From:	Linguard, Christie
Subject:	Meeting Notice - The Commission of the SCDDSN - Finance and Audit Committee Meeting - January 19, 2022
Date:	Tuesday, January 18, 2022 11:17:08 AM
Attachments:	Finance and Audit Committee Packet - 01 19 2022.pd

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Good Morning,

The South Carolina Commission on Disabilities and Special Needs will hold an in person Finance and Audit Committee meeting on Wednesday, January 19, 2022, at 3:30 p.m. The Committee Meetings are held at the SC Department of Disabilities and Special Needs Central Administrative Office, 3440 Harden Street Extension, Columbia, SC. This meeting can also be viewed via a live audio stream at www.ddsn.sc.gov.

Please see the attached meeting packet for the Finance and Audit Committee Meeting.

For further information or assistance, contact (803) 898-9769 or (803) 898-9600.

Thank you.

DRAFT

FINANCE AND AUDIT COMMITTEE AGENDA

Commission of the South Carolina Department of Disabilities and Special Needs
3440 Harden Street Extension
Conference Room 251 (TEAMS)
Columbia, South Carolina

	January 19, 2022	**3:30 p.m.**
1.	Call to Order	*Robin Blackwood, Committee Chair*
2.	Statement of Announcement	*Robin Blackwood, Committee Chair*
3.	Adoption of the Agenda	
4.	Review Minutes from the December 13, 2021 Meeting **Pages 2 - 4**	
5.	Financial Approval & Threshold Report for January 2022 **Page 5**	*Candis Golston*
6.	Fee-for-Service Update	*Lori Manos*
7.	Replacing Electrical Power Grids **Pages 6 - 29**	*Andrew Tharin*
8.	Financial Update **Page 30**	*Nancy Rumbaugh*
9.	Internal Audit Update	*Courtney Crosby*
10.	Next Meeting Date – February 14, 2022	
11.	Adjournment	

FINANCE AND AUDIT COMMITTEE AGENDA

Commission of the South Carolina Department of Disabilities and Special Needs
3440 Harden Street Extension
Conference Room 251 (TEAMS)
Columbia, South Carolina

December 13, 2021 **3:00 p.m.**

In attendance: Robin Blackwood, Chair; Barry Malphrus; Ed Miller; Michelle Fry, Pat Maley; Candis Golston; Debra Leopard; Debbie Punzirudu; Nancy Rumbaugh; Mark Kaminer; and Christie Linguard

1. Call to Order *Robin Blackwood, Committee Chair*

   The meeting was called to order at 3:01 p.m.

2. Statement of Announcement

   Robin Blackwood, Committee Chair

   Commissioner Blackwood read a statement of announcement about the meeting that was distributed to the appropriate media, interested persons, and posted at the Central Office and on the website in accordance with the Freedom of Information Act.

3. Adoption of the Agenda

   Brief Summary: Agenda was presented.

   Committee Member(s) Guidance (if any):

   Committee Vote(s) (if any): Commissioner Malphrus made a motion to table item 7, Legacy Homes Process, until next month; seconded by Commissioner Miller and unanimously approved by the committee. Commissioner Malphrus made another motion to approve the agenda with the tabling of the Legacy Homes Process discussion, which was seconded by Commissioner Miller and unanimously approved.

4. Review Minutes of the October 18, and November 15, 2021 Meetings

   Brief Summary: The October 18, and November 15, 2021 minutes were presented to the committee for approval.

   Committee Member(s) Guidance (if any): None

   Committee Vote(s) (if any): On a motion by Commissioner Malphrus, seconded by Commissioner Miller, both sets of minutes were approved as written.

5. Financial Approval & Threshold Report for December 2021 *Pat Maley*

Brief Summary: There were no contracts that triggered reporting requirements; therefore, there is nothing to report.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): None.

6. Monthly Band B & I Report (Outliers and Band Changes) *Pat Maley*

Brief Summary: Mr. Maley noted that this will be the last Band B & I report. Mr. Maley noted that there was only one preliminary staff recommendation that he recommends be denied.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): Commissioner Malphrus made a motion to deny the one (1) outlier increase that was presented, seconded by Commissioner Miller and unanimously approved by the committee.

7. Fee-For-Service (FFS) Update *Pat Maley*

Mr. Maley presented a documented entitled, "Transition to Fee-for-Service (FFS) Information for Finance Directors", which gave a broad overview of all areas encompassed all areas. He spoke on the most significant impacts to the agency and answered any questions. Mr. Maley has been working closely with DHHS' staff member Jeff Saxon. Mr. Saxon advised that he will be adjusting the waiver case management rate by an increase of 7.32%. As well, the ICF Community rates will go up as well, but we are not sure how much as of yet. Mr. Saxon is also looking at a Leave Day Policy, which has not been disclosed yet. Mr. Maley noted that there are still a lot of details that need to be worked out before January 1, 2022. The agency is organizing an FAQ list for everyone.

8. Financial Update *Pat Maley*

Mr. Maley presented the spending plan vs actual expenditures as of November 30, 2021. To date, the agency is .16% under budget.

9. Internal Audit Update *Courtney Crosby*

Ms. Crosby started with the Agreed-Upon Procedures Report.

- At our last meeting, we noted that the review of 2020 AUP reports for the DSN Boards was complete, but we had four (4) remaining 2020 reports for providers to review. Contract reductions related to 2020 reports total $20,300.
- October 31st was the deadline for 2021 reports for the DSN Boards. We have received 39 reports, and 1 Board was granted an extension.
- Of the nine (9) providers with June 30 year ends resulting in Oct. 31st reporting deadlines, we have received eight () AUP reports; the other one (1) is on an extension.

