



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

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:	S.0464	Introduced on January 13, 2021
Author:	Rankin	
Subject:	Public Service Authority	
Requestor:	Senate Judiciary	
RFA Analyst(s):	Payne	
Impact Date:	February 16, 2021	

Fiscal Impact Summary

South Carolina Public Service Authority

This bill is estimated to increase the Other Funds expenditures of the South Carolina Public Service Authority (Authority) by \$3,105,088 to provide an additional six and one-half FTEs and to hire outside subject matter and legal consultants in order for the agency to implement the provisions of this bill. The six and one-half estimated FTEs total \$1,055,088, of which four are financial analyst positions totaling \$536,386, one is for engineering and planning totaling \$135,965, one is a fuel forecast manager totaling \$201,171, and one-half is for CEO staff totaling \$181,566. The Authority estimates the total expense of hiring outside experts for consultation on subject matter issues and provide legal assistance will be \$2,050,000. The majority of the expenditure and additional personnel, totaling \$3,030,094 and six and one-quarter FTEs, will perform duties in compliance with the integrated resource planning (IRP) procedures established in the bill. The remaining expenditures and personnel, totaling \$74,944 and one-quarter FTE, would support an audit of proposed rates by the South Carolina Office of Regulatory Staff (ORS).

South Carolina Office of Regulatory Staff

This bill is estimated to increase Other Funds expenditures of ORS by as much as \$1,351,833 to provide an additional six FTEs and to hire subject matter consultants to perform the duties enumerated in this bill. The six FTEs total \$851,834, with one FTE for each position of Regulatory Manager, Auditor, Lawyer/Paralegal, Analyst/Engineer, Regulatory Analyst, and Administration. In addition to these FTEs ORS estimates they will need to hire various subject matter consultants totaling \$500,000. The consultants would assist ORS during an IRP procedure, utility facility siting procedure, and a retail rate procedure.

ORS is an other-funded agency whose expenses are borne by the public utilities in their jurisdiction through assessments, pursuant to Title 58, Chapter 4. The Authority however, is not included in the definition of "public utility" under current Code or the provisions of this bill. Therefore, the source of the funds required for this legislation is undetermined.

South Carolina Public Service Commission

This bill is estimated to increase the Other Funds expenditures of the South Carolina Public Service Commission (Commission) by \$520,000 to hire outside experts and consultants. The

outside experts would assist the Commission in two potential proceedings for the Authority's IRP procedure, and evaluating utility facility siting applications.

The Commission is an other-funded agency whose expenses are borne by the public utilities in their jurisdiction through assessments, pursuant to Title 58, Chapter 3. The Authority however, is not included in the definition of "public utility" under current Code or the provisions of this bill. Therefore, the source of the funds required for this legislation is undetermined.

Explanation of Fiscal Impact

Introduced on January 13, 2021

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.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director