

**BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA**

SPECIAL CM #19-24

August 12, 2019

10:02 ~ 2:23 P.M.

COMMISSION MEMBERS PRESENT: Commissioner Thomas J. ‘Tom’ ERVIN, presiding; and COMMISSIONERS Florence F. BELSER, Swain E. WHITFIELD, and Vice Chairman Justin T. WILLIAMS^[VIA TELEPHONE]

COMMISSION MEMBERS ABSENT: Chairman Comer H. ‘Randy’ RANDALL and Commissioners John E. ‘Butch’ HOWARD and G. O’Neal HAMILTON

ADVISORS TO COMMISSION: David W. Stark, III, Esq.
B. Randall Dong, Esq.
Josh Minges, Esq.
LEGAL ADVISORY STAFF

STAFF PRESENT: Jocelyn G. Boyd, Chief Clerk/Executive Director; Joseph Melchers, General Counsel; Jerisha Dukes, Legal Advisory Staff; Randy Erskine, Information Technology Staff; Melissa Purvis, Livestream Technician; and Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter.

**TRANSCRIPT OF
SPECIAL COMMISSION BUSINESS MEETING
and
PUBLIC INTERVIEWS**

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

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P R O C E E D I N G S

COMMISSIONER ERVIN: Before we begin our session this morning, let's bow our heads in a moment of silence, in memory of Chairman Randall's father, who passed Friday evening.

[Brief pause]

Amen.

Thank you.

Has Commissioner Williams joined us yet? I haven't heard that he has, but we're scheduled to begin, so we'll go forward and he can join us, hopefully, when his schedule allows. I believe he's out of State on Reserve duty, and we appreciate his service to our country.

We're here this morning for the first of several public interviews and presentations that have been set to fulfill the requirements of the South Carolina Energy Freedom Act, which authorizes, among other things, that the Commission is allowed to hire an independent expert to assist us with the three dockets that were sent out on our notice.

[WHEREUPON, at 10:04 a.m., Vice Chairman Williams joined the proceedings via telephone]

1 **COMMISSIONER ERVIN:** So, we are happy to
2 conduct the first interview this morning, and I
3 believe we have Dr. Pechman here, today; is that
4 correct, sir?

5 **DR. PECHMAN:** Yes, Your Honor.

6 **COMMISSIONER ERVIN:** Before we begin, would
7 you swear the witness, please, ma'am?

8 [Witness/Interviewee affirmed]

9 Dr. Pechman, welcome to South Carolina.

10 **WITNESS/INTERVIEWEE DR. PECHMAN:** Thank you.
11 It's my pleasure to be here.

12 **COMMISSIONER ERVIN:** I've not had the pleasure
13 of meeting you, but I understand that you are with
14 the National Regulatory Research Institute, which
15 is a nonprofit in Washington DC. Is that correct?

16 **DR. PECHMAN:** That's correct.

17 **COMMISSIONER ERVIN:** And would you go ahead
18 and give us kind of an opening statement, and I
19 think you've been sent a copy of the Act that's in
20 question?

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** I have, Your
22 Honor.

23 **COMMISSIONER ERVIN:** And you've had a chance
24 to review it?

25 **WITNESS/INTERVIEWEE DR. PECHMAN:** I have. I

1 have.

2 **COMMISSIONER ERVIN:** Very good. Why don't
3 you –

4 **COMMISSIONER WHITFIELD:** Judge Ervin, you want
5 to see if Commissioner Williams is with us?

6 **COMMISSIONER ERVIN:** Before we continue, is –
7 Commissioner Williams, are you with us?

8 **VICE CHAIRMAN WILLIAMS**_[via phone]: Yes,
9 Commissioner Williams is on the line.

10 **COMMISSIONER ERVIN:** Thank you for joining us.
11 We're just getting started.

12 Dr. Pechman, let me recognize you to give us a
13 brief overview of your current position, your
14 background, and experience.

15 **WITNESS/INTERVIEWEE DR. PECHMAN:** Okay. My
16 current position is that of the Director of the
17 National Regulatory Research Institute, NRRI. NRRI
18 was formed in 1976 by NARUC to be the research arm
19 of the public utility commissions in the country.
20 I've been the Director since last April.

21 Fundamentally, we do three types of activities
22 in support of the public utility commissions, who
23 we consider, along with the commissioners and their
24 staff, to be our clients.

25 The first is that we provide general research.

1 For example, we recently put out a monograph
2 evaluating how net energy metering practices have
3 changed in different states around the country.

4 The second is that we provide training for
5 regulatory staff. In addition to training for
6 regulatory staff, we've begun – we've gotten a
7 grant to help plan and create what we call a
8 regulatory training initiative, which will be a
9 remote-based training platform.

10 And the third is direct support for regulatory
11 commissions, such as yourself. Over the last year,
12 we facilitated a process in Chicago for the
13 NextGrid process there. We have worked with the
14 City of New Orleans and the City Council, which is
15 the regulatory commission for New Orleans, on smart
16 cities and created a concept called the smart
17 energy audit for the City, which they have adopted
18 by resolution of the City Council, and we've
19 provided support to the new Puerto Rico Energy
20 Bureau on a variety of different issues.

21 We have a number of subjects that we cover.
22 We cover electric, gas – natural gas – water, and
23 telecom. I think of particular interest to you
24 today is what our experience is with respect to
25 issues of avoided cost and integrated resource

1 planning and contracting of power. I will say that
2 we have two new employees coming on to supplement
3 our electric practice, if you will. They will be
4 starting in September. They are both senior
5 analysts.

6 But let me give you a sense of my background,
7 since I would lead this work. I was on the Staff
8 of the New York Public Service Commission from 1979
9 through 1997. During that time, I had a series of
10 positions. Ultimately, I was the supervisor of
11 Energy and Environmental Economics at the
12 Commission. In that role, or in previous roles, I
13 oversaw the development of avoided cost in New
14 York, both the theory and practice. So there were
15 many – when avoided cost began to become a
16 regulatory issue in the early '80s, there were many
17 theoretical issues associated with it – in
18 particular, the context of how one would estimate
19 avoided cost in the New York power pool.

20 I worked on avoided cost. I facilitated and
21 led the conversations that we had on avoided cost.
22 I was responsible for overseeing the modeling,
23 using production cost models and also using
24 reliability-based models for evaluating generation-
25 capacity cost estimates. I worked with the counsel

1 on writing briefs and reports and Commission orders
2 on avoided cost, and was involved in the
3 translation or the transition of avoided cost from
4 methods of calculating, essentially, what the
5 marginal cost of power was, into a bidding-based
6 program of avoided cost in the early '90s. And
7 those programs were fairly short-lived because, as
8 time went on, the avoided-cost regime got subsumed
9 by competition and the fact that many states that
10 had restructured – like New York and California –
11 had started using the system prices from the ISOs
12 as the basis of avoided cost. So I have a
13 tremendous amount of experience with avoided cost.

14 With respect to integrated resource planning,
15 I also have a tremendous amount of experience, a
16 lot of which was based upon the use of the
17 production costing models, but also thinking about
18 how one can incorporate energy efficiency, the
19 kinds of programs that one would have with energy
20 efficiency. So we're talking about right from the
21 beginning of starting to consider energy efficiency
22 and how one would put that into a regulatory
23 process.

24 My book on regulating power – the title of
25 which is *Regulating Power: The Economics of*

1 *Electricity in the Information Age* – traced the
2 evolution of planning, if you will, from your
3 standard generation planning, which was essentially
4 cost-minimization – what power plant do we add – to
5 an integrated resource planning, and the subtleties
6 associated with that.

7 More recently, I've been working with the
8 Puerto Rico Energy Board – Bureau, excuse me, on
9 planning issues, both at the distribution level –
10 in fact, I'll be in Puerto Rico on Thursday and
11 Friday for a working group on distribution system
12 planning and also commenting on the PREPA – which
13 is the municipal utility in Puerto Rico – IRP.

14 Over the intervening years, I've been involved
15 in many cases where I evaluated integrated resource
16 plans and investments associated with integrated
17 resource plans, so I'm very comfortable and
18 familiar with the theory and practice of integrated
19 resource planning. But more than that, the
20 interrelationship, increasingly, of integrated
21 resource planning with distribution system
22 planning, and of particular importance to me is how
23 that interaction affects prices, and what kind of
24 information we can get out of that process for
25 prices.

1 So, I would lead the project, but I have
2 capable staff in Washington and two very new – not
3 new in terms of experience, but very experienced
4 new analysts joining us in September.

5 **COMMISSIONER ERVIN:** Could you share with us
6 what staff members would be working with you on our
7 project, if you were chosen?

8 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes. Tom
9 Stanton, in Michigan, would be working – who is –
10 he likes to say he's the Michigan Office. He's a
11 remote employee.

12 **COMMISSIONER ERVIN:** He's an Institute
13 employee?

14 **WITNESS/INTERVIEWEE DR. PECHMAN:** He is an
15 Institute employee, correct.

16 **COMMISSIONER ERVIN:** Okay. Yes, sir.

17 **WITNESS/INTERVIEWEE DR. PECHMAN:** So we have –
18 our core is in Washington, but we do have remote
19 employees.

20 **COMMISSIONER ERVIN:** All right. What,
21 briefly, is his background? What's his expertise?

22 **WITNESS/INTERVIEWEE DR. PECHMAN:** His
23 background is working at the Michigan Public
24 Service Commission, I think for close to 20 years
25 or more; worked with the State Energy Office. He

1 did a lot on integrated resource planning and the
2 incorporation of renewables and energy efficiency
3 into the regulatory process.

4 He is most recently the author on a paper on
5 how net energy metering is changing across the
6 country.

7 **COMMISSIONER ERVIN:** And are you – can you
8 share with us the two new members that are going to
9 be joining your team?

10 **WITNESS/INTERVIEWEE DR. PECHMAN:** I would be
11 happy to. I'm very pleased to be able to share
12 that publicly. One is Elliott Nethercutt. Elliott
13 is an economist with a lot of experience in both
14 the wholesale market and on reliability issues.
15 So, he would be very helpful. He is a – what we
16 like to call in economics – quan, so he's very
17 quantitatively oriented and will assist on
18 modeling. Most recently, he was working on market
19 design with the California ISO.

20 **COMMISSIONER ERVIN:** "ISO" being –

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** Independent
22 system operator.

23 **COMMISSIONER ERVIN:** All right.

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** And the
25 second is Jeffrey Loiter. Jeffrey has a bachelor's

1 degree in mechanical engineering and a master's
2 degree in science and technology, from MIT. Much
3 of his background has been involved in energy
4 efficiency. He has done a lot of work on the
5 customer side of energy – design of energy
6 efficiency programs, M&V – which is measurement and
7 verification of energy efficiency programs – and
8 he's also worked on – both of them have actually
9 worked on national gas issues.

10 **COMMISSIONER ERVIN:** Where was he employed
11 prior to coming with the Institute, or where is he
12 currently employed, if you know?

13 **WITNESS/INTERVIEWEE DR. PECHMAN:** He's
14 currently working as a private consultant, and
15 prior to that he was a partner for 20 years in –
16 can I give you the name of the –

17 **COMMISSIONER ERVIN:** Sure.

18 **WITNESS/INTERVIEWEE DR. PECHMAN:** – firm,
19 later?

20 **COMMISSIONER ERVIN:** It's a law firm?

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** No, no. No,
22 he's an analyst.

23 **COMMISSIONER ERVIN:** Analyst.

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** Not a law
25 firm.

1 **COMMISSIONER ERVIN:** Gotcha.

2 **WITNESS/INTERVIEWEE DR. PECHMAN:** But I want
3 to make sure I get it right.

4 **COMMISSIONER ERVIN:** Okay, that's fine. So
5 how would you go about assisting this Commission,
6 you and your team, as independent experts? What
7 specifically could you offer us after having read
8 the statute we provided? How would you approach
9 it?

10 **WITNESS/INTERVIEWEE DR. PECHMAN:** Well, I
11 think in a number of different ways. The first way
12 we would approach the avoided-cost question is to
13 do a review – which we've already initiated when we
14 were told that this was an issue that South
15 Carolina was interested in and other states are
16 interested in – a review of how avoided costs are
17 calculated in different states around the country.
18 So we would have a baseline to look at avoided
19 cost.

20 Second, we would look at the – and not only
21 the way avoided costs are estimated currently, but
22 also, to the extent practical, a review of how they
23 have been estimated over time, because for many
24 states the regime of avoided-cost calculation was
25 discontinued, as you know, when states moved to or

1 joined organized markets, so that there were
2 methodological issues that were – where a great
3 deal of time and effort was spent in the ‘80s and
4 ‘90s looking at that, and we would try to glean
5 what we could from that. Certainly with respect to
6 contracting issues, there are some very significant
7 lessons both from New York and California, things
8 to be avoided.

9 But then, with respect to the Commission’s –
10 to the filings of the – so, we would have a laundry
11 list, if you will, of different methods. We would
12 then review the submissions of the utilities,
13 prepare discovery of those, review their
14 workpapers, and try to understand the rationale
15 behind what they’ve done and how to, you know,
16 proceed from that. I think the other thing we
17 would do would be to look at the various models
18 which are being employed by the utilities in the
19 State – production costing models, reliability
20 models – and evaluate which of those may be
21 applicable for estimating avoided cost, if they had
22 not been used in the context of the utilities’
23 filings.

24 **COMMISSIONER ERVIN:** I believe the statute
25 contemplates that, if you were chosen as the

1 Commission independent expert, that you could make
2 data requests of parties if you needed additional
3 information. Would you and your staff be prepared
4 to do that, or is that something you would
5 consider?

6 **WITNESS/INTERVIEWEE DR. PECHMAN:** Oh,
7 absolutely. And I noted that one of the questions
8 was, "Have you written data requests in the past?"
9 And I'll let you know, I've written data requests;
10 I've written deposition questions, cross-
11 examination questions, for many, many years in
12 many, many proceedings. So yes, we're very
13 comfortable with doing that.

14 **COMMISSIONER ERVIN:** And the statute also
15 contemplates that, at the end of the proceedings,
16 once the testimony and evidence is in, or closed,
17 that you would be asked to offer opinions and
18 recommendations to the Commission, which would not
19 be binding upon the Commission but would guide the
20 Commission in its decision-making. So would you
21 and your staff be available to testify at the end
22 of the case and –

23 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes, we –

24 **COMMISSIONER ERVIN:** – offer your opinions?

25 **WITNESS/INTERVIEWEE DR. PECHMAN:** – would.

1 And I think what our approach would be is to
2 evaluate a number of different alternatives and to
3 provide the Commission with information, the
4 benefits and costs, of pursuing different
5 alternatives. Here's this method; what are the
6 risks associated with using that method? What
7 information does it capture, does it not capture,
8 and things of that sort. So, yes, we're very
9 comfortable providing testimony in that context.

10 **COMMISSIONER ERVIN:** I assume you've done this
11 before in a commission setting? Of course, you
12 were a commissioner for many years in New York.

13 **WITNESS/INTERVIEWEE DR. PECHMAN:** No, I –
14 excuse me. I was not a commission; I was Staff in
15 New York.

16 **COMMISSIONER ERVIN:** Staff, okay. So you've
17 seen this process evolve over time, but have you
18 ever testified before a commission?

19 **WITNESS/INTERVIEWEE DR. PECHMAN:** I have
20 testified before a number of commissions. I've
21 testified probably 50 times before the New York
22 Commission. I've testified before commissions
23 around the country and before the Federal Energy
24 Regulatory Commission.

25 **COMMISSIONER ERVIN:** Have you been qualified

1 as an expert in any of those proceedings? I
2 suppose it's not like a court of law; it's an
3 administrative hearing, so "qualified" just may
4 be – I assume you rendered expert opinions in those
5 proceedings.

6 **WITNESS/INTERVIEWEE DR. PECHMAN:** Oh,
7 absolutely. And, typically, you're correct; public
8 utility commissions don't qualify you. I have been
9 qualified as an expert in federal court and, I
10 believe, in bankruptcy court, as well.

11 **COMMISSIONER ERVIN:** I believe those are all
12 the questions I have. I may come back. But let me
13 recognize Commissioner Belser for some additional
14 questions.

15 **COMMISSIONER BELSER:** Good morning, Dr.
16 Pechman.

17 **WITNESS/INTERVIEWEE DR. PECHMAN:** Good
18 morning, Commissioner.

19 **COMMISSIONER BELSER:** I apologize if I repeat.
20 I've got a lot of notes that I've been taking, so
21 I'll try to avoid that, but I apologize in advance.

22 **WITNESS/INTERVIEWEE DR. PECHMAN:** I'm at your
23 disposal.

24 **COMMISSIONER BELSER:** Also, when I refer to
25 "you" or when I use the word "you," I would

1 appreciate it if you would use that as a broad
2 term, to include you yourself, your staff, and
3 NRRI, your company. I'm trying to get an
4 understanding of the team and the entity of NRRI,
5 so I'm using the word "you" very broadly, if you
6 would. Let's see. First of all, have you read and
7 had a chance to review Act 62, known as the South
8 Carolina Energy Freedom Act?

9 WITNESS/INTERVIEWEE DR. PECHMAN: Yes. I –
10 yes. I believe I've read the full Act.

11 MS. BOYD: That's what I sent to you.

12 COMMISSIONER BELSER: Well, in particular –

13 WITNESS/INTERVIEWEE DR. PECHMAN: Yes? Okay.

14 COMMISSIONER BELSER: In particular, the parts
15 having to do with the proceedings that we're
16 talking about – hiring an expert for, especially,
17 avoided cost – you've had a chance to review that
18 section.

19 WITNESS/INTERVIEWEE DR. PECHMAN: Yes.

20 COMMISSIONER BELSER: I think you've given us
21 your experience with PSCs. Let's see. If selected
22 as this Commission's independent consultant, I
23 think you've described the process that y'all would
24 use to conduct the analysis needed for each
25 utility – and we are talking about three utilities,

1 three separate utilities here, for the avoided-cost
2 calculations. Do y'all rely on any particular
3 method or methodology, or do y'all look at multiple
4 methodologies?

5 **WITNESS/INTERVIEWEE DR. PECHMAN:** We would
6 look at multiple methods.

7 **COMMISSIONER BELSER:** Okay. Could you explain
8 your experience or familiarity with solar
9 integration cost studies and quantification of
10 integration cost studies?

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes. And by
12 the way, when I talked about the team initially, I
13 talked about the part of the team that were
14 employees of NRRI. We also have a group of people
15 that are fellows of NRRI, typically people with
16 extensive experience in the utility industry, one
17 of whom is Bernie Needan, who recently retired as a
18 senior technical executive of EPRI, and one of the
19 activities that he was involved in were integration
20 studies of solar. Those tend to be fairly
21 engineering-oriented and, in particular, one of the
22 questions that one has with an integration study of
23 solar is the level of power injection on the
24 distribution system and whether or not the
25 distribution system is capable of absorbing that

1 power.

2 **COMMISSIONER BELSER:** Could you explain any
3 experience or familiarity you and your team have
4 with ancillary service requirements in planning for
5 and maintaining reliability of the electrical
6 utilities' transmission and distribution systems?

7 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes. I have
8 a fair amount of experience with ancillary
9 services. In particular, during my time in the
10 policy office at the Federal Energy Regulatory
11 Commission, one of my activities there involved the
12 evaluation of new types of ancillary services. For
13 example, I helped initiate the proceeding that led
14 to a change in the way that frequency response is
15 priced in the wholesale markets. So, yes, we have
16 extensive experience with ancillary services.

17 And returning back to Dr. Needan, he has spent
18 a lot of time with the distribution system and how
19 the injection of power on the distribution system
20 can affect the stability. He is an economist, not
21 an engineer, but...

22 **COMMISSIONER BELSER:** Any experience or
23 familiarity with assessing regulating reserve
24 requirements on a utility's system?

25 **WITNESS/INTERVIEWEE DR. PECHMAN:** By

1 "regulating reserve requirements," are you
2 referring to installed – I mean, operating reserve
3 requirements?

4 **COMMISSIONER BELSER:** Yes.

