**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 58‑5‑267 SO AS TO REQUIRE AS PART OF THE FILING OF A PROPOSED NEW OR REVISED RATE SCHEDULE FOR WATER OR SEWER SERVICE PROVIDED BY A PRIVATELY OWNED PUBLIC UTILITY, THAT THE UTILITY SHALL MAKE CERTAIN INDEPENDENTLY PREPARED AND AUDITED FINANCIAL STATEMENTS REGARDING INDIVIDUAL AND SEPARABLE OPERATING ENTITIES OF THE UTILITY.

Whereas, some amount of subsidization based on the direct operational sharing of certain aspects of public utility operations is endemic. This sharing and the resultant effective subsidization is fair and necessary within and among certain public utility operating entities due to the necessary and practical sharing of physical infrastructure such as pipes, pumps, hydrants, water towers, lift stations, holding tanks, valves, and controls among the customers of the utility; and

Whereas, subsidization is not, in all cases, endemic, fare, and necessary within and among the individual or a group of operating entities of a public utility where the sharing of physical infrastructure is not present or where the sharing of support equipment, personnel, and facilities, or all of these are not present, required, or reasonably are accounted for separately; and

Whereas, a separate accounting in the form of audited financial statements, in the same form and for the same time period as are provided for the consolidated operations of the utility as part of a filing of a new or changed rate schedule, may be provided for the operations of an individual and separable operating entity or entities of a privately owned public utility for the benefit and knowledge of the public and the appropriate regulators; and

Whereas, the rates charged by a private-public utility in the operating area of an individual and separable operating entity or entities must relate closely and directly to the investment, costs, and revenues associated with that individual and separable operating entity; and

Whereas, the Public Service Commission, pursuant to Sections 58‑5‑290 and 58‑5‑300 of the 1976 Code, has the option and implicit responsibility to correct rate structures which may be “unjust, unreasonable,…discriminatory or preferential” and to consider all facts that the commission believes to have a bearing upon a proper determination of these rate structures. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 3, Chapter 5, Title 58 of the 1976 Code is amended by adding:

“Section 58‑5‑267. (A) In conjunction with and as a required part of the filing of a new or changed rate schedule for water or sewer service provided by a privately owned public utility, or if requested by the Office of Regulatory Staff, or by the commission, the utility shall provide to the public, the Office of Regulatory Staff, and the commission:

(1) audited financial statements including balance sheet, income and expense statement, and calculations of the rate base of return for each operating division, subsidiary, or other individual and separable operating entity or a group of these entities as appropriate and as specified by the Office of Regulatory Staff or the commission. The audited financial statements must be provided:

(a) for an operating entity or a group of these entities within a public utility that do not directly share physical infrastructure such as hydrants, pipes, pumps, water towers, lift stations, holding tanks, valves, or controls with other operating entities within the utility, or where shared infrastructure reasonably must be accounted for separately, without regard to whether the operating entity or a group of these entities may share support equipment, operating personnel, management personnel, and certain other operating facilities such as trucks, storage facilities, account systems, corporate overhead, must be separated from the consolidated form of the utility;

(b) notwithstanding the requirements of subitem (a), for an operating entity or a group of these entities that, in the judgment of the Office of Regulatory Staff or the commission, reasonably must be separated from the consolidated form of the utility;

(c) in the same form and detail and for the same time period as the consolidated statements of the utility that are routinely provided as part of the filing of a new or changed rate schedule; and

(d) as part of the procedure required in this item, in the same form and detail, for the remainder of the utility covered under the filing and not included in the financial statements provided for the individual and separable operating entity or a group of these entities as specified in this section; and

(2) audited consolidated financial statements for the utility that include, in consolidated form, the data contained in the audited financial statements provided for in item (1).

(B) The utility shall continue to make the specified and requested financial statements as covered in subsection (A) available to the public for two years:

(1) on the utility’s Internet website; and

(2) in each office the utility maintains in a county or franchise district in which the utility operates or seeks a new or changed rate schedule, or both.

(C) The Office of Regulatory Staff and the commission shall make the financial statements required in subsection (A) available for public inspection within twenty‑four hours of receiving the financial statements from the utility and shall continue to make the financial statements available for two years:

(1) on their respective Internet websites; and

(2) in each office they maintain in this State.”

SECTION 2. This act takes effect upon approval by the Governor.

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