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AGENCY'S DISCUSSION AND ANALYSIS

The ORS continues to serve the public interest of consumers across all programmatic areas. This narrative covers selected highlights from FY 24-25 as well as risk and mitigation strategies for the future.

Cases and Savings for Consumers

Of the 80 newly docketed cases the ORS participated in during FY 24-25, these rate-impacting cases generated savings to consumers of **\$177,659,993**:

Duke Energy Carolinas (DEC) Rate Case	\$89,205,000
Dominion Energy SC (DESC) Rate Case	\$83,424,000
Piedmont Natural Gas (PNG) RSA	\$3,667,695
DESC RSA	\$258,664
PNG Depreciation Study	\$1,015,384
DESC Fuel	\$89,250
TOTAL	\$177,659,993

From the agency's inception through June 30, 2025, the ORS generated the following savings to consumers from its caseload:

Savings By Fiscal Year (Rounded to the nearest thousand)

FY 04-05	\$63,356,000
FY 05-06	\$95,475,000
FY 06-07	\$59,794,000
FY 07-08	\$114,662,000
FY 08-09	\$147,692,000
FY 09-10	\$198,992,000
FY 10-11	\$233,461,000
FY 11-12	\$405,436,000
FY 12-13	\$83,097,000
FY 13-14	\$175,000,000
FY 14-15	\$45,983,000
FY 15-16	\$30,816,000
FY 16-17	\$69,388,000

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FY 17-18	\$28,736,000
FY 18-19	\$158,850,000
FY 19-20	\$14,520,000
FY 20-21	\$20,817,000
FY 21-22	\$149,125,000
FY 22-23	\$331,192,000
FY 23-24	\$13,886,000
FY 24-25	\$177,660,000
TOTAL	\$2,617,938,000

Consumer Services

The Consumer Services Department is the agency's first line of contact with consumers. Consumer Services supports consumers to arrange installment payments, extensions to payment due dates, manageable security deposits, and access to community financial assistance resources. In FY 24-25, staff members worked with consumers to recover funds due to billing errors, refunds of deposits, unauthorized charges, incorrect rates being charged, disputes about charges, and service-quality issues. As part of its consumer-education outreach, Consumer Services distributed 39,000 copies of publications and promotional materials.

In FY 24-25, Consumer Services fielded **2,276** complaints and inquiries from consumers and recovered **\$5,149,169**, of which \$4,968,553 was saved through the investigation of Duke Energy billing issues. Annually recurring recoveries account for approximately \$127,000 of the total.

Broadband

The South Carolina Broadband Office (SCBBO) “[serves] as the central broadband planning body for the State and [coordinates] with federal, state, regional, local, and private entities, to the extent practicable, to encourage the continued development of access to broadband in the State.” The ORS, through the SCBBO, continued to make impressive strides in FY 24-25.

As of June 30, 2025, **67 out of 128 American Rescue Plan Act (ARPA)** projects are completely closed and fully paid. Notably, as part of ARPA Capital Projects Fund, in December 2024, the SCBBO announced that the last two underserved Main Street communities of Norway and Ridge Spring, SC, were construction complete.

In several cases, ARPA projects have come in under budget when they close out. In these situations, the SCBBO worked diligently to redeploy the ARPA financial assets to reach more unserved and underserved Broadband Serviceable Locations (BSL). This effort allowed the SCBBO to make new enforceable commitments and remove those BSLs from Broadband Equity, Access, and Deployment (BEAD) eligibility.

The SCBBO determined that, as of June 30, 2025, **approximately 22,000** BSLs lack an enforceable funding commitment to be served in South Carolina – representing approximately **16,500 residential, 4,000 business, and 1,700 community anchor locations**.

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On October 25, 2024, the SCBBO received the last required approvals from the National Telecommunications and Information Administration and the National Institute of Standards and Technology to launch the **\$551.5 million of BEAD funding** to reach the remaining BEAD-eligible BSLs mentioned above. Once the SCBBO’s Final Proposal is approved by the NTIA (estimated to occur in Q1 of 2026), Notices to Proceed will be issued, and construction will begin for the remaining BEAD-eligible BSLs.

