



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0909 Introduced on January 23, 2018
Author: Davis
Subject: Fairfield Cty Joint Ownership of Nuclear Electric Station
Requestor: Senate Judiciary
RFA Analyst(s): Wren
Impact Date: March 9, 2018

Estimate of Fiscal Impact

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

Fiscal Impact Summary

The Public Service Authority (PSA) indicates that the costs to preserve any partially constructed nuclear electric generation units on the site at or near Parr Shoals in Fairfield County are estimated to be \$30,400,000 in FY 2018-19 for annual equipment preservation, annual warehouse leases, annual site insurance, environmental compliance, maintenance of licenses, and site security. However, the actual expenses incurred by PSA will depend upon the joint ownership structure established between PSA and any privately owned electric utility. Therefore, the increase in expenses to PSA in FY 2018-19 is undetermined.

Pursuant to Section 58-31-110, PSA contributes up to 1 percent of its projected net operating revenues to the state General Fund each fiscal year. If PSA’s expenses increase as a result of this bill, the 1 percent of net operating revenues pursuant to Section 58-31-110 will result in a reduction of funds to the General Fund. However, the actual reduction in General Fund revenues is undetermined and is dependent upon PSA’s expenses.

The increase in revenue to counties pursuant to the provisions of Section 58-31-100 is undetermined and is dependent upon the expenses incurred as a result of the preservation requirements of the bill and the amount paid into the General Fund.

Explanation of Fiscal Impact

Introduced on January 23, 2018

State Expenditure

This bill requires PSA to be jointly responsible, with one or more privately owned electric utilities, for the preservation of any partially constructed nuclear electric generation units, on the site, at or near Parr Shoals in Fairfield County. PSA and any privately owned electric utility must be responsible, in proportion to their respective joint ownership interests, for costs associated with preservation. The bill further provides the preservation activities that must be followed. PSA and a privately owned electric utility may sell the commodities or equipment that were purchased but not yet used in the construction of the project for a reasonable cost recovery. The preservation obligations must continue until the earlier of July 31, 2019, until PSA and a privately owned electric utility both decide to proceed with the construction of the project, or until PSA, a privately owned electric utility, or both transfer all or a portion of either entity's ownership interest to a third party and the new owner decides to proceed with the construction of the project.

PSA indicates that the costs to preserve any partially constructed nuclear electric generation units, on the site, at or near Parr Shoals in Fairfield County are estimated to be \$30,400,000 in FY 2018-19. This amount includes \$16,000,000 for annual equipment preservation, \$2,000,000 for annual warehouse leases, \$1,000,000 for annual site insurance, \$2,000,000 for environmental compliance, \$8,600,000 for maintenance of licenses, and \$800,000 for site security. However, the actual expenses incurred by PSA will depend upon the joint ownership structure established between PSA and any privately owned electric utility. Therefore, the increase in expenses to PSA in FY 2018-19 is undetermined.

State Revenue

Pursuant to Section 58-31-110, PSA contributes up to 1 percent of its projected net operating revenues to the state General Fund each fiscal year. This amounted to \$17,751,000 in FY 2016-17. The Board of Economic Advisors maintained and adopted a contribution level of \$17,751,000 in FY 2018-19. If PSA's expenses increase as a result of this bill, the 1 percent of net operating revenues will result in a reduction of funds to the General Fund. However, the actual reduction in General Fund revenues is undetermined and is dependent upon PSA's expenses.

Local Expenditure

N/A

Local Revenue

Pursuant to Section 58-31-100, the Public Service Authority (PSA) must make additional payments in lieu of taxes to certain counties. Fifteen percent of the amount paid into the General Fund in the fiscal year must be paid to the counties in which PSA owns, leases, or operates electric generating facilities. The funds must be allocated among the counties in the proportion in which the generating capacity of PSA is located and operated in each county. Ten percent of the amount paid into the General Fund in the fiscal year must be paid to Berkeley, Horry, and Georgetown Counties. The funds must be allocated among these three counties in the proportion

in which the kilowatt hour sales, excluding sales for resale, made by PSA bears to the total of the kilowatt hour sales.

The actual increase in revenue to counties pursuant to the provisions of Section 58-31-100 is undetermined and is dependent upon the expenses incurred as a result of the preservation requirements of the bill and the amount paid into the General Fund.

A handwritten signature in blue ink, appearing to read "Frank A. Rainwater". The signature is stylized with a large, sweeping initial "F" and a long, horizontal flourish extending to the right.

Frank A. Rainwater, Executive Director