

AGENCY STRATEGIC PLAN

Fiscal Years 2015-2019

**Submitted to the Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board**

by

OFFICE OF PUBLIC UTILITY COUNSEL



June 2014

AGENCY STRATEGIC PLAN

Fiscal Years 2015-2019

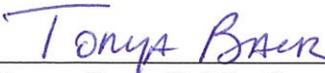
**Submitted to the Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board**

by

OFFICE OF PUBLIC UTILITY COUNSEL

June 23, 2014

Signed:



Tonya Baer, Public Counsel

Table of Contents

| | |
|---|----------|
| Vision of Texas State Government | 1 |
| Mission of Texas State Government..... | 1 |
| Philosophy of Texas State Government | 1 |
| Relevant Statewide Goals and Benchmarks | 2 |
| Office of Public Utility Counsel Mission..... | 3 |
| Office of Public Utility Counsel Philosophy | 3 |
| External/Internal Assessment | 3 |
| Overview of Agency Scope and Functions..... | 3 |
| Statutory Basis | 3 |
| Historical Perspective | 4 |
| Affected Populations and Public’s Perception of OPUC..... | 5 |
| Organizational Aspects | 5 |
| Size and Composition of Workforce..... | 5 |
| Organizational Structure and Process | 6 |
| Agency Use of Historically Underutilized Businesses | 6 |
| Key Organizational Events, Areas of Change, and Impact on Organization..... | 7 |
| Fiscal Aspects | 8 |
| Service Population Demographics | 8 |
| Technological Developments..... | 8 |
| Economic Variables | 9 |

| | |
|--|-----------|
| Significant Legal Issues | 10 |
| Self-Evaluation and Opportunities for Improvement | 11 |
| Agency Goals, Objectives, Outcome Measures, Strategies, Output Measures, and Efficiency Measures..... | 11 |
| Technology Resource Planning..... | 14 |
| Technology Initiative Assessment and Alignment | 14 |
| Appendices: | |
| Appendix A: Agency Planning Process..... | 15 |
| Appendix B: Agency Organizational Chart | 17 |
| Appendix C: Agency Projected Outcomes for 2015-2019..... | 19 |
| Appendix D: Performance Measure Definitions | 21 |
| Appendix E: Agency Workforce Plan..... | 31 |

Glossary of Acronyms and Initialisms

DIR – Department of Information Resources

ERCOT – Electric Reliability Council of Texas

FCC – Federal Communications Commission

FERC – Federal Energy Regulatory Commission

FY – Fiscal Year

GDP – Gross Domestic Product

H.B. – House Bill

HUB– Historically Underutilized Businesses

IOU – Investor-Owned Utilities

MOU – Municipally Owned Utility

NERC – North American Electric Reliability Corporation

OPUC – Office of Public Utility Counsel

PUC – Public Utility Commission

PURA – Public Utility Regulatory Act

S.B. – Senate Bill

TCEQ – Texas Commission on Environmental Quality

TUSF – Texas Universal Service Fund

VA – Vulnerability Assessment

Vision of Texas State Government

- Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means and limiting the growth of government;
- Investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state;
- Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and make sure Texans are prepared to compete in the global marketplace;
- Defending Texans by safeguarding our neighborhoods and protecting our international border; and
- Increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

Mission of Texas State Government

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim high . . . we are not here to achieve inconsequential things!

Philosophy of Texas State Government

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.
- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Relevant Statewide Goals and Benchmarks

Priority Goal

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- Implementing clear standards;
- Ensuring compliance;
- Establishing market-based solutions; and
- Reducing the regulatory burden on people and business.

Benchmarks

- Ratio of supply of electricity generation capacity to demand.

Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by;

- Supporting effective, efficient, and accountable state government operations;

Benchmarks

- Number of state employees per 10,000 population
- Number of state services accessible by Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet and accepting information in electronic format

Office of Public Utility Counsel Mission

The mission of the Office of Public Utility Counsel (OPUC) is to represent residential and small business customers in cases and projects to achieve reasonable prices, to provide customer protection, and to develop and encourage competitive markets.

Office of Public Utility Counsel Philosophy

To accomplish our mission, we commit to providing the highest quality legal, professional, and technical representation to residential and small business utility customers, so that all Texans are provided ample, affordable, and reliable utility services and competitive markets are developed to benefit all customers.

External/Internal Assessment

Overview of Agency Scope and Functions

Statutory Basis

OPUC was created in 1983 in response to legislative and consumer groups concerns that residential and small business utility ratepayers were not adequately represented in utility proceedings. Utility companies and large consumers had numerous resources to aggressively represent their interests. However, residential and small business ratepayers generally did not have the resources to afford effective legal representation.

