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CONFERENCE COMMITTEE REPORT ADOPTED -- NOT PRINTED

June 8, 2021

**H. 3194**

Introduced by Reps. Lucas, G.M. Smith, Simrill, Rutherford, Thigpen, McCravy, McGarry, B. Newton, Long, Yow and Carter

S. Printed 5/4/21--S.

Read the first time January 28, 2021.

**A** **BILL**

TO AUTHORIZE THE SALE OF THE ASSETS OF THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY AND THE ASSUMPTION OR DEFEASMENT OF ITS LIABILITIES OR THE MANAGEMENT OF THE OPERATIONS OF THE PUBLIC SERVICE AUTHORITY BY A THIRD PARTY OR ENTITY; TO CREATE A SPECIAL COMMITTEE OF THE GENERAL ASSEMBLY TO FURTHER NEGOTIATE THE TERMS AND CONDITIONS OF THE PREFERRED SALE RECOMMENDATION OF THE DEPARTMENT OF ADMINISTRATION REGARDING THE PUBLIC SERVICE AUTHORITY AND THE PREFERRED MANAGEMENT RECOMMENDATION OF THE DEPARTMENT OF ADMINISTRATION REGARDING THE PUBLIC SERVICE AUTHORITY, TO PROVIDE THAT THE SPECIAL COMMITTEE SHALL REPORT ONE RECOMMENDATION TO EACH HOUSE OF THE GENERAL ASSEMBLY FOR ITS APPROVAL, AND TO PROVIDE FOR THE MANNER IN WHICH THE SELECTED PROPOSAL SHALL TAKE EFFECT; AND TO AMEND CHAPTER 31, TITLE 58, CODE LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE PUBLIC SERVICE AUTHORITY, SO AS TO FURTHER PROVIDE FOR THE GOVERNANCE AND OPERATIONS OF THE AUTHORITY IN CERTAIN PARTICULARS.

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

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

“Section 58‑31‑20 (A)(1) 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. Except to the extent they are serving in an ex‑officio capacity, a ~~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~~ four 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~~ four 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 three consecutive full terms. An appointment to an unexpired partial term shall not be considered for purposes of determining term limits.

(2) 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. The authority may provide, at its expense, health insurance benefits to members of the board, through the State insurance plan or otherwise.

(3) 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) consumer protection and advocacy issues;

(iii) water and wastewater issues;

(iv) finance, economics, and statistics;

(v) accounting;

(vi) engineering; or

(vii) 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.

(E)(1) The following shall be nonvoting ex officio members of the board of directors entitled to attend all meetings of the authority board, including any executive sessions, except as set forth below:

The Chairman of Central Electric Power Cooperative, or his designee, and one member of the Board of Central Electric Power Cooperative chosen by that board who is not the chairman or his designee. The ex officio members shall have the same obligations and duties as other members of the board, except the obligation to vote, and are subject to removal in the same manner as other board members. An ex officio member that has otherwise satisfied all obligations and duties owed to the Public Service Authority shall not be liable for matters directly related to either the process of voting nor a decision determined by a vote of the board of directors.

(2) The ex officio members may be excluded from executive session where the following matters are being discussed:

(a) negotiations incident to proposed contractual arrangements with a customer, including Central Electric Cooperative, Inc., or receiving legal advice involving a customer, Central Electric Power Cooperative Inc., or one of its members; or

(b) discussions regarding generation resources that will not be shared resources under any wholesale power supply agreement between the authority and Central Electric Power Cooperative or receiving legal advice in relation thereto.

Upon advice of counsel that a conflict may exist for an ex officio member of the board to attend an executive session or a portion thereof to discuss matters other than (a) and (b), the board may exclude, by a majority vote, the ex officio member from those portions of an executive session for which a conflict may exist.

(3) When ex officio members are excluded from executive session, the reason for the conflict must be stated before the vote is taken and shall be recorded in official minutes or other records of the meeting. The ex officio member of the board must be given an opportunity to speak to the conflict and the underlying issue at the beginning of the executive session. After being provided the opportunity to speak as provided in this provision, the ex officio member must leave the room and may not participate in the remainder of the executive session on the issue giving rise to the conflict. Efforts should be taken to optimize participation of ex officio members by segmenting executive sessions.

(4) Ex officio members will begin serving immediately upon a letter indicating their appointments is delivered to the board and to the Public Utilities Review Committee but must meet the qualifications set forth in Section 58‑31‑20(C) as verified by the Public Utilities Review Committee within six months of beginning service as an ex officio member. Ex officio members will be appointed for two‑year terms but may be removed either by the Governor pursuant to Section 1‑3‑240(C)(1)(m) or the Board of Central Electric Power Cooperative. In the event that the Board of Central Electric Power Cooperative removes the ex officio member, the Public Service Authority Board of Directors must receive notice at least sixty days before the ex officio member’s successor begins service on the Public Service Authority Board of Directors. An ex officio member will not be entitled to receive compensation from the Public Service Authority for his or her service as an ex officio member and will not be counted for purposes of determining a quorum.

(F) In making appointments to the board of directors, the Governor, in making appointments and the Senate, in its advice and consent capacity, must give due consideration to race, gender, and other demographic factors to assure nondiscrimination, inclusion, and representation to the greatest extent possible of all segments of the population of this State.”

SECTION 2. Section 58‑31‑30(A)(11) and (12) of the 1976 Code is amended to read:

“(11) to make bylaws for the management and regulation of its affairs, including the establishment of subcommittees of the board of directors to include Finance and Audit, Public Information, Water Services and Resource Management, Generation and Power Supply Planning, and Executive and Governance, each of these making regular reports to the full board of directors at each regular meeting of the full board;

(12) ~~to appoint officers, agents, employees, and servants, to prescribe their duties, and to fix their compensation~~ to select a chief executive officer for the authority who shall cause the authority to employ all necessary employees with the board, by vote, approving the compensation of any senior management official selected by the chief executive officer;”

SECTION 3. Section 58‑31‑30 of the 1976 Code is amended by adding a subsection (C) to read:

“(C) Any compensation package, severance package, payment or other benefit of whatever nature conferred upon the chief executive officer or member of the board of the Public Service Authority or offered on or after May 15, 2021, must first be approved by the Agency Head Salary Commission before the authority can enter into an agreement regarding a severance package, payment or other benefits. Any payment made in violation of this section is grounds for a claw‑back of the payment or benefit in a legal action brought by the Attorney General of this State seeking a recovery of that payment. The Public Service Authority must provide a report to the Agency Head Salary Commission by July 6, 2021, with information regarding any severance package, payment or other benefit conferred upon an executive officer or member of the board of the Public Service Authority from January 1, 2020, through June 30, 2021.”

