**South Carolina General Assembly**

123rd Session, 2019-2020

**S. 1129**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Rankin, Grooms, Hutto, McElveen, Sabb, M.B. Matthews, Gambrell and Goldfinch

Document Path: l:\s-jud\bills\rankin\jud0087.hla.docx

Introduced in the Senate on February 26, 2020

Currently residing in the Senate Committee on **Judiciary**

Summary: Regulatory Staff Office

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/26/2020 Senate Introduced and read first time ([Senate Journal‑page 3](file:///h:\sj\20200226.docx))

2/26/2020 Senate Referred to Committee on **Judiciary** ([Senate Journal‑page 3](file:///h:\sj\20200226.docx))

3/5/2020 Senate Referred to Subcommittee: Rankin (ch), Hutto, Campsen, M.B.Matthews, Gambrell, Goldfinch, Harpootlian

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**VERSIONS OF THIS BILL**

[2/26/2020](file:///p:\pprever\2019-20\1129_20200226.docx)

**A** **BILL**

TO AMEND SECTION 58‑31‑20 OF THE 1976 SOUTH CAROLINA CODE OF LAWS TO PROVIDE A MEMBER OF THE BOARD OF DIRECTORS OF THE PUBLIC SERVICE AUTHORITY SHALL NOT BE APPOINTED FOR MORE THAN TWO UNEXPIRED CONSECUTIVE TERMS AND FOR EDUCATION AND EXPERIENCE REQUIREMENTS FOR A BOARD MEMBER; TO ADD SECTION 58‑31‑230 TO PROVIDE THAT THE OFFICE OF REGULATORY STAFF HAS AUTHORITY TO MAKE INSPECTIONS, AUDITS AND EXAMINATIONS OF THE PUBLIC SERVICE AUTHORITY FOR ELECTRIC AND WATER RATES; TO AMEND SECTION 58‑31‑380 TO ESTABLISH A PROCESS TO RECEIVE PUBLIC COMMENT AND A PUBLIC HEARING IN SETTING ELECTRIC RATES, AND FOR THE OFFICE OF REGULATORY STAFF TO REVIEW THE PROPOSED RATES AND COMMENT BEFORE THE RATES GO INTO EFFECT; TO AMEND SECTION 58‑33‑20 TO INCLUDE THE PUBLIC SERVICE AUTHORITY IN THE REQUIREMENTS FOR UTILITY FACILITY SITING; TO AMEND SECTION 58‑37‑40 TO DELETE SUBSECTION (A)(3); AND TO ADD SECTION 58-37-45 TO REQUIRE THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY TO SUBMIT AN INTEGRATED RESOURCE PLAN TO THE PUBLIC SERVICE COMMISSION AND TO PROVIDE FOR PLAN REQUIREMENTS.

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

SECTION 1. Section 58‑31‑20 of the 1976 Code of Laws is amended to read:

“Section 58‑31‑20 (A) The Public Service Authority consists of a board of twelve directors who reside in South Carolina and who have the qualifications stated in this section, as determined by the State Regulation of Public Utilities Review Committee pursuant to Section 58‑3‑530(14), before being appointed by the Governor with the advice and consent of the Senate as follows: one from each congressional district of the State; one from each of the counties of Horry, Berkeley, and Georgetown who reside in authority territory and are customers of the authority; and two from the State at large, one of whom must be chairman. Two of the directors must have substantial work experience within the operations of electric cooperatives or substantial experience on an electric cooperative board, including one of the two who must have substantial experience within the operations or board of a transmission or generation cooperative. A director shall not serve as an employee or board member of an electric cooperative during his term as a director. Each director shall serve for a term of seven years, except as provided in this section. At the expiration of the term of each director and of each succeeding director, the Governor, with the advice and consent of the Senate, must appoint a successor, who shall hold office for a term of seven years or until his successor has been appointed and qualified. In the event of a director vacancy due to death, resignation, or otherwise, the Governor must appoint the director’s successor, with the advice and consent of the Senate, and the successor‑director shall hold office for the unexpired term. A director shall not be appointed for more than two unexpired consecutive terms. A director may not receive a salary for services as director until the authority is in funds, but each director must be paid his actual expense in the performance of his duties, the actual expense to be advanced from the contingent fund of the Governor until the time the Public Service Authority is in funds, at which time the contingent fund must be reimbursed. After the Public Service Authority is in funds, the compensation and expenses of each member of the board must be paid from these funds, and the compensation and expenses must be fixed by the advisory board established in this section. Members of the board of directors may be removed for cause, pursuant to Section 1‑3‑240(C), by the Governor of the State, the advisory board, or a majority thereof. A member of the General Assembly of the State of South Carolina is not eligible for appointment as Director of the Public Service Authority during the term of his office. No more than two members from the same county may serve as directors at any time.

