

# **Annual Accountability Report**

**FY 2010-2011**



*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 Fiscal Year (FY) 10-11, the ORS facilitated **27** settlement agreements. Total projected savings from settlements to consumers is over **\$233 million**. Some of these savings are associated with a rate case from FY 09-10 -- SCE&G rate case Docket No. 2009-489-E. Realized by customers during the current fiscal year, these savings are a result of monthly Weather Normalization Adjustments (WNAs) for residential and small commercial customers and an Economic Impact Zone (EIZ) tax credit. The EIZ credit represents the differential between the refund period requested by SCE&G (5 years), versus the accelerated refund period (2 years) recommended by the ORS and agreed upon in the settlement agreement. Below is a detailing of the \$233 million savings for FY 10-11.

| <b>Matters</b>   | <b>Savings (\$)</b>  |
|--|----------------------|
| SCE&G – Weather Normalization Adjustment (WNA) Quarter 1 | \$22,717,340         |
| SCE&G – Economic Impact Zone tax credit                  | \$12,700,919         |
| Tega Cay Water Service                                   | \$31,065             |
| Duke Energy Annual Fuel Review                           | \$41,361             |
| Piedmont Natural Gas RSA                                 | \$2,405,000          |
| SCE&G RSA  | \$290,801            |
| SCE&G – WNA Quarter 2                                    | \$7,844,029          |
| Charles Warren vs. Carolina Water Service                | \$5,860              |
| SCE&G – WNA Quarter 3                                    | \$9,930,679          |
| Utilities Services of South Carolina, Inc.               | \$13,150             |
| SCE&G Annual Fuel Review                                 | \$31,461,430         |
| May River Rate Case                                      | \$11,237             |
| Duke Energy Proposed Pension Rider                       | \$13,590,741         |
| SCE&G Tree Trimming                                      | \$3,300,000          |
| SCE&G – WNA Quarter 4                                    | \$18,213,782         |
| Progress Energy Annual Fuel Review                       | \$1,751,041          |
| Duke Energy Nuclear Pre-construction                     | \$109,000,000        |
| Lockhart Power Rate Case                                 | \$49,717             |
| SCE&G Community Support/Outreach                         | \$103,000            |
| <b>Total</b>   | <b>\$233,461,152</b> |

**Case Highlights.** During FY 10-11, the ORS participated in 122 cases. Following are a few noteworthy examples:

**Duke Energy Nuclear Pre-Construction Costs. (2011-20-E)** The ORS facilitated a settlement agreement in Duke Energy's amended project development application for the proposed Lee Nuclear Station in Cherokee County. The settlement reached by the Company, the ORS, the S.C. Energy Users Committee, and the Coastal Conservation League reduces planned expenditures to \$120 million from \$229 million that the Company initially requested – a savings for customers of **\$109,000,000**. Of great significance, and deemed as historic by some, are other terms of the settlement which keeps the nuclear option open for Duke Energy and provides state policy for regulatory oversight of nuclear generation for decades. The agreement also encourages joint ownership of nuclear generation facilities among South Carolina's retail electric providers.

**Carolina Water Service Rate Case. (2011-47-WS)** The ORS issued a press release on April 20, 2011, advising customers of Carolina Water Service (CWS) of an application filed by the Company with the PSC on April 15<sup>th</sup> for an *80% increase* in its water rates and a 14% increase in its sewer rates. CWS provides water and sewer service to two types of residential customers: full-service and distribution-only (for sewer, the latter would be collection-only). For each category of customers, the request by CWS would result in very substantial increases to monthly water and sewer bills. The ORS filed testimony in the case after completing an audit and examination of the Company's financial books and records.

Media coverage was widespread, and over 200 letters of protest were received. The ORS encouraged, via media advisories, customer participation in night hearings. As of this writing, this matter is not concluded.

**Duke-Progress Merger. (2011-158-E and NCUC – E-2, Sub 998 and E-7, Sub 986)** In May of 2011, the ORS filed to intervene and become a party of record in the proposed holding-company merger application filed in North Carolina of Duke Energy Corporation (Duke) and Progress Energy, Inc. (Progress). The ORS, with the support of the North Carolina Public Staff, received approval from the North Carolina Utilities Commission for intervention in this proceeding.

The ORS sought to intervene in North Carolina so that the public interest of South Carolina can be advocated in a proceeding in which the proposed merger of Duke and Progress, the holding companies of Duke Energy Carolinas LLC (DEC) and Progress Energy Carolinas Inc. (PEC), is at issue.

Although there is a filing in South Carolina, there is no approval of the holding companies merger being sought. Instead, at issue in the South Carolina proceeding is the approval of the merger of the two operating electric utilities (DEC and PEC).

The ORS will participate in both proceedings – addressing the proposed merger of the holding companies in North Carolina and the proposed merger of the operating electric utilities in South Carolina -- to ensure that the public interest of South Carolina is consistently represented and protected.

In addition, the ORS joined a multi-state working group that is examining the proposed merger. The group will review issues related to the Joint Dispatch Agreement that has to be approved in South Carolina. As of this writing, this matter is not concluded; ORS staff members continue to keep abreast

of actions being taken in other states and to gather information to determine the public interest for South Carolina in this matter.

### **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 311 settlements with monetary savings generated by settlement agreements nearing a billion dollars and estimated currently to be approximately \$913 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.**

- ◆ **Industry Recruitment and Retention.** Provided 38 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. Several of these letters directly pertained to economic development in the State. Examples of economic incentives supported by these letters include:
  - Applications by an investor-owned electric utility to enter into contracts for electric service with industries in Aiken, Edgefield, and Richland Counties. These industries have the potential to create, collectively, an estimated 300 jobs and represent a collective capital investment of approximately \$85 million
  - Economic incentive package that allows a manufacturing facility, located in Cayce, South Carolina, to control its costs for the benefit of both the customer and the Company
  - Application by an investor-owned electric utility to provide a rate-incentive package for a potential new industrial facility in Aiken County. This project has the potential to create 250 jobs over the next four years and represents a potential \$45 million capital investment.
  - Request for approval of a contract for electric service with The Boeing Company
  - Request for an amendment of a contract for electric service with Michelin North America at its Lexington plant that would potentially create 270 jobs and represent a \$200 million investment.
  - Request for approval to defer costs associated with an economic development grant for Michelin via the Central S.C. Alliance
- ◆ **The Boeing Company.** Involved in discussions and negotiations regarding renewable-energy requirements of the Boeing installation in North Charleston; ultimately, a renewable energy partnership was announced. The solar-panel installation will be the largest, based on capacity, in the Southeast. Boeing South Carolina fabricates, assembles and installs systems for aft (rear) fuselage sections of the Boeing 787 Dreamliner and joins and integrates midbody fuselage sections from other partners. The site is also home to the new 787 Dreamliner final assembly and delivery facility. The new Boeing installation provides 3,800 jobs and represents an investment of \$1 billion dollars.

- ◆ **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; bi-monthly on-site document reviews; 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 participation in 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, the Energy Advisory Council of the State Regulation of Public Utilities Review Committee, the Eastern Interconnection States Planning Council, Palmetto Clean Energy (PaCE), S.C. Businesses for Clean Energy, and others.
- ◆ **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 increased overall economic benefit to South Carolina households enrolled in the program of \$11,281,842 during FY 10-11, compared to \$8,590,698 in FY 09-10.

#### **Advocacy, Education, Outreach and Assistance:**

- ◆ **Consumer Complaints and Inquiries.** Processed approximately **3,086** complaints and inquiries and saved consumers approximately **\$3,255,524**. 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 10-11, a one-time savings of approximately \$117,000 is reflected in the total. This substantial savings was the result of the ORS facilitating a credit to electric customers in the same subdivision for street-light overcharges. **Over the past seven fiscal years (FY 04-05 through FY 10-11), the Consumer Services Department has recovered or saved consumers a total of approximately \$17 million.**
- ◆ **Deposit Waiver for Domestic Violence Victims.** Benefited 38 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

197 individuals.

- ◆ **Lifeline and Link-up.** Expanded the visibility of the Lifeline program through television advertising and through training staff at food pantries and other organizations that work with low-income households. During Lifeline Awareness Week, issued a joint press release with the PSC and coordinated with the Governor's Office on the issuance of a proclamation.
- ◆ **Education for Household Goods Movers.** Conducted a forum for household goods movers at which ORS Transportation staff provided updates on enforcement activities, requirements to pass compliance audits, and changes in regulations. Representatives of the S.C. Trucking Association and the Federal Motor Carrier Safety Administration also addressed the attendees.
- ◆ **Education for Transportation Passenger Carriers.** Instituted a new outreach calling program to recently approved transportation carriers to make them more aware of what is involved in completing the application process, subsequent to their receiving approval from the PSC.
- ◆ **Electronic Mapping.** Continued to spearhead 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.

### **Regulatory and Safety:**

- ◆ **Natural Gas Pipeline Safety.** Received outstanding program evaluation score from PHMSA (Pipeline and Hazardous Materials Safety Administration) for Calendar Year 2009: the Natural Gas Program received a performance score of 98.5 out of 100. Other major activities included presenting information at the PSC concerning the status of pipeline systems encompassing 25,490 miles of installed pipeline in South Carolina. Also, the Pipeline Safety program promoted National Safe Digging Month during the month of April. This campaign is designed to promote awareness of safe digging and damage prevention with regard to buried utility facilities.
- ◆ **Regulatory Reviews and Audits.** Conducted a total of 267 regulatory reviews and audits.
- ◆ **Gains in Annual Report Compliance.** Achieved increases in several industry areas including 95% for water/wastewater (up from 93%); 99% in telecommunications (up from 97%); and 87% in transportation (up from 72%).
- ◆ **Gains in Performance Bond Compliance.** Reached the 100% mark in bringing water/wastewater companies into compliance with performance bond regulations. In the prior (FY 09-10) year, rigorous follow-up and enforcement had resulted in a 39-percentage-point increase from 59% reported in FY 08-09 to 98% in FY 09-10. In FY 10-11, the remaining 2-percentage-point gap was closed, thus resulting in 100% compliance.
- ◆ **Transportation Collaborative.** Participated in a multi-state collaborative designed to allow states to partner with the federal government to enforce federal laws regarding complaints against household-goods movers.
- ◆ **Transportation Enforcement Initiative.** Identified unauthorized carriers through various

advertising mediums. Preliminary enforcement work was conducted in Columbia on four Yellow Pages advertising cases – unauthorized companies had a specified amount of time within which they had to comply to become authorized.