This inequity created an inherent unfairness in the regulatory process; therefore, OPUC was created to protect the interest of residential and small commercial consumers. The Public Utility Regulatory Act (PURA), Tex. Util. Code Ann. §§ 13.001 *et seq.*, and the Texas Water Code §13.107 charge OPUC with representing residential and small business consumers in proceedings affecting utility rates and services.

OPUC represents consumers' interests before the Public Utility Commission (PUC), the Texas Commission on Environmental Quality (TCEQ)¹ as well as both state and federal courts,

¹ OPUC is authorized to intervene in water and sewer utility cases at the TCEQ until September 1, 2014 when those functions will be transferred to the PUC.

the Texas Reliability Entity, the Electric Reliability Council of Texas (ERCOT), the Federal Communications Commission (FCC), the North American Electric Reliability Corporation (NERC), and the Federal Energy Regulatory Commission (FERC).

Decisions made at the courts, regulatory agencies and at ERCOT directly impact the price, offering, and reliability of utility services. OPUC represents the interests of residential and small business consumers when those decisions are being made.

Historical Perspective

Regulation of electric and telephone utilities became an issue shortly after the turn of the last century. Until 1975, municipalities were charged with regulating these utilities. This role was relatively noncontroversial until the early 1970s when increasing energy costs and growing concern about the practices of the Bell telephone system galvanized public opinion. Legislative committees in the early part of that decade concluded that municipal utility regulation was ineffective because it lacked a comprehensive system of regulation and cities lacked adequate resources to defend their rate decisions in the lengthy court battles that usually followed utility rate applications. Accordingly, in 1975, the PUC was created to oversee statewide regulation of electric, telecommunications, and water utilities. Further, in 1983, OPUC was created to provide specific representation of residential and small business consumers.

There have been several significant events in the utility arena since OPUC's creation. These include:

- 1985-the Texas Legislature transferred the regulation and advocacy of retail water and sewer rates from the PUC and OPUC to the Texas Water Commission (now the TCEQ).
- 1995-the Texas Legislature enacted legislation allowing competition in the electric wholesale market.
- 1996-the U.S. Congress passed the Federal Telecommunications Act of 1996 allowing for competition in local retail telecommunications markets.
- 1997-the Texas Legislature expanded OPUC's statutory authority to allow OPUC to intervene on behalf of residential and small commercial customers, as a class, in gas utility appeals before the Texas Railroad Commission, but only at the request of a municipality.
- 1999-the Texas Legislature restructured the Texas retail electric market and enhanced customer safeguards.
- 2002-Texas implemented retail electric choice in the ERCOT.

- 2010-ERCOT launched nodal market design to improve market and operating efficiencies.
- 2013-the Texas Legislature expanded OPUC’s statutory authority to allow OPUC to represent residential and small business ratepayer classes in water and wastewater ratemaking proceedings.

Affected Populations and Public’s Perception of OPUC

OPUC represents residential and small business utility ratepayers, as a class, in a variety of regulatory proceedings and in court. The agency primarily represents customers in electric, water and wastewater, and telecommunications cases. OPUC was created so that individual consumers would not have to bear the burden and expense of participating in complex and expensive legal proceedings to have their interests represented.

OPUC’s responsibilities also include participating in workshops, projects, and rulemakings related to ratemaking, retail electric competition, and customer safeguards.

OPUC’s representation of water and wastewater ratepayers is a new function that began in September 2013. Similar to its representation of electric and telephone ratepayers, the agency protects residential and small business customers’ interests in water and wastewater rate proceedings, projects, and rulemakings.

While much of Texas’ telecommunications market is deregulated, there are some parts of the state in which telecommunications rates and services remain fully regulated. In those markets, OPUC works to ensure that rates are just and reasonable. In the deregulated markets, the agency focuses on fostering competition and promoting customer safeguards.

In addition to representing consumers, OPUC also provides information of interest to the public and communicates with the agency’s clients to assess their needs and set the agency’s priorities. To solicit input from consumers, OPUC conducts monthly customer surveys and an annual meeting. OPUC also meets with Chambers of Commerce, health and social services organizations, small business associations, and representatives of the military community to provide information to consumers. These opportunities establish a two-way dialogue between OPUC and consumers where OPUC is better able to understand ratepayers’ concerns and issues of importance to them.

Organizational Aspects

Size and Composition of Workforce

As of June 1, 2014, OPUC has a total of 18 full-time positions. At the present time, approximately 27 percent of OPUC staff is minority and 72 percent is female.

Although OPUC maintains a small staff of expert witnesses, these witnesses are sometimes unable to address certain technical issues because of workload constraints or lack of necessary expertise. When necessary, OPUC utilizes and contracts with outside expert witnesses to address these issues. These outside expert witnesses are experienced professionals, such as engineers, economists, accountants, or telecommunications analysts who have a particular knowledge or skill.

