

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY & EXHIBITS

OF

MICHAEL L. SEAMAN-HUYNH

SEPTEMBER 24, 2018



DOCKET NO. 2017-370-E

Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May be Required, and for a Prudency Determination Regarding the Abandonment of the V.C. Summer Units 2 and 3 Project and Associated Customer Benefits and Cost Recovery Plans

DIRECT TESTIMONY AND EXHIBITS OF

MICHAEL L. SEAMAN-HUYNH

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2017-370-E

**IN RE: JOINT APPLICATION AND PETITION OF SOUTH CAROLINA
ELECTRIC & GAS COMPANY AND DOMINION ENERGY,
INCORPORATED FOR REVIEW AND APPROVAL OF A PROPOSED
BUSINESS COMBINATION BETWEEN SCANA CORPORATION AND
DOMINION ENERGY, INCORPORATED, AS MAY BE REQUIRED, AND
FOR A PRUDENCY DETERMINATION REGARDING THE
ABANDONMENT OF THE V.C. SUMMER UNITS 2 & 3 PROJECT
AND ASSOCIATED CUSTOMER BENEFITS AND COST RECOVERY
PLANS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Michael Seaman-Huynh. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Senior Regulatory Manager in the Utility Rates and Services Division of the Office of Regulatory Staff (“ORS”).

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received my Bachelor’s Degree from the University of South Carolina in 1997. Prior to my employment with ORS, I was employed as an energy analyst with a private consulting firm. I joined ORS in 2006 as an Electric Utilities Specialist and was promoted to Senior Electric Utilities Specialist in 2010. When the Energy Regulation Department was formed in August 2015, I assumed the position of Senior Regulatory Analyst. In May

1 2016, the Utility Rates and Services Division was formed, and I was promoted to the
2 position of Senior Regulatory Manager.

3 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE**
4 **COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?**

5 **A.** Yes. I have testified on numerous occasions before the Commission in connection
6 with hearings concerning annual fuel clause proceedings, general rate cases, and Utility
7 Facility Siting and Environmental Protection Act proceedings.

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

9 **A.** The purpose of my testimony is to address certain areas of the ORS’s examination
10 of the joint application and petition of South Carolina Electric & Gas Company
11 (“SCE&G”) and Dominion Energy, Incorporated (“Dominion”) (together the
12 “Applicants”) in Docket No. 2017-370-E (“Application”). My testimony will address
13 several topics including:

- 14 • An overview of SCE&G’s natural gas operations in South Carolina;
- 15 • ORS’s recommendations regarding natural gas operations should the merger be
16 approved;
- 17 • ORS’s review of the Application regarding rates and riders;
- 18 • ORS’s recommendations regarding its base rate reduction, capital cost recovery
19 rider, tax savings rider, and merger savings rider under the ORS Optimal Rate Payer
20 Benefits Plan ("Optimal Plan");
- 21 • ORS’s recommendation regarding the Applicants’ proposed rate credit to
22 customers; and,

- A comparison of the three (3) plans proposed by SCE&G and Dominion to the Optimal Plan proposed by ORS and the impacts of each proposal on customers.

I. SCE&G NATURAL GAS OPERATIONS

Q. PLEASE DESCRIBE SCE&G LOCAL DISTRIBUTION COMPANY (“LDC”) GAS OPERATIONS IN SOUTH CAROLINA.

A. SCE&G is engaged in the purchase, sale and transportation of natural gas to approximately 1.3 million natural gas customers in South Carolina, North Carolina, and Georgia combined. As of December 31, 2017, SCE&G provided natural gas services to approximately 368,000 customers in South Carolina.¹ The service area for natural gas encompasses all or part of 35 counties in South Carolina and covers approximately 23,000 square miles.

Q. PLEASE DESCRIBE SCE&G’S GAS OPERATIONS USED FOR ELECTRIC GENERATION IN SOUTH CAROLINA.

A. SCE&G is engaged in the purchase and transportation of natural gas to its Columbia Energy Center, Coit, Cope, Hagood, Hardeeville, Jasper, McMeekin, Parr, Urquhart, and Williams generating facilities.