- ◆ **Railroad safety.** Conducted both track and motive power and equipment inspections around the State including Laurens, Lancaster, Florence, Darlington, Dillon, Charleston, Aiken/Augusta, Anderson, Andrews, Georgetown, Greenwood, Cayce, Sumter, Rock Hill, Fort Mill, Newberry, Orangeburg, Spartanburg, Greenville, Lugoff, and Columbia, among others. On one unannounced inspection of a 69-car train which had completed its brake test and was ready to depart, an ORS Rail Inspector took exception with over 20 cars. Other activities during FY 10-11 included, among others, inspections of ammunition trains and roadway-worker protection audits.

### **State Appellate Court Matters:**

- ◆ **Base Load Review Act Order. (2008-196-E)** The ORS presented oral arguments at the S.C. Supreme Court concerning the S.C. Energy Users Committee's (SCEUC) appeal of the PSC's Base Load Review Act order for SCE&G's new nuclear units at V.C. Summer. The SCEUC challenged the contingency dollars approved in the order. On August 9, 2010, the S.C. Supreme Court by a 3 – 2 vote reversed the order. In effect, this ruling requires SCE&G to submit costs above its base budget for PSC approval as they are identified for specific budget items. During FY 10-11 SCE&G requested, and was granted, approval for \$174 million of specifically identified costs. The ORS provided testimony in this case.
- ◆ **United Utility Companies, Inc. (2009-479-WS)** In April 2011, United Utility Companies, Inc. (UUC) appealed the orders of the Public Service Commission denying UUC's request for a rate increase. The appeal is pending.
- ◆ **Utilities Services of S.C., Inc. (2007-286-WS)** Utilities Services of South Carolina, Inc. (USSC) appealed a decision of the Public Service Commission in which the PSC denied the USSC's application for a rate increase. ORS briefed the case and participated in oral arguments before the South Carolina Supreme Court in November 2010. On March 28, 2011, the Supreme Court issued its opinion in which it reversed the decision of the PSC and remanded the case for further proceedings. ORS Staff is presently preparing for the remand proceedings before the PSC.

### **Federal Interventions:**

- ◆ **EPA Rulemaking on Coal-Combustion Residuals.** The ORS sent a letter and subsequently filed comments with 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. The ORS' position is that it is in the public interest for coal ash to remain classified as a non-hazardous waste. As of this writing, no final ruling has been issued.
- ◆ **Nuclear Regulatory Commission (NRC).** The ORS continues to review and monitor ongoing matters at the NRC. The ORS is a party to several NRC dockets. The dockets within ORS' purview with the most activity during the year have been the dockets related to (1) the AP1000 Design Certification Amendment Rule and (2) SCE&G's VC Summer Nuclear Station Units 2 and 3



Combined License Application. The ORS is also monitoring the NRC dockets pertaining to (1) the Combined Operating License for the Shearon Harris Nuclear Power Plant Units 2 and 3 filed by Progress Energy Carolinas, Inc. and (2) the Combined Operating License for William States Lee III Nuclear Station Units 1 and 2 of Duke Energy Carolinas, LLC. Additionally, ORS staff examines NRC documents related to operating nuclear units within South Carolina, and ORS staff routinely attends NRC public meetings held in South Carolina related to the operating South Carolina nuclear units.

- ◆ **Southern LNG Tariff Filing at FERC.** The ORS filed with the Federal Energy Regulatory Commission (FERC) to intervene in Southern LNG's proposed tariff changes. Southern LNG, a subsidiary of Southern Natural Gas, 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 scheduled on this issue. Concerns were the higher BTUs being requested and the gas characteristics and whether those changes could 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 FERC staff to convene a technical conference. A technical conference was held on September 14, 2010, after which the ORS and SCE&G met and exchanged information regarding the Company's concerns over the proposed changes. In October, several parties to the FERC docket filed Initial Post-Technical Conference Comments with the FERC which were reviewed by the ORS. Ultimately, a settlement was filed by Southern LNG and SCE&G with FERC.

◆ **Other FERC Matters:**

- The ORS filed comments regarding transmission planning and cost allocation by transmission-owning and operating public utilities. The ORS joined an ad hoc coalition of southeastern utilities in this filing; included among them were SCE&G, Progress Energy Carolinas, Santee Cooper, and others.
- The ORS reviewed a rate increase filing with FERC by Transco regarding the mid-South gas pipeline expansion project. The ORS determined that the filing would not affect existing South Carolina natural gas customers and, therefore, the ORS did not intervene in this matter.
- The ORS intervened in 3 dockets related to the proposed Duke-Progress merger:
  - EC11-60-000: Duke/Progress Section 203 Application
  - ER11-3306-000: Joint Dispatch Agreement between Duke Energy Carolinas LLC and Carolina Power & Light Company
  - ER11-3307-000: Joint Open Access Transmission tariff of Duke Energy Carolinas LLC, Florida Power Corporation, and Carolina Power & Light Company

◆ **Federal Communications Commission Matters:** The ORS reviewed Notices of Proposed Rulemaking issued by the Federal Communications Commission regarding:

- 1) Federal Universal Service Fund and Inter-carrier Compensation reform
- 2) Lifeline and Link-up reform and modernization

As of this writing, the ORS continues to monitor activity at the federal level on these matters in order to evaluate the implications for South Carolina and determine whether or not to file comments.

### **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 2009 and 2010. 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*.
- ◆ **Human Resources Audit.** Received an excellent report from the audit of the ORS Human Resources Department conducted by the Employee Insurance Program (EIP). The purpose of the audit was to ensure that the ORS is complying with EIP procedures, maintaining proper documentation, and adhering to best practices. No exceptions were found as a result of the audit, and the ORS received positive feedback on the quality of the files being maintained.
- ◆ **Web Site Enhancement and Conversion Project.** Began the process to convert the ORS web site to one hosted by SC.Gov. In addition to being more efficient to maintain, the newly designed site will include certain customer-friendly features not available on the prior site.

### **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.

### **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 ~
  - Filing testimony
  - Providing staff witnesses
  - Securing expert witnesses, as necessary
  - Conducting formal mediations/arbitrations
  - Initiating/mediating settlement agreements
  - Conducting audits -- On-site audits, business audits, management audits, and prudence audits
  - Conducting studies of purchase practices and other operating procedures
- ◆ In consumer issues ~
  - Educating consumers of public utility services
  - Investigating and resolving complaints and inquiries
  - Informally mediating consumer complaints
  - Providing on-site equipment testing
  - Administering funding for assistance programs like Lifeline and Link-up, Sprint Relay Center, Telecommunications Relay Service, and Telephone Equipment Distribution Program
  - Administering the Universal Service Fund (USF) and Interim LEC Fund
- ◆ In safety matters ~
  - Inspecting the State's railroad system
  - Monitoring natural gas pipeline safety
  - In collaboration with other state agencies, monitoring safety issues in transportation and water/wastewater
- ◆ In policy matters ~

- Monitoring regulatory and statutory developments at the state and federal levels
  - 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 ~
- Providing input on utility facility siting and on certifications of public convenience and necessity
  - Providing input on territorial matters involving utilities
  - Reviewing and making recommendations regarding utility-filed industrial economic rate incentives
  - 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 2010-2011, 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

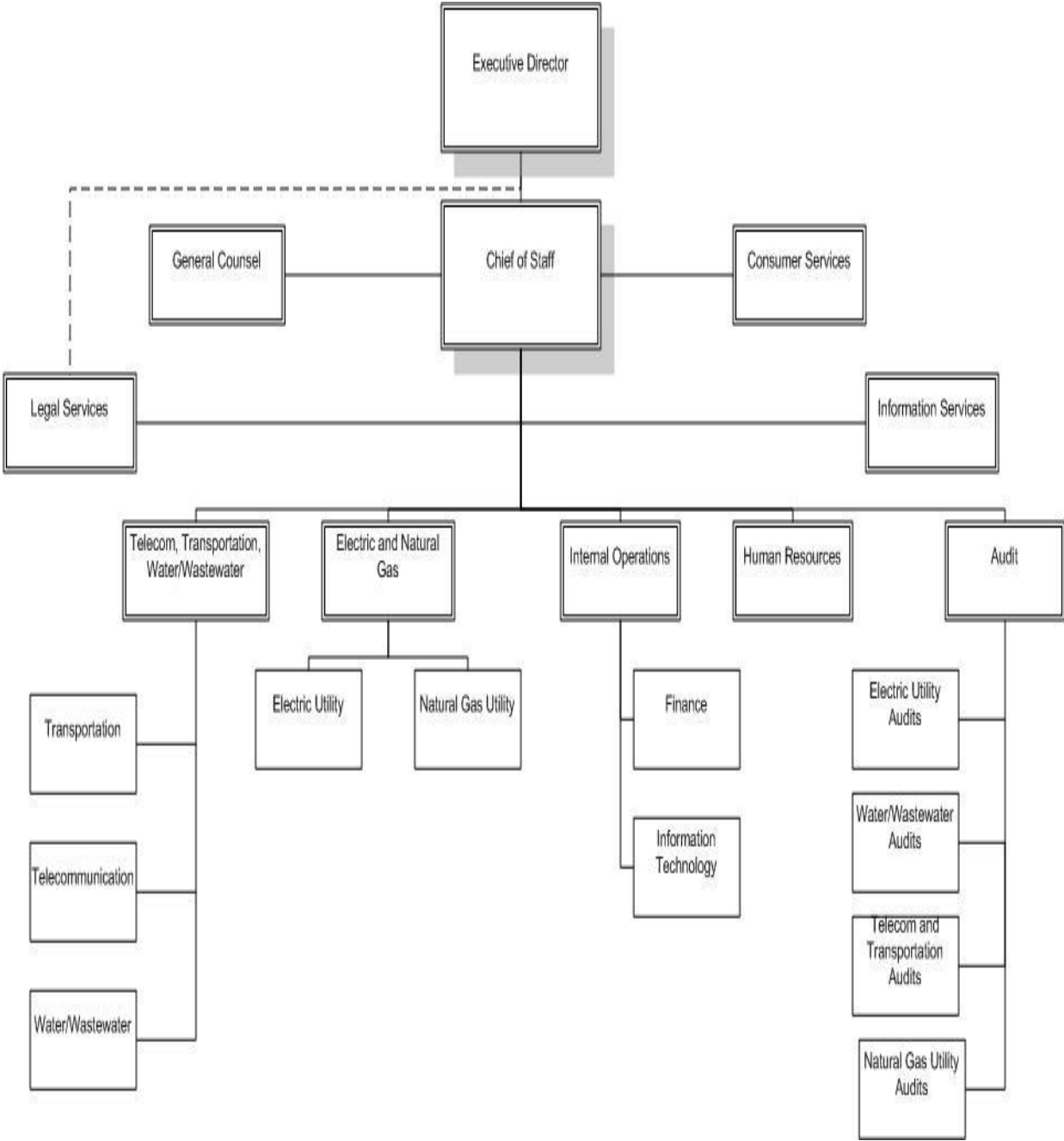
conducts an annual survey of ORS employees. The information from these surveys, as well as other information gathered by the Review Committee, is used by the Committee to evaluate the ORS performance and that of the Executive Director.

