

State Regulation of Public Utilities Review Committee

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MEMORANDUM

TO: Members of the General Assembly

FROM: Thomas C. Alexander

DATE: January 10, 2014

RE: Evaluations of the South Carolina Public Service Commission, Members of the South Carolina Public Service Commission, Office of Regulatory Staff, and Executive Director of the Office of Regulatory Staff, and Review of Annual Report from the South Carolina Energy Office

Pursuant to §58-3-530(3), (4), (6), (7), and (8), the Review Committee is required to evaluate the Public Service Commission (the commission), the members of the commission, the Office of Regulatory Staff (ORS), and the Executive Director of the ORS on an annual basis and submit the evaluations to the General Assembly. Pursuant to §58-3-530(15), the Review Committee is required to review the state energy action plan of the State Energy Office. Enclosed are the Review Committee's evaluations and review. Below we discuss the Review Committee's process for evaluating the agencies, the commissioners, the Executive Director of ORS, and the state energy action plan.

EVALUATION OF THE PUBLIC SERVICE COMMISSION

The Review Committee adopted goals and objectives for the commission for the review period with input from the commission. Subsequent to the review period, the commission provided to the

Review Committee a written report of its activities during the review period as they relate to those goals and objectives. Utilizing that report, the commission's Accountability Report, and information provided to the Review Committee throughout the review period, the Review Committee evaluated the actions of the commission. The Review Committee finds that the commission fulfilled all of the goals and objectives established in the evaluation document, as reflected in the Review Committee's attached detailed evaluation of the commission.

EVALUATION OF MEMBERS OF THE PUBLIC SERVICE COMMISSION

In order to evaluate the commissioners, the Review Committee sent a questionnaire to the commissioners requesting the following information:

- educational programs attended, sponsoring organizations, certificates or recognition received, a description of the topics, a summary of benefit to the commission, and how the program benefited the commissioner;
- professional organizations the commissioner is involved in, positions held, committees served on, descriptions of organizations' functions. Explanation of the benefits of participation to the commission, to the commissioner, and to the State of South Carolina (e.g., government, consumers, regulated utilities);
- events attended in the commissioner's official capacity, the sponsoring organizations, and descriptions of the activity (if speech or panel discussions, describe the topic);
- notable cases in which the commissioner took an active role, including the case name, the docket number, and a brief summary of the deliberations and decision;
- greatest accomplishments of the commission during the review period;
- the commissioner's most significant accomplishments as a commissioner during the review period; and
- areas where there is room for improvement and an explanation as to how the commissioner will take advantage of any opportunities for improvement.

The Review Committee also sent a survey to persons appearing before the commission and to commission employees in accordance with Section 58-3-530(5). The survey solicited information to determine whether the commissioner exhibited the qualities necessary to be an effective hearing officer and decisionmaker:

- the commissioner's understanding and communication of the goals and mission of the commission;
- the commissioner's familiarity and knowledge of public utility law;
- the commissioner's desire to increase his or her knowledge and skills;
- the commissioner's treatment of persons appearing before the commissioner;
- the commissioner's influence on employee morale and performance;
- the commissioner's adherence to applicable ethical standards; and
- the commissioner's assurance that hearings were conducted under dignified and orderly procedures.

Because the chairman of the commission is also the chief executive and administrative officer, the Review Committee also solicited input from persons appearing before the commission and

commission employees as to the effectiveness of the chairman's leadership and management of the commission. The Review Committee's assessment of each commissioner's performance during the review period is attached.

EVALUATION OF THE OFFICE OF REGULATORY STAFF

The Review Committee adopted goals and objectives for the ORS with input from the ORS. Subsequent to the review period, the ORS provided to the Review Committee a written report of its activities as they relate to those goals and objectives. Utilizing that report, the ORS's Accountability Report, and information provided throughout the review period, the Review Committee evaluated the actions of the ORS. The Review Committee finds that the ORS fulfilled all of the goals and objectives established in the evaluation document, as reflected in the Review Committee's attached detailed evaluation.

EVALUATION OF THE EXECUTIVE DIRECTOR OF THE OFFICE OF REGULATORY STAFF

In order to fulfill its duty to evaluate the performance of the Executive Director, the Review Committee sent a questionnaire to the Executive Director requesting the following information:

- educational programs attended, sponsoring organizations, certificates or recognition received, a description of the topics, and how the program benefited the ORS;
- professional organizations the Executive Director is involved in, positions held, committees served on, and descriptions of organizations' functions. Explanation of the benefits of participation to the ORS, to the Executive Director, and to the State of South Carolina (e.g., government, consumers, regulated utilities);
- events attended in the Executive Director's official capacity, the sponsoring organizations, and descriptions of the activity (if speech or panel discussions, describe the topic);
- notable cases in which the Executive Director took an active role, including the case name, the docket number, and a brief summary of the deliberations and decision;
- greatest accomplishments of the ORS during the review period;
- the Executive Director's most significant accomplishments as the Executive Director during the review period; and
- areas where there is room for improvement and an explanation as to how the Executive Director will take advantage of any opportunities for improvement.

