Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act, S.C. Code 58-33-210

FINAL REPORT

June 12, 2018



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INDEPENDENT ACCOUNTANT'S REPORT

Introduction

We have been engaged to report on the appropriate application of the requirements of accounting principles generally accepted in the United States of America to the specific transactions described below. This report is being issued to the Public Service Commission of South Carolina (PSC or Commission) and Office of Regulatory Staff (ORS) for assistance in evaluating accounting policies for the described specific transactions of South Carolina Electric and Gas Company (SCE&G). Our engagement has been conducted in accordance with Statement on Auditing Standards No. 122 Section 915, Reports on Application of Requirements of an Applicable Financial Reporting Framework.

Description of Transactions

The subject, scope, and purpose of the report are to independently evaluate requests made by the Public Service Commission of South Carolina and ORS for the following impacts on SCE&G's financial statements:

- 1. Suspend annual collection of Revised Rates and do no credit ratepayers \$2 billion of previously collected revenues.
- 2. Suspend annual collection of Revised Rates and credit ratepayers \$2 billion of previously collected revenues over a four-year term.
- 3. Assuming no construction work in progress (CWIP) recovery and no credit to ratepayers of \$2 billion of previously collected revenues.
- 4. Assuming no CWIP recovery and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term.
- 5. Assuming partial recovery of CWIP Disallow CWIP back to each Revised Rates Date and no credit to ratepayers of \$2 billion of previously collected revenues.
- Assuming partial recovery of CWIP Disallow CWIP back to each Revised Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term.
- 7. Assuming full recovery of CWIP and no credit to ratepayers of \$2 billion of previously collected revenues.
- 8. Assuming full recovery of CWIP and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term.

The facts, circumstances, and assumptions relevant to the specific transactions are provided to us by the ORS under Docket 2017-305-E, Order No. 2018-102.

Appropriate Accounting Principles

Baker Tilly

SCE&G follows the guidance included in the Accounting Standards Codification (ASC), which includes pronouncements of the authoritative United States accounting guidance bodies, including the Financial Accounting Standards Board (FASB), and Emerging Issues Task Force (EITF). The accounting principles included in our analysis in connection with the scenarios examined include:

- 1. Regulated Operations ASC 980
- 2. Property, Plant and Equipment ASC 360 (as incorporated into ASC 980)

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Concluding Comments

The ultimate responsibility for the decision on the appropriate application of the requirements of accounting principles generally accepted in the United States of America for an actual transaction rests with the preparers of financial statements, who should consult with their continuing accountant. Our conclusion on the appropriate application of the requirements of accounting principles generally accepted in the United States of America for the described specific transaction is based solely on the facts provided to us as previously described; should these facts and circumstances differ, our conclusion may change.

Restricted Use

This report is intended solely for the information and use of the Commission and ORS and is not intended to be and should not be used by anyone other than these specified parties.

Madison, Wisconsin June 12, 2018

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INTRODUCTION

0.0 EXECUTIVE SUMMARY

Background

South Carolina Electric and Gas Company (SCE&G) and South Carolina Public Service Authority (also known as Santee Cooper) jointly undertook the construction of two nuclear units – the Virgil C. (V.C.) Summer Nuclear Generation Station Units 2 & 3. The project was approved by the Public Service Commission (PSC or Commission) of South Carolina in 2009 and construction commenced in 2013. The South Carolina legislature had passed the Base Load Review Act in 2007, which allows utilities to charge rates that recover the costs of construction projects that are not yet completed. The PSC approved a surcharge (the Revised Rates) in SCE&G rates under the Base Load Review Act (BLRA) to earn a rate of return on Construction Work in Progress (CWIP) meant to offset the costs of construction. The cumulative collection of the Revised Rates from SCE&G customers through the end of 2017 is roughly \$2 billion.

In July 2017, SCE&G announced that it was ceasing construction of the units. In late 2017 and early 2018 hearings were held at the PSC to determine the future of/or dissolution of the surcharge rates. SCE&G has testified to the PSC that eliminating the surcharge rates will cause great financial harm to the company, with a possibility of it having to file for bankruptcy.

The PSC issued Order No. 2018-102 in February 2018 to provide information for it to consider in its deliberations. The order required an analysis of SCE&G's financial position and capital structure under eight different operating scenarios. These scenarios are:

- Suspend annual collection of Revised Rates and do no credit ratepayers \$2 billion of previously collected revenues.
- 2. Suspend annual collection of Revised Rates and credit ratepayers \$2 billion of previously collected revenues over a four-year term.
- 3. Assuming no construction work in progress (CWIP) recovery and no credit to ratepayers of \$2 billion of previously collected revenues.
- 4. Assuming no CWIP recovery and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term.
- 5. Assuming partial recovery of CWIP Disallow CWIP back to each Revised Rates Date and no credit to ratepayers of \$2 billion of previously collected revenues.
- 6. Assuming partial recovery of CWIP Disallow CWIP back to each Revised Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term.
- 7. Assuming full recovery of CWIP and no credit to ratepayers of \$2 billion of previously collected revenues.
- 8. Assuming full recovery of CWIP and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term.

In March 2018, the South Carolina Office of Regulatory Staff (ORS) engaged Baker Tilly Virchow Krause, LLP ("Baker Tilly") to report on the appropriate application of accounting principles generally accepted in the United States of America to these eight specific transactions as ordered by the South Carolina Public Service Commission in Order No. 2018-102. This report provides that analysis for each scenario. In each scenario, the relevant guidance from the accounting standards of the Financial Accounting Standards Board (FASB) is provided as supporting evidence to the conclusions we reached.

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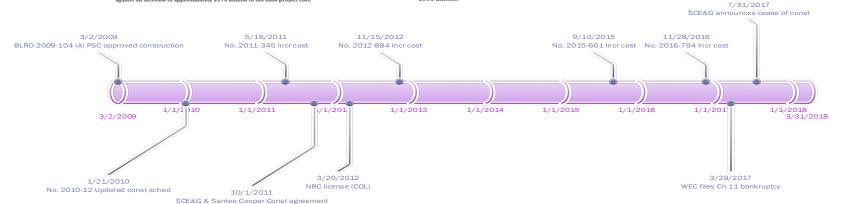
Construction project timeline

The chart below shows the overall general timeline of the construction project, from approval of construction by the PSC in 2009 to the ceasing of construction in 2017.

V.C. Summer Units 2 & 3 Construction timeline

- Order No. 2010-12: issued on January 21, 2010 and filed in Docket No. 2009-293 E. The Commission approved SCE&G's request to update milestones and capital cost schedules.
- Order No. 2011-345: Issued on May 16. 2011 and filed in Docket No. 2010-376-E. The Commission approved SCE&C's petition for updates and revisions to schedules which included the removal of \$3450 million in contingency costs netted against an increase of approximately \$174 million to the base project cost.

- Order No. 2012-884: Issued on November 15, 2012 and filed in Docket No. 2012-203-E. The Commission approved SCE&G's petition for updates and revision to schedules which included an increase to the base project cost of approximately 5-278 willing.
- Order No. 2015-661: Issued on September 10, 2015 and filed in Docket No. 2015-103-E. The Commission approved SCE&G's petition for updates and revisions to schedules which included an increase to the base project cost of approximately \$698 million.
- Order No. 2016-794: Issued on November 28, 2016 and filed in Docker No. 2016-223-E. The Commission approved SCE&G's petition for updates and revisions to schedules which included an increase to the base project cost of approximately \$831 million.



On July 31, 2017, SCE&G announced that it will cease construction of the units and file a petition with the Commission seeking approval of an abandonment plan [From 7-31-17 Press Release]. The Company instructed Fluor Corporation and WEC to cease all work activities other than efforts to safely abandon the Units. Also, on July 31, 2017, SCE&G gave WEC a five (5) day notice to terminate the Interim Assessment Agreement.

On August 1, 2017, SCE&G filed a Petition with the Commission for a prudency determination regarding abandonment of the Units. On August 15, 2017, the Company withdrew its Petition.

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Glossary of terms

The following accounting terms that may not be familiar to all readers are used in this report:

Table 1 – Glossary of Terms

| Term | Definition |
|---|---|
| 1. Amortization expense | Allocating the cost of an asset as an expense over a period of time, generally over the useful life of the asset. The result of amortization is that an asset gets reduced on an entity's balance sheet and pre-tax income is also reduced on the income statement since amortization expense increases expenses of an entity. |
| 2. BLRA Revised Rates | Base Load Review Act – Act that authorized rates for SCE&G to pay for construction of V.C. Summer Units 2 & 3 |
| 3. CWIP (construction work in progress) | Construction work in progress – construction projects that have not yet been completed and used for serving customers. These represent costs that have been reflected as capital costs on the balance sheet. Costs charged to CWIP do not get reflected as a component of revenue or expense of an entity but rather an increase in assets of an entity. |
| 4. Deferred debit | Unusual or extraordinary expenditures of which the proper final disposition of which is uncertain. In this specific case, SCE&G has reclassed costs of CWIP to deferred debits since it is uncertain as to the final treatment of CWIP costs. These costs could result in being treated multiple ways based on orders by the regulator. As such, they currently are recorded as a "deferred debit" pending final regulatory orders. |
| 5. Impairment | An asset on which costs can no longer be recovered, in this report this is the construction costs for the V.C. Summer Units 2 & 3 nuclear project. When costs originally charged as CWIP are no longer considered to be an asset that will benefit future periods, costs are immediately charged to expense in the current reporting periods. This impact results in a decrease in earnings of the entity. |
| 6. Impairment expense | When an asset is impaired the cost of the asset is charged to impairment expense. This expense is reflected in the entity's income statement resulting in reduced earnings and related reduction in equity of the entity. |

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| Term | Definition |
|-------------------------------|---|
| 7. Partial CWIP recovery | A portion of the costs of construction are recoverable in utility rates. A partial recovery means that the regulator allows for a rate of return recovery on a partial amount of the total CWIP balance. When partial CWIP recovery occurs even though the asset has been impaired, the entity would create a regulatory asset to reduce the total amount of impairment expense incurred. |
| 8. Regulatory asset/liability | Assets and liabilities that result from rate actions of regulatory agencies. This includes costs that can be recovered from ratepayers (assets) and previously collected amounts from ratepayers that will be refunded to ratepayers (liabilities). Regulatory assets are accounted for by using accounting standard number ASC 980. |
| 9. Rate of Return | A percentage applied to CWIP which calculates an amount allowable to be included in retail electric rates for recovery. In this case, if a Rate of Return is applied to CWIP, it will compute an amount which is included in a retail electric rates to be charged to customers. |
| 10. Carrying Cost | Operation, maintenance, depreciation expenses of an entity. |

Applicable accounting standards

The accounting standards used in our analysis are detailed in each scenario. The main standards referred to from the Accounting Standards Codification (ASC) include:

- 1. ASC 980 Regulated Operations
- 2. ASC 360 Property, Plant and Equipment

While the V.C. Summer Units 2 & 3 construction costs are recorded in the SCE&G financial statements as a "deferred debit", pending the Commission decision on their disposition of recovery through rates charged to customers (i.e., to allow or not allow continued rate recovery of those costs), ASC 980 is the applicable accounting standard to use in the analysis. If the Commission continues to allow rate recovery by SCE&G for the construction costs then the cost would be reclassified as a regulatory asset under ASC 980. Conversely, if the Commission does not allow rate recovery of those costs then the costs are impaired under the requirements of ASC 980, which would result in the recognition as an expense in the current reporting period.

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Income tax effects

The analysis is shown before income tax effects. The 2018 tax law changes and reduction in the overall corporate tax rate to 21% from 35% makes the corporate income tax impact of amounts refunded to customers from rates collected in years prior to the changes in the 2018 income tax law unclear as of the date of this report.

The issue will involve a major effort on the part of SCE&G to identify any amounts due to it from previously paid taxes (or increases in tax benefits) should a refund of previously collected revenues be ordered.

As of December 31, 2017, SCE&G had \$496 million of Net Operating Loss and Tax Credit Carryovers to be applied to future income. In the scenarios where the V.C. Summer construction costs are considered impaired nearly \$4 billion of Net Operating Loss Carryovers may be added. This means that the losses can be used to offset taxable income in future years.

Other income and expense items

The analysis shows the impact of adjustments through SCE&G's pro-forma operating income or loss. Other income and expense items are not included in the analysis.

Determination of potential bankruptcy impacts

SCE&G has testified to the PSC that eliminating the Revised Rates will cause great financial harm to the company, with a possibility of SCANA (the parent company) and/or SCE&G having to file for bankruptcy. It is our opinion that our analysis cannot determine the likelihood of a potential bankruptcy filing by SCANA or SCE&G and this analysis provides no opinion on the matter since filing for bankruptcy protection is not primarily always the result of recording accounting entries.

Format of each scenario

As of December 31, 2017, SCE&G has moved the balance of the V.C. Summer Units 2 & 3 construction costs from "construction work in progress" to a "deferred debit asset" in its financial statements and Federal Energy Regulatory (FERC) Form 1 filing. This is proper accounting treatment under ASC 980-360-35-1 which states, "when it becomes probable (likely to occur) that an operating asset or an asset under construction will be abandoned, the cost of that asset shall be removed from construction work-inprogress". The balance of the deferred debit comprised of the construction costs totaled \$3,976,000,000.

The amount is recorded in a "deferred debit asset" pending the determination by the Commission as to whether rates it approved for SCE&G to recover a rate of return on the V.C. Summer Units 2 & 3 construction costs under the Base Load Review Act (BLRA) will continue. Deferred debit asset accounts are used as holding accounts to record assets whose final accounting has not yet been determined. If the Commission were to grant SCE&G to recover a rate of return on the V.C. Summer Units 2 & 3 construction costs, at that point it would be appropriate for SCE&G to reclassify the construction costs from the "deferred debit account" to a "regulatory asset". However, if the Commission determines that the BLRA rates will not continue, then, the construction costs would be impaired and charged to expense in the period that impairment is determined.

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The Base Year Pro-forma Statements are the starting point for presenting each scenario. The statements are prepared based on the SCE&G FERC Form 1 regulatory filing for the year ended December 31, 2017. The 2017 statements are then rolled forward for the 4-year analysis period assuming no change in rates, operating expenses or other activity to arrive at the pro-forma balances as of the end of December 31, 2018, 2019, 2020 and 2021.

The Base Year Pro-forma Statements are then used to present the impact on the statements of the adjustments under Scenarios 1 - 8. Each scenario, thus has the same starting point prior to the adjustments.

We recognize that the change from year to year merely reflect the increase in equity due to providing normal service to existing customers. In reality, other assets and liabilities will also change but have not been adjusted to facilitate an easier comparison from year to year.

The Base Year Pro-forma Statements are presented in Table 2 – Executive Summary of the Eight Scenarios.

Each scenario is written to be analyzed individually, so some language may be repeated from scenario to scenario.

Summary of each scenario

Baker Tilly

The following is a high level summary of each scenario. A key ratio in financial analysis is the ratio of an organization's equity (retained earnings and stockholder equity) compared to its total assets. Bond rating agencies and potential investors use many ratios in analyzing financial statements, but this Equity to Total Asset Ratio is a key measure of the percentage of assets in which shareholders have a residual claim. The summary includes a ranking of each scenario on a scale of 1 to 8 using the following scale:

- > 1 this scenario has the greatest NEGATIVE impact on SCE&G's Equity to Total Asset Ratio
- > 8 this scenario has the least NEGATIVE impact on SCE&G's Equity to Total Asset Ratio

In the table below, we have also include a "ranking" column. This column is meant to provide the reader a relative comparison of the financial impact to SCE&G given the different scenarios. Rank #1 indicates the scenario with the highest negative impact to SCE&G while Ranking #8 is the scenario with the least negative impact. Some scenarios have the same financial impact, as well. In those situations, we have identified them as "Tied".

Table 2 – Executive Summary of the Eight Scenarios

| # | Description | Summary | Lowest Equity/Assets Ratio | Ranking |
|---|--|---|----------------------------------|---------|
| 1 | Suspend annual collection of Revised Rates and do not credit ratepayers \$2 billion of previously collected revenues | In this scenario, the BLRA Revised Rates are suspended for an undefined period. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the carrying costs of construction of V.C. Summer Units 2 & 3 and a rate of return on the construction costs, the V.C. Summer construction costs are now impaired under the accounting requirements of ASC 980. Impairments must be recorded as impairment expense in the income statement in the period it is | 12% | Tied 4 |

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| | | | Lowest | |
|---|---|--|---------------|---------|
| | | | Equity/Assets | |
| # | Description | Summary | Ratio | Ranking |
| | | determined that the impairment exists. In this scenario, | | |
| 2 | Suppond annual | that occurs in Pro-forma 2018. In this scenario, the BLRA Revised Rates are | 8% | Tied 2 |
| | Suspend annual collection of Revised | suspended for an undefined period. Since the BLRA | 0% | ried 2 |
| | Rates and credit | Revised Rates provide the revenue stream for SCE&G | | |
| | ratepayers \$2 billion | to recover the carrying costs of construction of V.C. | | |
| | of previously | Summer Units 2 & 3 and a rate of return on the | | |
| | collected revenues | construction costs, the V.C. Summer construction costs | | |
| | over a four-year | are now impaired under the accounting requirements of | | |
| | term | ASC 980. Impairments must be recorded as impairment | | |
| | | expense in the income statement in the period it is | | |
| | | determined that the impairment exists. In this scenario, | | |
| | | that occurs in Pro-forma 2018. In addition, SCE&G | | |
| | | must refund the nearly \$2 billion in BLRA Revised | | |
| | | Rates it collected from ratepayers from 2009 – 2017. | | |
| 3 | Assuming no CWIP | This refund takes place over a 4-year period. In this scenario, the BLRA Revised Rates are | 12% | Tied 4 |
| 3 | recovery and no | eliminated with no future possibility of CWIP recovery | 12/0 | Heu 4 |
| | credit to ratepayers | by SCE&G. Since the BLRA Revised Rates provide the | | |
| | of \$2 billion of | revenue stream for SCE&G to recover the carrying | | |
| | previously collected | costs of construction of V.C. Summer Units 2 & 3 and a | | |
| | revenues | rate of return on the construction costs, the V.C. | | |
| | | Summer construction costs are now impaired under the | | |
| | | accounting requirements of ASC 980. Impairments | | |
| | | must be recorded as impairment expense in the income | | |
| | | statement in the period it is determined that the | | |
| | | impairment exists. In this scenario, that occurs in Proforma 2018. | | |
| 4 | Assuming no CWIP | In this scenario, the BLRA Revised Rates are | 8% | Tied 2 |
| • | recovery and a | eliminated with no future possibility of CWIP recovery | 070 | nea 2 |
| | credit to ratepayers | by SCE&G. Since the BLRA Revised Rates provide the | | |
| | of \$2 billion of | revenue stream for SCE&G to recover the carrying | | |
| | previously collected | costs of construction of V.C. Summer Units 2 & 3 and a | | |
| | revenues over a | rate of return on the construction costs, the V.C. | | |
| | four-year term | Summer construction costs are now impaired under the | | |
| | | accounting requirements of ASC 980. Impairments | | |
| | | must be recorded as impairment expense in the income | | |
| | | statement in the period it is determined that the impairment exists. In this scenario, that occurs in Pro- | | |
| | | forma 2018. In addition, SCE&G must refund the nearly | | |
| | | \$2 billion in BLRA Revised Rates it collected from | | |
| | | ratepayers from 2009 – 2017. This refund takes place | | |
| | | over a 4-year period. | | |
| 5 | Assuming partial | This scenario is an analysis of what the impact would | 13% | 6 |
| | recovery of CWIP - | be on SCE&G in removing the BLRA rate increases | | |
| | Disallow CWIP back | one by one from the most recent to the oldest. Since | | |
| | to each Revised | the BLRA Revised Rates provide the revenue stream | | |
| | Rates Date and no | for SCE&G to recover the carrying costs of construction | | |
| | credit to ratepayers of \$2 billion of | of V.C. Summer Units 2 & 3 and a rate of return on the construction costs, as each BLRA rate increase is | | |
| | previously collected | removed, a corresponding impairment of the V.C. | | |
| | revenues | Summer construction costs occurs. | | |
| | | Cammic Contraction Cooks Cooking | | |

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| # | Description | Summary | Lowest Equity/Assets Ratio | Ranking |
|---|--|---|----------------------------------|---------|
| 6 | Assuming partial recovery of CWIP – Disallow CWIP back to each Revised Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues | This scenario is an analysis of what the impact would be on SCE&G in removing the BLRA rate increases one by one from the most recent to the oldest. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the carrying costs of construction of V.C. Summer Units 2 & 3 and a rate of return on the construction costs, as each BLRA rate increase is removed, a corresponding impairment of the V.C. Summer construction costs occurs. The additional item of analysis in this scenario is to credit ratepayers \$2 billion from previously collected BLRA revenues. | -1% | 1 |
| 7 | Assuming full recovery of CWIP and no credit to ratepayers of \$2 billion of previously collected revenues | In this scenario, the BLRA Revised Rates continue at the 2017 level of approximately \$37 million per month. By granting full recovery of CWIP in this scenario, the accounting rules under ASC 980 require that a regulatory asset be created and then amortized over a defined period. The asset will equal the CWIP recovery and be amortized over 39 years. | 34% | 8 |
| 8 | Assuming full recovery of CWIP and a credit to ratepayers of \$2 billion of previously collected revenues | In this scenario, the BLRA Revised Rates continue at the 2017 level of approximately \$37 million per month. By granting full recovery of CWIP in this scenario, the accounting rules under ASC 980 require that a regulatory asset be created and then amortized over a defined period. The asset will equal the CWIP recovery and be amortized over 39 years. In addition, in this scenario SCE&G must refund the nearly \$2 billion in BLRA Revised Rates it collected from ratepayers from 2009 – 2017. This refund takes place over a 4-year period. | 30% | 7 |

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0.0 Base Year Pro-forma Statements

0.1 - Prepare the Base Year Pro-Forma Statements to be used in presenting each scenario

The Base Year Pro-forma Statements are the starting point for presenting each scenario. The statements are prepared based on the SCE&G FERC Form 1 regulatory filing for the year ended December 31, 2017. The 2017 statements are then rolled forward for the 4-year analysis period assuming no change in rates, operating expenses or other activity to arrive at the pro-forma balances as of the end of December 31, 2018, 2019, 2020 and 2021.

The Base Year Pro-forma Statements are then used to present the impact on the statements of the adjustments under Scenarios 1 - 8. Each scenario, thus has the same starting point prior to the adjustments.

We recognize that the change from year to year merely reflect the increase in equity due to providing normal service to existing customers. In reality, other assets and liabilities will also change but have not been adjusted to facilitate an easier comparison from year to year.

The Base Year Pro-forma Statements are presented in Table 3.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Table 3 – Base Year Pro-forma Statements

SCE&G
Docket No. 2017-305-E
Base Year Pro-forma Statements
Includes no potential adjustments related to Docket No. 2017-305-E

Pro-Forma Statement of Net Position

| Line No. | FERC Form 1 Ref. | | Actual December 31, 2017 | | Pro-Forma 2018 Income | Pro-Forma December 31, 2018 | | Pro-Forma 2019 Income | Pro-Forma December 31, 2019 |
|-----------|---------------------------------------|---|-----------------------------|-----|--------------------------|--------------------------------|-----|--------------------------|--------------------------------|
| | | Assets: | , | | | , | | | , |
| | | Assets. | | | | | | | |
| i | Page 110, Line 2 | Utility plant in service | \$ 11,454,000,000 | | | \$ 11,454,000,000 | | | \$ 11,454,000,000 |
| ii | Page 110, Line 5 | Accumulated depreciation | (4,394,000,000) | | | (4,394,000,000) | | | (4,394,000,000) |
| iii iv | Page 110, Line 2 Page 110, Line 13 | Construction work in progress Nuclear fuel | 346,000,000 208,000,000 | | | 346,000,000 208,000,000 | | | 346,000,000 208,000,000 |
| | rage rro, cine ro | radical fact | 200,000,000 | | | 200,000,000 | | | 200,000,000 |
| 1 | Page 110, Line 14 | Net Utility Plant * | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 2 | rage 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 1,427,000,000 | (a) | \$ 1,177,000,000 | 2,604,000,000 | (a) | \$ 1,177,000,000 | 3,781,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | | | 7,098,000,000 | | | 7,098,000,000 |
| | | | | | | | | | |
| | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 16,348,000,000 | | \$ 1,177,000,000 | \$ 17,525,000,000 | | \$ 1,177,000,000 | \$ 18,702,000,000 |
| 5 | rage 111, Line 65 | Total Assets | \$ 16,346,000,000 | | \$ 1,177,000,000 | \$ 17,525,000,000 | | \$ 1,177,000,000 | \$ 18,702,000,000 |
| | | Capitalization and Liabilities: | | | | | | | |
| | | oupranaeaton and Engineer. | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 4,839,000,000 | (a) | \$ 1,177,000,000 | \$ 6,016,000,000 | (a) | \$ 1,177,000,000 | \$ 7,193,000,000 |
| | | | | | | | | | |
| | | | | | | | | | |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| | | | | | | | | | |
| 8 | | Total capitalization | 9,768,000,000 | | | 10,945,000,000 | | | 12,122,000,000 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| | | | | | | | | | |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| | | | | | | | | | |
| 11 | Page 112, Line 35 | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 16,348,000,000 | t | \$ 1,177,000,000 | \$ 17,525,000,000 | t | \$ 1,177,000,000 | \$ 18,702,000,000 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

SCE&G
Docket No. 2017-305-E
Base Year Pro-forma Statements
Includes no potential adjustments related to Docket No. 2017-305-E

Pro-Forma Statement of Net Position

| | | | Actual | | Pro-Forma 2020 | Pro-Forma | | Pro-Forma 2021 | Pro-Forma |
|----------|-------------------------------------|--|---------------------------------------|-----|--------------------------------------|---------------------------------------|-----|--------------------------------------|---------------------------------------|
| Line No. | FERC Form 1 Ref. | | December 31, 2017 | | Income | December 31, 2020 | | Income | December 31, 2021 |
| | | Assets: | | | | | | | |
| i | Page 110, Line 2 | Utility plant in service | \$ 11,454,000,000 | | | \$ 11,454,000,000 | | | \$ 11,454,000,000 |
| ii | Page 110, Line 5 | Accumulated depreciation | (4,394,000,000) | | | (4,394,000,000) | | | (4,394,000,000) |
| iii | Page 110, Line 2 | Construction work in progress | 346,000,000 | | | 346,000,000 | | | 346,000,000 |
| iv | Page 110, Line 13 | Nuclear fuel | 208,000,000 | | | 208,000,000 | | | 208,000,000 |
| 1 | Page 110, Line 14 | Net Utility Plant * | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 1,427,000,000 | (a) | \$ 1,177,000,000 | 4,958,000,000 | (a) | \$ 1,177,000,000 | 6,135,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | | | 7,098,000,000 | | | 7,098,000,000 |
| 5 | Page 111, Line 85 Page 112, Line 16 | Total Assets Capitalization and Liabilities: Total Proprietary Capital ^ | \$ 16,348,000,000 \$ 4,839,000,000 | (a) | \$ 1,177,000,000 \$ 1,177,000,000 | \$ 19,879,000,000 \$ 8,370,000,000 | (a) | \$ 1,177,000,000 \$ 1,177,000,000 | \$ 21,056,000,000 \$ 9,547,000,000 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| | | | | | | | | | |
| 8 | | Total capitalization | 9,768,000,000 | | | 13,299,000,000 | | | 14,476,000,000 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | Page 112, Line 35 | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 16,348,000,000 | † | \$ 1,177,000,000 | \$ 19,879,000,000 | † | \$ 1,177,000,000 | \$ 21,056,000,000 |

Docket No. 2017-305-E, Order No. 2018-102 - Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Line No. | FERC Form 1 Ref. | | Actual December 31, 2017 | Current Year Income | Pro-Forma December 31, 2018 | Current Year Income | Pro-Forma December 31, 2019 |
|----------------|---|---|---|------------------------|---|------------------------|---|
| | | Operating revenues: | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | \$ 3,070,000,000 | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | 3,070,000,000 | | 3,070,000,000 |
| | | Operating expenses: | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | 1,526,000,000 | | 1,526,000,000 |
| 16 17 18 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits Impairment charge | 292,000,000 10,000,000 | | 292,000,000 10,000,000 | | 292,000,000 10,000,000 |
| 19 20 21 | Page 114, lines 15 - 16 | Taxes other than income taxes | 240,000,000 (305,000,000) 130,000,000 | | 240,000,000 (305,000,000) 130,000,000 | | 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | 1,893,000,000 | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | \$ 1,177,000,000 | | \$ 1,177,000,000 |

Assumptions used in application of this scenario: The base year assumes that cash flow for capital expenditure

funding equals depreciation expense. Thus, total plant in service remains unchanged.

† Changes from year to year merely reflect the increase in equity due to providing normal service to existing customers. In reality, other assets and liabilities will also change but have not been adjusted to facilitate an easier comparison from year to year. ‡ Operating income - for purposes of analysis, all items below the operating income line are revenue neutral

| | Pre-Tax Cash Flow | | | |
|----------|--|------------------|------------------|------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,177,000,000 | \$ 1,177,000,000 |
| 25 28 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges Change in Cash Flow | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 |
| | Pre-Tax Credit Metrics | | | |
| 27 | Long-term Debt to Total assets | 30% | 28% | 26% |
| 28 | Equity to Total assets | 30% | 34% | 38% |
| 29 | Debt to Total Capitalization (Debt + Equity) | 50% | 45% | 41% |

Total collections from customers under BLRA \$ 1,885,739,553 Deferred debit - unrecovered nuclear project costs 3,976,000,000 Annual BLRA revised rates 445,000,791

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

Docket No. 2017-305-E, Order No. 2018-102 - Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Pro-Forma Consolidated Statement of Comprehensiv | e Income (Loss) |
|--|-----------------|
|--|-----------------|

| Line No. | FERC Form 1 Ref. | | Actual December 31, 2017 | Current Year Income | Pro-Forma December 31, 2020 | Current Year Income | Pro-Forma December 31, 2021 |
|----------------------|---|---|---|------------------------|---|------------------------|---|
| | | Operating revenues: | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | \$ 3,070,000,000 | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | 3,070,000,000 | | 3,070,000,000 |
| | | Operating expenses: | | | | | |
| 15 16 17 18 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge | 1,526,000,000 292,000,000 10,000,000 | | 1,526,000,000 292,000,000 10,000,000 | | 1,526,000,000 292,000,000 10,000,000 |
| 19 20 21 | Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Taxes other than income taxes | 240,000,000 (305,000,000) 130,000,000 | | 240,000,000 (305,000,000) 130,000,000 | | 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | 1,893,000,000 | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | \$ 1,177,000,000 | | \$ 1,177,000,000 |

Assumptions used in application of this scenario:

* The base year assumes that cash flow for capital expenditure funding equals depreciation expense. Thus, total plant in service remains unchanged.

