March 16, 2018

VIA U.S. MAIL

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
2017-207-E (5th Continuing AIR)
2017-305-E (4th Continuing AIR)
2017-370-E (4th Continuing AIR)

Dear Ms. Boyd:

Please find enclosed the South Carolina Office of Regulatory Staff’s Continuing Audit Information Request ("AIR") for the consolidated dockets referenced above along with its cover letter which was served on South Carolina Electric & Gas Company and Dominion Energy, Inc. today.

Sincerely,

Shannon B. Hudson

Enclosure

cc: F. David Butler Esquire (via e-mail)
    Joseph M. Melchers, Esquire (via e-mail)
    All Parties of Record in Docket No. 2017-305-E (via e-mail)
    All Parties of Record in Docket No. 2017-207-E (via e-mail)
    All Parties of Record in Docket No. 2017-370-E (via e-mail)
March 16, 2018

**VIA ELECTRONIC MAIL**

K. Chad Burgess, Esquire  
South Carolina Electric & Gas Company  
220 Operation Way-MC C222  
Cayce, South Carolina 20033-3701

Lisa S. Booth, Esquire  
Dominion Energy Services, Inc.  
120 Tredegar Street  
P.O. Box 26532  
Richmond, Virginia 23261-6532

**Re:** Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:  
2017-207-E (6th Continuing AIR)  
2017-305-E (5th Continuing AIR)  
2017-370-E (5th Continuing AIR)

Dear Mr. Burgess and Ms. Booth:

Please find enclosed and served on you South Carolina Office of Regulatory Staff’s ("ORS") Continuing Audit Information Request as referenced above. Please note that pursuant to S.C. Code § 58-4-55(A), ORS is requiring that the responses be provided under oath. ORS also asks that individual responses be provided early if they are completed prior to the due date.

(Continued…)

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1 A First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 was sent to SCE&G and has been responded to. Commission Order Nos. 2017-769 and 2017-770 were issued in Docket Nos. 2017-305-E and 2017-207-E. The First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 is being treated as a chronology separate and apart from the AIRs referenced above. For clarity, Dominion Energy, Inc. was not served the AIR issued pursuant to Order Nos. 2017-769 and 2017-770 or the 1st Continuing AIR in Docket No. 2017-207-E.
Sincerely,

Shannon B. Hudson

Enclosure

cc: Matthew W. Gissendanner, Esquire (via e-mail)
Byron Hinson (via e-mail)
Mitchell Willoughby, Esquire (via e-mail)
Belton T. Zeigler, Esquire (via e-mail)
Robert A. Muckenfuss, Esquire (via e-mail)
Joseph K. Reid, III, Esquire (via e-mail)
Elaine S. Ryan, Esquire (via e-mail)
Ellen T. Ruff, Esquire (via e-mail)
J. David Black, Esquire (via e-mail)
BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

IN RE: Friends of the Earth and Sierra Club, Complainant/Petitioner v. South Carolina Electric & Gas Company, Defendant/Respondent

IN RE: Request of the South Carolina Office of Regulatory Staff for Rate Relief to SCE&G Rates Pursuant to S.C. Code Ann. § 58-27-920

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

TO: ATTORNEYS FOR SOUTH CAROLINA ELECTRIC & GAS COMPANY: K. CHAD BURGESS, ESQ., MATTHEW W. GISSENDANNER, ESQ., MITCHELL WILLOUGHBY, ESQ., AND BELTON T. ZEIGLER, ESQ., REPRESENTATIVES

ATTORNEYS FOR DOMINION ENERGY, INC.: LISA S. BOOTH, ESQ., ROBERT A. MUCKENFUSS, ESQ., JOSEPH K. REID, III, ESQ., ELAINE S. RYAN, ESQ., J. DAVID BLACK, ESQ., AND ELLEN T. RUFF, ESQ.
I. INSTRUCTIONS