5 **WITNESS/INTERVIEWEE DR. PECHMAN:** Certainly,
6 operating reserve requirements are important. My
7 experience tends to have been the importance of
8 maintaining operating reserves during the
9 California energy crisis, which was one of the
10 critical issues associated with maintaining service
11 in that system, but more so there's a lot of
12 activity that we are aware of with respect to
13 whether or not you have rotating mass of generators
14 to have primary response in the event of a drop in
15 generation. So there's been a shift in terms of
16 the ways in which inverters are used, or can be
17 used, in the future, and that whole issue is
18 evolving with IEEE 1547, in terms of the ability of
19 solar facilities to provide alternatives to
20 rotating mass as a way of maintaining operating
21 reserves.

22 **COMMISSIONER BELSER:** And I believe you may
23 have already answered this, but you and your team
24 have experience using utility system production
25 cost models –

1 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes.

2 **COMMISSIONER BELSER:** – of IRPs and avoided-
3 cost calculations?

4 **WITNESS/INTERVIEWEE DR. PECHMAN:** That's
5 correct.

6 **COMMISSIONER BELSER:** Are there any specific
7 models which you can name that y'all have
8 experience with?

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** PROMOD and
10 the GE MAPS program – Multi-Area Production
11 Simulation model. Both of those. There are older
12 versions of different models: OGP, the Optimal
13 Generation Program that GE had. I don't believe
14 it's any longer used. And Wescougar would be a –
15 in production costing, it would be a reliability
16 analysis model.

17 **COMMISSIONER BELSER:** Do you have access to
18 these models? I mean, I know that –

19 **WITNESS/INTERVIEWEE DR. PECHMAN:** No.

20 **COMMISSIONER BELSER:** – some of these – okay.

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** I do not
22 have access to these models. Access to the models
23 tends to be very expensive, as you know. When I
24 was in New York, I was responsible for the New York
25 Commission acquiring the PROMOD model and then

1 oversaw its use within the Commission. I think
2 that we would need to work with the utilities and
3 create data requests to ask the utilities to run
4 various –

5 **COMMISSIONER BELSER:** That was my next
6 question. How would you analyze – if one of the
7 utilities is using one of these models that are
8 very expensive to get and that they've spent money
9 on, how would you analyze what they are doing in
10 respect to the model they are using?

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** Oh, one way
12 to analyze it is to look at the data that they use,
13 to look their input data. Another – I mean, I
14 think the first question is, "Do the results make
15 sense?"

16 **COMMISSIONER ERVIN:** Excuse me for
17 interrupting, but would you pull that microphone a
18 little bit closer? I'm getting signal from the
19 back that maybe we –

20 **WITNESS/INTERVIEWEE DR. PECHMAN:**
21 [Indicating.] Is that better?

22 **COMMISSIONER ERVIN:** That's much better.
23 Thank you, sir.

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** My
25 apologies.

1 So the first – I mean, the first thing is,
2 does the analysis make sense. Now, I'll give you
3 an example. Back in the late '80s when we were
4 using PROMOD, we ended up with negative marginal
5 costs. That did not make sense. And it resulted
6 in a lot of analysis of what was happening in the
7 model resulted in that. Now, given the duck curve
8 that we have in California, we now know that
9 negative marginal costs can occur on the system,
10 especially when you have wind that's bidding in, in
11 order to get their production tax credits, putting
12 in negative numbers to get their production tax
13 credits.

14 So the first step is just, does this make
15 sense? The second step is, let's dig in and look
16 at the data associated with using the model. And
17 the third way is to ask for sensitivity analysis
18 associated with the model, so...

19 **COMMISSIONER BELSER:** Do you have any
20 experience with modeling or studying the power
21 system in South Carolina, specifically?

22 **WITNESS/INTERVIEWEE DR. PECHMAN:** No, I do
23 not.

24 **COMMISSIONER BELSER:** Would lack of
25 familiarity with the power system in South Carolina

1 be a hindrance to conducting the analysis and work
2 needed under Act 62?

3 **WITNESS/INTERVIEWEE DR. PECHMAN:** I don't
4 believe it will be. Obviously, we would need to
5 create a conceptual picture in our minds about the
6 way the system operates, but we'll also have
7 information, for example, on interchange between
8 utilities, both within South Carolina and at the
9 borders of South Carolina, that will help inform us
10 as to what the prices and costs that are being
11 evaluated are.

12 **COMMISSIONER BELSER:** Do you have a copy of
13 Act 62 with you?

14 **WITNESS/INTERVIEWEE DR. PECHMAN:** I do.

15 **COMMISSIONER BELSER:** I want to look at
16 Section 58-41-05, and it's really – it's near –
17 it's probably the first – it's the very first
18 section in the Act, right after Chapter 41; it's
19 right at the beginning

20 **MS. BOYD:** May I assist him?

21 **COMMISSIONER ERVIN:** [Nodding head.]

22 **MS. BOYD:** [Indicating.]

23 **WITNESS/INTERVIEWEE DR. PECHMAN:**
24 [Indicating.]

25 **COMMISSIONER BELSER:** It's actually the

1 introductory section.

2 **WITNESS/INTERVIEWEE DR. PECHMAN:** Okay, thank
3 you. I have it. Thank you.

4 **COMMISSIONER BELSER:** 58-41-05 provides: The
5 Aommission is directed to address all renewable
6 energy issues in a fair and balanced manner,
7 considering the costs and benefits to all customers
8 of all programs and tariffs that relate to
9 renewable energy and energy storage, both as part
10 of the utility's power system and as direct
11 investments by customers for their own energy needs
12 and renewable goals. The Commission also is
13 directed to ensure that the regulatory_[sic] recovery,
14 cost allocation, and rate design of utilities that
15 it regulates are just and reasonable and properly
16 reflect changes in the industry as a whole, the
17 benefits of customer renewable energy, energy
18 efficiency, and demand response, as well as any
19 utility or State-specific impacts unique to South
20 Carolina which are brought about by the
21 consequences of this Act.

22 Can you tell me, generally, how would your
23 work, with those directives contained in that
24 section – how would you work those into your
25 analysis and recommendations made to this

1 Commission? Quite a lot there.

2 WITNESS/INTERVIEWEE DR. PECHMAN: Yeah, it's a
3 very good question. Let me have a second to
4 formulate an answer.

5 COMMISSIONER BELSER: We can come back to that
6 one, if you want to address it at the end.

7 WITNESS/INTERVIEWEE DR. PECHMAN: No, no, no.
8 There's a huge amount, as you know, in that. And I
9 think that part of – the first issue is getting the
10 prices right that you're paying for solar. And I
11 note that there is a concern within the Act in
12 terms of cost-shifting, which goes to the cost-
13 allocation issue here. I think, to some extent,
14 we're going to need to build on information that
15 Staff already has, and we intend to work closely
16 with your Staff.

17 But, for example, with respect to the cost
18 allocation, those are issues that we would help
19 provide information into that process, and I see
20 that as less of an issue with respect to the
21 activities that is an overall goal in terms of the
22 Act. So, to me, the best way of answering the
23 requirement of the Act is to get the prices right.

24 COMMISSIONER BELSER: Do you view Act 62 as
25 direction from our Legislature to encourage

1 renewable energy in South Carolina?

2 WITNESS/INTERVIEWEE DR. PECHMAN: I believe it
3 says that.

4 COMMISSIONER BELSER: Okay. I know that
5 PURPA, which came about, what, '78 – late '70s, was
6 it?

7 WITNESS/INTERVIEWEE DR. PECHMAN: '78.

8 COMMISSIONER BELSER: Yeah. – required
9 avoidable cost – avoided cost, excuse me, but it
10 also left to the discretion of states some – how to
11 implement and come up with the avoided cost. If
12 you are selected as our consultant, how do you
13 envision your role in adhering to the mandates of
14 PURPA and this South Carolina Energy Freedom Act?

15 WITNESS/INTERVIEWEE DR. PECHMAN: The critical
16 phrase in PURPA is to determine avoided cost – and
17 I'm paraphrasing – the cost, but for the presence
18 of the independent power producers – or however you
19 want to characterize; there are different
20 categories under PURPA, qualifying facilities – but
21 for their presence in the system.

22 So part of that is to determine how those –
23 are you looking, for example – and the Act also
24 allows for different types of technologies or
25 different types of patterns. So the question is

1 are you going to focus on daylight hours or
2 nighttime hours? How are you going to focus – what
3 is going to be the overall focus of what you're
4 doing? My sense is that you want to focus on all
5 hours, and then be able to use whatever hours are
6 appropriate for determining a rate for the
7 facilities that are receiving the avoided-cost
8 payment.

9 And, again, it really goes to trying to get
10 the price right. What does it mean to have
11 something in a but-for world? The methods that
12 were used – and you're absolutely right; different
13 states use different methods. For example, the
14 Maine Commission used the price of Seabrook as an
15 avoidable unit, led to a very, very – led to
16 13 cents a kilowatt-hour as a price. In New York,
17 we tried to look at what the marginal cost or
18 marginal value of the unit is. So, to me, the
19 question is how do we really – what is the range?
20 How do we think about what that value of that power
21 being injected into the system, not only next year
22 but over a long time horizon, a 10-year time
23 horizon, when technologies are going to change,
24 when fuel prices are going to change, when there's
25 a lot of uncertainty with respect to doing those

1 types of things, and how – those types of
2 estimates. And how do we then balance those
3 different kinds of uncertainties, the types of
4 information that we have with respect to those
5 uncertainties, with respect to the criteria that
6 you've, you know, read from the first paragraph of
7 the Act?

8 So there may be, "Okay, we have this
9 uncertainty. With respect to the Act, here are
10 these three criteria that we're looking at. Under
11 this criterion, we may go with this particular
12 approach; under this criterion, we may go with this
13 particular approach," and then to provide that
14 information to the Commission so that it can choose
15 from the laundry list that we're going to provide –
16 or the menu, if you will, that we're going to
17 provide you – of what approaches, or what the
18 answers are to specific questions.

19 **COMMISSIONER BELSER:** Well, let me ask you
20 this. Given that Act 62 is new, and we're all
21 operating under it, would you feel – as a
22 consultant, would you feel constrained or the need
23 to adhere to past decisions, orders issued by this
24 PSC, or would you be conducting an independent,
25 future forward-looking analysis, giving your best

1 professional advice, not necessarily constrained by
2 prior Commission orders?

3 **WITNESS/INTERVIEWEE DR. PECHMAN:** We would not
4 be constrained by prior orders.

5 **COMMISSIONER BELSER:** If there are
6 differences, would you be able to explain why your
7 recommendation would differ from prior Commission
8 orders?

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes, we
10 would. Absolutely. I think, while we would not be
11 constrained by prior orders, I think it's important
12 for us to evaluate and understand the prior orders.

13 **COMMISSIONER BELSER:** And that may be the
14 wrong word, but I just think it's a new day, and
15 I'm just kind of wanting your feeling on that.

16 You mentioned significant lessons with
17 contracting issues. Have you or anyone on your
18 team been in a position to draft purchased-power
19 agreements?

20 **WITNESS/INTERVIEWEE DR. PECHMAN:** I have been
21 involved with drafting purchased-power agreements.
22 Most recently, I drafted purchased-power
23 agreements – well, it's not that recent – 10 years
24 ago, for the Santa Cruz City School System in
25 purchasing power, solar, from, for example,

1 SolarCities is one of the vendors that we purchased
2 solar from.

3 **COMMISSIONER BELSER:** How about, have you or
4 any of your team drafted commitment-to-sell forms?

5 **WITNESS/INTERVIEWEE DR. PECHMAN:** No. Not
6 that I'm aware of.

7 **COMMISSIONER BELSER:** What about LEO standards
8 under PURPA?

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** I'm sorry?

10 **COMMISSIONER BELSER:** Familiarity with LEO
11 standards under PURPA?

12 **WITNESS/INTERVIEWEE DR. PECHMAN:** I'm sorry,
13 I'm not familiar with that term.

14 **COMMISSIONER BELSER:** Is "legally enforceable
15 obligations" under PURPA, when are those –

16 **WITNESS/INTERVIEWEE DR. PECHMAN:** Oh, okay.

17 **COMMISSIONER BELSER:** – created, when do those
18 arise, when are those formed? Any of –

19 **WITNESS/INTERVIEWEE DR. PECHMAN:** I'm not –

20 **COMMISSIONER BELSER:** Any analysis or –

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** – familiar
22 with that term but, certainly, when I was in New
23 York, there was concern about standards of size and
24 efficiency with respect to thermal loads, but I was
25 not directly involved in that.

1 **COMMISSIONER BELSER:** Let's see. I think
2 you've answered those. I'm going to shift gears a
3 little bit and would like to – let's talk about
4 independence, if we can. The statute requires us
5 to hire an independent third-party consultant. Can
6 you explain the relationship between NRRI and NARUC
7 and the members of NARUC, basically being the state
8 commissions?

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes. NRRI
10 is an independent 501(c)(3). So, we're nonprofit.
11 We don't have any authority to lobby; we don't
12 lobby. Our Executive Director is the Executive
13 Director of NARUC. There was a change in the
14 status of NRRI a number of years ago, where NRRI
15 basically was brought in closer to NARUC; although
16 we're still separate, we have the same – as I
17 mentioned – executive director. We have a board
18 that's made up primarily of commissioners. We have
19 one non-commissioner who is the executive director
20 of the Nevada Commission. And two of the members
21 of our board are members of the executive committee
22 of NARUC. So, we're independent. We do not go
23 through NARUC approval processes; we have our own
24 internal approval processes.

25 **COMMISSIONER BELSER:** Does NARUC or any other

1 board members direct how you conduct your work or
2 have any say in what your results are?

3 WITNESS/INTERVIEWEE DR. PECHMAN: Not in terms
4 of our results. We've had conversations, for
5 example – we're very concerned about independence
6 and how we maintain independence. We've been
7 making a lot of changes at NRRI over the last,
8 almost, year and a half since I've been there. And
9 as we try new ideas, we have conversations about
10 how we maintain NRRI's independence and whether or
11 not there are specific rules. For example,
12 associated – I'll give you an example. One rule
13 that we instituted was that – we have fellows that
14 are very experienced experts in various aspects of
15 the regulated industries. We had a circumstance
16 where somebody was interested in being a fellow who
17 also was interested in working for public utility
18 commissions, and we decided that that would be too
19 complicated, having somebody who was part of our –
20 who was one of our fellows, and that came about in
21 conversation with the board, for example. So there
22 was a question about how do we proceed, how do we
23 stay independent, how do we recognize that our
24 clientele are the commissions and the commission
25 staffs and the commissioners?

1 **COMMISSIONER BELSER:** Would you utilize any of
2 these fellows if you were selected for this?

3 **WITNESS/INTERVIEWEE DR. PECHMAN:** I might. In
4 particular, there are three fellows that I might
5 use: Bernie Needan, who I've mentioned; Theresa
6 Flaim, who I believe used to be the Executive Vice
7 President of TVA, but she was also the Vice
8 President of Rates at Niagara Mohawk; and Les
9 Gulasi, who's very familiar with – he was in
10 California – very familiar with the avoided-cost
11 regime that was in California. He had been a
12 manager or director of Government Relations for
13 PG&E. He left probably 15, 20 years ago.

14 **COMMISSIONER BELSER:** PG&E is Pacific Gas –

15 **WITNESS/INTERVIEWEE DR. PECHMAN:** Pacific Gas
16 & Electric.

17 **COMMISSIONER BELSER:** – & Electric?

18 **WITNESS/INTERVIEWEE DR. PECHMAN:** Excuse me.
19 None of those – I've done a conflict check, and
20 none of them have any relationship with the South
21 Carolina utilities.

22 **COMMISSIONER BELSER:** Okay. How about, were
23 you able to do a conflicts check with any of the
24 other parties? For instance, South Carolina Energy
25 Users Committee, or Nuclear Steel South Carolina is

1 a party in one of the dockets. The South Carolina
2 Solar Business Alliance is a party.

3 **WITNESS/INTERVIEWEE DR. PECHMAN:** I did not do
4 a conflict check with any of those parties. For
5 us, we have – within NRRI, we do not have any
6 conflict because we don't work for entities that
7 are before public utility commissions.

8 **COMMISSIONER BELSER:** Walmart, Incorporated,
9 is a party.

10 **WITNESS/INTERVIEWEE DR. PECHMAN:** No. No.
11 No, but I – and I would check any list of conflicts
12 that you'd potentially have, but I can pretty well
13 assure you that none of these people have
14 conflicts. I don't know if they own stock, for
15 example, in Walmart.

16 **COMMISSIONER BELSER:** That would be another
17 issue, would there be any financial or anyone
18 holding stock in – there are a number of publicly
19 traded entities that are involved, and we have a
20 couple of associations – the Solar Business
21 Alliance, they have members, and South Carolina
22 Energy Users has a list of members that could be
23 publicly traded.

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yeah. I
25 know that a number of the fellows have not, just as

1 a matter of course, invested in the utility
2 industry. And I suspect, but would certainly go
3 back – I did a conflict check of the questions that
4 were provided to me. I didn't do a broader
5 conflict check than that.

6 **COMMISSIONER ERVIN:** Would you be willing to?

7 **WITNESS/INTERVIEWEE DR. PECHMAN:** Oh, of
8 course.

9 **COMMISSIONER ERVIN:** Well, we may submit you a
10 list for check, just – and not that I question your
11 recollection or your representation, but just out
12 of an abundance of caution, you'd be willing to
13 check with your team and any others that are going
14 to be involved in the project?

15 **WITNESS/INTERVIEWEE DR. PECHMAN:** Absolutely.

16 **COMMISSIONER ERVIN:** Thank you.

17 **WITNESS/INTERVIEWEE DR. PECHMAN:** Absolutely.

18 **COMMISSIONER BELSER:** Are you aware of any
19 work in South Carolina with any of the law firms or
20 lawyers who might be involved in these dockets?
21 Could you do a conflict check on those, as well –
22 not only the parties, but the counsel representing
23 them?

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** I'm happy to
25 do a conflict check on anything that you'd like me

1 to do a conflict check on. I would ask, do you
2 want the conflict – so, I have fellows who work
3 with us on a case-by-case basis. For those who
4 will not work with us, do you want us to do a
5 conflict check with those, also? They're not
6 employees of NRRI.

7 **COMMISSIONER ERVIN:** We would only want you to
8 check the employees of NRRI and any others –
9 outside consultants or parties – that are going to
10 be working with you on our project.

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** Okay, very
12 good. Thank you.

13 **COMMISSIONER BELSER:** That's going to cut out
14 a lot of questions. Do you have – this may be
15 overly broad, but I'm going to ask it anyway. What
16 processes do y'all have in place to ensure the
17 independence of your work, whether it's
18 independence from – I don't reckon – you don't do
19 work for utilities; is that correct?

20 **WITNESS/INTERVIEWEE DR. PECHMAN:** That's
21 correct.

22 **COMMISSIONER BELSER:** Do you do work for
23 consumer-advocate type groups?

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** No.

25 **COMMISSIONER BELSER:** Any renewable trade

1 association – renewable energy trade associations
2 or anything like that?

3 **WITNESS/INTERVIEWEE DR. PECHMAN:** No.

4 **COMMISSIONER BELSER:** I'm just keying on this
5 independence, but what processes do you have in
6 place to ensure the independence of your work
7 product from the commissions that belong to NARUC,
8 or NARUC itself?

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** I think that
10 the – when you're talking about "independence"
11 you're talking about whether or not those
12 commissions unduly affect our work, as opposed to
13 consulting and learning from commissions and
14 commission staff.

15 **COMMISSIONER BELSER:** Right.

16 **WITNESS/INTERVIEWEE DR. PECHMAN:** And –

17 **COMMISSIONER BELSER:** Direct the outcome or –

18 **WITNESS/INTERVIEWEE DR. PECHMAN:** We have
19 not – that comes to me and the board. The board is
20 very jealous, in a positive way, of the
21 independence of NRRI and will not allow me to
22 pursue different activities if they feel that that
23 independence would be adversely affected. And as
24 far as my position, one of my roles is to assure
25 that we are providing quality information that's

1 not advocacy information. Our position is, by
2 providing the best information to regulatory
3 commissions, we get the best results, and that
4 we're not pushing a particular type of result. And
5 so, you know, we're providing the best information
6 possible. And one of the ways by which we insure
7 that is by going out for peer review. Now, in the
8 context of a litigated proceeding, peer review
9 occurs through cross-examination, typically, so...

