and objectives. (Refer to *Section II Organizational Profile, Item 8*, for a more complete description.)

Section II – Organizational Profile

1. Main Products and Services and Primary Delivery Methods. The main products and services of the ORS are delivered as follows:

♦ Representing the interest of consumers – legal representation in rate setting and other regulatory matters; inspections; audits; safety monitoring; and consumer advocacy and education

♦ Representing the interest of regulated utilities – audits; technical assistance; economic analysis; policy recommendations; and rate adjustment application reviews

♦ Representing the interest of the economic development of the State – facilitation of balanced settlements; economic analysis and recommendations; policy recommendations

2. Key Customer Groups and Their Key Requirements/Expectations.

The ORS is charged with representing the public interest of South Carolina in utility regulation for the major utility industries – electric, natural gas, telecommunications, water/wastewater, transportation, and low-level radioactive waste disposal – before the PSC, the court system, the S.C. General Assembly, and federal regulatory bodies. The ORS also has oversight responsibility for railroad safety and natural gas pipeline safety in South Carolina.

For purposes of utility regulation by the ORS, S.C. Code Annotated § 58-4-10 defines public interest as a balance among three essential components:1) **concerns of the using and consuming public** 2) **financial integrity of public utilities** and 3) **economic development of South Carolina.**

Key Customer Groups:

1. **consumers of regulated utilities**

2. **public utilities**

3. **citizens of South Carolina**

Key Requirements/Expectations:

By law, as defined in S.C. Code Annotated § 58-4-10, the key expectation of all ORS customers is that the agency represent the public interest in utility regulation. In fact, the ORS is the only state agency with this authority. To fulfill this mandated customer expectation, the ORS provides key services to its customers as categorized below:

- ◆ In legal matters ~
  - o Filing testimony
  - o Providing staff witnesses
  - o Securing expert witnesses, as necessary
  - o Conducting formal mediations/arbitrations
  - o Initiating/mediating settlement agreements
  - o Conducting audits -- On-site audits, business audits, management audits, and prudence audits
  - o Conducting studies of purchase practices and other operating procedures

- ◆ In consumer issues ~
  - o Educating consumers of public utility services
  - o Investigating and resolving complaints and inquiries
  - o Informally mediating consumer complaints
  - o Providing on-site equipment testing
  - o Administering funding for assistance programs like Lifeline and Link-up, Sprint Relay Center, Telecommunications Relay Service, and Telephone Equipment Distribution Program
  - o Administering the Universal Service Fund (USF) and Interim LEC Fund

- ◆ In safety matters ~
  - o Inspecting the State's railroad system
  - o Monitoring natural gas pipeline safety
  - o In collaboration with other state agencies, monitoring safety issues in transportation and water/wastewater

- ◆ In policy matters ~
  - o Monitoring regulatory and statutory developments at the state and federal levels
  - o Developing and advocating policy positions, to include conducting major studies, that represent the public interest with state and federal lawmaking and regulatory bodies

♦ In economic development matters ~
   o Providing input on utility facility siting and on certifications of public convenience and necessity
   o Providing input on territorial matters involving utilities
   o Reviewing and making recommendations regarding utility-filed industrial economic rate incentives
   o Facilitating the settlement of cases to result in a better rating of the State's regulatory environment; better ratings encourage investment in the State's utilities, thus furthering economic development

3. Key Stakeholder Groups (other than customers). S.C. General Assembly; S.C. Public Service Commission (PSC); affiliated state agencies; ORS employees; attorneys appearing before the PSC; the media

4. Key Suppliers and Partners. S.C. Budget and Control Board; State Regulation of Public Utilities Review Committee; federal regulatory agencies; affiliated state agencies

5. Operation Locations. The ORS is located at 1401 Main Street in Columbia, South Carolina. The agency occupies the eighth and ninth floors.

6. Number of Employees. At the end of FY 2009-2010, the ORS had 74 unclassified positions.

7. Regulatory Environment under which ORS Operates. The ORS abides by the mandates and standards of Act 175 of 2004; Act 318 of 2006; Base Load Review Act of 2007; the South Carolina General Assembly; the Occupational Safety and Health Administration (OSHA); the American Disabilities Act (ADA); the S.C. Budget and Control Board guidelines and codes; the S.C. Comptroller General and the S.C. Treasurer accounting requirements; and the S.C. Human Affairs Commission.

8. Performance Improvement System. The creation of the ORS represents a major reform in accountability within the realm of utility regulation. The legislation creating the ORS also created the State Regulation of Public Utilities Review Committee (Review Committee) to oversee the agency. The ten-member Committee includes three members from the S.C. Senate, three from the S.C. House of Representatives, and four appointed by the S.C. General Assembly from the general public. This model of governance was used as an example in this session of the General Assembly in reforming other state agencies.
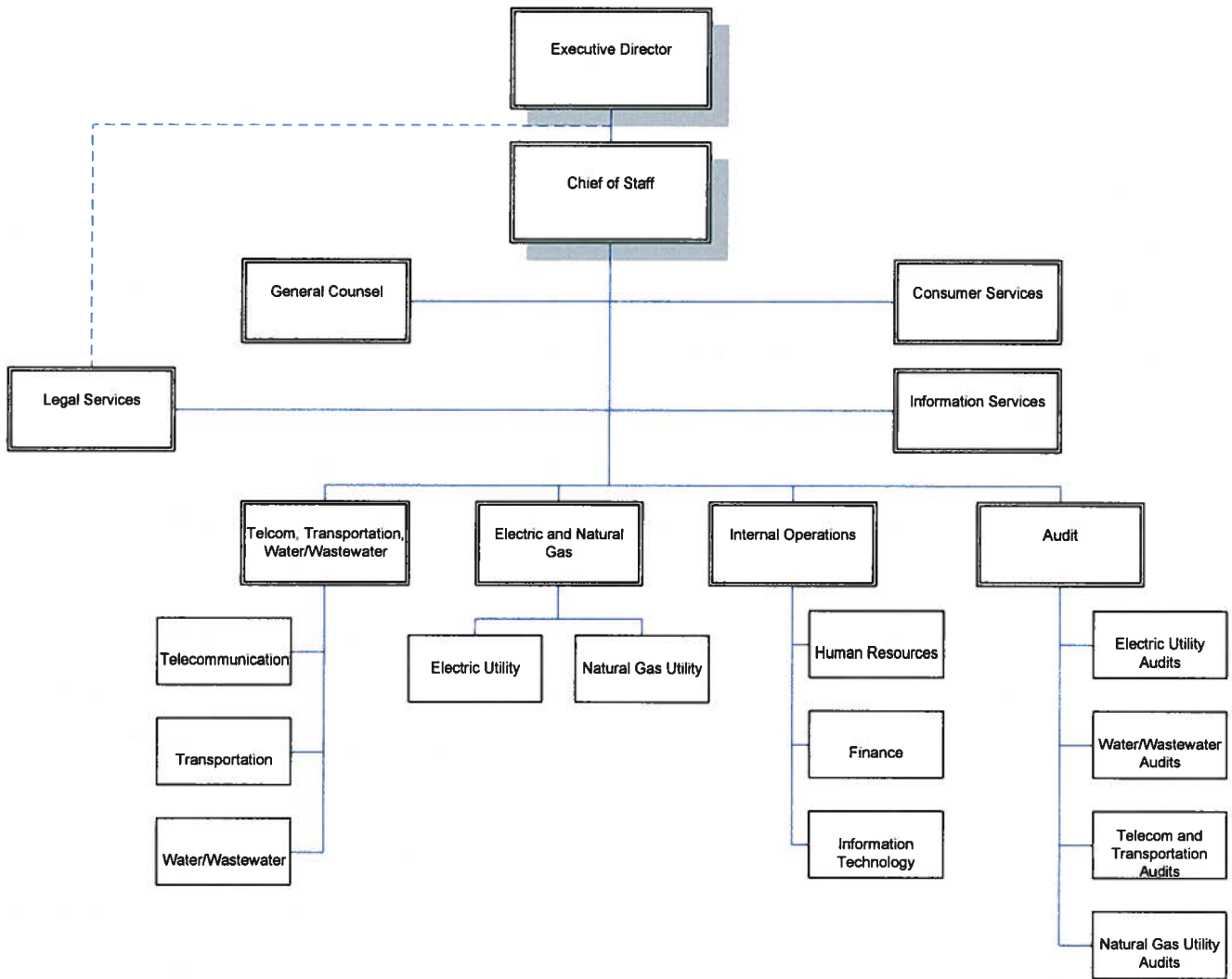
The Review Committee plays a central role in the agency's performance improvement system. For the ORS as a whole, the Committee established approximately 35 performance measures. In addition, the Review Committee established agency goals that form the strategic plan. The performance measures are categorized as objectives or action items under the goals of the strategic plan. Each year, the Review Committee evaluates the agency based on its goals and performance measures. In addition, the Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The information from these surveys, as well as other information gathered by the Review Committee, is used by the Committee to evaluate the ORS performance and that of the Executive Director.

Accountability for performance is built into this system at all levels, beginning with the Executive Director. The Review Committee evaluates the performance of the Executive Director at the same time that it evaluates the agency's performance. The Executive Director's main performance goals are the agency goals. In turn, the performance goals of the Chief of Staff and other members of senior management are linked to agency goals. Also, each member of senior management has an Employee Performance Management System (EPMS) objective to contribute to the overall success of the agency by supporting agency goals. At the departmental level, senior management use the goals and objectives of the EPMS process as a means of linking accountability for agency performance to each individual's performance and evaluation. All ORS staff members are evaluated within the EPMS cycle in relation to their contribution toward the agency's success in fulfilling its mission. Agency values (listed in the *Executive Summary, Item 1*) are included on each staff member's EPMS appraisal as performance characteristics. Each value is stated, along with a definition as it pertains to the ORS. Employees receive a rating of Acceptable or Unacceptable for each value. The ORS implemented a universal review date so that agency and individual performance can be linked and assessed simultaneously.

The Review Committee developed the ORS performance measures to ensure that the agency continuously monitors and improves the processes necessary to fulfill its mission. Toward this end, the ORS has established a performance improvement system. The Executive Director, Chief of Staff, and other members of senior management (directors) comprise the Executive Management Team (Team) that leads this effort. Under the Team's direction, each ORS department monitors performance measures relevant to its role within the agency. The performance measures are updated and reviewed by the Team during quarterly strategic planning meetings. Trends in performance, both positive and negative, are readily identified in this way and communicated to appropriate staff members via their department director with recommendations on how to effect any necessary changes. Weekly departmental meetings provide a frequent means for two-way communication with regard to making improvements.

In addition to the quarterly strategic meetings, the Team has an annual strategic planning session. At this session, team members assess the agency's current strengths and opportunities using a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Based on this assessment, the agency's performance measures within the strategic plan are modified as necessary to keep the plan aligned with the agency's mission.

9. Organizational Structure

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                          │  Executive Director │
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                          ┌─────────────────────┐
                          │   Chief of Staff    │
                          └─────────────────────┘
                                     │
  ┌──────────────┐   ┌─────────────────┐              ┌──────────────────┐
  │ General Counsel│                                  │ Consumer Services│
  └──────────────┘                                    └──────────────────┘

  ┌──────────────┐                                    ┌──────────────────┐
  │ Legal Services│                                   │Information Services│
  └──────────────┘                                    └──────────────────┘
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Telcom, Transportation, Water/Wastewater
- Telecommunication
- Transportation
- Water/Wastewater

Electric and Natural Gas
- Electric Utility
- Natural Gas Utility

Internal Operations
- Human Resources
- Finance
- Information Technology

Audit
- Electric Utility Audits
- Water/Wastewater Audits
- Telecom and Transportation Audits
- Natural Gas Utility Audits

10. Expenditures/Appropriations Chart.

Base Budget Expenditures and Appropriations

	08-09 Actual Expenditures		09-10 Actual Expenditures		10-11 Appropriations Act	
MajorBudget Categories	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$4,155,435	$0	$4,294,681	$0	$4,847,392	$0
Other Operating	$1,117,258	$0	$ 960,535	$0	$1,114,401	$0
Special Items	$3,687,277	$0	$3,825,626	$0	$4,165,696	$0
Permanent Improvements	$0	$0	$0	$0	$0	$0
Case Services	$0	$0	$0	$0	$0	$0
Distributions to Subdivisions	$0	$0	$0	$0	$0	$0
Fringe Benefits	$1,136,808	$0	$1,113,917	$0	$1,357,270	$0
Non-recurring	$0	$0	$0	$0	$0	$0
Total	$10,096,778	$0	$10,194,758		$11,484,759	$0

Other Expenditures

Sources of Funds	07-08 Actual Expenditures	08-09 Actual Expenditures
Supplemental Bills	0$	$0
Capital Reserve Funds	$0	$0
Bonds	$0	$0

11. Major Program Areas Chart –

Program Number and Title	Major Program Area Purpose (Brief)	FY 08-09 Budget Expenditures	FY 09-10 Budget Expenditures	Key Cross References for Financial Results*
I. Legal	-To represent ORS and the public in legal proceedings before the Public Service Commission -To provide legal services to ORS	State: Federal: Other: 816,104 Total: 816,104 % of Total Budget: 8%	State: Federal: Other: 824,819 Total: 824,819 % of Total Budget: 8%	7.1-1, 7.1-2, 7.1-3, 7.1-6
II. Support Services	-To provide customer service to consumers of transportation companies and regulated utilities -To perform audits of regulated utilities	State: Federal: Other: 1,540,772 Total: 1,540,772 % of Total Budget: 15%	State: Federal: Other: 1,564,439 Total: 1,564,439 % of Total Budget: 15%	7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-5, 7.1-6, 7.1-7, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.6
III. Telecommunications, Transportation, Water and Wastewater	-To ensure safety of State railways -To monitor regulated telecommunications, water and wastewater utilities and transportation carriers.	State: Federal: Other: 1,372,494 Total: 1,372,494 % of Total Budget: 14%	State: Federal: Other: 1,371,284 Total: 1,371,284 % of Total Budget: 13%	7.1-1, 7.1-2. 7.1-6, 7.1-7, 7.1-8, 7.1-10, 7.1-11, 7.1-12, 7.2-5, 7.2-6, 7.2-7, 7.6
IV. Utilities, Electric and Gas	-To ensure safety of gas pipelines -To monitor regulated electric and gas utilities	State: Federal: Other: 1,181,914 Total: 1,181,914 % of Total Budget: 12%	State: Federal: Other: 1,201,348 Total: 1,201,348 % of Total Budget: 12%	7.1-1, 7.1-2,7.1-3,7.1-6,7.1-9
V. Dual Party	-To regulate a statewide program to provide access to basic phone service for the hearing and speech impaired	State: Federal: Other: 3,676,657 Total: 3,676,657 % of Total Budget: 36%	State: Federal: Other: 3,825,626 Total: 3,825,626 % of Total Budget: 38%	7.2-4, 7.6

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Remainder of Expenditures:	State: Federal: Other:, 1,498,217 Total: 1,498,217 % of Total Budget: 15%	State: Federal: Other: 1,407,242 Total: 1,407,242 % of Total Budget: 14%	7.3 through 7.6

* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

Section III – Elements of the Malcolm Baldrige Criteria

1.0 Senior Leadership, Governance, and Social Responsibility

The leadership team of the Office of Regulatory Staff, referred to earlier as the Executive Management Team (Team), continuously monitors all operational and financial aspects of the agency to address the impact of internal and external factors. This is done through a continuous improvement/strategic planning process as described in *Section II Organizational Profile, Item 8, Performance Improvement System*.

1.1 How do senior leaders set, deploy, and ensure two-way communication for:

A.   Short-and Long-term Organizational Direction and Organizational Priorities.   The Review Committee sets the long-term direction and organizational priorities for the ORS through the agency goals (strategic plan) and agency performance measures (objectives or action plans) that it establishes. Within these established parameters for the long term, the Team manages the short-term direction of the agency. The members of the Team communicate expectations and get feedback from staff through weekly departmental meetings, topic-specific meetings, day-to-day communications, the EPMS process, the strategic planning process (including quarterly meetings and annual re-alignment session), and the office policy manual. This continuous exchange of information and feedback is a critical element of the agency's performance improvement system.

