

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF'S CONTINUING
AUDIT INFORMATION REQUEST
DOCKET NO. 2017-207-E (4th Continuing AIR)
DOCKET NO. 2017-305-E (3rd Continuing AIR)
DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-1:

Please provide copies of all documents provided by SCE&G, SCANA and/or Dominion to SC General Assembly members from July 1, 2017 to current date. This includes, but is not limited to, responses to requests for information, answers to questions and statistical analysis requested by any SC House or Senate member, staff member, subcommittee or committee. Response to this question should include the following information:

- a. Requestor name;
- b. Date of request;
- c. Date response provided to Requestor;
- d. Summary of request; and
- e. Copy of information provided to Requestor

RESPONSE 3-1:

Please see below for documents provided on the attached CD by SCE&G/SCANA:

Date of request	Date of response provided to requestor	Summary of request	Copy of information provided to requestor
N/A	11/10/2018	Regulatory Disclosures Summary	SCE&G/SCANA Response 3-1 Attachment A
N/A	11/15/2017	Regulatory Disclosures Summary	SCE&G/SCANA Response 3-1 Attachment A
N/A	01/08/2018	SCANA and SCE&G Ratepayer Class Actions powerpoint	SCE&G/SCANA Response 3-1 Attachment B
N/A	02/06/2018	SCANA and SCE&G Security rating change letter	SCE&G/SCANA Response 3-1 Attachment C
N/A	02/06/2018	Senate Staff Data Request of 02/05/18	SCE&G/SCANA Response 3-1 Attachment D

Date of request	Date of response provided to requestor	Summary of request	Copy of information provided to requestor
N/A	02/13/2018	SCE&G Service Territory	SCE&G/SCANA Response 3-1 Attachment E
N/A	08/18/2017	Senate Nuclear Presentation	SCE&G/SCANA Response 3-1 Attachment F
N/A	09/25/2017	Letter requesting SLED involvement	SCE&G/SCANA Response 3-1 Attachment G
N/A	11/13/2017	S&P Global article	SCE&G/SCANA Response 3-1 Attachment H
N/A	10/03/2017	RRA Regulatory focus article	SCE&G/SCANA Response 3-1 Attachment I
N/A	02/05/2018	Moody's Investors Service article	SCE&G/SCANA Response 3-1 Attachment J
N/A	08/18/2017	Projected costs	SCE&G/SCANA Response 3-1 Attachment K
N/A	09/14/2017	SC House Committee Presentation	SCE&G/SCANA Response 3-1 Attachment L
N/A	09/18/2017	Regulatory Disclosures Summary	SCE&G/SCANA Response 3-1 Attachment A
N/A	01/03/2018	Dominion Energy-SCANA footprint	SCE&G/SCANA Response 3-1 Attachment M
N/A	01/03/2018	Dominion Energy-SCANA News Release	SCE&G/SCANA Response 3-1 Attachment N
N/A	08/18/2017	Dominion Energy-SCANA one pager	SCE&G/SCANA Response 3-1 Attachment O
N/A	09/06/2017	Senate Committee Request to Produce	SCE&G/SCANA Response 3-1 Attachment P
N/A	01/17/2018	Bill Credit Scenario	SCE&G/SCANA Response 3-1 Attachment Q
N/A	10/09/2017	Contact information for Carl Churchman formerly at Westinghouse	SCE&G/SCANA Response 3-1 Attachment R
N/A	10/09/2017	Request from Sen. Seltzer concerning incentive compensation	SCE&G/SCANA Response 3-1 Attachment R

Please see below for documents provided on the attached CD by Dominion Energy:

