

**BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA**

CM #18-24

July 25, 2018

2:00 ~ 2:21 P.M.

COMMISSION MEMBERS PRESENT: Comer H. ‘Randy’ RANDALL, *Chairman*; and COMMISSIONERS John E. ‘Butch’ HOWARD, Elliott F. ELAM, Jr., Swain E. WHITFIELD, Thomas J. ‘Tom’ ERVIN, and G. O’Neal HAMILTON

COMMISSION MEMBERS ABSENT: Commissioner Justin T. WILLIAMS

ADVISOR TO COMMISSION: Joseph Melchers, Esq.
GENERAL COUNSEL

PRESENTING AGENDA: James Spearman, Ph.D.
EXECUTIVE ASSISTANT TO COMMISSIONERS

STAFF PRESENT: Jocelyn G. Boyd, Chief Clerk/Administrator; F. David Butler, Esq., Senior Counsel; Josh Minges, Esq., and David W. Stark, III, Esq., Legal Advisory Staff; Douglas K. Pratt, Thomas Ellison, and John Powers, Technical Advisory Staff; Janice Schmieding, Clerk’s Staff; Patricia Stephens, Project Management Staff; Randy Erskine, Information Technology Staff; and Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter.

**TRANSCRIPT / MINUTES
OF
COMMISSION BUSINESS MEETING**

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

101 EXECUTIVE CENTER DRIVE
COLUMBIA, SC 29210

POST OFFICE BOX 11649
COLUMBIA, SC 29211

WWW.PSC.SC.GOV

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In accordance with S.C. Code § 30-4-80(E), the Public Service Commission hereby certifies that it has notified all persons, organizations, local news media, and all other news media requesting notification of the time, date, place, and agenda of this public meeting, by posting a copy of the Notice in its principal office, by e-mailing such Notice to all who request same, and by posting the Notice on the Commission's official Internet website.

P R O C E E D I N G S

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2 **CHAIRMAN RANDALL:** Please be seated. I want
3 to welcome everyone to this afternoon's meeting,
4 and we'd ask you to please bow for a moment of
5 silence.

6 [Brief pause]

7 Amen.

8 All right. Before we get started, I have a
9 recognition to make. I have two visitors here
10 today: Ms. Ava Wynne Castaneda and Mr. Jude
11 Castaneda. If y'all would stand, in the back?

12 **MS. CASTANEDA:** [Indicating.]

13 **MR. CASTANEDA:** [Indicating.]

14 **CHAIRMAN RANDALL:** That's my two oldest
15 grandchildren. They're down here to watch Pop
16 work.

17 [Applause]

18 Thank you, thank you, for that applause.

19 [Laughter]

20 All right, Dr. Spearman. Everybody likes
21 applause.

22 **DR. SPEARMAN:** Mr. Chairman and Commissioners,
23 our first order of business would be to set the
24 next Commission Meeting. If we stay on our regular
25 schedule, it'll be Wednesday, August 1st, at 2 in
26 the afternoon.

27 **CHAIRMAN RANDALL:** Okay. Sounds good.
28 Everybody good with that?

29 **COMMISSIONER HAMILTON:** Sounds good.

30 **CHAIRMAN RANDALL:** Thank you.

31 **DR. SPEARMAN:** Mr. Chairman and Commissioners,
32 on our Utility Agenda, Item 1, Docket No. 2018-233-

1 E, the company has requested that this be carried
2 over.

3 **CHAIRMAN RANDALL:** Okay.

4 **DR. SPEARMAN:** In Item 2, Docket No. 2018-124-
5 E, this is the Alex Complaint. We have a motion to
6 dismiss.

7 **COMMISSIONER ERVIN:** Mr. Chairman.

8 **CHAIRMAN RANDALL:** Commissioner Ervin.

9 **COMMISSIONER ERVIN:** Before we take up this
10 motion that Duke Energy Carolinas, LLC, has filed
11 to dismiss, I move that we instruct the company to
12 file a response within 30 days to Petitioner's
13 allegations that the company has not been
14 forthright in its interactions with the Petitioner
15 regarding service of the company. And, so, we'd
16 ask that the company be given 30 days to respond to
17 these allegations. I so move.

18 **CHAIRMAN RANDALL:** Okay. You've heard
19 Commissioner Ervin's motion. Are there questions
20 or comments?

21 [No response]

22 If not, all in favor, please say "aye"?

23 **COMMISSIONERS:** Aye.

24 **CHAIRMAN RANDALL:** All opposed, "no"?