Q. PLEASE DESCRIBE SCE&G’S NATURAL GAS PIPELINE SYSTEM IN SOUTH CAROLINA.

A. SCE&G's natural gas system includes 447 miles of transmission pipeline of up to 20 inches in diameter that connect its distribution system with Southern Natural Gas Company (“Southern”), Transcontinental Gas Pipeline Corporation (“Transco”), and Dominion Energy Carolina Gas Transmission Corporation (“DECGT”). SCE&G’s

¹ SCANA December 31, 2017 Form 10-K, page 5.

1 distribution system consists of 17,671 miles of distribution mains and related service
2 facilities. SCE&G also owns and operates two (2) Liquefied Natural Gas (“LNG”) plants,
3 one located near Charleston, South Carolina (“Bushy Park”) and the other in Salley, South
4 Carolina (“Salley”).

5 **Q. PLEASE DISCUSS SCE&G’S GAS COST AND SUPPLY PROCESS IN SOUTH**
6 **CAROLINA.**

7 **A.** SCE&G purchases natural gas under contracts with producers and marketers on
8 both a short-term and long-term basis at market-based prices. The gas is delivered to South
9 Carolina through firm transportation agreements with Southern, Transco and DECGT, and
10 short-term transportation agreements. Currently, the long-term contracts have expiration
11 dates at various times through 2084.² The maximum daily volume of gas that SCE&G is
12 currently entitled to transport under these contracts is 212,194 Million British Thermal
13 Units (“MMBTU”) from Southern, 110,458 MMBTU from Transco, and 456,427
14 MMBTU from DECGT.³ To meet the requirements of its firm LDC natural gas customers
15 during periods of high demand, SCE&G has 5,502,600 MMBTU of natural gas storage
16 capacity on the systems of Southern and Transco.⁴ SCE&G supplements its supplies of
17 natural gas with its Bushy Park and Salley LNG facilities.

18 **Q. HOW WILL THE POTENTIAL MERGER IMPACT NATURAL GAS**
19 **OPERATIONS?**

20 **A.** The Applicants do not ascribe specific benefits to SCE&G natural gas customers.
21 The potential merger will create a vertically integrated natural gas utility. Dominion would

² SCANA December 31, 2017 Form 10-K, page 8.
³ SCANA December 31, 2017 Form 10-K, page 8.
⁴ SCANA December 31, 2017 Form 10-K, page 9.

1 own both the transmission pipeline and the distribution pipeline. ORS recommends the
2 Commission establish certain conditions to ensure natural gas customers receive safe and
3 reliable service at reasonable prices, and electric generation from the purchase and
4 transportation of natural gas is achieved on the most economical terms. SCE&G should be
5 required by the Commission to engage in good faith negotiations with third-party suppliers
6 of gas and transportation capacity, and affiliated transactions should be scrutinized.
7 SCE&G should be required to follow a “least cost” standard with regard to contracting for
8 gas supply transportation and storage services to ensure fair pricing among service
9 providers and that business decisions are not biased in favor of affiliate transactions. ORS
10 witnesses Kollen and Baudino propose additional conditions for the Commission’s
11 consideration.

12 **II. APPLICATION REVIEW**

13 **Q. PLEASE DISCUSS THE PROPOSED RATE REDUCTIONS IN THE** 14 **APPLICATION.**

15 **A.** As part of the Customer Benefits Plan (“CBP”), the Applicants propose to
16 implement a Capital Cost Rider Component that will reduce the retail rates of each
17 customer class by 3.5% (“Capital Cost Rider Component”). The Applicants also requested
18 that the Commission approve a Tax Rider that would reduce retail electric rates for each
19 customer class by approximately 1.5% (“Tax Rider”).⁵ The Tax Rider was updated in the
20 direct testimony and exhibits of SCE&G witness Rooks to reduce retail electric rates by
21 2.70% filed on August 2, 2018.⁶ This percentage was updated again in the Revised Exhibits

⁵ Application, Exhibit 12, Page 4 of 55, “Tax Rider”.