Date of request	Date of response provided to requestor	Summary of request	Copy of information provided to requestor
N/A	1/16/2018	Materials for SC Senate presentation	DE Response 3-1 Attachment A
N/A	1/17/2018	Materials for SC House presentation	DE Response 3-1 Attachment A
1/16/2018	1/19/2018	Follow up explanation of tax consequences of NND abandonment	DE Response 3-1 Attachment B
N/A	2/14/2018	Materials during V.C. Summer Nuclear Project Review Committee	DE Response 3-1 Attachment A
2/14/2018	2/26/2018	Follow up responses to 2/14 V.C. Summer Nuclear Project Review Committee meeting	DE Response 3-1 Attachment C
N/A	1/26/2018	Constitutionality of BLRA Repeal	DE Response 3-1 Attachment D
2/15/2018	2/15/2018	Prepared letter withdrawing a Petition for Rehearing at the PSC	DE Response 3-1 Attachment E
N/A	1/3/2018	Dominion Energy – SCANA merger press announcement	DE Response 3-1 Attachment F
2/14/18	2/26/18	Follow-up Q&A after 2/14/18 presentation to the Senate study committee	DE Response 3-1 Attachment G
1/25/18	1/26/18	Bankruptcy brief by Michael Beal	DE Response 3-1 Attachment H
2/19/18	2/19/18	Materials for SC Senate Presentation	DE Response 3-1 Attachment A
2/23/18	2/26/18	Bankruptcy brief by Michael Beal	DE Response 3-1 Attachment H
1/3/18	1/3/18	Dominion-SCANA Footprint; Announcement Press Release; One-Pager	DE Response 3-1 Attachments F, I and J
1/3/18	1/3/18	Merger Talking Points	DE Response 3-1 Attachment K
1/3/18	1/3/18	Merger Talking Points	DE Response 3-1 Attachments L, M and N
1/3/18	1/3/18	Merger Talking Points	DE Response 3-1 Attachment K
1/3/18	1/3/18	Merger Talking Points	DE Response 3-1 Attachment K

1/3/18	1/3/18	Merger Talking Points	DE Response 3-1 Attachment K
N/A	1/6/18	Rating Agency Reviews	DE Response 3-1 Attachments L, M and N
N/A	1/6/18	SCG Merger: Rate Impacts of Proposal	DE Response 3-1 Attachment O
N/A	1/6/18	SCG Merger: Rate Impacts of Proposal	DE Response 3-1 Attachment O
1/8/18	1/8/18	Rating Agency Reviews	DE Response 3-1 Attachments L, M and N
1/22/18	1/22/18	Energy Conservation Programs	DE Response 3-1 Attachment P
N/A	1/25/18	SC Chamber letter on Energy Bills	DE Response 3-1 Attachment Q
N/A	1/28/18	Legislative Position One Pager	DE Response 3-1 Attachment R
N/A	2/22/18	PSC Order	DE Response 3-1 Attachment S

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REQUEST 3-2:

Please provide the calculation to support the statement made by Mr. Thomas Farrell, in his testimony on February 14, 2018, to the S.C. Senate V.C. Summer Project Review Committee, that SCE&G will realize a 5% Return on Common Equity instead of a 10.25% Return on Common Equity as requested in Paragraph 126 of the Application.

RESPONSE 3-2:

Please see below for the calculation. Please note the variance between the 4% shown below and the 5% stated by Mr. Farrell in his testimony is a result of rounding and the impact of deferred tax adjustments.

Ref		\$M	Explanation / Calculation
A	Year 1 return	\$142	Exhibit to ORS Response 1-116; Customer Benefits Plan; Cell J51
B	Capital costs	\$3,327	Exhibit to ORS Response 1-116; Customer Benefits Plan; Cell F12
C	Plus: Write offs	1,723	Capital cost write off plus regulatory asset write offs
D	Plus: Rate credit	1,300	Up front rate credit
E	Plus: Refund	\$575	Customer refunds
F	Total capital	\$6,925	B + C + D + E
G	% Equity	52.8%	Proposed equity capital structure
H	Equity	\$3,657	F * G
I	ROE	4%	A / I

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REQUEST 3-3:

Please provide the calculation to support the statement made by Mr. Thomas Farrell, in his testimony on February 14, 2018, to the S.C. Senate V.C. Summer Project Review Committee, that impact of the Tax Cuts and Jobs Act on SCE&G is \$500,000.

RESPONSE 3-3:

Mr. Farrell did not quantify the impact of the Tax Cuts and Jobs Act to be \$500,000. Mr. Farrell indicated the SCE&G net operating loss, after taking into account the Tax Cuts and Jobs Act, was approximately \$500 million. Please see DE Response 3-1 Attachment B referenced in response 3-1 for the explanation of \$500M net operating loss, including the impact of the Tax Cuts and Jobs Act.

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REQUEST 3-4:

Please provide a copy of all South Carolina advertising related to the merger or Joint Application as identified in Response to ORS Question 1-154. Please provide the copy in the same format as the advertisement, ex. digital, print, audio.

RESPONSE 3-4:

Notwithstanding and subject to the objection provided by Dominion Energy in response to 1-154, see the attached CD 3-4 for copies of all ads that ran in South Carolina as of 2/14/18.

