STATE OF SOUTH CAROLINA

Petition of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its Storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

COVER SHEET

DOCKET NUMBER: 2008 - ____ - E

(Please type or print)

Submitted by: K. Chad Burgess
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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition** ☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:** _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
☒ Electric	☐ Affidavit	☒ Letter	☐ Request
☐ Electric/Gas	☐ Agreement	☐ Memorandum	☐ Request for Certification
☐ Electric/Telecommunications	☐ Answer	☐ Motion	☐ Request for Investigation
☐ Electric/Water	☐ Appellate Review	☐ Objection	☐ Resale Agreement
☐ Electric/Water/Telecom.	☐ Application	☒ Petition	☐ Resale Amendment
☐ Electric/Water/Sewer	☐ Brief	☐ Petition for Reconsideration	☐ Reservation Letter
☐ Gas	☐ Certificate	☐ Petition for Rulemaking	☐ Response
☐ Railroad	☐ Comments	☐ Petition for Rule to Show Cause	☐ Response to Discovery
☐ Sewer	☐ Complaint	☐ Petition to Intervene	☐ Return to Petition
☐ Telecommunications	☐ Consent Order	☐ Petition to Intervene Out of Time	☐ Stipulation
☐ Transportation	☐ Discovery	☐ Prefiled Testimony	☐ Subpoena
☐ Water	☐ Exhibit	☐ Promotion	☐ Tariff
☐ Water/Sewer	☐ Expedited Consideration	☐ Proposed Order	☐ Other:
☐ Administrative Matter	☐ Interconnection Agreement	☐ Protest	
☐ Other:	☐ Interconnection Amendment	☐ Publisher's Affidavit	
	☐ Late-Filed Exhibit	☐ Report	

K. Chad Burgess
Senior Counsel

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November 6, 2008

VIA ELECTRONIC FILING

The Honorable Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: South Carolina Electric & Gas Company
Petition for an Accounting Order

Dear Mr. Terreni:

Enclosed for filing of behalf of South Carolina Electric & Gas Company ("SCE&G") is a Petition for an accounting order authorizing SCE&G to withdraw from its Commission-approved Storm Damage Reserve Fund certain funds to offset those incremental expenses incurred by SCE&G in 2008 and 2009, regarding its tree trimming and vegetation management programs for its electric transmission and distribution systems

By copy of this letter, we are also serving counsel for the South Carolina Office of Regulatory Staff with a copy of the enclosed Petition and attach a certificate of service to that effect.

If you have any questions regarding this matter, please advise.

Very truly yours,

K. Chad Burgess

KCB/kms

cc: Shannon Bowyer Hudson, Esquire
(via hand delivery w/enclosure)

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2008-____-E

IN RE:

Petition of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems	)	**CERTIFICATE OF SERVICE**

This is the certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Petition for an Accounting Order** via hand delivery to the persons named below at the address set forth:

Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Karen M. Scruggs

Columbia, South Carolina
This 6th day of November 2008

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2008 - ___ - E

IN RE:

Petition of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its Storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems.	)	PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR AN ACCOUNTING ORDER

South Carolina Electric & Gas Company ("SCE&G" or the "Company") hereby files with the Public Service Commission of South Carolina ("Commission") this petition, pursuant to S.C. Code Ann. § 58-27-1540 (Supp. 2007) and 26 S.C. Code Ann. Reg. 103-825 (1976, as amended), seeking an accounting order for regulatory accounting purposes authorizing SCE&G to withdraw from its Commission-approved Storm Damage Reserve Fund certain funds to offset those incremental expenses incurred by the Company in 2008 and 2009 regarding its tree trimming and vegetation management programs for its electric transmission and distribution systems.

The request for relief set forth herein will not involve a change to any of SCE&G's retail rates or prices, or require any change in any Commission rule, regulation or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this Petition.

In support of this Petition, the Company would respectfully show unto this Commission the following key facts and would request of and apply to the Commission for the following relief:

1. SCE&G is a corporation organized and existing under the laws of the State of South Carolina. Further, SCE&G is, in part, an electric utility engaged in the generation, transmission, distribution, and sale of electricity to the public for compensation. SCE&G's retail electric operations are subject to the jurisdiction of the Commission pursuant to the provisions of Chapter 27 of Title 58 of the South Carolina Code.

2. Corporate legal counsel for SCE&G in this proceeding are as follows:

Catherine D. Taylor, Esquire
K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
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Columbia, South Carolina 29201
Telephone: 803-217-8141
Facsimile: 803-217-7931
cdtaylor@scana.com
chad.burgess@scana.com

All correspondence and any other matters relative to this proceeding should be addressed to the Company's authorized representatives as stated hereinabove.

3. SCE&G operates an integrated electric utility system that serves approximately 649,000 customers in 24 counties covering nearly 16,000 square miles in central, southern and southwestern portions of South Carolina. SCE&G's service territory includes the metropolitan areas of Charleston, Columbia, Beaufort, and Aiken and many other smaller cities and towns, and rural areas in South Carolina.