25 [No response]

26 The motion carries. Thank you.

27 **DR. SPEARMAN:** Item 3, Docket No. 2018-205-E,
28 Duke Energy Progress' Petition for an accounting
29 order to defer certain capital and operating
30 expenses.

31 **COMMISSIONER ELAM:** Mr. Chairman?

32 **CHAIRMAN RANDALL:** Commissioner Elam.

1 **COMMISSIONER ELAM:** Mr. Chairman, I move we
2 grant the request to defer into a regulatory asset
3 account the incremental operating and maintenance
4 expense and the depreciation expense incurred once
5 the Advanced Metering Infrastructure technology, or
6 AMI, meters are installed, as well as the
7 associated carrying costs on the investment and
8 deferred costs at its weighted average cost of
9 capital. The amount to be deferred is
10 approximately \$1.4 million on a South Carolina
11 Retail basis estimated through mid-2019. I would
12 also move that we grant the company's request to
13 retain the book value of non-AMI meters in the
14 amount of \$6.1 million in a regulatory asset
15 account.

16 Regarding the company's request to defer costs
17 associated with the company's Customer Connect
18 program, I move that we approve the company's
19 request to defer in a regulatory asset account the
20 incremental operating expenses and carrying costs
21 on deferred amounts related to the deployment of
22 this program. The estimated amount of the deferral
23 is \$1.8 million on a South Carolina Retail basis
24 through mid-2019.

25 I would also request that we approve the
26 company's motion to defer incremental depreciation
27 expense associated with the company's new
28 depreciation study of approximately \$8.5 million on
29 a South Carolina retail basis estimated through
30 mid-2019. The impact of the new study on the
31 company's South Carolina Retail operations
32 indicated an annual increase in depreciation

1 expense of approximately \$6.6 million.

2 Furthermore, I move that we approve the
3 company's request to continue to amortize the
4 expense approved in Order No. 2016-871 associated
5 with North Carolina excess deferred income taxes
6 set to expire on December 31, 2018. The company's
7 request would continue the credit through no later
8 than June 30, 2019.

9 I would also note that ORS does not object to
10 the company's Petition. Approval of the company's
11 request will not involve a change to any retail
12 rates or prices and does not preclude any party
13 from raising these issues in subsequent
14 proceedings.

15 So moved, Mr. Chairman.

16 **CHAIRMAN RANDALL:** Thank you.

17 You've heard Commissioner Elam's motion. Are
18 there questions or comments?

19 [No response]

20 If not, all in favor, please say "aye"?

21 **COMMISSIONERS:** Aye.

22 **CHAIRMAN RANDALL:** All opposed, "no"?

23 [No response]

24 The motion carries. Thank you.

25 **DR. SPEARMAN:** Item 4, Docket No. 2018-204-E,
26 another Duke Energy Progress Petition for an
27 accounting order. This is for new depreciation
28 rates.

29 **COMMISSIONER WHITFIELD:** Mr. Chairman.

30 **CHAIRMAN RANDALL:** Commissioner Whitfield.

31 **COMMISSIONER WHITFIELD:** Mr. Chairman, I move
32 in this matter that we approve Duke Energy

1 Progress, LLC's Petition for an accounting order to
2 adopt new depreciation rates effective March 16,
3 2018. Under the new depreciation rates, DEP's
4 depreciation expenses for South Carolina will
5 increase by approximately \$6.6 million annually.
6 There will be no impact on current rates and
7 charges for DEP's customers in South Carolina. Mr.
8 Chairman, I so move.

9 **CHAIRMAN RANDALL:** Thank you.

10 You've heard Commissioner Whitfield's motion.
11 Are there questions or comments?

12 [No response]

13 If not, all in favor, please say "aye"?

14 **COMMISSIONERS:** Aye.

15 **CHAIRMAN RANDALL:** All opposed, "no"?

16 [No response]

17 The motion carries.

18 **DR. SPEARMAN:** Item 5, Docket No. 2018-206-E,
19 is the Joint Petition of Duke Energy Carolinas and
20 Duke Energy Progress for another accounting order,
21 this one for deferring certain costs related to
22 grid reliability, resiliency, and modernization.

23 **COMMISSIONER HOWARD:** Mr. Chairman.

24 **CHAIRMAN RANDALL:** Commissioner Howard.

