Agency Name: Public Service Commission

Statutory Authority: 58-3-140

Document Number: 4189

Proposed in State Register Volume and Issue: 35/6

House Committee: Labor, Commerce and Industry Committee

Senate Committee: Judiciary Committee

120 Day Review Expiration Date for Automatic Approval: 05/09/2012

Final in State Register Volume and Issue: 36/5

Status: Final

Subject: Financing Applications

History: 4189

By Date Action Description Jt. Res. No. Expiration Date

- 06/24/2011 Proposed Reg Published in SR

- 01/10/2012 Received by Lt. Gov & Speaker 05/09/2012

H 01/10/2012 Referred to Committee

S 01/10/2012 Referred to Committee

S 02/01/2012 Resolution Introduced to Approve 1170

- 05/09/2012 Approved by: Expiration Date

- 05/25/2012 Effective Date unless otherwise

provided for in the Regulation

Document No. 4189

**PUBLIC SERVICE COMMISSION**

CHAPTER 103

Statutory Authority: 1976 Code Section 58-3-140

103-823.1. Financing Applications

**Synopsis:**

The Public Service Commission of South Carolina (Commission) is proposing to create a new regulation that outlines certain information that must be submitted with electric utility financing applications filed with the Commission. Order No. 1991‑72 addresses information that must be filed with financing applications of all regulated electric utilities. According to Order No. 1991‑72, six questions/issues must be answered in financing applications filed by electric utilities. One of the benefits of an electric utility filing this information simultaneously with its financing application is the Commission can thoroughly review the effect of the application on the electric utility as a whole.

The Notice of Drafting regarding this regulation was published on December 24, 2010, in the *State Register*.

**Instructions:** Print the regulations in accordance with directions given to reflect new regulation.

103-823.1. Print the regulation as below outlined.

**Text:**

103‑823.1. Financing Applications.

Any electrical utility filing financing applications must provide the following information as a separate part of its application:

a. Identify the effect of the proposed financing on the utility’s income statement and balance sheet and identify the impact of the proposed financing on the utility’s capital structure;

b. Identify specifically how the funds obtained through the proposed financing are to be used by the utility;

c. Provide information on the possible impact on the utility if the proposed financing is not approved or if approval is delayed;

d. Specify the expected effective rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the anticipated market price and book value per share at the time of issue;

e. Provide information on the expected benefits (e.g., savings expected from early debt retirement) and costs (e.g., issuance expenses) of the proposed financing. Provide any studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs and benefits.) Identify the basic assumptions of any analyses of costs and benefits.

**Fiscal Impact Statement:**

There will be no increased costs to the State or its political subdivisions.

**Statement of Rationale:**

The purpose of proposing the addition of Regulation 103‑823.1 is to outline information that an electrical utility must file in conjunction with a financing application. This information is included in Commission Order No. 1991‑72. The information delineated in Regulation 103‑823.1 will provide a clearer picture for the Commission regarding the effect a financing application will have on an electrical utility as a whole. There was no scientific or technical basis relied upon in the development of this regulation.