B.   Performance Expectations.   As noted earlier, the Review Committee established agency performance measures that are categorized as objectives or action plans under the goals of the strategic plan. Management is responsible for providing quarterly written updates to senior management regarding their respective areas' accomplishments in relation to the agency performance measures. Weekly departmental meetings provide a forum for supervisor-staff interaction regarding performance.

In addition, agency performance measures are directly linked to individual staff members' EPMS planning stages at all levels of the agency. Supervisors are responsible for monitoring and evaluating these measures through the EPMS review process for actual performance.

C.   Organizational Values. Agency values (listed in the *Executive Summary, Item 1*) are included on each staff member's EPMS appraisal as performance characteristics. Each value is stated, along with a definition as it pertains to the ORS. Employees receive a rating of Acceptable or Unacceptable for each value. Through this system, employees and their supervisors have a means of tying performance to values. More generally, agency values are communicated through visual displays in the agency's meeting rooms, through the ORS web site, and by positive examples of conduct from the Executive Director and other agency leaders.

D.   Ethical Behavior. As mandated by the agency's enabling legislation, all ORS staff members participate in six hours of ethics training annually. In addition, State Office of Human Resources core policies are incorporated into the agency policy manual and are carried out through standard operating practices at all levels of the agency.

1.2 How do senior leaders establish and promote a focus on customers and other stakeholders?

The ORS has a Consumer Services Department whose purpose is to provide a way for consumers to voice questions, complaints, or inquiries regarding their utilities. In addition the ORS, under the guidance of its senior leaders, has created several customer-oriented communications, feedback, and tracking systems. A few examples are as follows 1) a recently redesigned agency web site dedicated to informing and communicating with customers and stakeholders – this web site includes a prominent section dedicated to consumer issues, an online consumer complaint/inquiry form, and a variety of downloadable forms 2) a periodic newsletter sent to the State Regulation of Public Utilities Review Committee 3) quarterly strategic planning meetings 4) a periodic newsletter sent to water/wastewater companies 5) customer service compliance reviews with utilities' business offices 6) educational workshops and remote education initiatives for regulated utilities 7) accessibility and prompt responsiveness to members of the media 8) communications, both formal and informal, with members of the S.C. Legislature to respond to requests on behalf of constituents and to keep them informed of the agency's progress and 9) PURC surveys of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission (PSC). This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated.

1.3 How does the organization address the current and potential impact on the public of its products, programs, services, facilities, and operations, including associated risks?

As noted earlier, the ten-member Review Committee includes members of the S.C. General Assembly as well as members from the general public. In its oversight of the ORS, the Review Committee is continuously mindful of its accountability to the citizens of the State.

From an agency standpoint, the strategic planning process -- which includes quarterly strategic planning meetings -- and the performance improvement system provide for an ongoing means of evaluating and effectively addressing the current and future needs of the agency and those it serves. The ORS tracks its key performance measures and seeks professional assistance of other state agencies, federal agencies, or consultants in areas that require expertise beyond the agency staff. Both formal and informal feedback from various stakeholder groups is assessed and used in making adjustments to programs, products, or services.

With regard specifically to pleadings by regulated utilities, the potential effect on each facet of the public interest is part of the consideration of findings that the ORS reviews in making its recommendations.

1.4 How do senior leaders maintain fiscal, legal, and regulatory accountability?

Agency senior leaders are responsible for monitoring and maintaining accountability in all agency operations for both state and federal regulations through continuous review of operations, including monthly meetings to review the budget and staffing; accountability to the Review Committee, including regularly scheduled meetings of the ORS Executive Director with the Review Committee's Chair of the ORS Subcommittee; quarterly strategic planning meetings; ongoing legal consultation; continuous contacts with accountability personnel from other regulatory agencies (state and federal); attention to high standards of operation; and implementation of accountability systems through technology.

This fiscal year, the ORS successfully converted the Governmental Accounting Financial Reporting System (GAFRS) and the Human Resource Information System (HRIS) to the new statewide South Carolina Enterprise Information System (SCEIS). The conversion to SCEIS provides for enhanced recordkeeping and reporting accountability. Senior leaders work with other state agencies to ensure compliance with other state guidelines and laws.

1.5 What key performance measures are regularly reviewed by your senior leaders?

- ◆ Regulatory fiscal oversight (including case management, audits and tracking of utilities' finances, etc.)
- ◆ Regulatory compliance
- ◆ Safety oversight
- ◆ Customer satisfaction
- ◆ Education and outreach
- ◆ Budget and finance
- ◆ Human resources

1.6 How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to the organizational values?

As noted in Section 1.1-B, the Review Committee established agency performance measures that are categorized as objectives or action plans under the goals of the strategic plan. The Review Committee evaluates the agency annually based on the performance measures. As part of the evaluation, the Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission (PSC). This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Committee also conducts an annual survey of ORS employees. The information from these surveys is used by the Review Committee to evaluate the ORS performance and that of the Executive Director. Regularly scheduled meetings of the ORS Executive Director with the Review Committee's Chair of the ORS Subcommittee provide another means for ensuring ongoing input from and communication with the Review Committee.

The Committee provides the Executive Director and senior leaders with feedback based on these evaluations. The Executive Director and senior leaders use this information -- along with feedback they continuously gather based on quarterly strategic planning meetings, weekly meetings, and day-to-day interactions with staff -- to make adjustments that may improve the effectiveness of their leadership or management styles.

As noted in detail in 1.1-C, the Executive Director and senior management communicate the values of the ORS through the EPMS review process as well as by providing positive examples of leadership. The Executive Director and senior leaders encourage open communication and collaboration among all staff and departments, implement goal-oriented planning, and adhere to and model agency policies and procedures.

1.7 How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

Human Resources and senior management hold monthly workforce planning meetings and quarterly strategic planning meetings. These meetings include reviews of staff profiles (knowledge inventory, number of years to retirement, etc.) and training levels and trends. These assessments provide senior management with ongoing current information regarding staffing strengths and weaknesses so that they can plan organizational structuring and re-structuring needs with further role definition of employees.

1.8 How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?

The ORS, its Executive Director, and its senior leaders operate within an environment of accountability as determined by the agency's enabling legislation and its oversight by the Review Committee. Each year, the Review Committee reviews the accomplishments of the ORS. Guidance provided to the agency based on these reviews is incorporated into senior management's priorities and plans for continuous improvement. These priorities and plans are communicated and implemented at all levels of the agency.

Furthermore, senior management engages in the following practices to create the desired environment for continuous improvement: encourages employees to take initiative and to solve problems; supports the efforts of staff to try new approaches; tracks performance measures for the agency in tandem with the strategic planning cycle; shares feedback with employees through the EPMS cycle; and exchanges information with employees through both regularly scheduled and informal meetings and an employee suggestion box.

1.9 How do senior leaders create an environment for organizational and workforce learning?

The Executive Director and senior leaders encourage employees to participate in training conferences and in industry-specific workgroups such as the National Association of Regulatory Utility Commissioners (NARUC) and its regional counterpart SEARUC (for the Southeast). In addition, senior leaders -- in consultation with Human Resources -- periodically assess the needs of the agency and bring in experts to conduct internal training seminars.

1.10 How do senior leaders communicate with, engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?

The management team developed and implemented an employee recognition program. This program encompasses a variety of efforts to recognize employees including Employee Week (which coincides with State Government Employee Recognition) and a Regulatory Rewards peer-award program that allows co-workers to recognize the contributions of their peers. Staff members' accomplishments are highlighted each month in the Review Committee newsletter.

Senior leaders meet regularly with employees to communicate expectations, share information, and recognize employees for a job well done. In addition to the EPMS process, the Executive Director also communicates regularly with the agency via email regarding agency successes, compliments received regarding the agency, and individual successes of employees or departments.

1.11 How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

Senior leaders determine areas of emphasis for organizational involvement based on the needs of those the ORS is charged to represent. Examples of civic efforts undertaken collectively by senior leaders and the workforce in FY 09-10 include the Avon Walk for Breast Cancer, the United Way, the Sistercare Thanksgiving Drive, the domestic violence victim deposit waiver program, and the S.C. Electric Cooperatives' *Help My House* Contest. Individually, both senior leaders and other ORS staff are very active participants in civic and community efforts.

2.0 Strategic Planning

	Supported Agency Strategic Planning Goal/Objective	Related FY 08-09 and beyond Key Agency Action Plan/Initiative(s) And Timeline for Accomplishing the Plan(s)	Key Cross References for Performance Measures*
Agency Wide	Represent the public interest by balancing the concerns of the public, the financial integrity of public utilities and the economic development of SC.	1. Provides technical assistance to new entrants 2. Enforces rules, regulations and laws equitably 3. Keeps abreast of issues 4. Balances the interest of consumers , job development and retention and financial well being of the utilities Timeline: Ongoing	7.1-1, 7.1-2, 7.1-3, 7.1-4,7.1-5,7.1-6, 7.1-7, 7.1-8, 7.1-9,7.1-10, 7.1-11,7.1-12, 7.2-4, 7.6
Agency Wide	Is responsive to the public	1. Resolves consumer complaints in a timely manner 2. Solicits public input on emerging issues 3. Consults with expert to assess emerging trends 4. Utilizes its website so that consumers may be informed 5. Publishes consumer brochures and publications 6. Provides regular briefings to the media 7. Provides media alerts Timeline: Ongoing	7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.2-6, 7.2-7
Agency Wide	Is alert to and anticipates federal regulatory and industry developments and their effect on SC	1. Has processes to alert stakeholders of industry developments 2. Retains outside experts when needed 3. Reviews and analyzes the impact of state court decisions and federal agency and court decisions 4. Pays attention to the interplay between state regulation and the federal intention to regulate 5. Maintains knowledge Timeline: Ongoing	7.1-1, 7.1-2, 7.1-9, 7.1-10,7.1-11, 7.1-12, 7.2-4,7.2-7, 7.6
Agency Wide	Are marked by professional excellence	1. Hires and retains qualified personnel 2. Provides professional training and Ethics workshop 3. Provides internally organized and staffed educational programs 4. Provides its employees with tools they need	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5, 7.2-5, 7.2-6, 7.2-7, 7.3,7.4,7.5, 7.6

	Are marked by professional excellence (Continued…) and equips the office 5. Embraces technology in the workplace 6. Optimizes consumer education and outreach and seeks out persons who qualify for special assistance programs 7. Participates in state regulatory proceedings and appeals and federal regulatory proceeding and court cases 8. Provides input in legislative matters 9. Handles properly legislators requests 10. Coordinates appropriately with other state agencies Timeline: Ongoing	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5, 7.2-5, 7.2-6, 7.2-7, 7.3,7.4,7.5, 7.6
Agency Wide	Promotes excellence in each regulated industry 1. Inspects public utilities and enforces laws and regulations 2. Minimizes the regulatory burden on companies by taking steps to assist in settlements and mediations 3. Minimizes the regulatory burden by improving methods for submitting and access information 4. Keeps abreast of best practices Timeline: Ongoing	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5, 7.1-6, 7.1-7, 7.1-8,7.1-9, 7.1-10, 7.1-11, 7.1-12, 7.4, 7.5, 7.6
Agency Wide	Provides value to the citizens 1. Provides access to information 2. Resolves disputes in a timely manner 3. Number of complaints processed, audits performed, enforcement actions brought and commission proceedings participated in justify the number of employees and operational costs of the ORS 4. Societal benefits of utility rate stability and affordability, financial performance, infrastructure investment, environmental protection exceeds the monetary costs of the operation Timeline: Ongoing	7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5,7.1-6, 7.1-7, 7.1-8,7.1-9, 7.1-10,7.1-11, 7.1-12, 7.2-1, 7.2-2,7.2-3,7.2-4,7.2-5, 7.2-6,7.2-7, 7.3,7.4,7.5, 7.6

*Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

2.1 <u>**What is your strategic planning process, including KEY participants, and how does it**</u> <u>**address:**</u>

Members of the Executive Management Team (Team) and the Review Committee are the **key participants** in the strategic planning process. As noted in *Section II, Organizational Profile, Item 8 Performance Improvement System*, the Team's members include the Executive Director, Chief of Staff, and other members of senior management (directors). The strategic planning process has **key process steps** that flow cyclically as follows:

1. Quarterly reviews of the strategic plan in which performance measures are evaluated, trends identified, and recommendations are formulated to be shared with appropriate departments via their Team representative
2. Annual planning session to realign the plan
3. Creation of the following fiscal year's projected budget, based on priorities and needs identified in the strategic plan, to be submitted to the Budget Office as approved by the PURC

A. Your Organization's Strengths, Weaknesses, Opportunities, and Threats (SWOT). During the annual strategic planning session, the Team reviews the prior year's SWOT analysis and updates it to identify currently perceived strengths, weaknesses, opportunities, and threats. Using that information, senior leaders update the strategic plan and realign objectives for the long term and for the coming year.

B. Financial, Regulatory, Societal, and Other Potential Risks. Through the SWOT analysis process, perceived risks and threats (both internal and external) are identified and addressed through strategic objectives in the plan.

C. Shifts in Technology and Customer Preferences. Regular reviews of the strategic plan by the Team as well as attendance at industry-related conferences help assess the efficacy of the plan in the context of any changes in the environment (both technological and consumer-oriented) so that the plan can be adjusted accordingly. Societal and customer-preference shifts are also assessed by tracking the types and frequencies of complaints and inquiries received by our Consumer Services Department, monitoring current issues, trends, legislation, and regulations on the state and federal levels, and staying abreast of industry-specific issues. The implementation of SCEIS this year will enhance the provision of financial and human resource data for accountability to our customers.

D. Workforce Capabilities and Needs. Within the strategic planning process, workforce planning meetings are held monthly by Human Resources and senior management to examine organizational structure, staffing patterns, and training trends and needs. This information is analyzed, and necessary adjustments are made to ensure that the agency is structured in the way that best meets current needs and that knowledge transfer and succession planning are accomplished. The information is submitted to the PURC for funding needs and programmatic goals.

E. Organizational Continuity in Emergencies. ORS systems such as SCEIS and various data bases, including those that outline ORS processes for conducting work and the ORS-PSC data base system, are housed electronically with the Division of State Information Technology (DSIT) of the S.C. Budget and Control Board. The DSIT has back-up systems in the case of power loss or other emergencies. In addition, the DSIT has a disaster recovery and business continuity plan designed to protect the systems and information entrusted to that organization.

F. Ability to Execute the Strategic Plan. The strategic planning process for the ORS is designed to systematically receive input from all levels of the organization. Members of the Team discuss the strategic plan with their departmental staff at regular intervals. During the quarterly update meetings for the plan and the annual planning session, input from departmental staff is shared with the rest of the leadership team and becomes part of the analysis to determine what is and is not still a viable part of the plan and to measure accomplishments toward goals. In this way, the plan remains a viable and effective course of action for the agency.

2.2 How do your strategic objectives address the strategic challenges you identified in your Executive Summary (Section I, Question 4)?

Objectives have been established by the Review Committee to meet the strategic challenges. Within the parameters of these objectives, the agency has developed components that address the strategic challenges and support the strategic plan. These components include, among others, providing training; monitoring state and federal regulations and legislation; attending conferences; conducting process reviews; embracing technology; and monitoring workforce issues and trends.

2.3 How do you develop and track action plans that address your key strategic objectives and how do you allocate resources to ensure the accomplishment of your action plans?

Action plans are developed and department performance measures are updated through the quarterly meetings of the strategic planning process. As each plan is implemented, the ORS documents processes and tracks data as a means of evaluating the effectiveness of the plan. The implementation and ongoing evaluation of action plans is discussed regularly at management and departmental meetings. Resources are allocated by evaluating available staff, workload, and priorities.

2.4 How do you communicate and deploy your strategic objectives, action plans, and related performance measures?

As noted earlier (*Section II, Organizational Profile, Item 8 Performance Improvement System*), the Review Committee established agency performance measures that are categorized as objectives or action plans under the goals of the strategic plan. Under the Team's direction, each ORS department monitors its performance relevant to its role within the agency. The performance measures are updated and reviewed by the Team. Trends in performance, both positive and negative, are readily identified in this way and communicated to appropriate staff members via their department director with recommendations on how to effect any necessary changes. Weekly departmental meetings provide a forum for two-way communication with regard to making improvements.

