

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2016-6-G - ORDER NO. 2016-704

OCTOBER 13, 2016

IN RE: Application of South Carolina Electric & Gas ) INITIAL ORDER ON  
Company to Have the Terms of the Natural ) APPLICATION OF THE  
Gas Rate Stabilization Act Apply to the ) NATURAL GAS RATE  
Company's Rates and Charges for Gas ) STABILIZATION ACT  
Distribution Services )

This matter comes before the Public Service Commission of South Carolina (“Commission”) pursuant to S.C. Code Ann. §§ 58-5-420(2) and 58-5-455, a portion of the Natural Gas Rate Stabilization Act (“Act”), as related to South Carolina Electric & Gas Company’s (“SCE&G” or the “Company”) latest filing for adjustments in the Company's natural gas rate schedules and tariffs. Section 58-5-455 sets out a procedure for handling the monitoring reports under the Act related to the quarter ending March 31. Order No. 2005-619 (October 31, 2005), in Docket No. 2005-113-G, established a baseline return on equity for the Company under the Act. Order No. 2006-553 (September 27, 2006), in Docket No. 2006-157-G, specified that the Company is authorized a 10.25% return on common equity.

Under Section 58-5-455, the Company files monitoring reports with the Commission and the Office of Regulatory Staff (“ORS”). Interested parties may comment on the reports. Where it appears to the Commission or ORS that an adjustment in rates may be warranted, ORS shall conduct an audit of the monitoring report and specify any

changes that it determines are necessary to correct errors in the report or to otherwise bring the report into compliance with the statute. Parties may comment on the ORS audit. On or before October 15, the Commission shall issue an initial order setting forth any changes required in the utility's request to adjust rates under the statute. Any gas rate adjustments authorized under the terms of the statute shall take effect for all bills rendered on or after the first billing cycle of November of that year. This present order is the "Initial Order" contemplated by S.C. Code Ann. Section 58-5-455(5).

Pursuant to the Act, SCE&G submitted its quarterly monitoring report for the twelve-month period ending March 31, 2016. In this latest report, SCE&G shows that an increase in revenue of \$4,386,695 is required to restore its return on common equity to 10.25% as specified in Order No. 2005-619.

As required by S.C. Code Ann. § 58-5-450, ORS conducted a review of the monitoring report for the twelve-month period ending March 31, 2016, to evaluate compliance with Section 58-5-430 and Section 58-5-440 of the Act, which lists the Company's reporting requirements. After its review, ORS proposed certain adjustments to reported amounts to bring the report into conformance with those Sections. As a result of these adjustments, the ORS calculated the as adjusted return on rate base and return on common equity to be 7.64% and 9.34%, respectively. As a result, ORS recommends a proposed increase in revenues of \$4,086,147. ORS states that, after the proposed increase, the Company will have an opportunity to earn a rate of return and return on common equity of 8.11% and 10.25% respectively.

SCE&G agrees with the ORS adjustments, and also agrees that the adjustments provide the Company with the opportunity to earn the Commission-approved 10.25% return on equity set forth in Order No. 2005-619.

FINDINGS AND CONCLUSIONS:

1. S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, requires the filing of certain documents and the issuance of this Initial Order.
2. Changes are required to the Company's request to adjust rates.
3. ORS has suggested certain changes to which SCE&G does not object, as outlined above. Based on the accounting adjustments, an increase in revenues of \$4,086,147 is appropriate.
4. This Commission has found no other changes appropriate or necessary other than those agreed to by the parties.
5. This Commission adopts the changes and adjustments proposed by the parties to the resulting rates and charges, which are attached to this Order as Order Exhibit A.
6. The rates shall be effective for bills rendered on and after the first billing cycle in November 2016.
7. If it has not already done so by the date of issuance of this Order, the Company shall file its revised tariff utilizing the Commission's e-filing system for tariffs prior to its first billing cycle in November 2016. The revised tariff should be electronically filed in a text searchable PDF format using the Commission's DMS System

(<http://dms.psc.sc.gov>). An additional copy should be sent via email to [etariff@psc.sc.gov](mailto:etariff@psc.sc.gov) to be included in the Commission's ETariff System (<http://etariff.psc.sc.gov>). Future revisions to the tariff should be made using the ETariff System. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

8. SCE&G shall provide a reconciliation of each tariff rate change approved as a result of this order to each tariff rate revision filed in the ETariff system. Such reconciliation shall include an explanation of any differences and be submitted separately from the Company's ETariff system filing.