SECTION 4. Section 58‑31‑55 of the 1976 Code is amended to read:

“Section 58‑31‑55. (A) A director shall discharge his duties as a director, including his duties as a member of a committee:

(1) in good faith;

(2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(3) in a manner he reasonably believes to be in the best interests of the Public Service Authority. As used in this chapter, ‘best interests’ means a balancing of the following:

(a) preservation of the financial integrity of the Public Service Authority and its ongoing ~~operation of generating, transmitting, and distributing electricity to wholesale and retail customers on a reliable, adequate, efficient, and safe basis, at just and reasonable rates, regardless of the class of customer~~ operations;

(b) the interest of the Public Service Authority’s residential, commercial and industrial retail customers and those wholesale customers served pursuant to contractual arrangements but excluding joint action agencies and those entities located outside the State, in reliable, adequate, efficient, and safe service, at just and reasonable rates, regardless of customer class;

(c) maintenance, preservation, and keeping of the Public Service Authority’s properties and all additions and betterments thereto and extension thereof and every part and parcel in thereof, in good repair, working order and condition;

~~(b)~~(d) the support of, economic development and job attraction and retention within the Public Service Authority’s present service area or areas within the State authorized to be served by an electric cooperative or municipally owned electric utility that is a direct or indirect wholesale customer of the authority, provided the remaining items of this subsection have been met; and

~~(c)~~(e) subject to the limitations of Section 58‑31‑30(B) and item (A)(3)(a) of this section, exercise of the powers of the authority set forth in Section 58‑31‑30 in accordance with good business practices and the requirements of applicable licenses, laws, and regulations.

(B) In discharging his duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(1) one or more officers or employees of the Public Service Authority whom the director reasonably believes to be reliable and competent in the matters presented;

(2) legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person’s professional or expert competence; or

(3) a committee of the board of directors of which he is not a member if the director reasonably believes the committee merits confidence.

(C) A director is not acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (B) unwarranted.

(D) A director is not liable for any action taken as a director, or any failure to take any action, if he performed the duties of his office in compliance with this section.

(E) An action against a director for failure to perform the duties imposed by this section must be commenced within three years after the cause of action has occurred, or within two years after the time when the cause of action is discovered or should reasonably have been discovered, whichever occurs sooner. This limitations period does not apply to breaches of duty which have been concealed fraudulently.

(F) Any violation of this code section by a director shall constitute grounds for removal from office by the Governor pursuant to Section 1‑3‑240.”

SECTION 5. Section 58‑31‑56 of the 1976 Code is amended to read:

“Section 58‑31‑56. (A) A conflict of interest transaction is a transaction with the Public Service Authority in which a director of the Public Service Authority has a direct or indirect interest. A conflict of interest transaction is not voidable by the Public Service Authority solely because of the director’s interest in the transaction if any one of the following is true:

(1) the material facts of the transaction and the director’s interest were disclosed or known to the board of directors or a committee of the board of directors, and the board of directors or a committee authorized, approved, or ratified the transaction; or

(2) the transaction was fair to the Public Service Authority and its customers.

If item (1) has been accomplished, the burden of proving unfairness of any transaction covered by this section is on the party claiming unfairness. If item (1) has not been accomplished, the party seeking to uphold the transaction has the burden of proving fairness.

(B) For purposes of this section, a director of the Public Service Authority has an indirect interest in a transaction if:

(1) another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction; or

(2) another entity of which he is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the board of directors of the Public Service Authority.

(C) For purposes of subsection (A)(1), a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the board of directors (or on the committee) who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection (A)(1) if the transaction is otherwise authorized, approved, or ratified as provided in that subsection.

(D) Any violation of this code section by a director shall constitute grounds for removal from office by the Governor pursuant to Section 1‑3‑240.”

SECTION 6. Section 1‑3‑240(C)(1)(m) of the 1976 Code is amended to read:

“(m) Directors of the South Carolina Public Service Authority appointed pursuant to Section 58‑31‑20~~. A director of the South Carolina Public Service Authority also may be removed for his breach of any duty arising under Section 58‑31‑55 or 58‑31‑56. The Governor must not request a director of the South Carolina Public Service Authority to resign unless cause for removal, as established by this subsection, exists. Removal of a director of the South Carolina Public Service Authority, except as is provided by this section or by Section 58‑31‑20(A), must be considered to be an irreparable injury for which no adequate remedy at law exists~~;”

SECTION 7. (A) To ensure that the Public Service Authority Board of Directors positions are appropriately staggered, the following establishes the term expiration for positions as of the effective date of this act:

(1) The terms for the members representing the 2nd and 4th congressional districts, and the at‑large seat designated as the chair shall expire on January 1, 2022;

(2) The terms for the members representing the 1st and 7th congressional districts and Berkeley County shall expire on January 1, 2023;

(3) The terms for members representing the 3rd, and 6th congressional districts and the other at‑large seat shall expire on January 1, 2024; and

(4) The terms for members representing the 5th congressional district and Georgetown and Horry counties shall expire on January 1, 2025.

If any vacancy occurs prior to respective dates established in this SECTION, the Governor may appoint a successor pursuant to Section 58‑31‑20.

(B) Notwithstanding the term limit provisions in Section 58‑31‑20(A), a director serving as of the effective date of this act is ineligible for reappointment unless that director was first appointed after January 1, 2018.

SECTION 8. Article 1, Chapter 31, Title 58 of the 1976 Code is amended by adding:

“Section 58‑31‑240. For purposes of this section:

(A) ‘JBRC’ means the Joint Bond Review Committee.

(1) Prior to issuing any (1) bonds, (2) notes, or (3) other indebtedness, including any refinancing that does not achieve a savings in total debt service, JBRC must approve, reject, or modify the issuance by the authority. This section does not apply to the issuance of short term or revolving credit debt for the management of day‑to‑day operations and financing needs.

(2) If JBRC does not take action on the issuance within sixty days, the issuance is considered approved.

(3) Issuance approved by the JBRC need not be issued immediately, and the debt may be issued across multiple series and over a three‑year term.

(B)(1) By September first of each year, the authority shall provide an annual report regarding every transaction involving an interest in real property and executed during the preceding twelve months, including:

(a) a summary of the key terms of all contracts effectuating or related to such transactions; and

(b) parties involved in the transaction, including all entities or persons with any type of ownership interest or authority to control.

(2) A transfer of any interest in real property by the authority, regardless of the value of the transaction, requires approval, rejection, or modification by JBRC.

(3) The reporting and other requirements of this item do not apply to encroachment agreements, rights‑of‑way, or lease agreements made by the authority for property within the Federal Energy Regulatory Project boundary.

(C) JBRC may adopt instructions which must be followed by the Authority for any submission pursuant to this section.

