



Natural Gas Rate Stabilization Act (RSA)

In 2005, the General Assembly passed the Natural Gas Rate Stabilization Act (RSA) allowing natural gas distribution utilities in South Carolina to adjust their rates in a regular and predictable manner.

In passing the RSA, the General Assembly found that there are important public benefits to be gained by increasing the stability and predictability of rates charged by natural gas distribution utilities in South Carolina:

- Allows for more regular, yet smaller, rate adjustments.
- Works to reduce costs of proceedings to adjust gas rates and thereby reduces costs for consumers and the public.

How it Works

Allows for an annual downward or upward adjustment to a gas utility's base rates if its cost of equity is 0.50 percentage points above or below the return on equity authorized by the Commission.

Applicability

- Applies only to gas utilities electing to come under the RSA. *[S.C. Code Ann. § 58-5-410]*
- The utility must have had a general rate case within five years of the date of election in order to be eligible to come under the RSA. *[S.C. Code Ann. § 58-5-410]*
- Election under the RSA may be combined with a general rate case. *[S.C. Code Ann. § 58-5-410]*
- Election remains until the utilities next general rate case. *[S.C. Code Ann. § 58-5-410]*

Order Establishing RSA Coverage

Order contents

- a range for the utility's cost of equity that includes a band of fifty basis points (0.50 percentage points) below and fifty basis points (0.50 percentage points) above the cost of equity on which rates have been set. *[S.C. Code Ann. § 58-5-420(1)]*
- the amount of the utility's net plant in service, construction work in progress, accumulated deferred income taxes, inventory, working capital, and other rate base components. It also shall state the utility's depreciation expense, operating and maintenance expense, income taxes, taxes other than income taxes, other components of income for return, revenues, capital structure, cost of debt, overall cost of capital, and earned return on common equity. *[S.C. Code Ann. § 58-5-420(2)]*

RSA Procedure and Timeline

Company's Quarterly Monitoring Report Filings

The Company must file with the Commission monitoring reports for the periods ending:

- *March 31*, to be filed with the Commission no later than June 15;
- *June 30*, to be filed with the Commission no later than September 15;
- *September 30*, to be filed with the Commission no later than December 15; and
- *December 31*, to be filed with the Commission no later than March 15 of the following year.

Each monitoring report is to put forth information on the prior twelve-month period. *[S.C. Code Ann. § 58-5-430]*

Company's March 31 Monitoring Report

The Company's March 31 monitoring report (which is to be filed with the Commission no later than June 15) is to include additional revenue schedules showing whether the Company deems a gas rate adjustment is warranted. *[S.C. Code Ann. § 58-5-440]*

Comments to Company's March 31 Monitoring Report

After the March 31 monitoring report is filed by the Company, interested parties may respond with written comments up to but no later than July 15. The RSA requires that any comments be mailed to both the Commission and the ORS. *[S.C. Code Ann. § 58-5-410 and S.C. Code Ann. § 58-5-455(2)]*

ORS Audit of Company's March 31 Monitoring Report

If the Company's March 31 monitoring report indicates a rate adjustment is warranted, the ORS will audit the monitoring report and file the results of its audit with the Commission, the Company, and interested parties no later than September 1. *[S.C. Code Ann. § 58-5-455(3)]*

Comments on ORS Audit of Company's March 31 Monitoring Report

Interested parties may file written comments on the ORS' audit report up to, but no later than, September 15. All written comments are to be mailed to the Commission, the ORS, the Company and other interested parties. *[S.C. Code Ann. § 58-5-455(4)]*

Commission's Initial Order

No later than October 15, the Commission shall issue an "initial order" setting forth any changes required in the utility's request to adjust its rates. If no initial order is issued and if the Company put forth a proposed adjustment, the gas rate adjustment as put forth by the Company is considered granted. *[S.C. Code Ann. § 58-5-455(5)]*

Gas Rate Adjustments

Gas rate adjustments, if any, will take effect for all bills rendered on or after the first billing cycle of November of that year. *[S.C. Code Ann. § 58-5-455(6)]*

Petitions to the Commission's Initial Order

Within thirty days of the issuance of the initial order or within thirty days after the initial order was due, any aggrieved party may petition the Commission for review of the initial order or failure to issue an initial order. After the petition is received by the Commission, all interested parties of record shall have a right to be heard at an evidentiary hearing on the matter. After the evidentiary hearing is conducted, a final order will be issued by the Commission no later than April 15 of the following year. *[S.C. Code Ann. § 58-5-460, S.C. Code Ann. § 58-5-465 and S.C. Code Ann. § 58-5-470]*