† Changes from year to year merely reflect the increase in equity due to providing normal service to existing customers. In reality, other assets and liabilities will also change but have not been adjusted to facilitate an easier comparison from year to year. Operating income - for purposes of analysis, all items below the operating income line are revenue neutral

| 25 Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges \$ 1,599,000,000 \$ 1,599,000,000 \$ 1,599,000,000 26 Change in Cash Flow - | | | | | |
|---|----|---|------------------|------------------|-----------------------|
| 25 Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges \$ 1,599,000,000 \$ 1,599,000,000 \$ 1,599,000,000 26 Change in Cash Flow - | | Pre-Tax Cash Flow | | | |
| 25 Depreciation, Amortization and Impairment charges \$ 1,599,000,000 \$ 1,599,000,000 26 Change in Cash Flow - - Pre-Tax Credit Metrics 27 Long-term Debt to Total assets 28 | 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,177,000,000 | \$ 1,177,000,000 |
| 27 Long-term Debt to Total assets 30% 25% 23% 28 Equity to Total assets 30% 42% 45% | | Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | | \$ 1,599,000,000 - |
| 28 Equity to Total assets 30% 42% 45% | | Pre-Tax Credit Metrics | | | |
| | 27 | Long-term Debt to Total assets | 30% | 25% | 23% |
| 29 Debt to Total Capitalization (Debt + Equity) 50% 37% | 28 | Equity to Total assets | 30% | 42% | 45% |
| | 29 | Debt to Total Capitalization (Debt + Equity) | 50% | 37% | 34% |

Total collections from customers under BLRA \$ 1,885,739,553 Deferred debit - unrecovered nuclear project costs 3,976,000,000 Annual BLRA revised rates 445,000,791

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

1.0 Scenario 1

1.1 – Suspend annual collection of Revised Rates and do not credit ratepayers \$2 billion of previously collected revenues

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the period of 2018 – 2021:

- Suspend the annual collection of Revised Rates (the BLRA Revised Rates)
- 2. Do NOT credit ratepayers \$2 billion from previously collected revenues over this four year period meaning that no refunds occur

Executive summary - Scenario 1

In this scenario, the BLRA Revised Rates are suspended for an undefined period. For the purposes of our analysis, we have assumed that the BLRA rates cease for the entire period covered in this report. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the Carrying Costs of construction of V.C. Summer Units 2 & 3 and a Rate Of Return on the construction costs, the V.C. Summer construction costs are now impaired under the accounting requirements of ASC 980. Impairments must be recorded as Impairment Expense in the income statement in the period it is determined that the impairment exists. In this scenario, that occurs in Pro-forma 2018.

The Commission order did not specify when BLRA Revised Rates might be reinstated, so we have not modeled the resumption of rates or perform an analysis of the impact on SCE&G's financial benchmarks of resumed rates. Without a date certain of reinstatement of the BLRA Revised Rates, the accounting standard ASC 980 requires that the V.C. Summer construction costs should be impaired. If the rates are reinstated, then a new regulatory asset would be created and valued at the present value of future cash flows of the amounts included in customer rates as ordered by the Commission. The impacts on SCE&G's key financial ratios from Scenario 1 are as follows:

| Ratio | Pro-forma 2018 before adjustments | Pro-forma 2018 | Pro-forma 2019 | Pro-forma 2020 | Pro-forma 2021 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Long-term debt/ Total assets | 28% | 38% | 36% | 34% | 32% |
| Equity/ Total assets | 34% | 12% | 17% | 21% | 25% |
| Long-term debt/ Total Capitalization (Debt+Equity) | 45% | 76% | 68% | 62% | 57% |

Table 4 - Executive Summary - Scenario 1

The financial ratios reach their lowest point in the year the asset is impaired (Pro-forma 2018) and then improve after that over the 4-year period of analysis.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

1.2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Suspension of the BLRA Revised Rates
 - b. Cumulative impact of the suspension of the BLRA Revised Rates
 - c. Impairment of the V.C. Summer Units 2 & 3 construction costs

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Financial impacts

The following table shows the financial impact of this scenario.

Table 5 – Scenario 1 – Suspend annual collection of Revised Rates and do not credit ratepayers \$2 billion of previously collected revenues

SCE&G

Docket No. 2017-305-E

Scenario 1 - Suspend annual collection of revised rates and do NOT credit ratepayers \$2 billion of previously collected revenues over a four-year term

| | | Pro-Forma Balance Sheet | | | | | | | | |
|----------|-------------------|---|----------------------------------|------------|-----------------------------------|----------------------------------|----------------------------------|-----|--|----------------------------------|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
| | | Assets | | | - | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (445,000,791) | 2,158,999,209 | 3,781,000,000 | (b) | \$ (890,001,582) | 2,890,998,418 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000 |) | | (c) | \$ (3,976,000,000) | |
| | | | | | | 3,122,000,000 | 7,098,000,000 | | | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (4,421,000,791 | \$ 13,103,999,209 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) | (445,000,791 \$ (3,976,000,000 | | \$ 7,193,000,000 | (b) | \$ (890,001,582) \$ (3,976,000,000) | \$ 2,326,998,418 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,523,999,209 | 12,122,000,000 | | | 7,255,998,418 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 11 12 | | Non-current liabilities Total Capitalization and Liabilities | 770,000,000 \$ 17,525,000,000 | | \$ (4,421,000,791 | 770,000,000 \$ 13,103,999,209 | 770,000,000 \$ 18,702,000,000 | | \$ (4,866,001,582) | 770,000,000 \$ 13,835,998,418 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

SCE&G
Docket No. 2017-305-E
Scenario 1 - Suspend annual collection of revised rates and do NOT credit rate
collected revenues over a four-year term

Pro-Forma Balance Sheet

| | | | Pro-Forma | | Year 3 | Pro-Forma | | Pro-Forma | | Year 4 | Pro-Forma |
|----------|-------------------|--------------------------------------|-------------------|-----|--|-------------------|---|-------------------|-----|--|-------------------|
| Line No. | FERC Form 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | _ | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) | \$ (1,335,002,373) | 3,622,997,627 | | 6,135,000,000 | (b) | \$ (1,780,003,164) | 4,354,996,836 |
| 4 | Page 111, Line 84 | Deferred debits | | (c) | \$ (3,976,000,000) | | | | (c) | \$ (3,976,000,000) | |
| | | | 7,098,000,000 | | | 3,122,000,000 | | 7,098,000,000 | | | 3,122,000,000 |
| | | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |
| | | Capitalization and Liabilities | | | | | | | | | |
| | | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) | \$ (1,335,002,373) \$ (3,976,000,000) | \$ 3,058,997,627 | | \$ 9,547,000,000 | | \$ (1,780,003,164) \$ (3,976,000,000) | \$ 3,790,996,836 |
| | | | | | | | | | | | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 7,987,997,627 | | 14,476,000,000 | | | 8,719,996,836 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | 4,780,000,000 | | | 4,780,000,000 |
| | | | | | | | | | | | |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | | Pro-Forma Statement of Income | | , | | | | | | | |
|----------|--|--|--------------------------------|----------|-----------------------|--------------------------------|----|-------------------------------|-----|-----------------------|--------------------------------|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Γ. | Pro-Forma ecember 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
| Line No. | PERC FOIIII I Rei. | | December 31, 2016 | \vdash | Adjustifierits | December 31, 2016 | + | ecember 31, 2015 | | Adjustinents | December 31, 2013 |
| | | Operating revenues: | | | | | 1 | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 | \$ | 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,624,999,209 | - | 3,070,000,000 | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | | 1,526,000,000 | | | 1,526,000,000 | 1 | 1,526,000,000 | | | 1,526,000,000 |
| 16 17 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits | 292,000,000 10.000.000 | | | 292,000,000 10.000.000 | 1 | 292,000,000 10.000.000 | | | 292,000,000 10,000,000 |
| 18 | | Impairment charge | - | (c) | \$ 3,976,000,000 | 3,976,000,000 | 1 | - | | | - |
| 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | Taxes other than income taxes | 240,000,000 (305,000,000) | 1 | | 240,000,000 (305,000,000) | 1 | 240,000,000 (305,000,000) | | | 240,000,000 (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | 130,000,000 | - | 130,000,000 | | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,869,000,000 | - | 1,893,000,000 | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | _ | | \$ (3,244,000,791) | \$ | 1,177,000,000 | | | \$ 731,999,209 |
| | | Assumptions used in application of this scenario: | | | | | | | | | |
| | | (a) Suspension of BLRA revised rates | | | \$ 445,000,791 | | | | | \$ 445,000,791 | |
| | | (b) Cumulative impact of suspension of BLRA revised rates | | | \$ 445,000,791 | | | | | \$ 890,001,582 | |
| | | (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | | | \$ 3,976,000,000 | | | | | \$ 3,976,000,000 | |
| | | | ı | | | | _ | | | | |
| | | Pre-Tax Cash Flow | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,177,000,000 | | | \$ (3,244,000,791) | \$ | 1,177,000,000 | | | \$ 731,999,209 |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | | | \$ 1,153,999,209 | \$ | 1,599,000,000 | | | \$ 1,153,999,209 |
| 26 | | Change in Cash Flow | | | | \$ (445,000,791) | | | | | \$ (445,000,791) |
| | | | | — | | | ⊢ | | | | |
| | | Pre-Tax Credit Metrics | | | | | | | | | |
| 27 | | Long term debt to Total assets | 28% | | | 38% | | 26% | | | 36% |
| 28 | | Equity to Total assets | 34% | | | 12% | | 38% | | | 17% |
| 29 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | 76% | L | 41% | | | 68% |
| | | <u>Adjustments</u> | | | | | | | | | |
| | | Total collections from customers under BLRA | NA | | | | | | | | |
| | | Deferred debit - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | |
| | | Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock | | | | | | | | | |

Docket No. 2017-305-E, Order No. 2018-102 - Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Pro-Forma Statement of Income

| | | | | | | | - 1 | | | | |
|----------|--------------------------|------------------------------------|-------------------|-----|---------------|-------------------|---------------|-------------------|-----|---------------|-------------------|
| | | | Pro-Forma | | Year 3 | Pro-Forma | | Pro-Forma | | Year 4 | Pro-Forma |
| Line No. | FERC Form 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | | | | | | $\overline{}$ | | | • | |
| | | Operating revenues: | l | | | | | | | | |
| | | Operating revenues. | l | | | | | | | | |
| | | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 | | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 |
| | | | | | | | | | | | |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,624,999,209 | | 3,070,000,000 | | | 2,624,999,209 |
| | | | | | | | | | | | |
| | | Operating expenses: | | | | | | | | | |
| | | operating expenses: | | | | | | | | | |
| | | | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | | 1,526,000,000 | | 1,526,000,000 | | | 1,526,000,000 |
| 16 | Page 114, lines 6 - 11 | Depreciation and amortization | 292,000,000 | | | 292,000,000 | | 292,000,000 | | | 292,000,000 |
| 17 | Page 114, line 12 | Regulatory debits | 10,000,000 | | | 10,000,000 | | 10,000,000 | | | 10,000,000 |
| 18 | | Impairment charge | | | | - | | | | | |
| 19 | Page 114, line 14 | Taxes other than income taxes | 240,000,000 | | | 240,000,000 | | 240,000,000 | | | 240,000,000 |
| | Page 114, lines 15 - 16 | | (305,000,000) | | | (305,000,000) | | (305,000,000) | | | (305,000,000) |
| 20 21 | | Deferred and other taxes | 130,000,000 | | | 130,000,000 | | 130,000,000 | | | 130,000,000 |
| 21 | rage 114, lilles 17 - 18 | Deletted and other taxes | 130,000,000 | | | 130,000,000 | | 130,000,000 | | | 130,000,000 |
| | | T. 4-1 | 4 000 000 000 | | | 4 000 000 000 | | 4 000 000 000 | 1 | | 4 000 000 000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 1,893,000,000 | | 1,893,000,000 | 1 | | 1,893,000,000 |
| | | | l | | | | | | 1 | | |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 731,999,209 | | \$ 1,177,000,000 | 1 | | \$ 731,999,209 |
| | | | * 1,111,000,000 | | | *, | | * 1,111,1111 | | | * |

Assumptions used in application of this scenario:

| (a) Suspension of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|--|------------------|------------------|
| (b) Cumulative impact of suspension of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction | | |
| costs | \$ 3,976,000,000 | \$ 3,976,000,000 |

| | Pre-Tax Cash Flow | | | | |
|----------|--|------------------|--------------------------------------|------------------|--------------------------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 731,999,209 | \$ 1,177,000,000 | \$ 731,999,209 |
| 25 26 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges Change in Cash Flow | \$ 1,599,000,000 | \$ 1,153,999,209 \$ (445,000,791) | \$ 1,599,000,000 | \$ 1,153,999,209 \$ (445,000,791) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | 25% | <u>34%</u> | 23% | <u>32%</u> |
| 28 | Equity to Total assets | 42% | 21% | <u>45%</u> | 25% |
| 29 | Debt to total capitalization (debt + equity) | 37% | 62% | <u>34%</u> | <u>57%</u> |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

1.3 - Discussion

Under this scenario, the Revised Rates authorized under the BLRA are suspended over the four-year analysis period. Suspending the Revised Rates also suspends the recovery of any cost recovery and return on investment that SCE&G can expect on the V.C. Summer Units 2 & 3 construction costs that are recorded as a deferred debit. Thus, under ASC 980-360-35-3, an evaluation would be made of the potential of future cash flows through rates that would allow SCE&G to recover its costs and a return. The standard states, "that determination shall focus on the facts and circumstances related to the specific abandonment and shall also consider the past practice and current policies of the applicable regulatory jurisdiction on abandonment situations."

Under Scenario 1, the Revised Rates are "suspended". If it is determined that they may resume at a future date, then under ASC 980-360-35-3, SCE&G may record a separate asset for the expected cost recovery. The language of ASC 980-360-35-3 states "The present value of the future revenues expected to be provided to recover the allowable cost of that abandoned plant and return on investment, if any, shall be reported as a separate new asset. Any excess of the remainder of the cost of the abandoned plant over that present value also shall be recognized as a loss. The discount rate used to compute the present value shall be the entity's incremental borrowing rate, that is, the rate that the entity would have to pay to borrow an equivalent amount for a period equal to the expected recovery period."

In Scenario 1, the rates are suspended and it is not indicated whether they will be resumed. Since there is no certainty of resumption, then under ASC 980-360-35-3, the accounting approach would be to impair the deferred debit where the construction costs were originally recorded and record a "loss on impairment" by reducing the deferred debit to zero.

Under ASC 360 – *Property, Plant and Equipment*, an impairment, once taken cannot be reversed. However, the Commission has the authority to create a recoverable asset in the future by restoring the Revised Rates under the BLRA. If that were to happen, then, under ASC 980-360-35-3, SCE&G would record a separate new regulatory asset calculated as the present value of the future revenues expected to be provided to recover the allowable cost of the abandoned plant and return on investment, if any, using its incremental borrowing rate.

1.4 - Adjustments made to Base Year Pro-forma Financial Statements

The following adjustments were made to the Base Year Pro-Forma Financial Statements under Scenario 1:

Pro-forma 2018

a. Suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 445,000,791 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment expense in the current period. This will result in an increase in operating expenses and also result in a reduction in Retained Earnings in the same calendar year.

| Account | Debit | Credit | | | |
|--------------------|---------------|---------------|--|--|--|
| Impairment expense | 3,976,000,000 | | | | |
| Deferred debits | | 3,976,000,000 | | | |

Pro-forma 2019 – this also incorporates the 2018 adjustments

b. Cumulative impact of the suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reduction in Pro-forma 2018.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Retained earnings | 445,000,791 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 890,001,582 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

Pro-forma 2020– this also incorporates the 2018 and 2019 adjustments

b. Cumulative impact of the suspension of the BLRA Revised Rates rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018 and 2019.

| Account | Debit | Credit | | | | |
|----------------------------|-------------|---------------|--|--|--|--|
| Retained earnings | 890,001,582 | | | | | |
| Operating revenue | 445,000,791 | | | | | |
| Current and accrued assets | | 1,335,002,373 | | | | |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Pro-forma 2021 – this also incorporates the 2018, 2019 and 2020 adjustments

b. Cumulative impact of the suspension of the BLRA Revised Rates rates - Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018, 2019 and 2020.

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Retained earnings | 1,335,002,373 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,780,003,164 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit | | |
|-------------------|---------------|---------------|--|--|
| Retained earnings | 3,976,000,000 | | | |
| Deferred debits | | 3,976,000,000 | | |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

2.0 Scenario 2

2.1 – Suspend annual collection of Revised Rates and credit ratepayers \$2 billion of previously collected revenues over a four-year term

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the period of 2018 – 2021:

- Suspend the annual collection of Revised Rates (the BLRA Revised Rates)
- 2. Credit ratepayers \$2 billion from previously collected revenues over this four year period

Executive summary - Scenario 2

In this scenario, the BLRA Revised Rates are suspended for an undefined period. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the Carrying Costs of construction of V.C. Summer Units 2 & 3 and a rate of return on the construction costs, the V.C. Summer construction costs are now impaired under the accounting requirements of ASC 980. Impairments must be recorded as Impairment Expense in the income statement in the period it is determined that impairment exists. In this scenario, that occurs in Pro-forma 2018. In addition, SCE&G must refund the nearly \$2 billion in BLRA Revised Rates it collected from ratepayers from 2009 – 2017. Per the Commission order, this refund takes place over a 4-year period.

The Commission order did not specify when BLRA Revised Rates might be reinstated, so we did not model the resumption of rates or perform an analysis of the impact on SCE&G's financial benchmarks of resumed rates. Without a date certain of reinstatement of the BLRA Revised Rates, the accounting standard ASC 980 requires that the V.C. Summer construction costs should be impaired. If the rates are reinstated, then a new regulatory asset would be created and valued at the present value of future cash flows of the amounts included in customer rates as ordered by the Commission.

This scenario has the largest negative impact upon SCE&G in terms of financial ratios and pre-tax cash flow. The impacts on SCE&G's key financial ratios from Scenario 2 are as follows:

| Ratio | Pro-forma 2018 before adjustments | Pro-forma 2018 | Pro-forma 2019 | Pro-forma 2020 | Pro-forma 2021 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Long-term debt/ Total assets | 28% | 34% | 36% | 36% | 37% |
| Equity/ Total assets | 34% | 8% | 10% | 12% | 14% |
| Long-term debt/ Total Capitalization (Debt+Equity) | 45% | 81% | 78% | 75% | 72% |

Table 6 - Executive Summary - Scenario 2

The financial ratios reach their lowest point in the year the asset is impaired (Pro-forma 2018) and then improve after that over the 4-year period of analysis.

Docket No. 2017-305-E, Order No. 2018-102 - Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

2. 2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Suspension of the BLRA Revised Rates
 - b. Cumulative impact of the suspension of the BLRA Revised Rates
 - c. Impairment of the V.C. Summer Units 2 & 3 construction costs
 - d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA over 4 years
 - e. Cumulative amortization of the refund of total collections from customers under the BLRA
 - f. Annual impact of the refund of previous BLRA collections
 - g. Cumulative impact of the refund of previous BLRA collections

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Financial impacts

The following table shows the financial impact of this scenario.

Table 7 – Scenario 2 – Suspend annual collection of Revised Rates and credit ratepayers \$2 billion of previously collected revenues over a four-year team

South Carolina Electric & Gas Company Docket No. 2017-305-E Scenario 2 - Suspend annual collection of revised rates and credit ratepayers \$2 billion of previously collected revenues over a four-year term

| Pro-Forma Balance S | |
|---------------------|--|
| | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|---|--------------------------------|-------------------|--------------------------------------|--------------------------------|--------------------------------|-------------------|--|--------------------------------|
| | | Assets | | | | | | | | |
| | Page 110, Line 14 | Net Utility Plant | 7.614.000.000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 1 | rage 110, Line 14 | Net Offity Plant | | | | | | | | |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) (g) | \$ (445,000,791) \$ (471,434,888) | 1,687,564,321 | 3,781,000,000 | (b) (g) | \$ (890,001,582) \$ (942,869,777) | 1,948,128,642 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) (d) (e) | \$ 1,885,739,553 | 4,536,304,665 | 7,098,000,000 | (c) (d) (e) | \$ (3,976,000,000) \$ 1,885,739,553 \$ (942,869,777) | 4,064,869,777 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) (g) | | \$ 1,123,564,321 | \$ 7,193,000,000 | (b) (c) | \$ (890,001,582) \$ (3,976,000,000) \$ (942,889,777) | \$ 1,384,128,642 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | 1347 | | 4,929,000,000 | 4,929,000,000 | | , | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,052,564,321 | 12,122,000,000 | | | 6,313,128,642 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) (e) | | 6,194,304,665 | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (942,869,777) | 5,722,869,777 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

South Carolina Electric & Gas Company
Docket No. 2017-305-E
Scenario 2 - Suspend annual collection of revised rates and credit
ratepayers \$2 billion of previously collected revenues over a four-year term

Pro-Forma Balance Sheet

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|-------------------|--------------------------------------|--------------------------------|-------------------|--|--------------------------------|--------------------------------|-------------------|--|--------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) (g) | \$ (1,335,002,373) \$ (1,414,304,665) | 2,208,692,962 | 6,135,000,000 | (b) (g) | \$ (1,780,003,164) \$ (1,885,739,553) | 2,469,257,283 |
| 4 | Page 111, Line 84 | Deferred debits | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | |
| | | | 7,098,000,000 | (e) | \$ (1,414,304,685) | 3,593,434,888 | 7,098,000,000 | (e) | \$ (1,885,739,553) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | \$ 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) (c) (g) | \$ (1,335,002,373) \$ (3,976,000,000) \$ (1,414,304,685) | \$ 1,644,692,982 | \$ 9,547,000,000 | (b) (c) (g) | \$ (1,780,003,164) \$ (3,976,000,000) \$ (1,885,739,553) | \$ 1,905,257,283 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 6,573,692,962 | 14,476,000,000 | | | 6,834,257,283 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,414,304,665) | 5,251,434,888 | 4,780,000,000 | (d) (e) | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | \$ 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | | Pro-Forma Statement of Income | | | | | | | | | | |
|--|---|--|---|-----|--|--|---|---|-----|--|-----|--|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | ' | Pro-Forma December 31, 2019 | | Year 2 Adjustments | | Pro-Forma ember 31, 2019 |
| Circ 140. | rato rom rite. | Operating revenues: | Describer 61, 2010 | (f) | \$ (471,434,888) | Describer 61, 2016 | | December 01, 2010 | (f) | \$ (471,434,888) | 200 | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,153,564,321 | | \$ 3,070,000,000 | (a) | (445,000,791) | \$ | 2,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,153,564,321 | | 3,070,000,000 | . ! | | | 2,153,564,321 |
| | | Operating expenses: | | | | | | | . ! | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | (c) | \$ 3,976,000,000 | 1,526,000,000 292,000,000 10,000,000 3,976,000,000 240,000,000 (305,000,000) 130,000,000 | | 1,528,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | | | | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,869,000,000 | | 1,893,000,000 | | | — | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (3,715,435,679) | . | \$ 1,177,000,000 | | | \$ | 260,564,321 |
| | | Assumptions used in application of this scenario: (a) Suspension of BLRA revised rates (b) Cumulative impact of suspension of BLRA revised rates (c) Impairment of the V.C. Summer Units 2 & 3 construction costs (d) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years (e) Cumulative amortization of refund of total collections from customers under BLRA (f) Annual impact of refund of previous BLRA collections (g) Cumulative impact of refund of previous BLRA collections | | | \$ 445,000,791 \$ 445,000,791 \$ 3,976,000,000 \$ 1,885,739,553 \$ 471,434,888 \$ 471,434,888 \$ 471,434,888 | | | | | \$ 445,000,791 \$ 890,001,582 \$ 3,976,000,000 \$ 1,885,739,553 \$ 942,889,777 \$ 471,434,888 \$ 942,899,777 | | |
| 24 | | Pre-Tax Cash Flow Operating income/(loss) | \$ 1,177,000,000 | | | \$ (3,715,435,679) | | \$ 1,177,000,000 | | | s | 260,564,321 |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | | | \$ 682,564,321 | | \$ 1,599,000,000 | | | \$ | 682,564,321 |
| 26 | | Change in Cash Flow | | | | \$ (916,435,679) | | | | | \$ | (916,435,679) |
| | | Pre-Tax Credit Metrics | | | | | | | | | | |
| 27 | | Long term debt to Total assets | 28% | | | 35% | | 26% | | | | 36% |
| 28 | | Equity to Total assets | <u>34%</u> | | | <u>8%</u> | | 38% | | | | 10% |
| 29 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>81%</u> | | <u>41%</u> | | | | 78% |
| | | <u>Adjustments</u> | | | | | | | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | |
| | | Deferred debit - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | |
| | | Notes: ^Total Proprietary Capital includes \$100,000 for preferred stock | | | | | | | | | | |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | | Pro-Forma Statement of Income | | | | | | | | | | |
|----------------------------|---|--|---|------------|--------------------------------------|---|---|---|------------|--------------------------------------|------|---|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | 1 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | | o-Forma iber 31, 2021 |
| | | Operating revenues: | | (F) | P (474 424 000) | | T | | (E) | P (474 424 000) | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (f) (a) | \$ (471,434,888) (445,000,791) | \$ 2,153,564,321 | | \$ 3,070,000,000 | (f) (a) | \$ (471,434,888) (445,000,791) | \$ 2 | ,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,153,564,321 | | 3,070,000,000 | | | 2 | ,153,564,321 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 19 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits Impairment charge | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 240,000,000 | | 1,526,000,000 292,000,000 10,000,000 | | | | ,526,000,000 292,000,000 10,000,000 |
| 20 21 | Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Taxes other than income taxes Income taxes Deferred and other taxes | 240,000,000 (305,000,000) 130,000,000 | | | (305,000,000) 130,000,000 | | 240,000,000 (305,000,000) 130,000,000 | | | | 240,000,000 (305,000,000) 130,000,000 |
| 22 | 1 age 114, mes 17 - 10 | Total operating expenses | 1.893.000.000 | | | 1,893,000,000 | | 1,893,000,000 | | | | ,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 260,564,321 | | \$ 1,177,000,000 | | | | 260,564,321 |
| | | | | | | | | | | | | |
| | | Assumptions used in application of this scenario: | | | | | | | | | | |
| | | (a) Suspension of BLRA revised rates (b) Cumulative impact of suspension of BLRA revised rates | | | \$ 445,000,791 \$ 1,335,002,373 | | | | | \$ 445,000,791 \$ 1,780,003,164 | | |
| | | (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | | | \$ 3,976,000,000 | | | | | \$ 3,976,000,000 | | |
| | | (d) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years | | | | | | | | | | |
| | | (e) Cumulative amortization of refund of total collections from | | | \$ 1,885,739,553 \$ 1,414,304,665 | | | | | \$ 1,885,739,553 \$ 1,885,739,553 | | |
| | | customers under BLRA (f) Annual impact of refund of previous BLRA collections (g) Cumulative impact of refund of previous BLRA collections | | | \$ 471,434,888 \$ 1,414,304,665 | | | | | \$ 471,434,888 \$ 1,885,739,553 | | |
| | | (g) Cumulative impact of return of previous BERA collectors | | | ¥ 1,414,004,000 | | _ | | | ¥ 1,000,738,000 | | |
| | | Pre-Tax Cash Flow | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,177,000,000 | | | \$ 260,564,321 | | \$ 1,177,000,000 | | | \$ | 260,564,321 |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | | | \$ 682,564,321 | | \$ 1,599,000,000 | | | \$ | 682,564,321 |
| 26 | | Change in Cash Flow | | | | \$ (916,435,679) | | | | | \$ | (916,435,679) |
| | | Pre-Tax Credit Metrics | | | | | Ī | | | | | |
| 27 | | Long term debt to Total assets | 25% | | | 36% | | 23% | | | | 37% |
| 28 | | Equity to Total assets | 42% | | | 12% | | <u>45%</u> | | | | 14% |
| 29 | | Debt to total capitalization (debt + equity) | <u>37%</u> | | | <u>75%</u> | | 34% | | | | <u>72%</u> |

Adjustmen

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

2.3 - Discussion

Scenario 2 is the same as Scenario 1, with the addition of refunding prior collected BLRA Revised Rates from customers. Under Scenario 2, the Revised Rates authorized under the BLRA are suspended over the four-year analysis period. Thus, under ASC 980-360-35-3, an evaluation would be made of the potential of future cash flows through rates that would allow SCE&G to recover its costs and a return. The standard states, "that determination shall focus on the facts and circumstances related to the specific abandonment and shall also consider the past practice and current policies of the applicable regulatory jurisdiction on abandonment situations."

The Commission has the authority to approve creation of a recoverable asset in the future by restoring the Revised Rates under the BLRA. If that were to occur, then, under ASC 980-360-35-3, SCE&G would record a separate new asset calculated as the present value of the future revenues expected to be provided to recover the allowable cost of the abandoned plant and return on investment, if any, using its incremental borrowing rate.

In Scenario 2, the rates are suspended and it is not indicated whether they will be resumed. Since there is no certainty of resumption, under ASC 980-360-35-3, the accounting approach is to "Impair" the deferred debit where the construction costs are recorded and record a loss on impairment as a direct charge to expense in the current reporting period

The amount to be refunded over four years is \$1.886 billion. The treatment of refunds falls under the guidance of ASC 980-405-25-1 –

"Rate actions of a regulator can impose a liability on a regulated entity. Such liabilities are usually obligations to the entity's customers. The following are the usual ways in which liabilities can be imposed and the resulting accounting:

a. A regulator may require refunds to customers. FAS 071, paragraph11 states Refunds can be paid to the customers who paid the amounts being refunded; however, they are usually provided to current customers by reducing current charges. FAS 071, paragraph 11 Refunds that meet the criteria of accrual of loss contingencies (per paragraph 450-20-25-2) shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated entity."

Since the total amount of \$1.886 billion is to be refunded to customers over four years, proper matching would support that over four years each year's revenues should be reduced by \$1.886 billion divided by 4 years equals \$471 million annually. For purposes of analysis the annual proforma statement does not show a liability for the \$471 million, rather it is assumed the refund flows through the annual rate-making process and impacts each individual year.

2. 4 – Adjustments made to Base Year Pro-forma Financial Statements

The following adjustments were made to the Base Year Pro-Forma Financial Statements under Scenario 2:

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Pro-forma 2018

a. Suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 445,000,791 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment expense in the current period. This will result in an increase in operating expenses and also result in a reduction in Retained Earnings in the same calendar year.

| Account | Debit | Credit |
|--------------------|---------------|---------------|
| Impairment expense | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|-------------|-------------|
| Deferred credits – Regulatory liability | 471,434,888 | |
| Deferred debits – Regulatory asset | | 471,434,888 |

g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Revenues | 471,434,888 | |
| Current and accrued assets | | 471,434,888 |

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Pro-forma 2019 – this also incorporates the 2018 adjustments

a. Cumulative impact of suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reduction in Pro-forma 2018.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Retained earnings | 445,000,791 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 890,001,582 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|-------------|-------------|
| Deferred credits – Regulatory liability | 942,869,777 | |
| Deferred debits – Regulatory asset | | 942,869,777 |

f/g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Revenues | 471,434,888 | |
| Retained earnings | 471,434,888 | |
| Current and accrued assets | | 942,869,777 |

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Pro-forma 2020 – this also incorporates the 2018 and 2019 adjustments

b. Cumulative impact of suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018 and 2019.

| Account | Debit | Credit |
|----------------------------|-------------|---------------|
| Retained earnings | 890,001,582 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,335,002,373 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA - this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred credits – Regulatory liability | 1,414,304,665 | |
| Deferred debits – Regulatory asset | | 1,414,304,665 |

f/g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|---------------|
| Revenues | 471,434,888 | |
| Retained earnings | 942,869,777 | |
| Current and accrued assets | | 1,414,304,665 |

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Pro-forma 2021 - this also incorporates the 2018, 2019 and 2020 adjustments

b. Cumulative impact of suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018, 2019 and 2020.