Additionally, the Review Committee sent a survey to ORS employees and persons who interacted with the Executive Director, seeking their opinions with respect to the Executive Director's knowledge of public utility issues, his adherence to ethical constraints, his treatment of persons who interacted with him, his effect on employee morale, and his understanding of the goals and mission of the agency. The Review Committee's assessment of the Executive Director's performance during the review period is attached.

REVIEW OF THE STATE ENERGY ACTION PLAN OF THE STATE ENERGY OFFICE

Pursuant to §58-3-530(15), the Review Committee is required to review the state energy action plan of the State Energy Office. The State Energy Office Director, Ashlie Lancaster, submitted the plan and provided an overview at the Review Committee's meeting on October 8, 2013.

If you have any questions, please contact Heather Anderson at (803) 212-6208.

**2012-2013 Public Service Commission Strategic Planning
Evaluation Period July 1, 2012 - June 30, 2013**

MISSION

The Public Service Commission serves the public by providing open and effective regulation and adjudication of the state's public utilities, through consistent administration of the law and the regulatory process.

GOALS

To carry out its mission, the Commission should be **EFFECTIVE, PROGRESSIVE,** and **PERTINENT** in its operations, regulations, communications, and technology.

EFFECTIVE

In order for the Commission to serve the public interest, it must consistently provide timely and effective regulation of investor-owned utilities.

1. **The Commission continuously identifies opportunities to improve the Agency's adjudicative process.**
 - ✓ The commission continued to utilize its new customer complaint procedure to schedule customer complaint hearings within 45 days of filing.
 - ✓ The Commission reviewed its public night hearing procedures and created an audio visual publication for the public's use to prepare for a public hearing before the PSC. The guide is intended to help the public feel more comfortable with the processes of the Commission and is available on the Commission's website.
 - ✓ The Commission created a *pro se* litigants guide, which contains information on how to file a complaint, how to intervene in a case, the hearing process, and terms and definitions. This guide, as well as an audio visual "introduction" to the guide in its entirety, is available on the Commission's website.
 - ✓ The Commission created an audio visual guide for the PSC's rate case process. This guide, as well as an interactive version, is available on the PSC's website.

2. The commission identifies and presents regulatory proposals to the Public Utilities Review Committee (PURC) and the General Assembly.

- ✓ The Commission surveyed its stakeholders to identify opportunities for improvement in the regulatory process and has submitted proposed statutory amendments regarding legal representation of the Commission before Appellate Courts.

3. The commission uses technology to increase its effectiveness.

- ✓ The Commission implemented the Electronic Service of Orders System ("eService System"), which has made the process of issuing orders process more efficient and has reduced costs.
- ✓ The Commission continued to work with the Office of Regulatory Staff to maintain, update, and utilize a database of utility information, which is accessible to each agency. The Commission staff updated the database with new applications and name changes and provided input regarding software upgrades for the system.
- ✓ The Commission surveyed members of the Advisory Committee and the public who submitted feedback regarding the Commission's websites. The Commission is evaluating the responses to determine what improvements will be made. Most of the suggestions expressed the desire for additional information to be made available.
- ✓ The Commission continued to add matters to a group of existing dockets to increase the information available on DMS for pre-2005 dockets, including purchased power agreements, transmission lines, the issuance and sale of securities, and the Columbia Area Transit System. It also updated its Order Index System.
- ✓ The Commission transitioned its computer and technology needs to the Department of State Information Technology (DSIT). DSIT has supported the role of wireless capability throughout the Commission's offices and Hearing Room, which allows for effective communication among staff and allows visitors the opportunity to remain connected.
- ✓ In October, the Commission transitioned its website in order to make it more user-friendly, featuring "Quick Links" for items our users access frequently.

PROGRESSIVE

In order for the Commission to serve the public interest, it must be progressive in its analysis of the issues before it.

1. The commission staff provided expert support to the commissioners through analysis and collaboration.

- ✓ The Commission hosted several in-house educational seminars on regulatory topics. It hosted four sessions conducted by experts affiliated with the SNL Knowledge Center and Michigan State University's Institute of Public Utilities. Topics for these workshops ranged from *Fundamentals of Gas and Utility Rates* to *Principles of Valuation in the Power Sector*.