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**



**10. Expenditures/Appropriations Chart.****Base Budget Expenditures and Appropriations**

| Major Budget Categories       | FY 09-10 Actual Expenditures |               | FY 10-11 Actual Expenditures |               | FY 11-12 Appropriations Act |               |
|-------------------------------|------------------------------|---------------|------------------------------|---------------|-----------------------------|---------------|
|                               | Total Funds                  | General Funds | Total Funds                  | General Funds | Total Funds                 | General Funds |
| Personal Service              | \$4,294,681                  | \$0           | \$4,227,262                  | \$0           | \$4,605,023                 | \$0           |
| Other Operating               | \$960,535                    | \$0           | \$934,654                    | \$0           | \$1,058,681                 | \$0           |
| Special Items                 | \$3,825,626                  | \$0           | \$3,850,400                  | \$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               | \$1,113,917                  | \$0           | \$1,158,669                  | \$0           | \$1,289,406                 | \$0           |
| Non-recurring                 | \$0                          | \$0           | \$0                          | \$0           | \$0                         | \$0           |
| <b>Total</b>                  | \$10,194,759                 | \$0           | \$10,170,985                 | \$0           | \$11,118,806                | \$0           |

**Other Expenditures**

| Sources of Funds      | FY 09-10 Actual Expenditures | FY 10-11 Actual Expenditures |
|-----------------------|------------------------------|------------------------------|
| Supplemental Bills    | \$0                          | \$0                          |
| Capital Reserve Funds | \$0                          | \$0                          |
| Bonds                 | \$0                          | \$0                          |



11. **Major Program Areas Chart --**

| <b>Program Number and Title</b>                               | <b>Major Program Area Purpose (Brief)</b>  | <b>FY 09-10 Budget Expenditures</b>   | <b>FY 10-11 Budget Expenditures</b>   | <b>Key Cross References for Financial Results*</b>         |
|---|--|---|---|--|
| I. Legal  | -To represent ORS and the public in legal proceedings before the Public Service Commission<br>-To provide legal services to ORS              | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 824,819<br><b>Total:</b> 824,819<br><b>% of Total Budget:</b> 8%      | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 821,376<br><b>Total:</b> 821,376<br><b>% of Total Budget:</b> 8%      | 7.1-1, 7.1-2, 7.1-3  |
| II. Support Services  | -To provide customer service to consumers of transportation companies and regulated utilities<br>-To perform audits of regulated utilities   | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,564,439<br><b>Total:</b> 1,564,439<br><b>% of Total Budget:</b> 15% | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,430,125<br><b>Total:</b> 1,430,125<br><b>% of Total Budget:</b> 14% | 7.1-4,<br>7.1-5, 7.1-6, 7.2-1,<br>7.2-2                    |
| III. Telecommunications, Transportation, Water and Wastewater | -To ensure safety of State railways<br>-To monitor regulated telecommunications, water and wastewater utilities and transportation carriers. | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,371,284<br><b>Total:</b> 1,371,284<br><b>% of Total Budget:</b> 13% | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,502,775<br><b>Total:</b> 1,502,775<br><b>% of Total Budget:</b> 15% | 7.1-7,<br>7.1-8, 7.1-10, 7.1-11, 7.1-12, 7.2-4,7.2-5,7.2-6 |
| IV. Utilities, Electric and Gas                               | -To ensure safety of gas pipelines<br>-To monitor regulated electric and gas utilities   | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,201,348<br><b>Total:</b> 1,201,348<br><b>% of Total Budget:</b> 12% | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,214,730<br><b>Total:</b> 1,214,730<br><b>% of Total Budget:</b> 12% | 7.1-5, 7.1-9<br>7.2-3                                      |
| V. Dual Party   | -To regulate a statewide program to provide access to basic phone service for the hearing and speech impaired                                | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 3,825,626<br><b>Total:</b> 3,825,626<br><b>% of Total Budget:</b> 38% | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 3,850,400<br><b>Total:</b> 3,850,400<br><b>% of Total Budget:</b> 38% |  |

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

|                                   |   |   |
|-----------------------------------|---|---|
| <b>Remainder of Expenditures:</b> | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,407,242<br><b>Total:</b> 1,407,242<br><b>% of Total Budget:</b> 14% | <b>State:</b><br><b>Federal:</b><br><b>Other:</b> 1,351,579<br><b>Total:</b> 1,351,579<br><b>% of Total Budget:</b> 13% |
|-----------------------------------|---|---|

\* 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) an agency web site dedicated to informing and communicating with customers and stakeholders – this site includes a prominent section dedicated to consumer issues, an online consumer complaint/inquiry form, and a variety of downloadable forms (the site is soon to be enhanced by the conversion to an SC.Gov-based site) 2) a strategic focus in the Lifeline program on decentralizing the application process, with an emphasis on more locally based application distribution networks 3) a periodic newsletter sent to the State Regulation of Public Utilities Review Committee 4) quarterly strategic planning meetings 5) a periodic newsletter sent to water/wastewater companies 6) customer service compliance reviews with utilities’ business offices 7) educational workshops and remote education initiatives for regulated utilities 8) accessibility and prompt responsiveness to members of the media 9) 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 10) 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. In addition, senior leaders work with other state agencies to ensure compliance with state guidelines and laws.

The Finance Modules of the SCEIS system are utilized for receivables, payables, budget and financial reporting. The ORS also uses the Human Resources and Payroll Modules of the SCEIS system for payroll, benefits, and other personnel and human resource reporting and tracking. All ORS employees use MySCEmployee for leave reporting and personal employee data management.

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 Materials Management Module of the SCEIS system is used in the ORS processes for procurement.

### **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. In addition, six hours of ethics training are required annually for all employees.

### **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. Based on these assessments, experts may be brought in to conduct training seminars or opportunities for teleconferences or web-based training may be provided. Staff members who are experts in certain areas provide training workshops for their colleagues.

**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 often highlighted 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 10-11 include the Avon Walk for Breast Cancer, the United Way, the domestic violence victim deposit waiver program, the Palmetto Children's Hospital Holiday Toy Drive, the Muscular Dystrophy Jail-a-thon, periodic food donations to local charities, and Operation Lifesaver. Individually, both senior leaders and other ORS staff are very active participants in civic and community efforts.

## 2.0 Strategic Planning

|             | <b>Supported Agency Strategic Planning Goal/Objective</b>  | <b>Related FY 10-11 and beyond Key Agency Action Plan/Initiative(s) And Timeline for Accomplishing the Plan(s)</b>  | <b>Key Cross References for Performance Measures*</b>                             |
|-------------|--|---|---|
| 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. | <ol style="list-style-type: none"> <li>1. Provides technical assistance to new entrants</li> <li>2. Enforces rules, regulations and laws equitably</li> <li>3. Keeps abreast of issues</li> <li>4. Balances the interest of consumers , job development and retention and financial well being of the utilities</li> </ol> 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 |
| Agency Wide | Is responsive to the public  | <ol style="list-style-type: none"> <li>1. Resolves consumer complaints in a timely manner</li> <li>2. Solicits public input on emerging issues</li> <li>3. Consults with expert to assess emerging trends</li> <li>4. Utilizes its website so that consumers may be informed</li> <li>5. Publishes consumer brochures and publications</li> <li>6. Provides regular briefings to the media</li> <li>7. Provides media alerts</li> </ol> Timeline: Ongoing | 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.2-6  |
| Agency Wide | Is alert to and anticipates federal regulatory and industry developments and their effect on SC  | <ol style="list-style-type: none"> <li>1. Has processes to alert stakeholders of industry developments</li> <li>2. Retains outside experts when needed</li> <li>3. Reviews and analyzes the impact of state court decisions and federal agency and court decisions</li> <li>4. Pays attention to the interplay between state regulation and the federal intention to regulate</li> <li>5. Maintains knowledge</li> </ol> Timeline: Ongoing                | 7.1-1, 7.1-2, 7.1-9, 7.1-10,7.1-11, 7.1-12, 7.2-3, 7.2-6                          |
| Agency Wide | Are marked by professional excellence  | <ol style="list-style-type: none"> <li>1. Hires and retains qualified personnel</li> <li>2. Provides professional training and Ethics workshop</li> <li>3. Provides internally organized and staffed educational programs</li> <li>4. Provides its employees with tools they need</li> </ol>  | 7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5, 7.2-5, 7.2-6                                      |

|             |   |   |   |
|-------------|---|---|---|
|             | Are marked by professional excellence<br>(Continued...) | <p>and equips the office</p> <ol style="list-style-type: none"> <li>5. Embraces technology in the workplace</li> <li>6. Optimizes consumer education and outreach and seeks out persons who qualify for special assistance programs</li> <li>7. Participates in state regulatory proceedings and appeals and federal regulatory proceeding and court cases</li> <li>8. Provides input in legislative matters</li> <li>9. Handles properly legislators requests</li> <li>10. Coordinates appropriately with other state agencies</li> </ol> <p>Timeline: Ongoing</p>   | 7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5,<br>7.2-5, 7.2-6   |
| Agency Wide | Promotes excellence in each regulated industry          | <ol style="list-style-type: none"> <li>1. Inspects public utilities and enforces laws and regulations</li> <li>2. Minimizes the regulatory burden on companies by taking steps to assist in settlements and mediations</li> <li>3. Minimizes the regulatory burden by improving methods for submitting and access information</li> <li>4. Keeps abreast of best practices</li> </ol> <p>Timeline: Ongoing</p>   | 7.1-1,7.1-2,7.1-3, 7.1-4,7.1-5,<br>7.1-6, 7.1-7, 7.1-8,7.1-9, 7.1-10, 7.1-11, 7.1-12  |
| Agency Wide | Provides value to the citizens                          | <ol style="list-style-type: none"> <li>1. Provides access to information</li> <li>2. Resolves disputes in a timely manner</li> <li>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</li> <li>4. Societal benefits of utility rate stability and affordability, financial performance, infrastructure investment, environmental protection exceeds the monetary costs of the operation</li> </ol> <p>Timeline: Ongoing</p> | 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,<br>7.1-10,7.1-11, 7.1-12, 7.2-1,<br>7.2-2,7.2-3,7.2-4,7.2-5,<br>7.2-6 |

\*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 What is your strategic planning process, including KEY participants, and how does it address:**

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 last year enhanced 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. Recently, the ORS began the process of converting its web site to one hosted by SC.Gov, which will yield more efficiency in site design and maintenance. 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 ORS web site is structured to provide user-friendly access mechanisms for customers including a 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.
- ◆ As a product of the ORS' participation, along with that of the S.C. Energy Office, a new methodology was implemented for gathering utility-customer outage information which was used

during the winter storm (by the Emergency Support Function – Energy Team) to keep the S.C. Emergency Operations Center updated regarding utility customer outages by county and expected times for restoration of service.