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Retained earnings | 1,335,002,373 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,780,003,164 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment expense in the current period. This will result in an increase in operating expenses and also result in a reduction in Retained Earnings in the same calendar year.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|------------------|---------------|---------------|
| Deferred debits | 1,885,739,553 | |
| Deferred credits | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|------------------|---------------|---------------|
| Deferred credits | 1,885,739,553 | |
| Deferred debits | | 1,885,739,553 |

g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Revenues | 471,434,888 | |
| Retained earnings | 1,414,304,665 | |
| Current and accrued assets | | 1,885,739,553 |

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3.0 Scenario 3

3.1 – Assuming no CWIP recovery and no credit to ratepayers of \$2 billion of previously collected revenues

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the period of 2018 – 2021:

- 1. No CWIP recovery which means that a return on CWIP will not be collected from ratepayers
- 2. Do NOT credit ratepayers \$2 billion from previously collected revenues meaning that no refunds

Executive summary - Scenario 3

In this scenario, the BLRA Revised Rates are eliminated with no future possibility of CWIP recovery by SCE&G. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the Carrying Costs of construction of V.C. Summer Units 2 & 3 and a rate of return on the construction costs, the V.C. Summer construction costs are now impaired under the accounting requirements of ASC 980. Impairments must be recorded as Impairment Expense in the income statement in the period it is determined that the impairment exists. In this scenario, that occurs in Pro-forma 2018.

This scenario is essentially the same result as Scenario 1. The reason for this is:

- 1. CWIP recovery cannot actually occur since no CWIP exists for this project at SCE&G anymore. The construction project has been terminated; therefore, CWIP has been reclassified as a deferred debit pending regulatory approval to either:
 - a. Reclassify costs as a regulatory asset if full or partial recovery is allowed by the regulator
 - b. Not obtain any regulatory rate recovery and therefore all deferred debit costs will be reflected as an expense in the currently active reporting period.

So, for analysis purposes, it is reasonable to assume that Scenario 3 equals Scenario 1.

The impacts on SCE&G's key financial ratios from Scenario 3 are as follows:

Table 8 – Executive Summary – Scenario 3

| Ratio | Pro-forma 2018 before adjustments | Pro-forma 2018 | Pro-forma 2019 | Pro-forma 2020 | Pro-forma 2021 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Long-term debt/ Total assets | 28% | 38% | 36% | 34% | 32% |
| Equity/ Total assets | 34% | 12% | 17% | 21% | 25% |
| Long-term debt/ Total Capitalization (Debt+Equity) | 45% | 76% | 68% | 62% | 57% |

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The financial ratios reach their lowest point in the year the asset is impaired (Pro-forma 2018) and then improve after that over the 4-year period of analysis.

In our analysis of Scenario 3 we conclude that the adjustments made to the Base Year are the same as in Scenario 1.

3. 2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Elimination of the BLRA Revised Rates
 - b. Cumulative impact of the elimination of the BLRA Revised Rates
 - c. Impairment of the V.C. Summer Units 2 & 3 construction costs

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Financial impacts

The following table shows the financial impact of this scenario.

Table 9 - Scenario 3 - Assuming no CWIP recovery and no credit to ratepayers of \$2 billion of previously collected revenues

SCE&G
Docket No. 2017-305-E
Scenario 3 - Assuming no CWIP recovery and NO credit to ratepayers
of previously collected revenues

| Forma | | |
|-------|--|--|
| | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|---|--------------------------------|------------|-------------------------------------|--------------------------------|--------------------------------|-----|--|--------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (445,000,791) | 2,158,999,209 | 3,781,000,000 | (b) | \$ (890,001,582) | 2,890,998,418 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (4,421,000,791) | \$ 13,103,999,209 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) | (445,000,791) \$ (3,976,000,000) | \$ 1,594,999,209 | \$ 7,193,000,000 | (b) | \$ (890,001,582) \$ (3,976,000,000) | \$ 2,326,998,418 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,523,999,209 | 12,122,000,000 | | | 7,255,998,418 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (4,421,000,791) | \$ 13,103,999,209 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |

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SCE&G
Docket No. 2017-305-E
Scenario 3 - Assuming no CWIP recovery and NO credit to ratepayers
of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|-------------------|---|----------------------------------|------------|--|----------------------------------|----------------------------------|------------|-----------------------|----------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) | \$ (1,335,002,373) | 3,622,997,627 | 6,135,000,000 | (b) | \$ (1,780,003,164) | 4,354,996,836 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) (c) | \$ (1,335,002,373) \$ (3,976,000,000) | \$ 3,058,997,627 | \$ 9,547,000,000 | (b) (c) | | \$ 3,790,996,836 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 7,987,997,627 | 14,476,000,000 | | | 8,719,996,836 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 11 12 | | Non-current liabilities Total Capitalization and Liabilities | 770,000,000 \$ 19,879,000,000 | | \$ (5.311.002.373) | 770,000,000 \$ 14,567,997,627 | 770,000,000 \$ 21,056,000,000 | | \$ (5.756.003.164) | 770,000,000 \$ 15,299,996,836 |

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| | | Pro-Forma Statement of Income | | | | | | | | | | |
|----------|--|---|------------------------------|----------|----------------------------------|------------------------------|----|------------------------------|-----|----------------------------------|-------|------------------------------|
| Cas Na | FERC Form 1 Ref. | | Pro-Forma | | Year 1 | Pro-Forma | Г | Pro-Forma | | Year 2 | | ro-Forma |
| Line No. | FERC Form 1 Ref. | | December 31, 2018 | \vdash | Adjustments | December 31, 2018 | Di | cember 31, 2019 | | Adjustments | Decer | nber 31, 2019 |
| | | Operating revenues: | | | | | 1 | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 | \$ | 3,070,000,000 | (a) | (445,000,791) | \$: | 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,624,999,209 | - | 3,070,000,000 | | | : | 2,624,999,209 |
| | | Operating expenses: | | | | | 1 | | | | | |
| 15 | | Operation and maintenance expenses | 1,526,000,000 | | | 1,526,000,000 | 1 | 1,526,000,000 | | | | 1,526,000,000 |
| 16 17 | Page 114, lines 0 - 11 Page 114, line 12 | | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 | 1 | 292,000,000 10,000,000 | | | | 292,000,000 10,000,000 |
| 18 19 | Page 114, line 14 | Impairment charge Taxes other than income taxes | 240,000,000 | (c) | \$ 3,976,000,000 | 3,976,000,000 240,000,000 | 1 | 240,000,000 | | | | 240,000,000 |
| 20 21 | Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Income taxes Deferred and other taxes | (305,000,000) 130,000,000 | | | (305,000,000) 130,000,000 | _ | (305,000,000) 130,000,000 | | | | (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,869,000,000 | _ | 1,893,000,000 | | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (3,244,000,791) | \$ | 1,177,000,000 | | | \$ | 731,999,209 |
| | | Assumptions used in application of this scenario: | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | (a) Elimination of BLRA revised rates (b) Cumulative impact of elimination of BLRA revised rates | | | \$ 445,000,791 \$ 445,000,791 | | | | | \$ 445,000,791 \$ 890,001,582 | | |
| | | (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | | | \$ 3,976,000,000 | | | | | \$ 3,976,000,000 | | |
| | | COSTS | | | 3,870,000,000 | | _ | | | 3,670,000,000 | | |
| | | Pre-Tax Cash Flow | | | | | 1 | | | | | |
| 24 | | Operating income/(loss) | \$ 1,177,000,000 | | | \$ (3,244,000,791) | \$ | 1,177,000,000 | | | \$ | 731,999,209 |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | 4 500 000 000 | | | | L | 4 500 000 000 | | | | 4 450 000 000 |
| | | | \$ 1,599,000,000 | | | \$ 1,153,999,209 | \$ | 1,599,000,000 | | | \$ | 1,153,999,209 |
| 26 | | Change in Cash Flow | | | | \$ (445,000,791) | L | | | | \$ | (445,000,791) |
| | | Pre-Tax Credit Metrics | | | | | 1 | | | | | |
| 27 | | Long term debt to Total assets | 28% | | | 38% | 1 | 26% | | | | <u>38%</u> |
| 28 | | Equity to Total assets | 34% | | | 12% | 1 | 38% | | | | 17% |
| 29 | | Debt to total capitalization (debt + equity) | 45% | | | <u>76%</u> | L | 41% | | | | <u>68%</u> |
| | | <u>Adjustments</u> | - | | | _ | | | | | | |
| | | Total collections from customers under BLRA | NA | | | | | | | | | |
| | | Deferred debit - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | |
| | | Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock | | | | | | | | | | |

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| Pro Forma | Canada | |
|-----------|--------|------|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------------------|-------------------------|---|---|-----|-----------------------|---|---|-----|-----------------------|---|
| | | Operating revenues: | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,624,999,209 | 3,070,000,000 | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | |
| 15 16 17 18 | | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge | 1,526,000,000 292,000,000 10,000,000 | | | 1,528,000,000 292,000,000 10,000,000 | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 |
| 19 20 | Page 114, lines 15 - 16 | Taxes other than income taxes | 240,000,000 (305,000,000) 130,000,000 | | | 240,000,000 (305,000,000) 130,000,000 | 240,000,000 (305,000,000) 130,000,000 | | | 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 1,893,000,000 | 1,893,000,000 | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 731,999,209 | \$ 1,177,000,000 | | | \$ 731,999,209 |

Assumptions used in application of this scenario:

| (a) | Elimination of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|-----|---|---------------------|---------------------|
| (b) | Cumulative impact of elimination of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) | Impairment of the V.C. Summer Units 2 & 3 construction | | |
| 005 | rs and a second | \$ 3,976,000,000 | \$ 3,976,000,000 |

| 24 | Pre-Tax Cash Flow Operating income/(loss) | \$ 1,177,000,000 | \$ 731,999,209 | \$ 1,177,000,000 | \$ 731,999,209 |
|----|--|------------------|------------------|------------------|------------------|
| | | | | | |
| 25 | Cash Hows From Operations - excludes Deterred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,153,999,209 | \$ 1,599,000,000 | \$ 1,153,999,209 |
| 26 | Change in Cash Flow | | \$ (445,000,791) | | \$ (445,000,791) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | 25% | <u>34%</u> | 23% | 32% |
| 28 | Equity to Total assets | <u>42%</u> | 21% | <u>45%</u> | 25% |
| 29 | Debt to total capitalization (debt + equity) | <u>37%</u> | 62% | <u>34%</u> | 57% |
| | | | | | |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

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3.3 - Discussion

We have interpreted the criteria in Scenario 3 of "No CWIP recovery" to mean the discontinuation of the Revised Rates, since the basis of the Revised Rates is CWIP recovery. Therefore, Scenario 3 is the same as Scenario 1, with the exception of there being no possibility of a resumption of the Revised Rates.

Under this scenario, the Revised Rates authorized under the BLRA are discontinued. Discontinuing the Revised Rates also discontinues the recovery of any return on investment that SCE&G can expect on the V.C. Summer Units 2 & 3 construction costs that are recorded as a deferred debit. Thus, under ASC 980-360-35-3, an evaluation would be made of the potential of future cash flows through rates that would allow SCE&G to recover its costs and a return. The standard states, "that determination shall focus on the facts and circumstances related to the specific abandonment and shall also consider the past practice and current policies of the applicable regulatory jurisdiction on abandonment situations." In this scenario, the rates will not be resumed.

As a result, under ASC 980-360-35-3 the construction costs are considered impaired and should be recognized as an impairment loss.

3. 4 - Adjustments made to Base Year Pro-forma Financial Statements

The following adjustments were made to the Base Year Pro-Forma Financial Statements under Scenario 3:

Pro-forma 2018

a. Suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 445,000,791 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment expense in the current period. This will result in an increase in operating expenses and also result in a reduction in Retained Earnings in the same calendar year.

| Account | Debit | Credit |
|--------------------|---------------|---------------|
| Impairment expense | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

Pro-forma 2019 – this also incorporates the 2018 adjustments

b. Cumulative impact of the suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reduction in Pro-forma 2018.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Retained earnings | 445,000,791 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 890,001,582 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

Pro-forma 2020 – this also incorporates the 2018 and 2019 adjustments

b. Cumulative impact of the suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018 and 2019.

| Account | Debit | Credit |
|----------------------------|-------------|---------------|
| Retained earnings | 890,001,582 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,335,002,373 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

Pro-forma 2021 – this also incorporates the 2018, 2019 and 2020 adjustments

b. Cumulative impact of the suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018, 2019 and 2020.

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Retained earnings | 1,335,002,373 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,780,003,164 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

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| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

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4.0 Scenario 4

4.1 – Assuming no CWIP recovery and a credit to ratepayers of \$2 billion of previously collected revenues over a four-year term

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the period of 2018 – 2021:

- 1. No CWIP recovery which means that a return on CWIP will not be collected from ratepayers
- 2. Credit ratepayers \$2 billion from previously collected revenues over a four-year term

Executive summary - Scenario 4

In this scenario, the BLRA Revised Rates are eliminated with no future possibility of CWIP recovery by SCE&G. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the Carrying Costs of construction of V.C. Summer Units 2 & 3 and a Rate of Return on the construction costs, the V.C. Summer construction costs are now impaired under the accounting requirements of ASC 980. Impairments must be recorded as Impairment Expense in the income statement in the period it is determined that the impairment exists. In this scenario, that occurs in Pro-forma 2018. In addition, SCE&G must refund the nearly \$2 billion in BLRA Revised Rates it collected from ratepayers from 2009 – 2017. This refund takes place over a 4-year period.

The impacts on SCE&G's key financial ratios from Scenario 4 are as follows:

| Ratio | Pro-forma 2018 before adjustments | Pro-forma 2018 | Pro-forma 2019 | Pro-forma 2020 | Pro-forma 2021 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Long-term debt/ Total assets | 28% | 34% | 36% | 36% | 37% |
| Equity/ Total assets | 34% | 8% | 10% | 12% | 14% |
| Long-term debt/ Total Capitalization (Debt+Equity) | 45% | 81% | 78% | 75% | 72% |

Table 10 - Executive Summary - Scenario 4

The financial ratios reach their lowest point in the year the asset is impaired (Pro-forma 2018) and then improve after that over the 4-year period of analysis.

In our analysis of Scenario 4 we conclude that the adjustments made to the Base Year are the same as in Scenario 2.

4. 2 - Procedures

Baker Tilly

Baker Tilly performed the following procedures to evaluate this scenario.

1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.

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- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Elimination of the BLRA Revised Rates
 - b. Cumulative impact of the elimination of the BLRA Revised Rates
 - c. Impairment of the V.C. Summer Units 2 & 3 construction costs
 - d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA over 4 years
 - e. Cumulative amortization of the refund of total collections from customers under the BLRA
 - f. Annual impact of the refund of previous BLRA collections
 - g. Cumulative impact of the refund of previous BLRA collections

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Financial Impacts

The following table shows the financial impact of this scenario.

Table 11 - Scenario 4 - Assuming no CWIP recovery and a credit to ratepayers of \$2 billion of previously collected revenues

SCE&G
Docket No. 2017-305-E
Scenario 4 - Assuming no CWIP recovery and a credit to ratepayers
of previously collected revenues

| P | m- | Forma | Rai | lance | Sheet |
|---|----|-------|-----|-------|-------|
| | | | | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|--------------------------------------|--------------------------------|-------------------|--|--------------------------------|--------------------------------|-------------------|--------------------------------------|--------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) (g) | \$ (445,000,791) \$ (471,434,888) | 1,687,564,321 | 3,781,000,000 | (b) (g) | \$ (890,001,582) \$ (942,869,777) | 1,948,128,642 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) (d) (e) | \$ (3,976,000,000) \$ 1,885,739,553 \$ (471,434,888) | 4,536,304,665 | 7,098,000,000 | (c) (d) (e) | | 4,064,869,777 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) (g) | (445,000,791) \$ (3,976,000,000) \$ (471,434,888) | \$ 1,123,584,321 | \$ 7,193,000,000 | (b) (c) (g) | \$ (3,976,000,000) | \$ 1,384,128,642 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,052,564,321 | 12,122,000,000 | | | 6,313,128,642 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (471,434,888) | 6,194,304,665 | 4,780,000,000 | (d) (e) | | 5,722,869,777 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |

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SCE&G
Docket No. 2017-305-E
Scenario 4 - Assuming no CWIP recovery and a credit to ratepayers
of previously collected revenues

Pro-Forma Balance Sheet

| | | 1104 Offilia Dataffice Officer | | | | | | | | |
|----------|-------------------|--------------------------------------|--------------------------------|------------|--|--------------------------------|--------------------------------|-------------------|--|--------------------------------|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) (g) | \$ (1,335,002,373) \$ (1,414,304,665) | 2,208,692,962 | 6,135,000,000 | (b) (g) | | 2,469,257,283 |
| 4 | Page 111, Line 84 | Deferred debits | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | |
| | | | 7,098,000,000 | (e) | \$ (1,414,304,665) | 3,593,434,888 | 7,098,000,000 | (e) | | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | \$ 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) (c) | \$ (1,335,002,373) \$ (3,976,000,000) \$ (1,414,304,665) | \$ 1,644,692,962 | \$ 9,547,000,000 | (b) (c) (g) | \$ (3,976,000,000) | \$ 1,905,257,283 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 6,573,692,962 | 14,476,000,000 | | | 6,834,257,283 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) (e) | | 5,251,434,888 | 4,780,000,000 | (d) (e) | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | \$ 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | | Pro-Forma Statement of Income | | | | | | | | | | |
|--|---|---|--|------------|--|---|--------|--|------------|--|----|--|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | | Pro-Forma December 31, 2019 | | Year 2 Adjustments | | Pro-Forma ember 31, 2019 |
| 2.10 | - End Form Free. | Operating revenues: | December 01, 2010 | | riajasanciios | Describer of, 2010 | \neg | Describer of, 2010 | | rajasanena | - | |
| 13 | Page 114, line 2 | Electric | \$ 3.070.000.000 | (f) (a) | \$ (471,434,888) (445,000,791) | \$ 2,153,564,321 | | \$ 3,070,000,000 | (f) (a) | \$ (471,434,888) (445,000,791) | s | 2.153.564.321 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | , , , , | 2,153,564,321 | | 3,070,000,000 | | , , , , , | · | 2,153,564,321 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 19 20 21 22 | Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 | Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 1,893,000,000 \$ 1,177,000,000 | (c) | \$ 3,976,000,000 | 1,526,000,000 292,000,000 10,000,000 3,976,000,000 240,000,000 (305,000,000) 130,000,000 5,869,000,000 | | 1,528,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 1,893,000,000 \$ 1,177,000,000 | | | | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 1,893,000,000 |
| | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (3,113,433,619) | | \$ 1,177,000,000 | _ | | • | 260,364,321 |
| | | Assumptions used in application of this scenario: (a) Elimination of BLRA revised rates (b) Cumulative impact of elimination of BLRA revised rates (c) Impairment of the V.C. Summer Units 2 & 3 construction costs (d) Record the regulatory asset and liability for the refund of total collections from customers under BLRA (e) Cumulative amortization of refund of total collections from customers under BLRA (f) Annual impact of refund of previous BLRA collections (g) Cumulative impact of refund of previous BLRA collections | | | \$ 445,000,791 \$ 445,000,791 \$ 3,976,000,000 \$ 1,885,739,553 \$ 471,434,888 \$ 471,434,888 \$ 471,434,888 | | | | | \$ 445,000,791 \$ 890,001,582 \$ 3,976,000,000 \$ 1,885,739,553 \$ 942,899,777 \$ 471,434,888 \$ 942,899,777 | | |
| 24 | | Pre-Tax Cash Flow Operating income/(loss) | \$ 1.177.000.000 | | | \$ (3,715,435,679) | | \$ 1,177,000,000 | | | • | 260.564.321 |
| | | Cash Flows From Operations - excludes Deferred Income Taxes, | 4 1,177,000,000 | | | <u> </u> | | Ψ 1,177,000,000 | | | - | 200,004,021 |
| 25 | | Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | | | \$ 682,564,321 | | \$ 1,599,000,000 | | | \$ | 682,564,321 |
| 26 | | Change in Cash Flow | | | | \$ (916,435,679) | | | | | \$ | (916,435,679) |
| | | Pre-Tax Credit Metrics | | | | | | | | | | |
| 27 | | Long term debt to Total assets | <u>28%</u> | | | <u>35%</u> | | <u>26%</u> | | | | 36% |
| 28 | | Equity to Total assets | 34% | | | <u>8%</u> | | <u>38%</u> | | | | 10% |
| 29 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>81%</u> | | <u>41%</u> | | | | <u>78%</u> |
| | | Adjustments | | | | | | | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | |
| | | Deferred debit - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | |
| | | Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock | | | | | | | | | | |

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Pro-Forma Statement of Income

| Line No. | FERC Form 1 Ref. | | Dec | Pro-Forma cember 31, 2020 | | Year 3 Adjustments | De | Pro-Forma ecember 31, 2020 | De | Pro-Forma cember 31, 2021 | | Year 4 Adjustments | | Pro-Forma ember 31, 2021 |
|----------|--|--|-----|------------------------------|-----|-----------------------|----|-------------------------------|----------|------------------------------|-----|-----------------------|----|------------------------------|
| | | Operating revenues: | l | | | | | | | | | | | |
| | | | l | | (f) | \$ (471,434,888) | | | | | (f) | \$ (471,434,888) | | |
| 13 | Page 114, line 2 | Electric | \$ | 3,070,000,000 | (a) | (445,000,791) | \$ | 2,153,564,321 | \$ | 3,070,000,000 | (a) | (445,000,791) | \$ | 2,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues | l_ | 3,070,000,000 | | | _ | 2,153,564,321 | 1_ | 3,070,000,000 | | | | 2,153,564,321 |
| | | Operating expenses: | | | | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | l | 1,526,000,000 | | | | 1,526,000,000 | | 1,526,000,000 | | | | 1,526,000,000 |
| 16 17 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits | l | 292,000,000 10,000,000 | | | | 292,000,000 10,000,000 | | 292,000,000 10,000,000 | | | | 292,000,000 10,000,000 |
| 18 19 | Page 114, line 14 | Impairment charge Taxes other than income taxes | l | 240,000,000 | | | | 240,000,000 | | 240,000,000 | | | | 240,000,000 |
| 20 21 | Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Income taxes Deferred and other taxes | l_ | (305,000,000) 130,000,000 | | | _ | (305,000,000) 130,000,000 | <u> </u> | (305,000,000) 130,000,000 | | | | (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | _ | 1,893,000,000 | | | _ | 1,893,000,000 | _ | 1,893,000,000 | | | _ | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ | 1,177,000,000 | | | \$ | 260,564,321 | \$ | 1,177,000,000 | | | \$ | 260,564,321 |

Assumptions used in application of this scenario:

| (a) Elimination of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|--|------------------|------------------|
| (b) Cumulative impact of elimination of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | \$ 3,976,000,000 | \$ 3,976,000,000 |
| (d) Record the regulatory asset and liability for the refund of | | |
| total collections from customers under BLRA | \$ 1,885,739,553 | \$ 1,885,739,553 |
| (e) Cumulative amortization of refund of total collections from | | |
| customers under BLRA | \$ 1,414,304,665 | \$ 1,885,739,553 |
| (f) Annual impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 471,434,888 |
| (g) Cumulative impact of refund of previous BLRA collections | \$ 1,414,304,665 | \$ 1,885,739,553 |

| 24 | <u>Pre-Tax Cash Flow</u> Operating income/(loss) | \$ 1,177,000,000 | \$ 260,564,321 | \$ 1,177,000,000 | \$ 260,564,321 |
|----------|--|------------------|--------------------------|------------------|-------------------|
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 682,564,321 | \$ 1,599,000,000 | \$ 682,564,321 |
| 26 | Change in Cash Flow | | \$ (916,435,679) | | \$ (916,435,679) |
| | | | | | |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Pre-Tax Credit Metrics Long term debt to Total assets | <u>25%</u> | <u>36%</u> | <u>23%</u> | <u>37%</u> |
| 27 28 | | 25% 42% | <u>38%</u> <u>12%</u> | 23% 45% | <u>37%</u> 14% |
| | Long term debt to Total assets | _ | _ | | |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

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4.3 - Discussion

We have interpreted the criteria in Scenario 4 of "No CWIP recovery" to mean the discontinuation of the Revised Rates, since the basis of the Revised Rates is CWIP recovery. Therefore, Scenario 4 is the same as Scenario 3, with the exception of there being no possibility of a resumption of the Revised Rates.

Under this scenario, the Revised Rates authorized under the BLRA are discontinued. Discontinuing the Revised Rates also discontinues the recovery of any return on investment that SCE&G can expect on the V.C. Summer Units 2 & 3 construction costs that are recorded as a deferred debit. Thus, under ASC 980-360-35-3, an evaluation would be made of the potential of future cash flows through rates that would allow SCE&G to recover its costs and a return. The standard states, "that determination shall focus on the facts and circumstances related to the specific abandonment and shall also consider the past practice and current policies of the applicable regulatory jurisdiction on abandonment situations." In this scenario, the rates will not be resumed.

As a result, under ASC 980-360-35-3, the construction costs are considered impaired and should be recorded as a direct charge to expense in the current reporting period.

The amount to be refunded over four years is \$1.886 billion. The treatment of refunds falls under the guidance of ASC 980-405-25-1 –

"Rate actions of a regulator can impose a liability on a regulated entity. Such liabilities are usually obligations to the entity's customers. The following are the usual ways in which liabilities can be imposed and the resulting accounting:

a. A regulator may require refunds to customers. FAS 071, paragraph11 states Refunds can be paid to the customers who paid the amounts being refunded; however, they are usually provided to current customers by reducing current charges. FAS 071, paragraph 11 Refunds that meet the criteria of accrual of loss contingencies (per paragraph 450-20-25-2) shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated entity."

Since the total amount of \$1.886 billion is to be refunded to customers over four years, proper matching would support that over four years each year's revenues should be reduced by \$1.886 billion divided by 4 years equals \$471 million annually. For purposes of analysis the annual proforma statement does not show a liability for the \$471 million, rather it is assumed the refund flows through the annual rate-making process and affects each individual year.

4. 4 – Adjustments made to Base Year Pro-forma Financial Statements

The following adjustments were made to the Base Year Pro-Forma Financial Statements under Scenario 4:

Pro-forma 2018

Baker Tilly

a. Suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 445,000,791 |

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c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment expense in the current period. This will result in an increase in operating expenses and result in a reduction in Retained Earnings in the same calendar year.

| Account | Debit | Credit |
|--------------------|---------------|---------------|
| Impairment expense | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|-------------|-------------|
| Deferred credits – Regulatory liability | 471,434,888 | |
| Deferred debits – Regulatory asset | | 471,434,888 |

f/g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Revenues | 471,434,888 | |
| Current and accrued assets | | 471,434,888 |

Pro-forma 2019 – this also incorporates the 2018 adjustments

a/b. Cumulative impact of suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reduction in Pro-forma 2018.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Retained earnings | 445,000,791 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 890,001,582 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

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| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|-------------|-------------|
| Deferred credits – Regulatory liability | 942,869,777 | |
| Deferred debits – Regulatory asset | | 942,869,777 |

f/g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) - this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Revenues | 471,434,888 | |
| Retained earnings | 471,434,888 | |
| Current and accrued assets | | 942,869,777 |

Pro-forma 2020 – this also incorporates the 2018 and 2019 adjustments

a/b. Cumulative impact of suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018 and 2019.

| Account | Debit | Credit |
|----------------------------|-------------|---------------|
| Retained earnings | 890,001,582 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,335,002,373 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs - with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment in Pro-forma 2018. This entry reflects the impairment recorded in Pro-forma 2018.

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| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred credits – Regulatory liability | 1,414,304,665 | |
| Deferred debits – Regulatory asset | | 1,414,304,665 |

f/g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|---------------|
| Revenues | 471,434,888 | |
| Retained earnings | 942,869,777 | |
| Current and accrued assets | | 1,414,304,665 |

Pro-forma 2021 – this also incorporates the 2018, 2019 and 2020 adjustments

a/b. Cumulative impact of suspension of the BLRA Revised Rates – Upon suspension of BLRA rates, annual revenue would decrease by \$445 million resulting in an offsetting reduction in cash and receivables. This entry also reflects the revenue reductions in Pro-forma 2018, 2019 and 2020.

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Retained earnings | 1,335,002,373 | |
| Operating revenue | 445,000,791 | |
| Current and accrued assets | | 1,780,003,164 |

c. Impairment of the V.C. Summer Units 2 & 3 construction costs – with the suspension of BLRA rates, the total deferred debit balance will be reclassified as an impairment expense in the current period. This will result in an increase in operating expenses and also result in a reduction in Retained Earnings in the same calendar year.

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| Account | Debit | Credit |
|-------------------|---------------|---------------|
| Retained earnings | 3,976,000,000 | |
| Deferred debits | | 3,976,000,000 |

d. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|------------------|---------------|---------------|
| Deferred debits | 1,885,739,553 | |
| Deferred credits | | 1,885,739,553 |

e. Cumulative amortization of refund of total collections from customers under the BLRA - this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|------------------|---------------|---------------|
| Deferred credits | 1,885,739,553 | |
| Deferred debits | | 1,885,739,553 |

f/g. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Revenues | 471,434,888 | |
| Retained earnings | 1,414,304,665 | |
| Current and accrued assets | | 1,885,739,553 |

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5.0 Scenario 5

5.1 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised Rates Date and no credit to ratepayers of \$2 billion of previously collected revenues

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the year ended December 31, 2018:

- 1. Disallowing CWIP back to each Revised Rates Date
- Do NOT credit ratepayers \$2 billion from previously collected revenues

Executive summary - Scenario 5

In our discussions with ORS staff we understand this scenario to be an analysis of what the impact would be on SCE&G in removing the BLRA rate increases one by one from the most recent to the oldest Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the Carrying Costs of construction of V.C. Summer Units 2 & 3 and a Rate of Return on the construction costs, as each BLRA rate increase is removed, a corresponding impairment of the V.C. Summer construction costs occurs.

The analysis is based on the Pro-Forma 2018 base case financials. The detailed schedule in this section shows the decline in SCE&G's financial ratios. Below is the lowest point of the SCE&G financial ratios, after the earliest order is disallowed – Order 2009-104(A).

Table 12 - Executive Summary - Scenario 5

| Ratio | Disallow Order 2009-104(A) |
|--------------------------------------|----------------------------|
| Long-term debt/ Total assets | 37% |
| Equity/ Total assets | 13% |
| Long-term debt/ Total Capitalization | 73% |
| (Debt+Equity) | |

The approved rate increases per Order No. from most recent to the oldest are as follows:

| Order Number | Amount of increase |
|--------------|--------------------|
| 2016-758 | \$64,427,813 |
| 2015-712 | \$64,526,000 |
| 2014-785 | \$66,238,000 |
| 2013-680 (A) | \$67,240,232 |
| 2012-761 | \$52,148,913 |
| 2011-738 | \$52,783,342 |
| 2010-625 | \$47,301,000 |
| 2009-696 | \$22,533,000 |
| 2009-104 (A) | \$7,802,491 |

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5.2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Discontinuation of the Revised Rates
 - b. Partial CWIP recovery back to each Revised Rates Date
 - c. Incremental and cumulative CWIP included in each order

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Financial Impacts

The following table shows the financial impact of this scenario.