2.5 How do you measure progress on your action plans?

The ORS continuously collects a variety of data and feedback to track progress on its action plans. Many measures are quantifiable and directly attributable to actions taken by the agency. A second category of measures are those that, while often quantifiable, may be partially attributable to actions taken by outside entities with which we collaborate to achieve a collectively desired result. (An example of this type of collaboration would be the recruitment of a new industry to the State.) A third category of measures include those that are qualitative in nature, such as feedback received through

daily interactions with various stakeholder groups. All types of measures are aggregated, reviewed, and analyzed at quarterly management team meetings, and adjustments are made as necessary to best achieve progress on the action plans.

2.6 How do you evaluate and improve your strategic planning process?

The ORS meets on a regular basis to review and re-align the strategic plan. The measures toward accomplishing goals and objectives provide information that we use to modify the process as necessary.

3.0 Customer and Market Focus

3.1 How do you determine who your customers are and what their key requirements are?

The customers of the ORS and their key requirements are determined according to the agency's enabling legislation, which defines customer groups as facets of the public interest: 1) **concerns of the using and consuming public** 2) **financial integrity of public utilities** and 3) **economic development of South Carolina**. As defined in S.C. Code Annotated § 58-4-10, the key expectation of all ORS customers is that the agency represent the public interest in utility regulation. To fulfill this mandated customer expectation, the ORS meets the key requirements of these customer segments by fulfilling the investigative, legal, prosecutorial and educational roles necessary to utility regulation.

3.2 How do you keep your listening and learning methods current with changing customer/business needs and expectations?

The ORS employs several means of keeping current with changing customer/business needs and expectations. The agency and its staff are affiliated with professional regulatory organizations such as the National Association of Regulatory Utility Commissioners (NARUC). These professional affiliations provide a forum for sharing best practices among regulatory agencies and identifying trends nationwide and regionally.

On the state level, the ORS collaborates with other state agencies to keep abreast of new technology in the provision of services to its customers. The agency also has a Consumer Services Department that serves as a central receiving and tracking point for consumer inquiries and complaints. The agency makes full use of its web site as an interactive tool with customers and stakeholders. The site provides email links to staff, an online consumer complaint/inquiry form, and downloadable forms. The ORS attends community meetings and night hearings, publishes newsletters for various stakeholder groups, distributes consumer information brochures, hosts workshops, and initiates other outreach efforts for its customers and stakeholders. Information gathered from all these sources is analyzed to determine any improvements in operations or policy that need to be made. Such changes are decided upon by senior management with input from staff at the departmental levels.

3.3 What are your key customer access mechanisms and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?

The recently redesigned ORS web site is structured to provide user-friendly access mechanisms for customers including a more prominent Consumer Services section, *Contact Us* information for all

departments, online forms for use by regulated utilities and consumers, and an online consumer complaint and inquiry form that provides a means for consumers to file complaints or inquiries with the Consumer Services Department 24 hours a day, 7 days a week. In addition, the ORS Executive Director vigilantly maintains a policy of personal accessibility to the media, legislators, and consumers, often personally resolving issues or concerns from the calls he receives.

3.4 How do you measure customer/stakeholder satisfaction and dissatisfaction and use this information to improve?

The Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The information from these surveys, as well as other information gathered by the Review Committee, is used by the Committee to evaluate the ORS performance and that of the Executive Director. The Review Committee shares the general survey questions and the general results from the stakeholder survey, and they share the general results of the employee survey. The ORS receives guidance based on the results from both surveys. The agency and the Director use the Committee's feedback to make improvements in policies, processes, and operations dealing with customers and stakeholders.

In addition, the ORS has in place various means of measuring customer/stakeholder satisfaction. Current means include 1) surveys (as appropriate) and 2) engaging in meetings and discussions with key stakeholder and customer groups such as consumer groups, regulated utilities, legislators, and members of the media. Information gathered from these efforts is incorporated into the strategic planning process to re-align action items for continuous improvement.

3.5 How do you use information and feedback from customers/stakeholders to keep services and programs relevant and provide for continuous improvement?

The ORS collects and analyzes data and feedback in order to establish benchmark measures for the agency to help guide its future direction. Collection and analysis of information is conducted at the agency, division, and departmental levels as part of the overall continuous improvement process. Findings are shared with all areas of the agency to identify operations, processes, or programs in need of improvement. Some specific examples include:

♦ The Consumer Services Department records all consumer contacts in its tracking system by type of utility industry and by category of complaint/inquiry. Customer relations compliance reviews are also conducted at the business offices of regulated utilities. Review and analysis of this data allows the ORS to identify patterns in consumer issues and in utilities' customer service that may need to be addressed with regulated utility companies.

♦ The Review Committee conducts annual surveys of individuals who have had contact with the ORS concerning matters filed with the PSC and of ORS employees.

♦ The ORS obtains input from the regulated utilities and their representatives with regard to the utility industry environment and its impact on the utilities and their customers.

♦ The Executive Director maintains a high level of accessibility to members of the Legislature and

the media. This allows for a two-way exchange of information as they may let the agency know about constituent concerns or issues on the consuming public's mind, and the ORS can address or answer some of these issues or questions.

3.6 How do you build positive relationships with customers and stakeholders to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups?

Building positive relationships is a top priority item for the senior management of the ORS. While the specific method used may vary depending on the type of customer/stakeholder group, the end result is the same – that of developing rapport, trust, and open lines of communication. As noted in 3.5 above, the ORS collects and analyzes information from customers and stakeholders as part of the overall continuous improvement process. Findings are shared with all areas of the agency to identify operations or processes in need of improvement. Examples of efforts to build and maintain positive relationships include:

♦ A Consumer Services Department that addresses **consumers'** complaints and inquiries and provides consumer education
♦ Online access to ORS staff for **consumers and stakeholders** via the ORS web site
♦ Online ability to submit **consumer** complaints and inquiries to the ORS
♦ Online **consumer** education information as well as hard-copy versions (brochures) created in response to current consumer issues or concerns
♦ Remote education initiatives for **regulated utilities and consumers**
♦ Online publication of or links to **regulated utilities'** schedules of tariffs
♦ Online links to **PSC** for docket, hearing agenda, and other information
♦ Online posting of news releases, consumer advisories, and alerts for **media and public access,** including postings on the news center of state government's web site, SC.Gov.
♦ Periodic newsletters to **water/wastewater companies**
♦ Periodic newsletters sent to **State Regulation of Public Utilities Review Committee**
♦ **Media** accessibility to ORS Executive Director and other senior-level managers
♦ Frequent meetings with representatives of **regulated utilities** to address consumer issues, prepare for hearings pending before the PSC, discuss possible facility sitings, etc.
♦ Weekly **senior management** meetings and weekly **departmental meetings**
♦ Frequent attendance at **community/neighborhood association** meetings
♦ Attendance at **public night hearings** to gain **consumer** input on proposed utility rate increases and service issues
♦ Hosting of **workshops or forums for stakeholders**
♦ Outreach efforts to **low-income or at-risk consumers** through the Lifeline and Link-up program, the domestic violence victim deposit waiver program, and various safety-net programs
♦ Collaborative efforts with other entities to promote environmental awareness and use of renewable energy sources – i.e., the Palmetto Clean Energy (PaCE) program and the *palmettopower.com* collaborative program
♦ Emphasis on fostering the settlement of cases whenever possible due to benefits to **consumers, regulated utilities**, and **economic development**

4.0 Measurement, Analysis, and Knowledge Management

4.1 How do you decide which operations, processes, and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

The ORS is required to track various measures of financial and operational performance as mandated by state statute, federal requirements, and federal guidelines. The agency's enabling legislation, for example, states that the ORS has sole responsibility for the inspection, auditing, and examination of public utilities. The agency must be considered a party of record in all filings, applications, or proceedings before the PSC. Therefore, much of the tracking that is done relates to analysis of utilities' compliance as well as operational and fiscal performance.

In addition, the ORS tracks performance measures that relate to internal productivity and service delivery to ensure that the agency mission of representing the public interest in utility regulation is being achieved. The strategic planning process, which includes quarterly reviews as well as an annual planning session, provides a systematic means of reviewing organizational performance and adjusting objectives or action plans as necessary.

There has been no increase in the assessment to utilities, yet the ORS continues to save money for consumers through both the case settlement process – $680 million in customer savings since gaining regulatory responsibility – and the consumer complaint process -- $14 million in consumer services savings since gaining regulatory responsibility.

4.2 How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision making and innovation throughout your organization?

Quantitative and qualitative information is continuously collected, integrated, and analyzed in order to adjust and improve processes and action plans within the various utility-industry departments. Performance measures are reviewed and analyzed at quarterly management team meetings, and adjustments are made as necessary. Federal and state accounting, personnel, and procurement standards and guidelines are used in conjunction with agency information to guide policy and operational decision making throughout the organization.

4.3 What are your key measures, how do you review them, and how do you keep them current with organizational needs and direction?

The key measures, stated in Category 1.5 and below, are reviewed systematically through a variety of means including the strategic planning process, the performance improvement system, departmental meetings on programmatic initiatives, the EPMS process, and internal tracking of agency finances and workforce data, among others. In all of these systems, review and evaluation is a built-in component which allows for adjustments as external factors change that could affect how the agency should operate to be most effective.

♦ Regulatory fiscal oversight (including case management, audits and tracking of utilities' finances, etc.)
♦ Regulatory compliance

- Safety oversight
- Customer satisfaction
- Education and outreach
- Budget and finance
- Human resources

4.4 How do you select and use key comparative data and information to support operational and strategic decision making and innovation?

Now entering its seventh year of operation, the ORS base of data continues to gain institutional depth, a trend that will continue and will be enhanced as additional features are added to the ORS-PSC data base. In addition, the ORS can sometimes draw comparisons between what it has tracked thus far and regional or national measures and standards. However, due to the unique nature of the ORS and its duties in relation to the utility-regulation systems of other states, directly comparable data on a particular issue or area may not exist.

4.5 How do you ensure data integrity, reliability, timeliness, accuracy, security, and availability for decision making?

From a programmatic standpoint, the ORS has and will continue to develop reliable and up-to-date data sources and data monitoring systems to document, track, and analyze performance. Internal operations data is monitored and reviewed by senior management on a regular basis to ensure that accurate indicators are being provided. Data back-up systems and quality controls are also in place and provide for the reliability of data and the security of confidential information.

4.6 How do you translate organizational performance review findings into priorities for continuous improvement?

As noted elsewhere in this report, the Review Committee evaluates the organization's performance annually based on a review of the agency's accomplishments associated with its performance measures. As part of this review, the Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The Committee provides guidance based on the results to senior leadership. This information is used to adjust the agency's priorities for continuous improvement; progress is monitored throughout the strategic planning cycle and within the performance improvement system.

4.7 How do you collect, transfer, and maintain organizational and workforce knowledge (knowledge assets)? How do you identify, share, and implement best practices, as appropriate?

The ORS employs a variety of means to manage organizational knowledge and share best practices. In all instances deemed beneficial, the ORS implements cross-training of employees. Also, senior management encourages employees to engage in training opportunities for both professional and personal development. Modeled by senior management and filtered through the entire agency are inter-departmental collaborative efforts to share information and best practices. Looking outside the agency, the ORS makes use of best practices information shared among state agencies in South Carolina and among regulatory agencies regionally and nationwide. As noted elsewhere in this report, the ORS is

increasingly making use of remote education mediums both for staff training and for the education of stakeholders on various issues.

5.0 Workforce Focus

5.1 How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans and 2) promote cooperation, initiative, empowerment, teamwork, innovation, and your organizational culture?

The talent of the ORS staff is aligned to most effectively serve customer needs and expectations. Depending on the duty being fulfilled, staff may work in industry-specific or function-specific teams or they may organize into cross-functional or inter-departmental teams. In this arrangement, the delivery of services to customers is a coordinated approach among departments. It also optimizes the use of staff expertise, provides an opportunity for the sharing of knowledge and best practices, and enables employees to learn new skills and gain knowledge.

To encourage initiative and innovation, senior management employs an open door policy for all ORS employees. ORS employees at all levels are encouraged to identify any opportunities or barriers they encounter with regard to achieving individual and agency goals and objectives. Human Resources, in collaboration with senior management, identify training and development needs of the workforce; members of the workforce are encouraged to take advantage of training and development opportunities. The EPMS process provides a means of measurement to gauge progress in these areas.

5.2 How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.

As noted above (5.1), staff may work in industry-specific or function-specific teams and may collaborate across departments. To ensure effective communication and share knowledge, the ORS has weekly senior management meetings, departmental meetings, and frequent interdepartmental meetings. The ORS also looks for training opportunities that can be provided for the workforce; increasingly, the ORS takes advantage of opportunities for teleconferences and webinars as a cost-efficient means of educating its workforce. In addition, meetings are held to evaluate processes and improve upon them.

5.3 How does management recruit, hire, place, and retain new employees? Describe any barriers that you may encounter.

To recruit the most qualified applicants, the Human Resources Department posts positions on NEOGOV, gets input from stakeholders, and talks with people in the field. A team-interview process provides the means for selecting the best candidate. An orientation process for new employees begins immediately to provide for a smooth transition by helping them understand the values, mission, goals, policies, and procedures of the ORS.

Barriers include challenges in recruiting technical experts, such as auditors and engineers, due to compensation competition with the private sector.

5.4 How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

Senior management regularly discusses workforce capabilities and capacity needs with the directors of each department to ensure that agency needs are being met; periodic meetings to assess staffing are also held. Management observes the performance of employees on specific duties – such as providing testimony – and, if needed, training or additional support is provided.

5.5 How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?

As noted in *Section III under Customer and Market Focus 3.4*, the Review Committee conducts an annual survey of ORS employees. The information from this survey is used by the Review Committee to evaluate the ORS performance and that of the Executive Director. The Review Committee shares the general results of the employee survey. The ORS receives guidance based on the survey results. The agency and the Director use the Committee's feedback to make improvements in policies and processes involving the agency's employees.

In addition, the agency concentrates its performance evaluation efforts on linking job responsibilities and expectations with the agency mission, its strategic goals, and its action plans. Supervisors understand the need to have position descriptions that include duties linked directly to achieving the agency's objectives. The agency uses the EPMS process as its foundation for planning work priorities, professional development, and evaluation of employees. This process encourages employees to perform well because expectations are communicated and discussed with them in a continuous cycle of performance improvement.

5.6 How does your development and learning system for leaders address the following:
a. development of personal leadership attributes
b. development of organizational knowledge
c. ethical practices
d. your core competencies, strategic challenges, and accomplishment of action plans

By encouraging members of its workforce to attend training and participate in industry organizations, the ORS develops industry and organizational knowledge, leadership skills, and core competencies. A six-hour class on ethics is required yearly for all members of the workforce. In addition, the strategic planning process provides a means for senior management and the rest of the workforce to identify issues with regard to action items, re-align strategic objectives accordingly, and monitor and adjust the strategic plan.

5.7 How do you identify and address key developmental and training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation, and safety training?

As part of the EPMS process, each manager is responsible for assessing training needs and discussing training plans with their employees. The managers provide employees guidance in what training is needed, and employees can express their interests or needs for particular training during this process. Managers assess the training by assignment of applicable duties or by discussing with the employee

what they learned and their assessment of the training. ORS employees are encouraged to participate in training opportunities for professional and personal development as well as for management and leadership skills. Workload is often reassigned to take advantage of employees' newly acquired knowledge or skills.

The agency encourages diversity in the workforce and achieved 73% of its Equal Employment Opportunity (EEO) goal.

With regard to safety, employees are trained in safety issues in seminars and by management where appropriate. Industry-specific safety issues, such as those for natural gas pipeline and railroad, are taught by management on the job and by attending professional training seminars, classes, or conferences for those industries.

In addition, Human Resources assists the departments with identifying needs and getting the training required. Human Resources coordinates ethics training for all employees, and new-employee orientation is provided to all new employees.