- Print:
 - DOM-SCANA-9-88x21-5-LicensePlate.pdf
 - Dominion Energy_SCEG_Print_Comparative.pdf
 - Dominion Energy_Print_Spanish_LicensePlate.pdf
 - Dominion Energy_Print_Spanish_Comparative.pdf
- Radio
 - Whistling_DominionEnergyScana.mp3
 - GoodNews_DominionEnergyScana.mp3
 - Benefits_GenMarket_DominionEnergyScana.mp3
- Digital
 - SCANA_license plate
 - SCANA_facts-billion
 - SCANA_facts-percent
 - SCANA_facts-dollars
- TV
 - Cash Back.2_email.mp4

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REQUEST 3-4:

Please provide a copy of all South Carolina advertising related to the merger or Joint Application as identified in Response to ORS Question 1-154. Please provide the copy in the same format as the advertisement, ex. digital, print, audio.

RESPONSE 3-4:

Notwithstanding and subject to the objection provided by SCE&G/SCANA in response to 1-154, see the attached CD 3-4 for copies of the following:

- Print:
 - SCPSC Revised Notice of Filing, Docket No. 2017-370-E
 - SCE&G bill notification with merger link
 - SCPSC Notice of Filing, Docket No. 2017-370-E
 - SCE&G Affidavits of Publication, SCPSC Docket No. 2017-370
 - SCANA/Dominion 'BrighterEnergyFuture.com' ad
 - Additional SCANA/Dominion 'BrighterEnergyFuture.com' ad
 - SCANA/Dominion 'BrighterEnergyFuture.com' additional information
- Digital
 - Customer online account merger link
 - SCE&G email "How is your home using energy?"
- Video
 - SCANA Video 1 and 2 Push Digital

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REQUEST 3-5:

Please identify the type of decisions that will be "local" and made in South Carolina without confirmation or permission from Dominion after the merger.

RESPONSE 3-5:

Decisions made at the "local" level without further confirmation or permission from Dominion will generally involve those related to operations, system reliability, safety and compliance program implementation, customer service and local stakeholder relations.

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REQUEST 3-6:

Please identify to what extent Dominion management will be involved in reviewing and possibly modifying or rejecting SCE&G's operation plans and budgets post-merger.

RESPONSE 3-6:

For purposes of this response and with respect to the electric and gas distribution businesses, "operation plans and budgets" refer to those involving operations, system reliability, safety and compliance program implementation and customer services.

The operation plan activities are discussed with Dominion Energy - Power Delivery and Gas Infrastructure level management throughout the year but are not the subject of a formal review or approval process.

Please see the response to ORS 3-7 for a discussion of the budget review process.

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REQUEST 3-7:

Please identify if SCE&G's operational electric and natural gas budgets will be planned, reviewed, and approved by Dominion post-merger.

RESPONSE 3-7:

With respect to the electric and gas businesses, SCE&G will develop and submit budgets, including capital and O&M, in consultation with Dominion Energy - Power Delivery and Gas Infrastructure management. Plans would be expected to meet all safety, compliance, environmental and other regulatory requirements. These plans are reviewed for consistency, efficiency and operational effectiveness across similar business areas.

Budgets would then be consolidated within the corporate planning group. This interaction ensures consistency across the Dominion organization for forward market assumptions, financing plans, accounting policies, tax drivers and other budget assumptions.

Final review and approval of the budget is done annually by Dominion's Board of Directors.

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REQUEST 3-8:

Please provide an estimate of the type and amount of CAPEX projects planned by SCE&G for the years 2018, 2019, 2020 and 2021. Please identify how these CAPEX projects will be financed post-merger.

RESPONSE 3-8:

CAPEX projects will be funded in a manner as to optimize, in the most cost efficient manner, the capital structure for SCE&G. This would consist of some combination of short and long term debt and equity, including cash from operations.

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REQUEST 3-9:

Please explain why the Joint Applicants provide a Customer Benefit Plan for electric customers and not for natural gas customers.

RESPONSE 3-9:

The Customer Benefit Plan was developed to provide relief to electric customers as electric customers have borne the costs associated with V.C. Summer Units 2&3. The total cost of V.C. Summer Units 2&3 (excluding transmission) paid by electric customers is approximately \$1.8B as of December 31, 2017. As such, the benefit of the \$575M in refunds, \$1.7B of write-offs, and \$1.3B in up-front rate credits have been targeted towards electric customers. However, the full benefit of tax reform will be passed on to both electric and natural gas customers. In addition, SCE&G natural gas customers will receive the benefits of SCE&G becoming part of the larger Dominion Energy. Please see response 3-10 for a summary of these benefits.

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REQUEST 3-10:

Please identify by dollar amount the benefits that SCE&G natural gas customers would receive because of the proposed merger.