Internal Audit division is still working to complete the FY 2021 audits that carried over into FY 2022 and anticipate issuing the Environmental Modifications report later this month. The exit conference is scheduled to take place this Wednesday. The division should have the final report sent to the commissioners soon after. The field work has been completed for the IT audit and the division will be moving into the second phase of this audit. An exit conference should be taking place in January.

The tracking report has been populated beginning in 2018. Ms. Crosby paused for a moment to thank Kimberly Cochran for assisting with this project. She is currently reviewing the report and will distribute to the commissioners within the next few days.

10. Chief Financial Officer Report *Pat Maley*

Mr. Maley announced that the agency has completed payment of the 1% retirement funding. Everyone signed their grants in advance noting that they will use the monies for employee benefits. Lastly, he noted that the providers are completing their room and board submissions and the finance area is working on this information.

11. Next Meeting

The next committee meeting will take place on Monday, January 17, 2022 at 3:00 PM.

12. Adjournment

At 3:34 PM on a motion by Commissioner Miller and seconded by Commissioner Malphrus, the meeting was adjourned.

DRAFT

Monthly DDSN Staff Report - Financial Approval & Threshold Reporting for November 2021

The purpose of this monthly report is to ensure staff comprehensively reports on all Executive Limitation Policy (800-CP-03) financial transactions for approval and financial threshold reporting requirements. The Finance and Audit Committee will decide which items require presentation to the Commission for a formal vote, as well as which items need only be reported via this monthly report to the Commission to ensure transparent reporting. After the Finance and Audit Committee's decisions, this report will highlight items in green to notify Commission this will not need a formal vote and highlight items in yellow indicating item will require a formal Commission vote to approve.

I. **New Non-Service Contracts $200,000 or Greater**:

Solicitation 5400013725: A fixed priced bid contract was solicited on 11/25/2019 for Residential Services for Children. The purpose of this fixed price bid invitation is to establish a source or sources for the purchase of Residential Services for Children for multiple state agencies. The different state agencies that may purchase services for clients from the contracts awarded under this solicitation include: South Carolina Department of Disabilities and Special Needs (DDSN); South Carolina Department of Juvenile Justice (DJJ); South Carolina Department of Mental Health (DMH); and, South Carolina Department of Administration, Continuum of Care for Emotionally Disturbed Children Division (COC). On 01/06/2022, two (2) providers were approved to provide services through another state agency. DDSN is requesting approval to add these providers to the established fixed price contract. Currently there 39 providers that have been qualified to provide services under this multi-agency contract.

II. **Existing Service Contracts Increasing $200,000 or Greater (simple list if based on indiv. choice; detail summary if not)**:
None

III. **$200,000 or Greater Increase in Personnel Positions for a Program or Division**:
None

IV. **New CPIP or Re-Scoping of an Existing CPIP**:
None

V. **New Consulting Contract**:
None

VI. **New Federal Grant**:
None

(NOTE: In July of each year, a report of all prior FY non-service expenditures by vendor over $200,000 will be presented as a "post-payment" review. This will add visibility for expenditures from contracts originated in prior FYs and vendors with separate purchases aggregating over $200,000 in current FY.)

South Carolina Department of Disabilities and Special Needs

DRAFT

EXECUTIVE MEMO

TO: State Director Fry

FROM: CFO Pat Maley

SUBJECT: Finalize Planning on Midlands and Coastal Electrical Grids0

DATE: December 29, 2021

ATTACHMENTS: Attachment A – Director Tharin Memo to CFO Maley, dated 12/7/21;
Attachment B – Dominion Energy Letter to Director Tharin, dated 10/7/21;
Attachment C – Director Tharin email to CFO Maley, dated 12/29/21.
and Attachment D – Dominion Energy Total Billing Summaries.

The purpose of this memo is to request approval to contract with Dominion Energy pertaining to replacing the electrical grids at Midlands and Coastal Regional Centers.

Regardless if DDSN decides on a Dominion Energy take-over of its electrical grids or DDSN maintains state ownership, the project requires a two-phase approach. The first phase is site preparation by DDSN through CPIP funding of $1.3 million for Coastal and $1.5 million for Midlands, which have both been approved by the Commission. Phase two requires about an additional one million dollar investment at each campus. If DDSN maintains state ownership, it will need to self-fund these costs through additional CPIP requests. If Dominion Energy takes-over the electrical grids, then Dominion offers options for DDSN to pay these capital costs through increased monthly charges or through making large upfront payments for capital construction costs and lesser monthly payments.

Director Tharin sets out his analysis in Attachment A of this memo as to why it is DDSN's best interest for Dominion Energy to take-over the electrical grids at both campuses rather than DDSN continue ownership through its personnel or a contractor. I concur.

Dominion Energy sets out three options with 20-year payment terms for each campus. Director Tharin recommends Option 2 for Coastal. Option 2 is 3.8% higher in total 20 year costs than Option 3, $2,880,360 and $2,769,800, respectively. However, Option 3 has an $800,000 up front payment with lower monthly payments, while Option 2 has no upfront costs and a higher monthly payment over 20 years. Less upfront costs is preferred given the marginal difference in 20 year costs. Director Tharin recommends Option 2 for Midlands for the same same reason. See Attachment D for the estimated annal cost of each option.

Director Tharin provided Attachment C, which sets out details if the contract is terminated prior to 20 years.