- ◆ 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
- ◆ 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 – \$913 million in customer savings since gaining regulatory responsibility – and the consumer complaint process -- \$17 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 eighth 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 76% 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. In addition, staff members who are experts in certain areas provide training workshops for their colleagues.

**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 provide 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, including an annual Health Fair and on-site flu shot vaccinations. 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. In FY 09-10, 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:

- **Electronic Mapping.** Continued to spearhead 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.
- **Web Site Conversion Project.** Began the process of converting the ORS web site to one hosted by SC.Gov, which will yield more efficiency in site design and maintenance.
- **Emergency Weather Procedure.** Implemented a new procedure for gathering utility-customer outage information which was used during the winter storm (by the Emergency Support Function – Energy Team) to keep the S.C. Emergency Operations Center updated regarding utility customer outages by county and expected times for restoration of service. The new methodology was a product of the ORS' participation, along with that of the S.C. Energy Office, in the development of an Energy Assurance Plan for South Carolina.
- **Education for Transportation Passenger Carriers.** Instituted a new outreach calling program to recently approved transportation carriers to make them more aware of what is involved in completing the application process, subsequent to their receiving approval from the PSC.

### **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 How do you systematically evaluate and improve your key product and service related work processes?**

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. The agency's robust data base 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 What are your key support processes, and how do you evaluate, improve and update these processes to achieve better performance?**

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 How does your organization determine the resources needed to meet current and projected budget and financial obligations?**

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 2010-2011 was the agency's seventh 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 – approximately \$913 million in customer savings since gaining regulatory responsibility – and the consumer complaint process -- \$17 million in consumer services savings since gaining regulatory responsibility. (Of this \$17 million, \$15 million represents 5 years' worth of recurring annual savings of \$3 million. These recurring savings are the result of an agreement reached in FY 06-07 between an electric investor-owned utility and some industrial customers.)

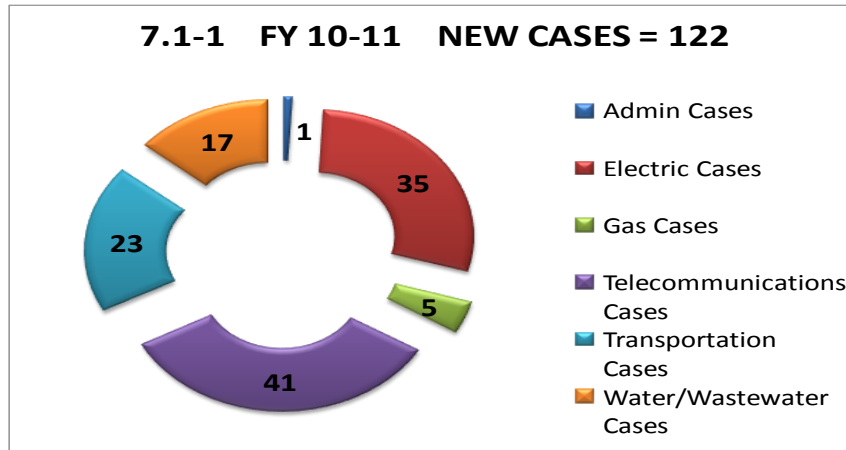
The ORS strives to identify the most effective means of tracking performance levels and trends. Those reported on graphically in Category 7 represent some, but not all, of the current means used to assess performance.

**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.

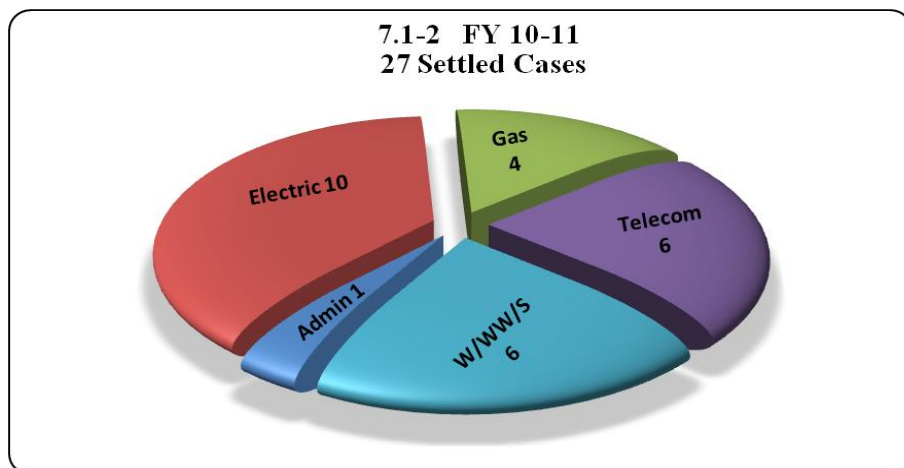
**Chart 7.1-1.** In FY 10-11, the ORS participated in 122 cases.



**Chart 7.1-2.** This chart shows the number of matters -- 27 -- in which the ORS facilitated settlement agreements during FY 2010-2011. Settlements generated a savings to customers totaling approximately **\$233 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. **From January of 2005 (when the ORS gained regulatory responsibility) through June 30, 2011, the ORS facilitated a total of 311 settlements with savings generated by settlement agreements approaching one billion dollars – currently estimated at \$913 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**.





**Chart 7.1-3.** This chart delineates the electric and gas cases in which settlement agreements occurred. These agreements resulted in direct savings to customers totaling approximately **\$233 million**. Some of these savings are associated with a rate case from FY 09-10 -- SCE&G rate case Docket No. 2009-489-E. Realized by customers during the current fiscal year, these savings are a result of monthly Weather Normalization Adjustments (WNAs) for residential and small commercial customers and an Economic Impact Zone (EIZ) tax credit. The EIZ credit represents the differential between the refund period requested by SCE&G (5 years), versus the accelerated refund period (2 years) recommended by the ORS. Also, there was a reduction in the Company's requested Return on Common Equity (ROE) of 11.6% versus ORS' proposed ROE of 10.7%. These ORS adjustments, along with others, were agreed upon in the settlement agreement orchestrated by the ORS.

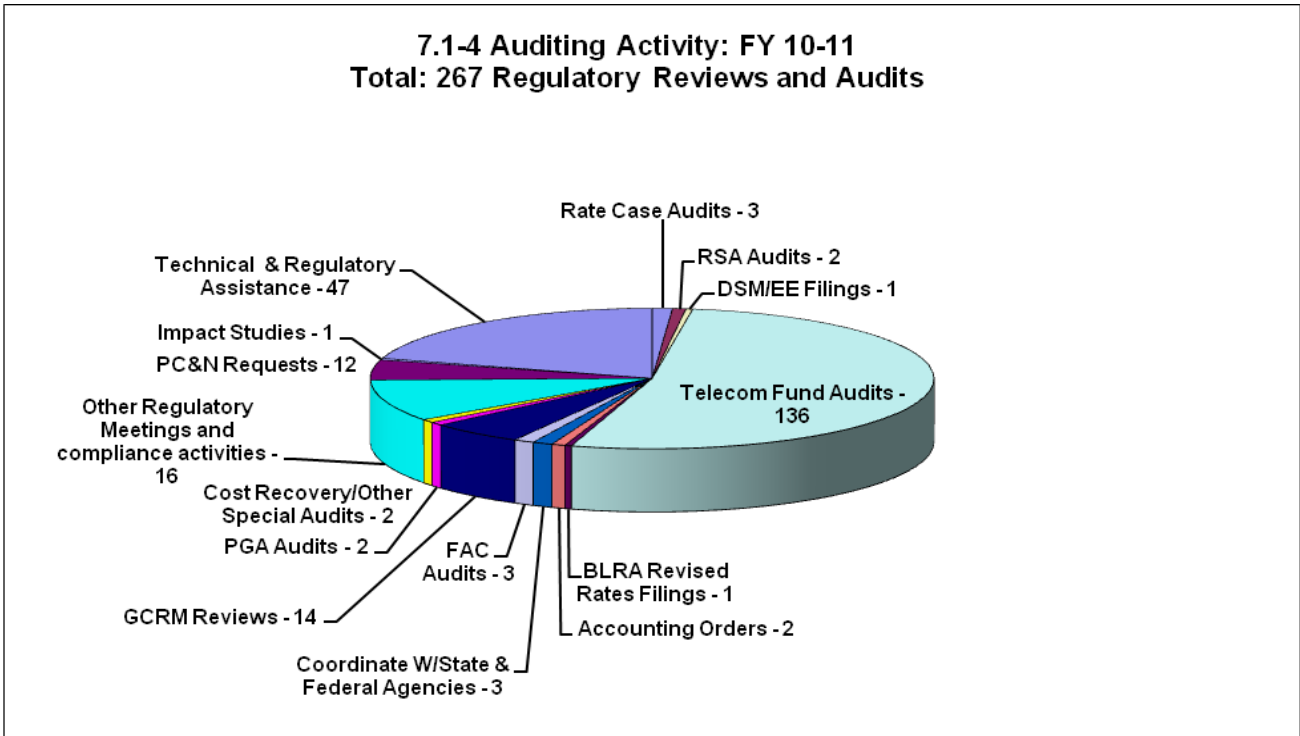
**7.1-3 Projected Combined Savings to Consumers Resulting from Settlement of  
Electric and Gas Cases in FY 10-11**