RESPONSE 3-10:

SCE&G natural gas customers (along with electric customers) will receive the benefits of SCE&G becoming a part of the larger Dominion Energy. While the total dollar amount of the benefits that SCE&G natural gas customers would receive because of the proposed Merger is not quantifiable, please see below for a qualitative summary of key benefits:

1. Scale: SCE&G will be part of the much larger Dominion Energy, which will produce benefits of scale that will be passed onto SCE&G natural gas customers. Examples include:
 - o Increased financial strength and reduced market risk: The Merger will increase and strengthen SCE&G's ability to access, on reasonable terms, the capital needed to expand service to new customers and to meet its current capital investment requirements. SCE&G, as part of Dominion Energy, will be more tolerant of economic downturns than it is today, given Dominion Energy's size and the geographically diverse service territories of its subsidiaries.
 - o Shared services benefits through Dominion Energy Services: SCE&G will benefit from participation with DES and access to an array and level of services, support and economies of scale that are typically only available to a larger company. As a result of its larger size and buying power, Dominion Energy expects to be able, over time, to reduce administrative and operations and maintenance expenses incurred by SCE&G, although Dominion Energy has not yet determined the dollar value that will result when these shared services are combined.
 - o Safety, reliability, environmental and customer service benefits: As one of the largest and safest operators of energy infrastructure assets, the combined company and its subsidiaries will benefit from the adoption of best practices across an expanded platform of

service that stands to improve employee and public safety, customer service, and operational cost effectiveness.

Dominion Energy intends to maintain SCE&G's customer service at no less than current levels and will strive for continued improvements thereto.

Dominion Energy is committed to the environment and will maintain the environmental monitoring and maintenance programs at or above current levels.

2. Financial certainty: The proposed merger will remove current financial uncertainty of SCANA.
 - o SCANA's financial strength is under pressure due to the regulatory and legislative uncertainty currently surrounding SCANA and SCE&G. Dominion Energy's proposal to merge with SCANA will result in a more stable financial position for SCANA and SCE&G. Dominion Energy, through SCANA, will provide equity, as needed, to SCE&G with the intent of maintaining SCE&G's current capital structure. Dominion Energy intends to maintain credit metrics that are supportive of strong investment-grade credit ratings for SCE&G.
3. Lowered corporate governance costs: SCANA's board duties will be assumed by Dominion Energy
 - o SCE&G does not have its own separate board of directors. SCANA Corporation currently has a board of directors, and costs for their compensation and expenses are currently allocated to all SCANA subsidiaries, including SCE&G. Dominion Energy intends that its board of directors will take all necessary action, as soon as practical after the Effective Time of the Merger, to appoint a mutually agreeable current member of the SCANA board or executive management team as a director to serve on Dominion Energy's board of directors. Per the Merger Agreement, the SCANA board will cease to exist upon the Effective Date of the Merger, and SCE&G's corporate governance function will be assumed by the Dominion Energy board. As Dominion Energy has more subsidiaries than SCANA, future governance costs allocated to SCE&G are expected to be less, all other things being equal.

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REQUEST 3-11:

Please explain how the proposed merger would provide additional benefits that SCANA/SCE&G could not already provide natural gas customers.

RESPONSE 3-11:

The proposed merger would provide the associated benefits of SCE&G becoming a part of the larger Dominion Energy. Please see Response 3-10 for a summary of key benefits that SCE&G natural gas customers will receive.

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REQUEST 3-12:

Please identify and provide an estimate of the Dominion costs currently incurred related to the proposed merger.

RESPONSE 3-12:

As of January 31, 2018, Dominion has incurred approximately \$3.7 million related to the merger, comprised primarily of legal, advisory, and advertising fees. However, none of the acquisition costs will be pushed down or otherwise allocated or charged to SCE&G from affiliated companies and therefore would not be sought for recovery from SCE&G customers.

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REQUEST 3-13:

Please identify the Dominion corporate costs expected to be allocated annually to SCE&G post-merger. State what portion is expected to be sought from customers post-merger.

RESPONSE 3-13:

Dominion Energy has a centralized service company, Dominion Energy Services, Inc. ("DES"), through which the Dominion Energy businesses secure necessary administrative and corporate services support. Please refer to Response 1-141 for additional discussion regarding DES and the services it provides.

SCANA entities will benefit from efficiencies and economies of scale associated with participating in Dominion's centralized services company model. As a result of its larger size and buying power, Dominion Energy expects to be able, over time, to reduce administrative expenses received by SCE&G, although SCANA and Dominion Energy have not yet determined the synergies that will result when these shared services are combined.