<u>**REQUEST**</u>: Set up a meeting with State Director Fry, Director Tharin, Associate State Director Britt, Chief Legal Office Holloway, and CFO Maley to be briefed by Director Tharin and arrive at a decision on how best to replace these two campuses' electrical grids. If Dominion Energy is selected, then decide on payment option.

Attachment A

SOUTH CAROLINA Department OF Disabilities AND Special Needs

3440 Harden Street Extension
Columbia, South Carolina 29203
803/898-9600
Toll Free: 888/DSN-INFO
Home Page: www.ddsn.sc.gov

MEMORIANDUM

To: Pat Maley, Chief Finical Officer (CFO)

From: Andrew Tharin P.E., Director of Engineering & Planning

Date: 12/7/2021

Subject: Replacement of Electrical Power Grids at Midlands Center and Coastal Center

The purpose of this memo is to advise DDSN Executive staff of the urgent need to move forward with the power grid replacements at Midlands Center and Coastal Center. Currently DDSN owns and operates medium voltage electrical power grid infrastructure at each campus. The existing transformers and power cabling have aged well beyond their rated service life. Therefore, each of the two campuses could experience a catastrophic failure of their power grid due to the age and condition of the primary step-down transformers that feeds each power grid.

Dominion Energy South Carolina, Inc. (DESC) is offering several replacement options with different parameters for each campus. Option #1 would be for the Agency to move forward without DESC's involvement. This would require that DDSN purchase, install, and continue to maintain the power girds. The agency would also be responsible for all future replacements/upgrades to the campus electrical systems.

There is risk involved with this option. DDSN does not have maintenance staff that are qualified to operate and maintain the medium voltage electrical infrastructure. Any work that must be performed on the electrical systems has to be hired-out to qualified and licensed medium voltage contractors. Also, in the event of a system failure or environmental disaster (i.e. hurricane at Coastal Center) the Agency would be responsible for full repair or replacement of the systems. Approximate initial construction cost for Option #1 would be $2.5 million – $3 million per campus.

DESC offers three other options under a 20-year contract with different payment methods. Under this agreement DESC would assume some responsibility of the initial construction cost (approximately $1 million of the initial investment per campus), take over ownership, and maintain the system for the life of the facilities. These options do add an additional surcharge to the Agency's current electric bill that will last for the duration of the contract. For DDSN, the surcharge is an insurance policy against routine maintenance, system failure, or a catastrophe environmental event. Having DESC involved will allow the Agency to exit the medium voltage electrical distribution business. Some advantages to having Dominion Energy install and maintain the power grid at each campus are as follows:

- 24x7 utility grade service/maintenance.
- Repair or replacement coverage for any failed equipment.
- Coverage for all future upgrades and replacements of the system.
- Mutual assistance agreement with other utilities to bring out-of-state crews to bolster DESC's work force in times of emergencies.

For reference a *Summary of DESC's Options* is included with this memo.

Andrew Tharin

Andrew Tharin, P.E
SCDDSN Director of Engineering & Planning

CC: Rufus Britt, Associate State Director of Finance

Summary of DESC Options

LOCATION	SYSTEM UPGRADE	OPTION 1 STATE OWNERSHIP **NO CHARGE** (req'd by DESC)	OPTION 2 DESC OWNERSHIP **FACILITY CHARGE** (single meter)	OPTION 3 DESC OWNERSHIP **OPERATING CHARGE** (upfront payment)	OPTION 4 DESC OWNERSHIP **ANNUAL MINIMUM** (separate meters)
Midlands Center	23.9kV with 18 new xfmrs	Upgrade and/or Maintenance Agreement to be executed with a high-voltage electric contractor	$14,700 / mon	$840,000 down; $8,400 /mon	$403,086 in usage req'd; otherwise, pay difference each year
Coastal Center	23.9kV with 12 new xfmrs, abandon customer sub*		$49,800 down; $11,794 / mon	$49,800 + $800,000 down; $8,000 / mon	$49,800 down; $485,156 in usage req'd; otherwise, pay difference each year
Midlands Center surcharge paid to DESC over a 20-year contract		$0.00, DDSN would assume all initial construction cost and all maintenance and replacement cost into the future.	$3,528,000	$2,856,000	$1,451,720; based off of current usage estimates.
Coastal Center surcharge paid to DESC over a 20-year contract		$0.00, DDSN would assume all initial construction cost and all maintenance and replacement cost into the future.	$2,880,360	$2,769,800	$4,410,720; based off of current usage estimates.

*$49,800 required to terminate contract for existing service via dedicated customer substation at Coastal Center

Attachment B

Dominion Energy

October 7, 2021

Mr. Andrew M. Tharin, P. E.
Director of Engineering & Planning
SC Department of Disabilities & Special Needs ("SCDDSN")
3440 Harden Street Extension, Suite 231
Columbia, South Carolina 29203-6835

RE: Dominion Energy South Carolina, Inc. ("DESC") Electric Distribution System Take-over Options

Dear Andrew:

We are pleased to provide the following, updated proposal which includes three (3) DESC options that will allow SCDDSN to exit the high-voltage electric distribution business at your Midlands Center and Coastal Center campuses.

We realize that you will have to evaluate our proposal against the option of continued ownership using your own personnel or a contractor (Option 1). However, we would like to point out that while you may determine that continued ownership may be your least cost option, the DESC options will provide the State with utility grade service with many added benefits, including our mutual assistance agreement with other utilities to bring in out-of-state crews to bolster our work force in times of emergencies. The DESC options also include 24x7 service and repair or replacement coverage for any failed equipment at no additional charge to the State. This means that your facility personnel will simply call DESC to report an outage without concern of receiving an unexpected bill at the end of the month from a contractor providing similar service. DESC will treat these new systems as it does any other line on its system.

