



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0890 Introduced on January 11, 2018
Author: Davis
Subject: Energy
Requestor: Senate Judiciary
RFA Analyst(s): Wren
Impact Date: April 19, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	See Below	\$0
Full-Time Equivalent Position(s)	5.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will increase recurring Other Funds expenses of the Public Service Commission (PSC) by \$233,000 in FY 2018-19 for 3 FTEs, IT equipment rentals, office supplies, training, and development. Nonrecurring Other Funds expenses of PSC are expected to total \$29,000 for IT equipment purchases, office furniture, and office renovations. This bill will increase the caseload by three cases and will require an annual review by the Office of Regulatory Staff (ORS). Therefore, the bill could increase recurring Other Funds expenses of ORS by \$648,000 for 2 FTEs, computers, phones, travel, training, and the assistance of an expert to aid in the implementation of the bill. This bill will have no expenditure impact on the Public Service Authority (PSA) since the bill does not operationally or fiscally impact the agency.

Explanation of Fiscal Impact

Introduced on January 11, 2018

State Expenditure

This bill requires the Public Service Commission (PSC) to conduct a proceeding to review and approve electrical utilities' avoided cost methodologies, standard offers, and adherence to commission approved interconnection standards and to form power purchase agreements consistent with the Public Utility Regulatory Policies Act (PURA) of 1978. The proceeding must take place no later than ninety days after the effective date of this act and at least every two years thereafter. The proceedings must be separate from the electrical utilities' annual fuel cost proceedings and must include an opportunity for intervention, discovery, testimony, and an evidentiary hearing. Also, every six months, each electrical utility must submit to PSC for approval updates to the inputs used to calculate its standard offer avoided cost rates. After

providing interested parties the opportunity to participate in the proceeding, PSC must establish updated standard offer avoided cost rates for the electrical utility. Additionally, PSC must approve a standard offer power purchase agreement to be used by each electrical utility in purchasing energy, capacity, and other related services from small power producers eligible for the standard offer. PSC must either require the use of the standard power purchase agreement or approve a separate form power purchase agreement to be used by each electrical utility. Further, an electrical utility's standard offer avoided cost rates must serve as its avoided costs for the purpose of recovering fuel costs associated with an approved distributed energy resource plan. The bill takes effect upon approval by the Governor.

Public Service Commission (PSC). PSC indicates that this bill will increase Other Funds expenses by approximately \$262,000 in FY 2018-19. Of this amount, \$202,000 in recurring expenses is for 3 FTEs, including an economist, a rate analyst, and a statistician. Recurring operating expenses are expected to total \$31,000 for IT equipment rentals, office supplies, training, and professional development. Nonrecurring Other Funds expenses are expected to total \$29,000 for IT equipment purchases, office furniture, and office renovations.

Office of Regulatory Staff (ORS). ORS indicates that this bill will increase the agency's caseload by three cases and will require an annual review. Therefore, the bill could increase recurring Other Funds expenses by approximately \$648,000 in FY 2018-19. Of this amount, \$192,000 is for 2 FTEs, including a utilities rates manager and a utilities rates analyst. An additional \$456,000 is needed for computers, phones, travel, and training for the new FTEs and to retain an expert to aid in the implementation of the bill.

Public Service Authority (PSA). PSA indicates that this bill does not operationally or fiscally impact the agency. Therefore, the bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director