Organizational Structure and Process

OPUC is headed by the Public Counsel, who is appointed by the Governor and confirmed by the Senate for a two-year term. The Public Counsel must be licensed to practice law in the State of Texas and must be a Texas resident. The agency is located in Austin, Texas and has no regional offices.

The Public Counsel supervises the overall operations of the agency and establishes agency policy. Specifically, the Public Counsel is responsible for the agency budget, staffing, selection of rulemakings and projects in which to participate, and cases in which to intervene.

OPUC currently has 18 employees. The Deputy Public Counsel oversees the Legal Division and the Regulatory Analysis Division. The Deputy Public Counsel reports directly to the Public Counsel and oversees the office in the Public Counsel's absence. The Business Manager, who reports to the Public Counsel, oversees the administrative support staff and the day-to-day business and financial operations of the agency. OPUC also has a Director of External Relations, Information Specialist and a Special Assistant to the Public Counsel, who report directly to the Public Counsel and handle interagency and stakeholder communications, legislative and intergovernmental relations, and various ERCOT activities.

The Legal Division consists of attorneys who work collaboratively with the Regulatory Analysis Division, which includes mainly experts in the fields of finance and economics, in both litigated and non-litigated matters before the PUC, TCEQ and other entities as necessary (*e.g.*, state and federal courts, FERC, FCC, etc.). Major areas of work include contested cases such as rate cases, fuel reconciliation and other fuel cases, energy efficiency cases, and advanced metering deployment reconciliation proceedings. Non-litigated matters include rulemakings, projects and workshops in which OPUC appears before different regulatory entities to represent consumer interests and safeguard customer protections.

Agency Use of Historically Underutilized Businesses

The Office of Public Utility Counsel will continue to make a good faith effort to utilize historically underutilized businesses (HUBs) in its delegated purchases and contracts. Because of the nature of the agency's business, OPUC does not procure in the Heavy Construction, Building Construction, Special Trade Construction or Professional Services categories. OPUC's percentages for the Other Services category are below the state goal for this category because of the limited number of HUB vendors specializing in areas that OPUC requires services.

| Category | Statewide Goal | OPUC FY 2013 |
|-----------------------|-----------------------|---------------------|
| Other Services | 24.6% | 10.36% |
| Commodities | 21.0% | 33.03% |

Key Organizational Events, Areas of Change, and Impact on Organization

In 2013, the 83rd Legislature passed Senate Bill (S.B.) 567 and House Bill (H.B.) 1600, transferring water and wastewater rate regulation from the TCEQ to the PUC and authorizing OPUC to represent residential and small commercial water and wastewater ratepayers before the regulatory body with jurisdiction over those rates.

The transition will become effective on September 1, 2014, with a requirement that the PUC implement new classification structures and processes by September 1, 2015. The legislation, however, authorized OPUC to intervene in cases representing residential and small commercial ratepayers beginning on September 1, 2013 at the TCEQ and to continue that representation upon transfer to the PUC.

Since September 2013, OPUC has participated in several water rate cases. OPUC continues to review new water cases that have been referred to the State Office of Administrative Hearings to determine if intervention is appropriate. Additionally, during the transition from TCEQ to PUC, OPUC is working with the PUC and other stakeholders on the adoption of new rules.

In addition to representing water and wastewater ratepayers, OPUC continues its legal representation of electric and telecommunications residential and small business customers. A significant portion of the agency's resources are spent on large electric rate cases and other electric issues, with a smaller portion devoted to the highly competitive telecommunications industry.

The PUC regulates electric utilities that are located outside of ERCOT and transmission and distribution utilities located in competitive areas of the state. OPUC intervenes and participates in those cases in which the rates and services of the regulated entities are at issue. However, competition has brought a whole new set of issues in which OPUC serves to protect consumer interests such as cases and projects involving customer protection, market design and market reform issues.

The telecommunications industry continues to evolve at a rapid pace. Although some rural areas are still rate regulated, most consumers can choose from a variety of competitive providers and services. Further, the telecommunications industry has been transformed by technological advances and investment by providers in mobile wireless and broadband technologies. These changes have resulted in a highly competitive market with an abundance of intermodal competitors. The shift from rate regulation to competition in the telecommunications industry has

reduced the telecommunications workload of the agency. OPUC has responded to these changes by focusing on market-based policies that encourage competition. OPUC's major initiative has been participation in cases and rulemakings implementing changes to the Texas Universal Service Fund (TUSF) support. The TUSF includes programs that, in conjunction with the Federal Universal Service Fund, assists telecommunications providers in providing basic local telecommunications service in high cost and rural areas.