⁶ Exhibit AWR-1, Page 55 of 55, “Tax Rider”.

1 of witness Rooks filed on August 31, 2018 to 2.79%.⁷

2 **Q. WERE THERE ANY ADDITIONAL CHANGES IN SCE&G’S DIRECT**
3 **TESTIMONY THAT WOULD FURTHER REDUCE RETAIL RATES?**

4 **A.** Yes. SCE&G witness Rooks, in his direct testimony and exhibits, offers an
5 additional New Nuclear Development Tax Rider that would further reduce electric rates by
6 approximately 1.86% (“NND Tax Rider”) for approval by the Commission filed on August
7 2, 2018.⁸ This percentage was updated in the Revised Exhibits of witness Rooks filed on
8 August 31, 2018 to 1.93%.⁹

9 **Q. HAS SCE&G PERFORMED A COST OF SERVICE STUDY IN SUPPORT OF ITS**
10 **APPLICATION?**

11 **A.** No. SCE&G is not requesting an increase or reduction in Base Rates in the
12 Application. SCE&G is requesting approval of a reduction in rates through a series of
13 riders, and as such, did not perform a Cost of Service Study.¹⁰

14 **Q. DOES ORS AGREE WITH SCE&G’S ALLOCATIONS IN THE CAPITAL COST**
15 **RIDER COMPONENT?**

16 **A.** No. ORS does not agree with SCE&G’s proposal to reduce the rates of all electric
17 retail classes by a flat 3.5%.

18 **Q. WHY DOES ORS DISAGREE WITH THE FLAT 3.5% RATE REDUCTION?**

19 **A.** Under S.C. Code Ann. § Section 58-33-270 (D) (2017), the additional revenue
20 requirements to be collected through revised rates were allocated among customer classes
21 based on the utility’s South Carolina firm peak demand data from the prior year. SCE&G

⁷ Revised Exhibit AWR-1, Page 53 of 53, “Tax Rider”.

⁸ Exhibit AWR-1, Page 51 of 55, “NND Tax Rider”.

⁹ Revised Exhibit AWR-1, Page 49 of 53, “NND Tax Rider”.

¹⁰ Response to AIRs 1-9, 1-10, and 1-11.

1 used the same four-hour-band Coincident Peak methodology approved by this Commission
2 for over thirty (30) years. For each Revised Rates proceeding (Docket Nos. 2009-211-E,
3 2010-157-E, 2011-207-E, 2012-186-E, 2013-150-E, 2014-187-E, 2015-160-E, and 2016-
4 224-E (collectively the “Revised Rates Proceedings”), SCE&G derived the revenue
5 increases for each customer class using this methodology. As such, it is ORS’s
6 recommendation that any reductions in revenues should also be allocated using this same
7 methodology. Additionally, ORS recommends allocations be updated to use data from the
8 2017 calendar year. ORS Exhibit MSH-1 shows SCE&G’s 2017 firm peak demand, which
9 occurred on August 18, 2017, and each customer class’ contribution to that peak.

10 **III. EXPERIMENTAL RATES (DOCKET NO. 2018-217-E)**

11 **Q. PLEASE DISCUSS THE EXPERIMENTAL RATES ORDERED BY THE**
12 **COMMISSION IN ORDERS 2018-459 AND 2018-460.**

13 **A.** In Order 2018-459, the Commission ordered SCE&G to implement new
14 experimental rates to temporarily reduced SCE&G’s rates effective in April 2018 by the
15 increases imposed under the provisions of the Base Load Review Act in Commission
16 Orders 2011-738, 2012-761, 2013-680(A), 2014-785, 2015-712, and 2016-758
17 (“Experimental Rates”). Order 2018-459 specified that the Experimental Rates will be
18 effective for “a period of no earlier than April 1, 2018, until the issuance of this
19 Commission's final order on the merits in the V.C. Summer matters.”