The period of performance for the BEAD program currently runs through June 30, 2032, and funds will be drawn down by the ORS as approved expenses are incurred over the life of the program. Therefore, the end of the South Carolina digital divide is approaching.

On June 20, 2025, the SCBBO published the remaining list of BEAD-eligible BSLs and made it available for download to all interested Internet Service Providers (ISP). In addition, anyone that is interested in seeing a map of the remaining BSLs may utilize the interactive [SC BEAD Eligibility App](#).

[SC Equipment Distribution Program](#)

The South Carolina Equipment Distribution Program (SCEDP), housed within the ORS, helps consumers who have hearing or speech challenges by providing them with specialized telephone equipment. The program received and reviewed 698 applications; approved 585 applications; and conducted installations for 37 SCEDP clients, which included training on how to use the specialized telephone equipment.

In FY 24-25, SCEDP’s outreach included distribution of approximately 4,331 publications and printed materials statewide. In addition, SCEDP staff gave presentations around the state to speech-language pathologists, medical professionals, and other organizations serving citizens who may have a hearing or speech challenge. These presentations raise awareness among those who serve clients that may qualify for SCEDP services. Additional presentations at senior centers and senior expos reach the target population directly. Over 60 presentations and exhibits were made in FY 24-25.

[State Energy Office](#)

In part, the State Energy Office (SEO), housed within the ORS, “[develops] and [implements] a well-balanced energy strategy and [increases] the efficiency of use of all energy sources throughout South Carolina through the implementation of the Plan for State Energy Policy.”

The federal administration’s issuance of Executive Orders and a subsequent freeze on federal funding affected, and continues to affect, certain SEO programs receiving federal funding. For example, subrecipients of SEO’s Energy Efficiency Conservation Block Grants (EECBG) (to local governments) and annual Mini-Grants (to public entities and non-profits) were unable to proceed with projects due to the federal funding uncertainty. Likewise, development of South Carolina’s Home Energy Rebate Programs was further delayed. The SEO continues to assess and adjust as it moves forward. Despite the challenges, the SEO worked to accomplish its mission.

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State Energy Strategy. South Carolinians are grappling with important, complex questions surrounding the state’s energy future. As the state’s principal energy-planning entity, the SEO is charged with developing a well-balanced State Energy Strategy (Strategy) to inform policymakers as they address the complexities of energy matters. As a refresh of the 2016 State Energy Plan, this Strategy is intended to provide a factual assessment of the state’s current energy landscape, offer stakeholder perspectives on energy priorities for the state’s energy future, and propose potential pathways to achieve energy policy goals established by state leaders. The ORS began the process of procuring an outside consultant and plans to begin analysis in the fall of 2025.

Financial Support. In FY 24-25, the SEO saved the public approximately **\$13.9 million**. The SEO administers federal financial assistance to support public and private entities investing in energy-saving programs. Examples include:

- **Manufactured Housing Programs:**
 - 4,011 energy efficiency labels distributed to manufactured home manufacturers
 - 23 Energy Star manufactured home tax credits approved. This incentive expired on July 1, 2024.
 - Approved \$17,250 in energy efficiency tax credits
- **Grant Programs:**
 - Completed five Mini-Grant projects totaling \$48,650 for public and non-profit entities to spur innovation and save over \$195,872 over the useful life of the projects
 - Completed five EECEBG projects totaling \$345,358 for local government entities to save over \$96,107 over the useful life of the projects
 - Retrofitted 80 buildings comprising 118,200 square feet
- **Inflation Reduction Act (IRA) Home Energy Rebates:**
 - The IRA Home Energy Rebate programs provide funding through the SEO to help households transition to high-efficiency electric appliances and implement whole-home energy improvements.
 - The SEO, assisted by its consultant Guidehouse, completed planning and submitted all required documents to DOE.
 - Awaiting DOE’s final approval, the SEO is working with State Procurement to select a contractor to implement the rebate programs for South Carolina.
- **Training for Residential Energy Contractors:** Received DOE Conditional Approval for federal IRA funding to design and implement a pilot program to train residential energy contractors

Safety

Pipeline Safety. In partnership with the Pipeline and Hazardous Materials Safety Administration (PHMSA), the ORS Pipeline Safety Program maintained responsibility for 25,944 miles of natural gas pipeline serving 951,809 customers.