25 **COMMISSIONER HOWARD:** Thank you. I move we
26 hold in abeyance the Joint Petition for an
27 accounting order to defer certain costs related to
28 grid reliability, resiliency, and modernization,
29 and grant ORS' request for a hearing on the
30 appropriateness of these costs for an accounting
31 order.

32 Duke has requested that a prefiling schedule

1 for comments be ordered, that the hearing be
2 limited to the merits of the specific request, and
3 limited to oral argument on the legal parameters of
4 the request. I move we grant those requests, Mr.
5 Chairman.

6 **CHAIRMAN RANDALL:** Thank you.

7 You've heard Commissioner Howard's motion.
8 Questions or comments?

9 [No response]

10 If not, all in favor, please say "aye"?

11 **COMMISSIONERS:** Aye.

12 **CHAIRMAN RANDALL:** All opposed, "no"?

13 [No response]

14 And the motion carries. Thank you.

15 **DR. SPEARMAN:** Item 6, Docket No. 2018-207-E,
16 Duke Energy Carolinas is requesting an accounting
17 order to defer certain capital and operating
18 expenses.

19 **COMMISSIONER ERVIN:** Mr. Chairman?

20 **CHAIRMAN RANDALL:** Commissioner Ervin.

21 **COMMISSIONER ERVIN:** I move that we approve
22 the company's request to defer the return and
23 depreciation expense, property taxes, incremental
24 non-fuel operating and maintenance expenses, and
25 carrying costs at the weighted average cost of
26 capital associated with the Lee Combined Cycle
27 plant incurred since January 1, 2018. Such costs
28 are approximately \$22 million on a South Carolina
29 Retail basis, estimated through mid-2019.

30 I also move that we approve the company's
31 request to defer in a regulatory asset account the
32 incremental operating and maintenance expenses

1 associated with the deployment of the company's new
2 billing and customer information system, known as
3 Customer Connect, and carrying costs on the
4 deferred costs at its weighted average cost of
5 capital incurred since January 1, 2018. The costs
6 to be deferred are approximately \$6 million on a
7 South Carolina Retail basis through mid-2019.

8 In addition, I move that we approve the
9 company's request to defer in a regulatory asset
10 account the return and depreciation on the capital
11 costs associated with the company's Carolinas West
12 Primary Distribution Control Center incurred since
13 January 1 of 2018. The company states the costs it
14 seeks to defer are approximately \$5 million on a
15 South Carolina Retail basis, estimated through mid-
16 2019.

17 I would note that ORS does not object to the
18 company's Petition. Approval of the company's
19 request will not involve a change to any retail
20 rates or prices and does not preclude raising these
21 issues in a subsequent proceeding.

22 I so move.

23 **CHAIRMAN RANDALL:** You've heard Commissioner
24 Ervin's motion. Are there questions or comments?

25 [No response]

26 If not, all in favor, please say "aye"?

27 **COMMISSIONERS:** Aye.

28 **CHAIRMAN RANDALL:** All opposed, "no"?

29 [No response]

30 The motion carries.

31 **DR. SPEARMAN:** In Item 7, Docket No. 2019-2-E,
32 this is the base rates for fuel costs for South

1 Carolina Electric & Gas. This relates to a
2 proposed modification of the existing schedule.
3 I'm going to ask John Powers, one of our
4 accountants, to give you some background.

5 **CHAIRMAN RANDALL:** Can we swear him in?

6 [Laughter]

7 **MR. PRATT:** Just swear at him.

8 **MR. POWERS:** Good afternoon, Mr. Chairman, and
9 Commissioners.

10 [Reference: Presentation Slide 1]

11 I'm here to present the proposed timelines for
12 the SCE&G fuel case, going forward.

13 Parties of record have expressed a need to
14 modify the traditional schedule to allow more time
15 for discovery in the IRP and fuel proceeding. One
16 of the main issues with the current schedule is the
17 company's testimony, which relies on the IRP, is
18 filed before the IRP is filed.

19 Commission Staff have been instructed to set a
20 procedural schedule in future SCE&G fuel
21 proceedings which provides more time for review and
22 discovery. Staff, through Hearing Officer David
23 Butler, proposed a modified schedule in Order No.
24 2018-75H. The parties of record subsequently
25 responded with their own proposed schedules,
26 outlined in this presentation.

27 You can see the Hearing Officer's proposed
28 schedule above, along with the 2018 procedural
29 schedule from the previous fuel case.

30 Some limiting factors in making the proposed
31 schedule are: The order needs to be issued by the
32 end of April, due to the timing of the fuel

1 factors' effective date; the company's operational
2 resources and IRP schedule; as well as the timing
3 of the transcript finalization, after the hearing.