Table 13 – Scenario 5 – Assuming partial recovery of CWIP – Disallow CWIP back to each Revised Rates Date and no credit to ratepayers of \$2 billion of previously collected revenues

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Docket No. 2017-305-E
Scenario 5 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised
Rates Date and No credit to ratepayers of \$2 billion of previously collected revenues

| | Ralance | |
|--|---------|--|
| | | |

| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma December 31, 2018 | | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 |
|----------|-------------------|--------------------------------------|--------------------------------|------------|----------------------------|--------------------------------|------------|----------------------------|--------------------------------|------------|--|--------------------------------|
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (64,427,813) | 2,539,572,187 | (a) | \$ (128,953,813) | 2,475,048,187 | (a) | \$ (195,191,813) | 2,408,808,187 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (574,150,000) | 6,523,850,000 | (b) | \$ (1,121,374,000) | 5,976,626,000 | (b) | \$ (1,682,436,000) | 5,415,564,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (638,577,813) | \$ 16,886,422,187 | | \$ (1,250,327,813) | \$ 16,274,672,187 | | \$ (1,877,627,813) | \$ 15,647,372,187 |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) | | 5,377,422,187 | (a) (b) | | 4,765,672,187 | (a) (b) | \$ (195,191,813) \$ (1,682,436,000) | 4,138,372,187 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 10,306,422,187 | | | 9,694,672,187 | | | 9,067,372,187 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | l | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | l | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (638,577,813) | \$ 16,886,422,187 | | \$ (1,250,327,813) | \$ 16,274,672,187 | | \$ (1,877,627,813) | \$ 15,647,372,187 |

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Scenario 5 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised
Rates Date and No credit to ratepayers of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | | | Pro-forma December 31, 2018 |] | Disallow Order 2013-680(A) | Pro-Forma December 31, 2018 | | Disallow Order 2012-761 | Pro-Forma December 31, 2018 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 |
|----------|-------------------|--------------------------------------|--------------------------------|------------|-------------------------------|--------------------------------|------------|----------------------------|--------------------------------|------------|--|--------------------------------|
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (262,432,045) | 2,341,567,955 | (a) | \$ (314,580,958) | 2,289,419,042 | (a) | \$ (367,364,300) | 2,236,635,700 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (2,251,792,000) | 4,846,208,000 | (b) | \$ (2,688,021,000) | 4,409,979,000 | (b) | \$ (3,124,746,000) | 3,973,254,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (2,514,224,045) | \$ 15,010,775,955 | | \$ (3,002,601,958) | \$ 14,522,398,042 | | \$ (3,492,110,300) | \$ 14,032,889,700 |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) | | 3,501,775,955 | (a) (b) | | 3,013,398,042 | (a) (b) | \$ (367,364,300) \$ (3,124,746,000) | 2,523,889,700 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 8,430,775,955 | | | 7,942,398,042 | | | 7,452,889,700 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (2,514,224,045) | \$ 15,010,775,955 | | \$ (3,002,601,958) | \$ 14,522,398,042 | | \$ (3,492,110,300) | \$ 14,032,889,700 |

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Scenario 5 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised Rates Date and No credit to ratepayers of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2010-625 | Pro-Forma December 31, 2018 | | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
|----------|-------------------|---|--------------------------------|-----|----------------------------|--------------------------------|-----|----------------------------|--------------------------------|-----|-------------------------------|--------------------------------|
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (414,665,300) | 2,189,334,700 | (a) | \$ (437,198,300) | 2,166,801,700 | (a) | \$ (445,000,791) | 2,158,999,209 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (3,523,892,000) | 3,574,108,000 | (b) | \$ (3,722,256,000) | 3,375,744,000 | (b) | \$ (3,788,217,000) | 3,309,783,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (3,938,557,300) | \$ 13,586,442,700 | | \$ (4,159,454,300) | \$ 13,365,545,700 | | \$ (4,233,217,791) | \$ 13,291,782,209 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital | \$ 6,016,000,000 | (a) | | 2,077,442,700 | (a) | | 1,856,545,700 | (a) | | 1,782,782,209 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | (b) | \$ (3,523,892,000) | 4,929,000,000 | (b) | \$ (3,722,250,000) | 4,929,000,000 | (b) | \$ (3,788,217,000) | 4,929,000,000 |
| 8 | rage 112, Line 17 | Total capitalization | 10,945,000,000 | | | 7,006,442,700 | | | 6,785,545,700 | | | 6,711,782,209 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (3,938,557,300) | \$ 13,586,442,700 | | \$ (4,159,454,300) | \$ 13,365,545,700 | | \$ (4,233,217,791) | \$ 13,291,782,209 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Des Commo | Statement of Income | |
|-----------|---------------------|--|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma December 31, 2018 | | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 |
|----------------------|---|--|---|-----|----------------------------|---|-----|----------------------------|---|-----|----------------------------|---|
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (64,427,813) | \$ 3,005,572,187 | (a) | \$ (128,953,813) | \$ 2,941,046,187 | (a) | \$ (195,191,813) | \$ 2,874,808,187 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 3,005,572,187 | | | 2,941,046,187 | | | 2,874,808,187 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge | 1,526,000,000 292,000,000 10,000,000 | (b) | \$ 574,150,000 | 1,526,000,000 292,000,000 10,000,000 574,150,000 | (b) | \$ 1,121,374,000 | 1,526,000,000 292,000,000 10,000,000 1,121,374,000 | (b) | \$ 1,682,436,000 | 1,526,000,000 292,000,000 10,000,000 1,682,436,000 |
| 20 21 | Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Taxes other than income taxes Income taxes Deferred and other taxes | 240,000,000 (305,000,000) 130,000,000 | | | 240,000,000 (305,000,000) 130,000,000 | | | 240,000,000 (305,000,000) 130,000,000 | | | 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 2,487,150,000 | | | 3,014,374,000 | | | 3,575,436,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 538,422,187 | | | \$ (73,327,813) | | | \$ (700,627,813) |

Assumptions used in application of this scenario:

- (a) Partial CWIP recovery back to revised rates dates
- (b) Incremental and cumulative CWIP included in order

| 24 | Pre-Tax Cash Flow Operating income/(loss) | \$ 1,599,000,000 | \$ 538,422,187 | \$ (73,327,813) | <u>\$ (700,827,813)</u> |
|----|---|-------------------------|-------------------------|-------------------------|-------------------------|
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | <u>\$ 2,021,000,000</u> | <u>\$ 1,534,572,187</u> | <u>\$ 1,470,048,187</u> | <u>\$ 1,403,808,187</u> |
| | Pre-Tax Credit Metrics | | | | |
| 26 | Long term debt to Total assets | 28% | 29% | 30% | <u>32%</u> |
| 27 | Equity to Total assets | 34% | 32% | 29% | 26% |
| 28 | Debt to total capitalization (debt + equity) | <u>45%</u> | 48% | <u>51%</u> | <u>54%</u> |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| P | ro-F | orma | State | ment | of | Income | |
|---|------|------|-------|------|----|--------|--|
| | | | | | | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2013-680(A) | Pro-Forma December 31, 2018 | | Disallow Order 2012-761 | Pro-Forma December 31, 2019 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 |
|--|---|--|--|-----|-------------------------------|--|-----|----------------------------|--|----|----------------------------|--|
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (262,432,045) | \$ 2,807,567,955 | (a) | \$ (314,580,958) | \$ 2,755,419,042 (| a) | \$ (367,364,300) | \$ 2,702,635,700 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,807,567,955 | | | 2,755,419,042 | 1 | | 2,702,635,700 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (b) | \$ 2,251,792,000 | 1,526,000,000 292,000,000 10,000,000 2,251,792,000 240,000,000 (305,000,000) 130,000,000 | (b) | \$ 2,688,021,000 | 1,526,000,000 292,000,000 10,000,000 2,688,021,000 (305,000,000) 130,000,000) | b) | \$ 3,124,746,000 | 1,526,000,000 292,000,000 10,000,000 3,124,746,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | rage 114, iiies 17 - 18 | Total operating expenses | 1,893,000,000 | | | 4,144,792,000 | | 2688021000 | | | | 5,017,746,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (1,337,224,045) | | -2688021000 | \$ (1,825,601,958) | | | \$ (2,315,110,300) |

Assumptions used in application of this scenario:

- (a) Partial CWIP recovery back to revised rates dates
- (b) Incremental and cumulative CWIP included in order

| | Pre-Tax Cash Flow | | | | |
|----|---|------------------|-------------------------|-------------------------|---------------------------|
| 24 | Operating income/(loss) | \$ 1,599,000,000 | \$ (1,337,224,045) | \$ (1,825,601,958) | <u>\$ (2,315,110,300)</u> |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | <u>\$ 1,336,567,955</u> | <u>\$ 1,284,419,042</u> | <u>\$ 1,231,635,700</u> |
| | Pre-Tax Credit Metrics | | | | |
| 26 | Long term debt to Total assets | 28% | 33% | <u>34%</u> | <u>35%</u> |
| 27 | Equity to Total assets | <u>34%</u> | 23% | 21% | <u>18%</u> |
| 28 | Debt to total capitalization (debt + equity) | <u>45%</u> | <u>58%</u> | <u>62%</u> | 66% |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Dro Forma | Ctatomont | of Income |
|-----------|-----------|-----------|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2010-625 | Pro-Forma December 31, 2018 | | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
|----------------------|---|---|--|-----|----------------------------|--|-----|----------------------------|--|-----|-------------------------------|--|
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (414,665,300) | \$ 2,655,334,700 | (a) | \$ (437,198,300) | \$ 2,632,801,700 | (a) | \$ (445,000,791) | \$ 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,655,334,700 | | | 2,632,801,700 | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 |
| 18 19 20 21 | Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | | (b) | \$ 3,523,892,000 | 3,523,892,000 240,000,000 (305,000,000) 130,000,000 | (b) | \$ 3,722,256,000 | 3,722,256,000 (240,000,000 (305,000,000) 130,000,000 | b) | \$ 3,788,217,000 | 3,788,217,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,416,892,000 | | | 5,615,256,000 | | | 5,681,217,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (2,761,557,300) | | | \$ (2,982,454,300) | | | \$ (3,056,217,791) |

Assumptions used in application of this scenario:

- (a) Partial CWIP recovery back to revised rates dates
- (b) Incremental and cumulative CWIP included in order

| | Pre-Tax Cash Flow | | | | |
|----|---|-------------------------|-------------------------|-------------------------|-------------------------|
| 24 | Operating income/(loss) | \$ 1,599,000,000 | \$ (2,781,557,300) | \$ (2,982,454,300) | \$ (3,058,217,791) |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | <u>\$ 2,021,000,000</u> | <u>\$ 1,184,334,700</u> | <u>\$ 1,161,801,700</u> | <u>\$ 1,153,999,209</u> |
| | Pre-Tax Credit Metrics | | | | • |
| 26 | Long term debt to Total assets | 28% | <u>36%</u> | <u>37%</u> | 37% |
| 27 | Equity to Total assets | <u>34%</u> | <u>15%</u> | <u>14%</u> | <u>13%</u> |
| 28 | Debt to total capitalization (debt + equity) | <u>45%</u> | <u>70%</u> | <u>73%</u> | <u>73%</u> |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Adjustments | | |
|--|----|---------------|
| Total collections from customers under BLRA | \$ | 1,885,739,553 |
| Regulatory asset - unrecovered nuclear project costs | \$ | 3,976,000,000 |
| Annual BLRA revised rates | \$ | 445,000,791 |
| BLRA approved rate increase per Order No.: | | |
| 2009-104(A) | \$ | 7,802,491 |
| 2009-696 | Š | 22,533,000 |
| 2010-625 | \$ | 47,301,000 |
| 2011-738 | \$ | 52,783,342 |
| 2012-761 | \$ | 52,148,913 |
| 2013-680(A) | \$ | 67,240,232 |
| 2014-785 | \$ | 66,238,000 |
| 2015-712 | \$ | 64,526,000 |
| 2016-758 | \$ | 64,427,813 |
| | | |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

5.3 - Discussion

In Scenario 5, the aim was to show the impact of eliminating each Revised Rates order on the financial metrics of SCE&G, if the orders were eliminated in the sequence in which they were approved, from the most recent to the oldest.

This impact was analyzed using the FERC Form 1 financial filing for SCE&G as of and for the year ended December 31, 2017. The analysis shows partial recovery of CWIP back to each Revised Rates Date and the impact of excluding the incremental and cumulative CWIP included in each order. The portion of the Revised Rates attributable to each Order Number are also cumulatively removed in the analysis as each Order Number is removed. The analysis is based on the 2017 starting actual financials.

5.4 - Adjustments to arrive at pro-forma financial results

The following adjustments were made under Scenario 5 to arrive at the pro-forma financial analysis:

- a. The annual Revised Rates of \$445 million are discontinued and removed from revenues in the analysis
- b. Partial CWIP recovery back to each Revised Rates Date
- c. Incremental and cumulative CWIP included in each order

The approved rate increases per Order No. from most recent to the oldest are as follows:

| Order Number | Amount of increase |
|--------------|--------------------|
| 2016-758 | \$64,427,813 |
| 2015-712 | \$64,526,000 |
| 2014-785 | \$66,238,000 |
| 2013-680 (A) | \$67,240,232 |
| 2012-761 | \$52,148,913 |
| 2011-738 | \$52,783,342 |
| 2010-625 | \$47,301,000 |
| 2009-696 | \$22,533,000 |
| 2009-104 (A) | \$7,802,491 |

Also, refer to Appendix B for schedules on the incremental CWIP included in each order and other details.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

6.0 Scenario 6

Baker Tilly

6.1 – Assuming partial recovery of CWIP – Disallow CWIP back to each Revised Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the year ended December 31, 2018:

- 1. Disallowing CWIP back to each Revised Rates Date
- 2. Credit ratepayers \$2 billion from previously collected revenues over a four-year term

Executive summary - Scenario 6

In our discussions with ORS staff we understand this scenario to be an analysis of what the impact would be on SCE&G in removing the BLRA rate increases one by one from the most recent to the oldest. Since the BLRA Revised Rates provide the revenue stream for SCE&G to recover the carrying costs of construction of V.C. Summer Units 2 & 3 and a rate of return on the construction costs, as each BLRA rate increase is removed, a corresponding impairment of the V.C. Summer construction costs occurs. The additional item of analysis in this scenario is to credit ratepayers \$2 billion from previously collected BLRA revenues.

The analysis is based on the Pro-Forma 2018 base case financials. The detailed schedule in this section shows the decline in SCE&G's financial ratios. Below is the lowest point of the SCE&G financial ratios, after the earliest order is disallowed – Order 2009-104(A).

| Ratio | Disallow Order 2009-104(A) |
|------------------------------------|----------------------------|
| Long-term debt/ Total assets | 43% |
| Equity/ Total assets | -1% |
| Long-term debt/ | 102% |
| Total Capitalization (Debt+Equity) | |

Table 14 - Executive Summary - Scenario 6

The approved rate increases per Order No. from most recent to the oldest are as follows:

| Order Number | Amount of increase |
|--------------|--------------------|
| 2016-758 | \$64,427,813 |
| 2015-712 | \$64,526,000 |
| 2014-785 | \$66,238,000 |
| 2013-680 (A) | \$67,240,232 |
| 2012-761 | \$52,148,913 |
| 2011-738 | \$52,783,342 |
| 2010-625 | \$47,301,000 |
| 2009-696 | \$22,533,000 |
| 2009-104 (A) | \$7,802,491 |

By removing each Order No. the related BLRA revenues are also removed, so the refund amounts in the analysis are those that are included with each Order No.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

6.2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Discontinuation of the Revised Rates
 - b. Partial CWIP recovery back to each Revised Rates Date
 - c. Refund of \$2 billion of previously collected revenues
 - d. Incremental and cumulative CWIP included in each order

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Financial Impacts

The following table shows the financial impact of this scenario.

Table 15 – Scenario 6 – Assuming partial recovery of CWIP – Disallow CWIP back to each Revised Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues

SCE&G
Docket No. 2017-305-E
Scenario 6 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised
Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| | | Pro-Porma Balance Sneet | | | | | | | | | | |
|----------|-------------------|--------------------------------|--------------------------------|-------------------|------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|
| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma December 31, 2018 | | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 |
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) (b) | \$ (64,427,813) (1,885,739,553) | 653,832,634 | (a) (b) | \$ (128,953,813) (1,885,739,553) | 589,306,634 | (a) (b) | \$ (195,191,813) (1,885,739,553) | 523,068,634 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (574,150,000) | 6,523,850,000 | (c) | \$ (1,121,374,000) | 5,976,626,000 | (c) | \$ (1,682,436,000) | 5,415,564,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (2,524,317,366) | \$ 15,000,682,634 | | \$ (3,136,067,366) | \$ 14,388,932,634 | | \$ (3,763,367,366) | \$ 13,761,632,634 |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) (c) | (1,885,739,553) | 3,491,682,634 | (a) (b) (c) | (1,885,739,553) | 2,879,932,634 | (a) (b) (c) | (1,885,739,553) | 2,252,632,634 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 8,420,682,634 | | | 7,808,932,634 | | | 7,181,632,634 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| | | | | l | 1 | | ı | | | | | |

(2,524,317,366) \$ 15,000,682,634

Total Capitalization and Liabilities

12

(3.136.067.366) \$ 14.388.932.634

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

SCE&G
Docket No. 2017-305-E
Scenario 6 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised
Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2013-680(A) | Pro-Forma December 31, 2018 | | Disallow Order 2012-761 | Pro-Forma December 31, 2018 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 |
|----------|-------------------|--------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) (b) | \$ (262,432,045) (1,885,739,553) | 455,828,402 | (a) (b) | \$ (314,580,958) (1,885,739,553) | 403,679,489 | (a) (b) | \$ (367,364,300) (1,885,739,553) | 350,896,147 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (2,251,792,000) | 4,846,208,000 | (c) | \$ (2,688,021,000) | 4,409,979,000 | (c) | \$ (3,124,746,000) | 3,973,254,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (4,399,963,598) | \$ 13,125,036,402 | | \$ (4,888,341,511) | \$ 12,636,658,489 | | \$ (5,377,849,853) | \$ 12,147,150,147 |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) (c) | (1,885,739,553) | 1,616,036,402 | (a) (b) (c) | (1,885,739,553) | | (a) (b) (c) | (1,885,739,553) | 638,150,147 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 6,545,036,402 | | | 6,056,658,489 | | | 5,567,150,147 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (4,399,963,598) | \$ 13,125,036,402 | | \$ (4,888,341,511) | \$ 12,636,658,489 | | \$ (5,377,849,853) | \$ 12,147,150,147 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

SCE&G
Docket No. 2017-305-E
Scenario 6 - Assuming partial recovery of CWIP - Disallow CWIP back to each Revised
Rates Date and a credit to ratepayers of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2010-625 | Pro-Forma December 31, 2018 | | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
|----------|-------------------|--------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|-------------------|-------------------------------------|--------------------------------|
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) (b) | \$ (414,665,300) (1,885,739,553) | 303,595,147 | (a) (b) | \$ (437,198,300) (1,885,739,553) | 281,062,147 | (a) (b) | \$ (445,000,791) (1,885,739,553) | 273,259,656 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,523,892,000) | 3,574,108,000 | (c) | \$ (3,722,256,000) | 3,375,744,000 | (c) | \$ (3,788,217,000) | 3,309,783,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (5,824,296,853) | \$ 11,700,703,147 | | \$ (6,045,193,853) | \$ 11,479,806,147 | | \$ (6,118,957,344) | \$ 11,406,042,656 |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) (c) | (1,885,739,553) | 191,703,147 | (a) (b) (c) | (1,885,739,553) | (29,193,853) | (a) (b) (c) | (1,885,739,553) | (102,957,344) |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 5,120,703,147 | | | 4,899,806,147 | | | 4,826,042,656 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (5,824,296,853) | \$ 11,700,703,147 | | \$ (6,045,193,853) | \$ 11,479,806,147 | | \$ (6,118,957,344) | \$ 11,406,042,656 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | | Pro-Forma Statement of Income | | | | | | | | | | | |
|--|---|--|--|-----|----------------------------|--|-----|----------------------------|--|-----|----------------------------|-------|--|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma December 31, 2018 | L | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | L | Disallow Order 2014-785 | | ro-Forma nber 31, 2018 |
| | | Operating revenues: | | (a) | \$ (64,427,813) | | (a) | \$ (128,953,813) | | (a) | \$ (195,191,813) | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (b) | (1,885,739,553) | \$ 1,119,832,634 | | \$ (1,885,739,553) | \$ 1,055,306,634 | (b) | | s | 989,068,634 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 1,119,832,634 | | (1,885,739,553) | 1,055,306,634 | | (1,885,739,553) | | 989,068,634 |
| | | Operating expenses: | | | | | | | | | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | 1,528,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (c) | \$ 574,150,000 | 1,526,000,000 292,000,000 10,000,000 574,150,000 240,000,000 (305,000,000) 130,000,000 | (c) | 1,121,374,000 | 1,528,000,000 292,000,000 10,000,000 1,121,374,000 240,000,000 (305,000,000) 130,000,000 | (c) | 1,682,436,000 | | 1,526,000,000 292,000,000 10,000,000 1,682,436,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 2,467,150,000 | | | 3,014,374,000 | | | : | 3,575,436,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (1,347,317,366) | | | \$ (1,959,067,366) | | | \$ (2 | 2,586,367,366) |
| | | Assumptions used in application of this scenario: (a) Partial CWIP recovery back to revised rates dates (b) Incremental and cumulative CWIP included in order (c) Incremental and cumulative CWIP included in order | | | | | | | | | | | |
| | | Pre-Tax Cash Flow | | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ (1,347,317,366) | | | \$ (1,959,067,366) | | | \$ (2 | 2,586,367,366) |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ (351,167,366) | | | \$ (415,693,366) | | | \$ | (481,931,366) |
| | | Pre-Tax Credit Metrics | | | | | | | | | | | |
| 26 | | Long term debt to Total assets | 28% | | | 33% | | | 34% | | | | 36% |
| 27 | | Equity to Total assets | 34% | | | 23% | | | 20% | | | | 16% |
| 28 | | Debt to total capitalization (debt + equity) | 45% | | | 59% | | | 63% | | | | 69% |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Dro Forma | Statement of Inco | - |
|-----------|-------------------|---|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2013-680(A) | Pro-Forma December 31, 2019 | | Disallow Order 2012-761 | Pro-Forma December 31, 2019 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 |
|----------------------|--|--|---|-----|-------------------------------|--|-----|----------------------------|--|-----|----------------------------|--|
| | | Operating revenues: | | | | | | | | 4.5 | | |
| | | | | (a) | | | (a) | | | (a) | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (b) | \$ (1,885,739,553) | \$ 921,828,402 | (b) | \$ (1,885,739,553) | \$ 869,679,489 | (b) | \$ (1,885,739,553) | \$ 816,896,147 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | (1,885,739,553) | 921,828,402 | | (1,885,739,553) | 869,679,489 | | (1,885,739,553) | 816,896,147 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 | | | 1,528,000,000 292,000,000 10,000,000 |
| 18 19 20 21 | Page 114, line 14 | Impairment charge Taxes other than income taxes | 240,000,000 (305,000,000) 130,000,000 | (c) | 2,251,792,000 | 2,251,792,000 240,000,000 (305,000,000) 130,000,000 | (c) | 2,688,021,000 | 2,688,021,000 240,000,000 (305,000,000) 130,000,000 | (c) | 3,124,748,000 | 3,124,746,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 4,144,792,000 | | | 4,581,021,000 | | | 5,017,746,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (3,222,963,598) | | | \$ (3,711,341,511) | | | \$ (4,200,849,853) |

Assumptions used in application of this scenario:

- (a) Partial CWIP recovery back to revised rates dates
- (b) Incremental and cumulative CWIP included in order
- (c) Incremental and cumulative CWIP included in order

| | Pre-Tax Cash Flow | | | | |
|----|---|------------------|-------------------------|--------------------|--------------------|
| 24 | Operating income/(loss) | \$ 1,599,000,000 | \$ (3,222,963,598) | \$ (3,711,341,511) | \$ (4,200,849,853) |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | <u>\$ (549,171,598)</u> | \$ (601,320,511) | \$ (654,103,853) |
| | Pre-Tax Credit Metrics | | | | |
| 26 | Long term debt to Total assets | 28% | 38% | 39% | 41% |
| 27 | Equity to Total assets | 34% | <u>12%</u> | 9% | <u>5%</u> |
| 28 | Debt to total capitalization (debt + equity) | <u>45%</u> | <u>75%</u> | <u>81%</u> | 89% |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Pro-Forma | |
|-----------|--|
| | |

| Line No. | FERC Form 1 Ref. | | | o-Forma ber 31, 2018 | | Disallow Order 2010-625 | Pro-Forma December 31, 201 | 8 | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
|----------------------|--|--|--------|---|-----|----------------------------|---|------------|----------------------------|--|-----|-------------------------------|--|
| | | Operating revenues: | | | | | | | | | | | |
| | | | | | (a) | \$ (414,665,300) | | (a) | \$ (437,198,300) | | (a) | \$ (445,000,791) | |
| 13 | Page 114, line 2 | Electric | \$ 3,0 | 070,000,000 | (b) | \$ (1,885,739,553) | \$ 769,595,14 | (b) | \$ (1,885,739,553) | \$ 747,062,147 | (b) | \$ (1,885,739,553) | \$ 739,259,656 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,0 | 070,000,000 | | (1,885,739,553) | 769,595,14 | 7_ | (1,885,739,553) | 747,062,147 | | (1,885,739,553) | 739,259,656 |
| | | Operating expenses: | | | | | | | | | | | |
| 15 16 17 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits | | 526,000,000 292,000,000 10,000,000 | | | 1,526,000,00 292,000,00 10,000,00 |) | | 1,526,000,000 292,000,000 10,000,000 | | | 1,526,000,000 292,000,000 10,000,000 |
| 18 19 20 21 | Page 114, line 14 Page 114, lines 15 - 16 | Impairment charge Taxes other than income taxes | (3 | 240,000,000 (305,000,000) 130,000,000 | (c) | 3,523,892,000 | 3,523,892,00 240,000,00 (305,000,00 130,000,00 | (c) (c) | 3,722,258,000 | 3,722,256,000 240,000,000 (305,000,000) 130,000,000 | (c) | 3,788,217,000 | 3,788,217,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,8 | 893,000,000 | | | 5,416,892,00 | <u>)</u> | | 5,615,256,000 | | | 5,681,217,000 |
| 23 | | Operating income (loss) | \$ 1,1 | 177,000,000 | | | \$ (4,647,296,85 | 3) | | \$ (4,868,193,853) | | | \$ (4,941,957,344) |

Assumptions used in application of this scenario:

- (a) Partial CWIP recovery back to revised rates dates
- (b) Incremental and cumulative CWIP included in order
- (c) Incremental and cumulative CWIP included in order

| | Pre-Tax Cash Flow | | | | |
|----|--|------------------|--------------------|--------------------|--------------------|
| 24 | Operating income/(loss) | \$ 1,599,000,000 | \$ (4,647,296,853) | \$ (4,868,193,853) | \$ (4,941,957,344) |
| | Cash Flows From Operations - excludes Deferred Income | | | | |
| 25 | Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | \$ (701,404,853) | \$ (723,937,853) | \$ (731,740,344) |
| | | | | | |
| | Pre-Tax Credit Metrics | | | | |
| 26 | Long term debt to Total assets | 28% | 42% | 43% | 43% |
| 27 | Equity to Total assets | 34% | 2% | 0% | -1% |
| 28 | Debt to total capitalization (debt + equity) | 45% | 96% | <u>101%</u> | 102% |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Adjustments | | |
|--|----|---------------|
| Total collections from customers under BLRA | \$ | 1,885,739,553 |
| Regulatory asset - unrecovered nuclear project costs | \$ | 3,976,000,000 |
| Annual BLRA revised rates | \$ | 445,000,791 |
| BLRA approved rate increase per Order No.: | | |
| 2009-104(A) | S | 7,802,491 |
| 2009-696 | S | 22,533,000 |
| 2010-625 | S | 47,301,000 |
| 2011-738 | S | 52,783,342 |
| 2012-761 | S | 52,148,913 |
| 2013-680(A) | S | 67,240,232 |
| 2014-785 | S | 66,238,000 |
| 2015-712 | S | 64,526,000 |
| 2016-758 | S | 64,427,813 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

6.3 - Discussion

In Scenario 6, the aim was to show the impact of eliminating each Revised Rates order on the financial metrics of SCE&G, if the orders were eliminated in the sequence in which they were approved, from the most recent to the oldest.

This impact was analyzed using the FERC Form 1 financial filing for SCE&G as of and for the year ended December 31, 2017. The analysis shows partial recovery of CWIP back to each Revised Rates Date and the impact of excluding the incremental and cumulative CWIP included in each order. The portion of the Revised Rates attributable to each Order Number are also cumulatively removed in the analysis as each Order Number is removed. The analysis is based on the 2017 starting actual financials.

The amount to be refunded is \$1.886 billion. The treatment of refunds falls under the guidance of ASC 980-405-25-1 –

"Rate actions of a regulator can impose a liability on a regulated entity. Such liabilities are usually obligations to the entity's customers. The following are the usual ways in which liabilities can be imposed and the resulting accounting:

A regulator may require refunds to customers. FAS 071, paragraph 11 states Refunds can be paid to the customers who paid the amounts being refunded; however, they are usually provided to current customers by reducing current charges. FAS 071, paragraph 11 Refunds that meet the criteria of accrual of loss contingencies (per paragraph 450-20-25-2) shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated entity."

For purposes of analysis, the entire refund amount was deducted from the 2017 actual SCE&G Proprietary Capital and Current Assets in its Statement of Net Position in order to show the full impact of the ordered refund.

6.4 - Adjustments to arrive at pro-forma financial results

The following adjustments were made under Scenario 6 to arrive at the pro-forma financial analysis:

- a. The annual Revised Rates are discontinued
- b. Partial CWIP recovery back to each Revised Rates Date
- c. Refund of \$2 billion of previously collected revenues
- d. Incremental and cumulative CWIP included in each order

The BLRA approved rate increases per Order No. from most recent to the oldest are as follows:

| Order Number | Amount of increase |
|--------------|--------------------|
| 2016-758 | \$64,427,813 |
| 2015-712 | \$64,526,000 |
| 2014-785 | \$66,238,000 |
| 2013-680 (A) | \$67,240,232 |
| 2012-761 | \$52,148,913 |
| 2011-738 | \$52,783,342 |
| 2010-625 | \$47,301,000 |
| 2009-696 | \$22,533,000 |
| 2009-104 (A) | \$7,802,491 |

Also, refer to Appendix B for schedules on the incremental CWIP included in each order and other details.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

7.0 Scenario 7

7.1 – Assuming full recovery of CWIP and no credit to ratepayers of \$2 billion of previously collected revenues

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the period of 2018 – 2021:

- 1. Show full recovery of CWIP
- 2. Do NOT credit ratepayers \$2 billion from previously collected revenues

Executive summary – Scenario 7

In this scenario, the BLRA Revised Rates continue at the 2017 level of approximately \$37 million per month. By granting full recovery of CWIP in this scenario, the accounting rules under ASC 980 require that a Regulatory Asset be created and then amortized over a defined period. The asset will equal the CWIP recovery and be amortized over 39 years. A deeper discussion of the basis behind this is included under 7.3 – Discussion.

The impact on SCE&G's key financial ratios from Scenario 7 are as follows:

| Ratio | Pro-forma 2018 before adjustments | Pro-forma 2018 | Pro-forma 2019 | Pro-forma 2020 | Pro-forma 2021 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Long-term debt/ Total assets | 28% | 28% | 27% | 25% | 24% |
| Equity/ Total assets | 34% | 34% | 38% | 41% | 44% |
| Long-term debt/ Total Capitalization (Debt+Equity) | 45% | 45% | 41% | 38% | 35% |

Table 16 - Executive Summary - Scenario 7

7. 2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. The Revised Rates remain unchanged
 - b. There are no refunds due to customers
 - c. The CWIP recovery asset is amortized over a period of 39.22 years, based on SCE&G's composite depreciation rate for 2017

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Financial impacts

The following table shows the financial impact of this scenario.