Under all DESC options, the State will be responsible for the removal, disposal and/or abandonment in place of its equipment, and other ancillary tasks including but not limited to those tasks listed below and as further outlined in DESC Three Phase Commercial Installation Guidelines (Attachment 1).

- Install all Primary and Secondary Conduits per DESC specification.
- Install Concrete Pads for Transformers per DESC's specification.
- Install meter points for all existing Street lights. Option 3 only
- Responsible for owning and maintaining Street lights and wiring.
- Responsible for owning and maintaining all existing services beyond DESC's service points. (Transformer secondary spades or DESC's Handholes)
- Install Galvanized 90 degree bends 36" radius at Transformers and Dip poles.
- Install 10-foot stick of Galvanized conduit at Dip poles.
- Install pull string in all Conduits.
- Install 90-degree PVC bends 36" radius at Transformers and Handholes. (Secondary only)
- All primary conduit to be install at 42" deep and Secondary at 36" deep.

DESC is offering three additional options per location to meet your electric distribution needs, summarized as follows: Option 2 includes primary metering at 23.9 kV to be billed under a single account as you have today; Option 3 is essentially the same service configuration as Option 2 but allows the State to pay an upfront, nonrefundable contribution-in-aid-of-construction ("CIAC") for the construction cost to therefore reduce the required monthly service charge; and Option 4 includes a similar service loop configuration except rather than a primary metering point, DESC would install a meter on each transformer to be billed individually under the appropriate tariff rate per load served.

All DESC options will require a new contract with an initial term of 20 years with an annual evergreen provision. During the initial term or subsequent renewal term, Contract Termination would be subject to DESC's standard termination provisions.

Neither options for Midlands Center nor Coastal Center include street or area lighting. However, all options will include a service point to which SCDDSN can tie your existing street lighting. In the case of Option 4, DESC would make such proposal in accordance with its standard practices. We welcome the opportunity to put together a DESC lighting plan if you elect to move forward with either of the DESC options.

Continuing State ownership and operation remains an option (Option 1) for both Midlands Center and Coastal Center locations. In the event the State elects to maintain ownership and solicit bids from contractors to upgrade and maintain its facilities, then DESC can provide a copy of its high-voltage electric distribution contractor bid list to assist in that process. Otherwise, all other options for DESC ownership are summarized by location below:

MIDLANDS CENTER PROPOSAL OPTIONS

DESC currently serves SCDDSN at Midlands Center from its 23.9 kV line that runs through the middle of your property. DESC owns a 2500 kVA padmounted transformer that steps this voltage down to 8.32 kV where it is primary metered before it enters your system to serve your campus. Beyond the meter, your overhead and underground 8.32 kV lines serve eighteen (18) padmounted transformers, many of which are fed with a single line into them (no option to back feed if this single line is unavailable).

DESC's proposal is to build a new, separate 23.9 kV system from our overhead line, consisting of underground loops and radial lines feeding eighteen (18) new padmounted transformers. These padmounted transformers would be positioned as closely as possible to SCDDSN's existing transformers to aid in the cutover process. DESC would be responsible for all new transformer terminations, including connecting your existing low voltage conductors in our transformers. The point of service would be on the load side of each of these transformers where your conductors are connected to the transformer. In reviewing the existing loads on each transformer (Attachment 2), we have determined that we can install smaller, more appropriately sized transformers at many locations (Attachment 3). This will reduce our construction cost and your transformer energy losses, which may also reduce the State's total energy consumption, depending on the option chosen.

There are three options for DESC ownership at Midlands Center:

Dominion Energy

Option 2M

This option includes primary metering at 23.9 kV, one at each service loop as described above and shown in Attachment 4, where both primary meters are totalized to be billed under a single Stateline account as you have today.

The estimated installed cost for engineering, procurement, and construction for the facilities ("Option 2M Facilities") is **$840,000** (previously $770,000). In consideration of DESC's investment in these facilities and the expense incurred in owning, operating and maintaining them, SCDDSN would agree to pay DESC an additional monthly Facility Charge of **$14,700** (previously $12,866). This monthly Facility Charge would continue as long as the contract is enforced and would be subject to adjustment as described below.

The Facility Charge Rate, currently **1.75%** (previously 1.5317%) per month is subject to change from time to time, but not more often than once a year based on DESC's related cost factors. The Cost Basis shall be equal to the installed cost of Option 2M Facilities along with adjustments for relocations, removals modifications and additions. The Facility Charge shall be equal to the product of the Facility Charge Rate times the Cost Basis.

Any relocations or removal of Option 2M Facilities would result in a change in the Cost Basis.

In the event SCDDSN decides to add another building beyond the primary metering that requires a new transformer or add load to an existing service point that requires a larger transformer, then DESC would estimate the cost to be added to the cost basis and establish the new monthly Facility Charge.

Option 3M

The facilities in Option 3M would be the same in Option 2M, except SCDDSN would agree to pay DESC a one-time, non-refundable CIAC of **$840,000** (previously $770,000), and a monthly Operating Charge of **$8,400** (previously $7,700) in consideration of DESC's expense incurred in owning, operating and maintaining these facilities. This monthly Operating Charge would continue as long as the contract is enforced and would be subject to adjustment as described below.

The Operating Charge Rate, currently 1.0% per month, is subject to change from time to time, but not more often than once a year based on DESC's related cost factors. As in Option 2M, the Cost Basis shall be equal to the installed cost of facilities along with adjustments for relocations, removals modifications and additions. The Operating Charge shall be equal to the product of the Operating Charge Rate times the Cost Basis.

