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August 5, 2019

Mr. Comer H. Randall
Chairman
Public Service Commission of South Carolina
101 Executive Drive, Suite 100
Columbia, SC 29410

Re: Dockets 2019-184-E, 2019-185-E, 2019-186-E
Pegasus-Global Holdings, Inc.

Dear Chairman Randall:

On July 31, 2019, the Public Service Commission of South Carolina (“Commission”) informed the parties in Docket Nos. 2019-184-E, 2019-185-E, and 2019-186-E that Pegasus-Global Holdings, Incorporated (“Pegasus”) was being engaged as its statutorily required independent third party expert pursuant to the Energy Freedom Act, SC Code Ann. § 58-41-20(I) (“EFA”).

The EFA directs the Commission to “engage, for each utility, a qualified independent third party to submit a report that includes the third party's independently derived conclusions as to that third party's opinion of each utility's calculation of avoided costs for purposes of proceedings conducted pursuant to this section.” § 58-41-20(I). The statute also states that the “qualified independent third party is subject to the same ex parte prohibitions contained in Chapter 3, Title 58.” *Id.*

On August 2, 2019, Dominion Energy South Carolina (“DESC”) notified the Commission that “that the Chair of the Board of Directors for Pegasus is a former member of the Board of Directors of SCANA Corporation (“SCANA”)” and served as a compensated member of the Board until this year when SCANA became DESC. That same day, it was reported that Pegasus has a long history with the other entity subject to these proceedings, Duke Energy, including work performed on the troubled Edwardsport Integrated Gasification Combined Cycle Power Plant.¹

Earlier today, Johnson Development Associates, Incorporated (“JDA”) requested that the Commission rescind the engagement of Pegasus as the Commission’s statutorily required independent third party expert due to the lack of independence of the selected expert. JDA also requested that the Commission expeditiously retain a qualified independent third consultant as

¹ Brown, A. “SC utility regulators hire firm with ties to power companies to advise on price of solar.” *The Post and Courier* (online Aug 2, 2019).

required by the EFA. By this letter, the Coastal Conservation League (“CCL”) and the Southern Alliance for Clean Energy (“SACE”) support JDA’s requests.

In addition to the factors set forth in JDA’s letter, we further note that that “key personnel” identified by Pegasus-Global Holdings appear to lack expertise on the avoided cost issues subject to these dockets. They do not self-identify as experts on avoided costs in their resumes or testimony before other utility commissions. Instead, they self-identify as “a management consulting firm that provides services to the utility industry.” The only mention of avoided costs in any of these peoples’ backgrounds is a paper originally published by Dr. Galloway and Dr. Nielsen in 1987 – over thirty years ago.

Much has changed in the last thirty years – and much has changed in the Commission’s avoided cost proceedings since the General Assembly passed the EFA earlier this year. The EFA calls for the engagement of a “qualified” and “independent third party” to submit a report with “independently” derived conclusions as to Duke and DESC’s calculation of avoided costs. While Pegasus’ close work and relation with Duke and DESC suggest they do not qualify as an “independent third party,” the paucity of their avoided cost expertise work indicates they also fail to qualify as “qualified” to provide the “independently derived” avoided cost analysis the law requires. CCL and SACE therefore respectfully support the Commission moving quickly to find an entity with more up to date, independent, and specialized expertise needed for these dockets.

Very truly yours,



J. Blanding Holman IV
Southern Environmental Law Center