The South Carolina Office of Regulatory Staff ("ORS") hereby requests, pursuant to S.C. Code Ann. §§ 58-4-50(A)(2), 58-4-55(A), 58-27-160, 58-27-1570, 58-27-1580, and 58-33-277 that South Carolina Electric & Gas Company ("SCE&G" or "Company") and Dominion Energy, Inc. ("Dominion") (collectively the "Parties" or "Applicants") provide responses in writing and under oath and serve the undersigned on or before April 5, 2018 to (1) ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201, (2) Norm Richardson, Anchor Power Solutions, LLC, 32 Dunaire Court, Mableton, GA 30126, (3) Lane Kollen, J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, GA 30075, and (4) Jones Partners at 1555 W. Astor St., Suite 22W, Chicago, IL 60610. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, "address" means mailing address and business address. When asked to identify or provide a document, "identify" and "provide" mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.
Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

**IT IS THEREFORE REQUIRED:**

- Pursuant to S.C. Code Ann. § 58-4-55(A) that responses be submitted under oath.
- That SCANA/SCE&G respond only unless Dominion is included in the request.
- All information shall be provided to ORS in the format requested.
- All responses to the requests below must be labeled using the same numbers as the requests.
- Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question. The question should be reproduced at the beginning of each tab for the responses included. All exhibits shall be reduced or expanded to 8 1/2" x 11" formats, where practical.
- If information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place a copy of the requested information in the appropriate numerical sequence.
- Any inquiries or communications requesting clarification of the information requested should be directed to Dawn Hipp [803.737.0814], Anthony James [803.737.2090], Jay Jashinsky [803.737.1984], Jeffrey M. Nelson, Esquire [803.737.0823], or Shannon Bowyer Hudson, Esquire [803.737.0889] of ORS.
- This entire list of questions shall be reproduced and included in front of each set of responses.
- Unless otherwise set forth below, the Parties shall provide four (4) sets of CDs with each containing a set of the responses in a searchable format, and seven (7) paper copies/binders of responses to ORS. In addition, the Parties shall load the e-room with the responses the same day the responses are due to ORS. Parties shall provide one (1) set of CDs with each containing a set of the responses in the same format as provided to ORS to (1) Norm Richardson, Anchor Power Solutions, LLC, 32 Dunaire Court, Mableton, GA 30126, [404-348-0096], (2) Lane Kollen, J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, GA 30075, [770-992-2027], and (3) Jones Partners at 1555 W. Astor St., Suite 22W, Chicago, IL 60610, [312-643-0498], via overnight delivery. Working copies of all spreadsheets (not in Adobe) with all formulas and calculations intact are to be provided to J. Kennedy and Associates (via the e-room) and ORS.
If the response to any request is that the information requested is not currently available, please state when the information requested will be provided to ORS. This statement is not a waiver of the deadline for all other responses.

In addition to the signature and verification at the close of the Parties’ responses, the Parties’ witness(es), employee(s), contractor(s) or agent(s) responsible for the information contained in each response shall be indicated at the bottom of each response.

This request shall be deemed to be continuing so as to require SCE&G to supplement or amend its responses as any additional information becomes available.

For responses regarding the V.C. Summer Units 2 & 3 Project, please provide all responses to reflect SCE&G’s 55% participation where possible. Where this request is not possible, please clearly identify whether the responses reflect 100% or 55% dollars.

The following Attachments are to be completed as requested below:

- None

II. REQUESTS

Acronyms

For purposes of the following information requests, the following acronyms may apply:

- Allowance for Funds Used During Construction ("AFUDC")
- Audit Information Request ("AIR")
- Dominion Energy, Inc. ("Dominion")
- Dominion Energy Services, Inc. ("DES")
- Federal Energy Regulatory Commission ("FERC")
- Public Service Commission of South Carolina ("Commission")
- SCANA Corporation ("SCANA")
- SCANA Services, Inc. ("SCANA Services")
- Sedona Corp. ("Sedona")
- South Carolina Electric & Gas Company ("SCE&G")
- South Carolina Office of Regulatory Staff ("ORS")
- V.C. Summer Units 2 & 3 Project ("NND Project")
Transmission Plans

5-1. Refer to the Company’s response to AIR 1-121.

a. Please provide a Transmission Map for the SCE&G System showing all lines at 115 kV and above. If a large-sized map is available (larger than 8.5 by 14 inches), please provide such map.

b. Provide a detailed description of all transmission upgrades that have been or will be constructed associated with the NND Project, and identify where these projects are located on the transmission map.

c. Provide the capital costs spent by year by individual transmission upgrade project. For each project not yet completed, provide the projected costs to complete the upgrades and the timing for completion.