5.8 How do you encourage on-the-job use of new knowledge and skills?

Employees are encouraged to use the tools and knowledge they gain from training in their daily duties. As employees acquire more complex skills through training, more complex duties may be assigned to them; this training-put-to-use process contributes to more effective attainment of agency goals. As an example, when a vacancy occurs in the agency, some or all of the duties from the vacated position may be re-assigned to other members of the workforce who, through training and experience, have acquired the necessary expertise to perform the duties successfully. The ORS encourages employees to achieve certifications in industry or professional specialties

5.9 How does employee training contribute to the achievement of your action plans?

Action plans derived from the strategic plan are analyzed in terms of training needs. These needs then become a priority for allocating resources to training. In each employee's annual review, training needs are discussed relative to their performance as linked to agency goals.

5.10 How do you evaluate the effectiveness of your workforce and leader training and development systems?

As explained in 5.6, processes are in place to evaluate the effectiveness of workforce and leadership training. The EPMS process provides another means of evaluation in this area.

5.11 How do you motivate your workforce to develop and utilize their full potential?

To encourage open communication, senior management employs an open door policy for all ORS employees. ORS employees at all levels are encouraged to identify any opportunities or barriers they encounter with regard to achieving individual and agency objectives as specified in EPMS plans and the agency's strategic plan. Senior management encourages employees to participate in training opportunities, to engage in cross-functional and interdepartmental sharing of knowledge and best practices, and to take the initiative to solve problems and find innovative solutions.

Human Resources makes extra efforts to ensure the needs of the employees are being met. Continuous efforts are made to solicit feedback and to provide for the employees' needs.

As noted in *Section III under Leadership 1.10*, the agency has an employee recognition program. This program encompasses a variety of efforts to recognize employees including Employee Week (which coincides with State Government Employee Recognition events) and a Regulatory Rewards peer-award program that allows co-workers to recognize the contributions of their peers. The Human Resources Department continues to receive very positive feedback from employees on these initiatives.

5.12 What formal and/or informal assessment methods and measures do you use to obtain information on workforce well being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you use this information?

Managers have regularly scheduled staff meetings as well as individual meetings with employees to openly discuss issues, ensure open communication, and identify any problems. In addition, as noted in 5.5 above, the Review Committee gathers information and conducts an annual survey of ORS employees and provides guidance based on its results to the agency leadership. The Committee's feedback is used to make improvements in policies and processes involving the agency's employees.

Employees have access to a suggestion box; also, employee birthdays are recognized. Special-occasion meals, such as the ORS Birthday and seasonal holidays, are coordinated by Human Resources to foster employee fellowship. These initiatives have been very well received.

Specifically with regard to human resources, the agency tracks the attrition rate, employment longevity, training and development, and other information that may be useful in assessing the workforce. ORS Human Resources conducts exit interviews with employees who leave the agency and uses this feedback, along with the aforementioned information, to assess the workforce.

5.13 How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

The agency works with members of its workforce to ensure they are obtaining proper training and guidance to further their careers; monthly assessments of the workforce provides a regular means of evaluating needs and trends. Processes are in place for sharing of knowledge and succession planning so that there is a continuity of corporate knowledge.

5.14 How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters.)

The ORS has in place an agency emergency preparedness plan for safe evacuation of its building in the event of fire or other emergency. Employees are aware of fire-drill evacuation procedures.

The ORS Human Resources makes available to its employees information regarding health issues and periodic health screenings. The agency has a team of employees, known as *First Responders*, who are certified in first aid and cardiopulmonary resuscitation (CPR). When employees identify potential safety or health hazards, management moves quickly to find a solution and thereby eliminate the

hazard.

The ORS has an excellent track record of complying with the State Fleet Safe Driver program and training. This year, the ORS received the Small Fleet Safety Award presented by the Southeast Governmental Fleet Manager's Association.

6.0 Process Management

6.1 How do you determine and what are your organization's core competencies and how do they relate to your mission, competitive environment, and action plans?

The ORS has established its core competencies based on the agency's statutory mission to represent the public interest in utility regulation. They are as follows:

- Legal expertise in regulatory matters
- Regulatory and fiscal oversight
- Consumer education
- Regulatory enforcement
- Audit, inspection, and examination of public utilities' records
- Safety oversight for railroad and natural gas pipeline

These core competencies support the agency's strategic objectives and action plans.

6.2 How do you determine and what are your key work processes that produce, create, or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?

The agency's key work processes are derived directly from its mandated mission. They are categorized as follows:

- Serving as a party of record in all filings, applications, or proceedings before the S.C. Public Service Commission
- Inspecting, auditing, and examining public utilities
- Serving as a mediator between the using and consuming public and regulated utilities to resolve informal complaints and inquiries
- Providing consumer education to the using and consuming public
- Monitoring and enforcing safety standards for railroads and for natural gas pipelines

Taken collectively, these processes form the foundation for providing a balanced representation of the public interest in utility regulation. They serve as the basis for carrying out the agency's duties and are continuously monitored, evaluated, and improved to optimize the delivery of services to customers.

6.3 How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?

The ORS focuses on its key processes and, where possible, structures the implementation of those processes in ways that optimize the delivery of services to customers. In some cases, this effort has

involved collaboration with other agencies. In other instances, strictly internal processes have involved collaboration among ORS departments to achieve the most efficient means of operating. In the design and delivery of all processes, the ORS sets priorities based on the goals and objectives of its strategic plan and monitors its costs to ensure that budgetary limits and guidelines are met. Examples of recent process improvements that optimize delivery of services to customers include:

- o **New Process to Regulate Dual Authority.** As a result of a petition by certain limousine companies that the ORS cease and desist the issuance of dual authority, implemented a new process to more effectively regulate dual authority. Under the new process, companies have to declare which of their vehicles will be used for taxi service and which will be used for charter service. Because carriers now have to specify which type of certificate each vehicle is operating under, enforcement efforts are simplified and compliance has increased.

- o **Electronic Mapping.** Led a collaborative effort with the investor-owned electric utilities, the electric cooperatives, the municipal electric utilities, and Santee Cooper to develop a consistent system for converting territorial assignment maps into an electronic format. As of this writing, a workgroup with representatives from each of the utilities and the ORS is being formed to evaluate the options and select the most appropriate electronic format for the maps.

- o **Data Base System.** Completed implementation of the agency's data base system. The new system has increased efficiency for the agency in terms of eliminating duplication of forms and reducing processing and data entry time. Moreover, the system allows for more effective monitoring and enforcement of regulatory compliance. At the time of this writing, the agency is piloting some enhancements to the system.

- o **Web Site Enhancement Project.** Redesigned and launched a new ORS web site in collaboration with DSIT (Division of State Information Technology). The site, in addition to having an updated look, is more user friendly for consumers and features a prominent Consumer Services menu on the home page.

- o **Conversion of Financial and Personnel Systems.** Successfully converted the Governmental Accounting Financial Reporting System (GAFRS) and the Human Resource Information System (HRIS) to the new statewide South Carolina Enterprise Information System (SCEIS).

6.4 How does your day-to-day operation of these processes ensure meeting key performance requirements?

Daily operations of the ORS are guided by its enabling legislation, mission statement, policies, procedures, strategic plan, and performance measures. All functions of the ORS are established, operated, and monitored so that they comply with relevant laws and regulations, meet budgetary requirements, occur within appropriate time frames, and accomplish the mission and goals of the agency.

6.5 <u>How do you systematically evaluate and improve your key product and service related work processes?</u>

The Review Committee developed the ORS performance measures to ensure that the agency continuously monitors and improves the processes necessary to fulfill its mission. Toward this end, the ORS has established a performance improvement system. Under the Team's direction, each ORS department monitors performance measures relevant to its role within the agency. The performance measures are updated and reviewed by the Team during quarterly strategic planning meetings. Departmental meetings provide a frequent means for two-way communication with regard to making improvements. In addition to the quarterly strategic meetings, the Team has an annual strategic planning session. At this session, the agency's performance measures within the strategic plan are modified as necessary to keep the plan aligned with the agency's mission.

The ORS documents processes, gathers feedback, and tracks data as a means of evaluating and improving key product- and service-related processes. This capability has been enhanced by completing implementation of the agency's data base system. This robust system enables all ORS departments to access the same sources of information -- thereby improving processes for the documentation, tracking, retrieval, and integration of information.

6.6 <u>What are your key support processes, and how do you evaluate, improve and update these processes to achieve better performance?</u>

The strategic planning process is the means by which the agency's support processes are evaluated and improved. Human resources, finance and accounting, legislative relations, and communications serve as internal support processes within the ORS. Continuous maintenance and improvement of these processes occur throughout the strategic planning cycle, with adjustments made as necessary, and involve a range of efforts including 1) inter-departmental meetings to share information 2) budgetary and HR reporting and projections and 3) the formation of inter-departmental committees to spearhead agency-wide initiatives.

6.7 <u>How does your organization determine the resources needed to meet current and projected budget and financial obligations?</u>

In addition to following the normal state budgetary process, the ORS must present and justify its budgetary needs to the Review Committee each fiscal year. Within these parameters, senior leaders monitor the performance of the agency and make adjustments as needed to fulfill the mission and strategic objectives. Periodic meetings are held to assess both the budget and staffing.

7.0 Results

7.1 What are your performance levels and trends for the key measures of mission accomplishment/product and service performance that are important to your customers?

The mission of the Office of Regulatory Staff is to represent the public interest in utility regulation by balancing the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. Fiscal year 2009-2010 was the agency's sixth fiscal year in operation. There has been no increase in the assessment to utilities, yet the ORS continues to save money for consumers through both the case settlement process – $680 million in customer savings since gaining regulatory responsibility – and the consumer complaint process -- $14 million in consumer services savings since gaining regulatory responsibility.

The ORS strives to identify the most effective means of tracking performance levels and trends. Those reported on graphically in Category 7 represent some, but not all, of the current means used to assess performance.

Key Measure – Regulatory Fiscal Oversight. This measure includes areas relating to *case management* and to *audits and tracking of regulated utilities' finances.*
1   The ORS is charged with representing the public interest of South Carolina in utility regulation for the major utility industries -- electric, natural gas, telecommunications, water/wastewater, and transportation. -- before the PSC, the court system, the S.C. General Assembly, and federal regulatory bodies.
2   S.C. Code Annotated § 58-4-10 lists among the duties and responsibilities of the ORS to serve as a facilitator or otherwise act directly or indirectly to resolve disputes and issues involving matters within the jurisdiction of the PSC.
3   The ORS has sole responsibility for the inspection, auditing, and examination of public utilities. The agency must be considered a party of record in all filings, applications, or proceedings before the PSC.

Case management.

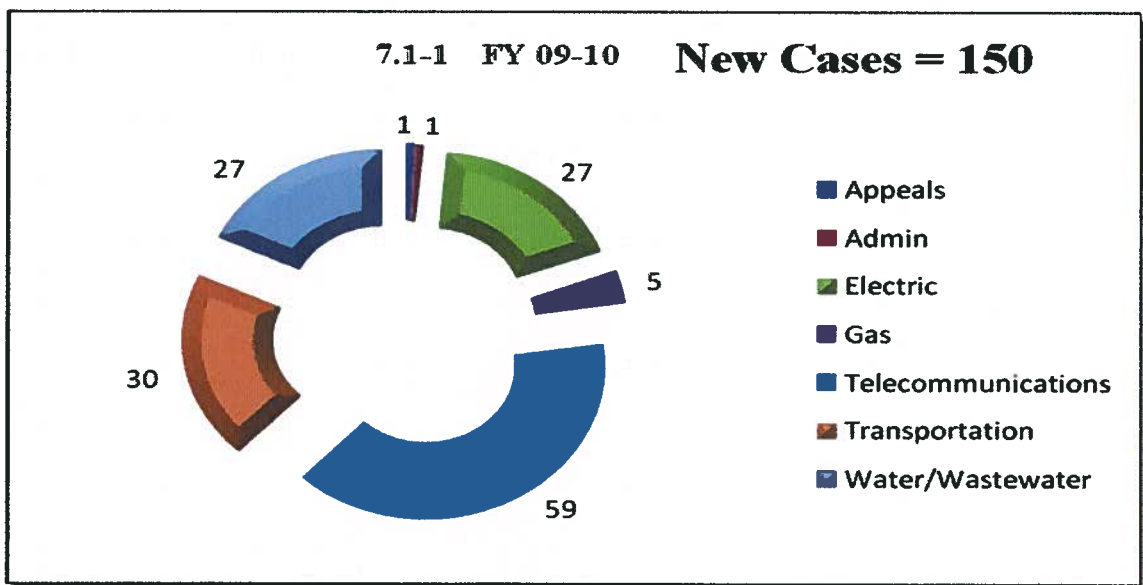**Chart 7.1-1.** In FY 2009-2010, the ORS participated in 150 cases.

7.1-1   FY 09-10   **New Cases = 150**

- Appeals
- Admin
- Electric
- Gas
- Telecommunications
- Transportation
- Water/Wastewater

Chart 7.1-2. This chart shows the number of matters -- **34** – in which the ORS facilitated settlement agreements during FY 2009-2010. Settlements generated a savings to customers totaling approximately **$199 million**.

The settlement of cases benefits all parties involved, and the process of settlement used in South Carolina and facilitated by the ORS has been cited as a model for other states. **Since its inception, the ORS has facilitated a total of 284 settlements with dollar savings generated by settlement agreements estimated to be approximately $680 million.**

As noted by many economists and professional analysts, settled cases often result in a better rating of the State's regulatory environment. Better ratings encourage investment in the State's utilities, thus furthering **economic development** in South Carolina. The ORS has been lauded for its ability to facilitate settlement agreements that strike an equitable balance between the interests of **consumers** and **regulated utilities**.

"Although SCE&G did not get all of its requests and agreed to issue credits to its customers, we believe the stipulations strike a reasonable balance between SCE&G's need to recover mandated spending and its customers' burden under the current economic environment." ~ June 7, 2010 Bank of America earnings report for SCANA Corporation
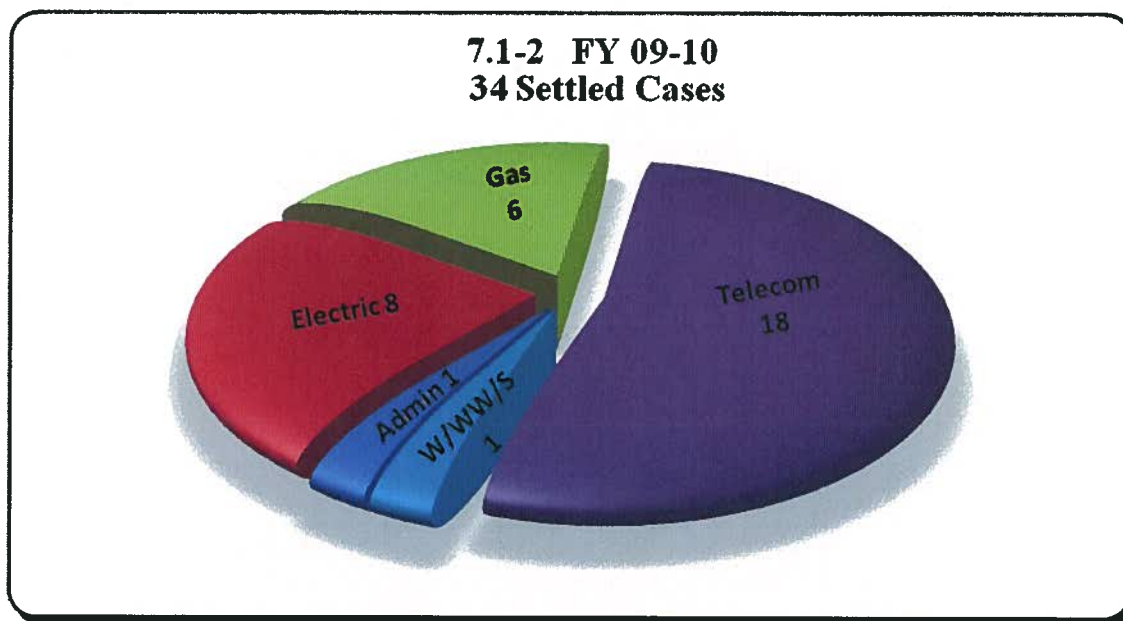

7.1-2   FY 09-10
34 Settled Cases

Gas 6 · Telecom 18 · Electric 8 · Admin 1 · W/WW/S 1

Chart 7.1-3. This chart delineates the electric and gas cases in which settlement agreements occurred (one being a non-docketed matter). These seven agreements (and an additional water/wastewater matter ruled upon in favor of an ORS recommendation) resulted in direct savings to customers totaling approximately **$199 million**.

