September 1, 2016

VIA ELECTRONIC FILING

Jocelyn Boyd, Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: SCE&G Petition for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina - Docket No. 2016-223-E

Dear Ms. Boyd:

Enclosed for filing please find the Direct Testimony of Michael N. Couick on behalf of The Electric Cooperatives of South Carolina, Inc. and Central Electric Power Cooperative, Inc. in the referenced docket. By copy of this letter we are serving same on the parties of record. Please contact me if you have any questions.

Yours truly,

ROBINSON, MCFA DDEN & MOORE, P.C.

Frank R. Ellerbe, III

FRE/tch

Enclosure

cc w/enc: Parties of Record (via e-mail and US Mail)
IN RE: Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina

DIRECT TESTIMONY OF MICHAEL N. COUICK FOR THE ELECTRIC COOPERATIVES OF SOUTH CAROLINA AND CENTRAL ELECTRIC COOPERATIVE, INC.
Q PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A Michael N. Couick, President and Chief Executive Officer of The Electric Cooperatives of South Carolina (“ECSC”), 808 Knox Abbott Drive, Cayce, South Carolina.

Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A I graduated from high school in Clover, South Carolina and attended the University of South Carolina where I earned degrees in English literature and law.

Q PLEASE GIVE THE COMMISSION A REVIEW OF YOUR WORK HISTORY.

A From 1984 through 2005 I worked as general counsel and director of research for the Judiciary Committee of the South Carolina Senate. In that role I was able to work on ethics, lobbying and campaign-finance reform in the wake of the Lost Trust investigation. I also worked on comprehensive state agency restructuring in 1995 and on the legislation that became Act 175 of 2004. After passage of Act 175 I served as the first chief counsel to the Public Utilities Review Committee. I took my present position as with ECSC in 2005.

Q PLEASE ELABORATE ON ACT 175.

A As the members of this Commission are well aware, Act 175 restructured this Commission and created the Office of Regulatory Staff (“ORS”). It clarified the role of the Commission as a quasi-judicial body to decide disputed issues relating to the regulation of utilities and the role of the ORS to be agency with broad authority to audit and examine utilities and to advocate for the public interest.
Q  PLEASE EXPLAIN THE ROLE OF ECSC.
A  ECSC consists of member electric cooperatives organized in the State of South Carolina. ECSC serves as a legal and regulatory representative of its member electric cooperatives. ECSC is the state-wide service and trade association for electric cooperatives in the state. ECSC’s members are twenty consumer-owned electric cooperatives, one wholesale power supply cooperative, Central Electric Power Cooperative, Inc. (“Central”), and one materials supply cooperative. Together, ECSC’s members operate the largest electric distribution system in the state. More than 1.5 million South Carolinians in all 46 counties use electricity from electric cooperatives.

Q  ON WHOMS BEHALF ARE YOU TESTIFYING?
A  I am testifying for ECSC and Central.

Q  PLEASE EXPLAIN THE ROLE OF CENTRAL.
A  Central is a generation and transmission electric cooperative engaged in the purchase, transmission and sale of electric power to the 20 distribution electric cooperatives that are the members of ECSC.

Q  WHAT IS THE INTEREST OF ECSC AND CENTRAL IN THIS PROCEEDING?
A  ECSC and Central have a substantial interest in the issues being considered in this proceeding. The nuclear generating units under construction at Jenkinsville are a joint project of SCE&G and the Public Service Authority of South Carolina (“Santee Cooper”). Under a contract between Central and Santee Cooper, Central and the members of ECSC are responsible for approximately seventy percent of Santee
Cooper’s capital costs. Thus Santee Cooper’s share of the cost of the new nuclear units will be borne largely by ECSC members and Central, giving ECSC and Central a direct and significant interest in this proceeding in which the Commission will consider a request to approve changes in the estimated costs of the project. ECSC and Central intervened in this proceeding to get a better understanding of the reasons for the proposed changes in cost estimates and whether the proposed changes are prudent and necessary. In particular, we intervened to learn about the proposed “fixed price option” that SCE&G is proposing be approved by this Commission.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A I am testifying in support of the settlement that the ORS has negotiated with SCE&G and to which ECSC and Central, along with other intervenors, are parties.

Q PLEASE EXPLAIN WHY YOU SUPPORT THE SETTLEMENT.

A By participating in this proceeding and meeting with various parties we have developed a much better understanding of the Summer project and the issues that caused SCE&G to negotiate the changes to the EPC contract and the reasons why SCE&G and Santee Cooper are in favor of the fixed price option. With that better understanding of these issues, I am convinced that the settlement that ORS has negotiated should be approved by this Commission and presents the best path forward for the Summer project.

Q COULD YOU ELABORATE ON HOW YOU GAINED A BETTER UNDERSTANDING OF THE PROJECT?

A In addition to reviewing the various filings in this docket and the quarterly reports that have been filed, we were also able review documents prepared by and for Santee
Cooper related to the project and to meet with representatives of SCE&G and Santee Cooper and hear directly from them why they advocate approval of the fixed price option and why that is the best approach available at this time for completing the project on time without additional cost increases. However, the primary reason that I support the settlement is that I am convinced that the ORS has done a thorough and thoroughly professional job of examining the petition and all of the issues that it raises, and has negotiated an agreement that is very much in the public interest. I have been impressed with the depth of understanding that the ORS has about the project and the details of its various aspects. It is significant that SCE&G arranged for ORS to have access to key representatives of EPC contractor Westinghouse and its subcontractor Fluor Daniel. The detailed understanding that ORS has developed through its work has allowed it to negotiate a tough settlement that required SCE&G to make some significant concessions that we think will make it more likely that the project will be completed on schedule and without additional cost increases. Keeping the project on schedule and reducing the likelihood of additional cost increases should directly benefit the nearly 1.5 million Cooperative members who will be served by our stake in the project. In my opinion the job done by the ORS in this proceeding is an affirmation of the actions taken by the General Assembly in adopting Act 175. It is clear to me that the ORS has been given the tools it needs to conduct an independent and professional examination of SCE&G’s proposal and that the ORS has used those tools to negotiate a tough settlement that serves the public interest.

Q WHAT DO YOU ASK THIS COMMISSION TO DO IN THIS PROCEEDING?
ECSC and Central ask that the Commission approve the settlement agreement as it has been presented in this proceeding.

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.
BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2016-223-E

In Re:

Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina

CERTIFICATE OF SERVICE

This is to certify that I, Toni C. Hawkins, a Paralegal with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the Direct Testimony of Michael N. Couick in the foregoing matter by electronic mail and by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

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Dated at Columbia, South Carolina this 1st day of September, 2016.

Toni C. Hawkins