Table 17 - Scenario 7 - Assuming full recovery of CWIP and no credit to ratepayers of \$2 billion of previously collected revenues

SCE&G
Docket No. 2017-305-E
Scenario 7 - Assuming full recovery of CWIP and NO credit to ratepayers of \$2 billion of previously collected revenues

| | | Sheet |
|--|--|-------|
| | | |
| | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|--------------------------------------|--------------------------------|-----|-----------------------|--------------------------------|--------------------------------|-----|-----------------------|--------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | | | 2,604,000,000 | 3,781,000,000 | | | 3,781,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (101,376,849) | 6,996,623,151 | 7,098,000,000 | (b) | \$ (202,753,697) | 6,895,246,303 |
| 5 | Page 111, Line 85 | Total Assets | <u>\$ 17,525,000,000</u> | | \$ (101,376,849) | \$ 17,423,623,151 | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (b) | \$ (101,376,849) | \$ 5,914,623,151 | \$ 7,193,000,000 | (b) | \$ (202,753,697) | \$ 6,990,246,303 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 10,843,623,151 | 12,122,000,000 | | | 11,919,246,303 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (101,376,849) | \$ 17,423,623,151 | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |

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SCE&G
Docket No. 2017-305-E
Scenario 7 - Assuming full recovery of CWIP and NO credit to
ratepayers of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|-------------------|---|--------------------------------|-----|-----------------------|--------------------------------|-----|--------------------------------|-----|-----------------------|--------------------------------|
| | | Assets | | | | | | | | | |
| | | | | | | | - 1 | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | | | 4,958,000,000 | | 6,135,000,000 | | | 6,135,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (304,130,546) | 6,793,869,454 | | 7,098,000,000 | (b) | \$ (405,507,394) | 6,692,492,606 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (304,130,546) | \$ 19,574,869,454 | | \$ 21,056,000,000 | | \$ (405,507,394) | \$ 20,650,492,606 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) | \$ (304,130,546) | \$ 8,065,869,454 | | \$ 9,547,000,000 | (b) | \$ (405,507,394) | \$ 9,141,492,608 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 12,994,869,454 | | 14,476,000,000 | | | 14,070,492,608 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (304,130,546) | \$ 19,574,869,454 | ı | \$ 21,056,000,000 | | \$ (405,507,394) | \$ 20,650,492,606 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Pro-Forma Statement of Income Pro-Forma Pro-Forma Pro-Forma Pro-Forma Line No. FERC Form 1 Ref. December 31, 2018 Adjustments December 31, 2018 December 31, 2019 Adjustments December 31, 2019 Operating revenues: 13 Page 114, line 2 Electric 3,070,000,000 3,070,000,000 3,070,000,000 3,070,000,000 Page 114, line 2 3,070,000,000 3,070,000,000 3,070,000,000 Total Operating Revenues 3,070,000,000 Operating expenses: Page 114, lines 3 - 4 Page 114, lines 6 - 11 1,526,000,000 1,526,000,000 1,526,000,000 1,526,000,000 Operation and maintenance expenses 101.376.849 393,376,849 292.000.000 101.376.849 393,376,849 16 17 18 19 20 21 292,000,000 Depreciation and amortization Page 114, line 12 10,000,000 10,000,000 10,000,000 10,000,000 Regulatory debits Impairment charge Page 114, line 14 240,000,000 240,000,000 240,000,000 240,000,000 Taxes other than income taxes Page 114, lines 15 - 16 Income taxes (305,000,000 (305,000,000) (305,000,000) (305,000,000 Page 114, lines 17 - 19 Deferred and other taxes 130,000,000 22 Total operating expenses 1,893,000,000 1,994,376,849 1,893,000,000 1,994,376,849 1,075,623,151 23 Operating income (loss) 1,177,000,000 1,177,000,000 1,075,623,151 Assumptions used in application of this scenario: 101,376,849 101,376,849 (a) Annual amortization of the CWIP asset over 39.22 years (b) Cumulative amortization of the CWIP asset 101,376,849 202,753,697 Pre-Tax Cash Flow 1,177,000,000 1,075,623,151 1,177,000,000 Operating income/(loss) 1,075,623,151 24 Cash Flows From Operations - excludes Deferred Income Taxes, 25 Depreciation, Amortization and Impairment charges 1,599,000,000 1,599,000,000 1,599,000,000 1,599,000,000 Change in Cash Flow 26 Pre-Tax Credit Metrics Long term debt to Total assets 27% 27 28% 28% 26% 28 Equity to Total assets 34% 34% 38% 38% 29 45% 45% 41% 41% Debt to total capitalization (debt + equity) <u>Adjustments</u> Total collections from customers under BLRA Deferred debit - unrecovered nuclear project costs 3,976,000,000 Annual BLRA revised rates Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

Docket No. 2017-305-E, Order No. 2018-102 - Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Pro-Forma | Statement | of Income |
|-----------|-----------|-----------|
| | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|--|---|--|---|-----|-----------------------|---|---|-----|-----------------------|---|
| | | Operating revenues: | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | | \$ 3,070,000,000 | \$ 3,070,000,000 | | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 3,070,000,000 | 3,070,000,000 | | | 3,070,000,000 |
| | | Operating expenses: | | | | | | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | (a) | 101,376,849 | 1,526,000,000 393,376,849 10,000,000 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | (a) | 101,376,849 | 1,526,000,000 393,376,849 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 1,994,376,849 | 1,893,000,000 | | | 1,994,376,849 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 1,075,623,151 | \$ 1,177,000,000 | | | \$ 1,075,623,151 |

Assumptions used in application of this scenario:

101,376,849 (a) Annual amortization of the CWIP asset over 39.22 years (b) Cumulative amortization of the CWIP asset 304,130,546

101,376,849 405,507,394

| | Pre-Tax Cash Flow | | | | |
|----|---|------------------|------------------|------------------|------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,075,623,151 | \$ 1,177,000,000 | \$ 1,075,623,151 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 |
| 26 | Change in Cash Flow | | \$ - | | \$ - |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>25%</u> | 25% | 23% | 24% |
| 28 | Equity to Total assets | <u>42%</u> | 41% | <u>45%</u> | 44% |
| 29 | Debt to total capitalization (debt + equity) | 37% | <u>38%</u> | 34% | <u>35%</u> |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

7.3 - Discussion

Scenario 7 allows full recovery of CWIP (which amount is recorded in deferred debits) totaling \$3.976 billion. The applicable accounting standard for these transactions are addressed by ASC 980-360-35-3, which states, "the entity shall account for the cost of the abandoned plant as follows:

a. Full return on investment is likely to be provided. Any disallowance of all or part of the cost of the abandoned plant that is both probable and reasonably estimable (as defined in Topic 450 Contingencies) shall be recognized as a loss, and the carrying basis of the recorded asset shall be correspondingly reduced. The remainder of the cost of the abandoned plant shall be reported as a separate new asset."

In its financial statements as of and for the year ended December 31, 2017, SCE&G recognized a pre-tax impairment loss of approximately \$1.118 billion, consisting of \$670 million with respect to the probable disallowance of project costs, a pre-tax impairment loss of \$361 million to write off costs that had been previously deferred, primarily as project regulatory assets, and an impairment loss of approximately \$87 million to reduce to estimated fair value the carrying value of nuclear fuel acquired for use in Units 2 and 3.

This leaves a balance of the remainder of the cost of the abandoned plant of unrecovered CWIP of \$3.976 billion, which was reclassified as a deferred debit, pending Commission resolution of the project recovery.

Since, in Scenario 7 full recovery of CWIP is allowed, ASC 980-360-35-8 would then apply, which states "During the recovery period, the new asset shall be amortized as follows.....a. *If full return on investment is likely to be provided,* the asset shall be amortized in the same manner as that used for rate-making purposes."

As the recovery period was not defined for this scenario, our analysis used the SCE&G 2017 composite weighted average depreciation rate of 2.55%, or 39.22 years. We understand the actual rate for nuclear facilities may differ, but this was the most detailed information provided in SCANA's Form 10-K and SCE&G's FERC Form 1 for the year ended December 31, 2017.

7. 4 - Adjustments made to Base Year Pro-forma Financial Statements

The following adjustments were made to the Base Year Pro-Forma Financial Statements under Scenario 7·

Pro-forma 2018

a/b. Cumulative amortization of the CWIP regulatory asset – This reflects the 2018 amortization of the regulatory asset created by the granting of the full recovery of CWIP. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Amortization of regulatory | 101,376,849 | |
| asset | | |
| Current and accrued assets | | 101,376,849 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Pro-forma 2019 - this also incorporates the 2018 adjustments

a/b. Cumulative amortization of the CWIP regulatory asset – This reflects the 2019 amortization of the regulatory asset created by the granting of the full recovery of CWIP and the cumulative amortization since 2018. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Retained earnings | 101,376,849 | |
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 202,753,697 |

Pro-forma 2020 – this also incorporates the 2018 and 2019 adjustments

a/b. Cumulative amortization of the CWIP regulatory asset asset – This reflects the 2020 amortization of the regulatory asset created by the granting of the full recovery of CWIP and the cumulative amortization since 2018. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Retained earnings | 202,753,697 | |
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 304,130,546 |

Pro-forma 2021 - this also incorporates the 2018, 2019 and 2020 adjustments

b. Cumulative amortization of the CWIP regulatory asset – This reflects the 2020 amortization of the regulatory asset created by the granting of the full recovery of CWIP and the cumulative amortization since 2018. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Retained earnings | 304,130,546 | |
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 405,507,394 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

8.0 Scenario 8

8.1 – Assuming full recovery of CWIP and a credit to ratepayers of \$2 billion of previously collected revenues

This scenario shows what the impact the following events would have on the Base Year Pro-forma Statements of SCE&G for the period of 2018 – 2021:

- 1. Show full recovery of CWIP
- 2. Credit ratepayers \$2 billion from previously collected revenues over a four-year term

Executive summary - Scenario 8

In this scenario, the BLRA Revised Rates continue at the 2017 level of approximately \$37 million per month. By granting full recovery of CWIP in this scenario, the accounting rules under ASC 980 require that a regulatory asset be created and then amortized over a defined period. A deeper discussion of the basis behind this is included under 7.3 – Discussion. Also, in this scenario SCE&G must refund the nearly \$2 billion in BLRA Revised Rates it collected from ratepayers from 2009 – 2017. This refund takes place over a 4-year period.

The impact on SCE&G's key financial ratios from Scenario 8 are as follows:

| Ratio | Pro-forma 2018 before adjustments | Pro-forma 2018 | Pro-forma 2019 | Pro-forma 2020 | Pro-forma 2021 |
|---|---|-------------------|-------------------|-------------------|-------------------|
| Long-term debt/ Total assets | 28% | 27% | 27% | 26% | 26% |
| Equity/ Total assets | 34% | 30% | 33% | 36% | 39% |
| Long-term debt/ Total Capitalization (Debt+Equity) | 45% | 48% | 45% | 43% | 40% |

Table 18 - Executive Summary - Scenario 8

8. 2 - Procedures

Baker Tilly performed the following procedures to evaluate this scenario.

- 1. Used the FERC Form 1 financial information for SCE&G as of and for the year ended December 31, 2017.
- 2. Determined the adjustments needed to the Base Year Pro-forma Statements for these items:
 - a. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA over 4 years
 - b. Cumulative amortization of the refund of total collections from customers under the BLRA
 - c. Annual impact of the refund of previous BLRA collections
 - d. Cumulative impact of the refund of previous BLRA collections
 - e. The CWIP recovery asset is amortized over a period of 39.22 years, based on SCE&G's composite depreciation rate for 2017

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Financial Impacts

The following table shows the financial impact of this scenario.

Table 19 - Scenario 8 - Assuming full recovery of CWIP and a credit to ratepayers of \$2 billion of previously collected revenues

SCE&G
Docket No. 2017-305-E
Scenario 8 - Assuming full recovery of CWIP and a credit to ratepayers
of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|--------------------------------------|--------------------------------|-------------------|--|--------------------------------|-----|--------------------------------|-------------------|--|--------------------------------|
| | | Assets | | | | | | | | | |
| | | | | | | | - 1 | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | - 1 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | - 1 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (d) | \$ (471,434,888) | 2,132,565,112 | - 1 | 3,781,000,000 | (d) | \$ (942,889,777) | 2,838,130,224 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (f) (a) (b) | \$ (101,376,849) \$ 1,885,739,563 \$ (471,434,888) | 8,410,927,816 | | 7,098,000,000 | (f) (a) (b) | \$ (202,753,697) \$ 1,885,739,553 \$ (942,869,777) | 7,838,116,079 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ 841,492,928 | \$ 18,366,492,928 | | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |
| | | Capitalization and Liabilities | | | | | - 1 | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (d) (f) | \$ (471,434,888) \$ (101,376,849) | \$ 5,443,188,263 | | \$ 7,193,000,000 | (d) (f) | \$ (942,869,777) \$ (202,753,697) | \$ 6,047,376,526 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 10,372,188,263 | | 12,122,000,000 | | | 10,976,376,526 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (a) (b) | \$ 1,885,739,553 \$ (471,434,888) | 6,194,304,665 | | 4,780,000,000 | (a) (b) | \$ 1,885,739,553 \$ (942,889,777) | 5,722,869,777 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | - 1 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ 841,492,928 | \$ 18,366,492,928 | L | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

SCE&G
Docket No. 2017-305-E
Scenario 8 - Assuming full recovery of CWIP and a credit to ratepayers
of \$2 billion of previously collected revenues

Pro-Forma Balance Sheet

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|-------------------|--------------------------------------|--------------------------------|-------------------|--|--------------------------------|--------------------------------|-------------------|--|--------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (d) | \$ (1,414,304,665) | 3,543,695,335 | 6,135,000,000 | (d) | \$ (1,885,739,553) | 4,249,260,447 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (f) (a) (b) | \$ (304,130,546) \$ 1,885,739,553 \$ (1,414,304,665) | 7,265,304,343 | 7,098,000,000 | (f) (a) (b) | \$ (405,507,394) \$ 1,885,739,553 \$ (1,885,739,553) | 6,692,492,606 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (1,247,000,322) | \$ 18,631,999,678 | \$ 21,056,000,000 | | \$ (2,291,246,947) | \$ 18,764,753,053 |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (d) (f) | \$ (1,414,304,665) \$ (304,130,546) | \$ 6,651,564,790 | \$ 9,547,000,000 | (d) (f) | \$ (1,885,739,553) \$ (405,507,394) | \$ 7,255,753,053 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 11,580,564,790 | 14,476,000,000 | | | 12,184,753,053 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (a) (b) | \$ 1,885,739,553 \$ (1,414,304,665) | 5,251,434,888 | 4,780,000,000 | (a) (b) | \$ 1,885,739,553 \$ (1,885,739,553) | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (1,247,000,322) | \$ 18,631,999,678 | \$ 21,056,000,000 | | \$ (2,291,246,947) | \$ 18,764,753,053 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | | Pro-Forma Statement of Income | | | | | | | | | | |
|----------------------|--|---|--|-----|--|------|--|----|--|-----|--|--|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | | Pro-Forma mber 31, 2018 | De | Pro-Forma cember 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
| | | Operating revenues: | | | | | | Т | | | , | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (c) | \$ (471,434,888 | 3) S | 2,598,565,112 | s | 3,070,000,000 | (c) | \$ (471,434,888) | \$ 2,598,565,112 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | , , , , , , , , , , , , | | 2,598,565,112 | T | 3,070,000,000 | | | 2,598,565,112 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge | 1,526,000,000 292,000,000 10,000,000 | (e) | \$ 101,376,849 | 9 | 1,526,000,000 393,376,849 10,000,000 | | 1,526,000,000 292,000,000 10,000,000 | (e) | \$ 101,376,849 | 1,526,000,000 393,376,849 10,000,000 |
| 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | | 240,000,000 (305,000,000) | | | | 240,000,000 (305,000,000) | | 240,000,000 (305,000,000) | | | 240,000,000 (305,000,000) |
| 21 22 | Page 114, lines 17 - 19 | Deferred and other taxes Total operating expenses | 1,893,000,000 | | | | 1,994,376,849 | - | 1,893,000,000 | | | 1,994,376,849 |
| 23 | | | \$ 1,177,000,000 | | | - | 604,188,263 | - | 1,177,000,000 | | | \$ 604,188,263 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | • | 604,188,263 | 3 | 1,177,000,000 | | | \$ 604,188,263 |
| | | Assumptions used in application of this scenario: (a) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years (b) Cumulative amortization of refund of total collections from customers under BLRA (c) Annual impact of refund of previous BLRA collections (d) Cumulative impact of refund of previous BLRA collections | | | \$ 1,885,739,553 \$ 471,434,888 \$ 471,434,888 \$ 471,434,888 | 3 | | | | | \$ 1,885,739,553 \$ 942,889,777 \$ 471,434,888 \$ 942,889,777 | |
| | | (e) Annual amortization of the CWIP asset over 39.22 years (f) Cumulative amortization of the CWIP asset | Γ | | \$ 101,376,849 \$ 101,376,849 | 9 | | _ | | | \$ 101,376,849 \$ 202,753,697 | |
| | | Pre-Tax Cash Flow | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,177,000,000 | | | \$ | 604,188,263 | \$ | 1,177,000,000 | | | \$ 604,188,263 |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | | | \$ | 1,127,565,112 | \$ | 1,599,000,000 | | | \$ 1,127,585,112 |
| 26 | | Change in Cash Flow | | | | \$ | (471,434,888) | | | | | \$ (471,434,888) |
| | | Pre-Tax Credit Metrics | | | | | | Г | | | | |
| 27 | | Long term debt to Total assets | 28% | | | | 27% | | 26% | | | 27% |
| 28 | | Equity to Total assets | 34% | | | | 30% | | 38% | | | 33% |
| 29 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | | 48% | ┸ | 41% | | | <u>45%</u> |
| | | <u>Adjustments</u> | | | | | • | Ī | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | |
| | | Deferred debit - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | Annual BLRA revised rates | NA | | | | | | | | | |
| | | Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock | | | | | | | | | | |

Page 90 of 98
Protected Materials Prepared for Client and Potential Litigation

Baker Tilly

June 12, 2018

Docket No. 2017-305-E, Order No. 2018-102 - Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| | Pro-Forma Statement of Income | - | | | | | | | | |
|---|--|--|-----|-----------------------|---|---|---|-----|-----------------------|--|
| . FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
| | Operating revenues: | | | | | | | | | |
| Page 114, line 2 | Electric | \$ 3,070,000,000 | (c) | \$ (471,434,888) | \$ 2,598,565,112 | ١ | \$ 3,070,000,000 | (c) | \$ (471,434,888) | \$ 2,598,565,112 |
| Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,598,565,112 | ١ | 3,070,000,000 | | | 2,598,565,112 |
| | Operating expenses: | | | | | ١ | | | | |
| Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 | (e) | \$ 101,376,849 | 1,528,000,000 393,378,849 10,000,000 240,000,000 | | 1,526,000,000 292,000,000 10,000,000 240,000,000 | (e) | \$ 101,376,849 | 1,526,000,000 393,376,849 10,000,000 - 240,000,000 |
| Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Income taxes | (305,000,000) 130,000,000 | | | (305,000,000) 130,000,000 | - | (305,000,000) 130,000,000 | | | (305,000,000) 130,000,000 |

1,994,376,849

604,188,263

1,893,000,000

1,177,000,000

1,994,376,849

| Assumptions used in application of this scenario: | | |
|--|------------------|------------------|
| (a) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years | \$ 1,885,739,553 | \$ 1,885,739,553 |
| (b) Cumulative amortization of refund of total collections from customers under BLRA | \$ 1,414,304,665 | \$ 1,885,739,553 |
| (c) Annual impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 471,434,888 |
| (d) Cumulative impact of refund of previous BLRA collections | \$ 1,414,304,665 | \$ 1,885,739,553 |
| (e) Annual amortization of the CWIP asset over 39.22 years | \$ 101,376,849 | \$ 101,376,849 |
| (f) Cumulative amortization of the CWIP asset | \$ 304,130,546 | \$ 405,507,394 |

1,893,000,000

1,177,000,000

| | Pre-Tax Cash Flow | | | | |
|----|---|------------------|------------------|------------------|------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 604,188,263 | \$ 1,177,000,000 | \$ 604,188,263 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,127,585,112 | \$ 1,599,000,000 | \$ 1,127,585,112 |
| 26 | Change in Cash Flow | | \$ (471,434,888) | | \$ (471,434,888) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | 25% | 26% | 23% | 26% |
| 28 | Equity to Total assets | <u>42%</u> | 36% | <u>45%</u> | 39% |
| 29 | Debt to total capitalization (debt + equity) | <u>37%</u> | 43% | 34% | 40% |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Total operating expenses

Operating income (loss)

Line No.

13

14

22

23

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

Baker Tilly

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

8.3 - Discussion

Scenario 8 allows full recovery of CWIP (which amount is recorded in deferred debits) totaling \$3.976 billion. The applicable accounting standard for these transactions are addressed by ASC 980-360-35-3 which states, "the entity shall account for the cost of the abandoned plant as follows:

b. Full return on investment is likely to be provided. Any disallowance of all or part of the cost of the abandoned plant that is both probable and reasonably estimable (as defined in Topic 450 Contingencies) shall be recognized as a loss, and the carrying basis of the recorded asset shall be correspondingly reduced. The remainder of the cost of the abandoned plant shall be reported as a separate new asset."

In its financial statements as of and for the year ended December 31, 2017, SCE&G recognized a pre-tax impairment loss of approximately \$1.118 billion, consisting of \$670 million with respect to the probable disallowance of project costs, a pre-tax impairment loss of \$361 million to write off costs that had been previously deferred, primarily as project regulatory assets, and an impairment loss of approximately \$87 million to reduce to estimated fair value the carrying value of nuclear fuel acquired for use in Units 2 and 3.

This leaves a balance of the remainder of the cost of the abandoned plant of unrecovered CWIP of \$3.976 billion, which was reclassified as a deferred debit, pending Commission resolution of the project recovery.

Since, in Scenario 8 full recovery of CWIP is allowed, ASC 980-360-35-8 would then apply, which states "During the recovery period, the new asset shall be amortized as follows.....a. *If full return on investment is likely to be provided*, the asset shall be amortized in the same manner as that used for rate-making purposes."

As the recovery period was not defined for this scenario, our analysis used the SCE&G 2017 composite weighted average depreciation rate of 2.55%, or 39.22 years. We understand the actual rate for nuclear facilities may differ, but this was the detailed information provided in SCANA's 10 K and SCE&G's FERC Form 1 for the year ended December 31, 2017.

The amount to be refunded over four years is \$1.886 billion. The treatment of refunds falls under the guidance of ASC 980-405-25-1 –

"Rate actions of a regulator can impose a liability on a regulated entity. Such liabilities are usually obligations to the entity's customers. The following are the usual ways in which liabilities can be imposed and the resulting accounting:

a. A regulator may require refunds to customers. FAS 071, paragraph11 states Refunds can be paid to the customers who paid the amounts being refunded; however, they are usually provided to current customers by reducing current charges. FAS 071, paragraph 11 Refunds that meet the criteria of accrual of loss contingencies (per paragraph 450-20-25-2) shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated entity."

Since the total amount of \$1.886 billion is to be refunded to customers over four years, proper matching dictates that over four years each year's revenues should be reduced by \$1.886 billion divided by 4 years equals \$471 million annually. For purposes of analysis the annual pro-forma statement does not show a liability for the \$471 million, rather it is assumed the refund flows through the annual rate-making process and affects each individual year.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

8. 4 – Adjustments made to Base Year Pro-forma Financial Statements

The following adjustments were made to the Base Year Pro-Forma Financial Statements under Scenario 4:

Pro-forma 2018

a. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

b. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|-------------|-------------|
| Deferred credits – Regulatory liability | 471,434,888 | |
| Deferred debits – Regulatory asset | | 471,434,888 |

c/d. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Revenues | 471,434,888 | |
| Current and accrued assets | | 471,434,888 |

e/f. Cumulative amortization of the CWIP regulatory asset – This reflects the 2018 amortization of the regulatory asset created by the granting of the full recovery of CWIP. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 101,376,849 |

Pro-forma 2019 – this also incorporates the 2018 adjustments

a. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

b. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|---|-------------|-------------|
| Deferred credits – Regulatory liability | 942,869,777 | |
| Deferred debits – Regulatory asset | | 942,869,777 |

c/d. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|-------------|
| Revenues | 471,434,888 | |
| Retained earnings | 471,434,888 | |
| Current and accrued assets | | 942,869,777 |

e/f. Cumulative amortization of the CWIP regulatory asset – This reflects the 2019 amortization of the regulatory asset created by the granting of the full recovery of CWIP and the cumulative amortization since 2018. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Retained earnings | 101,376,849 | |
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 202,753,697 |

Pro-forma 2020 – this also incorporates the 2018 and 2019 adjustments

a. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred debits – Regulatory asset | 1,885,739,553 | |
| Deferred credits – Regulatory liability | | 1,885,739,553 |

b. Cumulative amortization of refund of total collections from customers under the BLRA - this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Account | Debit | Credit |
|---|---------------|---------------|
| Deferred credits – Regulatory liability | 1,414,304,665 | |
| Deferred debits – Regulatory asset | | 1,414,304,665 |

c/d. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

| Account | Debit | Credit |
|----------------------------|-------------|---------------|
| Revenues | 471,434,888 | |
| Retained earnings | 942,869,777 | |
| Current and accrued assets | | 1,414,304,665 |

e/f. Cumulative amortization of the CWIP regulatory asset asset – This reflects the 2020 amortization of the regulatory asset created by the granting of the full recovery of CWIP and the cumulative amortization since 2018. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Retained earnings | 202,753,697 | |
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 304,130,546 |

Pro-forma 2021 – this also incorporates the 2018, 2019 and 2020 adjustments

a. Record the regulatory asset and liability for the refund of total collections from customers under the BLRA – when the refund is ordered by the Commission in this scenario, this creates a regulatory liability for the amount of the refund. It also creates a regulatory debit as an offset and balancing account for amortization of the amounts refunded.

| Account | Debit | Credit |
|------------------|---------------|---------------|
| Deferred debits | 1,885,739,553 | |
| Deferred credits | | 1,885,739,553 |

b. Cumulative amortization of refund of total collections from customers under the BLRA – this reflects the amount of amortization of the cumulative refunds to customers due to the Commission's refund order in this scenario.

| Account | Debit | Credit |
|------------------|---------------|---------------|
| Deferred credits | 1,885,739,553 | |
| Deferred debits | | 1,885,739,553 |

c/d. Cumulative impact of refund of previous BLRA collections on retained earnings (due to income impact) – this is the annual amount refunded to customers, it reduces revenues and reduces current and accrued assets due to use of cash for the refund or a reduction in customer accounts receivable for billings to customers reduced by the amount refunded.

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

| Account | Debit | Credit |
|----------------------------|---------------|---------------|
| Revenues | 471,434,888 | |
| Retained earnings | 1,414,304,665 | |
| Current and accrued assets | | 1,885,739,553 |

e/f. Cumulative amortization of the CWIP regulatory asset – This reflects the 2020 amortization of the regulatory asset created by the granting of the full recovery of CWIP and the cumulative amortization since 2018. The amortization period is 39.22 years, equal to the SCE&G composite depreciation rate.

| Account | Debit | Credit |
|----------------------------------|-------------|-------------|
| Retained earnings | 304,130,546 | |
| Amortization of regulatory asset | 101,376,849 | |
| Current and accrued assets | | 405,507,394 |

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Appendix A
Detailed Schedules for Each Scenario

| Dro Forma | Statement of | Not Position |
|-----------|--------------|--------------|

| | | | Actual | | Pro-Forma 2018 | Pro-Forma | | Pro-Forma 2019 | Pro-Forma |
|----------|-------------------|---|-------------------|-----|------------------|-------------------|-----|------------------|-------------------|
| Line No. | FERC Form 1 Ref. | | December 31, 2017 | | Income | December 31, 2018 | | Income | December 31, 2019 |
| | | Assets: | | | | | | | |
| i | Page 110, Line 2 | Utility plant in service | \$ 11,454,000,000 | | | \$ 11,454,000,000 | | | \$ 11,454,000,000 |
| ii | Page 110, Line 5 | Accumulated depreciation | (4,394,000,000) | | | (4,394,000,000) | | | (4,394,000,000) |
| iii | Page 110, Line 2 | Construction work in progress | 346,000,000 | | | 346,000,000 | | | 346,000,000 |
| iv | Page 110, Line 13 | Nuclear fuel | 208,000,000 | | | 208,000,000 | | | 208,000,000 |
| 1 | Page 110, Line 14 | Net Utility Plant * | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 1,427,000,000 | (a) | \$ 1,177,000,000 | 2,604,000,000 | (a) | \$ 1,177,000,000 | 3,781,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | | | 7,098,000,000 | | | 7,098,000,000 |
| 5 | Page 111, Line 85 | Total Assets Capitalization and Liabilities: | \$ 16,348,000,000 | | \$ 1,177,000,000 | \$ 17,525,000,000 | | \$ 1,177,000,000 | \$ 18,702,000,000 |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 4,839,000,000 | (a) | \$ 1,177,000,000 | \$ 6,016,000,000 | (a) | \$ 1,177,000,000 | \$ 7,193,000,000 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 9,768,000,000 | | | 10,945,000,000 | | | 12,122,000,000 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | Page 112, Line 35 | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 16,348,000,000 | † | \$ 1,177,000,000 | \$ 17,525,000,000 | t | \$ 1,177,000,000 | \$ 18,702,000,000 |

| Pro-Forma Consolidated Statement of Comprehensive Income (Loss) | # |
|---|---|
|---|---|

| Line No. | FERC Form 1 Ref. | | Actual December 31, 2017 | Current Year Income | Pro-Forma December 31, 2018 | Current Year Income | Pro-Forma December 31, 2019 |
|----------|-------------------------|---------------------------------------|-----------------------------|------------------------|--------------------------------|---------------------|--------------------------------|
| | | Operating revenues: | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | \$ 3,070,000,000 | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | 3,070,000,000 | | 3,070,000,000 |
| | | Operating expenses: | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | 1,526,000,000 | | 1,526,000,000 |
| 16 | Page 114, lines 6 - 11 | Depreciation and amortization | 292,000,000 | | 292,000,000 | | 292,000,000 |
| 17 | Page 114, line 12 | Regulatory debits | 10,000,000 | | 10,000,000 | | 10,000,000 |
| 18 | | Impairment charge | - | | - | | - |
| 19 | Page 114, line 14 | Taxes other than income taxes | 240,000,000 | | 240,000,000 | | 240,000,000 |
| 20 | Page 114, lines 15 - 16 | | (305,000,000) | | (305,000,000) | | (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred Income taxes and other taxes | 130,000,000 | | 130,000,000 | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | 1,893,000,000 | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | \$ 1,177,000,000 | | \$ 1,177,000,000 |

Assumptions used in application of this scenario:

* The base year assumes that cash flow for capital expenditure funding equals depreciation expense. Thus, total plant in service remains unchanged.

† Changes from year to year merely reflect the increase in equity due to providing normal service to existing customers. In reality, other assets and liabilities will also change but have not been adjusted to facilitate an easier comparison from year to year.