- ✓ The Commission teamed up with the National Association of Regulatory Utility Commissioners (NARUC) to host two workshops. The workshops covered issues relating to the new EPA regulations and cybersecurity.
- ✓ The Commission maintains a database of technical and legal research for reference material. Over 100 items were added during the fiscal year, bringing the contents of the database to approximately 600 items, originating from past working documents and presentations. New material will continue to be added.

2. The commission strictly adhered to state ethics laws and the Code of Judicial Conduct.

- ✓ The Commission conducted its annual ethics training for commissioners and staff. The Commission invited attorneys with varying professional backgrounds to conduct the training, who covered ethics from his/her professional perspective, providing real-life anecdotes. The Commission also acquired two hours of ethics training from videos available through the South Carolina Bar Association.
- ✓ The Commission provided commissioners and staff regular updates on ethics through its publication of the *PSC Ethics Watch*. The newsletter contains articles of interest pertaining to ethics, such as reports of ethical violations and selected judicial advisory opinions.
- ✓ The Commission monitored developments in ethics reform legislation throughout the 120th session of the South Carolina General Assembly.
- ✓ The Commission responded to ethical issues throughout the year and provided guidance and training when necessary.

PERTINENT

The Commission's activities must be pertinent.

1. The commission maintained an ongoing dialogue with various stakeholder groups regarding the PSC's regulatory mission.

- ✓ The Commission surveyed its stakeholders (attorneys, utilities, and consumers) to determine whether regulatory needs were being met and where improvements could be made. Members of the Commission's Advisory Committee contribute helpful suggestions, and during the fiscal year, the Commission surveyed these members to determine whether regulatory needs are being met and where improvements can be made in the regulatory process.
- ✓ The Commission monitored developments on the federal level affecting South Carolina's regulatory process and drafted appropriate responses, when necessary. The Commission and ORS worked to establish a joint FERC/state regulatory board to address federal matters that

impact the states. Commissioners and staff participated in conferences, webinars and teleconferences to stay up to date on federal matters that affect South Carolina.

2. Commissioners and staff were active in professional organizations and utilized an effective public information program.

- ✓ Members of the Commission, including staff, actively participated in NARUC, SEARUC, NRRI and other national organizations. Some of the Commissioners achieved positions of leadership within these organizations.
- ✓ The Commission reports agency news and relevant industry news through the Commission's website, the *PSCNews* (the agency's newsletter), and press releases. The *PSCNews* newsletter is posted on the agency's website, and agency press releases are communicated via email to affected newspapers, and television and radio stations for inclusion in their publications/broadcasts. The newsletter is also distributed in electronic format to groups associated with the PSC.

3. The Commission supported initiatives to balance community and professional development activities.

- ✓ The Commission recognized and supported employee involvement in community activities as well as encouraged activities to promote a healthy lifestyle. Some of the beneficiaries of the community service included Harvest Hope Food Bank, the American Cancer Society, the American Red Cross, the Colorectal Cancer Action Committee, Boy Scouts of America, Sistercare, Salvation Army, Rotary Clubs, the United Way of the Midlands, and Community Health Charities.
- ✓ The Commission recognized and supported its employees' community involvement by featuring articles in its Wellness and Agency Newsletter.
- ✓ The Commission encouraged its workforce to maintain healthy lifestyles by providing opportunities that promoted wellness and increased awareness of the importance of living a healthy lifestyle. The Commission has a prevention and wellness program in place to educate its workforce on good health practices for the home and workplace.
- ✓ The Commission continued its effort to recognize outstanding performance of its employees by utilizing its employee recognition program and issued surveys to the Commission staff for suggestions to improve this program.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

John E. "Butch" Howard
South Carolina Public Service Commission
Seat: First Congressional District
Review Period: July 1, 2012 - June 30, 2013

Commissioner Howard was initially elected to the commission on March 3, 2000, and was reelected on May 1, 2013. During his tenure, he has taken advantage of many opportunities to expand his understanding of public utilities issues. Commissioner Howard is an active member of NARUC and SEARUC; serves on the following NARUC committees: Clean Coal, Education & Research, and International Relations. He is the former chairman of the NARUC Committee on Water and a former member of the NARUC Board of Directors.

Commissioner Howard exhibits a desire to increase his knowledge and skills by attending educational programs and seminars. He attended the following educational programs and events:

- NARUC meetings;
- Declining Water Consumption, a "think tank" to discuss declining water consumption and its impact on declining revenues;
- NAWC Water Summit;
- NARUC Water Rate Schools, in which he represented NARUC's Education and Research Committee on the faculty;
- Critical Consumer Issues Forum;
- SEARUC Commissioners Only conference, during which he moderated a panel on issues facing small water systems;
- Commissions Chat, sponsored by Barclay Investors, during which he participated on a panel;
- SEARUC conference; and
- Numerous ex parte briefings, workshops and seminars, including ethics, held in Columbia.

