



C. Dukes Scott
Executive Director

STATE OF SOUTH CAROLINA
OFFICE OF REGULATORY STAFF

1401 Main Street
Suite 850
Columbia, SC 29201

November 30, 2015

Ms. Holly G. Pisarik
1205 Pendleton Street
Columbia, SC 29201

Dear Holly,

On November 4, 2015, Duke Energy announced that the Foothills transmission line and Campobello substation are no longer needed for its revised Western Carolinas Modernization plan. This decision is the result of a regulatory process that works. Both public impact and environmental impact are important standards at issue in siting application cases. The ORS, Duke Energy, and the landowners worked closely together to evaluate those factors. Among many notes of thanks we received was the following:

“I want to thank you and your staff at the ORS for the outstanding support and service in providing our community a voice and input on the recent Duke Energy Foothills Transmission proposal... I know that these days, people occasionally get discouraged with the workings of government. But I'd like to say that you and your staff provide a great example of how it should be done. The citizens of SC are fortunate to have you and your team representing our interests.” Jay Alexander, Owner – Caroland Farms

I'm appreciative to all involved -- Duke, public officials, the community, and landowners for working with us to reach this resolution. While the process of gaining necessary information caused concern for many, the resulting plan is clearly better for all involved.

On November 10th, the ORS hosted and facilitated a meeting to discuss possible solutions to eliminate the wastewater discharge into the Saluda River from the Carolina Water Service (CWS) I-20 wastewater treatment plant. Currently, SC DHEC has noticed its intention to deny the National Pollutant Discharge Elimination System permit renewal application of CWS. In the event the permit is denied by SC DHEC, CWS will need to seek alternatives to continue to provide sewer services to 2,500 households. Representatives from the Town of Lexington and CWS discussed possible alternatives including purchase of bulk sewer treatment services from the Town of Lexington and sale of the CWS I-20 collection system to the Town of Lexington. The Town of Lexington identified several challenges with providing bulk sewer treatment service to CWS that revolve around the bond financing agreement and contract with

the City of Cayce. The meeting was constructive and the Town of Lexington and CWS have committed to continue discussions related to a sale of the CWS I-20 collection system.

Third-party solar leasing, administered by our office, is underway. We are encouraging anyone considering going solar, whether leasing or buying solar panels, to become educated about the process. Enclosed is my guest column on this topic that appeared in The Post and Courier this past weekend. The Aiken Standard also ran the piece.

We continue to develop the State Energy Plan. In November, we held joint public engagement sessions with DHEC's Bureau of Air Quality in Florence and Greenville. DHEC discussed its development of a draft State Implementation Plan (SIP) in response to the EPA's Clean Power Plan. The ORS discussed its development of the State Energy Plan. Consumers were encouraged to provide their thoughts and ask questions about both plans. We also provided energy conservation and efficiency information at a booth and offered comment cards to allow participants to send in their ideas at a later date. Additional meetings in Charleston and Columbia are planned for December.

Progress continues on the construction of SCE&G's new nuclear Units at V.C. Summer as Westinghouse awaits final approval of its acquisition of Stone and Webster from Chicago Bridge and Iron (CB&I). Westinghouse has announced that it intends to engage Fluor Corporation as a construction manager, and they are involving Fluor in the transition discussions to the extent possible prior to finalizing the acquisition. Good progress continues on the Unit 2 shield building, with installation continuing on the second course of shield building panels. One of the Unit 2 transformers also arrived on site and was set in its final location.

The Base Load Review Act revised rates audit for the nuclear units under construction is underway, and Elliott Davis Decosimo, LLC is working with SCE&G and progressing through the review. SCE&G has been cooperative in working with the auditors in this process.

We continue to work with the investor-owned electric utilities (DEC, DEP, and SCE&G) to develop interconnection standards as required by Act 236. All three of these IOUs have filed their initial proposals, and we hope to reach consensus on the new standards in a timely manner. Toward that end, another stakeholder meeting will be held at the ORS on December 2nd. Meanwhile, two parties have intervened in the docket and filed comments.