One key difference between Option 2 and Option 3, is that under Option 3 SCDSSN would be responsible for paying for CIAC's for future relocations, modifications or removal of Option 3 Facilities. This would also include CIAC's for adding facilities to serve additional buildings beyond the primary metering that require a new transformer or load additions that require transformer upgrades.

Dominion Energy

Option 4M

This option includes a similar service loop configuration except rather than primary metering, DESC would install a meter on each transformer (18 total) and bill each meter separately under the appropriate tariff rate per load served.

The estimated installed cost for engineering, procurement, and construction for the facilities in this option ("Option 4M Facilities") is **$955,283** (previously $800,000). Under this option, each transformer is metered separately (18 meters) and is billed under the appropriate retail rate on a separate account. The aggregated annual non-fuel portion of the all these separate accounts, would be subject to an Annual Minimum. This Annual Minimum would be equal to the sum of the current annual non-fuel revenue for Acct. 3-1898-0002-2273 for 2020 which was **$164,266** (previously $198,165 for 2019), plus one-fourth of the total installed cost of **$238,821** (previously $200,000) for a total of **$403,086** (previously $398,165). This Annual Minimum is permanent for all 18 of these accounts.

The Annual Minimum Charge shall be **$403,086** (previously $398,165), excluding the cost of fuel; any other provision within the contract or in the rate tariff notwithstanding. If the charge for actual consumption (less the cost of fuel) for any contract year is less than the Annual Minimum Charge, the difference shall be added to the bill for the twelfth billing period of that contract year. A contract year is defined as being a period of twelve consecutive months following the date of commencement of service and each anniversary thereof.

Any SCDDSN requested relocations and/or removal of DESC equipment would require a contribution-in-aid-of-construction.

In the event SCDDSN decides to add another building that requires a new transformer or load additions that require transformer upgrades, DESC would treat it as it would any other new retail load. In such case, there would be no adjustment to the Annual Minimum.

COASTAL CENTER PROPOSAL OPTIONS

DESC currently serves SCDDSN at Coastal Center from a dedicated customer substation which includes a 3.5 MVA transformer bank fed from our 23.9 kV distribution line. This transformer steps the voltage down to 12 kV, then provides primary metering at 12 kV to serve your campus. Beyond the meter, your overhead and underground lines feed twenty-six (26) padmounted transformers. Note, contract termination charges may also apply to abandon the dedicated customer substation, currently estimated at **$49,780**, to be billed separately from construction costs provided for each option (Attachment 9).

DESC's proposal is to build a new, separate 23.9 kV system from our overhead line, consisting of an underground loop and radial lines feeding eleven (11) new padmounted transformers. These padmounted transformers would be positioned as closely as possible to SCDDSN's existing transformers to aid in the cutover process. DESC would be responsible for all new transformer terminations, including connecting your existing low voltage conductors to our transformers. In reviewing the existing loads on each transformer (Attachment 6), we have determined that we can install smaller, more appropriately sized transformers at many locations. This will reduce our construction cost and your transformer energy losses which depending on the option chosen may reduce the State's energy usage.

There are three options for DESC ownership at Coastal Center:

Option 2C

This option includes primary metering at 23.9 kV at the proposed service loop as described above and shown in Attachment 7. This meter would maintain billing under tariff Rate 24 as you have today.

The estimated installed cost for engineering, procurement, and construction for the facilities ("Option 2C Facilities") is **$800,000** (previously $770,000). In consideration of DESC's investment in these facilities and the expense incurred in owning, operating and maintaining them, SCDDSN would agree to pay DESC an additional monthly Facility Charge of **$14,000** (previously $11,794). This monthly Facility Charge would continue as long as the contract is enforced and would be subject to adjustment as described below.

The Facility Charge Rate, currently **1.75%** (previously 1.5317%) per month is subject to change from time to time, but not more often than once a year based on DESC's related cost factors. The Cost Basis shall be equal to the installed cost of Option 2C Facilities along with adjustments for relocations, removals modifications and additions. The Facility Charge shall be equal to the product of the Facility Charge Rate times the Cost Basis.

Any relocations or removal of Option 2C Facilities would result in a change in the Cost Basis.

In the event SCDDSN decides to add another building beyond the primary metering that requires a new transformer or add load to an existing service point that requires a larger transformer, then DESC would estimate the cost to be added to the cost basis and to establish the new monthly Facility Charge.

Option 3C

The facilities in Option 3C would be the same in Option 2C, except SCDDSN would agree to pay DESC a one-time, non-refundable CIAC of **$800,000** (previously $770,000), and a monthly Operating Charge of **$8,000** (previously $7,700) in consideration of DESC's expense incurred in owning, operating, and maintaining these facilities. This monthly Operating Charge would continue as long as the contract is enforced and would be subject to adjustment as described below.

The Operating Charge Rate, currently 1.0% per month, is subject to change from time to time, but not more often than once a year based on DESC's related cost factors. As in Option 2C, the Cost Basis shall be equal to the installed cost of facilities along with adjustments for relocations, removals modifications and additions. The Facility Charge shall be equal to the product of the Operating Charge Rate times the Cost Basis.

One key difference between Option 2C and Option 3C, is that under Option 3C SCDSSN would be responsible for paying for CIAC's for future relocations, modifications or removal of Option 3C Facilities. This would also include CIAC's for adding facilities to serve additional buildings beyond the primary metering that require a new transformer or load additions that require transformer upgrades.