Commissioner Howard serves on the Current Issues Advisory Council, which is sponsored by New Mexico State University. He is a NARUC appointee to the Water Research Foundation and to the Government Coordinating Council-Water Sector.

Based on surveys of persons appearing before the commission and commission employees, Commissioner Howard is courteous to all persons appearing before him, is impartial in his treatment of persons appearing before him, has a positive effect on employee morale, and is respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Howard.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

David A. Wright
South Carolina Public Service Commission
Seat: Second Congressional District
Review Period: July 1, 2012 - June 30, 2013

Commissioner Wright retired from the Public Service Commission on May 31, 2013. He was initially elected on March 3, 2004, and re-elected on May 19, 2010. He was serving as the PSC Chairman at the time of his retirement. During his tenure, he had taken advantage of many opportunities to expand his understanding of public utilities issues.

During the review period, Commissioner Wright was an active member of NARUC and SEARUC. He assumed the office of the President of NARUC in November 2011. He was the President of the NARUC Executive Committee and Board of Directors, served as a member on the following NARUC committees: Washington Action, Electricity, Subcommittee on Nuclear Issues and Waste Disposal. He was member of the Keystone Energy Board and the Advisory Board of the Electric Power Research Institute. He also served as chairman of the Nuclear Waste Strategy Coalition.

Commissioner Wright attended various educational programs and events during this review period, including NARUC meetings and various educational programs and events.

Based on surveys of persons appearing before the commission and commission employees, the committee finds that Commissioner Wright was courteous to all persons appearing before him, was impartial in his treatment of persons appearing before him, had a positive influence on employee morale, and was respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Wright.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

Randy Mitchell
South Carolina Public Service Commission
Seat: Third Congressional District
Review Period: July 1, 2011 - June 30, 2012

Commissioner Mitchell retired from the Public Service Commission on June 30, 2012. He had served on the PSC since July 1, 1998. During his tenure, he had taken advantage of many opportunities to expand his understanding of public utilities issues.

During the review period, Commissioner Mitchell was an active member of NARUC and SEARUC. He was appointed to the FCC Federal-State Joint Board on Universal Service. He served as a member on NARUC's Committee on Critical Infrastructure, Committee on Telecommunications, and the FCC-NARUC Advanced Services Conference.

Commissioner Mitchell attended various educational programs and events during this review period, including NARUC meetings and various educational programs and events:

Based on surveys of persons appearing before the commission and commission employees, Commissioner Mitchell was courteous to all persons appearing before him, was impartial in his treatment of persons appearing before him, had a positive influence on employee morale, and was respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Mitchell.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

Elizabeth “Lib” Fleming
South Carolina Public Service Commission
Seat: Fourth Congressional District
Review Period: July 1, 2012 - June 30, 2013

Commissioner Fleming was initially elected March 3, 2004, and was most recently reelected May 19, 2010. During her tenure, she has taken advantage of many opportunities to expand her understanding of public utilities issues. She is an active member of NARUC and SEARUC. Commissioner Fleming is a member of the NARUC Committee on Critical Infrastructure, Committee on Electricity, the White House Smart Grid Working Group, the Eastern Interconnection States Planning Council (EISPC) and the Eastern Interconnection Planning Council, Sector Steering Council. She is also a member on the New Mexico State University Center for Public Utility Advisory Committee. She also serves as a board member for the National Regulatory Research Institute.

Commissioner Fleming exhibits a desire to increase her knowledge and skills by attending educational programs. She attended the following educational programs and events:

- NARUC meetings (summer, annual and winter);
- Three Interconnections: Facing the Future with Interconnection-Wide Planning;
- Women's Emerging Issues Policy Forum;
- Emerging Issues Policy Forum, during which she participated on a panel;
- Current Issues 2013 conference, during which she participated on a panel;
- Institute for Regulatory Law & Economics;
- SEARUC annual conference, during which she participated on a panel;
- Electric power Research Institute Summer Seminar, on which she participated on a panel to discuss cybersecurity;
- Utilities 2020 Project Dialogue, during which she participated in a round table discussion regarding new utility business models and new regulatory approaches; and
- Various ex parte briefings and workshops, including ethics.