In addition, SCANA Corporation currently has a board of directors, and costs for their compensation and expenses are currently allocated to all SCANA subsidiaries, including SCE&G. Per the Merger Agreement, the SCANA board will cease to exist upon the Effective Date of the Merger, and SCE&G's corporate governance function will be assumed by the Dominion Energy board. As Dominion Energy has more subsidiaries than SCANA, future governance costs allocated to SCE&G are expected to be less, all other things being equal.

At this time, Dominion and SCE&G have not completed the process of identifying the specific corporate functions that would be transferred to a services company to yield such benefits, nor have they determined any expected allocations to SCE&G post-Merger. As such, amounts that are expected to be sought from customers post-Merger have not been determined.

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REQUEST 3-14:

State the costs allocated from SCANA to SCE&G for each calendar year of 2016 and 2017.

RESPONSE 3-14:

As reported via footnote to page 429, line 8 of SCE&G's 2016 FERC Form No. 1, allocated costs to SCE&G from SCANA Services, Inc. totaled \$319,540,646 in 2016. While the FERC Form No. 1 for 2017 has yet to be filed, such allocated costs from SCANA Services, Inc. to SCE&G for 2017 are expected to be reported as \$291,620,571.

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REQUEST 3-15:

Please provide an estimate of the transaction and integration costs Dominion, SCANA and SCE&G expect to incur related to the proposed merger.

RESPONSE 3-15:

Transaction costs include costs incurred to complete the acquisition of the equity interests, including the costs of bringing the merging entities into agreement and obtaining approvals for the Merger, such as legal, regulatory, accounting, securities issuances, advisory fees and investment banking fees. As referenced in the Unaudited Pro Forma Consolidated Financial Statements (footnote 4) that were part of the Form S-4 Registration Statement filed with the SEC by Dominion Energy on February 14, 2018, Dominion Energy and SCANA expect to incur approximately \$59 million in transaction costs associated with the Merger. Any transaction costs related to the Merger will be incurred and expensed at the respective Dominion Energy and SCANA corporate level and will not be passed down or charged to SCE&G or any SCANA subsidiary. As such, SCE&G will not seek recovery of these costs from customers.

Integration costs are generally expenditures resulting from the preparation and implementation of activities necessary to integrate the purchased entity into the acquiring entity. Examples of transition costs include but are not limited to the integration of financial, IT, human resource, billing, accounting, and telecommunications systems. Other costs could include severance payments to employees, changes to signage, changes to employee benefit plans and costs to terminate any duplicative leases, contracts, operations, etc. At this time it is not possible to identify an estimate of all integration costs with any level of specificity or precision. Although the Applicants have not yet determined the specific integration costs that will result from the Merger, SCE&G will not seek recovery of such costs from customers and instead they will be borne by shareholders.

One-time charges attributable to the Customer Benefits Plan, as described in Response 1-101, will be reflected on SCE&G's books; however, SCE&G will not seek recovery of these costs from customers and such costs will be borne by shareholders.

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REQUEST 3-16:

Please provide a detailed listing of all transaction and integration costs related to the proposed merger incurred by SCANA, SCE&G or Dominion including the accounts to which the transactional costs are or will be booked.

RESPONSE 3-16:

Please refer to Response 3-15 for types of potential transaction costs, integration costs and one-time adjustments attributable to the Customer Benefits Plan. As of January 31, 2018, SCANA and Dominion Energy had incurred approximately \$12.6 million and \$3.7 million respectively of transaction related costs as indicated below.

Amounts Incurred by SCANA		
	December 31, 2017	January 31, 2018
Legal	\$2.3M	\$0.2M
Advisory	-	\$10.1M
Advertising	-	-
Total	\$2.3M	\$10.3M

Amounts Incurred by Dominion Energy		
	December 31, 2017	January 31, 2018
Legal	\$1.3M	-
Advisory	-	\$1.4M
Advertising	-	\$1.0M
Total	\$1.3M	\$2.4M

As noted in Response 3-15, no transaction costs will be recorded on the accounting books of SCE&G. As such, SCANA's transaction costs above have been recorded at SCANA Holding Company and Dominion Energy's transaction costs above at Dominion Energy Inc. Any integration costs and one-time adjustments attributable to the Customer Benefits Plan that are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles will be recorded below-the-line to FERC account 426.5 to ensure the amounts are excluded from rate recovery.

SCANA Corp.

Detail of Merger Related Costs Through January 31, 2018.

