

Transportation and Regulatory

Subcommittee Meeting

2017 Legislative Session



South Carolina Office

Of

Regulatory Staff

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Key Officials

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Overview

Act 175 of 2004 created the Office of Regulatory Staff (ORS) as part of an initiative to provide a revised structure for addressing the public interest in utility regulation. This revised structure separates the adjudicative function – which belongs to the Public Service Commission of South Carolina (PSC) – from the investigative, legal, prosecutorial, and educational roles necessary to utility regulation. Specifically, the ORS has sole responsibility for the inspection, auditing, and examination of public utilities. The agency must be considered a party of record in all filings, applications, or proceedings before the PSC.

The ORS is charged with representing the public interest in utility regulation by taking a balanced approach that equally considers the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. The State Regulation of Public Utilities Review Committee, or PURC, is the oversight body for the ORS. The ten-member PURC includes three members from the S.C. Senate, three from the S.C. House of Representatives, and four appointed by the S.C. General Assembly from the general public.

The utilities and industries that fall under the regulatory purview of the ORS are as follows – telecommunications and investor-owned electric, natural gas, water/wastewater, and transportation. The ORS also has responsibility for oversight of railroad safety and natural gas pipeline safety in South Carolina, as well as responsibility for monitoring the construction schedule and budget of new nuclear development in South Carolina.

As a result of state government restructuring, the Energy Office of South Carolina became part of the ORS on July 1, 2015.

In addition, the South Carolina Equipment Distribution Program – which provides specialized telephone equipment to South Carolinians with a qualifying hearing or speech challenge – is administered by the ORS.

Major program areas are as follows:

- Utilities, Electric and Gas

Represents the public interest with regard to the regulation of investor-owned electric and gas utilities in South Carolina; territorial matters which may involve municipal or electric distribution cooperative systems; and utility facility siting of transmission and generation facilities by any entity in South Carolina, with the exception of the S.C. Public Service Authority (Santee Cooper).

- Energy Office

Provides a broad range of resources designed to help citizens, businesses, and public entities save energy through greater efficiency, better information, and enhanced environmental quality. Responsible for developing and implementing a Plan for State Energy Policy.

- Telecommunications, Transportation, Water and Wastewater

Telecom - Administers the South Carolina Universal Service Fund including the Lifeline program that provides monetary assistance to low-income households for telephone service.

Transportation - Represents the public interest with regard to the regulation of motor carriers of passengers, household goods, and hazardous waste for disposal in South Carolina.

Water/Wastewater - Represents the public interest with regard to the regulation of rates and services of privately owned water and wastewater utilities in South Carolina.

- Dual Party

Administers the Dual Party Relay Fund that provides a means for citizens of our state who have hearing or speech challenges to place and receive telephone calls and offers telephone equipment to those who qualify.

- Legal

Represents the public interest in regulated utility matters before state and federal regulatory bodies and courts.

