~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 31, 2021

**S. 464**

Introduced by Senators Rankin and McElveen

S. Printed 3/31/21--S.

Read the first time January 13, 2021.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (S. 464) to amend Section 58‑31‑20 of the 1976 South Carolina Code of Laws to provide a member of the Board of Directors of the Public Service Authority shall not be, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting therein the following:

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

“Section 58‑31‑20 (A) The Public Service Authority consists of a board of twelve directors who reside in South Carolina and who have the qualifications stated in this section, as determined by the State Regulation of Public Utilities Review Committee pursuant to Section 58‑3‑530(14), before being appointed by the Governor with the advice and consent of the Senate as follows: one from each congressional district of the State; one from each of the counties of Horry, Berkeley, and Georgetown who reside in authority territory and are customers of the authority; and two from the State at large, one of whom must be chairman. Two of the directors must have substantial work experience within the operations of electric cooperatives or substantial experience on an electric cooperative board, including one of the two who must have substantial experience within the operations or board of a transmission or generation cooperative. 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~~ six 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~~ six years or until his successor has been appointed and qualified. In the event of a director vacancy due to death, resignation, or otherwise, the Governor must appoint the director’s successor, with the advice and consent of the Senate, and the successor‑director shall hold office for the unexpired term. A director shall not be appointed for more than two consecutive full terms. An appointment to an unexpired partial term shall not be considered for purposes of determining term limits.

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. 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~~. The board of directors must submit annual reports required by Section 58‑3‑530(17) to the advisory board.

(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: (1) 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; and (2) 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 (1) and (2) above, 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. The reason for the conflict must be stated before the vote is taken and should 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. The decision of the Board of Directors to exclude an ex officio member due to a conflict is not appealable to any court. Efforts should be taken to optimize participation of ex officio members by segmenting executive sessions.

(3) Ex officio members will serve immediately 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. They will not be entitled to receive compensation from the Public Service Authority for their 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. 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 and water rates established by the Public Service Authority. Upon completion of an authorized inspection, audit, or examination, the Office of Regulatory Staff must report its findings to the management and board of the Public Service Authority and attempt to resolve with the management and board any issues that are identified. The Public Service Authority must post information regarding its electric and water rates on its website.”

SECTION 3. Chapter 31, Title 58 is amended by adding:

“Article 7 ‑ NEW STATUTORY PROVISIONS

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. 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 board of directors.

(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 at least one member 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 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. 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 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 4. Section 58‑33‑20 of the 1976 Code of Laws is amended to read:

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

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

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

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

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

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

(5) The term ‘person’ includes any individual, group, firm, partnership, corporation, cooperative, association, government subdivision, government agency, local government, municipality, any other organization, or any combination of any of the foregoing, 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 5. Section 58‑33‑110(4) of the 1976 Code of Laws 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 6. Section 58‑37‑40 of the 1976 Code of Laws is amended to read:

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

(1) Each electrical utility with one hundred thousand or more customer accounts 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 plan may state that fact or refer to the plan of the wholesale power generator. For purposes of this section, a wholesale power generator does not include a municipally created joint agency if that joint agency receives at least seventy‑five percent of its electricity from a generating facility owned in partnership with an electrical utility and that electrical utility:

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

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

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

(3) The South Carolina Public Service Authority shall adopt and publish resource planning principles that respect and balance factors including, but not limited to, customer focus, cost management, system reliability, risk and financial integrity to be used in development of its integrated resource plan, and shall submit an integrated resource plan to the Public Service Commission, the State Energy Office, and the Public Utilities Review Committee.