<u>Month Number</u>	<u>Account</u>	<u>Resource Code</u>	<u>Amount</u>
201712	4265013 - Dominion Merger Expenses	528 - Legal	\$2,000,000.00
201712	4265013 - Dominion Merger Expenses	528 - Legal	\$139,605.00
201712	4265013 - Dominion Merger Expenses	528 - Legal	\$113,312.31
201801	4081000 - Tx Oth Than Inc Tx Util	193 - Taxes Other Than Income	\$2,253.15
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$77.76
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$197.71
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$44.76
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$668.98
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$403.62
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$107.07
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$427.31
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$1,166.21
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$487.95
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$97.43
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$365.10
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$134.83
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$387.97
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$384.96
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$1,052.64
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$934.96
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$204.51
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$30.47
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$3.85
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$383.66
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$9.79
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$975.51
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$2.22
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$220.86
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$33.12
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$3,300.74
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$19.98
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,991.45
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$5.30
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$528.30
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$21.15
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$2,108.33
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$57.73
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$5,754.09
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$24.16
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$2,407.55
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$4.82
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$480.70
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$18.07
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,801.42
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$6.67
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$665.25
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$19.21
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,914.25

201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$19.06
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,899.37
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$50.16
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$4,999.34
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$46.28
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$4,613.07
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$10.12
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,009.04
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$1.51
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$150.36
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$641.58
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$370.95
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$1,631.29
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$971.88
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$369.33
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$168.53
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$5,519.64
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$2,373.30
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,330.18
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,842.82
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$883.45
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$442.78
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,525.64
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,231.93
201801 4265013 - Dominion Merger Expenses	524 - Professional Consulting	\$5,026,011.79
201801 4265013 - Dominion Merger Expenses	524 - Professional Consulting	\$5,032,951.35
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$9,622.23
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$4,335.16
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$1,000,000.00
201801 4265013 - Dominion Merger Expenses	528 - Legal	(\$2,000,000.00)
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$1,118,299.84
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$114,053.90
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$4,026.00
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,952.86
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$803.85
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$332.89
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,012.40
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,391.73
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$1,112.46
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$712.97
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,201.09
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$2,134.06
201801 4265013 - Dominion Merger Expenses	425 - Education (fees)	\$50.00
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,176.20
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$869.80
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$8,360.10
201801 4265013 - Dominion Merger Expenses	102 - Overtime	\$325.11
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$3,109.95
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$75,000.00
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$74,648.25
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$625.00
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$7,714.16

201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$3,708.31
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$1,687.35
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$450.74
201801 4265013 - Dominion Merger Expenses	426 - Travel Excluding Meals	\$401.69
201801 4265013 - Dominion Merger Expenses	427 - Meal Expenses	\$11.66
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$251.43
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$151.01
201801 9200000 - A And G Salaries	101 - Normal Time	\$11,331.36
201801 9200000 - A And G Salaries	101 - Normal Time	\$7,259.00
201801 9200000 - A And G Salaries	106 - Indirect Payroll	\$4,965.99
201801 9230000 - A And G Outside Svcs	528 - Legal	\$1,971.75
201801 9260000 - A And G Pension	191 - Pensions	\$111.54
201801 9260001 - A And G Benefits	192 - Employee Benefits	\$11,117.04
201801 4265013 - Dominion Merger Expenses	528 - Legal	(\$139,605.00)
201801 4265013 - Dominion Merger Expenses	528 - Legal	(\$113,312.31)
		<u>\$12,609,539.20</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF'S CONTINUING
AUDIT INFORMATION REQUEST**

DOCKET NO. 2017-207-E (4th Continuing AIR)

DOCKET NO. 2017-305-E (3rd Continuing AIR)

DOCKET NO. 2017-370-E (3rd Continuing AIR)

REQUEST 3-17:

Please identify how SCANA, SCE&G and Dominion plan to recover transaction and integration costs associated with the proposed merger including, but not limited to, legal, accounting, advertising, financial advisory, filing, printing fees and mailing fees.

RESPONSE 3-17:

In accordance with the Federal Energy Regulatory Commission's ("FERC") Policy Statement on Hold Harmless Commitments issued in Docket No. PL15-3-000, SCANA, SCE&G and Dominion do not plan to recover, and will not seek recovery of, transaction and integration costs associated with the proposed merger. Accounting processes have been established to ensure these costs are captured in a manner so that they are excluded from rate recovery.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
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DOCKET NO. 2017-207-E (4th Continuing AIR)
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DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-18:

Please identify which Joint Applicant paid Morgan Stanley \$27 million and RBC Capital Markets \$14 million for evaluation services of the offer made by Dominion. If paid by SCANA and/or SCE&G, please indicate the account name and number to which these costs were recorded. Please provide the scope of services performed by Morgan Stanley and RBC Capital Markets.