In the DEP fuel case, the Company filed an interim update to account for Distributed Energy Resource Program expenses – both actual and projected. The proposed monthly residential charge is 58 cents; for commercial, \$1.22; for industrial, \$46.73.

In the DEP DSM-EE matter, we filed our report recommending a decrease of approximately \$23,000. DEP requested an increase of \$3.03 for a residential customer using 1000 kilowatt hours. Our adjustments reduced the increase to \$2.99. If the Commission approves the settlement filed in the interim update to the fuel case and the DSM-EE filing, the average residential bill for a customer using 1,000 kilowatt hours a month will be approximately \$104.77.

Under Act 236, the ORS must prepare and submit a cost-shifting report by December 31, 2015. The draft report is now posted on the ORS web site, and we are accepting public comments

until close of business on December 3, 2015. A press release was also issued to notify the public of their opportunity to submit comments.

Grant applications and qualifying criteria have been posted on the Palmetto Clean Energy (PaCE) web site for the grants described in last month's letter for multi-family shelters/transitional homes or K-12 educational institutions. PaCE will begin accepting applications no sooner than December 1st and grants will be awarded on a first-come, first-serve basis until available funds are depleted. Approximately \$1.4 million is available for disbursement.

ORS Pipeline Safety is working with the federal Pipeline Hazardous Materials Safety Administration, natural gas operators, county emergency managers, and state-level first responders to develop a consortium in South Carolina that would offer training courses for first responders. After January 1st, a steering committee -- of which ORS will be a member -- will be formed to begin the process.

On October 20-22, representatives of PHMSA's Office of State Programs performed their annual audit for CY 2014 of ORS' Pipeline Safety Program. The evaluation encompassed validation of the annual Progress Report that is submitted to PHMSA in February and a Program Evaluation. The review of the ORS' Progress Report resulted in a score of 48 out of a possible 50 points. Due to South Carolina's civil penalties being lower than the federal criteria, the ORS was penalized two points for the Progress Report. Specifically, state law limits the maximum civil penalty the ORS can issue to a gas operator to \$10,000 per day, up to a maximum of \$500,000. This maximum civil penalty is well below the federal maximum civil penalty of \$200,000 per day, up to \$2,000,000. PHMSA's scoring criteria requires states to have civil penalty authority of at least \$100,000 per day, up to a maximum of \$1,000,000.

A review of ORS' Program Evaluation found that the agency is generally complying with all PHMSA requirements. The ORS was commended on its efforts in supporting damage prevention throughout the State with its involvement in Utility Coordinating Committees and its cooperation with SC811. In addition, the ORS was recognized for its efforts in accelerating cast iron and bare steel replacement in South Carolina. South Carolina currently has no cast iron pipe and only ten miles of bare steel that is due to be replaced this year. The ORS was deducted one point for not inputting Operator Qualification inspection records in a timely manner, which resulted in a Program Evaluation score of 99 out of a possible 100 points. This error has been corrected.

Telecommunications staff finalized the annual USF resize and notified contributing carriers of the new contribution factor for the 2015-2016 year, which remained virtually unchanged.

Our Consumer Services Department recovered approximately \$12,059 for consumers during the past month. The majority of the recovery amount comes from two large recoveries for telecommunications consumers.

Consumer Services distributed 18,900 brochures to 60 community assistance agencies around the State on a variety of topics including electric and natural gas safety net, winter heating, and

basic utility rights. The mail-out also included 900 copies of the SC Emergency Management Division's *Severe Winter Weather Guide*. Each of these consumer brochures is available on the ORS website in the reference center under the *Consumers* tab.

If you have any questions or concerns, please feel free to contact me. Thank you for your ongoing support of the Office of Regulatory Staff.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Dukes Scott', written in a cursive style.

C. Dukes Scott
Executive Director

Enclosure

How to turn on your S.C. solar power

BY C. DUKES SCOTT

Solar power has many benefits and some compelling reasons to consider going solar. Among those reasons are the potential for solar power to create and keep jobs in South Carolina and to reduce residential and commercial energy bills.

The passage of the Distributed Energy Resource (DER) Program Act by the General Assembly in 2014 was the culmination of many years of research and collaboration among South Carolina's energy stakeholders. It opens the way for third-party leasing of renewables, predominantly solar, in this state.