9. SCE&G shall file a schedule showing the revenue produced by each and every tariffed rate approved by the Commission and reconcile the revenue produced, by each tariffed rate, to the revenue requirement approved in this Order.

10. This Order shall remain in full force and effect until further order of the Commission.

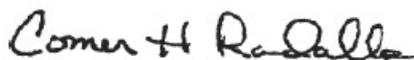
BY ORDER OF THE COMMISSION:



---

Swain E. Whitfield, Chairman

ATTEST:



---

Comer H. Randall, Vice Chairman

## **SOUTH CAROLINA ELECTRIC & GAS COMPANY**

### **PROPOSED RATES**

Rate 31	Small Firm General Service
Rate 32 Value	Residential Value Service
Rate 32 Standard	Residential Standard Service
Rate 33	Medium Firm General Service
Rate 34	Large General Service
Rate 35	Firm Transportation and Standby Service
Rate 36	Gas Lighting
Rider to Rates 31, 32V, 32S, 33 and 34	Service for Air Conditioning
Weather Normalization Adjustment	Adjustment Determination



**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RATE 32V**

**RESIDENTIAL VALUE SERVICE**  
(Page 1 of 2)

**AVAILABILITY**

This rate schedule is only available to residential customers that meet the special provisions as listed below and are using the Company's service in individually metered private residences. For apartments or multi-family structures having not more than two (2) dwelling units, gas service for a central heating system for the entire building may be included in the account of one of the dwelling units. All gas service supplied to the second dwelling unit will be separately metered to comply with the provisions of this rate.

**RATE PER MONTH**

Basic Facilities Charge: \$10.90

Plus Commodity Charge:

All Therms @ \$ 1.04376 per therm

**SPECIAL PROVISIONS**

1. This rate schedule is available to those accounts where there is an average usage of at least 10 therms during the billing months of June, July and August. The average usage is derived by combining the therm usage for each of the billing months previously listed and dividing by three.
2. Therm usage during a billing month of other than 30 days, used to determine eligibility under this rate schedule, shall be adjusted to a 30 day billing period by application of a fraction, the numerator of which shall be 30 and the denominator of which shall be the actual number of days in the billing period.
3. The calculation as described in 1. above will be performed annually for each residential account. Accounts not meeting the standards of Rate 32V will be placed on Rate 32S beginning with the billing month of November of each year.
4. Availability of this rate schedule for new premises will be based on reasonably anticipated base load usage. Availability of this rate schedule for new accounts at existing premises will be based on the previous account's usage. If this usage is unavailable, the customer will be initially placed on Rate 32S Residential Standard Service.

**WEATHER NORMALIZATION ADJUSTMENT**

An adjustment to the commodity charges for the billing months of November-April above will be made in accordance with the Weather Normalization Adjustment.

**MINIMUM CHARGE**

The monthly minimum charge shall be the basic facilities charge as stated above.

**UNMETERED GAS LIGHTING PROVISION**

Gas used for lighting will be determined based on the BTU rating of fixtures installed and will be billed the commodity charges listed above.

**SEASONAL BLOCK CHARGE**

A charge will apply for customers who disconnect service and subsequently request reconnection of service at the same premise within a 12 month period. This is commonly referred to as seasonal block. The charge will be based on the number of months the customer is disconnected times the basic facilities charge as stated above. In determining the months of disconnection, any number of days disconnected within a month constitutes a whole month of disconnection. If reconnection is requested to be performed after normal business hours, an additional charge of \$20.00 will be added to the charges as calculated above.

Effective For Bills Rendered On and After the 1st Billing Cycle of November 2016

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RATE 32V**

**RESIDENTIAL VALUE SERVICE**  
(Page 2 of 2)

**ADJUSTMENT FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$0.55890 per therm and are subject to adjustment by order of the Public Service Commission of South Carolina.

**SALES AND FRANCHISE TAX**

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

**PAYMENT TERMS**

All bills are net and payable when rendered.