(D) The requirements imposed on the authority pursuant to this section are in addition to any other requirements of law. If any provision of this section conflicts with another provision of law, the provisions of this section shall control to the extent of the conflict.

Section 58‑31‑250. (A) The Senate Finance Committee and the House Ways and Means Committee may request and the Authority must produce, in writing or by testimony at the request of the relevant committee, within 30 days of any request any or all of the following:

(1) annual audited financial statements;

(2) projected and actual annual revenue;

(3) actual annual expenditures;

(4) any debt issuances in the previous five years, whether short‑term or long‑term;

(5) percent of annual revenues utilized for administration. For purposes of this item, ‘administration’ includes executive level employees compensation and other operating costs;

(6) organizational flow chart displaying the position titles and name of executive‑level employees;

(7) major components of any long‑term capital plan, including timing and cost estimates, and financing plan for such capital investments whether paid from operations or debt;

(8) performance objectives and results;

(9) performance measurements used to evaluate program effectiveness;

(10) any outstanding litigation issues; and

(11) planning documents and progress reports, including budgeted and actual expenditures.

(B) The authority must post its annual audited financial report in a conspicuous place on the authority’s website and distribute the reports to members of the General Assembly.

(C) Any problems or issues of concern that arise during this oversight process may be forwarded to the State Inspector General for investigation after a vote of either committee. The Inspector General is granted the authority to complete the investigation.

(D) The authority and the Board of Directors and its subcommittees are public bodies for purposes of the Freedom of Information Act.

(E) Any and all compensation for the Authority CEO must be reviewed by the Agency Head Salary Commission. Additionally, any employment contracts or retention contracts that last longer than five years, and all contract extensions, must be reviewed by the Agency Head Salary Commission.”

SECTION 9. Section 58‑33‑110(4) of the 1976 Code is amended to read:

“(4) This chapter shall not apply to any major utility facility:

(a) The construction of which is commenced within one year after January 1, 1972; or

(b) For which, prior to January 1, 1972, an application for the approval has been made to any Federal, State, regional or local governmental agency which possesses the jurisdiction to consider the matters prescribed for finding and determination in subsection (1) of Section 58‑33‑160.

(c) For which, prior to January 1, 1972, a governmental agency has approved the construction of the facility and indebtedness has been incurred to finance all or part of the cost of such construction; ~~or~~

(d) Which is a hydroelectric generating facility over which the Federal Power Commission has licensing jurisdiction; or

(e) Which is a transmission line or associated electrical transmission facilities constructed by the South Carolina Public Service Authority, for which construction either is commenced within one year after January 1, 2022, or is necessary to maintain system reliability in connection with the closure of the Winyah Generating Station, provided that such transmission is not for generation subject to this chapter.”

SECTION 10. Section 58‑31‑430 of the 1976 Code is amended to read:

“Section 58‑31‑430. The Public Service Commission may not assign any portion of the present service area of the Public Service Authority to any electrical utility or electric cooperative and this service area must be exclusively served by the Public Service Authority unless otherwise agreed to by the Public Service Authority as described in this section. Santee Electric Cooperative, Inc., Berkeley Electric Cooperative, Inc., Horry Electric Cooperative, Inc. may serve those areas reserved to them as provided in Section 58‑31‑330. The Public Service Commission is directed to conform the present assignment under Section 58‑27‑620 to the mandates of this article. Nothing contained in this article may be construed as preventing the Public Service Commission from exercising its jurisdiction over electric cooperative service areas in the manner provided by law. Upon customer choice either the Public Service Authority, ~~or~~ an electric cooperative mentioned above, or Edisto Electric Cooperative, Inc. may furnish electric service to any new premises which the other supplier has the right to serve, upon agreement of the affected suppliers.

Notwithstanding the foregoing, the Public Service Authority shall have the right to enter into agreements with other electric suppliers, as defined by Section 58‑27‑610, concerning service areas, as contemplated by Section 58‑27‑640, and corridor rights, as defined by Section 58‑27‑610. In that event, the Public Service Commission shall have the authority to approve said agreements and to reassign said service area or corridor rights. This authority shall only apply in situations where all affected electric suppliers have reached an agreement concerning service areas or corridor rights. With respect to the agreements, the commission shall approve the agreements and reassign said service area or corridor rights if, after giving notice and an opportunity for hearing to interested parties, it finds the agreements to be fair and reasonable, but the commission shall not have the authority to alter or amend any such agreement unless all affected electric suppliers agree to the alteration or amendment. For purposes of this article, the term ‘all affected electric suppliers’ shall include, but not be limited to, the nearest electric cooperative or cooperatives to the proposed service area changes within a five mile radius of the affected service area or corridor. This section shall not confer service territory rights to the Public Service Authority beyond those provided in Section 58‑31‑330 and Section 58‑31‑320(2).”

SECTION 11. Chapter 31, Title 58 of the 1976 Code is amended by adding:

“Article 7

Retail Rates Process

Section 58‑31‑710. The Public Service Authority, through its board of directors, shall adopt and publish pricing principles that respect and balance factors including, but not limited to, adherence to the authority’s mission to be a low‑cost provider, reliability, transparency, preservation of the authority’s financial integrity, equity among customer classes, gradualism in adjustments to its pricing and rate schedule type, encouragement of efficiency and demand response, adequate notice to customers, and relief mechanisms for financially distressed customers. The authority shall also maintain and continue to offer rate schedules and options that provide demand‑side management flexibility including, but not limited to, non‑firm sales and interruptible power rates, and conservation opportunities to its customers.

Section 58‑31‑720. For purposes of this article ‘customer’ shall include the authority’s residential, commercial and industrial retail customers, and those wholesale customers served pursuant to contractual arrangements but excluding joint action agencies and those entities located outside the State.

Section 58‑31‑730. Prior to creating or revising any of its board‑approved retail rate schedules, the Public Service Authority, through resolution of its board of directors or otherwise, shall adopt a process that shall include the following:

(A) The authority shall provide notice to all customers at least one hundred and eighty days before the board of directors’ vote on a proposed rate adjustment.

(1) The one hundred and eighty days’ notice required under this section is established to allow customers to provide comments to the authority as follows:

(a) written comments to the authority for ninety days from the date of notice; and

(b) oral comments to the authority for one hundred twenty days from the date of notice.

(2) The notice required by this subsection must be given in the following forms:

(a) by first‑class United States mail addressed to the customer’s billing address in the authority’s records at the time of the notice, or for customers who have elected paperless billing, by the same means of communication used for providing these customers paperless billing;

(b) by advertisements to be published in newspapers of general circulation within the service territory of the authority;

(c) by way of the authority’s regularly maintained website, including a conspicuous portal or link accessible from the website’s landing page; and

(d) by issuance of a news release to local news outlets.