Fiscal Aspects

For the 2014-2015 biennium, OPUC was appropriated \$3,307,406 from the General Revenue Fund and \$999,360 from the Water Resources Management Account. These funds are collected from assessments on Texas utilities. PURA authorizes the Texas Comptroller of Public Accounts to assess and collect one-sixth of 1 percent of the Public Utility Gross Receipts Tax on utility bills to pay for utility regulation in Texas. The gross receipts tax collected approximately \$55.49 million in fiscal year (FY) 13 of which \$1.65 million was used to fund OPUC. Further, The Texas Water Code authorizes the collection of a regulatory assessment from retail water and wastewater companies to pay for the regulation of these utilities.

Most states across the country fund their Public Counsel offices in the same manner Texas does – through an assessment on regulated utilities. Funding for most offices is based on an assessment on the regulated utilities or a charge on customer bills and varies considerably depending on the size of the state, utilities regulated, and other factors. The typical biennial budget ranges from \$1.6 million to over \$11 million. Staffing ranges from five to 51 employees.

Service Population Demographics

OPUC represents residential and small business customers of electric, telecommunications, and water and wastewater utilities service across the state. Residential customers include those who rent their homes as well as those who own their homes. OPUC's customers are located throughout Texas in both urban and rural areas. The common issue for customers of all three types of utilities, regardless of geographic area, remains the same. Residential and small business ratepayers want the assurance of reliable service, affordable rates, and appropriate customer protections for all utility services – electric, water and wastewater, and telephone.

Technological Developments

The agency strives to make use of the latest technology whenever possible to be more effective and efficient. The Texas Department of Information Resources (DIR) provides OPUC with Internet service. OPUC hosts a website and maintains an internal email system. Through these means, OPUC is able to effectively communicate with consumers, lawmakers, and regulatory agencies.

Internet access continues to be a vital business tool. Many valuable resources are now available online, which allows on-demand access to that information. For example, the agency

downloads utilities financial information from the FERC and U.S. Securities and Exchange Commission.

In fact, OPUC's website is one of the agency's most valuable tools for connecting with the public and other government agencies. OPUC ensures the information provided on its website is as current and useful as possible. The website has undergone several improvements as recently as 2013 to enhance user experience and accessibility, connectivity with other agencies, and social media interaction via Facebook and Twitter. These improvements allow users to more easily communicate with the agency and navigate the increasingly complex utilities industry.

Economic Variables

Key economic indicators for Texas' residential households and small business consumers reveal signs of economic recovery from the 2008-2009 national recession. The Texas gross domestic product (GDP), typically a measure considered to be the most comprehensive indicator of overall economic health, increased annually since the official end of the national recession in June 2009.² Although the unemployment rate remains slightly above historical averages, codependent indicators with strong relation to the unemployment rate, such as per capita household income in Texas, rose in 2012 and 2013, outperforming the U.S. average.³

Furthermore, another indication of the health of the Texas economy's recovery is the sharp increase in demand for housing due to the surge of residents and businesses relocating to the state to capitalize on the favorable business climate and job opportunities. As a result of the increased number of potential customers for essential utilities, a heightened demand for utility services has developed.

Although current economic indicators show both state and national economies recovering from the recession, there are still challenges utility customers face. An assessment conducted by the NERC in 2013 indicates that the current economic environment in Texas has led to substantially higher growth rates in the amounts of electricity demanded by retail customers when compared to the rest of the country. This 2013 assessment estimated an overall increase in peak electricity demand throughout the NERC region at 1.6 percent while within the ERCOT, or the Texas electric grid, demand increase was estimated at 2.3 percent.⁴ As Texas continues to lead the nation in population and employment growth as well as substantial new business investments, this trend is likely to continue in the near future.

Texas unemployment rates were not immune to the financial crisis and subsequent economic instability brought on by the national recession. Unemployment rates in Texas reached a high of 8.6 percent in June 2011 but have since improved and currently stand at a rate of 5.9

² Data taken from the National Bureau of Economic Research. See: <http://www.nber.org/releases/>

³ Data taken from the U.S. Bureau of Economic Analysis. See: http://www.bea.gov/iTable/index_regional.cfm

⁴ Data taken from the U.S. Bureau of Labor Statistics. See: <http://www.bls.gov/bls/newsrelease.htm>

percent, still a full percentage point higher than pre-recession levels.⁵ GDP continues to grow, but so do consumer prices and the cost of living, since both are corollary to GDP growth. Due to lags between prices and wages, additional stresses have developed for households and small businesses. Rising consumer costs force households and small businesses to face difficult choices when attempting to balance utility bills with other spending. While the pressure on households and small businesses has relented somewhat, consumers continue to need a resource that helps them manage utility costs and participate in the utility market in an informed way.