**TERM OF CONTRACT**

Contracts shall run continuously from time service is commenced at each location until service to customer is permanently disconnected. A separate contract shall cover each meter at each location.

**GENERAL TERMS AND CONDITIONS**

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

Effective For Bills Rendered On and After the 1st Billing Cycle of November 2016





**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RATE 34**

**LARGE GENERAL SERVICE**

**AVAILABILITY**

Available only to those customers having firm requirements and a maximum daily quantity (MDQ) of at least 50 Dekatherms or greater and using the Company's service for industrial manufacturing or large commercial operations. It is not available for resale

**MAXIMUM DAILY QUANTITY (MDQ)**

The actual MDQ shall be the greatest amount of gas delivered to the customer during any day (10:00 a.m. to 10:00 a.m.) of the current billing month.

**RATE PER MONTH**

**Monthly Demand Charge:**

First	50 Dekatherms @	<u>\$591.00</u>	
	Excess over 50 Dekatherms @	<u>\$7.97</u>	per Dekatherm

Commodity Charge @ \_\_\_\_\_ \$ 5.9550 per Dekatherm

**DETERMINATION OF BILLING DEMAND**

- (a) **Billing Months of November-April:**  
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.
- (b) **Billing Months of May-October:**  
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) 50% of the contract MDQ; or (3) 50% of the highest MDQ occurring during any of the preceding billing months of November-April; or (4) 50 Dekatherms.

**MINIMUM CHARGE**

The monthly minimum charge shall be the demand charge as determined above.

**ADJUSTMENT FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$4.3972 per dekatherm. These charges are subject to adjustment by order of the Public Service Commission of South Carolina.

**SALES AND FRANCHISE TAX**

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

**PAYMENT TERMS**

All bills are net and payable when rendered.

**TERM OF CONTRACT**

Service hereunder shall be provided under a written contract, with a minimum initial term of one year with automatic extensions, unless terminated by either party in accordance with the terms of contract. In the event of a default to the contract, this rate schedule and the General Terms and Conditions will constitute a contract for a term of six months. A separate written contract shall cover each meter at each location.

**GENERAL TERMS AND CONDITIONS**

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

Effective For Bills Rendered On and After the 1st Billing Cycle of November 2016

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RATE 35**

**TRANSPORTATION AND STANDBY SERVICE**  
(Page 1 of 2)

**AVAILABILITY**

Transportation service is available to any customer who has firm requirements of 50 Dekatherms Maximum daily Quantity (MDQ) or greater and, who owns and delivers gas to the Company at an acceptable point of connection, for delivery by the Company to the customer's regular point of service.

Service will be supplied at the best efforts of the Company and may be restricted from time to time due to operating limitations on the Company's system or from third party restrictions. In the event of such limitations, the transportation service is subordinate to service under all other rate schedules and may be curtailed or interrupted, normally upon not less than two hours advance notice, or, when necessitated by conditions affecting the Company's gas system, upon less than two hours advance notice.

**RATE PER MONTH**

**Transportation Service**

**Monthly Demand Charge:**

First	50 Dekatherms @	\$591.00
Excess over	50 Dekatherms @	\$7.97 per Dekatherm
Commodity Charge @		\$ 1.5759 per delivered Dekatherm

**DETERMINATION OF BILLING DEMAND**

- (a) **Billing Months of November-April:**  
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.
- (b) **Billing Months of May-October:**  
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) 50% of the contract MDQ; or (3) 50% of the highest MDQ occurring during any of the preceding billing months of November-April; or (4) 50 Dekatherms.

**Standby Service**

In addition to the demand charges for transportation service the following charges will apply for gas supplied by the Company.

- (a) **Billing Months of November-April:**  
The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.
- |                    |                         |
|--------------------|-------------------------|
| Demand Charge @    | \$6.00 per Dekatherm    |
| Commodity Charge @ | \$ 5.9550 per Dekatherm |
- (b) **Billing Months of May-October:**
- |                    |                         |
|--------------------|-------------------------|
| Demand Charge @    | None                    |
| Commodity Charge @ | \$ 5.9550 per Dekatherm |

**MINIMUM CHARGE**

The monthly minimum charge shall be the demand charges as determined above.

**ADJUSTMENT FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$4.3972 per dekatherm. These charges are subject to adjustment by order of the Public Service Commission of South Carolina.