20 Order 2018-460 ordered that SCE&G implement the Experimental Rates beginning
21 with the first billing cycle of August 2018. Further, Order 2018-460 implements a
22 decrement rider for New Nuclear Development (“NND”) revenues collected for the months
23 of April, May, June and July 2018.

1 Using this methodology, a residential customer on Rate 8 using 1,000 kWh monthly
2 (“Residential Customer”) would receive a one-time Rate Credit of \$940.44.

3 **Q. DOES ORS RECOMMEND THAT THE COMMISSION APPROVE THE ONE-**
4 **TIME RATE CREDIT?**

5 **A.** No. As addressed by ORS witness Kollen, the one-time Rate Credit is being funded
6 primarily through the proceeds from the Toshiba guarantee. As part of the Optimal Plan,
7 ORS recommends these proceeds be used to reduce the allowed NND abandonment costs
8 recoverable through the CCR Rider.

9 **Q. IF THE COMMISSION APPROVES THE ONE-TIME RATE CREDIT AS AN**
10 **ALTERNATIVE TO REDUCING THE ALLOWED NND COSTS, WHAT**
11 **RECOMMENDATIONS DOES ORS OFFER?**

12 **A.** While ORS does not recommend the one-time Rate Credit for reasons described in
13 more detail by ORS witness Kollen, ORS does not oppose the methodology proposed by
14 the Applicants to calculate the Rate Credit. ORS recommends the calculation methodology
15 be updated to use data from the 2017 calendar year. Using SCE&G’s firm peak demand
16 and customer usage information from 2017, ORS calculated the potential rate per kilowatt
17 hour (\$/kWh) for each customer class. These calculations are shown in ORS Exhibit MSH-
18 3 and are shown in Table 2 below.

1

Table 2: Rate Credit Adjusted for 2017 Data

Customer Class	Rate Credit \$/kWh rate
Residential	\$0.08061
Small General Service	\$0.07147
Medium General Service	\$0.05933
Large General Service	\$0.04241

2

Using the Rate Credit, adjusted for 2017 data, a Residential Customer would receive a Rate Credit of \$967.32.

3

4

IX. CUSTOMER IMPACTS

5

The revenue changes under the ORS Optimal Plan are shown by customer class in ORS Exhibit MSH-2. The individual changes for the Base Rate Reduction, CCR Rider, Merger Saving Rider, and Tax Savings Rider are shown separately for each customer class.

6

7

8

The net total decrease from all of ORS's adjustments is \$492,530,707 in the first year of the merger. As shown in ORS Exhibit MSH-2, page 1 of 2, the retail decreases by customer

9

10

class proposed by ORS are as follows: Residential, 20.93%; Small General Service, 20.13%; Medium General Service, 21.03%; and Large General Service, 19.09%. The

11

12

overall total retail decrease is 20.33% in the first year of the merger. As shown in ORS

13

Exhibit MSH-2, page 2 of 2, the retail decreases by customer class proposed by ORS are as follows: Residential, 22.42%; Small General Service, 21.56%; Medium General

14

15

Service, 22.52%; and Large General Service, 20.44%. The overall total retail decrease is

16

21.77% in the second year of the merger (presumed to be 2020) and going forward until

17

SCE&G's next general rate case.

1 **Q. DID ORS REVIEW THE IMPACTS TO CUSTOMERS' BILLS UNDER THE**
2 **APPLICANTS' CUSTOMER BENEFITS PLAN, SCE&G'S NO MERGER**
3 **BENEFITS PLAN, AND SCE&G'S BASE REQUEST?**

4 **A.** Yes. ORS reviewed each of the plans submitted by SCE&G and Dominion as part
5 of the Application. The rates in each of the plans do not include any changes in annual
6 fuel or Demand Side/Energy Efficiency rate components.