7.1-3 Projected Combined Savings to Consumers Resulting from Settlement of Electric and Gas Cases in FY 09-10
$198,553,932

South Carolina Electric & Gas

$132,868,000 - 2009 Electric Rate Case
$ 978,950 - Nymex Class Action*
$ 348,006 - 2009 Gas RSA
$ 9,682 - DSM/EE

$134,204,638

*As of the current date, the exact amount of flow-through to electric and gas rate payers is under review.

Duke Power
$ 2,808,294 - 2009 Electric Fuel Case
$58,775,000 - 2009 Electric Rate Case

$61,583,294

Piedmont Natural Gas
$2,766,000 - 2009 RSA

Audits and Tracking of Regulated Utilities' Finances.

Chart 7.1-4. In FY 2009-2010, the ORS conducted a total of 231 regulatory reviews and audits. This total falls in line with a typical year's audit activity level. It should be noted that the FY 08-09 total of 315 reflected an unusually high number of repeat audits of companies whose applications did not conform to requirements, thus necessitating re-examination. This was especially true in the telecommunications industry.

It is very unusual to have two electric rate cases in one year as was the case in FY 09-10. During this fiscal year, the vast majority of manpower within the Audit Department was devoted to these two rate case applications, each of which lasted approximately six months.

7.1-4 Auditing Activity: FY 09-10
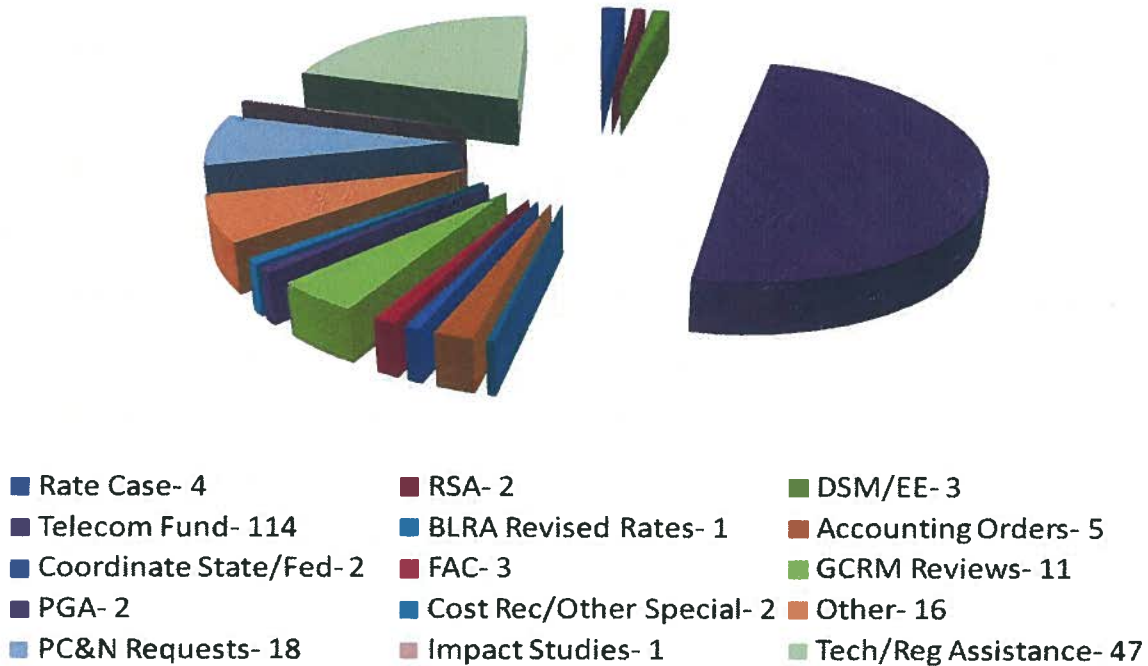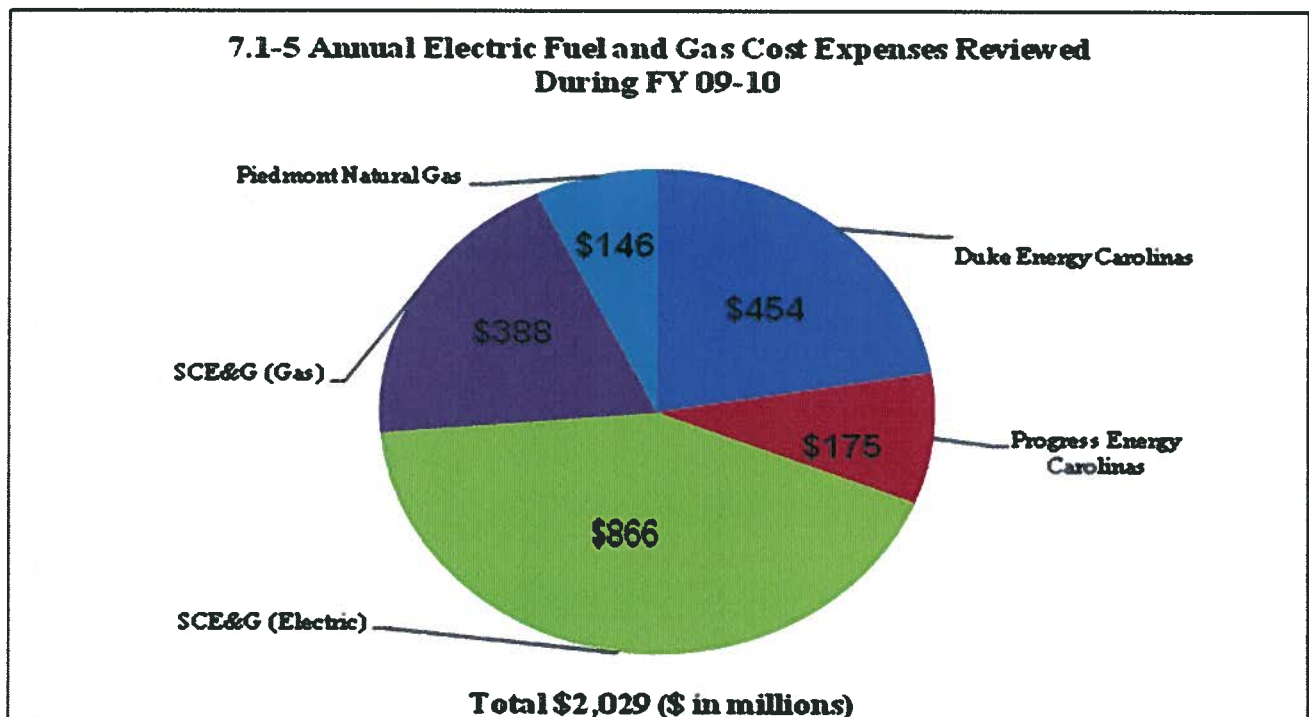**Total: 231 Regulatory Reviews and Audits**

■ Rate Case- 4	■ RSA- 2	■ DSM/EE- 3
■ Telecom Fund- 114	■ BLRA Revised Rates- 1	■ Accounting Orders- 5
■ Coordinate State/Fed- 2	■ FAC- 3	■ GCRM Reviews- 11
■ PGA- 2	■ Cost Rec/Other Special- 2	■ Other- 16
■ PC&N Requests- 18	■ Impact Studies- 1	■ Tech/Reg Assistance- 47

Chart 7.1-5. The ORS has oversight responsibility including prudence and audit review of investor-owned electric and gas utilities in South Carolina. The total annual dollars reviewed in examinations of the fuel costs for power generation and natural gas supply during FY 2009-2010 is approximately **$2 billion**.

7.1-5 Annual Electric Fuel and Gas Cost Expenses Reviewed During FY 09-10

Piedmont Natural Gas — $146
Duke Energy Carolinas — $454
SCE&G (Gas) — $388
Progress Energy Carolinas — $175
SCE&G (Electric) — $866

Total $2,029 ($ in millions)

Key Measure - Regulatory Compliance. As part of its oversight duties, the ORS is charged with ensuring utilities' compliance with established regulations and statutes. The ORS approach to maximizing compliance is to *educate as we regulate*. Toward this end, the ORS initiates remote education efforts, conducts compliance reviews to assist company owners in maintaining or achieving compliance, and assists new companies in establishing business systems that ensure compliance with regulatory filings. Findings from these reviews are provided to the companies to assist them in their compliance efforts.

Chart 7.1-6. The ORS conducted 266 compliance reviews with household goods movers (16 reviews) and passenger carriers (250 reviews), more than double the total number conducted in the prior year. The average compliance score was 90%, down from 98% in the prior fiscal year. This slight decline is likely attributable to the increased focus on passenger carriers. A large number of the passenger-carrier reviews conducted this year were first-time reviews, which yielded a large number of identified deficiencies.
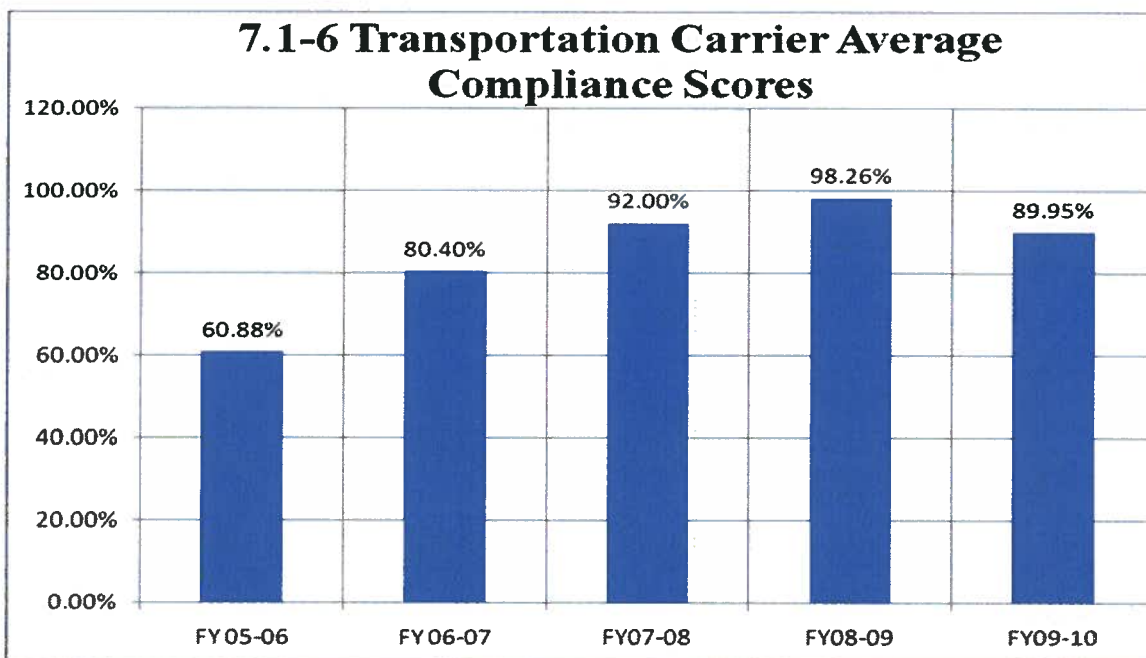

7.1-6 Transportation Carrier Average Compliance Scores

FY 05-06	FY 06-07	FY07-08	FY08-09	FY09-10
60.88%	80.40%	92.00%	98.26%	89.95%

Chart 7.1-7. Regulated utilities are required to submit annual reports. Since the first year of ORS' regulatory authority, when compliance with annual reporting was 48%, the agency has made significant progress in increasing this compliance level by conducting business and site compliance reviews and providing assistance and education to water and wastewater companies. The percentage of companies in compliance in June of 2009 (approximately 93%) represents an increase from the prior year's compliance level of 82%. The ORS is getting increasingly closer to its long-term goal of bringing all water/wastewater utilities into compliance with annual reporting requirements.
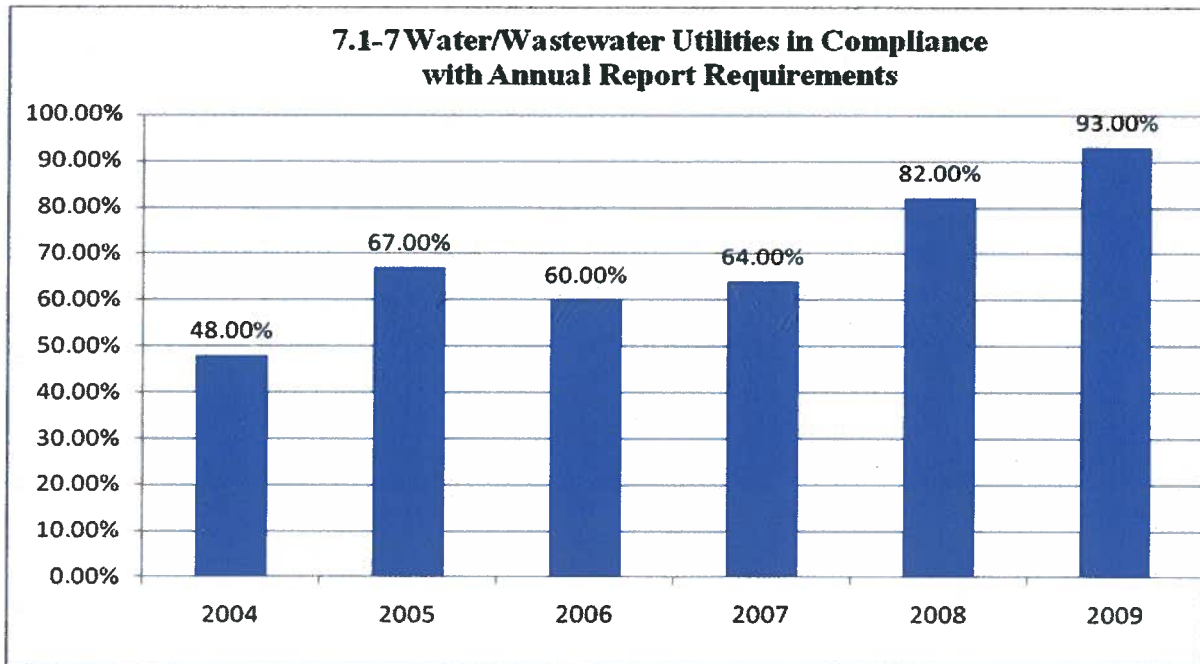
7.1-7 Water/Wastewater Utilities in Compliance with Annual Report Requirements

Chart 7.1-8. In FY 09-10, the ORS made huge strides in bringing water/wastewater companies into compliance with performance bond regulations. Due to rigorous follow-up and enforcement – including a rule-to-show-cause proceeding for those non-compliant with performance bond regulations – compliance increased by almost 40 percentage points (from 59% to 98%) from FY 08-09 to FY 09-10.