10 **COMMISSIONER BELSER:** One of our South
11 Carolina Commissioners serves on the board of NRRI.
12 Is there any problem – any – do you foresee any
13 conflict or issue with the fact that a South
14 Carolina Commissioner, member of this Commission,
15 is on the board?

16 **WITNESS/INTERVIEWEE DR. PECHMAN:** No.

17 **COMMISSIONER BELSER:** Can you explain that? I
18 mean, tell us how – and you've talked about it.
19 How is he insulated from your work, directing what
20 you do?

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** Basically,
22 the board deals at a much higher level than the
23 specifics of what we actually do. The only time
24 that we engage the board in what we're doing has
25 been when we've had papers written by outside

1 parties – we have a series that I’ve created called
2 *Insights*, so they’re two-to-four-page papers.
3 Hopefully, you’re all getting them and read them
4 when they come out periodically. The idea is to
5 inform. And one way in which we get people to help
6 inform is by soliciting – you hear an interesting
7 talk. You say, “Hey, could you write me a paper on
8 that, two to four pages, you know, 1000-2000
9 words?” It’s not a huge hurdle. Now, we’ve had
10 some instances at the board where we’ve had
11 conversations of how do we maintain our
12 independence, and the questions that the
13 commissioners have dealt with was what process do
14 we do to maintain our independence, as opposed to
15 the substance of the material. So the board really
16 does not get involved in the substance of our
17 material.

18 **COMMISSIONER BELSER:** Do you have to get board
19 approval to – if you’re selected, do you have to
20 get board approval to accept this job? Do they –

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** No.

22 **COMMISSIONER BELSER:** – have to approve that?
23 That’s up to you?

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** Well, I’ve
25 discussed it with Greg White.

1 **COMMISSIONER BELSER:** And he's the director –

2 **WITNESS/INTERVIEWEE DR. PECHMAN:** He's the
3 Executive Director of NRRI.

4 **COMMISSIONER BELSER:** Okay.

5 **WITNESS/INTERVIEWEE DR. PECHMAN:** And also of
6 NARUC.

7 **COMMISSIONER BELSER:** And he's – he does not –
8 does he or does he not – does he have to take
9 direction from the board as to the jobs that y'all
10 would work on?

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** No.

12 **COMMISSIONER BELSER:** Okay.

13 **WITNESS/INTERVIEWEE DR. PECHMAN:** Of course,
14 whenever you have a board, you do listen to the
15 board. I mean, you know. But we haven't received
16 direction to do something or not do something from
17 the board. You know, but one wants to be
18 respectful of their opinions.

19 **COMMISSIONER BELSER:** If you and NRRI are
20 selected, and members of your team, there are some
21 ex parte communications laws that need to be
22 adhered to, and are y'all willing to refrain and
23 avoid any improper ex parte communications with
24 parties?

25 **WITNESS/INTERVIEWEE DR. PECHMAN:** Absolutely.

1 My only request is that we get briefed by counsel
2 after we've had an opportunity to review those
3 laws, so that we make sure that we're consistent
4 with the laws and in full compliance.

5 **COMMISSIONER BELSER:** Do you have any reason
6 to believe that you and your company, or
7 organization, and your team cannot serve as a fair,
8 impartial, or independent consultant to the
9 Commission in these dockets?

10 **WITNESS/INTERVIEWEE DR. PECHMAN:** Not at all.

11 **COMMISSIONER BELSER:** I know that, from your
12 testimony, you've discussed some prior workings
13 with issues in these dockets, including avoided
14 cost and rate designs and looking at IRPs – and
15 your team members, as well. How would – or would –
16 prior cases that you dealt with, would those affect
17 your ability to give this Commission independent
18 analysis of the dockets and the issues that are
19 going to come before this Commission in these
20 dockets?

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** I don't
22 think – I don't think so. I think that we would
23 look at these facts as new facts and evaluate
24 different methods. I think our prior experience
25 would inform what we do, but it wouldn't dictate

1 what we do.

2 **COMMISSIONER BELSER:** Mr. Chairman. I think
3 that's all I have right now.

4 **COMMISSIONER ERVIN:** Thank you.
5 Commissioner Whitfield?

6 **COMMISSIONER WHITFIELD:** Thank you, Judge
7 Ervin.

8 Good morning, Carl, good to have you with –
9 Dr. Pechman – good to have you with us.

10 **WITNESS/INTERVIEWEE DR. PECHMAN:** Good
11 morning, Commissioner Whitfield.

12 **COMMISSIONER WHITFIELD:** I think Judge Ervin
13 and Commissioner Belser covered a lot of territory
14 with you and asked most of the questions I had.
15 There are a few that I want to get real specific on
16 with you and try not to be duplicative. But one of
17 the last areas Commissioner Belser was in when she
18 asked you, if you were chosen, about abiding by our
19 strict laws on ex parte communications, and you
20 answered that you would like to get with counsel –
21 and, certainly, if you are the one chosen, I
22 certain would highly recommend just what you said
23 in your answer, that you do so, because South
24 Carolina does have – and I know you're familiar
25 with other state commissions throughout 50 state

1 members of NARUC, but South Carolina does have
2 unique and strict and specific ex parte
3 communications laws. Because you – in that sense,
4 you would – we would be treating you almost like
5 one of our advisory staff members where we are
6 advised and consult with them on matters pending
7 before the Commission, and they, of course, are
8 full-time employees here and they understand that.
9 And I certainly appreciate your answer, because
10 that would be critical that we have that same type
11 of confidentiality with you in this matter, as
12 well.

13 And that said, I want to go right to two of
14 the matters. Act 62, as Commissioner Belser said
15 and focused on the last part of her questioning,
16 requires that this consultant be independent. In
17 fact, the word “independent” is used several
18 times – multiple times throughout the Act. So I
19 want to start with that and then I want to close
20 with some specific technical qualifications. And I
21 think Ms. Boyd and I had an exchange from here on
22 the bench last Wednesday about there being a finite
23 number of folks with expertise, like you have, that
24 can do what we need, what Act 62 requires. So we
25 recognize that, and you are one of those and you’re

1 here at the table and this is your time. But that
2 being said, also, one of the things that was
3 brought to light about our previous consultant,
4 about a board member having ties to one of our
5 utilities – and just for the record, so you know,
6 Dr. Pechman, I could not even identify that board
7 member who was mentioned in a picture, if her
8 picture was presented to me, so, I did not know
9 that individual. So I'm going to start with you.
10 You and I know each other, obviously, from NARUC.
11 I'm very familiar with NRRI. And probably not as
12 familiar with you as I am the previous NRRI
13 directors, particularly the past two prior to you,
14 but it's fair to say we know each other, we're
15 familiar with each other, right?

16 **WITNESS/INTERVIEWEE DR. PECHMAN:** That's
17 correct.

18 **COMMISSIONER WHITFIELD:** And that, in your
19 mind, would not preclude you, knowing me or any of
20 the other Commissioners on this Commission, from
21 being independent and impartial and unbiased, and
22 giving us – and working for us as our consultant.

23 **WITNESS/INTERVIEWEE DR. PECHMAN:** It would not
24 preclude me from being independent.

25 **COMMISSIONER WHITFIELD:** Going a little step

1 further, Dr. Pechman, the way I have always viewed
2 NRRI – and Ms. Boyd will tell you, we've had NRRI
3 down here years ago, in the past, under previous
4 directors – not you – had an event here at Saluda
5 Shoals Park that Ms. Boyd very diligently worked
6 and put together about a three-day training
7 seminar, and it wasn't just for Commissioners and
8 Staff; she opened it up to the public. So I've
9 always viewed NRRI as our research arm at NARUC,
10 with all 50 states, much like we would have Staff
11 here researching things for us here. NRRI still is
12 operating in that role, even with the changes
13 you've had, that you just mentioned, in the last
14 year and a half. Is that correct?

15 **WITNESS/INTERVIEWEE DR. PECHMAN:** Absolutely.

16 **COMMISSIONER WHITFIELD:** And you're still
17 operating that way, and you've explained – I'm
18 somewhat familiar with those changes, maybe not as
19 familiar – wasn't intimately involved, but I'm
20 aware of the changes with NRRI. And I do
21 understand, as you just said, that you answer to
22 Greg White, who's also the Executive Director,
23 currently, of NARUC.

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** Greg White
25 and the board.

1 **COMMISSIONER WHITFIELD:** Yes. And going back
2 to the involvement with Executive Director Greg
3 White, the questioning of the independence of
4 NRRI – I guess what I’m trying to say, the board of
5 NARUC, he’s more responsive to the operations – as
6 I understand it, and I want you to verify this –
7 he’s more responsive to the actions and operations
8 of NARUC, from the NARUC board, more so than NRRI.
9 Is that correct? In other words, he still allows
10 you your independence in your research and
11 education work.

12 **WITNESS/INTERVIEWEE DR. PECHMAN:** That’s
13 correct. He has not dictated anything with respect
14 to the direction of the research that we’re taking.
15 I discuss different ideas with him; he discusses
16 different ideas with me. But, largely, his role
17 has been on the administrative – clearing the
18 administration of NRRI and providing support with
19 respect to that, and he’s also, as you know,
20 wonderful counsel –

21 **COMMISSIONER WHITFIELD:** Right.

22 **WITNESS/INTERVIEWEE DR. PECHMAN:** – to discuss
23 issues with on how to proceed on different matters.
24 But he has not delved into the substance of what
25 we’re working on, in terms of providing any

1 direction.

2 COMMISSIONER WHITFIELD: And just for the
3 benefit of the public, NARUC, as you well know, has
4 training for staff of state commissions and
5 commissioners from all 50 states, all member
6 states, correct?

7 WITNESS/INTERVIEWEE DR. PECHMAN: NARUC does,
8 and NRRI also –

9 COMMISSIONER WHITFIELD: Separately.

10 WITNESS/INTERVIEWEE DR. PECHMAN: – does.

11 COMMISSIONER WHITFIELD: That's where I'm
12 going.

13 WITNESS/INTERVIEWEE DR. PECHMAN: Right.

14 COMMISSIONER WHITFIELD: NRRI – I mean, excuse
15 me. NARUC has training for staff and commissioners
16 that may have nothing to do with NRRI, in some
17 instances, correct?

18 WITNESS/INTERVIEWEE DR. PECHMAN: That's
19 correct.

20 COMMISSIONER WHITFIELD: And then NRRI has
21 things that may not have direct – well, let me say
22 that certainly it's all beneficial to state
23 commissioners and state commission staff, but NRRI
24 has its own training that might not be directly
25 tied to a NARUC-sponsored event, so to speak, I

1 guess is a way – or NARUC –

2 **WITNESS/INTERVIEWEE DR. PECHMAN:** I – you’re
3 absolutely right. I just hope what we’re training
4 people on, in terms of the fundamentals of
5 regulation, are consistent with what NARUC is
6 training people on. But we do not – they do their
7 training independently of us. Sometimes we’re
8 asked to participate in the new-commissioner
9 training, sometimes we’re not, so...

10 **COMMISSIONER WHITFIELD:** Well, thank you. And
11 let’s talk about – lastly, on independence, let’s
12 talk about funding. I think Commissioner Belser
13 went down that path a little way, but let’s be
14 really clear. There’s no funding that comes to
15 NRRI, directly or indirectly, that would influence
16 you or – as Judge Ervin said – create a conflict of
17 interest.

18 **WITNESS/INTERVIEWEE DR. PECHMAN:** Not –

19 **COMMISSIONER WHITFIELD:** None that you know
20 of, or no groups, no affiliates, no nothing that
21 would –

22 **WITNESS/INTERVIEWEE DR. PECHMAN:** We do not –

23 **COMMISSIONER WHITFIELD:** – put you in a
24 position where you could not be our independent
25 consultant.

1 **WITNESS/INTERVIEWEE DR. PECHMAN:** We do not
2 take funding from market participants. We take
3 funding from the Department of Energy. We have –

4 **COMMISSIONER WHITFIELD:** US Department of
5 Energy.

6 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes.

7 **COMMISSIONER WHITFIELD:** Certainly, yes, sir.
8 Okay.

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** We've
10 recently received foundation funding for the
11 regulatory training initiative, but we do not
12 work – or, we do not take funding from individual
13 market participants. In fact, I was approached by
14 EEI – Edison Electric Institute. Under a prior
15 executive director, EEI had paid NRRI to do
16 training. And I indicated that we would be happy
17 to do the training, but we would not accept any
18 compensation for it, because of conflicts.

19 **COMMISSIONER WHITFIELD:** And –

20 **WITNESS/INTERVIEWEE DR. PECHMAN:** We didn't –
21 we haven't done any training for them, but – I
22 mean, it was just a general conversation.

23 **COMMISSIONER WHITFIELD:** So you just answered
24 a question that might be on the minds of many.
25 You're not taking any funding from EEI, which is

1 Edison Electric Institute, right?

2 **WITNESS/INTERVIEWEE DR. PECHMAN:** That's
3 correct.

4 **COMMISSIONER WHITFIELD:** All right, sir. Dr.
5 Pechman, let's shift gears just a little bit. And
6 Commissioner Belser –

7 **COMMISSIONER BELSER:** Could I ask a follow-up
8 on what you just asked, before you shift?

9 **COMMISSIONER WHITFIELD:** Certainly, because
10 I'm about to leave that and go into more technical
11 things. Go ahead, Commissioner Belser.

12 **COMMISSIONER BELSER:** Dr. Pechman, when you
13 reference "market participants," does that include
14 regulated investor-owned utilities, the renewable
15 energy providers, and any trade organizations
16 associated with those?

17 **WITNESS/INTERVIEWEE DR. PECHMAN:** Trade
18 organizations. On the customer side, it would be
19 somebody like the AARP, I would consider to be a
20 market participant. Any stakeholder groups. We
21 would not take funds from any stakeholder groups.

22 **COMMISSIONER BELSER:** Thank you, very much.
23 Thank you.

24 **COMMISSIONER WHITFIELD:** Thank you.
25 And thank you for answering Commissioner

1 Belser's more detailed question in that realm.

2 Let's shift gears just a little bit to your
3 qualifications. As I said, I've had an exchange
4 with Ms. Boyd and we recognize there are a finite
5 number of folks that have this expertise.

6 And you mentioned about putting together a
7 number or a recommendation for us, and this is –
8 and I'm trying to be fair to all who are seeking
9 this consulting position, but putting a number or
10 recommendation together for us, what we really are
11 going to need is not only somebody to put that
12 number together, but – and Act 62 is new, as
13 Commissioner Belser said. But the way I understand
14 it, we don't just need to have that number; we're
15 going to have to take that number and turn it into
16 a real-world application. And I guess what I'm
17 trying to say is this isn't just like another white
18 paper, as you mentioned, or another 1000-word
19 paper; this is something we have to take and will
20 have to take your work and apply it, going forward,
21 to implement Act 62. In other words, we're not –
22 yes, we're looking for the work and the supporting
23 documentation, supporting principles to back it up,
24 but we're going to have to take that and apply it
25 to implementing Act 62. And you're going to be –

1 you, as our consultant, would be the person that
2 would help us implement that. How do you – and I'm
3 not – I know you don't have specific knowledge to
4 South Carolina, as we said, and I'm not concerned
5 about that. I just want to know how are we going
6 to take this and turn it into a real-world
7 application.

8 **WITNESS/INTERVIEWEE DR. PECHMAN:** So I think
9 it's important to recognize that the bulk of my
10 career has been involved, to some extent or
11 another, with legislative mandates and
12 implementation of legislative mandates through
13 commission actions, through solicitations, and
14 things of that sort. So I think that what we want
15 to do is to work at both ends. On the one hand, we
16 want to identify what the ultimate product will be.
17 When it came to the orders, in terms of the
18 implementation of avoided-cost in New York, a lot
19 of my activity was involved with producing the cost
20 estimates or the rate schedules and things of that
21 sort, but also involved in what the different
22 issues associated with the operation of those is,
23 of the regime is. For example, the role of
24 curtailment during periods of excess generation was
25 an issue that came up in the early '90s in New

1 York. It was '94. But I think that what is really
2 important is to identify what it is that you need –
3 what kind of product. Is it a standard offer that
4 you're producing? How does that standard offer
5 change? What are the criteria that change the
6 standard offer? What's the information that you
7 need within that standard offer to proceed and to
8 energize the regime of avoided-cost? So part of it
9 is the methodologies associated with determining
10 the numbers, but then there's the translation. And
11 part of that translation is knowing what is being
12 translated into. So we would work with the
13 Commission and with Staff to determine what that
14 end product is going to look like, and then
15 determine the information needs associated with
16 creating that end product and make sure that it
17 gets done.

18 **COMMISSIONER WHITFIELD:** Well, thank you. Dr.
19 Pechman, I think we're running a little close on
20 time, but I'll look at Judge Ervin just one second.
21 I do have one more question I'd like to slip in,
22 real quick, if I could. And I've cut quite a few
23 of them off.

24 And I'm not going to get into your staff.
25 You've adequately described them. I actually think

1 I've met Tom Stanton, maybe, from the Michigan PSC.
2 But, again, it's a technical question, and I'm
3 going to be fair to the others and try to hurl the
4 same thing at them. You had an exchange with
5 Commissioner Belser about what you called a PROMOD
6 system and how expensive that was. In the past,
7 we've had utilities in here, and some of them use
8 the PROSYM system, which I understand also is very,
9 very expensive, and some of the other parties have
10 complained that they weren't able to afford and be
11 able to have that analytical type system – have
12 access to that kind of information. If you don't
13 have that or can't get it independently yourself,
14 how can we – I know you told Commissioner Belser
15 you would send out data requests to the utilities,
16 but how can we be certain that you have access to
17 an expensive system like PROMOD or PROSYM, whatever
18 it might be, to where you can have your own
19 independent data, to advise us?

20 **WITNESS/INTERVIEWEE DR. PECHMAN:** Oh, I think
21 that would involve the Commission and that,
22 ultimately, I would need – if the utilities did not
23 provide access, that the Commission would need to
24 order them to provide access. And I would come to
25 you with that request, that, in order to get the

1 job done, that the commissions_[sic] provide access to
2 the models. And that was the way, prior to the
3 acquisition of PROMOD, in New York, that we
4 proceeded. The administrative law judge ordered
5 the utilities to provide access.

6 **COMMISSIONER WHITFIELD:** I think we certainly
7 could and would do that, but there's been some
8 concern among some of the parties that they're just
9 having to trust that data and that information.
10 How can you verify, I guess, is where I'm –

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** Well, I
12 think access is critical. And I don't know your ex
13 parte rules, but one way to approach this, and
14 which I have done in the past, has been to
15 negotiate the types of – instead of all parties
16 presenting lots of different sensitivity analyses
17 to the utilities – which could be overwhelming and
18 expensive – to try to work through and say, "What
19 sensitivity analyses, as parties to these
20 proceeding, do we really need," to try to pare
21 things down so that the information is reasonable.
22 But, to me, it seems that any party that signs the
23 appropriate confidentiality agreements should have
24 access to the data and access to the manuals, also.
25 I mean, we're not only talking about the data, but

1 it's appropriate to have access to the manuals so
2 that you know how the models will operate.

3 **COMMISSIONER WHITFIELD:** Dr. Pechman, one
4 thing Act 62 does is it authorizes us to go outside
5 of the normal procurement processes to hire you, or
6 a would-be consultant – this process we're going
7 through now – and it is essentially telling the
8 Commission to get the job done. And I guess in
9 that realm, do you have any range of how much these
10 systems might cost?

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** I don't – I
12 don't know – I don't have a current estimate. I
13 mean, my estimate is very old and would not
14 necessarily – but they still tend to be expensive.
15 There are consulting firms.