(a) The 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) The commission shall not have the authority to approve or disapprove of the integrated resource plan but must have a public hearing for interested parties to comment on the integrated resource plan. Prior to the public hearing, the commission shall have a proceeding to review the Public Service Authority’s integrated resource plan which allows intervention by interested parties. The commission shall establish a procedural schedule establishing the date for the public hearing and to permit testimony and 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. The Office of Regulatory Staff shall also provide comments regarding the integrated resource plan, including, but not limited to, any material differences between it and the integrated resource plan submitted to the Energy Office by the electric cooperatives. No later than three hundred days after the Public Service Authority files an integrated resource plan the commission shall issue a plan assessment applying the standards and factors set forth in Section 58‑37‑40(C)(2) as applied to electrical utilities and deliver it to the Public Service Authority’s board of directors and the Public Utilities Review Commission. The parties to the proceeding will have an opportunity to file a proposed plan assessment for consideration by the commission prior to the commission issuing its final plan assessment.

(c) Within sixty days after the issuance of the commission’s plan assessment, the Board of the Public Service Authority shall meet to consider the comments received from the public hearing and the Office of Regulatory Staff, and the commission’s plan assessment. The integrated resource plan must be finalized within the following sixty days and submitted to the commission, the Office of Regulatory Staff and the Public Utilities Review Committee, and posted on the Public Service Authority’s website.

(d) Nothing in this Chapter of Title 58 gives the Public Service Commission or the Public Service Authority the power to amend or alter in any way any wholesale power supply agreement between the Public Service Authority and Central Electric Power Cooperative.

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

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

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

(b) consumer affordability and least cost;

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

(d) power supply reliability;

(e) commodity price risks;

(f) diversity of generation supply; and

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

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

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

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

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

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

SECTION 7. Section 58‑3‑530 of the 1976 Code of Laws is amended by adding the following numbered subsections to read:

“(16) to conduct an annual performance review of each member of the South Carolina Public Service Authority Board of Directors, which must be submitted to the General Assembly. Directors shall be entitled to submit documentation in advance of the annual review regarding actions taken and expert opinions received. A draft of each director’s performance review must be submitted to the director, and the director must be allowed an opportunity to be heard before the review committee before the final draft of the performance review is submitted to the General Assembly. The final performance review must be made a part of the director’s record for consideration if the member is reappointed to the Board.

As part of the performance review, the review committee will provide a mechanism by which parties, including the Office of Regulatory Staff, who have an interest in the oversight of the South Carolina Public Service Authority by its board may submit a confidential survey evaluating the directors. At a minimum, the survey must include the following:

(a) knowledge and application of substantive utility issues;

(b) ability to perceive relevant issues;

(c) absence of influence by political considerations;

(d) temperament and demeanor in general, preparation for and attentiveness during meetings;

(17) to evaluate the actions of the South Carolina Public Service Authority Board, to the end that the members of the General Assembly may better judge whether these actions serve the best interests of the customers of the Public Service Authority, both retail and wholesale.

The Public Service Authority shall submit an annual report in which full information as to all of the acts of the board of directors shall be given, together with financial statements and full information as to the work of the Public Service Authority. The report shall include, but is not limited to, (i) a report from an independent consulting engineer every two years, (ii) an annual report demonstrating adherence to the resource planning principles established pursuant to Section 58‑37‑40 and the pricing principles established pursuant to Section 58‑31‑710, and (iii) the annual report of its external auditor; and

(18) to submit to the General Assembly, on an annual basis, the review committee’s evaluation of the performance of the South Carolina Public Service Authority Board. A proposed draft of the evaluation must be submitted to the board prior to submission to the General Assembly, and the board must be given an opportunity to be heard before the review committee prior to the completion of the evaluation and its submission to the General Assembly.”

SECTION 8. Section 58‑31‑55 of the 1976 Code of Laws 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 operations ~~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~~;

(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.”

SECTION 9. Section 1‑3‑240(C)(1)(m) of the 1976 Code of Laws 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 is also allowed, but not required, to remove a director upon the recommendation of the State Regulation of Public Utilities Review Committee by an affirmative vote of eight of its members upon good cause shown.

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

“Section 58‑31‑227. (A) 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.

(B) 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 non‑price evaluation criteria. Non‑price criteria will include, at minimum, 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.