Based on surveys of persons appearing before the commission and commission employees, Commissioner Fleming is courteous to all persons appearing before her, is impartial in her treatment of persons appearing before her, has a positive influence on employee morale, and is respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Fleming.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

G. O'Neal Hamilton
South Carolina Public Service Commission
Seat: Fifth Congressional District
Review Period: July 1, 2012 - June 30, 2013

Commissioner Hamilton was initially elected on March 3, 2004, and was reelected on May 1, 2013. He is an active member of NARUC and SEARUC. He is a member of the National Petroleum Council Advisory Committee (NPC) and the Gas Technology Institute Advisory Board. He serves as an advisor to the NARUC Gas Committee and is a member of the NARUC Board of Directors. During his tenure, he has taken advantage of many opportunities to expand his understanding of public utilities issues.

Commissioner Hamilton exhibits a desire to increase his knowledge and skills by attending educational programs. He attended the following educational programs and events:

- NARUC meetings (annual, summer and winter);
- SEARUC summit and annual meeting;
- NAWC Water Summit;
- Gas Technology Institute, Public Advisory Committee;
- Emerging Issues Policy Forum; and
- Various ex parte briefings and seminars, including ethics.

Based on surveys of persons appearing before the commission and commission employees, Commissioner Hamilton is courteous to all persons appearing before him, is impartial in his treatment of persons appearing before him, has a positive influence on employee morale, and is respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Hamilton.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

Nikki Hall

South Carolina Public Service Commission

Seat: Sixth Congressional District

Review Period: July 1, 2012 - June 30, 2013

Commissioner Hall was initially elected to the commission on May 19, 2010. She is an active member of NARUC. Commissioner Hall is a member of NARUC's Energy Resources and the Environment Committee, is the vice chair of the Utility Market Access Committee, and is the co-chair of the Washington Action Committee. Commissioner Hall has taken advantage of many opportunities to expand her understanding of public utilities issues.

Commissioner Hall exhibits a desire to increase her knowledge and skills by attending educational programs. She attended the following educational programs:

- NARUC meetings (annual and winter);
- Emerging Issues Policy Forum;
- Vogtle Nuclear Study Tour;
- Eastern Utility Rate School;
- SEARUC Summit and annual conference; and
- Various ex parte briefings and workshops, including ethics.

Based on surveys of persons appearing before the commission and commission employees, Commissioner Hall is courteous to all persons appearing before her, is impartial in her treatment of persons appearing before her, has a positive influence on employee morale, and is respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Hall.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE
PERFORMANCE EVALUATION

Swain E. Whitfield
South Carolina Public Service Commission
Seat: At-Large Congressional District
Review Period: July 1, 2012 - June 30, 2013

Commissioner Whitfield was initially elected on July 1, 2008, and was reelected on May 1, 2013. During his tenure, he has taken advantage of many opportunities to expand his understanding of public utilities issues. He is an active member of NARUC and SEARUC. He is member of the NARUC Committee on Gas and the NARUC Committee on Critical Infrastructure. He is also a member of NARUC's Pipeline Safety Task Force, Washington Action Committee and Nuclear Waste Committee.

Commissioner Whitfield exhibits a desire to increase his knowledge and skills by attending educational programs. He attended the following educational programs:

- NARUC meetings (winter, summer, and annual), and he moderated a panel for the Gas Committee on Natural Gas long term contracts at the annual meeting ;
- SEARUC meeting;
- Amos Coal Fired Plant tour, sponsored by NARUC;
- NAWC Annual Water Summit;
- Vogtle Nuclear plant tour, sponsored by NARUC; and
- Various ex parte briefings, forums and seminars, including ethics.

Based on surveys of persons appearing before the commission and commission employees, Commissioner Whitfield is courteous to all persons appearing before him, is impartial in his treatment of persons appearing before him, has a positive influence on employee morale, and is respected by attorneys and persons appearing before the commission. The committee's review revealed no evidence of unethical behavior by Commissioner Whitfield.

EXHIBIT C

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE PERFORMANCE EVALUATION

AGENCY: South Carolina Office of Regulatory Staff

PERIOD: July 1, 2012 - June 30, 2013

MISSION: The Office of Regulatory Staff represents the public's 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.

ORS MISSION

THE ORS REPRESENTS THE PUBLIC INTEREST BY BALANCING THE CONCERNS OF THE USING AND CONSUMING PUBLIC, THE FINANCIAL INTEGRITY OF PUBLIC UTILITIES, AND THE ECONOMIC DEVELOPMENT OF SOUTH CAROLINA.

GOAL:

THE ORS IS RESPONSIVE TO THE PUBLIC.

