Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kenneth R. Jackson and my address is 1426 Main Street, Columbia, South Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Vice President, Regulatory Matters at SCANA Services, Inc., which provides administrative, management and other services to the subsidiaries and business units within SCANA Corporation, including South Carolina Electric & Gas Company (“Company” or “SCE&G”).

Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I am a graduate of the University of South Carolina (“USC”) where I received a Bachelor of Science Degree in Business Administration, majoring in Finance. Since graduating from USC, I have completed numerous graduate level
courses in Business and Economics. I joined SCE&G in September 1978, where I
held various positions within the Rate Department over the next eighteen years. In
May 1997, I became Team Leader for Industrial Marketing. In October 1997, I
was promoted to Manager of Marketing Research and Sales for the Large
Customer Group. In July 1999, I was promoted to Assistant Controller for the
Fossil and Hydro Strategic Business Unit. In May 2005, I became Director of
Rates and Regulatory Affairs. In October, 2007, I became Vice President,
Regulatory Matters. I have also recently served as the Chairman of the
Accounting and Finance section of the Southeastern Electric Exchange.

Q. PLEASE SUMMARIZE YOUR DUTIES WITH SCANA SERVICES, INC.
A. I am responsible for the design and administration of SCE&G’s electric and
gas rates and tariffs, including the electric fuel adjustment and gas cost adjustment.
In addition, I am responsible for the Company’s electric and gas allocation studies
and regulatory accounting function.

Q. HAVE YOU PRESENTED TESTIMONY TO THE PUBLIC SERVICE
COMMISSION OF SOUTH CAROLINA (“COMMISSION”) BEFORE?
A. I have testified before this Commission in previous proceedings.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?
The purpose of my testimony is to support the Company’s Combined Application for Certificate of Environmental Compatibility and Public Convenience and Necessity and for a Base Load Review Order (“Combined Application”) and to present the rates that the Company is proposing that the Commission adopt, pursuant to the provisions of the Base Load Review Act (“BLRA”), to allow the Company to earn its approved cost of capital associated with its investment in new nuclear generating units. I will explain the allocations the Company is using for the different classes of customers and the projected revenue associated with each class. In addition, I will testify regarding the rates we propose to offer within each rate class and will sponsor the following exhibits:

**Exhibit K (Exhibit No. ___ (KRJ-1)) - Proposed Rate Design and Class Allocation Factors for Revised Rates** (This exhibit is identical to Exhibit K of the Combined Application);

**Exhibit N (Exhibit No. ___ (KRJ-2)) - Revised Rates** (This exhibit is identical to Exhibit N of the Combined Application).

Q. **PLEASE EXPLAIN HOW FACTORS, ALLOCATIONS, AND RATE DESIGN ARE USED TO ESTABLISH REVISED RATES UNDER THE BLRA.**

A. The BLRA in section 58-33-270 (C) and (D) states that in setting revised rates, “all factors, allocations, and rate designs should be as determined in the
utility’s last rate order.” Thus, for SCE&G the factors, allocations, and rate design used to establish revised rates are the ones approved by the Commission in the prior rate order, Order No. 2007-855. The BLRA also states in section 58-33-270 (D) that any additional revenue requirement to be collected through revised rates should be allocated among customer classes based on the Company’s South Carolina firm peak demand data from the prior year, or in this case for SCE&G’s summer peak for 2007. In conjunction with SCE&G’s most recent electric rate increase, SCE&G performed a cost of service study to determine the cost of serving each customer class. The allocation of cost among the various classes demonstrated by the cost of service study was approved by the Commission in Order No. 2007-855. Therefore, under the BLRA, allocations of cost are not at issue in this proceeding and a cost of service study is not required.

Q. WHAT WAS SCE&G’S SUMMER 2007 RETAIL PEAK DEMAND ALLOCATION?

A. The Summer 2007 peak demand occurred on August 10, 2007. Using this peak demand data, the relative percentages of retail demand allocation for the various classes, as reflected in Exhibit K, are as follows: residential service is 48.10%; Small General Service is 17.98%; Medium General Service is 11.27%, and; Large General Service is 22.65%. The summer peak demand allocation methodology used to determine these percentages is the peak demand
methodology historically used by the Commission in setting SCE&G’s rates. These percentages of retail demand allocation were also determined in the same way as the peak demand allocators approved in Order No. 2007-855.

Q. WILL THIS DEMAND ALLOCATION STAY THE SAME THROUGHOUT THE CONSTRUCTION AND RATE-SETTING PROCESS?

A. Section 58-33-270 (D) of the BLRA mandates that the additional revenue requirement to be collected through revised rates shall be allocated among customer classes based on the utility’s South Carolina firm peak demand data from the prior year. As the class peak retail demand changes from one year to the next, SCE&G’s firm peak demand data will change and the additional revenue requirement to be collected through revised rates based on the new firm peak demand data will be allocated among customer classes in the following year.

Q. FROM WHAT SOURCE DID YOU OBTAIN THE REVENUE REQUIREMENT ASSOCIATED WITH THE CONSTRUCTION?

A. E. Elizabeth Best, Director of Financial Planning and Investor Relations for SCANA Services, Inc., has testified to the revenue requirements associated with the construction. Her testimony illustrates the projected year by year revenue requirements upon which the Company’s proposed initial revised rates are based.
in the Combined Application and in my testimony. As construction progresses, the revenue requirements may be adjusted annually, as permitted by the BLRA, based on actual Construction Work in Progress (“CWIP”) as of June 30 each year.

Q. HAS SCE&G REVISED THE RATES FOR THE VARIOUS CLASSES TO RECOVER THE ADDITIONAL REVENUE REQUIRED FOR CONSTRUCTION?

A. Yes. The revised rates for each customer class are attached to this testimony as Exhibit N. Under the proposed revised rates, the Residential class will have an average increase in rates of 0.52%, the Small General Service class will have an average increase in rates of 0.48%, the Medium General Service class will have an average increase in rates of 0.51%, and the Large General Service class will have an average increase in rates of 0.44%.

Q. DO THESE REVISED RATES RELATE TO ANYTHING OTHER THAN THE CONSTRUCTION OF UNITS 2 AND 3?

A. No. These initial rate increases relate only to the construction project. Under the BLRA, as the project progresses and additional capital is expended, the cost of that capital may be included in rates through annual filings of revised rates.

Q. ARE YOU PROPOSING TO INCREASE THE BASIC FACILITIES AND
DEMAND CHARGES IN CONNECTION WITH THESE RATES?

A. No. As reflected in the Combined Application, it has been the Company’s practice in rate proceedings over the last twenty years to adjust the basic facilities charges for retail electric service in even increments, typically of $0.50 or more. For demand charges the Company is not requesting any adjustment at this time, but reserves the right to adjust demand charges in future proceedings. Accordingly, the Company is not requesting to make any adjustment to the basic facilities or demand charges in the revised rates associated with this proceeding.

Q. WHAT REQUESTS DO YOU MAKE OF THE COMMISSION AT THIS TIME?

A. On behalf of the Company, I respectfully request that the Commission approve the revised rates attached to my testimony as Exhibit N and authorize use of these revised rates for bills rendered for retail electric service thirty (30) days following issuance of the Commission’s order.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.