

## *State Regulation of Public Utilities Review Committee*

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### **MEMORANDUM**

TO: Members of the General Assembly

FROM: Thomas C. Alexander

DATE: January 12, 2015

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

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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 22, 2014.

If you have any questions, please contact Heather Anderson at (803) 212-6208 or Andy Fiffick at (803) 734-3015.

**2013-2014 Public Service Commission Strategic Planning  
Evaluation Period July 1, 2013 - June 30, 2014**

**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, ENGAGED, and ENTERPRISING 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 customer complaint procedure to schedule customer complaint hearings within 45 days of filing. The complaint form also allows complainants to choose whether they want their complaint posted on the Commission's Docket Management System (DMS).
- ✓ The Commission reviewed and initiated the rulemaking process to amend the Commission's regulations to provide for electronic service of documents.

**2. The Commission uses technology to increase its effectiveness.**

- ✓ The Commission utilized its eService System in a number of ways. The Commission conducted a workshop for its transportation carriers for training on the eService system and amended applications to permit transportation carriers to opt-in to accept orders on the eService system. The Commission also created an eService System guide for new users. The docket management system (DMS) was reconfigured to provide details about eService delivery, including the date and time an order was sent to a party and the confirmation status.
- ✓ The Commission implemented a Twitter account to communicate with the public regarding matters and events at the Commission. The Commission also created a social media policy.

- ✓ The Commission continued to work with the Office of Regulatory Staff (ORS) to maintain, update and utilize a database of utility information that is accessible to each agency and the public.
- ✓ The Commission continued to add matters to a group of existing dockets to increase the information available on the DMS for pre-2005 dockets, including purchased power agreements, transmission lines, and the issuance and sale of securities. It also updated its Order Index System by adding 896 orders and directive orders.

## ENGAGED

In order for the Commission to serve the public interest, it must be ENGAGED 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. Topics for these workshops ranged from principals of valuation, energy efficiency, renewable energy, energy storage, smart grid, electric and hybrid vehicles, demand response, and carbon capture and storage. The Commission hosted two sessions conducted by experts affiliated with the SNL Knowledge Center and the National Regulatory Research Institute.
- ✓ The Commission maintains a database of technical and legal research for reference material, which now contains over 180 items (not including archived items) originating from past working documents and presentations. New material will continue to be added.

### **2. The Commission strictly adhere 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, cover ethics from his or her professional perspective, and provide 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.

## ENTERPRISING

The Commission's activities must be ENTERPRISING.

### **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 provided recommendations to comments supplied by NARUC and the Nuclear Waste Strategy Coalition (NWSC). Commissioners and staff stayed up to date on federal utility regulatory issues through participation in webinars and teleconferences. Commissioners and staff also attended conferences that addressed emerging regulatory issues.

### **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 that 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, Homes Instead Senior Care, 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, 2013 - June 30, 2014

Commissioner Howard was initially elected to the commission on March 3, 2004 and was most recently 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. He serves on the following NARUC committees: Clean Coal, Education & Research, and International Relations. Commissioner Howard is on the Public Policy Advisory Board of the Water Research Foundation. 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:

- SNL Power Evaluation, which covered various gas and electric rate and regulatory issues;
- NARUC meetings (summer, annual and winter);
- Emerging Issues Policy Forum;
- Department of Energy Efficiency Workshop;
- NAWC Water Summit;
- NARUC Rate School, for which he serves as the liaison for NARUC on the rate school faculty;
- Advanced Communication Law Policy of the New York School of Law conference;
- EUCI Southern Clean Power Conference, in which he participated by describing South Carolina's role in clean energy;
- NAWC Commissioners Only conference;
- Wall Street Dialogue seminar;
- Critical Consumers Issues Forum, during which the focus was on distributive electric generation;
- and
- Various ex parte briefings, workshops and seminars, including statutory required sessions on ethics.

Commissioner Howard received a Certificate of Continuing Regulatory Education from NARUC and Michigan State University. This is a new certificate, of which Commissioner Howard is the first NARUC Commissioner to receive this designation.

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 Review Committee's review revealed no evidence of unethical behavior by Commissioner Howard.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE  
PERFORMANCE EVALUATION

**Brent L. McGee**  
**South Carolina Public Service Commission**  
Seat: Second Congressional District  
Review Period: November 18, 2013 - June 30, 2014

Commissioner McGee was appointed by the Governor in November 2013 to fill the vacancy left upon former Commissioner Wright's retirement.