**\$233,399,840**

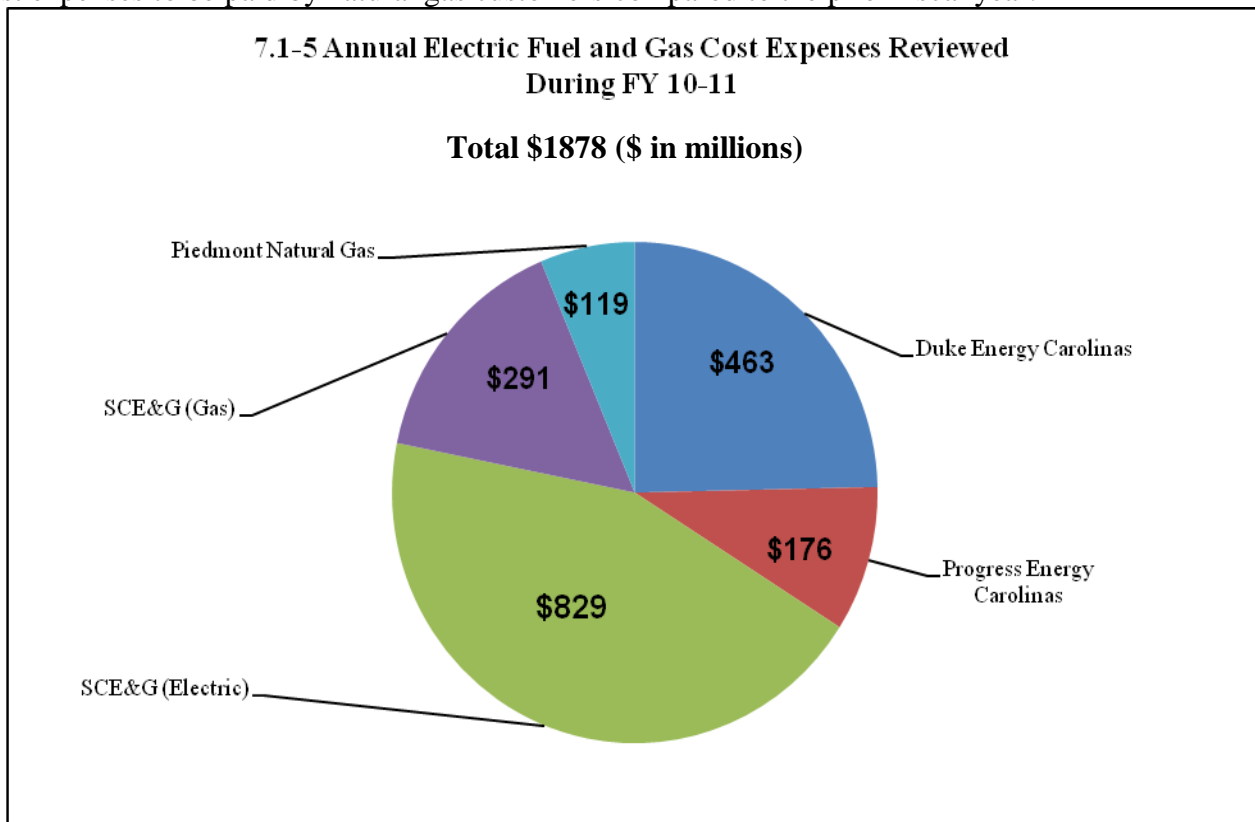
|   |
|---|
| <p><b>Duke Energy</b><br/>           \$109,000,000 - Nuclear Pre-Construction<br/>           \$ 13,590,741 - Proposed Pension Rider<br/>           \$ 41,361 - Annual Fuel Review<br/> <br/>           \$122,632,102</p>  |
| <p><b>South Carolina Electric &amp; Gas</b><br/>           \$ 58,705,830 - Rate Case (WNA)<br/>           \$ 12,700,919 - Rate Case (EIZ)<br/>           \$ 31,461,430 - Annual Fuel Review<br/>           \$ 3,300,000 - Tree Trimming<br/>           \$ 290,801 - RSA<br/>           \$ 103,000 - Community Support/Outreach<br/>           \$106,561,980</p> |
| <p><b>Piedmont Natural Gas</b><br/>           \$2,405,000 - RSA</p>   |
| <p><b>Progress Energy</b><br/>           \$1,751,041 Annual Fuel Review</p>   |
| <p><b>Lockhart Power</b><br/>           \$49,717 Rate Case</p>  |

*Audits and Tracking of Regulated Utilities' Finances.*

**Chart 7.1-4.** In FY 2010-2011, the ORS conducted a total of 267 regulatory reviews and audits. In line with the ORS' duty to inspect, audit and examine public utilities, the number of audits and regulatory reviews are driven by the filings of the regulated utilities and may vary significantly from year to year.

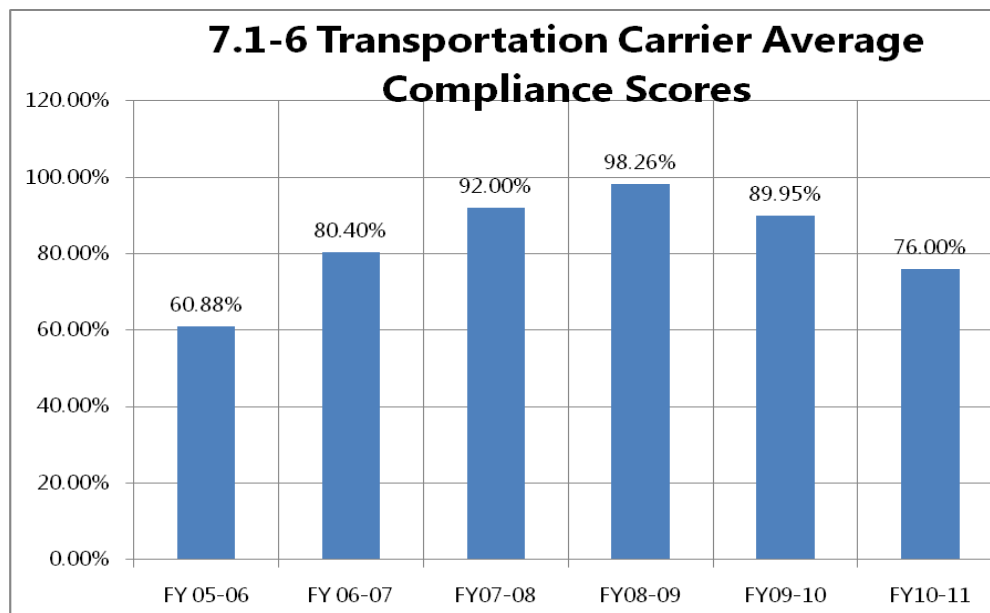


**Chart 7.1-5.** The ORS has oversight responsibility including prudence and audit review of investor-owned electric and gas utilities in South Carolina. The total annual dollars reviewed in examinations of the fuel costs for power generation and natural gas supply during FY 2010-2011 is approximately **\$1.9 billion**. During this review period, the commodity cost of gas declined, thereby resulting in less gas cost expenses to be paid by natural gas customers compared to the prior fiscal year.

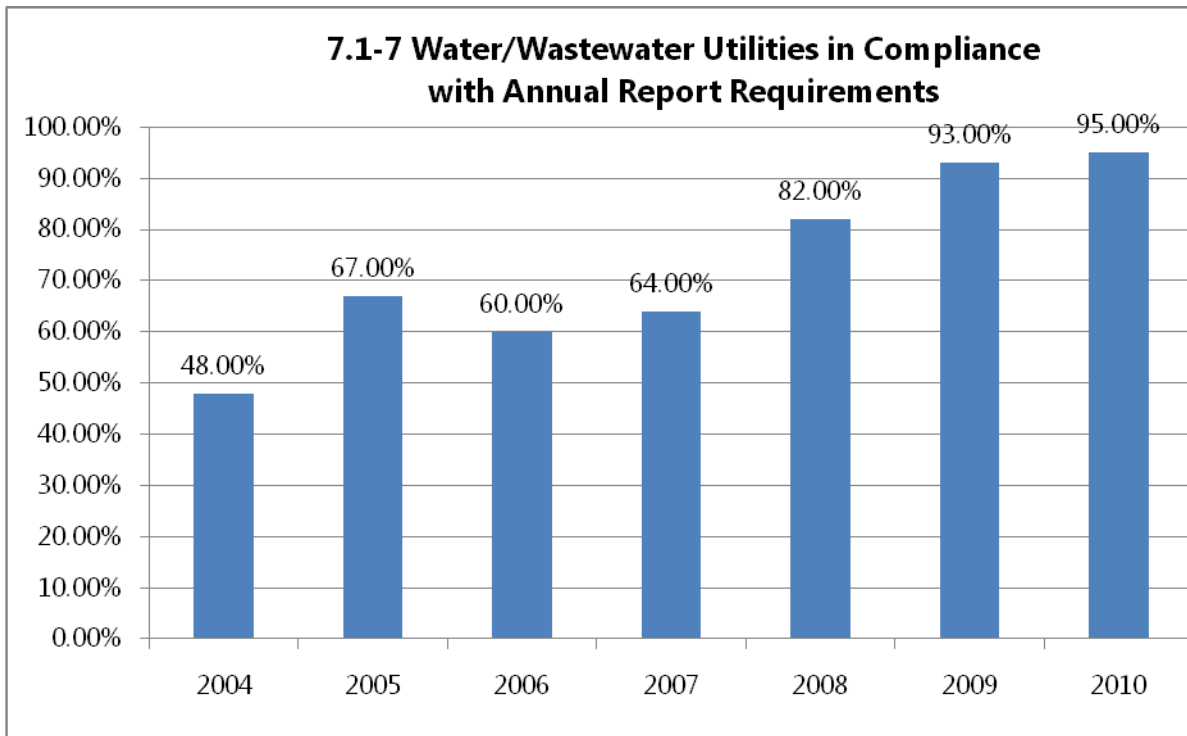


**Key Measure - Regulatory Compliance.** As part of its oversight duties, the ORS is charged with ensuring utilities' compliance with established regulations and statutes. The ORS approach to maximizing compliance is to *educate as we regulate*. Toward this end, the ORS initiates remote education efforts, 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.

