

South Carolina General Assembly
124th Session, 2021-2022

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S. 132

STATUS INFORMATION

General Bill

Sponsors: Senator Massey

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Introduced in the Senate on January 12, 2021

Currently residing in the Senate Committee on **Judiciary**

Summary: Public Service Commission

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
12/9/2020	Senate	Prefiled
12/9/2020	Senate	Referred to Committee on Judiciary
1/12/2021	Senate	Introduced and read first time (Senate Journal-page 185)
1/12/2021	Senate	Referred to Committee on Judiciary (Senate Journal-page 185)

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VERSIONS OF THIS BILL

[12/9/2020](#)

(Text matches printed bills. Document has been reformatted to meet World Wide Web specifications.)

A BILL

TO AMEND ARTICLE 7, CHAPTER 27, TITLE 58 OF THE 1976 CODE, RELATING TO RATES AND CHARGES BY ELECTRIC UTILITIES AND ELECTRIC COOPERATIVES, BY ADDING SECTION [58-27-1025](#), TO ALLOW THE PUBLIC SERVICE COMMISSION TO AUTHORIZE THE ISSUANCE OF BONDS FOR THE PURPOSES OF OFFSETTING AND REDUCING PRUDENTLY INCURRED COSTS DUE TO A STATE OF EMERGENCY DECLARED BY THE GOVERNOR OR ABANDONMENT OF A PROJECT, AND TO ESTABLISH THE REQUIREMENTS AND PROCESSES FOR THE AUTHORIZATION OF THESE BONDS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 7, Chapter 27, Title 58 of the 1976 Code is amended by adding:

"Section [58-27-1025](#) (A) The commission may by order authorize the issuance of bonds for the purposes of offsetting and reducing prudently incurred costs due to either a state of emergency declared by the Governor or abandonment of a project authorized under Article 4, Chapter 33, Title 58. In order for the commission to authorize the issuance of these bonds, it must find that an electrical utility's use of this financing mechanism will reduce or otherwise mitigate rate impacts to ratepayers when compared to traditional utility costs recovery methods. The commission shall set the amount of recoverable costs and allowable financing costs to be securitized and shall authorize a special charge to ratepayers to be used solely to repay the securitized debt. The special charge shall not exceed the actual cost to the electrical utility to repay the securitized debt. Except as provided in this section, a financing order is irrevocable, and the commission may not amend, modify, or terminate an order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust the charges approved in an order. A financing order issued to an electrical utility remains in effect notwithstanding the reorganization, bankruptcy, other insolvency processing, merger, or sale of the electrical utility or its successor or assignees. A financing order issued by the commission shall:

- (1) specify the amount of securitized debt to be financed and recovered from ratepayers;
- (2) specify the time period over which the securitized debt is to be recovered from ratepayers;
- (3) provide detailed findings addressing cost-effectiveness and associated rate impacts;
- (4) require that the imposition and collection of the special charge be non-bypassable and paid by all future ratepayers receiving service from the electrical utility or its successors or assignees;
- (5) include a mechanism for making and approving periodic adjustments to the special charge to correct for over-collection or under-collection of the special charge, or to otherwise ensure the timely payment of the securitized debt;
- (6) specify the special purpose entity that shall be used to pay or secure the bonds;

- (7) specify the periodic reporting requirements as deemed necessary by the commission; and
- (8) include any other conditions the commission considers appropriate and that are authorized by this section.

(B) If authorized by the commission to issue bonds pursuant to this section, an electrical utility shall cause their issuance through a special purpose entity. The electrical utility shall receive the special charges approved by the commission, and the special purpose entity shall in turn issue the bonds through a true sale. The true sale shall be achieved through an absolute transfer of the electrical utility's entire right, title, and interest in the special charges. The transferred property right in the charges shall then be pledged by the special purpose entity to secure the payment of the debt service on the bonds that the special purpose entity issues. The bonds shall be payable solely from the pledged special charges. The securitization bonds are non-recourse to the electrical utility, and the principal, interest, and other financing costs shall be paid by the electrical utility's current and future ratepayers on their electric bill through a non-bypassable charge, as approved by the commission, that is separate and apart from the electrical utility's base rates. The commission shall adjust the charge periodically to guarantee sufficient funds to timely pay principal, interest, and all expenses of the transaction, and to make necessary adjustments to correct for any over-collection or under-collection, and shall require the electrical utility to use the net proceeds received from the transaction for specified purposes in regard to the abandonment.

(C) As part of the securitization authorized by this section, the State of South Carolina covenants with bondholders, the owners of the charges, and other financing parties that the State will not:

- (1) alter the provisions of this section that make the charges imposed by a financing order irrevocable, binding, and non-bypassable charges;
- (2) take or permit any action that impairs or would impair the value of the charges or revises the costs for which recovery is authorized; or

(3) except as authorized under this section, reduce, alter, or impair charges that are to be imposed, collected, and remitted for the benefit of the bondholders and other financing parties until any and all principal, interest, premium, financing costs, and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related bonds have been paid and performed in full.

(D) The commission shall have a hearing to examine the impact of securitization on rates charged to ratepayers balanced with the economic impact of securitization on the electrical utility with the goal of mitigating rate impacts to ratepayers. In the event that the commission determines that securitization is a feasible option for the electrical utility to recover its costs pursuant to this section, and that securitization provides the lowest costs for the ratepayers but the electrical utility chooses to not utilize securitization, the commission shall order that the electrical utility cannot recover from ratepayers an amount more than the electrical utility could have recovered pursuant to securitization."

SECTION 2. This act takes effect upon approval by the Governor.

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