(3) The notice of proposed rate adjustments required by this subsection shall contain the following information:

(a) the date, time, and location of all public meetings;

(b) the date, time, and location of the meeting at which a proposed rate adjustment is expected to be submitted to the board of directors for its consideration;

(c) the date, time, and location of the meeting at which the board of directors is expected to vote on the proposed rate adjustment;

(d) a notification to customers of their right to:

(i) review the proposed rate schedules;

(ii) appear and speak in person concerning the proposed rates at public meetings or the specified meetings of the board of directors; and

(iii) submit written comments;

(e) the means by which customers can submit written comments, including the email and physical addresses to which written comments may be submitted, and the deadline for submitting such comments; and

(f) the means by which customers can access and review the authority’s written report containing the proposed rate adjustments, the non‑proprietary and non‑confidential portions of any rate study or other documentation developed by the authority in support of the rate adjustment which shall be available at the time the notice is issued.

(4) Contemporaneously with notice to customers, the authority shall provide notice of proposed rate adjustments to the Office of Regulatory Staff.

(B) In addition to the requirements of notice set forth above, the authority shall provide for the following in its retail rate adjustment process:

(1) the Office of Regulatory Staff must review any rate adjustments proposed to the authority’s board of directors under this article including conducting an inspection, audit, and examination of the proposed rate schedule, revenue requirements, cost of service analysis, and rate/tariff design. In accomplishing its responsibilities under this article, the Office of Regulatory Staff must use the authority granted to it pursuant to Section 58‑31‑225. The Office of Regulatory Staff must treat as confidential or proprietary the information provided by the authority pursuant to this subsection that is identified by the authority as such unless or until the authority agrees that such information is no longer confidential or proprietary. Any disputes concerning whether such information is subject to protection must be resolved by the South Carolina Public Service Commission.

(2) a comprehensive review of the authority’s rate structure and rates, consistent with the provisions of Chapter 31, Title 58, and the Public Service Authority’s bond covenants concerning the Public Service Authority’s revenue requirements, provided that:

(a) management may engage consultants as necessary to assist the authority in completing this review; and

(b) this review should include such subjects as the authority’s revenue requirements, rate/tariff design recognizing the provisions of any wholesale power supply agreement, and a comprehensive cost of service analysis that includes an allocation of costs, between wholesale and retail customers, and among all classes of retail customers, including residential, commercial and industrial classes;

(3) a written report of management’s recommendations concerning proposed rate adjustments;

(4) beginning no later than the date that notice of the proposed rate adjustment is issued by the authority, an opportunity for customers and the Office of Regulatory Staff, in advance of the board of directors’ consideration and determination of rates, to review the proposed rate schedules and written findings and analyses of employees and consultants retained by the authority that support the proposed rate adjustments, provided that:

(a) the authority also shall provide customers and the Office of Regulatory Staff access to proposed rate schedules and written findings and analyses of employees and consultants retained by the authority that support the proposed rate adjustments, such materials to be made available at a physical location, at public meetings, and posted on the authority’s website; and

(b) the authority shall not be required to provide to customers analyses which disclose the commercially sensitive information of individual customers or which is otherwise proprietary or confidential;

(5) public meetings, to be held at locations convenient for customers and within the authority’s service territory, provided that:

(a) the authority shall convene at least two public meetings at a minimum of two locations within its service territory for the purpose of presenting the proposed rate adjustment and relevant information regarding the same to customers for their information and comment;

(b) customers may appear and speak in person at public meetings and direct comments and inquiries about the rate adjustment to representatives of the authority;

(c) at least one representative of the authority’s staff or management and a quorum of the board of directors shall attend each public meeting;

(d) the authority shall cause a transcript of all such meetings to be prepared and maintained as a public record and for consideration by the board of directors prior to its consideration and vote on a proposed rate adjustment; and

(e) the contents of this item must not be construed in such a manner as to prevent the authority from extending the prescribed timelines, holding additional public meetings, holding additional meetings with customers as may be scheduled from time to time at the convenience of the authority and the customers, or having additional representatives of staff, management, or the board of directors in attendance at such meetings;

(6) the authority’s management shall respond to reasonable questions and requests for information from customers and the Office of Regulatory Staff during the comment period regarding the rate proposal, subject to the appropriate protection of confidential information. All information provided to the Office of Regulatory Staff upon request that is not confidential or proprietary shall be made publicly available immediately following disclosure to the requesting party;

(7) submission by the Office of Regulatory Staff of written comments and supporting documentation in the same manner as customers and an opportunity for the Office of Regulatory Staff to provide comments to, and answer questions from, the board of directors;

(8) a meeting of the board of directors, separate from its scheduled vote on proposed rate adjustments and no less than one hundred twenty days from the date of notice required pursuant to Section 58‑31‑730(A), at which the board of directors shall receive written comments received in accordance with Section 58‑31‑730(A)(1), and transcripts of the public meetings, provided that:

(a) at this meeting customers who will be affected by a rate adjustment and other interested parties, including the Office of Regulatory Staff and Consumer Advocate, shall be entitled to appear and speak in person for a reasonable amount of time to offer their comments directly to the board of directors;

(b) customer comments received by the authority prior to this meeting and transcripts of the public meetings shall be submitted to the board of directors for their consideration in the determination of rates;

(c) submissions from the Office of Regulatory Staff shall be provided to the board of directors for their consideration in the determination of rates; and

(d) the authority shall cause a transcript of this meeting to be prepared and maintained as a public record;

(9) a meeting of the board of directors, separate from its scheduled vote on proposed rate adjustments and no less than one hundred fifty days from the date of notice required pursuant to Section 58‑31‑730(A), at which it shall receive the authority management’s recommendation, which shall be made publicly available, concerning proposed rate adjustments, the proposed rate schedules, and documentation supporting the same; and

(10) a meeting at which the board of directors votes on the proposed rate adjustment, following notice as set forth in subsection (A) and completion of the process implemented by the board of directors pursuant to subsection (B).

(C) Rates shall become effective no earlier than sixty days following board approval of proposed rate adjustments.

(D) Nothing contained in this section may be construed to limit or derogate from the state’s covenants as provided in Sections 58‑31‑30 and 58‑31‑360, and those covenants are hereby reaffirmed.

(E) The board of directors shall utilize consultants independent from the authority’s management and is authorized to hire independent outside experts and consultants as necessary to fulfill the board of directors’ obligations and duties pursuant to this section.