Option 4C

Option 4C includes a similar service loop configuration except rather than primary metering, DESC would install a meter on each transformer (12 total) and bill each meter separately under the appropriate tariff rate per load served.

The estimated installed cost for engineering, procurement, and construction for the facilities ("Option 4C Facilities") in this option is **$1,113,939** (previously $760,000). Under this option, each transformer is metered separately (12 meters) and is billed under the appropriate retail rate on a separate account. The aggregated annual non-fuel portion of the all these separate accounts, would be subject to an Annual Minimum. This Annual Minimum would be equal the sum of the current annual non-fuel revenue for Acct. 7-1898-0002-8547 for 2020 which was **$206,671** (previously $231,541 for 2019), plus one-fourth of the total installed cost of **$278,485** (previously $190,000) for a total of **$485,156** (previously $421,541). This Annual Minimum is permanent for all 12 of these accounts.

The Annual Minimum Charge shall be **$485,156** (previously $421,541), excluding the cost of fuel; any other provision within the contract or in the rate tariff notwithstanding. If the charge for actual consumption (less the cost of fuel) for any contract year is less than the Annual Minimum Charge, the difference shall be added to the bill for the twelfth billing period, of that contract year. A contract year is defined as being a period of twelve consecutive months following the date of commencement of service and each anniversary thereof.

Any SCDDSN requested relocations and/or removal of DESC equipment would require a contribution-in-aid-of-construction.

In the event SCDDSN decides to add another building that requires a new transformer or load additions that require transformer upgrades, DESC would treat it as it would any other new retail load. In such case, there would be no adjustment to the Annual Minimum.

SCDDSN SELECTION AND NEXT STEPS

If the State elects to pursue any of the DESC options, then we will require SCDDSN to sign a Letter of Intent ("LOI") which will authorize DESC to perform detailed engineering and contract development. Once DESC has completed the detailed engineering and contract development, then we will make a formal presentation with final cost totals. The final proposal will be available to SCDDSN for a period of 90 days. Should SCDDSN elect to terminate the LOI or fail to choose one of the DESC options during the 90-day window, SCDDSN agrees to reimburse DESC for all expenses incurred in the detailed engineering and contract development phase. We would anticipate the detailed engineering and contract development phase to take approximately six (6) weeks per location, during which DESC will develop detailed construction plans and an Electric Service Contract ready for signature.

For reference, all options are summarized in the table below:

OPTIONS SUMMARY		OPTION 1	OPTION 2	OPTION 3	OPTION 4
LOCATION	SYSTEM UPGRADE	STATE OWNERSHIP NO CHARGE (req'd by DESC)	DESC OWNERSHIP FACILITY CHARGE (single meter)	DESC OWNERSHIP OPERATING CHARGE (upfront payment)	DESC OWNERSHIP ANNUAL MINIMUM (separate meters)
Midlands Center	23.9kV with 18 new xfmrs	Upgrade and/or Maintenance Agreement to be executed with a high-voltage electric contractor	$14,700 / mon	$840,000 down; $8,400 /mon	$403,086 in usage req'd; otherwise, pay difference each year
Coastal Center	23.9kV with 12 new xfmrs, abandon customer sub*		$49,800 down; $11,794 / mon	$49,800 + $800,000 down; $8,000 / mon	$49,800 down; $485,156 in usage req'd; otherwise, pay difference each year

*$49,800 required to terminate contract for existing service via dedicated customer substation at Coastal Center

We estimate that once we have the Contract signed by SCDDSN, then the construction and load transfer phase will take approximately nine (9) to twelve (12) months to complete per location. It is understood that our schedule will be dependent upon SCDDSN's availability to allow an outage for each transformer while we disconnect the cables from the State's transformers and connect to the new DESC transformers. We would anticipate each transfer to take approximately eight (8) hours to complete, during which the buildings connected will be without power.

If you decide to proceed, then we will need your electronic AutoCAD 2014 files for your facilities, including a drawing showing your underground street lights and their feeding source. The overhead street lights will be metered from overhead wiring that you elect to maintain. We will also need a point of contact who can access each of your cabinets for our field survey, and who can assist with the development of required right-of-way easements. After reviewing this information, please advise how you would like to proceed.

Please do not hesitate to call if you have any questions or concerns.

Regards,

Connie S. Cain, P.E., CEM
Account Manager, Large Customer Accounts & Services
803-217-1447 (o) 803-608-3157 (m) 803-933-8774 (f)

ATTACHMENTS PROVIDED FOR REFERENCE

Attachment 1	DESC Three Phase Commercial Installation Guidelines
Attachment 2	SCDDSN Midlands Center individual building load history
Attachment 3	SCDDSN Midlands Center transformer listing and proposed transformer sizes
Attachment 4	Rough sketch of DESC design – Midlands Center
Attachment 5	DESC Midlands Center pro forma billing analysis
Attachment 6	SCDDSN Coastal Center individual building load history
Attachment 7	Rough sketch of DESC design – Coastal Center
Attachment 8	DESC Coastal Center pro forma billing analysis
Attachment 9	Contract Termination Charge Calculations

Attachment C

DRAFT

Fw: DESC Contract Shell

Tharin, Andrew M <ATharin@ddsn.sc.gov>
Wed 12/29/2021 12:11 PM
To: Maley, Pat <pmaley@ddsn.sc.gov>

1 attachments (42 KB)
State Distribution Take-over Shell.docx;

Pat, here is the termination verbage.