OPUC fills a critical need during this time. OPUC represents customers in cases and projects to achieve reasonable prices, to provide customer protection, and to develop and encourage competitive markets. OPUC's representation provides these consumers with a strong advocate with the resources as well as skills and expertise to successfully protect their interests. OPUC anticipates that future economic conditions will call for intensified, rather than diminished, consumer representation as utility industry products and services become more complex and abundant.

Significant Legal Issues

During the 83rd Regular Legislative Session (2013) there were several bills that impacted Texas utility industries. Following are highlights of these new laws:

- System Benefit Fund – House Bill (H.B.) 7 altered the use of specific general-revenue dedicated accounts, including the System Benefit Fund, which was originally enacted to fund a low-income discount program for customers living in competitive electric areas of the state. H.B. 7 phases out the System Benefit Fund over the next biennium by repealing the fee and requiring the PUC to set a discount rate for the low-income program that will result in a fund balance of zero by September 1, 2016.
- Advanced Meter Data Privacy – New data privacy provisions were enacted as part of the PUC Sunset bill, H.B. 1600, to prohibit a utility or retail electric provider from disclosing customers' advanced meter information to a third party unless the customer approves the disclosure of the information or it is disclosed to allow the third party to provide a customer-approved service.
- Water and Wastewater Ratemaking – H.B. 1600, as well as S.B. 567, transferred the regulation of water and wastewater ratemaking from the Texas Commission on Environmental Quality to the Public Utility Commission, and gave OPUC authority to intervene on behalf of residential and small commercial customer classes. OPUC's authority to intervene was effective on September 1, 2013.

⁵ Data taken from the North American Reliability Corporation. *See:*
http://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/2013SRA_Final.pdf

- Telecommunications – Several bills related to telecommunications were enacted by the 83rd Legislature. S.B. 583 changes TUSF eligibility requirements to receive distributions from the TUSF to ensure the purpose of the fund is safeguarded. S.B. 259 clarified the scope of PUC’s authority with respect to non-dominant telephone carriers, deregulated companies, and transitioning companies.

Self-Evaluation and Opportunities for Improvement

OPUC views the strategic planning process as an opportunity to examine the role we play in Texas. Through the strategic planning process, the agency identifies the fundamental tenets of its mission and philosophy and how to best structure agency work to bring value to its customers.

Because OPUC strives to maximize its resources, the agency carefully considers the benefits it can achieve through participation in various forums. Accordingly, the agency considers several relevant consumer, market, and fiscal factors before participating in proceedings:

- Is there a demonstrable consumer interest at stake?
- What consumer benefits can be achieved?
- Does OPUC have a reasonable chance of success?
- What are the goals for participation?
- What time and costs will be necessary for the matter?
- What prior law or precedent is relevant to the matter?

OPUC’s current workforce is skilled and highly experienced in the industry. This has allowed the agency to operate efficiently and effectively in its representation of customers. OPUC, however, has identified maintaining experienced workers as a challenging area for the future. In fact, in the near term a significant portion of the agency’s experienced workforce is eligible for retirement. Further, within the utility industry, competition for skilled individuals is significant; therefore, OPUC is having to compete with both the public and private sector to maintain and recruit experienced staff.

Agency Goals, Objectives, Outcome Measures, Strategies, Output Measures, and Efficiency Measures

GOAL: Equitable Utility Rates for Residential and Small Commercial Consumers.

OBJECTIVE: To Protect Consumers and Ensure Reasonable Rates.

Outcome Measures:

- Percentage of OPUC Utility Cases that are Competition Related.

- Percentage of OPUC Utility Cases that are Resource Related.
- Current Year Bill Savings for Residential and Small Commercial Utility Consumer (In Millions).

STRATEGY: Participate in Major Utility Cases.

Output Measures:

- Number of Utility Cases in Which OPUC Participates.
- Number of Utility Court Cases in Which OPUC Participates.

Efficiency Measure:

- Average Cost Per Utility Case in Which OPUC Participates.

GOAL: Protect Consumer Interests in Utility Markets.

OBJECTIVE: Promote Utility Choices and Consumer Protection Policies.

Outcome Measures:

- Percentage of OPUC Utility Projects that are Competition Related.

STRATEGY: Participate in Major Utility Projects Affecting Consumers.

Output Measures:

- Number of Utility Projects in Which OPUC Participates.

Efficiency Measure:

- Average Cost Per Utility Project.

GOAL: We will establish and carry out policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses.

OBJECTIVE: We will include historically underutilized businesses in at least the percentages designated by the Comptroller of Public Accounts in its Annual Procurement Utilization Goals of the dollar value of all delegated purchases and contracts awarded annually.