(F) Notwithstanding the provisions of this section, the authority may place such adjusted rates and charges into effect on an interim basis under emergency circumstances such as the avoidance of default of its obligations and to ensure proper maintenance of its system; these interim rates must not be in effect for more than eighteen months. Said adjusted rates and charges shall be subject to prospective rate adjustment in accordance with the terms of this section, provided further, that the authority may implement experimental rates on an interim basis for the purpose of developing improved rate offerings for customers. These experimental rates will be enacted for no longer than four years and (a) for large industrial customers, no more than twelve percent of the large industrial customer class except large industrial customers with one hundred megawatts or greater load shall be excluded from any class size limit, and (b) for all other customers no more than five percent of the customers in the class. All experimental rates must be disclosed in public session of the board prior to being enacted and are subject to approval by the board only to the extent that they meet the requirements of Section 58‑31‑55.

(G) Judicial review of decisions by the board of directors under this article shall be by direct appeal to the South Carolina Supreme Court. The service of a notice of appeal from a decision of the board of directors pursuant to this article does not act to automatically stay the matters decided in the decision, in the same manner as provided by Rule 241(b)(11) of the South Carolina Appellate Court Rules. Rate adjustments approved by the board of directors pursuant to this article have been authorized by law.

(1) The Office of Regulatory Staff, or any customer who has submitted written or oral comments as permitted under this article is considered a ‘party in interest’ entitled to obtain judicial review of any final decision of the board under this article by appealing in the manner provided by Rule 203(b)(6) of the South Carolina Appellate Court Rules as applicable to appeals from administrative tribunals. No right to appeal accrues unless a request for reconsideration is submitted to the board and refused as set out in S.C. Code Ann. Section 58‑31‑730(G)(2).

(2) Any party in interest seeking to appeal must first submit, within ten days after the decision of the board, a request for reconsideration. The board of directors shall either grant or refuse such request within twenty days of receipt. If the board grants the request for reconsideration, it must meet to consider the request within thirty days.

(3) On appeal, the South Carolina Supreme Court may not substitute its judgment for the judgment of the board of directors as to the weight of the evidence on questions of fact. The court may affirm the decision of the board of directors or remand the case to the board of directors for further proceedings. The court may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the board’s findings, inferences, conclusions, or decisions are:

(a) in violation of constitutional or statutory provisions;

(b) in excess of the statutory authority of the authority;

(c) made upon unlawful procedure;

(d) affected by other error of law;

(e) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; or

(f) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

(H) The procedure provided in this article is the exclusive process for challenging any rate adjustments approved by the board of directors. If a party in interest successfully challenges a rate approval decision on appeal, the exclusive remedy is a prospective adjustment of a new rate by the board of directors. The board of directors possesses authority only to adjust rates prospectively and has no authority to refund amounts collected pursuant to a rate adjustment approved pursuant to this article. The filed rate doctrine protects any such rate adjustment decisions from any collateral attack, which includes, but is not limited to, any claim that a rate adjustment decision by the board of directors violates S.C. Code Ann. Sections 58‑31‑55, 58‑31‑56, or 58‑31‑57.

Section 58‑31‑740. The authority shall submit to the Office of Regulatory Staff a pricing report each year, and its report must include an analysis of the adherence to the pricing principles required in Section 58‑31‑710, the current and projected electric customer pricing, a comparison of pricing to other utilities, and an analysis of the rates of return by customer class. After its review, the ORS shall issue comments on the authority’s annual pricing report to the authority’s board of directors and the Public Utility Review Committee.”

SECTION 12. Chapter 31, Title 58 of the 1976 Code is amended by adding:

“Section 58‑31‑225. 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 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 rates on its website.”

SECTION 13. Chapter 4, Title 58 of the 1976 Code is amended by adding:

“Section 58‑4‑51. (A) Regulatory staff shall have the following duties and responsibilities concerning the Public Service Authority to:

(1) when considered necessary by the Executive Director of the Office of Regulatory Staff, review, investigate, and make appropriate recommendations to the appropriate entity with respect to the rates charged or proposed to be charged for electric service provided by the Public Service Authority;

(2) when considered necessary by the Executive Director of the Office of Regulatory Staff, make inspections, audits, and examinations of, and to make recommendations to, the appropriate entity, regarding electric service provided by the Public Service Authority;

(3) upon request by the commission, make studies and recommendations to the commission with respect to standards, regulations, practices, or electric service provided by the Public Service Authority for matters within the commission’s jurisdiction; and

(4) when considered necessary by the Executive Director of the Office of Regulatory Staff, investigate and examine the condition of generation, transmission, or distribution electric facilities owned or operated by the Public Service Authority.

(B) Regulatory staff may participate as a party of interest, as deemed necessary by the Executive Director of the Office of Regulatory Staff, before regulatory agencies, state courts and federal courts, in matters that could affect the Public Service Authority’s rates or charges for the authority’s electric service.

(C) The regulatory staff may have additional duties and responsibilities related to the Public Service Authority as otherwise provided by law.”

SECTION 14. Section 58‑4‑55 of the 1976 Code is amended to read:

“Section 58‑4‑55. (A) The regulatory staff, in accomplishing its responsibilities under Section 58‑4‑50 and Section 58‑4‑51, may require the production of books, records, and other information to be produced at the regulatory staff’s office, that, upon request of the regulatory staff, must be submitted under oath and without the requirement of a confidentiality agreement or protective order being first executed or sought. The regulatory staff must treat the information as confidential or proprietary unless or until the commission rules such information is not entitled to protection from public disclosure or the public utility, the Public Service Authority, or the electric cooperative agrees that such information is no longer confidential or proprietary. Unless the commission’s order contains a finding to the contrary, all documents or information designated as confidential or proprietary pursuant to this subsection are exempt from public disclosure under Sections 30‑4‑10, et seq., and the regulatory staff shall not disclose such documents and information, or the contents thereof, to any member of the commission or to any other person or entity; provided, however, that, if the commission determines that it is necessary to view such documents or information, it shall order the regulatory staff to file the documents or information with the commission under seal, and such documents or information shall not be available for public inspection unless otherwise ordered by the commission. Although the Public Service Authority is subject to the Freedom of Information Act pursuant to Sections 30‑4‑10, et seq., the authority, when necessary and appropriate, may indicate that documents or information provided to regulatory staff is confidential or proprietary, or otherwise exempt from disclosure in accordance with statute, and the regulatory staff must treat this information in the same manner as public utilities and cooperatives pursuant to this section.

If the books, records, or other information provided do not appear to disclose full and accurate information and, if such apparent deficiencies are not cured after reasonable notice, the regulatory staff may require the attendance and testimony under oath of the officers, accountants, or other agents of the parties having knowledge thereof at such place as the regulatory staff may designate and the expense of making the necessary examination or inspection for the procuring of the information must be paid by the party examined or inspected, to be collected by the regulatory staff by suit or action, if necessary. If, however, the examination and inspection and the reports thereof disclose that full and accurate information had previously been made, the expense of making the examination and inspection must be paid out of the funds of the regulatory staff.