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

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 11. Section 58‑31‑430 of the 1976 Codes of Laws 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 12. 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 cannot be 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 13. (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 1st, 2nd and 7th 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 3rd, 4th and 6th congressional districts and Berkeley County shall expire on January 1, 2024; and

(3) The terms for members representing the 5th congressional district, Horry County, Georgetown County and the other At Large seat shall expire on January 1, 2026.

If any vacancy occurs prior to respective date established in this SECTION, except for the chairman position, the Governor may appoint a successor pursuant to Section 58‑31‑20. However, the Acting Board Chair as of the effective date of this act shall serve as Chair for the duration of his term as set forth herein. Thereafter, the Governor shall name the Chair from among the board members, and that member shall serve as chair for the duration of their then‑current term.

(B)(1) The provisions in SECTION 1 regarding board member term limits shall apply to appointments made on or after the effective date of this act.

(2) Each board member serving a full term as of this act’s effective date is eligible for reappointment for one additional full term once his or her current term expires.

SECTION 14. Section 11 in Act 135 of 2020 is repealed on the effective date of this act.

SECTION 15. 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 16. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

LUKE A. RANKIN for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**State Expenditure**

**Section 1.** This section of the bill amends the provisions governing the Public Service Authority’s Board of Directors. The section prohibits board members from being appointed for more than two unexpired consecutive terms. The section also establishes educational and experience requirements that must be met by appointed members.

**Section 2.** This section extends the authority and jurisdiction of ORS to make inspections, audits, and examinations, to include such oversight functions of the electric and water rates established by the Authority. Upon completion of an inspection audit or examination, ORS shall report the findings to the management and board of the Authority. ORS shall attempt to resolve any reported issues with the management and board of the Authority.

**Office of Regulatory Staff**

ORS anticipates that in order to comply with the provisions of this section they will require an additional sixty-five hundredths of an FTE. This additional partial FTE includes multiple positions in the agency that would be responsible for providing oversight and review of the Authority. ORS anticipates this partial FTE will increase other funds expenditures of the agency $102,352.

**Section 3.** This section requires the Authority to establish a process in which it may receive public comments and hold a public hearing when setting electric rates. ORS shall review the rates proposed by the Authority and be provided an opportunity to comment before new rates go into effect.

**South Carolina Public Service Authority**

The Authority estimates they will need an additional one-quarter FTE and a consultant to assist with the ORS audit of the Authority’s proposed rate increase. The one-quarter FTE would be for a financial analyst II for an expense of $24,994 which includes employment benefits. The estimated expense of the consultant is $50,000. Therefore, it is estimated this section of the bill will increase the other funds expenditures of the Authority by $74,994 to for one-quarter FTE and a consultant.

**Office of Regulatory Staff**

ORS anticipates that in order to comply with the provisions of this section they will require the equivalent of an additional two and nine-tenths FTEs. These additional FTEs include multiple positions in the agency that would be responsible for reviewing new rates proposed by the Authority. ORS estimates these additional FTEs will increase the other funds expenditures of the agency by $429,249.

In addition to the required FTEs, ORS anticipates they will need to hire an outside subject matter consultant in order to comply with the provisions of this section. Based on prior experience in similar proceedings with other electric utilities, ORS estimates the consultant will increase other funds expenses of the agency by $150,000.

Therefore, ORS anticipates this section of the bill will increase other funds expenditures of the agency by $579,249 to hire subject matter consultation and to provide an additional two and nine-tenth FTEs to review and provide comments concerning proposed rate increases of the Authority.

**Section 4.** This section of the bill makes certain changes to definitions regarding major utility facility siting. The changes require the Authority to follow the same procedures for obtaining commission approval prior to constructing major utility facilities that other electrical utilities in this state must follow.

**Office of Regulatory Staff**

This section requires the Authority to obtain a certificate of approval from the Commission prior to constructing a major utility facility. Currently, ORS is a required party to similar facility approval proceedings in this State for other electrical utilities before the Commission.