Scott

The Office of Regulatory Staff (ORS) works with stakeholders in planning for South Carolina's energy future. In fact, a multi-year process to develop a State Energy Plan is now underway. This plan will describe the current status of our energy infrastructure, resources and consumption. It will contain a forecast of changes in these elements over a five- and ten-year time horizon, and it will offer recommendations regarding appropriate policy changes to meet future energy needs.

While finances may not be the driving factor behind the decision to use solar, the ORS recommends treating solar like any other major investment. Become educated about the installation process. Here is a step-by-step approach to take in considering a move toward solar.

First, contact your electric provider. Gain a full understanding of their policies and procedures with regard to solar. For example, some providers do not buy back power and, among those who do, terms of the buy-back plans may vary. It is important to know the parameters set by your electric provider before initiating any solar installations, either purchased or leased, for your home or business. Finally, you will need their approval in order to connect to the grid.

Identify qualified contractors. In any new business venture gaining in popularity, scammers prey on the uninformed. Be sure to do your due diligence in identifying qualified contractors. The North American Board of Certified Energy Practitioners (NABCEP) maintains a nationwide list of certified installers. You can also turn to groups that know South Carolina's solar landscape to help in your decision-making process. Non-profit organizations such as the S.C. Solar Council (www.scsolarcouncil.org) and the S.C. Solar Business Alliance (www.solarbusinessalliance.com) maintain lists of solar companies on their websites. Selecting from among these professional, licensed contractors can prevent problems with a system caused by improper installation and maintenance.

To activate the grouping of solar panels (also known as the solar array) installed on your home or business, you will need a licensed electrician. Check with your local permitting office to see what the requirements are in your area. It is also useful to know whether or not the electricians being considered for the job are affiliated

with any local, state, or national organizations relevant to the work that they are doing.

Request several bids. Solar installers from around the country, and even new home-grown solar companies, are gearing up to take advantage of the anticipated boom in South Carolina installations. Call several companies from the pool of qualified candidates, get multiple quotes, and ask for references. With competition on the rise, it is to your advantage to compare prices among comparable, qualified contractors.

Keep in mind that bids should not be the only consideration. Also ask whether each contractor has the necessary licenses and liability insurance with the state. Make sure to verify with the S.C. Department of Labor, Licensing, and Regulation that the company has a valid contractor's license and does not have any complaints pending before the Contractor's Licensing Board. Incidents of some contractors or solar installers taking advantage of customers who have not done their homework have already been reported in South Carolina.

Consider leasing rather than owning solar panels. Those considering the leasing option should bear in mind that only companies approved by the ORS to offer leases can, by law, offer that service. If you decide to lease a solar system, visit the ORS website at <http://www.regulatorystaff.sc.gov/electric/Pages/LeasingInformation.aspx> to ensure that the company has been approved as a leasing provider.

The ORS Energy Office, in cooperation with electric suppliers, has put together a resource guide to help consumers navigate the solar installation process. A "Consumer Guide to Solar for the South Carolina Homeowner" includes all of the information homeowners need when choosing a solar system. The booklet includes information on the benefits of solar, how to choose the right system for your needs, installation and maintenance, and costs and financial incentives for homeowners in South Carolina. Also included are several checklists to ensure that consumers ask the right questions and have the best information to make an informed decision about a solar purchase. The guide can be found online at <http://energy.sc.gov/files/SolarGuideHomeowners.pdf>, or you can contact the ORS Energy Office for more information. The ORS Energy Office also has two short videos, created in partnership with the S.C. Solar Council, that illustrate how solar works (<http://energy.sc.gov/howssolarworks>) to help you get started.

If you do encounter a contractor or solar installer who causes you concern, contact your local Better Business Bureau and the S.C. Department of Consumer Affairs. If the contractor is licensed through the S.C. Department of Labor, Licensing and Regulation, contact that agency as well.

For concerns or questions about solar leasing companies or investor-owned electric utilities, you can contact the ORS by phone at 1-800-922-1531 (toll-free within South Carolina).

C. Dukes Scott is executive director of South Carolina's Office of Regulatory Staff.