During the review period, Commissioner McGee attended the following educational programs and events:

- NARUC winter meeting;
- NARUC New Commissioner forum;
- SEARUC Commissioners only summit;
- SEARUC summer meeting.

Based on surveys of persons appearing before the commission and commission employees, Commissioner McGee 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 Review Committee's review revealed no evidence of unethical behavior by Commissioner McGee.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE  
PERFORMANCE EVALUATION

**Comer "Randy" Randall, III**  
**South Carolina Public Service Commission**  
Seat: Third Congressional District  
Review Period: July 1, 2013 - June 30, 2014

Commissioner Randall was initially elected May 1, 2013. During his tenure, he has taken advantage of many opportunities to expand his understanding of public utilities issues. During the review period, Commissioner Randall was an active member of NARUC and SEARUC. He serves on the NARUC Committee on Gas and the Subcommittee on Nuclear Issues and Waste.

Commissioner Randall exhibits a desire to increase his knowledge and skills by attending educational programs and seminars. He attended various educational programs and events during this review period, including:

- NARUC meetings (summer, annual and winter);
- Camp NARUC;
- NARUC Utility Rate School;
- NARUC New Commissioner's Orientation;
- Critical Consumer Issues Forum Summit, with a focus on distributed generation;
- SEARUC meetings (summit and annual meeting);
- Southeast Regulatory Policy Exercise;
- Various training sessions and workshops, including statutorily required sessions on ethics.

Based on surveys of persons appearing before the commission and commission employees, Commissioner Randall 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 Review Committee's review revealed no evidence of unethical behavior by Commissioner Randall.

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, 2013 - June 30, 2014

Commissioner Fleming was initially elected March 3, 2004, and was most recently reelected May 28, 2014. 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 (for which she is the former chair), Committee on Electricity, the Eastern Interconnection States Planning Council (EISPC) and the EISPC Sector Steering Council. She is also a member on the New Mexico State University Center for Public Utility Advisory Committee. She 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 various educational programs and events during this review period, including:

- NARUC meetings (summer and winter);
- FERC - FBI Cyber Security Briefing;
- SEE Action Southeast Regulatory Policy Exercise, for which she served as a member of the planning committee;
- SEARUC annual conference, during which she moderated a panel regarding nuclear energy;
- SEARUC Summit;
- Cybersecurity Roundtable with the White House Cybersecurity Coordinator; and
- Various ex parte briefings and workshops, including statutorily required sessions on 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 Review Committee's review revealed no evidence of unethical behavior by Commissioner Fleming.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE  
PERFORMANCE EVALUATION

**Swain E. Whitfield**  
**South Carolina Public Service Commission**  
Seat: Fifth Congressional District  
Review Period: July 1, 2013 - June 30, 2014

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 co vice-chairman of the NARUC Committee on Critical Infrastructure. He is also a member of NARUC's Washington Action Committee, Committee on Gas and Nuclear Issues and Waste Disposal subcommittee. Commissioner Whitfield serves as a board member to the Gas Technology Institute Advisory Board.

Commissioner Whitfield exhibits a desire to increase his knowledge and skills by attending educational programs. He attended various educational programs and events during this review period, including:

- State and Local Energy Efficiency Action Network's Southeast Regulatory Policy Exercise;
- Babcock & Wilcox small modular nuclear reactor facility tour, sponsored by NARUC and DOE;
- Critical Consumer Issues Forum, with a focus on distributed generation issues;
- SEARUC meetings (annual meeting and summit);
- Gas Technology Institute Advisory Board meetings;
- FBI Cyber Security Briefing;
- IPU's Grid School;
- Emerging Issues Policy Forum, during which he participated on a panel that discussed grid issues;
- Financial Community visit to Wall Street, sponsored by the American Gas Association and NARUC;
- National Petroleum Council Stakeholder Engagement Session;
- State and Local Energy Efficiency Action Network's Southeast Regulatory Policy Exercise; and
- Various ex parte briefings, forums and seminars, including statutorily required sessions on 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 Review Committee's review revealed no evidence of unethical behavior by Commissioner Whitfield.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE  
PERFORMANCE EVALUATION

**Nikiya "Nikki" Hall**  
**South Carolina Public Service Commission**  
Seat: Sixth Congressional District  
Review Period: July 1, 2013 - June 30, 2014

Commissioner Hall was initially elected to the commission on May 19, 2010 and was reelected on May 28, 2014. Commissioner Hall served as vice-chair of the Public Service Commission during the review period. She is an active member of NARUC and SEARUC. Commissioner Hall is the chair of the NARUC's Utility Market Access Committee and is a member on NARUC's Energy Resources and the Environment Committee. She is also a member of the Washington Action Committee and the Nuclear Waste Strategy Coalition. 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 various educational programs and events during this review period, including:

- NARUC meetings (annual, summer, and winter);
- National Utilities Diversity Council, during which she gave a speech on supplier diversity and the efforts the Utility Market Access Committee;
- Regulating CO Emissions Workshop, sponsored by The Nicholson Institute at Duke University;
- American Gas Association State Affairs Committee Meeting;
- Emerging Issues Policy Forum conference;
- See-Action Seminar, sponsored by the Department of Energy with a focus on energy efficiency;
- Nuclear Waste Strategy Coalition meeting;
- SEARUC meetings (summit and summer meeting); and
- Various ex parte briefings and workshops, including statutorily required sessions on 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 Review Committee's review revealed no evidence of unethical behavior by Commissioner Hall.

STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE  
PERFORMANCE EVALUATION

**G. O'Neal Hamilton**  
**South Carolina Public Service Commission**  
Seat: Seventh Congressional District  
Review Period: July 1, 2013 - June 30, 2014

Chairman Hamilton was initially elected on March 3, 2004, and was reelected on May 1, 2013. He served as the PSC's chairman during the review period. Chairman Hamilton is an active member of NARUC and SEARUC. He is a member of the NARUC Board of Directors and serves as an advisor to the NARUC Gas Committee. Chairman Hamilton is a member of the North American Numbering Council. 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 various educational programs and events during this review period, including:

- NARUC meetings (annual, summer and winter);
- SEARUC summit;
- SC Energy Users Committee;
- Critical Consumer Issues Forum Summit; and
- Various ex parte briefings and seminars, including statutorily required sessions on ethics.

Based on surveys of persons appearing before the commission and commission employees, Chairman 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 Review Committee's review revealed no evidence of unethical behavior by Chairman Hamilton.

## EXHIBIT C

### STATE REGULATION OF PUBLIC UTILITIES REVIEW COMMITTEE PERFORMANCE EVALUATION

AGENCY: South Carolina Office of Regulatory Staff

PERIOD: July 1, 2013 - June 30, 2014

MISSION: The Office of Regulatory Staff ("ORS") 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 continued to be very responsive to the public in FY 13-14 and maintained its helpful presence in both traditional mainstream media and on the ORS and SC.Gov websites. The ORS processed approximately*



2,804 complaints and inquiries, facilitated 12 complaint meetings via in-house and phone conferences, and saved consumers approximately \$3,470,764. Three million of this total is attributable to recurring cost savings initiated in a FY 06-07 agreement with an investor-owned utility as to offering real-time price signals. Additionally, resolution for two sewer customers in FY 13-14 resulted in a recurring savings of \$7,764 and \$19,522, respectively. ORS again worked with investor-owned electric and gas utilities and women's shelters to waive the initial credit and deposit requirements for 37 domestic violence victims and continued successful programs such as Safety Net and Lifeline. Over the previous eight fiscal years, ORS has assisted 296 domestic violence victims. ORS distributed 20,000 Lifeline brochures in FY 13-14 and fielded over 3,800 calls on the program from consumers. ORS additionally assisted 169 customers with program related complaints. 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 13-14, ORS responded to 23 FOIA requests, 580 technical water/wastewater related inquiries, over 600 telecommunication inquiries, and received and investigated 89 customer complaints involving service outages. ORS received and responded to an average of 127 incoming public calls per week in FY 13-14. ORS provided materials for consumer education, including distribution of 22,482 consumer education and advisory brochures, participated in community meetings and provided presentations at various seminars. ORS appeared on WLTX-Columbia to discuss the agency's role in helping customers work with utilities in anticipation of high winter utility bills. The agency continuously kept the legislature, media, and public well-informed during the February 2014 winter storm "Pax", which caused hundreds of thousands of outages across the state, and is considered the most devastating weather event in South Carolina since Hurricane Hugo in 1989. The agency was an excellent liaison between SCEMD and the General Assembly, and provided staff with regular updates 24 hours a day via e-mail, including many in real-time as to developments in weather and restoration of power occurring overnight. ORS was also instrumental in the drafting of the 2014 Distributed Energy Resources Report, which was instrumental in educating the General Assembly, the media, and general public as to issues ultimately addressed in the groundbreaking Act No. 236 of 2014. The report included discussion of the need to address rising concerns that the existing electric grid will evolve into a system with more distributed energy, such as rooftop solar arrays. Public and commercial comments indicated a desire for a clear statutory regimen allowing leasing of solar facilities, and concerns that as more distributed energy resources come online, current rate structures and state energy policies will become outdated and potentially inequitable. As discussed further in Section D below, Act 236 addresses these concerns in a uniquely comprehensive manner, with input and consensus from groups traditionally viewed as having divergent interests. In response to requests from the General Assembly, ORS contributed extensively to the conception and evolution of Act 236, and helped draft amendments to the bill that reflect public input, ORS's concern for consumer protection, and the level of technical expertise that the General Assembly has come to appreciate from ORS. In addition to its work on Act 236, the ORS staff has continued to provide prompt and adept assistance to legislators and legislative staff when contacted with other technical and constituent questions. In FY 13-14, the ORS responded to 59 requests from members of the S.C. General Assembly, and is in constant contact with General Assembly staff on an informal basis. In sum, the agency once again continued to be one of the most responsive agencies in state government during FY 13-14.