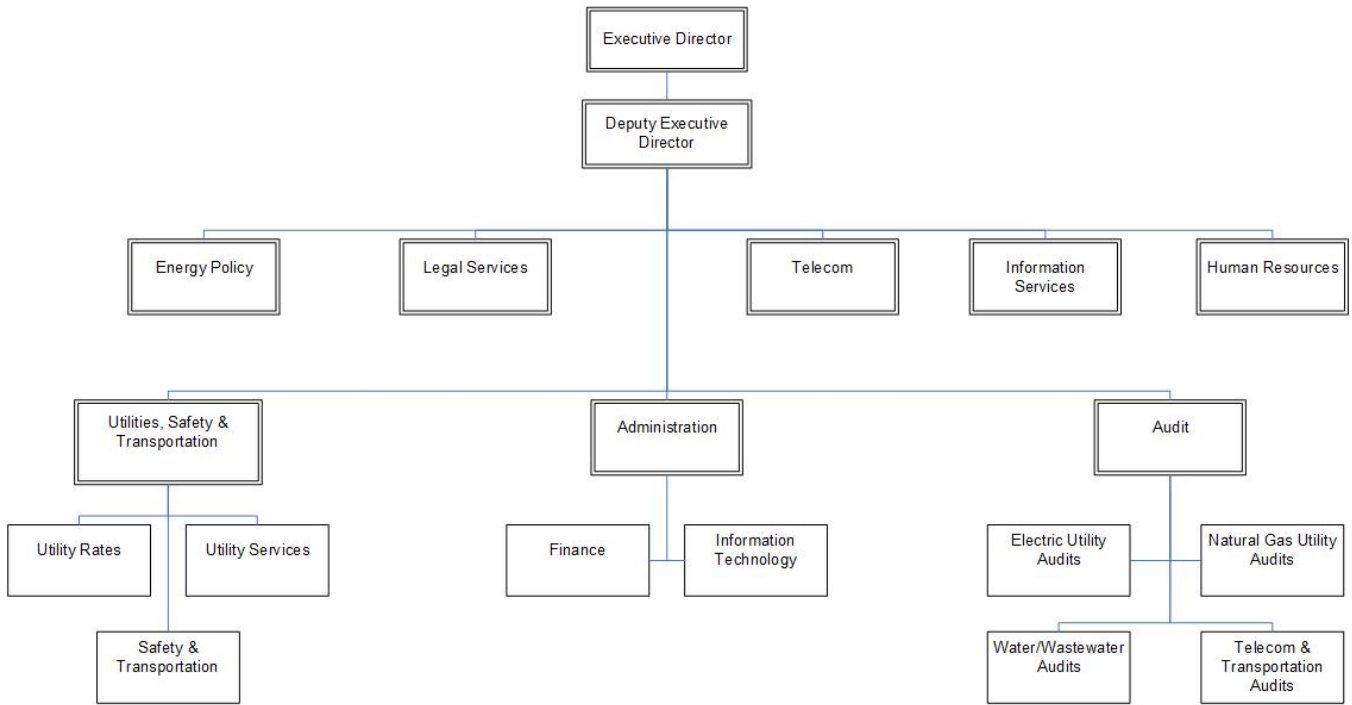
- Support Services

Support Services includes the divisions of Consumer Services, Administration, and Audit.

Consumer Services - Serves as a mediator between customers and investor-owned utilities in South Carolina. The role of Consumer Services is to resolve disputes or settle inquiries on an informal basis. Through consumer education, Consumer Services helps utility customers make educated choices and understand their rights and obligations as consumers of public utility services.

Audit Department - Examines and reviews the financial books and records of the regulated utilities.

Organizational Chart



ORS has 92 authorized FTEs. As of January 6, 2017, 70 positions are filled with 22 positions remaining vacant.

Accomplishments in Fiscal Year 2015-2016

Settlements. During Fiscal Year (FY) 15-16, the ORS participated in 106 cases. Total projected savings to consumers is approximately \$31 million. Since its inception, the ORS has facilitated a total of 448 settlements and agreements with monetary savings of over \$1.6 billion.

Foothills Transmission Line and Campobello Substation. ORS worked closely with Duke Energy, the landowners, and other stakeholders to resolve the controversy surrounding a proposed substation in Campobello and siting of a 45-mile transmission line to Asheville. Duke Energy announced in November 2015 its decision that the Foothills transmission line and Campobello substation were no longer needed for its revised Western Carolinas Modernization plan. The resulting plan was better for all.

State Energy Plan. The ORS began work on the State Energy Plan, a multi-year effort that is of great significance to the future of South Carolina and its citizens. Two committees and twelve subcommittees representing 60 organizations and a wide variety of stakeholders provided input. Included among these are utilities, conservation groups, industrial and commercial interests, state agencies, and other parties who wished to be involved in the process. Multiple surveys were designed to solicit input from a variety of stakeholders, and several public engagement sessions were held to allow for the general public to provide input.

Act 236 – Net Metering and DER Programs. Successfully worked with a wide array of stakeholders to revise the interconnection standards for the electric investor-owned utilities. Implemented the third-party solar leasing program.

Economic Development. Major economic incentives supported in FY 15-16 total approximately \$1.188 billion and create more than 2,000 jobs in South Carolina over the next several years.

Emergency Management during Flood. ORS staff assigned to EMD duties went above and beyond in this unprecedented crisis – devoted over 645 man-hours to the ESF-12 (Energy) function during the 11-day period that ESF-12 was activated.

Inclement Weather and Emergency Management. Devoted 71 man-hours while activated during Winter Storm Jonas in January 2016. At the height of this storm, 31,000 outages existed, mostly in the service areas of Duke Energy and Blue Ridge Electric Cooperatives.

Rail Safety. Conducted both track and operating practices (OP) inspections around the State. For the track and OP disciplines combined, conducted 275 rail safety inspections and issued 750 rail safety defect citations.

Pipeline Safety Performance Score. The audit of the Pipeline Safety Program for calendar year 2014 by PHMSA resulted in scores of 48 out of 50 for the progress score and 99 out of 100 for the program evaluation score, which combine for an overall performance score of 98.

Consumer Complaints and Inquiries. Processed approximately 1,929 complaints and inquiries and saved customers approximately \$203,161.

Regulatory Reviews and Audits. Conducted a total of 325 regulatory reviews and audits.