ORS Pipeline Safety inspectors conducted a total of 176 inspections in FY 24-25 and responded to 17 technical gas pipeline safety-related inquiries from the public, operators, and contractors.

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The Pipeline Safety Program annual evaluation and progress review, conducted by PHMSA, was to occur in May 2025. However, due to staffing issues at PHMSA, it has been tentatively rescheduled for October 2025. Therefore, the ORS does not have a score to report during the FY 24-25 reporting cycle.

ESF 12 Emergency Response. The ORS is in charge of Emergency Support Function 12 (ESF 12), which deals with energy and fuel during an emergency. ESF 12 was activated a total of 17 days in FY 24-25 for Hurricane Helene, tropical weather, and severe (both winter and storm) weather events. In all activations, ESF 12 maintained constant communication with the SC Emergency Management Division, the Governor’s Office, and the energy providers to gather information and provide reports for the duration of each event.

Regarding Hurricane Helene, which had a historic impact on South Carolina, many ORS staff members spent days, nights, and weekends at the State Emergency Operations Center. Helene resulted in about 1.37 million electrical outages, or roughly 47% of South Carolinians without power. As utilities were assessing the damage to prepare for restoration, ESF 12 began contacting fuel partners to see where they could move assets to alleviate the strain on the fuel supply in affected areas. As the initial focus during restoration was on critical infrastructure – hospitals, water/wastewater facilities, and gas stations – ESF 12 coordinated with its electric utility partners to help coordinate provision of the resources needed to restore power to critical infrastructure and then to residences and businesses. ESF 12 and the ORS Executive Director worked closely with all parties to enhance coordination of resources, which ultimately resulted in faster restoration times.

The ESF 12 staff stays trained and prepared for emergencies through participation in multiple readiness-training exercises. For example, ESF 12 staff members participated in the state full-scale emergency exercise during the first week of March 2025. This year’s scenario simulated a petroleum shortage in South Carolina caused by a break in the Colonial Pipeline while the Plantation Pipeline was out of service for planned maintenance. Adding to the complexity, the scenario included a period of extreme cold and damaging winds, which ultimately led to power outages in the state.

When not in activation mode, ESF 12 members also engage in collaborations to discuss and plan best practices in the event of an emergency. In FY 24-25, for example, ESF 12 continued to participate in the EMP (electromagnetic pulse/resiliency) working group. This group of county emergency managers focuses on mitigation or consequence management during times of a long-term power outage caused by an EMP or cyber-attack.

Rail Safety. In partnership with the Federal Railroad Administration, the ORS Rail Safety Program continued inspections of South Carolina’s infrastructure to maximize the safety of the state’s railroad system.

Inspectors conducted both track and operating practices (OP) inspections around the state. For the track and OP disciplines combined, ORS inspectors conducted 247 rail safety inspections and issued 202 rail safety defect citations. Staff responded to 60 technical railroad safety-related

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inquiries from railroads, industry, and the public. Inspectors also conducted 32 incident investigations.

Administration and Finance

Budget. The ORS regularly and carefully monitors expenditures to ensure resources are managed to accomplish the agency’s mission, goals, and objectives. Critical to accomplishing our mission is the management of budget resources to retain, train, and add to our team of skilled professionals.

FY 24-25 ORS Budget. The ORS budget for FY 24-25 was \$22.7 million and included the following program areas: ORS, SC Energy Office, Dual Party Relay, Broadband Office, and Santee Cooper Oversight.

Calendar Year 2024 USF (Universal Service Fund) Financial Statement Audit. The ORS is administrator of the SC Universal Service Fund (USF), which provides monetary support for telecommunications services in South Carolina. The objective of the audit is to obtain an independent opinion as to whether the financial statements of the USF are fairly presented.

The 2024 Audited Financial Statements have been drafted; the draft opinion is an “unqualified opinion,” which is a clean opinion. We expect the final audit report to be issued in late September of 2025.