5-2. Page 2 of the Company’s response to AIR 1-121 states, “whenever the loading of a transmission line is projected to reach 90% of capacity, then remedial transmission projects are required to anticipate and serve such condition.”

a. Supply the requirements the Company is referring to in that statement, which obligates the Company to implement remedial transmission projects.

5-3. If the loading was projected to exceed 90% for just one hour of the year, would the Company still be required to implement a remedial transmission project? Please explain. Instead of remedial transmission projects, what other remedial action schemes are available to the Company for implementation? Explain whether a remedial action scheme is available for dispatching the generating units differently when system conditions warrant? Provide all transmission studies, including all assumptions, that were discussed in, and used for, the response to AIR 1-121. This would include the 2019 power flow study, and the NERC Compliance assessment.

5-4. Please elaborate on the Company’s statement made on page 3 of its response to AIR 1-121, “Thus the NERC Compliance assessment clearly demonstrates both the immediate and long-term benefits of the integration of these NND transmission facilities into the SCE&G transmission system.” Explain how the study demonstrates this, and explain any quantification of benefits that was determined as part of the study. Provide any studies or calculations of such benefits.

5-5. Refer to the Company’s response to AIR 1-121, where the Company identifies additional efficiencies associated with the NND Projects.

a. Explain the potential system operating limit violations (Killian/Blythewood) that the Company would have needed to address in some other way than constructing the VCS1 – Killian 230 kV line.

b. Explain in detail the project to re-build the Denny Terrace-Lyles 115 kV transmission line that would have been needed had the Saluda River Transmission (SRT) substation
not been planned. Also compare the cost of rebuilding the line to the cost of the Saluda River Transmission substation.

c. Without the project associated with the St. George 230 kV switching station, what transmission upgrades would have been necessary to prevent future NERC Reliability Standards system operating limit violations? Compare the cost of other transmission upgrades to the project that would have been necessary associated with the St. George 230 kV switching station had the NND Project not gone forward.

d. Please explain the analysis the Company performed to determine that the NND transmission facilities would reduce transmission system losses from 97 to 86 MW, the equivalent of 11 MW of generation reserves, and the accompanying reduction in fuel consumption. Provide all spreadsheets/workpapers, electronically with all formulas intact, used to derive these estimates. Also, describe the characteristics of the transmission system associated with the case that produced 97 MWs in losses and the characteristics of the transmission system that produced 86 MWs of losses.

e. Please provide the on-going capital additions and O&M costs associated with the NND Project transmission upgrades.

5-6. In the last paragraph of the response to AIR 1-121, the Company states that it has experienced improved reliability with the NND Project transmission upgrades.

a. Please confirm that when the Company made this statement about reliability, it was making a comparison of the system with the NND Project transmission upgrades versus the system without. In other words, the comparison the Company made was to the transmission system as it existed prior to the NND Project transmission upgrades. Please explain the answer.

5-7. Assuming the NND Project would have been completed, and based on the last assumed in-service dates for the NND Project, provide a projection of energy, capacity factor, and fuel cost at V.C. Summer Units 1, 2 and 3 (individually for each unit), over the next 30 years.

5-8. Provide the most current 10-year (or longest period available) SCE&G Transmission Plan the Company has available, and the most recent 10-year Transmission Plan the Company developed prior to the decision to construct the NND Project.

5-9. Is the Company planning to retire any existing transmission assets? If so, please provide a list of the assets that will be retired, the year of planned retirement, along with the costs that will be written off associated with those assets. If there are no planned retirements, please explain why not.