**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 reviewed fuel costs for power generation and natural gas supply for electric and natural gas investor owned utilities ("IOUs") totaling approximately \$279,515,375 for natural gas and \$1.425 billion for electric. ORS participated in Allowable Ex Parte Briefings re: New Nuclear Development; Duke IRP; SCE&G Controlled Load Shedding; Duke Coal Ash and NC Spill; and Southern Environmental Law Center Coal Ash Disposal Practices in the Carolinas. ORS reviewed 202 tariff revisions, and approved and evaluated 196 tariff revisions. ORS coordinated the orderly closure of 4 telecommunications companies and monitored the abrupt closure of 2 telecommunications companies. The agency performed 278 compliance audits of regulated transportation carriers, handled 5 applications for a water/wastewater utility rate increase, and conducted 81 site visits of water/wastewater utilities. ORS inspected approximately 240 charter buses at the 2014 running of the Carolina Cup and issued 18 citations to various buses, limousines, and taxis. The ORS achieved 98% compliance in Water/Wastewater utilities' submission of annual reports, and maintained 100% compliance of water/wastewater performance bond compliance. ORS also achieved 98% compliance with telecommunications annual report submission and resized the Universal Service Fund (USF). The agency inspected 5,884 transportation vehicles, up from 5,214 during the prior fiscal year. ORS evaluated and analyzed 111 new docketed cases before the Public Service Commission "PSC" to identify issues and develop positions to prepare the cases for hearing or other resolution. ORS conducted an audit of SCE&G's sixth filing for revised rates in its construction of VC Summer Nuclear facility Units 2 and 3 under the South Carolina Base Load Review Act.*

**GOAL:**  
**THE ORS OPERATIONS PROVIDE VALUE TO THE CITIZENS OF SOUTH CAROLINA IN THAT THE AGENCY'S EXPENDITURES ARE FOCUSED ON ACCOMPLISHING 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 exceed the monetary costs of the ORS operations.

Comments:

*The Office of Regulatory Staff accomplished all of the objectives and action items listed above. The ORS facilitated settlements or agreements in 29 matters (20 settlements as officially recorded by the Legal Department, plus 4 non-settlement savings matters in the water/wastewater area, 1 SCE&G RSA, 1 SCE&G Base Load Review Act revised rates, 1 AT&T matter, 1 SCE&G Demand Side Management programs adjustment, and 1 DEP DSM/EE rider) which resulted in \$174,999,962 in savings to customers. The ORS facilitated mediation with two telecommunications companies involving problems with number porting, and facilitated and executed a memorandum of understanding for a Telecommunications Company seeking a Certification of Public Convenience and Necessity ("CPCN") to provide local exchange services. ORS also completed negotiations resulting in a \$1.3 million savings to the SC Universal Service Fund. The agency maintained responsibility for 20,955 miles of natural gas pipeline serving 768,689 customers. ORS received 68 notifications of gas incidents on operator systems. Of these, 16 incidents were determined to be reportable under PSC regulations, and investigations were conducted. ORS issued 1,297 rail safety defect citations, an increase of 483 from FY 12-13. This increase was attributed to the addition of a new inspector in FY 13-14, and the completion by that inspector of federally mandated training to receive his FRA certification in the discipline of Operating Practices. The agency also performed 399 rail safety inspections in track and operating disciplines which resulted in the issuance of 13 rail safety violations. ORS continued to support the SC Emergency Management Division via the ORS Emergency Support Function 12 (ESF 12). For instance, ESF 12 assisted utilities in the restoration of over 350,000 power outages during the February ice storm. ORS worked around-the-clock in the aid of the State's response to that ice storm.*