7.1-8 Water/Wastewater Utilities in Compliance with Performance Bond Regulations
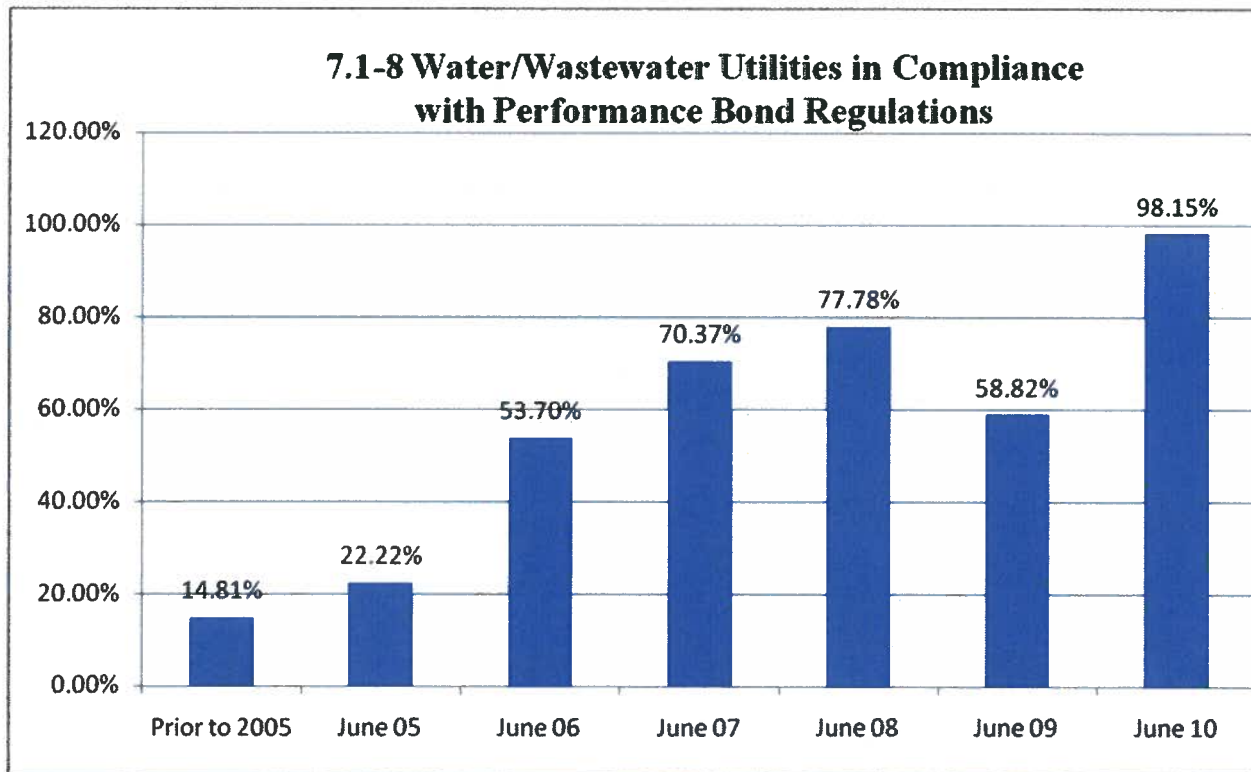
Key Measure – Safety Oversight. In addition to its regulatory oversight functions, the ORS has oversight responsibility for natural gas and hazardous liquid pipeline safety and railroad safety in South Carolina.

Natural Gas Pipeline Safety. The ORS has pipeline safety responsibility over the jurisdictional operators of natural gas distribution and transmission pipeline systems, liquefied natural gas facilities, certain liquefied propane systems, intrastate liquid pipelines, landfill gas systems, and lateral pipelines from interstate pipeline systems.

Chart 7.1-9. During FY 2009-2010, the ORS conducted 285 inspections consisting of emergency plan reviews, operations and maintenance procedure reviews, facility evaluations, new construction, operator qualification plans, and drug- and alcohol-abuse prevention plans. Findings from these inspections are aggregated and analyzed by category of jurisdictional operator, and feedback is provided to the operators to assist them in meeting all state and federal safety regulations.

7.1-9 Number of Inspections Categorized by Each Type of Jurisdictional Operator FY 09-10
285 Total
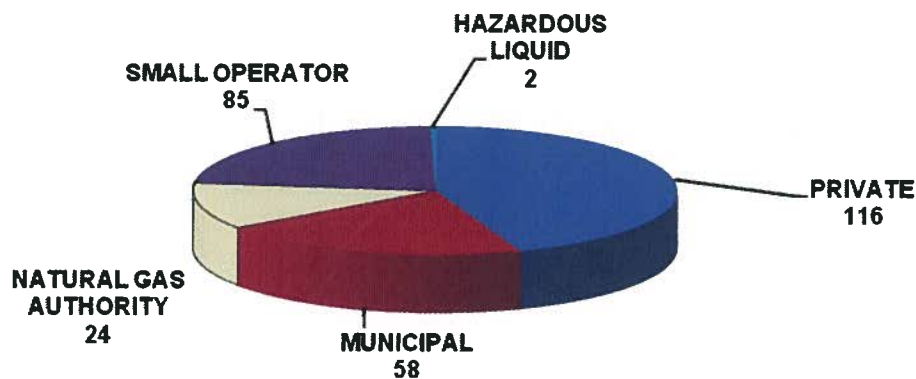
Railroad Safety. The ORS shares responsibility with the Federal Railroad Administration (FRA) for inspecting track and motive power and equipment on the State's railways.

Chart 7.1-10. The FRA rates all inspectors, both state and federal. Among states with a comparable number of inspectors and of supported FRA disciplines, ORS inspectors received the second highest total program score in Calendar Year (CY) 2009. Nationwide, among *all* FRA programs, **South Carolina ranks thirteenth.**
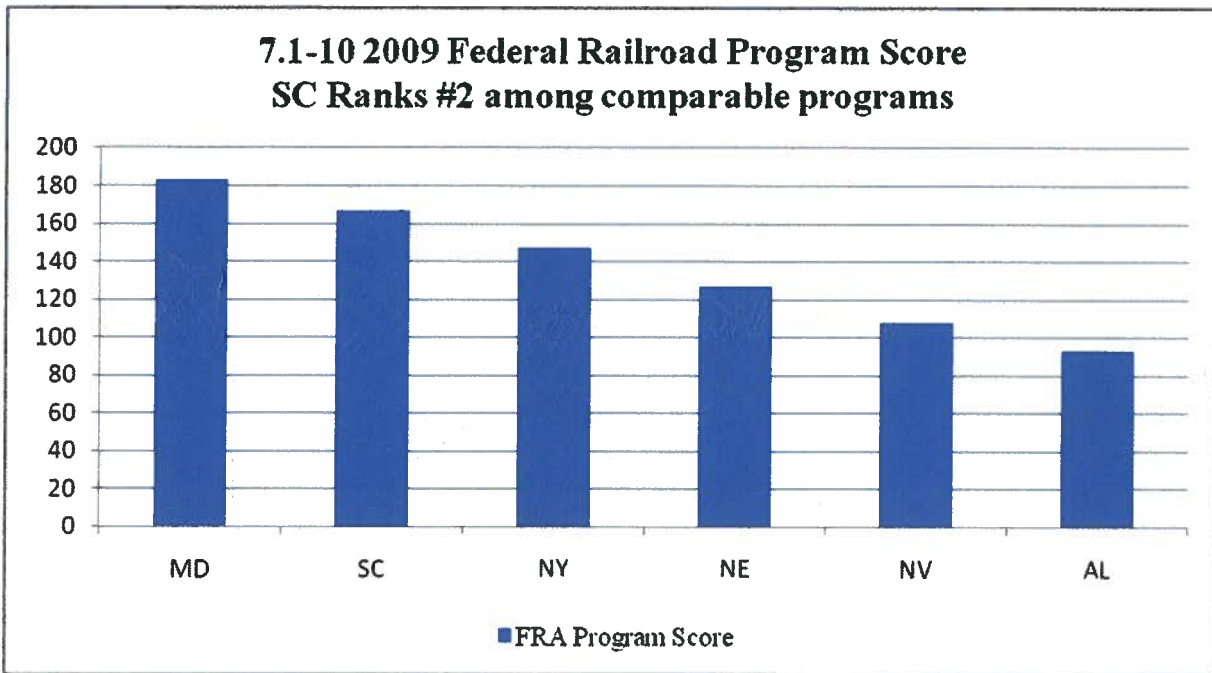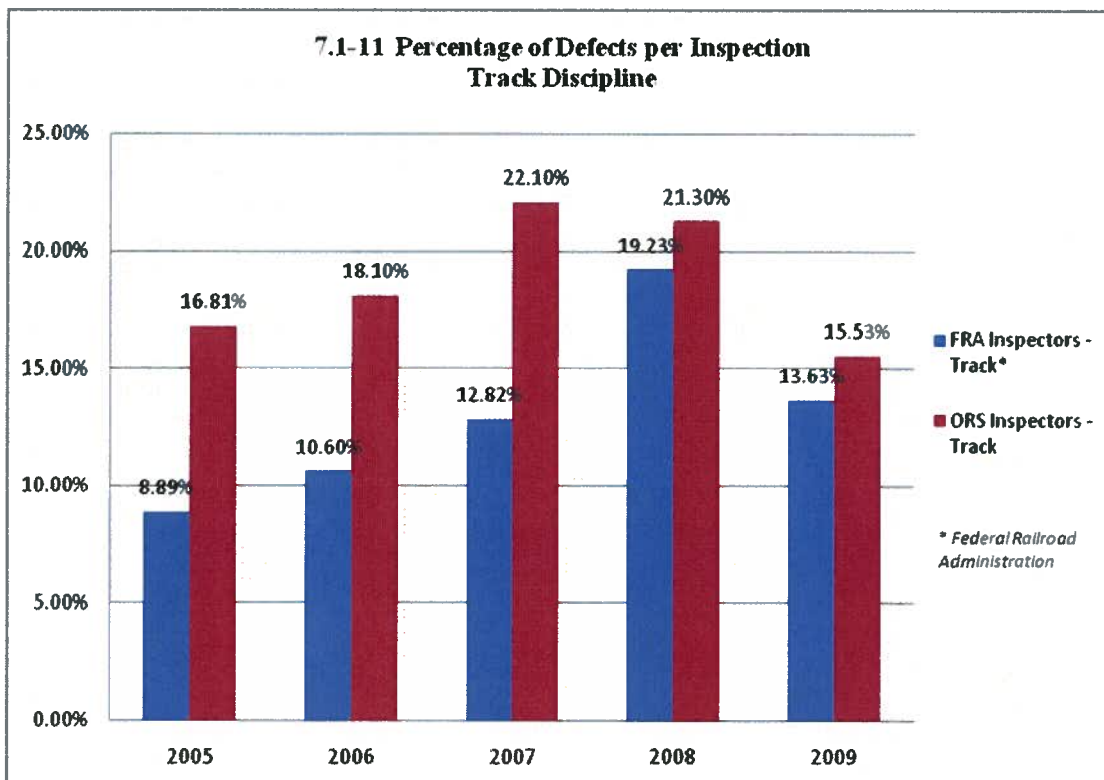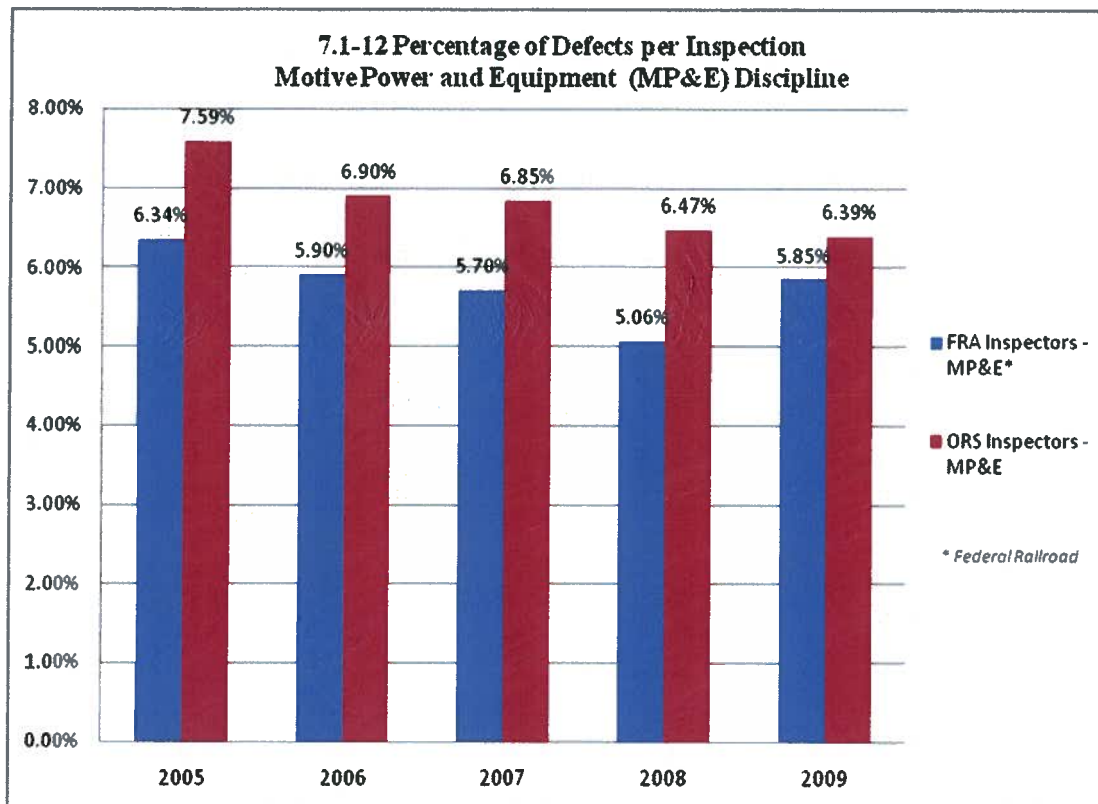
**7.1-10 2009 Federal Railroad Program Score
SC Ranks #2 among comparable programs**

Chart 7.1-11 and 7.1-12. The ORS shares responsibility with the Federal Railroad Administration (FRA) for inspecting track and motive power and equipment on the State's railways. ORS inspectors have been invited for four consecutive years to attend FRA claims settlement conferences and defend violations. In each case, all violations have been upheld.

As illustrated by Charts 7.1-11 and 7.1-12, ORS inspectors are consistently thorough in their inspections of South Carolina's railway system – discovering a higher percentage of defects per inspection for both track and motive power and equipment than their federal counterparts for five consecutive years.

7.1-12 Percentage of Defects per Inspection Motive Power and Equipment (MP&E) Discipline

Chart showing percentage of defects per inspection for FRA Inspectors - MP&E* and ORS Inspectors - MP&E across years 2005–2009:

Year	FRA Inspectors - MP&E*	ORS Inspectors - MP&E
2005	6.34%	7.59%
2006	5.90%	6.90%
2007	5.70%	6.85%
2008	5.06%	6.47%
2009	5.85%	6.39%

* Federal Railroad

7.2 What are your performance levels and trends for the key measures on customer satisfaction and dissatisfaction?

Key Measure-Customer Satisfaction. As noted earlier in this report, the Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by the PSC in which the ORS participated. The Review Committee also conducts an annual survey of ORS employees. The Committee does not share the specific results of these surveys with the agency but provides guidance based on the results. Therefore, this data is not available for graphing in this report. However, the ORS does have quantitative information on some of its key services provided to customers.

Over the past six fiscal years (FY 04-05 through FY 09-10), the Consumer Services Department has recovered or saved for customers a total of approximately $14 million.

During FY 2009-2010, the ORS processed a total of 3,561 customer contacts. This total -- down somewhat from the prior year's 3,779 -- reflects less activity in telecommunications, likely as a result of the largest Incumbent Local Exchange Carrier's (ILEC) election to fall under the Consumer Choice and Technology Investment Act of 2009. This election allowed the State's largest ILEC to opt out of regulation by the ORS and the Public Service Commission of S.C.