ORS anticipates that in order to comply with the provisions of this section they will require an additional seven-tenths of an FTE. These additional FTEs include multiple positions in the agency that would be responsible for reviewing an application for a certificate to construct a major utility facility filed by the Authority. ORS estimates these additional FTEs will increase the other funds expenditures of the agency by $108,481.

In addition to the required FTEs, ORS anticipates they will need to hire an outside subject matter consultant in order to comply with the provisions of this section. Based on prior experience in similar proceedings with other electric utilities, ORS estimates the consultant will increase other funds expenses of the agency by $50,000.

Therefore, ORS anticipates this section of the bill will increase other funds expenditures of the agency by $158,480 to hire subject matter consultation and to provide an additional seven-tenths of an FTE to review an application of the Authority for a certificate to construct a new major utility facility.

**South Carolina Public Service Commission**

This section requires the Authority to file an application for a certificate to construct a major utility facility with the Commission. The Commission shall schedule a hearing no less than sixty, or greater than ninety days after receiving an application. After hearing from the parties involved, the Commission shall decide to grant or deny the application as filed, or grant an application subject to modifications deemed necessary by the Commission. Based on experience with similar proceedings, the Commission estimates this section of the bill will increase other funds expenditures by $260,000 to hire of outside consultants and experts. In calculating this estimate, the Commission assumed an hourly rate of two hundred-fifty dollars for forty hours a week for twenty-six weeks.

**Section 5.** This section eliminates the Authority’s current procedure for submitting an integrated resource plan (IRP). Currently, the Authority is required to submit an IRP to the State Energy Office. The IRP is developed in consultation with the electric cooperatives and municipally owned electric utilities purchasing power from the Authority. The Authority and State Energy Office are required to post a copy of the Authority’s IRP on their respective websites.

**Section 6.** This section establishes the new procedures the Authority must follow in developing and submitting an IRP. The IRP shall continue to be developed in consultation with the electric cooperatives, including Central Electric Power Cooperative, and municipally owned electric utilities purchasing power from the Authority. This section would require the Authority to submit their IRP to the Commission instead of the State Energy Office. Once an IRP is filed by the Authority, the Commission shall develop a procedural schedule, to include a public hearing, that permits testimony and discovery. ORS shall provide comments regarding the Authority’s IRP. Within sixty days following the hearing held by the Commission, the Authority’s board of directors shall meet to consider the comments received from all parties at the Commission hearing. Within sixty days following this meeting, the IRP shall be finalized by the Authority’s board and posted to the Authority’s website.

**South Carolina Public Service Authority**

The Authority estimates they will require an additional six and one-quarter FTEs in order to perform the functions required for the IRP process in this section. The FTE positions are one-half FTE for CEO staff, one FTE for manager of fuel forecasting and energy risk, two FTEs for senior financial analysts, two FTEs for financial analyst III’s, one-quarter FTE for a manager of transmission planning, and one-half FTE for senior engineer. The total estimated expense of these additional FTEs, including benefits is $1,030,094.

In addition to new FTEs, the Authority estimates they will have to hire outside subject matter consultants and legal assistance. The Authority estimates they will hire four outside consultants, each working sixteen hundred hours annually, at a rate of $300 per hour for a total annual expense of $1,920,000. The Authority estimates they will hire 1 individual for legal assistance who is estimated to work 200 hours a year at a rate of $400 an hour for a total expense of $80,000.

Therefore, the Authority estimates this section of the bill will increase other funds expenditures of the agency by a total of $3,030,094 for an additional six and one-quarter FTEs, and outside subject matter and legal consultation.

**Office of Regulatory Staff**

ORS anticipates that in order to comply with the provisions of this section they will require an additional one and forty-five hundredth FTEs. These additional FTEs include multiple positions in the agency that would be responsible for reviewing an and providing comments on an IRP filed with the Commission by the Authority. ORS estimates these additional FTEs will increase the other funds expenditures of the agency by $211,752.