16 **COMMISSIONER WHITFIELD:** I was going to ask
17 you, could you contract with someone, if you didn't
18 buy the system. And what would that – we're just
19 trying to get our hands around some cost, because,
20 you know, for whoever the consultant is, but this
21 is something that could be critical to the
22 Commission to implement Act 62, and it could be
23 it'd be helpful. Is that something you could maybe
24 follow up with? Judge Ervin, could he follow up
25 and maybe get back to us on a range of how much

1 these systems might cost? Or how much it might
2 cost for you to obtain it from – you know, for you
3 to contract it, or from a consultant?

4 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes, I can.
5 Let me just –

6 **COMMISSIONER WHITFIELD:** Could he file that,
7 Ms. Boyd, respond with that later?

8 **MS. BOYD:** Yes, sir. We would just place it
9 in the docket, have him file it through the docket.
10 Yes, sir. In those docket numbers.

11 **WITNESS/INTERVIEWEE DR. PECHMAN:** Let me
12 just –

13 **COMMISSIONER WHITFIELD:** Yes, sir.

14 **WITNESS/INTERVIEWEE DR. PECHMAN:** If I may
15 respond in a couple of different ways. One, I'm
16 happy to do that. Two, what we're doing here is
17 we're forecasting into the future, and we're
18 forecasting with tremendous precision, using these
19 types of models. And one question that we might
20 want to ask is, is that level of precision
21 necessary as we're forecasting into the future?
22 One question is, it's necessary if you have load
23 pockets and you want to have separate prices in the
24 different load pockets. But basically what we're
25 trying to do is to find out what the marginal cost

1 is of the system, and how that marginal cost is
2 going to change for every hour during the course of
3 the day.

4 But the one thing that I can assure you: No
5 matter what the forecast is, we're going to be
6 wrong. We're not going to get it right. So the
7 question is how precise do we want to be, and how
8 incorrect we can be in the future.

9 **COMMISSIONER WHITFIELD:** Understood. I've
10 always heard the only thing you can say for certain
11 about a forecast is it won't be perfect. So that
12 said –

13 **WITNESS/INTERVIEWEE DR. PECHMAN:** So, that
14 said – but I will get back to you with some costs.

15 **COMMISSIONER WHITFIELD:** If you could get –
16 file that with a letter to Ms. Boyd, I would
17 certainly appreciate it. And that's all I have,
18 Dr. Pechman.

19 Thank you, Judge Ervin.

20 **COMMISSIONER ERVIN:** Thank you.

21 Ms. Belser?

22 **COMMISSIONER BELSER:** Just very quickly, Dr.
23 Pechman, have you or any of your team ever
24 testified before this South Carolina Public Service
25 Commission in a proceeding?

1 **WITNESS/INTERVIEWEE DR. PECHMAN:** I haven't,
2 and I don't believe any of my team have.

3 **COMMISSIONER BELSER:** Okay. Are you aware if
4 you or any of your team have served as an advisor,
5 consultant, or witness, or received compensation
6 from Duke Energy or any of its subsidiaries? And
7 this might be something you want to add to your
8 conflicts check.

9 **WITNESS/INTERVIEWEE DR. PECHMAN:** No. The
10 only – maybe I can short-circuit this.

11 **COMMISSIONER BELSER:** I'm basically going to
12 ask you about any of the parties, being Duke Energy
13 or its subsidiaries; Dominion Energy or its
14 subsidiaries; SCANA Corporation, which was the
15 precursor to Dominion here in South Carolina; South
16 Carolina Solar Business Alliance or any of its
17 members; Johnson Development Company; Walmart;
18 South Carolina Energy –

19 **WITNESS/INTERVIEWEE DR. PECHMAN:** We'll do –

20 **COMMISSIONER BELSER:** – Users.

21 **WITNESS/INTERVIEWEE DR. PECHMAN:** We'll do a
22 more in-depth – we did a conflict check based upon
23 the questions that were in the solicitation. We're
24 happy to do more in-depth.

25 **COMMISSIONER BELSER:** So all those

1 stakeholders that are involved.

2 WITNESS/INTERVIEWEE DR. PECHMAN: So if I can
3 get a list of the stakeholders, that would –

4 COMMISSIONER BELSER: We can do that. Thank
5 you, very much.

6 Thank you, Mr. Chairman.

7 COMMISSIONER ERVIN: Commissioner Williams,
8 did you have any questions?

9 VICE CHAIRMAN WILLIAMS_[via phone]: Thank you,
10 Commissioner Ervin. I think you all covered it
11 pretty well. I just want the witness to
12 understand – or, I should phrase it as a question.
13 Sir, do you understand the current climate in South
14 Carolina regarding the South Carolina Energy
15 Freedom Act and the hopes that this will improve
16 energy for South Carolinians?

17 WITNESS/INTERVIEWEE DR. PECHMAN: Yes, sir, I
18 do.

19 VICE CHAIRMAN WILLIAMS_[via phone]: And the way
20 that that energy is provided?

21 WITNESS/INTERVIEWEE DR. PECHMAN: Yes. It
22 seems to be a transformational Act.

23 VICE CHAIRMAN WILLIAMS_[via phone]: Okay. And my
24 colleagues asked you a lot of questions about
25 conflicts. You understand that there may be some

1 members of the public that want to ensure that the
2 Commission selects a consultant that can be fair
3 and impartial to all parties. And so we've been
4 through one iteration of this and we were told
5 there were no conflicts, so I just want to give you
6 the fair opportunity to go back and conduct a
7 proper conflict check to make sure that you – and
8 I'm using "you" as Commissioner Belser used it
9 earlier; "you" meaning yourself, the company or
10 organization you work for, and anyone involved
11 directly or indirectly with this project – don't
12 have any ties to any parties in this matter.

13 **WITNESS/INTERVIEWEE DR. PECHMAN:** I am happy
14 to do that, and I appreciate the concern. And as
15 somebody who's had a long career in public service,
16 I take it very seriously. So I'm happy to do that.

17 **VICE CHAIRMAN WILLIAMS**_[via phone]: Thank you, sir.
18 And just, finally, I understand that Commissioner
19 Whitfield has some level of familiarity with you,
20 sir, and I understand that Commissioner Howard
21 serves on the board. Your opinion is that those
22 existing standing relationships will in no way,
23 shape, or form, influence your decisions in this
24 process, if you were selected as a consultant?

25 **WITNESS/INTERVIEWEE DR. PECHMAN:** That's

1 correct. I do not believe that they will – it's
2 not that I don't believe; it's they will not affect
3 my opinions and conclusions.

4 **COMMISSIONER WHITFIELD:** And you know a couple
5 of our other Commissioners, as well, who couldn't
6 be here today, as well, I believe, too, Dr.
7 Pechman.

8 **WITNESS/INTERVIEWEE DR. PECHMAN:** I've had the
9 pleasure of meeting many of the Commissioners, both
10 at the NARUC meetings and at the SEARUC meetings,
11 as well.

12 **COMMISSIONER WHITFIELD:** Yes, sir.

13 **VICE CHAIRMAN WILLIAMS**_[via phone]: All right.
14 Commissioner Ervin, that's all I have.

15 **COMMISSIONER ERVIN:** Thank you, Commissioner
16 Williams.

17 **VICE CHAIRMAN WILLIAMS**_[via phone]: Thank you, sir,
18 for your testimony.

19 **COMMISSIONER ERVIN:** The final question that I
20 have is – and you may be aware of this – we've been
21 given a limited amount of time to implement the
22 Act, and so would you be willing to staff up this
23 project quickly and be ready to roll? Because we
24 are having filed testimony in, I believe, this
25 week – Ms. Boyd? Prefiled testimony?

1 **MS. BOYD:** Yes, sir. One of the parties is
2 filing their direct this week, and I believe next
3 week we'll get two other sets of testimony, direct
4 testimony.

5 **COMMISSIONER ERVIN:** And so, would you be –
6 assuming – if you were chosen, could you staff up
7 quickly and begin work immediately?

8 **WITNESS/INTERVIEWEE DR. PECHMAN:** Yes.

9 **COMMISSIONER ERVIN:** Thank you.

10 If there are no further questions, so that we
11 can stay on schedule, Dr. Pechman, thank you for
12 your attendance today. And I'm going to ask Ms.
13 Boyd if she will give you a list of all of the
14 parties and their representatives, so that you can
15 conduct a thorough conflicts check and then submit
16 a letter back to us that you've completed that
17 process and there are no conflicts.

18 **WITNESS/INTERVIEWEE DR. PECHMAN:** Okay. Thank
19 you.

20 **COMMISSIONER ERVIN:** We appreciate your
21 testimony today, and we're going to take a 10
22 minute break and we'll come back and hear the next
23 invitee on our schedule. Thank you, sir.

24 **WITNESS/INTERVIEWEE DR. PECHMAN:** Thank you.

25 [WHEREUPON, Witness/Interviewee Dr.

1 Pechman was excused, at which time Vice
2 Chairman Williams departed the
3 proceedings, followed by a recess taken
4 from 11:29 to 11:39 a.m.]

5 Filings related to Pechman Interview:

6 [Biographical Information Posted 8/8/2019](#)

7 [8/13/2019 Conflict-of-Interest Letter – PSC to Dr. Pechman](#)

8 [Letter regarding Conflicts Check Posted 8/15/2019](#)

9
10
11
12 **COMMISSIONER ERVIN:** Is our next party ready
13 to be interviewed? Mr. Sedano, can you hear us?

14 **MR. SEDANO**_[via Skype]: I can hear you just fine,
15 thank you.

16 **COMMISSIONER ERVIN:** Great. My name is Tom
17 Ervin, and I'm going to be presiding here this
18 afternoon for the interview. Our Chairman had a
19 death in the family and he's unable to join us
20 today, but he will have the benefit of the
21 transcripts of these interviews, as will the other
22 Commissioners.

23 Let me welcome you to this vetting. And first
24 of all, would you introduce yourself, please, and
25 give us a brief summary of your background and work

1 experience?

2 **MR. SEDANO**_[via Skype]: My name is Richard Sedano.
3 I'm the president and chief executive officer of
4 the Regulatory Assistance Project, which is
5 approximately a 40-employee organization, doing
6 work with government on energy policy in the United
7 States, Europe, India, and China.

8 **COMMISSIONER ERVIN**: Before we go further, I'm
9 going to ask our court stenographer to administer
10 the oath, please.

11 [Witness/Interviewee affirmed]

12 **COMMISSIONER ERVIN**: Thank you. So, tell us,
13 if you would, what your relevant work experience
14 is, what qualifies you to assist the South Carolina
15 Public Service Commission in the implementation of
16 the new Solar Energy Act.

17 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
18 I'm speaking for my nonprofit, the Regulatory
19 Assistance Project, which has 27 years of assisting
20 governments on challenging public-interest public-
21 utility matters. All of us have extensive decades
22 of experience working in the public-utilities
23 sphere. My own experience, I actually started
24 calculating avoided costs for PURPA projects in
25 Vermont, as a Commissioner of the Vermont

1 Department of Public Service for almost 10 years.
2 I've worked at the Regulatory Assistance Project,
3 assisting states on all kinds of matters since
4 2001, and our staff has very significant experience
5 in many policy matters that rest on commissions.

6 **COMMISSIONER ERVIN:** Have you had specific
7 experience specifically in avoided cost?

8 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
9 Commissioner, I'm not sure if we're the right fit
10 for what you're looking for. We're not a
11 consulting firm and we don't do modeling of avoided
12 costs, even though many of us at RAP have done that
13 work directly or supervised it directly in our past
14 lives. When that kind of work appears in the
15 course of our work, we tend to partner with others
16 who have that direct capacity and who are current
17 with the models that tend to be used. Though we
18 are very expert in the design and interpretation of
19 these processes, we do not do them, although we do
20 have access to senior associates and senior
21 advisors who can do that sort of experience – who
22 do that sort of work.

23 **COMMISSIONER ERVIN:** Well, the Act allows the
24 Commission to retain a qualified, independent
25 third-party expert to assist the Commission in

1 rendering opinions and conclusions relating to the
2 testimony and evidence presented at our hearings.
3 And I think you've had a chance to review the Act.
4 Have you seen the Act?

5 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.
6 Jocelyn Boyd sent me a copy of the Act over the
7 weekend, or just before the weekend.

8 **COMMISSIONER ERVIN**: So, having seen the Act
9 and understanding the role, do you think you and
10 your firm would be qualified to independently
11 assist the Commission as an expert witness and
12 render opinions and conclusions about these
13 dockets?

14 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
15 Commissioner, I think the role that we're very
16 comfortable with is helping people in your
17 position, your colleagues, your staffs – the office
18 of public counsel, also – in overseeing and
19 directing work like this. We would, I think,
20 advise that a firm that is professionally oriented
21 in modeling – and that, of course, doesn't have
22 conflicts – would need to be on the scene, as well.

23 **COMMISSIONER ERVIN**: Did Ms. Boyd provide you
24 with a copy of the dockets involved in these cases,
25 so that you could –

1 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I have
2 a document that has three dockets on it – -184, -
3 185, and -186 – as well as a series of questions –

4 **COMMISSIONER ERVIN**: Yes, sir.

5 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: – but I
6 haven't actually had a chance to read the docket
7 opening statements from you.

8 **COMMISSIONER ERVIN**: I understand. You see
9 the names of the parties involved. And so let me
10 just ask you about potential conflicts of interest
11 that we are asking. We're not just singling you
12 out; we're asking all interviewees these same
13 questions.

14 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I
15 totally understand. I think this is going to be
16 quick.

17 **COMMISSIONER ERVIN**: Have you or members of
18 your team or firm ever received work or performed
19 work or received any compensation for services
20 rendered from Duke Energy, Dominion Energy, or its
21 subsidiaries?

22 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

23 **COMMISSIONER ERVIN**: How about SCANA, which
24 was formerly doing business in South Carolina,
25 purchased by Dominion?

1 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

2 **COMMISSIONER ERVIN:** The South Carolina Solar
3 Business Alliance?

4 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

5 **COMMISSIONER ERVIN:** Johnson Development
6 Associates, Incorporated?

7 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

8 **COMMISSIONER ERVIN:** Walmart Incorporated?

9 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

10 **COMMISSIONER ERVIN:** Nucor Corporation?

11 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

12 **COMMISSIONER ERVIN:** Or any of the attorneys
13 involved in these dockets? I believe the law firms
14 of Robinson Gray Stepp & Lafitte, LLC?

15 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

16 **COMMISSIONER ERVIN:** Sowell Gray; Robinson
17 McFadden; Womble Bond Dickenson, LLC; Willoughby &
18 Hoefer, PA? Attorney Frank Ellerbe, Attorney
19 Belton Zeigler, or Attorney Mitchell Willoughby?
20 Have you been retained by any of those attorneys or
21 their law firms?

22 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

23 **COMMISSIONER ERVIN:** Do you or any member of
24 your immediate family own stock in any of these
25 entities?

1 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

2 **COMMISSIONER ERVIN:** Do you have a business
3 relationship with any of these entities?

4 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

5 **COMMISSIONER ERVIN:** Have you testified before
6 a public service commission anywhere in the United
7 States?

8 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Anywhere
9 in the United States. Well, when I was in Vermont,
10 I did testify in front of the Vermont Public Service
11 Board at that time in the 1980s and '90s. And since
12 then, I don't think I personally have, although I
13 have participated in PUC proceedings as advisors to
14 a PUC, but not as a witness. Across my
15 organization, that's typically how we work. And so,
16 at the moment, I can't recall a situation where we
17 have appeared as a witness in front of a PUC,
18 although I'd have to check with everybody to
19 determine whether that is a 100 percent accurate
20 answer or whether there were one or two exceptions.

21 **COMMISSIONER ERVIN:** When you testified before
22 the Vermont Public Service Commission, who called
23 you as a witness?

24 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Oh, I
25 was working in my capacity in State government at

1 the Department of Public Service, and so I was an
2 employee of the organization for which I was
3 appearing.

4 **COMMISSIONER ERVIN:** Beyond your public
5 service commission work, what's been your
6 involvement in avoided-cost proceedings?

7 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
8 in my State of Vermont work, I actually was the
9 expert witness delivering testimony in PURPA
10 avoided-cost cases – I believe it was three times –
11 and that would have been in difference with
12 testimony from the utilities and other parties.
13 And then, of course, there's integrated resource
14 planning dockets. Since I left working for the
15 State of Vermont and joined the Regulatory
16 Assistance Project, I don't think I've appeared
17 even in any formal way talking about avoided cost,
18 but very often in our public work with commissions
19 or sometimes behind-the-scenes work with
20 commissions as advisors, we talk quite a lot about
21 avoided cost and some of the more emergent issues
22 like value of solar tariffs and things like that.

23 **COMMISSIONER ERVIN:** Do you have any
24 experience in rate design or calculation of avoided
25 cost and methodologies used in those calculations?

1 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.

2 Yes. Well, rate design, of course, has to do with
3 a series of steps that get you to rate design,
4 including calculations about avoided cost. And,
5 yes, I've been involved in rate design, both in
6 Vermont and since I've been advising commissions.
7 And I should say that the Regulatory Assistance
8 Project has published many things about these
9 topics that are publicly available on our website.

10 **COMMISSIONER ERVIN:** Are you currently or have
11 you in the past done any work for investor-owned
12 utilities, served as a consultant or advisor or
13 testified on their behalf?

14 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.
15 No. No. Actually, as a rule, the Regulatory
16 Assistance Project does not do that.

17 **COMMISSIONER ERVIN:** Have you advised or
18 testified for any solar providers or –

19 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.
20 No, we don't appear as an advocate for anybody.

21 **COMMISSIONER ERVIN:** Do you consider yourself
22 independent in that regard, to render –

23 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.

24 **COMMISSIONER ERVIN:** – opinions free of any
25 outside influences or biases, prejudices?

1 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: We
2 bring our experience in what we know, and that's
3 all that we bring.

4 **COMMISSIONER ERVIN**: Thank you. I'm going to
5 ask Commissioner Belser if she has questions at
6 this time.

7 **COMMISSIONER BELSER**: Thank you, Judge Ervin.
8 Good morning, Commissioner Sedano. How are
9 you this morning?

10 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Good
11 morning. Nice to see you. I'm fine, thank you.
12 How are you?

13 **COMMISSIONER BELSER**: Fine. Thank you for
14 talking with us this morning and expressing
15 interest in this project. We appreciate that.

16 I do want to follow up. You mentioned that
17 your group does not do the modeling itself, but
18 there would need to be another firm or entity or
19 person that does the modeling. Please, can you
20 elaborate on that for me?

21 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Sure.
22 Well, we've had occasion in the past where we've
23 been, I guess I would call it policy advisers to a
24 commission. And in situations where this kind of
25 quantitative firepower is needed, we might either

1 let the Commission find an expert that they are
2 comfortable with or we might go to an entity that
3 we know is competent and have them join us. So,
4 either way, the emphasis of our work is on policy
5 analysis and helping to execute and implement the
6 policies that the statutes deliver to commissions.
7 And that means designing processes to do that,
8 interpreting information, and sometimes cutting
9 through the jungle of information and advocacy that
10 you receive to help commissions sort of decide
11 where they want to land on how to implement their
12 statute.

13 So, in that regard, our organization is
14 staffed with people who are steeped in policy
15 analysis and when it's needed and useful can
16 partner with an organization that has the modeling
17 capacity. We understand what they are doing, but
18 we don't do it.

19 **COMMISSIONER BELSER:** Here in South Carolina,
20 we're on a pretty tight timeline to get through –

21 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I see
22 that.

23 **COMMISSIONER BELSER:** Do you have access to
24 folks that do the modeling that you could call in?
25 Or would you –

1 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
2 yes, I think we do. I did want to ask, if we got
3 to this question, if there's a standard generation
4 expansion and power systems simulation model that
5 is typically used in South Carolina, that you and
6 the parties are used to using.

7 **COMMISSIONER BELSER**: I think that's going to
8 be coming forth this week and next week, as the
9 utilities file their testimony, as to what models
10 they will be using.

