



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 5252	Introduced on April 20, 2022
Author:	Sandifer	
Subject:	Economic Growth	
Requestor:	House Labor, Commerce, and Industry	
RFA Analyst(s):	Gallagher	
Impact Date:	May 6, 2022 Updated for Additional Agency Response	

Fiscal Impact Summary

This joint resolution permits an electric utility (utility) to provide the Department of Commerce or a prospective manufacturing entity with a rate proposal that would incentivize the entity to employ additional workforce and to make capital investments in the utility's service territory. The utility must file the proposal with the Public Service Commission (PSC) for review and acceptance.

The Department of Commerce and Office of Regulatory Staff (ORS) indicate they can accomplish any additional duties arising from this joint resolution with existing resources and staff. As such, this bill will not have an expenditure impact on either agency.

PSC indicates this resolution will not result in increased hearings as the Commission can utilize verified testimony with a signed affidavit, the utility's application, and/or oral arguments to make a decision that conforms to the legal standards as enumerated in Section 5. As such, this resolution will not impact PSC's expenditures.

The expenditure impact of this bill has been updated following a response from ORS.

Explanation of Fiscal Impact

Updated for Additional Agency Response on May 5, 2022

Introduced on April 20, 2022

State Expenditure

This joint resolution permits a utility to provide the Department of Commerce or a prospective manufacturing entity with a rate proposal that would incentivize the entity to employ additional workforce and to make capital investments in the utility's service territory. The utility is specifically allowed to offer economic development rates to a qualifying customer that may be lower than the rates otherwise available under the utility's commission-approved tariffs in effect at the time.

The utility must file the rate proposal with PSC for review and acceptance, which will be determined to be presumptively reasonable if the rates, terms, and conditions are equal to or greater than the utility's marginal cost. The rate may not be lower than the utility's marginal cost

of providing service to the qualifying customer. Further, any agreement regarding economic development rates may not exceed ten years.

Additionally, the utility bears the burden of proof to establish the following to PSC:

- the rate(s) or charges borne by the utility's other customers do not subsidize the cost of providing economic development rate(s);
- the rate(s) of other utility operations do not increase; and
- rates do not increase for other customers of the utility as a result of the rate(s) offered to a qualifying customer.

Lastly, the utility may expedite interconnection of a qualifying proposed or expanded renewable energy facility to support electric power generation at its location.

The Department of Commerce. The Department of Commerce indicates they can accomplish any additional duties arising from this joint resolution with existing resources and staff. As such, this bill will not have an expenditure impact on the department.

Public Service Commission. PSC indicates this resolution will not result in increased hearings as the Commission can utilize verified testimony with a signed affidavit, the utility's application, and/or oral arguments to make a decision that conforms to the legal standards as enumerated in Section 5. As such, this resolution will not impact PSC's expenditures.

Office of Regulatory Staff. ORS reports they will be able to accomplish any additional duties arising from this resolution with existing resources and staff. Therefore, this bill will not have an expenditure impact on ORS.

The expenditure impact of this bill has been updated following a response from ORS.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A

Introduced on April 20, 2022

State Expenditure

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The utility must file the rate proposal with PSC for review and acceptance, which will be determined to be presumptively reasonable if the rates, terms, and conditions are equal to or greater than the utility's marginal cost. The rate may not be lower than the utility's marginal cost of providing service to the qualifying customer. Further, any agreement regarding economic development rates may not exceed ten years.

Additionally, the utility bears the burden of proof to establish the following to PSC:

- the rate(s) or charges borne by the utility's other customers do not subsidize the cost of providing economic development rate(s);
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- rates do not increase for other customers of the utility as a result of the rate(s) offered to a qualifying customer.

Lastly, the utility may expedite interconnection of a qualifying proposed or expanded renewable energy facility to support electric power generation at its location.

The Department of Commerce. The Department of Commerce indicates they can accomplish any additional duties arising from this joint resolution with existing resources and staff. As such, this bill will not have an expenditure impact on the department.

Public Service Commission. PSC indicates this resolution will not result in increased hearings as the Commission can utilize verified testimony with a signed affidavit, the utility's application, and/or oral arguments to make a decision that conforms to the legal standards as enumerated in Section 5. As such, this resolution will not impact PSC's expenditures.

Office of Regulatory Staff. The expenditure impact of this bill on ORS is pending, contingent upon a response from the agency.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director