7 • Under the CBP, a Residential Customer will receive the Rate Credit proposed by
8 the Applicants. The Capital Cost Rider Component will remain constant for the
9 first eight years and will gradually decrease rates attributed to NND costs over the
10 remaining twelve years of the twenty-year period. Residential Customers will
11 receive the benefits of the Tax Rider through 2020 and will receive the benefits of
12 the NND Tax Rider for a twenty-year period.

13 • Under SCE&G's No Merger Benefits Plan, a Residential Customer will see the
14 3.5% flat rate reduction proposed by the Applicants, and will pay gradually
15 decreasing rates over a fifty-year period attributed to NND costs. Like the CBP,
16 the Tax Rider would reduce rates through 2020 by 4.42% instead of 2.79%.¹²
17 Additionally, there is no NND Tax Rider under the No Merger Benefits Plan.

18 • Under SCE&G's Base Request, there is no reduction in rates associated with NND
19 costs. There is no NND Tax Rider, but the Tax Rider percentage increases from
20 2.79% to 4.83%.¹³

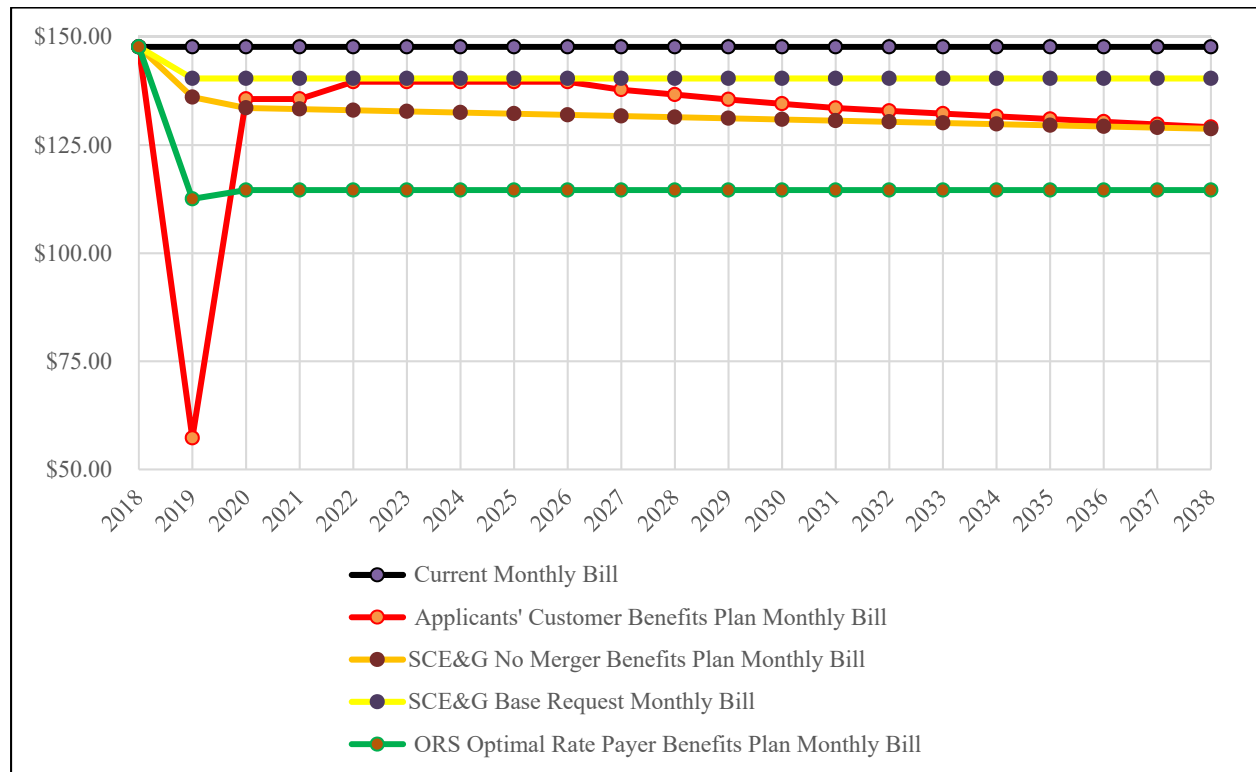
21 **Q. PLEASE DISCUSS THE IMPACTS OF THE OPTIMAL PLAN TO CUSTOMERS'**
22 **BILLS.**

¹² Exhibit AWR-2.