5-10. Please refer to Appendix 2 of the SCE&G 4th Quarter 2017 Status Construction Report in answering the requests below.

a. Provide a similar schedule showing the $399 million transmission capital costs that have been removed, the row or category the costs were removed from, and the year from which they were removed.
b. Provide a similar schedule, showing the $86 million in asset capital costs supporting Units 2 & 3 that were transferred to Unit 1, the row or category the costs were removed from, and the year from which they were removed.

c. Provide a similar schedule showing the transmission AFUDC that was removed, the row or category the costs were removed from, and the year from which they were removed.

d. Provide a similar schedule, showing the AFUDC associated with the assets supporting Units 2 & 3 that was removed, the row or category the costs were removed from, and the year from which they were removed.

5-11. Had the Company decided not to construct the NND Project, explain whether any of the following facilities would have still been constructed, or constructed in some different way. If constructed in some different way, explain how the facilities would have been constructed, and provide a schedule comparable to that asked for in the prior question, identifying the capital and AFUDC costs associated with the alternative.

a. Switchyard
b. Off-Site Water System
c. Nuclear Operations Building
d. CHAMPS work management system
e. Nuclear Learning Center Annex
f. Miscellaneous (e.g. emergency services facility, security training facility, software licenses, wastewater treatment facility, railroad spur, IT infrastructure)

5-12. SCE&G 4th Quarter 2017 Status Construction Report Pg. 3 Chart A. Please provide support documentation to show how the dollar amount for each item in Chart A was determined and the original cost share between Units 1, 2 & 3.

5-13. Please state if any expenses were incurred on the project from October 2017 through December 31, 2017 that are sought to be recovered.

5-14. SCE&G 4th Quarter 2017 Status Construction Report page 1. Please state the criteria the Company used in determining the “certain costs of abandonment” for the months of August and September 2017.

5-15. SCE&G 4th Quarter 2017 Status Construction Report page 2. Transmission. Please provide the specific items/segments of the “Certain of these projects,” with the associated cost and the intended customer requirements being met.

5-16. SCE&G 4th Quarter 2017 Status Construction Report page 2. Please identify the specific Transmission Projects that were closed to “plant in service” from the NND Project as of December 31, 2017.
5-17. SCE&G 4th Quarter 2017 Status Construction Report page 3, Section II.A. Please provide the details (e.g., contract, letter of agreement, letter of transfer) of the proposal from SCE&G to Santee Cooper where Santee Cooper is to assume responsibility for all equipment at the NND Project.

5-18. Please provide the embedded cost SCE&G has associated with NND Project abandoned equipment.

5-19. Please state how SCE&G’s customers will benefit from SCE&G’s transfer of abandonment equipment to Santee Cooper.

5-20. At the time of abandonment, there were still several open/ unresolved issues concerning the NND Project Switchyard. Please provide the list of design/material issues and the actions taken to resolve these issues. Please state if there are any existing warranty or ownership issues that must be settled.

5-21. Paragraphs 71 and 72 of the Company’s petition discusses the Westinghouse Bankruptcy and the $1.2 billion Toshiba Corporation Guarantee Settlement Payment.
   a. Please describe the calculation, assumptions, etc, that led to the determination that $1.2 billion would be paid as the Settlement Payment.
   b. What was the amount that the Company initially sought, and why did the Company ultimately agree to the Settlement amount?
   c. Please provide all analyses conducted, written reports, memos, reports, or documentation of any kind created in the evaluation and determination to move forward with monetizing the benefit of the Toshiba Settlement Payment. This should include an explanation or analysis of the Company’s determination that it would be more beneficial to monetize the Toshiba Settlement Payment than to wait to receive the payments from Toshiba.
   d. Please provide a timeline and discuss the activities that took place within SCE&G between the time that the Toshiba Settlement Payment was agreed to, and when SCE&G sold all future payments to Citibank. Supply all correspondence to and from Citibank.
   e. Did the Company consider selling to any other party besides Citibank? If so to whom, and why did the Company ultimately decide on Citibank?

5-23. Provide Read Access to the NND Project CHAMPS Condition Report Database (including NND, Unit 2 and Unit 3) to view all in-process, approved, and closed Condition Reports for the NND Project.