Outcome Measure:

- Percent of Total Dollar Value of all categories of delegated purchases and contracts awarded annually to HUBs.

STRATEGY:

We will continue to expand and maintain a list of all certified HUB vendors and contractors by collecting updated information from the Comptroller of Public Accounts.

Output Measures:

- Number of HUBs Contractors Contacted for Bid Proposals.
- Number of HUB Contracts Awarded.
- Dollar Value of HUB Contracts Awarded.

Technology Resource Planning

Technology Initiative Assessment and Alignment

It is crucial for OPUC to continually enhance its computer system as technology changes. In furtherance of this, OPUC has developed two initiatives: (1) strengthen and expand capabilities to acquire and secure technology by participating in the State's Information and Communication Technology Cooperative contract program which leverages the State's purchasing power, and (2) monitor and adapt to changing conditions to recognize and prevent security breaches. In FY 2007, the agency entered into a DIR Seat Management agreement to provide maintenance for the agency's network, email, and website. This has greatly improved the agency's capabilities in automated security tools, including patch management, risk assessment, and incident reporting. In FY 2012, OPUC leveraged DIR's resources to improve security of the agency's network and applications. DIR performed a vulnerability assessment on the agency's network and applications. The test resulted in only a few minor issues that the agency addressed. DIR will conduct another vulnerability assessment on the agency's network and a Web Application Vulnerability Scan (WAVS) in 2014.

OPUC strives to ensure the information provided on its website is as current and useful as possible. The website has undergone several improvements, as recently as 2013, to enhance user experience and accessibility, connectivity with other agencies, and social media interaction via Facebook and Twitter. These improvements allow users to easily communicate with the agency and navigate the increasingly complex public utilities industry.

Creating a dialogue with the public has been historically challenging for government agencies; therefore, ensuring that web content is accessible, relevant, and easy to read has also become increasingly imperative. OPUC realizes these needs and, therefore, provides updates on consumer rights, regulatory rules, legislation, and energy efficiency tips on its website.

Appendix A

Agency Planning Process

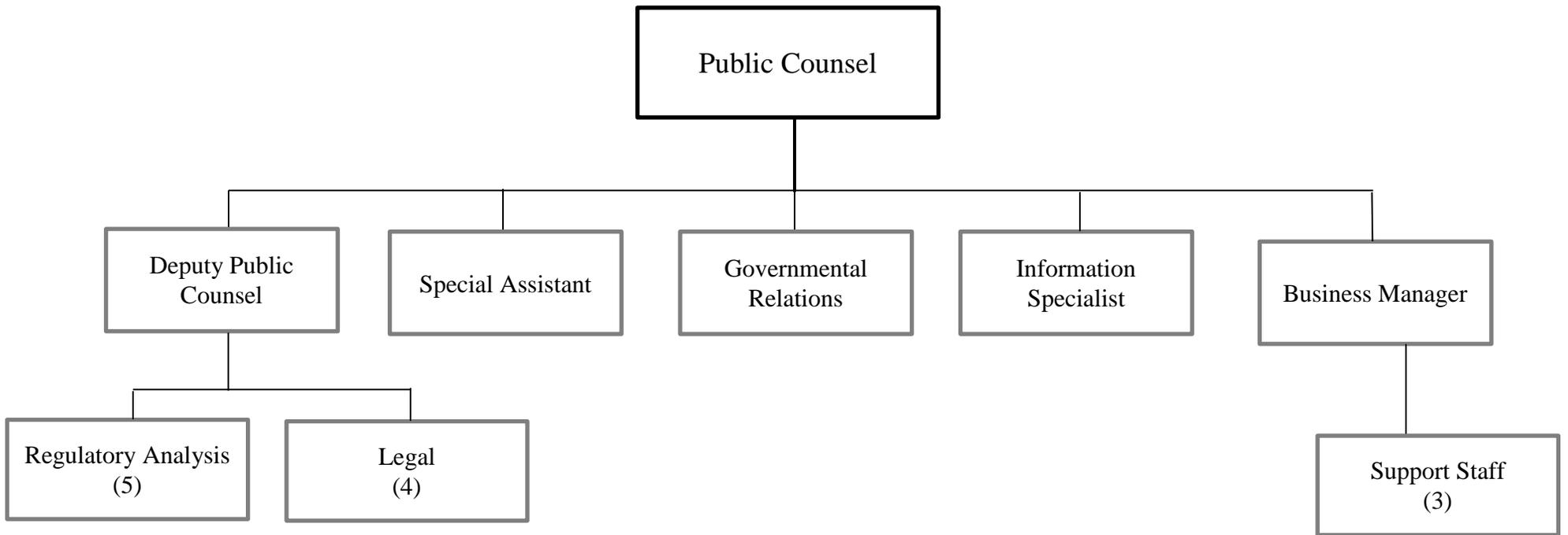
Agency Planning Process

Each year OPUC hosts an annual meeting to solicit input from consumers on office priorities. Further, the agency meets with consumers and consumer groups throughout the year to get input on agency services and issues of interest to consumers. Inside the agency, key office personnel meet periodically to discuss performance measures, budgetary issues, and agency strategy.