(B) If the regulatory staff initiates an inspection, audit, or examination of a public utility, the Public Service Authority, or an electric cooperative, the public utility, the Public Service Authority, or the electric cooperative that is the subject of the inspection, audit, or examination may petition the commission to terminate or limit the scope of such inspection, audit, or examination. The commission must grant such petition if it finds that such inspection, audit, or examination is arbitrary, capricious, unnecessary, unduly burdensome, or unrelated to the regulated operations of the public utility, the Public Service Authority, or the electric cooperative.

(1) If such an inspection, audit, or examination is not part of a contested case proceeding, the public utility, the Public Service Authority or the electric cooperative may also raise objections or seek relief available under the South Carolina Rules of Civil Procedure to a party upon whom discovery is served or to a person upon whom a subpoena is served. The commission shall provide the regulatory staff reasonable notice to respond to any such objection or request. Absent the consent of the public utility, the Public Service Authority, or the electric cooperative raising such an objection or request and the Office of Regulatory Staff, the commission must rule on such an objection or request within sixty days of the date it was filed. During the pendency of the commission’s ruling, the public utility, the Public Service Authority, or the electric cooperative making such an objection or request is not required to produce or provide access to any documents or information that is the subject of the objection or request.

(2) If such an inspection, audit, or examination is part of a contested case proceeding, the commission shall address objections to information sought by the regulatory staff in the same manner in which it addresses objections to discovery issued by the parties to the contested case proceeding.

(C) Any public utility, the Public Service Authority, or any electric cooperative that provides the regulatory staff with copies of or access to documents or information in the course of an inspection, audit, or examination that is not part of a contested case proceeding may designate any such documents or information as confidential or proprietary if it believes in good faith that such documents or information would be entitled to protection from public disclosure under the South Carolina Rules of Civil Procedure or any provision of South Carolina or federal law. The regulatory staff may petition the commission for an order that some or all of the documents so designated are not entitled to protection from public disclosure and it shall be incumbent on the utility to prove that such documents are entitled to protection from public disclosure under the South Carolina Rules of Civil Procedure or any provision of South Carolina or federal law. The commission shall rule on such petition after providing the regulatory staff and the utility an opportunity to be heard. Unless the commission’s order on such a petition contains a finding to the contrary, all documents or information designated as confidential or proprietary pursuant to this subsection are exempt from public disclosure under Sections 30‑4‑10, et seq., and the regulatory staff shall not disclose such documents and information, or the contents thereof, to any member of the commission or to any other person or entity; provided, however, that, if the commission determines that it is necessary to view such documents or information in order to rule on such a petition, it shall order the regulatory staff to file the documents or information with the commission under seal, and such documents or information shall not be available for public inspection during the pendency of the petition.

(D) Nothing in this section restricts the regulatory staff’s ability to serve discovery in a contested case proceeding that seeks the type of documents or information the regulatory staff has obtained in the course of any review, investigation, inspection, audit, or examination, nor does anything in this section restrict the ability of any public utility, the Public Service Authority, or electric cooperative to object to such discovery or to seek relief regarding such discovery, including without limitation, the entry of a protective order. The regulatory staff shall not be required to execute a confidentiality agreement or seek a protective order prior to accessing the documents or information of a public utility, the Public Service Authority, or an electric cooperative, and such information or documents must be treated as confidential or proprietary unless or until the commission rules such information is not entitled to protection from public disclosure or the public utility, the Public Service Authority, or the electric cooperative agrees that such information is no longer confidential or proprietary. Unless the commission’s order contains a finding to the contrary, all documents or information designated as confidential or proprietary pursuant to this subsection are exempt from public disclosure under Section 30‑4‑10, et seq., and the regulatory staff shall not disclose such documents and information, or the contents thereof, to any member of the commission or to any other person or entity. However, if the commission determines that it is necessary to view such documents or information, it shall order the regulatory staff to file the documents or information with the commission under seal, and such documents or information shall not be available for public inspection unless otherwise ordered by the commission.

(E)(1) The Office of Regulatory Staff, in order to accomplish any of the responsibilities assigned to it by Chapter 4, Title 58 or any other provision of law, may apply to the circuit court for subpoenas to be issued to entities over which the Public Service Commission does not have jurisdiction. Such subpoenas will be issued by the circuit court in the same manner as subpoenas are issued to parties to proceedings before that court, and all rules applicable to the issuance of such subpoenas, including enforcement and penalties, shall apply to subpoenas issued at the request of the regulatory staff.

(2) In order to accomplish any of the responsibilities assigned to the Office of Regulatory Staff regarding the Public Service Authority in which the commission does not have jurisdiction, regulatory staff may request a hearing with the Administrative Law Court.

(F) The actual expenses of the Office of Regulatory Staff incurred in carrying out its duties under Section 58‑4‑50(A)(12) must be certified annually to the Public Utilities Review Committee in an itemized statement by the Office of Regulatory Staff, shown as a line item in the Office of Regulatory Staff budget, to be assessed directly to an audited electric cooperative by the Office of Regulatory Staff, and deposited with the State Treasurer to the credit of the Office of Regulatory Staff.”

SECTION 15. Section 58‑27‑190 of the 1976 Code is amended to read:

“Section 58‑27‑190. The Office of Regulatory Staff has the right at any and all times to inspect the property, plant, and facilities of any electrical utility and the South Carolina Public Service Authority and to inspect or audit at reasonable times the accounts, books, papers, and documents of any electrical utility and the South Carolina Public Service Authority. For the purposes herein mentioned an employee or agent of the Office of Regulatory Staff may during all reasonable hours enter upon any premises occupied by or under the control of any electrical utility or the South Carolina Public Service Authority. An employee or agent of the Office of Regulatory Staff authorized to administer oaths has the power to examine under oath any officer, agent, or employee of the electrical utility and the South Carolina Public Service Authority in relation to the business and affairs of the electrical utility or the South Carolina Public Service Authority, but written record of the testimony or statement so given under oath must be made.”

SECTION 16. Section 58‑27‑200 of the 1976 Code is amended to read:

“Section 58‑27‑200. In the performance of its duties under this chapter, an employee or agent of the Office of Regulatory Staff may inspect or make copies of all income, property, or other tax returns, reports, or other information filed by electrical utilities or the South Carolina Public Service Authority, with or otherwise obtained by any other department, commission, board, or agency of the state government. All departments, commissions, boards, or agencies of the state government must permit an employee or agent of the Office of Regulatory Staff to inspect or make copies of all information filed by electrical utilities or the South Carolina Public Service Authority with or otherwise obtained by the department, commission, board, or agency of the state government.”

