THE OFFICE OF REGULATORY STAFF

STIPULATION TESTIMONY

OF

DAVID C. PARCELL

May 3, 2010

DOCKET NO. 2009-489-E

South Carolina Electric & Gas Company
Application for Adjustments and Increases in Its Electric Rate Schedules and Tariffs
TESTIMONY OF DAVID C. PARCELL

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2009-489-E

IN RE: APPLICATION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR INCREASES AND ADJUSTMENTS IN ELECTRIC RATE SCHEDULES AND TARIFFS

Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

A. My name is David C. Parcell. I am President and Senior Economist of Technical Associates, Inc. My business address is 1051 East Cary Street, Suite 601, Richmond, VA 23219.

Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE IN REGULATORY PROCEEDINGS SUCH AS THE PRESENT RATE INCREASE PROCEEDING INVOLVING SOUTH CAROLINA ELECTRIC AND GAS COMPANY.

A. I have B.A. (1969) and M.A. (1970) degrees from Virginia Polytechnic Institute and State University (VA Tech) and a M.B.A. degree from Virginia Commonwealth University. Since 1970, I have been employed by Technical Associates, Inc. as a consulting economist and much of my work experience involves the preparation of cost of capital expert testimony in utility regulatory proceedings such as this one. I have prepared pre-filed testimony and/or testified in over 450 utility regulatory proceedings before some 50 state and federal regulatory commissions throughout the United States and Canada. A number of these proceedings were before this Commission.
Q. ON WHOSE BEHALF ARE YOU TESTIFYING?
A. I am testifying on behalf of the South Carolina Office of Regulatory Staff ("ORS").

Q. HAVE YOU REVIEWED THE COST OF CAPITAL PORTIONS OF THE FILING OF SOUTH CAROLINA ELECTRIC & GAS COMPANY ("SCE&G")?
A. Yes, I have. I have also reviewed and evaluated financial data on SCE&G, as well as SCANA, and have performed preliminary calculations of the cost of capital for SCE&G. Had the cost of capital issue in this case not been stipulated to by ORS and SCE&G as discussed below, I would have prepared cost of capital testimony on behalf of ORS.

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?
A. The purpose of my testimony is to provide my assessment of the proposed stipulation on the cost of equity for SCE&G in this proceeding.

Q. WHAT IS YOUR UNDERSTANDING OF THE STIPULATED COST OF COMMON EQUITY THAT ORS AND SCE&G HAVE AGREED TO?
A. ORS and SCE&G have agreed to a 10.7 percent cost of common equity.

Q. DO YOU BELIEVE THAT THIS 10.7 PERCENT COST OF COMMON EQUITY IS REASONABLE FOR SCE&G IN THE CONTEXT OF THIS PROCEEDING?
A. Yes, I do. As I indicated above, I have been preparing preliminary analyses of SCE&G's cost of common equity in the course of this proceeding. I have been and am currently involved in a number of electric utility proceedings throughout the United States. It is my belief that a 10.7 percent cost of equity for SCE&G lies within the "range of reasonableness" of equity returns for electric utilities at this time.
I also note that the proposed 10.7 percent cost of common equity should give some recognition to SCE&G’s construction program, including its planned construction of two nuclear units over the next several years.

Q DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, it does.