RESPONSE 3-18:

The investment banking fees described above will be borne by SCANA. Certain of these amounts are contingent upon receiving SCANA shareholder approval of the proposed merger transaction and certain amounts are contingent upon the consummation and closing of the merger. As SCANA incurs these costs, and as further described in the Company's response to question 3-17, these amounts will be charged to SCANA Holding Company. These costs will not be pushed down to any of SCANA's subsidiary companies.

In January of 2018, SCANA Holding Company paid approximately \$5 million each to Morgan Stanley and RBC Capital Markets ("RBC") upon receipt of their financial and fairness opinion letters. These amounts were recorded to account 426.5013 – Other Deductions at SCANA Holding Company.

Morgan Stanley and RBC are providing financial advice and assistance to SCANA's management and Board of Directors regarding a potential transaction.

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REQUEST 3-19:

Please identify which entities would be involved with intercompany lending post-merger.

RESPONSE 3-19:

Post-merger, it is expected that Dominion Energy, Inc. would serve as the primary source of funding for any intercompany lending arrangements. Dominion Energy would lend funds to each of the subsidiaries that had entered into an intercompany borrowing agreement – expected to be SCE&G and PSNC at this time.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
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DOCKET NO. 2017-207-E (4th Continuing AIR)

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DOCKET NO. 2017-370-E (3rd Continuing AIR)

REQUEST 3-20:

Please provide the expected date of filing for the next general rate case for SCE&G as anticipated in the No Merger Benefit Plan (Exhibit 10 to the Application).

RESPONSE 3-20:

SCE&G has not decided on the timing of its next general rate case.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
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DOCKET NO. 2017-207-E (4th Continuing AIR)
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DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-21:

Please provide specific details of the 100 MW Solar RFP identified in Exhibit 10 including, but not limited to, the following:

- a. the ownership of the solar and associated storage facilities (i.e. SCE&G owned, PURPA QF owned);
- b. the expected timeframe for the RFP, and the associated award and construction of the solar facilities;
- c. the expected location and size of the solar facilities; and
- d. the financial impact to ratepayers

RESPONSE 3-21:

- a. SCE&G anticipates to direct developers to deliver bids for PURPA QF owned facilities with, and without, Facility Purchase Agreement (FPA) options. SCE&G will evaluate at the time the FPA option is made available, the prevailing system resource needs and benefit/cost impacts.
- b. SCE&G expects the RFP to be issued in 2019, bids received/analyzed/awarded/contracted in 2020, and construction to be completed in 2021.
- c. SCE&G expects to undertake an analysis of its system to identify where solar and storage assets can be added with minimal integration costs as well as provide system benefits. Facility sizing is dependent on the analysis, but SCE&G expects multiple facilities and locations within the 100 MW allocation.
- d. In addition to locational benefits being an important consideration in the RFP bid analysis, cost impacts will be heavily weighted as well. SCE&G expects continued price declines in solar and storage, along with a considerable amount of competition amongst the developers. As such, SCE&G expects project bids to be very close to, if not at, its Avoided Costs.

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DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-22:

Please provide the following related to the Recovery of the Capital Costs of the Units as specified in Exhibit 10 (f):

- a. The calculation and supporting documentation for the \$490 million write-off;
- b. The calculation and supporting documentation for the approximate \$63 million annual capital costs for NND;
- c. An explanation of the statement: "The increase in utility expenses associated with this amortization will not result in a change in customer rates in this proceeding."

RESPONSE 3-22:

- (a) See Response 1-128
- (b) See Petition Exhibit 15, page 4 of 11
- (c) In the No Merger Benefits Plan, SCE&G will recognize annual amortization expense of approximately \$63 million associated with a 50 year amortization of the \$3.146 billion in capital costs as further defined in Exhibit 15. SCE&G is not seeking a rate increase, or revenue requirement, in this proceeding associated with the amortization expense.

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DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-23:

Please provide a comparison of the Customer Benefit Plan, No Merger Benefits Plan (Exhibit 10) and the Base Request (Exhibit 11) for the following components:

- a. Total dollars to be recovered from ratepayers.
- b. Total dollar value of any rate reduction for ratepayers related to capital costs;
- c. Total dollar value of the rate reduction for ratepayers related to tax reform;
- d. Total dollars to be recovered from ratepayers related to Columbia Energy;
- e. Total dollars to be recovered from ratepayers relating to the solar RFP and the solar RFP's outcome; and
- f. Total dollar value to be recovered from ratepayers related to capital costs of V.C. Summer Units 2 & 3.

