

Title: **Who controls the rates you pay for electricity?**  
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## INSIDE STATE GOVERNMENT

# Who controls the rates you pay for electricity?

From the S.C. Policy Council

Public utilities raise rates on customers far faster than utilities in other states. Why? Because what utilities can and can't do is determined by a few non-elected politicians.

That's the Public Service Commission. And just what do these non-elected politicians do?

The PSC has the power to regulate what water and power companies charge you.

Why is that a big deal? Because public utilities legally approve phones, government-owned telecommunications, radio, railroads and water and power companies.

The PSC approves rate hikes that you as captive customers have no choice but to pay.

**HOW DOES THAT happen?** The utility asks PSC permission to raise rates based on "advance cost recovery," a process by which utilities are allowed to pass the costs of construction of new facilities to customers. While the PSC considers the request, the Office of Regulatory Staff (ORS) acts as the "people's representative" to counterbalance the utilities.

Who controls the PSC and ORS?

The seven PSC members are elected by lawmakers on nominees from the Public Utility Review Committee (PURC), a group of legislators and their appointees. Nine out of the ten members owe their positions to the Senate Judiciary chairman and the House Speaker. The Speaker has a say over the tenth member (the Labor Commerce and Industry Chairman) through his House committee appointments.

The ORS director is appointed by the governor but is actually chosen by the PURC. That's because the PURC sends one candidate for the governor to appoint. The PURC actually nominates the regulators who deal directly with the utilities (PSC) and the body that's supposed to protect the customer's interests.

**MANY OF US** are unhappy about the repeated rate hikes to which we have been subjected.

Unfortunately, there isn't a single person or agency to hold accountable. The members of the PSC are accountable only to the PURC and 170 members of the General Assembly. Because their accountability is so diffused, it's unlikely that efforts to express citizens' grievances could have any effect on PSC policy.

Why does any of this matter?

Legislative leaders control those regulating rate hikes as well as the ORS which represents the customers' interests. Rate-payers and taxpayers – the vast majority of whom cannot vote for these leaders – have no one to hold accountable. So the next time your rates go up, don't call state regulators. Call your lawmaker and ask who's responsible.

Until recently, there was no movement to change this. The failure of the SCANA-Santee Cooper nuclear reactor project leaves customers of the state's two largest utilities on the hook for billions of dollars. Now it has exposed the problems in this system.

The 2007 Base Load Review Act allows utilities to finance construction projects through rate hikes. State lawmakers have done nothing about the real problem: the concentrated, unaccountable powers who control electric power and water companies such as SCANA and Carolina Water Service that consistently apply for and are approved for higher rates.

The S.C. Policy Council is a research and lobbying group that advocates for taxpayers.

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