5-24. Please identify (by name and title) the SCE&G construction experts that reviewed the 2015 construction schedule and found the schedule scope and sequencing to be logical and appropriate per Stephen Byrne’s direct testimony (pg. 38, ln 17; Docket 2015-103-E).
5-25. Please provide all documents provided to the United States Department of Justice, Federal Bureau of Investigation, Securities and Exchange Commission ("SEC"), South Carolina Law Enforcement Division, Office of the Attorney General for the State of South Carolina, and the South Carolina Department of Labor, Licensing and Regulation during 2017 and 2018 as a result of those entities’ investigations into matters arising out of the NND project. Provide the documents in the same format as provided to the entities. SEC filings located on its EDGAR database and documents located on the Public Service Commission of South Carolina’s website are excluded from this request.

5-26. This question seeks information related to analyses and case studies prior to the decision to abandon the NND Project.

I. Please provide analyses and case studies showing the following scenarios:
   i. Completing both Units 2 and 3 (referenced in paragraph 82 of the Merger Application). This case was previously made available to ORS in July 2017.
   ii. Completing Unit 2 and abandoning or delaying Unit 3 (referenced in paragraphs 85-86 of the Merger Application).
   iii. Completing Unit 2 and abandoning or delaying Unit 3 in the case that Santee Cooper did not pay its 45% share of the construction and operating costs (referenced in paragraph 90 of the Merger Application). If no economic analysis was performed, please explain how SCE&G determined this option would not be feasible or beneficial to customers.
   iv. Completing both Units 2 and 3, as shown in Appendix 3 of Exhibit JML-2 to Joseph M. Lynch’s direct testimony in Docket No. 2016-223-E ("Comparative Economic Analysis of Completing Nuclear Construction or Pursuing a Natural Gas Resource Strategy, July 1, 2016").
   v. Completing both Units 2 and 3, as shown in Appendix 3 of the Corrected Version of Exhibit JML-1 to Joseph M. Lynch’s direct testimony in Docket No. 2015-103-E ("Comparative Economic Analysis of Completing Nuclear Construction or Pursuing a Natural Gas Resource Strategy, May 26, 2015").

II. For each of the analyses and case studies above, please provide the following data files in working Excel spreadsheets with all formulas intact, unless otherwise specified. Where the file was previously provided under Case I, the file name is provided.
   i. Schedule of Year by Year Revenue Requirements from the Combined Base Load Review Act/Siting Act Application, showing annual totals for nuclear construction and transmission projects (actual and forecasted). For Case I, this spreadsheet is named “Transmission-All Gas.xlsx”.
   ii. Sunk Costs (i.e., Abandonment Costs), along with assumptions on recovery time period and rates of return for each option in the Joint Application and Petition. For Case I, this spreadsheet is named “Sunk Costs (062717).xlsx".

Page 9 of 10
iii. Forecasted annual value of production tax credits, for VCS Units 2 & 3. For Case I, this spreadsheet is named “PTC Calc.xlsx”.

iv. Accumulated Deferred Income Tax (ADIT) for new nuclear development (NND) and alternative natural gas resources (CC). For Case I, these spreadsheets are named “aditNuclear_2016_00%.xlsx” and “aditcc_2016_00%.xlsx”.

v. Fixed charge rates for NND, CC, and future peaking resources. This should include debt and equity ratios and rates, recovery periods, tax and insurance rates, and nuclear decommissioning rates. For Case I, this was the “FCR-SCEG” sheet in the scenario spreadsheets described in (vii) below.

vi. Construction costs, including transmission, of CC and future peaking resources. For Case I, this was the “Change.PLAN” sheet in the scenario spreadsheets described in (vii) below.

vii. For each individual scenario considered, the annual production and capacity costs of the NND option and the CC option. This should include the results as extracted and interpolated from both sets of PROSYM runs. For Case I, these spreadsheets are named:

“2Nucs_GasNew_(carbon)CO_(gas)G.xlsx”, where (carbon) and (gas) represent the scenario assumptions for carbon and natural gas prices.

viii. Summary spreadsheets used to aggregate and calculate net benefits of the NND vs. CC option for all scenarios considered. For Case I, this spreadsheet is named “Scenario List(ORS).xlsx”.

ix. All PROSYM input files, including control (*.ctl), load shapes (*.eei), and data (*.dat) files

March 16, 2018