

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2017- ____ -A

IN RE:

THE IMPACT OF THE TAX CUTS AND JOBS ACT ON SOUTH CAROLINA UTILITIES))))	OFFICE OF REGULATORY STAFF'S PETITION FOR AN ORDER REQUIRING UTILITIES TO REPORT
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Introduction

The South Carolina Office of Regulatory Staff (“ORS”) respectfully submits this Petition requesting the Public Service Commission of South Carolina (“Commission”) order all investor-owned utility companies under the Commission’s jurisdiction to report the impact of the federal tax changes on the company’s operations.

Background and Support for Petition

On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act (“Act”) into law. This Act will impact each of South Carolina’s utility’s cost of service. The Act contains provisions including, but not limited to, decreasing the corporate tax rate from 35% to 21%, effective January 1, 2018. Many South Carolina utilities, under the jurisdiction of this Commission, recover federal corporate income tax expenses at the corporate tax rate of 35% through tariff rates charged to the utility customers. These tariffed rates may include, but are not limited to rates approved by the Commission in the following proceeding: general rate, rate stabilization, purchased gas adjustment, fuel adjustment, and demand-side and energy efficiency. The Commission has previously faced a similar situation following the passage of The Federal Tax Reform Act of 1986.¹

The Commission is vested with the power and jurisdiction to supervise and regulate rates and services of every public utility in this State. S.C. Code Ann. § 58-3-140(A). Pursuant to S.C.

¹ Order No. 1986-1290 in Docket No. 1986-622-E

Code Ann. § 58-3-190(A), the Commission has the authority to “require periodic written reports to be submitted by persons or entities subject to its jurisdiction” concerning matters that fall within the Commission’s jurisdiction. Such reports must be filed with the Commission and provided to the ORS.

ORS requests the Commission require all South Carolina jurisdictional utilities over which the Commission has ratemaking authority to report the impact of the Act on the company’s operations. Each utility should file an estimate of its determination of the Act’s effects on the most recent test year information available, including an explanation of these effects. Each utility should also propose procedures for changing rates to reflect these impacts.² Utilities which provide multiple services (i.e. both electric and natural gas) in South Carolina should discuss the impacts separately for each service.

ORS recognizes that Palmetto Utilities, Inc.; Carolina Water Service, Inc.; Synergy Utilities, L.P.; and Moore Sewer, Inc. currently have rate cases pending before the Commission. The effects of the Act can be addressed as a part of those proceedings.

Since the Act will be effective January 1, 2018, and this is a known and measurable change, South Carolina rate payers should receive any benefits associated with this tax reform as of January 1, 2018. Given that it is impractical to implement a change in rates to be effective January 1, 2018, ratepayers should receive refunds on rates charged for utility service on or after January 1, 2018. Rate making treatments other than a refund may be explored in order to ensure ratepayers receive the benefits of the tax changes as of January 1, 2018.

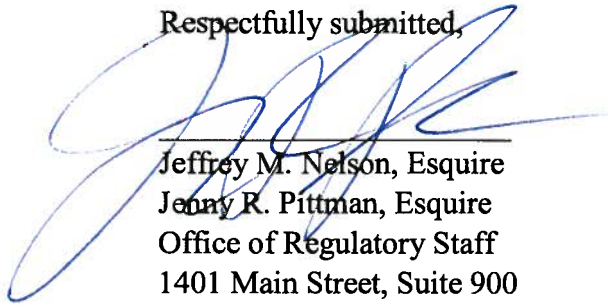
Conclusion

WHEREFORE, ORS requests the Commission issue an Order requiring utilities to report the impact of the Tax Cuts and Jobs Act on its South Carolina operations in a format prescribed by the Commission, with a copy to ORS. ORS recommends the Commission establish a procedural schedule establishing deadlines for the filing of the reports.

² S.C. Code Ann. § 58-27-870(F) provides a mechanism for implementing rate changes that does not require a hearing.

ORS further requests the Commission's Order state that the rates in effect as of January 1, 2018 be subject to refund so that ratepayers receive the benefits of the tax changes due to the Act.

Respectfully submitted,



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