¹³ Exhibit AWR-3.

1 **A.** Under the Optimal Plan, a Residential Customer will benefit from the Base Rate
2 Reduction, CCR Rider, Tax Savings Rider, and Merger Savings Rider. Residential
3 Customers will see an immediate and significant drop in their monthly bills during the first
4 year of the merger with additional reductions in the second year. These bills will remain
5 at this lower level over a twenty-year period. Over the entire twenty-year period,
6 Residential Customers will experience a reduction of approximately \$7,971 from currently
7 approved rates. Table 3 below provides an illustrative representation of Residential
8 Customers' bills for each of the plans discussed above for twenty years. As discussed
9 above, the bills under the No Merger Benefits extend for an additional thirty years beyond
10 what is shown in this table.

11 **Table 3: Twenty-Year Comparison of Residential Customer Monthly Bills^{14,15}**



¹⁴ CBP Monthly Bill includes Rate Credit.

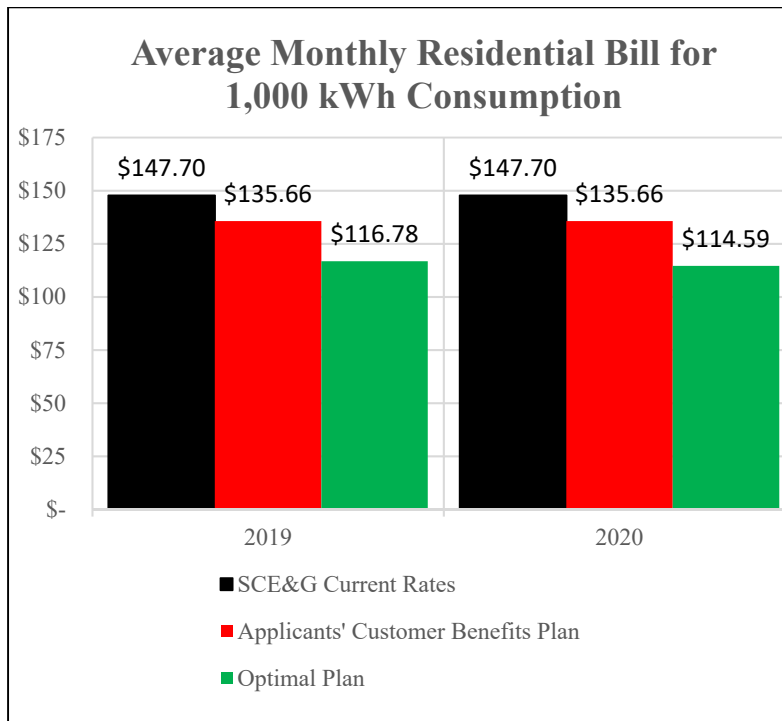
¹⁵ Optimal Plan Monthly Bill includes the ORS proposed one-time Tax Refund.

CONCLUSION

Q. WHAT IS THE NET IMPACT OF THE ORS RECOMMENDATIONS ON THE AVERAGE MONTHLY BILL FOR A TYPICAL RESIDENTIAL CUSTOMER?

A. As shown in ORS Exhibit MSH-4, under the Optimal Plan the average monthly bill for a Residential Customer will decrease by approximately \$30.92, from \$147.70 to \$116.78, or 20.93%, in the first year. In the second year, the Optimal Plan will reduce the customer’s bill to \$114.59, a reduction of \$33.11 or 22.42% over current rates. Table 4 below provides a comparison of the average monthly bills under SCE&G’s current rates (excluding the Experimental Rates), the Applicants’ CBP (excluding the Rate Credit), and the Optimal Plan (excluding the ORS proposed one-time Tax Refund).