Chart 7.2-1. This chart depicts the average length of time (in days) that the agency took to resolve customer contacts during FY 09-10 compared to the prior 4-year average (FY 05-06 through 08-09). In three of six categories, average response time decreased for FY 09-10 compared to the four-year average. In two of the three remaining categories, average response time for FY 09-10 equaled the

four-year average. In the water industry, average response time increased slightly. This increase was likely due to concentrated complaints surrounding two water companies. The ORS Consumer Services Department continues to work with the regulated utilities on improving the utilities' response time to the ORS with regard to providing requested information, thereby assisting the ORS in improving its response time to consumers.
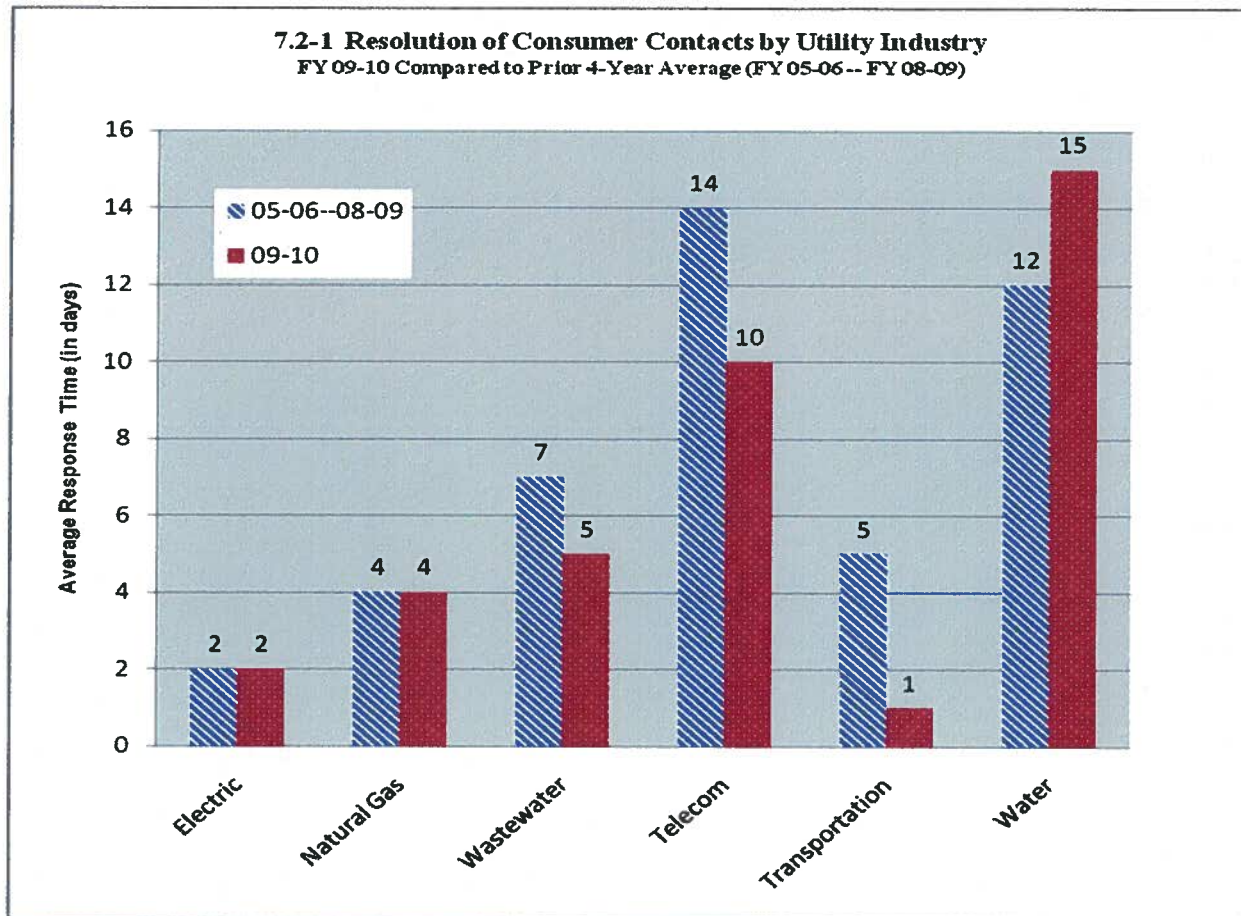

7.2-1 Resolution of Consumer Contacts by Utility Industry
FY 09-10 Compared to Prior 4-Year Average (FY 05-06 -- FY 08-09)

Chart 7.2-2 illustrates the dollars recovered or saved for customers during FY 2009-2010 categorized by utility industry and totaling **$3,306,273**. Note that there is an annually recurring $3,000,000 savings in the electric industry area resulting from a facilitated agreement in FY 06-07 between an electric investor-owned utility and certain industrial customers to better utilize their energy consumption by taking advantage of cost savings through the offering of real-time price signals. Also in FY 09-10, a one-time savings of approximately $147,000 is reflected in the total for the electric industry. This substantial savings was the result of the ORS facilitating a reduction in termination charges for an industrial customer.
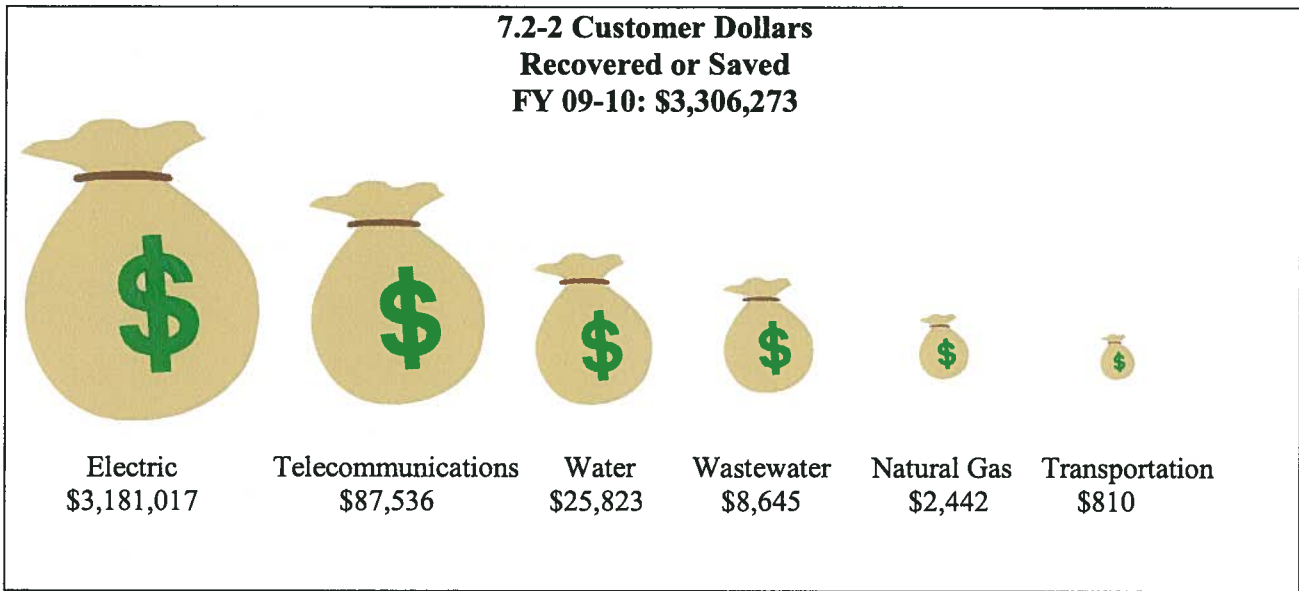
**7.2-2 Customer Dollars
Recovered or Saved
FY 09-10: $3,306,273**

Electric	Telecommunications	Water	Wastewater	Natural Gas	Transportation
$3,181,017	$87,536	$25,823	$8,645	$2,442	$810

Chart 7.2-3. The ORS tracks several key services for customers. In chart 7.2-3, showing the past three fiscal years, meter accuracy tests have more than tripled in number when comparing FY 07-08 to FY 09-10. On-site inspections of utilities have more than doubled over the three-year time span. Consumer education initiatives increased this year.
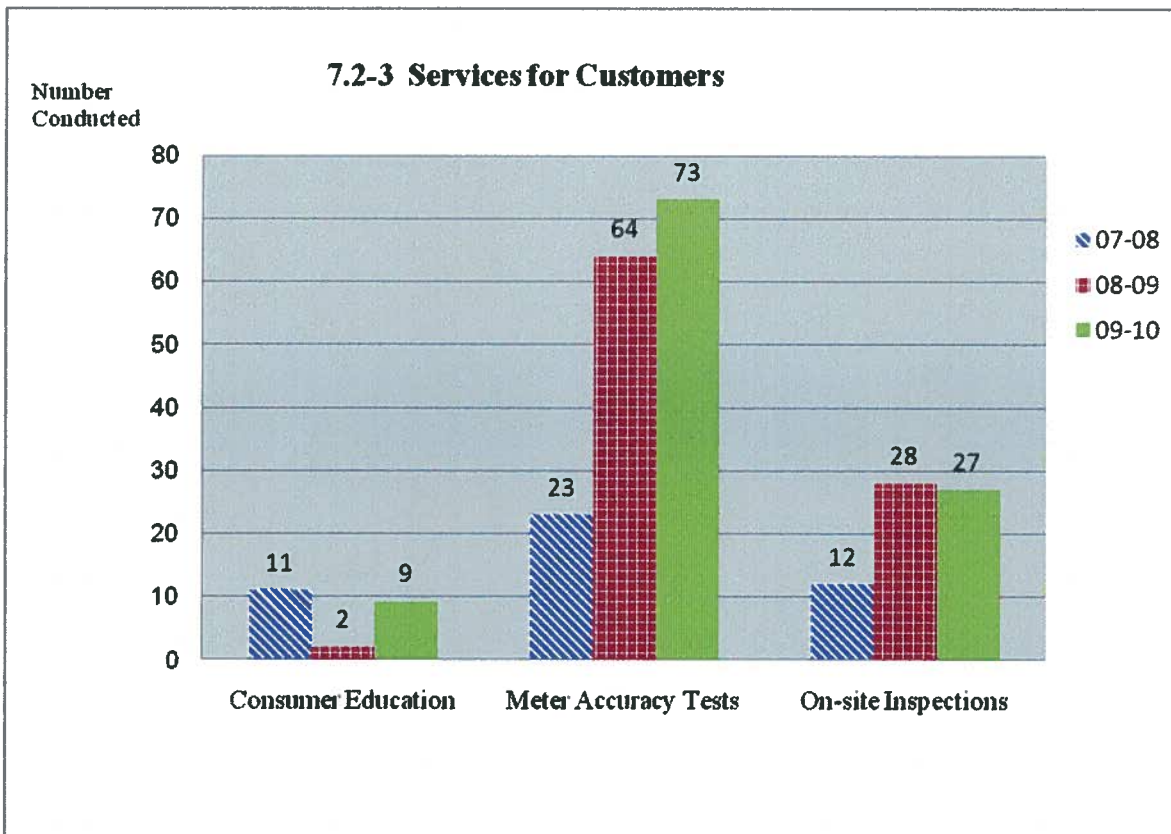
7.2-3 Services for Customers

Number Conducted

	07-08	08-09	09-10
Consumer Education	11	2	9
Meter Accuracy Tests	23	64	73
On-site Inspections	12	28	27

Chart 7.2-4 relates to the regulation of electric energy costs, which has a direct impact on consumers' pocketbooks. This chart shows a comparison of the average cost of electricity in cents per kilowatt hour among the United States as a whole, South Carolina as a whole, and the investor-owned utilities (IOUs) in South Carolina, who are within the regulatory purview of the ORS. The graph covers calendar years 2003-2009. This time span includes 2005, which was the initial year of full participation by the ORS in electric rate matters for South Carolina's IOUs.

South Carolina's average cost continues to be well below the national average. Over the period from 2003-2009, the differential between South Carolina's IOUs and the US total has ranged from 24% in 2003 to a high of 31% in 2006 and is currently 19% in 2009. During these seven years, costs in South Carolina were adversely affected by increasing fuel and transportation costs used in the generation of electricity. The average cost of South Carolina's IOUs increased 2.08 cents during this period while the cost for the US increased by 2.45 cents, or approximately 18% more than for South Carolina's IOUs.

7.2-4 Average Cost of Electricity: Comparison
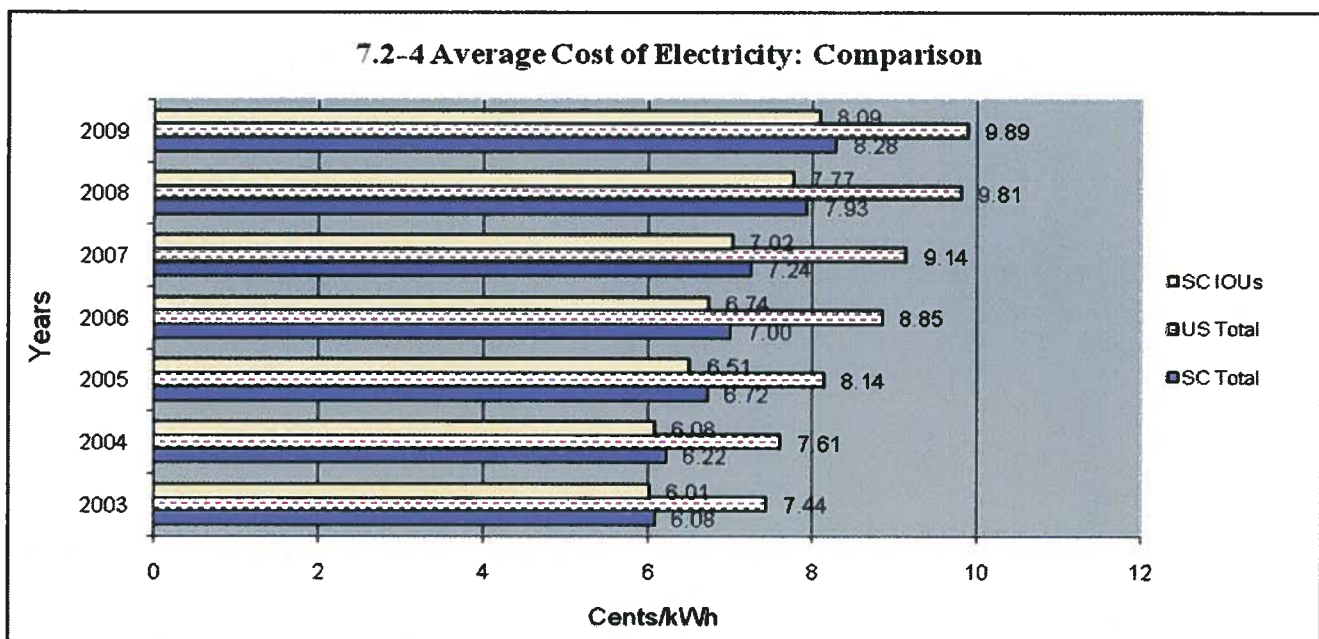
Key Measure—Education and Outreach. The ORS provides consumer education to help utility customers make educated choices and understand their rights and obligations as consumers of public utilities. In addition to press releases sent regularly to media outlets statewide and posted on the ORS web site and on the SC.Gov news center page, the agency distributed approximately 38,000 pieces of consumer education and outreach materials (brochures, booklets, applications, etc.) to consumers in FY 2009-2010 on the Lifeline program and various consumer issues.

Education – In light of the continued strain on the economy, the ORS has focused its education efforts on remote education, thus using the Internet and other electronic and print media as a cost-efficient means of reaching stakeholders. Examples of these educational efforts include:

- Webinars and collaborative phone conferences across industry groups
- Public announcements via press releases on consumer-oriented issues and events; also posted as Announcements on the ORS home page

- Publication and distribution of the *Water Wellspring* newsletter for water/wastewater utilities
- Distribution of Consumer Services brochures on a variety of consumer topics
- Distribution of Lifeline materials
- Distribution of Pipeline Safety materials

Outreach – Charts 7.2-5 through 7.2-6. The Lifeline and Link-up programs are a strong example of consumer outreach. The programs provide monetary assistance to low-income households for the installation and monthly usage fees of their landline telephone bills. The ORS administers the State's Universal Service Fund (USF) that provides monies for these programs. As part of the ORS mission to represent all facets of the public interest, the agency sought and obtained authorization to use State USF funding to increase participation in and awareness of Lifeline and Link-up. In FY 2005-2006, the ORS began to implement a two-pronged approach of 1) increasing outreach efforts to enroll citizens who qualify for assistance by virtue of receiving Temporary Assistance to Needy Families (TANF), Food Stamps (FS), or Medicaid (MED), yet do not currently receive Lifeline benefits and 2) qualifying additional applicants who meet expanded eligibility requirements (125% of the federal poverty level) in the former BellSouth territory.