4 [Reference: Presentation Slide 2]

5 In this slide, you see the SCE&G IRP and
6 direct testimony differences. The South Carolina
7 Solar Business Alliance proposes to have a December
8 21st IRP deadline, with SCE&G testimony due January
9 3rd. Southern Alliance for Clean Energy and the
10 Coastal Conservation League propose to move up the
11 Hearing Officer's proposed schedule by two weeks,
12 to have the IRP and SCE&G testimony due December
13 25th. SCE&G proposes to have their IRP and
14 testimony back one month, to February 8th, and the
15 ORS does not object to that.

16 And I would note all of these proposed
17 schedules offer at least 20 more days for discovery
18 on the IRP than the previous 2018 schedule.

19 [Reference: Presentation Slide 3]

20 ORS and parties-of-record direct testimony
21 differences: The Southern Alliance for Clean Energy
22 and the Coastal Conservation League continue, with
23 their proposed schedule, to move up our Hearing
24 Officer's schedule by two weeks, to have testimony
25 due March 5th. The South Carolina Solar Business
26 Alliance proposes to file testimony March 15th.
27 And SCE&G proposes and ORS does not object to our
28 Hearing Officer's date for testimony.

29 [Reference: Presentation Slide 4]

30 This slide shows SCE&G's rebuttal testimony
31 differences among the parties. The Southern
32 Alliance for Clean Energy and the Coastal

1 Conservation League continue, with their proposed
2 schedule, to move up our Hearing Officer's schedule
3 by two weeks to have rebuttal due March 11th.
4 South Carolina Solar Business Alliance proposes to
5 file rebuttal March 22nd. SCE&G proposes and ORS
6 does not object to our Hearing Officer's date for
7 rebuttal.

8 [Reference: Presentation Slide 5]

9 This slide shows ORS and the parties-of-record
10 surrebuttal testimony differences. The Southern
11 Alliance for Clean Energy and the Coastal
12 Conservation League continue, with their proposed
13 schedule, to move up our Hearing Officer's schedule
14 by two weeks, to have surrebuttal due March 15th.
15 SCE&G and the South Carolina Solar Business
16 Alliance propose and ORS does not object to our
17 Hearing Officer's date for surrebuttal.

18 [Reference: Presentation Slide 6]

19 And here are the hearing date differences.
20 The Southern Alliance for Clean Energy and the
21 Coastal Conservation League continue, with their
22 proposed schedule, to move up our Hearing Officer's
23 schedule by two weeks, to have the hearing on March
24 20th. SCE&G and the South Carolina Solar Business
25 Alliance propose and ORS does not objected to our
26 Hearing Officer's date for the hearing, which is
27 April 3rd.

28 And that concludes my presentation.

29 **CHAIRMAN RANDALL:** Thank you, Mr. Powers.

30 We'll entertain a motion.

31 **COMMISSIONER ELAM:** Mr. Chairman?

32 **CHAIRMAN RANDALL:** Commissioner Elam.

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COMMISSIONER ELAM: I have a motion that I want to make on this, but before I make the motion I also want to point out that this in no way limits the ability of parties to do discovery as they please prior to the filing of the direct testimony and of the IRP, and I think the time that we've established here starting the case will be very useful to all parties.

My motion: I move we approve the alternative schedule proposed by South Carolina Electric & Gas Company wherein the company would file its IRP and direct testimony in the annual fuel proceeding on Friday of the first full week in February – February 8th, in 2019. ORS does not object to that schedule. I so move.

CHAIRMAN RANDALL: You've heard Commissioner Elam's motion. Are there questions or comments?

[No response]

I'd like to say, you know, anytime we have scheduling and we have different parties that want different times, the Staff does a very good job of working through this, and there are lots of ways to work these things but I can guarantee everyone that lots of thought and a lot of good work is done to make these schedules work in the best way for everybody involved.

COMMISSIONER WHITFIELD: Mr. Chairman?

CHAIRMAN RANDALL: Yes, sir.

COMMISSIONER WHITFIELD: I, too, would like to echo your comments and thank staff for putting this together and putting it in a format that could be publicly viewable, as best as possible, and

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certainly thank all of our staff for working on this.

CHAIRMAN RANDALL: Any other comments or questions?

[No response]

If not, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

The motion carries.

DR. SPEARMAN: Item 8, Docket No. 2018-4-G, this is the Piedmont Natural Gas annual purchased gas adjustment. It's ready for disposition.