Table 4: Average Monthly Residential Bill for 1,000 kWh Consumption^{16,17,18}



¹⁶ SCE&G Current Rates exclude the Experimental Rates.

¹⁷ CBP excludes Rate Credit.

¹⁸ Optimal Plan excludes the ORS proposed one-time Tax Refund.

1 **Q. WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT**
2 **BECOMES AVAILABLE?**

3 **A.** Yes. ORS fully reserves the right to revise its recommendations via supplemental
4 testimony should new information become available not previously provided by the
5 Applicants, or from pending state and federal investigations and lawsuits.

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

7 **A.** Yes, it does.

Office of Regulatory Staff
MICHAEL SEAMAN-HUYNH
EXHIBIT LIST

South Carolina Electric & Gas Company and Dominion Energy, Inc.
Docket No. 2017-370-E

EXHIBIT NUMBER	DESCRIPTION
MSH-1	Demand Allocations
MSH-2, page 1	Allocation of Revenue Changes (2019)
MSH-2, page 2	Allocation of Revenue Changes (2020)
MSH-3	Rate Credit Calculations
MSH-4	Average Monthly Residential Bill for 1,000 kWh Consumption

Demand Allocations
South Carolina Electric & Gas Company
Docket No. 2017-370-E

2017 Peak Demand Summary Allocations ¹

<u>Rate Class</u>	<u>Firm kW Demand</u>	<u>Overall Ratios</u>
Residential	1,990,214	45.86%
Small General Service	797,850	18.38%
Medium General Service	427,159	9.84%
Large General Service	987,111	22.75%
Lighting	-	0.00%
Retail Total	4,202,334	96.83%
Wholesale	137,523	3.17%
System Total	4,339,857	100.00%

2017 Retail Peak Demand Allocations

<u>Class</u>	<u>Firm kW Demand</u>	<u>Ratios</u>
Residential	1,990,214	47.36%
Small General Service	797,850	18.99%
Medium General Service	427,159	10.16%
Large General Service	987,111	23.49%
Lighting	-	0.00%
Retail Total	4,202,334	100.00%

Numbers may not equal 100% due to rounding.

1. Response to ORS Utility Rates Request #5.

Office of Regulatory Staff
Allocation of Revenue Changes (2019)
South Carolina Electric & Gas Company
Docket No. 2017-370-E

Rate Class	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Present Revenues Annualized ^{1,2}	ORS Proposed Revenue Annualized	ORS Base Rate Reduction Increase/(Decrease)	ORS Capital Cost Recovery Rider Increase/(Decrease)	ORS Merger Savings Rider Increase/(Decrease)	ORS Tax Savings Rider Increase/(Decrease)	ORS Total Revenue Increase/(Decrease) (Total)	ORS Percent Increase/(Decrease) (Total)
Residential Service	\$ 1,114,356,908	\$ 881,094,365	\$ (210,752,463)	\$ 40,811,176	\$ (16,576,000)	\$ (46,745,256)	\$ (233,262,543)	-20.93%
Small General Service	\$ 464,542,926	\$ 371,011,345	\$ (84,505,686)	\$ 16,364,110	\$ (6,646,500)	\$ (18,743,505)	\$ (93,531,581)	-20.13%
Medium General Service	\$ 237,995,900	\$ 187,954,780	\$ (45,212,099)	\$ 8,755,100	\$ (3,556,000)	\$ (10,028,121)	\$ (50,041,120)	-21.03%
Large General Service	\$ 606,168,714	\$ 490,473,251	\$ (104,530,730)	\$ 20,241,861	\$ (8,221,500)	\$ (23,185,094)	\$ (115,695,463)	-19.09%
Total Retail	\$ 2,423,064,448	\$ 1,930,533,741	\$ (445,000,978)	\$ 86,172,247	\$ (35,000,000)	\$ (98,701,976)	\$ (492,530,707)	-20.33%