‡ Operating income - for purposes of analysis, all items below the operating income line are revenue neutral

| | <u>Pre-Tax Cash Flow</u> | | | |
|----|--|------------------|------------------|------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,177,000,000 | \$ 1,177,000,000 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 |
| 26 | Change in Cash Flow | - | - | - |
| | Pre-Tax Credit Metrics | | | |
| 27 | Long-term Debt to Total assets | 30% | 28% | <u>26%</u> |
| 28 | Equity to Total assets | <u>30%</u> | 34% | <u>38%</u> |
| 29 | Debt to Total Capitalization (Debt + Equity) | 50% | 45% | 41% |

Adjustments:

Total collections from customers under BLRA \$ 1,885,739,553 Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates \$ 445,000,791

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

| Pro-Forma | Statement | of Not | Position |
|-----------|-----------|--------|----------|

| | | FIO-FORMA Statement of Net Fosition | | | | | | | |
|----------|-------------------------------------|--|---------------------------------------|-----|--------------------------------------|---------------------------------------|-----|--------------------------------------|---------------------------------------|
| | | | Actual | | Pro-Forma 2020 | Pro-Forma | | Pro-Forma 2021 | Pro-Forma |
| Line No. | FERC Form 1 Ref. | | December 31, 2017 | | Income | December 31, 2020 | | Income | December 31, 2021 |
| | | Assets: | | | | | | | |
| i | Page 110, Line 2 | Utility plant in service | \$ 11.454.000.000 | | | \$ 11,454,000,000 | | | \$ 11,454,000,000 |
| ii | Page 110, Line 5 | Accumulated depreciation | (4,394,000,000) | | | (4,394,000,000) | | | (4,394,000,000) |
| iii | Page 110, Line 2 | Construction work in progress | 346,000,000 | | | 346,000,000 | | | 346,000,000 |
| iv | Page 110, Line 13 | Nuclear fuel | 208,000,000 | | | 208,000,000 | | | 208,000,000 |
| 1 | Page 110, Line 14 | Net Utility Plant * | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 1,427,000,000 | (a) | \$ 1,177,000,000 | 4,958,000,000 | (a) | \$ 1,177,000,000 | 6,135,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | | | 7,098,000,000 | | | 7,098,000,000 |
| 5 | Page 111, Line 85 Page 112, Line 16 | Total Assets Capitalization and Liabilities: Total Proprietary Capital ^ | \$ 16,348,000,000 \$ 4,839,000,000 | (a) | \$ 1,177,000,000 \$ 1,177,000,000 | \$ 19,879,000,000 \$ 8,370,000,000 | (a) | \$ 1,177,000,000 \$ 1,177,000,000 | \$ 21,056,000,000 \$ 9,547,000,000 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 9,768,000,000 | | | 13,299,000,000 | | | 14,476,000,000 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | Page 112, Line 35 | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 16,348,000,000 | † | \$ 1,177,000,000 | \$ 19,879,000,000 | t | \$ 1,177,000,000 | \$ 21,056,000,000 |

Pro-Forma Consolidated Statement of Comprehensive Income (Loss)

| Line No. | FERC Form 1 Ref. | | Actual December 31, 2017 | Current Year Income | Pro-Forma December 31, 2020 | Current Year Income | Pro-Forma December 31, 2021 |
|----------------|--|--|------------------------------|------------------------|--------------------------------|---------------------|--------------------------------|
| | | Operating revenues: | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | \$ 3,070,000,000 | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | 3,070,000,000 | | 3,070,000,000 |
| | | Operating expenses: | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | 1,526,000,000 | | 1,526,000,000 |
| 16 17 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits | 292,000,000 10,000,000 | | 292,000,000 10,000,000 | | 292,000,000 10,000,000 |
| 18 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | | 240,000,000 (305,000,000) | | 240,000,000 (305,000,000) | | 240,000,000 (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred Income taxes and other taxes | 130,000,000 | | 130,000,000 | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | 1,893,000,000 | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | \$ 1,177,000,000 | | \$ 1,177,000,000 |

Assumptions used in application of this scenario:

* The base year assumes that cash flow for capital expenditure funding equals depreciation expense. Thus, total plant in service remains unchanged.

† Changes from year to year merely reflect the increase in equity due to providing normal service to existing customers. In reality, other assets and liabilities will also change but have not been adjusted to facilitate an easier comparison from year to year. ‡ Operating income - for purposes of analysis, all items below the operating income line are revenue neutral

| | <u>Pre-Tax Cash Flow</u> | | | |
|----------|--|-------------------|--------------------------|--------------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,177,000,000 | \$ 1,177,000,000 |
| 25 26 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges Change in Cash Flow | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 |
| | | | | |
| | Pre-Tax Credit Metrics | | | |
| 27 | Pre-Tax Credit Metrics Long-term Debt to Total assets | 30% | <u>25%</u> | <u>23%</u> |
| 27 28 | <u></u> | <u>30%</u> 30% | <u>25%</u> <u>42%</u> | <u>23%</u> <u>45%</u> |

Adjustments:

Total collections from customers under BLRA \$ 1,885,739,553 Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates \$ 445,000,791

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

SCE&G
Docket No. 2017-305-E
Scenario 1 - Suspend annual collection of revised rates and do NOT credit ratepayers \$2 billion of previously collected revenues over a four-year term

| Pro-Forma | Balance | Sheet |
|-----------|---------|-------|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|---|----------------------------------|------------|-------------------------------------|----------------------------------|----------------------------------|-----|--|----------------------------------|
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (445,000,791) | 2,158,999,209 | 3,781,000,000 | (b) | \$ (890,001,582) | 2,890,998,418 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (4,421,000,791) | \$ 13,103,999,209 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) | (445,000,791) \$ (3,976,000,000) | \$ 1,594,999,209 | \$ 7,193,000,000 | (b) | \$ (890,001,582) \$ (3,976,000,000) | \$ 2,326,998,418 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,523,999,209 | 12,122,000,000 | | | 7,255,998,418 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 11 12 | | Non-current liabilities Total Capitalization and Liabilities | 770,000,000 \$ 17,525,000,000 | | \$ (4,421,000,791) | 770,000,000 \$ 13,103,999,209 | 770,000,000 \$ 18,702,000,000 | | \$ (4,866,001,582) | 770,000,000 \$ 13,835,998,418 |

Pro-Forma Statement of Income

| | | | F | Pro-Forma | | Year 1 | | Pro-Forma | Pro-Forma | | Year 2 | | Pro-Forma |
|----------------|--|--|------|--|-----|------------------|-----|--|--|-----|---------------|------|--|
| Line No. | FERC Form 1 Ref. | | Dece | ember 31, 2018 | | Adjustments | Dec | cember 31, 2018 | December 31, 2019 | | Adjustments | Dece | ember 31, 2019 |
| | | Operating revenues: | | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ | 3,070,000,000 | (a) | (445,000,791) | \$ | 2,624,999,209 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ | 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | l | 3,070,000,000 | | | | 2,624,999,209 | 3,070,000,000 | | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | | | | |
| 15 16 17 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits | | 1,526,000,000 292,000,000 10,000,000 | | | | 1,526,000,000 292,000,000 10,000,000 | 1,526,000,000 292,000,000 10,000,000 | | | | 1,526,000,000 292,000,000 10,000,000 |
| 18 19 | Page 114, line 14 | Impairment charge Taxes other than income taxes | | 240,000,000 | (c) | \$ 3,976,000,000 | | 3,976,000,000 240,000,000 | 240,000,000 | | | | 240,000,000 |
| 20 21 | Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Income taxes Deferred and other taxes | | (305,000,000) 130,000,000 | | | | (305,000,000) 130,000,000 | (305,000,000) 130,000,000 | | | | (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | | 1,893,000,000 | | | | 5,869,000,000 | 1,893,000,000 | | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ | 1,177,000,000 | | | \$ | (3,244,000,791) | \$ 1,177,000,000 | | | \$ | 731,999,209 |

Assumptions used in application of this scenario:

| | Suspension of BLRA revised rates Cumulative impact of suspension of BLRA revised rates | \$ | 445,000,791 445,000,791 | 9 | \$ \$ | 445,000,791 890,001,582 |
|-----|---|----|----------------------------|---|----------|----------------------------|
| (c) | Impairment of the V.C. Summer Units 2 & 3 construction | | | | _ | |
| 000 | | S | 3.976.000.000 | | S | 3.976.000.000 |

| 24 | <u>Pre-Tax Cash Flow</u> Operating income/(loss) | \$ 1,177,000,000 | \$ (3,244,000,791) | \$ 1,177,000,000 | \$ 731,999,209 |
|----|---|------------------|---------------------------|-------------------------|-----------------------|
| 24 | | | <u>\$ (3,244,000,751)</u> | <u>\$ 1,177,000,000</u> | <u>\$ 731,555,205</u> |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,153,999,209 | \$ 1,599,000,000 | \$ 1,153,999,209 |
| 26 | Change in Cash Flow | | \$ (445,000,791) | | \$ (445,000,791) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>28%</u> | <u>38%</u> | <u>26%</u> | <u>36%</u> |
| 28 | Equity to Total assets | <u>34%</u> | <u>12%</u> | 38% | <u>17%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>45%</u> | <u>76%</u> | <u>41%</u> | 68% |

Adjustments

Total collections from customers under BLRA Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates \$ 445,000,791

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

SCE&G
Docket No. 2017-305-E
Scenario 1 - Suspend annual collection of revised rates and do NOT credit ratepayers \$2 billion of previously collected revenues over a four-year term

| Pro-Forma | Balance | Sheet |
|-----------|---------|-------|

| | | | Pro-Forma | | Year 3 | Pro-Forma | Γ | Pro-Forma | | Year 4 | Pro-Forma |
|----------|-------------------|--------------------------------------|-------------------|-----|--------------------|-------------------|----|-------------------|-----|--|-------------------|
| Line No. | FERC Form 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | + | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) | \$ (1,335,002,373) | 3,622,997,627 | | 6,135,000,000 | (b) | \$ (1,780,003,164) | 4,354,996,836 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 | | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |
| | | Capitalization and Liabilities | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) | | \$ 3,058,997,627 | | \$ 9,547,000,000 | (b) | \$ (1,780,003,164) \$ (3,976,000,000) | \$ 3,790,996,836 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | ı. | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 7,987,997,627 | | 14,476,000,000 | | | 8,719,996,836 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | Ŀ | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |

Pro-Forma Statement of Income

| Line No. | FERC Form 1 Ref. | | Pro-Forma ember 31, 2020 | | Year 3 Adjustments | De | Pro-Forma ecember 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | | Pro-Forma ember 31, 2021 |
|----------|-------------------------|------------------------------------|-----------------------------|-----|-----------------------|----|-------------------------------|--------------------------------|-----|-----------------------|----|-----------------------------|
| | | Operating revenues: | · | | | | | · | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ | 2,624,999,209 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ | 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | _ | 2,624,999,209 | 3,070,000,000 | | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | | | 1,526,000,000 | 1,526,000,000 | | | | 1,526,000,000 |
| 16 | Page 114, lines 6 - 11 | Depreciation and amortization | 292,000,000 | | | | 292,000,000 | 292,000,000 | | | | 292,000,000 |
| 17 | Page 114, line 12 | Regulatory debits | 10,000,000 | | | | 10,000,000 | 10,000,000 | | | | 10,000,000 |
| 18 | | Impairment charge | - | | | | - | - | | | | - |
| 19 | Page 114, line 14 | Taxes other than income taxes | 240,000,000 | | | | 240,000,000 | 240,000,000 | | | | 240,000,000 |
| 20 | Page 114, lines 15 - 16 | | (305,000,000) | | | | (305,000,000) | (305,000,000) | | | | (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | _ | 130,000,000 | 130,000,000 | | | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | _ | 1,893,000,000 | 1,893,000,000 | | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ | 731,999,209 | \$ 1,177,000,000 | | | \$ | 731,999,209 |

Assumptions used in application of this scenario:

| (a) Suspension of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|--|------------------|------------------|
| (b) Cumulative impact of suspension of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction | | |
| costs | \$ 3,976,000,000 | \$ 3,976,000,000 |

| | Pre-Tax Cash Flow | | | | |
|----------|--|------------------|--------------------------------------|------------------|--------------------------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 731,999,209 | \$ 1,177,000,000 | \$ 731,999,209 |
| 25 26 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges Change in Cash Flow | \$ 1,599,000,000 | \$ 1,153,999,209 \$ (445,000,791) | \$ 1,599,000,000 | \$ 1,153,999,209 \$ (445,000,791) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>25%</u> | <u>34%</u> | <u>23%</u> | <u>32%</u> |
| 28 | Equity to Total assets | <u>42%</u> | <u>21%</u> | <u>45%</u> | <u>25%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>37%</u> | <u>62%</u> | <u>34%</u> | <u>57%</u> |
| | | | | | |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

| Due | Farma. | Dalamas | Chast |
|-----|--------|---------|-------|

| | | F10-F0IIIa Balance Sheet | | | | | | | | |
|----------|-------------------|--------------------------------------|--------------------------------|------------|--|--------------------------------|--------------------------------|------------|--|--------------------------------|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
| Line No. | TERO FORM TREE. | | December 31, 2010 | | Aujustilients | December 31, 2010 | December 51, 2015 | | Aujustinents | December 51, 2015 |
| | | Assets | | | | | | | | |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) (g) | \$ (445,000,791) \$ (471,434,888) | 1,687,564,321 | 3,781,000,000 | (b) (g) | \$ (890,001,582) \$ (942,869,777) | 1,948,128,642 |
| | | | | | | | | | , , , , , , | |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | |
| | | | | (u) (e) | \$ (471,434,888) | 4,536,304,665 | 7,098,000,000 | (e) | | 4,064,869,777 |
| | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| | | | | | | | | | | |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) | (445,000,791) | | \$ 7,193,000,000 | (b) | | \$ 1,384,128,642 |
| | | | | (c) (q) | \$ (3,976,000,000) \$ (471,434,888) | | | (c) (q) | \$ (3,976,000,000) \$ (942,869,777) | |
| | | | | (9) | φ (471,434,000) | | | (9) | \$ (542,005,111) | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,052,564,321 | 12,122,000,000 | | | 6,313,128,642 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) | \$ 1,885,739,553 | 6,194,304,665 | 4,780,000,000 | (d) | \$ 1,885,739,553 | 5,722,869,777 |
| | - , | | ,, | (e) | | | | (e) | | |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|--|------------------|--------------------------|---|-----|-----------------------|--|---|--|-----|-----------------------|---|
| | | Operating revenues: | | (f) | | | | | () | \$ (471,434,888) | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,153,564,321 | | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,153,564,321 | | 3,070,000,000 | | | 2,153,564,321 |
| | | Operating expenses: | | | | | | | | | |
| 15 16 17 18 19 20 21 | | | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | (c) | \$ 3,976,000,000 | 1,526,000,000 292,000,000 10,000,000 3,976,000,000 240,000,000 (305,000,000) 130,000,000 | | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | | | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,869,000,000 | | 1,893,000,000 | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (3,715,435,679) | Į | \$ 1,177,000,000 | | | \$ 260,564,321 |

Assumptions used in application of this scenario:

| (a) Suspension of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|--|--|--|
| (b) Cumulative impact of suspension of BLRA revised rates | \$ 445,000,791 | \$ 890,001,582 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | \$ 3,976,000,000 | \$ 3,976,000,000 |
| (d) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years (e) Cumulative amortization of refund of total collections from | \$ 1,885,739,553 | \$ 1,885,739,553 |
| (f) Annual impact of refund of previous BLRA collections (g) Cumulative impact of refund of previous BLRA collections | \$ 471,434,888 \$ 471,434,888 \$ 471,434,888 | \$ 942,869,777 \$ 471,434,888 \$ 942,869,777 |

| | Pre-Tax Cash Flow | | | | |
|----------|--|-------------------------------|-------------------------|--------------------------|-----------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ (3,715,435,679) | \$ 1,177,000,000 | \$ 260,564,321 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes Depreciation, Amortization and Impairment charges | s, <u>\$ 1,599,000,000</u> | <u>\$ 682,564,321</u> | \$ 1,599,000,000 | <u>\$ 682,564,321</u> |
| 26 | Change in Cash Flow | | \$ (916,435,679) | | \$ (916,435,679) |
| | | | | | |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Pre-Tax Credit Metrics Long term debt to Total assets | <u>28%</u> | <u>35%</u> | <u>26%</u> | <u>36%</u> |
| 27 28 | <u></u> | 28% 34% | <u>35%</u> <u>8%</u> | <u>26%</u> <u>38%</u> | <u>36%</u> 10% |

Total collections from customers under BLRA \$ 1,885,739,553 \$ 3,976,000,000 Deferred debit - unrecovered nuclear project costs Annual BLRA revised rates \$ 445,000,791

Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

| Dro Forma | Palanco | Choot |
|-----------|---------|-------|

| | | Pro-rorma Balance Sneet | | | | | | | | | |
|----------|-------------------|---|-------------------|-------------------|--|-------------------|-----------|-------------------|-------------------|--|-------------------|
| | | | Pro-Forma | | Year 3 | Pro-Forma | | Pro-Forma | | Year 4 | Pro-Forma |
| Line No. | FERC Form 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | Assets | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | - | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) (g) | \$ (1,335,002,373) \$ (1,414,304,665) | 2,208,692,962 | | 6,135,000,000 | (b) (g) | \$ (1,780,003,164) \$ (1,885,739,553) | 2,469,257,283 |
| 4 | Page 111, Line 84 | Deferred debits | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | | | | (c) (d) | \$ (3,976,000,000) \$ 1,885,739,553 | |
| | | | 7,098,000,000 | (e) | \$ (1,414,304,665) | 3,593,434,888 | - | 7,098,000,000 | (e) | \$ (1,885,739,553) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | <u>\$</u> | 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) (c) (g) | \$ (1,335,002,373) \$ (3,976,000,000) \$ (1,414,304,665) | \$ 1,644,692,962 | \$ | 9,547,000,000 | (b) (c) (g) | \$ (1,780,003,164) \$ (3,976,000,000) \$ (1,885,739,553) | \$ 1,905,257,283 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | - | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 6,573,692,962 | | 14,476,000,000 | | | 6,834,257,283 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,414,304,665) | 5,251,434,888 | | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,885,739,553) | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | - | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | \$ | 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |

| Line No. | FERC Form 1 Ref. | | Pro-Forma mber 31, 2020 | | Year 3 Adjustments | De | Pro-Forma ecember 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|-------------------------|--|----------------------------|-----|-----------------------|----|-------------------------------|--------------------------------|-----|-----------------------|--------------------------------|
| | | Operating revenues: | | | | | | | | | |
| | | | | (f) | \$ (471,434,888) | | | | (f) | \$ (471,434,888) | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ | 2,153,564,321 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | _ | 2,153,564,321 | 3,070,000,000 | | | 2,153,564,321 |
| | | Operating expenses: | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | | | 1,526,000,000 | 1,526,000,000 | | | 1,526,000,000 |
| 16 | Page 114, lines 6 - 11 | Depreciation and amortization | 292,000,000 | | | | 292,000,000 | 292,000,000 | | | 292,000,000 |
| 17 18 | Page 114, line 12 | Regulatory debits Impairment charge | 10,000,000 | | | | 10,000,000 | 10,000,000 | | | 10,000,000 |
| 19 | Page 114, line 14 | Taxes other than income taxes | 240,000,000 | | | | 240,000,000 | 240,000,000 | | | 240,000,000 |
| 20 | Page 114, lines 15 - 16 | | (305,000,000) | | | | (305,000,000) | (305,000,000) | | | (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | _ | 130,000,000 | 130,000,000 | | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | | 1,893,000,000 | 1,893,000,000 | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ | 260,564,321 | \$ 1,177,000,000 | | | \$ 260,564,321 |

Assumptions used in application of this scenario:

| (a) Suspension of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|--|--|--|
| (b) Cumulative impact of suspension of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | \$ 3,976,000,000 | \$ 3,976,000,000 |
| (d) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years (e) Cumulative amortization of refund of total collections from | <u>\$ 1,885,739,553</u> | \$ 1,885,739,553 |
| (e) Commission of the standard | \$ 1,414,304,665 \$ 471,434,888 \$ 1,414,304,665 | \$ 1,885,739,553 \$ 471,434,888 \$ 1,885,739,553 |

| 24 | <u>Pre-Tax Cash Flow</u> Operating income/(loss) | \$ 1,177,000,000 | \$ 260,564,321 | \$ 1,177,000,000 | \$ 260,564,321 |
|----------|--|--------------------------|------------------|--------------------------|------------------------|
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 682,564,321 | \$ 1,599,000,000 | \$ 682,564,321 |
| 26 | Change in Cash Flow | | \$ (916,435,679) | | \$ (916,435,679) |
| | | | | | |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Pre-Tax Credit Metrics Long term debt to Total assets | <u>25%</u> | <u>36%</u> | <u>23%</u> | <u>-</u> <u>37%</u> |
| 27 28 | | <u>25%</u> <u>42%</u> | 36% 12% | <u>23%</u> <u>45%</u> | 37% 14% |

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

| Dro | Earma | Ralance | Choot |
|-----|-------|---------|-------|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | ſ | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|----------|-------------------|---|--------------------------------|------------|-------------------------------------|--------------------------------|---|--------------------------------|------------|--|--------------------------------|
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (445,000,791) | 2,158,999,209 | | 3,781,000,000 | (b) | \$ (890,001,582) | 2,890,998,418 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 | | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (4,421,000,791) | \$ 13,103,999,209 | | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| 6 | Page 112, Line 16 | Capitalization and Liabilities Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) | (445,000,791) \$ (3,976,000,000) | \$ 1,594,999,209 | | \$ 7,193,000,000 | (b) (c) | \$ (890,001,582) \$ (3,976,000,000) | \$ 2,326,998,418 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,523,999,209 | | 12,122,000,000 | | | 7,255,998,418 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | \$ (4.421.000.791) | 770,000,000 | | 770,000,000 | | ¢ (4.955.004.592) | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (4,421,000,791) | \$ 13,103,999,209 | L | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|--|---|--------------------------|--|-----|-----------------------|--|--|-----|-----------------------|---|
| | | Operating revenues: | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,624,999,209 | 3,070,000,000 | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 | Deferred and other taxes | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | | \$ 3,976,000,000 | 1,526,000,000 292,000,000 10,000,000 3,976,000,000 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | | | 1.526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,869,000,000 | 1,893,000,000 | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (3,244,000,791) | \$ 1,177,000,000 | | | \$ 731,999,209 |

Assumptions used in application of this scenario:

| (a) | Elimination of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|-------|--|---------------------|---------------------|
| (- / | Cumulative impact of elimination of BLRA revised rates | \$ 445,000,791 | \$ 890,001,582 |
| (c) | Impairment of the V.C. Summer Units 2 & 3 construction | | |
| cos | ts. | \$ 3,976,000,000 | \$ 3,976,000,000 |

| | | · | | _ | |
|----|---|-------------------------|--------------------|------------------|-------------------------|
| | Pre-Tax Cash Flow | | | | |
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ (3,244,000,791) | \$ 1,177,000,000 | \$ 731,999,209 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | <u>\$ 1,599,000,000</u> | \$ 1,153,999,209 | \$ 1,599,000,000 | <u>\$ 1,153,999,209</u> |
| 26 | Change in Cash Flow | | \$ (445,000,791) | | \$ (445,000,791) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>28%</u> | <u>38%</u> | <u>26%</u> | <u>36%</u> |
| 28 | Equity to Total assets | 34% | 12% | 38% | 17% |
| 29 | Debt to total capitalization (debt + equity) | <u>45%</u> | <u>76%</u> | <u>41%</u> | <u>68%</u> |

Total collections from customers under BLRA Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates \$ 445,000,791

Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

| Pro-Forma Ralance Sh | |
|----------------------|--|

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|------------|---------------------|--------------------------------------|--------------------------------|-----|--|--------------------------------|--------------------------------|-----|--|--------------------------------|
| 2.110 110. | 12.1010 | A | 2000111201 011, 2020 | | rajadanono | 2000111201 01, 2020 | 2000111201 01, 2021 | | rajaomonio | 2000111201 01, 2021 |
| | | Assets | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| | | • | | | | | | | | |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) | \$ (1,335,002,373) | 3,622,997,627 | 6,135,000,000 | (b) | \$ (1,780,003,164) | 4,354,996,836 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (a) | \$ (3,976,000,000) | 3,122,000,000 | 7.098.000.000 | (a) | \$ (3,976,000,000) | 3.122.000.000 |
| 4 | Page 111, Line 64 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 | 7,098,000,000 | (c) | \$ (3,976,000,000) | 3,122,000,000 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |
| | | Capitalization and Liabilities | | | | | | | | |
| | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) | \$ (1,335,002,373) \$ (3,976,000,000) | \$ 3,058,997,627 | \$ 9,547,000,000 | (b) | \$ (1,780,003,164) \$ (3,976,000,000) | \$ 3,790,996,836 |
| | | | | () | (3). | | | | (1) | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 7,987,997,627 | 14,476,000,000 | | | 8,719,996,836 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 10 | . age 110, Ellie 00 | Describe distant | 4,700,000,000 | | | 4,700,000,000 | 4,700,000,000 | | | 4,700,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (5,311,002,373) | \$ 14,567,997,627 | \$ 21,056,000,000 | | \$ (5,756,003,164) | \$ 15,299,996,836 |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|---|--|--|-----|-----------------------|--|---|-----|-----------------------|---|
| | | Operating revenues: | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,624,999,209 | 3,070,000,000 | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | |
| 21 | Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | | | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | | | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 1,893,000,000 | 1,893,000,000 | | | 1,893,000,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 731,999,209 | \$ 1,177,000,000 | | | \$ 731,999,209 |

Assumptions used in application of this scenario:

| (a) Elimination of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|--|------------------|------------------|
| (b) Cumulative impact of elimination of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction costs | \$ 3,976,000,000 | \$ 3,976,000,000 |

| - | | ı | | _ | 1 |
|----------|--|------------------|--------------------------------------|------------------|--------------------------------------|
| | Pre-Tax Cash Flow | | | | |
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 731,999,209 | \$ 1,177,000,000 | \$ 731,999,209 |
| 25 26 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges Change in Cash Flow | \$ 1,599,000,000 | \$ 1,153,999,209 \$ (445,000,791) | \$ 1,599,000,000 | \$ 1,153,999,209 \$ (445,000,791) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>25%</u> | <u>34%</u> | <u>23%</u> | <u>32%</u> |
| 28 | Equity to Total assets | <u>42%</u> | 21% | <u>45%</u> | <u>25%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>37%</u> | <u>62%</u> | <u>34%</u> | <u>57%</u> |

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

| Dro Forma | Palanco | Choot |
|-----------|---------|-------|

| | | F10-F0IIIa Balance Sheet | | | | | _ | | | | |
|-----------|-----------------------|--------------------------------------|--------------------------------|------------|--|--------------------------------|---|---|------------|--|---|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
| Line ite. | r Erro r orini r rron | | 20002010 | | Adjustinonts | 2000111201 01, 2010 | 1 | 2000111201 011, 2010 | | rajactinonto | 2000111201 01, 2010 |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (445,000,791) | 1,687,564,321 | | 3,781,000,000 | (b) | | 1,948,128,642 |
| | | | | (g) | \$ (471,434,888) | | | | (g) | \$ (942,869,777) | |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,976,000,000) \$ 1,885,739,553 | | | | (c) | \$ (3,976,000,000) \$ 1,885,739,553 | |
| | | | | (d) (e) | \$ 1,885,739,553 \$ (471,434,888) | 4,536,304,665 | | 7,098,000,000 | (d) (e) | | 4,064,869,777 |
| | | | | (-) | , (, , , , , , , , | | | , | (-) | , (-), | , |
| 5 | Page 111, Line 85 | Total Assets | \$ 17.525.000.000 | | \$ (3,478,131,015) | \$ 14.046.868.986 | | \$ 18.702.000.000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| Ü | 1 ago 111, 2.110 00 | 1000 | <u> </u> | | <u> </u> | <u> </u> | | 10,102,000,000 | | (4,000,001,002) | <u> </u> |
| | | Capitalization and Liabilities | | | | | | | | | |
| | | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (a) (c) | (445,000,791) \$ (3,976,000,000) | \$ 1,123,564,321 | | \$ 7,193,000,000 | (b) | \$ (890,001,582) \$ (3,976,000,000) | \$ 1,384,128,642 |
| | | | | (g) | \$ (471,434,888) | | | | (g) | \$ (942,869,777) | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| | | · | | | | | | | | | |
| 8 | | Total Capitalization | 10,945,000,000 | | | 6,052,564,321 | | 12,122,000,000 | | | 6,313,128,642 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) | | 6,194,304,665 | | 4,780,000,000 | (d) | \$ 1,885,739,553 | 5,722,869,777 |
| | | | | (e) | | | | | (e) | \$ (942,869,777) | · |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (3,478,131,015) | \$ 14,046,868,986 | | \$ 18,702,000,000 | | \$ (4,866,001,582) | \$ 13,835,998,418 |
| | | • | | | | | | | _ | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forr December 31 | | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|--|--|---|--------------------------|--------|------------|-----------------------------------|--|---|-----|-----------------------------------|---|
| 13 | Page 114, line 2 | Operating revenues: | \$ 3,070,0 | 00 000 | (f) (a) | \$ (471,434,888) (445,000,791) | | \$ 3,070,000,000 | () | \$ (471,434,888) (445,000,791) | \$ 2,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues Operating expenses: | 3,070,0 | | (a) | (443,000,731) | 2,153,564,321 | 3,070,000,000 | (a) | (443,000,791) | 2,153,564,321 |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Deferred and other taxes | 240,0 (305,0 130,0 | 00,000 | (c) | \$ 3,976,000,000 | 1,526,000,000 292,000,000 10,000,000 3,976,000,000 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | | | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 23 | | Total operating expenses Operating income (loss) | 1,893,0 \$ 1,177,0 | | | | 5,869,000,000 \$ (3,715,435,679) | 1,893,000,000 \$ 1,177,000,000 | | | 1,893,000,000 \$ 260,564,321 |

Assumptions used in application of this scenario:

| (a) Elimination of BLRA revised rates (b) Cumulative impact of elimination of BLRA revised rates | \$ 445,000,791 \$ 445,000,791 | \$ 445,000,791 \$ 890,001,582 |
|---|----------------------------------|----------------------------------|
| (c) Impairment of the V.C. Summer Units 2 & 3 construction | Ψ-1-0,000,731 | Ψ 030,001,302 |
| costs | \$ 3,976,000,000 | \$ 3,976,000,000 |
| (d) Record the regulatory asset and liability for the refund of total collections from customers under BLRA | \$ 1,885,739,553 | \$ 1,885,739,553 |
| (e) Cumulative amortization of refund of total collections from | \$ 471,434,888 | \$ 942,869,777 |
| customers under BLRA (f) Annual impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 471,434,888 |
| (g) Cumulative impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 942,869,777 |

| | Pre-Tax Cash Flow | | | | |
|----------|--|-------------------|--------------------|-------------------|-------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ (3,715,435,679) | \$ 1,177,000,000 | \$ 260,564,321 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 682,564,321 | \$ 1,599,000,000 | \$ 682,564,321 |
| 26 | Change in Cash Flow | | \$ (916,435,679) | | \$ (916,435,679) |
| | | | | | |
| | | 1 | | | |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Pre-Tax Credit Metrics Long term debt to Total assets | <u>28%</u> | <u>35%</u> | <u>26%</u> | <u>36%</u> |
| 27 28 | | <u>28%</u> 34% | 35% 8% | <u>26%</u> 38% | <u>36%</u> 10% |

Adjustments

Total collections from customers under BLRA \$ 1,885,739,553 Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates \$ 445,000,791