Further, during the strategic planning process, the strategic plan instructions are distributed and reviewed by the Public Counsel, Deputy Public Counsel, and Business Manager, to determine if the agency's previous Strategic Plan continues to reflect projected work levels and goals. The Public Counsel then elicits input from staff members to update the Strategic Plan. After research and review, the final draft was completed and submitted to the appropriate offices.

Appendix B

Agency Organizational Chart



Appendix C

Agency Projected Outcomes for 2015-2019

OFFICE OF PUBLIC UTILITY COUNSEL

**OUTCOMES
2015 – 2019**

| OUTCOME | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|
| Percentage of OPUC Utility Cases that are Competition Related. | 0% | 45% | 45% | 45% | 45% |
| Percentage of OPUC Utility Cases that are Resource Related | 0% | 4% | 4% | 4% | 4% |
| Current Year Bill Savings/Res*/Sm Comm** Utility Customers (In Millions). | \$ 0 (m) | \$ 18 (m) | \$ 18 (m) | \$ 18 (m) | \$ 18 (m) |
| Percentage of OPUC Utility Projects That Are Competition Related. | 0% | 50% | 50% | 50% | 50% |

FY2015 – Targets are zero due to new budget structure.

*** Res – Residential Consumer**

**** Sm Comm - Small Commercial Consumer**

Appendix D

Performance Measure Definitions

APPENDIX D
Performance Measure Definitions

Strategy: Utility Case Participation

| | |
|----------------------------|---|
| Outcome Measure: | Percentage of OPUC Utility Cases that are Competition Related. |
| Short Definition: | Utility Cases that are competition related include OPUC cases, excluding court cases, which address issues such as choice in providers and services, market power, access to new and advanced technologies, and consumer protection policies. |
| Purpose/Importance: | Competition is an important benefit for consumers. As such, the agency workload will be best measured by the percentage of total utility cases that are competition related. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC determines the number of total utility cases in which it participates. OPUC divides this number into the number of utility competition cases in which OPUC actually participates. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|--|
| Outcome Measure: | Percentage of OPUC Utility Cases that are Resource Related |
| Short Definition: | OPUC utility cases that are resource related include utility cases, excluding court cases, which address issues such as renewable energy requirements, energy efficiency goals, energy portfolio issues, transmission planning and water conservation. |
| Purpose/Importance: | SB7 instituted certain statewide goals and mandates related to resource planning and acquisition. The agency will actively pursue these requirements through the most cost-effective means possible. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC determines the total number of utility cases in which it participates. OPUC divides this number into the number of utility resource related cases in which OPUC actually participates. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|---|
| Outcome Measure: | Current Year Bill Savings/Res/Sm Com Utility Consumer (In Millions). |
| Short Definition: | Bill savings measure the impact on residential and small commercial consumer's bills. Different types of utility cases result in rate adjustments on consumer's bills such as rate increases/decreases, surcharges, refunds, incentives, mark-ups, transition charges, and fuel charges. |
| Purpose/Importance: | OPUC will participate in utility cases, excluding court cases, to ensure the maximum bill savings on residential and small commercial consumer's bills. This measure will quantify the impact in the current year for participation in the current year's proceedings on a state-wide basis. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | <p>OPUC calculates the bill savings as the difference between a requested amount for a rate adjustment and the amount actually approved, for the current fiscal year. Bill savings should include only residential and small commercial, industrial and transportation consumers will be removed using information from the U.S. Department of Energy.</p> <p>Impact on industrial and transportation consumers will be separated out using the most recently available information from the U.S. Department of Energy. The calculation is based on using one of the following: national retail sales of kilowatt hours, state retail sales of kilowatt hours, or state retail revenue earned by all electric companies that sell electricity in Texas. In addition, information from the U.S. Department of Energy should be used to calculate a three year average moving for residential and small commercial market sector to minimize the fluctuation in the market.</p> |
| Calculation Type: | Cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|--|
| Output Measure: | Number of Utility Cases in Which OPUC Participates. |
| Short Definition: | OPUC intervenes in utility cases which have the most significant impact on residential and small commercial consumers in Texas. “Cases” include tariffs and docketed proceedings, excluding court cases. |
| Purpose/Importance: | This measure quantifies the number of utility cases OPUC participates in. Many significant issues are presented as tariffs or docketed proceedings. OPUC actively participates in these cases on behalf of residential and small commercial consumers. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC uses a manual count of all utility cases in which OPUC actually participates. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|--|
| Output Measure: | Number of Utility Court Cases in Which OPUC Participates. |
| Short Definition: | OPUC participates in court cases in which utility matters are litigated. OPUC can participate in court either as the petitioning party, as an intervener, or as an <i>amicus curiae</i> . In many instances, OPUC performs two roles in the same case. |
| Purpose/Importance: | This measure quantifies the number of utility court cases in which OPUC participates. Many significant issues are litigated in the court system. OPUC actively participates in these cases on behalf of residential and small commercial consumers. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC uses a manual count of utility court cases in which OPUC actually participates. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|---|
| Efficiency Measure: | Average Cost Per Utility Case in Which OPUC Participates. |
| Short Definition: | Average cost per utility case. |
| Purpose/Importance: | This measure provides a guide as to the average cost per utility case, excluding court cases. The amount determined will be higher if longer or more complex cases are more common. It will be lower if shorter or less complex cases are more common. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC calculates the hourly rate for each attorney and technical staff and multiplies that hourly rate by the individual time spent on each case. The sum of all attorney and technical staff time is then divided by the total number of utility cases in which OPUC participates. Outside expert witness contracts are included in this calculation. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Lower than target. |