A. OBJECTIVES/ACTION ITEMS

- ✓ The ORS resolves consumer complaints in a timely manner.
- ✓ The ORS provides technical regulatory assistance to public utilities.
- ✓ The ORS solicits public input on emerging issues.
- ✓ The ORS optimizes consumer education and outreach efforts by publishing brochures, fliers, and booklets and by communicating consumer-oriented information and news via its web site and participation in public forums.
- ✓ The ORS provides press releases and alerts to media when newsworthy matters involving public utilities arise.
- ✓ The ORS responds to requests for assistance from the Governor, legislators, and others.

Comments:

The Office of Regulatory Staff accomplished all of the objectives and action items listed above. The ORS has continued to be very responsive to the public in FY 12-13 and maintained a helpful presence in both traditional mainstream media and on the ORS and SC.Gov websites. The ORS processed

approximately 2,799 complaints and inquiries and saved consumers approximately \$3,198,673. Three million dollars of this total is attributable to recurring cost savings initiated in a FY 06-07 agreement with a certain investor-owned utility as to offering real-time price signals. The balance includes a \$103,000 annual savings beginning in FY 12-13 as the result of the ORS recovery for a sewer customer. Over the past nine fiscal years the ORS Consumer Services Department has recovered or saved consumers a total of approximately \$23 million. ORS again worked with investor-owned electric and gas utilities and women's shelters to waive the initial credit and deposit requirements for 24 domestic violence victims and continued successful programs such as Safety Net and Lifeline. Over the previous seven fiscal years ORS has assisted 259 domestic violence victims. ORS distributed 54,000 Lifeline brochures in FY 12-13 and fielded over 5,500 calls on the program from consumers. It hosted the 2013 Southern Region Conference of the National Pipeline Safety Representatives. The agency's Pipeline Safety Supervisor served as the Chairman of the Southern Region of the National Association of Pipeline Safety Representatives. ORS held transportation forums at various locations throughout the State with attendance at each event averaging around 40 consumers. In FY 12-13, ORS responded to 41 FOIA requests, 102 technical electric related inquiries, over 600 telecommunication inquiries, 34 technical gas inquiries (11 related to pipeline safety), and logged 13,027 responses to transportation inquiries. ORS received and responded to an average of 372 incoming public calls per week in FY 12-13. ORS provided materials for consumer education, including distribution of 14,508 of nine consumer brochures, participated in community meetings and provided presentations at various seminars. ORS staff has continued to provide prompt and adept assistance to legislators and legislative staff when contacted with technical and constituent questions. In FY 12-13, the ORS responded to 55 requests from the Governor's Office and members of the S.C. General Assembly and 99 requests from the media. In sum, the agency continued to be one of the most responsive agencies in state government during FY 12-13.

GOAL:

THE ORS PROMOTES EXCELLENCE IN EACH REGULATED INDUSTRY.

B. OBJECTIVES/ACTION ITEMS

- ✓ The ORS analyzes and evaluates the performance of public utilities.
- ✓ The ORS equitably enforces the laws, rules, and regulations relating to public utilities.
- ✓ The ORS minimizes the regulatory burden on public utilities by providing technical assistance, streamlining processes, and communicating expectations.

Comments:

The Office of Regulatory Staff accomplished all of the objectives and action items listed above. The ORS continued to promote excellence in regulated industries and monitored the performance of public utilities in SC through 283 reviews and audits in FY 12-13, including reviews of: Duke Energy Carolina (annual base rate for fuel costs, rate case, merger with Progress Energy, demand side management and energy efficiency rider), South Carolina Electric and Gas (reports for V.C. Summer nuclear facility

units 2 and 3, rate case, annual fuel review, transmission siting, and update on demand side management), Piedmont Natural Gas Company (Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies, annual filing for adjustment in its rates and charges under S.C.'s gas Rate Stabilization Act). ORS also conducted 272 compliance audits of regulated transportation carriers. ORS prepared the Telecommunications Competition Report, evaluating the stats of competition in S.C. and conducted audits of 76 telecommunications companies participating in the S.C. Universal Service Fund. ORS also conducted an audit and filed testimony related to the cost recovery filing of the operator of S.C.'s only low level radioactive waste disposal facility. The ORS achieved 99% compliance in Water/Wastewater utilities' submission of annual reports and maintained 100% compliance of water/wastewater performance bond compliance (for the third year in a row). It received a perfect score for calendar year 2011 from the Pipeline and Hazardous Materials Safety Administration. ORS also continued to verify railroad safety by way track and motive power and equipment inspections around the State.

GOAL:

THE ORS' OPERATIONS PROVIDE VALUE TO THE CITIZENS OF SOUTH CAROLINA IN THAT THE AGENCY'S EXPENDITURES ARE FOCUSED ON ACCOMPLISHING ONE OR MORE OF THE PERFORMANCE MEASURES.