**DELIVERED GAS QUANTITY**

When separate metering is not feasible, the Company shall assume for billing purposes, unless otherwise agreed to, that such metered volumes reflect deliveries under this rate schedule prior to gas received under any other rate schedule.

The quantity of transportation gas received into the Company's system for the customer's account to be delivered to the customer by the Company shall be reduced by 3% in measurement for line loss and unaccounted for gas.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RATE 35**

**TRANSPORTATION AND STANDBY SERVICE**

(Page 2 of 2)

**DELIVERED GAS QUANTITY**

The volume of gas received on a daily basis for customer's account may not equal the volume, less shrinkage, delivered to the customer. The result will be deemed an imbalance. Customer's account will be reviewed at the end of each month, or on termination of Transportation Service or curtailment or discontinuance thereof. If the imbalance is such that the customer has received more gas than was delivered to the Company during the period under review, customer shall be billed for such as standby service. If the imbalance is such that the customer has received less gas than was delivered to the Company, the Company may exercise one of two options, in its sole discretion. The Company may: (1) deliver the excess gas to the customer, over the next calendar month succeeding the review, at such times as the Company shall determine in its sole discretion; or (2) buy excess gas at Company's lowest delivered purchase price in that month from any of Company's suppliers.

**LIABILITY**

The Company shall not be liable for curtailment of service under this rate schedule or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

Gas shall be and remain the property of the customer while being transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

The Company shall not be liable for any loss to the customer arising from or out of service under this rate schedule, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the customer with other supplies.

**SALES AND FRANCHISE TAX**

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

**PAYMENT TERMS**

All bills are net and payable when rendered.

**TERM OF CONTRACT**

The customer shall execute an Agreement of Service with the Company which shall specify the maximum daily volume of gas to be transported, the period of time that the Company will receive such gas, and all conditions under which delivery to the Company will be accepted and delivery to the customer will be made. The customer must provide the Company with all necessary documentation of ownership and authorization required by any regulatory body with jurisdiction.

**GENERAL TERMS AND CONDITIONS**

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

**ANNUAL NOMINATION**

Customers must elect to receive a) Transportation Service only, b) Transportation Service with Standby Service, or c) Standby Service only for each applicable period. Such elections must be made to the Company in writing by October 15th of each year to be effective for each month during the period November 1st to October 31st following. New customers under this tariff shall elect volumes at the time their service contract becomes effective. If no prior election has been made then the customer will receive Standby Service only. If any customer fails to make a timely election, then the prior period election will carry over for the following period. All elections shall be binding for the duration of the November 1st to October 31st period and may not be revoked, suspended or modified by the Customer.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RATE 36**

**GAS LIGHTING**

**AVAILABILITY**

**EFFECTIVE FOR BILLS RENDERED ON AND AFTER THE FIRST BILLING CYCLE OF NOVEMBER 2005 THIS SCHEDULE IS CLOSED AND NOT AVAILABLE TO ANY NEW STRUCTURE OR APPLIANCE.**

**RATE**

All lighting service where fixtures are mounted on Company's ornamental poles which are a part of Company's distribution system will be charged for at the following rate per light.

<u>SIZE</u>	<u>Lamp Charges per Month</u>	<u>Average Therms Usage per Month</u>
Two Mantle fixture complete	\$19.42	15
Three Mantle fixture complete	\$25.01	22
Four Mantle fixture complete	\$30.80	29

**ADJUSTMENT FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$0.55890 per therm and are subject to adjustment by order of the Public Service Commission of South Carolina.

**SALES AND FRANCHISE TAX**

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

**PAYMENT TERMS**

All bills are net and payable when rendered.

**TERM OF CONTRACT**

Service hereunder shall be provided under written contract, with the initial term of contract of five years and, there after, for one-year periods until terminated by either party on ninety days written notice.