COMMISSIONER HAMILTON: Mr. Chairman.

CHAIRMAN RANDALL: Commissioner Hamilton.

COMMISSIONER HAMILTON: Mr. Chairman, I would move that we approve the Settlement Agreement and find the gas purchasing practices prudent for the following reasons: Piedmont adhered to its gas cost recovery provisions in a reasonable and responsible manner consistent with the Commission's rules and orders, and the Settlement Agreement and all of its provisions are in the public interest. So moved, Mr. Chairman.

CHAIRMAN RANDALL: Thank you.

You've heard Commissioner Hamilton's motion. I'll entertain any questions or comments?

[No response]

If not, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

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The motion carries. Thank you.

DR. SPEARMAN: In Item 9, Docket No. 2018-217-E, we have some modifications to the rates filed as a result of the Legislative action rolling back rates.

COMMISSIONER WHITFIELD: Mr. Chairman.

CHAIRMAN RANDALL: Commissioner Whitfield.

COMMISSIONER WHITFIELD: In regards to Item 9, as Dr. Spearman referenced House Bill 4375, I would move that we approve the partial modifications of South Carolina Electric & Gas Company's electric tariffs, specifically, the corrections to Rate 15 identified in Commission Order No. 2018-460, as well as the corrections to the electric contract rate decrements identified by the Office of Regulatory Staff after the issuance of Commission Order No. 2018-460, as reflected in South Carolina Electric & Gas Company's electric tariffs filed July 13, 2018. So moved, Mr. Chairman.

CHAIRMAN RANDALL: You've heard Commissioner Whitfield's motion. Questions or comments?

[No response]

If not, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

The motion carries. Thank you.

DR. SPEARMAN: Mr. Chairman and Commissioners, that completes the Utility Agenda.

On the Transportation Agenda, Items 1 through 12 are Applications for Class C Certificates. I will bring your attention to the fact that Item 7,

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Docket No. 2018-237-T, the Yellow Cab of Augusta, that matter is to be carried over. We can take these separately or as a group.

COMMISSIONER HAMILTON: Mr. Chairman.

CHAIRMAN RANDALL: Commissioner Hamilton.

COMMISSIONER HAMILTON: Mr. Chairman, I'll take Items 1 through 12 together, with the exception of Item 7, which is carried over. I would move that we approve the Applications as identified by Dr. Spearman in Items 1 through 12. So moved, Mr. Chairman.

CHAIRMAN RANDALL: Thank you.

You've heard Commissioner Hamilton's motion. Questions or comments?

[No response]

If not, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

The motion carries. Thank you.

DR. SPEARMAN: Mr. Chairman and Commissioners, Items 13 through 19 are requests for extensions of time to comply with Commission Rules and Regulations. We can take these separately or together.

COMMISSIONER HOWARD: Mr. Chairman.

CHAIRMAN RANDALL: Commissioner Howard.

COMMISSIONER HOWARD: I'll take them together. I move we grant the request for the extensions of time in Items 13 through 19, those items identified by Dr. Spearman. Thank you.

CHAIRMAN RANDALL: Okay. You've heard

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Commissioner Howard's motion. Questions or comments?

[No response]

If not, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

The motion carries. Thank you.

DR. SPEARMAN: And Item 20, Docket No. 2018-94-T, JNM Palms, LLC, doing business as Mojet Limo, is requesting to amend Certificate to change the passenger restriction.

COMMISSIONER ERVIN: Mr. Chairman?

CHAIRMAN RANDALL: Commissioner Ervin.

COMMISSIONER ERVIN: I move that we grant the request of JNM Palms, LLC, doing business as Mojet Limo, to amend their Class C (Charter) Certificate No. 9350 to read "Fifteen (15) Passengers."

CHAIRMAN RANDALL: Thank you.

You've heard Commissioner Ervin's motion. Any questions or comments?

[No response]

If not, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

The motion carries. Thank you.

DR. SPEARMAN: Mr. Chairman and Commissioners, this completes our business agenda for today.

CHAIRMAN RANDALL: Thank you, Dr. Spearman.

If nothing else, thank you, everyone, for coming, and this meeting is adjourned.

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[WHEREUPON, at 2:21 p.m., the proceedings
in the above-entitled matter were
adjourned.]



Date: 7/26/18 .

Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Court Reporter ~ Public Service Commission of South Carolina
803.896.5100 ~ Jo.Wheat@psc.sc.gov