2) The contract termination language in the contract is as follows;

Termination: *Should Customer terminate this contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero.* ***Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the maximum demand set during the term times the demand rate in effect at the time of termination times the number of months remaining in the contract period***

ANDREW THARIN, P.E.
Director of Engineering and Planning

ATharin@ddsn.sc.gov
803-898-9423
803-832-8188
3440 Harden Street Ext, Columbia, SC 29203
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South Carolina
Department of Disabilities and Special Needs

From: Tharin, Andrew M
Sent: Friday, December 10, 2021 1:17 PM
To: Maley, Pat <pmaley@ddsn.sc.gov>
Subject: FW: DESC Contract Shell

See attached.

ANDREW THARIN, P.E.
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Dominion Energy South Carolina, Inc.

CONTRACT FOR ELECTRIC SERVICE

Effective Date: **Contract No. :**

THE PARTIES HEREIN NAMED AGREE TO THE FOLLOWING

Customer's Legal Name:

D/B/A:

Premises Served:

Service Address:

Billing Address:

Initial Term Ends: 20 **Years from Effective Date;** **Service Date:**

Minimum Notice of Termination: 12 **Months after initial term.**

Supply: 23.9/13.8 **kV** **Service Method:** Company-Owned Padmounted Transformers

Delivery: 480/277 **Volts,** Three (3) **Phase,** Four (4) **Wire,** Wye **Connected**

Point of Service: Load side of Company-Owned Padmounted Transformers

Metered Voltage: 480 **Volts;** **Meter Location:** Primary Metered

Billing Rate : See Exhibit "A" **Contract Demand:** N/A **Maximum Capacity:** **kVA**

Build-up Period: N/A **SIC:** **NAICS:**

Special Provisions/Extra Facilities/Explanations: (Account #s)

The purpose of this Contract is to establish new service for an existing customer as part of a distribution system take-over.

This contract incorporates all general, standard, and special terms hereafter or incorporated by reference, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

CUSTOMER	**DOMINION ENERGY SOUTH CAROLINA, INC.**
By: ______________________	*By:* ______________________
Print: ______________________	*Print:* Daniel F. Kassis
Title: ______________________	*Title:* GM, Strategic Partnerships & Renewable Energy, Authorized Representative

EXHIBIT "A"

Contract for Electric Service between Dominion Energy South Carolina, Inc. and Customer

I. GENERAL

This Contract for Electric Service ("Contract") is being executed between Dominion Energy South Carolina, Inc. ("Company") and Customer ("Customer") for and on behalf of themselves, their successors and assigns, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

Billing Rate under this Contract shall be according to the provisions of the Contract validated by Act No. 440 of the General Assembly of South Carolina on March 24, 1925 and as subsequently amended on April 13, 1956 and February 17, 1970.

II. SPECIAL CONDITIONS

Service Facilities: Company served Customer at its main campus… from Company's 23.9 kV line via primary metering points. Beyond this meter, Customer's overhead and underground distribution lines served its three phase pad-mounted transformers.

Customer has requested and Company has agreed to build a new 23.9 kV system while maintaining primary metering. The point of service will be on the load side of the new transformers per Company's current Underground Commercial Electric Service specifications. Note: Customer is responsible for the disposal or abandonment of all equipment used in its current distribution system.

The new points of service are as follows:

Building Number	Transformer	Proposed Size
4001	Transformer #1	? kVA
4002	Transformer #2	? kVA
4003	Transformer #3	? kVA
4004	Transformer #4	? kVA
Etc…	Transformer #5	? kVA
		Total = ? kVA

Facility Charge: In consideration of Customer's request for Company to own, operate, and maintain its newly constructed distribution system, Customer agrees to pay Company an additional monthly facility charge of XXXX, based on the cost incurred to replace the existing facilities to meet Company's specifications (This cost is hereby agreed to be $XXXX).

The facility charge rate, currently 1.75% per month, is subject to change from time to time, but not more often than once a year based on Company's related cost factors. The cost basis shall be equal to the installed cost of the facilities along with adjustments for relocations, removals modifications and additions. The facility charge shall be equal to the product of the facility charge rate times the cost basis. Note, any relocations or removal of facilities would result in a change in the cost basis. In the event Customer decides to add another building beyond the primary metering that requires a new transformer

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For Customer For Company

or to add load to an existing service point that requires a larger transformer, then Company would estimate the cost to be added to the cost basis and establish the new monthly facility charge.

Distribution Facility Protection: Company owns and will maintain the pad-mounted transformers, primary cable, primary protective equipment, and metering equipment. Customer owns and will maintain the concrete transformer pad and all circuits and equipment on load side of transformer terminals. Customer agrees to keep transformers and primary cable unencumbered and accessible to Company's maintenance vehicles and to keep transformers protected from vehicular traffic. Customer agrees to distribute its internal secondary loads in such manner as not to overload any transformer.

Approval Initials ____________________ ____________________

For Customer For Company

STANDARD CONDITIONS

Supply and Use: Company agrees to sell and Customer agrees to buy from Company all purchased electric energy, capacity, related transmission services and any related distribution services required by Customer for use on its premises covered hereunder. Resale by Customer of energy, capacity, related transmission or related distribution services is not permitted.

Creditworthiness: Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the contract may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information and at the request of the Company, will maintain such credit support or surety including but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

Service Application, Deposit and Release: Prior to receiving service, Customer or its Agent must: (a) Ensure that an application for service is made to Company, either in person at one of Company's commercial offices or through the Company representative coordinating the service arrangements; (b) Post a service deposit with Company (as determined by Company in accordance with S.C. Public Service Commission regulations), unless waived by Company in favor of other satisfactory assurance for payment of bills; and (c) Ensure that any inspections required by governmental authorities having jurisdiction are completed and notice thereof is given to the Company.