**SPECIAL PROVISIONS**

The company will furnish, erect, operate and maintain all necessary equipment in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between such non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

**GENERAL TERMS AND CONDITIONS**

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**

**GAS**

**RIDER TO RATES 31, 32V, 32S, 33 AND 34**

**SERVICE FOR AIR CONDITIONING**

(Page 1 of 2)

**AVAILABILITY**

**EFFECTIVE FOR BILLS RENDERED ON AND AFTER THE FIRST BILLING CYCLE OF NOVEMBER 2005 THIS SCHEDULE IS CLOSED AND NOT AVAILABLE TO ANY NEW APPLIANCE.**

This rider is available to those customers which have installed and are regularly operating a gas-fired central air cooling system or have installed and are regularly operating a gas-fired central combination air cooling and heating system. Service under this rider shall be available subject to the specifications below at customer's request and with Company certification of customer's installed gas-fired central air cooling system or gas-fired central combination air cooling and heating system. It is not available for resale service. At the company's discretion, service offered under this rider may be limited and applied only to those customers currently receiving service under this rider.

**INDUSTRIAL AND COMMERCIAL, RATES 31, 33 AND 34**

**METERING**

The volume of gas used for service under this rider will be determined by separate metering equipment installed by the Company. All costs associated with the separate metering are borne by the customer.

Available to those customers qualifying for service under General Service Rates 31 & 33.

**SPECIFICATION A - Customer with gas-fired cooling systems.**

**RATE PER MONTH  
(All Months)**

Basic Facilities Charge:	<u>\$20.25</u>
Commodity Charge:	
All therms @	<u>\$ 0.53513</u> per therm

**ADJUSTMENTS FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$0.43702 per therm and are subject to adjustment by order of the Public Service Commission of South Carolina.

**SPECIFICATION B - Customer with gas-fired Central combination air cooling and heating systems.**

**RATE PER MONTH  
(During the Billing Months of May through October)**

Basic Facilities Charge:	<u>\$20.25</u>
Commodity Charge:	
All therms @	<u>\$ 0.53513</u> per therm

**ADJUSTMENTS FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$0.43702 per therm and are subject to adjustment by order of the Public Service Commission of South Carolina.

**DEKATHERM BILLING**

Customers that have installed chart metering facilities may be billed on a per Dekatherm basis (1Dekatherm = 10 therms). The amount per Dekatherm will be determined by multiplying the above rates by 10.

Available to those customers qualifying for service under Large General Service Rates 34.

**Rate 34G - Customer with gas-fired Central combination air cooling and heating systems.**

**RATE PER MONTH  
(All Months)**

Commodity Charge:	
All therms @	<u>\$ 0.62625</u> per therm

**ADJUSTMENT FOR RECOVERY OF GAS COSTS**

The commodity charges above include gas costs of \$0.43972 per therm. These charges are subject to adjustment by order of the Public Service Commission of South Carolina.



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 WEATHER NORMALIZATION ADJUSTMENT**

**APPLICABILITY**

This Weather Normalization Adjustment (WNA) is applicable to and is a part of the Company's firm gas rate schedules 31, 32V, 32S, and 33. The commodity charges per therm for each customer account during the billing months of November through April will be increased or decreased in an amount to the nearest one-thousandth of a cent, as derived by the following formula:

$$WNA = \frac{WSL \times R}{ATH - BTH}$$

Where:  $WSL = \frac{ATH - BTH}{ADD} \times (NDD - ADD)$

**WNA** = Weather Normalization Adjustment factor for a particular account expressed in dollars per therm.

**WSL** = Weather Sensitive Load which is the difference in the amount of therms that would have been consumed by the customer during normal weather and the amount of therms actually consumed.

**R** = Approved rate less cost of gas for applicable rate schedule determined as follows:

<b>Rate 32V</b> R= \$ 0.48829	<b>Rate 32S</b> R= \$ 0.54829
<b>Rate 31</b> R= \$ 0.50283	<b>Rate 33</b> R= \$ 0.45283

**ATH** = Actual therms consumed by customer during current billing period.

**BTH** = Base load therms which is the average of the therms consumed by customer during the previous billing months of June, July and August. If BTH is greater than ATH, then BTH will equal to ATH. If base load therms cannot be determined, then base load therms will be as follows:

Rate 32V = 18 therms	Rate 32S = 4 therms
Rate 31 = 19 therms	Rate 33 = 739 therms

**NDD** = Normal heating degree days during customer's billing period authorized by the Commission.

**ADD** = Actual heating degree days during customer's billing period.

The appropriate revenue related tax factor is to be included in these calculations.

Effective For Bills Rendered On and After the 1st Billing Cycle of November 2016