

1 **DIRECT TESTIMONY OF**

2 **Michael Smith**

3 **ON BEHALF OF**

4 **THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY**

5 **In the Matter of the Consideration of the Adoption of Certain Regulatory Standards**

6 **Pursuant to Section 111 of the Public Utility Regulatory Policies Act of 1978, as**

7 **amended by the Infrastructure Investment and Jobs Act of 2021 (IIJA)**

8 **I. INTRODUCTION**

9 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

10 A. My name is Michael Smith. My business address 1 Riverwood Drive, Moncks Corner,
11 South Carolina 29461.

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
13 **PROFESSIONAL EXPERIENCE**

14 A. I have a Bachelor of Science degree in General Engineering from the United States
15 Naval Academy and a Master of Business Administration from the Goizueta Business
16 School at Emory University. I served as a nuclear submarine officer in the United
17 States Navy for 7 years and have been in the electric utility industry in various
18 capacities for over 17 years. The majority of my utility experience is in finance,
19 specifically in the areas of pricing, contract administration and billing. Additionally, I
20 have held various engineering and leadership positions in the manufacturing and
21 specialty chemical industries.

22 **Q. PLEASE DESCRIBE YOUR POSITION AND RESPONSIBILITIES AT**
23 **SANTEE COOPER.**

1 A. I am employed by the South Carolina Public Service Authority (“Santee Cooper”) as
2 Director of Billing & Pricing. My responsibilities include the development and
3 implementation of customer rates for the residential, commercial and industrial classes
4 and the billing of our industrial and wholesale customers.

5 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. I am testifying on behalf of Santee Cooper on the subject of Santee Cooper’s response
7 to the Infrastructure Investment and Jobs Act of 2021 standards in the area of the cost
8 recover and rate mechanisms related to demand response, as found in PURPA Section
9 111(d)(20).

10 **II. DEMAND RESPONSE AND DEMAND FLEXIBILITY COST RECOVERY**
11 **AND RATE MECHANISMS**

12 Q. **WHAT IS THE REQUIREMENT WITH RESPECT TO CONSIDERATION OF**
13 **DEMAND-RESPONSE PRACTICES IN PURPA SECTION 111(d) (20)?**

14 A. The IIJA of 2021 amended the Public Utility Regulatory Policies Act of 1978 to, among
15 other things, require that non-regulated utilities, like Santee Cooper consider for
16 adoption a policy to promote demand response. The portion of the standard states:

17 (20) Demand-response practices.--

18 (A) In general.--Each electric utility shall promote the
19 use of demand-response and demand flexibility practices by
20 commercial, residential, and industrial consumers to reduce
21 electricity consumption during periods of unusually high
22 demand.

23 (B) Rate recovery.--

24 * * *

1 (ii) Nonregulated electric utilities.--A nonregulated
2 electric utility may establish rate mechanisms for the
3 timely recovery of the costs of promoting demand-response
4 and demand flexibility practices in accordance with
5 subparagraph (A)."

6 My testimony will discuss Santee Cooper's approach to recovering the costs of demand
7 response and demand flexibility programs, subsection (B)(ii).

8 **Q. PLEASE STATE HOW SANTEE COOPER RECOVERS THE COSTS OF**
9 **THE PROMOTION OF DEMAND-RESPONSE PROGRAMS.**

10 A. Santee Cooper designs its residential, commercial and industrial rates to recover all of
11 its cost of doing business, defined as "Revenue Requirements." Revenue
12 requirements include such items as fuel, operations and maintenance expenses, and
13 administration expenses. Since the costs of demand-response programs are included
14 in Revenue Requirements, Santee Cooper recovers the promotion costs of these
15 programs within its base rates.

16 **Q. PLEASE DESCRIBE ANY PROGRAMS SANTEE COOPER HAS IN PLACE**
17 **BASED ON TIME OF USE PRICING.**

18 A. Santee Cooper offers four rates to residential and commercial customers that are
19 based on time of use pricing. Residential customers are offered the Residential Time-
20 of-Use Rate RT-17, the Residential Electric Vehicle Rate REV-22 and the Residential
21 Electric Vehicle Only Rider RG-22-EVO. Commercial customers are offered the
22 Commercial Time-of-Use Rate GT-17.

23 **Q. DOES SANTEE COOPER HAVE ANY RATES THAT ARE PARTICULAR**
24 **TO DEMAND-RESPONSE?**

1 A. Santee Cooper offers a Demand Response Buy-Back Rate (Schedule L-17-DRB) to industrial
2 customers. This rate compensates the customer for the capability of interrupting a specified
3 portion of their load with short notice and for a short duration. The customer is compensated
4 monthly for the kW amount that Santee Cooper may interrupt and also for each instance that
5 the capacity is interrupted.

6 **Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

7 A. Yes.