11 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Because
12 one of the – well, I'll just share with you that
13 when I was in Vermont, it was very important for
14 the State to have the same modeling capacity as the
15 utilities, and to have the capacity to compare down
16 through the models into the assumptions, so that
17 you could appreciate where different results had
18 come from – because, of course, the assumptions
19 drive the results. So we know that many parts of
20 the country, many different states, are used to
21 using specific models, so when you have dueling
22 models it's very difficult to the decision-makers
23 in your situation, so it's helpful if there's a
24 single one. If it's comfortable to have the
25 utility model be the one that everyone else uses,

1 that's fine, but without knowing what that is, it
2 would be hard to get even started in determining
3 who might be the right people. And, of course, I
4 know that many people in the modeling business
5 might have conflicts with all the different
6 utilities that you mentioned. So it does suggest
7 somebody that's maybe not even on the East Coast,
8 or somebody relatively small and relatively local.

9 So I'm not sure I can answer the question
10 about whether we can deliver somebody to you,
11 without knowing a little bit more about what it is
12 that you need delivered. But we are in close
13 contact with firms that we enjoy partnering with.
14 Some of them may be conflicted in South Carolina
15 already, but some may not.

16 **COMMISSIONER BELSER:** Okay. Do y'all – does
17 your group or your team – and when I use "you," I'm
18 using that very broadly to include –

19 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Very
20 good.

21 **COMMISSIONER BELSER:** – the company, your
22 entity, and your associates that might be working
23 on this. So if you would use that very broadly,
24 I'd appreciate it. Do y'all have any – and I'm in
25 South Carolina, so I say y'all a lot. I don't know

1 that you hear that in Vermont.

2 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: All
3 y'all do that.

4 [Laughter]

5 **COMMISSIONER BELSER**: Do y'all have experience
6 with drafting purchased-power agreements – because
7 there are several components to this, what we're
8 needing to do here.

9 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: We do
10 have people with that capacity, and as well as
11 people that we could engage in a contract
12 relationship, which – who probably would not have
13 been engaged in any of the conflicts that you're
14 concerned about.

15 **COMMISSIONER BELSER**: And along with the
16 purchased-power agreements, commitment-to-sell
17 forms, all of the standard documents that are
18 needed with regard to going forward with solar
19 development and their interconnection with the
20 utilities.

21 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
22 this gets further away from our core business,
23 which is policy advice to states. So if we were to
24 be helping you with this, we would have to be
25 creating a team of people that we wouldn't normally

1 work with, although some of the people that I think
2 do the modeling also have experiences of the kind
3 that you're talking about.

4 **COMMISSIONER BELSER:** This is viewed, for –
5 well, I mean, it's an administrative hearing and
6 litigation. So do y'all have experience in
7 drafting discovery, such as data requests,
8 interrogatories, and requests to produce –

9 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.

10 **COMMISSIONER BELSER:** – to get information
11 from the utilities, and the intervenors?

12 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.

13 **COMMISSIONER BELSER:** And any assistance with
14 working on proposed orders to memorialize the
15 decision of the Commission?

16 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.
17 Yeah, that's actually something – out of all the
18 questions you've asked, that's probably the one
19 that we have the most frequent and current
20 experience doing. We've helped several commissions
21 with drafting of orders, and always in the
22 background. We are very occasionally credited, but
23 usually uncredited.

24 **COMMISSIONER BELSER:** Have you had a chance to
25 review Act 62, the South Carolina Energy Freedom

1 Act?

2 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: I have
3 been through it. I – I'll just say I've been
4 through it.

5 COMMISSIONER BELSER: The very first section
6 there, in the Act, is Section 58-41-05. And I'm
7 going to read that. It provides: The Commission is
8 directed to address all renewable energy issues in
9 a fair and balanced manner, considering the costs
10 and benefits to all customers of all programs and
11 tariffs that relate to renewable energy and energy
12 storage, both as part of the utility's power system
13 and as direct investments by customers for their
14 own energy needs and renewable goals. The
15 Commission also is directed to ensure that the
16 revenue recovery, cost allocation, and rate design
17 of utilities that it regulates are just and
18 reasonable and properly reflect changes in the
19 industry as a whole, the benefits of customer
20 renewable energy, energy efficiency, and demand
21 response, as well as any utility or State-specific
22 impacts unique to South Carolina which are brought
23 about by the consequences of this Act.

24 And this is just the question I'm going to
25 ask: Can you tell us how you would work with these

1 directives that have been mandated by the General
2 Assembly into any analyses and recommendations that
3 you would make as the consultant to the Commission?

4 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I think
5 that the role of the utility has changed quite a
6 lot with the technology trends that are allowing
7 for energy to come from new and different kinds of
8 places, as well as how customers are seeing
9 themselves in a more active role in energy. And
10 so, I think, when we think about the role of the
11 utility, where procurement in the past has largely
12 been about procuring large blocks of resources from
13 time to time, we're now talking about procuring
14 small bits of resources – as well as, potentially,
15 large blocks of resources – in a manner that is
16 really quite different. We're seeing in a few
17 states efforts to really change the way utilities
18 think about resource procurement, like to think
19 about distributed resources as alternatives to
20 wired investments and to think about distributed
21 resources as alternative to bulk power investments,
22 and to challenge utilities to do that in a way that
23 has no bias, but that successfully chooses the best
24 long-term mix of sources. And with the declining
25 cost curve of renewables and traditional resources

1 not going down in cost – and, in some cases, going
2 up in cost – states, I think, are challenged to
3 look at their practices that they've had over many
4 years and have served states well, and ask the
5 question whether these practices need to be
6 updated.

7 And I think what this section that you've read
8 says is that the statutes are asking the
9 implementation agency, which is the Commission, to
10 consider how these procurement practices should be
11 updated in order to assure that the right mix of
12 resources from all the sources that we have – small
13 and large, local and far away – can be accomplished
14 in a way that ultimately benefits the State in the
15 long run. So, that's what I see here.

16 And one word that is very frequently used
17 these days, in connection with the power sector, is
18 "innovation." The challenge of innovating is big.
19 The systems that many commissions have tend to be
20 difficult with respect to innovation. And so the
21 leadership of commissions around the US, I think,
22 are generally being challenged by the trends that
23 we've talked about, to consider how their practices
24 should change in the face of these new trends. And
25 so I guess I see that in these few lines, all of

1 that.

2 **COMMISSIONER BELSER:** And your response leads
3 me into the next kind of thought, regarding the
4 development of avoided cost here in South Carolina
5 from years ago and implementing the requirements of
6 PURPA, as now clarified by Act 62. I think states
7 have been provided discretion in how to implement
8 PURPA over the years. Act 62 further – gives
9 further direction to the South Carolina Commission
10 on how to implement avoided costs. If your entity
11 was selected as the consultant, how would you
12 envision your role as far as advising the
13 Commission on the requirements of Act 62 and the
14 mandate that has been charged to us under Act 62?

15 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well, I
16 think – first of all, I'd have to learn a little
17 bit more about what current practices are. But the
18 typical avoided-cost practices that use proxy
19 plants perhaps need to be changed to think about a
20 more dynamic system with maybe more complicated,
21 but maybe more accurate definition of what avoided
22 cost is. So, the use of simulations, the use of
23 scenarios. All of these would be considering
24 replacing existing approaches.

25 One approach that is conducive to the use of

1 smaller resources is the idea of creating avoided-
2 cost tranches. By that, I mean, instead of staying
3 with the avoided cost as represented by a large
4 power plant which produces a very large amount of
5 power, one might create an avoided cost for 20 or
6 25 megawatt tranches. These might suggest that the
7 earliest amounts might be worth more, and then
8 successive amounts might be worth less and less as
9 you accumulate more.

10 I think what we're talking about here is
11 bringing more of a market discipline, and really
12 adjusting the balance between regulation and market
13 that the Commission is ultimately charged with.
14 Some of these choices are new choices, but they
15 fall into an old category, which is adjusting the
16 balance between regulation and market. So, I think
17 what we're talking about is updating, in a pretty
18 significant way, the procurement practices that
19 your utilities do under your direction, and I think
20 we would probably spend quite a lot of time on
21 that.

22 **COMMISSIONER BELSER:** Well, and I think that
23 response segues pretty nicely into my next thought,
24 is that would you envision – and I think any
25 starting point may require looking back over prior

1 Commission orders on how avoided cost may have been
2 established or what's been going on in that area in
3 South Carolina. Would you feel constrained to
4 follow those orders or would you feel comfortable
5 as an expert in policy, in this area, recommending
6 different approaches or – and certainly with the
7 implementation of the new Act – looking at
8 different methods and methodologies to move forward
9 with avoided cost?

10 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: One of
11 the things you get used to working in the United
12 States is that every state is different, and every
13 state applies its priorities and preferences in
14 particular ways, and there are a lot of right ways
15 to do these things. There are also some ways that
16 are inconsistent with your own priorities. And so,
17 my sense of what we do at RAP – we call ourselves
18 RAP – what we tend to do is really pay attention to
19 what are your priorities as stated in statutes and
20 the things that we hear you tell us, and what are
21 the practices that you have. And the objective
22 really is to align the performance of your
23 processes to the outcomes that your statutes and
24 yourselves say that you want. And that's really
25 the objective here. So the term we sometimes use

1 is that we take people where they are and then work
2 with that.

3 **COMMISSIONER BELSER:** Commissioner Ervin had
4 asked you about some of the stakeholders. I'm
5 going to switch gears a little bit and go back into
6 some of the independence that we are looking at, as
7 far as our consultant. He mentioned some – most of
8 the parties. There were a couple, though, that I
9 did want to follow up on. Are you aware that you
10 or anyone in your organization may have done work
11 for or on behalf of the South Carolina Solar
12 Business Alliance? Or the Southern Alliance –

13 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

14 **COMMISSIONER BELSER:** – for Clean Energy? The
15 Southern Alliance for Clean Energy?

16 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: The
17 Southern Alliance for Clean Energy are people that
18 I know. We've never worked for them. But I do
19 know people there. But no, we have no business
20 relationship with any of those organizations.

21 **COMMISSIONER BELSER:** The South Carolina
22 Coastal Conservation League?

23 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I don't
24 know that I know who that is.

25 **COMMISSIONER BELSER:** Okay. South Carolina

1 Energy Users Committee? It's a trade organization.

2 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

3 **COMMISSIONER BELSER**: South Carolina Office of
4 Regulatory Staff? It's a State agency.

5 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No,
6 we've not been engaged to work with them.

7 **COMMISSIONER BELSER**: Or the South Carolina
8 Department of Consumer Affairs, which is also a
9 State agency here in South Carolina?

10 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.

11 **COMMISSIONER BELSER**: Okay. Are you aware of
12 any work that y'all may have done with any law firm
13 or lawyers that are practicing in South Carolina?
14 I can go through a long list, but I thought I'd
15 just ask generally at first.

16 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yeah.
17 Well, I appreciate that, because I don't think we
18 have – we don't do work for law firms, so I don't
19 think we've done any for the ones in your State.

20 **COMMISSIONER BELSER**: And from what you stated
21 previously, y'all don't do work for utilities.

22 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: That's
23 correct.

24 **COMMISSIONER BELSER**: Well, it sounds like
25 you're kind of new to the South Carolina arena. So

1 y'all would not have any expertise on the power
2 system in South Carolina.

3 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: We pay
4 close attention to the power systems around the
5 United States, and some of the Commissioners who
6 have been around for a little longer –
7 Commissioners Whitfield, Howard – are people that
8 I've known for quite some time and have had some
9 occasion to talk with on many occasions. They may
10 remember a time when the National Council on
11 Electricity Policy organized a meeting on regional
12 planning, in which I think nearly the entire
13 Commission at that time came, and I was a featured
14 speaker in that program. So I've had quite a lot
15 of engagement with some in your group, and I think
16 all of us at RAP, part of our mission is to
17 understand how the power system is working
18 throughout the United States, including in the
19 southeastern United States.

20 So I'm not looking to take a test at the
21 moment, but I think we have an understanding of
22 generally what's been going on and generally have
23 been following the V.C. Summer situation over many
24 years. I should say that I was the State liaison
25 officer for the USNRC when I was working for

1 Vermont, and tend to follow nuclear issues. My
2 first job was working in a nuclear power plant for
3 Philadelphia Electric Company between 1979 and
4 1984, so I have an interest in nuclear power and I
5 pay attention to the industry.

6 **COMMISSIONER BELSER:** Okay. Would any of
7 that, having worked with NRC and paid attention to
8 what was going on here in South Carolina, and
9 people that you may have known from working in the
10 nuclear side of things, would that or any other
11 reason that you know of prevent you and RAP from
12 serving as a fair, impartial, or independent
13 consultant to this Commission and these issues in
14 this docket?

15 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.
16 The facts lead where they lead. And so I have no –
17 I would not attribute to anyone in our
18 organization, really, either a pro- or anti-nuclear
19 view. It's all about what it costs and how it
20 works and does it fit the system.

21 **COMMISSIONER BELSER:** If y'all were selected
22 as a consultant for the Commission, we have some
23 fairly strict and specified ex parte communication
24 prohibitions and statutes. And are y'all willing
25 to abide by – as a consultant for the Commission,

1 you'd be required to abide by those. Would that
2 present any kind of problem?

3 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No.
4 No, we've done that before in other relationships
5 with commissions.

6 **COMMISSIONER BELSER**: Are you aware of any
7 reason, however slight or small you might think,
8 that would give this Commission concern over your
9 independence or to be hired in this capacity?

10 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I have
11 nothing to offer on that.

12 **COMMISSIONER BELSER**: Okay.

13 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: We're
14 pretty independent.

15 **COMMISSIONER BELSER**: Have you or anyone
16 associated with RAP advocated or adopted positions
17 on the issues in these cases in other proceedings
18 which could impact your impartiality as it relates
19 to this proceeding? In other words, have y'all
20 been wedded to a methodology or resulting results
21 that would prevent you from viewing any of the
22 materials or issues in this docket independently?

23 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I don't
24 think so. As I said, we've published a lot on
25 these things. A lot of the things that we publish

1 actually talk about the different ways to
2 accomplish results. So we have a lot of, I think,
3 ideas about ways to be successful, and as I said,
4 we are concerned when practices that are
5 inconsistent with government objectives are being
6 suggested, because that just seems like a way for
7 the public to not get the results it's looking for.
8 But, no, as far as I can tell, I don't think
9 anything would fall into that category.

10 **COMMISSIONER BELSER:** Thank you, Commissioner
11 Sedano. I appreciate your responses.

12 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Thank
13 you. I appreciate your questions.

14 **COMMISSIONER ERVIN:** Commissioner Whitfield?

15 **COMMISSIONER WHITFIELD:** Thank you, Judge
16 Ervin.

17 Good morning, Rich.

18 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Swain,
19 it's good to see you. I hope you don't mind if I –
20 if we're familiar.

21 **COMMISSIONER WHITFIELD:** Well, we are, and I
22 wanted to go ahead and, as you've mentioned, get
23 that out there. And I apologize if I'm looking all
24 over the place, but you're on about six screens –
25 more than that – multiple screens in this place.

1 And so, if I'm not looking – if you don't think I'm
2 looking at you, I am.

3 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: All
4 right.

5 COMMISSIONER WHITFIELD: So, anyway, I'll try
6 to stay focused where you can see me. I want to
7 kind of – right off the bat – kind of follow up on
8 a question Commissioner Belser asked, and just for
9 clarification. I think I know the answer, but just
10 for clarification. She asked about working with
11 NRC, about would that compromise you or bias you in
12 any way, and I think if I heard you right, you were
13 actually the liaison for the Vermont Commission to
14 the NRC. You never actually worked for USNRC, did
15 you?

16 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: That is
17 correct.

18 COMMISSIONER WHITFIELD: Okay. I thought I
19 heard that correctly. So, I didn't want that to
20 get misinterpreted that you had actually worked at
21 USNRC. You were just the –

22 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: The
23 NRC –

24 COMMISSIONER WHITFIELD: – liaison –

25 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: NRC has

1 a structure that invites each state to designate
2 someone to be its liaison and to communicate issues
3 of importance from the states to the NRC, so that
4 they can hear those things. And so, on behalf of
5 Vermont, I was that person for many years.

6 **COMMISSIONER WHITFIELD:** Our ethics rules in
7 South Carolina, and I'll get into that in a minute,
8 would probably not – I do know that it wouldn't be
9 someone from this Commission, because I'm not aware
10 of it, but it would be someone from the Office of
11 Regulatory Staff, which also now – and I know
12 Commissioner Belser asked you about ORS and – South
13 Carolina Office of Regulatory Staff – which also
14 encompasses the South Carolina Energy Office. So I
15 would think – I'm aware of a person that at one
16 time was with the Energy Office that might've been
17 that person, but it's not someone here from the
18 Commission, here at the Public Service Commission.
19 That said, Mr. Sedano, I want to go back to where –
20 some of the things you mentioned. We've known each
21 other for a while. You know me. You mentioned
22 Commissioner Howard. You also know Commissioner
23 Randall and Commissioner Hamilton, as well, too.

24 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes,
25 indeed.

1 **COMMISSIONER WHITFIELD:** And would that –
2 knowing us and having presented, would that cause
3 you any kind of conflict or any reason why you
4 think you might not be able to be, as the Act
5 requires, our independent consultant?

6 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: No, I
7 don't think so. It would only motivate us to
8 provide our best advice and service to you.

9 **COMMISSIONER WHITFIELD:** Yes, sir. And going
10 specifically to, I think, the event you mentioned,
11 I think it was Commissioner Fleming who had kind of
12 worked with Ms. Boyd, our Director, to involve a
13 lot of the Commissioners. I think that event
14 you're referring to was in Atlanta, was on smart
15 grid and distributed generation, and multiple
16 southeastern states – or SEARUC member states –
17 participated, if I remember right. Is that the
18 way – at the Georgia Tech campus, maybe. Is that
19 the way you remember it?

20 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
21 that's a different one, but, yes, I was involved
22 with that, too. Yes.

23 **COMMISSIONER WHITFIELD:** But fair to say that
24 you've had interaction not only with us, but just
25 about all commissioners in all 50 states, from all

1 state commissions that are members of NARUC, all 50
2 states.

3 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yeah, I
4 think that's right.

5 **COMMISSIONER WHITFIELD**: Okay. That said,
6 what I want to mention to you, back to our ethics
7 rules in South Carolina, we operate a little bit
8 differently. And I was looking at your RAP – your
9 Regulatory Assistance Project – information, some
10 of the information you included for today. And you
11 talk about Rhode Island's model and you talk about
12 it being an ambitious reform or model for others.
13 And it looks like that was great for Rhode Island.
14 But one thing I do want to point out to you, that
15 you may be aware of, maybe not – but let's just
16 make sure – you involved in a collaborative way the
17 Rhode Island Commission, the Rhode Island State
18 Energy Office, and the Rhode Island Consumer
19 Advocate. And you said you engaged in strategic
20 energy planning for the State, something few other
21 states do effectively – is what you list in here.
22 I just want to make you aware here, in this role –
23 and you may already be, but just so there's no
24 ambiguity here – we can't collaborate with our
25 Office of Regulatory Staff which also, in the past,

1 has represented consumers. Consumer Affairs, under
2 the new Act, going forward, will have a new
3 consumer affairs person at the table. But, also,
4 the Energy Office is under ORS, as I've mentioned,
5 and we can't go collaborate with them. In fact, we
6 can't even do planning here at the South Carolina
7 Commission; we are not to be involved with that.
8 The State Energy Office here in South Carolina does
9 that. And I just wanted to make sure we're clear
10 on that.

11 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well,
12 let me react to that. I was involved in, really, I
13 think, a creative collaborative effort that
14 involved those three agencies. And, then, the
15 utility that served Rhode Island – National Grid –
16 filed a rate case. And at that point, we made a
17 choice – a choice that we consulted with the other
18 agencies about – to continue working with the
19 commission behind the veil of the ex parte rules
20 and to be their advisor during that rate case. So,
21 we cut off conversation with the other agencies, in
22 order to provide that advice to the Rhode Island
23 Commission during the rate case.