C. OBJECTIVES/ACTION ITEMS

- ✓ The ORS represents all facets of the public interest consumers, public utilities, and the economic well being of South Carolina by facilitating settlement discussions among parties and by conducting mediations.
- ✓ The number of complaints processed, audits performed, enforcement actions brought, technical regulatory assistance provided, and commission proceedings participated in justify the number of employees and operational costs of the ORS.
- ✓ The societal benefits of utility rate stability and affordability, financial performance, infrastructure investment, competition, and environmental protection exceeds the monetary costs of the ORS' operations.

Comments:

The Office of Regulatory Staff accomplished all of the objectives and action items listed above and made prudent use of its expenditures to provide value to the citizens of SC in FY 12-13. The ORS facilitated 32 settlement agreements during FY 12-13, generating total customer savings of approximately \$83 million. Some of the notable cases in which ORS participated and facilitated a settlement, resulting in savings to South Carolinians, include Duke Energy's annual fuel review (savings of \$2,086,656), SC Interim LEC Fund Adjustment (\$8,412,669), SCE&G rate case (\$54,426,072), SCE&G BLRA request for revised rates (\$4,598,087), and the Duke-Progress Energy merger(\$8,870,892). Since its inception, ORS has facilitated a total of 374 settlements and agreements with monetary savings of over \$1.4 billion. In the Economic development realm, ORS provided 42 comment letters in response to 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. Specific examples of economic development include Continental Tire, Sarlaflex, Nexans High Voltage USA Inc., and Nephron Pharmaceuticals. ORS evaluated and analyzed 95 new docketed cases before the PSC to identify issues and develop positions to prepare the cases for hearing or other resolution. ORS appeared before the PSC in 52 hearings.

GOAL:

THE ORS IS ALERT AND ANTICIPATES STATE AND FEDERAL REGULATORY AND INDUSTRY DEVELOPMENTS AND THEIR EFFECTS ON SOUTH CAROLINA.

D. OBJECTIVES/ACTION ITEMS

- ✓ The ORS consults with and/or retains recognized experts to assess emerging trends or specific issues.
- ✓ The ORS reviews, analyzes, and monitors regulatory, statutory, and judicial decisions or trends on both the federal and state levels with regard to utility regulation. The ORS gathers and provides input, participates, or takes other appropriate action when necessary.

Comments:

The Office of Regulatory Staff accomplished all of the objectives and action items listed above. The ORS evaluated how rule changes implemented by the Federal Communications Commission (FCC) would affect state programs and took appropriate action. The ORS is monitoring a petition filed by AT&T with the FCC regarding a transition of telecommunications technology, which also includes a request for further deregulation. The ORS also continues to monitor the Transcontinental Interstate Gas filing with the Federal Energy Regulatory Commission that would impact prices for gas systems in S.C. ORS staff attended industry-specific workshops and meetings regionally and on the national level to discuss various trends and emerging issues.

GOAL:

THE ORS' OPERATIONS ARE MARKED BY PROFESSIONAL EXCELLENCE.

E. OBJECTIVES/ACTION ITEMS

- ✓ The ORS manages human resources and human resource systems to hire and retain qualified personnel who will carry out the mission of the ORS.
- ✓ The ORS executive director and staff maintain and enhance their knowledge by attending conferences and meetings, keeping abreast of best regulatory practices in other states, and participating in ethics training and other types of internal and external professional training.
- ✓ The ORS embraces the implementation of technology in the workplace.
- ✓ The ORS responds to requests for assistance from the Governor, legislators, and others.

- ✓ The ORS coordinates with other state and federal agencies.

Comments:

The Office of Regulatory Staff accomplished all of the objectives and action items listed above. The ORS's operations are unmistakably marked by professional excellence. ORS continues to monitor expenses and streamlined processes to provide cost savings. One example is where ORS reduced the cost of data processing services by working with the S.C. Department of State Information Technology to reduce monthly charges and the number of computers in use. ORS continuously collaborates with various other agencies at the federal, state, and local level as such coordination is within the spirit of Act 175. The ORS staff continues to receive training in ethics, the regulatory environment, and service delivery which has ensured that ORS will continue the high standards of excellence the public has come to rely upon. The ORS also continues to collaborate with federal, state, and local agencies and entities, both public and private, and the consensus among these groups continues to be that the ORS is an agency to be congratulated and appreciated.