**GOAL:**

**THE ORS IS ALERT AND ANTICIPATES STATE AND FEDERAL REGULATORY AND INDUSTRY DEVELOPMENTS AND THEIR EFFECT 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. As mentioned in Section A of this Report, ORS was instrumental in the drafting of the 2014 Distributed Energy Resources Report and the resulting Act No. 236 of 2014. ORS helped coordinate a broad spectrum of public interests and helped achieve consensus on the final legislation. The ORS also participated in the drafting and amendment process, which is the culmination of almost two years of research and analysis. The legislation allows investor owned utilities in South Carolina to implement a new distributed energy program to more easily invest in distributed energy sources such as solar, and potentially allows more net metering and clearly authorized leasing of solar*

*facilities in South Carolina. The Act's stated goal is to promote the establishment of a reliable, efficient, and diversified portfolio of distributed energy resources for South Carolina. In addition to participation in the crafting of the legislation, ORS began working on implementation as soon as the bill was enacted. ORS's FY 13-14 budget was proposed and approved prior to passage of the Act, which became effective on June 2, 2014. The agency immediately began preparing to implement provisions of the Act, such as developing applications for certification of 3rd party solar leasing companies, and setting the standards to be utilized for the agency to ensure consumer protection from these entities. ORS has begun training the appropriate personnel who will be responsible for the investigation of the technical, managerial, and financial health of the proposed lessors. Act 236 significantly changes the role ORS will play in the expansion of solar energy in this State. ORS has anticipated these new responsibilities and continues to monitor expenses and streamline processes to provide cost savings to minimize the need for additional funding to implement the provisions of the Act. In addition to its work on Act 236, ORS continued to collaborate with various other agencies at the federal, state, and local level as such coordination is within the spirit of Act 175 of 2004. ORS's work with DHEC on proposed EPA Regulations concerning CO2 emissions by utilities is one area where this collaboration is apparent. ORS also undertook the planning necessary to integrate the South Carolina Energy Office into the ORS, as required by Act 121 of 2014. The agency will be including the Energy Office as a part of its structure and budget for fiscal year 2015-16. 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, 2013 - June 30, 2014

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. Members of the public, regulated entities, and members of the General Assembly regularly comment that he is exceptionally accessible and responsive.

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 13-14, he has balanced service on numerous committees, while leading the ORS toward reaching positive outcomes in many ongoing projects, negotiations and cases. He worked diligently on the passage of Act 236 of 2014, which is being looked to as a national model for legislation to encourage equitable expansion of distributed energy resources, such as small scale solar power. Mr. Scott also initiated the planning necessary to integrate the South Carolina Energy Office into the ORS, as required by Act 121 of 2014. Mr. Scott also served as an invaluable member of the State's response to the February 2014 ice storm. He personally kept the legislature, media, and general public apprised of the status of each affected utilities' restoration of service. Mr. Scott worked around-the-clock that month and was commended for his work by our State's IOUs and electric cooperatives.

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, 307 regulatory reviews and audits, 29 settlement agreements resulting in savings to consumers of \$175 million, rate cases for Duke Energy, monitoring of proposed federal regulation changes that affect CO2 emissions, 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, 2014, Mr. Scott's efforts as director have resulted in 403 settlements and agreements generating savings to consumers currently estimated at over \$1.5 billion.

During FY 13-14, 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. Mr. Scott began serving on the Senior Citizens Advisory Committee and the S.C. Energy Stakeholder Workgroup (DHEC Bureau of Air Quality) during FY 13-14. 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 has also been called upon to share his experience and expertise with numerous groups during FY 13-14, including the Electric Cooperatives of South Carolina, Coastal Conservation League, U.S. Department of Defense, and the Oklahoma Utility Coordinating Committee.

As in past years, surveys of parties or other person that interacted with Mr. Scott, including ORS employees, 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. The general consensus from these surveys is that Mr. Scott does an excellent job. Based upon surveys of persons that dealt with ORS during the review period, Mr. Scott provides valuable leadership and sound guidance. The surveys also indicate 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 sets the example for staff to follow. He excels in all aspects of his job and is an effective administrator, an outstanding public servant, and an invaluable resource for this state.

## **EXHIBIT E**

### **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 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:

- Provides 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;
- Administers federal and state grant programs and provides assistance with established loan and tax incentive programs;
- Promotes research for energy efficiency and renewable energy resources; and
- Works with state agencies in establishing and implementing energy efficiency programs.

It is estimated that energy projects completed by the Energy Office during the fiscal year of 2014 will save South Carolinians over \$29.9 million during the useful life of the energy measures.