24 So I think what we encourage is innovation and
25 creative thinking but, when it's time to do the

1 regulatory work, the regulator has its rules, and
2 if we can be helpful inside the Commission at that
3 point, that's where we would actually most rather
4 be.

5 **COMMISSIONER WHITFIELD:** And that said, that's
6 what we're looking for here is that Act 62 requires
7 that we have an independent consultant advising us
8 and basically kind of having a fiduciary
9 relationship to us in this role, to the Commission,
10 just as one of our own staff, technical advisors,
11 would have with us, or one of our attorneys here.
12 So that's exactly what we would need here. And I
13 think you told Commissioner Belser very clearly
14 that you have had – and Judge Ervin – that you've
15 had no relationships or contacts or anything with
16 our regulated utilities here, or regulated – or any
17 of the parties in this proceeding, that
18 Commissioner Belser asked you about, that would
19 cause you to have a conflict of interest. That's
20 correct, right?

21 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yes.

22 **COMMISSIONER WHITFIELD:** And moving on ahead
23 from – let's move away from the independence part.
24 Moving into the technical part, one of the things
25 near the end you talk about thought leadership

1 ahead of the curve. And you say teaching the duck
2 to fly was your – I'm going to borrow your words.
3 And that's, in some senses, the mandate that the
4 Legislature, with Act 62, is sending us, to
5 implement distributed generation. And they've
6 removed the caps off of it. And the duck was born
7 a few years ago maybe under Act 236, but now it's
8 time – to borrow your words – to teach it to fly.
9 And as we teach it to fly, I know you're saying you
10 have the policy, but you might have to rely on some
11 others. What we're getting into is we need to make
12 it – in that theme of teaching it to fly, we need
13 to take these avoided-cost methodologies and to put
14 them in the real-world applications. And I had
15 another discussion with a prior candidate about the
16 PROMOD and the PROSYM models used by some utilities
17 to calculate these – and these are very expensive
18 systems. Do you have access to those systems or
19 the people that you told Commissioner Belser you
20 would consult with, do they have access to those
21 expensive modeling systems?

22 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Well, I
23 think some of them do. And I'm familiar with those
24 as frequently used around the United States. We
25 would have to talk with these colleague

1 organizations and obviously vet them for the same
2 conflicts that you're concerned about. And so the
3 answer to that question is: maybe. I can't give
4 you a definitive answer at the moment.

5 COMMISSIONER WHITFIELD: And do you have any
6 idea of a range of cost for either –

7 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: No.

8 COMMISSIONER WHITFIELD: – those systems or
9 either for you to acquire the information, if you
10 had to consult with somebody else, what the range
11 of costs might be to independently have access to
12 that data?

13 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: As
14 we're sitting here today, I have no idea.

15 COMMISSIONER WHITFIELD: Okay. And, lastly,
16 I've said this before, but would you agree that,
17 including yourself, that there are a finite
18 number – when I say “you” I'm talking about you and
19 your organization, as Commissioner Belser said –
20 that you – would you agree that you and others,
21 that there are a finite number of experts that can
22 do this task?

23 WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: Yes. I
24 think it's a small group of people who appreciate
25 the range of both quantitative and qualitative

1 tasks that Act 62 has given you. And that is one
2 reason why I think either a very large consulting
3 firm or a confederation of smaller groups that
4 piece together the elements and who can work
5 together well are likely to be alternatives that
6 you have. But the other thing I guess I would
7 think is likely to be the case is that you're going
8 to be looking for people outside of your region
9 because your utilities are so big that there are
10 likely to be a lot of conflicts, and many of the
11 qualified people have perhaps worked for some of
12 the advocates. So there is going to be, I think, a
13 challenge in – there's going to be a limited number
14 of people who are going to be able to do this. But
15 I'm sure that there are people who, certainly,
16 aside from us, would have the capacity to do this,
17 but they might not be from around where you are.

18 **COMMISSIONER WHITFIELD:** We're running a
19 little close on time, but lastly I want to possibly
20 halfway answer a question that you asked to
21 Commissioner Belser, and maybe, if you could, a
22 quick response, if you have any to it. And, of
23 course, you've included your background, and I'm
24 somewhat familiar with it. But I noticed you had
25 your bachelor's in engineering in – about a year

1 after PURPA. And a lot has changed since the 1978
2 PURPA Act. And I know you're tremendously familiar
3 with that. But as you fast-forward to now, a lot
4 has changed since then. And specifically, I think
5 you asked, kind of in a general nature to
6 Commissioner Belser, what more specifically are we
7 looking for. And I guess to maybe hit home a
8 little bit more of that exchange you had with her,
9 what we're looking for is consultants that can
10 accurately value the net-energy-metering
11 distributed-energy resources here in South
12 Carolina. And specifically needed is financial and
13 analytical experience dealing with avoided costs.
14 And just for historical purposes, I would tell you
15 that resources such as ancillary services,
16 transmission and distribution capacity, avoided CO₂
17 emission cost, utility integration and
18 interconnection costs, admin costs, environmental
19 costs have historically been set to zero. So I
20 hope that helps you home in a little bit more
21 specifically what Act 62 is requiring.

22 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: I think
23 what I've felt – this is something that animated my
24 work in Vermont in developing avoided costs – is
25 when you have factors that seem to impose costs and

1 you assume that they are zero, then you're
2 definitely wrong. So, if you – but the practice of
3 determining what those values should be is not
4 precise; it's subject to judgment. It is helpful
5 when there are some conventions that everyone can
6 agree to over time, so that the experts can do
7 their calculations and that there can be some
8 appreciation that accuracy is more important than
9 precision in these kinds of activities.

10 **COMMISSIONER WHITFIELD:** Let me kind of
11 rephrase that. Those costs I mentioned have
12 historically been set to zero. I'm not saying that
13 they were zero.

14 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Yeah.

15 **COMMISSIONER WHITFIELD:** But for purposes of
16 NEM and distributed generation resources, they've
17 been set to zero. But I certainly hear what you're
18 saying and appreciate your answer.

19 And unless you have anything further, Judge
20 Ervin, that's all I have of this candidate.

21 **WITNESS/INTERVIEWEE MR. SEDANO**_[via Skype]: Thank
22 you for your questions.

23 **COMMISSIONER ERVIN:** Thank you, Commissioner
24 Whitfield.

25 Any other questions?

[No response]

Ms. Boyd, can you provide a list of the parties to these three dockets, along with their attorneys of record, to the witness so that he can do a further conflicts check? We'd just like to get a letter from you for the record that you've run a conflicts check with all of your staff members, and verify in writing to Ms. Boyd, our Clerk, that the conflicts check came back clean, with no exceptions.

WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: Okay. We do routinely annually ask everybody who works at the at Regulatory Assistance Project for conflicts, and so we do have that.

COMMISSIONER ERVIN: Great.

WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: We may not have anticipated this, and so we'll take that and answer it as quickly as we can.

COMMISSIONER ERVIN: Great. Thank you, so much. We appreciate your testimony today and your participation in this process.

Ms. Boyd, if there's nothing further –

MS. BOYD: Yes, sir. I don't have anything else.

COMMISSIONER ERVIN: – we're going to take a

break until our next interview at –

MS. BOYD: At 1 o'clock.

COMMISSIONER ERVIN: – 1 o'clock.

MS. BOYD: Yes, sir.

COMMISSIONER ERVIN: Thank you.

WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: Okay.

COMMISSIONER BELSER: Thank you, Commissioner.

WITNESS/INTERVIEWEE MR. SEDANO_[via Skype]: Thank
you. Have a good day.

[WHEREUPON, Witness/Interviewee Mr.

Sedano was excused, followed by a recess
from 12:35 to 1:00 p.m.]

Filings related to Sedano Interview:

[Biographical Information Posted 8/7/2019 – see pgs 1-6 of PDF](#)
[8/13/2019 Conflict-of-Interest Letter – PSC to Mr. Sedano](#)
[Letter regarding Conflicts Check Posted 8/16/2019](#)

COMMISSIONER ERVIN: Welcome back, ladies and
gentlemen. We're now ready for our 1 o'clock p.m.
interview, and I believe we have with us Mr.
Chernick. Is that correct?

MR. CHERNICK_[via Skype]: That's correct.

COMMISSIONER ERVIN: All right, sir. Could

1 you give us your full name, please?

2 **MR. CHERNICK**_[via Skype]: My name is Paul Lee
3 Chernick.

4 **COMMISSIONER ERVIN**: Thank you. Madam Court
5 Reporter, would you swear the witness?

6 [Witness/Interviewee affirmed]

7 **COMMISSIONER ERVIN**: Mr. Chernick, thank you
8 for appearing this afternoon on behalf of Resource
9 Insight, Incorporated. I believe you're the
10 President of that entity; is that correct?

11 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: That's
12 correct.

13 **COMMISSIONER ERVIN**: And would you please give
14 us your relevant work background, experience, and
15 an overview of your qualifications to serve as our
16 independent expert, if you're chosen?

17 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: In
18 terms of my work background –

19 **COMMISSIONER ERVIN**: Yes, sir.

20 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: – I
21 got a master's degree in technology and policy, in
22 1978; worked for the Massachusetts Attorney General
23 doing utility regulatory work for about two years;
24 then joined a small consulting firm for about five
25 years; and set up my own firm in 1986, which

1 continues to operate today.

2 I provided my qualifications, including a list
3 of the testimonies and presentations and reports
4 that I've done. There are some 350 pieces of
5 testimony, many of them on – a majority of them,
6 I'd say – electric utility issues, and a couple of
7 dozen, I believe, on avoided costs, specifically.

8 So, my qualifications are basically 40 years
9 of experience developing some of the methodologies
10 that are used widely today, and reviewing a large
11 number of utility proposals and responding to them.

12 **COMMISSIONER ERVIN:** Have you ever testified
13 before the South Carolina Public Service
14 Commission?

15 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes,
16 I believe I testified three times in the early
17 1990s, on behalf of the Consumer Advocate.

18 **COMMISSIONER ERVIN:** Have you testified more
19 recently or submitted prefiled testimony before the
20 Commission?

21 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: No, I
22 didn't.

23 **COMMISSIONER ERVIN:** Could you give us some
24 insight about how many employees you have at
25 Resource Insight, Incorporated?

1 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: We
2 have a staff of about seven.

3 **COMMISSIONER ERVIN:** And could you tell us
4 briefly what their background and qualifications
5 are, in terms of what they bring to the table?

6 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: My
7 partner – my de facto partner, anyway – is Jon
8 Wallach. He's been doing this kind of work since
9 the 1980s, has also testified dozens of times on
10 utility planning and pricing. We have two
11 master's –

12 **COMMISSIONER ERVIN:** I think that – I think
13 Mr. Jonathan Wallach has testified in two dockets,
14 in 2018, before the Commission. Our staff alerted
15 me to the fact that he filed direct testimony and
16 exhibits in Docket No. 2018-318-E, as well as
17 Docket No. 2018-319-E. So, were you aware of that?

18 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I'm
19 not sure exactly how aware of that I was. I knew
20 that he was working on, I think, Duke cases. And
21 I've lost track of whether those were North
22 Carolina or South Carolina. But that certainly
23 sounds familiar, that he was –

24 **COMMISSIONER ERVIN:** Yes.

25 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: He

1 did rate-design work, or cost-allocation work.

2 COMMISSIONER ERVIN: My recollection is that
3 those were base-facility-charges dockets, and I
4 think we can verify that. But I interrupted you,
5 and I apologize. Go ahead and tell us about the
6 other staff members.

7 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: And
8 just to be clear, I didn't think that the question
9 about whether I had testified in South Carolina
10 included whether anybody else in the firm had.

11 COMMISSIONER ERVIN: Right.

12 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: My
13 apologies if I –

14 COMMISSIONER ERVIN: That's quite all right.

15 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: – cut
16 that short.

17 COMMISSIONER ERVIN: Let me – when we say
18 “you” I think what we've been telling the other
19 interviewees is that that would include you, your
20 employees, associates, partners, affiliates,
21 contractors, et cetera. So, it's a generic “you.”
22 But if you'll – you know, to the extent that you
23 know, we'd like for you to disclose it, because one
24 of the requirements of the Act is that we have an
25 independent expert. Have you seen the Act? Did

1 you receive a copy of the new Act?

2 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
3 have. And I reviewed it a couple of times.

4 **COMMISSIONER ERVIN**: All right. So I'm sure
5 you noticed that independence is an important
6 qualifier.

7 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.

8 **COMMISSIONER ERVIN**: And, so, do you think the
9 fact that Jonathan Wallach may have participated in
10 two prior dockets – do you think that would affect
11 his ability to serve as an independent expert for
12 the Commission in these dockets?

13 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
14 don't believe so. I think the subject matter was
15 different, and I'm not aware that his client in
16 those proceedings are also involved in this
17 proceeding. But I can be corrected if I'm wrong.

18 **COMMISSIONER ERVIN**: I believe some of them
19 are. My notes from Staff say that the intervenors
20 that he testified for were the South Carolina
21 Coastal Conservation League, NAACP, and Upstate
22 Forever. I think at least one of those is a
23 party – I believe Coastal Conservation League may
24 be a party in these dockets, so that's a potential
25 conflict. I just wanted to see what your thought

1 process was about whether or not that would affect
2 his work in this case. Do you know whether – are
3 any members of your staff currently working on or
4 bidding on other projects with any of the parties
5 in these dockets?

6 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Not
7 that I'm aware of. I would have to run that by Jon
8 again, just to be sure, and I can do that after our
9 call.

10 **COMMISSIONER ERVIN**: Great. I'm going to ask
11 Ms. Boyd, like we have in the other interviews, to
12 send you a complete list of the names of all the
13 parties in these three dockets and the names of
14 their attorneys of record, so that you can do a
15 complete background check and report back in
16 writing to Ms. Boyd your findings, just for the
17 record, so we have that.

18 I apologize. I interrupted you, and you were
19 still going through a list of staff members. So if
20 you'd continue with that.

21 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
22 We have two associates who have master's degrees
23 and various lengths of experience, who would be
24 probably processing some of the information for Jon
25 and me. And those are the senior staff, and then

1 we have people who do more data-gathering and
2 manipulation work. And, in addition, assuming that
3 it works okay with the Commission, if you decide to
4 have me do the work, I might bring in some help
5 from Synapse Energy Economics, just because there
6 are a number of things you want to get done in a
7 fairly short period of time.

8 **COMMISSIONER ERVIN:** Have you worked in the
9 avoided-cost arena in the past? Have you testified
10 before commissions as it relates to avoided costs?

11 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
12 I think the first time I did that was in 1985,
13 before the Massachusetts Department of Public
14 Utilities. And I believe there are about two dozen
15 pieces of testimony in my qualifications that refer
16 to avoided costs, either for non-utility generation
17 or for energy efficiency and demand response. And
18 that's in addition to the work that I've done on
19 avoided costs that did not result in testimony,
20 such as the regional New England avoided-cost
21 studies, of which I've done five, I think, now.

22 **COMMISSIONER ERVIN:** All right. You are, of
23 course, familiar with the Public Utility Regulatory
24 Policies Act of 1978 and you're certainly – in
25 reviewing your resume, you appear to understand the

1 issues that are before us under the new Act. Is
2 that a fair assessment?

3 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
4 I certainly understand them at one level. Now,
5 there's a deeper utility-specific and jurisdiction-
6 specific level that I would have to become familiar
7 with. You obviously have precedents and the
8 utilities have particular planning approaches that
9 I would need to understand in order to advise you.

10 **COMMISSIONER ERVIN**: And that leads me to my
11 next question. Tell us what's your process and
12 procedure that you would follow to independently
13 derive recommendations and conclusions to this
14 Commission regarding the recalculation of each
15 utility's avoided cost, if you would.

16 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
17 I think one place I would like to start, rather
18 than pulling out a piece of paper as a blank sheet
19 and trying to do all this from scratch, would be to
20 look at what the utilities' positions are and ask
21 them for the background and the supporting
22 documentation for those positions and also ask
23 other parties or refer to their previous filings to
24 see what other information they brought forward,
25 and then independently assess those positions both

1 from the utilities and other parties, and other
2 critiques or supporting information that I may find
3 on my own.

4 **COMMISSIONER ERVIN:** Fair enough. Is it fair
5 to say that you're familiar with the solar
6 integration cost studies across the country and the
7 quantification of integration services, generally?

8 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes,
9 in a general way. I wouldn't want to have a pop
10 quiz on every integration study.

11 **COMMISSIONER ERVIN:** You're familiar with the
12 general principles.

13 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.

14 **COMMISSIONER ERVIN:** And you're also familiar
15 with understanding of ancillary services
16 requirements and planning for and maintaining the
17 reliability of a complex transmission and
18 distribution system, generally?

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.

20 **COMMISSIONER ERVIN:** I'm going to turn the
21 questioning over to Commissioner Belser.

22 **COMMISSIONER BELSER:** Good afternoon. I'm
23 Florence Belser; I'm one of the Commissioners.
24 Thank you for agreeing to talk with us today.
25 Appreciate you doing that.

1 I've started my questioning earlier explaining
2 that, when I say "you" – or since I'm from South
3 Carolina, I may say y'all – that I'm talking about
4 a broader term. It would be not only you, but your
5 company and anybody you might bring in to help you.
6 You might have some people – I think you said you
7 had seven or so in-house, but I understand if
8 there – you mentioned Synapse Energy. You know, to
9 the extent you may know about any outside group or
10 entity that you might bring in, that you may have
11 to get back with us on some of that; you may not
12 have information on that. But the main thing is,
13 when I reference "you," I'm talking about you or
14 anybody that you might be working with, if you
15 don't mind. And I don't mean to be repetitive, but
16 I have been trying to ask the same questions of
17 each applicant, so that I can make sure that I'm
18 giving everybody the same shake, if you don't mind.

19 I'm going to just start off – have you had – I
20 think you indicated you've had the opportunity to
21 read through Act 62. Is that correct?

22 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
23 have.

24 **COMMISSIONER BELSER**: Okay. Because I'll have
25 some questions about that. Let's see. Well, let's

1 just start with that. Do you have Act 62 available
2 for you? If not, I'm going to read a section of
3 it, if you don't mind.

4 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: That's
5 fine with me.

6 **COMMISSIONER BELSER**: Okay. I'm actually in
7 Section 1 of the Act, and it's the very first code
8 section that is added, and it's the new Code
9 Section 58-41-05. And this explains some of the
10 charge – there's other in there – to the
11 Commission, but this is, in my opinion, a fairly
12 good synopsis of what we're supposed to be doing.
13 And it states: The Commission is directed to
14 address all renewable energy issues in a fair and
15 balanced manner, considering the costs and benefits
16 to all customers of all programs and tariffs that
17 relate to renewable energy and energy storage, both
18 as part of the utility's power system and as direct
19 investments by customers for their own energy needs
20 and renewable goals. The Commission is also
21 directed to ensure that the revenue recovery, cost
22 allocation, and rate design of utilities that it
23 regulates are just and reasonable and properly
24 reflect changes in the industry as a whole, the
25 benefits of customer renewable energy, energy

1 efficiency, and demand response, as well as any
2 utility or State-specific impacts unique to South
3 Carolina which are brought about by the
4 consequences of this Act.

5 And my question to you is: How would you work
6 with the directives the General Assembly has set
7 forth in this Act – how would you work with these
8 directives in your analysis and recommendations
9 made to the Commission?

10 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
11 to some extent, when I read this paragraph, it
12 seems to me that the Legislature is saying, “Do the
13 right thing.” So it’s not necessarily the case
14 that specific approaches pop into my head, but
15 the – one issue that I think is relevant is that
16 the decision about pricing of services provided to
17 and received from customers should be separate from
18 those of revenue-recovery cost allocations and rate
19 design other than the rate design specifically
20 related to providing incentives for providing the
21 services.