Transportation Compliance Audits and Inspections. Conducted 164 compliance audits, both planned and random, around the State. Conducted 5,243 vehicle inspections around the State; of that total, 1,200 were inspections of Transportation Network Carrier (TNC) partners.

Transportation Network Carrier Regulation. FY 15-16 marked the first full fiscal year of regulating TNCs after passage of legislation (H.3525) during FY 14-15 that created a regulatory framework for TNCs in South Carolina. The ORS worked with a variety of stakeholders – concerned consumers, legislators, the media, municipalities, counties, and airport commissions, among others – to respond to inquiries and concerns regarding TNC regulatory requirements.

Financial Overview

Authorizations vs. Actual Expenditures

Major Budget Categories	FY 13-14 OTHER FUNDS		FY 14-15 OTHER FUNDS		FY 15-16*					
	Authorization	Actual Expenditures	Authorization	Actual Expenditures	Authorization OTHER FUNDS	Actual Expenditures OTHER FUNDS	Authorization FEDERAL FUNDS	Actual Expenditures FEDERAL FUNDS	Total Authorization	Total Actual Expenditures
Personal Service	\$ 4,730,858	\$ 4,316,561	\$ 4,730,858	\$ 4,232,490	\$ 5,082,048	\$ 4,413,801	\$ 755,059	\$ 476,051	\$ 5,837,107	\$ 4,889,852
Other Operating	\$ 1,058,681	\$ 1,055,480	\$ 1,058,681	\$ 1,003,093	\$ 1,513,083	\$ 1,265,661	\$ 95,520	\$ 240,313	\$ 1,608,603	\$ 1,505,974
Special Items	\$ 4,165,696	\$ 2,967,898	\$ 4,165,696	\$ 2,534,370	\$ 4,165,696	\$ 2,419,811	\$ -	\$ -	\$ 4,165,696	\$ 2,419,811
Fringe Benefits	\$ 1,419,257	\$ 1,328,710	\$ 1,448,778	\$ 1,341,110	\$ 1,595,986	\$ 1,422,378	\$ 256,720	\$ 150,425	\$ 1,852,706	\$ 1,572,803
Non-recurring	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 11,374,492	\$ 9,668,649	\$ 11,404,013	\$ 9,111,063	\$ 12,356,813	\$ 9,521,651	\$ 1,107,299	\$ 866,789	\$ 13,464,112	\$ 10,388,440

* Pursuant to Act 121 SC Restructuring Act of 2014, the Energy Office was transferred to ORS effective July 1, 2015.

Ending Cash Balances¹

	6/30/2014	6/30/2015	6/30/2016*	
	Other	Other	Other	Federal
30350000 ORS Operating	\$ 3,208,678	\$ 3,002,670	\$ 2,544,097	
Energy Office*			\$ 2,531,001	\$ (893)

¹The ending cash balances above reflects our agency's operating funds. This is our agency's closest equivalent to an agency with General Fund carryforward.

FY 17-18 Budget Priorities Summary

Office of Regulatory Staff

Budget Priorities				Funding					FTEs			
Priority No.	Type (non-recurring/ recurring /other)	Title	Description	Recurring	Non-Recurring	Other	Federal	Total	State	Other	Federal	Total
1	Other	Other Funds	The ORS is requesting a reduction in Other Funds authorization based on projections of actual expenditures levels for FY 2018.	-	-	(369,125)	-	(369,125)				
2	Other	Federal Funds	Decrease in need for Federal funds authorization due to close of a grant.	-	-	-	(38,152)	(38,152)				

**Transportation, Regulatory & Cultural Subcommittee
Proviso Request Summary**

FY16-17 Proviso #	Renumbered FY17-18 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/ # of years in budget	Recommended Action	Proviso Language
73.1	73.1	Transportation Fee Refund	ORS can refund fees paid in error by regulated transportation companies	FY96, 21 Years	NO CHANGE	The Transportation Department of the Office of Regulatory Staff is hereby authorized to make refunds of fees which were erroneously collected.
73.2	73.2	Assessment Certification	ORS will provide DOR with assessments by utility along with a certification letter of ORS budget	FY06, 11 Years	NO CHANGE	Office of Regulatory Staff shall certify to the Department of Revenue the amounts to be assessed to cover appropriations in this section as follows: (1) the amount applicable to the assessment on public utility, telephone utility, radio common carrier and electric utility companies as provided for in Section 58-5-940, Code of Laws of 1976, (2) the amount to be assessed against gas utility companies as provided for in Section 58-5-640, Code of Laws of 1976, (3) the amount to be assessed against electric light and power companies as provided for in Sections 58-4-60 and 58-27-50, Code of Laws of 1976, and (4) the amount to be covered by revenue from motor transport fees as provided for by Section 58-23-630, and other fees as set forth in Section 58-4-60, Code of Laws of 1976. The amount to be assessed against railroad companies shall consist of all expenses related to the operations of the Railway subprogram of the Agency's Transportation Division, to include related distribution of salary increments and employer contributions not reflected in the related subprogram of this act as set forth in Section 58-4-60, Code of Laws of 1976.