Strategy: Consumer Protection

| | |
|----------------------------|--|
| Outcome Measure: | Percent of OPUC Utility Projects That Are Competition Related. |
| Short Definition: | “Projects” include rulemakings and generic projects. Utility projects that are competition related include projects which address choice in utility providers and services, market power, access to new and advanced technologies, and consumer protection policies. |
| Purpose/Importance: | Competition is an important benefit to consumers. As such, OPUC workload is best measured by the percentage of total projects that are competition related. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC determines the total number of total utility projects in which it participates. OPUC divides this number into the number of utility competition projects in which OPUC participates. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|---|
| Output Measure: | Number of Utility Projects in Which OPUC Participates. |
| Short Definition: | OPUC participates in utility projects which have the most significant impact for residential and small commercial utility consumers in Texas. "Projects" include rulemaking proceedings and generic projects. |
| Purpose/Importance: | Many significant issues are decided through projects at the PUC. OPUC participates in these projects on behalf of residential and small commercial consumers. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC uses a manual count of all utility projects in which OPUC actually participates. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Higher than target. |

| | |
|----------------------------|---|
| Efficiency Measure: | Average Cost Per Utility Project |
| Short Definition: | Average cost per utility project. Projects include rulemakings and generic projects. |
| Purpose/Importance: | This measure provides a guide as to the average cost per project. The amount determined will be higher if longer or more complex projects are more common. It will be lower if shorter or less complex projects are more common. |
| Source/Collection of Data: | OPUC records. |
| Method of Calculation: | OPUC calculates the hourly rate for each attorney and technical staff and multiplies that hourly rate by the individual time spent on each project. The sum of all attorney and technical staff time is then divided by the total number of utility projects in which OPUC participates. Outside expert witness contracts are included in this calculation. |
| Calculation Type: | Non-cumulative. |
| New Measure: | No. |
| Desired Performance: | Lower than target. |

Appendix E

Agency Workforce Plan

Office of Public Utility Counsel's Workforce Plan

The mission of OPUC is to represent residential and small business customers in cases and projects to achieve reasonable prices, to provide customer protection, and to develop and encourage competitive markets.

The following charts profile the agency's workforce as of June 2014. The agency currently has 18.0 full-time equivalents (FTEs) consisting of attorneys, technical experts, and administrative staff. Currently, OPUC's workforce comprises approximately 28 percent males and 72 percent females with 33 percent being between ages 30-39 and 28 percent being between ages 40-49. The agency strives toward maintaining a diverse workplace. At present, 28 percent of the agency's employees are minority. Tenure remains high with 55 percent of the agency workforce having over 10 years of state service.

The agency will continue to need a gender/age/racially mixed workforce. OPUC anticipates that it will need the same structure it has now. In an increasingly competitive environment, recruiting and retaining adequate talent will be a challenge given current resources and benefits.

Each employee currently has workforce skills critical to the mission and goals of the agency.

Workforce Planning Goals:

- Continue to issue merit raises where appropriate
- Continue to offer flexible work schedules whenever possible and requested
- Continue to offer additional training when possible
- Continue to encourage formal and informal communication among all employees on all aspects of the agency's functions
- Continue to use outside sources for recruitment when necessary