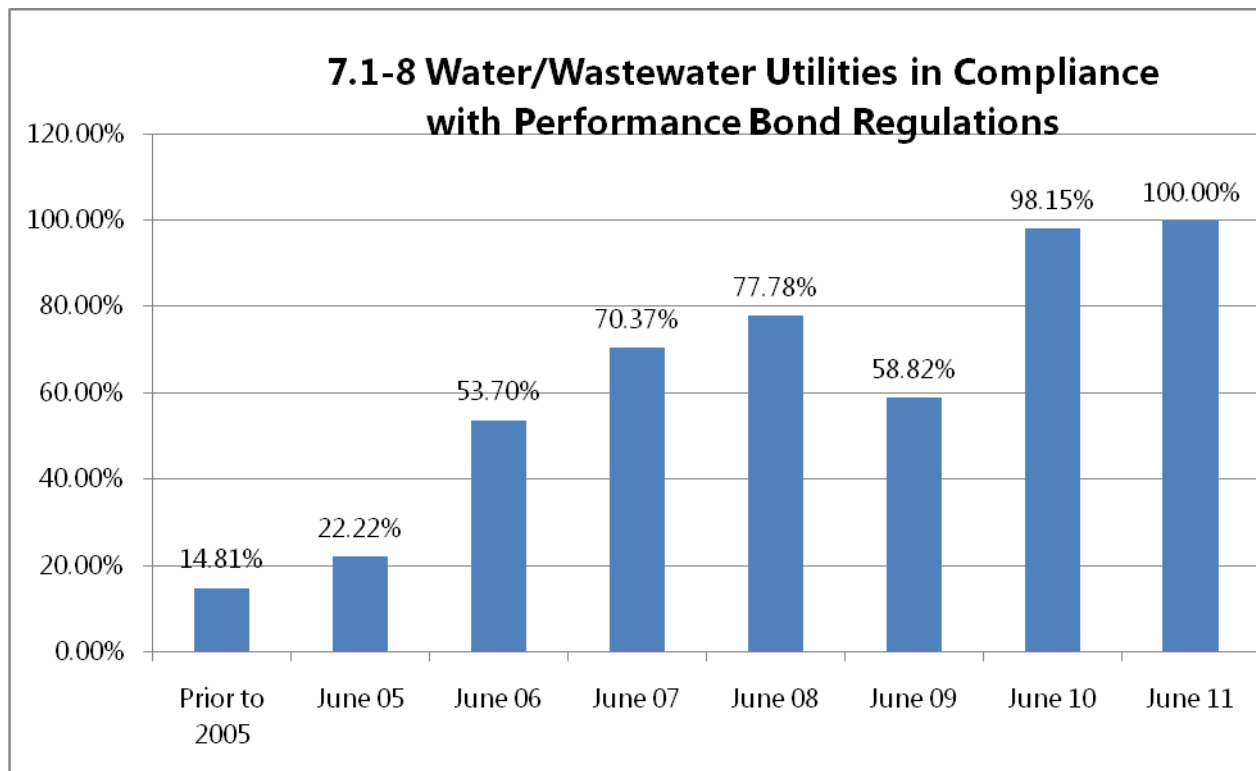
**Chart 7.1-6.** The ORS conducted 266 compliance reviews with household goods movers (16 reviews) and passenger carriers (250 reviews). The average compliance score was 76%, down from 90% in the prior fiscal year. This decline is likely attributable to the influx of new carriers into the market. These carriers were previously unauthorized and advertising on Craigslist; they were identified as a result of ORS' enforcement efforts. Two of these new carriers received initial compliance audit scores of zero, which had a significant impact on the overall average compliance score. (Note: These two carriers have now passed their compliance audit; their new scores will be reflected in the FY 11-12 average.)



**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 FY 10-11 (approximately 95%) represents an increase from the prior year's compliance level of 93%. The ORS is getting increasingly closer to its long-term goal of bringing all water/wastewater utilities into compliance with annual reporting requirements.



**Chart 7.1-8.** In FY 10-11, the ORS reached the 100% mark in bringing water/wastewater companies into compliance with performance bond regulations. In the prior (FY 09-10) year, rigorous follow-up and enforcement had resulted in a 39-percentage-point increase from 59% reported in FY 08-09 to 98% in FY 09-10.

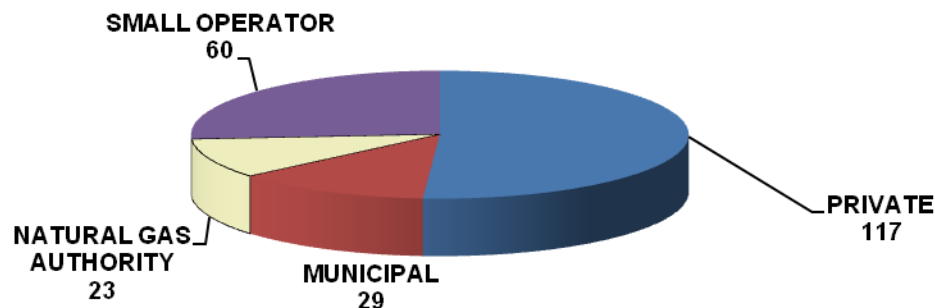


**Key Measure – Safety Oversight.** In addition to its regulatory oversight functions, the ORS has oversight responsibility for natural gas pipeline safety and railroad safety in South Carolina.

**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, landfill gas systems, and lateral pipelines from interstate pipeline systems. These systems are operated by private companies, municipal governments, authority districts, and master meter owners.

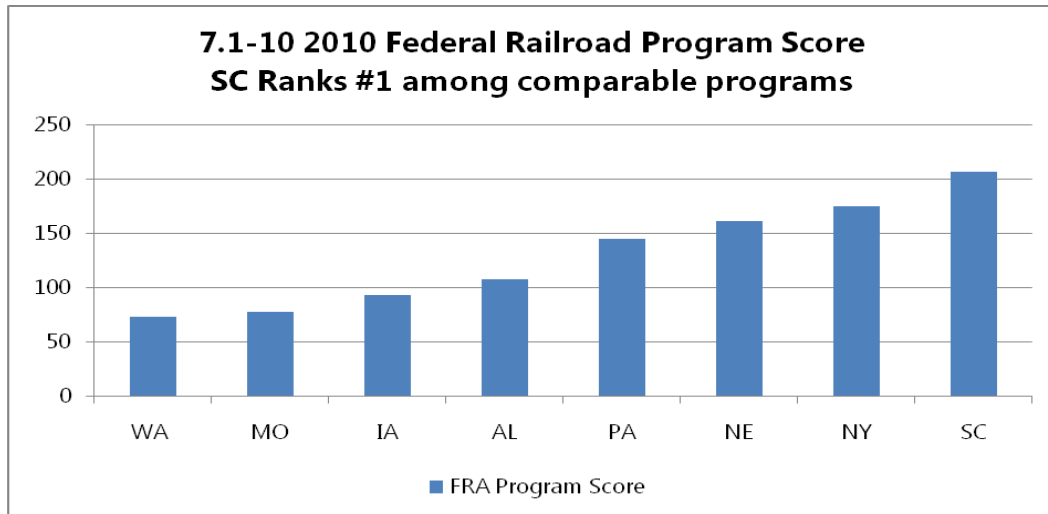
**Chart 7.1-9.** During FY 2010-2011, the ORS conducted 229 inspections consisting of emergency plan reviews, operations and maintenance procedure reviews, facility evaluations, new construction, operator qualification plans, and drug- and alcohol-abuse prevention plans. Findings from these inspections 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. The slight decrease in number of inspections (285 in FY 09-10) is attributable to 1) the variable nature of mandated inspections – i.e., certain types of inspections occur less frequently and the length of inspections may vary from a half-day to 5 or 6 days and 2) hazardous liquid inspections are no longer under the jurisdiction of the ORS; instead, they are conducted solely by federal authorities.

**7.1-9 Number of Inspections Categorized by  
Each Type of Jurisdictional Operator FY 10-11  
229 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 highest total program score in Calendar Year (CY) 2010. Nationwide, among *all* FRA programs, **South Carolina ranks fourth – compared to thirteenth in the prior year.**



**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 five consecutive years to attend FRA claims settlement conferences and defend violations. Thus far, all violations have been upheld.

As illustrated by Charts 7.1-11 and 7.1-12, ORS inspectors are thorough in their inspections of South Carolina’s railway system. Chart 7.1-11 illustrates that the ORS has discovered a higher percentage of defects per inspection for track than their federal counterparts for six consecutive years.

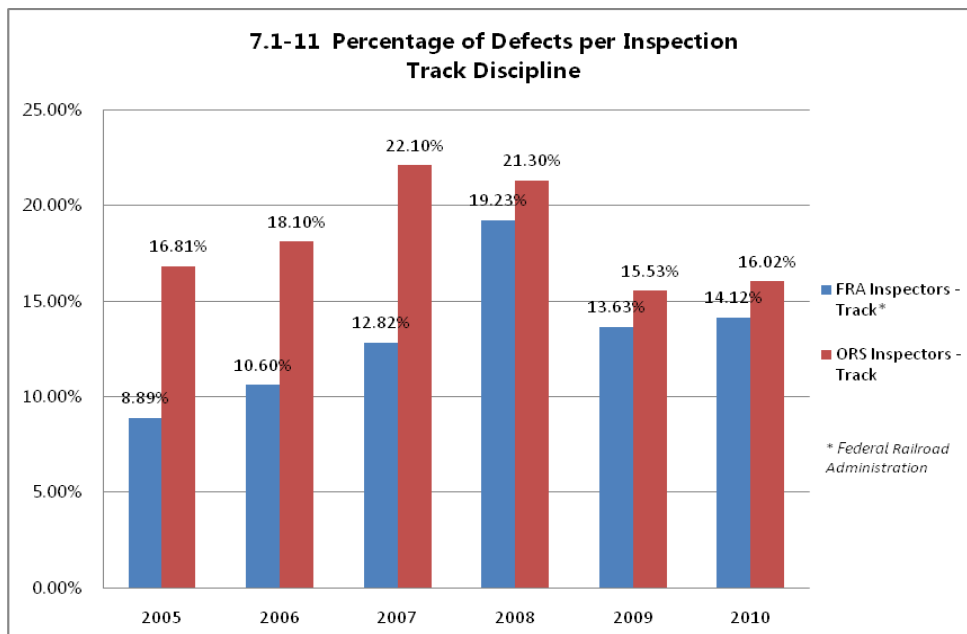
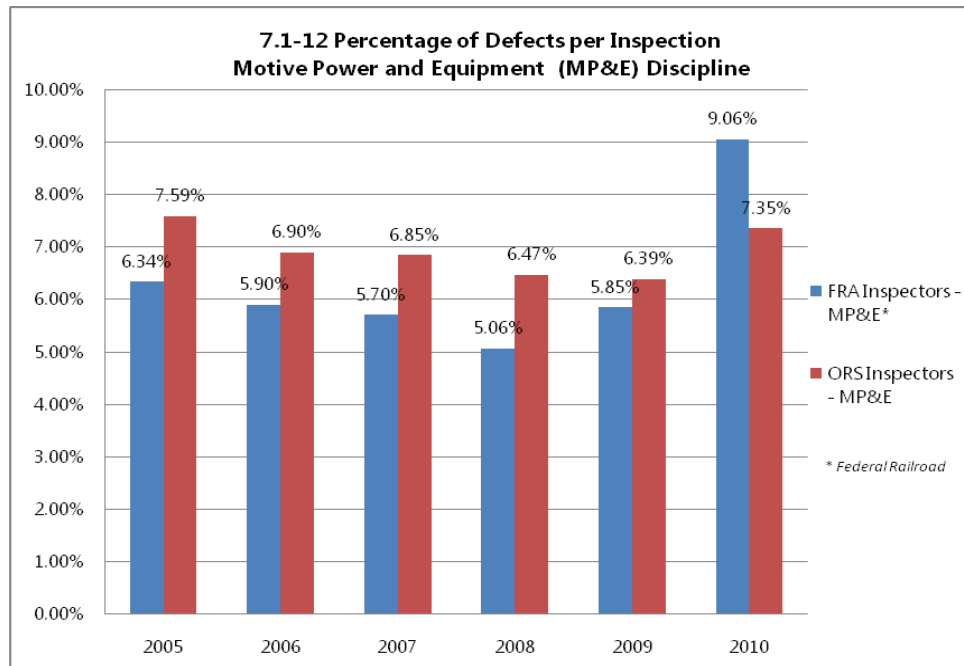


Chart 7.1-12 illustrates a similar pattern in motive power and equipment inspections. Fiscal Year 2010-2011 marks the first time that federal inspectors exceeded ORS inspectors in the number of defects discovered per inspection. During this fiscal year, a number of focused inspections --

performed by multiple FRA inspectors on a given day -- were conducted for motive power and equipment. These focused inspections would account for the rise in the per-inspection percentage of defects discovered by federal inspectors.



