K. Chad Burgess
Managing Counsel
Dominion Energy Services, Inc.

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April 12, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

RE: Friends of the Earth and Sierra Club, Complainant/Petitioner v. South Carolina Electric & Gas Company, Defendant/Respondent
Docket No. 2017-207-E

Request of the Office of Regulatory Staff for Rate Relief to South Carolina Electric & Gas Company's Rates Pursuant to S.C. Code Ann. § 58-27-920
Docket No. 2017-305-E

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
Docket No. 2017-370-E

(This filing does not involve any change to the retail electric base rates of Dominion Energy South Carolina, Inc.)

Dear Ms. Boyd:

As the Public Service Commission of South Carolina ("Commission") is aware, Order No. 2018-804 approved, among other things, the merger between Dominion Energy, Inc. ("Dominion Energy") and SCANA Corporation. In furtherance of the merger, Dominion Energy South Carolina, Inc. ("DESC") has entered into an agreement with Dominion Privatization South Carolina, LLC ("DPSC"), which owns, operates, and maintains the electric distribution system at Fort Jackson. Under this agreement, DESC and DPSC will provide each other with spare parts on an as-needed

basis and within the discretion of each party. For any spare part that DESC may provide to DPSC, DPSC will be charged in accordance with the provisions of Order No. 2018-804 as set forth in the agreement.

Enclosed for filing only in the above-referenced dockets is a copy of the agreement between DESC and DPSC. This agreement complies with all terms of the merger between SCANA and Dominion Energy required in Order No. 2018-804 as well as S.C. Code Ann. § 58-27-2090 (2015).

By copy of this letter, we are providing a copy of this agreement to the South Carolina Office of Regulatory Staff.

If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,

K. Chad Burgess

KCB/tmh

cc: all parties of record

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Execution Version

INVENTORY PURCHASE AND SALE AGREEMENT

This **INVENTORY PURCHASE AND SALE AGREEMENT** (this "**Agreement**"), dated as of this _____ day of March, 2021 (the "**Effective Date**"), is entered into by and between **DOMINION ENERGY SOUTH CAROLINA, INC.**, a corporation organized under the laws of the State of South Carolina ("**DESC**") and **DOMINION PRIVATIZATION SOUTH CAROLINA, LLC**, a limited liability company organized under the laws of the State of South Carolina ("**DPSC**"). DESC and DPSC are referred to individually herein as a "**Party**" and they are collectively referred to as the "**Parties**".

RECITALS

WHEREAS, DESC and DPSC each purchase and maintain an inventory of various spare parts, equipment and other assets to have on hand in case of a need in the operation of their respective businesses (each such item, a "**Spare Part**" and each such inventory, a "**Spare Parts Inventory**"); and

WHEREAS, the Parties desire to set forth the framework whereby a Party may procure from the other Party certain Spare Parts from the selling Party's Spare Parts Inventory, in each case as the Parties may agree from time-to-time; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as set forth herein.

1. Sale of the Spare Parts.

   (a) If at any time during the Term, either Party desires to purchase any item from the other Party's Spare Parts Inventory, such Party (the "**Purchasing Party**") shall notify the other Party (the "**Selling Party**") that it desires to purchase certain Spare Parts from such Party.

   (b) If the Selling Party desires to sell such Spare Parts to the Purchasing Party, then the Parties may, but are not required to, enter into a transaction for the sale and purchase of such Spare Parts in accordance with this Agreement (each such transaction, a "**Sale**", and the Spare Parts sold pursuant to a Sale, the "**Sold Parts**").

   (c) Upon the consummation of a Sale, the Purchasing Party shall assume all liabilities, costs, fees, expenses and obligations for the Sold Parts to the extent arising out of the ownership, maintenance, storage, operation and use by such Party of the Sold Parts following the consummation of the Sale.

   (d) With respect to each Sale, title to the Sold Parts shall transfer pursuant to a Bill of Sale and Assignment Agreement which shall be entered into by the Parties and shall be substantially in the form attached hereto as Exhibit A.

(e) The Parties hereby agree that, notwithstanding anything herein to the contrary, no Spare Parts shall be sold in any Sale or any other transaction pursuant to this Agreement where the cumulative purchase price as calculated pursuant to Section 2 for all Spare Parts to be sold pursuant to such single transaction equals or exceeds $1,000,000.00.

2. Price of the Sold Parts.

(a) In the event that DESC purchases a Spare Part from DPSC, the purchase price for such Spare Part shall be equal to the lower of Net Book Value or Market Price on the date of such Sale. In the event that DPSC purchases a Spare Part from DESC, the purchase price for such Spare Part shall be equal to the higher of Net Book Value or Market Price on the date of such Sale.