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

| Pro-Forma Balance Sheet | | Pro-Forma | Balance | Sheet | |
|-------------------------|--|-----------|---------|-------|--|
|-------------------------|--|-----------|---------|-------|--|

| | | | Pro-Forma | | Year 3 | Pro-Forma | Γ | Pro-Forma | | Year 4 | Pro-Forma |
|----------|-------------------|--------------------------------------|-------------------|------------|--|-------------------|----|-------------------|------------|--|-------------------|
| Line No. | FERC Form 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | - | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (b) (g) | \$ (1,335,002,373) \$ (1,414,304,665) | 2,208,692,962 | | 6,135,000,000 | (b) (g) | \$ (1,780,003,164) \$ (1,885,739,553) | 2,469,257,283 |
| 4 | Page 111, Line 84 | Deferred debits | | (c) | \$ (3,976,000,000) | | | | (c) | \$ (3,976,000,000) | |
| | | | 7,098,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,414,304,665) | 3,593,434,888 | | 7,098,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,885,739,553) | 3,122,000,000 |
| | | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | 1 | \$ 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |
| | | Capitalization and Liabilities | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) | | \$ 1,644,692,962 | : | 9,547,000,000 | (b) | \$ (1,780,003,164) | \$ 1,905,257,283 |
| | | | | (c) (g) | \$ (3,976,000,000) \$ (1,414,304,665) | | | | (c) (g) | \$ (3,976,000,000) \$ (1,885,739,553) | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 6,573,692,962 | | 14,476,000,000 | | | 6,834,257,283 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,414,304,665) | 5,251,434,888 | | 4,780,000,000 | (d) (e) | \$ 1,885,739,553 \$ (1,885,739,553) | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | (-/ | . (:,:::,::::1,000) | 770,000,000 | I. | 770,000,000 | (-/ | (1,000) | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (6,253,872,150) | \$ 13,625,127,851 | Ŀ | \$ 21,056,000,000 | | \$ (7,641,742,717) | \$ 13,414,257,283 |

| Line No. | FERC Form 1 Ref. | | | Pro-Forma ember 31, 2020 | | | Year 3 Adjustments | De | Pro-Forma ecember 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|--|--|-----|-----------------------------|-----|----|-----------------------|----|-------------------------------|--------------------------------|-----|-----------------------|--------------------------------|
| | | Operating revenues: | | | | | | | | | | | |
| | | | | | (f) | \$ | (471,434,888) | | | | (f) | \$ (471,434,888) | |
| 13 | Page 114, line 2 | Electric | \$ | 3,070,000,000 | (a) | | (445,000,791) | \$ | 2,153,564,321 | \$ 3,070,000,000 | (a) | (445,000,791) | \$ 2,153,564,321 |
| 14 | Page 114, line 2 | Total Operating Revenues | | 3,070,000,000 | | | | _ | 2,153,564,321 | 3,070,000,000 | | | 2,153,564,321 |
| | | Operating expenses: | | | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | | 1,526,000,000 | | | | | 1,526,000,000 | 1,526,000,000 | | | 1,526,000,000 |
| 16 17 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits | | 292,000,000 10,000,000 | | | | | 292,000,000 10,000,000 | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 |
| 18 19 | Page 114, line 14 | Impairment charge Taxes other than income taxes | | 240,000,000 | | | | | 240,000,000 | 240,000,000 | | | 240,000,000 |
| 20 21 | Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Income taxes Deferred and other taxes | | (305,000,000) 130,000,000 | | | | | (305,000,000) 130,000,000 | (305,000,000) 130,000,000 | | | (305,000,000) 130,000,000 |
| 22 | 9 , | | - | 1.893.000.000 | | | | _ | 1.893.000.000 | 1.893.000.000 | | | 1.893.000.000 |
| 22 | | Total operating expenses | I — | 1,093,000,000 | | 1 | | — | 1,093,000,000 | 1,093,000,000 | | | 1,093,000,000 |
| 23 | | Operating income (loss) | \$ | 1,177,000,000 | | | | \$ | 260,564,321 | \$ 1,177,000,000 | | | \$ 260,564,321 |

Assumptions used in application of this scenario:

| (a) Elimination of BLRA revised rates | \$ 445,000,791 | \$ 445,000,791 |
|---|------------------|------------------|
| (b) Cumulative impact of elimination of BLRA revised rates | \$ 1,335,002,373 | \$ 1,780,003,164 |
| (c) Impairment of the V.C. Summer Units 2 & 3 construction | | |
| costs | \$ 3,976,000,000 | \$ 3,976,000,000 |
| (d) Record the regulatory asset and liability for the refund of | | |
| total collections from customers under BLRA | \$ 1,885,739,553 | \$ 1,885,739,553 |
| (e) Cumulative amortization of refund of total collections from | | |
| customers under BLRA | \$ 1,414,304,665 | \$ 1,885,739,553 |
| (f) Annual impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 471,434,888 |
| (g) Cumulative impact of refund of previous BLRA collections | \$ 1,414,304,665 | \$ 1,885,739,553 |
| | | |

| | Pre-Tax Cash Flow | | | | |
|----------|--|-------------------|------------------|------------------|------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 260,564,321 | \$ 1,177,000,000 | \$ 260,564,321 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 682,564,321 | \$ 1,599,000,000 | \$ 682,564,321 |
| 26 | Change in Cash Flow | | \$ (916,435,679) | | \$ (916,435,679) |
| | | + | | | |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>25%</u> | <u>36%</u> | <u>23%</u> | <u>37%</u> |
| | | | | | |
| 28 | Equity to Total assets | 42% | <u>12%</u> | <u>45%</u> | 14% |
| 28 29 | Equity to Total assets Debt to total capitalization (debt + equity) | <u>42%</u> 37% | 12% 75% | 45% 34% | 14% 72% |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^Total Proprietary Capital includes \$100,000 for preferred stock

| | | Pro-Forma Balance Sheet | | | | | | | | | | | |
|----------------------|--|--|---|------------|--------------------------------------|--|------------|--|--|------------|--|---|---|
| Line No. | | | Pro-forma December 31, 2018 | 1 | Disallow Order 2016-758 | Pro-Forma December 31, 2018 |] | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 | |
| | | Assets | | | | | | | | | | · | 1 |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 | |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (64,427,813) | 2,539,572,187 | (a) | \$ (128,953,813) | 2,475,046,187 | (a) | \$ (195,191,813) | 2,408,808,187 | |
| 4 | Page 111 Line 94 | Deferred debits | 7 000 000 000 | (b) | \$ (E74.1E0.000) | 6 522 950 000 | (b) | \$ (4.124.274.000) | E 076 626 000 | (b) | © (4 692 426 000) | E 41E E64 000 | |
| 5 | Page 111, Line 84 Page 111, Line 85 | Total Assets | 7,098,000,000 \$ 17,525,000,000 | (b) | \$ (574,150,000) \$ (638,577,813) | \$ 16,886,422,187 | (D) | \$ (1,121,374,000) \$ (1,250,327,813) | 5,976,626,000 \$ 16,274,672,187 | (D) | \$ (1,682,436,000) \$ (1,877,627,813) | 5,415,564,000 \$ 15,647,372,187 | ٠ |
| 3 | rage 111, Line 65 | Total Assets | 9 17,323,000,000 | | φ (030,377,813) | 9 10,000,422,107 | | 9 (1,230,327,613) | φ 10,274,072,107 | | <u>\$ (1,877,027,013)</u> | φ 13,047,372,167 | • |
| | | Capitalization and Liabilities | | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) | \$ (64,427,813) \$ (574,150,000) | | (a) (b) | \$ (128,953,813) \$ (1,121,374,000) | 4,765,672,187 | (a) (b) | | 4,138,372,187 | |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | |
| 8 | | Total capitalization | 10,945,000,000 | | | 10,306,422,187 | | | 9,694,672,187 | | | 9,067,372,187 | |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 | _ |
| | | | | | | | | | | | | | |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (638,577,813) | \$ 16,886,422,187 | J | \$ (1,250,327,813) | \$ 16,274,672,187 | | \$ (1,877,627,813) | \$ 15,647,372,187 | J |
| | | Pro-Forma Statement of Income | | - | | | | | | | | | |
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma December 31, 2018 | | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 | , |
| | | Operating revenues: | | | | | | | | | | | 1 |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (64,427,813) | \$ 3,005,572,187 | (a) | \$ (128,953,813) | \$ 2,941,046,187 | (a) | \$ (195,191,813) | \$ 2,874,808,187 | |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 3,005,572,187 | | | 2,941,046,187 | | | 2,874,808,187 | |
| | | Operating expenses: | | | | | | | | | | | |
| 15 16 17 18 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge | 1,526,000,000 292,000,000 10,000,000 | (b) | \$ 574,150,000 | 1,526,000,000 292,000,000 10,000,000 | (h) | \$ 1,121,374,000 | 1,526,000,000 292,000,000 10,000,000 | (b) | \$ 1,682,436,000 | 1,526,000,000 292,000,000 10,000,000 1,682,436,000 | |
| 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | Taxes other than income taxes | 240,000,000 (305,000,000) | (b) | \$ 374,130,000 | 240,000,000 (305,000,000) | (6) | \$ 1,121,374,000 | 240,000,000 (305,000,000) | (0) | 9 1,082,430,000 | 240,000,000 (305,000,000) | |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | 130,000,000 | | | 130,000,000 | | | 130,000,000 | |
| 22 | | Total operating expenses | 1,893,000,000 | | | 2,467,150,000 | | | 3,014,374,000 | | | 3,575,436,000 | - |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 538,422,187 | | | \$ (73,327,813) | | | \$ (700,627,813) |) |
| | | Assumptions used in application of this scenario: | | | | | | | | | | | |
| | | (a) Partial CWIP recovery back to revised rates dates (b) Incremental and cumulative CWIP included in order | | | | | | | | | | | |
| | | Pre-Tax Cash Flow | | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ 538,422,187 | | | \$ (73,327,813) | | | \$ (700,627,813) |) |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ 1,534,572,187 | | | \$ 1,470,046,187 | | | \$ 1,403,808,187 | - |
| | | Pre-Tax Credit Metrics | | | | | | | | | | | |
| 26 | | Long term debt to Total assets | 28% | | | 29% | | | 30% | | | 32% | |
| 27 | | Equity to Total assets | <u>34%</u> | | | 32% | | | 29% | | | 26% | 6 |
| 28 | | Debt to total capitalization (debt + equity) | 45% | | | 48% | | | 51% | | | 54% | |
| | | Adjustments | _ | | | | | | <u> </u> | | | |] |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | | |
| | | Regulatory asset - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | | |
| | | BLRA approved rate increase per Order No.: | | | | | | | | | | | |
| | | 2009-104(A) 2009-696 | \$ 7,802,491 \$ 22,533,000 | | | | | | | | | | |
| | | 2010-625 2011-738 | \$ 47,301,000 \$ 52,783,342 | | | | | | | | | | |
| | | 2012-761 2013-680(A) 2014-785 | \$ 52,148,913 \$ 67,240,232 \$ 66,238,000 | | | | | | | | | | |
| | | 2014-765 2015-712 2016-758 | \$ 64,526,000 \$ 64,427,813 | | | | | | | | | | |
| | | • | | | | | | | | | | | |

| | | Pro-Forma Balance Sheet | | | | | | | | | | | |
|----------------|--|--|---|-------------|--|--|------------|--|--|------------|----------------------------|---|---|
| Line No. | | | Pro-forma December 31, 2018 | 1 | Disallow Order 2013-680(A) | Pro-Forma December 31, 2018 | 1 | Disallow Order 2012-761 | Pro-Forma December 31, 2018 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 | 1 |
| | | Assets | | | | | | | | | | | 1 |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 | |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (262,432,045) | 2,341,567,955 | (a) | \$ (314,580,958) | 2,289,419,042 | (a) | \$ (367,364,300) | 2,236,635,700 | |
| 4 | Page 111 Line 94 | Deferred debits | 7,098,000,000 | (b) | \$ (2,251,792,000) | 4 946 209 000 | (b) | \$ (2,688,021,000) | 4,409,979,000 | (b) | \$ (3,124,746,000) | 3,973,254,000 | |
| 5 | Page 111, Line 84 Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | (b) | \$ (2,514,224,045) | | (0) | \$ (3,002,601,958) | \$ 14,522,398,042 | (0) | \$ (3,492,110,300) | \$ 14,032,889,700 | |
| 3 | rage 111, Line 00 | Total Assets | Ψ 17,323,000,000 | | ψ (2,314,224,043) | <u>ψ 13,010,773,333</u> | | <u>\$ (3,002,001,330)</u> | ψ 14,022,000,042 | | 9 (0,432,110,000) | ψ 14,032,003,700 | |
| | | Capitalization and Liabilities | | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6.016,000,000 | (a) (b) | \$ (262,432,045) \$ (2,251,792,000) | 3,501,775,955 | (a) (b) | \$ (314,580,958) \$ (2,688,021,000) | 3,013,398,042 | (a) (b) | | 2,523,889,700 | |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | |
| 8 | | Total capitalization | 10,945,000,000 | | | 8,430,775,955 | | | 7,942,398,042 | | | 7,452,889,700 | |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 | |
| | | | | | | | | | | | | | |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (2,514,224,045) | \$ 15,010,775,955 | J | \$ (3,002,601,958) | \$ 14,522,398,042 | | \$ (3,492,110,300) | \$ 14,032,889,700 | J |
| | | Pro-Forma Statement of Income | | - | | | | | | | | | |
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2013-680(A) | Pro-Forma December 31, 2018 | | Disallow Order 2012-761 | Pro-Forma December 31, 2019 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 | |
| | | Operating revenues: | | | | | | | | | | | 1 |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (262,432,045) | \$ 2,807,567,955 | (a) | \$ (314,580,958) | \$ 2,755,419,042 | (a) | \$ (367,364,300) | \$ 2,702,635,700 | |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,807,567,955 | | | 2,755,419,042 | | | 2,702,635,700 | |
| | | Operating expenses: | | | | | | | | | | | |
| 15 16 17 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 | Operation and maintenance expenses Depreciation and amortization Regulatory debits | 1,526,000,000 292,000,000 10,000,000 | <i>a</i> .) | 0.054.700.000 | 1,526,000,000 292,000,000 10,000,000 | (1.) | 0.000.004.000 | 1,526,000,000 292,000,000 10,000,000 | 0.) | 0.404.740.000 | 1,526,000,000 292,000,000 10,000,000 | |
| 18 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | Impairment charge Taxes other than income taxes Income taxes | 240,000,000 (305,000,000) | (b) | \$ 2,251,792,000 | 240,000,000 (305,000,000) | (0) | \$ 2,688,021,000 | 240,000,000 (305,000,000) | (0) | \$ 3,124,746,000 | 3,124,746,000 240,000,000 (305,000,000) | |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | 130,000,000 | | | 130,000,000 | | | 130,000,000 | |
| 22 | | Total operating expenses | 1,893,000,000 | | | 4,144,792,000 | | 2688021000 | 4,581,021,000 | | | 5,017,746,000 | |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | ļ | | \$ (1,337,224,045) | J | -2688021000 | \$ (1,825,601,958) | | | \$ (2,315,110,300) | |
| | | Assumptions used in application of this scenario: | | | | | | | | | | | |
| | | (a) Partial CWIP recovery back to revised rates dates (b) Incremental and cumulative CWIP included in order | | | | | | | | | | | • |
| | | <u>Pre-Tax Cash Flow</u> | | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ (1,337,224,045) | | | \$ (1,825,601,958) | | | \$ (2,315,110,300) | |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ 1,336,567,955 | | | \$ 1,284,419,042 | | | \$ 1,231,635,700 | |
| | | Pre-Tax Credit Metrics | | | | | | | | | | | |
| 26 | | Long term debt to Total assets | 28% | | | 33% | | | 34% | | | 35% | |
| 27 | | Equity to Total assets | 34% | | | 23% | | | 21% | | | <u>18%</u> | |
| 28 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>58%</u> | | | <u>62%</u> | | | 66% | |
| | | <u>Adjustments</u> | | | | | | | | | | | • |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | | |
| | | Regulatory asset - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | | |
| | | BLRA approved rate increase per Order No.: | | | | | | | | | | | |
| | | 2009-104(A) 2009-696 2010-625 | \$ 7,802,491 \$ 22,533,000 \$ 47,301,000 | | | | | | | | | | |
| | | 2010-625 2011-738 2012-761 | \$ 47,301,000 \$ 52,783,342 \$ 52,148,913 | | | | | | | | | | |
| | | 2013-680(A) 2014-785 | \$ 67,240,232 \$ 66,238,000 | | | | | | | | | | |
| | | 2015-712 2016-758 | \$ 64,526,000 \$ 64,427,813 | | | | | | | | | | |
| | | | | | | | | | | | | | |

| | | Pro-Forma Balance Sheet | | | | | | | | | | |
|----------|---|---|---|------------|--|--------------------------------|------------|--|--------------------------------|------------|--|--------------------------------|
| Line No. | | | Pro-forma December 31, 2018 | 1 | Disallow Order 2010-625 | Pro-Forma December 31, 2018 | 1 | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (414,665,300) | 2,189,334,700 | (a) | \$ (437,198,300) | 2,166,801,700 | (a) | \$ (445,000,791) | 2,158,999,209 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (3,523,892,000) | 3 574 108 000 | (b) | \$ (3,722,256,000) | 3,375,744,000 | (b) | \$ (3,788,217,000) | 3,309,783,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | (5) | \$ (3,938,557,300) | \$ 13,586,442,700 | (2) | \$ (4,159,454,300) | \$ 13,365,545,700 | (5) | \$ (4,233,217,791) | \$ 13,291,782,209 |
| | , | | , | | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | | | | ,,. | | | |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) | \$ (414,665,300) \$ (3,523,892,000) | 2,077,442,700 | (a) (b) | \$ (437,198,300) \$ (3,722,256,000) | 1,856,545,700 | (a) (b) | \$ (445,000,791) \$ (3,788,217,000) | 1,782,782,209 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 7,006,442,700 | | | 6,785,545,700 | | | 6,711,782,209 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (3,938,557,300) | \$ 13,586,442,700 | | \$ (4,159,454,300) | \$ 13,365,545,700 | | \$ (4,233,217,791) | \$ 13,291,782,209 |
| | | Pro-Forma Statement of Income | | - | | | | | | | | |
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2010-625 | Pro-Forma December 31, 2018 | | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (414,665,300) | \$ 2,655,334,700 | (a) | \$ (437,198,300) | \$ 2,632,801,700 | (a) | \$ (445,000,791) | \$ 2,624,999,209 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 2,655,334,700 | | | 2,632,801,700 | | | 2,624,999,209 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 | Operation and maintenance expenses Depreciation and amortization | 1,526,000,000 292,000,000 | | | 1,526,000,000 292,000,000 | | | 1,526,000,000 292,000,000 | | | 1,526,000,000 292,000,000 |
| 17 18 | Page 114, line 12 | Regulatory debits Impairment charge | 10,000,000 | (b) | \$ 3,523,892,000 | 10,000,000 | (b) | \$ 3,722,256,000 | 10,000,000 | (b) | \$ 3,788,217,000 | 10,000,000 3,788,217,000 |
| 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | Taxes other than income taxes Income taxes | 240,000,000 (305,000,000) | (2) | Ψ 0,020,002,000 | 240,000,000 (305,000,000) | (2) | ψ 0,722,200,000 | 240,000,000 (305,000,000) | (0) | 0,700,217,000 | 240,000,000 (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | 130,000,000 | | | 130,000,000 | | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,416,892,000 | | | 5,615,256,000 | | | 5,681,217,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | I | | \$ (2,761,557,300) | J | | \$ (2,982,454,300) | ļ | | \$ (3,056,217,791 <u>)</u> |
| | | Assumptions used in application of this scenario: | | | | | | | | | | |
| | | (a) Partial CWIP recovery back to revised rates dates (b) Incremental and cumulative CWIP included in order | | | | | | | | | | |
| | | Pre-Tax Cash Flow | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ (2,761,557,300) | | | \$ (2,982,454,300) | | | \$ (3,056,217,791) |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ 1,184,334,700 | | | \$ 1,161,801,700 | | | \$ 1,153,999,209 |
| | | | | | | - 1111111 | | | - 11.01,001,100 | | | 1,110,110,110 |
| | | Pre-Tax Credit Metrics | | | | | | | | | | |
| 26 | | Long term debt to Total assets | <u>28%</u> | | | <u>36%</u> | | | 37% | | | <u>37%</u> |
| 27 | | Equity to Total assets | 34% | | | <u>15%</u> | | | <u>14%</u> | | | <u>13%</u> |
| 28 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>70%</u> | | | <u>73%</u> | | | <u>73%</u> |
| | | <u>Adjustments</u> | | | | | | | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | |
| | | Regulatory asset - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | |
| | | BLRA approved rate increase per Order No.: 2009-104(A) | \$ 7,802,491 | | | | | | | | | |
| | | 2009-696 2010-625 | \$ 22,533,000 \$ 47,301,000 | | | | | | | | | |
| | | 2011-738 2012-761 2013-680(A) | \$ 52,783,342 \$ 52,148,913 \$ 67,240,232 | | | | | | | | | |
| | | 2013-680(A) 2014-785 2015-712 | \$ 67,240,232 \$ 66,238,000 \$ 64,526,000 | | | | | | | | | |
| | | 2016-758 | \$ 64,427,813 | | | | | | | | | |

| | | Pro-Forma Balance Sheet | | | | | | | | | | | |
|----------|--|--|---|-------------------|--|--|-------------------|---|--------------------------------|-------------------|---|--------------------------------|---|
| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma #################################### | | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 | |
| | | Assets | | | | | | | | | | | 1 |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 | |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (64,427,813) (1,885,739,553) | 653,832,634 | (a) | \$ (128,953,813) (1,885,739,553) | 589,306,634 | (a) | \$ (195,191,813) (1,885,739,553) | 523,068,634 | |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (574,150,000) | 6,523,850,000 | (c) | \$ (1,121,374,000) | 5,976,626,000 | (c) | | 5,415,564,000 | |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (2,524,317,366) | \$ 15,000,682,634 | | \$ (3,136,067,366) | \$ 14,388,932,634 | | \$ (3,763,367,366) | \$ 13,761,632,634 | |
| | | | | | | | | | | | | | |
| | | Capitalization and Liabilities | | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) (c) | \$ (64,427,813) (1,885,739,553) \$ (574,150,000) | 3,491,682,634 | (a) (b) (c) | \$ (128,953,813) (1,885,739,553) \$ (1,121,374,000) | 2,879,932,634 | (a) (b) (c) | \$ (195,191,813) (1,885,739,553) \$ (1,682,436,000) | 2,252,632,634 | |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | (6) | \$ (574,150,000) | 4,929,000,000 | (0) | \$ (1,121,374,000) | 4,929,000,000 | (0) | \$ (1,062,436,000) | 4,929,000,000 | |
| . 8 | 1 ago 112, 2110 17 | Total capitalization | 10,945,000,000 | | | 8,420,682,634 | | | 7,808,932,634 | | | 7,181,632,634 | |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 | |
| | | | | | | | | | | | | | |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | l | \$ (2,524,317,366) | \$ 15,000,682,634 | J | \$ (3,136,067,366) | \$ 14,388,932,634 | | \$ (3,763,367,366) | \$ 13,761,632,634 | J |
| | | Pro-Forma Statement of Income | | - | | | | | | | | | |
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2016-758 | Pro-Forma December 31, 2018 | | Disallow Order 2015-712 | Pro-Forma December 31, 2018 | | Disallow Order 2014-785 | Pro-Forma December 31, 2018 | |
| | | Operating revenues: | | | | | | | | | | | 1 |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (64,427,813) (1,885,739,553) | \$ 1,119,832,634 | (a) | \$ (128,953,813) \$ (1,885,739,553) | \$ 1,055,306,634 | (a) | \$ (195,191,813) \$ (1,885,739,553) | \$ 989,068,634 | |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | ,_, | , | 1,119,832,634 | (_, | (1,885,739,553) | 1,055,306,634 | , | (1,885,739,553) | 989,068,634 | |
| | | Operating expenses: | | | | | | | | | | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | | 1,526,000,000 | | | 1,526,000,000 | | | 1,526,000,000 | |
| 16 17 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 | |
| 18 19 | Page 114, line 14 | Impairment charge Taxes other than income taxes | 240,000,000 | (c) | \$ 574,150,000 | 574,150,000 240,000,000 | (c) | 1,121,374,000 | 1,121,374,000 240,000,000 | (c) | 1,682,436,000 | 1,682,436,000 240,000,000 | |
| | Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Income taxes Deferred and other taxes | (305,000,000) | | | (305,000,000) | | | (305,000,000) | | | (305,000,000) | |
| 22 | | Total operating expenses | 1,893,000,000 | | | 2,467,150,000 | | | 3,014,374,000 | | | 3,575,436,000 | |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (1,347,317,366) | | | \$ (1,959,067,366) | | | \$ (2,586,367,366) | J |
| | | Assumptions used in application of this scenario: | | | | | | | | | | | • |
| | | (a) Partial CWIP recovery back to revised rates dates | | | | | | | | | | | |
| | | (b) Incremental and cumulative CWIP included in order (c) Incremental and cumulative CWIP included in order | | | | | | | | | | | |
| | | Pre-Tax Cash Flow | | | | | I | | | | | | 1 |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ (1,347,317,366) | | | \$ (1,959,067,366) | | | \$ (2,586,367,366) | l |
| | | | | | | | | | | | | | |
| 25 | | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ (351,167,366) | | | \$ (415,693,366) | | | \$ (481,931,366) | |
| | | Pre-Tax Credit Metrics | | | | | | | | | | | |
| 26 | | Long term debt to Total assets | 28% | | | <u>33%</u> | | | <u>34%</u> | | | <u>36%</u> | |
| 27 | | Equity to Total assets | | | | 23% | | | 20% | | | | |
| | | | <u>34%</u> | | | | | | | | | <u>16%</u> | |
| 28 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>59%</u> | | | <u>63%</u> | | | <u>69%</u> | - |
| | | <u>Adjustments</u> | | | | | | | | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | | |
| | | Regulatory asset - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | | |
| | | BLRA approved rate increase per Order No.: 2009-104(A) | \$ 7,802,491 | | | | | | | | | | |
| | | 2009-696 2010-625 | \$ 22,533,000 \$ 47,301,000 | | | | | | | | | | |
| | | 2011-738 2012-761 2013-680(A) | \$ 52,783,342 \$ 52,148,913 \$ 67,240,232 | | | | | | | | | | |
| | | 2014-785 2015-712 | \$ 66,238,000 \$ 64,526,000 | | | | | | | | | | |
| | | 2016-758 | \$ 64,427,813 | | | | | | | | | | |

| | | Pro-Forma Balance Sheet | _ | | | | | | | | | |
|----------|---|---|--------------------------------|------------|---|--------------------------------|------------|--|--------------------------------|------------|---|--------------------------------|
| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2013-680(A) | Pro-Forma December 31, 2018 | | Disallow Order 2012-761 | Pro-Forma December 31, 2018 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 |
| | | Assets | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (262,432,045) | | (a) | \$ (314,580,958) | 403,679,489 | (a) | \$ (367,364,300) | 350,896,147 |
| | | | | (b) | (1,885,739,553) | | (b) | (1,885,739,553) | | (b) | (1,885,739,553) | |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (2,251,792,000) | 4,846,208,000 | (c) | \$ (2,688,021,000) | 4,409,979,000 | (c) | \$ (3,124,746,000) | 3,973,254,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (4,399,963,598) | \$ 13,125,036,402 | | \$ (4,888,341,511) | \$ 12,636,658,489 | | \$ (5,377,849,853) | \$ 12,147,150,147 |
| | | Capitalization and Liabilities | | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) | \$ (262,432,045) | 1 616 036 402 | (a) | \$ (314,580,958) | 1,127,658,489 | (a) | \$ (367,364,300) | 638,150,147 |
| Ü | 1 440 112, 2410 10 | Total Trophotal y Capital | 0,010,000,000 | (b) (c) | (1,885,739,553) | | (b) (c) | (1,885,739,553) | 1,127,000,100 | (b) (c) | (1,885,739,553) | 555,155,111 |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | (-) | ,_,_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | 4,929,000,000 | 1-7 | (2,000,021,000, | 4,929,000,000 | (-) | , | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 6,545,036,402 | | | | | | |
| 9 | Dana 442 Lina 54 | | | | | | | | 6,056,658,489 | | | 5,567,150,147 |
| | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (4,399,963,598) | \$ 13,125,036,402 | | \$ (4,888,341,511) | \$ 12,636,658,489 | | \$ (5,377,849,853) | \$ 12,147,150,147 |
| | | Pro-Forma Statement of Income | | | | | | | | | | |
| | | 1104 orma Gatement of Income | D | | Disc. Harri | Due 5 | | D'antieur | D 5 | | D'a allaur | D |
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Disallow Order 2013-680(A) | Pro-Forma December 31, 2019 | | Disallow Order 2012-761 | Pro-Forma December 31, 2019 | | Disallow Order 2011-738 | Pro-Forma December 31, 2018 |
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (a) | \$ (262,432,045) \$ (1,885,739,553) | \$ 921,828,402 | | \$ (314,580,958) \$ (1,885,739,553) | \$ 869,679,489 | (a) | \$ (367,364,300) \$ (1,885,739,553) | \$ 816,896,147 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | (5) | (1,885,739,553) | 921,828,402 | (0) | (1,885,739,553) | 869,679,489 | (0) | (1,885,739,553) | 816,896,147 |
| • | | Operating expenses: | | | (1)==1 | | | | | | | |
| 45 | Daniel 444 Franco 4 | | 4 500 000 000 | | | 4 500 000 000 | | | 4 500 000 000 | | | 4 500 000 000 |
| 15 16 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 | Operation and maintenance expenses Depreciation and amortization | 1,526,000,000 292,000,000 | | | 1,526,000,000 292,000,000 | | | 1,526,000,000 292,000,000 | | | 1,526,000,000 292,000,000 |
| 17 18 | Page 114, line 12 | Regulatory debits Impairment charge | 10,000,000 | (c) | 2,251,792,000 | 10,000,000 2,251,792,000 | (c) | 2,688,021,000 | 10,000,000 2,688,021,000 | (c) | 3,124,746,000 | 10,000,000 3,124,746,000 |
| 19 20 | Page 114, line 14 Page 114, lines 15 - 16 | | 240,000,000 (305,000,000) | | | 240,000,000 (305,000,000) | | | 240,000,000 (305,000,000) | | | 240,000,000 (305,000,000) |
| 21 | Page 114, lines 17 - 19 | Deferred and other taxes | 130,000,000 | | | 130,000,000 | | | 130,000,000 | | | 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 4,144,792,000 | | | 4,581,021,000 | | | 5,017,746,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | J | | \$ (3,222,963,598) | J | | \$ (3,711,341,511) | | | \$ (4,200,849,853) |
| | | Assumptions used in application of this scenario: | | | | | | | | | | |
| | | (a) Partial CWIP recovery back to revised rates dates | | | | | | | | | | |
| | | (b) Incremental and cumulative CWIP included in order (c) Incremental and cumulative CWIP included in order | | | | | | | | | | |
| | | (c) incremental and cumulative ovvii included in order | 1 | _ | | | _ | | | | | |
| | | Pre-Tax Cash Flow | | | | | | | | | | |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ (3,222,963,598) | | | \$ (3,711,341,511) | | | \$ (4,200,849,853) |
| 25 | | Cash Flows From Operations - excludes Deferred Income | | | | | | | | | | |
| 23 | | Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ (549,171,598) | | | \$ (601,320,511) | | | \$ (654,103,853) |
| | | Pre-Tax Credit Metrics | | ĺ | | | ĺ | | | | | |
| 26 | | | 200/ | | | 200/ | | | 200/ | | | 449/ |
| 26 | | Long term debt to Total assets | <u>28%</u> | | | <u>38%</u> | | | <u>39%</u> | | | <u>41%</u> |
| 27 | | Equity to Total assets | <u>34%</u> | | | <u>12%</u> | | | <u>9%</u> | | | <u>5%</u> |
| 28 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>75%</u> | | | <u>81%</u> | | | <u>89%</u> |
| | | <u>Adjustments</u> | - | | | | _ | | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | |
| | | Regulatory asset - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | | | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | |
| | | BLRA approved rate increase per Order No.: 2009-104(A) | \$ 7,802,491 | | | | | | | | | |
| | | 2009-696 2010-625 | \$ 22,533,000 \$ 47,301,000 | | | | | | | | | |
| | | 2011-738 2012-761 | \$ 52,783,342 \$ 52,148,913 | | | | | | | | | |
| | | 2013-680(A) 2014-785 | \$ 67,240,232 \$ 66,238,000 | | | | | | | | | |
| | | 2015-712 2016-758 | \$ 64,526,000 \$ 64,427,813 | | | | | | | | | |
| | | | ↓ 0 1 ,121,013 | | | | | | | | | |