SECTION 17. Section 58‑27‑210 of the 1976 Code is amended to read:

“Section 58‑27‑210. Whenever it shall appear that any electrical utility, electric cooperative, the South Carolina Public Service Authority regarding its provision of electric services, or consolidated political subdivision is failing or omitting, or about to fail or omit, to do anything required of it by law or by order of the commission or is doing, or about to do anything or permitting or about to permit anything to be done contrary to or in violation of law or of any order of the commission, an action or proceeding shall be prosecuted in any court of competent jurisdiction in the name of the Office of Regulatory Staff for the purpose of having such violation or threatened violation discontinued or prevented, either by mandamus, injunction, or other appropriate relief, and in such action or proceeding, it shall be permissible to join such other persons, corporations, municipalities, or consolidated political subdivisions as parties thereto as may be reasonably necessary to make the order of the court in all respects effective. The commission must not be a party to any action.”

SECTION 18. Section 58‑27‑220 of the 1976 Code is amended to read:

“Section 58‑27‑220. In addition to the foregoing expressly enumerated powers, the Office of Regulatory Staff must enforce, execute, administer, and carry out the provisions of this chapter relating to the powers, duties, limitations, and restrictions imposed upon electrical utilities and the South Carolina Public Service Authority by this chapter or any other provisions of the law of this State regulating electrical utilities and the South Carolina Public Service Authority regarding its provision of electric services.”

SECTION 19. Section 58‑33‑20 of the 1976 Code 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, and ~~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.

(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 20. Article 3, Chapter 33, Title 58 of the 1976 Code is amended by adding:

“Section 58‑33‑180. (A)(1) In addition to the requirements of Articles 1, 3, 5, and 7 of Chapter 33, Title 58, a certificate for the construction of a major utility facility shall be granted only if the Public Service Authority demonstrates and proves by a preponderance of the evidence and the commission finds:

(a) the construction of a major utility facility constitutes a more cost effective means for serving direct serve and wholesale customers than other feasibly available long‑term power supply alternatives and provides less ratepayer risk while maintaining safe and reliable electric service than other feasibly available long‑term power supply alternatives; and

(b) energy efficiency measures; demand‑side management; renewable energy resource generation; available long‑term power supply alternatives, or any combination thereof, would not establish or maintain a more cost‑effective and reliable generation system and that the construction and operation of the facility is in the public interest.

(2) Available long‑term power supply alternatives may include, but are not limited to, power purchase agreements, competitive procurement of renewable energy, joint dispatch agreements, market purchases from an existing regional transmission organization, joining or creating a new regional transmission organization, using best available technology for energy generation, transmission, storage and distribution, or any combination thereof.

(3) The commission shall consider any previous analysis performed pursuant to Section 58‑37‑40 in acting upon any petition by the Public Service Authority pursuant to this section. The commission shall also take into account the Public Service Authority’s resource and fuel diversity, reasonably anticipated future operating costs, arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power and other alternative methods for providing reliable, efficient, and economical electric service.

(B) The Public Service Authority shall file an estimate of construction costs in such detail as the commission may require. No certificate shall be granted unless the commission has approved the estimated construction costs and made a finding that construction will be consistent with the authority’s commission approved plan for expansion of electric generating capacity.

Section 58‑33‑185. (A) The Public Service Authority may not enter into a contract for the acquisition of a major utility facility without approval of the Public Service Commission of South Carolina, provided that the approval is required only to the extent the transaction is not subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission or any other federal agency.

(B)(1) In acting upon any petition by the Public Service Authority pursuant to this section, the Public Service Authority must prove by a preponderance of the evidence that the proposed transaction constitutes a more cost effective means for serving direct serve and wholesale customers than other feasibly available long‑term power supply alternatives and provides less ratepayer risk while maintaining safe and reliable electric service than other feasibly available long‑term power supply alternatives. The commission shall consider any previous analysis performed pursuant to Section 58‑37‑40 in acting upon any petition by the Public Service Authority pursuant to this section. The commission shall also take into account the Public Service Authority’s arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power and other alternative methods for providing reliable, efficient, and economical electric service

(2) Available long‑term power supply alternatives may include, but not limited to, power purchase agreements of a different duration than proposed, competitive procurement of renewable energy, joint dispatch agreements, market purchases from an existing regional transmission organization, joining or creating a new regional transmission organization, using best available technology for energy generation, transmission, storage and distribution, or any combination thereof.

(C) Application for the approval of the commission shall be made by the Public Service Authority and shall contain a concise statement of the proposed action, the reasons therefor, and such other information as may be required by the commission.

(D) Upon the receipt of an application, the commission shall promptly fix a date for the commencement of a public hearing, not less than sixty nor more than ninety days after the receipt, and shall conclude the proceedings as expeditiously as practicable. The commission shall establish notice requirements and proceedings shall include an opportunity for intervention, discovery, filed comments or testimony, and an evidentiary hearing.

(E) The commission shall render a decision upon the record either granting or denying the application as filed, or granting it upon such terms, conditions or modifications as the commission may deem appropriate.

(F)(1) The commission may not grant approval unless it shall find and determine that the Public Service Authority satisfied all requirements of this section and the proposed transaction is in the best interests of the retail and wholesale customers of the Public Service Authority.

(2) The commission also may require compliance with any provision of Article 3, Chapter 33, Title 58 that the commission determines necessary to grant approval.

Section 58‑33‑190. (1) The Public Service Authority may not enter into a contract for the purchase of power with a duration longer than ten years without approval of the Public Service Commission of South Carolina, provided that the approval is required only to the extent the transaction is not subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission or any other federal agency. This section does not apply to purchases of renewable power through a commission approved competitive procurement process.

(2) The commission shall consider any previous analysis performed pursuant to Section 58‑37‑40 in acting upon any petition by the Public Service Authority pursuant to this section. The commission shall also take into account the Public Service Authority’s resource and fuel diversity, reasonably anticipated future operating costs, arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power and other alternative methods for providing reliable, efficient, and economical electric service.

(3) The commission may not grant approval unless it shall find and determine that the proposed transaction is in the best interests of the retail and wholesale customers of the Public Service Authority.”

SECTION 21. Section 58‑37‑40 of the 1976 Code 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 with one hundred thousand or more customer accounts and the Public Service Authority 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, electric utilities with less than one hundred thousand customer accounts, 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, electric utility with less than one hundred thousand customer accounts, 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. Where plan components listed in subsections (B)(1) and (2) of this section do not apply to an electrical utility with less than one hundred thousand customer accounts as a result of its own generation resources being comprised of more than seventy‑five percent renewable energy or because it purchases wholesale load balancing generation services, then 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~~ commission. The Public Service Authority shall develop a public process allowing for input from all stakeholders prior to submitting the integrated resource plan. 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~~ commission’s website and on the Public Service Authority’s website.