**Transportation, Regulatory & Cultural Subcommittee
Proviso Request Summary**

FY16-17 Proviso #	Renumbered FY17-18 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/ # of years in budget	Recommended Action	Proviso Language
73.3	73.3	Assessment Adjustments	Allows ORS flexibility in resolving over or under payments by regulated entities	FY06, 11 Years	NO CHANGE	If the Office of Regulatory Staff determines that a person or entity subject to Title 58 for the 1976 Code has been assessed an amount greater than that authorized by Sections 58-4-60, 58-3-100 and 58-3-540, the Office of Regulatory Staff shall, at its discretion: (a) refund the person or entity the amount of over collection using funds from the current fiscal year; (b) refund the person or entity the amount of over collection using any unexpended funds from the prior fiscal year; (c) credit the amount the person or entity will be assessed in the next fiscal year for the amount of over collection; or (d) any combination of these. The Office of Regulatory Staff, when determining the amount to be assessed in the next fiscal year, may take into consideration any underpayment or overpayment by a person or entity during a given year. Any unexpended funds from revenue generated pursuant to this section may be retained and carried forward and expended for the same purposes.
73.4	73.4	SSEB Annual Dues	Directs ORS to pay SSEB dues from the identified fund pursuant to S.C. Code Ann. §13-7-410, et. seq.	FY17	NO CHANGE	The annual dues for the Southern States Energy Board shall be paid from the Radioactive Waste Operation Fund.

Office of Regulatory Staff
Proposed Budget 2017/2018
as of January 9, 2017

	FY 2017	FY 2018
EXPENSE		
I. Office of the Executive Director (OED) (includes Executive Director, Deputy Executive Director, Public Information, and Legal)		
Personal Services - Executive Director	\$175,117 (1.00)	\$195,658 (1.00)
Personal Services -Unclassified Positions	\$859,961 (10.00)	\$897,174 (10.00)
Total Personal Services	<u>\$1,035,078</u> (11.00)	<u>\$1,092,832</u> (11.00)
Agency's Other Operating Expenses	\$1,133,847	\$1,233,847
Total Office of Executive Director	\$2,168,925	\$2,326,679
II. Support Services (includes Consumer Services, Auditing, and Administration)		
Personal Services -Unclassified Positions	\$1,491,109 (29.00)	\$1,483,164 (29.00)
Total Support Services Personnel	<u>\$1,491,109</u>	<u>\$1,483,164</u>
III. Telecommunications, Transportation, Water/Wastewater (TTWW)		
Personal Services -Unclassified Positions	\$1,079,645 (16.00)	\$952,896 (16.00)
Total TTWW Personnel	<u>\$1,079,645</u>	<u>\$952,896</u>
IV. Electric and Gas		
Personal Services -Unclassified Positions	\$1,219,643 (18.00)	\$1,019,801 (18.00)
Total Electric and Gas Personnel	<u>\$1,219,643</u>	<u>\$1,019,801</u>
VI. Employee Benefits Contributions		
Total Benefits	\$1,560,923	\$1,523,812
V. Energy Office		
A. Energy Programs		
Personal Services - Unclassified	\$580,239 (13.33)	\$491,396 (13.33)
Other Personal Services	47,712	16,960
Employee Benefits Contributions	\$200,406	\$167,607
Other Operating Expenses	\$231,553	\$149,729
Other Allocations	\$60,000	\$25,000
Total A. Energy Programs	<u>\$1,119,910</u>	<u>\$850,692</u>
B. Radioactive Waste		
Unclassified Positions	\$314,508 (4.67)	\$362,776 (4.67)
Employee Benefits Contributions	\$100,373	\$119,716
Other Operating Expenses	\$94,924	\$103,147
Total B. Radioactive Waste	<u>\$509,805</u>	<u>\$585,639</u>
Total V. Energy Office	<u>\$1,629,715</u> (18.00)	<u>\$1,436,331</u> (18.00)
Total Operating Budget	<u>\$9,149,960</u>	<u>\$8,742,683</u>
Dual Party		
	\$4,165,696	\$4,165,696
Total Operating Budget and Dual Party Budget	<u>\$13,315,656</u>	<u>\$12,908,379</u>
Net Change in Budget	\$	(407,277)
Net Percentage Change		-3.06%