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August 12, 2015

Dear Stakeholder:

Pursuant to S.C. Code Ann. Section 58-27-1050, the South Carolina Office of Regulatory Staff ("ORS") seeks guidance and feedback as to the fixed costs, fixed charges, and the extent of cost shifting attributable to distributed energy resources within current utility cost of service ratemaking methodologies, cost allocations, and rate designs.

ORS seeks input as to how to ensure a fair allocation of costs and benefits between those customers who use distributed energy resources and those customers who do not, and whether there should be any changes to existing or future rate structures.

As the deadline for submission of ORS's report to the Commission is December 31, 2015, please submit any information you desire ORS to review no later than September 15, 2015.

Please direct all submittals to:

Leigh Ford, Manager – Electric Regulation
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803.737.0849

For your convenience, a copy of Section 58-27-1050 is attached to this letter. We look forward to your input.

Sincerely,

John W. Flitter

Enclosure

SECTION 58-27-1050. Distributed energy resources; report required.

The Office of Regulatory Staff, with guidance and feedback from the electrical utilities and other interested parties, shall investigate and report to the Public Service Commission on fixed costs, fixed charges, and the extent of cost shifting that is attributable to distributed energy resources within current utility cost of service ratemaking methodologies, cost allocations, and rate designs, with a focus on the implications distributed energy resources could have for that business model in the future. The report shall review how to ensure a fair allocation of costs and benefits between consumers who utilize distributed energy resources and consumers who do not utilize distributed energy resources, as well as suggesting any necessary or prudent changes to existing or future rate structures. The report shall include a general overview of cost shifting that is attributable to or arising from historical cost of service ratemaking related to the current utility business model, specifically the cost of service ratemaking methodology, the cost allocations and rate designs. The findings shall include public comment and be reported to the Public Service Commission by December 31, 2015.

HISTORY: 2014 Act No. 236 (S.1189), Section 5, eff June 2, 2014.