(b) Net Book Value and Market Price shall have the meanings given to such terms by the Public Service Commission of South Carolina, if applicable. If the Public Service Commission of South Carolina has not defined such terms, for purposes of this Agreement only, such terms shall have the meanings set forth below:

"**Net Book Value**" for any Spare Part shall be equal to (i) the weighted average inventory cost paid for the Spare Part, plus (ii) any freight, taxes and overhead costs assignable to the inventory and included in the average inventory cost calculation.

"**Market Price**" for any Spare Part shall be equal to the available market price of such Spare Part.

3. Priority of Ownership and Usage of Spare Parts. The Parties acknowledge and agree that the Party which has title to any Spare Part has priority of ownership and usage of such Spare Part during the term of this Agreement.

4. Term and Renewal. This Agreement shall commence on the Effective Date and shall remain in effect for a period of five (5) years thereafter (the "**Initial Term**"); *provided*, *however*, that the Initial Term shall automatically extend for additional one (1) year periods (the Initial Term as extended pursuant to this Section 4, the "**Term**") unless terminated earlier pursuant to Section 5(b).

5. Termination and Modification.

(a) Modification of Terms and Conditions. No amendment, change or modification of this Agreement shall be valid, unless made in writing and signed by the Parties.

(b) Termination of this Agreement. Either Party may terminate this Agreement by providing sixty (60) days advance written notice of such termination to the other Party. All payments due or performance obligations required pursuant to the Agreement shall be satisfied prior to termination of the Agreement.

6. Indemnification.

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(a) Indemnification by DESC. Subject to the other terms and limitations set forth in this Agreement, DESC hereby agrees to indemnify, defend and hold DPSC harmless from all claims, costs, liability, damages or expenses, including reasonable attorney's fees ("**Losses**") (i) arising out of or relating to any breach of, or failure to perform or fulfill, any covenant, agreement or obligation of DESC contained in this Agreement, or (ii) arising out of or relating to any claim by a third party against DPSC to the extent arising out of or relating to DESC's purchase, use, ownership, operation or maintenance of any Spare Part purchased by DESC from DPSC pursuant to this Agreement.

(b) Indemnification by DPSC. Subject to the other terms and limitations set forth in this Agreement, DPSC hereby agrees to indemnify, defend and hold DESC harmless from all Losses, (i) arising out of or relating to any breach of, or failure to perform or fulfill, any covenant, agreement or obligation of DPSC contained in this Agreement, or (ii) arising out of or relating to any claim by a third party against DESC to the extent arising out of or relating to DPSC's purchase, use, ownership, operation or maintenance of any Spare Part purchased by DPSC from DESC pursuant to this Agreement..

(c) Survival. The indemnification obligations set forth in this Section 6 shall survive the expiration or termination of this Agreement for a period of one (1) year after expiration or termination of this Agreement.

(d) Limitations of Liability. The maximum aggregate indemnification obligation of a Party pursuant to this Agreement shall not exceed the amounts paid by the other Party to the indemnifying Party pursuant to all Sales consummated in accordance with this Agreement.

7. Notices. All notices and invoices required or desired to be given pursuant to this Agreement shall be in writing and shall be delivered by personal in-hand delivery or sent prepaid by recognized delivery service (such as FedEx) with delivery receipt requested, addressed as follows:

If to DESC:

Dominion Energy South Carolina, Inc.
400 Otarre Parkway
Cayce, South Carolina 29033

With a copy to:

Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
Attn: State Regulatory Team

If to DPSC:

Dominion Privatization South Carolina, LLC
120 Tredegar Street
Richmond, Virginia 23219

With a copy to:

Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
Attn: State Regulatory Team

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Such notices shall be deemed to have been given when delivered in the case of in-hand delivery and on the date of delivery in the case of delivery service. Either Party may modify its address for notices by advance written notice to the other Party delivered in conformance with this Section 7.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, without regard to its choice of laws rules. The Parties shall (i) submit to the non-exclusive jurisdiction of the courts of the State of South Carolina and courts of the United States in the State of South Carolina for all purposes of this Agreement, including any action or proceeding instituted for the enforcement of any right, remedy, obligation or liability arising hereunder, and (ii) submit to the venue of such action or proceeding in the State of South Carolina, or such judicial district of a court of the United States that includes the State of South Carolina.

9. Consequential Damages. No Party shall be liable for any special, consequential, incidental, indirect, or exemplary damages with respect to this Agreement.

10. Headings. The section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

11. Severability. In the event that any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby so long as the remaining provisions do not fundamentally alter the relations among the Parties.

12. Counterparts. For the convenience of the Parties, any number of counterparts of this Agreement may be executed by one or more of the Parties and each such executed counterpart shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

DOMINION ENERGY SOUTH CAROLINA, INC.