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

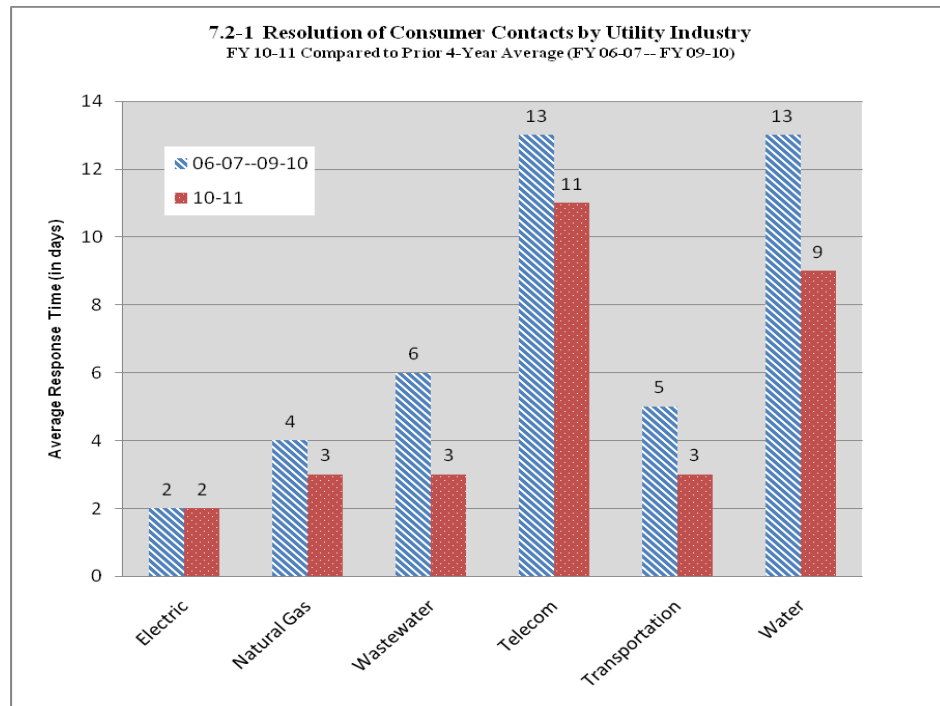
**Key Measure-Customer Satisfaction.** As noted earlier in this report, the Review Committee conducts an annual survey of individuals who have had contact with the ORS concerning matters filed with the Public Service Commission. This includes matters negotiated by the ORS as well as matters heard by 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 seven fiscal years (FY 04-05 through FY 10-11), the Consumer Services Department has recovered or saved consumers a total of approximately \$17 million.** Of this \$17 million, \$15 million represents 5 years' worth of recurring annual savings of \$3 million. These recurring savings are the result of an agreement reached in FY 06-07 between an electric investor-owned utility and some industrial customers. The total for FY 10-11 is \$3,255,524 and includes the \$3 million in recurring money and a one-time recovered amount of approximately \$117,000 given as a credit to electric customers residing in the same subdivision for overcharges on street lights.

During FY 2010-2011, the ORS processed a total of 3,086 consumer contacts. This total -- down somewhat from the prior year's 3,561 -- reflects the continued trend of less activity in telecommunications, likely as a result of the largest Incumbent Local Exchange Carrier's (ILEC) election to operate under the Customer 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

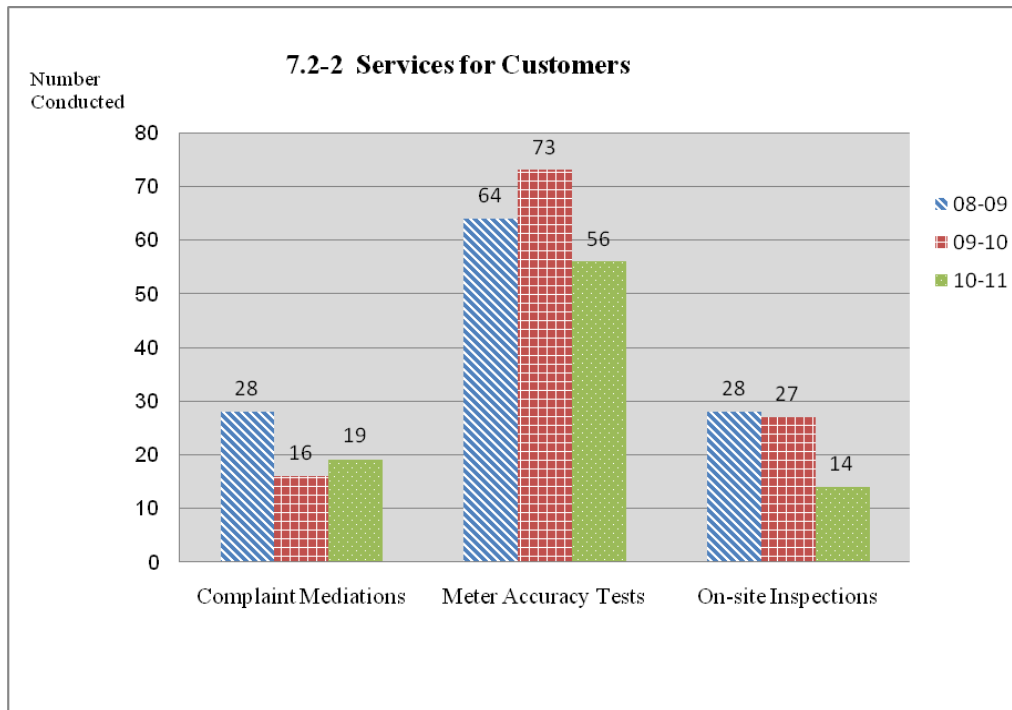
Commission of S.C.

**Chart 7.2-1.** This chart depicts the average length of time (in days) that the agency took to resolve consumer contacts during FY 10-11 compared to the prior 4-year average (FY 06-07 through 09-10). In all but one category, average response time decreased for FY 10-11 compared to the four-year average. In the remaining category, average response time for FY 10-11 equaled the four-year average. 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.



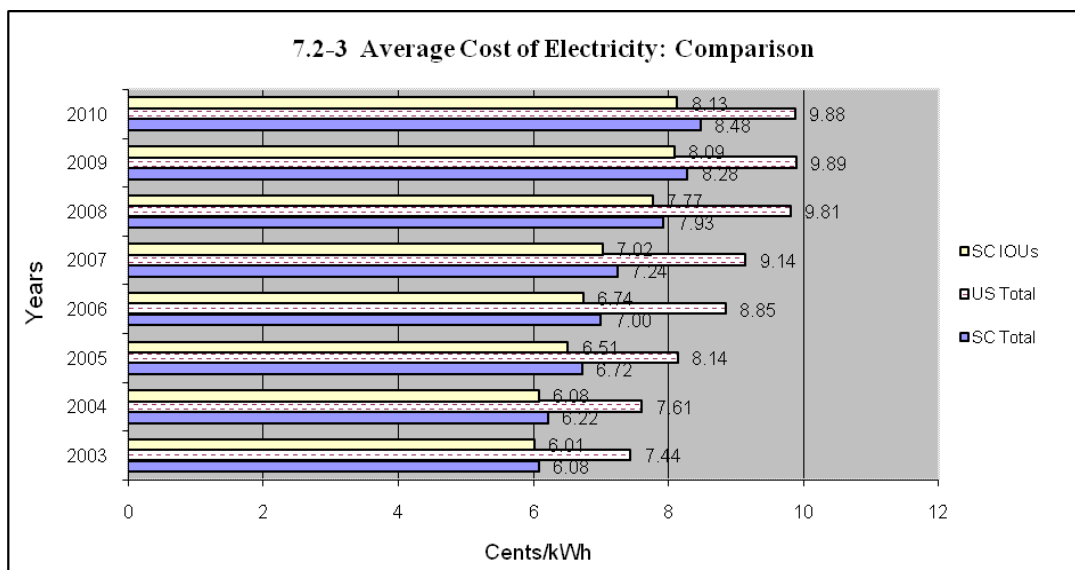
**Chart 7.2-2.** The ORS tracks several key services for consumers. In chart 7.2-2, showing the past three fiscal years, complaint mediations have increased slightly from the prior year while meter accuracy tests and on-site inspections have declined. The Consumer Services Department’s steady attempt to educate consumers via distribution of educational materials may be having a positive effect on reducing the need by consumers to request meter accuracy tests or on-site inspections. Over the past 3 fiscal years, the Department has distributed almost 30,000 pieces of consumer education literature to community action agencies around the State.





**Chart 7.2-3** 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 2003-2010. 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 2003-2010, 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 21.5% in 2010. The average cost of South Carolina's IOUs increased 2.12 cents during this period while the cost for the US increased by 2.44 cents, or approximately 15% more than for South Carolina's IOUs.