EXHIBIT D

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE PERFORMANCE EVALUATION

C. Dukes Scott, Executive Director Office of Regulatory Staff

Review Period: July 1, 2012 - June 30, 2013

C. Dukes Scott was appointed as Executive Director of the Office of Regulatory Staff (ORS) on July 1, 2004. Prior to his appointment as Executive Director, Mr. Scott served in many capacities in public service, beginning as a staff attorney at the South Carolina Public Service Commission (the commission), progressing to executive assistant to the commissioners, general counsel, and deputy director of the commission. He was elected to the commission in 1994 and was elected as an administrative law judge in 1999. He also worked in private practice in the public utility arena. Mr. Scott brings a wealth of experience in the public utility and administrative law areas to his position as Executive Director, and has been very successful in his ability to balance all aspects of the public interest with an open-door style that engenders cooperation, even among those with competing interests.

Mr. Scott is committed to excellence and leads by example, giving his staff a clear direction of the agency's mission and the standards it should follow to achieve that mission. He upholds the highest standards of professionalism in his conduct, work ethic, and his interactions with utilities, regulatory bodies, and the using and consuming public. He continues to work diligently to make ORS a model of integrity and efficiency in state government. He credits his professional and thorough staff for the successes of the agency and has consistently developed the skill and dedication that consumers and utilities have always been able to expect from the ORS. He encourages his employees to grow professionally and expects high standards from them.

Mr. Scott's knowledge of the broad spectrum of public utility issues is unparalleled in this state. During FY 12-13, he balanced service on numerous committees while leading the ORS toward reaching positive outcomes in many ongoing projects, negotiations and cases. Some of the projects and negotiations in which the ORS has been involved this past year include the ongoing construction of two new units at the V.C. Summer Plant, 283 regulatory reviews and audits, 32 settlement agreements, rate cases for Duke Energy and SCE&G, and monitoring of federal rule changes that affect the Universal Service Fund and the Transcontinental Interstate Gas Filing that would impact prices for gas systems in S.C. From the agency's inception through June 30, 2012, Mr. Scott's efforts as director have resulted in 374 settlements and agreements generating savings to consumers currently estimated at \$1.4 billion. More than \$83 million in savings occurred during FY 12-13.

During FY 12-13, Mr. Scott continued to serve on the State Regulation of Public Utilities Review Committee Energy Advisory Council, The S.C. Interagency Transportation Coordination Council, The Eastern Interconnection States Planning Council (EISPC), The EISPC Energy Zones Workgroup, S.C. Energy Advisory Committee, and on the Board of Directors of Palmetto Clean Energy. These activities demonstrate Mr. Scott's commitment to areas that allow him to best build upon recognition for the ORS and its role among state and federal agencies, legislators, the media, consumers, and utilities. Mr. Scott is also civically active, holding positions of leadership in Forest Lake Presbyterian Church, the Board of

the Brookland-Cayce Foundation, and the Foundation's Advisory Committee. The Executive Director was also called upon to share his experience, knowledge, and expertise with numerous groups during FY 12-13, including Kiwanis Club of Orangeburg, EMD Governor's Conference, S.C. Energy Users Committee, and at SEARUC.

As in past years, surveys of parties or other persons that interacted with Mr. Scott confirm that he is professional, courteous, impartial, fair, and highly ethical in his dealings with utilities and other stakeholders. Mr. Scott enjoys the highest level of respect from parties and others who interacted with him during the review period. ORS employee surveys also continue to confirm that Mr. Scott provides valuable leadership and sound guidance to his employees. He is highly respected and well-liked by his staff. It is clear from the surveys that Mr. Scott creates a positive work environment and leads by example to foster an agency that is responsive to the public and all other stakeholders. Mr. Scott is a compassionate advocate for consumers and a tenacious watchdog for the public interest of South Carolina. He excels in all aspects of his job and is an effective administrator, an outstanding public servant, and an invaluable resource for this state.

REVIEW OF THE STATE ENERGY ACTION PLAN OF THE STATE ENERGY OFFICE

The State Energy Office is charged by Section 48-52-430 to submit a state energy action plan, which should include the activities by the State Energy Office to carry out of the state energy policy plan; recommend long-term energy goals; and identify obstacles to energy efficiency for which a governmental remedy is appropriate.

The following highlights some of the activities carried out by the State Energy Office this past year:

- Provided information, both directly and in coordination with numerous entities to the public regarding energy efficiency, renewable resources, and alternative fuels through a variety of forms, including its website, brochures, and workshops;
- Administered federal and state grant programs and provides assistance with established loan and tax incentive programs;
- Promoted research for energy efficiency and renewable energy resources; and
- Worked with state agencies in establishing and implementing energy efficiency programs.

It is estimated that energy projects completed by the Energy Office during the FY 2013 will save South Carolinians over \$49 million during the useful life of the energy measures.

The State Energy Office has also been involved with the Energy Advisory Council and its efforts to identify energy related issues facing South Carolina. It is working with the Council to identify obstacles to energy efficiency and to recommend long term energy goals.