DIRECT TESTIMONY

OF

JIMMY E. ADDISON

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2017-207-E

DOCKET NO. 2017-305-E

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.

A. My name is Jimmy E. Addison and my business address is 220 Operation Way, Cayce, South Carolina. I am the Chief Executive Officer (“CEO”) of SCANA Corporation (“SCANA”) and each of its subsidiaries including South Carolina Electric & Gas Company (“SCE&G” or the “Company”).

Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I have submitted pre-filed direct testimony in Docket No. 2017-370-E, which has been consolidated for hearing purposes with these dockets. Because this testimony addresses many of the issues raised here, that pre-filed testimony is attached as Exhibit __ (JEA-1A) to this testimony and incorporated by reference into my pre-filed direct reply testimony in this docket.

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Q. WERE THERE EXHIBITS ATTACHED TO YOUR PREFILED DIRECT TESTIMONY IN DOCKET NUMBER 2017-370-E?

A. Yes. There were four exhibits to my prefiled direct testimony in Docket No. 2017-370-E. They are attached to my prefiled direct testimony in this Docket as Exhibits __ (JEA-2A), __ (JEA-3A), __ (JEA-4A), and __ (JEA-5A).

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN DOCKET NUMBER 2017-370-E?

A. My testimony in Docket No. 2017-370-E describes the project to build two Westinghouse AP1000 reactors in Jenkinsville, South Carolina (the “Project”) as well as the review of the Project under the Base Load Review Act by the Office of Regulatory Staff (“ORS”) and this Commission. My testimony describes the events that gave rise to the proposed combination between Dominion Energy and SCANA as well as SCE&G’s three proposed rate plans: the Customer Benefits Plan, the No Merger Benefits Plan, and the Base Request. The Customer Benefits Plan would provide significant benefits to South Carolina ratepayers, and is therefore the Company’s preferred outcome in these consolidated cases.

My testimony explains why the decision to abandon the Project on July 31, 2017 was timely, reasonable, and prudent, and why it was in the best interest of SCE&G’s customers to continue to fund the Project up until the decision to abandon was made.
Q. DO YOU HAVE ANYTHING TO ADD TO YOUR PREVIOUSLY FILED TESTIMONY IN DOCKET 2017-370-E?

A. Yes. The requests for rate modification and recent actions by the South Carolina General Assembly have already caused deterioration of SCE&G’s and SCANA’s perceived creditworthiness. As detailed more fully in Ms. Griffin’s and Mrs. Lapson’s testimony, ratings agencies Fitch and Standard & Poor have each downgraded the issuer ratings for SCE&G and SCANA since my direct testimony was prefiled in Docket No. 2017-370-E. The deterioration of the credit ratings has resulted in notably higher borrowing costs for the Company, which puts pressure on SCE&G’s cash resources and has increased SCE&G’s cost of capital. As Ms. Griffin’s testimony shows, these negative financial impacts are likely to worsen significantly if the Commission were to grant the rate relief requested by Office of Regulatory Staff, Friends of the Earth, and The Sierra Club in Dockets 2017-207-E and 2017-305-E.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.