(B) Candidates for appointment to the board must be screened by the State Regulation of Public Utilities Review Committee and, prior to confirmation by the Senate, must be found qualified by meeting the minimum requirements contained in subsection (C). The review committee must submit a written report to the Clerk of the Senate setting forth its findings as to the qualifications of each candidate. A candidate must not serve on the board, even in an interim capacity, until he is screened and found qualified by the State Regulation of Public Utilities Review Committee.

(C)(1) Each member must possess abilities and experience that are generally found among directors of energy utilities serving this State and that allow him to make valuable contributions to the conduct of the authority’s business. These abilities include substantial business skills and experience, but are not limited to:

~~(1)~~(a) general knowledge of the history, purpose, and operations of the Public Service Authority and the responsibilities of being a director of the authority;

~~(2)~~(b) the ability to interpret legal and financial documents and information so as to further the activities and affairs of the Public Service Authority;

~~(3)~~(c) with the assistance of counsel, the ability to understand and apply federal and state laws, rules, and regulations including, but not limited to, Chapter 4 of Title 30 as they relate to the activities and affairs of the Public Service Authority; and

~~(4)~~(d) with the assistance of counsel, the ability to understand and apply judicial decisions as they relate to the activities and affairs of the Public Service Authority.

(2) Each member must also have:

(a) a baccalaureate or more advanced degree from:

(i) a recognized institution of higher learning requiring face‑to‑face contact between its students and instructors prior to completion of the academic program;

(ii) an institution of higher learning that has been accredited by a regional or national accrediting body; or

(iii) an institution of higher learning chartered before 1962; and

(b) a background of substantial duration and an expertise in at least one of the following:

(i) energy issues;

(ii) telecommunications issues;

(iii) consumer protection and advocacy issues;

(iv) water and wastewater issues;

(v) finance, economics, and statistics;

(vi) accounting;

(vii) engineering; or

(viii) law.

(D) For the assistance of the board of directors of the Public Service Authority, there is hereby established an advisory board to be known as the advisory board of the South Carolina Public Service Authority, to be composed of the Governor of the State, the Attorney General, the State Treasurer, the Comptroller General, and the Secretary of State, as ex officio members, who must serve without compensation other than necessary traveling expenses. The advisory board must perform any duties imposed on it pursuant to this chapter, and must consult and advise with the board of directors on any and all matters which by the board of directors may be referred to the advisory board. The board of directors must make annual reports to the advisory board, which reports must be submitted to the General Assembly by the Governor, in which full information as to all of the acts of said board of directors shall be given, together with financial statement and full information as to the work of the authority. On July first of each year, the advisory board must designate a certified public accountant or accountants, resident in the State, for the purpose of making a complete audit of the affairs of the authority, which must be filed with the annual report of the board of directors. The Public Service Authority must submit the audit to the General Assembly.”

SECTION 2. Chapter 31, Title 58 of the 1976 Code is amended by adding:

“Section 58‑31‑230. The Office of Regulatory Staff under the provisions of this section is hereby vested with the authority and jurisdiction to make inspections, audits, and examinations of the Public Service Authority pursuant to the provisions of Chapter 4, Title 58 relating to the electric and water rates established by the Public Service Authority. Upon completion of an authorized inspection, audit, or examination, the Office of Regulatory Staff must report its findings to the management and board of the Public Service Authority and attempt to resolve with the management and board any issues that are identified. The Public Service Authority must post information regarding its electric and water rates on its website.”

SECTION 3. Section 58‑31‑380 of the 1976 Code of Laws is amended to read:

“Section 58-31-380. The Public Service Authority must establish a process in which it receives public comment and has a public hearing in setting its electric rates. The Office of Regulatory Staff must review the proposed rates and must be provided an opportunity to comment before the proposed rates go into effect. The Public Service Authority shall annually report to the Office of Regulatory Staff in the same manner as electric cooperatives as to the rates charged by it.”

SECTION 4. Section 58‑33‑20 of the 1976 Code of Laws is amended to read:

“Section 58-33-20 (1) The term ‘commission’ means Public Service Commission.

(2) The term ‘major utility facility’ means:

(a) electric generating plant and associated facilities designed for, or capable of, operation at a capacity of more than seventy‑five megawatts.

(b) an electric transmission line and associated facilities of a designed operating voltage of one hundred twenty‑five kilovolts or more; provided, however, that the words ‘major utility facility’ shall not include electric distribution lines and associated facilities~~, nor shall the words "major utility facility" include electric transmission lines and associated facilities leased to and operated by (or which upon completion of construction are to be leased to and operated by) the South Carolina Public Service Authority~~.

