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JAMES H. LUCAS
SPEAKER OF THE HOUSE

October 29, 2018

Hand Delivered

Ms. Nanette Edwards
Executive Director
Office of Regulatory Staff
State of South Carolina
1401 Main Street, Suite 850
Columbia, South Carolina 29201

Re: VC Summer Nuclear Dockets
PSC Docket Nos. 2017-370-E, 2017-207-E, and 2017-305-E

Dear Nanette:

I want to thank you and the Office of Regulatory Staff (ORS) as you continue to work to protect the ratepayers of South Carolina. As you know, the South Carolina House became a party to this matter for the expressed purpose of ensuring that ratepayers, statewide, were fully represented before the Public Service Commission (PSC). You have assisted with those efforts at every point.

The ORS has recently pre-filed testimony in this matter. That testimony is startling because it verifies much of what I and the House believe was the depths of deceit that SCANA engaged in to secure most, if not every, rate increase associated with the VC Summer construction project. There can be no doubt that SCANA was not entitled to much of the rate premium it collected, and the South Carolina General Assembly has acted to reverse those payments.

The General Assembly spoke clearly by overwhelmingly voting to enact an experimental rate. Both the House and Senate agreed that while a complete abolition of any nuclear premium is ideal, it is also likely impossible. Throughout the debate, the House pushed for the deepest possible rate reduction that could withstand constitutional scrutiny. Eventually, the Senate concurred in our efforts, and the experimental rate was adopted.

That rate was subsequently challenged in federal court and was found to be constitutionally appropriate. With constitutional appropriateness already determined, it would seem wise to fully consider the experimental rate, already adopted by the body vested with rate making authority under the state constitution, as a potential remedy.

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Dominion Energy has now filed an alternative relief proposal with the PSC that includes vastly improved short-term rate credits and long-term rate relief for the ratepayer. In the alternative proposal, Dominion meets several key positions that ORS included in its pre-filed testimony. Dominion agrees with ORS to significantly reduce the post-abandonment costs to the level demanded by ORS, lower the rate of return on that amount, and decrease the cost of debt. These concessions by Dominion are undoubtedly victories for ORS and, most importantly, the ratepayer.

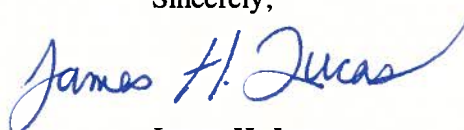
Dominion's proposal also returns 90% of the money each ratepayer has paid for the failed nuclear project through rate credits. This is a significant increase from the initial application that only returned 64% costs to consumers. If implemented, this would be another win for the ratepayer.

I, in particular, appreciate the desire to pursue the lowest possible rate, having led the House to stand firm for the ratepayer during the legislative process by refusing to concur in the higher rate set by the Senate. I have, however, come to believe and the ORS pre-filed testimony concedes, that the rate we both desire is unobtainable. Your pre-filed expert testimony acknowledges that you cannot obtain your desired rate without the one-two punch of the ORS recovery plan **plus** Dominion's customer benefits package. Whether the merger will close, however, can only be determined in the private sector at a later date. Should the House, ORS, and others succeed in persuading the PSC to a set such an unobtainable rate, the result would cost South Carolina ratepayers **more** money in the long term.

The experimental rate provides a court verified, tested, and endorsed path to the maximum return for ratepayers. That should be the primary concern for ORS in this matter as it has been for the South Carolina House throughout the entire process. It would be the worst possible case for ORS to convince the PSC to set an unobtainable rate or for SCANA to successfully challenge that rate in court. Either scenario would allow SCANA to collect what we now know to be a completely unjustified nuclear premium that serves no purpose but to fund golden parachutes and stockholder dividends.

I hope that you will consider fully the long-term implications of asking for what we know we cannot obtain and that you and ORS will fully consider the wisdom of the experimental rate already passed and tested.

Sincerely,



James H. Lucas