



THE LEAGUE OF WOMEN VOTERS OF SOUTH CAROLINA

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## TESTIMONY BEFORE A SUBCOMMITTEE OF THE JUDICIARY COMMITTEE OF THE SENATE

S. 754, H.4375, S. 909, H. 4379

27 Feb 2018

We have previously provided written testimony on S. 754, H. 4375, and S. 909. We add here our testimony regarding H. 4379.

### S. 754 AND RELATED HOUSE BILLS H. 4375 AND H. 4379

Electric Rates Attributable to Nuclear and the Base Load Review Act: We support efforts to prevent charges associated with plants not generating power. We support the revisions made in this bill in the Base Load Review Act that clarify legislative intent and address the important consumer protection issues of prudence, burden of proof, and rates associated with abandonment.

We further support suspension of revised rates associated with V. C. Summer under the BLRA, as specified in H. 4375. It has now been documented that before receiving the Dominion offer, SCANA considered a reduction of 9.75% with the expectation that it might limit the growth of dividends. They did not suggest that this rate reduction would reduce or eliminate dividends, and SCANA's current dividends are high by national standards. This points toward suspension of all or most of the revised rates as a responsible way to alleviate ratepayer pain while the PSC addresses the many questions surrounding V. C. Summer abandonment and determination of final rates.

Public Service Commission (PSC): We applaud the Senate's expansion of qualifications to serve on the PSC.

We question whether placing major investigative functions in the PSC is a desirable measure, both from the point of view of staffing redundancy and from the more important point of view of placing investigative functions within a body that is quasi-judicial in function.

Also, we would like to see a change in the final element of the PSC mission as defined in S. 754, Section 12, which alters §58-3-21 to include "(3) preservation of the financial integrity of the state's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services." We strongly prefer the H. 4379 wording "preservation of reliable and high quality utility services." The financial integrity of a particular utility is **only** of significance to the state to the extent required to meet the state's goal of "reliable and high quality utility service." The financial integrity of any individual utility is a means to an end, and the PSC can evaluate in each case to what extent actions of this kind are an appropriate means to achieve the state's legitimate goals. Further, we believe that the state has no ability to maintain the

financial integrity of a utility when its board and executives have failed to take responsible measures to do so. The state should not take on a responsibility that is not within its authority and that it cannot fulfill.

Office of Regulatory Staff (ORS): We concur with the language in S. 754 that places the consumer advocate in the Office of Regulatory Staff (ORS), with the mission of that agency appropriately altered to avoid internal conflicts in their mandate. We do not agree with placement of this function in the Office of the Attorney General. We believe that the ORS is a responsible nonpartisan agency with the appropriate professional expertise to protect consumers and the public interest. With amendment of its mission to remove conflicts, it is the proper home of a consumer advocate.

State Regulation of Public Utilities Review Committee (PURC):

Independence and Separation of Powers: Some of the functions of PURC are executive in function and should be independent of the General Assembly. Evaluation of PSC and ORS candidates and annual personnel evaluations should not be assigned to an essentially legislative body.

Further consumer protection is needed. Economists recognize that those involved in regulating industries tend, over time, to absorb the perspective of the industries that they regulate. Some aspects of this process are difficult to manage other than by awareness and caution, but others can and should be addressed in law.

Prohibiting campaign contributions from utilities and other regulated monopolies is a badly needed first step. It is not sufficient to prohibit campaign contributions only to members of PURC. That would allow utilities to fund opponents of a member of PURC if that member displeased them and to donate to legislators and other officials involved in legislation and executive functions related to utility regulation. We therefore support the broader restrictions in S. 839, filed by Senator Senn, which is not before this subcommittee today.

However, additional provisions are appropriate for those who are involved in utility regulation through PURC or other agencies. We therefore support the provision of H.4378, not before this committee today, found in §58-3-665 in that bill. These provisions restrict income and gifts from utilities to PURC members.

We further believe that the state should exclude from appointment to PURC those whose immediate family members are employed by utilities, their affiliates, or their associations.

Public Service Authority (PSA): We strongly support S. 754 reforms to make the PSA accountable. The current lack of public review capacity for PSA board decisions is unacceptable.

## S. 909 V. C. SUMMER PRESERVATION

The League does not support preservation of existing facilities at V. C. Summer. We understand that preservation seems to offer hope to Fairfield County, which is suffering greatly from the current situation. However, we regard the probability of renewal of this project as so low that this measure is not justified, and we see greater benefits from sale of valuable equipment and avoidance of public costs for maintenance.

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