In addition to the required FTEs, ORS anticipates they will need to hire an outside subject matter consultant in order to comply with the provisions of this section. Based on prior experience in similar proceedings with other electric utilities, ORS estimates the consultant will increase other funds expenses of the agency by $300,000.

Therefore, ORS anticipates this section of the bill will increase other funds expenditures of the agency by $511,752 to hire subject matter consultation and to provide an additional seven-tenths of an FTE to review and provide comments on an IRP filed by the Authority.

**South Carolina Public Service Commission**

This section requires the Authority to file an IRP with the Commission. The Commission shall develop a procedural schedule, to include a public hearing, that permits testimony and discovery once an IRP is filed by the Authority. Based on experience with similar proceedings, the Commission estimates this section of the bill will increase other funds expenditures by $260,000 to hire of outside consultants and experts. In calculating this estimate the Commission assumed an hourly rate of two hundred and fifty dollars for forty hours a week for twenty-six weeks.

**State Revenue**

The South Carolina Public Service Commission and Office of Regulatory Staff operate as other-funded agencies. The expenses of both agencies are borne by the public utilities operating within the Commission’s jurisdiction pursuant to Title 58, Chapters 3 and 4. The term “public utility” as currently defined in Title 58, Chapters 3 and 4 however, does not include the Authority. Therefore, the source of the funds required for this legislation is undetermined.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 58‑31‑20 OF THE 1976 SOUTH CAROLINA CODE OF LAWS TO PROVIDE A MEMBER OF THE BOARD OF DIRECTORS OF THE PUBLIC SERVICE AUTHORITY SHALL NOT BE APPOINTED FOR MORE THAN TWO UNEXPIRED CONSECUTIVE TERMS AND FOR EDUCATION AND EXPERIENCE REQUIREMENTS FOR A BOARD MEMBER; TO ADD SECTION 58‑31‑225 TO PROVIDE THAT THE OFFICE OF REGULATORY STAFF HAS AUTHORITY TO MAKE INSPECTIONS, AUDITS AND EXAMINATIONS OF THE PUBLIC SERVICE AUTHORITY FOR ELECTRIC AND WATER RATES; TO AMEND SECTION 58‑31‑380 TO ESTABLISH A PROCESS TO RECEIVE PUBLIC COMMENT AND A PUBLIC HEARING IN SETTING ELECTRIC RATES, AND FOR THE OFFICE OF REGULATORY STAFF TO REVIEW THE PROPOSED RATES AND COMMENT BEFORE THE RATES GO INTO EFFECT; TO AMEND SECTION 58‑33‑20 TO INCLUDE THE PUBLIC SERVICE AUTHORITY IN THE REQUIREMENTS FOR UTILITY FACILITY SITING; TO AMEND SECTION 58‑37‑40 TO DELETE SUBSECTION (A)(3); AND TO ADD SECTION 58‑37‑45 TO REQUIRE THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY TO SUBMIT AN INTEGRATED RESOURCE PLAN TO THE PUBLIC SERVICE COMMISSION AND TO PROVIDE FOR PLAN REQUIREMENTS.

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

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

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

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

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

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

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

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

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

(2) Each member must also have:

(a) a baccalaureate or more advanced degree from:

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

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

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

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

(i) energy issues;

(ii) 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.”

SECTION 2. 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 and water rates established by the Public Service Authority. Upon completion of an authorized inspection, audit, or examination, the Office of Regulatory Staff must report its findings to the management and board of the Public Service Authority and attempt to resolve with the management and board any issues that are identified. The Public Service Authority must post information regarding its electric and water rates on its website.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. Section 58‑37‑40 of the 1976 Code of Laws is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

(i) customer energy efficiency and demand response programs;

(ii) facility retirement assumptions; and

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

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

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

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

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

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

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

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

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

(b) consumer affordability and least cost;

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

(d) power supply reliability;

(e) commodity price risks;

(f) diversity of generation supply; and

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

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

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

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

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

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

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

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

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

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

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

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