Agreed-upon Procedures Audit. The SC Office of State Auditor completed their review of “agreed-upon procedures” for the period July 1, 2024 to March 31, 2025; there were no findings. These reviews are intended for use by agency management; the review procedures are designed, together with agency input, to assist agencies in evaluating their own financial activities. Results are a matter of public record.

Grants. The ORS receives significant federal funding in the SC Broadband Office and the State Energy Office. Finance and program staff proactively follow internal controls and processes to prudently manage the use of federal dollars.

Agency Staffing. ORS executive leadership continues to make organizational changes that better position the ORS for the future. The ORS has strategically hired new staff, as well as promoted from within the agency, to ensure that the agency can excel in carrying out all its responsibilities. The ORS consistently evaluates the need for positions, especially given the amount of federal funding coming to the agency. Some positions may be grant-limited positions. The changeover of the federal administration that brought about Executive Orders and a subsequent freeze on federal funding affected, and continues to affect, certain ORS programs receiving federal funding – namely, the State Energy Office (SEO), the SC Broadband Office (SCBBO), and the Digital Opportunity Department (DOD). The latter (DOD) ceased to exist as its funding was terminated.

The passage of Act 41 (House Bill 3309) late in FY 24-25 brings several challenges that will continue in the coming fiscal year, and we are actively preparing for new duties as specified by

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the statute. One challenge is to manage the growth that will arise from the increased staffing. As of this writing, we have analyzed staffing needs and have begun filling new positions needed to fulfill new duties; several hires have been made, and more are to come. (Other challenges related to Act 41 are covered in the *Looking Ahead* section.)

Implementation of Technology

Move to New Building. In May of 2025, the ORS moved to its new location with little to no interruption in operations. This accomplishment was due to the advance planning of the ORS Administration and IT departments. The IT department, which was expanded in FY 23-24, has proved to be a very efficient way to consolidate and streamline technology functions. Included among the preparations for the move were a migration for all ORS computers to Windows 11 as well as the implementation of Informacast, an emergency-notification system. Informacast allows ORS leadership to reach out to ORS employees with instant broadcast alerts via computer, office phone, and mobile devices. This system will be used for urgent notifications about emergencies such as inclement weather, office closures, security threats, and other important events. It can also provide timely updates for non-emergency situations, such as building maintenance issues or IT outages.

SCBBO Construction Dashboard. One of the critical roles of the SCBBO is to determine when a broadband project is complete. This determination is essential because the ORS does not reimburse ISPs until the work is 100% complete.

To make this determination, the SCBBO evaluates provider-reported construction photos, GIS data, and financial packages, together with Ookla® Speedtest information to document achievement of federally required minimum download and upload speeds.

On September 30, 2023, the SCBBO Construction Dashboard (the Dashboard) became operational. The Dashboard functions by leveraging the global-standard H3 (Hexagonal Hierarchical Geospatial Indexing System, <https://h3geo.org>) that the Federal Communications Commission utilizes for all telecommunications analysis. Simply stated, H3 is a set of nested hexagons of progressively smaller area and has critical advantage over census blocks because every hexagon is the exact same size.

The SCBBO has developed a process to analyze its Ookla Speedtest results (which are consumer-generated) and populate them in their proper H3 cells. The SCBBO's analysis relies upon an IBM server that talks to the Ookla server on a nightly basis.

Early each morning, the IBM server retrieves all South Carolina Speedtest results from the previous day. Once the IBM server has the raw data, it is filtered and geo-processed by IBM Watson, and the resulting data file is typically downloaded by the SCBBO on Monday mornings. **As of June 30, 2025, the SCBBO has over 5 million Speedtest results.**

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Looking Ahead

The ORS has several challenges on the horizon as we look ahead to FY 25-26 and beyond.

Act 41. Staffing challenges arising from Act 41 were discussed in an earlier section. Additionally, Act 41 includes new provisions for the Rate Stabilization Act (RSA) that allow utilities to opt in to the ERSA (Electric RSA); thus far, no utility has opted in, but we anticipate that will happen in the foreseeable future. Act 41 also requires construction monitoring and reporting for certain projects, including those that cost in excess of \$500 million. We are actively evaluating what projects may require this monitoring and working with utilities to ensure full compliance with this provision of Act 41.

