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December 7, 2010

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company's Request for Approval of Contract for Electric Service with MTU Detroit Diesel, Incorporated
Docket No. 2010-397-E

Dear Ms. Boyd:

This is to acknowledge that the Office of Regulatory Staff ("ORS") has reviewed the filing in the above referenced Docket and has no objection to South Carolina Electric & Gas Company's ("SCE&G's" or "the Company's") Request for Approval of the Contract for Electric Service between the Company and MTU Detroit Diesel, Inc ("MTU"). In addition, ORS has no objection to the request for confidential treatment of certain information in the contract, described as proprietary and commercially sensitive.

This new 270,000 square-foot MTU manufacturing facility is located at the former SKF USA plant site in the Sage Mill Industrial Park in Graniteville in Aiken County, South Carolina. MTU will assemble Series 2000 and Series 4000 general purpose diesel engines and is expected to manufacture engine components by mid-2011. MTU anticipates a $45 million investment and the creation of 250 jobs over the next four years.

If the Commission is inclined to grant this request, ORS recommends including a provision in the order requiring SCE&G to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any such foregone revenue for a future rate proceeding or review as determined by the Commission.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,

John W. Flitter

John W. Flitter
JWF/swh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Chief Counsel, SC ORS
Jeffrey M. Nelson, Esquire, SC ORS
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