Commencement of New Service: Company and Customer shall make every reasonable effort to have their respective facilities ready for service by the **Service Date** stated on Page 1. If conditions should change, the affected party shall immediately notify the other.

Assignment: Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

Term: This Contract shall commence on the **Effective Date** (the date on which this contract is fully executed) and shall continue for the full **Initial Term**, unless an early termination is mutually agreed upon. Thereafter, it will extend automatically until terminated by either party giving the other a written **Minimum Termination Notice**. Billing for service rendered hereunder shall commence on the **Service Date** (the date customer contracts for service under the tariff applicable to this contract) or the date that service is first made available, whichever is later, or in accordance with terms stated under **Special Provisions**.

Termination: Should Customer terminate this contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero. Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the maximum demand set during the term times the demand rate in effect at the time of termination times the number of months remaining in the contract period.

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, or (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the SCPSC or imposed by law.

Approval Initials ____________________ ____________________

For Customer For Company

Impaired Service: Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for protecting its equipment from single phase conditions, momentary interruptions or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment of such nature and in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.

Load Increase: If Customer contemplates a load increase which may exceed the **Maximum Capacity** stated on Page 1, Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

Facility Relocation: Should Customer request Company to relocate any of its facilities, or take any action which will require Company to relocate its facilities, Customer shall reimburse Company for the costs incurred.

Hold Harmless: Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each. Neither party shall be liable to the other in any event, whether in contract, tort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

South Carolina Public Service Commission: This Contract, the **Billing Rate** referenced on Page 1, and all services rendered hereunder, are subject to the Company's "General Terms and Conditions" as approved by the Commission, and to the "Rules and Regulations" of the Commission, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms and Conditions are attached and made a part hereof; Rules and Regulations are made a part by reference and are available upon request. This contract is specifically intended to survive deregulation or retail access.

Bold Print Terms: Bold Print terms reference the corresponding completed blanks on Page 1.

Approval Initials ____________________ ____________________

For Customer For Company

Attachment D

TOTAL BILLING SUMMARY OF OPTIONS FOR COASTAL CENTER

Current Billing	
Non-Fuel Portion of Bill	$206,671
Fuel Cost	$72,082
DESC Energy Charges	**$278,753**
O&M Cost of Distribution	?
Estimated Annual Cost	**?**
Option 2	
Stateline Non-Fuel Portion of Bill	$206,671
Termination Charges for Dedicated Substation	$49,800
Annual Facilities Charge	$168,000
Fuel Cost	$72,082
Estimated Year 1 Cost	**$496,553**
Estimated Annual Cost After Initial Year	**$446,753**
Option 3	
Stateline Non-Fuel Portion of Bill	$206,671
Contribution in Aid of Construction	$800,000
Termination Charges for Dedicated Substation	$49,800
Annual Operating Charge	$96,000
Fuel Cost	$72,082
Estimated Year 1 Cost	**$1,224,553**
Estimated Annual Cost After Initial Year	**$374,753**
Option 4	
Estimated Non-Fuel Billing under Individual Rates	$267,110
Termination Charges for Dedicated Substation	$49,800
Estimated Annual Minimum Charge	$218,046
Fuel Cost	$90,107
Estimated Year 1 Cost	**$625,063**
Estimated Annual Minimum Charge	**$575,263**

TOTAL BILLING SUMMARY OF OPTIONS FOR MIDLANDS CENTER

Current Billing	
Non-Fuel Portion of Bill	$164,266
Fuel Cost	$88,973
SCE&G Energy Charges	**$253,238**
O&M Cost of Distribution	?
Estimated Annual Cost	**?**
Option 2	
Stateline Non-Fuel Portion of Bill	$164,266
Annual Facilities Charge	$176,400
Fuel Cost	$88,973
Estimated Annual Cost	**$429,639**
Option 3	
Stateline Non-Fuel Portion of Bill	$164,266
Contribution in Aid of Construction	$840,000
Annual Operating Charge	$100,800
Fuel Cost	$88,973
Estimated Year 1 Cost	**$1,194,038**
Estimated Annual Cost After Initial Year	**$354,038**
Option 4	
Estimated Non-Fuel Billing under Individual Rates	$330,501
Estimated Annual Minimum Charge	$72,586
Fuel Cost	$92,220
Estimated Annual Cost	**$495,307**

DRAFT

FY22 Spending Plan VS Actual Expenditures as of 12/31/2021

Category	Spending Plan	Cash Expenditures YTD	SCDHHS Monthly "Wash" Expenditures with Revenue YTD *	Total Monthly Expenditures YTD	Remaining Spending Plan	Spending Plan Deviation with Actual
DDSN spending plan budget	$ 851,170,837	$ 341,807,961	$ 69,614,562	$ 411,422,523	$ 439,748,314	REASONABLE
Percent of total spending plan remaining	100.00%	40.16%	8.18%	48.34%	51.66%	
% of FY Remaining					50.00%	
Difference % - over (under) budgeted expenditures					1.66%	

* In Dec 2021, providers billed & paid by SCDHHS for approximately $92.1 million in services (waiver services + state plan services). DDSN paid the $22.5 million state match to SCDHHS recorded as a cash expenditure and the $69,614,562 difference was the "wash" Medicaid reimbursement revenue & expense added to maintain "apples to apples" comparison to FY22 spending plan.

Methodology & Report Owner: DDSN Budget Division