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August 27, 2010

VIA E-Filing
Jocelyn Boyd, Esquire
Chief Clerk of the Commission
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

RE: South Carolina Electric & Gas Company Annual Request for Revised Rates
Docket No.: 2010-157-E

Dear Ms. Boyd:

On May 28, 2010, South Carolina Electric & Gas ("SCE&G") filed a request with the South Carolina Public Service Commission ("Commission") for approval of revised rates to cover the cost of capital associated with the construction costs of two nuclear plants for the period ending June 30, 2010. SCE&G has requested approval for certain rate increases to its customers.

SCE&G's request has been reviewed by South Carolina Office of Regulatory Staff ("ORS"). The ORS submitted its report with respect to SCE&G's revised rates on July 30, 2010. On August 9, 2010, the South Carolina Supreme Court issued its opinion in South Carolina Energy Users Committee v. The South Carolina Public Service Commission, South Carolina Electric & Gas and Office of Regulatory Staff, holding that the Commission erred in granting SCE&G contingency costs under the Base Load Review Act.

On August 10, 2010, in response to the Supreme Court opinion set out above, the ORS revised its June 30, 2010, report. In particular, the ORS identified contingency costs in the amount of $2,277,000 which SCE&G had requested to be included in rates in its revised rates application. In addition, the ORS set out the impact of removing these contingency costs from SCE&G's annual request for revised rates.

By letter dated August 11, 2010, SCE&G reported to the Commission that it had carefully reviewed the ORS report of August 10, 2010, and that SCE&G concurred with the conclusions and adjustments set out in the ORS report with regard to the

contingency costs. SCE&G now requests that all contingency spending be withdrawn from consideration in its revised rates request.

Based on the foregoing, SCEUC requests that any and all contingency costs be excluded from rates and that SCE&G's request for revised rates be reduced by the amounts identified and set out in the ORS correspondence of August 10, 2010.[1]

If you or your staff has questions, please feel free to contact me.

Sincerely,

Elliott & Elliott, P.A.

Scott Elliott

SE/jcl

cc: All Parties of Record

1 The applicability of Section 58-33-280(B) to the contingency costs in question is not at issue in the instant docket. Therefore SCEUC makes no comment on the applicability of Section 58-33-280(B) to the contingency costs in question, reserving all rights, objections, claims and defenses with respect to any subsequent application by SCE&G pursuant to Section 58-33-280(B)