(3) The term ‘commence to construct’ means any clearing of land, excavation, or other action that would adversely affect the natural environment of the site or route of a major utility facility, but does not include surveying or changes needed for temporary use of sites or routes for nonutility purposes, or uses in securing geological data, including necessary borings to ascertain foundation conditions.

(4) The term ‘municipality’ means any county or municipality within this State.

(5) The term ‘person’ includes any individual, group, firm, partnership, corporation, cooperative, association, government subdivision, government agency, local government, municipality, any other organization, or any combination of any of the foregoing, ~~but shall not include the South Carolina Public Service Authority~~.

(6) The term ‘public utility’ or ‘utility’ means any person engaged in the generating, distributing, sale, delivery, or furnishing of electricity for public use. This includes the Public Service Authority.

(7) The term ‘land’ means any real estate or any estate or interest therein, including water and riparian rights, regardless of the use to which it is devoted.

(8) The term ‘certificate’ means a certificate of environmental compatibility and public convenience and necessity.

(9) The term ‘regulatory staff’ means the executive director or the executive director and the employees of the Office of Regulatory Staff.”

SECTION 4. Section 58‑37‑40 of the 1976 Code of Laws is amended to read:

“Section 58‑37‑40. (A) Electrical utilities, electric cooperatives, municipally owned electric utilities, and the South Carolina Public Service Authority must each prepare an integrated resource plan. An integrated resource plan must be prepared and submitted at least every three years. Nothing in this section may be construed as requiring interstate natural gas companies whose rates and services are regulated only by the federal government or gas utilities subject to the jurisdiction of the commission to prepare and submit an integrated resource plan.

(1) Each electrical utility must submit its integrated resource plan to the commission. The integrated resource plan must be posted on the electrical utility’s website and on the commission’s website.

(2) Electric cooperatives and municipally owned electric utilities shall each submit an integrated resource plan to the State Energy Office. Each integrated resource plan must be posted on the State Energy Office’s website. If an electric cooperative or municipally owned utility has a website, its integrated resource plan must also be posted on its website. For distribution, electric cooperatives that are members of a cooperative that provides wholesale service, the integrated resource plan may be coordinated and consolidated into a single plan provided that nonshared resources or programs of individual distribution cooperatives are highlighted. Where plan components listed in subsection (B)(1) and (2) of this section do not apply to a distribution or wholesale cooperative or a municipally owned electric utility as a result of the cooperative or the municipally owned electric utility not owning or operating generation resources, the plan may state that fact or refer to the plan of the wholesale power generator. For purposes of this section, a wholesale power generator does not include a municipally created joint agency if that joint agency receives at least seventy‑five percent of its electricity from a generating facility owned in partnership with an electrical utility and that electrical utility:

(a) generally serves the area in which the joint agency’s members are located; and

(b) is responsible for dispatching the capacity and output of the generated electricity.

~~(3) The South Carolina Public Service Authority shall submit its integrated resource plan to the State Energy Office. The integrated resource plan must be developed in consultation with the electric cooperatives and municipally owned electric utilities purchasing power and energy from the Public Service Authority and consider any feedback provided by retail customers and shall include the effect of demand‑side management activities of the electric cooperatives and municipally owned electric utilities that directly purchase power and energy from the Public Service Authority or sell power and energy generated by the Public Service Authority. The integrated resource plan must be posted on the State Energy Office’s website and on the Public Service Authority’s website.~~

(B)(1) An integrated resource plan shall include all of the following:

(a) a long‑term forecast of the utility’s sales and peak demand under various reasonable scenarios;

(b) the type of generation technology proposed for a generation facility contained in the plan and the proposed capacity of the generation facility, including fuel cost sensitivities under various reasonable scenarios;

(c) projected energy purchased or produced by the utility from a renewable energy resource;

(d) a summary of the electrical transmission investments planned by the utility;

(e) several resource portfolios developed with the purpose of fairly evaluating the range of demand‑side, supply‑side, storage, and other technologies and services available to meet the utility’s service obligations. Such portfolios and evaluations must include an evaluation of low, medium, and high cases for the adoption of renewable energy and cogeneration, energy efficiency, and demand response measures, including consideration of the following:

(i) customer energy efficiency and demand response programs;

(ii) facility retirement assumptions; and

(iii) sensitivity analyses related to fuel costs, environmental regulations, and other uncertainties or risks;

(f) data regarding the utility’s current generation portfolio, including the age, licensing status, and remaining estimated life of operation for each facility in the portfolio;

(g) plans for meeting current and future capacity needs with the cost estimates for all proposed resource portfolios in the plan;

(h) an analysis of the cost and reliability impacts of all reasonable options available to meet projected energy and capacity needs; and

(i) a forecast of the utility’s peak demand, details regarding the amount of peak demand reduction the utility expects to achieve, and the actions the utility proposes to take in order to achieve that peak demand reduction.