| | | Pro-Forma Balance Sheet | | | | | | | | | | |
|----------|--|---|--------------------------------|------------|----------------------------|--------------------------------|----------|-------------------------------------|--------------------------------|--------|-------------------------------------|--------------------------------|
| Line No. | | | Pro-forma December 31, 2018 | | Disallow Order 2010-625 | Pro-Forma December 31, 2018 | | Disallow Order 2009-696 | Pro-Forma December 31, 2018 | L | Disallow Order 2009-104(A) | Pro-Forma December 31, 2018 |
| | | Assets | | | | | | | | ĺ | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | | 7,614,000,000 | ĺ | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 1 | | 209,000,000 | i | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (a) | \$ (414,665,300) | | (a) | \$ (437,198,300) | 281,062,147 | (a) | \$ (445,000,791) | 273,259,656 |
| Ü | r ago TTT, Ellio OT | Current and accorded accord | 2,001,000,000 | (b) | (1,885,739,553) | 555,555,111 | (b) | (1,885,739,553) | 201,002,111 | (b) | (1,885,739,553) | 270,200,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (c) | \$ (3,523,892,000) | 3,574,108,000 | (c) | \$ (3,722,256,000) | 3,375,744,000 | (c) | \$ (3,788,217,000) | 3,309,783,000 |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (5,824,296,853) | \$ 11,700,703,147 | | \$ (6,045,193,853) | \$ 11,479,806,147 | i | \$ (6,118,957,344) | \$ 11,406,042,656 |
| | | Capitalization and Liabilities | | | | | | | | ĺ | | |
| | | | | | | | | | | L | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital | \$ 6,016,000,000 | (a) (b) | (1,885,739,553) | 191,703,147 | (b) | \$ (437,198,300) (1,885,739,553) | (29,193,853) | (b) | \$ (445,000,791) (1,885,739,553) | (102,957,344) |
| | | | | (c) | \$ (3,523,892,000) | | (c) | \$ (3,722,256,000) | | (c) | \$ (3,788,217,000) | |
| 7 | Page 112, Line 17 | Long-term debt | 4,929,000,000 | | | 4,929,000,000 | | | 4,929,000,000 | i | | 4,929,000,000 |
| 8 | | Total capitalization | 10,945,000,000 | | | 5,120,703,147 | | | 4,899,806,147 | i | | 4,826,042,656 |
| 9 | Page 113, Line 54 | Current liabilities | 1,030,000,000 | | | 1,030,000,000 | | | 1,030,000,000 | i | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | | 4,780,000,000 | i | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | | 770,000,000 | i | | 770,000,000 |
| | | | | | | | | | | i | | |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | J | \$ (5,824,296,853) | \$ 11,700,703,147 | J | \$ (6,045,193,853) | \$ 11,479,806,147 | į | \$ (6,118,957,344) | \$ 11,406,042,656 |
| | | Pro-Forma Statement of Income | | _ | | | | | | | | |
| | | | Pro-Forma | 1 | Disallow | Pro-Forma | 1 | Disallow | Pro-Forma | 1 | Disallow | Pro-Forma |
| Line No. | FERC Form 1 Ref. | | December 31, 2018 | H | Order 2010-625 | December 31, 2018 | Н | Order 2009-696 | December 31, 2018 | H | Order 2009-104(A) | December 31, 2018 |
| | | Operating revenues: | | (a) | \$ (414,665,300) | | (a) | \$ (437,198,300) | | (a) | \$ (445,000,791) | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | (b) | \$ (1,885,739,553) | \$ 769,595,147 | | | \$ 747,062,147 | (b) | \$ (1,885,739,553) | \$ 739,259,656 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | (1,885,739,553) | 769,595,147 | | (1,885,739,553) | 747,062,147 | i | (1,885,739,553) | 739,259,656 |
| | | Operating expenses: | | | | | | | | i | | |
| 15 | Page 114, lines 3 - 4 | Operation and maintenance expenses | 1,526,000,000 | | | 1,526,000,000 | | | 1,526,000,000 | i | | 1,526,000,000 |
| 16 17 | Page 114, lines 6 - 11 Page 114, line 12 | Depreciation and amortization Regulatory debits | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 | | | 292,000,000 10,000,000 | L | | 292,000,000 10,000,000 |
| 18 19 | Page 114, line 14 | Impairment charge Taxes other than income taxes | 240,000,000 | (c) | 3,523,892,000 | 3,523,892,000 240,000,000 | (c) | 3,722,256,000 | 3,722,256,000 240,000,000 | (c) | 3,788,217,000 | 3,788,217,000 240,000,000 |
| 20 21 | Page 114, lines 15 - 16 Page 114, lines 17 - 19 | | (305,000,000) | | | (305,000,000) | 1 | | (305,000,000) | i | | (305,000,000) |
| 22 | | Total operating expenses | 1,893,000,000 | | | 5,416,892,000 | 1 | | 5,615,256,000 | i | | 5,681,217,000 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ (4,647,296,853) | 1 | | \$ (4,868,193,853) | i | | \$ (4,941,957,344) |
| 25 | | Operating income (1033) | 4 1,177,000,000 | | | ψ (4,041,230,033) | <u> </u> | | <u>* (4,000,133,033)</u> | l — | | <u>* (4,541,557,544)</u> |
| | | Assumptions used in application of this scenario: | | | | | | | | | | |
| | | (a) Partial CWIP recovery back to revised rates dates | | | | | | | | | | |
| | | Incremental and cumulative CWIP included in order Incremental and cumulative CWIP included in order | | | | | | | | | | |
| | | | 1 | ı | | | Γ | | | 一 | | |
| | | <u>Pre-Tax Cash Flow</u> | | | | | | | | i | | |
| 24 | | Operating income/(loss) | \$ 1,599,000,000 | | | \$ (4,647,296,853) | 2 | | \$ (4,868,193,853) | i | | \$ (4,941,957,344) |
| 25 | | Cash Flows From Operations - excludes Deferred Income | | | | | | | | i | | |
| | | Taxes, Depreciation, Amortization and Impairment charges | \$ 2,021,000,000 | | | \$ (701,404,853) |) | | \$ (723,937,853) | | | \$ (731,740,344) |
| | | Pre-Tax Credit Metrics | | | | | | | | | | |
| 26 | | Long term debt to Total assets | 28% | ĺ | | <u>42%</u> | 1 | | <u>43%</u> | l | | 43% |
| | | | | | | | | | | 1 | | |
| 27 | | Equity to Total assets | <u>34%</u> | | | <u>2%</u> | | | <u>0%</u> | ĺ | | <u>-1%</u> |
| 28 | | Debt to total capitalization (debt + equity) | <u>45%</u> | | | <u>96%</u> | | | <u>101%</u> | ĺ | | <u>102%</u> |
| | | <u>Adjustments</u> | • | - | | | • | | | | | |
| | | Total collections from customers under BLRA | \$ 1,885,739,553 | | | | | | | | | |
| | | | | | | | | | | | | |
| | | Regulatory asset - unrecovered nuclear project costs | \$ 3,976,000,000 | | | | | | | | | |
| | | Annual BLRA revised rates | \$ 445,000,791 | | | | | | | | | |
| | | BLRA approved rate increase per Order No.: 2009-104(A) | \$ 7,802,491 | | | | | | | | | |
| | | 2009-696 2010-625 | \$ 22,533,000 \$ 47,301,000 | | | | | | | | | |
| | | 2011-738 2012-761 | \$ 52,783,342 \$ 52,148,913 | | | | | | | | | |
| | | 2013-680(A) 2014-785 | \$ 67,240,232 \$ 66,238,000 | | | | | | | | | |
| | | 2015-712 2016-758 | \$ 64,526,000 \$ 64,427,813 | | | | | | | | | |
| | | | | | | | | | | | | |

| Pro-Forma | Balance | Sheet |
|-----------|---------|-------|
| | | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|-----------|-------------------|--------------------------------------|--------------------------------|-----|-----------------------|--------------------------------|--------------------------------|-----|-----------------------|--------------------------------|
| Line ive. | 12101011111111 | Assets | 20002010 | | Aujuotinonto | 2000111201 01, 2010 | 2000111201 01, 2010 | | Aujuomonio | 2000111201 01, 2010 |
| | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | | | 2,604,000,000 | 3,781,000,000 | | | 3,781,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (h) | \$ (101,376,849) | 6,996,623,151 | 7,098,000,000 | (b) | \$ (202,753,697) | 6,895,246,303 |
| 4 | rage 111, Line 64 | Deletted debits | 7,098,000,000 | (D) | \$ (101,370,043) | 0,990,023,131 | 7,098,000,000 | (D) | \$ (202,733,097) | 0,050,240,303 |
| | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ (101,376,849) | \$ 17,423,623,151 | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |
| | | | | | | | | | | |
| | | Capitalization and Liabilities | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (b) | \$ (101,376,849) | \$ 5,914,623,151 | \$ 7,193,000,000 | (b) | \$ (202,753,697) | \$ 6,990,246,303 |
| | | | | | | | | | | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 10,843,623,151 | 12,122,000,000 | | | 11,919,246,303 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ (101,376,849) | \$ 17,423,623,151 | \$ 18,702,000,000 | | \$ (202,753,697) | |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|--|------------------|--|--|-----|-----------------------|--|--|-----|-----------------------|--|
| | | Operating revenues: | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | | \$ 3,070,000,000 | \$ 3,070,000,000 | | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 3,070,000,000 | 3,070,000,000 | | | 3,070,000,000 |
| | | Operating expenses: | | | | | | | | |
| 15 16 17 18 19 20 21 | | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (a) | 101,376,849 | 1,526,000,000 393,376,849 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (a) | 101,376,849 | 1,526,000,000 393,376,849 10,000,000 - 240,000,000 (305,000,000) 130,000,000 |
| 22 23 | | Total operating expenses Operating income (loss) | 1,893,000,000 \$ 1,177,000,000 | | | 1,994,376,849 \$ 1,075,623,151 | 1,893,000,000 \$ 1,177,000,000 | | | 1,994,376,849 \$ 1,075,623,151 |

| Assumptions used in | anniiaatian af | 4610 | |
|---------------------|----------------|------|-----------|
| Assumptions used in | application of | tnis | scenario: |

| | (a) Annual amortization of the CWIP asset over 39.22 years (b) Cumulative amortization of the CWIP asset | <u>\$</u> | 101,376,849 101,376,849 | | \$ 101,376,849 \$ 202,753,697 |
|----|---|------------------|----------------------------|------------------|----------------------------------|
| | <u>Pre-Tax Cash Flow</u> | | | | |
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,075,623,151 | \$ 1,177,000,000 | \$ 1,075,623,151 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 |
| 26 | Change in Cash Flow | | 2 - | | 2 - |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | 28% | <u>28%</u> | 26% | 27% |
| 28 | Equity to Total assets | <u>34%</u> | <u>34%</u> | <u>38%</u> | <u>38%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>45%</u> | <u>45%</u> | <u>41%</u> | <u>41%</u> |

Adjustments

Total collections from customers under BLRA NA Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates NA

Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

| Line No | FERC Form 1 Ref. | Suma Balanco Gricol | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | Γ | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|----------|-------------------|--------------------------------------|--------------------------------|-----|-----------------------|--------------------------------|---|--------------------------------|-----|-----------------------|--------------------------------|
| Line No. | FERC FORM 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | - | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | | | 4,958,000,000 | | 6,135,000,000 | | | 6,135,000,000 |
| 4 | Page 111, Line 84 | Deferred debits | 7,098,000,000 | (b) | \$ (304,130,546) | 6,793,869,454 | | 7,098,000,000 | (b) | \$ (405,507,394) | 6,692,492,606 |
| | | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (304,130,546) | \$ 19,574,869,454 | | \$ 21,056,000,000 | | \$ (405,507,394) | \$ 20,650,492,606 |
| | | Capitalization and Liabilities | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (b) | \$ (304,130,546) | \$ 8,065,869,454 | | \$ 9,547,000,000 | (b) | \$ (405,507,394) | \$ 9,141,492,606 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 12,994,869,454 | | 14,476,000,000 | | | 14,070,492,606 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | | | 4,780,000,000 | | 4,780,000,000 | | | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (304,130,546) | \$ 19,574,869,454 | | \$ 21,056,000,000 | | \$ (405,507,394) | \$ 20,650,492,606 |

| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2020 | | Year 3 Adjustments | Pro-Forma December 31, 2020 | | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|--|--|--|--|-----|-----------------------|---|---|--|-----|-----------------------|---|
| | | Operating revenues: | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ 3,070,000,000 | | | \$ 3,070,000,000 | 5 | \$ 3,070,000,000 | | | \$ 3,070,000,000 |
| 14 | Page 114, line 2 | Total Operating Revenues | 3,070,000,000 | | | 3,070,000,000 | - | 3,070,000,000 | | | 3,070,000,000 |
| | | Operating expenses: | | | | | | | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (a) | 101,376,849 | 1,526,000,000 393,376,849 10,000,000 240,000,000 (305,000,000) 130,000,000 | - | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (a) | 101,376,849 | 1,526,000,000 393,376,849 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | 1,893,000,000 | | | 1,994,376,849 | - | 1,893,000,000 | | | 1,994,376,849 |
| 23 | | Operating income (loss) | \$ 1,177,000,000 | | | \$ 1,075,623,151 | | \$ 1,177,000,000 | | | \$ 1,075,623,151 |

Assumptions used in application of this scenario:

| | (a) Annual amortization of the CWIP asset over 39.22 years (b) Cumulative amortization of the CWIP asset | | \$ 101,376,849 \$ 304,130,546 | | \$ 101,376,849 \$ 405,507,394 |
|----|---|------------------|----------------------------------|------------------|----------------------------------|
| | Pre-Tax Cash Flow | | | | |
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 1,075,623,151 | \$ 1,177,000,000 | \$ 1,075,623,151 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 | \$ 1,599,000,000 |
| 26 | Change in Cash Flow | | \$ - | | <u>\$</u> |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>25%</u> | 25% | 23% | 24% |
| 28 | Equity to Total assets | <u>42%</u> | <u>41%</u> | <u>45%</u> | <u>44%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>37%</u> | <u>38%</u> | <u>34%</u> | 35% |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes: ^ Total Proprietary Capital includes \$100,000 for preferred stock

| Pro-Forma | Ralanco | Shoo |
|-----------|---------|------|
| | | |

| | | FIO-FOITIA BAIAIICE SHEEL | | | | | _ | | | | |
|----------|--------------------|--------------------------------------|---|------------|--------------------------------------|--------------------------------|------|--------------------------------|------------|--------------------------------------|--------------------------------|
| Line No. | FERC Form 1 Ref. | | Pro-Forma December 31, 2018 | | Year 1 Adjustments | Pro-Forma December 31, 2018 | | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
| | | | , | | | | T | , | | | |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 2,604,000,000 | (d) | \$ (471,434,888) | 2,132,565,112 | | 3,781,000,000 | (d) | \$ (942,869,777) | 2,838,130,224 |
| 4 | Page 111, Line 84 | Deferred debits | 7.098.000.000 | (f) | \$ (101,376,849) | | | | (f) | \$ (202,753,697) | |
| - | rage 111, Ellie 04 | Deletted debits | 7,030,000,000 | (a) | \$ 1,885,739,553 | | | | (a) | \$ 1,885,739,553 | |
| | | | | (b) | \$ (471,434,888) | 8,410,927,816 | | 7,098,000,000 | (b) | \$ (942,869,777) | 7,838,116,079 |
| | | | | | | | | | | | |
| 5 | Page 111, Line 85 | Total Assets | \$ 17,525,000,000 | | \$ 841,492,928 | \$ 18,366,492,928 | 1 | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |
| | | Capitalization and Liabilities | | | | | | | | | |
| | | | | (-N | | | - 1. | | (-D | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 6,016,000,000 | (d) (f) | \$ (471,434,888) \$ (101,376,849) | \$ 5,443,188,263 | - 1 | \$ 7,193,000,000 | (d) (f) | \$ (942,869,777) \$ (202,753,697) | \$ 6,047,376,526 |
| | | | | | | | | | | | |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | - [. | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 10,945,000,000 | | | 10,372,188,263 | | 12,122,000,000 | | | 10,976,376,526 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (a) | \$ 1,885,739,553 | 6,194,304,665 | | 4,780,000,000 | (a) | | 5,722,869,777 |
| | | | | (b) | \$ (471,434,888) | | 1 | | (b) | \$ (942,869,777) | |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 17,525,000,000 | | \$ 841,492,928 | \$ 18,366,492,928 | | \$ 18,702,000,000 | | \$ (202,753,697) | \$ 18,499,246,303 |

| Line No. | FERC Form 1 Ref. | | | Pro-Forma cember 31, 2018 | | Year 1 Adjustments | De | Pro-Forma ecember 31, 2018 | Pro-Forma December 31, 2019 | | Year 2 Adjustments | Pro-Forma December 31, 2019 |
|--|---|--|----|--|-----|-----------------------|----|--|--|-----|-----------------------|--|
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ | 3,070,000,000 | (c) | \$ (471,434,888) | \$ | 2,598,565,112 | \$ 3,070,000,000 | (c) | \$ (471,434,888) | \$ 2,598,565,112 |
| 14 | Page 114, line 2 | Total Operating Revenues | | 3,070,000,000 | | | _ | 2,598,565,112 | 3,070,000,000 | | | 2,598,565,112 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 19 20 21 | Page 114, lines 3 - 4 Page 114, lines 6 - 11 Page 114, line 12 Page 114, line 14 Page 114, lines 15 - 16 Page 114, lines 17 - 19 | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (e) | \$ 101,376,849 | | 1,526,000,000 393,376,849 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (e) | \$ 101,376,849 | 1,526,000,000 393,376,849 10,000,000 - 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | _ | 1,893,000,000 | | | _ | 1,994,376,849 | 1,893,000,000 | | | 1,994,376,849 |
| 23 | | Operating income (loss) | \$ | 1,177,000,000 | | | \$ | 604,188,263 | \$ 1,177,000,000 | | | \$ 604,188,263 |

Assumptions used in application of this scenario:

| (a) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years | \$ 1,885,739,553 | \$ 1,885,739,553 |
|--|------------------|------------------|
| (b) Cumulative amortization of refund of total collections from customers under BLRA | \$ 471,434,888_ | \$ 942,869,777 |
| (c) Annual impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 471,434,888 |
| (d) Cumulative impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 942,869,777 |
| (e) Annual amortization of the CWIP asset over 39.22 years | \$ 101,376,849 | \$ 101,376,849 |
| (f) Cumulative amortization of the CWIP asset | \$ 101,376,849 | \$ 202,753,697 |

| | Pre-Tax Cash Flow | | | | |
|----|---|--------------------------|-------------------------|------------------|------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 604,188,263 | \$ 1,177,000,000 | \$ 604,188,263 |
| 25 | Cash Flows From Operations - excludes Deferred Income Ta Depreciation, Amortization and Impairment charges | xes, \$ 1,599,000,000 | \$ 1,127,565,112 | \$ 1,599,000,000 | \$ 1,127,565,112 |
| 26 | Change in Cash Flow | | <u>\$ (471,434,888)</u> | | \$ (471,434,888) |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>28%</u> | 27% | <u>26%</u> | 27% |
| 28 | Equity to Total assets | <u>34%</u> | 30% | <u>38%</u> | <u>33%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>45%</u> | 48% | 41% | <u>45%</u> |
| | | | | | |

Adjustments

Total collections from customers under BLRA \$ 1,885,739,553 Deferred debit - unrecovered nuclear project costs \$ 3,976,000,000 Annual BLRA revised rates NA

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

| Pro-Forma | Balance | Sheet |
|-----------|---------|-------|
| | | |

| | | - | Pro-Forma | | Year 3 | Pro-Forma | Γ | Pro-Forma | | Year 4 | Pro-Forma |
|----------|-------------------|--------------------------------------|-------------------|------------|--|-------------------|---|-------------------|------------|--|-------------------|
| Line No. | FERC Form 1 Ref. | | December 31, 2020 | | Adjustments | December 31, 2020 | 4 | December 31, 2021 | | Adjustments | December 31, 2021 |
| | | Assets | | | | | | | | | |
| | | | | | | | | | | | |
| 1 | Page 110, Line 14 | Net Utility Plant | 7,614,000,000 | | | 7,614,000,000 | | 7,614,000,000 | | | 7,614,000,000 |
| 2 | Page 110, Line 32 | Other property and investments | 209,000,000 | | | 209,000,000 | | 209,000,000 | | | 209,000,000 |
| 3 | Page 111, Line 67 | Current and accrued assets | 4,958,000,000 | (d) | \$ (1,414,304,665) | 3,543,695,335 | | 6,135,000,000 | (d) | \$ (1,885,739,553) | 4,249,260,447 |
| 4 | Page 111, Line 84 | Deferred debits | | (f) (a) | \$ (304,130,546) \$ 1,885,739,553 | | | | (f) (a) | \$ (405,507,394) \$ 1,885,739,553 | |
| | | | 7,098,000,000 | (b) | \$ (1,414,304,665) | 7,265,304,343 | | 7,098,000,000 | (b) | \$ (1,885,739,553) | 6,692,492,606 |
| 5 | Page 111, Line 85 | Total Assets | \$ 19,879,000,000 | | \$ (1,247,000,322) | \$ 18,631,999,678 | | \$ 21,056,000,000 | | \$ (2,291,246,947) | \$ 18,764,753,053 |
| | | Capitalization and Liabilities | | | | | | | | | |
| 6 | Page 112, Line 16 | Total Proprietary Capital ^ | \$ 8,370,000,000 | (d) (f) | \$ (1,414,304,665) \$ (304,130,546) | \$ 6,651,564,790 | | \$ 9,547,000,000 | (d) (f) | \$ (1,885,739,553) \$ (405,507,394) | \$ 7,255,753,053 |
| 7 | Page 112, Line 17 | Long-Term Debt | 4,929,000,000 | | | 4,929,000,000 | | 4,929,000,000 | | | 4,929,000,000 |
| 8 | | Total Capitalization | 13,299,000,000 | | | 11,580,564,790 | | 14,476,000,000 | | | 12,184,753,053 |
| 9 | Page 113, Line 54 | Current Liabilities | 1,030,000,000 | | | 1,030,000,000 | | 1,030,000,000 | | | 1,030,000,000 |
| 10 | Page 113, Line 65 | Deferred credits | 4,780,000,000 | (a) (b) | \$ 1,885,739,553 \$ (1,414,304,665) | 5,251,434,888 | | 4,780,000,000 | (a) (b) | \$ 1,885,739,553 \$ (1,885,739,553) | 4,780,000,000 |
| 11 | | Non-current liabilities | 770,000,000 | | | 770,000,000 | | 770,000,000 | | | 770,000,000 |
| 12 | | Total Capitalization and Liabilities | \$ 19,879,000,000 | | \$ (1,247,000,322) | \$ 18,631,999,678 | | \$ 21,056,000,000 | | \$ (2,291,246,947) | \$ 18,764,753,053 |

| Line No. | FERC Form 1 Ref. | | | Pro-Forma cember 31, 2020 | | Year 3 Adjustments | De | Pro-Forma ecember 31, 2020 | Pro-Forma December 31, 2021 | | Year 4 Adjustments | Pro-Forma December 31, 2021 |
|--|------------------|--|-----|--|-----|-----------------------|----|--|---|-----|-----------------------|---|
| | | Operating revenues: | | | | | | | | | | |
| 13 | Page 114, line 2 | Electric | \$ | 3,070,000,000 | (c) | \$ (471,434,888) | \$ | 2,598,565,112 | \$ 3,070,000,000 | (c) | \$ (471,434,888) | \$ 2,598,565,112 |
| 14 | Page 114, line 2 | Total Operating Revenues | | 3,070,000,000 | | | _ | 2,598,565,112 | 3,070,000,000 | | | 2,598,565,112 |
| | | Operating expenses: | | | | | | | | | | |
| 15 16 17 18 19 20 21 | | Operation and maintenance expenses Depreciation and amortization Regulatory debits Impairment charge Taxes other than income taxes Income taxes Deferred and other taxes | | 1,526,000,000 292,000,000 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | (e) | \$ 101,376,849 | | 1,526,000,000 393,376,849 10,000,000 - 240,000,000 (305,000,000) 130,000,000 | 1,526,000,000 292,000,000 10,000,000 240,000,000 (305,000,000) 130,000,000 | (e) | \$ 101,376,849 | 1,526,000,000 393,376,849 10,000,000 240,000,000 (305,000,000) 130,000,000 |
| 22 | | Total operating expenses | l — | 1,893,000,000 | | | | 1,994,376,849 | 1,893,000,000 | | | 1,994,376,849 |
| 23 | | Operating income (loss) | \$ | 1,177,000,000 | | | \$ | 604,188,263 | \$ 1,177,000,000 | | | \$ 604,188,263 |

Assumptions used in application of this scenario:

| (a) Record the regulatory asset and liability for the refund of total collections from customers under BLRA over 4 years | \$ 1,885,739,553 | \$ 1,885,739,553 |
|--|-------------------|------------------|
| (b) Cumulative amortization of refund of total collections from customers under BLRA | \$ 1,414,304,665_ | \$ 1,885,739,553 |
| (c) Annual impact of refund of previous BLRA collections | \$ 471,434,888 | \$ 471,434,888 |
| (d) Cumulative impact of refund of previous BLRA collections | \$ 1,414,304,665 | \$ 1,885,739,553 |
| (e) Annual amortization of the CWIP asset over 39.22 years | \$ 101,376,849 | \$ 101,376,849 |
| (f) Cumulative amortization of the CWIP asset | \$ 304,130,546 | \$ 405,507,394 |

| | Pre-Tax Cash Flow | | | | |
|----|---|------------------|-------------------------|------------------|-------------------------|
| 24 | Operating income/(loss) | \$ 1,177,000,000 | \$ 604,188,263 | \$ 1,177,000,000 | \$ 604,188,263 |
| 25 | Cash Flows From Operations - excludes Deferred Income Taxes, Depreciation, Amortization and Impairment charges | \$ 1,599,000,000 | \$ 1,127,565,112 | \$ 1,599,000,000 | <u>\$ 1,127,565,112</u> |
| 26 | Change in Cash Flow | | <u>\$ (471,434,888)</u> | | <u>\$ (471,434,888)</u> |
| | Pre-Tax Credit Metrics | | | | |
| 27 | Long term debt to Total assets | <u>25%</u> | <u>26%</u> | <u>23%</u> | 26% |
| 28 | Equity to Total assets | <u>42%</u> | <u>36%</u> | <u>45%</u> | <u>39%</u> |
| 29 | Debt to total capitalization (debt + equity) | <u>37%</u> | <u>43%</u> | 34% | <u>40%</u> |

Adjustments

Total collections from customers under BLRA

Deferred debit - unrecovered nuclear project costs

Annual BLRA revised rates

Notes:
^ Total Proprietary Capital includes \$100,000 for preferred stock

SCE&G Cumulative Rate Increases Approved Under the Base Load Review Act

| | | Approved | Estimated Cumulative Impact | | | | | | | | |
|------------|------|----------|-----------------------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Docket | Year | Increase | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 2008-196-E | 2009 | | 5,851,868 | 7,802,491 | 7,802,491 | 7,802,491 | 7,802,491 | 7,802,491 | 7,802,491 | 7,802,491 | 7,802,491 |
| 2009-696-E | 2009 | | 3,755,500 | 22,533,000 | 22,533,000 | 22,533,000 | 22,533,000 | 22,533,000 | 22,533,000 | 22,533,000 | 22,533,000 |
| 2010-157-E | 2010 | | | 7,883,500 | 47,301,000 | 47,301,000 | 47,301,000 | 47,301,000 | 47,301,000 | 47,301,000 | 47,301,000 |
| 2011-207-E | 2011 | | | | 8,797,224 | 52,783,342 | 52,783,342 | 52,783,342 | 52,783,342 | 52,783,342 | 52,783,342 |
| 2012-186-E | 2012 | | | | | 8,691,486 | 52,148,913 | 52,148,913 | 52,148,913 | 52,148,913 | 52,148,913 |
| 2013-150-E | 2013 | | | | | | 11,206,705 | 67,240,232 | 67,240,232 | 67,240,232 | 67,240,232 |
| 2014-187-E | 2014 | | | | | | | 11,039,667 | 66,238,000 | 66,238,000 | 66,238,000 |
| 2015-160-E | 2015 | | | | | | | | 10,754,333 | 64,526,000 | 64,526,000 |
| 2016-224-E | 2016 | | | | | | | | | 5,368,984 | 64,427,813 |
| Total | | | 9,607,368 | 38,218,991 | 86,433,715 | 139,111,319 | 193,775,451 | 260,848,645 | 326,801,311 | 385,941,962 | 445,000,791 |

Estimated cumulative impact of approved increases 2009 - 2016 1,440,738,762 Estimated cumulative impact of approved increases 2009 - 2017 1,88

1,885,739,553

| Docket | Earliest date at which company could implement Revised Rates |
|------------|--|
| 2008-196-E | From April 1, 2009 |
| 2009-696-E | From October 30, 2009 |
| 2010-157-E | From October 30, 2010 |
| 2011-207-E | From October 30, 2011 |
| 2012-186-E | From October 30, 2012 |
| 2013-150-E | From October 30, 2013 |
| 2014-187-E | From October 30, 2014 |
| 2015-160-E | From October 30, 2015 |
| 2016-224-E | From November 27, 2016 |
| | |

Schedule originally prepared by South Carolina Office of Regulatory Staff - 11.21.16

SOUTH CAROLINA OFFICE OF REGULATORY STAFF

Docket No. 2017-305-E, Order No. 2018-102 – Financial Impact Review of South Carolina Electric and Gas Under Scenarios Relative to the Base Load Review Act

Appendix B

Schedules of Base Load Review Act Revenues and Incremental CWIP and Rates Authorized for the V.C. Summer Units 2 & 3 Project in Each Rate Order

SCE&G Cumulative CWIP and Incremental Allowable CWIP Approved Under the Base Load Review Act

| Docket No. | Order No. | Commission Order Date | Earliest Possible Revised Rate Tariffs Effective Date | Commission Approved Increase | Date CWIP effective through: | Total Cumulative CWIP already in Rates - through June 30th each year | Total Incremental Allowable CWIP (net of deferrals) - as of June 30th for filing year |
|------------|-------------|--------------------------|--|------------------------------------|------------------------------|--|---|
| 2008-196-E | 2009-104(A) | 3/2/2009 | 4/1/2009 | \$7,802,491 | 6/30/2008 | - | \$65,961,000 |
| 2009-211-E | 2009-696 | 9/30/2009 | 10/30/2009 | \$22,533,000 | 6/30/2009 | \$65,961,000 | \$198,364,000 |
| 2010-157-E | 2010-625 | 9/30/2010 | 10/30/2010 | \$47,301,000 | 6/30/2010 | \$264,325,000 | \$399,146,000 |
| 2011-207-E | 2011-738 | 9/30/2011 | 10/30/2011 | \$52,783,342 | 6/30/2011 | \$663,471,000 | \$436,725,000 |
| 2012-186-E | 2012-761 | 9/28/2012 | 10/30/2012 | \$52,148,913 | 6/30/2012 | \$1,100,237,000 | \$436,229,000 |
| 2013-150-E | 2013-680(A) | 10/2/2013 | 10/30/2013 | \$67,240,232 | 6/30/2013 | \$1,536,466,000 | \$569,356,000 |
| 2014-187-E | 2014-785 | 9/30/2014 | 10/30/2014 | \$66,238,000 | 6/30/2014 | \$2,105,780,000 | \$561,062,000 |
| 2015-160-E | 2015-712 | 9/30/2015 | 10/30/2015 | \$64,526,000 | 6/30/2015 | \$2,666,843,000 | \$547,224,000 |
| 2016-224-E | 2016-758 | 10/26/2016 | 11/27/2016 | \$64,427,813 | 6/30/2016 | \$3,214,067,000 | \$574,150,000 |

\$445,000,791 \$3,788,217,000

Source: Review of PSC Commission Orders and supporting ORS analysis reports filed in same docket proceeding of BLRA Annual Request for Revised Rates