As the program has matured, the ORS determined that empowering telecommunications carriers throughout the State to enroll Lifeline customers will yield the best results for the long-term growth of the program. A strategic plan developed for the Lifeline program two years ago emphasizes a move toward decentralizing the application process, with a focus on more locally based application distribution networks. This emphasis continues to yield rewards in terms of overall increases in statewide numbers of access lines while allowing the ORS to spend less on generating applications and other promotional materials.

Chart 7.2-5. This chart illustrates the increase in the number of access lines statewide that are covered by the Lifeline program as compared to prior fiscal years. When taking into account the $13.50 per month of both state ($3.50) and federal ($10.00) Lifeline subsidies per access line (one per household), this equates to an overall economic benefit to South Carolina households enrolled in the program of $8,590,698 during FY 09-10.
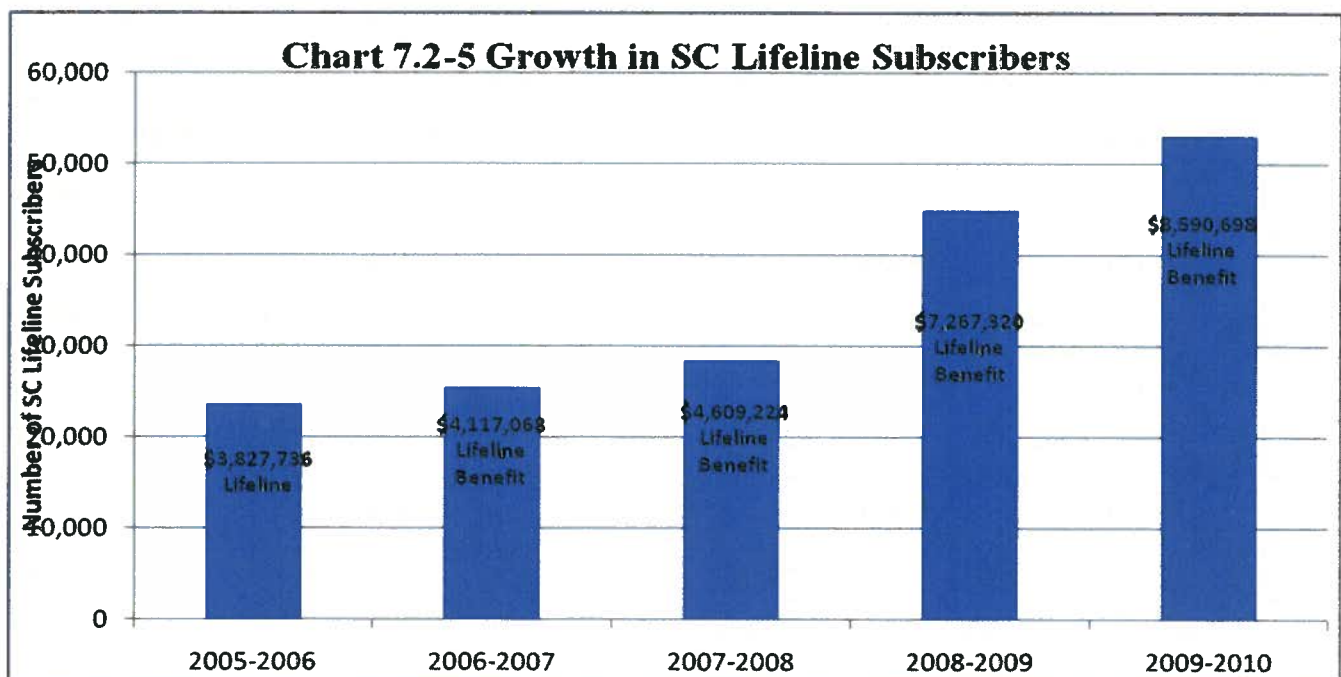

Chart 7.2-5 Growth in SC Lifeline Subscribers

Chart 7.2-6. Because of the grass-roots emphasis on enrolling new applicants, the ORS was able to continue its trend of spending less on generating applications and other promotional materials *while still yielding an increase in the access to Lifeline statewide.*
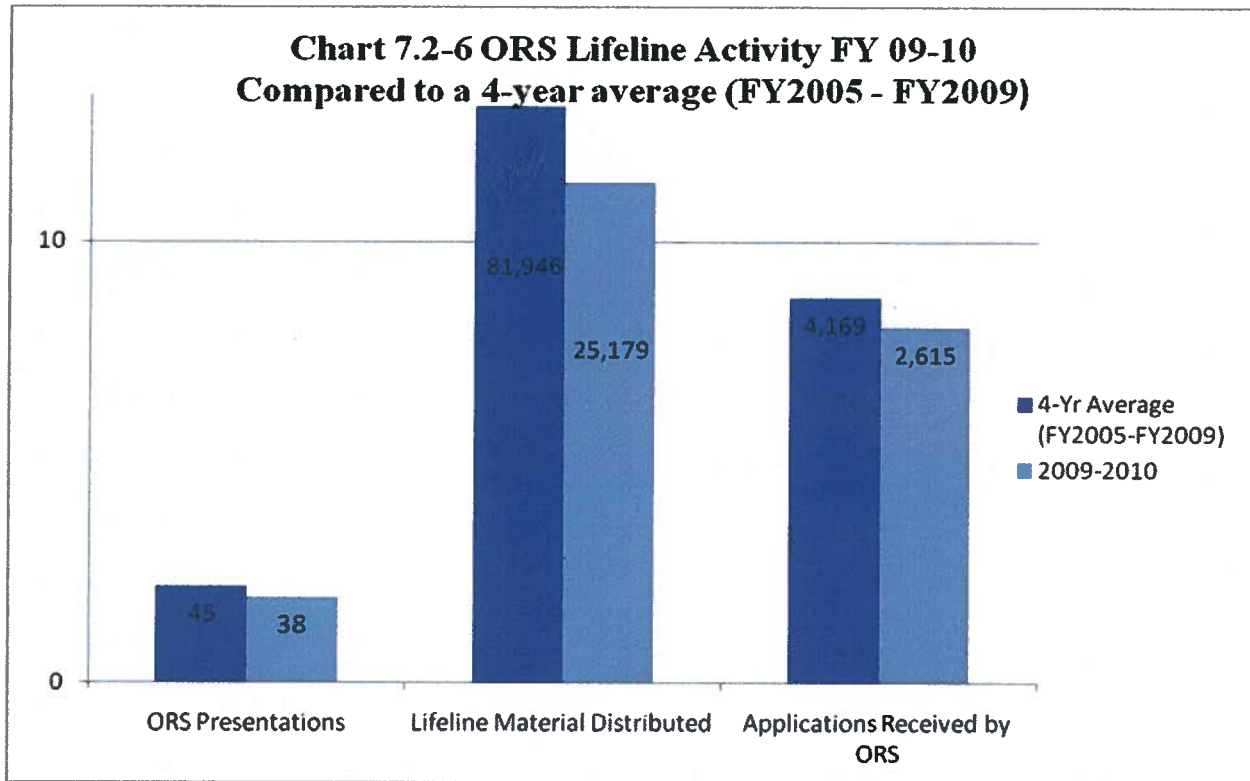

Chart 7.2-6 ORS Lifeline Activity FY 09-10 Compared to a 4-year average (FY2005 - FY2009)

Chart 7.2-7 illustrates the economic benefit generated to South Carolinians by ORS Lifeline and Link-up program activities. The actual expense incurred in FY 09-10 was $109,577. Each enrolled household generates to the State an inflow of $120 federal USF dollars per 12-month period, totaling $313,800 for this fiscal year. Therefore, the actual cost of the program in relation to the current-year enrollees represents a Return on Investment (ROI) for FY 09-10 of 186%.

7.2-7 Lifeline Return on Investment For FY 09 - 10
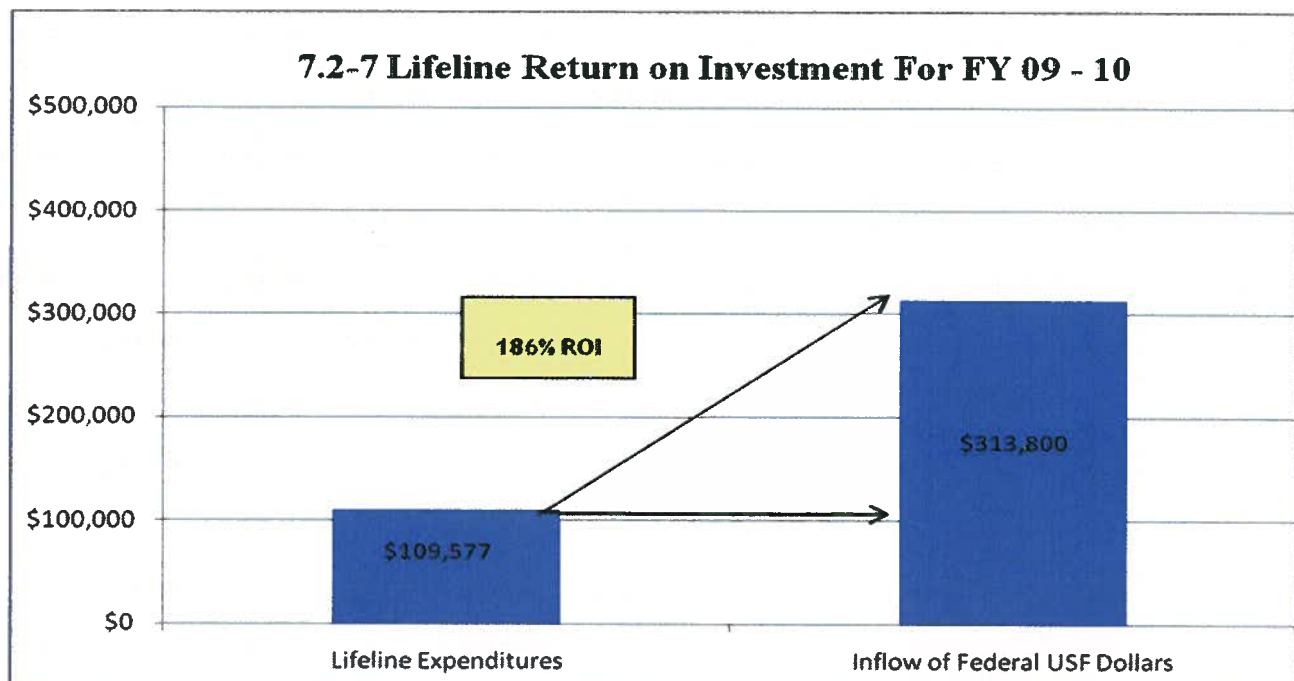
7.3 What are your performance levels for the key measures on financial performance, including measures of cost containment, as appropriate?

Key Measure – Budget and Finance. The ORS monitors financial performance by measuring the following: participation in the gross-receipt process by the regulated utilities; payments to the State Universal Service Fund, the Interim LEC Fund, and the Dual Party Fund; collection of decal revenue; the budget-to-expense balance; and the accounts receivable activity.

The main source of funding for the ORS is through the gross-receipt process. Utilities report their gross-revenue receipts to the ORS, and they are subsequently assessed a portion of the cost of the ORS. The South Carolina Department of Revenue handles the assessment and collection process, and the ORS handles the collection of data and the development of the assessment. Compliance with the reporting process is measured.

Compliance with the requirements of the State Universal Service Fund and the Interim LEC Fund filings and payments is also monitored. Late fees are assessed on delinquent State Universal Service Fund and Interim LEC Fund payments. Follow-up and collection of accounts receivable is done on a monthly basis.

The ORS maintains fiscal solvency through continual review of expenses and revenues and monthly reconciliation of its cash accounts. Additionally, careful attention is given to the budget process to ensure adequate funds are available for necessary resources. Since the inception of the ORS, there have been no resulting increased costs to utilities and consumers, which was a goal of the creators of Act 175.

7.4 What are your performance levels and trends for the key measures of workforce engagement, workforce satisfaction, the development of your workforce, workforce retention, workforce climate including workplace health, safety, and security?

Key Measure – Workforce Focus. ORS Human Resources measurements include Equal Employment Opportunity (EEO) goal attainment, turnover rates, exit interviews, employee training hours, and EPMS scores.

This past year, the ORS achieved approximately 73% of its equal opportunity goal.

Human Resources utilizes internal training as an effective tool for communicating with employees. The ORS is monitoring, through the E-Training system, the number of hours of training per employee as well as the kind of training being taken. This information -- along with the employees' and the agency's needs -- is reviewed, monitored, and adjusted to ensure employees are continually provided training and that the agency has staff trained in the areas the agency utilizes. Last year, ORS employees completed 2,620 hours of training. This year, ORS employees completed 3,363 hours. The increase was mainly attributable to the training required to implement the financial and human resource components of the South Carolina Enterprise Information System (SCEIS). All State agencies are required to migrate to the SCEIS.

The ORS monitors the turnover rate and EPMS scores for any trends of concern. The ORS turnover rate of 0.15% for FY 2009-2010 is less than the average S.C. state government turnover rate of 10.9%.

Attention is paid to exit interviews and to the suggestion box in order to identify areas that may need to be addressed.

The ORS is continuing to identify measurements that will effectively assist management in the human resources area.

7.5 What are your performance levels and trends for your key measures of organizational effectiveness/operational efficiency, and work system performance?

Key measures include the level of compliance with the collection of data (gross receipts, annual reports, access lines), the receipt of assessments, financial audits, and decal revenue. (See *Section 7.1 Key Measure: Regulatory Compliance* for additional performance data.) The utilities' compliance with filing gross receipt forms was 100% this year.

As mandated by the agency's enabling legislation, Act 175 of 2004, all ORS employees participated in six hours of ethics training this year.

In addition, the ORS has established processes and procedures to ensure compliance with the State's financial guidelines such as the GAAP Accounting Standards as well as the requirements of the Comptroller General and the Treasurer's Office.

The GAFRS system was utilized for receivables, payables, and financial reporting between July, 2009 and November 2009. In November, the ORS converted the financial systems, accounts, reporting and activity to the SCEIS. The ORS participated in the planning and training for implementation of the SCEIS.

The ORS used the Human Resource Information System (HRIS) for payroll, benefits, and other personnel and human resource reporting and tracking. In June 2010, the ORS migrated the management, accounting, reporting and tracking of personnel and human resource issues to SCEIS. The E-Leave System that had been used to monitor leave was also replaced with the SCEIS.

In addition, the ORS has processes in place to ensure compliance with the procurement code. A requisition system has been established as well as procurement procedures.

The agency established key policies under the guidelines of the S.C. Budget and Control Board's Office of Human Resources to become compliant with State human resource regulations. The ORS has implemented the EPMS program and made necessary corrections to the process as dictated by the agency's needs.

7.6 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?

The ORS monitors utility compliance with Section 58 of the Code of Laws of South Carolina 1976. Key measures for the agency include the time to resolve customer issues, customer complaints, settled cases, monies saved by the citizens as a result of ORS efforts, and technical assistance to industry.

Enforcement of compliance is also monitored. This enforcement includes numbers of inspections, numbers of citations or warnings issued, time to inspect, and number of safety defects and violations

cited. Site visits, meter accuracy tests, and audits are among the other measures tracked.

Outreach efforts are measured. Contacts with customers, the media, and industry are tracked as well as the distribution of information such as brochures and press releases/alerts. Speeches and representation of the ORS on various committees are also tracked.

The ORS continues to play a major role in ongoing statewide emergency preparedness efforts. Nine staff members serve on emergency support function (ESF) teams – namely, Energy, Transportation, Public Works and Engineering -- and on the State Emergency Assessment Team. The ORS is the lead agency for the Energy team (ESF-12).

The ORS is involved in civic and charitable activities to help those in need. These efforts have included participation in or support of the following: The Avon Walk for Breast Cancer, the United Way, Sistercare Thanksgiving Drive, the domestic violence victim deposit waiver program, and the S.C. Electric Cooperatives' *Help My House* Contest. As individuals, ORS managers and staff members are involved in a wide array of civic activities and professional organizations that benefit the communities in which they live and work.