



TESTIMONY TO THE HOUSE LABOR, COMMERCE, AND INDUSTRY SUBCOMMITTEE ON UTILITIES: H 4022

25 April 2017

I am Lynn Teague, representing the League of Women Voters of South Carolina. Thank you for allowing me to speak with you today in support of H. 4022, which would amend the Base Load Review Act (BLRA).

The past ten years since passage of the BLRA have provided an educational experience, exposing unintended secondary consequences of a law that has the primary purpose of lowering long-term energy costs. The construction of the V. C. Summer Plant has been our classroom. We have learned through this experience that the current provisions of the BLRA do not give the Office of Regulatory Staff (ORS) and the Public Service Commission (PSC) adequate tools to fulfill the full range of their responsibilities. This must be corrected now, before planning progresses any further on new projects that would be affected by those changes.

All businesses know that they are accountable to their customers. In the absence of a competitive market, the regulatory system is the means of insuring that accountability. H. 4022 accordingly corrects unforeseen defects in the provisions affecting what our state regulators can do to protect ratepayers, both business and residential. It gives regulators authority to make adjustments in return when costs arise from imprudent decisions. It explicitly recognizes something that should be obvious - utilities are responsible for decisions made by their contractors and subcontractors. It also requires that utilities prove that cost overruns are the result of prudent decisions, rather than placing the obligation to prove otherwise on consumers. We are aware that unexpected costs happen in even the best-run projects, but why should utilities make increased profits on costs that result from imprudent decisions for which they are responsible?

We wish to be very clear that the League is not opposed to nuclear power and we are not attempting to end the potential for plant construction under the BLRA. In fact, we believe that should any utility wish to use the BLRA in future projects, the amendments before you today will be very useful and perhaps even essential, since they would provide an effective response to public concerns about the potential for large rate increases if serious problems arise during construction.

We believe that now is the time to provide clarity to utilities planning future projects and reassurance to the citizens of our state that their interests will be protected if those projects are authorized. The message of accountability that would be sent will be beneficial now, just as the

substance of the bill's provisions will be beneficial in the long term. There is no reason to delay and every reason to move forward.

As a final observation, it is very appropriate that this bill does not attempt to wade into the deep waters of intervening in a project that has been underway for many years and has encountered significant challenges. The League does not support bringing the V. C. Summer Plant, with its complex legal and practical baggage, under the BLRA as amended by H 4022. The current bill is appropriately focused on projects that are not yet under construction. However, it is urgent that we pass this bill now rather than waiting until important decisions are being made about those future projects.

We hope that you will forward H. 4022 today with a positive recommendation, and in doing so reassure our citizens that in the future the Office of Regulatory Staff (ORS) and the Public Service Commission (PSC) will have the tools that they need to fulfill their mission of fairly balancing the concerns of consumers, utilities, and the overall economic development of our state.

I would be glad to respond to any questions.

For further information, please contact:

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