By: Keller Kissam (Apr 2, 2021 05:48 EDT)

Name: Keller Kissam

Title: President, Electric Operatuons

Date: Apr 2, 2021

DOMINION PRIVATIZATION SOUTH CAROLINA, LLC

By:

Name: Emil Avram

Title: Vice President-Business Development

Date: Apr 1, 2021

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Exhibit A

BILL OF SALE AND ASSIGNMENT AGREEMENT

This Bill of Sale and Assignment Agreement ("**Bill of Sale and Assignment Agreement**"), dated as of _____ _____, 20__ (the "**Effective Date**"), is made by and between _____, a _____ ("**Assignor**"), and _____, a _____ ("**Assignee**"). Assignor and Assignee are referred to individually herein as a "**Party**" and they are collectively referred to as the "**Parties**".

A. Assignor and Assignee are parties to that certain Inventory Purchase and Sale Agreement dated as of _____ ___, 20__ (the "**PSA**"), pursuant to which Assignee is purchasing the assets set forth on Exhibit A from Assignor (such assets, the "**Spare Parts**").

B. Assignor agrees to transfer to Assignee, and Assignee agrees to accept from Assignor, such Spare Parts, and Assignee agrees to assume certain liabilities and obligations of Assignor related thereto.

C. Section 1(d) of the PSA requires Assignor and Assignee to execute and deliver this Bill of Sale and Assignment Agreement to effectuate the sale and assignment of the Spare Parts.

D. All capitalized terms used, but not otherwise defined, herein have the meanings given to such terms in the PSA.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby take the following actions:

1. Transfer and Conveyance. Assignor hereby sells, assigns, transfers, delivers, and conveys to Assignee the rights, title, and interests of Assignor in and to the Spare Parts, free and clear of all liens, security interests, claims, encumbrances, and other defects in title generally considered to be encumbrances.

2. Assumption of Liabilities. Assignee hereby assumes all liabilities and obligations to the extent arising out of the ownership, operation, maintenance, or use by Assignee of the Spare Parts which arise or accrue on or after the date hereof.

3. Purchase Price for Spare Parts. On the Effective Date, Assignee shall pay to Assignor $[•] for the Spare Parts. Such amount shall be paid to Assignor by wire transfer of immediately available funds to the bank account designated by Assignor.

4. Disclaimer. The Parties agree and acknowledge that the Spare Parts are being transferred "as is, where is, with all faults". Without limiting the generality of the immediately preceding sentence, Assignor hereby expressly disclaims and negates any representation or warranty, express or implied, at common law, statutory, or otherwise, relating to the condition, value or quality of the Spare Parts (including any implied or express warranty of merchantability,

use, suitability or fitness for a particular purpose, or of conformity to samples of materials, or as to the workmanship thereof, or the absence of any defects therein (whether latent, patent or otherwise), or the presence or absence of any hazardous substances).

5. Headings. The section headings of this Bill of Sale and Assignment Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Bill of Sale and Assignment Agreement.

6. Covenant of Further Assurances. The Parties agree to execute such other documents and perform such other acts as may be necessary, or such other reasonable acts as may be desirable to carry out, the purposes of this Bill of Sale and Assignment Agreement.

7. Successors and Assigns. This Bill of Sale and Assignment Agreement shall bind and benefit the respective successors and assigns of Assignor and Assignee.

8. No Third Party Beneficiaries. Nothing in this Bill of Sale and Assignment Agreement, express or implied, is intended or shall be construed to confer upon or give to any person, other than the Parties and their successors and assigns, any remedy or claim under or by reason of this instrument or any agreements, terms, covenants, or conditions hereof.

9. Governing Law. This Bill of Sale and Assignment Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, without regard to its choice of laws rules. The Parties shall (i) submit to the non-exclusive jurisdiction of the courts of the State of South Carolina and courts of the United States in the State of South Carolina for all purposes of this Bill of Sale and Assignment Agreement, including any action or proceeding instituted for the enforcement of any right, remedy, obligation or liability arising hereunder, and (ii) submit to the venue of such action or proceeding in the State of South Carolina, or such judicial district of a court of the United States that includes the State of South Carolina.

10. Modification. This Bill of Sale and Assignment Agreement may not be modified or amended except by the written agreement of Assignor and Assignee.

11. Counterparts. For the convenience of the Parties, any number of counterparts of this Bill of Sale and Assignment Agreement may be executed by one or more parties hereto and each such executed counterpart shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties have caused this Bill of Sale and Assignment Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR:]

_____

By: _____
Name:
Title:

[ASSIGNEE:]

_____

By: _____
Name:
Title:

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Exhibit A to Bill of Sale and Assignment Agreement

[*To be populated.*]

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