22 The first part of the problem is to figure out
23 what you want as regulators of the State, in terms
24 of having customers do – enter in providing, in
25 this case, renewable energy services to themselves

1 and to the grid. That's sort of the first sentence
2 or so of that section. Then the questions arise as
3 to, well, what do you do to make sure the utility
4 is made whole, that the cost recovery isn't harming
5 them for having done the right thing, for working
6 with the Commission in bringing on distributed
7 renewables, and that the cost allocation is fair,
8 so that the classes that are getting benefits,
9 which may be the specific reduction of their bill
10 because they're reducing their load, but also would
11 be the avoidance of system upgrades and purchases
12 of new facilities – that goes to all the
13 customers – so you want to make sure that the cost
14 allocation is reasonably reflecting the way that
15 the mix of benefits is distributed among classes.
16 And then rate design within each class for how you
17 recover whatever costs are flowing through – you
18 want to take the same factors into account, that
19 the services are going to be reducing energy and
20 capacity costs, and those are the components in
21 which you would naturally recover the charges.

22 **COMMISSIONER BELSER:** Under PURPA, states were
23 given some discretion in implementing those
24 requirements mandated by the federal law. In Act
25 62, or the South Carolina Energy Freedom Act,

1 provides – is providing direction to this
2 Commission on avoided cost, but does leave some
3 discretion on the avoided-cost issues. If you're
4 selected as the consultant for these cases, how
5 would you envision your role with regard to the
6 avoided costs, compliant with PURPA and Act 62?

7 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
8 I don't see PURPA as much of a constraint. The
9 states have implemented PURPA in a wide variety of
10 ways, ranging from only spot-price – spot- – quite
11 a mouthful – spot-price purchases, to fixed long-
12 term contract prices, feed-in tariffs, and various
13 kinds of RFP competitive procurement mechanisms.
14 So I don't know that there's anything you would do
15 with respect to setting avoided costs, that would
16 meet the requirements of Act 62 that would be
17 inconsistent with PURPA. PURPA is a broader tent;
18 Act 62 is a little narrower, but still, I think,
19 leaves a lot of discretion to the Commission about
20 how you ultimately think about what is avoidable,
21 where the utilities' costs come from, and what good
22 is provided to the utility by distributed solar, in
23 particular.

24 **COMMISSIONER BELSER**: Earlier, you made a
25 statement and I kind of jotted it down, and I hope

1 I did it correctly. But you reference that we
2 obviously have precedent. And in the role of
3 advising the Commission as a consultant under Act
4 62, of whether – do you see your advice or the
5 Commission being constrained by prior precedent, or
6 do you see your role as providing the best expert
7 professional opinion that you can give to this
8 Commission in 2019 versus decisions from years ago?

9 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: The
10 latter.

11 COMMISSIONER BELSER: Okay.

12 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: The
13 one thing that I would add, though, is sometimes
14 those precedents point out important issues that
15 have been kicked back and forth within a
16 jurisdiction and that should be addressed. And in
17 some cases, the Commission might want to come down
18 on the side of “Well, we’ve used 20 years for quite
19 a while and that’s a representative period, and
20 while there are arguments for using longer and
21 shorter periods, we’ll stick with it because that’s
22 what we’ve been doing and everybody’s familiar with
23 it, and it’s a good number. Maybe not the best,
24 but it’s good enough that it’s not worth worrying
25 about.” So precedent can be important in that way,

1 and then precedent can also be important in terms
2 of the Commission saying, "In the past, we did
3 this. We're now in a different kind of situation.
4 We've rethought the issues, and we're going to do
5 something that's quite different."

6 **COMMISSIONER BELSER:** Have you, in your
7 professional experience, had any experiences
8 drafting purchased-power agreements.

9 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
10 have not drafted them. I've reviewed them. In
11 some cases, there have been issues that created
12 some kind of burden for one party or another, that
13 I addressed as a technical matter. In general, the
14 drafting of contracts is a matter for the lawyers.

15 **COMMISSIONER BELSER:** Any experience in
16 drafting commitment-to-sell forms? And I'm using
17 "you" in the broad sense, here: anybody in your
18 team.

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
20 would have to check with Synapse. I'm not aware of
21 anything that we've done squarely along those
22 lines.

23 **COMMISSIONER BELSER:** Any experience in
24 drafting discovery requests, such as data requests,
25 interrogatories, requests to produce?

1 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
2 In those 350 cases, I've done discovery probably in
3 300 of them, or more.

4 **COMMISSIONER BELSER**: Any experience working
5 on drafting orders to assist in memorializing
6 commission decisions on avoided cost?

7 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Not
8 specifically on avoided cost, but I have worked
9 on – for commissions in other areas, in drafting
10 language for orders, including the District of
11 Columbia's original least-cost planning decision
12 and similar – other work in rate cases and related
13 matters for the Connecticut regulators and for the
14 Puerto Rico Energy Commission.

15 **COMMISSIONER BELSER**: I want to – and I think
16 you've answered this, and I just want to be clear
17 on this. Could you explain to me again, do y'all –
18 do you have in-house capabilities of the modeling
19 on avoided cost, or the methodologies, or is that
20 something that you would bring in an outside entity
21 on?

22 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
23 it depends on what modeling is required.
24 Specifically for production cost modeling in which
25 you dispatch plants to meet load and determine what

1 the marginal cost is, or what the avoided cost is
2 from reducing load by some decrement, with a
3 particular kind of load shape, that's the kind of
4 thing that we usually rely on Synapse for. There's
5 overhead involved in just licensing the model,
6 learning to run the model, and we haven't bothered
7 doing it. For other issues where the modeling can
8 be done basically in spreadsheet, sometimes fairly
9 fancy spreadsheet, we do that in-house.

10 **COMMISSIONER BELSER:** Thank you. I want to
11 switch gears a little bit and talk about
12 independence. We'll focus on that for a few
13 minutes. I believe – and this is reflected in your
14 resume and your CV – that, in 1991, you testified
15 in a docket involving SCE&G. And I believe that is
16 on page 26 of your resume, Item 100. It had to do
17 with – well, can you tell us a little bit about
18 what that was?

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
20 I believe that the central issue in all three of
21 the cases that I testified on was SCE&G's relative
22 neglect of energy efficiency as a resource.

23 **COMMISSIONER BELSER:** Well, I believe only one
24 was SCE&G. I think the other two were Duke cases,
25 were they not? One of them is on page –

1 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Oh,
2 yes, you're correct.

3 **COMMISSIONER BELSER**: One of them is on page
4 26, Item 102 –

5 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yeah.

6 **COMMISSIONER BELSER**: – and it was Duke Power.
7 And then the other one is on page –

8 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: You're
9 right. There were two for Duke and one for SCE&G.

10 **COMMISSIONER BELSER**: Right. I think there
11 are two.

12 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
13 apologize.

14 **COMMISSIONER BELSER**: And then the one on page
15 25, Item 23_[sic], you were a witness and consultant
16 for the Department of Consumer Affairs in South
17 Carolina? All three of them, is that correct?

18 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.

19 **COMMISSIONER BELSER**: Okay. Any – since 1992,
20 have you been involved with any other – you,
21 yourself – been involved with any other testimony
22 or docket in South Carolina? Just you; I'm not
23 talking about the one that was brought out earlier,
24 with Mr. Wallach.

25 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I do

1 not believe that I've had any other involvement in
2 South Carolina.

3 COMMISSIONER BELSER: Okay. Do you know if –
4 and now I'm going to use this in a broad sense. Do
5 you know if you or anyone affiliated with your
6 company has served as an advisor, consultant, or
7 witness, or received compensation – and I'm going
8 to go through a list of the stakeholders and
9 parties here. Duke Energy or any of its
10 subsidiaries?

11 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: No.

12 COMMISSIONER BELSER: And that's not just the
13 ones in South Carolina; that could be any of
14 Duke's –

15 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: No,
16 we've been involved in a number of proceedings
17 relating to Duke, but never on behalf of Duke.

18 COMMISSIONER BELSER: Okay. Dominion Energy
19 or any of its subsidiaries?

20 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: Again,
21 no, we've never worked for Dominion.

22 COMMISSIONER BELSER: Okay. The former SCANA
23 Corporation that used to be the owner of –

24 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: SCE&G,
25 yes. I've never worked for them, nor –

1 **COMMISSIONER BELSER:** So, have you ever –

2 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: – has
3 anybody in the group.

4 **COMMISSIONER BELSER:** Have you ever testified
5 on behalf or worked on behalf of any utility?

6 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
7 More often, gas utilities on avoided costs and
8 least-cost planning. And in a few cases, for
9 electric utilities, either municipal utilities or,
10 in some cases, utilities that were in the process
11 of some settlement or negotiation with other
12 parties, with consumer advocates and so on, in
13 which case I was testifying on behalf of a group.

14 **COMMISSIONER BELSER:** Okay. But in those
15 instances that you just referenced, your testimony
16 was on – was the group that the utility belonged
17 to; is that correct?

18 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes,
19 I'm – I'm not able to recall any case in which I
20 testified on behalf of a utility by itself.

21 **COMMISSIONER BELSER:** Okay.

22 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: An
23 electric utility. I have, for gas utilities. Oh,
24 I'm sorry; I did forget one. There was a situation
25 in which we have helped to develop an energy

1 efficiency program in Maryland for the Potomac
2 Electric Power Company. The same program was
3 challenged in the District of Columbia, and I
4 testified on behalf of PEPCO in the DC proceeding.
5 The original work was done on behalf of the
6 Maryland People's Counsel, but I actually wound up
7 testifying in the other jurisdiction to defend our
8 program, and I was working for the utility there.

9 COMMISSIONER BELSER: Okay. And I'm going
10 back to listing the entities involved in these
11 dockets, to see if you've ever served as an
12 advisor, consultant, or witness, or received
13 compensation from these groups or parties. The
14 South Carolina Solar Business Alliance?

15 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: No.

16 COMMISSIONER BELSER: Johnson Development
17 Associates.

18 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: No.
19 Never heard of them.

20 COMMISSIONER BELSER: Walmart Incorporated.
21 You've probably heard of them.

22 WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: Yes,
23 I have heard of them. And, in fact, I was brought
24 in as a subsidiary consultant on a project that
25 Walmart was doing, related to energy efficiency,

1 and perhaps solar – I forget whether solar was
2 actually involved – where they were looking for
3 some advice on how to approach rate-design issues,
4 I believe, in a number of states generically. And
5 we did a couple of memos for them, and then they
6 had whatever they thought they were going to get
7 from us and the project ended. That was probably
8 15 years ago, maybe 20.

9 **COMMISSIONER BELSER:** Do you have any
10 recollection if any of that related to South
11 Carolina?

12 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
13 don't believe so. I think it was more midsouth
14 kind of area. They may have been dealing with
15 Entergy and perhaps Southern Company.

16 **COMMISSIONER BELSER:** Another party: Nucor
17 Corporation. And in South Carolina, it's Nucor
18 Steel South Carolina.

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: No,
20 I've never worked for them. They've been a party
21 in a couple of cases in which I was representing
22 some other party, but I've never worked for them.

23 **COMMISSIONER BELSER:** South Carolina Coastal
24 Conservation League? And that was what you were
25 asked about earlier.

1 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.

2 I have not worked for them, and apparently my
3 partner worked for a coalition of environmental and
4 consumer groups that included the League, but that
5 was, as far as I know, our only connection.

6 **COMMISSIONER BELSER:** All right. Southern
7 Alliance for Clean Energy.

8 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
9 know that I've talked to them a couple of times
10 about possibly assisting them with some matter. I
11 don't think that they've actually ever hired us to
12 do anything. I think I gave them my good ideas and
13 they went off and did it on their own.

14 **COMMISSIONER BELSER:** Okay. And then the
15 South Carolina Energy Users Committee? It's a
16 trade association of some large industrials here in
17 South Carolina.

18 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: No,
19 I've never worked for them.

20 **COMMISSIONER BELSER:** Have you or any of your
21 partners, employees, affiliates ever served as an
22 employee, officer, or director on any of those
23 parties that I just listed? The parties to this
24 case.

25 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: No.

1 **COMMISSIONER BELSER:** Okay. Do you have
2 processes in place or how could you ensure the
3 independence of your company in working for the
4 Commission on these matters? We're trying to make
5 sure that our consultants are independent of all
6 the parties. How can you assure us of that?

7 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
8 if, by "independent," you mean not being paid or in
9 some other way incentivized to do something other
10 than what is right and appropriate and in the
11 interests of our client, we don't have those kinds
12 of relationships. We don't take side payments from
13 parties to influence our work in other cases. I
14 don't think anybody's ever suggested anything along
15 those lines.

16 **COMMISSIONER BELSER:** Well, and in Act 62, in
17 the section talking about the consultant, which
18 is – what – 58-41-20? I get lost in these
19 paragraphs. (I) says the qualified, independent
20 third party's duty will be to the Commission.

21 That's what I'm looking for assurance of, is
22 that we have this expert's loyalty and
23 forthrightness to the Commission. Not me as a
24 Commissioner, not any other individual, not to any
25 of the stakeholders, but to the process and to the

Commission.

WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]:

Indicating.]

COMMISSIONER BELSER: We're not hearing you.

WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: Sorry about that. I keep muting, to reduce the amount of feedback.

That's how we understand our role, that we are working for a party and that, consistent with ethical requirements and perhaps a broader public interest, we're there to serve our client. Now, I won't testify to something that's not true. I won't put something in the report that I think is misleading, even if it's something that would please a commissioner or the Commission as a whole. But in terms of, "This is the policy approach we want to take," then that's the approach that I would take and I would say, "Consistent with these guidelines, this is the best way to do this calculation," or, "this is a reasonable approach," or whatever the specific question is.

COMMISSIONER BELSER: Do you have any reason, however small, slight, or just minimal, to believe that you cannot serve as a fair, impartial, and independent consultant for this Commission in these

dockets?

WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: Well, if you accept my description of what I think of as being a fair, impartial, independent expert, then I have no reservations about it. If, by “independent,” you meant – and I don’t think you mean this, but if you meant someone that comes in with a mind that is completely blank, that erases all prior understandings and concepts of how to approach an issue, that’s not me. I do come in with 40 years of experience here.

COMMISSIONER BELSER: Let me ask you this –

WITNESS/INTERVIEWEE MR. CHERNICK_[via Skype]: But in terms of respecting the relationship to the client, I think we can do that without any reservation.

COMMISSIONER BELSER: Based on your 40 years of experience, as you just said, would – and I think that in any – to gain the status of expert, you have to rely on your life experiences and your work experiences. But would any position that you took in another proceeding on a methodology, or a result, would that – could, could, a position that you had formulated in an earlier proceeding close your mind or prevent you from providing an

1 independent analysis in these proceedings, based on
2 the record that is being developed in these cases?

3 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: That's
4 a very deep question, you know? That experience
5 includes having learned that certain approaches tend
6 to work well, tend to be fair and productive, and
7 therefore obviously I come in with some pre- –
8 “preconceptions” may be too strong, but some
9 leanings toward liking some approaches and being
10 dubious about other approaches. But if a situation
11 arises where some combination of state law and the
12 specific facts indicate that a practice that I have
13 testified against elsewhere is appropriate now and
14 here, I have no problem supporting it.

15 **COMMISSIONER BELSER**: Or conversely, if
16 something that you testified for in another
17 proceeding might not be the best choice in this
18 proceeding, would that – would you be hesitant to
19 say differently than – or –

20 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: And
21 that's even less of a problem, because I have
22 supported different approaches in different places,
23 depending upon the resources that are available,
24 the timing issues, the cost structure, and so on.
25 So it's very easy to say, “I liked this approach

1 here, but now we're over here and it's 10 years
2 later, and the technologies have changed, so I like
3 this approach better." That's very easy. The hard
4 one is to get around the experience that a
5 particular approach or calculation or assumption is
6 inappropriate and having found that a number of
7 times, and then find in a different situation that,
8 oh, maybe it does make sense here. That can take a
9 little work to get your mind turned around. But
10 I've done that in the past, and I can do it when I
11 need to.

12 **COMMISSIONER BELSER:** Do you know of any
13 impediment, however small or slight, that would
14 prevent you and your team from providing an
15 independent report and being able to advise this
16 Commission in – excuse me – an impartial report and
17 advise this Commission in an impartial manner?

18 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
19 can't think of anything that I would consider that
20 would be a barrier to being impartial. Some people
21 may say, because I've taken positions in the past,
22 because I've worked in some places to encourage
23 removing barriers to solar development, that
24 therefore I can't be impartial because I've said
25 nice things about solar someplace else. If that's

1 your standard for impartiality, I don't meet it.

2 But in terms of looking at the facts and doing what
3 is consistent with my charge for my client, I can't
4 think of anything.

5 **COMMISSIONER BELSER:** Thank you for your
6 responses to my questions. That's all I have right
7 now, but thank you very much.

8 **COMMISSIONER ERVIN:** Thank you.

9 Commissioner Whitfield.

10 **COMMISSIONER WHITFIELD:** Thank you. Thank
11 you, Judge Ervin.

12 Good afternoon, Mr. Chernick.

13 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Good
14 afternoon.

15 **COMMISSIONER WHITFIELD:** I don't think you and
16 I have met, but I do recall your associate Mr.
17 Jonathan Wallach's testimony and exhibits in recent
18 proceedings, Dockets 2018-318-E and 2018-319-E.
19 And, obviously, he was testifying on behalf of some
20 of the intervenors in that docket – multiple
21 intervenors – some of which Judge Ervin and
22 Commissioner Belser have called by name. But I
23 would – other than that, I don't think that you and
24 I have met. And, again, I'm aware of who Mr.
25 Wallach is. But I think Commissioner Belser went

1 pretty hard down this road, but let's just – and
2 you did a good job answering it. Let's –

3 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
4 she did a good job asking the questions.

5 **COMMISSIONER WHITFIELD**: She did. She did.
6 Let's go right to the heart of the point, right
7 where she was, because we've got some staff that
8 have expressed some concern. And you pretty much
9 said in your last answer to her that you've
10 testified to make solar more – solar generation
11 more plentiful, if you will. But specifically, to
12 address some concerns there and some concerns even
13 that our Staff has had about – and to the
14 utilities, they're concerned that the utilities
15 might question your impartiality. And you went
16 down that path. But let me, if you could, address
17 any concerns that we might have here –
18 Commissioners and/or Commission Staff – or that the
19 utilities or any parties might have about your
20 impartiality, as Commissioner Belser said, if you
21 might've had a position that might be
22 contradictory, if you will, to one you've had in
23 the past. That charge to us in Act 62 is to find
24 an independent consultant. And I'd like to hear
25 just a tad more. You've gone pretty far down that

1 path, but let's, specifically, maybe, address some
2 concerns the parties that come before us, such as
3 the utilities, and Commissioners and Commission
4 Staff might have.

5 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
6 think I like Commissioner Belser's questions better
7 because they were more clearly defined. You sort
8 of ask me to address a rather broad issue.

9 **COMMISSIONER WHITFIELD**: Well, let's narrow it
10 down and say other parties – not the parties that
11 your partner, Mr. Wallach, represented, but other
12 parties in proceedings before us, concerns that
13 they might have. In other words, adversary, if you
14 will – I hate to use that word – to the parties
15 that Mr. Wallach was representing. Does that
16 narrow it down a little bit more for you?

17 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: It
18 does. It does. And I'm thinking about how to
19 address that. Certainly, a utility might say,
20 "This is somebody who has opposed something that
21 another utility wanted to do, that was adverse to
22 the interests of people who wanted to install solar
23 equipment on their homes, and, therefore," I'm not
24 impartial. And if you accept that as precluding
25 impartiality, then I guess you've got me.

1 But the issue is not a simple one of solar
2 good versus utilities' supply good. Let me give
3 you an example. In an El Paso Electric case, I
4 testified in opposition to a plan to split out
5 electric – excuse me – solar customers from the
6 general residential customer group and assess them
7 distribution costs based on the non-coincident peak
8 of the solar customers, which occurred in the
9 evening, long after the peak demand for the
10 residential customers as a whole, or for the system
11 as a whole. And I said that's not cost-based; it's
12 imposing costs on these customers simply because
13 they have solar. They're located next to customers
14 who don't have solar. The load on their
15 transformer, the load on the feeder coming down the
16 street to them and their neighbors, that will be
17 determined mostly by non-solar customers, and it
18 will occur in the afternoon when the solar is very
19 useful. And picking out an evening and saying,
20 "Oh, you people use more in the evening, so we're
21 going to charge you as if that were what's driving
22 the cost of the distribution system," that would be
23 wrong.

