INTRODUCED

April 6, 2011

**S. 779**

Introduced by Judiciary Committee

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Read the first time April 6, 2011.

**A** **JOINT RESOLUTION**

TO APPROVE REGULATIONS OF THE PUBLIC SERVICE COMMISSION, RELATING TO CUSTOMER DEPOSITS AND DEPOSIT RETENTION, DESIGNATED AS REGULATION DOCUMENT NUMBER 4137, PURSUANT TO THE PROVISIONS OF ARTICLE 1, CHAPTER 23, TITLE 1 OF THE 1976 CODE.

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

SECTION 1. The regulations of the Public Service Commission, relating to Customer Deposits and Deposit Retention, designated as Regulation Document Number 4137, and submitted to the General Assembly pursuant to the provisions of Article 1, Chapter 23, Title 1 of the 1976 Code, are approved.

SECTION 2. This joint resolution takes effect upon approval by the Governor.

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SUMMARY AS SUBMITTED

BY PROMULGATING AGENCY.

The Public Service Commission of South Carolina (Commission) is amending Regulation 103‑331(Customer Deposits) to allow an electrical utility to require a deposit from a non‑residential customer when such customer or its parent company is experiencing financial difficulties. Also, Regulation 103‑331 is amended to make certain grammatical changes.

Regulation 103‑336 (Deposit Retention) is amended to create Sections A and B. Further, this Regulation is amended to state an electrical utility is not required to refund a deposit if a non‑residential customer or its parent company is experiencing financial difficulties.

References to “thirty‑day arrears” in Regulations 103‑331 and 103‑336 have not been deleted and are retained in the Regulations contained within this document.

During a hearing conducted before the Commission regarding the partial waiver of Regulations 103‑331 and 103‑336, a utility employee witness testified that although a non‑residential customer may be paying its electric bill on a regular basis, its financial condition with other customers or suppliers may be rapidly deteriorating and bankruptcy may be imminent. For these type customers, no charges for electric service are made until after the electricity already has been used, and the customer continues to use electricity until or after that bill becomes past due. The utility companies therefore expressed, and the Commission approved, a need for the ability to request a deposit from such non‑delinquent non‑residential customers, or for similar relief, and to retain the deposit longer than the two‑year period provided for in Regulation 103‑336, if necessary. Also, utility internal credit risk rating criteria to determine a non‑residential customer’s credit worthiness and to assess whether a customer should pay a deposit helps the utility avoid losses and subsequent write‑offs to uncollectible accounts. In Order No. 2009‑770, the Commission found that “providing the State’s utilities with the tools to secure customer accounts when a customer is in financial distress benefits the utilities’ general body of ratepayers.”

The Notice of Drafting regarding these regulations was published on May 28, 2010, in the *State Register*.

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