RESPONSE 3-23:

Please see Attachment ORS 3-23.

ORS Response 3-23

Ref	Request	Customer Benefit Plan (\$M)	No Merger Benefit Plan (\$M)	Base Request (\$M)
A	Total dollars to be recovered from rate-payers	\$3,797 ¹	\$8,803 ²	\$10,174 ³
B	Total dollar value of any rate reduction for ratepayers related to capital costs	\$575M in refunds over 8 years to effect an estimated 3.5% reduction in bills from 2017 levels and further reduction to NND portion thereafter driven by rate base amortization	\$90M	\$0
C	Total dollar value of the rate reduction for ratepayers related to tax reform	The total impact of tax reform is still being determined	The total impact of tax reform is still being determined	The total impact of tax reform is still being determined
D	Total dollars to be recovered from ratepayers related to Columbia Energy	\$0 capital costs ⁴	\$0 capital costs ⁵	\$180M to be recovered in a future general rate case proceeding
E	Total dollars to be recovered from ratepayers relating to the solar RFP and the solar RFP's outcome	TBD	TBD	TBD
F	Total dollar value to be recovered from ratepayers related to capital costs of V.C. Summer Units 2&3	\$3,327 ⁶	\$3,146 ⁷	\$3,636 ⁷

Notes

- Total retail electric nominal revenue requirement over 20 years for V.C. Summer 2&3, including \$1.3B rate credit and \$575M of refunds and estimated impact of tax reform on NND only. Please see Attachment ORS 1-116; Customer Benefits Plan-ATR, cell E95. This value represents the return on and of \$3.3B of capital costs, net of deferred taxes, at a 10.25% ROE (vs. current weighted average ROE), associated with V.C. Summer 2&3, and net of the \$1.3B rate credit and \$575M of refunds.
- Total retail electric nominal revenue requirement over 50 years for V.C. Summer 2&3 including the estimated impact of tax reform on NND only. This value represents the return on and of \$3.1B of capital costs, at a 10.25% ROE (vs. current weighted average ROE), associated with V.C. Summer 2&3.
- Please see response to ORS 2-10 for total retail electric revenue requirement over 50 years for V.C. Summer 2&3 including the estimated impact of tax reform on NND only. This value represents return on and of \$3.6B of capital costs, at a 10.25% ROE (vs. current weighted average ROE), associated with V.C. Summer 2&3.
- Please see Joint Petition Filing Section VIII. Paragraph 57. f.
- Please see Joint Petition Filing Exhibit 10 Paragraph 1. c.
- Capital costs to be recovered over 20 years. Please see Attachment ORS 1-116; Customer Benefits Plan-ATR, cell F11
- Capital costs to be recovered over 50 years

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DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-24:

Please provide the policies, procedures, and documents that set forth the requirements for approval by a Professional Engineer for the V.C. Summer Unit 2 and 3 Projects.

RESPONSE 3-24:

SCE&G objects to this request to the extent that it seeks information that is not relevant to the claims, defenses or the subject matter involved in these dockets, or reasonably calculated to lead to the discovery of admissible evidence in this proceeding.

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DOCKET NO. 2017-370-E (3rd Continuing AIR)**

REQUEST 3-25:

Please provide information on how SCE&G verified that Westinghouse was following South Carolina Code § 40-22-270 which requires plans and specifications to be prepared by a licensee or prepared under the licensee's direct supervision and stamped with seals when issued for use as job site record documents at construction projects within this State.

RESPONSE 3-25:

SCE&G objects to this request to the extent that it seeks information that is not relevant to the claims, defenses or the subject matter involved in these dockets, or reasonably calculated to lead to the discovery of admissible evidence in this proceeding.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
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REQUEST 3-26:

Please provide the any memorandum, documents or opinions regarding the use of non-South Carolina licensed engineers at the V.C. Summer Unit 2 and 3 Project. If a legal position was not provided by Westinghouse, identify if SCE&G requested a legal position from Westinghouse and the date SCE&G made the request.

RESPONSE 3-26:

SCE&G objects to this request to the extent that it seeks information that is not relevant to the claims, defenses or the subject matter involved in these dockets, or reasonably calculated to lead to the discovery of admissible evidence in this proceeding.