1. Twelve months ending September 30, 2017.

2. Response to ORS AIR 1-13.

Office of Regulatory Staff
Allocation of Revenue Changes (2020)
South Carolina Electric & Gas Company
Docket No. 2017-370-E

Rate Class	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Present Revenues Annualized ^{1,2}	Proposed Revenue Annualized	ORS Base Rate Reduction Increase/(Decrease)	ORS Capital Cost Recovery Rider Increase/(Decrease)	ORS Merger Savings Rider Increase/(Decrease)	ORS Tax Savings Rider Increase/(Decrease)	ORS Total Revenue Increase/(Decrease) (Total)	ORS Percent Increase/(Decrease) (Total)	
Residential Service	\$ 1,114,356,908	\$ 864,518,365	\$ (210,752,463)	\$ 40,811,176	\$ (33,152,000)	\$ (46,745,256)	\$ (249,838,543)	-22.42%
Small General Service	\$ 464,542,926	\$ 364,364,845	\$ (84,505,686)	\$ 16,364,110	\$ (13,293,000)	\$ (18,743,505)	\$ (100,178,081)	-21.56%
Medium General Service	\$ 237,995,900	\$ 184,398,780	\$ (45,212,099)	\$ 8,755,100	\$ (7,112,000)	\$ (10,028,121)	\$ (53,597,120)	-22.52%
Large General Service	\$ 606,168,714	\$ 482,251,751	\$ (104,530,730)	\$ 20,241,861	\$ (16,443,000)	\$ (23,185,094)	\$ (123,916,963)	-20.44%
Total Retail	\$ 2,423,064,448	\$ 1,895,533,741	\$ (445,000,978)	\$ 86,172,247	\$ (70,000,000)	\$ (98,701,976)	\$ (527,530,707)	-21.77%

1. Twelve months ending September 30, 2017.

2. Response to ORS AIR 1-13.

Office of Regulatory Staff
Rate Credit Calculations
South Carolina Electric & Gas Company
Docket No. 2017-370-E

ORS EXHIBIT MSH-3

Rate Class	Allocation ¹	Allocation of Rate Credit	2017 Annual Energy Usage ^{2,3}	ORS Proposed Rate Credit (\$/kWh)
Residential Service	47.36%	\$ 615,680,000	7,637,389,916	\$ 0.08061
Small General Service	18.99%	\$ 246,870,000	3,454,008,407	\$ 0.07147
Medium General Service	10.16%	\$ 132,080,000	2,226,088,692	\$ 0.05933
Large General Service	23.49%	\$ 305,370,000	7,200,873,632	\$ 0.04241
Total Retail	100.00%	\$ 1,300,000,000	20,518,360,647	

1. From Exhibit MSH-1
2. Response to ORS Utility Rates Request #5.
3. Excludes energy usage not associated with NND revenues.

Average Monthly Residential Bill for 1,000 kWh Consumption
South Carolina Electric & Gas Company
Docket No. 2017-370-E

	<u>1st Year</u> 2019	<u>2nd Year</u> 2020
SCE&G Current Rates^{1,2}	\$147.70	\$147.70
Applicants' Customer Benefits Plan³	\$135.66	\$135.66
Optimal Plan⁴	\$116.78	\$114.59

¹ SCE&G Current Rates bill includes the approved rates in Docket Nos. 2018-2-E and 2018-42-E effective May 1, 2018.

² SCE&G Current Rates bill exclude the Experimental Rates.

³ Applicant's Customer Benefits Plan bill does not include the proposed Rate Credit.

⁴ Optimal Plan bill does not include the ORS proposed one-time Tax Refund.