(4)(a) In addition to the requirements of 58‑37‑40(B), the Public Service Authority’s integrated resource plan shall include an analysis of long‑term power supply alternatives and enumerate the cost of various resource portfolios over various study periods including a twenty‑year study period and, by comparison on a net present value basis, identify the most cost effective and least ratepayer risk resource portfolio to meet the Public Service Authority’s total capacity and energy requirements while maintaining safe and reliable electric service.

(b) In addition to the requirements of Section 58‑37‑40(B), the commission shall review and evaluate the Public Service Authority’s analysis of long‑term power supply alternatives and various resource portfolios over various study periods including a twenty‐year study period and, by comparison on a net present value basis, identify the most cost‐effective and lowest ratepayer‑risk resource portfolio to meet the Public Service Authority’s total capacity and energy requirements while maintaining safe and reliable electric service. The commission’s evaluation shall include, but not be limited to:

(i) evaluating the cost‑effectiveness and ratepayer risk of self‑build generation and transmission options compared with various long‑term power supply alternatives including power purchase agreements, competitive procurement of renewable energy, joint dispatch agreements, market purchases from an existing regional transmission organization, joining or creating a new regional transmission organization, using best available technology for energy generation, transmission, storage and distribution, or any combination thereof. In evaluating and identifying the most cost effective and least ratepayer risk resource portfolio, the commission shall strive to reduce the risk to ratepayers associated with any generation and transmission options while maintaining safe and reliable electric service; and

(ii) an analysis of any potential cost savings that might accrue to ratepayers from the retirement of remaining coal generation assets.

(c) The authority’s integrated resource plan must provide the information required in Section 58‑37‑40(B) and 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. The Integrated Resource Plan of the South Carolina Public Service Authority shall include and evaluate at least one resource portfolio, which will reflect the closure of the Winyah Generating Station by 2028, designed to provide safe and reliable electricity service while meeting a net zero carbon emission goal by the year 2050.

(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~~ subject to (A)(1) and the Public Service Authority’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 or the Public Service Authority.

(2) The commission shall approve an electrical utility’s or the Public Service Authority’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 or the Public Service Authority’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 or the Public Service Authority’s integrated resource plan, the electrical utility or the Public Service Authority, 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 or the Public Service Authority’s revised filing, the Office of Regulatory Staff shall review the electrical utility’s or the Public Service Authority’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~~ An 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 and the Public Service Authority shall each submit annual updates to its integrated resource plan to the commission. An annual update must include an update to the electric utility’s or the Public Service Authority’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 or Public Service Authority’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~~ electrical utility’s or the Public Service Authority’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 or the Public Service Authority 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 22. Article 1, Chapter 31, Title 58 of the 1976 Code is amended by adding:

“Section 58‑31‑227. (A) The Public Service Authority shall file for commission approval of a program for the competitive procurement of energy, capacity, and environmental attributes from renewable energy facilities to meet needs for new generation resources identified by the Authority in its Integrated Resource Plans or other planning processes. The commission may not grant approval unless the commission finds and determines that the Public Service Authority satisfied all requirements of this section and the proposed program is in the best interests of the customers of the Public Service Authority. The commission may adopt procedures to implement the requirements of this section and shall retain continuing oversight and approval authority over all aspects of an approved program to ensure any approved program complies with this section and is in the best interests of the customers of the Public Service Authority.

(B) The Public Service Authority shall procure renewable energy resources subject to the following requirements:

(1) Renewable energy resources procured by the Public Service Authority shall be procured via a competitive solicitation process open to all independent market participants that meet minimum eligibility requirements.

(2) The Public Service Authority shall issue public notification of its intention to issue a competitive renewable solicitation at least ninety days prior to the release of each solicitation, including the proposed procurement volume, process, and timeline.

(3) Renewable energy facilities eligible to participate in a competitive procurement are those that have a valid interconnection request on file and that use renewable energy resources identified in Section 58‑39‑120(F) and may include battery storage devices charged exclusively by renewable energy.

(C) The Public Service Authority shall make publicly available at least forty‑five days prior to each competitive solicitation:

(1) A pro forma contract to inform market participants of the procurement terms and conditions. The pro forma contract will (i) include standardized and commercially reasonable requirements for contract performance security consistent with market standards; (ii) define limits and compensation for resource dispatch and curtailments that limit uncompensated curtailment to a specified portion of estimated annual output.

(2) A bid evaluation methodology that ensures all bids are treated equitably, including price and nonprice evaluation criteria. Nonprice criteria will at minimum include consideration of diversity in resource size and geographic location.

(3) Interconnection requirements and study methodology, including how bids without existing interconnection studies will be treated for purposes of evaluation.

(D) After bids are submitted and evaluated, winning bids will be selected based upon the published evaluation methodology.

(E) The Public Service Authority shall issue a public report summarizing the results of each competitive solicitation within sixty days of the award notifications. The report will include, at minimum, a summary of the submitted bids and an anonymized list of the project awards, including their size, location, average award price and tenor, and award price range.”

SECTION 23. As part of the process of retiring its coal units, the Public Service Authority shall develop and implement a plan, with community engagement and participation, that: (a) allows employees in good standing who would be directly affected by the closure of the unit to be retained by the Public Service Authority, or provides training opportunities for related employment to affected employees in good standing who are not retained; and (b) provides an opportunity for economic development and job attraction in the communities where the retired coal stations are located. Annual written status reports shall be provided to the SC Public Utilities Review Committee.

SECTION 24. Section 11 of Act 135 of 2020 is hereby extended through December 31, 2021, except that:

(1) The Office of Regulatory Staff shall no longer be required to conduct monthly reviews of Santee Cooper.

(2) Nothing contained in the language of Act 135 of 2020 shall prohibit Santee Cooper from taking all necessary steps to plan for the closing of the Winyah Generating Station.

(3) Nothing contained in the language of Act 135 of 2020 shall prohibit Santee Cooper from entering financial transactions for the purpose of obtaining lower interest rates on existing debts, provided that overall debt load may not be increased by any such transaction.

SECTION 25. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, then such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 26. SECTIONS 1 through 10 and SECTION 24 take effect upon approval by the Governor. The remaining SECTIONS of this act take effect January 1, 2022.

/s/Sen. Luke A. Rankin /s/Rep. James “Jay” Lucas

/s/Sen. A. Shane Massey /s/Rep. G. Murrell Smith, Jr.

/s/Sen. Brad Hutto /s/Rep. Todd Rutherford

On Part of the Senate. On Part of the House.

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