Securitization in the New Legislative Format. In March of 2025, the securitization bill was ratified by the General Assembly. Under this new legislative format, the ORS participated in the Duke Energy Carolinas (DEC) securitization docket (2025-65-E), in which DEC filed a petition and supporting testimony requesting the Public Service Commission of SC (Commission) approve DEC’s application to finance estimated storm-recovery costs of \$604 million using the securitization-financing mechanism. This amount included estimated storm-recovery costs incurred because of Hurricane Helene and costs to offset DEC’s existing negative storm-reserve balance. A settlement agreement was reached, and the Commission issued its Financing Order on August 1, 2025. The ORS is now participating with the utility and other parties on the Bond Advisory Team to review and provide advice and input on the structuring, marketing, and pricing of the Storm Recovery Bond.

Regulatory Uncertainty: FERC Order 1920. On May 13, 2024, the Federal Energy Regulatory Commission (FERC) issued its Order 1920, which requires the nation’s transmission providers to collaboratively plan for future transmission needs. Among other things, these transmission providers must establish a six-month engagement period with relevant state entities to discuss and/or possibly reach agreement on an *ex ante* cost allocation method for long-term regional transmission planning. An *ex ante* cost allocation method is the determination of cost allocations before the costs are incurred.

Of note, FERC defines a relevant state entity as “any state entity responsible for electric utility regulation or siting electric transmission facilities within the state.” The ORS expressed its willingness to serve as the relevant state entity for South Carolina, with input and guidance from state leadership, and is currently serving as the relevant state entity.

The ORS has engaged an outside consultant to assist in its analysis of long-term regional transmission planning and needs, plan benefits and selection criteria, and cost allocation methodologies required pursuant to Order 1920. This process is expected to be relatively lengthy.

Federal Funding Uncertainty. The federal administration’s issuance of Executive Orders and a subsequent freeze on federal funding affected, and continues to affect, certain ORS programs receiving federal funding – namely, the State Energy Office (SEO), the SC Broadband Office (SCBBO), and the Digital Opportunity Department (DOD). The latter (DOD) has ceased to exist

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as its funding was terminated. For the SEO and the SCBBO, both felt impacts in certain programs – for example, Energy Efficiency Conservation Block Grants and development of Home Energy Rebate Programs (SEO) and Broadband Equity, Access, and Deployment (SCBBO). We will continue to assess and adjust in the affected areas as we move forward.

State Energy Strategy. Covered in the *State Energy Office* section of this narrative, the State Energy Strategy will be a multi-year effort that will require collaboration among many stakeholders in both the public and private sectors.

Duke Merger. Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, LLC (DEP) filed a joint application to engage in a business combination on August 14, 2025, with the Public Service Commission of South Carolina. In earlier discussions that occurred during FY 24-25, DEC and DEP stated that merging the two utilities could yield benefits such as reduced costs, simplified operations, flexibility, and a streamlined regulatory process. They also stated that such a merger would require approval by all three jurisdictions: the North Carolina Utilities Commission, the South Carolina Public Service Commission, and the Federal Energy Regulatory Commission. In FY 24-25, the ORS hired outside consultants who will continue to assist in this process.

[Risk and Mitigation Strategies](#)

If the ORS does not fulfill its mission of representing the public interest in utility regulation, the adverse consequences for consumers could be 1) paying high, inequitable rates that exceed what is adequate for utilities to maintain service reliability or 2) paying rates that are too low for utilities to sustain reliable service to customers.

The ORS will continue to need the assistance of outside experts who provide specialized expertise and analysis for rate case preparation and other facets of the ORS' work; employing such experts as full-time employees would be unnecessary and expensive.

The ORS respectfully requests that the General Assembly continue to provide the following:

- 1) support from the General Assembly and the PURC;
- 2) a budget that allows the ORS to recruit, hire, and retain talented staff; and
- 3) the ability and funding to hire and retain outside experts as necessary.