



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: H. 4062 Amended by House Labor, Commerce, and Industry on March 18, 2021
Author: Sandifer
Subject: Public Service Commission
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Payne
Impact Date: March 31, 2021

Fiscal Impact Summary

It is estimated this bill will increase the Other Funds expenditures of the South Carolina Public Service Commission (PSC) by a total of \$522,360 annually beginning in FY 2021-22. Of this total, \$260,000 will provide for an advisory consultant for Commissioners, \$221,815 will provide subsistence compensation, and \$40,545 will provide mileage compensation for the PSC's seven Commissioners.

This bill will not have a fiscal impact on the Office of Regulatory Staff (ORS), as the agency anticipates they can accomplish the duties enumerated in this bill using existing personnel and appropriations.

Pursuant to Section 58-3-100, the PSC's expenses are provided for by the public utilities subject to the commission's jurisdiction. Each July 1, the Department of Revenue is required to charge and collect each public utility's share of PSC's expenses. Therefore, to the extent that the PSC's expenses increase, their revenue will increase through the assessments charged to the utilities in their jurisdiction.

Explanation of Fiscal Impact

Amended by House Labor, Commerce, and Industry on March 18, 2021

State Expenditure

Section 1 of this bill authorizes the PSC to employ independent third-party experts and consultants to serve as advisors to the Commissioners for specific proceedings, when the PSC determines such experts will materially aid Commissioners in carrying out their duties. Advisory consultants retained by the PSC are subject to the same ex parte communication prohibitions as other PSC employees and may not testify or be subject to discovery or deposition. The Chairman of the PSC may authorize consultants to receive reimbursements for travel, subsistence, and other expenses incurred while traveling on commission business, and the PSC shall submit a report detailing the compensation and expenses of advisory consultants annually to the Speaker of the House and Chairman of the Senate Judiciary Committee. The PSC and ORS may not hire the same third-party expert for either the same proceeding, or for similar issues addressed in more than one proceeding.

Section 2 of this bill authorizes the PSC, at the appropriate time during a proceeding, to raise any issue not previously raised by the parties of that proceeding, and to request the parties further examine the issue. The PSC may, through an order or motion approved by a majority vote of the Commissioners, direct the parties to present legal argument, legal briefing, or supplemental testimony to address issues raised by the Commissioners pursuant to this section.

Section 3 of this bill authorizes Commissioners of the PSC to receive a subsistence allowance and mileage allowance, with amounts dependent upon the distance between a commissioner's residence and the location where official business is conducted. While conducting business within fifty miles of a commissioner's residence, a commissioner may receive \$35 per day for subsistence, plus mileage as provided for other employees of the State. While conducting business at a location fifty miles or more from a commissioner's residence, a commissioner may receive subsistence as provided for members of the General Assembly, plus mileage as provided for other employees of the State.

Public Service Commission. The PSC estimates the provisions of this bill will increase the Other Funds expenditures of the commission to provide for third-party advisory consultants as well as subsistence and mileage for the Commissioners. Based on previous experience of hiring outside consultants, the PSC estimates the expense to hire an advisory consultant to be \$260,000. This estimate assumes an hourly rate of \$250 an hour, for forty hours a week, for twenty-six weeks. In calculating the estimated expense to provide subsistence and mileage for Commissioners, the PSC determined two Commissioners live within fifty miles of the commission office, and the remaining five Commissioners live more than fifty miles away from the commission office. Accordingly, the PSC estimates providing subsistence compensation for the seven Commissioners will increase the Other Funds expenditures of the agency by \$221,815 annually beginning in FY 2021-22. Using computer generated mileage calculations between each commissioner's residence and the commission office at a rate of fifty-six cents per mile, the PSC estimates providing mileage compensation for the seven Commissioners will increase the Other Funds expenditures of the agency by \$40,545 annually beginning in FY 2021-22. Therefore, it is estimated the provisions of this bill will increase the Other Funds expenditures of the PSC by a total of \$522,360 annually beginning in FY 2021-22 to provide for an advisory consultant, and subsistence and mileage compensation for the PSC's seven Commissioners.

Office of Regulatory Staff. Section 2 of this bill authorizes the PSC to raise certain issues not previously addressed by the parties of a proceeding, if the Commissioners determine an issue should be addressed in order to have a more complete record in the proceeding. The ORS is an automatic party to any proceeding brought before the PSC. The ORS has indicated the provisions of this bill will not have a fiscal impact on the agency, as they anticipate they can accomplish the duties enumerated in this bill using existing personnel and appropriations. Therefore, this bill will not impact the Other Funds expenditures of the ORS.

State Revenue

Pursuant to Section 58-3-100, the PSC's expenses are provided for by the public utilities subject to the commission's jurisdiction. Each July 1, the Department of Revenue is required to charge

and collect each public utility's share of PSC's expenses. Therefore, it is estimated that to the extent that the PSC's expenses increase, their revenue will increase through the assessments charged to the utilities in their jurisdiction.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director