4. On August 14, 2003, the largest blackout in the history of North America occurred in which an estimated 50 million people in eight northeastern states and Ontario,

Canada lost electric power to their homes and businesses causing a financial loss estimated at $6 billion. In response to the blackout, the United States-Canada Power System Outage Task Force ("Task Force") conducted an investigation into the incident and concluded that the primary cause of this event was a failure to trim trees and maintain vegetative growth near and around electric power lines. Following the Task Force's investigation, the North American Electric Reliability Council ("NERC"), focusing on electric transmission systems, issued a series of reliability standards aimed at preventing such occurrences in the future.

5. One such standard, which became effective in 2006, requires electric utilities, including SCE&G, to maintain a formal Transmission Vegetation Management Program ("TVMP") concerning its transmission system. The purpose of this standard is to improve the reliability of electric transmission systems by preventing outages from vegetation located on transmission rights-of-way and minimizing outages from vegetation located adjacent to rights-of-way; maintain clearance between transmission lines and vegetation on and along transmission rights-of-way; and report vegetation-related outages of the transmission system. Failure to comply with and adhere to NERC's transmission vegetation management standard can result in severe penalties to the offending electric utility.

6. In 2006, similar to its formal NERC transmission vegetation management program, SCE&G, on its own initiative, implemented a pilot Distribution Vegetation Management Program ("DVMP") focusing on tree trimming activities and vegetation management near and around the Company's distribution lines. As part of its pilot DVMP, SCE&G evaluated each circuit on its distribution system based upon certain criteria. More specifically, the Company (i) assigned each circuit a reliability index, (ii) identified each circuit's most recent tree trimming and vegetation management cycle, (iii) identified critical customers

(*i.e.*, hospitals) using electric power on each circuit, and (iv) discussed vegetation management practices with the Company's local operating managers who are responsible for overseeing the management of each circuit. Each circuit was evaluated and prioritized according to the line clearing criteria stated above.

7. In order to implement its DVMP, the Company issued requests for proposals offering vegetation management contractors the opportunity to submit bids on the tree trimming/vegetation management activities that SCE&G sought to perform. After evaluating the bids, SCE&G selected various contractors to perform the necessary tree trimming/vegetation management activities. The Company then assigned these contractors to specific geographical areas within each circuit and dispatched them to perform the necessary work. SCE&G assigned local operating personnel from the Company to monitor the activities of the contractors to ensure strict adherence to the DVMP. As work was performed under the DVMP, the management of SCE&G's electric operations reviewed the pilot program's results and expenses on a monthly basis.

8. Approximately one year after conducting the initial tree trimming and vegetation management on various circuits under the DVMP, SCE&G returned to the areas previously maintained and applied foliar herbicide which suppresses the sprouting of unwanted vegetation such as volunteer gum, oak, and pine while simultaneously promoting the growth of native grasses on the Company's rights-of-way. SCE&G anticipates that the application of foliar herbicide will reduce future maintenance costs and extend tree trimming cycles.

9. Since implementation of the pilot DVMP as well as the TVMP, power outages in these areas due to weather related (*i.e.*, storms of all kinds) and vegetative events, such as a downed tree or vegetation growing into a line, have decreased significantly and thus, improved

reliability of service in these areas. Furthermore, regular and consistent vegetation management under the DVMP and TVMP has allowed SCE&G to better predict and manage the future costs associated with the Company's tree trimming and vegetative management activities.

10. Based upon its successful pilot program, SCE&G should expand its DVMP to the other areas of its system. This, in turn, should lead to improved reliability across the system and improved tolerance to weather related events, such as ice storms, severe thunderstorms, tropical storms and hurricanes.

11. Therefore, in anticipation of expanding its DVMP and because the TVMP and DVMP are preventive maintenance and storm-related programs, SCE&G seeks authorization to withdraw from its Storm Damage Reserve Fund[1] up to a maximum of $9,000,000 during the 2008-2009 time period to offset incremental expenses incurred in connection with the Company's distribution and transmission tree trimming and vegetation management programs. For purposes of this petition, incremental expenses are defined as those annual costs in excess of the level currently provided for in base rates (approximately $13.2 million).

WHEREFORE, having set forth its Petition, SCE&G respectfully requests that the Commission issue an order (i) granting the Company the authority to withdraw from its Storm Damage Reserve Fund up to a maximum of $9,000,000 during the 2008-2009 time period to offset incremental expenses incurred in connection with the Company's distribution and transmission tree trimming and vegetation management programs; and (ii) granting such other and further relief as is just and proper.

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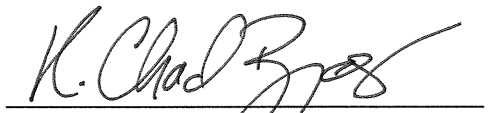
[1] By Order No. 96-15 dated January 9, 1996, issued in Docket No. 95-1000-E, the Commission authorized SCE&G to establish a Storm Damage Reserve Fund. By Order No. 2007-680, dated October 1, 2007, issued in Docket No. 2007-335-E, the Commission authorized an increase in the cap of the Storm Damage Reserve Fund from $50,000,000 to $100,000,000. As of September 30, 2008, the Storm Damage Reserve Fund had a balance of $50,067,044.

Respectfully submitted,



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Columbia, South Carolina
November 6, 2008