24 Now, if the situation in South Carolina is
25 that the system is peaking in the winter, and that

1 the distribution system is being sized for the
2 winter and that it's winter evening and so the
3 solar is not helping at all, then the answer may be
4 very different. If you give me the same facts, I'm
5 likely to come up with the same conclusion, because
6 it was right then and it's right now. If you give
7 me different facts – and South Carolina is
8 different than West Texas – then I may come up with
9 different conclusions. Does that help?

10 **COMMISSIONER WHITFIELD:** Well, that's
11 certainly a specific answer. And certainly we are
12 different with West Texas being in ERCOT and us
13 being in the Eastern Interconnect. Certainly,
14 that's a specific answer. What you're saying is,
15 just because you've sided one way in one
16 circumstance, in another area, doesn't mean you
17 couldn't, in your mind, come here and be our
18 independent, impartial consultant.

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: That's
20 what I'm saying.

21 **COMMISSIONER WHITFIELD:** And along those
22 lines, Mr. Chernick, just to kind of bore you for a
23 second with our specific ethics rules, we have a
24 law here called Act 175, which prohibits us from
25 talking with any – has a lot of ethics rules in it,

1 but one of the specific ones is that we can be
2 advised by our technical and advisory staff and our
3 legal staff, but we can't communicate with anybody
4 else, including the South Carolina Office of
5 Regulatory Staff. And we're unable to communicate
6 with them. So my point to you is if you become our
7 consultant, you're going to have a fiduciary
8 relationship to us and not be able to discuss with
9 anybody – any former clients or any other –
10 certainly, any of the parties in the case, but it
11 really needs to be, you know, advice to us, which
12 at some point, some of your information will be
13 made public, but you're also going to be advising
14 us just as if one of our technical advisors here at
15 the Commission were doing, or one of our attorneys.
16 So I just want you to be aware of that, and do you
17 think you would have a problem abiding by any of
18 that?

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: No,
20 I'm familiar with ex parte rules, and I have a lot
21 of experience with not talking to people about
22 things that I'm not supposed to talk to them about.
23 In your specific situation. I think it may be
24 useful for your consultant, whoever that is –
25 whether that's me or somebody else – to, in

1 whatever way is legal under your system, perhaps by
2 written questions that are made public, to get the
3 views of other parties to try and flesh out the
4 record and not just be reliant on the materials
5 filed by the utility and whatever else the
6 consultant can pull in, in the time available.

7 **COMMISSIONER WHITFIELD:** Okay.

8 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
9 understand that you can't just sit down and have a
10 chat with a party to the case.

11 **COMMISSIONER WHITFIELD:** Yes, sir. Thank you
12 for that, Mr. Chernick. About two more questions,
13 Mr. Chernick, and we'll wrap it up. You obviously
14 have a wealth of experience, years of experience,
15 going way back to the days of PURPA. And I
16 certainly – you've got a very thick list of work
17 you've done over the years. I certainly respect
18 that, certainly can tell that you have the
19 background and knowledge, and so forth, and
20 education. But you mentioned something earlier –
21 and you seem to have a good handle on the RTO
22 states up in other regions of the country, and you,
23 of course, very clearly understand that we still
24 have vertically integrated utilities and assigned
25 territories down here. While Act 62 has been

1 passed here in South Carolina. There's been some
2 talk here among some legislators – maybe a senator,
3 and some legislators – about ultimately looking at
4 changing the regulatory model in South Carolina.
5 But until that time, or when or if it does, you
6 mentioned in an exchange with Commissioner Belser
7 about making the utility whole, if you will, for
8 the avoided cost, when you were having that
9 discussion with her. And some states down in the
10 SEARUC region who are not in an RTO but yet have
11 something called formulaic ratemaking – which we
12 don't have here in South Carolina – how would you
13 suggest, under the current regulatory model we have
14 now in South Carolina, making that utility whole,
15 or incentivizing them, I guess, was the answer you
16 gave her, incentivizing the utility to move in that
17 direction – because it is moving in the direction
18 of them not producing more electrons. How would
19 you – what specific or do you have a specific
20 recommendation or way to incentivize the utility
21 under the current regulatory model that we are
22 under here in South Carolina now, at present?

23 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
24 first of all, let me note that I haven't been
25 involved in a South Carolina rate proceeding in a

1 long time, if ever, so the details of the
2 regulatory process there are maybe a little
3 different than – well, I’m sure they’re different
4 than other jurisdictions, because they all vary.
5 But the issue I was addressing earlier was one
6 along the lines of, let’s suppose the solar is
7 valuable to the utility and the other ratepayers in
8 the long term, or even the medium term, even five
9 to ten years, because it reduces the need to build
10 out the distribution system and transmission and
11 new generation.

12 **COMMISSIONER WHITFIELD:** Certainly.

13 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: But
14 in the current rate-case cycle, the utility may not
15 be saving a lot of money from those things, because
16 it’s not necessarily building right now for those
17 situations, so it may not be incurring costs. It
18 may not be saving money that it could put in its
19 pocket to make up for the amount of a rate discount
20 or a bill discount that the solar producer is
21 getting.

22 So, in that case, in a conventional rate-case
23 process, the Commission could set up a deferral
24 accounting system in which the utility’s shortfall
25 due to the solar is rolled over and they’re allowed

1 to collect that in the next rate case from the
2 customers who will benefit because a new peaking
3 plant won't have to be built, because a new
4 transmission line won't be built, and so on.

5 **COMMISSIONER WHITFIELD:** Well, thank you for
6 your answer, Mr. Chernick. And lastly, I'm going
7 to ask this to you, just in fairness, because I've
8 asked the other candidates for this consulting
9 position the same question. Some of the – it's
10 come up twice already, and I'm going to bring it up
11 with you, that the utilities use expensive
12 analytical systems, called either PROMOD or PROSYM,
13 to run this data. And we've heard from
14 intervenors, some of which are possibly even the
15 same – potentially, even some of the same
16 intervenors that your partner, Mr. Wallach,
17 represented, that they weren't able to – and check
18 me on that. I can't – I'm just glancing, but I do
19 think there might be some of those in common. But
20 some of those intervenors have complained that they
21 can't afford the expensive analytical systems such
22 as those models to run. Do you have capabilities
23 of providing us that data, since you would be our
24 independent consultant? Or do you have someone you
25 can get it from? And, if so, do you know what

1 either those systems would cost, or a range of what
2 it would cost for you to obtain that information
3 independently?

4 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
5 would have to get back to you on the cost. If
6 you'd like, I can pull that information together.

7 **COMMISSIONER WHITFIELD**: Certainly, we'd –

8 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: We
9 can –

10 **COMMISSIONER WHITFIELD**: We'd –

11 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: – get –

12 **COMMISSIONER WHITFIELD**: We've given the other
13 parties, I think, opportunity to get back with us,
14 to Ms. Boyd, on what they think the cost would be.
15 So I think Ms. Boyd is kind of looking for follow-
16 up responses on what those costs would be. But I
17 just wondered what your resources – what you may
18 currently have access to now.

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes,
20 we've worked with a couple of people. We worked
21 with Synapse to run models like that. We've also
22 worked with a fellow called George Evans, from
23 Michigan, a former commission staffer, I believe,
24 who runs a production costing model, where that's
25 been necessary.

1 The preferred outcome or process, I would
2 think, would be for the utility to run calculations
3 at the Commission's request. In a proceeding with
4 many parties, you can't necessarily expect the
5 utility to run 10 runs for each of 10 intervenors,
6 but it often works where there's a limited number
7 of runs that need to be done, to just have the
8 utility do the calculations and provide the input
9 and output to data so that what they've assumed can
10 be reviewed. And that is often less expensive and
11 avoids the problems of trying to figure out whether
12 your modeling assumptions were consistent between
13 the utility runs and the other parties' runs.

14 **COMMISSIONER WHITFIELD:** Like an odometer in a
15 car, we've got to assume it's correct.

16 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
17 in this case, you also want to –

18 **COMMISSIONER WHITFIELD:** You'd be providing
19 data –

20 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: –
21 look behind the dashboard –

22 **COMMISSIONER WHITFIELD:** Right, for the 10 –

23 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: – for
24 both –

25 **COMMISSIONER WHITFIELD:** – or multiple models.

1 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: The
2 computer model will do what it's told. And if you
3 have somebody who can read the input and read the
4 output and say, "Yes, this is what it was told, and
5 this is what it did," and the utility is willing to
6 work with the Commission on running some
7 alternative cases – perhaps the issue is future
8 fuel prices or the availability of purchased power
9 or a weather load shape, or whatever it is that the
10 argument is about – that can just be a more
11 efficient way of getting the answer.

12 **COMMISSIONER WHITFIELD:** Well, thank you for
13 your answer, Mr. Chernick. And, Mr. Chernick,
14 thank you for participating today. And that's all
15 I have. I'm going to turn it back to Judge Ervin.

16 **COMMISSIONER ERVIN:** Thank you, Commissioner
17 Whitfield.

18 Do you have other questions?

19 **COMMISSIONER BELSER:** I do, if you don't mind.

20 **COMMISSIONER ERVIN:** All right.

21 **COMMISSIONER BELSER:** I'm back. Sorry. I'm
22 just trying to ask the same questions of the
23 consultant candidates, so that we can all have
24 something to – and I realized I failed to ask you a
25 couple of them. But just briefly, do you have any

1 experience either modeling or studying the power
2 system in South Carolina, specifically?

3 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: No.

4 **COMMISSIONER BELSER**: Okay. Would lack of
5 familiarity with the power system in South Carolina
6 be a hindrance to the work that we need done
7 pursuant to Act 62?

8 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: I
9 doubt that, very much. If there are important
10 issues that the utility wants to bring to the
11 Commission's attention, I'm sure that the utilities
12 will do so. So, we'll be starting with a great
13 deal of local expertise on the specific issues that
14 need to be addressed.

15 **COMMISSIONER BELSER**: Okay. What
16 methodologies have you used for calculation of
17 avoided cost? I know that there are a number of
18 different ones out there, but can you name the ones
19 that you've used?

20 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
21 I mean, we've looked at it in terms of an
22 equivalent utility-owned resource. If the utility
23 were to build its own solar and then the
24 transmission and distribution to get the power to
25 customers, and losing power along the way in line

1 losses, what would the cost be? And that's one
2 benchmark. Another way of doing it is to look at
3 the dispatch of the energy system and compare the
4 costs of running more plants and building more
5 plants, keeping older plants on-line that maybe you
6 could shut down if not for some peaking conditions,
7 compare those costs to what you're paying or the
8 discount that you're giving for customers who own
9 their own generation.

10 **COMMISSIONER BELSER:** Okay. Do you ever
11 conduct an independent calculation of the utility's
12 avoided costs? Or do you primarily take the
13 methodology advanced by the utility and review the
14 avoided costs in the context of the utility's
15 method?

16 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Well,
17 with Synapse and other parties, we have developed
18 avoided costs for New England, basically, from
19 scratch, and taken into account a wide range of
20 considerations.

21 In many cases, I start with what's
22 available: The utility has an approach which may be
23 pretty reasonable as an approach, but may have some
24 specific flaws in terms of assumptions about the
25 value of off-system sales or the availability of

1 low-cost purchased power or fuel costs for some
2 category of plant, and so on. And so, the easiest
3 way to get to a reasonable result may be to start
4 with what the utility has done, accept the parts
5 that are pretty reasonable, and correct the
6 remainder – which may require using a different
7 approach than the utility did for that part of the
8 cost, or may just be a little tweak into one of
9 their inputs that's unrealistic.

10 **COMMISSIONER BELSER:** And I think you may have
11 answered this question in response to Commissioner
12 Ervin, but I do want to make sure that I got it.
13 Have you done production-cost modeling?

14 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: We do
15 not do it in-house. As I said in an earlier
16 question, we have a couple of people that we bring
17 in to do the runs for us when we need them.

18 **COMMISSIONER BELSER:** But, basically, all
19 modeling to bring in somebody else to do that; is
20 that correct?

21 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: The
22 big computer models, yes.

23 **COMMISSIONER BELSER:** Okay. Thank you very
24 much. Appreciate your time today.

25 Thank you, Mr. Chairman.

1 **COMMISSIONER ERVIN:** Thank you, Commissioner
2 Belser.

3 Is Commissioner Williams with us this
4 afternoon? I just wanted to give him an
5 opportunity. I know he's –

6 **COMMISSIONER BELSER:** He couldn't.

7 **MS. BOYD:** He was not able –

8 **COMMISSIONER ERVIN:** He was not available –

9 **MS. BOYD:** – to join us this afternoon.

10 **COMMISSIONER ERVIN:** – so, he'll have the
11 transcript available to review at a later date.

12 **MS. BOYD:** Yes, sir.

13 **COMMISSIONER ERVIN:** All right. One of the
14 things that I'd like to follow up with you on is,
15 do you have experience or members of your staff
16 have experience in submitting data requests to
17 utilities? Because that's going to be an important
18 part of the role for our independent expert.

19 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
20 I can't even estimate for you how many thousands of
21 data requests I've filed.

22 **COMMISSIONER ERVIN:** So you're quite familiar
23 with that process.

24 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
25 And I'm familiar with the fact that the process may

1 vary a little bit from one jurisdiction to the
2 other.

3 **COMMISSIONER ERVIN:** But in order to get a
4 good outcome, you've got to have accurate and
5 detailed facts, so that's always an important part
6 of the process.

7 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes.
8 You need to first have a really good understanding
9 of what the utility has done, and in this situation
10 we're starting with the utility's position, and you
11 need to accept other data that the utility may have
12 access to that is not readily available otherwise,
13 to flesh out alternative approaches.

14 **COMMISSIONER ERVIN:** Now, I suppose you're
15 aware of the fact that we have a fairly tight time
16 schedule to complete this work. And if you were
17 selected as our independent expert, could you
18 assure us that you could staff up and be ready to
19 proceed as soon as, I'd say, September? Early
20 September? If not before?

21 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Yes –
22 well, we're not going to be able to do anything on
23 this until early September. My daughter is getting
24 married over Labor Day, so I'll be out for a little
25 while. But by September 9th – I think is the

1 Monday after Labor Day – I think we'd be ready to
2 hit the ground running.

3 **COMMISSIONER ERVIN:** And as I'm sure you're
4 aware, under the statute, our expert will
5 ultimately have to review the entire record – all
6 the prefiled testimony, as well as the testimony
7 and evidence and exhibits that come in on these
8 three dockets – and, ultimately, render their own
9 independent expert opinion about what your
10 recommendation would be as it relates to the
11 Commission's charge and our ultimate final order.
12 So would you or members of your staff be available
13 to monitor the testimony and evidence, review the
14 prefiled testimony and exhibits that are entered in
15 the record, and also to be available to testify and
16 be subject to cross-examination by the parties at
17 the conclusion of the record, to guide us so that
18 we can make an informed decision about these
19 matters?

20 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]:

21 [Indicating.]

22 **COMMISSIONER BELSER:** Can't hear you.

23 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: There
24 were a lot of parts to that question. The last
25 part was about appearing to testify and be cross-

1 examined, and that's what I do.

2 **COMMISSIONER ERVIN:** Sure.

3 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: So
4 that's certainly no problem.

5 I was a little bit concerned when I thought
6 you were suggesting that your lead consultant – if
7 that might be me – would have to read every word of
8 all of the evidence that was filed. If I can rely
9 upon my associates to filter some of that for me,
10 then certainly that's feasible. There just isn't a
11 lot of time during this project for one person to
12 sit down and read all of that material and do all
13 the work that needs to be done.

14 **COMMISSIONER ERVIN:** Understood. I've asked
15 our Clerk, Ms. Boyd, to send a list of all the
16 parties involved in these dockets and their
17 attorneys of record to those who are being
18 interviewed, to do a final conflicts check. Would
19 you be so kind as to do that and return your
20 response in writing, to Ms. Boyd, once you've
21 completed your check?

22 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]: Okay.

23 **COMMISSIONER ERVIN:** We're looking for any
24 potential conflicts of interest.

25 **WITNESS/INTERVIEWEE MR. CHERNICK**_[via Skype]:

[Nodding head.]

COMMISSIONER ERVIN: Ms. Boyd, if you'd send that along –

MS. BOYD: Yes, sir.

COMMISSIONER ERVIN: – we'd greatly appreciate it. Thank you.

Any other questions?

COMMISSIONER WHITFIELD: Judge Ervin, I'd just like to ask – remind him to include the cost that he said he would submit –

COMMISSIONER ERVIN: Right.

COMMISSIONER WHITFIELD: – to Ms. Boyd, as well, too.

COMMISSIONER ERVIN: We appreciate your time today, and your interest in applying for this position, and you've been patient with our questions. We're appreciative of that.

[WHEREUPON, Witness/Interviewee Mr. Chernick was excused.]

Filings related to Chernick Interview:

[Biographical Information Posted 8/7/2019 – see pgs 8-65 of PDF 8/13/2019 Conflict-of-Interest Letter – PSC to Mr. Chernick Letter regarding Conflicts Review Posted 8/14/2019](#)

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COMMISSIONER ERVIN: And with that, we will adjourn these proceedings. Our next set of interviews will be scheduled for next Monday, August –

MS. BOYD: August 19th.

COMMISSIONER ERVIN: – 19th.

MS. BOYD: Yes, sir. We'll start again at 10 o'clock.

COMMISSIONER ERVIN: At 10 o'clock. And you're going to post the names of the –

MS. BOYD: We already have.

COMMISSIONER ERVIN: Yes.

MS. BOYD: Yes, sir, we have.

COMMISSIONER ERVIN: Very good. You've already invited the parties to submit questions through their attorneys, and we've already received some, I –

MS. BOYD: We already –

COMMISSIONER ERVIN: – believe, that have been submitted?

MS. BOYD: – have. Actually, one of them, at least, referenced one of the interviewees for next Monday.

COMMISSIONER ERVIN: Next –

1 MS. BOYD: Yes.

2 COMMISSIONER ERVIN: – Monday, so they're
3 aware of –

4 MS. BOYD: We served them.

5 COMMISSIONER ERVIN: – our schedule.

6 MS. BOYD: Yes, sir.

7 COMMISSIONER ERVIN: Very good. All right.

8 MS. BOYD: And, Mr. Chairman, if I might add,
9 that list might include some other individuals. We
10 just informed everybody as of –

11 COMMISSIONER ERVIN: That's right.

12 MS. BOYD: – that date and time.

13 COMMISSIONER ERVIN: I understand. Subject to
14 being expanded –

15 MS. BOYD: Yes, sir.

16 COMMISSIONER ERVIN: – as needed. All right.
17 If there's nothing further, we have an allowable ex
18 parte hearing, I believe, Wednesday morning at 10?

19 MS. BOYD: I think that's still scheduled,
20 yes, sir.

21 COMMISSIONER ERVIN: All right.

22 MS. BOYD: Wednesday morning, that's correct.

23 COMMISSIONER ERVIN: And then a business
24 meeting at 2 o'clock –

25 MS. BOYD: At 2 p.m.

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COMMISSIONER ERVIN: – on Wednesday.

MS. BOYD: Yes, sir.

COMMISSIONER ERVIN: So if nothing further, we
stand adjourned. Thank you.

[WHEREUPON, at 2:22 p.m., the
proceedings in the above-entitled matter
were adjourned.]

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM/M|GNSC, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had and interviewees' statements under oath taken during a Commission Meeting held by THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA in Columbia, South Carolina, including videoconference/ Skype and telephonic connection(s), on August 12, 2019, according to my verbatim record of same;

That the witnesses/interviewees appearing during said proceedings were sworn or affirmed to state the truth, the whole truth, and nothing but the truth;

IN WITNESS WHEREOF, I have hereunto set this 21st day of August, 2019.

A handwritten signature in blue ink, reading "Jo Elizabeth M. Wheat".

Jo Elizabeth M. Wheat, CVR-CM/M|GNSC
Court Reporter