(2) An integrated resource plan may include distribution resource plans or integrated system operation plans.

(C)(1) The commission shall have a proceeding to review each electrical utility’s integrated resource plan. As part of the integrated resource plan filing, the commission shall allow intervention by interested parties. The commission shall establish a procedural schedule to permit reasonable discovery after an integrated resource plan is filed in order to assist parties in obtaining evidence concerning the integrated resource plan, including the reasonableness and prudence of the plan and alternatives to the plan raised by intervening parties. No later than three hundred days after an electrical utility files an integrated resource plan, the commission shall issue a final order approving, modifying, or denying the plan filed by the electrical utility.

(2) The commission shall approve an electrical utility’s integrated resource plan if the commission determines that the proposed integrated resource plan represents the most reasonable and prudent means of meeting the electrical utility’s energy and capacity needs as of the time the plan is reviewed. To determine whether the integrated resource plan is the most reasonable and prudent means of meeting energy and capacity needs, the commission, in its discretion, shall consider whether the plan appropriately balances the following factors:

(a) resource adequacy and capacity to serve anticipated peak electrical load, and applicable planning reserve margins;

(b) consumer affordability and least cost;

(c) compliance with applicable state and federal environmental regulations;

(d) power supply reliability;

(e) commodity price risks;

(f) diversity of generation supply; and

(g) other foreseeable conditions that the commission determines to be for the public interest.

(3) If the commission modifies or rejects an electrical utility’s integrated resource plan, the electrical utility, within sixty days after the date of the final order, shall submit a revised plan addressing concerns identified by the commission and incorporating commission‑mandated revisions to the integrated resource plan to the commission for approval. Within sixty days of the electrical utility’s revised filing, the Office of Regulatory Staff shall review the electrical utility’s revised plan and submit a report to the commission assessing the sufficiency of the revised filing. Other parties to the integrated resource plan proceeding also may submit comments. No later than sixty days after the Office of Regulatory Staff report is filed with the commission, the commission at its discretion may determine whether to accept the revised integrated resource plan or to mandate further remedies that the commission deems appropriate.

(4) The submission, review, and acceptance of an integrated resource plan by the commission, or the inclusion of any specific resource or experience in an accepted integrated resource plan, shall not be determinative of the reasonableness or prudence of the acquisition or construction of any resource or the making of any expenditure. The electrical utility shall retain the burden of proof to show that all of its investments and expenditures are reasonable and prudent when seeking cost recovery in rates.

(D)(1) An electrical utility shall submit annual updates to its integrated resource plan to the commission. An annual update must include an update to the electric utility’s base planning assumptions relative to its most recently accepted integrated resource plan, including, but not limited to: energy and demand forecast, commodity fuel price inputs, renewable energy forecast, energy efficiency and demand‑side management forecasts, changes to projected retirement dates of existing units, along with other inputs the commission deems to be for the public interest. The electrical utility’s annual update must describe the impact of the updated base planning assumptions on the selected resource plan.

(2) The Office of Regulatory Staff shall review each electric utility’s annual update and submit a report to the commission providing a recommendation concerning the reasonableness of the annual update. After reviewing the annual update and the Office of Regulatory Staff report, the commission may accept the annual update or direct the electrical utility to make changes to the annual update that the commission determines to be in the public interest.

(E) The commission is authorized to promulgate regulations to carry out the provisions of this section.”

SECTION 6. Chapter 37, Title 58 of the 1976 Code of Laws is amended by adding:

“Section 58‑37‑45. (A) The South Carolina Public Service Authority shall submit an integrated resource plan to the Public Service Commission that provides the information required in Section 58‑37‑40(B). The integrated resource plan must be developed in consultation with the electric cooperatives, including Central Electric Power Cooperative, and municipally owned electric utilities purchasing power and energy from the Public Service Authority and consider any feedback provided by retail customers and shall include the effect of demand‑side management activities of the electric cooperatives, including Central Electric Power Cooperative, and municipally owned electric utilities that directly purchase power and energy from the Public Service Authority or sell power and energy generated by the Public Service Authority.

(B) The Public Service Commission shall not approve nor disapprove of the integrated resource plan, but must have a public hearing for interested parties to comment on the integrated resource plan. The commission shall establish a procedural schedule to permit testimony and reasonable discovery after an integrated resource plan is filed. The Office of Regulatory Staff shall also provide comments regarding the integrated resource plan.

(C) Within sixty days after the public hearing at the Public Service Commission, the Public Service Authority’s Board of Directors shall meet to consider the comments received from the public hearing and from the Office of Regulatory Staff. The integrated resource plan must be finalized within the following sixty days and posted on the Public Service Authority’s website.”

SECTION 7. This act takes effect upon approval by the Governor.

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