**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.

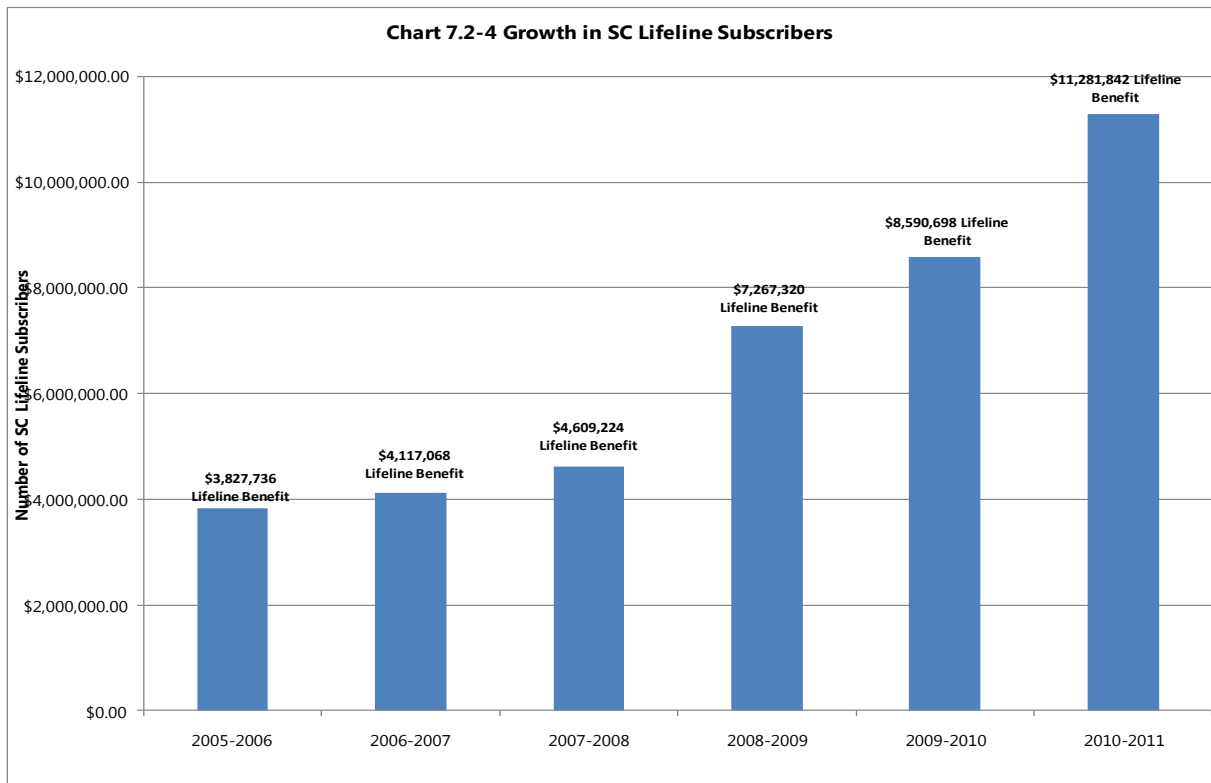
**Education** – In light of the continued strain on the economy, the ORS has focused its education efforts on remote education, thus using the Internet and other electronic and print media as a cost-efficient means of reaching stakeholders. Examples of these educational efforts include:

- 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

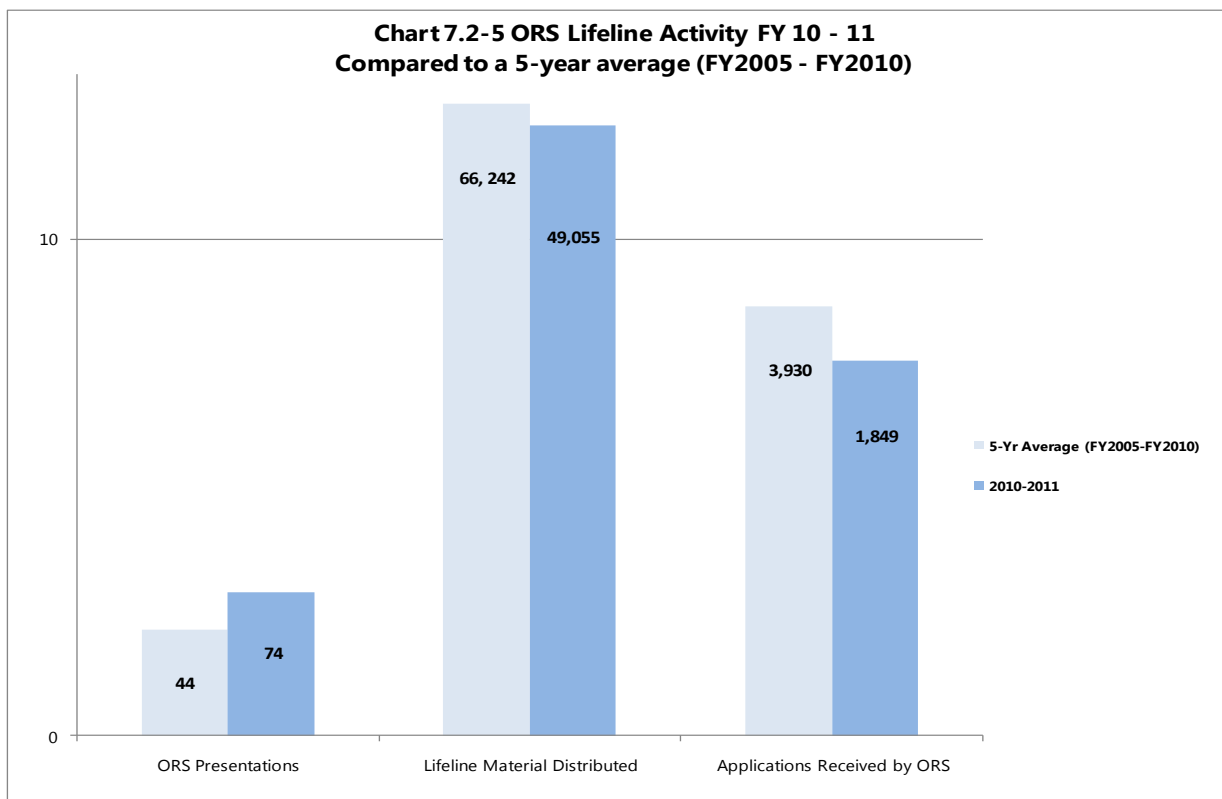
**Outreach – Charts 7.2-4 through 7.2-5.** The Lifeline and Link-up programs are a strong example of consumer outreach. The programs provide monetary assistance to low-income households for the installation and monthly usage fees of their landline telephone bills. The ORS administers the State’s Universal 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 three 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.

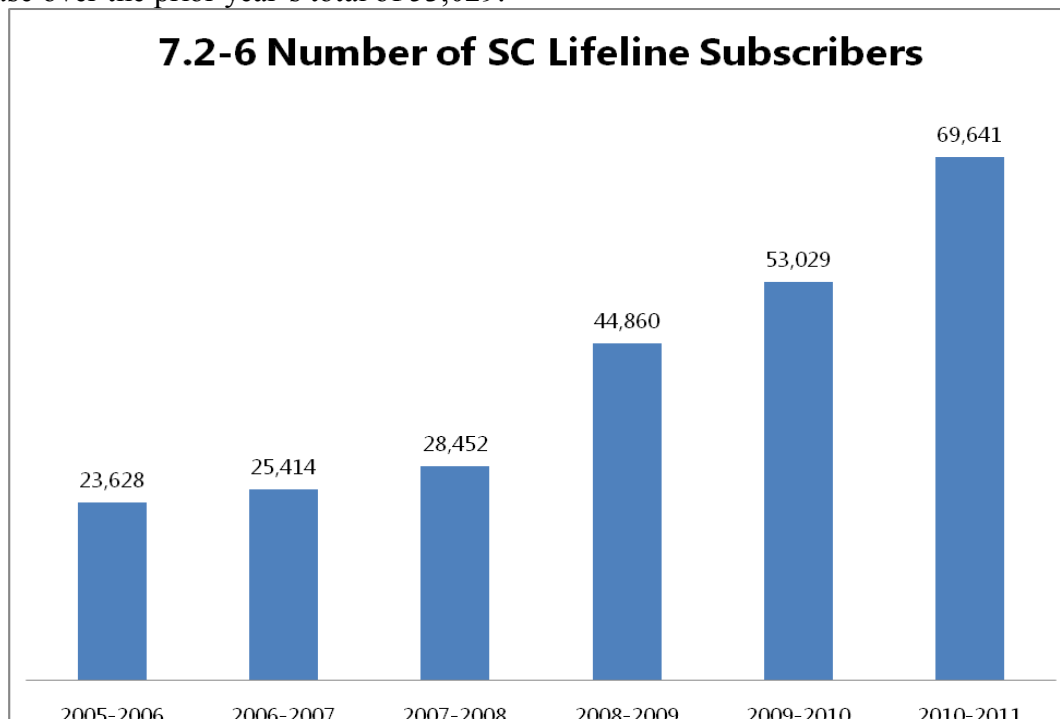
**Chart 7.2-4.** This chart illustrates the increase in the number of access lines statewide that are covered by the Lifeline program as compared to prior fiscal years. When taking into account the \$13.50 per month of both state (\$3.50) and federal (\$10.00) Lifeline subsidies per access line (one per household), this equates to an overall economic benefit to South Carolina households enrolled in the program of \$11,281,842 during FY 10-11.



**Chart 7.2-5.** Because of the continued grass-roots emphasis on enrolling new applicants, the ORS was able to intensify its outreach and training efforts in the field (hence, the increase in ORS presentations) while spending less effort on processing applications and distributing promotional materials. This was accomplished while *still yielding an increase in the access to Lifeline statewide.*



**Chart 7.2-6** shows the steady increase in the number of Lifeline subscribers in South Carolina. While program costs have remained fairly constant at around \$162,000 yearly, the Lifeline program has realized steady yearly gains in numbers of subscribers. The current year's total of 69,641 represents a 31% increase over the prior year's total of 53,029.



### **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 76% 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. In FY 10-11, ORS employees completed 2,665 hours of training. In FY 09-10, ORS employees completed 3,363 hours. However, as noted in last year's report, that unusually high number was mainly attributable to the training required to implement the financial and human resource components of the South Carolina Enterprise Information System (SCEIS) during that year.

The ORS monitors the turnover rate and EPMS scores for any trends of concern. The ORS turnover rate of 12% for FY 2010-2011 is equal to state government's average turnover rate, also 12%, for the same time period. While the ORS turnover rate is up considerably from the prior year's ORS rate of 0.15%, the increase is due mainly to retirement and private-sector recruitment incentives. ORS Human Resources uses a variety of reporting mechanisms to track employee data, such as years of service and eligibility for retirement, to stay abreast of the workforce-planning needs of the agency.

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 Finance Modules of the SCEIS system are utilized for receivables, payables, budget and financial reporting. The ORS also uses the Human Resources and Payroll Modules of the SCEIS system for payroll, benefits, and other personnel and human resource reporting and tracking. All ORS employees use MySCEmployee for leave reporting and personal employee data management.

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 Materials Management Module of the SCEIS system is used in the ORS processes for procurement.

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 adjustments to the process as dictated by the agency's needs.

In FY 10-11, the agency's Human Resources Department underwent an audit of its benefits records. The purpose of the audit was to ensure that the ORS complies with the policies and procedures of the Employee Insurance Program (EIP) in maintaining proper records pertaining to enrollment, notifications, and document retention. The agency received positive feedback from the audit and was found to be 100% compliant with EIP's protocol.

#### **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. Ten 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, the domestic violence victim deposit waiver program, the Palmetto Children's Hospital Holiday Toy Drive, the Muscular Dystrophy Jail-a-thon, periodic food donations to local charities, and Operation Lifesaver. 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.